



CORE REPORT

01.16.26

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THE RIGHT STEEL SUPPLY CHAIN HAS NEVER MATTERED MORE

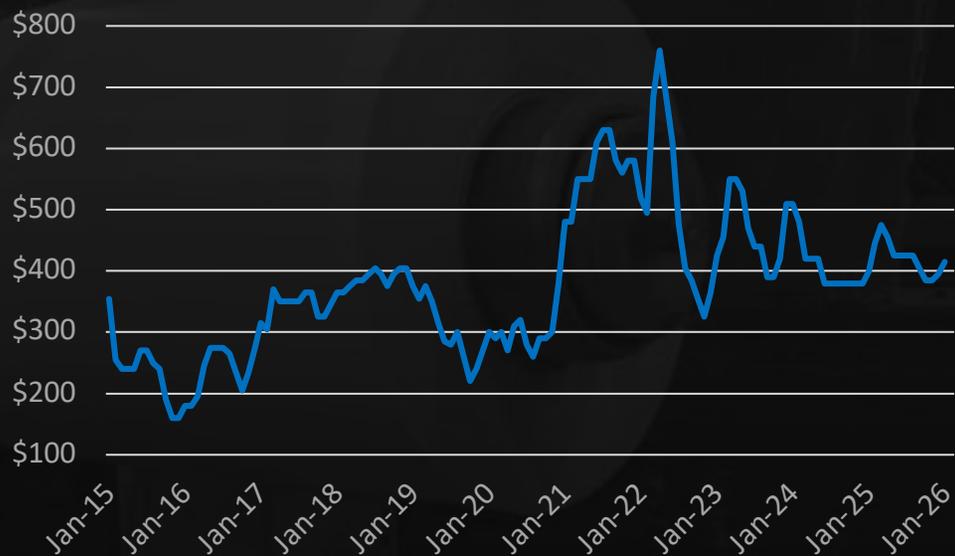
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**MAJESTIC
STEEL USA**

PRIME SCRAP



SCRAP¹

Prime scrap continued its upward momentum in January, climbing to the highest level since August.

Prime scrap settled at \$415/gt, up \$20 from \$395/gt in December.

- Winter weather is beginning to influence the market as scrap availability tightens and export demand also continues to improve, pulling tons out of the market and helping balance supply.
- Several mills also entered January with reduced scrap inventories which led to increased buying.
- Hot-rolled prices holding above \$45/cwt is also giving mills confidence to maintain their scrap buys in Q1.

Shredded scrap pricing increased by \$30/gt in January, putting shredded and prime at par at \$415/gt.

- This is the first month that shredded and prime have been the same price, since December 2022.

COST

SPOT IRON ORE²

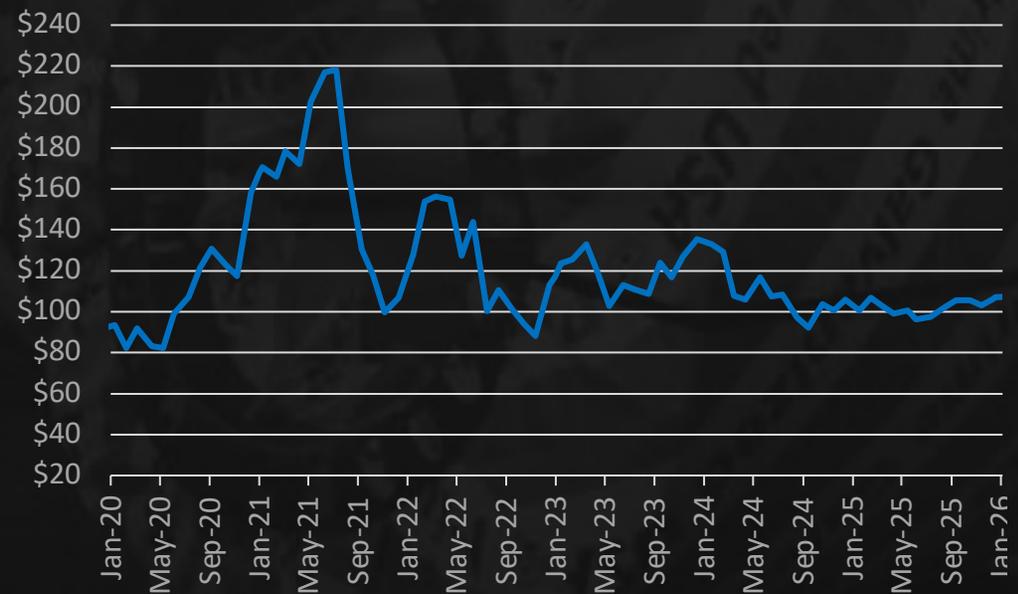
Spot iron ore settled relatively flat this week after climbing the previous five weeks.

