

CORE 08.13.21 **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

05

- ⊕ employment
- ⊖ confidence
- ⊕ inflation
- ⊖ trucking

SPOT IRON ORE¹

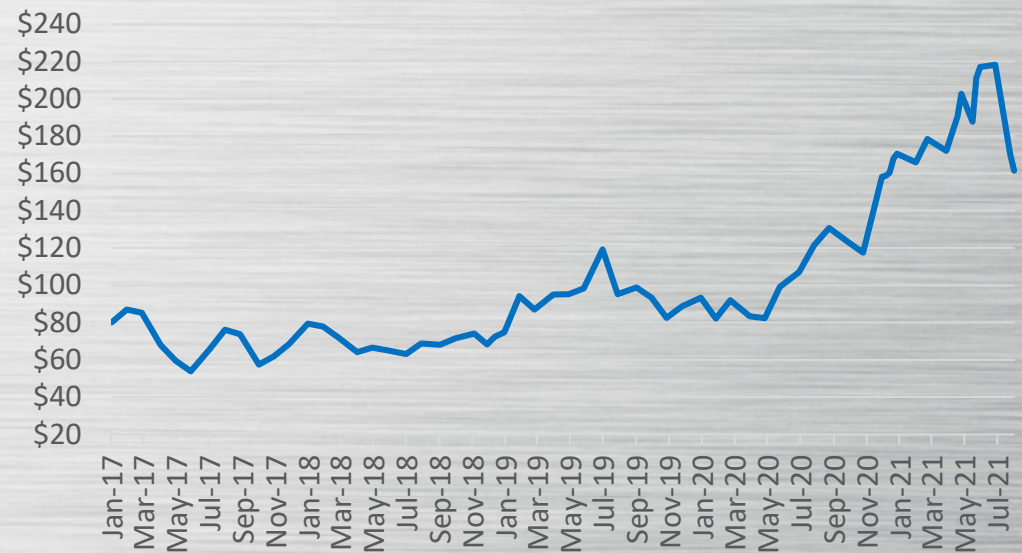
Spot iron ore pricing continued its freefall this week, sliding for the third consecutive week.

Spot iron ore pricing ended the week at \$161.45/mt, down from \$170.05/mt a week ago.

- This is the lowest reading since February 2021 when it was \$161.00/mt.

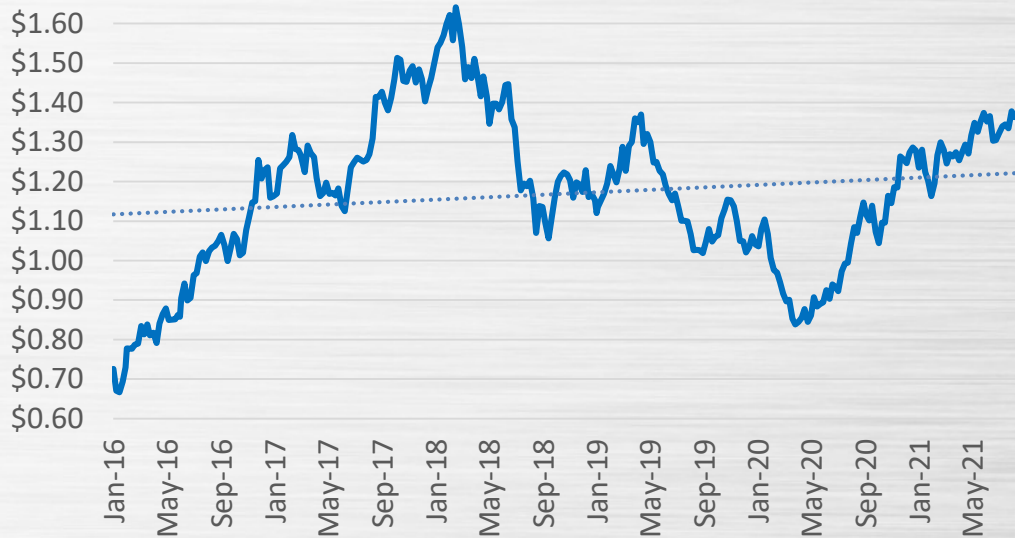
The iron ore market has seen some headwinds as China announced moves to cut steel output, reduce carbon emissions, and limit dependence on Australia.

