



Steel Industry Executive Summary: October 2017

Highlights

- From July to August 2017, U.S. imports of steel mill products decreased 3% to 3.1 million metric tons from 3.2 million metric tons.
- In August 2017, capacity utilization was estimated at 75.8%, an increase of 1.5 percentage points from 74.3% in July.
- U.S. steel production increased by 1.5% to 7.1 million metric tons in August 2017 from 7 million metric tons in June 2017.

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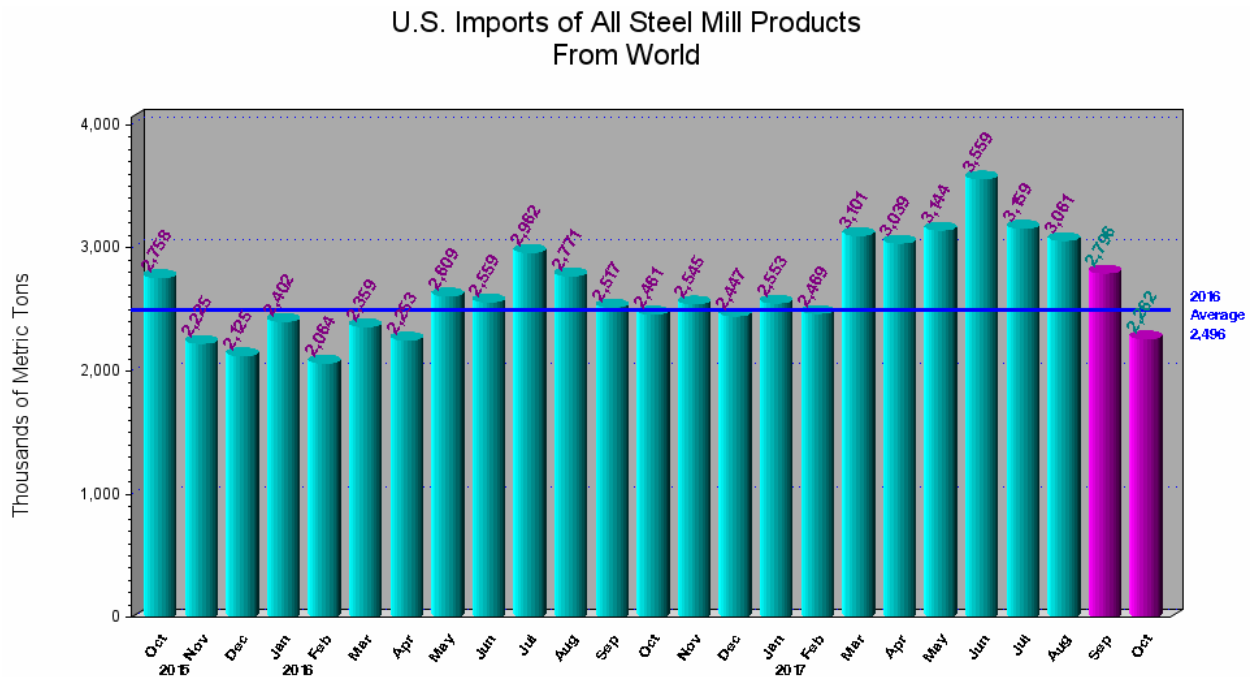
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Trade – U.S. Imports of Steel Mill Products

- From July to August 2017, U.S. imports of steel mill products decreased 3% to 3.1 million metric tons from 3.2 million metric tons.
 - August 2017 steel imports were up 10% from one year ago and up 23% from the 2016 average monthly volume of 2.5 million metric tons.
 - Steel mill imports in August were down 24% from the most recent high import volume peak of 4 million metric tons in October 2014.
 - September 2017 license data suggest a decrease in imports from August.
- 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 : October 25, 2017 with
Licensing Data collected through October 25, 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 24.1 million metric tons, a 21% increase from 20 million metric tons in YTD 2016 (through August).
 - In value terms, imports increased more than tonnage, up 34% to \$19.6 million in YTD 2017 from \$14.7 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 8.6 million metric tons of flat products in YTD 2017, accounting for 36% of total steel mill imports, followed by semi-finished steel at 5.6 million metric tons or 23% of total imports.

