



Steel Industry Executive Summary: August 2017

Highlights

- From May to June 2017, U.S. imports of steel mill products increased 13% to 3.6 million metric tons from 3.1 million metric tons.
- In June 2017, capacity utilization was estimated at 74.9%, an increase from 73.7% in May.
- U.S. steel production decreased by 4.1% to 6.7 million metric tons in June 2017 from 7 million metric tons in May 2017.

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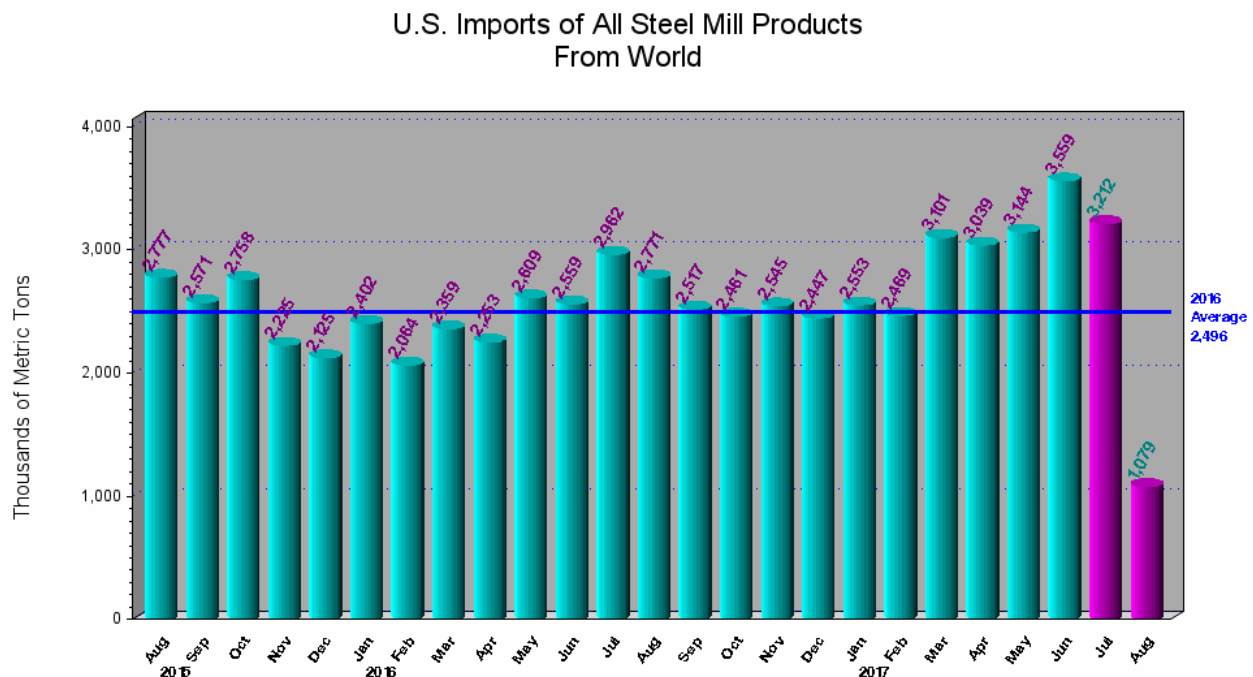
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Trade – U.S. Imports of Steel Mill Products

- From May to June 2017, U.S. imports of steel mill products increased 13% to 3.6 million metric tons from 3.1 million metric tons.
 - June 2017 steel imports were up 39% from one year ago and up 43% from the 2016 average monthly volume of 2.5 million metric tons.
 - Steel mill imports in June were down 12% from the most recent high import volume peak of 4 million metric tons in October 2014.
 - July 2017 license data suggest a decrease in imports from June.
- 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 : August 8, 2017 with
 Licensing Data collected through August 8, 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 17.9 million metric tons, a 25% increase from 14.2 million metric tons in YTD 2016 (through June).
 - In value terms, imports increased more than tonnage, up 37% to \$14.4 million in YTD 2017 from \$10.5 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 (14%) and Korea (10%).
 - The U.S. imported 6.3 million metric tons of flat products in YTD 2017, accounting for 35% of total steel mill imports, followed by semi-finished steel at 4.2 million metric tons or 24% of total imports.

