

CORE 06.25.21 **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

09

- ⊕ employment
- ⊖ inflation
- ⊖ trucking costs
- ⊖ retail sales

SPOT IRON ORE¹

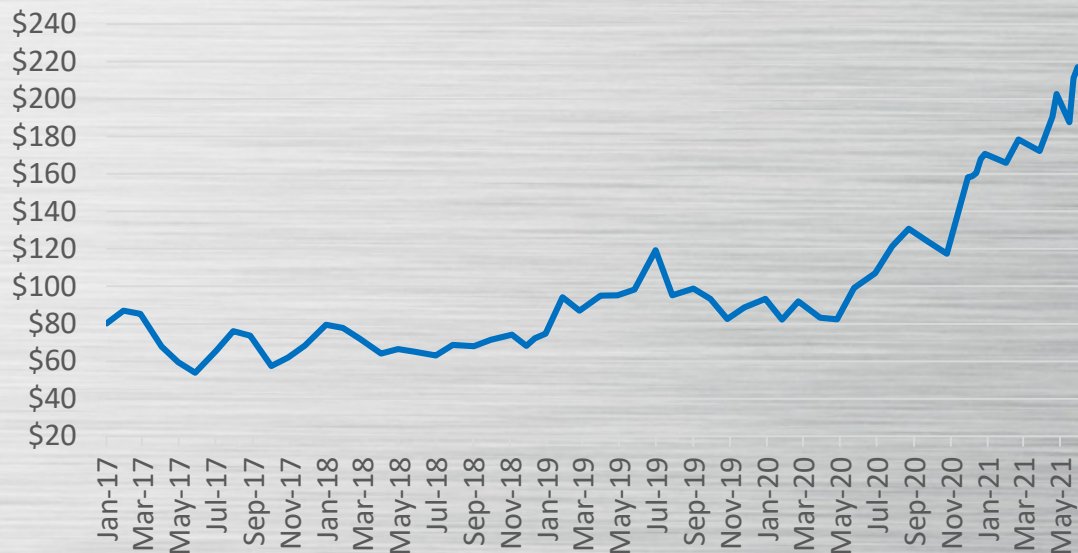
Spot iron ore pricing dropped slightly this week after climbing the previous three weeks.

Spot iron ore pricing ended the week at \$214.90/mt, down from \$220.50/mt a week ago.

- China has rolled out numerous measures, such as trading curbs to releases from state stockpiles, in an effort to stem inflation on iron ore and steel pricing.

Iron ore exports from Australia to China also increased to a record high for the third consecutive month in a row, increasing 18% in May.

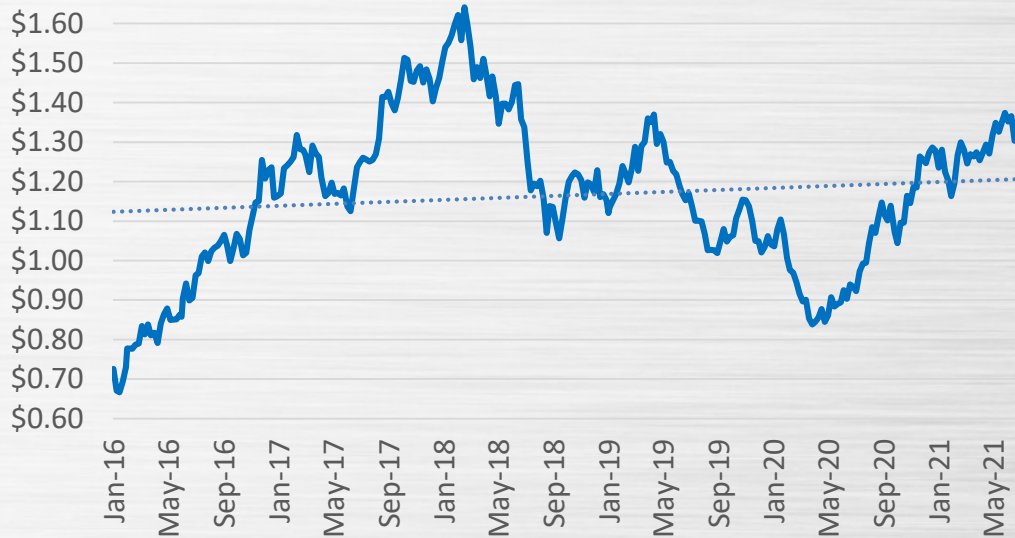
IRON ORE COST



COST



WEEKLY ZINC PRICING²



ZINC

Zinc pricing ended the week relatively flat compared to the week prior.

