

Positive closing of the Latin American steel market during 2017

Latin America in 2017:

- 63.9 million tons of crude steel production
- 52.9 million tons of finished steel production
- 67.3 million tons of apparent steel consumption
- 4% increased imports of steel
- 12% increased exports of steel

Alacero - Santiago, Chile, February 22th, 2018. The figures of production, consumption and trade market during 2017, closed with increases compared to the previous year, reflecting the recovery of the Latin American steel industry. The steel consumption rose 4% and the steel crude and finished production grew 7% and 4%, respectively versus 2016.

The regional consumption is supplied by 30% of steel imports, growing one percentage point above 2016 (31%). The trade balance of the region remain negative, despite during 2017 the deficit in tons decreased 2% vs 2016.

LATIN AMERICAN STEEL MARKET 2017

Thousand tons, annual variation (%)

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Accumulated
Crude steel production	5,221 ↑ 12%	4,960 ↑ 7%	5,417 ↑ 17%	5,297 ↑ 16%	5,523 ↑ 9%	5,147 ↑ 2%	5,389 ↑ 2%	5,428 0%	5,429 ↑ 6%	5,500 0%	5,447 ↑ 7%	5,189 ↑ 11%	63,947 ↑ 7%
Finished steel production	4,274 ↑ 4%	4,067 0%	4,508 ↑ 5%	4,429 ↑ 7%	4,455 ↑ 4%	4,389 ↑ 1%	4,434 0%	4,516 ↑ 5%	4,389 ↑ 4%	4,549 0%	4,543 ↑ 6%	4,324 ↑ 14%	52,877 ↑ 4%
Apparent steel use	5,397 ↑ 3%	4,921 0%	5,930 ↑ 7%	5,258 ↓ -2%	5,764 ↑ 9%	5,773 ↑ 8%	5,592 ↑ 9%	5,758 ↑ 6%	5,602 ↑ 3%	5,402 ↓ -2%	5,167 ↓ -6%	5,407 ↑ 7%	67,332 ↑ 4%

↑↓ indicates variation versus same month of the last year

Source: Alacero

Production

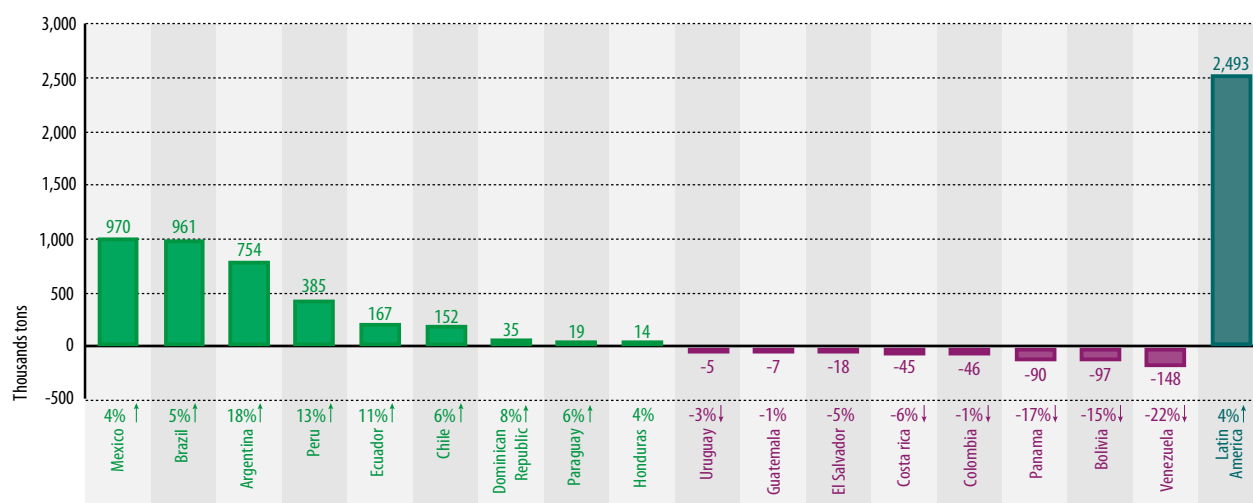
Crude steel. Latin American and the Caribbean recored 63.9 million tons (Mt) of crude steel in 2017, 7% higher than 2016. Brazil remains as the main producer in the region with 54% of the regional production (34.4 Mt), presenting an annual growth of 10%.

Finished steel. The region produced 52.9 Mt of finished steel, 4% higher than registered in 2016. Brazil is the main producer with 22.4 Mt, 42% of Latin American output. Mexico was the second with 18.7 Mt, with 35%.

