

**CORE** 12.22.23 **REPORT**

**COST**

**01**

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

**SUPPLY**

**04**

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

**DEMAND**

**05**

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

**ECONOMIC**

**11**

- ⬆ employment
- ⊖ inflation
- ⬆ confidence
- ⬆ GDP
- ⊖ retail sales

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

Spot iron ore ticked down slightly this week but is still up seven out of the last nine weeks.

Spot iron ore pricing ended the week at \$134.60/mt, down from \$135.50/mt a week ago.

- This is down 0.6% after hitting the highest price since June 2022.

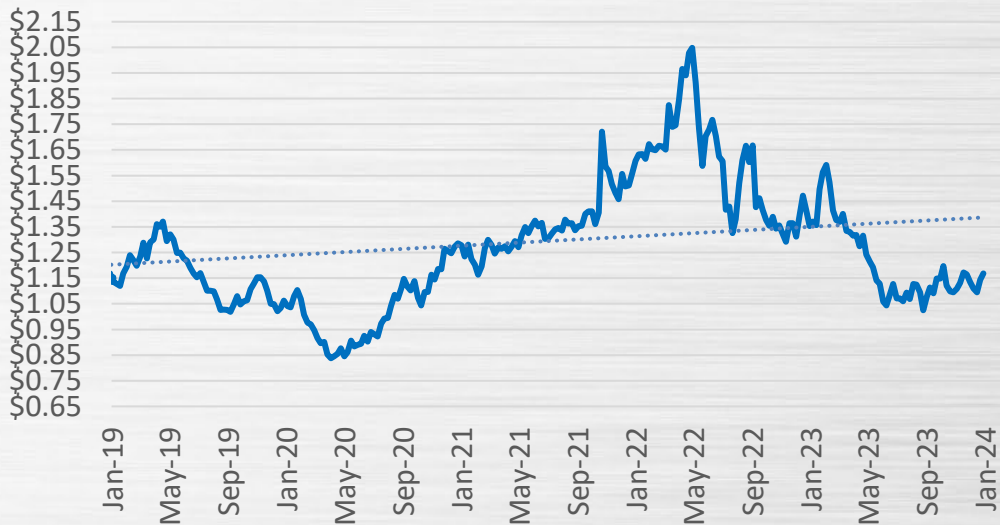
Iron ore inventories at Chinese ports are at an eight-year low which is expected to support prices further into 2024, as mills look to restock ahead of the Lunar New Year.

## IRON ORE COST



# COST

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



## ZINC

Zinc pricing increased again this week, now up for the second consecutive week.

Zinc pricing ended the week at \$2,575/mt (\$1.168/lb), up from \$2,523/mt (\$1.144/lb) last week.

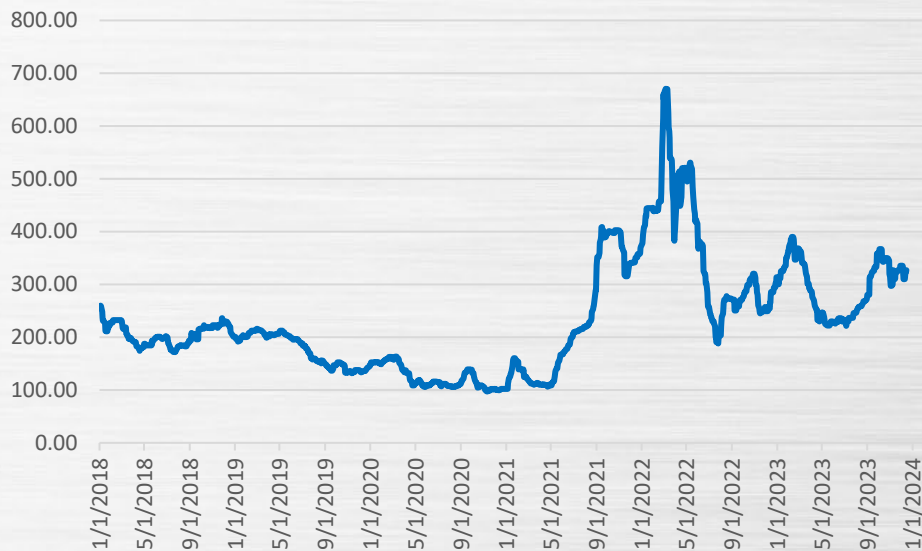
- The recent uptick in zinc prices can be attributed to optimistic Chinese industrial data and expectations of lower U.S. interest rates through next year.

