

China Steel Corp. (CSC) Production & Sales Conference



with Fastener Business Owners

by Dean Tseng, Fastener World

The conference was suspended in the first half of this year because of the pandemic outbreak, but it eventually came back on August 11. In the conference, Taiwan CSC reported the global economic development and steel price fluctuation for the first six months of 2020. CSC analyzed that the 32% GDP decline in Q2 caused by the untamed pandemic indicates weakening US dollars, contrasted by the appreciating Asian currencies. Although Europe has bottomed out, it is in for a possible 8.3% drop in full year GDP, coupled with a 38% decline of automotive sales in first-half 2020 as well as 30% more vehicle inventory above the average level at the dealers' stores. Despite the worsening epidemic in the Philippines starting July, Southeast Asia sees a U-shaped recovery with Vietnam standing out as a GDP keeper which grew 0.4% in the second quarter. China had a V-shaped upturn pulling its negative GDP back to the growth trajectory.

Signs of Ascending Global Steel Price

On steel price, CSC analyzed China's steel production in June was back to its heyday recorded last year, even higher than last June. This was due to the reopened Chinese market that pushed the domestic demand after the temporary lockdown, coupled with the unprecedented floods that spur spurred the demand for infrastructure and reconstruction that stimulates steel production and import. Also, steel distribution increased by 10% in southern China. The U.S., Europe, Asia and Southeast Asia showed signs of ascending steel prices.

Taiwan's Fastener Export on Decelerated Growth Track; Export Price Continues Downward

According to Taiwan Industrial Fasteners Institute (TIFI), Taiwan exported 688 thousand tons of fasteners in the first half of 2020, down 14.4% over the last half. The average unit price dropped a minor 0.28%.

| Product | Export Volume | Unit Price |
|---------------------|---------------|------------|
| Wood Screws | +7.96% | -3.42% |
| Self-tapping Screws | +18.25% | -6.67% |
| Bolts | -18.84% | +0.56% |
| Nuts | -28.86% | +5.9% |

In the first half of 2020, Taiwan had a double-digit decline (27% at maximum) in fastener export to all top 5 export destinations, including the U.S., Germany, the Netherlands and Canada. A comparative lower drop was recorded only in the export to Japan. In monthly perspective, the export volume dropped from 114 thousand tons in January to the lowest point of 94 thousand tons in April, and picked up to 101 thousand tons in June. Judging from this, there is room for growth in fastener export during the 2nd and 4th quarters. The fastener export price dropped from NTD 86 thousand per ton in January to NTD 85 thousand in April, and further down to NTD 82 thousand in June. There was no sign of a price surge in the first half of 2020.

Commenting the results, CSC said to raise its Q4 steel price by a range between NTD500-1,000 amid the ascent of steel prices in the U.S., Europe, Asia and Southeast Asia. The TIFI Chairman Tu-Chin Tsai in the conference called for CSC to carefully review the cost and competitiveness for fastener business owners. CSC expects to hold the next conference somewhere between the end of November and the start of December, and to announce the next Q1 steel price by mid-December.

