

May 11, 2020

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This Morning

Most of the major commodity indexes were little changed this morning as firmer energy prices were being offset by softer precious and base metal prices. In New York, NYMEX crude oil futures were trading above \$26.50/barrel (+1.3%) and oil prices have been trending higher over the last 2 weeks. Copper prices advanced last week but started this week on the backfoot, with COMEX futures easing to around \$2.37/lb. while in London LME 3-mo. copper slipped to \$5,260/mt. On the metals front, Reuters reports today that "China's environment ministry on Monday called on China Minmetals Corp to improve implementation of environmental protection measures and oversight of subsidiaries in a less than glowing report on the state-run metals producer's compliance." In forex trading, the US Dollar Index was up around 1% this morning with the euro softer at \$1.082 while the greenback was buying 107.4 Japanese yen. On Wall Street, stock futures were pointing lower this morning following losses at the major European exchanges.

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Selected Primary Commodity Prices: May 11, 2020

	Last	CHG	% CHG	Prior	Open	High	Low
COMEX Copper Jul (\$/lb.)	2.370	-0.037	-1.5%	2.406	2.410	2.430	2.367
COMEX Gold Jun (\$/to)	1,706.5	-7.4	-0.4%	1,713.9	1706	1,713.8	1,695.2
COMEX Silver Jul (\$/to)	15.72	-0.1	-0.4%	15.78	15.76	15.92	15.5
NYMEX Light Sweet Crude Jul (\$/bbl)	26.52	0.4	1.3%	26.17	25.91	26.73	25.05
SHFE Aluminum Jul (RMB/mt)	12,505	100	0.8%	12,405	12,420	12,570	12,390
SHFE Copper Jun (RMB/mt)	43,660	330	0.8%	43,330	43,650	43,950	43,420
SHFE Nickel Jul (RMB/mt)	102,190	430	0.4%	101,760	101,570	103,450	101,300
SHFE Zinc Jul (RMB/mt)	16,875	30	0.2%	16,845	16,925	16,950	16,815

The Week Ahead

Key reports on the U.S. calendar this week will cover retail sales (consensus -11.9%), industrial production (consensus -12.1%), initial unemployment claims (consensus 2.475M), and consumer sentiment, along with consumer and producer inflation readings. On Wednesday, Fed Chair Jay Powell is scheduled to give a speech on current economic conditions via webcast at the Peterson Institute for International Economics. In Europe, we'll get new EU and UK industrial production figures along with GDP estimates for the UK and Germany. The Financial Times reports "The Bank of England last week forecast that the pandemic will push the UK economy into its **deepest recession in 300 years**, with output plunging almost 30 per cent in the first half of the year." In Asia, China also reports on CPI, PPI, industrial production, and retail sales. Last but not least, Argentina is in negotiations with creditors this week to try to avoid their 9th sovereign debt default as soon as May 22. We hope you have a great week.

