



Recently Published Data and Indices Affecting the Stainless Steel Industry

## View Points

Stainless steel — particularly duplex stainless — is becoming the material of choice for pedestrian, road and highway bridge construction because of its high strength and corrosion resistance. Currently, Outokumpu stainless steel is being used in the construction of the nearly one-mile-long Stonecutters Bridge in Hong Kong. The Stonecutters Bridge uses Duplex 2205® for its material strength and excellent resistance to pitting and crevice corrosion. When complete in 2008, the Stonecutters Bridge will be the longest bridge of its type in the world.



## Metal Matters

### Scrap Report

Source: *Advanced Steel* 12/06

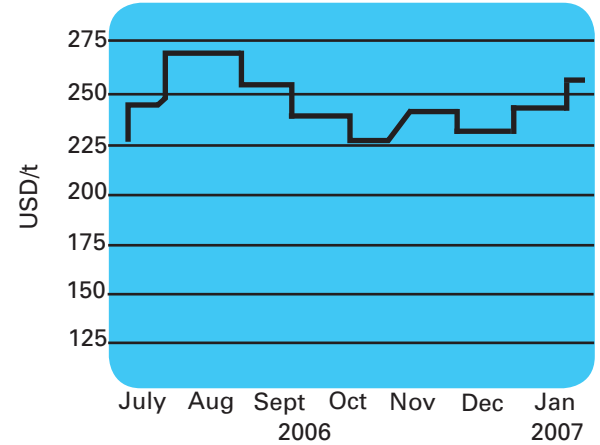
↑ A weak US dollar helped to boost an already strong demand for US scrap from buyers overseas, subsequently driving **domestic scrap pricing** up in December by an average of \$8-a-ton for auto bundles and by as much as \$13-a-ton for dealer scrap.

↑ Prices paid for the auto industry's factory bundles rose between \$6 and \$10-a-ton in December, taking the **AMM Factory Bundles Index** up \$8-a-ton. Continued strong export demand, particularly on the East Coast, put pressure on many domestic mills to secure scrap supply, subsequently pushing up dealer scrap pricing by as much as \$13-a-ton. Adding to this month's pricing pressure was both winter's seasonal decline in the flow of obsolete scrap and an unwillingness of some dealers to sell this month as they expect pricing to increase at the start of the New Year.

↑ According to the American Iron and Steel Institute, for the year-to-date, mills have produced 99,762,000 tons at an average **capability utilization rate** of 85.8 percent, up 3.2 percent from a year earlier, when mills produced 96,698,000 tons at an average capability utilization rate of 85 percent. While the overall economy grew for the 61st consecutive month in November, the same month saw an end to the long run in manufacturing growth, a trend that a decline in new orders and production have now reversed for the first time in 41 consecutive months.

