

CORE 04.23.21 **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
- ⬆ trucking costs
- ⊖ inflation

▲ SPOT IRON ORE¹

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

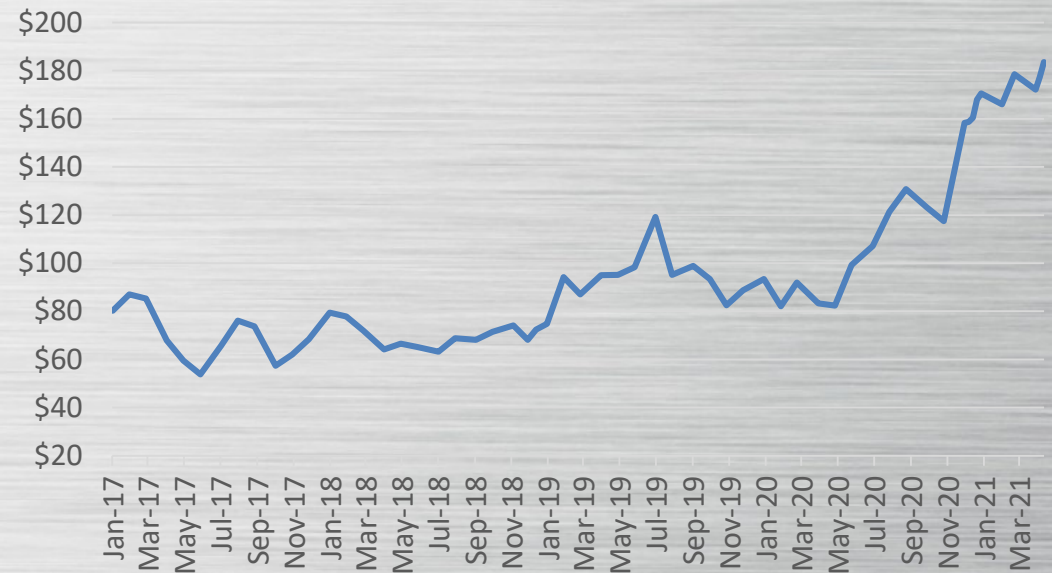
Spot iron ore pricing ended the week at \$183.60/mt, up from \$177.30/mt a week ago.

- This is the highest price for iron ore since early September 2011 when it was \$183.00/mt.

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

- China announced their crude steel production jumped 19% in March from a year earlier, to a near record.
- This coincides with iron ore miners Rio Tinto and Vale both announcing that their iron ore output in the first quarter dropped 2% and 19.5%, respectively.

IRON ORE COST



COST

WEEKLY ZINC PRICING²



ZINC

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

Zinc pricing ended the week at \$2,802.50/mt (\$1.271/lb), down from \$2,853.50/mt (\$1.294/lb) previously.

- Zinc continues to trade sideways and consolidate in the \$1.25/lb-\$1.30/lb window over the last two months.

Global zinc inventory decreased this week after climbing sharply the week prior.

- LME warehouse inventory decreased slightly to 293,550 metric tons, from 294,800 metric tons previously.
- Shanghai warehouse inventory decreased as well, sliding from 111,663 metric tons to 102,416 metric tons.

SUPPLY



WEEKLY DOMESTIC STEEL PRODUCTION³

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

U.S. mills produced an estimated 1,770k tons at a 78.0% utilization rate; this is up from 1,761k tons and a 77.6% rate previously.

