



Steel Industry Executive Summary: March 2021

Highlights

- From November to December 2020, U.S. imports of steel mill products increased 9.0% from 1.2 million metric tons to 1.4 million metric tons.
- In December 2020, capacity utilization was estimated at 72.9%, a decrease of 0.4 percentage points from 73.3 in November 2020.
- According to data from the World Steel Association, U.S. steel production was 6.4 million metric tons in December 2020, down 13.7% from 7.4 million metric tons in December 2019.

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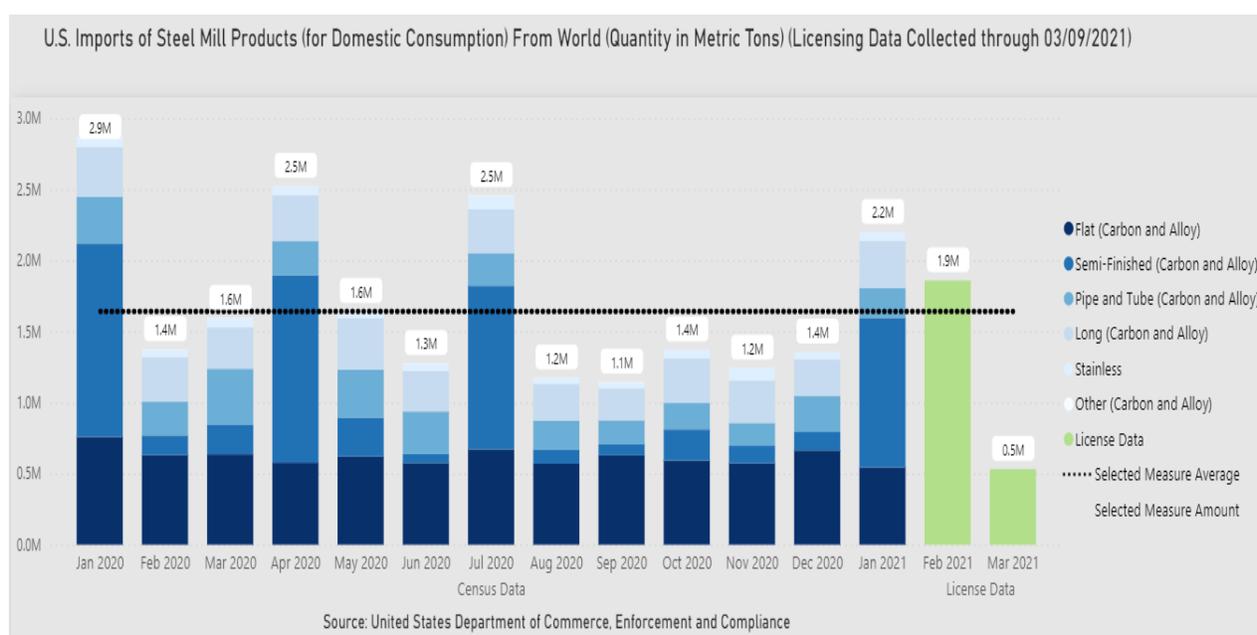
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Trade – U.S. Imports of Steel Mill Products

- From November to December 2020, U.S. imports of steel mill products increased 9.0% from 1.2 million metric tons to 1.4 million metric tons.
 - December 2020 steel imports were down 4.9% from one year ago and down 35.6% from the 2019 average monthly volume of 2.1 million metric tons.
 - Steel mill imports in December 2020 were down 66.3% from the most recent import volume peak of 4.0 million metric tons in October 2014.
 - Imports increased in January 2021 and license data suggest that steel imports also increased by volume in February 2021 compared with December 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 2020, U.S. imports of steel mill products were 20.0 million metric tons, a 21.1% decrease from 25.4 million metric tons in 2019.
 - In value terms, imports decreased 28.4% to \$16.9 billion in 2020 from \$23.7 billion in 2019.
 - Canada accounted for the largest share of U.S. imports by volume in 2020 at 23.7%, followed by Brazil (18.3%) and Mexico (15.0%).
 - The U.S. imported 7.5 million metric tons of flat carbon and alloy products in 2020, accounting for 37.4% of total steel mill imports (the largest category). This was followed by semi-finished carbon and alloy products at 5.1 million metric tons or 25.7% of total imports.

