



Market Matters

Recently Published Data and Indices Affecting the Stainless Steel Industry

View Points

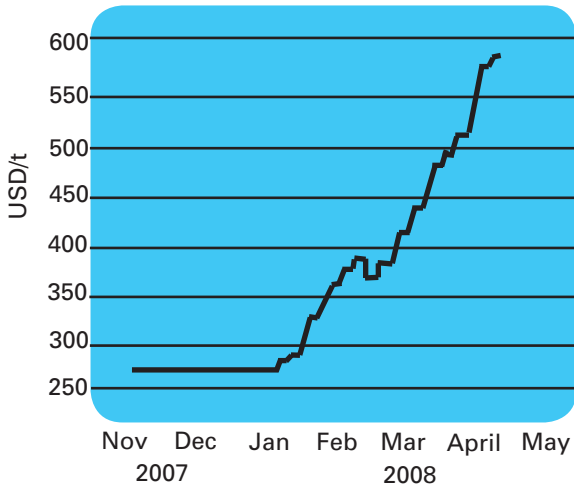
Outokumpu's duplex stainless steels, recognized for being environmentally friendly and corrosion resistant, are ideal for the ethanol and bio-fuels industry. For example, our LDX 2101® has high strength and resistance to stress corrosion cracking while offering price stability (with its low nickel content), superior weldability, and good machinability. "The ethanol industry is huge right now and growing everyday. The U.S. goal of 35 billion gallons per year by 2017 will demand a growth rate of 20% a year," reported Elisabeth Torsner, Outokumpu Vice President Market Development/Technical Coordinator. "We have a very good product for this market in LDX 2101," she noted. Our other leading duplex grades include Outokumpu 2507 and 2205 Code Plus Two®.



Metal Matters

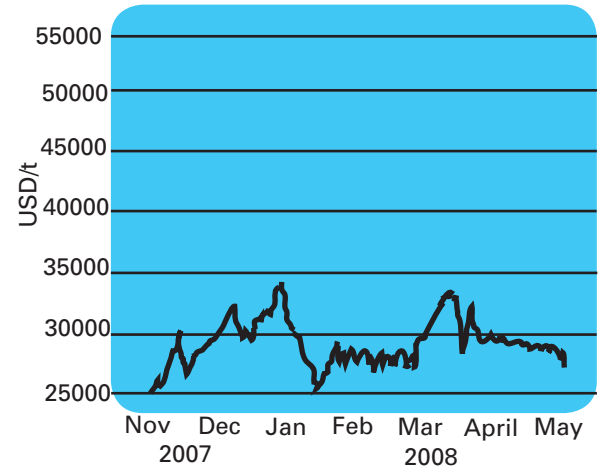
Scrap Prices

Source: Metal Bulletin 5/12/08



Nickel Prices- Cash Buyer

Source: LME 5/12/08



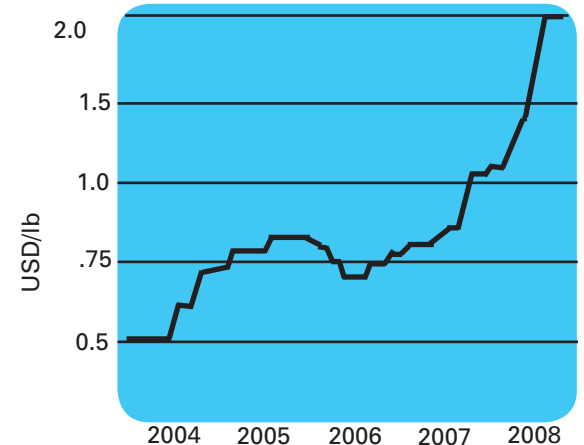
Molybdenum Prices

Source: Metal Bulletin 5/12/08



Ferrochrome Prices*

Source: Metal Bulletin 5/12/08



* 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.

Global Economic Matters

Exchange Rates

Source: Yahoo Finance 5/15/08

| Crossrates | | | | | | | |
|------------|----------|----------|----------|----------|----------|---------|---------|
| | USD | EUR | JPY | GBP | CAD | SEK | CNY |
| USD | 1 | 0.6457 | 104.6950 | 0.5132 | 1.0006 | 6.0372 | 6.9993 |
| EUR | 1.5487 | 1 | 162.1411 | 0.7948 | 1.5496 | 9.3471 | 10.836 |
| JPY | 0.009552 | 0.006167 | 1 | 0.004902 | 0.009557 | 0.05768 | 0.06686 |
| GBP | 1.9486 | 1.2582 | 204.0138 | 1 | 1.9497 | 11.754 | 13.630 |
| CAD | 0.9995 | 0.6453 | 104.6374 | 0.5129 | 1 | 6.0334 | 6.9955 |
| SEK | 0.1656 | 0.1070 | 17.342 | 0.08503 | 0.1657 | 1 | 1.1595 |
| CNY | 0.1429 | 0.1429 | 14.946 | 0.07337 | 0.1429 | 0.8624 | 1 |

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

Gross Domestic Product

Source: The Bureau of Economic Analysis 4/30/08

↑ 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 first quarter of 2008. In the fourth quarter, real GDP also increased 0.6 percent. The increase in real GDP in the first quarter primarily reflected positive contributions from personal consumption expenditures (PCE) for services, private inventory investment, exports of goods and services, and federal government spending that were partly offset by negative contributions from residential fixed investment and PCE for durable goods. Imports, which are a subtraction in the calculation of GDP, increased.

