

Steel

Neutral (Maintain)

Demand was flat in June

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- Vietnam Steel Association (VSA) publicized the June steel production volume of 1.86mn tonnes, -9.4% mom, -16.4% yoy. We witnessed a significant drop for steel coil and construction.
- The total consumption volume was slightly down 6.2% mom, 3.1% yoy to 2.0mn tonnes.
- Breaking down domestic sale volume (1.3mn tonnes, -13.7% yoy), we witnessed a m-o-m decrease in construction steel.
- The export volume was slightly down compared to previous month with 701,414 tonnes, -14.7% mom, +25.5% yoy.
- Steel inventory as of end-June was at 1.0Mn tonnes - decreased by 12.5% mom, 28.8% yoy.
- The movements of raw material input prices were slightly up the last 30 days: as of 17 Jul, iron ore was around USD112/mt (+5USD/mt), China hot roll coil (HRC) decreased to USD539/mt (+2USD/mt); Au hard coking coal increased to USD225/mt (+5USD/mt).
- Based on quoted prices of Hoa Phat steel bar in June, the local prices of steel products were VND14.54Mn/tonne.

6M23 performance slumped

- Overall, Vietnam produced 12mn tonnes in the 6M23, -21.6% yoy. The total sale volume was slumped due to weak global demand (11.5Mn tonnes, -17.5% 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		
	June-22	June-23	MoM (%)	YoY (%)	6M22	6M23	YoY (%)
Steel Pipes	179,799	203,191	9.8	13.0	1,146,108	1,095,400	(4.4)
Export	20,532	25,944	5.8	26.4	123,682	157,998	27.7
Domestic	159,267	177,247	10.4	11.3	1,022,426	937,402	(8.3)
Steel Coat	330,519	364,865	(0.3)	10.4	2,394,180	2,014,740	(15.8)
Export	168,109	203,627	(4.0)	21.1	1,304,013	1,072,781	(17.7)
Domestic	162,410	161,238	4.8	(0.7)	1,090,167	941,959	(13.6)
Steel Constru'	877,829	720,941	(9.0)	(17.9)	5,642,030	4,267,591	(24.4)
Export	190,567	123,623	(15.0)	(35.1)	1,226,359	719,243	(41.4)
Domestic	687,262	597,318	(7.7)	(13.1)	4,415,671	3,548,348	(19.6)
Steel Coil	685,516	720,194	(9.8)	5.1	4,851,628	4,197,168	(13.5)
Export	179,605	348,220	(21.0)	93.9	877,009	1,815,650	107.0
Domestic	505,911	371,974	3.8	(26.5)	3,974,619	2,381,518	(40.1)
Total Steel Volume	2,073,663	2,009,191	(6.2)	(3.1)	14,033,946	11,574,899	(17.5)
Export	558,813	701,414	(14.7)	25.5	3,531,063	3,765,672	6.6
Domestic	1,514,850	1,307,777	(0.9)	(13.7)	10,502,883	7,809,227	(25.6)

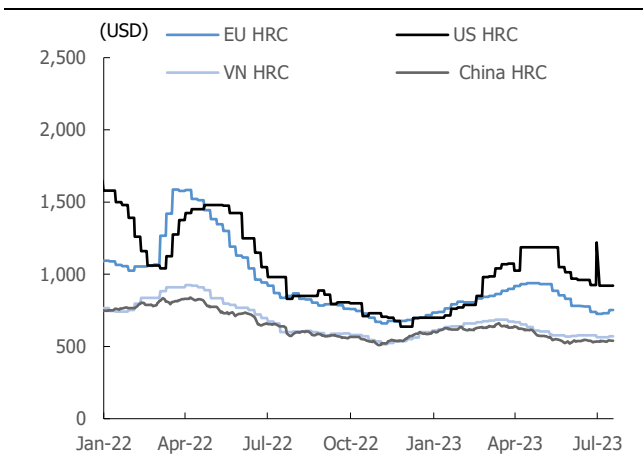
Source: VSA, KIS

Table 2. Production volume growth (Tonnes)

	Monthly				Accumulated		
	June-22	June-23	MoM (%)	YoY (%)	6M22	6M23	YoY (%)
Steel Pipes							
Production	167,269	194,343	10.2	16.2	1,087,051	1,067,711	(1.8)
Inventories	69,391	52,829	(1.5)	(23.9)			
Steel Coat							
Production	355,745	431,119	14.3	21.2	2,624,009	2,225,190	(15.2)
Inventories	238,004	189,769	(3.1)	(20.3)			
Steel Constru'							
Production	766,869	579,696	(13.2)	(24.4)	5,739,252	4,039,785	(29.6)
Inventories	792,646	555,629	(17.2)	(29.9)			
Steel Coil							
Production	945,578	663,941	(21.1)	(29.8)	5,975,637	4,754,036	(20.4)
Inventories	319,905	212,220	(9.3)	(33.7)			
Total							
Production	2,235,461	1,869,099	(9.4)	(16.4)	15,425,949	12,086,722	(21.6)
Inventories	1,419,946	1,010,447	(12.5)	(28.8)			

