

# Steel

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**Neutral (Maintain)**

## Domestic sale saw an uptick

### Domestic sale recovered on a m-o-m basis

- Vietnam Steel Association (VSA) publicized the September steel production volume of 2.2mn tonnes, 4.0% mom but -2.7% yoy. We saw a noticeable increase in HRC production with 17.1% mom and 17.0% yoy.
- The total consumption volume also went up slightly by 4.7% mom, 9.8% yoy to 2mn tonnes.
- Breaking down domestic sale volume (1.35mn tonnes, +9% mom, -11.7% yoy), we witnessed a positive growth in construction steel sale (17% mom, -0.1% yoy).
- The export volume declined compared to both the previous month and previous years with 653,332 tonnes, -3.3% mom, +122.1% yoy. The export of HRC rose to 320,635 tonnes (+10.3% mom, +404% yoy).
- Steel inventory as of end of Sep was at 1.2mn tonnes - decreased by 3.7% mom, 17.2% yoy.
- The raw material input prices maintained at a higher level in as of Oct 16, iron ore was around USD115/mt (-3.8USD/mt mom), China hot roll coil (HRC) went down to USD519/mt (-24USD/mt mom); Au hard coking coal remained at USD321/mt (+8USD/mt mom).
- Based on quoted prices of Hoa Phat steel bar in June, the local prices of steel products were VND13.4mn/tonnes (-0.9% mom).

### 9M23 still low compare to 2022

- Overall, Vietnam produced 18.6mn tonnes in the 9M23, -13.6% yoy. The total sale volume was at 17.5mn tonnes (-10.7% yoy) slumped due to overall weak domestic demand (11.7mn tonnes, -21.2% 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 coming months. Furthermore, the tepid economic growth casted a shadow on the export performance.

**Table 1. Sales volume growth** (Tonnes)

	Monthly				Accumulated		
	Sep-22	Sep-23	MoM (%)	YoY (%)	9M23	9M23	YoY (%)
<b>Steel Pipes</b>	<b>226,484</b>	<b>164,886</b>	<b>1.1</b>	<b>(27.2)</b>	<b>1,737,642</b>	<b>1,632,105</b>	<b>(6.1)</b>
Export	21,890	24,644	(12.6)	12.6	193,108	234,913	21.6
Domestic	204,594	140,242	4.0	(31.5)	1,544,534	1,397,192	(9.5)
<b>Steel Coat</b>	<b>299,326</b>	<b>353,718</b>	<b>(3.2)</b>	<b>18.2</b>	<b>3,231,849</b>	<b>3,093,533</b>	<b>(4.3)</b>
Export	104,494	180,809	(10.1)	73.0	1,636,189	1,636,353	0.0
Domestic	194,832	172,909	5.3	(11.3)	1,595,660	1,457,180	(8.7)
<b>Steel Constru'</b>	<b>774,148</b>	<b>796,660</b>	<b>9.5</b>	<b>2.9</b>	<b>8,253,926</b>	<b>6,479,003</b>	<b>(21.5)</b>
Export	104,158	127,244	(18.1)	22.2	1,704,339	1,104,571	(35.2)
Domestic	669,990	669,416	17.0	(0.1)	6,549,587	5,374,432	(17.9)
<b>Steel Coil</b>	<b>529,168</b>	<b>693,163</b>	<b>4.6</b>	<b>31.0</b>	<b>6,405,529</b>	<b>6,323,666</b>	<b>(1.3)</b>
Export	63,599	320,635	10.3	404.2	1,197,633	2,817,044	135.2
Domestic	465,569	372,528	0.0	(20.0)	5,207,896	3,506,622	(32.7)
<b>Total Steel Volume</b>	<b>1,829,126</b>	<b>2,008,427</b>	<b>4.7</b>	<b>9.8</b>	<b>19,628,946</b>	<b>17,528,307</b>	<b>(10.7)</b>
Export	294,141	653,332	(3.3)	122.1	4,731,269	5,792,881	22.4
Domestic	1,534,985	1,355,095	9.0	(11.7)	14,897,677	11,735,426	(21.2)

