

CORE 04.16.21 **REPORT**

COST

01

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

SUPPLY

03

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

DEMAND

04

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

ECONOMIC

09

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

SPOT IRON ORE¹

Spot iron ore pricing increased sharply again this week, now up for the third consecutive week.

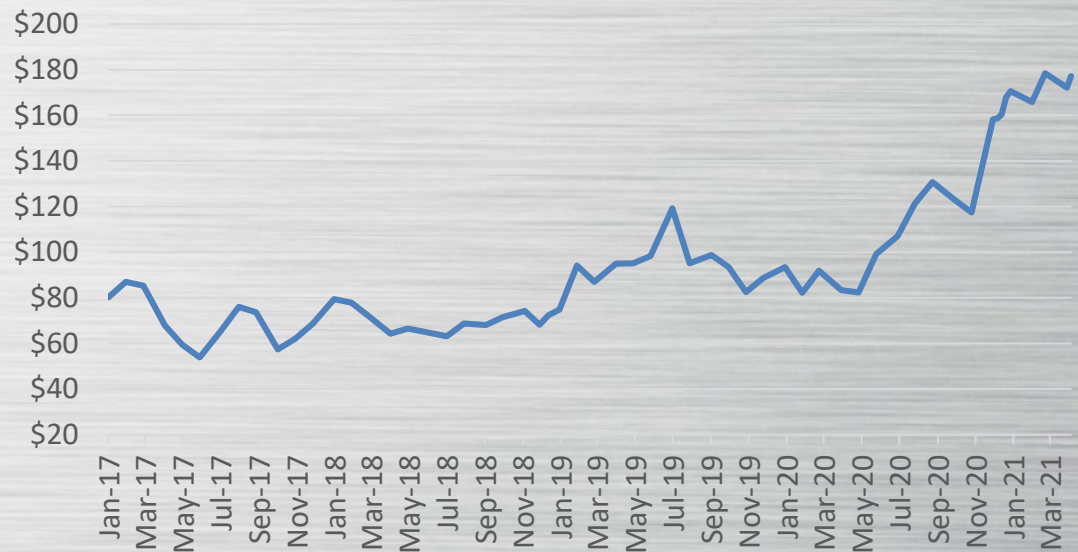
Spot iron ore pricing ended the week at \$177.30/mt, up from \$172.15/mt a week ago.

- This is the highest price for iron ore since September 2011 when it was \$178.25/mt.

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

- The United States' imports of iron ore soared by 77.78% month-over-month in January due to higher shipments from Brazil and Canada.
 - Iron ore imports totaled 400,000 tons in January compared with 225,000 tons in December and 318,000 tons in November.

IRON ORE COST



COST

▲ WEEKLY ZINC PRICING²



ZINC

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

Zinc pricing ended the week at \$2,853.50/mt (\$1.294/lb), up from \$2,807/mt (\$1.273/lb) previously.

- This is the highest price for zinc since February 19th.

Global zinc inventory increased sharply this week after sliding the previous two weeks.

- LME warehouse inventory increased to 294,800 metric tons, from 267,650 metric tons previously.
- Shanghai warehouse inventory decreased slightly however, sliding from 112,288 metric tons to 111,663 metric tons.

SUPPLY



WEEKLY DOMESTIC STEEL PRODUCTION³

Domestic raw steel production decreased slightly last week after climbing the previous three weeks.

U.S. mills produced an estimated 1,761k tons at a 77.6% utilization rate; this is down from 1,766k tons and a 77.9% rate previously.

