

CORE 07.23.21 **REPORT**

COST

01

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

SUPPLY

03

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

DEMAND

04

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

ECONOMIC

09

- ⊖ employment
- ⊖ trucking
- ⊖ retail sales
- ⊖ inflation

SPOT IRON ORE¹

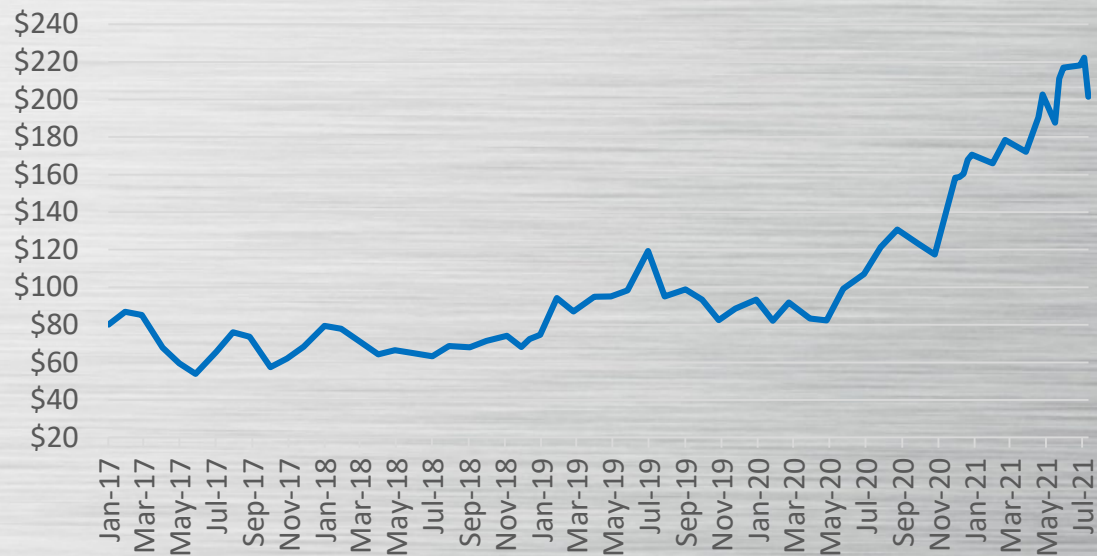
Spot iron ore pricing plunged to its lowest level in nearly three weeks after China's decision to cut steel production.

Spot iron ore pricing ended the week at \$201.50/mt, down from \$222.30/mt a week ago.

- This is the lowest reading since early June when it was \$202.41/mt.

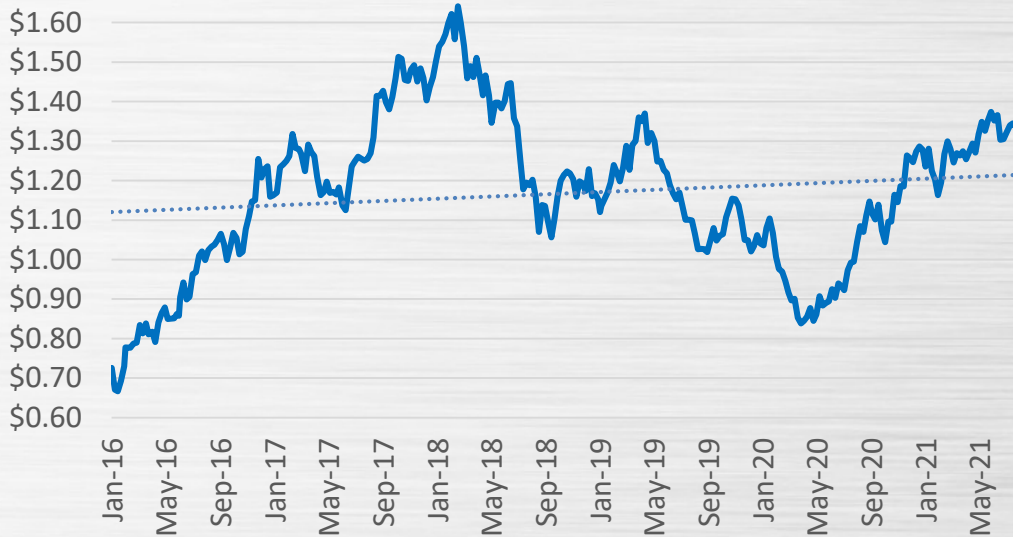
The iron ore market remains extremely bullish as demand continues to outpace supply and mills achieve record high steel margins.

