

NEWSLETTER

VOLUME 1
APRIL, 2024



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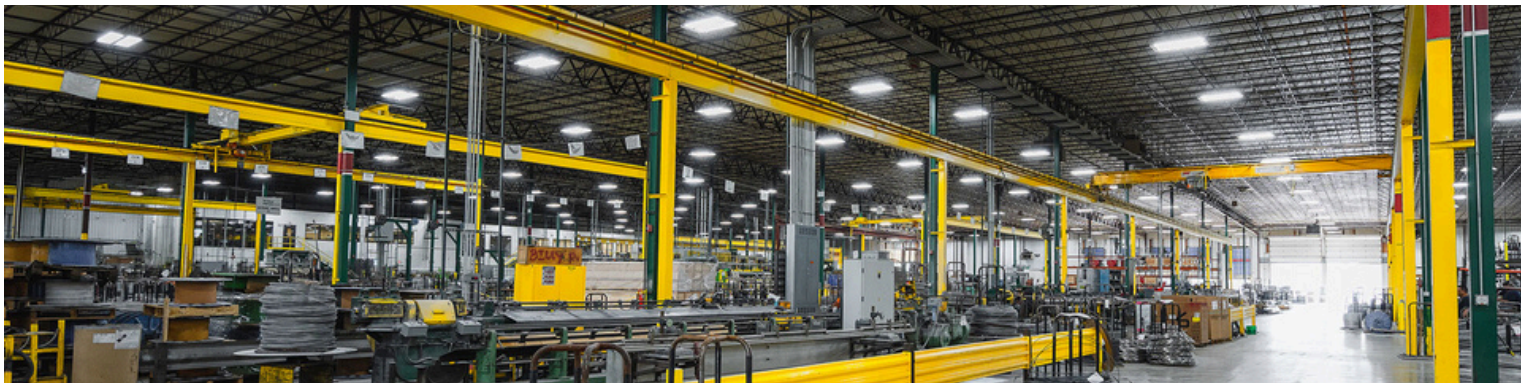
North America's largest re-draw mill and inventory of HRAP

Tri Star Metals has invested over \$40M to build North America's largest and most advanced Stainless & Nickel Alloy Re-Draw Mill.



Leading Producer of Stainless Steel Bar & Aluminum Stockist

We are a unique hybrid, a multi-location service organization supported by our own domestic mill. Our regional service centers deliver your order accurately and on time to meet your critical demands.



Delivering Stainless Steel, Nickel and Aluminum Solutions

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LETTER FROM THE PRESIDENT

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“Pricing has likely seen its bottom point for 2024 making it a great time to start replenishing inventories”



Jay Mandel

Jay Mandel
President / CEO

We are excited to present the first issue of our quarterly newsletter to keep our valued customers apprised of what we are seeing in the world, in our markets, and to share exciting developments within our company.

As the weather shifts from the cold of winter to the spring, we are finally seeing some warming up in the market. After a torrent 2022 fueled by challenges in global logistics and employee shortages, we saw a drop off in activity throughout 2023 and into Q1 2024 as our customer base worked towards whittling down over-stocked positions put in place to hedge against delivery delays seen in 2022. LME nickel dropped 40% from beginning to end of 2023 and importers have aggressively reentered the market leading to significantly reduced stainless price points versus a year ago.

As we enter Q2 2024, we are finally seeing demand begin to roar again. LME nickel pricing has begun its recovery. After hitting a low point of \$7.10 / LB in early February 2024, today it is now trading closer to \$8.55 / LB (~20% increase) and is in contango, with futures forecasted to show further appreciation. Pricing has likely seen its bottom point for 2024 making it a great time to start replenishing inventories.

While container pricing / availability improved drastically in 2023, global logistics continues to be a challenge. Passage restrictions through the Red Sea have added a month or so to the transit time of many of our inbound containers, making import lead times a bit more unpredictable. Iran’s recent attack of Israel enhances risk of an escalated middle east conflict which could compound this situation.

Tri Star Metals has continued to pivot and invest to maintain our status as a world-class supplier. During the downturn, Tri Star was active in negotiating new LTAs with key global melt suppliers, enabling us to offer domestically drawn wire at a price point that is competitive with surging imported finished wire. In this newsletter you will also read about our recent acquisition of Centric Alloys, expanding our position within the Defense market and bringing some outstanding mill veterans onto our team to help propel further growth. In order to remain the most modern redraw mill in the United States, we are investing \$5 million to build a state-of-the-art grinding center in Freeport, IL, plus have several other equipment investments on the horizon.

