



## **Steel Industry Executive Summary: May 2017**

### **Highlights**

- From February to March 2017, U.S. imports of steel mill products increased 25.6% to 3.1 million metric tons from 2.46 million metric tons.
- In March 2017, steel mill imports from China increased 4.6% to 57.2 thousand metric tons from 54.7 thousand metric tons in January 2017.
- U.S. steel production increased by 10.1% to 7 million metric tons in March 2017 from 6.4 million metric tons in February 2017.

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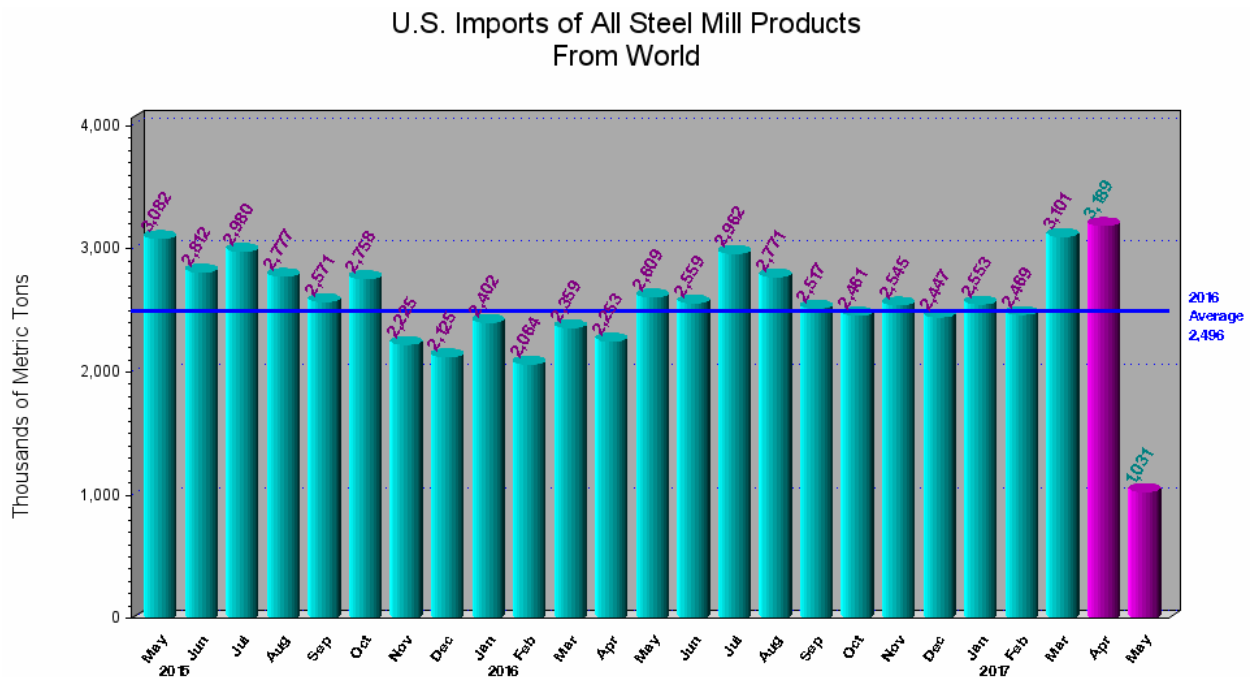
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## Trade – U.S. Imports of Steel Mill Products

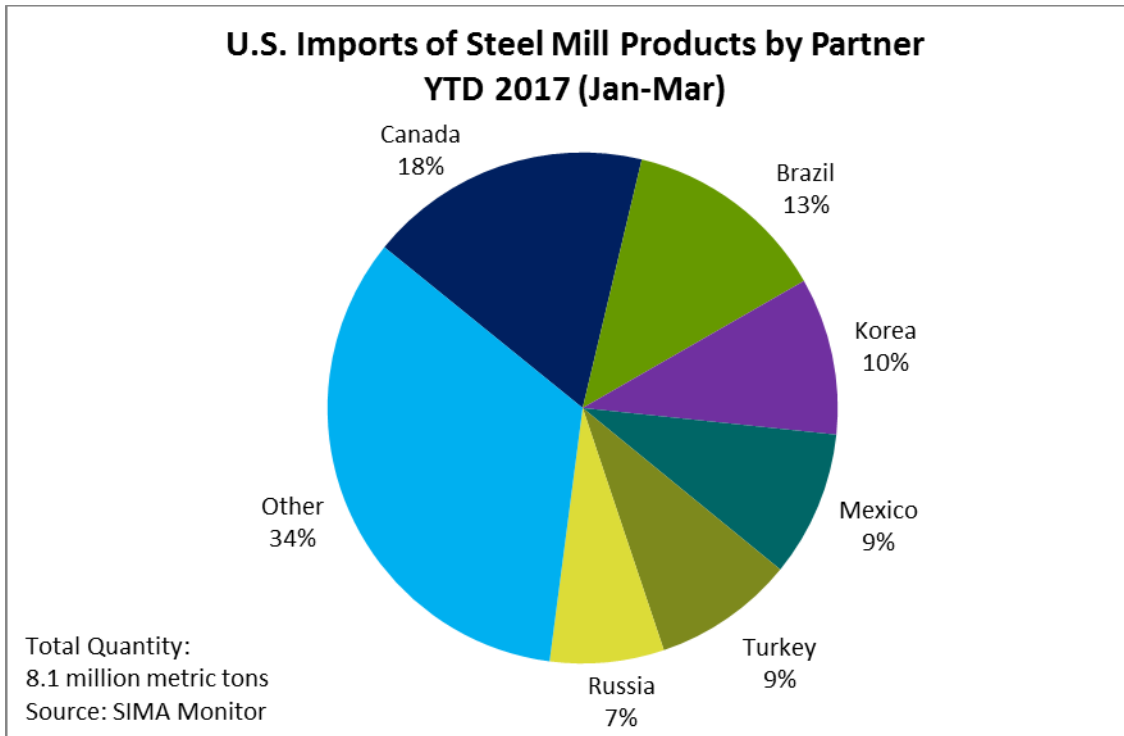
- From February to March 2017, U.S. imports of steel mill products increased 25.6% to 3.1 million metric tons from 2.46 million metric tons.
  - March 2017 steel imports were up 31.5% from one year ago and up 24.2% from the 2016 average monthly volume of 2.5 million metric tons.
  - Steel mill imports in March were down 23% from the most recent high import volume peak of 4 million metric tons in October 2014.
  - April 2017 license data suggest comparable levels in imports from March. *Note: Import license data, indicated in a different color in the graph below, are not official U.S. Census data and reflect a rolling total of licenses received in the most recent two months. These two columns of data use licenses collected through May 9<sup>th</sup> for entries expected in these months and are subject to change.*



