

**CORE** 03.29.24 **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**

**09**

- ⊕ employment
- ⊖ confidence
- ⊖ inflation
- ⊕ GDP
- ⊕ mill price increase

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

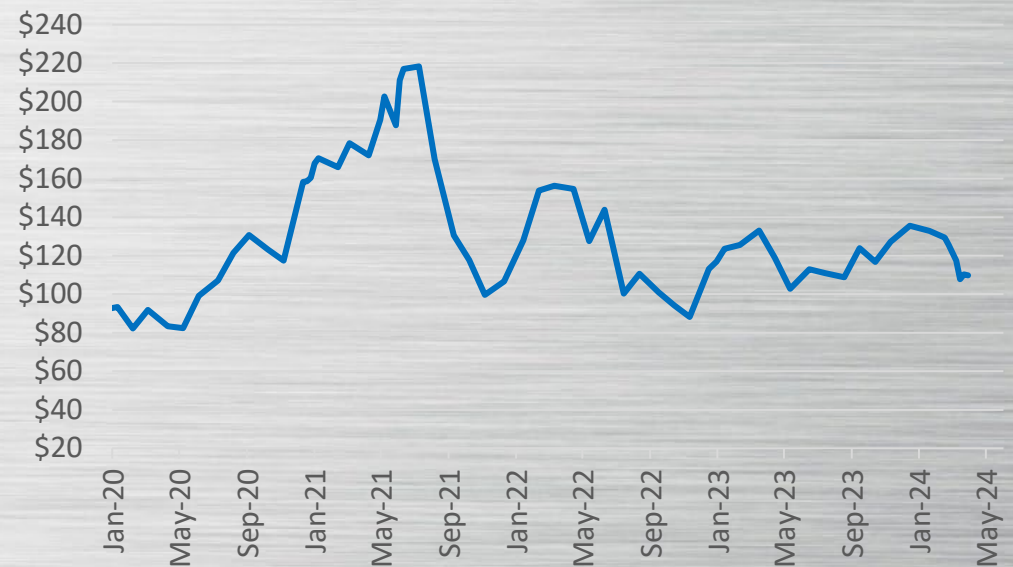
Spot iron ore resumed its downward momentum this week, slipping seven out of the last nine weeks.

Spot iron ore pricing ended the week at \$109.84/mt, down from \$110.25/mt a week ago.

- This remains the lowest level for iron ore since August 2023.
  - Iron ore has slipped over 25% since the start of the year.

Chinese steel consumption has been battered by the nation's years-long property and infrastructure crisis, and the weak start to 2024 has caused iron ore to pile up at ports.

## IRON ORE COST



# COST



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

### ZINC



Zinc pricing slipped again to the lowest level in more than three weeks as a strong U.S. dollar and weak demand weighed on the market.

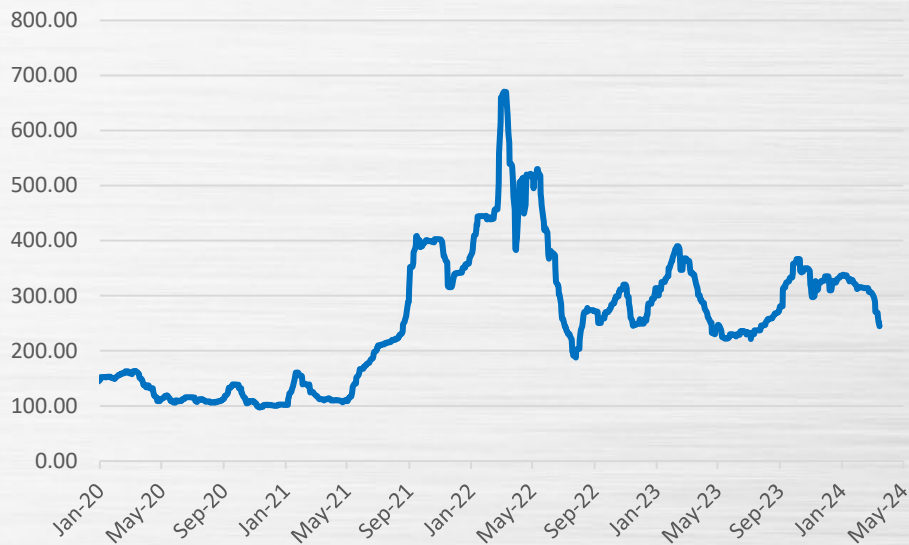
Zinc pricing ended the week at \$2,390/mt (\$1.084/lb), down from \$2,447/mt (\$1.110lb) previously.

