Market View

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*The views expressed in the “Market View” are those of the author and do not necessarily represent the views of the Aluminum Association*

President Trump signed on March 8 the official proclamation of a 10% tariff on aluminum imports (unwrought and wrought/semi products, excluding aluminum scrap). Implementation will begin March 23rd. Canada and Mexico are to be initially exempted given the ongoing renegotiation of NAFTA, while exemptions for other US military allies and fair-trade partners will continue to be assessed over the next weeks.

According to the Department of Commerce’s Section 232 aluminum report, tariffs are intended to raise US primary aluminum production by around 670 kmtpy to achieve a utilization rate of 80%. However, so far, there is only one confirmed smelter restart. Out of 900 kmtpy of US idled primary aluminum smelting capacity, only Century Aluminum has officially confirmed a 160 kmtpy restart at its Hawesville, KY, smelter (could reach full capacity by mid-2019). This falls way short of the Section 232 goal for now.

Pending official confirmation, Magnitude 7 Metals’ 263-kmtpy New Madrid smelter in Missouri, could also begin restarting two-thirds of its capacity in May. However, it is not clear if this is a sure thing. The possibility of other restarts will likely continue to be evaluated on the basis of expected LME price performance and the effect of country/product exemptions to Section 232.
March 12 – Shipments of can stock by domestic producers totaled 305.3 million pounds during February 2018, off 5.9 percent from the February 2017 total of 324.6 million pounds. Compared to the previous month, shipments decreased 11.7 percent from the January 2018 revised total of 345.7 million pounds. Year-to-date shipments through February 2018 totaled 651.1 million pounds, down 2.9 percent from the 2017 year-to-date total of 670.8 million pounds.

Compared to February 2017, producer shipments of can stock to U.S. markets were off 4.8 percent to 264.9 million pounds, while exports decreased 12.7 percent to 40.4 million pounds.

March 13 – Shipments of Aluminum Foil by U.S. and Canadian producers totaled 74.7 million pounds during February 2018, a rise of 2.4 percent over the February 2017 total of 73.0 million pounds. Compared to the previous month, shipments were off 1.1 percent from the January 2018 total of 75.6 million pounds. Year-to-date shipments through February 2018 totaled 150.3 million pounds, up 1.5 percent over the 2017 year-to-date total of 148.0 million pounds.

March 13 – Estimated net shipments of Aluminum Sheet and Plate by U.S. and Canadian producers totaled 685.5 million pounds during February 2018, up 1.1 percent over the February 2017 total of 677.8 million pounds. Compared to the previous month, shipments decreased 5.7 percent from the January 2018 revised total of 726.9 million pounds. Year-to-date shipments through February 2018 totaled 1,412.4 million pounds, up 2.4 percent over the 2017 year-to-date total of 1,379.6 million pounds.

Shipments of Can Stock totaled 305.3 million pounds during February 2018, off 5.9 percent from the February 2017 total of 324.6 million pounds, while shipments of Non-heat Treatable Sheet (excluding Can Stock) rose 6.8 percent to 238.8 million pounds and shipments of All Other Sheet and Plate increased 9.0 percent to 141.4 million pounds.
March 14 – Shipments of **Aluminum Powder and Paste** to domestic markets by domestic producers, including imports by domestic producers, totaled 7.19 million pounds during February 2018, an increase of 24.7 percent over the February 2017 total of 5.77 million pounds. Compared to the previous month, shipments rose 14.5 percent over the January 2018 total of 6.28 million pounds. Year-to-date shipments through February 2018 totaled 13.48 million pounds, up 12.0 percent over the 2017 year-to-date total of 12.04 million pounds.

Compared to February 2017, shipments of **powder** to domestic markets increased 28.6 percent to 6.23 million pounds, while shipments of **paste** were up 4.1 percent to 0.96 million pounds.

