

CORE 05.27.22 **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
- ⊖ GDP
- ⊕ income
- ⊖ retail sales

SPOT IRON ORE¹

Spot iron ore pricing continued its upward momentum, climbing for the second consecutive week.

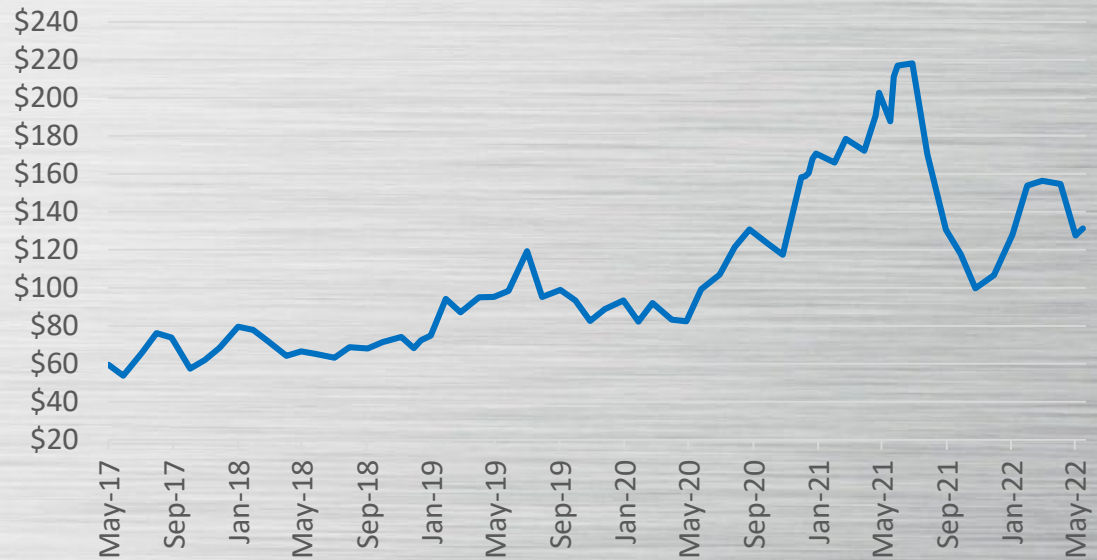
Spot iron ore pricing ended the week at \$131.25/mt, up from \$129.40/mt a week ago.

- Despite the increase, spot iron ore pricing remains 30% below prior year levels.

Iron ore and other steelmaking inputs continue to show strength after China announced plans to lift COVID lockdowns on June 1st.

- Beijing also announced a package of policy steps earlier this week to boost steel production and the economy after lockdowns.

IRON ORE COST



COST



WEEKLY ZINC PRICING²



ZINC

Zinc pricing continued its sharp rebound this week, now up for the second consecutive week.

Zinc pricing ended the week at \$3,815/mt (\$1.730/lb), up from \$3,755/mt (\$1.703/lb) previously.

- After sliding 20% from the fifteen-year high, zinc has now rebounded over 8% and remains historically elevated.
- The rising energy costs and supply tightness in Europe continues to be the main driver in elevated zinc prices.

Global zinc inventory increased slightly this week after sliding the previous two weeks.

- LME warehouse inventory decreased slightly from 86,625 metric tons to 85,850 metric tons.
- Shanghai warehouse inventory increased, climbing from 166,539 metric tons to 170,850 metric tons.

COST

▼ COKING COAL³



COKING COAL

After climbing last week, coking coal pricing continued its volatile swings, dropping this week.

Coking coal settled at \$465.00/mt, down from \$525.00/mt previously.

- This is down 11% week-over-week and down 30.5% from the all-time high seen in mid-March.
- This is the fourth consecutive week of wild \$50/mt+ swings, as the market searches for available supply outside of Russia.

China continues to take advantage of cheap Russian coal, with their coking coal imports from Russia hitting a record high in April and expected to set a new record in May.

SUPPLY



WEEKLY DOMESTIC STEEL PRODUCTION⁴

Domestic raw steel production increased again last week, now up six out of the last seven weeks.