Spot iron ore pricing ended the week at \$107.70/mt, down slightly from \$107.85/mt a week ago.

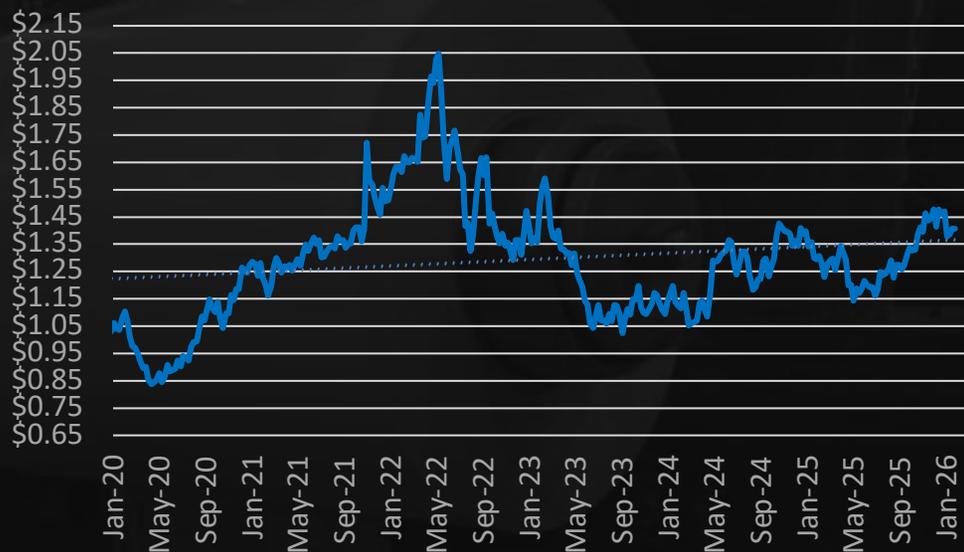
- This remains within striking distance of the highest price since July 2024.

Restocking demand from Chinese steel producers along with ramping of blast furnace production has helped push pricing to a multi-month high.

IRON ORE COST



WEEKLY ZINC PRICING



Zinc pricing resumed its upward momentum after a flat settlement last week.

Zinc pricing ended the week at \$3,201/mt (\$1.452/lb), up from \$3,101/mt (\$1.407/lb) previously.

- Zinc briefly hit \$1.491/lb earlier in the week, the highest price since the first week of December.
- Zinc is expected to have continued upward momentum as construction demand picks up and as several Chinese mines undergo maintenance outages, further reducing global output.

Global zinc inventory increased slightly for the fifth consecutive week.

- LME warehouse inventory slipped this week, decreasing from 108,000 metric tons to 106,700 metric tons.
- Shanghai warehouse inventory increased slightly however, climbing from 73,852 metric tons to 76,311 metric tons.

