ASA
BUSINESS INTELLIGENCE

MATERIALS MARKET DIGEST©

CRITICAL UPDATES FOR THE INDUSTRIAL/MECHANICAL PVF SUPPLY CHAIN

DECEMBER 2025

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About this Report

Each month, this report provides comprehensive insight about qualified market data for a half-dozen key materials, especially recent changes in pricing or price-influencing action(s). Also included are price changes announced by major producers, action in applicable commodity markets, factors affecting supply and demand, etc. Learn more >

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The ASA Materials Market Digest is co-written by **Armada Corporate Intelligence**. For 24 years, Armada has provided economic outlooks and market intelligence for corporations around the world. Armada has been a strategic partner of ASA since 2018.

Headline Economic News

This month, many of the Producer Prices often sourced in the Materials Market Digest were still not updated at the time of writing. **New survey data will be available in the January report**.

US economic growth was mixed with consumer spending, energy exports, and spot investments in equipment and automation driving macroeconomic growth. Other areas were sluggish or contracting.

US Manufacturing activity was modestly expanding in December. The S&P Global Flash PMI came in at 51.8, it was slightly lower than 52.2 from November. But here was some negative factors, manufacturers were still concerned about the next 6 months in the latest survey; input prices were still higher than expected and new orders remained sluggish.

Private sector reports show **retail sales** likely grew 3.8%-4.2% through the holiday season. But **when adjusted for inflation, sales were flat to just modestly higher this year**. That would lead to estimates that unit sales fell 1-1.2%.

Data was still lagging from the Federal Government on **residential housing**. But the National Association of Realtors (NAR) is sticking with its forecast for 2026 with **existing home sales growth of 14% Y/Y and new homes sales at a 5% rate**.

But the Mortgage Banking Association (MBA) is calling for continued but modest growth in home sales in 2026, fighting through a softening job market, sticky inflation, elevated home inventories and interest rates on long-term debt that remain stubbornly high.

Total vehicle sales came in at an annual rate of **15.6 million units in November (latest available), down 5.6% Y/Y.**

New-vehicle inventory entering December was about 3.0 million units—down 6% YoY which would give some dealers and OEMs room to offer incentives and to keep the market from being oversupplied.

Carbon Steel

NYMEX Domestic Hot-rolled Coil steel prices (CRU-HRCc1) were higher over the past 30 days at $929 per ton in late November ($907 per ton in the last update and up 36% from last year's lower level of $694.00).

Producer Prices for steel pipe and tube were still lagging from the Federal Government this month but based on the last available data it was generally higher in the latest data from the end of September (latest available). They were up 0.4% month-over-month (-1.0% last month). **Year-over-year, the PPI was moderately higher by 5.9%** (4.1% Y/Y in the last update). Producer Prices lag the spot market by 30-60 days.

Member Comment: *"Hot-rolled coil (HRC) is completely flat vs last month, while Nucor has increased spot pricing consistently over the last two months. Pipe mills put forward an increase earlier this month but there has been a general softening of landed costs over the last 30 days. There is growing sentiment that steel consumption will grow in 2026 both domestically and abroad."*

The key question for Q1 is increasingly whether mills can defend current price levels in the face of volatile raw-material and tariff headlines, rather than any visible acceleration in underlying demand from automotive or construction.

For now, the balance of factors still supports stable to modestly higher HR prices through Q1, but with a wider risk band, as sharp moves in copper, nickel and other metals show how quickly policy or inventory shocks can reprice the whole metals complex.

