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ECONOMIC UPDATE

Number 67 • December 2025

EXECUTIVE SUMMARY

ECONOMY: U.S. MANUFACTURING REMAINED UNDER PRESSURE THROUGH THE EARLY FALL, with the ISM Manufacturing PMI slipping to 48.2 in November from 48.7, marking a ninth straight month of contraction as tariffs continued to weigh on new orders, employment, and input costs. **Producer prices rose 0.3% in September**, driven by a sharp 3.5% increase in energy, while core PPI edged up 0.1%. **Consumer spending increased 0.3% in September** after a strong stretch of gains, though households grew more cautious as inflation and labor-market softness persisted; core PCE rose 0.2% and 2.8% year-over-year. **Retail sales increased 0.2% in September**, reflecting both elevated prices and moderating demand, while **consumer confidence fell to 88.7 in November** amid concerns about inflation, jobs, and financial strain. **The labor market showed mixed signals as nonfarm payrolls rose by 119,000 in September** but **the unemployment rate ticked up to 4.4%**. Business investment strengthened, with **core capital goods orders and shipments each climbing 0.9% in September**, and **factory orders advancing 0.2%**. **Industrial production was flat in September**, while **construction spending rose 0.2% in August**, driven by renovations rather than new single-family building. **Existing home sales increased 1.2% in October** as buyers responded to lower mortgage rates, though affordability and labor-market uncertainty remained constraints. **The U.S. trade deficit narrowed sharply in August to \$59.6B**, with imports falling 5.1% as firms adjusted to tariff-driven costs.

STEEL: POLICY PRESSURE AND STRATEGIC REALIGNMENT RESHAPED THE LANDSCAPE, as Canada imposed new global tariffs on derivative steel imports and prepared a federal Buy Canadian requirement for major contracts. U.S. decisions also carried weight: Pennsylvania barred Mexican conduit on state-funded projects, and the administration signaled renewed scrutiny of Section 232 policy. Varsteel expanded through another service-center acquisition and Nippon Steel advancing site selection for a new \$4B U.S. EAF complex. Algoma accelerated its blast-furnace shutdown under tariff pressure, while U.S. Steel continued to navigate golden-share oversight tied to the Nippon transaction.

AUTOMOTIVE: HYBRIDS AND TRADE DYNAMICS SHAPED MOMENTUM, as Toyota committed nearly \$1B to expand U.S. hybrid production amid strong demand. Ford and Hyundai reported EV softness following the loss of the federal tax credit, with buyers shifting toward hybrids. Tesla faced new legal pressure over alleged Autopilot-related patent infringement. Meanwhile, Volkswagen and Rivian advanced joint-software testing in Europe, hinting at future crossover into combustion platforms.

ENERGY: DEMAND UNCERTAINTY AND PROJECT PAUSES DEFINED THE MONTH, as Exxon froze development of its large Baytown hydrogen plant due to weak long-term offtake and rising costs. The IEA projected continued global oil and gas demand growth through 2050, paired with a sharp increase in LNG capacity by 2030. Policymakers across the U.S. and Europe weighed the implications of grid constraints, rising data-center load, and geopolitical supply risks as energy markets tightened.

MEDICAL: PIPELINE FUNDING AND REGULATORY PROGRESS ACCELERATED, with Merck securing \$700M from Blackstone to advance its late-stage oncology asset sac-TMT. The FDA cleared Axogen's Avance Nerve Graft with up to 12 years of market exclusivity, positioning the product for wider reimbursement and early-2026 commercialization. Medicaid drug-pricing reform also advanced, as CMS unveiled a new international-reference model allowing states to buy at aligned global prices beginning in 2026.

AEROSPACE: ORDERS, RECALLS, AND SUPPLY-CHAIN REALIGNMENT SHARED THE SPOTLIGHT, as Boeing regained footing at the Dubai Airshow through a 75-jet provisional deal with flydubai and neared completion of its Spirit AeroSystems acquisition. Airbus faced a major operational challenge, issuing one of its largest recalls for 6,000 A320-family aircraft due to a software vulnerability linked to solar-flare data corruption. Emirates expanded its A350-900 fleet, and freighter demand remained firm with new A350F and A320neo commitments across the region.

COMMODITIES: TARIFFS AND MARKET REPOSITIONING CONTINUED, with India weighing renewed steel-import duties to counter low-priced Chinese material. China's trade surplus topped \$1T as manufacturers redirected exports toward Europe and Australia to bypass U.S. tariffs. Lithium markets continued to diversify, with Australia's Anson Resources advancing nuclear-grade supply opportunities while EV-supply-chain partnerships evolved more slowly.

OVERSEAS: GEOPOLITICS, INDUSTRIAL STRATEGY, AND TECHNOLOGY INVESTMENT CONVERGED, as Europe debated adjustments to its 2035 engine phase-out and expanded ESA funding by nearly 30%. Iran's enriched-uranium levels reached record highs before becoming untrackable after U.S. strikes, intensifying diplomatic tensions. China extended its lead in industrial automation with a record 54% share of global robot installations, while Germany emerged as Europe's top AI-leadership hub.

THE AMERICAS:

Varsteel has expanded its footprint across Canada, acquiring Quebec-based Victoria Steel as part of a broader growth strategy that includes its 2024 purchase of Pacific Steel in Laval. While terms were not disclosed, Varsteel said the deal enhances its coast-to-coast presence, broadens its structural steel product range, and improves delivery times for customers. The company emphasized that the acquisition aligns with its ongoing push to scale capabilities through targeted service center additions. Victoria Steel will continue operating independently under its existing management team, a structure Varsteel says will support continuity while deepening market reach.

Pennsylvania's Commonwealth Court has handed Zekelman Industries a key trade victory, ruling that state-funded projects cannot use Mexican-made steel conduit after determining Mexico's practices discriminate against Pennsylvania producers. The decision adds Mexico to the state's Foreign Registry Docket and stems from Wheatland Tube's 2024 petition alleging dumped conduit that contributed to U.S. facility closures. Zekelman executives said the ruling protects local manufacturing jobs and highlights the importance of conduits in public works construction. Company leaders believe the case could encourage other states to enforce similar statutes, complementing Zekelman's ongoing federal efforts, including a pending Section 232 derivative inclusion request that may result in new tariffs later this year.

The Coalition for a Prosperous America is urging the Trump administration to keep Section 232 measures centered on domestic production goals, cautioning against using steel and aluminum tariffs as part of broader negotiations with the EU on technology rules. CPA President Jon Toomey said recent tariff adjustments and waivers have added pressure on downstream manufacturers, with U.S. mill utilization still below the policy's 80% benchmark. The organization is asking the administration to engage directly with domestic producers and maintain Section 232's role in supporting U.S. manufacturing and supply chain capacity.