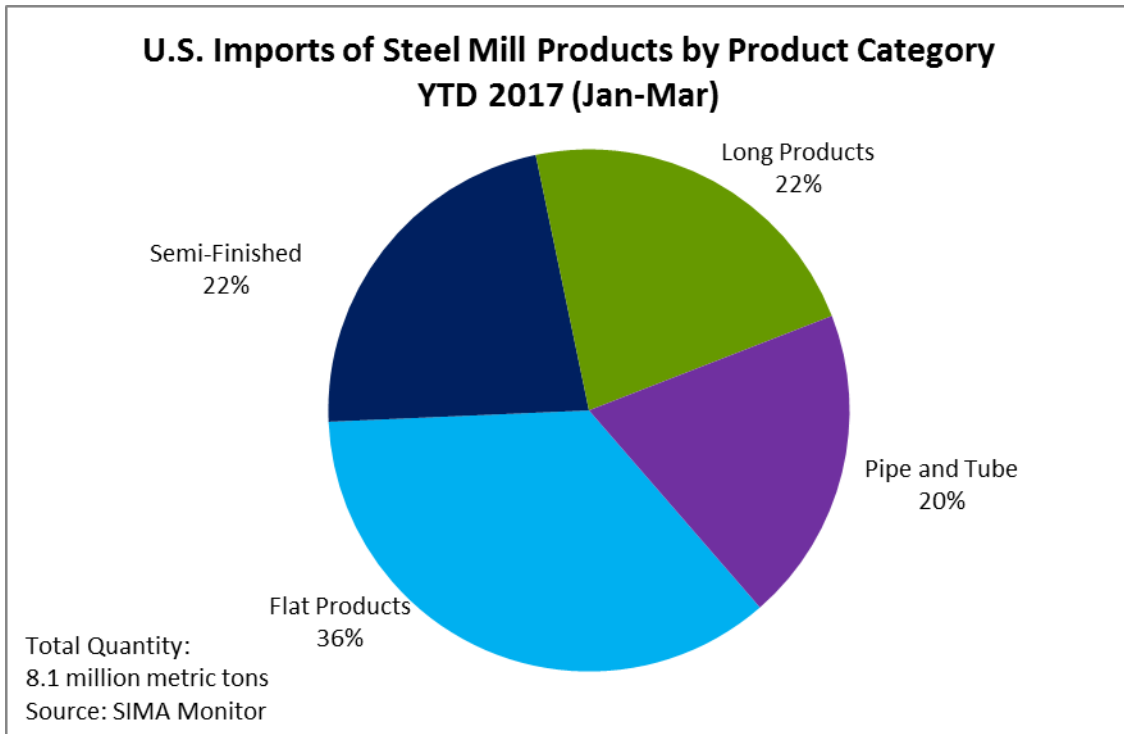
SOURCE: U.S. Department of Commerce, Enforcement and Compliance  
 Graph last modified on : May 9, 2017 with  
 Licensing Data collected through May 9, 2017  
 Commerce license data used for the last months appear in a different color  
 Data extracted from the import licenses are not official Census data

Figure 1 – U.S. Imports of All Steel Mill Products from World

- In YTD 2017, U.S. imports of steel mill products amounted to 8.1 million metric tons, a 19% increase from 6.8 million metric tons in YTD 2016 (through March).
  - In value terms, imports increased slightly more than tonnage, up 22% to \$6.4 million in YTD 2017 from \$5.3 million in YTD 2016.
  - Canada accounted for the largest share of U.S. imports by partner country in YTD 2017 at 18%, followed by Brazil (13%) and Korea (10%).
  - The U.S. imported 2.9 million metric tons of flat products in YTD 2017, accounting for 36% of total steel mill imports, followed by semi-finished steel at 1.8 million metric tons or 22% of total imports.



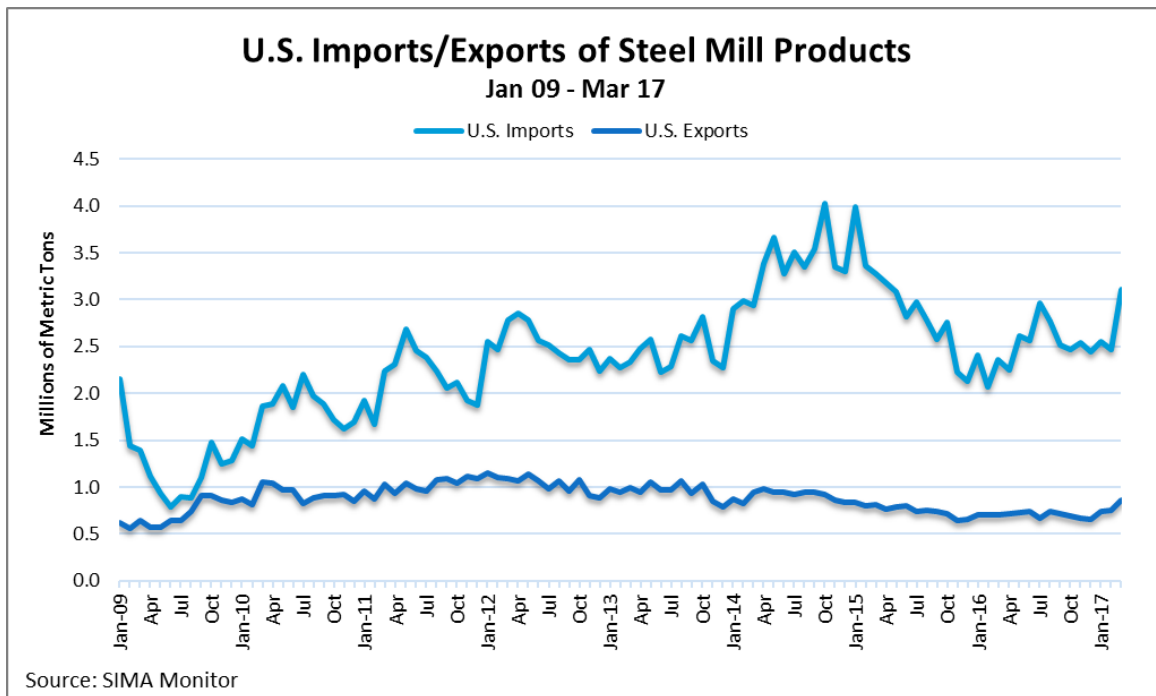
**Figure 2 – U.S. Imports of Steel Mill Products by Partner**



**Figure 3 – U.S. Imports of Steel Mill Products by Product Category**

## **Trade – U.S. Trade Balance in Steel Mill Products**

- U.S. imports of steel mill products have fallen in recent months after growing through the first half of 2016, while exports have remained relatively flat. In March 2017, the steel trade deficit widened to -2.2 million metric tons from -1.7 million metric tons in February 2017, a 30.4% increase.
  - Compared to the trade balance one year ago, the March 2017 steel trade gap has widened by 35.3%.
  - From February to March 2017, the volume of U.S. steel exports increased by 14.6% to 860.6 thousand metric tons. March 2017 exports were up 22.4% from one year ago and down 8.8% from three years ago.
  - Imports increased 25.6% by volume between February and March 2017 to 3.1 million metric tons. March 2017 imports were up 31.5% from one year ago and up 5.7% from three years ago.



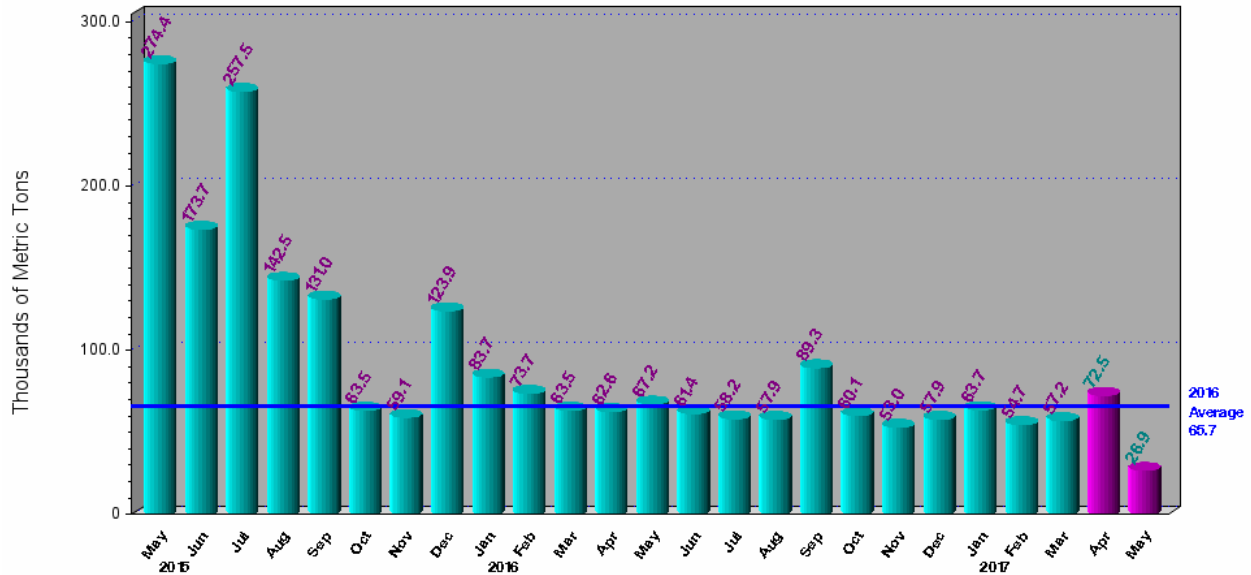
**Figure 4 – U.S. Imports/Exports of Steel Mill Products**

