Material Handling Equipment Fabrication Support from OMS

O'Neal Manufacturing Services is the preferred fabrication partner for quality metal components used in the material handling industry. From carriage bars and side plates to mast weldments and counterweight assemblies, OMS understands the fabrication demands necessary to improve the flow of materials and increase production. Working as your partner, we provide strategic outsourcing services to ensure your supply chain runs smoothly. Our facilities offer large welding spaces for aerial lifts, cranes, and lift truck components and produce parts, assemblies, tables, and frames with complex shapes and tight tolerances.

Lift truck fabrication support from OMS includes: Class I: Electric Motor Rider Trucks, Class II: Electric Motor Narrow Aisle Trucks, Class III: Electric Motor Hand Trucks or Hand/Rider Trucks, Class IV: Internal Combustion Engine Trucks (Solid/Cushion Tires), Class V: Internal Combustion Engine Trucks (Pneumatic Tires), Class VI: Electric and Internal Combustion Engine Tractors, and Class VII: Rough Terrain Forklift Trucks.

Crane component fabrication support from OMS includes: All Terrain Cranes, Boom Trucks, Carry Decks, Conventional Truck Cranes, Crawler Cranes, Hydraulic Truck Cranes, Personnel Hoists, Rough Terrain Cranes, Specialized Rigging Equipment, Tower Cranes, Turn Table Frames & Component Parts, and Vertical Man Lifts.

Aerial lift fabrication support from OMS includes: Aerial Work Platforms, Axle Frames & Component Parts, Boom Tubes & Formed Boom Plates, Chassis Frame Covers & Component Parts, Out Rigger Assemblies & Component Parts, Scissor Lift Work Platforms, and Telescopic Material Handlers. O'Neal Manufacturing Services provides repeatable component part manufacturing and assembly for many facets of the material handling industry. When you need reliable, long-term support, count on OMS as your go-to supply chain partner. Let's Build Things®

Aluminum Association Statement On Russian Import Tariffs

On Following is a statement attributable to Charles Johnson, president & CEO of the Aluminum Association, on today's announcement from the White House on new tariffs targeting Russian aluminum imports.

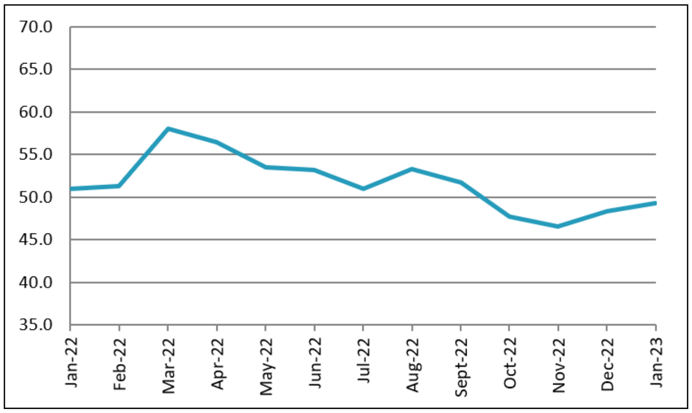
"The Aluminum Association has watched with growing alarm as the ripple effects of Russia's actions in Ukraine are felt around the world. The aluminum industry stands united in support of any and all efforts deemed necessary by the U.S. government and its allies to address this ongoing crisis. This is a global security and humanitarian disaster that goes far beyond the interests of any single industry. We will work closely with our membership to help ensure compliance with these newly announced sanctions. Russia accounts for around 3% of total U.S. aluminum imports.

The U.S. is importing about one-third of the Russian aluminum as it was in 2016 and 2017.

Many U.S. aluminum companies have diversified away from Russian imports since sanctions (later lifted) were placed on this metal in 2018." *Source: Aluminum Association, 02.23.2023*

KEY ECONOMIC INDICATORS

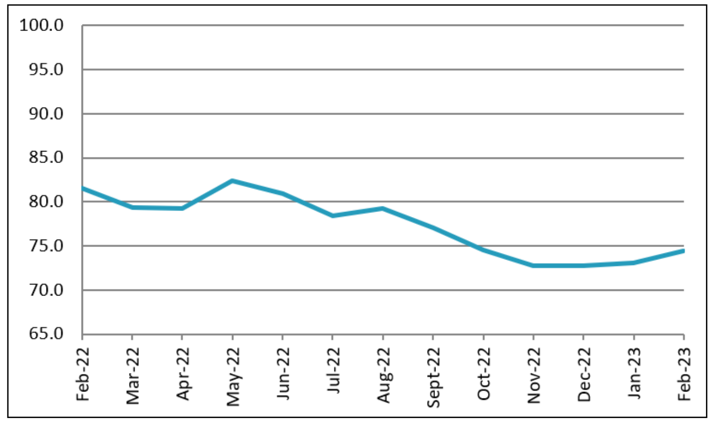
Architecture Billings Index (ABI)



