



MAJESTIC
STEEL USA

CORE REPORT

05.16.25

COST

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- ▲ iron ore
- energy
- ▲ zinc
- ▲ coking coal

SUPPLY

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- ▲ production
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DEMAND

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- ▼ agriculture
- consumption

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- confidence
- ▲ retail sales
- GDP



THE RIGHT STEEL SUPPLY CHAIN HAS NEVER MATTERED MORE

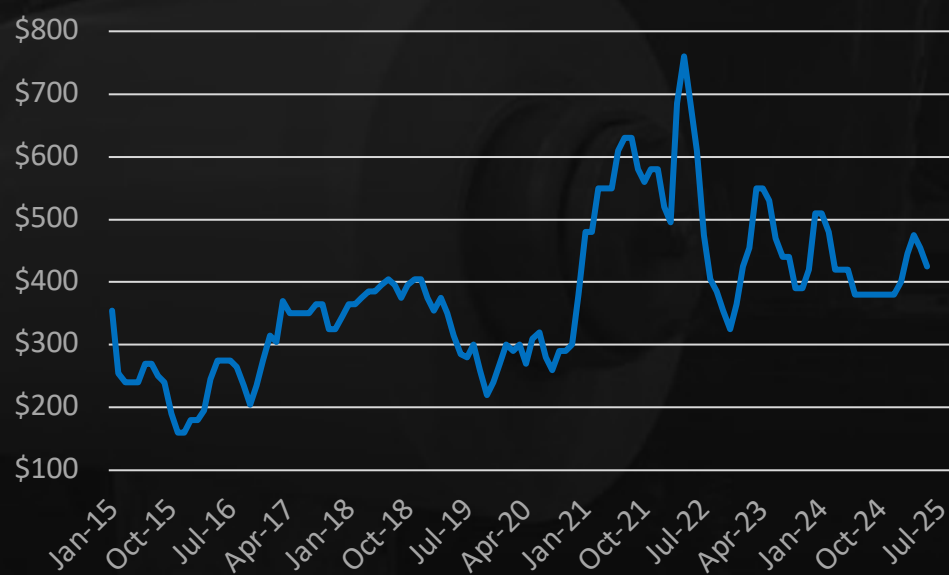
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**MAJESTIC
STEEL USA**

PRIME SCRAP



SCRAP¹

After sliding \$20/gt in April, prime scrap pricing dropped another \$30/gt in May.

Prime scrap settled at \$425/gt, down \$30/gt from April.

- The decline was largely driven by increased collection rates (due to the improving weather across the U.S.), increased supply (particularly from the auto sector), sluggish demand, and continued uncertainty around tariffs.

Shredded scrap pricing saw a sharper \$40/gt decline in May.

- This sharper decline pushed the prime pricing premium over shredded to \$50/gt, the widest spread since June 2023.

COST

▲ SPOT IRON ORE²

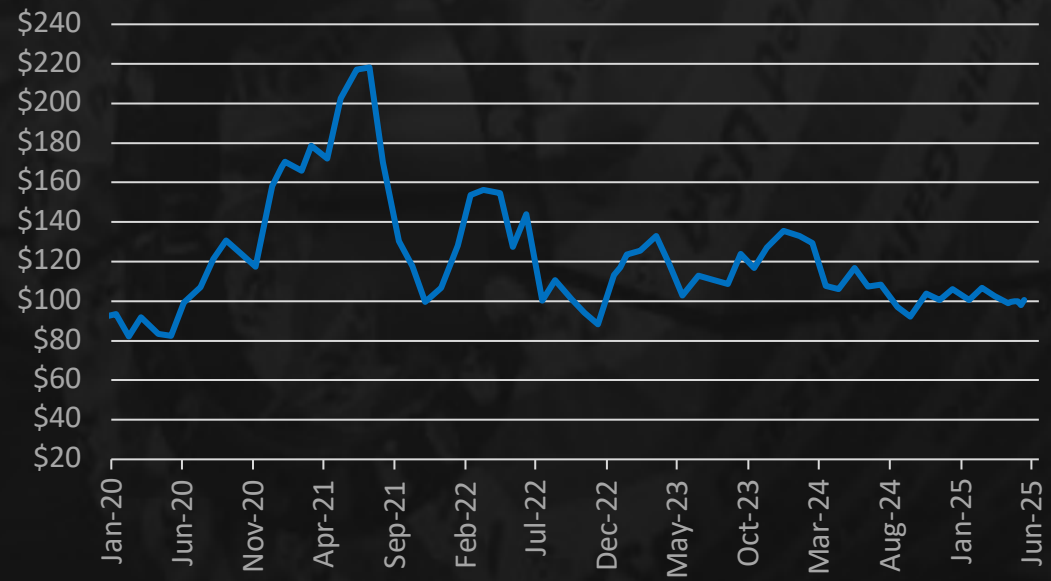
Spot iron ore rebounded after sliding the previous two weeks.