COST

▲ COKING COAL⁴

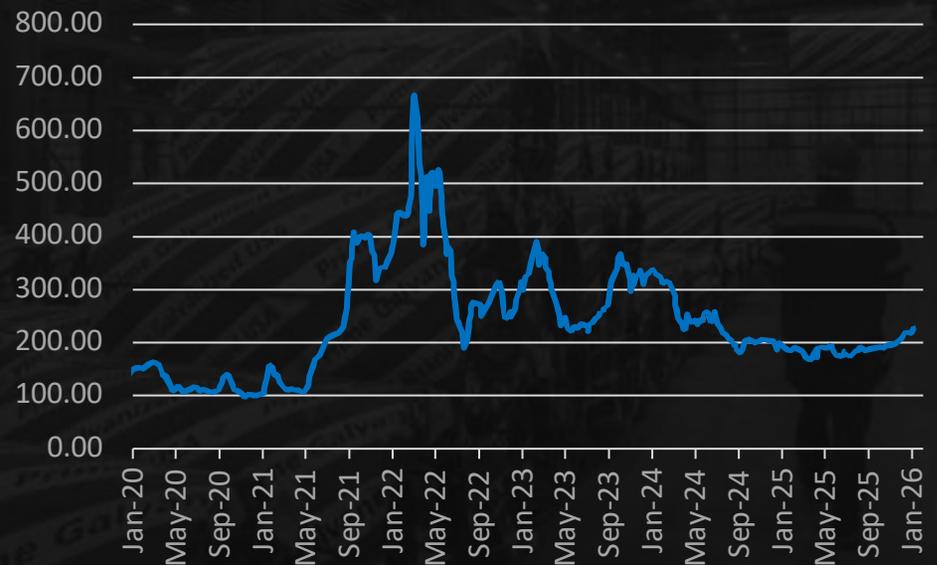
Coking coal pricing increased sharply this week, climbing to a new eighteen-month high.

Coking coal pricing ended the week at \$228.00/mt, up from \$218.00/mt previously.

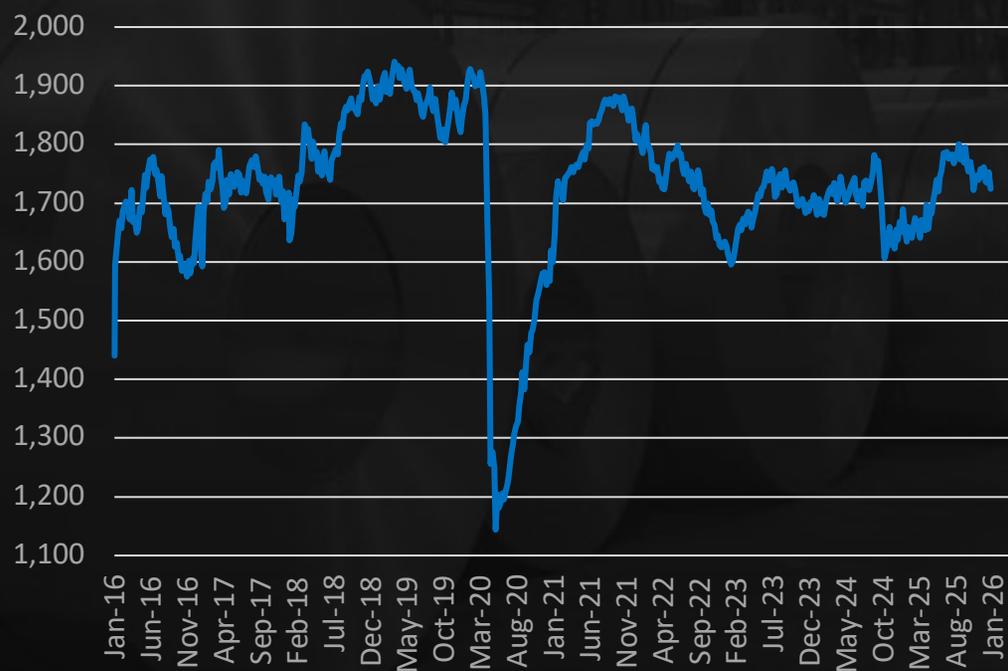
- This is the highest price for coal since the first week of July 2024.

Heavy rainfall in northeast Australia has triggered floods which are hampering mine operations, with some coal miners declaring force majeure on portions of their shipments or potential delays to customers.

COKING COAL PRICE



WEEKLY DOMESTIC PRODUCTION



▲ WEEKLY DOMESTIC STEEL PRODUCTION⁵

Domestic raw steel production increased sharply last week as mills returned to normal operation.

U.S. mills produced an estimated 1,752k tons at a 75.7% utilization rate, up from 1,704k tons and a 74.4% rate previously.

- This was the highest weekly output since mid-December.

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

- Production in the Western region spiked from 66k tons to 85k tons.

Year-to-date production is now up 5.6% compared to the same time frame last year.

DEMAND

NEW HOME SALES⁶

Sales of new homes slipped slightly in October after climbing the previous two months.

October new home sales came in at a 737,000 unit rate, down 0.1% from September but was up sharply (+18.7%) from last October.

