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COST

⊖ SPOT IRON ORE¹

Spot iron ore settled flat this week after sliding the previous three weeks.

Spot iron ore pricing held steady at \$107.50/mt.

· This remains the lowest price since mid-April.

Weak demand in China, particularly the property sector, has led to oversupply of steelmaking raw materials.

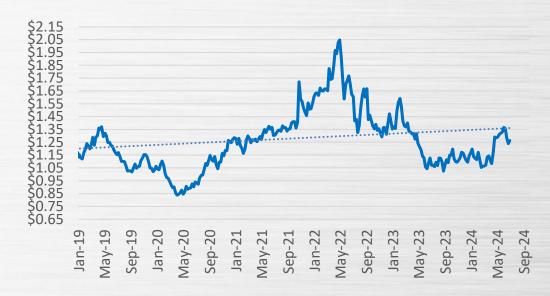
- The iron ore port inventories in China reached 148 million mt through mid-June, up 18% on the year and now at the highest level since April 2022.
- China's crude steel output is likely to fall below the 2023 level in 2024, and drop even further in 2025, even without government-mandated output cuts.



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COST

• WEEKLY ZINC PRICING²



ZINC

Zinc pricing rebounded this week after slipping the previous three weeks.

Zinc pricing ended the week at \$2,785.50/mt (\$1.263/lb), up from \$2,731/mt (\$1.239/lb) previously.

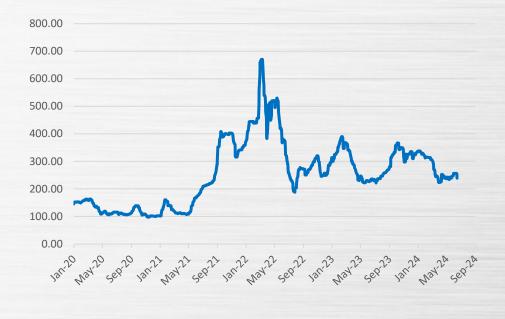
 Zinc production in the first half of the year is down 3% compared to this time last year and pricing will rely heavily on macro factors like global inflation and interest rates in the United States.

Global zinc inventory decreased again this week, now down four out of the last five weeks.

- LME warehouse inventory decreased slightly, slipping from 255,900 metric tons to 244,375 metric tons.
- Shanghai warehouse inventory increased slightly, climbing from 125,408 metric tons to 128,107 metric tons.

COST

COKING COAL³



COKING COAL

Coking coal dipped this week after climbing the previous four weeks.

Coking coal settled at \$239.00/mt, down from \$256.50/mt last week.

• This wiped away much of the gains made the four weeks prior where coking coal rose 7% in that timeframe.

Much of the restocking in India ended this week as India's coal imports hit a six-month high in May and is on pace for another increase in June.

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SUPPLY

• WEEKLY DOMESTIC Steel production⁴

Domestic raw steel production dropped again last week, now down for the second consecutive week.

U.S. mills produced an estimated 1,704k tons at a 76.7% utilization rate; this is down from 1,716k tons and a 77.3% rate previously.

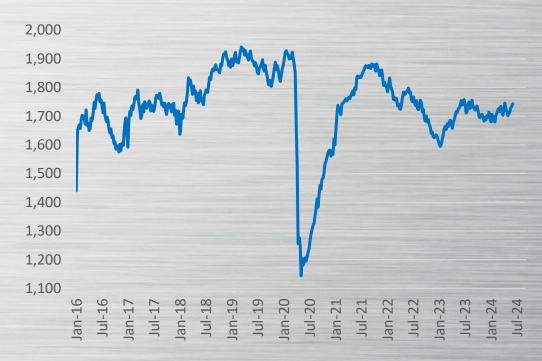
- · This is the lowest weekly output since mid-April.
- Summer mill maintenance outages have started at Nucor's Gallatin, Decatur, and Hickman mills, as well as NLMK's Portage mill.

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

• Production from the Southern region slipped from 770k tons to 758k tons.

Year-to-date production is now up 1.9% compared to the same timeframe from last year.

WEEKLY DOMESTIC PRODUCTION



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▲ LIGHT VEHICLE PRODUCTION⁵

U.S. light vehicle production continued to push higher in May, climbing to its highest monthly output since August.

Light vehicle production totaled 957,621 units, up 0.7% from April but was down slightly from 973,159 units.

• Production has now declined, on a year-over-year basis, for the second time in the last three months.

A strong (6.6%) increase in car production helped to overcome the slight (-0.3%) decline in light truck production.

Year-to-date production is now up 6.1% compared to the same timeframe last year.

