



MAJESTIC  
STEEL USA

# CORE REPORT

05.02.25

COST

01

- ⊖ scrap
- ▼ iron ore
- ⊖ energy
- ▼ zinc
- ▲ coking coal

SUPPLY

04

- ⊖ lead times
- ▲ production
- ⊖ imports
- ⊖ inventories

DEMAND

05

- ▲ automotive
- ▼ construction
- ⊖ appliance
- ▼ manufacturing
- ⊖ agriculture
- ⊖ durable goods

ECONOMIC

09

- ▲ employment
- ⊖ retail sales
- ▼ confidence
- ▲ income
- ▼ GDP





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## COST

### ▼ SPOT IRON ORE<sup>1</sup>

Spot iron ore ticked down slightly after climbing the previous two weeks.

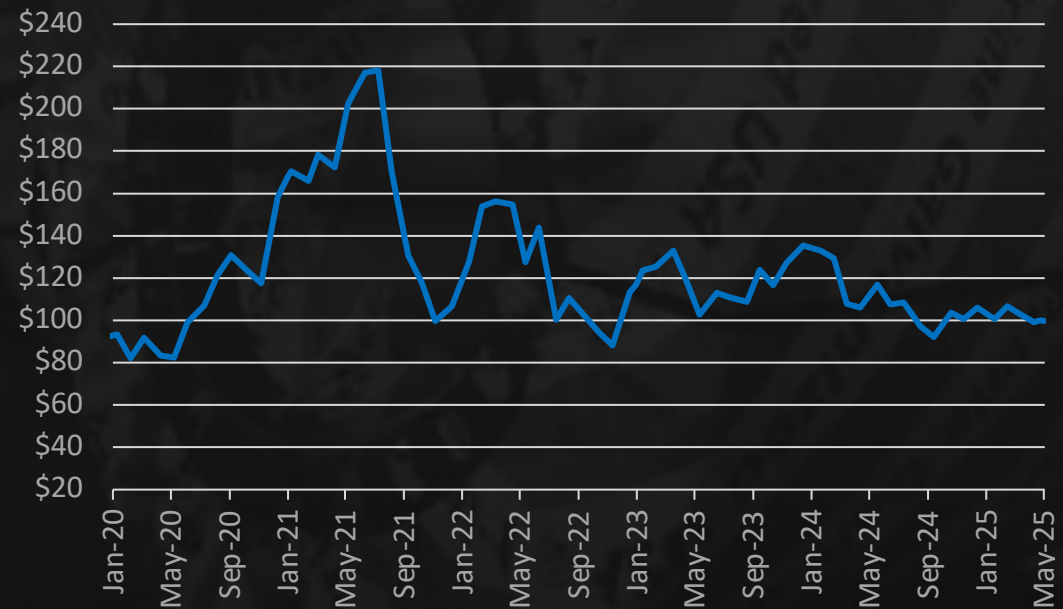
Spot iron ore pricing ended the week at \$99.80/mt, down from \$99.85/mt a week ago.

- Despite the slight decrease, iron ore has remained rangebound over the last nine weeks.

The ongoing trade war is expected to weigh on China's steel exports over the remainder of the year, which will cap any upside for steelmaking raw materials.

Shipment of iron ore from Australia to China amounted to 16.79 million metric tons so far this year, accounting for 83% of Australia's total shipments.

## IRON ORE COST





## WEEKLY ZINC PRICING

ZINC<sup>2</sup>

Zinc pricing resumed its downward momentum this week, once again nearing the eight-month low.

Zinc pricing ended the week at \$2,581/mt (\$1.171/lb), down from \$2,617/mt (\$1.187/lb) previously.

- Zinc dropped due to a stronger U.S. dollar and lingering concerns over demand, despite easing trade tensions between the U.S. and China.

LME warehouse inventory dropped for the second consecutive week, sliding from 182,300 metric tons to 173,900 metric tons.



## COST

### ▲ COKING COAL<sup>3</sup>

Coking coal pricing continued its upward momentum this week, now up five out of the last six weeks.

