

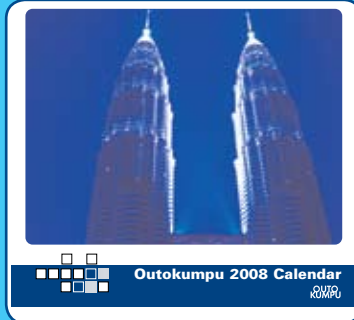


Market Matters

Recently Published Data and Indices Affecting the Stainless Steel Industry

View Points

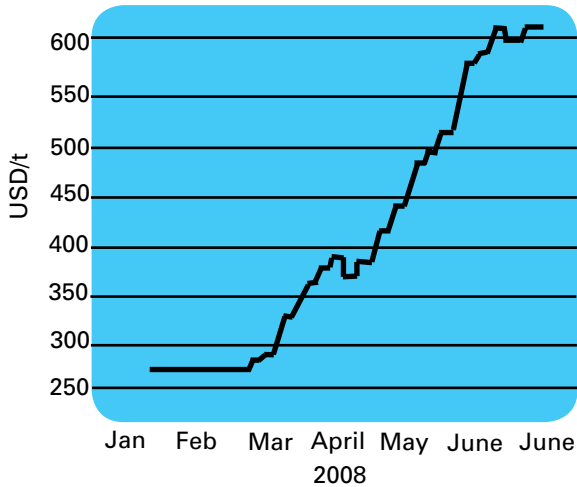
We're looking for examples of end-use applications using Outokumpu stainless. Stories about these applications may be used in advertising and case studies. Photos may be used in our advertising, on our web site, and in our 2009 calendar. Please send us your suggestions along with your contact information so that we can discuss the details with you directly. We're looking forward to featuring your end-use application in our 2009 calendar. Please submit ideas to: Maureen Meeker — maureen.meeker@outokumpu.com.



Metal Matters

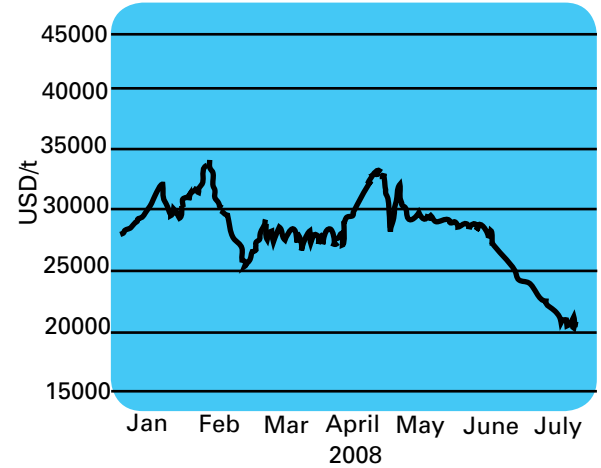
Scrap Prices

Source: Metal Bulletin 7/9/08



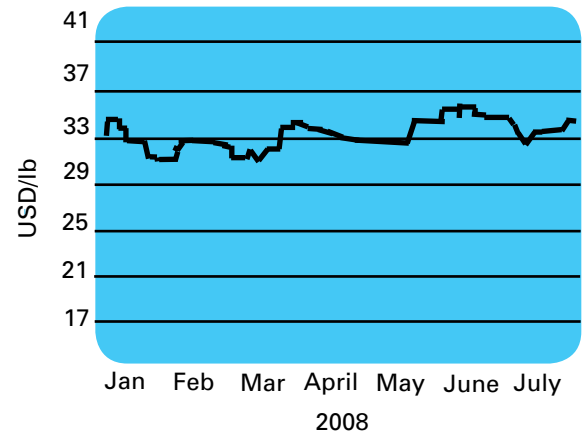
Nickel Prices- Cash Buyer

Source: LME 7/9/08



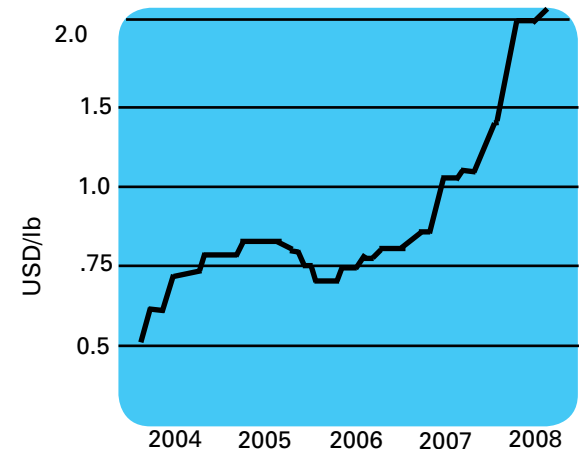
Molybdenum Prices*

Source: Metal Bulletin 7/9/08



Ferrochrome Prices**

Source: Metal Bulletin 7/9/08



*Molybdenum prices will rise in 2009 and 2010 because of a supply shortage stemming from a delay in bringing new projects online and rising fuel-related operating costs, according to CPM Group, a commodities consulting and investment banking firm.

