



Recently Published Data and Indices Affecting the Stainless Steel Industry

## View Points

The Specialty Steel Industry of North America and the National Association of Manufacturers executed a settlement agreement with OSHA regarding OSHA's rule on occupational exposure to hexavalent chromium. "Great relief was gained on approval of the use of personal respiratory protection in confined and enclosed spaces as opposed to having to install engineering controls, but we were not able to gain any other exemptions for welding," reported Elisabeth Torsner, Outokumpu Vice President Market Development/Technical Coordinator. "The industry wanted exemptions for welding in certain physical positions, methods, and for welding certain materials, but they were not granted by OSHA," Torsner explained. According to Torsner, most service centers do not exceed the permissible exposure limit for hexavalent chromium — and for all Cr(VI) compounds — of 5 micrograms per cubic meter of air as an 8-hour time-weighted average. But many downstream customers who are performing welding can be affected by the OSHA ruling.



## Metal Matters

### Scrap Report

Source: *Advanced Steel* 4/07

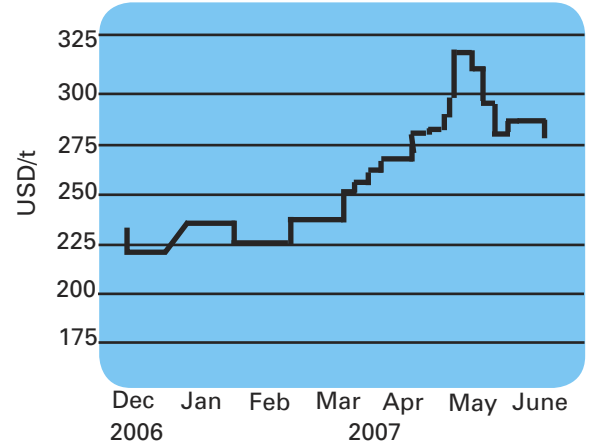
↓ The AMM Auto Factory Bundles Index declined \$10-a-ton at the beginning of the month but dealer pricing plummeted soon after, falling by as much as \$50-a-ton, spurring mills to make a mid-month reduction in raw material surcharges and increase base pricing for merchant bar and structural steel products.

↓ While most scrap brokers and buyers expected a decrease this month, few anticipated the up to \$50-a-ton drop of scrap pricing. By the end of the first week, No. 1 dealer bundles and No. 1 busheling slipped \$20 to \$30 below last month's prices in several major steelmaking markets and shredded scrap prices dove by as much as \$50-a-ton.

↑ U.S. raw steel production totaled 2,087,000 mid-April, up 3.4 percent from 2,017,000 tons the previous week, as mills operated at an average capability utilization rate of 87.2 percent. For the year to date, mills have produced 29,464,000 tons at an average capability utilization rate of 83.8 percent, down 7.4 percent from a year earlier, when mills produced 31,839,000 tons at an average capability utilization rate of 89.6 percent.

