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This Morning

- **The Bloomberg Commodity Index** was little changed in early trading this morning (+0.11%), however year-to-date the index is down 14.03%.
- In London, **LME 3-mo. copper** and **aluminum** closed yesterday at \$6,435/mt and \$1,718.50/mt, respectively, while 3-mo. **nickel** was recently trading up around \$13,734/mt. All three commodities higher than the prior week.
- In New York, **NYMEX crude oil futures** dipped to \$40.19 per barrel pre-opening and **then rose** nearly \$1 during early trading.
- On Wall Street, the **major U.S. stock indexes** opened higher following modest gains as did the Asian exchanges. European exchanges were mixed, with France and Germany slightly down.
- In **foreign exchange trading**, the dollar showed a **mixed strength** against most major trading rivals, but increased against the euro to \$1.1742 and the British pound was buying \$1.3033.

Selected Primary Commodity Prices: August 4, 2020

	Last	CHG	% CHG	Prior	Open	High	Low
COMEX Copper Sep (\$/lb.)	2.8795	-0.0285	-0.98%	2.908	2.9145	2.9185	2.8835
COMEX Gold Aug (\$/to)	1,972.90	6.9	0.35%	1966.00	1,971.00	1,976.20	1,964.70
COMEX Silver Sep (\$/to)	24.485	0.068	0.28%	24.417	24.49	24.62	24.24
NYMEX Light Sweet Crude Sep (\$/bbl)	40.26	-0.75	-1.83%	41.01	40.78	40.99	40.19
SHFE Aluminum Sep (RMB/mt)	14695	95	0.65%	14600	14675	14830	14635
SHFE Copper Sep (RMB/mt)	51380	330	0.65%	51050	51500	51970	51380
SHFE Nickel Oct (RMB/mt)	110860	1820	1.67%	109040	109560	111580	109560

SHFE Zinc Sep (RMB/mt)	18870	80	0.43%	18790	18940	19010	18735
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The Week Ahead

- The week’s big economic release is the July jobs report, with consensus forecasts for nonfarm payrolls to increase by 2 million and the unemployment rate to decrease to 10.5%
- Other key U.S. economic reports this week will cover light vehicle sales, construction spending, manufacturing and non-manufacturing PMI, the trade balance, and initial unemployment claims.
- On the economic policy front, the Congressional debate of new fiscal stimulus returns this week. The Financial Times reports “In the US, Congress continues to seek common ground on approving further stimulus for the ailing US economy and reviving the unemployment payments that came to an end last week. Economists fear the withdrawal or reduction of stimulus risks a self-inflicted wound for the US, depressing consumption and potentially creating a housing crisis. The deadline to extend jobless benefits also coincided with the end of a federal moratorium on evictions, leaving families at the whim of a patchwork of state and local laws and courts to protect them from being forced out of their homes.”
- Overseas, investors will be paying close attention to manufacturing PMI numbers from the world’s major economies, industrial production in Europe, and Chinese trade flows.
- Be safe and have a great week!

Date	Time (ET)	Release	Period	Consensus	Prior
3-Aug	0:00	Auto Sales	Jul	NA	2.14M
3-Aug	0:00	Truck Sales	Jul	NA	7.45M

3-Aug	10:00	Construction Spending	Jun	1.30%	-2.10%
3-Aug	10:00	ISM Manufacturing Index	Jul	53.4	52.6
4-Aug	10:00	Factory Orders	Jun	5.20%	8.00%
5-Aug	8:15	ADP Employment Change	Jul	1.6M	2.369M
5-Aug	8:30	Trade Balance	Jun	-\$49.3B	-\$54.6B
6-Aug	8:30	Initial Claims	1-Aug	1.4M	1.434M
6-Aug	10:00	ISM Non-Manufacturing Index	Jul	55	57.1
7-Aug	8:30	Nonfarm Payrolls	Jul	2.0M	4.8M
7-Aug	8:30	Unemployment Rate	Jul	10.50%	11.10%
7-Aug	15:00	Consumer Credit	Jun	\$15.0B	-\$18.2B

