April 2008

Market Matters

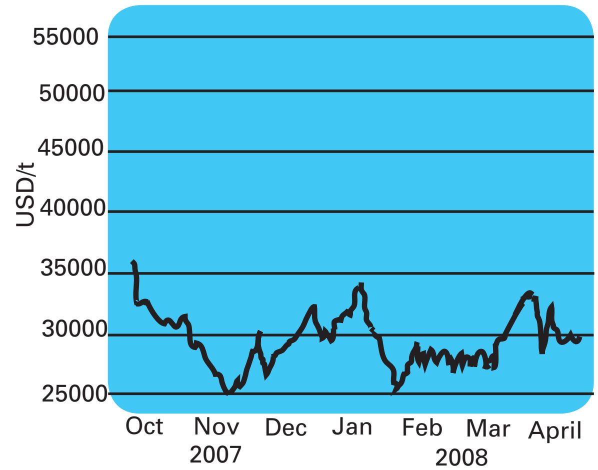
Recently Published Data and Indices Affecting the Stainless Steel Industry

View Points

Outokumpu recently rolled out a new branding image: Activating Your Ideas. This concept entails total customer orientation. At Outokumpu, the customer is at the heart of everything we do. This is why our new customer promise is Activating Your Ideas. The “ball” or more formally, The Outokumpu Stainless Sphere is a visual expression of our customer promise. The Sphere symbolizes our customers’ idea, which is activated by Outokumpu, then pitched back to the customer. Look for our new branding image in trade journal ads, product brochures and trade show booths.

Nickel Prices- Cash Buyer

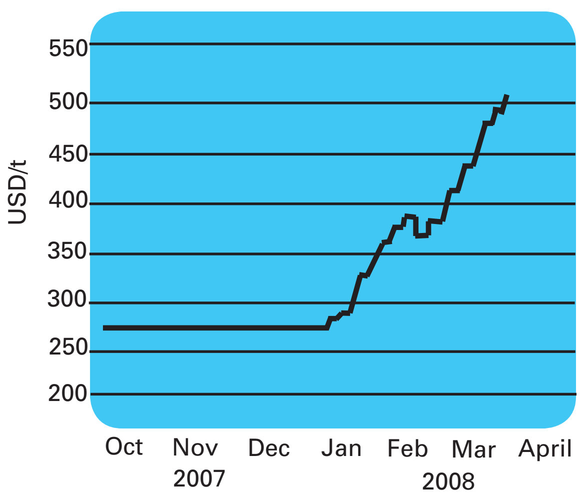
Source: LME 4/14/08



Metal Matters

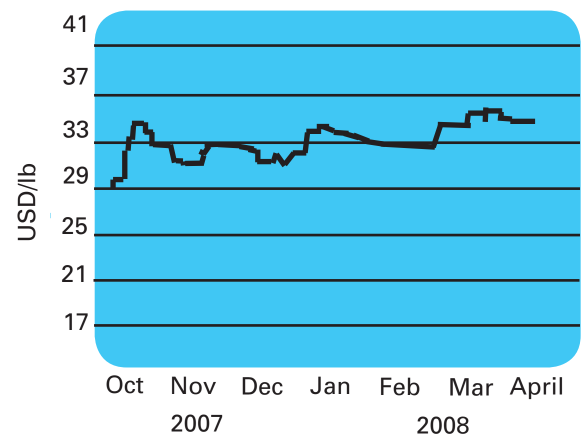
Scrap Prices

Source: Metal Bulletin 4/14/08



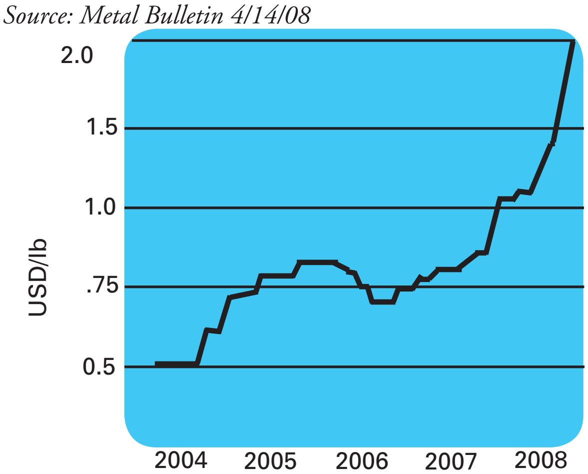
Molybdenum Prices

Source: Metal Bulletin 4/14/08



Ferrochrome Prices*

Source: Metal Bulletin 4/14/08



* Ferrochrome prices are expected to continue to increase for the next several months until full production is restored in South Africa (a main producer). South Africa’s severe power shortage made even worse by a summer draught have stifled ferrochrome production in that country.

