

Steel

Neutral (Maintain)

Solid across the board in 9M22

Domestic demand revived

- Vietnam Steel Association (VSA) publicized the accelerating Sep steel production volume of 2.25mn tonnes, +25.9% mom, +0.3% yoy. We witnessed a significant improvement of the production for construction and steel pipes products.
- The total consumption volume was slightly down 5.5% mom to 1.83mn tonnes, -11.1% yoy.
- Breaking down domestic sale volume (1.53mn tonnes, +20.9% yoy), we witnessed a solid revival in most products except steel coil products (+18.7% mom but -5.6% yoy).
- The export volume was 294,141 tonnes, -62.6% yoy, hinting at a gloomy global demand
- Steel inventory as of end-Sep surged by 17.1% yoy, 1.48mn tonnes.
- The movements of raw material input prices were mixed in the last 30 days: as of 12 Oct, iron ore was around USD97/mt (-3USD/mt), China hot roll coil (HRC) decreased to USD566/mt (-9USD/mt); Aug hard coking coal increased to USD283/mt (+25USD/mt).
- Based on quoted prices of Hoa Phat steel bar in Sep, the local prices of steel products were VND15.39mn/tonne.

9M22 performance sustained

- Overall, Vietnam produced 21.55mn tonnes in the 9M22, -6.2% yoy. The total sale volume was also encouraging (19.6mn tonnes, -2.8% yoy).

Ratings and recommendation: Neutral on tepid 2022F outlook

- We maintain our Neutral rating on Vietnam's steel sector owing to a lack of in sales volume growth, which might continue to hinder the market's business sales over the next 4 months. Furthermore, the tepid economic growth could cast a shadow on the export performance.

Table 1. Sales volume growth (Tonnes)

	Monthly				Accumulated		
	Sep-21	Sep-22	MoM (%)	YoY (%)	9M21	9M22	YoY (%)
Steel Pipes	123,580	226,484	17.9	83.3	1,639,384	1,737,642	6.0
Export	16,307	21,890	(10.0)	34.2	185,016	193,108	4.4
Domestic	107,273	204,594	21.9	90.7	1,454,368	1,544,534	6.2
Steel Coat	512,519	299,326	11.3	(41.6)	3,971,741	3,231,849	(18.6)
Export	377,988	104,494	1.0	(72.4)	2,495,776	1,636,189	(34.4)
Domestic	134,531	194,832	17.7	44.8	1,475,965	1,595,660	8.1
Steel Constru'	736,853	774,148	(20.4)	5.1	7,403,023	8,253,926	11.5
Export	202,386	104,158	(37.4)	(48.5)	1,363,085	1,704,339	25.0
Domestic	534,467	669,990	(16.9)	25.4	6,039,938	6,549,587	8.4
Steel Coil	683,784	529,168	5.3	(22.6)	7,175,334	6,405,529	(10.7)
Export	190,659	63,599	(42.5)	(66.6)	1,546,839	1,038,570	(32.9)
Domestic	493,125	465,569	18.7	(5.6)	5,628,495	4,423,959	(21.4)
Total Steel Volume	2,056,736	1,829,126	(5.5)	(11.1)	20,189,482	19,628,946	(2.8)
Export	787,340	294,141	(27.3)	(62.6)	N.A	N.A	N.A
Domestic	1,269,396	1,534,985	0.2	20.9	N.A	N.A	N.A

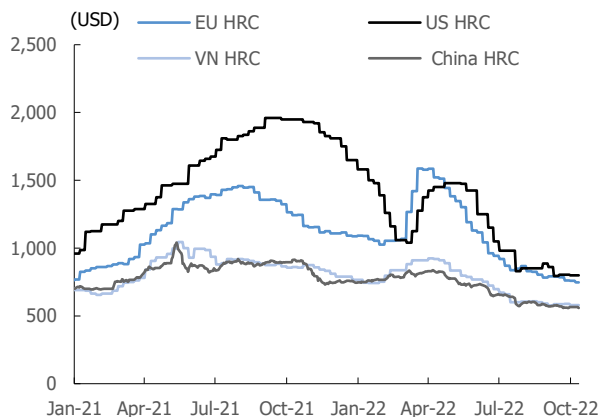
Source: VSA, KIS

Table 2. Production volume growth (Tonnes)

	Monthly				Accumulated		
	Sep-21	Sep-22	MoM (%)	YoY (%)	9M21	9M22	YoY (%)
Steel Pipes							
Production	121,442	221,327	21.6	82.2	1,578,089	1,661,066	5.3
Inventories	77,702	61,265	2.3	(21.2)			
Steel Coat							
Production	493,762	347,187	35.7	(29.7)	4,396,760	3,503,156	(20.3)
Inventories	338,865	216,440	3.5	(36.1)			
Steel Constru'							
Production	637,170	931,645	14.4	46.2	7,705,940	8,379,955	8.7
Inventories	687,854	882,067	12.7	28.2			
Steel Coil							
Production	1,000,691	758,830	40.0	(24.2)	9,295,344	8,006,329	(13.9)
Inventories	165,377	326,841	(3.7)	97.6			
Total							
Production	2,253,065	2,258,989	25.9	0.3	22,976,133	21,550,506	(6.2)
Inventories	1,269,798	1,486,613	6.9	17.1			

