



MAJESTIC
STEEL USA

CORE REPORT

07.18.25

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

12

- ⬆ employment
- ⬆ inflation
- ⊖ confidence
- ⬆ retail sales
- ⊖ trucking costs



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**MAJESTIC
STEEL USA**

COST

▲ SPOT IRON ORE¹

Spot iron ore increased again this week to the highest level since mid-May.

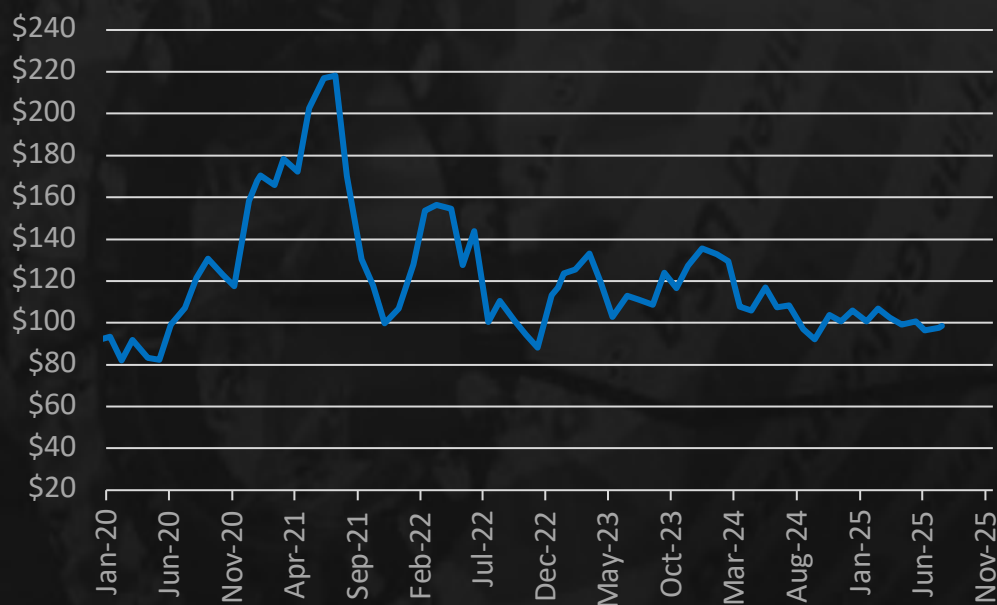
Spot iron ore pricing ended the week at \$98.45/mt, up from \$97.50/mt a week ago.

- This is up 6% over the last two weeks and approaching \$100/mt for the first time since May.

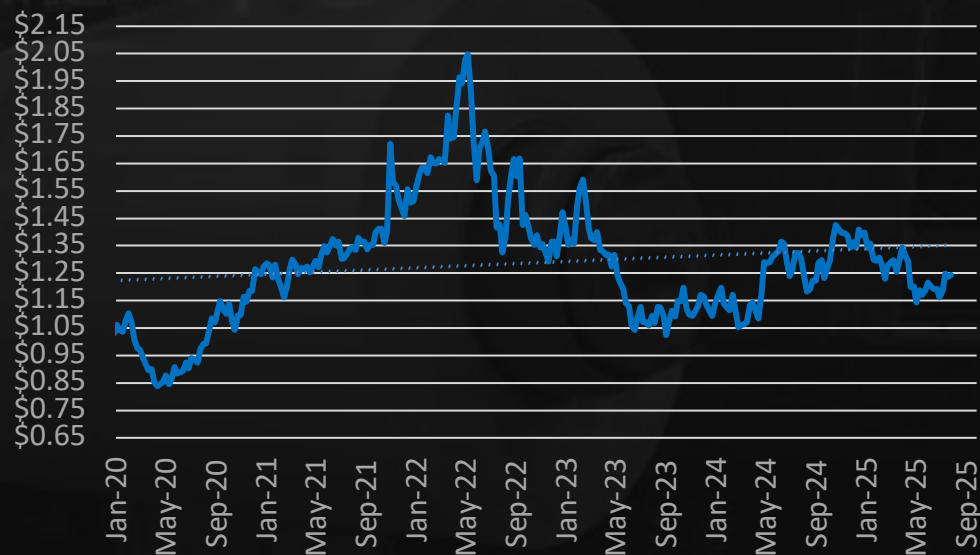
Increased demand from the Chinese construction sector along with government stimulus measures likely contributed to the increase.

- Construction starts in China surprisingly rose 0.8% in the second quarter.

IRON ORE COST



WEEKLY ZINC PRICING



Zinc pricing increased again this week to the highest level since late-March.

Zinc pricing ended the week at \$2,780/mt (\$1.261/lb), up from \$2,742/mt (\$1.244/lb) previously.

- Despite the increase, the potential for new tariffs ranging from 25% to 40%, along with the threat of an additional 10% tariff on the BRICS nations, has created volatility and raised fears of slower industrial activity.

Global zinc inventory increased after sliding the previous five weeks.

- LME warehouse inventory increased for the first time in twelve weeks, spiking from 105,600 metric tons to 121,475 metric tons.
- Shanghai warehouse inventory increased as well, climbing from 49,981 metric tons to 54,630 metric tons.

