

**CORE** 03.26.21 **REPORT**

**COST**

**01**

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

**SUPPLY**

**03**

- ⊖ lead times
- ⊕ production
- ⊖ imports
- ⊖ inventories

**DEMAND**

**06**

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

**ECONOMIC**

**10**

- ⊕ employment
- ⊕ GDP
- ⊖ confidence
- ⊕ inflation

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

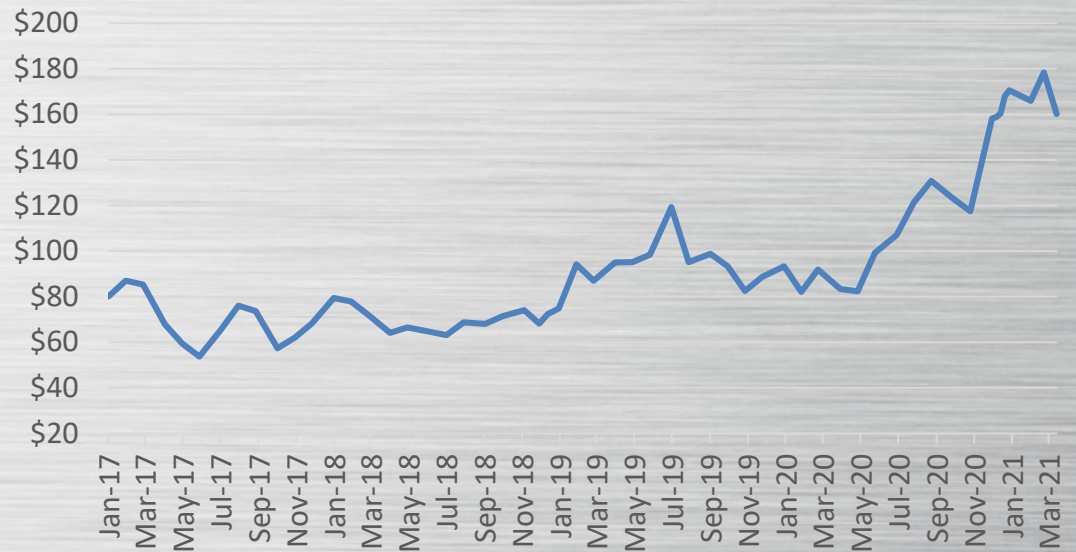
Spot iron ore pricing decreased for the third consecutive week this week.

Spot iron ore pricing ended the week at \$160.20/mt, down from \$166.00/mt a week ago.

Sentiment has been slightly dampened of late due to uncertainty surrounding emissions restrictions and steel output curbs in China.

- However, iron ore prices remain at a decade-high and are supported by rising steel production, reduced steel inventories, and reduced iron ore supply.

## IRON ORE COST



# COST

## WEEKLY ZINC PRICING<sup>2</sup>



## ZINC

Zinc pricing increased again this week, now up for the third consecutive week.

Zinc pricing ended the week at \$2,808/mt (\$1.274/lb), up from \$2,787.50/mt (\$1.264/lb) previously.

- The price of zinc is now trading well above the 20 and 50 day moving averages, a bullish indicator.
- The recent influx of stimulus measures from both China and the US, should also push purchases of more coated goods.

Global zinc inventory climbed again this week, now up eight out of the last nine weeks.

- LME warehouse inventory increased to 271,100 metric tons, from 265,125 metric tons previously.
- Shanghai warehouse inventory decreased this week, sliding from 122,420 metric tons to 118,466 metric tons.



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

Domestic raw steel production decreased slightly last week, now down after five consecutive increases.

U.S. mills produced an estimated 1,753k tons at a 77.3% utilization rate; this is down from 1,761k tons and a 77.7% rate previously.

