

CORE 02.14.25 **REPORT**

COST

01

- ▲ scrap
- ▲ iron ore
- energy
- ▲ zinc
- ▲ coking coal

SUPPLY

05

- lead times
- ▲ production
- imports
- lead times

DEMAND

06

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

ECONOMIC

09

- ▲ employment
- ▲ inflation
- ▼ retail sales
- confidence
- mill price increase



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STEEL USA**



SCRAP¹

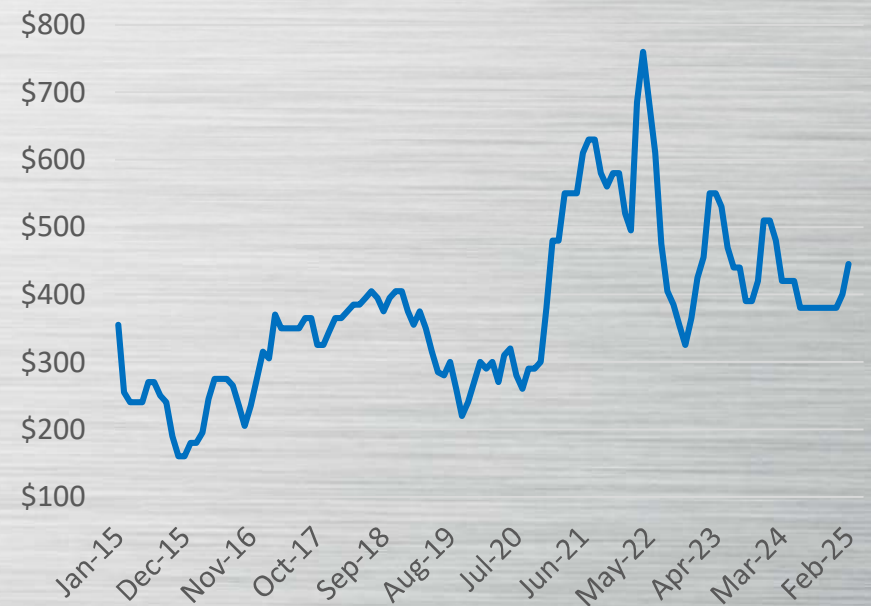
After improving in January for the first time in seven months, prime scrap pricing jumped sharply in February.

- Prime scrap settled at \$445/gt, up from \$400/gt in January.
 - Prime scrap is now up \$65/gt (17%) over the past two months and is now at its highest level since last February.

Several factors contributed to this month's sharp movement including tight scrap supply, improved demand, rising hot rolled pricing, and uncertainty surrounding potential tariffs on Canada and Mexico.

Shredded scrap pricing increased sharply as well, climbing \$40/gt to \$420/gt.

PRIME SCRAP



SPOT IRON ORE²

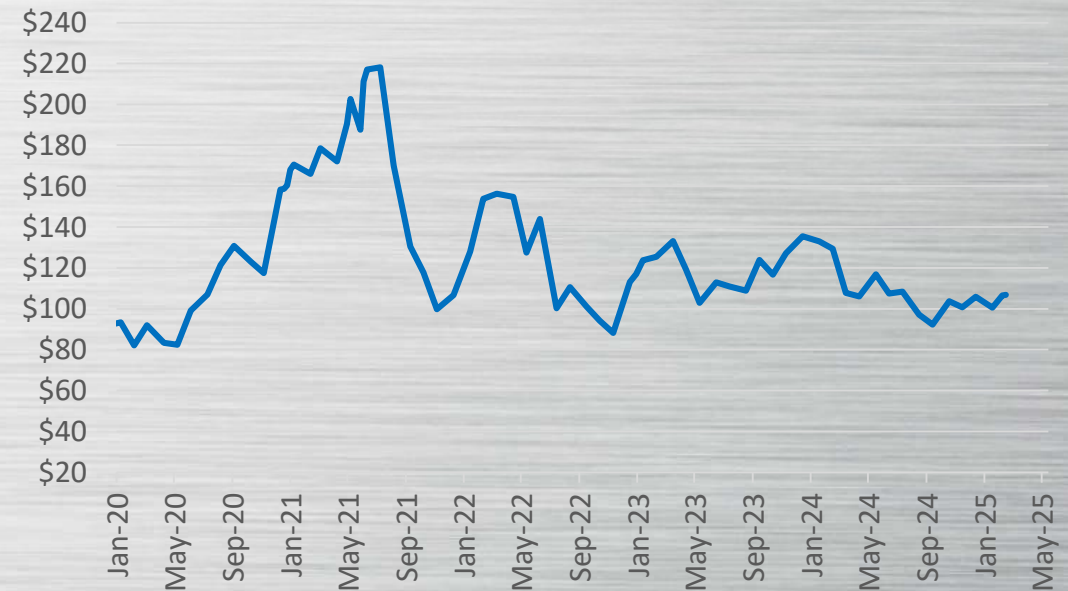
Spot iron ore increased again this week, now up for the fifth consecutive week.

