MAJESTIC STEEL USA

CORE REPORT 08.22.25

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- energy
- zinc
- coking coal

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COST

SPOT IRON ORE[1]

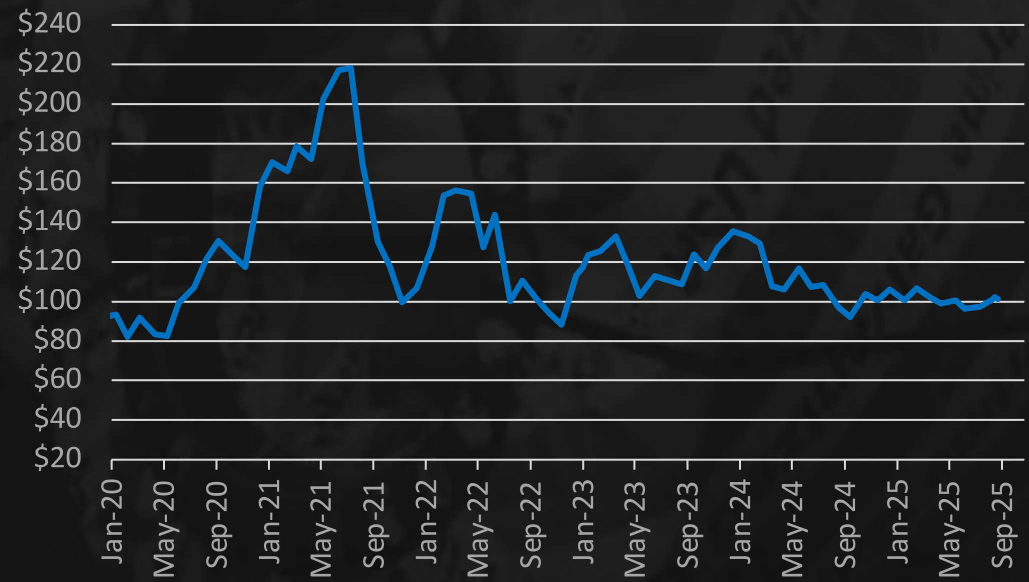
Spot iron ore dropped slightly this week after climbing the previous six weeks.

Spot iron ore pricing ended the week at $101.30/mt, down from $102.20/mt a week ago.

- Despite the drop, this is still up 5% from the recent bottom in early June.

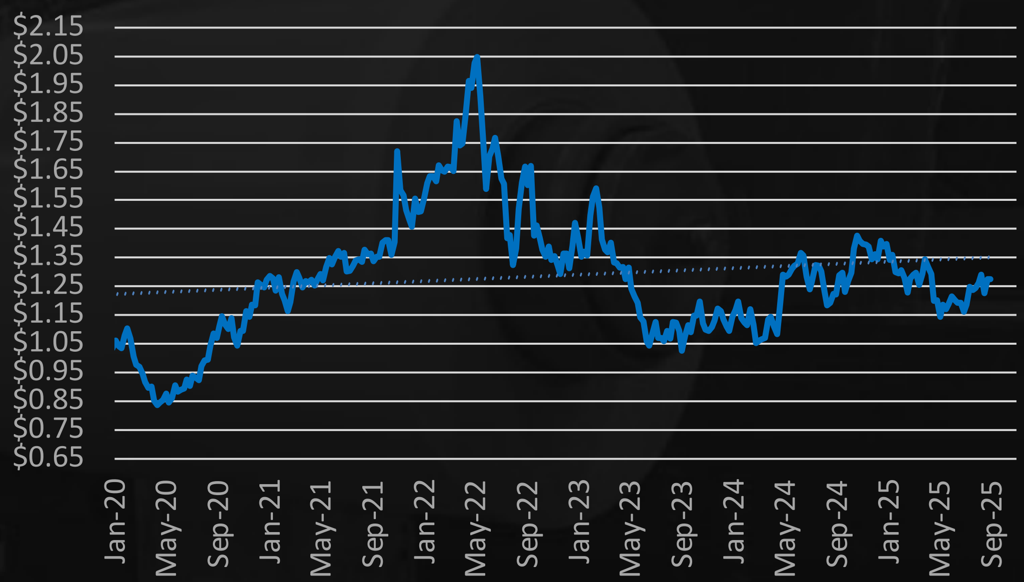
Iron ore pricing has been on an upward trend as China ramps up construction and infrastructure projects, however most large projects are being paused ahead of holidays in early September.

