



RIVER TRANSPORT NEWS

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First Quarter 2023 Lower Miss Imports: Unremarkable

Total imports of the major dry products into the lower Mississippi River region began 2023 in largely the same manner that they ended 2022: unremarkably. According to U.S. Commerce Department data compiled by Criton Corporation, imports of the commodities tracked by *RTN* through the New Orleans Customs District during the first quarter of 2023 totaled 5.858 million metric tons. These imports were down 4.1 percent from the 6.105 million metric tons imported during the comparable year-ago period. On a more positive note, aggregate imports during the first quarter of 2023 were up 15.6 percent from the 5.066 million metric tons that were imported during the fourth quarter of 2022 (see Table 1, page 2).

The import commodities tracked by *RTN* either move directly by barge after importation into the lower Mississippi or are raw materials for intermediate goods processed locally that are then shipped by barge. Iron ore and bauxite fall into this latter category. All of these products represent proxies for northbound demand for dry cargo barge freight moving from lower Mississippi River origins.

Cement Remains Firm

Among the few breakout sectors that emerged in the lower Mississippi import sector last year was cement. Lower Mississippi cement import volumes increased sharply last year from what previously had been largely token volumes.

Cement imports in 2022 totaled approximately 2.0 million metric tons, up from 354,000 metric tons imported in 2021. Lower Mississippi cement imports remained at elevated levels during the first quarter of 2023, totaling approximately 459,300 metric tons, up 155 percent from the 180,000 metric tons imported during the comparable year-ago period. First quarter 2023 imports, however, were down from the prior quarter total of 516,000 metric tons. It remains to be seen whether the modest sequential pullback represents a seasonal phenomenon or reflects a general weakening of cement demand in the river market region.

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Steel Sector Volume Remains Soft

Aggregate imports of steel and steel sector raw materials remained relatively soft during the first quarter of 2023, falling to 2.045 million metric tons from 2.559 million metric tons imported one year earlier. Imports, however, improved sharply from the 1.425 million metric tons imported during the fourth quarter of 2022.

Within the steel segment, imports of iron ore returned to their volume leading position during the first quarter of 2023, increasing to 883,700 metric tons from 840,400 metric tons imported one year earlier. Lower

Mississippi iron ore imports during the prior quarter, meanwhile, totaled just 462,700 metric tons. Nearly all of the import iron ore moving through the New Orleans Customs District is material that is used by Nucor Steel at its Convent, LA direct-reduced iron (DRI) facility. Nucor ships this DRI by barge to its upstream steel mills. Lower Mississippi iron ore imports were depressed during the prior quarter due to coincident planned maintenance outage at Nucor's Convent DRI plant.

Lower Mississippi imports of pig iron, meanwhile, fell to 595,700 metric tons from 772,600 metric tons imported one year

Table 1.
Imports of Major Commodities Through
The Lower Mississippi River
(000s of Metric Tons)

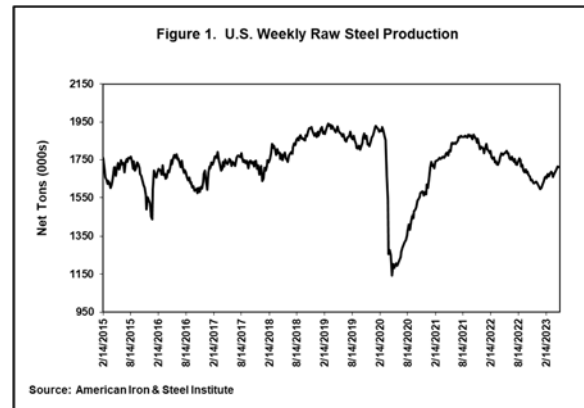
	Q1 2021	Q2 2021	Q3 2021	Q4 2021	Q1 2022	Q2 2022	Q3 2022	Q4 2022	Q1 2023	Q1 22 to 23 Change
Clinkers	0.0	10.6	0.0	0.0	0.0	0.0	0.3	0.0	0.0	0.0
Cement	4.7	102.6	162.8	73.3	180.0	645.1	620.1	516.0	459.3	279.3
Subtotal	4.8	113.2	162.8	73.3	180.0	645.1	620.4	516.0	459.3	279.3
Iron Ore	940.3	749.1	1118.9	545.0	840.4	635.6	922.5	462.7	883.7	43.3
Pig Iron	786.7	948.9	1174.6	658.3	772.6	667.0	561.5	481.3	595.7	-176.9
DRI	54.1	0.0	0.0	0.0	0.0	0.1	0.6	0.4	0.1	0.1
Scrap Steel	146.7	106.2	183.8	0.1	24.7	119.8	53.2	0.0	48.6	23.9
Ferroalloys	252.5	230.3	225.5	290.1	250.1	310.1	350.2	270.5	224.0	-26.1
Coke	4.5	3.0	1.5	5.1	5.1	3.0	2.4	3.0	3.0	-2.1
Manganese Ore	111.9	101.5	120.8	146.0	262.2	138.3	217.2	67.8	31.2	-231.0
Semi-Finished Steel	0.4	0.9	2.2	2.2	1.8	2.1	0.7	1.3	0.3	-1.5
Finished Steel	169.5	237.1	300.1	320.1	401.7	294.4	263.1	137.7	258.8	-142.9
Subtotal	2466.6	2376.9	3127.3	1966.8	2558.6	2170.4	2371.3	1424.7	2045.4	-513.2
Fertilizer	3470.3	2776.0	1987.3	2446.4	1833.5	2085.7	787.5	1582.5	2,117.3	283.8
Alumina	224.7	239.8	171.5	275.2	282.5	288.0	288.9	329.0	158.7	-123.8
Bauxite	816.4	805.1	673.3	919.0	801.4	777.4	539.0	768.4	722.4	-79.0
Unwrought Alum.	65.9	55.0	71.0	165.7	71.6	199.8	167.1	71.6	73.5	1.9
Salt	252.5	303.8	347.4	446.1	356.8	295.8	182.9	261.0	252.6	-104.2
Coal	11.9	72.0	49.6	62.1	21.5	53.5	65.8	113.1	29.0	7.5
GRAND TOTAL	7313.1	6741.8	6590.2	6354.6	6105.9	6515.7	5023.0	5066.3	5858.2	-247.7