COST

▼ COKING COAL³

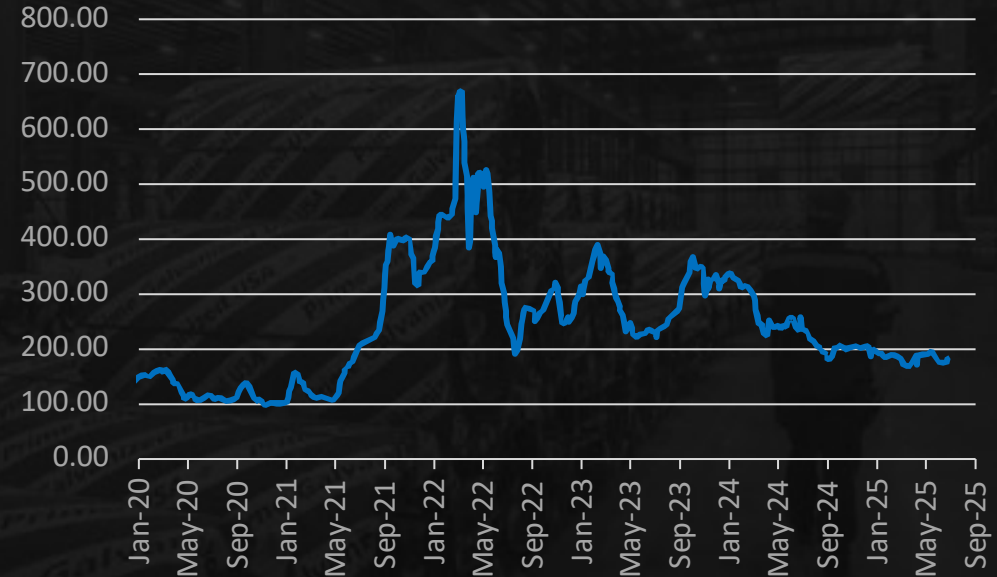
Coking coal pricing slipped again this week, now down seven out of the last eight weeks.

Coking coal settled at \$172/mt, down from \$177.50/mt last week.

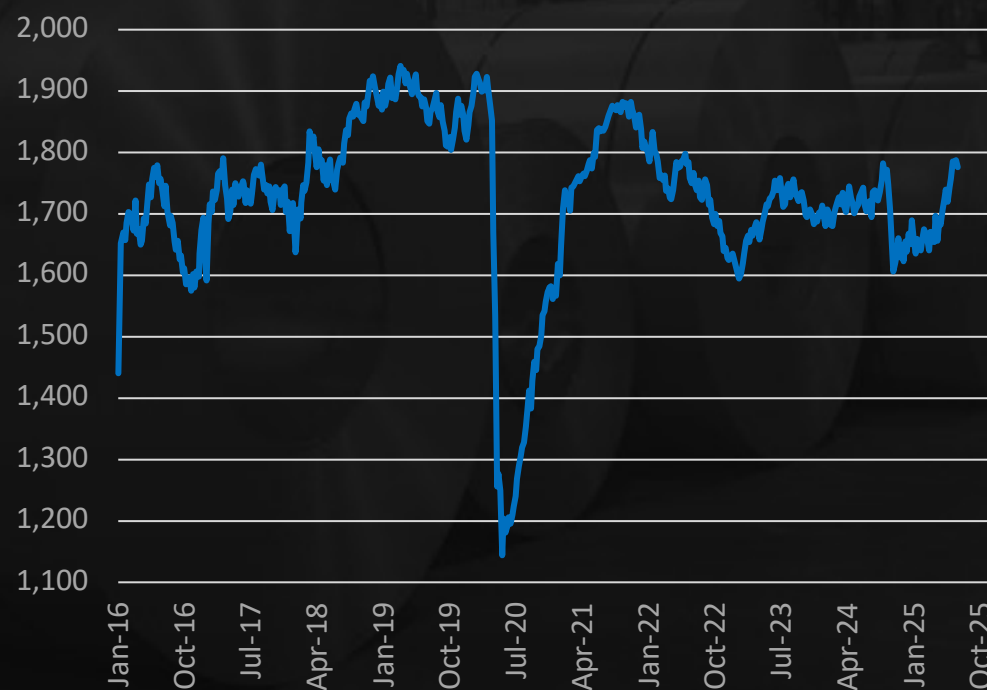
- This is down 11.9% from the recent peak in May.

Australian shipments dropped 4% in the first half of the year, partly due to the key Queensland coal ports experiencing a decline in exports in February, coinciding with heavy rainfall.

COKING COAL PRICE



WEEKLY DOMESTIC PRODUCTION



WEEKLY DOMESTIC STEEL PRODUCTION⁴

Domestic raw steel production increased slightly again last week remaining near a three-year high.

U.S. mills produced an estimated 1,783k tons at a 78.7% utilization rate; this is up from 1,781k tons and a 78.6% rate previously.

- Domestic production has now increased ten out of the last thirteen weeks after the announcement of Section 232 tariffs.

Production decreased slightly in four of the five regions but was offset by a large increase in the Great Lakes region.

- Production from the Great Lakes region rose from 563k tons to 570k tons.

Year-to-date production remains nearly flat from last year, down 0.5% year-over-year.

