

CORE 10.04.24 **REPORT**

COST

01

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

SUPPLY

04

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

DEMAND

05

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

ECONOMIC

10

- ⊖ employment
- ⊖ retail sales
- ⊖ inflation
- ⊖ confidence
- ⊖ income

SPOT IRON ORE¹

Spot iron ore increased sharply this week, climbing for the third consecutive week.

Spot iron ore pricing settled at \$107.40/mt, up from \$93.30/mt the week prior.

- This is up over 15% week-over-week to the highest level since mid-July.

Iron ore increased sharply as China's stimulus policies went into effect this week, which included plans to cut mortgage rates and reduced downpayment requirements on homes.

IRON ORE COST



COST



WEEKLY ZINC PRICING²



ZINC

Zinc pricing increased sharply again this week, now up for the fourth consecutive week.

Zinc pricing ended the week at \$3,143.50/mt (\$1.426/lb), up from \$3,045/mt (\$1.381/lb) previously.

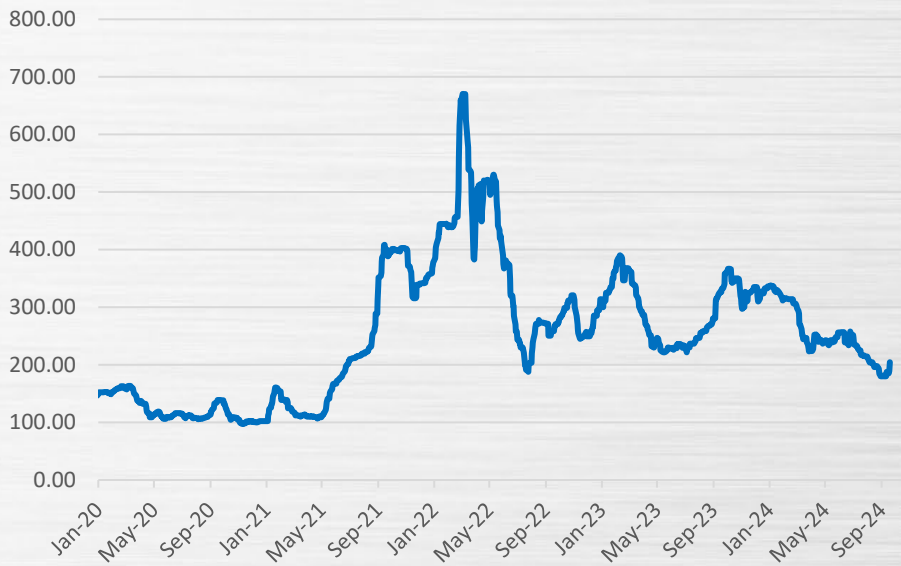
- This is the highest price for zinc since January 2023, getting a boost from a weakening U.S. dollar, lower interest rates, and Chinese stimulus measures.

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

- LME warehouse inventory decreased sharply, slipping from 255,050 metric tons to 247,075 metric tons.
- Shanghai warehouse inventory remained flat at 80,156 metric tons due to the Golden Week holiday.

COST

COKING COAL³



COKING COAL

Coking coal pricing resumed its downward momentum this week after climbing the previous two weeks.

Coking coal settled at \$169.00/mt, down from \$204.75/mt last week.

- This is down 17% week-over-week to the lowest level since June 2021.

Australia cut its forecast for coking coal exports to end the year, as India has restocked most of the coal needed for Q4.

SUPPLY



WEEKLY DOMESTIC STEEL PRODUCTION⁴

Domestic raw steel production had the largest week-over-week decline since 2020 last week as mills continue maintenance outages.

U.S. mills produced an estimated 1,646k tons at a 74.1% utilization rate; this is down from 1,707k tons and a 76.9% rate previously.