Nippon Steel is narrowing potential locations for a new U.S. steel plant, aiming to finalize a short list by next summer and select a site by late 2026. The project calls for two electric arc furnaces with a combined capacity of roughly 3 million tons and an estimated cost of \$4B. Site criteria includes land availability, power access, transportation infrastructure, workforce considerations, and regional steel demand. Bloomberg reported that two or three states are likely to make the final round, with a decision expected in early 2027. Neither U.S. Steel nor Nippon commented on the timeline.

Lock Joint Tube has acquired Atkore's Tectron mechanical tube facility in De Pere, Wisconsin, adding a seventh manufacturing location to its North American footprint. The plant produces mechanical tubing in multiple shapes and wall thicknesses for markets including agriculture, conveyors, off-road vehicles, and lawn and garden equipment. LJT said the purchase expands capacity and supports its focus on service and continuous improvement, while Atkore noted the divestiture will allow it to concentrate on its electrical infrastructure portfolio. Terms of the transaction were not disclosed.

Algoma Steel is laying off roughly 1,000 workers and accelerating the shutdown of its blast furnace operations, citing U.S. tariff pressures that have reshaped competitiveness in the integrated North American market. The Sault Ste. Marie producer now plans to close its blast furnace and coke-making facilities in early 2026, one year ahead of schedule, as it prepares to transition to electric-arc furnace steelmaking. Company officials said the tariff environment has sharply limited access to U.S. customers, prompting earlier restructuring and job cuts effective March 23, 2026. The announcement follows recent leadership changes and C\$500M (\$370M) in government loans supporting Algoma's EAF buildout.

Canada has announced a new package of steel-protection measures, including a global 25% tariff on selected steel-derivative imports such as wind towers, fasteners, wires, and prefabricated buildings. The plan tightens tariff-rate quotas for non-FTA partners to 20% of 2024 levels and reduces quotas for FTA countries outside USMCA to 75%, aiming to curb import pressure and support domestic mills. Ottawa also outlined a forthcoming Buy Canadian policy requiring contracts over C\$25M (\$18M) to prioritize domestic materials across federal procurement and grant programs. Prime Minister Mark Carney said the moves are designed to strengthen steel and lumber producers amid shifting U.S. trade policies, estimating the measures could unlock over C\$1B (\$740M) in new domestic demand.

President Trump has exercised his "golden share" rights in U.S. Steel, appointing Under Secretary of Commerce William Kimmitt as his designee with consent authority over key decisions such as capital investment reductions, offshore production transfers, and facility closures. He also named David Shapiro, chief counsel of the Commerce Department's Investment Accelerator, to serve as an independent director on U.S. Steel's board. The Class G golden share was created under a national security agreement tied to Nippon Steel's acquisition, granting the president oversight for the duration of his term before authority shifts to Treasury and Commerce.

THE AMERICAS:

The administration has already used these powers once, pressing U.S. Steel in September to maintain output at Granite City Works.

The U.S. government has launched a new program aimed at lowering Medicaid prescription drug costs by tying prices to those paid in eight other developed countries starting in 2026. CMS said the voluntary initiative, called the Generous Model, will allow participating states to purchase drugs at internationally aligned prices while manufacturers provide supplemental rebates to match the lowest price among peer nations including the UK, France, Germany, Italy, Canada, Japan, Denmark and Switzerland. States joining the model must adopt standardized coverage rules in exchange for lower prices, and manufacturers must apply by March 2026. Medicaid drug spending reached \$100B in 2024, and CMS said the effort is designed to curb rising costs for the low-income and medically vulnerable populations the program serves.

Merck has secured \$700M in funding from Blackstone Life Sciences to advance development of sac-TMT, an experimental antibody drug conjugate now in 15 late-stage global trials across six tumor types. Blackstone will cover a portion of development costs and could earn low to mid single digit royalties if the therapy is approved, while Merck retains full control over manufacturing, commercialization and program direction. The company is expanding its oncology pipeline as Keytruda approaches biosimilar competition later this decade, and said the financing will support long term portfolio sustainability. Sac-TMT targets the TROP2 protein found on several cancer types and is being developed in partnership with Sichuan Kelun-Biotech.

Toyota is investing \$912M to expand U.S. hybrid manufacturing, a move that will increase production capacity across five facilities and add 252 jobs as demand for hybrid-electric and gasoline-powered models continues to rise. The company plans to introduce hybrid-electric Corollas as part of the expansion and expects to invest up to \$10B in the U.S. over the next five years. Executives said hybrid models now account for half of Toyota's U.S. sales, noting that its philosophy of "build where we sell" underpins the decision. Toyota's North American plants currently produce 76% of the vehicles the company sells in the United States.

U.S. Steel's Arkansas operations contributed more than \$2B to the state economy in FY2024, according to a new impact study commissioned by the company. The report found that Big River Steel in Osceola and Wheeling Machine Products in Pine Bluff supported or sustained 4,725 jobs and generated \$45.2M in state and local tax revenue. CEO David Burritt said the company's Arkansas footprint has

grown fivefold in two years, aided by a \$3B next-generation EAF investment at Big River and the firm's partnership with Nippon Steel. The findings come as U.S. Steel and Nippon advance plans for \$14B in capital spending across U.S. facilities, with \$11B targeted through 2028.

Boeing expects to close its \$4.7B acquisition of Spirit AeroSystems by year-end, following an FTC decision allowing the deal to proceed if required divestitures are completed. The transaction is part of an \$8.3B restructuring in which Boeing will take back key Spirit operations, while Airbus assumes facilities in North Carolina and Belfast. The FTC is also mandating the sale of Spirit's Malaysia plant and adding regulatory monitors to address concerns about competition and future defense programs. Spirit will continue supplying Boeing's competitors, and both companies said they anticipate finalizing the merger in December as Boeing works to stabilize 737 production and resolve quality issues tied to Spirit.

President Trump will unveil a \$12B aid package for U.S. farmers who have been hit by weakened export demand and lost soybean sales during the ongoing trade conflict with China, according to a White House official. The announcement is scheduled for a 2 p.m. roundtable and follows months of heightened pressure on growers facing record harvests and reduced access to key export markets. The administration had previously considered a larger bailout of up to \$15B, but Agriculture Secretary Brooke Rollins said the government shutdown earlier this year delayed the rollout. Bloomberg reported that producers of cattle, grains, soybeans, cotton and potatoes are expected to attend the event as the administration moves to offset the economic impact of the trade war on U.S. agriculture.

The United States has approved a potential \$2.68B sale of air strike weapons to Canada, according to a Pentagon notice announcing the State Department's authorization. The package includes weapons and related equipment, with Boeing and RTX listed as the principal contractors. The approval advances defense cooperation between the two countries, though final contracting steps are still required before delivery.

The Pentagon has awarded Boeing more than \$7B in new military contracts, including a \$4.7B Army award for Apache AH-64E attack helicopters, Longbow crew trainers, and related equipment. A separate \$2.4B Air Force contract covers Lot 12 Production Aircraft along with required subscriptions and licenses.

