

CORE 02.07.25 **REPORT**

COST

01

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

SUPPLY

04

- ⊖ lead times
- ⊕ production
- ⊖ imports
- ⊖ lead times

DEMAND

05

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

ECONOMIC

09

- ⊕ employment
- ⊖ inflation
- ⊖ income
- ⊖ confidence
- ⊕ mill price increase



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 **MAJESTIC
STEEL USA**

SPOT IRON ORE¹

Spot iron ore increased sharply this week, now up for the fourth consecutive week.

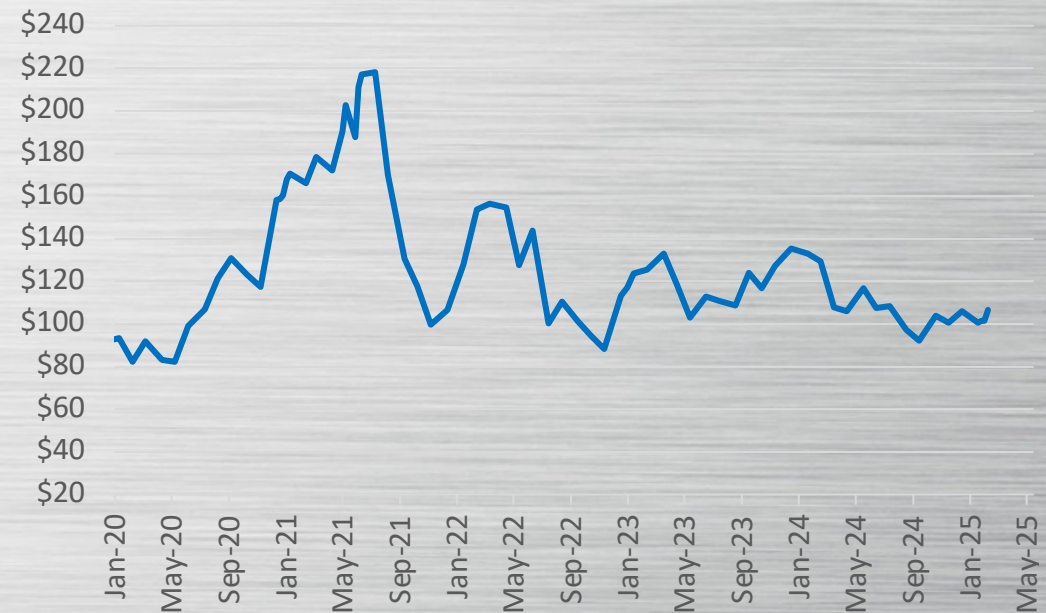
Spot iron ore pricing settled at \$106.55/mt, up from \$101.45/mt the week prior.

- This is now up 6% over the last four weeks to the highest price since December.

Iron ore spiked this week amid ongoing supply disruptions in Australia due to a tropical storm.

- The escalating trade tensions between the U.S. and China could also further pressure iron ore prices in 2025, as increased tariffs would likely impact demand.

IRON ORE COST



COST



WEEKLY ZINC PRICING²



ZINC

Zinc pricing rebounded sharply this week after sliding the previous two weeks.

Zinc pricing ended the week at \$2,815.50/mt (\$1.277/lb), up from \$2,710.50/mt (\$1.229/lb) previously.

- This is up 3.9% week-over-week after sliding 4.5% the prior week.
- Zinc demand spiked this week following the conclusion of China’s two-week long Lunar New Year break.

