MAJESTIC STEEL USA

CORE REPORT 02.20.26

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COST

SPOT IRON ORE[1]

Spot iron ore dropped for the third consecutive week, falling below $100/mt for the first time since August.

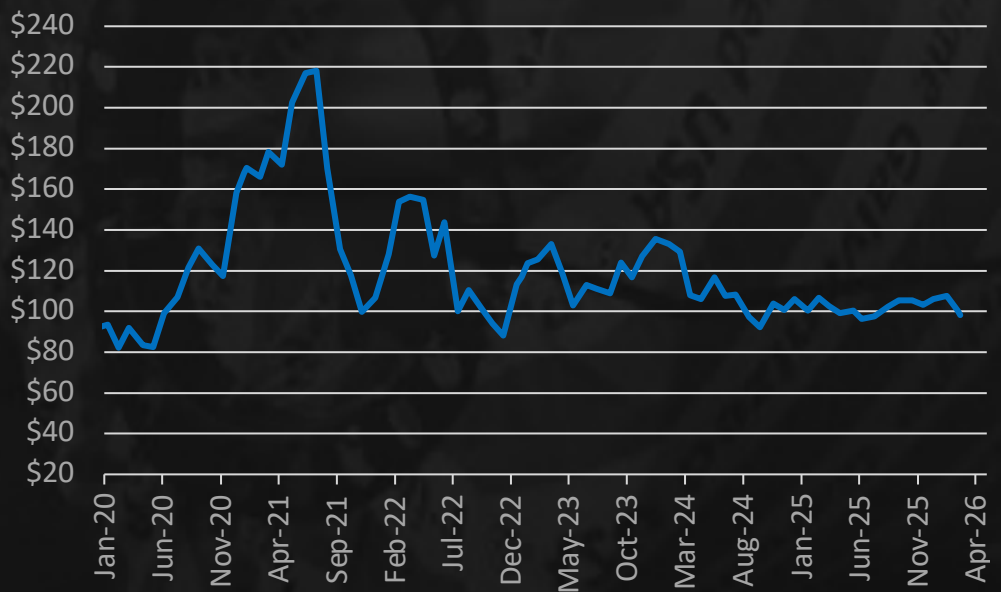
Spot iron ore pricing ended the week at $98.35/mt, down from $100.40/mt a week ago.

- This is the lowest price for iron ore since June 2025.

Prices continued to slide as the Chinese Lunar New Year began, limiting both buying activity and steel production.

- Post-holiday raw material restocking is expected to provide a more positive outlook for iron ore.

IRON ORE COST



WEEKLY ZINC PRICING

COST

ZINC[2]

Zinc pricing ticked up slightly this week after a flat reading last week.

Zinc pricing ended the week at $3,308/mt ($1.500/lb), up from $3,293/mt ($1.494/lb) previously.

- Weaker demand out of China as the country celebrated Lunar New year kept zinc pricing from climbing further.

Global zinc inventory increased slightly, now up seven out of the last eight weeks.

- LME warehouse inventory slipped from 109,750 metric tons to 107,800 metric tons.
- Shanghai warehouse inventory increased, however, climbing from 65,154 metric tons to 70,689 metric tons.

COST

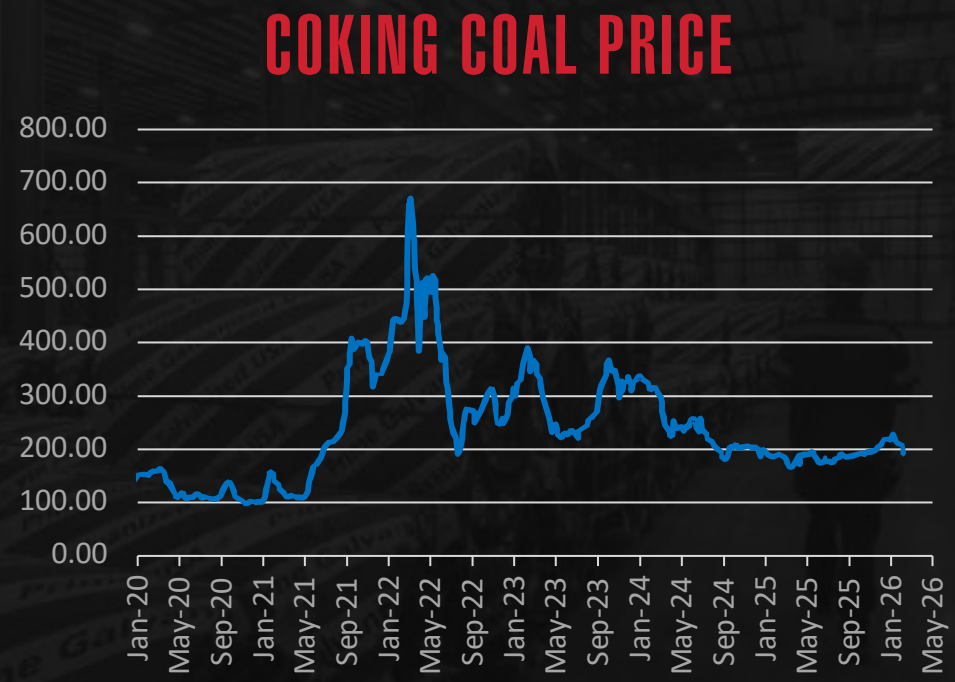
COKING COAL[3]

After sliding four consecutive weeks, coking coal pricing settled flat.