Spot iron ore pricing settled at \$106.77/mt, up slightly from \$106.55/mt the week prior.

- This is up 6% over the last five weeks to a four-month high.

Concerns around supply disruptions from Western Australia increased as Cyclone Zelia has rapidly intensified into a Category 5 system, the first Category 5 hurricane to hit the iron ore region since 2007.

IRON ORE COST



COST



WEEKLY ZINC PRICING³



ZINC

Zinc pricing increased for the second consecutive week.

Zinc pricing ended the week at \$2,843/mt (\$1.290/lb), up from \$2,815.50/mt (\$1.277/lb) previously.

- A lack of new mining projects and the reduced output at existing mines is likely to continue to drive pricing higher in the short term, especially if construction demand picks up.

Global zinc inventory rebounded for the second consecutive week due to a surge in Shanghai warehouse inventory.

- LME warehouse inventory slipped for the tenth consecutive week, dropping from 172,475 metric tons to 163,425 metric tons.
- Shanghai warehouse inventory rebounded sharply for the second consecutive week following Lunar New Year, climbing from 39,592 metric tons to 67,503 metric tons.

COST

COKING COAL⁴



COKING COAL

Coking coal pricing ticked up slightly for the second consecutive week.

Coking coal settled at \$190.25/mt, up from \$188.00/mt last week.

- This remains the highest price for coal since mid-January.

The tariff war between the U.S. and China has so far not impacted steel production or demand in China, after China announced last week that it will impose an additional 15% tariff on U.S. coal.

SUPPLY



WEEKLY DOMESTIC STEEL PRODUCTION⁵

Domestic raw steel production rose sharply last week, now up for the second consecutive week.

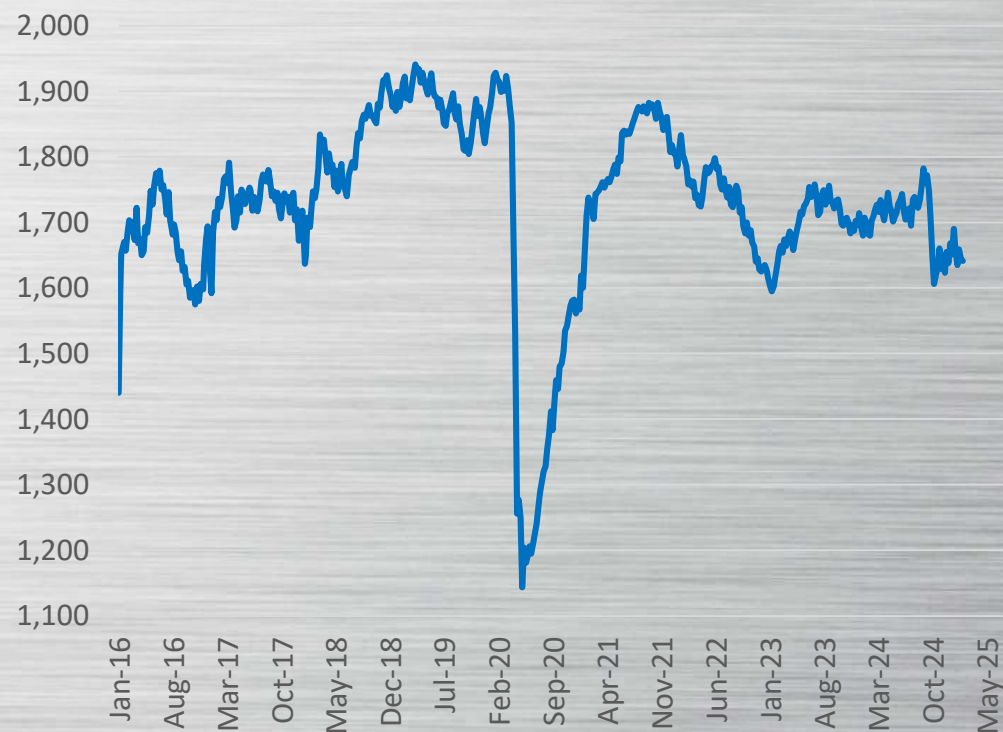
U.S. mills produced an estimated 1,675k tons at a 75.2% utilization rate; this is up from 1,656k tons and a 74.4% rate previously.