IRON ORE COST



COST

WEEKLY ZINC PRICING²



ZINC

Zinc pricing remained relatively flat this week after dropping slightly the week prior.

Zinc pricing ended the week at \$3,007/mt (\$1.364/lb), flat from \$3,006/mt (\$1.363lb) previously.

- Zinc has seen a bullish push recently as demand across the globe continues to climb, however rising COVID-19 cases could be an overall headwind for the remainder of this year.

Global zinc inventory decreased this week, now down twelve out of the last thirteen weeks.

- LME warehouse inventory dropped to 239,700 metric tons, from 249,025 metric tons previously.
- Shanghai warehouse inventory increased this week, climbing from 39,982 metric tons to 45,249 metric tons.



WEEKLY DOMESTIC STEEL PRODUCTION³

Domestic raw steel production dipped slightly last week after climbing the previous six weeks and hitting its highest level in thirteen years.

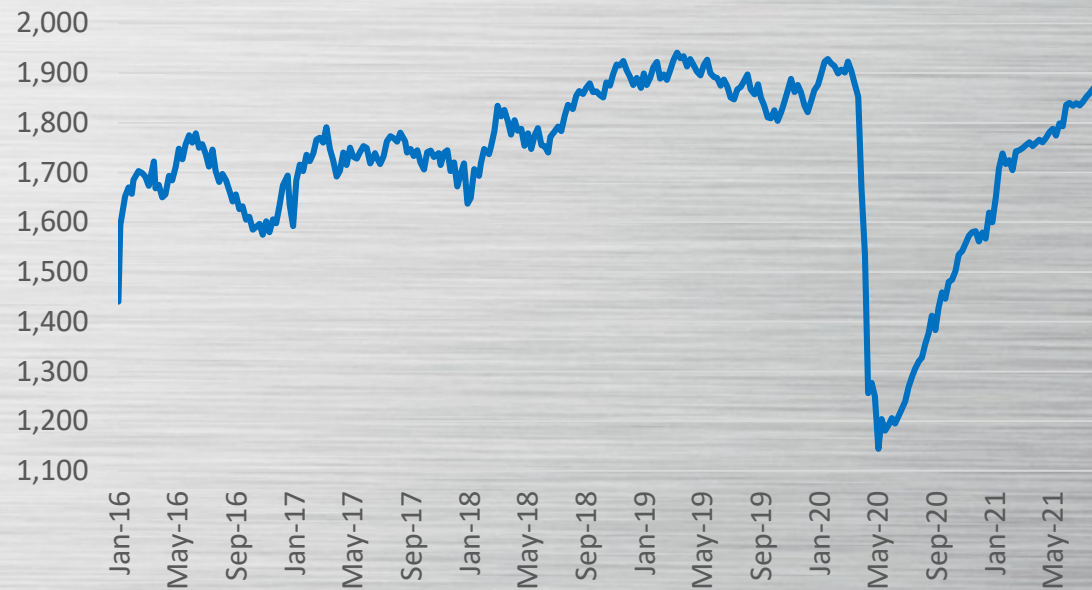
U.S. mills produced an estimated 1,872k tons at an 84.8% utilization rate; this is down from 1,876k tons and an 85.0% rate previously.

Production increased in three of the five regions, but was offset by a large decrease in the Southern Region.

- Production from the Southern region dropped from 815k tons to 802k tons.

Year-to-date production is now 17.7% above the same timeframe from last year.

WEEKLY DOMESTIC PRODUCTION



TRACTOR & COMBINE SHIPMENTS⁴

TRACTOR AND COMBINE SHIPMENTS

North American (Canada and USA) tractor and combine shipments slipped for the third consecutive month.