- The lack of significant stimulus from China has slowed the infrastructure and property projects in the first quarter of 2024, reducing demand for zinc.
- Zinc continues to trade in a tight \$0.20 range over the last year.

LME warehouse inventory decreased this week, slipping from 272,925 metric tons to 263,550 metric tons.

# COST

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



## COKING COAL

Coking coal pricing continued its sharp slide, dropping for the eleventh consecutive week.

Coking coal settled at \$244.00/mt, down slightly from \$244.50/mt last week.

- This is now the lowest price since July 2023 and down over 27% in the last eleven weeks.

India continues to account for the bulk of coal demand but it hasn't been enough to offset the weak Chinese demand.

## SUPPLY



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

Domestic raw steel production dropped again last week following a sharp drop the week prior.

U.S. mills produced an estimated 1,703k tons at a 76.7% utilization rate; this is down from 1,714k tons and a 77.2% rate previously.

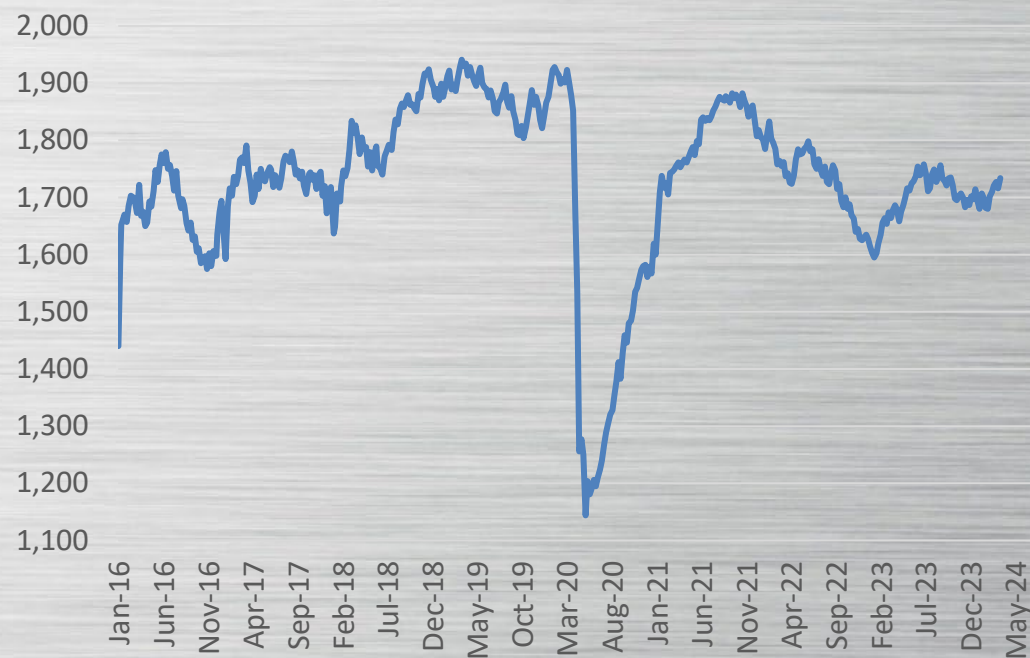
- This is the lowest tonnage output since the last week of January.

Production dropped in four of the five regions, with the largest decrease (in tons) coming from the Northeast region.

- Production from the Northeast region slipped from 134k tons to 129k tons.

Year-to-date production is now up 3.5% compared to the same timeframe from last year.

## WEEKLY DOMESTIC PRODUCTION



## SUPPLY

# GLOBAL STEEL PRODUCTION<sup>5</sup>

Global steel production continued to rebound, on a daily basis, in February after sliding throughout Q4.

February global steel production came in at a 5.132 million mt rate, up 0.7% from January and up slightly from 0.1% from 5.127 million mt rate.