**Ferrochrome prices are expected to continue to increase for the next several months until full production is restored in South Africa (a main producer).

U.S. Exports of Steel Mill Products*

Source: The U.S. Commerce Department 7/14/08

Country	Month		
	Mar	Apr	May
World	969,792	978,421	1,054,337
Canada	505,995	533,482	547,455
Mexico	175,214	232,838	214,561
India	41,677	13,022	14,722
China	20,519	19,655	26,152
Federal Republic of Germany	6,603	6,861	5,182
Italy	8,735	7,990	16,205
Venezuela	4,648	8,725	6,671
United Kingdom	6,191	5,085	6,763

* Numbers in metric tons

Global Economic Matters

Exchange Rates

Source: Yahoo Finance 7/17/08

Crossrates							
	USD	EUR	JPY	GBP	CAD	SEK	CNY
USD	1	0.6440	106.7100	0.5003	1.0072	5.9773	6.8258
EUR	1.5831	1	168.9326	0.7920	1.5945	9.4662	10.804
JPY	0.009371	0.005970	1	0.004688	0.009439	0.05602	0.06396
GBP	1.9988	1.2614	213.2959	1	1.9497	11.952	13.644
CAD	0.9929	0.6326	105.9427	0.4967	1	5.9386	6.7797
SEK	0.1673	0.1057	17.849	0.08370	0.1684	1	1.1420
CNY	0.1420	0.09253	15.636	0.07329	0.1475	0.8758	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 7/15/08

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

Gross Domestic Product

Source: The Bureau of Economic Analysis 6/26/08

↑ 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 1.0 percent in the first quarter of 2008 (that is, from the fourth quarter to the first quarter). 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, and federal government spending that were partly offset by negative contributions from residential fixed investment and PCE for durable goods.

Industrial Production and Capacity Utilization

Source: The Federal Reserve 7/16/08

Industrial Production	May	June
Total Index	110.9	111.7
Major Market Groups		
Final Products	111.9	112.8
Consumer Goods	105.6	106.7
Business Equipment	130.0	130.3
Nonindustrial Supplies	105.8	106.1
Construction	100.5	100.6
Materials	111.8	112.7
Manufacturing	112.3	112.5

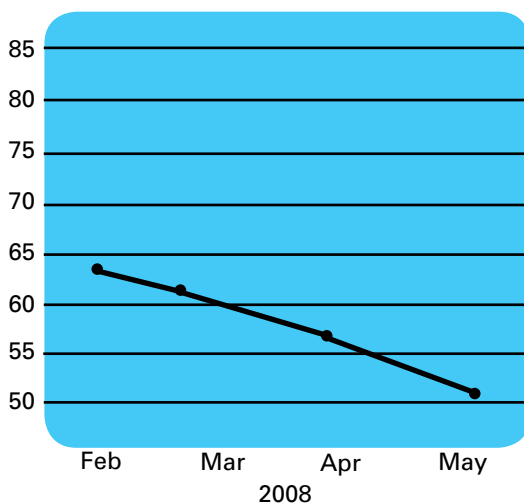
Manufacturing

Source: *The Institute for Supply Management 7/1/08*

Index	Series Index June	Series Index May	Direction	Rate of Change	Trend (mos)
PMI	50.2	49.6	Growing	From Contracting	1
New Orders	49.6	49.7	Contracting	Faster	7
Production	51.5	51.2	Growing	Faster	2
Employment	43.7	45.5	Contracting	Faster	8
Supplier Deliveries	55.1	53.7	Slowing	Faster	12
Inventories	51.2	48.0	Growing	From Contracting	1
Customers' Inventories	55.0	47.0	Too High	From Too Low	1
Prices	91.5	87.0	Increasing	Faster	18
Backlog of Orders	47.5	46.0	Contracting	Slower	2
Exports	58.5	59.5	Growing	Slower	67
Imports	49.5	49.5	Contracting	Faster	5
Overall Economy			Growing	Faster	80
Manufacturing Sector			Growing	From Contracting	1

