

**CORE** 01.03.25 **REPORT**

**COST**

**01**

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

**SUPPLY**

**04**

- ⊖ lead times
- ⊖ production
- ⊖ imports
- ⊖ acquisitions

**DEMAND**

**07**

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

**ECONOMIC**

**10**

- ⊕ employment
- ⊖ inflation
- ⊖ retail sales
- ⊖ income
- ⊖ GDP



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STEEL USA**



# SPOT IRON ORE<sup>1</sup>

Spot iron ore dropped again to start the New Year after a flat reading last week.

Spot iron ore pricing settled at \$101.05/mt, down from \$103.60/mt the week prior.

- This is the lowest price for iron ore since mid-November.

Iron ore dropped over 15% in 2024, dragged down by sluggish demand, thin steel margins, and oversupply in China.

## IRON ORE COST



# COST

## WEEKLY ZINC PRICING<sup>2</sup>



## ZINC

Zinc pricing dropped sharply to start off the New Year.

Zinc pricing ended the week at \$2,864/mt (\$1.299/lb), down from \$2,995/mt (\$1.359/lb) previously.

- This is the lowest price for zinc since mid-September as sluggish demand in China continues to drag down pricing.

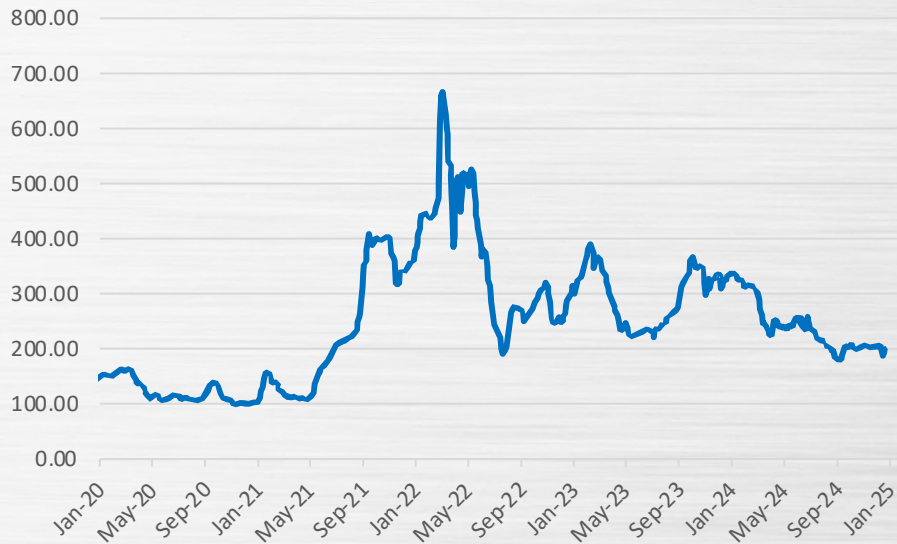
Global zinc inventory dropped for the sixth consecutive week.

- LME warehouse inventory slipped again, dropping from 248,950 metric tons to 234,100 metric tons.
- Shanghai warehouse inventory decreased as well, sliding from 50,666 metric tons to 40,137 metric tons.

# COST



## COKING COAL<sup>3</sup>



## COKING COAL

Coking coal pricing ticked up to start the New Year after sliding the previous four weeks.

Coking coal settled at \$199.90/mt, up from \$188.00/mt last week.

- Coking coal is now at the highest level since mid-December

Coking coal sentiment picked up to start the year after most mills in China performed maintenance outages and are ready to restock.



# SUPPLY



## WEEKLY DOMESTIC STEEL PRODUCTION<sup>4</sup>

Domestic raw steel production dropped sharply last week due to the Christmas holiday.

U.S. mills produced an estimated 1,658k tons at a 74.7% utilization rate; this is down from 1,690k tons and a 76.1% rate previously.