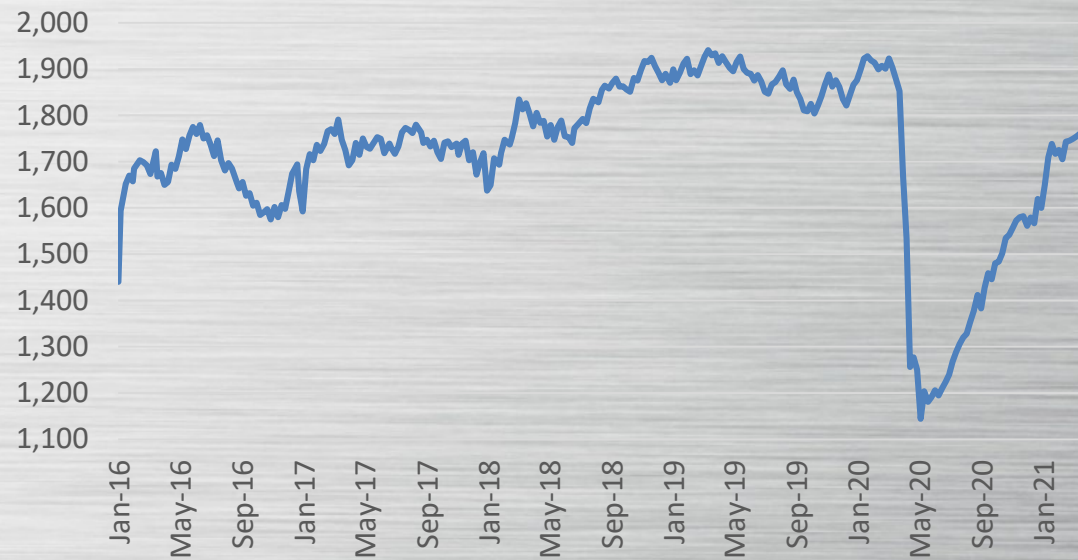
- Despite the drop, production was still up 0.7% compared to the same week a year earlier.

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

- Production from the Southern region dropped from 735k tons to 724k tons.

Year-to-date production is now 9.1% below the same timeframe from last year.

## WEEKLY DOMESTIC PRODUCTION



## SUPPLY

# GLOBAL STEEL PRODUCTION<sup>4</sup>

While sliding on a total basis in February, global steel production continued to inch higher on a mt/day basis.

Global steel production totaled 150.2 million metric tons in February, down from 164.8 million metric tons in January but up 4.2% from 144.1 million metric tons in February 2020.

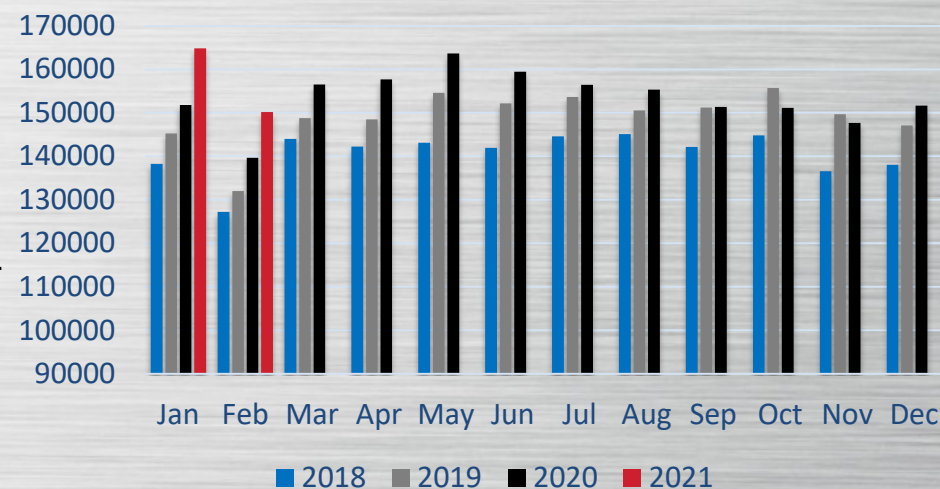
- Excluding China, global steel production declined on both a year-over-year and month-over-month basis, sliding 3.1% and 7.8%, respectively.

