

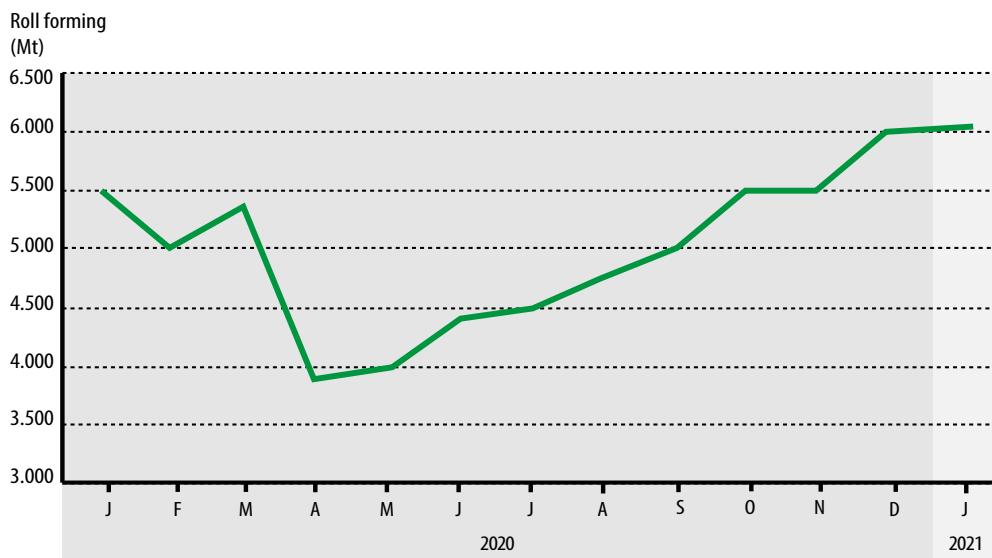
Steel consumption strengthens in Latin America

Concentrating on supplying the local market, the steel industry improves its production level

Alacero - São Paulo, Brasil, April 16th, 2021. Steel consumption continues to grow due to the recovery in demand, the increase in the industrial production index and manufacturing, and the rebuilding of stocks, both at the final consumers and in the distribution chain. Steel consumption in January 2021 rose for the ninth consecutive month, up 0.8% compared to the previous month, totaling 6.09 million tons (Mt), or 12.7% more than in January 2020. This brings it back to the level befo-re the start of the Covid-19 pandemic.

The short-term outlook is favorable for strengthening steel demand in the region. A few days ago, the International Monetary Fund (IMF) released the April update of its forecasts for this year, which indicate that the global economy will grow by 6%, developed countries by 5.1%, emerging economies by 6.7%, and Latin America by 4.6%; in the region, Brazil stands out with a rate of 3.7%, and Mexico with 5%.

Monthly Steel Consumption



Font: Alacero

Brazil was the largest contributor to the improved steel demand performance, with an 8.8% increase, and the fifth consecutive month above 2 Mt monthly, a level that had not been recorded since June 2018. Argentina also showed a 10.8% rise in January consumption compared to December 2020.

Imports registered an increase of 5.7% in comparison with January 2020. The month's exports fell 27.3% compared to the same period last year because the industry focuses on supplying the local market as a priority. The latter result was 12.4% lower than December last year and accounted for only 11.4% of regional production in January, below the 15.6% share in 2020.

As a consequence of this performance, there was a worsening of the trade balance deficit, which had already been registered in November and December. In January, imports accounted for 35% of regional consumption, up from 33% observed during 2020.

"We are facing a period of uncertainty and are in the process of getting the balance between demand and production right. However, at this time, we must take care of market conditions in the face of the growing threat of imports and the increasing trade deficit," said Francisco Leal, Chief Executive of Alacero.

Cumulative crude steel production through February was 10.21 Mt, representing a 3.9% increase compared to the same period in 2020. The accumulated rolled steel production grew 3.4%, reaching 4.18 Mt in February, 2% above the previous month. "The macroeconomic recovery should accelerate in the second half of the year, and we expect production to maintain its upward curve and consumption to sustain its growth at the regional level, with the trade deficit under control," Leal added. ●●

Numbers of the month (Thousands of tons)

Production

Product	January	February					Accumulated 2021 (JAN-FEB)		
	2021	2020	2021	Var. % 2021 x 2020	Balance x Prev. Month	Var. % x Prev. Month	2020	2021	Var. % 2021 x 2020
Crude Steel	5,361.1	4,898.9	4,853.7	-0.9%	-507.3	-9.5%	9,831.9	10,214.8	3.9%
Rolled Steel	4,586.1	4,104.9	4,187.1	2.0%	-399.0	-8.7%	8,482.2	8,773.1	3.4%

Trade

Trade Flow	December	January					Accumulated 2021 (JAN-JAN)		
	2020	2020	2021	Var. % 2021 x 2020	Balance x Prev. Month	Var. % x Prev. Month	2020	2021	Var. % 2021 x 2020
Imports	2,102.8	1,996.1	2,110.6	5.7%	7.8	0.4%	1,996.1	2,110.6	5.7%
Exports	595.4	717.3	521.4	-27.3%	-74.0	-12.4%	717.3	521.4	-27.3%

Trade Balance

Product	December	January					Accumulated 2021 (JAN-JAN)		
	2020	2020	2021	Var. % 2021 x 2020	Balance x Prev. Month	Var. % x Prev. Month	2020	2021	Var. % 2021 x 2020
Rolled Steel	-1,507.4	-1,278.7	-1,589.2	24.3%	-81.8	5.4%	-1,278.7	-1,589.2	24.3%

Consumption

Product	December	January					Accumulated 2021 (JAN-JAN)		
	2020	2020	2021	Var. % 2021 x 2020	Balance x Prev. Month	Var. % x Prev. Month	2020	2021	Var. % 2021 x 2020
Rolled Steel	6,045.3	5,408.7	6,094.6	12.7%	49.3	0.8%	5,408.7	6,094.6	12.7%

About Alacero

Alacero – Latin American Steel Association (Asociación Latinoamericana del Acero) - is the non-profit civil entity that brings together the Latin American steel value chain 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 made up of more than 60 producing and related companies whose production is close to 60 million tons per year. The United Nations recognizes Alacero as a Special Consulting Agency.

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