



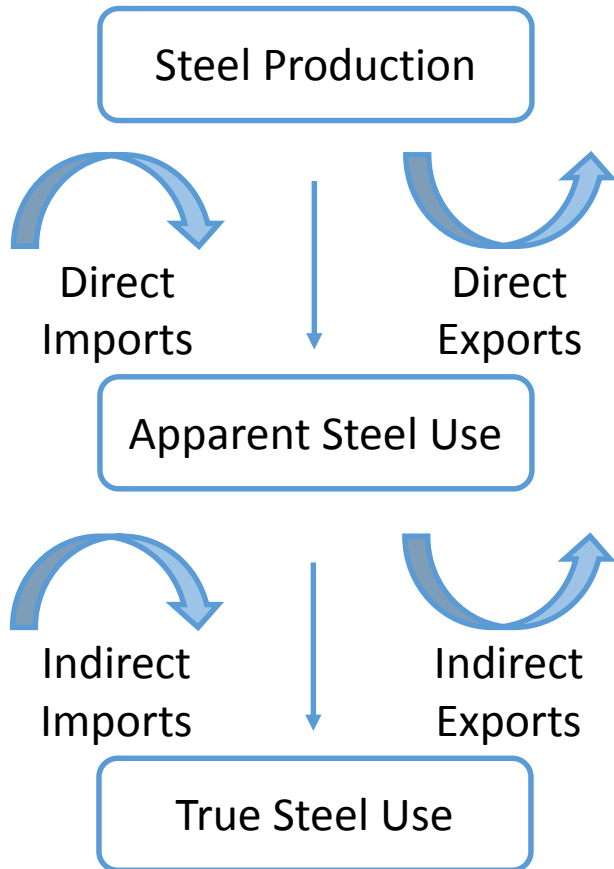
Indirect Steel Trade It's Bigger Than You Think!

Presented by Paul Lowrey
Steel Research Associates, LLC
30th Annual Tampa Steel Conference
February 12-13, 2019



Indirect Steel Trade

What is it?

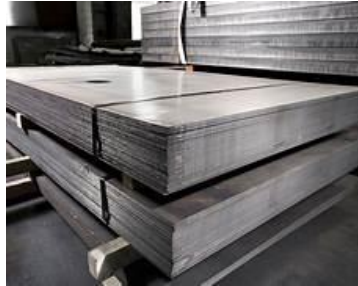


- Indirect steel trade
 - Imports & exports of steel containing goods
 - Expressed in finished steel equivalent weight
- Data is compiled & published by
 - World Steel Association (WSA) – most countries
 - American Iron & Steel Association (AISI) – USA only
- WSA & AISI have slightly different methodologies
 - WSA – weight-based calculation
 - AISI – value-based calculation
 - Results are generally pretty close
- True steel use
 - Apparent use adjusted for indirect trade
 - Better measure of "real" steel demand

