

Steel

April steel production updates

Note: Data excluded 2022 March steel coil

Weak domestic demand

- On May 19, Vietnam Steel Association (VSA) publicized the decreasing Apr steel production volume of 2.76mn tonnes, +42.3% mom, -2.0% yoy. The steel pipes decreased to 184,373 tonnes, -23.9% mom, -24.1% yoy while steel coil increased by 4.7% yoy.
- The total consumption volume was up 17.5% mom to 2.27mn tonnes, -15.8% yoy.
- Breaking down domestic sale volume (1.64mn tonnes, -23.9% yoy), we witnessed significant decline in most finished steel products.
- The export-driven volume was 625,533 tonnes, +17.1% yoy.
- Steel inventory as of end-Apr was 1.4mn tonnes, increasing by 52.5% yoy.
- The movements of raw material input prices were in downtrend in the last 30 days: as of May 19, iron ore was around USD125/mt (-18USD/mt), China hot roll coil (HRC) decreased to USD732/mt (-94USD/mt); Aust hard coking coal retreated to USD485/mt (-30USD/mt).
- Based on quoted prices of Hoa Phat steel bar in April, the local prices of steel products were VND18.66mn/tonne. However, month to date, rebar prices fell VND0.85mn/tonne amid weak domestic demand.

4M22 performance brisk

- Overall, Vietnam produced 9.48mn tonnes in the first 4M22, +1.0% yoy (excluded Mar Steel Coil). The total sale volume was also encouraging (8.8mn tonnes, +2.1% yoy - excluded Mar Steel Coil).
- In detail, the local consumption volume was 6.5mn tonnes, -0.6% yoy while the export volume was 2.27mn tonnes, +10.8% yoy (excluded Mar Steel Coil).

Global steel updates

- China's crude steel output fell 5.1% yoy to 92.8mn tonnes in April 2022 but +5.0% mom.
- China's construction-related steel demand is expected to pick up from late May or early June as stimulus policies to boost the property sector gradually start taking effect after COVID-19 restrictions ease in the country.
- COVID-19 restrictions in China has led the decline in steel and other input material prices caused by weak domestic demand and improved export trade. We expect the decline in prices is temporary and the prices will pick up after restrictions ease but not significantly. It remains to be seen how property sales improve and any solid stimulus measures to be announced.
- EU HRC demand were slightly weaker with buyers fully expected domestic HRC prices to fall further during May while they still had sufficient inventories according to FastMarkets.

Non-rated

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Table 1. Sales volume growth

(Tonnes)

	Monthly				Accumulated		
	Apr-21	Apr-22	MoM (%)	YoY (%)	4M21	4M22	YoY (%)
Steel Pipes	266,531	167,484	(32.2)	(37.2)	882,973	807,459	(8.6)
Export	22,666	20,999	(2.2)	(7.4)	89,894	81,644	(9.2)
Domestic	243,865	146,485	(35.1)	(39.9)	793,079	725,815	(8.5)
Steel Coat	421,052	440,285	(1.4)	4.6	1,688,739	1,697,885	0.5
Export	191,493	270,508	30.7	41.3	935,222	928,639	(0.7)
Domestic	229,559	169,777	(29.1)	(26.0)	753,517	769,246	2.1
Steel Constru'	1,179,170	763,901	(38.5)	(35.2)	3,705,908	3,959,356	6.8
Export	148,080	166,637	(46.7)	12.5	552,136	858,920	55.6
Domestic	1,031,090	597,264	(35.8)	(42.1)	3,153,772	3,100,436	(1.7)
Steel Coil	836,642	903,733	N.A	8.0	3,278,793	2,405,737	N.A
Export	171,923	167,389	N.A	(2.6)	619,643	402,561	N.A
Domestic	664,719	736,344	N.A	10.8	2,659,150	2,003,176	N.A

