



Recently Published Data and Indices Affecting the Stainless Steel Industry

Metal Matters

Scrap Report

Source: *Advanced Steel 7/06*

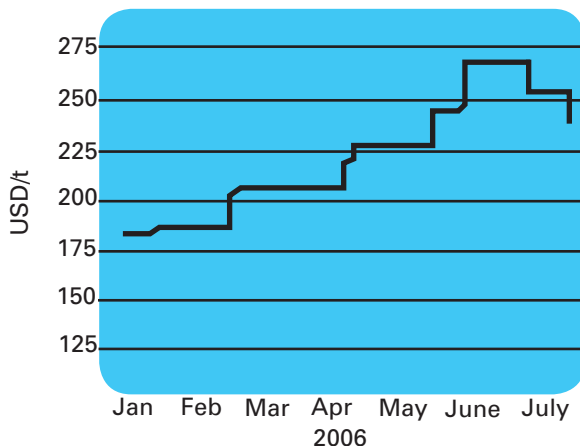
↓ Even though forecasts called for a continued upswing in scrap pricing, the demand for July failed to materialize. June's surging momentum quickly lost steam as a drop in demand, a softening in pig iron pricing, an increase in inventories and escalating unrest in the Middle East all led to a reversal of the last month's scrap pricing uptrend.

↑ US auto industry factory bundles rose \$15-a-ton in July, \$10-15 short of expectations. The \$35-a-ton gain seen last month was largely due to concerns of supply shortages resulting from upcoming vacation shutdowns. But these concerns dissipated in July as many buyers bought enough inventory of industrial scrap to weather the seasonal slowdown, resulting in unchanged prices for such prime dealer market grades as No. 1 bundles and No. 1 busheling in July. Demand from buyers overseas was also short-lived as its mid-June surge quickly fizzled, leaving many US processors stuck with extra inventory.

↑ US raw steel output continues to register a year-on-year increase as mills have produced 60,244,000 tons at an average capability utilization rate of 87.2 percent, up 5.1 percent from the same period last year, when mills produced 57,319,000 tons at an average capability utilization rate of 85.5 percent, according to the American Iron and Steel Institute.