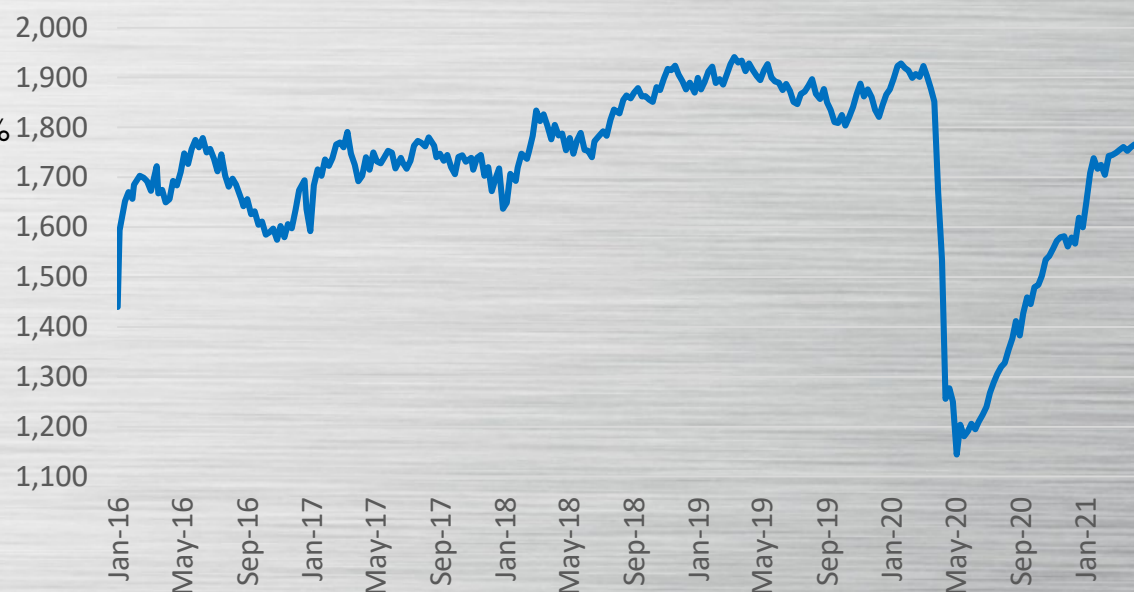
- This sets a new pandemic-era high for both tons and utilization rate, the highest since March 2020.

Production increased in four of the five regions, with the largest increase (in tons) coming from the Northeast region.

- Production from the Northeast region climbed from 154k tons to 164k tons.

Year-to-date production is now only 2.7% below the same timeframe from last year.

WEEKLY DOMESTIC PRODUCTION



SUPPLY



GLOBAL STEEL PRODUCTION⁴

As more economies continue to ramp up after the widespread lockdowns last year, global steel production continues to increase as well.

Global steel production increased in March to a 5.458 million mt/day rate, up 1.5% from a 5.379 million mt/day rate in February.

- This is a new all time high for global steel production/day.

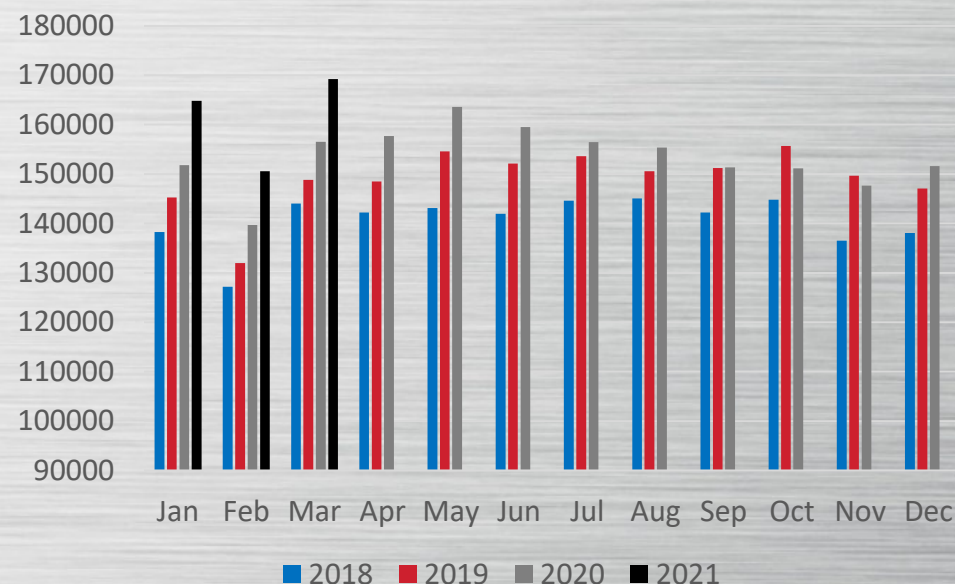
Despite the rhetoric of possible environmentally forced shutdowns, Chinese production continued to lead the push higher.

- Chinese production in March totaled 3.032 million mt/day, up 2.3% from February and up 19.0% from a 2.548 million mt/day pace in March 2020.

After slipping in February, NAFTA production increased as well, climbing to 313,000 mt/day in March.

- The U.S. led the increase as domestic production increased to a 229,000 mt/day pace in March
 - This was up 1.8% from February and up 1.5% from March 2020.
 - This was the first month with a year-over-year increase in production since January 2020.