AIA's Architecture Billings Index (ABI) score for January was 49.3 compared to 48.4 in December (any score below 50 indicates a decline in firm billings). Last month's score indicates overall revenue at U.S architecture firms continued to decline from December to January, however, the pace of decline slowed. Inquiries into new projects during January grew, with a score of 55.2 compared to 52.6 in December. The value of new design contracts also reflected an easing in the pace of decline, rising to a score of 53.4 in January from 50.0 the previous month.

The Architecture Billings Index (ABI) is a diffusion index derived from the monthly Work-on-the-Boards survey, conducted by the AIA Economics & Market Research Group. The ABI serves as a leading economic indicator that leads nonresidential construction activity by approximately 9-12 months. An index score of 50 represents no change in firm billings from the previous month, a score above 50 indicates an increase in firm billings from the previous month, and a score below 50 indicates a decline in firm billings from the previous month.
Source: American Institute for Architects, 02.22.2023

Steel Capability Utilization

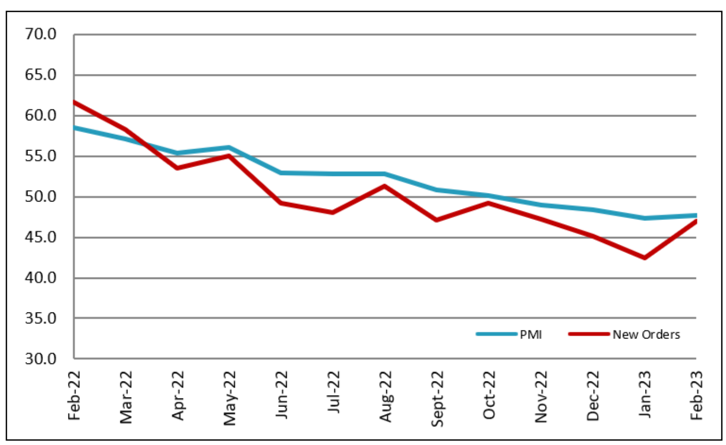


In the week ending on March 4, 2023, domestic raw steel production was 1,664,000 net tons while the capability utilization rate was 74.4%. Production was 1,729,000 net tons in the week ending March 4, 2022 while the capability utilization then was 79.6%. The current week production represents a 3.8% decrease from the same period in the previous year. Production for the week ending March 4, 2023 is down 0.6% from the previous week ending February 25, 2023 when production was 1,674,000 net tons and the rate of capability utilization was 74.9%.

Adjusted year-to-date production through March 4, 2023 was 14,836,000 net tons, at a capability utilization rate of 73.7%. That is down 5.4% from the 15,683,000 net tons during the same period last year, when the capability utilization rate was 80.2%.

Steel Capability Utilization is a domestic report based on estimates from companies representing approximately 90% of the Industry's Raw Steel Capability as compiled by the American Iron and Steel Institute.
Source: AISI, 03.04.2023

Purchasing Managers Index (PMI)®



The February Manufacturing PMI® registered 47.7%, 0.3 percentage point higher than the 47.4% recorded in January. Regarding the overall economy, this figure indicates a third month of contraction after a 30-month period of expansion. In the last two months, the Manufacturing PMI® has been at its lowest levels since May 2020, when it registered 43.5%. The New Orders Index remained in contraction territory at 47%, 4.5 percentage points higher than the figure of 42.5% recorded in January. The Production Index reading of 47.3% is a 0.7 percentage point decrease compared to January's figure of 48%. The Prices Index registered 51.3%, up 6.8 percentage points compared to the January figure of 44.5%. The Backlog of Orders Index registered 45.1%, 1.7 percentage points higher than the January reading of 43.4%. The Employment Index dropped into contraction territory, registering 49.1%, down 1.5 percentage points from January's 50.6%. The Supplier Deliveries Index figure of 45.2% is 0.4 percentage point lower than the 45.6% recorded in January; readings from the last three months are the index's lowest since March 2009 (43.2%). The Inventories Index registered 50.1%, 0.1 percentage point lower than the January reading of 50.2%. The New Export Orders Index reading of 49.9% is 0.5 percentage point higher than January's figure of 49.4%. The Imports Index continued in contraction territory at 49.9%, 2.1 percentage points above the January reading of 47.8%.

