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Intelligence for Wholesale Distribution Professionals

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Prioritizing Big Data

Analytics growing in importance for distributors of all sizes

More than half (56 percent) of respondents to the latest MDM-Baird Distribution Survey plan to increase overall investment levels in analytic capabilities, which doesn't mean just an investment in technology platforms. It requires investment of time and people to effectively utilize the amount of data available, regardless of the level of maturity.

By Jenel Stelton-Holtmeier

More distributors are employing analytics in their businesses – and the types of analytics being deployed has matured over the last year, as well, according to the latest MDM-Baird Distribution Survey. While simple reporting tools, such as spreadsheets, still play a significant role in distributor analytics, nearly half of the survey respondents (44 percent) indicated they had moved up to dashboards and scorecards, which allow for some limited predictive capability. (See **Figure 1**.)

The survey polled 500 respondents from companies that account for roughly $100 billion in annual revenues.

Technology investment plays a central role in this growth. As new tools become available and more affordable, distributors have looked for ways to more effectively use the data they have. More than half of respondents (56 percent) plan to increase their overall investment levels, with an additional 35 percent holding them flat. Only 9 percent said they had decreased their investment levels for the year.

Based on responses to the survey, much of that investment will be directed at upgrading existing ERP systems. One respondent noted that the biggest challenge his company faced with regard to analytics was "Our ERP system – old technology and lots of workarounds."

The Investment Challenge

That increased investment, however, is

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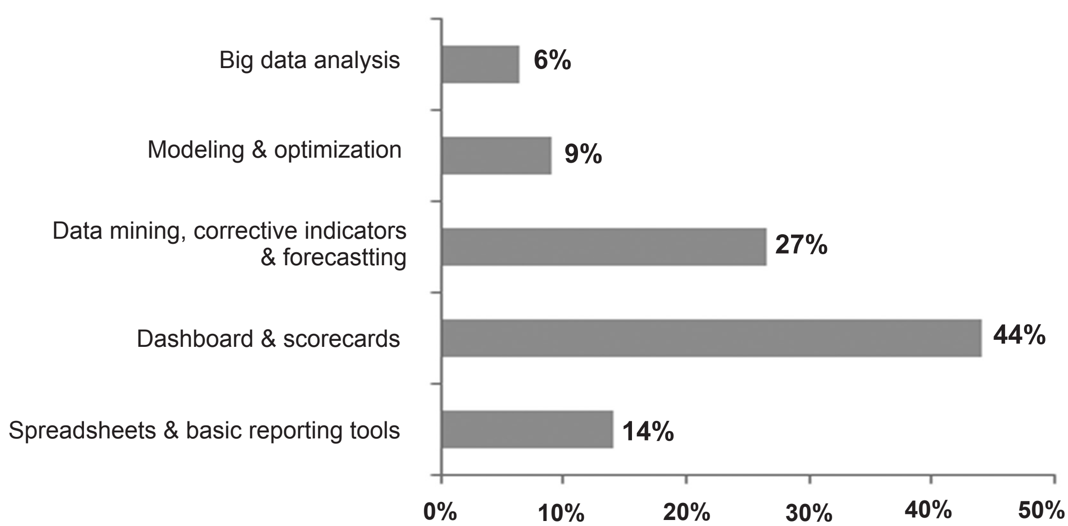
Figure 1: What best describes the level of maturity for analytics in your company?



INSIDE

PERSPECTIVE ■ Commentary by Eric Smith

Brighter Days Ahead for Oil & Gas?

Rock 'n' roll wasn't the only theme at this year's ISA Convention in Cleveland. As attendees walked the floor and discussed industry trends, they cited slumping oil & gas as a strain on their businesses and on the economy. Economists and CEOs have repeated that stark reality in a variety of outlook and earnings reports, many of which yielded soft first-quarter production indices and company incomes.

In the short term, this challenge will continue delivering a significant headwind for the U.S. economy. Because while falling oil prices are a blessing for shipping costs, they also delay energy-related projects in heavy manufacturing and extraction.

In the long term, as MSC Industrial President and CEO Erik Gershwind said recently during his company's earnings call, low energy prices could bode well for U.S. manufacturing. Lower energy prices mean "more dollars in consumers' pockets and that's more disposable income to spend."

Regardless, brighter days are ahead. Jeff Dietrich of ITR Economics told ISA Convention attendees that while his firm didn't forecast the market's collapse, it is encouraged by some recent trends in oil & gas that belie the host of negatives.

That includes the nation's declining dependence on foreign oil, which was 26.9 percent in 2014, down from 60.4 percent just nine years earlier, a number Dietrich expects to keep falling.

"When the next piece of data comes out we will be under 25 percent dependent on foreign oil," Dietrich said. "We're not dependent on foreign oil. If we closed our borders today, we could be independent in terms of our energy needs.

"If you are in the oil patch, if you are in Oklahoma or Texas, it's going to feel bad. And you're going to see or know people that have closed up shop or lost their jobs. But the fact is we are not building our budget GDP like Saudi Arabia, Nigeria or Venezuela on extracting oil, so it's not going to collapse the overall economy."

