

市場復甦下的
美國緊固工具貿易現況

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Analysis of
Fastening Tools
Import and Export of
USA Under the Current
Market Recovery

U.S. Trade

Introduction

The COVID-19 pandemic made an extraordinary disturbance to the global economy and world trade, as production and consumption drastically reduced across the globe. Last year the global economy recorded its worst annual drop in output since early 1940s in all regions, without exception, with an estimated loss of 255 million full-time jobs worldwide. While the recovery in the third quarter, as countries started to lift restrictions, was quick and in line with expectations, a second wave of the virus hit earlier than expected in the final quarter of 2020, diminishing the recovery particularly in Western Europe.

Despite the fact that COVID-19 outbreak caused a global economic slowdown where trade, investment, growth, and employment were all affected, an earlier than expected breakthrough with vaccines and improved management of lockdown measures have been offsetting factors in terms of COVID-19's overall economic impact.

Predictions for a fast recovery in world trade have improved as merchandise trade expanded more rapidly than expected in the second half of last year. According to new estimates from the WTO, the volume of world merchandise trade is expected to increase by at least 8.0% this year after having fallen 5.3% in 2020. The global trade is continuing its recovery from the downfall caused by the pandemic that reached its lowest point in the second quarter of last year. In the first quarter of this year, trade recovery reached a record high as it increased by 10% YOY and 4% QOQ.



U.S. Trade

A year and a half since the beginning of the pandemic, the United States' economy has been reinforced by substantial fiscal support, vaccination is expected to become widespread, and economic growth is anticipated to reach 6.8% this year, the fastest pace since 1984. In terms of trade statistics, last year U.S. exports dropped by 16%, while imports fell by 10%. But neither the drastic declines in imports and exports, nor the subsequent recoveries this year have been equally distributed. The result of this inequality has been a surge in the U.S. trade deficit. The difference between U.S. exports and imports of manufactured goods is now at its highest level ever relative to the size of the economy.

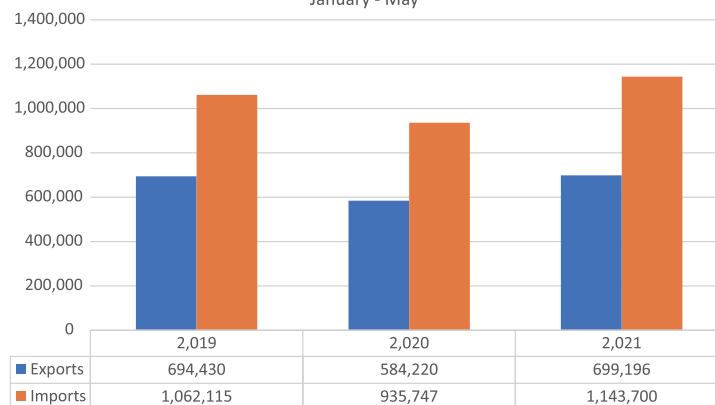
Based on a recent report by the U.S. Census Bureau and the U.S. Bureau of Economic Analysis, the goods and services deficit was USD71.2 billion in May, up USD2.2 billion from USD69.1 billion in April. May exports were USD206.0 billion, USD1.3 billion more than April exports. May imports were USD277.3 billion, USD3.5 billion more than April imports. The May increase in goods and services deficit reflected an increase in the goods deficit of USD2.3 billion to USD89.2 billion and an increase in services surplus of USD0.1 billion to USD17.9 billion.

Year-to-date, the goods and services deficit increased USD110.9 billion, or 45.8 percent, from the same period in 2020. Exports increased USD101.6 billion or 11.4 percent. Imports increased USD212.5 billion or 18.7 percent. The average goods and services deficit increased USD0.2 billion to USD71.8 billion for the three months ending in May. Automotive vehicles (i.e. passenger cars), parts and engines, civilian aircrafts, semiconductors are among those products with decrease in their exports.

Chart 1.

U.S. Trade in Goods

(In millions of Dollars)
January - May



In terms of industrial supplies, US exported about USD660 billion in 2020 with only about USD140 billion from January till May. In the first 5 months this year, the value of exports increased to more than USD246 billion.

U.S. Fastener Trade

The U.S. fastener industry constitutes a multi-billion-dollar segment of the economy. It has a large number of varied companies centered around the main purchasers of fastener products, including the automotive, aerospace, and military sectors.

The U.S. industrial fasteners industry has faced several challenges as a result of the pandemic and the industry still deals with its impact. As mentioned, the economic impact of COVID-19 on the current macroeconomic environment in the U.S. is comparable with other major shocking events since 2000 such as September 11 attacks and the Great Recession between 2007 and 2009.

