

CORE 05.28.21 **REPORT**

COST

01

- ⊖ scrap
- ⊖ iron ore
- ⊖ energy
- ⊕ zinc
- ⊖ coking coal

SUPPLY

03

- ⊖ lead times
- ⊖ production
- ⊕ imports
- ⊖ inventories

DEMAND

05

- ⊖ automotive
- ⊖ construction
- ⊖ appliance
- ⊕ manufacturing
- ⊖ agriculture
- ⊖ durable goods

ECONOMIC

08

- ⊕ employment
- ⊖ inflation
- ⊖ confidence
- ⊖ retail sales

SPOT IRON ORE¹

Spot iron ore pricing slid for the second consecutive week this week after climbing the previous seven weeks.

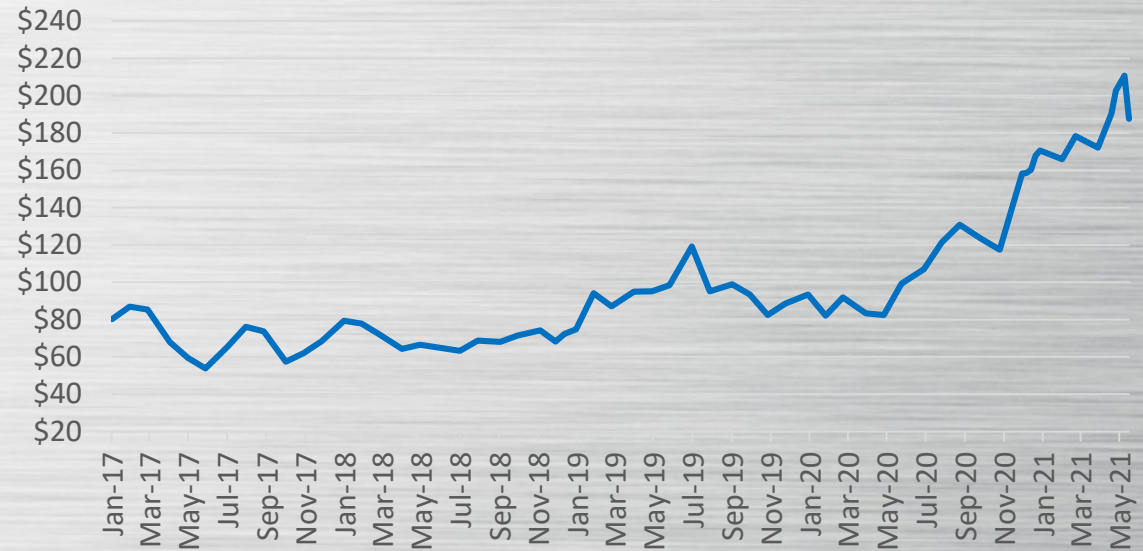
Spot iron ore pricing ended the week at \$187.65/mt, down from \$210.85/mt a week ago.

- This is down from the all-time record high seen two weeks ago, but still up 100% since the beginning of the year.

Iron ore prices dipped this week as Chinese steel mills reduced steel inventories due to the upcoming rainy season.

- Sentiment also weakened as demand for raw materials might be outweighed by supply as shipments from Brazil continue to increase.

IRON ORE COST



COST



WEEKLY ZINC PRICING²



ZINC

Zinc pricing increased this week, now up four out of the last five weeks.

Zinc pricing ended the week at \$3,039.50/mt (\$1.374/lb), up from \$2,981/mt (\$1.352/lb) previously.

- This is near the levels last seen in June of 2018.

Global zinc inventory decreased again this week as demand continues to outpace supply, now down seven out of the last eight weeks.

- LME warehouse inventory decreased slightly to 284,250 metric tons, from 285,175 metric tons previously.
- Shanghai warehouse inventory decreased as well, sliding from 83,052 metric tons to 75,219 metric tons.

SUPPLY



WEEKLY DOMESTIC STEEL PRODUCTION³

Domestic raw steel production decreased slightly last week, now alternating up and down movements for the last four weeks.