Chinese production continued to climb higher, increasing to 83.0 million metric tons in February.

- This is up 10.9% from February 2020.

Production from India, Japan, the US, and Russia, all saw year-over-year declines of 3.1%, 5.6%, 10.9%, and 1.3%, respectively.

## GLOBAL STEEL PRODUCTION (MT)



## SUPPLY

# CARBON STEEL IMPORTS<sup>5</sup>

After climbing to a six-month high in January, total carbon steel imports declined in February.

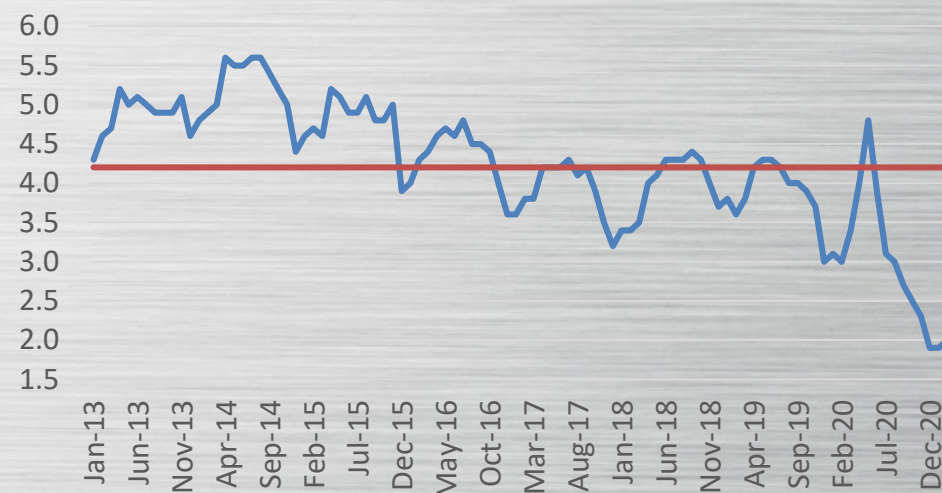
February total carbon steel imports totaled 1.441 million tons, down 21.5% from January but were up 29.8% from 1.110 million tons in February 2019.

Carbon flat rolled imports increased in February, climbing to their highest monthly total since January 2020.

- Carbon flat rolled imports totaled 451,737 tons, up 16.1% from January and up 6.1% from February 2021.
- While both hot rolled and cold rolled saw year-over-year increases, 44.4% and 7.0%, respectively, coated flat rolled imports were down 20.9% from February 2020.
- Coated flat rolled imports totaled 165,071 tons in February, the lowest monthly total since December 2019.

Despite the bump in February, year-to-date carbon flat rolled imports are still down 11.4% from the same timeframe last year.

## CARBON FLAT ROLLED IMPORTS



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

After climbing the previous two months, new home sales slipped slightly in February.

February new home sales came in at a 775,000 unit rate, down 18.2% from January.

- The February sales pace was still 8.2% ahead of last February's level however, marking the tenth consecutive month with a year-over-year increase in sales.

