Latin America: Consumption of finished steel grows 3% in Jan-Apr 2018, reaching 22.4 million tons

Latin America in January-April 2018:

- 22.0 million tons reached the steel crude production
- 18.5 million tons was the finished steel production
- 22.4 million tons recorded the apparent steel consumption
- Imports fell 18%. Exports grow 12%

Alacero - June 26th, 2018. The steel market in Latin America and the Caribbean between January-April 2018, presented an increase of 3% in the steel consumption, meanwhile the steel crude and finished production grew 5% and 7%, respectively versus same period of 2017, reflecting the global and regional improved economic conditions.

Although, imports fell 18%, regional consumption is supplied by 31% of these imports. Exports are 12% higher than Jan-Apr 2017. For its part, regional trade balance remain negative, even though it diminished 34%.

LATIN AMERICAN STEEL MARKET 2018
Thousand tons, annual variation (%)

	January	February	March	April	Accumulated
Crude steel production	5,345 ↑ 2%	5,210 ↑ 5%	5,829 ↑ 8%	5,593 ↑ 6%	21,977 ↑ 5%
Finished steel production	4,469 ↑ 5%	4,393 ↑ 8%	4,922 ↑ 9%	4,703 ↑ 6%	18,487 ↑ 7%
Apparent steel use	5,602 ↑ 3%	5,175 ↑ 4%	5,877 ↓ -2%	5,786 ↑ 7%	22,439 ↑ 3%

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

Production

Crude steel. The region produced 22.0 million tons (Mt) of crude steel during Jan-Apr 2018, 5% higher than the volume recorded in the same period of 2017 (20.9 Mt). Brazil it is still the main producer in the region with 52% of the regional production (11.6 Mt), increasing 4% versus Jan-Apr 2017.

Finished steel. Finished steel production reached to 18.5 Mt, 7% higher than registered in Jan-Apr 2017. The main producers were Brazil with 7.8 Mt (accounting for 42% of the Latin American output) and Mexico with 6.6 Mt (with 36% share of regional output).

Finished steel consumption

In the first third months of the year, the region reached to 22.4 Mt of finished steel consumption, 3% higher than Jan-Apr 2017 (21.8 Mt). Largest increases in consumption, in absolute and percentage terms, were recorded in Brazil (additional 782 thousand tons, an increase of 13%), Argentina (395 thousand tons additional tons, up 27%), and Panama (53 thousand tons additional tons, up 51%).

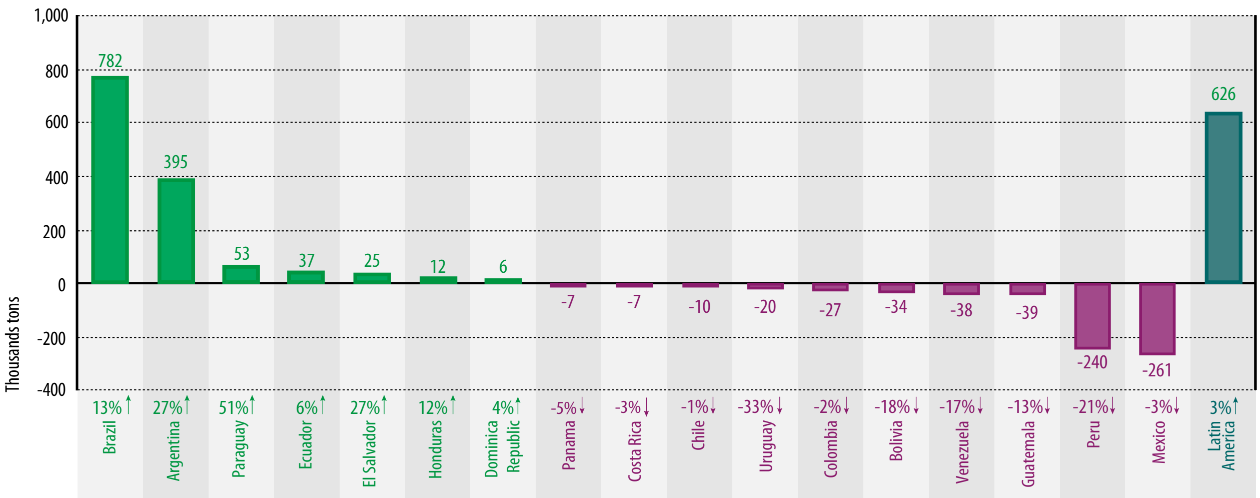
Conversely, in the same period Uruguay, Peru and Bolivia recorded declines of 33%, 21% and 18%, respectively.

