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CRITICAL UPDATES FOR THE INDUSTRIAL/MECHANICAL PVF SUPPLY CHAIN

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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

Government data releases are trickling through after reopening, but the **shutdown likely took a toll on Q4 GDP. Current estimates place Q4 coming in at a lackluster 1.1%-1.4% for the quarter.**

US Manufacturing activity was stable in November based on Flash reports. The S&P Global Flash PMI came in at 51.9, it was slightly lower than 52.5 from October. Manufacturers were still concerned about the next 6 months in the latest survey, and new orders turned sluggish.

Retail sales and consumer spending accelerated overall in September (latest available). Advanced retail sales were up 4.3% Y/Y. Private sector retail reports through October (more recent than Federal data releases) show that sales may have been up 5.0% Y/Y. The NRF expects total holiday sales to be in the 3.7%-4.2% growth range.

But Home Improvement retail sales remain generally weaker; they were 0.2% higher M/M (0.1% last month) but were down 2.4% Y/Y (-2.3% last month).

Home construction data at a Federal level was still lagging. Fannie Mae data showed that total starts were likely trending 1.2% lower for all of 2025 through November on a total of 1.351 million starts (vs. 1.367 last year).

Single family starts may have come in 7.3% lower Y/Y through November while multifamily was potentially up 16.1% Y/Y – again, based on Fannie Mae data. A Fed rate cut in December of 25 basis points will only have a mild impact on long-term interest rates, the bond market has tended to remain higher than the Fed's short-term rates of late – keeping some housing headwinds in place. **Builder sentiment was still generally weak on a historical basis through November**.

Total vehicle sales came in at an annual rate of **15.3 million units in October, down 4.8% Y/Y.** According to Cox, October was the lowest seasonally-adjusted rate in 15 months, generally being led lower by a temporary collapse in EV sales.

Carbon Steel

NYMEX Domestic Hot-rolled Coil steel prices (<u>CRU-HRCc1</u>) were higher over the past 30 days at $907 per ton in late November ($846 per ton in the last update and up 35% from last year's lower level of $673.00).

<u>**Producer Prices**</u> for steel pipe and tube were 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: *"Carbon steel (hot-rolled coil) is trading 4% higher than it was last month. On Nov. 24, that quote is $911/ton. Producers such as Nucor have been keen to increase spot prices on HRC and likely will through the end of 2025. Nucor's quotes are viewed as ambitious as actual prices in the marketplace are a bit lower.*

Delivered carbon steel pipe prices have been stagnant over the last 3 months, seemingly unaffected by the fluctuations in HRC quotes.

Cliffs CEO Lourenco Goncalves recently expressed optimism that new trade policies are benefitting the domestic steel business as intended.

The key question for Q1 is whether real demand materializes to justify current pricing, or if mills will eventually need to compete more aggressively for volume.

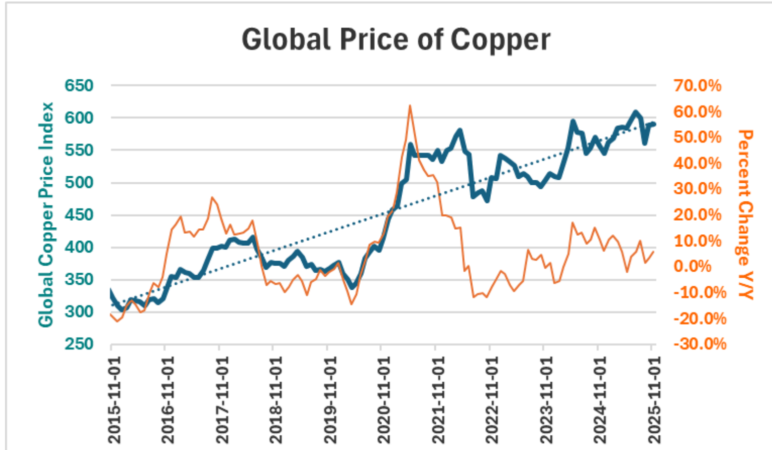
For now, the balance of factors supports stable to modestly higher prices through Q1, with HR likely trading in the $850-$950/per ton range. The primary risks are a sharper-than-expected demand pullback in automotive/construction or any policy shifts that alter the tariff landscape.

As one industry source summarized: "I haven't seen demand increase. I also haven't seen it decrease—and people are still buying."