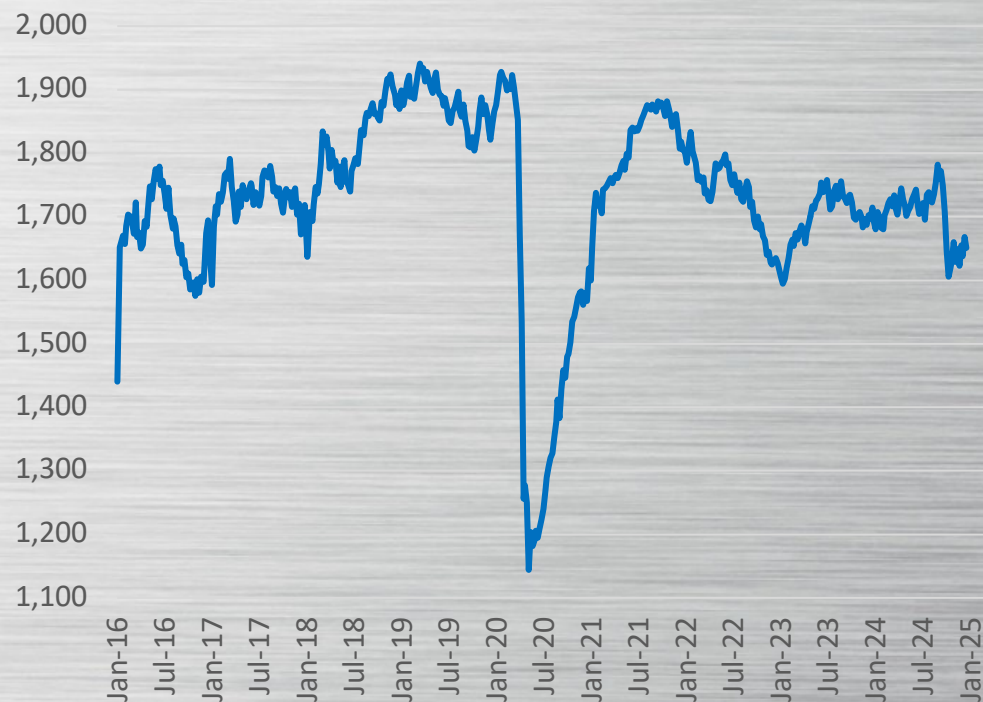
- The 1,690k tons the previous week was the highest output since mid-September.

Production rose in three of the five regions but was offset by drops in the Northeast and Southern regions.

- Production from the Southern region dropped the most, sliding from 720k tons to 682k tons.

Year-to-date production is now up only 0.05% compared to the same timeframe from last year.

## WEEKLY DOMESTIC PRODUCTION



## SUPPLY

# CARBON STEEL IMPORTS<sup>5</sup>

Preliminary carbon steel imports dropped in November, sliding to its lowest monthly total since February 2021.

- Total carbon steel imports totaled 1.478 million tons, down 15.3% from October and down 0.9% from November 2023.

Carbon flat rolled imports dropped as well, now down for the third consecutive month.

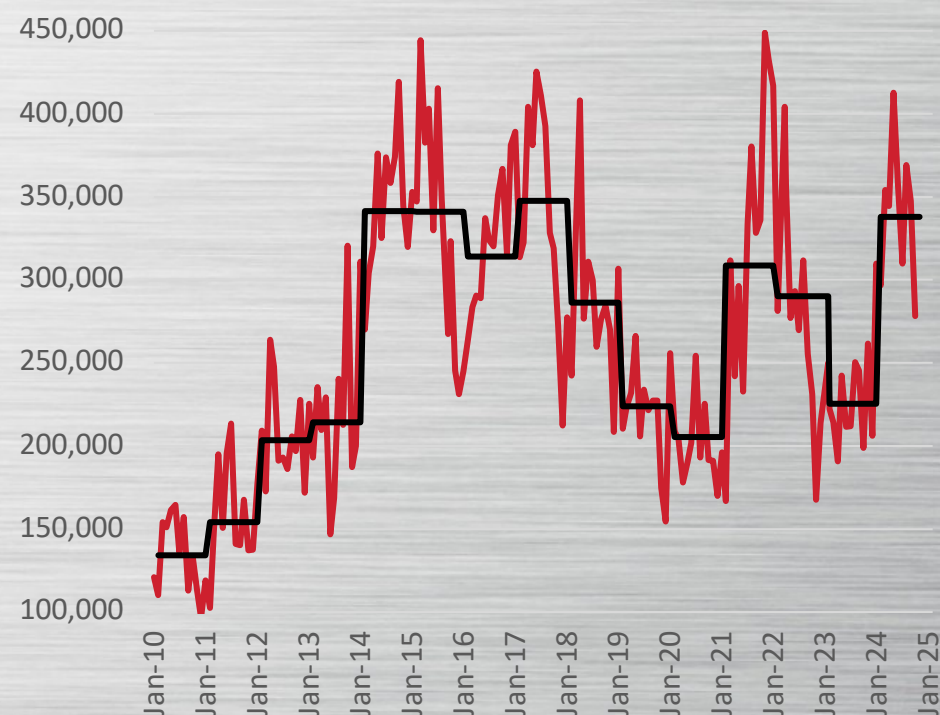
- Flat rolled imports totaled 498,128 tons, down 12.4% from October but were still up 8.2% from last November.

