



Market Matters

Recently Published Data and Indices Affecting the Stainless Steel Industry

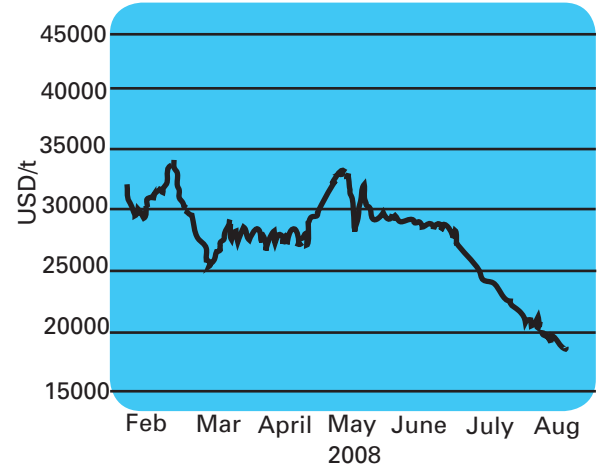
View Points

An entire tank farm in Spain, consisting of 22 units and using Outokumpu's duplex LDX 2101® plate, was recently completed by Spanish fabricator Emypro S.A. This record- and trend-setting new tank farm at the Port of Barcelona stores liquid foods and chemicals for Relisa S.A. of Spain. These are the largest tanks to date using LDX 2101. Emypro's and Outokumpu's collaboration on these tanks continues a history of milestones achieved together, including the world's largest duplex storage tank (72 feet in diameter and 82 feet in height) fabricated using Outokumpu's duplex grade Outokumpu 2304 as a replacement for 316/316L.



Nickel Prices- Cash Buyer

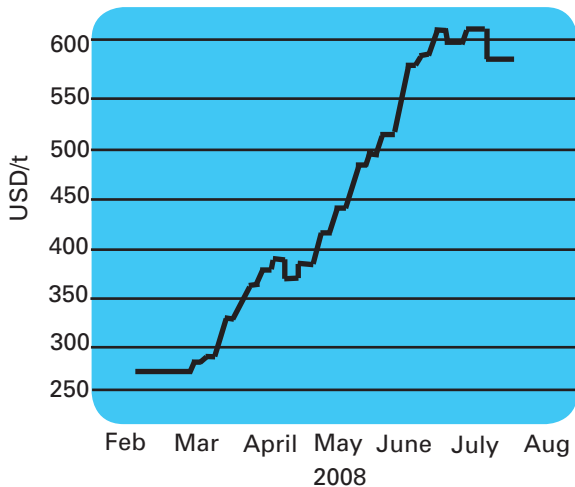
Source: LME 8/12/08



Metal Matters

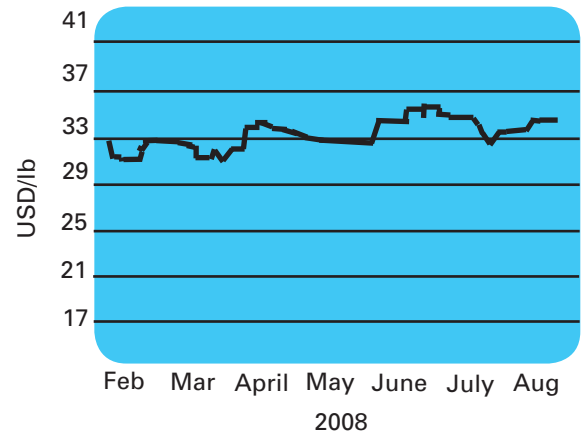
Scrap Prices

Source: Metal Bulletin 8/12/08



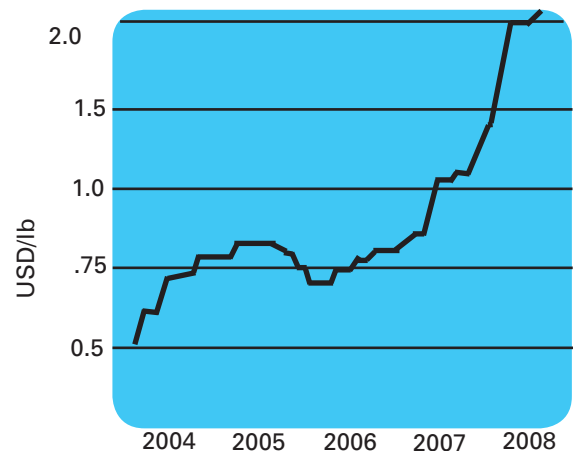
Molybdenum Prices*

Source: Metal Bulletin 8/12/08



Ferrochrome Prices**

Source: Metal Bulletin 8/12/08



*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 8/13/08

Country	Month		
	Apr	May	June
World	978,421	1,054,337	1,110,007
Canada	533,482	547,455	572,517
Mexico	232,838	214,561	223,271
India	13,022	14,722	11,798
China	19,655	26,152	25,242
Federal Republic of Germany	6,861	5,182	7,040
Italy	7,990	16,205	27,618
Venezuela	8,725	6,671	6,755
United Kingdom	5,085	6,763	7,194

