

The [American Supply Association \(ASA\)](#) and its [Industrial Piping Division \(IPD\)](#) is the national organization serving wholesaler-distributors and their suppliers in the industrial and mechanical pipe-valve-fitting industry. As a powerful alliance of channel partners, we provide a forum for your upstream trading partners to exchange critical information and address key issues.

In particular, ASA's IPD members constantly check the pulse of the materials and commodities they proudly supply to you. ASA's IPD members are knowledgeable industry leaders, and those who volunteer their service on the IPD Executive Council compile and prepare the *IPD Commodity Reports*. The *Reports* contain some of the most current and qualified market data and information available from the industry's leading manufacturers and distributors about emerging trends and other price-influencing actions and events.

This information is an example of how ASA's IPD manufacturer and distributor [members](#) are constantly looking ahead to ensure you have information and resources you need to be successful. Learn more at [www.asa.net](http://www.asa.net).

## **ECONOMIC SUMMARY**

### **Oil and Gas**

West Texas Intermediate (WTI) was rebounding at the time of writing at \$81.58 (\$77.52 a barrel in last month's report and are up 14.3% year-to-date). Brent North Sea Crude was also higher at \$85.94, up from \$81.96 a barrel last month and 16.4% higher YTD.

OPEC+ is expected to ease quotas on oil production for members and potentially add between 2.21 million barrels per day (if they adhere to production quotas) or as high as 4.4 million barrels per day if they are allowed to fully exercise their output capacity. This action should take place by the end of Q3. Hurricane season is also underway and seasonal storms in the Gulf this year could temporarily impact production. Storm activity in and around the Gulf has just started to build some momentum and conditions are favorable for strong storm formation.

Fuel prices were slightly lower again month over month at the time of writing. Diesel prices were \$3.79 a gallon at the time of writing (\$3.89 a gallon in the last briefing) (Source: AAA), which was \$.10 per gallon lower than last year. Gasoline was also slightly lower and was nationally \$3.45 a gallon (\$3.61 per gallon in last month's briefing), which is 13 cents per gallon higher from a year ago. Crude oil prices are expected to average \$83.05 a barrel in 2024 (\$83.78 in last month's update and \$77.58 in 2023), according to the EIA. For 2025, prices are expected to average \$80.88 (\$82.48 in the last update), according to the EIA.

Diesel prices as reported by the EIA will average \$3.99 a gallon in 2024 (\$4.06 in last month's outlook and \$4.21 in 2023). The outlook for 2025 currently shows diesel prices at \$4.15 (\$4.19 in the last update) through 2025.

**Economy:** Second quarter GDP is still running much hotter than expected. The Atlanta Federal Reserve and Blue-Chip forecasters were looking for GDP to grow by 0.9% in Q2 and it is currently trending at more than 3% (down slightly from last month's 3.5% but well ahead of expectations). Consumer spending continued to be stable and nonresidential investments were still strong, total gross domestic investment from private sources was expected to be growing at an 8.3% rate.

Stronger general economic growth and sticky inflation continues to give the Federal Reserve a difficult time in forecasting rate cuts. At this time, speculation still suggests that the Fed may be forced to make just one rate cut in 2024 (instead of 2-3, quarter-point cuts previously forecasted). Current forecasts are now favoring December for the first cut. Given concerns over election interference, unless the economy is in dire straits, the Fed will likely not make a move until December, if it does not see enough evidence to warrant a cut by the July meeting.

Mortgage rates are tied to the 10-Year U.S. Treasury and the yield on the U.S. bond has been fluctuating. Currently, yield rates are running at 4.23%, coming down from their peak of about 4.6% hit in June 2023. Prior to that, we would have to go back to March 2007 and a rate of 5% to find a higher period.

Inflation-adjusted retail sales were slightly higher by 0.1% in May M/M (latest available) and were also slightly lower against May 2023, falling by 0.9% (latest available and -0.3% in last month's report).

