

**CORE** 11.12.21 **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
- ⊖ GDP
- ⊖ confidence
- ⊕ inflation

# SPOT IRON ORE<sup>1</sup>

Spot iron ore continued its rapid descent this week, now down for the fourth consecutive week.

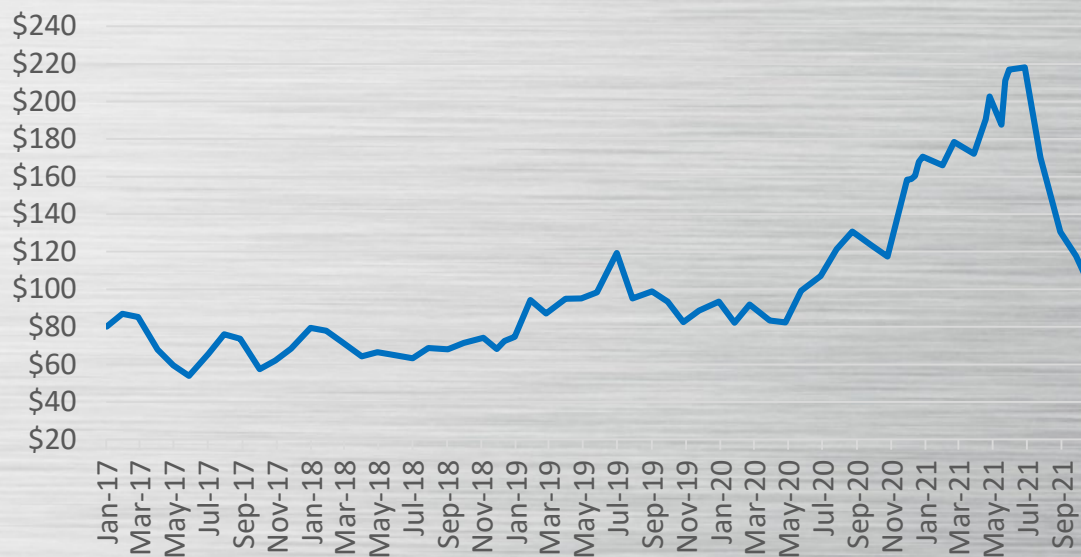
Spot iron ore pricing ended the week at \$94.20/mt, down from \$99.70/mt a week ago.

- Iron ore pricing is now at its lowest price since April 2020.

China continues to limit steel production and restrictions are planned to extend into the first quarter.

- There has been a major effort by China to ensure there's minimal smog for the Winter Olympics, cutting their steel output to its lowest level since 2017.

## IRON ORE COST

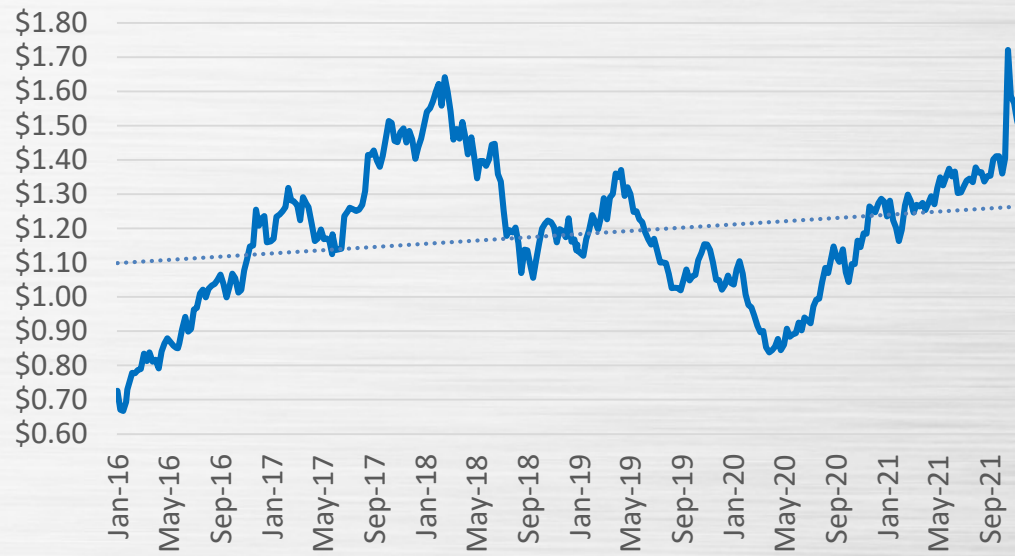


# COST



## WEEKLY ZINC PRICING<sup>2</sup>

### ZINC



Zinc pricing dropped for the fourth consecutive week after hitting its highest price since 2007 in mid-October.