Spot iron ore pricing ended the week at \$100.55/mt, up from \$98.05/mt a week ago.

- This is up 2.5% after hitting the lowest price since September.

While the 90-day pause on tariffs is positive, China's economy and housing market continues to struggle, with steel output cuts and less raw material restocks expected.

IRON ORE COST



WEEKLY ZINC PRICING



Zinc pricing increased sharply for the second consecutive week.

Zinc pricing ended the week at \$2,680.50/mt (\$1.216/lb), up from \$2,620/mt (\$1.188/lb) previously.

- The 90-day pause on tariffs between China and the U.S. provided a sharp boost to the demand outlook, leading to a 6% spike in pricing.

Global zinc inventory dropped for the fourth consecutive week.

- LME warehouse inventory also dropped for the fourth consecutive week, sliding from 170,650 metric tons to 165,175 metric tons.
- Shanghai warehouse inventory dropped slightly, sliding from 47,102 metric tons to 46,351 metric tons.

COST

▲ COKING COAL⁴

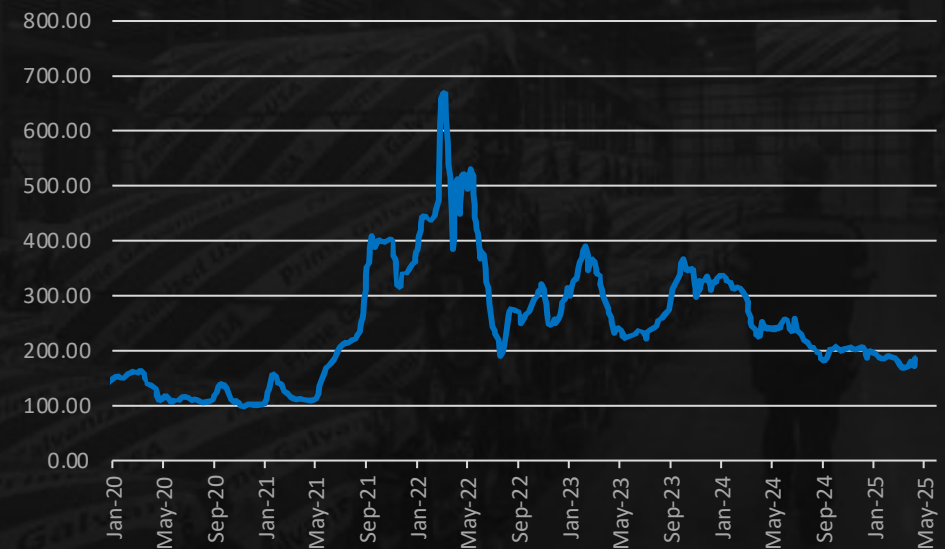
Coking coal pricing increased slightly this week, now up six out of the last eight weeks.

Coking coal settled at \$191.00/mt, up slightly from \$190.50/mt last week.

