

Production & Sales Conference with Fastener Business Owners

Taiwan CSC Sees 2024 Blooming with a Warmer Market

The export of Taiwanese fasteners took a plunge in 2023 and local fastener business owners have been longing for a normal inflow of orders. On December 5, they gathered in a restaurant in Kaohsiung City for a market outlook presentation for the first quarter of 2024 by Taiwan CSC. Mr. Tu-Chin Tsai, Chairman of Taiwan Industrial Fasteners Institute (TIFI), said in his speech that Taiwan fastener industry has been through drastic ups and downs over the past three years. The pandemic redirected fastener purchase orders to Taiwan and pushed Taiwan's fastener export to a historical high, but the high inventory level at overseas customers' warehouses dipped Taiwan's fastener export greatly in 2023. Now, many Taiwanese companies have survived and are eager for a taste of market recovery.



Mr. Yong-Yu Tsai, President of Jinn Her Enterprise, who will take the chairman role after Tu-Chin Tsai, said he has never seen the economy this bad in the 45 years of his fastener business. Besides, the manufacturing costs are rising. His electricity bill alone increases 4 million dollars a month. "This is the worst time ever, but it also means a beginning for the best time. We have to have confidence in ourselves," said Yong-Yu Tsai. He recalled that when shipping costs peaked, there were overseas buyers who would choose air shipping which was more expensive just to obtain fasteners from Taiwan. In that regard, he suggests being aware that "the important thing about fasteners is their value, and price competition is not what we need." He called for Taiwanese fastener industry to think about this and come up with a way to run business.

Unlike previous market outlook presentations in first-half 2023, this time Taiwan CSC uttered a clearly optimistic response to the owners in attendance. According to Taiwan CSC's research, the IMF upped the U.S. GDP and kept Japan's GDP flat, indicating that the U.S. and Japan will

lead the global economic growth in 2024. Taiwan's GDP growth rate forecast for 2024 has been upped to 3.15%. Meanwhile, Taiwan Directorate General of Budget, Accounting and Statistics indicates that Taiwan's economy has bottomed out in the third quarter of 2023 and will perform better in 2024. In Europe and ASEAN, their GDPs have been revised downward. Nevertheless, their GDPs in 2024 are still higher than the ones in 2023, meaning that their market situation will turn better.



In terms of steel demand, World Steel Association forecasts that global steel demand will increase 1.8% in 2024, with Europe growing by 5.8%, North America by 1.5%, Asia by 1.3%, the Middle East by 3.2% and Latin America by 2.2%. On Purchasing Managers' Index (PMI), the U.S., EU, Taiwan, China, and Vietnam's indices are in the range of 44 to 49, while ASEAN and India have reached above 50. **Many parts of the world are about to emerge from recession** as PMI values above 50 indicate a period of prosperity.

From October 2023 onwards, inflation has cooled in Europe, the U.S. and China. Taiwan CSC said the fall in oil prices has driven inflation down faster in many countries. In addition, the interest rate hikes in Europe and the U.S. are coming to an end, and **interest rate cuts are already underway in Southeast Asia and South America. Europe will possibly cut the rate in the first quarter of 2024 and the U.S. will possibly do so in the second quarter.**

On wire rod statistics from January to October 2023, Taiwan mainly imported wire rods from Indonesia (39%), South Korea (21%), Vietnam (14%), China (9%), Japan (8%), and India (5%), with the main types of imported wire rod being low carbon (49%) and alloy steel (37%), medium carbon (2%), and high carbon (6%). Over the same period, the total weight of imported wire rod was 298,000 tons, down 5%.

On Taiwan's fastener export statistics, the weight of exports for the same period was 1.06 million tons, down 25.47%, and the average unit price of export was US\$3.76 per kilogram, down 0.79%.

Products	Export Weight Change (%)	Export Unit Price Change (%)
Wood Screws	-15.06	-3.24
Self-tapping Screws	-29.05	0
Bolts	-28.02	+0.55
Nuts	-18.32	-3.79

During the same period, the top five destinations for Taiwan's fastener export were the U.S. (489,000 tons, down 24.97%, accounting for 45.90%), Germany (86,000 tons, down 31.66%, accounting for 8.09%), the Netherlands (72,000 tons, down 9.97%, accounting for 6.82%), Japan (43,000 tons, down 27.48%, accounting for 4.07%), and Canada (31,000 tons, down 32.92%, accounting

for 2.99%). Taiwan's export of fasteners to the top five destination countries all fell significantly in weight.

Although Taiwan's fastener export statistics from January to October 2023 were dismal, Taiwan CSC cited data provided by TIFI and indicated that Taiwan's fastener industry had bottomed out in the third quarter of 2023. Summarizing the aforementioned economic indicators and statistics, Taiwan CSC said in a much confident tone that the steel and fastener market will turn positive from 2024 onwards, looking forward to a recovery that is on the way. ■

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