





MAJESTIC  
STEEL USA

# CORE 12.13.24 REPORT





## COST

01

-  scrap
-  iron ore
-  energy
-  zinc
-  coking coal







## SUPPLY

05

-  lead times
-  production
-  imports
-  inventories

## DEMAND

06

-  automotive
-  construction
-  appliance
-  manufacturing
-  agriculture
-  consumption

## ECONOMIC

09

-  employment
-  retail sales
-  inflation
-  confidence





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The scrap market held steady once again in December, settling flat for the seventh consecutive month.

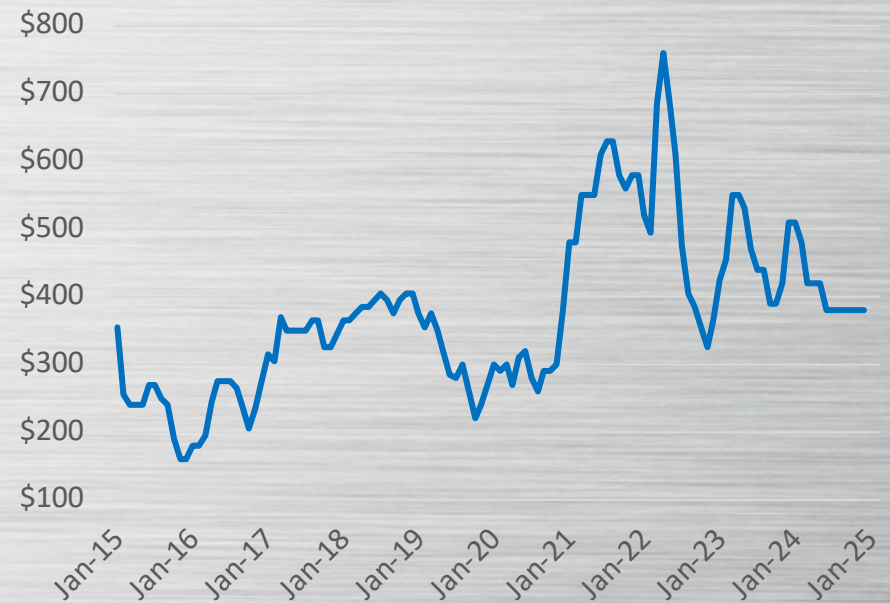
- Prime scrap remained at \$380/gt in December.

Some factors keeping pricing stable included unseasonably mild winter weather, flat hot-rolled pricing, weak domestic demand, and subdued export activity.

- While most mill outages wrapped up by December, the overall reduction of scrap demand weighed heavily on the market, preventing the traditional December price increase seen the previous eight years.

Shredded scrap pricing decreased for the second consecutive month, slipping \$10 to \$360/gt.

## PRIME SCRAP





## COST



## SPOT IRON ORE<sup>2</sup>

Spot iron ore continued its upward momentum this week, climbing for the fourth consecutive week.

Spot iron ore pricing settled at \$105.95/mt, up from \$103.55/mt the week prior.

- This is now the highest price for iron ore since mid-July

Iron ore spiked after positive news from China's Central Economic Work Conference this week, with stimulus expected to combat the ongoing weak construction sector.

## IRON ORE COST





## COST

# WEEKLY ZINC PRICING<sup>3</sup>



## ZINC

Zinc pricing ticked up slightly this week, now alternating up and down movements for the last six weeks.

Zinc pricing ended the week at \$3,082/mt (\$1.398/lb), up from \$3,061/mt (\$1.388/lb) previously.

- China's announcement of potential stimulus is expected to add support to some zinc-consuming end markets to end the year.

Global zinc inventory dropped for the third consecutive week.