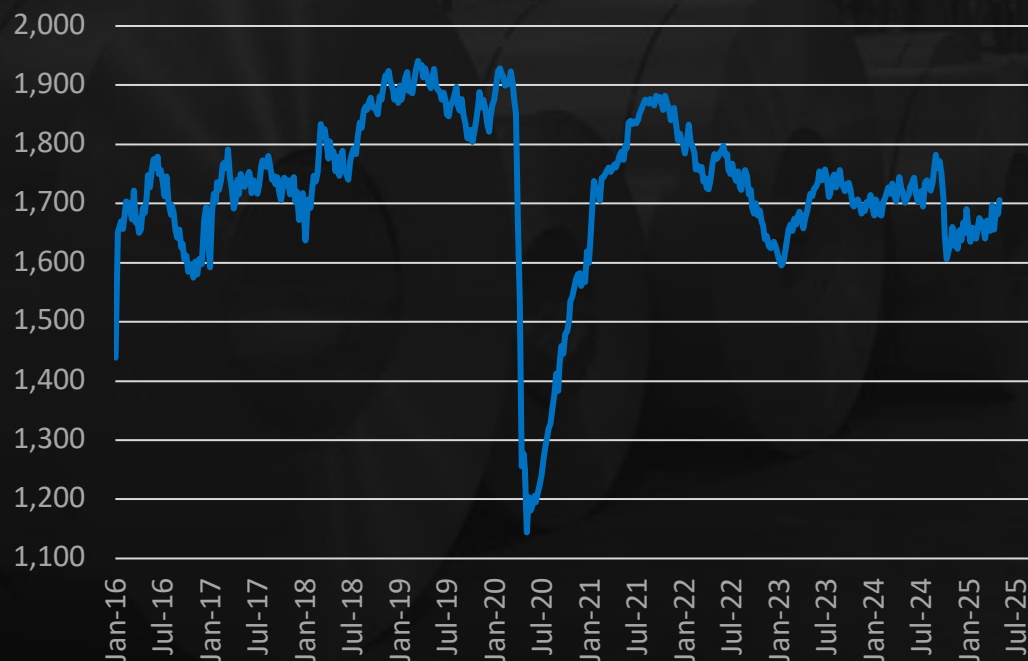
- Coal pricing is up over 14.5% in the last month.

While India continues to stockpile coking coal, low steel demand elsewhere, exacerbated by recent uncertainty around global trade policy, has weighed heavily on the market.

COKING COAL PRICE



WEEKLY DOMESTIC PRODUCTION



▲ WEEKLY DOMESTIC STEEL PRODUCTION⁵

Domestic raw steel production increased sharply again last week as the mills ramp up to offset the loss of imports.

U.S. mills produced an estimated 1,740k tons at a 77.5% utilization rate; this is up from 1,725k tons and a 76.8% rate previously.

- Production is now up five out of the last six weeks and weekly output hit the highest level since the first week of September.

Production rose in all five regions once again, with the largest increase (in tons) coming from the Southern region.

- Production from the Southern region increased from 737k tons to 747k tons.

Year-to-date production is now down 2.2% compared to the same timeframe from last year.

DEMAND

HOUSING MARKET INDEX⁶

Confidence from U.S. homebuilders dropped sharply in May after a slight improvement in April.

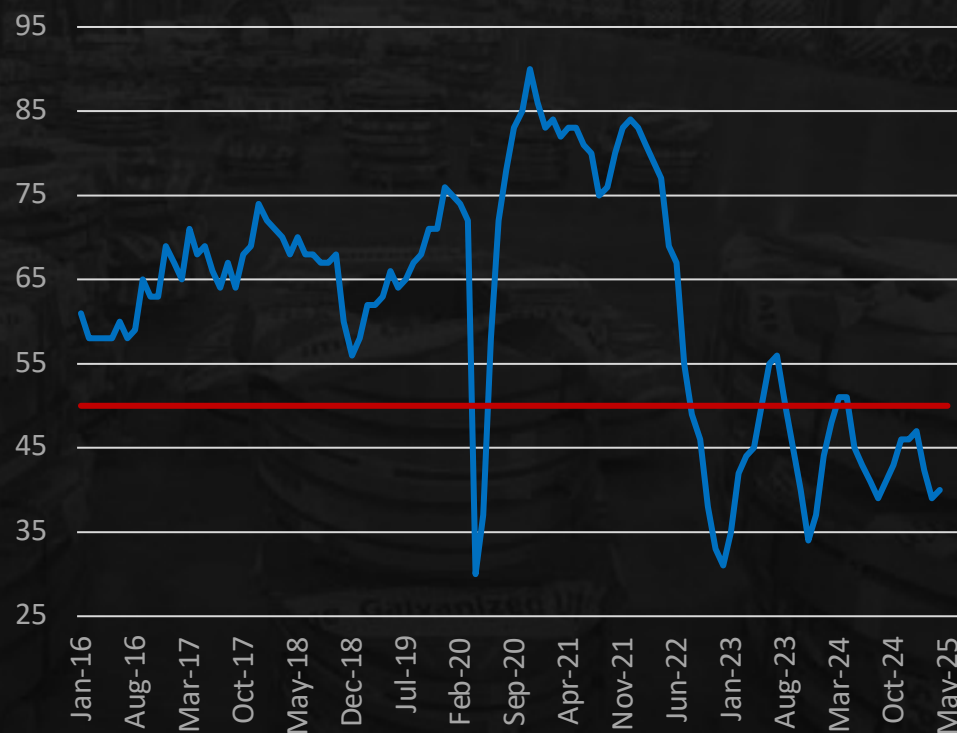
- The May Housing Market Index came in at 34, down from 40 in April and is at the lowest reading since November 2023.
- Any reading below 50 suggests increased pessimism, while any reading above 50 shows more optimism.