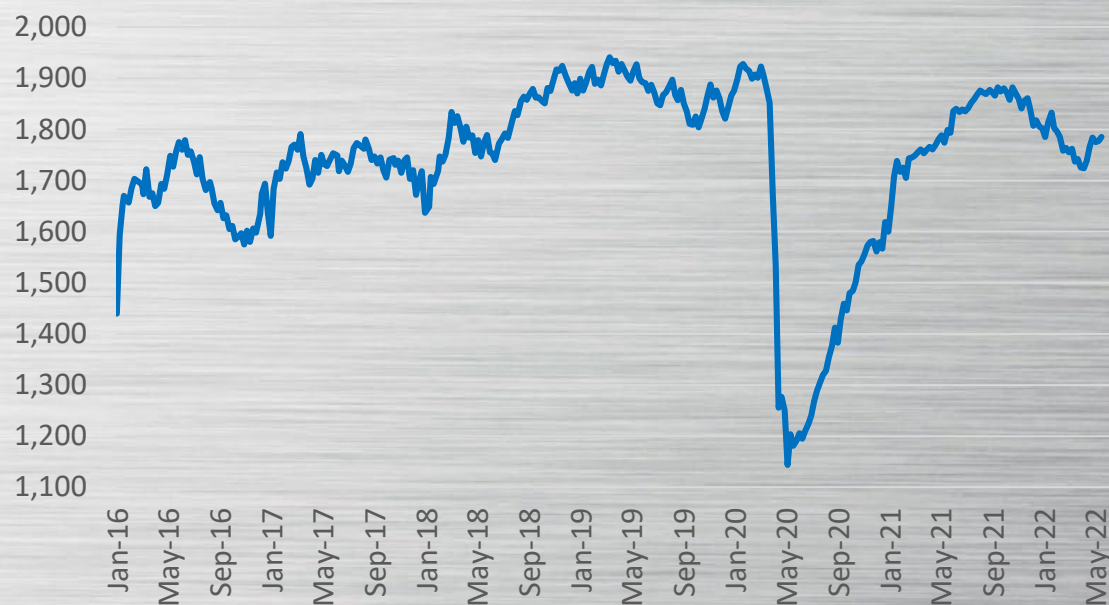
U.S. mills produced an estimated 1,789k tons at an 82.0% utilization rate; this is up from 1,785k tons and an 81.8% rate previously.

Production rose in only two of the five regions, but was offset by large increases in the Great Lakes and Midwest regions.

- Production from the Midwest region climbed the most, spiking from 197k tons to 208k tons.

Despite the increase, year-to-date production is up only 1.2% compared to the same timeframe from last year.

WEEKLY DOMESTIC PRODUCTION



SUPPLY



GLOBAL STEEL PRODUCTION⁵

Global steel production continued to climb on a daily average in April, now up for the third consecutive month.

Global steel production averaged 5.425 million metric tons/day in April, up 4.6% from March but was still down 5.1% on a year-over-year basis.

- Global steel production has now declined, on a year-over-year basis, for nine consecutive months.

The boost in global production came from China, which saw a 8.6% increase to a 3.093 million metric ton/day rate.

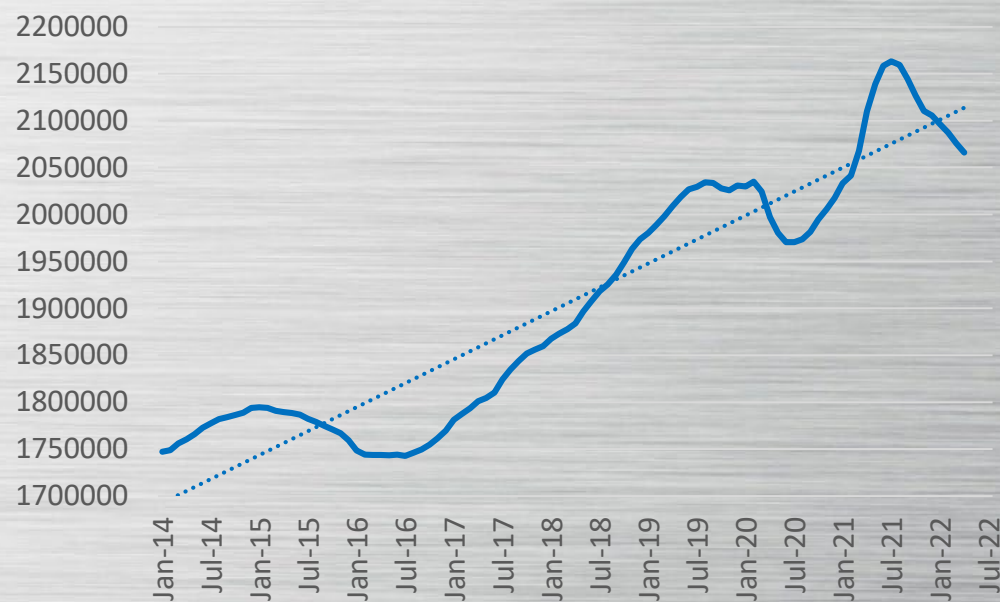
- Production from the rest of the world declined for the second consecutive month, sliding 0.3% to a 2.332 million metric ton/day rate.