IRON ORE COST



COST

WEEKLY ZINC PRICING²



ZINC

Zinc pricing dropped slightly this week after climbing the previous four weeks.

Zinc pricing ended the week at \$2,944/mt (\$1.335/lb), down from \$2,966/mt (\$1.345/lb) previously.

- The impact of limited mine output in 2020 continues to be felt around the world, with global zinc production in January-May only up slightly from 5.5 million tonnes in 2020 to 5.8 million tonnes so far this year.
- The progress being made on U.S. infrastructure talks is also providing a bullish outlook for zinc.

Global zinc inventory increased this week after sliding the previous ten weeks.

- LME warehouse inventory decreased to 247,300 metric tons, from 248,745 metric tons previously.
- Shanghai warehouse inventory increased from 30,053 metric tons to 36,440 metric tons.

SUPPLY



WEEKLY DOMESTIC STEEL PRODUCTION³

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

U.S. mills produced an estimated 1,859k tons at an 84.1% utilization rate; this is up from 1,852k tons and an 83.6% rate previously.

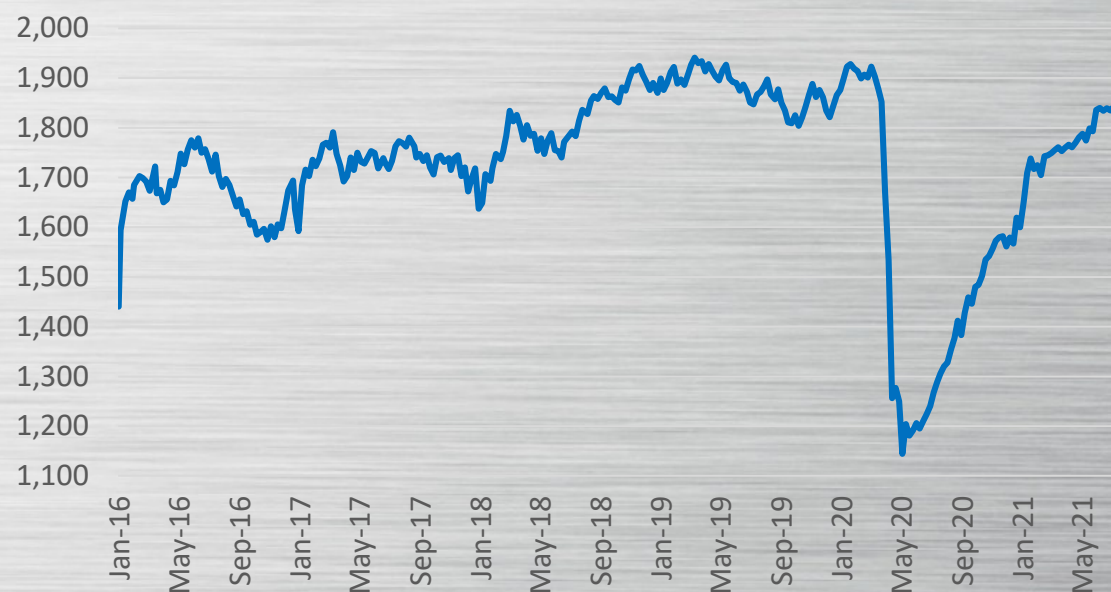
- This remains the highest utilization rate since September of 2008 when it was 85%.

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

- Production from the Midwest region climbed from 191k tons to 199k tons.

Year-to-date production is now 15.7% above the same timeframe from last year.

WEEKLY DOMESTIC PRODUCTION



DEMAND

LIGHT VEHICLE PRODUCTION⁴

U.S. light vehicle production increased in June after sliding the previous two months.