1100000 900000 700000 500000 300000 100000 May Jun Sept Jan Feb Mar Apr Jul Aug Oct Dec Nov 2022 2024 2021 2023

U.S. LIGHT VEHICLE PRODUCTION

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• HOUSING MARKET INDEX⁶

Confidence among U.S. homebuilders continued to wane in June, now in negative territory for the second straight month.

The U.S. Housing Market Index came in at 43, down from 45 in May and is now at its lowest level since December.

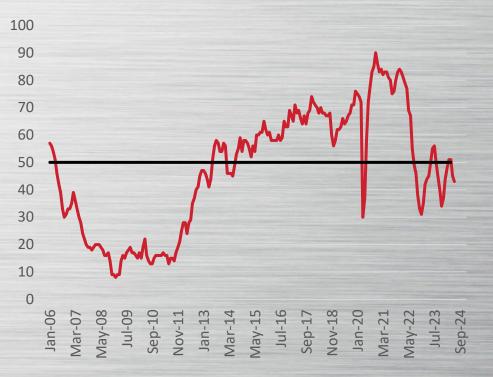
• Any reading above 50 shows an increase in optimism, while any reading below 50 shows an increase in pessimism.

Within the index, all three components came in with a pessimistic reading.

- Both the present situation and next six-month components slipped from 51 in May to 48 and 47, respectively.
- The traffic component remained the weakest, coming in at 28 from 30 previously.

HOUSING MARKET INDEX

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RESIDENTIAL CONSTRUCTION

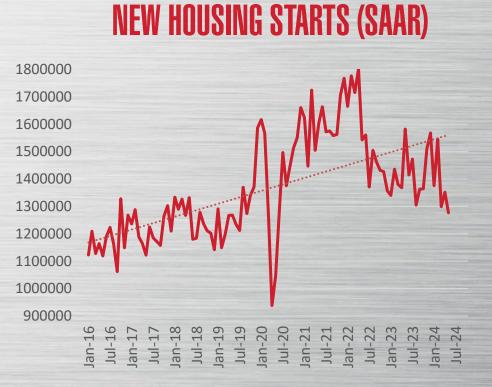
New housing starts dropped in May after a slight rebound in April.

- New housing starts came in at a 1.277 million unit rate, down 5.5% from April and down a sharp 19.3% from the 1.583 million unit rate in May 2023.
 - This is the lowest monthly rate since May 2020.
- · Starts for both single-family and multi-family units declined in April.

Actual new housing starts are now down 3.6% compared to the first five months of last year.

Permits, an indicator for future construction, continued to decline, sliding for the third straight month and for the fourth time in the last five months.

• Permits came in at a 1.386 million unit rate, down 3.8% from April and down 9.5% from the 1.532 million unit rate in May 2023.



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• EXISTING HOME SALES⁸

Sales of existing homes continued to slide in May, now down for the third consecutive month.

Existing home sales came in at a 4.110 million unit rate, down 0.7% from April and down 2.8% from the 4.230 million unit rate in May 2023.

- · Existing home sales have now declined on a year-over-year basis for thirty-three consecutive months.
- Despite the slide in the adjusted sales rate, actual sales (404,000 units) were at the highest monthly total since last June.
 - YTD actual sales are still down 0.6% compared to the same timeframe last year.

The inventory of unsold existing homes continues to increase, now up to 1.280 million units.

 This is up 6.7% from April and is at its highest level since August 2022.

The median sales price hit a new record high in May, climbing to \$419,300.



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• EMPIRE MANUFACTURING INDEX⁹

Business activity in the New York region declined again in June albeit more modestly than the last few months.

The June Empire Manufacturing Index came in at -6.0, an improvement from the -15.6 reading in May but remaining below 0.0.

- The index has now been below 0.0, a sign of contraction, for the seventh consecutive month.
- The two-month average was -10.8, its best reading since December.

While the new orders component held steady, shipments inched higher.

Supply availability, a new indicator to the report, held steady as well.

 Optimism about the six-month outlook picked up to its highest level in more than two years.

EMPIRE MANUFACTURING INDEX (2MMA)

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INDUSTRIAL PRODUCTION/ CAPACITY UTILIZATION¹⁰

After a flat reading in April, the industrial production index increased a strong 0.9% in May.

- The May industrial production index came in at 103.3, up from a downwardly revised 102.5 in April.
- Within the overall index, the manufacturing component increased a similar 0.9% after sliding the previous two months.

Within manufacturing, the durable manufacturing component increased 0.6%.

• The largest increases were in the indexes for wood products, machinery, and for computer and electronic products.

Total capacity utilization increased to 78.7% from 78.2% previously.

 Manufacturing utilization increased as well, climbing to 77.1%, but remains below the long run average.

