



Steel Industry Executive Summary: September 2017

Highlights

- From June to July 2017, U.S. imports of steel mill products decreased 11% to 3.2 million metric tons from 3.6 million metric tons.
- In July 2017, capacity utilization was estimated at 74.3%, a decrease of 0.6 percentage points from 74.9% in June.
- U.S. steel production increased by 3.8% to 7 million metric tons in July 2017 from 6.7 million metric tons in June 2017.

Table of Contents

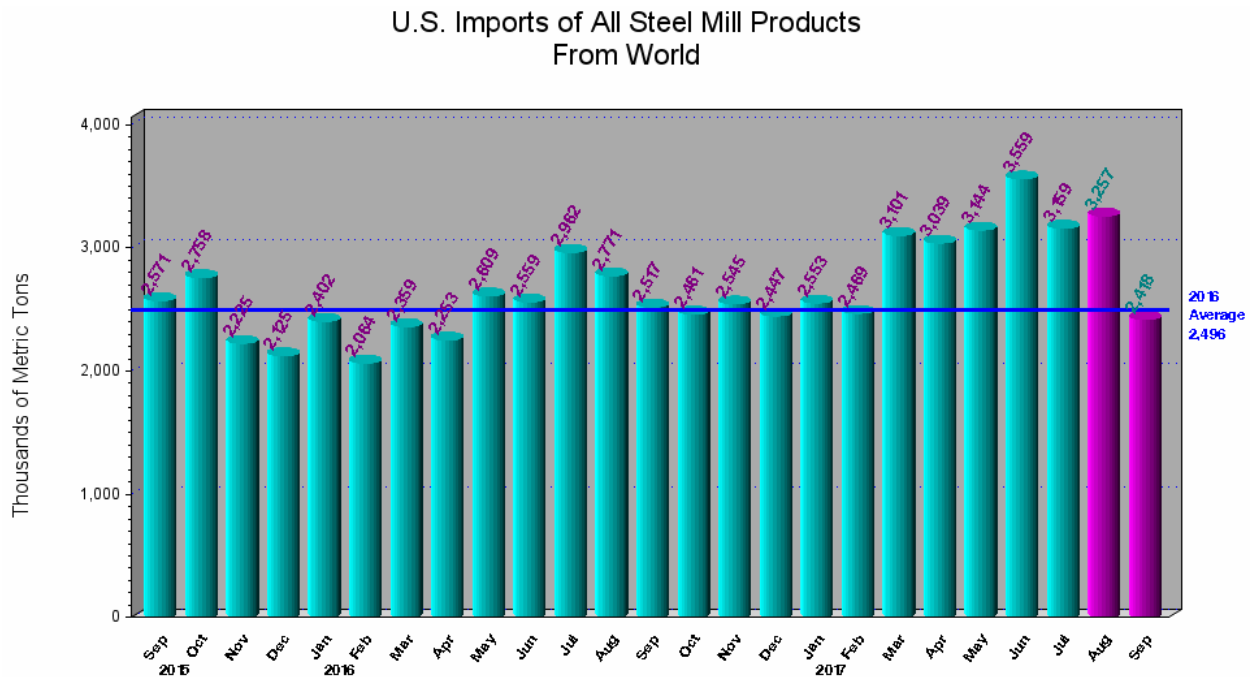
Trade – U.S. Imports of Steel Mill Products	2
Trade – U.S. Trade Balance in Steel Mill Products	4
Trade – NAFTA	4
Trade – Steel Import Changes by Country and Product	5
Prices.....	7
Production & Capacity Utilization	8
Demand	11
Trade Remedy Case Determinations – July/August 2017	13
Industry Status	13
SIMA Team Contact Information.....	15

List of Figures

Figure 1 – U.S. Imports of All Steel Mill Products from World.....	2
Figure 2 – U.S. Imports of Steel Mill Products by Partner	3
Figure 3 – U.S. Imports of Steel Mill Products by Product Category	3
Figure 4 – U.S. Imports/Exports of Steel Mill Products	4
Figure 8 – NAFTA Steel Mill Imports by Top Partner Country	5
Figure 9 – U.S. Domestic Steel Prices	7
Figure 10 – Monthly U.S. Crude Steel Production	8
Figure 11 – Monthly World Crude Steel Production	9
Figure 12 – Monthly Crude Steel Production - Major Producers.....	9
Figure 13 – Share of World Crude Steel Production	10
Figure 14 – U.S. Domestic Steel Capacity Utilization	11
Figure 15 – U.S. Apparent Consumption of Steel Mill Products	12
Figure 16 – Import Penetration for All Steel Mill Products.....	12
Figure 17 – U.S. Steel Industry: Quarterly Net Income.....	14
Figure 18 – Steel Stocks vs. S&P 500, Quarterly Average Share Price Activity	15

Trade – U.S. Imports of Steel Mill Products

- From June to July 2017, U.S. imports of steel mill products decreased 11% to 3.2 million metric tons from 3.6 million metric tons.
 - July 2017 steel imports were up 7% from one year ago and up 27% from the 2016 average monthly volume of 2.5 million metric tons.
 - Steel mill imports in July were down 22% from the most recent high import volume peak of 4 million metric tons in October 2014.
 - August 2017 license data suggest an increase in imports from July.
- Note: Import license data, indicated in a different color in the graph below, are not official U.S. Census data, reflect a rolling total of licenses received in the most recent two months, and are subject to change.*



SOURCE: U.S. Department of Commerce, Enforcement and Compliance
 Graph last modified on : September 26, 2017 with
 Licensing Data collected through September 26, 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 21 million metric tons, a 23% increase from 17.1 million metric tons in YTD 2016 (through July).
 - In value terms, imports increased more than tonnage, up 36% to \$17.1 million in YTD 2017 from \$12.6 million in YTD 2016.
 - Canada accounted for the largest share of U.S. imports by partner country in YTD 2017 at 16%, followed by Brazil (13%) and Korea (10%).
 - The U.S. imported 7.3 million metric tons of flat products in YTD 2017, accounting for 36% of total steel mill imports, followed by semi-finished steel at 4.6 million metric tons or 22% of total imports.

