

The Latin American steel market, with data to November, shows a positive performance

January-November 2017:

- 58.8 million tons reached the steel crude production
- 48.6 million tons was the finished steel production
- 60.7 million tons recorded the apparent steel consumption
- 6% and 11% grow the steel imports and 11 exports, respectively

Alacero - Santiago, Chile, January 23th, 2018. The steel market in Latin America and the Caribbean between January-November 2017, presented an increase of 3% in the steel consumption, meanwhile the steel crude and finished production grew 7% and 3%, respectively versus same period of 2016, reflecting the global and regional improved economic conditions.

Likewise, the imports grew up 6%, supplying 32% of the regional consumption and growing one percentage point above Jan-Nov 2016 (31%). The accumulated exports during 2017 exceed in 11% the same period of 2016. For their part, the trade balance of the region remain negative, whose deficit increased 3% vs Jan-Nov 2016.

LATIN AMERICAN STEEL MARKET 2017

Thousand tons, annual variation (%)

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Acumulated
Crude steel production	5.221 ↑ 12%	4.960 ↑ 7%	5.417 ↑ 17%	5.297 ↑ 16%	5.523 ↑ 9%	5.150 ↑ 2%	5.389 ↑ 2%	5.428 0%	5.429 ↑ 6%	5.490 0%	5.446 ↑ 7%	58.750 ↑ 7%
Finished steel production	4.274 ↑ 4%	4.067 0%	4.508 ↑ 5%	4.508 ↑ 5%	4.455 ↑ 4%	4.397 ↑ 1%	4.434 0%	4.516 ↑ 5%	4.397 ↑ 4%	4.543 0%	4.548 ↑ 6%	48.568 ↑ 3%
Apparent steel use	5.397 ↑ 3%	4.921 0%	5.930 ↑ 7%	5.258 ↓ -2%	5.764 ↑ 9%	5.781 ↑ 8%	5.592 ↑ 9%	5.758 ↑ 6%	5.602 ↑ 3%	5.398 ↓ -2%	5.282 ↓ -4%	60.683 ↑ 3%

↑↓ indicates variation versus same month of the last year

Source: Alacero

Production

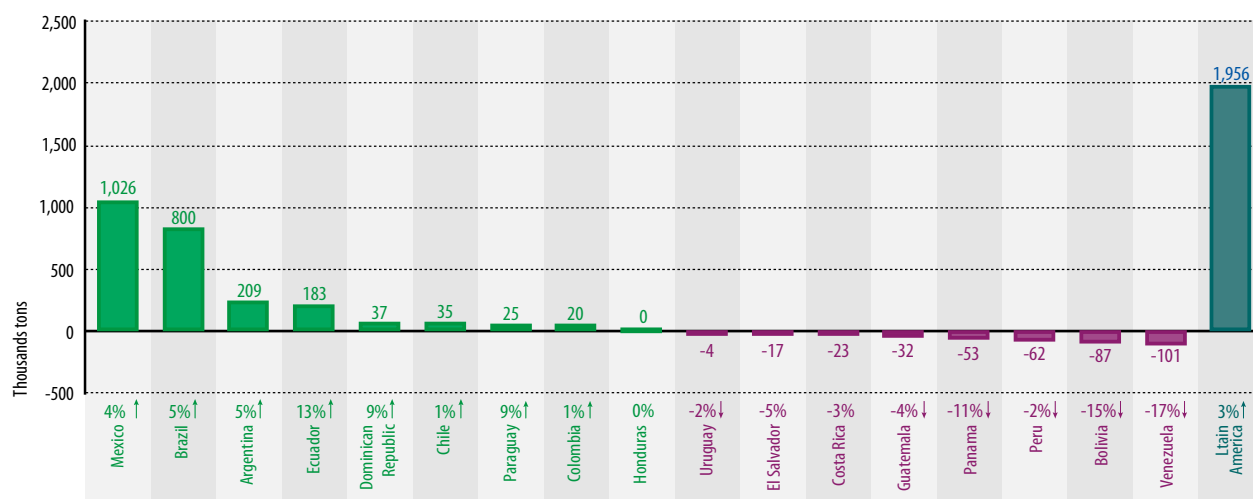
Crude steel. Latin American recored 58.8 million tons (Mt) of crude steel between Jan-Nov 2017, 7% higher than the volume in the same period of 2016 (55.1 Mt). Brazil remains as main producer in the region with 54% of the regional production (31.5 Mt), increasing 9% versus first eleven months of 2016.

Finished steel. In Jan-Nov 2017, the region produced 48.6 Mt of finished steel, 3% higher than registered in Jan-Nov 2016. The main producers were Brasil with 20.7 Mt (accounting for 43% of the Latin American output) and Mexico with 17.2 Mt (with 35% share of regional output).

