

CORE 04.08.22 **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

08

- ⊕ employment
- ⊖ income
- ⊖ confidence
- ⊖ GDP

SPOT IRON ORE¹

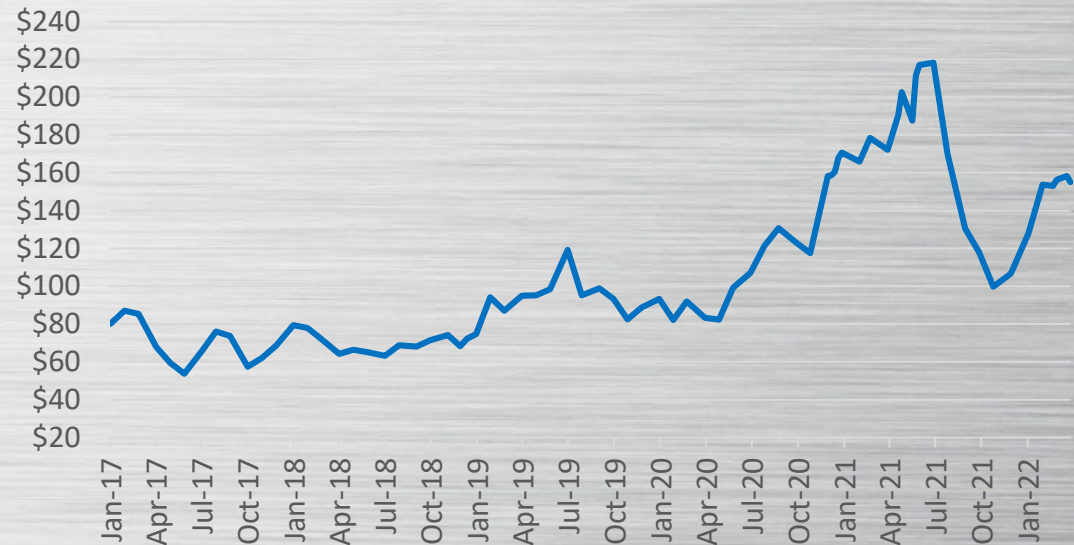
After hitting a fresh six-month high earlier in the week, spot iron ore ticked down slightly to end the week.

Spot iron ore pricing ended the week at \$155.05/mt, down from \$158.30/mt a week ago.

- Despite softening throughout the week, spot iron ore briefly touched \$161.84/mt, the highest price since August 2021.

Iron ore has risen again as lockdowns in China have fueled hopes of new stimulus measures, resulting in an overall bullish sentiment for steel demand once the lockdowns are lifted.

IRON ORE COST



COST



WEEKLY ZINC PRICING²



ZINC

After skyrocketing to a fresh fifteen-year high last week, zinc pricing ticked down slightly this week.

Zinc pricing ended the week at \$4,280/mt (\$1.941/lb), down from \$4,332/mt (\$1.965/lb) previously.

- Zinc briefly touched \$2.03/lb earlier in the week, the highest since November 2006.
- The elevated prices are driven by Russia's March 31st deadline to cut off natural gas supply to Europe, putting more pressure on energy prices in the region.

Global zinc inventory decreased for the second consecutive week.

- LME warehouse inventory decreased for the fifteenth time in the last sixteen weeks, sliding from 139,950 metric tons to 125,675 metric tons.
- Shanghai warehouse inventory increased slightly, climbing from 176,177 metric tons to 176,513 metric tons.

COKING COAL³



COKING COAL

Coking coal pricing slid significantly for the third consecutive week after hitting an all-time high three weeks prior.

Coking coal settled at \$404/mt, down from \$480/mt previously.

- This is down over 40% from the all-time high seen on March 17th.

Prices have corrected as it appears coal supply coming from Russia was not as disrupted as many market participants expected.

- However, new sanctions on Russia are expected to be announced soon which will include coal and steel, which is expected to disrupt the market once again.

SUPPLY



WEEKLY DOMESTIC STEEL PRODUCTION⁴

After hitting the lowest weekly output in over a year, domestic raw steel production inched down again last week.