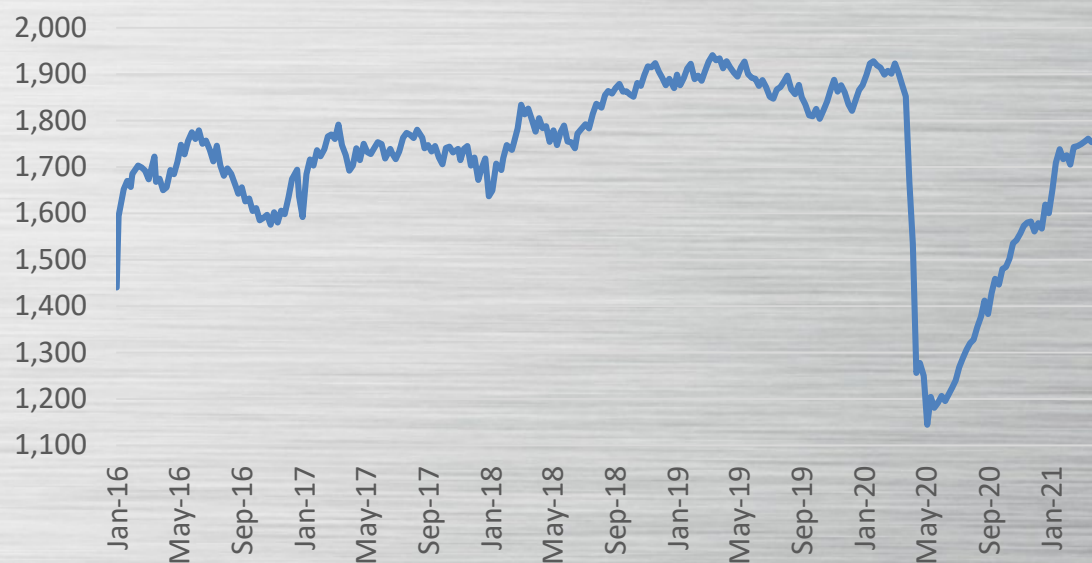
- This is down just 0.3% from the pandemic-era high, but up 42% compared to the same week a year ago.

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

- Production from the Midwest region dropped from 184k tons to 175k tons.

Year-to-date production is now 4.6% below the same timeframe from last year.

WEEKLY DOMESTIC PRODUCTION



HOUSING MARKET INDEX⁴

After slowing slightly in March, confidence among U.S. homebuilders rebounded in April.

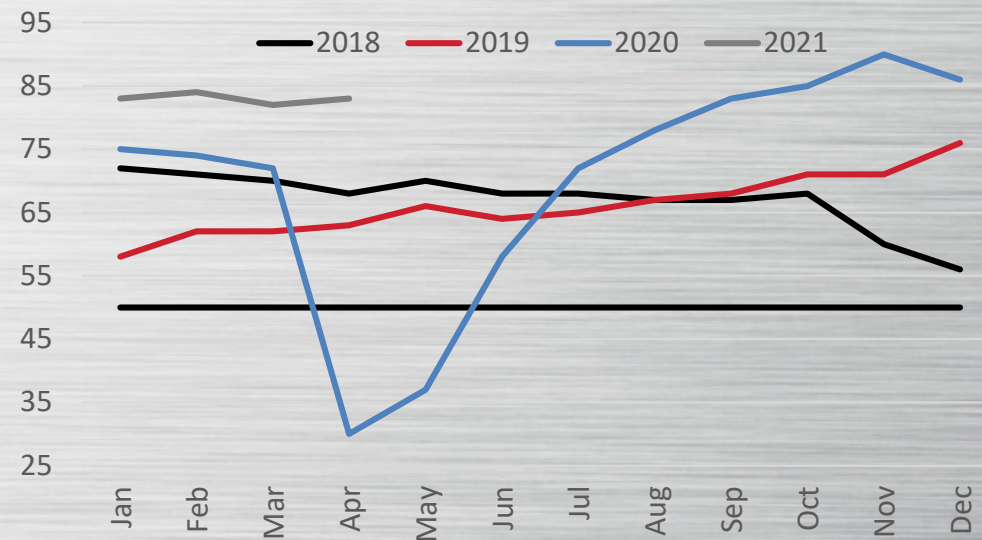
The April Housing Market Index came in at 83, up from 82 in March.

- It's almost useless looking at a year-over-year comparison as the 30 reading in April 2020 was the bottom at the height of the COVID lockdowns.
- Any reading over 50 indicates an increase in confidence, while any reading below 50 denotes a contraction in confidence.

Two of the three key components saw further increases as well in April as the present situation and traffic components increased to 88 and 75, respectively.

- The growth in next six months component slowed slightly as the reading slipped to 81 from 83 previously.

