

Korean Steel Market in 2017

Sep 28~29, 2017
83rd Session of the Steel Committee

Korea Iron and Steel Association



General Economy



GDP

- ◆ ('17) Expected to grow by 2.8% due to upturn in equipment investment and exports led by global economic recovery.

Private Consumption

- ◆ ('17) Forecasted to show gradual recovery owing to increase of wage income and consumer confidence.

Equipment Investment

- ◆ ('17) Investment in IT sector such as semi-conductor and display panel will lead the strong growth of 9.5%.

Construction Investment

- ◆ ('17) Despite government's SOC budget reduction(-6.6%), construction investment is expected to show 6.5% growth due to active residential construction and private plant construction.

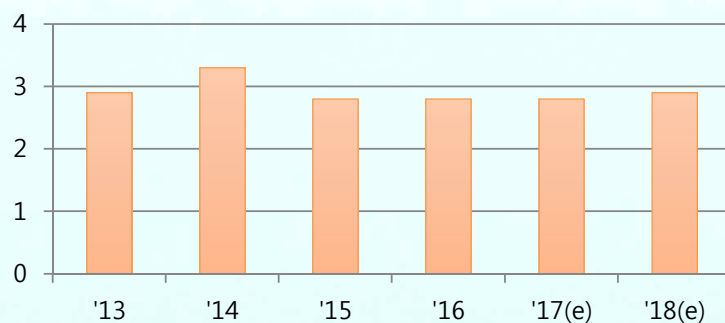
Exports

- ◆ ('17) Expected to increase by 3.5% due to global economic recovery and increased demand of semi-conductors and etc.

Economic Indicators in Korea

(Y-O-Y %)

■ GDP Growth Rate



* Source : Bank of Korea

(Y-O-Y %)

	2014	2015	2016	2017(e)		
				1H	2H	Total
GDP	3.3	2.6	2.8	2.8	2.9	2.8
Private Consumption	1.8	2.2	2.5	2.0	2.4	2.2
Equipment Investment	5.8	5.3	-2.3	14.1	5.0	9.5
Construction Investment	1.0	3.9	10.7	8.9	3.7	6.5
Exports	2.3	0.5	2.2	4.3	2.7	3.5
Imports	1.2	2.0	3.6	8.8	3.2	5.9

* Source : Bank of Korea



Steel-using Industries



Construction

- ('16) Recorded 10.7% growth as residential construction investment flourished.
- ('17.1H) Expected to increase by 8.9% as investment in residential construction area continue its strong growth.

Automobile

- ('16) Dropped by 7.2% due to strike and economic recession in emerging countries which led to export decrease.
- ('17.1H) Expected to decreased by 1.5% due to slump in both domestic sales and exports, caused by maintenance work, increase of uncertainty and quality issue in few companies.

Shipbuilding

- ('16) Showed a negative growth of 3.1% with decreased shipbuilding orders caused by low oil prices.
- ('17.1H) Forecasted to decline by 10.8% due to decreased shipbuilding orders since '15 caused by low oil prices and slowdown of cargo traffic.

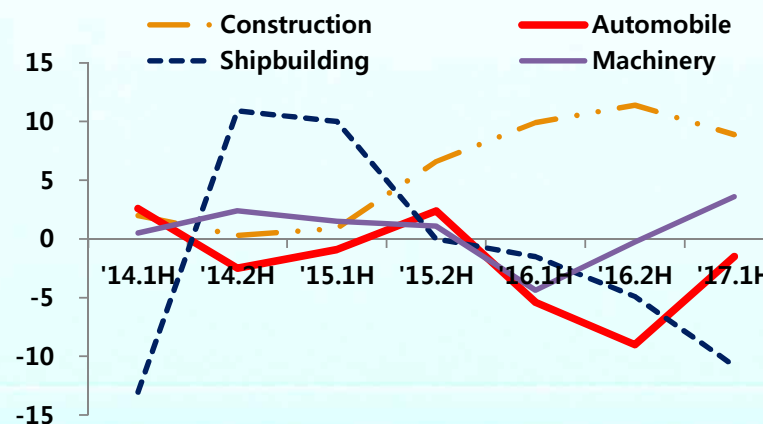
Machinery

- ('16) Declined by 2.3% due to a decrease in exports to major overseas markets.
- ('17.1H) Expected to increase by 3.6% owing to increase in exports to emerging countries and economic recovery in developed countries.

Steel-consuming Sectors

	Unit	2014		2015		2016		2017. 1H(e)	
			y-o-y		y-o-y		y-o-y		y-o-y
Construction (Investment)	trillion KRW	198.5	1.1	211.5	6.6	234.2	10.7	116.7	8.9
Automobile (production)	10,000 units	453	0.1	456	0.7	423	-7.2	216	-1.5
Shipbuilding (Delivery)	Million CGT	12.1	-2.4	12.7	5.0	12.3	-3.1	5.8	-10.8
Machinery (production)	trillion KRW	100.9	1.4	103.7	1.3	101.3	-2.3	51.6	3.6

Growth Rate (Y-O-Y)





Korean Steel Market



Overview

- ◆ ('16) Production stagnated at the same level as 2015, while consumption increased slightly by 2.2%. However, exports decreased by 1.8% and imports surged by 7.5%, which used up the most share of increased consumption.
- ◆ ('17.1H) Production increased by 6.0% due to increase in consumption driven by active investment in residential construction. Exports recovered to positive growth while imports decreased by 4.4% due to slump in steel-consuming industries such as shipbuilding industry.

