



Recently Published Data and Indices Affecting the Stainless Steel Industry

View Points

2006 was an excellent year for the stainless steel market. The global market for stainless steel is estimated to have increased by 15% in 2006. Stainless steel deliveries increased by 10% to 1,815,000 tons, which together with high transaction prices boosted sales. Outokumpu's CEO Juha Rantanen said, "I am very pleased and proud of our performance last year. We made a record financial result and met our key financial goals on profitability and financial strength. We still have a way to go towards our vision of becoming the 'undisputed number one in stainless' and thus our key priorities for 2007 are increased customer focus, strengthening of the competitiveness of our operations and starting to seek growth opportunities."



Metal Matters

Scrap Report

Source: *Advanced Steel 1/07*

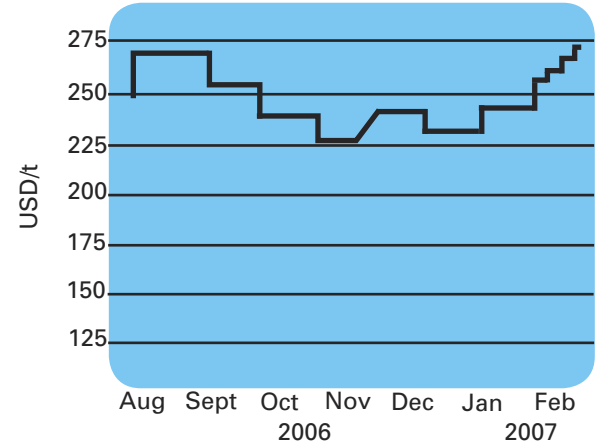
↑ The scrap market entered the new year with bullish momentum as both domestic and export demand pushed pricing up across the US. Spurred largely by demand from Turkey, final totals for US scrap metal exports is expected to hit \$9 billion for 2006 compared to the slightly less than \$6 billion the previous year. While 2006 did see the first decline in a 41-month growth trend in the US manufacturing sector, December reversed the trend and we entered into the New Year on an upswing.

↑ Prices paid for the auto industry's factory bundles rose by as much as \$31-a-ton in January as the New Year brought the need to replenish diminished inventories of industrial steel scrap at most mills. The gains pushed the AMM Factory Bundles Index to its highest level since September but still more than \$100 below the peaks seen last summer.

↑ U.S. raw steel output totaled 1,881,000 tons in the second week of January, a 4.9 percent increase from 1,792,000 tons at the start of the New Year as mills operated at an average capability utilization rate of 80.5 percent. For the year-to-date, mills have produced 3,673,000 tons at an average capability utilization rate of 78.6 percent, down 11.3 percent from a year earlier, when mills produced 4,141,000 tons at an average capability utilization rate of 85.6 percent.