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

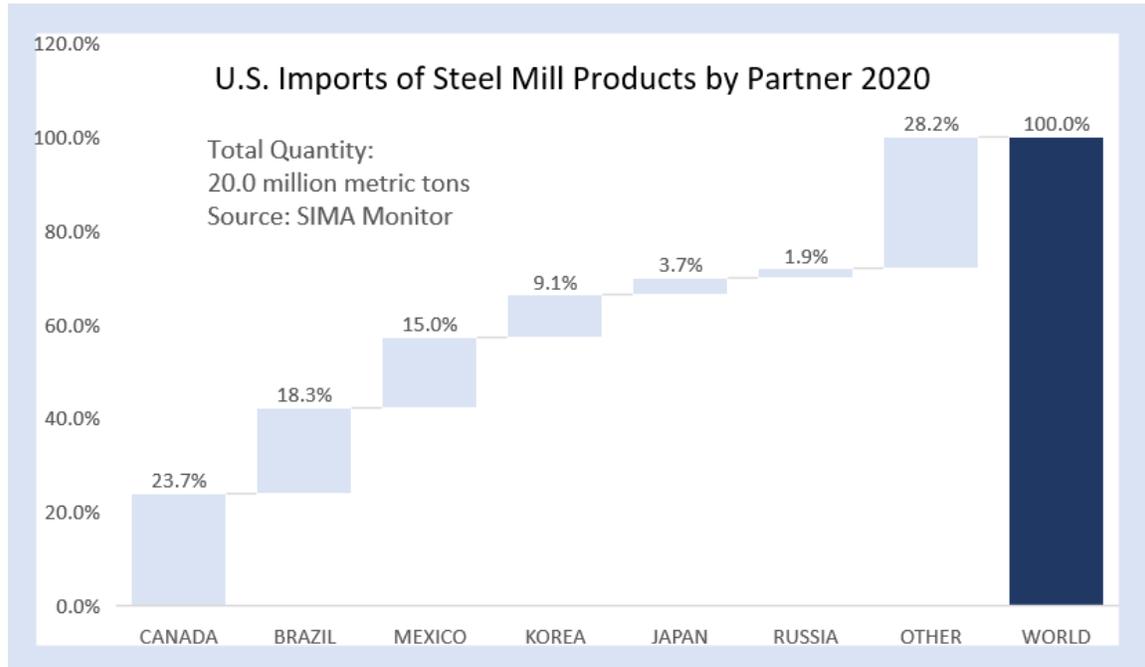
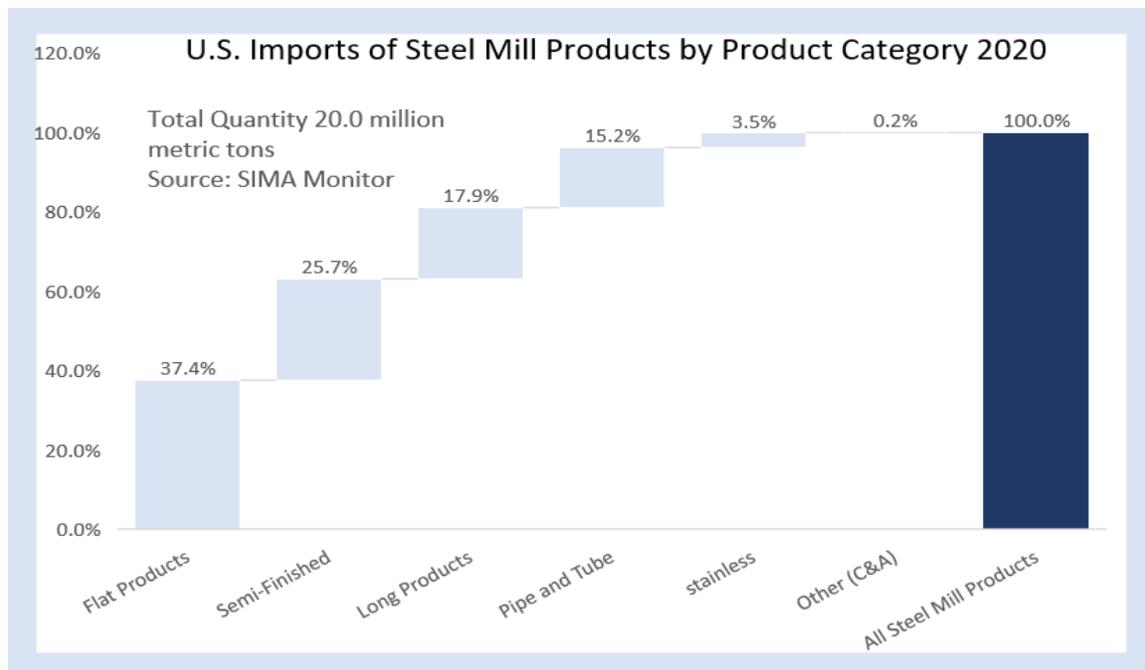


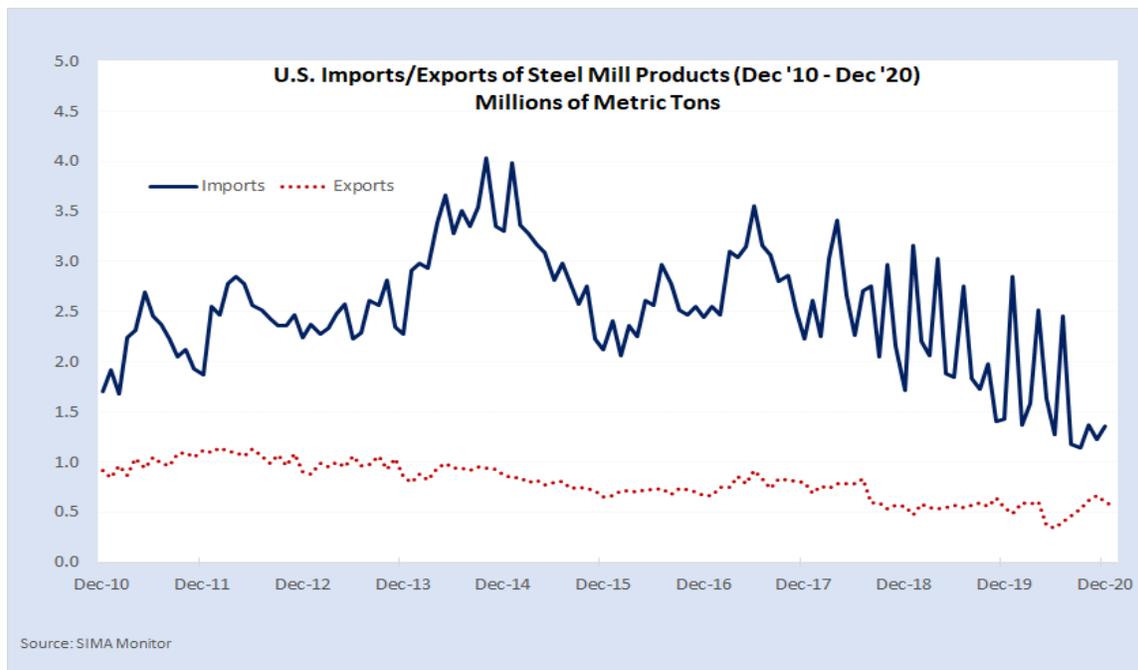
Figure 3 – U.S. Imports of Steel Mill Products by Product Category



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 December 2020, the steel trade deficit was 798.2 thousand metric tons, a 29.1% increase from November 2020.
 - Compared to the trade balance one year ago, the December 2020 steel trade gap has narrowed by 15.2%.
 - From November to December 2020, the volume of U.S. steel imports increased by 10.8% to 1.4 million metric tons from 1.2 million metric tons. Compared with December 2019, December 2020 imports were down 4.9% by volume and down 38.9% from three years ago.
 - Exports decreased 7.8% by volume between November 2020 and December 2020 from 606.2 thousand metric tons to 559.0 thousand metric tons. December 2020 exports were up 15.2% from one year ago and down 18.1 % from three years ago.