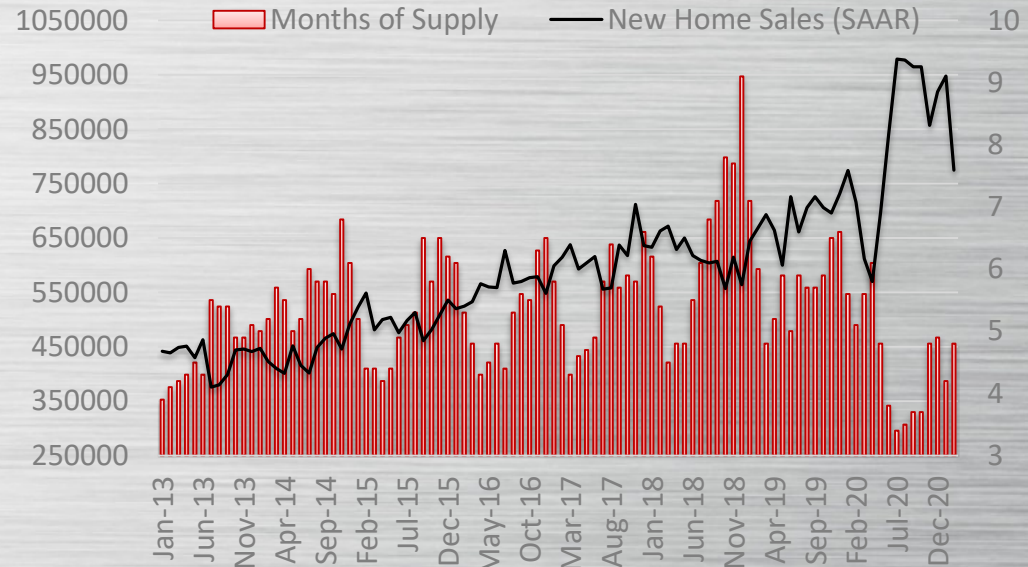
Inventory of unsold new homes increased slightly but continued to be well below year-ago levels.

- Total inventory was down 4.9% from the same point last year.
- February marked the eighteenth month in which new home inventory was down compared to the same month from the prior year.

Current inventory, combined with February's sales pace, equates to 4.8 months of supply.

- This is up slightly from February but well below the five-year average of 5.5 months.

## NEW HOME SALES



## DEMAND

# EXISTING HOME SALES<sup>7</sup>

A tightening inventory environment, combined with rising prices and a week-long deep freeze, all played a factor in pushing February existing home sales lower.

February existing home sales came in at a 6.220 million unit adjusted rate.

- This is down 6.6% from January but remains 9.1% above the 5.700 million unit rate from February 2020.

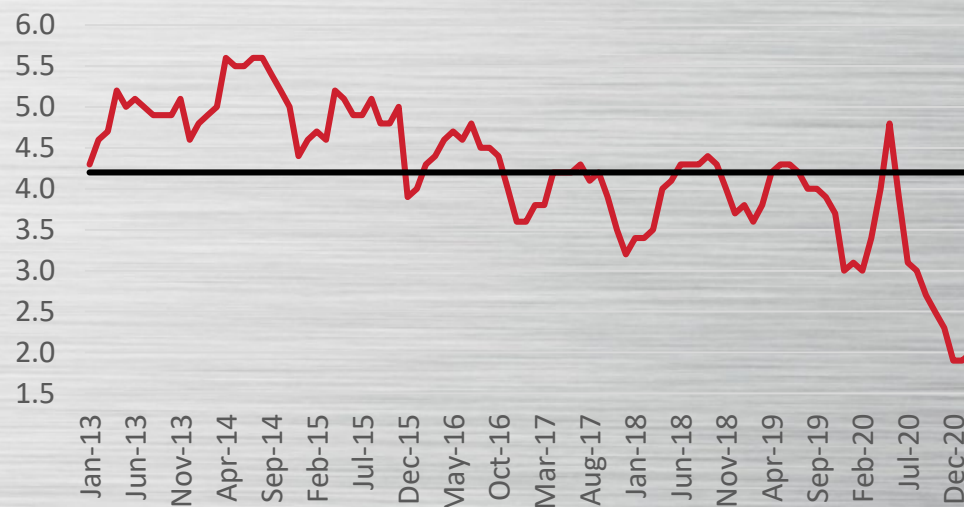
Inventory of unsold existing homes dropped again in February, sliding to 1.030 million units.

- The 29.5% year-over-year drop in inventory was the largest ever annual drop.

Current inventory, when combined with February's sales rate, equates to 2.0 months of supply.

- This is up slightly from January but remains well below the ten-year average of 4.8 months.

