

# Steel

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**Neutral (Maintain)**

## Slight improvement in Nov

### Sales volume increased slightly on month-on-month basis

- Vietnam Steel Association (VSA) publicized the Nov steel production volume of 1.67mn tonnes, -13.0% mom, -37.8% yoy. We witnessed a significant decline of the production for most products.
- The total consumption volume was slightly up 1.0% mom to 1.78mn tonnes, -17.1% yoy.
- Breaking down domestic sale volume (1.34mn tonnes, -8.3% yoy), we only witnessed a significant drop in steel coil.
- The export volume was 438,922 tonnes, -35.9% yoy, -1.2% mom.
- Steel inventory as of end-Nov dropped by 0.4% yoy, 11% mom to 1.29mn tonnes.
- The movements of raw material input prices were mixed in the last 30 days: as of 21 Dec, iron ore was around USD106/mt (+17USD/mt), China hot roll coil (HRC) increased to USD588/mt (+43USD/mt); Au hard coking coal decreased to USD282/mt (-30USD/mt).
- Based on quoted prices of Hoa Phat steel bar in Nov, the local prices of steel products were VND15.09mn/tonne.

### 11M22 performance sustained

- Overall, Vietnam produced 25.14mn tonnes in the 11M22, -11.2% yoy. The total sale volume was also encouraging (23.1mn tonnes, -6.6% yoy).
- Oversupply fear from China was partly relieved thanks to the recent policy to support China property sector. In addition, HRC price also bounced back thanks to good sentiment from China re-open.

### 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		
	Nov-21	Nov-22	MoM (%)	YoY (%)	11M21	11M22	YoY (%)
<b>Steel Pipes</b>	<b>158,345</b>	<b>169,882</b>	<b>(8.2)</b>	<b>7.3</b>	<b>2,009,278</b>	<b>2,092,496</b>	<b>4.1</b>
Export	13,028	23,207	(2.5)	78.1	216,732	240,114	10.8
Domestic	145,317	146,675	(9.0)	0.9	1,792,546	1,852,382	3.3
<b>Steel Coat</b>	<b>485,772</b>	<b>316,177</b>	<b>10.7</b>	<b>(34.9)</b>	<b>4,969,101</b>	<b>3,833,740</b>	<b>(22.8)</b>
Export	326,759	150,594	10.0	(53.9)	3,129,139	1,923,722	(38.5)
Domestic	159,013	165,583	11.3	4.1	1,839,962	1,910,018	3.8
<b>Steel Constru'</b>	<b>744,946</b>	<b>733,631</b>	<b>20.5</b>	<b>(1.5)</b>	<b>9,177,048</b>	<b>9,596,203</b>	<b>4.6</b>
Export	199,185	89,462	(7.7)	(55.1)	1,808,362	1,890,775	4.6
Domestic	545,761	644,169	25.9	18.0	7,368,686	7,705,428	4.6
<b>Steel Coil</b>	<b>760,748</b>	<b>563,009</b>	<b>(17.9)</b>	<b>(26.0)</b>	<b>8,653,796</b>	<b>7,654,691</b>	<b>(11.5)</b>
Export	146,195	175,659	(5.7)	20.2	1,795,843	1,400,603	(22.0)
Domestic	614,553	387,350	(22.5)	(37.0)	6,857,953	5,311,088	(22.6)
<b>Total Steel Volume</b>	<b>2,149,811</b>	<b>1,782,699</b>	<b>1.0</b>	<b>(17.1)</b>	<b>24,809,223</b>	<b>23,177,130</b>	<b>(6.6)</b>
Export	685,167	438,922	(1.2)	(35.9)	N.A	N.A	N.A
Domestic	1,464,644	1,343,777	1.7	(8.3)	N.A	N.A	N.A

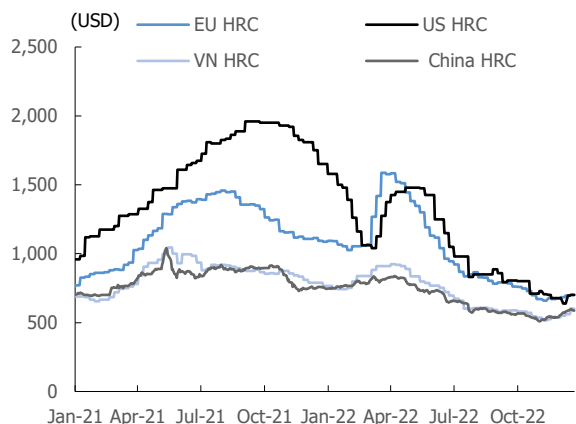
Source: VSA, KIS

**Table 2. Production volume growth** (Tonnes)

	Monthly				Accumulated		
	Nov-21	Nov-22	MoM (%)	YoY (%)	11M21	11M22	YoY (%)
<b>Steel Pipes</b>							
Production	178,070	168,482	(8.8)	(5.4)	1,946,690	2,014,301	3.5
Inventories	75,883	63,514	1.1	(16.3)			
<b>Steel Coat</b>							
Production	565,318	301,609	(18.9)	(46.6)	5,488,370	4,176,705	(23.9)
Inventories	212,202	214,071	3.3	0.9			
<b>Steel Constru'</b>							
Production	923,935	545,800	(11.1)	(40.9)	9,525,148	9,539,652	0.2
Inventories	764,063	721,349	(17.1)	(5.6)			
<b>Steel Coil</b>							
Production	1,016,283	653,723	(12.8)	(35.7)	11,354,807	9,409,546	(17.1)
Inventories	247,162	294,923	(5.8)	19.3			
<b>Total</b>							
Production	2,683,606	1,669,614	(13.0)	(37.8)	28,315,015	25,140,204	(11.2)
Inventories	1,299,310	1,293,857	(11.0)	(0.4)			