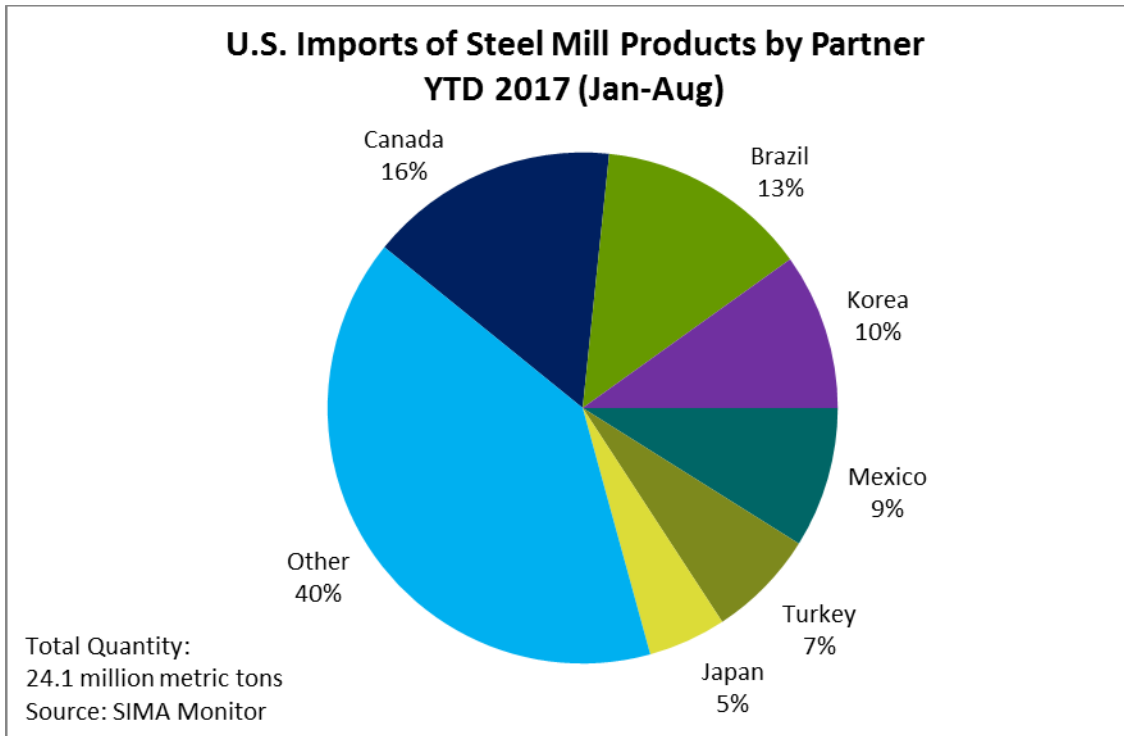


Figure 2 – U.S. Imports of Steel Mill Products by Partner

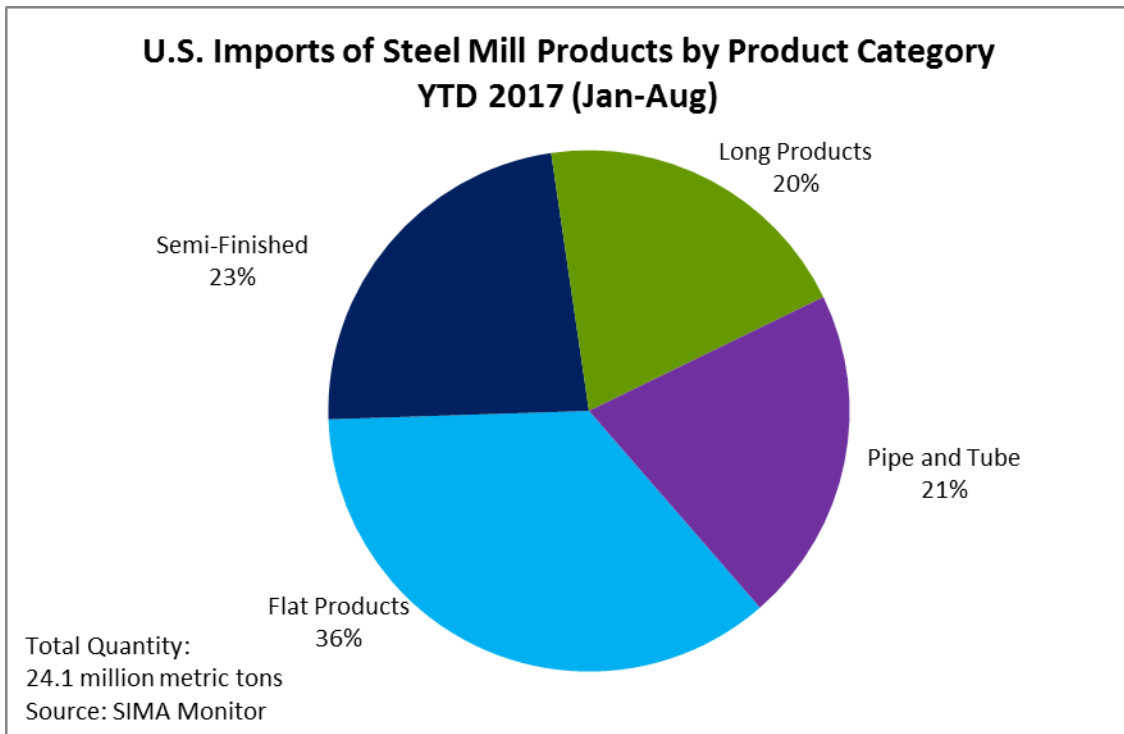


Figure 3 – U.S. Imports of Steel Mill Products by Product Category

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 August 2017, the steel trade deficit narrowed to -2.2 million metric tons from -2.4 million metric tons in July 2017, an 8.2% decrease.
 - Compared to the trade balance one year ago, the August 2017 steel trade gap has widened by 9.5%.
 - From July to August 2017, the volume of U.S. steel exports increased by 13.8% to 832 thousand metric tons. August 2017 exports were up 13% from one year ago and down 12.3% from three years ago.
 - Imports decreased 3% by volume between July and August 2017 to 3.1 million metric tons. August 2017 imports were up 10.4% from one year ago and down 8.8% from three years ago.