Source: VSA, KIS

Note: 4M22 data excluded March Steel Coil Data

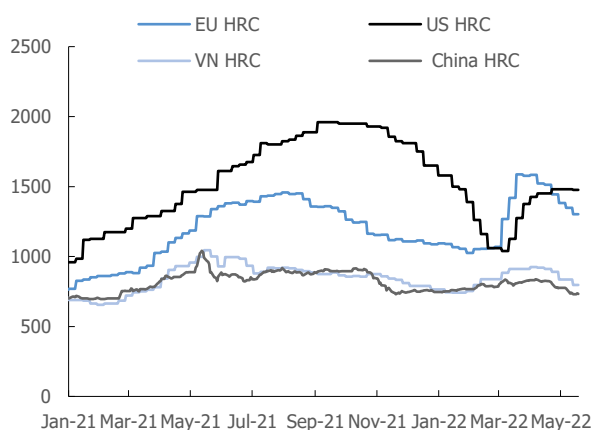
Table 2. Production volume growth

(Tonnes)

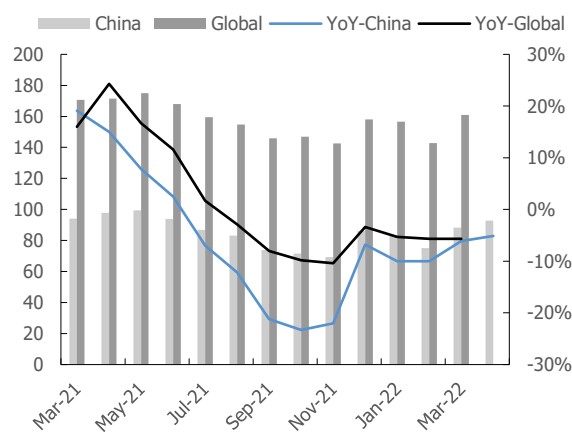
	Monthly				Accumulated		
	Apr-21	Apr-22	MoM (%)	YoY (%)	4M21	4M22	YoY (%)
Steel Pipes							
Production	242,935	184,373	(23.9)	(24.1)	822,639	762,306	(7.3)
Inventories	67,603	73,509	12.1	8.7			
Steel Coat							
Production	500,385	509,294	(4.0)	1.8	1,874,197	1,837,515	(2.0)
Inventories	243,229	229,429	6.6	(5.7)			
Steel Constru'							
Production	1,023,443	968,284	(17.2)	(5.4)	3,705,519	4,028,932	8.7
Inventories	480,003	899,308	31.4	87.4			
Steel Coil							
Production	1,052,892	1,102,454	N.A	4.7	4,088,123	2,853,656	N.A
Inventories	148,069	229,465	N.A	55.0			

Source: VSA, KIS

Note: 4M22 data excluded March Steel Coil Data

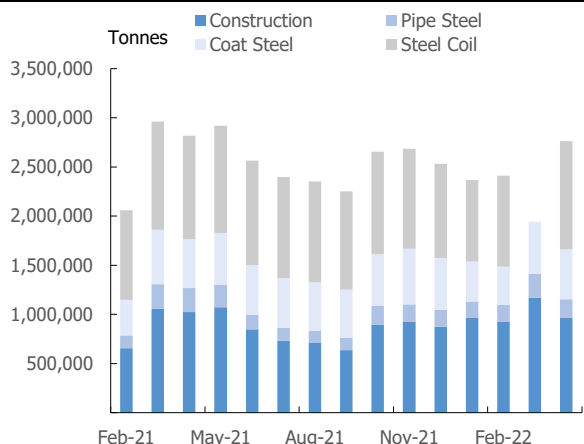
Figure 1. HRC prices declined but gaps still maintained