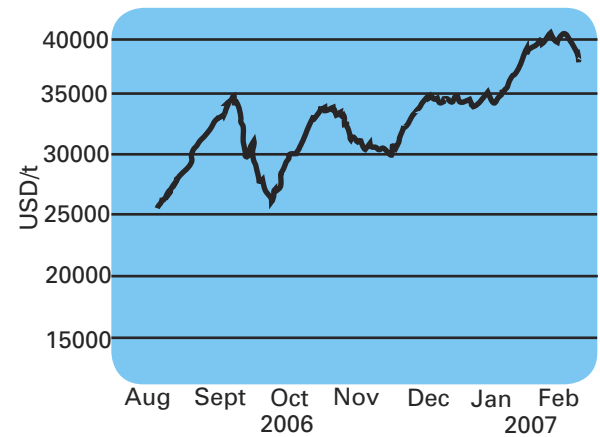
Scrap Prices

Source: *Metal Bulletin 2/12/07*



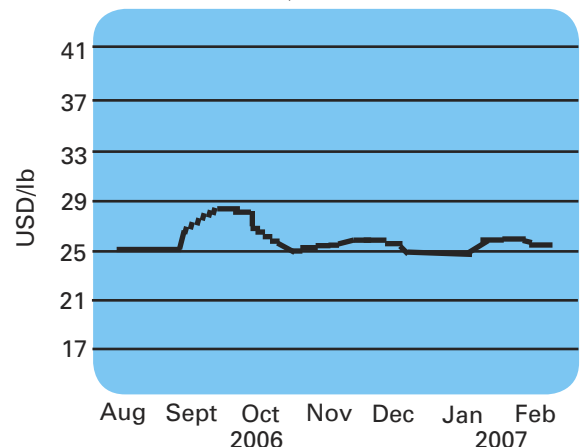
Nickel Prices- Cash Buyer

Source: *LME 2/12/07*



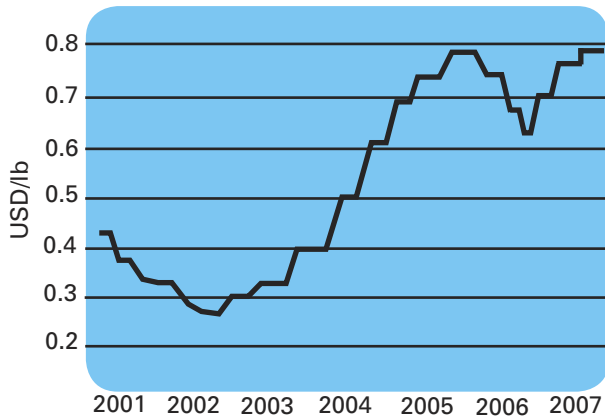
Molybdenum Prices

Source: *Metal Bulletin 2/12/07*



Ferrochrome Prices

Source: Metal Bulletin 2/12/07



U.S. Exports of Steel Mill Products

Source: The U.S. Commerce Department 1/12/07

Country	Month		
	Sept	Oct	Nov
World	745,364	779,816	731,601
Canada	458,933	486,642	423,480
Mexico	172,625	172,862	194,698
India	8,245	6,007	7,605
China	8,563	7,079	7,567
Federal Republic of Germany	4,144	5,239	3,594
Italy	5,344	3,029	3,015
Venezuela	2,587	3,571	6,570
United Kingdom	3,278	4,096	5,441

* Numbers in metric tons

Global Economic Matters

Exchange Rates

Source: Yahoo Finance 2/14/07

Crossrates						
	USD	EUR	JPY	GBP	CAD	SEK
USD	1	0.7616	120.8100	0.5099	1.1674	6.9643
EUR	1.3129	1	158.6174	0.6694	1.5327	9.1476
JPY	0.008227	0.006304	1	0.004220	0.009663	0.05764
GBP	1.9613	1.4938	236.9446	1	2.2895	13.672
CAD	0.8566	0.6525	103.4908	0.4368	1	5.9650
SEK	0.1438	0.1095	17.380	0.07329	0.1678	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 1/31/07


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 3.5 percent in the fourth quarter of 2006, according to advance estimates released by the Bureau of Economic Analysis. In the third quarter, real GDP increased 2.0 percent. The increase in real GDP in the fourth quarter primarily reflected positive contributions from personal consumption expenditures (PCE), exports, state and local government spending, and federal government spending that were partly offset by negative contributions from residential fixed investment and private inventory investment. Imports, which are a subtraction in the calculation of GDP, decreased.

Industrial Production and Capacity Utilization

Source: The Federal Reserve 1/17/07

Industrial Production	November	December
Total Index	112.5	112.4
Major Market Groups		
Final Products	112.9	113.4
Consumer Goods	107.4	107.6
Business Equipment	130.3	131.8
Nonindustrial Supplies	110.6	110.7
Construction	108.6	108.2
Materials	112.4	112.2
Manufacturing	113.9	114.3

Manufacturing

Source: The Institute for Supply Management 2/1/07

Index	Series Index Jan	Series Index Dec	Direction	Rate of Change	Trend (mos)
PMI	49.3	51.4	Contracting	From Growing	1
New Orders	50.3	52.1	Growing	Slower	2
Production	49.6	51.8	Contracting	From Growing	1
Employment	49.5	49.7	Contracting	Slower	3
Supplier Deliveries	52.7	53.4	Slowing	Slower	43
Inventories	39.9	48.4	Contracting	Faster	6
Customers' Inventories	52.0	50.5	Too High	Faster	4
Prices	53.0	47.5	Increasing	From Decreasing	1
Backlog of Orders	43.5	45.0	Contracting	Faster	5
Exports	52.5	54.3	Growing	Slower	50
Imports	54.5	55.5	Growing	Slower	61
Overall Economy			Growing	Faster	63
Manufacturing Sector			Contracting	From Growing	1

Productivity

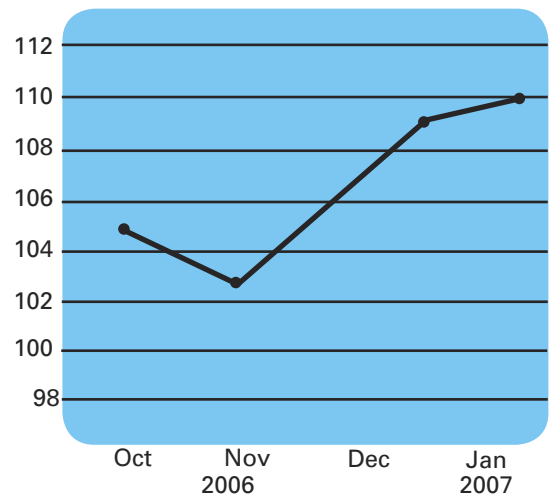
Source: The Department of Labor 2/7/07

↑ Productivity in the **business sector** increased by 2.4 percent in the fourth quarter of 2006, reflecting increases of 4.1 percent in output and 1.7 percent in hours of all persons (seasonally adjusted annual rates). Output per hour had edged up 0.1 percent in the third quarter of 2006, as output rose 1.9 percent and hours increased 1.8 percent.

