



MAJESTIC
STEEL USA

CORE REPORT

09.18.26

COST

01

- scrap
- ▼ iron ore
- energy
- ▼ zinc
- ▼ coking coal

SUPPLY

04

- lead times
- ▲ production
- imports
- shipments

DEMAND

05

- automotive
- ▼ construction
- appliance
- ▲ manufacturing
- agriculture
- durable goods

ECONOMIC

09

- ▲ employment
- confidence
- inflation
- ▲ transportation
- ▲ retail sales



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COST

SPOT IRON ORE¹

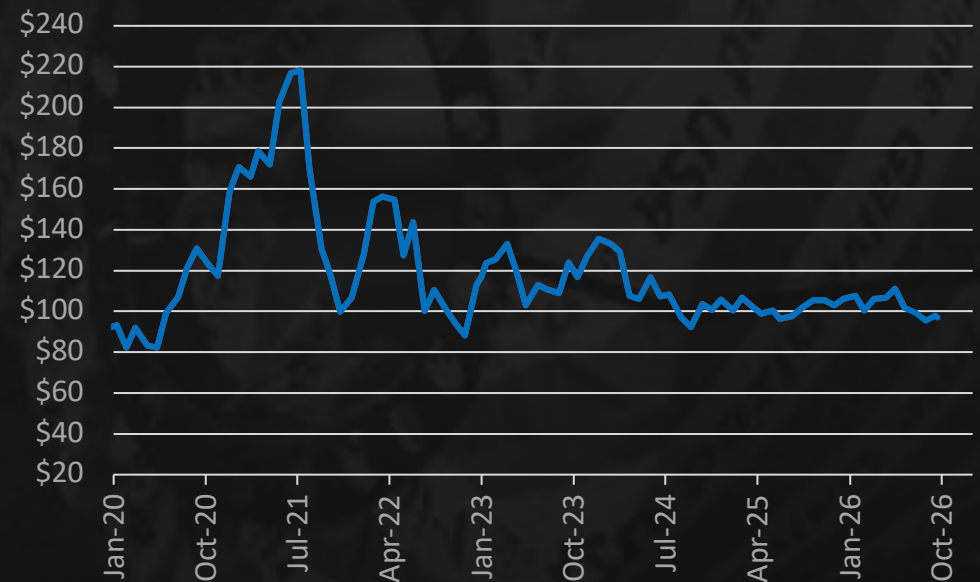
Spot iron ore decreased again this week, hitting the lowest level since mid-August.

Spot iron ore pricing ended the week at \$97.10/mt, down from \$98.08/mt previously.

- This is down 12.5% since the recent peak in May.

With demand contracting and supply holding, iron ore prices are likely to stay weak in the near term.

IRON ORE COST



WEEKLY ZINC PRICING



Zinc pricing dropped slightly for the second consecutive week after climbing the previous seven weeks.

Zinc pricing ended the week at \$4,008/mt (\$1.818/lb), down from \$4,013/mt (\$1.820/lb) previously.

- Pricing was pressured this week by a stronger U.S. dollar and an interest rate hike by the Federal Reserve – a negative for construction and zinc demand.
- Despite this, global supply remains in a deficit which will continue to keep zinc pricing elevated.

Global zinc inventory increased slightly again for the fifth straight week.

- LME warehouse inventory increased slightly again this week, climbing from 111,350/mt to 114,250/mt.
- Shanghai warehouse inventory decreased slightly, dipping from 149,914/mt to 149,016/mt.

