

CORE 04.09.21 **REPORT**

COST

01

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

SUPPLY

04

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

DEMAND

05

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

ECONOMIC

08

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

 **SCRAP¹**

After skyrocketing in March, prime scrap price leveled off in April.

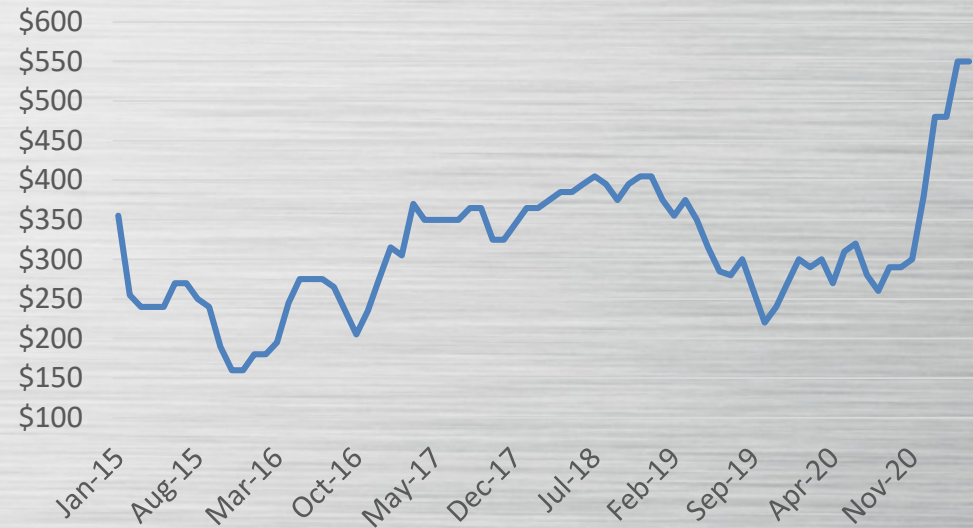
April scrap settled at \$550/gt, flat from \$550/gt in March.

- This remains the highest price for scrap since September 2008.

The scrap environment remains tight as regional flows are reduced from automotive outages related to the global microchip shortage.

- As new EAF capacity continues to come online, it is expected that prime scrap pricing will remain strong through the remainder of 2021.

PRIME SCRAP



COST



SPOT IRON ORE²

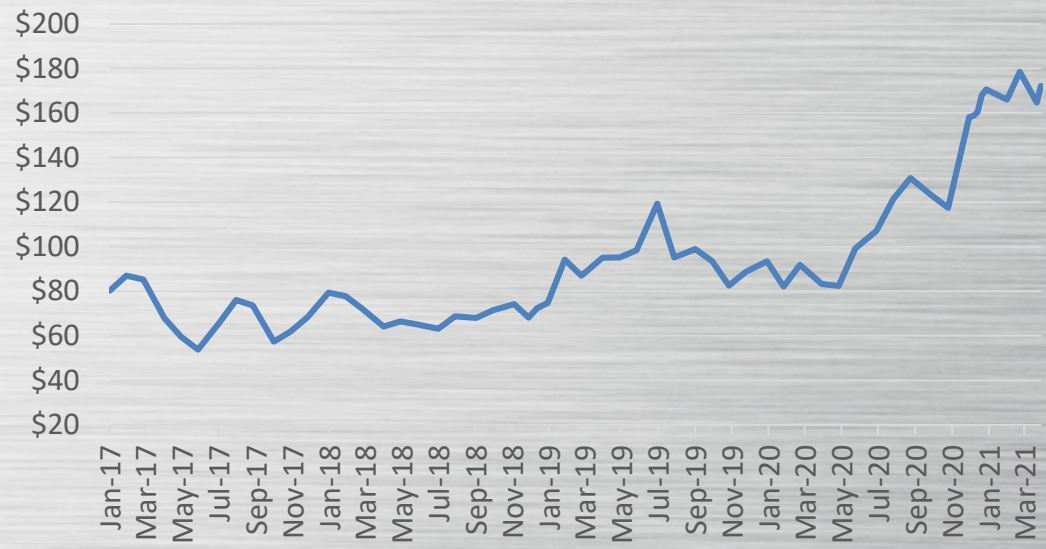
Spot iron ore pricing increased sharply this week, now up in consecutive weeks after sliding the three weeks prior.