Within the index all three components showed increased pessimism, with the present situation and traffic components being the weakest at 37 and 23, respectively.

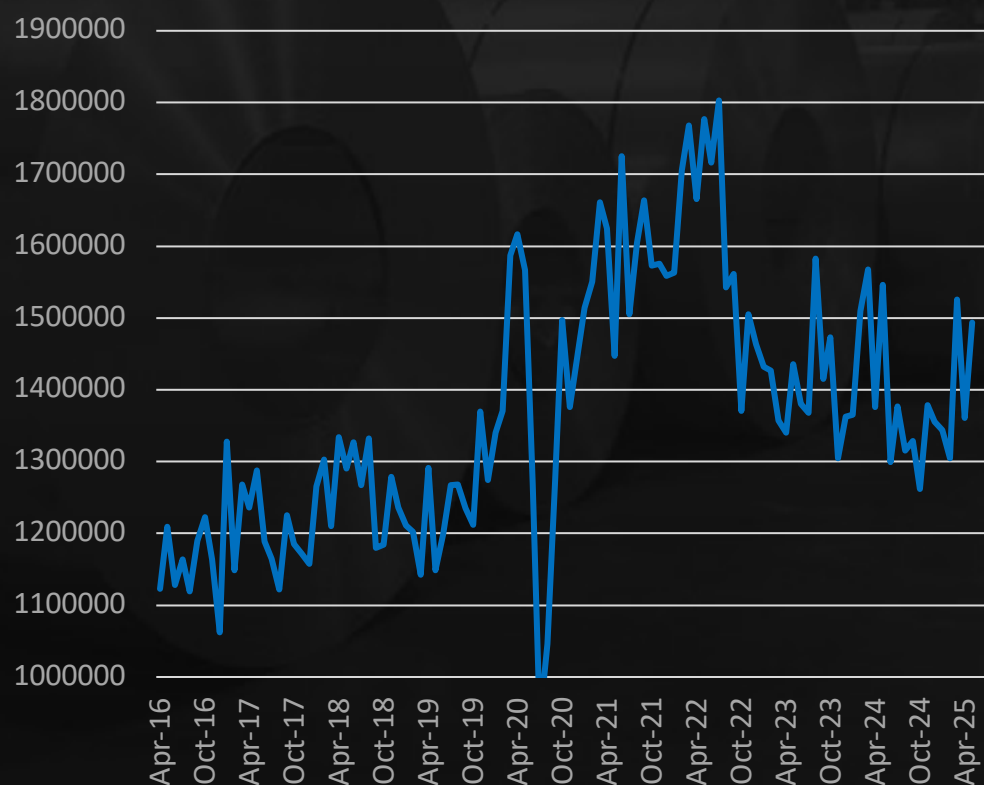
- The next 6 months outlook was weak as well, sliding to 42 in May.

Continued elevated interest rates, tariff uncertainty, higher material costs, labor concerns, and economic outlook uncertainty, all played a role in the negative outlook for residential construction.

HOUSING MARKET INDEX



NEW HOUSING STARTS (SAAR)



RESIDENTIAL CONSTRUCTION⁷

New residential construction starts increased in April after a strong drop in March.