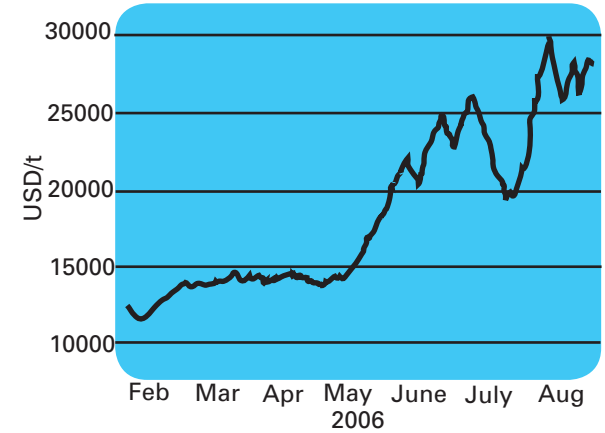
Scrap Prices

Source: *Metal Bulletin 8/4/06*



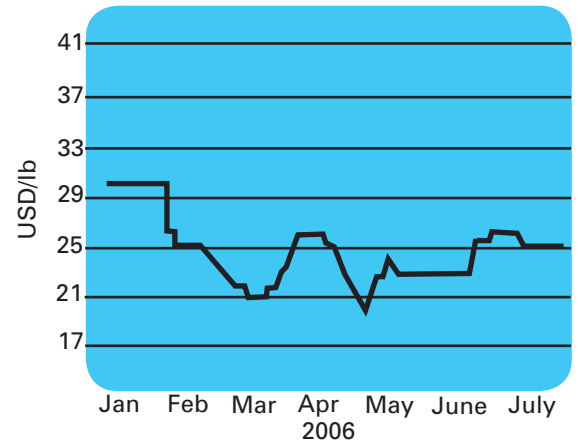
Nickel Prices- Cash Buyer

Source: *LME 8/4/06*



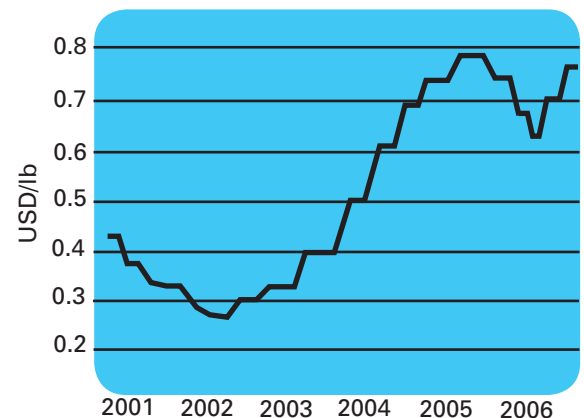
Molybdenum Prices

Source: *Metal Bulletin 8/4/06*



Ferrochrome Prices

Source: *Metal Bulletin 8/4/06*



U.S. Exports of Steel Mill Products

Source: The U.S. Commerce Department 7/18/06

| Country | Month | | |
|-----------------------------|---------|---------|---------|
| | Mar | Apr | May |
| World | 781,260 | 700,260 | 812,795 |
| Canada | 504,858 | 457,307 | 496,077 |
| Mexico | 163,600 | 148,916 | 186,461 |
| India | 6,131 | 6,251 | 15,420 |
| China | 7,381 | 8,075 | 4,964 |
| Federal Republic of Germany | 2,730 | 2,468 | 2,898 |
| Italy | 5,442 | 4,442 | 10,148 |
| Venezuela | 6,085 | 6,134 | 5,027 |
| United Kingdom | 4,569 | 5,020 | 6,503 |

* Number in metric tons

Global Economic Matters

Exchange Rates

Source: Yahoo Finance 8/9/06

| Crossrates | | | | | | |
|------------|----------|----------|----------|----------|----------|---------|
| | USD | EUR | JPY | GBP | CAD | SEK |
| USD | 1 | 0.7762 | 115.1750 | 0.5240 | 1.1202 | 7.1198 |
| EUR | 1.2884 | 1 | 148.3914 | 0.6751 | 1.4433 | 9.1826 |
| JPY | 0.008682 | 0.006739 | 1 | 0.004550 | 0.006739 | 0.06183 |
| GBP | 1.9084 | 1.4812 | 219.8001 | 1 | 2.1379 | 13.602 |
| CAD | 0.8927 | 0.6928 | 102.8119 | 0.4678 | 1 | 6.3608 |
| SEK | 0.1406 | 0.1090 | 16.174 | 0.07358 | 0.1574 | 1 |

USD= US Dollar
EUR= Euro
JPY= Japanese Yen

GBP= British Pound
CAD= Canadian Dollar
SEK= Swedish Krona

U.S. Economic Matters

Latest Statistics

Source: The Department of Labor 8/8/06

| | | |
|----------------------|-------|--------------|
| Consumer Price Index | +0.2% | June 2006 |
| Unemployment Rate | 4.8% | July 2006 |
| Producer Price Index | +0.5% | June 2006 |
| Productivity | +1.1% | 2nd Qtr 2006 |

Gross Domestic Product

Source: The Bureau of Economic Analysis 7/28/06

↑ Real gross domestic product — the output of goods and services produced by labor and property located in the United States — increased to an annual rate of 2.5 percent in the second quarter of 2006. In the first quarter, the real GDP increased by 5.6 percent. The increase in real GDP in the second quarter primarily reflected positive contributions from personal consumption expenditures (PCE) for services, private inventory investment, nonresidential structures, exports, state and local government spending, and PCE for nondurables that were partly offset by negative contributions from residential fixed investment and federal government spending. Imports, which are a subtraction in the calculation of GDP, increased slightly.

