

CORE 04.30.21 **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

06

- ⊕ employment
- ⊕ GDP
- ⊕ confidence
- ⊕ retail sales

SPOT IRON ORE¹

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

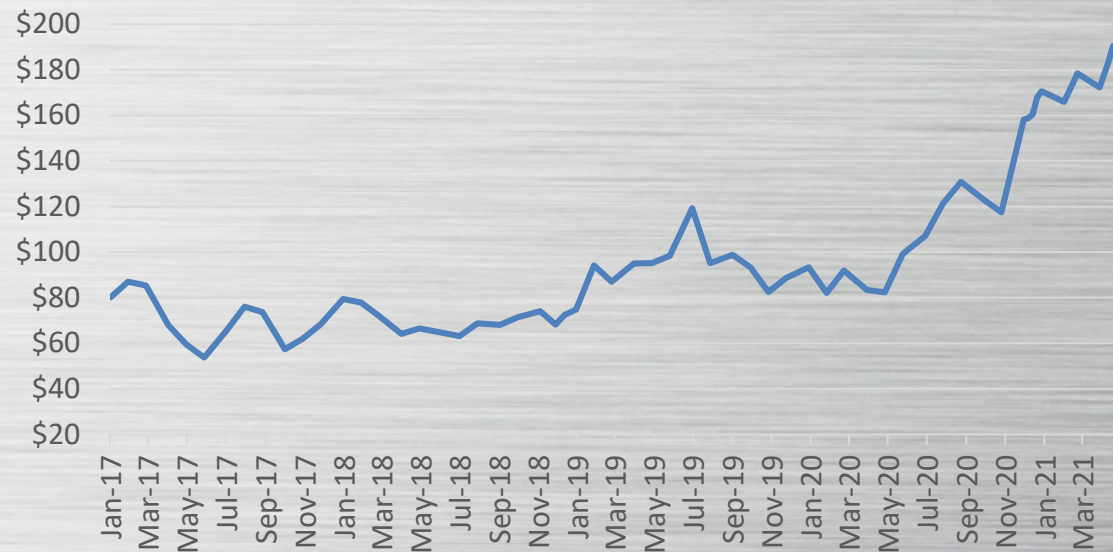
Spot iron ore pricing ended the week at \$190.45/mt, up from \$183.60/mt a week ago.

- This is the highest price for iron ore since early February 2011 when it was \$191.50/mt.

Iron ore prices continue to gain support from the record high finished steel prices seen globally.

- Restocking of iron ore by Chinese steel mills ahead of China's May 1st-5th holiday contributed to increased demand and supply pressure.

IRON ORE COST



COST

▲ WEEKLY ZINC PRICING²



ZINC

Zinc pricing increased significantly this week, now up three out of the last four weeks.

Zinc pricing ended the week at \$2,904/mt (\$1.317/lb), up from \$2,802.50/mt (\$1.271/lb) previously.

- This is the highest price for zinc since May of 2019.

Global zinc inventory decreased again this week, now down four out of the last five weeks.

- LME warehouse inventory decreased slightly to 291,925 metric tons, from 293,550 metric tons previously.
- Shanghai warehouse inventory decreased as well, sliding from 102,416 metric tons to 94,427 metric tons.

SUPPLY



WEEKLY DOMESTIC STEEL PRODUCTION³

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

U.S. mills produced an estimated 1,781k tons at a 78.4% utilization rate; this is up from 1,770k tons and a 78.0% rate previously.