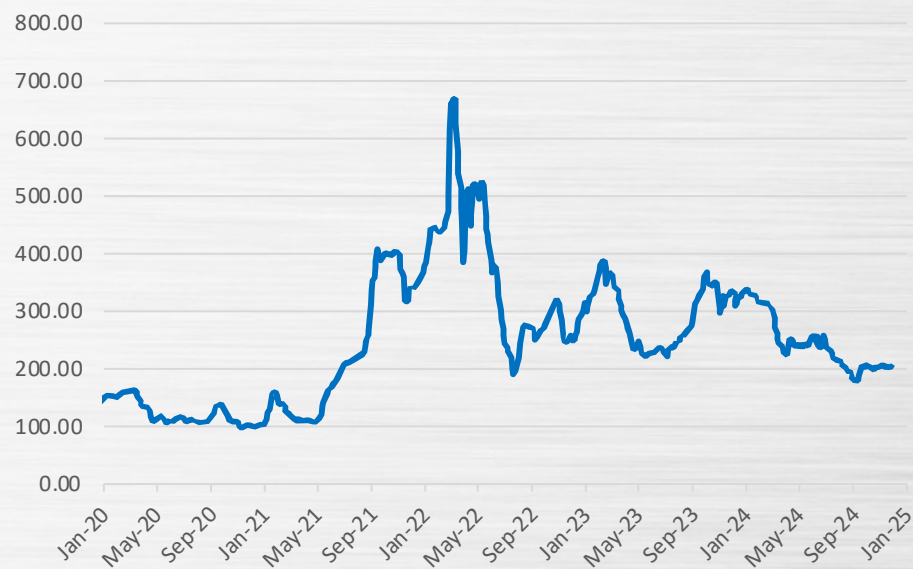
- LME warehouse inventory dipped slightly, sliding from 277,800 metric tons to 273,650 metric tons.
- Shanghai warehouse inventory slipped as well, dropping from 52,983 metric tons to 50,666 metric tons.



## COST



# COKING COAL<sup>4</sup>



## COKING COAL

Coking coal pricing ticked up this week, ending a stretch of four consecutive declines.

Coking coal settled at \$207.25/mt, up from \$204.75/mt last week.

- Prices are up 0.4% from last week and are up 0.4% from this time last month.

Stability has been the theme for the global coking coal market of late, with the only upside going forward being stimulus measures out of China.



## SUPPLY



# WEEKLY DOMESTIC STEEL PRODUCTION<sup>5</sup>

Domestic raw steel production rebounded sharply last week following the shortened Thanksgiving holiday week.

U.S. mills produced an estimated 1,668k tons at a 75.1% utilization rate; this is up from 1,638k tons and a 73.8% rate previously.

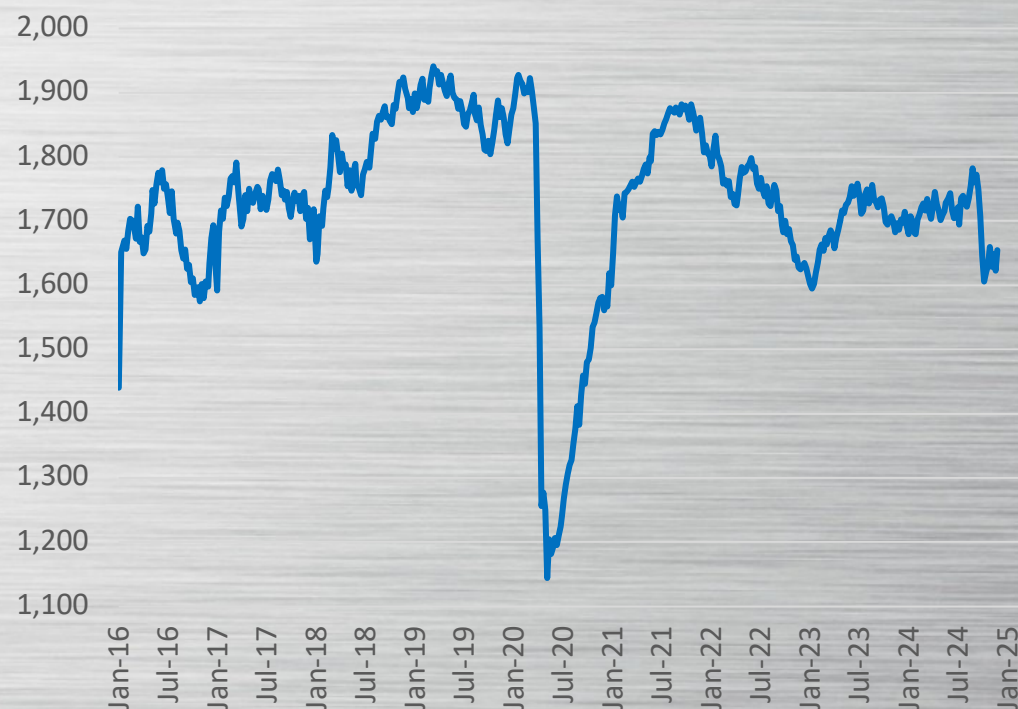
- This is now the highest utilization rate and weekly tonnage output since mid-September.

