



Recently Published Data and Indices Affecting the Stainless Steel Industry

## Metal Matters

### Scrap Report

Source: *Advanced Steel 8/06*

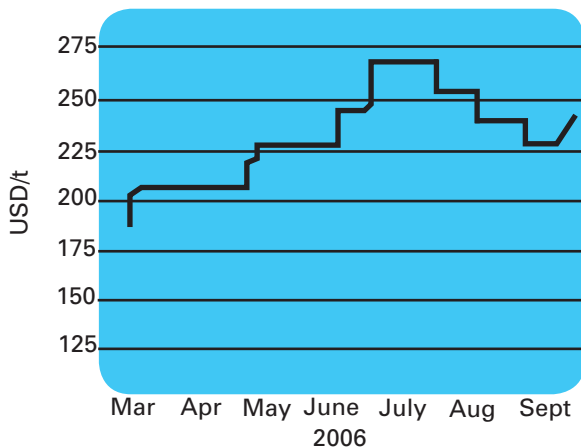
↓ The Scrap Market saw record drops this month as auto bundles plummeted by as much as \$109-a-ton, mill offers slid \$85-a-ton and international buyers chose to sit idly by, waiting for the bottom. In addition, the war between Israel and Hezbollah, new fears mounting from the foiled airline terror plot in London, the crippled BP oil pipeline in Alaska and continued economic uncertainty in the US-especially with regards to interest rates, have made the future indeterminate at best.

↓ The auto industry's factory bundles plummeted between \$85 and a record \$109-a-ton in August, taking the benchmark AMM Factory Bundles Index down a record \$95-a-ton, far outpacing all forecasts of a downward trend. Consequently, steel mills were able to push down prices for such industrial grades as No. 1 dealer bundles and No. 1 busheling by as much as \$85-a-ton at the beginning of August. But, steel-makers quickly encountered resistance, resulting in a more moderate but still steep drop of \$70 for bundles and busheling, \$50 on such cut grades as heavy melt and plate and structural scrap, and \$45 on shredded by the end of the first week. The general consensus is that pricing will continue downward before bottoming out sometime in September.

↓ U.S. raw steel output totaled 2,057,000 tons the week of August 5th, down 0.8 percent from 2,073,000 tons produced the previous week, as mills operated at an average capability utilization rate of 86.7. For the year to date, mills have produced 64,374,000 tons at an average capability utilization rate of 87.1 percent, up 5.6 percent from the same period last year, when mills produced 60,982,000 tons at an average capability utilization rate of 85 percent.

