



U.S. Steel (NYSE:X) Deal Not Dead Yet, Says Nippon Steel

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There is still hope that the deal between steelmakers U.S. Steel ([NYSE:X](#)) and Nippon Steel will go through, according to new reports from Nippon Steel. While that might sound like a bit of whistling past the graveyard, it's apparently good enough for investors, who bumped up shares fractionally in Friday afternoon's trading.

Though there's a growing political coalition coming together to oppose the deal, there are also those who believe that the coalition is little more than political theater. It's basically just a dodge to put off a decision until after the November election, where a decision would either prove damaging or otherwise moot. For its part, Nippon Steel is likely going to have to work to win over the union, which has already proven troublesome as earlier overtures were rejected as little more than "empty promises."

The China Connection?

One major point of the government's rising objection to the deal is Nippon Steel's connection to China, a connection which has proven increasingly troublesome to many companies lately. Some are even going so far as to suggest that the Chinese connection represents a "material national security risk," which seems like a bit of a long shot considering that U.S. Steel is the third-largest steel supplier around. Further, it's worth noting that Japan has been an ally of the United States for the last 60 years and, by the Cato Institute's reckoning, one of the United States' closest allies at that.

Is U.S. Steel a Buy or a Sell?

Turning to Wall Street, analysts have a Hold consensus rating on U.S. Steel stock based on four Holds and one Sell assigned in the past three months, as indicated by the graphic below. After a 67.72% rally in its share price over the past year, the average X price target of \$51.75 per share implies 25.38% upside potential.