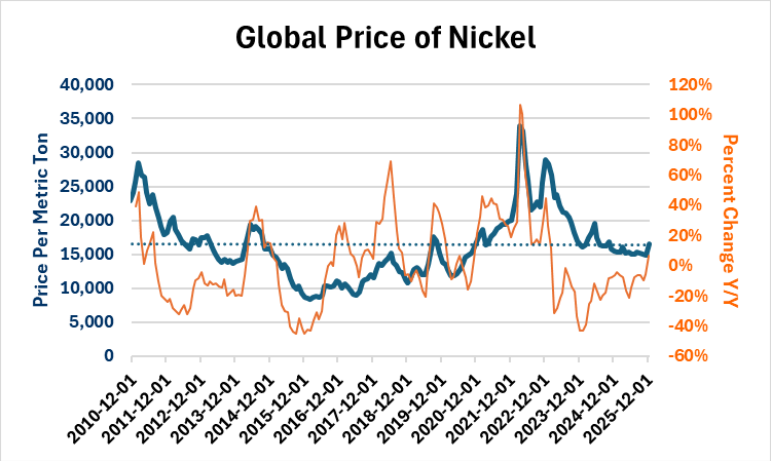
HR coil in the US is still likely to trade roughly in the 850–950 USD per ton band near term, **but the probability of short, sentiment-driven spikes or air-pockets has increased as trade policy noise intensifies**.

"Last month we were watching for real demand to show up; this month, the story is that mills are trying to hold a policy- and cost-supported price floor in a market where underlying demand is flat and psychology can turn very quickly."

Stainless Steel & Alloys – Cont'd

LME Nickel Prices were sharply higher over the past 30 days at @$8.37 per lb. ($6.78 in the last update), this was 23.4% higher M/M.

Producer prices for nickel were higher by 3.4% month-over-month in September (latest available) (0.8% lower last month). They were 1.5% higher year-over-year (-2.5% last month). Government survey data was still lagging at the time of publication.



Member Comment: *"Markets are remaining quiet during this end of year stretch as most companies are holding inventories steady. Pricing remains fairly stable. Wishing for a strong 2026, not only led by data centers, but also increased construction of power facilities and LNG facilities."*

Consensus was right on the 2025/2026 oversupply story but didn't expect Indonesian policy reactions to be so significant; the current rally is a policy/positioning shock, not a clean demand boom," which has very different implications.

Indonesia, which controls roughly two-thirds of global nickel supply (when you include ore and intermediates), has signaled a 2026 **production cut of about one-third** versus prior plans, explicitly to address oversupply and deteriorating ore grades.

Policy actions include lower mine quotas (RKAB), stricter enforcement/closures for environmental and forestry violations, and a halt on new HPAL/NPI projects, all of which tell market speculators that the era of "unlimited cheap Indonesian nickel" is over.

Tubular Products

Producer Prices for steel pipe and tube were mixed in the latest data from the end of September (latest available as the Federal Government continues to try and catch up). They were up 0.4% month-over-month (-1.0% last month). **Year-over-year, the PPI was moderately higher by 5.9%** (4.1% Y/Y in the last update) against higher comparisons. Producer Prices lag the spot market by 30-60 days.

Member Comment: *"McWane (Tyler Pipe) and Charlotte Pipe and Foundry announced new 2026 list price sheets for cast-iron pipe & fittings that will represent an approximate 5% list price increase for all cast-iron pipe & fittings. Tyler and Charlotte Pipe are asking that you contact your local sales representative to help address any questions or specific details you may have."*

Member Comment: *"We are seeing a general slowdown in business (for carbon steel weld fittings and flanges) because of the end of the year."*

Active **global oil wells** are down 49 Y/Y according to **Baker Hughes** (total wells are currently at 1,065 up slightly from 1,059 from the last report).

US active rig counts are down 43 wells Y/Y in the last week to 546 active rigs (554 in the last update). The US had 1,045 wells active in 2019 prior to the pandemic.

