

CORE 03.11.22 **REPORT**

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SCRAP¹

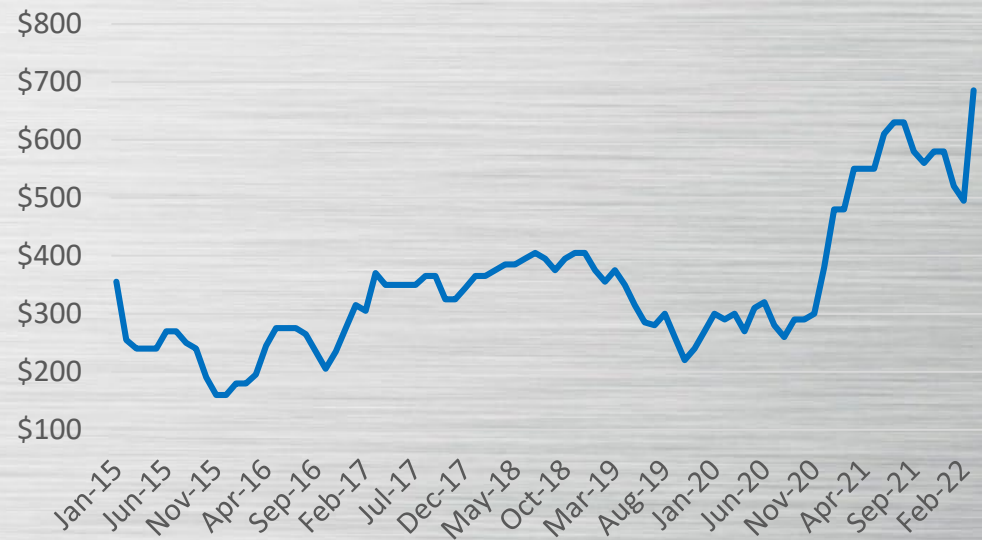
After sliding \$60/gt in January and \$25/gt in February, prime scrap skyrocketed to record levels in March.

March prime scrap came in at \$685/gt, up \$190/gt from \$495/gt in February.

- This is the largest month-over-month increase ever recorded and puts prime scrap pricing at its highest level since August 2008.
- The sharp jump in pig iron prices, along with strong demand for scrap globally helped to push pricing higher.

Shredded scrap pricing saw a sharp increase as well, climbing \$135/gt to \$615/gt.

PRIME SCRAP



COST

SPOT IRON ORE²

Spot iron ore continued its upward momentum this week, now up seven out of the last eight weeks.

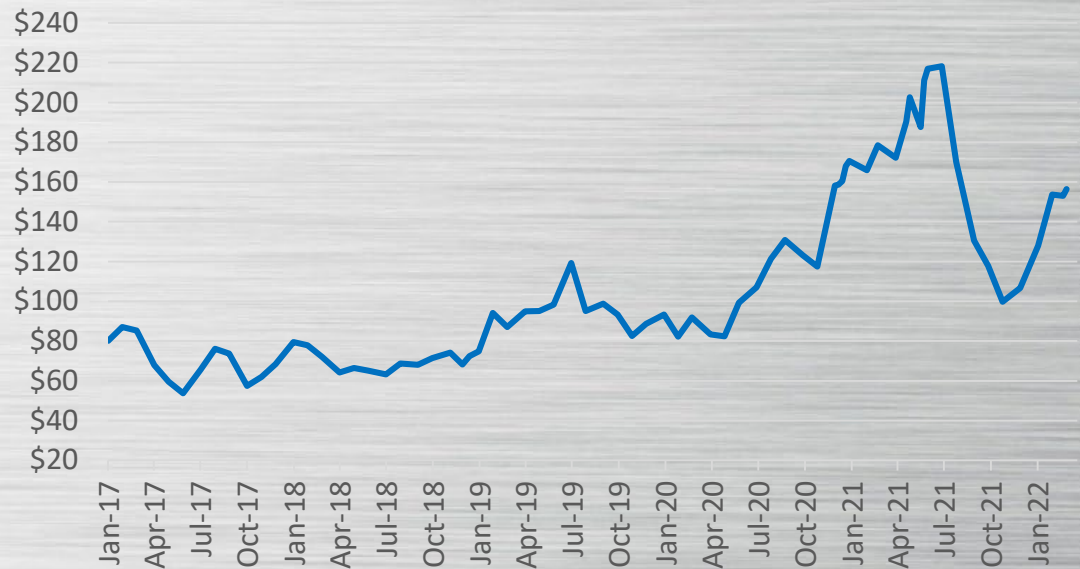
Spot iron ore pricing ended the week at \$156.35/mt, up from \$153.00/mt a week ago.