Zinc pricing ended the week at \$3,270/mt (\$1.483/lb), down from \$3,342/mt (\$1.516lb) previously.

- Despite the drop, both Steel Dynamics and NLMK recently announced an increase to coating extras.

Global zinc inventory decreased for the third consecutive week.

- LME warehouse inventory slid to 183,275 metric tons, from 192,750 metric tons previously.
- Shanghai warehouse inventory decreased as well, dropping from 72,624 metric tons to 70,578 metric tons.

# COST

## ▼ COKING COAL<sup>3</sup>



## COKING COAL

Coking coal pricing decreased this week after climbing the previous three weeks.

- Coking coal settled at \$398.50/mt, down slightly from \$403.00/mt last week.
  - This is still up over 250% since the beginning of May.

The increased tensions between China and Australian importers, along with major supply disruptions, has helped to push prices higher.

- A global coal supply shortage is expected to persist throughout the remainder of the year and most of Q1 2022 as demand picks up during the winter months.

## SUPPLY



# WEEKLY DOMESTIC STEEL PRODUCTION<sup>4</sup>

Domestic raw steel production slipped again last week, now down three consecutive weeks and five out of the last six weeks.

U.S. mills produced an estimated 1,841k tons at an 83.4% utilization rate; this is down from 1,860k tons and an 84.3% rate previously.

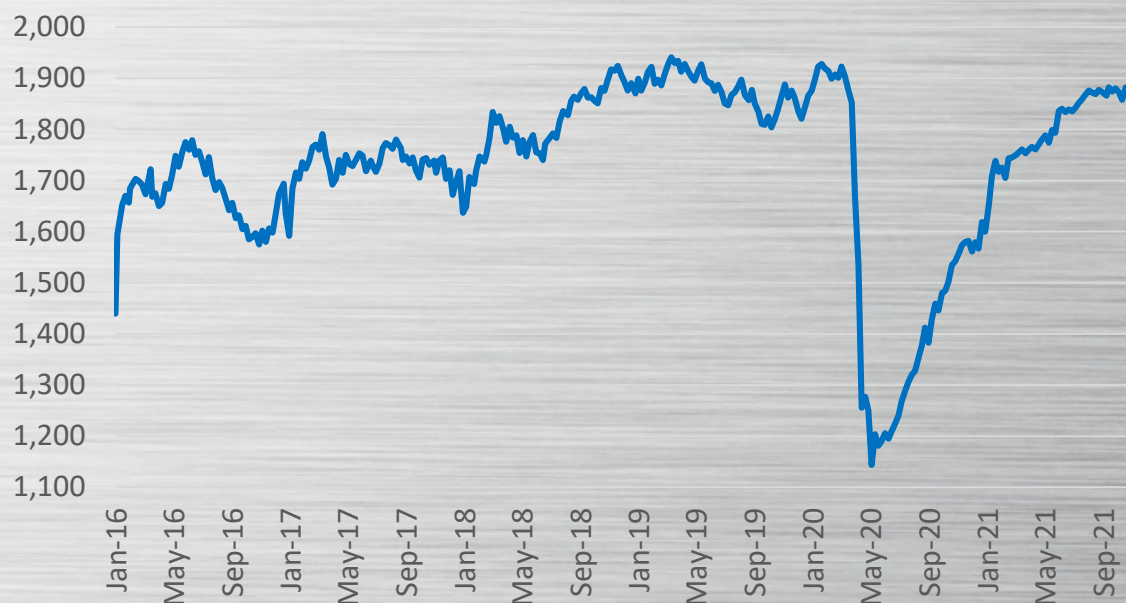
- This is the lowest weekly output since the last week of June.

Production slipped in all five regions, with the largest decrease (in tons) coming from the Midwest and Southern regions.

- Production from the Midwest region dropped from 204k to 199k tons while production from the Southern region slipped from 781k to 776k tons.

Year-to-date production remains 20.2% above the same timeframe from last year.