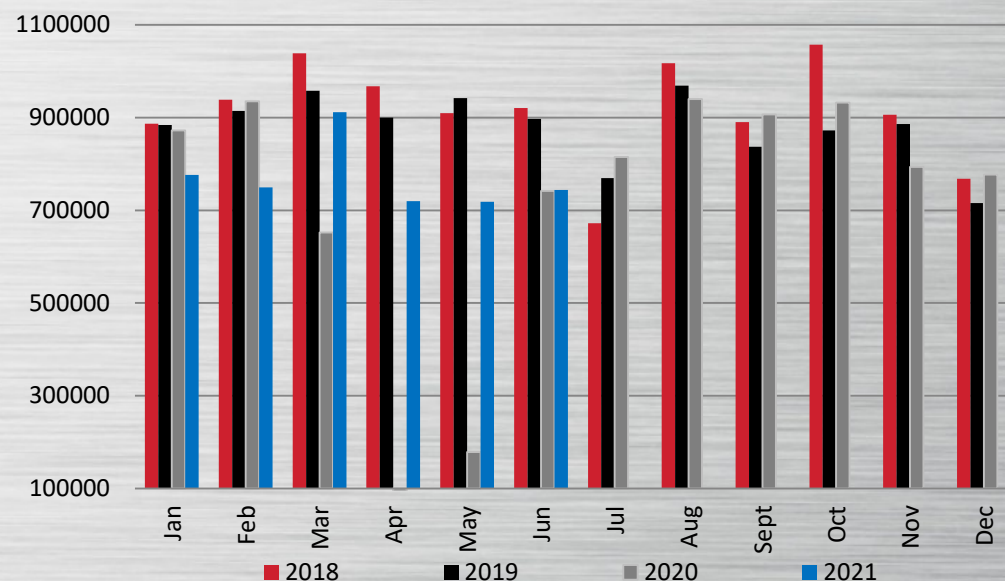
U.S. auto producers produced 743,550 vehicles in June, up 3.5% from May and up slightly from June 2020.

While car production continued to lag behind, the pick up in light truck production more than made up the difference.

- Light truck production totaled 614,009 units, up 5.5% from May and the highest monthly total since March.

Year-to-date light vehicle production is now up 36.4% from the same timeframe last year but remains 15.9% below the level from the first six months of 2019.

U.S. LIGHT VEHICLE PRODUCTION



HOUSING MARKET INDEX⁵

Confidence among U.S. homebuilders remained very strong in July, now in growth mode for the fourteenth consecutive month.

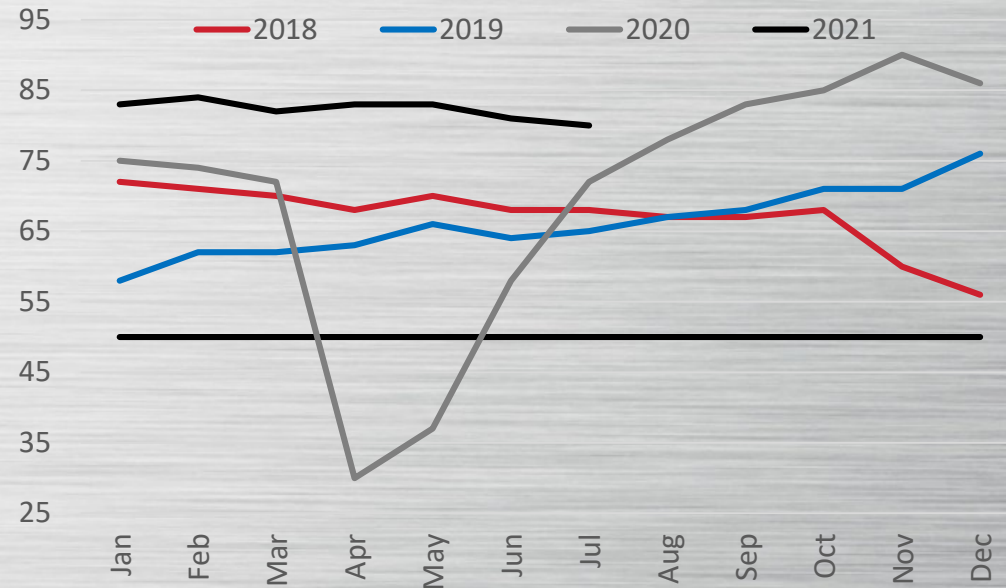
The Housing Market Index came in at 80 in July, down slightly from 81 in June but up sharply from 72 in July 2020.