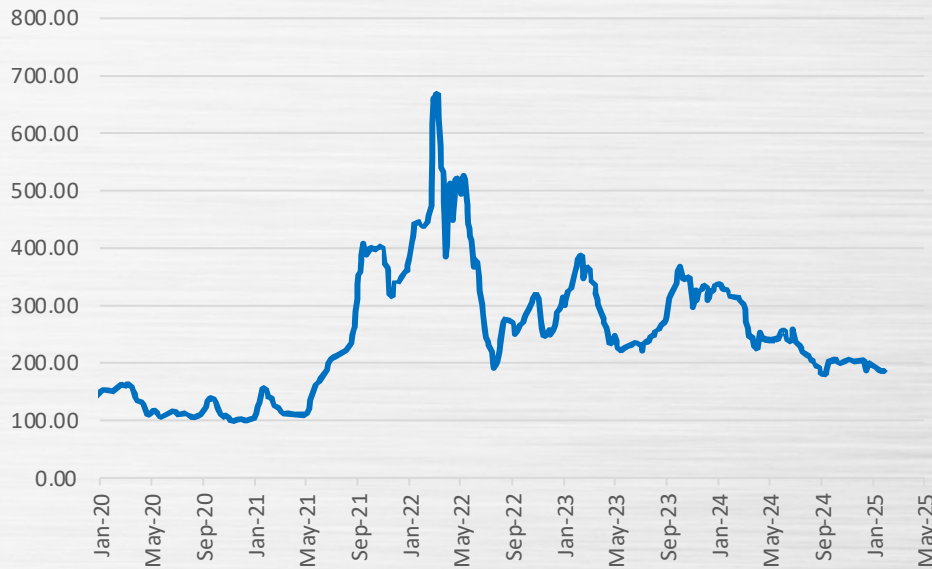
Global zinc inventory rebounded this week, ending a stretch of ten consecutive weekly drops.

- LME warehouse inventory slipped for the ninth consecutive week, dropping from 180,725 metric tons to 172,475 metric tons.
- Shanghai warehouse inventory rebounded sharply following Lunar New Year, climbing from 21,781 metric tons to 39,592 metric tons.

COST



COKING COAL³



COKING COAL

Coking coal pricing ticked up slightly this week after a flat reading last week.

Coking coal settled at \$188.00/mt, up from \$186.25/mt last week.

- This is now the highest price for coal since mid-January.

China announced this week that it will impose an additional 15% tariff on U.S. coal, effective February 10th, in retaliation to the 10% tariff imposed by President Trump last week.

SUPPLY



WEEKLY DOMESTIC STEEL PRODUCTION⁴

Domestic raw steel production rebounded last week after slipping the previous two weeks.

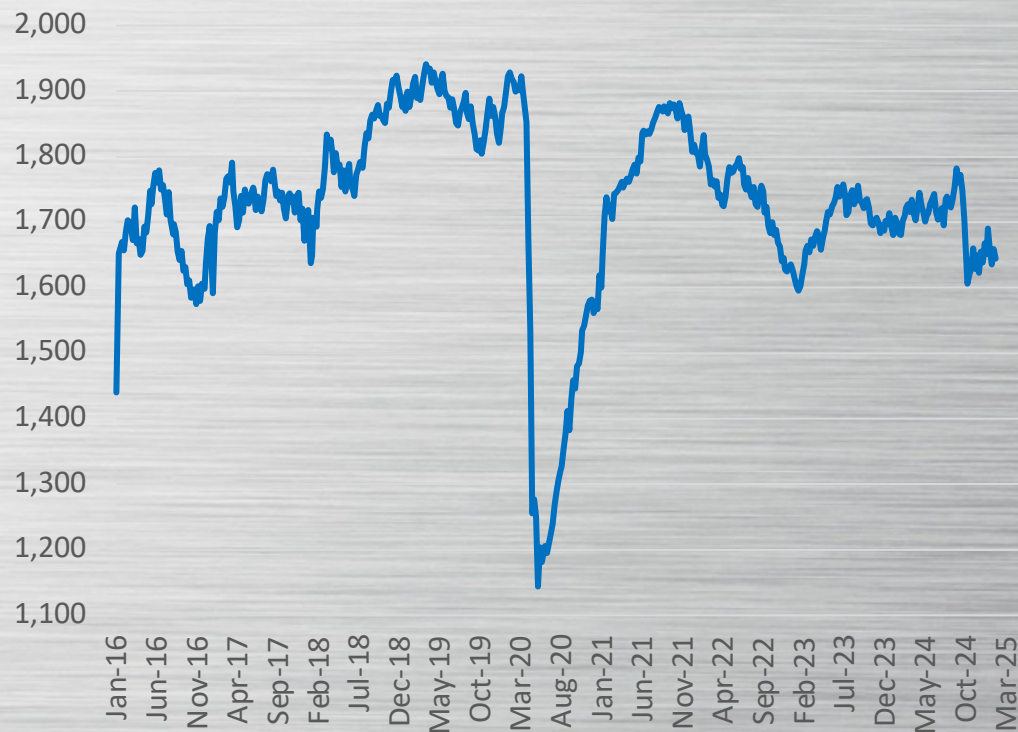
U.S. mills produced an estimated 1,656k tons at a 74.4% utilization rate; this is up from 1,641k tons and a 73.7% rate previously.