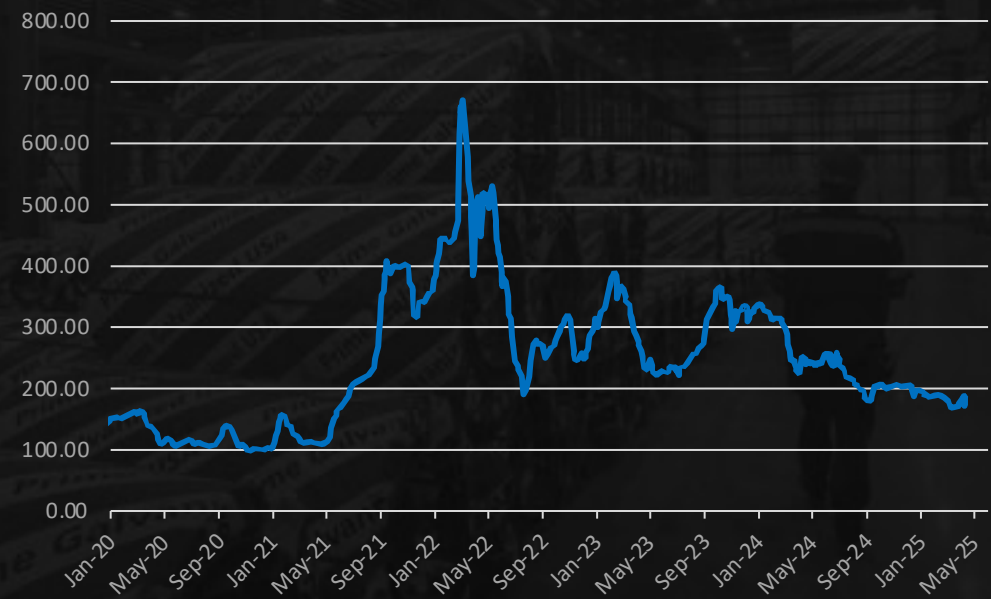
Coking coal settled at \$193.00/mt, up from \$190.00/mt last week.

- This was up over 11% in the last two weeks.

India, the world's second-largest producer of steel, meets 85% of its coking coal requirements through imports, with Australia supplying more than half of those shipments.

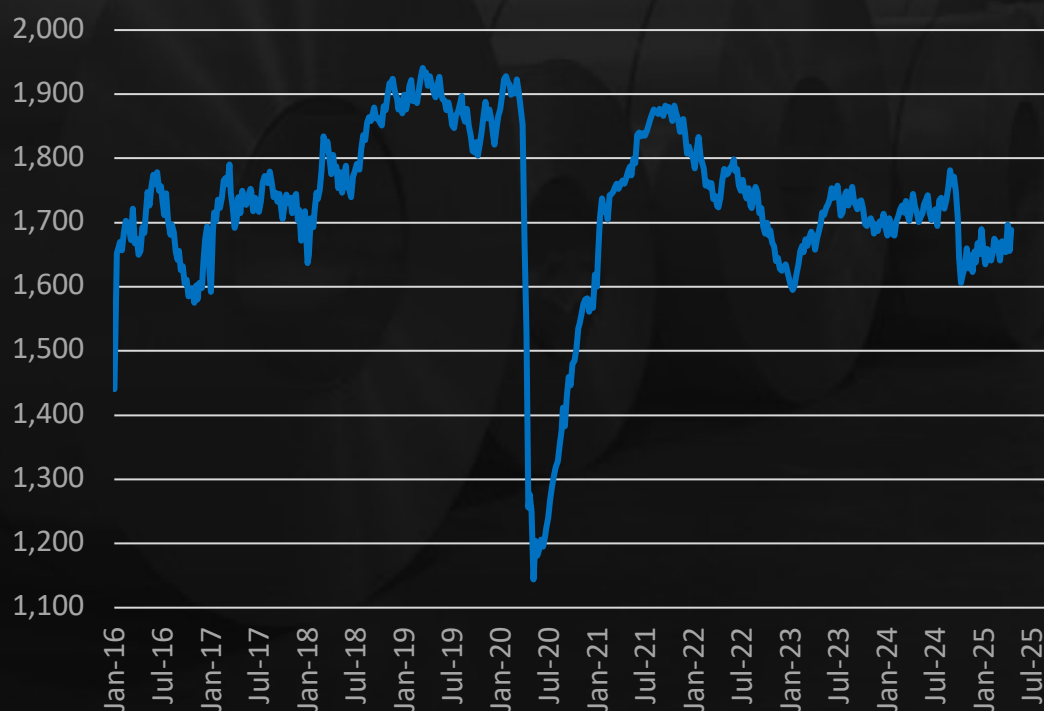
- Steel demand has skyrocketed in the country driven by rapid economic growth and increasing infrastructure spending.