Global zinc inventory rebounded after sliding the previous two weeks.

- LME warehouse inventory increased sharply, spiking from 210,050 metric tons to 230,750 metric tons.
- Shanghai warehouse inventory increased slightly, climbing from 24,109 metric tons to 25,440 metric tons.

# COST

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



## COKING COAL

Coking coal resumed its upward climb this week, now up five out of the last six weeks.

Coking coal ended the week at \$327.25/mt, up from \$310.00/mt last week.

- This is up 5.5% week-over-week after sliding 7.5% the week prior.

India's largest state-owned coal company announced this week they increased production 12% so far in the fourth quarter, helping to offset supply issues coming from Australia.

- The surge in production is timely as the global demand for steel continues to rise.

## SUPPLY



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

Domestic raw steel production rebounded sharply last week, hitting an eleven-week high.

U.S. mills produced an estimated 1,713k tons at a 74.6% utilization rate; this is up from 1,697k tons and a 73.8% rate previously.

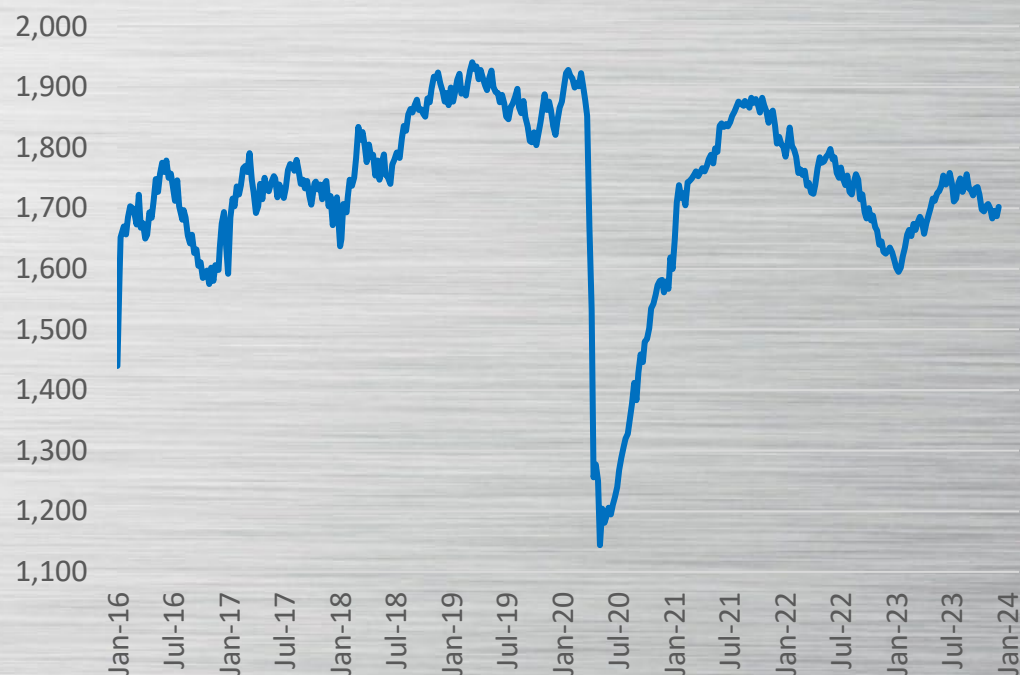
- This is the highest utilization rate and output since the last week of September.
- The average utilization rate so far this year is 75.4%, off from 77.5% last year and 81.2% in 2021.

Production increased in four of the five regions, with the largest increase (in tons) coming from the South.

- Production from the Southern region rose from 756k tons to 764k tons.

Year-to-date production is now down 1.8% compared to the same timeframe from last year.

## WEEKLY DOMESTIC PRODUCTION



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

## U.S. LIGHT VEHICLE PRODUCTION

As the production disruption from the labor disputes at the “Big 3” producers wound down, domestic light vehicle production was nearly unfazed in November.

