

US Steelmaker Shares Down on Dollar, Profit-taking

February 4, 2011

**U.S. steelmakers' shares fall*

**Profit-taking, stronger dollar cited*

**Little impact seen from proposed Nippon-Sumitomo merger*

NEW YORK (Reuters) - The shares of U.S. steelmakers fell on Friday and analysts attributed the drop to profit-taking after a recent run-up and a stronger dollar, rather than to news of a major steel merger in Japan.

"When the dollar is up, it usually hurts commodities," said Charles Bradford of Bradford Research. "U.S. steelmakers want to export and it's better if the dollar is weak."

The dollar extended gains against the Japanese yen on Friday, boosted by optimism about the U.S. economic outlook.

Bradford also noted steel stocks had risen recently -- U.S. Steel Corp had risen 6 percent in the week since posting a bigger-than-expected fourth-quarter loss and giving only a modest forecast for improvement in the first quarter.

But he did not think the stock drop was related to plans by Japan's Nippon Steel Corp and Sumitomo Metal Industries Ltd to create the world's No. 2 steelmaker.

"I see this as more about Japan being wary of China and other Asian competition. It's not a concern for the U.S.," he said.

Michael Locker, of steel industry consultancy Locker Associates, noted the proposed merger creates a 48-million-ton per-year producer.

"That's a big move, but I don't see a deep... impact for U.S. steelmakers," he said.

"It will make for tougher competition on world markets, but I don't think it will squeeze U.S. steelmakers though. Japan is more focused on China, Locker said."

On the New York Stock Exchange, U.S. Steel shares dropped 4 percent to close at \$58.17, AK Steel Holding Corp dropped 3.0 percent to \$15.84 and Nucor Corp ended the day 24 cents lower at \$47.97.

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