- Iron ore is now at the highest point since early August 2021.

European steelmakers are now scrambling to find iron ore to replace lost imports coming from Ukraine and Russia.

- Russia holds the world's third-largest iron ore reserves at 25 billion metric tons, while Ukraine is the world's fifth-largest holder at 18 billion metric tons.

IRON ORE COST



COST

WEEKLY ZINC PRICING³



ZINC

After skyrocketing to a fifteen-year high early in the week, zinc pricing tapered off throughout the week.

Zinc pricing ended the week at \$3,835/mt (\$1.740/lb), down from \$4,024.50/mt (\$1.825/lb) previously.

- Zinc briefly touched \$4,248/mt (\$1.927/lb), as sanctions on Russia were ramped up, leading to another surge in European power prices and shutdowns of zinc smelters.

U.S. Steel and Steel Dynamics followed Nucor's lead and announced increases for coating weight extras on galvanized products due to the rising costs of zinc.

Global zinc inventory increased this week, now up four out of the last five weeks.

- LME warehouse inventory slid for the twelfth consecutive week, dropping from 142,550 metric tons to 140,725 metric tons.
- Shanghai warehouse inventory increased however, climbing from 171,675 metric tons to 173,759 metric tons.

COST

COKING COAL⁴



COKING COAL

Coking coal pricing skyrocketed again this week to a fresh all-time high.

Coking coal settled at \$666/mt, up from \$559.50/mt last week.

- This is up nearly 20% week-over-week and up 511% since May 2021.

The SWIFT bank sanction on Russia continues to make an impact, blocking foreign customers from purchasing coking coal from Russia.

Combined coal exports from the four major ports in Queensland, Australia totaled 14.1 million metric tons in February, down 8.8% year-over-year, marking the lowest export volume since February 2019.

- Exports were hampered this week by heavy rains and flooding, limiting the ability to fulfill orders despite the increase in European requests.

SUPPLY



WEEKLY DOMESTIC STEEL PRODUCTION⁵

Domestic raw steel production increased last week, now alternating up and down movements over the last four weeks.

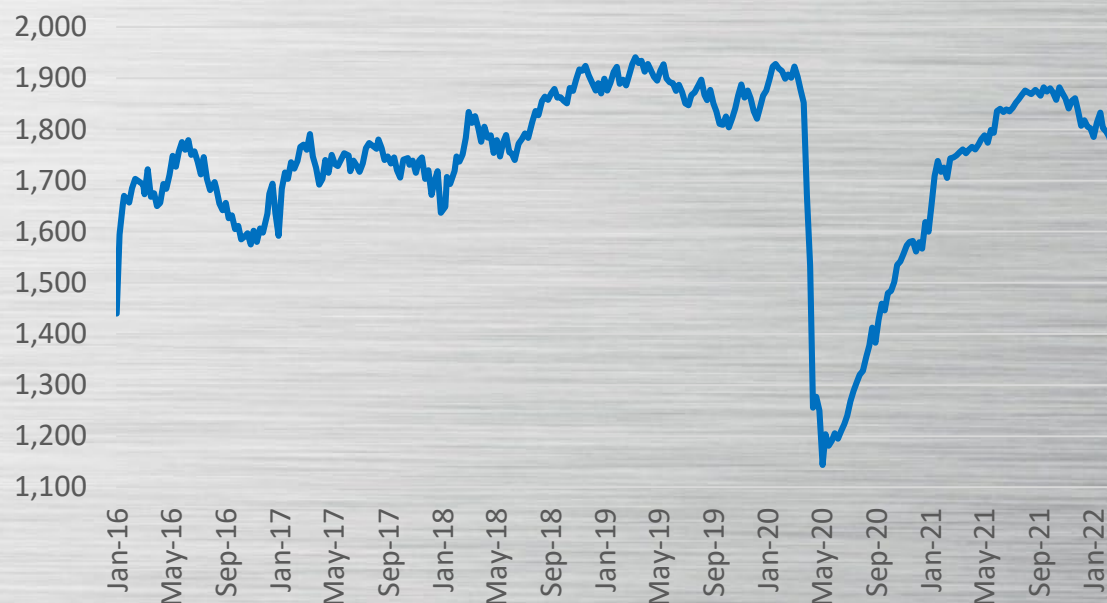
U.S. mills produced an estimated 1,762k tons at an 80.0% utilization rate; this is up from 1,755k tons and a 79.7% rate previously.