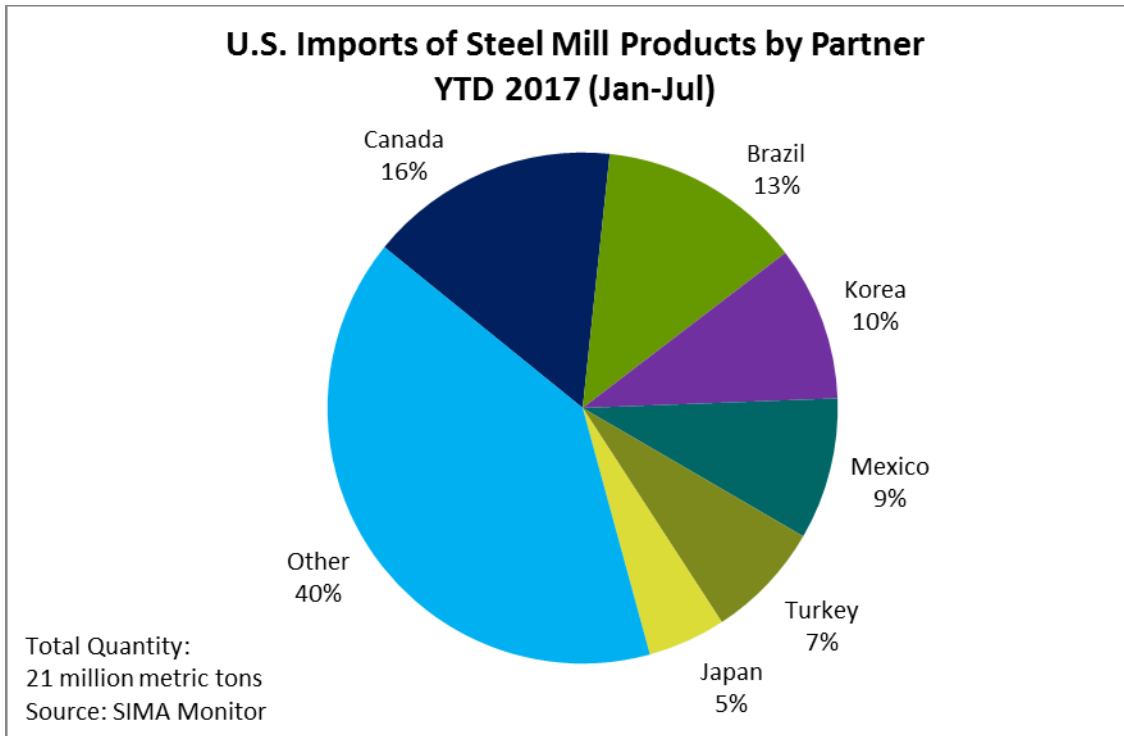


Figure 2 – U.S. Imports of Steel Mill Products by Partner

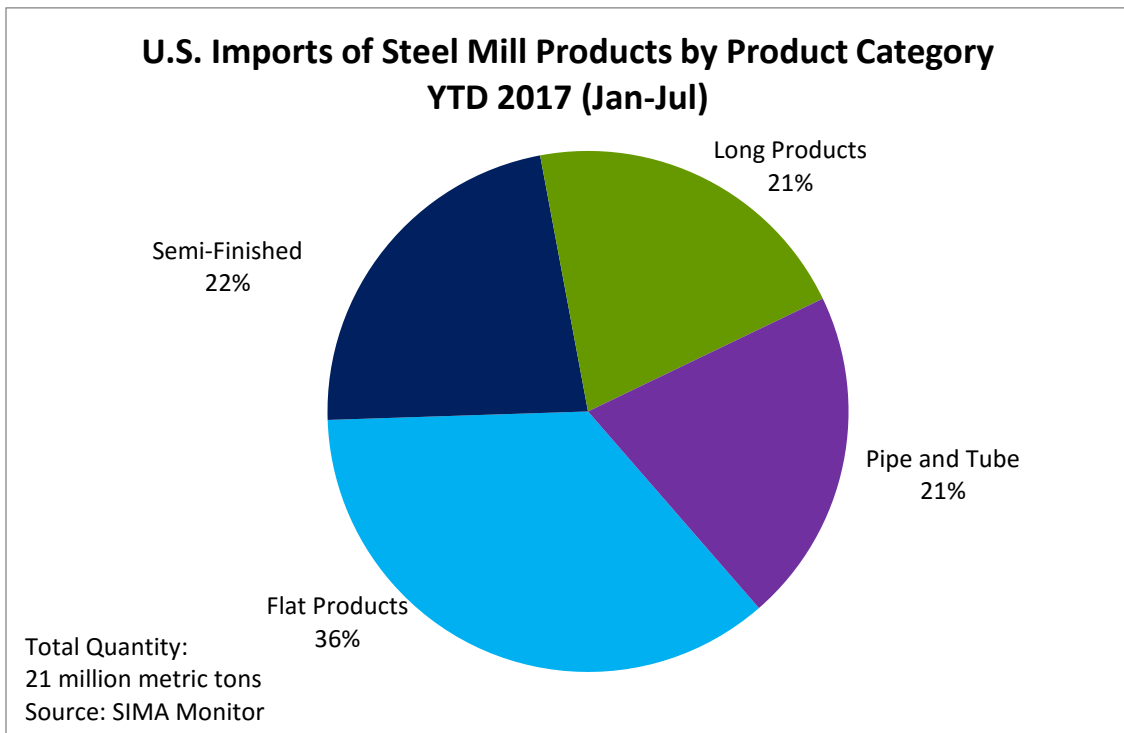


Figure 3 – U.S. Imports of Steel Mill Products by Product Category

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

- U.S. imports of steel mill products have increased in recent months after declining in the second half of 2016, while exports have remained relatively flat. In July 2017, the steel trade deficit narrowed to -2.4 million metric tons from -2.7 million metric tons in June 2017, an 11.2% decrease.
 - Compared to the trade balance one year ago, the July 2017 steel trade gap has widened by 5.9%.
 - From June to July 2017, the volume of U.S. steel exports decreased by 11.5% to 732 thousand metric tons. July 2017 exports were up 9.3% from one year ago and down 20.3% from three years ago.
 - Imports decreased 11.2% by volume between June and July 2017 to 3.2 million metric tons. July 2017 imports were up 6.6% from one year ago and down 9.7% from three years ago.

