



Recently Published Data and Indices Affecting the Stainless Steel Industry

View Points

To meet the need for freshwater in the fast growing eastern Province of Saudi Arabia, Veolia Water Solutions & Technologies have chosen SIDEM — a thermal desalination specialist — to design and build one of the world’s largest desalination plants for the MARAFIQ power and water utility company. The plant will use Outokumpu’s duplex stainless steel plate in the evaporator chambers. The duplex evaporators can be built with thinner plates, requiring less material and less welding compared to other material configurations. This project will mark Outokumpu’s largest duplex contract to date. The plant will provide 800,000 cubic meters of desalted water per day.



SIDEM and Outokumpu first partnered in 2006, to build the Al Hidd desalination plant in Bahrain.

Metal Matters

Scrap Report

Source: Advanced Steel 7/07



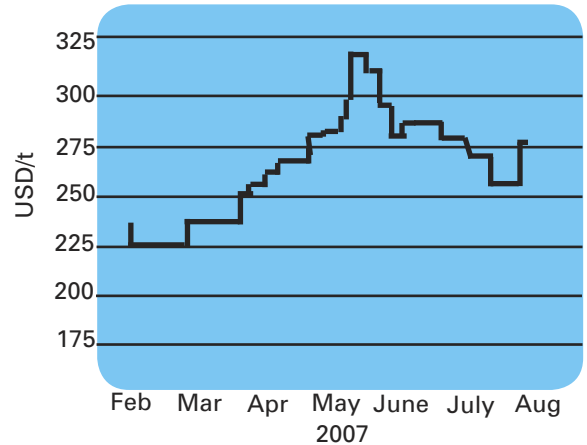
Prices paid for the auto industry’s factory bundles matched expectations that the month would see little or no change in bundle pricing, leaving the AMM Index flat for July. The lackluster response was largely due to ongoing weakness in the flat-rolled steel market and decreased export demand from East Coast scrap yards. The cutback in the Turkish scrap import market slowed US ferrous scrap exports, but most US traders expect demand to pick up soon.



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.

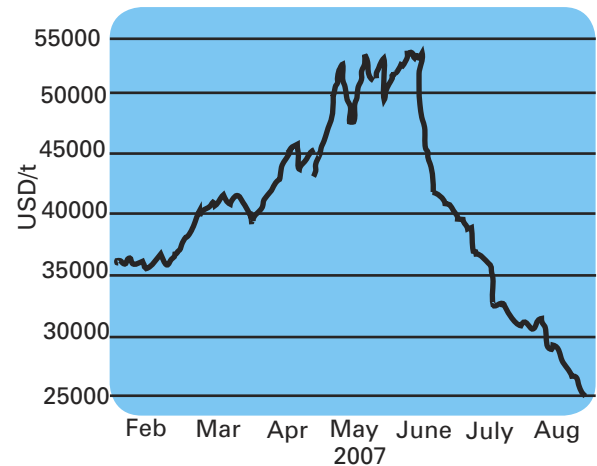
Scrap Prices

Source: Metal Bulletin 8/10/07



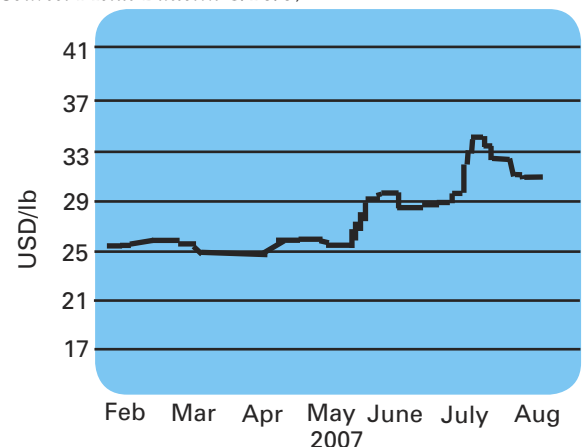
Nickel Prices- Cash Buyer

Source: LME 8/10/07



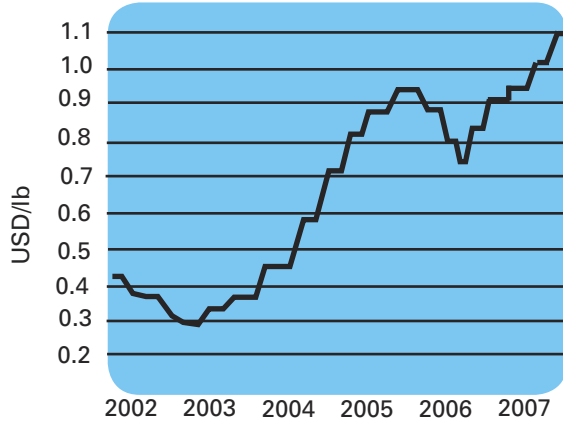
Molybdenum Prices

Source: Metal Bulletin 8/10/07



Ferrochrome Prices

Source: Metal Bulletin 8/10/07



U.S. Exports of Steel Mill Products

Source: The U.S. Commerce Department 7/17/07

Country	Monthly Quarterly Avg. 2007 (through May)
World	796,260
Canada	454,896
Mexico	173,757
India	10,206
China	10,916
Federal Republic of Germany	8,280
Italy	11,811
Venezuela	8,046
United Kingdom	6,038