Yes, the struggling oil & gas market remains a pain point for many distributors and manufacturers. But the market won't drastically diminish the nation's financial footing, and that's music to anyone's ears.

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Prioritizing Big Data
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not solely focused on technology even if there is recognition of a need for investment in that area. As one respondent noted: "We need a new system, but our year-over-year growth is forcing us to focus on feeding our customers' needs for product. Which means we spent money on production space, instead of information systems."

There is still a lot of pent-up need for investment across all parts of an organization; and historically, technology has often taken a back seat when it comes to prioritizing limited dollars for investment. Existing systems still work, even if they are no longer the optimal route.

And investing in analytic capabilities isn't just an investment in technology platforms. It requires investment of time and people to effectively utilize the amount of data available, regardless of the level of maturity. One respondent noted that the biggest challenge around data and analytics in his company is "employees that are flexible to adapt and utilize new software and methods."

Another noted that the "skill to understand data is limited."

Companies need to invest in the platforms and the people – whether that means training existing employees or finding new people with the needed skillset – to tackle analytics effectively.

Dirty Data

By far, the biggest challenge for implementing an analytics strategy is around data quality, consistency, aggregation and standardization.

"The challenge with big data is that a lot of the data out there is dirty," says Jim Barnes, ISM Services managing partner. If the data is dirty, incorrect or incomplete, the results will be inaccurate and won't be able to return the desired results.

In addition, even if the data is accurate, many distributors rely on numerous sources to supply the data. The likelihood of that data being in a single, standard format is relatively low, which translates to more work to make it usable.

Distributors need "one version of the truth," a respondent wrote. "As a multichannel distributor, we have numerous sources of data to compile."

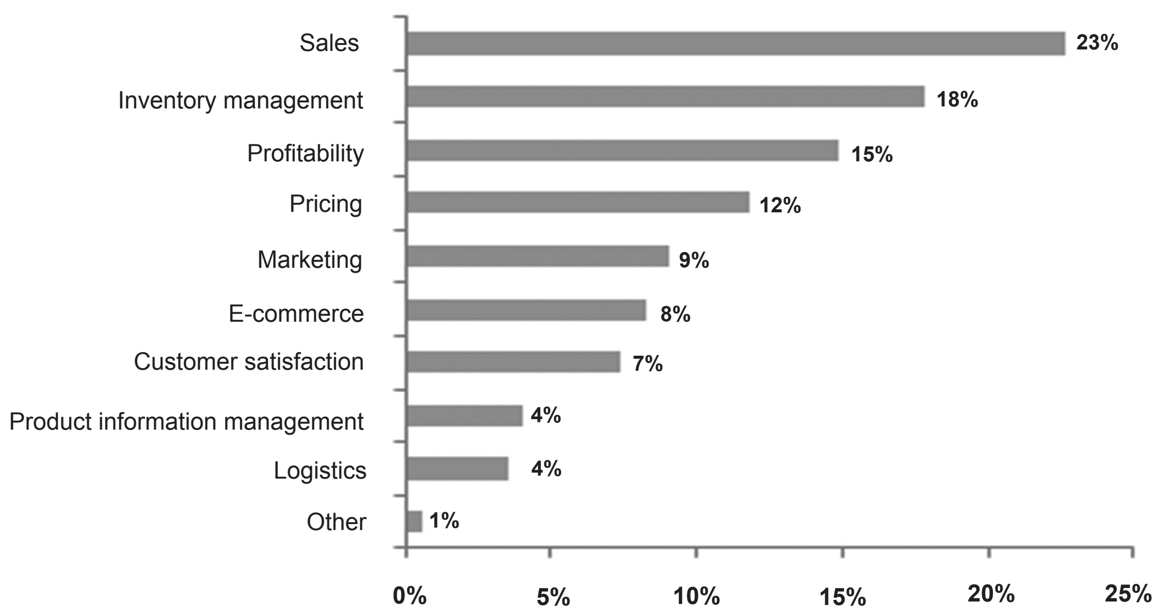
There's no easy solution for most distributors who simply don't have enough buying capacity to demand standardized data in a preferred format. Getting clean, usable data still requires an investment in time and people to do the "in-the-trenches" foundational work.

Analytics Priorities

Analytics can be used in every aspect of a business, but when it comes to application, distributors have clear priorities. Nearly one-quarter of respondents say sales is the top priority, with inventory management and profitability close behind (see **Figure 2**).

Market intelligence is a key differentiator

Figure 2: What are your top three analytics priorities in 2015?



today; companies with better visibility into their markets gain critical perspective that allows them to be proactive, rather than reactive, to competitive threats such as price wars, digital marketing channels or other forces outside their control.

Instead, a focus on their core differentiating products and service portfolio allows them to maintain sustainable margins and deepen their value to customers. They intentionally target the heart of the markets that yield the highest return on their invested resources.

The strategic use of analytics is expanding, and it will continue to be a competitive advantage for those who invest in it and move it forward internally.