INDUSTRIAL PRODUCTION INDEX

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WEEKLY INITIAL JOBLESS CLAIMS¹¹

The number of Americans filing new claims for unemployment benefits dropped last week but remained near the ten-month high.

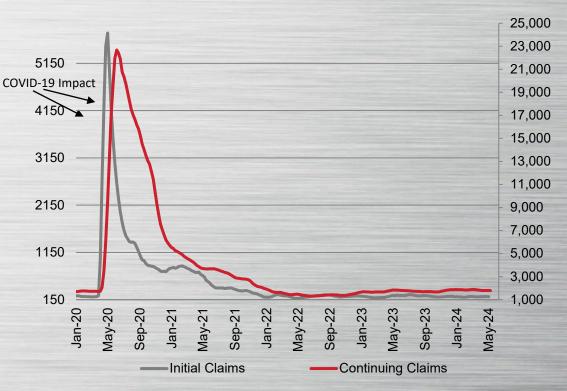
The Department of Labor's Weekly Initial Jobless Claims report came in at 238,000 claims, down from 243,000 claims previously.

· The four-week moving average, considered a better measure of the labor market as it irons out week-to-week volatility, increased to 232,500.

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

- · Continuing claims came in at 1.828 million claims, up from 1.813 million claims previously.
 - · Continuing claims continue to rise as the job market slows in the face of high interest rates, tight credit conditions and slowing retail sales.

WEEKLY INITIAL JOBLESS CLAIMS



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ECONOMIC

• RETAIL SALES¹²

After slipping in April, total adjusted (for seasonal variation and holidays but not prices) retail sales increased in May.

- May retail sales totaled \$703.1 billion, up 0.1% from April and up 2.3% from the \$687.5 billion rate in May 2023.
- Total sales, excluding sales from gas stations, saw a stronger increase, climbing 0.3% from April to a \$685.2 billion rate.
 - Sales from grocery stores declined as well, sliding 0.4% from April but were up 1.3% from May 2023.

The kinds of business with the largest increases in sales were sporting goods stores, motor vehicle dealers, clothing stores, and online retailers.

 These increases were partly offset by declines from not only the previously mentioned gas stations and grocery stores, but also building material stores, and furniture stores.



RETAIL SALES (SAAR)

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ECONOMIC

TRUCKING COSTS¹³

After falling in the previous seven months, the shipment component of the Cass Transportation Index held steady in May.

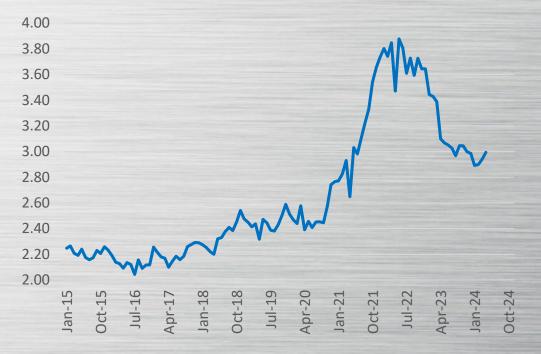
• The Cass Shipment component came in at 1.098, flat from April but was down 5.8% from last May.

While the shipment component remained flat, the expenditure component, or the total value of shipments, increased in May.

- The expenditures component came in at 3.288 up from April but down a sharp 9.0% from last May.
 - · The May reading was the highest since November.

The increased total cost, combined with the flat shipment reading, pushed the inferred freight rate measure higher.

 Inferred freight rates were up 1.9% from April but still down 3.4% from last year.



INFERRED FREIGHT RATES

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SOURCES

- ¹ Platts, Spot Iron Ore: June 21, 2024.
- ² London Metal Exchange, Weekly Zinc Price and Inventory Report: June 21, 2024. Shanghai Futures Exchange, Weekly Zinc Inventory Report: June 21, 2024.
- ³ Platts, Coking Coal Price: June 21, 2024.
- ⁴ American Iron & Steel Institute, Weekly Domestic Steel Production: June 18, 2024.
- ⁵ WardsAuto, U.S. Light Vehicle Production: May 2024.
- ⁶ National Association of Home Builders, Housing Market Index: June 2024.
- ⁷ U.S. Census Bureau, New Residential Construction: May 2024.
- 8 National Association of Realtors, Existing Home Sales: May 2024.
- 9 NY Fed Reserve, Empire Manufacturing Index: June 2024.
- ¹⁰ Federal Reserve, Industrial Production Index/Capacity Utilization Index: May 2024.
- ¹¹ Department of Labor, Weekly Initial Jobless Claims: June 20, 2024.
- ¹² U.S. Census Bureau, Retail Sales: May 2024.
- ¹³ Cass Information Systems, Transportation Index: June 2024.

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