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US steelmakers see tsunami having little economic impact

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By Jim Leonard

PITTSBURGH -- While most U.S. analysts and producers agree that the earthquake and tsunami in the Indian Ocean that devastated coastal areas of southern Asia and East Africa would have little economic impact on domestic steelmakers, some see the potential for gains once the full extent of the damage is assessed.

Charles A. Bradford, analyst at Bradford Research Inc., New York, said the catastrophe will have "zero" impact on U.S. producers.

"I don't see much impact on U.S. steel companies at all. It's too far away. There may be some Chinese exports of rebar for rebuilding, but from what I've seen you don't see a lot of steel over there. I think China may have some surpluses for a while due to the winter, but it's going to take weeks and months to find out what happened. A lot of these countries were untouched," he said.

"I have no idea if it will impact domestic steelmakers," said analyst Michelle Applebaum of Michelle Applebaum Research, Chicago.

However, analyst Michael D. Locker, president and founder of Locker Associates Inc., New York, said the tsunami disaster will be a boon for construction.

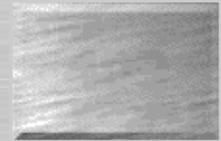
"Unfortunately, it's a positive. I think domestic steel companies could benefit greatly," he said. "There's a significant amount of construction that is going to have to be done and a tremendous demand for construction and building materials, especially steel. Building, highways, harbors and anything else will have to be reconstructed." Locker estimated it would probably take at least six months to sort things out there, noting there would be a resultant boost in worldwide demand for steel plate, reinforcing bar, beams and wire rod.

"The demand is going to help stabilize and even stimulate prices domestically and worldwide. Increased pricing places less downward pressure on steel prices. I think you're going to have increased pressure on steel demand and upward pressure on prices. Some of those places are tourist areas and they need to rebuild as quickly as possible. However, I don't believe imports to the U.S. will be affected," Locker said.

"There's going to be a lot of rebuilding and internationally there could be an impact for steel, but I don't see any affect to our business at this point in time," a Southwest merchant and structural bar producer said.

"It's not going to have any immediate impact on our business and I can't see where it's going to have an impact on any domestic steel producer, at least as of right now," another merchant and structural bar producer in the Southeast agreed. "Obviously, reconstruction in that part of the world will be necessary and this tragedy will impact

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steel demand on the world market. It might attract foreign steel away from the U.S. and stabilize pricing, but we're just going to have to wait and see."

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