Production decreased in three of the five regions but was offset by another large increase in the Southern region.

- Production from the Southern region spiked from 703k tons to 745k tons.

Year-to-date production is now up 2.5% compared to the same timeframe from last year.

WEEKLY DOMESTIC PRODUCTION



DEMAND

▲ LIGHT VEHICLE SALES⁵

After a stronger than expected sales rate in December, which was buoyed by pulled ahead demand for EV's, January light vehicle sales slipped in January.

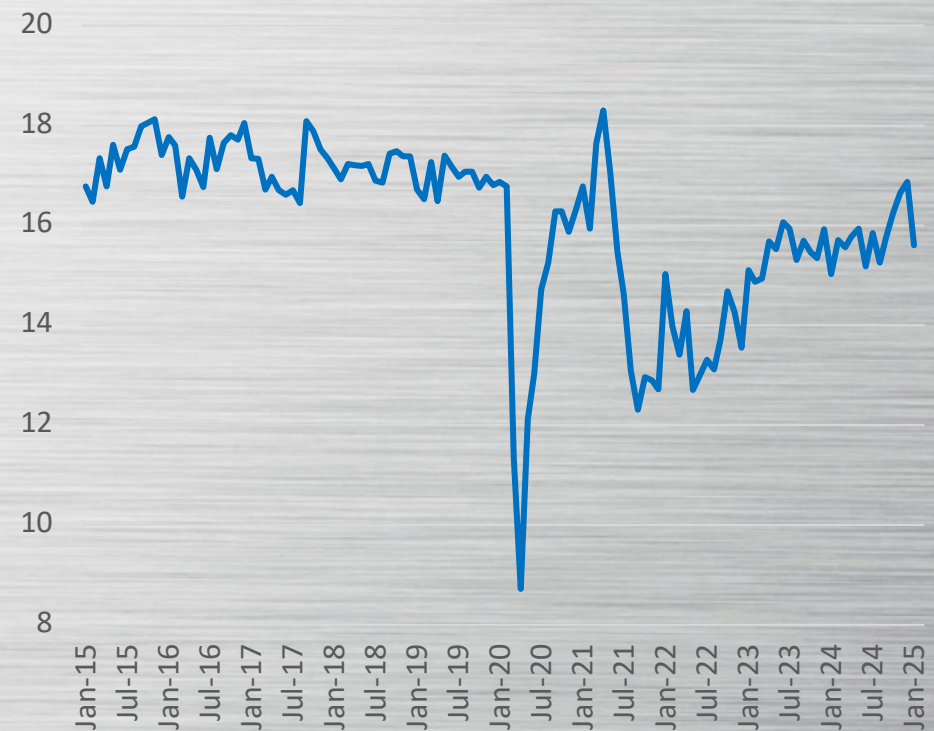
January light vehicle sales came in at a 15.60 million unit rate, down 7.5% from December but was up 3.8% from the 15.03 million unit rate in January 2023.

- This was the fifth consecutive month in which sales increased on a year-over-year basis.
- Despite the slowdown from December, this was the strongest January sales rate since 2021.

Severe weather and the Southern California wildfires negatively impacted demand but could provide a bump in the Spring.

The average sales price slipped to \$44,636, down 0.5% from December.

U.S. LIGHT VEHICLE SALES (SAAR)



▼ LIGHT VEHICLE INVENTORY⁶

U.S. light vehicle inventory on dealers lots at the end of January slipped slightly compared to December.