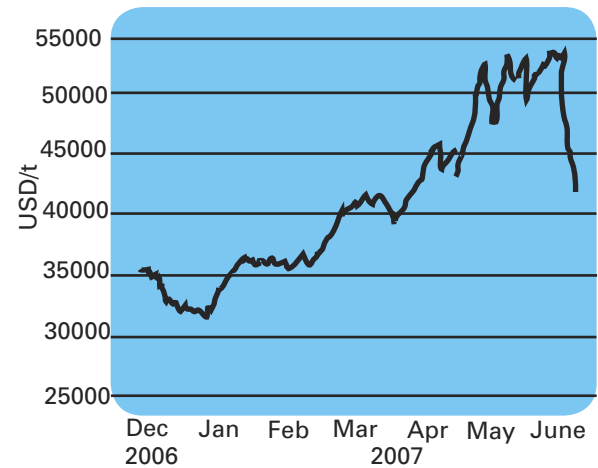
### Scrap Prices

Source: *Metal Bulletin* 6/14/07



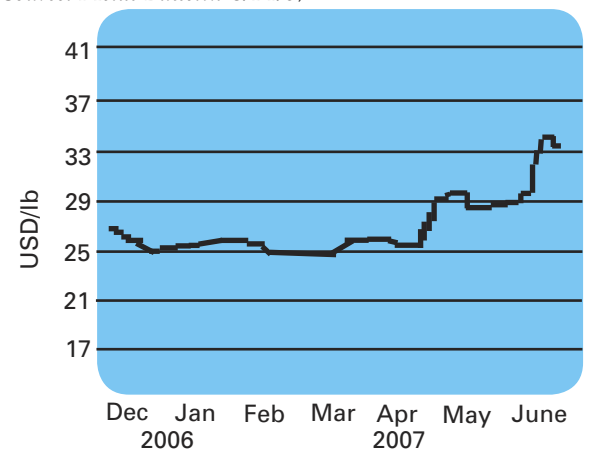
### Nickel Prices- Cash Buyer

Source: *LME* 6/14/07



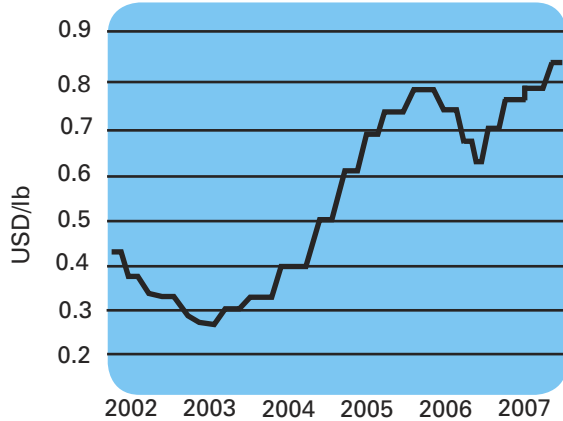
### Molybdenum Prices

Source: *Metal Bulletin* 6/14/07



## Ferrochrome Prices

Source: Metal Bulletin 6/15/07



## U.S. Exports of Steel Mill Products

Source: The U.S. Commerce Department 5/15/07

Country	Month		
	Jan	Feb	Mar
World	692,911	726,601	841,127
Canada	419,768	408,780	499,594
Mexico	156,243	162,213	177,969
India	9,041	8,255	10,499
China	8,428	7,833	11,367
Federal Republic of Germany	10,129	6,962	5,788
Italy	4,219	6,068	28,680
Venezuela	7,692	4,910	5,472
United Kingdom	4,002	5,416	6,946

\* Numbers in metric tons

## Global Economic Matters

### Exchange Rates

Source: Yahoo Finance 6/15/07

Crossrates							
	USD	EUR	JPY	GBP	CAD	SEK	CNY
USD	1	0.7481	123.4950	0.5059	1.0674	7.0484	7.6350
EUR	1.3368	1	165.0819	0.6762	1.4268	9.4246	10.206
JPY	0.008097	0.006058	1	0.004096	0.008643	0.05705	0.06181
GBP	1.9768	1.4788	244.1278	1	2.1100	13.940	15.092
CAD	0.9369	0.7009	115.7024	0.4739	1	6.5981	7.1509
SEK	0.1421	0.1062	17.542	0.07184	0.1517	1	1.0839
CNY	0.1313	0.09827	16.230	0.06645	0.1403	0.9253	1

USD= US Dollar    EUR= Euro    JPY= Japanese Yen    GPB= British Pound  
 SEK= Swedish Krona    CNY= Chinese Yuan    CAD= Canadian Dollar

## U.S. Economic Matters

### Latest Statistics

Source: The Department of Labor 5/7/07

Consumer Price Index	+0.4%	Apr. 2007
Unemployment Rate	4.5%	May 2007
Producer Price Index	+0.7 (p)%	Apr. 2007
Productivity	+1.0%	1st Qtr 2007

### Gross Domestic Product

Source: The Bureau of Economic Analysis 5/31/07

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 0.6 percent in the first quarter of 2007. In the fourth quarter, real GDP increased 2.5 percent. The increase in real GDP in the first quarter primarily reflected positive contributions from personal consumption expenditures (PCE) and state and local government spending that were partly offset by negative contributions from private inventory investment, residential fixed investment, and federal government spending. Imports, which are a subtraction in the calculation of GDP, increased.