## WEEKLY DOMESTIC PRODUCTION



# DEMAND

## HEATING & COOLING EQUIPMENT<sup>5</sup>

After sliding the previous two months, shipments of heating and cooling equipment rebounded slightly in September.

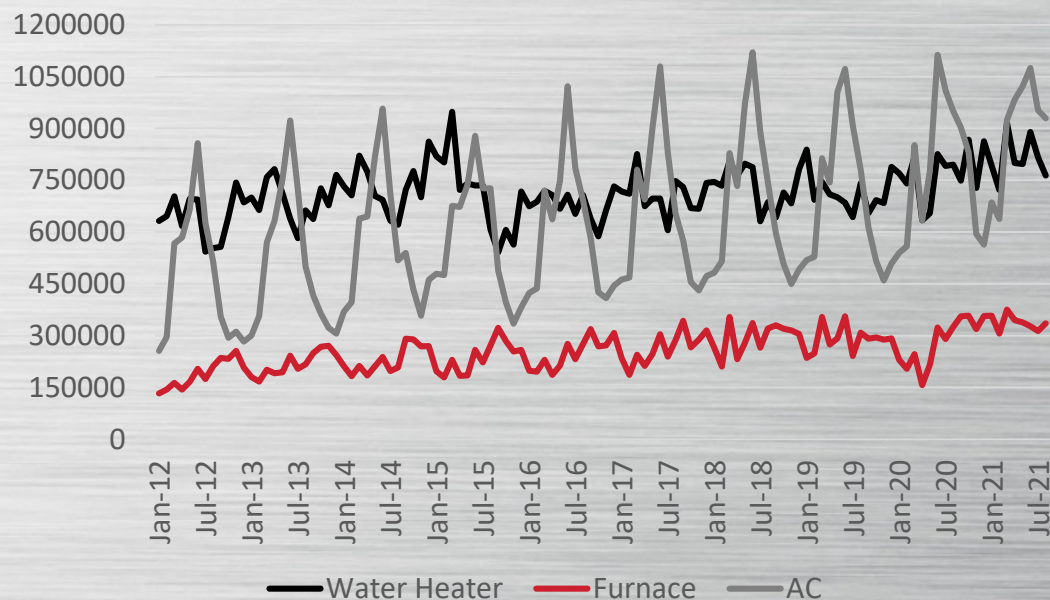
Shipments of HVAC equipment totaled 2.064 million units, up 1.7% from August and up 2.8% from September 2020.

On a year-over-year basis, to help smooth seasonality, shipments of water heaters saw the largest increase, climbing 7.0%.

- While shipments of furnaces saw a slightly 0.4% increase, shipments of A/C & heat pumps saw a slight 0.3% decline.

Year-to-date shipments are still up 12.2% from the same timeframe last year and are up 15.5% over the first nine months of 2019.