Indirect Steel Trade

Direct vs. indirect imports

Direct imports = Steel Mill Products

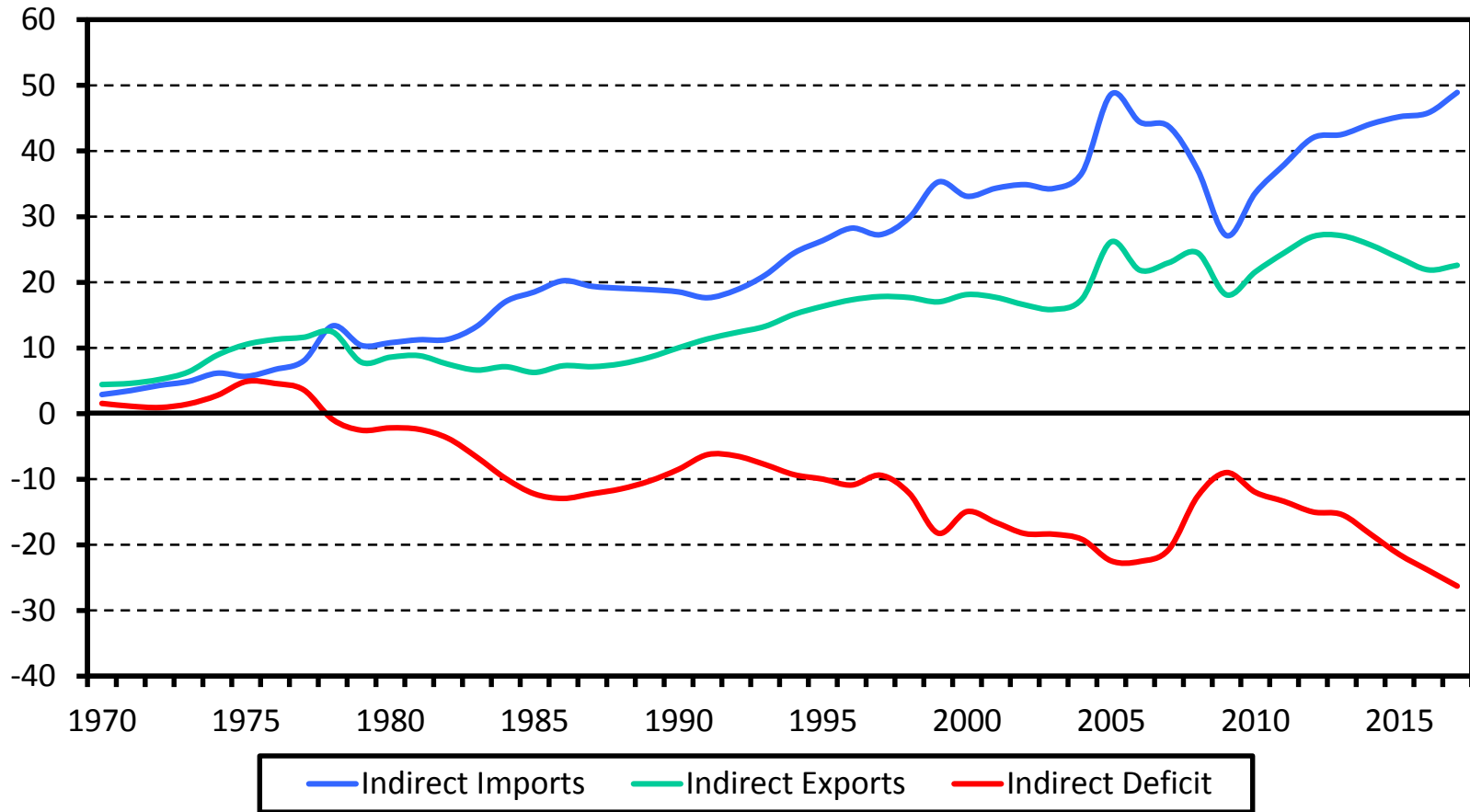


Indirect Imports = Fabricated Products



Indirect Steel Trade

USA indirect steel trade deficit is about 25 million tons

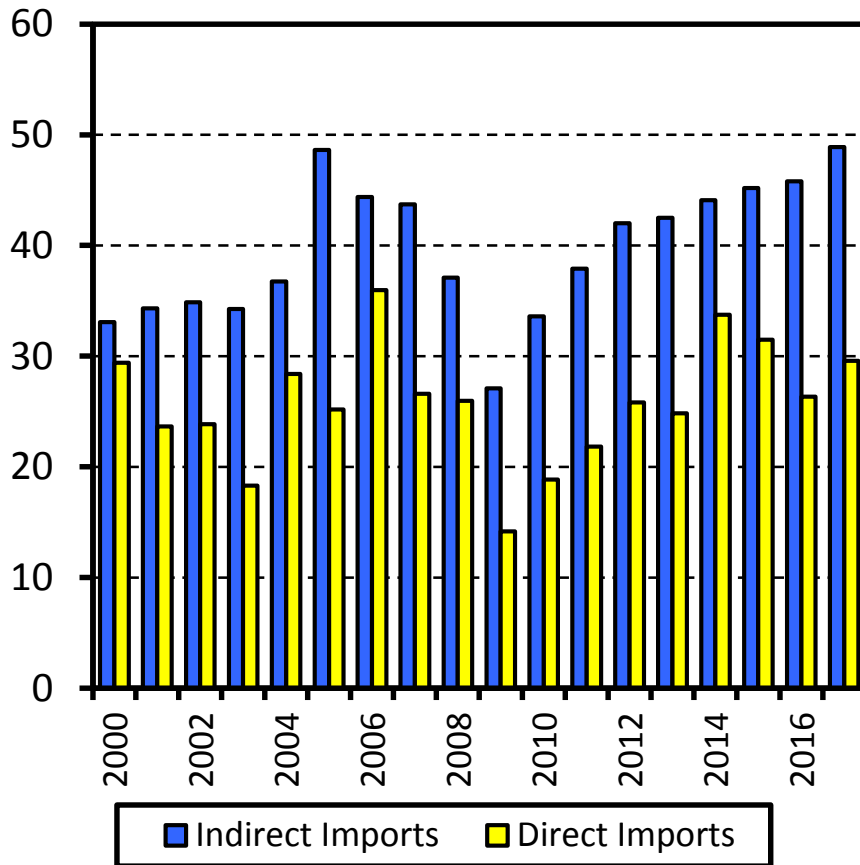


