

CORE 04.05.24 **REPORT**

COST

01

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

SUPPLY

04

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

DEMAND

05

- ⬆ automotive
- ⬇ construction
- ⊖ appliance
- ⬆ manufacturing
- ⊖ agriculture
- ⬇ consumption

ECONOMIC

10

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

SPOT IRON ORE¹

Spot iron ore continued its sharp downward momentum this week, slipping for the eighth time out of the last ten weeks.

Spot iron ore pricing ended the week at \$97.95/mt, down sharply from \$109.84/mt a week ago.

- This is down 11% week-over-week and is now at the lowest level since December 2022.

China's crude steel output so far this year is down significantly compared with the same period in 2023, leading to an oversupply of iron ore.

IRON ORE COST



COST



WEEKLY ZINC PRICING²



ZINC

Zinc pricing rebounded sharply this week after slipping to a three-week low the week prior.

Zinc pricing ended the week at \$2,587/mt (\$1.173/lb), up from \$2,390/mt (\$1.084lb) previously.

A significant drop in China's smelter output and tight global zinc supply post-Easter holiday led to the sharp uptick in pricing.

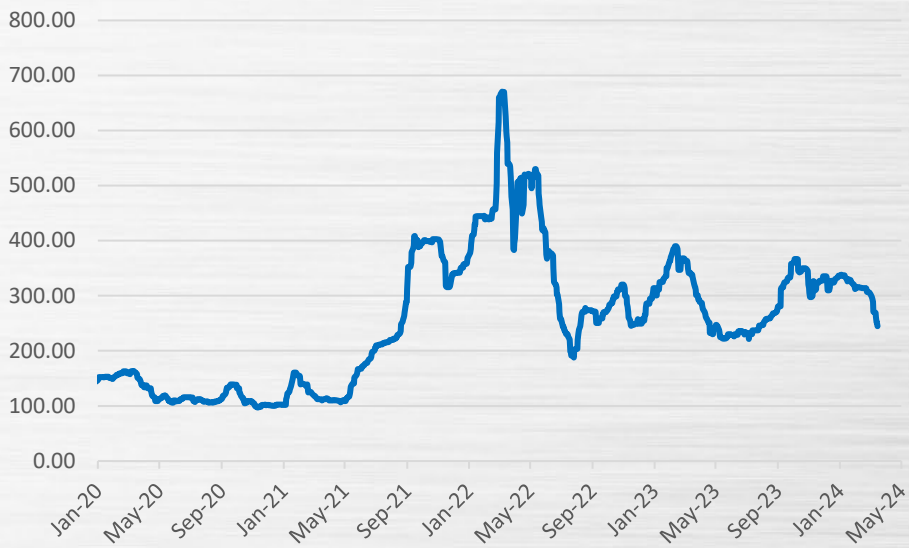
- However, the upside remains capped by the limited infrastructure and property projects in China, which accounts for the largest chunk of global zinc demand.

Global zinc inventory slipped for the second consecutive week.

- LME warehouse inventory slipped, dropping from 263,500 metric tons to 261,975 metric tons.
- Shanghai warehouse inventory dropped as well, sliding from 54,023 metric tons to 52,671 metric tons.

COST

COKING COAL³



COKING COAL

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

Coking coal settled at \$223.50/mt, down significantly from \$244.00/mt last week.

- This is now the lowest price since June 2023 and down just over 34% in the last twelve 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 PRODUCTION⁴

Domestic raw steel production rebounded last week after sliding the previous two weeks.

U.S. mills produced an estimated 1,722k tons at a 77.5% utilization rate; this is up from 1,703k tons and a 76.7% rate previously.