Production increased in four of the five regions, with the largest increase (in tons) coming from the Midwest region.

- Production from the Midwest region climbed from 233k tons to 250k tons.

Year-to-date production is now up 2.3% compared to the same timeframe from last year.

WEEKLY DOMESTIC PRODUCTION



DODGE MOMENTUM INDEX⁶

One of the key leading indicators for future commercial construction spending increased sharply to start off 2025.

The January Dodge Momentum Index came in at 225.7, up from an upwardly revised 213.6 reading in December.

- The index is up 23.3% from last January and is a new record high for the index.

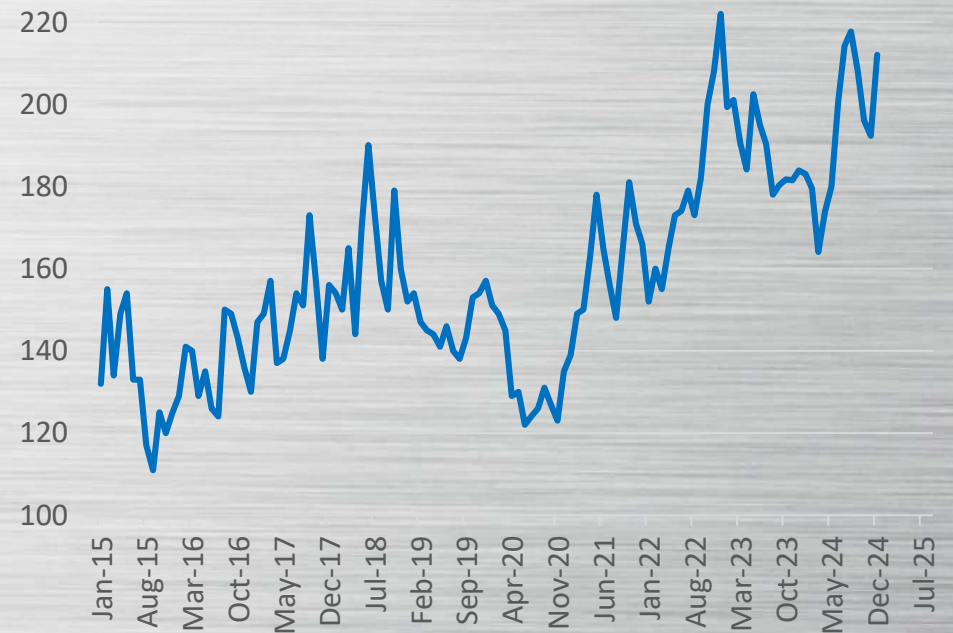
Planning increased for both commercial and institutional projects, climbing 4.2% and 8.7%, respectively.

On the commercial side, data centers, office buildings, and warehouses led the increases.

- Education and healthcare projects led the way for institutional projects.

The DMI is a leading indicator for nonresidential construction spending 9-12 months into the future.

DODGE MOMENTUM INDEX



DEMAND

INDUSTRIAL PRODUCTION/ CAPACITY UTILIZATION⁷

Industrial production increased in January, climbing 0.5% after a strong 1.0% increase in December.