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

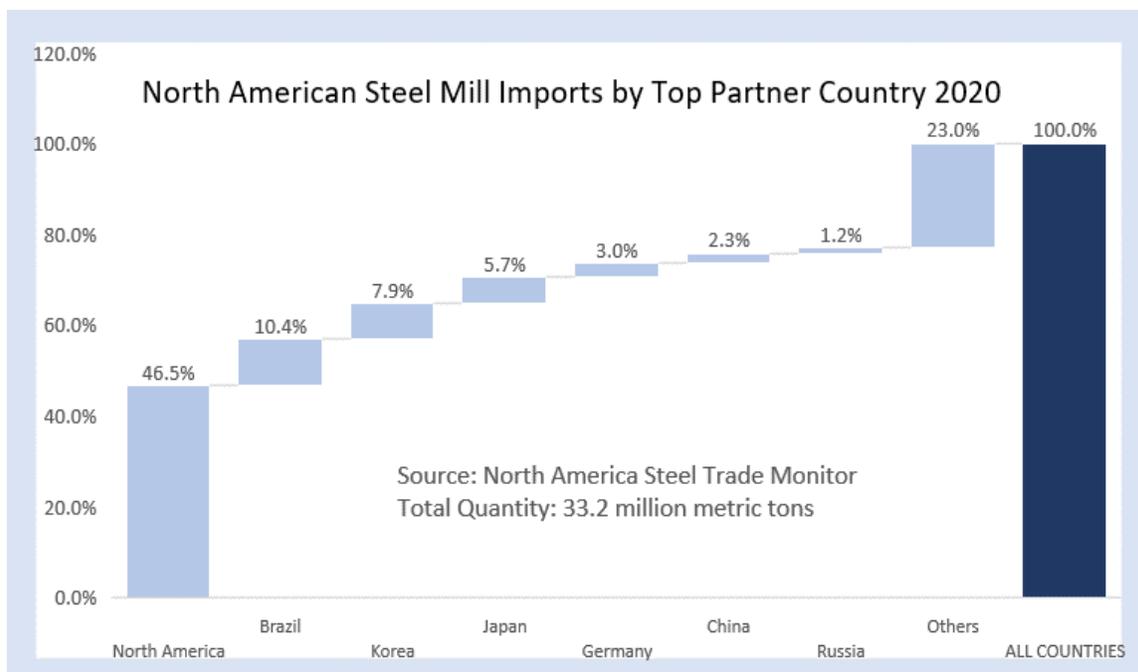


Trade – North America*

- According to the latest available data from the three North American countries, total steel mill imports into the U.S., Canada, and Mexico decreased 25.1% to 33.2 million metric tons in 2020 from 44.3 million metric tons in 2019. December 2020 total steel mill imports into the U.S, Canada, and Mexico were up 0.6% from December 2019.

- Intra-North America steel imports increased 7.3% from 1.2 to 1.3 million metric tons between November and December 2020. External imports increased 43.8% from 1.2 to 1.7 million metric tons over the same period.
- Imports among Canada, the U.S. and Mexico accounted for a 46.5% share of total North American steel imports in 2020 (15.4 million metric tons), with Brazil's share following at 10.4% or 3.4 million metric tons, and Korea's share at 7.9% or 2.6 million metric tons.

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



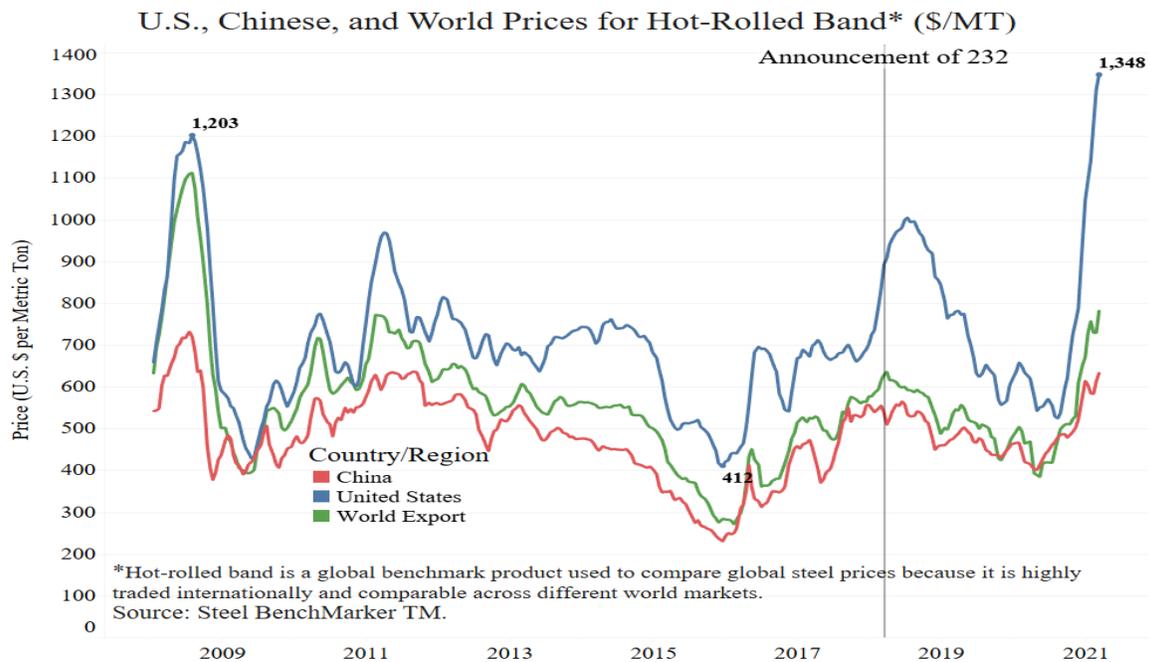
* North American trade is updated through December 2020, based on the latest available data for all three countries.

