

CORE 07.09.21 **REPORT**

COST

01

- ▲ scrap
- ▼ iron ore
- energy
- ▲ zinc
- coking coal

SUPPLY

04

- lead times
- ▲ production
- imports
- inventories

DEMAND

05

- ▼ automotive
- construction
- ▲ appliance
- manufacturing
- agriculture
- durable goods

ECONOMIC

07

- ▼ employment
- inflation
- confidence
- retail sales



SCRAP¹

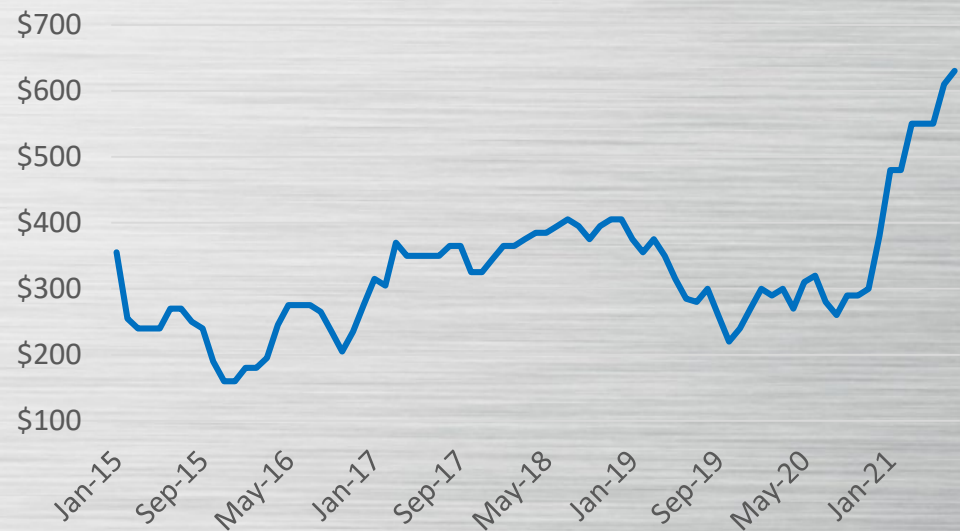
After a sharp \$60/gt increase in June, prime scrap pricing continued its upward momentum in July.

July scrap price settled at \$630/gt, up \$20/gt from \$610/gt in June.

- This sets a new post-Great Recession high.

Increased domestic steel production (especially from the EAF's), climbing imported pig iron pricing, and constrained scrap generation all helped boost pricing in July.

PRIME SCRAP



COST

SPOT IRON ORE²

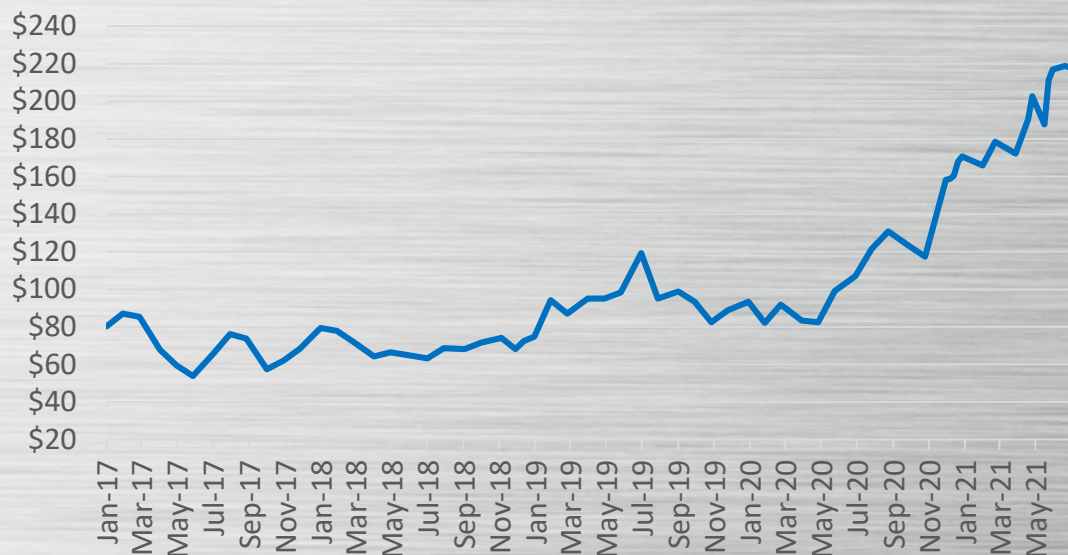
Spot iron ore pricing ended the week relatively unchanged compared to the previous week.

