The voice of steel distribution

News Update

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NASS Members

Introducing NASS Members to Steel First

Steel First is your brand new online news and pricing service which provides users with the latest news updates, pricing trends and analysis from the global and domestic steel industries. Steel First provides you with comprehensive, global coverage of raw materials, steel products and end-user industries, along with in-depth analysis, regular price updates and much more.

Steel First builds on the unparalleled editorial experience and reputation of Metal Bulletin to bring you a dedicated news and pricing service from all of the established and emerging steel markets.

As a member of NASS we would like to offer you a free copy of the Top 100 Steelmakers 2013 edition when you sign up for your FREE trial to Steel First at www.news.steelfirst.com/nass_steelmakers_2013.

With your FREE trial you'll receive a daily email newsletter, with all of the news stories, in full; your choice of tailored news and price alerts; access to over 250 steel prices and much more. Sign up for your free trial today at www.news.steelfirst.com/nass_steelmakers_2013 and you'll be able to download the latest edition of the Top Steelmakers 2013 edition.

Malthouse Engineering prepares to celebrate 65th anniversary

NASS Member, Malthouse Engineering Co Ltd., is preparing to celebrate its 65th anniversary: the Oldbury-based company started trading in 1947 and has grown to become the UK's number one steel profiling company.

Over the years the company has grown from a single site business to a five-site operation with a 150-strong workforce and a £20m turnover. The firm has acquired 14 companies along its manufacturing journey and continues to expand its workforce to keep pace with demand. The company now has a presence in Worcester, Wakefield, West Bromwich, Wednesbury and Oldbury.

It said it was focused on skills development for the next generation of its workers. In recent years the company has worked closely with the University of Wolverhampton and Birmingham City University as part of the Knowledge Transfer Partnership scheme. This has resulted in two graduates being brought into the business to support the development of online marketing and sales order processing systems.

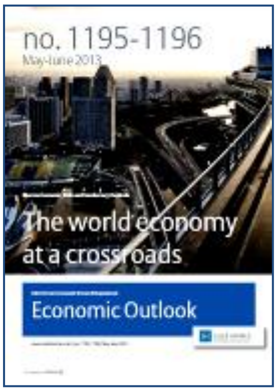
The firm said the honorary doctorate in business administration awarded to Managing Director Roy Taylor by the Business School at the University of Wolverhampton had been one of the highlights of the anniversary so far.

Taylor said a consistency of management style had been one of the reasons for the firm's continued success. "There have only been two managing directors in the past, the founder Bert Hands (35 years) and Roy Taylor (30 years)," he said.

"Another factor is a continuous yearning for innovation which has covered areas such as computer design, online marketing, sales databases, suggestion schemes, patents and intellectual property."

Euler Hermes – Latest Economic Outlook

Providing you with an overview of topics including worldwide business insolvencies, sector reviews and world growth, the latest edition of Euler Hermes' Economic Outlook is entitled "Macroeconomic, Risk and Insolvency Outlook - The world economy at a crossroads."



Global growth is expected to slow to +2.4% in 2013 before picking up slightly in 2014 (+3.1%). It will be characterised by:

(1) a decoupling between regions, with moderate growth in the United States contrasting with a eurozone in a deeper recession,
(2) an inversion of growth trends within regions (upturn in Japan, slowdown in China), and
(3) an overall disconnection between financial performances and the weakness of the real economy.

Against this backdrop, the risk-return ratio remains negative on the whole because of an intensification of political and social risk and macroeconomic and financial prospects still marred by uncertainty. Read the full Outlook by clicking on the picture, or follow this link: http://www.nass.org.uk/Publications/Publication3325/EH%20Economic%20Outlook%201195-1196.pdf

Barrett Steel's Tom Barrett wins national Red Ribbon Award

Tom Barrett, branch director at Rotherham-based C Roberts, part of the Barrett Steel Group, the UK's largest independent steel stockholder, has won the prestigious Red Ribbon Award in the 'Young Gun' category. He was presented with his award at a dazzling event at the Lancaster London Hotel recently. Hosted by Family Business Place, Red Ribbon is the UK's only national award to recognise the contribution family businesses of all sizes make to the British economy.