Sources: WSA & AISI

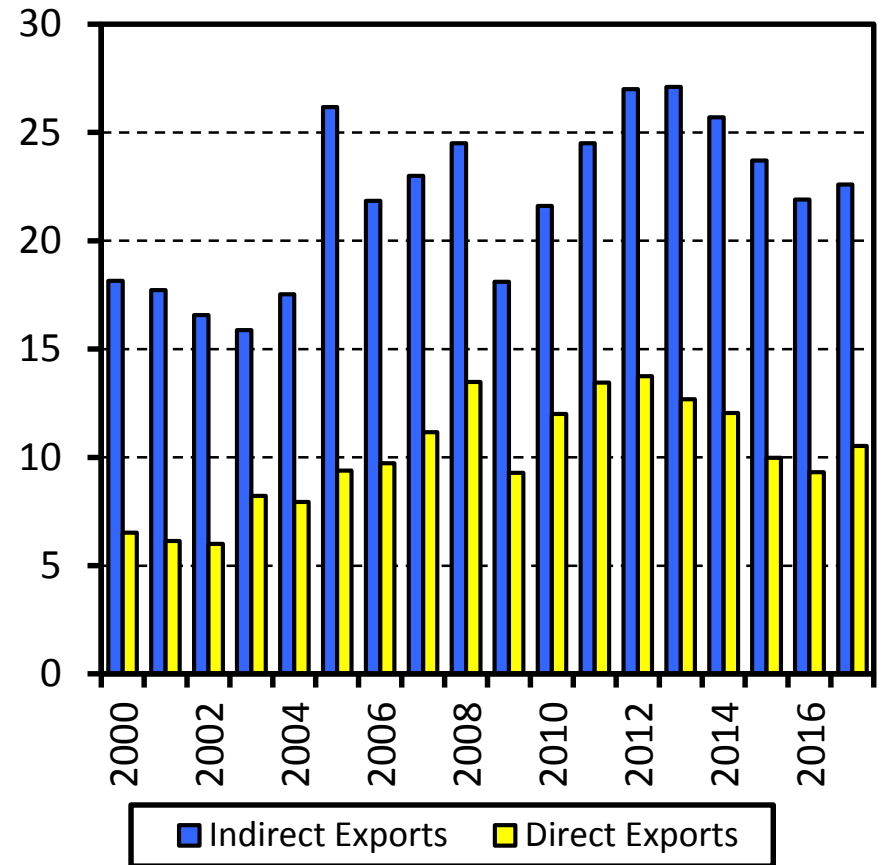
Indirect Steel Trade

USA indirect steel trade is larger than direct steel trade

Imports – Million Tons



Exports – Million Tons

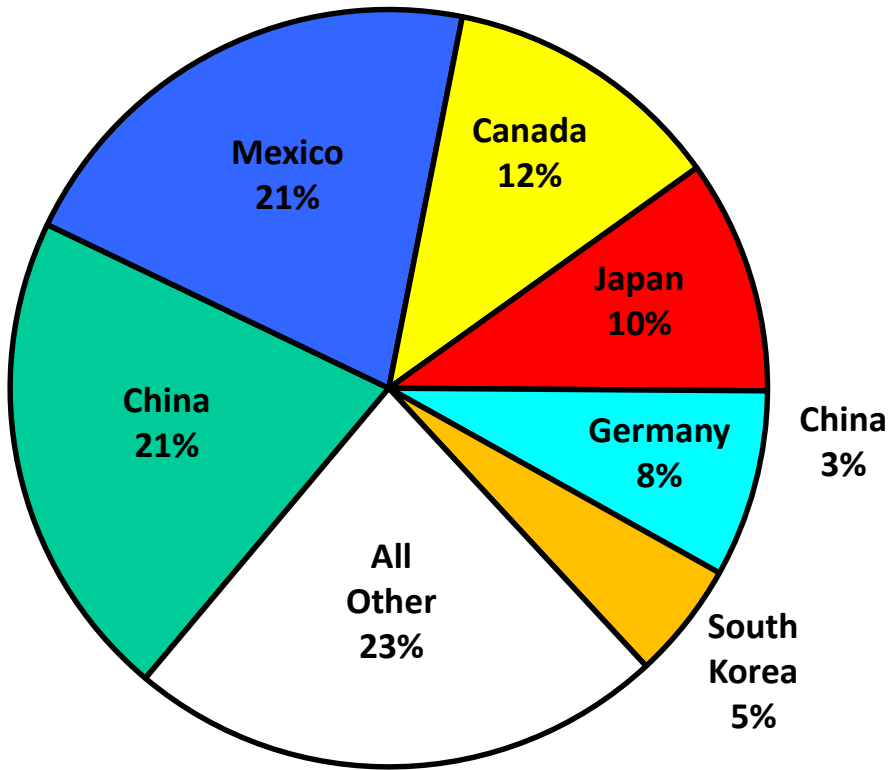


Sources: WSA & AISI (direct imports exclude semi-finished products)

