April 28, 2020

In order to help industry stakeholders stay better informed on rapidly evolving economic developments, AISI will issue this update 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**

The initial estimate of first quarter 2020 real GDP growth will be released by the Bureau of Economic Analysis on Wednesday, April 29. Based on data available through April 24, the Federal Reserve Bank of Atlanta’s GDPNow model estimates first quarter growth is tracking at -0.3 percent at a seasonally adjusted annualized rate (SAAR). Note, though, this is a tracking estimate not a forecast per se and that the estimation methodology does not incorporate projections of first quarter data not yet released. Most forecasts of first quarter real GDP growth are substantially lower. Indeed, the median response from a survey of 45 forecasters conducted by the National Association of Business Economists earlier this month was for a 2.4 percent SAAR decline.

**Jobless Claims**

Although down for the third week in a row, initial jobless claims remained at an extraordinarily high level during the week ending April 18. Claims measured 4.427 million, down 5.237 million the previous week, and from a peak of 6.867 million during the week ending March 28. Claims have totaled nearly 26.5 million in the last five weeks.
**Consumer Sentiment**

The University of Michigan **Consumer Sentiment** Index declined to 71.8 in **April**, its lowest level since 2011, from 89.1 in March. The 17.3 point decline was the largest month-over-month drop on record.

**Durable Goods Orders**

The dollar value of **durable goods orders** fell sharply in March, down 14.4 percent on a month-to-month basis and 16.0 percent on a year-over-year basis. Although the decline was one of the largest on record it largely reflected a massive decline in civilian aircraft orders. Indeed, non-defense, non-aircraft durable goods orders, or “core” capital goods orders, inched upward by 0.1 percent month-over-month (but were down 0.7 percent year-over-year.)

**IHS Markit Manufacturing PMI**

The IHS Markit flash, or preliminary, **U.S. manufacturing purchasing managers’ index** slipped deeper into contractionary territory in **April**. The overall index stood at 36.9, down from 48.5 in March. The production component of the index fell to 29.4, its lowest level on record. Index values above 50 points are associated with expansion in manufacturing activity and values below 50 points indicate contraction.
Near-month West Texas Intermediate (WTI) crude oil futures prices plunged deep into negative territory last week amid a collapse in demand and dearth of available storage capacity. After closing at nearly negative $40 per barrel on April 20, prices rallied back above zero to trade in the low teens by April 27.

Meanwhile, Baker Hughes’ count of active drilling rigs measured 465 for the week ending April 24, down from 529 the prior week and from 792 six weeks ago. The total rig count was 991 in the same week last year. The oil rig count measured 378 during the week ending April 24, down from 438 the prior week and 683 six weeks ago. The oil rig count averaged 805 in the comparable week last year.

**Weekly Raw Steel Production**

Raw steel production declined 2.1 percent week-over-week during the week ending April 25, and was down 33.9 percent from the comparable week last year. Raw steelmaking capacity utilization measured 55.8 percent for the week ending April 25, compared to 57.0 percent in the previous week and 81.3 percent during the same week in 2019. In the last six weeks, weekly raw steel production has declined by a cumulative 33 percent while capacity utilization has fallen by 24.7 percentage points.

**Preliminary Steel Imports**

Total steel mill product imports measured 1.750 million net tons in March, according to preliminary Census Bureau data, while finished steel mill product imports measured 1.511 million net tons. Through the first three months of 2020, imports are down 21.7 percent and 25.6 percent, respectively, compared to the same period in 2019. The estimated finished steel import market share was 17 percent in March and 17 percent over the first three months of 2020.