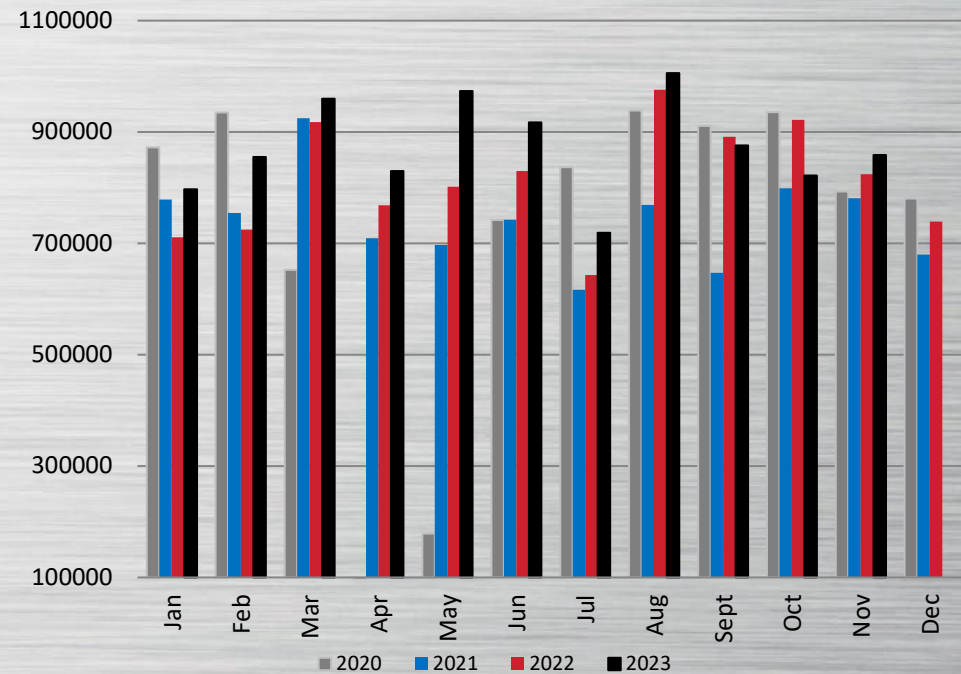
November light vehicle production totaled 858,670 units, up from October and up 4.2% from 824,089 units in November 2022.

- This was the first month with a y/y increase since August.

The year-over-year increase came from both car and light truck production, which increased 3.6% and 4.3%, respectively.

- From October, while car production slipped, light truck production increased enough to overcome that decline.

Year-to-date production is now up 6.7% compared to the same time frame last year and is on pace to have its strongest production year since 2019.



# RESIDENTIAL CONSTRUCTION<sup>6</sup>

## NEW HOUSING STARTS (SAAR)

New residential construction pushed higher once again in November, now up for the third consecutive month.

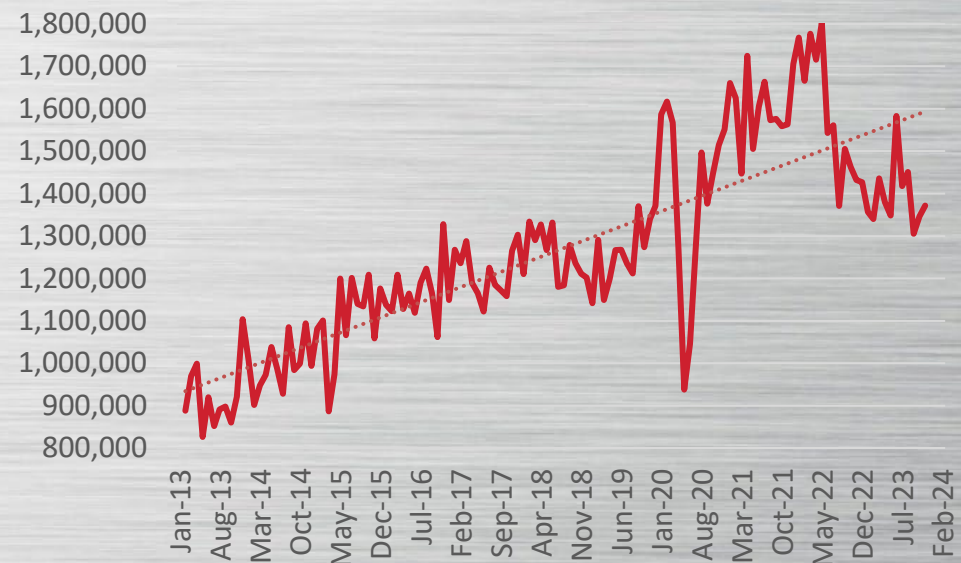
New housing starts came in at a 1.560 million unit rate, up 14.8% from October and up 9.3% from 1.427 million unit rate in November 2022.

