



Steel Industry Executive Summary: December 2020

Highlights

- From August to September 2020, U.S. imports of steel mill products decreased 2.6% from 1.18 million metric tons to 1.15 million metric tons.
- In September, capacity utilization was estimated at 68.6%, an increase of 2.7 percentage points from 65.9 in August.
- According to data from the World Steel Association, U.S. steel production was 6.1 million metric tons in September 2020, up 9.9% from August 2020 and down 12.3% from September 2019.

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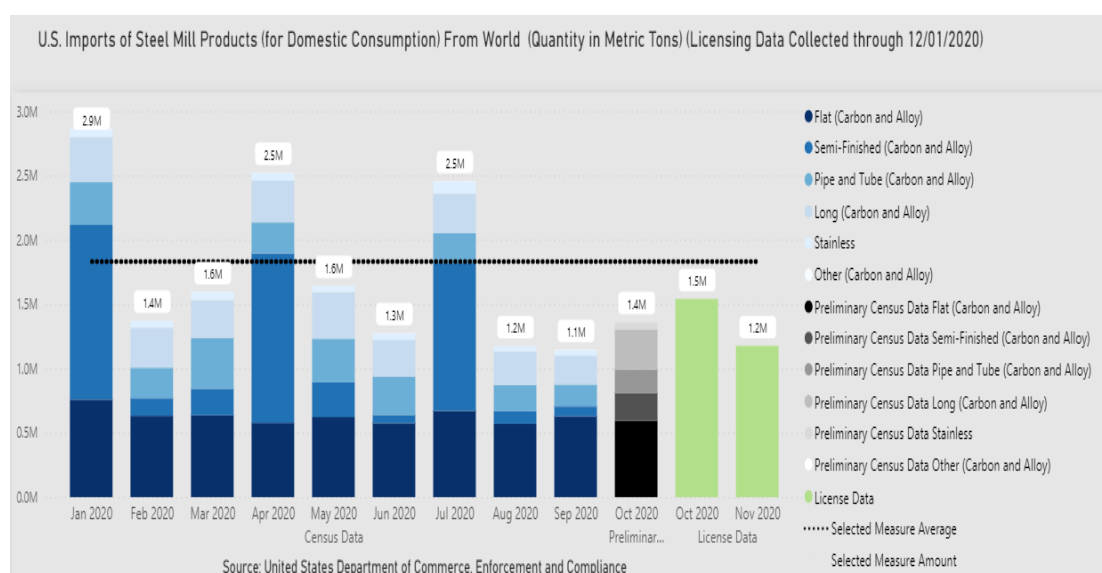
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Trade – U.S. Imports of Steel Mill Products

- From August to September 2020, U.S. imports of steel mill products decreased 2.6% from 1.18 million metric tons to 1.15 million metric tons.
 - September 2020 steel imports were down 33.5% from one year ago and down 45.6% from the 2019 average monthly volume of 2.1 million metric tons.
 - Steel mill imports in September 2020 were down 71.6% from the most recent import volume peak of 4.0 million metric tons in October 2014.
 - License data suggest the steel import volume will increase in December and November compared with September 2020.

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.

Figure 1 – U.S. Imports of All Steel Mill Products from World



- In YTD 2020 (through September), U.S. imports of steel mill products were 16.1 million metric tons, a 21.8% decrease from 20.5 million metric tons in YTD 2019.
 - In value terms, imports decreased 30.1% to \$13.3 billion in YTD 2020 from \$19.1 billion in YTD 2019.
 - Canada accounted for the largest share of U.S. imports by volume in YTD 2020 at 22.1%, followed by Brazil (21.9%) and Mexico (14.4%).
 - The U.S. imported 5.7 million metric tons of flat carbon and alloy products in YTD 2020, accounting for 35.3% of total steel mill imports (the largest category). This was followed by semi-finished carbon and alloy products at 4.7 million metric tons or 29.1% of total imports.

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

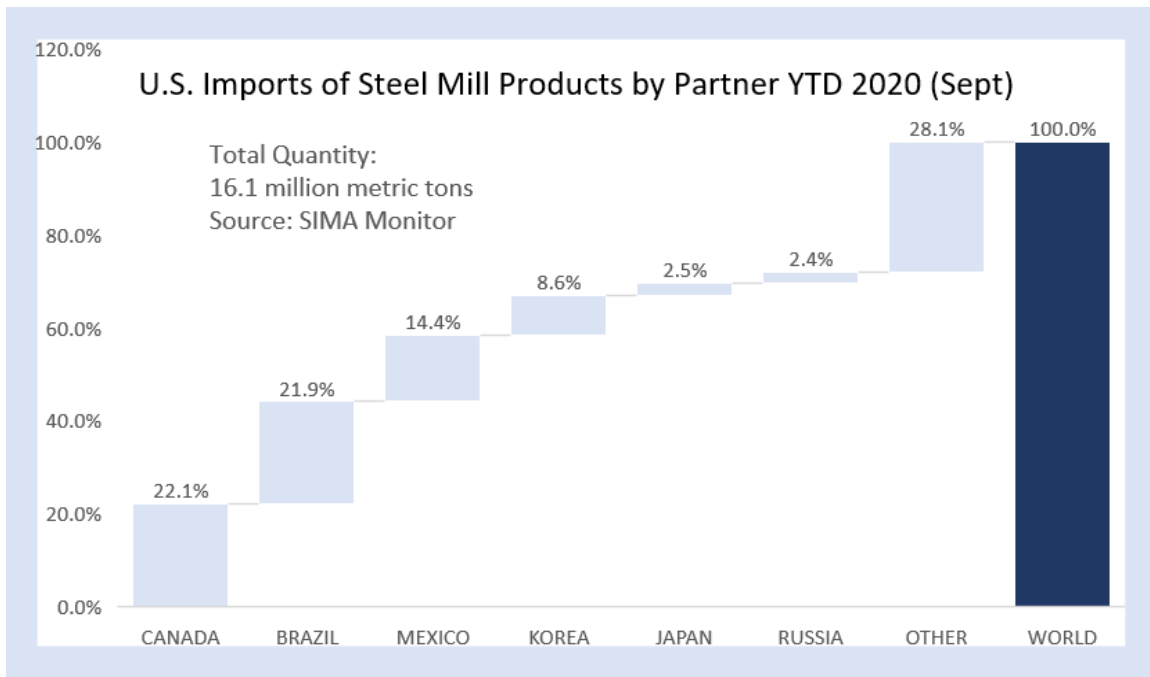
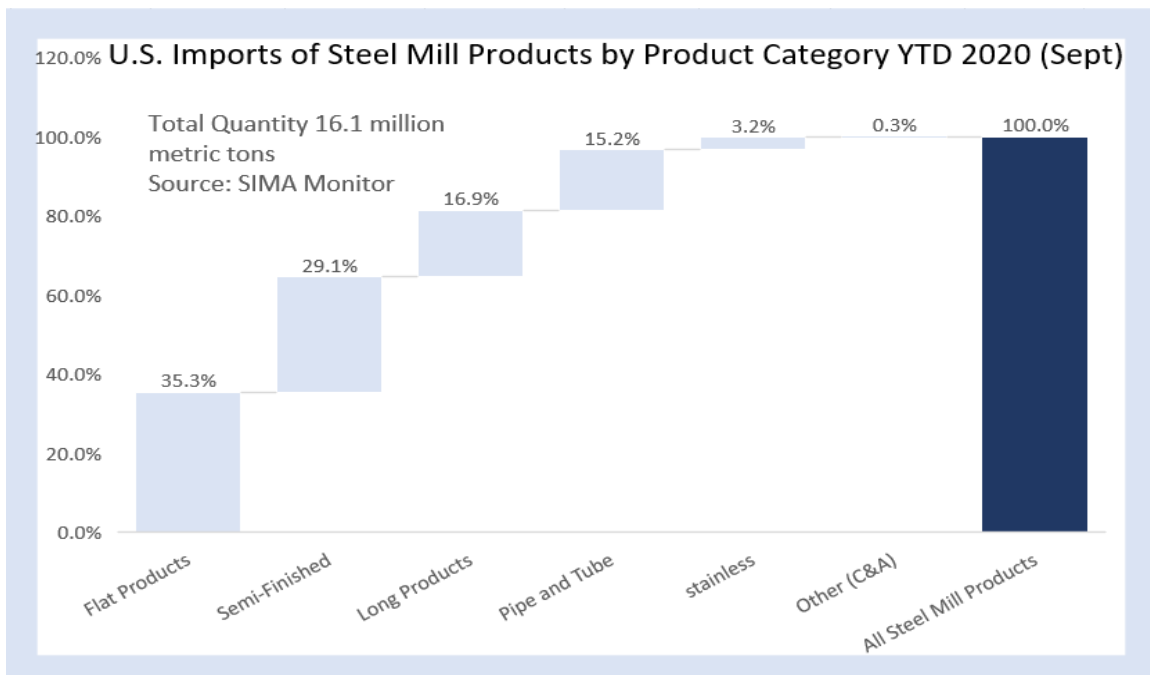