Spot iron ore pricing ended the week at \$172.15/mt, up from \$164.75/mt a week ago.

Strong global steel prices continue to give support to elevated iron ore prices, which still remain at decade highs.

- Overall supply continues to climb back to pre-pandemic levels as well, with Brazil recently announcing that iron ore exports were up 34% in March compared to the year prior.

IRON ORE COST



COST

WEEKLY ZINC PRICING³



ZINC

Zinc pricing increased this week, now alternating up and down movements for the last five weeks.

Zinc pricing ended the week at \$2,807/mt (\$1.273/lb), up from \$2,765/mt (\$1.254/lb) previously.

- Zinc prices have been mostly unfazed by the recent announcement of the \$2 trillion U.S. infrastructure package, remaining flat over the last month.

Global zinc inventory dropped slightly this week, now down for the second consecutive week.

- LME warehouse inventory decreased to 267,650 metric tons, from 270,500 metric tons previously.
- Shanghai warehouse inventory decreased as well, sliding from 113,125 metric tons to 112,288 metric tons.



WEEKLY DOMESTIC STEEL PRODUCTION⁴

Domestic raw steel production increased slightly last week, now up seven out of the last eight weeks.

U.S. mills produced an estimated 1,766k tons at a 77.9% utilization rate; this is up from 1,760k tons and a 77.6% rate previously.

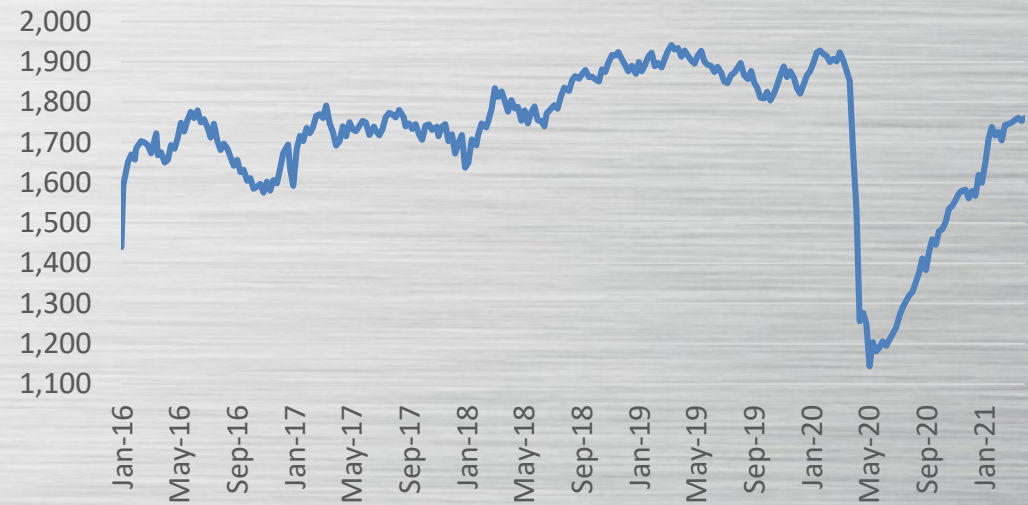
- This sets a new pandemic-era high, nearing levels last seen in March of 2020.

Production decreased slightly in four of the five regions, but was offset by a large surge in the Southern region.

- Production from the Southern region spiked from 712k tons to 742k tons.

Year-to-date production is now 6.8% below the same timeframe from last year.

WEEKLY DOMESTIC PRODUCTION



DEMAND

LIGHT VEHICLE SALES⁵

US light vehicle sales skyrocketed higher in March, climbing to the highest March total in twenty-one years.

March light vehicle sales totaled 1.581 million units, up 33.2% from February and up 59.8% from 989,654 units in March 2020.

- The limited availability of supply kept sales from being even higher in March.