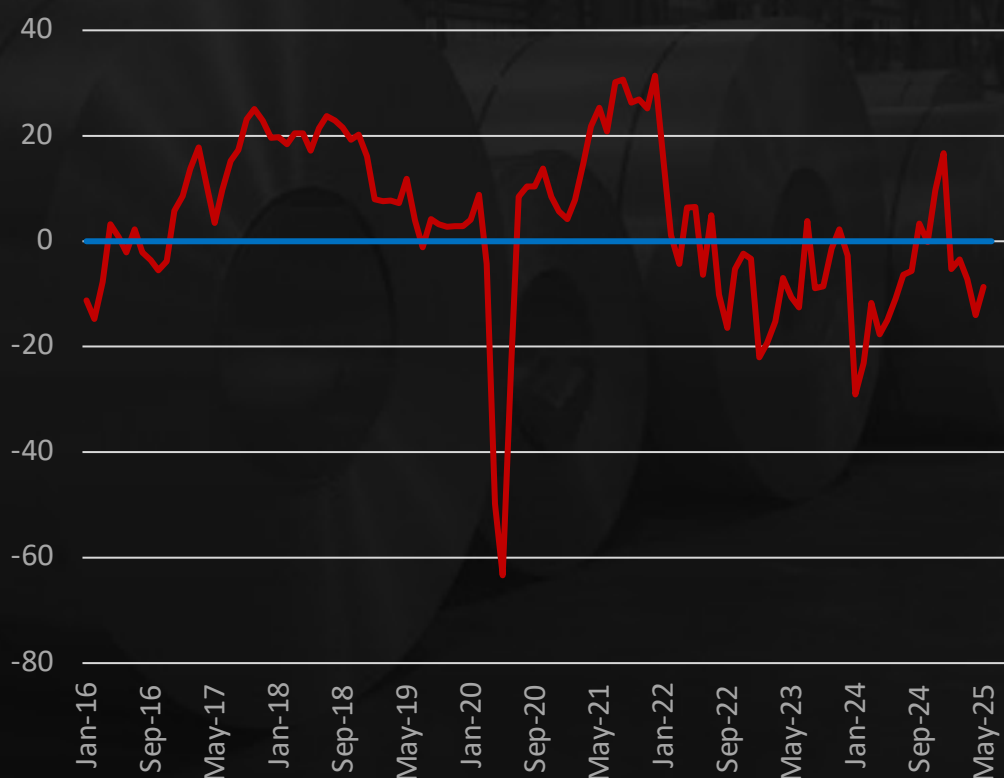
April new housing starts came in at a 1.361 million unit rate, up 1.6% from March but down 1.7% from the 1.385 million unit rate in April 2024.

- The bump in April starts came from a strong increase in multi-family starts.
- Single-family starts were off 2.1% from March and 12.0% from last April.
- This was the lowest monthly rate for single-family starts since July.

Permits, a leading indicator for future construction, slipped 4.7% from March to a 1.412 million unit rate.

- Permits were down 3.2% from last April, marking the thirteenth consecutive month with a y/y decline.

EMPIRE MANUFACTURING INDEX (2MMA)



⓪ EMPIRE MANUFACTURING INDEX⁸

Business activity from the manufacturing sector in the New York region continued to decline in May.

The May Empire Manufacturing Index came in at -9.2, down slightly from the -8.1 reading in April.

- The two-month average improved slightly to -8.7 but remained below 0.0 for the fifth consecutive month.
- Any reading below 0.0 shows a contraction in activity, while any reading above 0.0 shows expansion.

Both the new order and shipment components improved in May, climbing to 7.0 and 3.5, respectively.

- Unfilled orders improved slightly as well, climbing 0.7 points to 4.8.

The outlook from respondents continued to worsen in May as the index for future business conditions remained below 0.0 at -2.0.

DEMAND

⊖ INDUSTRIAL PRODUCTION/ CAPACITY UTILIZATION⁹

Industrial production was flat in April as declines in manufacturing and mining were offset by increases in utility output.

The index for manufacturing declined 0.4% in April after climbing 0.4% in March.

- Within manufacturing, durable goods production fell 0.2%.
- A sharp 1.9% decline in motor vehicle production and 1.0% decline in fabricated metal product production led downturn.

Overall capacity utilization slipped to 77.7%, 1.9% below the 50-year average

- Capacity utilization for manufacturing declined to 76.8%, 1.4% below the 50-year average.

MANUFACTURING INDUSTRIAL PRODUCTION



DEMAND

▼ TRACTOR & COMBINE SHIPMENTS¹⁰

April North American (U.S. and Canada) shipments of tractors and combines increased sharply compared to March but continued to lag behind year ago levels.

Shipments totaled 25,016 units, down 11.5% from the 28,251 unit total in April 2024.

