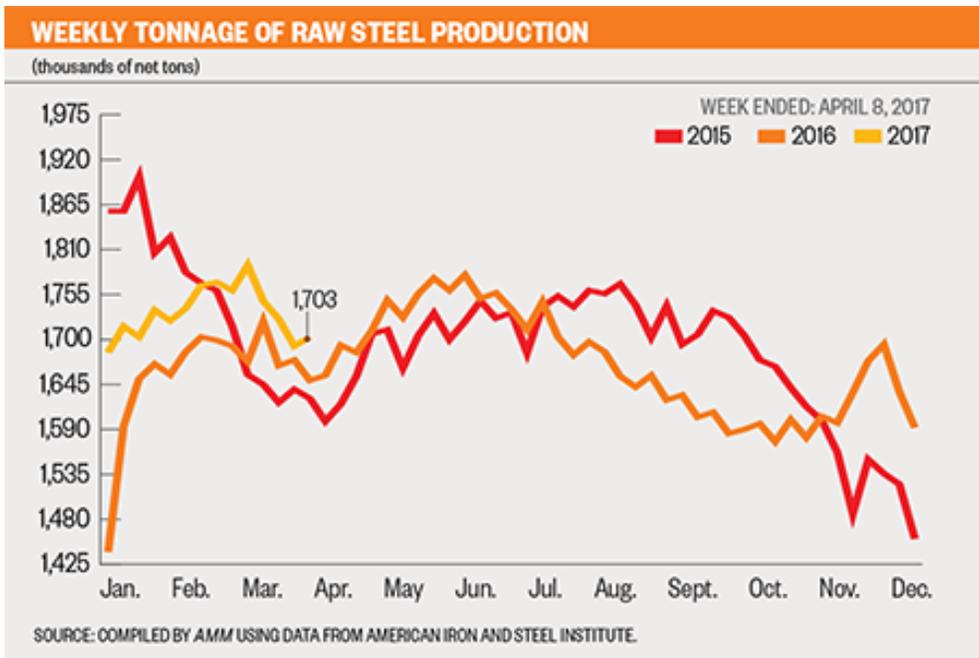
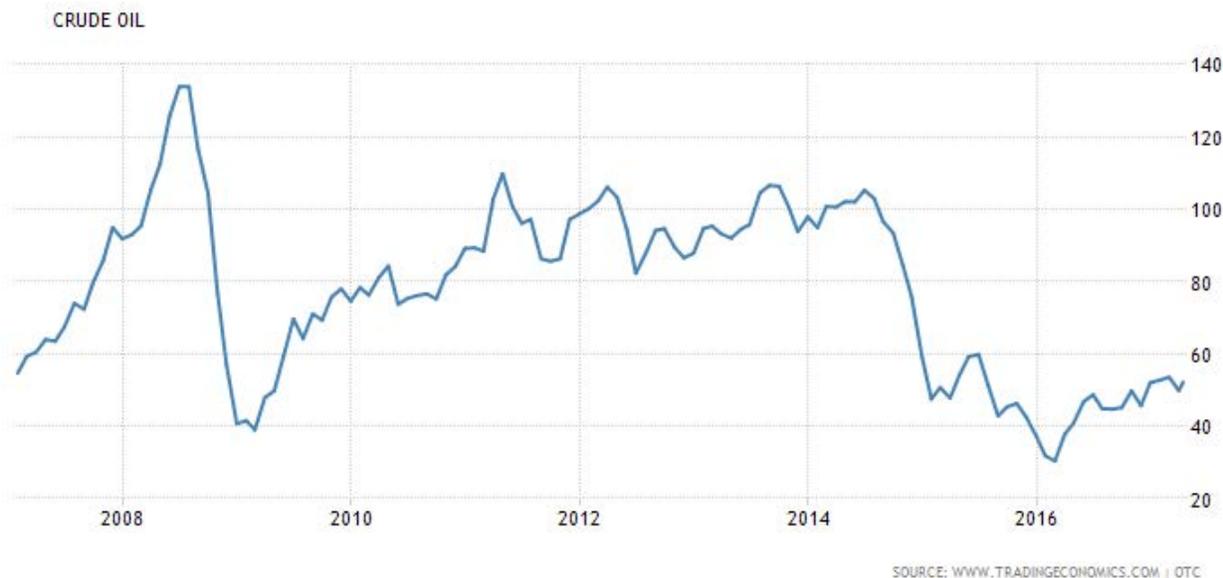