## EXISTING HOMES (MONTHS OF SUPPLY)





# DEMAND

## ARCHITECTURE BILLINGS INDEX<sup>8</sup>



## ARCHITECTURE BILLINGS INDEX

After remaining in negative territory for roughly a year, the February Architecture Billings Index rebounded sharply in February.

The February ABI came in at 53.3, up sharply from 44.9 in January.

- This was the first time since last February in which the index has been above 50.0.
- Any reading over 50.0 indicates growth, while any reading below 50.0 denotes declines.

The new projects inquiry index came in at 61.2 in February, the highest level in twenty-two months.

On a regional basis, only the Southern region was above 50, coming in at 52.4.

- There were two sectors that came in above 50, the mixed practice (52.5) and the commercial/industrial (50.5).

## DEMAND

# DURABLE GOODS<sup>9</sup>

After climbing the previous nine months, new orders for manufactured durable goods declined on a seasonally adjusted basis in February.

February new orders declined 1.1% to a \$254.0 billion rate; the decline in February followed a 3.5% increase in January.

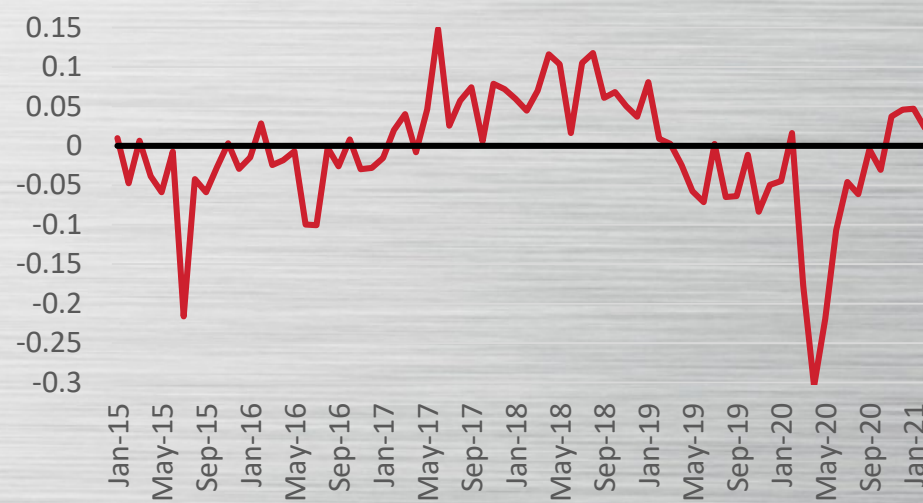
- Excluding the transportation component, new orders declined 0.9% in February.

Unfilled orders increased 0.8% to a \$1.082 trillion rate in February.

- This marked the second consecutive month in which unfilled orders increased.

After sliding the previous two months, inventories increased 0.7% to a \$427.3 billion rate in February.

## DURABLE GOODS Y/Y CHANGE (ACTUAL)



# WEEKLY INITIAL JOBLESS CLAIMS<sup>10</sup>

Weekly initial jobless claims decreased last week, now down four out of the last six weeks.

The Department of Labor's Weekly Initial Jobless Claims report came in at 684,000 claims, down from 781,000 claims previously.

