



Market Matters

Recently Published Data and Indices Affecting the Stainless Steel Industry

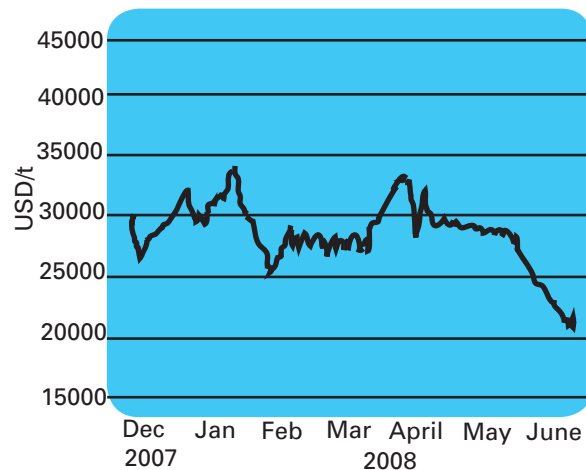
View Points

Two representatives from Outokumpu will be presenting papers at The American Membrane Technology Association (AMTA) conference in Naples, Florida, July 14-17. The mission of AMTA is to promote, advocate and advance the understanding and application of membrane technology to create safe, affordable and reliable water supplies, and to treat municipal, industrial, agricultural and waste waters for beneficial use. Dr. James D. Fritz, Senior Market Development Manager at TMR Stainless will present: "High Strength Lean Duplex Stainless Steel for Desalination." Mikael Willför, Outokumpu Stainless AB, Avesta Research Centre, Avesta, Sweden will present: "Duplex Stainless Steels — A Natural Choice for Pressurized Systems in RO Plants." If you plan on attending the AMTA conference, visit Outokumpu booth #302.



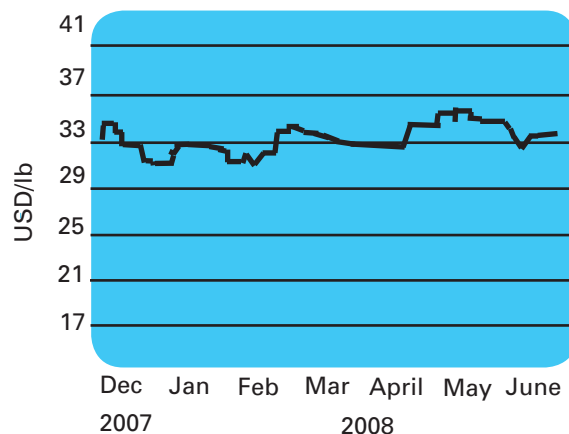
Nickel Prices- Cash Buyer

Source: LME 6/10/08



Molybdenum Prices

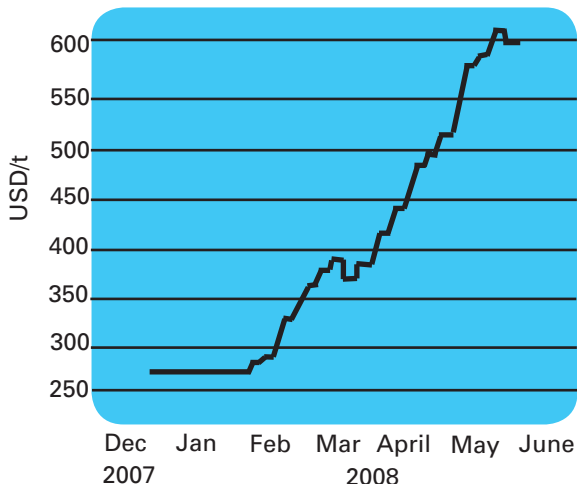
Source: Metal Bulletin 6/10/08



Metal Matters

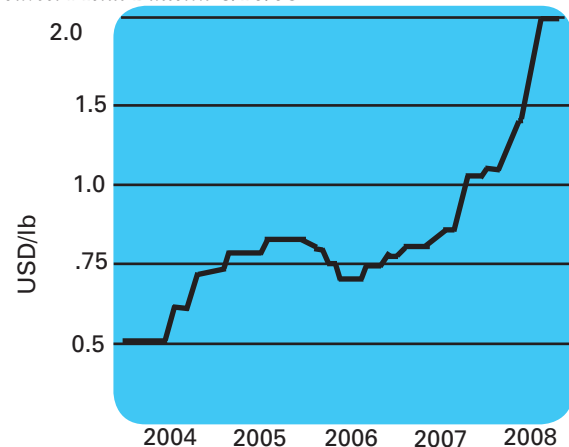
Scrap Prices

Source: Metal Bulletin 6/10/08



Ferrochrome Prices*

Source: Metal Bulletin 6/10/08



* 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.