Anita Brightley-Hodges, MD of Family Business Place says: "Tom Barrett was chosen as a winner because of his commitment to the family business, his strong work ethic, the respect and admiration from his colleagues and peers and because of his determination to succeed. We are delighted to present Tom with this prestigious accolade and wish him continued success with his fantastic family business."

Tom, who is 30 and lives in Sheffield, has worked at C Roberts for eight years. He has overall responsibility for the business, which employs 100 people and has a £40M turnover.

James Barrett, Managing Director of the Barrett Steel Group and Tom's father, explains why he was nominated for the award: "Tom has a natural passion for the business. With his personable and charismatic character he is able to overcome the daily pressures of running a steel business, as well as being part of the sixth generation of the Barrett family. He is a modest young man, who does not shirk his responsibilities and has deservedly earned the respect of his colleagues."

More information is available from Chris Lamb at Barrett Steel, tel: +44 (0)1274 682281, email: chris.lamb@barrettsteel.com, www.barrettsteel.com.

KALTENBACH

Kaltenbach launch new state-of-the-art Plate Processing Centre, KF2612

Kaltenbach have launched their new, twin-headed, plasma & oxyacetylene, plate profiling and multi-function, Plate Processing Centre, the KF2612. As the latest advance in the well-established KF plate-processing range, the new machine offers further marked gains in individual process speed and overall processing efficiency. Performance gains come from both software and hardware advances, which includes further exploiting the high performance properties of solid carbide.

The synchronised, twin-headed flame cutting, drilling, countersinking, threading and marking system has an increased steel plate material capacity of up to 100mm thick, 2600mm wide x 6000mm long. Extensive R & D has also achieved a completely new automatic tool changer system, with 2 auto-tool changers & magazine units, each housing 6 tools of solid carbide or HSS and using ultra high-performance 34.5kW drives per axis. Two new design hard-stampers, synchronise to create high-speed alphanumeric impressions on the material top surface. An integral contour-marking system can achieve free-form profiles, spot, alphanumeric or symbol markings as required. A tilt-back unit within the output side machine bed, enables small parts to be auto-ejected into a container, which can be wheeled out laterally from the machine.

Gains from ongoing Kaltenbach software and control development have reduced processing cycle times and minimised any dwell between processes. Nesting has been further refined to achieve minimum metal waste, maximum production output, using grid or common-cut procedures.

Further advances in HMI (Human Machine Interface) have been achieved through operator-friendly software via touch-screen layouts, with intuitive high-quality colour graphics and controls. Kaltenbach also claim to have maximised overall production integration, machine control and data feedback to end-users via industry standard software.

More information is at: www.kaltenbach.co.uk

News and Information

NIESR - July 2013 GDP estimates

The latest National Institute of Social & Economic Research (NIESR) estimates for the July GDP were published on Tuesday

NIESR's latest estimates of GDP suggest that output grew by 0.6% in the three months ending in June after growth of 0.6% in the three months ending in May 2013. These estimates suggest that economic growth accelerated from 0.3% per quarter in 2013Q1 to 0.6% in 2013Q2, largely due to the performance of the private service sector. Production sector output has been flat since the rebound in February 2013. Nevertheless, this translates into a modest positive contribution to GDP growth in 2013Q2.

Note: these estimates are consistent with revised data published by the Office for National Statistics (ONS), including the Index of Production figures published on 9 July.