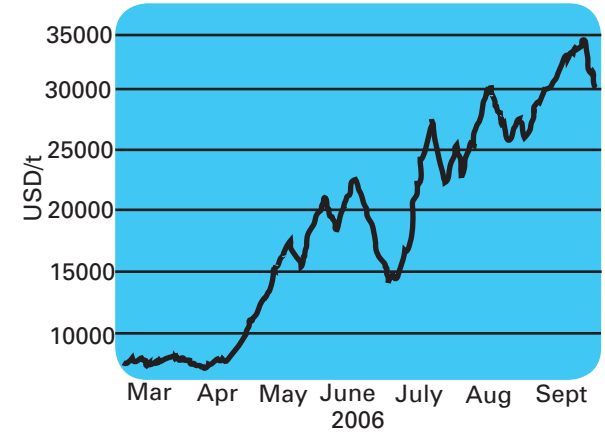
### Scrap Prices

Source: *Metal Bulletin 9/8/06*



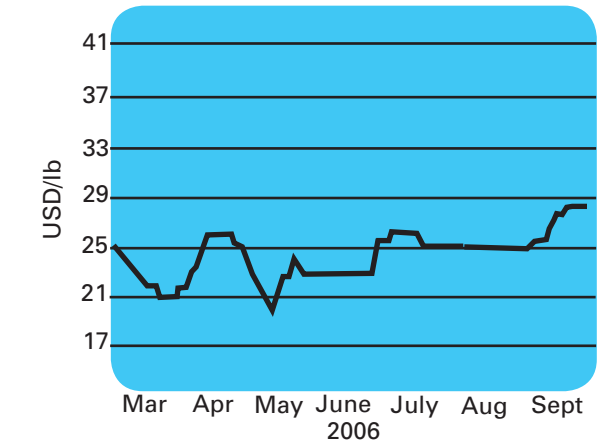
### Nickel Prices- Cash Buyer

Source: *LME 9/8/06*



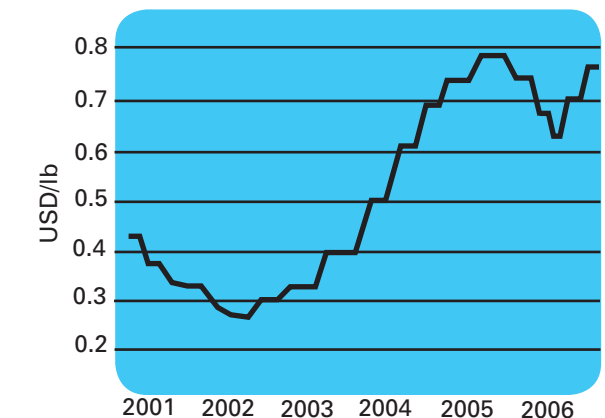
### Molybdenum Prices

Source: *Metal Bulletin 9/8/06*



### Ferrochrome Prices

Source: *Metal Bulletin 9/8/06*



## U.S. Exports of Steel Mill Products

Source: The U.S. Commerce Department 8/16/06

Country	Month		
	Apr	May	June
World	700,260	812,795	770,926
Canada	457,307	496,077	481,580
Mexico	148,916	186,461	187,234
India	6,251	15,420	8,484
China	8,075	4,964	9,862
Federal Republic of Germany	2,468	2,898	4,063
Italy	4,442	10,148	4,739
Venezuela	6,134	5,027	3,082
United Kingdom	5,020	6,503	4,524

\* Numbers in metric tons

## U.S. Economic Matters

### Latest Statistics

Source: The Department of Labor 9/1/06

Consumer Price Index	+0.4%	July 2006
Unemployment Rate	4.7%	August 2006
Producer Price Index	+0.1%	July 2006
Productivity	+1.1%	2nd Qtr 2006

### Gross Domestic Product

Source: The Bureau of Economic Analysis 8/30/06

↑ 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 2.9 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, and state and local government spending 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.

## Global Economic Matters

### Exchange Rates

Source: Yahoo Finance 9/12/06

Crossrates						
	USD	EUR	JPY	GBP	CAD	SEK
USD	1	0.7878	117.7250	0.5331	1.1169	7.2957
EUR	1.2693	1	149.4283	0.6767	1.4177	9.2550
JPY	0.008494	0.006692	1	0.004529	0.009487	0.06191
GBP	1.8758	1.4778	220.8227	1	2.0950	13.675
CAD	0.8953	0.7054	105.433	0.4773	1	6.5291
SEK	0.1371	0.1081	16.166	0.07322	0.1534	1

USD= US Dollar  
EUR= Euro  
JPY= Japanese Yen

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

### Industrial Production and Capacity Utilization

Source: The Federal Reserve 8/16/06

Industrial Production	June	July
Total Index	111.2	113.5
Major Market Groups		
Final Products	113.0	114.7
Consumer Goods	106.6	107.1
Business Equipment	129.4	134.7
Nonindustrial Supplies	111.0	112.7
Construction	113.6	114.0
Materials	109.5	112.6
Manufacturing	113.3	115.2

## Productivity

Source: *The Department of Labor 9/6/06*

From the first quarter to the second quarter of 2006, productivity in the **business sector** grew 1.5 percent as output increased 3.2 percent and hours worked by all persons engaged in the sector — employees, proprietors, and unpaid family workers — rose 1.7 percent. Productivity had increased 4.5 percent during the first quarter of 2006, as output increased 6.7 percent and hours increased 2.1 percent (seasonally adjusted annual rates).

Productivity increased 2.6 percent in **manufacturing** for the second quarter of 2006, as output grew 5.1 percent and hours of all persons increased 2.4 percent (seasonally adjusted annual rates). In the durable goods sector, productivity grew 3.7 percent in the second quarter of 2006, reflecting increases in output and hours of 7.7 percent and 3.9 percent, respectively. In nondurable goods, output per hour rose 2.3 percent as output increased 2.1 percent and hours declined 0.2 percent.

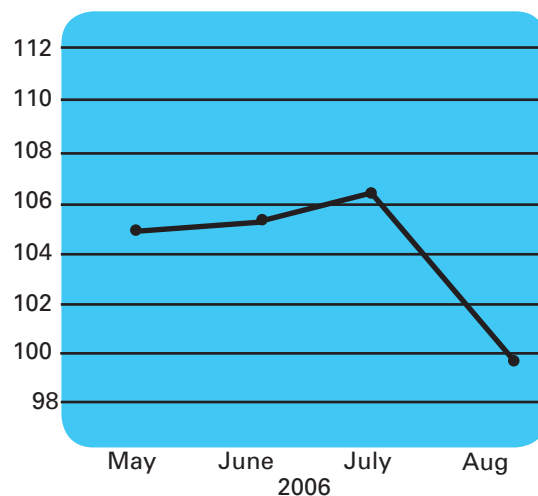
## Manufacturing

Source: *The Institute for Supply Management 9/1/06*

Index	Series Index Aug	Series Index July	Direction	Rate of Change	Trend (mos)
PMI	54.5	54.7	Growing	Slower	39
New Orders	54.2	56.1	Growing	Slower	40
Production	56.6	57.6	Growing	Slower	40
Employment	54.0	50.7	Growing	Faster	2
Supplier Deliveries	55.0	55.4	Slowing	Slower	38
Inventories	50.2	50.5	Growing	Slower	2
Customers' Inventories	46.0	44.5	Too Low	Slower	63
Prices	73.0	78.5	Increasing	Slower	13
Backlog of Orders	51.5	50.5	Growing	Faster	8
Exports	55.7	51.9	Growing	Faster	45
Imports	54.0	57.5	Growing	Slower	56
Overall Economy			Growing	Slower	58
Manufacturing Sector			Growing	Slower	39

