

Steel

Neutral (Maintain)

Impressive export volume in May

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- Vietnam Steel Association (VSA) publicized the May steel production volume of 2.0mn tonnes, +3.1% mom, -19.8% yoy. We witnessed a significant drop for most steel products.
- The total consumption volume was significantly up 13.3% mom, but -0.2% yoy to 2.14mn tonnes.
- Breaking down domestic sale volume (1.3mn tonnes, -17.8% yoy), we witnessed a m-o-m increase in most products, except steel coils.
- The export volume was impressive with 822,657 tonnes, +51.9% yoy, +29.7% mom.
- Steel inventory as of end-May was at 1.15mn tonnes – decreased slightly by 0.8% mom.
- The movements of raw material input prices were mixed the last 30 days: as of 14 Jun, iron ore was around USD107/mt (+7USD/mt), China hot roll coil (HRC) decreased to USD537/mt (-14USD/mt); Au hard coking coal decreased to USD220/mt (-15USD/mt).
- Based on quoted prices of Hoa Phat steel bar in May, the local prices of steel products were VND14.95Mn/tonne.

5M23 performance slumped

- Overall, Vietnam produced 10.2mn tonnes in the 5M22, -22.5% yoy. The total sale volume was slumped due to weak global demand (9.5Mn tonnes, -20.0% yoy).

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.

Table 1. Sales volume growth (Tonnes)

	Monthly				Accumulated		
	May-22	May-23	MoM (%)	YoY (%)	5M22	5M23	YoY (%)
Steel Pipes	158,850	185,021	8.1	16.5	966,309	892,209	(7.7)
Export	21,506	24,520	3.6	14.0	103,150	132,054	28.0
Domestic	137,344	160,501	8.8	16.9	863,159	760,155	(11.9)
Steel Coat	365,776	365,817	3.4	0.0	2,063,661	1,649,875	(20.1)
Export	207,265	212,018	1.2	2.3	1,135,904	869,154	(23.5)
Domestic	158,511	153,799	6.6	(3.0)	927,757	780,721	(15.8)
Steel Constru'	804,845	792,418	29.4	(1.5)	4,764,201	3,546,650	(25.6)
Export	176,872	145,507	66.1	(17.7)	1,035,792	595,620	(42.5)
Domestic	627,973	646,911	23.3	3.0	3,728,409	2,951,030	(20.9)
Steel Coil	817,375	798,870	6.1	(2.3)	4,166,112	3,476,974	(16.5)
Export	135,780	440,612	40.5	224.5	697,404	1,467,430	110.4
Domestic	681,595	358,258	(18.4)	(47.4)	3,468,708	2,009,544	(42.1)
Total Steel Volume	2,146,846	2,142,126	13.3	(0.2)	11,960,283	9,565,708	(20.0)
Export	541,423	822,657	29.7	51.9	2,972,250	3,064,258	3.1
Domestic	1,605,423	1,319,469	5.1	(17.8)	8,988,033	6,501,450	(27.7)

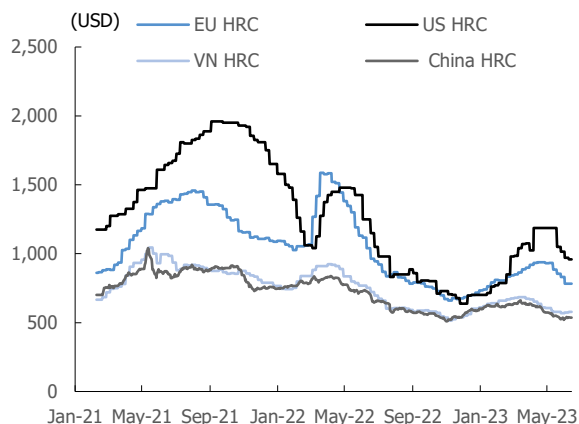
Source: VSA, KIS

Table 2. Production volume growth (Tonnes)

	Monthly				Accumulated		
	May-22	May-23	MoM (%)	YoY (%)	5M22	5M23	YoY (%)
Steel Pipes							
Production	157,476	176,311	7.3	12.0	919,782	873,368	(5.0)
Inventories	73,384	53,648	(9.5)	(26.9)			
Steel Coat							
Production	430,749	377,057	0.9	(12.5)	2,268,264	1,794,071	(20.9)
Inventories	251,378	195,769	(6.1)	(22.1)			
Steel Constru'							
Production	943,451	667,585	20.1	(29.2)	4,972,383	3,460,089	(30.4)
Inventories	891,853	670,907	(0.3)	(24.8)			
Steel Coil							
Production	1,040,403	841,362	(7.2)	(19.1)	5,030,059	4,090,095	(18.7)
Inventories	276,494	233,888	5.0	(15.4)			
Total							
Production	2,572,079	2,062,315	3.1	(19.8)	13,190,488	10,217,623	(22.5)
Inventories	1,493,109	1,154,212	(0.8)	(22.7)			