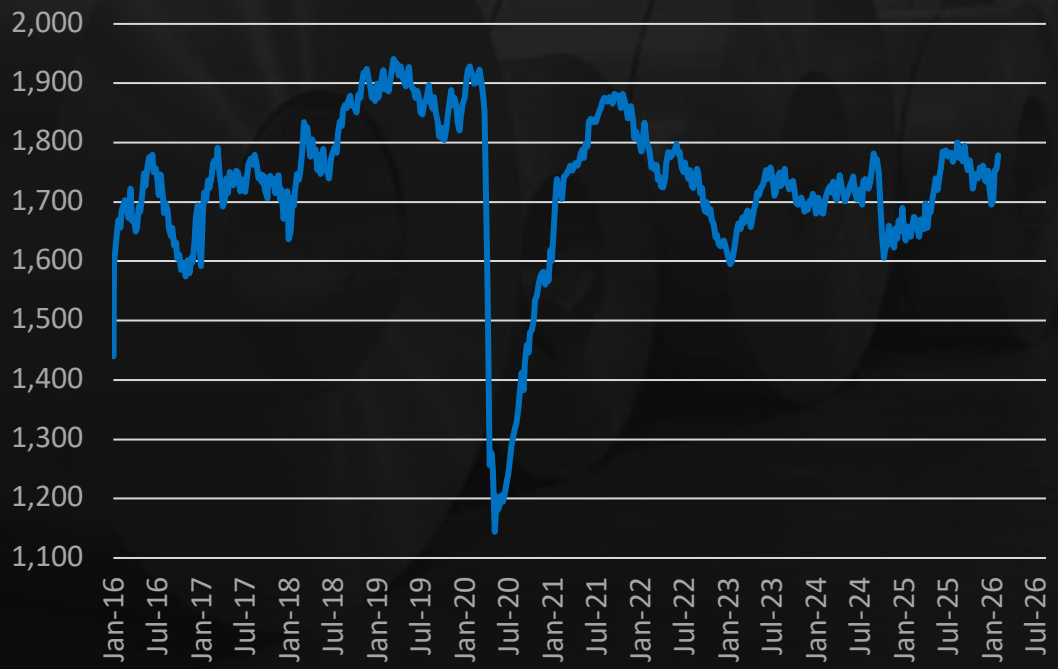
Coking coal pricing ended the week at $191.70/mt, flat from the previous week.

- This is down 15.9% from the eighteen-month high seen in mid-January.

China's coking coal market slowed as the Lunar New Year holiday started; however, post-holiday restocking is likely.



WEEKLY DOMESTIC PRODUCTION



WEEKLY DOMESTIC STEEL PRODUCTION[4]

Domestic steel production increased sharply again last week, now up six out of the last seven weeks.

U.S. mills produced an estimated 1,800k tons at a 77.8% utilization rate, up from 1,783k tons and a 77.1% rate the previous week.

- This was the highest weekly output since mid-August when mills also produced 1,800k tons.

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

- Production in the Southern region spiked from 800k tons to 826k tons.

Year-to-date production is now up 6.9% compared to the same time frame last year.

SUPPLY

CARBON STEEL IMPORTS[5]

Carbon steel imports continued to drop sharply to end 2025 as total steel imports fell to their lowest daily rate since November 2020.

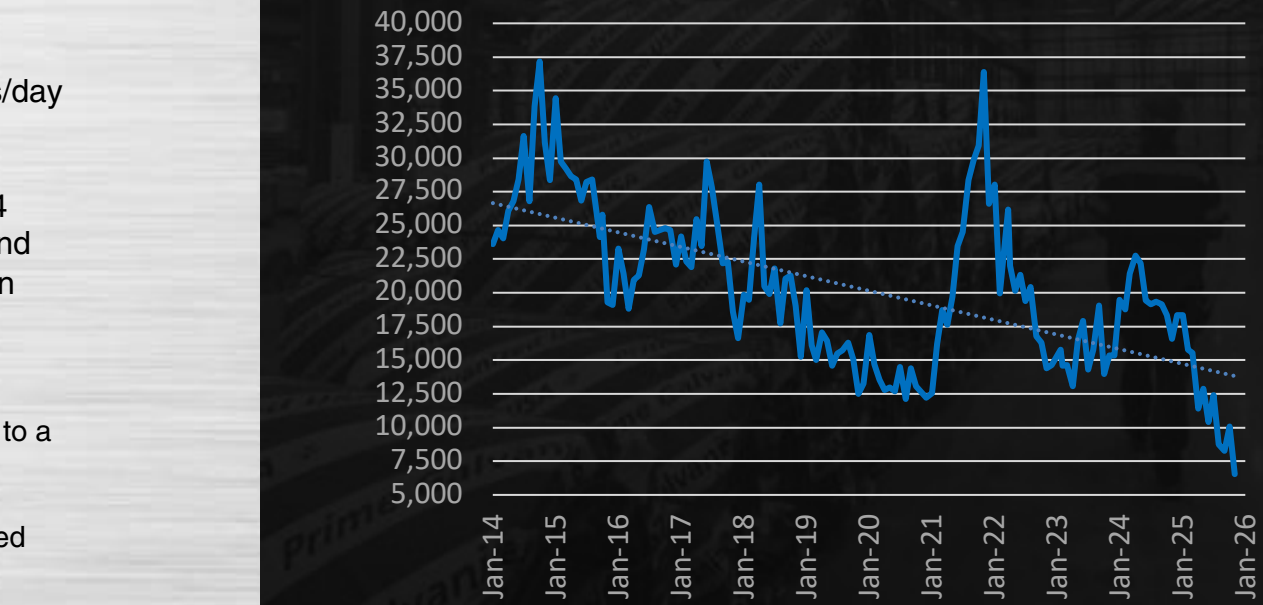
December carbon steel imports came in at 35,357 tons/day, down from the 37,357 tons/day rate in November.

Carbon flat rolled imports came in at a 6,074 tons/day rate, down 7.2% from November and down 66.9% from the 18,352 tons/day rate in December 2024.