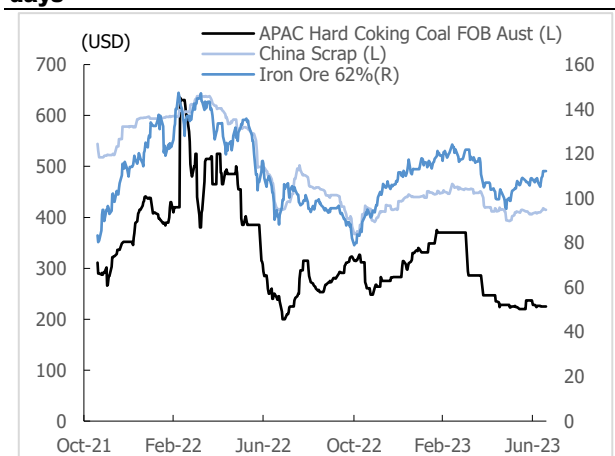
Source: VSA, KIS

Figure 1. Global HRC prices may bottom out in May



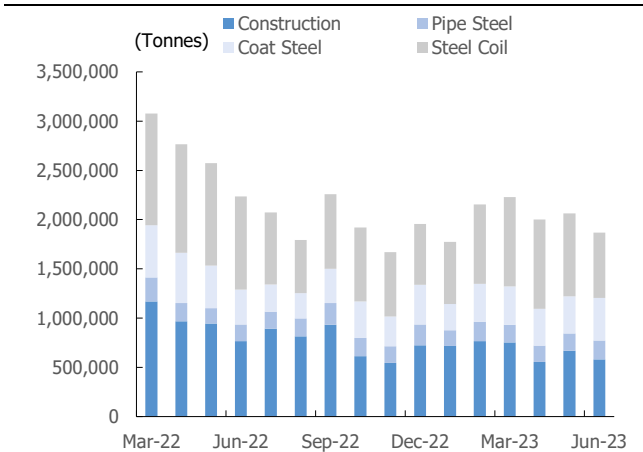
Source: Bloomberg

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



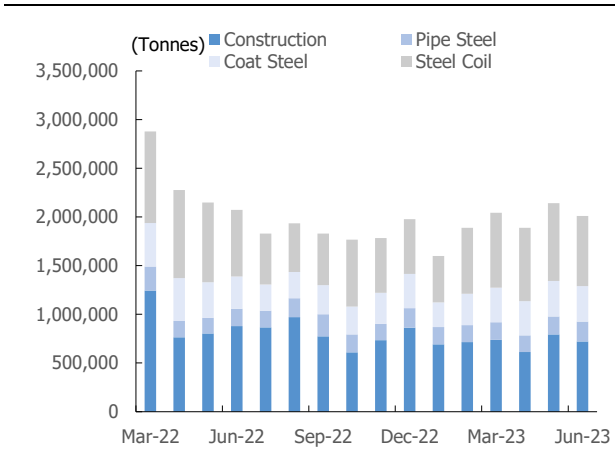
Source: Bloomberg

Figure 3. Vietnam steel production decreased in Jun



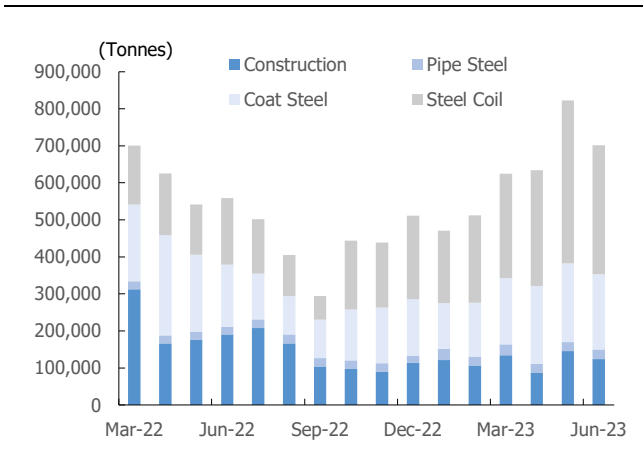
Source: VSA, Fiiipro

Figure 4. Total consumption decreased slightly



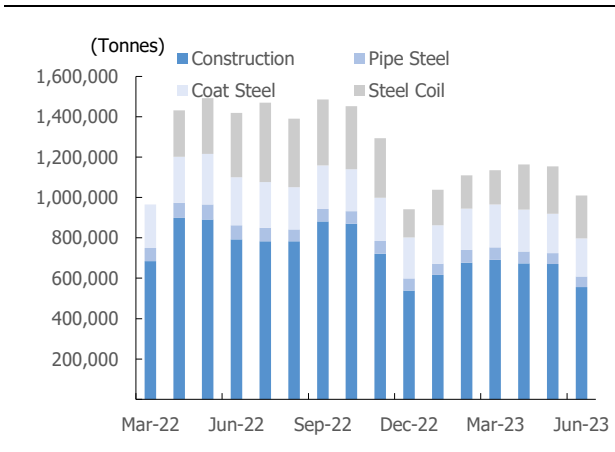
Source: VSA, Fiiipro

Figure 5. Export volume was down but at high level

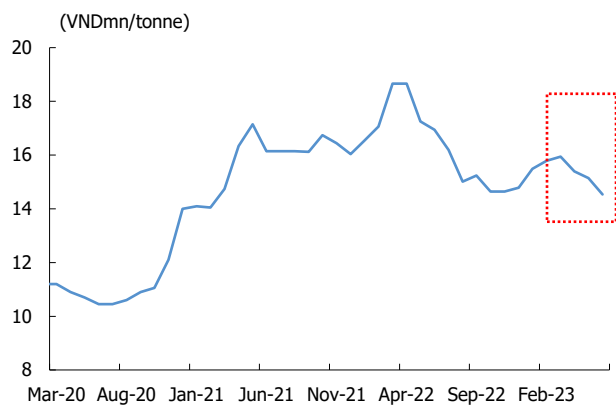


Source: VSA, Fiiipro

Figure 6. Inventory volume was down in Jun



Source: VSA, Fiiipro

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

Source: Fiinpro, Hoa Phat

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