Zinc pricing ended the week at \$2,876.50/mt (\$1.305/lb), up slightly from \$2,873/mt (\$1.303/lb) previously.

- Zinc briefly touched \$1.285/lb earlier in the week and dropped below the 50 DMA (\$1.33/lb) and 100 DMA (\$1.29/lb).

Global zinc inventory decreased again this week, now down for the seventh consecutive week.

- LME warehouse inventory decreased to 257,450 metric tons, from 261,325 metric tons previously.
- Shanghai warehouse inventory dropped significantly, sliding from 50,417 metric tons to 35,314 metric tons.

SUPPLY



WEEKLY DOMESTIC STEEL PRODUCTION³

Domestic raw steel production climbed slightly last week, now up three out of the last four weeks.

U.S. mills produced an estimated 1,839k tons at an 82.9% utilization rate; this is up from 1,834k tons and an 82.3% rate previously.

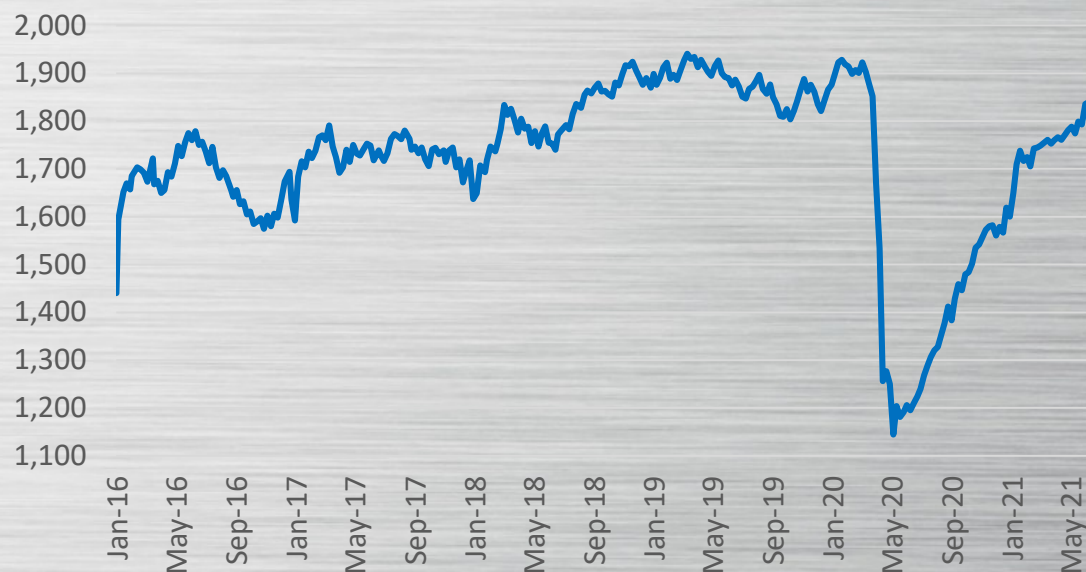
- This production level represents a 44.6% increase from the same period in the previous year.

Production increased in three of the five regions, with the largest increase (in tons) coming from the Northeast region.

- Production from the Northeast region climbed from 143k tons to 151k tons.

Year-to-date production is now 11.9% above the same timeframe from last year.

WEEKLY DOMESTIC PRODUCTION



SUPPLY

GLOBAL STEEL PRODUCTION⁴

GLOBAL STEEL PRODUCTION (MT)

After climbing during the first four months of the year, global steel production slipped slightly in May.