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Amazon's B2B Move Reduces Threat

Amazon Business provides selling opportunities for distributors

Amazon Business has replaced AmazonSupply as the Internet retailer's B2B website, which hopes to bring businesses a B2C shopping experience to B2B.

By Eric Smith

Just three years after its launch, the sun has set on AmazonSupply. Last month, Amazon unveiled Amazon Business, the B2B marketplace that not only replaces AmazonSupply, but also reduces the competitive threat to distributors – including apparent targets such as Grainger, Fastenal and MSC Industrial – according to analysis from investment banking firm Robert W. Baird & Co.

"Amazon is a behemoth company with a lot of resources, and anytime they're trying to get into your market you need to be concerned," says David Manthey, Baird's senior research analyst, Industrial Distribution Services. "It's our view, though, that by broadening AmazonSupply and making it a part of Amazon Business with a much wider scope seems less threatening relative to the specific industrial supply space, which felt targeted."

The broadened scope of Amazon Business centers on bringing the Amazon B2C shopping experience to B2B, an "everything to everyone" strategy, as Baird calls it. The new service allows companies to sell their products on the site to other businesses, something they can do already for consumers, along with free two-day shipping on orders of $49 or more, business-specific pricing, purchasing approval and order tracking, among other features.

"(Customers) want the Amazon shopping experience when they're buying for work," says Prentis Wilson, the Amazon Business vice president who formerly led AmazonSupply. "That's what we've provided them. Now they have it. Amazon Business is a marketplace that's dedicated to serving the needs of business customers of all sizes. It's also a marketplace that serves the needs of both sellers and manufacturers that sell to those business customers."

Not only has the threat of AmazonSupply disappeared, but the Amazon Business model potentially gives distributors e-commerce opportunities that might not otherwise exist. Wilson said the biggest difference from AmazonSupply is that Amazon Business' model of third-party selling to other businesses gives companies an online channel, something many distributors have been slow to adopt despite more sales moving to e-commerce.

"(Amazon Business) is an e-commerce channel that's designed to support the needs of businesses, the way that they purchase," Wilson says. "And it's also designed to enable them to get access to a broad range of sellers and products, all in one location. It's something that our customers have been asking for for a long time,"

The marketplace model has worked well on Amazon's B2C side, with more than 2 million sellers shipping more than 2 billion units on the site, says Petra Schindler-Carter, director and general manager for Amazon Business Marketplace. That's what Amazon hopes to recreate with this reimagined B2B site, as it tries to capture the growing number of millennial buyers who look online first when buying for their companies.

"It is a great opportunity for sellers of all sizes to reach more customers," she says. "What the launch of Amazon Business really means, for these sellers and for new ones we have not yet worked with, is they can grow their sales and they can reach new types of customers. There's a new generation of business buyers out there who have grown knowing the ease of buying on

Amazon. They want that for their business buying as well."

Manthey says Amazon Business' third-party marketplace could give specialty distributors and smaller companies access to new customers, but the website might not be for everyone.

"Looking at the referral fees or how much it's going to cost or what the pricing is going to look like, plus you're competing with all the other distributors out there, I'm not sure it's going to be a great value proposition for the distributor; that remains to be seen," he says. "It will certainly give you a presence, but I'm not sure it's necessarily a presence that distributors are going to want based on the value they'll be able to generate from that presence."

As for the reduced threat that Baird highlighted in its analysis, Manthey says the Amazon Business model won't diminish the value proposition of distributors – specifically their technical savvy and product knowledge – because it won't have a dedicated sales force ensuring a buyer doesn't wind up, for example, with a pizza cutter when it wants a cutting tool.

"When you talk to them, you're not talking to an order taker, you're talking to an expert in metalworking or in safety products or in abrasives," Manthey says. "That's the one piece that Amazon is missing, just having a website with a lot of stuff is good but most customers are looking for a deeper level of understanding of those products and how they relate to their business."

Industry 4.0: Technology-Driven Change

Better information, broader automation creating a new supply chain model

Technology continues to introduce new disruptions to the supply chain. Jim Barnes, ISM Services managing director, recently spoke with MDM about the potential these disruptive technologies have for fundamentally changing how the supply chain operates.

By Jenel Stelton-Holtmeier

As the industry is poised on the edge of the fourth industrial revolution, also known as Industry 4.0, technology continues to drive innovation and change throughout distribution and manufacturing. From online sales to 3D printers and more, Industry 4.0 is focused on tying these technologies together and using better data to create a more efficient and flexible supply chain model.

At its core, the question really is "How are we really leveraging the Internet and the data that's out there?" says Jim Barnes, ISM Services managing director.

The Internet of Things

The idea of Industry 4.0 was first broadly introduced in 2012, and while there is wide recognition that technology and innovation have a key role to play in the future of the supply chain, in many ways the industry is still at the beginning stage of adoption for launching the next revolution.

For example, take the idea of the Internet of Things. More devices than ever are connected to the Internet, transferring more data between different points with less need for human interaction. The applications are countless at this point, but the industry is still at the early stages of understanding how to fully utilize its capabilities.

