

Steel

Neutral (Maintain)

Sales volume improved on m-o-m basis

Sales volume improved on m-o-m basis

- Vietnam Steel Association (VSA) publicized the Feb steel production volume of 2.1mn tonnes, +21.4% mom, -10.7% yoy. We witnessed a m-o-m increase of the production for all products.
- The total consumption volume was significantly down 31.8% yoy to 0.7mn tonnes, but up 3.4% mom.
- Breaking down domestic sale volume (1.3mn tonnes, -29.0% yoy), we witnessed a significant y-o-y drop in all products.
- The export volume was 512,191 tonnes, +9.1% yoy, +8.8% mom.
- Steel inventory as of end-Feb dropped by 9.3% yoy but +6.9% mom to 1.1mn tonnes.
- The movements of raw material input prices were in uptrend the last 30 days: as of 14 Feb, iron ore was around USD121/mt (+6USD/mt), China hot roll coil (HRC) increased to USD660/mt (+34USD/mt); Au hard coking coal increased to USD370/mt (+21USD/mt).
- Based on quoted prices of Hoa Phat steel bar in Feb, the local prices of steel products were VND16.24mn/tonne.

Ratings and recommendation: Neutral on weak 2023F outlook

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

Research Department

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Table 1. Sales volume growth (Tonnes)

| | Monthly | | | | Accumulated | | |
|---------------------------|------------------|------------------|--------------|---------------|------------------|------------------|---------------|
| | Feb-22 | Feb-23 | MoM (%) | YoY (%) | 2M22 | 2M23 | YoY (%) |
| Steel Pipes | 228,423 | 173,803 | (3.7) | (23.9) | 392,790 | 354,314 | (9.8) |
| Export | 17,701 | 24,419 | (18.2) | 38.0 | 39,167 | 54,267 | 38.6 |
| Domestic | 210,722 | 149,384 | (0.8) | (29.1) | 353,623 | 300,047 | (15.2) |
| Steel Coat | 374,269 | 324,517 | 29.5 | (13.3) | 811,119 | 575,185 | (29.1) |
| Export | 162,434 | 145,020 | 16.8 | (10.7) | 451,128 | 269,221 | (40.3) |
| Domestic | 211,835 | 179,497 | 41.9 | (15.3) | 359,991 | 305,964 | (15.0) |
| Steel Constru' | 1,046,658 | 714,103 | 3.4 | (31.8) | 1,952,543 | 1,404,713 | (28.1) |
| Export | 161,095 | 106,537 | (12.4) | (33.9) | 379,483 | 228,100 | (39.9) |
| Domestic | 885,563 | 607,566 | 6.8 | (31.4) | 1,573,060 | 1,176,613 | (25.2) |
| Steel Coil | 759,670 | 675,959 | 41.1 | (11.0) | 1,502,004 | 1,154,995 | (23.1) |
| Export | 128,139 | 236,215 | 21.2 | 84.3 | 235,172 | 431,075 | 83.3 |
| Domestic | 631,531 | 439,744 | 54.7 | (30.4) | 1,266,832 | 723,920 | (42.9) |
| Total Steel Volume | 2,409,020 | 1,888,382 | 18.0 | (21.6) | 4,658,456 | 3,489,207 | (25.1) |
| Export | 469,369 | 512,191 | 8.9 | 9.1 | 1,104,950 | 982,663 | (11.1) |
| Domestic | 1,939,651 | 1,376,191 | 21.7 | (29.0) | 3,553,506 | 2,506,544 | (29.5) |

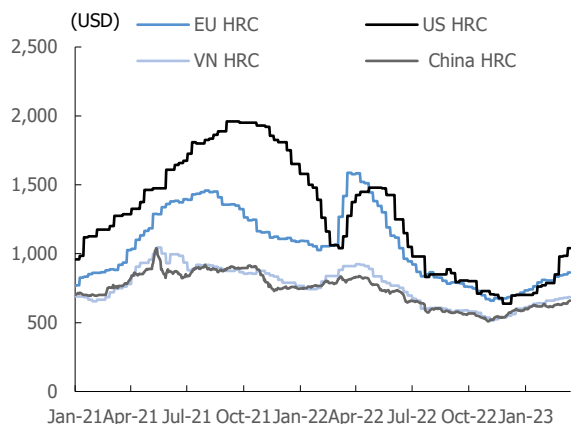
Source: VSA, KIS

Table 2. Production volume growth (Tonnes)

| | Monthly | | | | Accumulated | | |
|-----------------------|-----------|-----------|---------|---------|-------------|-----------|---------|
| | Feb-22 | Feb-23 | MoM (%) | YoY (%) | 2M22 | 2M23 | YoY (%) |
| Steel Pipes | | | | | | | |
| Production | 175,481 | 195,450 | 21.5 | 11.4 | 335,534 | 356,279 | 6.2 |
| Inventories | 59,337 | 64,495 | 14.4 | 8.7 | | | |
| Steel Coat | | | | | | | |
| Production | 389,658 | 387,392 | 46.6 | (0.6) | 797,717 | 651,560 | (18.3) |
| Inventories | 193,662 | 203,339 | 7.0 | 5.0 | | | |
| Steel Constru' | | | | | | | |
| Production | 921,726 | 764,929 | 6.6 | (17.0) | 1,891,423 | 1,482,259 | (21.6) |
| Inventories | 732,255 | 676,645 | 9.8 | (7.6) | | | |
| Steel Coil | | | | | | | |
| Production | 924,343 | 804,803 | 27.6 | (12.9) | 1,751,202 | 1,435,515 | (18.0) |
| Inventories | 237,856 | 165,338 | (5.6) | (30.5) | | | |
| Total | | | | | | | |
| Production | 2,411,208 | 2,152,574 | 21.4 | (10.7) | 4,775,876 | 3,925,613 | (17.8) |
| Inventories | 1,223,110 | 1,109,817 | 6.9 | (9.3) | | | |

