
CSN and Usiminas cashing on auto sector revival in Brazil

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BNamericas reported that CSN and Usiminas will continue to profit from the country's record setting pace of vehicle sales.

According to local automotive industry association Anfavea, some 2.60 million vehicles were sold in the first 10 months of 2009 in Brazil and 294,466 in October 2009 alone. Anfavea expects sales to total 3 million this year, which would be an annual record. In terms of passenger cars, sales have gone up 7.8% YoY in the January to October 2009 period.

Mr Leonardo Alves of the Link brokerage told BNamericas that the impact of the industrial products tax suspension in December 2008 was much greater than expected. He added that "A good year for the auto industry results in great sales for the steel industry."

In October 2009, the government reinstated the IPI at 1.5%, and the figure will rise to 3% this month and 5% in December.

As a result, Mr Pedro Galdi analyst at SLW brokerage said that he does not believe sales will surpass 3 million, but added that overall sales should exceed 2008's total during November. He added that "One important point is the fact that sales of buses and trucks have been on the rise."

CSN posted Q3 net earnings of BRR 1.15 billion as compared to BRR 335 million in Q2 and BRR 40 million in Q3 of 2008. Usiminas posted a 23% YoY drop in third quarter net profits to BRR 454 million from BRR 588 million. However, earnings rose by 23% YoY from the BRR 369 million posted in Q2.

(Sourced from www.bnamericas.com)

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