

# CORE REPORT

WEEK ENDING 02.26.21

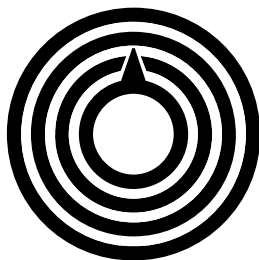
## COST



PAGE 01

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

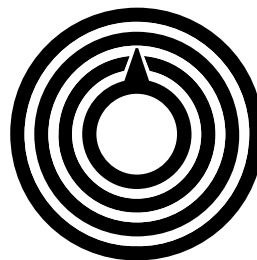
## SUPPLY



PAGE 03

- lead times
- production
- imports
- inventories

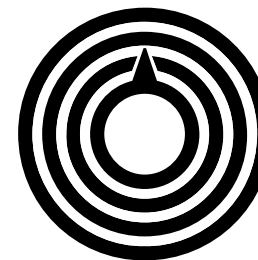
## DEMAND



PAGE 05

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

## ECONOMIC



PAGE 09

- employment
- retail sales
- confidence
- GDP



# SPOT IRON ORE<sup>1</sup>

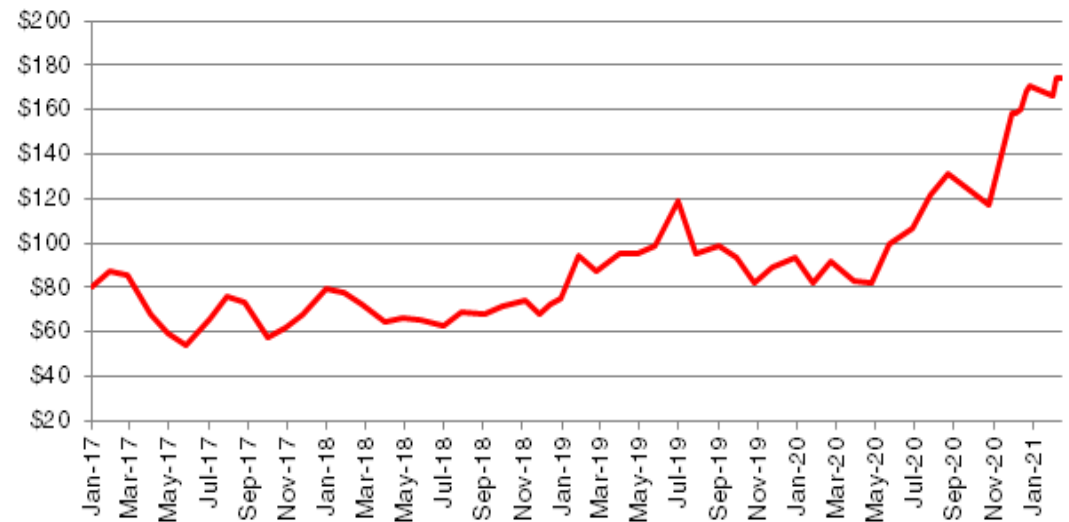
Spot iron ore pricing decreased slightly this week after climbing the previous three weeks.

Spot iron ore pricing ended the week at \$174.30/mt, down from \$174.45/mt a week ago.

○ This is just below the highest price for iron ore since September of 2011, seen last week.

Iron ore prices continue to be supported by healthy mill margins and expectations of a steady rise in demand for steel.

## Spot Iron Ore





# ZINC<sup>2</sup>

Zinc pricing decreased slightly this week after climbing the previous three weeks.

Zinc pricing ended the week at \$2,821/mt (\$1.280/lb), down from \$2,864/mt (\$1.299/lb) previously.

- Zinc briefly touched \$1.313/lb earlier in the week, the highest since April of 2019.

Global zinc inventory climbed again this week, now up for the fifth consecutive week.

- LME warehouse inventory decreased slightly to 269,775 metric tons, from 276,525 metric tons previously.
- Shanghai warehouse inventory increased significantly again this week, climbing from 101,919 metric tons to 114,984 metric tons.

- This is now the highest level since May of 2020.

## Weekly Zinc Pricing





# WEEKLY DOMESTIC STEEL PRODUCTION<sup>3</sup>

Domestic raw steel production increased slightly last week, now up for the second consecutive week.

U.S. mills produced an estimated 1,745k tons at a 77.0% utilization rate; this is up from 1,743k tons and a 76.9% rate previously.