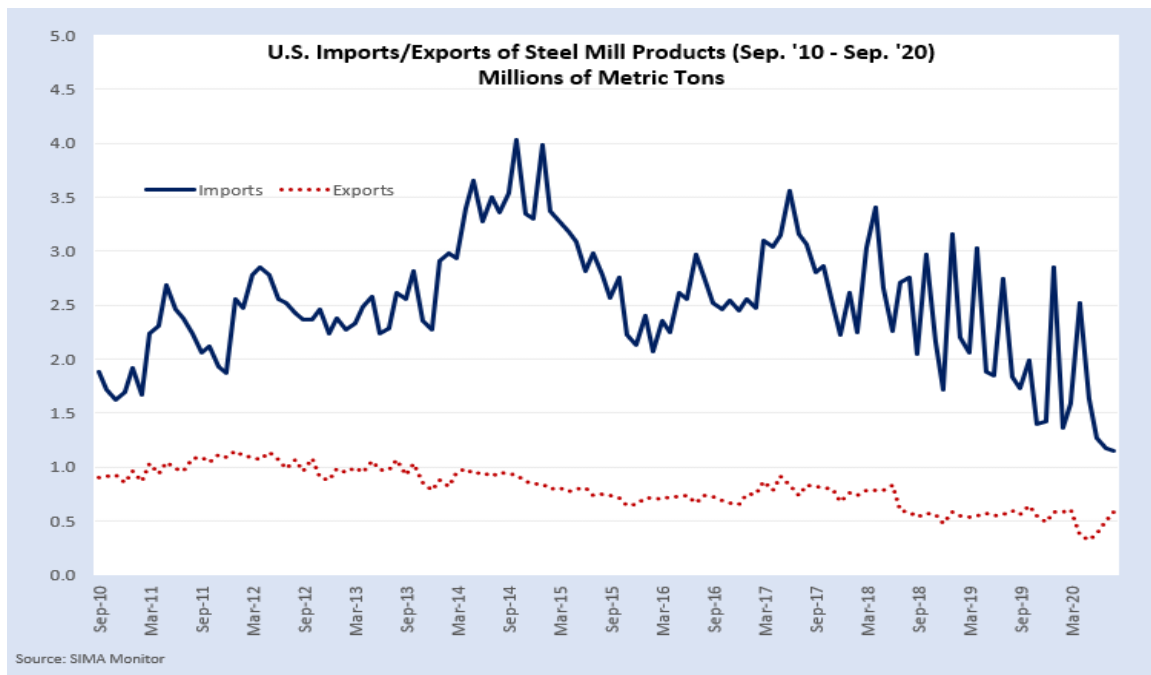
Figure 3 – U.S. Imports of Steel Mill Products by Product Category



Trade – U.S. Trade Balance in Steel Mill Products

- While U.S. imports of steel mill products by volume have been volatile since 2014, with a generally declining trend, exports have also declined, with much less volatility in the past 6 years. In September 2020, the steel trade deficit was 559.6 thousand metric tons, a 17.2% decrease from August 2020.
 - Compared to the trade balance one year ago, the September 2020 steel trade gap has narrowed by 52.0%.
 - From August to September 2020, the volume of U.S. steel exports increased by 17.2% to 586.2 thousand metric tons from 500.2 thousand metric tons. Compared with September 2019, September 2020 exports were up 5.1% by volume and down 28.5% from three years ago.
 - Imports decreased 2.5% by volume between August 2020 and September 2020 from 1.2 million metric tons to 1.1 million metric tons. September 2020 imports were down 33.5% from one year ago and down 59.1% from three years ago.