GRAPH 01

ANNUAL VARIATION OF FINISHED STEEL USE (2017 VS 2016)

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



Source: Alacero

Finished steel consumption

During 2017, the region reached 67.3 Mt of finished steel consumption, 4% higher versus 2016 (58.7 Mt). Largest increases in consumption -in absolute and percentage terms- were recorded in Mexico (additional 970 thousand additional, an increase of 4%), Brazil (961 thousand additional tons, up 5%), Argentina (754 thousand additional tons, up 18%) and Peru (385 thousand additional tons, up 13%).

Conversely, in the same period Venezuela, Panama and Bolivia recorded declines of 22%, 17% and 15%, respectively.

From Latin-America's total steel consumption, 57% corresponds to flat products (37.3 Mt), 41% (26.8 Mt) to long products and 1% to seamless tubes (1.3 Mt).

Trade balance

Imports. In 2017, Latin America imported 20.6 Mt of finished steel, 4% more than imported in 2016 (19.8 Mt). Of this total, 70% corresponds to flat products (14.4 Mt), 27% long products (5.6 Mt) and 3% to seamless tubes (548 thousand tons).

Imports represent 30% 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 9.8 Mt, 12% more than 2016 (8.7 Mt). Of this total, 50% are flat products (4.9 Mt), 41% long products (4.0 Mt) and 9% to seamless tubes (882 thousand tons).

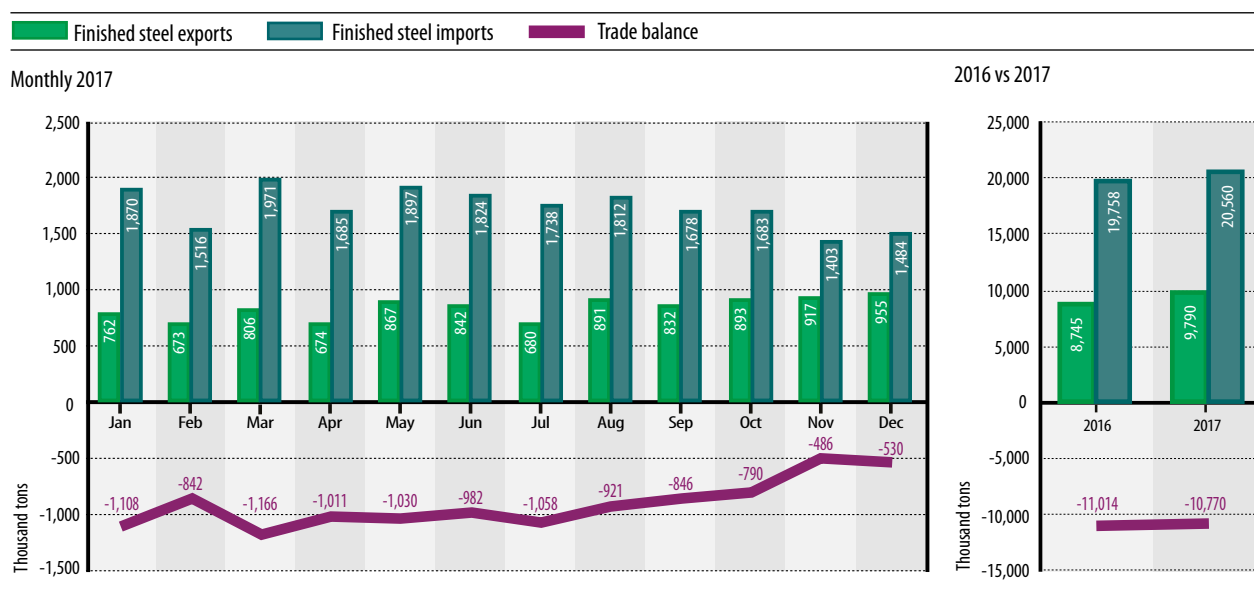
Trade deficit. During 2017, the region recorded a finished steel trade deficit of 10.8 Mt. This imbalance is 2% lower than the one observed in 2016 (11.0 Mt).

During the year, Brazil and Argentina were the only countries to maintain a trade surplus of finished steel, 3.5 Mt and 145 thousand tons, respectively. Contrary, the largest deficit was recorded in Mexico (-5.3 Mt), followed by Colombia (-2.1 Mt), Chile (-1.6 Mt) and Peru (-1.4 Mt).

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

GRAPH 02

LATIN AMERICAN STEEL TRADE



Source: Alacero

Production January 2018 - Advance Information

Advanced information for January 2018, indicates that crude steel production reached to 5.4 Mt, 5% more than December 2017 and 4% higher than January 2017.

The production of finished steel closed at 4.4 Mt, 3% more than December 2017 and 4% higher than January 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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