DEMAND

⓪ LIGHT VEHICLE ASSEMBLIES⁵

U.S. light vehicle assemblies slowed slightly in June, which is typical during the seasonal summer slowdown.

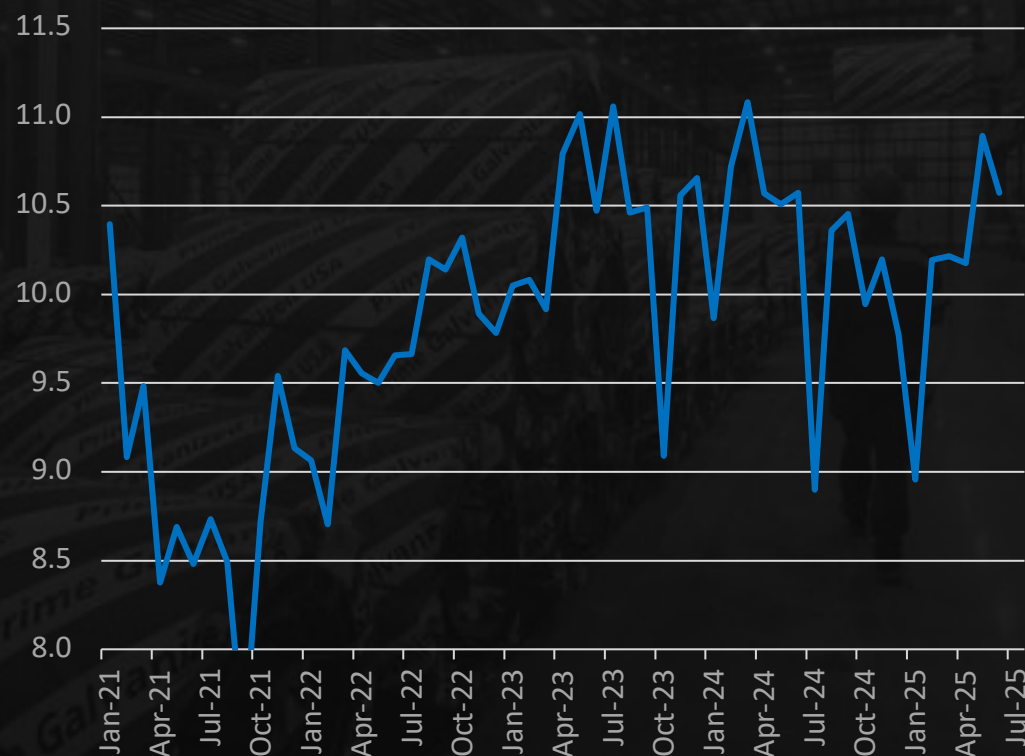
June light vehicle assemblies came in at a 10.57 million unit rate, down 3.0% from May but flat from the rate last June and up slightly from the June 2023 assembly rate.

- The three-month average increased to a 10.55 million unit rate, the highest three-month average since last Q2.

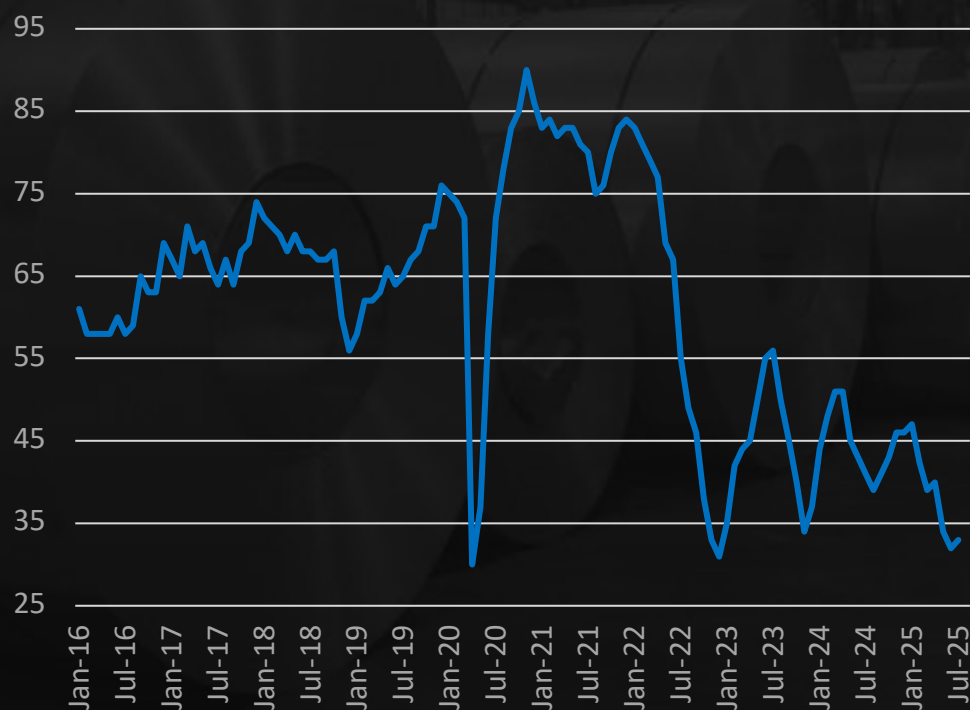
The average assembly rate for the first half of 2025 was at a 10.17 million unit rate, down from the 10.55 million unit rate during the first half of last year.