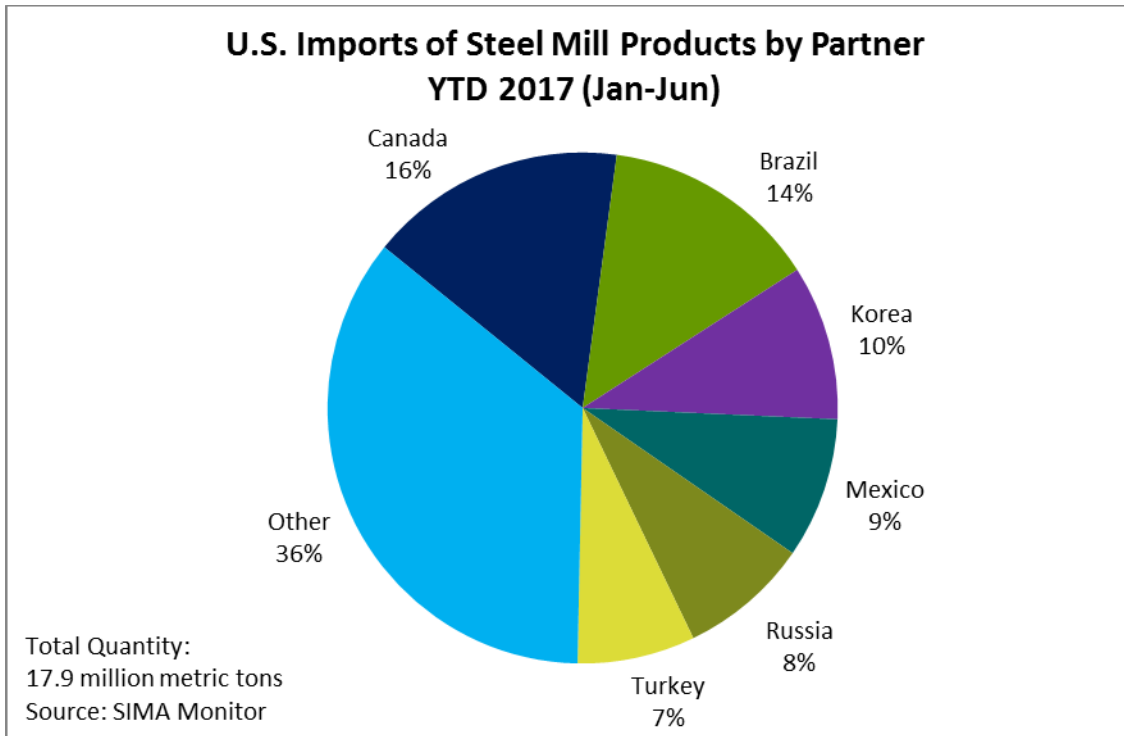


Figure 2 – U.S. Imports of Steel Mill Products by Partner

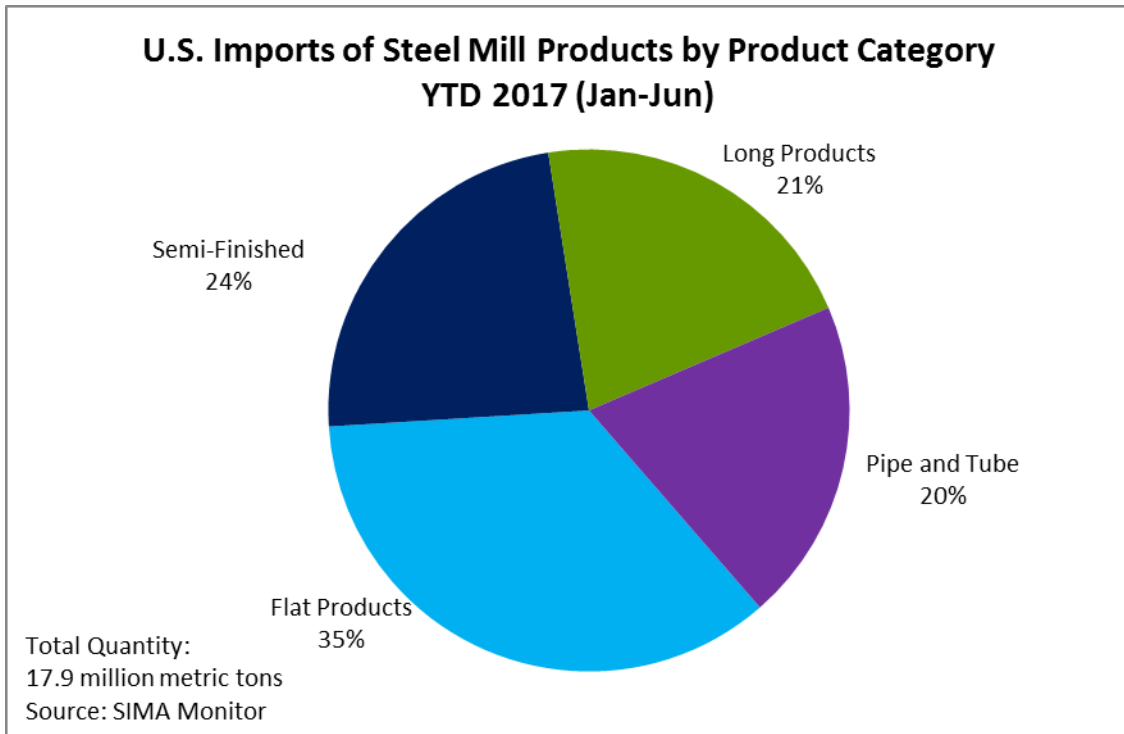


Figure 3 – U.S. Imports of Steel Mill Products by Product Category

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 June 2017, the steel trade deficit widened to -2.7 million metric tons from -2.2 million metric tons in May 2017, a 22.4% increase.
 - Compared to the trade balance one year ago, the June 2017 steel trade gap has widened by 49.8%.
 - From May to June 2017, the volume of U.S. steel exports decreased by 9.5% to 826 thousand metric tons. June 2017 exports were up 12.3% from one year ago and down 12.4% from three years ago.
 - Imports increased 13.2% by volume between May and June 2017 to 3.6 million metric tons. June 2017 imports were up 39% from one year ago and up 8.6% from three years ago.

