

Steel

March steel production updates

Notice: VSA has not released March steel-coil data, therefore, the report excluded steel-coil data in data processing.

Stronger domestic demand

- On April 19, Vietnam Steel Association (VSA) publicized the increasing Mar steel production volume (excluded steel coil) of 1.94mn tonnes, +30.6% mom, +4.4% yoy. The steel pipes increased to 242,399 tonnes, +38.1% mom but -3.2% yoy while construction steel increased by 26.9% mom and +10.6% yoy.
- The total consumption volume (excluded steel coil) was up 17.4% mom to 1.9mn tonnes, -6.0% yoy.
- Breaking down domestic sale volume (1.39mn tonnes, +6.7% mom, -9.5% yoy), we witnessed the continuous revival in all finished steel products on month-on-month basic.
- The export-driven volume was 541,281 tonnes, +58.6% mom, +4.2% yoy.
- Steel inventory as of end-Mar (excluded steel coil) was 0.96mn tonnes, decreasing by 2% mom but increasing by 18.2% yoy.
- The movements of raw material input prices were in the uptrend in the last 30 days: as of April 19, iron ore was around USD143/mt (+3USD/mt), China hot roll coil (HRC) increased to USD826/mt (+34USD/mt); Aust hard coking coal retreated to USD515/mt (-115USD/mt).
- Based on quoted prices of Hoa Phat steel bar in Mar, the local prices of steel products were VND18.66mn/tonne.

3M22 performance brisk

- Overall, Vietnam produced 4.96mn tonnes in the first 3M22 (+7.1% yoy). The total sale volume was also encouraging (5.0mn tonnes, +15.5% yoy).
- In detail, the local consumption volume was 3.6mn tonnes, +15.2% yoy while the export volume was 1.4mn tonnes, +16.1% yoy.

Global steel updates

- World Steel Association forecasts the steel demand will grow 0.4% yoy in 2022 to reach 1,840mn tonnes and 2.2% yoy in 2023 to reach 1,881mn tonnes in 2023. Inflationary pressure and tough China government measures on RE developers reduced growth expectation for global demand in 2022.
- China's crude steel output fell 6.4% yoy to 88.3mn tonnes in March 2022 but +17.7% mom. The production output recovered after Beijing Olympics production curb, however, the temporary lockdown on the steel hub – Tangshan and recent COVID outbreaks have put a dent in both steel production and consumption.
- China's apparent consumption of crude steel declined 3.8% on the year to 72.3mn tonnes in March amid a slowing property sector. China's steel demand is expected to continue declining in April as deteriorating property sales weighs on the domestic steel markets according to S&P Global.

Non-rated

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Table 1. Sales volume growth

(Tonnes)

	Monthly				Accumulated		
	Mar-21	Mar-22	MoM (%)	YoY (%)	3M21	3M22	YoY (%)
Steel Pipes	277,342	247,185	8.2	(10.9)	616,442	639,975	3.8
Export	25,338	21,478	21.3	(15.2)	67,228	60,645	(9.8)
Domestic	252,004	225,707	7.1	(10.4)	549,214	579,330	5.5
Steel Coat	535,879	446,481	19.3	(16.7)	1,267,687	1,257,600	(0.8)
Export	316,126	207,003	27.4	(34.5)	743,729	658,131	(11.5)
Domestic	219,753	239,478	13.0	9.0	523,958	599,469	14.4
Steel Constru'	1,247,582	1,242,912	18.8	(0.4)	2,526,738	3,195,455	26.5
Export	178,078	312,800	94.2	75.7	404,056	692,283	71.3
Domestic	1,069,504	930,112	5.0	(13.0)	2,122,682	2,503,172	17.9
Steel Coil	864,675	N.A	N.A	N.A	N.A	N.A	N.A
Export	146,292	N.A	N.A	N.A	N.A	N.A	N.A
Domestic	718,383	N.A	N.A	N.A	N.A	N.A	N.A