## **Trade – China**

- In March 2017, steel mill imports from China increased 4.6% to 57.2 thousand metric tons from 54.7 thousand metric tons in February 2017.
  - March 2017 imports from China were down 9.9% from one year ago and down 12.9% from the 2016 monthly average of 65.7 thousand metric tons.
  - March 2017 imports from China represented just 1.8% of all U.S. steel mill imports, down from 2.2% in February 2017.
  - *Note: Import license data, indicated in a different color in the graph below, are not official U.S. Census data and reflect a rolling total of licenses received in the most recent two months.*

*These two columns of data use licenses collected through May 9<sup>th</sup> for entries expected in these months and are subject to change.*

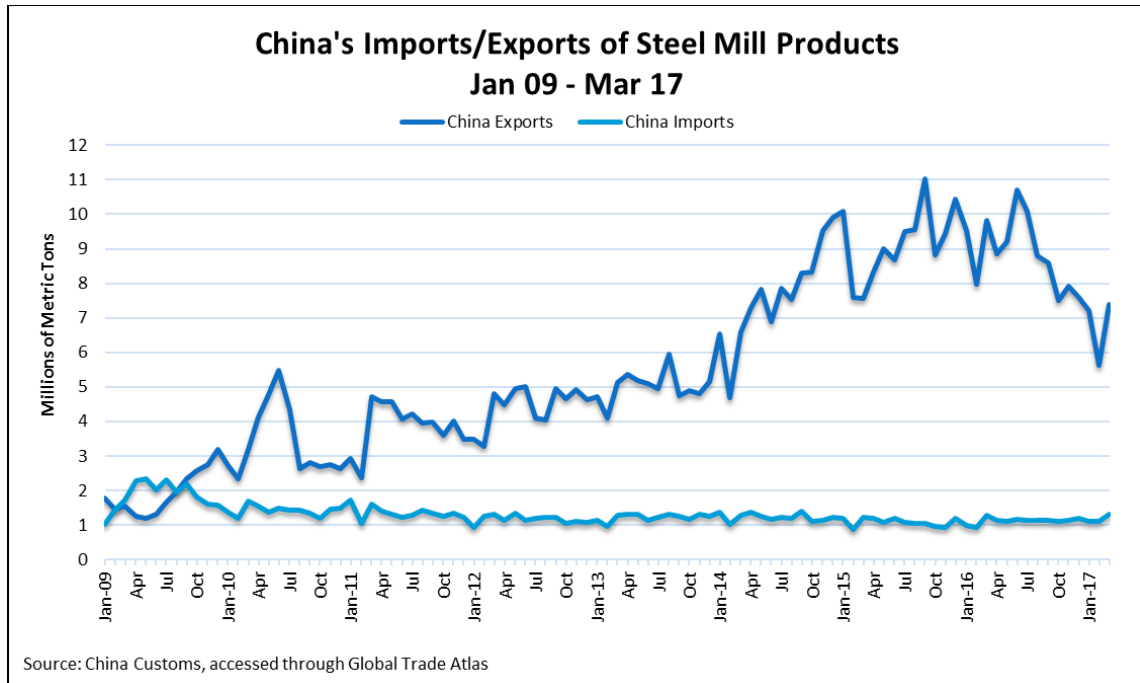
### U.S. Imports of All Steel Mill Products From CHINA



SOURCE: U.S. Department of Commerce, Enforcement and Compliance  
Graph last modified on : May 9, 2017 with  
Licensing Data collected through May 9, 2017  
Commerce license data used for the last months appear in a different color  
Data extracted from the import licenses are not official Census data

**Figure 5 – U.S. Imports of All Steel Mill Products from China**

- China’s steel mill imports and exports both increased between February and March 2017, with China’s steel trade surplus widening by 34.5% to 6.1 million metric tons.
  - In March 2017, Chinese exports increased 31% to 7.4 million metric tons from 5.6 million metric tons in February 2017. March 2017 exports were down 24.9% from exports one year ago and up 11.9% from three years ago.
  - From February to March 2017, Chinese imports increased by 16.9% to 1.3 million metric tons. China’s steel imports in March 2017 were up 1.5% from imports one year ago and up 1.7% compared to three years ago.



**Figure 6 – China's Imports/Exports of Steel Mill Products**

- The volume of Chinese steel mill exports decreased by 25.9% to 20.2 million metric tons in YTD 2017 (through March) from 27.3 million metric tons in YTD 2016.
  - The United States received the 25<sup>th</sup> largest share of Chinese steel exports at 0.92%, or 186.9 thousand metric tons in YTD 2017, a decrease of 6.6% from YTD 2016.
  - South Korea received the largest share of Chinese steel exports at 3.6 million metric tons in YTD 2017, an increase of 4.3% from YTD 2016.
  - Notable decreases between YTD 2016 and YTD 2017 included exports to Thailand (down 51.3%), Indonesia (down 48.7%), and Pakistan (down 36.7%).

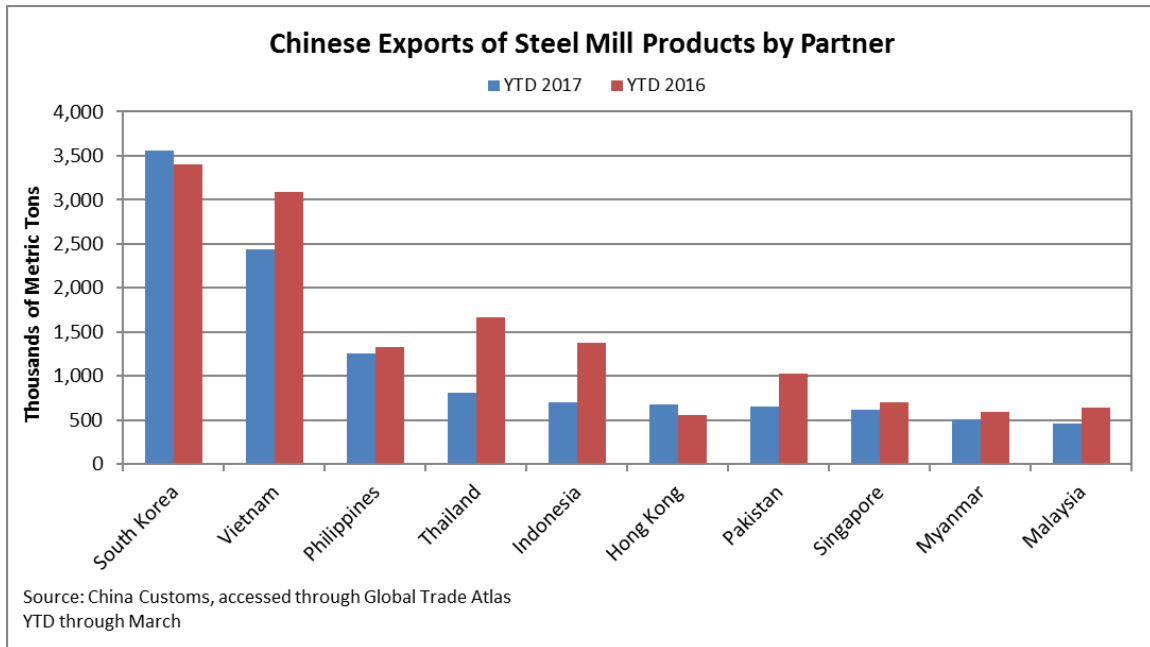
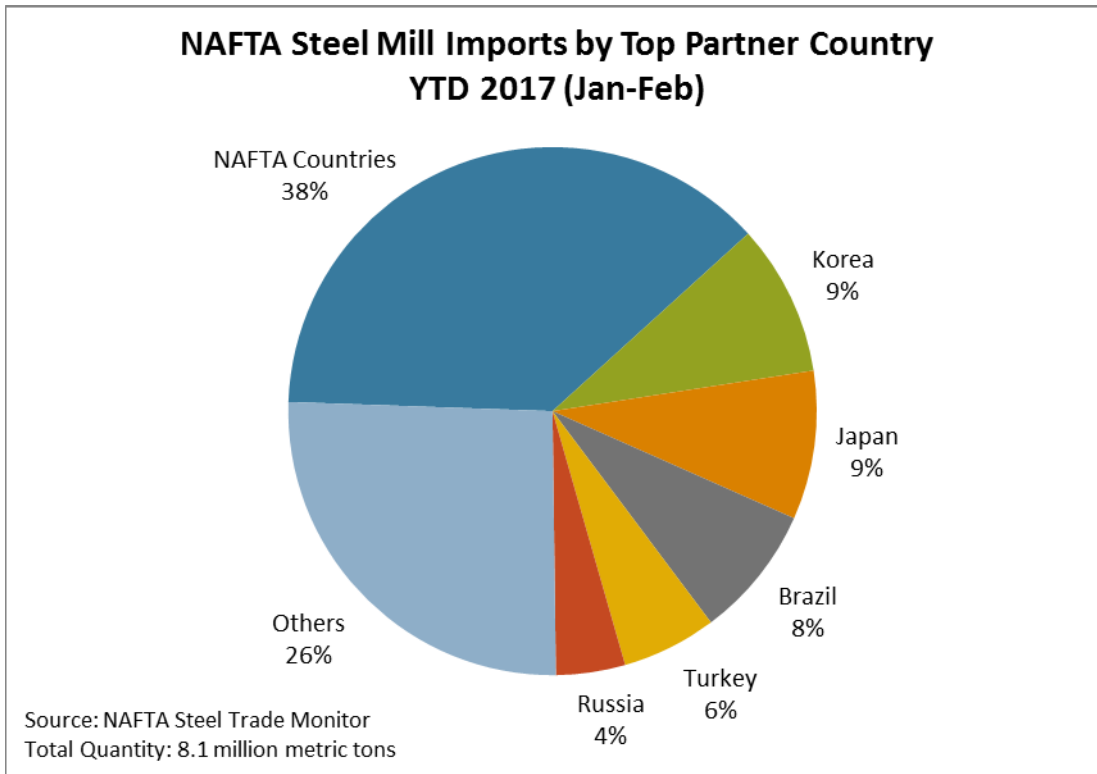


