

Steel

July steel production updates

Weak demand in both domestic and export markets

- Vietnam Steel Association (VSA) publicized the decreasing July steel production volume of 2.07mn tonnes, -7.3% mom, -13.6% yoy. We witnessed the significant decline in production for coated-steel and steel-coil products.
- The total consumption volume was down 11.8% mom to 1.83mn tonnes, -12.9% yoy.
- Breaking down domestic sale volume (1.32mn tonnes, -7.9% yoy), we witnessed significant decline of 29.3% yoy in steel coil products.
- The export-driven volume was 501,381 tonnes, -23.8% yoy.
- Steel inventory as of end-July was 1.47mn tonnes, increasing by 9.4% yoy.
- The movements of raw material input prices were in downtrend in the last 30 days: as of 19 Aug, 22, iron ore was around USD98/mt (+5USD/mt), China hot roll coil (HRC) increased to USD581/mt (+8USD/mt); Aust hard coking coal retreated to USD280/mt (+45USD/mt).
- Based on quoted prices of Hoa Phat steel bar in July, the local prices of steel products were VND15.91mn/tonne.

7M22 performance still firm

- Overall, Vietnam produced 17.49mn tonnes in the 7M22, -4.8% yoy. The total sale volume was also encouraging (15.8mn tonnes, -2.3% yoy) amid slower demand.

Global steel updates

- China's crude steel output fell 6.2% yoy to 81.4mn tonnes in July 2022.
- China's property market continued to face downward pressure in July as the growth of new home prices in first-tier cities slowed at 0.3% mom, and national real estate development investment saw a 6.4% year-on-year decline.

Non-rated

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Table 1. Sales volume growth (Tonnes)

	Monthly				Accumulated		
	Jul-21	Jul-22	MoM (%)	YoY (%)	7M21	7M22	YoY (%)
Steel Pipes	143,493	172,951	(3.8)	20.5	1,394,115	1,319,059	(5.4)
Export	19,600	23,224	13.1	18.5	151,503	146,906	(3.0)
Domestic	123,893	149,727	(6.0)	20.9	1,242,612	1,172,153	(5.7)
Steel Coat	428,084	269,314	(18.5)	(37.1)	3,027,181	2,663,494	(12.0)
Export	300,404	124,200	(26.1)	(58.7)	1,787,874	1,428,213	(20.1)
Domestic	127,680	145,114	(10.6)	13.7	1,239,307	1,235,281	(0.3)
Steel Constru'	791,416	865,393	(1.4)	9.3	6,106,688	6,507,423	6.6
Export	155,444	207,567	8.9	33.5	986,144	1,433,926	45.4
Domestic	635,972	657,826	(4.3)	3.4	5,120,544	5,073,497	(0.9)
Steel Coil	738,207	522,004	(23.9)	(29.3)	5,701,163	5,373,632	(5.7)
Export	182,759	146,390	(18.5)	(19.9)	1,181,749	864,336	(26.9)
Domestic	555,448	375,614	(25.8)	(32.4)	4,519,414	3,566,296	(21.1)
Total Steel Volume	2,101,200	1,829,662	(11.8)	(12.9)	16,229,147	15,863,608	(2.3)
Export	658,207	501,381	(10.3)	(23.8)	N.A	N.A	N.A
Domestic	1,442,993	1,328,281	(12.3)	(7.9)	N.A	N.A	N.A

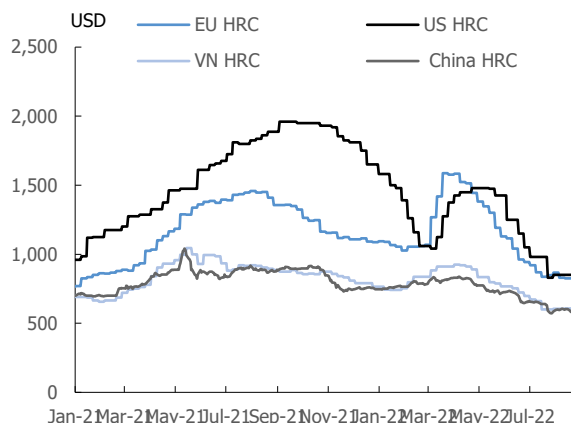
Source: VSA, KIS

Table 2. Production volume growth (Tonnes)

