Recent Market Developments in the Japanese Steel Industry

The Japan Iron and Steel Federation (JISF)
83rd Session of the OECD Steel Committee, Paris 28-29 September 2017
• Key macroeconomic indicators
• Evolution of Japan’s steel demand and supply
• Evolution of Japan’s steel trade
• Prospects for the Japanese steel market
Japan’s economy has been recovering steadily supported by robust domestic demand.

<table>
<thead>
<tr>
<th>% change</th>
<th>16Q2</th>
<th>Q3</th>
<th>Q4</th>
<th>17Q1</th>
<th>Q2</th>
</tr>
</thead>
<tbody>
<tr>
<td>Real GDP growth (sa, q/q % change)</td>
<td>0.5</td>
<td>0.2</td>
<td>0.4</td>
<td>0.3</td>
<td>0.6</td>
</tr>
<tr>
<td>Domestic demand</td>
<td>0.4</td>
<td>-0.2</td>
<td>0.1</td>
<td>0.2</td>
<td>0.9</td>
</tr>
<tr>
<td>Private consumption</td>
<td>0.1</td>
<td>0.4</td>
<td>0.1</td>
<td>0.4</td>
<td>0.8</td>
</tr>
<tr>
<td>Private residential investment</td>
<td>3.2</td>
<td>2.8</td>
<td>0.2</td>
<td>1.0</td>
<td>1.3</td>
</tr>
<tr>
<td>Private non-residential investment</td>
<td>1.4</td>
<td>-0.3</td>
<td>2.0</td>
<td>0.5</td>
<td>0.5</td>
</tr>
<tr>
<td>Public investment</td>
<td>-0.6</td>
<td>-0.9</td>
<td>-2.4</td>
<td>0.4</td>
<td>6.0</td>
</tr>
<tr>
<td>Exports of goods &amp; services</td>
<td>-0.9</td>
<td>2.1</td>
<td>3.1</td>
<td>1.9</td>
<td>-0.5</td>
</tr>
<tr>
<td>Imports of goods &amp; services</td>
<td>-1.2</td>
<td>-0.2</td>
<td>1.4</td>
<td>1.3</td>
<td>1.4</td>
</tr>
<tr>
<td>Contribution to % change in GDP</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Domestic demand</td>
<td>0.4</td>
<td>-0.2</td>
<td>0.1</td>
<td>0.2</td>
<td>0.9</td>
</tr>
<tr>
<td>External demand</td>
<td>0.1</td>
<td>0.4</td>
<td>0.3</td>
<td>0.1</td>
<td>-0.3</td>
</tr>
</tbody>
</table>

Source: Cabinet office.
Steel demand has been recovering steadily due to firm domestic demand.

Source: JISF.
Evolution of Japan’s steel demand and supply (demand)

Demand from the manufacturing sector has been firm.

Key steel-using sectors

Building

Civil engineering

Automotive

Electrical machinery

Industrial machinery

Shipbuilding

Source: JISF.
Japanese steel mills have prioritized supplying domestic demand.

Sources: JISF and METI.
Steel imports have grown faster than steel exports.

Source: JISF.
Prospects for the Japanese steel market

Factors that can support Japan’s steel demand:
- Robust domestic demand
- Projects associated with urban redevelopment and the Tokyo 2020 Olympic and Paralympic Games

Uncertainties that can threaten the prospects for the Japanese steel market:
- The impacts of global excess capacity
- The future evolution of oil and key raw material markets, and exchange rates
- Labor shortage in the construction sector
Thank you for your attention.