

Korean Steel Market in 2018

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Korea Iron and Steel Association

GDP

- ◆ ('18^e) Despite the slowdown of the investments, GDP is expected to grow by 2.9% due to upturn in exports led by global economic recovery and consumption.

Private Consumption

- ◆ ('18^e) Rise of consumer confidence and expansion of fiscal spending will lead its solid growth

Equipment Investment

- ◆ ('18^e) Due to base effect and delay of the investment in several industries, its growth will be slower and is expected to increase by 1.2%

Construction Investment

- ◆ ('18^e) Expected to slightly decrease by 0.5% owing to the government's SOC budget reduction(-14%) and real estate restrictions.

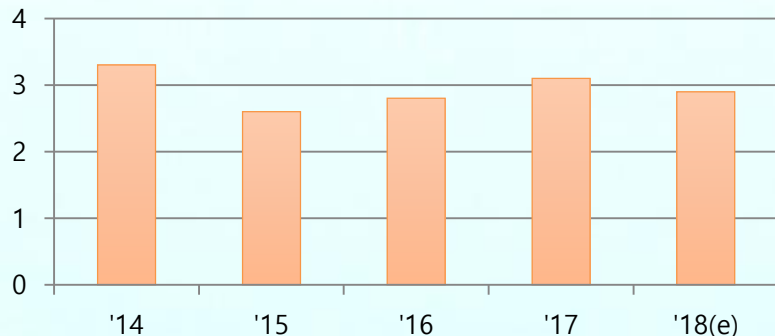
Exports

- ◆ ('18^e) Forecasted to increase by 3.5% due to global economic recovery and increased demand of semi-conductors, petroleum goods and etc.

Economic Indicators in Korea

(Y-O-Y %)

■ GDP Growth Rate



* Source : Bank of Korea

(Y-O-Y %)

	2015	2016	2017	2018(e)		
				Total	1H	2H
GDP	2.6	2.8	3.1	2.9	2.9	2.8
Private Consumption	2.2	2.5	2.6	2.7	3.1	2.2
Equipment Investment	5.3	-2.3	14.6	1.2	1.8	0.6
Construction Investment	3.9	10.7	7.6	-0.5	0.7	-1.5
Exports	0.5	2.2	3.8	3.5	3.0	4.0
Imports	2.0	3.6	7.4	3.0	2.5	3.4

* Source : Bank of Korea

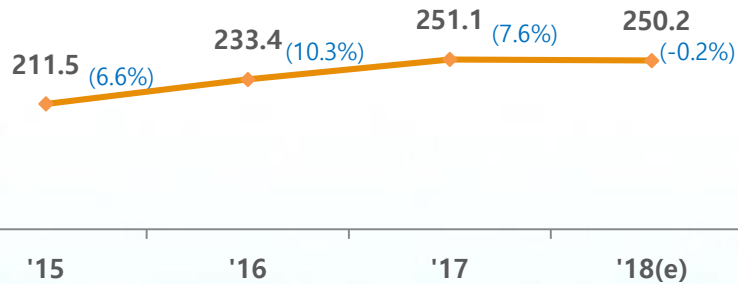


Steel-using Industries

Construction

◆ ('18) Construction Investment is expected to decrease by 0.2%

(Unit: trillion ₩)

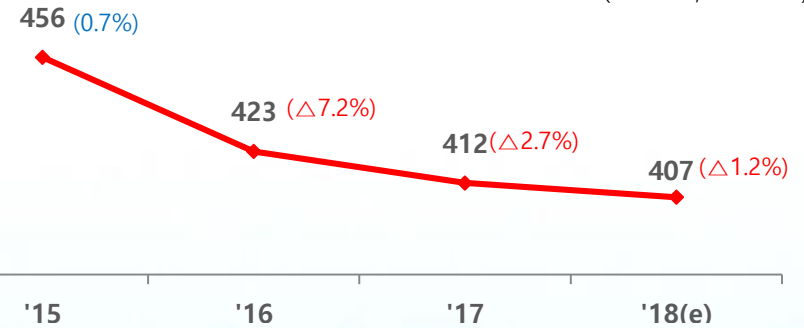


(Source : Construction Association of Korea)

Automobile

◆ ('18) Auto production is expected to decrease by 1.2%

(Unit: 10,000 units)

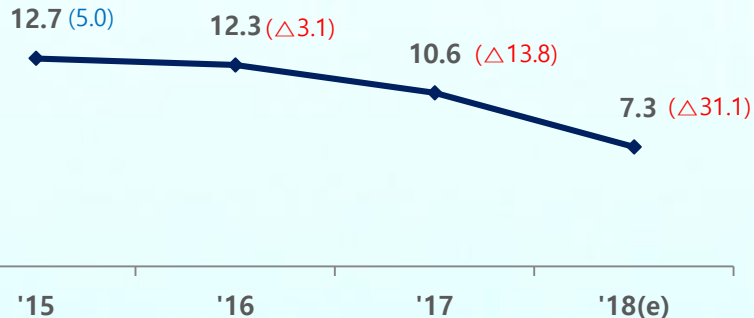


(Source : Korea Automobile Association)

