



CORE REPORT

03.21.25

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01

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- ▼ iron ore
- ⊖ energy
- ▼ zinc
- ▼ coking coal

SUPPLY

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- ⊖ income



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COST

▼ SPOT IRON ORE¹

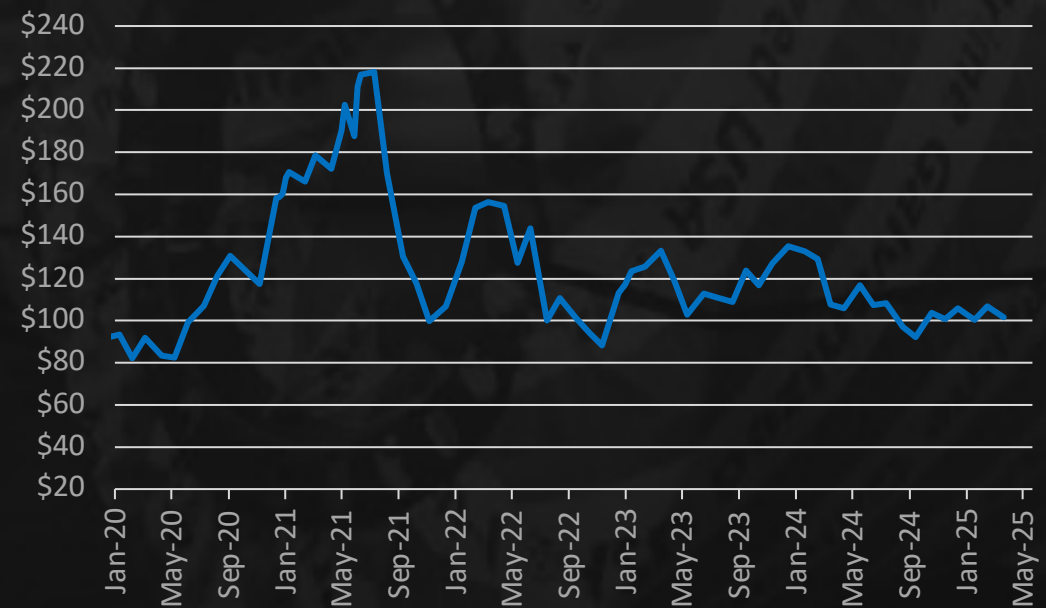
Spot iron ore resumed its downward momentum this week, slipping four out of the last five weeks.

Spot iron ore pricing ended the week at \$101.75/mt, down from \$102.65/mt a week ago.

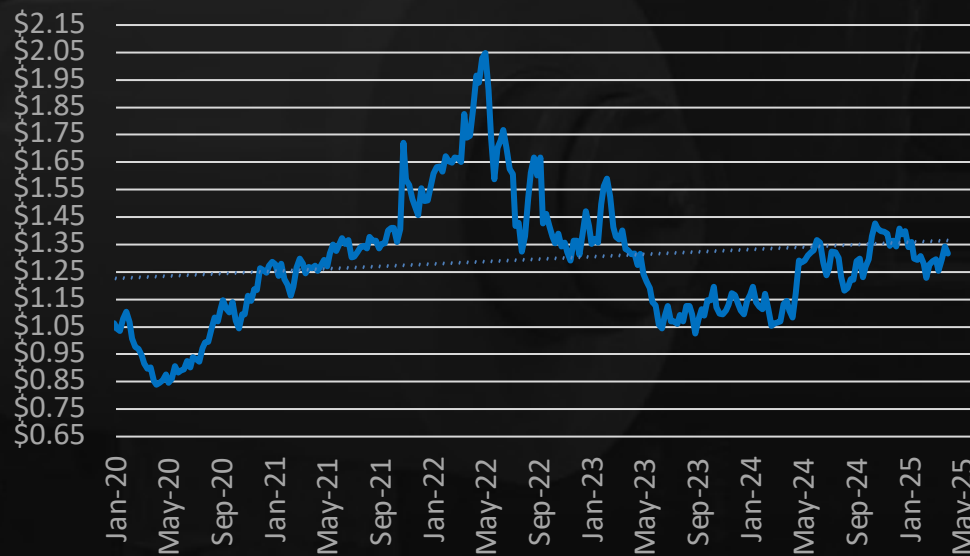
- This is now the lowest level for iron ore since January 17th when it was \$100.55/mt.

