

CORE 04.15.22 **REPORT**

COST

01

- ▲ scrap
- ▼ iron ore
- energy
- ▲ zinc
- ▲ coking coal

SUPPLY

05

- lead times
- ▲ production
- imports
- inventories

DEMAND

06

- automotive
- construction
- appliance
- manufacturing
- ▲ agriculture
- ▼ consumption

ECONOMIC

08

- ▼ employment
- ▲ inflation
- confidence
- ▲ trucking



SCRAP¹

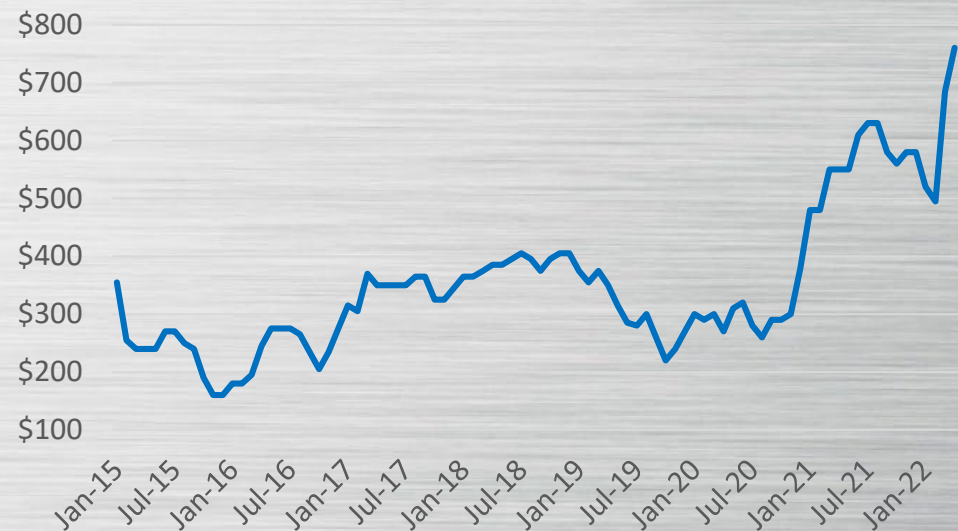
After the largest month-over-month increase ever in March, prime scrap continued its upward momentum in April.

April prime scrap came in at \$760/gt, up \$75/gt from \$685/gt in March.

- This represents a 10.95% jump month-over-month and a 54% increase since the beginning of March.
 - This also puts prime scrap pricing at its highest level since June 2008 when it was \$785/gt.

Elevated pig iron prices, along with strong demand for scrap globally continues to push pricing higher.

PRIME SCRAP



COST

SPOT IRON ORE²

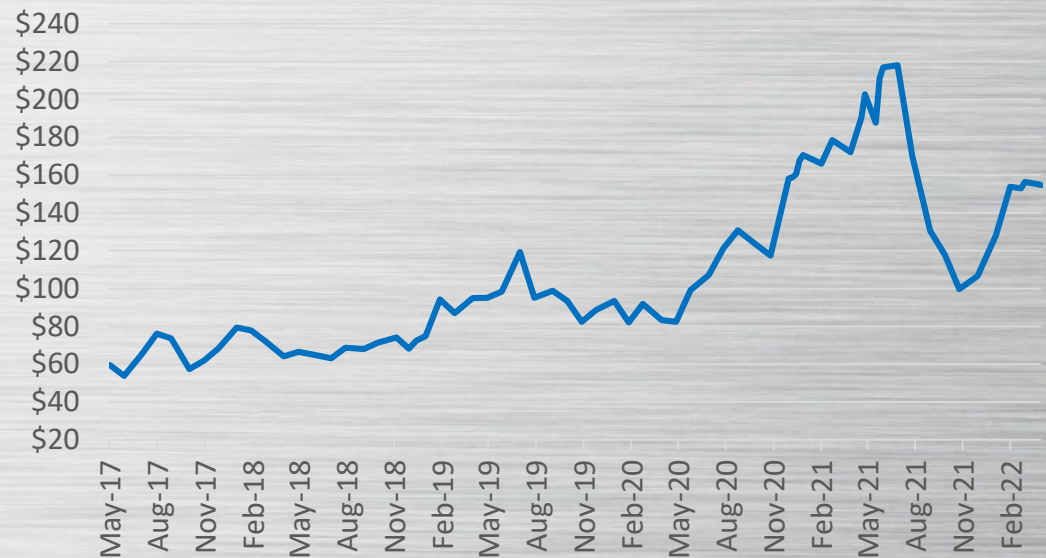
Spot iron ore ticked down slightly again for the second consecutive week.