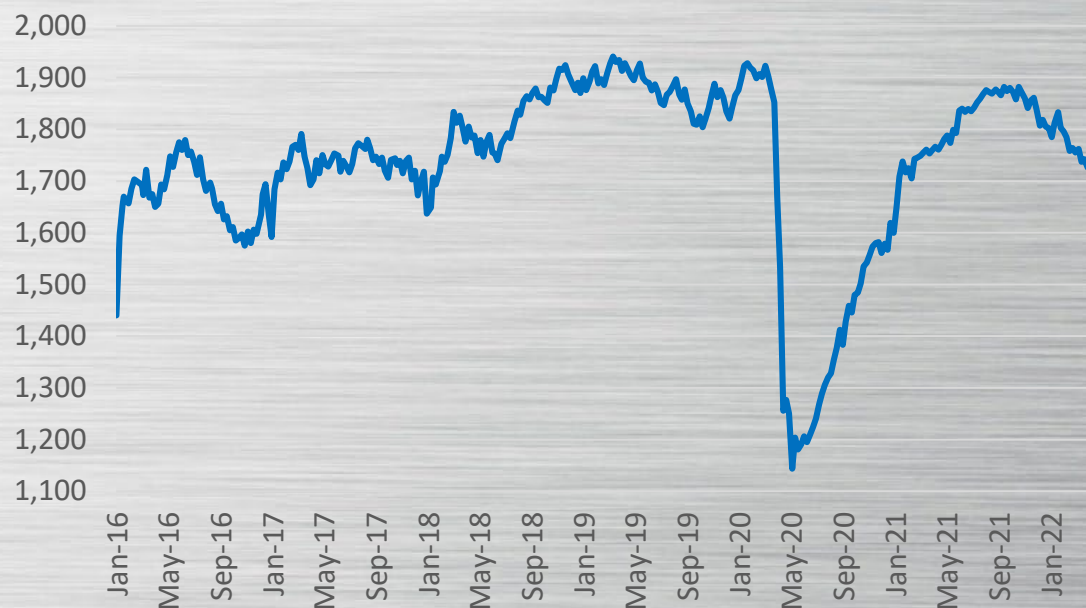
U.S. mills produced an estimated 1,724k tons at a 79.3% utilization rate; this is down slightly from 1,726k tons and a 79.4% rate previously.

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

- Production from the Southern region dropped from 746k tons to 731k tons.

Year-to-date production is now up 2.0% compared to the same timeframe from last year.

WEEKLY DOMESTIC PRODUCTION



DEMAND

LIGHT VEHICLE SALES⁵

U.S. light vehicle sales increased in March, now climbing for the second consecutive month and for the third time in the last four months.

U.S. light vehicle sales totaled 1.246 million units, up 19.2% from January but still well below year-ago levels.

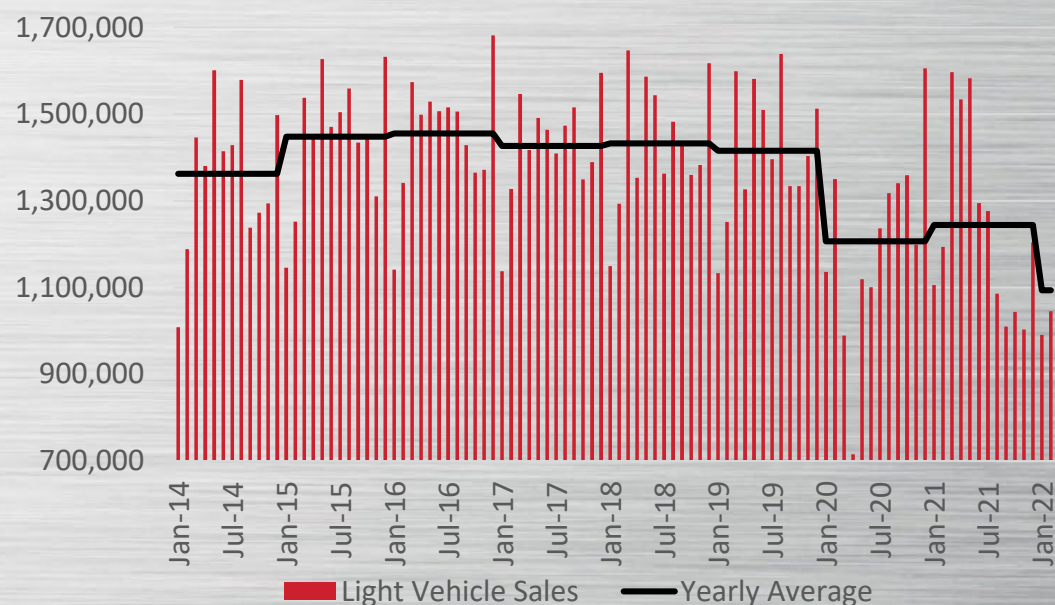
- U.S. light vehicle sales, on a year-over-year basis, are now down for the eighth consecutive month.

Sales for both cars and light trucks increased, climbing 18.5% and 20.0%, respectively.

- This was the highest month total (194,065 units) for car sales since July.

Year-to-date sales are down 15.8% compared to the same timeframe last year.

U.S. LIGHT VEHICLE SALES



LIGHT VEHICLE INVENTORY⁶

After slipping the previous two months, U.S. light vehicle inventory rebounded sharply in March but still remains well below the long-run average.