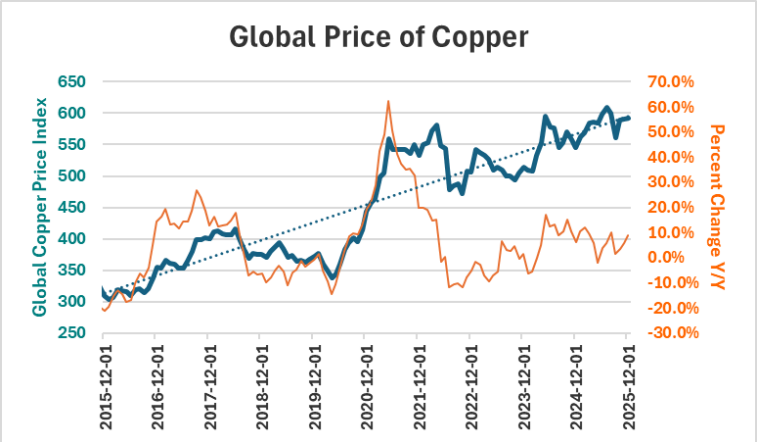
The EIA expects daily crude oil production to be slightly higher at 13.61 million barrels per day in 2025 (13.59 in the last update) but is now showing production slightly lower at 13.53 bpd in 2026 (13.58 in the last update).

Some producers have continued to mention a focus on cash flow and keeping production stable, despite concerns over slipping margins if the wholesale price remains too low.

The situation in Venezuela will have little immediate effect on refiners. Heavy Venezuelan crude would eventually be a replacement for imported Canadian or Mexican crude, and (generally) is not a direct competitor for US Light Sweet Crude.

Copper

The **price of copper** was surging in early January at **$6.04/lb**. ($5.09/lb. last month), this was sharply higher than prior cycles. This pushes copper prices on the spot market 6.44% higher YTD and are 45.33% higher Y/Y.



Government data was still trying to catch up at the time of writing, the latest available **Producer Price Index** (PPI) for September (still the latest available) was lower month-over-month by 6.5% (-1.5% last month) and was not reflecting recent changes. It was up 1.6% year-over-year (+10.2% last month). The current index was 561.3 (the prior all-time high was 635.2 in July 2025, and the low was 302.9 in 2016).

Member Comment*: "Copper has gone up. As of mid-December, the copper Comex was at $5.2835 which is down $0.1435 from the Dec. 11-12 timeframe. The Comex average year-to-date price was at $4.7910 per pound and the December average through mid-month was at $5.2953."*

Why the sudden surge in copper prices? In December, tariff risk on refined copper **shifted from background noise** to a near-term event, with the Trump administration actively signaling that refined metals were back on the table, which triggered an import rush into the US and a visible jump in US-bound tonnage.

That import rush has now "locked" a large chunk of inventory inside US warehouses, so what had been theoretical supply tightness suddenly showed up as **real regional scarcity** on LME/Shanghai screens.

Ferrous Scrap

Producer prices for **ferrous metal scrap were lower** vs. the prior month, coming in with an index of 464.2 (467.1 last month). This was **lower by 0.3% M/M** (+0.2% last month). And **year-over-year it was higher by 2.4% Y/Y** (+1.8% in the last update). The highest producer price prior to this was in July of 2008 when the index hit 731.4 points.

Fastmarkets reported that its **ferrous metal scrap trend index increased in January to 57.3 (up from 47.9 in December)** (a reading of 50 is a balanced supply/demand environment).

Fastmarkets added: "*that its US ferrous scrap Trend Indicator has moved into bullish territory for January. Buyers are leading the optimism this month, posting a Trend Indicator close to 60. The survey still characterizes fundamentals as steady rather than booming, but the tone has shifted away from holiday-soft to modestly firmer, as mills return to the market after December buying cuts and inventories only slightly below average.*"

- *Sellers: Trend Indicator of 57.3 (58.3 prior)*
- *Brokers: Trend Indicator of 55.0 (50.0 prior)*
- *Buyers: Trend Indicator of 59.7 (48.7 prior)*

"Scrap went into December neutral-to-soft, but the January survey shows a cautious turn higher, with buyers now slightly out-over-their-skis on optimism, even though the underlying macro and steel demand picture remains tepid." - Fastmarkets

Plastics

Resin prices were lower by 0.9% in September according to the Producer Price index (latest available on government data lags), (-0.4% M/M in last month's report). But they were lower by 1.3% Y/Y (-3.5% last month).