* Numbers in metric tons

Global Economic Matters

Exchange Rates

Source: Yahoo Finance 8/14/07

Crossrates							
	USD	EUR	JPY	GBP	CAD	SEK	CNY
USD	1	0.7386	117.8850	0.5000	1.0649	6.8722	7.5861
EUR	1.3573	1	160.0053	0.6786	1.4454	9.3343	10.303
JPY	0.008483	0.006250	1	0.004241	0.009033	0.05829	0.06434
GBP	2.0000	1.4735	235.7700	1	2.1298	13.754	15.172
CAD	0.9391	0.6919	110.7005	0.4695	1	6.4616	7.1358
SEK	0.1503	0.1090	18.390	0.07184	0.1570	1	1.1043
CNY	0.1322	0.09721	15.592	0.06609	0.1408	0.9085	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 8/9/07

Consumer Price Index	+0.2%	June 2007
Unemployment Rate	4.6%	June 2007
Producer Price Index	-0.2 (p)%	May 2007
Productivity	+1.8%	2nd Qtr 2007

Gross Domestic Product

Source: The Bureau of Economic Analysis 7/27/07

↑ **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 3.4 percent in the second quarter of 2007. In the first quarter, real GDP increased 0.6 percent. The increase in real GDP in the second quarter primarily reflected positive contributions from personal consumption expenditures (PCE) for services, exports, nonresidential structures, federal government spending, 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, decreased.

Productivity

Source: The Department of Labor 8/7/07

↑ From the first quarter to the second quarter of 2007, **business sector labor productivity** increased at a 2.6-percent annual rate. Output increased 3.8 percent and hours of all persons engaged in the sector — employees, proprietors, and unpaid family workers — rose 1.1 percent (seasonally adjusted annual rates). As revised, output per hour rose at the same 0.2 percent annual rate as output in the first quarter of 2007, hours worked were unchanged from the previous quarter.

↑ Productivity increased 1.6 percent in **manufacturing**, as output grew 3.5 percent and hours of all persons increased 1.8 percent (seasonally adjusted annual rates). All of the second-quarter productivity improvement occurred in durable goods industries, where productivity rose 4.7 percent, output grew 6.2 percent, and hours of all persons increased 1.5 percent. In nondurable goods industries, second-quarter productivity fell 1.9 percent reflecting increases in output of 0.3 percent and in hours of 2.3 percent. In the first quarter of 2007, total manufacturing productivity rose 1.7 percent, reflecting a 0.9-percent increase in output and a 0.8-percent decline in hours.

Industrial Production and Capacity Utilization

Source: The Federal Reserve 7/16/07

Industrial Production	May	June
Total Index	112.7	113.4
Major Market Groups		
Final Products	114.0	114.3
Consumer Goods	108.9	109.3
Business Equipment	130.6	130.7
Nonindustrial Supplies	110.0	111.3
Construction	108.4	109.5
Materials	112.4	113.2
Manufacturing	114.7	115.3

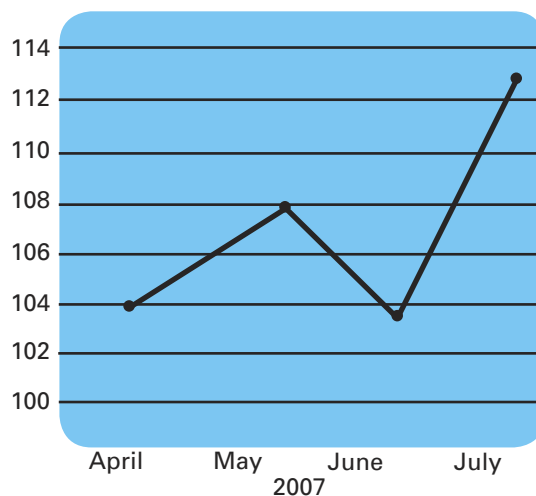
Manufacturing

Source: The Institute for Supply Management 8/1/07

Index	Series Index July	Series Index June	Direction	Rate of Change	Trend (mos)
PMI	53.8	56.0	Growing	Slower	6
New Orders	57.5	60.3	Growing	Slower	8
Production	55.6	62.9	Growing	Slower	6
Employment	50.2	51.1	Growing	Slower	4
Supplier Deliveries	52.0	49.7	Slowing	From Faster	1
Inventories	48.5	45.3	Contracting	Slower	12
Customers' Inventories	51.0	47.0	Too High	From Too Low	1
Prices	65.0	68.0	Increasing	Slower	7
Backlog of Orders	52.0	53.5	Growing	Slower	4
Exports	56.5	56.0	Growing	Faster	56
Imports	54.5	54.5	Growing	Same	67
Overall Economy			Growing	Slower	69
Manufacturing Sector			Growing	Slower	6