↑ **Manufacturing** productivity grew 2.2 percent in the fourth quarter of 2006 as output declined 1.6 percent and hours fell 3.7 percent (seasonally adjusted annual rates). The decrease in output was the first since the second quarter of 2003, when output decreased 2.4 percent. In the third quarter, manufacturing productivity had increased 6.3 percent, reflecting a 4.8-percent rise in output and a 1.5-percent decline in hours. In durable goods manufacturing, productivity rose 3.3 percent in the fourth quarter as output edged down 0.5 percent and hours fell 3.7 percent. Among nondurable goods manufacturers, productivity rose 0.9 percent in the fourth quarter as output fell 3.0 percent and hours at work fell 3.9 percent.

Consumer Confidence Index

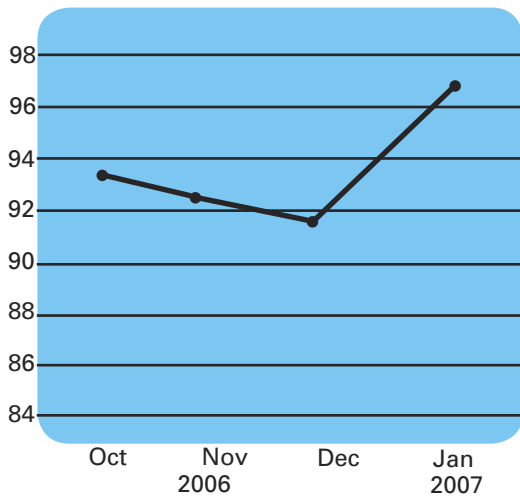
Source: The Conference Board 1/30/07



↑ The Conference Board **Consumer Confidence Index**, which had improved in December, edged up slightly in January. The Index now stands at 110.3 (1985=100), up from 110.0 in December. The Present Situation Index increased to 133.9 from 130.5. The Expectations Index, however, declined to 94.5 from 96.3 last month.

Index of Consumer Sentiment

Source: The University of Michigan 1/07



Lower gas prices and a stronger labor market propelled consumer confidence to its highest level in two years. **The Index of Consumer Sentiment** was 96.9 in the January 2007 survey, up from 91.7 in December and 91.2 in the January 2006 survey. The Index of Consumer Expectations, a closely watched component of the Index of Leading Economic Indicators, was 87.6 in the January 2007 survey, up from 81.2 in December and 78.9 in the January 2006 survey. The Current Economic Conditions Index was 111.3 in the January 2007 survey, up from 108.1 in December and 110.3 in the January 2006 survey.

Manufacturers' Shipments, Inventories and Orders

Source: The US Census Bureau 2/2/07

New orders for manufactured durable goods in December, up four of the last five months, increased \$6.2 billion or 2.9 percent to \$221.3 billion, revised from the previously published 3.1 percent increase. This followed a 2.2 percent November increase.

Shipments of manufactured durable goods in December, up four of the last five months, increased \$2.2 billion or 1.0 percent to \$212.0 billion, revised from the previously published 0.8 percent increase. This followed a 0.3 percent November increase.

Unfilled orders Unfilled orders for manufactured durable goods in December, up nineteen of the last twenty months, increased \$14.5 billion or 2.1 percent to \$693.8 billion, revised from the previously published 2.3 percent increase. This was at the highest level since the series began and followed a 1.8 percent November increase.

Inventories of manufactured durable goods in December, up eleven of the last twelve months, increased \$1.1 billion or 0.4 percent to \$295.8 billion, unchanged from the previously published increase. This followed a 0.3 percent November increase.

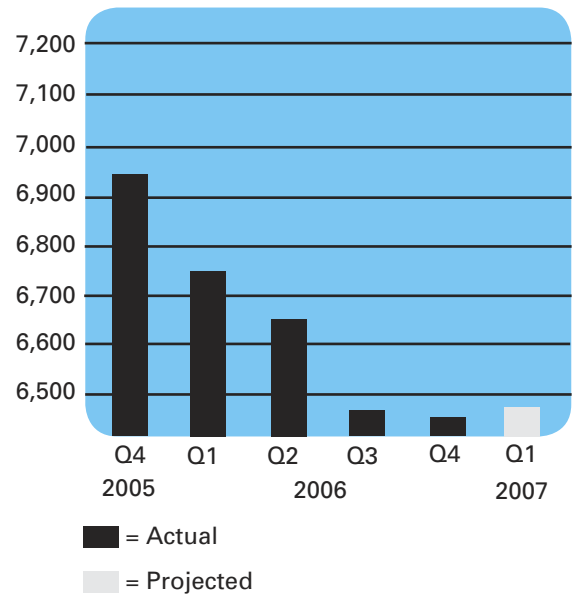
Help Wanted Index

Source: The Conference Board 1/25/07

The Conference Board Help-Wanted Advertising Index — a key measure of job offerings in major newspapers across America — rose four points in December. The Index now stands at 33. It was 38 one year ago. In the last three months, help-wanted advertising rose in seven of the nine U.S. regions. Largest increases occurred in the East North Central (35.9%), West South Central (23.0%), New England (16.1%) and Middle Atlantic (10.5%) regions.

Housing Sales

Source: The National Association of Realtors 2/07



*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.