While both hot rolled and cold rolled imports saw sharp m/m declines, coated sheet imports were up slightly from October.

- However, hot-dipped galvanized sheet imports were down from October, sliding 5.9% on a daily pace.
  - This was the lowest (5.89 million tons/day) daily pace for HDG imports since January.

Despite the recent decline, YTD carbon flat rolled imports are still up 27.2% compared to the same timeframe last year.

## COATED SHEET IMPORTS





# ACQUISITIONS<sup>6</sup>

On Friday, President Joe Biden officially blocked the takeover of U.S. Steel by Japan's Nippon Steel on the grounds of national security.

- The proposed \$14.9 billion acquisition by Nippon would place one of the largest steel producers in the U.S. under foreign control, creating a risk for the nation's critical supply chains.

The United Steelworkers union fiercely opposed the takeover by Nippon from the day it was announced in December 2023.

There was bipartisan support to block the acquisition, with President-elect Donald Trump also opposing the deal.



# CONSTRUCTION SPENDING<sup>7</sup>

Total construction spending was virtually flat on a seasonally adjusted basis in November.

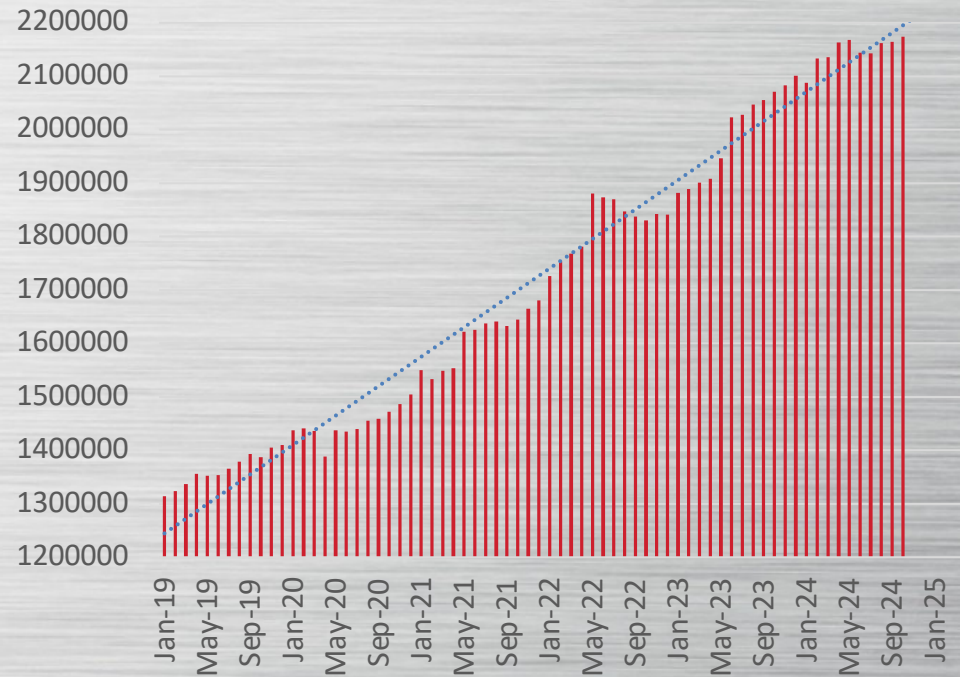
November construction spending came in at a \$2.123 trillion rate, flat from October and up 3.0% from the \$2.091 trillion rate in November 2023.

- Despite the continued increase, this was the lowest y/y increase since April 2020.

A slight increase in residential construction spending was balanced out by a slight decline in non-residential spending.

- Non-residential spending has now slipped in back-to-back months and was at its lowest level since August.
  - The drop in non-residential spending was due to a decline in public-funded projects.

## TOTAL CONSTRUCTION SPENDING (SAAR)



# CHICAGO PMI<sup>8</sup>

Manufacturing activity in the Chicagoland region declined further in December, contracting at its fast rate since May.