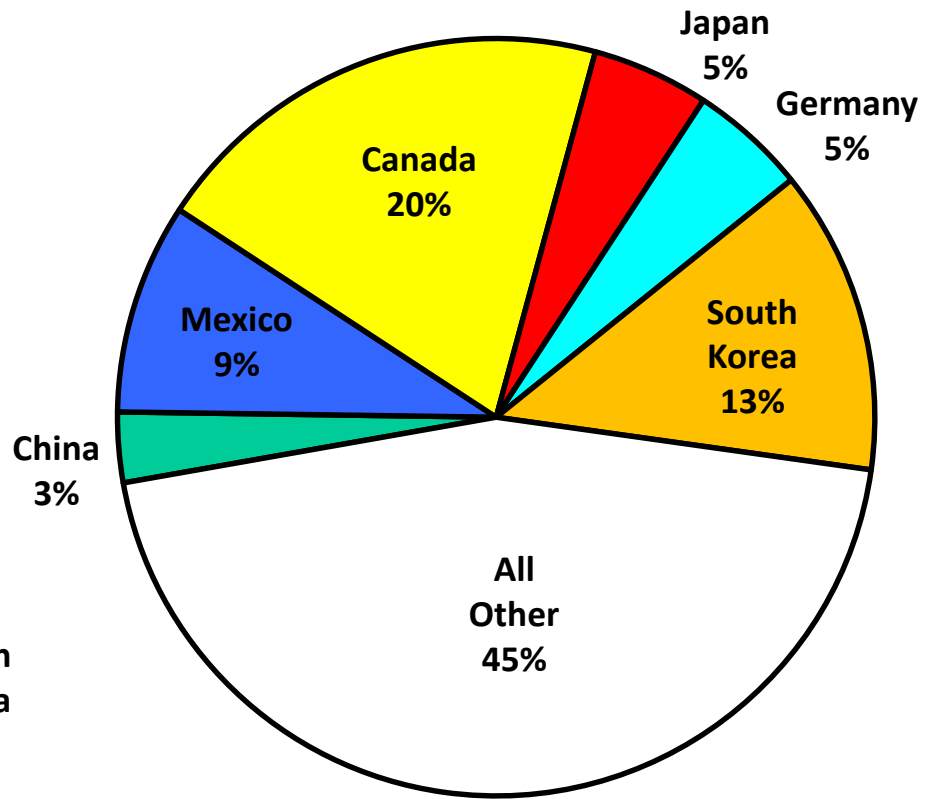
Indirect Steel Trade

Sources of imports do not mirror each other

2017 Indirect Imports By Country



2017 Direct Imports By Country



Source: AISI (direct imports exclude semi-finished products)