The four manufacturing industries that reported growth in February: Apparel, Leather & Allied Products; Transportation Equipment; Petroleum & Coal Products; and Electrical Equipment, Appliances & Components. The 14 industries reporting contraction in February, in the following order: Printing & Related Support Activities; Paper Products; Wood Products; Textile Mills; Furniture & Related Products; Nonmetallic Mineral Products; Plastics & Rubber Products; Food, Beverage & Tobacco Products; Chemical Products; Primary Metals; Computer & Electronic Products; Fabricated Metal Products; Machinery; and Miscellaneous Manufacturing. ***Source: Institute for Supply Management, 03.01.2023***

INDUSTRY NEWS

BHP Group Says Reform To LME Nickel Contract 'Long Overdue'

BHP Group (BHP.AX), the world's largest-listed miner, said that the London Metal Exchange's nickel contract does not represent the physical market and reform is "long overdue." Sliding volumes since a nickel trading fiasco last year, when the LME suspended the market for more than a week, have reinforced the problem on the world's largest and oldest metals forum.

A doubling of LME nickel prices to record highs above $100,000 a ton on March 8 was triggered by the cutting of large short positions, or bets on lower prices, which led the exchange to cancel all trades for the metal that day. "Reform of the LME's metal delivery rules is long overdue. The LME short squeeze episode highlighted vulnerabilities that had been building for years," Huw McKay, VP of Market Analysis & Economics at BHP Group said in the company's latest economic and commodity outlook issued on February 21 in Australia. An LME spokesperson said in an email that the exchange "recognizes the ongoing structural shift" in the nickel market," the spokesman continued, "We are committed to working with the industry to ensure that the LME's offering meets the industry's evolving pricing and risk management needs...we continue to explore ways in which we might enhance the contract specifications."

A major component of stainless steel, nickel is now also a key material for the electric vehicle industry, where it is used in the cathode component of batteries. Prior to March 2022, global trade in nickel was typically priced using the LME contract, but concern about the reliability of LME prices has led some producers and consumers to try and find alternatives.

"For now, the reality is that the global price discovery mechanism for this critical building block of the energy transition is not functioning well," McKay said. "The basic tension is that the exchange where the benchmark price is set has become more removed from what is happening in the physical clearing market – China," McKay added. ***Source: Reuters, 02.21.2023***

Where are Construction Prices Going? The Impact Of Steel Prices...

Construction costs turned upward in January, leaving experts wondering if even higher costs are on the horizon. While softening mortgage rates left builders feeling optimistic, the industry still faces significant challenges. Two major hurdles are the slow recovery of China in the wake of zero-COVID and rising steel prices. Fortunately, labor is slowly returning to the industry. In fact, U.S. construction firms added 25,000 new employees in January. This comes as a huge relief after 2022, when the market struggled with constant labor shortages. Additionally, the average pay within the construction industry began increasing in January, providing an extra incentive to potential applicants. So, at least for the labor end of construction, the year has started out promising.

Despite this, material costs are now climbing, particularly Chinese-sourced steel. In the short term, any Chinese-sourced construction steel forms like h-beam steel and steel rebar will likely trend upward. Another thing to note is the current state of the iron ore market. A vital raw material for all steel production, iron faces significant supply constraints due to winter weather in China and Brazil. Therefore, buyers should remain wary, as this could impact the steel material market further.

Infrastructure Funding Could Increase

The U.S. House of Representatives has new legislation that would form a bank to invest in U.S. infrastructure. This would not only lead to more jobs in the construction industry but also greatly aid aging infrastructure across the country. If passed, the bipartisan Federal Infrastructure Bank Act of 2023 would create a sector that would work with state and local officials to match infrastructure projects with loans and loan guarantees.

The act could potentially raise the demand for construction materials like steel rebar and aluminum commercial 1050 sheet. This means that energy grids, and by extension, metal products like grain-oriented electrical steel, would see increased demand as well.

Unfortunately, there may be downsides. For instance, the act would require all steel and other construction materials to be manufactured within the U.S. This is great in terms of stimulating the U.S. industrial and jobs markets. However, it also means that vital construction materials like steel rebar wouldn't be easy to obtain for qualifying projects. The steel rebar used in the U.S. primarily comes from China, Turkey, Algeria, and Mexico. That said, no doubt U.S. steel rebar manufacturers like Nucor and Admiral Steel would likely enjoy an influx in business.