	Monthly				Accumulated		
	Jul-21	Jul-22	MoM (%)	YoY (%)	7M21	7M22	YoY (%)
Steel Pipes							
Production	133,874	170,721	2.1	27.5	1,338,088	1,257,772	(6.0)
Inventories	81,035	66,806	(3.7)	(17.6)			
Steel Coat							
Production	504,534	276,058	(22.4)	(45.3)	3,407,735	2,900,067	(14.9)
Inventories	361,645	225,446	(5.3)	(37.7)			
Steel Constru'							
Production	728,997	894,434	16.6	22.7	6,354,806	6,633,686	4.4
Inventories	690,926	783,771	(1.1)	13.4			
Steel Coil							
Production	1,030,623	729,943	(22.8)	(29.2)	7,269,983	6,705,580	(7.8)
Inventories	209,739	394,248	23.2	88.0			
Total							
Production	2,398,028	2,071,156	(7.3)	(13.6)	18,370,612	17,497,105	(4.8)
Inventories	1,343,345	1,470,271	3.5	9.4			

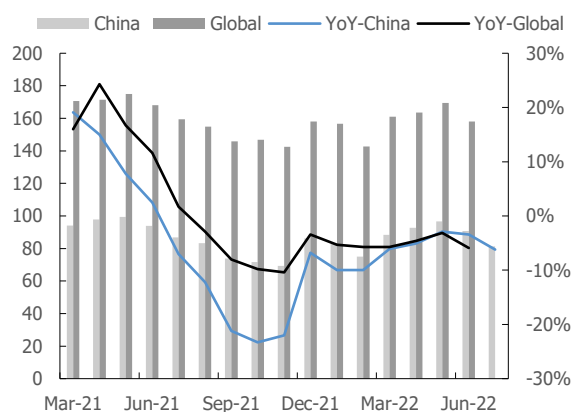
Source: VSA, KIS

Figure 1. HRC prices declined but gaps still remained