U.S. Economic Calendar: May 11-15, 2020

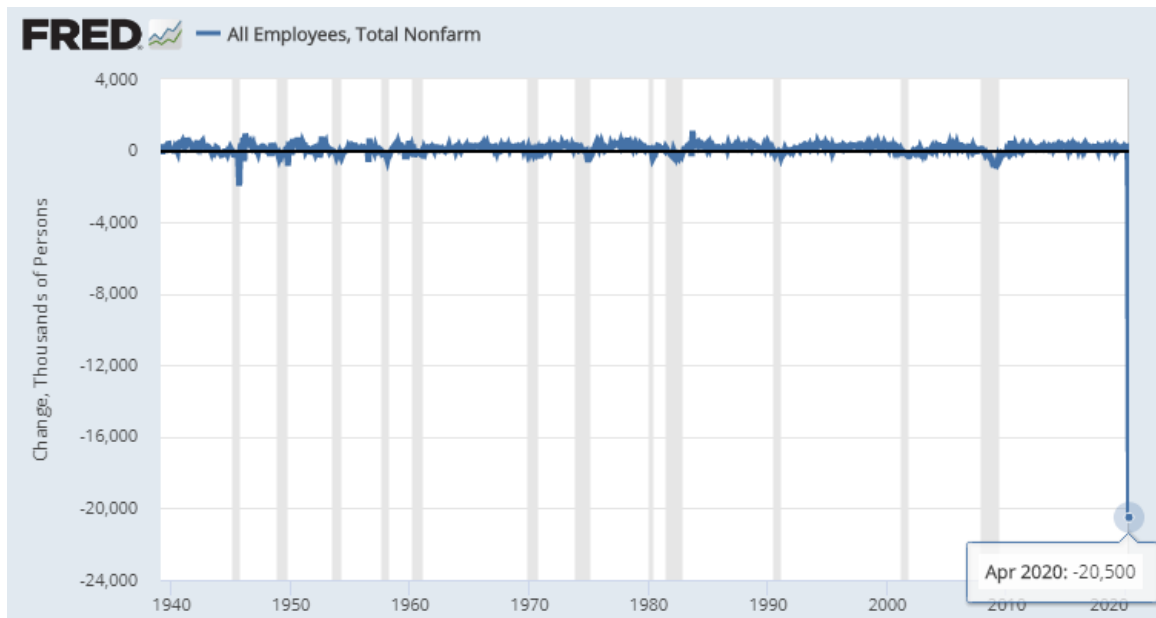
Date	Time (ET)	Release	Period	Consensus	Prior
12-May	6:00	NFIB Small Business Optimism Index	Apr	NA	80
12-May	8:30	CPI	Apr	-0.8%	-0.4%
12-May	8:30	Core CPI	Apr	-0.2%	-0.1%
12-May	14:00	Treasury Budget	Apr	NA	\$160.3B
13-May	8:30	PPI	Apr	-0.5%	-0.2%
13-May	8:30	Core PPI	Apr	-0.2%	0.2%
14-May	8:30	Initial Claims	9-May	2.475M	3.169M
14-May	8:30	Continuing Claims	2-May	NA	22.647M

14-May	8:30	Export Prices	Apr	NA	-1.6%
14-May	8:30	Import Prices	Apr	NA	-2.3%
15-May	8:30	Empire State Manufacturing	May	-58.0	-78.2
15-May	8:30	Retail Sales	Apr	-11.9%	-8.7%
15-May	9:15	Industrial Production	Apr	-12.1%	-5.4%
15-May	9:15	Capacity Utilization	Apr	64.0%	72.7%
15-May	10:00	JOLTS - Job Openings	Mar	NA	6.882M
15-May	10:00	Univ. of Michigan Consumer Sentiment - Prelim	May	67.4	71.8

Economic Week in Review

Employment Situation Report

The staggering jobs numbers keep coming in, with the Labor Department reporting last week that total nonfarm payrolls fell by 20.5 million in April while the unemployment rate rose to 14.7%. Prior to last week's report, the record for largest monthly drop in nonfarm payrolls came in September 1945 at a little less than 2 million, according to Labor Dept. figures.



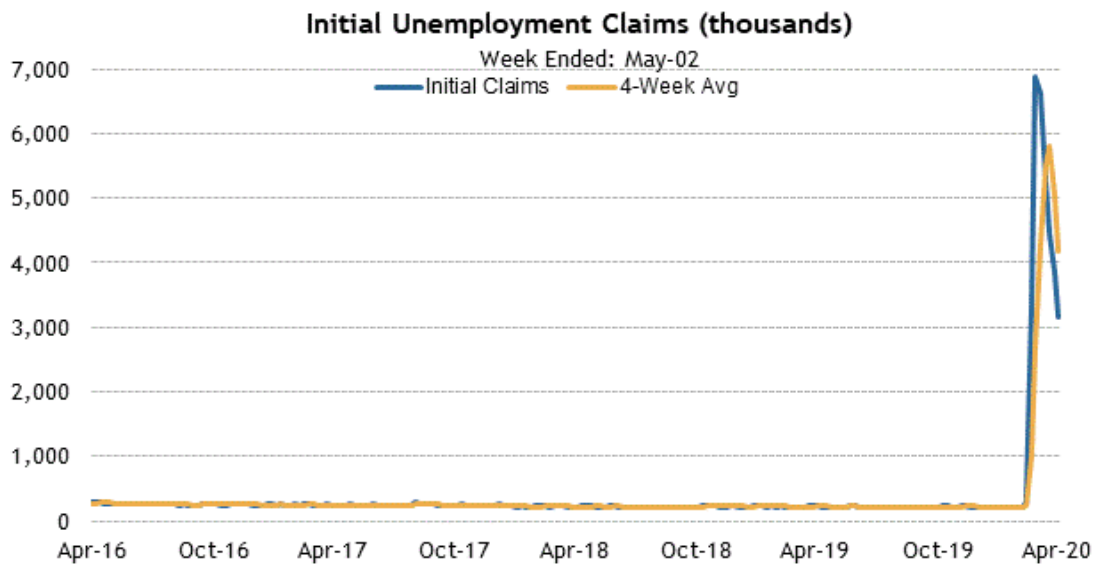
The job losses were widespread across the economy as 1.33 million manufacturing jobs were lost, along with more than 2.5 million education/health jobs, and 7.65 million leisure/hospitality jobs. Disturbingly, the WSJ's Daily Shot reports "Moreover, the job market carnage was even worse than the headline figures indicate. The data on labor flows show a record number of Americans leaving the labor force. These workers are not reported as unemployed."

