



Recently Published Data and Indices Affecting the Stainless Steel Industry

View Points

With more than forty new Liquefied Natural Gas (LNG) import terminals either approved or proposed for North America, the already high demand for natural gas will continue to increase — growing by 25 percent in the U.S. over the next decade, according to the U.S. Department of Energy. International energy companies are investing more than \$30 billion in the development of new facilities for producing and transporting natural gas, which environmentalists have noted is the cleanest-burning fossil fuel. Creating LNG involves cooling natural gas to 260 degrees below zero Fahrenheit, sending it around the world in superinsulated ships and then re-gasifying it at its destination. LNG presents a boon for stainless steel producers. “At those very low cryogenic temperatures, a material is needed that is very ductile and won’t crack or fracture,” said Elisabeth Torsner, Outokumpu Vice President/Technical Coordinator. Outokumpu’s Wildwood, Florida pipe facility has provided thousands of tons of large diameter welded stainless pipe to the LNG industry.



Metal Matters

Scrap Report

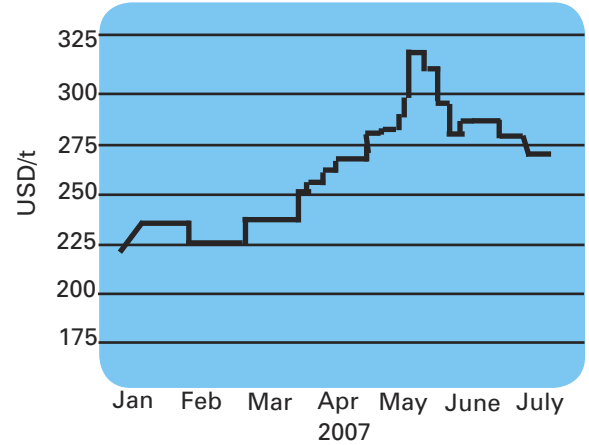
Source: *Advanced Steel* 6/07

↑ Prices paid for the auto industry’s factory bundles rose \$15-a-ton in June, a modest up-tick from May’s \$77-a-ton plunge. A rebound in auto bundle pricing was widely anticipated largely because many mills were short of scrap after the first week of May and were forced to raise prices to local dealers.

↑ U.S. raw steel production totaled 2,101,000 tons in the third week of June, as mills operated at an average capability utilization rate of 87.8 percent. U.S. raw steel production totaled 2,087,000 in mid-April. In the corresponding week last year, mills produced 2,207,000 tons at an average capability utilization rate of 92.1 percent. For the year to date, mills have produced 50,144,000 tons at an average capability utilization rate of 84.8 percent, down 7 percent from a year earlier, when mills produced 53,904,000 tons at an average capability utilization rate of 90.5 percent.