Source: Bloomberg

Figure 2. China production output continue to revive

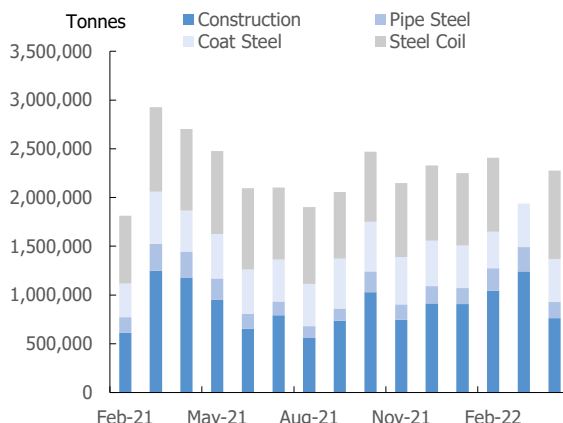
Source: World Steel Association

Figure 3. Vietnam steel production increased in Apr



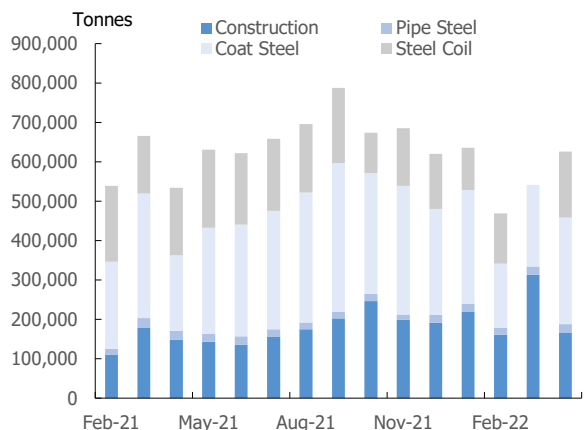
Source: VSA, Fiipro

Figure 3. Steel consumption revival paused in Apr



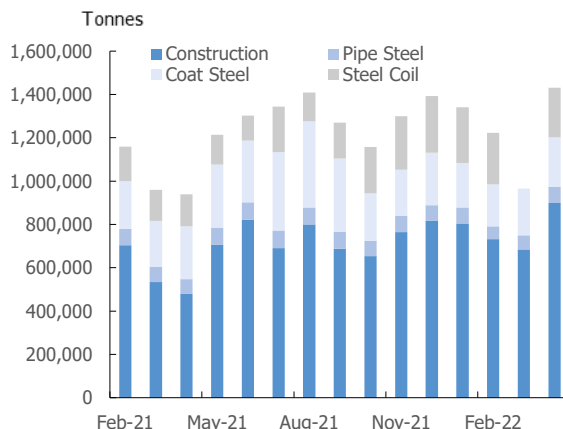
Source: VSA, Fiipro

Figure 4. Export volume was up



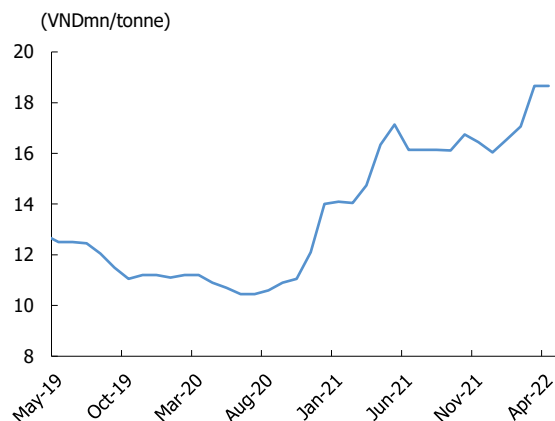
Source: VSA, Fiipro

Figure 5. Inventory volume still healthy



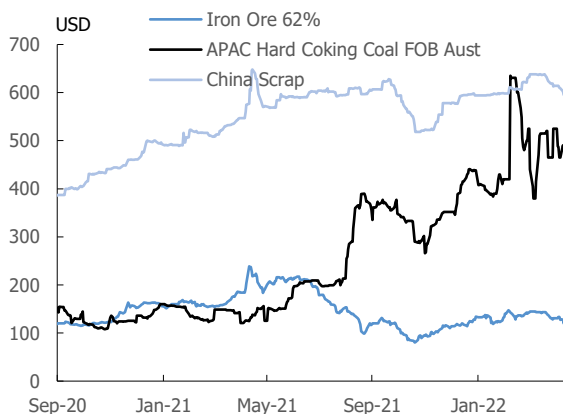
Source: VSA, Fiipro

Figure 8. Selling price of steel bar was down in May



Source: Fiin, Hoa Phat

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



Source: Bloomberg

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