



Recently Published Data and Indices Affecting the Stainless Steel Industry

## View Points

Outokumpu Bar Products would like to introduce 303 HST™ for high-speed steel tooling. 303 HST bar is engineered to optimize machining performance at higher feed rates on high-volume, screw machined products made from stainless steel 303 bar under one inch. 303 HST also delivers superior surface finish and product consistency. 303 HST is PRODEC-treated for improved performance — important when used in CNC machines — making it equally effective with high-speed steel AND carbide tooling. 303 HST is available in cold-drawn bar from 3/16” through 1” in rounds and hex.



## Metal Matters

### Scrap Report

Source: *Advanced Steel 11/06*

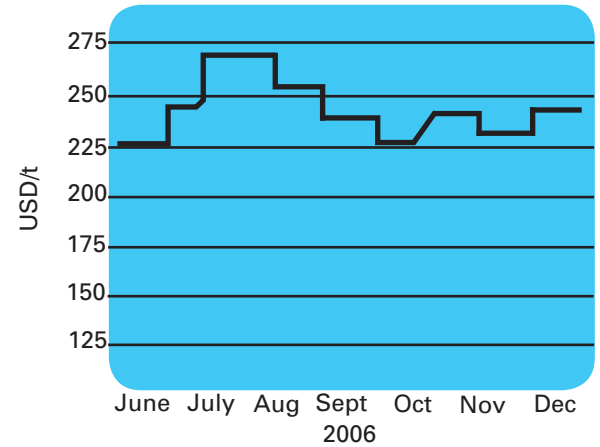
↓ US Scrap Pricing slid by as much as \$30-a-ton this month, as continued weakness in the flat-rolled steel market, year-end inventory reconciliation, and a weary domestic demand for autos ensues. However, a strong export market, particularly on the Eastern Seaboard kept shredded and heavy melting scrap from falling as steeply, down by \$5-10 a ton, if at all.

↓ The benchmark AMM **Factory Bundles Index** dropped again this month, by \$36-a-ton. Offers for prime grades such as No. 1 bundles and No. 1 busheling fell by as much as \$30 a long ton, while prices for obsolete scrap like No. 1 heavy melt and shredded were off by only \$5 to \$10 a ton in inland markets and unchanged in locations closer to the ports. This decline in scrap demand is due to the continued weakness in the domestic auto market which, in-turn has lowered the demand for sheet steel products.

↑ According to the American Iron and Steel Institute, for the year to date, mills have produced 92,446,000 tons at an average capability utilization rate of 86.6 percent, up 4.2 percent from the same period last year, when mills produced 88,717,000 tons at an average capability utilization rate of 85.9 percent. While economic activity in the **manufacturing sector** grew in October for the 41st consecutive month, it did so at its lowest rate since June 2003.