NAFTA production increased slightly, climbing 2.2% to a 315,000 metric ton/day rate in April after sliding 2.0% in March.

The biggest decline continued to come from Ukraine, which saw production average 8,300 metric tons/day.

- This is up slightly from March but down significantly from a 61,500 metric ton/day average in April 2021.

GLOBAL STEEL PRODUCTION (MT)



SUPPLY



CARBON STEEL IMPORTS⁶

After increasing in March, preliminary carbon steel imports for April saw the start of what is anticipated to be a decent pull back in carbon steel imports.

Total carbon steel imports totaled 2.065 million tons in April, down 13.2% from March and up a slight 2.5% from April 2021.

Carbon flat rolled imports declined as well on a month-over-month basis, sliding 18.8% from March to 658,603 tons.

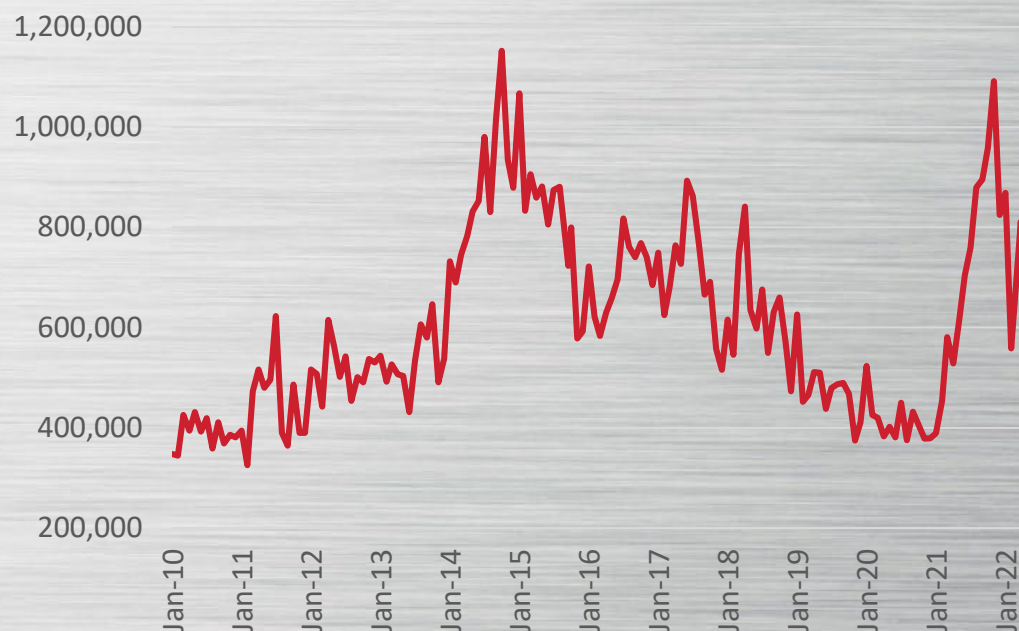
- This is the second lowest monthly total (behind only February) since May 2021.

All three flat rolled product groups saw a month-over-month decline, with hot rolled imports (-26.7%) sliding the most.

- Cold rolled and coated imports declined as well, sliding 24.2% and 11.9%, respectively.

Year-to-date carbon flat rolled imports remain elevated however, now up 48.5% compared to the same timeframe last year.

CARBON FLAT ROLLED IMPORTS



DEMAND

▼ LIGHT VEHICLE PRODUCTION⁷

After climbing the previous three months, U.S. light vehicle production dipped in April.

U.S. light vehicle production totaled 769,413 units, down 15.9% from March.

