Latin America 10 months finished steel production down by 6%

In Latin America during the first 10 months of 2016, the finished steel consumption decreased 9%, while regional crude steel production and finished steel fell 8% and 6% YoY respectively, vs same period of 2015, as this situation is showing the economic deceleration in the world and in the region.

Meanwhile, regional steel imports represents 32% of Latin-American consumption and their participations is held in the local markets. The trade balance of the region remains negative, despite that during the analysed period the deficit in tons decreased 25% versus January-October 2015.

Latin America and the Caribbean produced 49.3 million tons (Mt) of crude steel in Jan-Oct, 8% below the volume recorded in 2015. Brazil remains the main producer in the region with 52% of the regional production (25.6 Mt), but shows an annual contraction of 9%.

In the same period, Latin America produced 42.4 Mt of finished steel, 6% less

than January-October 2015. Brazil was the main producer (17.7 Mt), accounting for 42% of the Latin American output. Mexico came second with 15.7 Mt (37% share of regional output).

From Latin-American`s total steel consumption, 52% corresponds to flat products (26.9 Mt), 47% for long products (23.9 Mt) and 1% to seamless tubes (624 thousand tons).

During the first ten months of 2016, Latin America imported 16.6 Mt of finished steel, down 16% vs January-October 2015 (19.8 Mt). Of this total, 63% corresponds to flat products (10.5Mt), 34% for long products (5.7 Mt) and 2% to seamless tubes (393 thousand tons).

Currently, imports represent 32% of the regional finished steel consumption, which brings about disincentives to the local industry, trade frictions, and threatens jobs.

In terms of exports, Latin American exports of finished steel reached 7.2 Mt, decreasing 1% over January-October 2015 (7.3 Mt). Of this total, 50% are flat products (3.6 Mt), 41% for long products (3.0 Mt) and 10% to seamless tubes (692 thousand tons).

For trade deficit, in January-October 2016, the region recorded a trade deficit of 9.4 Mt of finished steel. This imbalance is 25% lower than the one observed in January-October 2015 (12.6 Mt).

In the same months, Brazil was the only country to maintain a trade surplus of finished steel, 2.9 Mt. The largest deficit was recorded in Mexico (-3.8 Mt), followed by Colombia (-1.9 Mt), Peru (-1.3 Mt) and chile (-1.3 Mt).

PT Jakarta to spend USD 200 mnfor expansion

State owned PT Jakarta Krakatau Steel is to spend USD 200 million in capital expenditure next year to complete several projects including a blast furnace and its second hot strip mill plants. The capital spending would be up 11 percent from USD 180 million it estimated to spend this year.

President Director Sukandar said Krakatau Steel has secured banks loan for the blast furnace and hot strip mill plants but, it still needs to find a USD 40 million loan to build a push pull picking line and reversing mill and another loan to develop a coal boiler to generate 160 megawatts.

Krakatau Steel plans to complete its blast furnace in March and the hotstrip mill in 2019.

The company expects the USD 632 million blast furnace to help it reduce steel production costs by USD 58 per tonne.

American steel companies sees demand reviving

After years of challenges, American steel companies have finally seen their sector improve and optimism is running high for 2017.

US steel companies were battered in recent years as cheap Chinese steel imports took over an increasing share of American steel demand. When this trend was noted, US steel companies attributed it to the Chinese government, unfairly subsidising its domestic steel companies, making it impossible for American steel companies to compete when it came to prices. Numerous trade suits were filed, and in 2016 some suits found that the accusations were true, and steep tariffs were put on some Chinese steel imports. There are still some pending investigations.

Furthermore, global steel prices climbed in 2016 as China followed through on its promise to curb its steel overcapacity by shuttering some operations, while demand picked up amid the country's infrastructure spending programmes. For 2016, US steel producers are positive about prices, fair competition and now an increase in demand thanks to president-elect Donald Trump. Trump made a campaign promise of increased infrastructure spending. There is also hope that a Trump administration will increase measures to protect the US steel market from unfair, cheap imports.

In December, in an interview with CNBC,

United States Steel's CEO Mario Longi said that the company would like to accelerate its investments and hire back laid-off employees now that Donald Trump is president-elect. "We already structured to do some things, but when you see in the near future improvement to the tax laws, improvements to regulation, those two things by themselves may be a significant driver to what we're going to do," Longi said in the interview.

Looking at the share values of American steel companies, one can see the improvement in investor sentiment. United States Steel's shares are up 364% so far in 2016. Since the election they have climbed 90%. AK Steel Holdings shares have gained 390% this year, with about one-third of the ascent occurring since election day 2016.

This section is a compilation from various company press releases, business dailies & trade publications.