



RIVER TRANSPORT NEWS

Reprinted with Permission from the February 19, 2024 Edition

Fourth Quarter 2023 Lower Mississippi Imports Fall

While import volumes of major dry cargo products into the lower Mississippi River region may have been lackluster during the third quarter of 2023, volume levels fell to dismal levels during the final quarter of the year. Based on a review of U.S. Commerce Department data compiled by Criton Corporation, aggregate imports of the major dry cargo commodities tracked by *RTN* through the New Orleans Customs District during the most recent quarter fell to just 4.294 million metric tons during the fourth quarter of 2023. These imports were down 15.2 percent from the 5.066 million metric tons imported during the comparable year-ago period. Imports also were down 19.7 percent from the 5.345 million metric tons that were imported during the prior quarter (see Table 1, page 1). Lower Mississippi dry import volumes during the fourth quarter of 2023 hit their lowest levels since the second quarter of 2020, when COVID-19-related shutdowns pushed lower Mississippi import volumes down to just 3.954 million metric tons.

The imported 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.

The weakness in aggregate fourth quarter 2023 lower Mississippi imports appears due to several factors. These include issues related to seasonality as well as developments tied to economic cyclicality. Difficulties and delays related to the ocean shipping market, including drought-related capacity constraints at the Panama Canal and the ongoing conflict in the Red Sea region also may have played a role in the lower Mississippi import sector's fourth quarter 2023 performance.

Among cyclical products, cement imports experienced significant weakness during the fourth quarter of 2023, falling to just 161,700

River Transport News

is published bi-weekly (24 issues per year) by
Criton Corporation
947 Hover Ridge Circle
Longmont, CO 80501
(301) 879-0447

Sandor J. Toth
Publisher

Samuel Toth,
Associate Editor

On the Web at

www.rivertransportnews.com

Subscription Rates: Check or Money Order

1 year (24 issues) \$595
2 years (48 issues) \$1155

Discounts for multiple subscriptions to the same address. Foreign subscriptions: add \$50 for 1 year and \$100 for two years.

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metric tons from 516,000 metric tons imported during the comparable year-ago period. Imports also were down significantly from the 527,700 metric tons imported during the prior quarter. Lower Mississippi cement imports for all of 2023 totaled 1.805 million metric tons, down 8.0 percent from the 1.962 million metric tons imported in 2022.

It is unclear if the fourth quarter 2023 decline was a short term development or reflective of a longer-term market trend tied to rising interest rates and a slowing residential housing construction market. Overall residential housing starts in the U.S. were

down 9.0 percent in 2023 from prior-year levels, according to Commerce Department data. Housing starts in the Midwest, meanwhile, were down 10.7 percent over the same period.

Steel Sector Remains Weak

Lower Mississippi steel sector imports also remained relatively weak during the fourth quarter of 2023 as aggregate volume totaled 1.66 million metric tons. While these imports were up from the 1.425 million metric tons imported during the comparable year-ago period, these shipments were off

	Q4 2021	Q1 2022	Q2 2022	Q3 2022	Q4 2022	Q1 2023	Q2 2023	Q3 2023	Q4 2023	Q4 22 to 23 Change
Clinkers	0.0	0.0	0.0	0.3	0.0	0.0	0.0	0.0	0.0	0.0
Cement	73.3	180.0	645.1	620.1	516.0	459.3	656.0	527.7	161.7	-354.3
Subtotal	73.3	180.0	645.1	620.4	516.0	459.3	656.0	527.7	161.7	-354.3
Iron Ore	545.0	840.4	635.6	922.5	462.7	883.7	860.0	1052.1	462.7	0.0
Pig Iron	658.3	772.6	667.0	561.5	481.3	595.7	672.3	595.6	662.1	180.8
DRI	0.0	0.0	0.1	0.6	0.4	0.1	0.0	0.0	0.0	-0.4
Scrap Steel	0.1	24.7	119.8	53.2	0.0	48.6	98.5	0.0	89.6	89.6
Ferroalloys	290.1	250.1	310.1	350.2	270.5	224.0	157.3	106.1	220.1	-50.4
Coke	5.1	5.1	3.0	2.4	3.0	3.0	3.0	1.5	4.5	1.5
Manganese Ore	146.0	262.2	138.3	217.2	67.8	31.2	173.6	63.2	93.9	26.1
Semi-Finished Steel	2.2	1.8	2.1	0.7	1.3	0.3	0.8	0.9	1.5	0.2
Finished Steel	320.1	401.7	294.4	263.1	137.7	258.8	173.5	168.5	126.1	-11.6
Subtotal	1966.8	2558.6	2170.4	2371.3	1424.7	2045.4	2139.0	1987.9	1660.5	235.8
Fertilizer	2446.4	1833.5	2085.7	787.5	1582.5	2117.3	1883.8	1728.8	1422.2	-160.3
Alumina	275.2	282.5	288.0	288.9	329.0	158.7	94.7	170.9	171.4	-157.6
Bauxite	919.0	801.4	777.4	539.0	768.4	722.4	856.0	541.1	590.9	-177.5
Unwrought Alum.	165.7	71.6	199.8	167.1	71.6	73.5	185.5	66.5	48.5	-23.1
Salt	446.1	356.8	295.8	182.9	261.0	252.6	268.3	240.6	235.3	-25.7
Coal	62.1	21.5	53.5	65.8	113.1	29.0	39.7	81.7	3.9	-109.2
GRAND TOTAL	6354.6	6105.9	6515.7	5023.0	5066.3	5858.2	6123.0	5345.2	4294.4	-771.9