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



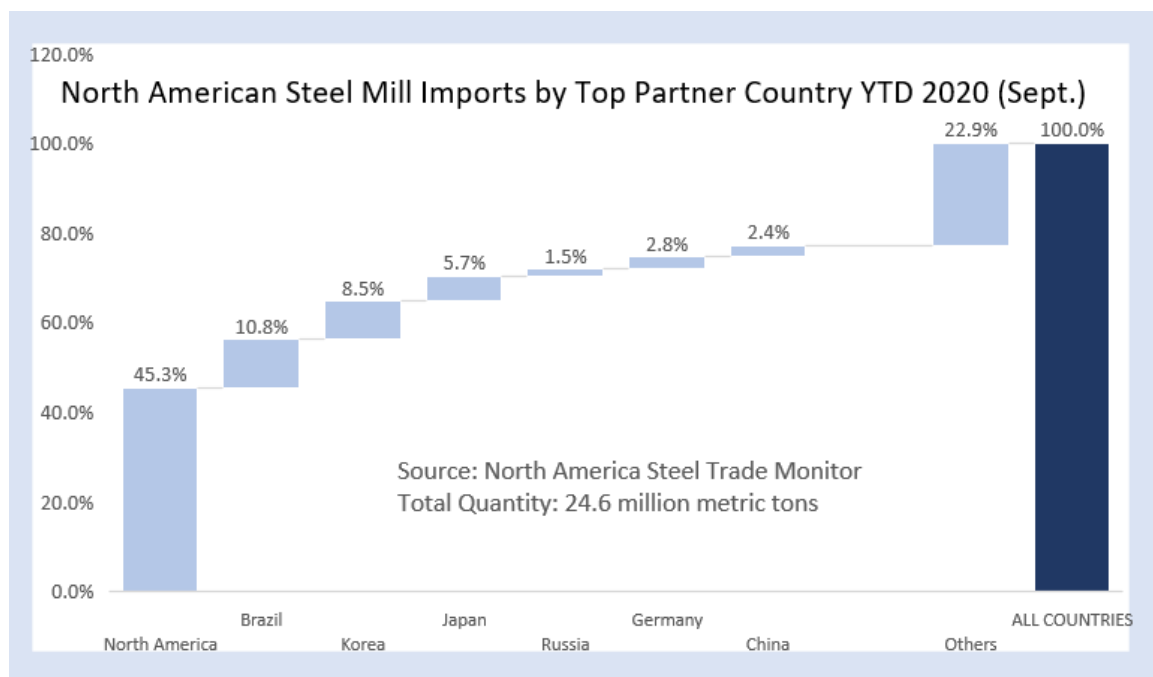
Trade – North America*

- According to the latest available data from the three North American countries, total steel mill imports into the U.S., Canada, and Mexico decreased 26.3% to 24.6 million metric tons in YTD 2020 (through September) from 33.4 million metric tons in YTD

2019. September 2020 total steel mill imports into the U.S, Canada, and Mexico were also down 34.8% from September 2019.

- Intra-North America steel imports increased 4% from 885.4 to 919.0 thousand metric tons between August and September 2020. External imports increased 25.7% from 753.2 to 946.9 thousand metric tons.
- Imports among the three countries accounted for a 45.3% share of total North American steel imports in YTD 2020 (11.1 million metric tons), with Brazil's share following at 10.8% or 2.7 million metric tons, and Korea's share at 8.5% or 2.1 million metric tons.

Figure 5 –North American Steel Mill Imports by Top Partner Country

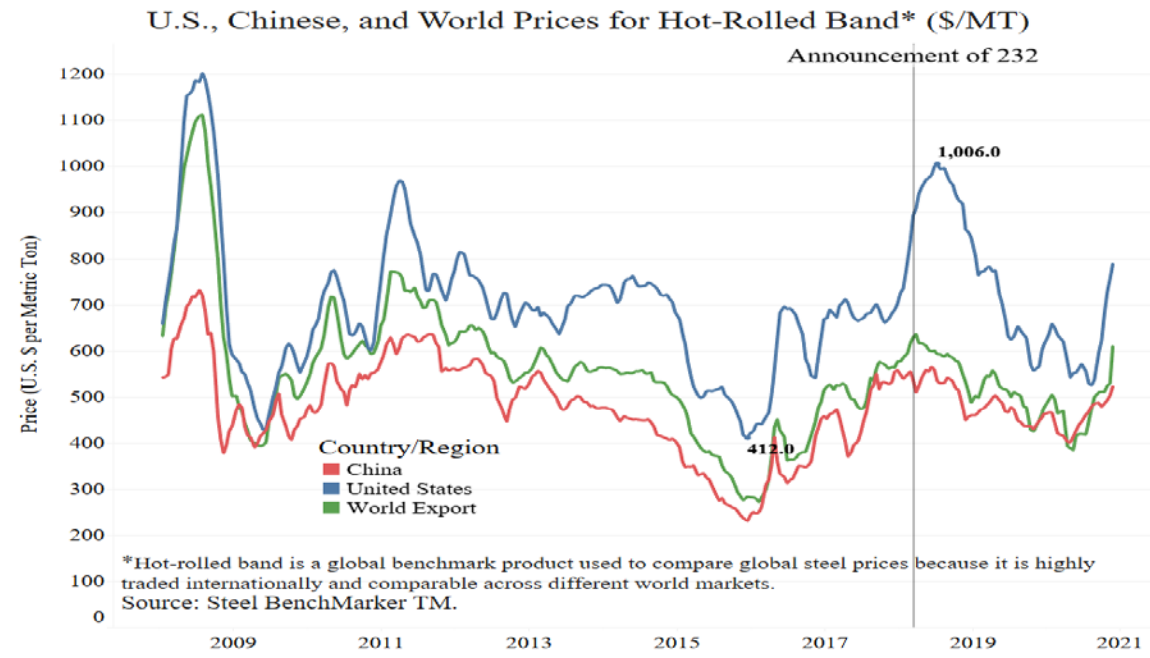


* North American trade is updated through September 2020, based on the latest available data for all three countries.

Prices

- After a recent peak in Q3 2018, benchmark domestic steel prices have been trending downwards. However, prices have rebounded sharply in recent weeks.
 - U.S. domestic prices for hot-rolled band (HRB) increased from \$572 per metric ton in June 2020 to around \$789 in November, and were up about 39.2% from one year earlier.
 - Cold-rolled coil prices increased from \$759 per metric ton in June to about \$973 in November while standard plate prices increased from \$662 per metric ton in June to about \$773 in November.
 - Chinese HRB prices increased from \$447 per metric ton in June 2020 to about \$523 in November. Currently, the U.S. HRB price is \$342 per metric ton higher than the Chinese equivalent. This gap has increased from about \$125 per metric ton in June.

