

**CORE** 03.25.22 **REPORT**

**COST**

**01**

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

**SUPPLY**

**04**

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

**DEMAND**

**07**

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

**ECONOMIC**

**10**

- ⬆️ employment
- ⊖ trucking costs
- ⊖ mill price increase
- ⊖ retail sales

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

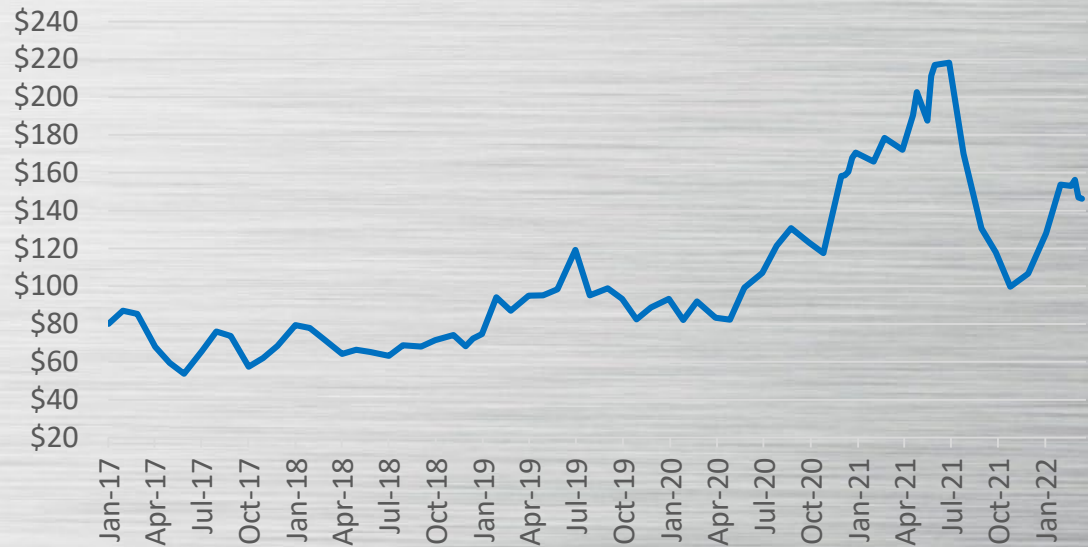
Spot iron ore decreased slightly for the second consecutive week after hitting a six-month high.

Spot iron ore pricing ended the week at \$146.35/mt, down from \$146.90/mt a week ago.

- Prices have fallen over 10% since touching the six-month high, due to weakening demand out of China related to new COVID-19 lockdowns.

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

## IRON ORE COST



# COST



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



## ZINC

Zinc pricing continued its upward climb this week, once again nearing the fifteen-year high.

Zinc pricing ended the week at \$4,073/mt (\$1.847/lb), up from \$3,850/mt (\$1.746lb) previously.

- Nyrstar, one of the largest zinc smelters in Europe, announced last week that they were reopening one of the closed facilities; however their other locations are still running at 50% due to the surging power prices.

Global zinc inventory increased again this week, now up six out of the last seven weeks.

- LME warehouse inventory decreased for the thirteenth time in the last fourteen weeks, sliding from 143,325 metric tons to 142,625 metric tons.
- Shanghai warehouse inventory increased however, climbing from 176,507 metric tons to 177,826 metric tons.



## COKING COAL<sup>3</sup>



## COKING COAL

After hitting an all-time high last week, coking coal pricing decreased throughout the week.

Coking coal settled at \$539/mt, down from \$670/mt last week.

- This ends a streak of five consecutive weeks of all-time highs but is still up over 500% since May 2021.

Price softened this week as demand in China dropped due to new COVID-19 outbreaks and as supply redistributes across the globe to make up for disruptions coming from the Russia and Ukraine region.