Prices

- After declining in 2020, benchmark domestic steel prices have been trending upwards since the beginning of 2021.
 - U.S. domestic prices for hot-rolled band (HRB) increased from \$947 per metric ton in December 2020 to around \$1,348 per metric ton in March 2021 and were up about 100.1% from March 2020.
 - Cold-rolled coil prices increased from \$1,085 per metric ton in December 2020 to about \$1,525 in March 2021, while standard plate prices increased from \$868 per metric ton in December 2020 to about \$1,200 in March 2021.
 - Chinese HRB prices increased from \$578 per metric ton in December 2020 to about \$634 per metric ton in March. Currently (in March 2021), the U.S. HRB price is about \$714 per metric ton higher than the Chinese equivalent (or

about 112.6% of the Chinese HRB price). This gap has increased from about \$369 per metric ton (about 63.8% of the Chinese price) in December.

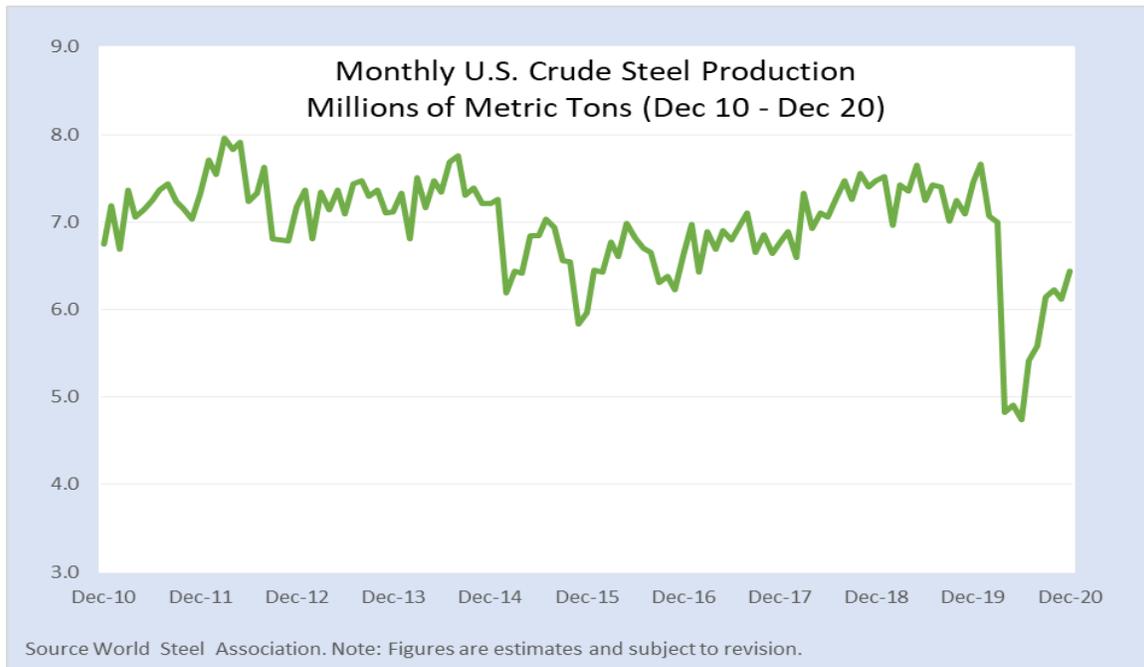
Figure 6 – U.S. Domestic Steel Prices



Production & Capacity Utilization

- According to data from the World Steel Association, U.S. steel production was 6.4 million metric tons in December 2020, up 5.1% from 6.1 million metric tons in November 2020.
- December 2020 production was down 13.7% from 7.4 million metric tons in December 2019.

Figure 7 – Monthly U.S. Crude Steel Production



- **Global steel production was up 1.6% in December 2020, at 160.1 million metric tons compared with 158.2 million metric tons in November 2020.**
 - Global production in December 2020 increased 5.7% from one year ago.
 - Total world crude steel production in 2020, at 1.83 billion metric tons, was down by 0.2% from the 2019 level of 1.84 billion metric tons.
 - China's December 2020 production decreased by 4.1% from November to 91.3 million metric tons.
 - China's total production in 2020, the last full year of available data, amounted to 1.05 billion metric tons, a 6.2% increase from the previous year.