Production climbed in three of the five regions, with the largest increase (in tons) coming from the Great Lakes region.

- Production from the Great Lakes region rose from 597k tons to 608k tons.

Year-to-date production is now up 3.6% compared to the same timeframe from last year.

WEEKLY DOMESTIC PRODUCTION



DEMAND

HEATING & COOLING EQUIPMENT⁶

HVAC EQUIPMENT SHIPMENTS

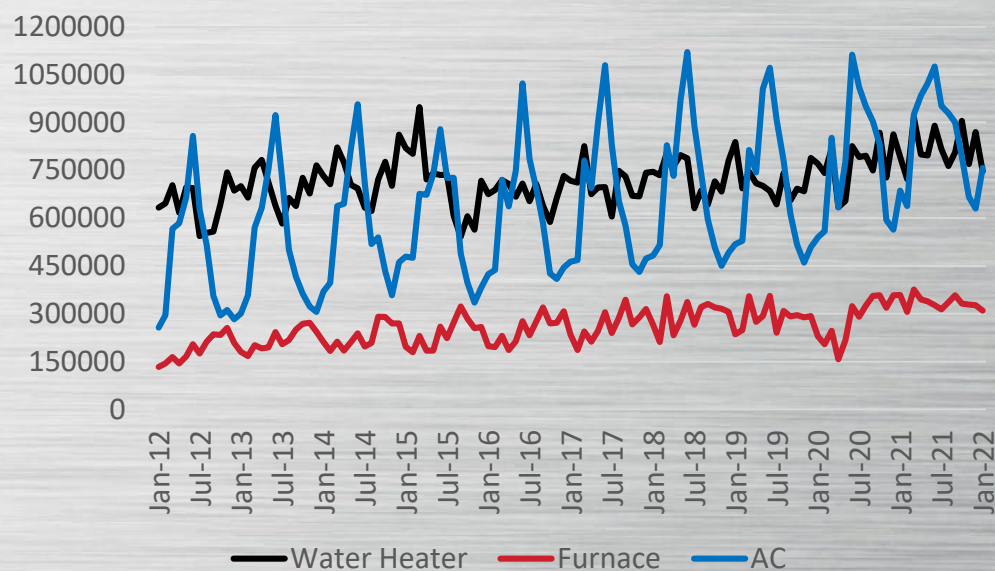
Shipments of heating and cooling equipment slipped slightly in January after an increase in December.

Shipments totaled 1.813 million units, down a slight 0.8% from 1.827 million units in December.

- Shipments were down on a year-over-year basis as well, sliding 1.3% from 1.838 million units in January 2021.
 - This was the first year-over-year decline since October.

Looking on a year-over-year basis to help smooth seasonality, shipments of A/C & heat pumps increased 10.4%, the only sector to see an increase.

- Shipment of water heaters and furnaces declined 5.9% and 13.7%, respectively, compared to last year.