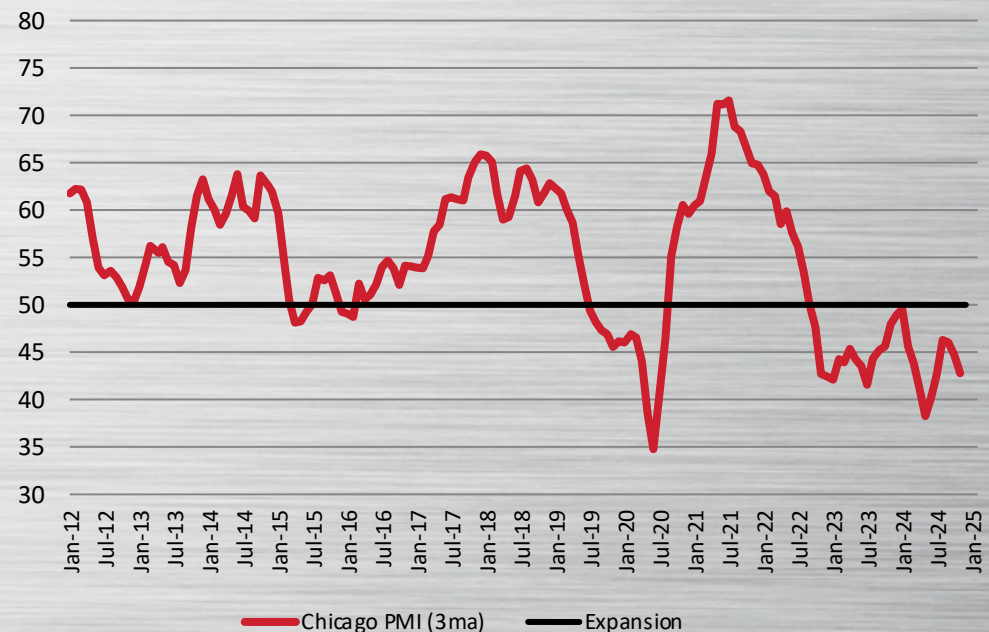
The December Chicago PMI came in at 36.9, down from 40.2 in November and 46.9 in December 2023.

- The index has now been below 50 for thirteen consecutive months.
- Any reading below 50 indicates contraction in activity, while any reading above 50 indicates expansion.

A sharper decline in new order activity helped to push the overall index lower to the end year on a weaker note.

The continued deterioration of the index increases the likelihood of weaker national manufacturing data, promoting negative sentiment around the USD.

## CHICAGO PMI



# ISM MANUFACTURING INDEX<sup>9</sup>

## ISM MANUFACTURING INDEX

Economic activity from the manufacturing sector showed contraction once again in December, however it was the slowest contraction since March.

The December ISM Manufacturing Index came in at 49.3, up from 48.4 in November and up from 47.4 in December 2023.

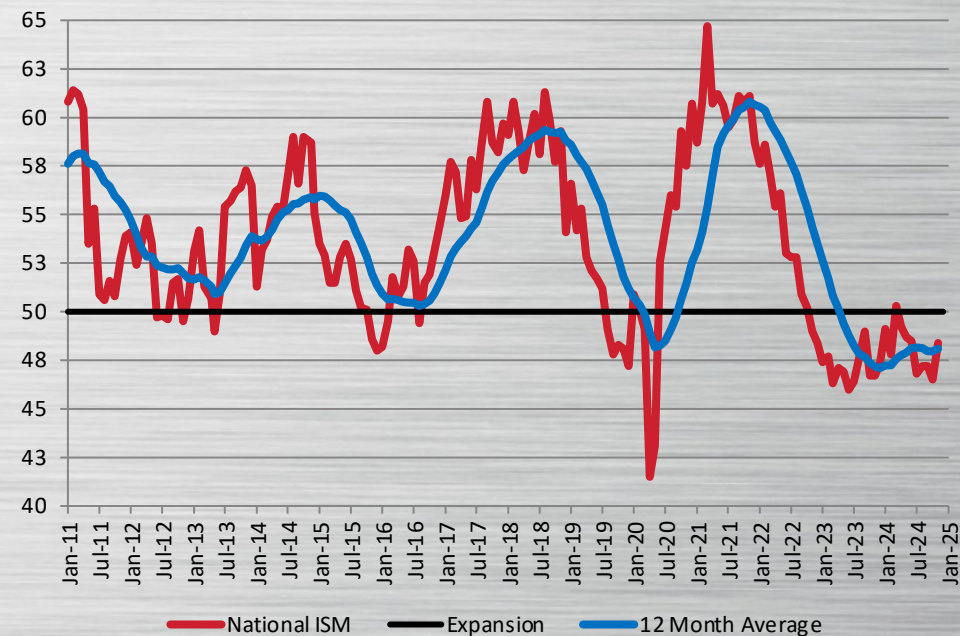
- The 12-month average climbed to 48.3, the highest level since July 2023.

The new orders index continued in expansion for the second straight month after seven months of contraction.

- The new orders index climbed to 52.5, up from 50.4 in November.

The production index showed expansion as well, climbing to 50.3, up 3.5 points from the 46.8 reading in November.

- While improving, the backlog of orders index remained in contraction at 45.9, up from 41.8 previously.