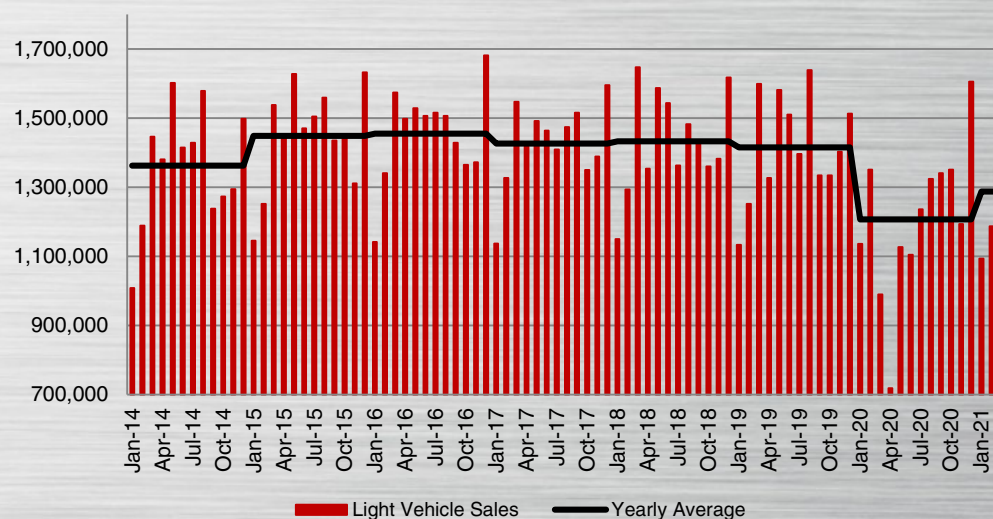
Sales for both cars and light trucks increased sharply in March, with car sales climbing to their highest level since February 2020.

- Car and light truck sales increased sharply from last March, climbing 26.5% and 60.8%, respectively.

Year-to-date light vehicle sales are now up 11.1% over Q1 2020.

The March sales SAAR of 17.75 million units was the highest monthly sales rate since October 2017.

U.S. LIGHT VEHICLE SALES



DEMAND

LIGHT VEHICLE INVENTORY⁶

The combination of increased consumer demand and global production disruptions, have pushed light vehicle inventory levels to near record lows.

US light vehicle inventory totaled 2.398 million units in March.

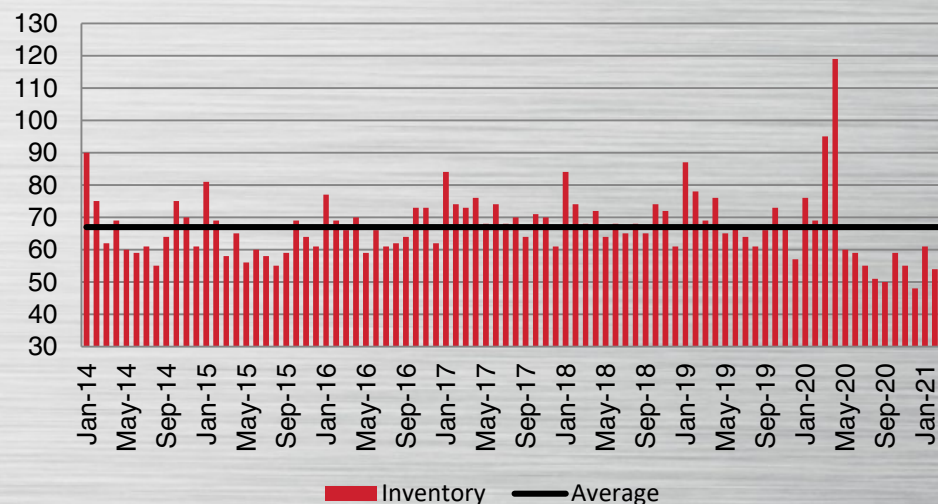
- This is down 10.0% from February and down a sharp 36.0% from 3.744 million units in March 2020.
- Current inventory levels are at their lowest level since Q3 2011.

Inventory levels declined sharply for both cars and light trucks compared to last March, sliding 35.0% and 39.9%, respectively.

Current inventory, when combined with March's sales rate, equates to 39 days of supply.

- This is down from 54 days in February and well below the historically healthy level of 65 days of supply.