DEMAND

TRACTOR & COMBINE SHIPMENTS⁷

TRACTOR & COMBINE SHIPMENTS

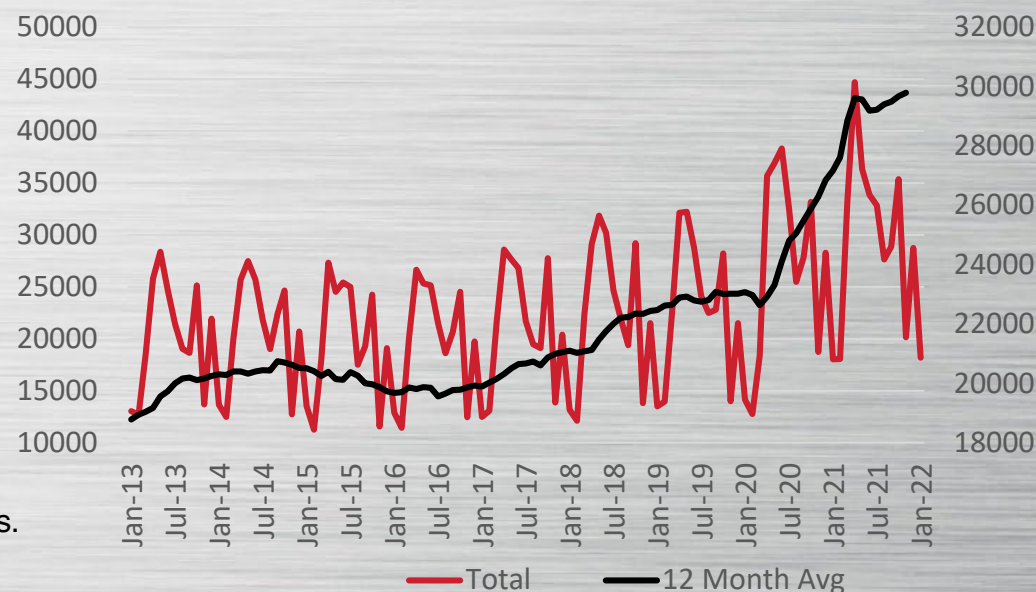
Shipments of North American (U.S. and Canada) tractors and combines slipped in January, now down for the second time in the last three months.

Shipments of tractors and combines totaled 18,193 units in January, down 36.7% from 28,755 units in December.

- The decline in January was mainly due to seasonality, as shipments were up 1.0% from 18,018 units in January 2021.
- This was the seventh consecutive month in which shipments were up on a year-over-year basis.

Compared to the prior year, an increase in tractor shipments was enough to overcome a sharp decline in combine shipments.

- While tractor shipments saw a 1.9% year-over-year increase, combine shipments dropped 39.5%



WEEKLY INITIAL JOBLESS CLAIMS⁸

Weekly initial jobless claims increased last week after sliding the previous two weeks.

The Department of Labor's Weekly Initial Jobless Claims report came in at 227,000 claims, up from 216,000 claims previously.

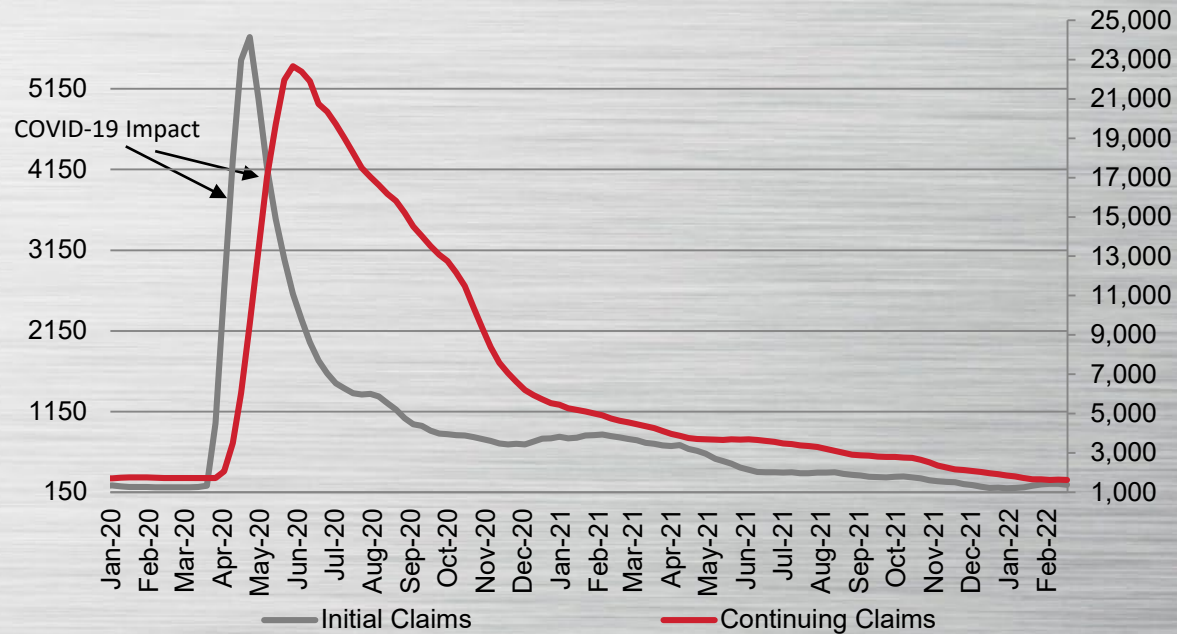
- The four-week moving average, considered a better measure of the labor market as it irons out week-to-week volatility, increased to 231,250, from 230,750 claims previously.

