



# Market Matters

Recently Published Data and Indices Affecting the Stainless Steel Industry

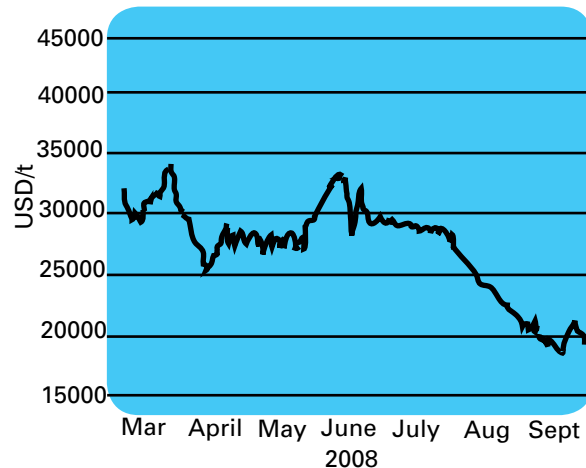
## View Points

Fifteen Outokumpu representatives were on hand at the Stainless Steel World Americas Conference, held earlier this month in Houston, Texas. Some 1,700 participants, including many from Asia, attended the 2008 conference. These participants, primarily fabricators and engineers, met with Outokumpu representatives in search of ways to activate their ideas in stainless plate, coil, pipe, bar, fittings, and technical support. During the conference, Outokumpu experts presented four formal papers and also participating in two technical workshops. Stainless Steel World marks the fifth industry conference in which Outokumpu has been an exhibitor this year. The company plans to exhibit at two more conferences in 2008. "Our conference participation has increased dramatically in 2008," indicated Maureen Meeker, Outokumpu's Manager, Marketing Communications and Advertising. "Promoting the strength and corrosion resistant advantages of stainless steel has been a big part of our marketing strategy this year,"