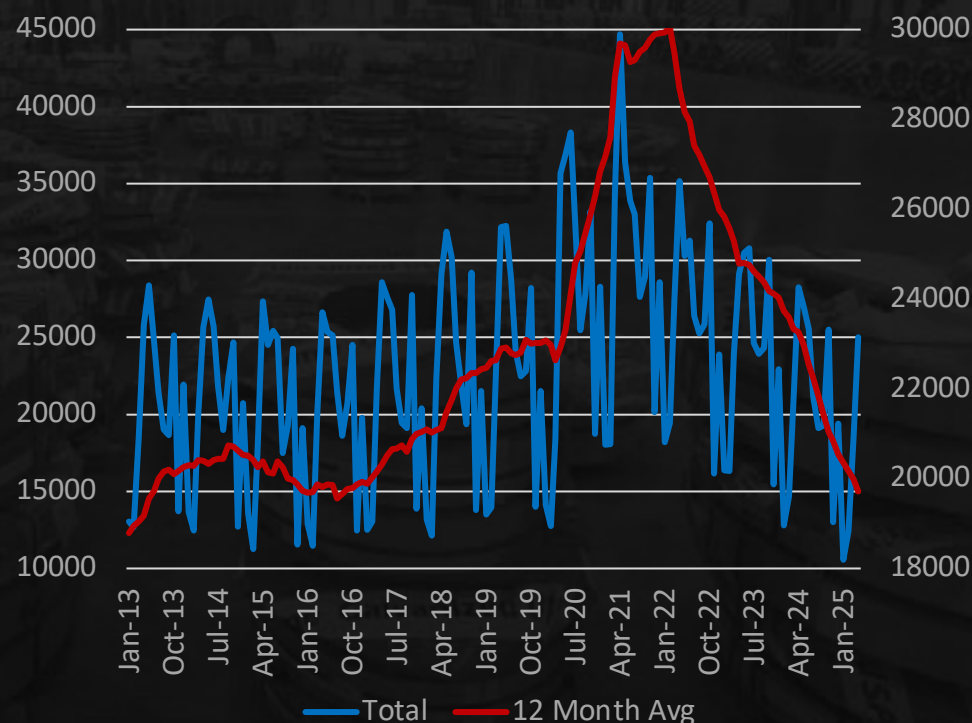
- This was the twenty-third consecutive month in which shipments declined on a y/y basis.

Looking on a year-over-year basis to help smooth seasonality, shipments of both tractors and combines declined.

- While tractor shipments were 11.1%, combine shipments were down a sharp 20.8%.

Year-to-date shipments are now down 13.1% compared to the same timeframe last year.

TRACTOR AND COMBINE SHIPMENTS



⊖ WEEKLY INITIAL JOBLESS CLAIMS¹¹

The number of Americans filing new claims for unemployment benefits was unchanged last week.

The Department of Labor's Weekly Initial Jobless Claims report came in at 229,000 claims, flat from the prior week.

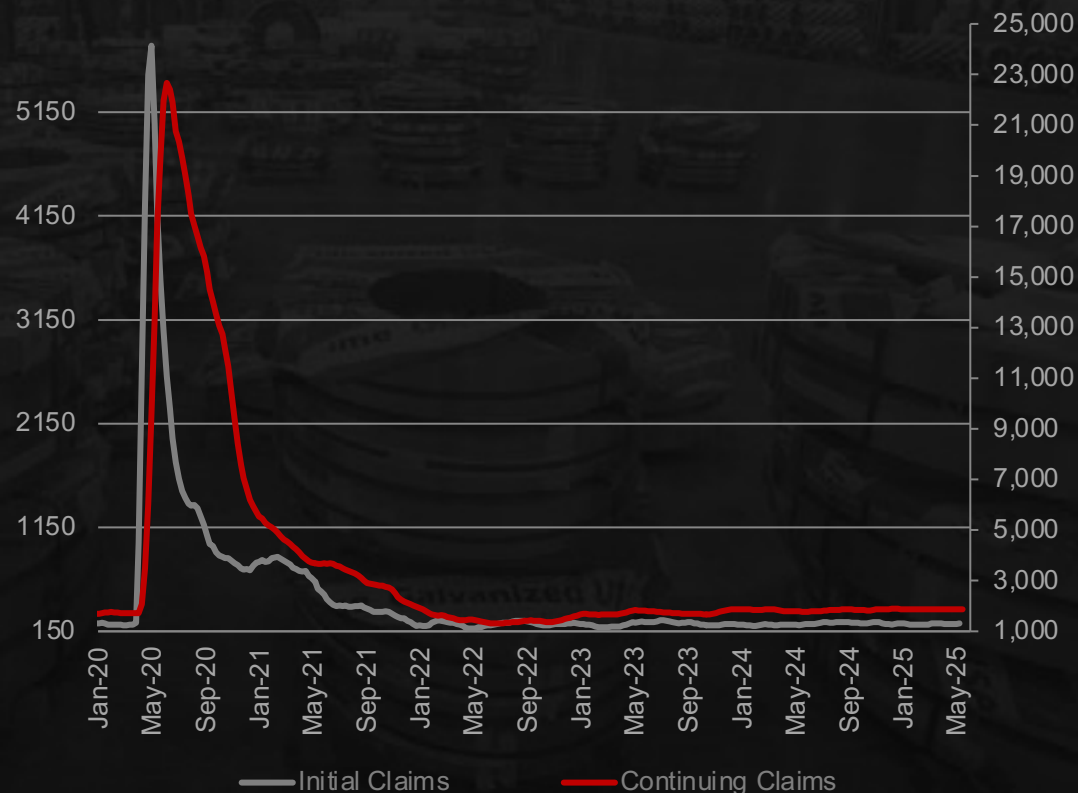
- The four-week moving average, considered a better measure of the labor market as it irons out week-to-week volatility, increased to 230,500.