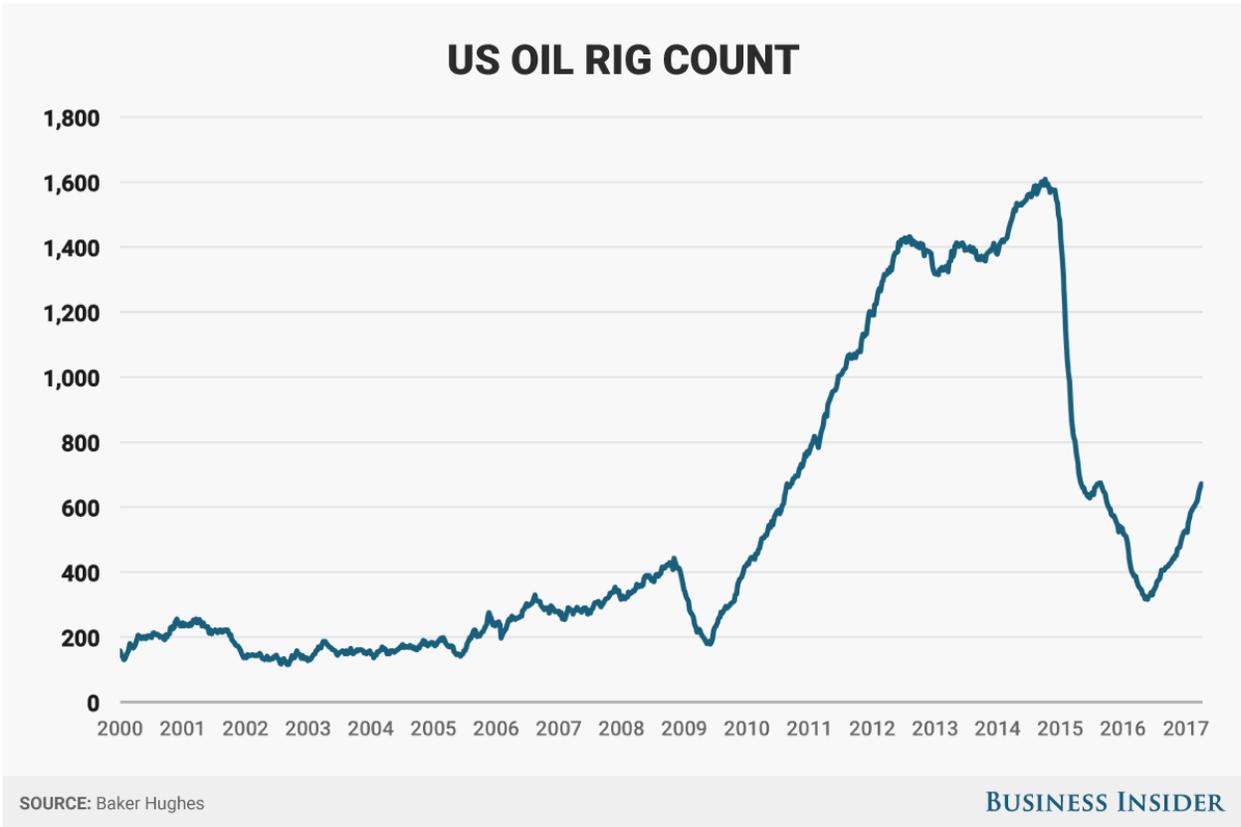
Last week many commodity prices declined and economic reports were mixed.