### COKING COAL PRICE





## WEEKLY DOMESTIC PRODUCTION



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

Domestic raw steel production rebounded sharply last week, now up three out of the last four weeks.

U.S. mills produced an estimated 1,706k tons at a 76.0% utilization rate; this is up from 1,682k tons and a 74.9% rate previously.

- This was the highest weekly output since September.

Production rose in three of the five regions, with the largest increase (in tons) coming from the Great Lakes region.

- Production from the Great Lakes region spiked from 523k tons to 547k tons.

Year-to-date production is now down 2.7% compared to the same timeframe from last year.



## DEMAND

### ▲ LIGHT VEHICLE SALES<sup>5</sup>

Increased activity from consumers continued in April, as pre-tariff buying bled over from March.

April U.S. light vehicle sales came in at a 17.3 million unit rate, down slightly from March but up considerably from April 2024.

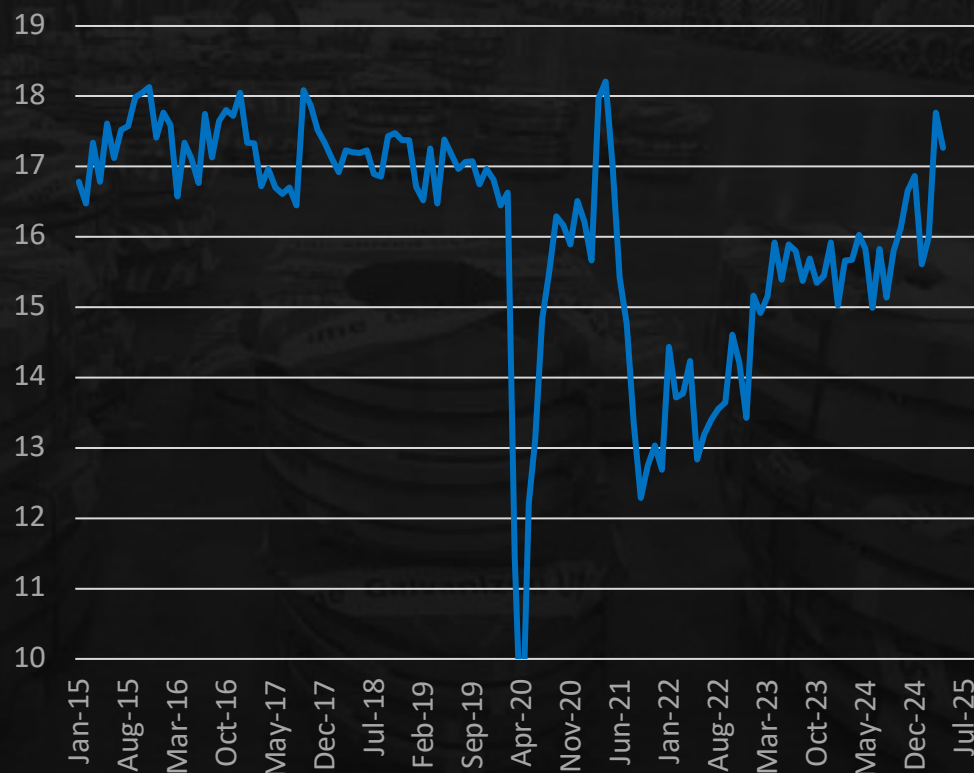
- Sales averaged a 17.5 million unit rate in March/April, well above the historical two-month average of 16.0 million units.