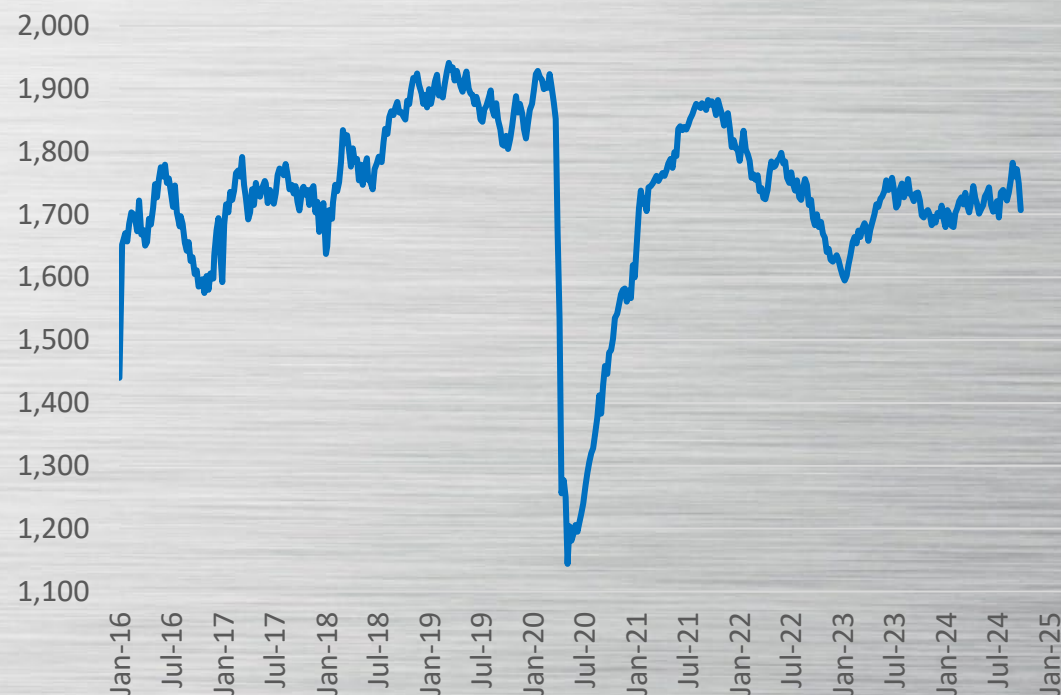
- This is the lowest utilization rate and tonnage output since January 2023.

Production decreased in all five regions once again, with the largest drop (in tons) coming from the Southern region.

- Production from the Southern region slipped from 742k tons to 710k tons.

Year-to-date production is now up only 1.1% compared to the same timeframe from last year.

WEEKLY DOMESTIC PRODUCTION



DEMAND

▼ LIGHT VEHICLE SALES⁵

U.S. light vehicle sales dropped in September, now down for the third time in the last four months.

U.S. light vehicle sales totaled 1.170 million units, down 17.9% from August and down 12.8% from the 1.341 million unit total in September 2023.