U.S. mills produced an estimated 1,793k tons at a 79.0% utilization rate; this is down from 1,799k tons and a 79.2% rate previously.

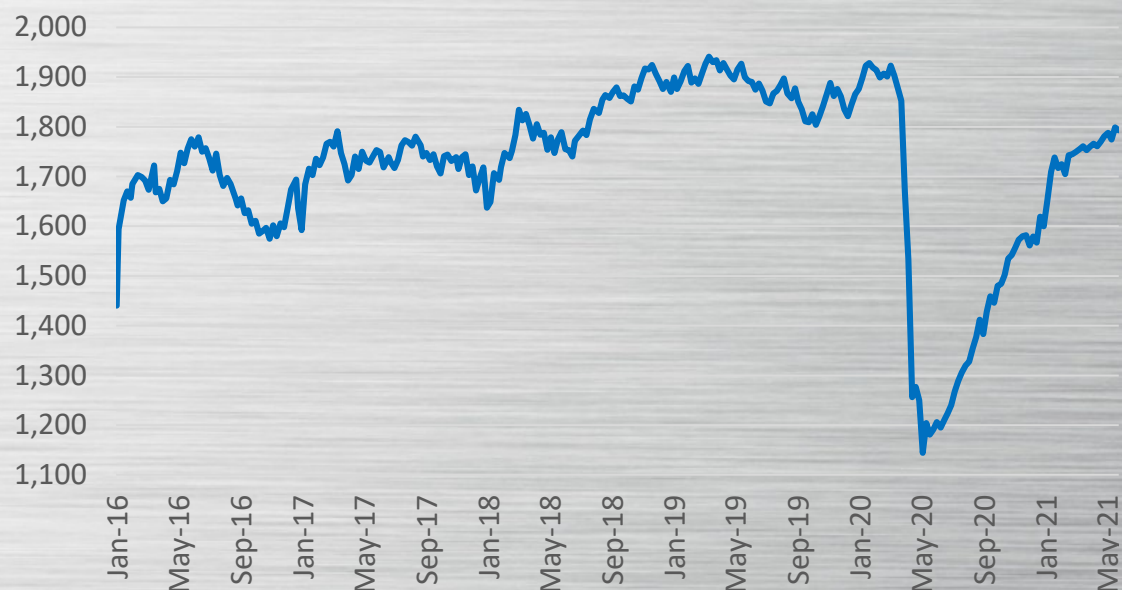
- Production has still climbed four out of the last six weeks and set a pandemic-era high the week prior.

Production decreased in three of the five regions, with the largest decrease (in tons) coming from the Northeast and Southern regions.

- Production from the Northern region slid from 151k tons to 146k tons while the Southern region dropped from 767k tons to 762k tons.

Year-to-date production is now 6.3% above the same timeframe from last year.

WEEKLY DOMESTIC PRODUCTION



SUPPLY

CARBON STEEL IMPORTS⁴

The reset of quarterly quota figures, particularly for semi-finished products, helped to push total carbon steel imports higher in April.

Total carbon steel imports totaled 2.014 million tons, up 10.9% from April but were down 0.9% from April 2020.

- Total finished carbon steel imports were down 9.2% from March to 1.301 million tons.

Carbon flat rolled imports totaled 528,571 tons in April, down from 580,571 tons in March but up sharply from April 2020.

- Compared to March, both cold rolled and coated imports saw a decline, sliding 24.8% and 22.6%, respectively.
 - These declines helped to overcome the 23.8% increase in hot rolled imports.

Year-to-date carbon flat rolled imports total 1.951 million tons, up 11.4% from the same timeframe last year but are down 5.0% from the same timeframe in 2019.

CARBON FLAT ROLLED IMPORTS



DEMAND



NEW HOME SALES⁵

Sales of new homes slipped slightly in April after an increase in March.

Sales slipped to an 863,000 unit rate, down 5.9% from March but up nearly 50% from a 582,000 unit rate in April 2020.