Sales were strong across most segments, with demand for full-size and luxury SUV's and light trucks being stronger than that for car and small/mid-sized SUV's and crossovers.

While sales remained strong in April, there were signs of potential slowing during the back half of the month.

- Rising prices and declining available inventories helped to slow the recent strong sales trend.

### U.S. LIGHT VEHICLE SALES (SAAR)





## DEMAND

### CONSTRUCTION SPENDING<sup>6</sup>

Total construction spending slipped on a seasonally adjusted basis in March.

Total spending came in at a \$2.196 trillion rate, down 0.5% from the \$2.207 trillion rate in February.

Spending was up on a year-over-year basis, climbing 2.8% from March 2024.

- However, this was the lowest year-over-year increase since April 2020.

Slide declines came from both nonresidential and residential spending, sliding 0.5% and 0.4%, respectively.

- The decline in nonresidential spending was the first m/m decline since summer 2023.
- The largest declines came from religious, health care, and lodging projects.

### NONRES CONSTRUCTION SPENDING (SAAR)





## CHICAGO PMI

CHICAGO PMI<sup>7</sup>

The economic health of the manufacturing sector in the Chicago region declined again in April.

The April Chicago PMI came in at 44.6, down 47.6 in March but is up from 37.9 in April 2024.

- The monthly index has now come in below 50 for the seventeenth consecutive reading.
- Any reading below 50 shows a decline, while any reading above 50 shows growth.

The decline in April was driven mainly by a pullback in new orders and a slowdown in production.

Given the persistent weakness in the index, the current level reinforces concerns about ongoing manufacturing softness.



## ISM MANUFACTURING INDEX<sup>8</sup>

Economic activity from the manufacturing sector continued to contract in April and is now in contraction for the second consecutive month.

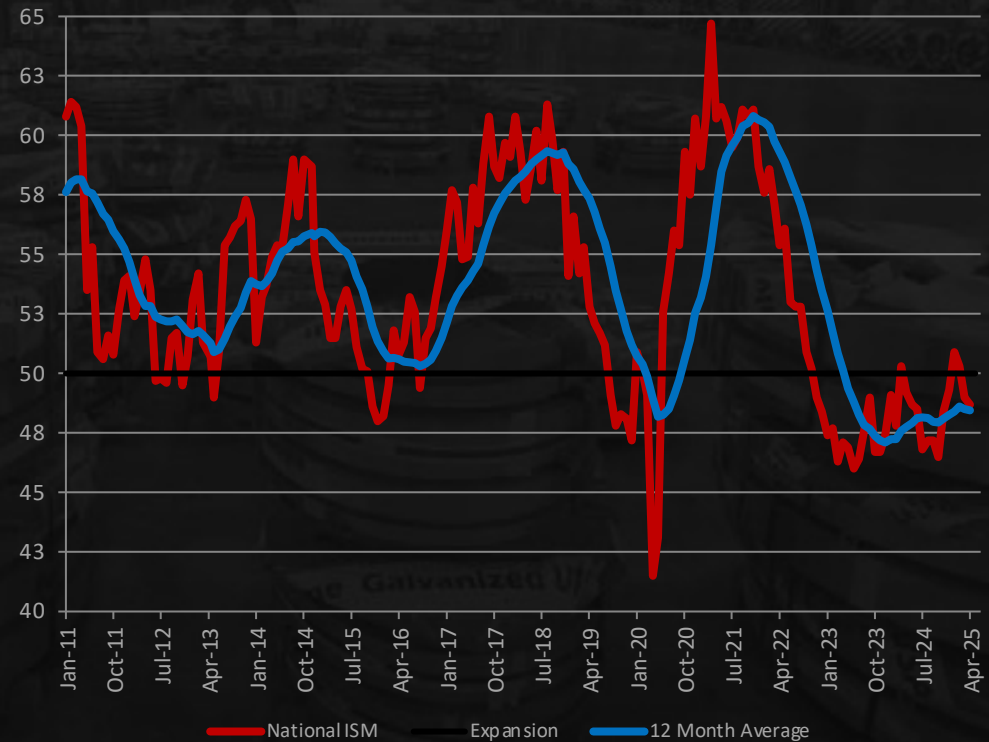
The April ISM Manufacturing Index came in at 48.7, down slightly from 49.0 in March and down from 49.2 in April 2024.