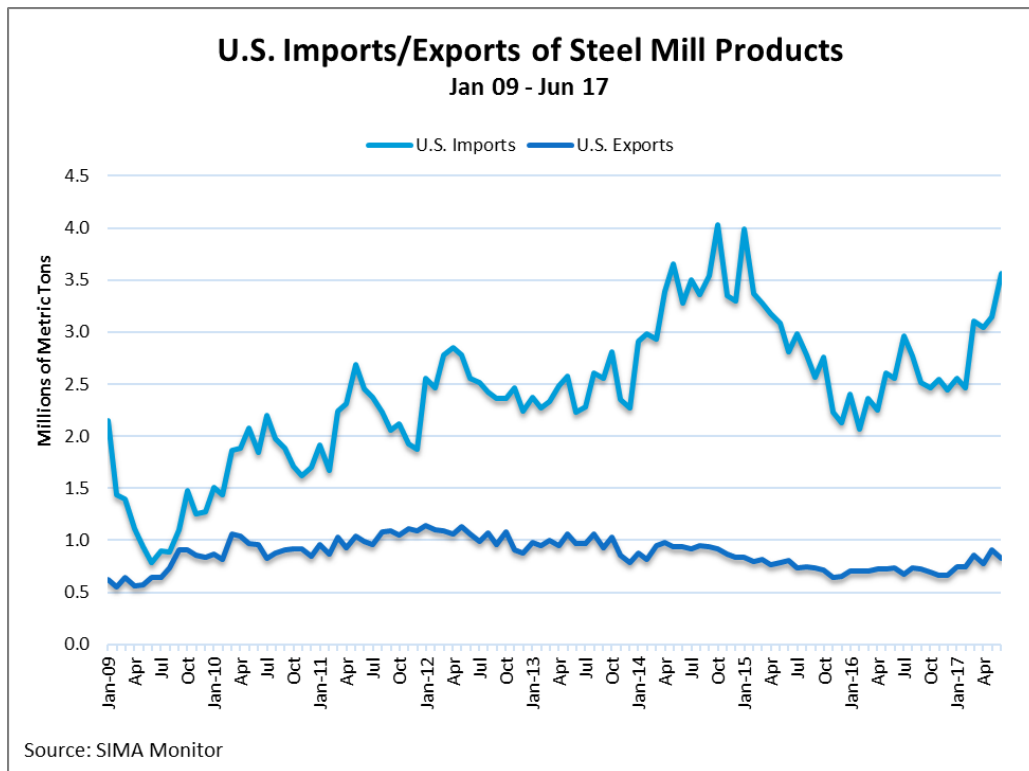


Figure 4 – U.S. Imports/Exports of Steel Mill Products

Trade – NAFTA

- According to the latest available data from the three NAFTA countries, total steel mill imports into NAFTA countries increased 18% to 22.2 million metric tons in YTD 2017 from 18.9 million metric tons in YTD 2016 (through May).
 - May 2017 steel mill imports into NAFTA countries were up 21% from one year ago.

- Intra-NAFTA steel imports increased 8% to 1.6 million metric tons between April and May, while external NAFTA imports increased 14% to 3.4 million metric tons.
- Imports among NAFTA countries accounted for a 35% share of total imports into NAFTA countries in YTD 2017, with Korea's share following at 9% or 2.1 million metric tons and Japan's share at 9% or 2 million metric tons.

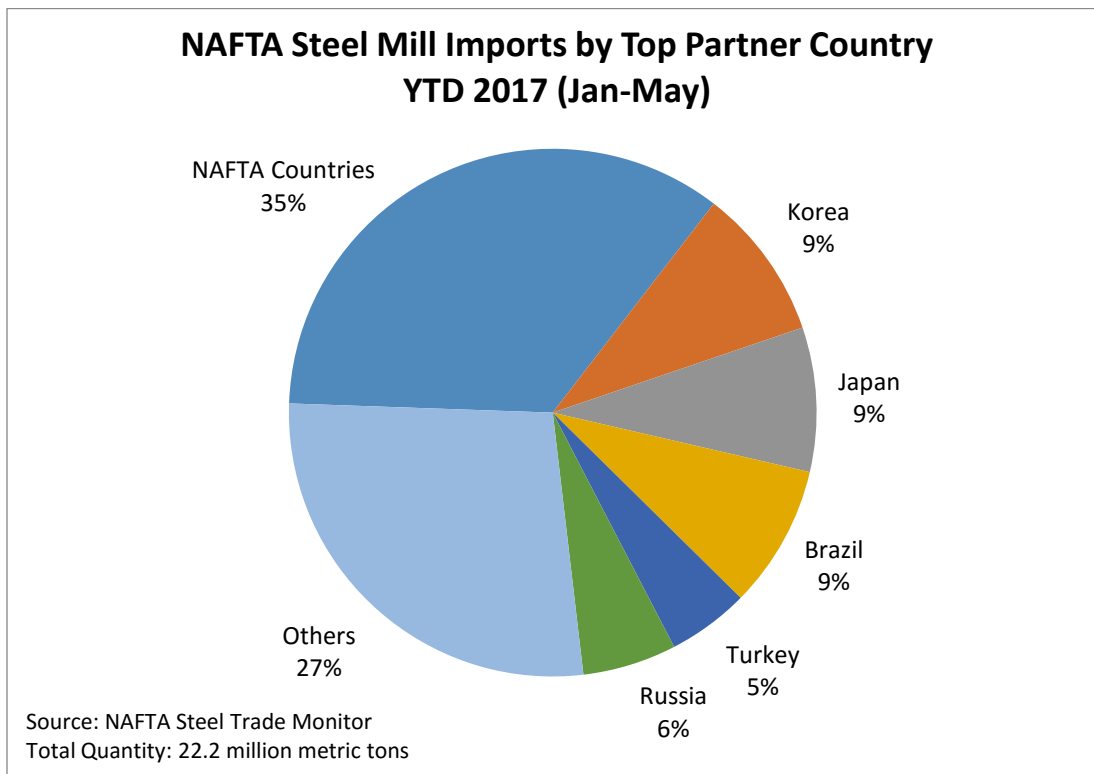


Figure 5 – NAFTA Steel Mill Imports by Top Partner Country

Trade – Steel Import Changes by Country and Product

Country	Product	Average monthly quantity May 2017 - July 2017 (metric tons)	Average monthly quantity August 2016 - April 2017 (metric tons)	Percent change from Historic to Current average quantity
NOTABLE INCREASES				
GERMANY	Wire Rods -- C & A	20,824	1,429	1358%
INDIA	Blooms, Billets and Slabs -- C & A	25,407	2,146	1084%
UKRAINE	Plates Cut Lengths -- C & A	11,503	1,028	1019%
PORTUGAL	Bars-Reinforcing -- C & A	18,383	1,765	941%
JAPAN	Plates in Coils -- C & A	5,205	646	706%
WORLD	Blooms, Billets and Slabs -- S	49,554	13,162	276%