Shipbuilding

◆ ('18) Ship delivery is expected to decrease by 31.1%

(Unit: Million CGT)

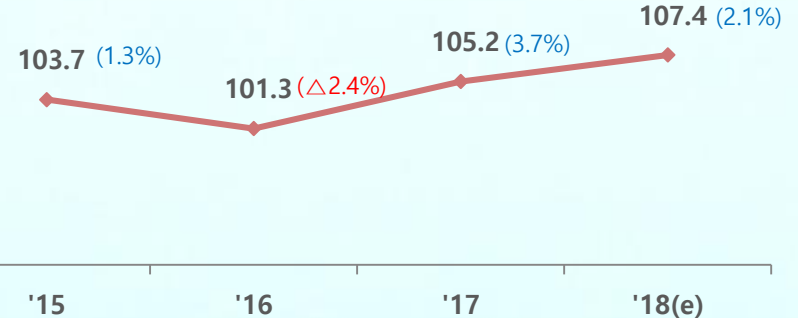


(Source : Clarkson)

Machinery

◆ ('18) Machinery production is expected to increase by 2.1%

(Unit: trillion KRW)



(Source : Korea Association of Machinery Industry)



Steel Consumption

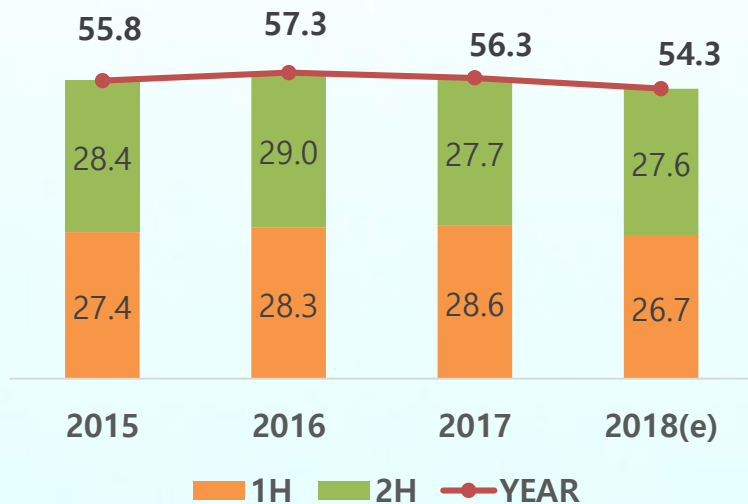
◆ Steel consumption has been stabilized at about 56 million tons but in this year it is expected to decrease by 3.9%.

Steel Production

◆ Steel production is expected to decrease by 1.6%, recording 75.9 million tons in 2018.

Consumption

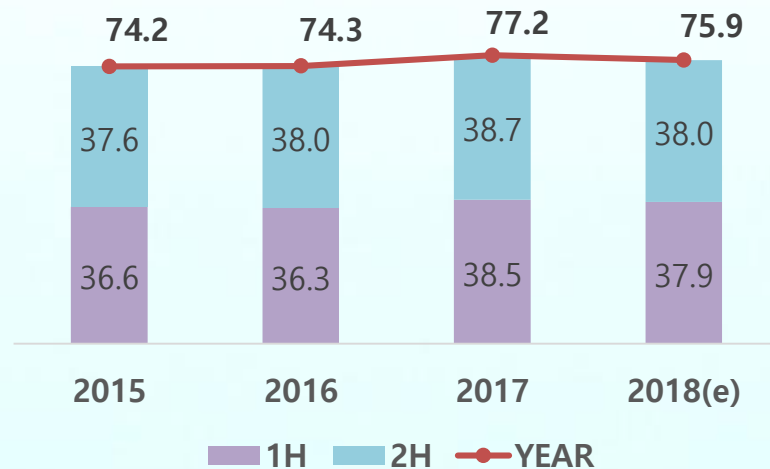
(million MT)



* Source : Korea Iron & Steel Association

Production

(million MT)