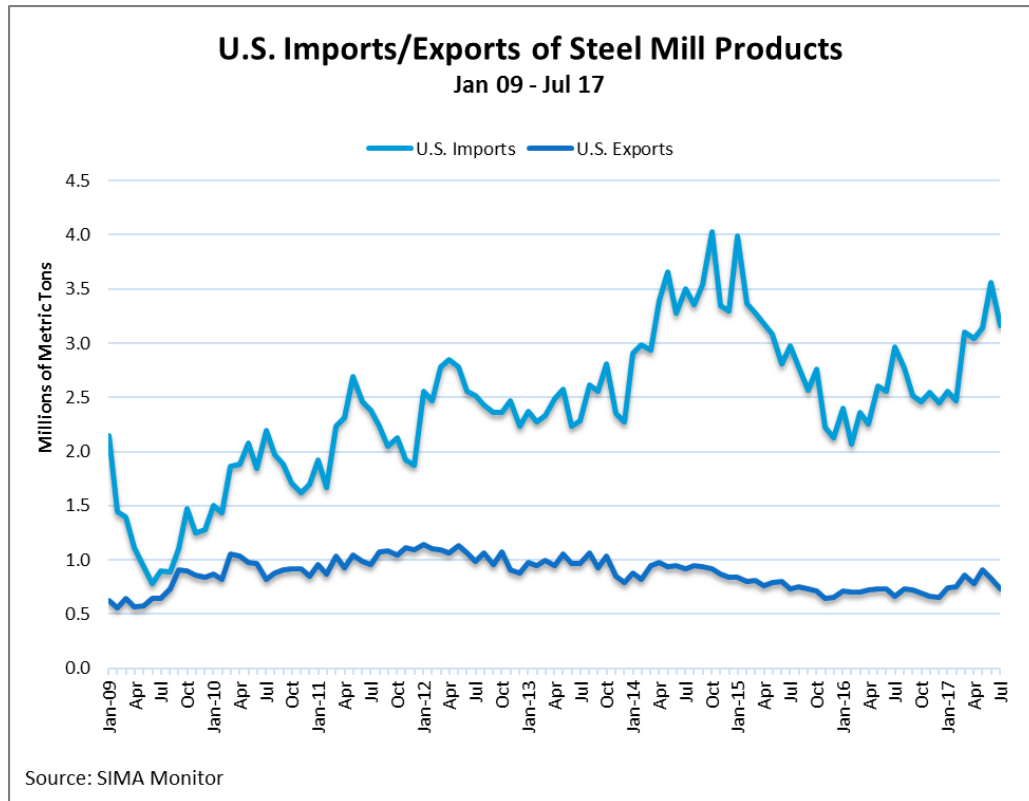


Figure 4 – U.S. Imports/Exports of Steel Mill Products

Trade – NAFTA

- According to the latest available data from the three NAFTA countries, total steel mill imports into NAFTA countries increased 20% to 27.5 million metric tons in YTD 2017 from 22.9 million metric tons in YTD 2016 (through June).

- June 2017 steel mill imports into NAFTA countries were up 34% from one year ago.
- Intra-NAFTA steel imports decreased 1% to 1.6 million metric tons between May and June, while external NAFTA imports increased 11% to 3.8 million metric tons.
- Imports among NAFTA countries accounted for a 34% share of total imports into NAFTA countries in YTD 2017, with Korea's share following at 9% or 2.6 million metric tons and Japan's share at 9% or 2.4 million metric tons.

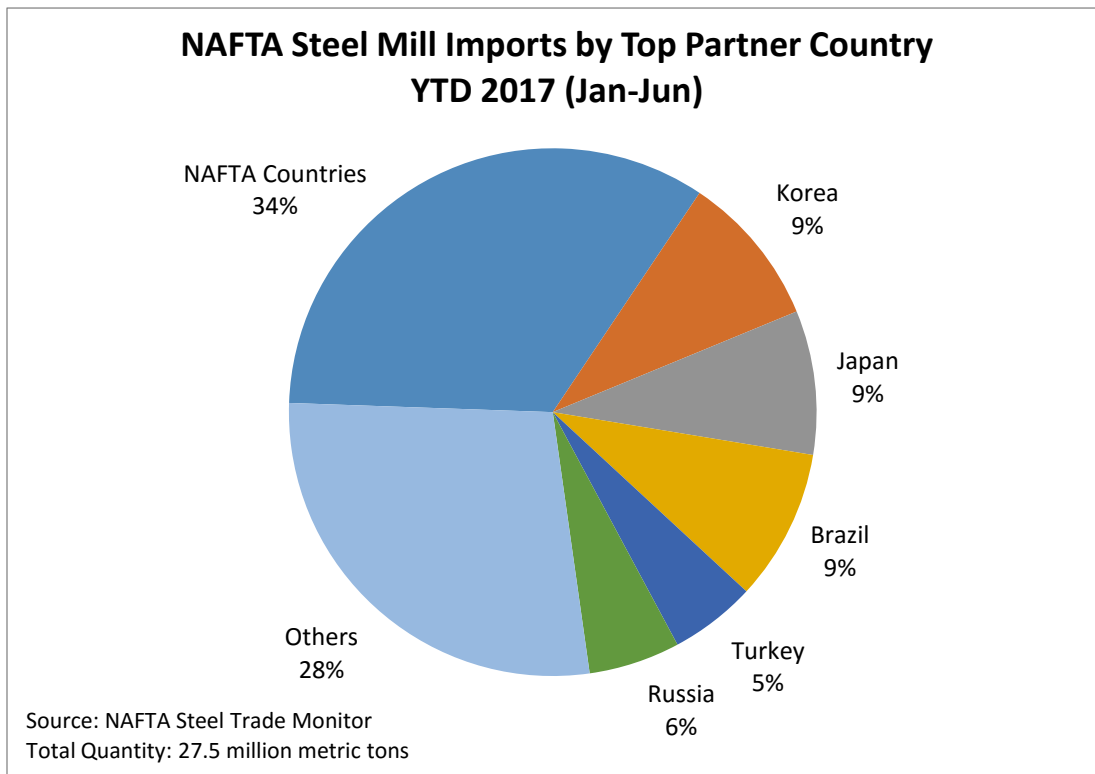


Figure 5 – NAFTA Steel Mill Imports by Top Partner Country

Trade – Steel Import Changes by Country and Product

Country	Product	Average monthly quantity June 2017 - August 2017 (metric tons)	Average monthly quantity September 2016 - May 2017 (metric tons)	Percent change from Historic to Current average quantity
BRAZIL	Ingots and Steel for Castings -- C & A	8,353	3	287306%
RUSSIA	Mechanical Tubing -- C & A	5,170	226	2186%
BRAZIL	Oil Country Goods -- C & A	17,836	1,801	890%
PORTUGAL	Bars-Reinforcing -- C & A	16,144	1,765	815%