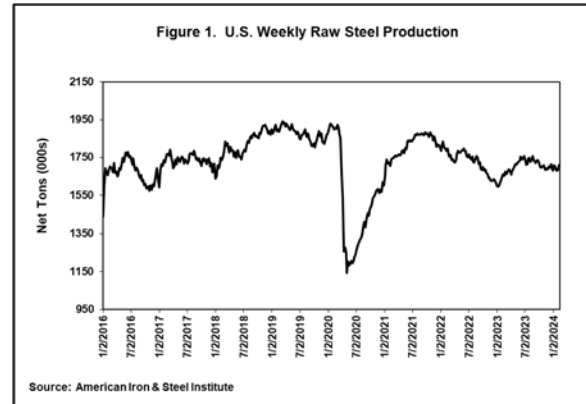
substantially from the 1.988 million metric tons imported during the prior quarter.

Among steel sector raw materials, lower Mississippi iron ore imports during the quarter total 462,700 metric tons, down sharply from quarterly volumes imported during the each of the prior three quarters. Fourth quarter 2023 iron ore imports, however, matched year-ago volumes and were roughly in-line with fourth quarter 2021 volume.

The vast majority of the iron ore being imported into the New Orleans Customs District is used as a feedstock at Nucor Steel's Convent, LA direct-reduced iron (DRI) production plant. DRI is a ferrous steelmaking intermediate good that can serve as a replacement or supplement to alternative feedstocks such as pig iron or scrap iron and steel. Because the lower Mississippi iron ore is a feedstock that is processed locally, the volumes do not directly reflect northbound barge demand but represent a proxy for prospective northbound barged shipments of DRI. The generally consistent softness in lower Mississippi iron ore imports during the fourth quarter likely reflects planned maintenance outages at Nucor's Convent DRI plant.

The year-over-year improvement in lower Mississippi steel sector imports reflects changes in the overall U.S. domestic steel industry. Weekly U.S. raw steel production averaged 1.696 million net tons during the fourth quarter of 2023 according to American Iron & Steel Institute data. The activity level was up from a weekly average of 1.642 million net tons realized during the comparable year-ago period and down from a weekly average of 1.732 million net tons realized during the third quarter of 2023. Through the first six weeks of 2024, weekly U.S. steel production levels generally are in

line with fourth quarter 2023 levels (see Figure 1).



Fertilizer Softens

Lower Mississippi imports of fertilizer softened during the fourth quarter of 2023, falling to 1.422 million metric tons from 1.583 million metric tons imported one year earlier. Third quarter 2023 fertilizer imports, meanwhile, totaled 1.729 million metric tons. For all of 2023, however, lower Mississippi fertilizer imports increased 14 percent from 2022 levels, rising to 7.152 million metric tons from 6.289 million metric tons imported one year earlier.

Demand Plunges from Aluminum Sector

One of the most significant drivers in the fourth quarter 2023 softness in lower Mississippi import volumes was the continued deterioration of shipments related to the aluminum sector. In particular, lower Mississippi imports of alumina declined to 171,400 metric tons from 329,000 metric tons imported one year earlier. Full year 2023 alumina imports, meanwhile, declined to 595,700 metric tons from 1.188 million metric tons imported in 2022. Lower Mississippi imports of bauxite, meanwhile, declined to 590,900 metric tons during the most recent quarter from 768,400 metric tons imported one year earlier. Full year 2023

bauxite imports, however, declined at a more modest pace, falling to 2.710 million metric tons from 2.886 million metric tons imported in 2022.

Aluminum sector imports are suffering from ongoing difficulties facing the primary aluminum industry, which relies on alumina as its primary feedstock. In late June 2022, Chicago-based Century Aluminum began a full shutdown of the company's 250,000 metric ton-per-year primary aluminum plant located in Hawesville, KY. A short time later, Alcoa Corporation announced that it would idle one of three operating potlines at the company's Warrick, IN primary aluminum plant (see *RTN* 7/25/2022, p.1). Each of these pot lines is capable of producing 54,000 metric tons of aluminum annually. Both the Hawesville and Warrick

plants relied on material shipped from the Gulf Coast for all of their alumina feedstocks

Magnitude 7 Shuts Down

Lower Mississippi alumina imports likely will experience additional declines in 2024. Magnitude 7 Metals, which operates a primary aluminum plant near New Madrid, MO, idled the New Madrid facility late last month. Magnitude 7 Metals acquired the New Madrid facility in 2018 after its prior owners, Noranda, sought bankruptcy protection.

Magnitude 7 Metals had been operating two of the New Madrid plant's pot lines. These had a combined annual production capacity of approximately 170,000 metric tons.♣