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## Stimulus plans - Auto and steel sector in US boosted from cash for clunkers

Wednesday, 21 Oct, 2009

It is reported that panelists at a steel conference last week agreed the popular Cash for Clunkers gave a short term boost to the automobile and steel industries.

But some analysts believe the long term outlook for the industry and the flat rolled steel products supporting it can be considered rosy as well.

Mr James Wainscott CEO of AK Steel said that the uptick in US manufacturing activity is translating into a modest increase in production for the auto steel business.

Mr Wainscott, who spoke at the Third North American Steel Conference at the Fairmont Hotel, said that the increases are linked to small economic improvement and service centers having worked down high inventory levels. He said he anticipated increased demand for auto steels through the end of the year.

Mr Paul Scott managing consultant of CRU's Steel Business Unit said that the increase in demand for flat-rolled products has come exclusively from the automotive sector, which is not being displayed in a majority of others. The products include hot rolled sheet, which can be manufactured into vehicle frame components, brake components and compressor shells, cold rolled sheet and zinc coated sheet.

He added that "Mills have responded by increasing output and relighting blast furnaces but supply has struggled to keep pace with demand. We've seen an extension in lead times and increases in domestic prices."

Ms Kim Korth president of auto research firm IRN Inc said that the Cash for Clunkers program, which helped move about 691,000 vehicles from dealer lots, showed there was a significant amount of demand for vehicles. She also said during the two month period of the program, 70% of new vehicles bought weren't Cash for Clunkers transactions.

Mr David Andrea VP of industry for the Original Equipment Suppliers Association said that within the last 24 months, the government has made nearly USD 116 billion in investment in the automotive industry. The federal government's presence is apparent in the industry, but he says its better that officials got involved when they did to prevent a collapse.

(Sourced from [www.steel.org](http://www.steel.org))

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