

# THE TRUMP EFFECT ON STEEL

By Jim Stavis

As Donald Trump settles in as our 45<sup>th</sup> President, many in the steel industry have wondered what effect this may have on domestic pricing as well as the curbing of imports. First, it should be noted that many of Trump's views on economic issues is in alignment with those views espoused by the steel industry. Trump has expressed a more aggressive trade policy, regularly citing job losses as a result of imports from other countries, especially China. Since the election, domestic steel prices have gone one way, and that is upward.

One of Trump's big campaign promises was to spend \$500 billion (twice what Hilary Clinton was looking to allocate) on the infrastructure sector. Investment in bridges, highways and airports would boost demand for metals such as steel and aluminum. We can presume that Trump will be promoting the use of domestic steel versus imports, which would further strengthen the U.S. manufacturing of steel products. From a demand perspective, that should benefit U.S.-based manufacturing companies. The question is, however, how this will affect the import markets? As we are located on the West Coast, we are very much tied to the import market. Should tariffs be imposed, this would have a dramatic effect on pricing. This would also create the possibility of

retaliation from trading countries—most notably China. Last year, U.S. flat rolled prices jumped more than 70% after trade duties were imposed on countries like China and Korea. Plus, the clampdown on steel imports, however positive for the steel industry, would negatively impact most steel users. Such an occurrence would only encourage more end users to try to go overseas themselves or across the border to have their products made as a way to mitigate rising prices.

Trump has brought on a team of advisors who certainly are up to the economic task currently in play. Only time will tell how effective they will be in navigating through these waters so that domestic manufacturers will benefit as well as our import-dependent end users. It is a delicate balance for sure. After all, as Trump's slogan says, we are trying to "Make America Great Again." We'll see!



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**FEBRUARY 2017 NEWSLETTER**

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AMERICA  
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AGAIN!



# WHO'S PACKING YOUR PARACHUTE?

By Jim Stavris

I received this article from a friend recently. It is a story of man who was shot down in Vietnam and survived being in a Communist prison.

*Charles Plumb was a U.S. Navy jet pilot in Vietnam. After 75 combat missions, his plane was destroyed by a surface-to-air missile. Plumb ejected and parachuted into enemy hands. He was captured and spent 6 years in a communist Vietnamese prison. He survived the ordeal and now lectures on lessons learned from that experience.*

*One day, when Plumb and his wife were sitting in a restaurant, a man at another table came up and said, "You're Plumb! You flew jet fighters in Vietnam from the aircraft carrier Kitty Hawk. You were shot down!"*

*"How in the world did you know that?" asked Plumb.*

*"I packed your parachute," the man replied. Plumb gasped in surprise and gratitude. The man pumped his hand and said, "I guess it worked!" Plumb assured him, "It sure did. If your chute hadn't worked, I wouldn't be here today."*

*Plumb couldn't sleep that night, thinking about that man. Plumb says, "I kept wondering what he might have looked like in a Navy uniform: A white hat, a bib in the back and bell-bottom trousers. I wonder how many times I might have seen him and not even said, "Good morning, how are you?" or anything because, you see, I was a fighter pilot and he was just a sailor."*

*Plumb thought of the man hours the sailor had spent on a long wooden table in the bowels of the ship, carefully weaving the shrouds and folding the silks of each chute, holding in his hands each time the fate of someone he didn't know.*

*Now, Plumb asks his audience, "Who's packing your parachute?" Everyone has someone who provides what they need to make it through the day. Plumb also points out that he needed many kinds of parachutes when his plane was shot down over enemy territory—he needed his physical parachute, his mental parachute, his emotional parachute and his spiritual parachute. He called on all these supports before reaching safety.*

*Sometimes in the daily challenges that life gives us, we miss what is really important. We may fail to say hello, please or*

*thank you, congratulate someone on something wonderful that has happened to them, give a compliment or just do something nice for no reason.*

*As you go through this week, this month, this year, recognize people who pack your parachute.*

As I said, I received this story from a friend the day before I was having my yearly transplant exam at Cedars Sinai hospital. As I sat in the waiting room, I met a man who was caring for his wife who was in a wheelchair. We struck up a conversation, which is pretty common amongst transplant patients. Everyone wants to know each other's story. Anyhow, this man told me his wife's transplant story. She had received a replacement heart about 9 months ago and was not doing very well. She was having psychological issues as well as stamina problems. The man told me he was struggling as a caregiver for her as well. I noticed that he was wearing a USMC (U.S. Marine Corps) hat and so I pulled out the parachute story from my cellphone. As I read the story to the man, I could hear him tearing up. By the end of the story, the man was crying and I gave him a hug. He said the story could not have come at a better time for him. He said, "Sometimes we forget why we do what we have to do." I then understood why I had received the story the day before. It was for that man who needed some inspiration—some hope.

Who's packing your parachute?

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