

Steel

Neutral (Maintain)

Continuing improvement in Dec

Sales volume increased on month-on-month basis

- Vietnam Steel Association (VSA) publicized the Dec steel production volume of 1.95mn tonnes, +17.2% mom, -22.7% yoy. We witnessed a m-o-m increase 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 (1.46mn tonnes, -14.2% yoy), we only witnessed a m-o-m slight decrease in steel coil.
- The export volume was 511,069 tonnes, -17.6% yoy, +16.4% mom.
- Steel inventory as of end-Dec dropped by 29.1% yoy, 23.7% mom to 0.98mn tonnes.
- The movements of raw material input prices were in uptrend in the last 30 days: as of 18 Jan, iron ore was around USD117/mt (+11USD/mt), China hot roll coil (HRC) increased to USD620/mt (+32USD/mt); Au hard coking coal decreased to USD313/mt (+31USD/mt).
- Based on quoted prices of Hoa Phat steel bar in Dec, the local prices of steel products were VND15.24mn/tonne. Recently, Hoa Phat has increased the selling price to VND15.64mn/tonne, following the increase in input prices.

12M22 performance was in line with our expectation

- Overall, Vietnam produced 27.09mn tonnes in the 12M22, -12.2% yoy. The total sale volume was also encouraging (25.1mn tonnes, -7.3% yoy).
- The decline in sales volume was led by the drop in total export sales volume (-21.2% yoy), followed by domestic sales of 18.24mn tonnes (-6.8%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.

Research Department

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Table 1. Sales volume growth (Tonnes)

	Monthly				Accumulated		
	Dec-21	Dec-22	MoM (%)	YoY (%)	12M21	12M22	YoY (%)
Steel Pipes	179,297	200,297	17.9	11.7	2,188,575	2,292,793	4.8
Export	20,663	18,759	(19.2)	(9.2)	237,395	258,873	9.0
Domestic	158,634	181,538	23.8	14.4	1,951,180	2,033,920	4.2
Steel Coat	465,785	351,255	11.1	(24.6)	5,434,886	4,184,995	(23.0)
Export	269,266	153,487	1.9	(43.0)	3,398,405	2,077,209	(38.9)
Domestic	196,519	197,768	19.4	0.6	2,036,481	2,107,786	3.5
Steel Constru'	912,483	863,514	17.7	(5.4)	10,089,531	10,459,717	3.7
Export	190,767	113,516	26.9	(40.5)	1,999,129	2,004,291	0.3
Domestic	721,716	749,998	16.4	3.9	8,090,402	8,455,426	4.5
Steel Coil	770,631	561,360	(0.3)	(27.2)	9,424,427	8,216,051	(12.8)
Export	139,356	225,308	28.3	61.7	1,935,199	1,625,911	(16.0)
Domestic	631,275	336,052	(13.2)	(46.8)	7,489,228	5,647,140	(24.6)
Total Steel Volume	2,328,196	1,976,425	10.9	(15.1)	27,137,419	25,153,555	(7.3)
Export	620,052	511,069	16.4	(17.6)	N.A	N.A	N.A
Domestic	1,708,144	1,465,356	9.0	(14.2)	N.A	N.A	N.A

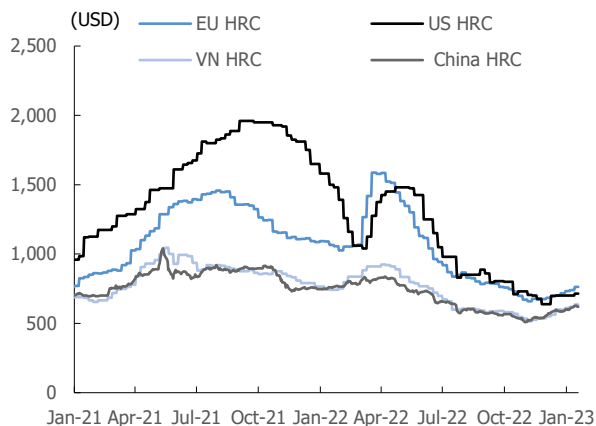
Source: VSA, KIS

Table 2. Production volume growth (Tonnes)

	Monthly				Accumulated		
	Dec-21	Dec-22	MoM (%)	YoY (%)	12M21	12M22	YoY (%)
Steel Pipes							
Production	171,871	209,975	24.6	22.2	2,118,561	2,224,276	5.0
Inventories	72,684	59,843	(5.8)	(17.7)			
Steel Coat							
Production	527,470	402,266	33.4	(23.7)	6,015,840	4,578,971	(23.9)
Inventories	243,125	203,418	(5.0)	(16.3)			
Steel Constru'							
Production	874,411	724,340	32.7	(17.2)	10,399,559	10,263,992	(1.3)
Inventories	815,860	538,636	(25.3)	(34.0)			
Steel Coil							
Production	957,829	619,444	(5.2)	(35.3)	12,312,636	10,028,990	(18.5)
Inventories	260,974	140,029	(52.5)	(46.3)			
Total							
Production	2,531,581	1,956,025	17.2	(22.7)	30,846,596	27,096,229	(12.2)
Inventories	1,392,643	986,926	(23.7)	(29.1)			