Spot iron ore pricing ended the week at \$154.67/mt, down slightly from \$155.05/mt a week ago.

- Despite decreasing over the last two weeks, spot iron ore remains near the six-month high of \$161.84/mt.

The typically strong month of March for steel production in China has been delayed due to new COVID lockdowns; however, prices remain bullish for steel demand and government stimulus once the lockdowns are lifted.

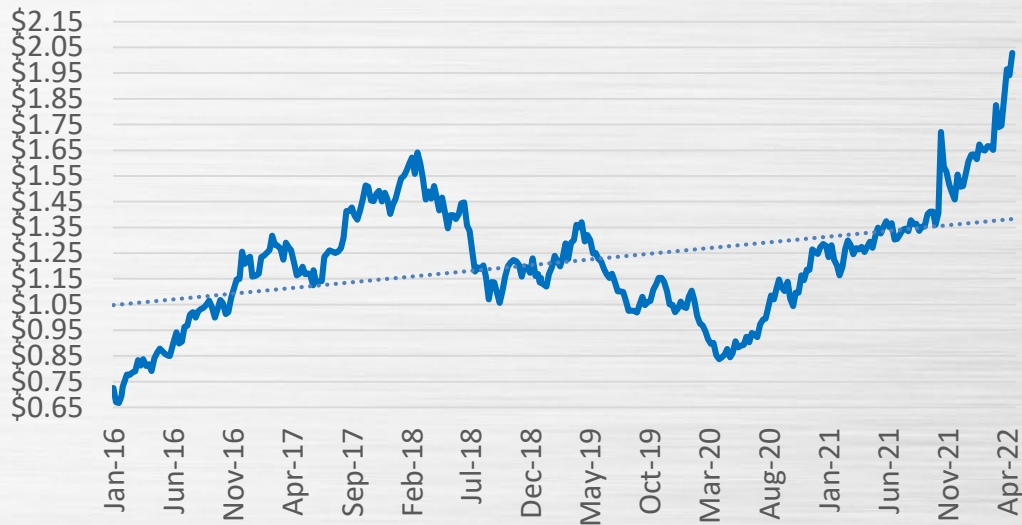
IRON ORE COST



COST



WEEKLY ZINC PRICING³



ZINC

After dipping slightly last week, zinc pricing rebounded sharply this week, hitting a fresh fifteen-year high.

Zinc pricing ended the week at \$4,472/mt (\$2.028/lb), up from \$4,280/mt (\$1.941/lb) previously.

- This is the third time zinc has settled over \$2.00/lb in the last two weeks, which last happened in November 2006.
- Although mining is up so far this year, the bottleneck remains at the zinc smelters in Europe where rising energy prices have shuttered production and hindered supply into the market.

LME warehouse inventory decreased for the sixteenth time in the last seventeen weeks, sliding from 125,675 metric tons to 115,600 metric tons.

COST

COKING COAL⁴



COKING COAL

Coking coal rebounded sharply this week after sliding the previous three weeks.

Coking coal settled at \$506/mt, up from \$404/mt previously.

- After sliding 40% from the all-time high seen on March 17th, prices are back up 32% in the last two weeks.

The market reacted strongly after the European Union announced a full ban on coal coming from Russia starting in August.

SUPPLY



WEEKLY DOMESTIC STEEL PRODUCTION⁵

After hitting the lowest weekly output in over a year, domestic raw steel production increased significantly last week.