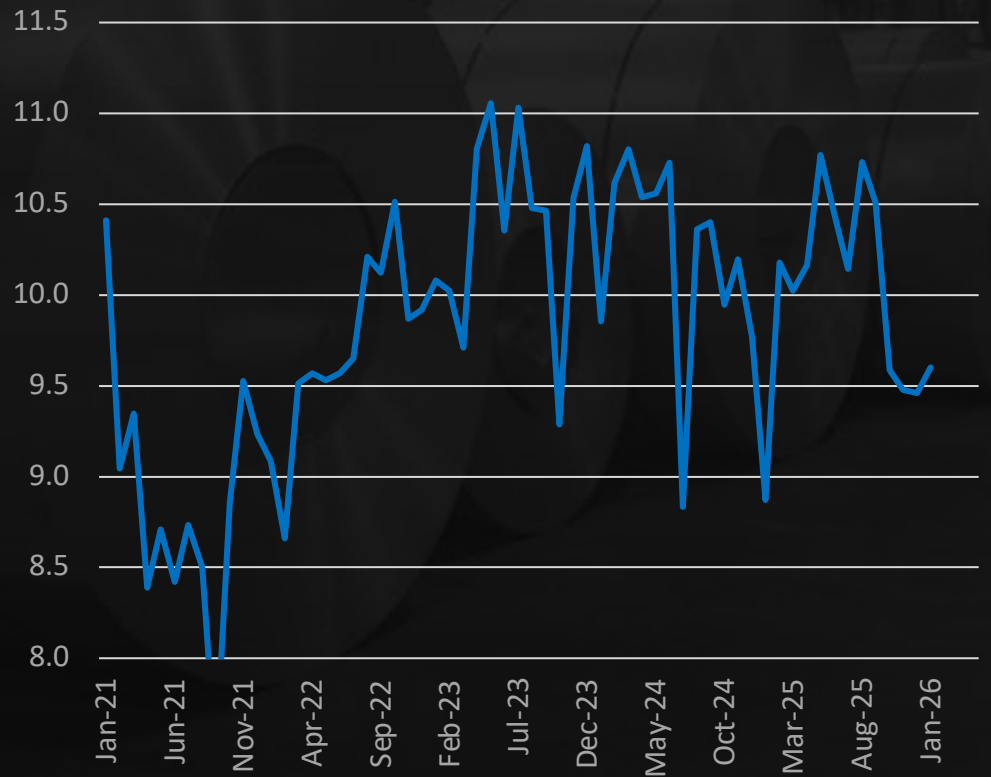
- All three flat rolled products declined in December, as coated sheet imports declined to a 3,513 tons/day rate.
- This was the lowest daily import rate for coated sheet products since December 2010.

For the full year 2025, total flat rolled imports were down 42.1% compared to the same level in 2024.

DAILY FLAT ROLLED IMPORTS



U.S. LIGHT VEHICLE ASSEMBLIES



LIGHT VEHICLE ASSEMBLIES[6]

After sliding throughout Q4, U.S. light vehicle assemblies rebounded slightly to start 2026.

January light vehicle assemblies increased to a 9.601 million unit rate, up 1.2% from December and up a sharp 8.2% from the 8.871 million unit rate last January.

- The month-over-month increase in January ended a string of four consecutive m/m declines.

After hitting a near four-year low in December, the three-month average increased in January, climbing to a 9.514 million unit rate.

- The twelve-month average increased to a 10.091 million unit rate.
- The twelve-month average has held around a 10 million unit annual rate during the post-COVID recovery, down from the recent peak of nearly a 12.0 million unit annual rate during 2016 - 2018.

DEMAND

HOUSING MARKET INDEX[7]

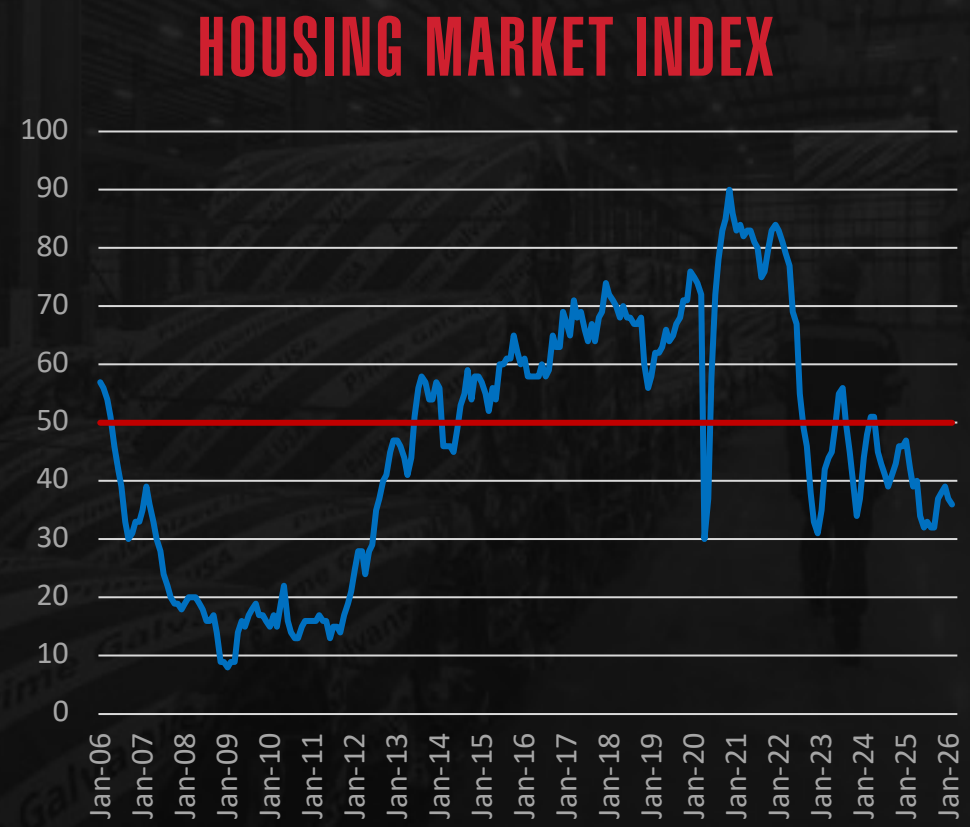
Confidence among U.S. homebuilders continued to weaken to start 2026 and is now closing in on two years of weaker confidence.

