

CORE 04.29.22 **REPORT**

COST

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

SUPPLY

04

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

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

ECONOMIC

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- ⬆ employment
- ⊖ inflation
- ⬇ confidence
- ⬇ GDP

SPOT IRON ORE¹

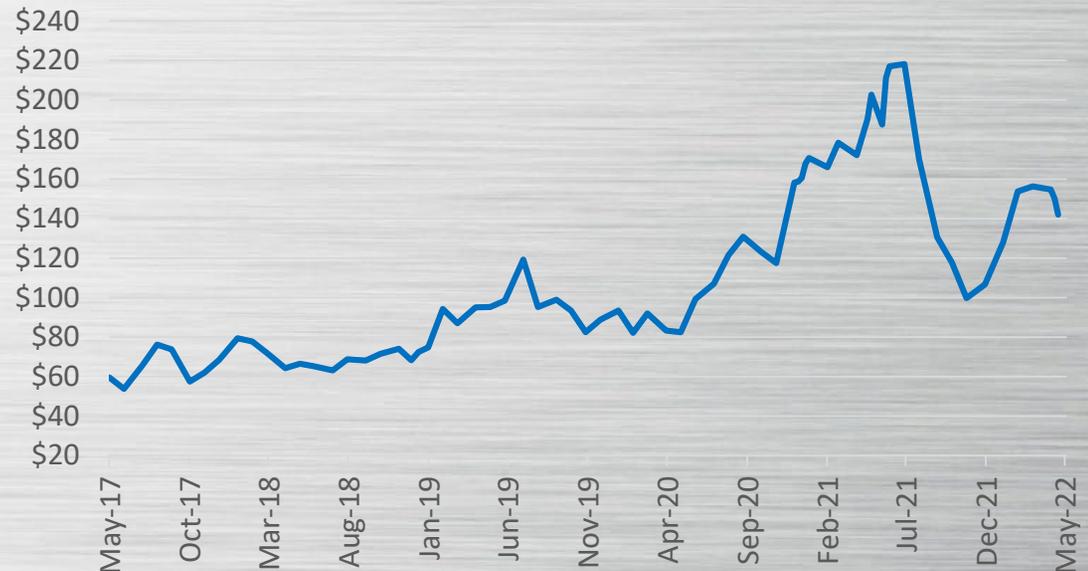
Spot iron ore slid significantly this week, now down for the fourth consecutive week.

Spot iron ore pricing ended the week at \$142.00/mt, down slightly from \$150.05/mt a week ago.

- This is down 7% week-over-week and 27% from the same timeframe last year.
- Spot iron ore pricing is now at its lowest level in a month.

Iron ore softened this week amid fears of rising COVID-19 cases in China's capital Beijing; and that more population hubs could come under restrictions.

IRON ORE COST



COST



WEEKLY ZINC PRICING²



ZINC

Zinc pricing slid significantly this week after hanging near the fifteen-year high for several weeks.

Zinc pricing ended the week at \$4,212/mt (\$1.911/lb), down from \$4,515/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.
- However, the constant uncertainties over the Russia-Ukraine conflict, market expectations of interest rate hikes in the U.S., and a strengthening U.S. dollar have led to slight softening.

Global zinc inventory decreased for the fifth consecutive week.

- LME warehouse inventory decreased for the sixth consecutive week, sliding from 103,250 metric tons to 93,350 metric tons.
- Shanghai warehouse inventory decreased as well, dropping from 176,210 metric tons to 169,598 metric tons.

COST

COKING COAL³



COKING COAL

After sliding slightly last week, coking coal pricing continued its upward momentum this week.

Coking coal settled at \$518/mt, up from \$449/mt previously.

- Coking coal is now up over 35% in the last three weeks.
 - The market continues to find its footing as buyers stock up ahead of the European Union’s import ban on Russian coal starting August 1st.

Russian and Indian officials met this week to discuss an import agreement and a payment system going forward.

- Russia supplies about 30% of European Union, Japanese, and South Korean coking coal needs, while India had planned to double its Russian imports to around 9 million tons this year.