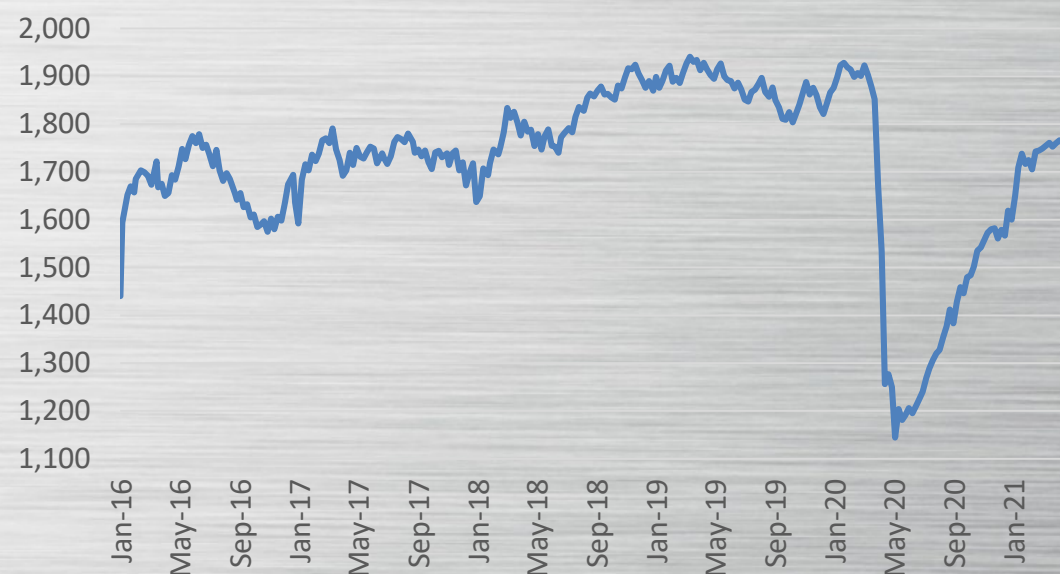
- This sets another new pandemic-era high for both tons and utilization rate, the highest since March 2020.

Production increased in three of the five regions, with the largest increase (in tons) coming from the Great Lakes region.

- Production from the Great Lakes region climbed from 603k tons to 611k tons.

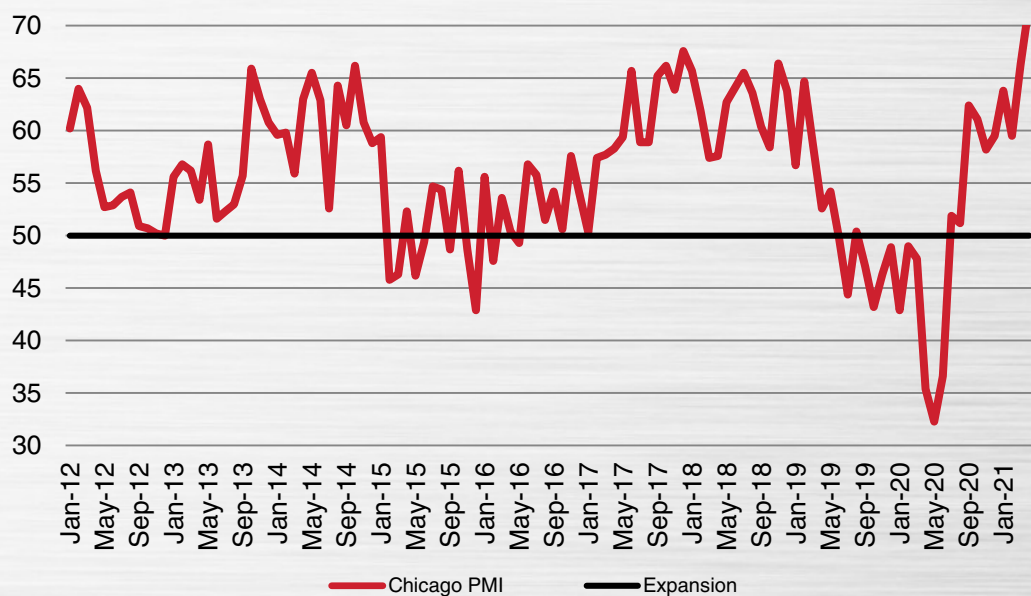
Year-to-date production is now only 0.8% below the same timeframe from last year.

WEEKLY DOMESTIC PRODUCTION



DEMAND

CHICAGO PMI⁴



CHICAGO PMI

Manufacturing business activity in the Chicago region increased sharply in April, climbing at its fastest pace since December 1983.

The Chicago PMI came in at 72.1 in April, up 5.7 from 66.4 in March.

- Any reading over 50 indicates an increase in activity, while any reading below 50 denotes a contraction in activity.

Of the five main indicators, Order Backlogs increased the most, climbing 16.2 points to its highest level since December 1973.

- Both the New Orders and Production components increased as well, with the New Orders component climbing by 9.9 points to a seven-year high.
- Production increased 0.9 points to the highest level since January 2018.

