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

Spot iron ore continued its sharp decline this week, slipping for the fifth time in the last six weeks.

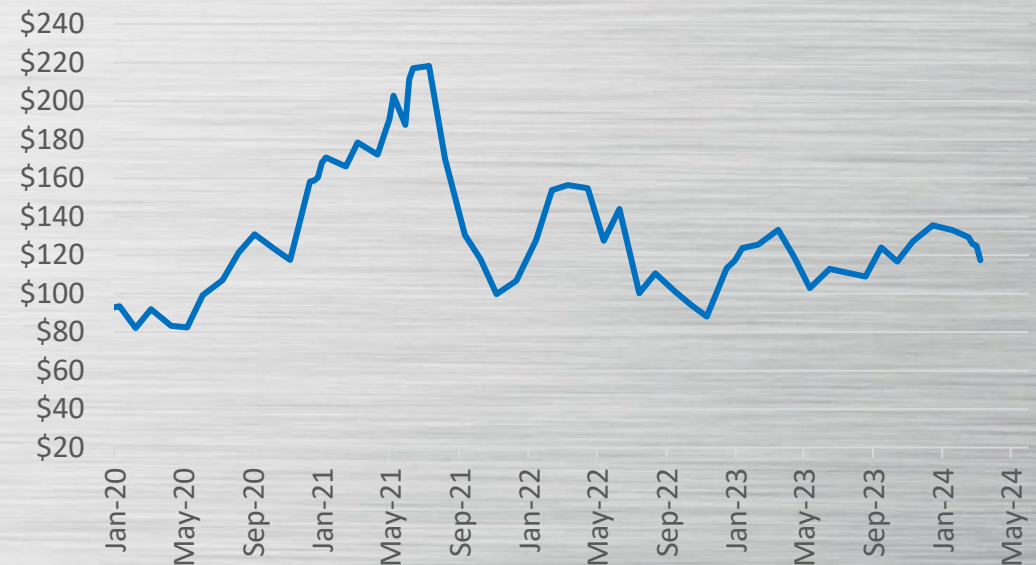
Spot iron ore pricing ended the week at \$117.35/mt, down from \$124.75/mt a week ago.

- This is now the lowest price for spot iron ore since August.

Early Spring is historically the peak season for steel demand in China, but has been sluggish of late.

- Oversupply along with China's economic struggles, has slowed iron ore purchases over the past few months.

## IRON ORE COST



# COST



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



## ZINC

Zinc pricing continued its strong rebound, increasing for the fourth consecutive week.

Zinc pricing ended the week at \$2,501/mt (\$1.134/lb), up sharply from \$2,362/mt (\$1.071lb) previously.

The price bump this week was driven by optimism for more stimulus from China, the world's largest consumer of zinc.

- China's economic officials are wrapping up meetings on March 11<sup>th</sup> and are expected to push stimulus measures aimed at boosting the country's economic growth.

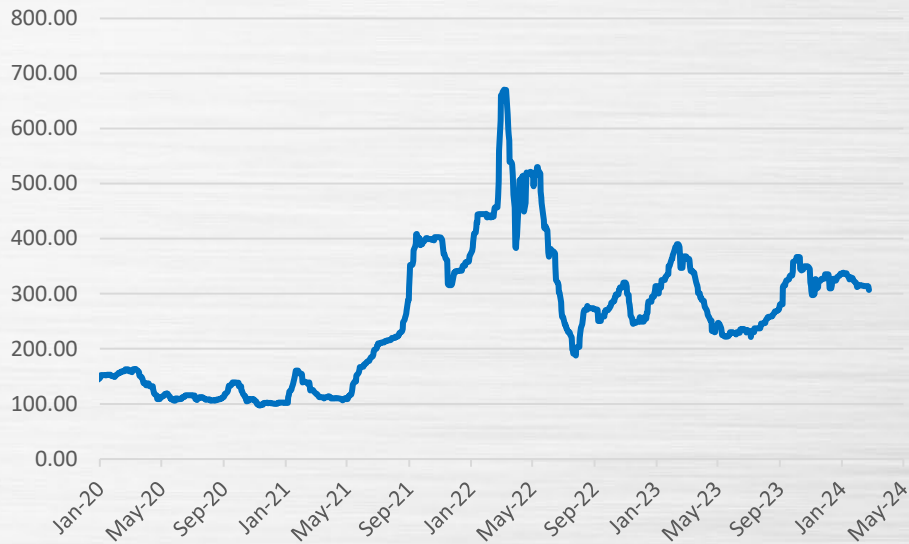
Global zinc inventory decreased slightly after climbing the previous five weeks.