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

- Continuing claims climbed to 1.494 million, from 1.469 million previously.

At the state level, Massachusetts and Rhode Island had the largest increase in claims with 3,201 and 1,040 claims respectively.

WEEKLY INITIAL JOBLESS CLAIMS



ECONOMIC

▲ CONSUMER PRICE INDEX⁹

The cost of goods, paid by the consumer, continued to increase in February, marking the highest year-over-year increase in over forty years.

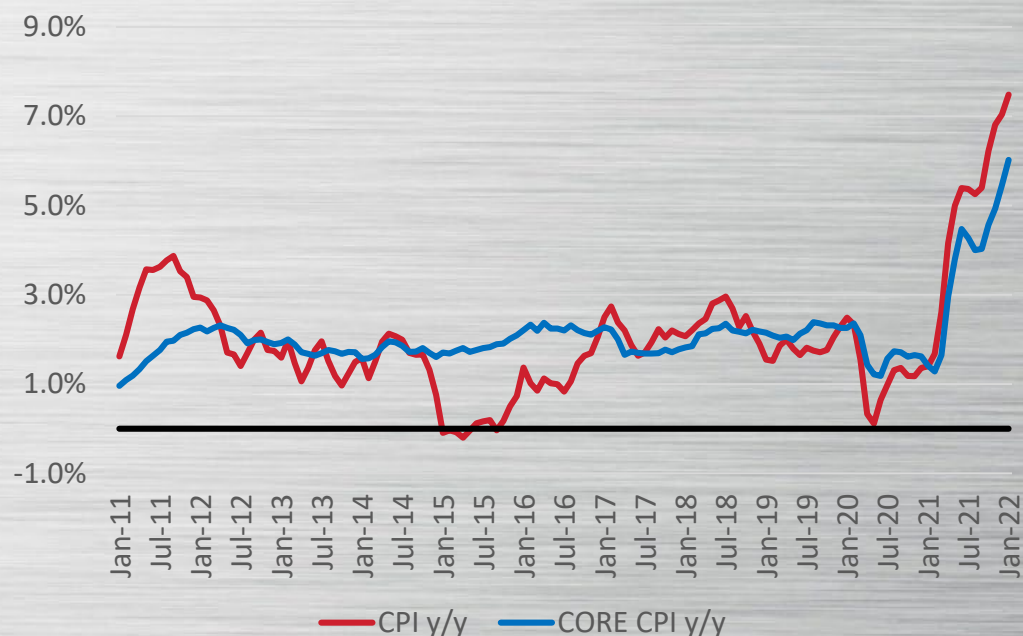
The Consumer Price Index showed prices increased 0.91% from January and were up 7.87% compared to February 2021.

- This was the highest year-over-year increase since January 1982.

Excluding the volatile food and energy sectors, the CORE-CPI increased 0.72% from January and a sharp 6.41% from February 2021.

- The largest increase in February came from the shelter index, which increased 0.5% from January and accounted for over 40% of the monthly increase.
 - Lodging, airline fares, motor vehicles, and household furnishings, all saw sizeable increases as well.

CONSUMER PRICE INDEX



SOURCES

- 1 Prime Scrap Price: Market Conversations, Week Ending March 11, 2022.
- 2 Platts, Spot Iron Ore: March 10, 2022.
- 3 London Metal Exchange, Weekly Zinc Price and Inventory Report: March 11, 2022.
Shanghai Futures Exchange, Weekly Zinc Inventory Report: March 11, 2022.
- 4 Platts, Coking Coal Price: March 11, 2022.
- 5 American Iron & Steel Institute, Weekly Domestic Steel Production: March 8, 2022.
- 6 A/C Heating & Refrigeration Institute, HVAC Equipment Shipments: January 2022
- 7 Association of Equipment Manufacturers, Tractor and Combine Shipments: January 2022.
- 8 Department of Labor, Weekly Initial Jobless Claims: March 10, 2022.
- 9 Bureau of Labor Statistics, Consumer Price Index: February 2022.

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M MSUSA

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