Raw material shortages and transportation issues continue to push costs higher as prices paid at the factory gate increased a sharp 11.1 points in April, climbing to a 41 year high.

DEMAND

DURABLE GOODS⁵

New orders for manufactured durable goods increased in March, climbing to seasonally adjusted rate of \$256.3 billion.

- This is up 0.5% from a \$254.9 billion rate in February.
 - The increase in March followed a 0.9% decline in February.
- Excluding the volatile transportation component, new orders increased 1.6% from February.

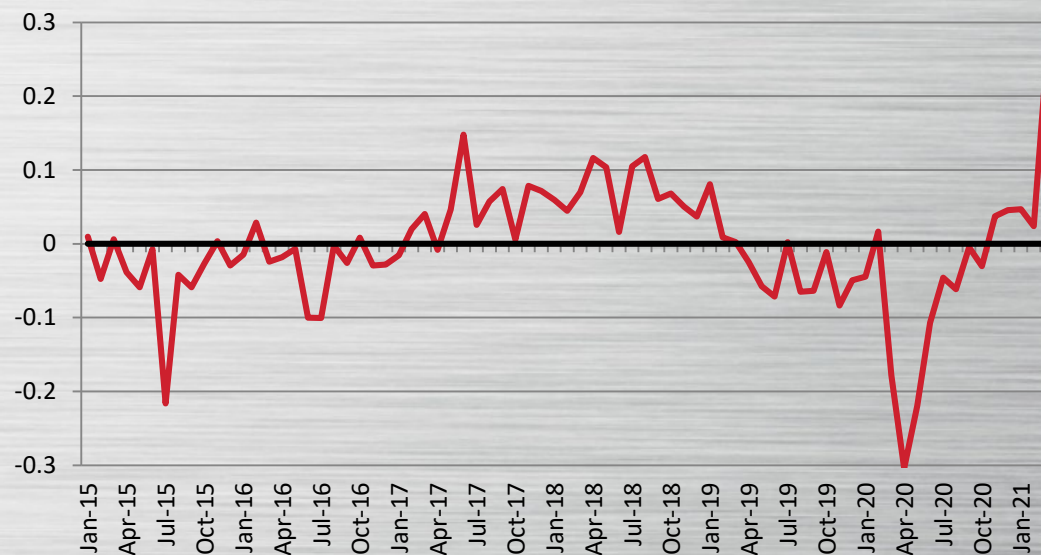
New orders for fabricated metal products, up six of the last seven months, led the overall increase.

- Fabricated metal products new orders came in at a \$35.4 billion rate, up 3.6% from February.

Inventories of manufactured durable goods, increased 1.0% in March to a \$431.8 billion rate.

- This is the second consecutive month with an increase in inventories.
- Transportation equipment led the increase, climbing 1.4% to a \$149.0 billion rate.

ACTUAL NEW ORDERS Y/Y % CHANGE



WEEKLY INITIAL JOBLESS CLAIMS⁶

Weekly initial jobless claims decreased for the third consecutive week last week, hitting another pandemic era low.

The Department of Labor's Weekly Initial Jobless Claims report came in at 553,000 claims, down from 566,000 claims previously.