HOUSING MARKET INDEX



DEMAND

HOUSING STARTS & PERMITS⁵

After slowing the previous two months, new residential construction starts increased sharply in March.

March new housing starts came in at a 1.739 million unit rate, up 19.4% from February and up a sharp 37.0% from a 1.269 million unit rate in March 2020.

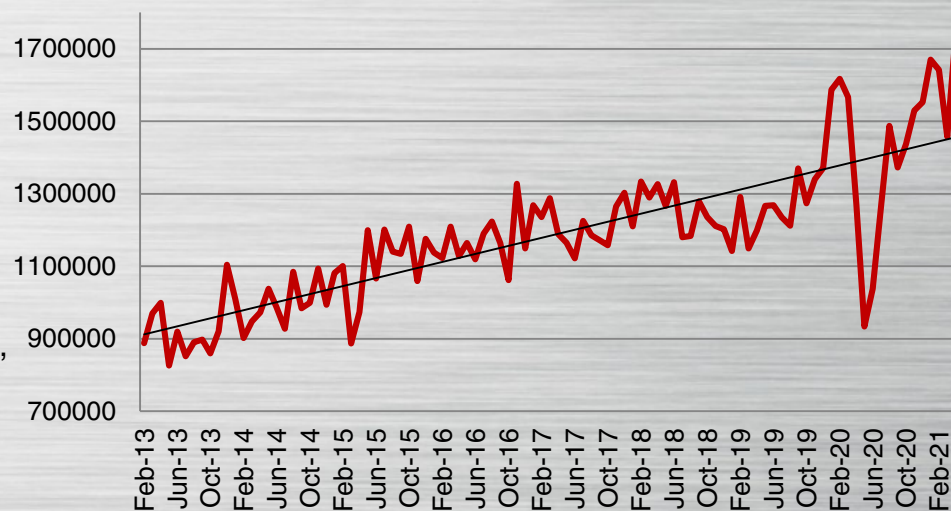
- This was the strongest monthly start rate since June 2006.

Starts of both single-unit and multi-family units increased in March, climbing 15.3% and 30.8%, respectively from February.

- The seasonally adjusted rate of 501,000 new multi-family starts was the highest monthly level since February 2020.

For Q1 2021, actual housing starts totaled 362,700 units, up 10.2% from the Q1 2020 total of 329,200 units.

HOUSING STARTS (SAAR)



DEMAND



EMPIRE MANUFACTURING INDEX⁶

Business activity from the manufacturing sector in the New York region continued to expand in April.

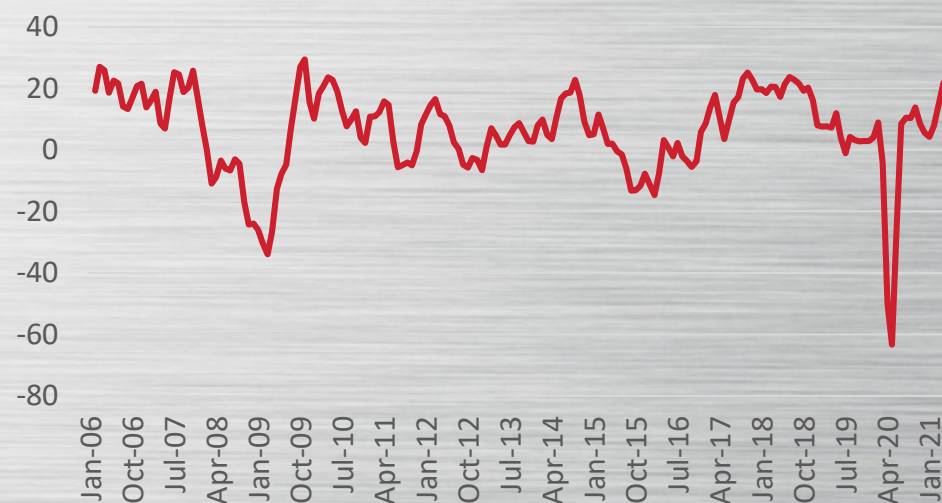
The April Empire Manufacturing Index came in at 26.3, up from 17.4 in March and up considerably from the -78.2 reading in April 2020.