Country	Product	Average monthly quantity June 2017 - August 2017 (metric tons)	Average monthly quantity September 2016 - May 2017 (metric tons)	Percent change from Historic to Current average quantity
WORLD	Ingots and Steel for Castings -- C & A	10,499	1,729	507%
UKRAINE	Plates Cut Lengths -- C & A	7,072	1,537	360%
TAIWAN	Oil Country Goods -- C & A	15,819	3,780	318%
WORLD	Blooms, Billets and Slabs -- S	52,981	13,850	283%
GERMANY	Wire Rods -- C & A	15,661	4,123	280%
TURKEY	Line Pipe -- C & A	7,672	2,262	239%
EGYPT	Sheets Hot Rolled -- C & A	11,277	3,417	230%
PERU	Bars-Reinforcing -- C & A	5,664	1,781	218%
ITALY	Structural Pipe & Tube -- C & A	6,573	2,139	207%
GERMANY	Sheets Hot Rolled -- C & A	9,856	3,495	182%
RUSSIA	Sheets Cold Rolled -- C & A	39,957	14,774	170%
TURKEY	Bars-Hot rolled -- C & A	10,572	3,933	169%
SLOVAKIA	Blooms, Billets and Slabs -- C & A	6,601	2,503	164%
MEXICO	Plates Cut Lengths -- C & A	9,995	3,910	156%
GERMANY	Line Pipe -- C & A	17,859	6,995	155%
CHINA	Tin Free Steel -- C & A	8,102	3,359	141%
NETHERLANDS	Plates in Coils -- C & A	13,577	6,037	125%
TAIWAN	Line Pipe -- C & A	7,308	3,264	124%
CZECH REPUBLIC	Rails Standard -- C & A	6,242	2,817	122%
TURKEY	Sheets & Strip Galv Hot Dipped -- C & A	32,545	15,002	117%
MEXICO	Line Pipe -- C & A	15,190	7,410	105%
WORLD	Oil Country Goods -- C & A	314,390	179,066	76%
WORLD	Line Pipe -- C & A	192,307	115,505	66%
WORLD	Black Plate -- C & A	6,351	3,965	60%
WORLD	All Stainless Products	135,499	84,657	60%
WORLD	Tin Free Steel -- C & A	23,212	15,930	46%
WORLD	Sheets & Strip-Electrical -- C & A	9,172	6,314	45%
WORLD	Sheets & Strip All Other Metallic Coat -- C &	123,733	87,248	42%
WORLD	Structural Shapes Heavy -- C & A	86,813	62,045	40%
WORLD	Mechanical Tubing -- C & A	58,788	43,763	34%
WORLD	Tool Steel -- C & A	15,135	11,620	30%
ITALY	Bars-Reinforcing -- C & A	9,378	.	.

Country	Product	Average monthly quantity June 2017 - August 2017 (metric tons)	Average monthly quantity September 2016 - May 2017 (metric tons)	Percent change from Historic to Current average quantity
NOTABLE DECREASES				
VIETNAM	Sheets Cold Rolled -- C & A	7,000	24,783	(72%)

SOURCE: US Department of Commerce, Enforcement and Compliance, SIMA
Table last modified September 26, 2017, with Licensing data collected through August 2017 and Final Census data compiled through July 2017.

Prices

- Benchmark domestic steel prices have been relatively flat in recent months after gains in the first quarter.
 - U.S. domestic prices for hot-rolled band increased to \$694 per metric ton in August 2017. Compared to one year ago, the price for hot-rolled band was up 5.2 percent.
 - Cold-rolled coil prices increased to \$876 per metric ton in August, a 0.1 percent decrease from last year, while standard plate prices increased to \$783 per metric ton, a 22 percent increase from a year ago.

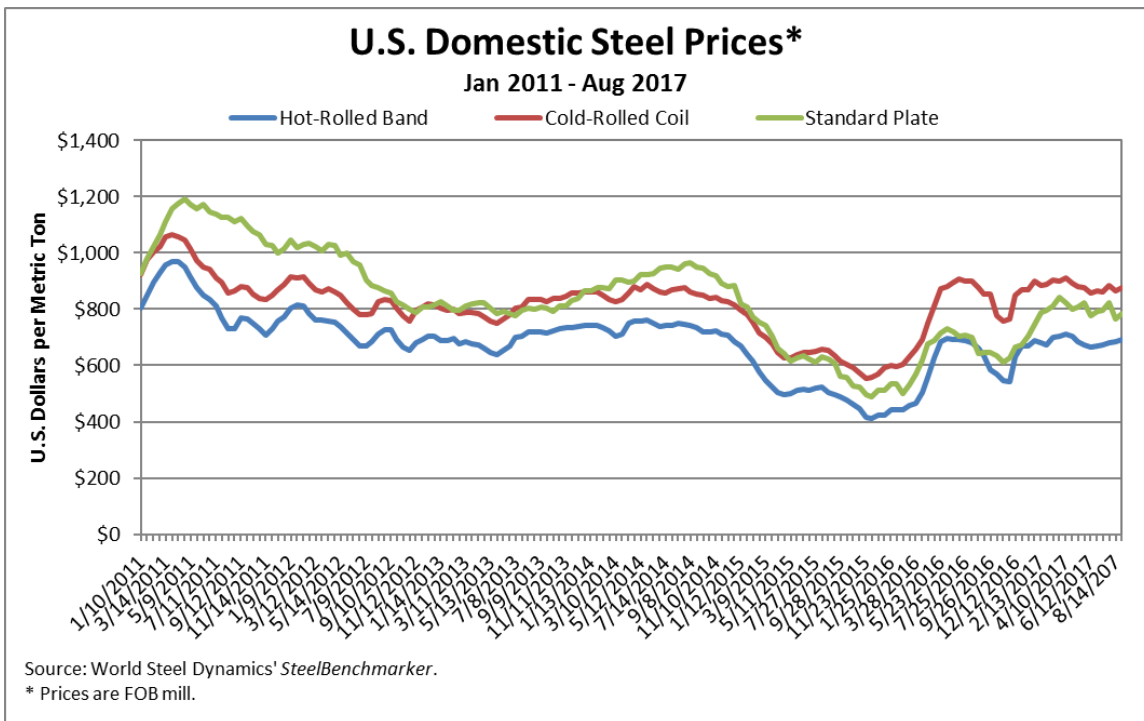


Figure 6 – U.S. Domestic Steel Prices

Production & Capacity Utilization

- According to data from the World Steel Association, U.S. steel production increased by 3.8% to 7 million metric tons in July 2017 from 6.7 million metric tons in June 2017. This marks a 4% increase from the July 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.