- LME warehouse inventory decreased, dropping from 276,100 metric tons to 272,575 metric tons.
- Shanghai warehouse inventory continued to rebound post Lunar New Year break, climbing from 39,252 metric tons to 41,414 metric tons.



# COST

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



## COKING COAL

Coking coal pricing continued its recent slide, dropping for the eighth consecutive week.

Coking coal settled at \$303.00/mt, down slightly from \$307.00/mt last week.

- This remains the lowest price for coking coal since November and down over 25% from this time last year.

Much like iron ore, oversupply, weak steel demand, and lower blast furnace rates in China has impacted pricing of late.

## SUPPLY



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

Domestic raw steel production slipped last week after climbing the previous four weeks.

U.S. mills produced an estimated 1,716k tons at a 77.3% utilization rate; this is down from 1,727k tons and a 77.8% rate previously.

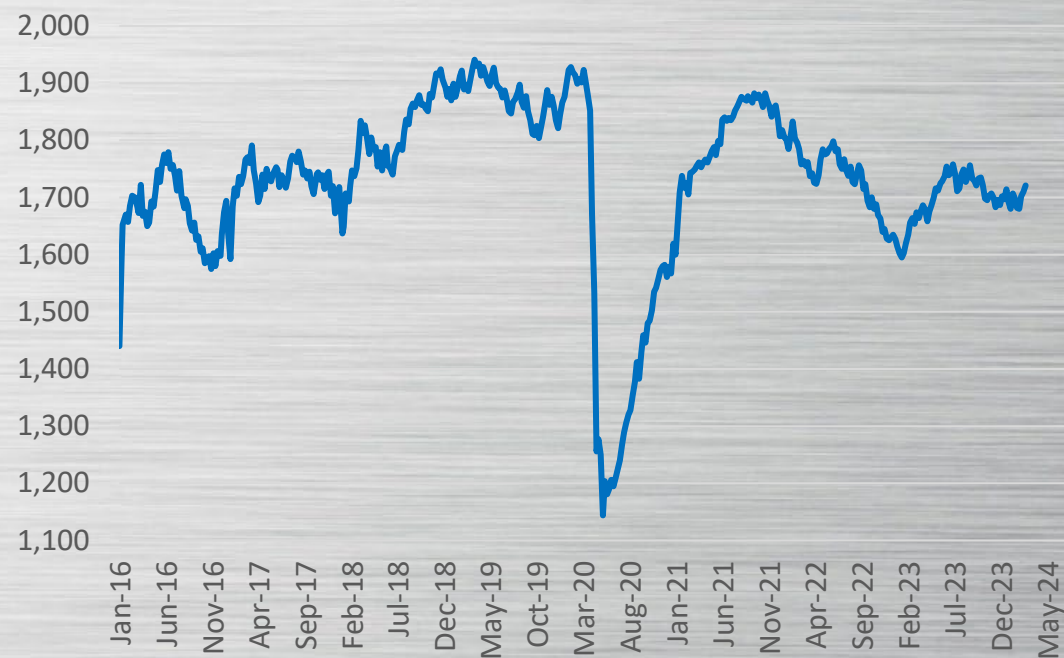
- Despite the tick down in tonnage, utilization remained above 77% for the fourth consecutive week, which hasn't happened since June 2023.

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

- Production from the Southern region dropped sharply from 775k tons to 755k tons.

Year-to-date production is now up 3.9% compared to the same timeframe from last year.

## WEEKLY DOMESTIC PRODUCTION



## DEMAND

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

After slowing in January, U.S. light vehicle sales rebounded in February.