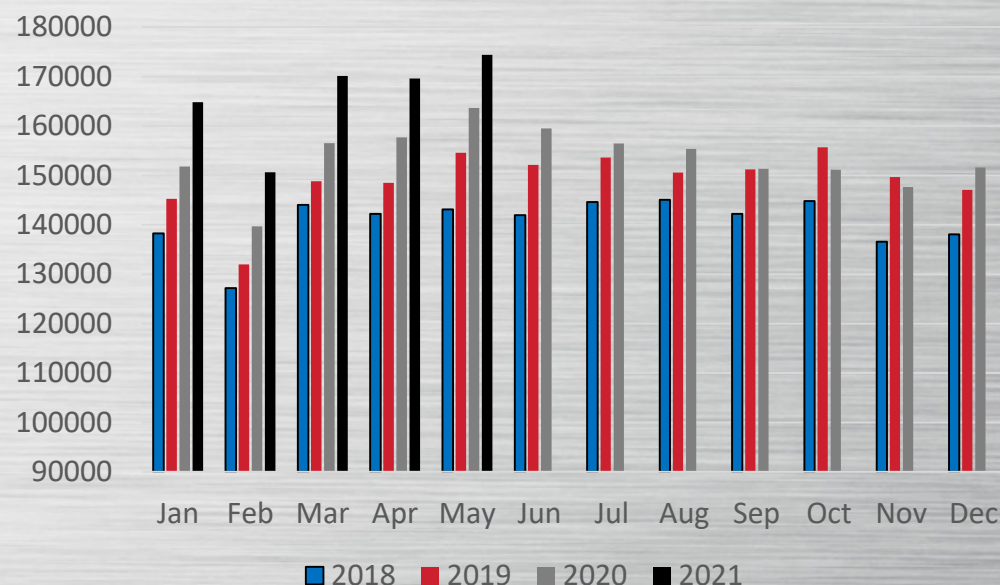
- Global steel production totaled 5.625 million mt/day in May, down 0.5% from 5.653 million mt/day in April but up sharply from the 4.793 million tons/day in May 2020.

Global production continued to be paced by the Chinese, which totaled 3.208 million mt/day in May.

- This was down slightly (1.6%) however from April, the first month-over-month decline since November.

Production from the rest of the world totaled 2.417 million mt/day, up 1.3% from April and up 33.0% from 1.931 million mt/day in May 2020.

- U.S. production slipped slightly in May, slipping to 234,000 mt/day.
 - This is down 1.6% from April, but was up from pandemic stricken 158,000 tons/day pace from May 2020.
- The largest month-over-month increases in production came from India and Japan, which saw a 7.3% and 4.3% increase, respectively.



SUPPLY

CARBON STEEL IMPORTS⁵

Total carbon steel imports declined slightly in May after climbing to a nine month high in April.

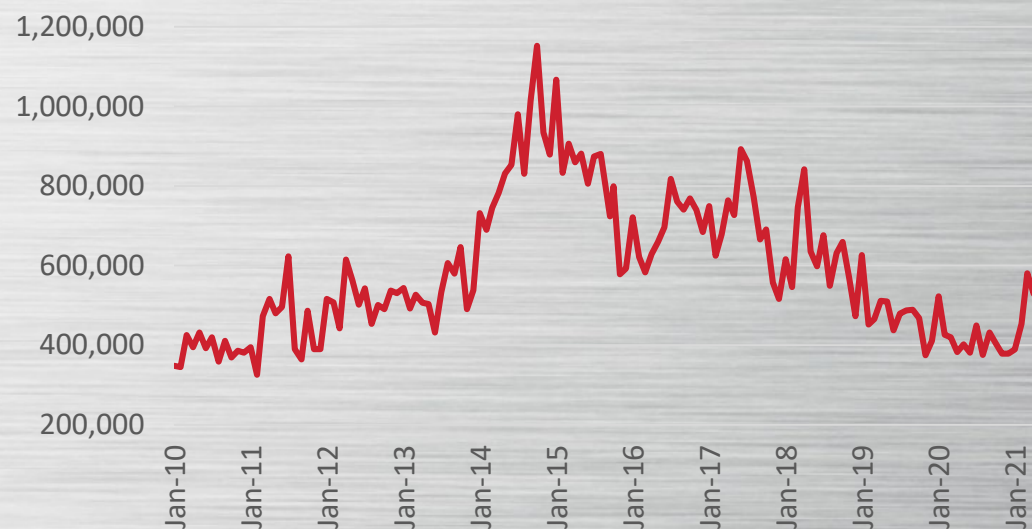
- Carbon steel imports totaled 1.994 million tons in May, down 1.0% from April but were up a sharp 45.5% from 1.371 million tons in May 2020.