U.S. Exports of Steel Mill Products*

Source: The U.S. Commerce Department 6/12/08

Country	Month		
	Feb	Mar	Apr
World	853,300	969,792	978,421
Canada	483,515	505,995	533,482
Mexico	178,801	175,214	232,838
India	13,520	41,677	13,022
China	16,710	20,519	19,655
Federal Republic of Germany	6,861	6,603	6,861
Italy	6,710	8,735	7,990
Venezuela	4,327	4,648	8,725
United Kingdom	4,345	6,191	5,085

* Numbers in metric tons

Global Economic Matters

Exchange Rates

Source: Yahoo Finance 6/18/08

Crossrates							
	USD	EUR	JPY	GBP	CAD	SEK	CNY
USD	1	0.6440	107.8700	0.5105	1.0006	6.0451	6.8871
EUR	1.5529	1	167.5112	0.7927	1.5496	9.3909	10.698
JPY	0.009270	0.005970	1	0.004732	0.009557	0.05608	0.06389
GBP	1.9589	1.2614	211.3064	1	1.9497	11.844	13.493
CAD	0.9823	0.6326	105.9627	0.5015	1	5.9409	6.7673
SEK	0.1654	0.1654	17.834	0.08443	0.1684	1	1.1393
CNY	0.1452	0.09348	15.655	0.07412	0.1477	0.8777	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 6/18/08

Consumer Price Index	+0.6%	May 2008
Unemployment Rate	5.5%	May 2008
Producer Price Index	+1.4 (p)%	May 2008
Productivity	+2.6%	1st Qtr 2008

Gross Domestic Product

Source: The Bureau of Economic Analysis 5/29/08

↑ 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 0.9 percent in the first quarter of 2008. In the fourth quarter, real GDP increased 0.6 percent. The increase in real GDP in the first quarter primarily reflected positive contributions from personal consumption expenditures (PCE) for services, exports of goods and services, federal government spending, and private inventory investment 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, decreased.

Industrial Production and Capacity Utilization

Source: The Federal Reserve 6/17/08

Industrial Production	Apr	May
Total Index	111.2	110.9
Major Market Groups		
Final Products	112.3	111.9
Consumer Goods	105.8	105.6
Business Equipment	130.7	130.0
Nonindustrial Supplies	105.9	105.8
Construction	101.1	100.5
Materials	112.0	111.8
Manufacturing	112.1	112.3

Manufacturing

Source: *The Institute for Supply Management 6/2/08*

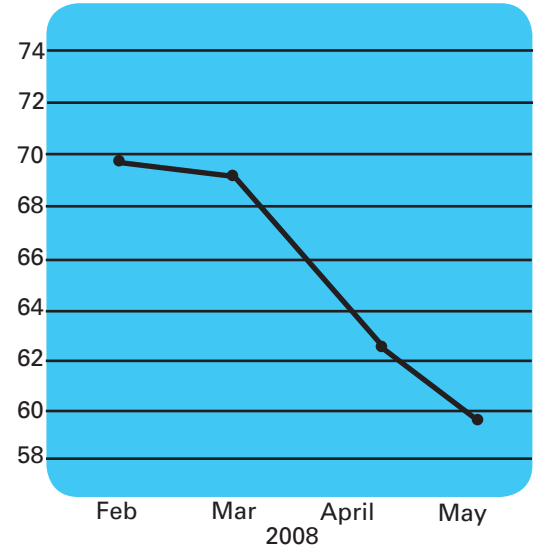
Index	Series Index May	Series Index Apr	Direction	Rate of Change	Trend (mos)
PMI	49.6	48.6	Contracting	Slower	4
New Orders	49.7	46.5	Contracting	Slower	6
Production	51.2	49.1	Growing	From Contracting	1
Employment	45.5	45.4	Contracting	Slower	7
Supplier Deliveries	53.7	54.0	Slowing	Slower	11
Inventories	48.0	48.1	Contracting	Faster	25
Customers' Inventories	47.0	45.0	Too Low	From Slower	2
Prices	87.0	84.5	Increasing	Faster	17
Backlog of Orders	46.0	51.5	Contracting	From Growing	1
Exports	59.5	57.5	Growing	Faster	66
Imports	49.5	48.0	Contracting	Slower	4
Overall Economy			Growing	Faster	79
Manufacturing Sector			Contracting	Faster	4



The Conference Board **Consumer Confidence Index**, which had declined in April, continued its downward trend in May. The Index now stands at 57.2 (1985=100), down from 62.8 in April. The Present Situation Index decreased to 74.4 from 81.9. The Expectations Index declined to 45.7 from 50.0 in April versus 49.4 in March.