GLOBAL STEEL PRODUCTION (MT)



SUPPLY



CARBON STEEL IMPORTS⁵

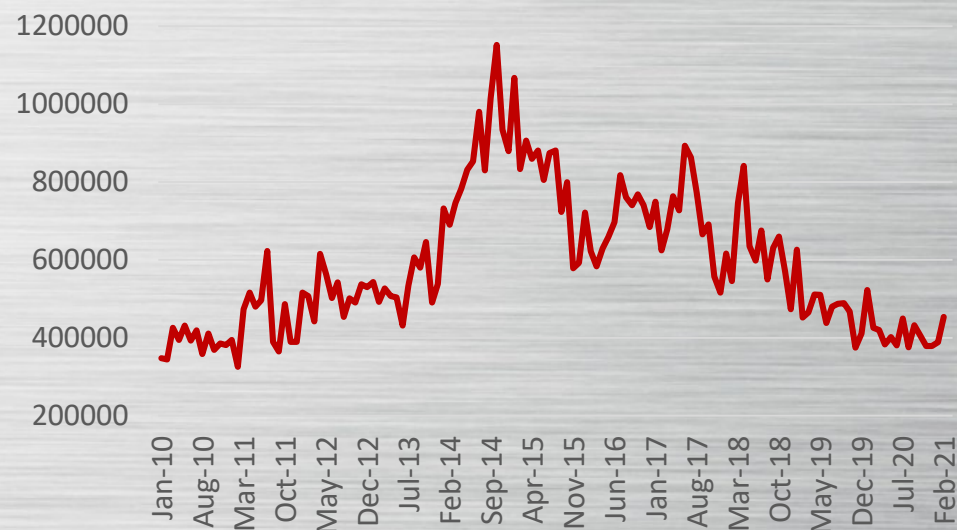
After slowing in February, carbon steel imports increased in March.

March total carbon steel imports totaled 1.802 million tons, up 24.2% from February and up 50.6% from 1.197 million tons in March 2020.

Carbon flat rolled imports saw a sharp increase as well in March, climbing 27.9% from February.

- Carbon flat rolled imports totaled 580,294 tons, the highest monthly total since January 2019.
 - Flat rolled imports made up 32.2% of all carbon imports, the highest percentage since December.
- The majority of the increase came from coated imports, which were up 86.7% from February and 52.6% from March 2020.
 - Q1 flat rolled imports totaled 1.423 million tons, up 4.0% from Q1 2020 but are still 8.0% below Q1 2019 levels.

CARBON FLAT ROLLED IMPORTS



LIGHT VEHICLE PRODUCTION⁶

After slipping in February, domestic light vehicle production rebounded sharply in March.

Domestic light vehicle production totaled 911,245 units, up 21.6% from February and up a sharp 39.8% from March 2020.

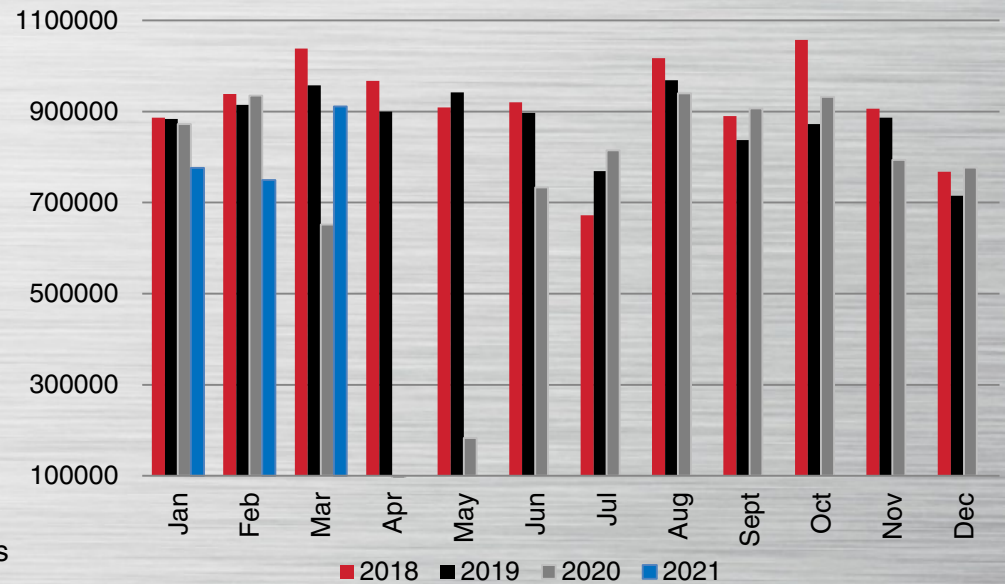
- This was the highest monthly total since October.