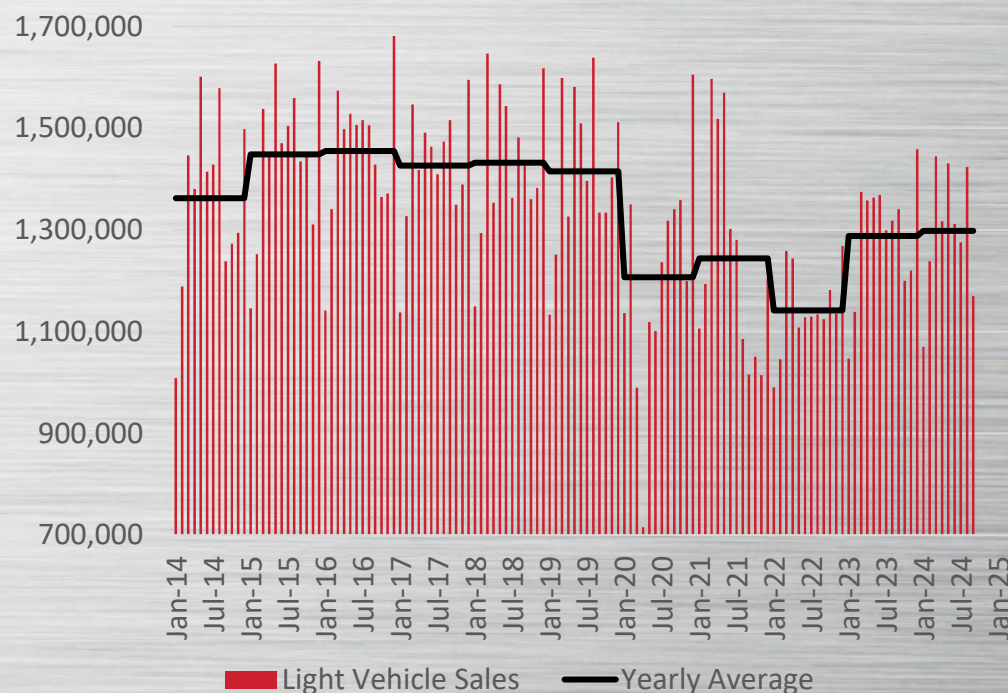
- Total light vehicle sales came in at a 39k units/day rate, the lowest daily rate since January.

The significant impacts from Hurricane Helene in the Southeast limited sales throughout the last week of the month.

Despite the drop in September sales, year-to-date sales are still up 0.6% compared to the same timeframe last year.

- Total light vehicle sales are at their highest level through the first nine months of the year since 2019.

U.S. LIGHT VEHICLE SALES



DEMAND

LIGHT VEHICLE INVENTORY⁶

Dealer inventory of light vehicles increased in September, climbing for the second consecutive month and for the third time in the last four months.

U.S. light vehicle inventory ended September at 2.819 million tons, up 4.4% from the end of August.

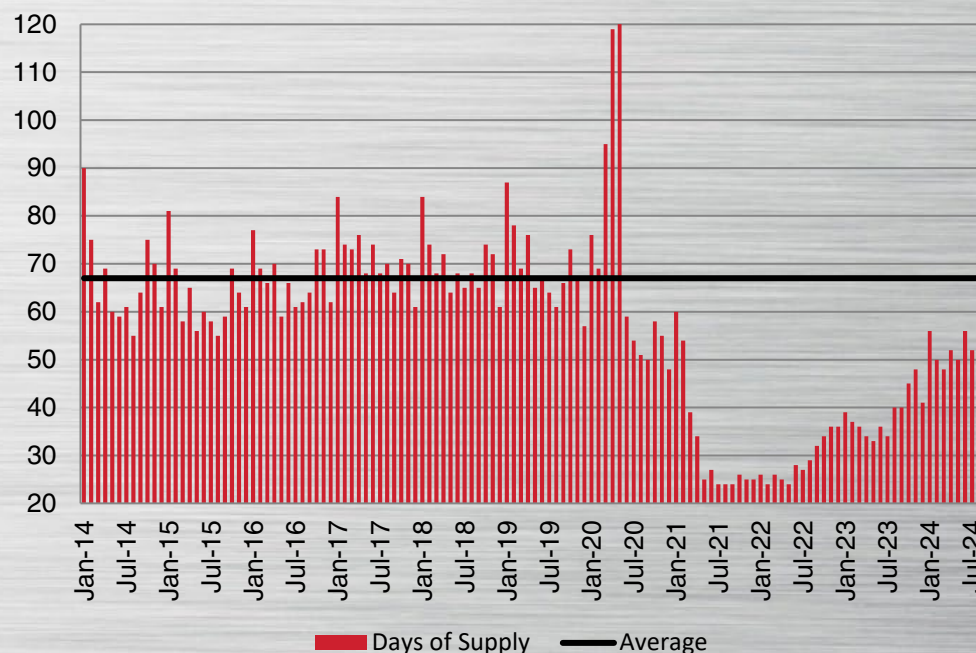
- Light vehicle inventory was up on a year-over-year basis as well, climbing 36.5% from September 2023.