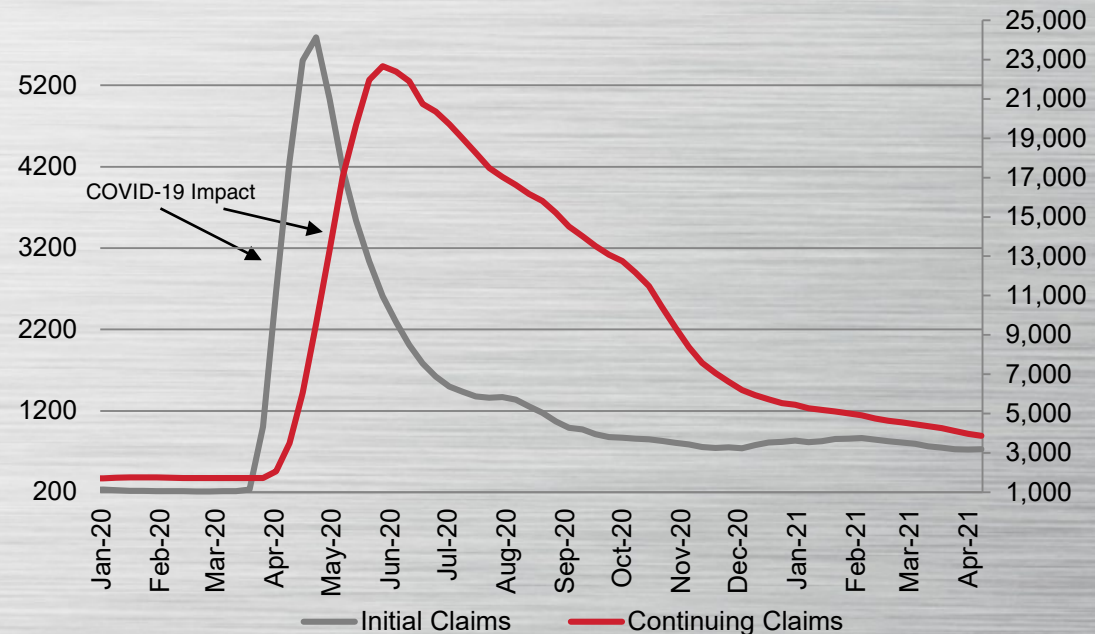
- The four-week moving average, considered a better measure of the labor market as it irons out week-to-week volatility, decreased to 618,500, from 662,250 claims previously.

Continuing claims, or claims lasting longer than one week, increased slightly after dropping the previous fourteen weeks.

- Continuing claims increased to 3.660 million, up from 3.651 million previously.

At the state level, Texas and New York had the biggest decrease in claims with 20,036 and 16,840, respectively.

WEEKLY INITIAL JOBLESS CLAIMS



ECONOMIC

GROSS DOMESTIC PRODUCT⁷

Economic activity continued to recover in Q1 as vaccinations became more prevalent and the government continued to add fuel to the fire through stimulus measures.

Gross Domestic Product jumped 6.4% in Q1 on an annualized basis.

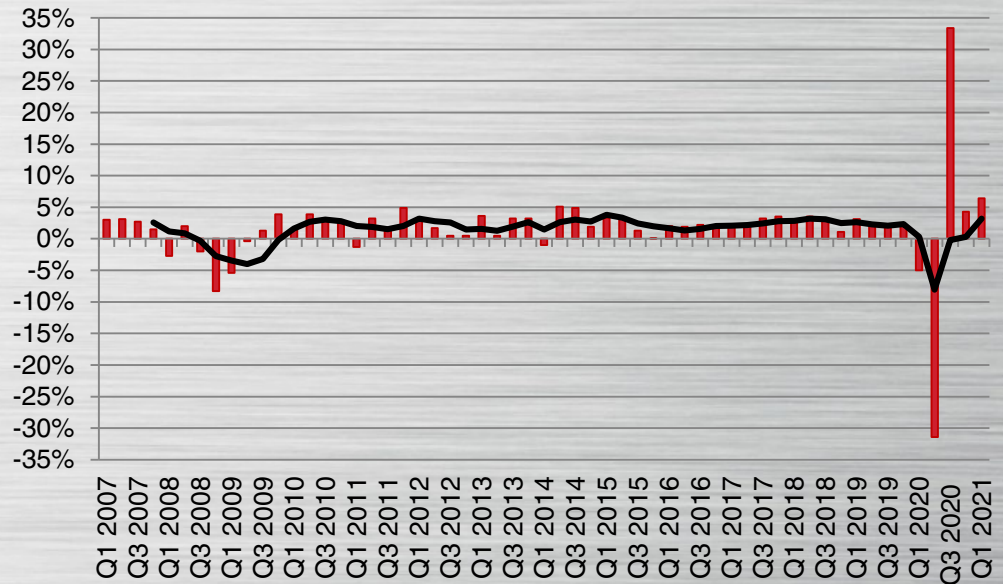
- Aside from the massive, reopening fueled Q3 2020, this was the highest quarterly growth since Q3 2003.

The boost in GDP came from increased personal spending, both residential and non-residential investment, and government spending.

- Declines in inventory and exports, combined with an increase in imports, partially offset the gains.

Despite the third consecutive quarterly boost, total dollars has yet to pass its previous peak in Q4 2019.

GROSS DOMESTIC PRODUCT





CONSUMER CONFIDENCE⁸

Confidence among the U.S. consumer continued to climb in April on the back of the improving economy and widespread vaccinations.

