

The Hagen Report
May 2022

“What gets measured gets done. The Hagen report strives to provide regular measurement and reporting to help keep you informed on the world of commodity markets and how they affect your business so we can get things done! This month we will take a longer view at some of our most used commodities and wrap up with a long-term approach to the supply chain. We have added a few new commodities to our watch list, more details below”

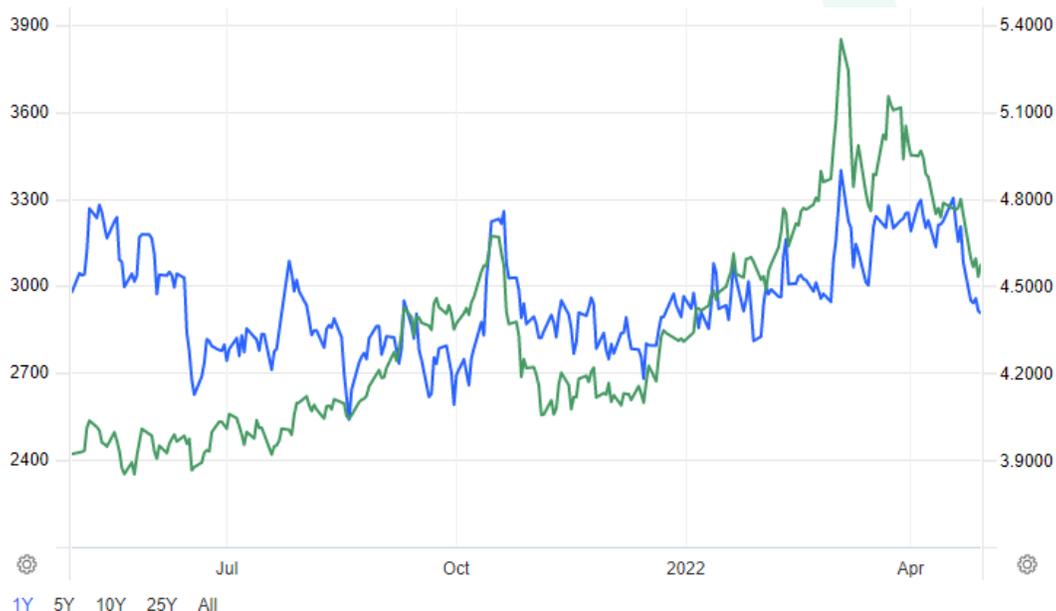
Christopher P. Hagen, LEED AP
Chief Procurement Officer

Inflation has once again hit an all-time high. The annual inflation rate for the United States is 8.5% for the 12 months ended March 2022 – the highest since December 1981. Energy prices rose significantly as Russia’s invasion of Ukraine pushed crude oil higher. This directly affects the price of all goods made with petroleum products as well as indirectly affecting the cost of all goods through higher transportation, manufacturing, and heating costs. Have we hit peak inflation? Many analysts believe we have. Some are even predicting inflation to return to around 1.9% in 2023. However, in the near term the federal reserve will raise rates to help combat this. The slow and steady approach to interest rate hikes is what the market was expecting. However, with the fed recently signaling a sharper than expected hike may be coming, sent stocks tumbling. Buckle up as the next few months will be interesting. Our affiliates need to continue to be diligent and monitor cost increases for goods and services and plan accordingly.