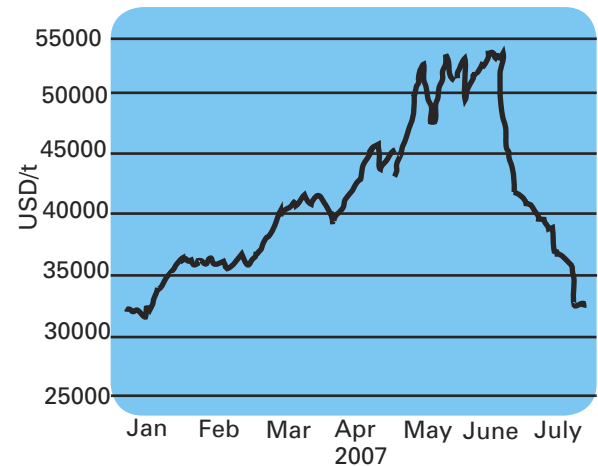
Scrap Prices

Source: *Metal Bulletin* 7/13/07



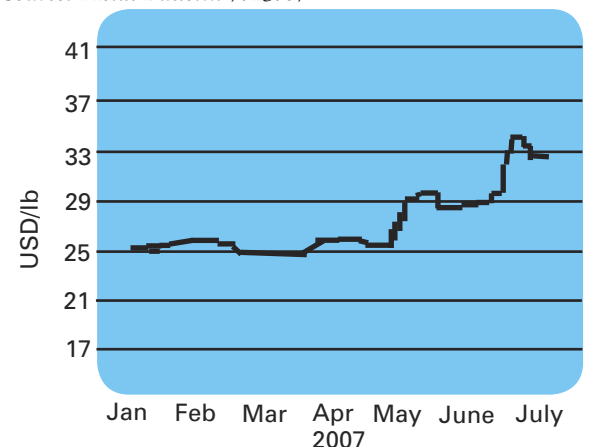
Nickel Prices- Cash Buyer

Source: *LME* 7/13/07



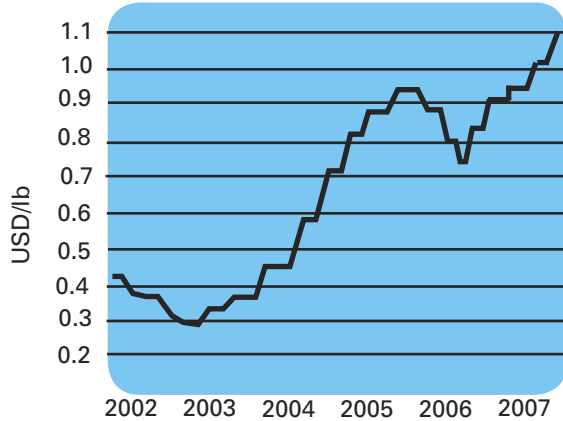
Molybdenum Prices

Source: *Metal Bulletin* 7/13/07



Ferrochrome Prices

Source: Metal Bulletin 7/13/07



U.S. Exports of Steel Mill Products

Source: The U.S. Commerce Department 6/12/07

Country	Month		
	Feb	Mar	Apr
World	726,601	841,127	825,186
Canada	408,780	499,594	441,786
Mexico	162,213	177,969	184,983
India	8,255	10,499	8,792
China	7,833	11,367	12,057
Federal Republic of Germany	6,962	5,788	11,680
Italy	6,068	28,680	5,289
Venezuela	4,910	5,472	16,192
United Kingdom	5,416	9,946	7,099

* Numbers in metric tons

Global Economic Matters

Exchange Rates

Source: Yahoo Finance 7/17/07

Crossrates							
	USD	EUR	JPY	GBP	CAD	SEK	CNY
USD	1	0.7254	122.3550	0.4886	1.0438	6.6660	0.8812
EUR	1.3785	1	168.6664	0.6735	1.4388	9.1774	10.434
JPY	0.008173	0.005929	1	0.003993	0.008531	0.05445	0.06190
GBP	2.0468	1.4848	250.4421	1	2.1364	13.627	15.491
CAD	0.9581	0.6950	117.2263	0.4681	1	6.3781	7.2523
SEK	0.1503	0.1090	18.390	0.07184	0.1570	1	1.1378
CNY	0.1323	0.09598	16.182	0.06465	0.1381	0.8807	1

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

U.S. Economic Matters

Latest Statistics

Source: The Department of Labor 7/16/07

Consumer Price Index	+0.7%	May 2007
Unemployment Rate	4.5%	June 2007
Producer Price Index	+0.9 (p)%	May 2007
Productivity	+1.0%	1st Qtr 2007

Gross Domestic Product

Source: The Bureau of Economic Analysis 6/28/07

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 0.7 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 6/6/07

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 (table 1). 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 6/15/07

Industrial Production	April	May
Total Index	113.0	112.7
Major Market Groups		
Final Products	114.5	114.0
Consumer Goods	109.3	108.9
Business Equipment	131.7	130.6
Nonindustrial Supplies	110.5	110.0
Construction	109.3	108.4
Materials	112.5	112.4
Manufacturing	115.0	114.7

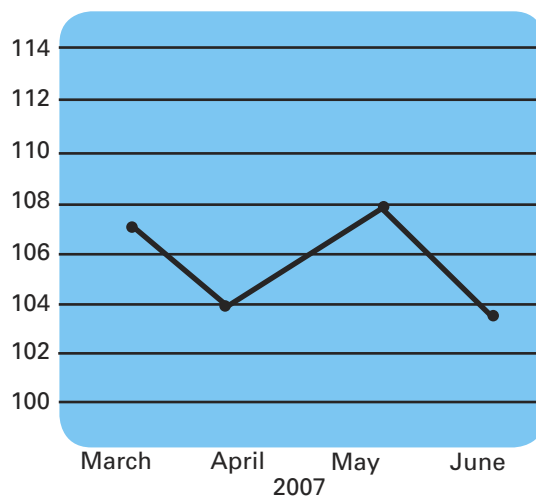
Manufacturing

Source: The Institute for Supply Management 7/2/07

Index	Series Index June	Series Index May	Direction	Rate of Change	Trend (mos)
PMI	56.0	55.0	Growing	Faster	5
New Orders	60.3	59.6	Growing	Faster	7
Production	62.9	58.3	Growing	Faster	5
Employment	51.1	51.9	Growing	Slower	3
Supplier Deliveries	49.7	50.3	Faster	From Slowing	1
Inventories	45.3	46.1	Contracting	Faster	11
Customers' Inventories	47.0	48.0	Too Low	Faster	4
Prices	68.0	71.0	Increasing	Slower	6
Backlog of Orders	53.5	52.5	Growing	Faster	3
Exports	56.0	59.0	Growing	Slower	55
Imports	54.5	57.5	Growing	Slower	66
Overall Economy			Growing	Faster	68
Manufacturing Sector			Growing	Faster	5