Industrial Production and Capacity Utilization

Source: The Federal Reserve 7/17/06

| Industrial Production | May | June |
|------------------------|-------|-------|
| Total Index | 112.1 | 111.2 |
| Major Market Groups | | |
| Final Products | 113.9 | 113.0 |
| Consumer Goods | 106.8 | 106.6 |
| Business Equipment | 131.8 | 129.4 |
| Nonindustrial Supplies | 111.4 | 111.0 |
| Construction | 114.2 | 113.6 |
| Materials | 110.5 | 109.5 |
| Manufacturing | 114.0 | 113.3 |

Productivity

Source: The Department of Labor 8/8/06

From the first quarter to the second quarter of 2006, business sector output per hour increased at a 1.1-percent annual rate. Output increased 2.6 percent and hours of all persons engaged in the sector rose 1.5 percent (seasonally adjusted annual rates). As revised, labor productivity grew 4.5 percent in the first quarter of 2006, as output increased 6.7 percent and hours increased 2.1 percent.

Productivity increased 3.0 percent in manufacturing, as output grew 5.4 percent and hours of all persons increased 2.3 percent (seasonally adjusted annual rates). In the first quarter of 2006, productivity rose 3.7 percent, reflecting a 5.8-percent increase in output and a 2.0-percent rise in hours. In durable goods manufacturing, productivity rose 3.8 percent in the second quarter as output grew 7.8 percent and hours of all persons increased 3.9 percent. In nondurable goods industries, second-quarter productivity increased 2.6 percent as output rose 2.2 percent and hours fell 0.4 percent.

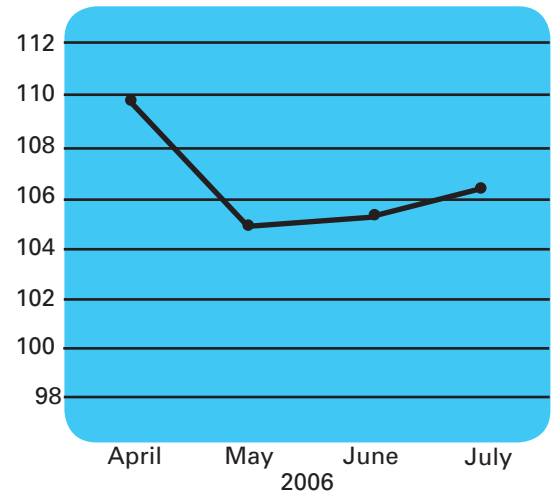
Manufacturing

Source: The Institute for Supply Management 8/1/06

| Index | Series Index July | Series Index June | Direction | Rate of Change | Trend (mos) |
|------------------------|-------------------|-------------------|------------|------------------|-------------|
| PMI | 54.7 | 53.8 | Growing | Faster | 38 |
| New Orders | 56.1 | 57.9 | Growing | Slower | 39 |
| Production | 57.6 | 55.1 | Growing | Faster | 39 |
| Employment | 50.7 | 48.7 | Growing | From Contracting | 1 |
| Supplier Deliveries | 55.4 | 55.0 | Slowing | Faster | 37 |
| Inventories | 50.5 | 46.9 | Growing | From Contracting | 1 |
| Customers' Inventories | 44.5 | 45.5 | Too Low | Slower | 61 |
| Prices | 78.5 | 76.5 | Increasing | Faster | 12 |
| Backlog of Orders | 50.5 | 54.0 | Growing | Slower | 7 |
| Exports | 51.9 | 55.4 | Growing | Slower | 44 |
| Imports | 57.5 | 56.5 | Growing | Faster | 55 |
| Overall Economy | | | Growing | Faster | 57 |
| Manufacturing Sector | | | Growing | Faster | 38 |

Consumer Confidence Index

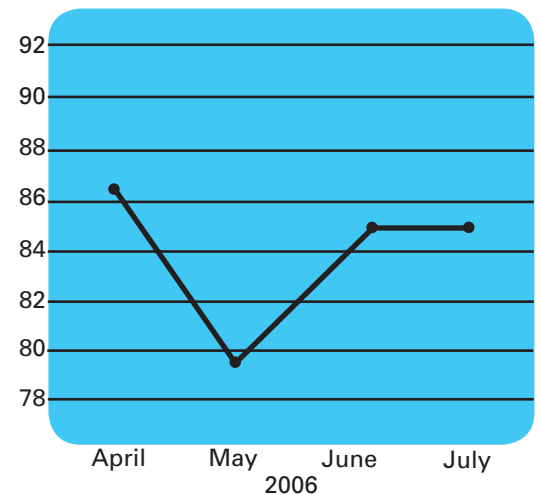
Source: The Conference Board 7/25/06



The Conference Board Consumer Confidence Index, which had increased moderately in June, posted another slight increase in July. The Index now stands at 106.5 (1985=100), up from 105.4 in June. The Present Situation Index rose to 133.0 from 132.2. The Expectations Index edged up to 88.8 from 87.5 last month.

