

Latin America: Finished steel imports grow 15% during January-July 2017

Latin America in January-July 2017:

- > 36.8 million tons reached the steel crude production
- > 30.6 million tons was the finished steel production
- > 38.9 million tons recorded the apparent steel consumption
- > 15% increase the total imports of Latin American steel

Alacero - Santiago, Chile, September 26th, 2017. Latin American figures for the first seven months of 2017 showed an increase of 6% in consumption, meanwhile crude steel production and finished steel production grew 8% and 3% respectively compared to the same period of last year.

However, imports increased by 15%, affecting regional consumption, which is supplied by 33% of these imports, growing three percentage points versus the same months in 2016 (30%). For its part the trade balance of the region remain negative, whose deficit increased 14% vs Jan-Jul 2016.

LATIN AMERICAN STEEL MARKET 2017

Thousand tons, annual variation (%)

| | January | February | March | April | May | June | July | Accumulated |
|---------------------------|----------------|---------------|----------------|----------------|---------------|---------------|----------------|----------------|
| Crude steel production | 5,221 ↑ 12% | 4,960 ↑ 7% | 5,417 ↑ 17% | 5,301 ↑ 16% | 5,508 ↑ 9% | 5,154 ↑ 3% | 5,287 ↑ 0% | 36,847 ↑ 9% |
| Finished steel production | 4,274 ↑ 4% | 4,067 0% | 4,508 ↑ 5% | 4,426 ↑ 7% | 4,454 ↑ 4% | 4,410 ↑ 1% | 4,462 ↑ 1% | 30,601 ↑ 3% |
| Apparent steel use | 5,319 ↑ 1% | 5,077 ↑ 3% | 5,910 ↑ 7% | 5,256 ↓ -2% | 5,751 ↑ 9% | 5,784 ↑ 8% | 5,797 ↑ 13% | 38,893 ↑ 6% |

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

Production

Crude steel. The region produced 36.8 million tons (Mt) of crude steel during Jan-Jul 2017, 9% higher than the volume recorded in Jan-Jul 2016 (33.9 Mt). Brazil it is still the main producer in the region with 53% of the regional production (19.6 Mt), increasing 11% versus first seven months of 2016.

Finished steel. In the same period, the production of finished steel reached to 30.6 Mt, 3% higher than registered in Jan-Jul 2016. The main producers were Brasil with 12.8 Mt (accounting for 42% of the Latin American output) and Mexico with 11.0 Mt (with 36% share of regional output).

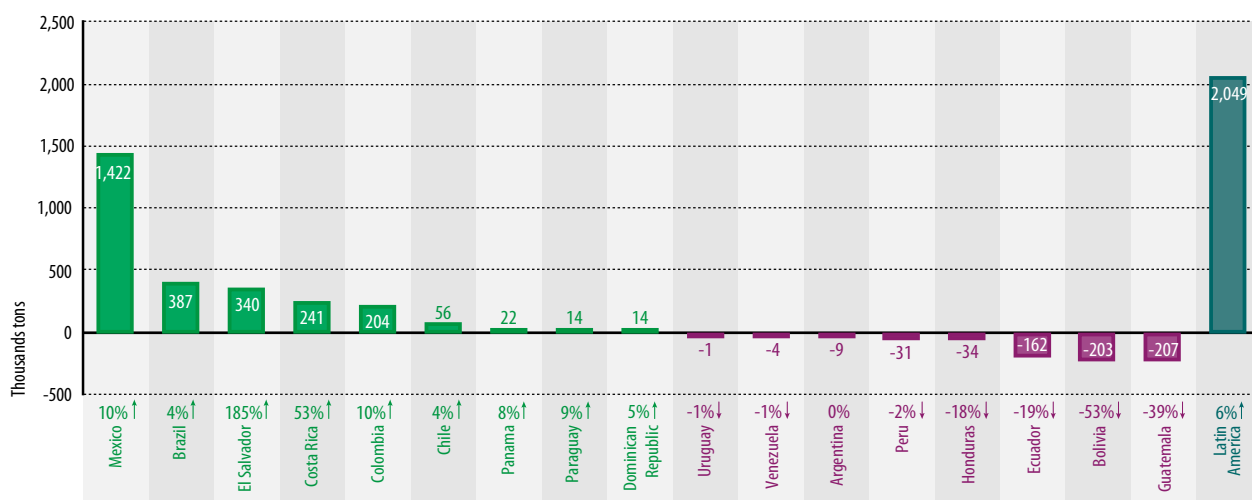
Finished steel consumption

During Jan-Jul 2017, the region reached to 38.9 Mt of finished steel consumption, 6% higher than Jan-Jul 2016 (36.8 Mt). Largest increases in consumption -in absolute and percentage terms- were recorded in Mexico (additional 1.4 Mt, an increase of 10%), Brazil (387 thousand tons additional tons, up 4%), Colombia (204 thousand tons additional tons, up 4%) and Chile (56 thousand tons additional, up 4%).