Prices were lower for LDPE in September; prices were 6.6% lower Y/Y (-7.3% lower in the last update) but were higher by 0.2% M/M (-1.0% lower last month). And **fittings and unions** were generally lower, falling marginally by 0.5% M/M (-0.2% last month) but they were up 2.1% (+2.9% last month) year-over-year.

Oil and Fuels

The energy sector was still processing geopolitical news in December. Once again, left to simple supply/demand dynamics, production is still outpacing consumption. Although the EIA has largely pushed its forecast up slightly, prices remain rangebound and historically low through 2026.

Many production forecasts show daily output changing little overall, but investments in new production will be sporadic with some firms plowing ahead with lower operating costs helping protect margins while others pull back on new investments and shift their attention to electrification and participate in the power generation wave (primarily focusing on improving the supply of natural gas). Again, investments in the industry will be sporadic in 2026 at these lower prices.

West Texas Intermediate (WTI) was lower again month-over-month at the time of writing. Oil was trading at $57.14 ($57.89 a barrel in last month's report), which is now 21.2% lower year-to-date. It was 19.4% lower vs. this time last year (17.4% lower last month). Brent North Sea Crude was also lower at $60.70 ($62.56 a barrel last month). This was down 19.4% YTD and was 17.8% lower over the past 12 months.

Fuel prices were mixed again this month. Diesel prices were lower at $3.53 a gallon at the time of writing ($3.79 a gallon in the last briefing) (Source: AAA) and were $.14 per gallon higher than last year. Gasoline was also lower at $2.81 a gallon ($3.07 per gallon in last month's briefing), which is 12 cents per gallon lower than last year (1 cent lower last month).

The EIA's latest forecast for 2026 crude oil prices inched up sequentially but remained much lower historically. Prices were expected to have averaged $65.32 in 2025 ($65.15 in the last update. For 2026, the EIA has kept the forecast low — although it adjusted the annual price per barrel up slightly, it showed oil prices remaining low at $51.42 ($51.26 a barrel in the last forecast). Prices are expected to average $59.31 in Q4, $50.93 in Q1, $50.68 in Q2, $52.00 in Q3, and $52.00 in Q4 2026.

Continued on the next page...

Oil and Fuels – Cont'd

For refined fuels, the gasoline price forecast was relatively unchanged this month and are expected to have averaged $3.11 in 2025 (versus $3.10 last month vs. a $3.31 average in 2024). But the new forecast has them going much lower in 2026, falling to $3.00 per gallon ($2.98 last month). Prices will average $3.03 in Q4, $2.88 in Q1, $3.05 in Q2, $3.12 in Q3, and $2.94 in Q4 of 2026. Retail diesel prices as reported by the EIA shows them elevated at $3.67 ($3.66 in the last update) through the end of 2025 (after averaging $3.76 in 2024) and will average $3.50 in 2026. Prices are expected to average $3.75 in Q4, $3.60 in Q1, $3.41 in Q2, $3.46 in Q3, and $3.53 in Q4 of 2026.

The EIA expects daily crude oil production to be slightly higher at 13.61 million barrels per day in 2025 (13.59 in the last update) but is now showing production slightly lower at 13.53 bpd in 2026 (13.58 in the last update).

Total commercial inventories (all types of crude oil and fuels) are still expected to end the year high at an average 1.265 billion barrels in 2025 (1.253 in last month's report and vs. 1.229 billion in 2024). Once again this month, the EIA now has them rising sharply to an average of 1.312 million barrels in 2026 (from 1.283 billion barrels in the last forecast).

From Our Distributors

Distributors Speak Out On Market Conditions

Each month ASA asks its industrial/mechanical PVF members for their take on current market conditions and trends.