BCC Quarterly Economic Survey: Recovery gathering strength, but risks remain

- ***BCC's Quarterly Economic Survey for Q2 2013 shows further progress, with most key balances stronger than in Q1 2013.***
- ***Service export deliveries balance rose to +36%, the highest level since the survey began in 1989***
- ***UK business remains resilient, and confidence is rising, despite most balances remaining below their pre-recession levels in 2007***
- ***John Longworth: "The sheer strength of our export balances shows that companies have untapped potential to expand. It must be recognised that recovery will only be turbo-charged if we can create a truly enterprise-friendly economy here in the UK."***

The British Chambers of Commerce's Quarterly Economic Survey (QES) released last week shows that the economy has made further progress, but that there are still some risks at home and abroad that could derail the recovery. The new survey, made up of responses from over 7,400 businesses, shows that most key balances strengthened in Q2 2013 compared with the previous quarter. The export balances remain strong, with the services export deliveries balance reaching its highest level (+36%) since our survey began. It is encouraging to see employment balances rise, after they fell in the previous quarter.

Despite these welcome improvements, most indicators remain below their 2007 pre-recession levels, and it is disappointing that cashflow remains weak, while service investment balances fell in the quarter.

The findings suggest that the economy will continue to strengthen gradually over the next year, with growth slowly improving. The results also demonstrate resilience among UK businesses, who continue to feel confident and are looking to invest and increase exports this year.

Key findings in the Q2 2013 BCC survey:

- For both manufacturing and services, most key domestic balances are stronger in Q2 than in Q1, but in both sectors they remain below pre-recession levels seen in 2007.
- Export balances remain strong: service deliveries rose three points to +36% (the highest since the survey started in 1989) while orders rose three points to +29% (the highest since 1994).
- Employment balances rose in Q2, following their Q1 decline. In manufacturing, the balance improved from +11% in Q1 to +19% in Q2; in services, it improved from +6% to +15%.
- Business confidence has again increased, and is much stronger than average levels during the recession. Manufacturing confidence that turnover will improve rose seven points to +51%; service sector confidence rose six points to +46%. Profitability

confidence rose from +33% to +39% for manufacturing, and from +22% to +34% in services.

- The investment picture however was mixed. While the balance of manufacturing firms looking to increase investment in plant and machinery rose nine points to +23%, for services it fell two points to +7%.
- Pressure to raise prices continued to ease in Q2. In manufacturing, this fell by five points to +12%, with many citing reduced pressures from raw materials. For services, the balance fell by seven points to +12%, low by historical standards.
- Cashflow balances are weak in both sectors. While manufacturing increased two points to +4%, the services sector recorded a five point drop and now sits at +1%. For services this remains 20 points below its 1997 peak.
- Overall, the Q2 results support our view that the economy will gradually strengthen over the next year, but challenges remain.

Business Trends: UK business confidence continues upward trend and reaches 13-month high

Confidence in both the services and manufacturing sectors increases

UK business confidence continued its upward trend this month, and reached its highest point since May 2012, according to the **latest Business Trends report by accountants and business advisers BDO LLP.**

BDO's Optimism Index, which predicts business performance two quarters ahead, moved up for the fifth consecutive month from 93.6 to 94.3, a 13-month high. Optimism in the services sector, which makes up roughly three quarters of the UK economy, is particularly strong, and moved up to 95.5 this month - above the crucial 95.0 mark that indicates growth.

BDO's Output Index, which predicts short-run turnover expectations, increased for the fourth consecutive month to 94.9 in June from 94.4 in May. The index now also stands at a 13-month high and is just 0.1 away from the critical 95.0 level. The Output Index for manufacturers moved up significantly by 2.0 points to 95.7 this month - above the 95.0 level.

Additionally, inflationary pressures look to be receding as BDO's Inflation Index decreased from 104.2 to 103.4, thus easing financial pressures on UK businesses.

However, despite this welcome news, and despite two quarters of improving business confidence, both the Optimism and Output indices remain muted, below the crucial 95.0 level. External pressures such as Eurozone volatility, belt tightening by UK consumers and the US Federal Reserve signalling that QE tapering is on the horizon, are likely to be weighing on UK businesses' minds.

