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US Steel shares continue slide after weak outlook

By **The Associated Press**

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Shares of United States Steel Corp. tumbled for a second day Wednesday as several analysts lowered their projections after the steel manufacturing giant forecast a first-quarter loss.

Shares U.S. Steel fell \$3.45, or 7 percent, to \$46.16 in afternoon trading at more than double their average daily trading volume.

U.S. Steel reported its fourth consecutive quarterly loss Tuesday and said it expected to post a first-quarter loss because although business conditions are slowly improving, the company doesn't expect them to be reflected in its operating results. The company's shares closed the day's trading session down 12 percent.

Goldman Sachs analysts Sal Tharani and David Stevens downgraded the company to "Neutral" from "Buy," and lowered their share price target to \$55 from \$67. They lowered their 2010 forecast to a loss of 77 cents a share from a profit of \$2.35 per share.

Separately, JPMorgan analyst Michael Gambardella said he expects steel shipments and pricing to improve after the first quarter, but he revised his first-quarter forecast to a loss of \$1.72 per share from a loss of 39 cents per share. He reduced his 2010 forecast to a profit of \$1.35 per share from \$4 per share.

Gambardella also lowered his share price target to \$70 from \$75. He kept his "Overweight" rating on the stock.

Fitch Ratings downgraded the company citing a "lack of visibility," as far as returning to profitability.

Meanwhile, KeyBanc analyst Mark L. Parr lowered his 2010 profit forecast to 70 cents per share from \$3.60 per share and reduced his price target to \$85 from \$90. He kept a "Buy" rating.

Credit Suisse analyst David Gagliano maintained his "Neutral" rating and raised his price target to \$45 from

\$30. But he lowered his first-quarter per-share estimate to a loss of \$1.75 from a loss of 53 cents and his 2010 forecast to a loss of \$1.25 from a profit of 55 cents.

"In our view, the recent decline in (U.S. Steel) shares is not a company-specific execution, operational or a strategic issue," he wrote in a research report. "Instead, it is the painful convergence of overly optimistic equity market expectations with slowly improving underlying fundamentals."

Shares U.S. Steel have ranged from \$16.66 to \$66.45 over the past year.

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