In terms of global industrial fasteners last year, the size of the market was about USD76.70 billion with a negative demand shock. The market size shrank by 6.75% compared to the average YOY growth between 2017 and 2019. However, the global fasteners market is expected to reach USD 79.54 billion by the end of this year and to continue its growth to USD 106.05 billion in 2028. This projection gives us a Compound Annual Growth Rate (CAGR) of 4.2% between 2021 and 2028. The swift rise in CAGR is because of the drastic growth in fastener demand and a return to a pre-pandemic situation once the pandemic is over.

U.S. Fastening Tools

The fastening tool and hardware wholesaling industry like many other industries in the U.S. experienced a drop in demand as consumer spending decreased. Nevertheless, stay-at-home orders had some positive but limited impacts on the home improvement sector and DIY fastening tools as consumers have more time to attempt home improvement projects.

Typically, industry operators purchase fastening tools in large volumes before distributing them in customized varieties and at competitive prices to downstream markets, such as retailers, other wholesalers and other end user industries. Over the five years to 2020, the industry has experienced increased revenue, partly due to the increase in consumer spending and the value of construction during most of the period except for last year. However, as the economy recovers from the COVID-19 pandemic, consumer spending is increasing, and therefore, industry demand is rising. Consumers invest in home improvement and construction activities that may have been deferred during the pandemic. However, recovery in the industry is expected to be slow, and the total revenue this year is projected to be below pre-pandemic levels. Nonetheless, non-residential and residential construction as well as automotive markets are expected to return to growth, along with manufacturing activity.

A considerable demand for fastening tools (for both hand tools and power tools) comes from small repair companies in the U.S. which still struggle because of shortage of consumer demand. Some of the players in this sector may not recover and consequently it significantly reduces the number of enterprises in the industry moving forward.

The above explanations on market demands in the U.S. will explain the decline in fastening tools trade in 2020 and its recovery this year. Charts 2 and 3 below show the values of imports and exports for tools (HS Code 8207) by the U.S., on a quarterly as well as monthly basis (Oct 2020 – May 2021). The figures show that the values of imports and exports are returning to its pre-pandemic level.

Chart 2. Quarterly Values of Import and Export for Tools (HS Code 8207) by the U.S.

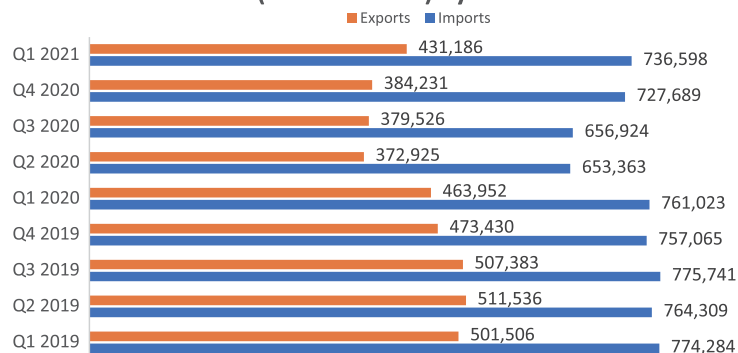
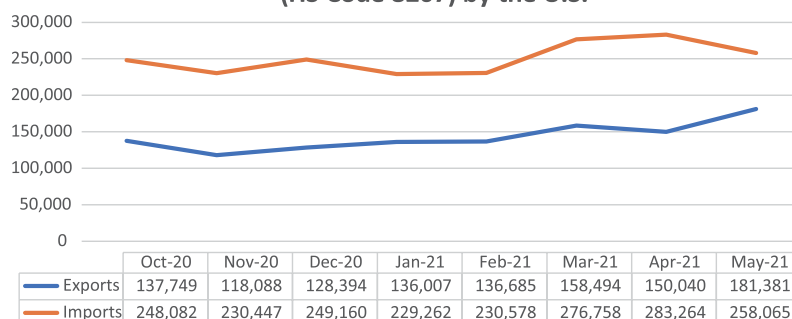


Chart 3. Monthly Values of Import and Export for Tools (HS Code 8207) by the U.S.



The countries which have the highest value of exports to the U.S. market are China, Japan, Germany, Canada, Taiwan and South Korea. These countries own more than 70% of the total value of U.S. tools imports. On the other hand, Canada, Mexico, Belgium, Germany, Japan, UK and Australia are the major destinations for U.S. tools.

Conclusion

As the economy recovers from the COVID-19 pandemic and demand recovers from key downstream industrial sectors, the revenue for Fastening Tools is projected to expand over five years. Demand from the construction sector is forecast to continue growing, although at a diminished rate. Generic fasteners and fastening tools are key components in various construction projects. In 2021, the value of construction is expected to increase, presenting a potential opportunity for the industry. Consumer spending is also expected to increase, providing a source of demand for companies in the Fastening Tools. ■

Sources:

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