

---

## Moody optimistic about investments by Brazilian steel makers

*Saturday, 21 Nov, 2009*

BNamericas reported that credit ratings agency Moody's is cautiously optimistic about investment announcements made by Brazilian steelmakers in recent days.

Senior analyst Mr Richard Sippli told BNamericas that "I am a bit cautious with the size of these investments. Our view is that the global market has not yet solidified."

According to the latest announcements, in the next 4 to 5 years, CSN is scheduled to invest USD 6.3 billion, Usiminas USD 5.4 billion and Gerdau USD 5.2 billion.

However, Mr Sippli said that in Brazil business is a little better than in many parts of the world. He added that "I believe it's time for companies to begin investing again, especially in the domestic market, but these amounts are very high."

He envisions that moderate growth in the Brazilian economy will help sustain companies relying more on the domestic market. He said a major test for steelmakers, especially those manufacturing flat products such as Usiminas and CSN, will occur in January when the suspension of the industrial products tax, which has helped boost sales in the automobile and appliance sectors, is scheduled to end.

He added that "We are hoping that as of January, without the tax incentives and reductions granted to the automobile and appliance sectors in 2009, companies can sustain themselves. Through the end of 2009, everything indicates that things will go well for steelmakers."

Mr Sippli is also optimistic regarding the outlook for increased production at Brazilian mills. He said that "I think production will remain high, at 80% or higher of capacity. And when production is at about 85% this means it's time for companies to begin investing, as long as you have a sustainable demand scenario."

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

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