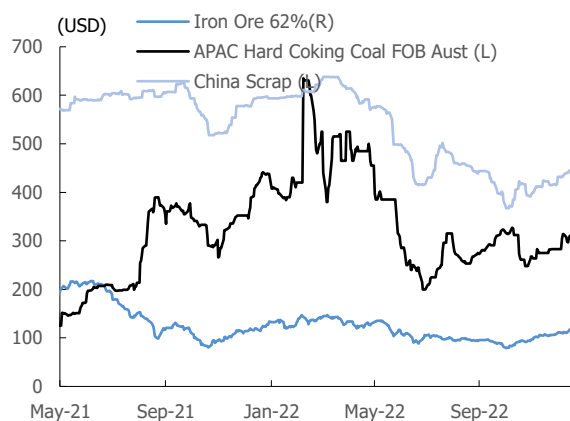
Source: VSA, KIS

Figure 1. Global HRC prices revived



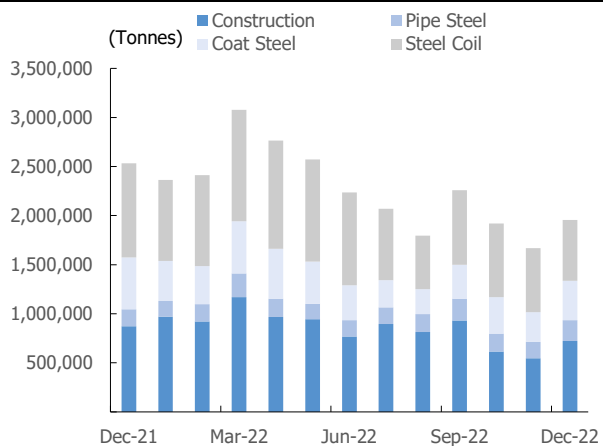
Source: Bloomberg

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



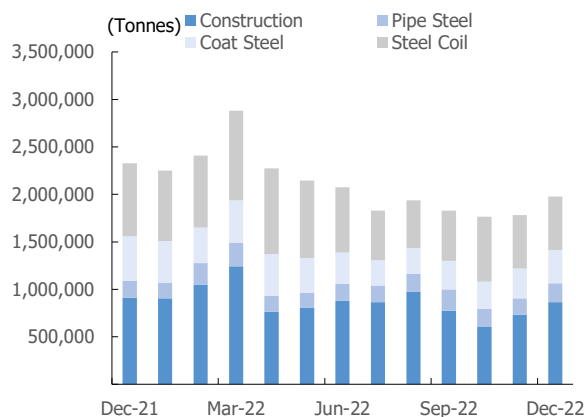
Source: Bloomberg

Figure 3. Vietnam steel production increased in Dec



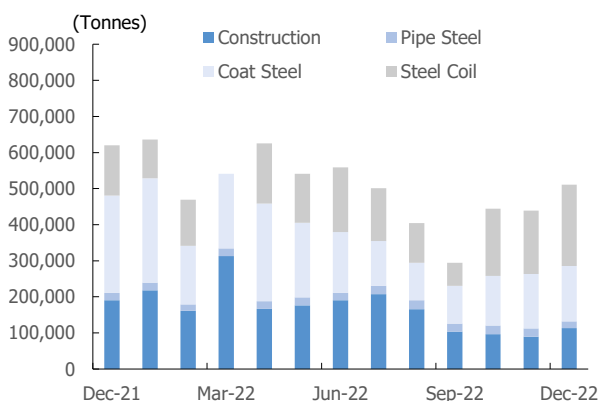
Source: VSA, Fiinpro

Figure 4. Domestic consumption increased



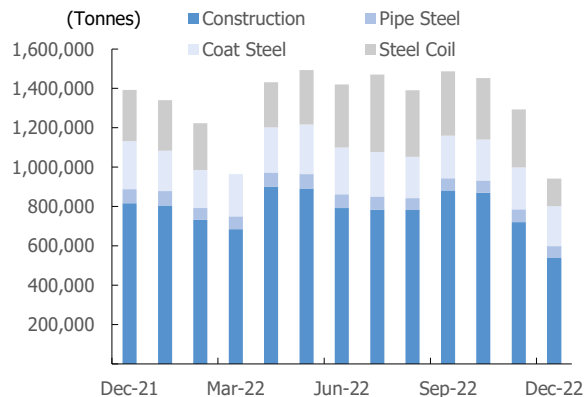
Source: VSA, Fiinpro

Figure 5. Export volume improved over last 2 months

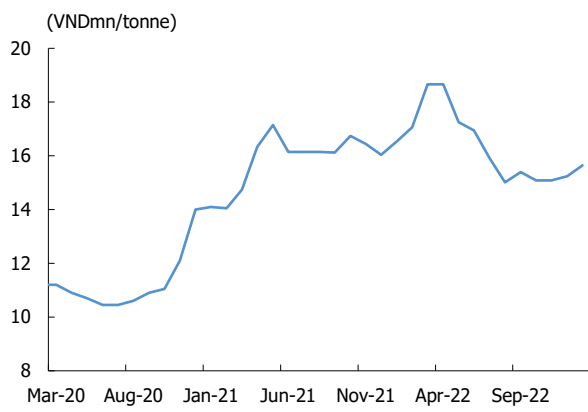


Source: VSA, Fiinpro

Figure 6. Inventory volume decreased



Source: VSA, Fiinpro

Figure 7. Selling price of steel bar increased in Dec

Source: Fiinpro, Hoa Phat

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