Peter Hemington, Partner, BDO LLP, commented: "While it's encouraging to see confidence continuing to improve, we should be mindful of the zig-zag trend that has characterised UK business confidence since 2008. Periods of improved confidence have ended before growth has really begun to get going. On the last couple of occasions, this has been because of crises in the Eurozone. This time, the worry is that financial market turmoil arising from the actions of the Federal Reserve will choke off yet another nascent UK recovery. As a result, the new Governor of the Bank of England perhaps has an even more interesting set of challenges to face than he might have expected when he accepted the job."

Overview of the BDO indices:
An overview of all four indices is provided in the table below, detailing figures for the last three months and the same month of the previous year, to allow for comparison.

	June 2013 (figures for this month's report)	May 2013	April 2013	June 2012 (equivalent report last year)
BDO Optimism Index	**94.3**	93.6	93.0	93.5
BDO Output Index	**94.9**	94.4	94.1	94.8
BDO Inflation Index	**103.4**	104.2	103.4	103.3
BDO Employment Index	**96.7**	96.6	96.4	94.3

Full Business Trends July 2013 report available by clicking this link:
http://static.bdo.uk.com/assets/documents/2013/07/BDO_Business_Trends_-_July_2013.pdf

New IoD poll: economic outlook at its brightest since 2008

A new poll of over 1,000 business leaders brings good news on the economy. Nearly two-thirds (62%) of **Institute of Directors** members think that the outlook for the UK economy is now brighter than at any stage since the financial crisis of 2008.

Directors are also feeling more confident about the performance of their company over the coming year, with the majority (59%) saying they have high confidence. On a confidence scale of 1 to 10, the average rating for the next 12 months was 6.7, up from 6.3 in the first quarter of 2013, but still only showing a medium level of confidence.

There was also good news on business investment. The proportion of business leaders expecting their investment to be higher in 2013 than 2012 exceeds those expecting it to be lower by 23%.

However, IoD members' confidence does not extend into 2014, when 39% of members expect the economy to grow less than the 1.8% forecast by the Office for Budget Responsibility.

Spending review:
The survey also questioned business leaders on the Government's fiscal plans. On deficit reduction, the majority (54%) feel the Government's current approach is correct. Where there is criticism, it comes mainly from those who think that the Government should be doing more to reduce the deficit (29%).

74% of members support the decisions announced at the recent spending review, with 84% endorsing the 1% cap on pay rises for public sector workers. However, over half (56%) think that the Government is not investing enough in key infrastructure. Members highlighted roads, airports and railways as priorities for investment.

Detailed results:
The survey of 1,056 IoD members ran from 26 June to 5 July 2013.

- 62% of IoD members surveyed agree with the statement that *"the outlook for the UK economy is now brighter than at any stage since the onset of the financial crisis in 2008*". 18% neither agree nor disagree, and 20% disagree with the statement.
- On the IoD's 1-10 scale of confidence about the outlook for the UK economy over the next 12 months, 34% have high confidence (7-10 on the scale), 44% have medium confidence (5-6 on the scale), and 23% have low confidence (1-4). The mean score was 5.7 – this is up from 5.0 in Q1.
- Members continue to have greater confidence in the outlook for their own organisations than for the economy as a whole. On our 1-10 scale of members' confidence about the outlook for their organisation over the next 12 months, 59% had high confidence (7-10

on the scale), 32% medium confidence (5-6 on the scale), and 9% low confidence (1-4). The mean score was 6.7 – this is up from 6.3 in Q1 2013.