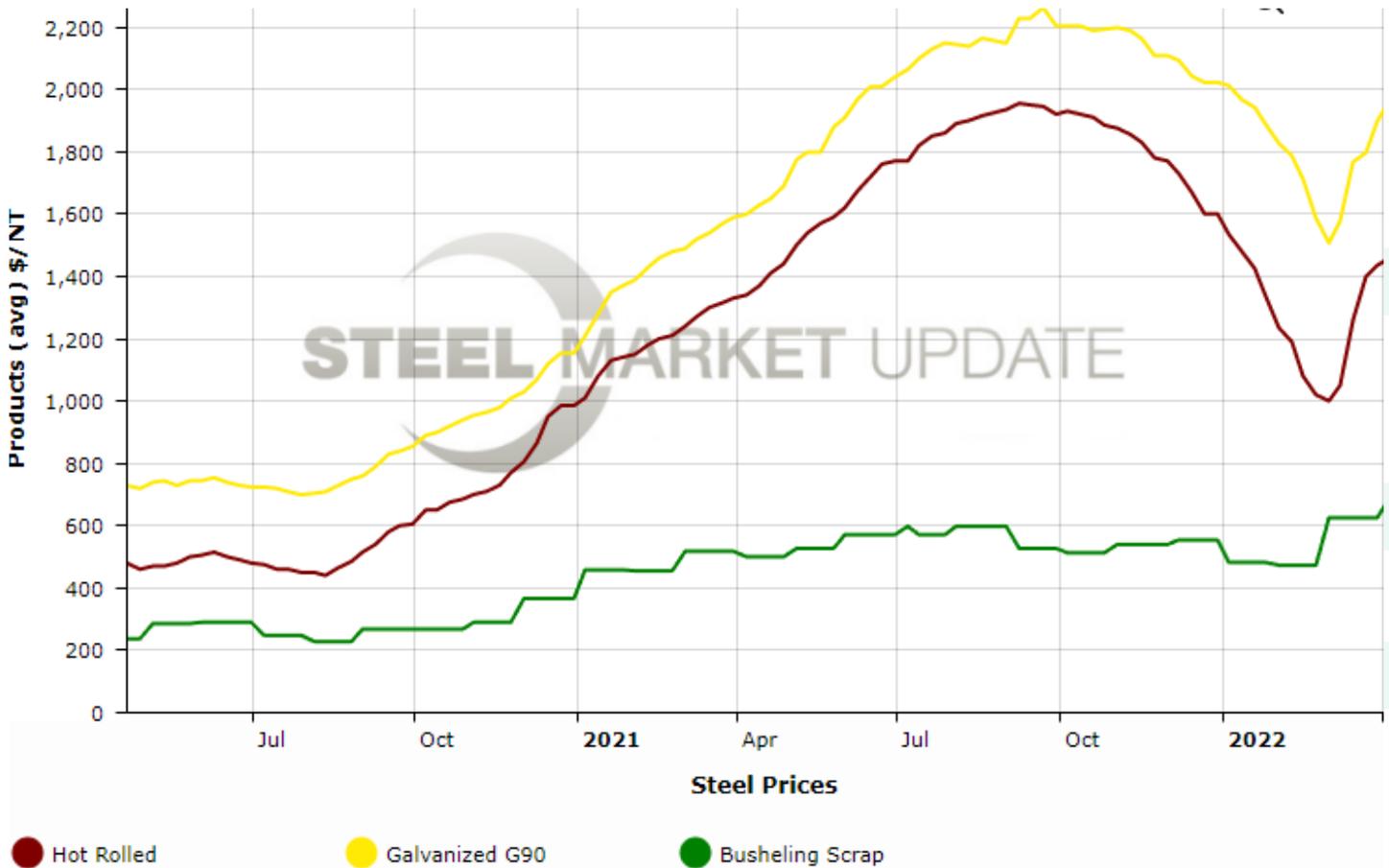
We wanted to take a longer snapshot of the state of our top commodities and how they are trending. The chart below is a one-year snapshot of **Copper** and **Aluminum**.

Copper – Copper has been trading downward lately to about \$4.50/lb. For the year copper has traded in a narrow band between about \$4.00/ lb to as high as \$4.80/lb. As stated previously, we believe that copper will have momentum upward as there are many factors driving this trend. Many analysts are predicting for copper to be trading around \$5.00/lb in 2023 and trending upward from there.

Aluminum – Aluminum futures, like copper, have trended downward as of late hitting about \$3100/ton however the forecast is that it will be trading at about \$3500/ton in 2023. This is up from a low of about \$2300/ton a year ago.



Steel, Galvanized G90 and Scrap Iron – Steel was trending downward back to reality in the second half of last year and continued into the first part of this year. The war in Ukraine changed all of that and prices have risen sharply in response to the conflict. A disruption in pig iron supply as well as higher oil and energy prices as a whole are driving prices higher. Unlike the runup in pricing in 2021, this one is grounded in reality of true economic principles supply and demand. Most economists are withholding long term forecasts relevant to the future of steel but as always, our advice is not to gamble but to lock in your pricing for projects based on estimated values.



Supply Chain – At Eaglestone, our longer-term approach towards the supply chain includes revolutionizing how we approach the supply chain as a whole. We are partnering with manufacturers and key large national wholesalers to diversify our approach towards the market and to expand our supply chain strategy. We are also investing in software that will help automate and improve the supply chain process. We are also establishing green initiatives across our supply chain.

Thanks and we will see you next month!

CPH