SUPPLY



WEEKLY DOMESTIC STEEL PRODUCTION⁴

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

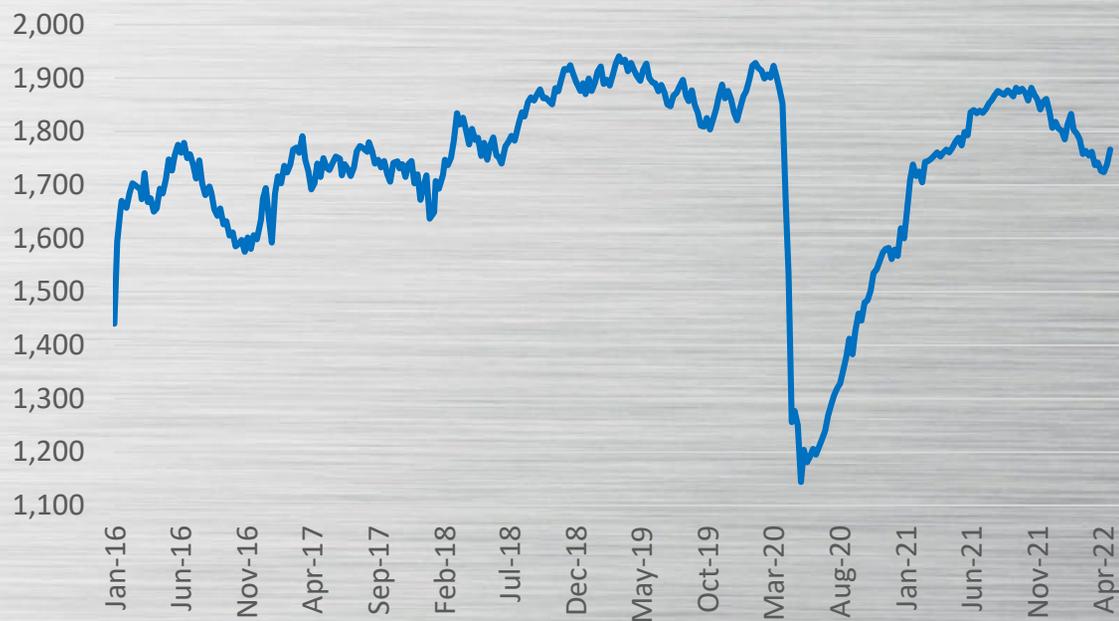
U.S. mills produced an estimated 1,784k tons at an 81.7% utilization rate; this is up from 1,766k tons and an 80.9% rate previously.

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

- Production from the Southern region spiked from 750k tons to 766k tons.

Despite the increase, year-to-date production is still up only 1.6% compared to the same timeframe from last year.

WEEKLY DOMESTIC PRODUCTION



SUPPLY



GLOBAL STEEL PRODUCTION⁵

Global steel production on a metric tons/day basis continued to increase in March, now up for the second consecutive month.

Global steel production came in at a 5.195 million mt/day rate in March, up 1.9% from February but down 5.8% from a 5.516 million mt/day rate in March 2021.

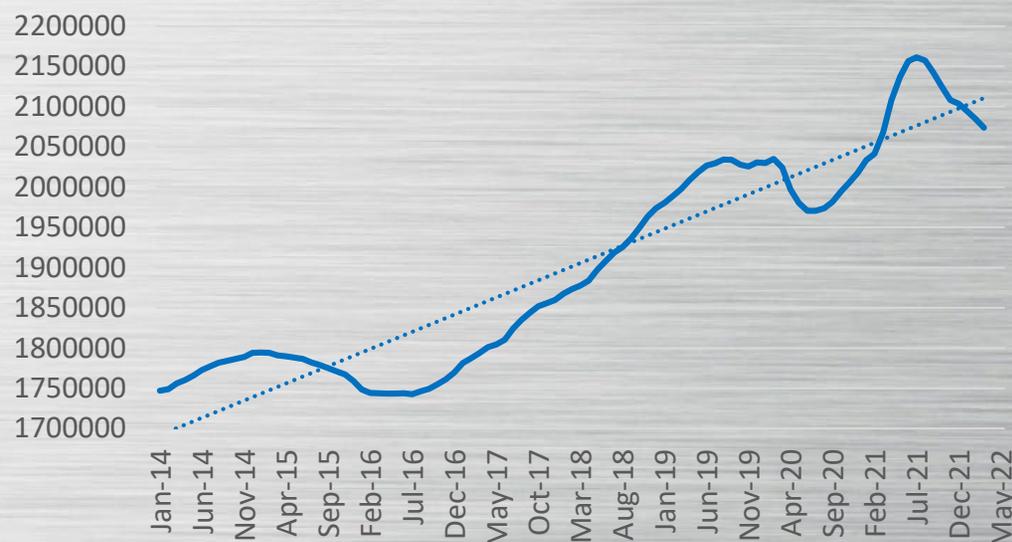
- This is the eighth consecutive month in which production has declined on a year-over-year basis.

