

**CORE** 04.22.22 **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**

**10**

- ⬆ employment
- ⊖ inflation
- ⊖ confidence
- ⊖ trucking

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

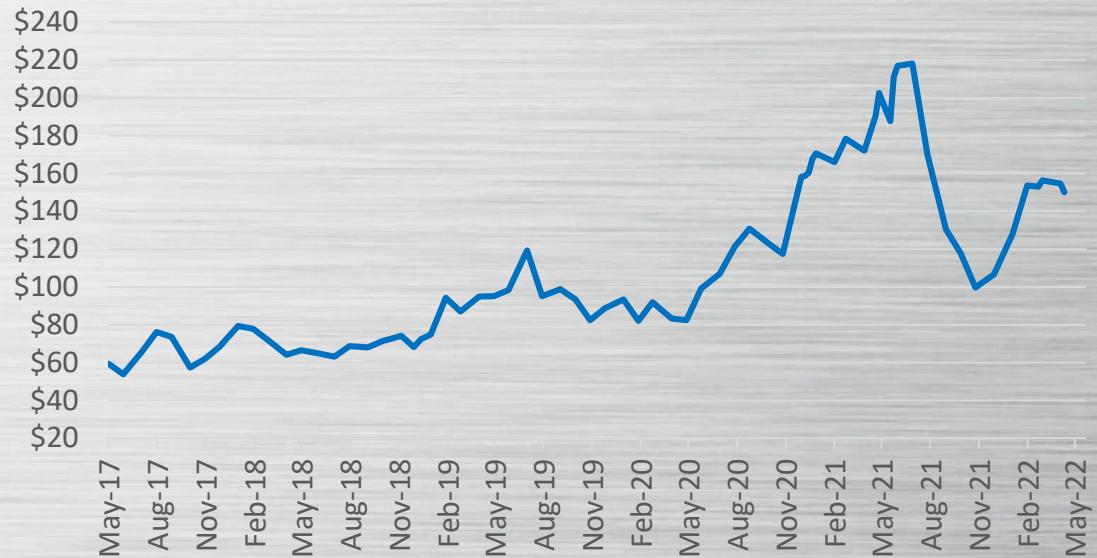
Spot iron ore ticked down slightly again for the third consecutive week.

Spot iron ore pricing ended the week at \$150.05/mt, down slightly from \$154.67/mt a week ago.

- This is down 3.2% week-over-week and 17% from the same timeframe last year.
- Despite decreasing over the last three weeks, spot iron ore remains near the six-month high on positive outlook for seasonal steel demand once the COVID lockdowns are lifted in China.

Rio Tinto, the world's second largest iron ore miner, announced that their Q1 2022 iron ore shipments were down 15% from Q4 2021 and down 8% year-over-year, due to COVID outbreaks and ongoing flooding at their Australia mines.

## IRON ORE COST



# COST



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



## ZINC

Zinc pricing continued its upward momentum this week, setting a fresh fifteen-year high.

Zinc pricing ended the week at \$4,515/mt (\$2.048/lb), up from \$4,472/mt (\$2.028/lb) previously.

- The steadily rising energy costs in Europe have resulted in production bottlenecks in the region, with smelters announcing significant reductions in outputs.

Due to the rising costs, Nucor, CSI, and UPI all announced increased coating weight extras this week for June production.

- This is now the third coating increase so far this year.

Global zinc inventory decreased for the fourth consecutive week.

- LME warehouse inventory decreased for the fifth consecutive week, sliding from 115,600 metric tons to 103,250 metric tons.
- Shanghai warehouse inventory decreased as well, dropping from 179,358 metric tons to 176,210 metric tons.

# COST

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



## COKING COAL

After rebounding sharply last week, coking coal pricing dipped to end the week.

Coking coal settled at \$449/mt, down from \$506/mt previously.

- Despite the dip, coking coal is up over 17% in the last two weeks.
- The market reacted strongly earlier in the week as global buyers look to stock up ahead of the European Union’s import ban on Russian coal starting August 1st.