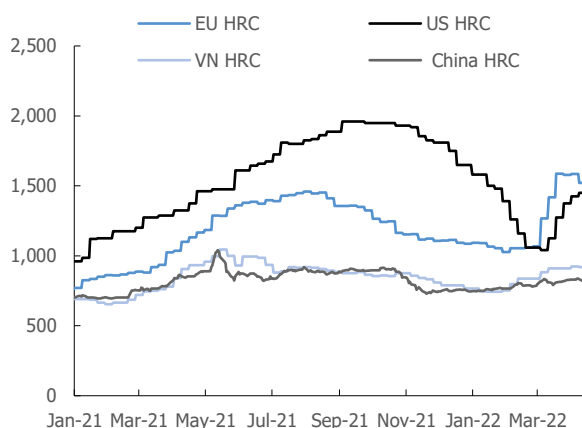
Source: VSA, KIS

Table 2. Production volume growth

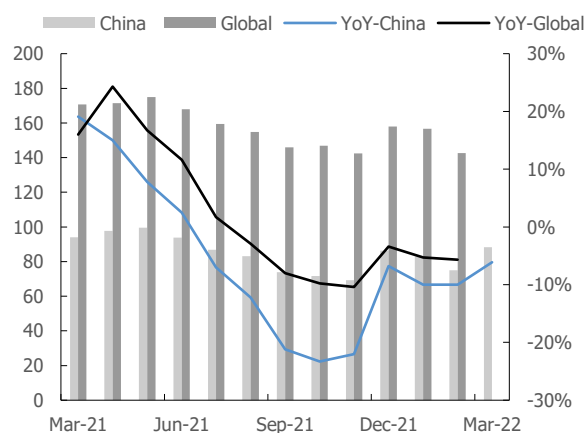
(Tonnes)

	Monthly				Accumulated		
	Mar-21	Mar-22	MoM (%)	YoY (%)	3M21	3M22	YoY (%)
Steel Pipes							
Production	250,416	242,399	38.1	(3.2)	579,704	577,933	(0.3)
Inventories	69,431	65,599	10.6	(5.5)			
Steel Coat							
Production	553,970	530,504	36.1	(4.2)	1,373,812	1,328,221	(3.3)
Inventories	212,837	215,138	11.1	1.1			
Steel Constru'							
Production	1,056,710	1,169,225	26.9	10.6	2,682,076	3,060,648	14.1
Inventories	534,511	684,372	(6.5)	28.0			
Steel Coil							
Production	1,099,117	N.A	N.A	N.A	N.A	N.A	N.A
Inventories	143,305	N.A	N.A	N.A			

Source: VSA, KIS

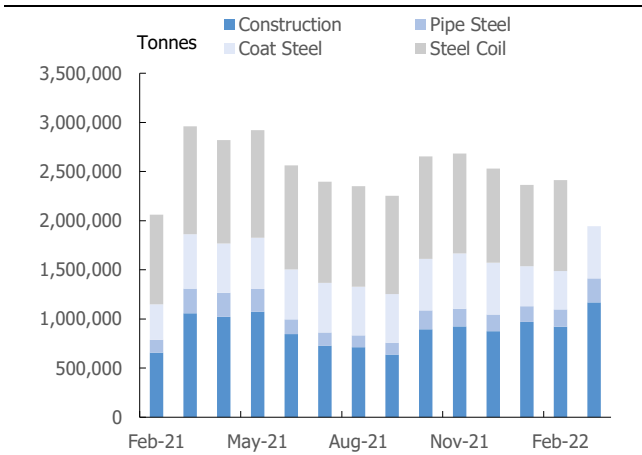
Figure 1. Geopolitical tension and COVID-19 has widened HRC gaps among countries

