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Iron and Steel News

Sumikin Steel & Shapes to Hike H-Beam by 5,000 yen/t

Sumikin Steel & Shapes announced on Wednesday the firm increases H-beam selling price by 5,000 yen per tonne for the distributors for October production. The firm tries to cover higher ferrous scrap cost under improving building demand and dealers' inventory position. The firm also keeps production cut to meet the demand level. With the price hike, other makers indicate similar actions.

Scrap price around Osaka is expected to increase more after the price rebounded from the recent bottom. H-beam makers have increased concern on higher scrap cost when the selling price is already loss making level.

Domestic construction demand is expected to recover in second half of fiscal 2011 ending March 2012 when building projects resume the activity after deferment and temporarily stoppage. The market condition improves along with lower steel inventory held by the dealers.

The firm decided the price hike under the market situation. Other makers of H-beam and other steel products including concrete reinforcing steel bar would follow the move.

Topura Eyes Global Fastener Output Expansion for Auto

Topura, Japanese major fastener maker, eyes capital expenditure for output capacity expansion of domestic and overseas plants at total 1.1 billion yen toward fiscal 2015 ending in March 2016. Topura recognized capacity expansion is necessary when Japanese automakers are raising operations rapidly. The firm hurries formal decision of detailed capacity expansion plans along reviewing the middle-term management plan started in April 2011. Topura aims to raise

overseas sales ratio to 20-30% and the overseas sales value to approximately 10 billion yen. In Thailand, the firm plans to start operation of Topura Thailand in October 2012, which is a new subsidiary established in May 2011.

Topura estimates its consolidated net sales at 14.8 billion yen for April-September 2011 with recurring profit 110 million yen. Both net sales and recurring profit would decrease year-on-year. In the second half year, the demand is expected to maintain high level for screw and bolt applied to automobiles when Nissan Motor plans to increase the output, one of Topura's main customers. Topura forecasts the consolidated net sales could increase by 23% to 18.3 billion yen for October-March from the same period of the previous fiscal year.

In Japan, the firm already decided additional investment at 30 million yen for Hatano factory within fiscal 2011. Now and then Topura reviews supply conditions at domestic and overseas productive sites and seeks the most effective supply network. The productive network involves Tokai and Osaka factories in Japan while overseas factories in the U.S.A., China and Thailand. Topura plans to install additional screw manufacturing machines if necessary.

Topura Thailand starts construction of the plant within this year. The plant is scheduled to manufacture mainly thin diameter screw such as M6 and supply the products to Japanese customers' local plants as well as American and European users. Topura Thailand's sales in Thailand are estimated at approximately 200 million yen in fiscal 2011 while the subsidiary targets annual net sales 1.8 billion yen and sales volume 300 tonnes per month in fiscal 2013.

Kanai Builds Japan-China-Taiwan Productive Network for Nail and Screw

Tokyo based architectural metal hardware maker, Kanai organized Japan-China-Taiwan trilateral production network. The latest base was established in Zhejiang Province, China. President of Kanai Mr. Ryota Kanai, explained the firm can reduce business risks by operative diversification. Kanai targets consolidated net sales growth to 20-25 billion yen in medium term. The company's consolidated net sales amounted 14.2 billion yen for January-December 2010 and the non-consolidated net sales represented 13.3 billion yen.

Kanai established a wholly-owned subsidiary in Zhejiang in February 2011 with capital fund of 10 million RMB (approximately 120 million yen). The plant started operation in April, which partially succeeded production facilities and employees from Fuji Nittei's previous Shanghai plant. Fuji Nittei is Osaka based screw and nail maker that was wholly acquired by Kanai in October 2010.

The plant's present output is approximately 250 tonnes per month with 80 employees, covering wide nail and screw items from JIS products to specialized products. Kanai plans to raise the plant's production to 400-500 tonnes per month in CY2012.

Kanai Group produces nails and screws at KN Murata Industry, Kanai's group company in Osaka, and Taikyū, another group company in Taiwan. Kanai Group's production of architectural metal hardware currently totals 3,000-3,500 tonnes per month.

Kanai supplies architectural metal hardware mainly for Japanese residents. The company tries to widen nail and screw item lineup and to hold 30% market shares in Japan.

JFE Bars & Shapes Restarts Scrap Procurement since Mega Earthquake

Sendai works of JFE Bars & Shapes restarted ferrous scrap acceptance on September 7. The works had stopped scrap acceptance since the works was downed by the Great East Japan Earthquake. The works is gradually increasing the purchase volume of ferrous scrap along with operation rate.

The works restarted operation of the special steel bar plant on July 14, the wire rod plant on July 31, the steel making plant on August 16 and the billet plant on August 20. Meanwhile, the works had limited ferrous scrap procurement to spot base. In October, the works plans to increase the monthly output to 80,000 tonnes, as high as pre-disaster level. Then the works recommenced material acceptance.

Strong Ferrous Scrap Price in Tokyo, Osaka

Ferrous scrap market price increased around Tokyo. The price is around 29,500 yen per tonne for H2 grade, around 31,300 yen for H1 grade and around 33,000 yen for HS grade at the dealers' purchase price including freight. Local electric furnace steel makers pay 35,000-36,000 yen for H2 grade and higher price is 37,000 yen.