Indirect Steel Trade

AISI uses five categories for indirect imports

Automotive



Machinery



Construction



Appliances



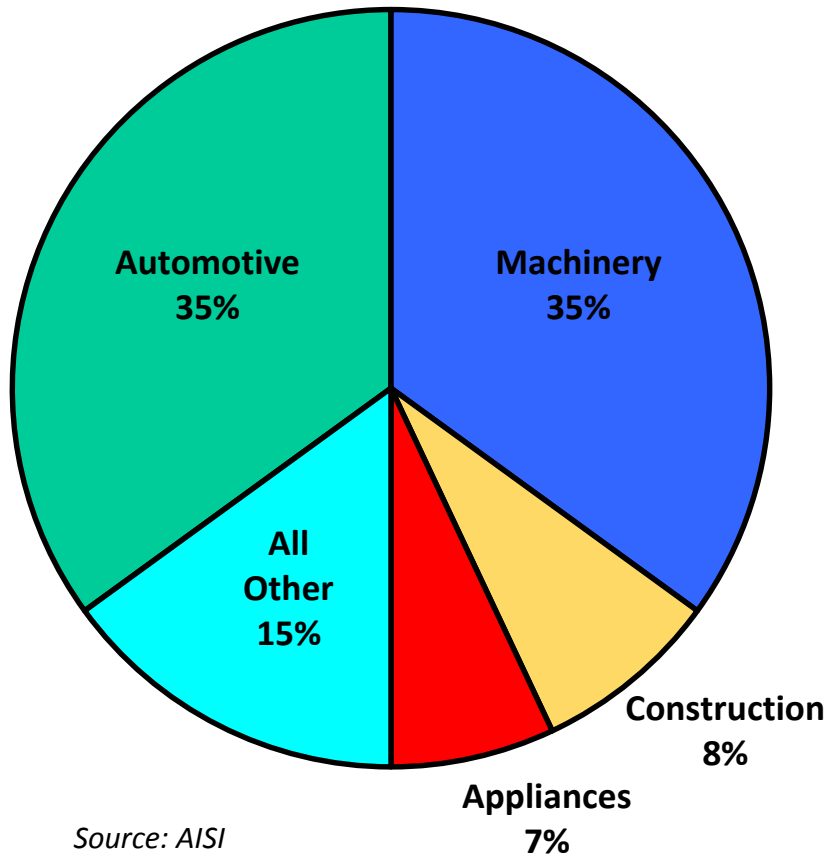
Other



Indirect Steel Trade

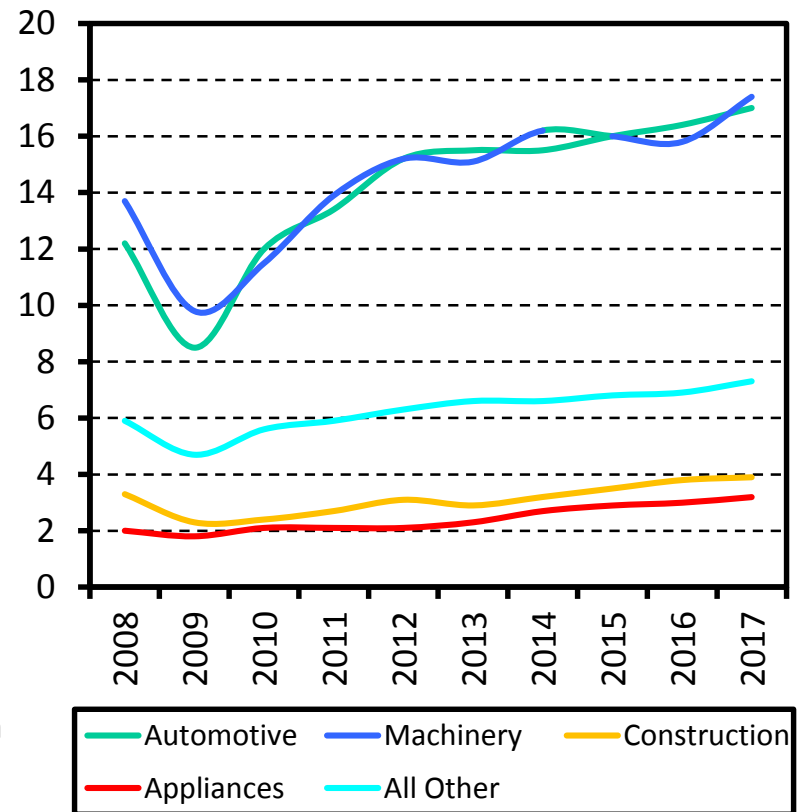
USA imports are concentrated in auto & machinery products