While car production continued to slide, on both a month-over-month and year-over-year basis, light truck production increases were enough to overcome the decline.

- Light truck production totaled 775,874 units in March, up 27.7% from February and 57.3% from March 2020.
 - This was the highest monthly production total for light trucks since October 2018.

For Q1 light vehicle production totaled 2.437 million units, down slightly from 2.459 million units in Q1 2020.

U.S. LIGHT VEHICLE PRODUCTION



DEMAND

ARCHITECTURE BILLINGS INDEX⁷

After climbing above 50 for the first time in a year in February, the Architecture Billings Index strengthened even more in March.

The March ABI came in at 55.6, up from 53.3 in February and up from 33.3 in March 2020.

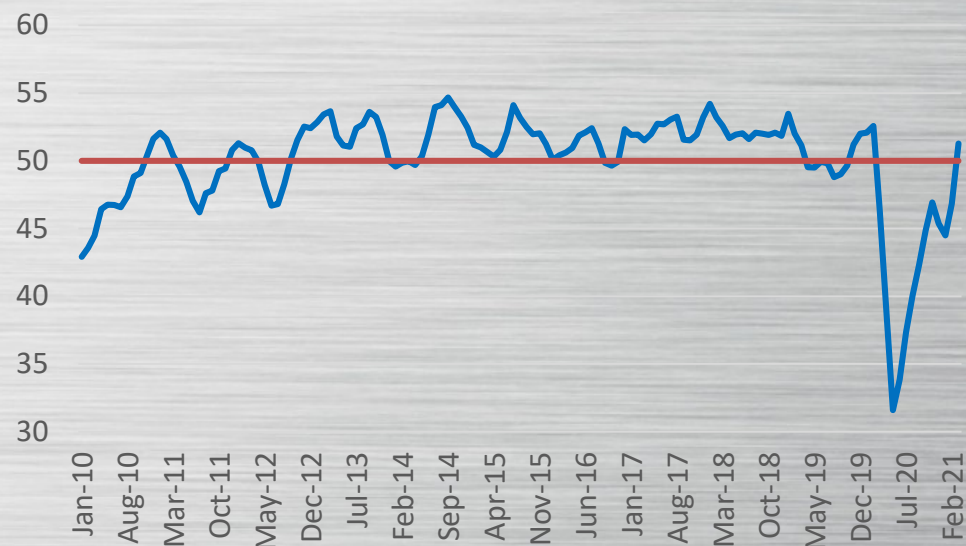
- This was the strongest growth in the index since July 2007.
- Any reading over 50 indicates growth, while any reading below 50 denotes contraction.

All four regions came in above 50, with the Midwest being the strongest at 56.5.

All four building sectors were above 50 as well, with the commercial/industrial sector being the strongest at 57.0.

- This was the first time in three year that all the regions and sectors were above 50.

ARCHITECTURE BILLINGS INDEX (3MMA)



DEMAND

EXISTING HOME SALES⁸

Sales of existing homes slipped again in March, now down for the second consecutive month.

March existing home sales came in at a 6.010 million unit rate, down 3.7% from February but up 12.3% from a 5.350 million unit rate in March 2020.