- The weak Q4 assembly rate that bled into January negatively weighed on the first half average.

U.S. LIGHT VEHICLE ASSEMBLIES (SAAR)



HOUSING MARKET INDEX



HOUSING MARKET INDEX⁶

Confidence among U.S. homebuilders showed slight improvement in July but remained well into negative territory.

The July Housing Market Index came in at 33, up slightly from 32 in June but below 50 for the fifteenth consecutive month.

- Any reading below 50 shows increased pessimism, while any reading above 50 shows optimism.

Within the overall index, the current sales and sales expectations components improved slightly, climbing to 36 and 43, respectively.

- The traffic component continued to decline, sliding to 20, the lowest reading since the end of 2022.

Continued higher than desired interest rates, combined with uncertainty around both the economy and policy, acted as headwinds in July.

DEMAND

RESIDENTIAL CONSTRUCTION⁷

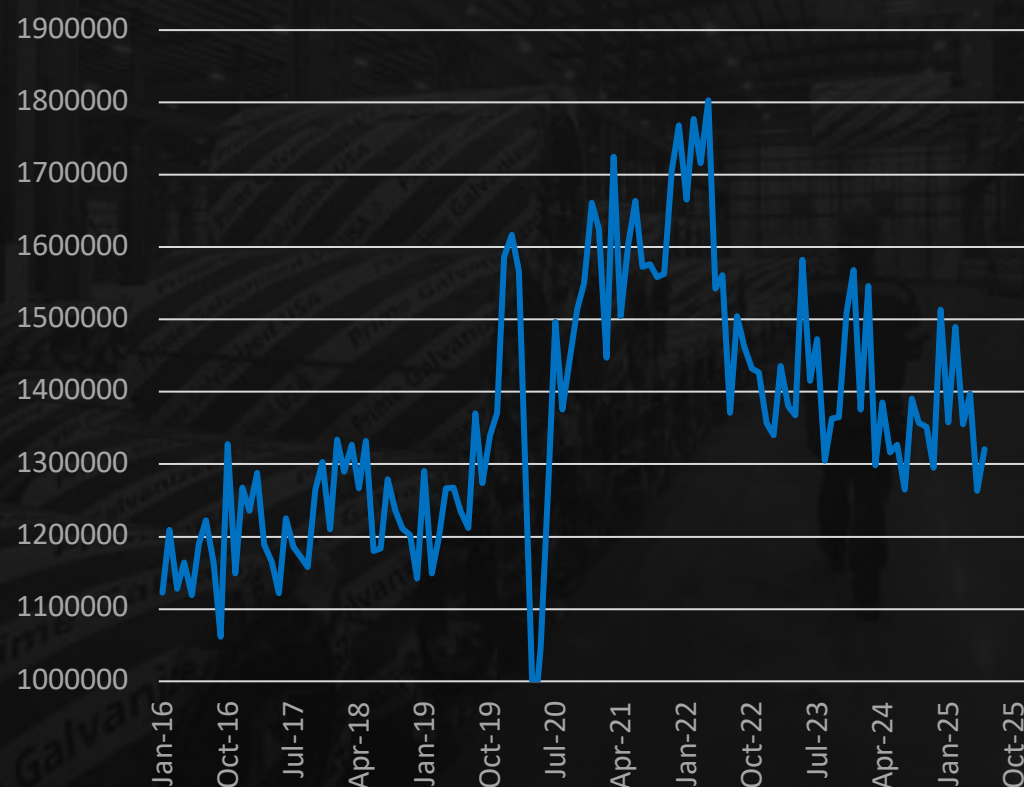
New residential construction improved in June after sliding the previous two months.

June new housing starts came in at a 1.321 million unit rate, up 4.6% from May.

- New housing starts continued to sliding on a year-over-year basis however, sliding 0.5% from the 1.327 million unit rate in June 2024.
- This was the second consecutive month in which starts declined compared to the previous year.
- A strong bump in single-family unit starts were enough to overcome the decline in multi-family unit starts.

Permits, an indicator for future construction, were up slightly from May but were down 4.4 % from last June.

NEW HOUSING STARTS (SAAR)



DEMAND

▲ HVAC EQUIPMENT SHIPMENTS⁸

Shipments of HVAC equipment shipments increased in May after a sharp decline in April.

Shipments totaled 1.947 million units, up 3.6% from April but was down 0.9% from 1.965 million units in June 2024.