### Productivity

Source: The Department of Labor 5/3/07

Productivity rose 0.5 percent in the business sector from the fourth quarter of 2006 to the first quarter of 2007, as output increased 0.4 percent and hours worked by all persons declined 0.1 percent (seasonally adjusted annual rates). In the fourth quarter of 2006, output per hour increased 1.5 percent, reflecting increases in output and hours of 2.9 percent and 1.4 percent, respectively. From first-quarter 2006 to first-quarter 2007, business sector productivity posted the smallest four-quarter gain since the fourth quarter of 1995, when it also rose 0.7 percent.

Productivity grew at a 2.4-percent annual rate in the manufacturing sector during the first quarter of 2007, the joint effect of a 1.2-percent increase in output and a 1.1-percent decrease in hours. The 2.2-percent productivity gain in durable goods industries in the first quarter was due entirely to a 2.5-percent drop in hours worked, as output also declined, by 0.4 percent. Output per hour rose 1.8 percent in nondurable goods industries as output and hours both increased, by 3.1 percent and 1.3 percent, respectively.

## Industrial Production and Capacity Utilization

Source: The Federal Reserve 5/16/07

Industrial Production	March	April
Total Index	112.2	113.0
Major Market Groups		
Final Products	113.6	114.5
Consumer Goods	107.8	109.3
Business Equipment	132.1	131.7
Nonindustrial Supplies	110.1	110.5
Construction	109.7	109.3
Materials	111.7	112.5
Manufacturing	114.4	115.0

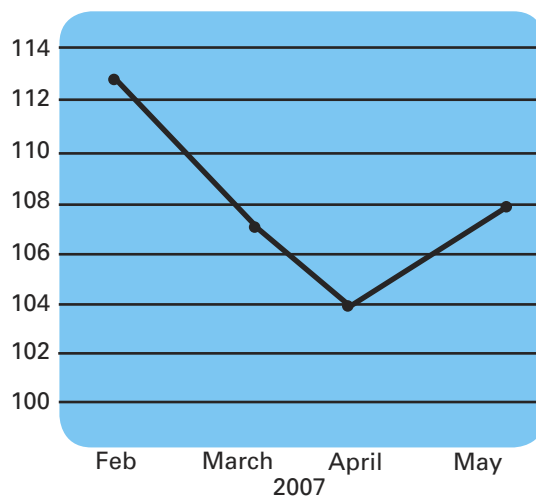
## Manufacturing

Source: The Institute for Supply Management 6/5/07

Index	Series Index May	Series Index April	Direction	Rate of Change	Trend (mos)
PMI	55.0	54.7	Growing	Faster	4
New Orders	59.6	58.5	Growing	Faster	6
Production	58.3	57.3	Growing	Faster	4
Employment	51.9	53.1	Growing	Slower	2
Supplier Deliveries	50.3	50.2	Slowing	Faster	47
Inventories	46.1	46.3	Contracting	Faster	10
Customers' Inventories	48.0	47.0	Too Low	Slower	3
Prices	71.0	73.0	Increasing	Slower	5
Backlog of Orders	52.5	54.5	Growing	Slower	2
Exports	59.0	57.0	Growing	Faster	54
Imports	57.5	58.0	Growing	Slower	65
Overall Economy			Growing	Faster	67
Manufacturing Sector			Growing	Faster	4

