

# Steel

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**Neutral (Maintain)**

## Sale volume edged down on the m-o-m basis

### Demand was flat in August

- Vietnam Steel Association (VSA) publicized the August steel production volume of 2.11mn tonnes, -4.9% mom but +17.8% yoy. We saw a noticeable reduction for steel pipe production with -14.0% mom and -5.5% yoy.
- The total consumption volume also fell slightly by 5.3% mom, 0.9% yoy to 1.9mn tonnes.
- Breaking down domestic sale volume (1.2mn tonnes, -18.8% yoy), we witnessed a decline in steel pipe (-27% mom, 19.6% yoy).
- The export volume edged down compared to previous month with 675,357 tonnes, -3.3% mom, +66.9% yoy.
- Steel inventory as of end of Aug was at 1.2mn tonnes - increased by 15.2% mom, -8.1% yoy.
- The movements of raw material input prices were on an upswing in August but as of 2 Oct, iron ore was around USD115.4/mt (+4.4USD/mt), China hot roll coil (HRC) went down to USD532/mt (-37USD/mt); Au hard coking coal returned to USD240/mt (+0USD/mt).
- Based on quoted prices of Hoa Phat steel bar in June, the local prices of steel products were VND14Mn/tonne.

### 8M23 performance slumped

- Overall, Vietnam produced 12.5mn tonnes in the 8M23, -13.9% yoy. The total sale volume was slumped due to weak global demand (12mn tonnes, -8.5% 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		
	Aug-22	Aug-23	MoM (%)	YoY (%)	8M23	8M23	YoY (%)
<b>Steel Pipes</b>	<b>192,099</b>	<b>163,055</b>	<b>(21.9)</b>	<b>(15.1)</b>	<b>1,118,368</b>	<b>1,112,905</b>	<b>(0.5)</b>
Export	24,312	28,208	17.2	16.0	132,051	156,002	18.1
Domestic	167,787	134,847	(27.0)	(19.6)	986,317	956,903	(3.0)
<b>Steel Coat</b>	<b>269,029</b>	<b>365,454</b>	<b>1.6</b>	<b>35.8</b>	<b>2,121,404</b>	<b>2,164,630</b>	<b>2.0</b>
Export	103,482	201,190	10.8	94.4	1,080,567	1,186,323	9.8
Domestic	165,547	164,264	(7.7)	(0.8)	1,040,837	978,307	(6.0)
<b>Steel Constru'</b>	<b>972,355</b>	<b>727,536</b>	<b>5.9</b>	<b>(25.2)</b>	<b>5,527,235</b>	<b>4,277,630</b>	<b>(22.6)</b>
Export	166,255	155,393	51.3	(6.5)	1,220,698	749,227	(38.6)
Domestic	806,100	572,143	(2.1)	(29.0)	4,306,537	3,528,403	(18.1)
<b>Steel Coil</b>	<b>502,729</b>	<b>662,952</b>	<b>(13.9)</b>	<b>31.9</b>	<b>4,374,357</b>	<b>4,475,508</b>	<b>2.3</b>
Export	110,635	290,566	(25.5)	162.6	898,862	2,065,334	129.8
Domestic	392,094	372,386	(2.1)	(5.0)	3,475,495	2,410,174	(30.7)
<b>Total Steel Volume</b>	<b>1,936,212</b>	<b>1,918,997</b>	<b>(5.3)</b>	<b>(0.9)</b>	<b>13,141,364</b>	<b>12,030,673</b>	<b>(8.5)</b>
Export	404,684	675,357	(3.3)	66.9	3,332,178	4,156,886	24.7
Domestic	1,531,528	1,243,640	(6.3)	(18.8)	9,809,186	7,873,787	(19.7)

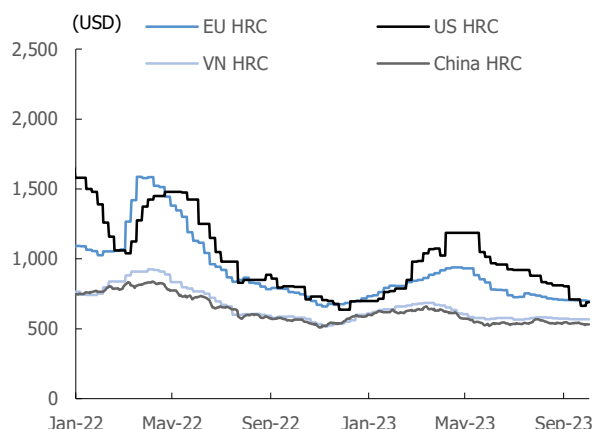
Source: VSA, KIS

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

	Monthly				Accumulated		
	Aug-22	Aug-23	MoM (%)	YoY (%)	8M23	8M23	YoY (%)
<b>Steel Pipes</b>							
Production	181,967	171,875	(14.0)	(5.5)	1,104,205	1,083,053	(1.9)
Inventories	59,916	66,232	28.3	10.5			
<b>Steel Coat</b>							
Production	255,902	412,733	4.7	61.3	2,358,252	2,380,477	0.9
Inventories	209,169	207,212	1.8	(0.9)			
<b>Steel Constru'</b>							
Production	814,624	771,098	2.0	(5.3)	5,556,887	4,084,427	(26.5)
Inventories	782,581	789,223	22.6	0.8			
<b>Steel Coil</b>							
Production	541,919	758,152	(13.1)	39.9	5,496,297	4,948,979	(10.0)
Inventories	339,393	215,879	2.3	(36.4)			
<b>Total</b>							
Production	1,794,412	2,113,858	(4.9)	17.8	14,515,641	12,496,936	(13.9)
Inventories	1,391,059	1,278,546	15.2	(8.1)			