The future is bright and would not be without the dedicated support of our loyal customers. Thank you as always for your business and if there is any information that you would like to see added to future newsletters that could add value to your business, please let us know.



TRI STAR METALS LME NICKEL UPDATE

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LME NICKEL COLLAPSED IN 2023 BUT WE FINALLY SAW SIGNS OF RECOVERY IN THE 1ST QUARTER OF 2024, INDICATING A GREAT BUYING OPPORTUNITY.

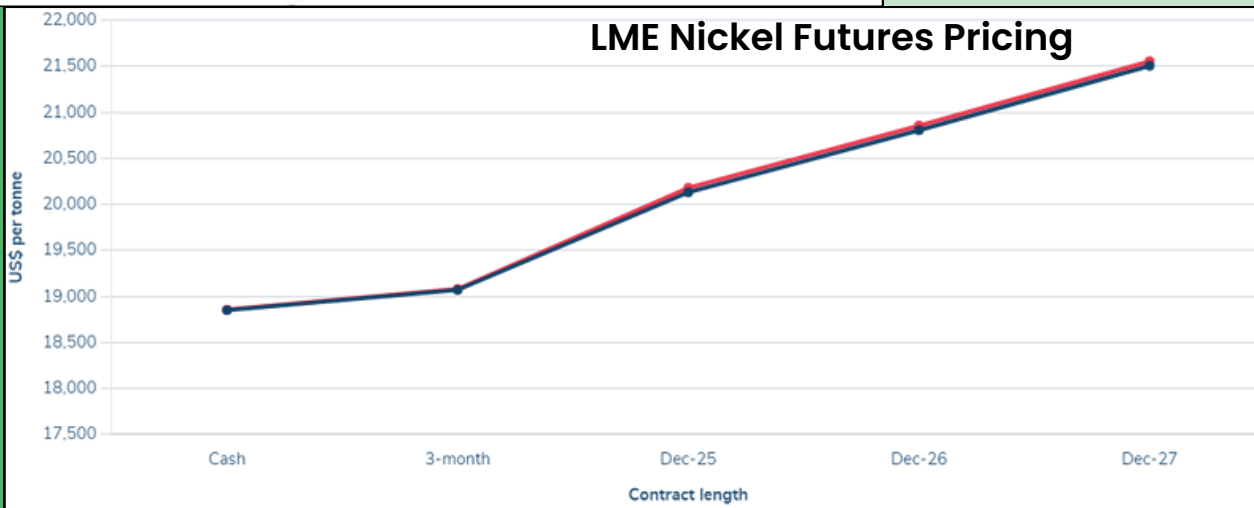
LME NICKEL PRICE

LME pricing dropped 40% through 2023



May 304 surcharge is up ~\$0.05/lb. Based on current trends, June surcharge is expected to be up another \$0.06-\$0.08/lb.

Future LME pricing is on the rise



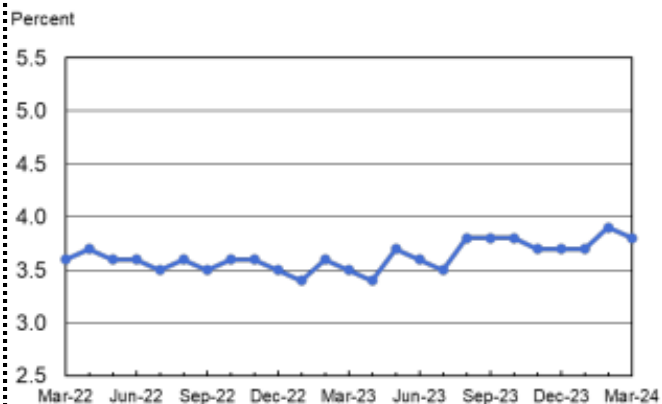
TRI STAR METALS MARKET HEALTH

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Q1 DOMESTIC MARKET HEALTH INDICATORS

