



## China Steel Corp. Production and Sales Report

# Q1 Fastener Export Volume up 0.29%, Export Price Down 0.04%

by Dean Tseng, *Fastener World*

On May 2, 2019, China Steel Corp. (SCS) reported the fastener and steel market performance of the first quarter to Taiwanese fastener business owners. The critical participants included the management of CSC and Chairman of Taiwan Industrial Fasteners Institute, Mr. Tu-Chin Tsai. In the opening remark, Tsai thanked CSC for its contribution to the whole Taiwanese industry. Then, the management of CSC said the sales performance up to this point is quite the same as last year. However, the world's economic momentum has decreased and therefore the economy feels somewhat dim, but the sales are expected to grow in the future.

According to CSC's report on global economic performance, the world's economic growth rate is adjusted down to 3.3%. The U.S. economic growth rate decreases to 2.3%, but as the trade negotiation between the U.S. and China is coming to an end, the forecast is optimistic. Europe decreases to 1.3% as a result of the trade war and BREXIT which weaken domestic demand and export. Japan has been on zero growth for two consecutive quarters and suffers insufficient manufacturing momentum. China grows to 6.3% and sees an export value increase of 14% as its manufacturing is back to the phase of expansion. Southeast Asia decreases to 5.1%, but its outlook is optimistic because it is a beneficiary under the U.S./China trade war and CPTPP is expected to make this region the next world's factory.

In the steel market, China set a new historic record in the first quarter with its production of raw steel at 22,991 tons; its first-quarter steel export grows 12.6% and import decreases 16.1%. Southeast Asia sees a steady uptick of demand and drastic increase of production. In



steel price, the U.S. sells at USD 745/ton, northern Europe at USD 556/ton, southern Europe at USD 522/ton and Japan at USD 535/ton.

In the Taiwanese market, major institutes have predicted the GDP of Taiwan in 2019 at 2.05% to 2.27% with an increase in investment momentum and a decrease in export growth. However, the next quarter will turn better because the manufacturing sector has grown for 4 consecutive months. According to the statistics of Taiwan Industrial Fasteners Institute, Taiwan's fastener export of the first quarter reaches 404 thousand tons, up 0.29%, with the average export price down 0.04%. Particularly, Taiwan's fastener export price to the U.S. increased 0.03% to USD 2.71/ton. The largest export volume growth is seen in wood screws at 8.88% whereas the export volume of nuts decreases 4.88%. Taiwan exported the largest amount of fasteners to the U.S. (179,328 tons, up 10%), followed by Germany (36,176 tons, down 3.41%), the Netherlands (21,296 tons, down 9.69%) and Japan (18,558 tons, down 4.85%).

Overall, CSC said protectionism is prevalent worldwide and trade policies will intervene with steel price. Steel will remain in the state of oversupply. However, the trade war is expected to be alleviated and therefore the global economy and international steel price in the second half of 2019 may turn stable. The domestic investment of Taiwan continues to increase as the import of equipment in March sees the largest growth in the last two years. However IMF has adjusted down the global economic prospect and therefore it will be necessary to watch how this will affect Taiwan's economic performance.