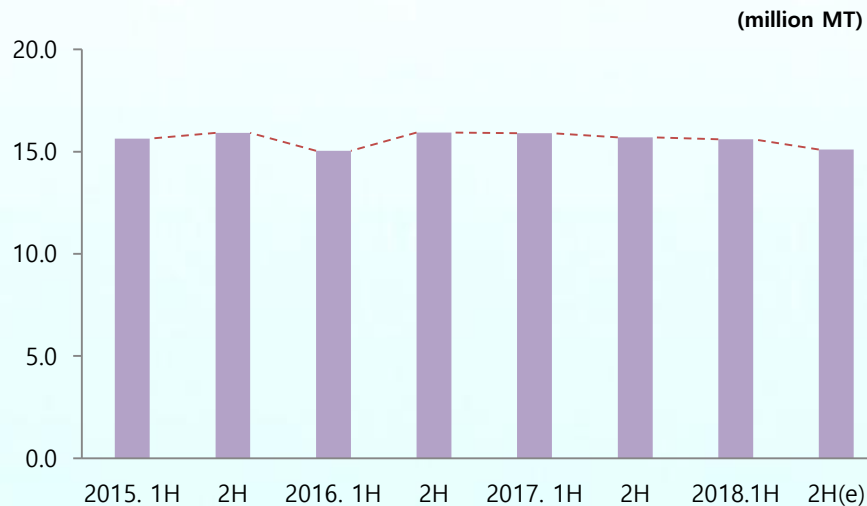


* Source : Korea Iron & Steel Association



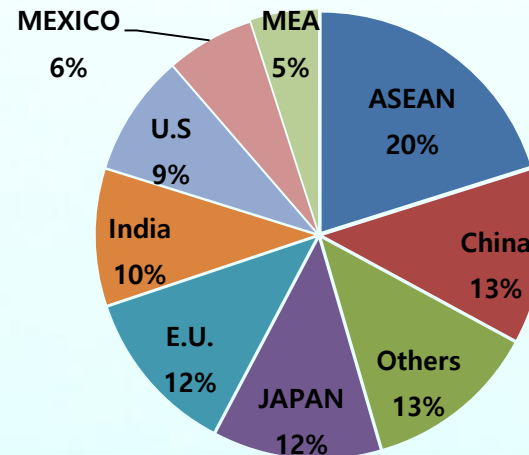
Steel Exports

- ◆ ('17) Despite decrease of exports to major markets, exports showed a similar trend to the recent years due to increase in input exports to the foreign investments by Korean steelmakers.
 - ◆ ('18^e) Due to trade protectionism, it is expected to decrease by 2.7%.
 - Korea has geographically balanced and diversified portfolio for steel exports.
- *(1H) Exports to U.S.(-25.5%), China(-11.1%), Japan(-9.5%) decreased.



* Source : Korea Iron & Steel Association

Korea's Steel Exports by Country in 2018 1H



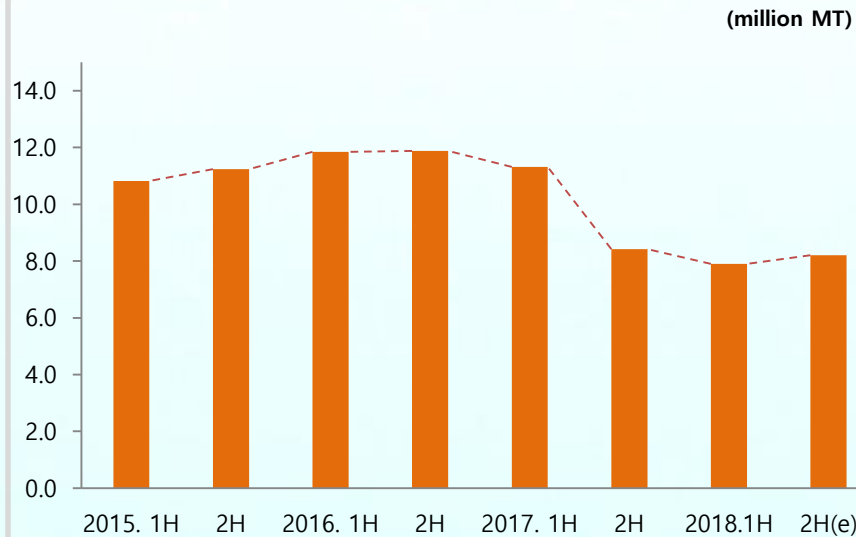
* Source : Korea Iron & Steel Association



Steel Imports

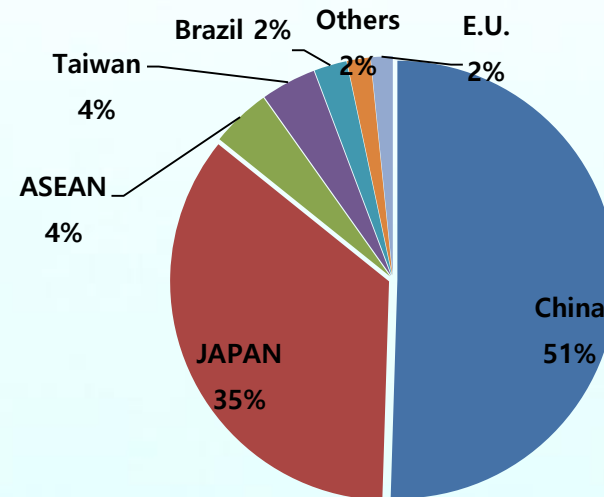
- ◆ ('17) Decreased by 16.8% due to slump in shipbuilding industry and domestic effort to reduce imports.
- ◆ ('18^e) Decreased by 18.2% due to the stagnation in domestic demand and decrease of imports from China.

*(1H) China and Japan, which account for 86% of the total imports, decreased by 42.2% and 10.6% respectively, compared to the previous year.



* Source : Korea Iron & Steel Association

Korea's Steel Imports by Country in 2018 1H



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THANK YOU