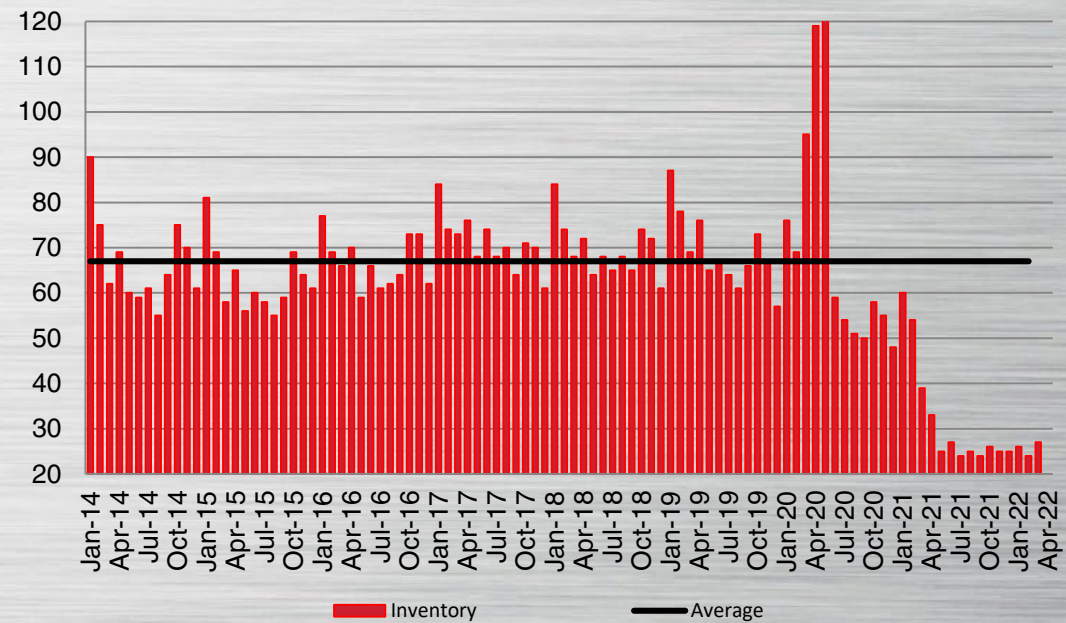
U.S. light vehicle inventory totaled 1.232 million units in March, up 15.5% from February but still 48.7% below last March's total.

- This is the twenty-fourth consecutive month in which light vehicle inventory has seen a double-digit year-over-year decline.

Current inventory, when combined with March's sales pace, equates to 27 days of supply.

- This is up from 24 days in February but still sharply below the historical average of 65 days.

U.S. LIGHT VEHICLE DAYS OF SUPPLY



HEATING & COOLING EQUIPMENT⁷

After slipping in January, shipments of heating and cooling equipment rebounded in February.

February heating and cooling equipment shipments totaled 1.826 million units, up 0.7% from January.

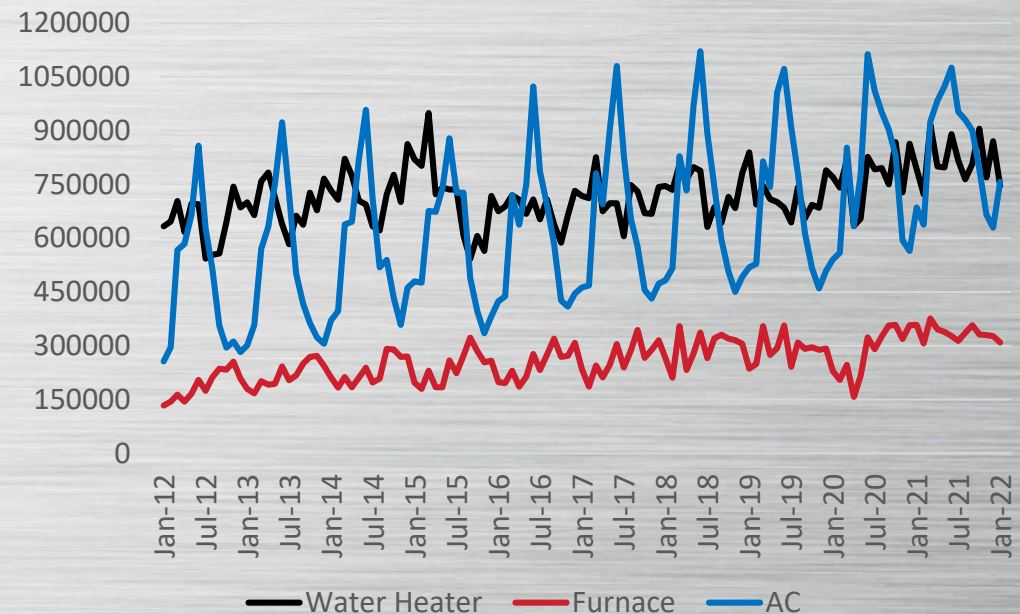
- Shipments increased on a year-over-year basis as well, climbing 9.6% from 1.666 million units in February 2021.