- This was the strongest monthly reading since October 2017.
- Any reading over 0 indicates expansion in activity, while any reading below 0 denotes contraction.

The New Order and Shipment components increased sharply in April, climbing to 26.9 and 25.0, respectively.

- Unfilled orders also saw a sharp increase in April, climbing to 21.2 from 4.0 in March.

EMPIRE MANUFACTURING INDEX (2MMA)



INDUSTRIAL PRODUCTION/ CAPACITY UTILIZATION⁷

After the polar plunge that hit the U.S. mid-February limited output last month, industrial production rebounded in March.

The March Industrial Production Index came in at 105.6, up 1.4% from 104.1 in February.

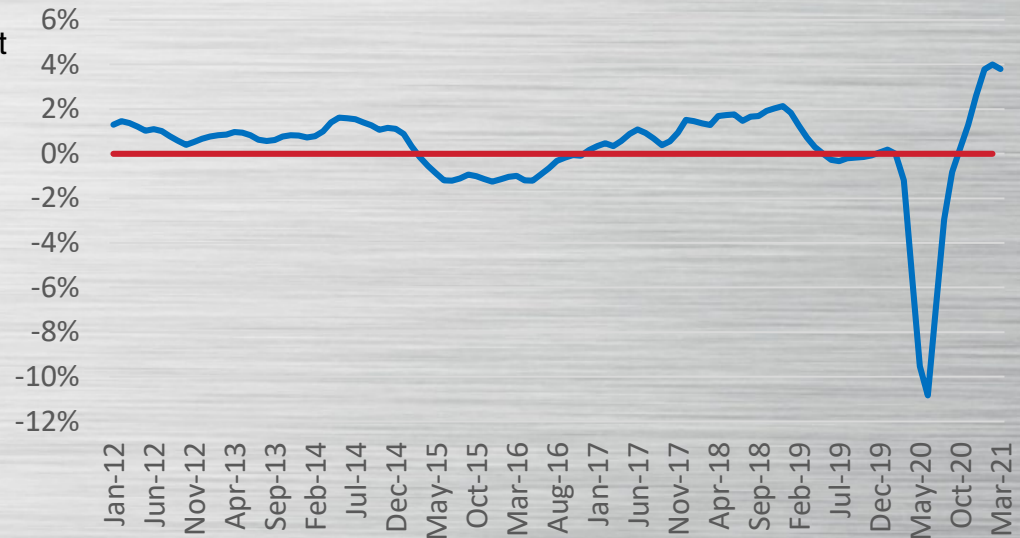
- The index was up on a year-over-year basis as well, climbing 1.1% from a 104.5 reading in March 2020.
 - This was the first month with a year-over-year increase since September 2019.
- Despite the rebound in March, the index remains below January's level.

The Capacity Utilization rate increased as well, climbing to 74.4% from 73.4% previously.

The industrial production of durable goods rebounded as well, climbing to 106.2.

- This is up from 103.1 in February and nearly back to the 13 month high of 106.6 seen in January.

INDUSTRIAL PRODUCTION MOMENTUM



TRACTOR AND COMBINE SHIPMENTS⁸

North American (U.S. and Canada) tractor and combine shipments increased sharply in March.