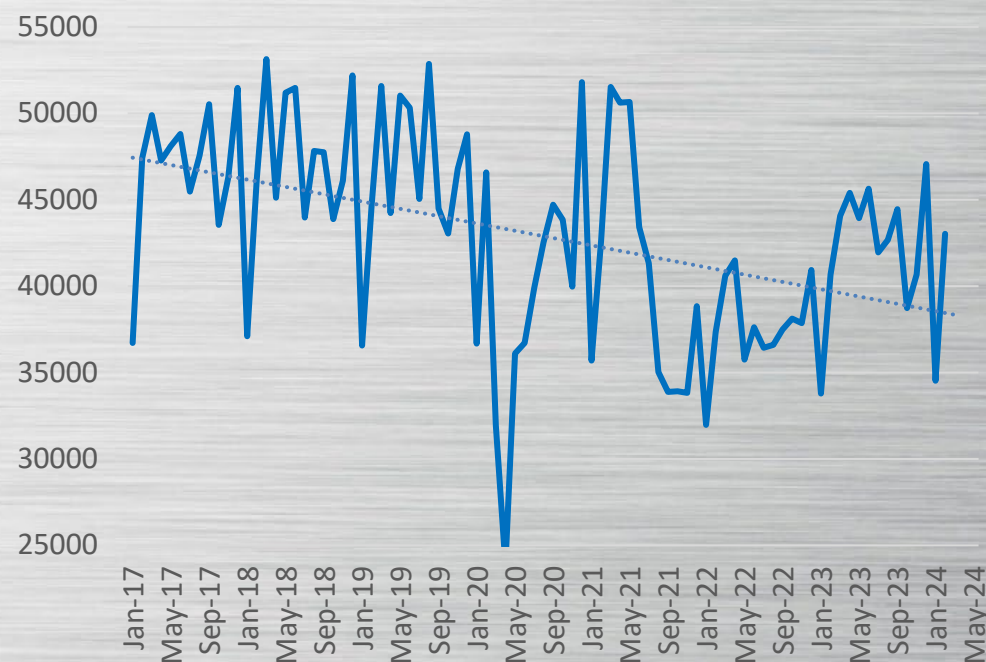
U.S. light vehicle sales totaled 1.248 million units, up 16.6% from January and up 9.6% from 1.139 million unit rate in February 2023.

- Sales have now increased, on a year-over-year basis, for nineteen consecutive months.
- This was the highest February sales total since 2020.

The daily rate increased to 43,018 units/day, up from 34,528 units/day in January.

While still early in the year, YTD light vehicle sales are up 6.0% compared to the first two months of 2023.

## U.S. LIGHT VEHICLE SALES/DAY





## DEMAND

# LIGHT VEHICLE INVENTORY<sup>6</sup>

Despite the increase in February sales, dealer inventories ended the month higher than in January.

U.S. light vehicle inventory totaled 2.499 million units, up 4.1% from January and up 43.7% from February 2023.