China continues to import Russian coal at record low prices, as Beijing announced this week that they doubled imports of steel-making coal from Russia in March.

- Coking coal imports from Russia jumped to 1.4 million tons in March, compared to 550,000 tons for the same month last year and 1.1 million tons in February.

## SUPPLY



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

Domestic raw steel production climbed significantly for the second consecutive week last week.

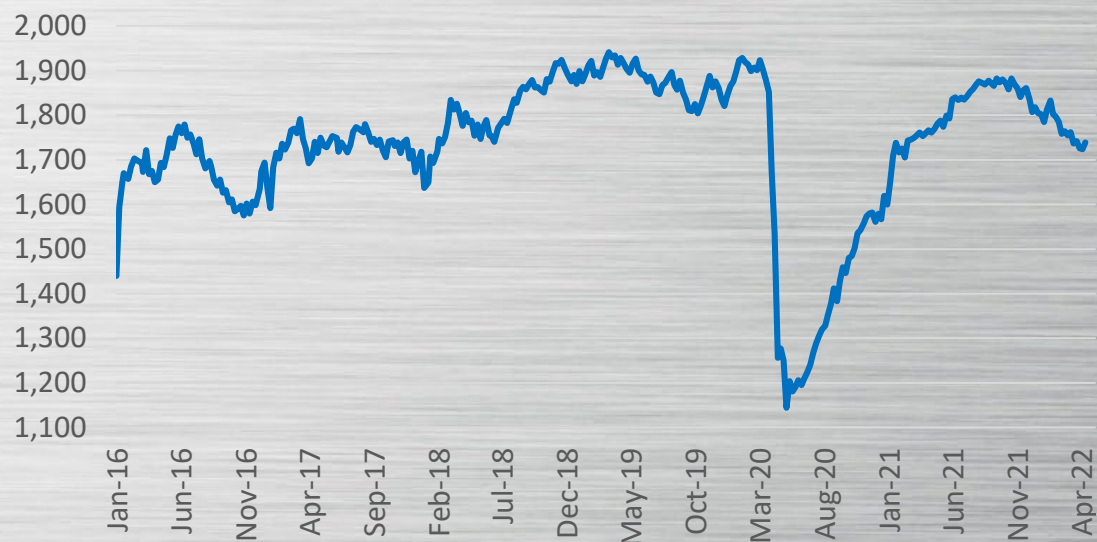
U.S. mills produced an estimated 1,766k tons at an 80.9% utilization rate; this is up from 1,739k tons and a 79.7% rate previously.

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

- Production from the Great Lakes region spiked from 539k tons to 562k tons.

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

## WEEKLY DOMESTIC PRODUCTION



## DEMAND

# LIGHT VEHICLE PRODUCTION<sup>5</sup>

U.S. light vehicle production rebounded for the third consecutive month in March as supply chains, while still constrained, begin to ease slightly.

U.S. light vehicle production totaled 915,188 units in March, up 24.6% from February but down 1.0% from 924,357 units in March 2021.