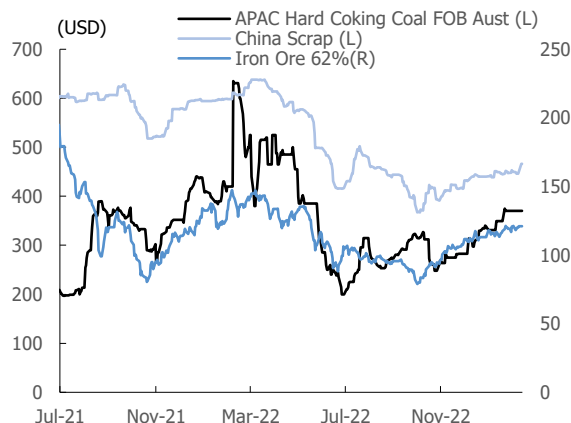
Source: VSA, KIS

Figure 1. Global HRC prices revived



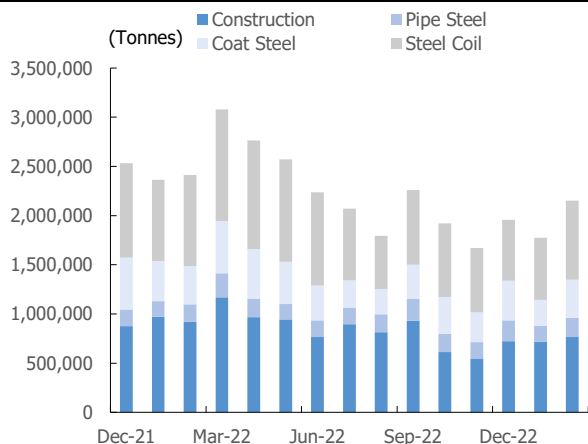
Source: Bloomberg

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



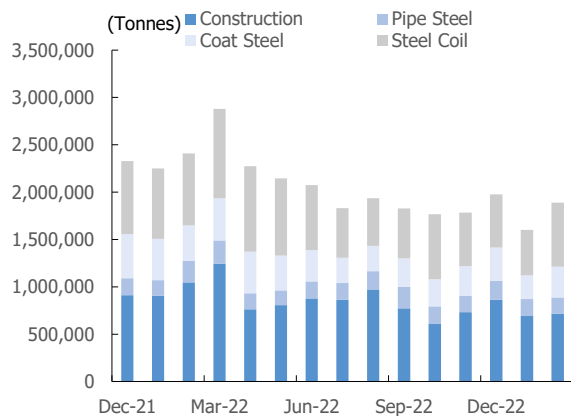
Source: Bloomberg

Figure 3. Vietnam steel production increased in Feb



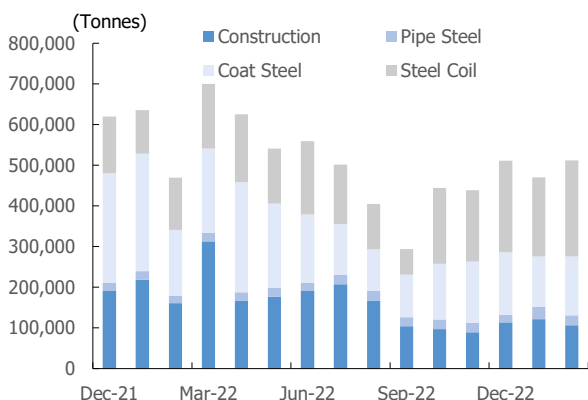
Source: VSA, Fiinpro

Figure 4. Total consumption was flat over last months



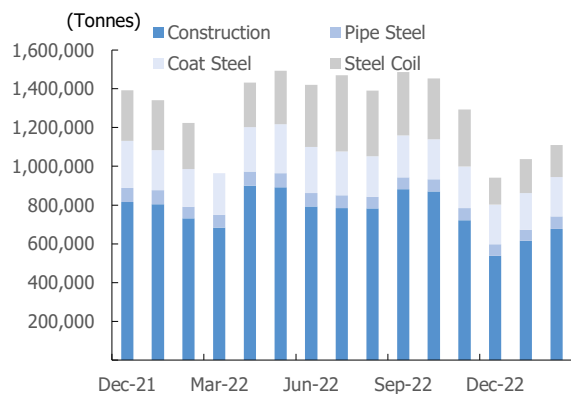
Source: VSA, Fiinpro

Figure 5. Export volume showed no significant improvement

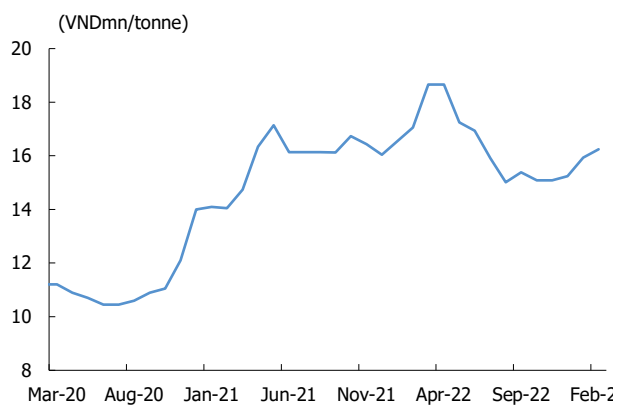


Source: VSA, Fiinpro

Figure 6. Inventory volume increased from Dec low



Source: VSA, Fiinpro

Figure 7. Selling price of steel bar was up in feb

Source: Fiinpro, Hoa Phat

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