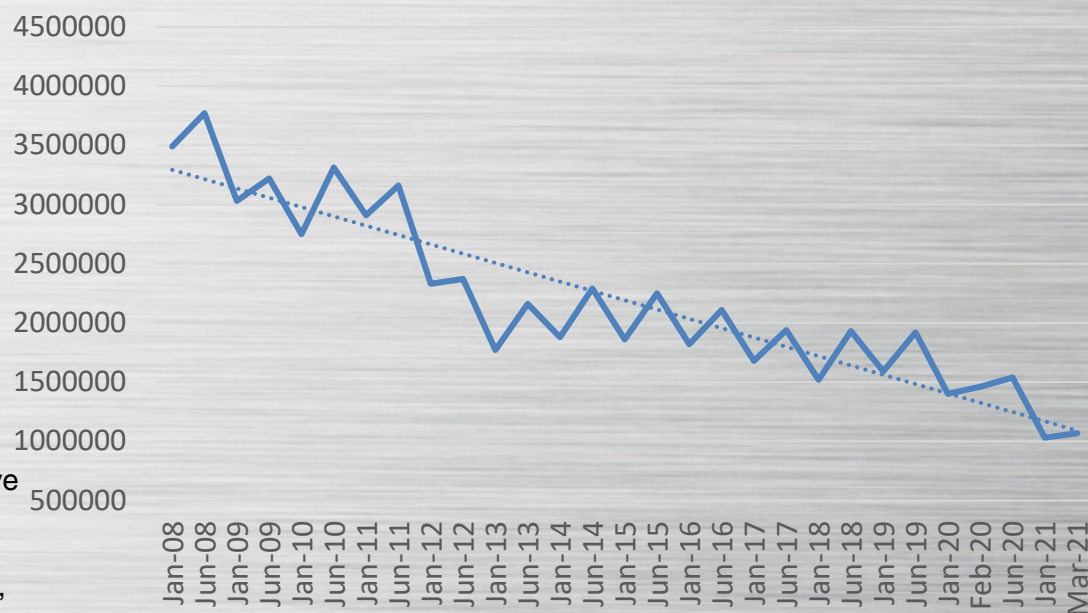
- This is the ninth consecutive month with a year-over-year increase in sales.

Inventory of unsold homes increased slightly in March, climbing to 1.070 million units.

- This is up slightly from January and February but is well above (28.2%) from March 2020.
 - Current inventory, when combined with March's sales, equates to 2.1 months of supply.
 - This remains well below healthy levels of 4.0 months.

For Q1 actual existing home sales were up 13.9% over Q1 2020 and up 22.1% over Q1 2019.

EXISTING HOMES FOR SALE



DEMAND



NEW HOME SALES⁹

After weather related issues negatively impacted new home sales in February, sales rebounded sharply in March.

March new home sales came in at a 1.021 million unit adjusted rate.

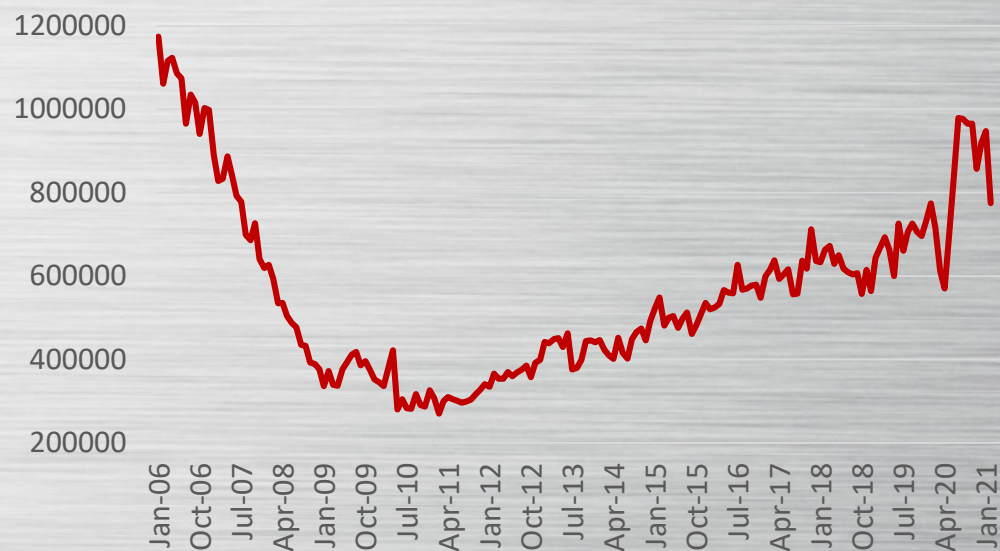
- This is up 20.7% from February and up 66.8% from a 612,000 unit rate in March 2020.
- This was the highest monthly sales rate since August 2006.

The number of new homes for sales increased slightly from February, but were down sharply from March 2020.

- The 308,000 units for sales, when combined with March sales pace, equates to 3.2 months of supply.
 - This is the tightest inventory level in multiple decades.

For Q1, actual new home sales totaled 244,000 units, up 34.8% over Q1 2020.

NEW HOME SALES (SAAR)



ECONOMIC

**WEEKLY INITIAL
JOBLESS CLAIMS¹⁰**

Weekly initial jobless claims decreased again last week, hitting another new low for the COVID-19 pandemic era.

The Department of Labor's Weekly Initial Jobless Claims report came in at 547,000 claims, down from 586,000 claims previously.