IRON ORE COST



ZINC[2]

WEEKLY ZINC PRICING



Zinc pricing ticked down slightly this week after a flat settlement the week prior.

Zinc pricing ended the week at $2,771.50/mt ($1.257/lb), down from $2,811/mt ($1.275/lb) previously.

- Zinc pricing eased this week due to weaker manufacturing activity in China and an unexpectedly high U.S. Producer Price Index report.

Global zinc inventory dropped slightly, now down three out of the last four weeks.

- LME warehouse inventory decreased again to the lowest level since September 2023, sliding from 77,450 metric tons to 69,375 metric tons.
- Shanghai warehouse inventory increased again however, climbing from 76,803 metric tons to 77,838 metric tons.

COKING COAL[3]

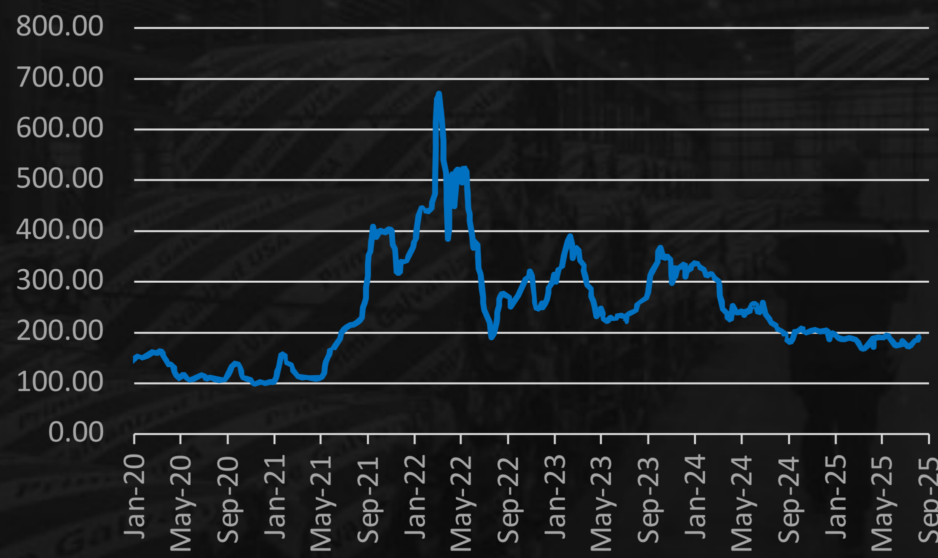
Coking coal pricing decreased slightly this week after hitting the highest price since May.

Coking coal settled at $187.50/mt, down from $191.40/mt the week prior.

- This is down 2% after climbing 8.5% over the previous two weeks.

Steel production cuts and a pause on large construction projects in China was a headwind for steelmaking inputs this week.

