

CORE 10.13.23 **REPORT**

COST

01

- ⊖ scrap
- ⬇ iron ore
- ⊖ energy
- ⬇ zinc
- ⬆ coking coal

SUPPLY

05

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

DEMAND

06

- ⬇ automotive
- ⬆ construction
- ⬆ agriculture
- ⊖ manufacturing
- ⊖ appliance
- ⊖ consumption

ECONOMIC

09

- ⊖ employment
- ⊖ confidence
- ⊖ GDP
- ⬆ inflation
- ⊖ mill price increase



After initial expectations of another \$10-\$20/gt decline, prime scrap pricing settled flat for October.

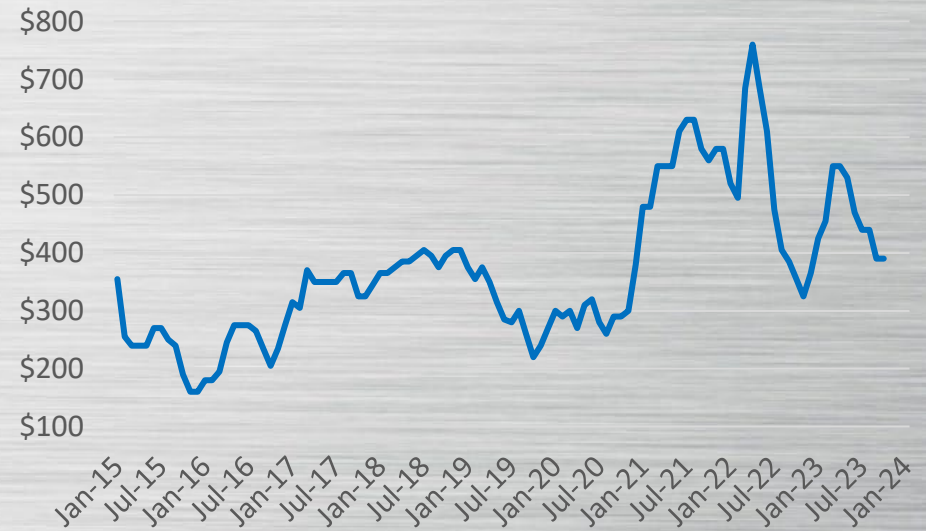
Prime scrap settled at \$390/gt, flat from September.

- This remains the lowest price for scrap since December 2022.

Shredded scrap slipped \$20/gt, putting prime scrap back at a premium.

Stronger mill buys to start October, rising hot rolled prices, and a potential supply disruption from the automotive strike helped keep prime scrap flat.

PRIME SCRAP



COST

SPOT IRON ORE²

Spot iron ore ticked down slightly for the fourth consecutive week.

Spot iron ore pricing ended the week at \$116.75/mt, down from \$117.20/mt a week ago.

- Current spot iron ore is still slightly below the 30-day average (\$120/mt) but is above the 90-day average (\$112/mt).

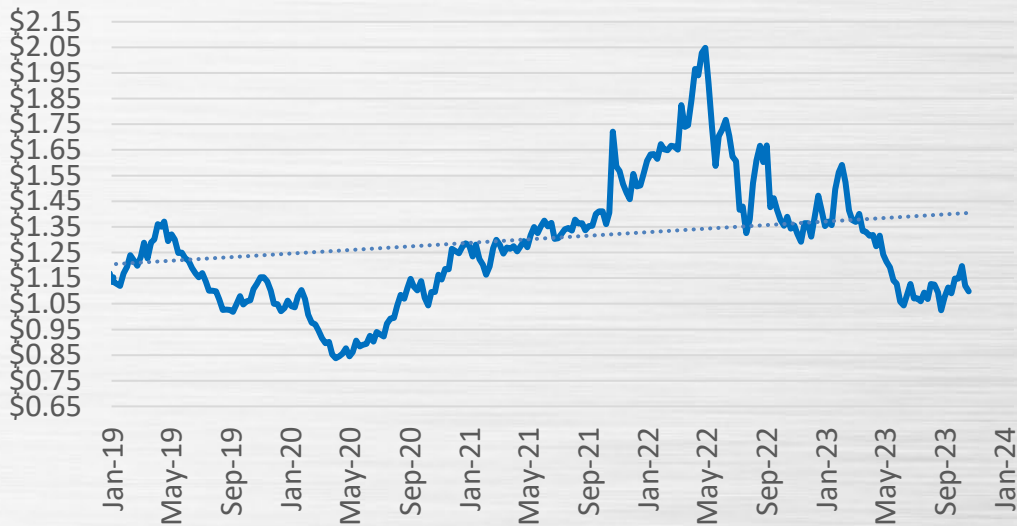
Property sector woes for top importer China appear to be worsening, however Beijing will likely take steps to boost the key sector, which accounts for about a third of the country's steel demand.

