ASA BUSINESS INTELLIGENCE

The American Supply Association (ASA) and its Industrial Piping Division (IPD) is the national organization serving wholesaler-distributors and their suppliers in the industrial and mechanical pipe-valve-fitting industry. As a powerful alliance of channel partners, we provide a forum for your upstream trading partners to exchange critical information and address key issues.

In particular, ASA's IPD members constantly check the pulse of the materials and commodities they proudly supply to you. ASA's IPD members are knowledgeable industry leaders, and those who volunteer their service on the IPD Executive Council compile and prepare the *IPD Commodity Reports.* The *Reports* contain some of the most current and qualified market data and information available from the industry's leading manufacturers and distributors about emerging trends and other price-influencing actions and events.

This information is an example of how ASA's IPD manufacturer and distributor members are constantly looking ahead to ensure you have information and resources you need to be successful. Learn more at www.asa.net.

Oil and Fuel Outlook

The Memorandum of Understanding (MOU) signed between the US and Iran is tentative with a 60-day timeline in which to get a final deal approved and signed to prevent further engagements.

But the MOU itself temporarily releases blockades in the Strait of Hormuz and oil in the region into the global market. We would continue to caution that the current plan is fragile, and conditions can change rapidly. What has been witnessed in the past week, however, is that just the "promise" of a peace deal was enough optimism that it pulled the geopolitical risk premium off of oil and refined fuel prices.

Most products experienced significant price pullbacks off of their May peaks in the last week, but many still remain higher than they were a year ago.

Much of the futures pricing depends on the durability of the MOU and all parties upholding their end of the deal to keep it in place. We should expect the global energy resource environment to remain volatile in the near term (30-90 days) and will be subject to news headlines. Longer-term, rebuilding of strategic reserves worldwide and a solid demand environment should keep prices modestly elevated above pre-war levels for quite some time.

West Texas Intermediate (WTI) was sharply lower month-over-month at the time of writing, based on releasing of floating oil storage in the Persian Gulf. Oil was trading at $73.33 ($93.97 a barrel in last month's report), which is still 27.7% higher year-to-date but was just 7.1% higher vs. this time last year (52.5% higher last month). Brent North Sea Crude was also significantly lower at $77.17 ($99.99 a barrel last month). This was still up 26.8% YTD but was just 7.9% higher over the past 12 months.

Fuel prices were also pulling their geopolitical premiums off and were following crude oil input prices lower. Diesel prices were lower at $5.00 a gallon at the time of writing ($5.58 a gallon in the last briefing) (Source: AAA) which was still $1.32 per gallon higher than last year. Gasoline prices have fallen more sharply and were $3.92 a gallon ($4.49 per gallon in last month's briefing), which is 70 cents per gallon higher than last year ($1.31 higher last month).

The EIA's latest forecast and outlook for 2026 crude oil prices were released before the MOU Pease Agreement was announced between the US and Iran. Therefore, forecast values are likely to come down in the July release if the MOU remains in place. For 2026, the EIA had increased its forecast slightly – oil prices are expected to average $88.32 for the year ($85.68 a barrel in the last forecast and against the 2025 average of $65.40). The EIA expects prices to average $100.43 for all of Q2, $95.45 in Q3, and $84 in Q4 2026. Again, we believe that the EIA will dramatically adjust its forecast lower and will likely show oil prices resting in the $70-$80 range longer term.

That range would be a welcome "sweet spot" providing sufficient profitability for producers (which would encourage continued investment) and enough relief at the pump that consumers continue to consume.

For refined fuels, the gasoline price forecast shows them also much higher in 2026, rising to $3.90 per gallon ($3.88 last month and against the full-year average of $3.10 in 2025) and followed up by $3.64 next year (which will adjusted downward). Prices were expected to average $4.33 in Q2, $4.26 in Q3, and $3.82 in Q4 of 2026. Again, with gasoline prices already under $3.50 in most markets, the EIA forecast in July will likely adjust downward if conditions hold.

The US will likely be asked to continue to supply diesel to countries around the world until the full impact of strikes on refineries in the Middle East is fully understood. Even releasing Strait of Hormuz traffic may not result in near-term full recovery of global supply. Higher demand in the US and tight refinery output could continue to keep diesel elevated.