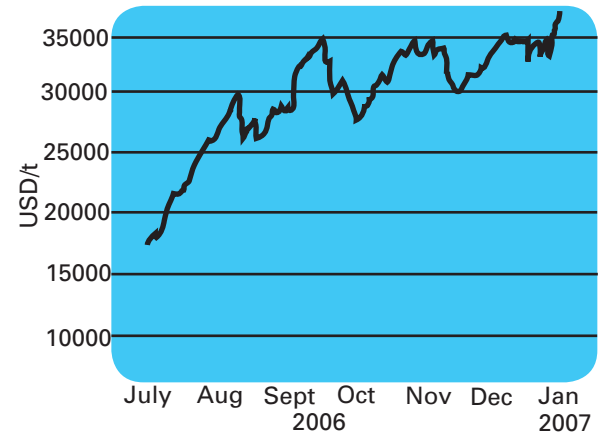
### Scrap Prices

Source: *Metal Bulletin* 1/12/07



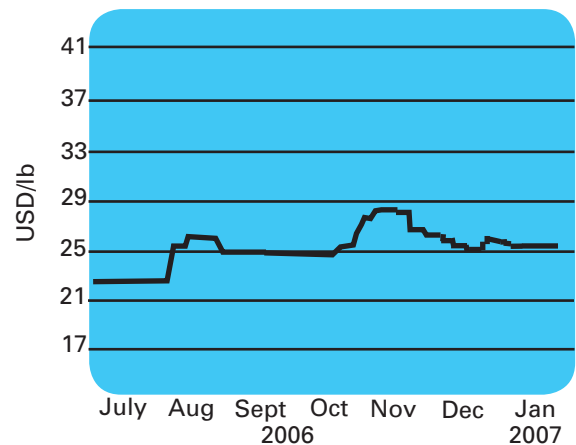
### Nickel Prices- Cash Buyer

Source: *LME* 1/12/07



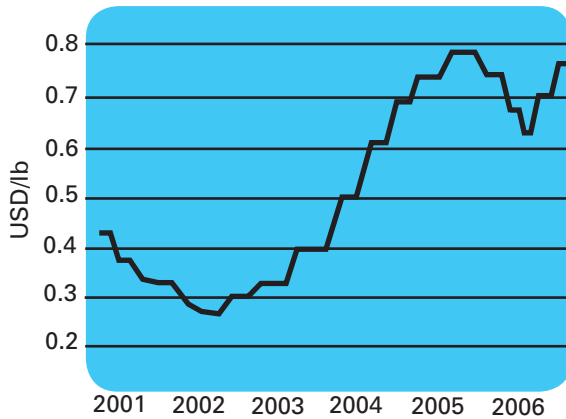
### Molybdenum Prices

Source: *Metal Bulletin* 1/12/07



## Ferrochrome Prices

Source: Metal Bulletin 1/12/07



## U.S. Exports of Steel Mill Products

Source: The U.S. Commerce Department 12/14/06

Country	Month		
	Aug	Sept	Oct
World	740,510	745,364	779,816
Canada	460,696	458,933	486,642
Mexico	181,595	172,625	172,862
India	5,086	8,245	6,007
China	8,351	8,563	7,079
Federal Republic of Germany	5,499	4,144	5,239
Italy	3,491	5,344	3,029
Venezuela	2,310	2,587	3,571
United Kingdom	5,224	3,278	4,096

\* Numbers in metric tons

## Global Economic Matters

### Exchange Rates

Source: Yahoo Finance 1/12/07

#### Crossrates

	USD	EUR	JPY	GBP	CAD	SEK
USD	1	0.7744	120.3800	0.5107	1.1700	7.0332
EUR	1.2914	1	155.4528	0.6595	1.5109	9.0891
JPY	0.008307	0.006433	1	0.004243	0.009719	0.05845
GBP	1.9580	1.5162	235.7041	1	2.2909	13.779
CAD	0.8547	0.6619	102.8889	0.4365	1	6.0193
SEK	0.1423	0.1102	17.127	0.07264	0.1663	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 1/6/07

Consumer Price Index	Unchanged	Nov. 2006
Unemployment Rate	4.5%	Nov. 2006
Producer Price Index	+2.0 (p)%	Nov. 2006
Productivity	+0.2%	3rd Qtr 2006

### Gross Domestic Product

Source: The Bureau of Economic Analysis 12/21/06

**↑ 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. 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 12/15/06

Industrial Production	October	November
Total Index	113.7	112.5
Major Market Groups		
Final Products	114.9	112.9
Consumer Goods	106.4	107.4
Business Equipment	137.5	130.3
Nonindustrial Supplies	112.4	110.6
Construction	112.7	108.6
Materials	112.9	112.4
Manufacturing	115.5	113.9

## Manufacturing

Source: The Institute for Supply Management 1/3/07

Index	Series Index Dec	Series Index Nov	Direction	Rate of Change	Trend (mos)
PMI	51.4	49.5	Growing	From Contracting	1
New Orders	52.1	48.7	Growing	From Contracting	1
Production	51.8	48.5	Growing	From Contracting	1
Employment	49.7	49.2	Contracting	Slower	2
Supplier Deliveries	53.4	52.8	Slowing	Faster	42
Inventories	48.4	49.7	Contracting	Faster	4
Customers' Inventories	50.5	50.5	Too High	Same	3
Prices	47.5	53.5	Decreasing	From Increasing	1
Backlog of Orders	45.0	46.5	Contracting	Slower	4
Exports	54.3	56.9	Growing	Slower	49
Imports	55.5	56.5	Growing	Slower	60
Overall Economy			Growing	Faster	62
Manufacturing Sector			Growing	From Contracting	1

