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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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

U.S. Imports of Steel Mill Products by Partner 2020

Total Quantity: 20.0 million metric tons
Source: SIMA Monitor

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

U.S. Imports of Steel Mill Products by Product Category 2020

Total Quantity 20.0 million metric tons
Source: SIMA Monitor
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.
  o 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.
  o 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.
  o 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**

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**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.
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.
  o In December 2020, capacity utilization was estimated at 72.9%, a decrease of 0.4 percentage points from 73.3% November.
  o 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.
  o Overall capacity utilization in 2020 averaged 68.9%, down from the 2019 annual average of 79.3%.
  o 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.
  o December 2020 demand decreased 11.8% from one year ago and is down 0.9% from five years ago.
  o 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.
  o Steel demand in 2020 amounted to 81.1 million metric tons, an 18.3% decline from 99.4 million metric tons in 2019.
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%.
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.

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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.
  o 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%.
  o 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%.
  o All four stocks underperformed compared to the S&P 500 between Q4 2019 and Q4 2020.
  o 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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