Economic Week in Review

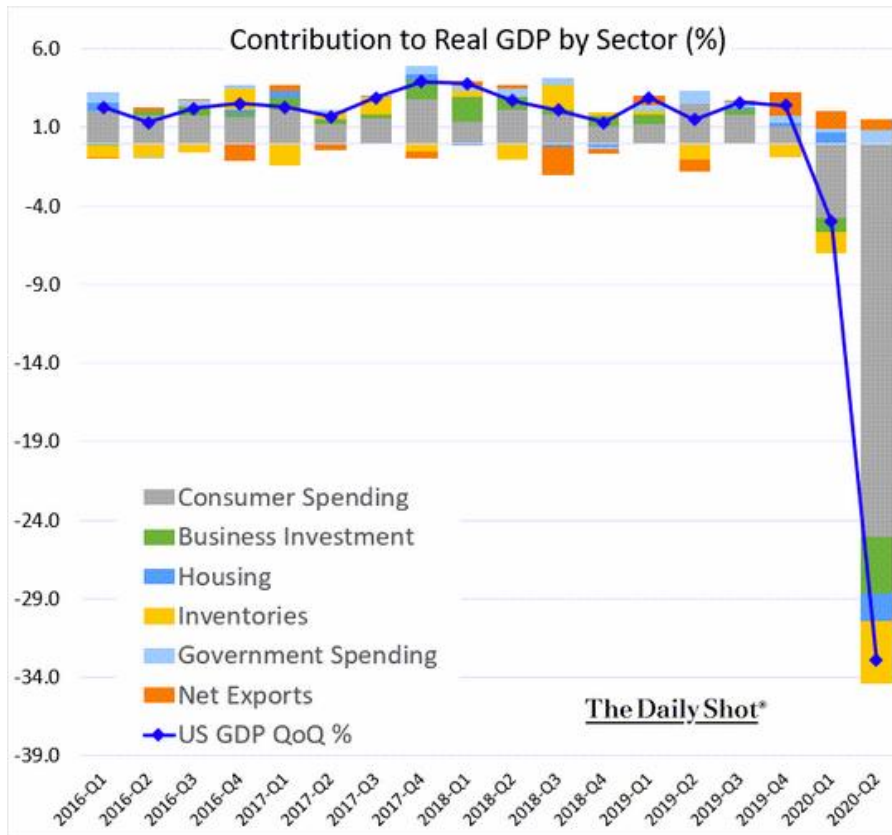
Real Gross Domestic Product

Real Gross Domestic Product (GDP) plummeted 32.9 percent in the second quarter 2020 according to the Bureau of Economic Analysis advance estimate reported last week.

This is the worse GDP rate since this series began.

GDP is down 9.5 percent, compared to a year ago, 2nd Quarter 2020 versus 2nd Quarter 2019.

First quarter 2020 GDP was down 5.0 percent.



The decline in both quarters reflect the effects states' responses to COVID-19, as stay-at-home orders were in effect for nearly every state. In May and June these orders were relaxed in many states.

Personal consumption expenditures (PCE) accounted for over three-quarters of the quarterly decrease.

Private investment accounts for the vast majority of this decrease.

Others sectors decreasing: exports, private inventory investment, nonresidential fixed investment, residential fixed investment, and state and local government spending.

Federal government spending increased in the second quarter 2020, adding 1.23 percent to GDP.

