

CORE 12.10.21 **REPORT**

COST

01

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

SUPPLY

05

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

DEMAND

06

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

ECONOMIC

07

- ⬆ employment
- ⊖ confidence
- ⊖ retail sales
- ⬆ inflation

 **SCRAP¹**

After climbing \$20/gt in November, prime scrap price settled sideways for December.

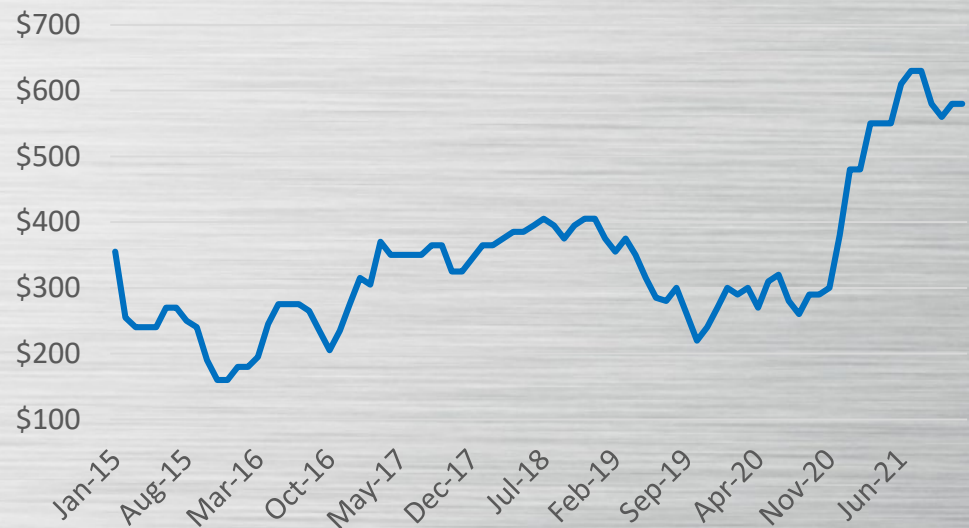
December prime scrap came in at \$580/gt, flat from \$580/gt in November.

- This month's trade was limited due to a falling export market and end-of-year inventory reductions at the mills, as well as planned and unplanned mill outages.

Shredded scrap pricing also came in flat, remaining at \$540/gt.

Despite the flat reading, prime scrap pricing averaged \$565/gt in 2021 which is the highest yearly average ever recorded and is nearly double the \$300/gt average for 2020.

PRIME SCRAP



SPOT IRON ORE²

After sliding six out of the previous seven weeks, spot iron ore pricing rebounded this week.

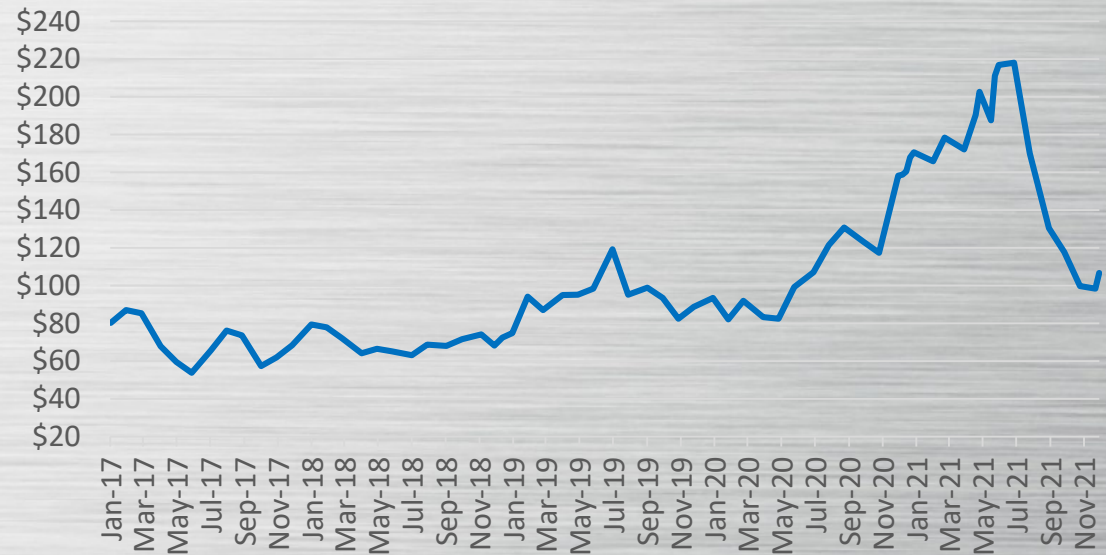
Spot iron ore pricing ended the week at \$106.70/mt, up from \$98.35/mt a week ago.