IRON ORE COST



COST

WEEKLY ZINC PRICING³



ZINC

Zinc pricing slipped again this week as buying activity slowed during the week-long Chinese holiday.

Zinc pricing ended the week at \$2,423.50/mt (\$1.099/lb), down from \$2,472/mt (\$1.121/lb) last week.

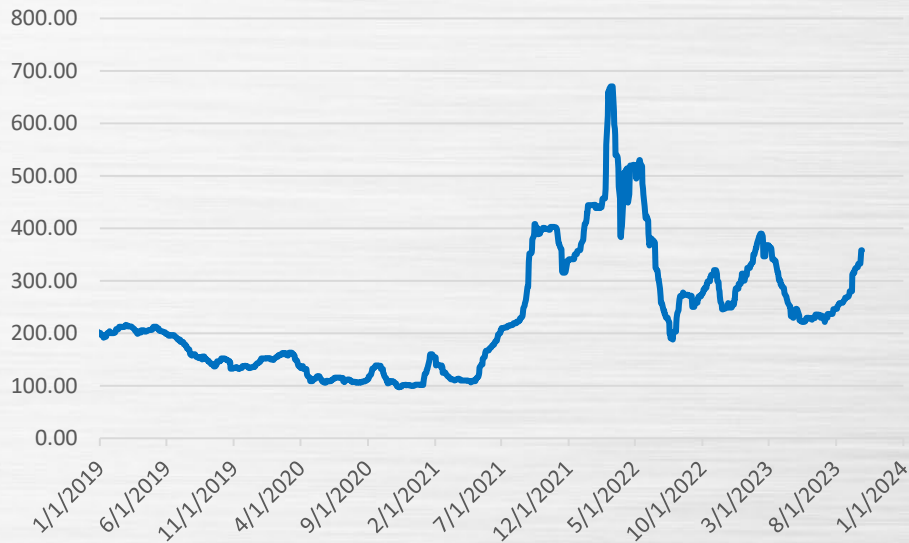
- Zinc pricing has remained in a relatively tight range for the past month, averaging \$1.13/lb over the past 30 days.

Global zinc inventory increased slightly this week after sliding five consecutive weeks.

- LME warehouse inventory decreased from 95,975 metric tons to 87,025 metric tons.
- Shanghai warehouse inventory rebounded slightly after the Chinese holiday, climbing from 32,129 metric tons to 41,289 metric tons.

COST

COKING COAL⁴



COKING COAL

Coking coal continued its sharp upward push this week, climbing for the eleventh consecutive week.

Coking coal ended the week at \$367.00/mt, up sharply from \$358.25/mt last week.

- This is up 8.5% from last week and up 32% from this time last month.
- This remains the highest price for coking coal since early-February.

Increased demand from India along with supply issues and maintenance outages in Australia continues to put upward pressure on prices.

SUPPLY



WEEKLY DOMESTIC STEEL PRODUCTION⁵

Domestic raw steel production ticked down again last week to the lowest level since April, as the mill maintenance outages start taking hold.