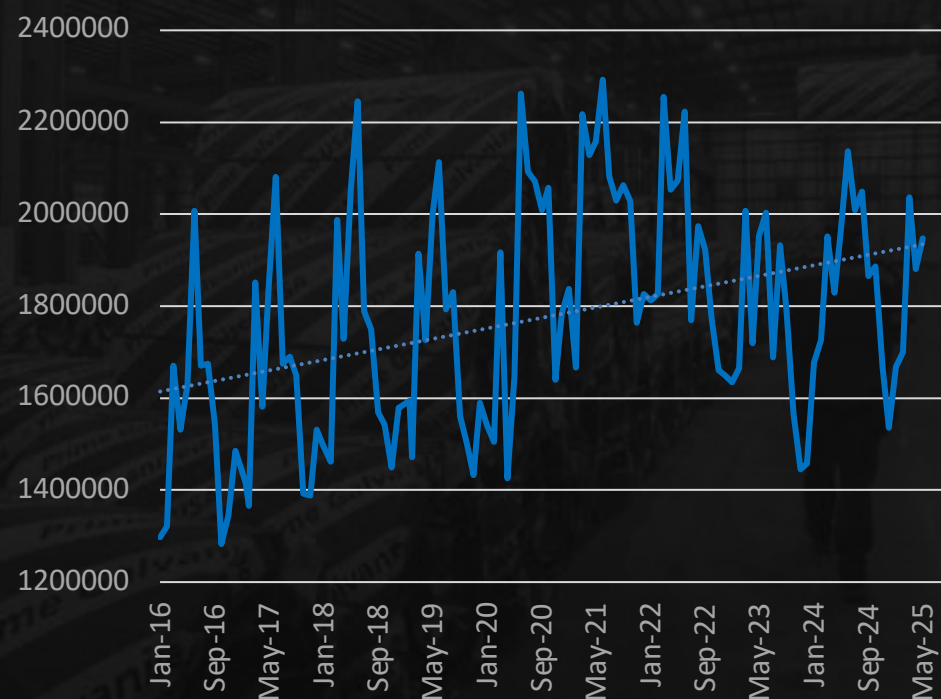
- This was the first year-over-year decline in shipments since February.

Looking on a year-over-year basis to help smooth seasonality, shipments of both water heaters and furnaces increased, climbing 2.0% and 5.6%, respectively.

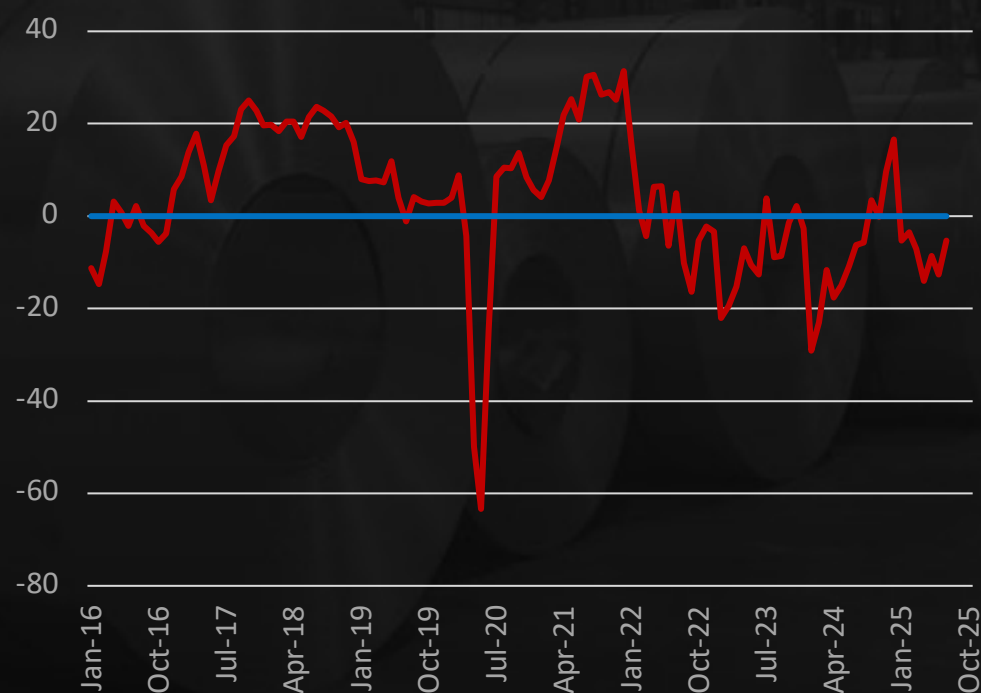
- A/C & heat pump shipments slipped however, sliding 5.4% from last May.

Year-to-date shipments are now up 0.9% compared to the first five months of last year.

HVAC EQUIPMENT SHIPMENTS



EMPIRE MANUFACTURING INDEX (2MMA)



ⓘ EMPIRE MANUFACTURING INDEX⁹

Business activity, from the manufacturing sector in the New York region, increased in July after a sharp slowdown in June.

The July Empire Manufacturing Index came in at 5.5, up over 21 points from the -16.0 reading in June.

- The two-month average improved to -5.3 but was still below 0.0 for the seventh consecutive month.
- Any reading below 0.0 shows contraction, while any reading above 0.0 indicates expansion.

Both new orders and shipments increased sharply in July while unfilled orders declined at a slightly slower rate.

The index for future general business conditions increased to 24.1, suggesting businesses expect activity to increase in the months ahead.

DEMAND

⦿ INDUSTRIAL PRODUCTION/ CAPACITY UTILIZATION¹⁰

After holding steady the previous two months, industrial production increased in June.

The June Industrial Production Index came in at 104.0, up 0.3% from May and up 0.7% from last June.