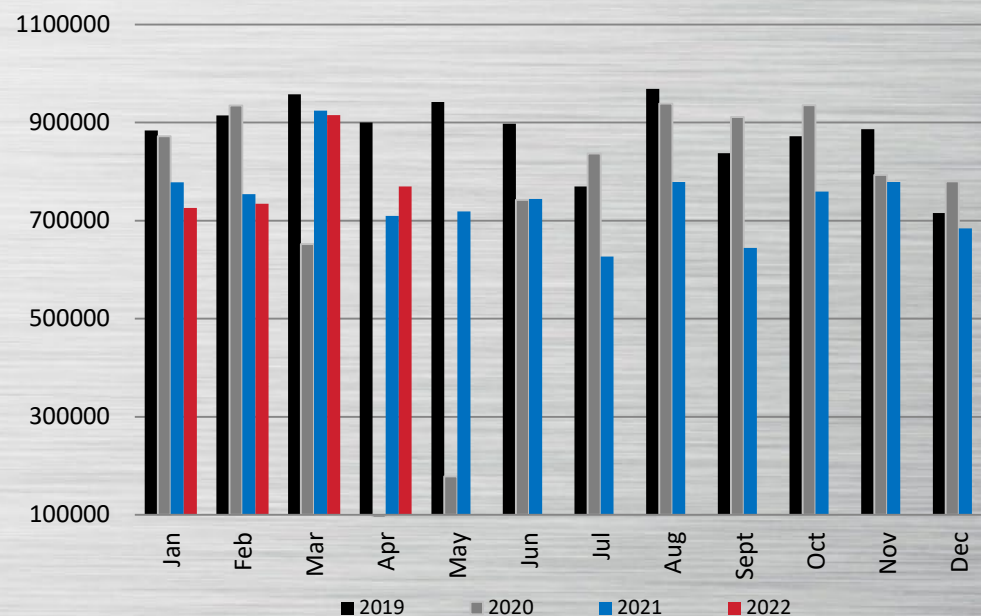
- However, production was up 8.5% from 709,281 units in April 2021, marking the first year-over-year increase since last June.

While both car and light truck production declined from March, light truck production saw the bigger decline, sliding 17.8%.

- Car production was down 6.5% after hitting a thirteen-month high in March.

Year-to-date light vehicle production is now down 0.7% compared to the first four months of 2021.

U.S. LIGHT VEHICLE PRODUCTION



NEW HOME SALES⁸

New home sales declined sharply in April, sliding to its lowest monthly pace since April 2020.

New home sales came in at a 591,000 unit rate, down 16.6% from March and down a sharp 26.9% from a 809,000 unit rate in April 2021.

- This is the fourth consecutive month in which new home sales have declined on a seasonally adjusted rate.

The median home price increased sharply once again, climbing to a fresh record high of \$450,600.

- This is up nearly 40% from the median price of \$376,600 last April.

The inventory of new homes for sale increased as well in April, now climbing for the second consecutive month.

Record high housing pricing and climbing mortgage rates helped slow new home sales in April.

NEW HOME SALES (SAAR)



DURABLE GOODS⁹

New orders for manufactured durable goods increased in April, climbing 0.4% to a \$265.3 billion rate.

- New orders have now increased in six of the last seven months.
- Excluding the volatile transportation component, new orders were up 0.3% compared to March.

New orders for primary metals increased in April, climbing 0.6% after a sharp 3.3% increase in March.

- New orders for fabricated metal production slipped slightly however, sliding 0.1% from March.

Shipments of manufactured durable goods increased as well, climbing 0.1% to a \$264.3 billion rate.

- Shipments are now up in eleven of the last twelve months.

The amount of unfilled orders continued to grow in April, climbing for the twentieth consecutive month.

DURABLE GOODS NEW ORDERS Y/Y CHANGE



WEEKLY INITIAL JOBLESS CLAIMS¹⁰

Weekly initial jobless claims decreased last week after hitting the highest level since mid-March, now alternating up and down movements for the last five weeks.

The Department of Labor's Weekly Initial Jobless Claims report came in at 210,000 claims, down from 218,000 claims previously.