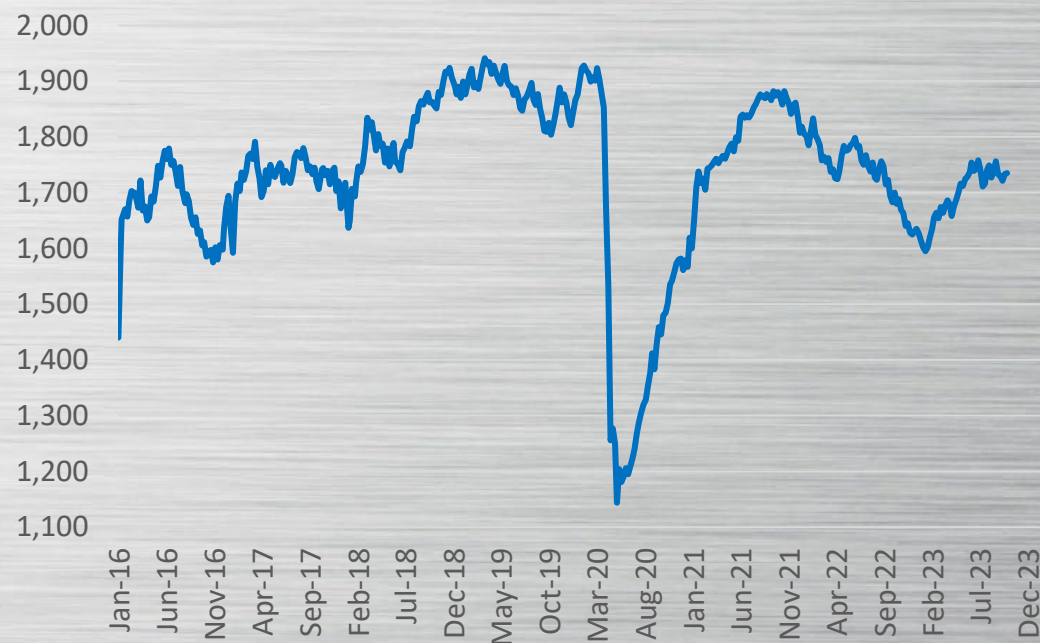
U.S. mills produced an estimated 1,698k tons at a 74.7% utilization rate; this is down from 1,722k tons and a 75.7% rate previously.

Production decreased in all five regions, with the largest drop (in tons) coming from the Great Lakes region.

- Production from the Great Lakes region slipped from 568k tons to 558k tons.

Year-to-date production is now down 2.9% compared to the same timeframe from last year.

WEEKLY DOMESTIC PRODUCTION



UAW AUTOMOTIVE STRIKE⁶

After deciding to not expand the strike last week as significant progress had been made, that tenor changed this week.

Earlier this week, the UAW unexpectedly expanded its strike against Ford, with 8,700 union members walking out of the Kentucky Truck Plant.

- The Kentucky Truck Plant is one of the largest factories in the United States.
 - The Kentucky Truck facility makes the F-250 to F-550 Super Duty Trucks as well as the Ford Expedition and Lincoln Navigator SUVs.

As of this writing, there was no further expansion of the strike at GM or Stellantis.

DODGE MOMENTUM INDEX⁷

The Dodge Momentum Index improved in September after sliding the previous three months.

- The DMI came in at 182.5, up from a revised 178.0 reading in August.
 - The DMI is a monthly measure of the initial report for nonresidential building projects in planning and typically leads nonresidential spending by a year.

Within the overall index, a slight 1% decline from the commercial component was more than made up for by a 9% increase in the institutional component.

- Weaker office planning drove the commercial segment of the DMI down, while the acceleration in the institutional segment was supported by stronger education, notably life science buildings, and healthcare planning activity.