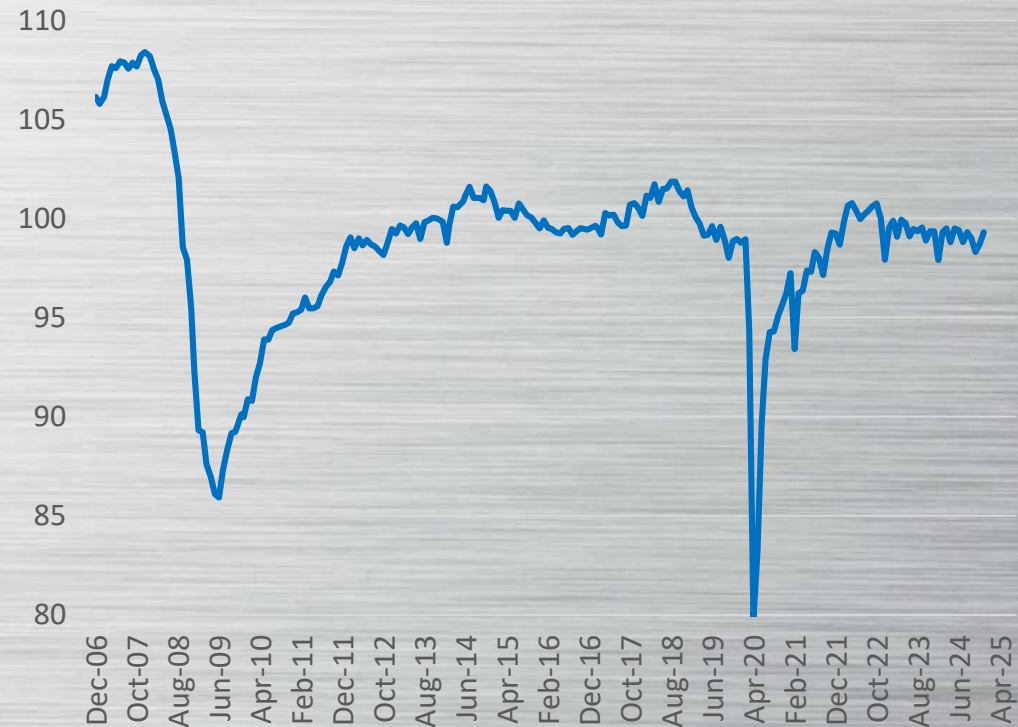
The January Industrial Production Index came in at 103.5, the highest level since September 2022.

- Manufacturing output slipped slightly, sliding 0.1% in January.
- A 5.2% decline for motor vehicle and part manufacturing pulled overall manufacturing lower.
 - The rebound in aerospace and miscellaneous transportation equipment manufacturing helped offset the auto decline to keep durable good manufacturing flat.

Total capacity utilization increased to a 77.8% rate but was still 1.8% below the 50-year average.

Utilization for manufacturing slipped 0.1% to 76.3% and is now 1.9% below the 50-year average.

IP MANUFACTURING INDEX



HVAC EQUIPMENT SHIPMENTS⁸

Shipments of HVAC equipment increased on a year-over-year basis again in December, now up for the ninth consecutive month.

December HVAC equipment shipments totaled 1.536 million units, down 65.4% from November but up 5.4% from 1.458 million units in December 2023.