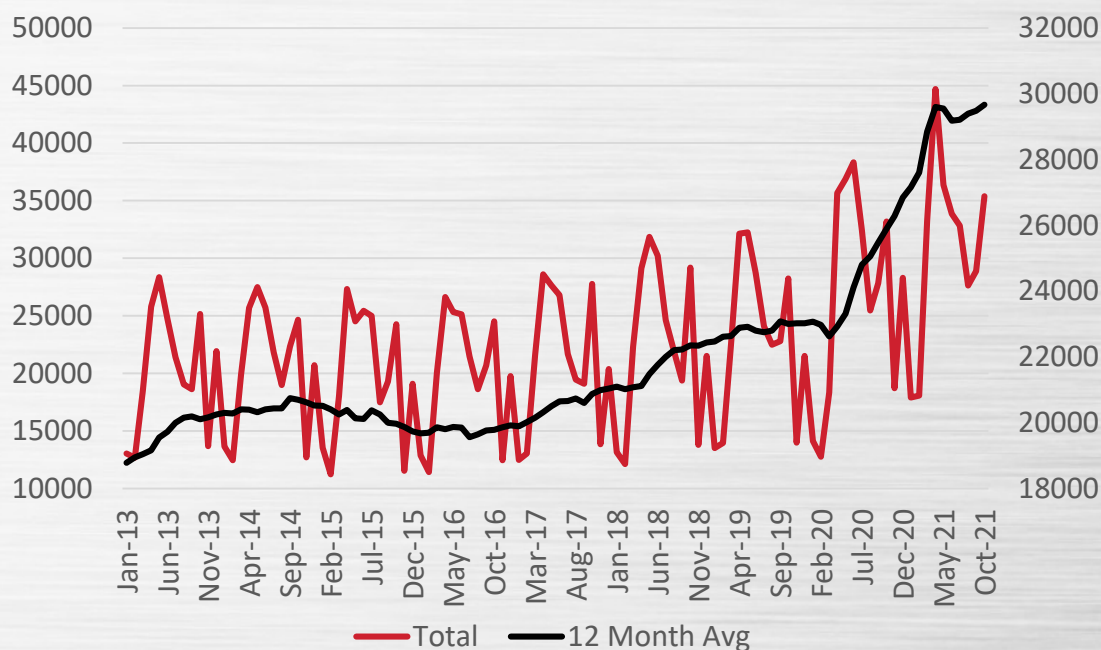
### HVAC EQUIPMENT SHIPMENTS



## DEMAND

# TRACTOR & COMBINE SHIPMENTS<sup>6</sup>

## TRACTOR & COMBINE SHIPMENTS



North American shipments of tractors and combines increased sharply in October after a moderate increase in September.

- Shipments totaled 35,380 units, up 22.5% from September and up 6.6% from 33,194 units in October 2020.
- This was the fourth consecutive month in which shipments increased on a year-over-year basis.

On a year-over-year basis, to help smooth seasonality, both tractors and combine shipments saw increases, climbing 5.1% and 63.8%, respectively.

Year-to-date shipments are now up 12.3% from the same time last year and are up 28.3% compared to the first ten months of 2019.

# WEEKLY INITIAL JOBLESS CLAIMS<sup>7</sup>

## WEEKLY INITIAL JOBLESS CLAIMS

Weekly initial jobless claims dropped for the sixth consecutive week, hitting its lowest level since the pandemic began.

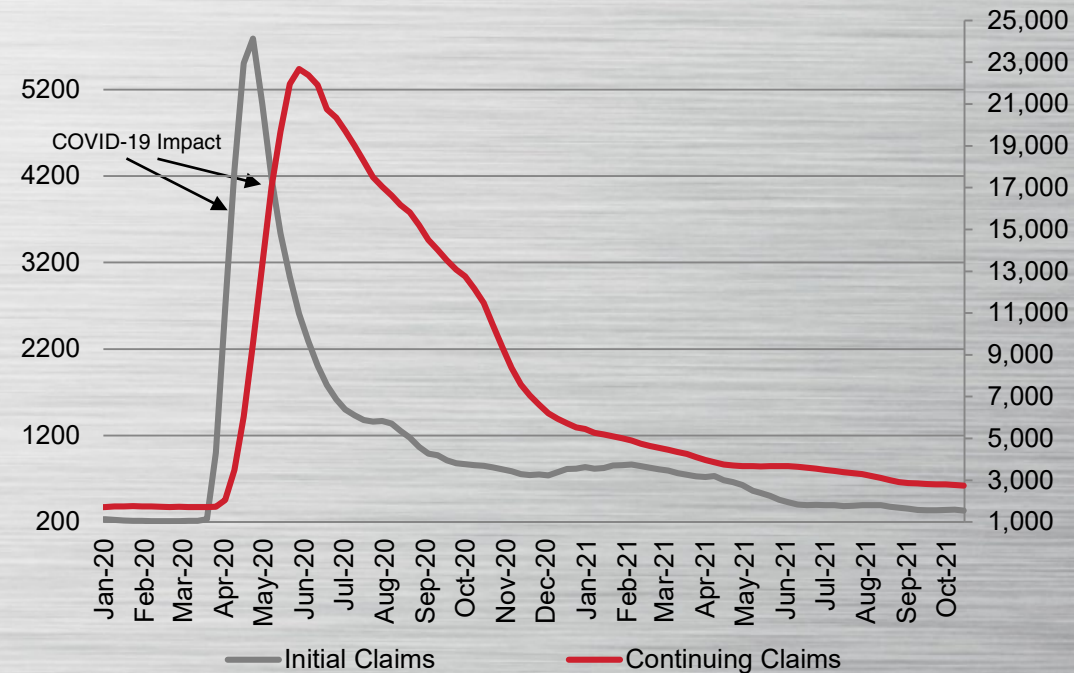
The Department of Labor's Weekly Initial Jobless Claims report came in at 267,000 claims, down from 271,000 claims previously.