DODGE MOMENTUM INDEX



TRACTOR & COMBINE SHIPMENTS⁸

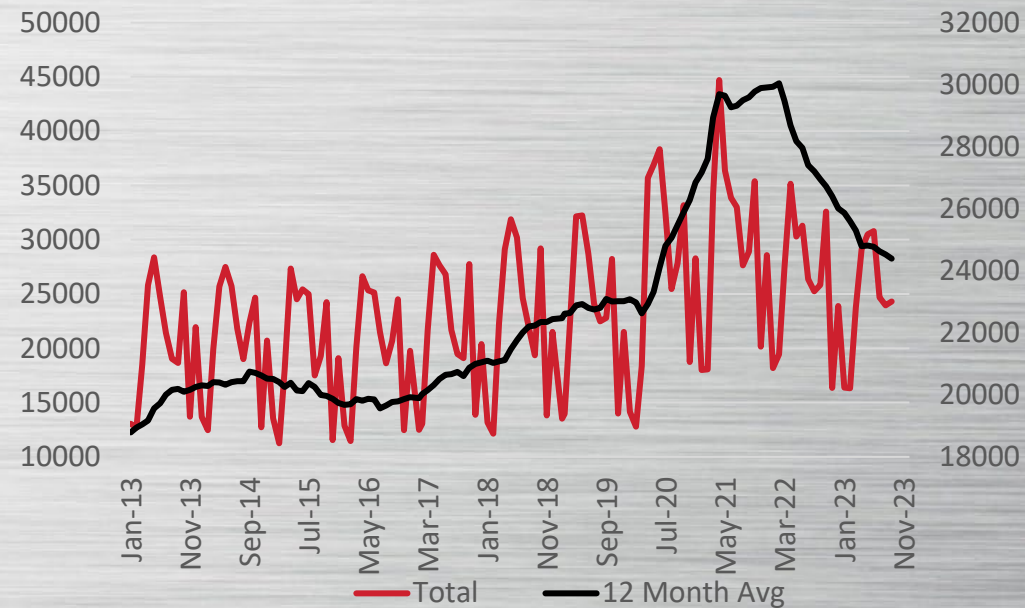
U.S. LIGHT VEHICLE DAYS OF SUPPLY

North American (Canada and U.S.) shipments of tractors and combines totaled 24,304 units in September.

- This is up 1.4% from August but still down 6.0% from 25,857 units in September 2022.
- This is the fourth consecutive month in which shipments declined on a year-over-year basis.

Both combine and tractor shipments increased on a month-over-month basis, climbing 13.3% and 0.9%, respectively.

Year-to-date shipments are now down 8.1% compared to the same timeframe last year.



WEEKLY INITIAL JOBLESS CLAIMS⁹

WEEKLY INITIAL JOBLESS CLAIMS

Applications for unemployment benefits came in flat last week after climbing the previous two weeks.

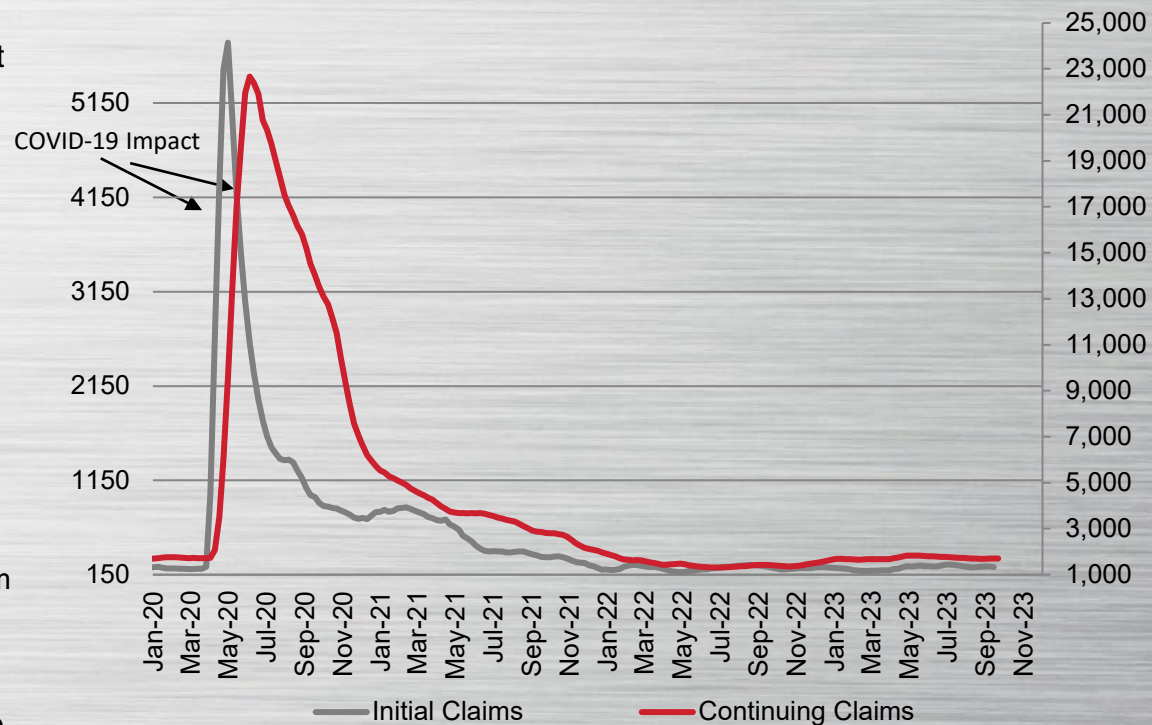
The Department of Labor's Weekly Initial Jobless Claims report came in at 209,000 claims, flat from 209,000 claims previously.