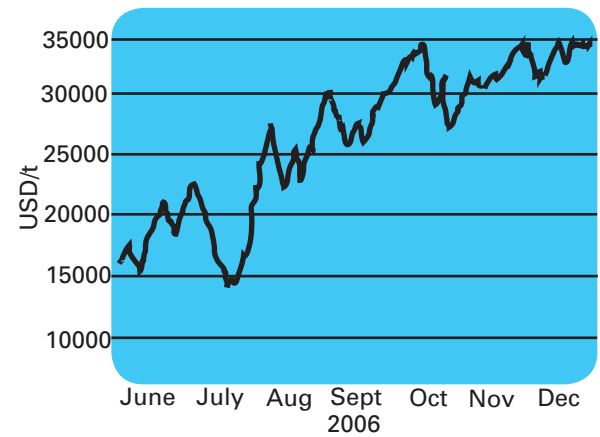
### Scrap Prices

Source: *Metal Bulletin 12/14/06*



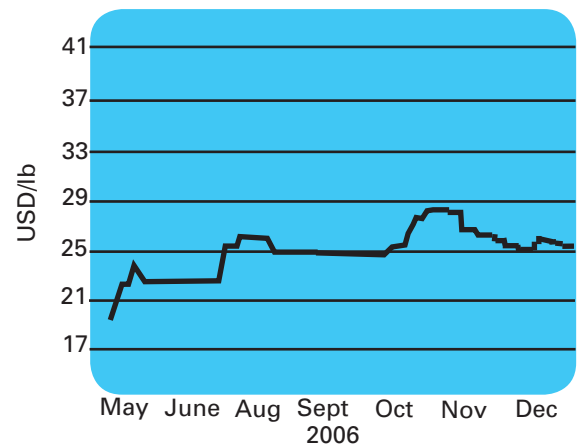
### Nickel Prices- Cash Buyer

Source: *LME 12/14/06*



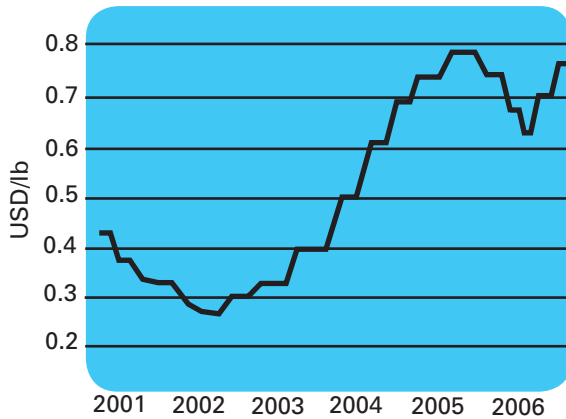
### Molybdenum Prices

Source: *Metal Bulletin 12/14/06*



## Ferrochrome Prices

Source: Metal Bulletin 12/14/06



## U.S. Exports of Steel Mill Products

Source: The U.S. Commerce Department 11/14/06

Country	Month		
	July	Aug	Sept
World	673,105	740,510	745,364
Canada	395,533	460,696	458,933
Mexico	163,180	181,595	172,625
India	8,812	5,086	8,245
China	7,995	8,351	8,563
Federal Republic of Germany	3,273	5,499	4,144
Italy	3,715	3,491	5,344
Venezuela	4,203	2,310	2,587
United Kingdom	5,304	5,224	3,278

\* Numbers in metric tons

## Global Economic Matters

### Exchange Rates

Source: Yahoo Finance 12/14/06

#### Crossrates

	USD	EUR	JPY	GBP	CAD	SEK
USD	1	0.7603	117.8450	0.5102	1.1576	6.8848
EUR	1.3153	1	155.0015	0.6711	1.5227	9.0648
JPY	0.008486	0.006452	1	0.004330	0.009823	0.05847
GBP	1.9599	1.4900	230.9586	1	2.2688	13.506
CAD	0.8638	0.6567	101.7967	0.4408	1	5.9549
SEK	0.1453	0.1105	17.114	0.07407	0.1682	1

USD= US Dollar  
EUR= Euro  
JPY= Japanese Yen

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

## U.S. Economic Matters


### Latest Statistics

Source: The Department of Labor 12/6/06

Consumer Price Index	-0.5%	Oct. 2006
Unemployment Rate	4.4%	Oct. 2006
Producer Price Index	-1.6 (p)%	Oct. 2006
Productivity	+0.2%	3rd Qtr 2006

### Gross Domestic Product

Source: The Bureau of Economic Analysis 11/29/06


**Real gross domestic product** — the output of goods and services produced by labor and property located in the United States — increased at an annual rate of 2.2 percent in the third quarter of 2006. In the second quarter, real GDP increased 2.6 percent. The increase in real GDP in the third quarter primarily reflected positive contributions from personal consumption expenditures (PCE), exports, equipment and software, nonresidential structures, and state and local government spending that were partly offset by a negative contribution from residential fixed investment. Imports, which are a subtraction in the calculation of GDP, increased.

## Industrial Production and Capacity Utilization

Source: The Federal Reserve 11/16/06

Industrial Production	September	October
Total Index	113.1	113.7
Major Market Groups		
Final Products	115	114.9
Consumer Goods	106.9	106.4
Business Equipment	136.4	137.5
Nonindustrial Supplies	111.4	112.4
Construction	113.33	112.7
Materials	111.9	112.9
Manufacturing	115.4	115.5

## Manufacturing

Source: The Institute for Supply Management 12/1/06

Index	Series Index Nov	Series Index Oct	Direction	Rate of Change	Trend (mos)
PMI	49.5	51.2	Contracting	From Growing	1
New Orders	48.7	52.1	Contracting	From Growing	1
Production	48.5	51.9	Contracting	From Growing	1
Employment	49.2	50.8	Contracting	From Growing	1
Supplier Deliveries	52.8	50.2	Slowing	Faster	41
Inventories	49.7	49.4	Contracting	Slower	3
Customers' Inventories	50.5	52.0	Too High	Slower	2
Prices	53.5	47.0	Increasing	From Decreasing	1
Backlog of Orders	46.5	44.5	Contracting	Slower	3
Exports	56.9	57.8	Growing	Slower	48
Imports	56.5	57.0	Growing	Slower	59
Overall Economy			Growing	Slower	61
Manufacturing Sector			Growing	From Growing	1

## Productivity

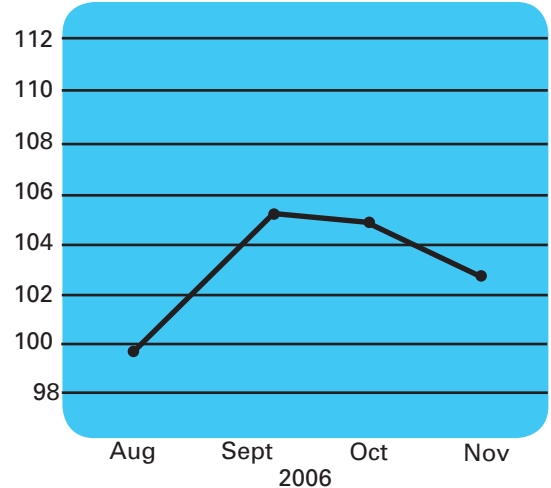
Source: The Department of Labor 12/5/06

Business sector productivity grew at an annual rate of 0.4 percent during the third quarter of 2006, as output increased 2.2 percent and hours of all persons engaged in the sector rose 1.8 percent. When the third quarter of 2006 is compared to the third quarter of 2005, labor productivity rose 1.5 percent. This is the smallest four-quarter increase since a similar rise in the second quarter of 1997. In the second quarter of 2006, output per hour increased 1.1 percent.

