April 6, 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

Based on data available through April 2, the Federal Reserve Bank of Atlanta’s GDPNow model estimates first quarter 2020 real GDP growth is tracking at +1.3 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 latest consensus forecast from Blue Chip Economic Indicators calls for a contraction in real GDP of more than 2 percent SAAR first quarter.

Employment

Nonfarm payrolls declined by 701,000 in March, according to the Bureau of Labor Statistics. The decline was the first since September 2010, 115 months ago. Manufacturing sector payrolls declined by 18,000 in March. The civilian unemployment rate increased to 4.4 percent in March, its highest level since August 2017, and an increase of 0.9 percentage points from February’s mark of 3.5 percent, which matched a 50-year plus low. Note that these figures are beased on
reference periods centered around the 12th of the month, so almost certainly understate the degree of labor market distress evident by late March.

**Jobless Claims**

Initial jobless claims surged for a third straight week, increasing to 6.648 million during the week ending March 28, from 3.307 million and 282,000 the previous two weeks. New jobless claims averaged 216,000 per week in the year ending March 7.

**Light Vehicle Sales**

Light vehicle sales fell sharply in March, sliding to 11.4 million units at annualized pace from 16.7 million unit in February. Sales measured an annualized 17.3 million unit in March 2019. Car sales measured 2.9 million unit at an annualized rate in March, down from 4.2 million units in February, which light truck sales fell to an annualized 8.5 million units in March from 12.5 million units in February.
**Crude Oil Prices**

West Texas Intermediate (WTI) crude oil climbed to $28.30 per barrel on April 3, rising nearly $13 in the space of one week. By late afternoon of April 6, WTI has moved slightly lower, trading at approximately $26.00 per barrel. Prices were in the low $60 per barrel range at this time last year.

**Rig Counts**

Baker Hughes’ count of active drilling rigs measured 664 during the week ending April 3, down sharply from 728 the prior week. The total rig count was 1,025 in the same week last year. The oil rig count averaged 562 during the week ending April 3, down from 624 the prior week. The oil rig count averaged 831 in the comparable week last year.

**Construction Put-in-Place**

The value of nonresidential building construction put-in-place fell 2.1 percent in February on a month-over-month basis but was 0.7 percent higher than in February 2019. Nonbuilding construction activity slipped 1.2 percent month-over-month in February but was 6.2 percent higher than its year-ago level.
Residential construction put-in-place fell 0.6 percent month-over-month in February but was up 11.4 percent compared to the same period last year.

Weekly Raw Steel Production

Raw steel production declined 8.1 percent week-over-week during the week ending April 4, and was down 18.9 percent from the comparable week last year. Raw steelmaking capacity utilization measured 68.5 percent for the week ending April 4, compared to 71.6 percent in the previous week and 81.3 percent during the same week in 2019.