COST

▼ COKING COAL³

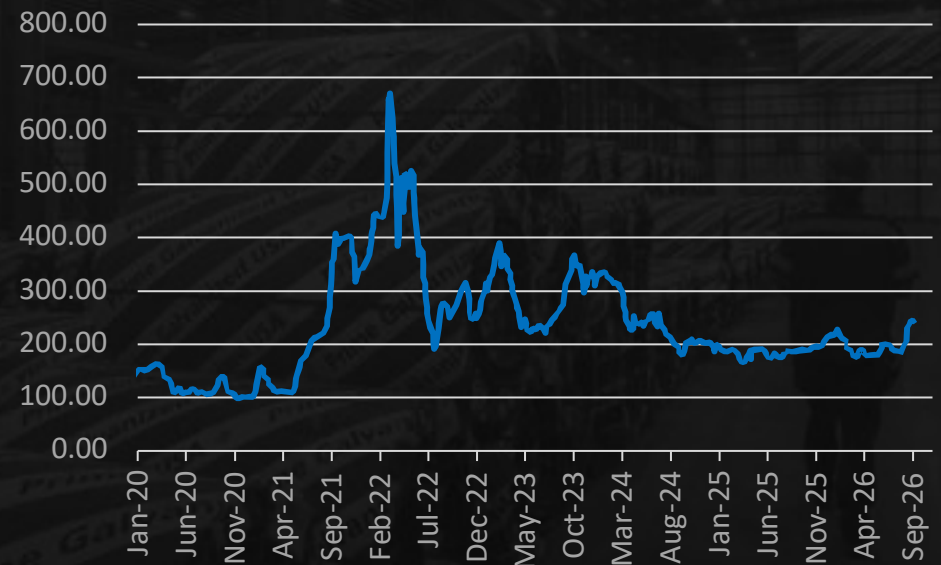
Coking coal pricing decreased slightly for the second straight week after climbing the previous five weeks.

Coking coal pricing settled at \$239.40/mt, down from \$244.00/mt previously.

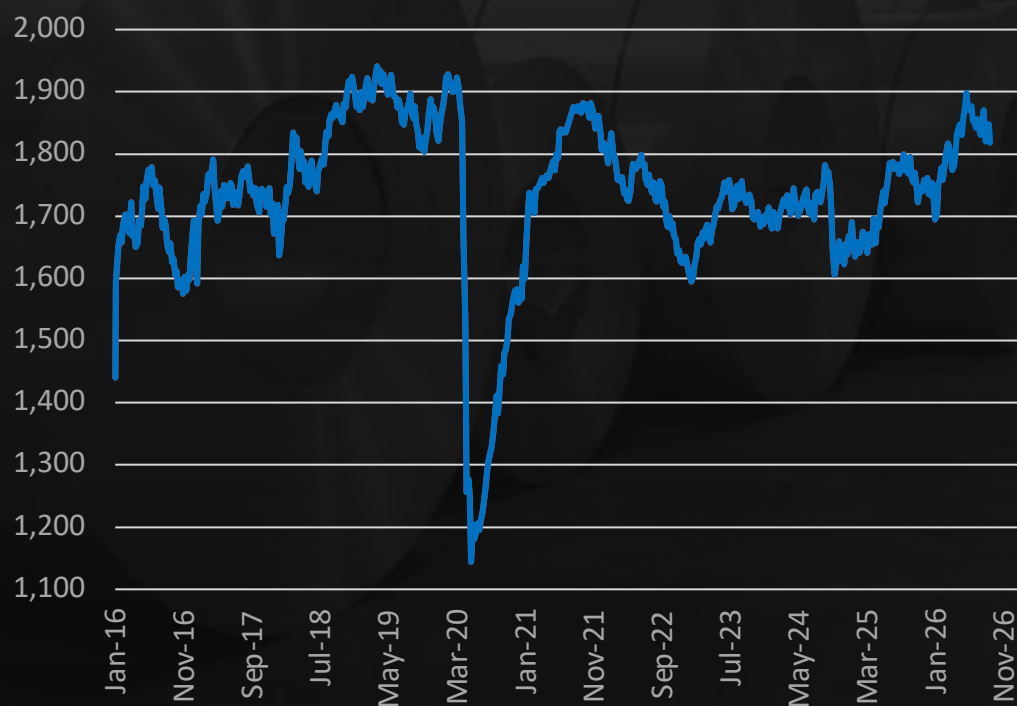
- Despite the slight drop for the second week, coking coal is still up nearly 40% since the recent bottom in May.

Coking coal is now at a one-month low as deteriorating profits at Chinese steel mills are beginning to force expectations of production cuts.