- This was the first year-over-year increase since July and the largest year-over-year increase since March 2022.

Year-to-date actual starts are still down 9.9% compared to the same timeframe last year.

Permits, a leading indicator for future construction, slipped slightly to a 1.460 million unit rate.

- This is down 2.5% from October but up 4.1% from last November.



# NEW HOME SALES<sup>7</sup>

Sales of new homes continued to slide in November, now down for the second consecutive month and for the third time in the last four months.

New home sales came in at a 590,000 unit rate, down 12.2% from October but still up 1.4% from 582,000 unit rate in November 2022.

- This was the eighth consecutive month in which sales increased on a year-over-year basis.

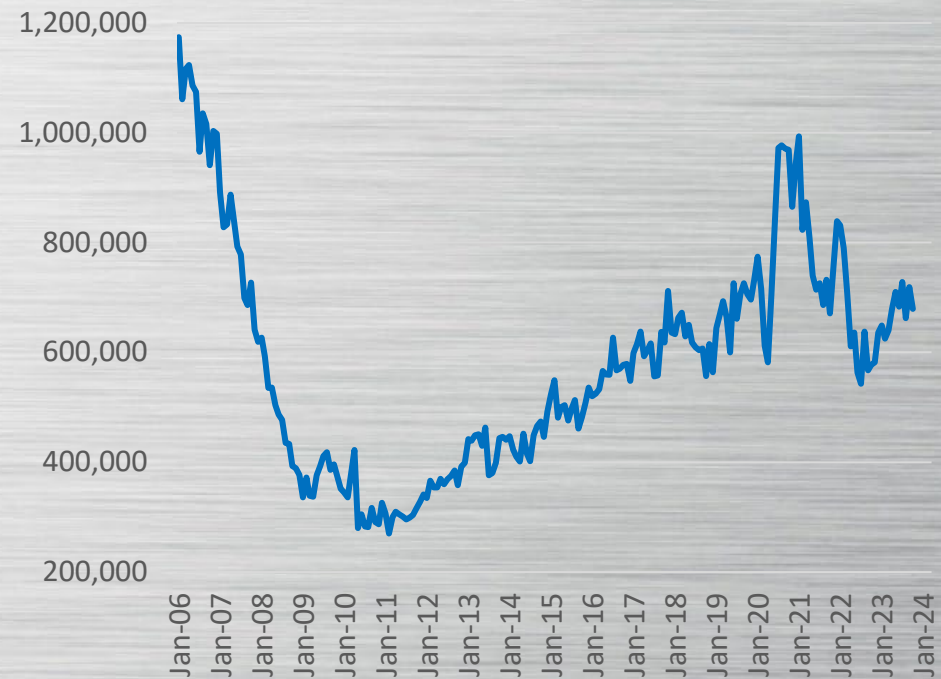
The inventory of unsold new homes at the end of November increased again, now up for the fourth consecutive month.

- Month end inventory totaled 460,000 units, up 2.9% from October and is at its highest level in a year.

The current inventory, when combined with November's sales pace, equates to 11.3 months of supply.

- This is the highest of the year but still slightly below the 11.4 level from last November.

## NEW HOME SALES (SAAR)





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

After sliding the previous five months, sales of existing homes increased slightly in November.

November existing home sales came in at a 3.820 million unit rate, up 0.8% from October but were still down 7.3% from the 4.120 million unit rate in November 2022.