Source: MetalMiner, 02.22.2023

American Manufacturing's Big Question: The CHIPS Act, The Inflation Reduction Act And The Infrastructure Act

Ford Motor Co. is planning a $700 million investment in a manufacturing plant in Louisville, Kentucky — and another $11.4 billion investment in two separate nearby battery plants. In October, Micron announced it would invest up to $100 billion in upstate New York to build the largest semiconductor fabrication facility in the U.S. President Joe Biden touted $300 billion in announced investments in American manufacturing facilities over the next few years in his annual State of the Union Address to Congress—and promised a bright future for American manufacturing in general. But even as politicians argue about whether American manufacturing is poised for a comeback—or if it ever really left at all—hundreds of billions of dollars in federal incentives, state governments and local investments are poised to potentially transform the manufacturing landscape, the thousands of business owners that a part of that supply chain and the tens of millions of workers it represents. The stakes are high. An analysis by the McKinsey Global Institute says that restoring manufacturing growth could boost America's GDP by 15% over the current decade, potentially creating 1.5 million new jobs. Many are optimistic, but some significant obstacles remain.

"Anyone who says manufacturing is dead in this country doesn't know what they're talk about," said Farzad Dibachi, a former Oracle executive-turned serial founder and current CEO of industrial marketplace and services company Inxeption. "There is not a single country that would not love to buy American if they could." He said while lower-end and consumer manufacturing is now dominated by countries such as China, the increasing technological content of manufacturers' goods gives American manufacturing an edge. He stressed that American manufacturers are best able to take advantage of a trend in which products increasingly are rich in features — such as GPS, electronics and more.

"There are not many countries on this planet that can innovate around these features," Dibachi said, adding that the U.S. cannot compete on cost but on overall technological quality. "When the technology content goes up, there is no question that we win that fight all the time, every time." But he stressed that politicians and government officials should not focus on the number of jobs created as automation and technology makes sheer numbers less important — and instead focus on creating favorable conditions for the next wave of manufacturing innovation. "The conversation should be around embracing the next movement as opposed to lamenting the number of jobs. If we did that, this would be a much more positive conversation, and it results in better results for the country as a whole," Diabchi said.

Some experts are not so sure. "I don't think we are," said Steven Blue, CEO of manufacturer Miller Ingenuity, and author of "American Manufacturing 2.0: What went wrong and how to make it right." He said American manufacturing cannot compete on price with items produced overseas, and manufacturing comeback would have help manufacturers by reducing trade barriers. "The biggest obstacle to manufacturing in a global business world is trade barriers," Blue said. "Now is not a trendy time politically to remove that barrier." Instead, manufacturing companies should work on reducing their debt, Blue said. "What are you going to do when the next pandemic arrives? I don't know if it's going to be an economic pandemic. I do know a big shock is coming next because they always come. Don't be surprised when it happens," Blue said.

Are American manufacturing jobs coming back?

Biden focused a lot on the number and quality of jobs in his State of the Union Address. He stressed the country added 800,000 "good-paying manufacturing jobs." He continued, "Jobs paying an average of $130,000 a year, and many do not require a college degree. And jobs—because we worked together, these jobs where people don't have to leave home to search for opportunity."

Biden is not the only politician that has stressed the number of manufacturing jobs. One of the biggest political drivers around American manufacturing is the promise to bring back jobs lost over the decades. In January 2023, the manufacturing industry reported roughly 12.99 million jobs, the highest it has been since November 2008. It's also slightly above the pre-pandemic manufacturing workforce, which took a big hit from Covid-19 and plunged to about 11.4 million workers in April 2020. Of course, while absolute jobs are growing, the share of manufacturing jobs as a percentage of the overall economy has shrunk from a peak of roughly 39% in the 1940s—the height of World War II—to roughly 8.4% in January 2023. Overall, manufacturing's share of nominal gross domestic product has fallen from around 27% in the early 1950s to about 11%. But, as a study by the St. Louis Branch of the Federal Reserve shows, manufacturing as a share of real GDP, which removes pricing effects from the data, shows changes in GDP over the decades come from changes in pricing—and U.S. manufacturing output has remained largely the same over the decades, hovering at about 12% or so.

"Since 1947, the price level for the overall economy has grown 3.2% per year on average, while prices for manufacturing have grown just 2.2% per year," the St. Louis Fed said in a 2017 report. And even if American manufacturing were to bounce back, experts say a combination of automation and cost will likely mean that the number of jobs will be limited.