UNEMPLOYMENT RATE

Chart 1. Unemployment rate, seasonally adjusted, March 2022 – March 2024



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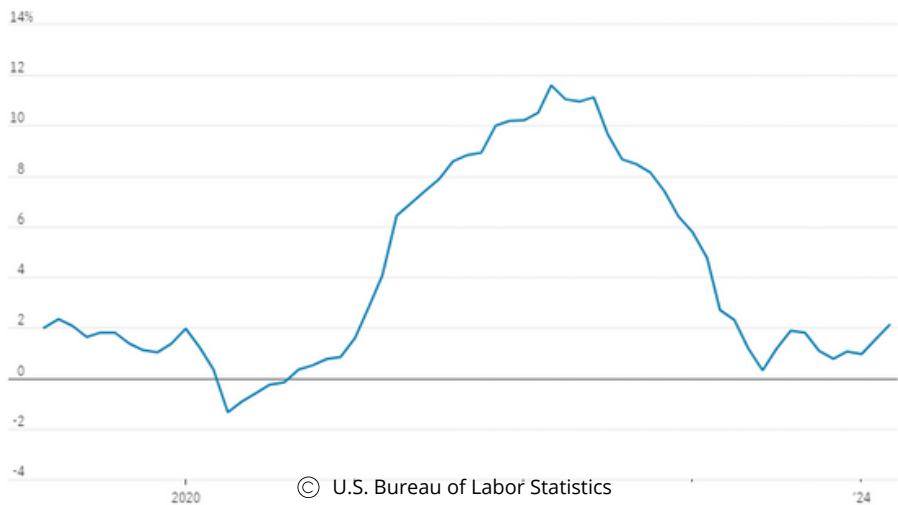
GDP GROWTH



Source: U.S. Bureau of Economic Analysis

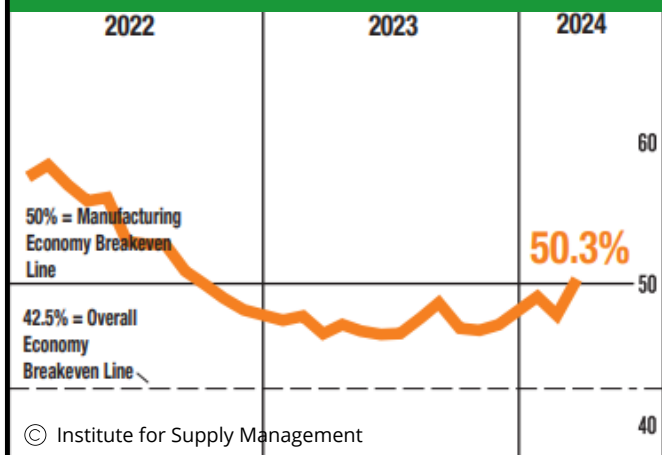
PRODUCER PRICE INDEX

Producer-price index, change from a year ago



© U.S. Bureau of Labor Statistics

MANUFACTURING PURCHASING MANAGERS INDEX



© Institute for Supply Management

GLOBAL LOGISTICS

Red Sea Crisis

- A global shipping crisis has emerged in the Red Sea as “Houthi rebel attacks on cargo ships and tankers” force freight carriers to avoid the Suez Canal, instead travelling around southern Africa and adding roughly 4,000 miles to each trip, resulting in increased transit times and freight costs, as reported by JP Morgan Global Research.
- The crisis has a major impact on global supply chains as 30% of container trade worldwide passes through the Suez Canal.
- Shipping routes from Europe to Asia have been impacted most, with costs surging to nearly 5 times their typical amount.
- According to JP Morgan, “higher shipping costs are likely to pass through to imported goods prices with a lag, depending on both the duration and intensity of the crisis.”

Source: [JP Morgan Global Research, 2/8/24](#)

Container Pricing

After a wild ride in 2022, when container prices skyrocketed up to \$20,000 per container, current prices have stabilized.

TRADE UPDATES

Section 232

- There are no signs of any short term change to Sec 232 tariffs. Both Democrats and Republicans agree on harsh tactics towards China.
- As for the EU and other “Friendly” trade countries, the TRQ (Quota) will continue to evolve however, there are no signs of any changes in 2024. At the earliest it will come in 2025 depending on the outcome of the US Presidential election.

Sanctions Against Russia

In April, the US & UK banned newly produced Russian aluminum, copper and nickel from trading on the LME or CME, temporarily causing prices to surge. “The measures are not meaningfully targeting physical trade of units outside the LME warehouse system, which should moderate the scale of the price impact,” according to a team of metals strategists at Citigroup interviewed by MSN.

Sources: [Reuters](#), [ING](#), [MSN](#), [Bloomberg](#)

Import Penetration

- SS Wire imports declined in 2023 from the record high of 2022. 51000 mt in 2022 to 36000 mt in 2023. We estimate the import penetration % of the total USA consumption to be ~53%.

Source: [American Wire Producers Association](#)

Sanctions Against China

On April 17th, “the Biden Administration announced that it is calling on the USTR to counter China's unfair trade practices in the steel and aluminum sectors by tripling the 301 tariffs on Chinese products imported to the US, raising the tariff rate from 7.5% to 25%,” according to the AWPA.