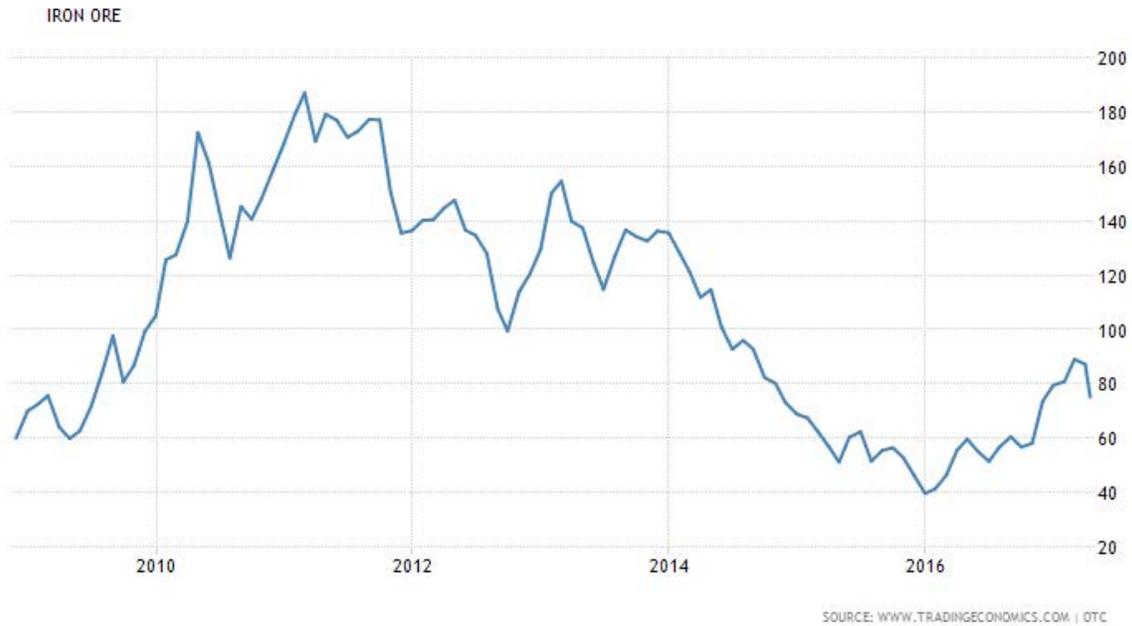
U.S steel production rose and while down from the multiyear high of a month ago, production is still ahead of last year.



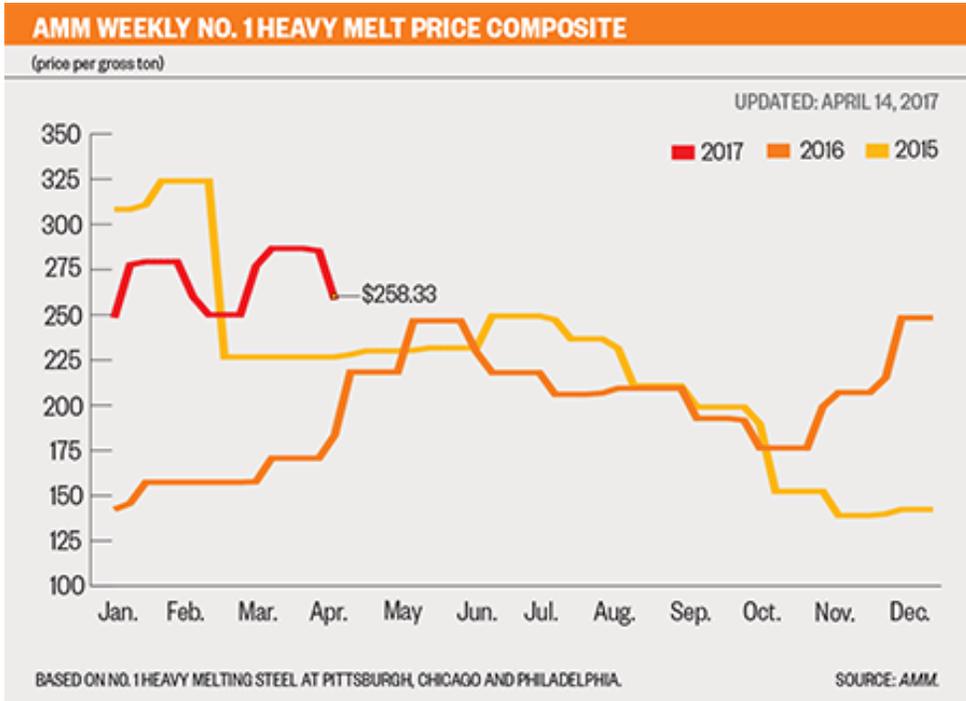
Oil rose \$1 to \$53/barrel, double last year's \$27 low. Global tensions in the Middle East and North Korea, along with OPEC production cuts have prices up. Unless there is a major global shock, oil prices should stay low, due to U.S. oil production increases.



