

Latin America: Consumption of finished steel grew 1%, while production increase 4% during January 2017

Latin America in January 2017:

- > 5.2 million tons reached the steel crude production
- > 4.3 million tons was the finished steel production
- > 5.2 million tons recorded the apparent steel consumption
- > 14% increase the total imports of Latin American steel

Alacero - Santiago, Chile, March 28th, 2017. The figures from the first month of 2017 shows an increase in consumption of steel (finished + derivatives) of 1%, while the regional production of crude and finished steel increase 13% and 4%, respectively, vs January 2016, following the upward trend of the end of the year.

Meanwhile, regional steel imports represents 36% of Latin-American consumption, 3 points higher than 2016 (33%). The trade balance of the region remains negative, increasing in 2% its deficit vs January 2016.

LATIN AMERICAN STEEL MARKET 2016/2017

Thousand tons, annual variation (%)

	Oct 2016	Nov 2016	Dec 2016	Accumulated 2016	Jan 2017
Crude steel production	5,516 ↑ 2%	5,106 ↑ 3%	4,671 ↓ -4%	59,688 ↓ -6%	5,237 ↑ 13%
Finished steel production	4,521 ↓ -1%	4,268 ↓ -2%	3,757 ↓ -5%	50,651 ↓ -5%	4,254 ↑ 4%
Apparent steel use	5,305 ↓ -6%	5,311 ↑ 4%	4,890 ↑ 2%	61,740 ↓ -8%	5,192 ↑ 1%

↑↓ indicates variation versus same month of the last year
Source: Alacero

Production

Crude Steel. Latin America and the Caribbean produced 5.2 million tons (Mt) of crude steel in January 2017, 13% higher than the volume recorded in Jan 2016 (4.6 Mt). Brazil is the main producer in the region with 54% of the regional production (2.8 Mt), increasing 13% vs Jan 2016.

Finished steel. In the same period, Latin America produced 4.3 Mt of finished steel, 4% higher than Jan 2016. Brazil was the main producer (1.8 Mt), accounting for 41% of the Latin American output. Mexico came second with 1.6 Mt (38% share of regional output).

Finished steel consumption

In the first month of 2017, finished steel consumption in the region reached 5.2 Mt, up 1% vs Jan 2016. Largest increases in consumption -in absolute and percentage terms- were record in Mexico (additional 171 thousand tons, an increase of 9%), Brazil (114 thousand additional tons, up 9%) and El Salvador (67 thousand additional tons, up 233%).

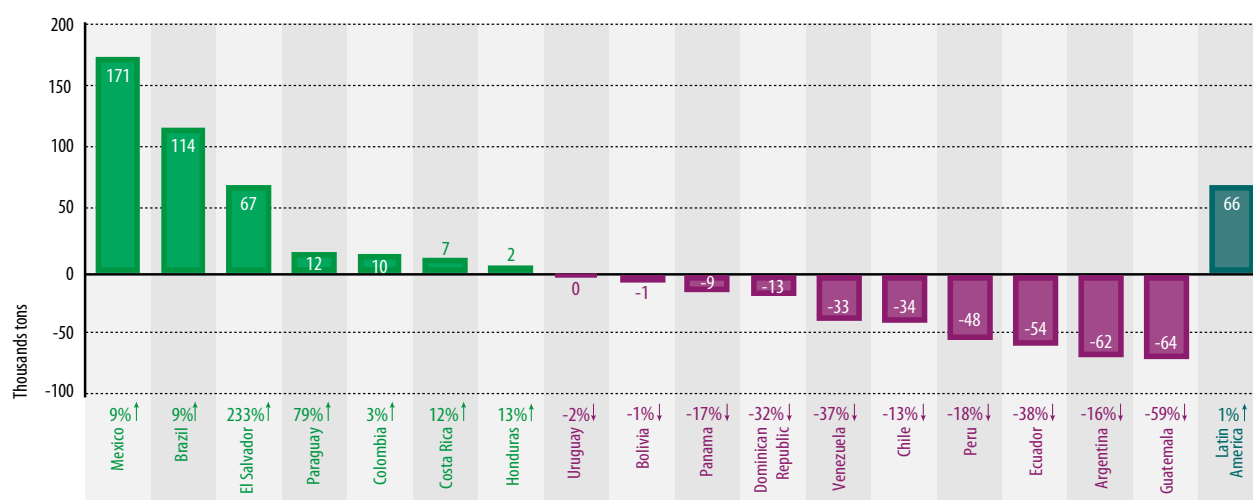
Conversely, in Argentina finished steel consumption shrank by 6.2 thousand tons, down 16% vs Jan 2016. While Guatemala, Ecuador, Peru and Chile recorded declines of 59%, 38%, 18% and 13%, respectively.