## Consumer Confidence Index

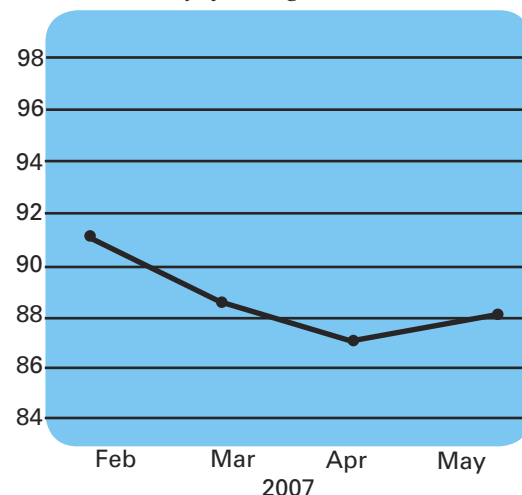
Source: The Conference Board 4/24/07



↑ The Conference Board Consumer Confidence Index, which had decreased in April, bounced back in May. The Index now stands at 108.0 (1985=100), up from 106.3 in April. The Present Situation Index increased to 136.1 from 133.5 in April. The Expectations Index edged up to 89.2 from 88.2.

## Index of Consumer Sentiment


Source: The University of Michigan 6/07





↑ Consumer confidence edged upward in the May survey despite the fact that gas prices have risen to a higher level than ever before. The Index of Consumer Sentiment was 88.3 in the May 2007 survey, up from 87.1 in April, and well above the 79.1 recorded in May of 2006. The Index of Consumer Expectations, a closely watched component of the Index of Leading Economics Indicators, was 77.6 in the May 2007 survey, up from 75.9 in April, and significantly higher than the 68.2 recorded in May 2006. The Current Economic Conditions Index was 105.1 in the May 2007 survey, up from 104.6 in April, and well above the 96.1 recorded in May of 2006.


## Manufacturers' Shipments, Inventories and Orders

Source: The US Census Bureau 6/4/07

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**New orders** for manufactured durable goods in April, up five of the last six months, increased \$1.8 billion or 0.8 percent to \$218.5 billion, revised from the previously published 0.6 percent increase. This followed a 5.1 percent March increase.
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**Shipments** of manufactured durable goods in April, up two consecutive months, increased \$3.9 billion or 1.9 percent to \$213.2 billion, unchanged from the previously published increase. This followed a 1.3 percent March increase.
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**Unfilled orders** for manufactured durable goods in April, up twenty-three of the last twenty-four months, increased \$13.0 billion or 1.8 percent to \$719.1 billion, unchanged from the previously published increase. This was at the highest level since the series began and followed a 1.8 percent March increase.
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**Inventories** of manufactured durable goods in April, up fourteen consecutive months, increased \$1.4 billion or 0.5 percent to \$312.8 billion, unchanged from the previously published increase. This was at the highest level since the series began and followed a 0.1 percent March increase.

## Help Wanted Index

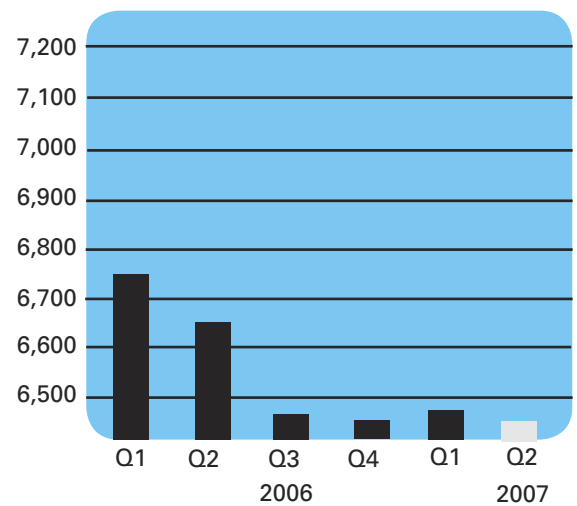
Source: The Conference Board 5/31/07

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**The Conference Board Help-Wanted Advertising Index** — a key measure of job offerings in major newspapers across America — was unchanged in April. The Index stands at 29. It was 34 one year ago. In the last three months, help-wanted advertising declined in seven of the nine U.S. regions. Steepest declines occurred in the East South Central (-36.7%), New England (-19.3%), East North Central (-8.4%) and South Atlantic (-8.4%) regions.

## Housing Sales

Source: The National Association of Realtors 6/07



■ = Actual  
 □ = Projected

\*Numbers in thousands



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