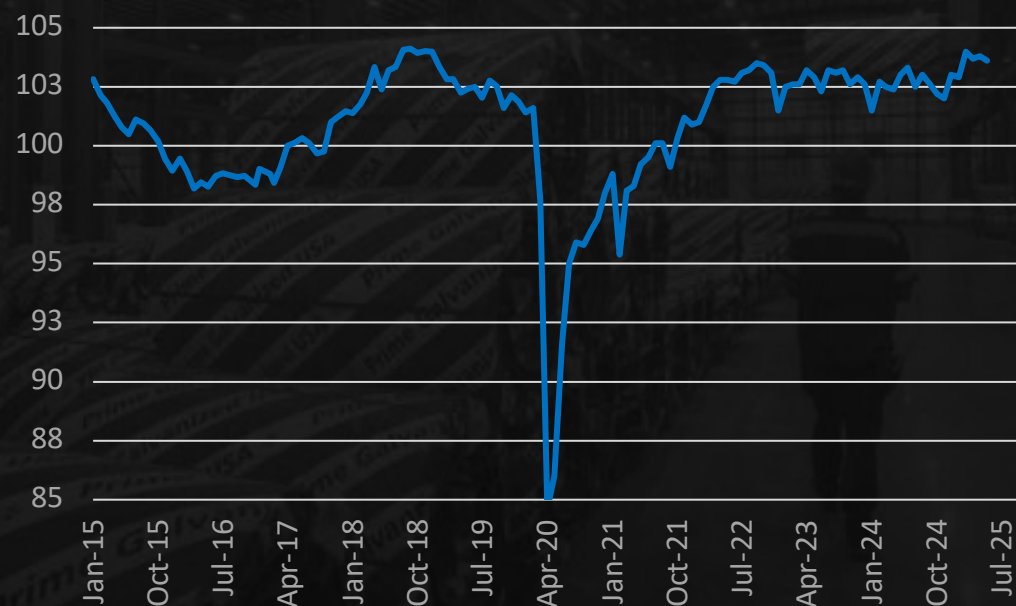
Output from the manufacturing sector increased 0.1% after a 0.3% increase in May.

- For Q2, manufacturing output was up 2.1% at an annual rate.
- In June, the output of durable goods was unchanged as the boost in primary metal and aerospace output overcame declines in appliance and motor vehicle output.

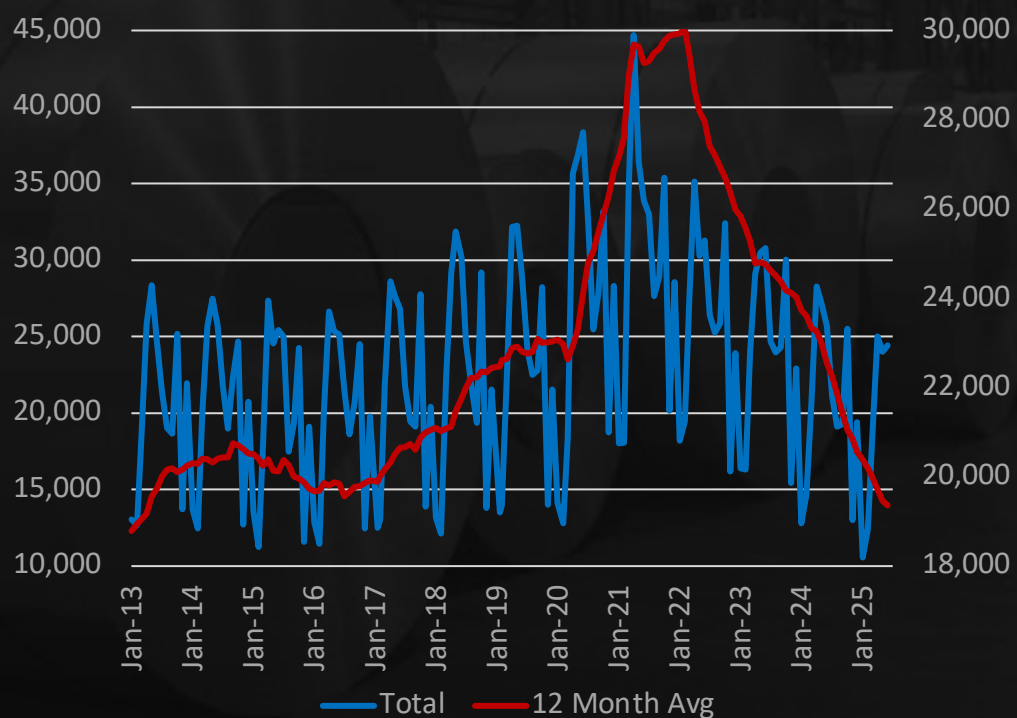
Overall capacity utilization increased to 77.6%, while manufacturing utilization increased to 76.9%.

- Despite the increase in manufacturing utilization, the current rate remains 1.3% below the 50-year average.

MANUFACTURING INDUSTRIAL PRODUCTION



TRACTOR & COMBINE SHIPMENTS



① TRACTOR & COMBINE SHIPMENTS¹¹

Shipments of North American (USA & Canada) totaled 24,424 units in June, up 1.8% from May.

- Shipments continued to slide on a y/y basis however, slipping 4.8% from 25,658 units in June 2024.
- This was the thirty-ninth y/y decline in the last forty months.

While tractor shipments were up from May, combine shipments declined sharply.

- Tractor shipments were up 2.3%, while combine shipments decline 21.6% from May.

Year-to-date shipments are now down 11.1% compared to the first six months of last year.