March 16 – **New can stock (class) scrap receipts** totaled 50.9 million pounds during February 2018, off 3.4 percent from the February 2017 total of 52.8 million pounds. Compared to the previous month, receipts decreased 6.2 percent from the January 2018 total of 54.3 million pounds. Year-to-date receipts through February 2018 totaled 105.3 million pounds, down 2.4 percent from the 2017 year-to-date total of 107.9 million pounds.

Now is the time to negotiate a long-term, enforceable agreement with China that tackles this perennial problem once and for all.
March 13 – The **U.S. Consumer Price Index for All Urban Consumers** (CPI-U) rose two-tenths of one percent in February on a seasonally adjusted basis, the U.S. Bureau of Labor Statistics reported. This followed the previous month’s reading in which the index increased five-tenths of one percent m/m. The core consumer prices (index for all items less food and energy) rose two-tenths of one percent, after increasing three-tenths of one percent the prior month. Over the last 12 months, the all items index rose 2.3 percent, while the core price index has increased 1.9 percent over the same period.

March 14 – The **Producer Price Index for final demand** (which includes goods and services) advanced two-tenths of one percent in February, seasonally adjusted, the U.S. Bureau of Labor Statistics reported. Final demand prices increased four-tenths of one percent in January and were essentially unchanged in December. The index for final demand goods declined one-tenth of one percent m/m, while final demand goods less food and energy advanced two-tenths of one percent m/m. On an unadjusted basis, the final demand index increased 2.9 percent for the 12 months ended in February.

March 15 – Builder confidence in the market for newly built single-family homes edged down one point to a level of 70 in March on the **NAHB/Wells Fargo Housing Market Index (HMI)**. The HMI component gauging current sales conditions held steady at 77, the chart measuring sales expectations in the next six months dropped two points to 78, and the index gauging buyer traffic fell three points to 51.
March 16 – The total number of job openings in the U.S. increased to 6.3 million (+11.4%) on the last business day of January according to the U.S. Bureau of Labor Statistics. Manufacturing job openings rose to 427 thousand, up 14.2 percent over December (r), and 17.0 percent above a year ago. Hires in the manufacturing sector increased 3.4 percent over the previous month, and were up 16.9 percent over the level reached a year ago. The spread between hires and separations in manufacturing remained positive (+8 thousand) as January hires were an estimated 360 thousand, while separations totaled 352 thousand (+4.5% m/m).

March 16 – The Federal Reserve Board announced that U.S. industrial production advanced 1.1 percent in February, after decreasing three-tenths of one percent in January (r). Manufacturing output increased 1.3 percent m/m. Year-over-year, manufacturing output has increased 2.7 percent, while the production of durable goods has increased 3.3 percent. At 108.2 percent of its 2012 average, total industrial production in February was 4.4 percent higher than it was a year earlier. Capacity utilization for the industrial sector climbed seven-tenths of one percentage point in February to 78.1 percent, its highest reading since January 2015 but still 1.7 percentage points below its long-run (1972–2017) average.

March 16 – The U.S. Census Bureau and the Department of Housing and Urban Development jointly announced that privately-owned housing starts in February 2018 were at a seasonally adjusted annual rate of 1,236,000 units, off 7.0 percent from the revised January 2018 rate of 1,329,000. Compared to a year ago, housing starts fell 4.0 percent from the February 2017 rate of 1,288,000. Privately-owned housing units authorized by building permits in February were at a seasonally adjusted annual rate of 1,298,000. This was 5.7 percent below the revised January rate of 1,300,000, and 7.4 percent above the January 2017 estimate of 1,377,000. Year-to-date, privately-owned housing starts and authorized permits (not seasonally adjusted) were up an estimated 3.5 percent and up 8.8 percent compared to 2017, respectively.
March 15 – The U.S. Energy Information Administration reported that natural gas spot prices were mixed this report week (Wednesday, March 7, to Wednesday, March 14). The Henry Hub spot price fell from $2.77 per million British thermal units (MMBtu) last Wednesday to $2.66/MMBtu yesterday, but, on average, the Henry Hub price for the week rose 5¢, from $2.66/MMBtu last report week to $2.71/MMBtu this report week.