THE AMERICAS:

Tesla has been sued by Virginia-based Perrone Robotics, which alleges the automaker knowingly infringed five patents tied to robotics operating systems used in self-driving vehicles. Perrone claims all Tesla models running any version of Autopilot over the past six years violate its patents, including one it offered to sell Tesla in 2017. The suit seeks unspecified damages and an injunction. Tesla has not commented.

Exxon has frozen plans for a major hydrogen plant in Baytown, Texas, citing weak customer demand and higher costs for blue hydrogen. CEO Darren Woods said potential buyers have not been willing to sign long-term off-take agreements, and economic softness in Europe has further weighed on interest. Exxon and its partners, including Abu Dhabi National Oil Company, have invested about \$500M in the multibillion-dollar project. The company said it could restart development once demand improves but did not indicate when market conditions might support a relaunch.

Ford and Hyundai reported slight U.S. sales declines in November as electric-vehicle demand softened following the expiration of the \$7,500 federal tax credit. Ford's EV sales fell 61% to 4,247 units, pressured further by supply disruptions tied to a fire at an aluminum supplier that impacted F-150 Lightning production. Overall Ford sales slipped nearly 1% to 164,925 units. Hyundai's U.S. EV sales for the Ioniq 5 and Ioniq 6 each dropped more than 55%, contributing to a 2% decline in total monthly sales. Executives said many shoppers shifted to hybrids, which saw strong gains, but the companies plan to continue promoting their EV lineups despite near-term market headwinds.

The FDA has approved Axogen's Avance Nerve Graft, clearing the way for commercial sales in early Q2 2026 and granting the company up to 12 years of potential market exclusivity. The graft uses processed donor nerve tissue to repair peripheral nerve injuries without requiring surgeons to harvest a patient's own nerve, which reduces complications and avoids a second surgical site. Axogen said Avance will continue to be supplied under the existing tissue framework until the licensed product launches next year. The approval reclassifies Avance as a biologic for treating sensory nerve discontinuities in adults and pediatric patients one month and older and is expected to expand insurance coverage and clinical adoption.

EUROPE, AFRICA, & THE MIDDLE EAST:

Turkey expects progress on lifting U.S. CAATSA sanctions, with Foreign Minister Hakan Fidan telling Reuters that Ankara and Washington have begun working toward a resolution and could reach an agreement "very soon." The sanctions, imposed in 2020 over Turkey's purchase of Russian S-400 air defense systems, also led to Ankara's removal from the F-35 program—steps Turkey maintains were unjust. Fidan said the two NATO allies are seeking a path forward during President Trump's second term. He also noted that Washington's early 28-point proposal for ending the war in Ukraine is evolving into a new format, and reiterated Turkey's willingness to host renewed peace talks while encouraging all sides to remain at the negotiating table.

The United States has approved a potential \$455M sale of F-16 sustainment services to Bahrain, according to a Pentagon notice confirming the State Department's authorization. The package covers maintenance support and related equipment for Bahrain's F-16 fleet. General Electric Aerospace and Lockheed Martin Aeronautics were identified as the principal contractors. The proposed sale underscores ongoing U.S.–Bahrain defense cooperation in the Gulf region.

Schaeffler has signed a memorandum of understanding with defense-tech firm Helsing to cooperate on drone development, marking a new step in the German auto supplier's expansion into the defense sector. The agreement covers component supply, supply-chain resilience, and scaling production for drone systems, according to a Helsing spokesperson. The MoU was signed in Berlin in the presence of Germany's defense and economy ministers. Schaeffler CEO Klaus Rosenfeld said the partnership will allow the company to apply its manufacturing expertise to strengthen Germany's defense capabilities. Contract details, including volumes and costs, will be negotiated in the coming weeks.

Airbus has ordered immediate repairs to 6,000 A320-family jets, issuing one of the largest recalls in its history after a flight-control software vulnerability was linked to data corruption from solar flares. The fix requires reverting to an earlier software version and must be completed before aircraft return to service. Airlines across the U.S., Europe, India, and Latin America warned of delays and cancellations during an already strained maintenance period. Some jets may also need hardware replacements, potentially prolonging ground time for over 1,000 aircraft, according to industry sources. The recall follows an October incident involving a JetBlue A320 that experienced an uncommanded altitude drop, prompting FAA and EASA investigations.

European nations have agreed to boost their three-year space budget by roughly 30%, approving €22.1B (\$23.9B) to

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support launches, satellites, and research programs through 2028. The move marks the first time ESA members have fully met the agency's request and reflects heightened urgency as Europe works to keep pace with the U.S., China, and fast-growing private space competitors. Ministers also approved €4.4B (\$4.8B) for space transportation and €3.5B (\$3.8B) for Earth observation, while the UK-led TRUTHS climate mission was excluded after Britain withdrew for budget reasons.

Oman has signed an agreement with Airbus to develop and launch its first communications satellite, according to the country's state news agency. The project will support national communications infrastructure and expand Oman's capabilities in space and advanced technologies.

The Dutch vehicle authority RDW expects to decide in February on Tesla's Full Self-Driving system after the company demonstrates that it meets required safety standards. The statement followed Tesla's claim on X that RDW had committed to granting national approval, which would allow other EU countries to recognize the exemption immediately. RDW asked Tesla customers to stop contacting the agency, stressing that approval depends on verified safety performance. Tesla has also said it expects FSD approval in China early next year, while U.S. regulators continue investigating 2.88M FSD-equipped vehicles after reports of safety issues and crashes.

Volkswagen says its joint venture technology with Rivian could eventually extend to combustion models, though the company stressed its current focus remains on battery-electric vehicles. VW is relying on the partnership to accelerate development of a unified software and electronics architecture after delays at its Cariad unit and to help close the technology gap with competitors. Winter testing of the new system will begin this year on models from Volkswagen, Audi, and Scout, with VW's ID.Each1 slated to debut the RV Tech platform in 2027. VW invested \$5.8B in Rivian last year, and additional VW Group models are expected to adopt the joint-venture architecture before the end of the decade.

Britain plans to introduce a £1.5B (\$2B) package to speed up the transition to electric vehicles, including £1.3B in new funding for its Electric Car Grant and £200M to expand the national charging network. The grant program, launched in July, has already supported more than 35,000 EV purchases by lowering upfront costs. The initiative aligns with the UK's goal to end sales of new petrol and diesel cars by 2030, though EV demand has slowed amid cost concerns. The opposing Conservative Party criticized the plan as excessive spending.

Britain has launched a major overhaul of its power-grid connection system, prioritizing only ready-to-build generation and storage projects to eliminate "zombie" proposals that have clogged the queue. The National Energy System Operator reviewed roughly 3,000 applications and identified 132 GW as essential for the country's 2030 clean-power target, with another 151 GW needed by 2035. A further 99 GW of demand projects, including data centers, will also move forward. More than 300 GW of stalled or non-viable proposals will be removed as the UK shifts away from its former first-come, first-served approach. Officials say the reforms will cut bottlenecks and accelerate investment as Britain aims to decarbonize its power sector and expand grid capacity for AI-driven electricity demand.

