

Latin America: Production and finished steel demand grows 4% in January 2018

Latin America in January 2018:

- 5.3 million tons reached the steel crude production
- 4.4 million tons was the finished steel production
- 5.6 million tons recorded the apparent steel consumption
- Imports fell 6%. Exports grow 3%

Alacero - Santiago, Chile, March 23rd, 2018. Latin American figures for January 2018 showed an increase of 4% in consumption, meanwhile crude steel production and finished steel production grew 2% and 4% respectively compared to the same period of last year. Evidencing better global and regional economic conditions.

Although, imports fell 6%, regional consumption is supplied by 32% of these imports (vs. 36% in January 2017). Exports are 3% higher than last year. For its part, regional trade balance remain negative, even though diminished 13%.

LATIN AMERICAN STEEL MARKET 2017/2018

Thousand tons, annual variation (%)

	Oct 2017	Nov 2017	Dec 2017	Accumulated 2017	Jan 2018
Crude steel production	5,500 0%	5,447↑ 7%	5,189↑ 11%	63,947↑ 7%	5,341↑ 2%
Finished steel production	4,549 0%	4,544↑ 6%	4,330↑ 15%	52,877↑ 4%	4,447↑ 4%
Apparent steel use	5,511 0%	5,212↓ -6%	5,409↑ 7%	67,332↑ 4%	5,618↑ 4%

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

Production

Crude steel. The region produced 5.3 million tons (Mt) of crude steel during January 2018, 2% higher than the volume recorded in the same period of 2017 (5.2 Mt). Brazil is still the main producer in the region with 54% of the regional production (2.9 Mt), increasing 1% versus January 2017.

Finished steel. Finished steel production reached to 4.4 Mt, 4% higher than registered in January 2017. The main producers were Brazil with 1.9 Mt (accounting for 42% of the Latin American output) and Mexico with 1.6 Mt (with 35% share of regional output).

Finished steel consumption

In the first month of the year, the region reached to 5.6 Mt of finished steel consumption, 4% higher than January 2017 (5.4 Mt).

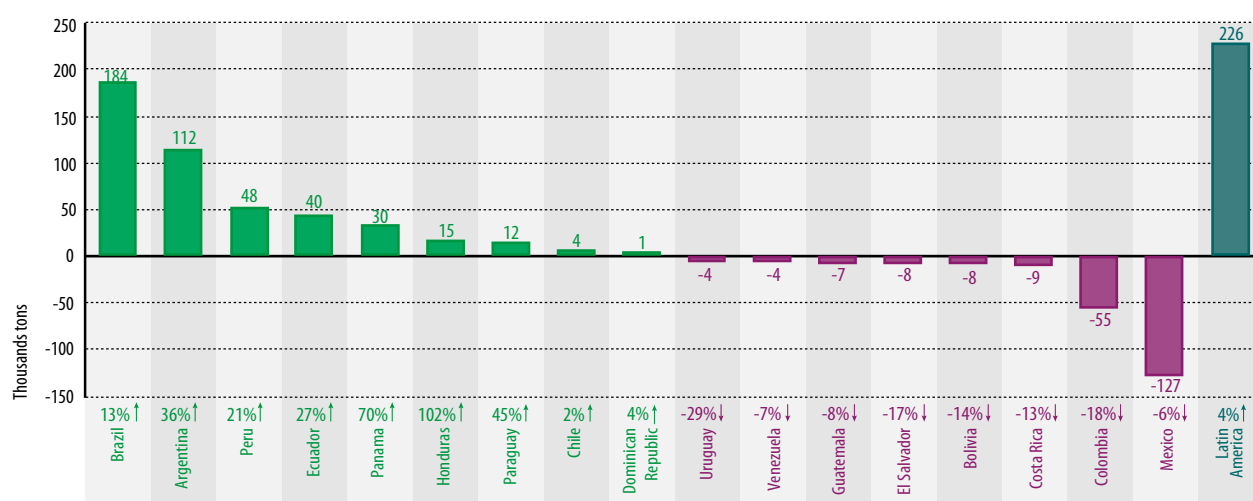
Largest increases in consumption -in absolute and percentage terms- were recorded in Brazil (additional 184 thousand tons, an increase of 13%), Argentina (112 thousand tons additional tons, up 36%), and Peru (48 thousand tons additional tons, up 21%).