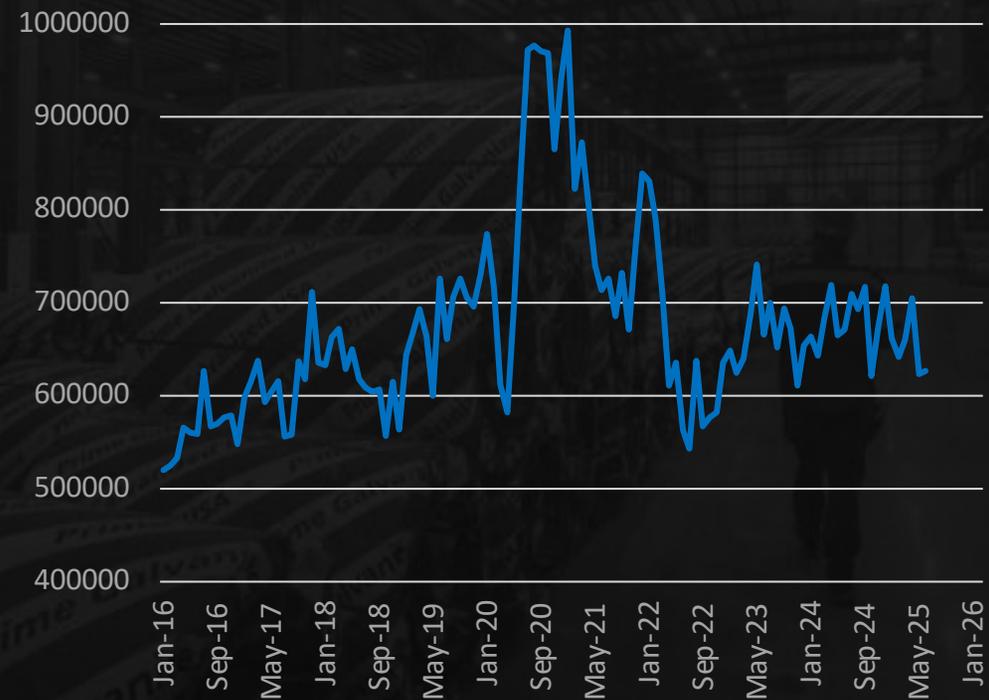
- This is the third consecutive month in which sales increased on a year-over-year basis.

The inventory of unsold new homes increased to 496,000 units, the highest level since July.

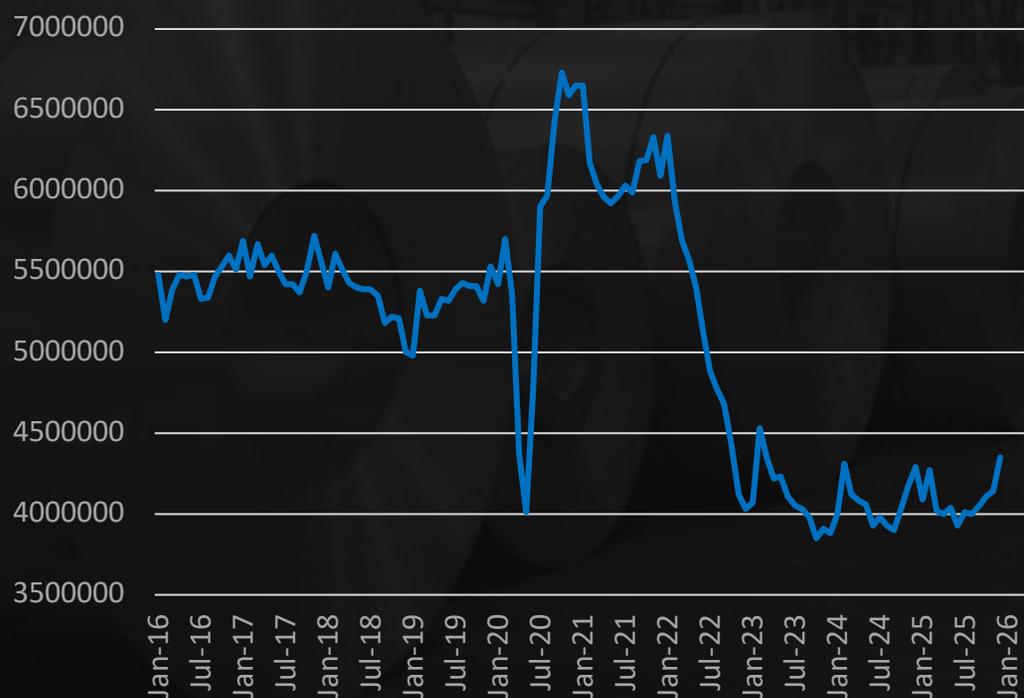
- The current inventory, when compared to October's sales rate, equates to 8.8 months of supply.