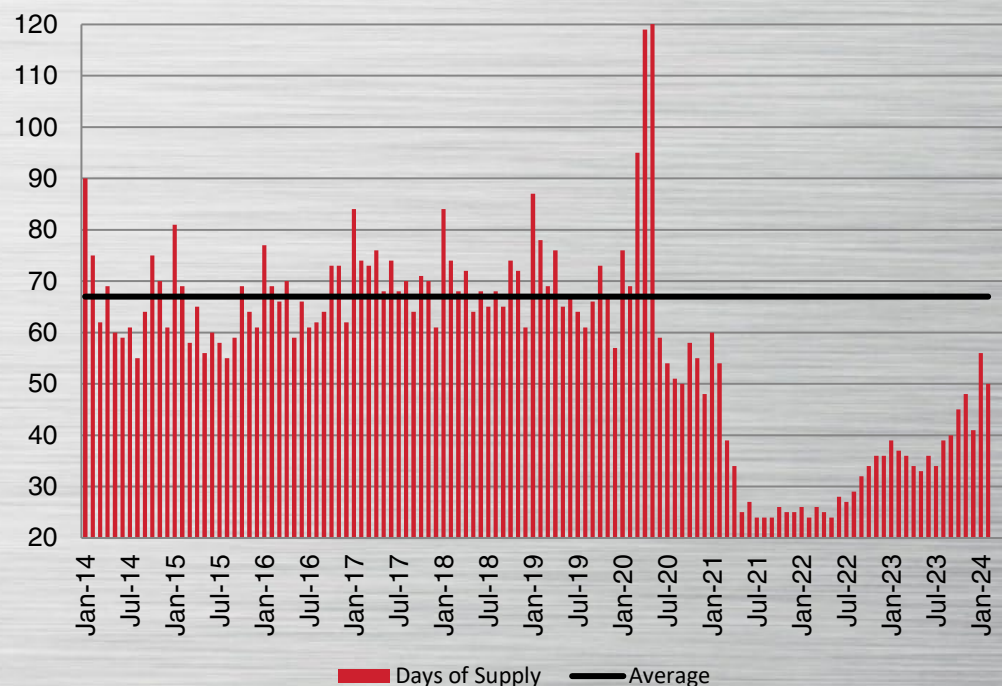
- This is the highest month-end inventory level since February 2021.

While inventory of both light trucks and imports increased, car inventory declined from January.

The current light vehicle inventory, when combined with February's sales rate, equates to 50 days of supply.

- This is down from 56 days in January and remains well below the long-run average of 67 days.

## U.S. LIGHT VEHICLE DAYS OF SUPPLY



# HVAC EQUIPMENT SHIPMENTS<sup>7</sup>

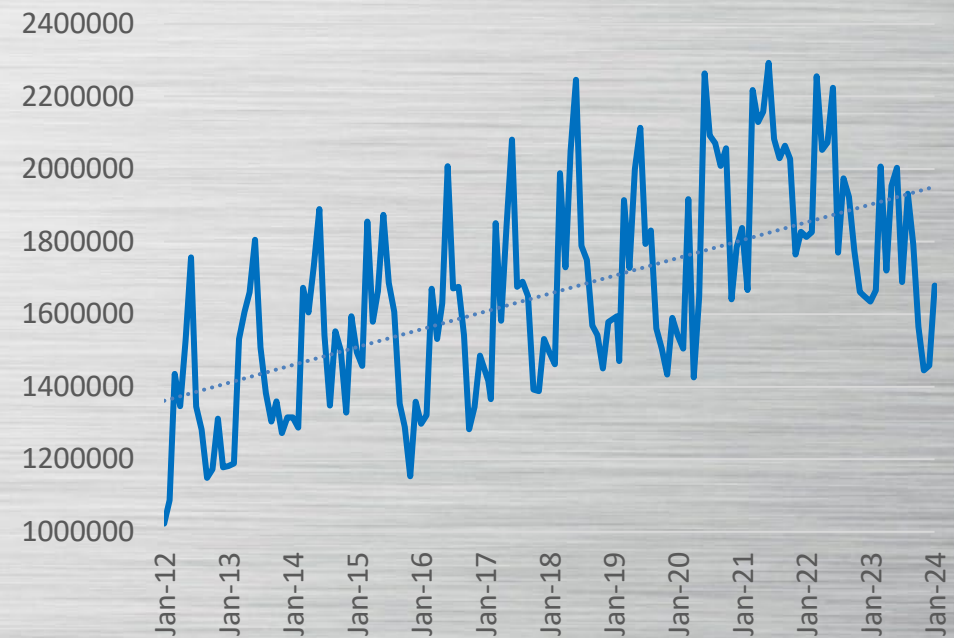
## HVAC EQUIPMENT SHIPMENTS

Shipments of HVAC equipment started off 2024 on a high note by seeing the first year-over-year increase since March 2022.

- Shipments totaled 1.678 million units, up 15.1% from December and up 2.7% from 1.634 million units in January 2023.
  - January marked the highest monthly total since September.

When looking on a year-over-year basis, the sharp increase in furnace shipments (+67.9%), helped to overcome declines in both water heater and A/C & heat pump shipments.