▼ WEEKLY INITIAL JOBLESS CLAIMS¹²

The number of Americans filing new claims for unemployment benefits ticked down once again to a three-month low.

The Department of Labor's Weekly Initial Jobless Claims report came in at 221,000 claims, down from 228,000 claims previously.

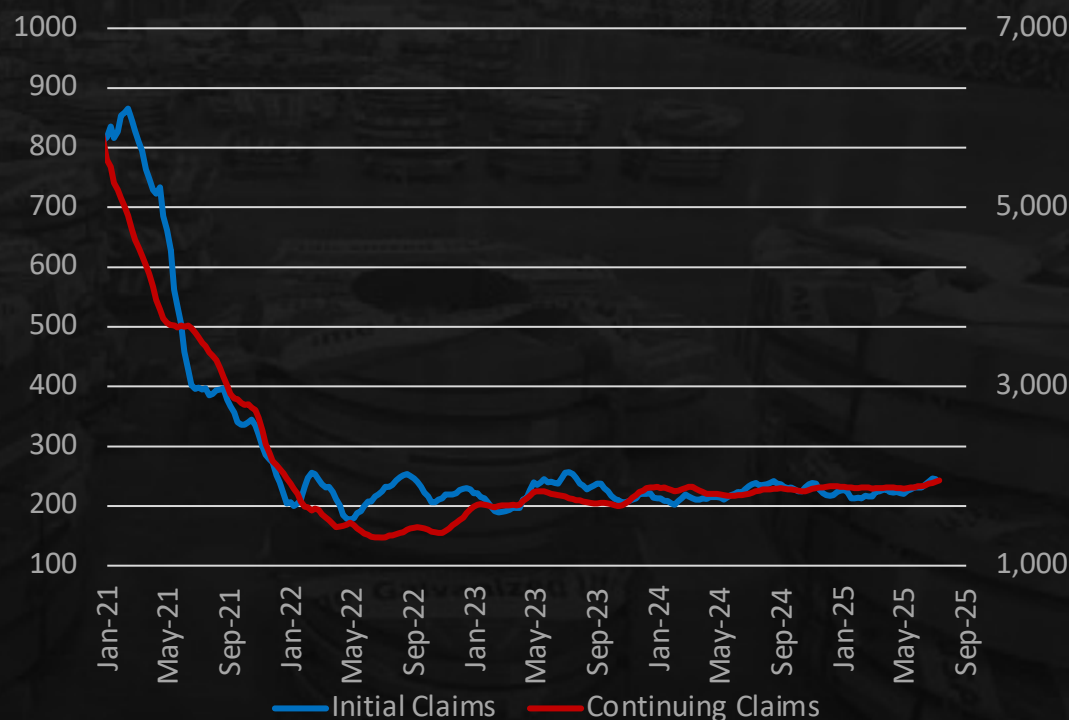
- The four-week moving average, considered a better measure of the labor market as it irons out week-to-week volatility, decreased to 229,500.

Continuing claims, or claims lasting longer than one week, increased slightly.

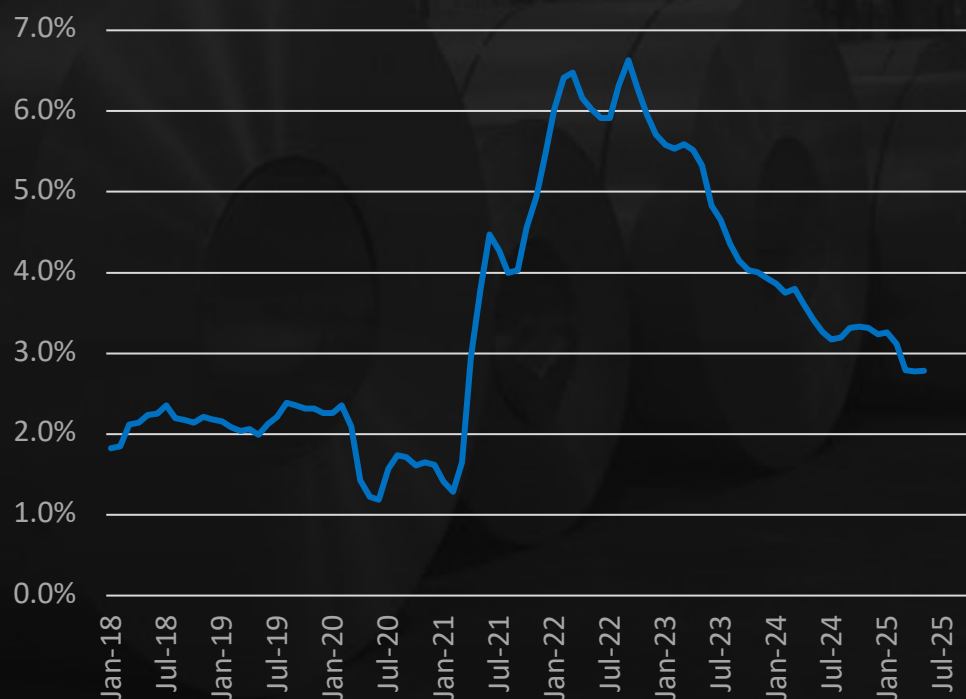
- Continuing claims came in at 1.956 million claims, up slightly from 1.954 millions claims previously.