One area where the Internet of Things is starting to be adapted is with sensors, Barnes says. He recently worked with a large manufacturer of agricultural equipment that is exploring the use of sensors to improve production time of its equipment.

"They see a lot of opportunity to increase the uptime of machinery through smart sensors that let you know when something's about to go bad," which allows for better maintenance planning, he says. "That makes their products more valuable, more durable.

"And it gives them the opportunity to sell maintenance equipment around it, as well," he says.

It has also seen early adoption in expanding the capabilities of RFID beyond just sending a signal to notify a picker of where a product is located. Product information, related products, etc., can all be accessed through that signal.

The Internet of Things enables a quicker transfer of information to people about the products they are researching and buying, "information that helps them make better decisions," Barnes says.

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A Strategy of Change

Beyond the better, quicker access to information, other technology developments are driving the industry to significant change. Adoption of automation in more areas of business – from picking to procure-to-pay – is changing the role of procurement from a transactional role to a more strategic one.

"A professor speaking at a recent conference said 47 percent of current procurement people who are doing tactical work are going to be out of a job within five years" as businesses upscale to become more strategic, Barnes says.

In combination with lean processes, a strategic approach to procurement can have a significant effect on the top line for a distributor, he says. For example, one company Barnes works with has several locations operating with different procurement strategies. One uses a material requirements planning (MRP) process for procurement, with tactical people placing POs and generating MRP orders. "They have their hands full just dealing with the MRP," Barnes says.

A second, similar plant employs more Kanban and lean techniques to fulfill orders. "They're doing it with half the people of the first plant, and they've actually got larger sales," Barnes says.

Half of the procurement people at the second plant have a more strategic rather than tactical role, meaning they're doing more than just placing and fulfilling standard orders. They're working on new product introductions with engineers and interfacing with suppliers on new product innovations.

Approaching procurement strategically rather than tactically also allows for building stronger relationships with suppliers. They can become partners in innovation, developing products and processes that benefit everyone along the supply chain.

"There's a real challenge with strategic relationships between buyers and suppliers still," Barnes says. There's still too much of a focus on immediate returns and not the long term benefits of working together to bring something truly new to the market.

"Think about it. What's driving the innovation? Is a customer willing to pay for it? Otherwise, why are you doing it?" Barnes says. "The most advanced supply chains are consumer insight driven. It's not just the customer, it's the consumer and the value to that consumer. If you're not providing value to the customer, why are you doing it?"

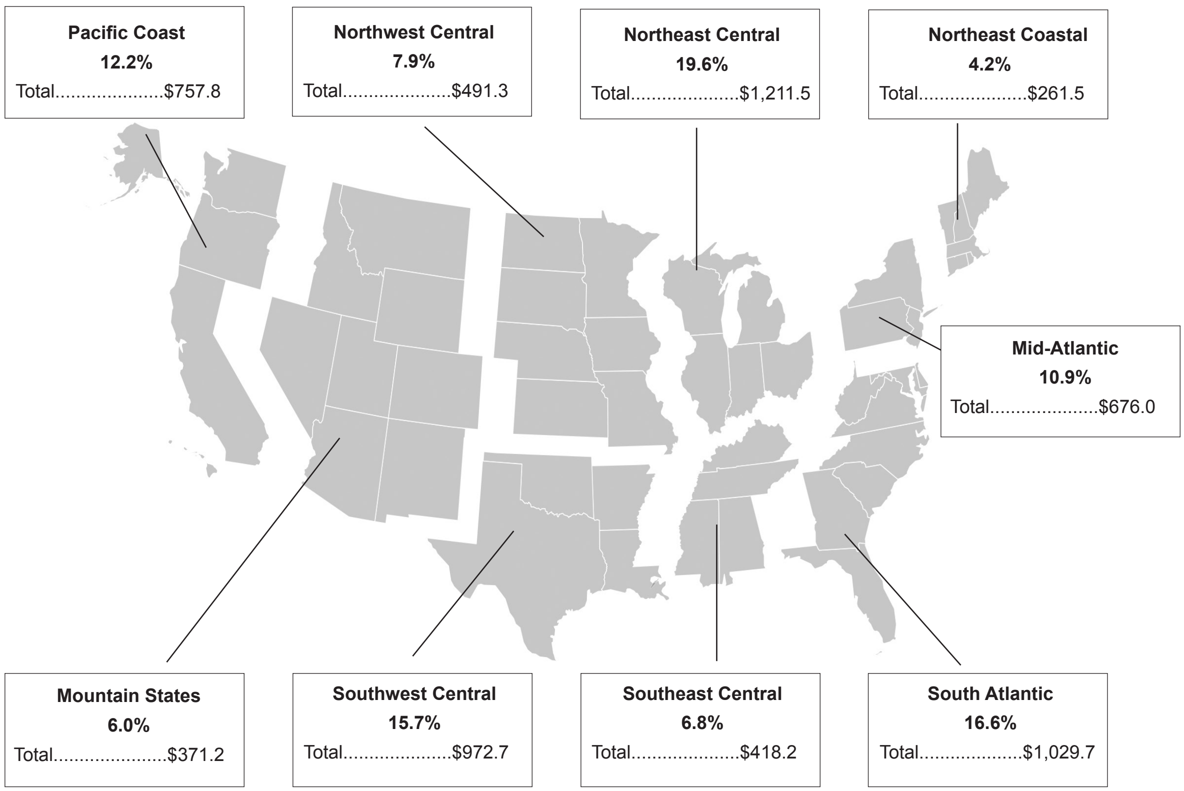
If it's something that is truly of value to the customer, they'll be willing to pay a premium for it, which, if the relationship is strong, will benefit all parties involved in creating the innovative process or product. While technology may appear to be taking people out of more of the supply chain and lessening the role of relationships, the reality is that it is changing the role of relationships and in some ways making them all the more important.