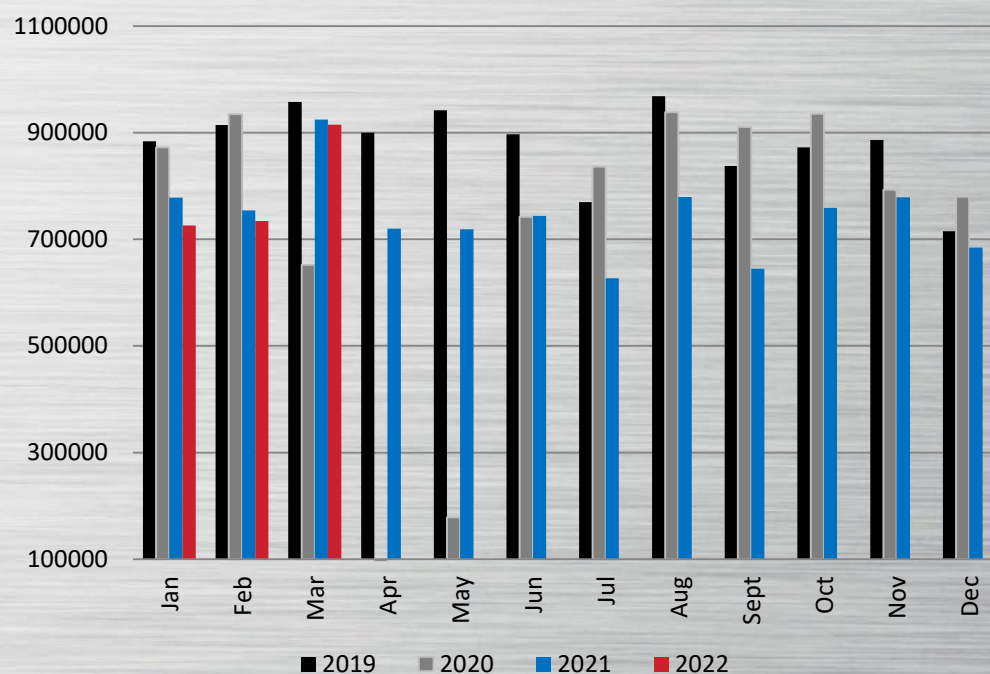
- This is the highest monthly production total since March of last year.

Production of both cars and light trucks increased sharply in March, climbing 23.2% and 24.9%, respectively.

- Car production increased on a year-over-year basis as well, climbing 10.8%.
- This ended a string of nine consecutive months with a year-over-year decline.

Year-to-date light vehicle production is down 3.3% compared to the Q1 2021 total.

## U.S. LIGHT VEHICLE PRODUCTION



# HOUSING MARKET INDEX<sup>6</sup>

Confidence among U.S. homebuilders remained robust in April, despite slowing slightly of late.

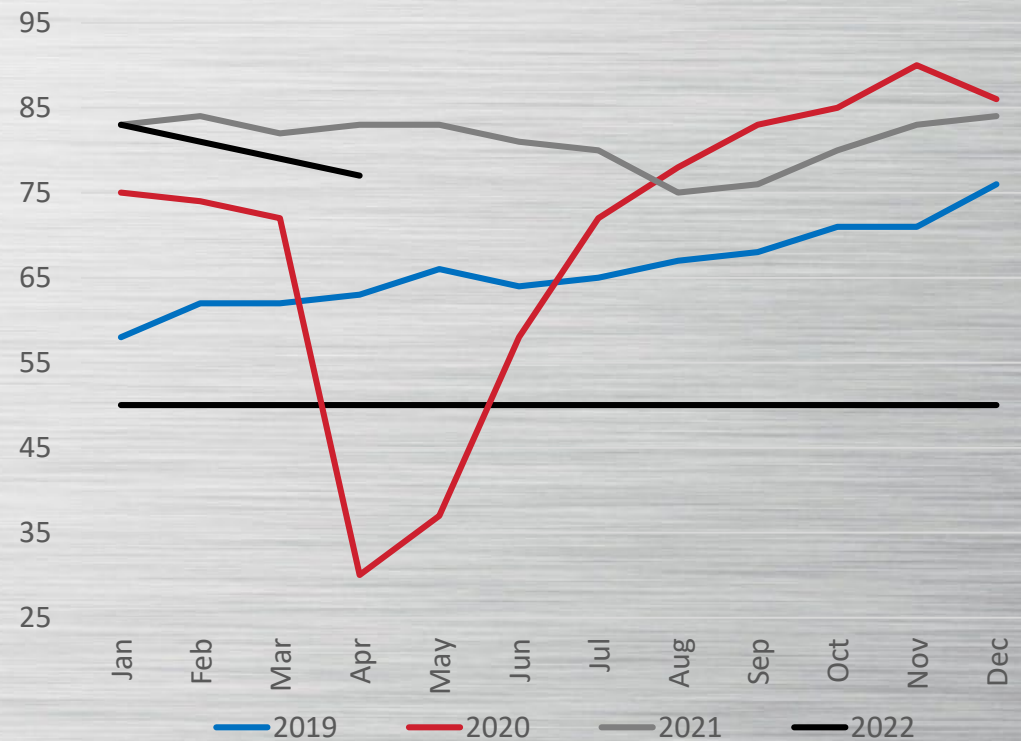
The April Housing Market Index came in at 77, down slightly from 79 in March and below 83 in April 2021.