The average median sales price slipped to \$392,300, the lowest level since June 2021.

NEW HOME SALES (SAAR)



EXISTING HOME SALES (SAAR)



EXISTING HOME SALES⁷

Sales of existing homes increased again in December, now up for the fourth consecutive month.

Existing home sales came in at a 4.350 million unit rate, up 5.1% from November and were up 1.4% compared to the 4.290 million unit rate last December.

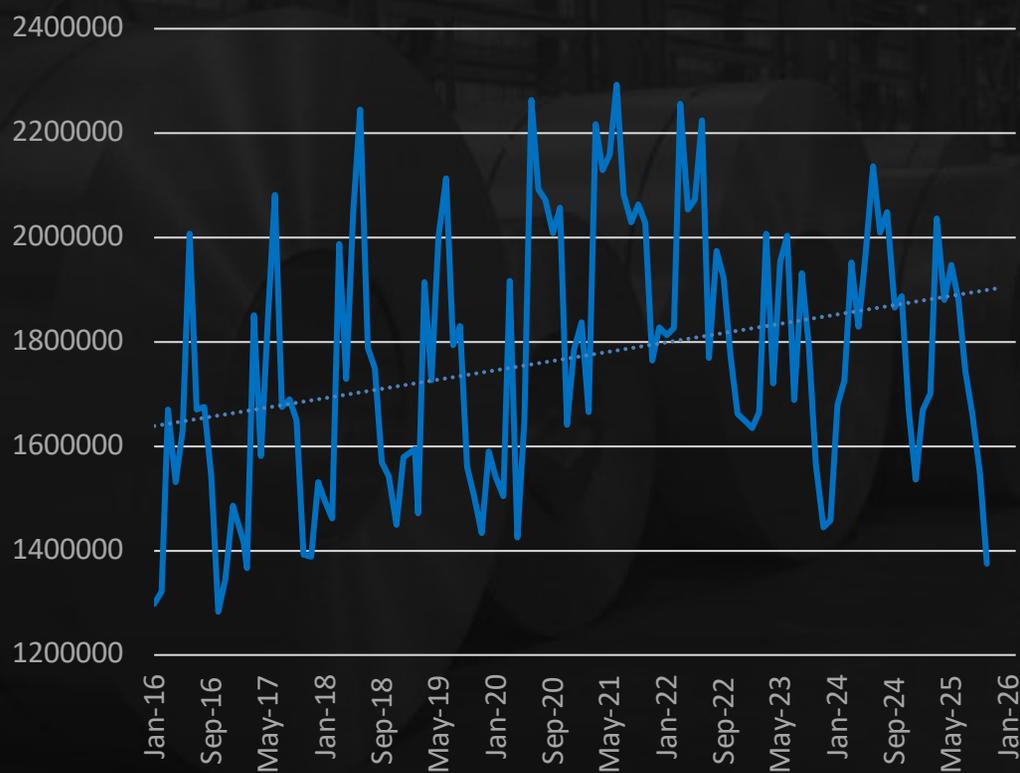
- This was the highest monthly sales rate since March 2023.

The inventory of unsold existing homes declined to 1.180 million units, down a sharp 18.1% compared to November.

- Inventory was up on a y/y basis however, climbing 3.5% compared to last December.
- This was the twenty-sixth consecutive month with a y/y increase in inventory.

The current inventory, when compared to December's sales pace, equates to 3.3 months of supply.

HVAC EQUIPMENT SHIPMENTS



Ⓣ HVAC EQUIPMENT SHIPMENTS⁸

HVAC shipments continued to slide in November, now sliding for the sixth consecutive month.

November HVAC equipment shipments totaled 1,309,138 units, down 4.8% from October and down 21.5% from 1,668,712 units last November.

- This was down on a year-over-year basis for the seventh consecutive month.