Retail diesel prices as reported by the EIA show them averaging $4.87 a gallon in 2026 ($4.76 in the last update) and $4.39 in 2027 after averaging $3.66 in 2025. Prices are expected to average $5.53 in Q2, $5.16 in Q3, and $4.79 in Q4 of 2026. Again, current prices are $5.00, there will be some easing of prices in the next outlook but likely not as sharp a reduction as will be seen in gasoline prices.

The EIA forecast shows 2026 US crude oil production will be sharply higher at 13.72 Mbpd in 2026 (13.65 Mbpd in the last update). For 2027, it expects production to increase to 14.15 Mbpd (up from 14.10 Mbpd in the last forecast).

Total commercial inventories ended 2025 at 1.286 billion. The EIA now has them pulled lower at an average of 1.258 billion barrels in 2026 (from 1.272 billion barrels in the last forecast) and 1.294 in 2027 (1.303 in the last forecast).

What ASA PVF Distributors Are Saying

Each month ASA and the Industrial Piping Division ask distributors doing business in the industrial and mechanical PVF sector for their thoughts on current conditions and trends they are seeing:

"The pipe business is on fire in the northeast. We are shipping industrial PVF throughout the region. Carbon, stainless, copper are all strong. Grooved and weld numbers are helping push the volume forward quickly. I hope it stays this hot to finish the month as it will be the largest billing month we have had here in 5 years. All with NO data center work! Fingers crossed for a continued sprint to the month-end finish line."

"Market conditions are improving. Our YTD sales are up only 4 percent, but our YTD order bookings are up 16%. Our industrial and power and energy accounts are performing well (distributor is in New England and Upstate New York). With an end to the Iran conflict, we expect an even greater improvement in our current business levels."

"Demand remains strong, particularly from data centers, electrification projects, and infrastructure spending, but cost inflation is accelerating. Copper, steel, aluminum, energy and freight remain the primary pressure points, while tariffs and geopolitical uncertainty continue to elevate volatility across construction and industrial supply chains."

Carbon Steel Update

Carbon steel commodities are flat to down slightly over the last 30 days, though, hot-rolled coil pricing is up about 30% vs this time last year. Many steel mills have maintained or extended outages, putting pressure on inventories and driving up costs. The presence of Section 232 tariffs, however, has been the largest driver in price increases.

While some non-defense-related tariffs have been successfully challenged in court, the current steel tariffs are likely to remain. That fact, combined with relatively strong demand, should see steel pipe prices remain higher than normal, and further increases are likely.

Stainless Steel Fittings Update

The stainless fitting market continues to be pressured by the data center demand for certain sizes used for cooling systems. The inventory levels remain challenged for these sizes. Prices as a result are elevated. All other unrelated markets are continuing at a normal pace but are dwarfed by the data center buildouts.

Cast-Iron

Effective July 1, 2026, Anaco-Husky is implementing a 3% list price increase for Anaco standard no-hub couplings, Husky 2000, 4000, 4200, 7000 series couplings, and list SWG-0725 NAT gaskets. There were no announced price changes for cast iron pipe and fittings from Charlotte Pipe and/or McWane (Tyler) at this time.

Copper and Plastics

The average for June for Copper Comex was $6.3687/lb.

Construction & Demand

• Data center construction remains the strongest growth segment, driving demand for copper, electrical products, and steel.
• Infrastructure spending remains steady, while some private commercial projects face budget pressure.
• Rising material costs continue to compress contractor margins.
• Project demand remains healthy, but owners are increasingly cautious on timing and costs.

Manufacturing / Industrial Activity

• Manufacturing activity remains in expansion mode, supported by infrastructure and AI-related investment.
• New orders remain positive, though input costs continue to rise.
• Supplier lead times are beginning to lengthen in select product categories.
• Cost inflation remains a larger concern than demand weakness.

Steel & Commodity Pricing

• Copper prices continue to trend higher due to electrification and data center demand.
• Steel pricing remains elevated, with some suppliers implementing additional increases.
• Aluminum markets remain volatile due to tariffs and global supply concerns.
• Energy and freight costs continue to add pressure across supply chains.

Market Risks / Watchouts

• Tariff uncertainty continues to impact purchasing and inventory decisions.
• Geopolitical tensions are creating volatility in energy and shipping markets.
• Longer lead times are emerging for certain electrical and steel products.
• Key risks remain commodity inflation, supply chain disruptions, and delayed project starts.