- The four-week moving average, considered a better measure of the labor market as it irons out week-to-week volatility, decreased to 278,000, from 299,750 claims previously.

Continuing claims, or claims lasting longer than one week, increased after sliding the previous six weeks.

- Continuing claims climbed to 2.160 million, up from 2.101 million previously.

At the state level, Missouri and Florida had the biggest drop in claims with 3,014 and 2,286 claims, respectively.





# CONSUMER PRICE INDEX<sup>8</sup>

Prices paid by consumers continued to climb in October, climbing by its fastest annual rate since November 1990.

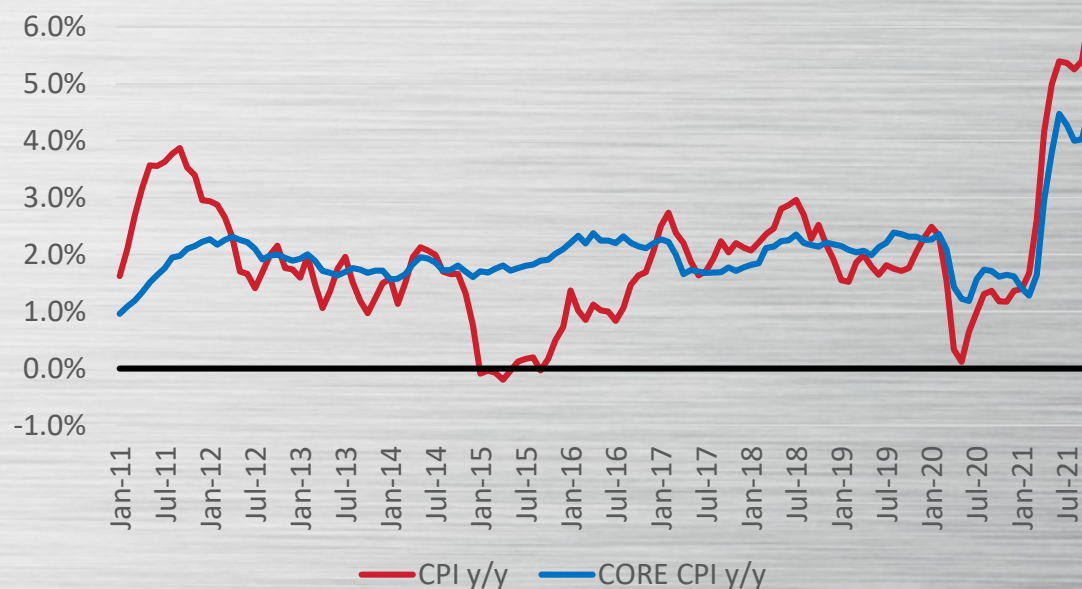
The October CPI showed prices increased 0.9% in October on a monthly basis and a sharp 6.2% compared to October 2020.

- This is up from the 5.4% annual growth seen in September.

Excluding the volatile food and energy sectors, prices were up 0.62% from September and up 4.6% from October 2020.

- This was the largest year-over-year growth for the CORE-CPI since August 1991.
- Most sectors saw month-over-month increases in prices, with the largest increases coming from shelter, used cars, new vehicles, medical care, and household furnishings.
- Airline fares and alcoholic beverages were among the few to see declines from September.

## CONSUMER PRICE INDEX



## SOURCES

- 1 Platts, Spot Iron Ore: November 11, 2021.
- 2 London Metal Exchange, Weekly Zinc Price and Inventory Report: November 12, 2021.  
Shanghai Futures Exchange, Weekly Zinc Inventory Report: November 12, 2021.
- 3 Platts, Coking Coal Price: November 12, 2021.
- 4 American Iron & Steel Institute, Weekly Domestic Steel Production: November 9, 2021.
- 5 A/C Heating & Refrigeration Institute, HVAC Equipment Shipments: September 2021.
- 6 Association of Equipment Manufacturers, Tractor and Combine Shipments: October 2021.
- 7 Department of Labor, Weekly Initial Jobless Claims: November 11, 2021.
- 8 Bureau of Labor Statistics, Consumer Price Index: October 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