Stainless Steel & Alloys – Cont'd

<u>**LME Nickel Prices**</u> were slightly lower but remained rangebound over the past 30 days at @$6.78 per lb. ($6.82 in the last update).

Producer prices for <u>nickel</u> 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).



Member comment: *"The stainless fitting market remains fairly stagnant with prices and activity, outside of data centers. There is optimism that the power industries which are critical to fueling the AI revolution will start gaining traction. They are well behind schedule. The LNG industry should also be seeing an uptick in construction. Wishing for a much more active 2026."*

Nickel prices have weakened further as 2025 draws to a close, falling below the $15,000-16,000/mt corridor that held for most of the year and dropping toward four-year lows near $14,500-14,900/mt in November. Indonesia's relentless capacity buildout continues to flood the market with supply.

The global surplus is now expected to widen in 2026. The International Nickel Study Group (INSG) projects the surplus will increase from 209,000 metric tons in 2025 to 261,000 tons in 2026, as production growth continues to outpace demand..

Global nickel prices in 2026 are expected to remain under pressure, with Goldman Sachs forecasting prices to decline approximately 6% to $14,500 per metric ton by December 2026.

Tubular Products

Producer Prices for steel pipe and tube were mixed 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) 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. Both companies will be taking allocated orders from the current list price sheet through the end of November 2025. 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 currently seeing larger than normal requests for data center projects scheduled for the first quarter of 2026. If they are all purchased at the same time, this could cause shortages or longer lead times for specific size carbon steel weld fittings & flanges."*

Active **global oil wells** are down 101 Y/Y according to **Baker Hughes** (total wells are currently at 1,059 up slightly from 1,076 from the last report).

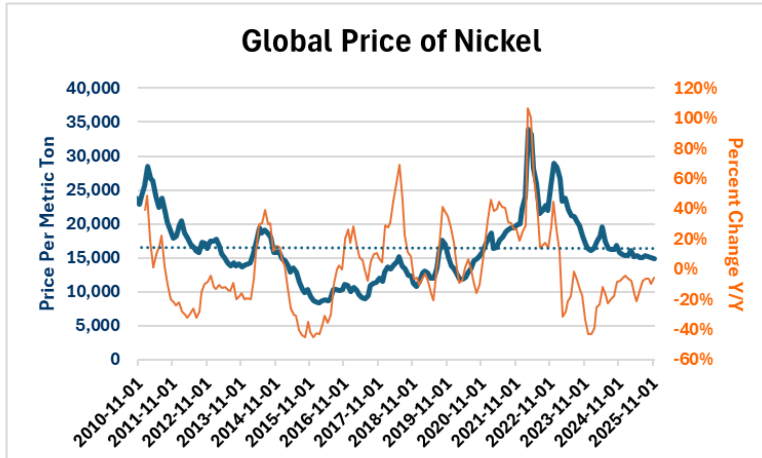
US active rig counts are down 29 wells Y/Y in the last week to 554 active rigs (546 in the last update). The US had 1,045 wells active in 2019 prior to the pandemic.

The EIA expects **daily crude oil production to be** almost unchanged at 13.58 bpd in 2026 (13.51 in the last update) after likely touching 13.59 this year.

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.

Copper

The **price of copper** was stable in late November at **$5.09/lb**. ($5.01/lb. last month), but this was sharply higher than prior cycles. This pushes copper prices on the spot market 26.3% higher YTD and are 25.6% higher Y/Y.



The **Producer Price Index** (PPI) for September (latest available) was lower month-over-month by 6.5% (-1.5% last month). 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 futures are holding at $5.10 per pound, little changed from last month, though the steadiness masks a volatile few weeks. Prices briefly touched a three-month high in late October, triggering a new copper tubing list price sheet, before sliding below $5 per pound in a sharp reversal.*

Familiar pressures continue to dominate the market: uncertainty over China's economic trajectory, the stop-start nature of U.S. - China trade discussions and shifting expectations for U.S. monetary policy. Investors now look to next month's Federal Reserve meeting, with futures markets assigning an 81% probability to a quarter-point rate cut.

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 November to 52.3 (up from 47.4 in September)** (a reading of 50 is a balanced supply/demand environment).