- Despite the slowdown, the index remained well above the key 50 level.
  - Any reading over 50 indicates a positive outlook by homebuilders and any reading below 50 denote a negative view.
- April marked the twenty-third consecutive month with a reading over 50, and excluding the onset of the pandemic, the streak goes back to early 2014.

The three components of the index remained above 50 as well, with the Present Situation (85) coming in the strongest.

- The views on the Next Six Months and Traffic remained positive, coming in at 73 and 60, respectively.

## HOUSING MARKET INDEX



# HOUSING STARTS & PERMITS<sup>7</sup>

New residential construction continued to climb in March and is now up for the fifth time in the last six months.

March new housing starts came in at a 1.793 million unit rate, up 0.3% from February and up 3.9% from a 1.725 million unit rate in March 2021.

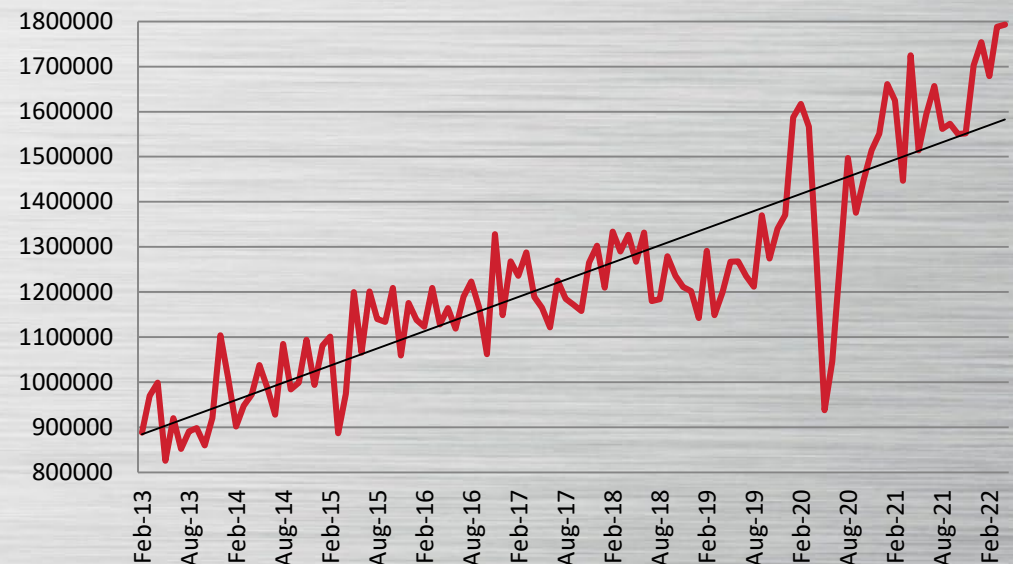
- For Q1, actual new home starts are up 10.3% compared to Q1 last year.

The boost in March housing starts came from multi-family units as single-family unit starts slipped 1.7% from February.

Permits, a leading indicator for future construction, continued to climb as well in March.

- March housing permits came in at a 1.873 million unit rate, up 0.4% from February and 6.7% from a 1.755 million unit rate in March 2021.
- Housing permits have now topped the 1.800 million rate market for the fourth consecutive month, the longest such stretch since mid-2006.

## HOUSING STARTS (SAAR)





## DEMAND

# EXISTING HOME SALES<sup>8</sup>

Sales of existing homes continued to slow in March as limited inventory, combined with record high median pricing, helped slow demand.