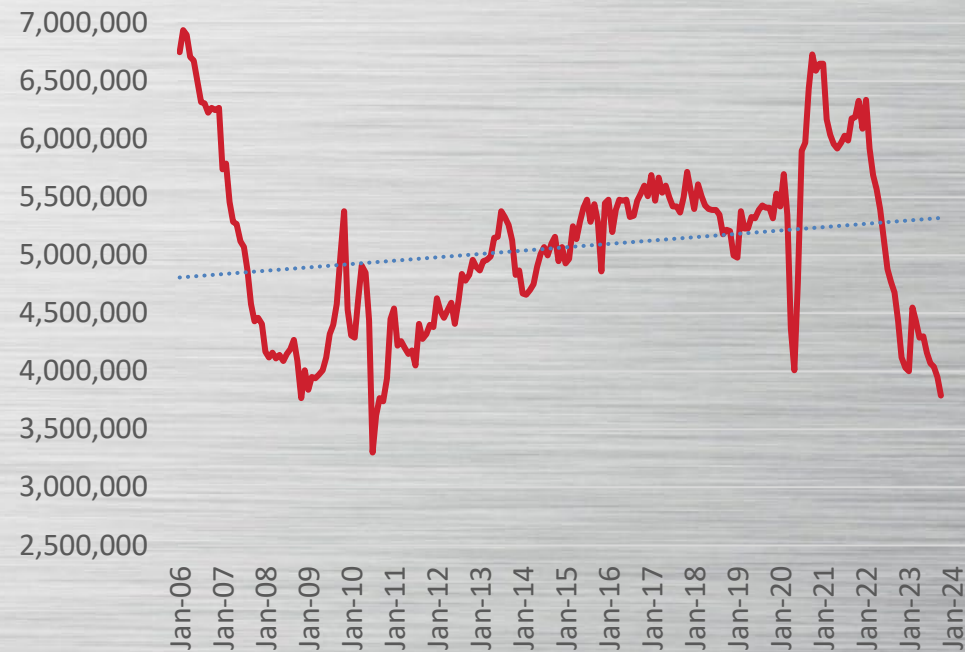
- Existing home sales have now declined on a year-over-year basis for twenty-seven consecutive months.
  - However, November marks the lowest year-over-year decline since April 2022.

At the end of November, the inventory of existing homes for sale totaled 1.130 million.

- This is down 1.7% from October but up 0.9% from 1.120 million units in November 2022.

The current inventory, when combined with November's sales pace, equates to 3.5 months of supply.

## EXISTING HOME SALES (SAAR)



# HOUSING MARKET INDEX<sup>9</sup>

Confidence among U.S. homebuilders improved from November but remained in negative territory once again.

- This was the first improvement after four consecutive declines.

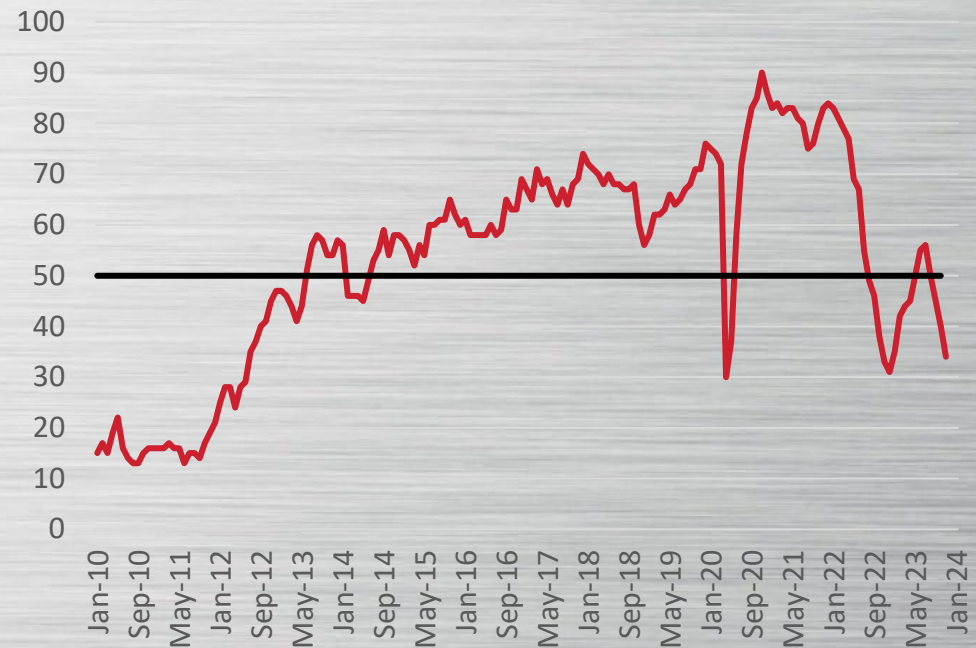
The December Housing Market Index came in at 37, up from 34 in November but still well below 50.