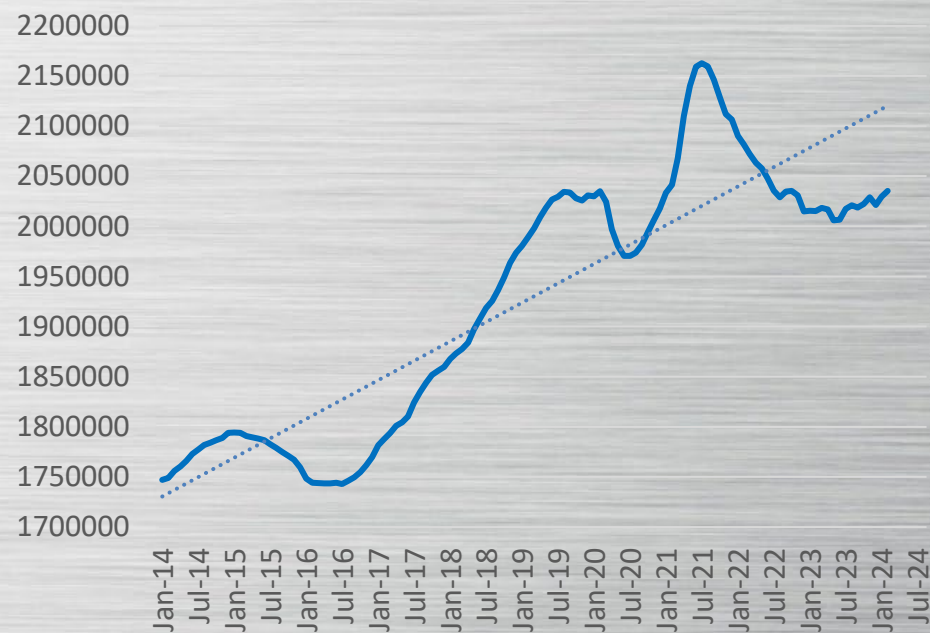
- The daily production rate has now increased on a year-over-year basis in four of the last five months.

Chinese production was flat from February, holding at a 2.799 million mt daily rate, but was down 0.1% from a 2.802 million mt rate in February 2023.

- Production from the rest of the world was up on both a month-over-month and year-over-year basis, climbing 1.5% and 0.3%, respectively.

Year-to-date actual production is up 4.3% from the same timeframe last year.

## GLOBAL STEEL PRODUCTION (R12)



## SUPPLY

# CARBON STEEL IMPORTS<sup>6</sup>

Total carbon steel imports slipped in February after a sharp increase in January.

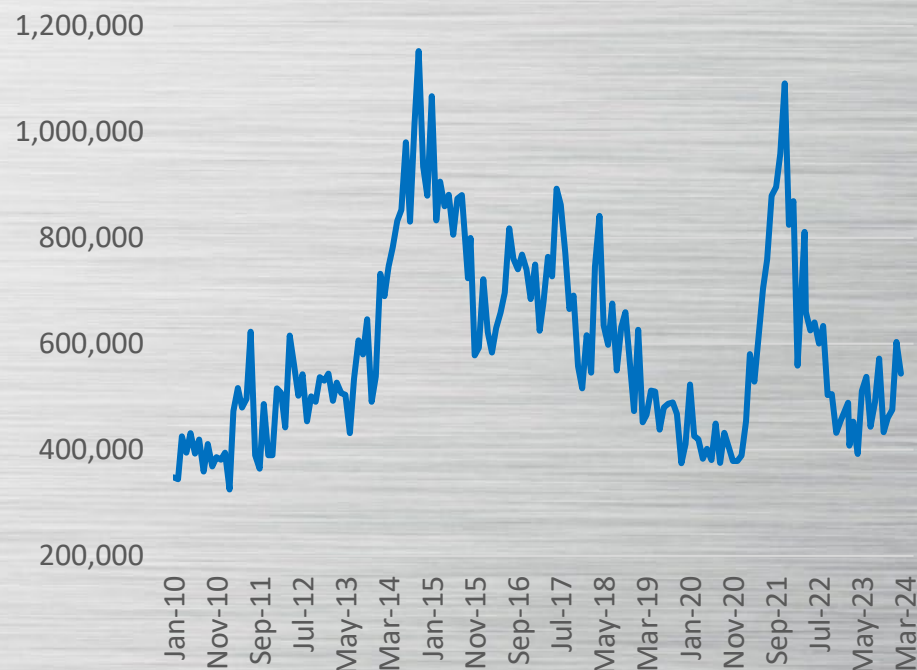
- Despite slipping in February, total imports were up nearly 10% from February 2023.