2017 Indirect Imports By Market



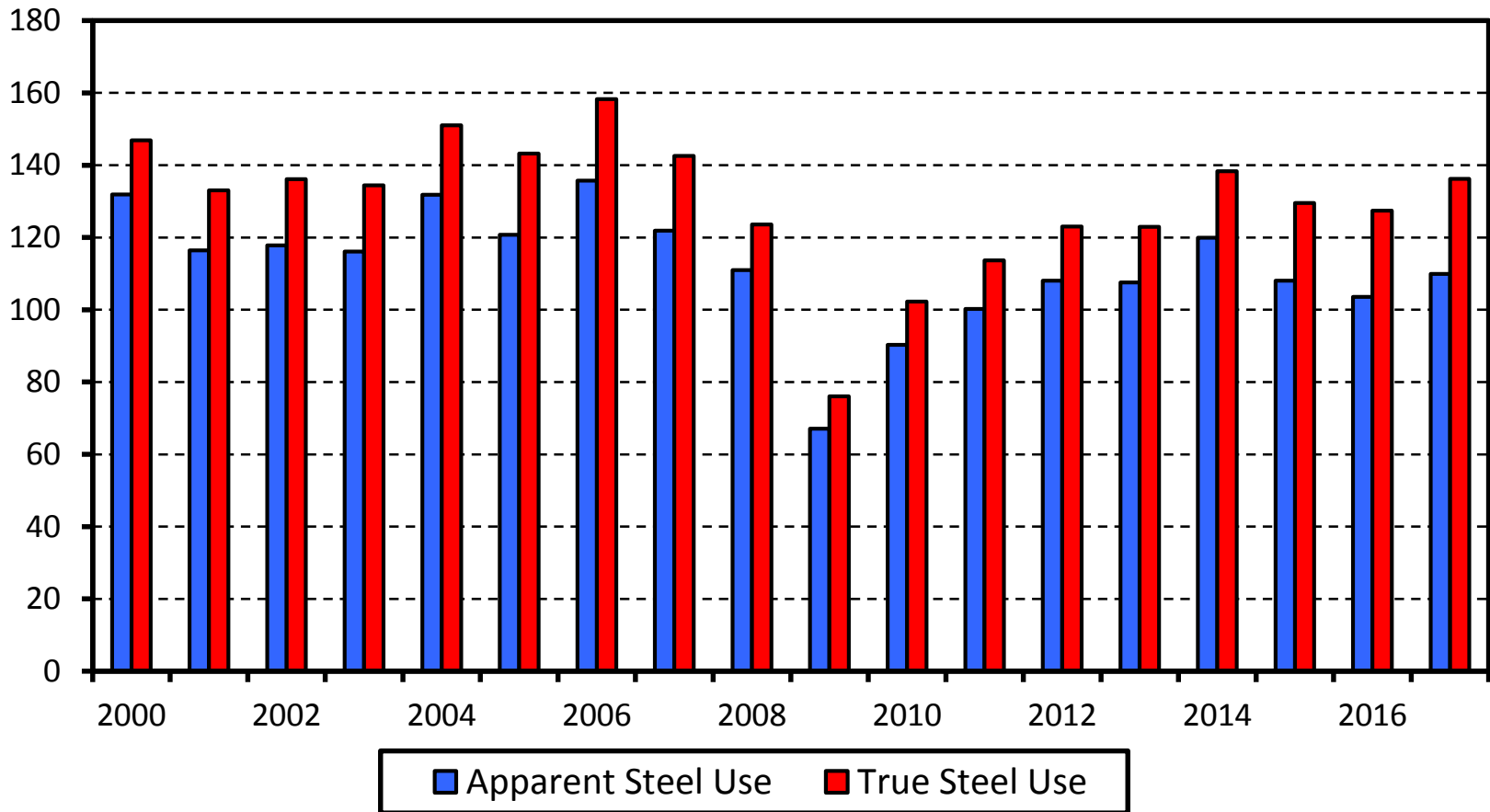
Source: AISI

Market Trends – Million Tons



Indirect Steel Trade

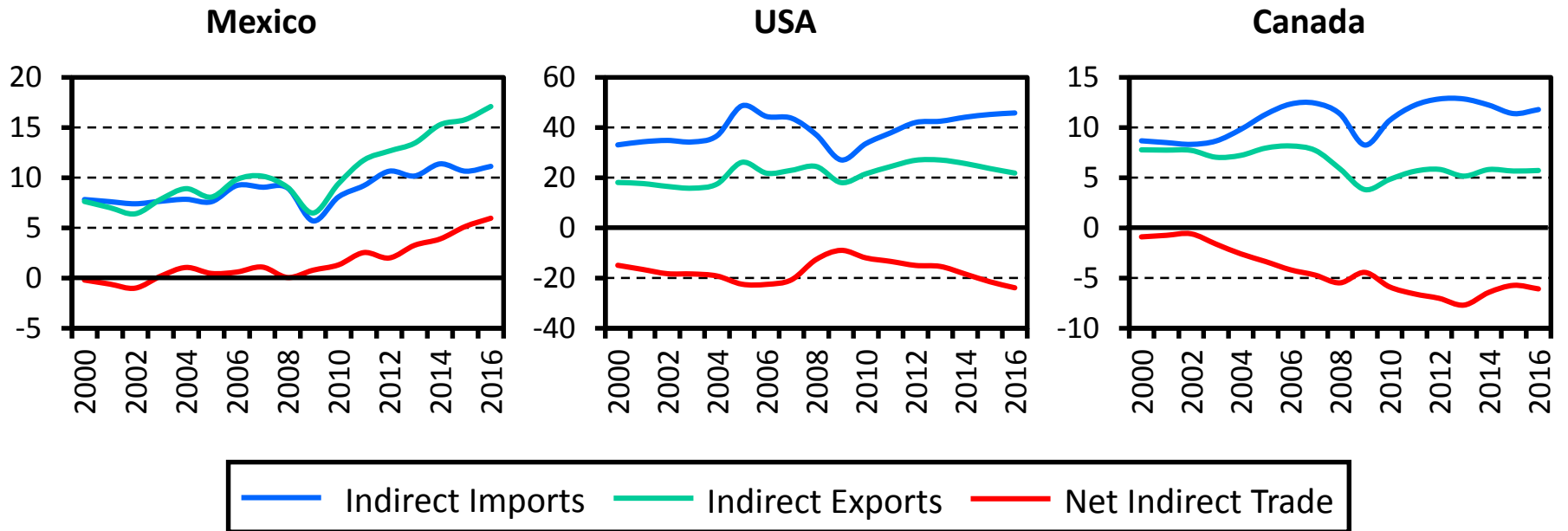
Indirect trade adds 25 million tons to USA steel consumption