U.S. Economic Matters

Latest Statistics

Source: The Department of Labor 5/15/08

| | | |
|----------------------|-----------|--------------|
| Consumer Price Index | +0.2% | Apr 2008 |
| Unemployment Rate | 5.0% | Apr 2008 |
| Producer Price Index | +1.1 (p)% | Mar 2008 |
| Productivity | +2.2% | 1st Qtr 2008 |

Industrial Production and Capacity Utilization

Source: The Federal Reserve 5/15/08

| Industrial Production | Mar | Apr |
|------------------------|-------|-------|
| Total Index | 112.1 | 111.2 |
| Major Market Groups | | |
| Final Products | 113.4 | 112.3 |
| Consumer Goods | 107.0 | 105.8 |
| Business Equipment | 132.4 | 130.7 |
| Nonindustrial Supplies | 106.7 | 105.9 |
| Construction | 102.5 | 101.1 |
| Materials | 112.8 | 112.0 |
| Manufacturing | 113.4 | 112.1 |

Manufacturing

Source: *The Institute for Supply Management 5/1/08*

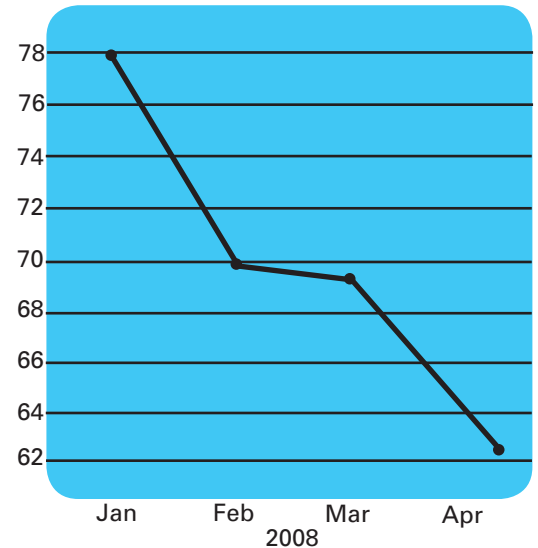
| Index | Series Index Apr | Series Index Mar | Direction | Rate of Change | Trend (mos) |
|------------------------|------------------|------------------|-------------|------------------|-------------|
| PMI | 48.6 | 48.6 | Contracting | Same | 3 |
| New Orders | 46.5 | 46.5 | Contracting | Same | 5 |
| Production | 49.1 | 48.7 | Contracting | Slower | 2 |
| Employment | 45.4 | 49.2 | Contracting | Faster | 6 |
| Supplier Deliveries | 54.0 | 53.6 | Slowing | Faster | 10 |
| Inventories | 48.1 | 44.9 | Contracting | Slower | 24 |
| Customers' Inventories | 45.0 | 51.0 | Too Low | From Too High | 1 |
| Prices | 84.5 | 83.5 | Increasing | Faster | 16 |
| Backlog of Orders | 51.5 | 47.5 | Growing | From Contracting | 1 |
| Exports | 57.5 | 56.5 | Growing | Faster | 65 |
| Imports | 48.0 | 45.0 | Contracting | Slower | 3 |
| Overall Economy | | | Growing | Same | 78 |
| Manufacturing Sector | | | Contracting | Same | 3 |



The Conference Board **Consumer Confidence Index**, which had declined sharply in March, fell further in April. The Index now stands at 62.3 (1985=100), down from 65.9 in March. The Present Situation Index decreased to 80.7 from 90.6. The Expectations Index was virtually unchanged, 50.1 versus 49.4 in March.