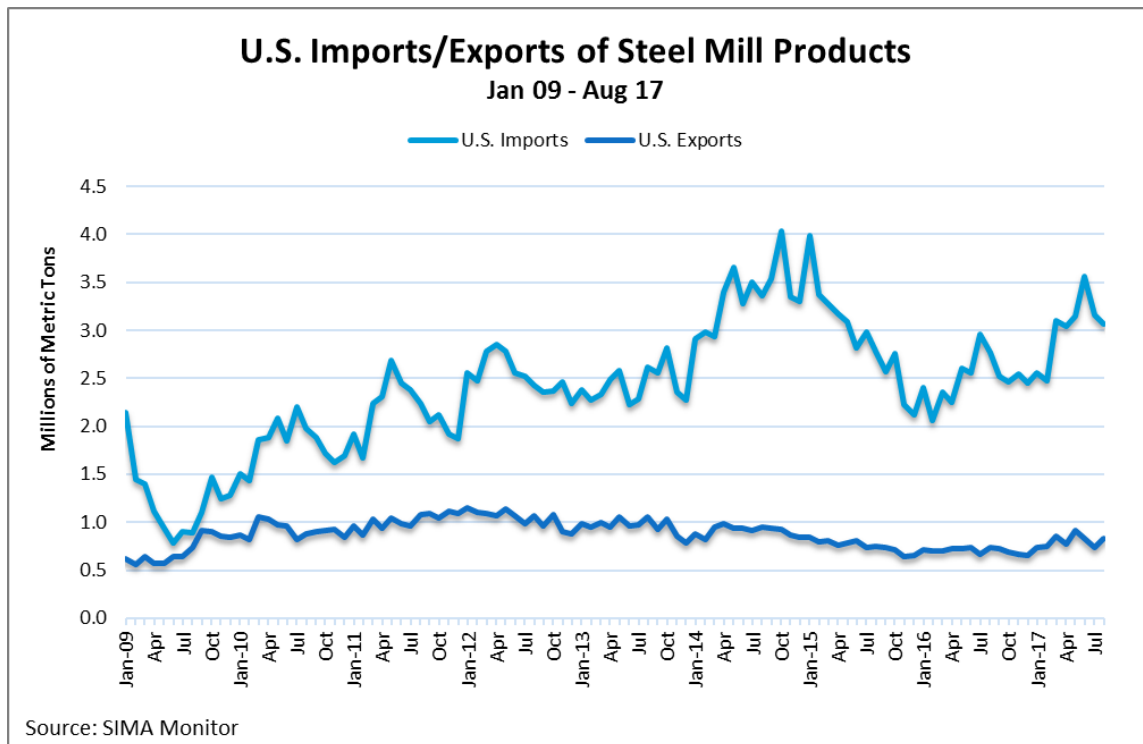


Figure 4 – U.S. Imports/Exports of Steel Mill Products

Trade – NAFTA

- According to the latest available data from the three NAFTA countries, total steel mill imports into NAFTA countries increased 19% to 32.3 million metric tons in YTD 2017 from 27.1 million metric tons in YTD 2016 (through July).
 - July 2017 steel mill imports into NAFTA countries were up 12% from one year ago.

- Intra-NAFTA steel imports decreased 9% to 1.4 million metric tons between June and July, while external NAFTA imports decreased 13% to 3.3 million metric tons.
- Imports among NAFTA countries accounted for a 33% share of total imports into NAFTA countries in YTD 2017, with Korea's share following at 9% or 3 million metric tons and Japan's share at 9% or 2.7 million metric tons.

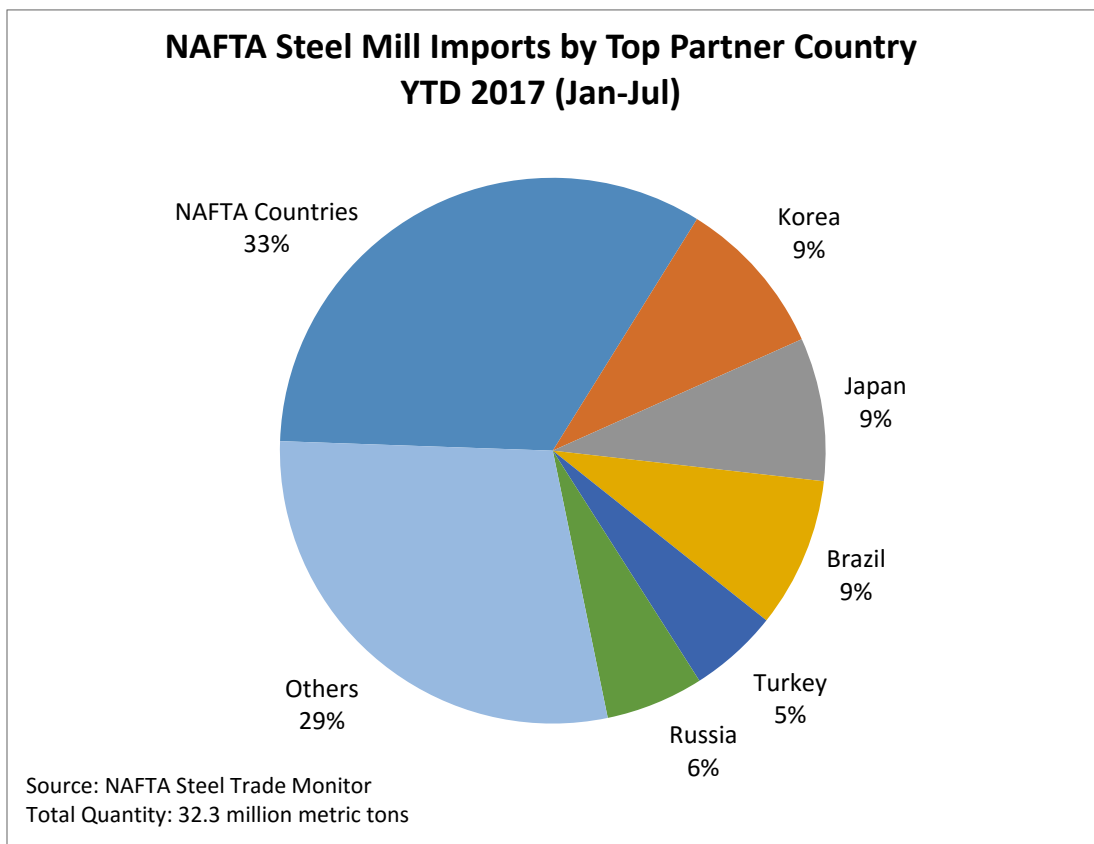


Figure 5 – NAFTA Steel Mill Imports by Top Partner Country

Trade – Steel Import Changes by Country and Product

Country	Product	Average monthly quantity July 2017 - September 2017 (metric tons)	Average monthly quantity October 2016 - June 2017 (metric tons)	Percent change from Historic to Current average quantity
SPAIN	Bars-Light Shaped -- C & A	10,588	1	1.47E6%
BRAZIL	Ingots and Steel for Castings -- C & A	8,353	3	287306%
BRAZIL	Bars-Reinforcing -- C & A	8,668	562	1443%

Country	Product	Average monthly quantity July 2017 - September 2017 (metric tons)	Average monthly quantity October 2016 - June 2017 (metric tons)	Percent change from Historic to Current average quantity
ITALY	Bars-Reinforcing -- C & A	11,346	1,098	933%
WORLD	Ingots and Steel for Castings -- C & A	10,830	1,722	529%
BRAZIL	Oil Country Goods -- C & A	20,237	3,340	506%
UKRAINE	Plates Cut Lengths -- C & A	7,613	1,846	312%
GERMANY	Wire Rods -- C & A	17,107	4,563	275%
WORLD	Blooms, Billets and Slabs -- S	51,456	14,850	246%
TAIWAN	Oil Country Goods -- C & A	20,273	5,914	243%
GERMANY	Sheets Hot Rolled -- C & A	11,978	3,682	225%
PORTUGAL	Bars-Reinforcing -- C & A	13,135	5,305	148%
TURKEY	Oil Country Goods -- C & A	10,074	4,143	143%
MEXICO	Plates Cut Lengths -- C & A	10,483	4,375	140%
ITALY	Structural Pipe & Tube -- C & A	5,864	2,509	134%
CHINA	Tin Free Steel -- C & A	8,042	3,441	134%
TURKEY	Sheets & Strip Galv Hot Dipped -- C & A	37,681	17,033	121%
RUSSIA	Sheets Cold Rolled -- C & A	38,876	18,430	111%
TURKEY	Bars-Hot rolled -- C & A	13,210	6,557	101%
WORLD	Bars-Light Shaped -- C & A	23,173	13,426	73%
WORLD	Line Pipe -- C & A	208,111	128,416	62%
WORLD	All Stainless Products	132,832	87,716	51%
WORLD	Oil Country Goods -- C & A	306,181	203,985	50%
WORLD	Sheets & Strip-Electrical -- C & A	8,840	6,648	33%
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	.	.
NOTABLE DECREASES				
VIETNAM	Sheets Cold Rolled -- C & A	6,894	23,994	(71%)
TURKEY	Bars-Reinforcing -- C & A	24,588	106,996	(77%)