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

- Production from the Southern region spiked from 690k tons to 702k tons.

Year-to-date production held steady, up 0.2% compared to the same timeframe from last year.

## WEEKLY DOMESTIC PRODUCTION





## DODGE MOMENTUM INDEX<sup>6</sup>

A key index used to measure non-residential building projects that have gone into planning continued to slide in November, projecting a slowing trend in spending over the next 9-12 months.

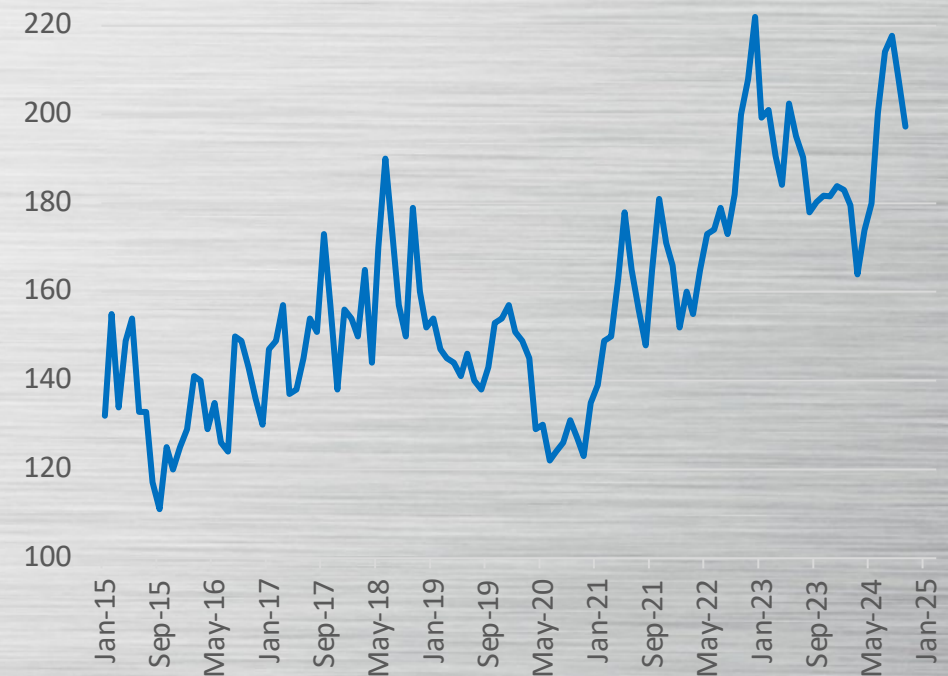
The November Dodge Momentum Index came in at 191.5, down from 196.0 in October but was still up from the 181.5 reading from last November.

- The index has now declined in three consecutive months and is at its lowest level since May.

While institutional planning increased 2.5%, a sharper 4.6% decline in planning for commercial projects brought the overall index lower.

- On the commercial side, slower data center, office, warehouse and retail planning drove the decline.
- The institutional planning component, which is now up in 5 of the last 6 months, was led by strong growth in educational planning.

## DODGE MOMENTUM INDEX





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

Shipments of HVAC equipment increased in October, climbing after a sharp drop in September.

Shipments totaled 1.887 million units, up 1.1% from September and up a strong 20.5% from 1.566 million units in October 2023.