- Any reading below 50 shows a contraction in activity, while any reading above 50 shows expansion.

Despite improving from March, the new order subindex remained in contraction at 47.2.

- The production subindex saw a sharper decline sliding over 4.0 points to 44.0.
- The backlog of orders subindex came in at 43.7, down slightly from 44.5 in March and is now in contraction for thirty-one straight months.

## ISM MANUFACTURING INDEX





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

The number of Americans filing new claims for unemployment benefits surged last week to the highest level since February.

The Department of Labor's Weekly Initial Jobless Claims report came in at 241,000 claims, up from 223,000 claims previously.

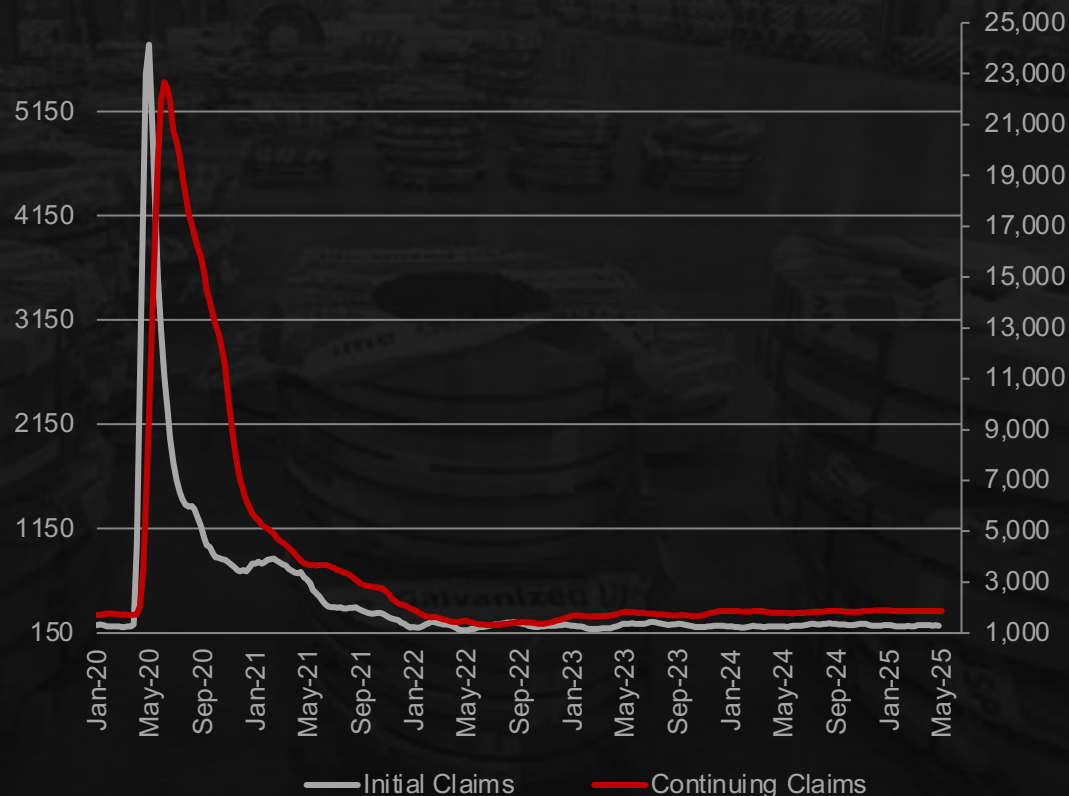
- The four-week moving average, considered a better measure of the labor market as it irons out week-to-week volatility, increased to 226,000.