Carbon steel flat rolled imports declined as well, sliding 10.0% from January but were up 33.2% from February 2023.

- All three flat rolled product imports declined from January, with the largest decline (22.6%) in hot rolled products.
  - Cold rolled and coated imports declined 4.4% and 4.3%, respectively.

Year-to-date flat rolled imports are now up 28.0% compared to the first two months of last year.

## CARBON FLAT ROLLED IMPORTS



## DEMAND

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

After climbing the previous two months, sales of new home slipped slightly in February.

February new home sales came in at a 662,000 unit rate, down 0.3% from January but were up 5.9% from the 625,000 unit rate in February 2023.

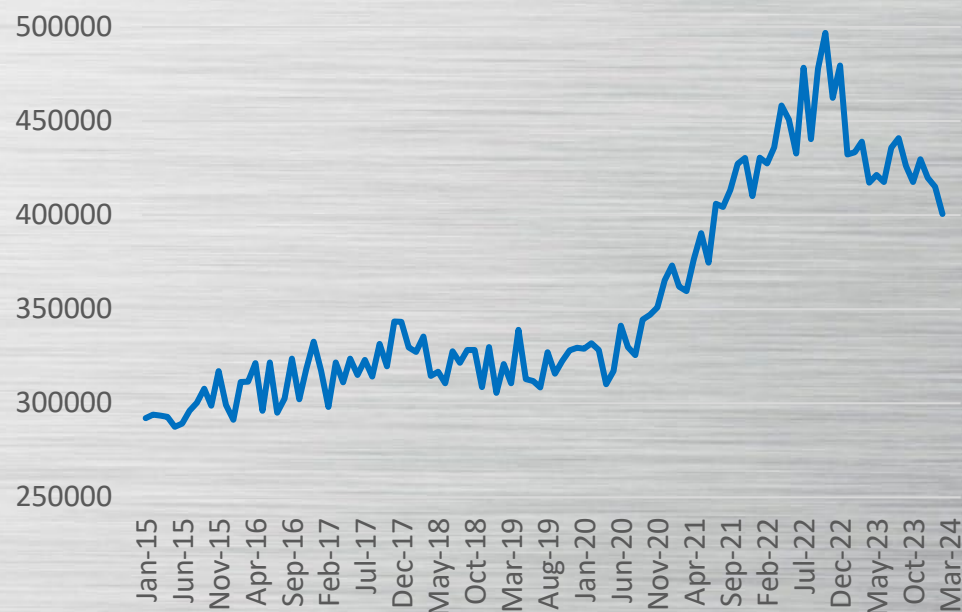
- Sales have now increased, on a year-over-year basis, for eleven consecutive months.

The inventory of unsold new homes slipped slightly, sliding to 456,000 units from 457,000 units at the end of January.

- The current inventory, when combined with February's sales pace, equates to 7.6 months of supply.
  - This is the lowest months of supply since July.

The median sales price declined to \$400,500, the lowest level since June 2021.

## NEW HOME SALES MEDIAN PRICE





# DURABLE GOODS<sup>8</sup>

New orders for manufactured durable goods increased in February after sliding the previous two months.

- New orders increased to a \$277.9 billion rate, up 1.4% from January and followed a 6.9% decline in January.
- Excluding the volatile transportation segment, new orders increased 0.5% and a slight decline in January.

New orders for primary metals increased 1.4%, while fabricated metal product new orders were up 0.8%.

- Nondefense new orders for capital goods increased sharply, climbing 4.4% to a \$84.3 billion rate.
  - Nondefense capital goods orders are a leading indicator of capital spending and manufacturing activity.

Unfilled orders for durable goods increased slightly and are up in eleven of the last twelve months.

- Unfilled orders for transportation equipment led the increase, climbing 0.1%.

## DURABLE GOODS Y/Y CHANGE (ACTUAL)



# WEEKLY INITIAL JOBLESS CLAIMS<sup>9</sup>

The number of Americans filing new claims for unemployment benefits fell for the third consecutive week pointing to continued labor market strength.