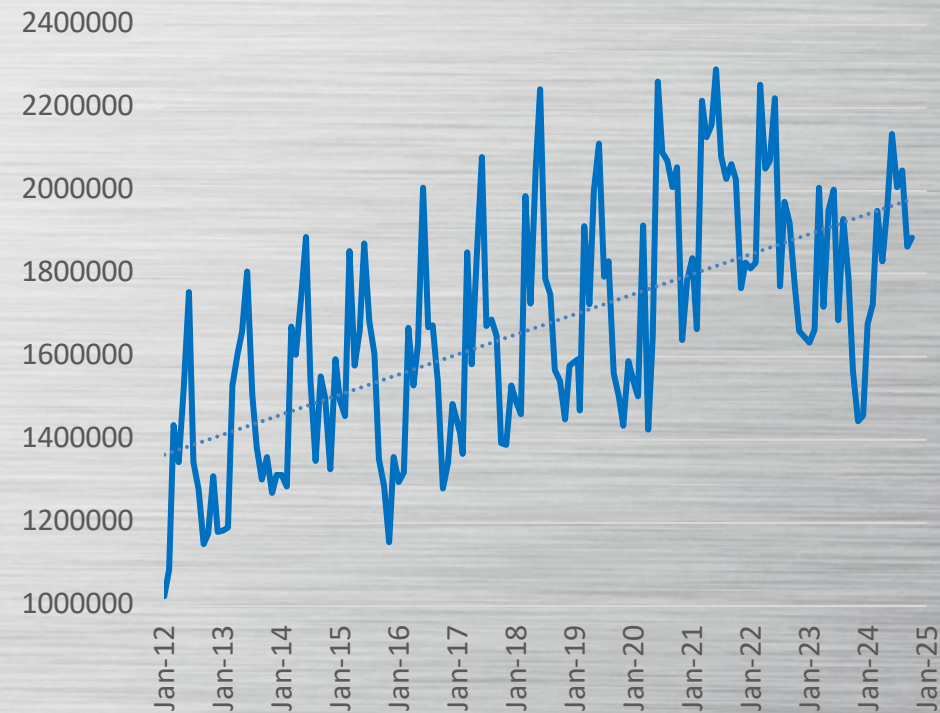
- Shipments have now increased, on a y/y basis, for seven consecutive months.

Looking on a y/y basis, to help smooth seasonality, increases in shipments of furnaces and A/C & heat pumps helped to overcome a slight decline in water heater shipments.

- A/C & heat pump shipments were up 53.1% from last October, while furnace shipments saw a 21.4% increase.

Year-to-date shipments are now up 6.3% compared to the same timeframe last year.

## HVAC EQUIPMENT SHIPMENTS





# TRACTOR & COMBINE SHIPMENTS<sup>8</sup>

Shipments of North American (U.S. and Canada) tractors and combined continued to be weak in November.

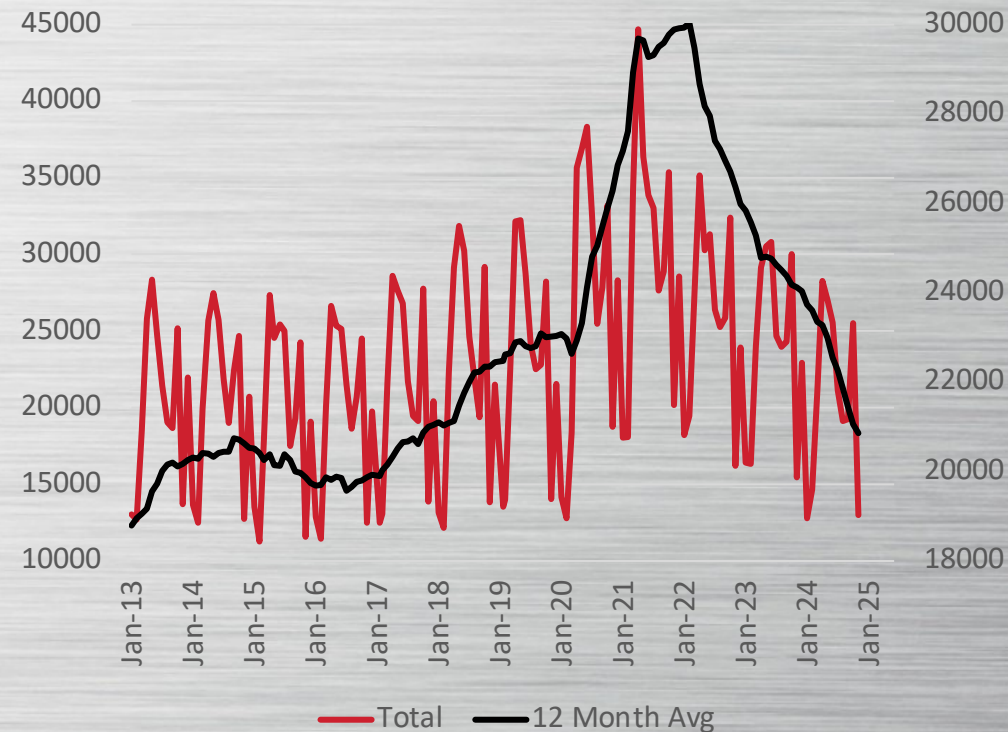
Tractor and combine shipments totaled 13,002 units, down 49.0% from October and down 15.8% from 15,448 units in November 2023.

- Looking on a year-over-year basis, to help smooth seasonality, shipments have now declined for 18 consecutive months and in 32 of the past 33 months.