- Any reading under 50 indicates increased pessimism, while any reading over 50 indicates increased optimism.

While the present situation component remained flat at 40, the next six months component increased by 6 points to 45.

Slightly lower mortgage rates and improved economic data have builders feeling more optimistic heading into 2024.

## HOUSING MARKET INDEX



## DEMAND

# DURABLE GOODS<sup>10</sup>

New orders for durable goods rebounded in November after sliding in October, climbing 5.4% to a \$295.4 billion rate.

- New orders are now up three out of the last four months.
- Excluding the volatile transportation sector, new orders were up 0.5%.

New orders for fabricated metal products came in flat from October after climbing 0.9% in September.

- New orders for primary metals increased 0.6% after sliding the previous three months.

Unfilled orders for manufactured durable goods increased 1.3% in November, up eleven out of the last twelve months.

- The increase in November was once again led by transportation equipment, which was up 2% from October and up eleven out of the last twelve months.

## DURABLE GOODS Y/Y CHANGE (ACTUAL)



**ECONOMIC**

**WEEKLY INITIAL  
JOBLESS CLAIMS<sup>11</sup>**

**WEEKLY INITIAL JOBLESS CLAIMS**

The number of Americans filing new claims for unemployment benefits rose marginally last week as the year winds down.

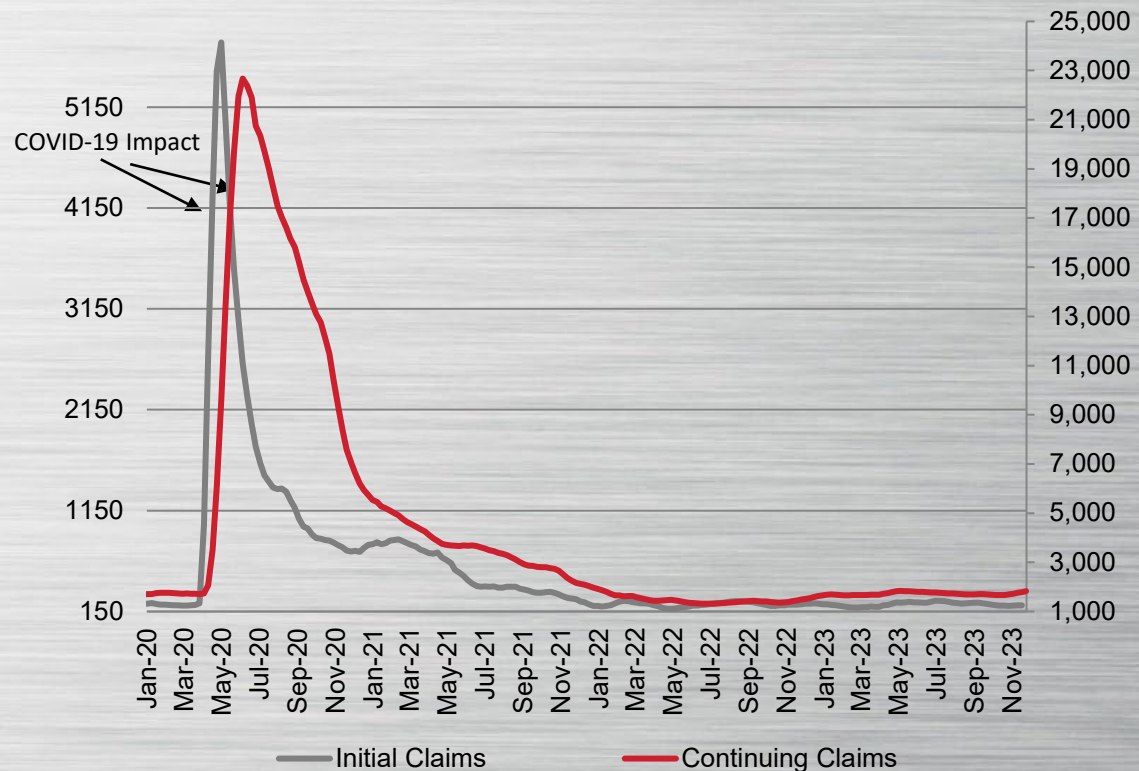
The Department of Labor's Weekly Initial Jobless Claims report came in at 205,000 claims, up slightly from 203,000 claims previously.