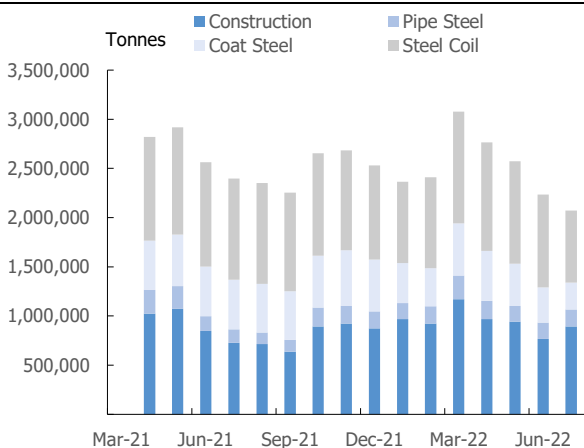
Source: Bloomberg

Figure 2. China-production-output revival paused



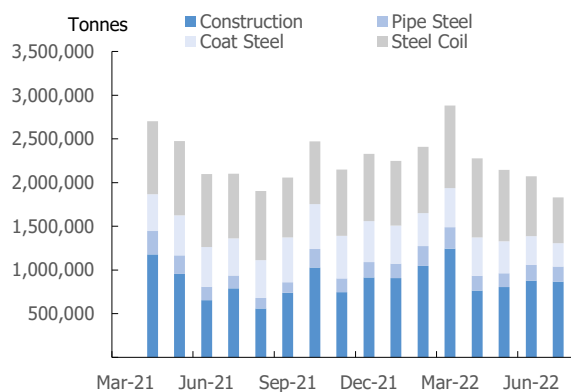
Source: World Steel Association

Figure 3. Vietnam steel production decreased in July



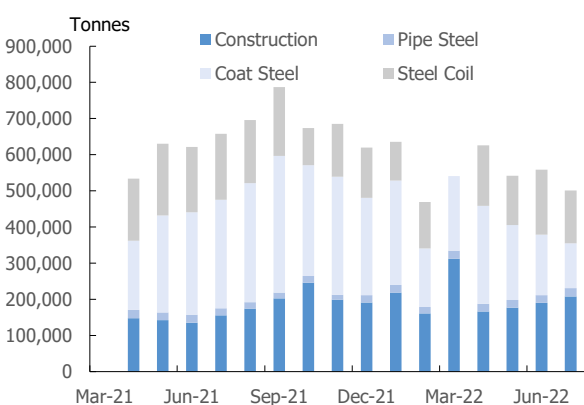
Source: VSA, Fiinpro

Figure 3. Steel consumption revival paused



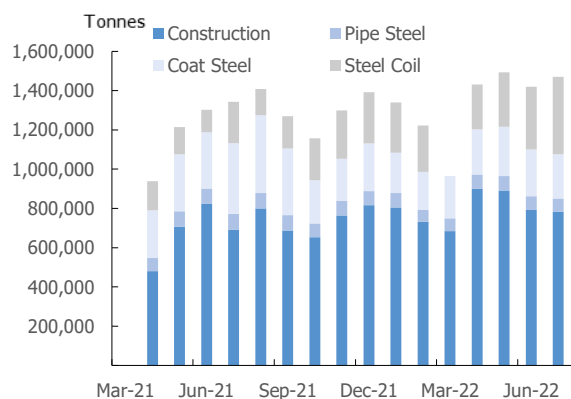
Source: VSA, Fiinpro

Figure 4. Export volume declined amid slower demand

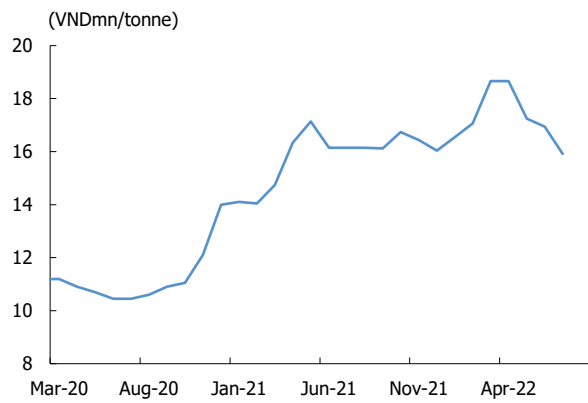


Source: VSA, Fiinpro

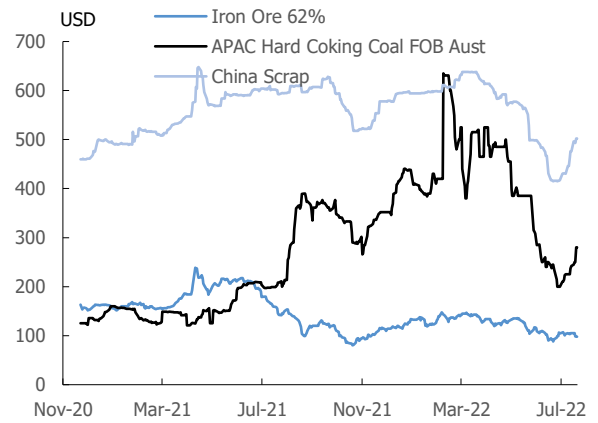
Figure 5. Inventory volume increased



Source: VSA, Fiinpro

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

Source: Fiinpro, Hoa Phat

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

Source: Bloomberg

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