- 35% of members believe that UK economic growth will outperform the OBR forecast for UK GDP growth of 0.6% in 2013. 38% believe the OBR have got the forecast right, and 22% believe the economy will underperform the OBR forecast. The net balance (outperform minus underperform), is +13%. This compares to a balance of -8% when we asked the same question in Q1.
- However, IoD members remain cautious, with the 2013 pattern reversed for 2014: 22% believe the economy will grow by more than the forecast 1.8%, 32% the same, 39% less. However, this is an improvement on Q1 (16% higher, 26% same, 52% lower).
- We asked members what they believed the outlook was for their organisation comparing 2013 with 2012. On all four key measures, the balance figures were strongly positive, as follows: revenue (+42%); profitability (+29%); business investment (+23%); employment (+21%). These figures are a big improvement on Q1, when the corresponding results were: revenue (+29%); profitability (+15%); business investment (+4%); employment (+10%). Since we started asking this type of question in Q1 2012, the business investment figure of +23% is by some margin the highest we have had – the previous high was +7% in Q4 2012.
- There continues to be strong support from business leaders for the Government's approach to managing the UK's fiscal deficit. 54% of members believe the Government should *"stick with its current plans to reduce the deficit."*
- The main criticism of Government policy seems to be from those business leaders who want to go further and faster on deficit reduction. 29% believe the Government *"should do more to reduce the deficit".* A small proportion of IoD members (14%) believe the Government *"should ease off its current plans"* to reduce the deficit; only 3% think it should reverse current policy.
- 74% of members support the Spending Round 2013 decisions announced by the Chancellor. 11% neither support nor oppose them, 12% oppose, 3% don't know.
- Only 30% of members think the Government is proposing to invest sufficient resources in key infrastructure (taken to mean transport, energy & IT). 56% think there is insufficient resource being devoted to infrastructure.
- 84% of members support the 1% cap on pay rises for public sector workers (10% opposed).

CBI comments on launch of automotive industrial strategy

The CBI today responded to the launch of the Government's Automotive industrial strategy. Katja Hall, CBI Chief Policy Director, said: "This strategy sets out a bold vision for long-term growth right across the automotive sector, which is at the front line of the drive to rebalance our economy.

"The £1bn investment in a new centre for cutting-edge engine technologies should go a long way towards making the UK a globally-competitive place for automotive research and development.

"Strengthening the supply chain is rightly identified as a major priority. The creation of the new Automotive Investment Organisation will help, alongside action to improve suppliers' access to finance and delivering on the skills roadmap so firms of all sizes can access a wider pool of talented graduates and apprentices."

Read the CBI's priorities for the UK automotive industry in *"Full speed ahead: An industrial strategy for the UK automotive sector" by clicking on the picture above, or follow this link.*
http://www.nass.org.uk/Publications/Publication3326/cbi_full_speed_ahead.pdf

Government must increase competition in banking to support business and protect economic recovery

*A business-led economic recovery risks being undermined unless the Government moves rapidly to increase competition in banking, **EEF, the manufacturers' organisation,** has warned.*

In a submission responding to the Parliamentary Commission on Banking Standards, EEF, which represents almost 6,000 manufacturing and engineering businesses across the UK, warns that without access to competitive finance economic recovery could be stifled or, at worst, snuffed out.

EEF has written to Treasury officials warning that, while there is significant focus on banking standards and ethics, a far more significant issue for growth in manufacturing is the need for more access to finance for investment – with more competition in retail banking.

Terry Scuoler, Chief Executive of EEF, said: "Problems with accessing finance hold back growth. With business investment still a third below its pre-recession peak, getting finance at the right price and terms and conditions remains a huge problem for small and medium-sized businesses. Many of them have disengaged from banks altogether. Initiatives such as Funding for Lending provide some help, but we will only crack this nut by getting more competition into business banking."

In its submission to the Treasury, which is expected to formally respond to the banking commission ahead of this summer's parliamentary recess, EEF warns that business investment remains 34% below the pre-recession peak, adding that poor access to finance, particularly for smaller firms, is a key reason for this performance.

EEF is calling on the Government to act rapidly to improve business' access to finance by setting up a taskforce to drive competition in business banking, looking at:

- More incentives to encourage switching accounts, with increased 'portability' and potential savings for small and medium sized enterprises
- Lowering barriers to entry for new banks
- Considering the impact of these measures alongside an assessment by the Office of Fair Trading on whether a referral for SME banking is justified.