Continuing claims, or claims lasting longer than one week, increased to the highest level since November of 2021.

- Continuing claims came in at 1.916 million claims, up from 1.833 million claims previously.

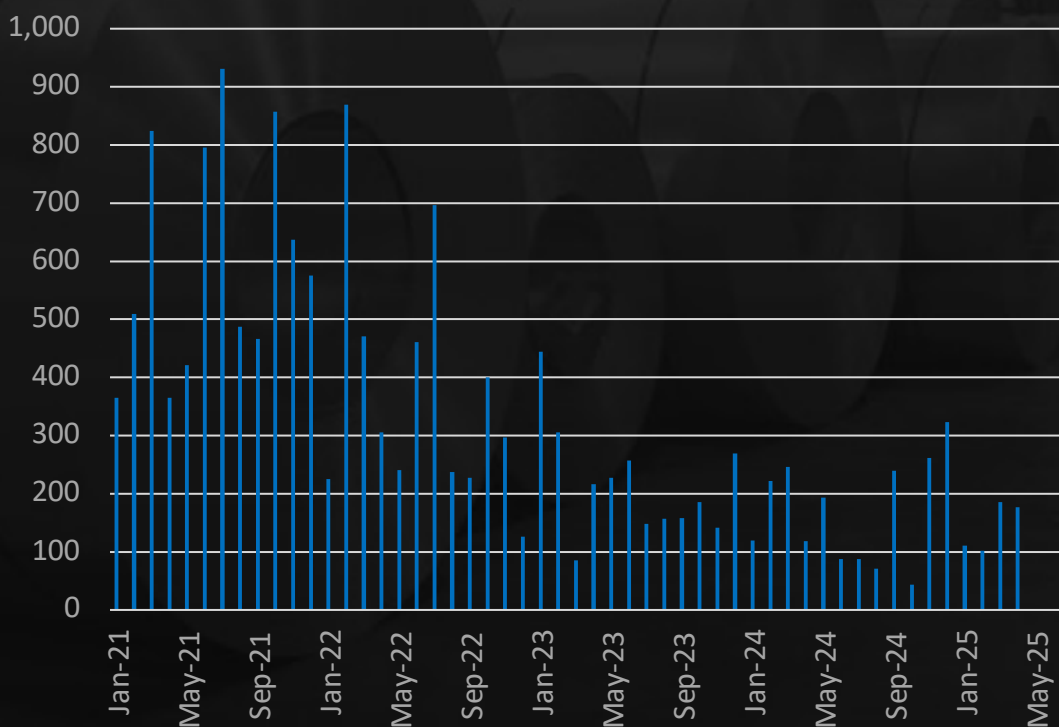
The increase in claims were largely driven by government layoffs linked to the Department of Government Efficiency.

## WEEKLY INITIAL JOBLESS CLAIMS





## MONTHLY JOBS ADDED



## EMPLOYMENT SITUATION<sup>10</sup>

U.S. job creation exceeded expectations in April as the U.S. added 177,000 jobs from March.

Private sector employment, which is 70% of the workforce, increased by 167,000 jobs in April.

- Government employment increased by 10,000 jobs despite the federal government slashing 9,000 jobs in April.

Despite the increase in jobs, the unemployment rate held steady at 4.3%.

The construction sector added 11,000 jobs in April with 2,900 coming from building construction.

- A slight 700 job decline for residential building was made up for by the 3,600 job creation for nonresidential building.

Manufacturing employment slipped by 1,000 jobs in April, despite durable good manufacturing adding 2,000 jobs.

- Fabricated metal product manufacturing added 3,100 jobs, while machinery manufacturing added 2,000.



# ▼ CONSUMER CONFIDENCE<sup>11</sup>

After dropping sharply in March, confidence of U.S. consumers dropped again in April.

The April Consumer Confidence Index came in at 86.0, down from 93.9 in March.