Index of Consumer Sentiment

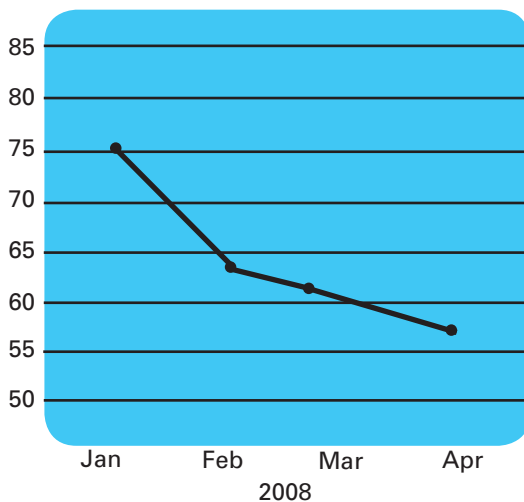
Source: *The University of Michigan 5/08*



Consumer confidence fell to its lowest level since the June 1980 survey. The decline was due to surging food and fuel prices, falling home prices, shrinking employment and smaller income gains. Consumers' ability to buy has been diminished by smaller income gains, fewer jobs, higher prices of necessities, falling home prices, rising credit standards, and record levels of outstanding debt. Consumers have become more cautious spenders and are determined to rebuild their reserve funds. **The Index of Consumer Sentiment** was 59.6 in the May 2008 survey, down from the 62.6 in April, and significantly below the 88.3 recorded last May and the peak of 96.9 recorded in January of 2007. The last time it was lower was in June 1980 when it was 58.7. The Index of Consumer Expectations, a closely watched component of the Index of Leading Economic Indicators, was 51.1 in the May 2008 survey, down from the 53.3 in April, and well below the 77.6 recorded in May 2007 and the peak of 87.6 in January 2007.

Consumer Confidence Index

Source: *The Conference Board 5/27/08*



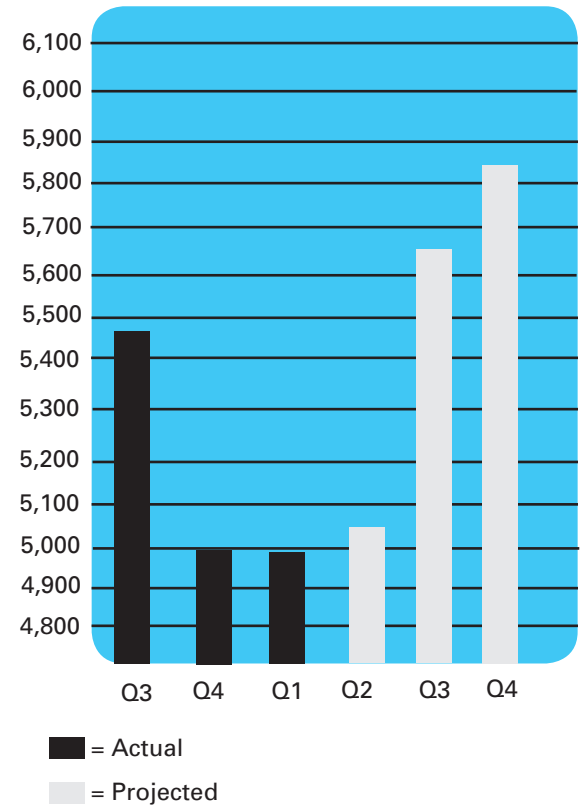
Manufacturers' Shipments, Inventories and Orders

Source: The US Census Bureau 6/3/08

- ↓** **New orders** for manufactured durable goods in April, down three of the last four months, decreased \$1.2 billion or 0.6 percent to \$214.4 billion, revised from the previously published 0.5 percent decrease. This followed a 0.2 percent March decrease.
- ↑** **Shipments** of manufactured durable goods in April, up following two consecutive monthly decreases, increased \$3.4 billion or 1.6 percent to \$213.1 billion, revised from the previously published 1.2 percent increase. This followed a 0.9 percent March decrease.
- ↑** **Unfilled orders** for manufactured durable goods in April, up twenty-six of the last twenty-seven months, increased \$7.3 billion or 0.9 percent to \$804.4 billion, revised from the previously published 1.0 percent increase. This was also at the highest level since the series was first stated on a NAICS basis in 1992 and followed a 1.3 percent March increase.
- ↑** **Inventories** of manufactured durable goods in April, up nine of the last ten months, increased \$2.0 billion or 0.6 percent to \$329.1 billion, revised from the previously published 0.5 percent increase. This was also at the highest level since the series was first stated on a NAICS basis in 1992 and followed a 1.0 percent March increase.

Housing Sales

Source: The National Association of Realtors 6/08



*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 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.