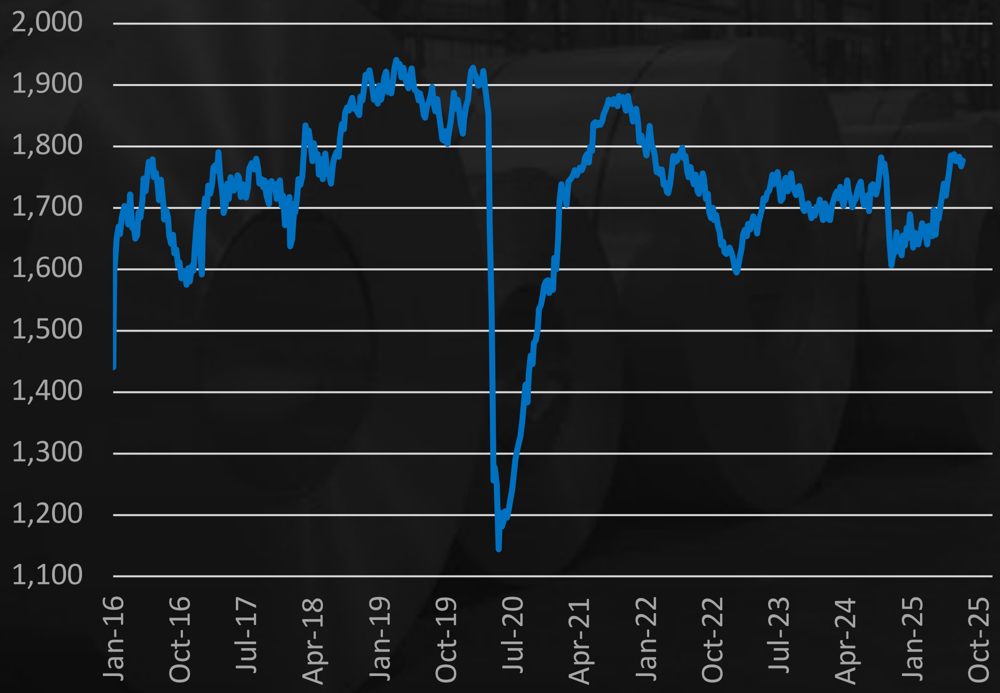
COKING COAL PRICE



SUPPLY

WEEKLY DOMESTIC STEEL PRODUCTION[4]

WEEKLY DOMESTIC PRODUCTION



Domestic raw steel production dropped slightly last week after hitting the highest weekly output since January of 2022 the week prior.

U.S. mills produced an estimated 1,774k tons at a 78.3% utilization rate; this is down from 1,800k tons and a 79.5% rate previously.

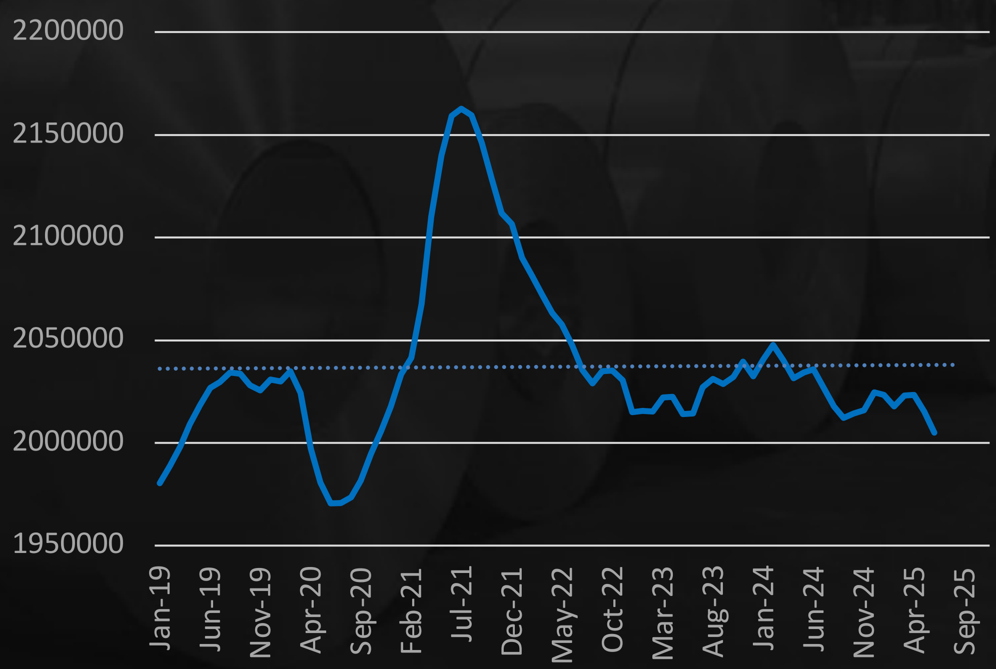
- Despite the decrease, production is still up five out of the last seven weeks.