Figure 7 – Chinese Exports of Steel Mill Products by Partner

## **Trade – NAFTA**

- According to the latest available data from the three NAFTA countries, total steel mill imports into NAFTA countries increased 12.1% to 8.1 million metric tons in YTD 2017 from 7.2 million metric tons in YTD 2016 (through February).
  - February 2017 steel mill imports into NAFTA countries were up 15.3% from one year ago.
  - Intra-NAFTA steel imports decreased 10.6% to 1.4 million metric tons between January and February, while external NAFTA imports decreased 6.1% to 2.4 million metric tons.
  - Imports among NAFTA countries accounted for a 38% share of total imports into NAFTA countries in YTD 2017, with Korea’s share following at 8% or 752 thousand metric tons and Japan’s share at 9% or 739 thousand metric tons.



**Figure 8 – NAFTA Steel Mill Imports by Top Partner Country**

**Trade – Steel Import Changes by Country and Product**

Country	Product	Average monthly quantity Feb 2017 - Apr 2017 (metric tons)	Average monthly quantity May 2016 - Jan 2017 (metric tons)	Percent change from Historic to Current average quantity
<b>NOTABLE INCREASES</b>				
NETHERLANDS	Blooms, Billets and Slabs -- C & A	13,234	41	32349%
RUSSIA	Sheets Cold Rolled -- C & A	32,145	179	17847%
PORTUGAL	Bars-Reinforcing -- C & A	5,341	251	2032%
INDIA	Line Pipe -- C & A	45,462	3,519	1192%
CANADA	Oil Country Goods -- C & A	15,887	3,703	329%
SPAIN	Oil Country Goods -- C & A	6,570	1,544	326%
UNITED ARAB EMIRATES	Standard Pipe -- C & A	9,536	2,799	241%
JAPAN	Oil Country Goods -- C & A	7,032	2,157	226%
CANADA	Line Pipe -- C & A	11,280	3,544	218%
VIETNAM	Bars-Reinforcing -- C & A	7,467	2,531	195%
TURKEY	Oil Country Goods -- C & A	6,623	2,265	192%

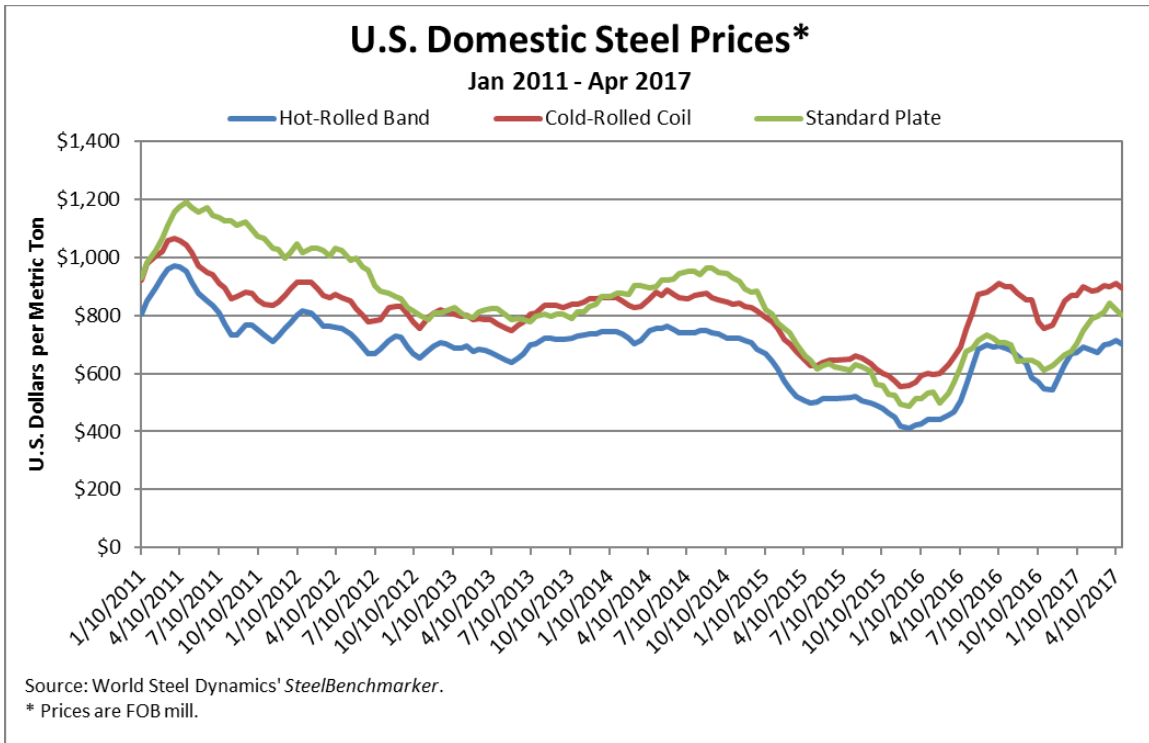


KOREA	Oil Country Goods -- C & A	98,732	34,516	186%
TURKEY	Standard Pipe -- C & A	10,062	3,781	166%
THAILAND	Standard Pipe -- C & A	12,546	4,992	151%
WORLD	Oil Country Goods -- C & A	248,927	101,896	144%
AUSTRIA	Oil Country Goods -- C & A	14,994	6,502	131%
TURKEY	Wire Rods -- C & A	14,225	6,404	122%
ARGENTINA	Oil Country Goods -- C & A	14,696	6,679	120%
CANADA	Blooms, Billets and Slabs -- C & A	19,328	9,107	112%
PERU	Bars-Reinforcing -- C & A	5,344	2,609	105%
UKRAINE	Wire Rods -- C & A	21,066	10,411	102%
WORLD	Line Pipe -- C & A	149,155	93,536	59%
WORLD	Standard Pipe -- C & A	91,278	62,856	45%
<b>NOTABLE DECREASES</b>				
VIETNAM	Sheets Cold Rolled -- C & A	11,876	38,693	( 69%)
KOREA	Sheets Hot Rolled -- C & A	9,809	53,788	( 82%)

SOURCE: U.S. Department of Commerce, Enforcement and Compliance, SIMA  
Table last modified May 4, 2017, with Licensing data collected through April 2017 and Final Census data through March 2017.  
A notable change is defined here by a significant decrease in the current three-month average quantity over the previous nine-months average quantity; the program examines the largest importers within each product group.  
Steel mill categories are defined by 10-digit HTS codes.