Consumer Confidence Index

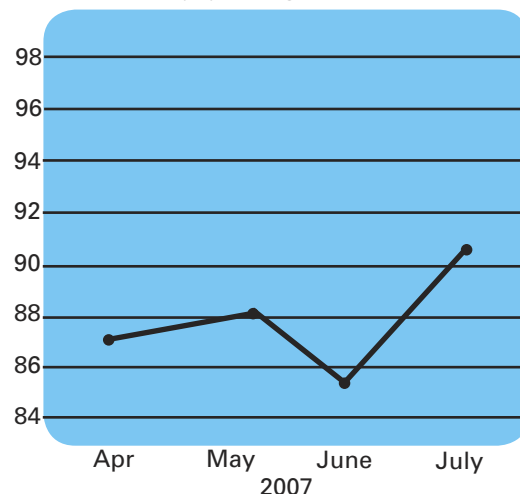
Source: The Conference Board 7/31/07



↑ The Conference Board Consumer Confidence Index, which had dipped in June, rebounded in July. The Index now stands at 112.6 (1985=100), up from 105.3 in June. The Present Situation Index increased to 139.2 from 129.9 in June. The Expectations Index rose to 94.8 from 88.8.

Index of Consumer Sentiment

Source: The University of Michigan 8/07



↑ Consumer confidence rose in the July survey due to favorable trends in employment and wages. The Index of Consumer Sentiment was 90.4 in the July 2007 survey, up from 85.3 in June and the 84.7 recorded in July of 2006. The Index of Consumer Expectations, a closely watched component of the Index of Leading Economic Indicators, was 81.5 in the July 2007 survey, up from 74.7 in June and the 72.5 recorded in July 2006. The Current Economic Conditions Index was 104.5 in the July 2007 survey, up from 101.9 in June and 103.5 in July of 2006.

Manufacturers' Shipments, Inventories and Orders

Source: The US Census Bureau 8/2/07

- ↑** **New orders** for manufactured durable goods in June, up four of the last five months, increased \$2.8 billion or 1.3 percent to \$216.7 billion, revised from the previously published 1.4 percent increase. This followed a 2.4 percent May decrease.
- ↓** **Shipments** of manufactured durable goods in June, down following three consecutive monthly increases, decreased \$2.5 billion or 1.2 percent to \$211.5 billion, revised from the previously published 1.1 percent decrease. This followed a 0.2 percent May increase.
- ↑** **Unfilled orders** for manufactured durable goods in June, up twenty-five of the last twenty-six months, increased \$10.4 billion or 1.4 percent to \$736.1 billion, revised from the previously published 1.5 percent increase. This was also at the highest level since the series was first stated on a NAICS basis in 1992 and followed a 0.9 percent May increase.
- ↑** **Inventories** of manufactured durable goods in June, up sixteen consecutive months, increased \$0.4 billion or 0.1 percent to \$313.1 billion, revised from the previously published 0.2 percent increase. This was also at the highest level since the series was first stated on a NAICS basis in 1992 and followed a 0.1 percent May increase.

Help Wanted Index

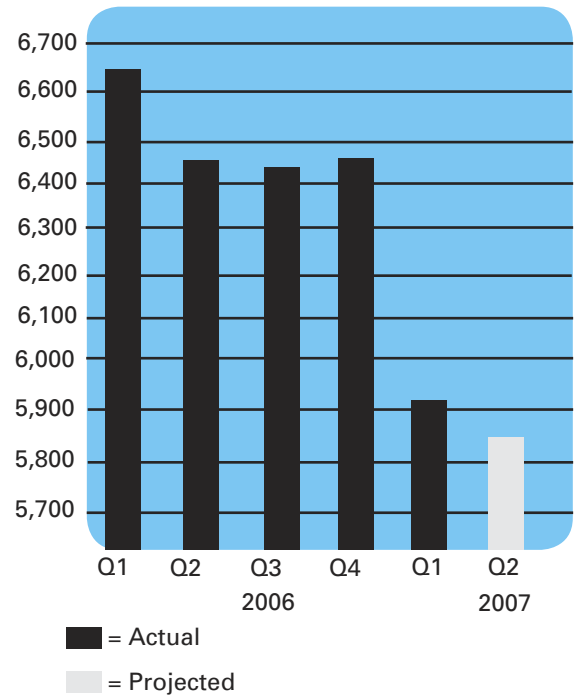
Source: The Conference Board 6/28/07

- ↓** **The Conference Board Help-Wanted Advertising Index** — a key measure of job offerings in major newspapers across America — dipped one point in June. The Index now stands at 26. It was 32 one year ago. In the last three months, help-wanted advertising declined in all nine U.S. regions. Largest declines occurred in the Pacific (-24.6%), East South Central (-16.4%) and Mountain (-15.4%) regions.



Housing Sales

Source: The National Association of Realtors 8/07



*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.