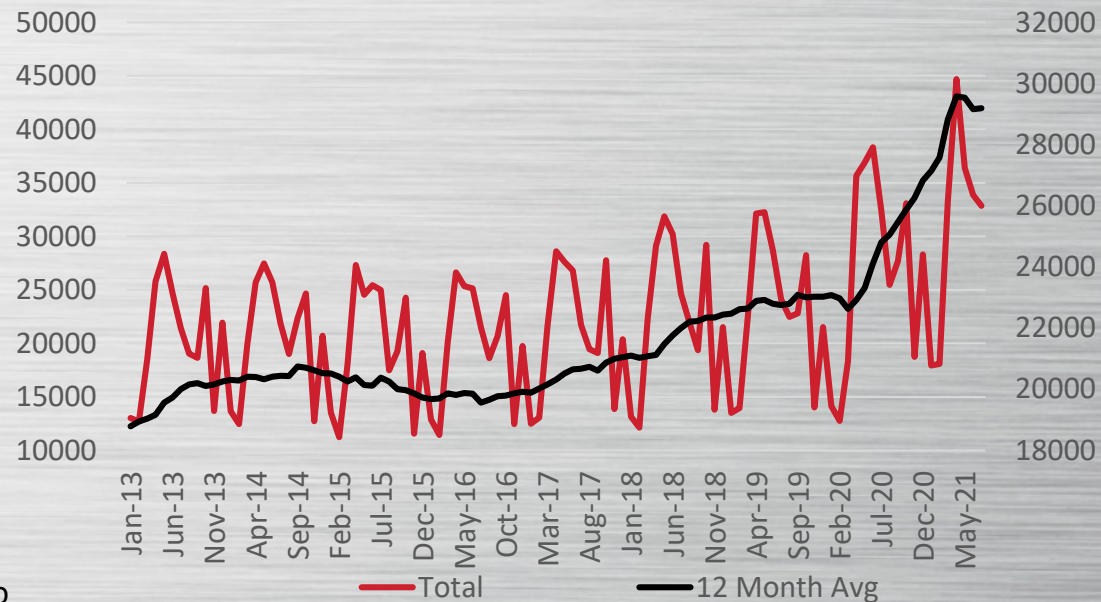
July shipments totaled 32,841 units, down 3.0% from June.

- However, after sliding the previous two months, shipments increased on a year-over-year basis
- Shipments were up 1.2% from 32,446 units in July 2020.

On a year-over-year basis, to help smooth seasonality, both tractor and combine shipments increased.

- While tractor shipments were up 0.5%, combine shipments saw a sharp 31.2% increase.

Despite the recent decline, year-to-date shipments are still up 15.1% compared to the same timeframe last year.



ECONOMIC

**WEEKLY INITIAL
JOBLESS CLAIMS⁵**

Weekly initial jobless claims declined for the third consecutive week as the U.S. labor market continued its recovery from last year's recession.

The Department of Labor's Weekly Initial Jobless Claims report came in at 375,000 claims, down from 387,000 claims previously.