Carbon flat rolled imports increased however in May, climbing to their highest level since January 2019.

- Carbon flat rolled imports totaled 597,758 tons, up 13.1% from April and up 48.8% from May 2020.
- While hot rolled imports declined slightly in May, both cold rolled and coated imports saw sizeable increases.
 - Cold rolled and coated imports increased 47.9% and 22.4%, respectively from April.

Year-to-date carbon flat rolled imports are now up 18.4% from the same timeframe last year.

CARBON FLAT ROLLED IMPORTS



DEMAND



NEW HOME SALES⁶

New home sales slipped again in May, now down for the second consecutive month and for the third time in the last four months.

May new home sales came in at a 769,000 unit rate, down 5.9% from April but up 9.2% from a 704,000 unit rate from May 2020.

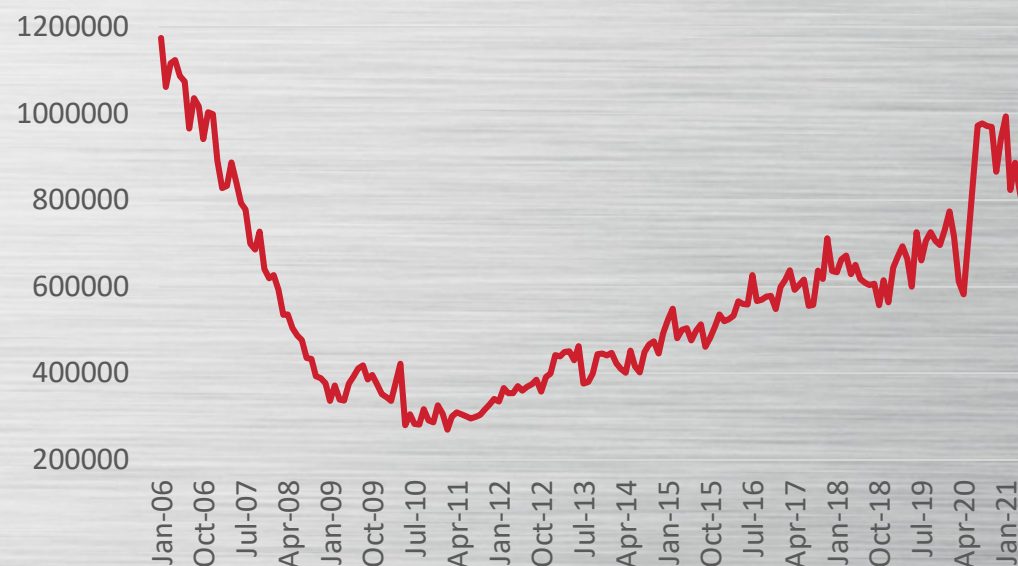
- Despite the decline from April, this was the highest May sales pace since 2007.

Two things that continue to limit sales are limited inventory and sky-rocketing prices.

- The median sales price increased to \$374,400, setting a new all-time high.
- Inventory of unsold new homes increased slightly, mainly due to seasonally, climbing to 330,000 units.
 - Current inventory, combined with May's sales pace, equates to 4.8 months of supply.

Year-to-date new home sales are up 25.9% from the same time frame last year and up 27.2% from the first five months of 2019.