- Water heater and A/C & heat pump shipments were down 0.3% and 21.3%, respectively.





# ECONOMIC

## ⊖ WEEKLY INITIAL JOBLESS CLAIMS<sup>8</sup>

The number of Americans filing new claims for unemployment benefits was unchanged last week as the labor market continued to gradually ease.

The Department of Labor's Weekly Initial Jobless Claims report came in at 217,000 claims, flat from 217,000 claims previously.

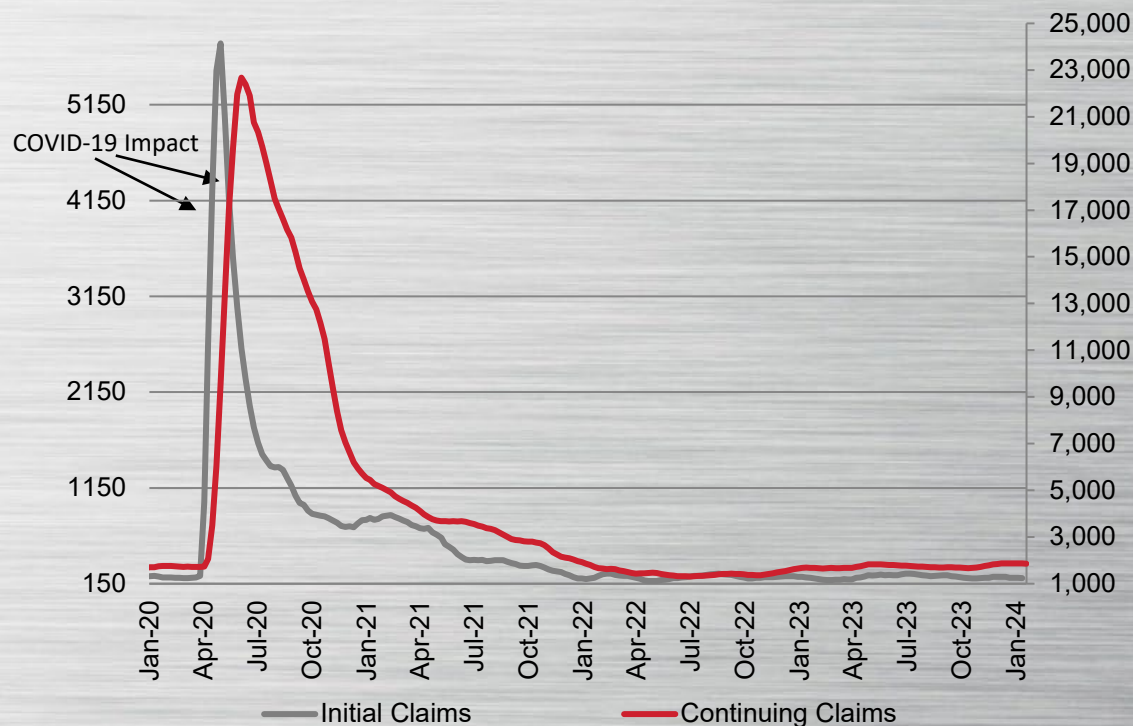
- The four-week moving average, considered a better measure of the labor market as it irons out week-to-week volatility, slipped again to 212,250.

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

- Continuing claims came in at 1.906 million claims, up from 1.898 million claims previously.

The labor market is steadily softening, which could ease some pressure on inflation and give the Federal Reserve room to wait before cutting interest rates this year.

## WEEKLY INITIAL JOBLESS CLAIMS



**ECONOMIC**

**EMPLOYMENT SITUATION<sup>9</sup>**

The U.S. added 275,000 new jobs in February, marking the third straight month of at least 200k new jobs.

The private sector, which accounts for roughly 70% of the workforce, saw 223,000 new jobs created.

- New government jobs increased by 52,000 jobs for the second consecutive month.

The unemployment rate increased slightly, climbing from 3.7% to 3.9%.

Construction employment increased by 23,000 jobs in February after climbing by 19,000 jobs in January.