SOURCE: US Department of Commerce, Enforcement and Compliance, SIMA
Table last modified October 17, 2017, with Licensing data collected through September 2017 and
Final Census data compiled through August 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 decreased to \$690 per metric ton in September 2017. Compared to one year ago, the price for hot-rolled band was up 18.2 percent.
 - Cold-rolled coil prices increased to \$878 per metric ton in September, a 2.7 percent increase from last year, while standard plate prices increased to \$775 per metric ton, a 20.2 percent increase from a year ago.

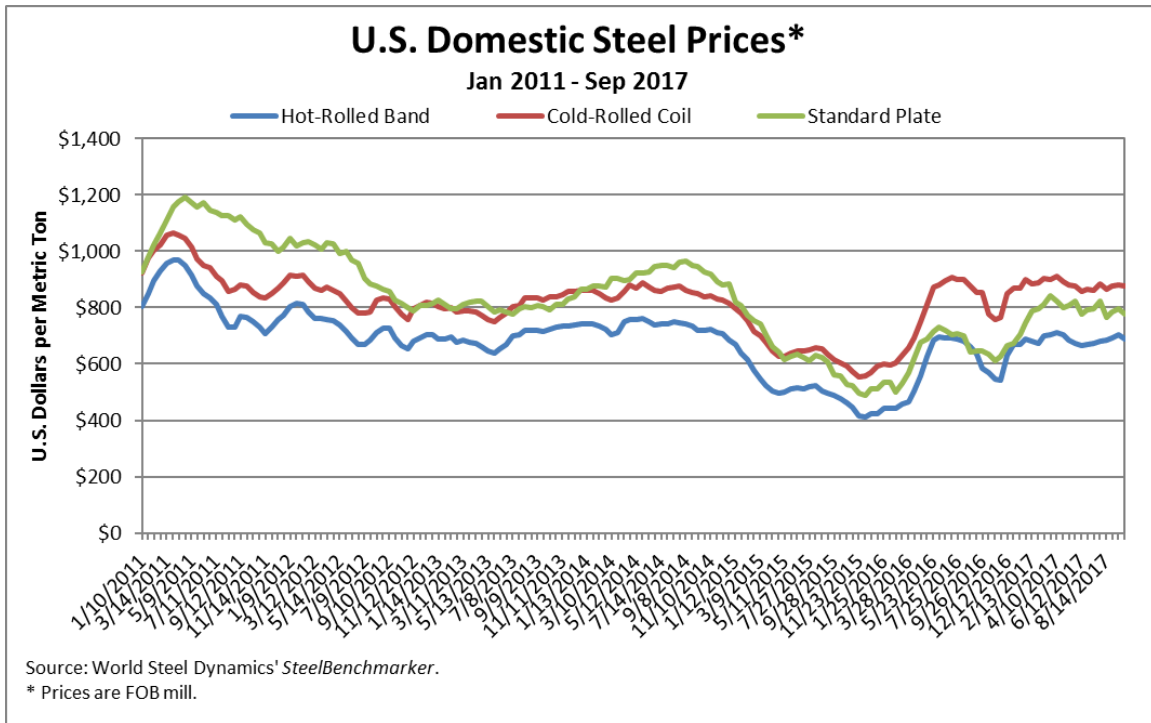


Figure 6 – U.S. Domestic Steel Prices

Production & Capacity Utilization

- According to data from the World Steel Association, U.S. steel production increased by 1.5% to 7.1 million metric tons in August 2017 from 7 million metric tons in June 2017. This marks a 6.3% increase from the August 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.