(Unit : Mil. MT)

Year	Consumption	Export	Production	Import
'15	55.8 (0.5)	31.6 (-2.2)	74.2 (0.1)	22.1 (-3.0)
'16	57.1 (2.2)	31.0 (-1.8)	74.3 (0.2)	23.7 (7.5)
'17. 1H	28.6 (1.2)	16.0 (6.2)	38.5 (6.0)	11.1 (-4.4)

* Source: Korea Iron & Steel Association

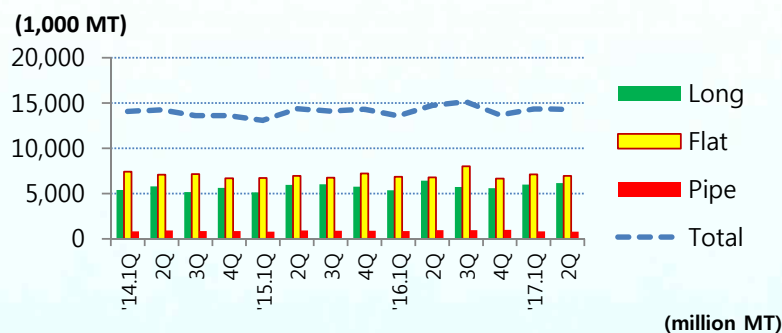


Korean Steel Market



Steel Consumption

- ◆ Increased by 2.2% in 2016 and continued its rising trend by recording 1.2% growth this year despite decline of domestic pipe consumption.

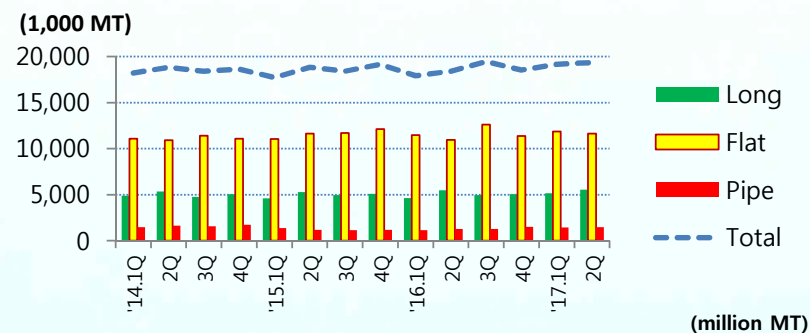


	2015	2016	Y-O-Y	2017. 1~6	Y-O-Y
Total	55.8	57.1	2.2	28.6	1.2
Long	22.8	23.1	1.2	12.1	2.8
Flat	27.7	28.3	2.3	14.0	3.0
Pipe	3.5	3.7	8.0	1.6	-11.5

* Source : Korea Iron & Steel Association

Steel Production

- ◆ Steel production stagnated at about 74 million tons in previous two years but increased by 6.0% during the 1st half of '17 as pipe production surged by 20.5%.



	2015	2016	Y-O-Y	2017. 1~6	Y-O-Y
Total	74.2	74.3	0.2	38.5	6.0
Long	19.9	20.0	0.8	10.7	5.9
Flat	46.6	46.4	-0.4	23.5	4.8
Pipe	4.9	5.2	5.6	2.9	20.5

* Source : Korea Iron & Steel Association



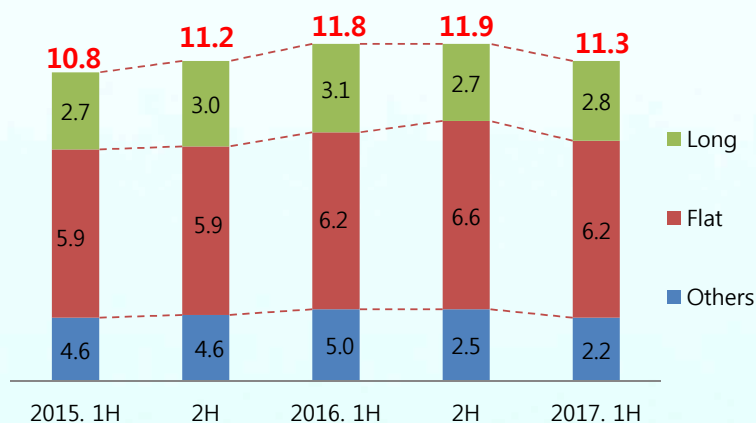
Korean Steel Market



Steel Imports

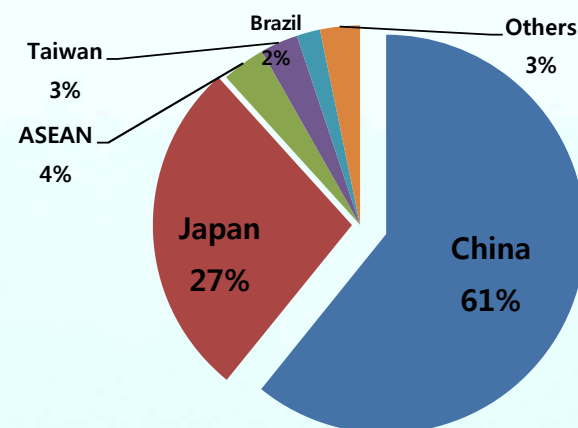
- ◆ ('16) Despite the domestic companies' efforts to replace imports, imports increased by 7.5% to 23.7 million tons in 2016.
 - Import shares : China 14.6 million tons (61.7%), Japan 7.0 million tons (29.6%)
- ◆ ('17. 1H) Imports decreased by 4.4% recording 11.3 million tons this year due to base effect. China and Japan accounts for nearly 90% of the total imports.

(million MT)



* Source : Korea Iron & Steel Association

Korea's Steel Imports by Country in 2017. 1H



* Source : Korea Iron & Steel Association



THANK YOU