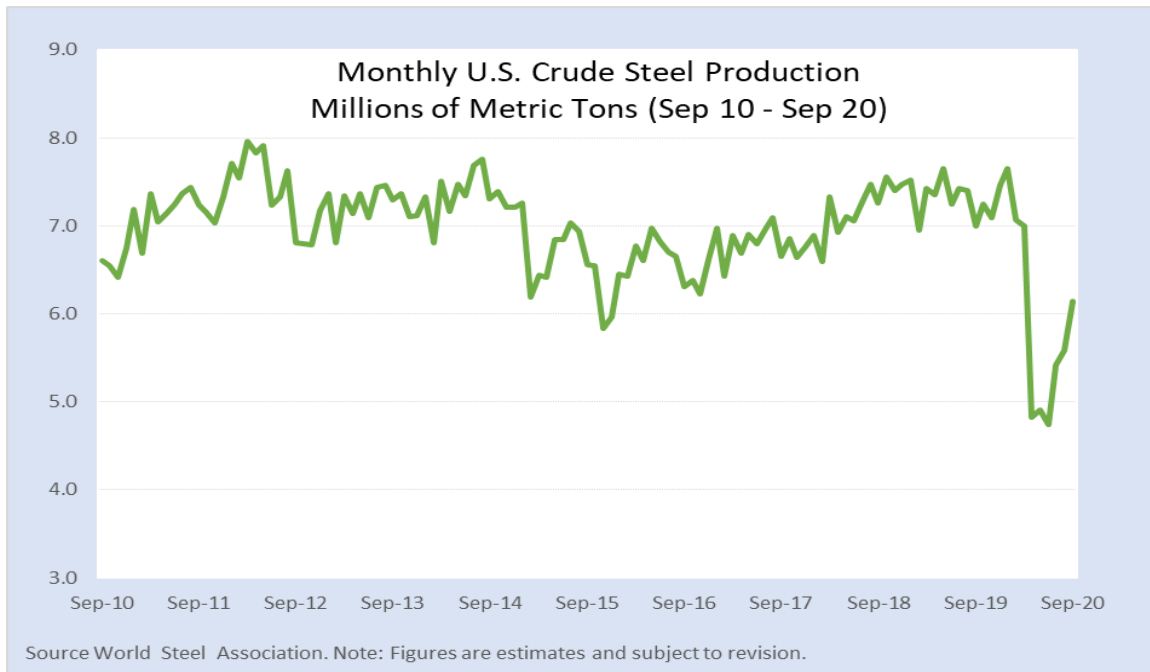
Figure 6 – U.S. Domestic Steel Prices



Production & Capacity Utilization

- According to data from the World Steel Association, U.S. steel production was 6.1 million metric tons in September 2020, up 9.9% from August. September 2020 production was down 12.3% from the September 2019 production level. Total U.S. steel production in 2019 increased to 88.0 million metric tons from 86.6 million metric tons in 2018, a 1.6% increase.

Figure 7 – Monthly U.S. Crude Steel Production



- Global steel production was up 3.6 in September 2020, at 161.9 million metric tons compared with 156.2 million metric tons in August.
 - Global production in September 2020 increased 6.8% from one year ago.
 - Total world crude steel production in 2019, at 1.84 billion metric tons, was up by 2.8% from the 2018 level of 1.79 billion metric tons.
 - China's September 2020 production level decreased by 2.8% from August to 92.2 million metric tons.
 - China's total production in 2019, the last full year of available data, amounted to 992.9 million metric tons, a 44.4% decrease from the previous year.