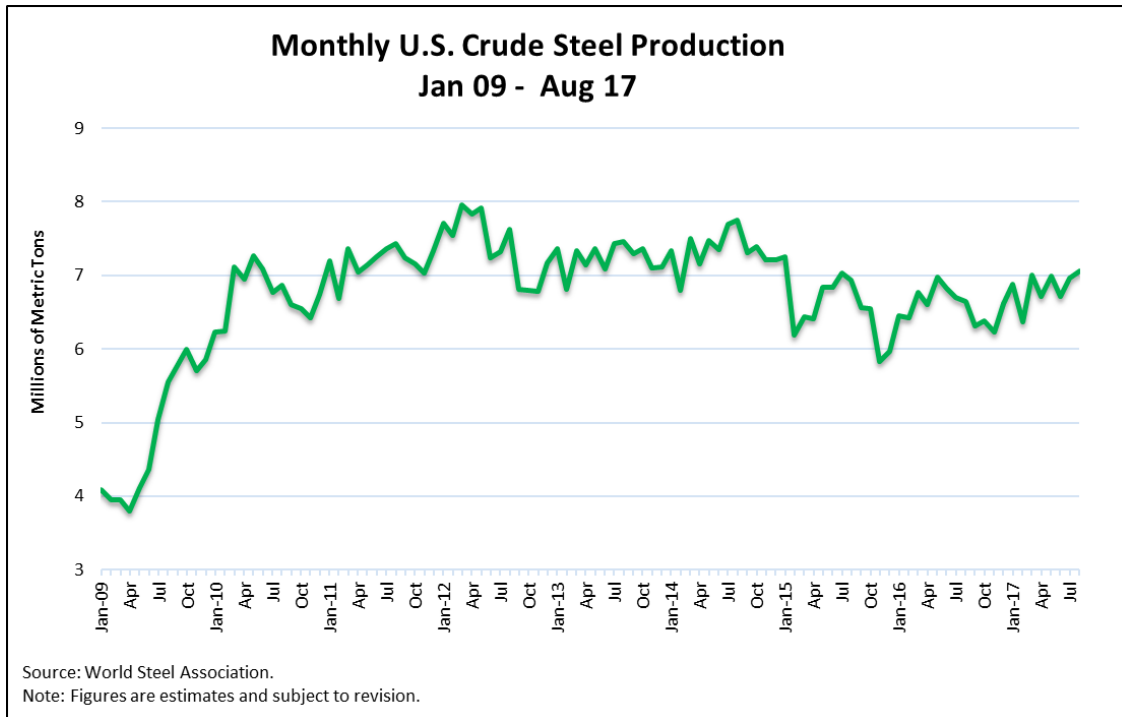


Figure 7 – Monthly U.S. Crude Steel Production

- Global steel production decreased by 0.1% to 143.6 million metric tons in August 2017 from 143.7 million metric tons in July 2017.
 - Global production in August 2017 increased 6.3% 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 August 2017 production level increased by 0.8% from July 2017 to 74.6 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 August 2017 production level of 12.6 million metric tons, a 10.1% decrease from 14 million metric tons in July 2017.