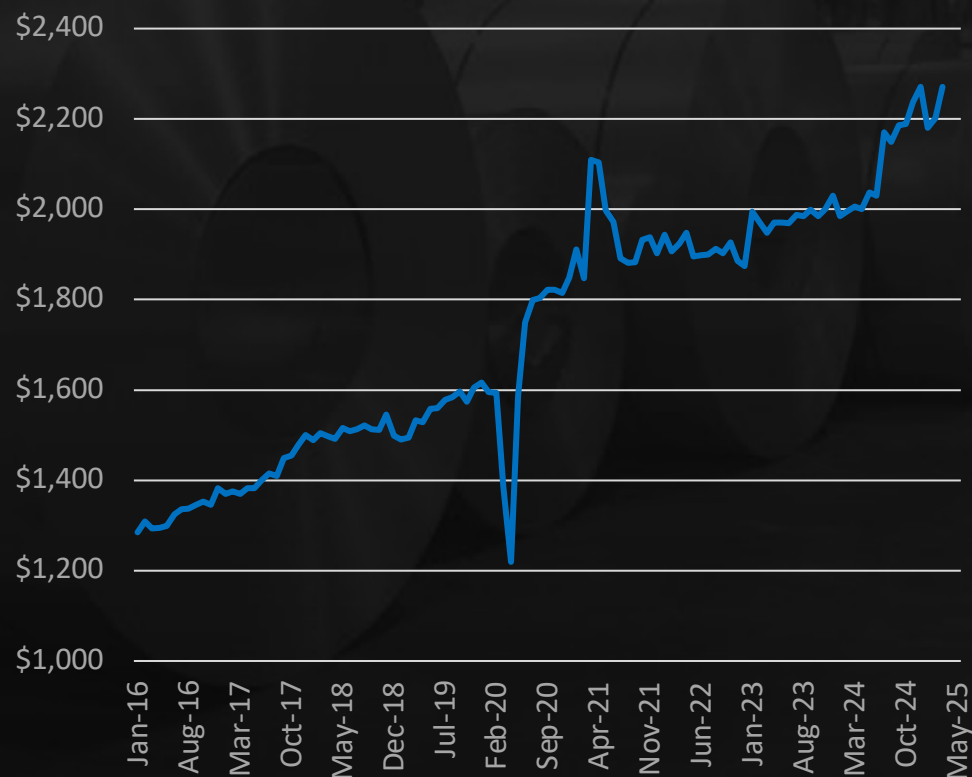
- The Present Situation component slipped slightly, sliding 0.9 points to 133.5.
- The Expectations component, a short-term outlook, dropped sharply, sliding to 54.4.
- This is down 12.5 points from March and is now at its lowest level since October 2011.
- The component also remains well below the threshold of 80 that usually signals a recession ahead.

On a six-month average, purchasing plans for both homes and cars declined from March.

Negative views of business conditions, employment opportunities, and future income, all impacted the index in April.



## PCE — DURABLE GOODS



## PERSONAL INCOME & OUTLAYS<sup>12</sup>

Total personal income increased in March, climbing 0.5% to a \$25.54 trillion rate.

- The increase in personal incomes reflected increases in compensation and proprietors' income.

Total disposable income increased 0.5% in March after seeing a 0.8% increase in February.

- While total disposable income increase, total personal spending increased at slightly faster rate, climbing 0.7% in March.
- While spending for nondurable goods slipped 0.4%, the sharp 3.2% increase in spending on durable goods helped boost overall expenditures.

The stronger increase in spending, compared to disposable income, helped to push the personal savings rate lower in March.

- The personal savings rate slipped to 3.9%, the lowest since December.



## ▼ GROSS DOMESTIC PRODUCT<sup>13</sup>

The initial estimate for Q1 GDP showed a slightly contraction to the U.S. economy, the first contraction since Q2 2022.