The February Housing Market Index came in at 36, down slightly from 37 in January and below the 42 reading from last February.

- This is the twenty-second consecutive month with a reading below 50.
- Any reading below 50 shows an increase in pessimism, while any reading above 50 shows increased optimism.

All three components remained below 50 in February, with the present situation and next six-month components coming in at 41 and 46, respectively.

- The traffic component remains the weakest component by far, sliding to 22 in February.



DEMAND

ARCHITECTURE BILLINGS INDEX[8]

Activity at the architecture firm level continued to decline in January, sliding to a four-month low.

The January Architecture Billings Index came in at 43.8, down 3.3 points from 48.5 in December and down from 45.6 last January.

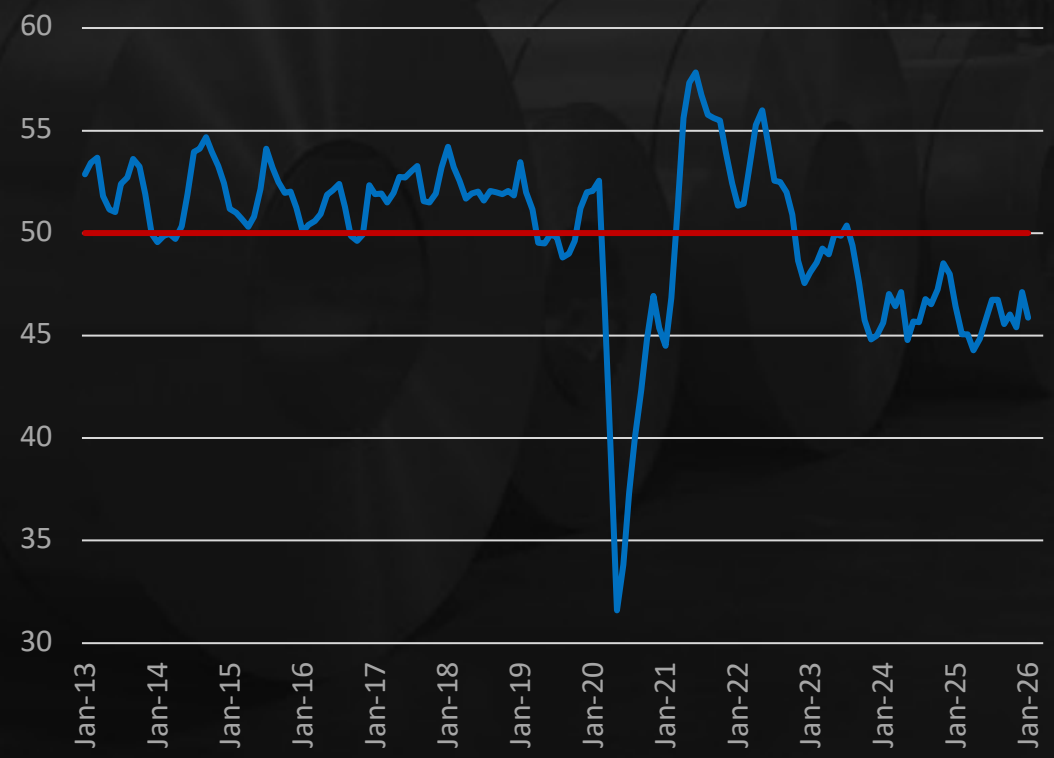
- The three-month average slipped to 45.9, remaining below 50 for the thirty-ninth consecutive month.
- Any reading above 50 shows an increase in activity, while any reading below 50 shows a decline.

Regionally, while the South (50.2) showed improvement, all other regions declined.

- The Northeast (42.3) remained the weakest.

The sector breakdown showed slowdowns in all sectors, with mixed practice (43.4) continued to be the slowest.

ARCHITECTURE BILLINGS INDEX (3MMA)



DEMAND

NEW HOME SALES[9]

After a sharp jump in November, new home sales ended 2025 on a softer note.

December new home sales came in at a 745,000 unit rate, down 1.7% from November but up 3.8% from the 718,000 unit rate last December.

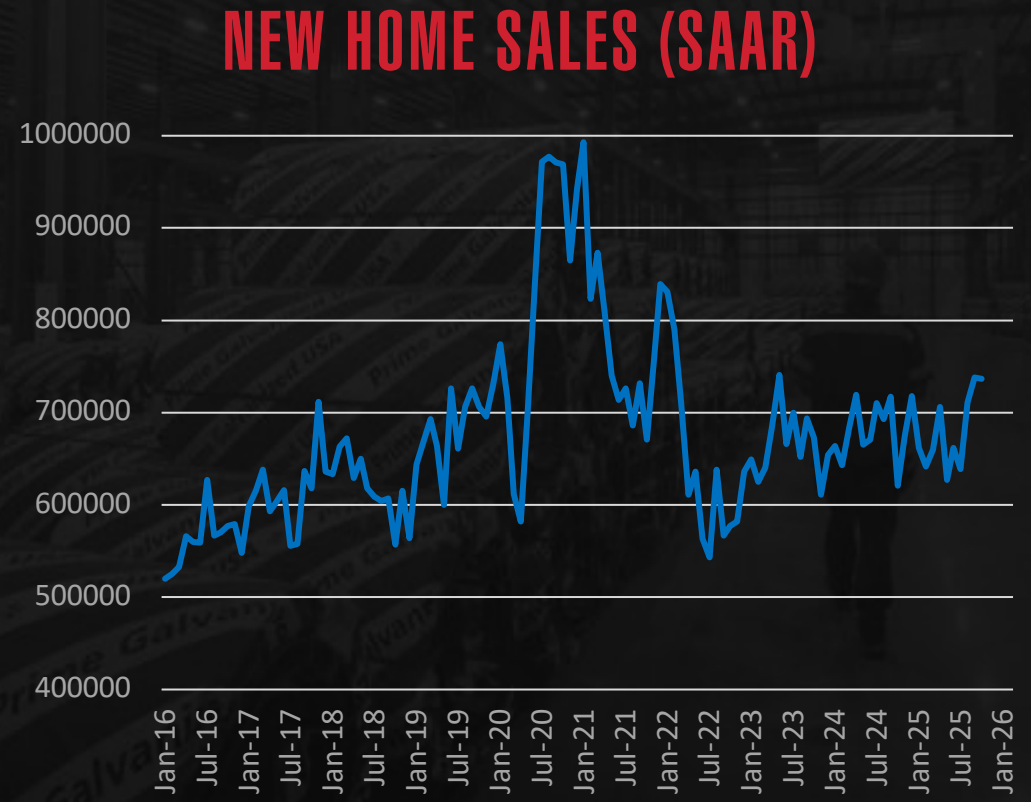
- This is the fifth consecutive month in which new home sales have increased on a y/y basis.