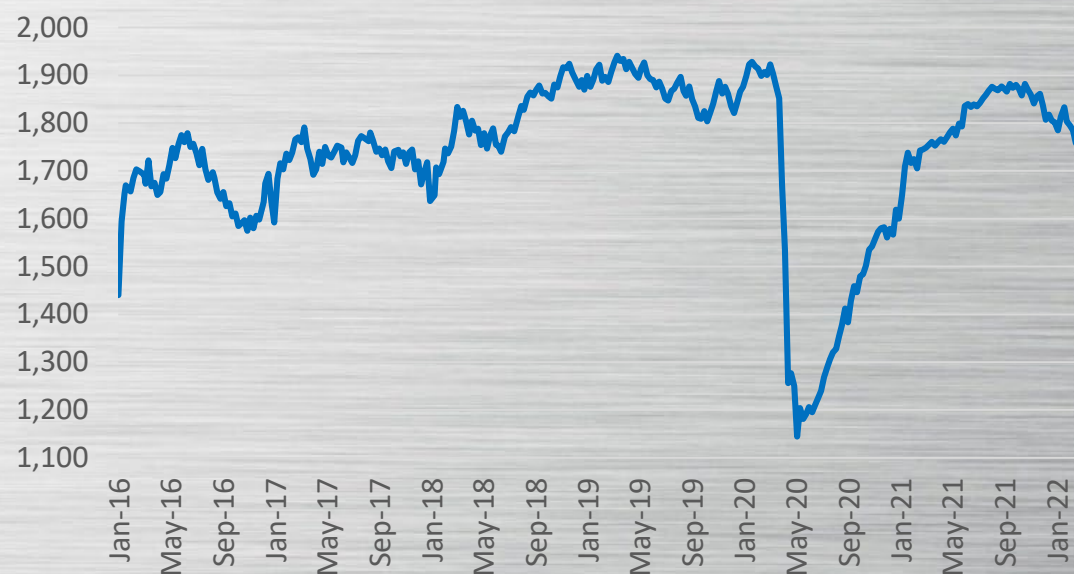
U.S. mills produced an estimated 1,739k tons at a 79.7% utilization rate; this is up from 1,724k tons and a 79.3% rate previously.

Production rose in three of the five regions, with the largest increase (in tons) coming from the Midwest region.

- Production from the Midwest region spiked from 180k tons to 210k tons.

Despite the increase, year-to-date production is up only 1.8% compared to the same timeframe from last year.

WEEKLY DOMESTIC PRODUCTION



TRACTOR & COMBINE SHIPMENTS⁶

TRACTOR AND COMBINE SHIPMENTS

Shipments of North American (U.S. and Canada) tractors and combines increased in March.

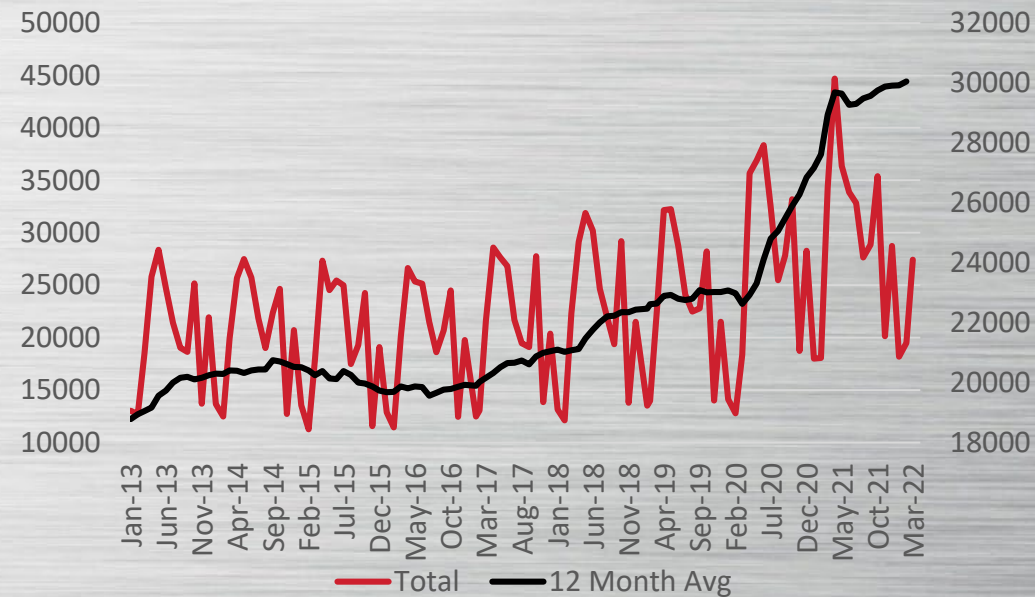
Shipments totaled 27,439 units in March, up 40.6% from February but down a sharp 19.9% from 34,252 units in March 2021.