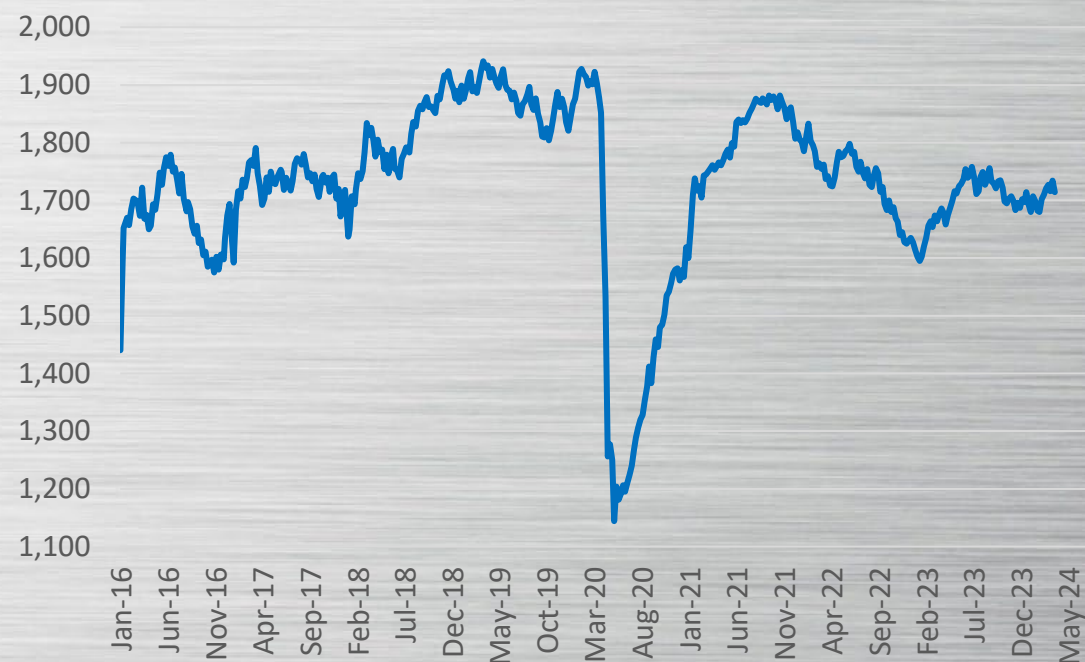
- The current week production represents a 0.2% increase from the same period in the previous year.

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

- Production from the Midwest region rose from 179k tons to 190k tons.

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

WEEKLY DOMESTIC PRODUCTION



DEMAND

LIGHT VEHICLE SALES⁵

U.S. light vehicle sales continued to push higher in March, climbing to their highest monthly total since December.

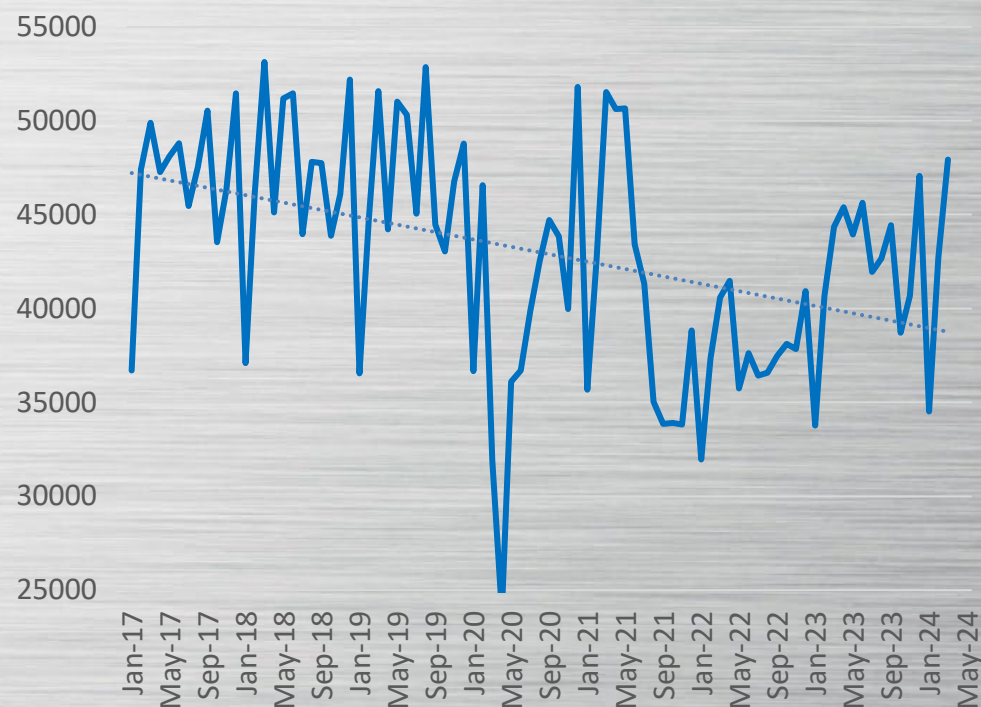
Actual U.S. light vehicle sales totaled 1.438 million units, up 16.1% from February and up 4.6% from 1.375 million units in March 2023.