Global oil and gas demand may continue rising through 2050, according to the International Energy Agency's latest outlook, which marks a shift from earlier expectations of a near-term demand peak. The IEA's current policies scenario sees oil demand reaching 113M barrels per day by mid-century and global energy use increasing 15% by 2035. The report also projects a 50% jump in LNG export capacity by 2030 as new projects ramp up. The agency said the world is likely to surpass the 1.5°C warming threshold in all modeled pathways, even as electricity demand from data centers and AI accelerates investment across the LNG and oil sectors.

Germany attracts the most AI leaders in Europe, according to new research from The Big Search mapping 471 senior AI professionals across consumer goods, retail, and digital marketplace companies. Germany now stands out as Europe's strongest hub for these technically skilled, commercially minded executives, followed by the UK and the Netherlands. Berlin anchors much of this concentration, with companies like Zalando, Delivery Hero, HelloFresh and OTTO Group operating mature machine-learning platforms focused on personalization, forecasting and monetization. The study found that experienced, T-shaped AI leaders remain scarce across Europe, demonstrating rising demand as corporate investment in AI accelerates.



Sweden has granted Stegra \$41M to support construction of its green steel plant in northern Sweden as the startup

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works to secure the remaining capital needed to finish the project. The funding, part of a larger EU-approved package but below Stegra’s original 1.6B-crown request, is conditional on the company demonstrating by spring 2026 that it has raised enough money to complete the facility. Stegra is currently seeking up to \$1.1B in new financing after previously lining up €6.5B (\$7.5B) in loans and equity. Company leaders said the state contribution strengthens their position with banks and investors as Sweden continues pushing industrial decarbonization despite recent setbacks in its broader green transition.

A new T&E report urges the European Commission to reject automakers’ push to allow biofuel-powered cars after 2035 under the EU’s zero-emission vehicle rules. The campaign group argues that biofuels are in short supply, rely heavily on imports, and are not truly carbon-neutral once cultivation, transport, and fraud risks are considered. T&E noted that most sustainable waste-based biofuels are already allocated to aviation and shipping, and expanding road-sector demand could exceed Europe’s 2050 sustainable supply by up to nine times. The report warns that permitting biofuel use in cars could increase EU road-transport CO₂ emissions by as much as 23% in 2050 and recommends limiting post-2035 use to a small share of vehicles running on verified carbon-neutral e-fuels.

Global leaders have committed \$1.9B to accelerate polio eradication, securing new funding as the Global Polio Eradication Initiative faces a planned 30% budget cut in 2026 and a \$1.7B gap through 2029. Donor pullbacks, driven largely by reduced foreign aid from the U.S., Germany, and the UK, have forced GPEI partners to concentrate resources on high-risk regions with persistent transmission. The pledging event in Abu Dhabi reduced the remaining gap to \$440M, anchored by \$1.2B from the Gates Foundation and \$450M from Rotary International. WHO Director-General Tedros Ghebreyesus said the commitments will help reach children in the final endemic countries and curb variant outbreaks worldwide.

Iran’s enriched-uranium stockpile has surged to nearly 10,000 kg, surpassing pre-JCPOA levels and including more than 400 kg enriched to 60% purity, according to the latest IAEA report. Tehran continues to insist its nuclear program is peaceful, and recent U.S. intelligence suggests no known effort to weaponize the material. Arms-control experts noted that Israel provided no verified evidence supporting

claims that June strikes prevented bomb development, and the material cataloged by the IAEA had already reached “near-zero” breakout timelines months earlier. The IAEA warned that Iran remains the only non-nuclear-weapon state producing 60%-enriched uranium and criticized the country for lack of access, incomplete disclosures, and unanswered questions regarding undeclared sites. Following U.S. strikes on Iranian nuclear facilities on June 22, the current location of Iran’s stockpile is unknown.

The European Commission could announce a new support package for the region’s automotive industry on December 16, according to an industry source familiar with internal discussions. The proposal may include a softened approach to the EU’s 2035 combustion engine phase out as Brussels evaluates ways to bolster local manufacturers facing competitive and regulatory pressures. Officials had initially targeted a December 10 release, though EU Transport Commissioner Apostolos Tzitzikostas recently signaled the plan could slip to January. The Commission declined to comment on the revised timing, which was first reported by Germany’s Tagesspiegel Background.

Boeing regained momentum at the Dubai Airshow with a provisional 75-jet 737 MAX order from flydubai, coming one day after the carrier placed a competing 150-jet A321neo order with Airbus. The new Boeing agreement includes options for 75 additional aircraft and lets flydubai decide later which MAX variants to take as the airline balances its fleet between manufacturers. CEO Ghaith Al Ghaith told Reuters he expects Boeing to emerge stronger from recent safety and production crises even as Airbus secured most of the show’s narrow-body activity. Emirates added to that trend by disclosing an order for eight more A350-900s, a move viewed as a conciliatory gesture after its larger 777X purchase earlier in the week. Trade delegates also noted sustained demand for freighters, with Silk Way West finalizing two A350F orders and Libya’s Buraq Air signing a provisional deal for ten A320neos.

ASIA/PACIFIC, JAPAN, AUSTRALIA, & INDIA:

Taiwan has begun preliminary discussions with the United States on weapons purchases, tied to its proposed \$40B supplemental defense budget for 2026–2033, Defense Minister Wellington Koo said. Taipei has already received procurement details from the U.S. Department of Defense, indicating Washington’s willingness to supply the requested systems, though specifics cannot be disclosed before formal congressional notification. The spending plan is intended to counter rising pressure from China and must still clear



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Taiwan's opposition-controlled parliament, where some lawmakers criticized the administration for announcing the package abroad before consulting them. Officials argue the budget is essential for national security and estimate it will create 90,000 jobs and generate a direct economic benefit of T\$400B (\$12.4B).

Britain and Indonesia have reached a £4B (\$5.24B) maritime deal to build vessels for Indonesia, the UK government announced. The program, led by defense firm Babcock, will use British shipbuilding expertise while construction takes place in Indonesia and will support about 1,000 jobs in the UK.

China's trade surplus has surpassed \$1T for the first time as exporters redirected shipments to Europe, Australia, and Southeast Asia to avoid high U.S. tariffs. November exports rose 5.9% year-over-year while imports remained soft, underscoring subdued domestic demand and continued pressure on manufacturers. Shipments to the United States dropped 29% as the average tariff rate climbed to 47.5%, but exports to the EU jumped 14.8% and to Australia nearly 36%. Economists say rerouting is increasingly offsetting the drag from U.S. policy, though factory surveys show exporters still face a difficult 2026 with contracting new orders. Policymakers will meet in the coming days to set next year's economic priorities amid a prolonged property slump and weaker copper imports that point to ongoing softness in construction and manufacturing.