Most of local electric furnaces increased ferrous scrap purchase price by 500 yen or more per tonne on Wednesday. One dealer source sees the electric furnaces increase the scrap purchase to prepare for the operation in two three-day weekends in late September due to recovery of steel output while the scrap supply remains low.

Ferrous scrap market price would increase from around 25,500 yen per tonne for H2 grade at the dealers' purchase price around Osaka. Local electric furnace steel makers pay 34,000-35,000 yen per tonne for H2 grade and higher price is around 35,500 yen. Higher ferrous scrap export price for East Asia lifted the domestic market price.

A dealer source sees scrap supply could get short temporarily around Osaka. The makers are expected to increase the scrap consumption during the longer weekends while some of the makers stop the operation in this week. Local exporters ship scrap for joint export order next week.

Non Ferrous Metal News

Higher Brass Bar Stock in Osaka

Brass bar inventory increase at the dealers' warehouses around Osaka. The shipment from makers to dealers increases based on advanced order from the dealers when the makers lead time shortens recently under slower demand. The dealers' cash position gets severe when their shipment is slow despite of the higher demand.

The demand is slow for construction and manufacturers around Osaka. A dealer said the shipment decreases by 10% in every month in July-September. Many of the dealers cannot meet sales target partly due to lower copper price.

The dealers' shipment decreased after the buyers' inventory building purchase through May since the major earthquake. The buyers hold the order when copper ingot official price reached 800,000 yen per tonne in July.

The brass bar makers kept high level production through July to meet the existing order while the order receipt started to

decrease since June. The makers normalize the lead time and the dealers complete inventory rebuilding. The buyers now purchase the material only for immediate use.

The lead time is getting shorter while the makers' lead time is around one month in normal time. A dealer said some makers can provide products with 20 millimeters diameter or more in 2 weeks and some makers can deliver the products as early as in 10 days.

Japan Aluminium Architectural Material Shipment Keeps Steady in July

Japanese domestic production of aluminium architectural materials increased by 5.4% to 24,706 tonnes in July from a year earlier while the shipment increased by 3.1% to 29,069 tonnes, according to Ministry of Economy, Trade & Industry. New housing starts has gradually recovered in Japan while rush demand seemed to occur for new housing starts in July before the governmental incentive program for environmental friendly houses expires.

Production and shipment of aluminium sash for wooden houses represented year-to-year plus for 3 months in a row. The production temporarily turned year-to-year decrease in March and April when several sash makers were hit by the Japan Earthquake. In and after May, the production shows a gradual recovering curve.

Japanese new housing starts increased by 21.2% to 83,398 houses in July from a year earlier, according to Ministry of Land, Infrastructure, Transport & Tourism. The figure hit the fifth lowest as July but exceeded 80,000 houses for the first time since December 2008.

Consumer mind has generally upturned while there seemed a movement to accelerate new housing starts in July when Japan Housing Finance Agency's fixed-rate mortgage program and Japanese government's incentive for environmental friendly houses expire.

Production and shipment of aluminium sash for buildings also represented year-to-year increase, mainly led by the rash demand as same as aluminium sash for wooden houses. Condominium sales has not been strong as expected since mid May.

Japanese Production and Shipment of Aluminium Architectural Materials					
Ministry of Economy, Trade & Industry					
in tonnes					
		Jun-11	Jul-11	M/M (in %)	Y/Y (in %)
Al Sash for Wooden Houses	Output	8,900	8,986	1.0	6.3
	Shipment	11,503	11,783	2.4	3.4
	Inventory	8,884	8,751	-1.5	31.2
Al Sash for Buildings	Output	6,534	7,044	7.8	3.6
	Shipment	7,233	7,726	6.8	1.8
	Inventory	1,626	1,655	1.8	10.8
Al Doors	Output	2,013	1,922	-4.5	4.3
	Shipment	2,380	2,343	-1.6	2.1
	Inventory	1,160	1,159	-0.1	16.5
Al Exteriors	Output	7,010	6,754	-3.7	6.5
	Shipment	7,233	7,217	-0.2	4.5
	Inventory	5,518	5,706	3.4	12.2

Nippon Light Metal Triples Alumina Capacity at Shimizu Plant

Nippon Light Metal announced on Wednesday the firm finished high purity alumina making capacity expansion of Shimizu plant in Shizuoka to increase the capacity to 3.3 times at monthly 1,000 tonnes. The firm has increased the capacity to respond growing high purity alumina demand for raw material of light emitting diode sapphire substrate. The firm held the ceremony at the plant on Tuesday.

Nippon Light Metal decided the capacity expansion at Shimizu plant in September 2010 to build aluminium hydroxides making line including furnace and other facilities for around 2.3 billion yen. The firm launches commercial operation in October.

High purity alumina had been used as raw material of ceramics and the demand is increasing for sapphire substrate. Nippon Light Metal has increased the capacity to respond growing demand from Japanese and offshore users.

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Edited by Masumi Tanifuji

Chichibu building 5F, 1-8-6, Shinkawa, Chuo-ku, Tokyo, JAPAN

TEL : 81-3-5566-8770

FAX : 81-3-5566-8185