- *"I would describe it as steady. A little slowing on new homes. Repair remodel picked up a little bit. We think multi-family is staying strong and commercial is steady."*

From Our Distributors – Cont'd

- *"Currently we are continuing to see steady growth. Activity is challenging resources of skilled trades resources. There is optimism and activity in multi-family new and rehab markets. Our sales growth is stable. Residential is somewhat stagnant but improving. Challenges in inflationary pressures and tariff consequences are uncertain. Activity continues despite these factors."*

- *"We are up for the year in every area, plumbing and PVF. The industry is optimistic because they think interest rates will drop."*

- *"Our sales were down 16% in November but we're still up 3% YTD, so we think we just ran out of working days!! 😊"*

- *"Sales are right back on plan for December, and we are predicting 5% revenue growth for 2026."*

- *YTD, we are up double digits as a company, but November and now December are coming in averaging -2% down month to month over last year. This is due to projects and the material we have in house for projects getting pushed into 2026 now for delivery. Recent price increase announcements will also cool some of the buying as the market watches to see if the recent steel pipe prices rise according to the announcements.*

  Demand isn't as robust as the increases and demand into Q1 also tells us its okay, but not great enough to maintain higher prices for longer.

  Our customers tell us they are busy and have projects booked well into 2026 or though 2026 into 2027 depending on the type of project, but projects remain strong and the dodge reports remain full of new and awarded projects.

  "In the end, 2025 will end up around 10% up over last year in dollars, but we attribute some of that to pricing escalations that took place in 2025. 2026 we are optimistic that the busy trend will continue and the projects we currently have will continue into 2027 as projected."

Additional News of Interest

- **The Federal Reserve** is predicting that it will trim interest rates once more in Q1 perhaps followed by one more cut late in the year. Remember that **Federal Reserve turnover starts in May** (the Fed chair and 4 voting seats as part of a normal rotation) – and should remain hawkish (the oncoming 4 voting members are more prone to keeping rates conservatively higher). But **the market still sees a chance of 3-4 cuts in 2026**, based on favorable support from the newly appointed Fed Chair.

- The **10-Year Treasury yield** is a critical lever for construction activity. **If the 10-year can break below 4% and hold those levels, mortgage rates could fall to 6% or lower, a level that would unlock more home-buying demand**. The Treasury market has tools to help (capping bond auction volumes), but bond traders remain skeptical. They care more about inflation and deficits—both of which need clearer improvement before yields decline sustainably. Lowering inflation risk will help.

- Analysts are watching **automotive** closely for **improvements that may hit by early Q2 as consumers realize that accelerating government tax refunds** this season will rise on average $2,000-$2,500 (or more) per household, which will help with discretionary retail purchases. Given **an additional $200 a month in income plus incentives in the tax bill for auto purchases**, some believe auto sales could see a significant lift in the second half of the year.

- Many **construction projects remain on the sidelines** because of worker shortages. Current estimates suggest that the manufacturing and construction sectors will be **short nearly 700,000 workers to fill needs over the next 12 months** (current job openings are collectively 600K in the two sectors). Over the next three years with Boomer retirements accelerating), **construction and manufacturing will be 1.8M-2M workers short of meeting demand**.

Additional News of Interest

- **Food and beverage e-commerce sales are surging.** And although just a fraction of overall e-commerce business, cold chain demand is growing. **Construction of cold-chain logistics facilities are expected to grow at a 20% CAGR** through 2030 with regions in the Sunbelt leading the charge. This brings a host of HVAC and advanced automation needs for these facilities, increasing demand for ASA Member products.

- With the clock ticking for projects that want to capitalize on the **100% Bonus Depreciation benefit in the tax bill, most nonresidential and multi-family projects will have to get started in '26/27** to take the write-off benefit. Speaking with general contractors, this has provided a mild increase in inquiries and planning but has yet to really materialize into actual new starts. But some believe that **a better interest rate environment could be the signal that some project managers need to kick off those projects**.