The oil rig count rose to 683, near a two year high. Great for jobs and is helping stabilize steel prices. Note it is still down about 58 percent from the high three years ago, so there could be more upside.



Iron ore fell to 69/MT, a multi-month low, but remains nicely ahead of where it was last year, despite weakening.



Scrap ferrous prices fell, and scrap coming into scrap yards has declined, as has U.S. production. The question is, as Europe, Asia and the U.S. continue their slow growth, will we see stable to higher prices in the coming months? Unless there is a major global event, we think prices will be higher.

## Hot Dipped Galvanized Coil



Hot dipped galvanized steel remained steady at \$910/MT on little news.

# 304 Stainless Scrap



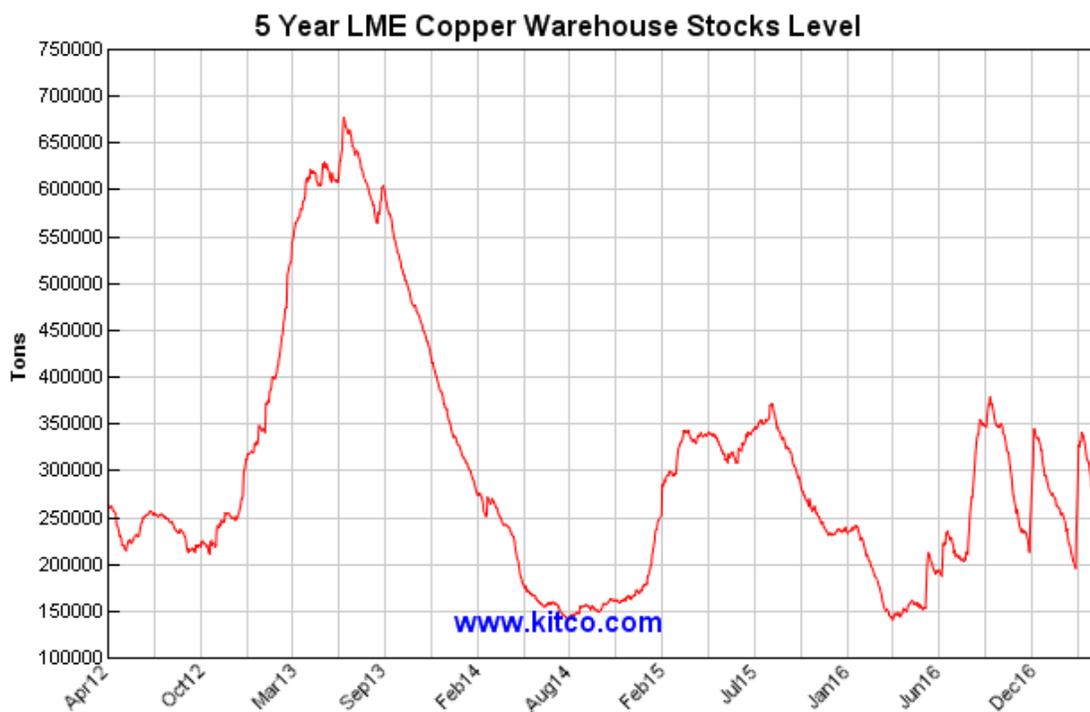
Stainless 304 scrap remained steady at 37 cents/lb., but with nickel down significantly in recent months, stainless prices should follow it down.