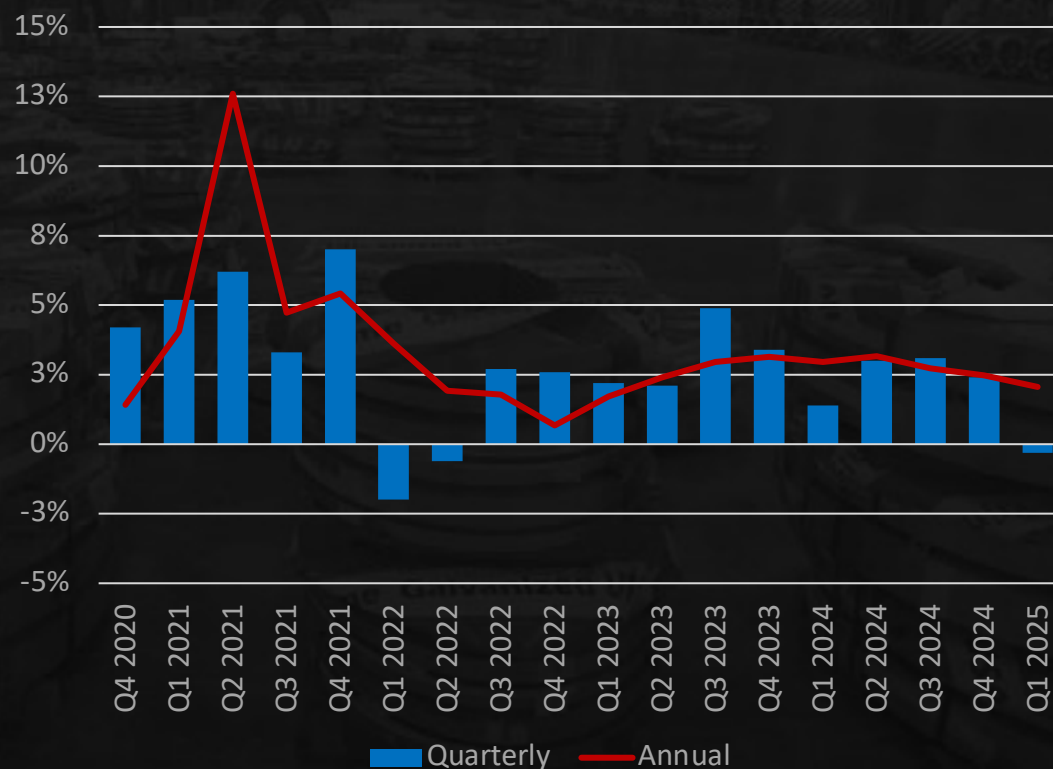
A sharp rise in pre-tariff imports, which are a subtraction to GDP, helped to push the annual growth rate lower.

- The initial Q1 GDP came in at a -0.3% annual growth rate, down from the final Q4 2024 rate of 2.4%.

The combo of increased imports and declining government spending partly offset increases in inventory investment, consumer spending, and exports.

Despite the slowdown in Q1, the rolling four-quarter average remained solid at 2.05%.

## GROSS DOMESTIC PRODUCT





## SOURCES

- 1 Platts, Spot Iron Ore: May 2, 2025.
- 2 London Metal Exchange, Weekly Zinc Price and Inventory Report: May 2, 2025.  
Shanghai Futures Exchange, Weekly Zinc Inventory Report: May 2, 2025.
- 3 Platts, Coking Coal Price: May 2, 2025.
- 4 American Iron & Steel Institute, Weekly Domestic Steel Production: April 29, 2025.
- 5 WardsAuto, U.S. Light Vehicle Sales: April 2025.
- 6 U.S. Census Bureau, Construction Spending: March 2025.
- 7 Institute for Supply Managers, Chicago Business Barometer: April 2025.
- 8 Institute for Supply Managers, ISM Manufacturing Index: April 2025.
- 9 Department of Labor, Weekly Initial Jobless Claims: May 1, 2025.
- 10 U.S. Census Bureau, Employment Situation: April 2025.
- 11 Conference Board, Consumer Confidence: April 2025.
- 12 Bureau of Economic Analysis, Personal Income and Outlays: March 2025.
- 13 Bureau of Economic analysis, Gross Domestic Product: Q1 2025.

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