Home improvement sales retreated in May on a month-over-month basis with sales down by 0.8% month-over-month (+0.5% in the last report); and they were 4.3% lower year-over-year (1% lower in the last report). Preliminary estimates for retail sales in the home improvement category were \$40 billion in May (vs. \$40.7 billion last year).

Total residential construction spending was up 8.1% year-over-year on \$902.3 billion in spending through April (latest available and a strong historical rate). Single-family construction spending was up 20.4% Y/Y on \$439.2 billion in spending and multifamily was up 2.3% on \$132.1 billion.

Total new housing starts were down in May by 5.5% month-over-month (latest available and up an adjusted 4.1% last month). Starts came in at an annualized rate of 1.277-million-unit rate (1.352M adjusted rate last month). Starts were down 19.3% Y/Y (-1.2% last month) on a national basis.

Single-family starts reversed course and continued to be volatile. Starts were down by 5.2% month-over-month (-0.5% in the last report) and were down 1.7% Y/Y (+18.3% in the last report). Thirty-year mortgage rates in the U.S. were 6.87% on 6/20, lower from rates of 6.94% a month ago. The national monthly supply of new homes was 9.1 months, unchanged since the last update (6 months is normally considered to be balanced). This will continue to help pull prices down in some markets.

Multifamily starts can be volatile based on large project starts month to month, they were lower in May by 51.7% Y/Y (-35.4% Y/Y last month) and were down by 10.3% M/M (23.5% in the last report). The total number of multifamily units started at an annual rate of 278,000 (310,000 in last month's adjusted annual rate).

Forward-looking data on permits for new home construction were down in May by 9.5% Y/Y (adjusted down 2% in the last update).

Single-family permits were up sharply by 3.4% Y/Y (11.5% last month) but were down by 2.9% M/M. Volatile multifamily permits were still sharply lower; they were down 31.4% Y/Y (-23.2% last month); and they were down 6.1% M/M in May. Permits at a regional level are available in the ASA Monthly Economic Report.

Total nonresidential construction spending (both commercial and public) was still very strong in April (latest available) despite some deceleration once again sequentially between March and April. Spending was lower by 0.1% M/M (-0.2% last month); but it was still up by 10% Y/Y (9.6% last month).

Total nonresidential construction spending came in at an annual rate of roughly \$2.1 trillion in April. Manufacturing construction activity was up 17.3% Y/Y on \$228.4 billion in annualized spending (against an average year of \$60 billion). Once again, infrastructure spending was rising by double-digit growth rates year-over-year and should continue to experience more infusions of capital as additional Federal programs hit funding strides over the course of 2024.

As mentioned last month, many categories are now negative when adjusted for inflation, and would be lower year-over-year. That would especially apply to health care, lodging, conservation, office, transportation, communication and commercial sectors.

Value of Construction Put in Place in the United States, Seasonally Adjusted Annual Rate (Millions of dollars. Details may not add to totals due to rounding.)					
Type of Construction	Apr 2024	Mar 2024	Apr 2023	Percent change Apr 2024 from -	
				Mar 2024	Apr 2023
<b>Total Construction</b>	<b>2,099,039</b>	<b>2,101,511</b>	<b>1,907,837</b>	<b>-0.1</b>	<b>10.0</b>
<b>Residential</b>	<b>902,292</b>	<b>901,438</b>	<b>834,713</b>	<b>0.1</b>	<b>8.1</b>
New single family	439,185	438,885	364,887	0.1	20.4
New multifamily	132,053	132,445	129,034	-0.3	2.3
<b>Nonresidential</b>	<b>1,196,747</b>	<b>1,200,074</b>	<b>1,073,124</b>	<b>-0.3</b>	<b>11.5</b>
Public safety	17,800	17,860	11,946	-0.3	49.0
Religious	3,946	4,089	3,021	-3.5	30.6
Water supply	30,820	30,678	25,208	0.5	22.3
Manufacturing	228,441	226,396	194,818	0.9	17.3
Highway and street	150,551	151,444	129,324	-0.6	16.4
Educational	128,656	129,620	110,685	-0.7	16.2
Amusement and recreation	36,135	36,353	31,258	-0.6	15.6
Power	135,650	135,540	118,185	0.1	14.8
Sewage and waste disposal	42,167	42,726	38,848	-1.3	8.5
Health care	66,504	68,122	62,128	-2.4	7.0
Transportation	66,412	66,087	62,841	0.5	5.7
Office	101,641	101,361	96,482	0.3	5.3
Communication	25,383	25,588	24,540	-0.8	3.4
Commercial	128,646	130,084	128,809	-1.1	-0.1
Lodging	22,508	22,871	22,988	-1.6	-2.1
Conservation and development	11,487	11,256	12,044	2.1	-4.6