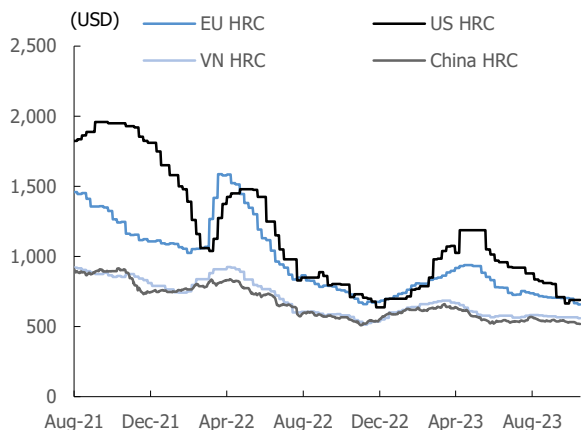
Source: VSA, KIS

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

	Monthly				Accumulated		
	Sep-22	Sep-23	MoM (%)	YoY (%)	9M23	9M23	YoY (%)
<b>Steel Pipes</b>							
Production	221,327	162,347	(5.5)	(26.6)	1,661,066	1,601,679	(3.6)
Inventories	61,265	64,885	(2.0)	5.9			
<b>Steel Coat</b>							
Production	347,187	401,123	(2.8)	15.5	3,503,156	3,433,160	(2.0)
Inventories	216,440	237,631	14.7	9.8			
<b>Steel Constru'</b>							
Production	931,645	747,243	(3.1)	(19.8)	8,379,955	6,313,929	(24.7)
Inventories	882,067	691,089	(12.4)	(21.7)			
<b>Steel Coil</b>							
Production	758,830	887,665	17.1	17.0	8,006,329	7,272,159	(9.2)
Inventories	326,841	237,825	10.2	(27.2)			
<b>Total</b>							
Production	2,258,989	2,198,378	4.0	(2.7)	21,550,506	18,620,927	(13.6)
Inventories	1,486,613	1,231,430	(3.7)	(17.2)			