Steelmaking raw materials continue to face headwinds as China's steel production remains well above levels seen a year ago, while demand remains sluggish, leading to likely steel output cuts by the Chinese government.

IRON ORE COST



WEEKLY ZINC PRICING



▼ ZINC²

Zinc pricing ticked down this week after climbing five out of the previous six weeks.

Zinc pricing ended the week at \$2,906/mt (\$1.318/lb), down from \$2,964/mt (\$1.344/lb) previously.

- The zinc market continues to digest global supply cuts along with the potential for tariffs, particularly in North America.

Global zinc inventory decreased this week, now down two out of the last three weeks.

- LME warehouse inventory decreased for fifteenth time in the last sixteen weeks, slipping from 160,325 metric tons to 155,225 metric tons.
- Shanghai warehouse inventory dropped as well this week, slipping from 79,002 metric tons to 73,528 metric tons.

COST

▼ COKING COAL³

Coking coal pricing continued its slide, dropping for the fifth consecutive week.

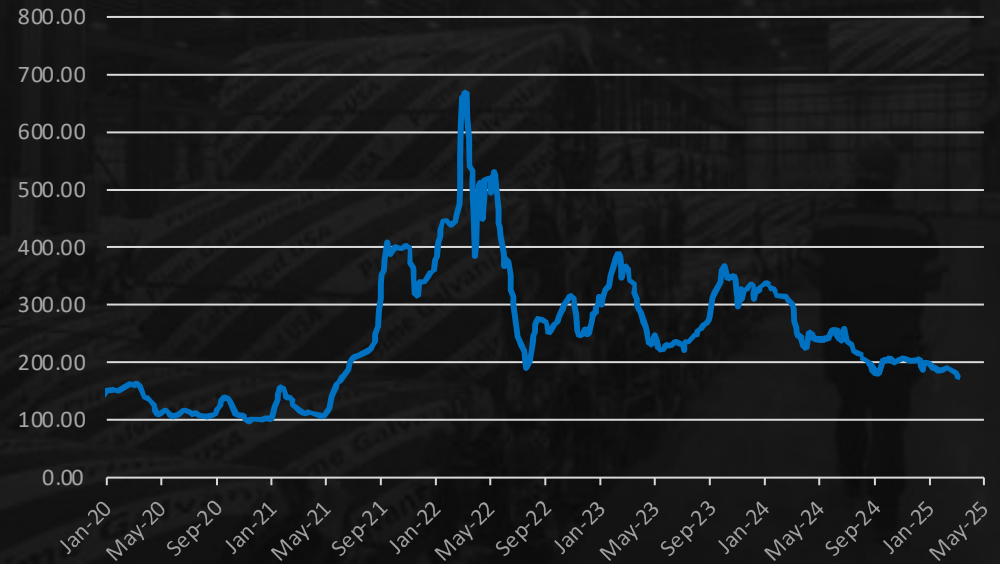
Coking coal settled at \$166.00/mt, down from \$174.00/mt last week.

- This is down over 12.5% in the last month and is now at the lowest level since before the pandemic.