Figure 8 – Monthly World Crude Steel Production

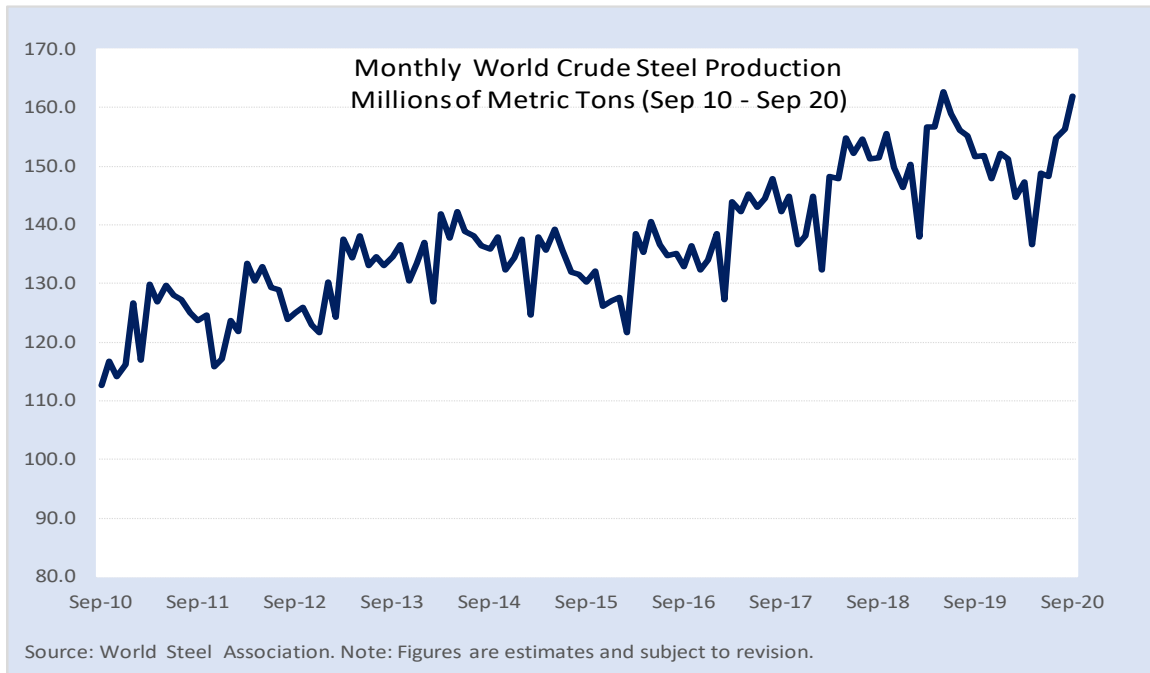
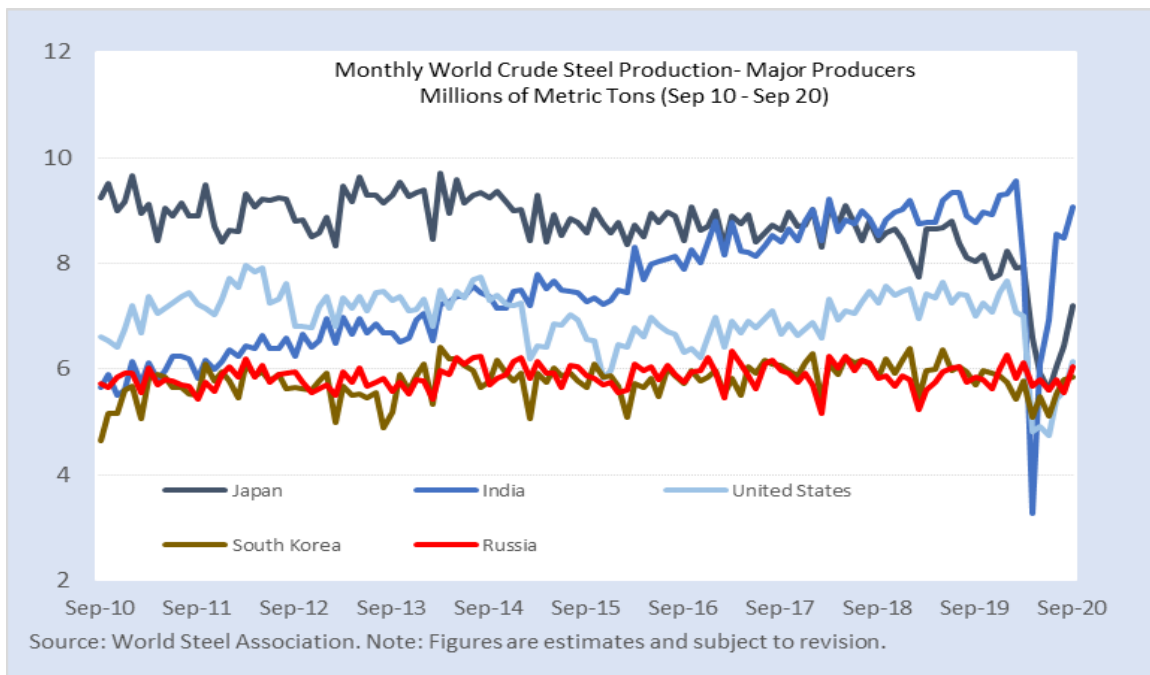
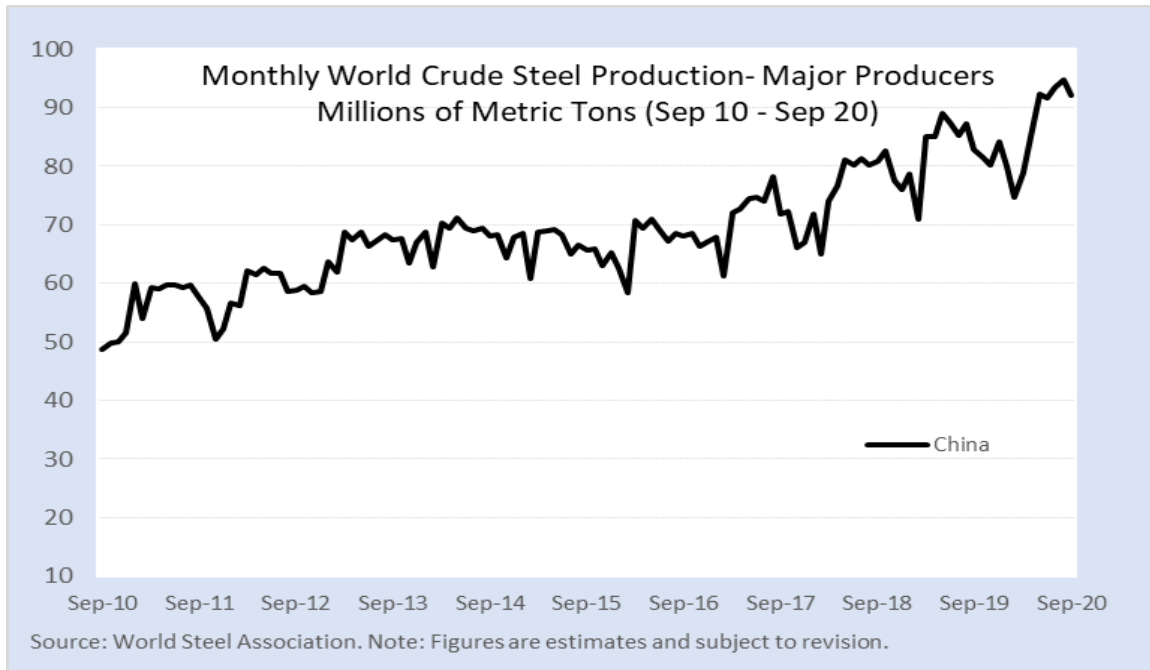


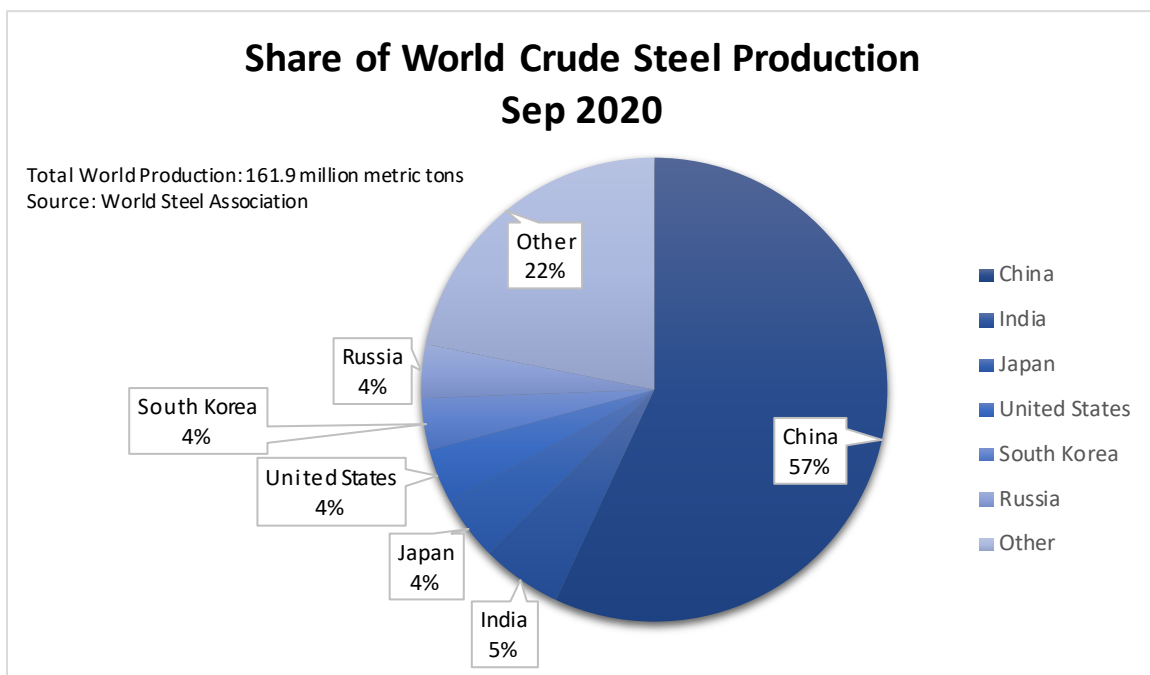
Figure 9 – Monthly Crude Steel Production - Major Producers