- Despite the increase, iron ore pricing remains near a six-month low.

China continues to limit steel output at the mills during the heating season and ahead of the Winter Olympics.

- China's iron ore imports also rose nearly 15% in November from a month earlier to hit the highest since July 2020.

IRON ORE COST

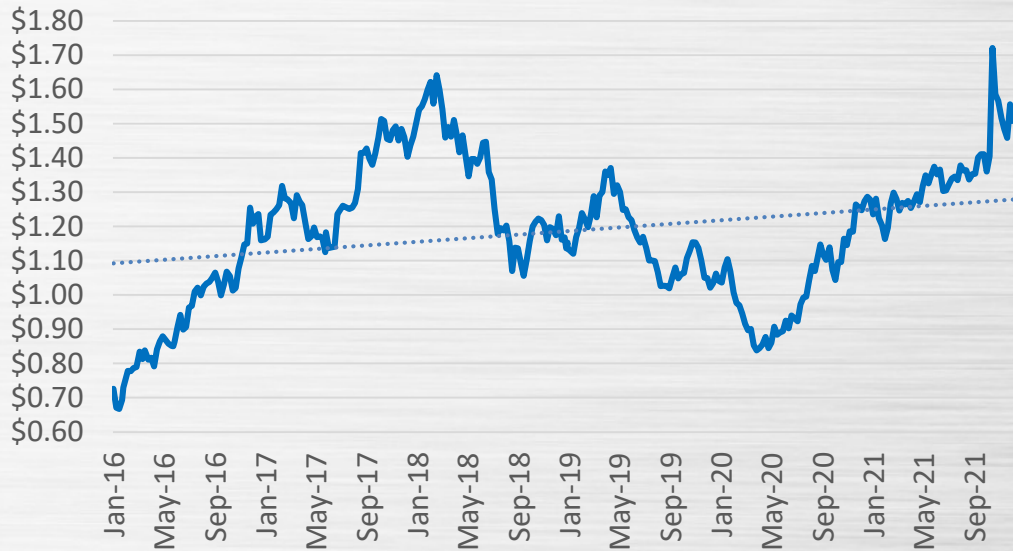


COST



WEEKLY ZINC PRICING³

ZINC



Zinc pricing rebounded slightly this week after sliding six out of the previous seven weeks.

Zinc pricing ended the week at \$3,332/mt (\$1.511/lb), up from \$3,324/mt (\$1.508lb) previously.

- Zinc has dropped nearly 20% since surging to a 14-year high back in October.
- However, since the start of the year, prices of zinc are up 16%.

Global zinc inventory increased after dropping the previous six weeks.

- LME warehouse inventory climbed to 164,425 metric tons, from 153,350 metric tons previously.
- Shanghai warehouse inventory decreased slightly, dropping from 69,852 metric tons to 67,714 metric tons.

COST

COKING COAL⁴



COKING COAL

After sliding five consecutive weeks, coking coal pricing rebounded this week.

- Coking coal settled at \$341.00/mt, up from \$317.50/mt last week.
- Rainy season and flooding has disrupted mining in Australia which has been the main driver for the price increase.

China's government also continues to intervene in the domestic coal mining and trading sector to improve coal supply.

SUPPLY



WEEKLY DOMESTIC STEEL PRODUCTION⁵

After dipping throughout the Thanksgiving holiday week, domestic raw steel production dropped significantly last week.

U.S. mills produced an estimated 1,807k tons at an 81.9% utilization rate; this is down from 1,837k tons and an 83.2% rate previously.

- This is the lowest weekly tonnage output since May and the lowest utilization rate since June.

Production dropped in three of the five regions, with the largest decrease (in tons) coming from the Southern region.

- Production from the Southern region slid from 768k to 748k tons.

Year-to-date production is now 20% above the same timeframe from last year.

WEEKLY DOMESTIC PRODUCTION



DEMAND

HEATING & COOLING EQUIPMENT⁶

HVAC EQUIPMENT SHIPMENTS

Shipments of heating and cooling equipment to U.S. consumers slipped slightly in October.