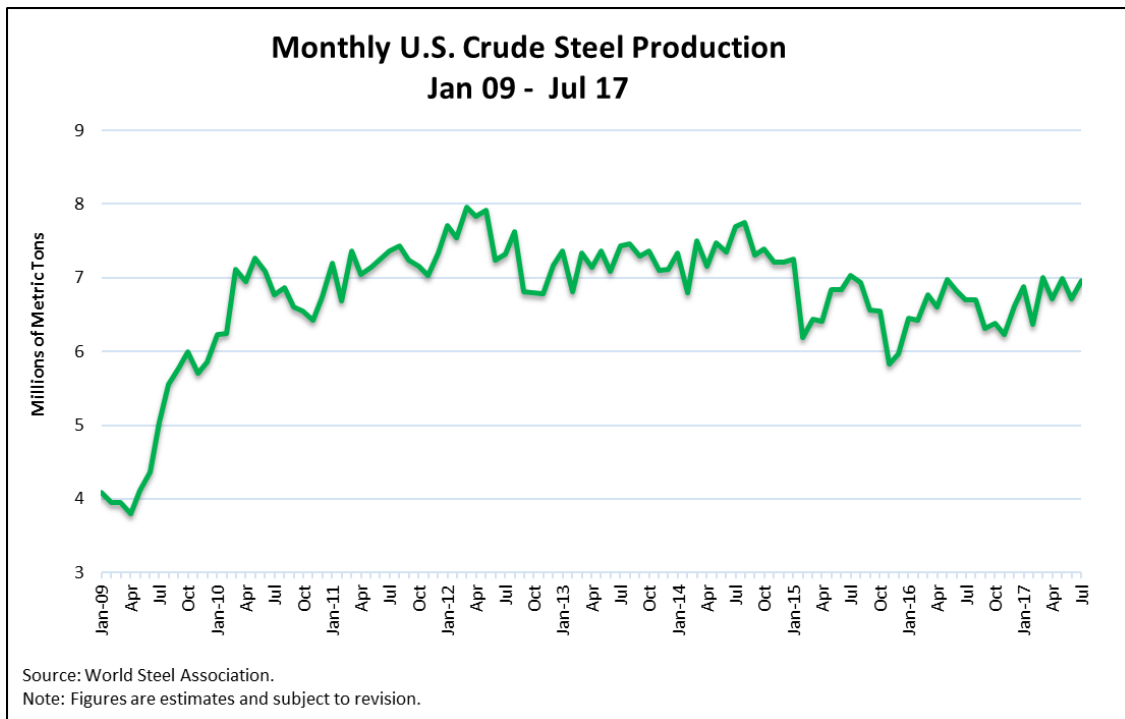


Figure 7 – Monthly U.S. Crude Steel Production

- Global steel production increased by 1.9% to 144 million metric tons in July 2017 from 141 million metric tons in June 2017.
 - Global production in July 2017 increased 6.6% 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 July 2017 production level increased by 1.1% from June 2017 to 74 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 July 2017 production level of 14 million metric tons, a 2.4% decrease from 14.4 million metric tons in June 2017.