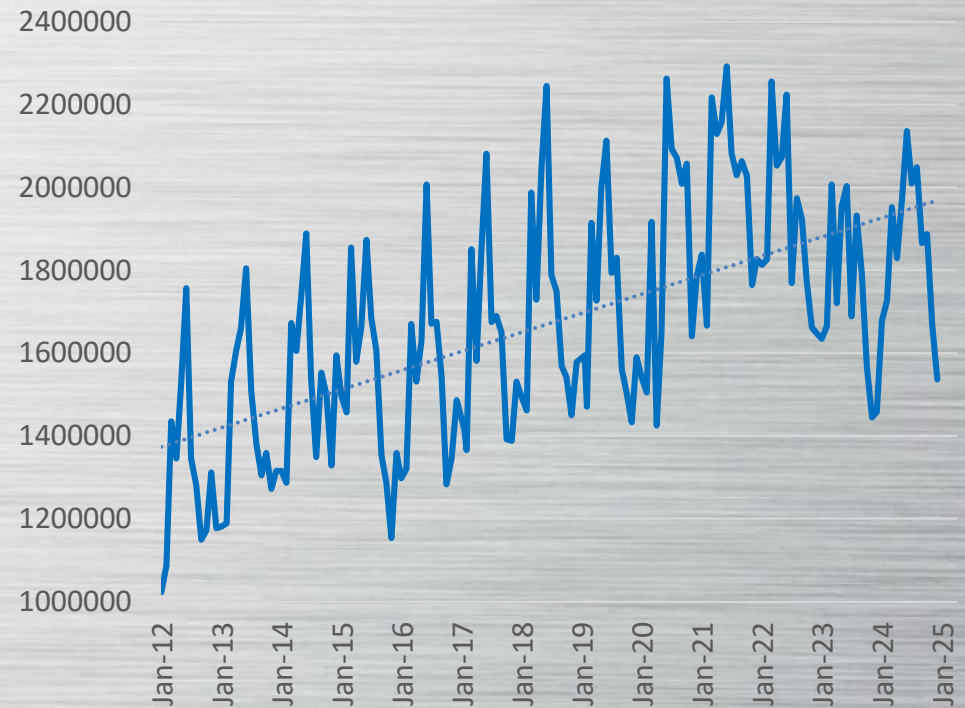
- The sharp drop in month-over-month shipments was due mainly to seasonality.

Looking on a year-over-year basis, shipments of both furnaces and A/C & heat pumps increased, climbing 14.8% and 19.2%, respectively.

- These increases helped to overcome the 5.1% decline in water heater shipments.

For the full year 2024, shipments totaled 22.305 million units, up 6.9% from 2023.

HVAC EQUIPMENT SHIPMENTS





WEEKLY INITIAL JOBLESS CLAIMS⁹

The number of Americans filing new claims for unemployment benefits decreased last week after ticking up the week prior.

The Department of Labor's Weekly Initial Jobless Claims report came in at 213,000 claims, down from 220,000 claims previously.

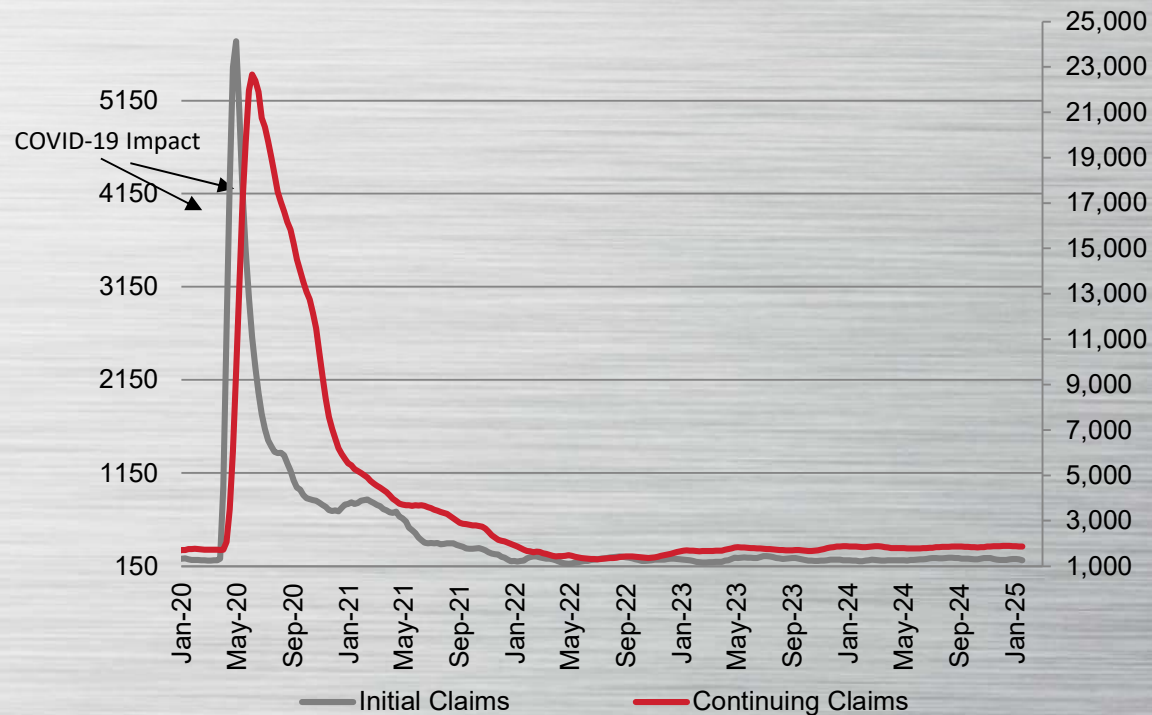
- The four-week moving average, considered a better measure of the labor market as it irons out week-to-week volatility, decreased slightly to 216,000.