Continuing claims, or claims lasting longer than one week, ticked up slightly.

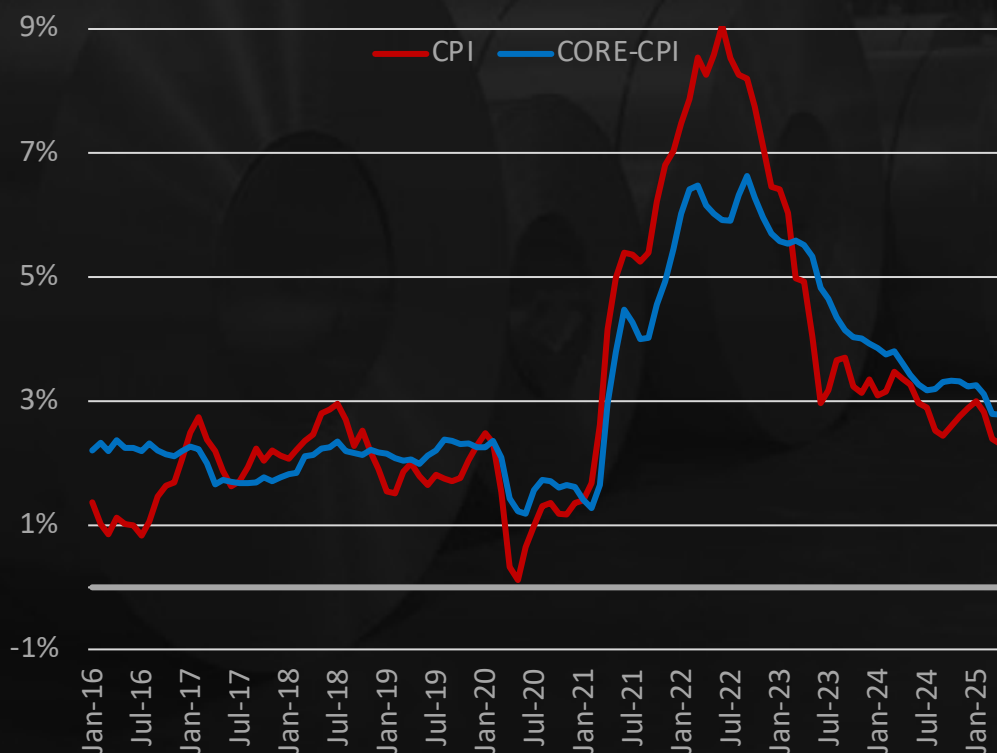
- Continuing claims came in at 1.881 million claims, up from 1.872 million claims previously.

Inflation hitting a four-year low and the recent 90-day pause on tariffs between China and the U.S. could boost the stagnant job market.

WEEKLY INITIAL JOBLESS CLAIMS



CONSUMER PRICE INDEX



⦿ CONSUMER PRICE INDEX¹²

Prices paid by U.S. consumers increased in April, however it was the smallest year-over-year increase in over four years.

The Consumer Price Index increased 0.31% from March and was up 2.31% from April last year.

- The index for shelter increased 0.3% in April, accounting for more than half of all monthly increases.

The index excluding food and energy increased at a slightly slower annual rate than in March.

