

Latin America: Figures of the first quarter reflect a recovery in process

Latin America in January-March 2017:

- > 15.2 million tons reached the steel crude production
- > 12.8 million tons was the finished steel production
- > 16.6 million tons recorded the apparent steel consumption
- > 14% increase the total imports of Latin American steel

Alacero - Santiago, Chile, May 25th, 2017. Latin America and the Caribbean during the first quarter of the year shows a positive balance in consumption and production. The finished steel consumption grew 7%, meanwhile the crude and finished steel production increase 12% and 3%, respectively, versus January-March 2016. For its part, the regional steel imports represents 34% of Latin-American consumption, two points higher than the same months of 2016 (32%). However, the trade balance of the region remains negative, increasing in 19% its deficit vs January-March 2016.

LATIN AMERICAN STEEL MARKET 2017

Thousand tons, annual variation (%)

	January	February	March	Accumulated
Crude steel production	5.144 ↑ 13%	4.834 ↑ 7%	5.265 ↑ 17%	15.243 ↑ 12%
Finished steel production	4.276 ↑ 4%	4.051 ↑ 0%	4.508 ↑ 5%	12.835 ↑ 3%
Apparent steel use	5.322 ↑ 1%	5.071 ↑ 3%	5.981 ↑ 8%	16.568 ↑ 7%

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

Production

Crude Steel. During January-March 2017, the region produced 15.2 million tons (Mt) of crude steel, 12% higher than the volume recorded in January-March 2016 (13.6 Mt). Brazil is still the main producer in the region with 54% of the regional production (8.3 Mt), increasing 14% versus first quarter of 2016.

Finished steel. In the same period, the production of finished steel reached 12.8 Mt, 3% higher than registered in January-March 2016. Brazil was the main producer with 5.4 Mt, accounting for 42% of the Latin American output. Mexico came second with 4.6 Mt with 36% share of regional output.

Finished steel consumption

In the first quarter of 2017, the region reached 16.6 Mt of finished steel consumption, 7% higher than January-March 2016. Largest increases in consumption -in absolute and percentage terms- were recorded in Mexico (additional 603 thousand tons (thous tons), an increase of 10%), Costa Rica (238 thousand tons additional tons, up 115%) and Brazil (218 thousand tons additional tons, up 5%).

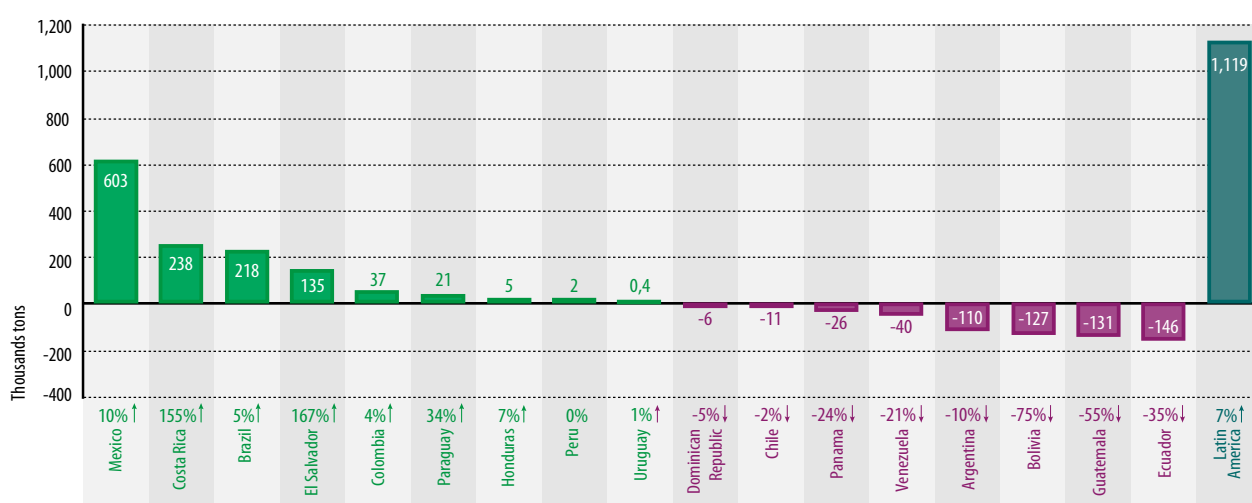
Conversely, in Argentina finished steel consumption shrank by 110 thousand tons, down 10% vs January-March 2016. While Bolivia, Chile, Ecuador, Guatemala, Panama and Venezuela recorded declines of 75%, 2%, 35%, 55%, 24% and 21%, respectively.

From Latin American's total steel consumption, 56% corresponds to flat products (9.3 Mt), 42% for long products (7.0 Mt) and 1% to seamless tubes (237 thousand tons).

GRAPH 01

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

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



Source: Alacero

Trade balance

Imports. In January-March 2017, Latin America imported 5.6 Mt of finished steel, 14% more than imported during in the same period of 2016 (4.9 Mt). Of this total, 67% corresponds to flat products (3.7 Mt), 31% for long products (1.7 Mt) and 2% to seamless tubes (134 thousand tons).

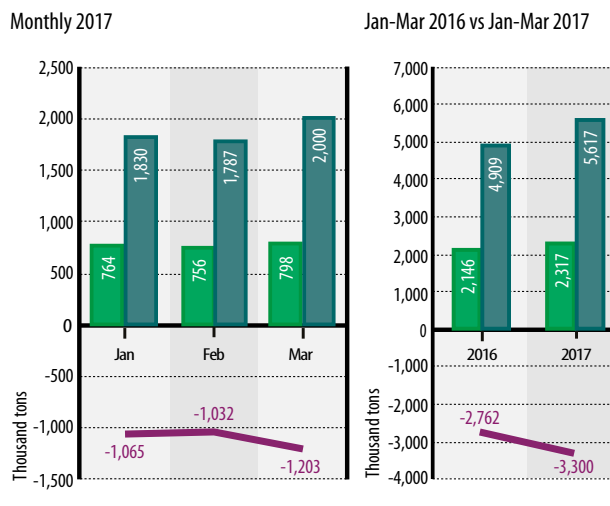
Currently, imports represent 34% of the regional finished steel consumption, which brings about disincentives to the local industry, trade frictions, and threatens jobs.

Exports. Latin American exports of finished steel reached 2.3 Mt, 8% more than January-March 2016 (2.1 Mt). Of this total, 51% are flat products (1.2 Mt), 38% for long products (872 thousand tons) and 11% to seamless tubes (253 thousand tons).

GRAPH 02

LATIN AMERICAN STEEL TRADE

■ Finished steel exports ■ Finished steel imports
■ Trade balance



Source: Alacero

Trade deficit. Between January-March 2017, the region recorded a trade deficit of 3.3 Mt of finished steel. This imbalance is 19% higher than the one observed in January-March 2016 (-2.8 Mt).

Brazil and Argentina were the only countries to maintain a trade surplus of finished steel, 642 thousand tons and 29 thousand tons, respectively. Contrary, the largest deficit was recorded in Mexico (-1.4 Mt), followed by Colombia (-638 thousand tons), Chile (-428 thousand tons) and Peru (-423 thousand tons).

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

Production April 2017 - Advance Information

Advance information for April 2017, indicates that crude steel production reached 5.2 Mt, same level of March 2017 and 17% more than April 2016. The volume during January-April 2017 recorded was 20.5 Mt, 14% more than January-April 2016.

The production of finished steel closed at 4.4 Mt, less 3% than March 2017 and 6% more than April 2016. Between January-April 2017, the finished steel production reached 17.2 Mt, up 4% versus January-April 2016.

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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