Production dropped in four of the five regions, with the largest decrease (in tons) coming from the Northeast region.

- Production from the Northeast region slipped from 128k tons to 118k tons.

Year-to-date production remains nearly flat from last year, down 0.06% year-over-year.

GLOBAL STEEL PRODUCTION (R12)



GLOBAL STEEL PRODUCTION[5]

After a slight increase in June, global steel production declined on a daily rate in July.

July global steel production came in at a 4.843 million mt daily rate, down 4.8% from June and down 1.3% from last July.

- This was the third consecutive month in which production declined on a year-over-year basis.

Chinese production saw a sharp 7.3% decline in July, sliding to a 2.570 million mt daily rate, marking the fourth consecutive decline.

- Production from the rest of the world, declined 1.8% to a 2.273 million mt daily rate, with NAFTA daily production sliding 0.9% from June.

Year-to-date total production is now down 1.7% compared to the first seven months of last year.

LIGHT VEHICLE ASSEMBLIES[6]

U.S. light vehicle assemblies continued to slow in July, mainly due to the seasonal shutdowns.

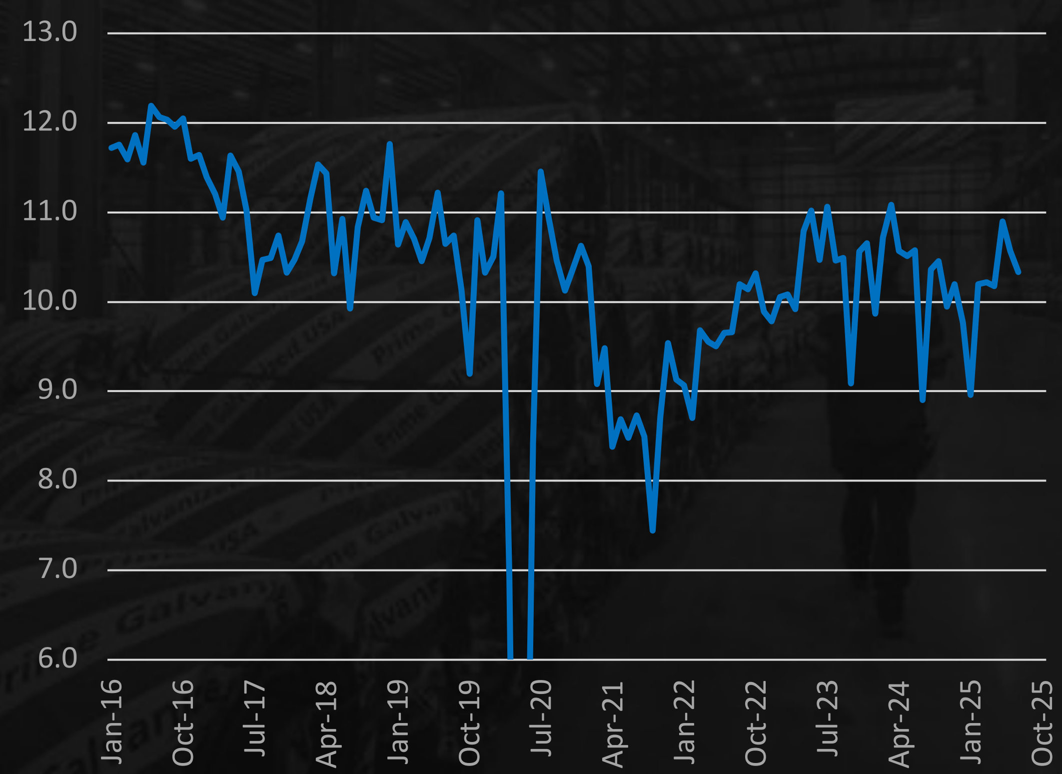
U.S. light vehicle assemblies came in at a 10.33 million unit rate, down 2.3% from June but were up 16.1% from the 8.90 million unit rate in July 2024.