Inventory of both cars and light trucks increased from August, climbing 7.1% and 6.2%, respectively.

The current inventory, when combined with September's sales pace, equates to 55 days of supply.

- This is up from 53 days in August and below the ideal level of 65 days.

U.S. LIGHT VEHICLE DAYS OF SUPPLY



CONSTRUCTION SPENDING⁷

Total construction spending continued to slide in August, now down for the third consecutive month.

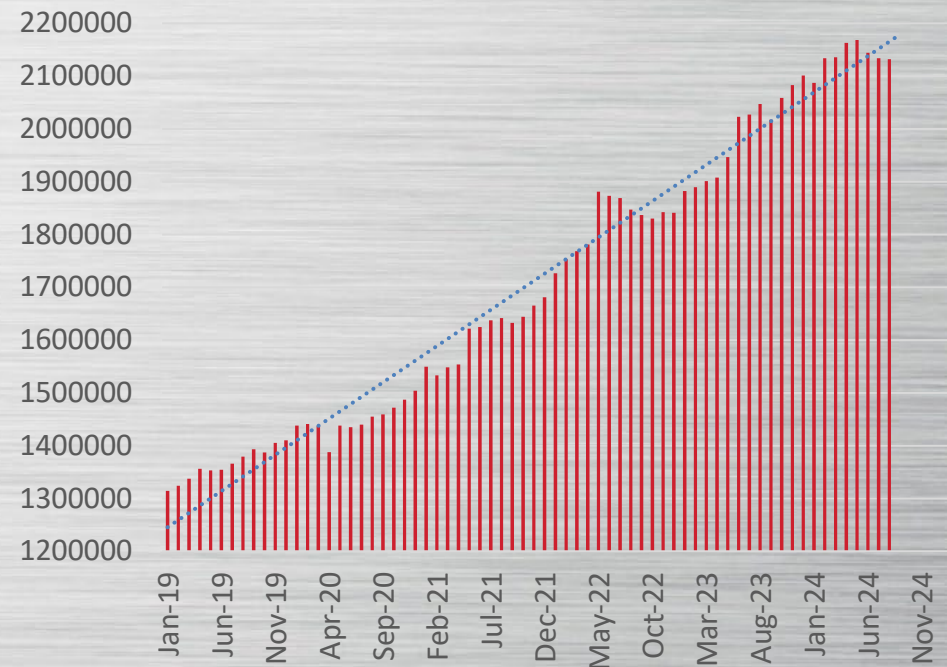
Total spending came in at a \$2.132 trillion rate, down 0.1% from July but was still up 4.1% from last August.

- This was the lowest year-over-year increase since May 2023.

The drop in August came from residential spending, which slid 0.3% from July.

- Residential spending came in at a \$911.4 billion rate, its lowest monthly rate since January.
- Non-residential spending increased slightly after a slight decline in July and set a new all-time high.
 - Non-residential spending came in at a \$1.220 trillion rate.

TOTAL CONSTRUCTION SPENDING (SAAR)



