

THURSDAY, APRIL 23, 2009

volume 117 | number 16-4 | established 1882

## INSIDE TODAY

**What about us?**

The nation's machine tool industry and tool and die makers are irked at being overlooked by the White House's Automotive Task Force.

Page 4

**Power plays**

Sen. Charles Schumer has blasted the New York Power Authority for failing to make adequate power available to SDCO.

Page 6

**In the black**

ATI remained marginally profitable in the first quarter despite slack demand.

Page 9

**Deeper cuts at Century?**

Century Aluminum is considering more production cuts at its Hawesville, Ky., smelter after reporting a \$114.6-million first-quarter loss.

Page 11

## PRICING AT A GLANCE

**NYMEX**

Aluminum	66.25¢
Copper	207.45¢
Hot-rolled coil	\$428.00
Gold	\$891.80
Platinum	\$1,173.10
Silver	1,230.00¢

**LME**

Aluminium	\$1,410.00
Copper	\$4,447.00
Lead	\$1,443.00
Nickel	\$11,385.00
Zinc	\$1,420.50

Click through for details

## Luvata sells Ohio rolling facility to S. Korean firm

NEW YORK — Wire manufacturer Sam Dong Co. Ltd. has purchased Luvata Oy's casting and rolling facility in Delaware, Ohio, in a move that gives the South Korean company full vertical integration and grows its U.S. presence.

The details of the transaction, which did not include the Espoo, Finland-based metal fabricator's formed products business in Delaware, were not disclosed.

Sam Dong, which entered the U.S. market in May 2008 with the greenfield construction of a specialty wire plant in Rogersville, Tenn., had been looking to acquire an upstream facility to supply its Tennessee plant, according to the company.

"We're making the purchase to integrate our production in America and to parallel the capabilities that we have in Korea, which include the copper casting process," said Leon Molloy, president of Sam Dong's North American entity.

Although Luvata's 30,000-tonne-per-year Delaware facility had not been up for sale, the two companies had a good working relationship and began to discuss possible transactions, Luvata said.

"The plant did not have a 'for sale' sign on it," Sam Dong had made an investment in a mill in Tennessee in 2008 and they were looking for a domestic source of oxygen-free rod that they could use in their specialty Warren E. Bartel, senior vice president and senior advisor at Luvata, told AMM. "We began a commercial dialogue which led to a broader discussion about what could we do together, which ultimately led to this transaction."

The sale makes sense for both companies, according to Bartel, although "the benefit to Sam Dong proportionately is much greater than the benefit to Luvata." While Sam Dong

See LUVATA, page 7

## Mechel to buy Bluestone Coal, boost output

NEW YORK — Russian steelmaker and miner Mechel OAO unveiled plans Wednesday to acquire Bluestone Coal Corp. for \$436 million in cash and boost coking coal output at the West Virginia mines to full capacity of 7.3 million tonnes annually within the next three to five years.

Mechel also said it would

See RUSSIA, page 2

## AK chief sees stainless uptick; others less sure

PITTSBURGH — While AK Steel Corp.'s top executive is "optimistic" about an uptick in stainless orders as nickel prices start to rise, others in the industry are less than convinced.

"Not this month, but hopefully next month or later this quarter," James Waincott, AK Steel's chairman, president and chief executive officer, said during the company's first-quarter conference call with analysts. "Stainless is an arena where we are looking for a bounce off the bottom. We are very close to the bottom on all stainless categories."

Stainless surcharges have been dropping for about

See WAINSCOTT, page 6

## Bank signs on as steel futures market maker

NEW YORK — Deutsche Bank AG has signed on as market maker for CME Group Inc.'s steel futures contract, a move that could inject liquidity into the sluggish market and attract new volumes by the thousands, the investment bank said.

"I wouldn't be surprised if in a year's time there's 10

See DEUTSCHE, page 6



Closer, but . . . What's described as the single-largest price reduction in recent memory has narrowed the gap between mill tags and the marketplace, but failed to spur new business.

## Smaller beam tag gap fails to ignite demand

LOS ANGELES — The latest price cut by structural steel producers has finally narrowed the gap between mill tags and the marketplace, but the relative stability has yet to encourage a rise in demand.

Earlier this month in the single-largest reduction in recent memory, Nucor's Matco Steel Co., Blytheville, Ark., dropped its listed transaction price on wide-flange beams by \$154 of beams down to \$695 per ton (\$34.75 per cwt) f.o.b. mill. The move was followed quickly by other producers (AMM, April 15).

"It has set a floor—for now," one buyer in the Northeast said about the impact of the mill price cuts. "But the market is very soft and lower prices haven't brought any new business."

See NARROWING, page 4

PLEASE SEE THE HSLA-V STEEL STORY ON PAGE 2.

## Web site looks to raise visibility of HSLA-V steel

PITTSBURGH — A consortium of vanadium producers and researchers has launched a Web site designed to promote increased awareness, visibility and understanding of high-strength, low-alloy steel microalloyed with vanadium (HSLA-V steel).

The material's properties make it an attractive alternative to building or manufacturing with traditional low-carbon manganese steel, the Vanadium Technology Partnership (VTP) said. In some case studies, using HSLA-V vs. traditional steel has resulted in overall cost savings.

The VTP is fostering a cooperative relationship in the vanadium microalloyed steel industry. It is comprised of representatives from the Advanced Technology Institute, Bear Metallurgical Co., Gulf Chemical & Metallurgical Corp., Metallurg Vanadium Corp., the Vanadium Producers and Reclaimers Association, the Vanadium International Technical Committee and Stratcor Inc. Carnegie Mellon University, the Colorado School of Mines, Lehigh University, the University of South Carolina and the University of Washington also contribute to research.