The Department of Labor's Weekly Initial Jobless Claims report came in at 210,000 claims, down from 212,000 claims previously.

- The four-week moving average, considered a better measure of the labor market as it irons out week-to-week volatility, dipped slightly to 211,000.

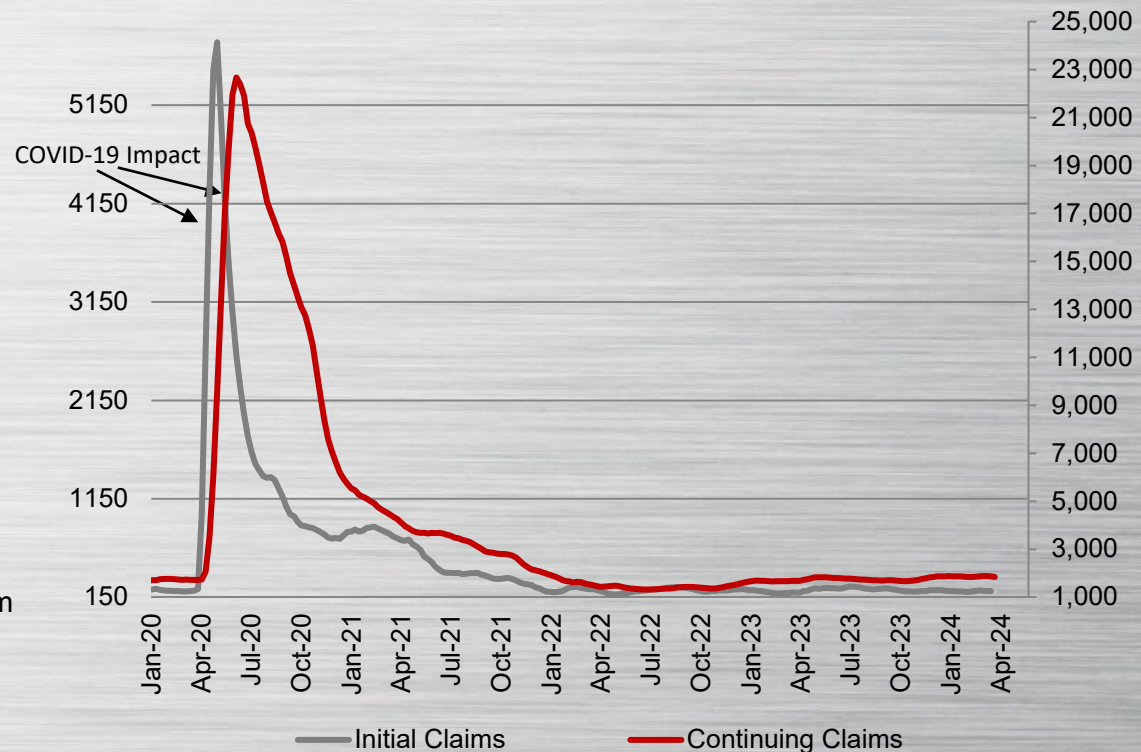
Continuing claims, or claims lasting longer than one week, increased for the third consecutive week.

- Continuing claims came in at 1.819 million claims, up from 1.795 million claims previously.

Claims have been hovering in a tight 200,000-213,000 range since February.

- Most employers are retaining their workers despite a spike of high-profile layoffs at the start of the year.

## WEEKLY INITIAL JOBLESS CLAIMS



# CONSUMER CONFIDENCE<sup>10</sup>

Confidence among U.S. consumers held relatively steady in March after a slight pullback in February.

The January Consumer Confidence Index came in at 104.7, down slightly from the downwardly revised 104.8 reading in February.

- The Present Situation Index increased, climbing to 151.0 from 147.6 in February
- The Expectations Index, a short-term outlook, slipped to 73.8, down from 76.3 previously, and was at its lowest level since October.
  - Any reading below 80 for the expectations component often signals a forthcoming recession.
- The drop in the expectations component showed less optimism around overall family financials and future business conditions.

**ECONOMIC**

**GROSS DOMESTIC PRODUCT<sup>11</sup>**

The third and final revision to Q4 2023 GDP showed the economy grew at an annual rate of 3.4%.