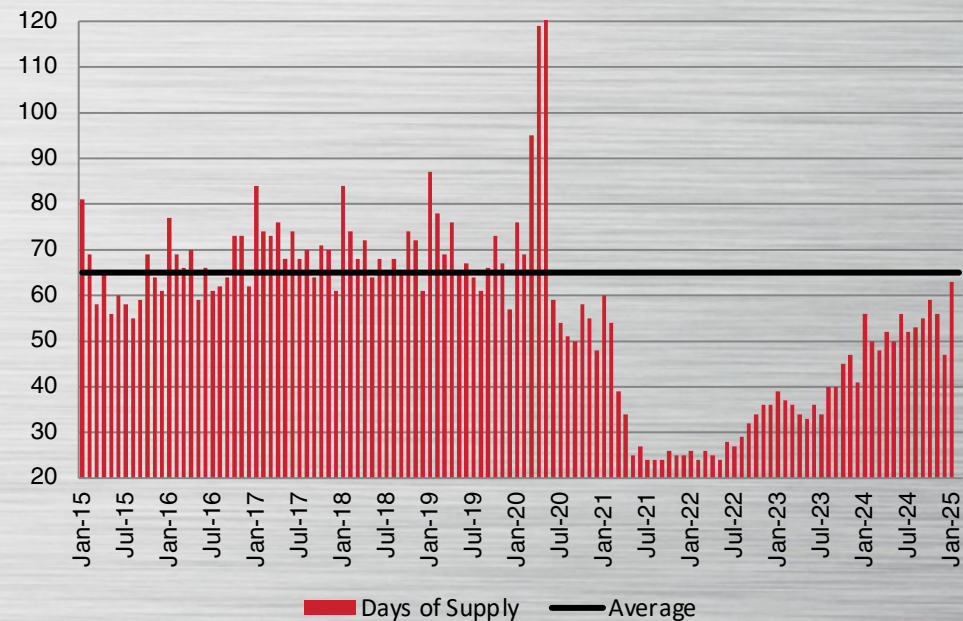
Total light vehicle inventory ended the month at 2.783 million units, down 1.2% from December but up 15.6% compared to last January.

- This was the second consecutive m/m decline, pushing January month end inventory to its lowest level since August.

The current inventory, when combined with January's sales pace, equates to 63 days of supply.

- This is up sharply from 47 days in January but is still slightly below the long-run average (65 days).
- Despite being at the long-run average, the current days of supply is at its highest level since the onset of the pandemic in 2020.

U.S. LIGHT VEHICLE DAYS OF SUPPLY



CONSTRUCTION SPENDING⁷

Total construction spending continued to push higher in December, albeit slightly below the long-run trend.

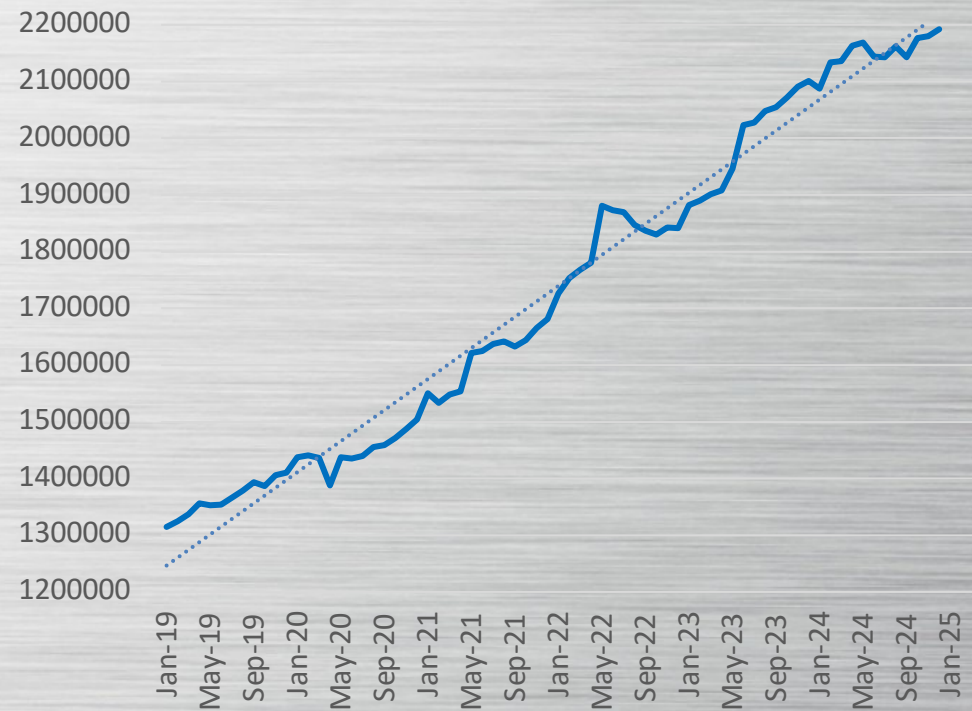
December construction spending came in at a \$2.192 trillion rate, up 0.5% from November and up 4.3% from the \$2.101 trillion rate in December 2023.