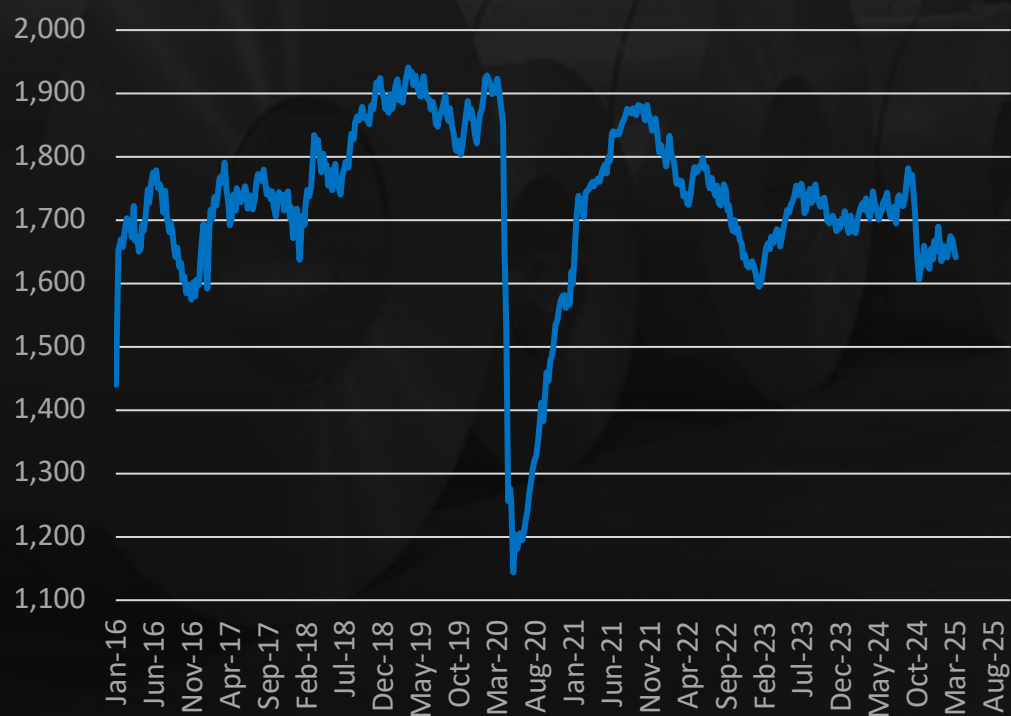
Weak demand and steel output cuts in China continues to drive down coking coal pricing.

- It's estimated that coal shipments to China will drop nearly 15% year-over-year during the first quarter of 2025, reaching a three-year-low.

COKING COAL PRICE



WEEKLY DOMESTIC PRODUCTION



WEEKLY DOMESTIC STEEL PRODUCTION⁴

Domestic raw steel production ticked down slightly again last week, now down four out of the last five weeks.

U.S. mills produced an estimated 1,667k tons at a 74.9% utilization rate; this is down from 1,671k tons and a 75.0% rate previously.

- This was down 2.7% compared to the same week last year.

Production increased in three of the five regions but was offset by a large drop in the Western region.

- Production from the Western region slipped from 72k tons to 61k tons.

Year-to-date production is still down 2.8% compared to the same timeframe from last year.

DEMAND

HOUSING MARKET INDEX⁵

Confidence among U.S. homebuilders continued to slide in March and is now matching its lowest level since December 2023.

The March Housing Market Index came in at 39, down from 42 in February and a recent high of 47 in January.