RUSSIA	Sheets Cold Rolled -- C & A	38,494	11,020	249%
TAIWAN	Oil Country Goods -- C & A	11,065	3,348	231%
TURKEY	Bars-Hot rolled -- C & A	7,783	2,461	216%
BRAZIL	Bars-Hot rolled -- C & A	6,965	2,238	211%
TURKEY	Line Pipe -- C & A	7,743	2,608	197%
EGYPT	Sheets Hot Rolled -- C & A	9,948	3,417	191%
MEXICO	Plates Cut Lengths -- C & A	9,845	3,388	191%
SLOVAKIA	Blooms, Billets and Slabs -- C & A	6,601	2,503	164%
VIETNAM	Bars-Reinforcing -- C & A	11,980	4,584	161%
CHINA	Tin Free Steel -- C & A	7,624	2,976	156%
CANADA	Line Pipe -- C & A	16,062	6,277	156%
VIETNAM	Standard Pipe -- C & A	12,496	4,900	155%
TURKEY	Sheets & Strip Galv Hot Dipped -- C & A	35,154	13,871	153%
UNITED KINGDOM	Structural Shapes Heavy -- C & A	10,151	4,329	135%
UNITED ARAB EMIRATES	Standard Pipe -- C & A	11,304	4,849	133%
JAPAN	Oil Country Goods -- C & A	9,134	4,006	128%
GERMANY	Sheets Hot Rolled -- C & A	7,900	3,548	123%
NETHERLANDS	Plates in Coils -- C & A	12,198	5,574	119%
MEXICO	Line Pipe -- C & A	14,295	6,643	115%
CANADA	Oil Country Goods -- C & A	17,498	8,305	111%
TURKEY	Standard Pipe -- C & A	11,131	5,559	100%
WORLD	Oil Country Goods -- C & A	293,154	160,250	83%
WORLD	Line Pipe -- C & A	176,022	109,274	61%
WORLD	All Stainless Products	128,225	83,371	54%
WORLD	Standard Pipe -- C & A	109,752	73,321	50%
WORLD	Strip-Hot Rolled -- C & A	17,321	11,723	48%
WORLD	Steel Piling -- C & A	10,853	7,435	46%
WORLD	Pressure Tubing -- C & A	5,289	3,732	42%
WORLD	Sheets & Strip-Electrical -- C & A	8,496	6,039	41%
WORLD	Bars-Hot rolled -- C & A	127,603	91,973	39%
WORLD	Tin Free Steel -- C & A	21,645	15,844	37%
WORLD	Structural Shapes Heavy -- C & A	82,683	61,930	34%
WORLD	Mechanical Tubing -- C & A	56,767	42,825	33%
WORLD	Rails Standard -- C & A	29,141	22,412	30%
ITALY	Bars-Reinforcing -- C & A	7,835	.	.
NOTABLE DECREASES				

JAPAN	Blooms, Billets and Slabs -- C & A	12,865	32,266	(60%)
VIETNAM	Sheets & Strip Galv Hot Dipped -- C & A	8,752	22,803	(62%)
VIETNAM	Sheets Cold Rolled -- C & A	6,886	32,468	(79%)

SOURCE: U.S. Department of Commerce, Enforcement and Compliance, SIMA
Table last modified August 9, 2017, with Licensing data collected through July 2017 and Final Census data through June 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 have been relatively flat in recent months after gains in the first quarter.
 - U.S. domestic prices for hot-rolled band increased to \$681 per metric ton in July 2017. Compared to one year ago, the price for hot-rolled band was up 1.8 percent.
 - Cold-rolled coil prices increased to \$883 per metric ton in July, a 1.8 percent decrease from last year, while standard plate prices increased to \$822 per metric ton, a 16.1 percent increase from a year ago.

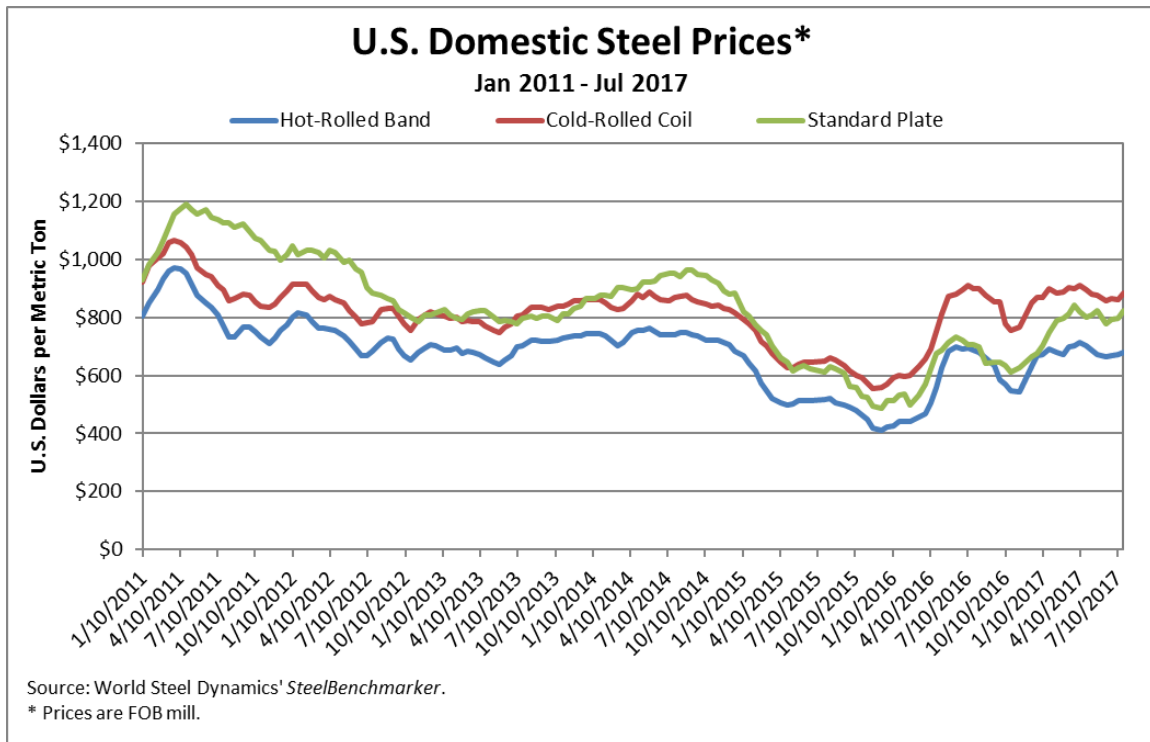


Figure 6 – U.S. Domestic Steel Prices

Production & Capacity Utilization

- According to data from the World Steel Association, U.S. steel production decreased by 4.1% to 6.7 million metric tons in June 2017 from 7 million metric tons in May 2017. This marks a 1.7% decrease from the June 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.