Index of Consumer Sentiment


Source: The University of Michigan 6/06





Although the overall level of consumer confidence was unchanged in the July survey, it masked a growing divergence between the rich and the poor. Comparing households in the lower one-third of the income distribution with those in the top third, the difference in the overall measure of consumer sentiment was larger than any time since the early 1980's. Households in the bottom third of the income distribution held significantly more negative views about their own financial prospects as well as a more negative outlook for employment and economic growth.


Manufacturers' Shipments, Inventories and Orders

Source: The US Census Bureau 7/27/06

- 

New orders for manufactured durable goods in June increased \$6.5 billion or 3.1 percent to \$216.3 billion. This is the fourth increase in the last five months and follows a 0.3 percent May increase.
- 

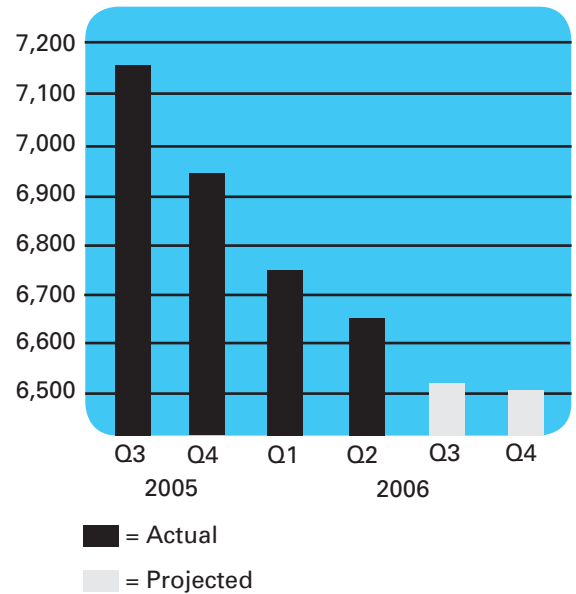
Shipments of manufactured durable goods in June, up four of the last five months, increased \$0.2 billion or 0.1 percent to \$212.8 billion. This was at the highest level since the series was first stated on a NAICS basis in 1992 and followed a 3.0 percent May increase.
- 

Unfilled orders for manufactured durable goods in June, up thirteen of the last fourteen months, increased \$10.1 billion or 1.7 percent to \$621.9 billion. This was at the highest level since the series began and followed a 0.7 percent May increase.
- 

Inventories of manufactured durable goods in June, up five of the last six months, increased \$1.8 billion or 0.6 percent to \$282.6 billion. This followed a 0.7 percent May increase.

Housing Sales


Source: The National Association of Realtors 7/06



*Number in thousands

Help Wanted Index

Source: The Conference Board 7/27/06

- 

The **Conference Board Help-Wanted Advertising Index** — a key measure of job offerings in major newspapers across America — was unchanged in June. The Index now stands at 33. It was 39 one year ago. In the last three months, help-wanted advertising declined in all nine regions of the U.S. Steepest declines occurred in the West North Central (-16.8%), Middle Atlantic (-15.3%) and the Pacific (-13.3%) regions.

Editor: Maureen Meeker
 Please submit your comments by calling Maureen Meeker at 1-847-413-4111; fax 1-708-448-6821; or email: maureen.meeker@outokumpu.com

Outokumpu is an international stainless steel and technology company. Our vision is to be the undisputed number one in stainless, with success based on operational excellence. Customers in a wide range of industries use our metal products, technologies and services worldwide. We are dedicated to helping our customers gain competitive advantage.