- Sales have now increased, on a year-over-year basis, for twenty consecutive months.
- On a daily rate basis, March sales (47,934/day) were at their strongest rate since May 2021.

On a seasonally adjusted basis, sales of both cars and light trucks slipped from February, sliding 4.7% and 2.4%, respectively.

Imports' share of the US light vehicle market increased to 24.3% in March, up from 23.8% in February and a May 2023 low of 22.3%.

U.S. LIGHT VEHICLE SALES/DAY



DEMAND

LIGHT VEHICLE INVENTORY⁶

Inventory of light vehicles continued to increase in March, now up for the third consecutive month and for the seventh time in the last eight months.

U.S. light vehicles ended March at 2.582 million units, up 3.3% from February and up 40.2% from 1.824 million units in March 2023.

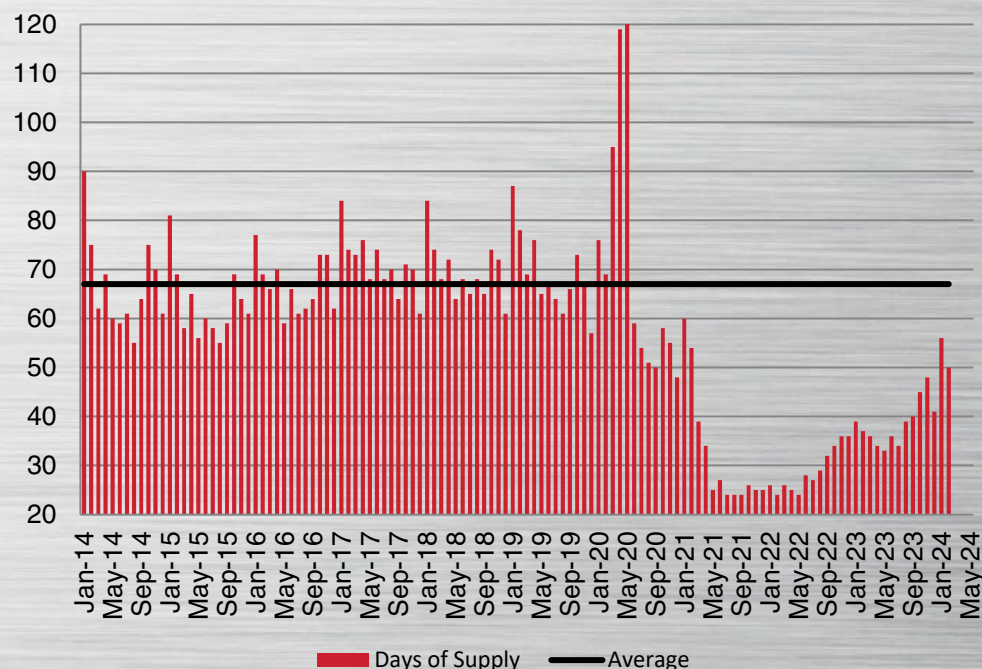
- Current inventory is at its highest level since February 2021 and is more than double the 2022 average of 1.298 million units.

Month-over-month increases in light truck and import inventory more than overcame a near 10% decline in car inventory.