Category	APR	MAR	FEB	JAN	DEC
Establishment Survey					
Nonfarm Payrolls	-20500K	-870K	230K	214K	184K
Construction	-975K	-33K	46K	38K	16K
Manufacturing	-1330K	-34K	8K	-22K	-2K

Retail Trade	-2107K	-45K	3K	3K	41K
Financial	-262K	-3K	22K	9K	10K
Business	-2128K	-69K	6K	20K	22K
Temporary help	-842K	-58K	-6K	-4K	5K
Education/Health	-2544K	-101K	52K	69K	29K
Leisure/Hospitality	-7653K	-499K	59K	24K	40K
Government	-980K	-28K	31K	35K	20K
Household Survey					
Civilian Unemp. Rate	14.7%	4.4%	3.5%	3.6%	3.5%
Civilian Employed	-22369K	-2987K	45K	-89K	267K

Initial Unemployment Claims

The monthly jobs report followed on the prior day's weekly initial unemployment claims report which showed nearly 3.2 million initial claims were filed for the week ending May 2. As Briefing.com reported "The market, in its frame of mind, is apt to see the decline in initial claims as relatively good news, yet the key takeaway from the report is that the massive influx of initial claims is just bad in an absolute sense for economic activity because those jobs won't be recovered nearly as quickly as they have been lost."



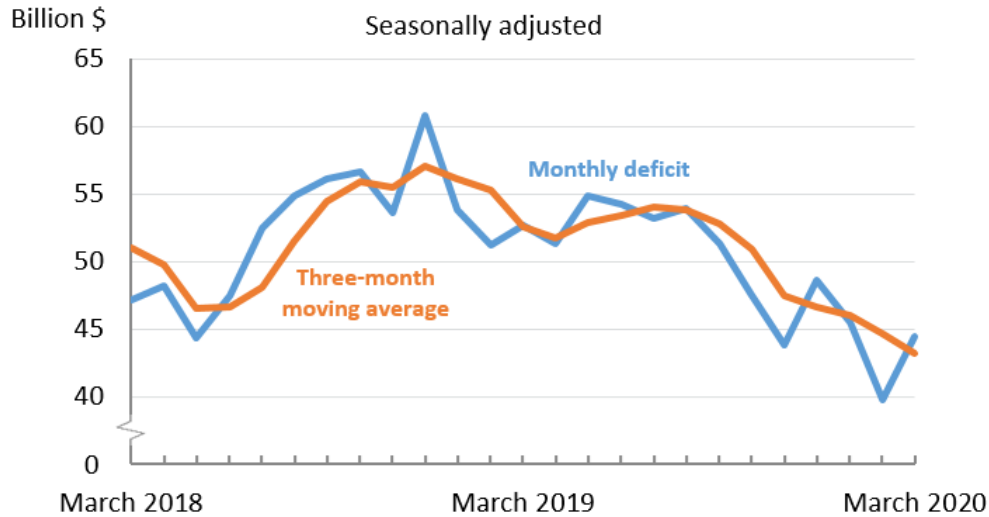
Source: Department of Labor; updated 05/07/20

Briefing.com

Trade Balance

On the trade front, the Bureau of Economic Analysis that the U.S. goods and services trade deficit widened from \$39.8 billion in February to \$44.4 billion in March as exports plunged 9.6% lower, more than offsetting the 6.2% decline in U.S. imports.