* Numbers in metric tons

Global Economic Matters

Exchange Rates

Source: Yahoo Finance 8/14/08

Crossrates							
	USD	EUR	JPY	GBP	CAD	SEK	CNY
USD	1	0.6749	109.6900	0.5348	1.0638	6.3204	6.8675
EUR	1.5831	1	162.5275	0.7925	1.5762	9.3648	10.176
JPY	0.009117	0.006153	1	0.004876	0.009698	0.05762	0.06257
GBP	1.8697	1.2619	205.0871	1	1.5762	11.820	12.841
CAD	0.9400	0.6344	103.1115	0.5028	1	5.9417	6.4544
SEK	0.1582	0.1068	17.358	0.08459	0.1683	1	1.0865
CNY	0.1459	0.09828	15.973	0.07787	0.1549	0.9204	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 8/12/08

Consumer Price Index	+1.1%	June 2008
Unemployment Rate	5.7%	July 2008
Producer Price Index	+1.8 (p)%	June 2008
Productivity	+2.2%	2nd Qtr 2008

Gross Domestic Product

Source: The Bureau of Economic Analysis 7/31/08

↑ 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 1.9 percent in the second quarter of 2008 (that is, from the first quarter to the second quarter). In the first quarter, real GDP increased 0.9 percent. The increase in real GDP in the second quarter primarily reflected positive contributions from exports, personal consumption expenditures (PCE), nonresidential structures, federal government spending, and state and local government spending that were partly offset by negative contributions from private inventory investment, residential fixed investment, and equipment and software. Imports, which are a subtraction in the calculation of GDP, decreased.

Industrial Production and Capacity Utilization

Source: The Federal Reserve 8/15/08

Industrial Production	June	July
Total Index	111.7	111.1
Major Market Groups		
Final Products	112.8	113.2
Consumer Goods	106.7	107.0
Business Equipment	130.3	131.1
Nonindustrial Supplies	106.1	105.7
Construction	100.6	101.7
Materials	112.7	112.7
Manufacturing	112.5	112.8

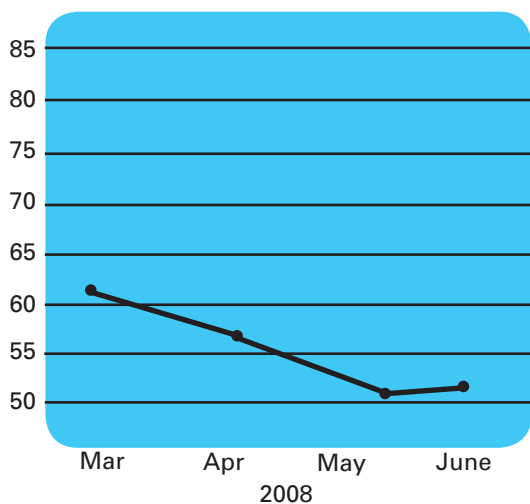
Manufacturing

Source: *The Institute for Supply Management 8/1/08*

Index	Series Index July	Series Index June	Direction	Rate of Change	Trend (mos)
PMI	50.0	50.2	Unchanged	From Growing	1
New Orders	45.0	49.6	Contracting	Faster	8
Production	52.9	51.5	Growing	Faster	3
Employment	51.9	43.7	Growing	From Contracting	1
Supplier Deliveries	55.1	55.1	Slowing	Same	13
Inventories	45.0	51.2	Contracting	From Growing	1
Customers' Inventories	47.0	55.0	Too Low	From Too High	1
Prices	88.5	91.5	Increasing	Slower	19
Backlog of Orders	43.0	47.5	Contracting	Faster	3
Exports	54.0	58.5	Growing	Slower	68
Imports	46.5	49.5	Contracting	Slower	6
Overall Economy			Growing	Faster	81
Manufacturing Sector			Unchanged	From Growing	1

Consumer Confidence Index

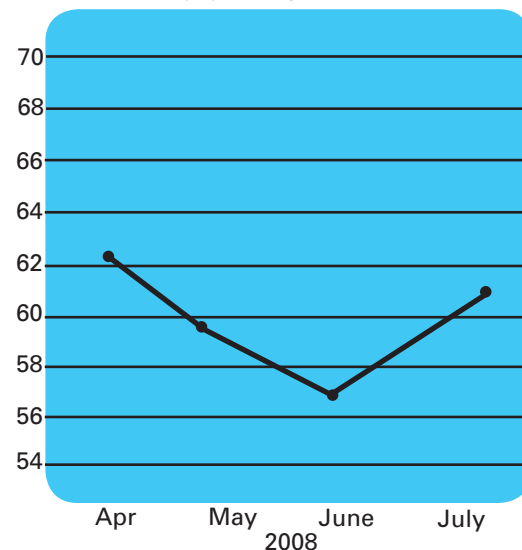
Source: *The Conference Board 7/29/08*



↑ The Conference Board **Consumer Confidence Index**, which had declined in June, held steady in July. The Index now stands at 51.9 (1985=100), up slightly from 51.0 in June. The Present Situation Index was virtually unchanged at 65.3 versus 65.4 last month. The Expectations Index increased moderately to 43.0 from 41.4 in June.