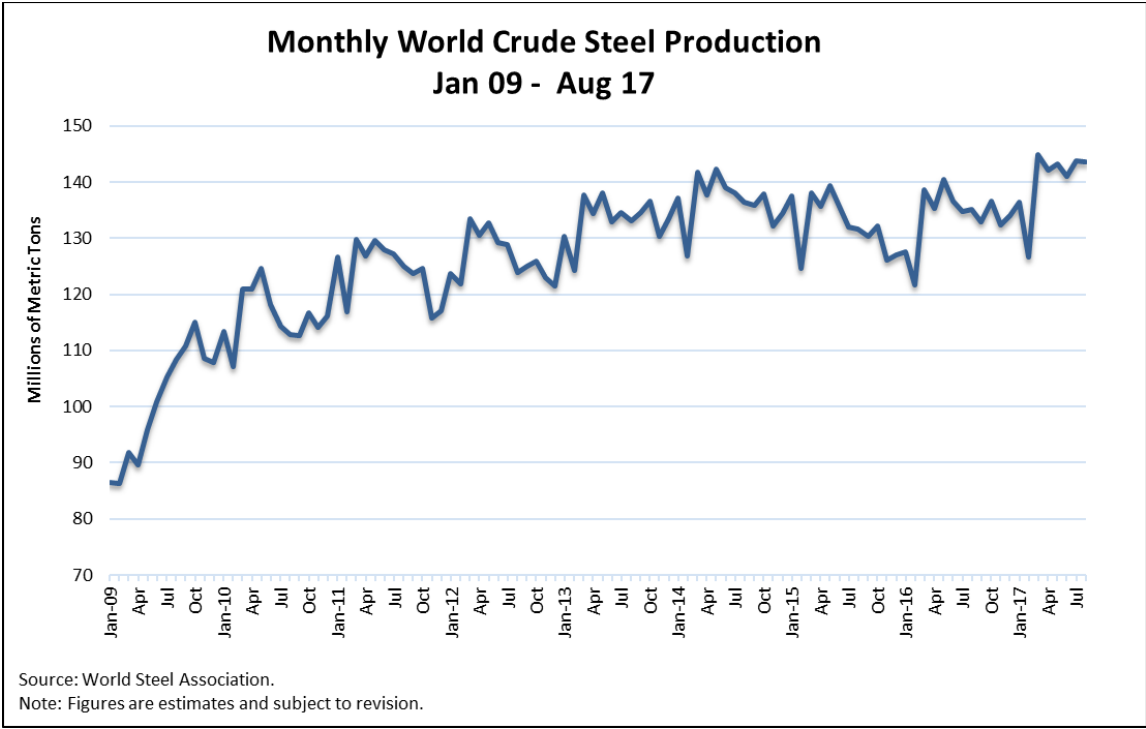


Figure 8 – Monthly World Crude Steel Production

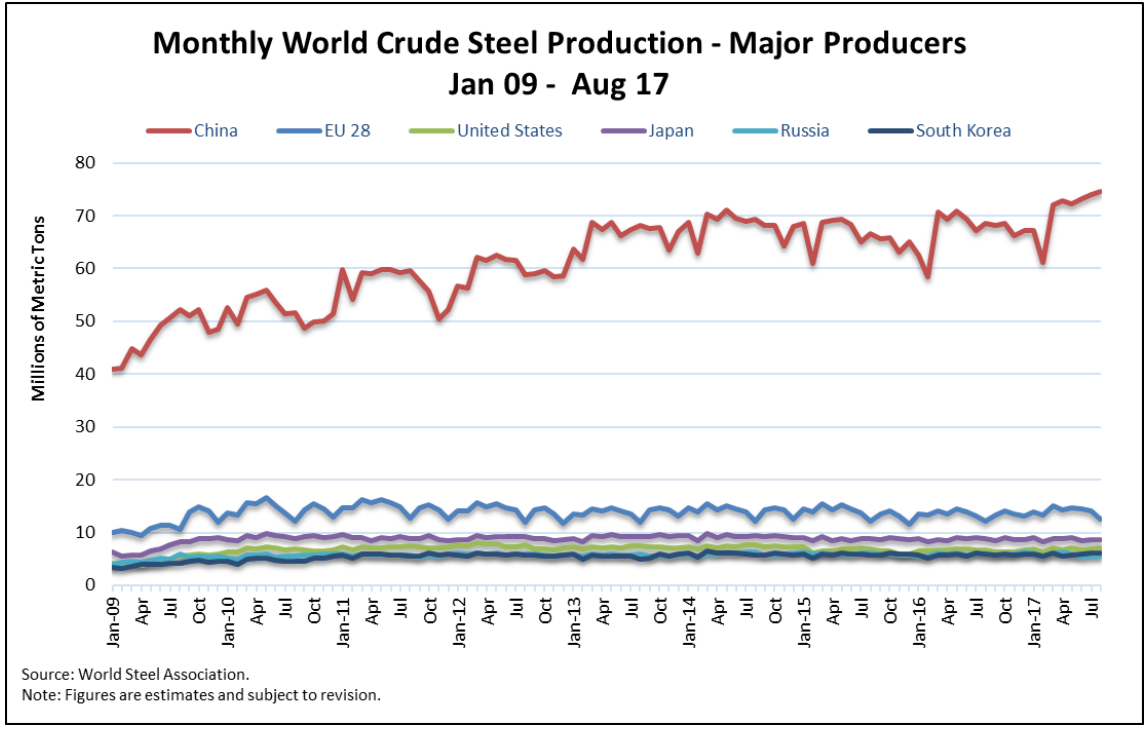


Figure 9 – Monthly Crude Steel Production - Major Producers

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

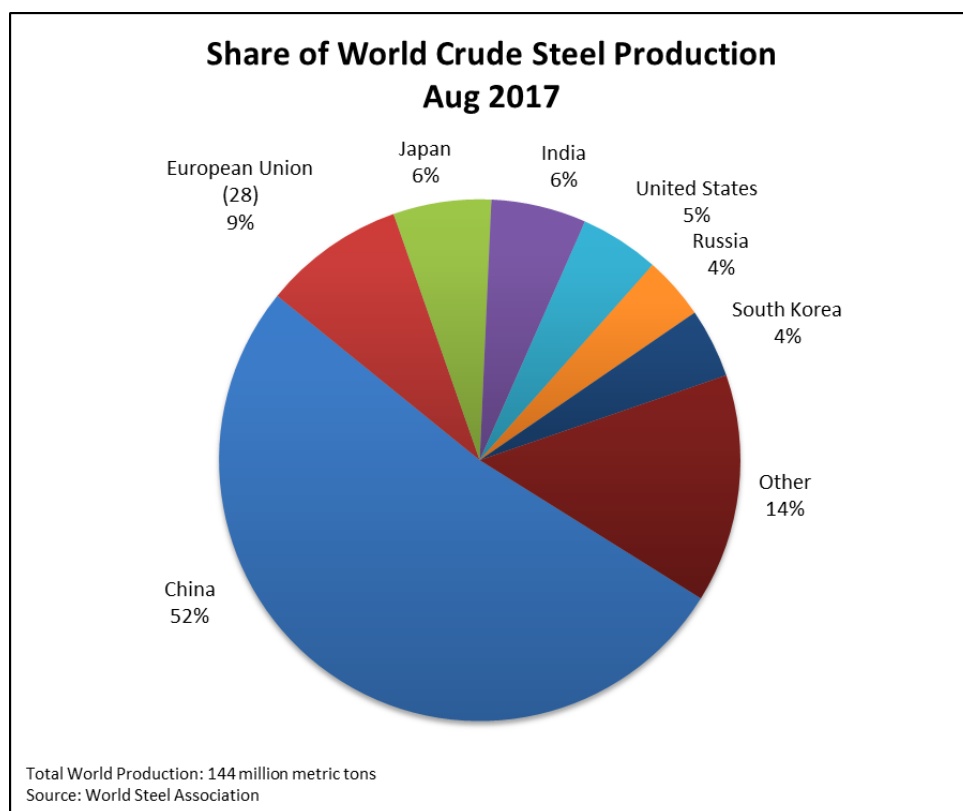


Figure 10 – Share of World Crude Steel Production

- U.S. domestic capacity utilization made gains in recent months after reaching a dip in October 2016.
 - In August 2017, capacity utilization was estimated at 75.8%, an increase of 1.5 percentage points from 74.3% in July.
 - Capacity utilization in August was up 5 percentage points from one year ago and down 0.5 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 23.4 percentage points from the thirteen-year low reached in April 2009, it still remains well below the pre-recession historical averages.

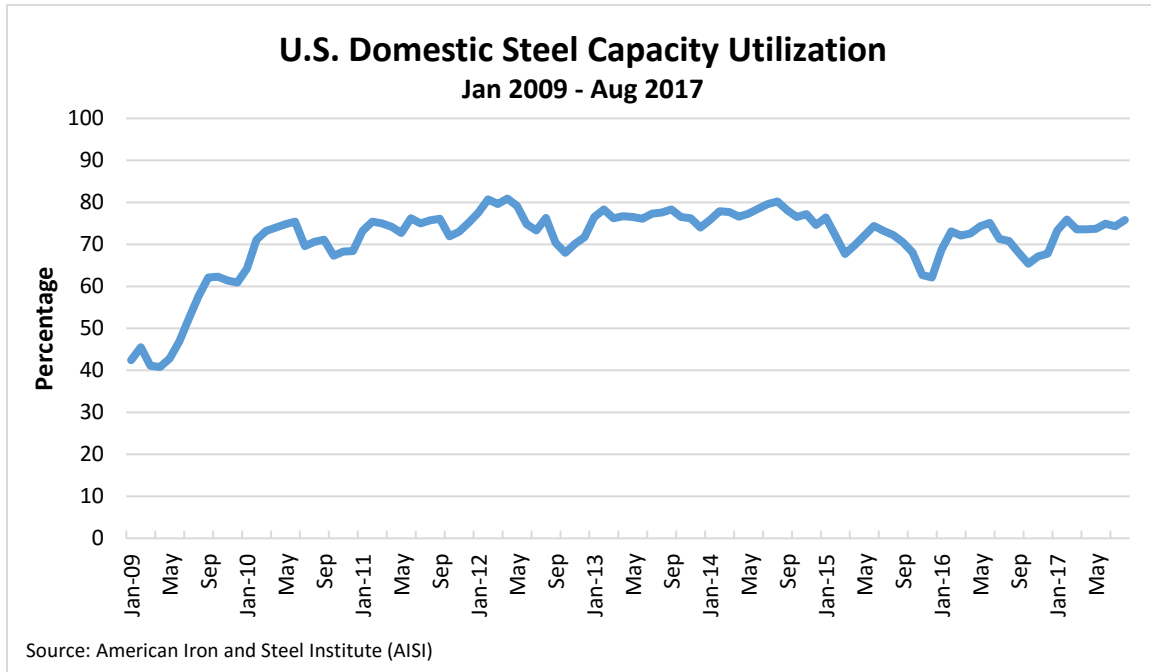


Figure 11 – U.S. Domestic Steel Capacity Utilization

Demand

- Apparent consumption (used to measure domestic demand) for steel, excluding semi-finished products, decreased 1% to 8.6 million metric tons in August 2017 from 8.7 million metric tons in July.
 - August demand has increased 4% from one year ago and increased 2% from five years ago.
 - Demand in August was still 109% 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.

