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WELCOME

We are pleased to bring you this edition of our Newsletter. We will use this newsletter as a venue to discuss topics relevant to the scrap market and

how it effects people like you. I hope you enjoy this issue and that you engage us in a discussion. I look forward to receiving your questions and comments. - James T Kirsh

METAL TARIFFS AND SCRAP PRICES

A common question today is, "Will the new tariffs affect the cost of steel that foundries buy as their primary melt material?"

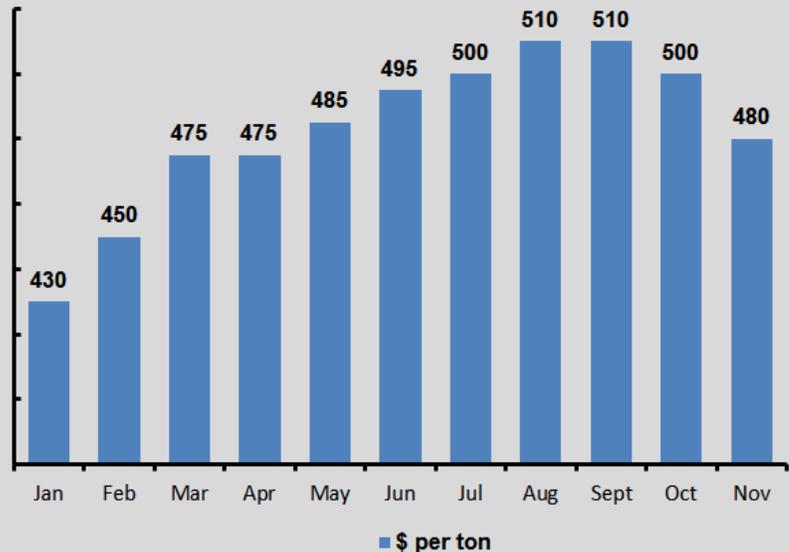
The best answer to this question is: "not really." Foundries use primarily steel scrap as a melt material. Steel scrap prices are driven primarily by supply and demand, not the underlying price of raw steel product. So far in 2018, foundry output has increased and this demand puts upward pressure on scrap prices.

As foundries require more steel to produce more castings, scrap dealers have been able to increase prices. However, some of this demand prices pressure has been offset by an adequate supply of steel scrap. In general, the US economy has been humming along in 2018. This means that the producers of steel scrap (i.e. stamping houses, machining operations, etc.) have also been increasing their output. This increases the supply of steel scrap to be sold to the scrap dealers. The added supply has held prices in check. In 2018, prices have increased about 11%. We expect the prices to go higher as more foundries increase their output. To date, an artificial constraint on foundry tonnage poured has been the lack of qualified job applicants. As hiring increases output will continue to grow, increasing the demand for steel scrap. Factoring in all of the above, we expect that steel scrap prices will continue to increase moderately through 2018. But this will be due to demand, not the steel tariffs.

In July of 2018 Kirsh installed it's second robotic grinder. With less physical stress on the operator and improved quality and consistency of ground surfaces it's the latest capital investment by Kirsh in its continuous drive for improved quality and productivity.

FOXALL

Steel Scrap:



Questions or Comments?

We'd love to hear from you!
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