For the full year 2025, actual sales totaled 679,000 units, down 1.0% from the 2024 total.

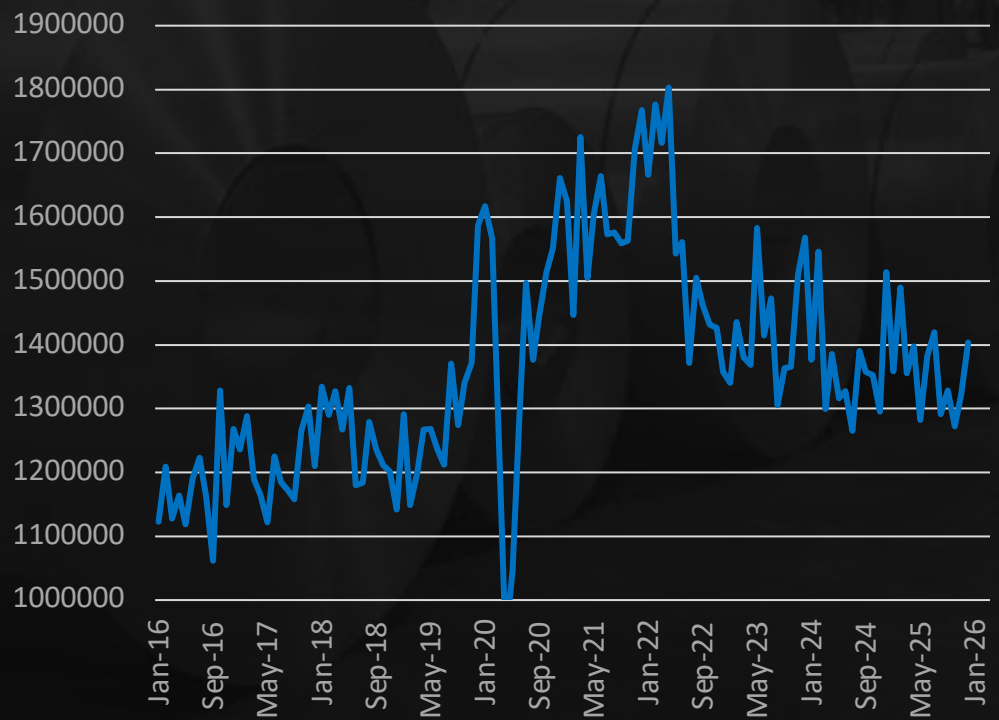
The inventory of unsold new homes at the end of December totaled 470,000 units, down 3.3% from November and 4.3% below the level from the end of 2024.

- The current inventory, when combined with December's sales pace, equates to 8.2 months of supply.

The median sales price rebounded to $414,000 after sliding the previous three months.



NEW HOUSING STARTS (SAAR)



RESIDENTIAL CONSTRUCTION[10]

New residential construction improved further to finish out 2025.

December new housing starts came in at a 1.404 million unit rate, up 6.2% from November but down a sharp 7.3% from the 1.514 million unit rate in December 2024.

- Starts have now declined, on a year-over-year basis, for the fourth time in the last five months.
- The drop in y/y starts was mainly due to the continued slowdown in single-family starts.

Permits, an indicator for future construction, came in at a 1.448 million unit rate.

- This is up 4.3% from November but down 2.2% from the 1.480 million unit rate in December 2024.
- This was the thirteenth consecutive month to see permits fall on a year-over-year basis.

DEMAND

HVAC EQUIPMENT SHIPMENTS[11]

After suffering through a weak year, shipments of HVAC equipment rebounded to end the year on a strong note.