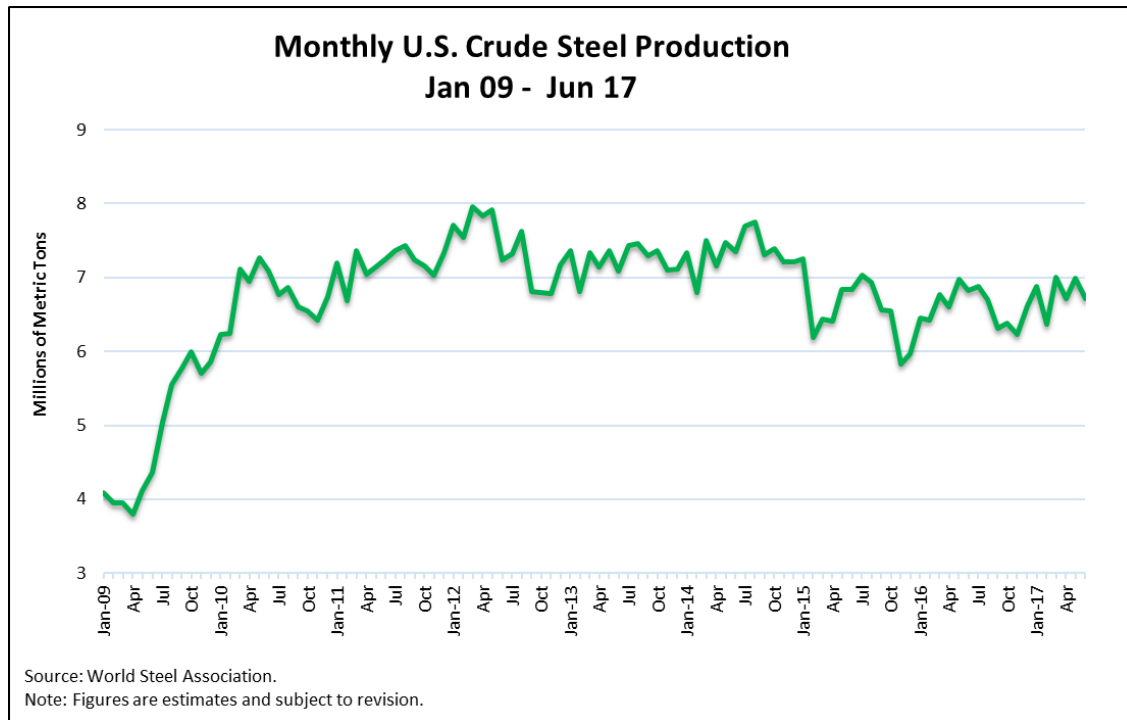


Figure 7 – Monthly U.S. Crude Steel Production

- Global steel production decreased by 1.6% to 141 million metric tons in June 2017 from 143 million metric tons in May 2017.
 - Global production in June 2017 increased 3.2% 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 June 2017 production level increased by 1.3% from May 2017 to 73 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 June 2017 production level of 14.4 million metric tons, a 2.5% decrease from 14.8 million metric tons in May 2017.