## **Copper**

Copper futures are trading around \$4.39/lb., representing a ~15% pullback from the all-time highs it reached in mid-May. In response to this decline, a new list price sheet and multiplier structure has been announced. Despite the recent drop, the metal remains up ~12% year-to-date.

Also, this on copper from ASA Chief Economist Dr. Chris Kuehl, who references a new Wall Street Journal article on copper prices [HERE](#).

From Dr. Kuehl: "This piece seems to sum up what has been taking place in copper. The bottom line is that investors have been distorting the copper market for months. They concluded there would be a severe shortage and bid prices would go up in anticipation. The thought was demand would keep surging and output would not keep pace. It now seems that was overblown, and demand has faded a bit at the same time production surged. Prices have started to slide, but the question is how much and for how long."

## **Carbon Steel**

Carbon Steel has continued its decline that started in the beginning of 2024. In that period, hot-rolled coil prices are down 30% and steel pipe prices are matching that downward trend. Recently, an abundance of Vietnam-produced steel in the U.S. has put additional downward pressure on the domestic market. Inventories are up, and demand is down, providing the ideal environment for decreasing quotes.

In international news, the takeover of US Steel by Japanese firm Nippon has been stalled, but Nippon leadership sees a likely path to close the deal after the U.S. elections in November.

## **Cast Iron**

There were no new changes or updates in the cast-iron market according to the McWane (Tyler Pipe) and Charlotte Pipe companies for the month of June.

## **Forged Steel Fittings and Branch**

High-pressure forged steel fittings and branch connections have had no price increase announcements through the spring and early summer months. Carbon and stainless-steel bar remain readily available. Raw material pricing has remained stable. Finished high-pressure forged steel fittings and branch connections are available for delivery from stock to two weeks.

## **Stainless Steel Pipe & Fittings**

Raw material prices have softened a bit as nickel prices continue to slide. Weld fitting prices have remained stable, though closer to a low point over the past year.

Activity has been a bit spotty as projects remain on the drawing board more than the construction phase. We still expect to see stronger activity over the next two quarters.

The upcoming election will create anxiety for many industries that have been negatively affected by the climate change proponents. Hopefully we will get a more favorable PVF climate in the future if a more supportive administration takes the reigns.

## **The Distributor Says:**

*(Thoughts and opinions from ASA-member distributors doing business in the PVF space).*

\*\* "The first four months of 2024 were very strong, however, May and into June, there has been a reaction in the market. Quoting activity still is strong, but projects getting off the ground seems to be restricted. Interest rates and an election year could be contributing factors."

\*\* "I'm just a rider on the storm. If you want a quote, more like a paraphrase. I have a friend who is a commodity trader on Wall Street, agriculture mostly. He once told me: "No one anywhere can figure out the copper futures market, whatsoever. It doesn't tie into anything, there's no rhyme or reason."

## **The Distributor Says Continued:**

\*\* “May was our first down month this year, when compared to our May 2023. Daily activity and future order bookings do seem to be softening slightly and we are closely monitoring our June results to determine if this is the beginning of an unwanted trend.”

\*\* “We have been close to last year numbers for this month, but we are hearing it will pick up from the plumbers.”