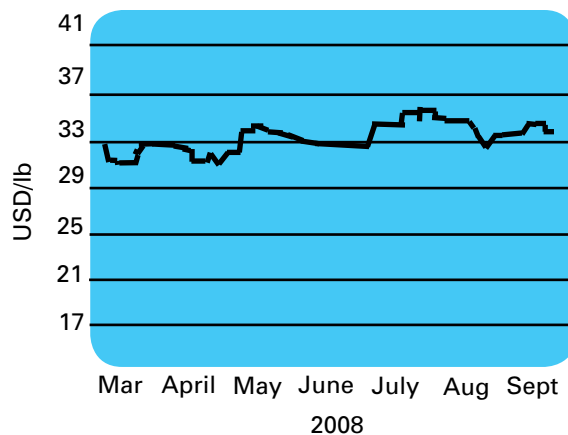
## Nickel Prices- Cash Buyer

Source: LME 8/12/08



## Molybdenum Prices\*

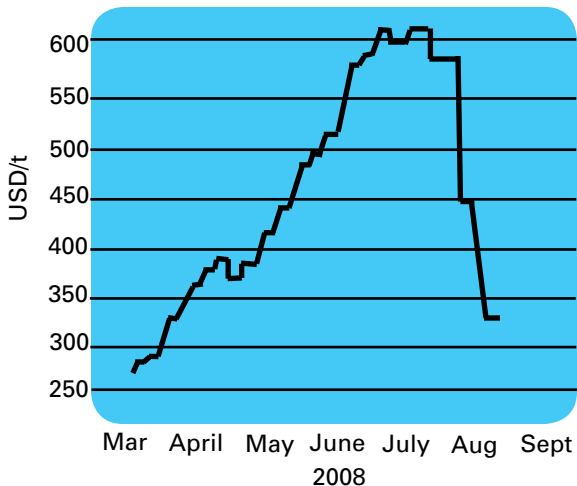
Source: Metal Bulletin 9/18/08



## Metal Matters

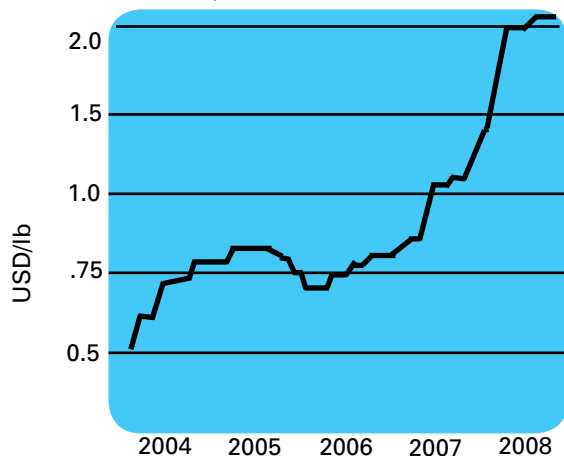
### Scrap Prices

Source: Metal Bulletin 9/18/08



## Ferrochrome Prices\*\*

Source: Metal Bulletin 9/18/08



\*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 9/15/08

Crossrates							
	USD	EUR	JPY	GBP	CAD	SEK	CNY
USD	1	0.7048	105.7900	0.5590	1.0677	6.7572	6.8530
EUR	1.4188	1	150.0949	0.7931	1.5149	9.6262	9.7631
JPY	0.009453	0.006662	1	0.005284	0.010093	0.06459	0.06554
GBP	1.7889	1.2609	189.2520	1	1.9101	12.154	12.329
CAD	0.9366	0.6601	99.0821	0.5235	1	6.3141	6.4105
SEK	0.1480	0.1039	15.475	0.08229	0.1584	1	1.0145
CNY	0.1459	0.1024	15.255	0.08111	0.1562	0.9859	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 9/13/08

Consumer Price Index	+0.8%	July 2008
Unemployment Rate	6.1%	Aug 2008
Producer Price Index	-0.9 (p)%	Aug 2008
Productivity	+4.3%	2nd Qtr 2008

## Gross Domestic Product

Source: The Bureau of Economic Analysis 8/28/08

↑ 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 3.3 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), federal government spending, nonresidential structures, 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 9/15/08

Industrial Production	July	Aug
Total Index	111.1	110.3
Major Market Groups		
Final Products	113.2	111.3
Consumer Goods	107.0	104.7
Business Equipment	131.1	130.3
Nonindustrial Supplies	105.7	104.9
Construction	101.7	100.9
Materials	112.7	111.3
Manufacturing	112.8	111.4

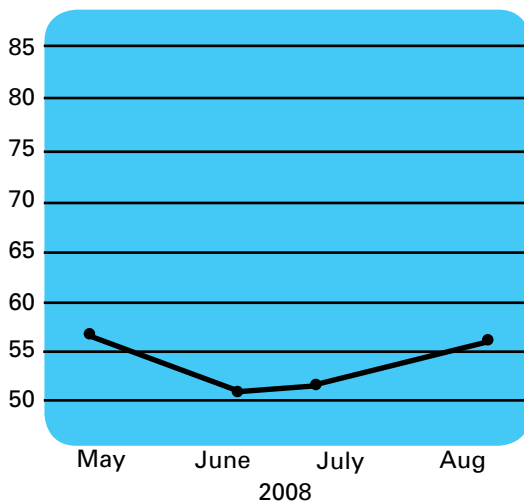
## Manufacturing

Source: *The Institute for Supply Management 9/1/08*

Index	Series Index Aug	Series Index July	Direction	Rate of Change	Trend (mos)
PMI	49.9	50.0	Contracting	Unchanged	1
New Orders	48.3	45.0	Contracting	Slower	9
Production	52.1	52.9	Growing	Faster	4
Employment	49.7	51.9	Contracting	From Growing	1
Supplier Deliveries	50.3	55.1	Slowing	Slower	14
Inventories	49.3	45.0	Contracting	Slower	2
Customers' Inventories	54.5	47.0	Too High	From Too Low	1
Prices	77.0	88.5	Increasing	Slower	20
Backlog of Orders	43.5	43.0	Contracting	Slower	4
Exports	57.0	54.0	Growing	Faster	69
Imports	48.5	46.5	Contracting	Slower	7
Overall Economy			Growing	Slower	82
Manufacturing Sector			Contracting	From Unchanged	1