The Conference Board's Consumer Confidence Index increased to 121.7 in April, up from 109.0 in March.

- This is the highest level since February 2020.
 - While still below pre-pandemic level, which was a 20-year high, the improvement continues to point to a stronger economy.

The Present Situation Index increased to 139.6, up sharply from 110.1 in March.

- The Expectations Index climbed as well, increasing to 109.8 from 108.3 previously.

What also helped the improvement in the index, was the massive third round of stimulus that hit most American's bank accounts last month.

PERSONAL INCOME AND OUTLAYS⁹

Total personal income increased by a record 21.1% in March on the back of third round of government stimulus payments.

Total personal income totaled \$24.208 trillion in March, up from \$19.995 trillion in February.

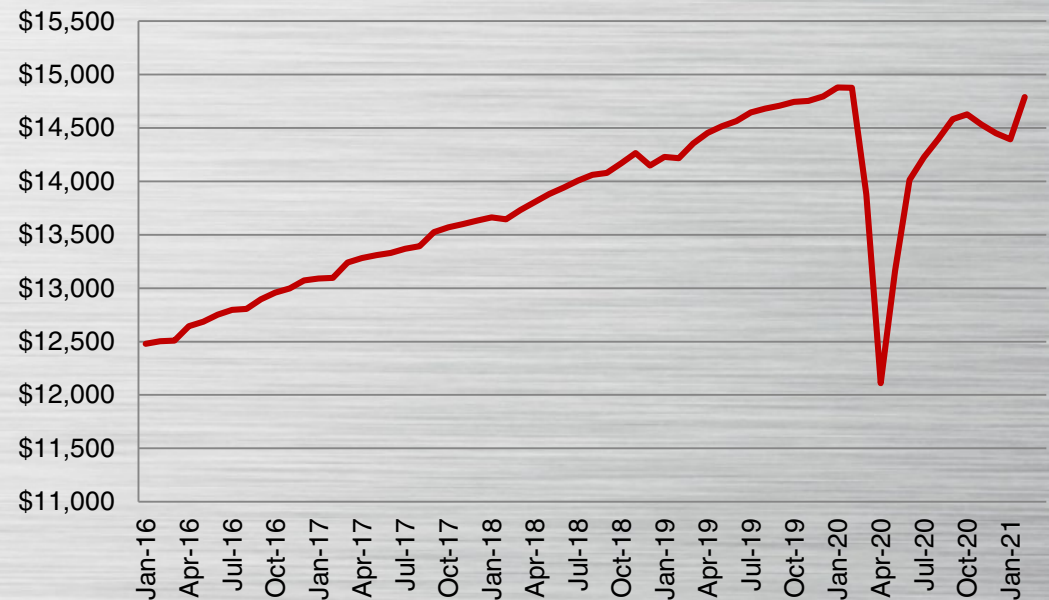
Spending was also up in March, climbing 4.2% to \$15.866 trillion dollars.

- The sharp boost in spending came from an 8.2% increased spending on goods, with a large portion of that on big ticket, steel-intensive goods.

While spending was up, personal savings rate increased sharply as well, climbing to 27.6%.

- The increased savings rates indicates that Americans will be flush with cash to spend as the economy continues to reopen throughout the summer.
- This increased cash will help further fuel a demand situation that is far outpacing companies ability to hire and produce, in nearly every sector.

PERSONAL CONSUMPTION EXPENDITURES



SOURCES

- 1 Platts, Spot Iron Ore: April 29, 2021.
- 2 London Metal Exchange, Weekly Zinc Price and Inventory Report: April 30, 2021.
Shanghai Futures Exchange, Weekly Zinc Inventory Report: April 30, 2021.
- 3 American Iron & Steel Institute, Weekly Domestic Steel Production: April 27, 2021.
- 4 Institute for Supply Management, Chicago PMI: April 2021.
- 5 US Census Bureau, Durable Goods Orders: March 2021.
- 6 Department of Labor, Weekly Initial Jobless Claims: April 29, 2021.
- 7 Bureau of Economic Activity, Gross Domestic Product: Q1 2021.
- 8 Conference Board, Consumer Confidence: April 2021.
- 9 Bureau of Economic Analysis, Personal Spending and Outlays, March 2021.

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