

# Taiwan CSC Production & Sales Conference with Fastener Business Owners

## Business Owners Call for CSC to Factor in Export Exchange Rate for Steel Price Adjustment



by Dean Tseng, Fastener World



CSC reported the status quo of global economy, steel price and fastener export in a Production & Sales Conference held on December 2, 2020. IMF estimated in October 2020 that the world's economic growth rate would return from minus 5.2% in June to minus 4.4%. The U.S. third-quarter GDP reached 33.1% up from the market's expected 32%. The EU upped its full-year GDP growth prediction from minus 8.3% to minus 7.4%. Despite negative GDP growth in Singapore, Malaysia and Thailand, the decrease has shrunk 50% over the previous quarter. Vietnam in particular was the best performer with 1.6% economic growth, becoming the beneficiary under the U.S./China trade war with the potential to rise as the 4th largest economic entity in ASEAN, following Indonesia, Thailand and the Philippines. Taiwan expects its full-year GDP to grow at an average 3.5%, and potentially further up through next year. China's third-quarter GDP in 2020 was up 4.9%, looking at an estimated 1.9% growth for the whole year while putting future focus on boosting domestic demand.

The American steel price shifted into high gear at USD809 per ton in November 2020 from USD500, the lowest in July. The COVID virus that is contained less than desired as well as strong automotive and construction demand contribute to continuous steel price hike as a result of insufficient supply. Europe (around USD523/ton on average) and Southeast Asia (USD585/ton) both face a strong domestic demand that leads to deficient supply that drives up steel price. It is conceivable that steel demand is increasing while short-term steel supply from steel plants is limited. CSC expects the steel price to remain as is through to Q1 2021.

According to the statistics by Taiwan Industrial Fasteners Institute (TIFI), Taiwan exported 1.171 million tons of fasteners to the world in the first 10 months of 2020, down 10.56% over the previous period and the average price dipped only 0.49%. Particularly, export of wood screws and self-tapping screws had a double-digit positive growth but the unit price dropped. In contrast, bolt and nut export had a double-digit negative growth but the unit price was raised. Primarily export-oriented, Taiwan fastener industry's construction fasteners are still looking up as the pandemic stimulates the American and European construction demand.

Given that Taiwan's domestic market remains functioning as normal, and that some fastener companies had rush orders since July 2020, overseas orders have apparently warmed up since October 2020. There was an obvious sentiment of hope floating across the Production & Sales Conference as industry participants were in conversation. Meanwhile, with a prospect of raising Q1 steel price, some industry participants suggest that CSC should properly factor in export exchange rates to ensure fastener companies' survival in the market.

Product	Export Volume	Unit Price
Wood Screws	+16.55%	-3.13%
Self-tapping Screws	+19.54%	-4.77%
Bolts	-15.01%	+0.32%
Nuts	-25.11%	+4.69%

Wire Import Statistics from Jan. to Oct. 2020 (Unit: Ton, Source: CSC)					
Country	Low Carbon Steel	Medium Carbon Steel	High Carbon Steel	Alloy Steel	Total
South Korea	32,316	46,304	2,896	18,749	101,032
UK	55,589	-	4,483	7,225	71,812
Russia	59,443	-	-	-	60,054
Japan	7,375	466	2,909	15,364	35,768
Vietnam	17,142	-	295	16,217	33,681
Malaysia	24,626	-	1,850	222	28,028
China	-	-	-	20,611	20,611
India	14,130	-	4,867	534	20,593
UAE	11,175	-	-	5,451	16,626
Brazil	6,751	-	-	7,211	14,080
Other Countries	7,669	-	5,657	1,267	17,417
Total	236,216	46,770	22,957	92,851	419,702
Total During Jan.-Oct. 2019	203,833	31,736	17,655	97,815	379,764
Change [%]	+16%	+47%	+30%	-5%	+11%

Fastener Products Export Volume from Jan. to Oct. 2020 (Unit: Ton, Source: TIFI)			
Export Destination	Export Volume	Export Proportion	Change
U.S.	535,623	45.72%	-6.34%
Germany	99,078	8.46%	-12.91%
The Netherlands	56,231	4.80%	-18.42%
Japan	55,680	4.75%	-10.47%
Canada	38,377	3.28%	-14.93%

Fastener Products Unit Price from Jan. to Oct. 2020 (Unit: TWD/Ton, Source: CSC Marketing Research)													
Year	Month	January	February	March	April	May	June	July	August	September	October	November	December
2018		82,577	82,682	83,126	83,416	83,769	85,518	87,113	87,741	88,830	87,792	87,364	86,363
2019		87,080	86,427	86,506	88,335	87,709	89,746	89,437	89,759	89,357	88,828	88,270	86,958
2020		86,490	84,446	84,240	85,899	83,091	82,550	83,010	82,705	85,337	82,871	-	-