COKING COAL PRICE



WEEKLY DOMESTIC PRODUCTION



WEEKLY DOMESTIC STEEL PRODUCTION⁴

Domestic steel production rebounded sharply last week after hitting the lowest output since March.

U.S. mills produced an estimated 1,900k tons at an 82.3% utilization rate, up from 1,808k tons and a 78.3% rate previously.

- This was the eleventh largest week-over-week increase dating back to 2006, climbing a sharp 5.1%.

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

- Production from the Southern region spiked from 821k tons to 876k tons.
- This was the highest weekly output ever recorded for this region.

Year-to-date production is up 6% compared to the same time frame last year.

DEMAND

HOUSING MARKET INDEX⁵

U.S. homebuilder confidence weakened further in September as higher mortgage rates, rising construction costs and persistent labor shortages continued to pressure the residential market.

The Housing Market Index fell to 32, its lowest level since September 2025 and well below the 50-point threshold separating positive and negative sentiment.

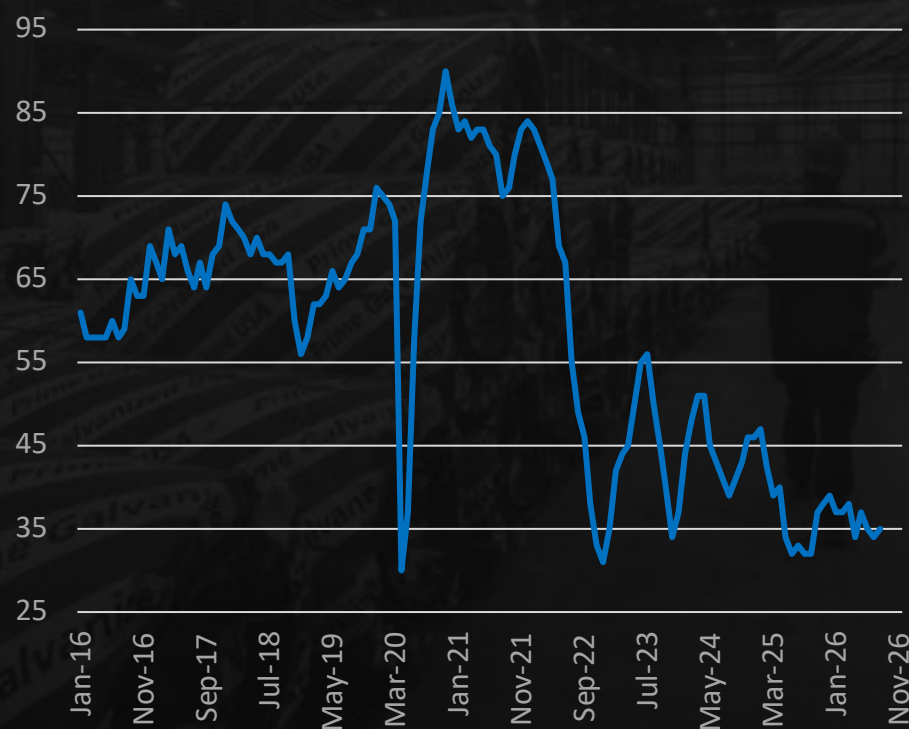
Within the index, all three components continued to decline.

- Current sales conditions declined to 35, while expectations over the next six months dropped to 37.
- Buyer traffic remained unchanged at a historically weak reading of 23, reflecting the continued affordability challenges facing potential homebuyers.