The boost in global production in March came from China, which saw a 6.4% increase to a 2.848 million mt/day rate.

- Production from the rest of the world declined 3.0% from February to a 2.348 million mt/day rate.
- March was first month to see the major impact from the Russian invasion of Ukraine as Ukrainian production declined to 7,000 mt/day from 49,000 mt/day in February.

U.S. production declined to a 225,000 mt/day rate in March, down 1.0% from February and down 1.7% from March 2021.

GLOBAL STEEL PRODUCTION (12MMA)



SUPPLY

CARBON STEEL IMPORTS⁶

After dipping in February, carbon steel imports increased in March.

Total carbon steel imports totaled 2.381 million tons in March, up 32.5% from February and up 31.1% from March 2021.

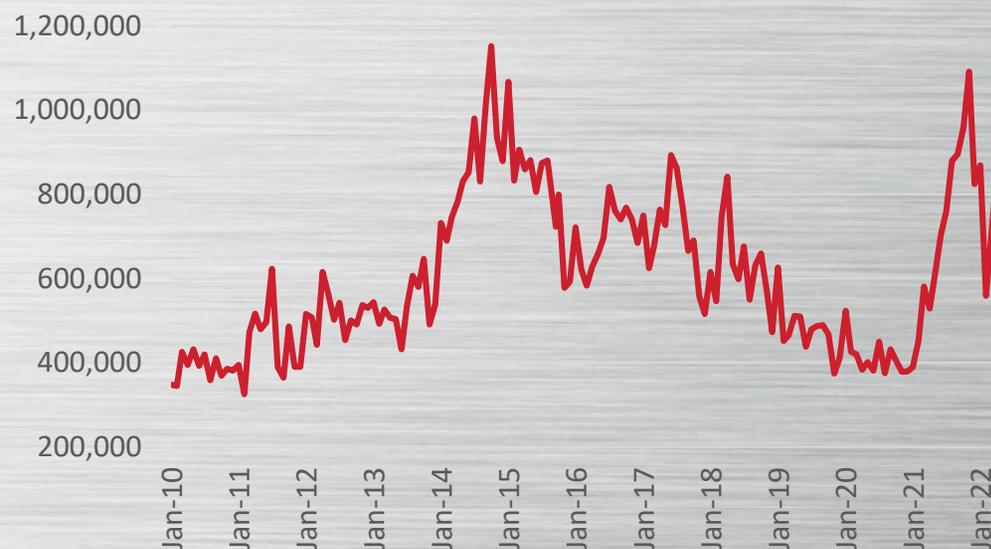
- Despite the increase in March, the total came in just slightly above the monthly average (2.317 million tons) since last June.

Carbon flat rolled imports increased as well, climbing 45.0% from February to 809,813 tons.

- All three flat rolled product imports increased from February, with hot rolled imports increasing the most at 57.0%.
 - Cold rolled and hot-dipped galvanized imports increased as well from February, climbing 33.0% and 43.7%, respectively.

Year-to-date carbon flat rolled imports are now up 57.2% compared to Q1 2021.

CARBON FLAT ROLLED IMPORTS



DEMAND

NEW HOME SALES⁷

Sales of new homes declined in March and have now fallen for the third consecutive month.