- Any reading over 50 indicates an increase in confidence around the current residential market, while any reading below 50 denotes a contraction.

All three components remained strong as well in July, with the present situation component remaining the strongest at 86.

- The next six months and traffic components remain well above 50 as well, coming in at 81 and 65, respectively.
 - Despite the continued growth from the traffic component, the 65 reading in July was the lowest since July last year.

HOUSING MARKET INDEX



HOUSING STARTS & PERMITS⁶

New housing starts continued to rebound in June, now up for the second consecutive month.

New housing starts came in at a 1.643 million unit rate, up 6.3% from May and up 29.1% from a 1.273 million unit rate in June 2020.

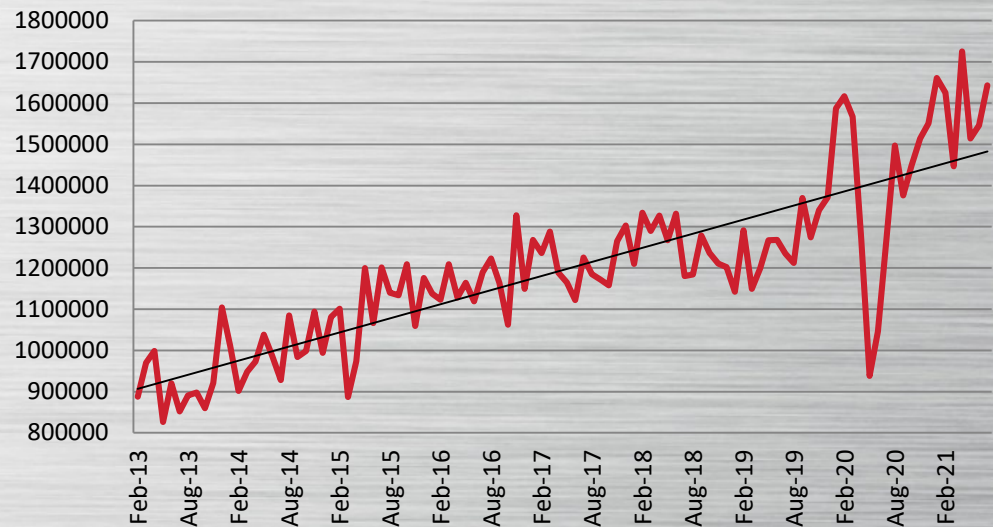
- This is the highest monthly adjusted rate since March.

Permits, an indicator for future construction, declined however, now down for the third consecutive month.

- New permits slipped 5.1% from May to a 1.598 million unit rate, but remained 23.3% above the year-ago level.

Year-to-date actual new housing starts are up 25.2% from the same timeframe last year and are up 27.9% from the first half of 2019.

NEW HOUSING STARTS (SAAR)



DEMAND

EXISTING HOME SALES⁷

After sliding the previous four months, sales of existing homes increased in June.

June existing home sales came in at a 5.86 million unit rate, up 1.4% from May and up 22.9% from a 4.77 million unit rate in June 2020.

- Existing home sales have now increased by at least 12%, on a year-over-year basis, in nine of the last ten months.

Inventory of unsold existing homes increased slightly in June, now climbing for the fourth consecutive month.