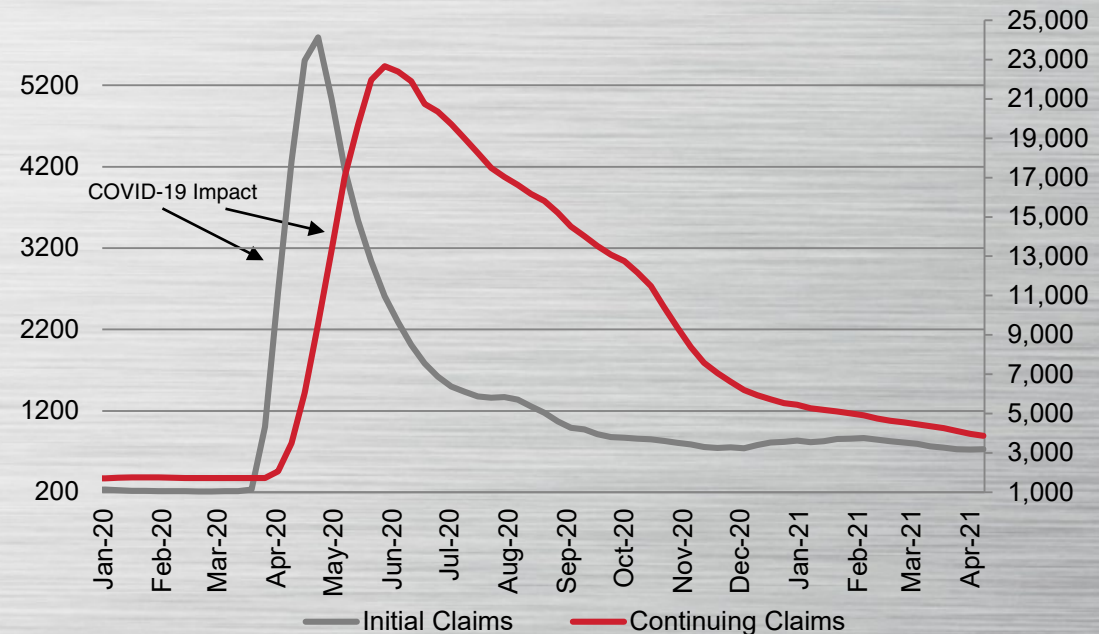
- The four-week moving average, considered a better measure of the labor market as it irons out week-to-week volatility, decreased to 657,500, from 685,250 claims previously.

Continuing claims, or claims lasting longer than one week, decreased for the fourteenth consecutive week.

- Continuing claims decreased slightly to 3.674 million, down from 3.708 million previously.

The unemployment rate remains at 6%, well off the pandemic high of 14.7% but still considerably above the 50-year low of 3.5% level just before the pandemic shutdown.

WEEKLY INITIAL JOBLESS CLAIMS



ECONOMIC



LINEHAUL INDEX¹¹



LINEHAUL INDEX

The Cass Truckload Linehaul Index continued to push higher in March, climbing to a new all time high of 143.1.

- This is up from 140.25 in February and up sharply from 130.0 in March 2020.
 - The index has now increased for nine consecutive months.

The Linehaul Index measures market fluctuations in per-mile truckload rates, excluding fuel and other high variable components of the overall cost.

- This recent trend is likely to continue with significant shortages of the two biggest factors for the sector, drivers and trucks.
 - The recent driver shortage is only being exaggerated by changing demographics and economic stimulus.
- New truck production is feeling the impact of part shortages, further impacting the industry.

SOURCES

- 1 Platts, Spot Iron Ore: April 22, 2021.
- 2 London Metal Exchange, Weekly Zinc Price and Inventory Report: April 23, 2021.
Shanghai Futures Exchange, Weekly Zinc Inventory Report: April 23, 2021.
- 3 American Iron & Steel Institute, Weekly Domestic Steel Production: April 20, 2021.
- 4 WorldSteel, Global Steel Production: March 2021.
- 5 US Census Bureau, Carbon Steel Imports: March 2021.
- 6 WardsAuto, US Light Vehicle Production: March 2021.
- 7 American Institute of Architects, Architecture Billings Index: March 2021.
- 8 National Association of Realtors, Existing Home Sales: March 2021.
- 9 US Census Bureau, New Home Sales: March 2021.
- 10 Department of Labor, Weekly Initial Jobless Claims: April 22, 2021.
- 11 Cass Information Systems, Linehaul Index: March 2021.

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