Current inventory, using March's sales rate, equates to 49 days of supply.

- This is down from 50 days in February and remains below the long run ideal level of 65 days.

U.S. LIGHT VEHICLE DAYS OF SUPPLY



DEMAND

CONSTRUCTION SPENDING⁷

After climbing for twelve consecutive months, total construction spending has now slipped in back-to-back months.

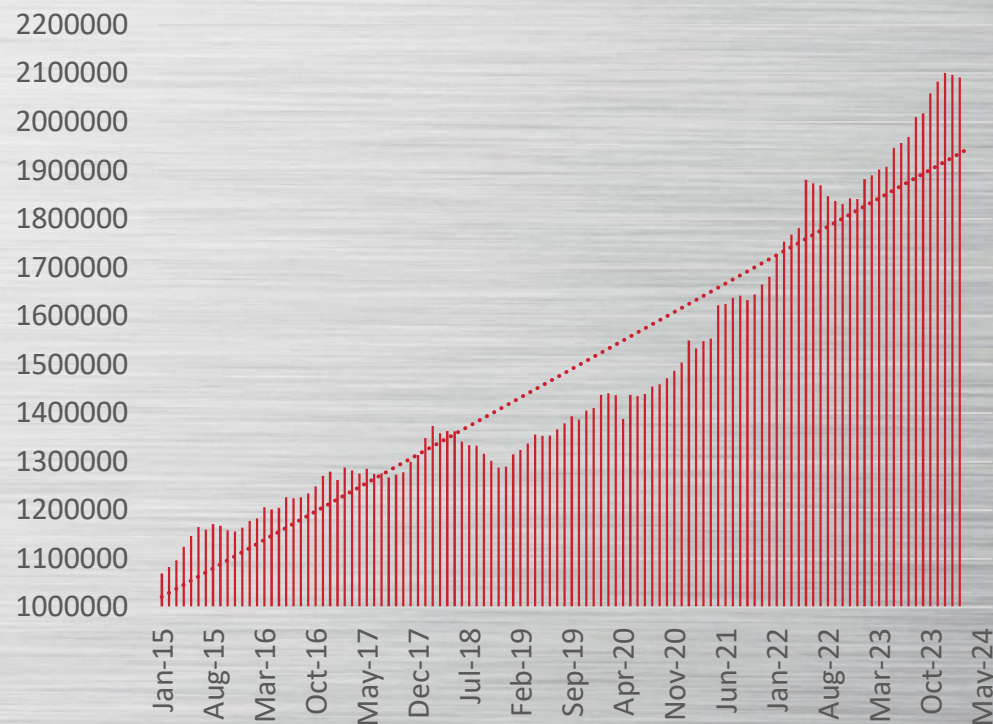
February total construction spending came in at a \$2.092 trillion rate, down 0.3% from January.

- Despite the recent decline, total spending was still up 10.7% from the \$1.890 trillion rate last February.
 - February marked the fifty-seventh consecutive month with a year-over-year increase in spending.

A continued boost in residential construction spending could not overcome the larger decline in non-residential spending in February.

- While residential spending, now up for the third consecutive month, increased 0.7%, non-residential construction saw spending drop 1.0%.

TOTAL CONSTRUCTION SPENDING (SAAR)



ISM MANUFACTURING INDEX⁸

After contracting for sixteen consecutive months, economic activity in the manufacturing sector expanded in March.