NEW HOME SALES (SAAR)



DEMAND

EXISTING HOME SALES⁷

Existing home sales slipped slightly again in May, now down for the fourth consecutive month.

May existing home sales came in at a 5.800 million unit rate, down 0.9% from April but up a sharp 44.6% from a 4.010 million unit rate in May 2020.

- Actual sales totaled 528,000 units, the highest monthly total since October.

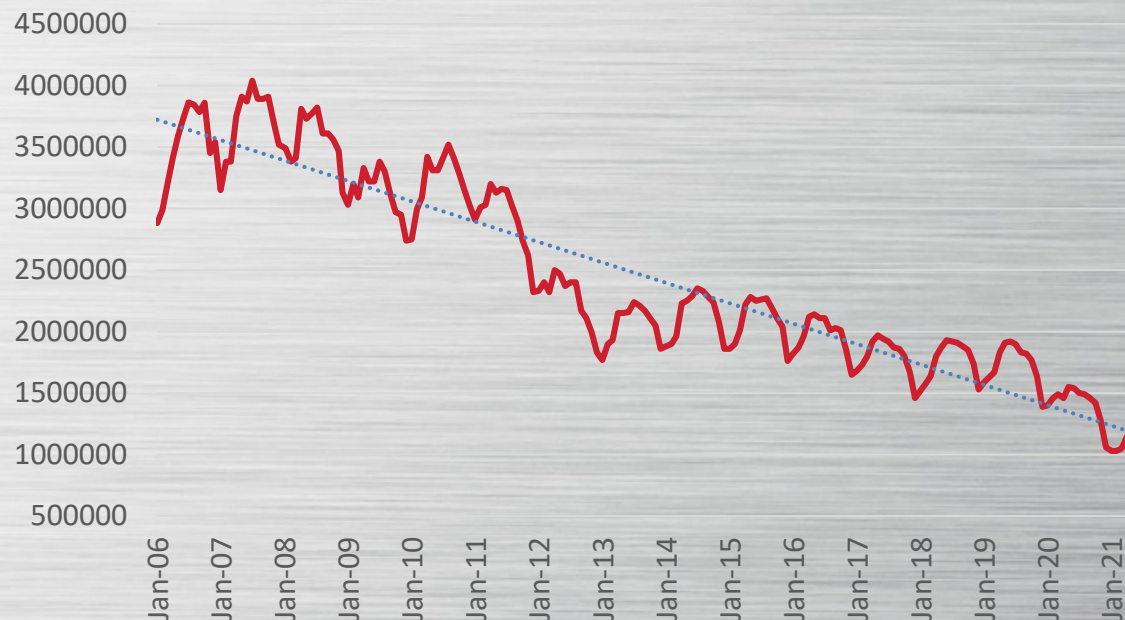
The number of existing homes for sale increased to 1.230 million units, up from 1.150 million units in April but down over 20% from 1.550 million units in May 2020.

- This was the seventh consecutive month in which inventories declined by at least 20% on a year-over-year basis.
- Current inventory, when combined with May's sales rate, equates to 2.5 months of supply.

The median home price increased again in May, climbing to a fresh all time high of \$350,300.

Continued increases of prices as well as limited supply have helped slow recent increases in sales.

EXISTING HOMES FOR SALE



ARCHITECTURE BILLINGS INDEX⁸

Demand at the architectural level continued to push higher in May as the Architecture Billings Index climbed to one of the highest readings of the past 25 years.

The May Architecture Billings Index came in at 58.5, up from 57.9 in April and up sharply from 32.0 in May 2020.

- Any reading over 50 indicates an increase in activity, while any reading below 50 denotes a contraction.
- The ABI has now shown growth for four consecutive months.

The new design component hit a record high for the second consecutive month, climbing to 63.2.

- The new project component also recorded near-record levels at 69.2.

Activity increased in all four regions, with the Midwest (63.4) coming in the strongest.

The sector breakout showed similar growth across the board, with the commercial/industrial (60.6) component being the strongest.