Source: [American Wire Producers Association](#)

GLOBAL CONTAINER FREIGHT RATE INDEX



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TRI STAR METALS TSM EXPANSION

TRI STAR METALS CONTINUES TO INVEST IN STATE-OF-THE-ART EQUIPMENT, FACILITY UPGRADES AND HUMAN CAPITAL TO REMAIN A WORLD-CLASS MANUFACTURER.

CENTRIC ALLOYS ACQUISITION

On March 19, 2024, Tri Star Metals completed the acquisition of Centric Alloys. Centric Alloys has been a significant partner of Tri Star for many years and adding their team, vendor base, and customers will expand our ability to service the nickel, alloy, and defense markets.

Centric's founder and President, Mike Walsh, is assuming the role of Vice President – Defense Markets and their Principal Metallurgist, Mike Gootman, will be joining TSM as a Senior Metallurgist. "The addition of these industry experts greatly improves our ability to understand the unique demands of the defense sector and we are thrilled to welcome Centric's current account base to the Tri Star family," said Jim Roach, Tri Star Metals' Executive Vice President.

"By tapping into Tri Star Metals' state-of-the-art domestic manufacturing facility, their superior technical team, and strong distribution network, we will enhance our ability to service our customer base. In the coming weeks, we will have a major announcement that will allow us to bring superior alloys to the North American Defense Markets. After nearly 20 years of growth at Centric, I am pleased to become part of the Tri Star team," said Centric Alloys' founder and President Mike Walsh.

This newest acquisition continues Tri Star Metals tradition of bringing in top industry veterans to help fuel its history of growth and support of North American manufacturing.





GET TO KNOW A TSM TEAM MEMBER

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Gary Maddock Principal Metallurgist

Personal Background

Gary grew up near Pittsburgh, PA which left an indelible mark in many ways. Part of this is a lasting interest in sports teams that wear black and gold. However, the biggest impact came from a fascination at an early age with what went on inside the many steel mills that lined the river valleys. A science honors program at the U.S. Steel R&D lab for “nerdy” high school kids further cemented his interest in pursuing a career in metallurgy.

Professional Background

Gary stayed local for college and earned a degree in metallurgy and materials science from Carnegie Mellon University. Early cooperative work experience at Crucible Steel in Syracuse, NY instigated a career long passion for specialty steel. In addition to multiple tenures at Crucible, Gary broadened his experience base with roles at Carpenter Technology, Zapp, Dayton Progress and Pfauter-Maag Cutting Tools. Although passionate about his foundation in tool steel, TSM has provided him with an opportunity to delve deep into the world of stainless long products.

Role at TSM

At Tri Star, Gary shares his expertise by helping to address a broad range of challenges on both the production and commercial sides of the business. This includes working closely with raw material suppliers as well as providing application engineering support and general technical service to Tri Star’s many valued customers. However, his most favorite activity is mentoring and collaborating with the younger members of the technical team, and it is still not uncommon to find him hanging out and getting his hands dirty in the metlab.

Did you know?

Reflection on Metallurgy

As one who is at the tail end of a long career, I can't help but wonder about the future of my chosen field. Metallurgy in the classic sense does not seem to attract the interest that it did in the past. Yet metals remain essential and there are many exciting possibilities moving forward. Analytical tools now exist to design metals tuned to specific applications that can exceed current limitations of strength, heat resistance, and other relevant engineered properties. Challenges must be met to develop such products in a manner that is sustainable and scalable in a cost sensitive, commodity world. We need metals which last longer, can be more efficiently fabricated, and then more easily recycled at the end of their life cycle. There is so much to do. I wish I was just starting out!

-Gary Maddock

Tips for Budding Metallurgists

Gary attributes his career success and longevity to maintaining a passion for work along with making a habit of learning something new every day on the job. Young people starting out should do the same. They need to develop relationships with key people along the way who can challenge and inspire them to move forward in their career.

CONNECT WITH US!  

OFFSHORE TECHNOLOGY CONFERENCE

Houston, TX

**MAY
6-9**

SPACE TECH EXPO

Long Beach, CA

**MAY
13-15**

**ORTHOPAEDIC MFG & TECH
EXPOSITION AND CONFERENCE (OMTEC)**

Chicago, IL

**JUNE
11-13**

FLORIDA INTERNATIONAL MEDICAL EXPO

Miami, FL

**JUNE
19-21**