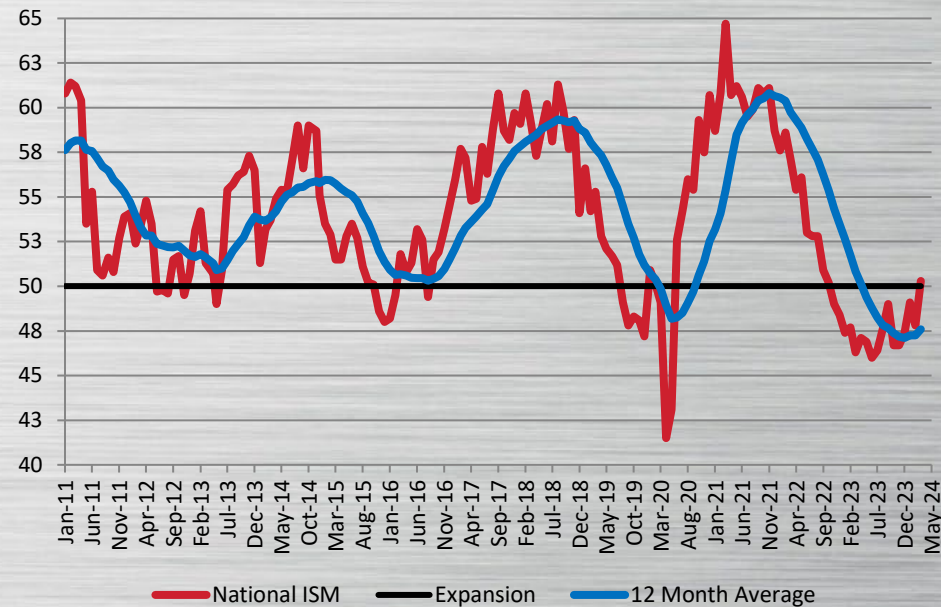
The March ISM Manufacturing Index came in at 50.3, up from 47.8 in February and up from 46.3 last March.

- This is the highest monthly reading since September 2022.
 - Any reading above 50.0 shows expansion, while any reading below 50.0 shows contraction.

The production and new order components both rebounded into expansion in March, climbing 6.2 and 2.2 points, respectively.

- The backlog of orders component held steady at 46.3, while the inventory component increased nearly 3.0 points to 48.2.

ISM MANUFACTURING INDEX



DEMAND

CARBON STEEL CONSUMPTION⁹

Slower domestic mill shipments, weaker import activity, and a boost in exports helped to pull flat rolled consumption lower in February.

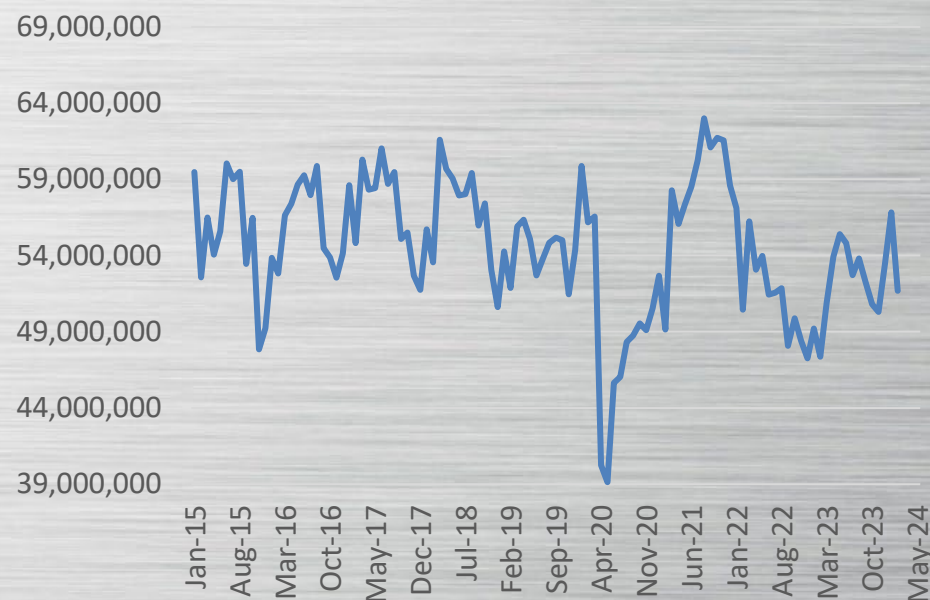
February carbon flat rolled consumption totaled 4.307 million tons, down from the two-year high of 4.736 million tons in January.