- Despite the recent m/m declines, assemblies were up on a y/y basis for the third consecutive month.

The three-month average came in at a 10.60 million unit rate, the highest level since May 2024.

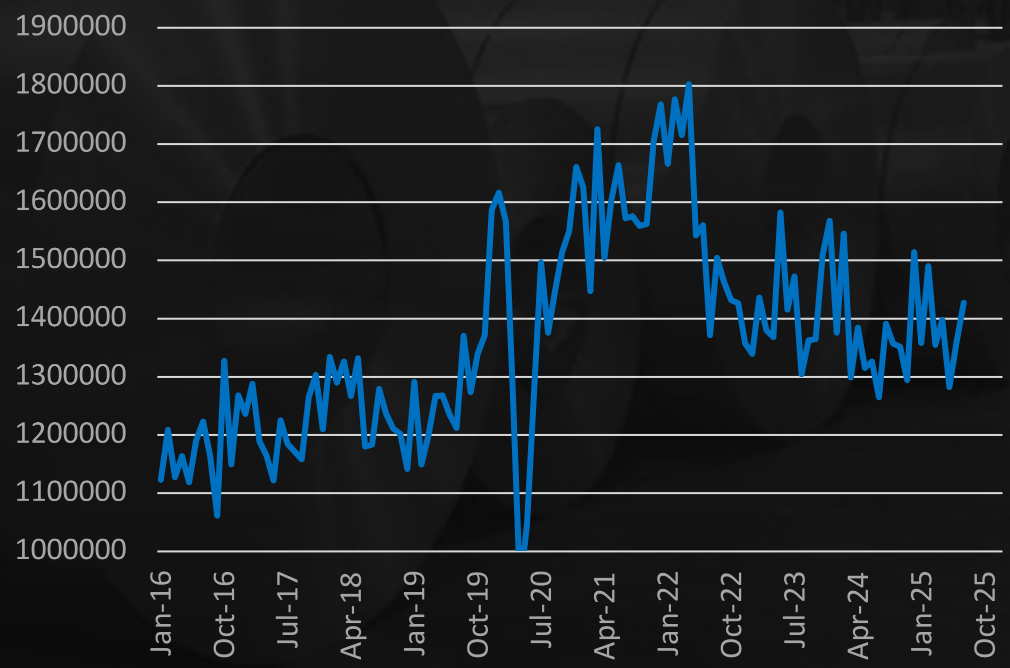
- The year-to-date average of 10.19 million units, is down slightly from the average from the same timeframe last year (10.33 million units).

U.S. LIGHT VEHICLE ASSEMBLIES



RESIDENTIAL CONSTRUCTION[7]

NEW HOUSING STARTS (SAAR)



New housing starts increased sharply in July on the back of stronger apartment complex starts.

New housing starts came in at a 1.428 million unit rate, up 5.2% from June and up 12.9% from the 1.265 million unit rate last July.

- The jump in July starts comes on the back of upwardly revised readings in both May and June.

Year-to-date new housing starts are now down 4.1% compared to the same timeframe last year.

Permits, an indicator for future construction, continued to slide however, now down for the fourth consecutive month.

- New permits came in at a 1.354 million unit rate, down 2.8% from June and the lowest rate since peak pandemic disruption in 2020.