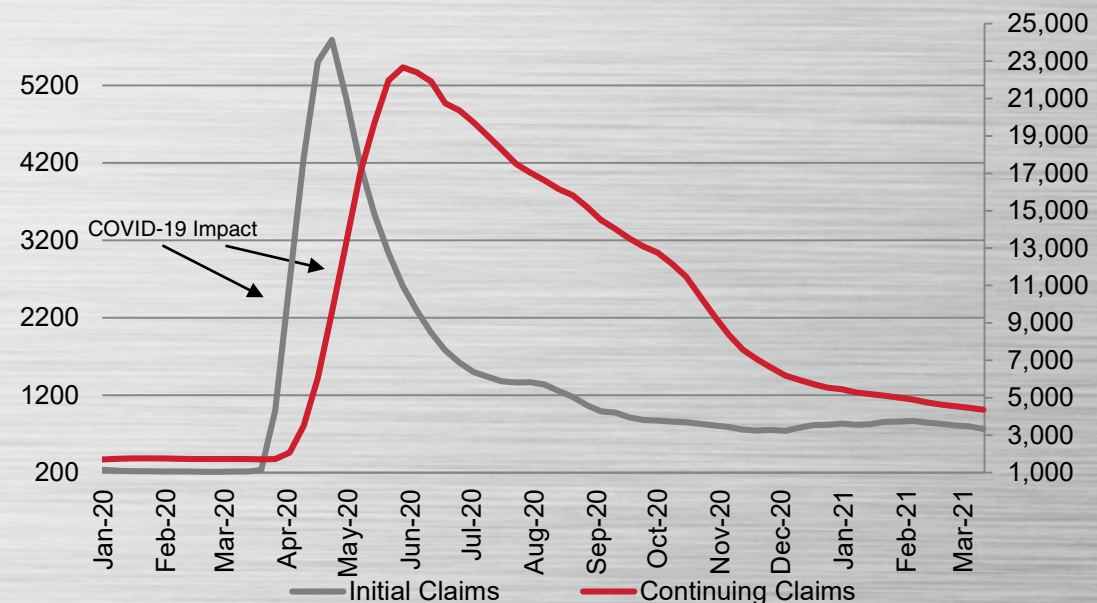
- This is the first time claims have been under 700,000 during the COVID-19 era.
- The four-week moving average, considered a better measure of the labor market as it irons out week-to-week volatility, decreased to 736,000, from 749,000 claims previously.

Continuing claims, or claims lasting longer than one week, dropped to another pandemic-era low, now down for the tenth consecutive week.

- Continuing claims decreased to 3.870 million, down from 4.134 million previously.

This marks the one year anniversary of jobless claims skyrocketing from 282,000 to 3.3 million, the first large surge after the pandemic started.

## WEEKLY INITIAL JOBLESS CLAIMS



**ECONOMIC**



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

The third and final estimate for Q4 2020 GDP showed an annual growth rate of 4.3%.

- This is up from the "second" estimate showing an annual growth rate of 4.1% and is up from the 2.1% growth rate in Q4 2019.

The upward revision to the third estimate reflected upward movement in inventory investment and was partly offset by downward movement in nonresidential investment.

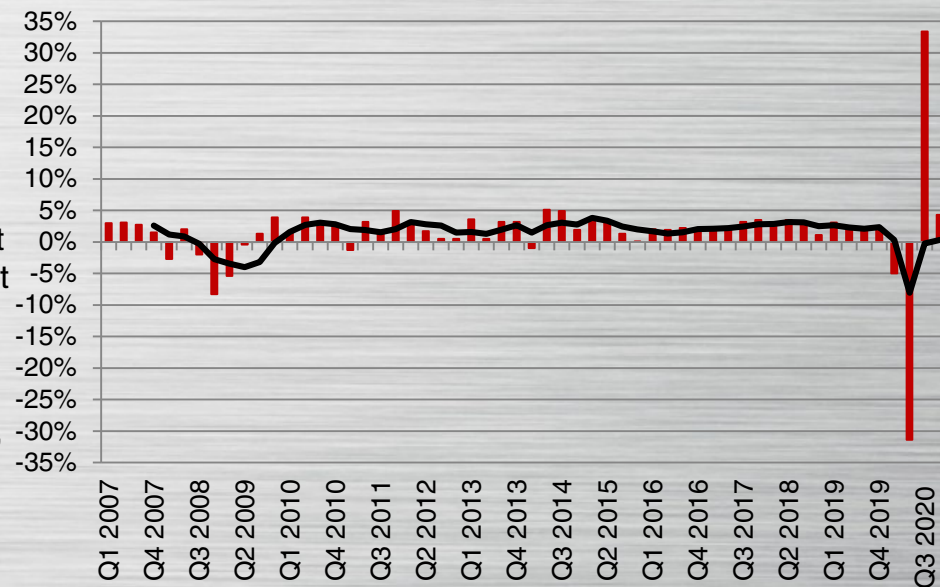
The overall increase in GDP reflected increases in exports, nonresidential investment, personal spending, residential investment, and inventory investment.

