

Latin America: Consumption and production of finished steel grows 3% and 7% respectively, in the first quarter of the year

Latin America in January-March 2018:

- 16.4 million tons reached the steel crude production
- 13.8 million tons was the finished steel production
- 18.6 million tons recorded the apparent steel consumption
- Imports fell 6%. Exports grow 9%

Alacero - Santiago, Chile, May 24th, 2018. The Latin American steel industry maintains a positive performance during the period January-March 2018 where the consumption of finished steel grew 3%, meanwhile crude steel production and finished steel production grew 5% and 7% respectively, reflecting the best global and regional economic conditions.

Although, imports fell 6%, regional consumption is supplied by 31% of these imports. Exports are 9% higher than Jan-Mar 2017. For its part, regional trade balance remain negative, even though diminished 18%.

LATIN AMERICAN STEEL MARKET 2018

Thousand tons, annual variation (%)

	January	February	March	Accumulated
Crude steel production	5,345 ↑ 2%	5,210 ↑ 5%	5,829 ↑ 8%	16,384 ↑ 5%
Finished steel production	4,448 ↑ 4%	4,392 ↑ 8%	4,922 ↑ 9%	13,762 ↑ 7%
Apparent steel use	5,676 ↑ 4%	5,218 ↑ 5%	5,929 ↓ -1%	16,823 ↑ 3%

↑↓ indicates variation versus same month of the last year

Source: Alacero

Production

Crude steel. The region produced 16.4 million tons (Mt) of crude steel during January-March 2018, 5% higher than the volume recorded in the same period of 2017 (15.6 Mt). Brazil it is still the main producer in the region with 53% of the regional production (8.6 Mt), increasing 5% versus January-March 2017.

Finished steel. Finished steel production reached to 13.8Mt, 7% higher than registered in January-March 2017. The main producers were Brazil with 5.8 Mt (accounting for 42% of the Latin American output) and Mexico with 4.9 Mt (with 35% share of regional output).

Finished steel consumption

In the first three months of the year, the region reached to 16.8 Mt of finished steel consumption, 3% higher than January-March 2017 (5.4 Mt). Largest increases in consumption -in absolute and percentage terms, were recorded in Brazil (additional 439 thousand tons, an increase of 10%), Argentina (351 thousand tons additional tons, up 33%), and Panama (34 thousand tons additional tons, up 42%).

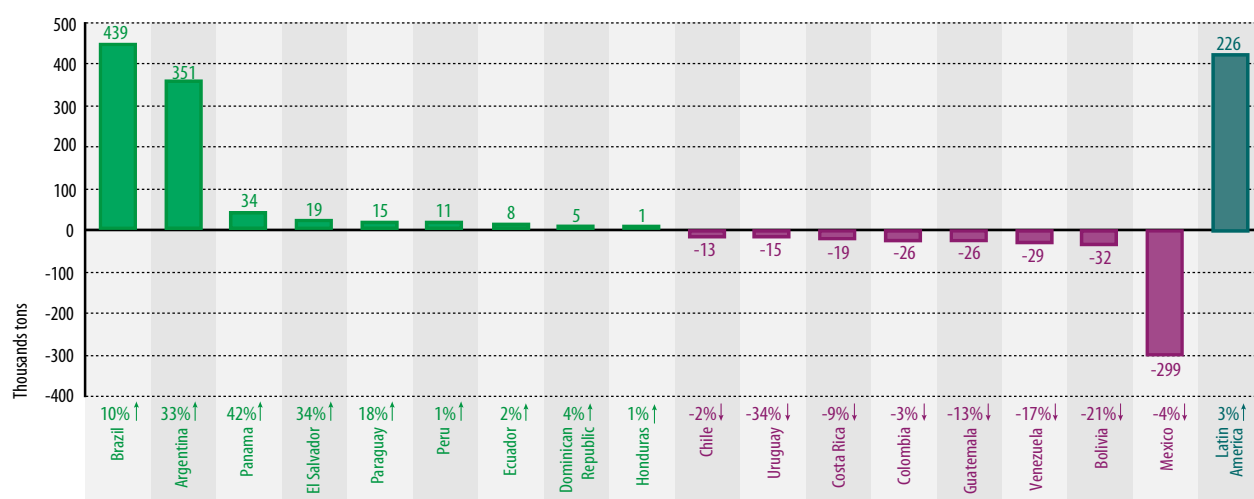
Conversely, in the same period Uruguay, Venezuela and Guatemala recorded declines of 34%, 17% and 13%, respectively.