CHICAGO PMI⁸

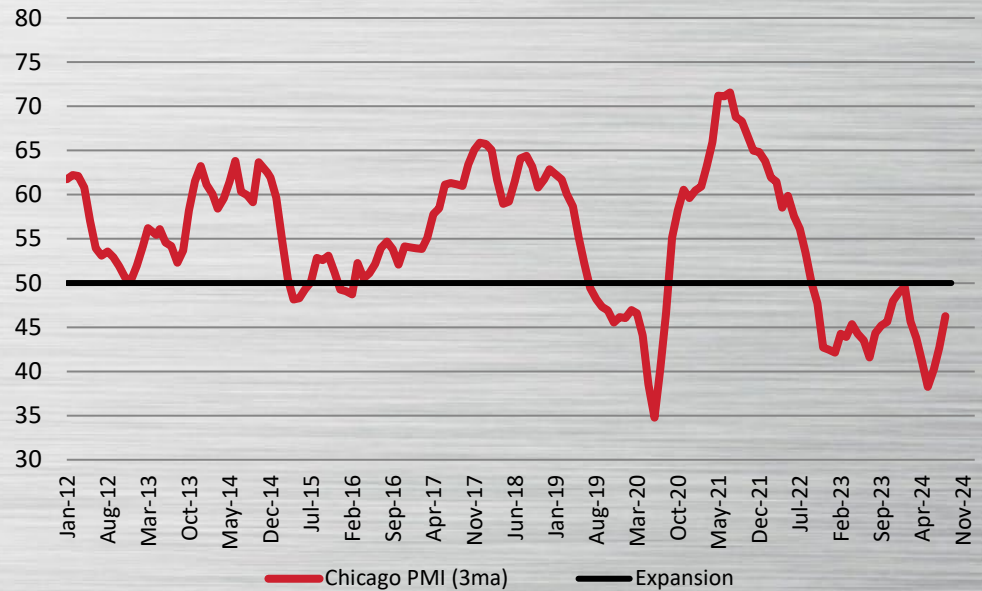
Business activity in the Chicago region improved slightly in September but remained in negative territory for the 10th straight month.

The September Chicago PMI came in at 46.6, up from 46.1 in August and up from 44.1 in September 2023.

- This was the second consecutive month-over-month improvement for the index.
 - Any reading below 50 shows a contraction in activity, while any reading above 50 shows expansion.

Strong increases from the order backlog and employment components helped to overcome declines in new orders, production, and supplier deliveries.

CHICAGO PMI



ISM MANUFACTURING INDEX⁹

Economic activity in the manufacturing sector continued to contract in September.

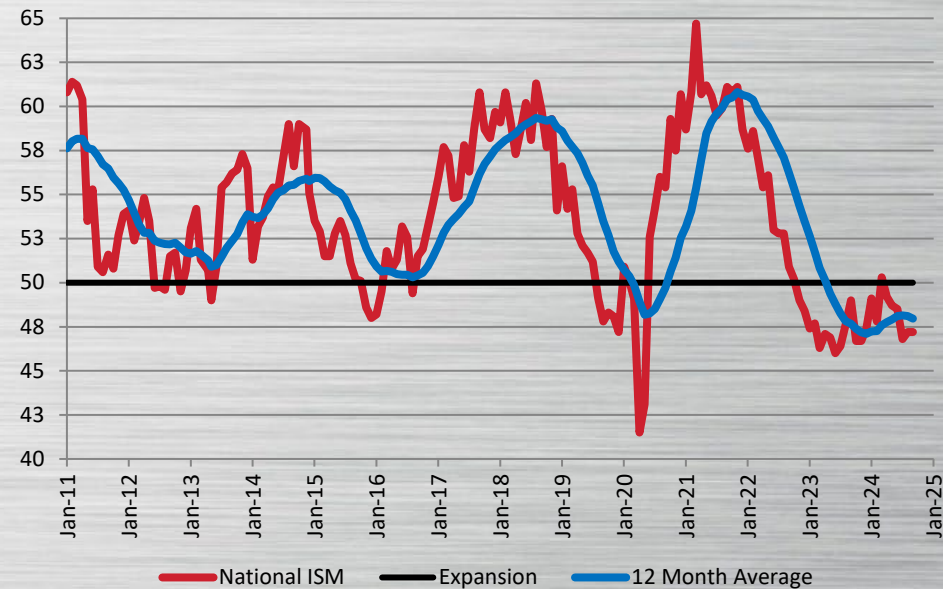
The ISM Manufacturing Index came in at 47.2, flat from August but down from 49.0 in September 2023.

- September marked the sixth consecutive month and 22nd time in the 23 months that the index has been in contraction.