From Latin-American`s total steel consumption, 57% corresponds to flat products (12.9 Mt), 41% (9.3 Mt) to long products and 2% to seamless tubes (315 thousand tons).

GRAPH 01

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

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



Source: Alacero

Trade balance

Imports. In Jan-Apr 2018, Latin America imported 6.9 Mt of finished steel, 18% less than imported during the same period of 2017 (8.4 Mt). Of this total, 68% corresponds to flat products (4.7 Mt), 29% to long products (2.0 Mt) and 3% to seamless tubes (182 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 3.4 Mt, 12% more than Jan-Apr 2017 (3.0 Mt). Out of this total, 43% are flat products (1.5 Mt), 44% long products (1.5 Mt) and 13% to seamless tubes (431 thousand tons).

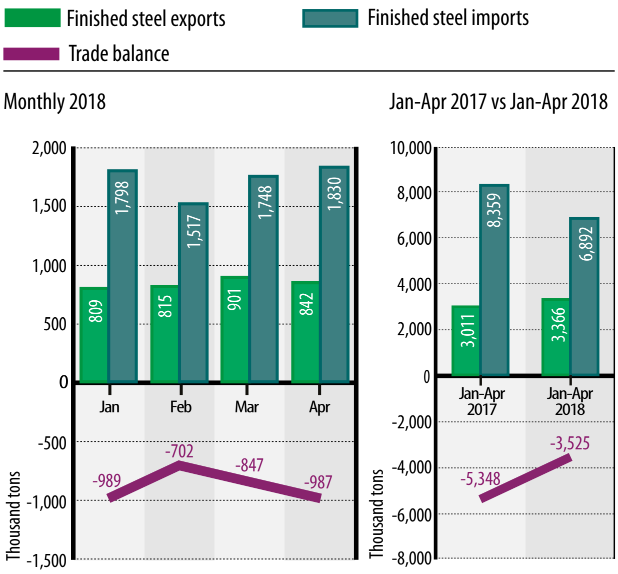
Trade deficit. In Jan-Apr 2018, the region recorded a finished steel trade deficit of 3.5 Mt. This imbalance is 34% lower than the one observed in Jan-Apr 2017 (-5.3 Mt).

Brazil was the only country to maintain a trade surplus of finished steel (1,0 Mt). Contrary, the largest deficit was recorded in Mexico (-1.3 Mt), followed by Colombia (-719 thousand tons), Chile (-529 thousand tons), Peru (-421 thousand tons) and Ecuador (-403 thousand tons).

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

GRAPH 02

LATIN AMERICAN STEEL TRADE



Source: Alacero

Production May 2018 - Advance Information

Advance information for May 2018, indicates that crude steel production reached to 5.3 Mt in the month, 5% less than April 2018 and 4% lower than May 2017. The volume recorded during Jan-May 2018 was 27.3 Mt, 3% more than Jan-May 2017 (26.4 Mt).

The production of finished steel closed at 4.6 Mt, 2% less than April 2018 and up 3% versus May 2017. Between Jan-May 2018, the finished steel production reached to 23.1 Mt, up 6% versus Jan-May 2017 (21.7 Mt).

Glossary

Crude steel: Steel in its most basic form, coming from the continuous casting process, (slap, 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, prepainted, 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.