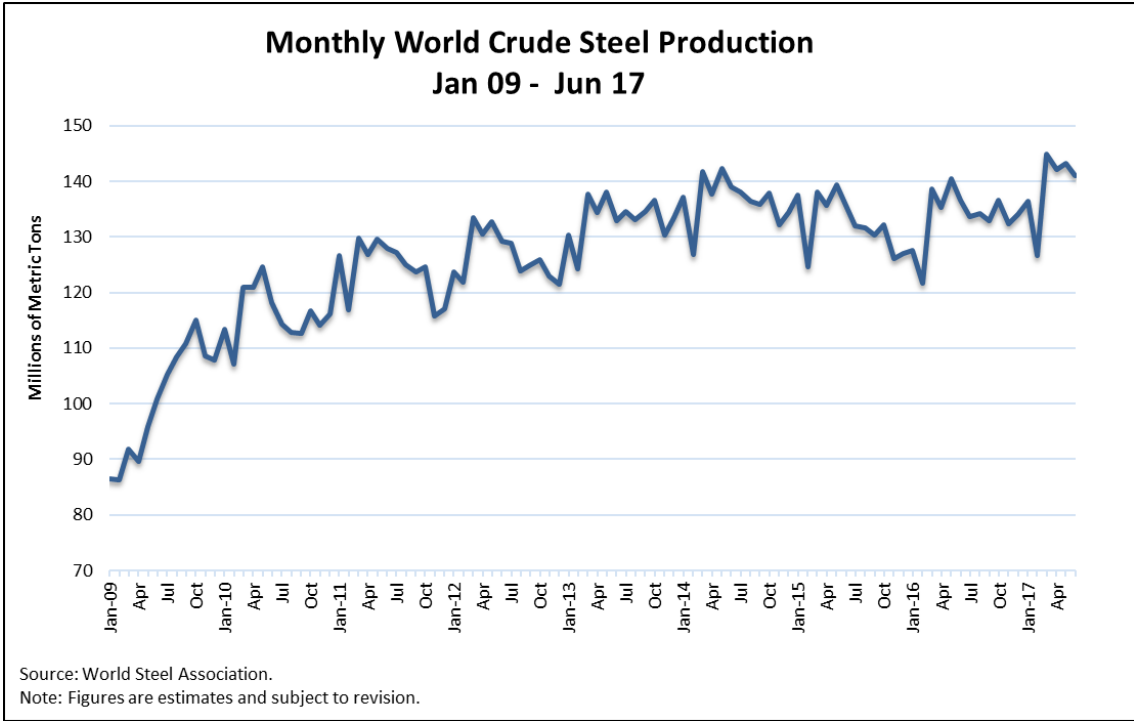


Figure 8 – Monthly World Crude Steel Production

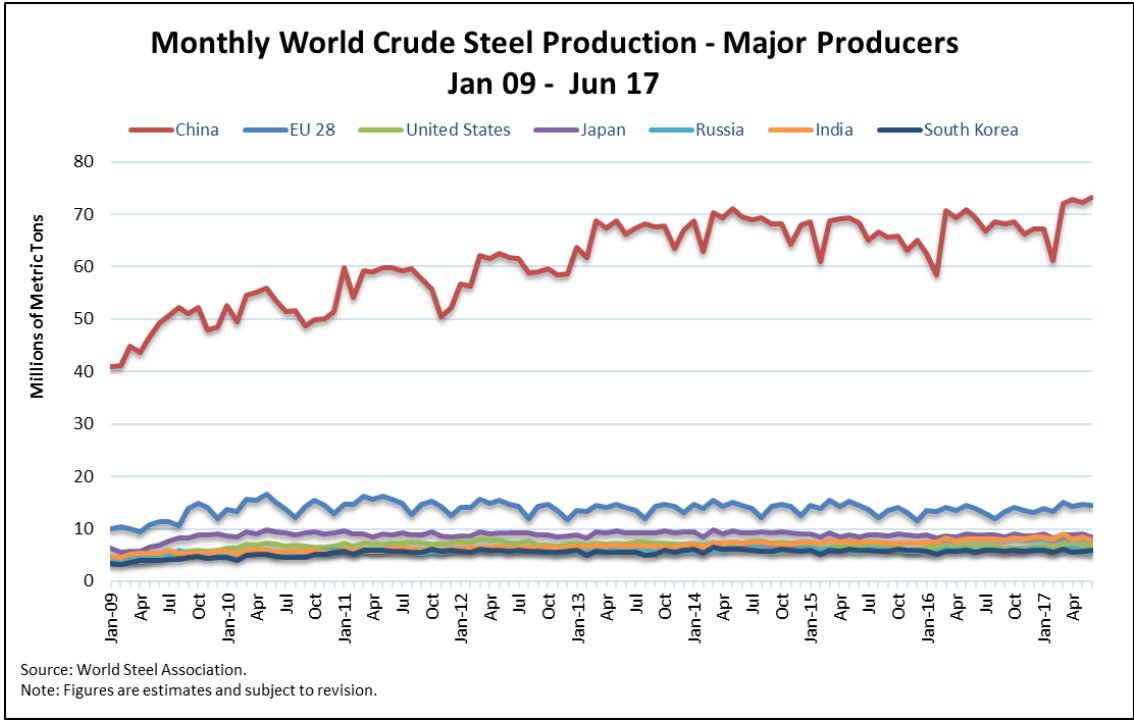


Figure 9 – Monthly Crude Steel Production - Major Producers

- China's share of total monthly world steel production increased to 52% in June 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.

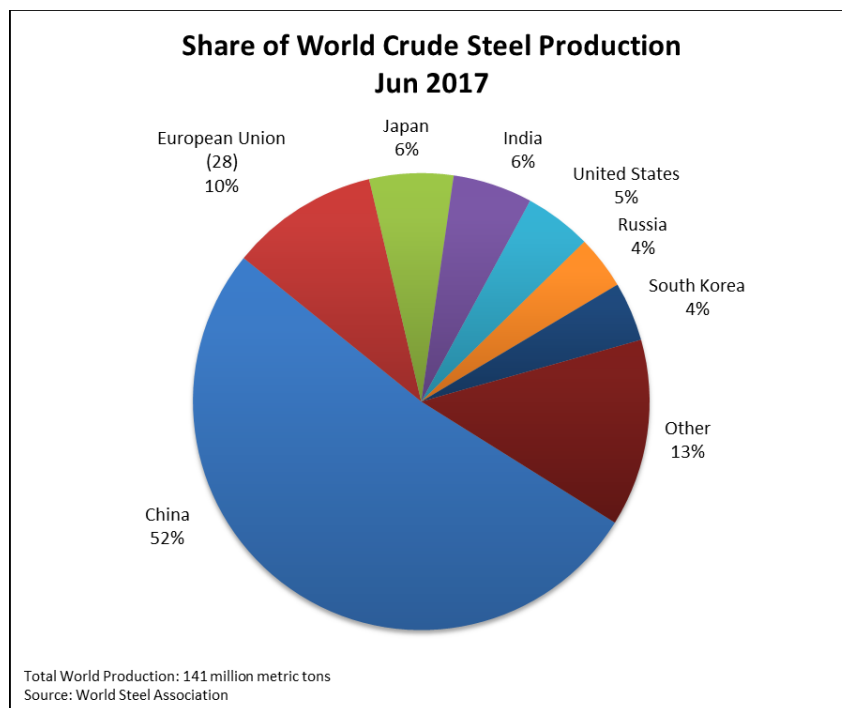


Figure 10 – Share of World Crude Steel Production

- U.S. domestic capacity utilization made gains in recent months after reaching a dip in October 2016.
 - In June 2017, capacity utilization was estimated at 74.9%, an increase from 73.7% in May.
 - Capacity utilization in May was down 0.2 percentage points from one year ago and up 0.1 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 28 percentage points from the thirteen-year low reached in April 2009, it still remains well below the pre-recession historical averages.