- This was the first year-over-year decline in shipments since June.

Shipments of both tractors and combines declined from last year, sliding 20.0% and 15.5%, respectively.

- Combine shipments have now declined on a year-over-year basis for the third consecutive month.

Q1 2022 shipments totaled 65,142 units, down 7.4% compared to Q1 2021.



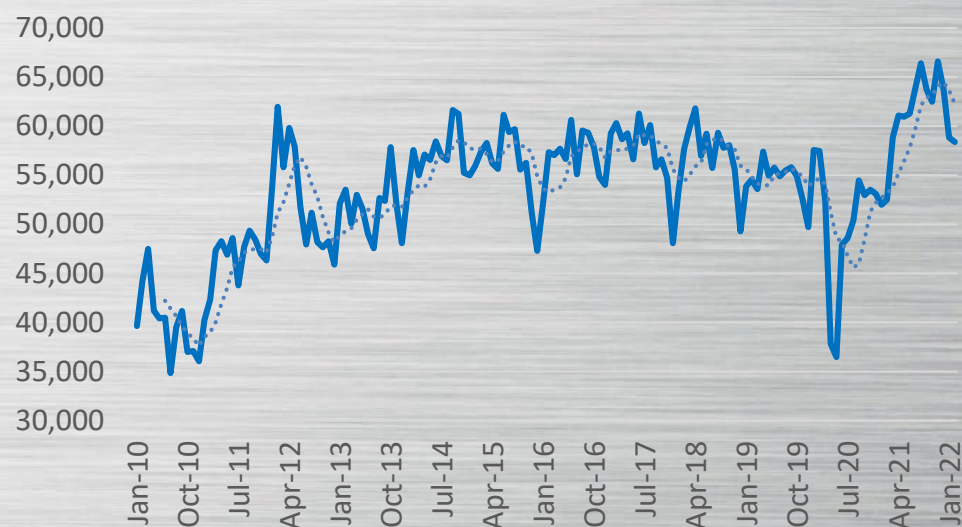
DEMAND

DOMESTIC STEEL CONSUMPTION⁷

COATED STEEL CONSUMPTION (TONS/DAY)

Total domestic carbon steel consumption, on a per/day basis, continued its recent downtrend in February but remained higher than year-ago levels for the eleventh consecutive month.

- Total carbon steel consumption (steel shipments + imports – exports) came in at a per/day rate of 280.4 thousand tons in February, down from 290.2 thousand tons in January but was up 8.4% from the 258.7 thousand tons/day rate in February 2021.
- February carbon flat rolled consumption came in at a rate of 150.1 thousand tons/day, down from January and at its lowest daily pace since last February.
- Despite continued slowdowns from the auto sector, carbon coated flat rolled consumption, on a per/day basis, held steady after the strong January reading.
 - Per/day coated flat rolled consumption came in at 58.4 thousand tons/day, up 11.2% from a 52.5 thousand tons/day rate in February 2021.



WEEKLY INITIAL JOBLESS CLAIMS⁸

After hitting a new fifty-four year low, weekly initial jobless claims increased slightly last week.

The Department of Labor's Weekly Initial Jobless Claims report came in at 185,000 claims, up from 167,000 claims previously.