Source: Bloomberg

Figure 2. China production output revived in March

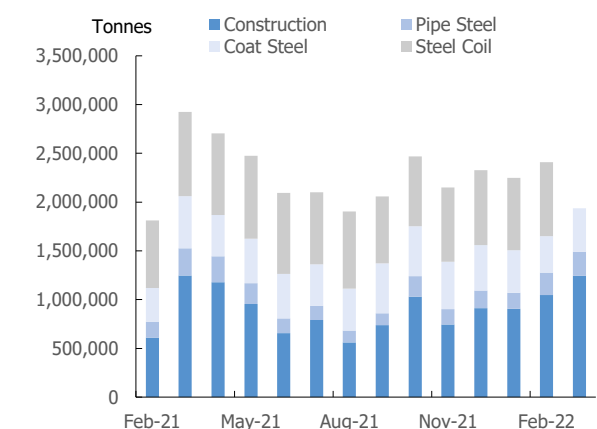
Source: World Steel Association

Figure 3. Vietnam steel production increased in Mar



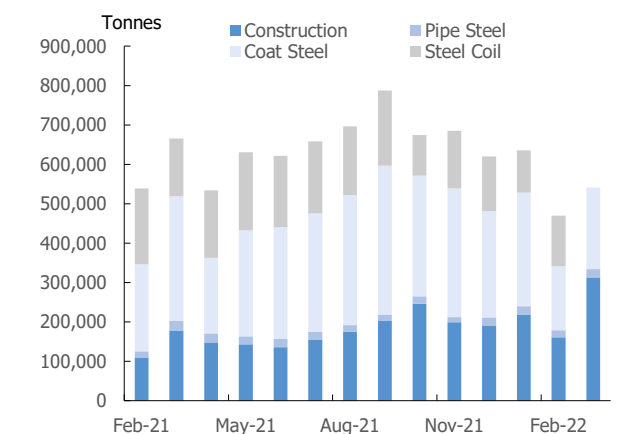
Source: VSA, Fiipro

Figure 3. Steel consumption signaled the domestic demand revival



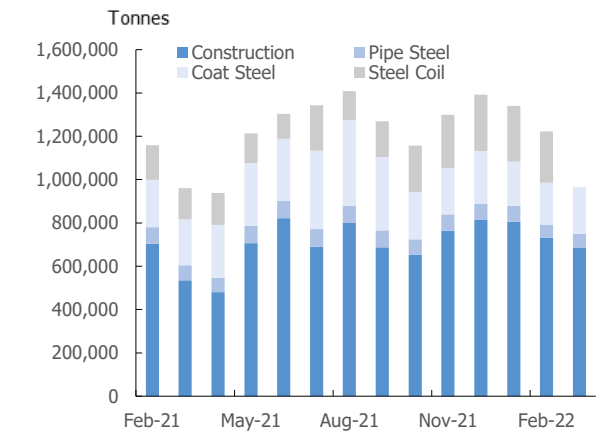
Source: VSA, Fiipro

Figure 4. Export volume was up amid domestic revival



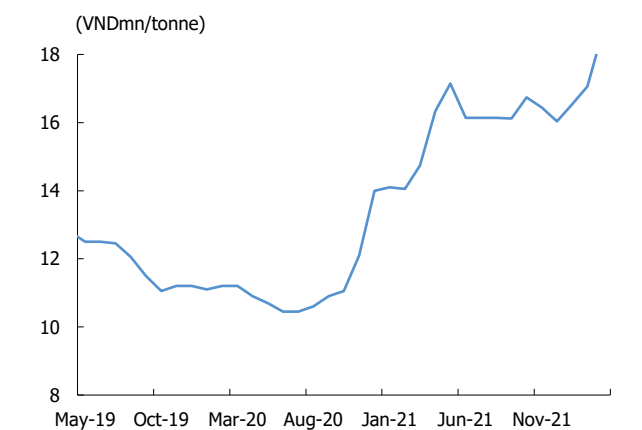
Source: VSA, Fiipro

Figure 5. Inventory volume still healthy



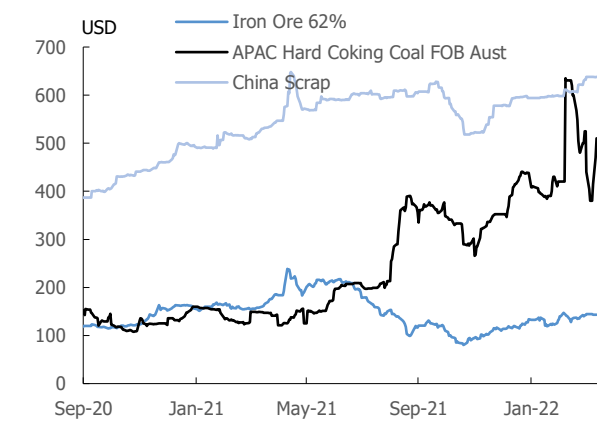
Source: VSA, Fiipro

Figure 8. Selling price of steel bar was up in Mar



Source: Fiin, Hoa Phat

Figure 9. Material input prices in uptrend in the last 30 days



Source: Bloomberg

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