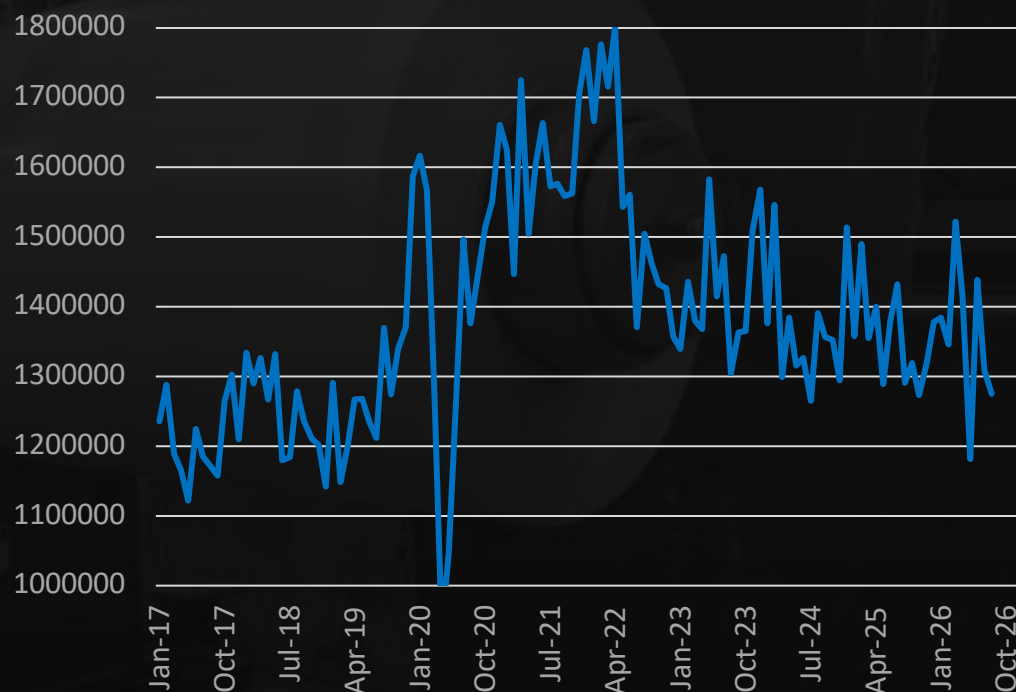
Builders are increasingly relying on concessions to generate demand, as 38% reduced home prices in September, up from 35% in August, with the average reduction holding at 6%.

- Meanwhile, 66% used sales incentives, the highest share since December.

HOUSING MARKET INDEX



NEW HOUSING STARTS (SAAR)



RESIDENTIAL CONSTRUCTION⁶

New housing starts continued to weaken in August, sliding to its lowest monthly rate in nearly a year.

New housing starts came in at a 1.275 million unit rate, down 2.6% from July and down 1.2% from the 1.291 million unit rate last August.

- The sharp drop was due to a slowdown in multi-family starts, which declined to its lowest rate (357k), the lowest rate since May.

Year-to-date actual starts are now down 0.9% compared to the same timeframe last year.

Permits, an indicator for future starts, declined as well, sliding 2.7% from July to a 1.394 million unit rate.

DEMAND

⬆️ EMPIRE MANUFACTURING INDEX⁷

After seeing strong growth in August, business activity from the manufacturing sector in the New York region, increased slightly in September.

The Empire Manufacturing Index came in at 7.6, down from 20.6 in August but remaining in expansion for the sixth consecutive month.

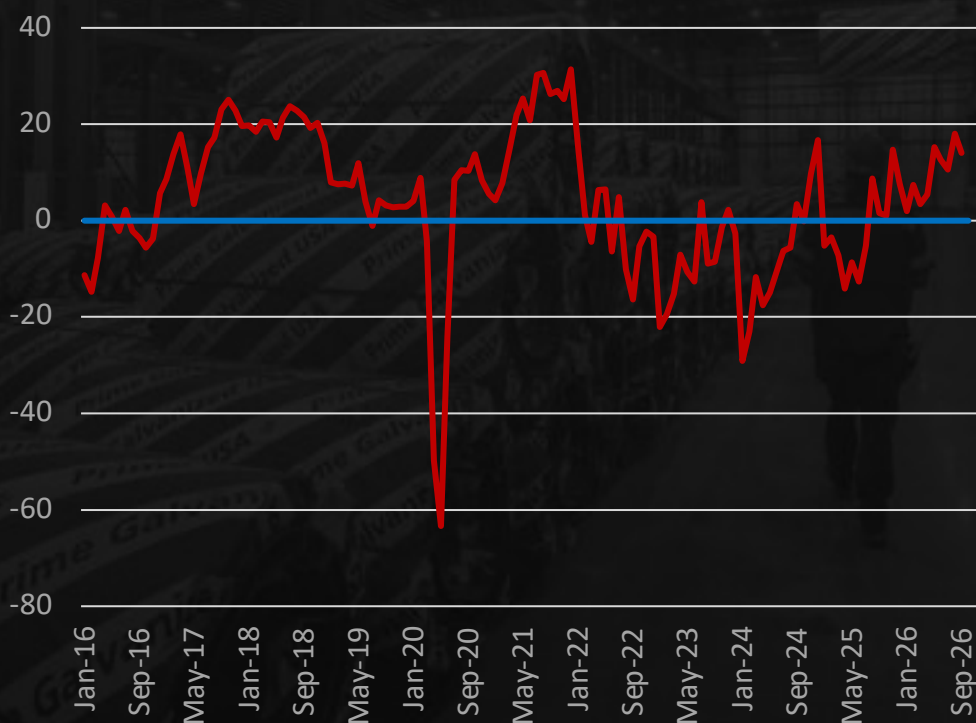
- The two-month average is at 14.1, holding in expansion territory for the fourteenth consecutive month.
- Any reading over 0.0 shows expansion, while any reading below 0.0 shows contraction.