Figure 8 – Monthly World Crude Steel Production

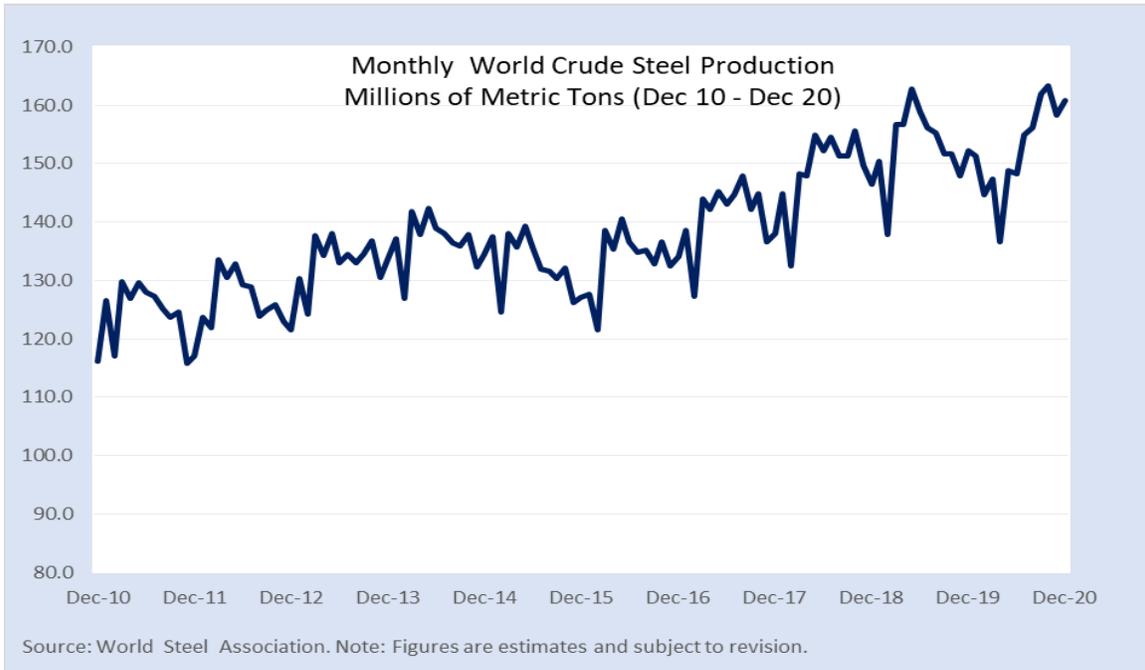
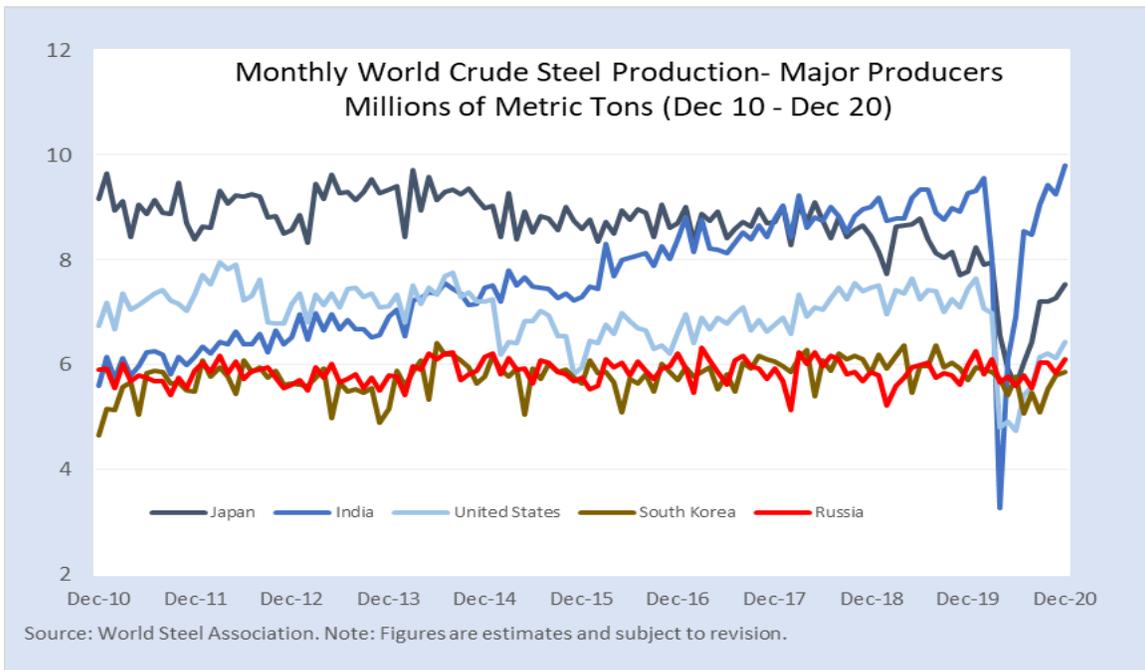
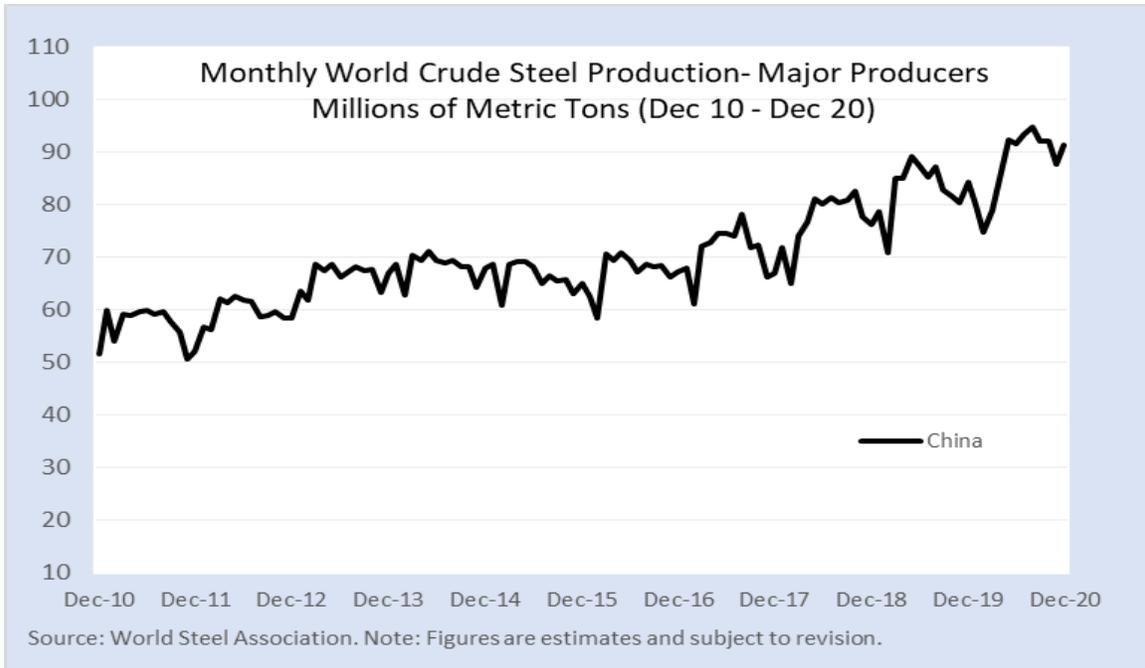