GRAPH 01

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

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



Source: Alacero

Finished steel consumption

In the same period, the region reached to 60.7Mt of finished steel consumption, 4% higher than Jan-Nov 2016 (58.7 Mt). Largest increases in consumption -in absolute and percentage terms- were recorded in Mexico (additional 1.0 Mt, an increase of 4%), Brazil (800 thousand additional tons, up 5%), Argentina (209 thousand additional tons, up 5%), Ecuador (183 thousand additional tons, up 13%), Dominican Republic (37 thousand additional tons, up 9%), Chile (35 thousand additional tons, up 1%), Paraguay (25 thousand additional tons, up 9%) and Colombia (20 thousand additional tons, up 1%).

Conversely, in the same period Venezuela, Bolivia and Panama recorded declines of 17%, 15% and 11%, respectively.

From Latin-America`s total steel consumption, 57% corresponds to flat products (34.6 Mt), 41% (24.9 Mt) to long products and 2% to seamless tubes (1.2 Mt).

Trade balance

Imports. In Jan-Nov 2017, Latin America imported 19.2 Mt of finished steel, 6% more than imported during the same period of 2016 (18 Mt). Of this total, 70% corresponds to flat products (13.5 Mt), 27% for long products (5.2 Mt) and 3% to seamless tubes (514 thousand tons).

Imports represent 32% 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 8.8 Mt, 11% more than Jan-Nov 2016 (8.0 Mt). Of this total, 50% are flat products (4.4 Mt), 41% long products (3.6 Mt) and 9% to seamless tubes (805 thousand tons).

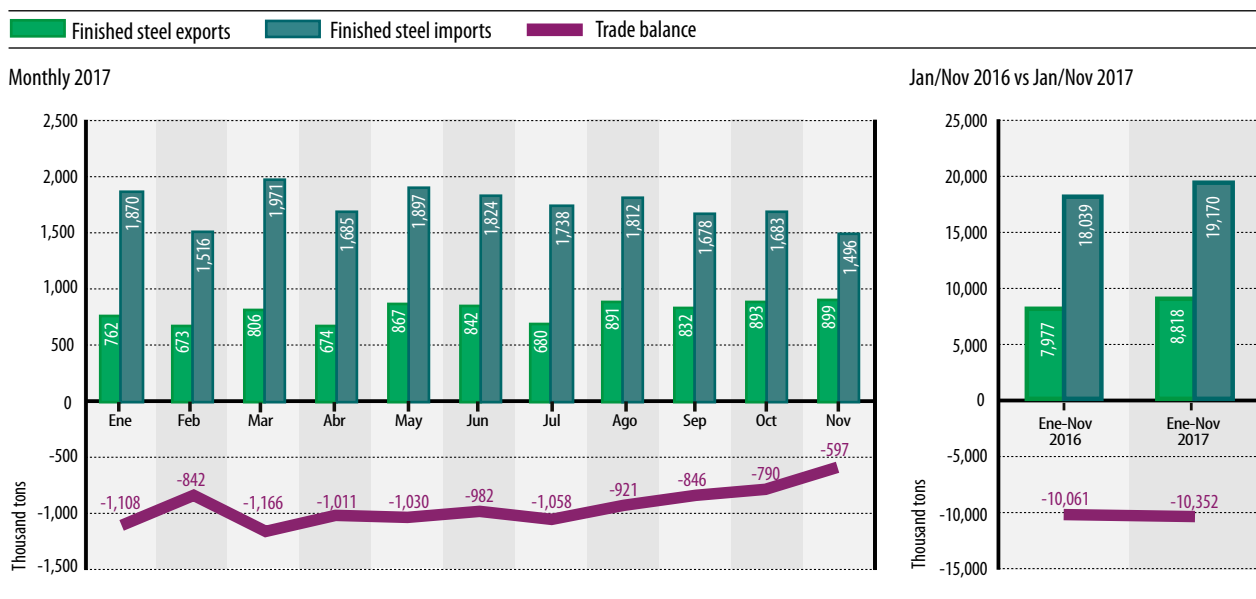
Trade deficit. Between Jan-Nov 2017, the region recorded a finished steel trade deficit of 10.4 Mt. This imbalance is 3% higher than the one observed in Jan-Nov 2016 (-10.1 Mt).

Brazil and Argentina were the only countries to maintain a trade surplus of finished steel, 3.0 Mt and 110 thousand tons, respectively. Contrary, the largest deficit was recorded in Mexico (-4.9 Mt), followed by Colombia (-2.1 Mt), Chile (-1.5 Mt) and Peru (-1.3 Mt).

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

GRAPH 02

LATIN AMERICAN STEEL TRADE



Source: Alacero

Production December 2017 - Advance Information

Advanced information for December 2017, indicates that crude steel production reached to 5.4 Mt, 1% less than November 2017 and 15% higher than December 2016. Cumulatively, the volume recorded during 2017 was 64.1 Mt, 7% more than 2016 (59.7 Mt).

The production of finished steel closed at 4.5 Mt, same level of November 2017 and 20% more than December 2016. Cumulatively in 2017, the finished steel production reached to 53.1 Mt, up 5% versus 2016 (50.8 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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