Conversely, in the same period Uruguay, Colombia and El Salvador recorded declines of 29%, 18% and 17%, respectively.

GRAPH 01

ANNUAL VARIATION OF FINISHED STEEL USE (JAN 2018 VS JAN 2017)

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



Source: Alacero

From Latin American's total steel consumption, 58% corresponds to flat products (3.3 Mt), 41% (2.3 Mt) to long products and 1% to seamless tubes (56 thousand tons).

Trade balance

Imports. In January 2017, Latin America imported 1.8 Mt of finished steel, 6% less than imported during the same period of 2017 (1.9 Mt). Of this total, 68% corresponds to flat products (1.2 Mt), 30% to long products (530 thousand tons) and 2% to seamless tubes (44 thousand tons).

Currently, 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 829 thousand tons, 3% more than January 2017 (806 thousand tons). Of this total, 46% are flat products (378 thousand tons), 41% long products (341 thousand tons) and 13% to seamless tubes (44 thousand tons).

Trade deficit. In January 2018, the region recorded a finished steel trade deficit of 970 thousand tons. This imbalance is 13% lower than the one observed in January 2017 (-1.1 Mt).

Brazil was the only country to maintain a trade surplus of finished steel (288 thousand tons). Contrary, the largest deficit was recorded in Mexico (-400 thousand tons), followed by Peru (-141 thousand tons), Chile (-133 thousand tons), Colombia (-123 thousand tons) and Ecuador (-123 thousand tons).

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

Production February 2018 - Advance Information

Advance information for February 2018, indicates that crude steel production reached to 5.3 Mt, 1% lower than January 2018 and 7% higher than February 2017. The volume recorded during Jan-Feb 2018 was 10.6 Mt, 4% more than Jan-Feb 2017 (10.2 Mt).

The production of finished steel closed at 4.4 Mt, 2% less than January 2018 and up 8% versus February 2017. Between Jan-Feb 2018, the finished steel production reached to 8.8 Mt, up 6% versus Jan-Feb 2017 (8.3 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

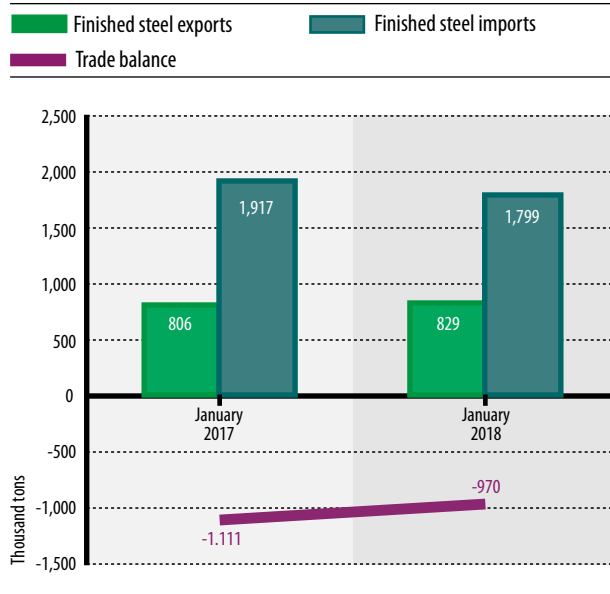
Alacero –the Latin American Steel Association– is the organization that brings together the Steel Value Chain of Latin America to promote the values of regional integration, technological innovation, corporate responsibility, excellence in human resources, safe working environments, and social and environmental 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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GRÁFICO 02

LATIN AMERICAN STEEL TRADE



Source: Alacero