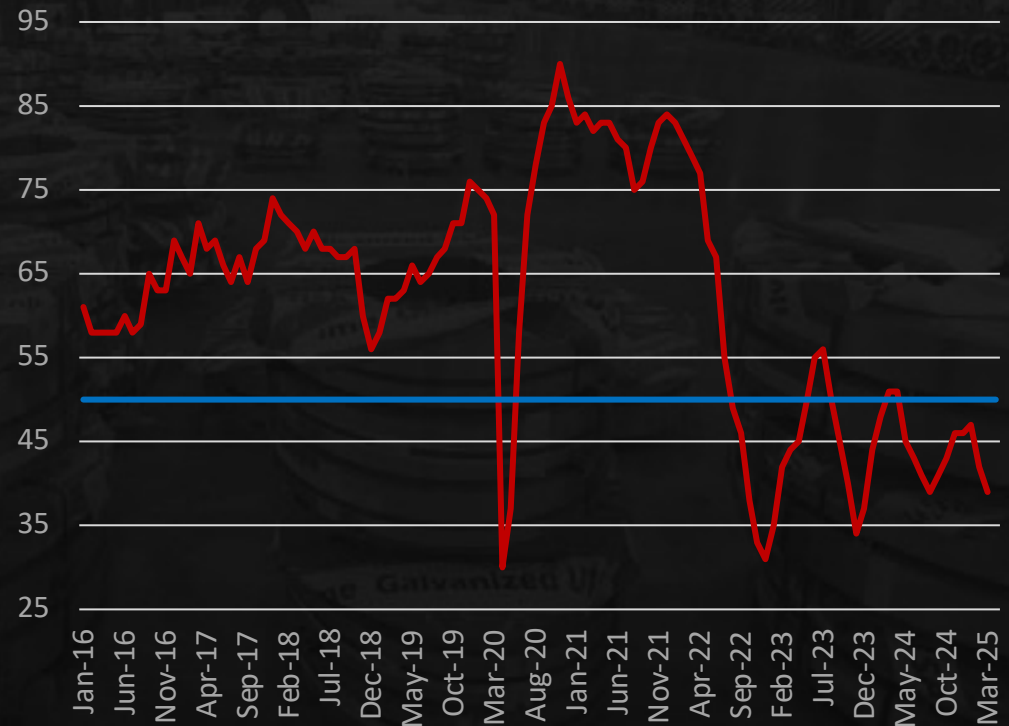
- Any reading below 50 shows a pessimistic outlook, while any reading above 50 shows increased optimism.

While both the present situation and next six-month outlook component remained below 50, they moved in opposite directions.

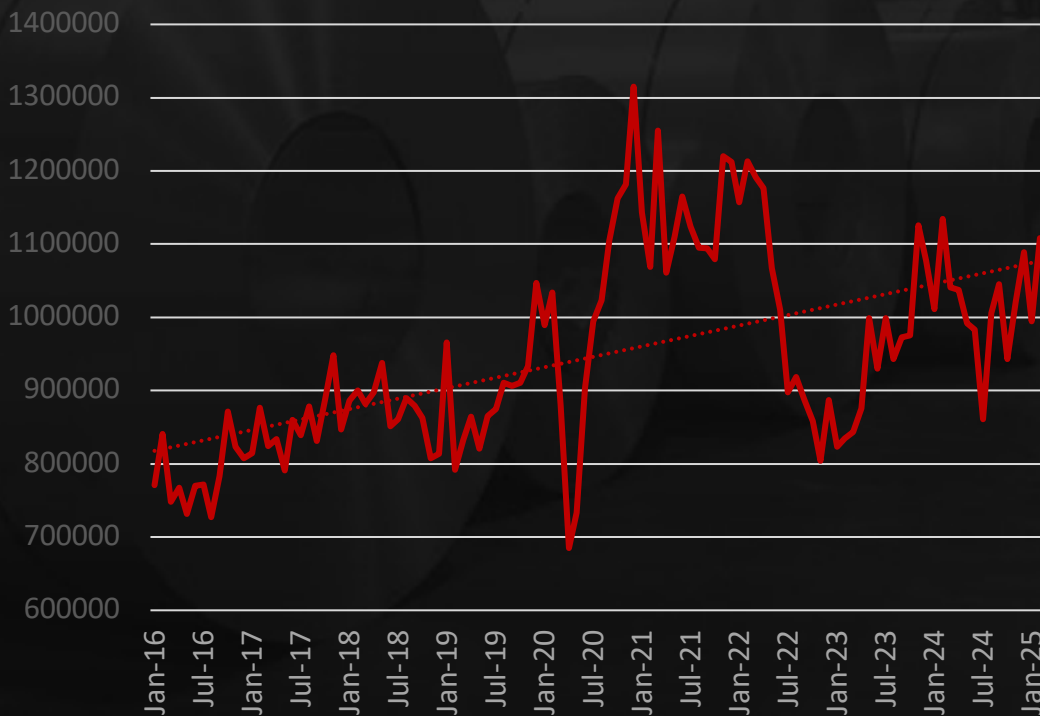
- The present situation slipped 3 points to 43, while the next six months outlook increased 1 point to 47.
- The traffic component continues to lag behind, sliding to 24 in March.

