

---

## **Recession reports - Mr Bouchard signals new risks percolating in US economy**

*Thursday, 08 Oct, 2009*

Mr Craig T Bouchard VC and co founder of Esmark Inc, while speaking to the executives attending Chicago's Association for Corporate Growth forum, signaled new risks percolating under the surface of the US economy, namely significantly higher interest rates, re inflation of commodity prices, a further weakening of the US dollar and a coming rush by foreign companies to purchase equity in industries potentially critical to national defense.

Mr Bouchard, co author of a new book called 'America For Sale: How the Foreign Pack Cirled and Devoured Esmark', cautioned attendees on the impact these factors would have on the stability of the US economy post recession. He said that "The chaos currently sweeping the economic and political foundation of the United States is facilitating the risk of America losing control of key commodity industries including the steel industry. While the recession has slowed M&A activity dramatically, our eventual recovery combined with a very weak dollar will facilitate a flood of foreign capital into the US industrial sector."

According to Mr Bouchard and his co author Dr James V Koch, the growing deficits and dramatic growth of the monetary base in the United States include unrecognized consequences. He said that "2010 will see an inflationary spike beyond current market expectations, accompanied by a significant weakening of the dollar from current levels."

There is a good case to be made that interest rates on long term US government debt will exceed 10% by the end of 2010. This combined with a lack of available bank credit will hinder the recovery of the real estate, retail and manufacturing sectors.

Mr Bouchard outlined how the US steel manufacturing base, a critical component to national defense, is already majority owned by foreign companies. He said that "Chinese and Japanese concerns currently own more than USD 1 trillion of our treasury securities, leaving the US in a very vulnerable position with respect to any negotiation to take place with these countries. If the Chinese and Japanese stopped buying US securities, interest rates would skyrocket."

Meanwhile, Dr Koch believes Committee on Foreign Investments in the United States has been a rubber stamp with applications for foreign purchase of US companies having grown dramatically since 2005. Of the last 300 applications made by foreign entities, only a handful has ever been reviewed. CFIUS simply can't seem to say no.

(Sourced from [www.esmarkquantitative.com](http://www.esmarkquantitative.com))

**For more news visit at [www.steelguru.com](http://www.steelguru.com)**