

Insulation Systems

PABCO - CHILDERS METALS

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The following information is provided for the use of our customers and contains generalized information regarding current marketplace conditions of aluminum and stainless steel products.

For the past several years, there have been large overall increases in the price of base metals. These increases are due primarily to worldwide demand, currency valuation (particularly the US dollar in relation to other currencies) and speculative influences.

Aluminum: Worldwide demand for aluminum products has been very strong and is predicted to remain strong for the next several years. There continues to be consolidation among the major producers of both primary and rolled aluminum products. The economy, particularly in developing countries, along with Chinese economic policy has had an impact on the cost side for the last couple of years. All of these factors (along with those mentioned above) have contributed to the strong upward trend experienced over the last 24-36 months.

There has been a recent softening in US demand for rolled products due to large inventories and overall uneasiness in the market caused by decrease in housing starts. This has not yet resulted in any changes in conversion costs and is unlikely to have much effect since worldwide demand remains strong.

Until demand or supply changes, there may well be continued upward pressure on the price of aluminum for the near term.

Stainless Steel: The main component of cost increases for T304 and T316 stainless has been the unprecedented strength of the nickel market. At present, nickel is trading at or near new record highs. Demand for nickel and stainless steel is increasing, particularly in developing countries. Over the last year, surcharges for these grades of stainless steel have more than doubled. Nickel production is not being added at a rate to keep pace with demand.

These factors are driving the nickel/stainless steel cost increases. These factors are not expected to change in the near term.

J. M. Roberts
VP Manufacturing
ITW Insulation Systems

The information provided above is general in nature and is not intended to reflect conditions at any other time than on the date written. Both aluminum and stainless steel markets are volatile and could have further changes at any time.