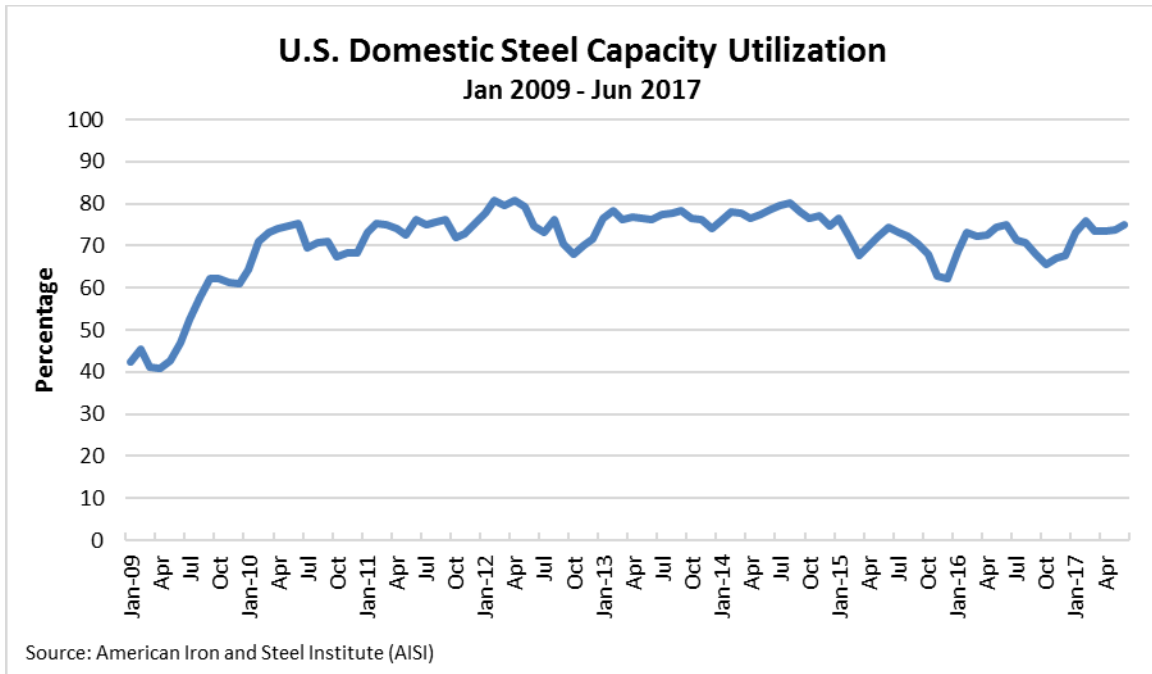


Figure 11 – U.S. Domestic Steel Capacity Utilization

Demand

- Apparent consumption (used to measure domestic demand) for steel, excluding semi-finished products, increased 6% to 8.9 million metric tons in June 2017 from 8.4 million metric tons in May.
 - June demand has increased 8% from one year ago and increased 8% from five years ago.
 - Demand in June was still 116% 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.

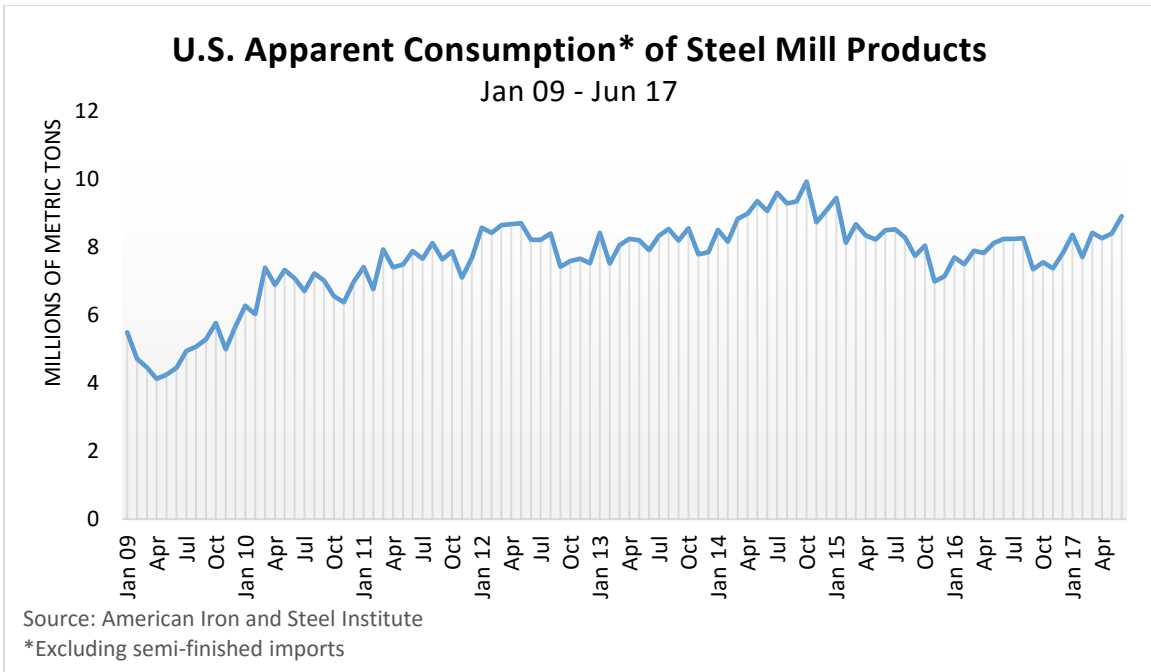


Figure 12 – U.S. Apparent Consumption of Steel Mill Products

- Import penetration for steel mill products, excluding semi-finished products, increased slightly to 30.4% in June 2017 from 28.1% in May. This marks a 5.5 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.

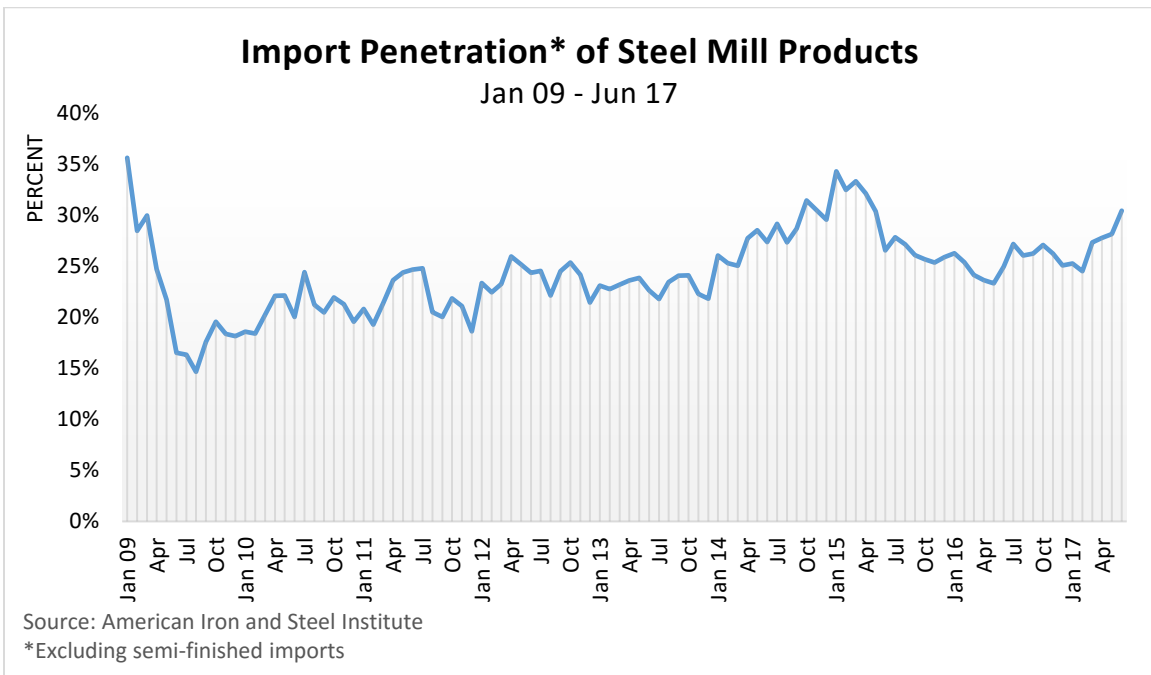


Figure 13 – Import Penetration for All Steel Mill Products

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
Certain Oil Country Tubular Goods	Ukraine	Extension of Antidumping Duty Suspension Agreement
Steel Concrete Reinforcing Bar	Taiwan	Affirmative Final Antidumping 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.