Consumer Confidence Index

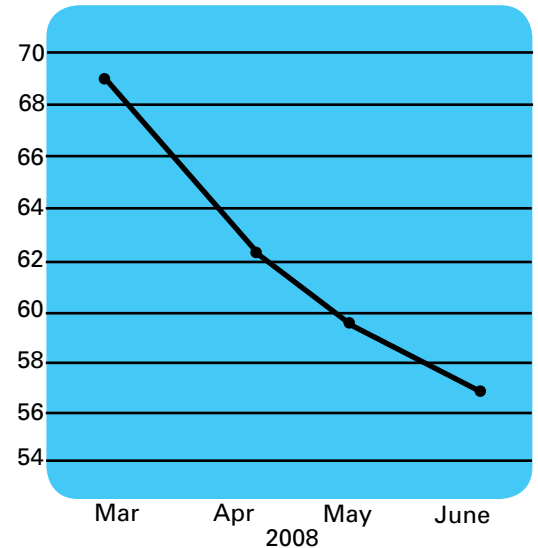
Source: *The Conference Board 6/24/08*



↓ The Conference Board **Consumer Confidence Index**, which had declined in May, declined even further in June. The Index now stands at 50.4 (1985=100), down from 58.1 in May. The Present Situation Index decreased to 64.5 from 74.2. The Expectations Index declined to 41.0 from 47.3 in May.

Index of Consumer Sentiment

Source: *The University of Michigan 6/08*



↓ Consumer confidence fell to near its fifty year low due to soaring prices and mounting job losses. Surging gas prices, high food prices, disappearing jobs, declining home values, and record foreclosures were cited by consumers as the basis for their pessimism, and most consumers expected each of these problems to continue to worsen in the months ahead. The **Index of Consumer Sentiment** was 56.4 in the June 2008 survey, just below the 59.8 in May, and significantly below the 85.3 recorded last June and the peak of 96.9 recorded in January of 2007. There have only been two prior surveys since 1952 that recorded a lower level — in April 1980 (52.7) and May 1980 (51.7). The Index of Consumer Expectations, a closely watched component of the Index of Leading Economic Indicators that is noted for its ability to foreshadow recessions, was 49.2 in the June 2008 survey, down from 51.1 in May, and well below the 74.7 recorded in June 2007 and the peak of 87.9 in January of 2007. Overall, the Expectations Index has declined by 38% from its peak, at the top end of the range of losses that has varied between 25% and 35% prior to past recessions.

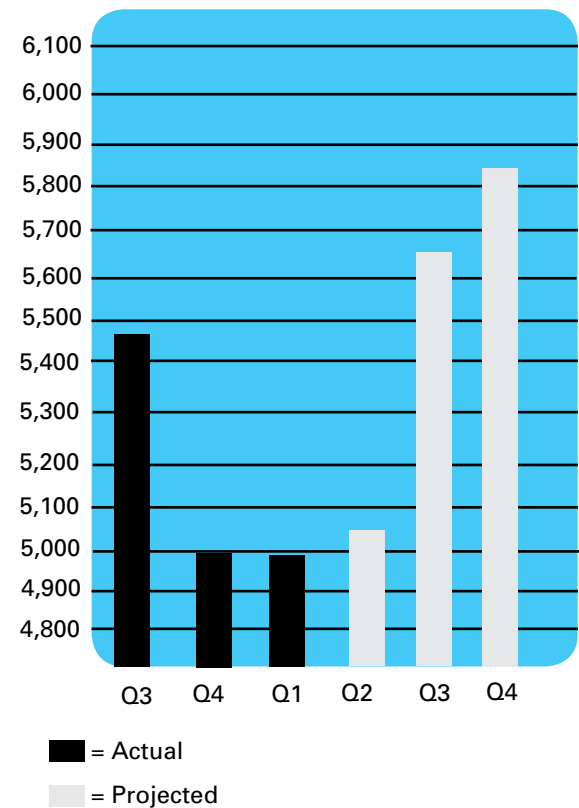
Manufacturers' Shipments, Inventories and Orders

Source: The US Census Bureau 7/2/08

- ↑** **New orders** for manufactured durable goods in May, up following two consecutive monthly decreases, increased slightly to \$213.5 billion, unchanged from the previously published increase. This followed a 1.0 percent April decrease.
- ↓** **Shipments** of manufactured durable goods in May, down three of the last four months, decreased \$2.4 billion or 1.1 percent to \$211.2 billion, unchanged from the previously published decrease. This followed a 1.8 percent April increase.
- ↑** **Unfilled orders** for manufactured durable goods in May, up twenty-seven of the last twenty-eight months, increased \$7.1 billion or 0.9 percent to \$810.1 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 0.7 percent April increase.
- ↑** **Inventories** of manufactured durable goods in May, up ten of the last eleven months, increased \$1.4 billion or 0.4 percent to \$330.3 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 0.6 percent April increase.

Housing Sales

Source: The National Association of Realtors 7/08



*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 world-class stainless steel, technical know-how and support. We activate your ideas at www.outokumpu.com/stainless/na.