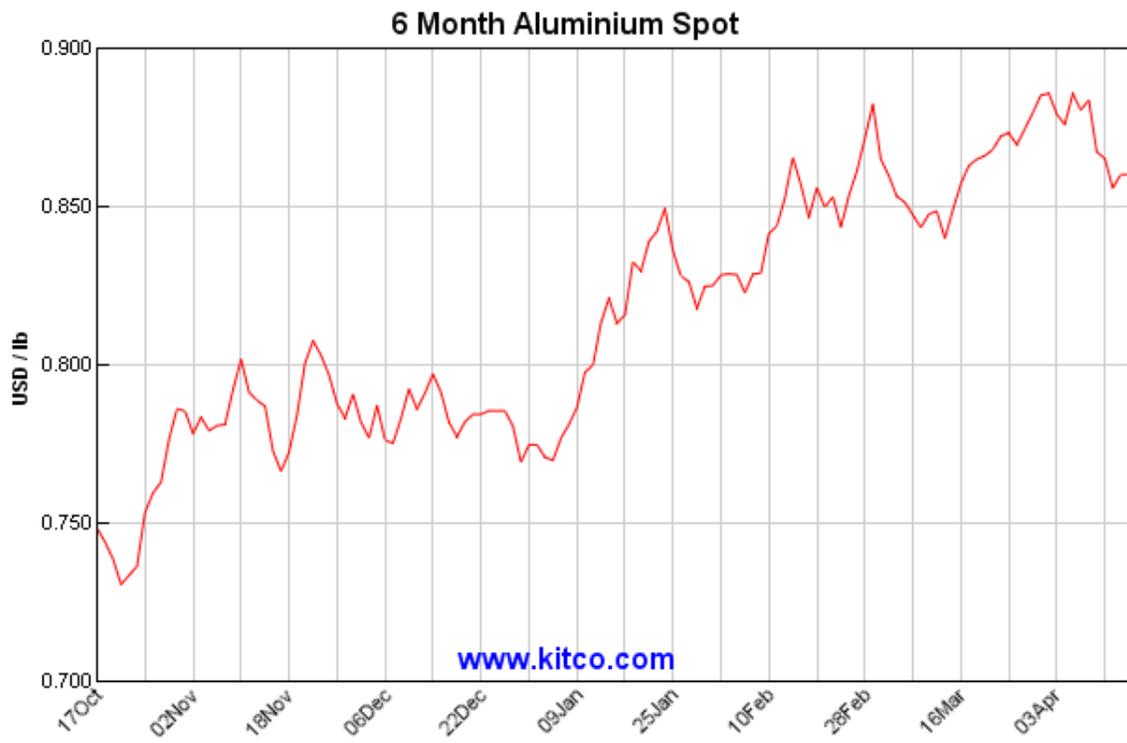
Copper fell 8 cents to \$2.57/lb., about a three month low. The price run up since November was speculation driven, not demand driven, so we are seeing some declines. We are up about 2 cents this morning.