DEMAND

HOUSING MARKET INDEX[8]

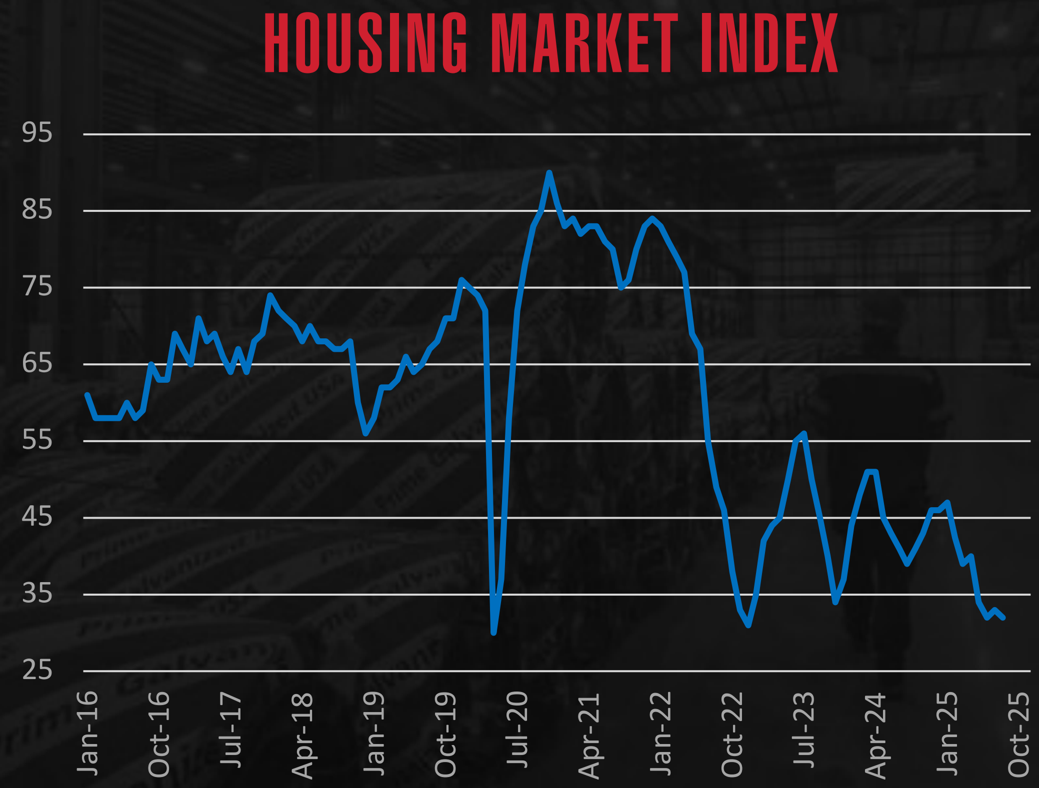
Confidence of U.S. homebuilders continued to worsen in August, matching its lowest level since early 2012.

The Housing Market Index came in at 32, down slightly from the 33 reading in July.

- Any reading below 50 shows increased pessimism, while any reading above 50 shows optimism.
- Builder sentiment has now been in negative territory for 16 consecutive months.

Affordability continues to be the biggest concern as buyers continue to wait for mortgage rates to decline.

Regionally, while all four remain in pessimism territory, the West (24) and South (29) remain the weakest.



DEMAND

EXISTING HOME SALES (SAAR)

EXISTING HOME SALES[9]

After sliding two of the previous three months, existing home sales increased in July.

Existing home sales came in at a 4.010 million unit rate, up 2.0% from June and up 0.8% from the 3.980 million unit rate last July.

- This was the largest y/y increase since January.

The inventory of unsold existing homes at the end of July was 1.550 million units, up 0.6% from June and up 15.7% from 1.340 million units at the end of last July.

- The current inventory, when combined with July's sales pace, equates to 4.6 months of supply.

- This is down slightly form 4.7 months in June but above the five-year average of 3.0 months.

ECONOMIC

WEEKLY INITIAL JOBLESS CLAIMS[10]

The number of Americans filing new claims for unemployment benefits increased last week to the highest level in nearly three months.