ARCHITECTURE BILLINGS INDEX (3MA)



WEEKLY INITIAL JOBLESS CLAIMS⁹

Weekly initial jobless claims dropped slightly last week after climbing the week prior, now down seven out of the last eight weeks.

The Department of Labor's Weekly Initial Jobless Claims report came in at 411,000 claims, down from 418,000 claims previously.

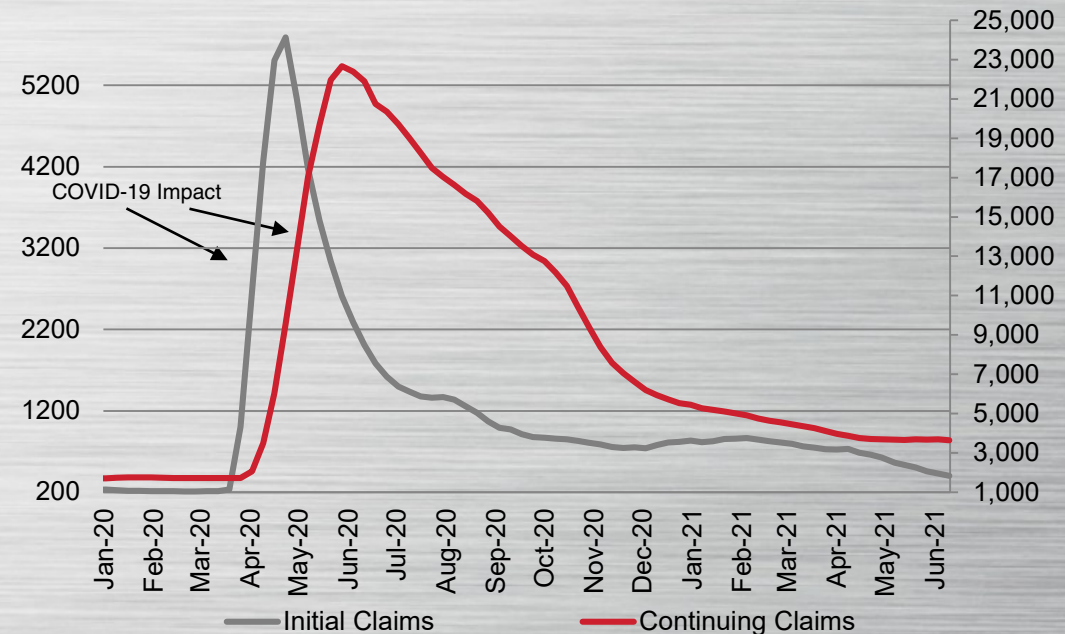
- The current level of initial claims is about double where it was prior to the Covid-19 pandemic.
- The four-week moving average, considered a better measure of the labor market as it irons out week-to-week volatility, increased to 397,250, from 395,750 claims previously.

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

- Continuing claims decreased to 3.390 million, down from 3.534 million previously.

At the state level, Pennsylvania showed the biggest increase in claims with 14,523, while Illinois (-3,605) and California (-3,300) reported the largest declines.

WEEKLY INITIAL JOBLESS CLAIMS



SOURCES

- 1 Platts, Spot Iron Ore: June 24, 2021.
- 2 London Metal Exchange, Weekly Zinc Price and Inventory Report: June 25, 2021.
Shanghai Futures Exchange, Weekly Zinc Inventory Report: June 25, 2021.
- 3 American Iron & Steel Institute, Weekly Domestic Steel Production: June 22, 2021.
- 4 WorldSteel, Global Steel Production: May 2021.
- 5 US Census Bureau, Preliminary Carbon Flat Rolled Imports: May 2021.
- 6 US Census Bureau, New Home Sales: May 2021.
- 7 National Association of Realtors, Existing Home Sales: May 2021.
- 8 American Institute of Architects, Architecture Billings Index: May 2021.
- 9 Department of Labor, Weekly Initial Jobless Claims: June 17, 2021.

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