- This is the third consecutive month-over-month increase and the fourth increase in the past five months.

A strong boost in residential spending helped to overcome a slight decline on spending for nonresidential projects.

- While nonresidential spending slipped 0.2% from November, residential spending was up 1.5%.
 - Residential spending was up 6.1% on a year-over-year basis, the strongest y/y increase since May.

TOTAL CONSTRUCTION SPENDING (SAAR)



ISM MANUFACTURING INDEX⁸

Economic activity in the manufacturing sector expanded in January, the first expansion after 26 consecutive declines.

- The ISM Manufacturing Index came in at 50.9 in January, up from 49.3 in December and up from 49.1 in January 2024.

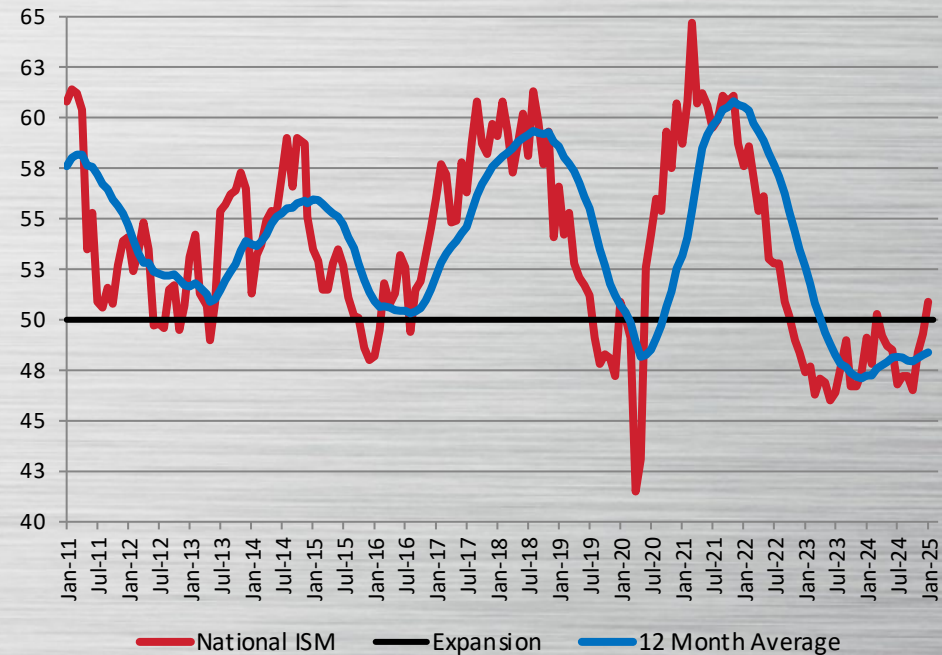
Solid increases from both the production and new order components helped to push the overall index higher.

- The new order and production components increased to 55.1 and 52.5, respectively.

The backlog of orders component dove deeper into contraction in January, sliding to 44.9 from 45.9 previously.

- The inventory component contracted as well, sliding to 45.9 from 48.4 previously.