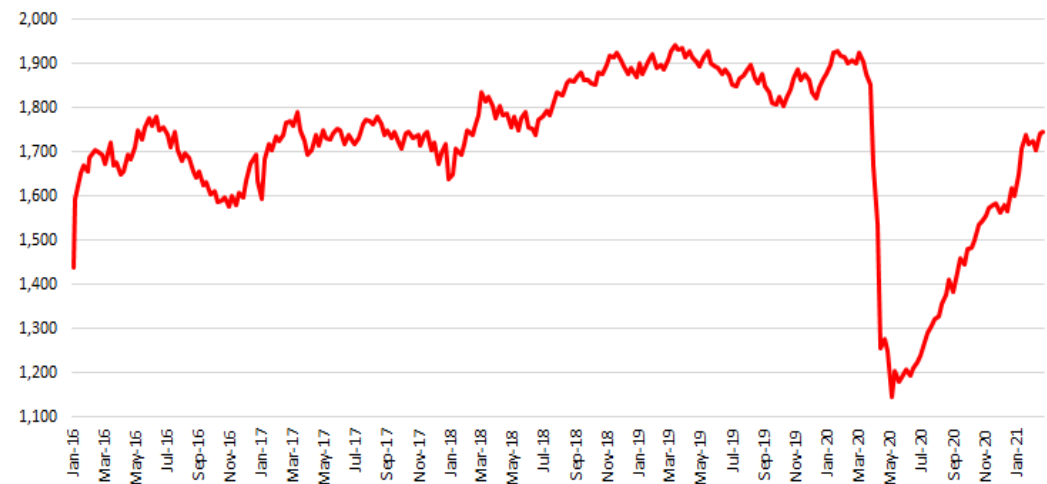
○ This is the highest utilization rate since the pandemic started in March of 2020.

Production only increased in one of the five regions, with a large surge in the Great Lakes region helping to offset losses in the other four regions.

○ Production from the Great Lakes region climbed from 599k tons to 637k tons.

Year-to-date production is now 10.2% below the same timeframe from last year.

## Weekly Domestic Steel Production





# CARBON STEEL IMPORTS<sup>4</sup>

Total carbon flat rolled imports increased in January on the back of a sharp jump in semi-finished imports.

Total carbon steel imports totaled 1.836 million tons, up sharply from December but down over 20% from January 2020.

Total carbon flat rolled imports totaled 389k tons, up 2.6% from December but down 25.6% from 523k tons in January 2020.

- All three products saw sharp year-over-year declines, with cold rolled imports (-45%) seeing the sharpest decline.
- Hot rolled and coated imports declined as well, sliding 16.1% and 23.4%, respectively.
- Carbon flat rolled imports made up 21.2% of total imports, well below the 31.2% average for 2020.

## Carbon Flat Rolled Imports





# NEW HOMES SALES<sup>5</sup>

Sales of new homes continued to increase in January, now up for the second consecutive month.

New home sales came in at a 923,000 unit seasonally adjusted rate.

- This is up 4.3% from December and up 19.3% from a 774,000 unit rate in January 2020.

- Sales have now increased, on a year-over-year basis, by at least 10%.

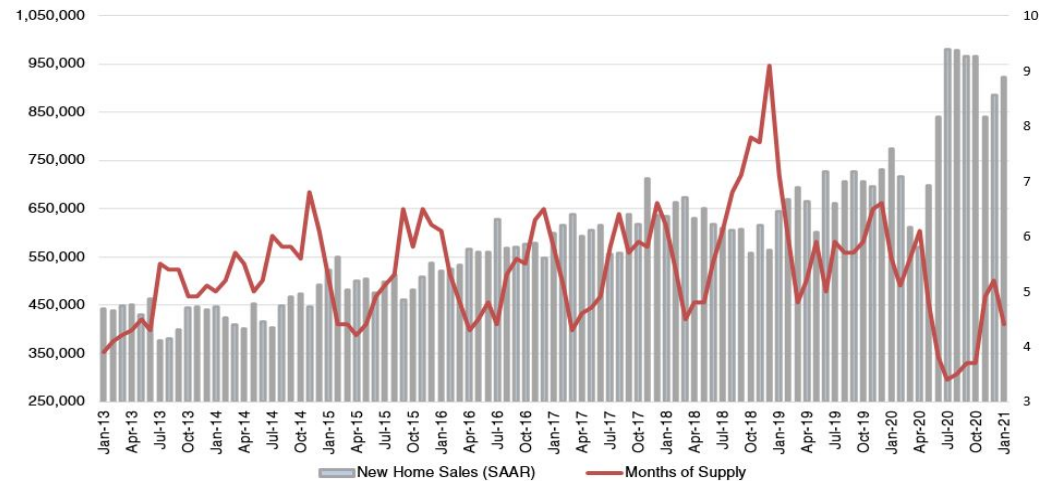
Inventory of unsold new homes increased slightly from December but were down sharply on a year-over-year basis.