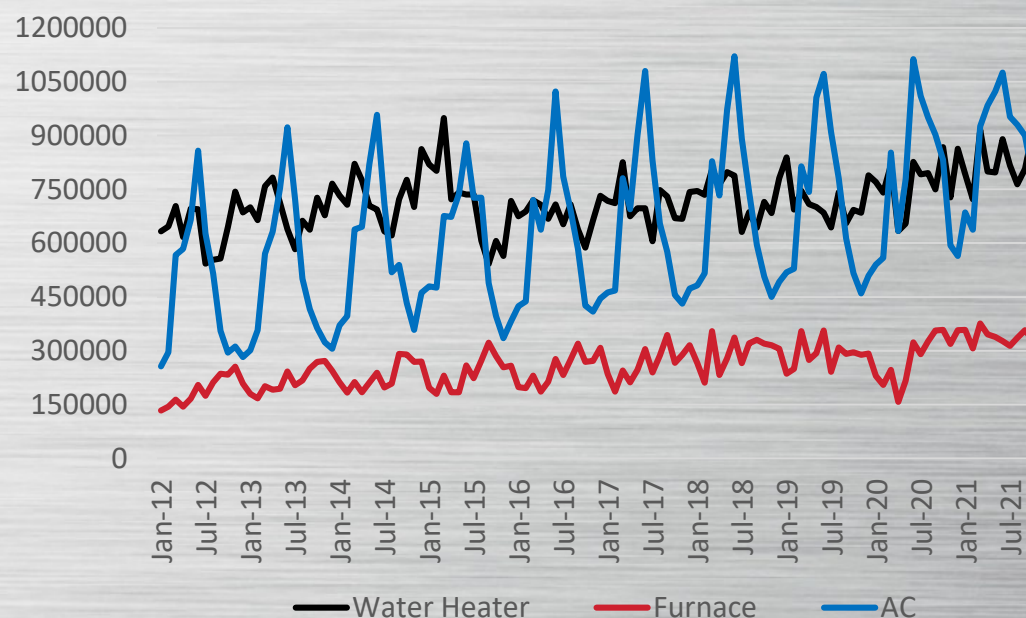
October heating and cooling equipment shipments totaled 2.028 million units in October, down 1.7% from September.

- Shipments were down slightly on a year-over-year basis as well, slipping 1.4% from 2.057 million units in October 2020.
 - Shipments have now declined, on a year-over-year basis, in three of the last four months.

On a year-over-year basis, to help smooth seasonality, the largest decline in shipments came from furnaces, which declined 7.4% from last October.

- While water heaters saw a slight increase, A/C & heat pumps saw a slight decline.

Despite the recent decline, year-to-date shipments remain 10.7% above the pace through ten months last year.



WEEKLY INITIAL JOBLESS CLAIMS⁷

After increasing slightly to end a streak of eight consecutive decreases, weekly initial jobless claims dropped to a 52-year low last week.

The Department of Labor's Weekly Initial Jobless Claims report came in at 184,000 claims, down from 227,000 claims previously.

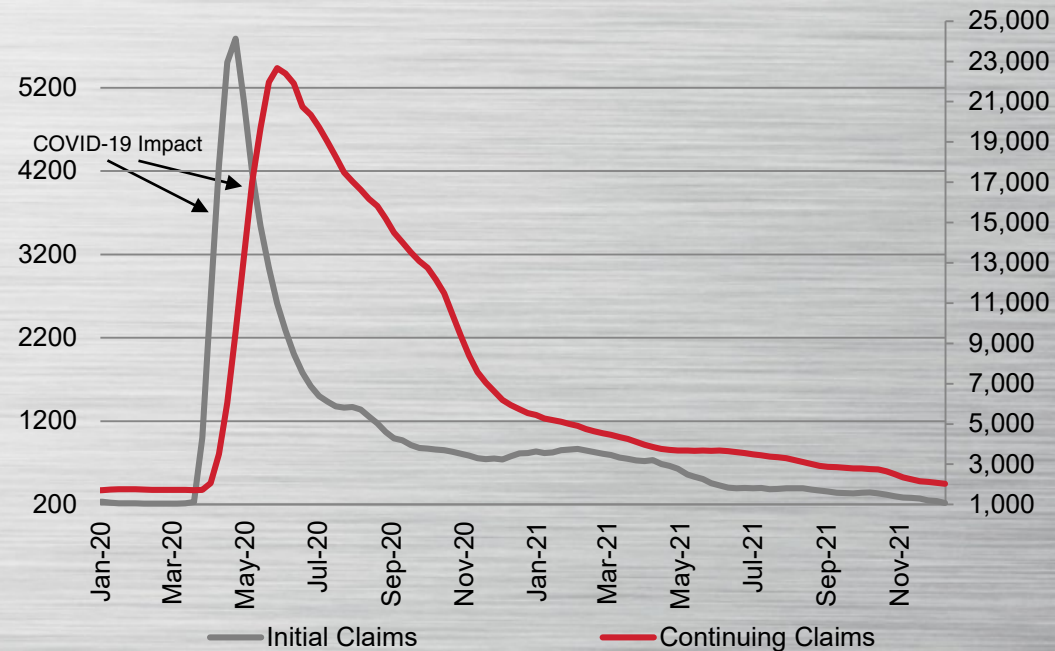
- This is the lowest amount of claims since September 6, 1969, which saw 182,000.
- The four-week moving average, considered a better measure of the labor market as it irons out week-to-week volatility, decreased to 218,750, from 240,000 claims previously.