While the new order and unfilled orders components showed expansion, the growth slowed from August.

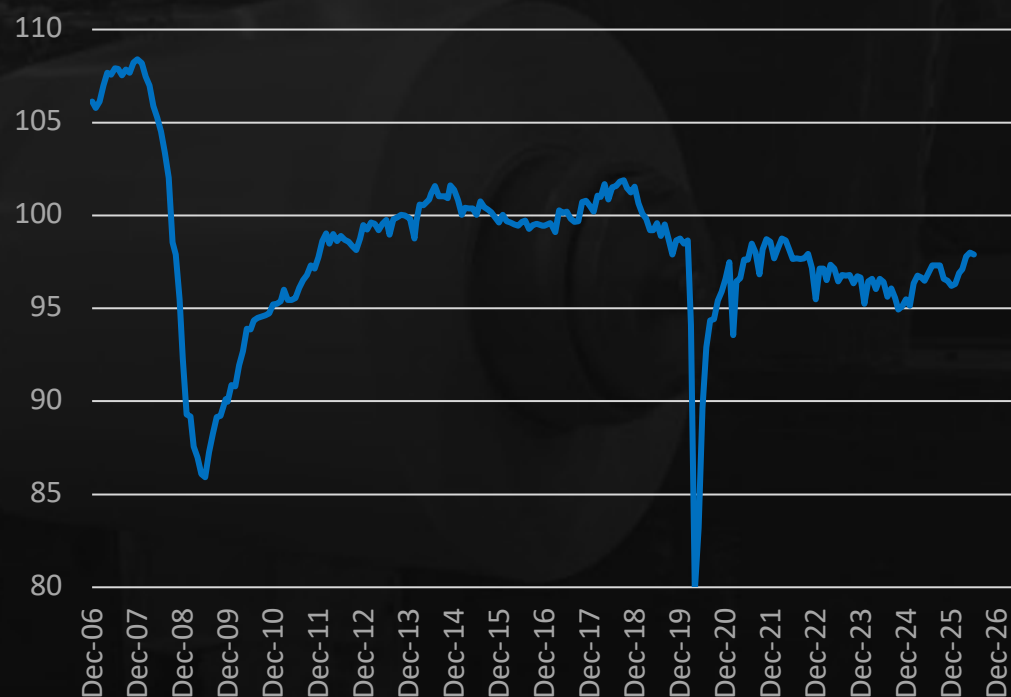
- The shipment component slipped into contraction, after strong expansion previously.

The index for future business conditions came in at 29, with both new order and shipment expectations increasing.

EMPIRE MANUFACTURING INDEX (2MA)



INDUSTRIAL PRODUCTION - MANUFACTURING



INDUSTRIAL PRODUCTION/ CAPACITY UTILIZATION⁸

Industrial production saw a slight increase in August after a slightly stronger increase in July.

The August Industrial Production Index came in at 103.1, up from 103.0 in July.