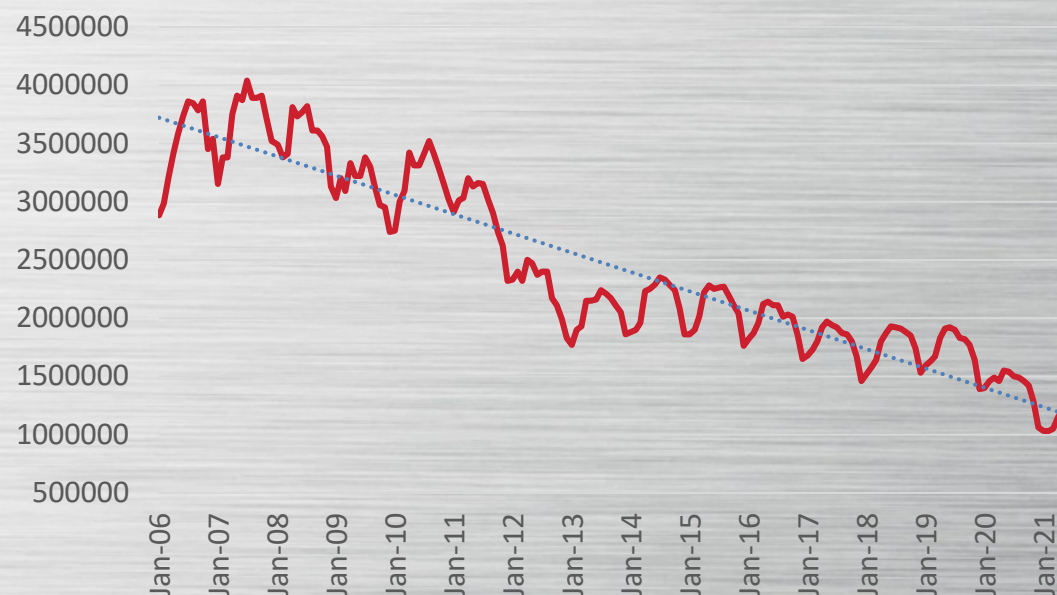
- Inventory increased to 1.250 million unsold homes, up slightly from a downward revised 1.210 million homes in May.

The median sales price continued to increase, setting a fresh all-time high in June.

- The June median home sales price increased 3.7% from May to \$363,300.

Year-to-date actual existing home sales are now up 23.6% from the same timeframe last year and up 13.8% from the first half of 2019.

EXISTING HOMES FOR SALE



ARCHITECTURE BILLINGS INDEX⁸

ARCHITECTURE BILLINGS INDEX (3MMA)

Architecture firms continued to report increasing demand for their services in June.

The June Architecture Billings Index came in at 57.1, down slightly from May but well above last June's reading of 40.0.

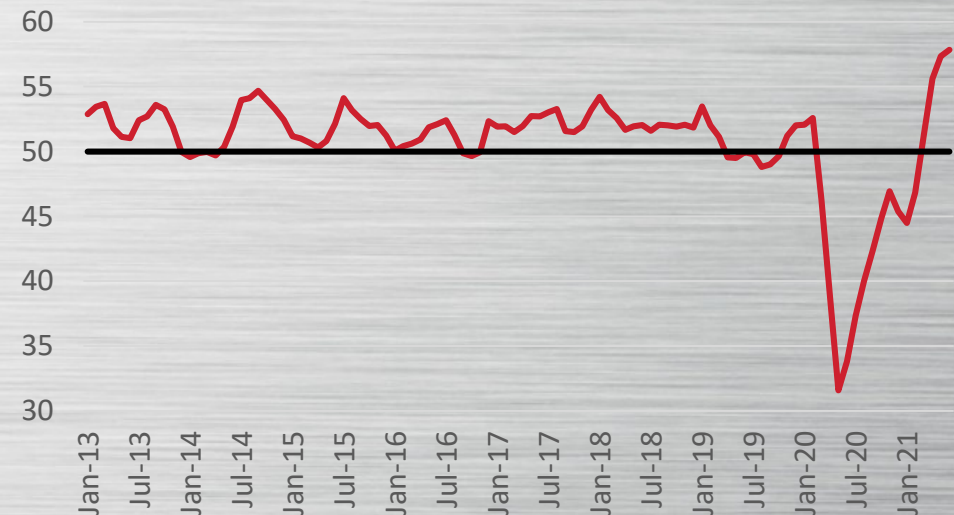
- Any reading above 50 indicates an increase in activity, while any reading below 50 denotes a contraction.
 - The ABI has now been in expansion for five consecutive months.