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

- Continuing claims climbed to 1.992 million, up from 1.954 million previously.

At the state level, Virginia, California, and Texas saw the largest drop in claims with 6,548, 5,613, and 5,447 claims respectively.

WEEKLY INITIAL JOBLESS CLAIMS



CONSUMER PRICE INDEX⁸

Prices paid by consumers continued to climb in November, as prices for all goods increased at their fastest pace in nearly 40 years.

The November Consumer Price Index showed a 0.49% increase from October and a sharp 6.81% increase from November 2020.

- This was the largest year-over-year increase in prices since June 1982.

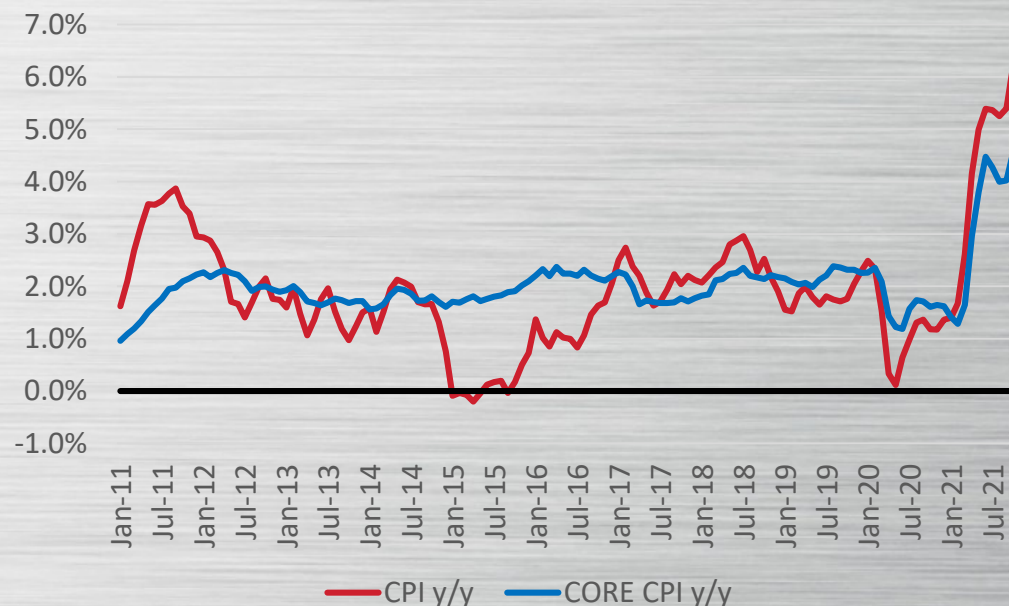
Prices for items, excluding the volatile food and energy sectors, increased as well, climbing 0.40% from October and 4.93% from November 2020.

- This was the largest year-over-year increase since June 1991.

Leading the year-over-year increase was prices for used vehicles, which increased a sharp 31.4%, while the prices of new vehicles increased more than 11%.

- The price for shelter increased 3.8% compared to a year ago, the largest year-over-year increase since 2007.
- The index for medical care increased nearly 2% compared to last year.

CONSUMER PRICE INDEX



SOURCES

- 1 Prime Scrap Price: Market Conversations: Week ending December 10, 2021
- 2 Platts, Spot Iron Ore: December 9, 2021.
London Metal Exchange, Weekly Zinc Price and Inventory Report: December 10, 2021.
- 3 Shanghai Futures Exchange, Weekly Zinc Inventory Report: December 10, 2021.
- 4 Platts, Coking Coal Price: December 10, 2021.
- 5 American Iron & Steel Institute, Weekly Domestic Steel Production: December 7, 2021.
- 6 A/C, Heating & Refrigeration Institute, HVAC Equipment Shipments: October 2021.
- 7 Department of Labor, Weekly Initial Jobless Claims: December 9, 2021.
- 8 Federal Reserve, Consumer Price Index: November 2021.

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