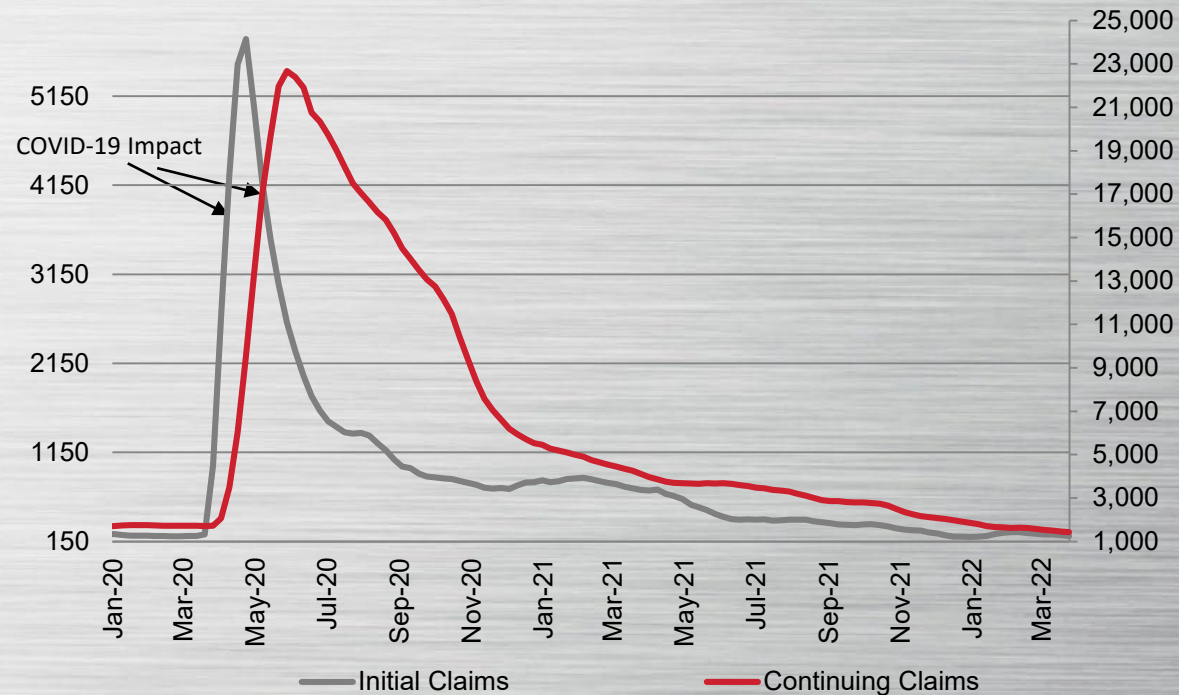
- The four-week moving average, considered a better measure of the labor market as it irons out week-to-week volatility, decreased to 177,750, from 185,250 claims previously.

Continuing claims, or claims lasting longer than one week, decreased after climbing the previous two weeks.

- Continuing claims slid to 1.475 million from 1.523 million previously.

The U.S. added nearly 1.7 million jobs this year with job openings outnumbering unemployed job-seekers by almost two to one.

WEEKLY INITIAL JOBLESS CLAIMS



ECONOMIC

CONSUMER PRICE INDEX⁹

Prices paid by consumers continued to climb sharply in March, climbing at its fastest year-over-year rate since 1981.

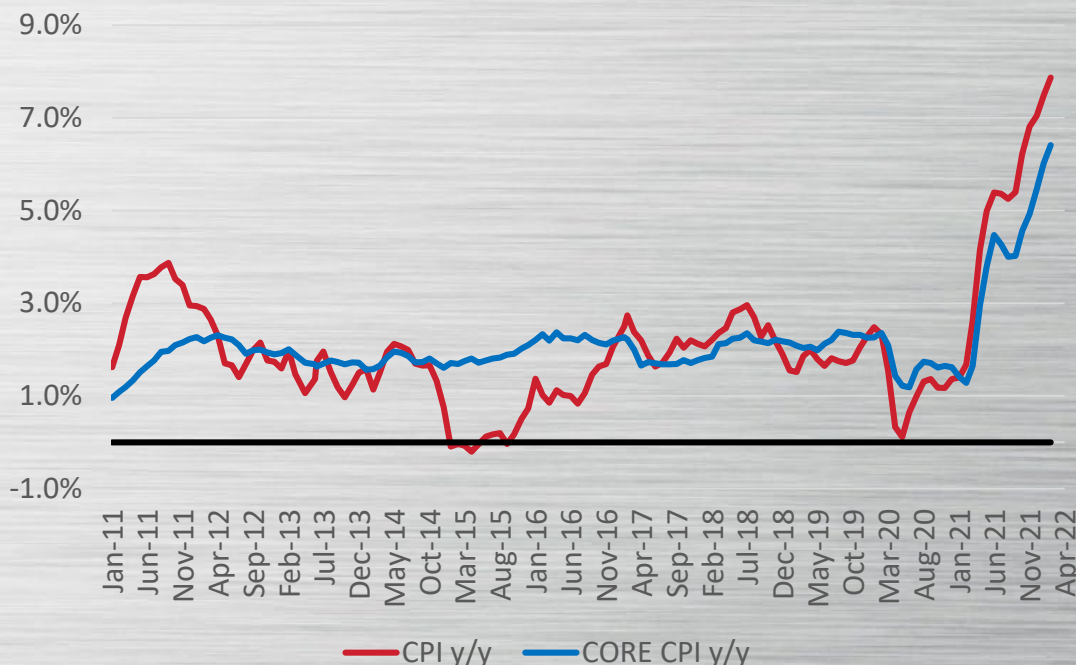
The March Consumer Price Index showed prices were up 1.34% from February and a sharp 8.54% from March 2021.