Index of Consumer Sentiment

Source: *The University of Michigan 8/08*



↑ Consumer confidence rose by a surprising amount in July, with gains posted across all income and age groups as well as among all regions of the country. The gains could signal that consumers simply overestimated the extent of the economic damage or even that they now sense the end of the economy's decline is on the distant horizon. The **Index of Consumer Sentiment** was 61.2 in the July 2008 survey, up from 56.4 in June, but 32% below the 90.4 recorded in last year's July survey. There have been less than a dozen surveys since 1952 that recorded lower level on confidence. 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 53.5 in the July survey, up from 49.2 in June, but down 34% from last July's 81.5. A recession has always occurred whenever the Expectations Index has declined by this amount.

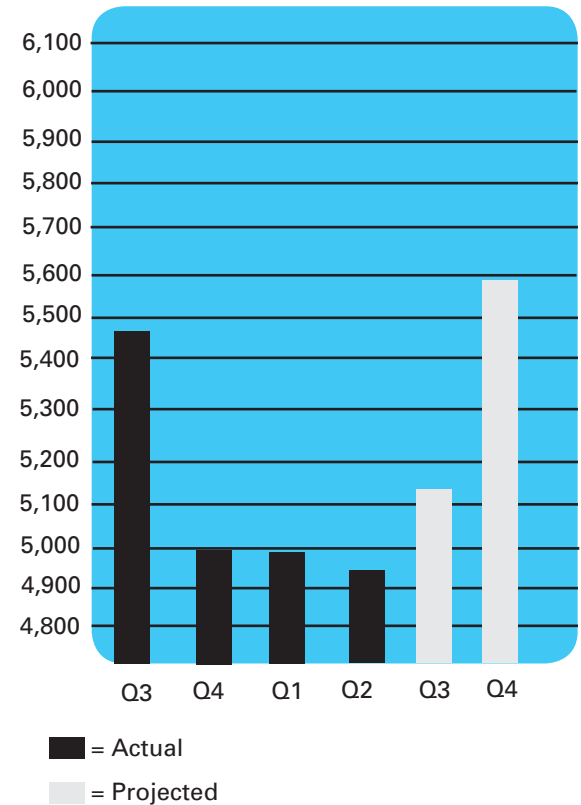
Manufacturers' Shipments, Inventories and Orders

Source: The US Census Bureau 8/4/08

- ↑** **New orders** for manufactured durable goods in June, up two consecutive months, increased \$1.6 billion or 0.8 percent to \$215.3 billion, unchanged from the previously published increase. This followed a 0.1 percent May increase.
- ↑** **Shipments** of manufactured durable goods in June, up two of the last three months, increased \$1.2 billion or 0.6 percent to \$212.2 billion, revised from the previously published 0.5 percent increase. This followed a 1.2 percent May decrease.
- ↑** **Unfilled orders** for manufactured durable goods in June, up twenty-eight of the last twenty-nine months, increased \$7.1 billion or 0.9 percent to \$817.4 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 0.9 percent May increase.
- ↑** **Inventories** of manufactured durable goods in June, up eleven of the last twelve months, increased \$1.7 billion or 0.5 percent to \$332.2 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 May increase.

Housing Sales

Source: The National Association of Realtors 8/08



**Numbers in thousands*

Contact an Outokumpu Sales Representative Today

Plate:

Frank Alvin- frank.alvin@outokumpu.com
 Madonna Ashbrook- madonna.ashbrook@outokumpu.com
 Scott Draudt- scott.draudt@outokumpu.com
 William McNamara- william.mcnamara@outokumpu.com
 Mark Patterson- mark.patterson@outokumpu.com

Pipe:

Walt Renton- walt.renton@outokumpu.com
 Rick Cockbain- rick.cockbain@outokumpu.com

Long Products:

Tom Holsing- tom.holsing@outokumpu.com
 Kevin Manwaring- kevin.manwaring@outokumpu.com
 Mark Patterson- mark.patterson@outokumpu.com
 Jerry Poalise- jerry.poalise@outokumpu.com
 Ted Toscos- ted.toscos@outokumpu.com
 Phil Zivich- phil.zivich@outokumpu.com

Coil:

Lydon Harrell- lydon.harrell@outokumpu.com
 David Houck- david.houck@outokumpu.com
 Mike Obenauf- mike.obenauf@outokumpu.com

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.