

## Latin America: Finished steel exports fall 5% between January-November 2018

Alacero - São Paulo, Brazil - December 28, 2018. Between January and November 2018, crude steel production in Latin America reached 60.0 million tons (Mt), 2% higher than that registered in the same period of 2017 (59.0 Mt). Brazil is the main producer with 53% of the regional total (32.1 Mt), increasing 2% versus January-November 2017.

In November 2018, the volume produced of crude Steel production registered 5.3 Mt, 4% less than in November 2017 and 5% less than October 2018.

On the other hand, the production of finished Steel was 49.9 Mt, 3% more than in January-November 2017. The main producers are Brazil with 21.5 Mt (43% of the Latin American total) and Mexico with 17.6 Mt (35%).

Of the Latin American total production between January and November 2018, 49% corresponds to flat products (24.2 Mt), 48% to long products (24.1 Mt) and 3% to seamless tubes (1.6 Mt).

In November 2018, the finished steel production closed at 4.5 Mt, 1% less than in November 2017 and 2% less than in October 2018.

### Consumption of finished steel

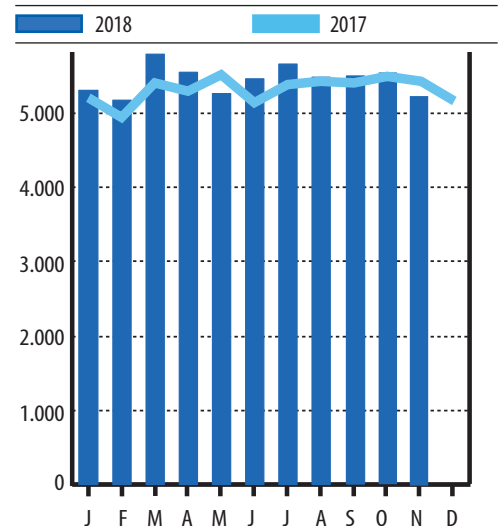
In the first ten months of the year, the consumption of finished steel registered 56.2 Mt, almost unchanged compared to January-October 2017 (56.4 Mt).

The main countries that increased their consumption, both in absolute terms and in percentage terms, were Brazil (an additional of 1.3 Mt and an increase of 8%), Argentina (183 thousand additional tons and an increase of 5%) and Uruguay (176 thousand tons and an increase of 20%).

In the same period, Mexico, Peru, and Venezuela registered declines of 5%, 20%, and 62% respectively.

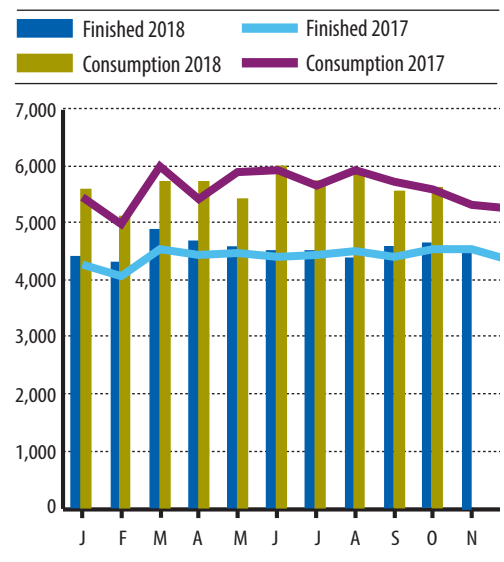
Of the Latin American total consumption, 56% corresponds to flat products (31.8 Mt), 42% to long products (23.8 Mt) and 2% to seamless tubes (797 thousand tons).

STEEL CRUDE CONSUMPTION IN THOUSANDS TONS



Source: Alacero

FINISHED STEEL PRODUCTION AND CONSUMPTION IN THOUSAND TONS



Source: Alacero

The results demonstrate the vigor of Latin America as a crude steel producing region, as well as the growth potential of Brazil, which continued to lead the production of the region, despite the political and economic instability in the country in 2018.

According to the numbers, the region is also making progress in the production of finished steel, with a highlight for the leaders in the manufacture of these products, Brazil and Mexico. It shows even greater participation of flat products in the production of Latin America, closely followed by the production of long products.

However, the fall in flat consumption (-2.3%) is compensated by the increase in long and seamless tubes (3.0% and 4.5%) until October. This is related to the impact in Mexico due the tariffs of the United States regarding Section 232, which reflects a reduction of more than 1 million tons in flat products (-7.4%). This shows that especially for Mexico, we still have a long road to a potential negotiation and a final agreement with the northern neighbor and the Trump administration. ••

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### Glossary

*Crude steel:* Steel in its most basic form, coming from the continuous casting process, (slab, billet etc.). To obtain the qualities necessary for usage, this kind of steel needs to pass posterior processes, like rolling etc.

*Finished steel:* Refers to steel included in one of these 3 groups: Long products (e.g.: reinforcing bars, bars, wire rod, light sections, heavy sections, rails), flat steel (e.g.: sheets and coils, coated sheets, prepainted, stainless steel, chrome-plate sheets, hot dip galvanized sheet etc.) and seamless tubes.

*Ton:* A unit of weight or volume of sea cargo, equal to a metric ton (1,000 kg).

### About Alacero

Alacero - Latin American Steel Association - is the non-profit civil association that brings together the steel value chain of Latin America to promote the values of regional integration, technological innovation, excellence in human resources, safety at work, corporate responsibility and socio-environmental sustainability. Founded in 1959, it is integrated by more than 60 producing and related companies from 19 countries in Latin America and the world, whose production is close to 70 million tons per year. Alacero is recognized as a Special Consultant Organization by the United Nations.