- Per/day consumption slipped to 148,533 tons, down from January but up 5.4% from February last year.

Coated flat rolled consumption was essentially flat from January, on a per/day basis, but was up 6.6% from February last year.

- This is the strongest start to a year for coated consumption since 2022 and would be the second strongest, post-COVID.

CARBON FLAT ROLLED CONSUMPTION



ECONOMIC

**▲ WEEKLY INITIAL
JOBLESS CLAIMS¹⁰**

The number of Americans filing new claims for unemployment benefits rose to the highest level in two months last week, but layoffs remain historically low.

The Department of Labor's Weekly Initial Jobless Claims report came in at 221,000 claims, up from 212,000 claims previously.

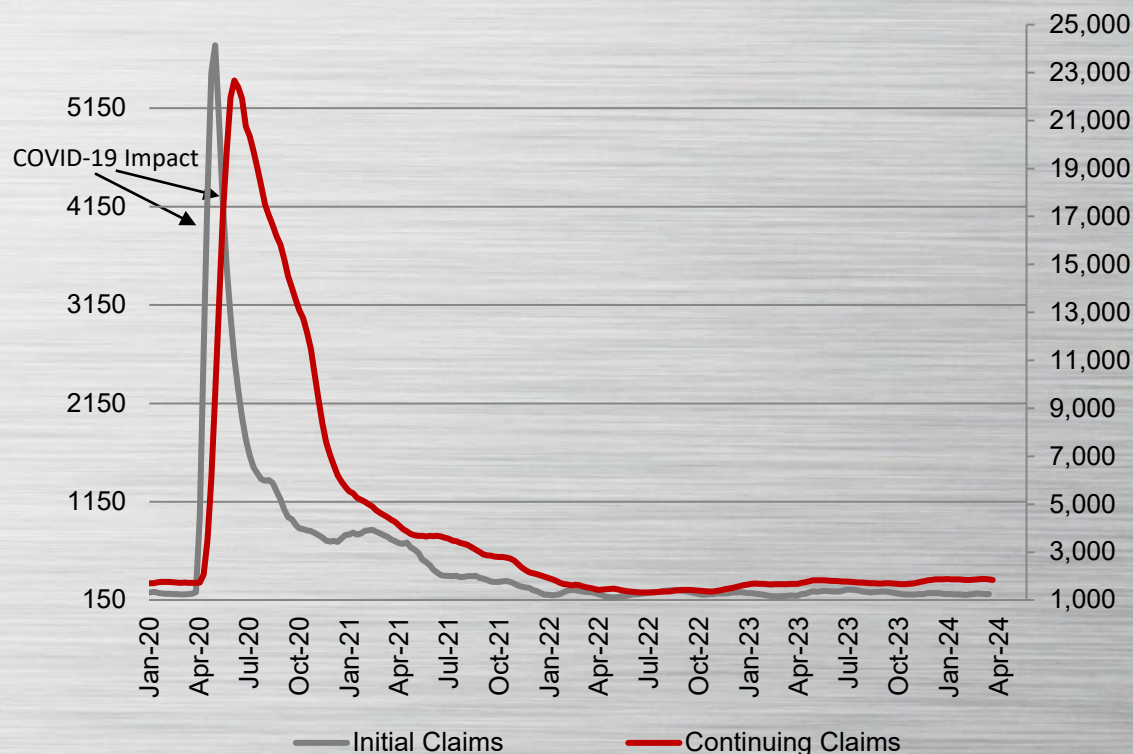
- The four-week moving average, considered a better measure of the labor market as it irons out week-to-week volatility, increased to 214,250.

Continuing claims, or claims lasting longer than one week, decreased after climbing three consecutive weeks.

- Continuing claims came in at 1.791 million claims, down from 1.810 million claims previously.

Jobless claims are expected to rise sharply in California following the move to raise minimum wage to \$20/hour.

WEEKLY INITIAL JOBLESS CLAIMS



ECONOMIC

EMPLOYMENT SITUATION¹¹

The U.S. added 303,000 jobs in March, the highest monthly addition since last April.

