

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.

March 19, 2018

To Our Valued Customers:

It is no secret as to the global effect that President Trump's tariffs on steel and aluminum has caused. Foreign steel at 25% is one thing, but the domestic producers are going to pocket the profits also. Continued...

Some domestic producers are announcing as much as 36% increase on galvanized coils and are not taking any more orders and are allocating to most wholesalers and manufacturers. Aluminum imports will be tariffed at 10%.

We cannot absorb these kind of high costs of raw materials, so at this time we must announce that effective April 20, 2018. We also anticipate effective July 1, 2018 the same increase as mentioned below.

All Galvanized products: 10%

All Aluminum flex: 4%

Galvanized sheets: 12% and limited supply

All quotations after April 20th 2018 will be adjusted accordingly.

We are in hopes that our customers will know that this is not of our doing but the governments doing.

We do most appreciate your loyalty and support of General Metals.

GOD Bless America!

Robert Goettel

President

General Metals Mfg. & Supply Co.