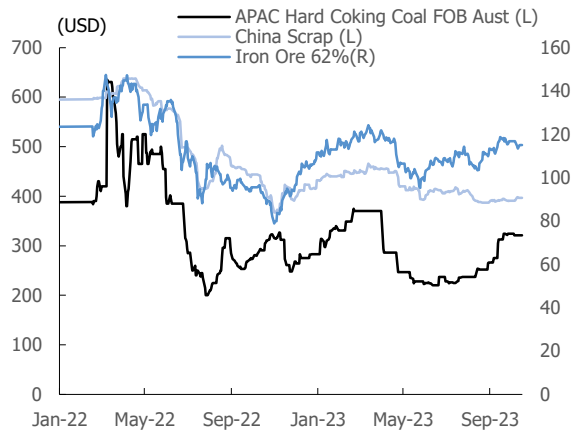
Source: VSA, KIS

**Figure 1. Global HRC prices reached bottom**



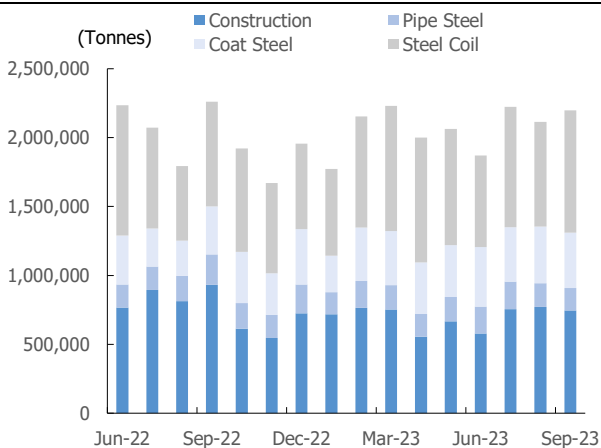
Source: Bloomberg

**Figure 2. Input prices remained expensive in Sep**



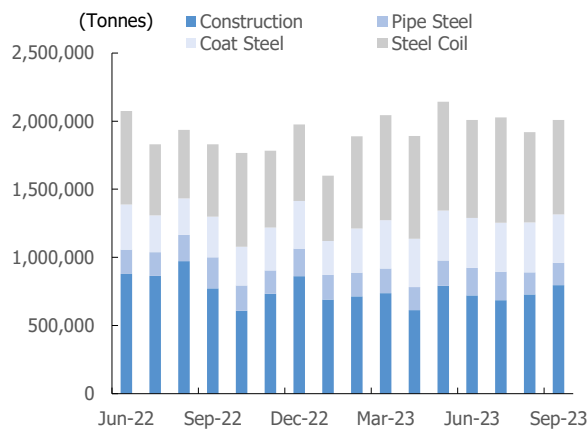
Source: Bloomberg

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



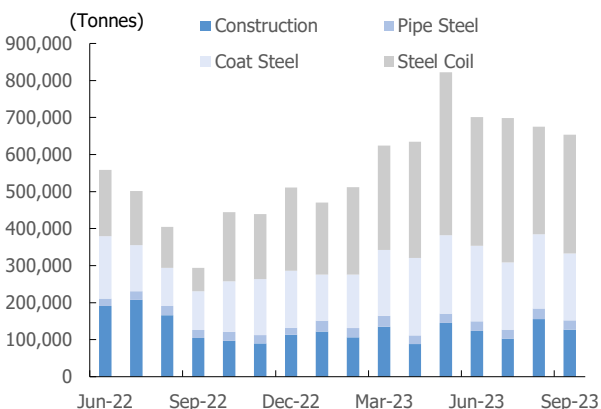
Source: VSA, Fiiipro

**Figure 4. Total sale saw no big changes in Sep**



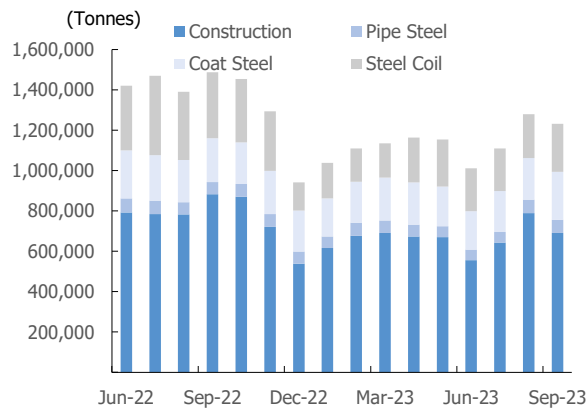
Source: VSA, Fiiipro

**Figure 5. Steel export on a downtrend**

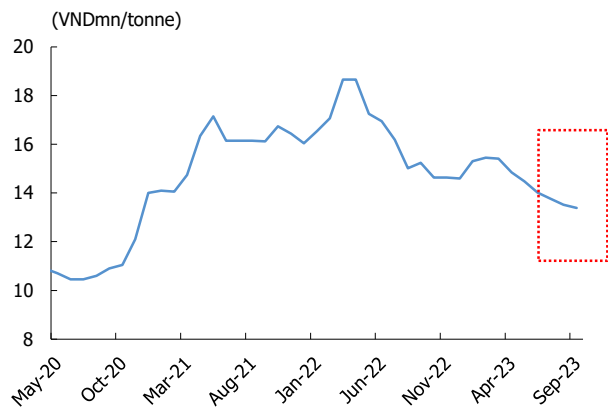


Source: VSA, Fiiipro

**Figure 6. Inventory volume was flat in Sep**



Source: VSA, Fiiipro

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

Source: Fiinpro, Hoa Phat

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