- The sharp year-over-year increase was fueled by a 32.0% increase in energy pricing and a 8.8% increase in pricing for food.

The core-CPI, which excludes prices for food and energy, saw a 0.43% increase from February and a 6.47% increase from March 2021.

- This was the largest year-over-year increase since August 1982.
 - This was boosted by a 5.0% increase in the pricing for shelter, its largest increase since 1991.
 - Household furnishing pricing increased 10.1% from last March, the largest increase since 1975.

CONSUMER PRICE INDEX



ECONOMIC



LINEHAUL INDEX¹⁰

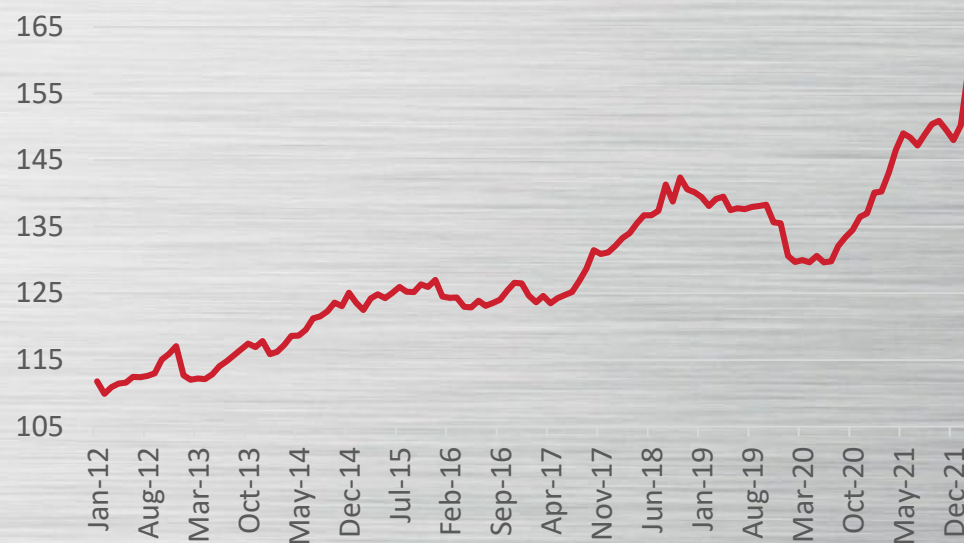
The March Linehaul Index increased sharply, climbing to a fresh record high.

The March Linehaul Index came in at 163.4, up sharply from 158.0 in February and up over 16% from 143.1 in March 2021.

The Linehaul Index is an accurate indicator of market fluctuations in per-mile truckload pricing.

- The index isolates the linehaul component from other components, like fuel and accessories.

LINEHAUL INDEX



SOURCES

- 1 Prime Scrap Price: Market Conversations, Week Ending April 14, 2022.
- 2 Platts, Spot Iron Ore: April 14, 2022.
- 3 London Metal Exchange, Weekly Zinc Price and Inventory Report: April 14, 2022.
Shanghai Futures Exchange, Weekly Zinc Inventory Report: April 14, 2022.
- 4 Platts, Coking Coal Price: April 14, 2022.
- 5 American Iron & Steel Institute, Weekly Domestic Steel Production: April 12, 2022.
- 6 Association of Equipment Manufacturers, Tractor and Combine Shipments: March 2022
- 7 Carbon Steel Consumption, AISI: February 2022
- 8 Department of Labor, Weekly Initial Jobless Claims: March 31, 2022.
- 9 Bureau of Labor Statistics, Consumer Price Index: March 2022.
- 10 Cass Information Systems, Linehaul Index: March 2022.

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