U.S. LIGHT VEHICLE DAYS OF SUPPLY



HEATING AND COOLING EQUIPMENT⁷

Despite sliding on a month-over-month basis, demand for new heating and cooling equipment continued to be strong as shipments were well above year ago levels.

February heating and cooling equipment shipments totaled 1.666 million units, down 9.3% from January but were up 1.7% from 1.505 million units in February 2020.

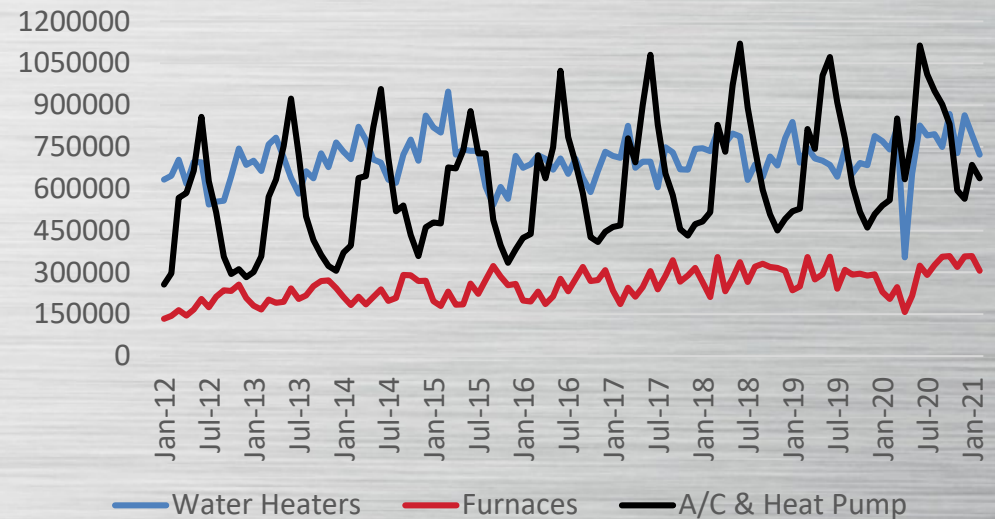
- The month-over-month decline in February is typical seasonal movement.

When looking on a year-over-year basis, to eliminate seasonality, shipments of both furnaces and A/C & heat pumps increased, climbing 49.5% and 14.1%, respectively.

- Water heater shipments slipped, sliding 2.6% from last February.

Year-to-date shipments are now up 15.0% from the same time last year.

HVAC EQUIPMENT SHIPMENTS



WEEKLY INITIAL JOBLESS CLAIMS⁸

Weekly initial jobless claims increased last week, now up for the second consecutive week.

The Department of Labor's Weekly Initial Jobless Claims report came in at 744,000 claims, up from 728,000 claims previously.

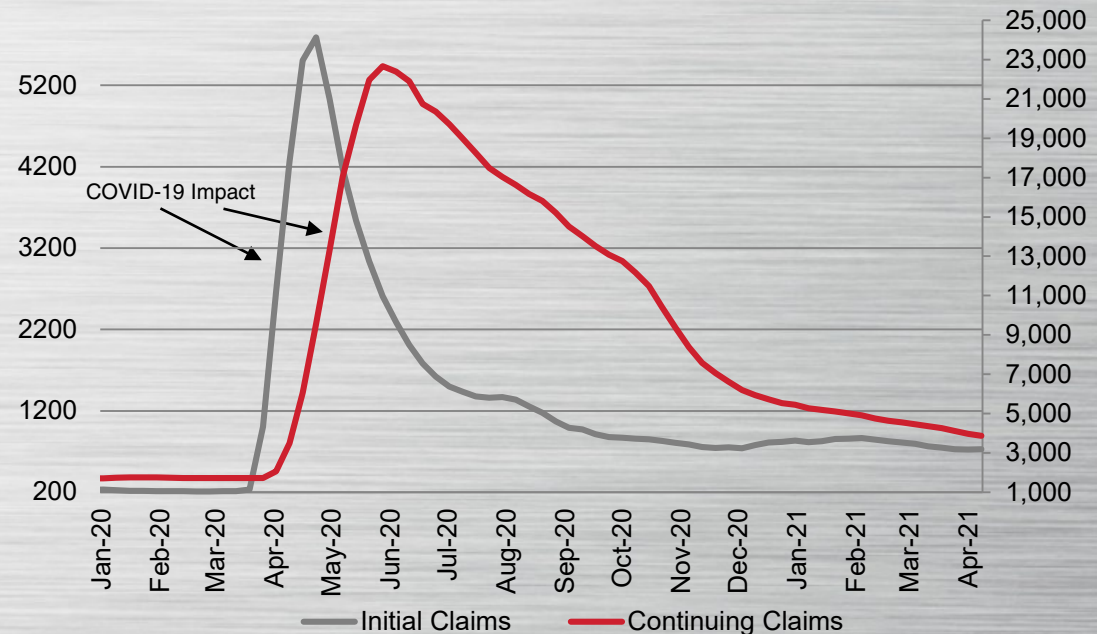
- The four-week moving average, considered a better measure of the labor market as it irons out week-to-week volatility, increased to 727,250, from 723,000 claims previously.