- The four-week moving average, considered a better measure of the labor market as it irons out week-to-week volatility, decreased slightly to 212,000.

Continuing claims, or claims lasting longer than one week, came in relatively flat from the week prior.

- Continuing claims came in at 1.865 million claims, down from 1.866 million claims previously.

The combination of cooling inflation and low unemployment has raised hopes that the Fed is raising rates just enough to tame inflation without causing a recession.





# CONSUMER CONFIDENCE<sup>12</sup>

Confidence from the U.S. consumer continued to increase in December, ending the year on strong note.

The Conference Board's Consumer Confidence Index came in at 110.7, up from a revised 101.0 in November.

- The Present Situation index came in at 148.5, up from 136.5 previously.
- The Expectations Index, based on short-term outlooks, increased to 85.6 in December.
  - This is up from 77.4 in November and at its highest level since July.

While December's renewed optimism was seen across all ages and household income levels, the gains were largest among householders aged 35-54 and households with income levels of \$125,000 and above.



# PERSONAL INCOME & OUTLAYS<sup>13</sup>

Total personal income continued to increase in November, climbing 0.4% from October.

The boost in total personal income reflected increases in compensation and personal income receipts on assets.

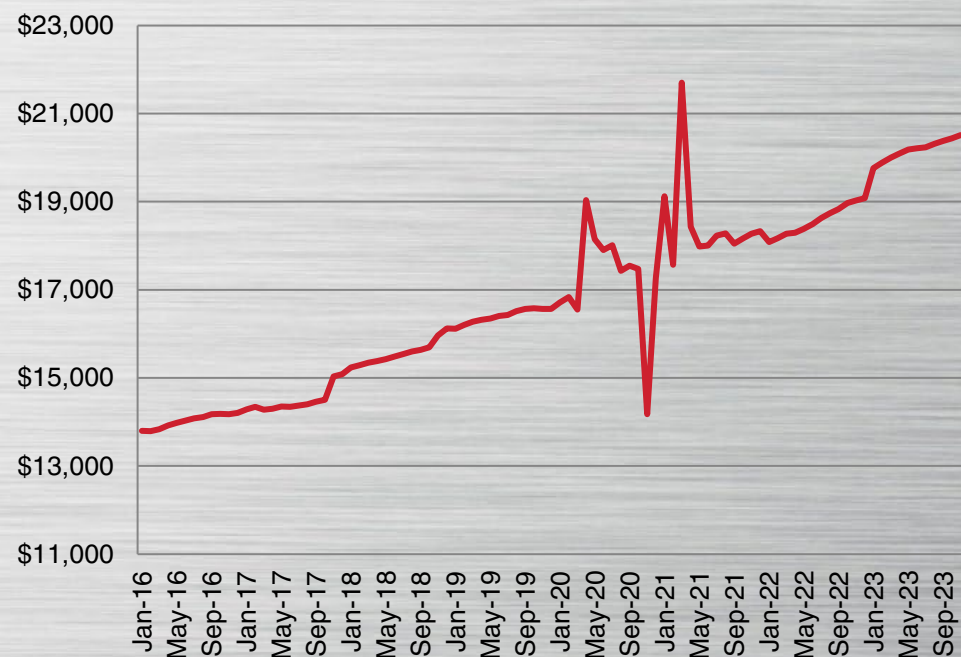
- These increases were partly offset by a decline in personal current transfer receipts.

Total personal outlays, the sum of personal spending, personal interest payments and personal transfer payments, increased as well climbing by 0.2%.

The larger increase in income, compared to outlays, led to a higher personal savings rate.

- The personal savings rate increased to 4.1% from 4.0% previously and a recent bottom of 3.8% in September.

## PERSONAL INCOME (WAGES)



## ECONOMIC



# GROSS DOMESTIC PRODUCT<sup>14</sup>

U.S. economy grew at an annual rate of 4.9% in Q3, down slightly from an estimated 5.2% annual growth previously.