Terry Scuoler added: "The top four banks control 85% of the business current account market and we must see this oligopoly end. The Government can make a difference by signing up to the Banking Commission's recommendations to immediately review additional steps on how to make it easier to switch accounts and to increase competition."

Economic News in Brief

Latest Data from the Office for National Statistics:

UK Trade:

UK Trade shows the extent of import and export activity, a key contributor to the overall economic growth of the UK. Seasonally adjusted, the UK's deficit on trade in goods and services was estimated to have been £2.4 billion in May, compared with a deficit of £2.1 billion in April.
There was a deficit of £8.5 billion on goods, partly offset by an estimated surplus of £6.1 billion on services.
Volumes of both exports and imports of goods have recovered slightly from the low levels at the beginning of 2013.
Trade prices have risen. This may reflect the lower level of sterling since early 2013.

Indications are that the surplus on services may have reduced slightly in the latest months due to a decrease in exports of travel services.
This bulletin incorporates the revisions made for the annual Pink Book and Blue Book publications. Trade in goods is now estimated to have been in deficit in 2012 by around £1.6 billion more than previously estimated. In contrast, the surplus for trade in services is now estimated to have been £3.8 billion greater than previously published.

Index of Production:
Production output fell by 2.3% between May 2012 and May 2013. Three of the main sectors except for water supply, sewerage & waste management, were lower than they were a year ago. Manufacturing fell by 2.9% over the same period.
The main manufacturing components contributing to the fall between May 2012 and May 2013 were the manufacture of machinery & equipment not elsewhere classified; the manufacture of rubber and plastic products & other non-metallic mineral products; and the manufacture of basic metals & metal products.
Users should be cautious when comparing movements between May 2012 and May 2013 data. In 2012, the end of May bank holiday was moved to June resulting in an additional working day in May, which may have been a contributing factor to the growth between these two periods.
Production was flat (0.0% growth) between April 2013 and May 2013. Manufacturing fell by 0.8% over the same period, the second consecutive fall this year.
The main manufacturing components contributing to the fall between April 2013 and May 2013 were the manufacture of basic pharmaceutical products & pharmaceutical preparations; the manufacture of basic metals & metal products, and the manufacture of computer, electronic & optical products.

GDP Growth:
UK gross domestic product (GDP) in volume terms was estimated to have increased by 0.3% between Q4 2012 and Q1 2013, unrevised from the previous publication. In current prices GDP was estimated to have increased by 0.9% for the same period.
The households' saving ratio was estimated to be 4.2% in Q1 2013, the weakest since Q1 2009 when it was 3.4%.
The peak to trough fall of the economic downturn in 2008/09 is now estimated to be 7.2%. In Q1 2013, GDP was estimated to have been 3.9% lower than the pre-financial crisis peak in Q1 2008. Previously GDP was estimated to have been 2.6% lower for the same period.
GDP growth between Q4 2011 and Q1 2012 has been revised from a fall of 0.1% to flat, thereby removing the phenomenon of two consecutive quarters of negative growth.
Real household disposable income increased by 1.4% between 2011 and 2012. This is the highest growth since 2009 when it rose by 1.6%.

Forthcoming Events

Please see below for a list of forthcoming NASS Events. Full details of each event are available on the NASS website, though if you have any questions or would like to book places at any, please contact Karen Black or Joy Graham at NASS who will be happy to assist you.

18 July	Flat Products Product Group Meeting
1 Aug	NASS Race Day, Stratford upon Avon
3 Sept	Plate & Processing Meeting, plus Liaison with Producers
4 Sept	Long Products Meeting, plus Liaison with Tata Steels
5 Sept	Flat Products Meeting, plus Liaison with Producers
11 Sept	Health & Safety Committee
18 Sept	NASS Liaison with ISTA
25 Sept	NASS Logistics Day
10 Oct	NASS Annual Dinner, National Motorcycle Museum