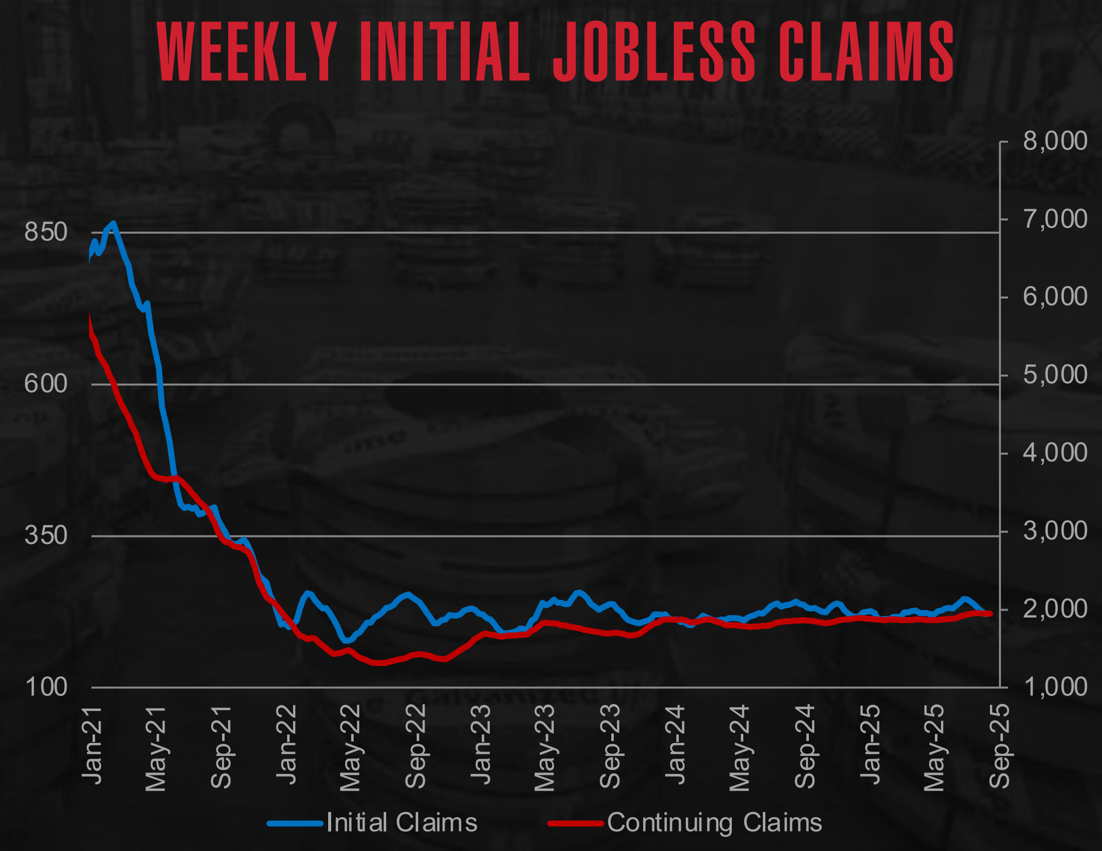
The Department of Labor's Weekly Initial Jobless Claims report came in at 235,000 claims, up from 224,000 claims previously.

- The four-week moving average, considered a better measure of the labor market as it irons out week-to-week volatility, increased to 226,250.

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

- Continuing claims came in at 1.972 million claims, up from 1.942 million claims previously.

The labor market is split between low firings but slower overall hiring as businesses navigate higher interest rates and uncertainty around tariffs.



SOURCES

1 Platts, Spot Iron Ore: August 22, 2025.

2 London Metal Exchange, Weekly Zinc Price and Inventory Report: August 22, 2025.

Shanghai Futures Exchange, Weekly Zinc Inventory Report: August 22, 2025.

3 Platts, Coking Coal Price: August 22, 2025.

4 American Iron & Steel Institute, Weekly Domestic Steel Production: August 19, 2025.

5 WorldSteel, Global Steel Production: July 2025.

6 WardsAuto, U.S. Light Vehicle Assemblies: July 2025.

7 U.S. Census Bureau, New Residential Construction: July 2025.

8 National Association of Homebuilders, Housing Market Index: August 2025.

9 National Association of Realtors, Existing Home Sales: July 2025.

10 Department of Labor, Weekly Initial Jobless Claims: August 21, 2025.

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