# WEEKLY INITIAL JOBLESS CLAIMS<sup>10</sup>

The number of Americans filing new claims for unemployment benefits dropped to an eight-month low to end 2024.

The Department of Labor's Weekly Initial Jobless Claims report came in at 211,000 claims, down from 220,000 claims previously.

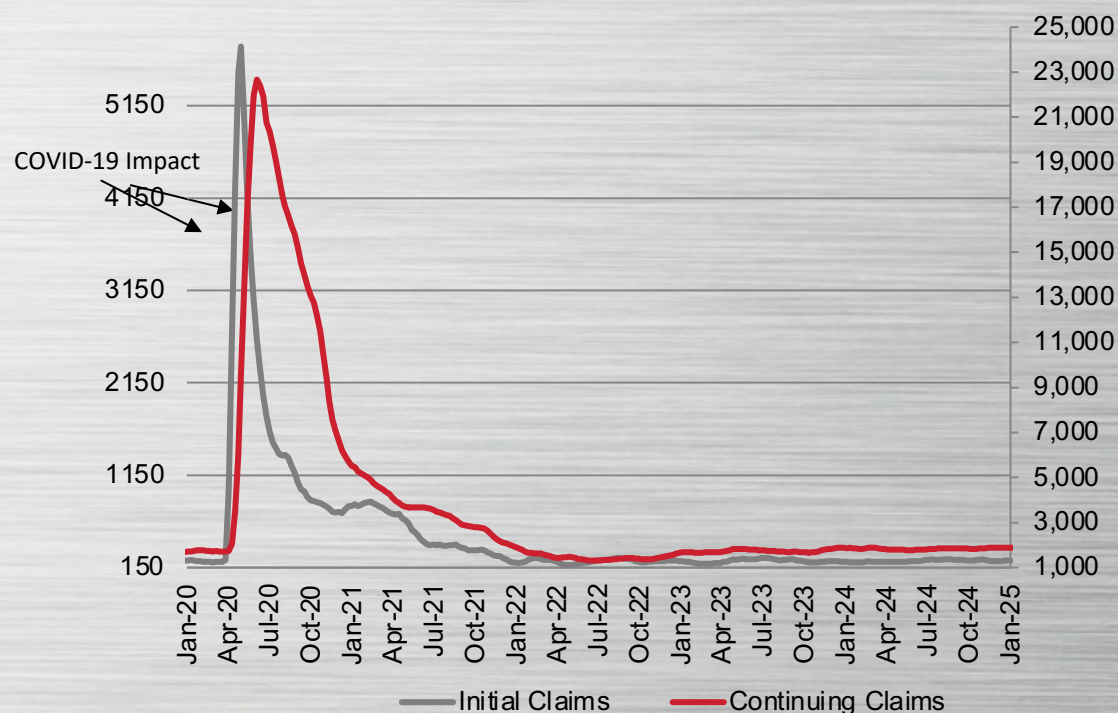
- The four-week moving average, considered a better measure of the labor market as it irons out week-to-week volatility, decreased to 223,000.

Continuing claims, or claims lasting longer than one week, decreased sharply.

- Continuing claims came in at 1.844 million claims, down from 1.896 million claims previously.

Claims data was once again impacted by the holidays, with large increases in filings from Michigan, New Jersey, Pennsylvania, Ohio, Massachusetts and Connecticut.

## WEEKLY INITIAL JOBLESS CLAIMS



## SOURCES

- 1 Platts, Spot Iron Ore: January 3, 2025.
- 2 London Metal Exchange, Weekly Zinc Price and Inventory Report: January 3, 2025.  
Shanghai Futures Exchange, Weekly Zinc Inventory Report: January 3, 2025.
- 3 Platts, Coking Coal Price: January 3, 2025.
- 4 American Iron & Steel Institute, Weekly Domestic Steel Production: December 31, 2024.
- 5 U.S. Census, Preliminary Carbon Steel Imports: November 2024.
- 6 U.S. Steel/Nippon Steel Acquisition, Market Conversations: Week ending January 3, 2024.
- 7 U.S. Census Bureau, Construction Spending: November 2024.
- 8 Institute for Supply Management, Chicago PMI: December 2024.
- 9 Institute for Supply Managers, ISM Manufacturing Index: December 2024.
- 10 Department of Labor, Weekly Initial Jobless Claims: January 2, 2025.

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The logo for MSUSA, featuring a stylized red 'M' followed by the text 'MSUSA' in white. The background of the entire image is a stylized American flag with a dark field of stars (represented by faint, embossed coins) and horizontal stripes.

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