- China's share of total monthly world steel production stood at 57% in September 2020, accounting for over half of the monthly total world production, while the U.S. at 4% ranked fourth behind Japan (excluding the EU28).

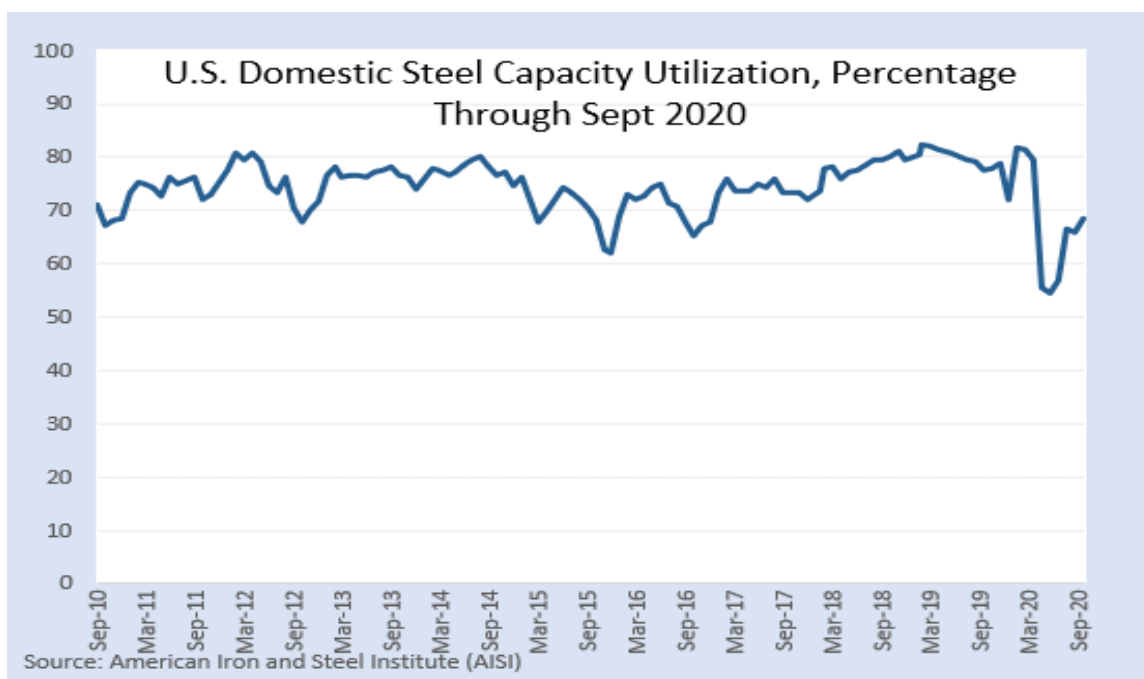
Figure 10 – Share of World Crude Steel Production



- U.S. domestic steel capacity utilization has been trending up in the last two years, but has declined in 2020.

- In September, capacity utilization was estimated at 68.6%, an increase of 2.7 percentage points from 65.9 in August.
- Capacity utilization in September 2020 was down 8.8 percentage points from one year ago and down 1.9 percentage points from five years ago.
- Overall capacity utilization in 2019 averaged 79.3%, up from the 2018 annual average of 78.2%. In YTD 2020 (through September), capacity utilization averaged 67.8%, down 12.5 percentage points from 80.3% in YTD 2019.
- Though capacity utilization has increased 27.8 percentage points from the thirteen-year low reached in April 2009, it remains well below historical averages from before the 2008 recession.

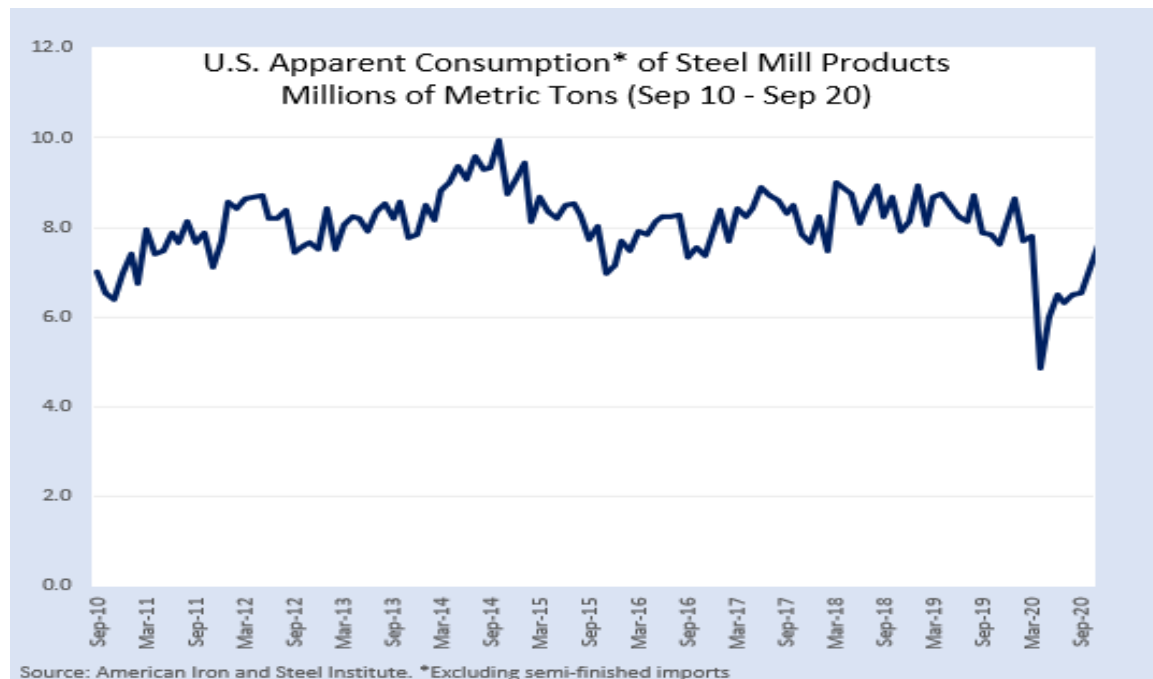
Figure 11 – U.S. Domestic Steel Capacity Utilization