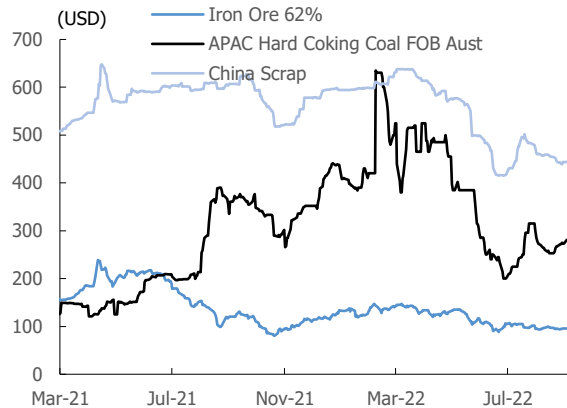
Source: VSA, KIS

Figure 1. Global HRC prices declined



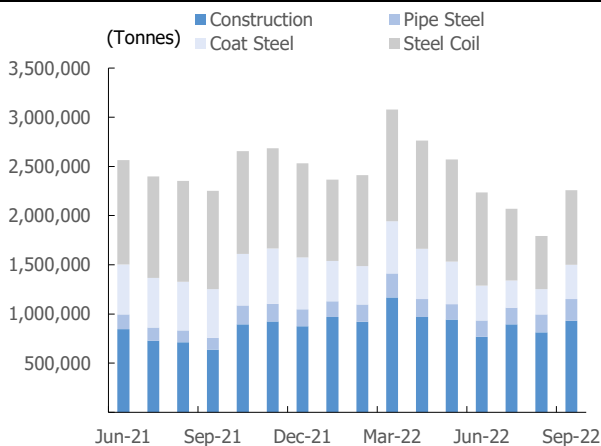
Source: Bloomberg

Figure 2. Material input prices were mixed in the last 30 days



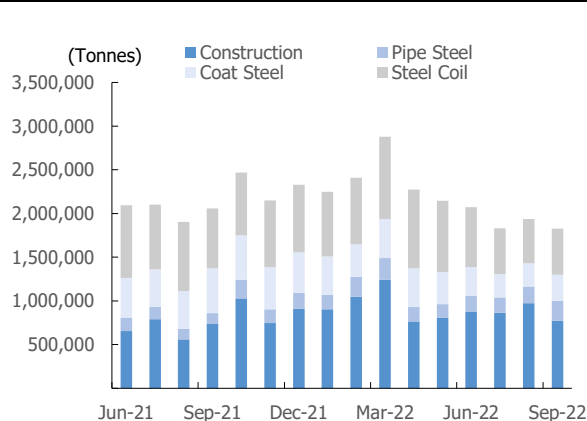
Source: Bloomberg

Figure 3. Vietnam steel production surged in Sep



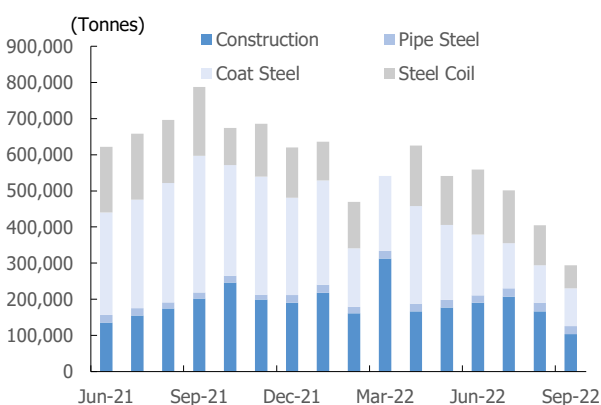
Source: VSA, Fiinpro

Figure 3. Domestic consumption revived



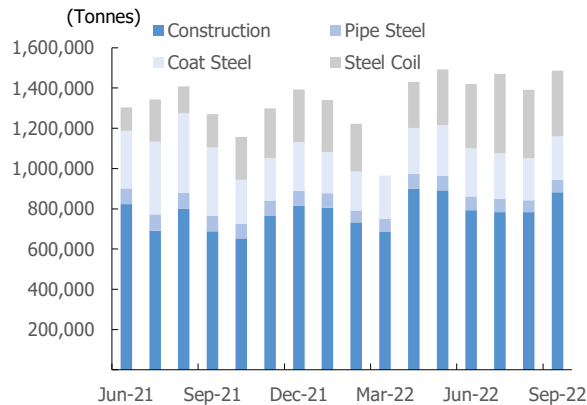
Source: VSA, Fiinpro

Figure 4. Export volume declined amid slower demand

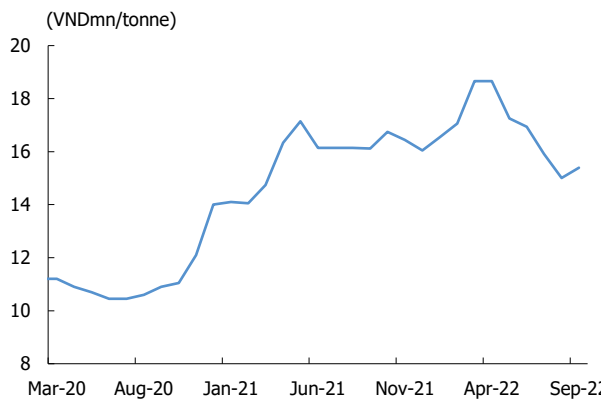


Source: VSA, Fiinpro

Figure 5. Inventory volume increased



Source: VSA, Fiinpro

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

Source: Fiinpro, Hoa Phat

Figure .

Source:

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