"All of these buzzwords – Industry 4.0, Internet of Things, big data – they aren't progressing at the pace everyone thought they would," Barnes said. But you can't discount them. "Over time they will make a difference – it can already be seen." But the industry is just at the very beginning of uncovering where all the opportunities are.

MARKET ANALYSIS: Welding Gases & Equipment Consumption in North America

Consumption of Welding Gases & Equipment in the U.S. was $6.2 billion in 2013, according to data from MDM Analytics (formerly Industrial Market Information). In Canada, consumption of Welding Gases & Equipment was $797.6 million and in Mexico consumption was $713.9 million. All estimates are 2013 end user demand, in U.S. dollars, including distributor margin.

■ U.S. End-User consumption of Welding Gases & Equipment by region, in millions of $ (2013 estimates)



U.S. Total 100%: $6,190.0

■ U.S. End-User Consumption of Welding Gases & Equipment: Top 10 End-Markets

Top 10 end-markets in $ volume, by NAICS code, consuming Welding Gases & Equipment (2013 estimates)

End User		Estimated Consumption
238220	Plumbing, Heating, and Air-Conditioning Contractors	$635.2 million
238120	Structural Steel and Precast Concrete Contractors	$193.7 million
811310	Commercial and Industrial Machinery and Equipment (except Automotive and Electronic) Repair and Maintenance	$189.3 million
238910	Site Preparation Contractors	$158.1 million
236220	Commercial and Institutional Building Construction	$152.9 million
325412	Pharmaceutical Preparation Manufacturing	$143.2 million
336411	Aircraft Manufacturing	$124.3 million
322121	Paper (except Newsprint) Mills	$115.7 million
213111	Drilling Oil and Gas Wells	$113.5 million
324110	Petroleum Refineries	$109.3 million

End-User Consumption of Welding Gases & Equipment in Canada

■ End-Market Size by Province (U.S.$)

Provinces	Estimated Consumption
Ontario	$301.4 million
Quebec	$165.8 million
Alberta	$153.8 million
British Columbia	$78.7 million
Manitoba	$29.7 million
Saskatchewan	$26.1 million
New Brunswick	$16.1 million
Nova Scotia	$13.5 million
Newfoundland and Labrador	$9.0 million
Prince Edward Island	$2.6 million
Northwest Territory	$0.5 million
Yukon	$0.4 million
Nunavut Territory	$0.1 million

■ Top 5 End-Markets for Welding Gases & Equipment

End-markets in $ volume, by NAICS code (2013 estimates)

6-digit NAICS	Description	Estimated Consumption
238220	Plumbing, Heating, and Air-Conditioning Contractors	$58.2 million
811310	Commercial and Industrial Machinery and Equipment (except Automotive and Electronic) Repair and Maintenance	$46.8 million
325412	Pharmaceutical Preparation Manufacturing	$22.7 million
238190	Other Foundation, Structure, and Building Exterior Contractors	$20.1 million
213111	Drilling Oil and Gas Wells	$18.8 million

Total Consumption in Canada: $797.6 million

End-User Consumption of Welding Gases & Equipment in Mexico

■ End-Market Size: Top 10 States (U.S.$)

States	Estimated Consumption
Distrito Federal	$138.6 million
Mexico	$105.0 million
Nuevo Leon	$69.6 million
Jalisco	$59.2 million
Coahuila De Zaragoza	$39.1 million
Guanajuato	$38.4 million
Veracruz Llave	$28.0 million
Chihuahua	$26.9 million
Puebla	$25.8 million
Queretaro De Arteaga	$24.6 million

■ Top 5 End-Markets for Welding Gases & Equipment

End-markets in $ volume, by NAICS code (2013 estimates)

6-digit NAICS	Description	Estimated Consumption
332313	Plate Work Manufacturing	$49.5 million
238120	Structural Steel and Precast Concrete Contractors	$41.7 million
336390	Other Motor Vehicle Parts Manufacturing	$34.8 million
325180	Other Basic Inorganic Chemical Manufacturing	$31.6 million
236220	Commercial and Institutional Building Construction	$30.4 million

Total Consumption in Mexico: $713.9 million

This market size estimate was compiled by MDM Analytics, Lafayette, CO. Learn more about MDM Analytics at www.mdm.com/analytics.