Tariff uncertainty, increased construction costs, and general economic uncertainty, negatively impacted the index in March.

HOUSING MARKET INDEX



SINGLE-UNIT STARTS (SAAR)



RESIDENTIAL CONSTRUCTION⁶

New residential construction rebounded in February after starting off the year on a slow note.

- February new housing starts came in at a 1.501 million unit rate, up 11.2% from January, but still down 2.9% compared to the 1.546 million unit rate in February 2024.
- This marks the sixth consecutive month in which starts were down on a year-over-year basis.
- Starts increased for both single-unit and multi-family units in February, with single-unit starts hitting its highest monthly rate since last February.

YTD starts are now down 2.9% compared to the same timeframe last year but are up 2.3% compared to the first two months of 2023.

Permits, an indicator for future construction, slipped for the third consecutive month in February, sliding 1.2% to a 1.456 million unit rate.

- Permits were down 6.8% from last February and are at their lowest level since October.

DEMAND

ARCHITECTURE BILLINGS INDEX⁷

Activity at the architect firm level slowed further in February and is now in contraction for four consecutive months.

- The February Architecture Billings Index slipped to 45.5, down slightly from 45.6 in January and is down from 49.5 in February 2024.
- Any reading below 50 indicates reduced activity for architects, which is a strong leading indicator for non-residential construction spending 9-12 months out.
- The new project inquiries dropped as well in February and is in contraction for the first time since the height of the pandemic in Q2 2020.

Regionally, activity slowed in each of the four regions, with activity in the Northeast (41.3) being the weakest.

By sector, commercial/industrial buildings was the strongest at 46.9 but all three remained in contraction once again.

ARCHITECTURE BILLINGS INDEX (3MMA)



EXISTING HOME SALES (SAAR)



EXISTING HOME SALES⁸

After slowing in January, sales of existing homes rebounded in February and are now up in four of the last five months.

Existing home sales came in at a 4.260 million unit rate, up 4.2% from January but still 1.2% below the 4.310 million unit rate in February 2024.

- This was the first month with a year-over-year decline since September.

The inventory of unsold existing homes at the end of February increased to 1.240 million.

- This is up 5.1% from January and up 17.0% from last February.

The current inventory level, when combined with February's sales rate, equates to 3.5 months of supply, flat from January and slightly below the 2024 full-year average of 3.7 months.

The median sales price rebounded slightly to \$398,400 but remained below \$400k for the second consecutive month.

DEMAND

Ⓣ EMPIRE MANUFACTURING INDEX⁹

Business activity from the manufacturing sector in New York dropped sharply in March.

The March Empire Manufacturing Index fell more than 25 points to -20.0 from 5.7 in February.

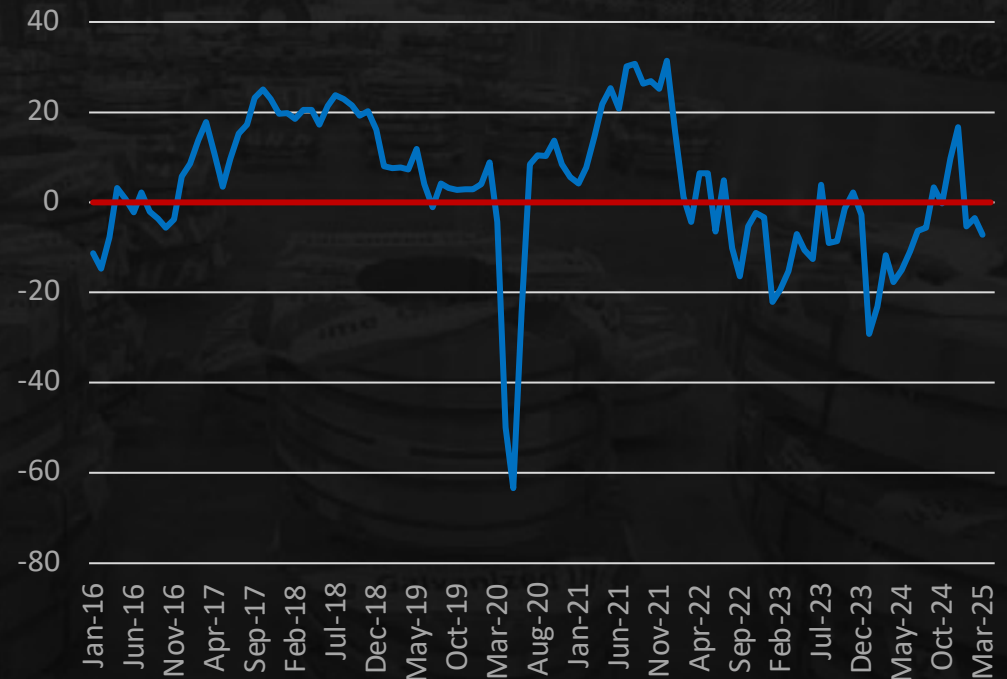
- The two-month average declined to -7.2, the lowest level since June.
- Any reading below 0.0 shows contraction, while any reading above 0.0 shows expansion.