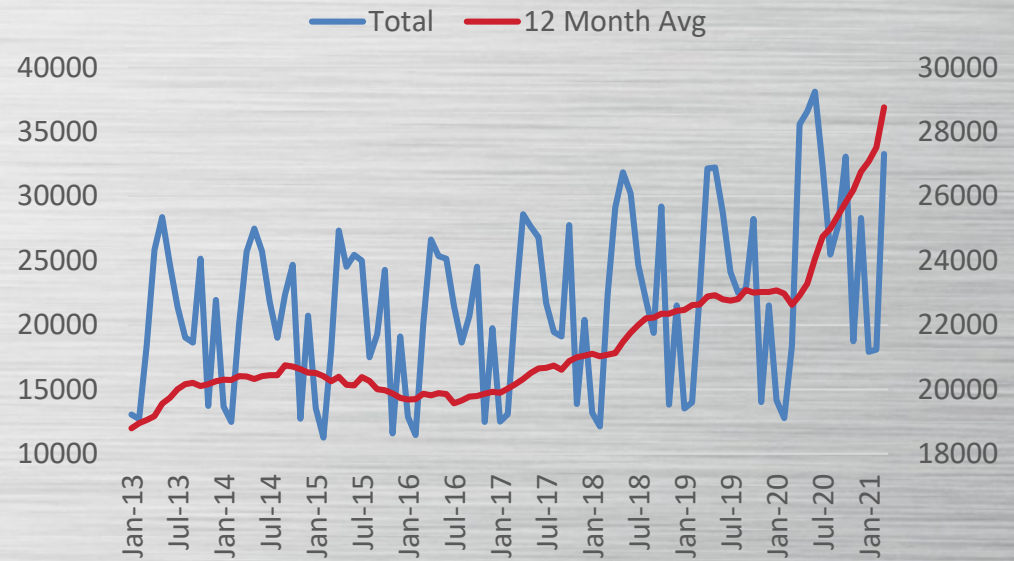
March shipments totaled 33,271 units, up sharply on both a month-over-month and year-over-year basis.

- The monthly jump was due to seasonality and the yearly comparison is slightly skewed as March 2020 was the start of the pandemic lockdowns.

Shipments of both tractors and combines climbed on year-over-year basis, climbing 82.8% and 8.5%, respectively.

For Q1 shipments totaled 69,269 units, up 53.0% from Q1 2020.

TRACTOR AND COMBINE SHIPMENTS



WEEKLY INITIAL JOBLESS CLAIMS⁹

Weekly initial jobless claims decreased significantly last week, the lowest level of claims since the pandemic started.

The Department of Labor's Weekly Initial Jobless Claims report came in at 576,000 claims, down from 769,000 claims previously.

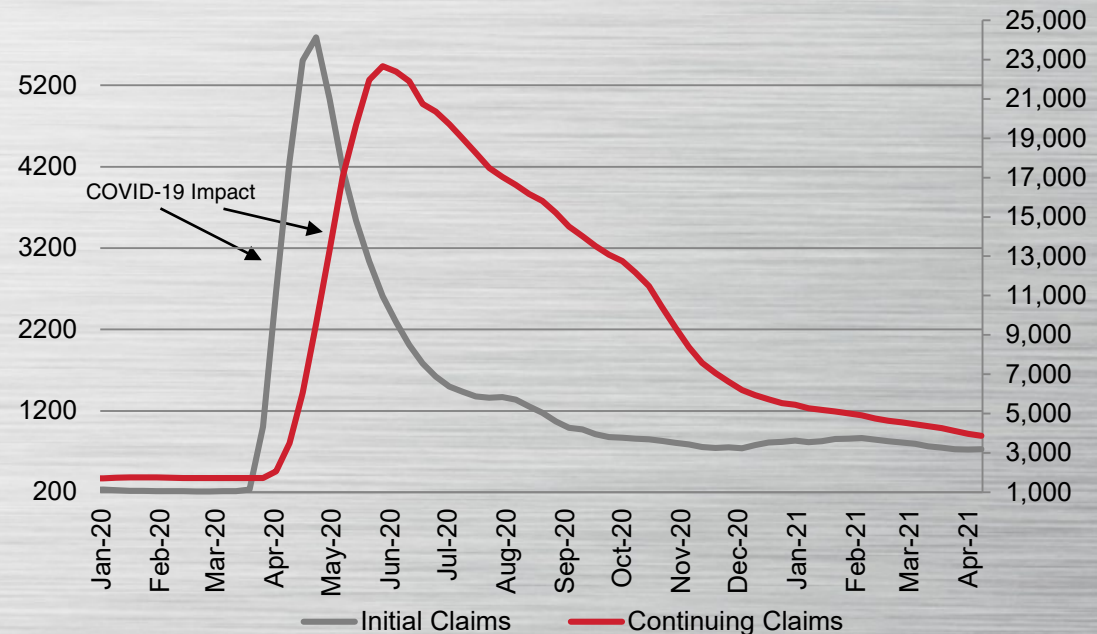
- The four-week moving average, considered a better measure of the labor market as it irons out week-to-week volatility, decreased to 682,750, from 734,000 claims previously.

