

PRICING AND PURCHASING SERVICE

TIMELY, ACCURATE COST AND PRICE FORECASTS AND ANALYSIS HELPS BUYERS NEGOTIATE PRICES EFFECTIVELY, STRATEGICALLY TIME PURCHASES, AND GENERATE COST SAVINGS



**GLOBAL
INSIGHT**



▶ **ENABLING SMARTER PURCHASING DECISIONS AND SUPPLY CHAIN SAVINGS**

Forecasting over 1,300 commodity prices and wages across the globe, the Pricing and Purchasing Service uses a rigorous analytic framework to provide an in-depth look at price formation.

OVER 1,300 GLOBAL PRICES, WAGES, AND COSTS

- Wages and benefits
- Petroleum products
- Electricity and gas
- Chemicals
- Nonferrous metals
- Building materials
- Steel
- Electronic components
- Industry machinery and equipment
- Paper and packaging
- Transportation and logistics

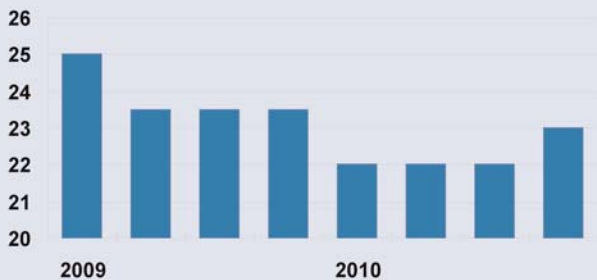
Detailed 10-year forecasts and analysis of prices, costs, demand, productivity, and margins enable clients to:

- Understand supplier cost structures
- Quantify sources of price change
- Assess supplier price quotes
- Benchmark company performance
- Establish target prices, monitor prices, and time buys

▶ **BENEFIT FROM OUR BREADTH OF MARKET EXPERTISE AND OUR PROVEN COST MODELING FRAMEWORK**

VALVE ORDER BOOKS STILL APPEAR WEAK

(CONTROL VALVE LEAD TIMES, MONTHS, SOURCE: IHS CERA)



CHINA, BRAZIL AND SAUDI ARABIA DRIVING PETROLEUM CAPITAL EXPENDITURES

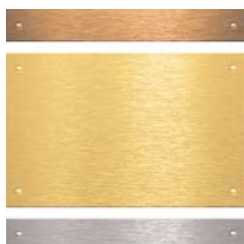
(BILLIONS OF 2005 US DOLLARS)



PRICING AND PURCHASING SERVICE

► OUR CLIENTS HAVE REAPED COST SAVINGS FROM APPLYING THE PRICING AND PURCHASING SERVICE'S INSIGHTS TO THEIR BUSINESS PROCESSES

Publications



I buy aluminum for my manufacturing operations. The **Commodity Price Watch** provides monthly analysis on price changes and the fundamentals driving key costs to help me get the best deal on the items I buy.



I am a defense contractor looking for price in dices to be used in escalator clauses. I use the **Cost Planner** to evaluate ten-year annual forecasts for prices and wages, so I can choose the best index



I work in auto manufacturing and lock into contracts for steel and fabricated metal buys. I use the written analysis from the **Supply Manager** so I know whether or not to accept price increases, or to hold out for a better offer.



Some of mining and energy companies' biggest costs are labor, metals, chemicals, and fuel costs. Our **Capital Cost Planner** provides detailed information on market drivers, material prices and wage rates.

► OUR ACCURACY IS YOUR ADVANTAGE

INDUSTRIAL VALVES IHS GLOBAL INSIGHT ANNUAL DATA THROUGH 2010

Key Input Costs	Share	Historical Data			
		2007	2008	2009	2010
LABOR	36.9%				
AHE, Fabricated Metal Products (US\$/hour)	36.9%	16.53	17.00	17.49	17.94
%		0.6	0.8	0.7	0.5
MATERIALS	59.9%				
Merchant Bar Carbon Steel, Spot Price (US\$/Short Ton)	5.1%	632.2	898.5	732.9	734.3
%		12.9	42.1	-18.4	0.2
Price, Bolts Nuts Rivets and Washers	6.8%	126.0	133.5	132.0	131.8
%		5.6	6.0	-1.2	-0.1
Price, Fabricated Metal Products (2003=100.0)	8.3%	122.1	131.2	131.8	133.0
%		4.3	7.4	0.5	0.8
Price, Standard Malleable Iron Castings	8.6%	136.9	157.8	143.5	153.8
%		3.4	15.3	-9.1	7.2
Price, Steel Foundries Except Investment (2003=100.0)	12.4%	133.6	140.6	139.2	144.2
%		7.8	5.3	-1.0	3.6
Price, Copper Foundries Except Die Castings	5.8%	173.2	183.9	176.5	203.1
%		11.1	6.2	-4.0	15.1
Price, Copper Rolling Drawing and Extruding (2003=100.0)	4.2%	252.7	249.2	212.4	260.5
%		5.5	-1.4	-14.8	22.7
Price, Supplies for Manufacturing Industries	8.7%	111.2	116.4	114.7	117.5
%		1.1	4.7	-1.5	2.4
ENERGY	3.2%				
Price, Industrial Electric Power	3.2%	123.7	129.7	130.7	132.6
%		4.4	4.9	0.7	1.4

▶ HANDS-ON WEB-BASED DATA WIZARDS ALLOW CLIENTS TO ANALYZE A SINGLE BUY OR EVALUATE THE PERFORMANCE OF AN ENTIRE SUPPLY CHAIN

Powerful tools for cost estimators

Cost Analyzer: This web-based tool offers a simple and effective way to perform customized price analysis, evaluate supplier costs, identify and monitor escalators for forward pricing, and benchmark company performance. Key features include:

- Quarterly forecasts for detailed spot market prices, producer and consumer price indexes, and industry and occupational wages
- Ability to easily create custom workbooks, including composite forecasts
- Two separate modules deliver forecasts based on functional application

Cost Analyzer: Provides access to over 1,300 global prices and wages. Allows users to construct and save composite reports that track product and input cost escalation.