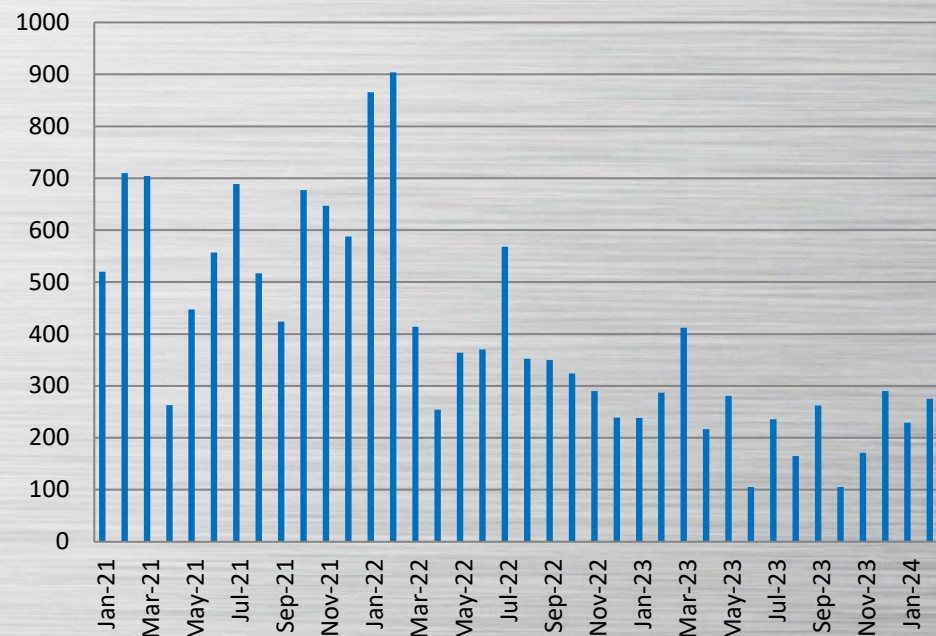
- The construction of buildings saw employment climb by 4,100 jobs.

Manufacturing employment declined however, sliding by 4,000 jobs in February.

- Fabricated metal product manufacturing saw the strongest growth, adding by 4,400 jobs.

Architectural service employment increased by 6,400 jobs.

**MONTHLY JOBS ADDED**



# MILL PRICE INCREASE<sup>10</sup>

Amid a sliding spot market, steelmakers Nucor and Cleveland-Cliffs both increased flat-rolled steel prices, effective immediately.

- Nucor set minimum base price for hot rolled steel at \$825 per net ton (\$41.25/cwt) and heavy gauge hot rolled (>.750") at \$1,025 per net ton (\$51.25/cwt).
- Cliffs set minimum base price for hot rolled at \$840 per net ton (\$42.00/cwt).

This is the first published price increase by the domestic steelmakers since the first week of the new year.

The move to lift minimum spot prices follows a 25% slide in pricing since peaking in January and comes before an estimated 250,000 short tons of raw steel production from flat-rolled electric arc furnaces is expected to go offline over the next 60 days.



## SOURCES

- 1 Platts, Spot Iron Ore: March 8, 2024.
- 2 London Metal Exchange, Weekly Zinc Price and Inventory Report: March 8, 2024.  
Shanghai Futures Exchange, Weekly Zinc Inventory Report: March 8, 2024.
- 3 Platts, Coking Coal Price: March 8, 2024.
- 4 American Iron & Steel Institute, Weekly Domestic Steel Production: March 5, 2024.
- 5 WardsAuto, U.S. Light Vehicle Sales: February 2024.
- 6 WardsAuto, U.S. Light Vehicle Inventory: February 2024.
- 7 A/C Heating & Refrigeration Institute, HVAC Equipment Shipments: January 2024.
- 8 Department of Labor, Weekly Initial Jobless Claims: March 7, 2024.
- 9 U.S. Census Bureau, Employment Situation: February 2024.
- 10 Mill Price Increase Announcement, Nucor & Cleveland-Cliffs: Week ending March 8, 2024.

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