Continuing claims, or claims lasting longer than one week, increased for the first time in thirteen weeks.

- Continuing claims increased slightly to 3.731 million, up from 3.727 million previously.

At the state level, the largest decreases were in Alabama (-13,318), Ohio (-9,358), and Georgia (-5,659).

WEEKLY INITIAL JOBLESS CLAIMS



ECONOMIC

▲ CONSUMER PRICE INDEX¹⁰

Prices paid by consumers increased sharply on both a month-over-month and year-over-year basis in March.

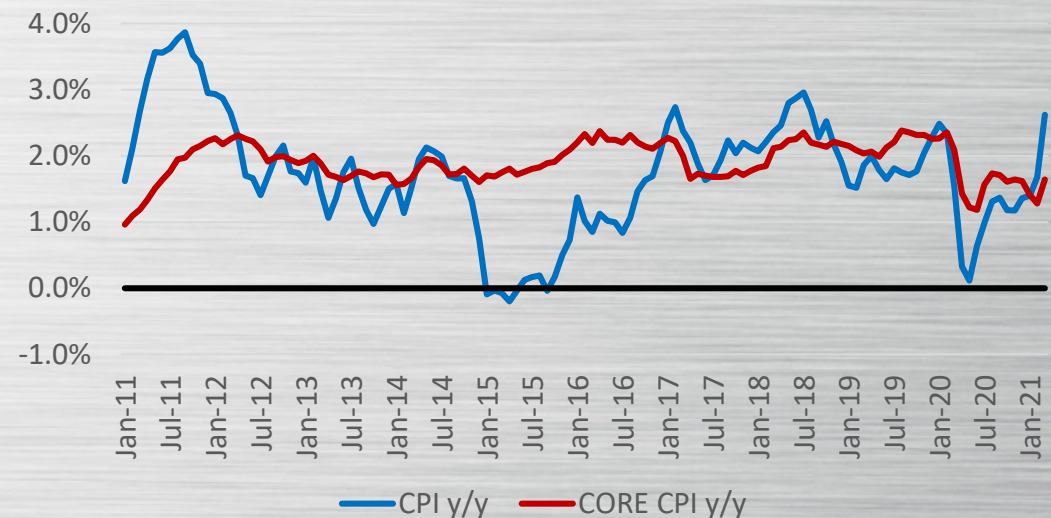
The March Consumer Price Index came in at 264.9, up 7.1% from February and up 2.62% from March 2020.

- This is the strongest, year-over-year, increase in prices since August 2018.

Excluding the volatile food and energy prices, the CORE-CPI saw a 0.38% increase from February and a 1.65% increase from March 2020.

- The sectors seeing the sharpest increases in prices over the last twelve months include: shelter (1.7%), used cars and trucks (9.4%), and medical care (1.8%).
 - These increases offset declines in prices for lodging (-6.4%), airline fares (-15.1%), and apparel (-2.5%).

CONSUMER PRICE INDEX



SOURCES

- 1 Platts, Spot Iron Ore: April 15, 2021.
- 2 London Metal Exchange, Weekly Zinc Price and Inventory Report: April 16, 2021.
Shanghai Futures Exchange, Weekly Zinc Inventory Report: April 16, 2021.
- 3 American Iron & Steel Institute, Weekly Domestic Steel Production: April 13, 2021.
- 4 National Association of Homebuilders, Housing Market Index: April 2021.
- 5 US Census Bureau, New Residential Construction: March 2021
- 6 New York Federal Reserve, Empire Manufacturing Index: April 2021.
- 7 The Federal Reserve, Industrial Production/Capacity Utilization Rate: March 2021.
- 8 Association of Equipment Manufacturers, Tractor and Combine Shipments: March 2021.
- 9 Department of Labor, Weekly Initial Jobless Claims: April 15, 2021.
- 10 Bureau of Labor Statistics, Consumer Price Index: March 2021.

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M MSUSA

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