Continuing claims, or claims lasting longer than one week, dropped to the level seen two weeks prior.

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

Despite showing some signs of weakening during the past year, the labor market remains healthy with plentiful jobs and relatively few layoffs.

WEEKLY INITIAL JOBLESS CLAIMS





CONSUMER PRICE INDEX¹⁰

Prices paid by U.S. consumers increased 0.5% in January on an annual basis after seeing a 0.4% increase in December.

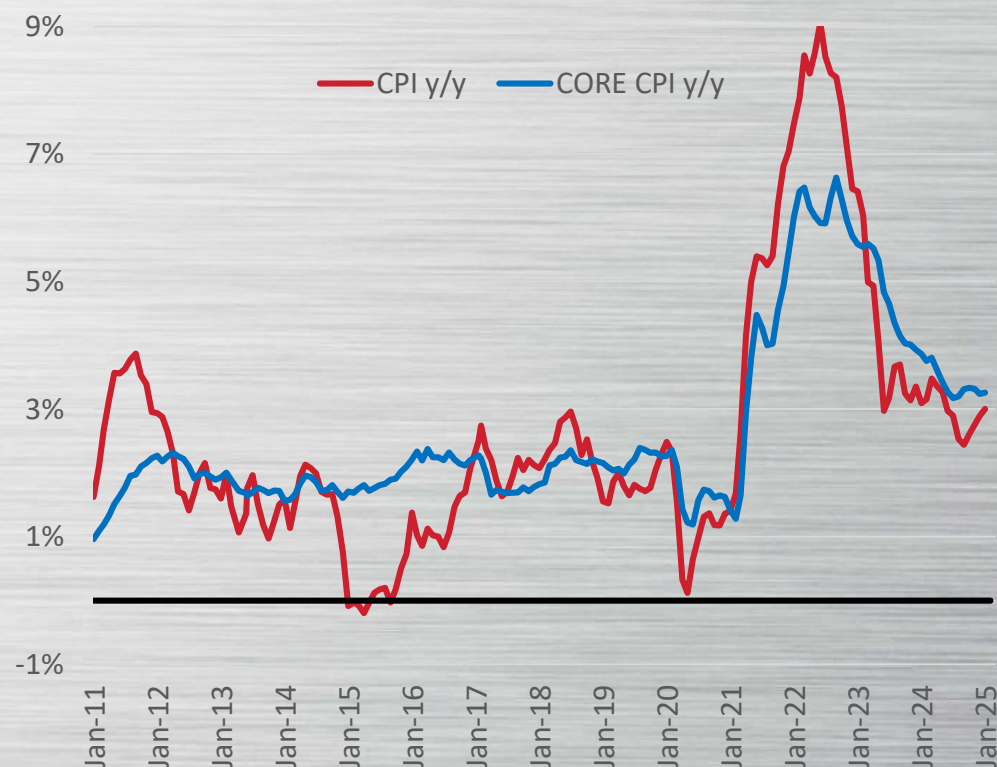
- Over the last twelve months, prices for all items increased 3.0%.

CORE prices, which excludes the volatile food and energy sectors, increased 0.4% in January, a sharper increase than the 0.2% increase in December.

- Over the last twelve months, prices were up 3.3% .
- The shelter index increased 4.4% over the last year, the smallest 12-month increase in three years.
 - Other indexes with increases over the last year were motor vehicle insurance (+11.8%), medical care (+2.6%), education (+3.8%), and recreation (+1.6%).