Both the new orders and shipment components declined in March, sliding to -14.9 and -8.5, respectively.

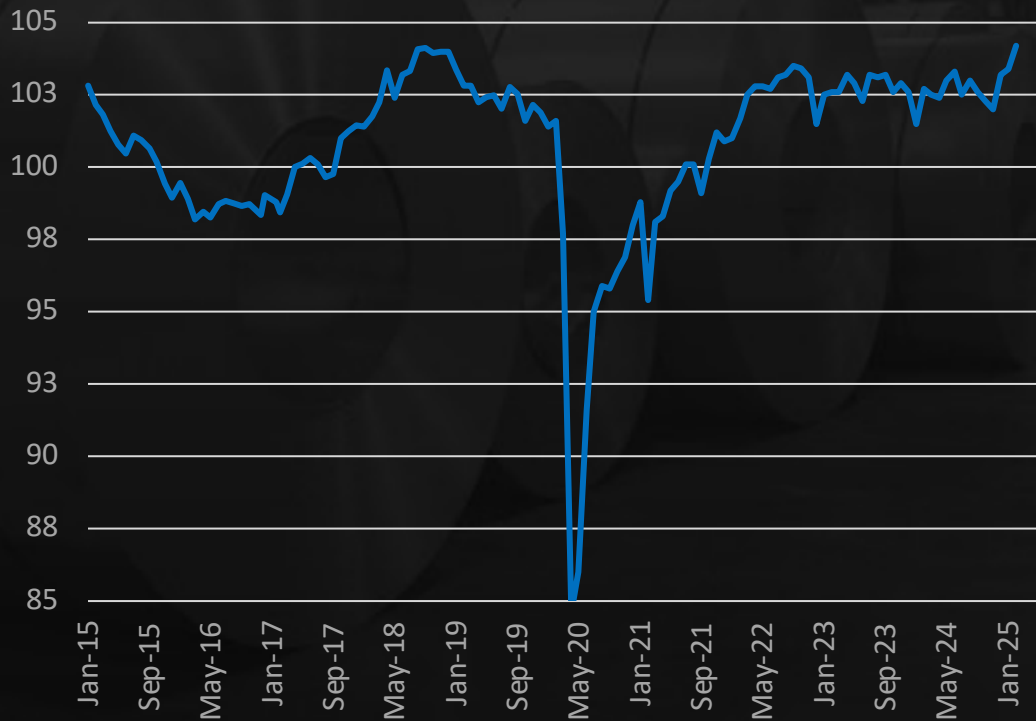
Survey respondents continued to grow less optimistic about the future outlook in March.

- After dropping by 15 points in February, the index for future business activity fell another 10 points to 12.7.
- Capital spending plans slowed again in March, slipping to 9.2 from 10.9 in February.

EMPIRE MANUFACTURING INDEX (2MMA)



INDUSTRIAL PRODUCTION INDEX



INDUSTRIAL PRODUCTION/ CAPACITY UTILIZATION¹⁰

Industrial production increased in February, climbing 0.7% from January and is at its highest level in recent history.