Taiwan's Foxconn will invest \$2-3B annually in AI over the next three to five years, a commitment Chairman Young Liu says will represent more than half of the company's yearly capital spending. Liu told Reuters he expects China's electric-vehicle market to undergo a rapid shakeout as unprofitable startups collapse and government support thins. He added that Foxconn's cloud and networking division, including AI servers, has already surpassed consumer electronics for two consecutive quarters. The company is also in discussions with Japan about potential AI and EV investments, with Liu stressing the importance of local manufacturing for data sovereignty.

Honda's reduced full-year profit outlook reflects near-term pressure from U.S. tariffs and chip shortages, but the company's deeper concern is mounting competition from Chinese EV makers across Southeast Asia. Honda now expects an operating hit of 385B yen (\$2.6B) from U.S. tariffs and has cut its Asia sales forecast to 925,000 units as rivals like BYD rapidly gain share in markets such as Thailand and Indonesia. Retail sales for Honda have fallen sharply across the region, and limited new model launches risk further

erosion. Honda is shifting more focus to India, one of the few major markets insulated from Chinese EV competition. Structural profitability challenges persist, with the auto division reporting another quarterly loss and chip shortages adding a 150B-yen (\$994.83M) impact to its outlook.

Australia's Anson Resources signed a non-binding MoU to supply lithium chloride to Utah-based Nusano, which plans to use the material to produce lithium-6 and lithium-7 isotopes for nuclear and advanced manufacturing applications. Anson will provide samples from its Green River project for testing while the companies negotiate a potential five-year agreement covering at least 300 tonnes of lithium carbonate equivalent per year. The company said diversification into nuclear applications is a strategic step, though EV-supply-chain partnerships remain its priority. Lithium raw material prices have rebounded sharply since mid-2024 but remain well below the highs seen in 2022.

Japan has withdrawn from Vietnam's planned Ninh Thuan 2 nuclear project, saying the development timeline is too tight and leaving Hanoi with a gap in its long-term power strategy. Vietnam, which continues to face blackouts as industrial demand and extreme weather strain the grid, had hoped to bring both Ninh Thuan plants online by 2035. The withdrawal comes amid tense moments in Japan-Vietnam relations, including friction over Hanoi's proposed petrol motorbike ban affecting Honda. Vietnam has resumed its nuclear ambitions after a 2016 pause, but neither the Japanese-backed Ninh Thuan 2 nor the Russian-backed Ninh Thuan 1 has secured a final agreement. Officials say other potential partners from France, South Korea, and the U.S. have shown interest as Vietnam looks to expand its future energy mix.

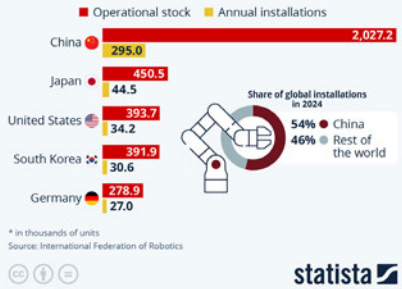
The Philippines has issued a temporary ban on pig and pork imports from Spain and Taiwan after veterinary authorities confirmed African swine fever outbreaks in both locations. The freeze covers live pigs and all pork-derived products, including semen, and automatically revokes existing import clearances. Manila will allow only frozen pork from Spain produced on or before Nov. 11 and loaded by Dec. 4 to enter the country. Agriculture Minister Francisco Tiu Laurel said the move is aimed at protecting jobs and investments as the disease continues to spread in Europe and Asia.

China's robotics sector continues to surge, accounting for 54% of all new industrial robot installations in 2024 and expanding its operational stock to more than 2M units, according to the International Federation of Robotics. Annual installations reached a record 295,000 robots, more than double the combined total of Japan, the U.S., South

ASIA/PACIFIC, JAPAN, AUSTRALIA, & INDIA:

China's Robotics Boom Leaves All Other Nations Behind

Top five countries according to the operational stock and annual installations of industrial robots in 2024*



Korea, and Germany. China now controls nearly half of the world's 4.66M-unit industrial robot fleet, supported by state-backed programs such as "Made in China 2025," which have accelerated automation across manufacturing. Robot density reached 470 units

per 10,000 workers in 2023, surpassing Germany and Japan, while domestic manufacturers have grown their share of China's market from under 30% to nearly 60% over the past decade. The expansion highlights China's deepening

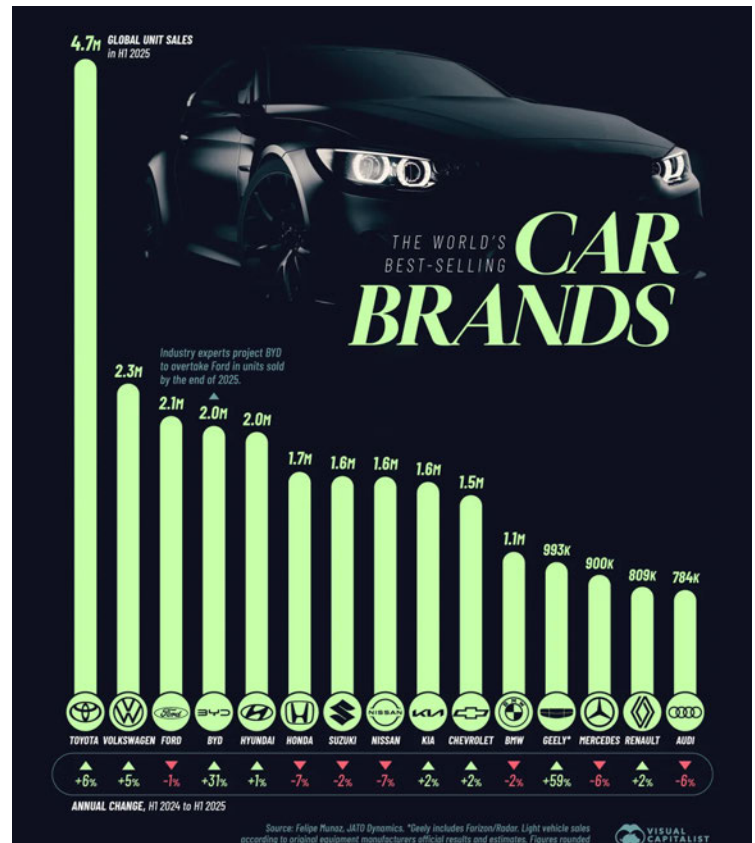
investment in automation even as Japan remains the world's largest robot producer.

India is weighing an extension of import tariffs on select steel products as it seeks to counter rising volumes of low-priced imports, particularly from China, according to a source familiar with ongoing government discussions. The proposal follows an earlier recommendation for an 11–12% safeguard duty and comes after a temporary 12% tariff expired this month. While India's steel imports have fallen 34% year-over-year, officials say Chinese material continues to pressure domestic producers due to its lower prices. South Korea remained India's largest supplier in the period, followed by China, Japan, and Russia. Industry analysts note that China's own steel output is projected to fall below 1 billion tons this year as Beijing tightens capacity controls, a trend that could further influence regional supply and pricing dynamics.