- The uptick in August pushed the index to its highest level since January 2019.

Manufacturing output declined however, sliding 0.2 points from 98.4 to 98.2.

- Output of durable goods declined sharply, with declines seen across most categories.

Capacity utilization for all production was flat at 76.3% but remained over 3.0% below the long-run average.

Manufacturing utilization declined to 75.7%, rate that is 2.5% below the long run average.

WEEKLY INITIAL JOBLESS CLAIMS⁹

The number of Americans filing new unemployment claims dropped to the lowest level since July, now down four out of the last five weeks.

The Department of Labor's Weekly Initial Jobless Claims report came in at 196,000 claims, down from 206,000 previously.

- The four-week moving average, considered a better measure of the labor market as it irons out week-to-week volatility, decreased to 203,250

Continuing claims, or claims lasting longer than one week, dropped as well.

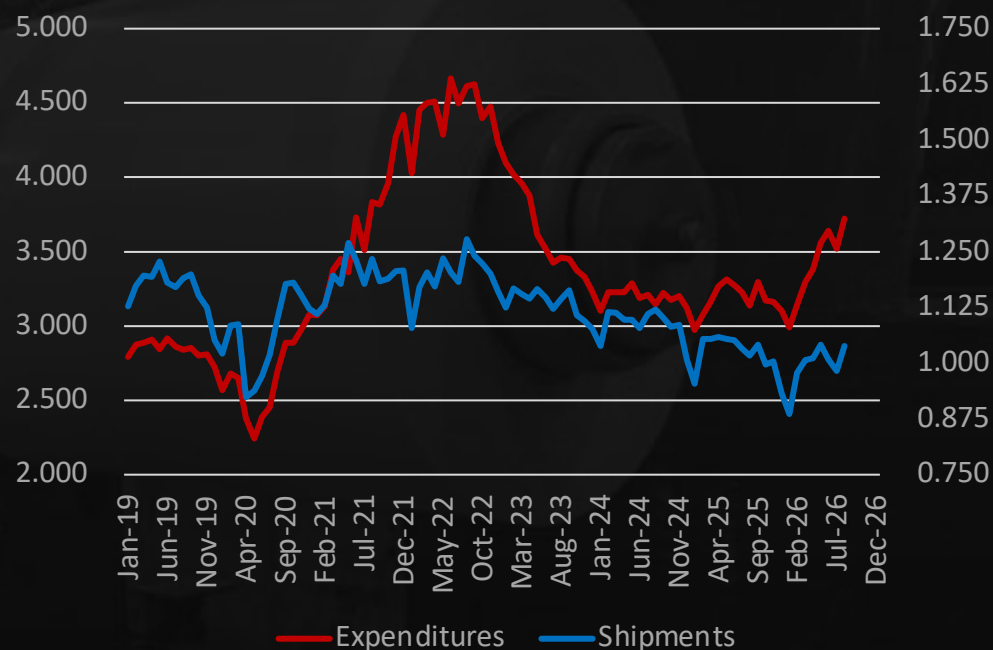
- Continuing claims came in at 1.730 million claims, down from 1.769 million claims previously.

Claims remain low despite high energy prices and inflation, however the recent interest rate hike by the Federal Reserve is another headwind.

WEEKLY INITIAL JOBLESS CLAIMS



CASS FREIGHT INDEX


 TRANSPORTATION INDEX¹⁰

The Cass Freight Index showed a notable improvement in August, with shipments rising 5.6% from July and 2.1% year over year.

- This marked the first annual increase since January 2023 and ended a record 42-month contraction.

Freight expenditures strengthened alongside volumes, climbing 19% year over year and 6.0% from July on a seasonally adjusted basis.

- Shipments accounted for roughly five percentage points of the monthly increase, implying an approximately 1.0% rise in overall freight rates.

Truckload pricing also continued to firm as the Cass Truckload Linehaul Index rose 0.7% from July and 11.3% year over year to 153.9.

- While spot rates have recently softened, the much larger contract market continues to reset higher.
- The index is now on pace to increase approximately 7% in 2026 following three years of limited or negative growth.