While layoffs remain low, uncertainty around higher tariffs from a range of countries, including Mexico, Japan, Canada, Brazil, and the European Union is keeping hiring in check.

WEEKLY INITIAL JOBLESS CLAIMS



CONSUMER PRICE INDEX - CORE



Ⓐ CONSUMER PRICE INDEX¹³

Prices paid by consumers increased slightly in June, climbing 0.3% from May.

- Over the last 12 months, prices for all items increased 2.67%, up from the 2.53% increase in May.
- Despite the uptick, the increase remains below 3.0% for the fifth consecutive month.

Excluding food and energy, prices increased 0.2% from May after a slower 0.1% increase previously.

- Prices over the last 12 months increased 2.90% compared to the 2.79% increase in May.
- The shelter index increased 3.8% over the last year, with other increases coming from medical care (+2.8%), motor vehicle insurance (+6.1%), and household furnishings (+3.3%).

Prices for durable goods increased 0.51% from May after a 0.21% increase last month.

▲ RETAIL SALES¹⁴

After sliding the previous two months, retail sales rebounded in June.

June retail sales came in at a \$720.1 billion annual rate, up 0.6% from May and up 3.9% from the \$692.9 billion annual rate in June 2024.

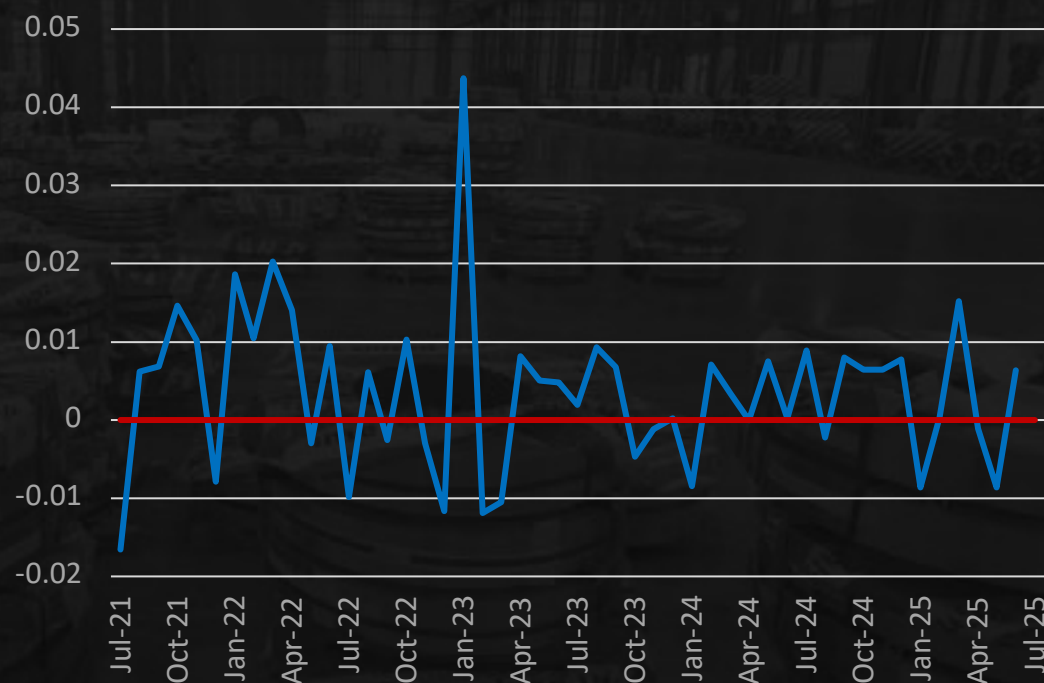
- Excluding sales from gasoline stations, total sales were up 0.7% from May to a \$669.8 billion rate.

The largest month-over-month increases, in sales, came from motor vehicle dealers, building material & garden stores, clothing stores, and miscellaneous stores.

- These increases more than overcame the declines seen in sales at department stores and electronic stores.

Year-to-date actual sales are up 3.2% compared to the same timeframe last year.

RETAIL SALES M/M



SOURCES

- 1 Platts, Spot Iron Ore: July 11, 2025.
- 2 London Metal Exchange, Weekly Zinc Price and Inventory Report: July 11, 2025.
Shanghai Futures Exchange, Weekly Zinc Inventory Report: July 11, 2025.
- 3 Platts, Coking Coal Price: July 11, 2025.
- 4 American Iron & Steel Institute, Weekly Domestic Steel Production: July 8, 2025.
- 5 WardsAuto, U.S. Light Vehicle Assemblies, June 2025.
- 6 National Association of Homebuilders, Housing Market Index: July 2025.
- 7 U.S. Census Bureau, New Residential Construction: June 2025.
- 8 A/C Heating & Refrigeration Institute, HVAC Equipment Shipments: May 2025.
- 9 Federal Reserve, Empire Manufacturing Index: July 2025.
- 10 Federal Reserve, Industrial Production/Capacity Utilization: June 2025.
- 11 Association of Equipment Manufacturers, Tractor & Combine Shipments: June 2025.
- 12 Department of Labor, Weekly Initial Jobless Claims: July 17, 2025.
- 13 Bureau of Labor Statistics, Consumer Price Index: June 2025.
- 14 U.S. Census Bureau, Retail Sales: June 2025.

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