Fastmarkets added: "*with no clear catalyst on the horizon, market participants appear resigned to sideways trading conditions for the near term. Key factors shaping the outlook include: muted supply-side risks, absent major demand drivers, winter weather impacts. December's tone could be shaped more significantly by weather disruptions and mill maintenance schedules.*"

- *Sellers: Trend Indicator of 58.3 (53.7 prior)*
- *Brokers: Trend Indicator of 50.0 (50.0 prior)*
- *Buyers: Trend Indicator of 48.7 (38.46 prior)*

"December may see continued flat pricing or potential softness as mills reduce buying programs during the holidays. Some mills signaled they may not buy at all in Dec, particularly in Canada and parts of the Midwest." - Fastmarkets

Plastics

Resin prices were lower by 0.9% in September according to the Producer Price index (latest available), (-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 is unfortunately getting more geopolitical news to digest. Left to simple supply/demand dynamics, production is still outpacing consumption. Added to that are developments pointing to a breakthrough in the Ukraine war and prospects for a cease-fire (at the time of writing).

What analysts don't know, is **whether sanctions on Russian oil will lift quickly, or if they would go through a graduated process** whereby sanctions get eased over time (based on Russian pullback of military activities). In addition, and perhaps adding support to oil prices, the US has built up a strong naval contingent near Venezuela. This could affect up to 1.5 million barrels of oil production per day. These developing situations create a confusing set of scenarios for the oil industry.

But again, based on fundamentals alone, **the market is currently "well supplied" and price pressure generally remains for crude oil**.

West Texas Intermediate (WTI) was lower again month-over-month at the time of writing. Oil was trading at $57.95 ($60.24 a barrel in last month's report), which is now 23.6% lower year-to-date. It was 17.4% lower vs. this time last year (8.6% lower last month). **Brent North Sea Crude was also lower** at $62.56 ($64.59 a barrel last month). This was down 20% YTD and was 14.9% lower over the past 12 months.

Fuel prices were mixed again this month. **Diesel prices were moving higher** at $3.79 a gallon at the time of writing ($3.67 a gallon in the last briefing) (Source: AAA) and were $.15 per gallon higher than last year. **Gasoline was flat** at $3.07 a gallon ($3.04 per gallon in last month's briefing), which is 1 cent per gallon lower than last year (9 cents lower last month).

The EIA's latest **forecast for 2026 crude oil prices inched up sequentially but remained much lower historically**. Prices are expected to average $65.15 in 2025 ($65 in the last update).

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Oil and Fuels – Cont'd

For 2026, the EIA has kept the forecast low — although it adjusted the annual price per barrel up slightly, it showed **oil prices remaining historically low** at $51.26 ($48.50 a barrel in the last forecast). Prices are expected to average $58.65 in Q4, $50.30 in Q1, $50.68 in Q2, and $52.00 in Q3 of next year ($52.00 also in Q4 2026).

For refined fuels, the **gasoline price forecast was relatively unchanged** this month and is expected to average $3.10 in 2025 (versus $3.11 last month vs. a $3.31 average in 2024).

But the new forecast has them going much lower in 2026, falling to $2.98 per gallon ($2.87 last month). Prices will average $3.02 in Q4, $2.88 in Q1, $3.04 in Q2, $3.09 in Q3, and $2.91 in Q4 of 2026.

Diesel prices, as reported by the EIA, **shows them elevated** at $3.66 ($3.67 in the last update) through 2025 (after averaging $3.76 in 2024) and will average $3.50 in 2026. Prices are expected to average $3.69 in Q4, $3.59 in Q1, $3.41 in Q2, $3.47 in Q3, and $3.54 in Q4 of 2026.

The EIA expects **daily crude oil production to be slightly higher** at 13.59 million barrels per day in 2025 (13.53 in the last update) but is now showing production almost unchanged at 13.58 bpd in 2026 (13.51 in the last update).

Total **commercial inventories** (all types of crude oil and fuels) are still **expected to remain high** at an average 1.253 billion barrels in 2025 (1.270 in last month's report and vs. 1.229 billion in 2024). Once again, this month, the EIA now has inventories rising sharply to an average of 1.283 million barrels in 2026 (from 1.280 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.

