Press release

N°2017_19 | Production-Trade

alacero

Latin America showed improvement of steel production and consumption during the 1st semester of 2017

Latin America in January-June 2017:

> 31.6 million tons reached the steel crude production
> 26.2 million tons was the finished steel production
> 33.1 million tons recorded the apparent steel consumption
> 13% increase the total imports of Latin American steel

Alacero - Santiago, Chile, August 22th, 2017. The steel market of Latin America during January-June of this year had a positive result. The crude steel production grew 11% and the finished 4% compared to the same period last year. Meanwhile the steel consumption 4% of expansion.

However, this scenario is affected by steel imports that supplied 33% of Latin-American consumption, increasing three percentage points verus same months of 2016 (30%). For its part , the trade balance of the region remain negative, whose deficit increased 17% vs Jan-Jun 2016.

LATIN AMERICAN STEEL MARKET 2017

Thousand tons, annual variation (%)

	January	February	March	April	May	June	Accumulated
Crude steel production	5,221 ↑ 13%	4,960 ↑ 7%	5,417 ↑ 17%	5,301 ↑ 16%	5,508 ↑ 9%	5,153 ↑ 3%	31,560 ↑ 11%
Finished steel production	4,274 ↑ 4%	4,067 0%	4,508 ↑ 5%	4,426 ↑ 7%	4,454 ↑ 4%	4,429 ↑ 2%	26,158 ↑ 4%
Apparent steel use	5,322 ↑ 1%	5,077 ↑ 3%	5,910 ↑ 7%	5,261 ↓ -2%	5,754 ↑ 9%	5,752 ↑ 8%	33,076 ↑ 4%

↑↓ indicates variation versus same month of the last year

Source: Alacero

Production

Crude steel. The region produced 31.6 million tons (Mt) of crude steel during Jan-Jun 2017, 11% higher than the volume recorded in 1st S 2016 (28.6 Mt). Brazil it is still the main producer in the region with 53% of the regional production (16.7 Mt), increasing 12% versus first six months of 2016.

Finished steel. In the same period, the production of finished steel reached 26.2 Mt, 4% higher than registe-red in Jan-Jun 2016. The main producers were Brasil with 10.9 Mt (accounting for 42% of the Latin American output) and Mexico with 9.4 Mt (with 36% share of regional output).

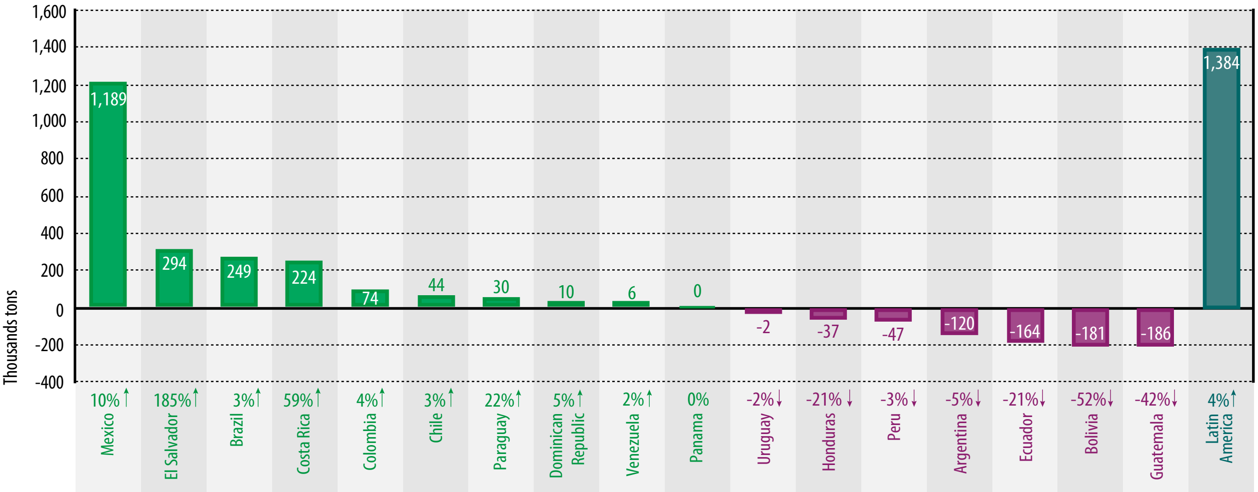
Finished steel consumption

In the 1st S 2017, the region reached 33.1 Mt of finished steel consumption, 4% higher than Jan-Jun 2016 (31.7 Mt). Largest increases in consumption -in absolute and percentage terms- were recorded in Mexico (additional1.2 Mt, an increase of 10%), Colombia (74 thousand tons additional tons, up 4%) and Chile (44 thousand tons additional, up 3%).