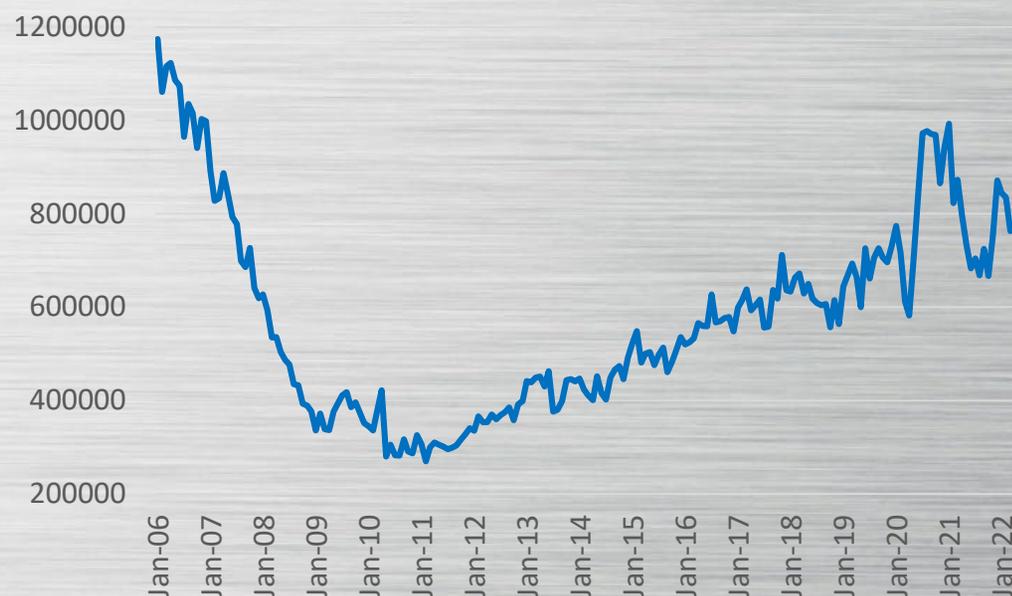
New home sales came in at a 763,000 unit rate in March, down 8.6% from February and down 12.6% from a 873,000 unit rate in March 2021.

- Actual new home sales in Q1 were down 7.0% from Q1 2021.

Inventory of unsold new homes increased in March, climbing to 406,000 units.

- Current inventory, when combined with March's sales pace, equates to 5.7 months of supply.
 - This is at the upper end of the normal 4.0-6.0 month range.
- Current inventory is at its highest level since August 2008.

NEW HOME SALES (SAAR)



DURABLE GOODS⁸

New orders for durable goods increased to a \$275.0 billion rate in March, up 0.8% from February.

- Excluding the volatile transportation component, new orders were up 1.1% in March.

New orders for primary metal production increased 1.5% to a \$25.3 billion rate in March.

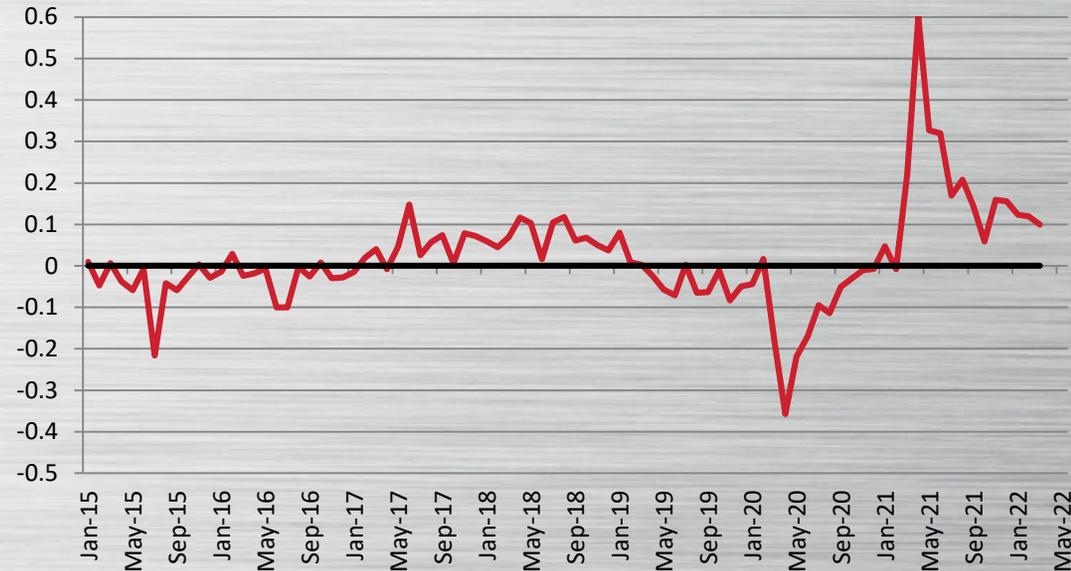
- This followed a flat reading in February and a -0.3% decline in January.

Fabricated metal product new orders increased as well, climbing 0.8% from February to a \$38.1 billion rate.