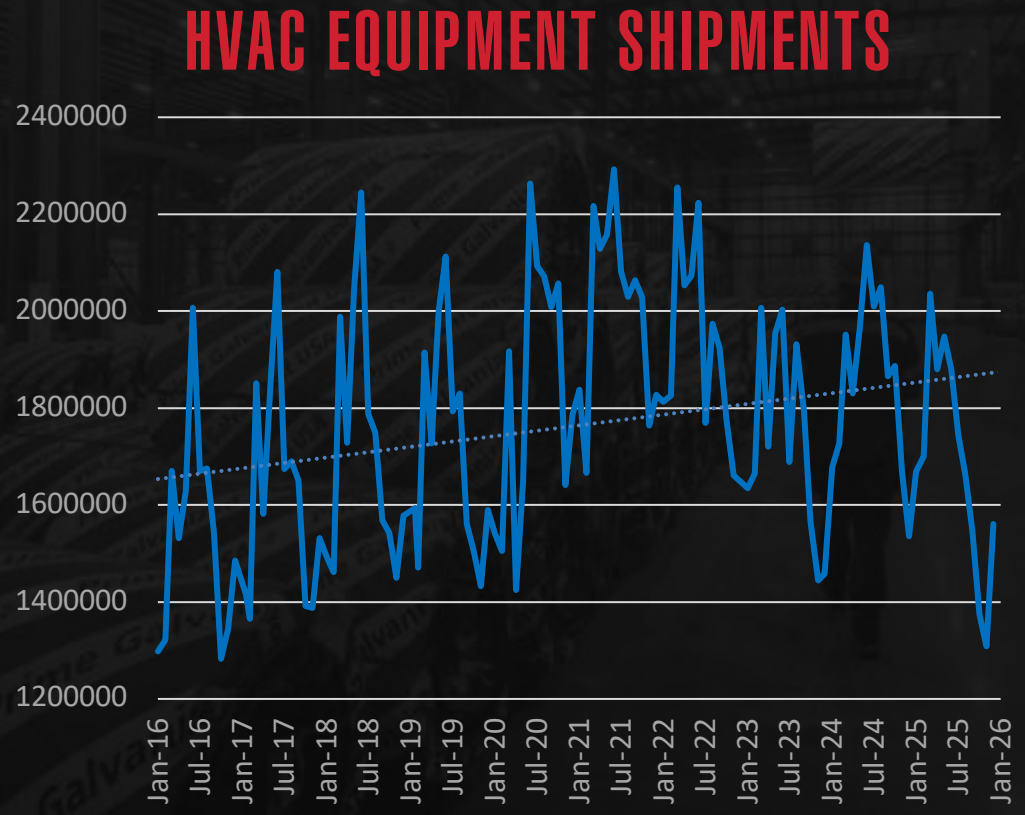
December HVAC equipment shipments totaled 1.560 million units, up 19.2% from November and up 1.6% from the 1.536 million unit total in December 2024.

- This was the first year-over-year increase in shipments since April.

Looking on a year-over-year basis to help smooth seasonality, increases in shipments of water heaters and furnaces overcame the sharp drop in A/C & heat pump shipments.

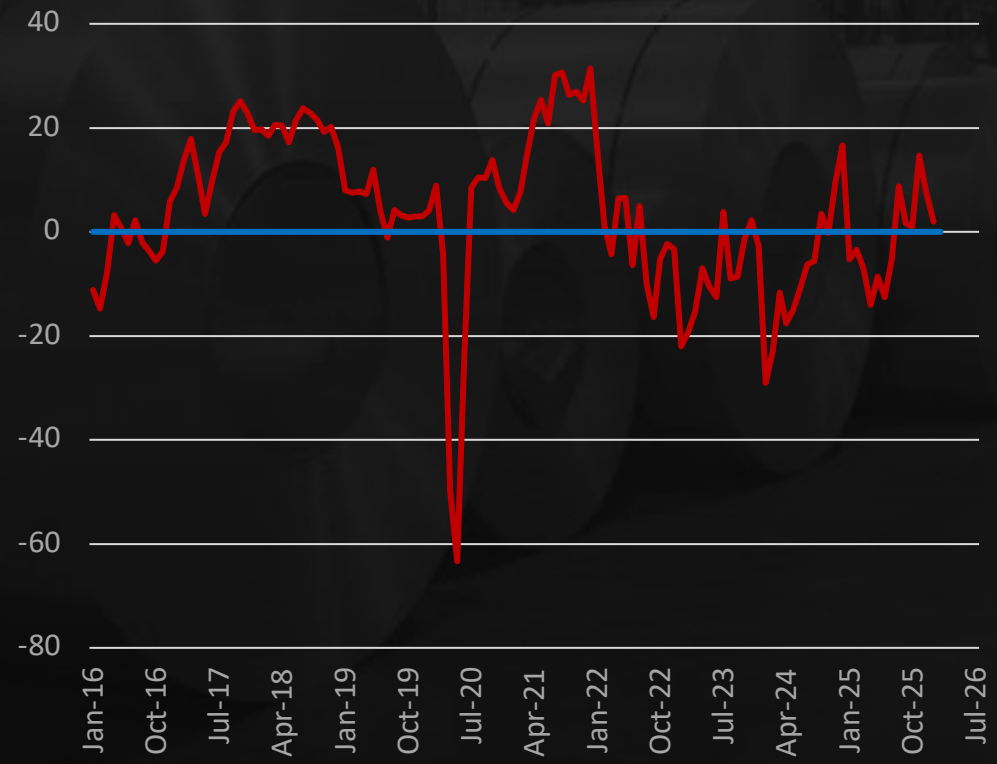
- Water heater and furnace shipments increased, climbing 18.0% and 0.4% respectively.

For the full year 2025, total shipments were down 8.9% compared to the 2024 total and was the lowest yearly total since 2017.



DEMAND

EMPIRE MANUFACTURING INDEX (2MMA)



EMPIRE MANUFACTURING INDEX[12]

Business activity from the manufacturing sector in the New York regions increased again in February.

The Empire Manufacturing Index came in at 7.1, slightly slower than the 7.7 reading in January.

- The two-month average increased to 7.4, up from 2.0 in January and the seventh consecutive increase.
- Any reading over 0.0 shows expansion, while any reading below 0.0 shows contraction.

While new orders slowed from January, they remained in expansion at 5.8.

- The shipment component dropped sharply in February, sliding over 17 points to -1.0.

DEMAND

INDUSTRIAL PRODUCTION/ CAPACITY UTILIZATION[13]

The industrial production index increased in January, climbing 0.7% to 102.3.