- These increases were partly offset by declines in state and local government spending and federal government spending.

- Imports, which are a subtraction to GDP, increased.

The latest 2021 estimate from the Fed projects GDP to grow 6.5% for the year, up from the previous estimate of 4.2% growth.

## GROSS DOMESTIC PRODUCT





## PERSONAL INCOME AND OUTLAYS<sup>12</sup>

After a sharp increase in January, total personal income dropped sharply in February.

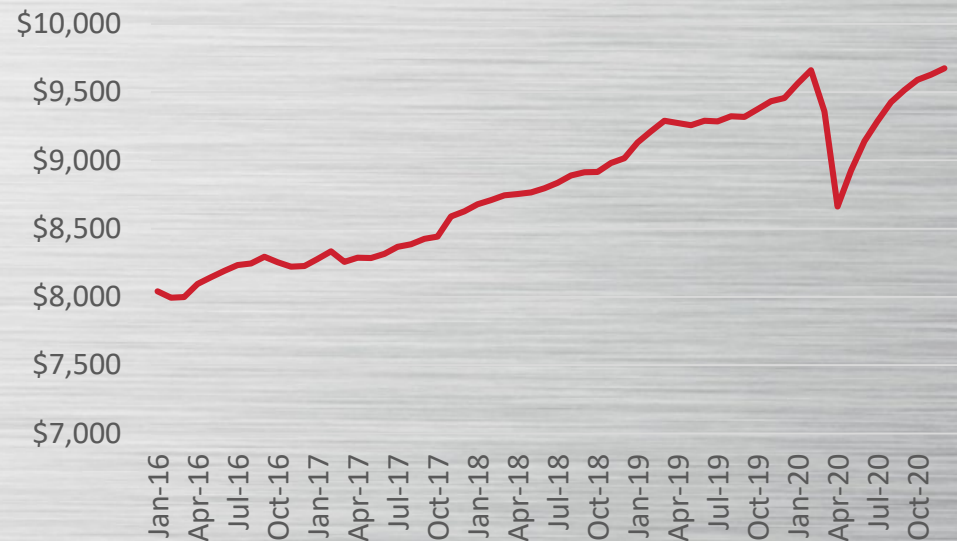
February total personal income fell 7.1% after surging 10.1% in January.

- The sharp drop in February was mainly due to the fading bump from the second round of stimulus checks.

While total income fell, wages and salaries were virtually flat in February.

- February wages totaled \$9.658 trillion, flat from \$9.659 trillion in January and flat from \$9.659 in February 2020.
  - This was the first month without a month-over-month increase since April.

## TOTAL WAGES AND SALARIES



## SOURCES

- 1 Platts, Spot Iron Ore: March 25, 2021.
- 2 London Metal Exchange, Weekly Zinc Price and Inventory Report: March 26, 2021.  
Shanghai Futures Exchange, Weekly Zinc Inventory Report: March 26, 2021.
- 3 American Iron & Steel Institute, Weekly Domestic Steel Production: March 23, 2021.
- 4 WorldSteel, Global Steel Production: February 2021.
- 5 US Census Bureau, Preliminary Carbon Steel Imports: February 2021.
- 6 US Census Bureau, New Home Sales: February 2021.
- 7 National Association of Realtors, Existing Home Sales, February 2021.
- 8 American Institute of Architects, Architecture Billings Index: February 2021.
- 9 US Census Bureau, Advanced Durable Goods Report: February 2021
- 10 Department of Labor, Weekly Initial Jobless Claims: March 25, 2021.
- 11 Bureau of Economic Analysis, Gross Domestic Product: Q4 2020.
- 12 Bureau Economic Analysis, Personal Income and Outlays, February 2021.

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