## Productivity

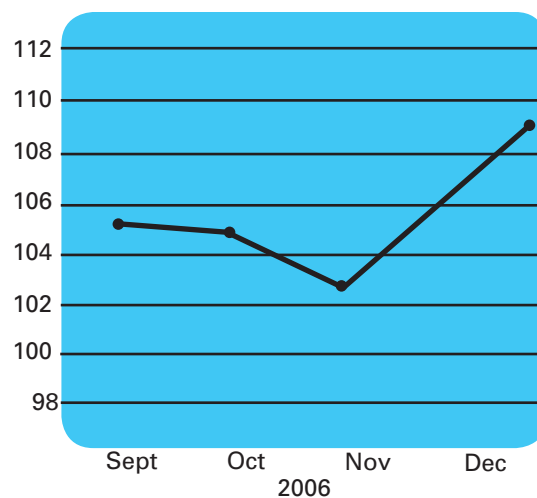
Source: The Department of Labor 12/5/06

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

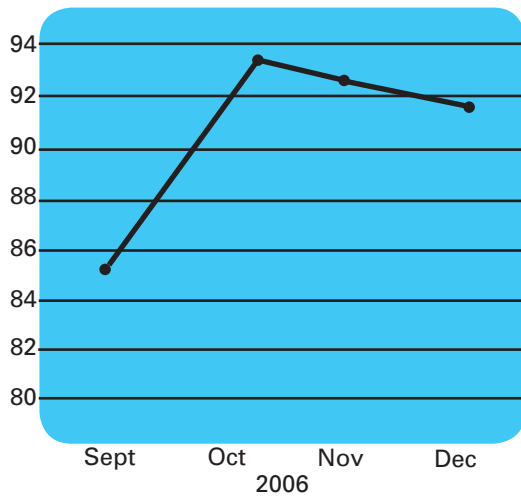
Source: The Conference Board 12/28/06



The Conference Board Consumer Confidence Index, which was virtually unchanged in November, improved in December. The Index now stands at 109.0 (1985=100), up from 105.3 in November. The Present Situation Index increased to 129.9 from 125.4. The Expectations Index improved to 95.1 from 91.9 last month.

## Index of Consumer Sentiment

Source: The University of Michigan 12/06



↓ Consumers anticipated that the pace of economic growth would remain sluggish during the year ahead due to persistent weakness in the housing market. The **Index of Consumer Sentiment** was 91.7 in the December 2006 survey, within a half a point of the 92.1 in November and the 91.2 recorded last December. The small December decline was due to offsetting shifts, as consumers voiced more positive views about current economic conditions and slightly less positive views about future economic conditions. The Current Economic Conditions Index was 108.1 in December, up from 106.0 in November, but just below the 109.1 recorded last December. The Index of Consumer Expectations, a closely watched component of the Index of Leading Economic Indicators, was 81.2 in December, between the 83.2 in November and 80.2 last December. Even at the lower December level, the Expectations Index is still at relatively favorable levels.

## Manufacturers' Shipments, Inventories and Orders

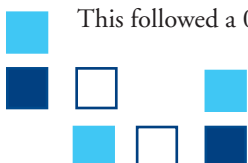
Source: The US Census Bureau 12/4/06

↑ **New orders** for manufactured durable goods in November, up three of the last four months, increased \$3.3 billion or 1.6 percent to \$213.8 billion, revised from the previously published 1.9 percent increase. This followed an 8.1 percent October decrease.

↑ **Shipments** of manufactured durable goods in November, up three of the last four months, increased \$0.3 billion or 0.2 percent to \$209.5 billion, revised from the previously published 0.1 percent increase. This followed a 0.2 percent October increase.

↑ **Unfilled orders** for manufactured durable goods in November, up eighteen of the last nineteen months, increased \$11.3 billion or 1.7 percent to \$678.6 billion, unchanged from the previously published increase. This was at the highest level since the series began and followed a 1.4 percent October increase.

↑ **Inventories** of manufactured durable goods in November, up ten of the last eleven months, increased \$0.8 billion or 0.3 percent to \$294.6 billion, unchanged from the previously published increase. This followed a 0.8 percent October increase.



## Help Wanted Index

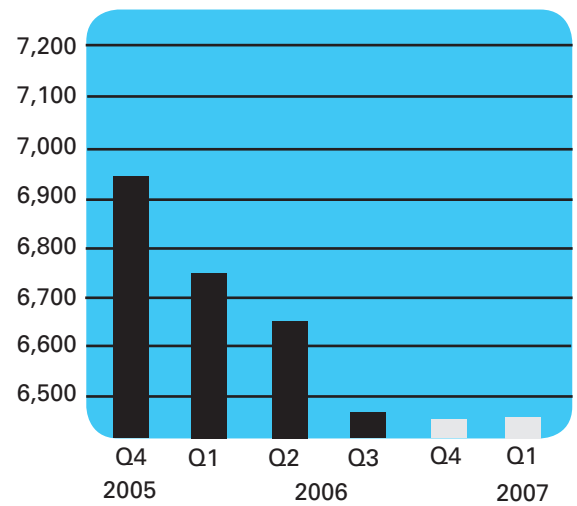
Source: The Conference Board 12/29/06



The Conference Board Help-Wanted Advertising Index — a key measure of job offerings in major newspapers across America — was unchanged in November. The Index now stands at 30. It was 38 one year ago. In the last three months, help-wanted advertising declined in five of the nine U.S. regions. Steepest declines occurred in the South Atlantic (-13.9%), New England (-7.6%) and Mountain (-4.6%) regions.

## Housing Sales

Source: The National Association of Realtors 12/06



■ = Actual  
 ■ = Projected

\*Numbers in thousands

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*Outokumpu is an international stainless steel 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 stainless steel and services worldwide. We are dedicated to helping our customers gain competitive advantage.*