Goods and Services Trade Deficit



U.S. Bureau of Economic Analysis
U.S. Census Bureau

U.S. International Trade in Goods and Services
May 5, 2020

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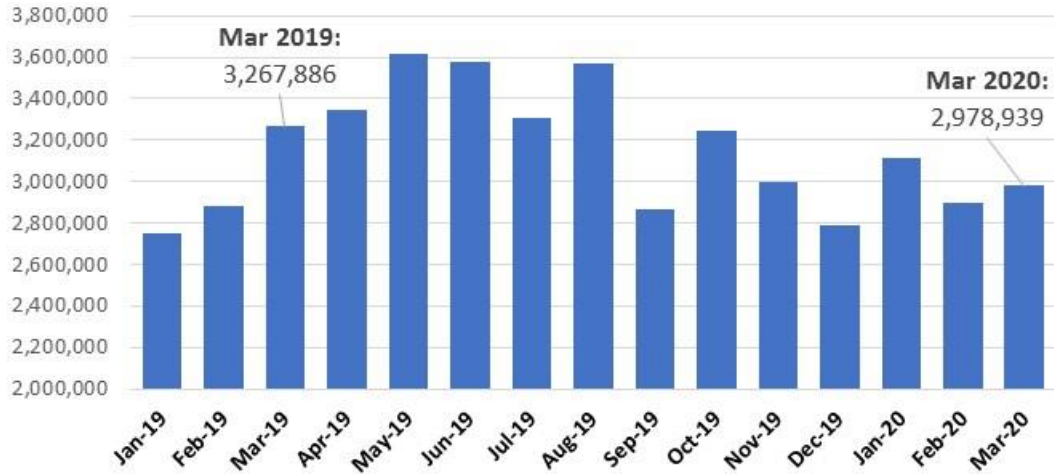
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Scrap Trade Flows

Trade data released by the Commerce Department show total U.S. scrap exports (including ferrous scrap, nonferrous scrap, recovered paper and fiber, plastic scrap, rubber scrap, glass cullet, etc.) came in at just under 3 million metric tons in March 2020, up from the February volume but down 8.8% as compared to one year prior. First quarter 2020 scrap exports of just under 9 million metric tons were little changed (up around 1%) as compared to the first quarter of 2019, when shipments got off to an extremely slow start to the year in Jan-Feb. In dollar terms, the Commerce Dept. data show U.S. scrap exports were up 11% year-on-year in the first quarter of 2020 to \$5.1 billion thanks largely to higher prices for precious metal scrap and heavier loadings of ferrous scrap.

Total Monthly U.S. Scrap Exports, Jan 2019-Mar 2020 (metric tons)

Sources: U.S. Census Bureau/U.S. International Trade Commission



Ferrous

For Q1 2020, U.S. ferrous scrap exports (excluding stainless and alloy steel scrap) increased more than 25 percent year-on-year to 4.1 million metric tons. The gains came on the back of significant YTD gains to Turkey, Malaysia, Mexico, Bangladesh, Thailand, Pakistan and other markets. Ferrous scrap volumes to mainland China remain negligible.

U.S. Ferrous Scrap Exports (ex. Stainless and alloy steel scrap) to Major Destinations

Metric tons

Country	Year 2018	Year 2019	Jan-Mar 2019	Jan-Mar 2020	YTD % CHG
Turkey	3,391,709	3,915,442	825,330	1,008,836	22.2%
Malaysia	470,397	810,784	209,861	627,897	199.2%
Mexico	1,722,864	1,391,868	300,427	447,635	49.0%
Taiwan	1,833,189	1,709,083	378,188	382,077	1.0%
Bangladesh	837,963	1,011,184	146,157	223,423	52.9%
South Korea	885,485	1,052,127	354,626	200,075	-43.6%
India	831,950	829,524	155,809	191,374	22.8%
Canada	638,922	597,265	149,558	171,871	14.9%
Thailand	496,423	357,298	14,469	144,731	900.3%
Vietnam	1,009,601	1,265,148	148,999	143,111	-4.0%
Pakistan	373,561	471,065	82,894	132,137	59.4%
Peru	379,136	406,994	65,851	97,492	48.1%
Greece	125,006	167,192	54,945	91,229	66.0%
Brazil	90,536	2,351	1,609	38,582	2297.9%
Saudi Arabia	44,038	346,301	0	36,040	N/A
Indonesia	450,349	265,233	69,978	35,945	-48.6%
China	416,370	52,859	13,771	9,152	-33.5%
All others	1,654,708	1,199,766	300,117	125,304	-58.2%
Total:	15,652,207	15,851,484	3,272,589	4,106,911	25.5%

Sources: U.S. Census Bureau/U.S. International Trade Commission

Reminder: Don't miss our **Ferrous Spotlight Webinar** to be held on May 14, 2020 at 1 pm Eastern when **Brandi Harleaux** from South Post Oak Recycling Center, **Blake Hurtik** from Argus Metal Pricing, and ISRI's **Joe Pickard** discuss how recyclers are responding to the COVID-19 crisis and the outlook going forward for the domestic & global steel and ferrous scrap markets.

