Recent Market Developments in the Japanese Steel Industry

The Japan Iron and Steel Federation (JISF)
81st Session of the Steel Committee, Paris 8-9 September 2016
1. The Economic Background
2. Overview of the Japanese Steel Market
3. Evolution of Key Steel Using Sectors
4. Developments of Steel Output
5. Developments of Steel Trade
6. Prospects for the Japanese Steel Market
The Japanese economy has continued on a moderate recovery trend

Source: Cabinet Office.
Overview of the Japanese Steel Market

Change since the last meeting of the Steel Committee (year-on-year, crude steel basis)

<table>
<thead>
<tr>
<th></th>
<th>2015-Q3</th>
<th>Q4</th>
<th>2016-Q1</th>
<th>Q2</th>
</tr>
</thead>
<tbody>
<tr>
<td>Demand</td>
<td>-7.9</td>
<td>-4.0</td>
<td>-4.4</td>
<td>+3.1</td>
</tr>
<tr>
<td>Production</td>
<td>-6.1</td>
<td>-4.4</td>
<td>-3.4</td>
<td>+1.4</td>
</tr>
<tr>
<td>Imports</td>
<td>-6.0</td>
<td>+0.3</td>
<td>+5.1</td>
<td>+0.1</td>
</tr>
<tr>
<td>Exports</td>
<td>-3.1</td>
<td>-4.1</td>
<td>-0.6</td>
<td>-1.3</td>
</tr>
</tbody>
</table>

Source: JISF.
Steel demand from key steel-using sectors has remained weak, especially in manufacturing sector.
Steel production data show signs of improvement

Source: JISF based on data from METI.
The growth of Japanese steel exports have been negative.
Developments of Steel Trade (2)

...while steel imports had grown faster than steel exports

Source: JISF based on data from Ministry of Finance.
Prospects for the Japanese Steel Market

• Factors that can support steel demand in the Japanese steel industry:
  – Government's economic stimulus package
  – Improvement in steel demand especially from construction sector, supported by several projects associated with the 2020 Tokyo Olympics

• Uncertainties cloud the prospects for the Japanese industry:
  – Slowdowns in some major emerging market economies
  – The stronger yen
  – The impacts of global excess capacity
Thank you for your attention!