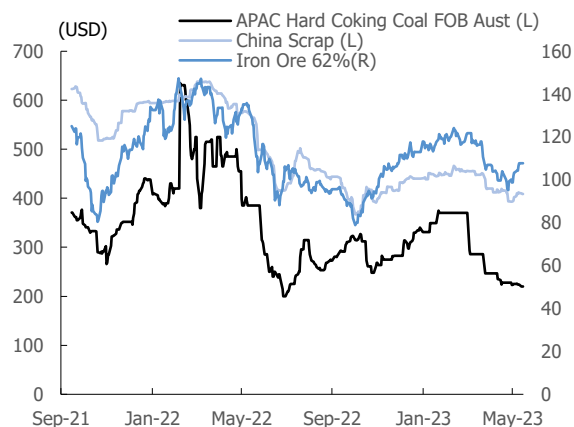
Source: VSA, KIS

Figure 1. Global HRC prices may bottom out in May



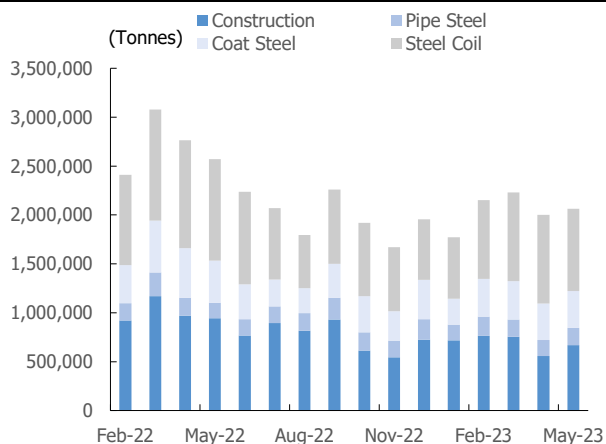
Source: Bloomberg

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



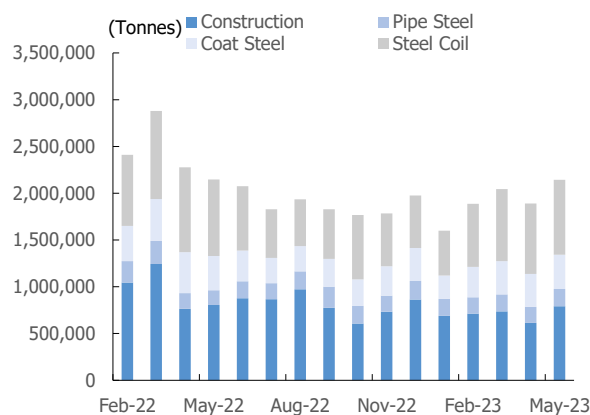
Source: Bloomberg

Figure 3. Vietnam steel production increased in May



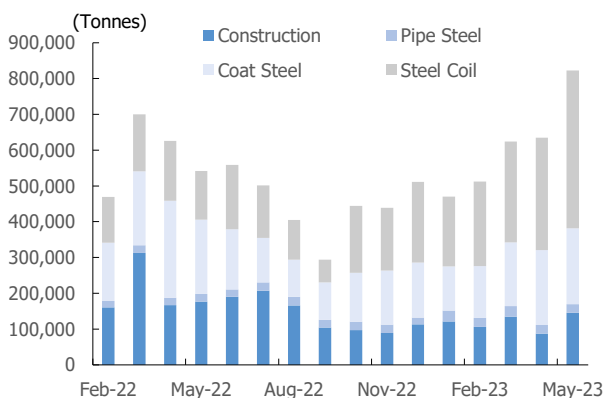
Source: VSA, Fiinpro

Figure 4. Total consumption increased in May



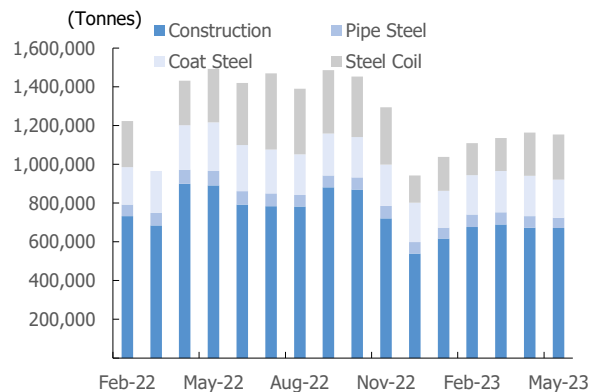
Source: VSA, Fiinpro

Figure 5. Export volume drove the total increase

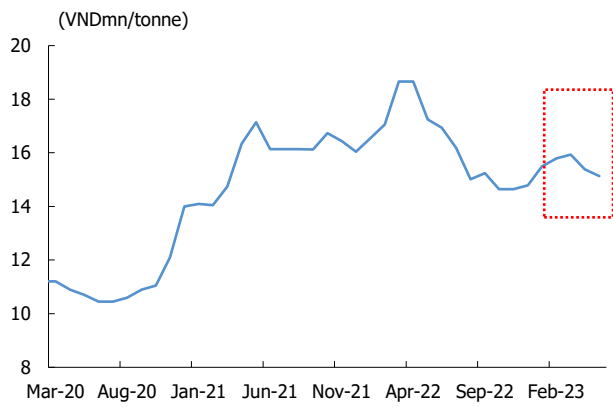


Source: VSA, Fiinpro

Figure 6. Inventory volume was flat over last few months



Source: VSA, Fiinpro

Figure 7. Selling price of steel bar was down in Mays

Source: Fiinpro, Hoa Phat

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