

Latin America: Steel consumption keeps pace of 2017 during the first half of 2018

Latin America in January-June 2018:

- 32.6 million tons reached the steel crude production
- 27.4 million tons was the finished steel production
- 33.5 million tons recorded the apparent steel consumption
- Imports fell 10% and exports grow 3%

Alacero - September 03rd, 2018. During the first semester of the year, the steel consumption remained similar to the first half of 2017, meanwhile the steel crude and finished production grew 3% and 5%, respectively compared to the same months of 2017.

During January-June 2018, the region decreased its imports by 10%, although the consumption is supplied by 35% of these imports. Exports are 3% higher than the first semester of 2017. For its part, regional trade balance remain negative, even though it diminished 18%.

LATIN AMERICAN STEEL MARKET 2018

Thousand tons, annual variation (%)

	January	February	March	April	May	June	Accumulated
Crude steel production	5,325 ↑ 2%	5,187 ↑ 5%	5,809 ↑ 7%	5,550 ↑ 5%	5,252 ↓ -5%	5,443 ↑ 6%	32,566 ↑ 3%
Finished steel production	4,425 ↑ 4%	4,331 ↑ 7%	4,889 ↑ 8%	4,682 ↑ 6%	4,585 ↑ 3%	4,488 ↑ 2%	27,401 ↑ 5%
Apparent steel use	5,594 ↑ 3%	5,136 ↑ 3%	5,729 ↓ -4%	5,710 ↑ 6%	5,422 ↓ -8%	5,902 ↑ 0%	33,493 ↑ 0%

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

Production

Crude steel. The region produced 32.6 million tons (Mt) of crude steel during Jan-June 2018, 3% higher than the volume recorded in the same period of 2017 (31.6 Mt). Brazil it is still the main producer in the region with 53% of the regional production (17.2 Mt), increasing 3% versus Jan-Jun 2017.

Finished steel. Finished steel production reached 27.4 Mt, 5% higher than registered in Jan-Jun 2017. The main producers were Brazil with 11.6 Mt (accounting for 42% of the Latin American output) and Mexico with 9.9 Mt (with 36% share of regional output).

Finished steel consumption

In the first semester of the year, the region reached 33.5 Mt of finished steel consumption, similar to Jan-Jun 2017 (33.6 Mt). Largest increases in consumption, in absolute and percentage terms, were recorded in Brazil (additional 847 thousand, an increase of 9%), Argentina (353 thousand additional tons, up 15%), and Uruguay (103 thousand additional tons, up 4%).

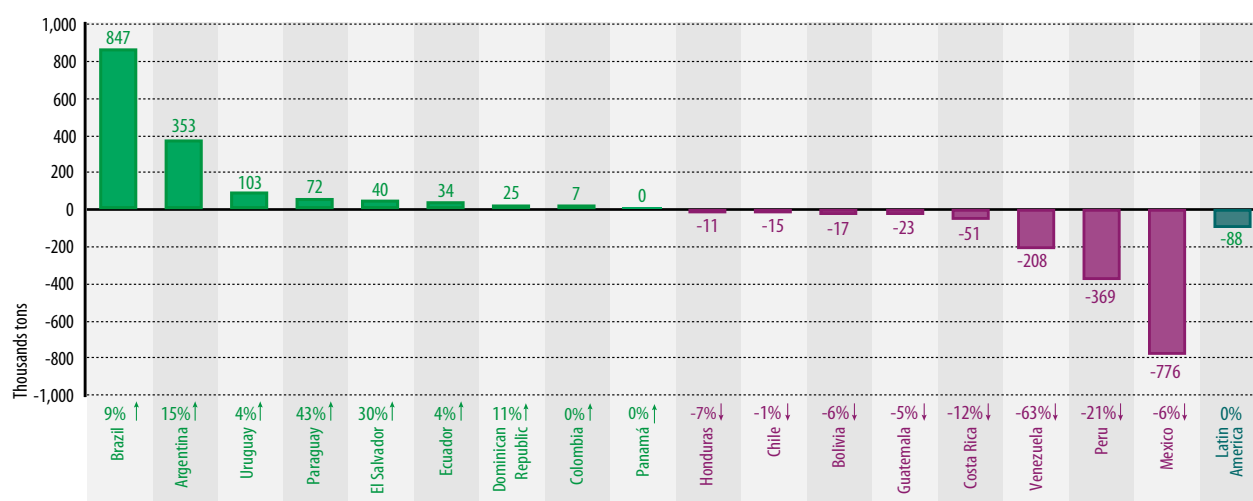
Conversely, in the same period Venezuela, Peru and Honduras recorded declines of 63%, 21% and 7%, respectively.