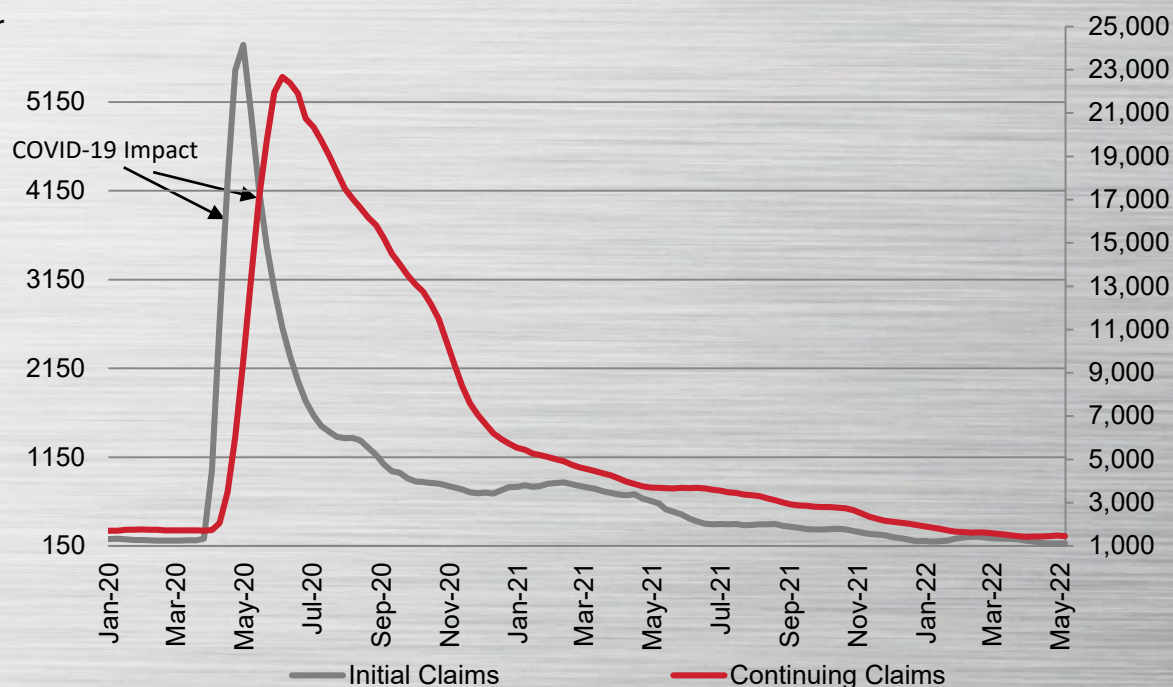
- The four-week moving average, considered a better measure of the labor market as it irons out week-to-week volatility, increased to 206,750, from 199,500 claims previously.

Continuing claims, or claims lasting longer than one week, increased after sliding the previous six weeks.

- Continuing claims rose to 1.346 million from 1.315 million previously.

At the state level, jobless claims declined in twenty-seven states, with only Missouri seeing an increase in claims.

WEEKLY INITIAL JOBLESS CLAIMS



ECONOMIC

GROSS DOMESTIC PRODUCT¹¹

The second estimate continued to show a pull back in economic growth in Q1 2022.

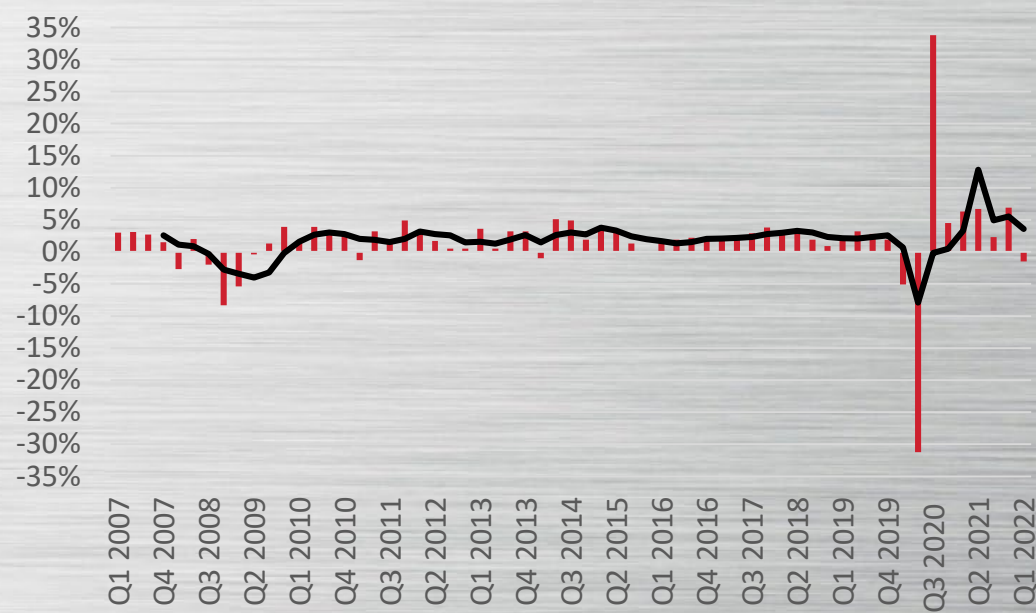
- Q1 2022 Gross Domestic Product showed a decline of 1.5% at an annual rate.