Consumer Confidence Index

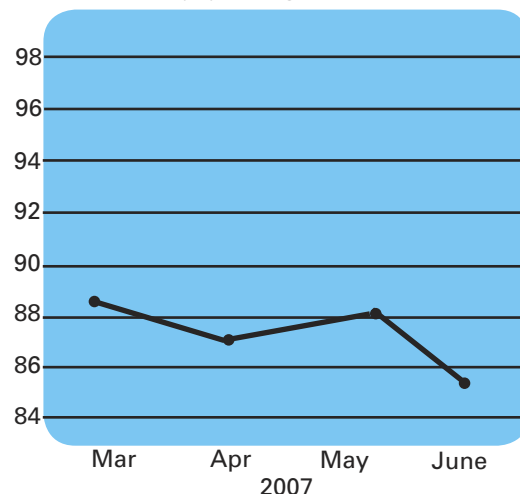
Source: The Conference Board 6/26/07



↓ The Conference Board Consumer Confidence Index, which had bounced back in May, reversed course in June. The Index now stands at 103.9 (1985=100), down from 108.5 in May. The Present Situation Index decreased to 127.9 from 136.1 in May. The Expectations Index edged down to 87.9 from 90.1.

Index of Consumer Sentiment

Source: The University of Michigan 7/07



↓ Consumer confidence fell in the June survey due to the cumulative strain of high gas prices on the finances of households. The decline, however, has been much less severe than in the past two years as consumers no longer fear that rising gas prices will cripple the economy. The Index of Consumer Sentiment was 85.3 in the June survey, down from 88.3 in May and just above the 84.9 recorded in June of 2006. The Index of Consumer Expectations, a closely watched component of the Index of Leading Economic Indicators, was 74.7 in the June 2007 survey, between the 77.6 recorded in May and the 72.0 recorded in June of 2006. The Current Economic Conditions Index was 101.9 in the June 2007 survey, down from 105.1 in May and 105.0 in June 2006.

Manufacturers' Shipments, Inventories and Orders

Source: The US Census Bureau 7/3/07

- ↓ **New orders** for manufactured durable goods in May, down following three consecutive monthly increases, decreased \$5.3 billion or 2.4 percent to \$213.7 billion, revised from the previously published 2.8 percent decrease. This followed a 1.0 percent April increase.
- ↑ **Shipments** of manufactured durable goods in May, up three consecutive months, increased \$1.1 billion or 0.5 percent to \$214.6 billion, revised from the previously published 0.4 percent increase. This followed a 2.0 percent April increase.
- ↑ **Unfilled orders** for manufactured durable goods in May, up twenty-four of the last twenty-five months, increased \$6.3 billion or 0.9 percent to \$725.7 billion, revised from the previously published 0.8 percent increase. This was at the highest level since the series began and followed a 1.9 percent April increase.
- ↑ **Inventories** of manufactured durable goods in May, up fifteen consecutive months, increased \$0.4 billion or 0.1 percent to \$312.8 billion, revised from the previously published 0.2 percent increase. This was at the highest level since the series began and followed a 0.4 percent April increase.

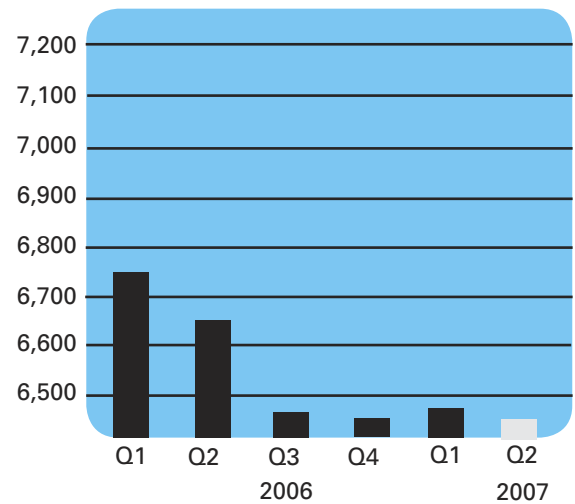
Help Wanted Index

Source: The Conference Board 6/28/07

- ↓ **The Conference Board Help-Wanted Advertising Index** — a key measure of job offerings in major newspapers across America — dipped two points in May. The Index now stands at 27. It was 33 one year ago. In the last three months, help-wanted advertising declined in six of the nine U.S. regions. Largest declines occurred in the East South Central (-41.1%), Pacific (-22.7%) and West North Central (-19.3%) regions. Increases occurred in the West South Central (8.0%), New England (6.4%) and Middle Atlantic (2.3%) regions.

Housing Sales

Source: The National Association of Realtors 7/07



■ = 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.