GRAPH 01

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

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



Source: Alacero

Conversely, in Argentina finished steel consumption shrank by 120 thousand tons, down 5% vs Jan-Jun 2016. While Bolivia, Ecuador, Guatemala and Honduras recorded declines of 52%, 21%, 42% and 21%, respectively.

From Latin-American`s total steel consumption, 58% corresponds to flat products (19.1 Mt), 41% (13.7 Mt) to long products and 2% to seamless tubes (586 thousand tons).

Trade balance

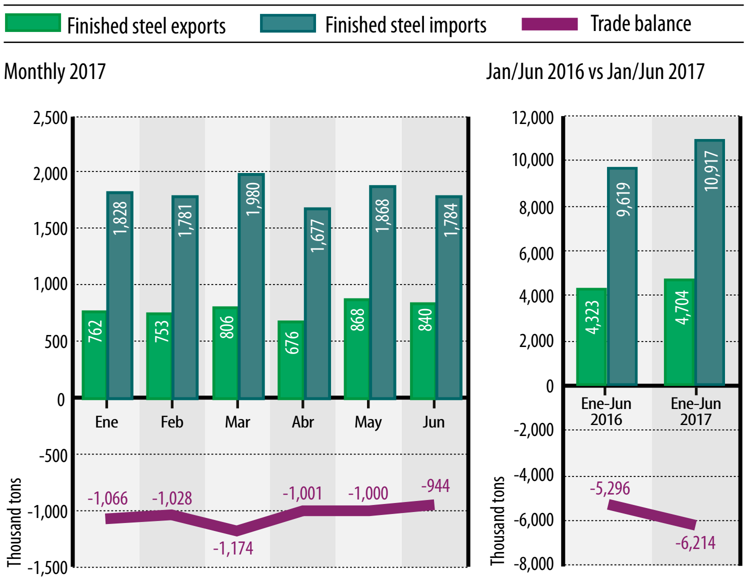
Imports. In Jan-Jun 2017, Latin America imported 10.9 Mt of finished steel, 13% more than imported during the same period of 2016 (9.6 Mt). Of this total, 69% corresponds to flat products (7.5 Mt), 29% for long products (3.1 Mt) and 3% to seamless tubes (286 thousand tons).

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 4.7 Mt, 9% more that Jan-Jun 2016 (4.3 Mt). Of this total, 50% are flat products (2.3 Mt), 40% long products (1.9 Mt) and 10% seamless tubes (475 thousand tons).

GRÁFICO 02

LATIN AMERICAN STEEL TRADE



Source: Alacero

Trade deficit. Between Jan-Jun 2017, the region recorded a finished steel trade deficit of 6.2 Mt. This imbalance is 17% higher than the one observed in Jan-Jun 2016 (-5.3 Mt).

Brazil and Argentina were the only countries to maintain a trade surplus of finished steel, 1.4 Mt and 96 thousand tons, respectively . Contrary, the largest deficit was recorded in Mexico (-2.9 Mt), followed by Colombia (-1.2 Mt), Chile (-838 thousand tons), Peru (-754 thousand tons) and Ecuador (-551 thousand tons).

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

Production July 2017 - Advance Information

Advance information for Jule 2017, indicates that crude steel production reached 5.2 Mt, 2% more than June 2017 and 1% less than July 2016. The volume during Jan-Jul 2017 recorded was 36.8 Mt, 9% more than Jan-Jul 2016 (33.8 Mt).

The production of finished steel closed at 4.5 Mt, 1% more than Jun 2017 and up 1% than July 2016. Between Jan-Jul 2017, the finished steel production reached 30.6 Mt, up 3% versus Jan-Jul 2016 (29.7 Mt).

Glossary

Crude steel: Steel in its most basic form, coming from the continuous casting process, (slap, 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, prepainted, 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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