- Inventory totaled 306,000 units, down 7.0% from last January.

- Current inventory, when combined with January's sales rate, equates to 4.4 months of supply.

- This is down sharply from the 5.2 month rate in December and well below the three-year average of 5.6 months of supply.

## New Home Sales/Days of Supply





# EXISTING HOME SALES<sup>6</sup>

After slipping the previous two months, sales of existing homes increased in January.

Existing home sales came in at a 6.690 million unit adjusted rate in January, up 0.6% from December and up 23.4% from a 5.420 million unit rate in January 2020.

- Sales have now increased by at least 20%, on a year-over-year basis, for the fifth consecutive month.

Inventory of existing homes for sale continued to decline in January, sliding to 1.040 million units.

- This is the tightest inventory has been in well over 20 years.
- Current inventory, combined with January's sales pace, equates to 1.9 months of supply.
- The tight inventory situation of both existing and new homes will continue to pressure new residential construction.

## Existing Homes for Sale





# ARCHITECTURE BILLINGS INDEX<sup>7</sup>

The January Architecture Billings Index continued to show a contraction in activity at the architecture firm level.

The January ABI came in at 44.9, up slightly from December but still well below 50.0.

- Any reading over 50.0 shows an increase in business activity, while any reading below 50.0 denotes a contraction in business activity.

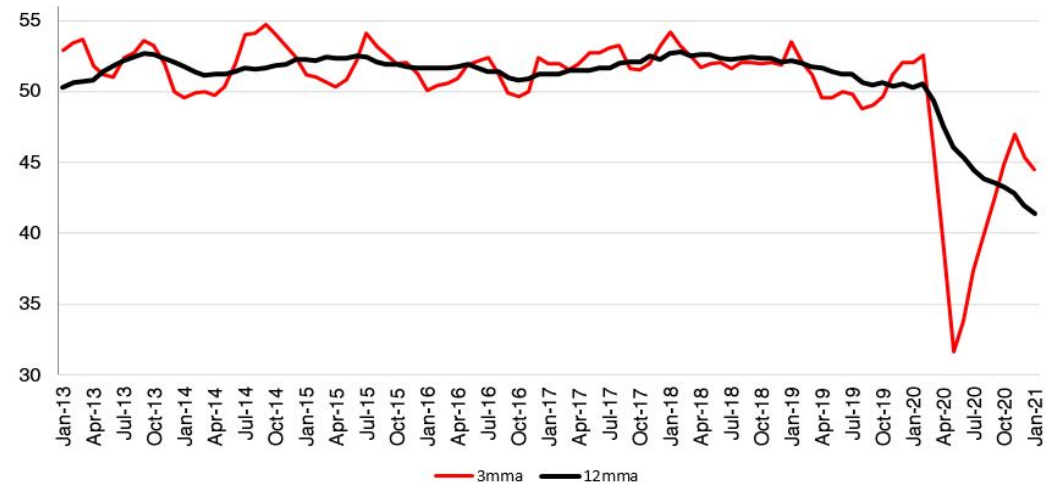
All four regions remained below 50 in January, with the Northeast (41.9) being the weakest.

- The Southern region was the strongest of the four regions with a 47.4 reading.

It was a similar story for the sector breakdown, as all three continued to show a decline.

- The institutional sector (39.9) was by far the weakest in January.

## Architecture Billings Index







## DURABLE GOODS<sup>8</sup>

New orders for manufactured durable goods increased to a \$256.6 billion seasonally adjusted rate in January.

- This was up 3.4% from December and up 4.6% from a \$245 billion rate in January 2020.
- New orders for durable goods have now increased for nine consecutive months.