## **Prices**

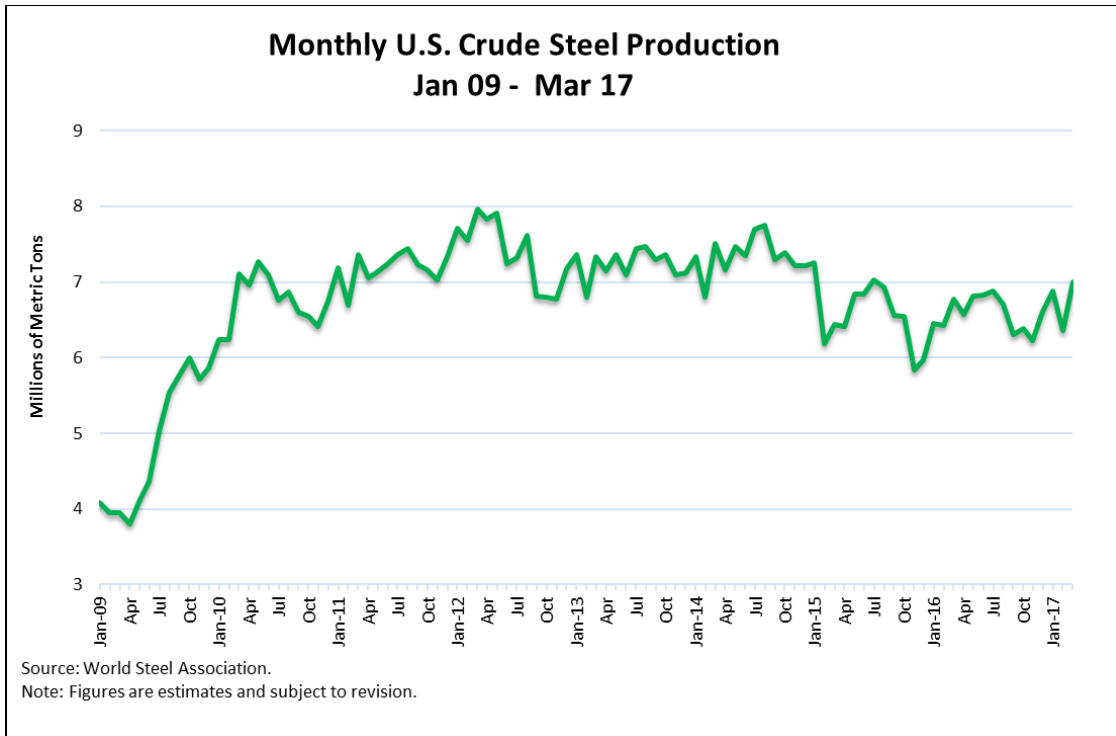
- **Benchmark domestic steel prices were relatively flat in April 2017 after gains in the first quarter.**
  - U.S. domestic prices for hot-rolled band remained at \$704 per metric ton in April 2017. Compared to one year ago, the price for hot-rolled band was up 25.9 percent.
  - Cold-rolled coil prices decreased slightly to \$894 per metric ton in April, a 19 percent increase from last year, while standard plate prices decreased to \$800 per metric ton, an 18.5 percent increase from a year ago.



**Figure 9 – U.S. Domestic Steel Prices**

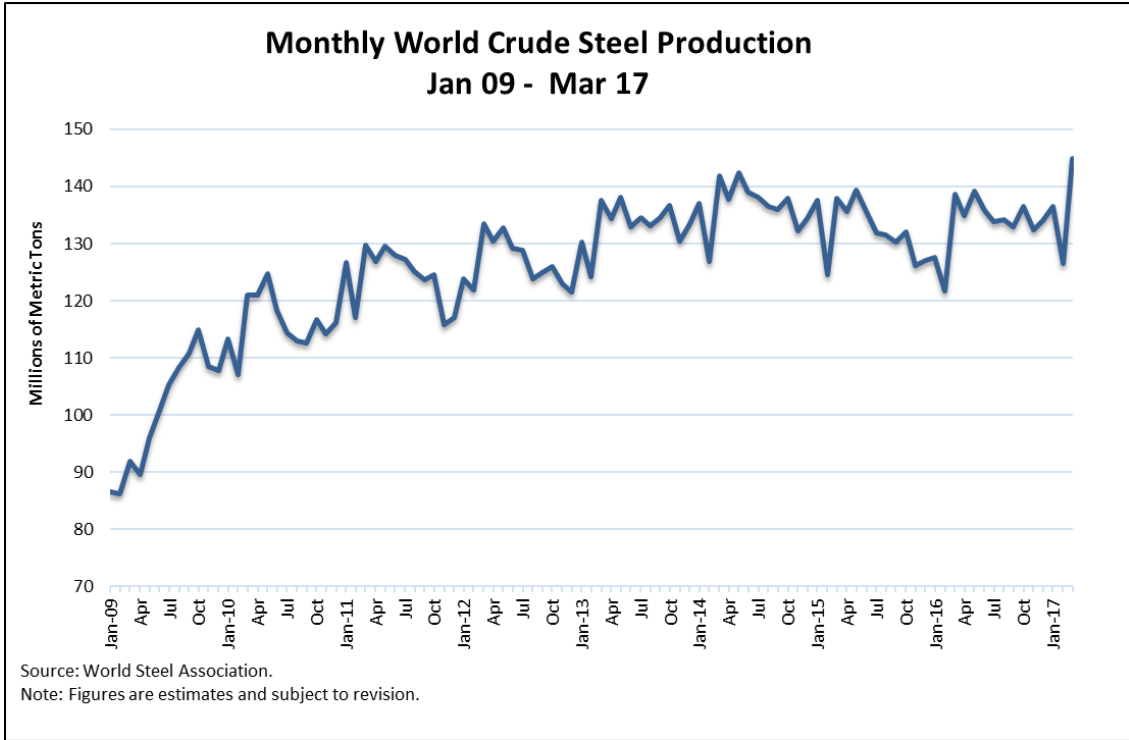
## **Production & Capacity Utilization**

- According to data from the World Steel Association, U.S. steel production increased by 10.1% to 7 million metric tons in March 2017 from 6.4 million metric tons in February 2017. This marks a 3.4% increase from the March 2016 production level. Total U.S. steel production in 2016 decreased slightly to 78.6 million metric tons from 78.8 million metric tons in 2015, a 0.3% decrease.