Nonferrous

U.S. nonferrous scrap exports continue to shift away from mainland China to other markets. After having taken in the lion's share of U.S. base metal scrap exports for years, China has dropped to the 5th spot among the major destinations for both U.S. copper and aluminum scrap exports. For the YTD, copper & copper alloy scrap exports were down 15.3% year-on-year due to weaker sales to Malaysia, Canada, China, Japan, and other markets, more than offsetting improved business with India and Europe.

U.S. Copper & Copper Alloy Scrap Exports to Major Destinations

Metric tons

Country	Year 2018	Year 2019	Jan-Mar 2019	Jan-Mar 2020	YTD % CHG
Malaysia	119,573	221,419	57,017	36,564	-35.9%
Canada	92,136	91,232	23,643	21,860	-7.5%
South Korea	71,726	71,677	16,981	17,061	0.5%

India	48,260	59,752	13,674	15,984	16.9%
China	271,254	87,876	24,326	15,946	-34.5%
Germany	37,269	43,763	10,504	12,747	21.4%
Taiwan	35,427	40,591	9,575	9,621	0.5%
Belgium	31,330	37,964	7,735	8,591	11.1%
Vietnam	356	3,773	0	6,711	N/A
Japan	55,989	42,776	15,366	6,454	-58.0%
Thailand	14,151	20,640	5,629	6,410	13.9%
Hong Kong	44,269	50,345	13,975	5,771	-58.7%
Pakistan	17,949	20,937	3,085	4,558	47.7%
Greece	8,776	9,178	3,214	3,185	-0.9%
Poland	0	5,455	189	2,701	1327.2%
Spain	10,824	10,016	2,485	2,551	2.7%
All Others	53,558	53,660	15,251	11,982	-21.4%
Total:	912,848	871,054	222,648	188,698	-15.3%

Sources: U.S. Census Bureau/U.S. International Trade Commission

U.S. aluminum scrap exports (including UBCs and RSI), were up just over 1% Y-o-Y during Jan-Mar 2020 thanks to improved demand from India, Malaysia, Thailand and others that counter-balanced reduced shipments to mainland China (-64.5%), Taiwan (-51.4%), and Hong Kong (-7.6%).

U.S. Aluminum* Scrap Exports to Major Destinations

Metric tons

Country	Year 2018	Year 2019	Jan-Mar 2019	Jan-Mar 2020	YTD % CHG
India	215,651	270,798	61,655	95,882	55.5%
South Korea	240,073	273,196	68,752	73,468	6.9%
Malaysia	182,630	289,649	39,117	73,409	87.7%
Mexico	195,128	185,521	48,365	49,337	2.0%
China	493,772	315,692	112,523	39,967	-64.5%
Indonesia	76,068	90,112	27,141	23,644	-12.9%
Canada	104,312	92,806	23,687	21,463	-9.4%
Thailand	15,028	35,573	2,341	16,205	592.2%
Hong Kong	42,292	92,096	16,699	15,428	-7.6%
Taiwan	69,044	61,301	20,533	9,977	-51.4%
Russia	11,985	8,060	1,242	6,610	432.4%
Japan	23,836	15,985	3,570	4,456	24.8%
Greece	431	7,121	155	3,186	1951.0%
Pakistan	14,743	13,171	3,707	2,819	-24.0%
Singapore	2,242	6,603	1,616	2,375	47.0%
Vietnam	4,359	9,492	276	2,233	710.6%
All Others	69,574	96,430	21,078	17,315	-17.9%
Total:	1,761,166	1,863,608	452,457	457,775	1.2%

Sources: U.S. Census Bureau/U.S. International Trade Commission
 *Includes UBCs and RSI.

Recovered Paper and Fiber

U.S. recovered paper and fiber exports decreased 14.5 percent in the 1st quarter 2020 to 3,718,518 metric tons, down 628,075 metric tons from the same period a year ago.