earlier. Pig iron imports have been constrained since the second quarter of 2022 due primarily to the effect of the Russo-Ukraine war on global pig iron availability. Prior to Russia's invasion of Ukraine in late February 2022, Ukraine and Russia supplied the vast majority of the pig iron that was imported into the New Orleans Customs District. U.S. pig iron importers have been gradually finding alternate supply sources while shipments from Ukraine also have partially resumed. During the first quarter of 2023, lower Mississippi pig iron imports from Ukraine totaled approximately 324,700 metric tons, accounting for 54 percent of all lower Mississippi pig iron imports. The remaining tonnage was sourced primarily from Brazil.

Domestic Production Recovering

Lower Mississippi steel sector raw material imports also appear to have been dampened by subdued U.S. steel production activity. According to data from the American Iron & Steel Institute (AISI), U.S. weekly raw steel production during the first quarter of 2023 averaged 1.651 million net tons, down from a weekly average of 1.772 million net tons one year earlier. U.S. weekly raw steel production during fourth quarter of 2022, meanwhile, averaged 1.642 million net tons. Domestic raw steel production has recovered slightly through the early part of the second quarter of 2023, with weekly production averaging 1.698 million net tons through May 6th (see Figure 1)

Demand for ferrous raw materials should continue to build through the remainder of 2023 as production levels ramp up at two recently completed steel mills located on the Ohio River. In its most recent earnings release and investor conference call, Nucor indicated that production levels continue to ramp up at the company's Gallatin and



Brandenburg, KY steel mill. Nucor recently completed a major expansion project at its Gallatin mill, doubling its annual capacity to 2.8 million tons per year. Meanwhile, the company continues to ramp up production at its new 1.2 million ton-per-year Brandenburg plate mill, which melted its first steel late last year. Nucor indicated that it expects the plant to produce 500,000 tons of steel through the balance of this year as the facility continues to ramp up production.

Finished Steel Imports Recovering

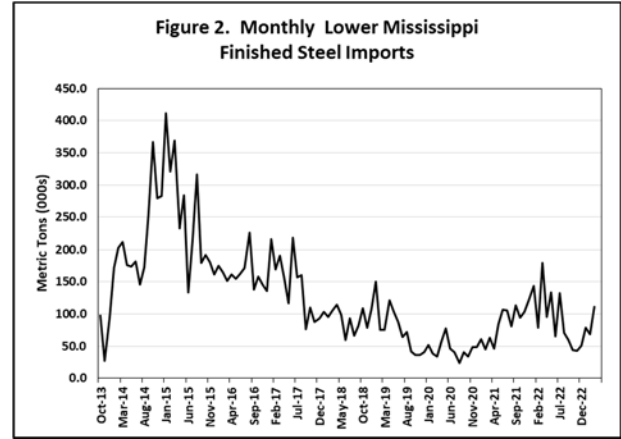
Lower Mississippi imports of finished steel also are recovering from recent lows reached during the prior quarter, when import volumes briefly headed towards lows that were reached during the depths of the COVID-19 shutdown crisis (see Figure 2). Lower Mississippi finished steel imports increased to 258,800 metric tons during the most recent quarter from just 137,700 metric tons imported during the prior quarter. Finished steel import volumes, however, were down sharply from the 401,700 metric tons imported during the comparable year-ago period.

Fertilizer Imports

The lower Mississippi fertilizer imports began the year on a positive note with

volumes for the first quarter of 2023 increasing to 2.117 million metric tons from 1.834 million tons imported during the comparable year-ago period. Import volume for the most recent quarter also increased from prior quarter levels, when lower Mississippi fertilizer imports totaled 1.583 million metric tons. The fertilizer import sector appears to be receiving a boost from U.S. farmer plans to substantially boost plantings of fertilizer-intensive corn this spring. According to USDA's *Prospective Plantings* report release earlier this spring, U.S. farmers plan to boost corn planting this year to approximately 92.0 million acres

from 88.6 million acres planted by U.S. farmers last year.♣



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