- Manufacturing output increased 0.9% from January to a two and a half year high.
- Manufacturing output was boosted by a sharp 8.5% increase for motor vehicle/part production.
- Excluding motor vehicle/part production, manufacturing output increased 0.4%.
- Durable good manufacturing index increased 1.6% while nondurable good manufacturing increased 0.2%.

Capacity utilization for manufacturing increased 0.6% to 77.0%, while up the current rate is 1.2% below its 50-year average.



WEEKLY INITIAL JOBLESS CLAIMS¹¹

The number of Americans filing new claims for unemployment benefits increased slightly last week after dropping the previous two weeks.

The Department of Labor's Weekly Initial Jobless Claims report came in at 223,000 claims, up from 221,000 claims previously.

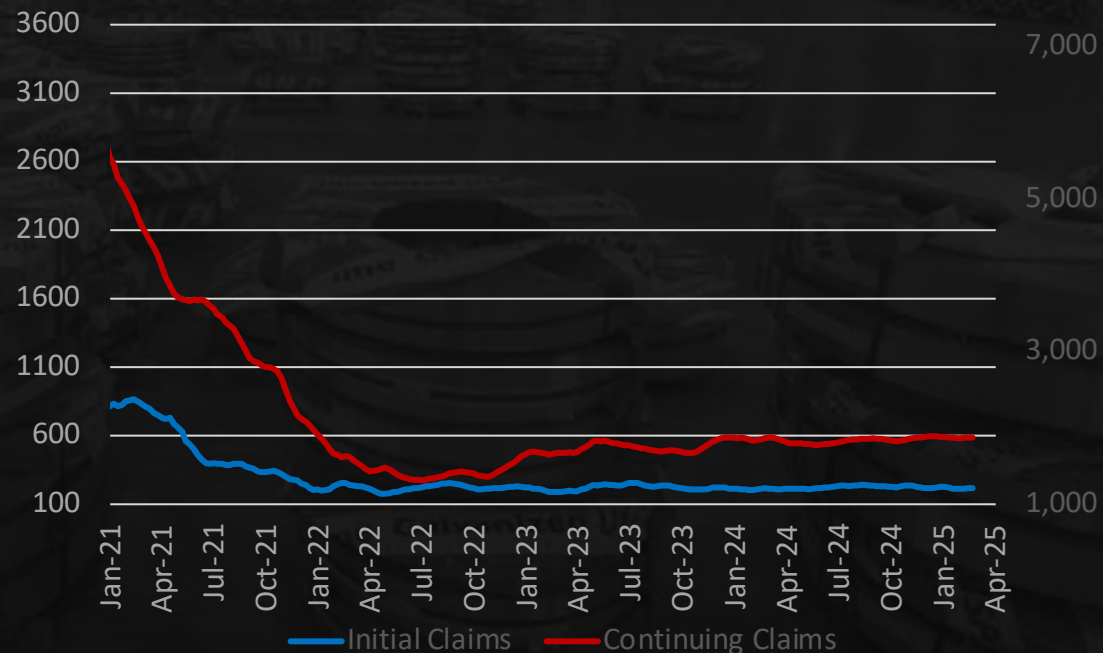
- The four-week moving average, considered a better measure of the labor market as it irons out week-to-week volatility, increased slightly to 227,000.

Continuing claims, or claims lasting longer than one week, increased as well last week.