Demand

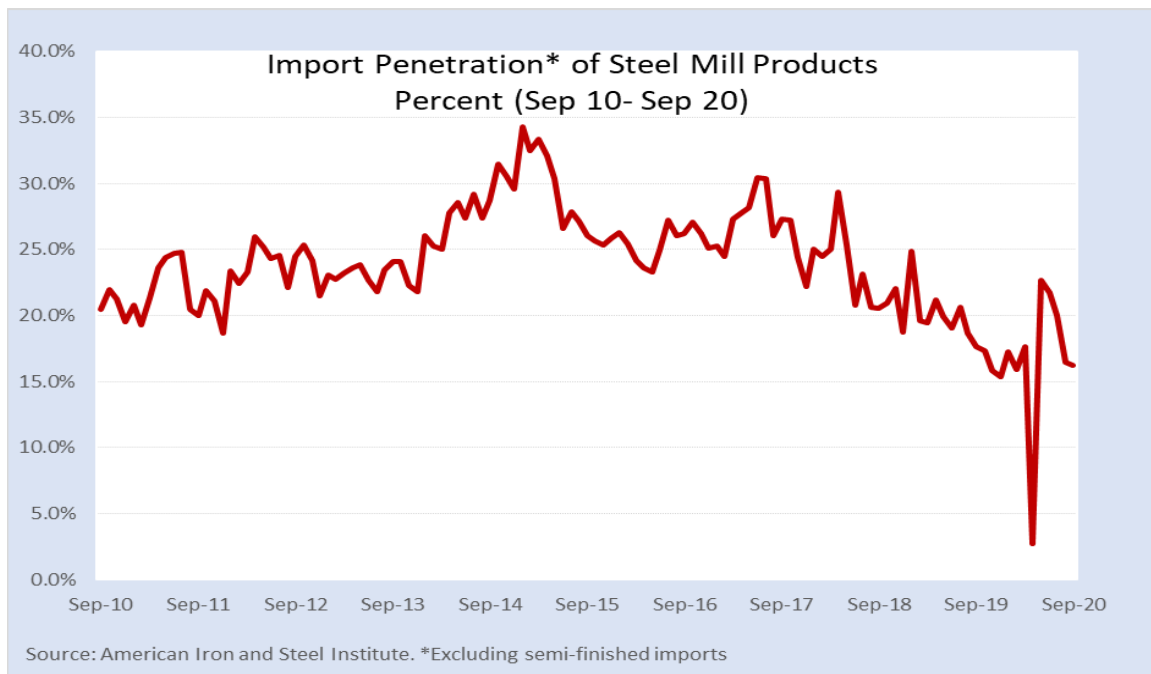
- Apparent consumption (used to measure domestic demand) for steel, excluding semi-finished products, increased 0.3% to 6.5 million metric tons in September 2020, essentially unchanged from August.
 - September 2020 demand decreased 17.3% from one year ago and is down 15.8% from five years ago.
 - Demand in September 2020 was 13.0% higher than April 2009, when steel demand was at its lowest level in recent years.
 - Steel demand in 2019 amounted to 99.4 million metric tons, a 2% decrease from 100.9 million metric tons in 2018.

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



- In September 2020, import penetration for steel mill products, excluding semi-finished products, was 16.2%, a decrease of 0.2 percentage points from August. This also marks a 1.4 percentage point decrease from the import penetration level one year ago. Import penetration in 2019 averaged 19.0%.

Figure 13 – Import Penetration for All Steel Mill Products



Trade Remedy Case Determinations – Through December 2020

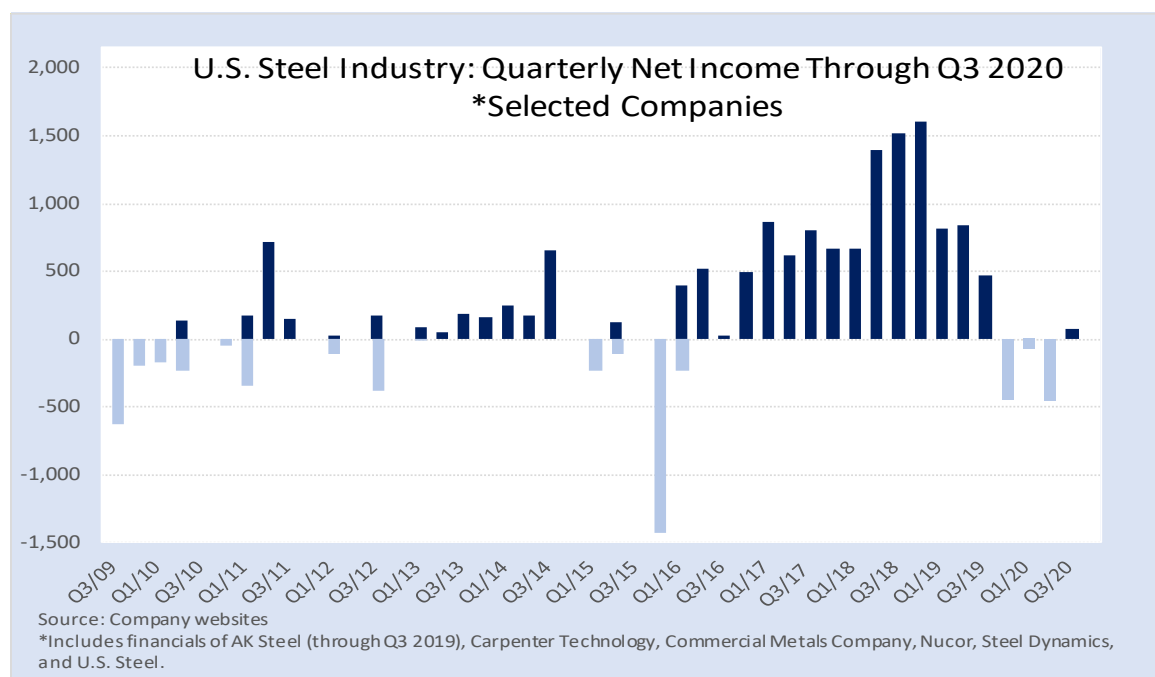
Informal tracking of anti-dumping (AD), countervailing duty (CVD) case initiations, investigations, and anti-circumvention inquiries on steel and steel-containing products.