## SUPPLY



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

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

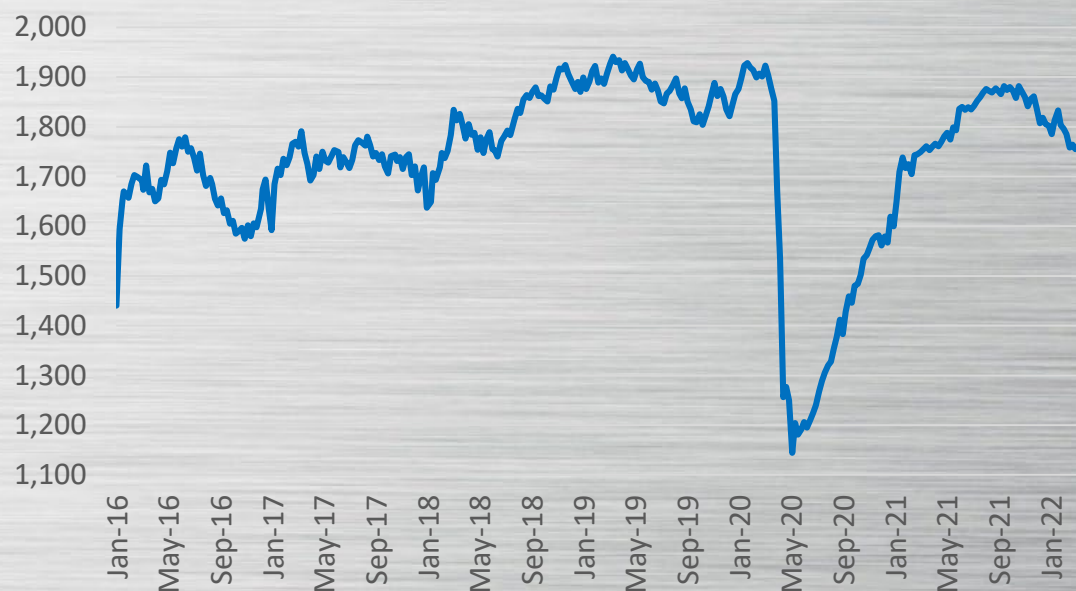
U.S. mills produced an estimated 1,742k tons at an 80.2% utilization rate; this is up from 1,737k tons and a 79.9% rate previously.

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

- Production from the Great Lakes region rose from 579k tons to 594k tons.

Year-to-date production is now up 2.8% compared to the same timeframe from last year.

## WEEKLY DOMESTIC PRODUCTION



## SUPPLY

# GLOBAL STEEL PRODUCTION<sup>5</sup>

Total global steel production inched higher, on a daily basis, in February.

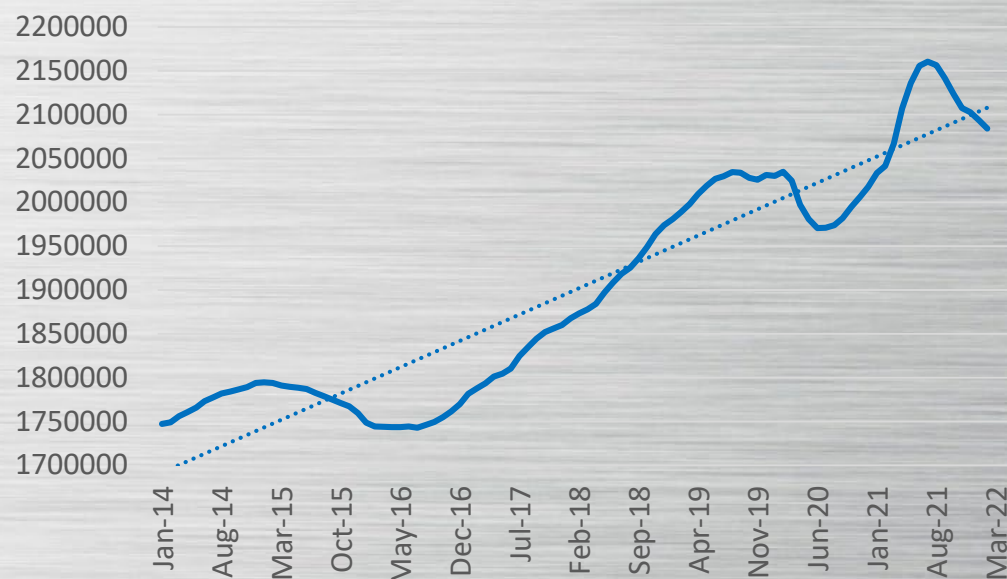
February global steel production averaged 5.096 million mt/day, this is up 0.8% from January.

- While production was up slightly from January, it was down 5.7% from a 5.406 million mt/day rate in February 2021.
- This is the seventh consecutive month in which global production declined on a year-over-year basis.

While Chinese production was flat from January, production throughout the rest of the world was up 1.6% from January.

- The largest increases in February came from the U.S., Japan, and Brazil.
- Production in the Ukraine and Russian region declined 6.8% in February and was at its lowest daily rate since September.