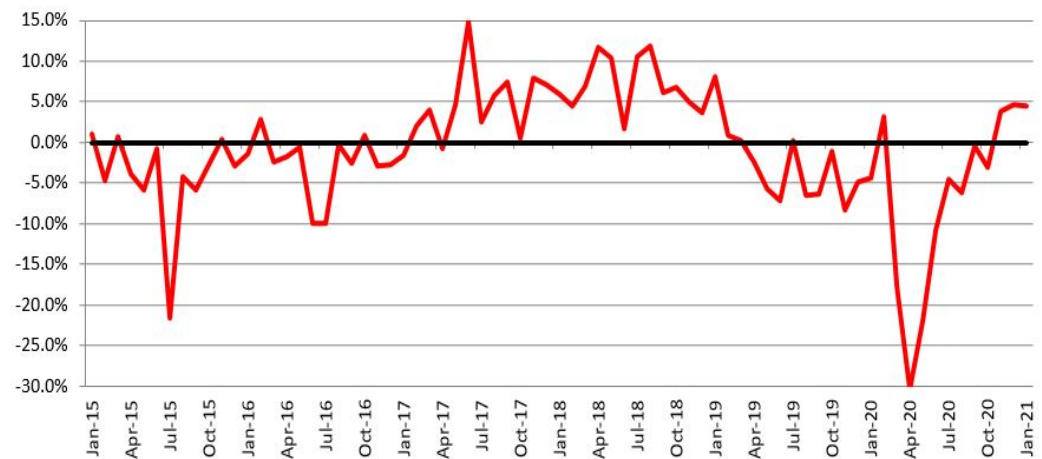
Shipments continued to increase as well, climbing in January for the eighth time in the last nine months.

- Shipments increased 2.0% to a \$260.2 billion rate; January's increase followed a similar 2.1% increase in December.

Inventories declined 0.3% to a \$424.3 billion rate in January.

- This was the second consecutive monthly decline.

### Durable Goods Y/Y Change (actual)





# WEEKLY INITIAL JOBLESS CLAIMS<sup>9</sup>

Weekly initial jobless claims decreased significantly last week, the least amount of claims since the week of November 28th.

The Department of Labor's Weekly Initial Jobless Claims report came in at 730,000 claims, down from 841,000 claims previously.

- This decline likely didn't take into account those individuals expected to file due to the recent winter storms.
- The four-week moving average, considered a better measure of the labor market as it irons out week-to-week volatility, decreased to 807,750, from 828,250 claims previously.

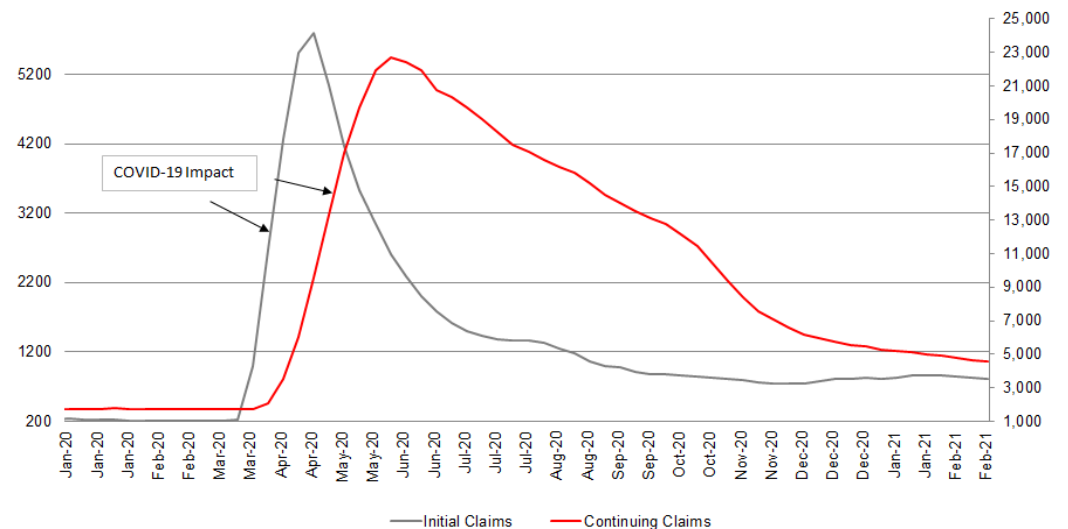
Continuing claims, or claims lasting longer than one week, dropped to another pandemic-era low, now down ten out of the last eleven weeks.