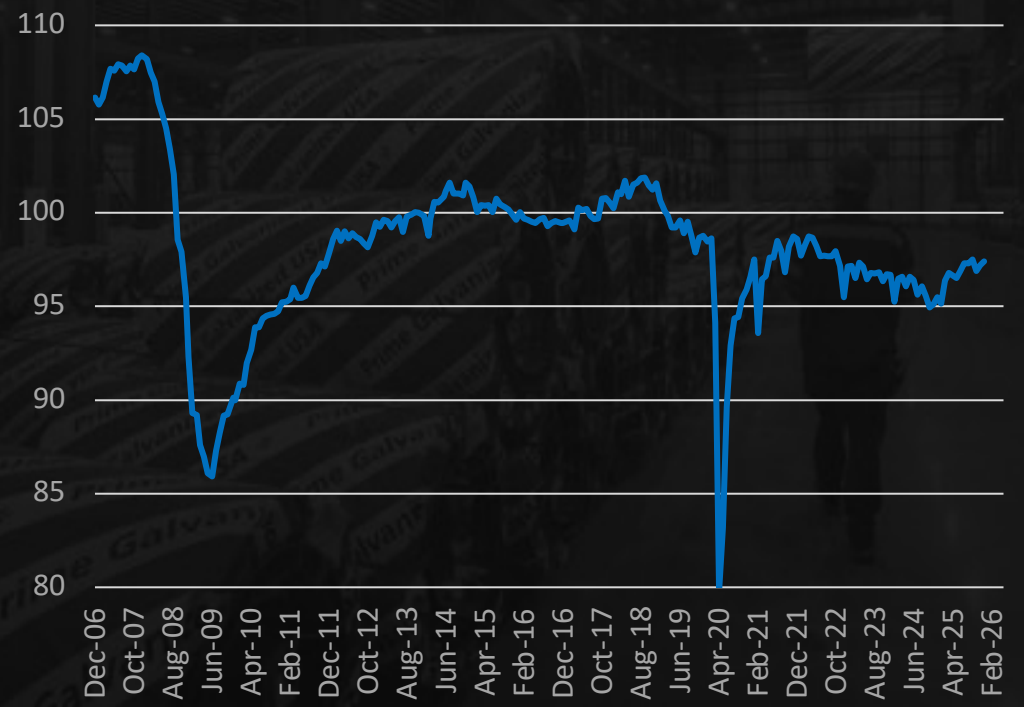
Within the overall index the manufacturing component was up 0.6% to 97.5, the highest level since October 2022.

- Durable good manufacturing increased 0.8%, with gains across nearly all industries.

Overall capacity utilization increased to 76.2, up from the recent level but still 3.2% below the fifty-year average.

- Utilization for manufacturing output increased to 75.6%, up 0.4% from last month but still 2.6% below the fifty-year average.

INDUSTRIAL PRODUCTION (MANUFACTURING)



ECONOMIC

WEEKLY INITIAL JOBLESS CLAIMS[14]

The number of Americans filing new unemployment claims dropped for the second consecutive week.

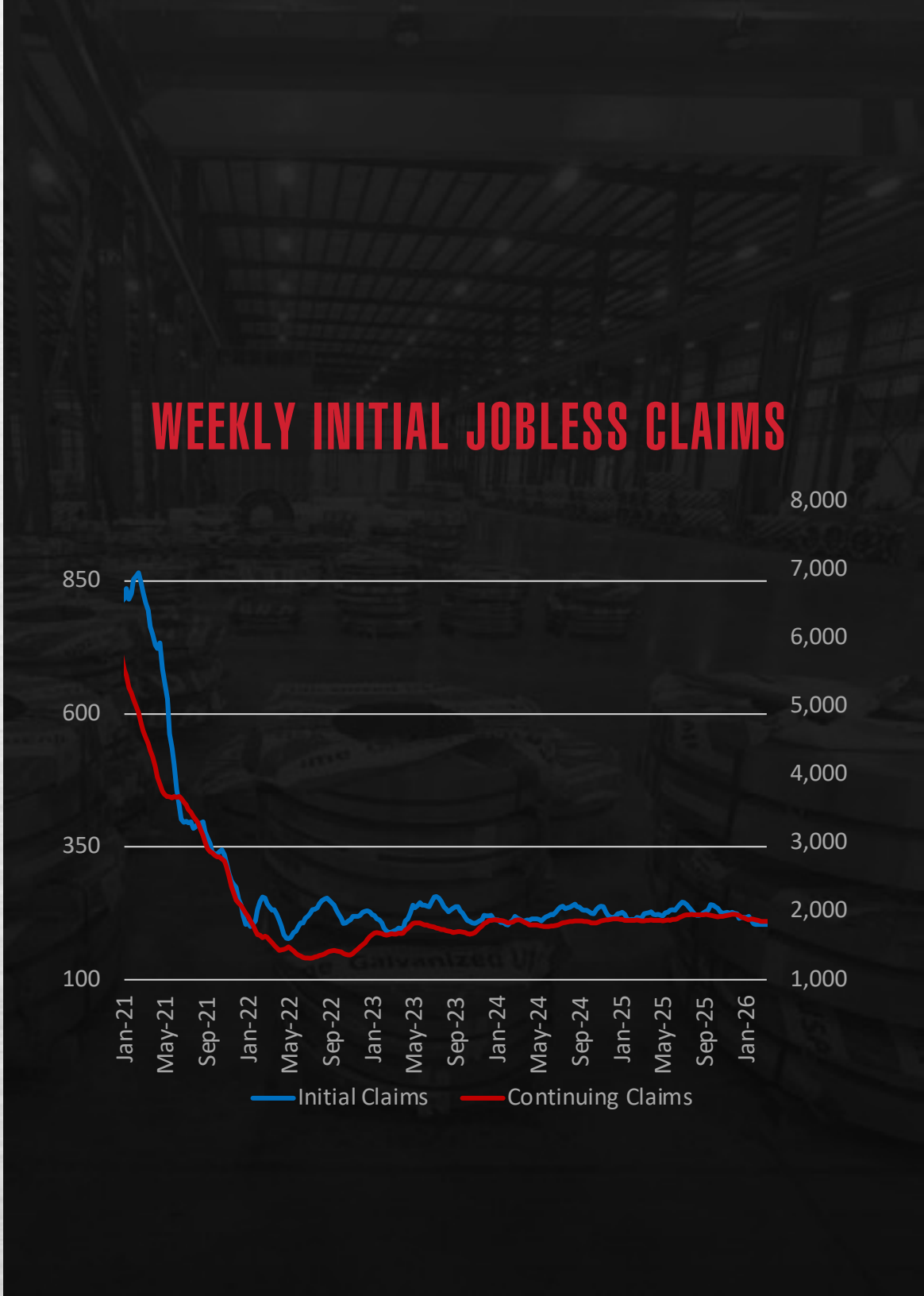
The Department of Labor's Weekly Initial Jobless Claims report came in at 206,000 claims, down from 229,000 claims previously.