On a month-over-month basis, the only sector to see a decline in prices was apparel, which declined 1.4%.

CONSUMER PRICE INDEX



ECONOMIC

RETAIL SALES¹¹

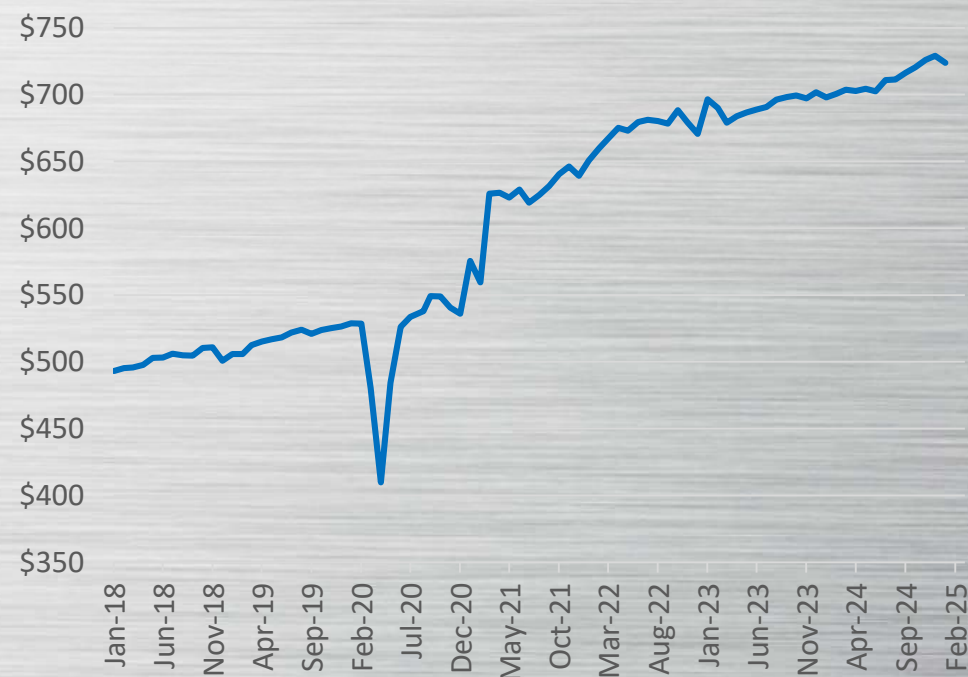
Retail sales dropped sharply to start off the New Year as consumers pulled back from the busy holiday shopping season.

- Retail sales came in at a \$723.9 billion rate, down 0.9% from December, but up 4.2% from January of 2024.
 - This was the first drop for retail sales in 6 months.
- Excluding the volatile sales from gas stations, sales came in at a \$620.5 billion rate, up 5% from last January.

Sales dropped sharply at auto dealerships, falling 2.8%, as well as at furniture stores, home and garden centers, and even in the usually strong online retail sector, where sales dropped 1.9%.

Cold weather along with the California wildfires also contributed to the weaker spending month.

RETAIL SALES (SAAR)



SOURCES

- 1 Prime Scrap Price, Market Conversations: Week ending February 14, 2025.
- 2 Platts, Spot Iron Ore: February 14, 2025.
- 3 London Metal Exchange, Weekly Zinc Price and Inventory Report: February 14, 2025.
Shanghai Futures Exchange, Weekly Zinc Inventory Report: February 14, 2025.
- 4 Platts, Coking Coal Price: February 14, 2025.
- 5 American Iron & Steel Institute, Weekly Domestic Steel Production: February 11, 2025.
- 6 Federal Reserve, Industrial Production/Capacity Utilization: January 2025.
- 7 Dodge Construction Index, Dodge Momentum Index: January 2025.
- 8 A/C Heating and Refrigeration Institute, HVAC Equipment Shipments: December 2024.
- 9 Department of Labor, Weekly Initial Jobless Claims: February 13, 2025.
- 10 Bureau of Labor Statistics, Consumer Price Index: January 2025.
- 11 U.S. Census Bureau, Retail Sales: January 2024.

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