



Recently Published Data and Indices Affecting the Stainless Steel Industry

View Points

BMW Welt “BMW World” in English, a futuristic showroom for BMW’s new vehicles, is set to open this month in Munich, Germany. Joesf Gartner GmbH of Germany, a company that specializes in customized steel and aluminum curtain walls, selected Outokumpu as the stainless steel supplier for this exciting new building. Outokumpu provided approximately 500 tons of stainless steel coil and sheet for the building’s interior and exterior. Grade 316L was selected for all of the exterior surfaces because it provides corrosion resistance for Munich’s inland atmospheric conditions. Grade 304 was used on the interior for its good resistance to atmospheric conditions in milder conditions.



BMW Welt is comprised of 500 tons of Outokumpu coil and sheet.

Metal Matters

Scrap Report

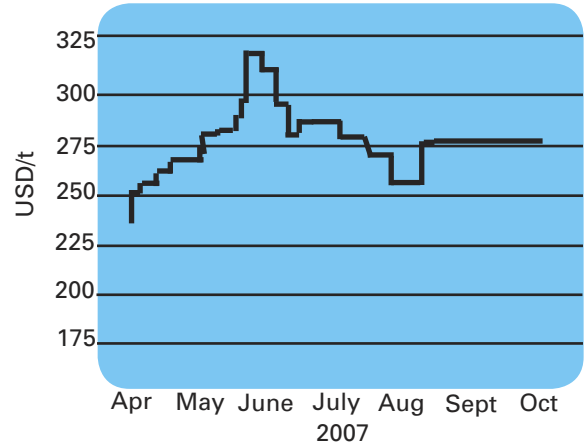
Source: *Advanced Steel 9/07*

↑ Prices paid for the auto industry’s factory bundles rose by an average of \$18-a-ton as increased demand in flat-rolled markets, higher freight rates and higher offers for dealer grades drove up pricing for prime scrap steel this month. Some also attribute the gains to the high prices in scrap alternatives such as pig iron, which is currently at a premium of \$50-a-ton delivered over the average prices of auto bundles and other grades of industrial steel scrap.

↓ U.S. raw steel output totaled 2,088,000 tons in the second week of September, as mills operated at an average capability utilization rate of 88.2 percent. For the year to date, mills have produced 75,168,000 tons at an average capability utilization rate of 85.4 percent, down 5.1 percent from the same period last year, when mills produced 79,191,000 tons at an average capability utilization rate of 90.1 percent.