## ANNUALIZED GLOBAL STEEL PRODUCTION





## SUPPLY

# CARBON STEEL IMPORTS<sup>6</sup>

Total carbon steel imports declined sharply in February after rebounding higher in January.

February total carbon steel imports totaled 1.780 million tons, down 25.2% from January, but were still up 67.4% from February 2021.

Carbon flat rolled imports were down sharply in February as well, sliding to 558,131 tons.

- This is down 35.8% from January but still up 23.1% from 453,564 tons in February 2021.
- All three flat rolled products saw a sharp month-over-month decline, with hot rolled imports sliding the most, 45.4%.
  - Both cold rolled and coated imports declined as well, sliding 27.5% and 32.6%, respectively.

Year-to-date carbon flat rolled imports are still up 69.4% compared to the first two months of 2021.

## CARBON FLAT ROLLED IMPORTS



## DEMAND

# NEW HOME SALES<sup>7</sup>

New home sales, on a seasonally adjusted basis, slipped for the second consecutive month in February.

February new home sales came in at a 772,000 unit rate, down 2.0% from January and down 6.2% from a 823,000 unit rate in February 2021.

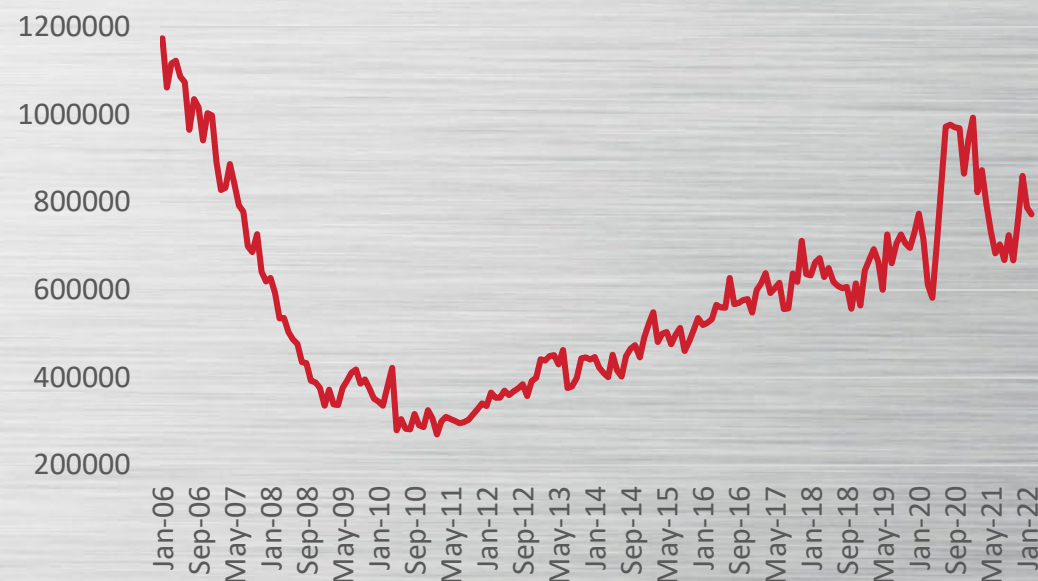
- New home sales have now declined on a year-over-year basis for the ninth consecutive month.

The amount of new homes for sale increased again, now up for the second consecutive month.

- New home inventory came in at 401,000 units, the highest level since August 2008.

Year-to-date actual new home sales are down 12.2% compared to the first two months of 2021 but up 5.7% compared to January and February 2020.

## NEW HOME SALES (SAAR)





# ARCHITECTURE BILLINGS INDEX<sup>8</sup>

Activity at the architectural level continued to expand in February and has been growing for thirteen consecutive months.

The February Architecture Billings Index came in at 51.3, down slightly from both January and February 2021.