- Despite the slowdown in April, this was the highest April sales rate since 2007.

Inventory of unsold new homes increased in April as most sellers looked to take advantage of rising prices.

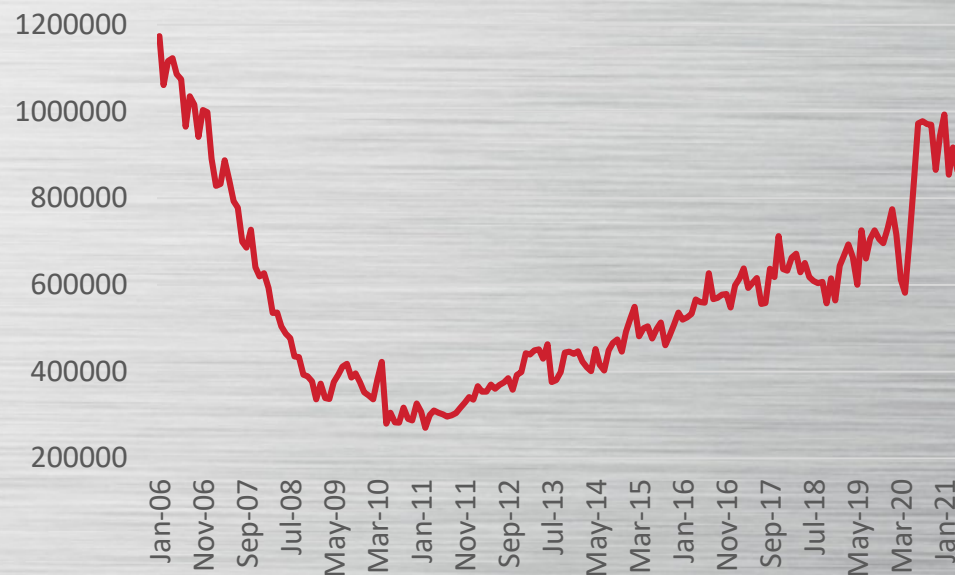
- Inventory increased to 318,000 units, up for the third consecutive month.
 - Inventory continues to be lower than year ago levels however, now sliding on a year-over-year basis for the twentieth consecutive month.

Current inventory, when combined with April's sales rate, equates to 4.1 months of supply.

- This is up slightly from March but remains well below the five-year average of 5.4 months.

Year-to-date actual new home sales are up 33.9% from the same timeframe last year and up 31.1% from the first four months of 2019.

NEW HOME SALES (SAAR)



DEMAND



CHICAGO PMI⁶

The Chicago PMI continued to show further expansion for manufacturing activity in the Chicago region.

The Chicago PMI came in at 75.2, up from 72.1 in April and up from 32.3 in May 2020.

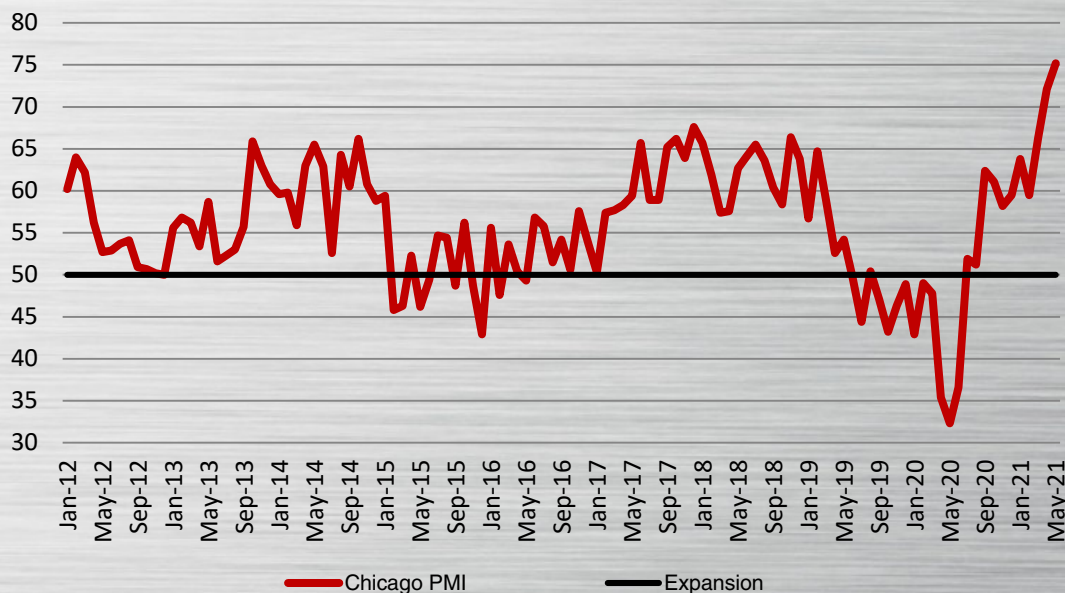
- This was the highest monthly reading since November 1973.
- Any reading over 50 indicates expansion, while any reading below 50 denotes contraction.