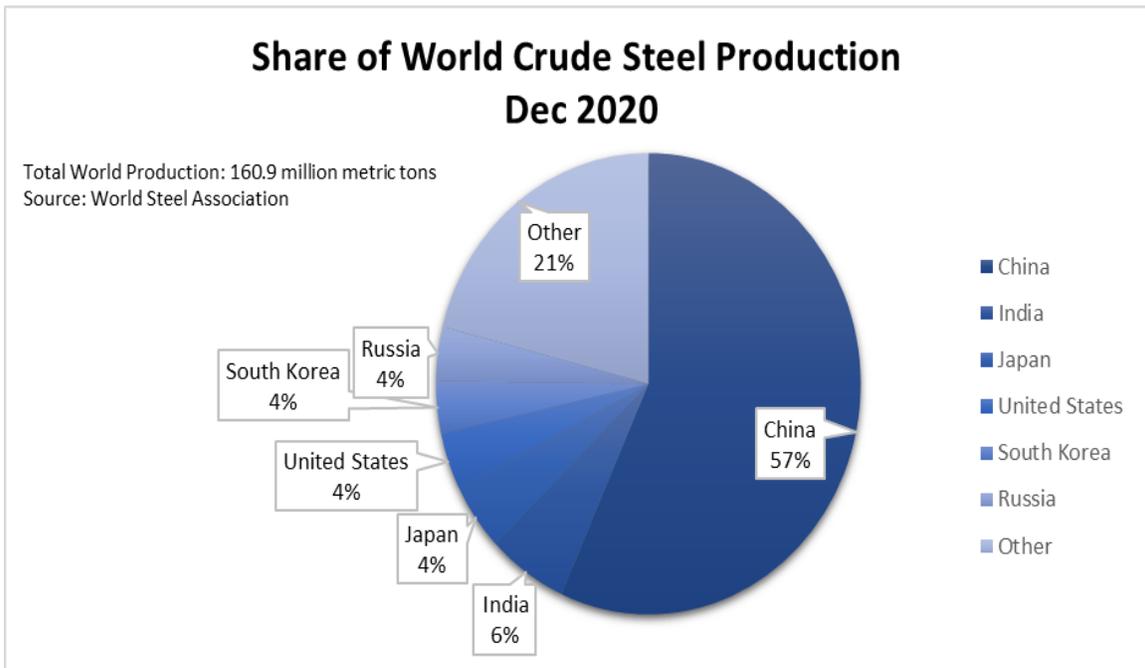
Figure 9 – Monthly Crude Steel Production - Major Producers





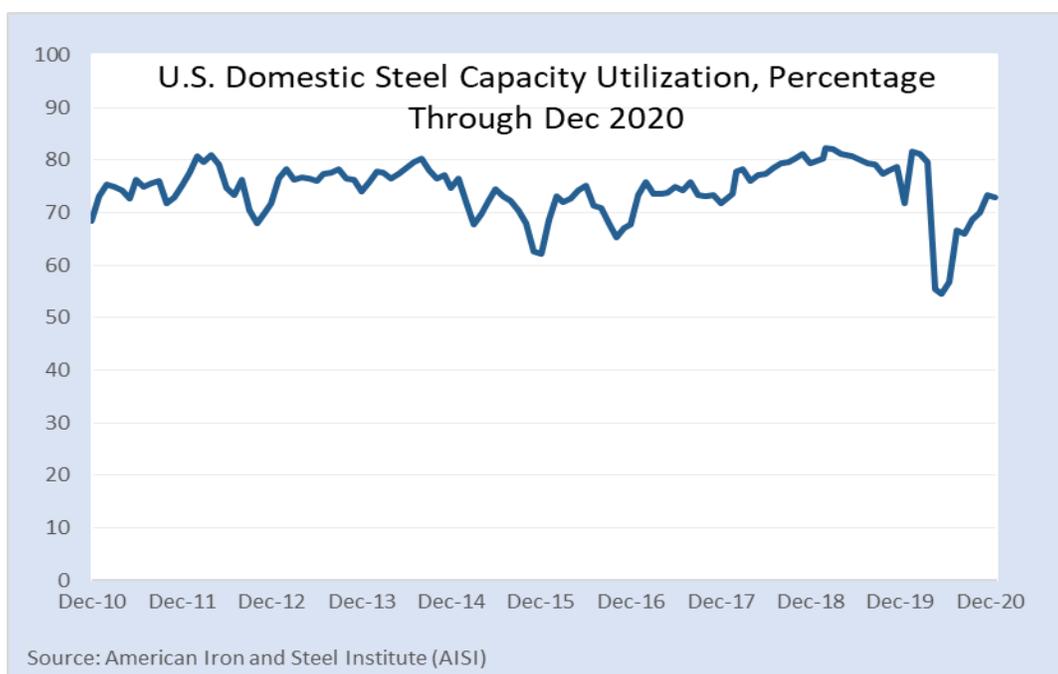
- China’s share of total monthly world steel production stood at 57% in December 2020, accounting for over half of the monthly total world production, while the U.S. at 4% ranked fourth behind China, Japan, and India (counting the 27 member states of the EU separately, rather than as a single bloc).

Figure 10 – Share of World Crude Steel Production



- U.S. domestic steel capacity utilization had been trending up in 2018 and 2019, but declined in 2020.
 - In December 2020, capacity utilization was estimated at 72.9%, a decrease of 0.4 percentage points from 73.3% November.
 - Capacity utilization in December 2020 was up 1.0 percentage points from one year ago and down 10.8 percentage points from five years ago.
 - Overall capacity utilization in 2020 averaged 68.9%, down from the 2019 annual average of 79.3%.
 - Though December 2020 capacity utilization increased 18.2 percentage points from the recent low of 54.6% reached in May 2020, it remained below the average for the past decade of 74.1%.

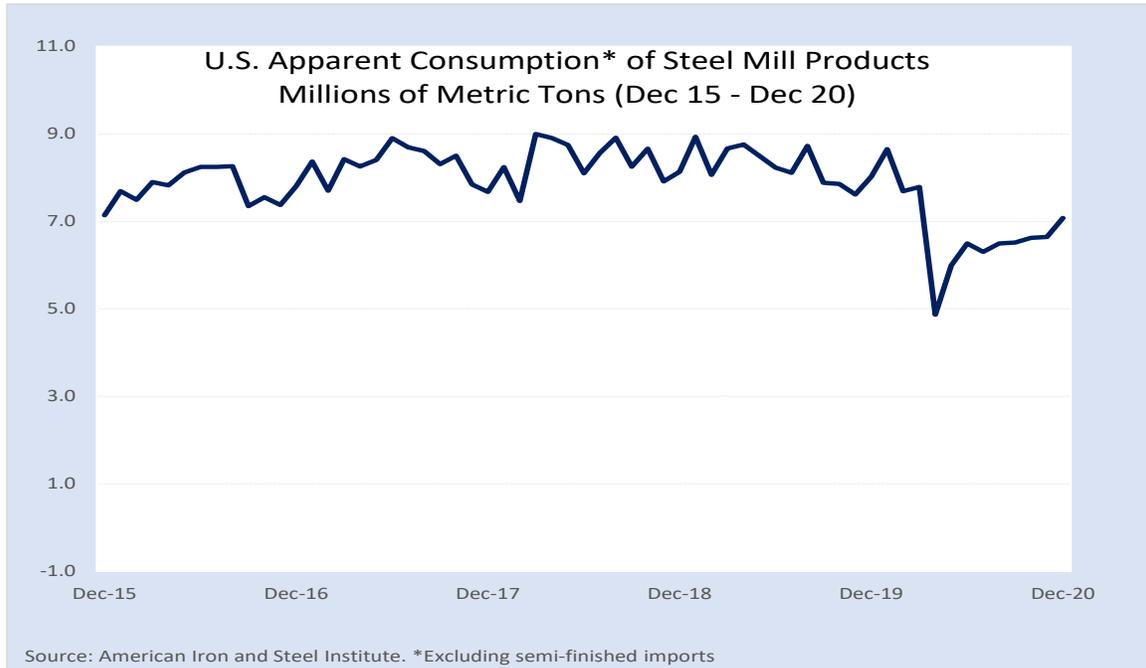
Figure 11 – U.S. Domestic Steel Capacity Utilization