The top 15 countries receiving U.S. recovered paper exports accounted for 95 percent of total exports in the first quarter 2020, the same as a year ago. Burma and Pakistan joined in the top 15 countries in 2020, replacing Italy and Columbia who were in the top 15 a year ago. Notice that Burma didn't receive any U.S. paper scrap exports a year ago and now ranks 11th.

U.S. Paper Scrap Exports, Top 15 Countries						
Ranked by 1st Quarter YTD 2020						
(In actual metric tons*)						
						YTD % Chg
Country	2017	2018	2019	2019 YTD	2020 YTD	2020 / 2019
China	10,884,149	7,575,699	5,490,187	1,391,096	1,155,043	-17.0%
India	1,926,170	3,338,662	2,974,358	722,970	677,429	-6.3%
Mexico	1,566,959	1,669,351	1,329,005	435,280	281,101	-35.4%
Vietnam	399,652	765,880	1,052,415	165,301	269,808	63.2%
South Korea	885,142	1,118,936	991,535	267,809	232,165	-13.3%
Canada	737,571	866,973	903,571	255,345	230,007	-9.9%
Taiwan	280,927	692,491	905,674	230,194	228,554	-0.7%
Indonesia	440,318	1,162,667	898,087	426,168	142,290	-66.6%
Thailand	282,551	468,766	522,770	132,555	114,007	-14.0%
Malaysia	23,569	111,767	181,823	38,351	58,183	51.7%
Burma	4	383	80,762	0	57,927	NA
Netherlands	113,219	132,419	141,351	28,244	29,731	5.3%
Pakistan	19,387	22,488	44,872	6,850	24,777	261.7%
Germany	63,588	73,000	79,215	16,562	20,721	25.1%
United Arab Emirates	8,958	31,250	105,927	15,548	20,304	30.6%
Top 15 Country Share	17,632,164	18,030,732	15,701,552	4,132,273	3,542,047	-14.3%
Rest of the World	681,699	1,021,820	1,022,168	214,320	176,471	-17.7%
Total U.S. Paper Scrap Exports	18,313,863	19,052,552	16,723,720	4,346,593	3,718,518	-14.5%

***2.1% of total is component tons**

**Sources: U.S. International Trade Commission;
ISRI**

U.S. RP Exports by Commodity Type

The largest commodity component, OCC/unbleached kraft, accounted for 57.2 percent of all U.S. RP exports in the first quarter, down 1.7 percent from the same period a year ago. In the first quarter 2020, exports of this commodity decreased nearly 17 percent from a year ago to 2,128,032 metric tons. A couple paper commodity types showed increases in the 1st quarter 2020. Following more than a six-fold increase exports in the full year of 2019, paper pulp fiber increased nearly 75 percent in the 1st quarter 2020 compared with the same period last year. The other commodity increasing during the 1st quarter 2020, mechanical pulp, increased over 13 percent to 400,771 metric tons.

U.S. Paper Scrap Exports						
By Commodity Type						
(In actual metric tons*)						
	2017	2018	2019	2019 YTD	2020 YTD	YTD % Chg 2020 / 2019
Paper pulp fiber	51,827	43,611	267,135	45,373	79,334	74.9%
OCC/Unbleached kraft	8,980,373	11,380,454	9,657,082	2,559,085	2,128,032	-16.8%
High-grade deinking	906,576	1,022,793	1,060,333	254,837	233,470	-8.4%
Bleached chemical pulp	751,712	1,113,711	1,056,585	280,921	204,554	-27.2%
Newsprint	1,758,321	1,215,675	702,499	201,895	155,533	-23.0%
Mechanical Pulp	2,337,813	1,669,235	1,547,245	354,454	400,771	13.1%
Mixed/unsorted	3,527,241	2,607,073	2,432,841	650,028	516,824	-20.5%
Total U.S. Paper Scrap Exports	18,313,863	19,052,552	16,723,720	4,346,593	3,718,518	-14.5%
* Paper pulp fiber measured in component tons						
Sources: U.S. International Trade Commission; ISRI						

This Week's Story

I was in a long line at 7:45 am today at the grocery store that opened at 8 am for seniors only.

A young man came from the parking lot and tried to cut in at the front of the line, but an old lady beat him back into the parking lot with her cane.



Weekly Market Report

He returned and tried to cut in again but an old man punched him in the gut, then kicked him to the ground and rolled him away.

As he approached the line for the third time he said, "If you don't let me unlock the door you'll never get in there!"

This Week's Quote

"What would life be if we had no courage to attempt anything?"

-- Vincent Van Gogh

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