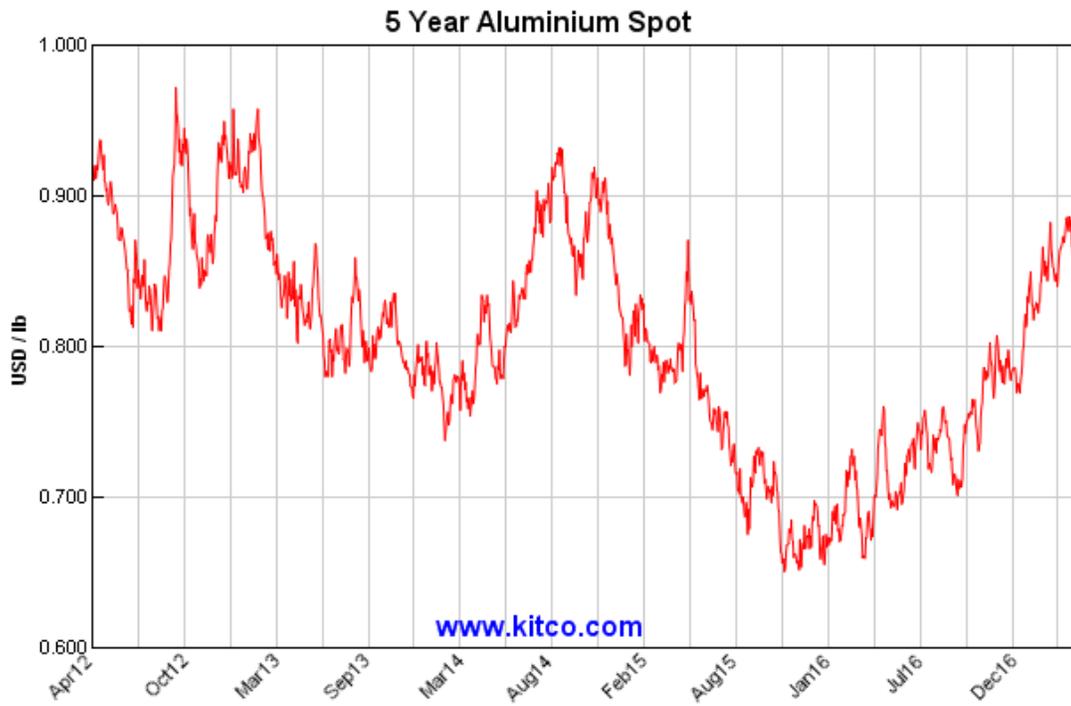
The 5 year chart shows that while prices are down, they still remain near multiyear highs.



Copper inventories have come down a bit, but remain elevated, which puts downward pressure on prices.



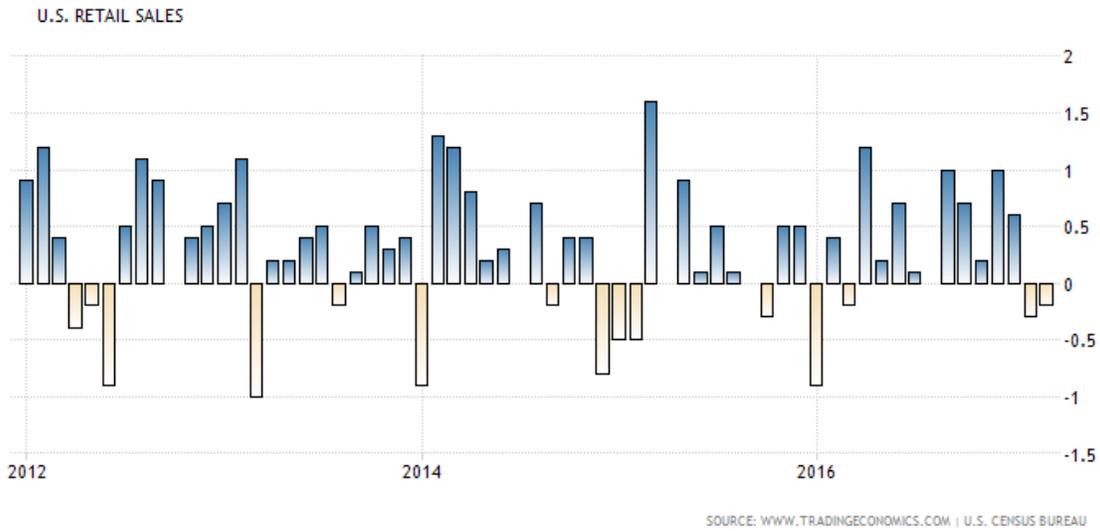
Aluminum fell 2 cents to 86 cents, now off its multiyear high with good demand continuing.