Looking on a year-over-year basis, to help smooth seasonality, all three product groups saw declines in shipments.

- A/C & heat pump shipments were down 46.4%, showing the sharpest decline.
- Water heater and furnace shipments declined as well, sliding 1.4% and 8.2%, respectively.

Year-to-date shipments are now down 9.7% compared to the same timeframe last year.

DEMAND

📍 EMPIRE MANUFACTURING INDEX⁹

Business activity in the New York region increased slightly in January after a slight drop below zero last month.

The January Empire Manufacturing Index came in at 7.7, up from -3.7 previously.

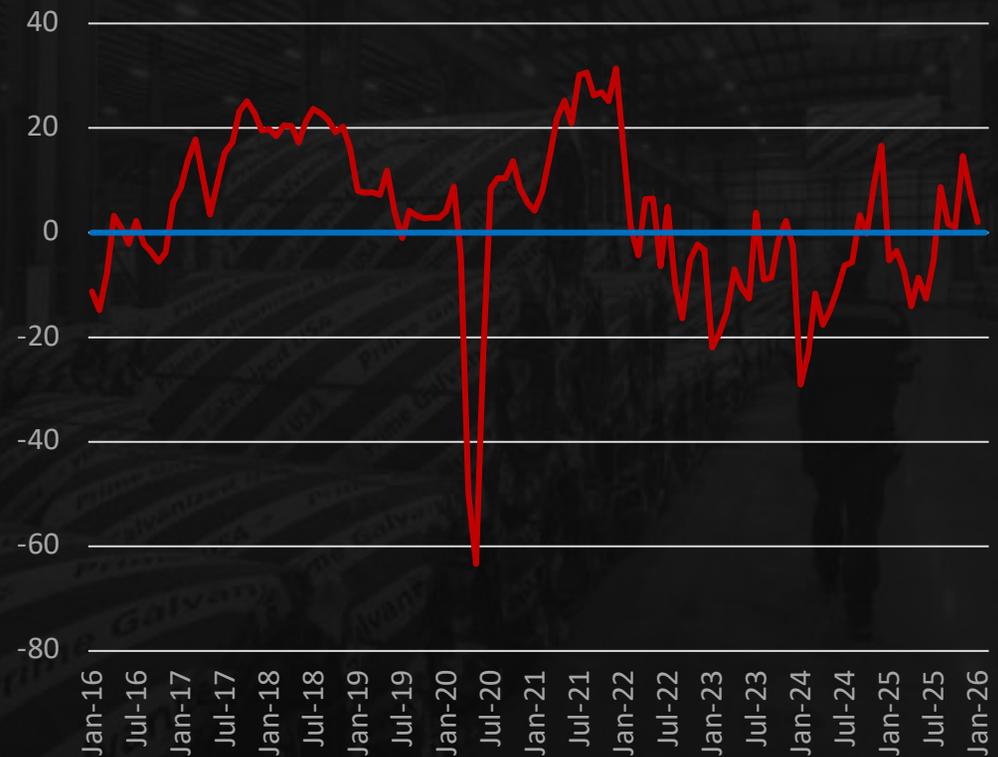
- The two-month average was at 2.0, marking the sixth consecutive month above zero.
- Any reading above 0.0 is an expansion in activity, while any reading below 0.0 is a contraction.

While new orders increased, shipments saw the sharpest m/m increase.