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Industrial & Construction Markets Update

VOL. 45, NO. 9 | MAY 10, 2015

3M 1Q Sales Down 3.2%

Diversified manufacturer 3M, St. Paul, MN, reported first-quarter sales of $7.6 billion, a year-over-year decrease of 3.2 percent. Organic local-currency sales grew 3.3 percent, while foreign currency translation reduced sales by 6.5 percent.

Profit of $1.2 billion was down slightly from the same period a year ago.

On a geographic basis, organic local-currency sales grew 5.6 percent in Asia Pacific, 3.6 percent in Latin America/Canada, 3.1 percent in the U.S. and 0.3 percent in EMEA (Europe, Middle East and Africa).

In the industrial segment, sales were $2.7 billion, down 4.3 percent from first quarter 2014. Organic local-currency sales increased 2.7 percent. Sales growth was led by aerospace and commercial transportation, automotive OEM and 3M Purification. Industrial segment operating income was $598 million, down 3.3 percent year-on-year.

In the electronics and energy segment, sales were $1.3 billion, a year-over-year increase of 0.8 percent. Organic local-currency sales increased 5.8 percent. Electronics and energy segment operating income was $283 million, up 24.3 percent year-on-year.

In the safety and graphics segment, sales were $1.4 billion, down 3.6 percent year-over-year. Organic local-currency sales increased 4.1 percent. Operating income was $335 million, an increase of 5.3 percent year-on-year.

In the health care segment, sales were $1.3 billion, down 3.3 percent. Organic local-currency sales increased 3 percent. Operating income was $408 million, down 4.3 percent year-on-year.

Consumer segment sales were $1 billion, down 2.9 percent. Organic local-currency sales increased 2.1 percent. Operating income was $240 million, up 5.2 percent year-on-year.

Distributor News

Amazon, Seattle, WA, has launched **Amazon Business**, a new marketplace on Amazon.com with features and benefits tailored to businesses.

Paris, France-based **Rexel** agreed to sell its Latin America operations to Paris-based **Sonepar** for an enterprise value of $51 million.

Rexel reported sales for the first quarter of 2015 of €3.3 billion (US$3.7 billion), up 7.1 percent over the same period a year ago. On a constant and same-day basis, sales were down 0.4 percent. Profit fell 52 percent to €20.7 million (US$23.1 million).

HVACR/plumbing distributor **F.W. Webb Co.**, Bedford, MA, has acquired **Grant Supply Co.**, a leading wholesale supplier of plumbing, heating and PVF products in Southern New Jersey.

Graybar, St. Louis, MO, has opened a new service center and warehouse in Pomona, CA.

Graybar has named Tammy Livers vice president, strategic accounts.

Motion Industries reported sales for the first quarter of $1.2 billion, up 3.4 percent from the previous year, including 1 percent growth from acquisitions. Operating profit increased 5.7 percent to $87.8 million.

Genuine Parts Co., Atlanta, GA, parent company of **Motion Industries**, reported sales for the first quarter of $3.7 billion, an increase of 3 percent compared to the prior year quarter. Profit increased 2 percent to $161 million.

Kaman Corp., Bloomfield, CT, reported first quarter sales of $442.8 million, up 8.5 percent over the same period a year ago. Profit increased 11.3 percent to $12.8 million. Sales for Kaman's distribution segment were $311.5 million, up 20.3 percent over the prior year period.

United Stationers Inc., Deerfield, IL, reported sales for the first quarter of $1.3 billion, up 6.2 percent from the prior-year quarter. The company reported a net loss of $4 million, down from a profit of $21.9 million a year ago.

United Stationers has appointed Timothy Connolly to COO and Janet Zelenka to senior vice president and chief information officer.

Applied Industrial Technologies, Cleveland, OH, reported sales for the fiscal third quarter ended March 31 of $680 million, a 10 percent increase year-over-year. Profit decreased 5.9 percent to $28.6 million. For the first nine months of the year, sales increased 14.9 percent from the prior-year period to $2.1 billion. Net income increased 5.2 percent to $87.4 million.

Arrow Electronics Inc., Centennial, CO, reported first quarter sales of $5 billion, a decrease of 1.6 percent from the previous year. Profit decreased 0.9 percent to $106.1 million.

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MARKETS UPDATE SUPPLEMENT P. 2

News Digest
Continued from p. 1 of this section

Avnet Inc., Phoenix, AZ, reported sales for the fiscal third quarter ended March 28 of $6.7 billion, a 0.8 percent increase year-over-year. Profit for the quarter increased 6.7 percent to $121.5 million. Year-to-date sales were $21.1 billion, up 3.3 percent over the same period the previous year. Year-to-date profit increased 15 percent to $413.2 million.

Avnet Electronics Marketing EMEA, a business region of technology distributor **Avnet Inc**, plans to combine the sales forces of its two semiconductor distribution organizations, **SILICA** and **Avnet Memec**, into one company.

ERIKS Germany, a division of Dutch distributor **ERIKS**, has acquired Germany-based **K&S Antriebssysteme GmbH & Co. KG**, which specializes in electric motors, gears and frequency converters.

US LBM Holdings LLC, Green Bay, WI, is for sale and could fetch $1 billion at auction, according to a report from Reuters.