Purchasing Analyzer: Provides the total market perspective for over 250 sectors. Delivers commodities' underlying cost structure and the price movements of key input costs. Allows users to compare and contrast prices, productivity, input costs, and market demand to better understand supplier margins.

WEIGHT/FUNCTION	SHORT LABEL	2008 Q2	2009 Q2	2009 Q4	2010 Q1	2010 Q2
	My Weighted Average	0.017	-0.090	0.704	0.754	0.097
Percent Change	My Weighted Average	-4.784	13.089	0.905	7.010	19.040
20.1%	United Kingdom, Exchange Rate, U.K. Pound Sterling Per Euro	0.800	0.872	0.905	0.907	0.855
Percent Change	United Kingdom, Exchange Rate, U.K. Pound Sterling Per Euro	-3.084	-0.909	3.784	-1.989	-3.833
15.1%	Brazil, Spot Price, Iron Ore, Units: \$/MTU	68.226	66.226	68.226	68.226	112.809
Percent Change	Brazil, Spot Price, Iron Ore, Units: \$/MTU	0.000	0.000	0.000	0.000	88.348
30.2%	EU27, Cold-Rolled Steel Sheet, Units: US\$/Metric Tonne	602.667	656.667	656.667	708.000	667.333
Percent Change	EU27, Cold-Rolled Steel Sheet, Units: US\$/Metric Tonne	-12.062	14.270	-0.426	3.267	25.330
24.6%	United States, Spot Price, Ferrous Scrap No. 1 Bunching Three City Avg, Units: \$/Dross Ton	198.530	307.117	306.777	408.560	471.947
Percent Change	United States, Spot Price, Ferrous Scrap No. 1 Bunching Three City Avg, Units: \$/Dross Ton	-13.267	54.699	-0.111	33.166	15.909
	World, Copper LME Spot, Am Close Cash Price, Units: \$/Metric Ton	4602.396	5558.372	6649.045	7231.650	7026.748
Percent Change	World, Copper LME Spot, Am Close Cash Price, Units: \$/Metric Ton	30.021	25.652	13.497	8.766	-2.037
10.1%	World, Nickel LME Spot, Am Close Cash Price, Units: \$/Metric Ton	12014.242	17694.309	17546.279	19952.038	22469.214
Percent Change	World, Nickel LME Spot, Am Close Cash Price, Units: \$/Metric Ton	23.300	37.014	-0.607	13.710	12.611
	United States, Benzene Global Insight Estimated U.S. Market Price	197.607	312.000	281.000	365.667	331.667
Percent Change	United States, Benzene Global Insight Estimated U.S. Market Price	62.400	57.041	-9.930	20.572	-6.749
	United States, Ethylene Oil Estimated U.S. Market Price, Units: Cent/Lb.	31.600	32.287	40.333	52.333	45.883
Percent Change	United States, Ethylene Oil Estimated U.S. Market Price, Units: Cent/Lb.	0.000	2.430	25.010	29.112	-12.090
	United States, Hi-Density Pe Resin Blow Molding Oil Estimated U.S. \$/Hrs.	64.000	87.000	81.000	72.333	73.000
Percent Change	United States, Hi-Density Pe Resin Blow Molding Oil Estimated U.S. \$/Hrs.	0.724	5.555	7.010	-10.579	0.922

CASE STUDY

Building Materials Manufacturer Saves on Aluminum.

Client Need:

A building materials manufacturer was faced with locking into a new long-term contract for aluminum, and was looking to strategically time his buy according to future price forecasts.

IHS Global

Insight Solution:

Our expert, John Mothersole, predicted a significant unwinding of aluminum prices in 2009. The client, armed with that forecast, floated aluminum purchases on the spot market for a few months before locking in a contract price.

The Result:

A building materials manufacturer in Europe saved 10-15% on aluminum purchases in 2009.

THE POWER OF PERSPECTIVE

ABOUT IHS GLOBAL INSIGHT: IHS Global Insight provides the most comprehensive economic and financial information on countries, regions, and industries available from any source. IHS Global Insight's immediate and insightful analysis of market conditions and key events enables innovative and successful decision making for clients around the world. IHS Global Insight employs approximately 700 employees in 13 countries.

CONTACT US

Web: www.ihs.com

E-mail: info@ihsglobalinsight.com

NORTH AMERICA

U.S./Canada 1 800 933 3374

EUROPE

Frankfurt +49 (0)69 20973 0
London +44 (0)20 3159 3300
Milan +39 02 72546 301
Paris +33 (0)1 76 76 0003

AFRICA

Pretoria +27 (0)12 665 5420

AUSTRALIA

Sydney +61 2 8884 0000

MIDDLE EAST

London +44 (0)20 3159 3300

ASIA

Beijing +86 10 6505 2966
Gurgaon +91 124 454 2600
Shanghai +86 21 6141 3866
Singapore +65 6576 5300
Tokyo +81 (0)3 5791 7291