The decline in Q1 GDP reflected declines in inventory investment, exports, federal government spending, and state and local government spending.

- Imports, which are a decline to GDP, increased.

These declines were partly offset by increases in personal spending, nonresidential investment, and residential investment.

GROSS DOMESTIC PRODUCT



ECONOMIC

PERSONAL INCOME & OUTLAYS¹²

Total personal income continued to climb in April, climbing 0.4% to a \$21.470 trillion rate.

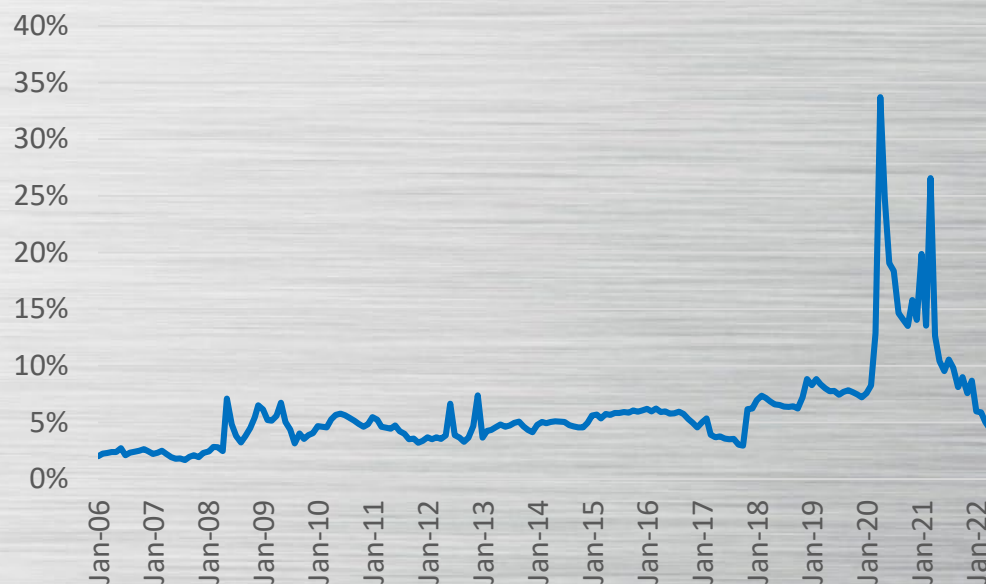
- The boost in total income came mostly from increases in both private and government wages and salaries.

Disposable personal income increased 0.3%, while total personal spending increased 0.9%.

- Within the PCE, spending on both goods and services increased in April.
 - Within goods, spending increased the most for motor vehicles and parts.

The personal savings rate was 4.4% in April, the lowest level since October 2019.

PERSONAL SAVINGS RATE



SOURCES

- 1 Platts, Spot Iron Ore: May 26, 2022.
- 2 London Metal Exchange, Weekly Zinc Price and Inventory Report: May 27, 2022.
- 3 Shanghai Futures Exchange, Weekly Zinc Inventory Report: May 27, 2022.
Platts, Coking Coal Price: May 27, 2022.
- 4 American Iron & Steel Institute, Weekly Domestic Steel Production: May 24, 2022.
- 5 WorldSteel, Global Steel Production: April 2022.
- 6 U.S. Census Bureau, Preliminary Carbon Steel Imports: April 2022.
- 7 WardsAuto, U.S. Light Vehicle Production: April 2022.
- 8 U.S. Census Bureau, New Home Sales: April 2022.
- 9 U.S. Census Bureau, Durable Goods: April 2022.
- 10 Department of Labor, Weekly Initial Jobless Claims: May 26, 2022.
- 11 Bureau of Economic Analysis, Gross Domestic Product: Q1 2022.
- 12 Bureau of Economic Analysis, Personal Income and Outlays: April 2022.

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