Trade Enforcement Actions Undertaken by the United States		
Product	Country	Department of Commerce Finding
Standard Steel Welded Wire Mesh	Mexico	Affirmative Preliminary CVD Determination
Pre-Stressed Concrete Steel Wire Strand	Italy, Indonesia, Malaysia, S. Africa, Spain, Tunisia, Ukraine	Affirmative Preliminary AD Determinations
Forged Steel Fluid End Blocks	Italy	Initiation of AD Investigation
Pre-Stressed Concrete Steel Wire Strand	Argentina, Colombia, Egypt, S. Arabia, Turkey, & UAE	Affirmative Preliminary AD Determinations
Utility Scale Wind Towers	India & Malaysia	Initiation of AD Investigations
Oil Country Tubular Goods	Circumvention of China order via Brunei & Philippines	Initiation of Anti-Circumvention Inquiries
Non-Refillable Steel Cylinders	China	Affirmative Preliminary AD/CVD Determination
Forged Steel Fittings	Korea	Affirmative Final AD Determination
Seamless C&A Steel Standard, Line, & Pressure Pipe	Czech Republic, Korea, Russia, and Ukraine	Initiation of AD Investigations
Certain Walk Behind Lawn Mowers & Parts	China	Affirmative Preliminary CVD Determination
Source: Federal Register		
Current through December 3, 2020; includes only those actions since July 23, 2020		

Industry Status

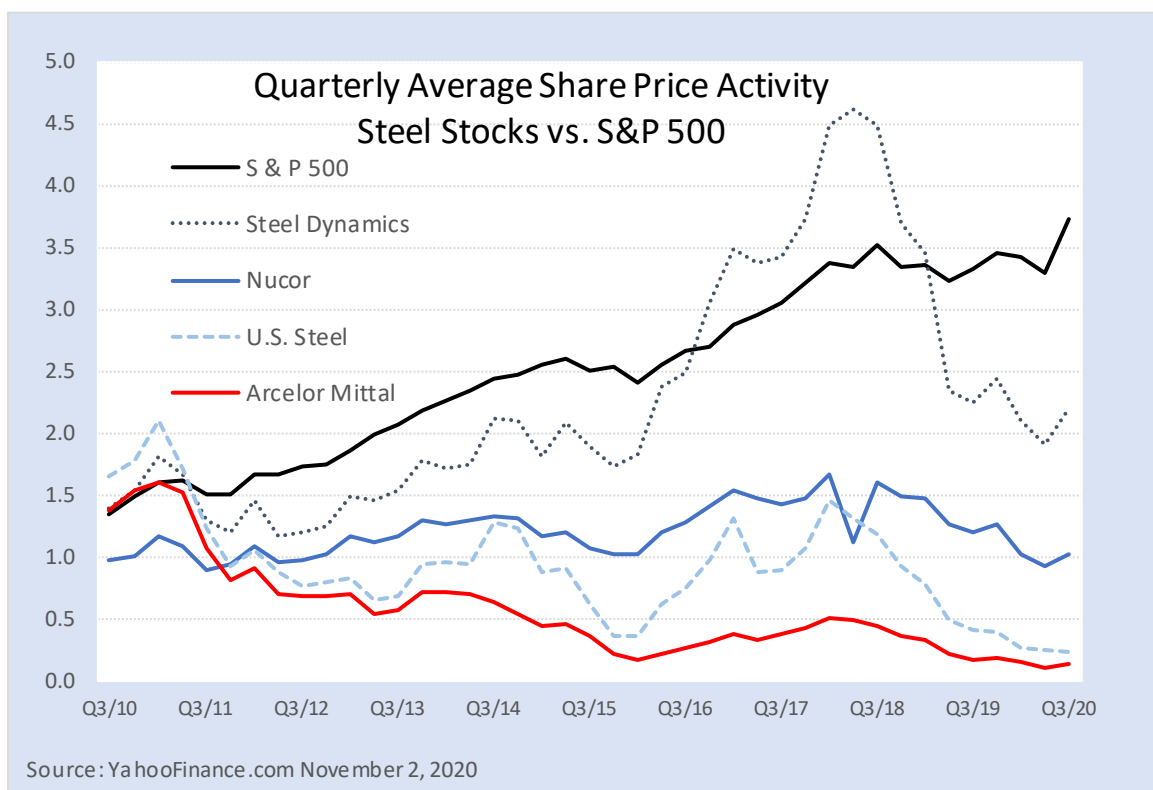
- The U.S. steel industry, as represented in the chart below, posted a combined net gain of \$80.2 million in Q3 2020.
 - According to publicly available figures, three out of five companies reported quarterly net gains.
 - Nucor reported the highest quarterly net profit at \$193.4 million, followed by Steel Dynamics at \$100.1 million, and Commercial Metals Company at \$67.8 million. Carpenter Technology reported a quarterly net loss of -47.1 million, while U.S. Steel reported quarterly net loss of -\$234 million.
 - Between Q1 2009-Q3 2020, the group of steel companies monitored in the below chart collectively reported net earnings for 30 quarters.
 - The net income chart includes AK Steel (through Q3 2019), Carpenter Technology, Commercial Metals Company, Nucor, Steel Dynamics, and U.S. Steel.

Figure 14 - Steel Industry: Quarterly Net Income



- Q3 2020 average share prices increased from Q2 2020 average share prices for three of the four charted steel stocks.
 - Of the charted steel stocks, Arcelor Mittal's average share price saw the largest increase from the previous quarter at 19.4%, followed by Steel Dynamics with an increase of 14.6%, Nucor with an increase of 9.3%. U.S. Steel's average share price decreased by 3.1%.
 - Compared to the same quarter last year, all four charted steel stocks showed decreases in average share prices, with U.S. Steel decreasing by 41.2%, followed by ArcelorMittal decreasing by 21.5%, Nucor decreasing by 15.4%, and Steel Dynamics decreasing by 2.7%.
 - All four stocks underperformed compared to the S&P 500 between Q3 2019 and Q3 2020.
 - The stock chart monitors the trends of S&P 500, US Steel, Nucor, Steel Dynamics, 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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