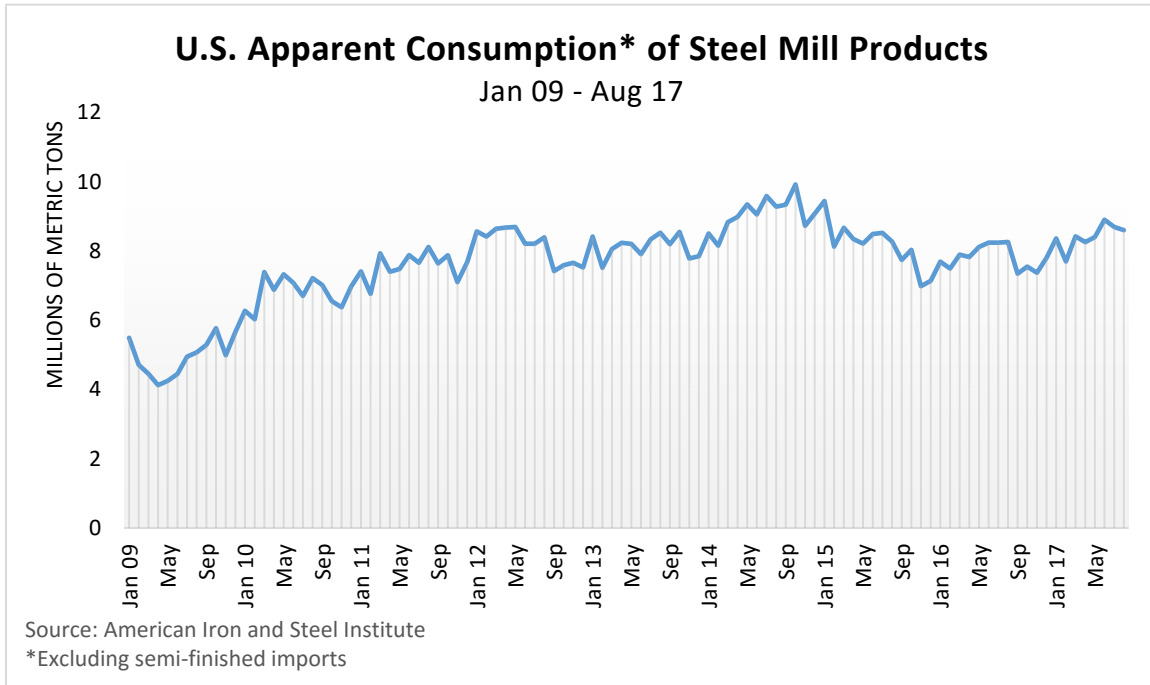


Figure 12 – U.S. Apparent Consumption of Steel Mill Products

- Import penetration for steel mill products, excluding semi-finished products, decreased to 26.1% in August 2017, down from 30.4% in July 2017. This marks a 4 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.

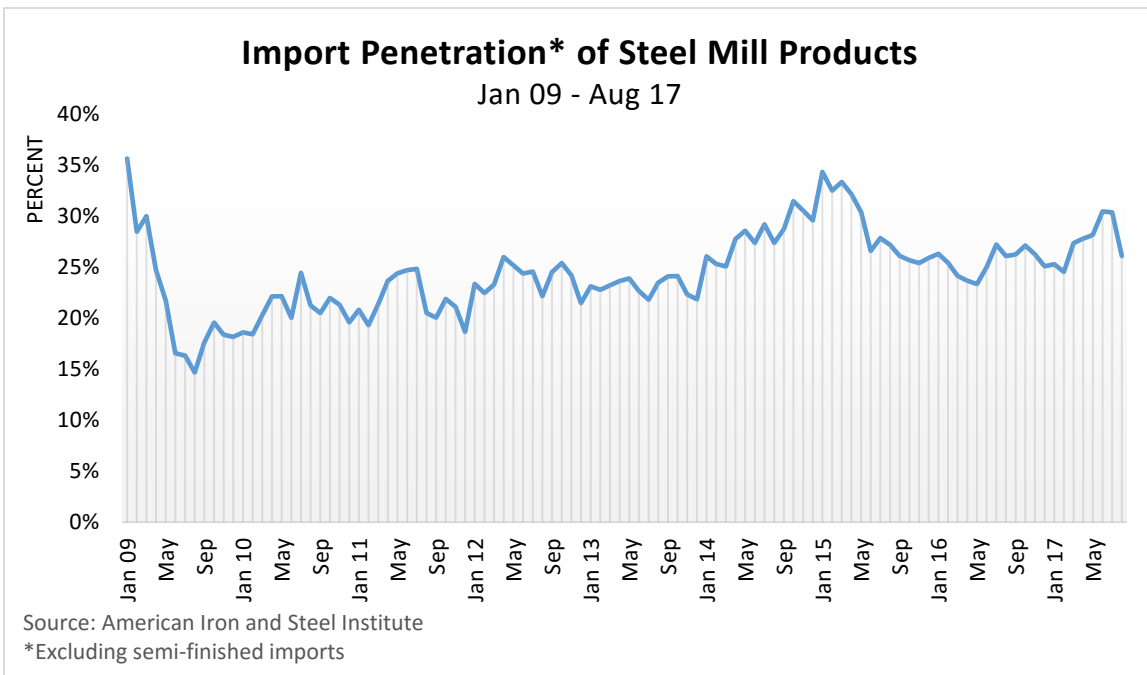


Figure 16 – Import Penetration for All Steel Mill Products

Trade Remedy Case Determinations – September/October 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	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 and India	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.