US LBM Holdings LLC has agreed to acquire **Rosen Materials**, Sunrise, FL, and **Direct Cabinet Sales**, Dayton, NJ.

WESCO Distribution Inc., a division of **WESCO International Inc.**, Pittsburgh, PA, has agreed to acquire **Hill Country Electric Supply**, Austin, TX.

WESCO International reported sales for the first quarter of $1.8 million, up 0.3 percent compared to the same period the previous year. Profit decreased 9.4 percent to $47 million. Organic sales increased 3.2 percent.

Stellar Industrial Supply, Tacoma, WA, has agreed to merge with MRO and safety products distributor **Impact Industrial Supplies**, Tampa Bay, FL.

Interline Brands Inc., Jacksonville, FL, reported sales for the first quarter of $411.7 million, an increase of 4.9 percent year-over-year. The company reported a loss for the quarter of $3.8 million, compared to $6.1 million for the prior-year quarter.

Anixter International Inc., Glenview, IL, reported first-quarter sales of $1.4 billion, an 8.7 percent increase year-over-year. Organic sales increased by 2.2 percent. Profit declined 30 percent to $26.5 million.

Builders FirstSource Inc., Dallas, TX, reported sales for the first quarter of $371 million, a 7.2 percent increase year-over-year. The company reported a loss of $7.1 million, compared to a loss of $3.4 million in the first quarter of 2014.

Airgas Inc., Radnor, PA, reported sales for the fiscal full year 2015 ended March 31 of $5.3 billion, an increase of 4.6 percent from the previous year. Profit for the year increased 4.9 percent to $368.1 million. Organic sales increased 3 percent. Fourth quarter sales were $1.3 billion, an increase of 2.7 percent compared to the previous year. Profit for the quarter decreased 0.7 percent to $87.7 million. Organic sales in the quarter were up 2 percent.

Praxair Inc., Danbury, CT, reported sales for the first quarter of $2.8 billion, a 9 percent decrease year-over-year. Profit decreased 7.1 percent to $416 million. Organic sales growth of 1 percent was driven by higher price.

L&W Supply reported sales of $334 million for the quarter, a year-over-year increase of 11.3 percent. Operating profit was $4 million, compared to $1 million the previous year.

USG Corp., Chicago, IL, parent company of **L&W Supply**, reported sales for the first quarter of $909 million, up 7 percent from the same period a year ago. Profit decreased 46.7 percent to $24 million.

MRC Global Inc., Houston, TX, reported sales for the first quarter of $1.3 billion, a decrease of 1 percent year-over-year. Profit increased 23.6 percent to $29.1 million.

Huttig Building Products Inc., St. Louis, MO, reported sales for the first quarter of $147.4 million, an increase of 9 percent compared to the same period a year ago. Net income was break-even compared to a net loss of $4 million in the first quarter of 2014.

A. M. Castle & Co., Franklin Park, IL, a global distributor of specialty metal and plastic products, reported first quarter sales of $222.2 million, down 12.3 percent year-over-year. The company reported a loss of $20.7 million for the quarter, compared to a loss of $16 million the prior year.

Lawson Products Inc., Chicago, IL, reported sales for the first quarter of $69.9 million, an increase of 1 percent from the previous year, with average daily sales also up 1 percent. The MRO distributor reported a loss for the first quarter of $1.4 million, compared to a loss of $3 million for the same period a year ago.

Stock Building Supply Holdings Inc., Raleigh, NC, reported sales for the first quarter of $297.6 million, an increase of 6.3 percent from the prior-year quarter. Profit was $1.9 million, compared to a loss of $3.3 million in the first quarter of 2014.

Reliance Steel & Aluminum Co., Los Angeles, CA, reported sales for the first quarter of $2.6 billion, up 2.4 percent from the first quarter of 2014. Profit for the quarter rose 16.2 percent to $101.3 million.

Pool Corp., Covington, LA, reported sales for the first quarter of $450.4 million, up 11 percent from the prior year. Profit increased 101 percent to $8.4 million.

DGI Supply, Wheeling, IL, a **DoALL** Company, has launched a new e-commerce website.

SRS Distribution, McKinney, TX, a roofing distribution holding company, has opened two new **Roofline Supply & Delivery** locations in Castroville, CA, and Honolulu, HI.

The **Bossard Group**, Switzerland, has appointed Frank Hilgers to the group's executive committee.

Electrical and industrial distributor **Horizon Solutions**, Rochester, NY, has named Mike Herrmann as president and CEO.

North American buying group **Affiliated Distributors**, Wayne, PA, reported sales for the first quarter for all AD members, across all seven divisions, grew by 7 percent year-over-year to $7.9 billion.

Economic News

The **Chicago Fed National Activity Index** moved down to -0.42 in March from -0.18 in February. The index's three-month moving average, **CFNAI-MA3**, decreased to -0.27 in March from -0.12 in February.

Real gross domestic product – the value of the production of goods and services in the U.S., adjusted for price changes – increased at an annual rate of 0.2 percent in the first quarter of 2015, according to the "advance" estimate released by the Bureau of Economic Analysis. In the fourth quarter, real GDP increased 2.2 percent.