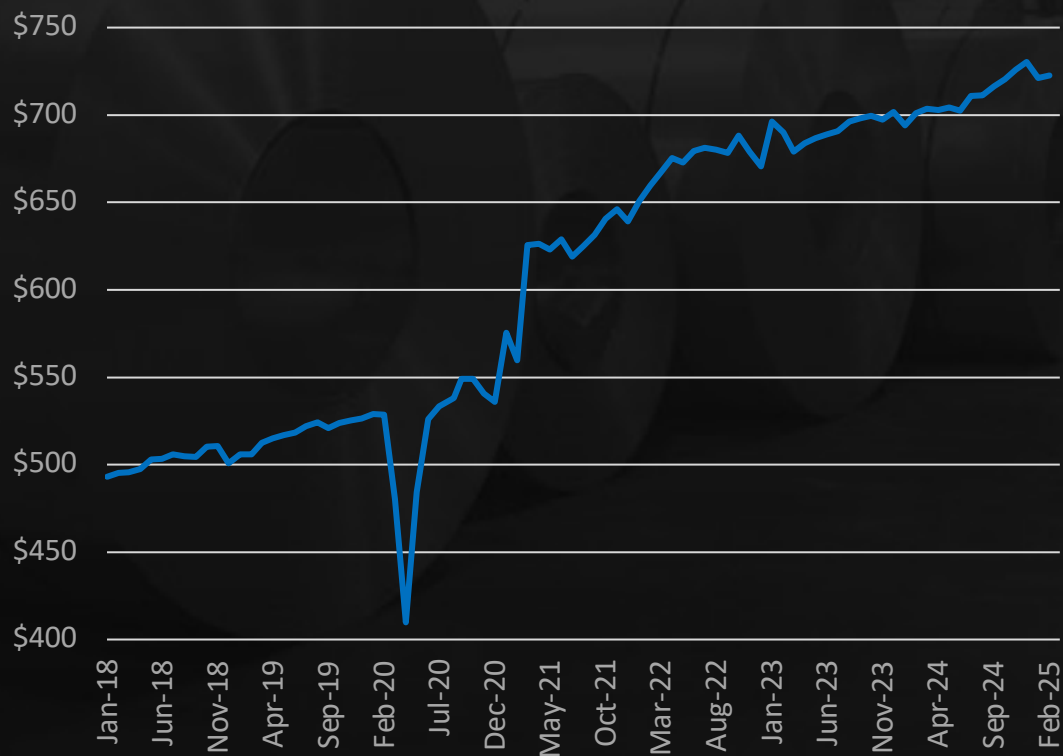
- Continuing claims came in at 1.892 million claims, up from 1.859 million claims previously.

The labor market remains healthy with plentiful jobs and relatively few layoffs, while the federal worker cut ordered by DOGE has yet to be seen in the claims data.

WEEKLY INITIAL JOBLESS CLAIMS



RETAIL SALES (SAAR)



RETAIL SALES¹²

February retail sales increased after a sharp decline in January.

February retail sales came in at a \$722.7 billion rate, up 0.2% from January and up 3.1% from \$700.9 billion rate in February 2024.

- This was the lowest year-over-year increase since October.

Excluding the volatile sales from gas stations, sales came in at a \$669.9 billion rate, up 0.3% from January.

The largest month-over-month increases in February came from health & beauty stores, online retailers, and grocery stores.

- The sharpest declines came from department stores, restaurants/bars, gas stations, and motor vehicle dealers.

YTD actual total sales are now up 1.8% compared to the first two months of 2024.

SOURCES

- 1 Platts, Spot Iron Ore: March 21, 2025.
- 2 London Metal Exchange, Weekly Zinc Price and Inventory Report: March 21, 2025.
- 3 Shanghai Futures Exchange, Weekly Zinc Inventory Report: March 21, 2025.
Platts, Coking Coal Price: March 21, 2025.
- 4 American Iron & Steel Institute, Weekly Domestic Steel Production: March 18, 2025.
- 5 National Association of Homebuilders, Housing Market Index: March 2025.
- 6 U.S. Census Bureau, New Residential Construction: February 2025.
- 7 American Institute of Architects, Architecture Billings Index: February 2025.
- 8 U.S. Census Bureau: Existing Home Sales: February 2025.
- 9 Federal Reserve, Empire Manufacturing Index: March 2025.
- 10 Federal Reserve, Industrial Production/Capacity Utilization: February 2025.
- 11 Department of Labor, Weekly Initial Jobless Claims: March 20, 2025.
- 12 U.S. Census Bureau, Retail Sales: February 2025.

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