Sales came in at a 5.770 million unit rate in March, down 2.7% from February and down 4.5% from a 6.040 million unit rate in March 2021.

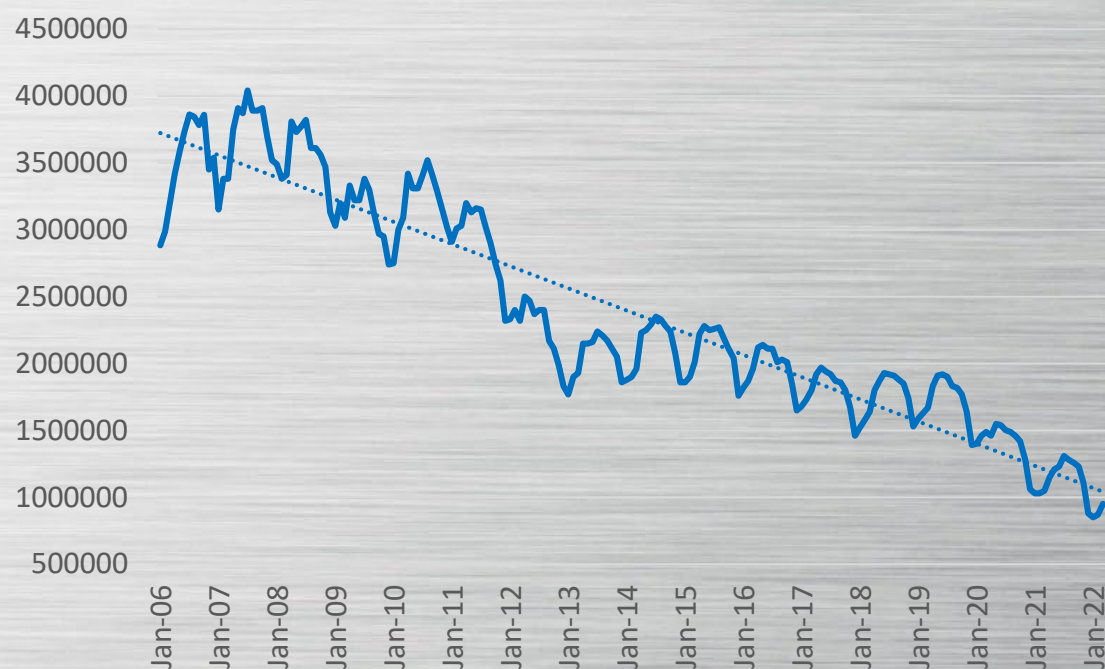
- This was the seventh consecutive month in which sales declined on a year-over-year basis.

As with the typical beginning of the buying season, more homes became available to buy.

- The inventory of existing homes for sales increased to 950,000 units; up from February but still down 9.5% compared to last March.

The median home price continued to hit record highs, as pricing increased nearly 4.5% from February to \$375,000.

## EXISTING HOMES FOR SALE



# ARCHITECTURE BILLINGS INDEX<sup>9</sup>

## ARCHITECTURE BILLINGS INDEX (3MA)

Business activity at the architectural level increased sharply in March.

The March Architecture Billings Index (ABI) came in at 58.0, up sharply from 51.3 in February and up from 55.6 a year ago.

- This was the highest monthly reading for the index since last May.

Both the new project inquiry and design contract components increased, climbing to 63.9 and 60.5, respectively.

Regionally, three of the four regions increased, with the South (57.2) being the strongest.

- The Northeast (46.3) was the only to show contraction.

The sector breakdown showed all four sectors growing in March, with the mixed practice (58.2) and the multi-family residential (57.2) being the strongest.



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

After increasing slightly, weekly initial jobless claims came in relatively flat last week.

The Department of Labor's Weekly Initial Jobless Claims report came in at 184,000 claims, down from 186,000 claims previously.