Spot iron ore pricing ended the week at \$218.20/mt, down from \$218.80/mt a week ago.

- Iron ore prices remain near all-time record highs on steadily increasing demand and record high mill margins.

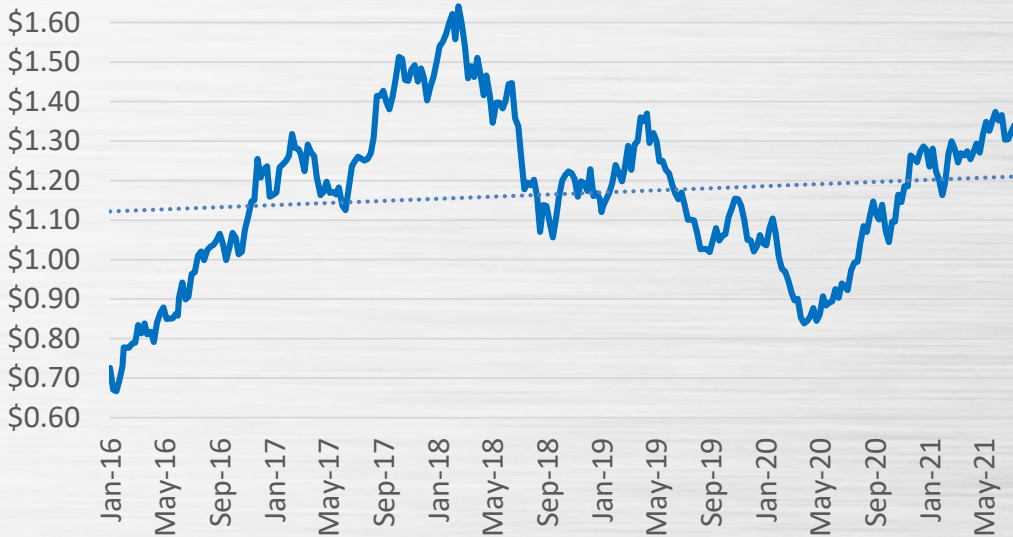
Iron ore could face some headwinds in the coming months on the weakening demand outlook due to the growing potential for steel production cuts in China in the second half of the year.

IRON ORE COST



COST

WEEKLY ZINC PRICING³



ZINC

Zinc pricing climbed slightly this week, now up for the third consecutive week.

Zinc pricing ended the week at \$2,955/mt (\$1.340/lb), up from \$2,917/mt (\$1.323/lb) previously.

- Zinc shook off the recent increase in the U.S. dollar to climb back near the 30-day average of \$1.35/lb.

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

- LME warehouse inventory decreased to 251,200 metric tons, from 253,075 metric tons previously.
- Shanghai warehouse inventory climbed slightly from 32,490 metric tons to 33,116 metric tons.

SUPPLY



WEEKLY DOMESTIC STEEL PRODUCTION⁴

Domestic raw steel production increased last week, climbing to its highest utilization rate in two years.

U.S. mills produced an estimated 1,842k tons at an 83.0% utilization rate; this is up from 1,835k tons and an 82.7% rate previously.

