Despite some mixed views, 2016 so far has been a better year for domestic steel than 2015, judging by where several leading indicators – including production, prices, shipments and trade issues – have moved or may be moving the sector.

Raw steel production numbers are stable this year, an improvement over 2015's decreases. While output has been relatively steady – a relief from last year's falling numbers – steel prices have risen dramatically this year. There is some concern currently, however, that they may have crested for now.

Source: American Iron and Steel Institute

Recycling Rates of Select Products in Percentages

Back home, the overall recycling rate of steel is 86 percent based on the most recent data compiled by the Steel Recycling Institute (SRI).

Along with a hike in steel prices has come an increase in raw material costs, especially from ferrous scrap.

Source: Steel Recycling Institute

Steel Prices vs. Ferrous Scrap

There is a gap developing between demand and the higher prices. For example, steel shipments from service centers are down by month when compared to 2015.

When the steel does ship, where does the it go? Construction remains the top destination for steel products, followed by automotive end-users. Yet some of those markets also are taken at least in part by foreign steel products. However, finished steel imports to date this year are on a pace to be much lower than 2015.

Trade Winds

A major reason for that trend is the trade relief sought by a number of domestic steel producers:

- **Section 201**: In recent months a number of steel executives have called for drastic government-initiated action, such as a Section 201 trade case challenge that can lead to blanket import bans.
- **Section 232**: Talk of a Section 232 filing under the Trade Expansion Act of 1962 is a new development; it is a provision that gives the U.S. President the power to adjust imports if they threaten to affect U.S. national security. It has not been used since the Reagan Administration.
- **Section 337**: Pittsburgh-based U.S. Steel, in late April filed a Section 337 trade complaint targeting Chinese steel imports, claiming in part that a Chinese steelmaker had stolen trade secrets. If successful, the complaint would block all steel imports from some of China's largest producers.

Select Steel Prices, December 2015-June 2016

- Hot-rolled sheet (HRC)
  - US domestic Midwest: $26
  - SteelBenchmarker USA cold rolled coil East of the Mississippi: $34
- No. 1 busheling scrap consumer buying price:
  - 95%: $583
  - 88%: $599.25
  - 70%: $617
  - 98%: $584.60
  - 71%: $556

Select Steel Prices, April 2016

- Hot-rolled sheet (HRC)
  - US domestic Midwest: $27*
  - SteelBenchmarker USA cold rolled coil East of the Mississippi: $31
- No. 1 busheling scrap consumer buying price:
  - 95%: $651.47
  - 88%: $665.24
  - 70%: $689.40
  - 98%: $622.27
  - 71%: $556

*estimate for 2016 based on imports through April