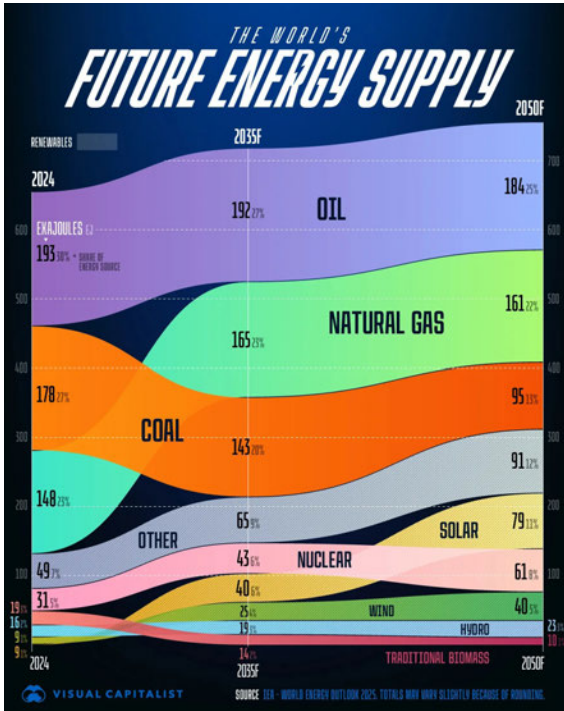
ECONOMIC UPDATE: APPENDIX TO THE DECEMBER 2025 ISSUE

AUTOMOTIVE: TOYOTA HOLDS GLOBAL LEAD AS BYD SURGES IN H1 2025

Global auto sales continued to shift in the first half of 2025, with Toyota remaining the world's top-selling car brand at 4.7 million units while several Asian manufacturers strengthened their positions. Volkswagen (2.3 million) and Ford (2.1 million) followed, though Ford slipped slightly year-over-year. China's BYD posted the fastest growth among major automakers, rising 31% to just over 2 million units and positioning itself to overtake Ford by year-end. The sharp rise of BYD and Geely reflects China's expanding EV footprint, contrasting with declines at several legacy brands including Honda, Nissan, Mercedes, and Audi. Modest gains at Hyundai, Kia, and Chevrolet signal a mixed environment as the industry balances electrification, demand softening in parts of Europe, and uneven recovery across global supply chains.



ENERGY: RENEWABLES DRIVE ALL NET GROWTH IN GLOBAL ENERGY SUPPLY THROUGH 2050



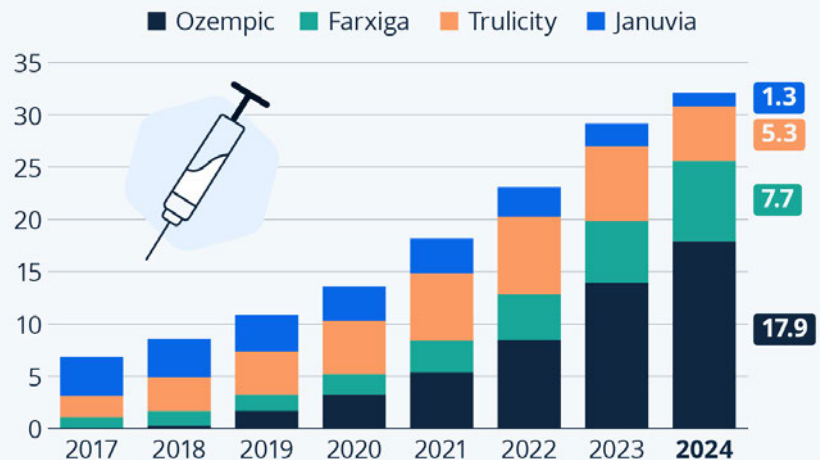
Global energy supply is set to shift markedly over the next 25 years, as nearly all net new demand is met by renewable sources rather than fossil fuels. According to the IEA's 2025 outlook, renewables climb from 83 exajoules in 2024 to 233 EJ by 2050, expanding from 13% to 31% of total supply and making solar and wind the fastest-growing segments. Coal shows the steepest contraction, dropping from 178 EJ to 95 EJ as phase-down policies and competitive clean technologies reduce its role in power generation. Oil and natural gas flatten over the period, showing slower demand growth and shifts in industrial and transportation systems. Nuclear rises gradually to 61 EJ, while traditional biomass declines as emerging markets transition toward modern energy sources. By mid-century, the energy mix becomes more diversified and less carbon-intensive, with low-carbon sources accounting for the bulk of long-term growth.

HEALTHCARE: OZEMPIC'S REVENUE SURGES AS PRICE CUTS LOOM UNDER MEDICARE REFORM

Global demand for diabetes medications continued to shift in 2024, with Novo Nordisk's Ozempic generating nearly \$18B in revenue—up from roughly \$280M in 2018—making it one of the fastest-growing drugs in its class. CMS announced that Ozempic and its weight-loss counterpart Wegovy will see price reductions of about 71% in 2026 under the Medicare negotiation program created by the Inflation Reduction Act, a change expected to save Medicare an estimated \$12B. The rapid rise of Ozempic has reshaped the competitive landscape: Merck's Januvia has steadily declined to \$1.3B, while Farxiga and Trulicity show mixed trajectories, with Farxiga accelerating after 2021 and Trulicity falling in 2023 and 2024. The trend demonstrates strong demand for GLP-1 therapies as well as the growing prevalence of diabetes worldwide, which has nearly quadrupled since 1980 and remains a major public health challenge, especially in low- and middle-income countries.

Ozempic Now a Major Player on the Diabetes Drug Market

Annual revenue of a selection of common diabetes medications (in billion U.S. dollars)