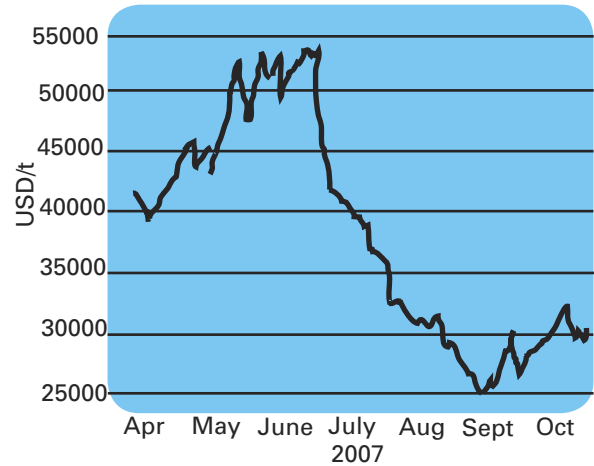
Scrap Prices

Source: *Metal Bulletin 10/10/07*



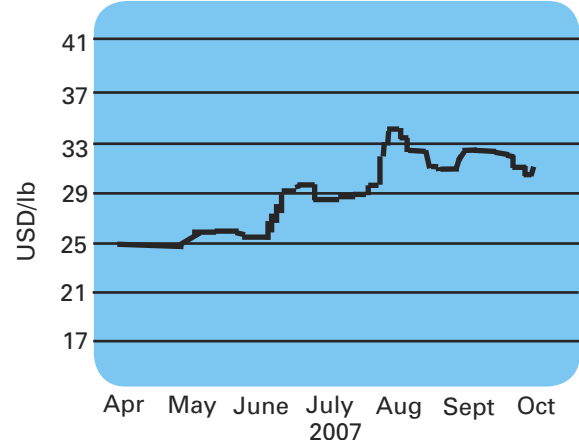
Nickel Prices- Cash Buyer

Source: *LME 10/10/07*



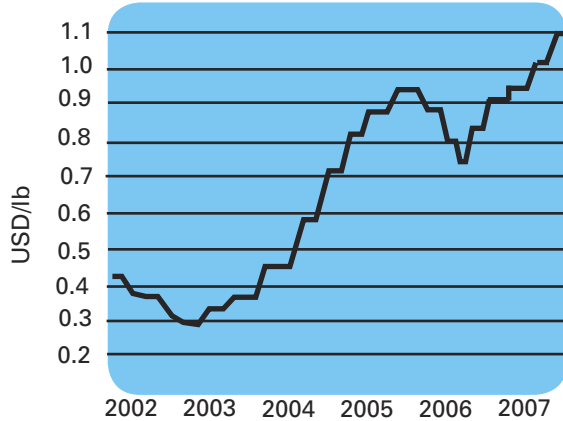
Molybdenum Prices

Source: *Metal Bulletin 10/10/07*



Ferrochrome Prices

Source: Metal Bulletin 10/10/07



U.S. Economic Matters

Latest Statistics

Source: The Department of Labor 10/15/07

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 9/27/07

↑ **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 3.8 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, state and local government spending, and equipment and software that were partly offset by a negative contribution from residential fixed investment. Imports, which are a subtraction in the calculation of GDP, decreased.

Global Economic Matters

Exchange Rates

Source: Yahoo Finance 10/15/07

Crossrates							
	USD	EUR	JPY	GBP	CAD	SEK	CNY
USD	1	0.7041	117.3750	0.4893	0.9770	6.4227	7.5375
EUR	1.4203	1	166.7135	0.6950	1.3877	9.1241	10.701
JPY	0.008520	0.005998	1	0.004169	0.008324	0.05473	0.06417
GBP	2.0435	1.4388	239.8614	1	2.1298	13.120	15.387
CAD	1.0235	0.7206	120.1382	0.5009	1	6.5752	7.7114
SEK	0.1537	0.1097	18.281	0.07662	0.1521	1	1.727
CNY	0.1328	0.09345	15.584	0.06499	0.1297	0.8529	1

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

Corporate Profits

Source: The Bureau of Economic Analysis 9/27/07

↑ **Profits** from current production (corporate profits with inventory valuation and capital consumption adjustments) increased \$94.7 billion in the second quarter, compared with an increase of \$16.5 billion in the first quarter. Current-production cash flow (net cash flow with inventory valuation and capital consumption adjustments) — the internal funds available to corporations for investment — increased \$37.4 billion in the second quarter, compared with an increase of \$0.2 billion in the first.

↑ **Taxes on corporate income** increased \$37.6 billion in the second quarter, compared with an increase of \$0.1 billion in the first. Profits after tax with inventory valuation and capital consumption adjustments increased \$57.0 billion in the second quarter, compared with an increase of \$16.4 billion in the first. Dividends increased \$24.8 billion, compared with an increase of \$23.0 billion; current-production undistributed profits increased \$32.2 billion, in contrast to a decrease of \$6.6 billion.

Industrial Production and Capacity Utilization

Source: The Federal Reserve 10/16/07

Industrial Production	Aug	Sept
Total Index	114.3	114.4
Major Market Groups		
Final Products	115.2	115.1
Consumer Goods	109.8	109.4
Business Equipment	133.2	133.8
Nonindustrial Supplies	117.7	111.8
Construction	109.7	109.8
Materials	114.3	114.6
Manufacturing	116.1	116.2

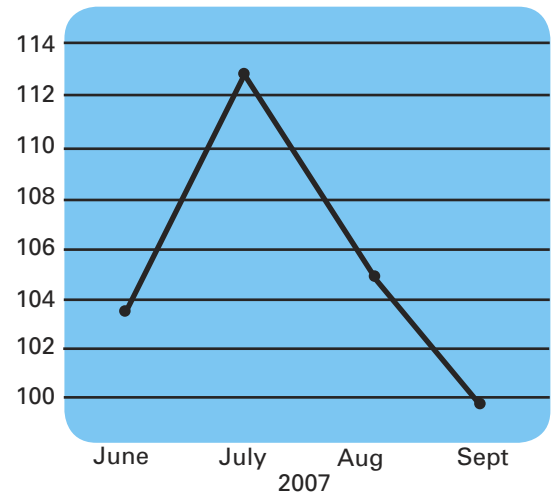
Manufacturing

Source: The Institute for Supply Management 10/1/07

Index	Series Index Sept	Series Index Aug	Direction	Rate of Change	Trend (mos)
PMI	52.0	52.9	Growing	Slower	8
New Orders	53.4	55.3	Growing	Slower	10
Production	54.6	56.1	Growing	Slower	8
Employment	51.7	51.3	Growing	Faster	6
Supplier Deliveries	51.9	50.0	Slowing	From Unchanged	1
Inventories	41.6	45.4	Contracting	Faster	14
Customers' Inventories	50.0	49.0	Unchanged	From Too Low	1
Prices	59.0	63.0	Increasing	Slower	9
Backlog of Orders	51.0	50.5	Growing	Faster	6
Exports	54.5	57.0	Growing	Slower	58
Imports	53.0	52.5	Growing	Faster	69
Overall Economy			Growing	Slower	71
Manufacturing Sector			Growing	Slower	8