From Our Distributors – Cont'd

- *"While a marked slowdown is typical at the end of November, activity levels — including quoting and shipping — have remained elevated heading into the final month of the year. Additionally, we anticipate that a portion of our order backlog will extend into Q1 2026, providing a strong foundation for the year ahead. Overall, 2025 met our sales and margin expectations despite the uncharted waters we had to navigate."*

- *"We continue to see strong MRO project activity in hospitality and healthcare, while MRO activity has slowed noticeably in education and manufacturing. Government spending on projects at both the state and federal level remains strong. The new construction project pipeline for manufacturing is exceptionally soft."*

- *"Data centers and power plants dominate the long-term pipeline. Our price-adjusted sales are up 10% this year. E-commerce outlets continue to take market share away from distributors. This is part of a longer-term shift in focus to contractors for PVF distributors, as end users increasingly buy MRO products from national e-commerce outlets. We project a continued march toward distributor consolidation as large projects are beyond independent distributor capabilities."*

- *"November has been a little bit soft. With the Thanksgiving holiday looming, I don't expect miracles to turn it around. With only 18 billing days and a major holiday to close the month it's not a surprise."*

- *"Sales are currently running ahead of last year. Multifamily and new-home construction have started to pick up after projects were delayed earlier this year. Commercial work remains steady. However, difficulty in finding personnel to handle quote requests is a key challenge that is limiting potential growth in this area. Our PVF business is strong, but the entry of new competitors is driving down margins and increasing competition for employee wages."*

Continued on the Next Page

Distributors – Cont’d

- *“Projected demand remains steady, but releases for the material purchased is slow. We feel material releases will extend well into 2026 for 2025 projects. Data centers are driving the majority of new business. Thankfully, our market is based in a high-population area which drives new construction projects to accommodate people and business within. Data centers currently drive most of the new opportunities. Year-to-date sales are still good, but Q3 has slowed as we delay shipments and hold more material. The holidays do play a role in material shipments delayed. Q3 has been much slower and actual month vs. previous months we see down slightly. The challenges will become our opportunities in the end. Initial challenges will be holding pricing on projects throughout 2026 into 2027 with these data center projects, but the opportunities fall in our favor when together, we figure out how to navigate material and pricing when that time comes.”*

- *“There is still a nice level of activity at most of our locations, but our air separation business has slowed down dramatically. Our power group is extremely busy in both new construction and plant upgrades. Sales are up, yes. We have seen solid growth in our 80/20 and our 20/80 account base because of our technical outside sales and digital marketing efforts. We have focused on selling more technical projects to our customers and that initiative has worked famously.”*

- ***From a South-Central US Distributor:***
  - ***Sales**: “Our sales are up year over year. We are trending to finish about 25 percent up over 2024. We’re in the middle of a few big projects, but there’s a lot of commercial/ industrial/ institutional building activity in our market. We’ve been blessed to get a big chunk of it all. We are involved in a couple schools, including a new veterinarian college and a new optometry college. We have a couple factories as well and are supplying material for two casinos. The state’s first Google data center is just starting up.* ***Continued…***

Distributors – Cont’d

  - ***Market positives**: The tariff situation has not affected growth as much as was anticipated and the supply chain did not come to a screeching halt.*

  - ***Market concerns**: I think many of us are waiting, in cautious optimism, for the other shoe to drop. There is still enough uncertainty regarding the tariffs, on again, off again, more than 100 percent, under 20 percent, from one day to another.*

  - ***Market concerns**: Are there true global economic concerns or is it the result of politics? These are unprecedented times. I’ve done this business for 50 years now and I have no idea what is next.*

  - ***Forecasting**: More of the same. Fortunately, we have enough work to carry through 2026 at this time, but, like the tariffs, subject to change without warning.*

Additional News of Interest

- **The Federal Reserve** is experiencing mixed sentiment about a potential December rate cut. Several Fed officials are adamant about weakness in the job market, and they believe that the Fed is behind the curve on rate cuts already. **Current forecasts show a 25 basis-point cut in December followed by another in Q1**.

- But construction projects are **driven more by the 10-Year US Treasury yield rate**, and it is currently at 4.00%. Most analysts think that 4.00% is a psychological threshold, but the yield rate must hit this level and “stick” below 4%. That would put 30-year mortgage rates closer to 6% and would begin to encourage buyers to start looking. **For a healthy housing market, most believe that a 3.5%-3.7% 10Y Treasury rate** (which would yield a mid-5% 30-year mortgage rate) would be a strong catalyst for new housing activity. It would also spur new home improvement projects, mortgage refinance activity, and even spill over into better auto sales.

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. 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%