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

- Continuing claims decreased to 3.734 million, down from 3.750 million previously.
 - This is the lowest level for insured unemployment since March 21, 2020 when it was 3.094 million.

At the state level, California and New York accounted for the largest decrease in claims with 38,963 and 15,714.

WEEKLY INITIAL JOBLESS CLAIMS



SOURCES

- 1 Prime Scrap Pricing. Market Conversations: Week ending April 9, 2021.
- 2 Platts, Spot Iron Ore: April 8, 2021.
London Metal Exchange, Weekly Zinc Price and Inventory Report: April 9, 2021.
- 3 Shanghai Futures Exchange, Weekly Zinc Inventory Report: April 9, 2021.
- 4 American Iron & Steel Institute, Weekly Domestic Steel Production: April 6, 2021.
- 5 WardsAuto, US Light Vehicle Sales: March 2021.
- 6 WardsAuto, US Light Vehicle Inventory: March 2021.
- 7 A/C Heating and Refrigeration Institute, HVAC Equipment Shipments: February 2021.
- 8 Department of Labor, Weekly Initial Jobless Claims: April 8, 2021.

Disclaimer: The material, information and analyses included herein (the "Content") may include certain statements, estimates and projections prepared with respect to, among other things, historical data and anticipated performance. Such Content may reflect various assumptions by Majestic Steel USA, Inc. ("Majestic Steel") concerning anticipated results that are inherently subject to significant economic, competitive and other uncertainties and contingencies and have been included for illustrative purposes. Content is provided to you on an "AS IS" basis and, Majestic Steel, together with its third party providers, do not make any representations or warranties as to the Content and, to the fullest extent allowed by law, exclude all implied warranties (including, but not limited to, warranties of merchantability, title and fitness for a particular purpose) regarding (i) the suitability of the Content; (ii) the accuracy, availability, reliability, currentness, completeness or timeliness of the Content; and (iii) the results obtained from accessing and using the Content. Due to the electronic nature of the Content, there is a risk that the Content may have been modified and/or contains inaccuracies or typographical errors. As such, Majestic Steel does not represent or warrant that the Content is error-free or that any defects will be corrected. The Content herein is for informational purposes only and under no circumstances should it be (a) relied upon as advice or recommendations for any particular business or activity, or (b) construed as an offer to sell or a solicitation to buy any future contract, material, option, security or derivative including foreign exchange. All Content, graphics and trademarks incorporated in or forming a part of this report are owned by Majestic Steel USA, Inc. or its third party providers. All rights are reserved. In no event shall Majestic Steel or any third party provider or any of their respective affiliates, officers, directors, employees, agents or licensors be liable to you or to anyone else for any direct, special, incidental, indirect, punitive, consequential damages or any other loss or injury caused in whole or in part by contingencies beyond their control or any negligence, including any gross negligence, in procuring, providing, compiling, interpreting, editing, writing, reporting, transmitting or delivering the Content. Modification of the Content without the prior written consent of Majestic Steel is strictly prohibited.

The logo for MSUSA, featuring a stylized red 'M' followed by the text 'MSUSA' in white. The background of the entire image is a dark grey American flag with a field of coins in the upper left corner.

M MSUSA

THANK

YOU

SUBSCRIBE HERE