The New Order and Order Backlog components saw the sharpest increases in May.

- The New Order component increased 7.7 points in May to its highest level since December 1983.

The Order Backlog component increased 7.5 points, hitting a 70-year high.

CHICAGO PMI



DEMAND



DURABLE GOODS⁷

Actual new orders for durable goods declined in April, sliding 12.0% to \$246.0 billion.

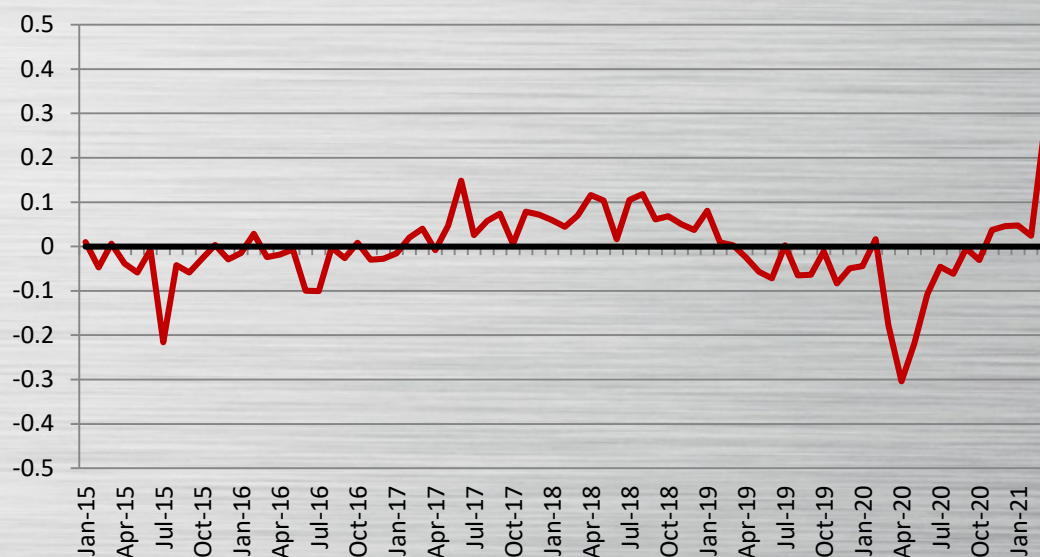
- New orders declined on a seasonally adjusted basis as well, sliding 1.3% to a \$246.2 billion rate.
- The decline in April, which was the first after eleven consecutive monthly increases, followed a 1.3% increase in March.
 - A sharp decline in new orders for transportation equipment, down 6.7% from March, was the main driver of the overall decline.

Unfilled orders, or order backlogs, for manufactured durable goods increased again, climbing 0.2% to a \$1.197 trillion rate.

- This was the third consecutive increase and was driven higher by a 3.4% increase in unfilled orders for fabricated metal products.