From Latin-American's total steel consumption, 56% corresponds to flat products (3.0 Mt), 43% for long products (2.2 Mt) and 1% to seamless tubes (60 thousand tons).

GRAPH 01

ANNUAL VARIATION OF FINISHED STEEL USE (JAN 2017 VS JAN 2016)

+/- indicates variation in thousand tons ↑↓ indicates percentage variation



Source: Alacero

Trade balance

Imports. Imports. In January 2017, Latin America imported 1.9 Mt of finished steel, up 10% vs Jan 2016 (1.7 Mt). Of this total, 71% corresponds to flat products (1.3 Mt), 37% for long products (515 thousand tons) and 2% to seamless tubes (32 thousand tons).

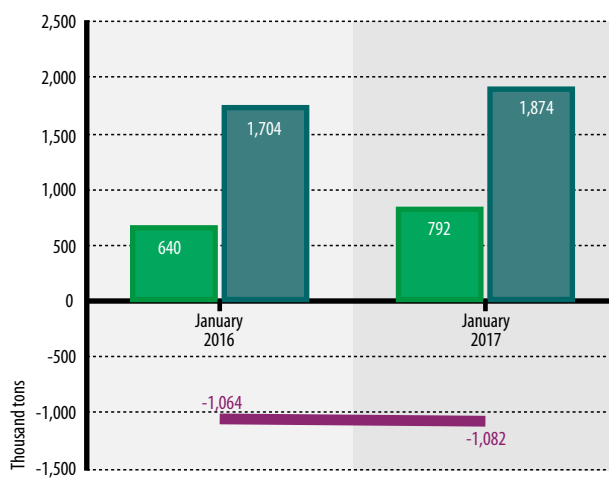
Currently, imports represent 36% of the regional finished steel consumption, which brings about disincentives to the local industry, trade frictions, and threatens jobs.

Exports. Latin American exports of finished steel reached 792 thousand tons 24% more than Jan 2016 (640 thousand tons). Of this total, 52% are flat products (414 thousand tons), 36% for long products (284 thousand tons) and 12% to seamless tubes (93 thousand tons).

GRÁFICO 02

LATIN AMERICAN STEEL TRADE

■ Finished steel exports ■ Finished steel imports
■ Trade balance



Source: Alacero

Trade deficit. During January 2017, the region recorded a trade deficit of 1.1 Mt of finished steel. This imbalance is 2% higher than the one observed in Jan 2016.

In the same months, Brazil was the only country to maintain a trade surplus of finished steel, 224 thousand tons. The largest deficit was recorded in Mexico (-514 thousand tons), followed by Colombia (-190 thousand tons), Chile (-145 thousand tons) and Peru (-104 thousand tons).

Production February 2017 - Advance Information

Advance information for February 2017, indicates that crude steel production reached 4.9 Mt, 6% less than January 2017 and 6% more than February 2016.

Meanwhile, the production of finished steel closed at 4.1 Mt in February 2017, 4% less than January 2017 and 1% more than February 2017.

Glossary

Crude steel: Steel in its most basic form, coming from the continuous casting process, (slab, billet etc.). To obtain the qualities necessary for usage, this kind of steel needs to pass posterior processes, like rolling etc.

Finished steel: Refers to steel included in one of these 3 groups: Long products (e.g.: reinforcing bars, bars, wire rod, light sections, heavy sections, rails), flat steel (e.g.: sheets and coils, coated sheets, pre-painted, stainless steel, chrome-plate sheets, hot dip galvanized sheet etc.) and seamless tubes.

Ton: A unit of weight or volume of sea cargo, equal to a metric ton (1,000 kg).

About Alacero

Alacero –the Latin American Steel Association– is the organization that brings together the Steel Value Chain of Latin America to promote the values of regional integration, technological innovation, corporate responsibility, excellence in human resources, safe working environments, and social and environmental sustainability. Founded in 1959, Alacero is formed by 49 companies in 12 countries, whose production –of about 70 million annual tons– represents 95% of the steel manufactured in the region. Alacero is a Special Consulting Organization to the United Nations and is recognized as International Non-Government Organization by the Republic of Chile, host country of Alacero’s headquarters.

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