- Over the last twelve months the shelter index increased 4.0%.
- Other indexes with notable increase over the last year include medical care (2.7%), motor insurance (6.4%), education (3.8%), and recreation (1.6%).
- Prices for durable goods increased slightly from March but were below year-ago levels for the twenty-ninth consecutive month.

ECONOMIC

▲ RETAIL SALES¹³

U.S. retail sales increased slightly in April after the sharp increase seen in March.

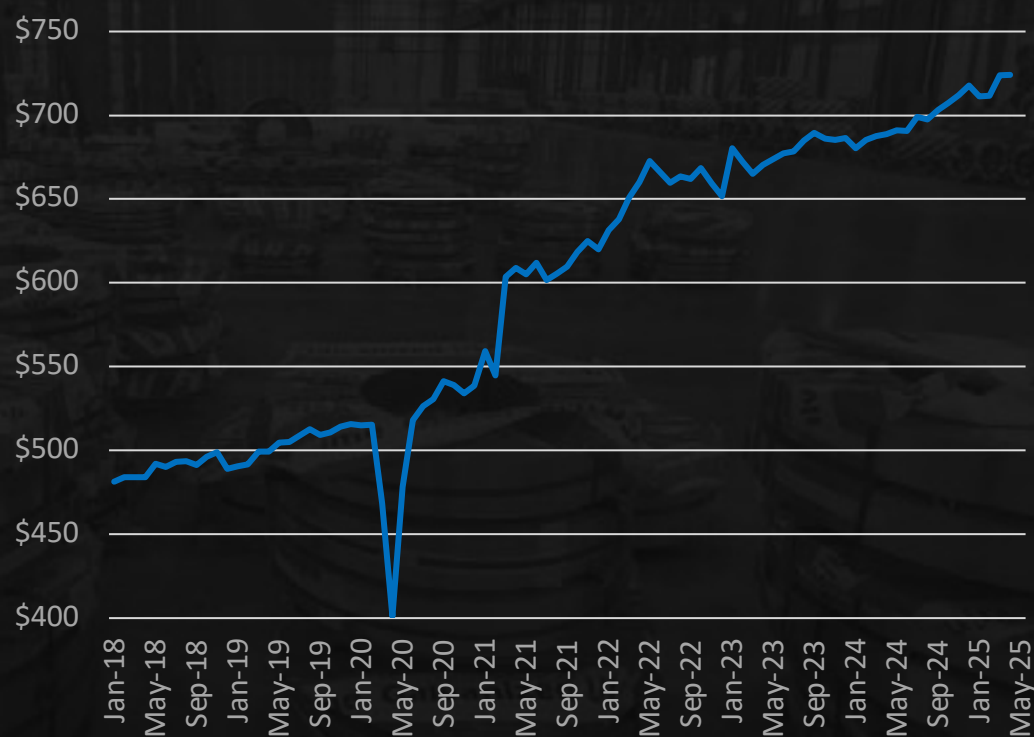
April retail sales came in at a \$724.1 billion rate, up 0.1% from March and up 5.2% from the \$688.6 billion rate in April 2024.

- The sharp y/y increase in April, matches March for the highest level since February 2023.

Excluding sales from gas stations sales were up 0.1% from March and 6.2% from April last year.

Increases in sales from building material & equipment stores, bars & restaurants, and online retailers helped to overcome declines from motor vehicle dealers, gas stations, sporting good stores, and department stores.

RETAIL SALES (SAAR)



SOURCES

- 1 Prime Scrap Cost, Market Conversations: Week ending May 16, 2025.
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- 3 London Metal Exchange, Weekly Zinc Price and Inventory Report: May 16, 2025.
Shanghai Futures Exchange, Weekly Zinc Inventory Report: May 16, 2025.
- 4 Platts, Coking Coal Price: May 16, 2025.
- 5 American Iron & Steel Institute, Weekly Domestic Steel Production: May 13, 2025.
- 6 National Association of Homebuilders, Housing Market Index: May 2025.
- 7 U.S. Census Bureau, New Residential Construction: April 2025.
- 8 Federal Reserve, Empire Manufacturing Index: May 2025.
- 9 Federal Reserve, Industrial Production/Capacity Utilization: April 2025.
- 10 Association of Equipment Manufacturers, Tractor/Combine Shipments: April 2025.
- 11 Department of Labor, Weekly Initial Jobless Claims: May 15, 2025.
- 12 Bureau of Labor Statistics, Consumer Price Index: April 2025.
- 13 U.S. Census Bureau, Retail Sales: April 2025.

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