Looking on a year-over-year basis to smooth seasonality, shipments of A/C & heat pumps increased the most, climbing 14.6%.

- Water heater shipments increased as well, climbing 10.3% from last February.

Through February, 2022 shipments are up 3.9% compared to the same timeframe last year.

HVAC EQUIPMENT SHIPMENTS



WEEKLY INITIAL JOBLESS CLAIMS⁸

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

The Department of Labor's Weekly Initial Jobless Claims report came in at 166,000 claims, down from 171,000 claims previously.

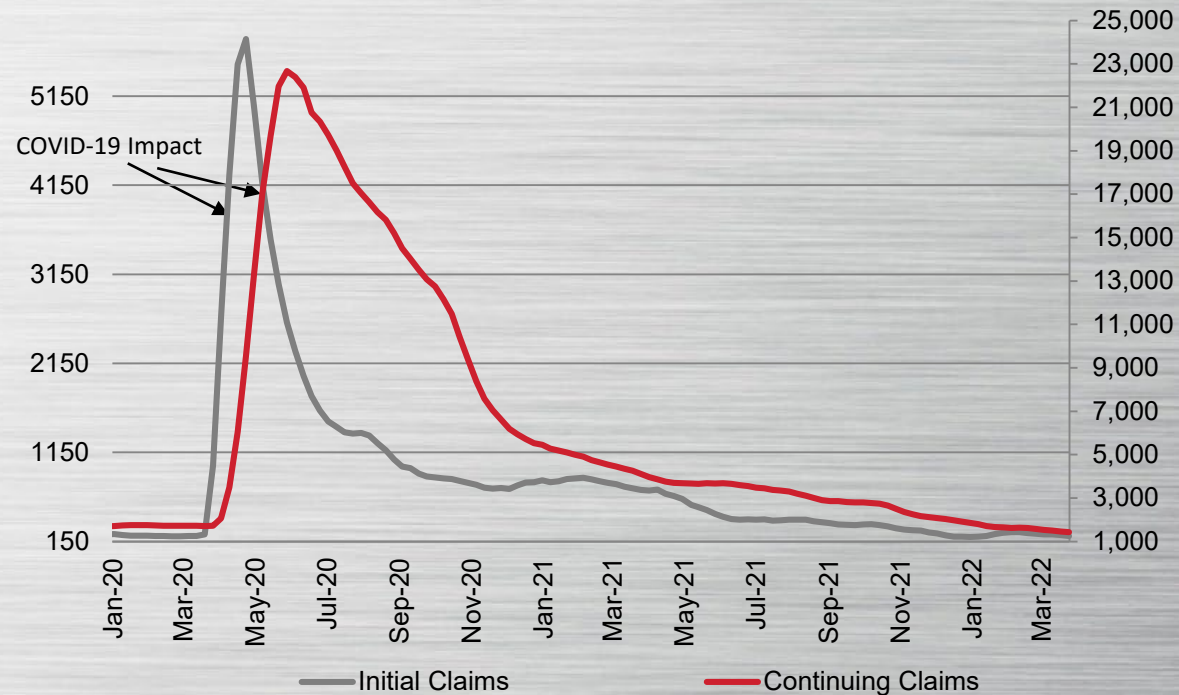
- This is the lowest level of claims since November 1968.
- The four-week moving average, considered a better measure of the labor market as it irons out week-to-week volatility, decreased to 185,000, from 200,750 claims previously.

Continuing claims, or claims lasting longer than one week, increased to its highest level since early February 2022.

- Continuing claims spiked to 1.523 million from 1.506 million previously.

Despite the decrease, there are about 5 million more job openings than there are available workers, a situation that has driven up wages and inflation.

WEEKLY INITIAL JOBLESS CLAIMS



SOURCES

- 1 Platts, Spot Iron Ore: March 31, 2022.
- 2 London Metal Exchange, Weekly Zinc Price and Inventory Report: April 1, 2022.
- 3 Shanghai Futures Exchange, Weekly Zinc Inventory Report: April 1, 2022.
Platts, Coking Coal Price: April 1, 2022.
- 4 American Iron & Steel Institute, Weekly Domestic Steel Production: April 5, 2022.
- 5 WardsAuto, U.S. Light Vehicle Sales: March 2022.
- 6 WardsAuto, U.S. Light Vehicle Inventory: March 2022.
- 7 A/C Heating & Refrigeration Institute, HVAC Shipments: February 2022.
- 8 Department of Labor, Weekly Initial Jobless Claims: March 31, 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 American flag with a grid of faint, embossed coins in the upper left corner.

M MSUSA

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