While both improving in September, the new order and production components remained in contraction, coming in at 46.1 and 49.8, respectively.

- The backlog of orders contracted slightly in September coming in at 44.1.

ISM MANUFACTURING INDEX



ECONOMIC

▲ WEEKLY INITIAL JOBLESS CLAIMS¹⁰

The number of Americans filing new claims for unemployment increased last week after hitting a four-month low the week prior.

The Department of Labor's Weekly Initial Jobless Claims report came in at 225,000 claims, up from 219,000 claims previously.

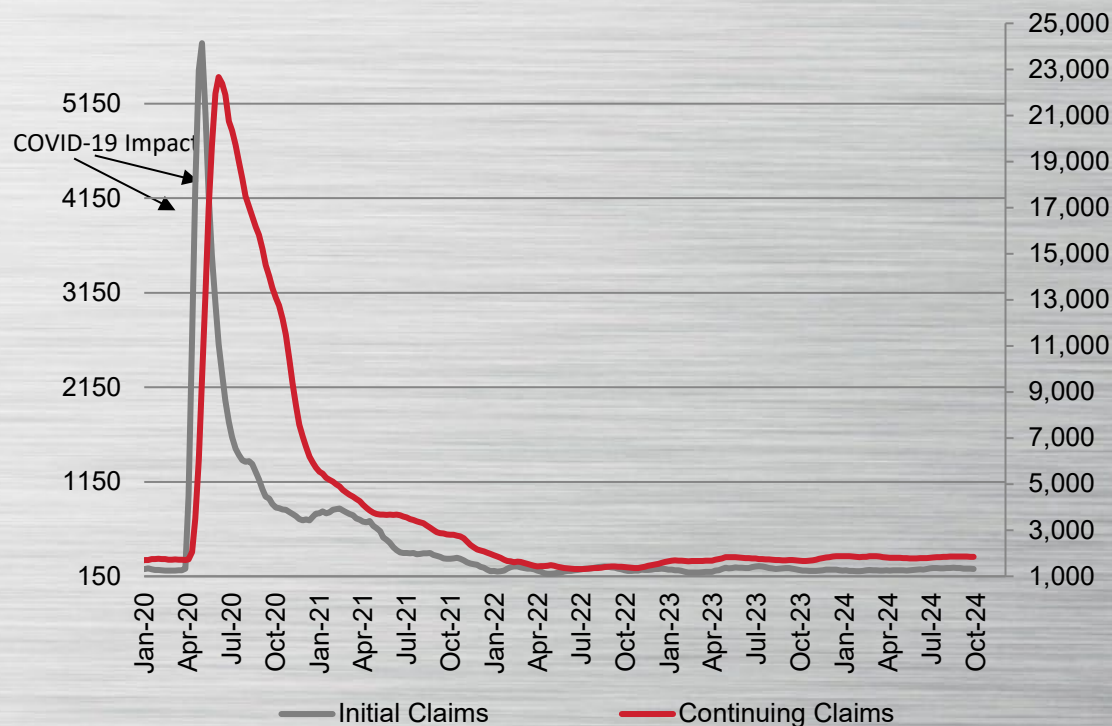
- The four-week moving average, considered a better measure of the labor market as it irons out week-to-week volatility, decreased to 224,250.

Continuing claims, or claims lasting longer than one week, came in relatively flat from the week prior.

- Continuing claims came in at 1.826 million claims, down slightly from 1.827 million claims previously.

Claims are expected to rise sharply in the wake of Hurricane Helene which decimated the Southeast.

WEEKLY INITIAL JOBLESS CLAIMS



ECONOMIC

EMPLOYMENT SITUATION¹¹

The U.S. added 254,000 jobs on a seasonally adjusted basis in September, the highest monthly increase since March.

The private sector, which accounts for 70%, increased by 223,000 jobs in September.

- Government employment increased as well, climbing by 31,000 jobs.

Within goods-producing sectors, construction employment continued to climb, while manufacturing employment slipped.