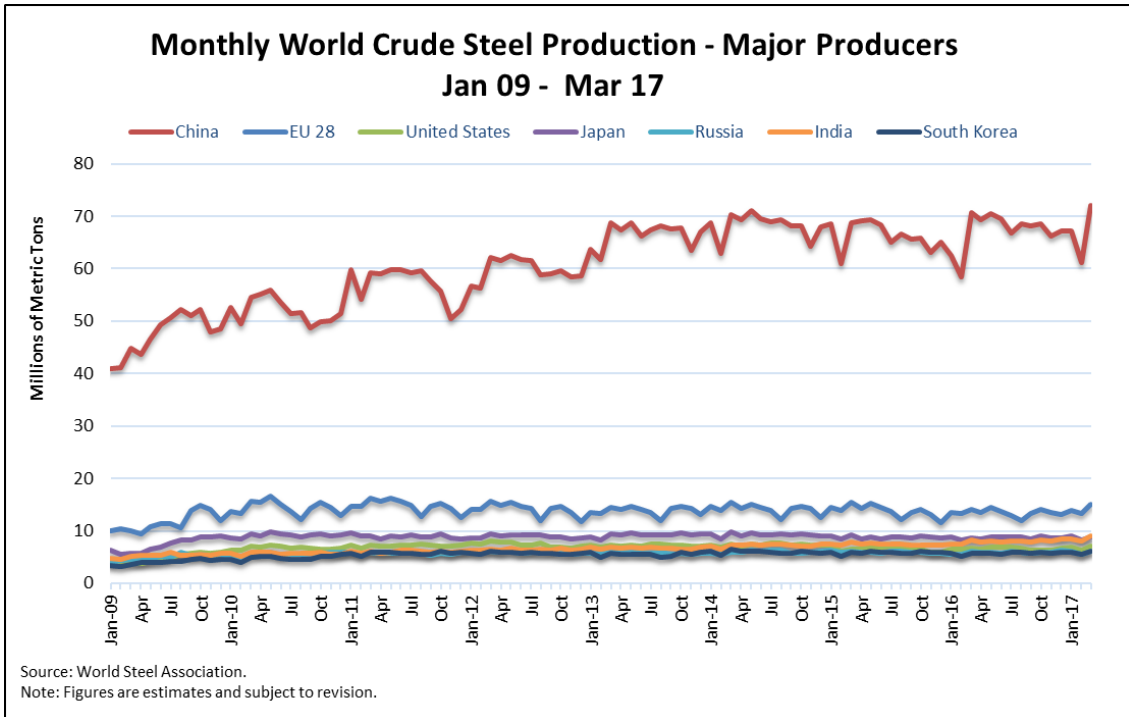


**Figure 10 – Monthly U.S. Crude Steel Production**

- Global steel production increased by 14.5% to 145 million metric tons in March 2017 from 126.6 million metric tons in February 2017.
  - Global production in March 2017 increased 4.6% from one year ago.
  - Total world crude steel production in 2016 increased slightly by 0.7% from the 2015 level of 1.6 million metric tons.
  - China’s March 2017 production level increased by 17.7% from February 2017 to 72 million metric tons.
  - China’s total production in 2016 amounted to 808.4 million metric tons, a 1.2% increase from the previous year.
  - The European Union 28 remains the second largest producer, behind China, with a March 2017 production level of 15 million metric tons, a 13.2% increase from 13.3 million metric tons in February 2017.



**Figure 11 – Monthly World Crude Steel Production**



**Figure 12 – Monthly Crude Steel Production - Major Producers**

- China’s share of total monthly world steel production increased to 50% in March 2017 from 48% in February 2017, accounting for half of monthly total world production, while the U.S. ranked fifth behind India at 5%. China’s share is larger than the combined production of the U.S., the EU 28, Russia, and Japan, which historically were the largest producers of steel.

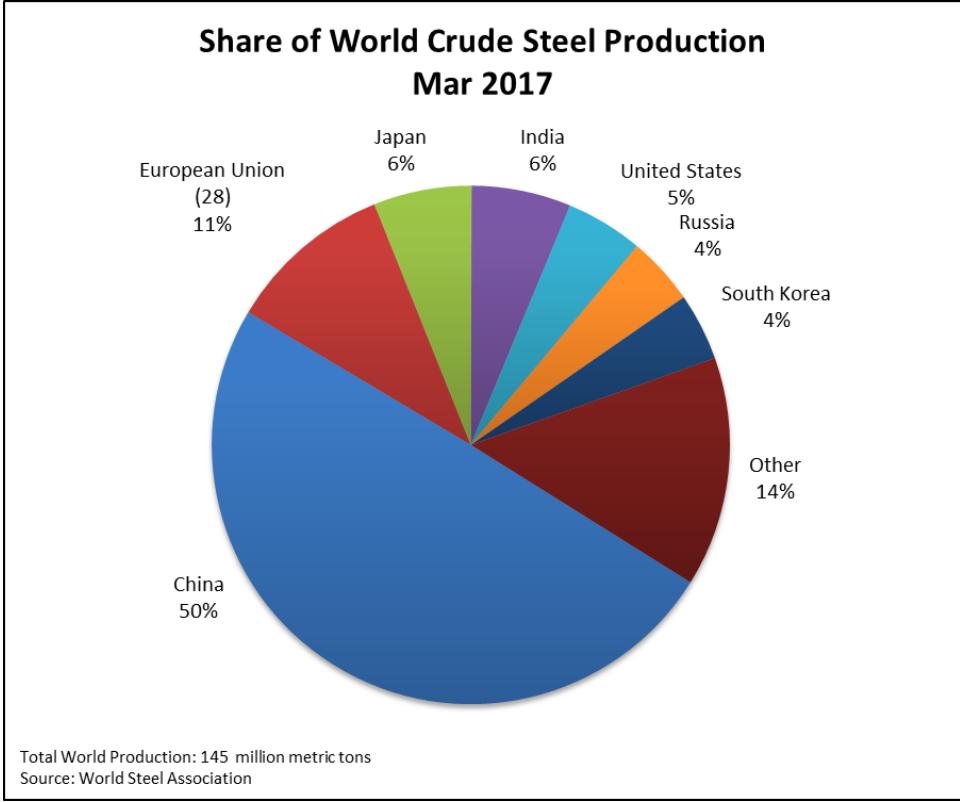
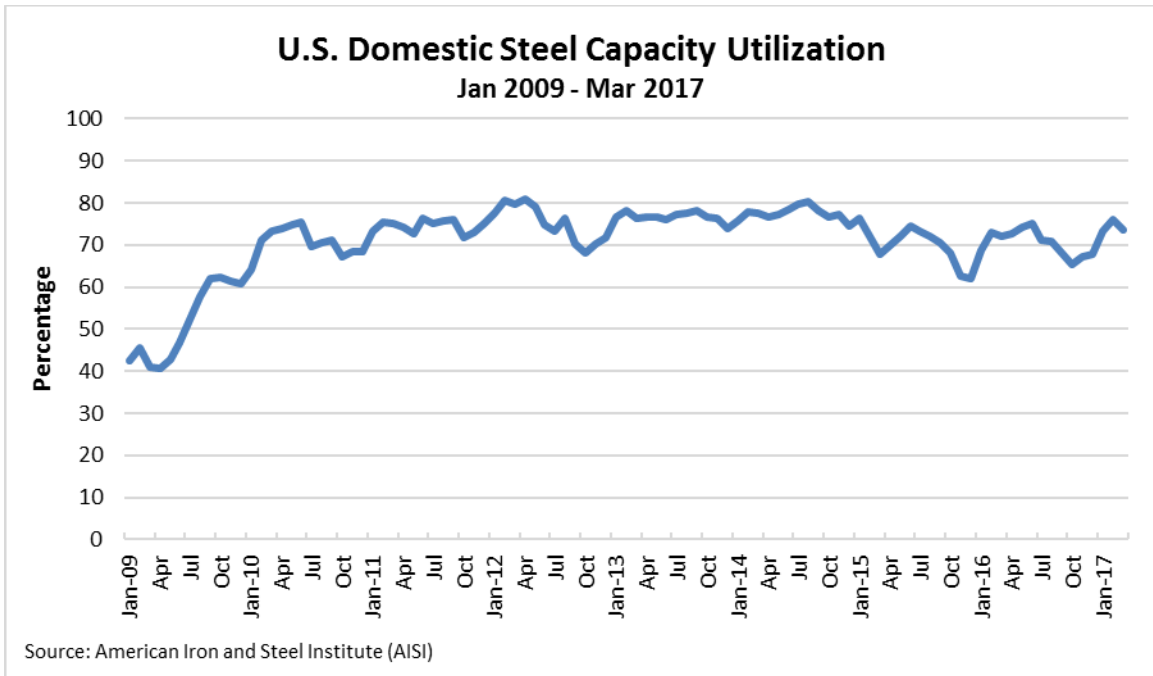