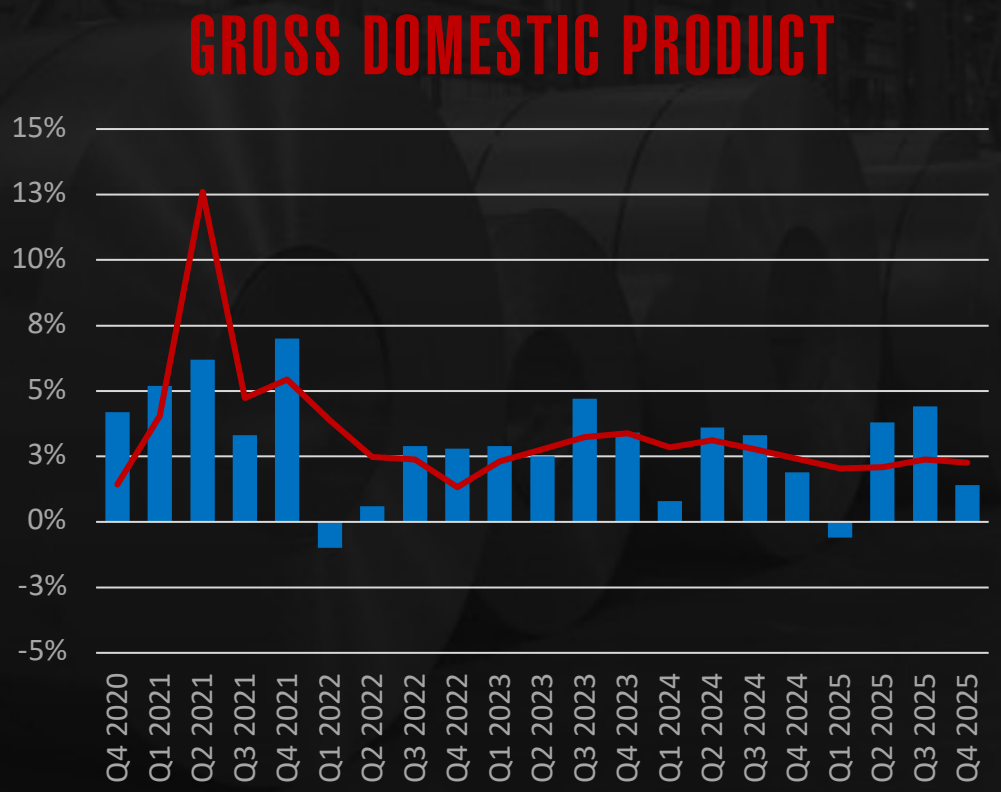
- The four-week moving average, considered a better measure of the labor market as it irons out week-to-week volatility, decreased to 219,000.

Continuing claims, or claims lasting longer than one week, increased for the third consecutive week.

- Continuing claims came in at 1.869 million claims, up from 1.852 million claims previously.

While overall layoffs remain low, rising continuing claims suggests that laid-off workers are experiencing difficulties finding new positions.





GROSS DOMESTIC PRODUCT[15]

The initial estimate of Q4 U.S. GDP showed an annual growth rate of 1.4%, a decent slowdown from the final 4.4% growth rate from Q3.

Compared to Q3, the slowdown in GDP reflected downturns in government spending (shutdown), exports, and consumer spending.

- These were partly offset by an increase in inventory investment.
- The decline in imports, which would be an additive to GDP, was slower than in Q3.

For the full year 2025, GDP grew at a 2.2% rate compared to the 2.8% annual rate for 2024.

SOURCES

1 Platts, Spot Iron Ore: February 20, 2026.

2 London Metal Exchange, Weekly Zinc Price and Inventory Report: February 20, 2026.

Shanghai Futures Exchange, Weekly Zinc Inventory Report: February 20, 2026.

3 Platts, Coking Coal Price: February 20, 2026.

4 American Iron & Steel Institute, Weekly Domestic Steel Production: February 17, 2026.

5 U.S. Census Bureau, Carbon Steel Imports: December 2025.

6 U.S. Federal Reserve, Light Vehicle Assemblies: January 2026.

7 National Association of Realtors, Housing Market Index: February 2026.

8 American Institute of Architects, Architecture Billings Index: January 2026.

9 U.S. Census Bureau, New Home Sales: December 2025.

10 U.S. Census Bureau, New Residential Construction: December 2025.

11 A/C Heating & Refrigeration Institute, HVAC Equipment Shipment: December 2025.

12 NY Federal Reserve, Empire Manufacturing Index: February 2026.

13 Federal Reserve, Industrial Production./Capacity Utilization: January 2026.

14 Department of Labor, Weekly Initial Jobless Claims: February 19, 2026.

15 Bureau of Economic Analysis, Gross Domestic Product: Q4 2025.

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