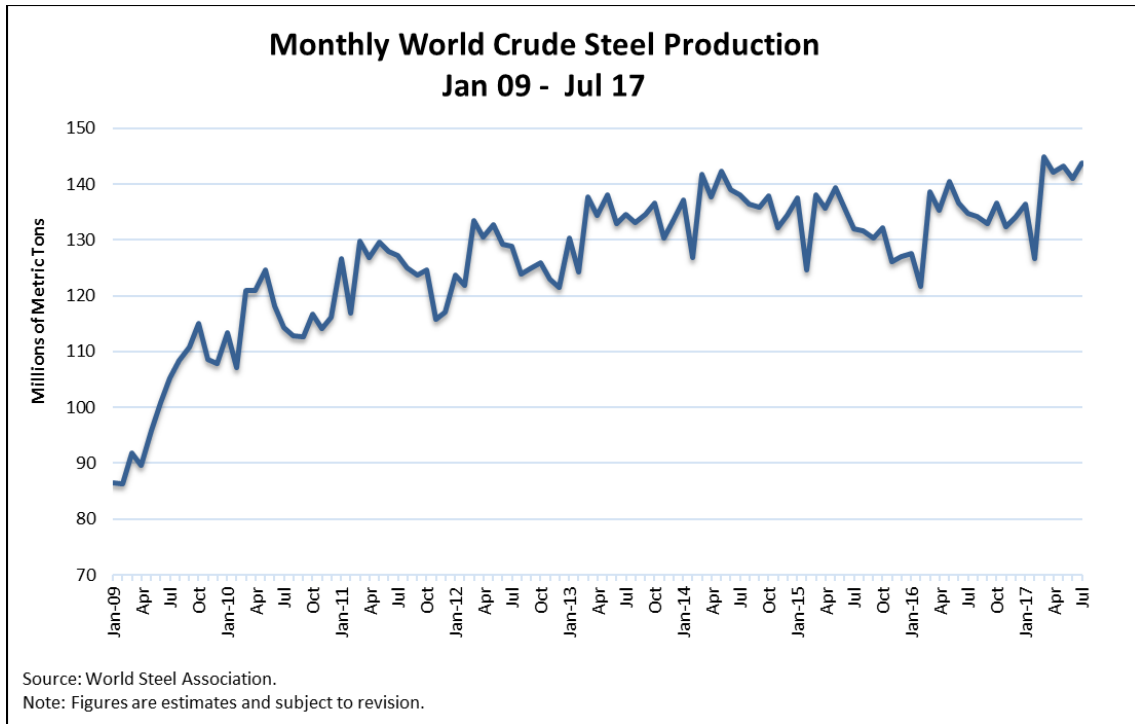


Figure 8 – Monthly World Crude Steel Production

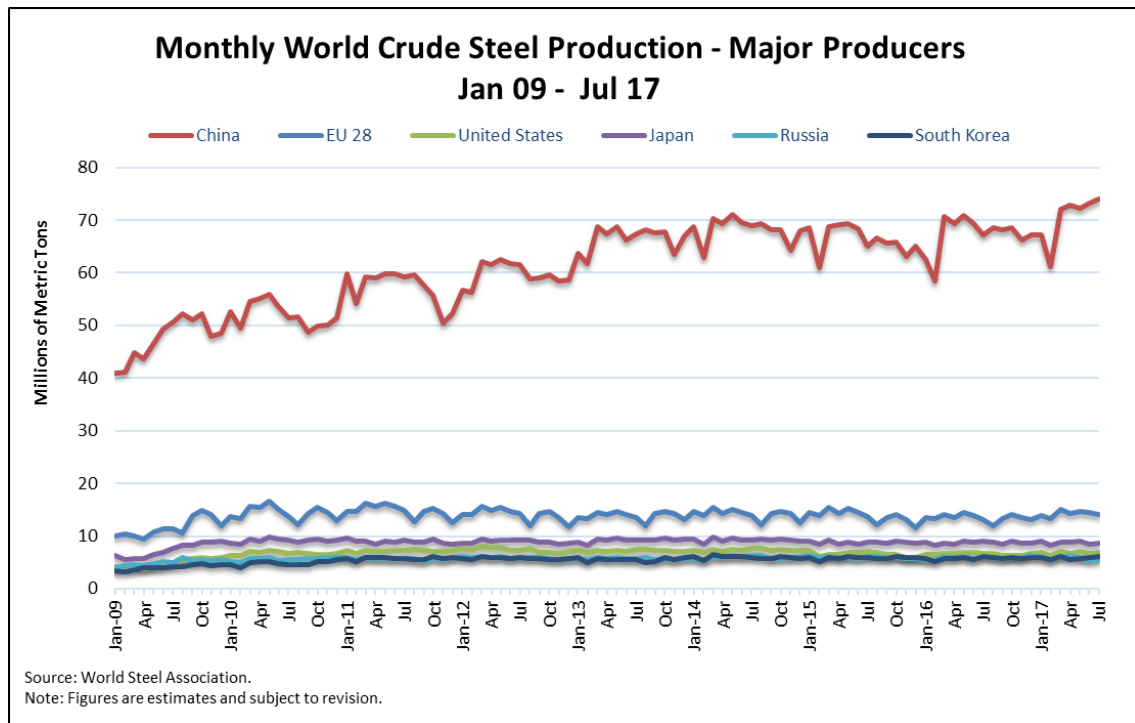


Figure 9 – Monthly Crude Steel Production - Major Producers

- China's share of total monthly world steel production slightly decreased to 51% in July 2017, accounting for slightly more than 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.

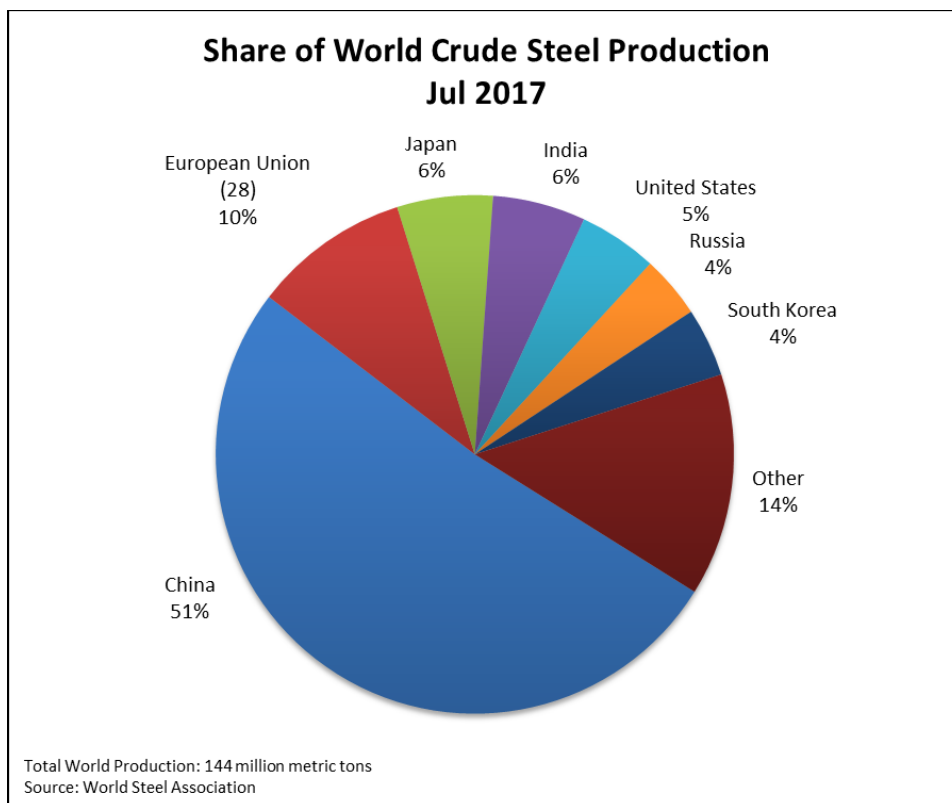


Figure 10 – Share of World Crude Steel Production

- U.S. domestic capacity utilization made gains in recent months after reaching a dip in October 2016.
 - In July 2017, capacity utilization was estimated at 74.3%, a decrease of 0.6 percentage points from 74.9% in June.
 - Capacity utilization in July was up 3 percentage points from one year ago and up 1 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 21.9 percentage points from the thirteen-year low reached in April 2009, it still remains well below the pre-recession historical averages.

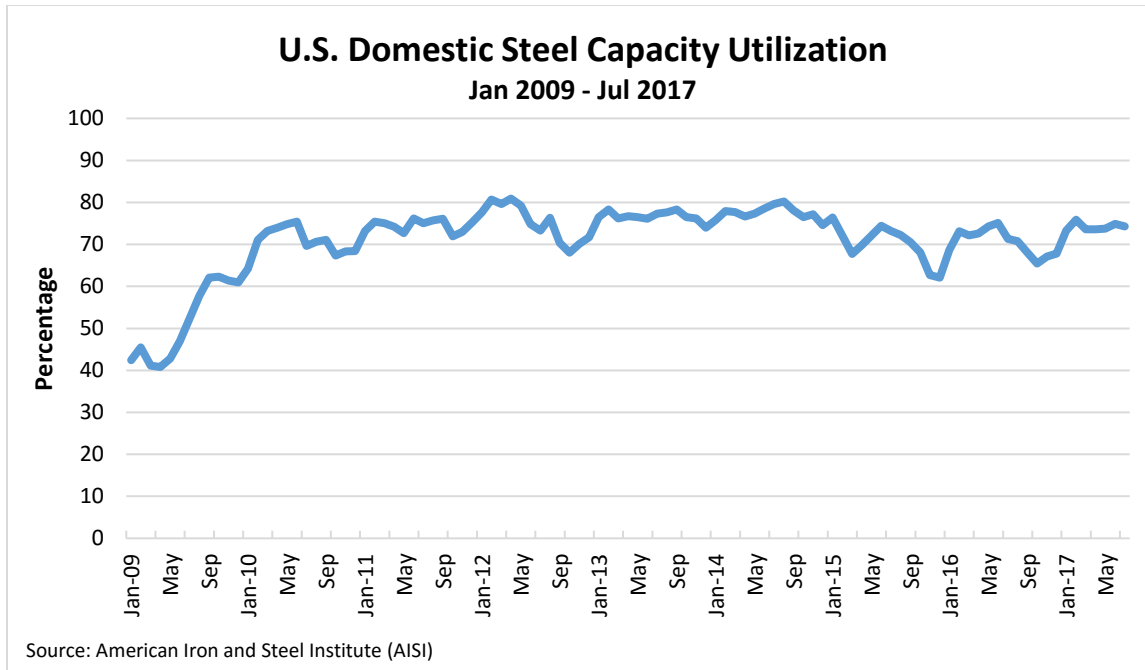


Figure 11 – U.S. Domestic Steel Capacity Utilization

Demand

- Apparent consumption (used to measure domestic demand) for steel, excluding semi-finished products, decreased 2% to 8.7 million metric tons in July 2017 from 8.9 million metric tons in June.
 - July demand has increased 5% from one year ago and increased 6% from five years ago.
 - Demand in June was still 111% 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.