Inventories of manufactured durable goods, now up for three consecutive months, increased 0.5% to a \$441.6 billion rate.

DURABLE GOODS ORDERS Y/Y CHANGE (ACTUAL)



WEEKLY INITIAL JOBLESS CLAIMS⁸

Weekly initial jobless claims decreased for the seventh consecutive week last week, hitting another pandemic-era low.

The Department of Labor's Weekly Initial Jobless Claims report came in at 406,000 claims, down from 444,000 claims previously.

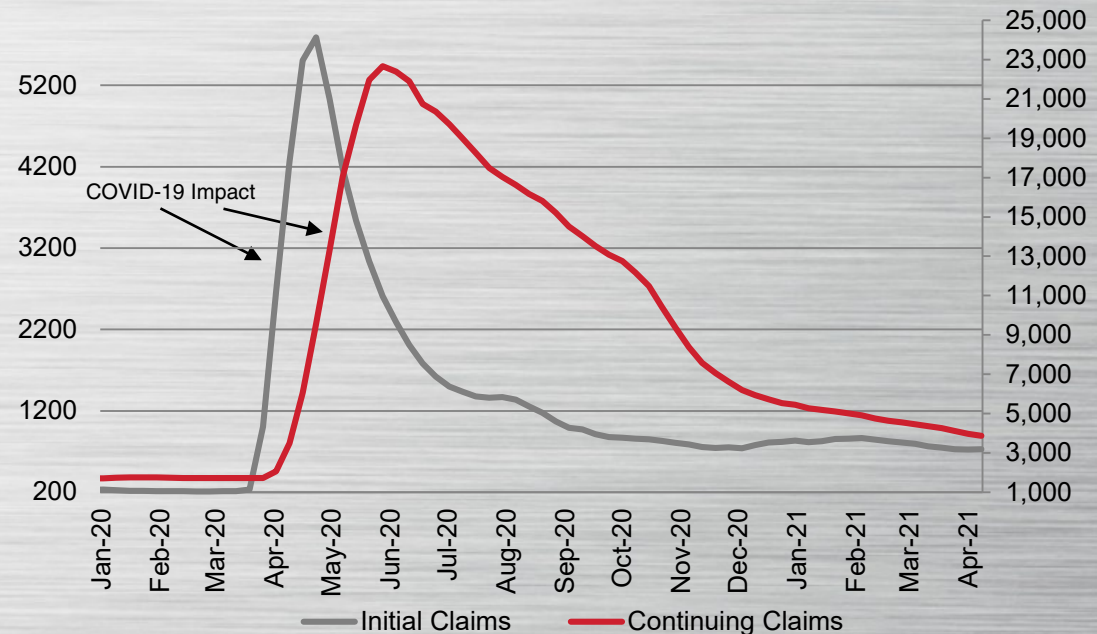
- This is the lowest level for initial claims since March 14, 2020 when it was 256,000.
- The four-week moving average, considered a better measure of the labor market as it irons out week-to-week volatility, decreased to 458,750, from 504,750 claims previously.

Continuing claims, or claims lasting longer than one week, decreased.

- Those receiving benefits under all programs also declined, edging down to 15.8 million.

At the state level, Georgia (-7,392), Kentucky (-7,123) and Texas (-3,881) accounted for the largest decline in claims for the second consecutive week.

WEEKLY INITIAL JOBLESS CLAIMS



PERSONAL INCOME & OUTLAYS⁹

After a sharp increase in March, total personal income declined in April.

Personal income totaled \$21.195 trillion in April, down from \$24.401 trillion in March.

- The decline was due to the one-off government stimulus checks hitting bank accounts in March.

Total wages continued to increase in April, climbing to \$10.079 trillion.