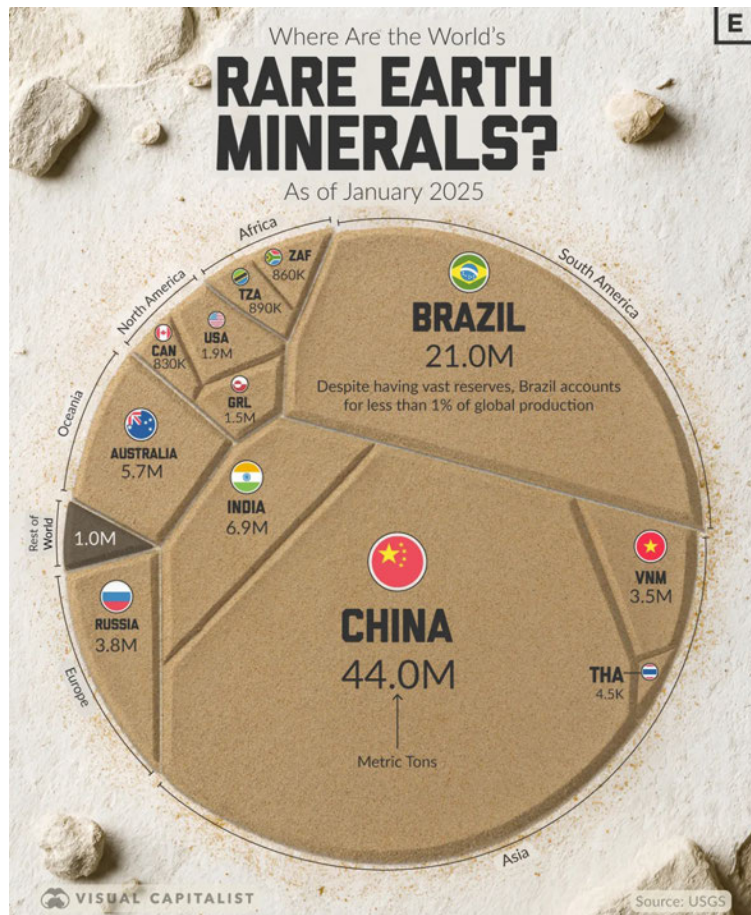


Source: Statista Market Insights



MINING AND MATERIALS: RARE EARTH RESERVES REMAIN HIGHLY CONCENTRATED IN 2025

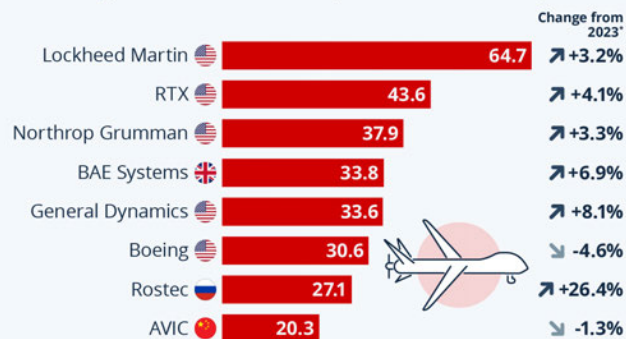
Global rare earth reserves continue to be dominated by a small group of countries, with China holding 44 million metric tons—nearly half of the world’s 91.9 million-ton total—according to the latest USGS data. Brazil ranks second with 21 million tons, while India, Australia, Russia, and Vietnam round out the top tier, together representing roughly 80% of known reserves. The United States controls only 1.9 million tons, displaying its reliance on trade and midstream processing to meet demand for EV motors, electronics, and defense systems. Recent policy efforts have focused on expanding domestic mining and partnering with allies to diversify supply, though these reserves remain small relative to leading producers. Emerging sources in Greenland, Tanzania, and South Africa could gradually add supply if infrastructure and processing capacity scale, but the global reserve base remains sharply concentrated heading into the next decade.



DEFENSE: GLOBAL ARMS SALES HIT RECORD LEVELS AS GEOPOLITICAL TENSIONS RISE

The World's Largest Arms-Producing Companies

Arms-producing/military services companies with the largest arms sales in 2024 (in billion U.S. dollars)



* Using constant 2024 prices
Source: SIPRI

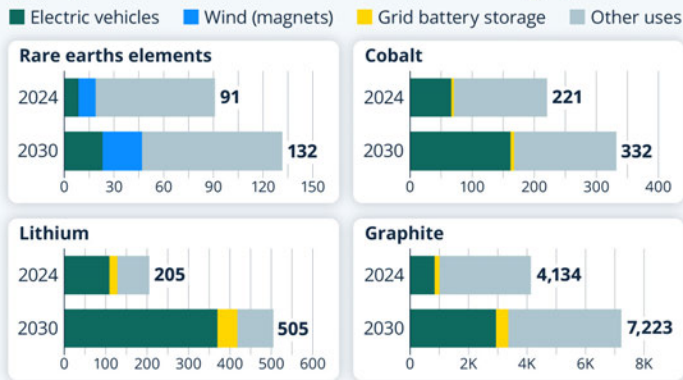


Global arms revenues reached a record \$679B in 2024, up 6% from the prior year, according to SIPRI’s latest report. U.S. defense contractors remained dominant, with Lockheed Martin leading at nearly \$65B in arms sales, followed by RTX, Northrop Grumman, and General Dynamics, all posting growth between 3% and 8% amid strong demand and ongoing production pressures on major programs such as the F-35. Europe’s largest defense supplier, BAE Systems, generated about \$34B in 2024, while Russia’s state-owned Rostec saw a sharp 26% revenue increase to \$27B as domestic procurement offset declining exports. Growth across the sector reflects heightened military spending linked to conflicts in Ukraine and the Middle East, as well as the broader global push to modernize and expand defense capabilities.

COMMODITIES: DEMAND FOR CRITICAL MINERALS SET TO SURGE THROUGH 2030 AS EV AND BATTERY GROWTH ACCELERATES

Powering Tomorrow: Growing Demand for Critical Minerals

Global demand for selected critical minerals in 2024 and projections for 2030 (in kilotons), by technology type*



* based on the Announced Pledges Scenario
Source: International Energy Agency



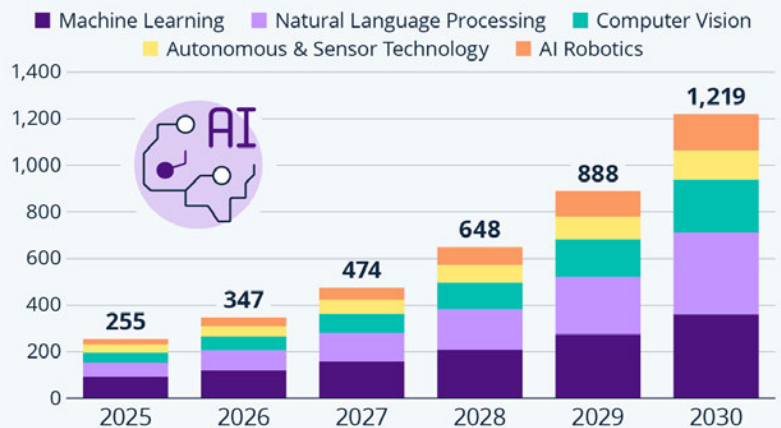
Global demand for key energy-transition minerals is projected to rise sharply by 2030, driven by the rapid expansion of electric vehicles, battery storage, and wind power, according to the International Energy Agency. Lithium sees the steepest increase, climbing from 205 kilotons in 2024 to an estimated 505 kilotons as EV batteries become a dominant use case. Graphite demand nearly doubles, from 4,134 kilotons to 7,223 kilotons, highlighting its central role in battery anodes. Cobalt demand rises from 221 to 332 kilotons, while rare earth elements increase from 91 to 132 kilotons due to growing use in EV motors and wind turbine magnets. The forecast reinforces the intensifying pressure on mineral supply chains as clean-energy deployment accelerates, raising concerns about sourcing, processing capacity, and long-term availability.

