April 13, 2020

In order to help industry stakeholders stay better up-to-date on rapidly evolving economic developments, AISI will issue this update on the first business day of each week until further notice. It is intended to briefly summarize in one-place the latest steel-relevant industry and economic data. Please direct questions or comments to Tim Gill, AISI Chief Economist at tgill@steel.org.

Real GDP and Macroeconomic Outlook

Based on data available through April 9, the Federal Reserve Bank of Atlanta’s GDPNow model estimates first quarter 2020 real GDP growth is tracking at +1.0 percent at a seasonally adjusted annualized rate (SAAR.) Note the reference period for much of the data underlying the current GDPNow estimate is prior to the acceleration of the COVID-19 crisis, and the estimation methodology does not incorporate projections of first quarter data not yet released.

The National Association for Business Economics released an economic outlook on April 10, based on a survey of 45 professional forecasters conducted April 3-7. According to the report, “…panelists believe that the U.S. economy is already in recession and will remain in a contractionary state for the first half of 2020.” The survey’s median forecast for real GDP is for a 26.5 percent annualized decline in the second quarter following an estimated 2.4 percent decline in the first quarter. Moreover, the unemployment rate is seen peaking at 12 percent in the second quarter, before declining thereafter as the economy begins to recover from COVID-19 related restrictions.
Jobless Claims

Initial jobless claims retreated slightly during the week ending April 4, declining to 6.606 million from 6.648 million during the week ending March 28. In the year prior to the acceleration of the COVID-19 crisis (i.e.: the year ending March 7) initial jobless claims averaged 216,000 per week.

Crude Oil Prices

West Texas Intermediate (WTI) crude oil slipped to $22.42 per barrel on April 13, down nearly $4 per barrel from a week ago.

Rig Counts

Baker Hughes’ count of active drilling rigs measured 602 during the week ending April 9, down from 664 the prior week and from nearly 800 as recently as one month ago. The total rig count was 1,022 in the corresponding week last year. The oil rig count averaged 504 during the week ending April 9, down from 562 the prior week. The oil rig count averaged 833 in the comparable week last year.
**Weekly Raw Steel Production**

Raw steel production declined 18.1 percent week-over-week during the week ending April 11, and was down 33.6 percent from the comparable week last year. Raw steelmaking capacity utilization measured 56.1 percent for the week ending April 11, compared to 68.5 percent in the previous week and 81.3 percent during the same week in 2019.

**Steel Shipments**

Steel mills in the United States shipped 7.772 million net tons of mill products in February. That represented a 9.0 percent decline from January, but a 0.4 percent increase from February 2019. Shipments year-to-date in 2020 are 16.307 million net tons, 3.1 percent higher than in the first two months of last year.