Commodity Producer Price Index Update

The Producer Price Index (PPI) for key supply industry metrics is listed in the chart below including month-over-month and year-over-year comparisons. To the degree that the PPI is derived from monthly Government Surveys of actual purchasers and users of the following products, it provides a more accurate street-level pricing viewpoint. Due to the Government shutdown and subsequent delays in getting Federal surveys conducted, some data is delayed and may not have been updated by the time of publication.

Producer Price Index - Key Industry Products							
Category	PPI Code	Sep-25	Aug-25	M/M% Chg	Sep-24	Y/Y % Chg	Annual Forecast
Core Materials							
Copper	WPUSI019011	561.3	600.5	**-6.5%**	552.4	1.6%	0.1%
Lumber	WPU081	259.7	266.3	**-2.5%**	255.2	1.8%	**-1.2%**
Nickel	WPU102504	216.6	209.5	3.4%	213.4	1.5%	**-3.5%**
Cement	PCU32732032732(	393.9	394.0	0.0%	392.0	0.5%	4.1%
Pipe, Valves and Fittings							
Metal valves, except fluid power	WPU114902	474.8	474.6	0.0%	446.1	6.4%	5.8%
Gates, globes, angles and check valves	WPU114902011	184.3	183.9	0.3%	172.9	6.6%	6.0%
Ball valves	WPU11490202	624.2	624.2	0.0%	575.9	8.4%	3.9%
Butterfly valves (formerly W2421490203)	WPU11490203	354.2	354.2	0.0%	318.0	11.4%	2.7%
Industrial plug valves	WPU11490204	345.8	345.8	0.0%	325.4	6.2%	7.1%
Solenoid valves	WPU11490208	372.2	372.2	0.0%	372.2	0.0%	1.5%
Other industrial valves, including nuclear	WPU11490209	435.5	435.5	0.0%	407.9	6.8%	9.3%
Automatic valves	WPU11490211	277.1	277.1	0.0%	263.7	5.1%	4.6%
Metal pipe fittings, flanges and unions	WPU11490301	533.5	533.2	0.0%	499.1	6.9%	3.8%
Steel pipe and tube	WPU101706	381.3	379.8	0.4%	360.0	5.9%	**-0.5%**
Steel pipe and tube, stainless	WPU10170674	143.2	144.1	**-0.6%**	132.6	8.0%	1.2%
Plastic pipe	WPU07210603	174.6	174.3	0.2%	195.3	**-10.6%**	**-4.9%**
Plastic pipe fittings and unions	WPU07210604	328.1	329.6	**-0.5%**	316.8	3.6%	11.8%
Copper and Brass Mill Shapes	WPU102502	642.7	672.7	**-4.5%**	622.7	3.2%	5.0%
Plumbing Fixtures, Fittings and Trim	WPU105402	431.1	431.1	0.0%	402.0	7.2%	4.3%
Bath and shower fittings	WPU10540211	286.7	286.7	0.0%	286.7	0.0%	0.0%
Lavatory and sink fittings	WPU10540218	211.1	211.1	0.0%	207.9	1.5%	1.4%
Enameled iron and metal sanitary ware	WPU1056	284.5	284.5	0.0%	284.5	0.0%	0.0%
Steam and Hot Water Equipment	WPU1061	483.8	483.1	0.1%	456.2	6.0%	11.5%
Cast iron heating boilers, radiators and convectors	WPU10610106	328.4	327.8	0.2%	309.7	6.1%	12.1%
Domestic water heaters	WPU106601	641.4	641.4	0.0%	570.6	12.4%	8.2%
Electric water heaters	WPU10660101	638.5	638.5	0.0%	586.6	8.8%	8.5%
Non-electric water heaters	WPU10660114	389.4	389.4	0.0%	359.0	8.5%	7.9%
Warehousing, Storage and Relates Services	WPU321	143.4	142.4	**0.7%**	139.7	**2.7%**	**-1.0%**