ISM MANUFACTURING INDEX





WEEKLY INITIAL JOBLESS CLAIMS⁹

The number of Americans filing new claims for unemployment benefits increased last week, now up three out of the last four weeks.

The Department of Labor's Weekly Initial Jobless Claims report came in at 219,000 claims, up from 208,000 claims previously.

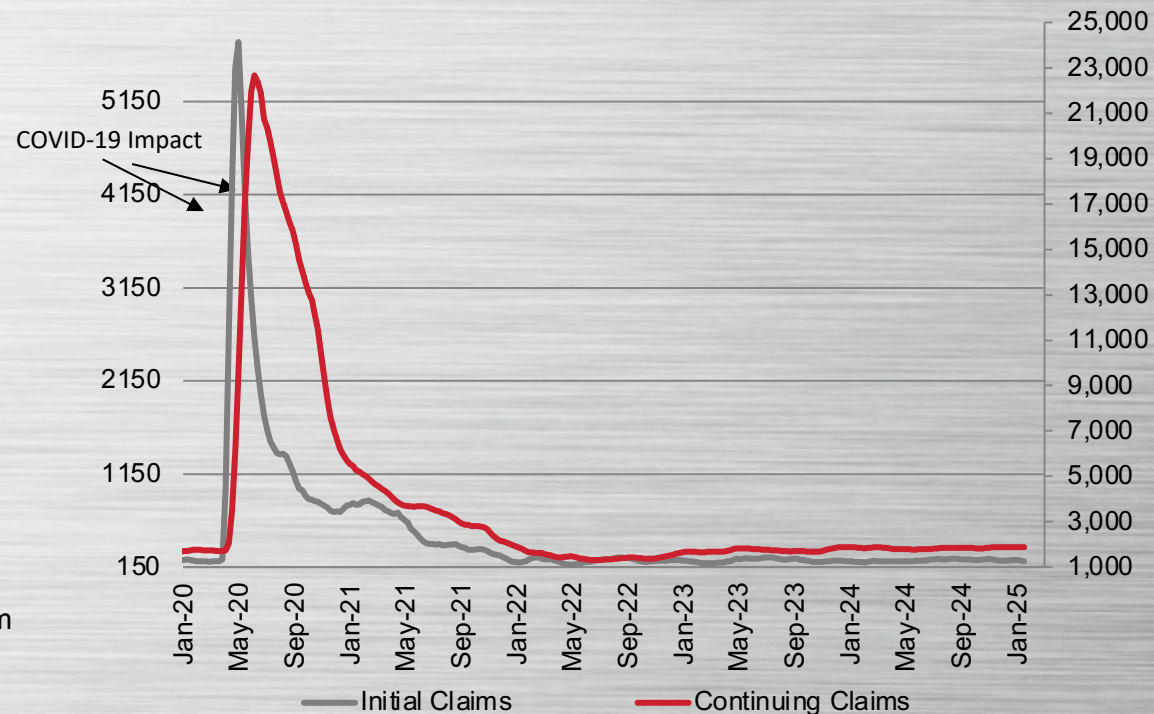
- The four-week moving average, considered a better measure of the labor market as it irons out week-to-week volatility, increased to 216,750.

Continuing claims, or claims lasting longer than one week, increased sharply after a drop the week prior.

- Continuing claims came in at 1.886 million claims, up from 1.850 million claims previously.

Labor market resilience is the driving force behind the economic expansion and has given the Federal Reserve room to pause interest rate cuts.

WEEKLY INITIAL JOBLESS CLAIMS



ECONOMIC

EMPLOYMENT SITUATION¹⁰

The U.S. had another sharp increase in new jobs in January, adding more than 140,000 jobs.

- This follows the addition of over 300,000 new jobs in December.

The private sector added 111,000 jobs while government employment increased by 32,000 jobs.

- New policies by the Trump administration could negatively impact government job growth moving forward.

Construction employment increased by 4,000 jobs, with 3,000 coming from the construction of buildings.