- The four-week moving average, considered a better measure of the labor market as it irons out week-to-week volatility, dropped to 206,250.

Continuing claims, or claims lasting longer than one week, increased for the third consecutive week

- Continuing claims came in at 1.702 million claims, up from 1.672 million claims previously.

Continued resiliency in the labor market put upward pressure on inflation in September and will likely require additional interest rate hikes.



ECONOMIC



CONSUMER PRICE INDEX¹⁰

Prices paid by consumers continued to push higher in September, climbing at a faster rate for the third consecutive month.

The September Consumer Price Index, which measures prices for all items, increased 0.25% from September and is up 3.70% from September 2022.

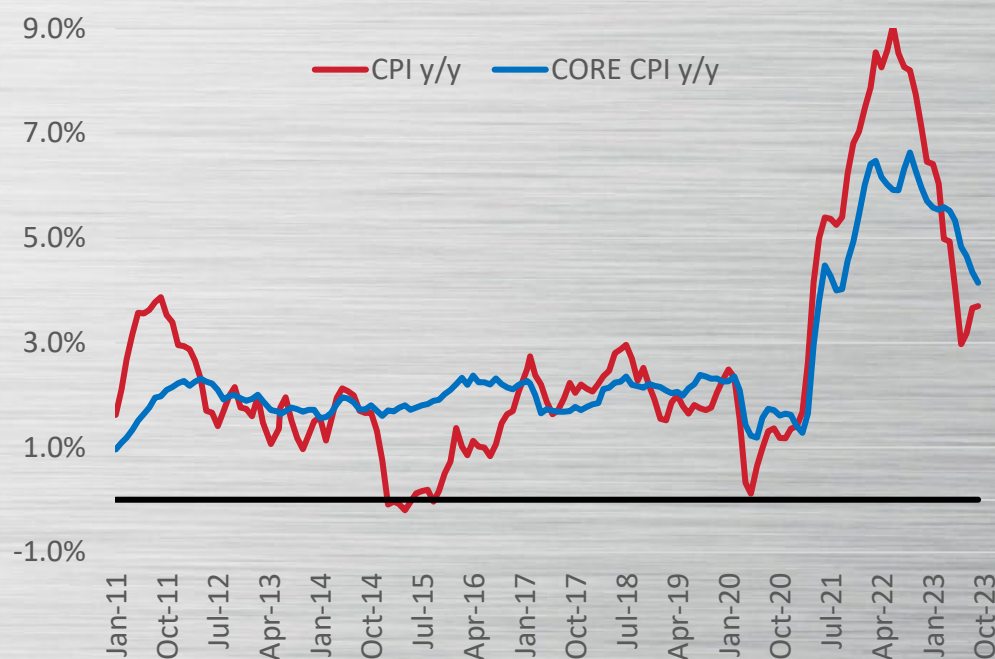
- This was the highest year-over-year increase since June.

Prices for all goods, excluding food and energy, grew at a slower annual rate, climbing at 4.15% rate in September.

- This is down from 4.35% annual growth in August and is at the lowest annual growth since September 2021.

The indices for shelter, motor vehicle insurance, recreation, personal care, and new vehicles, had the largest increases in prices.

UNEMPLOYMENT RATE



SOURCES

- 1 Prime Scrap Price, Market Conversations: Week ending September 15, 2023.
- 2 Platts, Spot Iron Ore: October 13, 2023.
- 3 London Metal Exchange, Weekly Zinc Price and Inventory Report: October 13, 2023.
Shanghai Futures Exchange, Weekly Zinc Inventory Report: October 13, 2023.
- 4 Platts, Coking Coal Price: October 13, 2023.
- 5 American Iron & Steel Institute, Weekly Domestic Steel Production: October 10, 2023.
- 6 WardsAuto: UAW Strike Update: October 13, 2023.
- 7 Dodge Construction: Dodge Momentum Index: September 2023.
- 8 Association of Equipment Manufacturers, Tractor and Combine Shipments: September 2023.
- 9 Department of Labor, Weekly Initial Jobless Claims: October 12, 2023.
- 10 Bureau of Labor Statistics, Consumer Price Index: September 2023.

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