ECONOMIC & STEEL MARKET DEVELOPMENT IN JAPAN

74th OECD Steel Committee
Paris
1 - 2 July 2013
The Japan Iron and Steel Federation

1. Macro-economic Overview
2. Steel-using Sectors
3. Current Situation of the Steel Industry
4. Outlook
1. Macro-economic Overview (1)

Economy turns positive since late-2012.

✓ With growth rate accelerating in Q1.
✓ Supported by firm private consumption.

Chart 1. Contribution to Quarterly Changes, Seasonally Adjusted

1. Macro-economic Overview (2)

IIP shows a gradual upward trend.

✓ Increase for the fourth consecutive month in April.

Chart 2. Index of Industrial Production (2010=100)

Source: Ministry of Economy, Trade and Industry
2. Steel-using Sectors (1)

Housing starts are improving.

✓ Increasing for the eighth consecutive month.
✓ Prompted by a slated increase of consumption tax.

Chart 3. Housing Starts (change yoy)

Source: Ministry of Land, Infrastructure, Transport and Tourism

2. Steel-using Sectors (2)

Public works orders keep upward trend.

✓ Backed by the reconstruction work.
✓ Effects of supplementary budget emerging in April.

Chart 4. Public Works Orders (change yoy)

Source: Ministry of Land, Infrastructure, Transport and Tourism
2. Steel-using Sectors (3)

Outward shift in production is accelerating.
✓ Expiration of eco-friendly car subsidies in October.
✓ Domestic production still on the decline, but business confidence is improving.

Chart 5. Automobile Production/Sales

Source: Japan Automobile Manufacturers Association, Web site of auto companies and others.

3. Steel Industry (1)

Order from the manufacturing sector is slow to recover.
✓ Construction is picking up, while manufacturing continues to decline.

Chart 6. Ordinary Steel Orders

Source: JISF
3. Steel Industry (2)

Steel production stabilises.
✓ Still remaining below pre-crisis level.

Chart 7. Crude Steel Production

[Diagram showing crude steel production trends]

3. Steel Industry (3)

Inventory remains high.
✓ Decreasing after hitting a peak in Q3.

Chart 8. Inventory of Ordinary Steel Products

[Diagram showing inventory trends]
3. Steel Industry (4)

Steel exports show upward trend.
✓ Increasing since the beginning of 2012.
✓ Exports to ASEAN on the increase.

Chart 9. Steel Exports by Destination

Source: Ministry of Finance

3. Steel Industry (5)

Imports remain high.
✓ Dropping in Q1, with imports from Korea, China and Chinese Taipei all decreasing.

Chart 10. Steel Imports by Country of Origin

Source: Ministry of Finance
• Domestic steel consumption is expected to decrease in 2013.

- **Apparent steel consumption:**
  64.0m tonnes (‘12) ➔ 62.6m tonnes (‘13)
  (worldsteel May 2013)

- **Construction** to increase: economic-stimulus measures and effects from last-minute rise in demand before an increase in consumption tax.

- **Manufacturing** slow to recover: shipbuilding and auto manufacturing still not in full recovery.