A positive sign for future demand is unfilled orders continuing to climb.

- Unfilled orders for durable goods increased 0.4% in March, now up for the fourteenth consecutive month.

DURABLE GOODS NEW ORDERS Y/Y CHANGE



WEEKLY INITIAL JOBLESS CLAIMS⁹

After dropping slightly, weekly initial jobless claims decreased again last week, now down six out of the last seven weeks.

The Department of Labor's Weekly Initial Jobless Claims report came in at 180,000 claims, down from 185,000 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 179,500, from 177,250 claims previously.

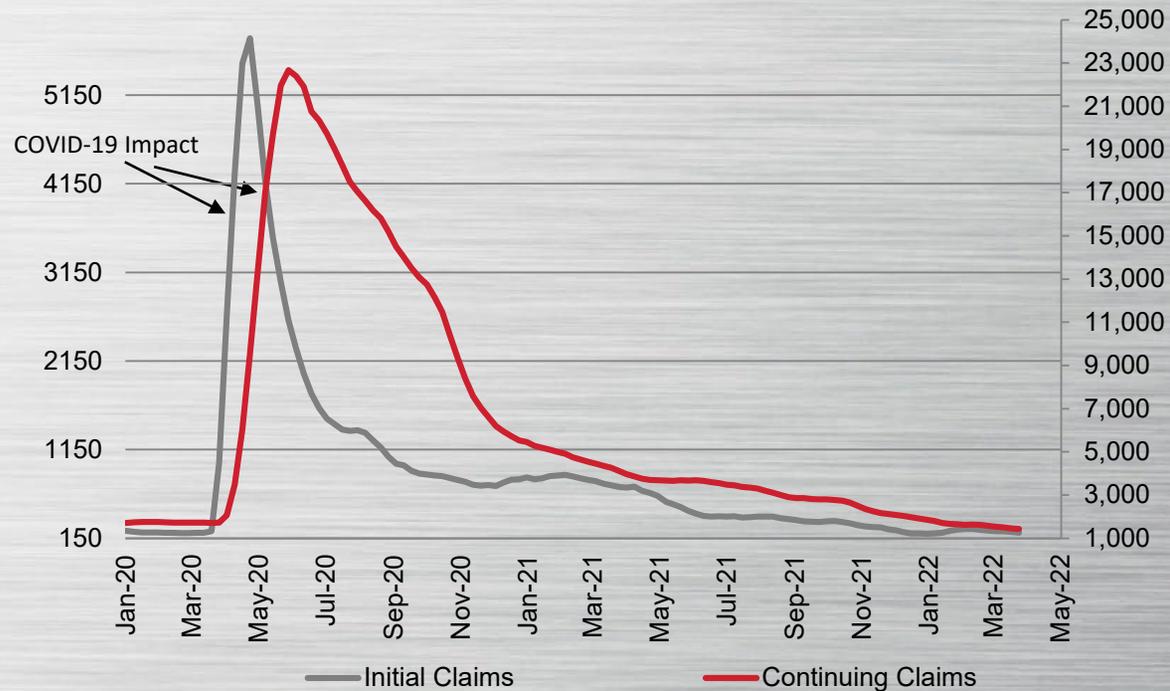
Continuing claims, or claims lasting longer than one week, decreased for the third consecutive week.

- Continuing claims slid to 1.408 million from 1.409 million previously.

The unemployment rate is now just 3.6%, barely above the lowest point in 50 years.

- However, there are 408,000 fewer Americans working than in February 2020.

WEEKLY INITIAL JOBLESS CLAIMS



 **CONSUMER CONFIDENCE¹⁰**

U.S. consumer confidence slowed in April as current views on the economy slightly worsened on fears over inflation.

According to the Conference Board, the consumer sentiment index for March came in at 107.3 from 107.6 previously.

- The present situation component came in at 152.6, down from 153.8 previously.

While the overall index and present situation component fell, the outlook on the future increased.

- The expectations component increased to 77.2, up from 76.7 previously.

PERSONAL INCOME & OUTLAYS¹¹

Total personal income increased in March, climbing 0.5% to a \$21.338 trillion rate.

Total disposable income increased as well, climbing 0.5% to a \$18.520 trillion rate.