From Latin-American's total steel consumption, 57% corresponds to flat products (9.5 Mt), 42% (7.1 Mt) to long products and 1% to seamless tubes (224 thousand tons).

GRAPH 01

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

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



Source: Alacero

Trade balance

Imports. In the first quarter of the year, Latin America imported 5.2 Mt of finished steel, 6% less than imported during the same period of 2017 (5.6 Mt). Of this total, 67% corresponds to flat products (3.5 Mt), 30% to long products (1.6 Mt) and 3% to seamless tubes (135 thousand tons).

Currently, imports represent 31% 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 2.5 Mt, 9% more than January-March 2017 (2.3 Mt). Of this total, 46% are flat products (1.2 Mt), 42% long products (1.1 Mt) and 12% to seamless tubes (311 thousand tons).

Trade deficit. In January-March 2018, the region recorded a finished steel trade deficit of 2.7 Mt. This imbalance is 18% lower than the one observed in January-March 2017 (-3.3 Mt).

Brazil was the only country to maintain a trade surplus of finished steel (825 thousand tons). Contrary, the largest deficit was recorded in Mexico (-991 thousand tons), followed by Colombia (-561 thousand tons), Peru (-469 thousand tons), Chile (-391 thousand tons) and Ecuador (-277 thousand tons).

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

Production April 2018 - Advance Information

Advance information for April 2018, indicates that crude steel production reached to 5.6 Mt in the month, 4% lower than March 2018 and 5% higher than April 2017. The volume recorded during Jan-Apr 2018 was 22.0 Mt, 5% more than Jan-Apr 2017 (20.9 Mt).

The production of finished steel closed at 4.6 Mt, 6% less than March 2018 and up 5% versus April 2017. Between Jan-Apr 2018, the finished steel production reached to 18.4 Mt, up 7% versus Jan-Apr 2017 (17.3 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.

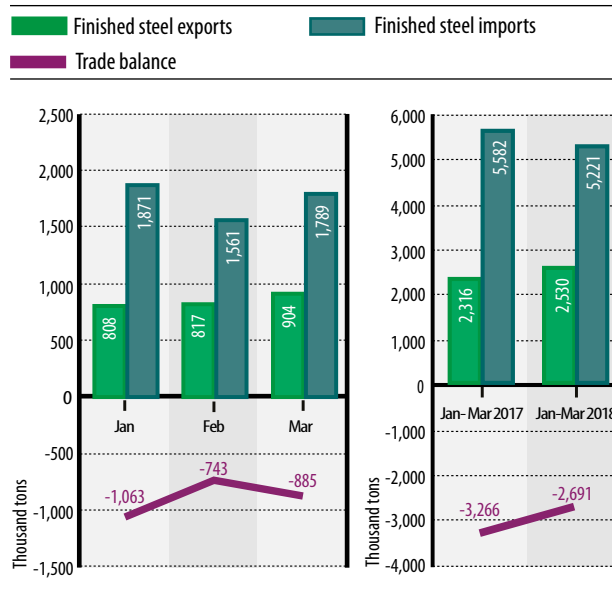
Ton: A unit of weight or volume of sea cargo, equal to a metric ton (1,000 kg).

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 45 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.

GRÁFICO 02

LATIN AMERICAN STEEL TRADE



Source: Alacero