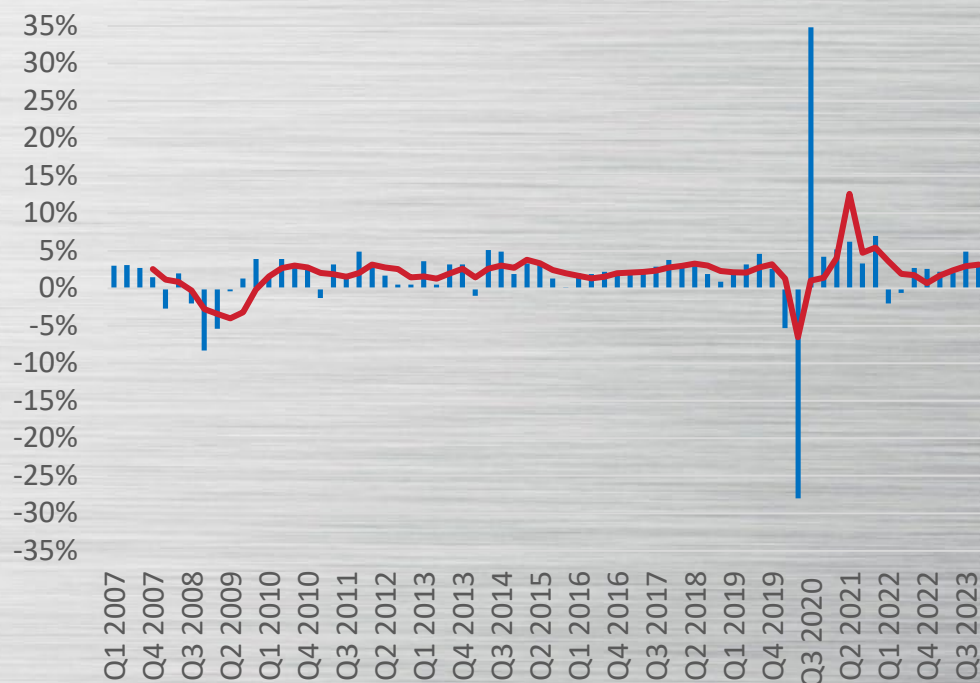
- This is up from the second estimate of 3.2% growth but slower than the final Q3 2023 growth rate of 4.9%.
  - Compared to Q3, the slowdown in growth rate was due to slower inventory investment, federal government spending, and residential investment.

The third revision reflected upward revisions to consumer spending and nonresidential investment.

- These improvements helped to partly offset a downward revision to inventory investment.

Within the industry breakout, the leading contributors to higher private good producing growth were machinery manufacturing and construction.

**GROSS DOMESTIC PRODUCT**



## ECONOMIC

 **MILL PRICE INCREASE<sup>12</sup>**

Cleveland-Cliffs kicked off a second round of price increases from the domestic mills, raising base prices for hot rolled, cold rolled and coated products by \$60 per net ton, effective immediately.

- Cliffs set minimum base price for hot rolled at \$900 per net ton (\$45/cwt).

This move comes nearly three weeks after the company set an \$840 per ton minimum for hot rolled, the same day competitor Nucor announced a price minimum of \$825 per ton.

## SOURCES

- 1 Platts, Spot Iron Ore: March 28, 2024.
- 2 London Metal Exchange, Weekly Zinc Price and Inventory Report: March 28, 2024.  
Shanghai Futures Exchange, Weekly Zinc Inventory Report: March 28, 2024.
- 3 Platts, Coking Coal Price: March 28, 2024.
- 4 American Iron & Steel Institute, Weekly Domestic Steel Production: March 26, 2024.
- 5 WorldSteel, Global Steel Production: February 2024.
- 6 U.S. Census Bureau, Carbon Steel Imports: February 2024.
- 7 U.S. Census Bureau, New Home Sales: February 2024.
- 8 U.S. Census Bureau, Durable Goods Orders: February 2024.
- 9 Department of Labor, Weekly Initial Jobless Claims: March 28, 2024.
- 10 The Conference Board, Consumer Confidence Index: March 2024.
- 11 Bureau of Economic Analysis, Gross Domestic Product: Q4 2023.
- 12 Mill Price Increase Letter, Cleveland-Cliffs: Week ending March 29, 2024.

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