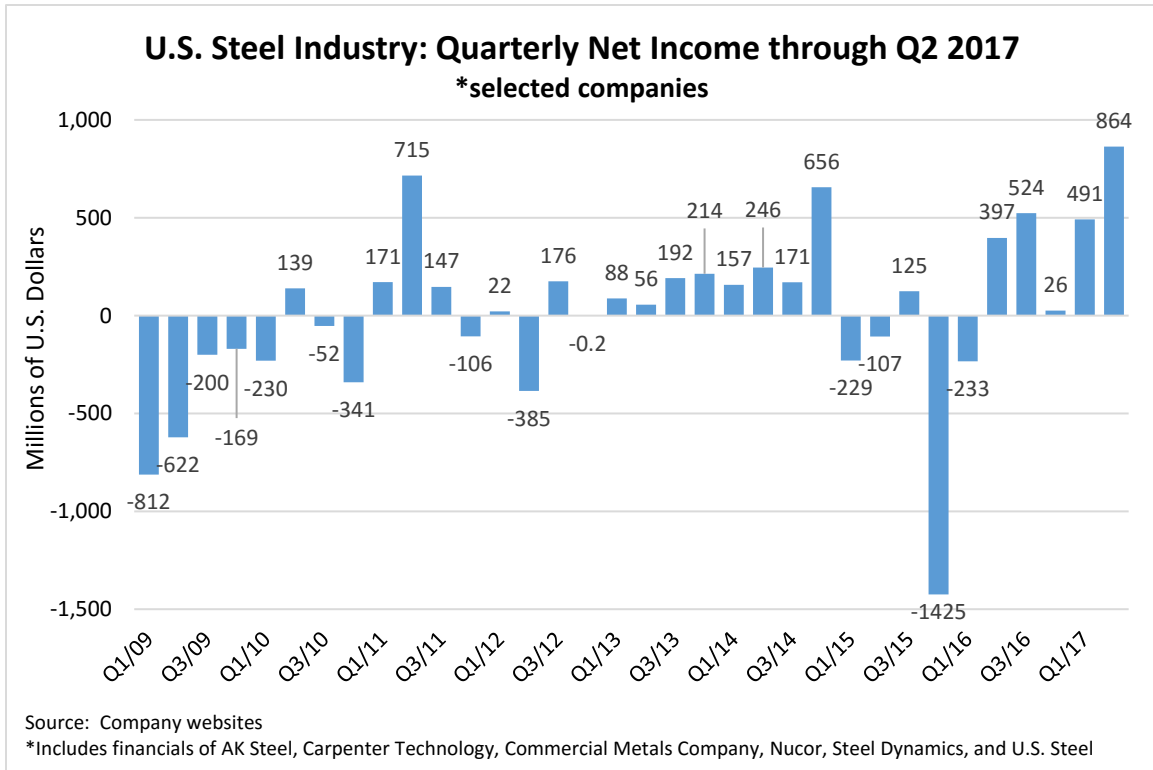


Figure 13 – U.S. Steel Industry: Quarterly Net Income

- Q3 2017 average share prices increased from Q2 2017 average share prices for all but two charted steel stocks.
 - Of the charted steel stocks, ArcelorMittal’s average share prices saw the largest increase from the previous quarter at 15.7%, followed by U.S. Steel with an increase of 2.6% and Steel Dynamics with an increase of 1.3%. AK Steel’s average share prices saw largest decrease from Q2 at 8.9%, followed by Nucor at 3.8%.
 - Compared to the same quarter last year, all the charted steel stocks showed increases in average share prices, with ArcelorMittal increasing by 45.9% and Steel Dynamics by 37.3%.
 - All steel stocks, except ArcelorMittal 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.

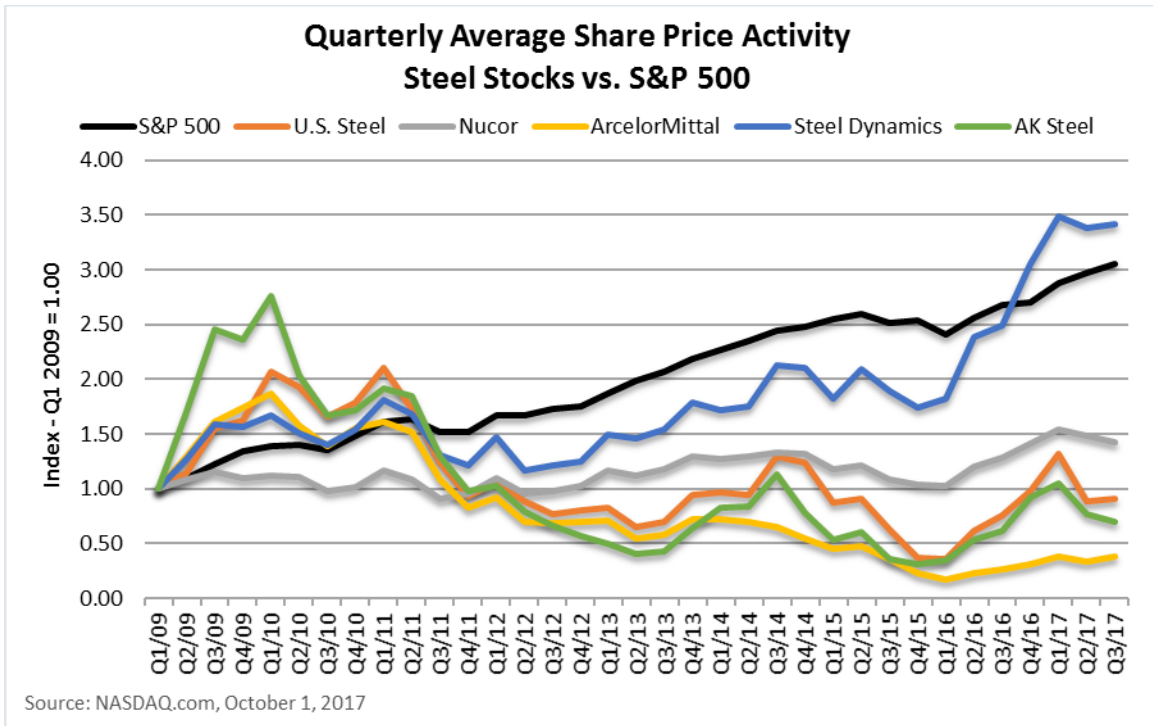


Figure 14 – Steel Stocks vs. S&P 500, Quarterly Average Share Price Activity

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