

Latin America: Consumption of finished steel remains stable while production increase 2% during January-February 2017

Latin America in January-February 2017:

- > 10.2 million tons reached the steel crude production
- > 8.3 million tons was the finished steel production
- > 9.9 million tons recorded the apparent steel consumption
- > 3% increase the total imports of Latin American steel

Alacero - Santiago, Chile, April 27th, 2017. During the first bimester of the year, Latin America shows a similar level in steel consumption to the one registered during Jan-Feb 2016. For its part, the regional production of crude and finished steel increase 10% and 2%, respectively, versus last year.

The regional steel imports represents 33% of Latin-American consumption, 1 point higher than 2016 (32%). The trade balance of the region remains negative, increasing in 2% its deficit vs Jan-Feb 2016.

LATIN AMERICAN STEEL MARKET 2016/2017

Thousand tons, annual variation (%)

	Oct 2016	Nov 2016	Dec 2016	2016	Jan 2017	Feb 2017	2017
Crude steel production	5,516 ↑ 2%	5,106 ↑ 3%	4,671 ↓ -4%	59,688 ↓ -6%	5,237 ↑ 13%	4,943 ↑ 6%	10,180 ↑ 10%
Finished steel production	4,521 ↓ -1%	4,268 ↓ -2%	3,757 ↓ -5%	50,651 ↓ -5%	4,262 ↑ 4%	4,025 0%	8,287 ↑ 2%
Apparent steel use	5,305 ↓ -6%	5,311 ↑ 4%	4,890 ↑ 2%	61,740 ↓ -8%	5,202 ↑ 1%	4,697 ↓ -2%	9,887 0%

↑↓ indicates variation versus same month of the last year

Source: Alacero

Production

Crude Steel. Latin America and the Caribbean produced 10.2 million tons (Mt) of crude steel in Jan-Feb 2017, 10% higher than the volume recorded in Jan-Feb 2016 (9.3 Mt). Brazil is the main producer in the region with 53% of the regional production (5.4 Mt), increasing 10% vs Jan-Feb 2016.

Finished steel. In Jan-Feb 2017, Latin America produced 8.3 Mt of finished steel, 2% higher than Jan-Feb 2016. Brazil was the main producer (3.5 Mt), accounting for 42% of the Latin American output. Mexico came second with 3.1 Mt (37% share of regional output).

Finished steel consumption

In the same period of 2017, finished steel consumption in the region reached 9.9 Mt, same level that Jan-Feb 2016. Largest increases in consumption -in absolute and percentage terms- were record in Mexico (additional 200 thousand tons (thous tons), an increase of 5%), Brazil (148 thous tons additional tons, up 5%) and El Salvador (107 thous tons additional tons, up 182%).

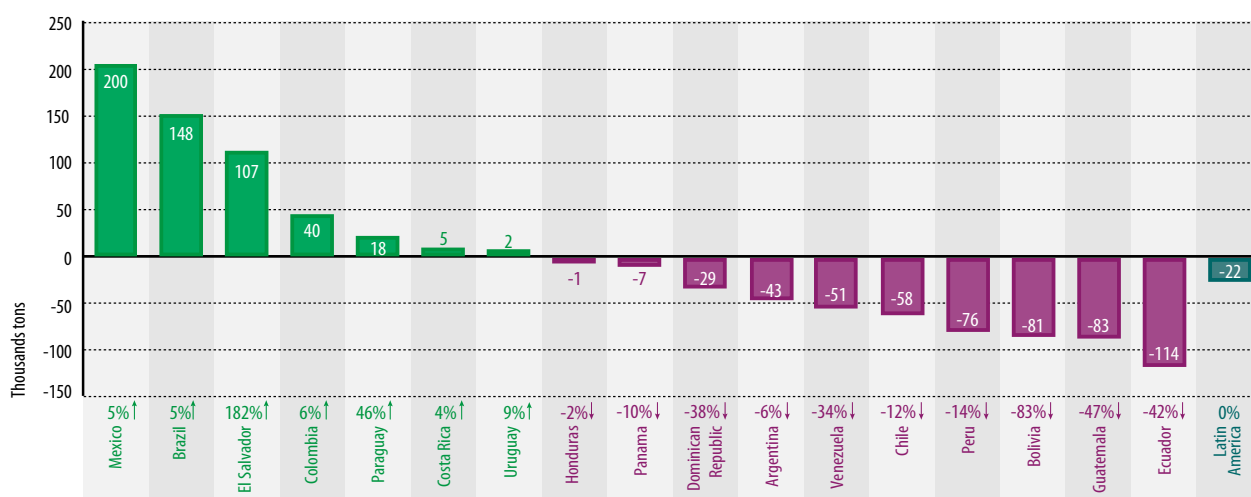
Conversely, in Argentina finished steel consumption shrank by 43 thous tons, down 6% vs Jan-Feb 2016. While Ecuador, Guatemala, Bolivia, Chile and Peru recorded declines of 42%, 47%, 83%, 12% and 14%, respectively.

From Latin-American`s total steel consumption, 57% corresponds to flat products (5.6 Mt), 44% for long products (4.3 Mt) and 2% to seamless tubes (152 thous tons).

GRAPH 01

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

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



Source: Alacero

Trade balance

Imports. In Jan-Feb 2017, Latin America imported 3.3 Mt of finished steel, up 3% vs Jan-Feb 2016 (3.2 Mt). Of this total, 68% corresponds to flat products (2.3 Mt), 28% for long products (937 thous tons) and 3% to seamless tubes (106 thous tons).

Currently, imports represent 33% 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 1.4 Mt, 4% more that Jan-Feb 2016 (1.4 Mt). Of this total, 49% are flat products (694 thous tons), 39% for long products (557 thous tons) and 12% to seamless tubes (168 thous tons).

Trade deficit. During Jan-Feb 2017, the region recorded a trade deficit of 1.9 Mt of finished steel. This imbalance is 2% higher than the one observed in Jan-Feb 2016.

Brazil was the only country to maintain a trade surplus of finished steel, 418 thous tons. The largest deficit was recorded in Mexico (-866 thous tons), followed by Colombia (-416 thous tons), Chile (-237 thous tons) and Peru (-234 thous tons).

The evolution of trade flows and the balance are show in Figure 02.

Production March 2017 - Advance Information

Advance information for March 2017, indicates that crude steel production reached 5.4 Mt, 8% more than February 2017 and 16% more than March 2016. Meanwhile, the production of finished steel closed at 4.4 Mt in February 2017, 10% more than February 2016 and 4% more than March 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.

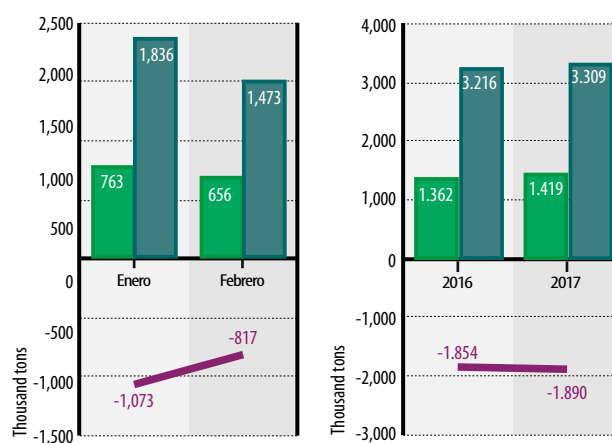
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GRAPH 02

LATIN AMERICAN STEEL TRADE

Finished steel exports Finished steel imports
Trade balance



Source: Alacero