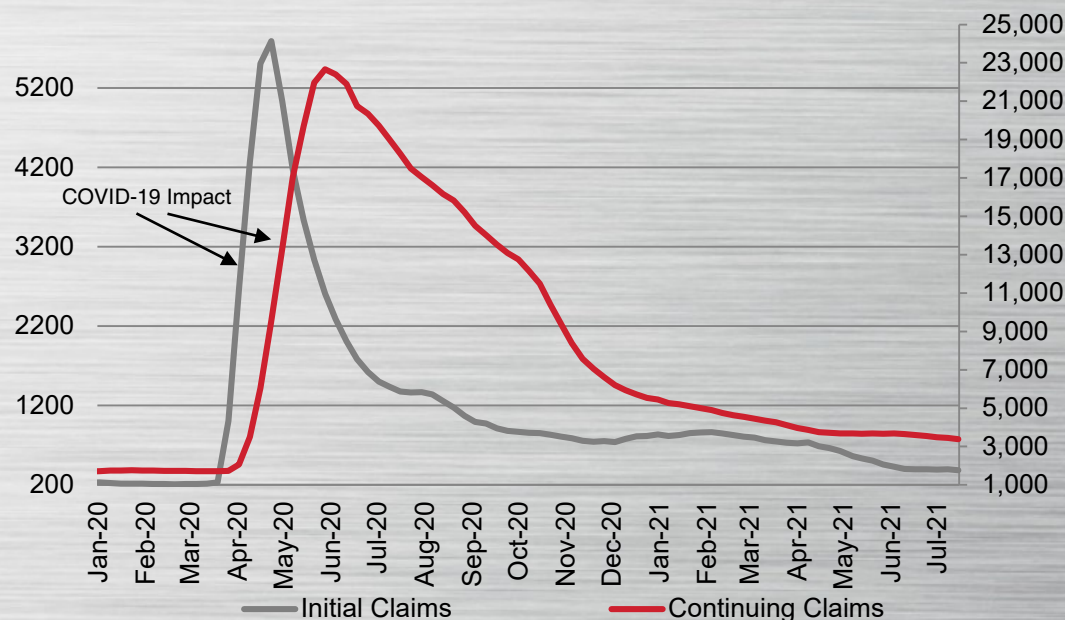
- The four-week moving average, considered a better measure of the labor market as it irons out week-to-week volatility, increased to 396,250, from 394,500 claims previously.

Continuing claims, or claims lasting longer than one week, dropped again, now at the lowest point since mid-March 2020.

- Continuing claims slid to 2.866 million, down from 2.980 million previously.

At the state level, Pennsylvania, Texas, and Michigan accounted for the largest drop in claims with 6,113, 3,745, and 3,060 respectively.

WEEKLY INITIAL JOBLESS CLAIMS



CONSUMER PRICE INDEX⁶

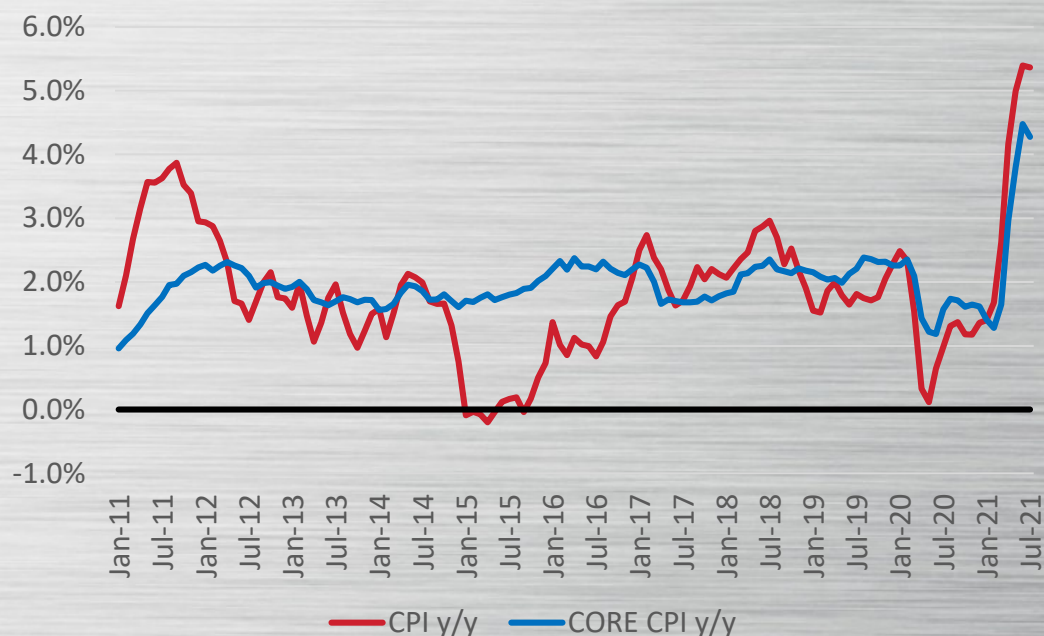
Prices paid by consumers continued to climb in July as the Consumer Price Index increased 0.5%.