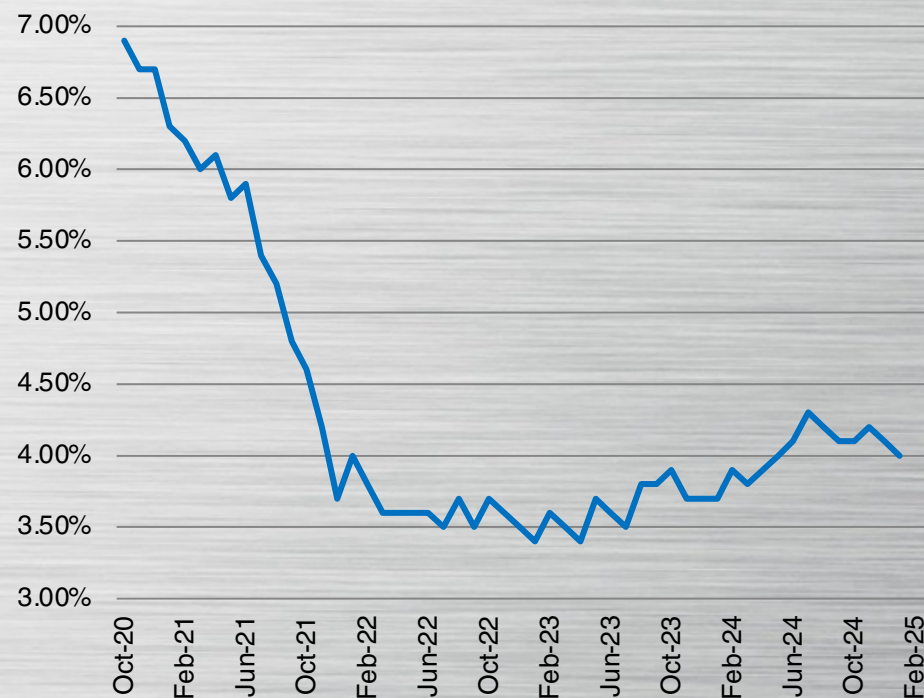
- Employment at the architectural firm level increased by 7,100 jobs after climbing by 8,500 jobs in December.

Manufacturing employment grew by 3,000 jobs after sliding by 12,000 in December.

- Within January, durable good employment slipped by 3,000 jobs but fabricated metal product manufacturing employment was up by 3,800 jobs.

While the average hours worked slipped to 34.1, the average \$/hr increased to \$35.87.

UNEMPLOYMENT RATE





MILL PRICE INCREASES¹¹

Domestic steelmakers Nucor, U.S. Steel and ArcelorMittal all raised their steel spot price this week.

Nucor raised its published hot-rolled coil consumer spot price (CSP) by \$15/short ton this week to \$775/st (\$38.75/cwt), along with 3-5 week lead times.

- This marked the second consecutive week of price increases for Nucor, following eleven straight weeks of flat readings.

U.S. Steel raised its HRC spot price from \$750/st to \$800/st.

Later in the week, ArcelorMittal USA set their base prices at \$800/st for hot rolled, \$1,050/st for cold rolled, and \$1,000/st for coated products.

Supply uncertainty due to current and future trade actions could provide a boost to domestic steel prices over the short-to-medium term.

SOURCES

- 1 Platts, Spot Iron Ore: February 7, 2025.
- 2 London Metal Exchange, Weekly Zinc Price and Inventory Report: February 7, 2025.
Shanghai Futures Exchange, Weekly Zinc Inventory Report: February 7, 2025.
- 3 Platts, Coking Coal Price: February 7, 2025.
- 4 American Iron & Steel Institute, Weekly Domestic Steel Production: February 4, 2025.
- 5 U.S. Census Bureau, Carbon Sheet Imports: December 2024.
- 6 WardsAuto, U.S. Light Vehicle Sales: January 2025.
- 7 WardsAuto, U.S. Light Vehicle Inventory: January 2025.
- 8 Institute for Supply Managers, ISM Manufacturing Index: January 2025.
- 9 Department of Labor, Weekly Initial Jobless Claims: February 6, 2025.
- 10 U.S. Census Bureau, Employment Situation: January 2025
- 11 Mill Price Increase Letters: Nucor, U.S. Steel & AMUSA, Week ending February 7, 2025.

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