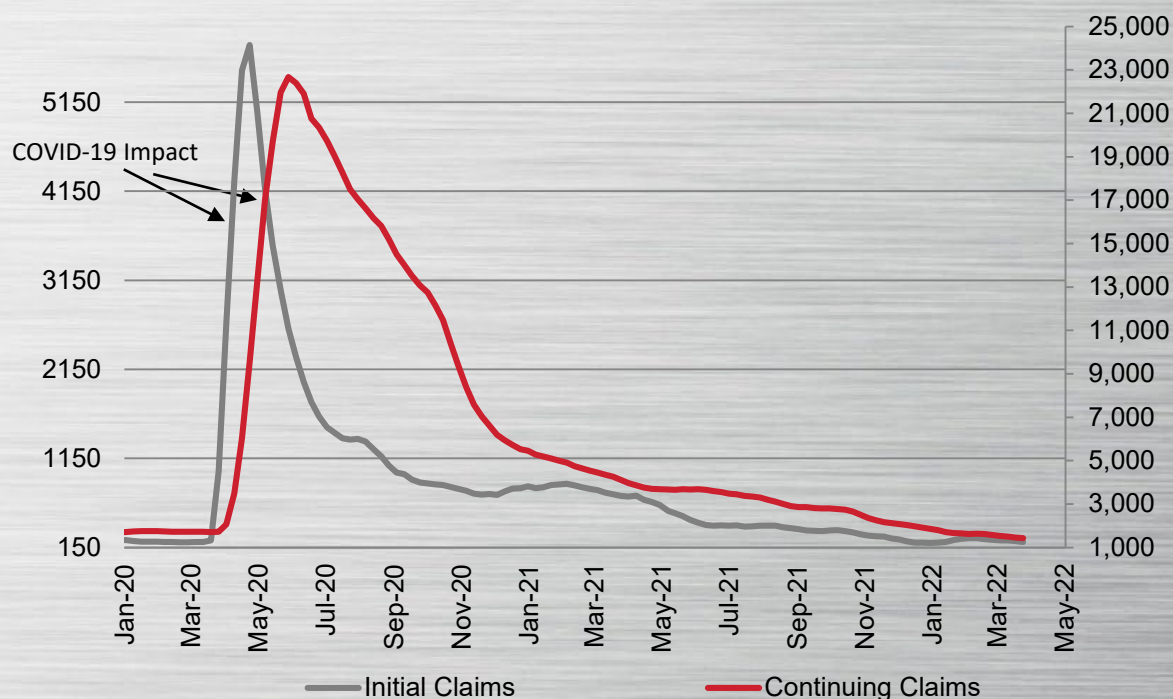
- The four-week moving average, considered a better measure of the labor market as it irons out week-to-week volatility, decreased to 177,000, from 178,000 claims previously.

Continuing claims, or claims lasting longer than one week, decreased for the second consecutive week.

- Continuing claims slid to 1.417 million from 1.475 million previously.

Even though the unemployment rate has fallen to 3.6%, there are 408,000 fewer Americans working than in February 2020, just before the pandemic hit.

## WEEKLY INITIAL JOBLESS CLAIMS



## SOURCES

- 1 Platts, Spot Iron Ore: April 21, 2022.
- 2 London Metal Exchange, Weekly Zinc Price and Inventory Report: April 22, 2022.
- 3 Shanghai Futures Exchange, Weekly Zinc Inventory Report: April 22, 2022.  
Platts, Coking Coal Price: April 22, 2022.
- 4 American Iron & Steel Institute, Weekly Domestic Steel Production: April 19, 2022.
- 5 WardsAuto, U.S. Light Vehicle Production: March 2022.
- 6 National Association of Homebuilders, Housing Market Index: April 2022.
- 7 Census Bureau, New Residential Construction: March 2022.
- 8 National Association of Realtors, Existing Home Sales: March 2022.
- 9 American Institute of Architects, Architecture Billings Index: March 2022.
- 10 Department of Labor, Weekly Initial Jobless Claims: April 21, 2022.

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