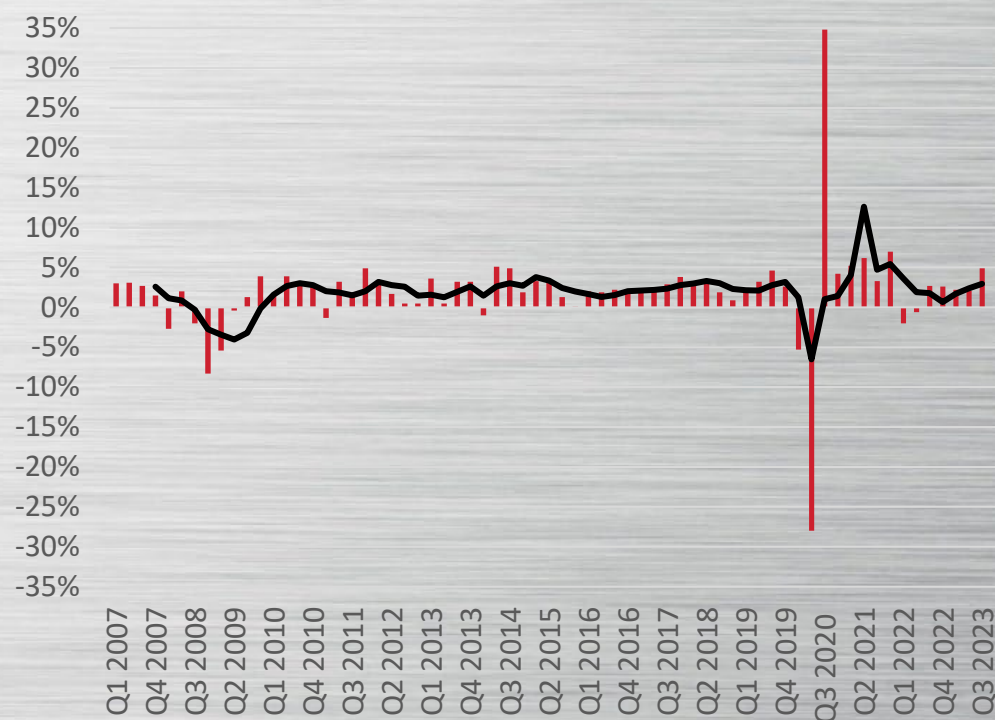
- The update reflected a downward revision to consumer spending and a decline in imports.

Compared to Q2, the increase in GDP reflects an upturn in exports and stronger consumer spending and inventory investment.

- These increases were partly offset by a decline in non-residential investment.

Current-dollar GDP increased 8.3% at an annual rate, or \$547.1 billion, in Q3 to a level of \$27.61 trillion, a downward revision of \$34.3 billion from the previous estimate

## GROSS DOMESTIC PRODUCT





**Happy Holidays!**

**The CORE Report will return on January 8th, following the New Year.**

**Thank you for subscribing to the CORE Report, the center of steel market news!**



## SOURCES

- 1 Platts, Spot Iron Ore: December 22, 2023.
- 2 London Metal Exchange, Weekly Zinc Price and Inventory Report: December 22, 2023.  
Shanghai Futures Exchange, Weekly Zinc Inventory Report: December 22, 2023.
- 3 Platts, Coking Coal Price: December 22, 2023.
- 4 American Iron & Steel Institute, Weekly Domestic Steel Production: December 19, 2023.
- 5 WardsAuto, U.S. Light Vehicle Production: November 2023.
- 6 U.S. Census Bureau, New Residential Construction: November 2023.
- 7 U.S. Census Bureau, New Home Sales: November 2023.
- 8 National Association of Realtors, Existing Home Sales November 2023.
- 9 National Association of Homebuilders, Housing Market Index: December 2023.
- 10 U.S. Census Bureau, Durable Goods Report: November 2023.
- 11 Department of Labor, Weekly Initial Jobless Claims: December 21, 2023.
- 12 Conference Board, Consumer Confidence: December 2023.
- 13 U.S. Census Bureau, Personal Income and Outlays: November 2023.
- 14 Bureau of Labor Statistics, GDP, Q3 2023.

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