

Overview of Global Markets in H1 2020

Fastener Industries Hard Hit by Coronavirus;

Taiwan's Fastener Export Volume Down 8.9% YoY

by Fastener World

Europe and America Still Suffer from the Pandemic While China Reports Its Negative GDP Growth for the First Time

The global fastener industry is being influenced by the pandemic and many countries stopped their production lines and announced city lockdown orders, which led to the severe disruption of economic activities. Major countries that may cause a great impact on the supply and demand of fasteners (USA and Europe, for example) remain the hardest hit areas in the world and lots of economic forecast institutes such as IMF have all expressed their pessimistic views on the macroeconomic growth rates of these two regions in 2020. In China, the curve of the pandemic development has become more flattened than those of other countries. Although China reported its first negative growth in its GDP at -6.38%, its total export this April was still up 3.5% on a yearly basis, making its trade surplus reach up to USD 45.34 billion.

Global Economic Performance Turns Weak This April, Dragging Taiwan's Fastener Export Down

Almost no country reported good economic results in April 2020. According to the statistics regarding Taiwan's fastener export, Taiwan only exported 94,100 tons of fasteners this April (down 27% from this March and down 22% from the same period last year). In terms of the export unit price, it was up 2% from this March, but was down 2.8% from the same period last year. To view in general, the top 5 fastener export destinations for Taiwan in Q1 2020 were USA, Germany, the Netherlands, Japan, and Canada. All data of Taiwan's fastener export to other countries showed a drop of 5-19% from the same period last year, especially Germany (-19.68%) and USA (-10.44%).

According to the data released by Taiwan Industrial Fasteners Institute (TIFI), Taiwan exported 368 thousand tons of fasteners in Q1 2020, down 8.9% from the same period last year, however, its average unit price was up 1.03%. Self-tapping screws were the category that showed the highest increase in export volume (+21.85%), however, its unit price was down 7.05%; wood screws were another category that showed an increase (+14.27%). In addition, the export volume of bolts was down 16.29% and the export volume of nuts was down 11.49%. As for the prices, all fasteners showed an increase of more than 2.5%.

In terms of materials, in the first 4 months of 2020, 24% of Taiwan's wire demands were satisfied by S. Korea and 19% were by the UK. 57% of the imported wires were low carbon steel and 21% were alloy steel; 42% of the rods were imported from China and 28% were imported from Japan. 71% of the imported rods were alloy steel. In Q1 2020, Taiwan imported 205 thousand tons of wires and rods. Although the figure was up 8% on a quarterly basis, it was down 1% from the same period last year.

U.S. Housing Starts and European/ American New Car Sales Plummet to a New Record Low

Other reasons that may influence fastener export include construction and automotive industries with tremendous fastener demands. For example, U.S. housing starts slumped by 22.3% from this February (the lowest record over the past 37 years). In addition, in terms of new car sales, U.S. new car sales were significantly down 46.6% from this March and was down 28.2% from the same period last year (reaching less than 720,000 units). In Europe, registrations of passenger vehicle ownerships this March slipped by 51.8% from the same period last year, the record low in history.

Gradual Manufacturing Resumption in Several Countries; Carrying out Proper Measures to Prevent the Reoccurrence of the Pandemic

Although the pandemic has caused impacts on manufacturers like delayed production or shipments and reduced demands, China has gradually resumed its production lines and the global supply chain has been also gradually reorganized under a new order. Some experts said that the pandemic resulted in the high unemployment rate and business shutdowns, however, as the emergent situations began to ease in more and more countries, large int'l car manufacturers started to resume operations, and regional governments started to reinvigorate their economic activities (such as proposing infrastructure projects or economic stimulus plans), it is estimated that after the pandemic there may be an outburst of potential demands. However, in order to prevent the reoccurrence of the pandemic, strict measures must be still adopted at all times. ■