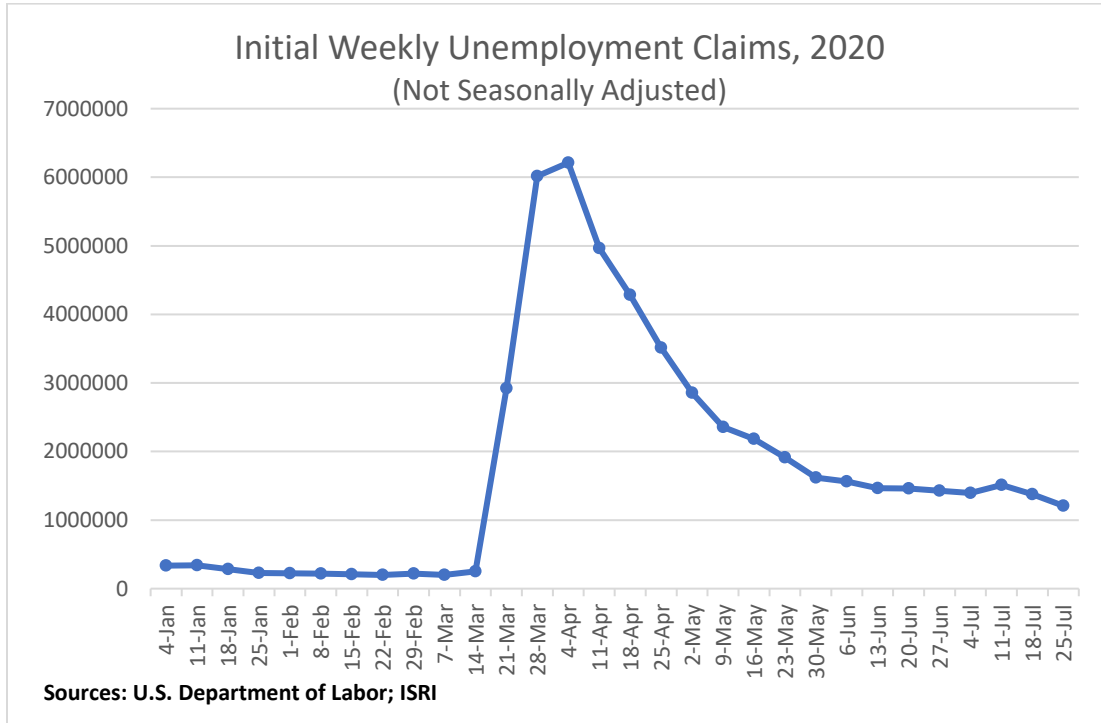
Imports also increased in the second quarter 2020.

Corporate profits for the first quarter 2020 (most current), decreased \$276.2 billion compared with positive growth of \$64.8 billion in the fourth quarter 2019.

The "second" estimate for the second quarter 2020 will be released on August 27, 2020.

Weekly Unemployment Claims

Initial unemployment claims decreased for the second consecutive month to 1,205,871 (NSA) for the week ending July 25, 2020.



Insured unemployment claims, a measurement of total unemployment with a week lag from initial claims, was 16,881,463 (NSA) for the week ending July 18, 2020. This is up 536,757 from the previous week.

The unemployment rate, based on insured unemployment claims, increased to 11.6 percent, up 0.5 percent from the prior week.

Forty-two states, including DC, reported decreases in initial claims for the week ending July 25. Six more than the previous week. The top three states with decreases are:

California	down	40,587
Florida	down	21,914
Georgia	down	37,732

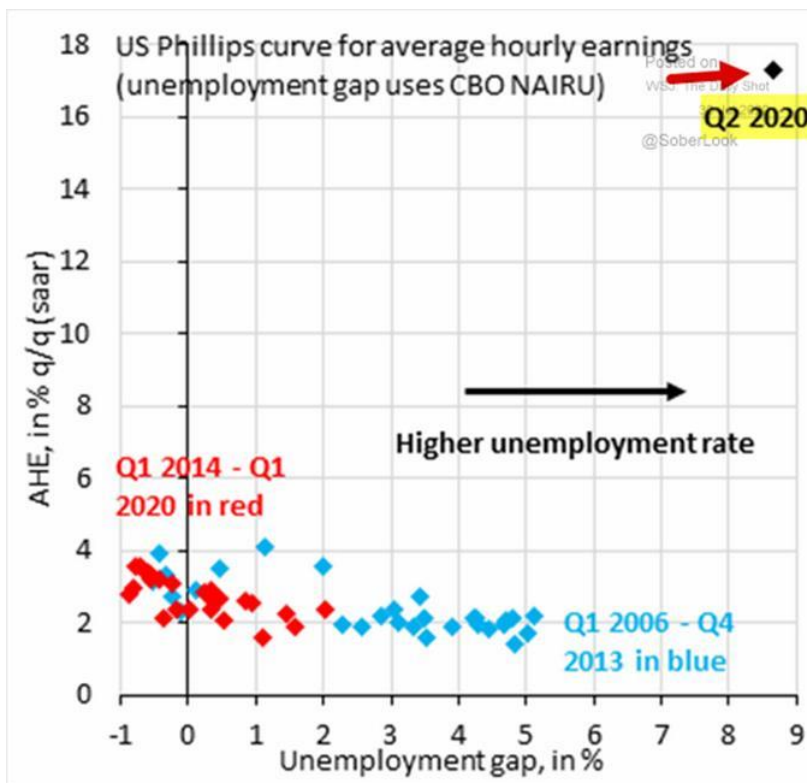
Nine states reported increases in initial claims for the week ending July 25. The top three states with increases are:

Virginia	up	8,578
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Nevada	up	6,125
Indiana	up	2,698

Phillips Curve

The Wall Street Journal’s Daily Shot reports on the distorted Philips Curve: “The Phillips Curve has been distorted because the outside job losses among low-wage employees resulted in higher average pay for remaining workers”:



Commodity Market Developments

- Macquarie reports that “Turkey’s HMS (75:25) steel scrap prices have extended their gains this week rising to \$270/t (+\$25/t since early June) according to the latest Platts’ assessment. With the easing of lockdowns in Europe and US, we had expected scrap prices to fall as collection and production from manufacturing plants improved. Instead, seaborne prices in both Europe and Asia have moved higher so far this quarter, boosted by a quick turnround in demand in Turkey

and a strong pull for billet from China. The sustained weakness in the USD, especially against the euro (a key source of scrap to Turkey) has also proved a tailwind more recently.”

- In nonferrous market developments, Fastmarkets reports that “Chilean copper producer Codelco will restart shuttered capacity at its Chuquicamata copper smelter this weekend, with a ramp-up of smelting and refining expected to hit full output in early August, Fastmarkets learned on Friday July 31. More workers will be allowed to return to the site with sanitary measures in place at Chuquicamata, one of the world’s largest copper complexes, a source familiar with the matter said. Codelco suspended the smelter and reduced the refinery operations to 30% of capacity after an outbreak of Covid-19 forced the on-site workforce to be disbanded on June 26. The refinery at the complex later ramped up to a higher operating level of around 50%, with Codelco processing residual anode stock and external raw materials from the market. As such, refined output is being targeting 100% capacity by August 10, an executive at the company told Fastmarkets.”
- For the latest zinc market developments, check out Andy Home’s column at Reuters: <https://www.reuters.com/article/uk-metals-zinc-ahome/column-lme-stocks-surge-fails-to-dent-zincs-exuberant-recovery-idUKKCN24V2EU>
- As for precious metals, our friend Edward Meir reported on Friday that “We are seeing an impressive snap-back in the precious metals group, with gold up another \$23 right now and knocking on \$2000. Silver is up 78 cents at \$24.13, but the buying is not extending to either platinum or palladium, both getting crushed yesterday and quietly mixed right now, at \$916 and \$2114 respectively.”

ISRI’s Commodity Roundtables are Going Virtual!

The traditional in-person event is being “**virtualized**” to meet the needs of our members and the industry. The [ISRI Fall 2020 Commodity Spotlight Series](#) will be presented as an upgrade to the highly successful spring commodity series. It will deliver even more valuable and critical market insights with the most comprehensive source of up-to-date analysis in the recycling industry.

This Week’s Quote

“When everything seems to be going against you, remember that the airplane takes off against the wind, not with it.”

-Henry Ford