Shipments of both tractors and combines declined sharply compared to last November, sliding 45.3% and 15.2%, respectively.

Year-to-date shipments are now down 14.4% compared to the same timeframe last year.

## TRACTOR & COMBINE SHIPMENTS





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

The number of Americans filing new claims for unemployment benefits increased sharply last week to a two-month high.

The Department of Labor's Weekly Initial Jobless Claims report came in at 242,000 claims, up from 225,000 claims previously.

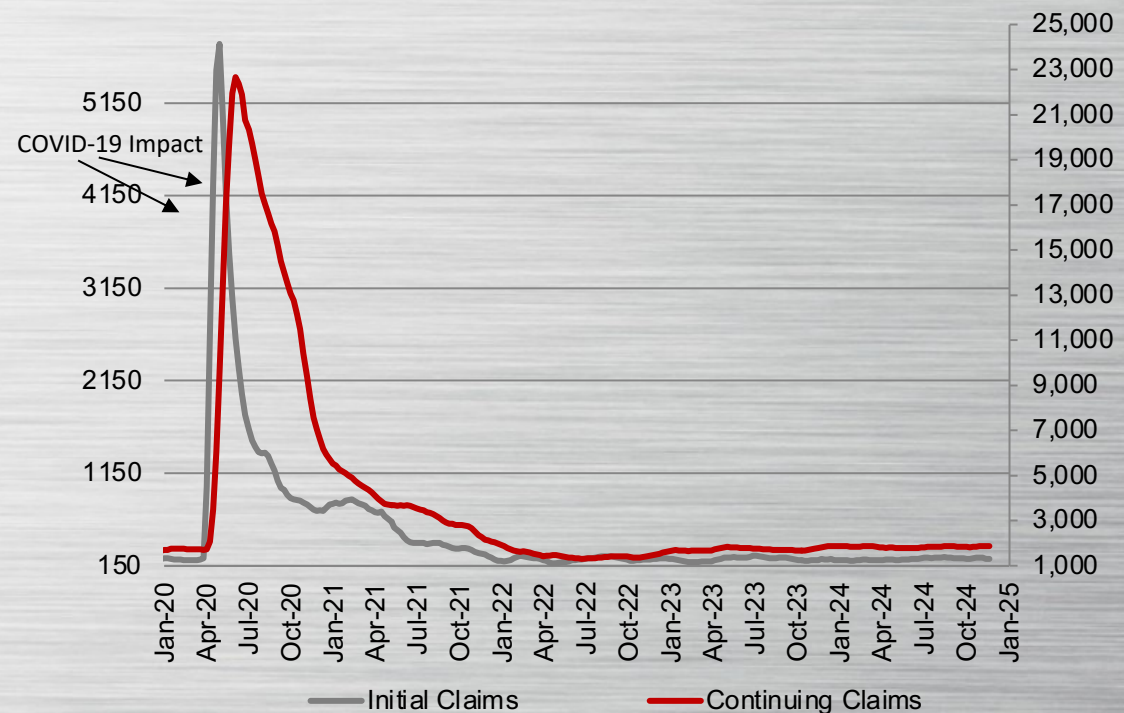
- The four-week moving average, considered a better measure of the labor market as it irons out week-to-week volatility, increased to 223,750.

Continuing claims, or claims lasting longer than one week, increased after sliding the previous two weeks.

- Continuing claims came in at 1.886 million claims, up from 1.871 million claims previously.

Claims are likely to remain volatile in the weeks ahead, which could make it difficult to get a clear picture of the labor market, however hiring should pickup during the holiday season.

## WEEKLY INITIAL JOBLESS CLAIMS





## ECONOMIC

# CONSUMER PRICE INDEX<sup>10</sup>

Prices paid by consumers, for all goods, slipped on a monthly basis in November, the first occurrence since last December.

- Prices were down 0.05% from October but were up 2.75% from last November, the highest y/y increase since July.