Productivity increased 6.7 percent in manufacturing in the third quarter of 2006, as output increased 5.1 percent and hours of all persons decreased 1.6 percent (seasonally adjusted annual rates). This was the largest quarterly productivity gain since the third quarter of 2003, when manufacturing output per hour grew 8.6 percent.

## Consumer Confidence Index

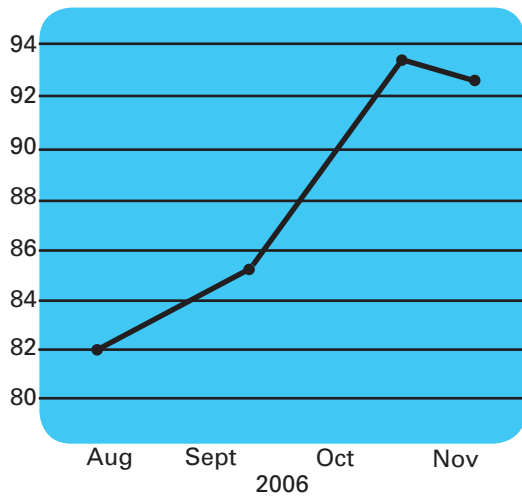
Source: The Conference Board 11/28/06



The Conference Board Consumer Confidence Index, which edged down in October, declined further in November. The Index now stands at 102.9 (1985=100), down from 105.1 in October. The Present Situation Index decreased to 123.6 from 125.1. The Expectations Index declined to 89.2 from 91.9 last month.

## Index of Consumer Sentiment

Source: The University of Michigan 11/06



Despite growing weakness in the housing market, consumers remained cautiously upbeat about prospects for the overall economy in the November survey. **The Index of Consumer Sentiment** was 92.1 in the November 2006 survey, just below the 93.6 in October and substantially above the 81.6 recorded last November. The November 2006 data reversed only a minor part of last month's surge, as the Sentiment Index remained ten points above the level recorded three months ago. The Index of Consumer Expectations, a closely watched component of the Index of Leading Economic Indicators, was 83.2 in the November 2006 survey, just below the 84.8 in October, but well ahead of the 69.6 recorded last November.

## Manufacturers' Shipments, Inventories and Orders

Source: The US Census Bureau 11/2/06

New orders for manufactured durable goods in October, down following two consecutive monthly increases, decreased \$18.8 billion or 8.2 percent to \$210.2 billion, revised from the previously published 8.3 percent decrease. This was the largest decrease since July of 2000 and followed an 8.7 percent September increase.

Shipments of manufactured durable goods in October, up two of the last three months, increased \$0.9 billion or 0.4 percent to \$209.7 billion, revised from the previously published 0.6 percent increase. This followed a 2.7 percent September decrease.

Unfilled orders for manufactured durable goods in October, up seventeen of the last eighteen months, increased \$8.2 billion or 1.2 percent to \$666.5 billion, unchanged from the previously published increase. This was at the highest level since the series began and followed a 4.1 percent September increase.

Inventories of manufactured durable goods up nine of the last ten months, increased \$2.2 billion or 0.8 percent to \$293.8 billion, unchanged from the previously published increase. This followed a 1.2 percent September increase.



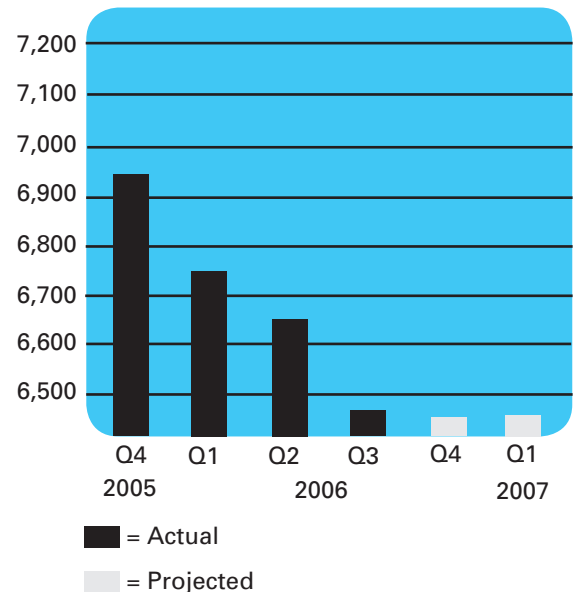
## Help Wanted Index

Source: The Conference Board 11/30/06

The Conference Board Help-Wanted Advertising Index — a key measure of job offerings in major newspapers across America — increased one point in October. The Index currently stands at 30. It was 37 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 East North Central (-15.4%), South Atlantic (-13.6%) and Mountain (-13.2%) regions. The West South Central region improved substantially (19.2%).

## Housing Sales

Source: The National Association of Realtors 11/06



\*Numbers in thousands

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*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.*