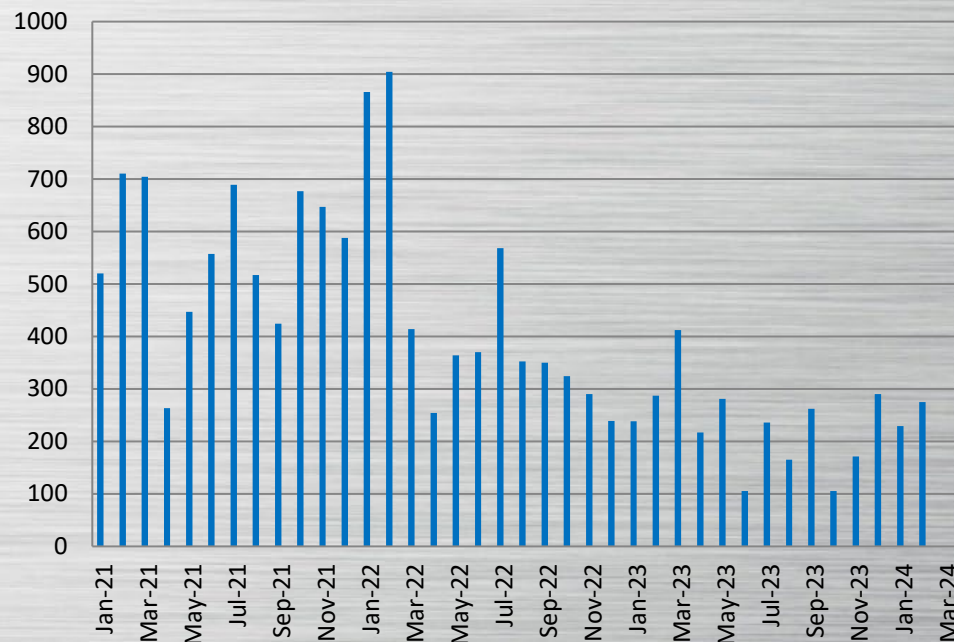
- The private sector, which accounts for roughly 70% of the workforce, added 232,000 jobs in March.
 - Government employment increased by 71,000 jobs after 63,000 new jobs were created in February.
- The unemployment rate slipped to 3.8% after climbing to 3.9% in February.

The construction sector added 39,000 jobs in March, with building construction employment accounting for 7,800 of those new jobs.

- While non-residential construction added 2,300 jobs, residential construction added 5,500 jobs.
- Architecture jobs slipped by 1,000 after climbing by nearly 8,000 last month.

Both primary metal manufacturing and fabricated metal manufacturing sectors lost jobs in March, sliding by 1,200 and 700, respectively.

CREATED JOBS (SAAR)



SOURCES

- 1 Platts, Spot Iron Ore: April 5, 2024.
- 2 London Metal Exchange, Weekly Zinc Price and Inventory Report: April 5, 2024.
Shanghai Futures Exchange, Weekly Zinc Inventory Report: April 5, 2024.
- 3 Platts, Coking Coal Price: April 5, 2024.
- 4 American Iron & Steel Institute, Weekly Domestic Steel Production: April 2, 2024.
- 5 WardsAuto, U.S. Light Vehicle Sales: March 2024.
- 6 WardsAuto, U.S. Light Vehicle Inventory: March 2024.
- 7 U.S. Census Bureau, Construction Spending: February 2024.
- 8 Institute for Supply Managers, ISM Manufacturing Index: March 2024.
- 9 AISI, Carbon Steel Consumption: February 2024.
- 10 Department of Labor, Weekly Initial Jobless Claims: April 4, 2024.
- 11 Bureau of Labor Statistics, Employment Situation: March 2024.

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The logo for MSUSA, featuring a stylized red 'M' followed by the text 'MSUSA' in white. The background of the entire image is a dark grey American flag with a field of coins in the upper left corner.

M MSUSA

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