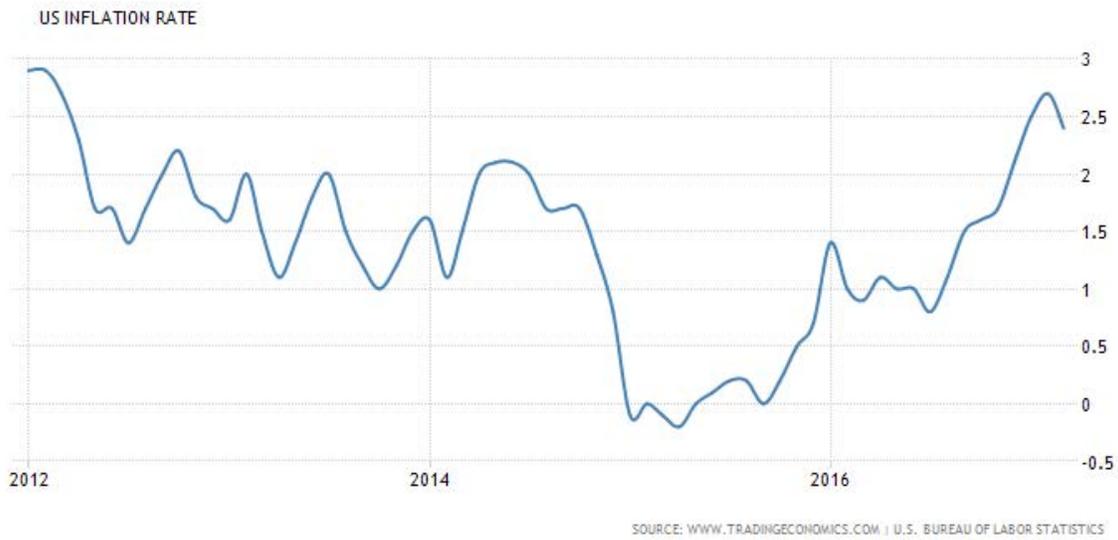
and the 5 year chart shows we remain near a multiyear high.



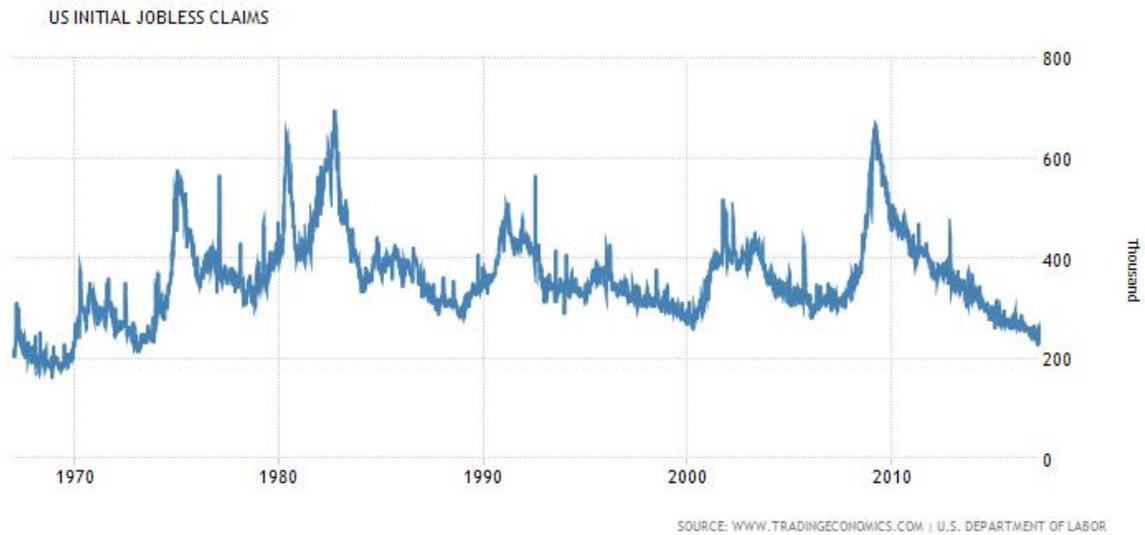
Aluminum inventories continue to fall, which is helping support the higher prices.



