The recent troubles of Cleveland’s LTV Steel Corporation have brought regional focus to the health of the U.S. steel industry. Sales of iron and steel decelerated steadily in terms of annualized growth rates during the first two quarters of 2000, then declined abruptly in the third quarter. Although the third-quarter decline in growth was not remarkable, having become a regular feature of iron and steel sales in recent years, the second-quarter growth decline was. Even during the last recession, growth in the iron and steel industry accelerated during the second quarter. The industry has not experienced a second-quarter slowdown in growth since 1989.

Decelerating sales have been accompanied by a decline in the average weekly hours of workers at blast furnaces and steel mills. Except for a very small increase in September (0.1 hours), workers’ average hours have been falling since July 2000.

The decrease in sales and average weekly hours, not surprisingly, coincides with a decline in new orders for blast furnaces and steel mills, which began after 2000:IQ and persisted through the end of the year. New orders declined from June to December of last year, with only a modest increase (0.7%) in September.

The industry’s slowdown will affect several Fourth District areas where large numbers of workers are employed in producing iron and steel. Areas that are sensitive to changes in the industry include the Cleveland–Akron, Huntington–Ashland, Pittsburgh, Steubenville–Weirton, and Youngstown–Warren metropolitan statistical areas.