New orders for manufactured durable goods in March increased 4 percent to $240.2 billion, according to the U.S. Census Bureau.

March 2015 **construction spending** was estimated at a seasonally adjusted annual rate of $966.6 billion, 0.6 percent below the revised February estimate of $972.9 billion, according to the U.S. Census Bureau of the Department of Commerce. The March figure is 2 percent above the March 2014 estimate of $947.3 billion.

Construction employment expanded in 249 metro areas, declined in 56 and was stagnant in 53 between March 2014 and March 2015, according to a new analysis of federal employment data by the Associated General Contractors of America.

The April **PMI** was 51.5 percent, in the latest Manufacturing ISM Report on Business, the same reading as in March. The **New Orders Index** registered 53.5 percent, an increase of 1.7 percentage points.

The **Conference Board Leading Economic Index** for the U.S. increased 0.2 percent in March to 121.4. The **Coincident Economic Index** and the **Lagging Economic Index** increased 0.1 percent and 0.4 percent, respectively.

Canadian investment in new housing construction increased 2.4 percent to C$3.5 billion (US$2.9 billion) in February, according to Statistics Canada.

First quarter **Canadian investment in nonresidential building construction** decreased 1.2 percent from the previous quarter to C$12.9 billion (US$10.6 billion), following three consecutive quarters of growth. This decline was largely the result of lower spending on the construction of commercial buildings.

The **Canadian Industrial Product Price Index** increased 0.3 percent in March, largely as a result of higher prices for energy and petroleum

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News Digest

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products. The **Raw Materials Price Index** declined 0.9 percent in March, largely due to lower prices for crude energy products.

Canadian wholesale sales declined 0.4 percent to $53.6 billion, according to Statistics Canada. Sales were down in three of seven subsectors, accounting for 51 percent of wholesale sales. In volume terms, wholesale sales fell 0.7 percent.

Compared with January 2015, February **seasonally adjusted production in the construction sector** fell by 1.8 percent in the euro area (EA19) and by 1.2 percent in the EU28, according to Eurostat, the statistical office of the European Union. Compared with February 2014, production in construction fell by 3.7 percent in the euro area and by 2.4 percent in the EU28.

The **ISA Manufacturer Index** slipped from 62.5 in February to 62.2 in March. The **ISA Distributor Index r**ose from 63.4 in February to 66.8 in March. This indicated accelerating growth in March for distributors but a slight softening for manufacturers.

Manufacturer News

Abrasive power tool manufacturer **Dynabrade Inc**., Clarence, NY, has acquired **National Detroit Inc**., Rockford, IL, a manufacturer of pneumatic abrasive power tools.

Graco Inc., Minneapolis, MN, reported sales for the first quarter of $306.5 million, a 6 percent increase from the same period a year ago, including organic sales growth of 5 percent and 5 percent growth from acquired operations, partially offset by 4 percent currency translation headwinds. Profit increased 36 percent to $68.8 million.

Ingersoll-Rand plc, Swords, Ireland, reported sales for the first quarter of $2.9 billion, a 6 percent increase over the same period a year ago. Profit decreased 35.1 percent to $51.3 million.

Parker Hannifin Corp., Cleveland, OH, reported sales for the fiscal third quarter ended March 31 of $3.2 billion, down 6 percent year-over-year. Profit increased 18 percent to $285.5 million. For the first nine months of the fiscal year, sales were $9.6 billion, down 1.3 percent over the prior-year period. Profit increased 12.5 percent to $832.7 million.

Illinois Tool Works Inc., Glenview, IL, reported sales for the first quarter of $3.3 billion, down 6.4 percent from the previous year. Organic sales were up 1 percent. Profit decreased 3.2 percent to $458 million.

Pentair plc, Manchester, UK, reported sales for the first quarter of $1.5 billion, down 10 percent compared to sales for the same period last year. Core sales decreased 4 percent. Profit was $113.9 million, down 4 percent from the first quarter of 2014.

The Timken Company, Canton, OH, reported first quarter sales of $722.5 million, down 2 percent year-over-year. The company reported a loss of $135.2 million, compared to a profit of $83.5 million in the same period the prior year.

TimkenSteel Corp., Canton, OH, reported sales for the first quarter of $388.7 million, down 0.2 percent year-over-year. Profit decreased 79.5 percent to $6.9 million.

Hubbell Inc., Shelton, CT, reported sales for the first quarter of $809.7 million, an increase of 7 percent over the same period a year ago. Profit declined 2.8 percent to $62.4 million.

Swedish manufacturer **Sandvik** reported sales for the first quarter of SEK 23.3 billion (US$2.7 billion), a 12.3 percent increase year-over-year. Profit for the quarter decreased 72.5 percent to SEK 410 million (US$47.6 million).

Lincoln Electric Holdings Inc., Cleveland, OH, reported sales for the first quarter of $657.9 million, a 4 percent decrease from the previous year. Profit increased 21.1 percent to $68.4 million.

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