GRAPH 01

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

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



Source: Alacero

Conversely, in Argentina finished steel consumption shrank by 9 thousand tons, down 0,4% vs Jan-Jul 2016. While Bolivia, Ecuador, Guatemala and Honduras recorded declines of 53%, 19%, 39% and 18%, respectively.

From Latin-American's total steel consumption, 58% corresponds to flat products (22.5 Mt), 40% (15.9 Mt) to long products and 2% to seamless tubes (708 thousand tons).

Trade balance

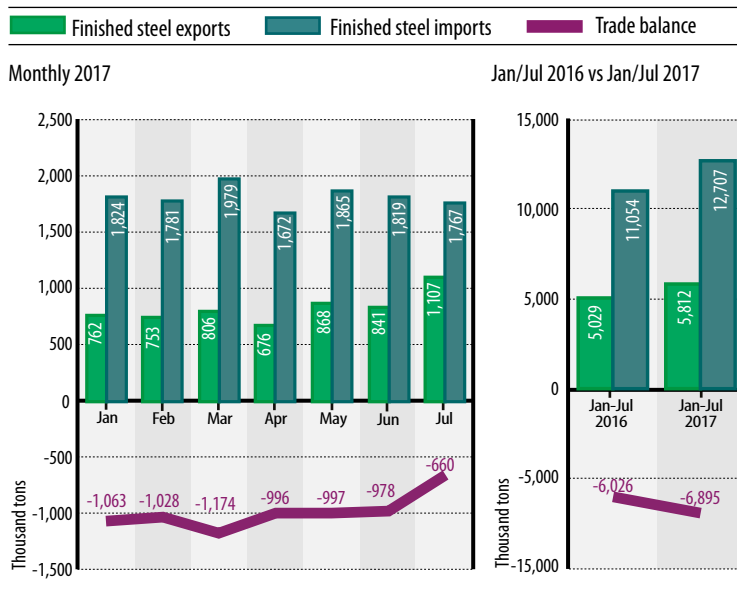
Imports. In Jan-Jul 2017, Latin America imported 12.7 Mt of finished steel, 15% more than imported during the same period of 2016 (11.0 Mt). Of this total, 69% corresponds to flat products (8.8 Mt), 28% for long products (3.6 Mt) and 3% to seamless tubes (334 thousand tons).

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 to 5.8 Mt, 16% more than Jan-Jul 2016 (5.0 Mt). Of this total, 46% are flat products (2.7 Mt), 38% long products (2.2 Mt) and 16% seamless tubes (951 thousand tons).

GRÁFICO 02

LATIN AMERICAN STEEL TRADE



Source: Alacero

Trade deficit. Between Jan-Jul 2017, the region recorded a finished steel trade deficit of 6.9 Mt. This imbalance is 14% higher than the one observed in Jan-Jul 2016 (-6.0 Mt).

Brazil and Argentina were the only countries to maintain a trade surplus of finished steel, 1.6 Mt and 96 thousand tons, respectively. Contrary, the largest deficit was recorded in Mexico (-2.9 Mt), followed by Colombia (-1.4 Mt), Chile (-946 thousand tons) and Peru (-892 thousand tons).

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

Production August 2017 - Advance Information

Advance information for August 2017, indicates that crude steel production reached 5.4 Mt, 3% more than July 2017 and same volume of August 2016. The volume during Jan-Aug 2017 recorded was 42.3 Mt, 8% more than Jan-Aug 2016 (39.3 Mt).

The production of finished steel closed at 4.5 Mt, 2% more than Jul 2017 and up 6% versus August 2016. Between Jan-Jul 2017, the finished steel production reached to 35.1 Mt, up 3% versus Jan-Aug 2016 (34.0 Mt).

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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