## Consumer Confidence Index

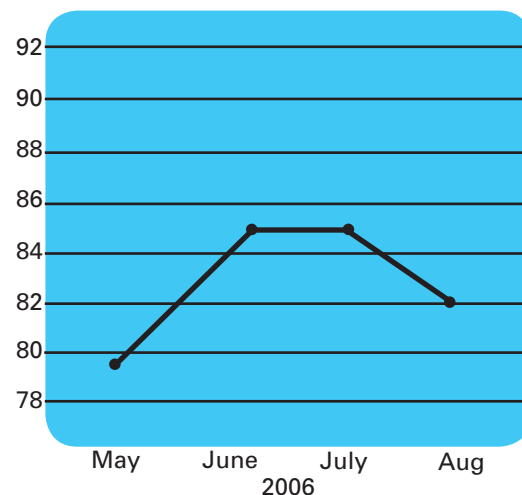
Source: *The Conference Board 8/29/06*



The Conference Board Consumer Confidence Index, which had increased moderately in July, posted a sharp decline in August. The Index now stands at 99.6 (1985=100), down from 107.0 in July. The Present Situation Index decreased to 123.4 from 134.2. The Expectations Index declined to 83.8 from 88.9 last month.

## Index of Consumer Sentiment

Source: *The University of Michigan 8/06*



## Corporate Profits

Source: Bureau of Economic Analysis 8/30/06

↑ Profits from current production (corporate profits with inventory valuation and capital consumption adjustments) increased \$49.5 billion in the second quarter, compared with an increase of \$175.6 billion in the first quarter. Current-production cash flow (net cash flow with inventory valuation and capital consumption adjustments) — the internal funds available to corporations for investment — increased \$16.7 billion in the second quarter, compared with an increase of \$125.3 billion in the first.

## Manufacturers' Shipments, Inventories and Orders

Source: The US Census Bureau 8/31/06

↓ New orders for manufactured durable goods in July, down following two consecutive monthly increases, decreased \$5.4 billion or 2.5 percent to \$211.3 billion, revised from the previously published 2.4 percent decrease. This followed a 3.3 percent June increase.

↓ Shipments of manufactured durable goods in July, down following two consecutive monthly increases, decreased \$2.8 billion or 1.3 percent to \$210.2 billion, unchanged from the previously published decrease. This followed a 0.2 percent June increase.

↑ Unfilled orders for manufactured durable goods in July, up fourteen of the last fifteen months, increased \$8.2 billion or 1.3 percent to \$630.2 billion, revised from the previously published 1.4 percent increase. This was at the highest level since the series began and followed a 1.7 percent June increase.

↑ Inventories of manufactured durable goods in July, up six of the last seven months, increased \$2.8 billion or 1.0 percent to \$286.1 billion, unchanged from the previously published increase. This followed a 0.9 percent June increase.

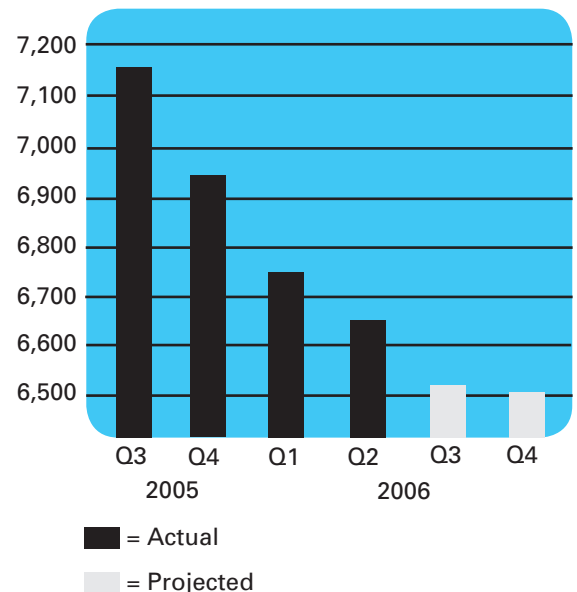
## Help Wanted Index

Source: The Conference Board 8/31/06

↓ The Conference Board Help-Wanted Advertising Index — a key measure of job offerings in major newspapers across America — declined two points in July. The Index now stands at 32. It was 39 one year ago. In the last three months, help-wanted advertising declined in eight of the nine U.S. regions. Steepest declines occurred in the West North Central (-21.5%), Middle Atlantic (-15.3%) and Mountain (-14.6%) regions.

## Housing Sales

Source: The National Association of Realtors 8/06



\*Numbers in thousands

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

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