Sources: WSA & AISI

Indirect Steel Trade

Mexico is the only NAFTA country with an indirect surplus

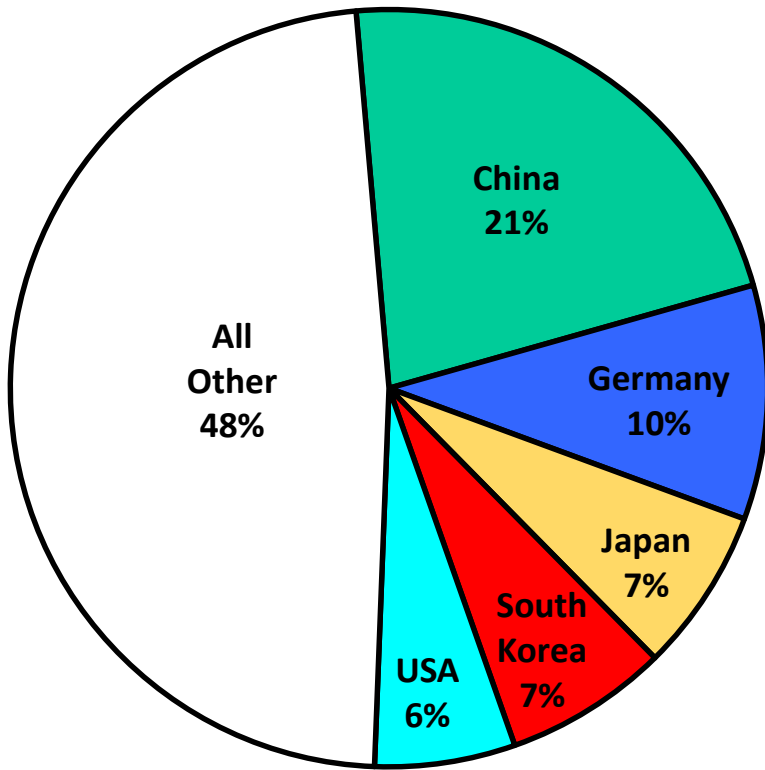


Sources: WSA & AISI

Indirect Steel Trade

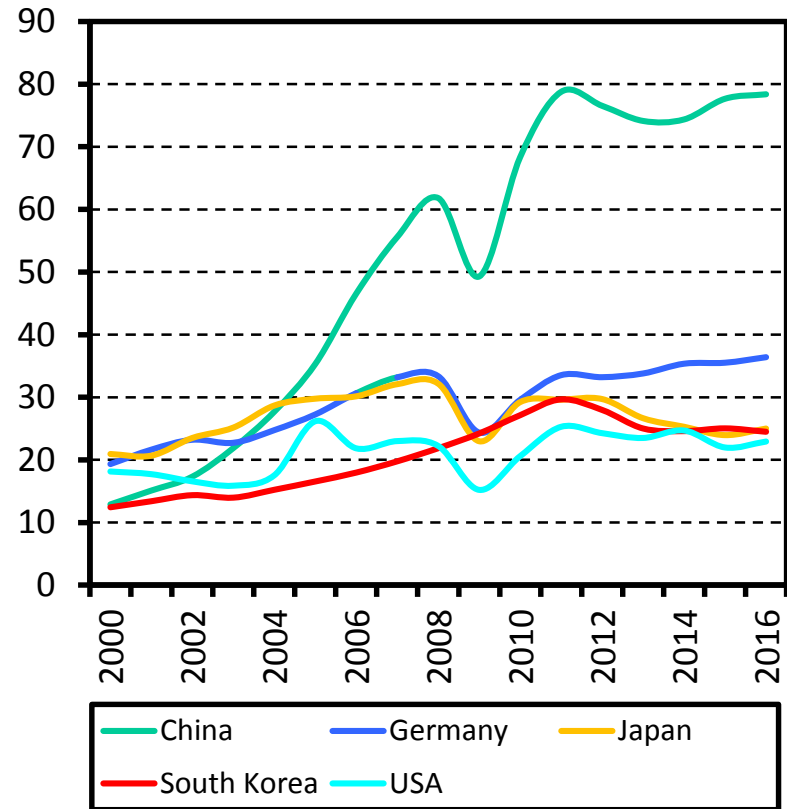
Top 5 indirect exporters are about 50% of the world total