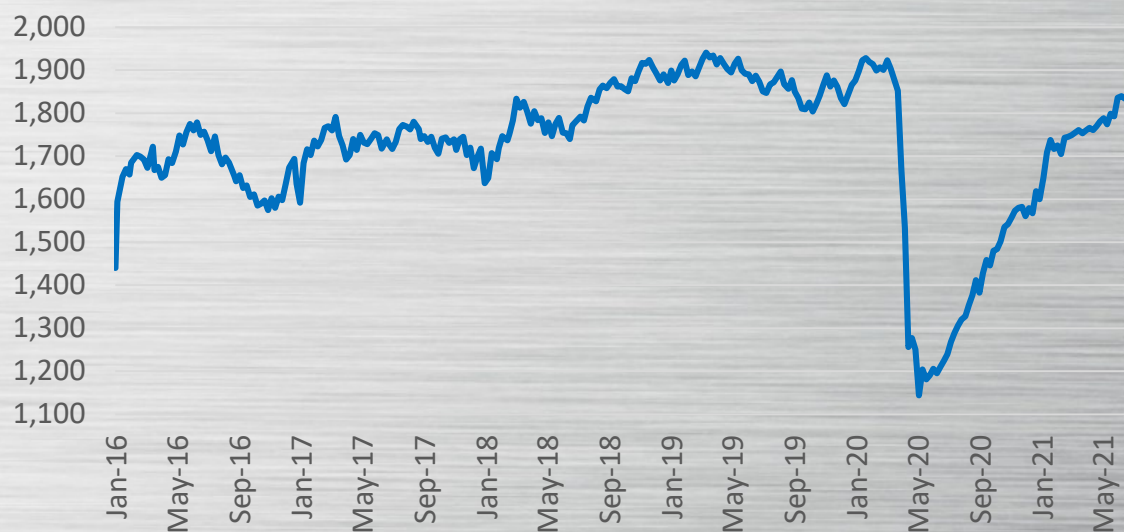
- This is the first time the utilization rate held over 83.0% since March of 2019.

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

- Production from the Northeast region climbed from 136k tons to 144k tons.

Year-to-date production is now 14% above the same timeframe from last year.

WEEKLY DOMESTIC PRODUCTION



DEMAND

▼ LIGHT VEHICLE INVENTORY⁵

The combination of extended production troubles and solid demand has continued to negatively impact light vehicle supply.

U.S. light vehicle inventory totaled 1.397 million units at the end of June, down 7.5% from May and down a sharp 45.8% from 2.576 million units at the end of June 2020.

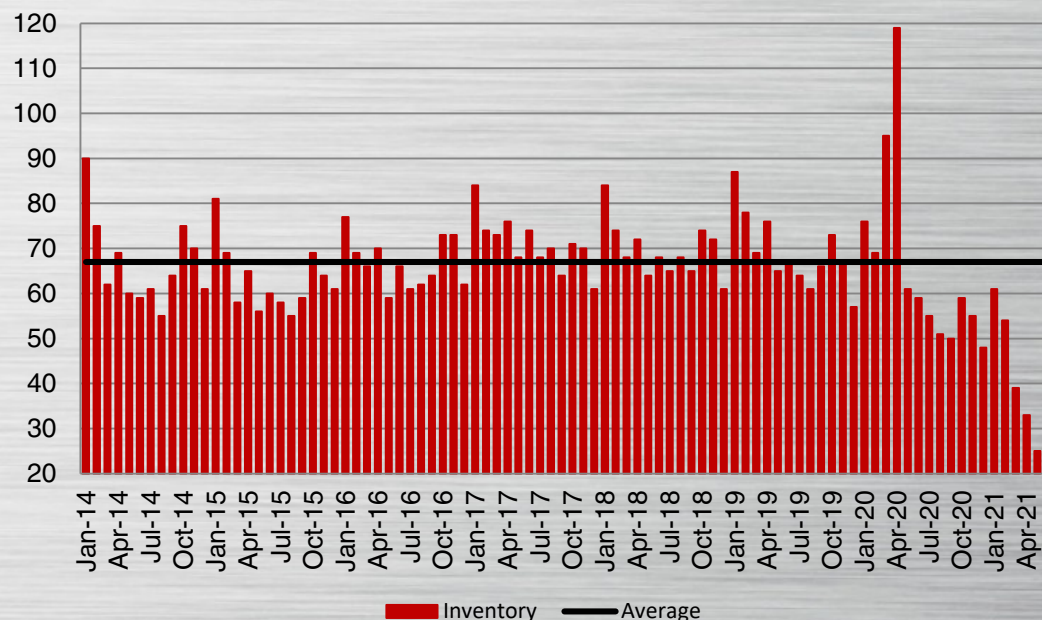
- June set a new record for lowest total inventory in modern history, surpassing the low of 1.406 million in August 2009.

Total inventory, when combined with June's sales pace, equates to 27 days of supply.

- This is up slightly from the 25 days of supply in May but remains well below the historical average of 65 days.

The lean supply situation continues to negatively impact sales as demand remains strong for both new and used vehicles.