From Latin-American's total steel consumption, 57% corresponds to flat products (19.3 Mt), 42% (14.0 Mt) to long products and 1% to seamless tubes (461 thousand tons).

GRAPH 01

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

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



Source: Alacero

Trade balance

Imports. In the first half of the year, Latin America imported 11.7 Mt of finished steel, 10% less than imported during the same period of 2017 (13.0 Mt). Of this total, 71% corresponds to flat products (8.3 Mt), 27% to long products (3.2 Mt) and 3% to seamless tubes (298 thousand tons).

Currently, imports represent 35% 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 5.2 Mt, 3% more than Jan-Jun 2017 (5.0 Mt). Out of this total, 44% are flat products (2.3 Mt), 43% long products (2.2 Mt) and 13% seamless tubes (667 thousand tons).

Trade deficit. In Jan-Jun 2018, the region recorded a finished steel trade deficit of 6.6 Mt. This imbalance is 18% lower than the one observed in Jan-Jun 2017 (-8.0 Mt).

Brazil was the only country to maintain a trade surplus of finished steel (1,3 Mt). Contrary, the largest deficit was recorded in Mexico (-3.0 Mt), followed by Colombia (-1.2 Mt), Chile (-822 thousand tons), Peru (-685 thousand tons) and Ecuador (-575 thousand tons).

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

Production July 2018 - Advance Information

Advanced information for July 2018, indicates that crude steel production reached 5.6 Mt in the month, 4% more than June 2018 and 5% higher than July 2017. The volume recorded during the first seven months of 2018 was 38.2 Mt, 3% more than Jan-Jul 2017 (37.0 Mt).

The production of finished steel closed at 4.5 Mt, 3% more than Jun 2018 and up 1% versus July 2017. Between Jan-Jul, the finished steel production reached 32.0 Mt, up 5% versus Jan-Jul 2017 (30.6 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.

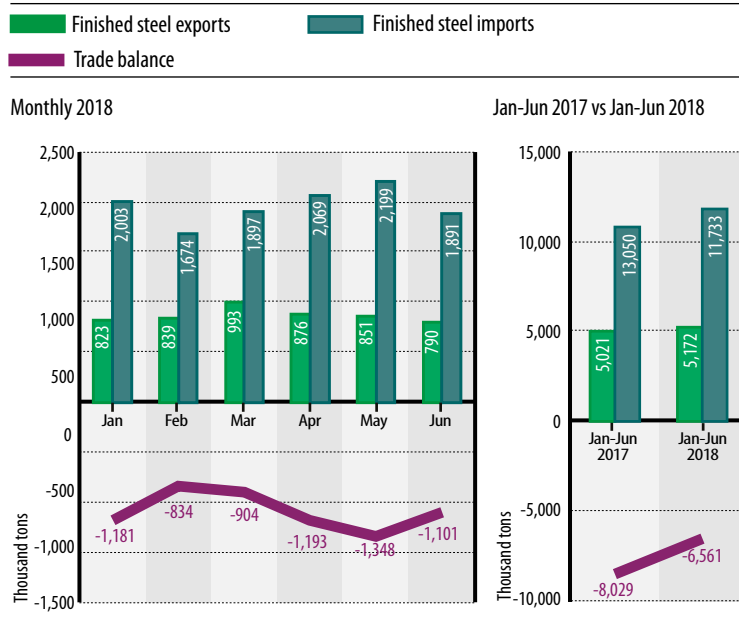
Ton: A unit of weight or volume of sea cargo, equal to a metric ton (1,000 kg).

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.

GRAPH 02

LATIN AMERICAN STEEL TRADE



Source: Alacero