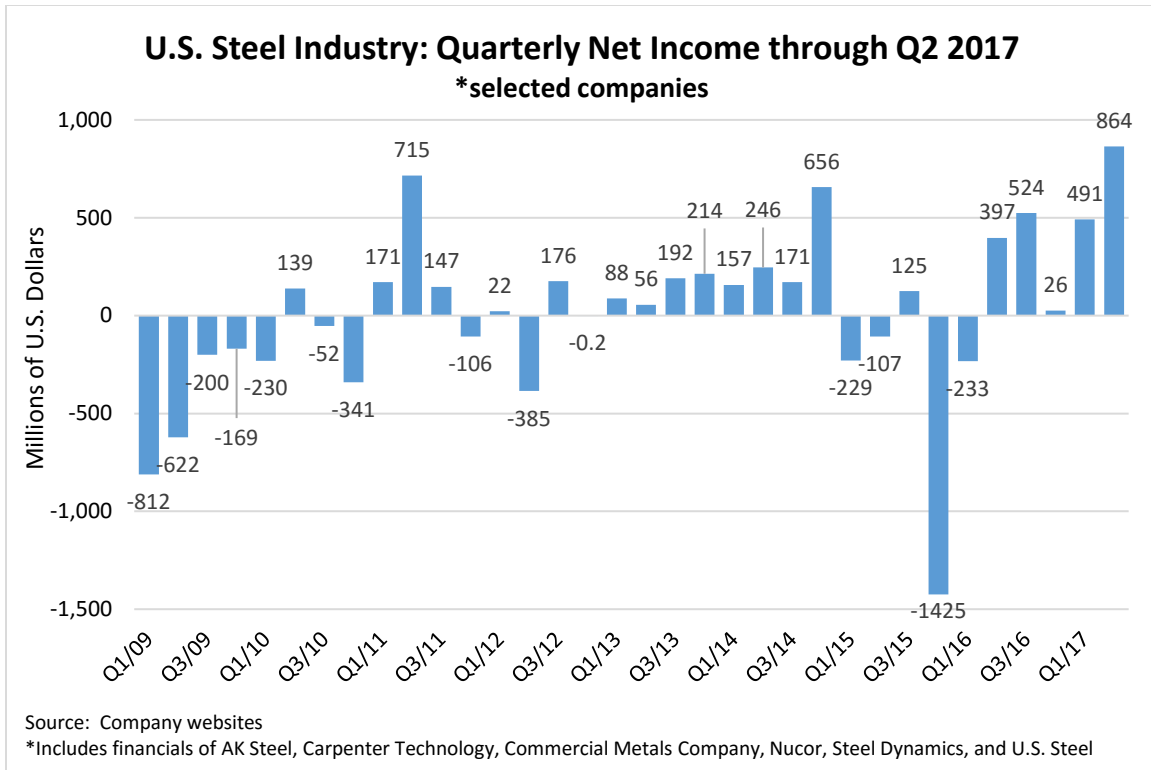


Figure 14 – U.S. Steel Industry: Quarterly Net Income

- 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.

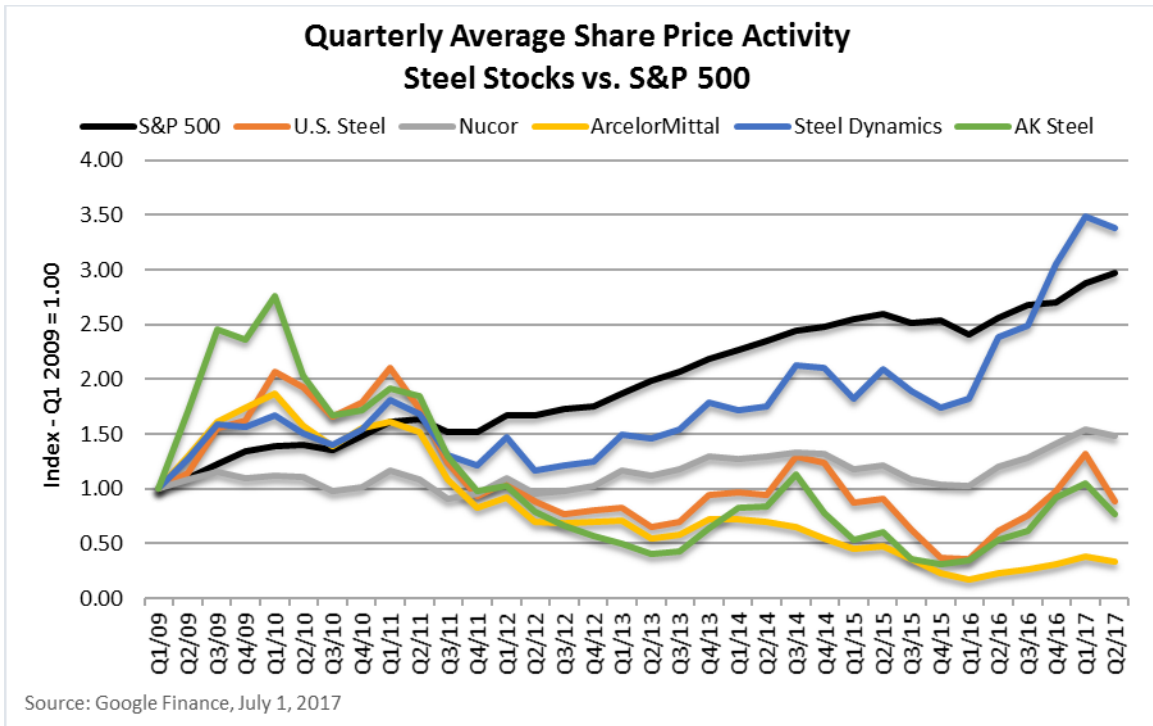


Figure 15 – Steel Stocks vs. S&P 500, Quarterly Average Share Price Activity

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