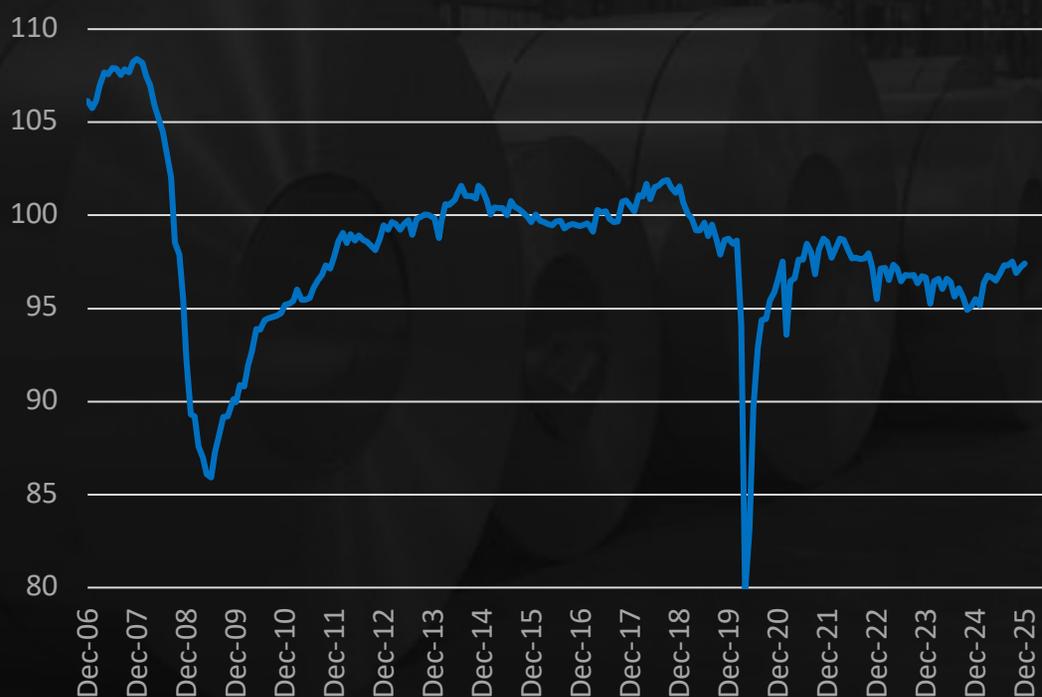
Plans for capital spending increased slightly, now climbing for the third consecutive month.

Looking forward, respondents remain fairly optimistic about the outlook as the index for future business conditions came in at 30.3.

EMPIRE MANUFACTURING INDEX (2MMA)



MANUFACTURING INDUSTRIAL PRODUCTION



INDUSTRIAL PRODUCTION/ CAPACITY UTILIZATION¹⁰

The Industrial Production Index increased in December, climbing 0.4% from November and was up 0.7% in Q4.

The December Industrial Production Index came in at 102.3, up from 102.0 in November and is at its highest level since September 2019.

- Manufacturing output increased 0.2% from November but saw a 0.7% decline in Q4.
- Durable good manufacturing increased 0.1% from November, led by a sharp 2.4% increase in primary metal output.

Durable good output was up 3.1% compared to last December.

Overall capacity utilization increased slightly to 76.3%, however remained 3.2% below the fifty-year average.

- Capacity utilization for manufacturing was flat m/m but was 2.6% below the fifty-year average.

WEEKLY INITIAL JOBLESS CLAIMS¹¹

The number of Americans filing new unemployment claims decreased last week, now down four out of the last five weeks.

The Department of Labor's Weekly Initial Jobless Claims report came in at 198,000 claims, down from 207,000 claims the previous week.

- The four-week moving average, considered a better measure of the labor market as it irons out week-to-week volatility, decreased to 204,750.

Continuing claims, or claims lasting longer than one week, dropped after a sharp increase to start off the new year.