- However, total personal spending increased at a much faster rate, boosted by rising inflation for all goods.
- Total personal spending saw a 1.1% increase in March, to a \$16.863 trillion rate.
 - Total spending has now increased in three consecutive months.
 - Through Q1, total spending is up 11.3% compared to Q1 2021.

Total personal savings was \$1.15 trillion in March, while the personal savings rate, savings as percent of disposable income, came in at 6.2%.

- This is the lowest the savings rate has been since November 2017.

DISPOSABLE INCOME (SAAR)



ECONOMIC

GROSS DOMESTIC PRODUCT¹²

After seeing strong growth in Q4, the initial estimate of Q1 2022 GDP showed the first annualized decline since Q2 2020.

The initial estimate showed that activity within the economy declined at a 1.4% annualized rate.

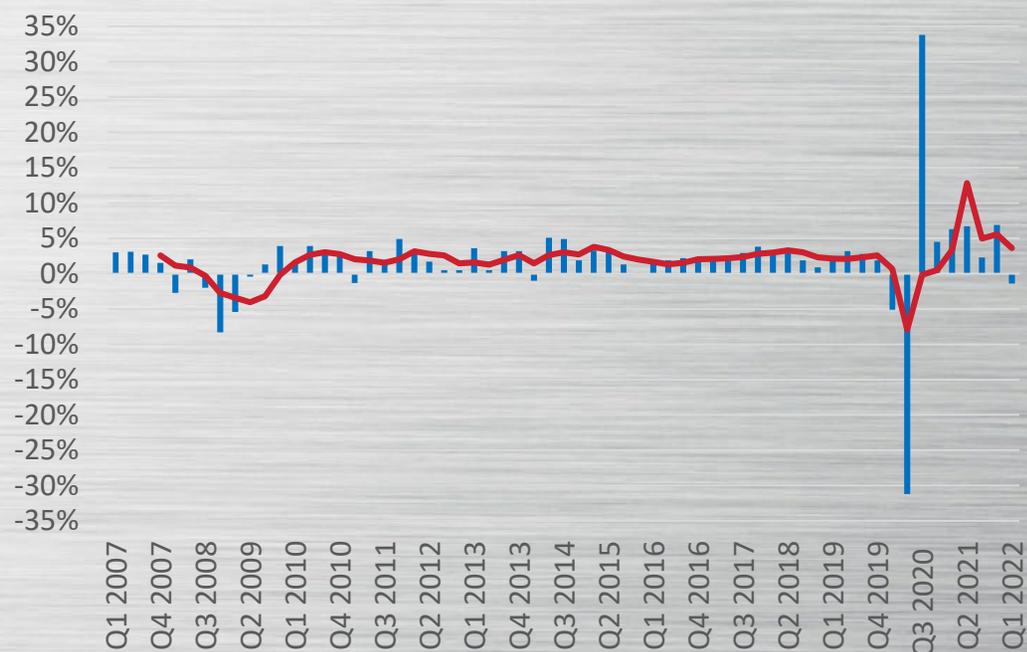
- This decline followed a strong 6.9% annualized growth rate in Q4.

While the overall headline reading showed a decline, the majority of that decline came from inventory investment and exports, which subtracted 0.8% and 3.2%, respectively.

- A decline in government spending and an increase in imports also helped to push overall growth lower.

Personal consumption, residential investment and non-residential investment grew in Q1.

GROSS DOMESTIC PRODUCT



SOURCES

- 1 Platts, Spot Iron Ore: April 28, 2022.
- 2 London Metal Exchange, Weekly Zinc Price and Inventory Report: April 29, 2022.
- 3 Shanghai Futures Exchange, Weekly Zinc Inventory Report: April 29, 2022.
Platts, Coking Coal Price: April 29, 2022.
- 4 American Iron & Steel Institute, Weekly Domestic Steel Production: April 26, 2022.
- 5 WorldSteel, Global Steel Production: March 2022.
- 6 U.S. Census Bureau, Carbon Steel Imports: March 2022.
- 7 Census Bureau, New Home Sales: March 2022.
- 8 U.S. Census Bureau, Durable Goods Report: March 2022.
- 9 Department of Labor, Weekly Initial Jobless Claims: April 21, 2022.
- 10 Conference Board, Consumer Confidence: April 2022.
- 11 Bureau of Economic Analysis, Personal Income and Outlays: March 2022.
- 12 Bureau of Economic Analysis, Gross Domestic Product: Q1 2022.

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