

TIFI Holds Production & Sales Seminar and Social for Q4 2016

Steel Prices of Taiwan CSC Expected to Remain Flat in Q4

by Konnor Lee, Fastener World

On Aug. 11, Taiwan Industrial Fasteners Institute (TIFI) held the Production & Sales Seminar and Social for Q4 2016 at Gangshan, Kaohsiung-based Hai Ko Wei restaurant, with the attendance of many professionals from the fastener industry, as well as president Chao-Tung Wong and the vice president (commercial division) Jih-Gang Liu of Taiwan's China Steel Corporation (CSC), both of whom analyzed the fluctuations of steel capacities and prices in the international market.

In the opening, the market analyzer Hsin-Yi Tsai of Taiwan CSC analyzed the current steel markets and prospects. He noted in his presentation that the reduction of steel supply in China this year has not yet reached the required reduction level. The accumulative production volume in the first 6 months showed slight decline though, the supply is still larger than the demand in the market. Premier of the State Council of China, Li Keqiang, said that the goal of reducing steel production in the 1st half of 2016 has just been achieved by merely 30% of the total required level, and it must be hurried up to achieve the required level in the 2nd half of 2016; as

steel prices in Southeast Asian countries are oftentimes subject to change when Chinese steel prices fluctuate, buyers tend to react before a clearer picture of the market appears.

Vice president (commercial division) Jih-Gang Liu said in the seminar that before CSC announced the price for Sep., it had noticed the low inventory level in Chinese steel market. As a result, it is expected that the steel prices in China will show another wave of increase. On the other hand, as China will soon go into the high season for steel supply, the increase in steel prices this time is expected to continue to remain flat until Oct. As for the domestic sales prices for Oct. and Nov., the domestic market demand and the domestic/overseas orders status in the downstream must be taken into account before discussing the price change.

Liu pointed out that the domestic sales price for each of the various products (incl. hot/cold rolled, hot-dip galvanized, zinc-plated, thick plates, and wire rods) announced by Baosteel for Sep. was increased by about RMB100 per ton. Prices of related wire products

(incl. cold forged steel, spring steel, high carbon steel, etc.) were all increased by RMB100. This price adjustment is expected to influence the domestic sales prices for Oct. and Nov. scheduled to be announced on Aug. 23rd. The prices are very likely to remain flat, but proper price adjustment for some products is also one of the options.

TIFI chairman Anchor T. H. Chang also said in the seminar that, considering the uncertain fluctuations of steel prices in China, he does not suggest CSC be its follower but remain flat prices for Q4 to make Taiwanese fastener industry enjoy a more favorable price level. He is also very thankful for all the contributions and sponsorship to Taiwan Fastener Museum and Gangshan Sho-Tien Temple. CSC president Chao-Tung Wong also said in the end of the seminar that CSC and its clients cannot survive the competition without relying on each other, so when it comes to making decisions on price adjustments, CSC will definitely take the competitive edge of the entire industry into account and CSC will work and cooperate with the fastener industry for sure.

Tables below were sourced from CSC for the reference of readers:

*Bar Steel Import Statistics in Jan.-Jun. 2016

(Unit: Metric Ton)

Country	Low Carbon Steel	Cold Headed	Medium Carbon Steel	High Carbon Steel	Quick Cut Steel	Alloy Steel	Polished Bar	Total
China	1	-	662	-	-	69,067	55	69,785
Japan	4,691	396	4,935	369	7,383	28,270	1,035	47,079
S. Korea	2,249	1,767	648	-	11	7,347	65	12,087

* Wire Import Statistics in Jan.-Jun. 2016

(Unit: Metric Ton)

Country	Low Carbon Steel	Cold Headed	Medium Carbon Steel	High Carbon Steel	Quick Cut Steel	Alloy Steel	Total
Russia	62,341	-	1,668	-	-	-	64,009
S. Korea	28,143	5,335	-	608	-	9,610	43,696
Japan	3,143	10,725	4,146	4,382	5,025	14,888	42,309
China	-	-	-	-	-	42,302	42,302