The Web site ([www.HSLA-V.org](http://www.HSLA-V.org)) is being hosted by the Vanadium Producers and Reclaimers Association, which focuses on the environment, trade, technology and health and safety in the vanadium industry. It offers potential users of the product an opportunity to reference case studies of research and applications, determine appropriate uses of HSLA-V and read about environmental sustainability. Also featured on the site is a product availability search tool that allows visitors to choose a steel producer, product and size/specification/grade.

Scott Robertson  
srobertson@amm.com

## ATI stays in black in 1st qtr. despite slack demand

PITTSBURGH — Despite decreased demand attributed to the poor economy, Allegheny Technologies Inc. (ATI) remained profitable in the first quarter.

The Pittsburgh-based specialty metals producer posted net income of \$5.3 million, a 96.3-percent drop from \$143.7 million in the same period last year, on sales that fell 38.1 percent to \$831.6 million from more than \$1.34 billion.

"While we will never be satisfied with being marginally profitable, our ability to generate positive results in the first quarter demonstrates the ongoing transformation of ATI into a uniquely positioned, globally focused diversified specialty metals company," L. Patrick Hassey, chairman, president and chief executive officer, said in a statement.

"ATI remained profitable and continued to generate positive cash flow in spite of the most challenging global economic conditions we have ever

seen and a significant negative impact from out-of-phase raw material surcharges and indices," he added.

Material purchases for consumer-related markets, such as automotive, appliance and residential construction, were very weak during the first quarter, Hassey said, while the company's largest market, commercial aerospace, continued to be impacted by schedule pushouts, revised commercial airplane build schedules and reduced demand from the aero engine aftermarket.

Some areas fared better, he said. "In the chemical process industry, our exotic alloys business benefited from a solid backlog, but demand for many of our other products was soft. In the oil and gas market, demand for our products for pipelines and offshore projects was good. On the other hand, demand for downhole drilling weakened considerably and projects for refineries and unconventional fuel, such as tar sands, remained delayed."

Hassey said that demand remained

good for grain-oriented electrical steel and industrial titanium products for electrical power plants and demand for exotic alloys for nuclear energy applications continued to grow. "Demand for our large castings for wind energy applications was nearly nonexistent; however, early signs of a recovery began to emerge."

Hassey is cautiously optimistic about the future. "As we look forward to the second quarter we remain cautious," he said. "While we see some signs of stabilization in certain markets due to low inventory in the supply chain, demand for many products remains at a very low level, the pricing environment is challenging and visibility is limited."

The company will continue to adjust production schedules and costs, Hassey said, and ATI's second-quarter earnings are expected to be modestly better than the first three months.

Maria Guzzo  
mguzzo@amm.com

## Laureate abandons exploration to jump into OCTG mart

NEW YORK — Laureate Resources & Steel Industries Inc. has ceased its mineral exploration efforts and jumped into the oil country tubular goods (OCTG) market, according to a recent filing with the U.S. Securities and Exchange Commission (SEC).

The New York-based company said it plans to produce raw tubes in China and build and develop manufacturing and processing operations in that country as well as in the Middle East.

### Wire rope maker closing plant

CHICAGO — Sanlo Inc., a manufacturer of wire rope and aircraft cable and wire cable fittings, will permanently shut its Michigan City, Ind., plant next year, resulting in 70 layoffs.

Production lines will be relocated to facilities in New York and China, according to the *Michigan City News-Dispatch*. Sanlo opened a manufacturing and distribution facility in China's Jiangsu province in 2006, according to its Web site.

The decision to close the Michigan City plant was made "due to the unprecedented economic downturn and what we're seeing in Sanlo's end market(s)," a spokeswoman for parent company Actuant Corp. was quoted as saying.

The company also plans to make a mark for itself by setting up a worldwide network of trading establishments, according to the SEC filing.

"The company plans to position itself as a leading processor and manufacturer of OCTG products," Laureate said in the filing. "We plan to cater to mature steel grade markets and future high-grade markets as world requirements shift towards improved production from difficult oil reserves."

Easy-to-reach oil and nat-

ural gas reserves have for the most part been depleted or are on the wane. More and more production companies are focusing their efforts on extracting resources from deep offshore wells and "unconventional" plays, such as oil and natural gas trapped in onshore shale formations.

Laureate said it also plans to offer "complete supply chain capabilities" through "acquisitions as well as organic growth and development."

Those sound like ambitious plans for a company with a new management team and not much in the way of earnings or assets. Since its incorporation in Nevada in June 2005, Laureate has posted no revenue. "We have not derived any revenues from operations," the company said. "Our only capital has been obtained via issuance of common stock and shareholder loans."

Laureate had assets of \$5,505 and liabilities of \$1.2 million for the fiscal quarter

ended Feb. 28, according to the 10Q filing with the SEC, and as of April 20—the date the 10Q was filed—the company said it had "no full-time employees."

The company said it had previously been a mineral resource exploration firm but had no active operations and had realized no revenues, adding that it abandoned its mineral resources exploration efforts to "pursue other business opportunities."

The shift in strategy followed a management shake up. Gerry Sullivan, chief financial officer and interim president and chief executive officer, resigned Jan. 7, according to the SEC filing. The company's board replaced him with chief operating officer Gareth McMurray, who is serving as interim president and chief executive, and Mathias Kaiser has been named chief financial officer, according to the filing.

Michael Cowden  
mcowden@amm.com