U.S. Retail sales, a major part of the U.S. economy, fell .2 percent. Importantly this was the first consecutive two month drop in more than two years. The Washington stalling of healthcare and tax reform has people nervous. Note the drop in car sales we reported last week was a key part of this.



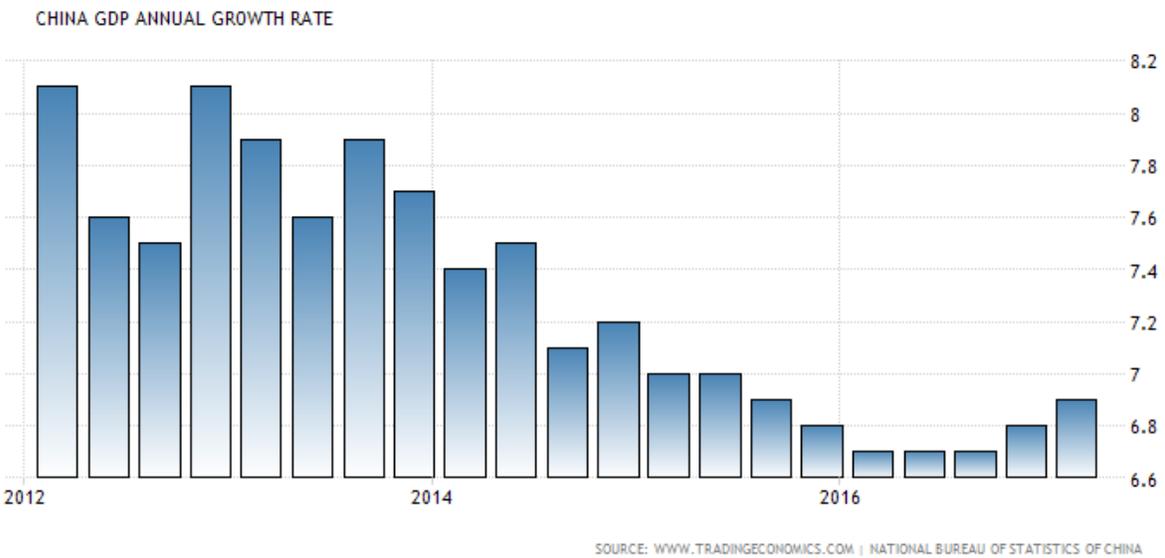
Consumer prices increased 2.4 percent year over year in March, lower than the 2.7 percent in February. Stabilization is partly due to prices of materials coming off their multi year highs, especially with prices of oil somewhat stable, after their doubling in the past year.



U.S. initial unemployment claims fell to 234,000, the lowest level in 6 weeks. This chart going back more than 50 years, shows we are at rates not seen since the 1970s. Great news for jobs and helps keep stable prices.



The Consumer confidence index rose to a three month high and is near a 10 year high. The good news is that democrats which have been pulling this number down are feeling better about the economy, while republicans which have been keeping this number high, actually took the number down last month. The positive drivers are the current financial and economic situation.



China's economy grew at 6.9% in the March ending quarter, the highest growth in about a year and a half, driven by faster rises in industrial output, retail sales and fixed-assets investments.

Me. This will clearly keep upward pressure on commodity prices and is very positive global economic news.

As always, feel free to call or email me with any questions and we hope all have a Safe and Profitable week.