U.S. LIGHT VEHICLE DAYS OF SUPPLY



DEMAND

HEATING & COOLING EQUIPMENT⁶

After a slight decline in April, shipments of heating and cooling equipment increased in May.

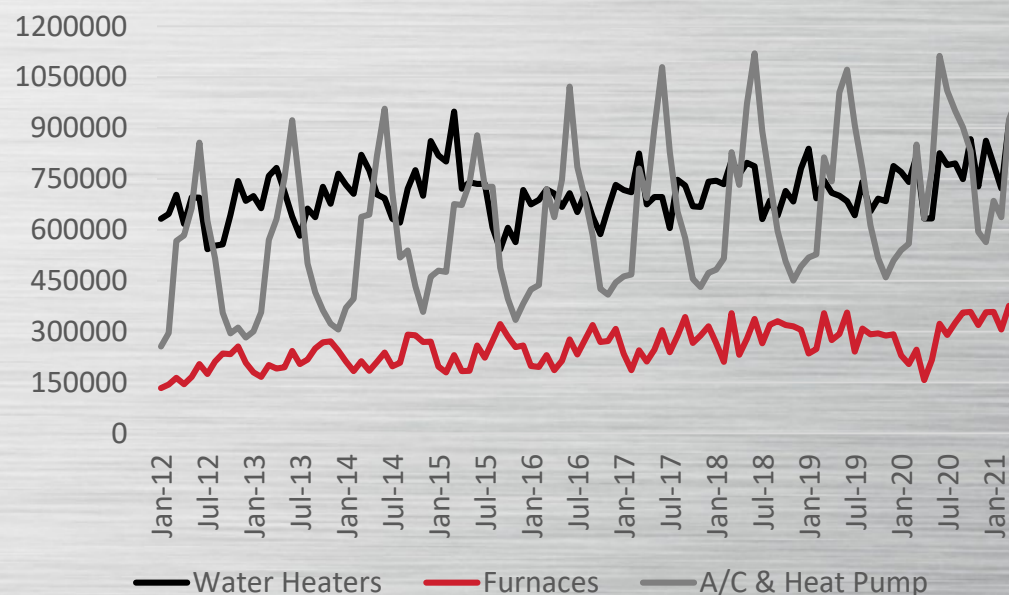
Heating and cooling equipment shipments totaled 2.158 million units in May, up 1.4% from April and up a sharp 30.9% from 1.649 million units in May 2020.

On a year-over-year basis, to help smooth seasonality, all three product categories saw sharp increases.

- Furnace shipments increased the most, climbing 56.5%.
 - A/C & heat pump and water heater shipments increased as well, climbing 31.5% and 21.7%, respectively.

Year-to-date shipments are up 24.5% from the same timeframe last year and are up 15.0% from the same timeframe in 2019.

HVAC EQUIPMENT SHIPMENTS



WEEKLY INITIAL JOBLESS CLAIMS⁷

Weekly initial jobless claims unexpectedly climbed last week after hitting a pandemic-era low the week prior.

The Department of Labor's Weekly Initial Jobless Claims report came in at 373,000 claims, up from 371,000 claims previously.