Figure 13 – Share of World Crude Steel Production

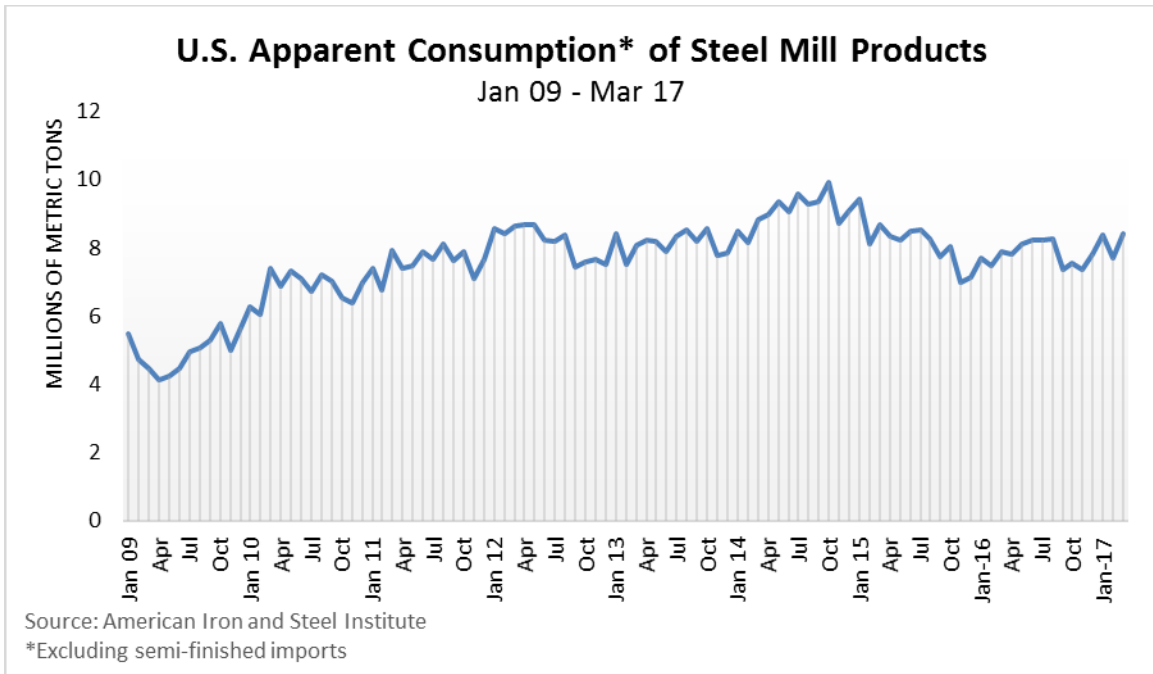
- U.S. domestic capacity utilization made strong gains in recent months after reaching a dip in October 2016.
  - In March 2017, capacity utilization was estimated at 73.6%, down from 75.9% in February.
  - Capacity utilization in March was down 1.5 percentage points from one year ago and down 6 percentage points from five years ago.
  - Overall capacity utilization in 2016 averaged 70.5%, up slightly from the 2015 average of 70.1%.
  - Though capacity utilization has increased 32.8 percentage points from the thirteen-year low reached in April 2009, it still remains well below the pre-recession historical averages.



**Figure 14 – U.S. Domestic Steel Capacity Utilization**

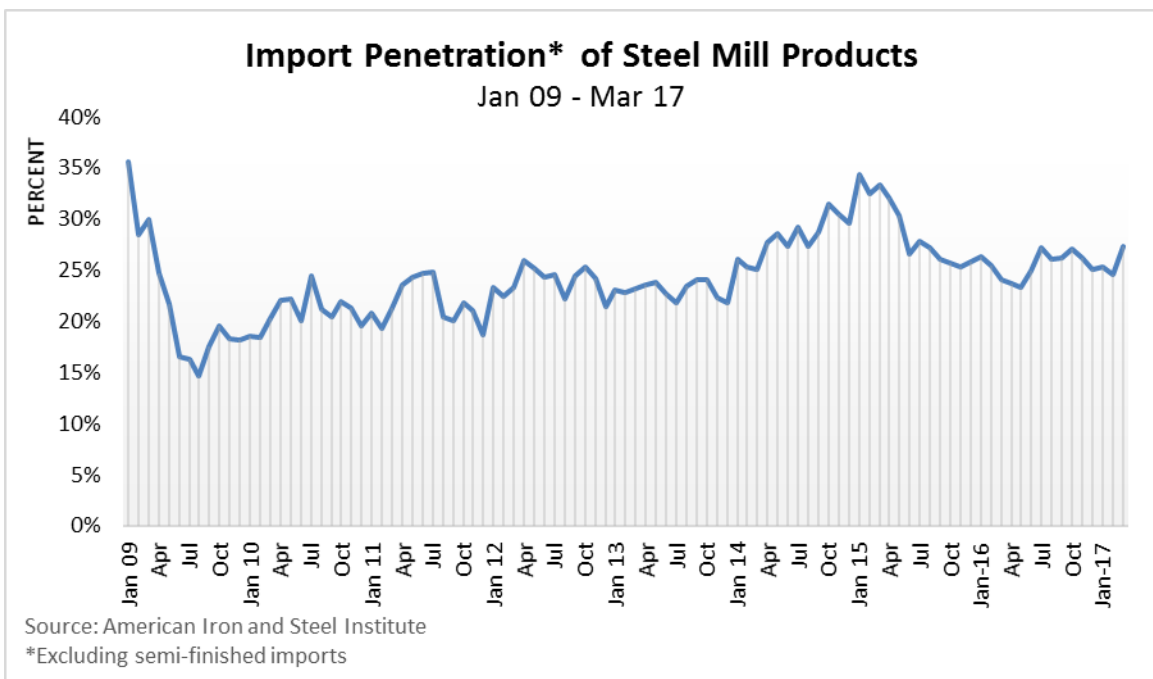
**Demand**

- Apparent consumption (used to measure domestic demand) for steel, excluding semi-finished products, increased 9.4% to 8.4 million metric tons in March 2017 from 7.7 million metric tons in February.
  - March demand has increased 6.7% from one year ago and decreased 2.6% from five years ago.
  - Demand in March was still 104.1% higher than April 2009, when steel demand was at its lowest level in recent years.
  - Total steel demand in 2016 amounted to 93.8 million metric tons, a 4% decrease from 98 million metric tons in 2015.



**Figure 15 – U.S. Apparent Consumption of Steel Mill Products**

- Import penetration for steel mill products, excluding semi-finished products, increased to 27.3% in March 2017 from 24.5% in February. This marks a 3.2 percentage point increase from the import penetration level from one year ago. Import penetration in 2016 averaged 25.5%, down from an average of 28.9% in 2015.



**Figure 16 – Import Penetration for All Steel Mill Products**

## **Trade Remedy Case Determinations – April/May 2017**

Informal tracking of anti-dumping and countervailing duty case initiations, investigations, and orders applicable to steel products.

<b>Trade Remedies undertaken by the United States</b>		
<b>Product</b>	<b>Country</b>	<b>Department of Commerce Finding</b>
Cold-Drawn Mechanical Tubing	China	Initiation of Antidumping and Countervailing Duty Investigations
Cold-Drawn Mechanical Tubing	Germany	Initiation of Antidumping Duty Investigation
Cold-Drawn Mechanical Tubing	India	Initiation of Antidumping and Countervailing Duty Investigations
Cold-Drawn Mechanical Tubing	Italy	Initiation of Antidumping Duty Investigation
Cold-Drawn Mechanical Tubing	Korea	Initiation of Antidumping Duty Investigation
Cold-Drawn Mechanical Tubing	Switzerland	Initiation of Antidumping Duty Investigation
Carton-Closing Staples	China	Initiation of Antidumping Duty Investigation
Carbon and Alloy Steel Wire Rod	Belarus	Initiation of Antidumping Duty Investigation
Carbon and Alloy Steel Wire Rod	Italy	Initiation of Antidumping and Countervailing Duty Investigations
Carbon and Alloy Steel Wire Rod	Korea	Initiation of Antidumping Duty Investigation
Carbon and Alloy Steel Wire Rod	Russia	Initiation of Antidumping Duty Investigation
Carbon and Alloy Steel Wire Rod	South Africa	Initiation of Antidumping Duty Investigation
Carbon and Alloy Steel Wire Rod	Spain	Initiation of Antidumping Duty Investigation
Carbon and Alloy Steel Wire Rod	Turkey	Initiation of Antidumping and Countervailing Duty Investigations
Carbon and Alloy Steel Wire Rod	Ukraine	Initiation of Antidumping Duty Investigation
Carbon and Alloy Steel Wire Rod	United Arab Emirates	Initiation of Antidumping Duty Investigation
Carbon and Alloy Steel Wire Rod	United Kingdom	Initiation of Antidumping Duty Investigation
Finished Carbon Steel Flanges	Spain	Final Affirmative Antidumping Duty Determination

SOURCE: US Department of Commerce, Enforcement and Compliance. Factsheets available at <http://trade.gov/enforcement/news.asp>.



