



RIVER TRANSPORT NEWS

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2019 Q2 Lower Mississippi Imports Eke Out Modest Gains

Despite persistent high water which plagued both barge and ocean vessel operations on the lower Mississippi River during the second quarter of 2019, imports of major dry bulk and steel commodities through the New Orleans Customs District tracked by *RTN* managed to eke out the most modest of increases relative to the comparable year-ago period. Aggregate imports of these commodities totaled 5.99 million metric tons during the most recent quarter, up slightly from the 5.92 million metric tons imported during the second quarter of 2018 (see Table 1, page 2). Through the first half of 2019, aggregate imports of these commodities totaled 12.83 million metric tons compared with 12.13 million metric tons imported one year earlier.

Second quarter lower Mississippi imports reflected the typical seasonal decline from first quarter 2019 levels, which totaled approximately 6.84 million metric tons. The decline reflects fertilizer shipping patterns, which peak during the first quarter of the year in anticipation field work preparing for spring plantings.

Robust Steel Raw Material Imports

Lower Mississippi steel sector imports, particularly ferrous raw materials, remained robust during the second quarter of 2019 with sector imports totaling 2.75 million metric tons compared with 2.61 million metric tons imported during the comparable year-ago period and also up from the 2.22 million metric tons imported during the first quarter of 2019.

Lower Mississippi imports of iron ore increased to 881,800 metric tons during the most recent quarter, up sharply from the 593,500 metric tons imported during the comparable year-ago period.

Nearly all of the iron ore imported into the lower Mississippi is used at Nucor's Louisiana direct-reduced iron (DRI) production facility located in Convent, LA. As such, the iron ore does not move by barge. Volumes, however, serve as a reasonable proxy in changes in barged DRI shipments from the Convent plant, to Nucor's various upstream steel mills. The substantial year-

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over-year increase in lower Mississippi iron ore imports likely reflects iron ore inventory adjustments which occurred last year in anticipation of a 30-day maintenance outage at the Louisiana DRI plant which curtailed production at the plant through most of July 2018.

Iron ore imports likely will decline substantially during the third quarter of this year as Nucor once again idles the Louisiana DRI plant; this time for a 65-day major capital upgrade project designed to improve the plant's operating efficiencies and reliability.

In addition to strong iron ore imports, lower Mississippi imports of pig iron also strengthened, rising to 1.05 million metric

tons during the most recent quarter from 993,400 metric tons one year earlier. The general strength in steel raw material imports may have been driven in part by continued increases in U.S. raw steel production. Weekly U.S. raw steel production during the second quarter of 2019 averaged 1.896 million short tons compared with a 1.771 million short ton weekly average during the comparable year-ago period.

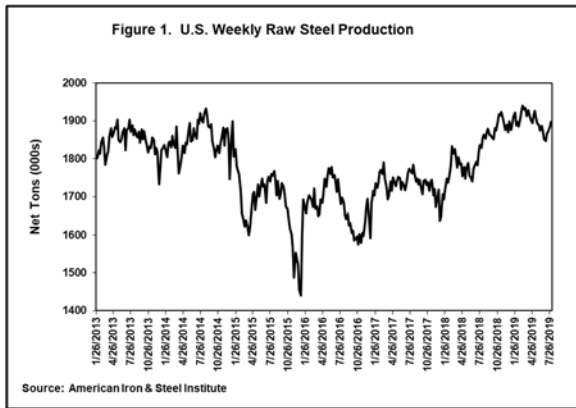
U.S. raw steel production, however, has weakened during the third quarter of this year as the weekly average through August 3rd has been 1.873 million tons (see Figure 1). The overall impact of this slight reduction, however, will be difficult to determine. While iron ore imports likely will weaken due to developments at Nucor, the DRI

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

	Q1 19	Q2 19	YTD 19	Q1 18	Q2 18	YTD 18	YTD Change
Clinkers	0.0	52.6	52.6	0.3	1.2	1.5	51.1
Cement	0.1	0	0.1	27.9	58.4	86.3	-86.2
Subtotal	0.1	52.6	52.7	28.2	59.4	87.8	-35.1
Iron Ore	776.3	881.8	1,658.1	550.5	593.5	1,144.0	514.1
Pig Iron	636.9	1,049.8	1,686.7	737.0	993.4	1,730.4	-43.7
DRI	0.0	33.5	33.5	0.0	33.4	33.4	0.1
Scrap Steel	121.3	115.3	236.6	66.4	258.7	325.1	-88.5
Ferroalloys	279.4	272.9	552.3	298.6	328.0	626.6	-74.3
Coke	1.4	4.5	5.9	3.0	3.0	6.0	-0.1
Manganese Ore	79.5	74.5	154.0	105.5	98.7	204.2	-50.2
Semi-Finished Steel	21.1	2.9	24.0	58.6	27.2	85.8	-61.8
Finished Steel	301.4	311.6	613.0	305.4	273.8	579.2	33.8
Subtotal	2,217.3	2,746.8	4,964.1	2,125.0	2,609.7	4,734.7	229.4
Fertilizer*	3,346.0	1,551.9	4,897.9	2,929.4	1,649.8	4,579.2	318.7
Alumina	251.9	221.0	472.9	213.6	114.1	327.7	145.2
Bauxite	782.5	1,187.7	1,970.2	726.3	1,145.5	1,871.8	98.4
Unwrought Alum.	63.9	87.1	151.0	145.97	125.2	271.1	-120.1
Salt	141.9	131.2	273.1	39.8	207.9	247.7	25.4
Coal	34.5	11.4	45.9	3.1	6.4	9.5	36.4
GRAND TOTAL*	6,838.1	5,989.7	12,827.8	6,211.3	5,918.2	12,129.5	698.3

*Due to subscriber requests, *RTN* has modified the list of import commodities tracked in this series beginning January 1, 2019. In addition to the previous commodities, *RTN* has added alumina, bauxite and salt to the list of major commodities that will be tracked. Grand totals and prior-year data have been adjusted accordingly.

production lost during the third quarter of this year could drive lower Mississippi pig iron imports substantially higher.



Lower Mississippi imports of finished steel also strengthened during the most recent quarter from both year-ago and prior quarter levels. Finished steel imports during the second quarter of this year totaled 311,600 metric tons compared with 278,800 metric tons imported one year earlier and 301,400 metric tons imported during the prior quarter.

Fertilizer

As noted earlier, lower Mississippi fertilizer shipments experienced their traditional seasonal decline during the second quarter, falling to 1.552 million metric tons from 3.346 million metric tons imported during the first quarter of 2019. Total lower Mississippi fertilizer imports through the first six months of 2019, however, reached 4.898 million metric tons, up 7.0 percent from the 4.579 million metric tons imported during the comparable year-ago period. The increase in imports was not unexpected given a nearly 3 percent increase in preliminary corn plantings this year. Unfortunately, it is not clear how much of this fertilizer actually was used or even delivered given how severely this spring's persistent rains affected both navigation and crop field work in the Midwest. As a result, there now may be significant fertilizer stockpiles in the Midwest that could retard fertilizer imports during the last half of 2019 and early 2020.♣