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U.S. Exports of Steel Mill Products*

Source: The U.S. Commerce Department 4/14/08

Country	Month		
	Dec	Jan	Feb
World	797,782	921,918	853,300
Canada	423,956	523,825	483,515
Mexico	167,347	201,728	178,801
India	15,283	13,573	13,520
China	14,013	9,835	16,710
Federal Republic of Germany	8,603	6,603	6,861
Italy	8,451	30,049	6,710
Venezuela	5,883	2,572	4,327
United Kingdom	6,496	6,193	4,345

** Numbers in metric tons*

Global Economic Matters

Exchange Rates

Source: Yahoo Finance 4/15/08

Crossrates

	USD	EUR	JPY	GBP	CAD	SEK	CNY
USD	1	0.6333	101.7550	0.5096	1.0185	5.9527	6.9960
EUR	1.5791	1	160.6763	0.7867	1.6083	9.3993	11.047
JPY	0.009828	0.006224	1	0.005008	0.010009	0.05850	0.06871
GBP	2.19623	1.2427	199.6688	1	1.9986	11.685	13.730
CAD	0.9818	0.6218	99.9067	0.5004	1	5.8472	6.8709
SEK	0.1680	0.1064	17.114	0.08558	0.1710	1	.08507
CNY	0.1429	0.09060	14.555	0.07289	0.1457	0.8510	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 4/14/08

Consumer Price Index	Unchanged	Feb 2008
Unemployment Rate	5.1%	Mar 2008
Producer Price Index	+1.1 (p)%	Mar 2008
Productivity	+1.9%	4th Qtr 2007

Gross Domestic Product

Source: The Bureau of Economic Analysis 3/27/08

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 fourth quarter of 2007. In the third quarter, real GDP increased 4.9 percent. The increase in real GDP in the fourth quarter primarily reflected positive contributions from personal consumption expenditures (PCE), exports, nonresidential structures, state and local government spending, and equipment and software that were largely offset by negative contributions from private inventory investment and residential fixed investment. Imports, which are a subtraction in the calculation of GDP, decreased.

Industrial Production and Capacity Utilization

Source: The Federal Reserve 4/17/08

Industrial Production	Feb	Mar
Total Index	113.7	112.1
Major Market Groups		
Final Products	114.7	113.4
Consumer Goods	108.5	107.0
Business Equipment	135.5	132.4
Nonindustrial Supplies	109.5	106.7
Construction	105.9	102.5
Materials	114.2	112.8
Manufacturing	115.5	113.4

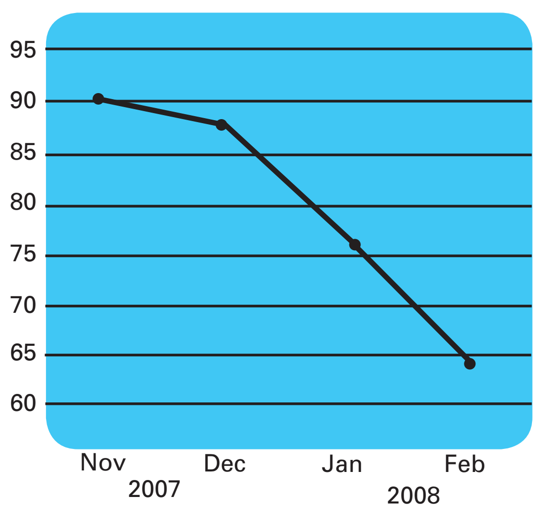
Manufacturing

Source: The Institute for Supply Management 4/1/08

Index	Series Index Mar	Series Index Feb	Direction	Rate of Change	Trend (mos)
PMI	48.6	48.3	Contracting	Slower	2
New Orders	46.5	49.1	Contracting	Faster	4
Production	48.7	50.7	Contracting	From Growing	1
Employ-ment	49.2	46.0	Contracting	Slower	5
Supplier Deliveries	53.6	50.1	Slowing	Faster	9
Inventories	44.9	45.4	Contracting	Faster	23
Customers' Inventories	51.0	49.0	Too High	From Too Low	1
Prices	83.5	75.5	Increasing	Faster	15
Backlog of Orders	47.5	45.0	Contracting	Slower	6
Exports	56.5	56.0	Growing	Faster	64
Imports	45.0	47.5	Contracting	Faster	2
Overall Economy			Growing	Faster	77
Manufacturing Sector			Contracting	Slower	2