Top 5 World Exporters 2016



Source: WSA

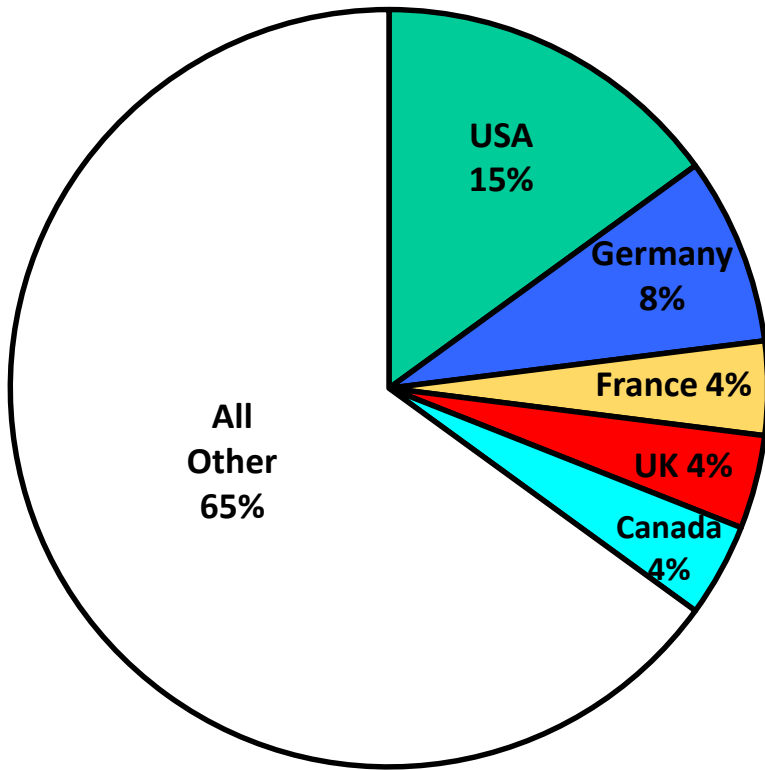
Top 5 Trends – Million Tons



Indirect Steel Trade

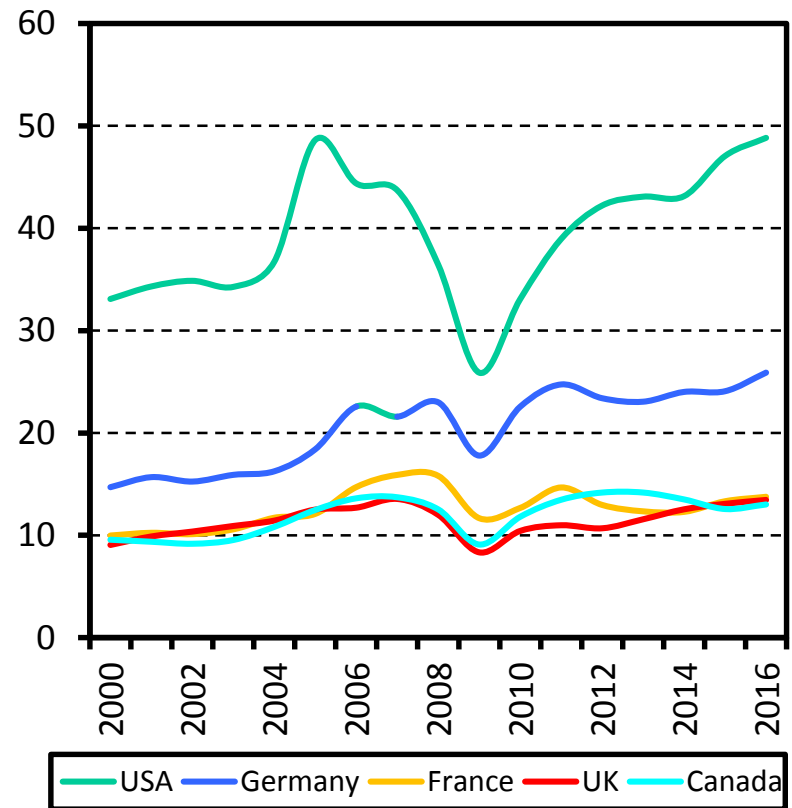
Top 5 indirect importers are about 35% of the world total

Top 5 World Importers 2016



Source: WSA

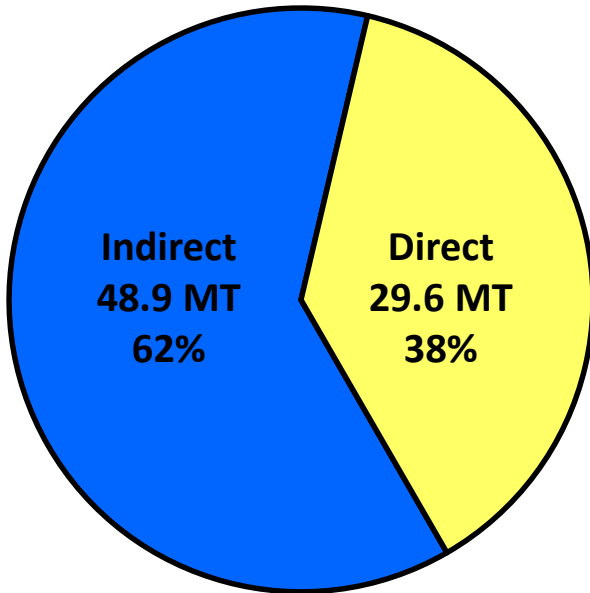
Top 5 Trends – Million Tons



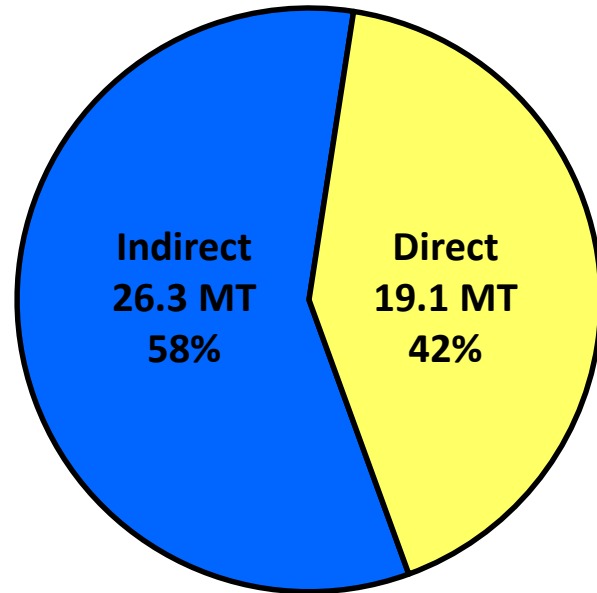
Indirect Steel Trade

It's bigger than you think!

2017 Total Imports
78.5 Million Tons



2017 Net Imports
45.4 Million Tons



Total Imports Equal
39 Steel Mills at
2 Million Tons Each



Net Imports Equal
23 Steel Mills at
2 Million Tons Each