# Nucor CEO Mr DiMicco sees price surge only as a bump

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AP reported that CEO of Nucor Corp, the top US steel maker, on Wednesday dismissed recent price increases as nothing more than a bump from falling inventories and suggested steel makers face as many as six more years in the doldrums.

Mr Daniel R DiMicco CEO of Nucor while speaking at the American Metal Market's Steel Survival Strategies conference said that until real demand, not the apparent demand of buyers merely compensating for depleted inventory, increases from today's sad level, the industry is headed for weak returns at best and a shakeout at worst.

He told that “While the current quarter has seen some price increases, the improvements are not significant. We are in for a prolonged and slow recovery. Make no mistake about it. You best be prepared for it if you're going to be a survivor."

As evidence that the shock is not about to wear off, Mr DiMicco said he attended a meeting two months ago in Arizona during which auto and construction company experts said their industries will not see an authentic rebound until some time between 2012 and 2015.

He also said that "Green shoots? You don't know if those green shoots are poison ivy or corn. This will be the longest jobless recovery in U.S. history the granddaddy of all jobless recoveries. I'm afraid we are plateaued out."

Given the long-term nature of a global economic crisis, one that Mr DiMicco said has left the U.S. with a real jobless rate of about 16 percent, steel makers must address the core problem of overcapacity.

Fitch Ratings also warned of weak steel demand continuing to weigh on production and pricing through 2009. The agency cited growing Chinese steel production that may slow efforts to shutter high-cost and environmentally unfriendly production. The reinstatement of export tax rebates on some steel product may result in excess production pressuring weak markets elsewhere. Also, there will continue to be pressure on contracts if not outright defaults. As capital is stretched some firms will have no option but to refuse delivery in the absence of renegotiation of price. Demands for credit support will likely continue to increase and further constrain trading activity.

(Sourced from AP)