
Rays of recovery - Acerinox may post good profit in Q3

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Bloomberg reported that Acerinox SA expects to make its first profit since the second quarter last year as European and US customers replenish dwindling stockpiles.

Mr Rafael Naranjo chairman & CEO of Acerinox SA said that Acerinox is operating at 75% to 80% of record capacity. Production in the three months through September will be much better than in previous quarters. He added that "In the third quarter we will change from red to black numbers. We have some signs, mainly in the US, that final demand is improving."

Mr Naranjo is betting that demand will continue to recover in the US to help Acerinox resume profit growth. To fuel future earnings, the company is building a plant in Malaysia to add to facilities in Spain, the US and South Africa. Steel companies from ArcelorMittal to OAO Novolipetsk Steel are reopening mills and furnaces as carmakers and construction companies, recovering from the worst slump since World War II, restock inventories.

Mr Naranjo said that "The recovery has started for us. The question is to which extent it will continue as it is now, or whether it will improve, or not be sustained. We don't have the answer for that." He added that the company may soon announce an increase in prices for its base products in the US. In Europe, Acerinox wants larger companies such as ThyssenKrupp AG to lead the market in raising prices. Acerinox increased base prices twice in Europe this year and its rivals followed suit.

(Sourced from www.bloomberg.net)

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