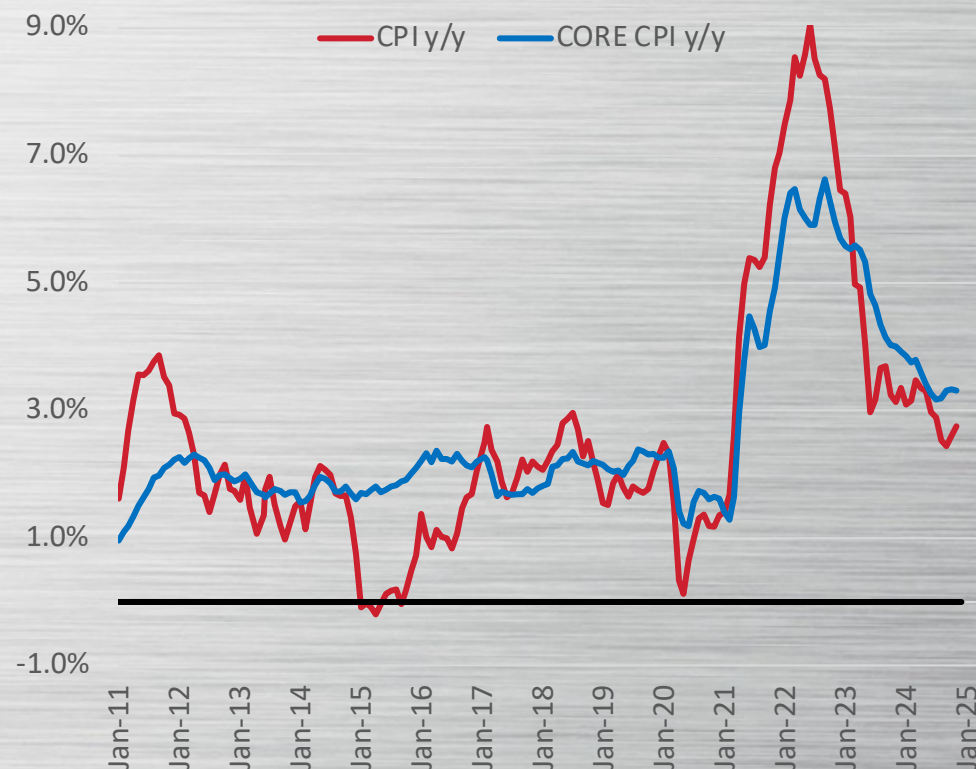
Prices paid for all goods, excluding food and energy, increased on both a m/m and y/y basis, but saw a slightly slower rate of increase than in October.

- The November CORE-CPI increased 3.32% from last year, down slightly from the 3.33% growth in October.

The shelter index, increased 4.7% over the last year, the smallest 12-month increase since February 2022.

- Other indexes with notable increases over the last year include motor vehicle insurance, medical care, education, and recreation.
- Both used and new vehicles saw prices decline compared to last year, sliding 0.7% and 3.4%, respectively.

## CONSUMER PRICE INDEX





## ECONOMIC

# ▲ SMALL BUSINESS OPTIMISM<sup>11</sup>

The November NFIB Small Business Optimism Index increased sharply, climbing 8.0 points to 101.7.

- This is up sharply from last November and is at its highest level since June 2021.
- The boost in November brings the index back above the 50-year average (98.0) after being below that market for 34 consecutive months.

Of the 10 components within the overall index, nine increased in November, and one was flat.

- After seeing a record high last month, the Uncertainty Index dropped 12 points to 98 as business owners became more certain following the election.

According to the November report, the election results signal a major shift in economic policy, particularly for tax and regulation policies, that favor economic growth.

## SMALL BUSINESS OPTIMISM INDEX





## SOURCES

- <sup>1</sup> Prime Scrap Price, Market Conversations: Week ending December 13, 2024.
- <sup>2</sup> Platts, Spot Iron Ore: December 13, 2024.
- <sup>3</sup> London Metal Exchange, Weekly Zinc Price and Inventory Report: December 13, 2024.  
Shanghai Futures Exchange, Weekly Zinc Inventory Report: December 13, 2024.
- <sup>4</sup> Platts, Coking Coal Price: December 13, 2024.
- <sup>5</sup> American Iron & Steel Institute, Weekly Domestic Steel Production: December 13, 2024.
- <sup>6</sup> Dodge Construction, Dodge Momentum Index: November 2024.
- <sup>7</sup> A/C Heating & Refrigeration Institute, HVAC Equipment Shipments: October 2024.
- <sup>8</sup> Association of Equipment Manufacturers, Tractor and Combine Shipments: November 2024.
- <sup>9</sup> Department of Labor, Weekly Initial Jobless Claims: December 12, 2024.
- <sup>10</sup> Bureau of Labor Statistics, Consumer Price Index: November 2024.
- <sup>11</sup> NFIB, Small Business Optimism Index: November 2024.

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