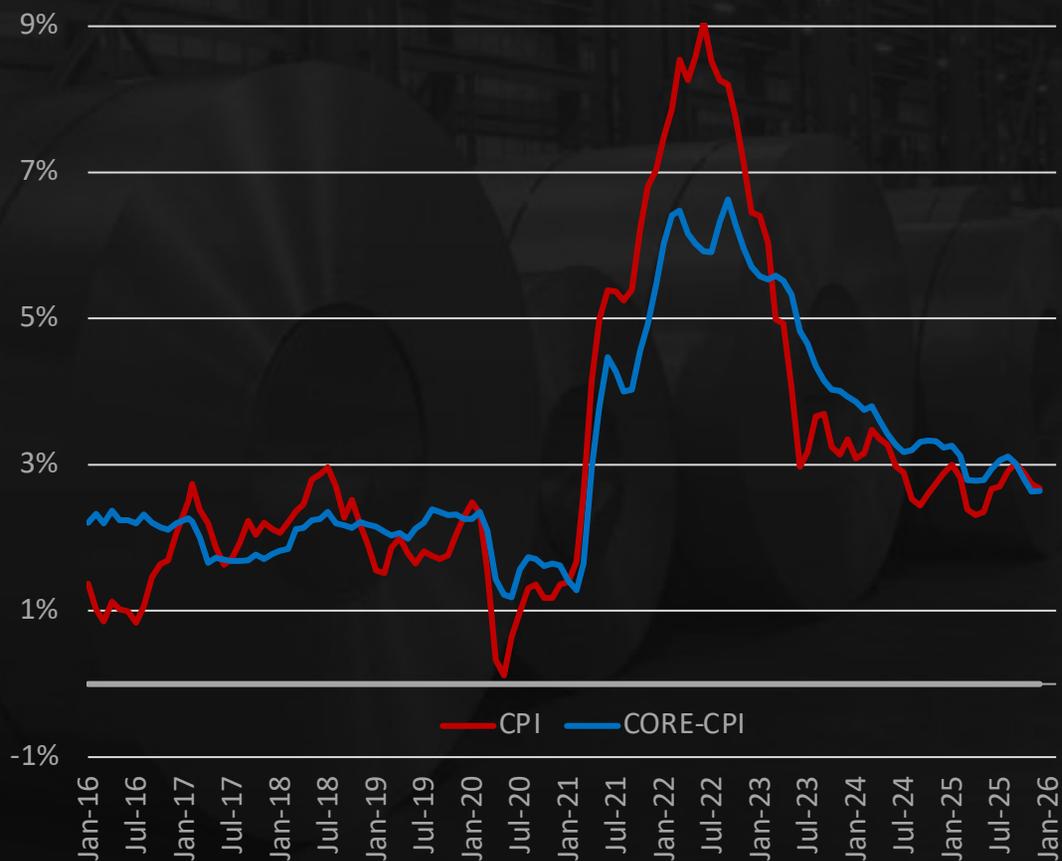
- Continuing claims came in at 1.884 million claims, down from 1.903 million claims previously.

The job market remains in a “low-hire, low-fire” over the last year, with unemployment holding at 4.5%.

WEEKLY INITIAL JOBLESS CLAIMS



CONSUMER PRICE INDEX



CONSUMER PRICE INDEX¹²

Prices for all goods paid by consumers slipped slightly from November but were up 2.68% compared to last December.

- This is down from the 2.74% year-over-year increase in November and the lowest year-over-year increase since June.

Excluding the volatile food and energy sectors, prices were virtually flat from November and up 2.64% from last December.

- Over the last 12 months, prices increased 3.2% for shelter and 3.2% for medical care.
- Other notable increases include furniture (+4.0%) and personal care (+3.7%).

Prices for all durable goods were down slightly from November and up just over 1.0% from last December.

▲ RETAIL SALES¹³

After a slight slip in October, seasonally adjusted retail sales increased slightly in November.

November retail sales came in at a \$735.9 billion rate, up 0.6% from October and up 3.3% compared to last November.

- Excluding the volatile sales from gas stations, November sales were up similar to overall sales.

The kinds of business to see the largest increase in November include sporting goods stores, building material & garden stores, miscellaneous stores, and gas stations.

- Department stores and furniture stores both saw declines compared to October.

Year-to-date, actual sales from non-gas stations, are up 3.9% compared to the same timeframe last year.

RETAIL SALES (SAAR)



SOURCES

- 1 Prime Scrap Price, Market Conversations: Week ending January 16, 2026.
- 2 Platts, Spot Iron Ore: January 16, 2026.
- 3 London Metal Exchange, Weekly Zinc Price and Inventory Report: January 16, 2026.
Shanghai Futures Exchange, Weekly Zinc Inventory Report: January 16, 2026.
- 4 Platts, Coking Coal Price: January 16, 2026.
- 5 American Iron & Steel Institute, Weekly Domestic Steel Production: January 13, 2026.
- 6 U.S. Census Bureau, New Home Sales: October 2025.
- 7 U.S. Census Bureau, Existing Home Sales: December 2025.
- 8 A/C Heating & Refrigeration Institute, HVAC Equipment Shipments: November 2025.
- 9 Federal Reserve, Empire Manufacturing Index: January 2025.
- 10 Federal Reserve, Industrial Production/Capacity Utilization: December 2025.
- 11 Department of Labor, Weekly Initial Jobless Claims: January 15, 2026.
- 12 Bureau of Labor Statistics, Consumer Price Index: December 2025.
- 13 U.S. Census Bureau, Retail Sales: November 2025.

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