- The 0.5% increase in July followed a sharp 0.9% increase in June.
- Over the last twelve months the index is up 5.4%.

The CORE-CPI, which measures all prices excluding the volatile food and energy sectors, increased 0.3% in July.

- This was the smallest month-over-month increase in prices for CORE-CPI items in four months.
- The largest increases in prices came from shelter (which accounted for over half of the monthly increase), lodging away from home, new vehicles, recreation, and medical care.
 - Prices for motor vehicle insurance and airline fares were one of only a few components to decline in July.
- Over the last twelve months, the CORE index saw a 4.3% increase, after a 4.5% y/y increase in June.

CONSUMER PRICE INDEX



LINEHAUL INDEX⁷

The Cass Truckload Linehaul Index slipped slightly in July, down for the second consecutive month.

The Linehaul Index came in at 147.2, down slightly from 148.4 in June but remains well above the 129.8 reading in July 2020.

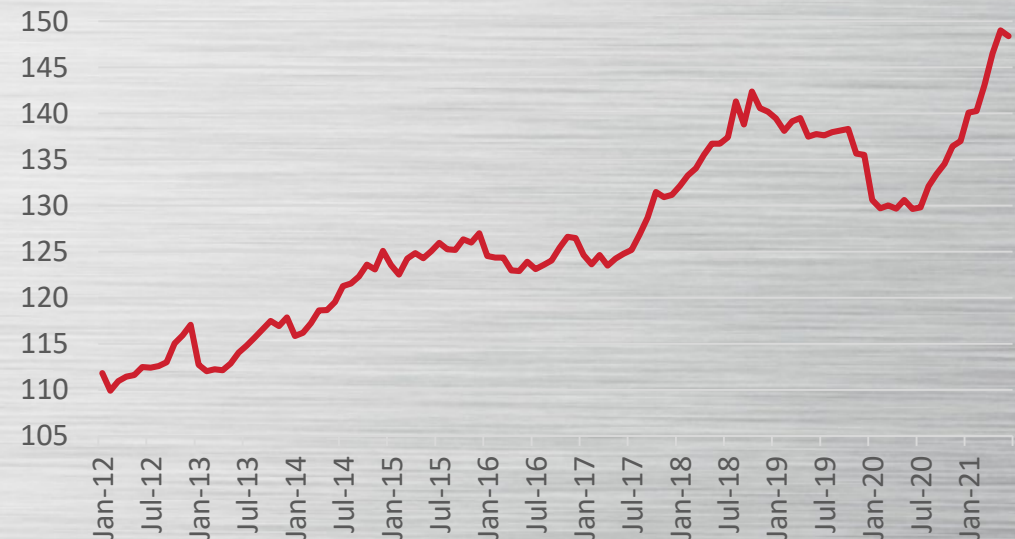
- The recent slowdown in the index appears to be due to change in shipping mix rather than a trend in rates.
 - The length of haul rose sharply in July, and rates tend to fall on a per mile basis as mileage lengthens.
 - The recent bottlenecks from the rail networks is pushing the demand for longer hauls.

The still tight supply/demand balance will continue to keep the trend of the Linehaul Index strong.

The Linehaul Index is an indicator that measures the fluctuations in per-mile truckload pricing.

- The index isolates the linehaul components from other components like fuel and accessories.

LINEHAUL INDEX



SOURCES

- 1 Platts, Spot Iron Ore: August 12, 2021.
- 2 London Metal Exchange, Weekly Zinc Price and Inventory Report: August 13, 2021.
- 3 Shanghai Futures Exchange, Weekly Zinc Inventory Report: August 13, 2021.
American Iron & Steel Institute, Weekly Domestic Steel Production: August 10, 2021.
- 4 Association of Equipment Manufacturers, Tractor and Combine Shipments: July 2021.
- 5 Department of Labor, Weekly Initial Jobless Claims: August 12, 2021.
- 6 Bureau of Labor Statistics, Consumer Price Index: July 2021.
- 7 Cass Information Systems, Linehaul Index: July 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