Index of Consumer Sentiment

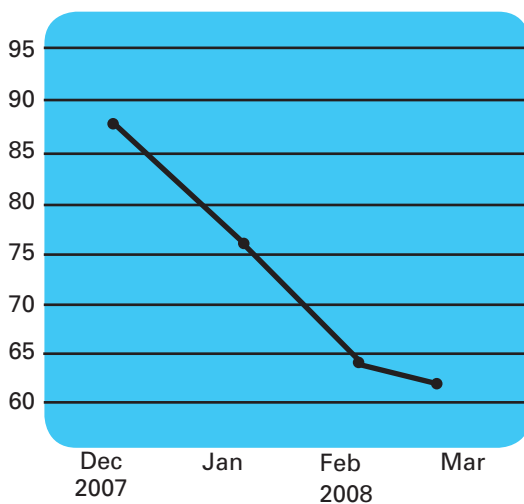
Source: *The University of Michigan 4/08*



Consumer confidence sank to a quarter century low in the April 2008 survey. The decline was due to high fuel and food prices as well as shrinking income gains and falling home values. Rising inflation, higher joblessness, and smaller income gains has made most consumers more cautious spenders. **The Index of Consumer Sentiment** was 62.6 in the April 2008 survey, down from 69.5 in March, and significantly below the 87.1 recorded last April and recent peak of 96.9 in January of 2007. The Index of Consumer Expectations, a closely watched component of the Index of Leading Economic Indicators, was 53.3 in the April 2008 survey, down from 60.1 in March, and well below the 75.9 recorded in April 2007 and the recent peak of 87.6 in January 2007. From the January peak, the Expectations Index has fallen 39%; the Expectations Index fell by 24% prior to the 1990 recession and by 30% prior to the 2001 recession.

Consumer Confidence Index

Source: *The Conference Board 4/29/08*



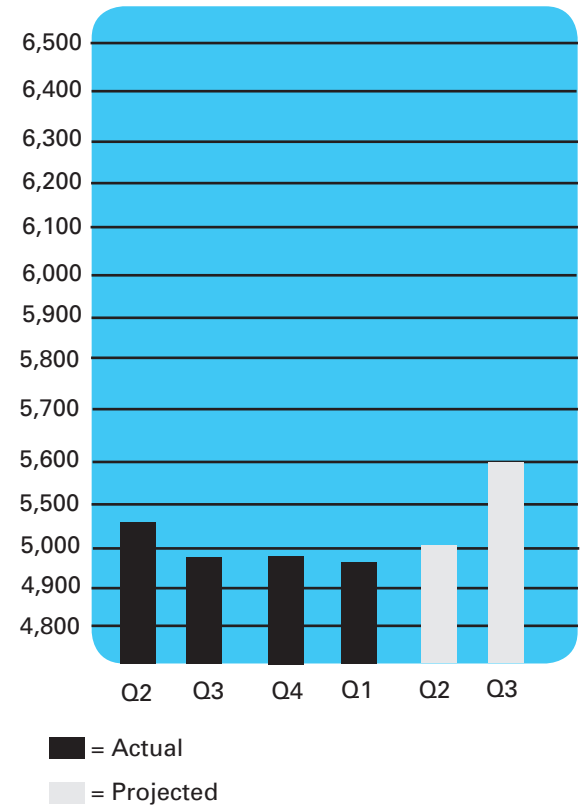
Manufacturers' Shipments, Inventories and Orders

Source: The US Census Bureau 5/16/08

- ↑** **New orders** for manufactured durable goods in March, up following two consecutive monthly decreases, increased \$0.3 billion or 0.1 percent to \$213.7 billion, revised from the previously published 0.3 percent decrease. This followed a 0.6 percent February decrease.
- ↓** **Shipments** of manufactured durable goods in March, down four of the last five months, decreased \$0.8 billion or 0.4 percent to \$210.1 billion, unchanged from the previously published decrease. This followed a 2.6 percent February decrease.
- ↑** **Unfilled orders** for manufactured durable goods in March, up thirty-four of the last thirty-five months, increased \$8.9 billion or 1.1 percent to \$832.3 billion, revised from the previously published 0.9 percent increase. This was also at the highest level since the series was first stated on a NAICS basis in 1992 and followed a 1.0 percent February increase.
- ↑** **Inventories** of manufactured durable goods in March, up eight of the last nine months, increased \$3.1 billion or 1.0 percent to \$326.6 billion, revised from the previously published 1.1 percent increase. This was also at the highest level since the series was first stated on a NAICS basis in 1992 and followed a 0.4 percent February increase.

Housing Sales

Source: The National Association of Realtors 5/08



*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 two points in March. The Index now stands at 19, down from 29 a year ago. In the last three months, help-wanted advertising declined in all nine U.S. regions. Steepest declines occurred in the East North Central (-20.3%), West North Central (-18.1%) and East South Central (-16.7%) regions.

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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 a global leader in stainless steel. 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. Being fully recyclable, maintenance-free, as well as very strong and durable material, stainless steel is one of the key building blocks for sustainable future.

What makes Outokumpu special is total customer focus — all the way, from R&D to delivery. You have the idea. We offer the world's best stainless steel, technical know-how and support. We activate your ideas at www.outokumpu.com/stainless/na.