## Consumer Confidence Index

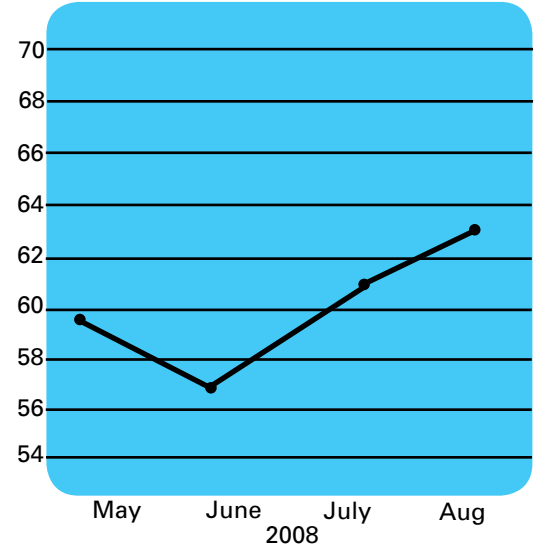
Source: *The Conference Board 8/26/08*



↑ The Conference Board **Consumer Confidence Index**, which had improved moderately in July, made further gains in August. The Index now stands at 56.9 (1985=100), up from 51.9 in July. The Present Situation Index decreased to 63.2 from 65.8 last month. The Expectations Index, however, increased to 52.8 from 42.7 in July.

## Index of Consumer Sentiment

Source: *The University of Michigan 9/08*



↑ Consumer confidence edged upward in August due to more favorable prospects for the overall economy even though the outlook for personal finances remained grim. Rather than indicating a shift toward renewed optimism, it is typical for a pause to occur following a steep plunge in confidence. “Sometimes the pause occurs at all levels very close to the lowpoint, and other times, the pause was followed by significant additional declines,” according to Richard Curtin, the Director of the Reuters/University of Michigan Surveys of Consumers. Despite the decline in gas prices, consumers have remained quite negative about their personal financial prospects and expressed the weakest buying plans recorded in thirty years.

The **Index of Consumer Sentiment** was 63.0 in the August 2008 survey, up from 61.2 in July, but substantially below the 83.4 recorded last August and the peak of 96.9 in January 2007. This was the second monthly gain posted by the Sentiment Index, but the cumulative gain of 6.6 Index points pales in comparison with the 40.5 point loss. 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 57.9 in the August 2008 survey, up slightly from the 53.5 in July, but well below the 73.7 recorded last August and the peak of 87.6 in January of 2007.

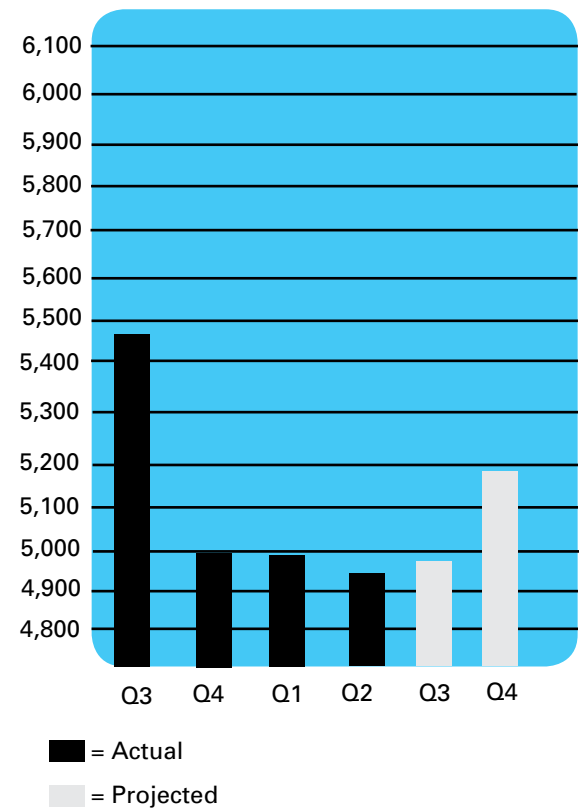
## Manufacturers' Shipments, Inventories and Orders

Source: The US Census Bureau 8/4/08

- ↑** **New orders** for manufactured durable goods in July, up three consecutive months, increased \$2.9 billion or 1.3 percent to \$219.6 billion, unchanged from the previously published increase. This followed a 1.4 percent June increase.
- ↑** **Shipments** of manufactured durable goods in July, up three of the last four months, increased \$6.5 billion or 3.0 percent to \$219.4 billion, revised from the previously published 2.5 percent increase. This followed a 0.9 percent June increase.
- ↑** **Unfilled orders** for manufactured durable goods in July, up twenty-nine of the last thirty months, increased \$6.0 billion or 0.7 percent to \$824.1 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 1.0 percent June increase.
- ↑** **Inventories** of manufactured durable goods in July, up twelve of the last thirteen months, increased \$2.7 billion or 0.8 percent to \$335.8 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 0.8 percent June 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 and Fittings:

Allan Cantrell- allan.cantrell@outokumpu.com  
 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](http://www.outokumpu.com/stainless/na).