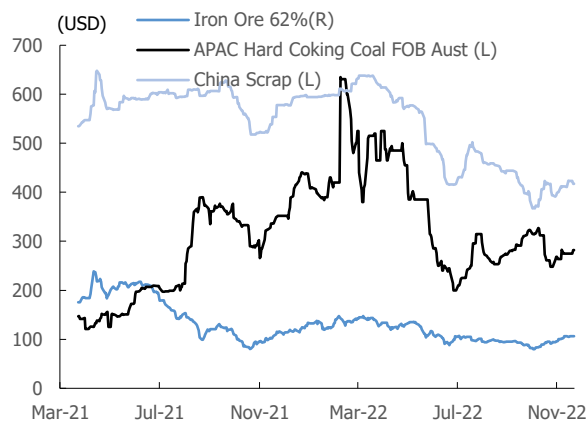
Source: VSA, KIS

**Figure 1. Global HRC prices revived**



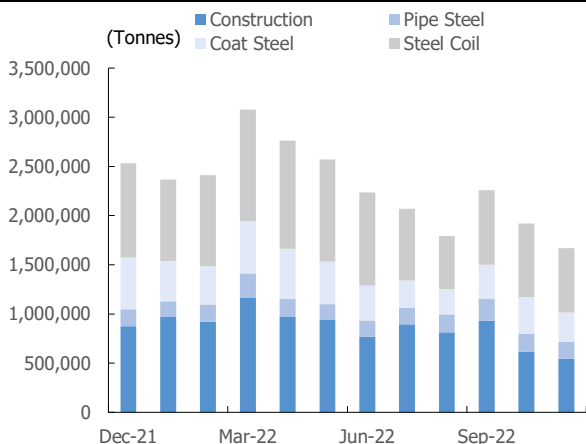
Source: Bloomberg

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



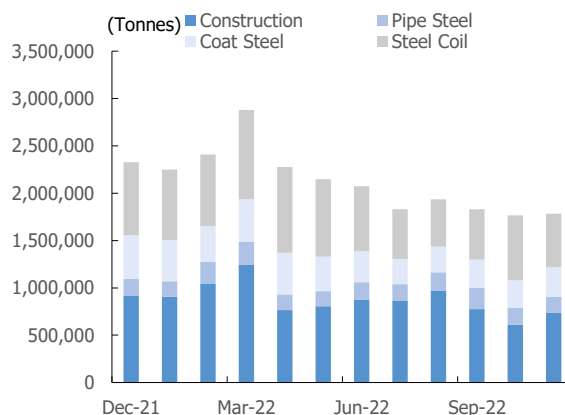
Source: Bloomberg

**Figure 3. Vietnam steel production slumped in Nov**



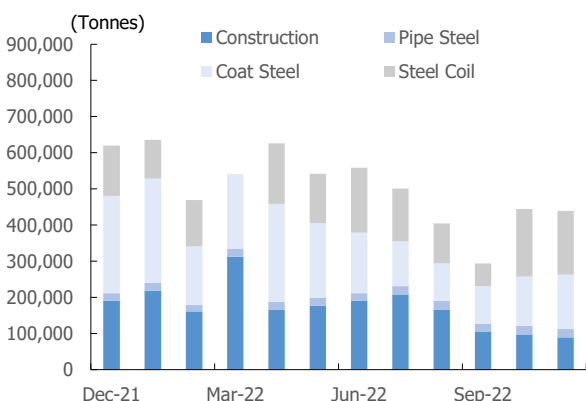
Source: VSA, Fiipro

**Figure 4. Domestic consumption was flat**



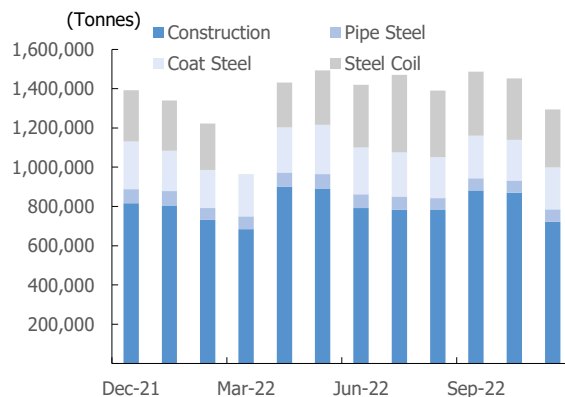
Source: VSA, Fiipro

**Figure 5. Export volume improved over last 2 months**

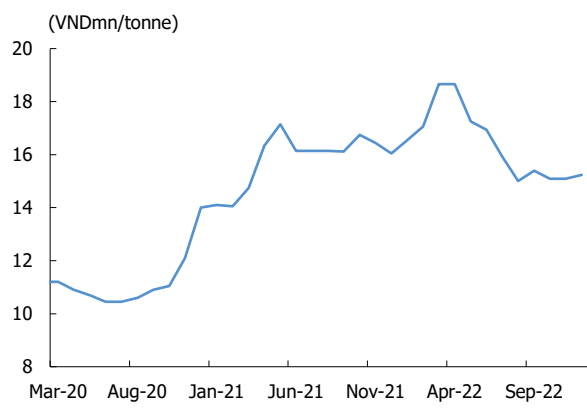


Source: VSA, Fiipro

**Figure 6. Inventory volume decreased**



Source: VSA, Fiipro

**Figure 7. Selling price of steel bar was flat in Nov**

Source: Fiinpro, Hoa Phat

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