Demand

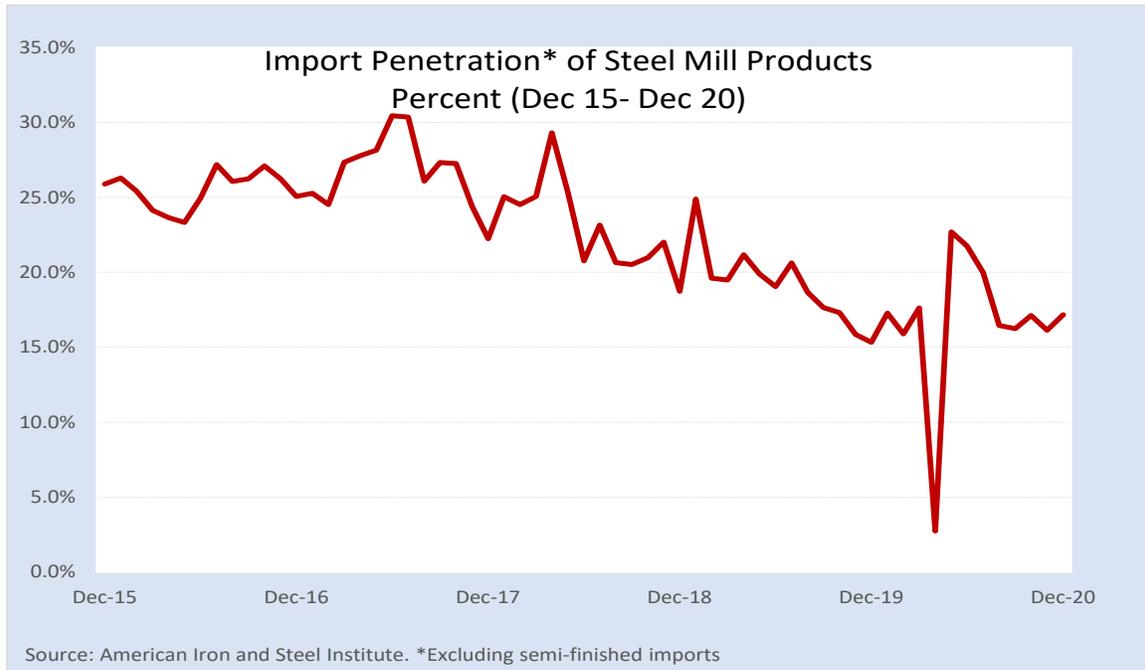
- Apparent consumption (used to measure domestic demand) for steel, excluding semi-finished products, increased 6.5% to 7.1 million metric tons in December 2020, from 6.6 million metric tons in November 2020.
 - December 2020 demand decreased 11.8% from one year ago and is down 0.9% from five years ago.
 - Demand in December 2020 was 45.3% higher than April 2020, when steel demand, at only 4.9 million metric tons, was at its lowest level in recent years.
 - Steel demand in 2020 amounted to 81.1 million metric tons, an 18.3% decline from 99.4 million metric tons in 2019.

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



- In December 2020, import penetration for steel mill products, excluding semi-finished products, was 17.2%, an increase of 1.1 percentage points from November 2020. This also marks a 1.8 percentage point increase from the import penetration level one year ago. Import penetration in 2020 averaged 16.8%.