Consumer Confidence Index

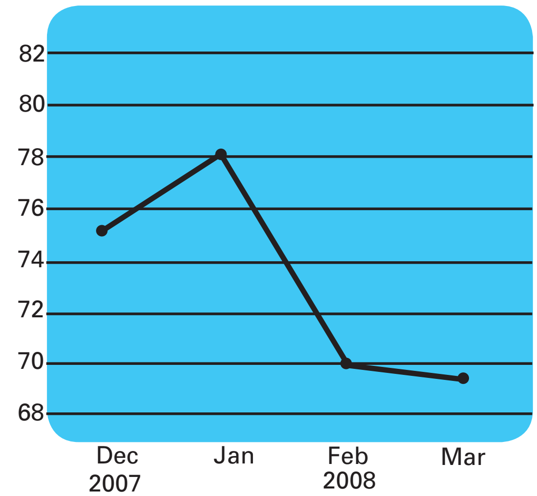
Source: The Conference Board 3/25/08



The Conference Board **Consumer Confidence Index**, which had declined sharply in February, fell further in March. The Index now stands at 64.5 (1985=100), down from 76.4 in February. The Expectations Index declined to 47.9 from 58.0. The Present Situation Index decreased to 89.2 from 104.0 in February.

Index of Consumer Sentiment

Source: The University of Michigan 4/08



Consumer confidence slipped in March due to growing concerns about weakening prospects for the economy as well as anticipated increases in unemployment and inflation during the year ahead. The latest survey found that consumers were nearly unanimous in the opinion that the economy had already slipped into a recession. Consumers have adopted much more cautious spending plans, shifting more toward repaying debts and rebuilding their savings. The **Index of Consumer Sentiment** was 69.5 in the March 2008 survey, just below the 70.8 in February, and significantly below the 88.4 recorded last March and the recent peak of 96.9 recorded in January of 2007. The Index of Consumer Expectations, a closely watched component of the Index of Leading Economic Indicators, was 60.1 in the March 2008 survey, down from 62.4 in February, and well below the 78.7 recorded in March 2007 and the recent peak of 87.6 in January 2007. From the January 2007 peak, the Expectations Index has fallen 31%; the Expectations Index fell by 24% prior to the 1990 recession and by 30% prior to the 2001 recession.

Manufacturers' Shipments, Inventories and Orders

Source: The US Census Bureau 4/2/08

New orders for manufactured durable goods in January, down following two consecutive monthly increases, decreased $11.5 billion or 5.1 percent to $213.2 billion, revised from the previously published 5.3 percent decrease. This followed a 4.4 percent December increase.

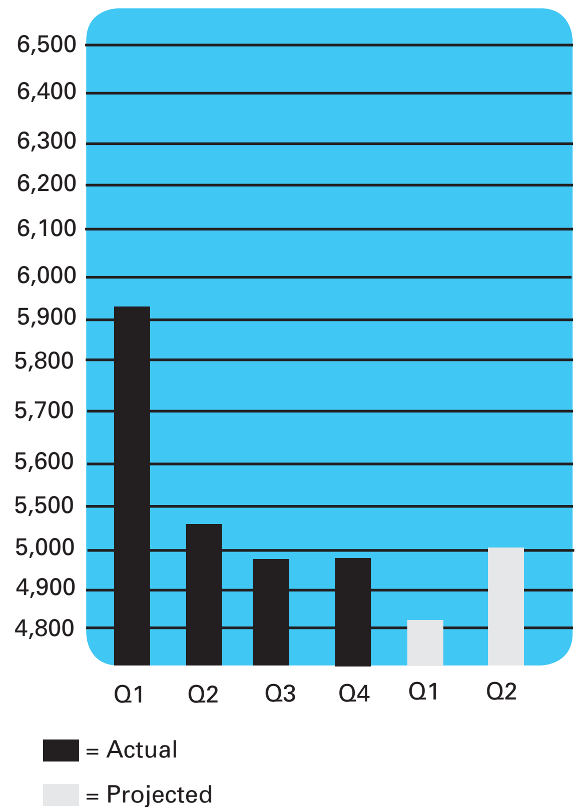
Shipments of manufactured durable goods in February, down three of the last four months, decreased $5.8 billion or 2.7 percent to $210.8 billion, revised from the previously published 2.8 percent decrease. This followed a 2.3 percent January increase.

Unfilled orders for manufactured durable goods in February, up thirty-three of the last thirty-four months, increased $7.5 billion or 0.9 percent to $822.4 billion, revised from the previously published 0.8 percent increase. This was also at the highest level since the series was first stated on a NAICS basis in 1992 and followed a 0.8 percent January increase.

Inventories of manufactured durable goods in February, up seven of the last eight months, increased $1.6 billion or 0.5 percent to $323.6 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 0.5 percent January increase.

Housing Sales

Source: The National Association of Realtors 4/08



**Numbers in thousands*

Help Wanted Index

Source: The Conference Board 3/27/07

The Conference Board Help-Wanted Advertising Index — a key measure of job offerings in major newspapers across America — dipped one point in February. The Index now stands at 21, down nine points from a 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 (-12.5%), Pacific (-11.0%) and New England (-9.3%) regions. There were slight increases in the West South Central (3.5%) and West North Central (1.4%) regions.

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