

READY, FIRE, AIM!

March 5, 2018

As all of you in our industry know, and if you don't know get the sand out of your hair and please note. President Trump has announced the potential of a 25% tariff on steel and a 10% tariff on aluminum. Of course we at General Metals buy both from foreign and domestic sources. United States imported for the first three quarters of the year 2017 (January thru ending September) 26.9 million metric tons of steel. That is approximately 59 billion pounds. So let's say a company is using 20 million pounds per year to produce products used in the HVAC trades. If the company is paying \$.50 cents a pound, just to use round numbers, and at a 25% add, the company will now pay \$.625 per pound for steel. A skid of 28 gage 48x120 that was \$2,513.00 would now be \$3,141.00 a \$628.00 increase.

"No big deal!" We pass it on to the end user, the consumer. Here's the problem. The U.S. mills could **not** possibly pick up the "slack." It would take years, possibly 3 to 5 years for them to get up to quota to supply what is being used today. You have to get the ore out of the ground 1st. Another factor that must be taken into account is the quality of domestic steel. Because of the antiquated mills the product in some cases is poor at best. My prediction is that inflation could go rampant, steel shortages, steel prices, out of control. Brace yourself, this is going to be a "bumpy ride." Hopefully he has more than the steel and aluminum producers bending his ear.

Robert Goettel President

General Metals

<https://www.trade.gov/steel/countries/pdfs/imports-us.pdf>

P.S. **(March 8, 2018)** President signed the tariffs today. Will go into effect in 15 days. Canada and Mexico are exempt providing the outcome of the NAFTA renegotiations.

March 9, 2108

General Metals are now implementing allocations to all our customers, regrettably. We will not be able to take on any additional business from any other HVAC users that have not bought in the last year. VERY SORRY! We will make every effort to take care of our current customers.

March 12, 2018

General Metals new cost from our suppliers: 26 gauge shot up 36% and it's in very short supply. Our mills that we get angle iron from are not quoting at this time. Expect prices to go higher.