TECHNOLOGY: GLOBAL AI MARKET EXPECTED TO MORE THAN QUADRUPLE BY 2030

The global artificial intelligence market is projected to grow from roughly \$260B in 2025 to more than \$1.2T by 2030, according to Statista Market Insights. The forecast reflects rapid adoption across industries as businesses expand the use of advanced algorithms, computing infrastructure, and AI-driven automation. Machine learning and natural language processing make up more than half of today's market and are expected to maintain their lead as core technologies. Segments such as AI robotics, computer vision, and autonomous sensor systems are set to grow even faster than the overall market, supported by strong investment in enterprise solutions, healthcare applications, and consumer-facing tools. The outlook demonstrates the accelerating integration of AI capabilities into global production, services, and digital ecosystems.

AI Market Projected to More Than Quadruple by 2030

Global AI market size forecasts from 2025 to 2030, by segment (in billion U.S. dollars)



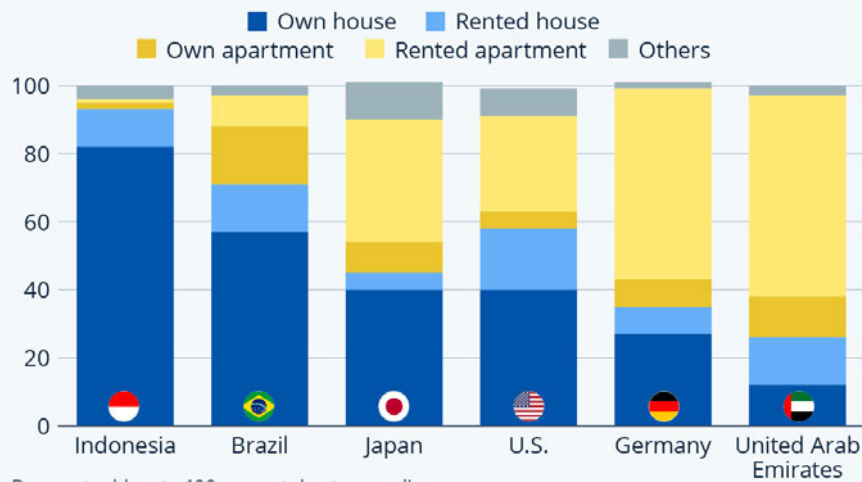
Forecasts made in October 2025
Source: Statista Market Insights



HOUSING: HOMEOWNERSHIP RATES VARY WIDELY ACROSS COUNTRIES AS COSTS AND CULTURE SHAPE CHOICES

Nation of Renters or Homeowners?

Share of respondents from selected countries who rent/own their main residence (in percent)



Does not add up to 100 percent due to rounding
 Basis: 1,700-60,000 respondents (18-64 y/o) per country surveyed Oct. 2024-Sep. 2025
 Source: Statista Consumer Insights



Global patterns in homeownership differ sharply by country, with Statista Consumer Insights data showing ownership rates above 80% in Indonesia but as low as 24% in the United Arab Emirates and roughly 35% in Germany. Many lower-income nations report higher ownership levels because purchasing land, building modest homes, or renovating existing structures can be less costly, especially in rural areas with limited regulation and lower tax burdens. In wealthier economies, high material, labor, and tax costs, along with reliance on mortgages, create barriers that keep ownership rates lower, as seen in Germany, Sweden, and Saudi Arabia. Countries such as Brazil, India, Mexico, Italy, and Poland maintain ownership rates near or above 70%, often with more people owning apartments than houses. The United States sits at 45%, slightly below Japan, the Netherlands, and Canada. Different markets, cultural expectations, investment considerations, and the ability for households to perform their own building or renovation work continue to influence whether families rent or buy their homes.

EDITOR’S NOTE: Several federal economic reports were delayed by the recent 43-day government shutdown. As a result, many indicators released in late November and early December reflect September or August activity, which is the most recent data currently available from their respective agencies. Other key series—including the Consumer Price Index and the Leading Economic Index—have not yet been released, leaving no updated figures for inclusion this month.



PMA Triannual Report

November 2025

Providing a snapshot of the latest association activities and member benefits

Ulbrich is a long-time member of the Precision Metalforming Association. This content is being shared in this newsletter as we believe it provides beneficial information to the readership. Learn more about PMA membership and the resources available to the metalforming industry at www.pma.org.

Membership / Association Update

- As of November 17, 2025, membership stood at 877 companies with 56 new members joining the association since April 1, 2025.
- Forming Our Future 2026 takes place March 11-14 in Tucson, AZ. Don't wait to register! Super early-bird pricing is available through December 31, 2025. www.pma.org/formingourfuture
- PMA is excited to host the International Council of Sheet Metal Presswork Associations (ICOSPA) Congress, September 15-17, 2027, in Chicago. More than 250 industry leaders from the United States, Canada, Mexico, France, Germany, UK, Japan and China are expected to attend to network, hear technology presentations and tour state-of-the-art plants. Held the same week as FABTECH, participants can attend both events in one trip. **PMA encourages members to attend the ICOSPA Congress and FABTECH in 2027!**



www.pma.org/icospa-congress

Magazine / Tradeshow Update

- FABTECH 2025, September 8-11 in Chicago, IL, featured more than 1,700 worldclass suppliers showcasing the latest technologies in over 850,000 sq. ft. of exhibit space. In 2026, FABTECH takes place in Mexico City, MX, May 12-14; Toronto, ON, June 9-11; and Las Vegas, NV, October 21-23. www.fabtechexpo.com
- *MetalForming* magazine held its inaugural Metal Fabricating Strategy Summit as a webinar series, November 18-20. The recordings can be accessed for free here: www.metalformingmagazine.com/webinar



Workforce Development

- The state of Ohio approved two PMA apprenticeship programs—Stamping Press Operator (1 year) and Die Setter (2 years)—which are ready to launch and pilot to companies. Federal approval is pending. Additionally, PMA is developing a Roll Operator apprenticeship in partnership with Welser and a Tool & Die Maintenance and Troubleshooting apprenticeship with support from Honda. Contact workforce@pma.org for more information.

Advocacy

- PMA's D.C. team continues to lobby Congress and the administration on a range of issues of importance to the metalforming industry, from trade and tariffs to taxes and regulations, and more. To stay up to date on the latest developments, attend PMA's monthly One Voice webinars. The final webinar of 2025 takes place on December 5 at 12 p.m. ET, and you can register for it and all future webinars, as well as watch archived recordings, at www.pma.org/advocacy/webinars.

Key Upcoming Events

February 2-4, 2026
Metal Stamping Technology Conference
Nashville, TN



March 11-14, 2026
Forming Our Future Leadership Conference
Tucson, AZ



Visit www.pma.org/calendar for all upcoming PMA events, seminars, webinars, roundtables, district meetings and more!



Season's Greetings

One of the real joys of the holiday season is the opportunity to say thank you and to wish you the very best for the New Year.

Sincerely,

The Ulbrich Family

CONTACT US WITH ANY SPECIFIC NEEDS

Ulbrich Stainless Steels & Special Metals, Inc., has highly trained and experienced engineers, product managers, metallurgists, and sales executives available to assist you in all aspects of material selection and production of your stainless steel or special metals requirements.

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