Shanton Wilcox, U.S. manufacturing lead at PA Consulting, said the new manufacturing push into semiconductors, electric vehicles and batteries isn't so much about adding workers as it is transforming the workforce to compete in (continued…)

American Manufacturing's Big Question: The CHIPS Act, The Inflation Reduction Act And The Infrastructure Act (continued)

these highly automated industries. "It's not a net new increase but a new shift in the skills and in the wages relative to those skills," Wilcox said. "It's a transformation of the manufacturing sector but not a comeback from a volume point of view. The manufacturing industry still suffers from a shortage of workers," he added.

The National Association of Manufacturers says job openings in the U.S. average about 83,000 per month over the last year — which pushed the group to launch "Creators Connect," a digital career services platform to showcase opportunities to students, parents and career influencers. The labor shortage has been ongoing since the Covid-19 pandemic. In fact, despite the economic headwinds, job openings actually increased from 10.44 million at the end of November to about 11 million at the end of December, according to the new Job Openings and Labor Turnover Report from the Bureau of Labor Statistics. It's also significantly higher than the average 7 million to 8 million range typically seen before the pandemic, and some experts say employers should get used to it and the challenges the dynamic is causing.

The CHIPS Act, Infrastructure Act and the Inflation Reduction Act — and the future of American manufacturing

Experts agree the future of American manufacturing is closely tied to national security and hundreds of billions of dollars of government investment. The CHIPS Act, or "Creating Helpful Incentives to Produce Semiconductors and Science Act of 2022," authorized $280 billion in tax credits, research and development, loans and other related programs to bolster the creation of chips stateside. The $1.2 trillion Infrastructure Act contained tax credits for electric vehicles, charging infrastructure, research and development, and money to bolster high-speed internet, roads and more.

The Inflation Reduction Act created direct loan programs for re-equipping, expanding or building a manufacturing facility in the U.S. to help build "low-emission" vehicles, among other items. Dibachi said the subsidies and tax breaks can often help push new entrants to try their hand in a nascent industry, or boost purchases of a new product a certain — but ultimately the new industries have to sink or swim on their own. "I think subsidies are great," Dibachi said. "They make politicians feel good about themselves. But ultimately, if the Tesla car was not interesting to people, they wouldn't have bought it. On the fringes, they help." But Wilcox said the subsidies are great for temporarily lowering the cost of producing goods made in America and boosting manufacturers' decisions to produce those products — such as the next generation of computer chips. The national security implications of homemade production of computer chips also made ramping of domestic production a more bipartisan issue.

"The political competition of us versus China and the disruption in supply of those chips—you add that political national security tag—and you have more bipartisan support for [this] legislation," Wilcox said, adding there are even calls to limit other products produced by China. "Hey, we have to build that capability here."

The Covid-19 pandemic also played a role in showcasing how important domestic manufacturing and the global supply chain was — nobody seemed to enjoy hunting for toilet paper or waiting months for a car. "As we moved through 2020 and 2021 and the pandemic period, we experienced a lot of pandemic-induced global supply chain stress," said Moody's Analytics' Senior Economist Ermengarde Jabir. "This was both for intermediate goods in the manufacturing process and also final goods, both of which were out of stock for prolonged periods of time. That played a large role in having the highest inflation we had seen in the U.S. in 40 years."

She said manufacturing has been a "superstar" of the commercial real estate industry over the last two years as office space has slumped and as demand for warehouses and specialized infrastructure continues into 2023. "The industrial sector is continuing to thrive. It's been the absolute superstar of CRE over the past few years now. And developers and landlords are definitely willing to build out specialized infrastructure and warehouses to meet tenant manufacturing needs as they develop and improve domestic manufacturing," Jabir said.

But efforts to transform manufacturing processes or pivot to new technologies won't be a quick process. New factories take years to fire up and workers need to be trained, Wilcox said. Thousands of smaller manufacturing suppliers need to find a way to make the jump from old products and services, such as the ones needed for traditional gas vehicles, to the ones needed for electric vehicles or other products, he said. And, as demand for new products increase, there will be secondary impacts, Wilcox said. For example, increased demand for electric vehicles will require stronger electric grids. "It will be a retooling and re-skilling of existing manufacturing resources. All of that is going to take time. Five, 10, 15 years those are the types of intervals we need to be looking at," Wilcox said.

And manufacturing is moving in the right direction, Jabir said. "Strong manufacturing definitely matters for a heathy economy. It propels job growth and it also creates price stability because there is the removal of supply chain uncertainty," Jabir said. "Even if it's incremental, there is movement toward manufacturing expansion in the U.S. again."

Source: BusinessJournals, 02.28.2023