

RISING PRICING AND DEMAND CONTINUES THIS WEEK

The domestic raw steel production is rebounding this week as the U.S. economy continues its upward recovery climb. As they rebound, pricing for inputs and finished steel are setting new record highs along the way.

INPUT COSTS

Crude oil pricing rebounded over the past week on the back of a weakening U.S. dollar, weaker Middle Eastern exports, and increasing demand from a recovering U.S. economy.

- This week, JP Morgan sent out a note stating that they expect pricing to break \$70/barrel by May, earlier than the previous forecast of September.

The continued push higher of finished steel prices around the globe helped to push spot iron ore pricing.

- Spot iron ore is closing in on \$175/mt, its highest level in over a decade.

Zinc pricing continues to trade in a tight range that has seen pricing only fluctuate slightly over the past six weeks.

- The current 100, 50, and 20-day averages are converging, possibly signaling a fresh breakout in pricing.

SUPPLY

After a slight decline last week, domestic raw steel production rebounded this week.

- U.S. steelmakers produced 1.770 million tons at a 78.0% utilization rate.
- Year-to-date production is now 0.1% above the total from the same period last year.

DEMAND

After sliding in February, total light vehicle production rebounded in March to the highest monthly total since October.

- Light vehicle production totaled 911,245 units, up 21.6% from February and 39.8% from March 2020.
 - While car production continued to slide, light truck production was up sharply on both a m/m and y/y basis.

After a decrease in the number of construction cranes in use across major cities in the U.S. and Canada, the Crane Index has found an increase in cranes to start 2021.

- Toronto still leads the way with 208 cranes, up from 124 in Q3 2020.
- Of the 14 cities tracked, seven saw an increase and four are holding steady.
 - The top 5 cities in the U.S.: Washington DC, Seattle, Los Angeles, Portland, and Denver.

PRICE

Steel pricing continued to set new all-time highs, as the upward momentum continued this week.

- This current upward super-cycle for flat product pricing has now entered its eighth month, with no signs of turning in the near future.

Hot rolled coil futures pricing continues to push higher with the current forward curve in contango through June.

- The current June price of \$1,472 is the highest we have seen during this cycle.
- The forward curve shows pricing above \$1,400 through September.

ECONOMIC

Truck rates continued to push higher in March, as there is a deficit of two key components: trucks and drivers.

- The Cass Linehaul index increased to 143.25, hitting a new all-time high.
- The Linehaul Index measure the fluctuations in per-mile freight rates.
 - The Linehaul Index excludes volatile factors like fuel.