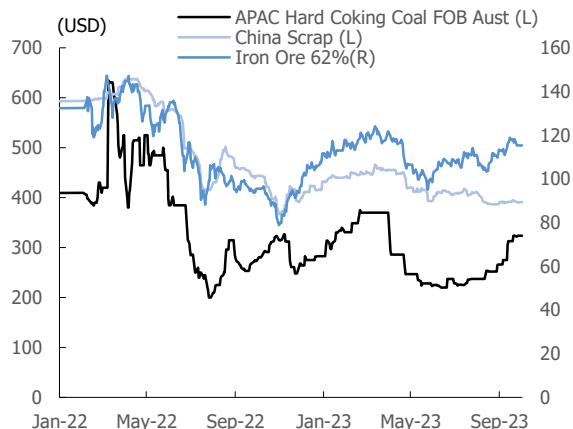
Source: VSA, KIS

**Figure 1. Global HRC prices are on a downtrend**



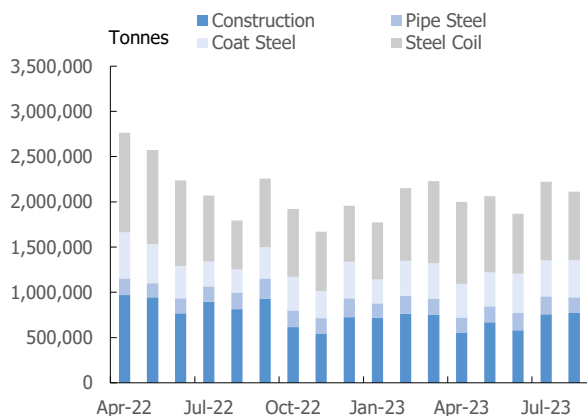
Source: Bloomberg

**Figure 2. Coking Coal price went up in Aug**



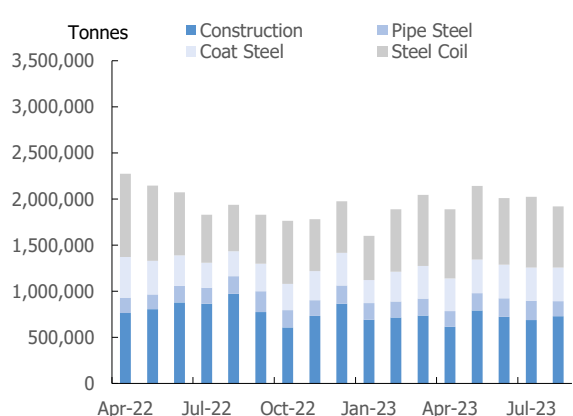
Source: Bloomberg

**Figure 3. Vietnam steel production was flat in Aug**



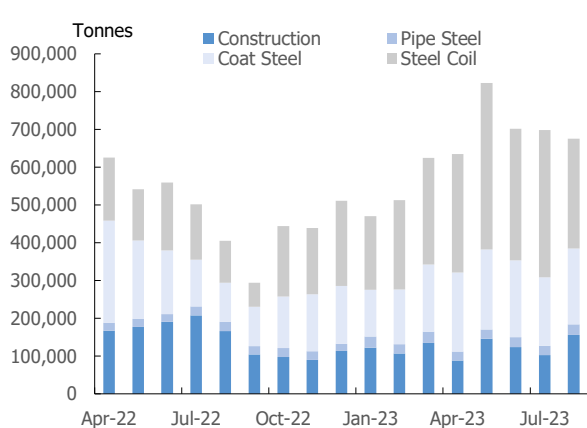
Source: VSA, Fiiipro

**Figure 4. Total consumption edge down in Aug**



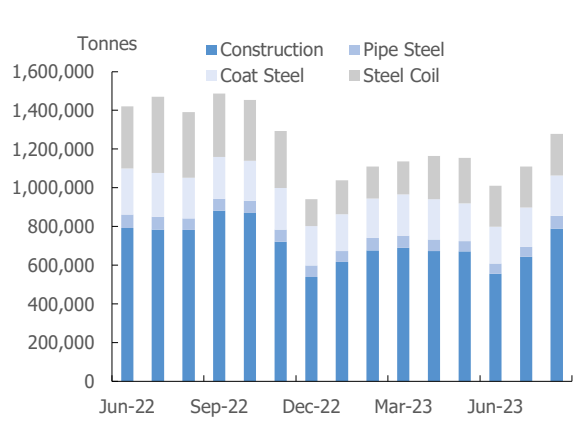
Source: VSA, Fiiipro

**Figure 5. Steel export maintain at a high level**

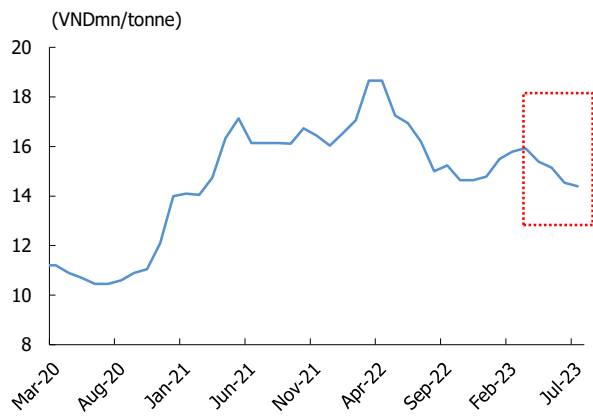


Source: VSA, Fiiipro

**Figure 6. Inventory volume was up in Aug**



Source: VSA, Fiiipro

**Figure 7. Selling price of steel bar fell in Aug**

Source: Fiinpro, Hoa Phat

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