Steel Stocks Rise For A Second Day

The Associated Press

NEW YORK (AP) — Shares of some steel producers gained for a second day on Thursday as analysts saw better times ahead for the battered industry and investors responded to encouraging economic news.

Steelmaker Worthington Industries posted fiscal second quarter earnings that beat Wall Street estimates, although revenue was below expectations. Its shares rose 15 cents to $27 in afternoon trading. Earlier they hit $27.24, a new high.

Jefferies analyst Luke Folta kept a "Hold" rating on Worthington and said the company is "a favorable growth story long term."

On Wednesday Credit Suisse said the steel industry was "poised for a bounce" after Washington averted the so-called fiscal cliff, that demand for steel in autos and industrial goods will push prices higher and steel would be the best way for investors to benefit from a potential 2013 economic recovery led by the U.S. and China.

Credit Suisse upgraded US Steel and Olympic Steel to "Outperform" from "Neutral" and raised earnings estimates for other companies. Analyst Richard Garchitorena said the fourth quarter of 2012 would turn out to be a low point for US Steel's earnings, which he predicted would rise on higher steel prices, better demand, and less investor fear about the fiscal cliff and cyclical stocks.

Garchitorena raised his estimate of US Steel 2013 earnings per share to $1.72 from $1.48, and 2014 earnings per share to $3 from $2.02. He also raised his 12-month target for the stock's price to $30 from $20.

Carmakers, who use a lot of steel, on Thursday reported strong sales for 2012, up about 13 percent overall from the year before, with Japanese auto companies showing the most improvement.

And Payroll provider ADP reported that businesses added 215,000 jobs last month, much higher than November's total of 148,000 and an encouraging sign ahead of the government's monthly report on the unemployment rate due on Friday.

In afternoon trading shares of US Steel fell 6 cents to $25.83; Nucor gained 6 cents at $44.84; Reliance Steel and Aluminum Co. fell 31 cents to $64.26; Metals USA Holdings Corp. gained 12 cents, at $18.11; and AK Steel rose 1 cent to $4.76.

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