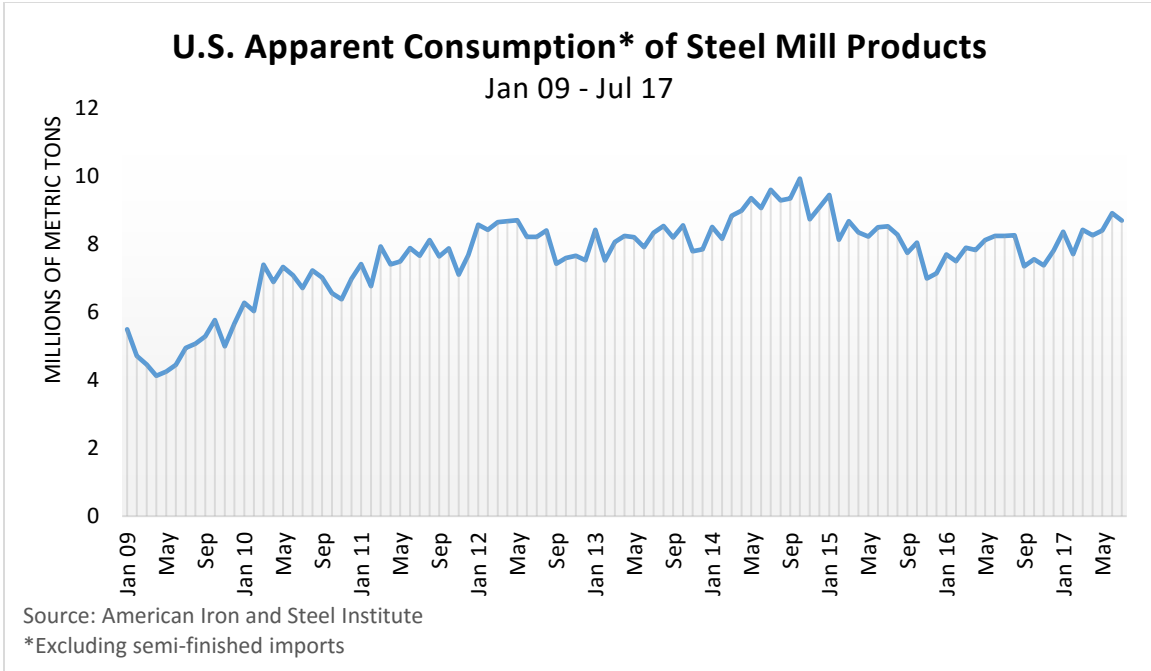


Figure 12 – U.S. Apparent Consumption of Steel Mill Products

- Import penetration for steel mill products, excluding semi-finished products, stayed the same at 30.4% in July 2017 (import penetration in June 2017 was also 30.4%). 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.

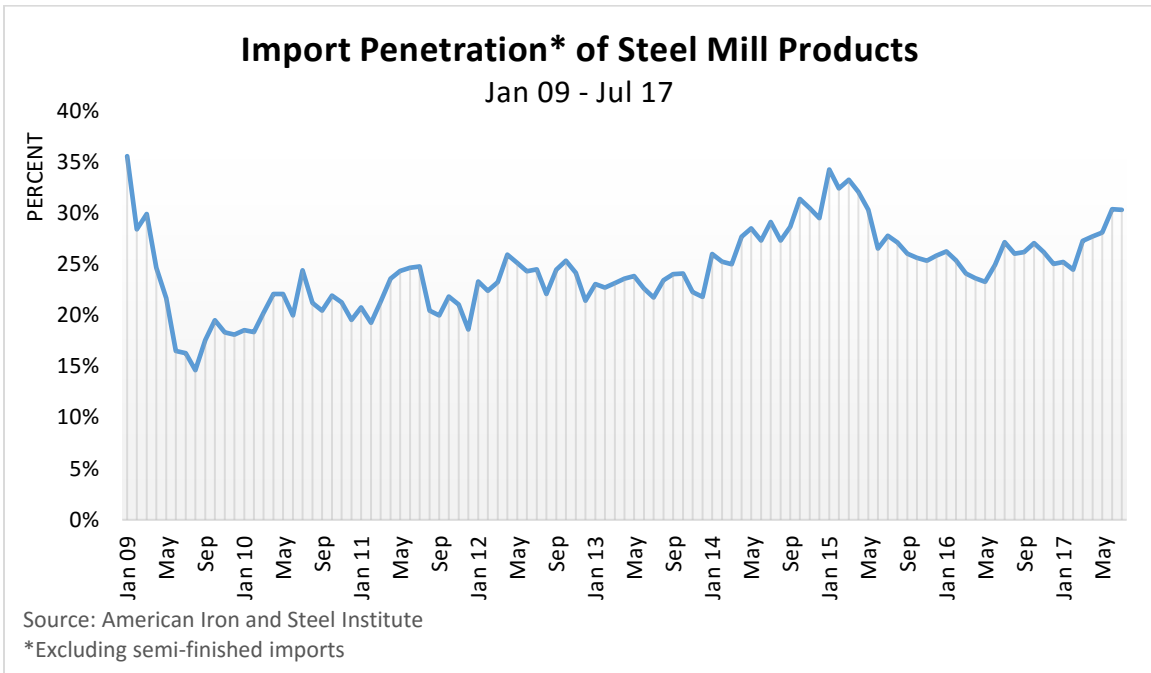


Figure 13 – Import Penetration for All Steel Mill Products

Trade Remedy Case Determinations – July/August 2017

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

Trade Remedies undertaken by the United States		
Product	Country	Department of Commerce Finding
Carbon and Alloy Steel Wire Rod	Italy and Turkey	Affirmative Preliminary Countervailing Duty Determination
Carbon and Alloy Steel Wire Rod	Belarus, Russia, UAE	Affirmative Preliminary Antidumping Duty Determination
Stainless Steel Flanges	China and India	Initiation of Antidumping Duty and Countervailing Duty Investigation
Cold-Drawn Mechanical Tubing	China	Affirmative Preliminary Countervailing Duty Determination

SOURCE: U.S. 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 \$864 million in Q2 2017.
 - According to publicly available figures, all six of the companies included reported quarterly net gains.
 - Nucor reported the highest quarterly net profit at \$323 million, followed by U.S. Steel at \$261 million, Steel Dynamics at \$154 million, AK Steel at \$61.2 million, Commercial Metals Company at 39.3, and Carpenter Technology at \$25.5 million.
 - Since Q1 2009, the group of steel companies monitored in the below chart has collectively reported net earnings for 20 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.