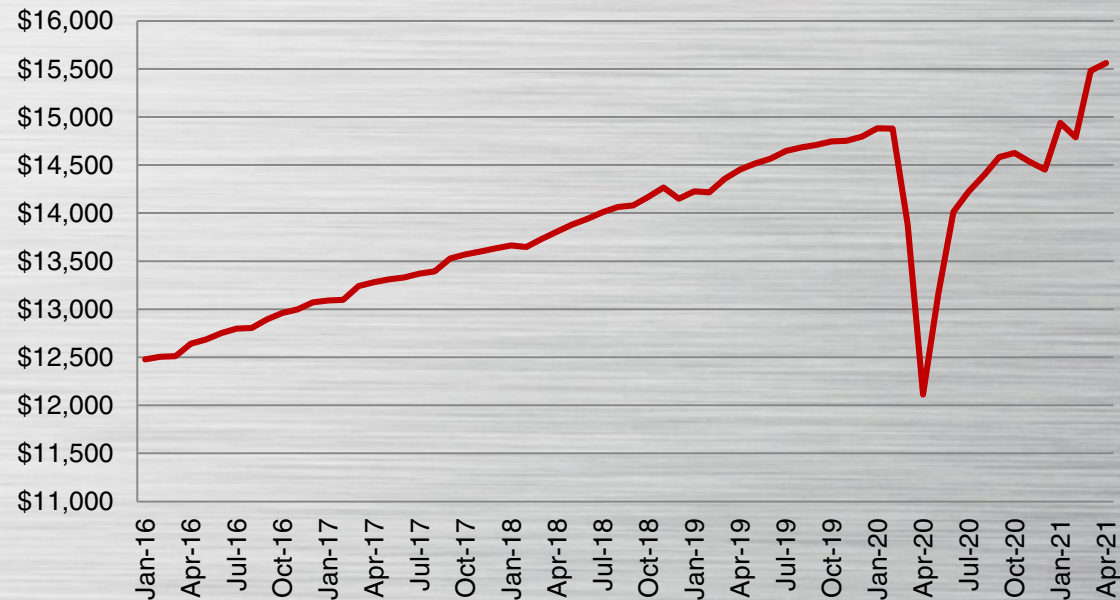
- This is up 1.0% from March and up 16.4% from April 2020.

Total personal spending continued to increase in April, climbing 0.5% to \$15.560 trillion.

- This is up sharply from 28.5% from \$12.112 trillion in April 2020.

Despite falling sharply from March, the April savings rate remained well above historical averages at 14.9%.

PERSONAL CONSUMPTION EXPENDITURES



 **CONSUMER CONFIDENCE¹⁰**

The Conference Board's Consumer Sentiment Index held steady in May after a solid increase in April.

The May Confidence Index came in at 117.2, virtually flat from the 117.5 reading in April.

- The Present Situation Index saw the largest increase, climbing to 144.3 from 131.9 previously,
- The Expectations Index, a gauge of future outlook, slipped to 99.1, down from 107.9 previously.
 - Uncertain labor growth projections and increasing inflation helped to soften the short-term outlook in May.

SOURCES

- 1 Platts, Spot Iron Ore: May 27, 2021.
- 2 London Metal Exchange, Weekly Zinc Price and Inventory Report: May 28, 2021.
Shanghai Futures Exchange, Weekly Zinc Inventory Report: May 28, 2021.
- 3 American Iron & Steel Institute, Weekly Domestic Steel Production: May 25, 2021.
- 4 US Census Bureau, Preliminary Steel Imports: April 2021.
- 5 US Census Bureau: New Homes Sales, April 2021.
- 6 Institute for Supply Managers, Chicago PMI: May 2021.
- 7 US Census Bureau, Durable Goods Report: April 2021.
- 8 Department of Labor, Weekly Initial Jobless Claims: May 27, 2021.
- 9 Conference Board, Consumer Sentiment: May 2021.
- 10 Bureau of Economic Analysis, Personal Income and Outlays: April 2021.

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The logo for MSUSA, featuring a stylized red 'M' followed by the text 'MSUSA' in white. The background of the entire image is a dark, textured American flag with stars and stripes, where the stars are represented by faint, embossed coin-like patterns.

M MSUSA

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