Consumer Confidence Index

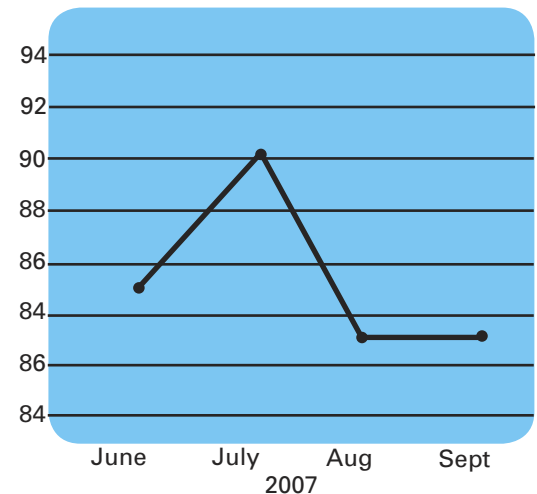
Source: The Conference Board 9/25/07



↓ The Conference Board Consumer Confidence Index, which had declined in August, fell further in September. The Index now stands at 99.8 (1985=100), down from 105.6 in August. The Present Situation Index decreased to 121.7 from 130.1. The Expectations Index declined to 85.2 from 89.2.

Index of Consumer Sentiment

Source: The University of Michigan 10/07



↔ Consumer confidence remained unchanged in September at the same level recorded in August. The Index of Consumer Sentiment was 83.4 in the September 2007 survey, identical to the August level, and just below the 85.4 recorded in September of 2006. This is the third year that the average of the August and September levels have been nearly identical, despite the fact that slumping home prices have been added to consumers' concerns about high food and fuel prices. The Index of Consumer Expectations, a closely watched component of the Index of Leading Economic Indicators, was 74.1 in the September survey, just above the 73.7 in August and below the 78.2 record last September. The Current Economic Index was 97.9 in September.

Manufacturers' Shipments, Inventories and Orders

Source: The US Census Bureau 10/4/07

- ↓ **New orders** for manufactured durable goods in August, down following two consecutive monthly increases, decreased \$11.2 billion or 4.9 percent to \$219.3 billion, unchanged from the previously published decrease. This followed a 5.9 percent July increase.
- ↓ **Shipments** of manufactured durable goods in August, down two of the last three months, decreased \$3.5 billion or 1.6 percent to \$216.6 billion, unchanged from the previously published decrease. This followed a 4.0 percent July increase.
- ↑ **Unfilled orders** for manufactured durable goods in August, up twenty-seven of the last twenty-eight months, increased \$9.1 billion or 1.2 percent to \$763.5 billion, unchanged from the previously published increase. This was also at the highest level since the series was first stated on a NAICS basis in 1992 and followed a 2.3 percent July increase.
- ↓ **Inventories** of manufactured durable goods in August, down two of the last three months, decreased \$0.2 billion or 0.1 percent to \$312.7 billion, unchanged from the previously published decrease. This followed a 0.1 percent July increase.

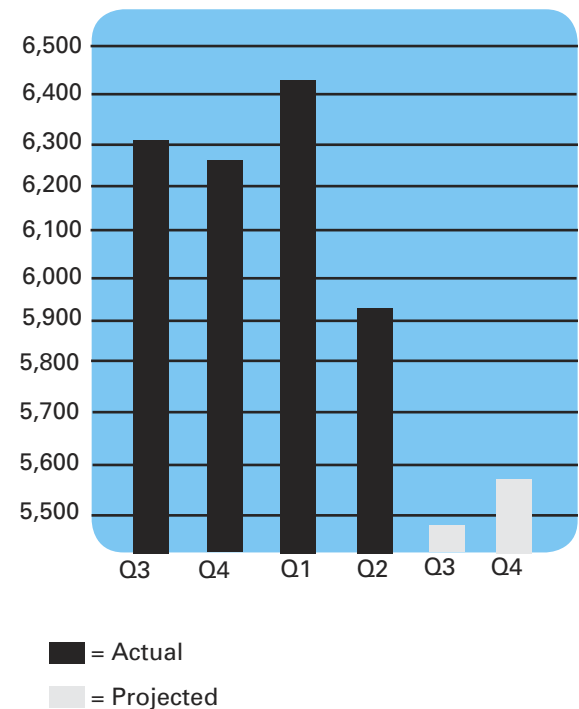
Help Wanted Index

Source: The Conference Board 9/27/07

- ↓ **The Conference Board Help-Wanted Advertising Index** — a key measure of job offerings in major newspapers across America — declined two points in August. The Index now stands at 23. It was 29 one year ago. In the last three months, help-wanted advertising declined in all nine U.S. regions. Largest declines occurred in the New England (-25.4%), South Atlantic (-18.4%) and Middle Atlantic (-16.9%) regions.

Housing Sales

Source: The National Association of Realtors 10/07



*Numbers in thousands



Editor: Maureen Meeker
Please submit your comments by calling Maureen Meeker at 1-847-413-4111; fax 1-708-448-6821; or email: maureen.meeker@outokumpu.com

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.