- Continuing claims decreased to 4.419 million, down from 4.520 million previously.

At the state level, California, Ohio, and New York had the largest decrease in claims.

- These states recorded drops of 50,130, 46,259, and 8,552 claims, respectively.

## Weekly Initial Jobless Claims





# CONSUMER CONFIDENCE<sup>10</sup>

The Conference Board's gauge of consumer confidence continued to climb in February and is now up for the third consecutive month.

The Consumer Confidence Index increased to 91.3, up from a revised 88.9 in January.

- This is the highest the index has been since October.
- Despite the recent increase, the index remains well below the pre-pandemic level of +130.

Increased government stimulus payments, combined with declining positive COVID cases are helping to boost consumer confidence.



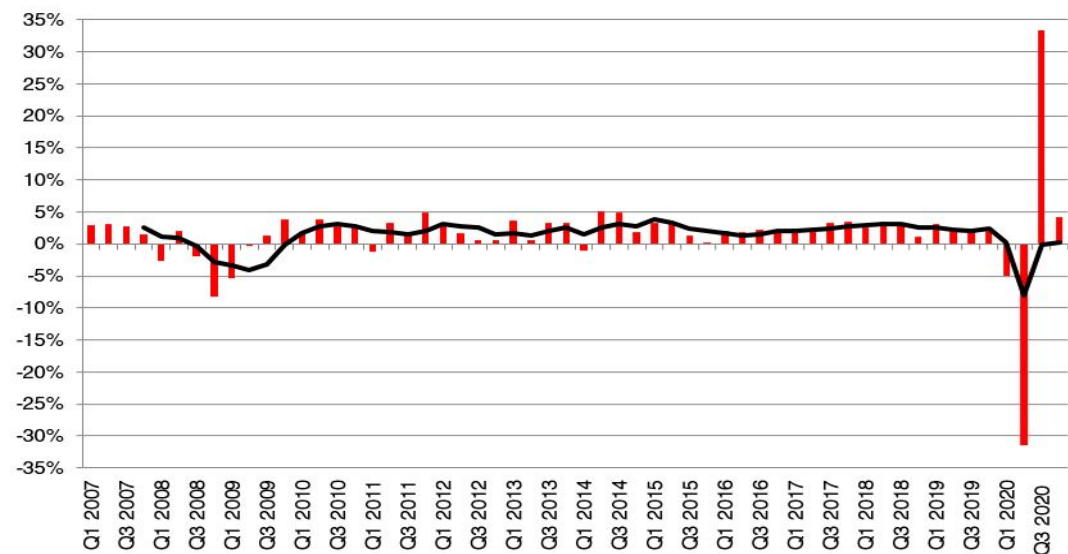
# GROSS DOMESTIC PRODUCT<sup>11</sup>

The second estimate of Q4 GDP was revised slightly higher in February.

- The second estimate came in at a 4.1% annual growth rate, this is up from the initial 4.0% rate announced in the advanced reading.
- With the second estimate, upward revisions to residential fixed investment, private inventory investment, and state and local government spending were partly offset by a downward revision to consumer spending.
- Imports, which are a subtraction in the calculation of GDP, increased.

Real GDP decreased 3.5% in 2020, compared with an increase of 2.2% in 2019.

## Gross Domestic Product





- <sup>1</sup> Platts, Spot Iron Ore: February 25, 2021.
- <sup>2</sup> London Metal Exchange, Weekly Zinc Price and Inventory Report: February 26, 2021.  
Shanghai Futures Exchange, Weekly Zinc Inventory Report: February 26, 2021.
- <sup>3</sup> American Iron & Steel Institute, Weekly Domestic Steel Production: February 23, 2021.
- <sup>4</sup> US Census Bureau, Preliminary Carbon Steel Imports: January 2021.
- <sup>5</sup> US Census Bureau, New Home Sales: January 2021.
- <sup>6</sup> National Association of Realtors, Existing Home Sales: January 2021.
- <sup>7</sup> American Institute of Architects, Architecture Billings Index: January 2021.
- <sup>8</sup> US Census Bureau, Advanced Durable Goods: January 2021.
- <sup>9</sup> Department of Labor, Weekly Initial Jobless Claims: February 25, 2021.
- <sup>10</sup> Conference Board, Consumer Confidence Index: February 2021.
- <sup>11</sup> Federal Reserve, Gross Domestic Product: Q4 2021.

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