▲ RETAIL SALES¹¹

Retail sales increased in August, after a slight decline in July.

August retail sales came in at a \$773.9 billion rate, up 1.2% from July and up 6.0% from the \$730.0 billion rate last August.

- While sales from gas stations were up sharply on higher gas prices, sales excluding gas stations were still up 1.1% from July.

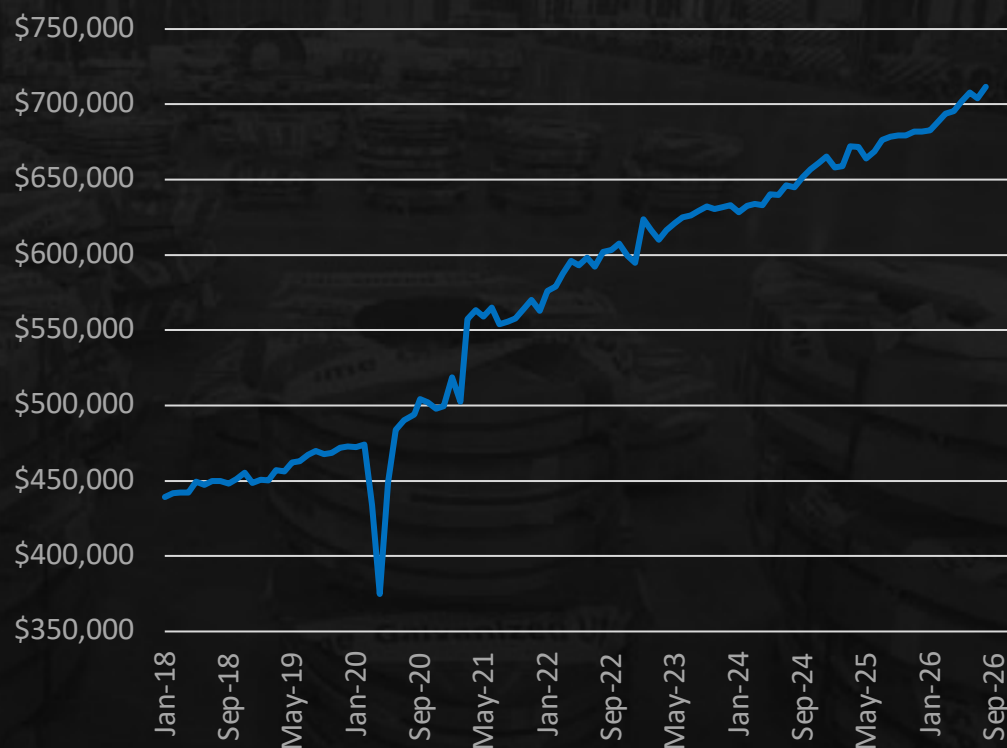
The largest increases from July came from gas stations, online retailers, electronic stores, and sporting goods stores.

- These increases more than overcame declines in sales from department stores and building material & garden stores.

Actual year-to-date sales are now up 5.1% compared to the same time frame last year.

When gas station sales are excluded, year-to-date sales were up 4.3%.

RETAIL SALES (EX. GAS STATIONS)



SOURCES

- 1 Platts, Spot Iron Ore: September 18, 2026.
- 2 London Metal Exchange, Weekly Zinc Price and Inventory Report: September 18, 2026.
- 3 Shanghai Futures Exchange, Weekly Zinc Inventory Report: September 18, 2026.
Platts, Coking Coal Price: September 18, 2026.
- 4 American Iron & Steel Institute, Weekly Domestic Steel Production: September 15, 2026.
- 5 National Association of Homebuilders, Housing Market Index: September 2026.
- 6 U.S. Census Bureau, New Residential Construction: August 2026.
- 7 Federal Reserve, Empire Manufacturing Index: September 2026.
- 8 Federal Reserve, Industrial Production/Capacity Utilization: August 2026.
- 9 Department of Labor, Weekly Initial Jobless Claims: September 17, 2026.
- 10 Cass Information Systems, Cass Transportation Index: August 2026.
- 11 U.S. Census Bureau, Retail Sales: August 2026.

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