At the New York Mercantile Exchange (Nymex), the April 2018 contract price fell 5¢ from $2.777/MMBtu last Wednesday to $2.731/MMBtu.

March 16 – On the NYMEX, the near-month WTI crude oil futures (Cushing, OK WTI Future Contract 1) closed the week at $62.34/bbl on Friday, March 16, up $0.30 (+0.5%) from last week's close of $62.04/bbl. Oil prices settled higher for the week, as expectations for growing global crude demand helped to outweigh pressure from concerns over strong U.S. production. Active U.S. oil-drilling rigs increased by 4, reversing last week's 4-rig decline. The number of active rigs have now increased in seven of the last eight weeks. Compared to last year, oil rigs have increased by 169. Brent Crude on London's ICE Futures exchange closed the week up at $66.21/bbl (+1.1%). Friday's spread between the two was $3.87/bbl, up from last week's spread of $3.45/bbl.
March 9 – According to the most recent release by the Federal Reserve Board, the Nominal Broad Dollar Index closed the week at 118.07 on Friday, an decrease of five-tenths of one percent from the previous week's close of 116.71. The Index has remained range bound over the last month but declined for the first time in the last three weeks. Nevertheless, the Index remained above its 30-day moving average for the fifth consecutive week. Over the last six months, the index has increased five-tenths of one percent, while it's off 6.5 percent over the last 12 months.

The nominal broad dollar index is a weighted average of the foreign exchange values of the U.S. dollar against the currencies of a broad group of major U.S. trading partners.
The Aluminum Association, founded in 1933, works globally to aggressively promote aluminum as the most sustainable and recyclable automotive, packaging and construction material in today's market. The Association represents North America and foreign-based primary producers of aluminum, aluminum recyclers, producers of semi-fabricated products and foundries as well as suppliers to the industry or distributors or jobbers.

The Aluminum Association's statistical programs provide industry information on primary aluminum production, new orders of mill products, industry shipments, end use market estimates, inventories, recycling and foreign trade on a monthly, quarterly and annual basis. Special surveys provide data on specific subjects such as primary capacity, flat roll capacity, inventories and castings shipments. Custom reports are available on a for-fee basis. Web briefings are also available upon request.

Industry Overview
- Aluminum Statistical Review (Annual Fact Book)
- Aluminum Highlights (Weekly)
- Aluminum Situation (Monthly)
- Summary of Producer Shipments and Inventories (Monthly)

Primary Aluminum
- Primary Aluminum Production – U.S. and Canada (Monthly)
- Primary Installed Capacity (Annual)
- Shipments of Primary Aluminum by Form (Quarterly)

Mill Products
- Index of Net New Order Receipts for Aluminum Mill Products (Monthly)
- Can Stock Shipments (Monthly)
- Electrical Conductor Shipments (Monthly)
- Extruded Products Shipments and Press Utilization (Monthly)
- Flat Roll Capacity (Annual)
- Foil Shipments (Monthly)
- Forging and Impacts Shipments (Monthly)
- Rod, Bar, and Wire Shipments (Monthly)
- Sheet and Plate Shipments (Monthly)

End Use
- Extrusion Shipments by End Use (Quarterly)
- Fin Stock Shipments by End Use (Quarterly)
- Foil Shipments by End Use (Monthly)
- Sheet and Plate Shipments by End Use (Quarterly)

Castings
- U.S. Foundry Castings Shipments (Quarterly)
- Canada Foundry Castings Shipments (Annual)

Recycling
- New Can Stock (Class) Scrap Receipts (Monthly)
- Used Beverage Can Reclamation (Annual)

Foreign Trade (based on government customs data)
- Summary of U.S., Canada and Mexico Imports and Exports (by Commodity), Monthly
- Foreign Trade Online Database - U.S., Canada and Mexico Exports & Imports of Aluminum (By Commodity, by Country)

For a complete list of statistical publications and reports visit our bookstore.