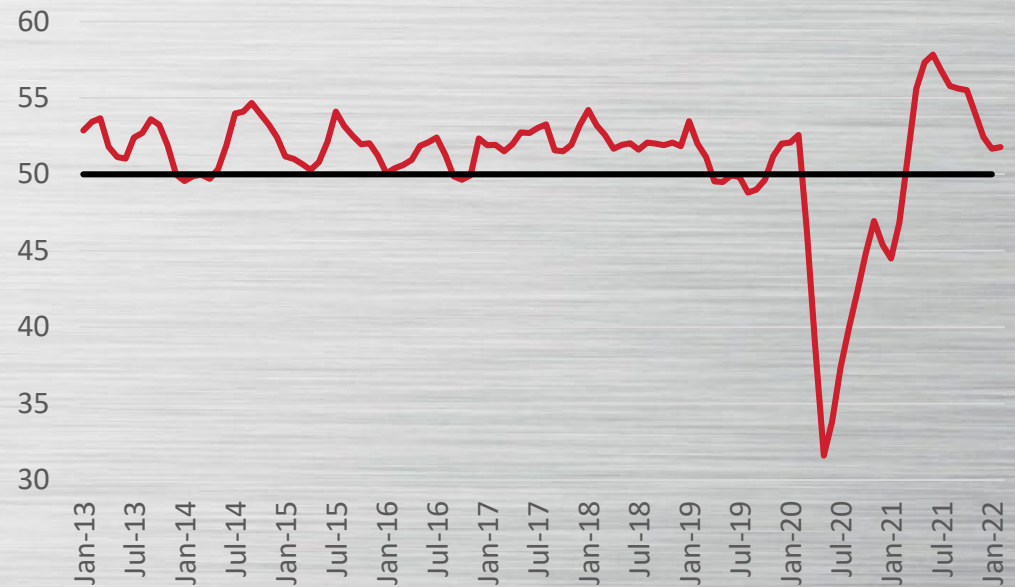
- The index remained above 50.0 however, the key level for expansion.

Activity grew in the South (58.6) and Midwest (53.2) regions, while activity slowed in the West (47.9) and Northeast (44.3).

Two of the three sectors continued to expand in February, with the commercial/industrial sector (55.4) being the strongest.

- The institutional sector declined in February, slipping to 47.2.

## ARCHITECTURE BILLINGS INDEX (3MA)



## DEMAND

# DURABLE GOODS<sup>9</sup>

New orders for durable goods declined in February, on a seasonally adjusted basis, after four consecutive monthly increases.

New orders came in at a \$271.5 billion rate, down 2.2% from a \$277.6 billion rate in January.

- Excluding transportation, new orders declined 0.6%.
- New orders for fabricated metal products were virtually flat, slipping 0.1% to a \$37.4 billion rate.

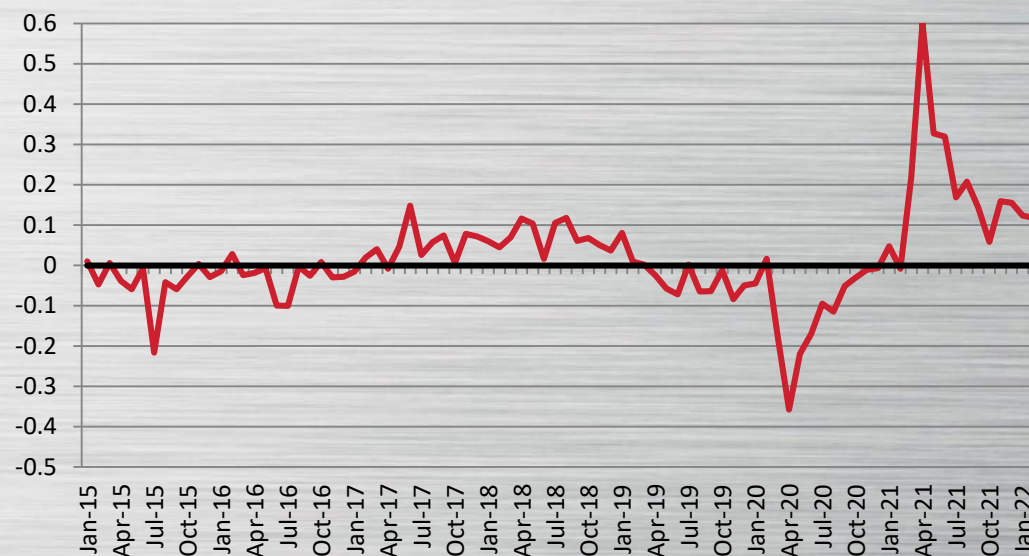
Shipments of durable goods were virtually flat from January, coming in at a \$270.6 billion rate.

- The flat reading in February ended a string of five consecutive monthly increases.

Inventory of durable goods continued to increase, now up for the thirteen consecutive month.

- Inventories increased 0.4% to a \$478.5 billion rate.