## Industry Status

- The U.S. steel industry, as represented in the chart below, posted a combined net income of \$491 million in Q1 2017.
  - According to publicly available figures, five of the six companies included reported quarterly net gains while one reported a net loss.
  - Nucor reported the highest quarterly net profit at \$356.9 million, followed by Steel Dynamics at \$201 million, AK Steel at \$62.5 million, Commercial Metals at \$30.3 million, and Carpenter Technology at \$20.7 million.
  - U.S. Steel posted a net loss of \$180 million in Q1 2017.
  - Since Q1 2009, the group of steel companies monitored in the below chart has collectively reported net earnings for 19 quarters. The group's aggregate quarterly figures are significantly below performance levels from 2004 to early to mid-2008.
  - The net income chart includes AK Steel, Carpenter Technology, Commercial Metals Company, Nucor, Steel Dynamics, and U.S. Steel.

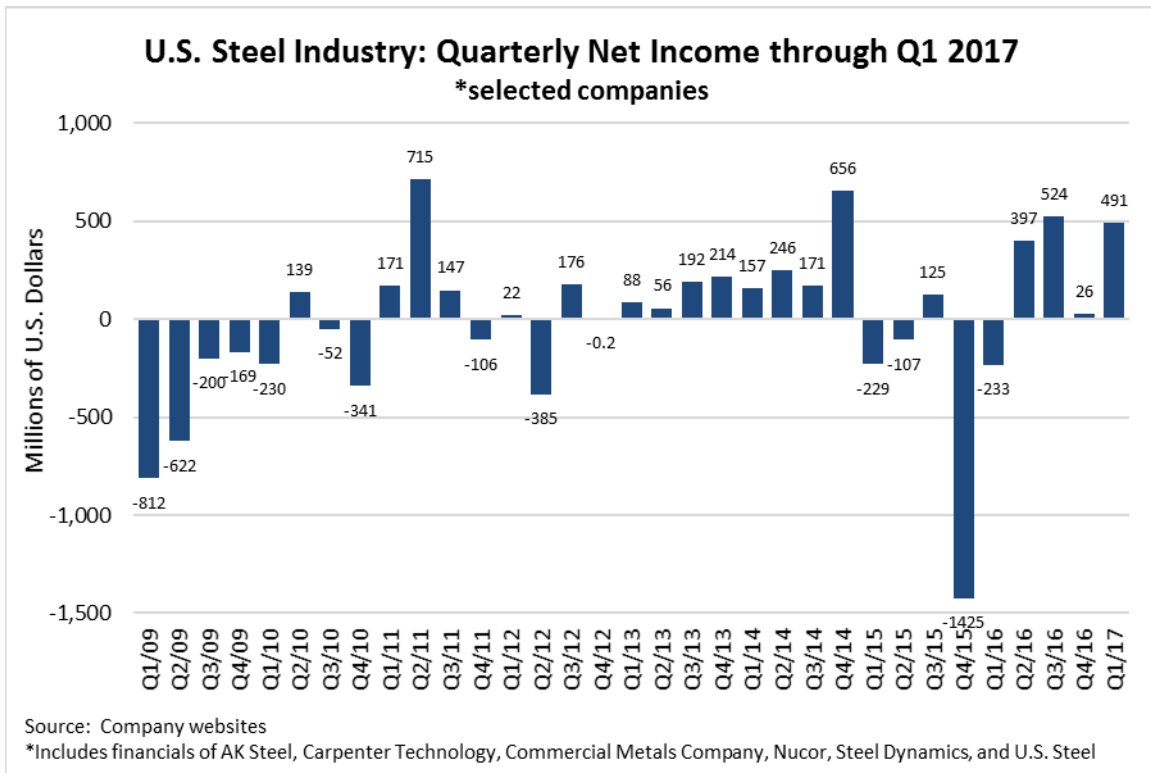


Figure 17 – U.S. Steel Industry: Quarterly Net Income

- Q1 2017 average share prices all increased from Q4 2016 average share prices for all charted steel stocks.
  - Of the charted steel stocks, U.S. Steel average share prices saw the largest increase from the previous quarter at 34%, followed by ArcelorMittal with an increase of 19% and AK Steel with an increase of 14.2%.
  - Compared to the same quarter last year, all the charted steel stocks showed significant increases in average share prices, with U.S. Steel increasing by 263.7% and AK Steel by 203.9%.
  - All steel stocks showed higher growth rates than the S&P 500 between Q4 2016 and Q1 2016.
  - The stock chart monitors the trends of S&P 500, US Steel, Nucor, Steel Dynamics, AK Steel, and ArcelorMittal quarterly share prices as indexed to average share prices in Q1 2009. The S&P 500 trend line serves as a basis upon which to compare the performance and relative movement of the U.S. steel industry (via stocks) to the broader U.S. market.

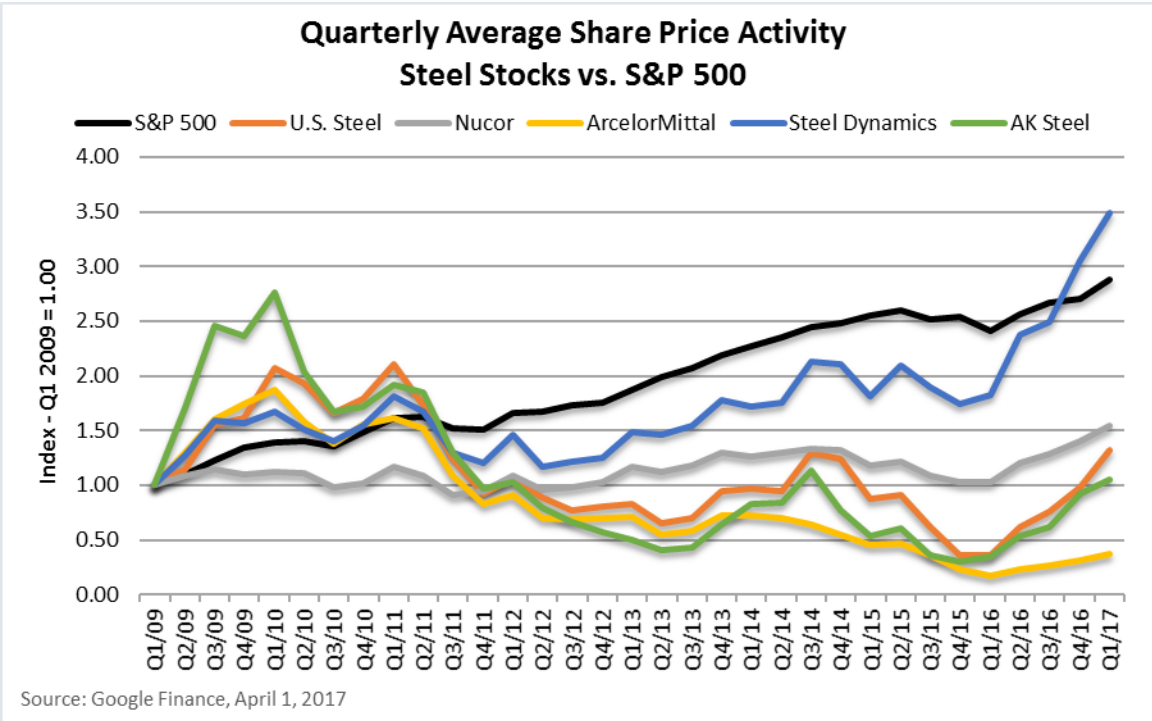


Figure 18 – Steel Stocks vs. S&P 500, Quarterly Average Share Price Activity

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