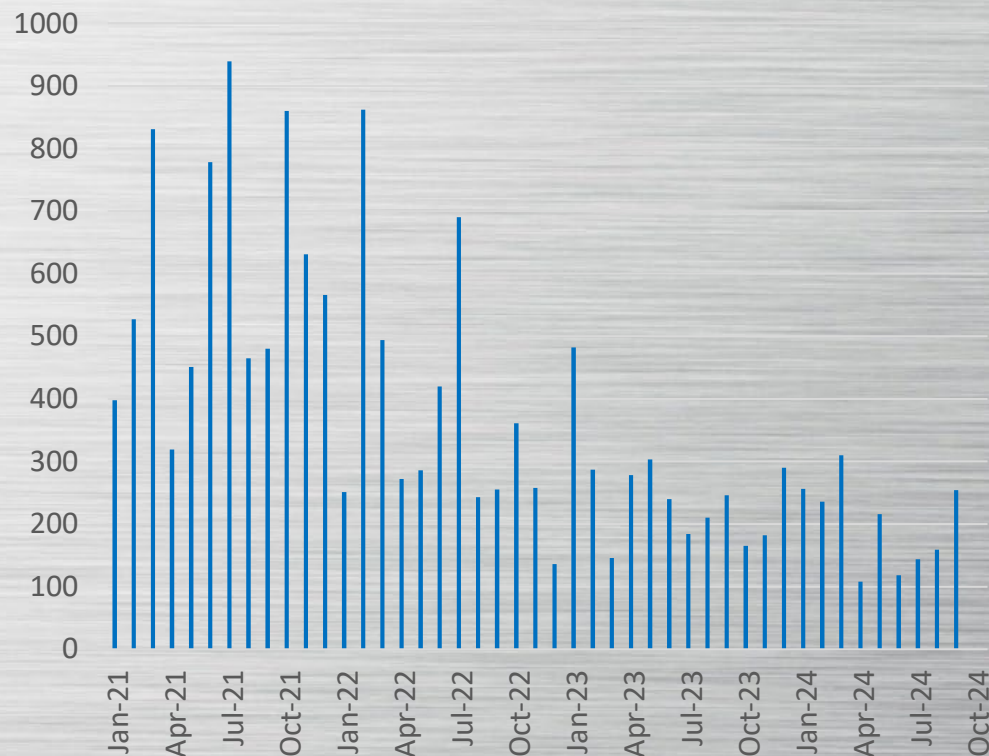
Construction employment increased by 25,000 jobs, however building construction employment slipped by 900 jobs.

Manufacturing employment declined by 7,000 jobs, the third consecutive monthly decline.

- Durable good manufacturing slipped by 3,000 jobs after dropping by 30,000 jobs in August.
 - Fabricated metal product employment increased by 3,700 jobs; the highest increase was within durable good manufacturing.

The unemployment rate slipped to 4.1%, but holding above 4.0% for the fifth straight month.

MONTHLY JOBS ADDED



SOURCES

- 1 Platts, Spot Iron Ore: October 4, 2024.
- 2 London Metal Exchange, Weekly Zinc Price and Inventory Report: October 4, 2024.
- 3 Shanghai Futures Exchange, Weekly Zinc Inventory Report: October 4, 2024.
Platts, Coking Coal Price: October 4, 2024.
- 4 American Iron & Steel Institute, Weekly Domestic Steel Production: October 1, 2024.
- 5 WardsAuto, U.S. Light Vehicle Sales: September 2024.
- 6 WardsAuto, U.S. Light Vehicle Inventory: September 2024
- 7 U.S. Census Bureau, Construction Spending: August 2024.
- 8 Institute for Supply Managers, Chicago PMI: September 2024.
- 9 Institute for Supply Managers, ISM Manufacturing Index: September 2024.
- 10 Department of Labor, Weekly Initial Jobless Claims: October 3, 2024.
- 11 Bureau of Labor Statistics, Employment Situation: September 2024.

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