## DURABLE GOODS Y/Y CHANGE (ACTUAL)



## WEEKLY INITIAL JOBLESS CLAIMS<sup>10</sup>

Weekly initial jobless claims decreased significantly last week to a new fifty-two year low.

The Department of Labor's Weekly Initial Jobless Claims report came in at 187,000 claims, down from 215,000 claims previously.

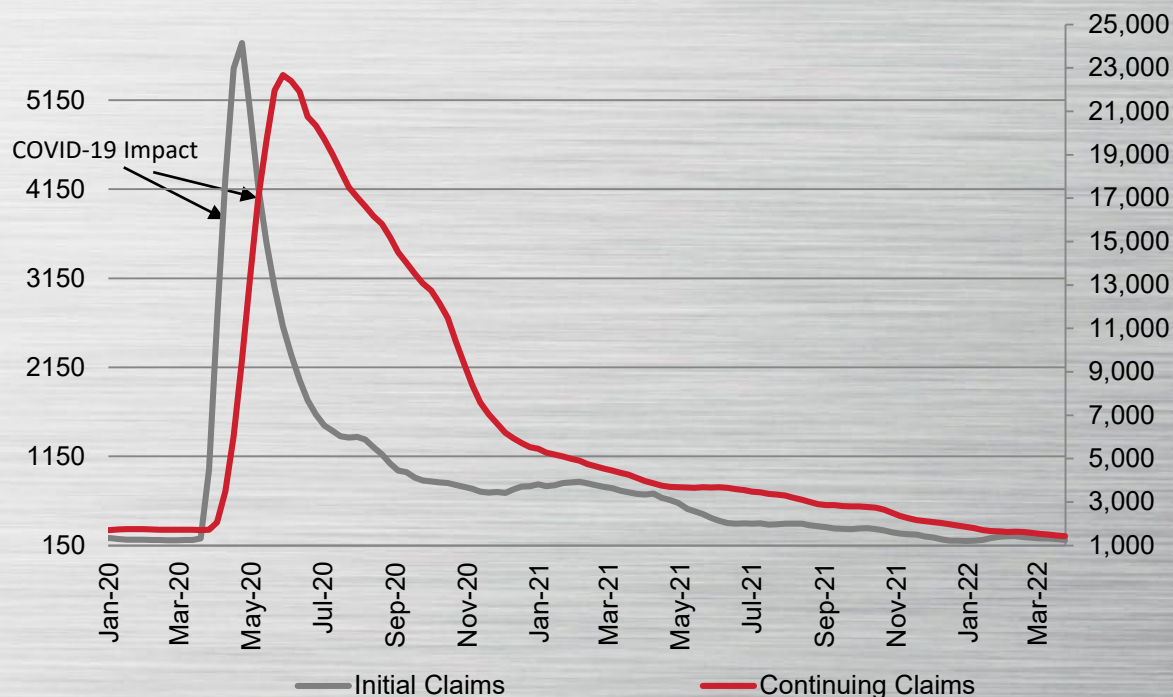
- This is the lowest level of claims since September 6, 1969 when it was 182,000 claims.
- The four-week moving average, considered a better measure of the labor market as it irons out week-to-week volatility, decreased to 211,750, from 223,750 claims previously.

Continuing claims, or claims lasting longer than one week, decreased significantly as well.

- Continuing claims slid to 1.350 million from 1.417 million previously.

Last week's drop in claims was widespread, with large decreases in California, Michigan, Kentucky, and Illinois.

## WEEKLY INITIAL JOBLESS CLAIMS





## SOURCES

- 1 Platts, Spot Iron Ore: March 24, 2022.
- 2 London Metal Exchange, Weekly Zinc Price and Inventory Report: March 25, 2022.
- 3 Shanghai Futures Exchange, Weekly Zinc Inventory Report: March 25, 2022.  
Platts, Coking Coal Price: March 25, 2022.
- 4 American Iron & Steel Institute, Weekly Domestic Steel Production: March 22, 2022.
- 5 WorldSteel, Global Steel Production: February 2022.
- 6 U.S. Census Bureau, Carbon Flat Rolled Imports, February 2022
- 7 U.S. Census Bureau, New Home Sales: February 2022.
- 8 American Institute of Architect, Architecture Billings Index: February 2022.
- 9 U.S. Census Bureau, Durable Goods Report: February 2022.
- 10 Department of Labor, Weekly Initial Jobless Claims: March 24, 2022.

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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, where the stars are represented by faint, embossed coin-like patterns.

**M** MSUSA

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