Figure 13 – Import Penetration for All Steel Mill Products



Trade Remedy Case Determinations – Through March 2021

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

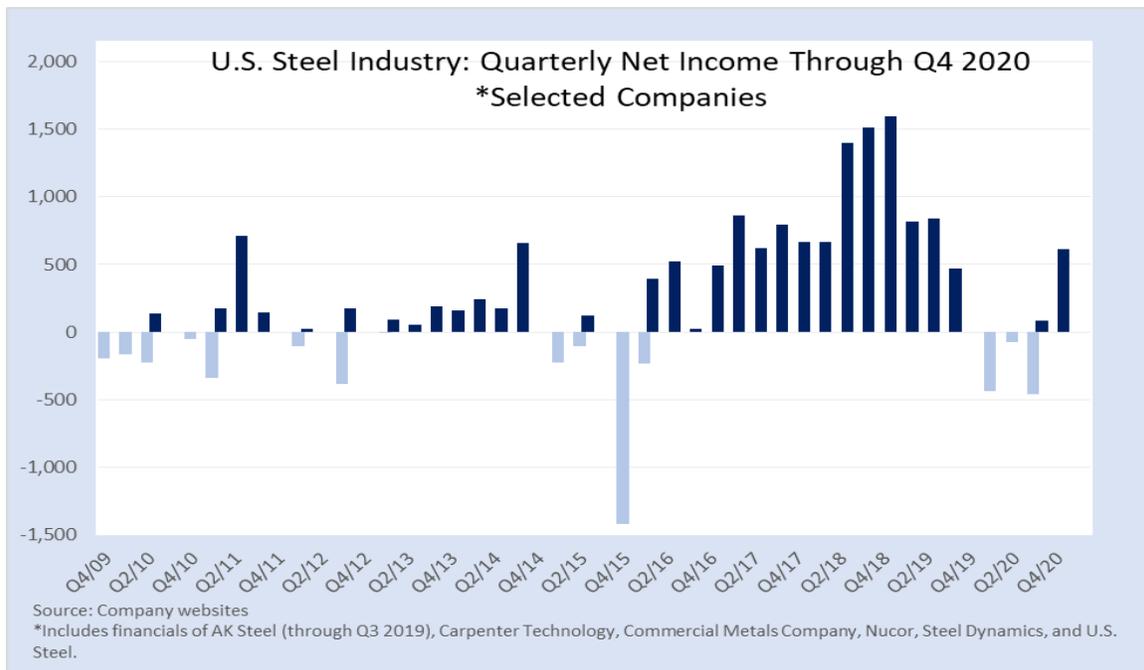
Trade Enforcement Actions Undertaken by the United States		
Product	Country	Department of Commerce Finding
Forged Steel Fittings	India & Korea	Affirmative Final AD/CVD Determinations
Standard Steel Welded Wire Mesh	Mexico	Affirmative Final AD/CVD Determinations
Prestressed Concrete Steel Wire Strand	Turkey	Affirmative Final CVD Determination
Forged Steel Fluid End Blocks	China, Germany, India, & Italy	Affirmative Final CVD Determinations
Seamless C&A Standard, Line, & Pressure Pipe	Czech Republic	Affirmative Final AD Determination
Prestressed Concrete Steel Wire Strand	Argentina, Colombia, Egypt, Netherlands, Saudi Arabia	Affirmative Final AD Determinations
Prestressed Concrete Steel Wire Strand	Taiwan, Turkey, UAE	Affirmative Final AD Determinations
Seamless C&A Standard, Line, & Pressure Pipe	Ukraine	Affirmative Preliminary AD Determination
Prestressed Concrete Steel Wire Strand	Malaysia	Affirmative Preliminary AD Determination
Certain Metal Lockers & Parts Thereof	China	Affirmative Preliminary CVD Determination
Certain Large Vertical Shaft Engines 225-999CC	China	Affirmative Final AD/CVD Determinations
Oil Country Tubular Goods	China AD (Circ. through Brunei & Philippines)	Initiation of Anti-Circ. Inquiry

Source: Federal Register
Current through March 17, 2021; includes only those actions since November 1, 2020

Industry Status

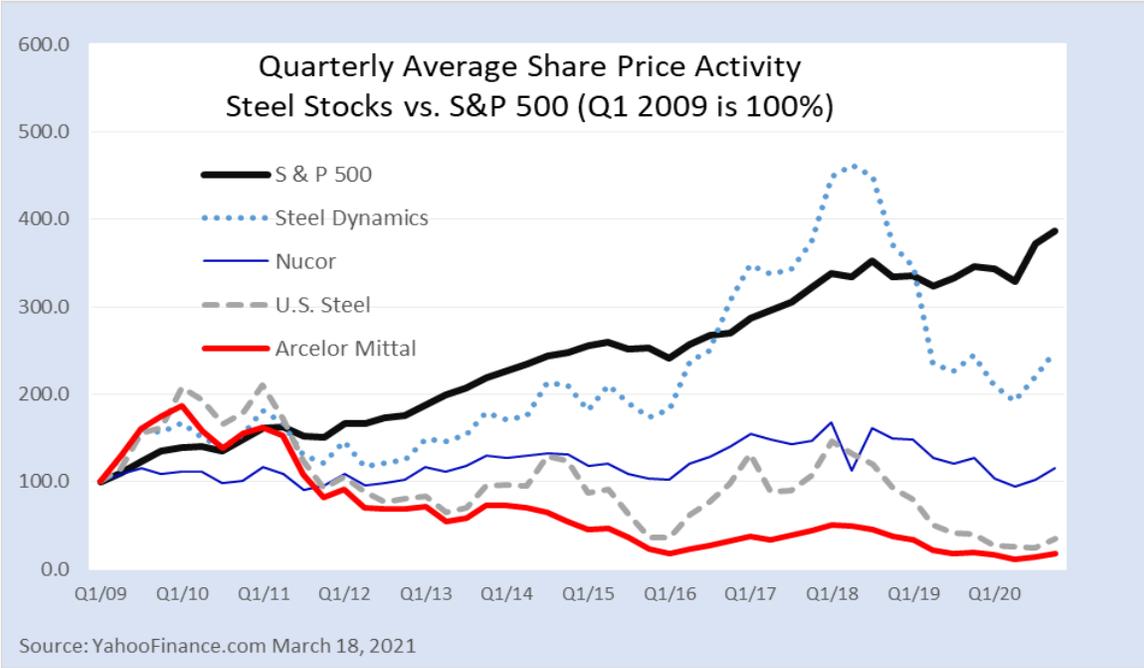
- The U.S. steel industry, as represented in the chart below, posted a combined net gain of \$615 million in Q4 2020.
 - According to publicly available figures, four out of five companies reported quarterly net gains.
 - Nucor reported the highest quarterly net profit at \$398.8 million, followed by Steel Dynamics at \$187.8 million, Commercial Metals Company at \$63.9 million, and U.S. Steel at \$49 million. Carpenter Technology reported a quarterly net loss of 84.9 million.
 - Between Q1 2009-Q3 2020, the group of steel companies monitored in the below chart collectively reported net earnings for 31 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



- Q4 2020 average share prices increased from Q3 2020 average share prices for all the charted steel stocks.
 - Of the charted steel stocks, U.S. Steel’s average share price saw the largest increase from the previous quarter at 40.8%, followed by Arcelor Mittal with an increase of 28.8%, Steel Dynamics with an increase of 13.9%, and Nucor with an increase of 12.2%.
 - Compared to the same quarter last year, three of the four charted steel stocks showed decreases in average share prices, with U.S. Steel decreasing by 14.0%, followed by Nucor decreasing 9.0%, and ArcelorMittal decreasing by 4.1%. Steel Dynamics’ average share price increased by 2.4%.
 - All four stocks underperformed compared to the S&P 500 between Q4 2019 and Q4 2020.
 - The stock chart monitors the trends of the 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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