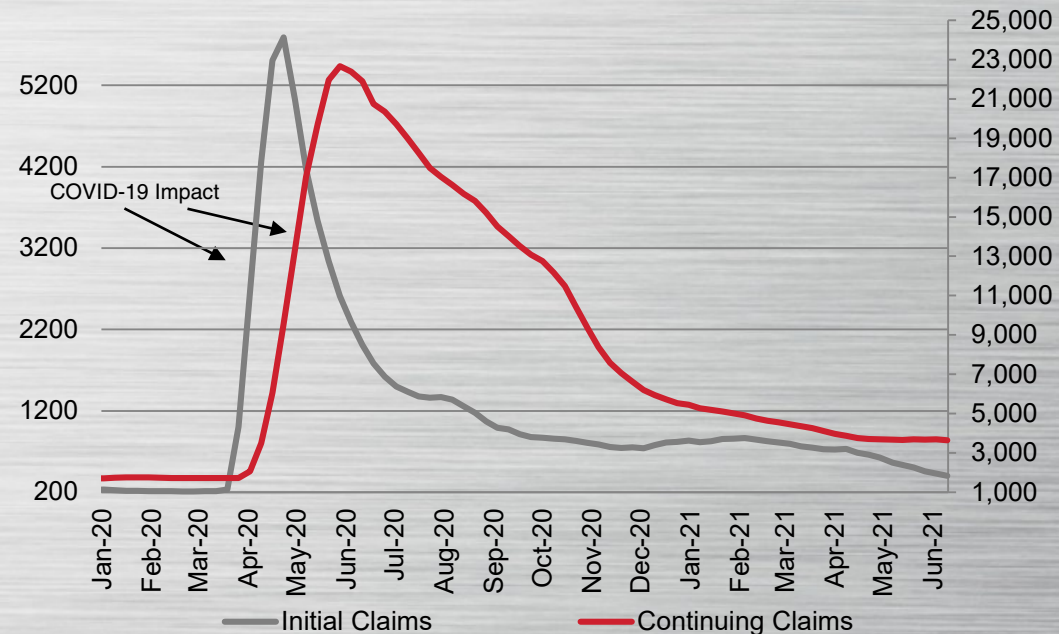
- The four-week moving average, considered a better measure of the labor market as it irons out week-to-week volatility, decreased slightly to 394,250, from 394,750 claims previously.

Continuing claims, or claims lasting longer than one week, decreased, now alternating up and down movements for that last nine weeks.

- Continuing claims dropped to 3.339 million, down from 3.484 million previously.

At the state level, New Jersey saw the largest increase in claims with 3,381, followed by Massachusetts (2,845) and New York (1,857).

WEEKLY INITIAL JOBLESS CLAIMS



SOURCES

- ¹ Prime Scrap Pricing. Market Conversations: Week ending July 9, 2021.
- ² Platts, Spot Iron Ore: July 8, 2021.
- ³ London Metal Exchange, Weekly Zinc Price and Inventory Report: July 9, 2021.
Shanghai Futures Exchange, Weekly Zinc Inventory Report: July 9, 2021.
- ⁴ American Iron & Steel Institute, Weekly Domestic Steel Production: July 6, 2021.
- ⁵ WardsAuto, U.S. Light Vehicle Inventory: June 2021.
- ⁶ A/C, Heating, and Refrigeration Institute, HVAC Equipment Shipments: May 2021.
- ⁷ Department of Labor, Weekly Initial Jobless Claims: July 1, 2021.

Disclaimer: The material, information and analyses included herein (the "Content") may include certain statements, estimates and projections prepared with respect to, among other things, historical data and anticipated performance. Such Content may reflect various assumptions by Majestic Steel USA, Inc. ("Majestic Steel") concerning anticipated results that are inherently subject to significant economic, competitive and other uncertainties and contingencies and have been included for illustrative purposes. Content is provided to you on an "AS IS" basis and, Majestic Steel, together with its third party providers, do not make any representations or warranties as to the Content and, to the fullest extent allowed by law, exclude all implied warranties (including, but not limited to, warranties of merchantability, title and fitness for a particular purpose) regarding (i) the suitability of the Content; (ii) the accuracy, availability, reliability, currentness, completeness or timeliness of the Content; and (iii) the results obtained from accessing and using the Content. Due to the electronic nature of the Content, there is a risk that the Content may have been modified and/or contains inaccuracies or typographical errors. As such, Majestic Steel does not represent or warrant that the Content is error-free or that any defects will be corrected. The Content herein is for informational purposes only and under no circumstances should it be (a) relied upon as advice or recommendations for any particular business or activity, or (b) construed as an offer to sell or a solicitation to buy any future contract, material, option, security or derivative including foreign exchange. All Content, graphics and trademarks incorporated in or forming a part of this report are owned by Majestic Steel USA, Inc. or its third party providers. All rights are reserved. In no event shall Majestic Steel or any third party provider or any of their respective affiliates, officers, directors, employees, agents or licensors be liable to you or to anyone else for any direct, special, incidental, indirect, punitive, consequential damages or any other loss or injury caused in whole or in part by contingencies beyond their control or any negligence, including any gross negligence, in procuring, providing, compiling, interpreting, editing, writing, reporting, transmitting or delivering the Content. Modification of the Content without the prior written consent of Majestic Steel is strictly prohibited.

M MSUSA

THANK

YOU

SUBSCRIBE HERE

