

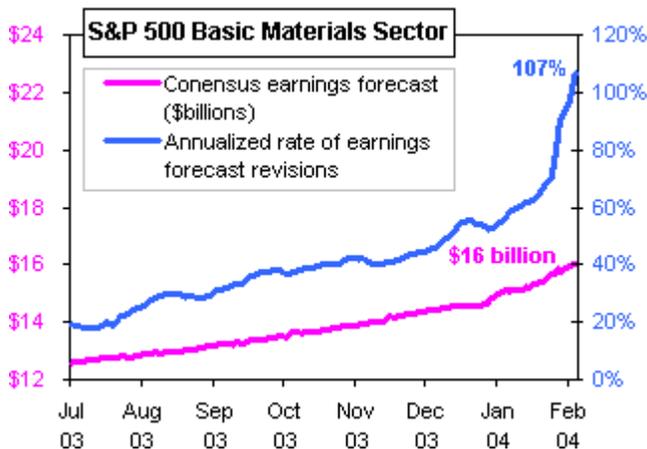
MACROCOSM

## If There's No Inflation, Then How Come...

Monday, February 23, 2004

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...basic materials sector earnings forecasts are exploding, and price hikes are starting to move through the pipeline?



Wall Street Journal: "U.S. steel prices have jumped at least 30% in less than two months and continue to rise with such frequency that suppliers can't predict them from week to week, causing buyers to stockpile supplies, scrounge for less-expensive alternatives and look for other ways to offset rising costs...Steel customers didn't expect this outcome when they successfully lobbied President Bush last year to drop tariffs on imported steel."

Reuters: "Procter & Gamble Co., one of the world's biggest tissue makers, on Thursday said it would raise tissue prices this summer to make up for rising pulp and energy prices."

The 5 to 6 percent price increases will come in the form of higher list prices and fewer promotions like coupons..."

East Bay Business Times: "Gas prices climbed for the seventh straight week last week, and chances are good the gains will increase even more in coming weeks..."

PR Newswire: "Gould Electronics today announced that it is increasing prices on all of its copper foil products. 'These double digit increases are necessary to offset higher raw material and energy costs. Over the last six months, copper metal has increased more than \$.40 per pound in the US, over \$.90/kilo in Europe. We have absorbed price decreases since the beginning of the printed circuit board industry downturn in spring of 2001, and this is the first meaningful price relief we have sought..."

The Telegraph: "The price of some building materials has gone through the roof, and that has at least one area developer concerned. ...plywood costs, especially the prices for oriented strand board (OSB), have increased dramatically in the last year."

Fox News: "Adolph Coors Co., the No. 3 U.S. brewer, said Thursday that quarterly profit jumped nearly 80 percent as price hikes for the company's beers outstripped sluggish volume growth."

Business Wire: "Praxair, Inc. is notifying merchant customers in the U.S. and Canada of the following price increases through the elimination of discounts, consistent with the terms and conditions of customer contracts:

-- 10% increase for nitrogen and oxygen

- 12% increase for argon and hydrogen
  - 5% increase for carbon dioxide (U.S.)
  - 10% increase for carbon dioxide (Canada)
- Helium customers recently received notice of price increases."

[PR Newswire](#): "Great Lakes Chemical Corporation today announced a worldwide list and off-list price increase of 7% for phosphate esters, effective for shipments as of March 1, 2004, where contracts allow. ...The company stated that the price increase is necessary due to ongoing increases in energy and raw material costs."

[Nashville Business Journal](#): "J. Alexander's expects menu price increases and continued gains in sales to offset the price of beef increase." **TM**