The new project inquiry component came in at 71.8, up from 69.2 in May and just shy of record-setting levels.

Regionally, the ABI showed growth in all four regions with the strongest growth coming from the Midwest (62.0).

The sector breakdown showed similar growth as all four sectors grew in June.

- The commercial/industrial sector (61.0) came in the strongest.



WEEKLY INITIAL JOBLESS CLAIMS⁹

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 419,000 claims, up from 368,000 claims previously.

- The four-week moving average, considered a better measure of the labor market as it irons out week-to-week volatility, increased slightly to 386,000, from 385,000 claims previously.

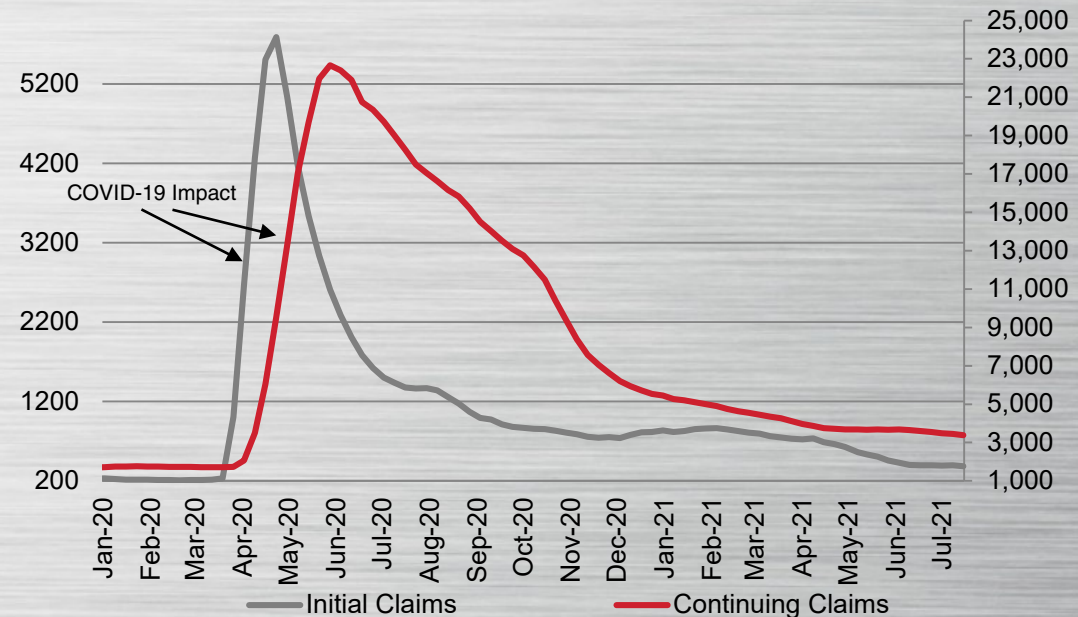
Continuing claims, or claims lasting longer than one week, decreased, now down for three consecutive weeks.

- Continuing claims dropped to 3.236 million, down from 3.265 million previously.

At the state level, Michigan saw the biggest gain in claims, adding more than 13,000 at a time when auto production has been derailed due to a semiconductor shortage.

- Texas saw an increase of nearly 10,000 claims.

WEEKLY INITIAL JOBLESS CLAIMS



SOURCES

- 1 Platts, Spot Iron Ore: July 22, 2021
- 2 London Metal Exchange, Weekly Zinc Price and Inventory Report: July 23, 2021.
- 3 Shanghai Futures Exchange, Weekly Zinc Inventory Report: July 23, 2021.
American Iron & Steel Institute, Weekly Domestic Steel Production: July 20, 2021.
- 4 WardsAuto, US light vehicle production: June 2021.
- 5 National Association of Homebuilders, Housing Market Index: July 2021.
- 6 U.S. Census Bureau, New Residential Construction: June 2021.
- 7 National Association of Realtors, Existing Home Sales: June 2021.
- 8 American Institute of Architects, Architecture Billings Index: June 2021.
- 9 Department of Labor, Weekly Initial Jobless Claims: July 22, 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, and faint, embossed circular patterns resembling coins.

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