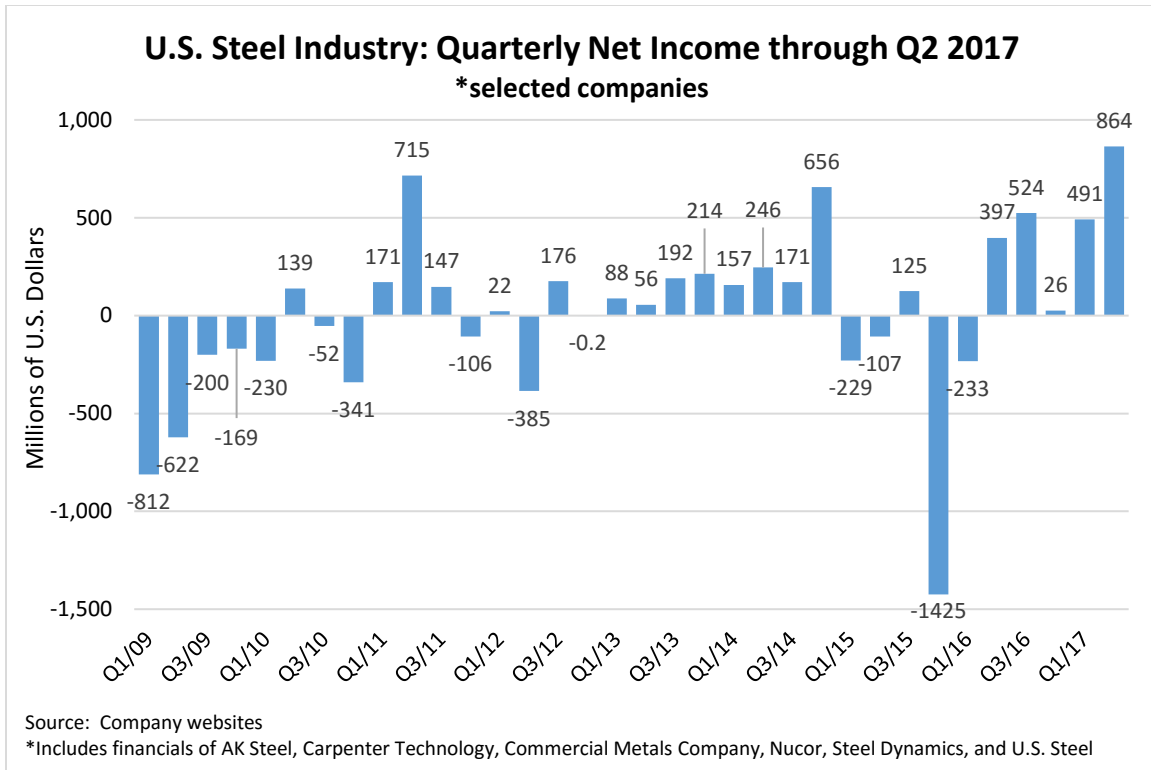


Figure 14 – U.S. Steel Industry: Quarterly Net Income

- Q2 2017 average share prices all decreased from Q1 2017 average share prices for all charted steel stocks.
 - Of the charted steel stocks, U.S. Steel average share prices saw the largest decrease from the previous quarter at 33%, followed by AK Steel with a decrease of 26.9% and ArcelorMittal with a decrease of 11.7%.
 - Compared to the same quarter last year, all the charted steel stocks showed increases in average share prices, with ArcelorMittal increasing by 47.5% and AK Steel by 44.1%.
 - All steel stocks underperformed compared to the S&P 500 between Q1 2017 and Q2 2017.
 - 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.

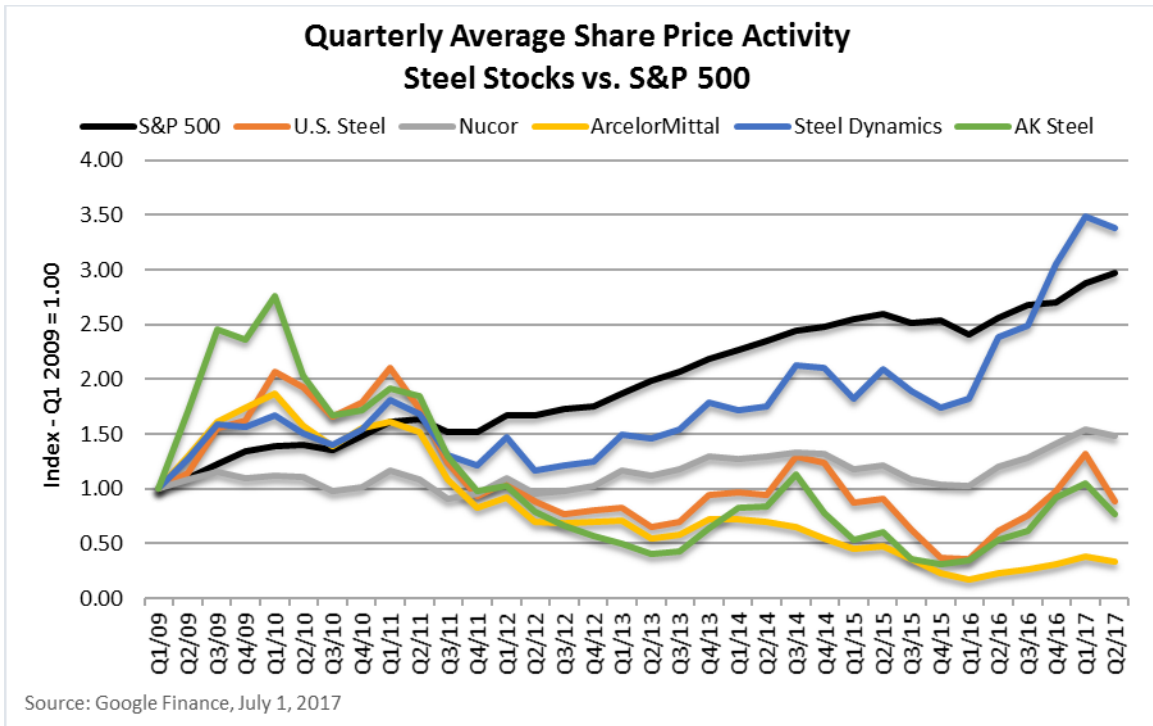


Figure 15 – Steel Stocks vs. S&P 500, Quarterly Average Share Price Activity

SIMA Team Contact Information

Enforcement and Compliance
 Office of Policy
 14th & Constitution Ave., NW, Suite 21006
 Washington, DC 20230
 Phone: (202) 482-2105
 Fax: (202) 501-1377
 steel.license@trade.gov
<http://enforcement.trade.gov/steel/license>