



Market Matters

Recently Published Data and Indices Affecting the Stainless Steel Industry

View Points

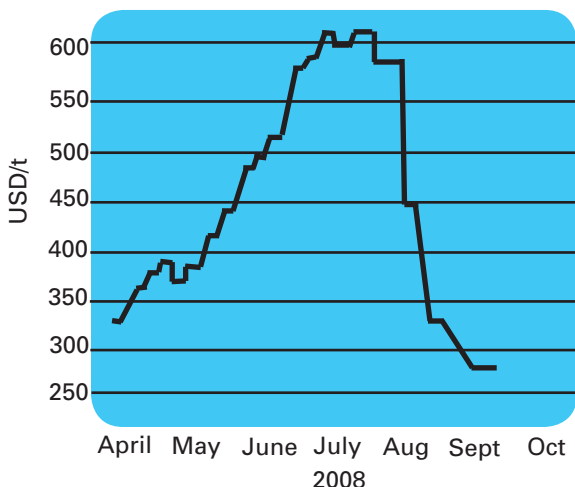
Customers should be aware that all Outokumpu products are exempt from the new European chemical toxicity registration program, REACH (Registration, Evaluation, Authorization and restriction of Chemical substances). REACH recognizes three types of substances: raw materials, preparations, and articles. Articles are exempt from registration, and a determination has been made that all Outokumpu products sold to service centers or end-users fall under the category of articles — coil, sheet, plate, bar, pipe, fittings, slabs, etc. Outokumpu will ensure that all our raw material suppliers make the required registrations on the materials we purchase from them. Under REACH, companies that manufacture or import large quantities of a chemical substance (starting with those using over 1,000 tons a year) would be required to register the substance as to degree of hazard. A similar activity is underway in the U.S. under the Toxic Substances Control Act. Continuing updates on the program will be posted on the Outokumpu Website at www.outokumpu.com.

REACH

Metal Matters

Scrap Prices

Source: Metal Bulletin 10/14/08

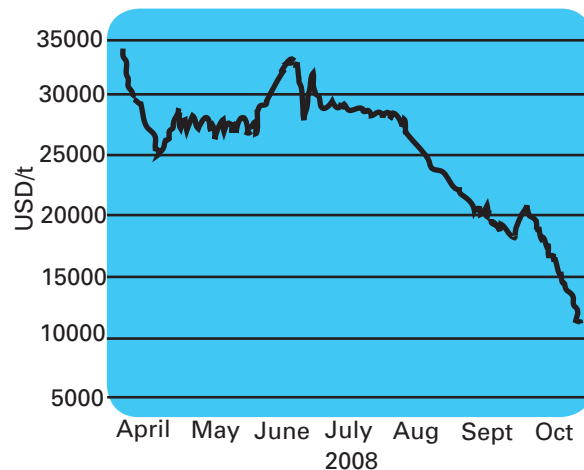


*Molybdenum prices will rise in 2009 and 2010 because of a supply shortage stemming from a delay in bringing new projects online and rising fuel-related operating costs, according to CPM Group, a commodities consulting and investment banking firm.

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

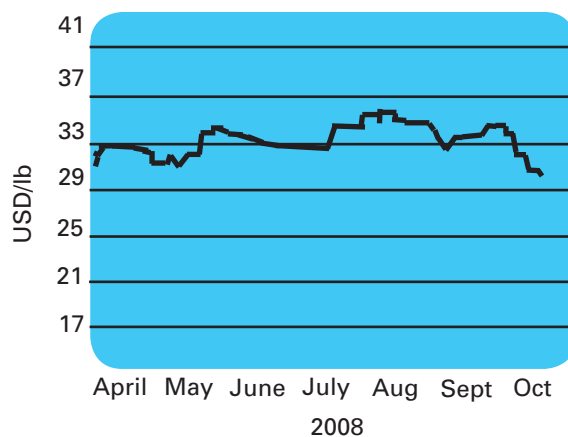
Nickel Prices- Cash Buyer

Source: LME 10/14/08



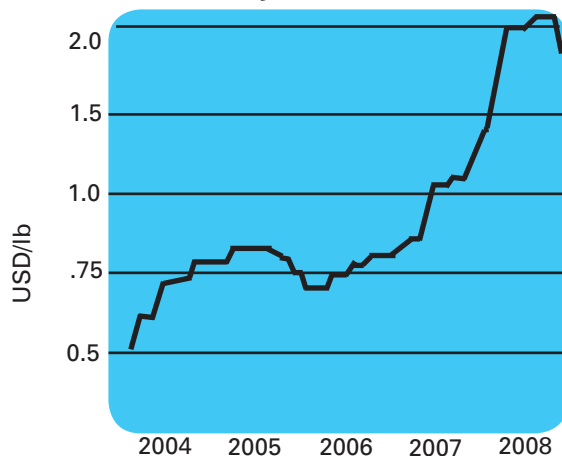
Molybdenum Prices*

Source: Metal Bulletin 10/14/08



Ferrochrome Prices**

Source: Metal Bulletin 10/15/08



U.S. Exports of Steel Mill Products*

Source: The U.S. Commerce Department 10/15/08

Country	Month		
	June	July	August
World	1,110,007	1,197,002	1,221,823
Canada	572,517	589,502	633,322
Mexico	223,271	298,033	259,710
India	11,798	11,488	15,314
China	25,242	23,904	23,354
Federal Republic of Germany	7,040	7,336	9,364
Italy	27,618	25,713	34,721
Venezuela	6,755	10,380	8,678
United Kingdom	7,194	5,715	6,524

* Numbers in metric tons

Gross Domestic Product

Source: The Bureau of Economic Analysis 9/26/08

↑ 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 2.8 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.

Global Economic Matters

Exchange Rates

Source: Yahoo Finance 10/15/08

Crossrates							
	USD	EUR	JPY	GBP	CAD	SEK	CNY
USD	1	0.7407	99.8000	0.5786	1.1904	7.4511	6.8432
EUR	1.3500	1	134.7300	0.7815	1.6070	9.9873	9.1618
JPY	0.01002	0.00742	1	0.00580	0.01193	0.07397	0.06790
GBP	1.7273	1.2795	172.3894	1	2.0562	12.833	11.772
CAD	0.8401	0.6223	83.8374	0.4863	1	6.2598	5.7445
SEK	0.0903	0.1091	14.737	0.08493	0.1739	1	1.9179
CNY	0.1342	0.1001	13.525	0.07806	0.1598	1.0905	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 10/13/08

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

Industrial Production and Capacity Utilization

Source: The Federal Reserve 10/15/08

Industrial Production	Aug	Sept
Total Index	110.3	110.3
Major Market Groups		
Final Products	111.3	111.3
Consumer Goods	104.7	104.7
Business Equipment	130.3	130.3
Nonindustrial Supplies	104.9	104.9
Construction	100.9	100.9
Materials	111.3	111.3
Manufacturing	111.4	111.4

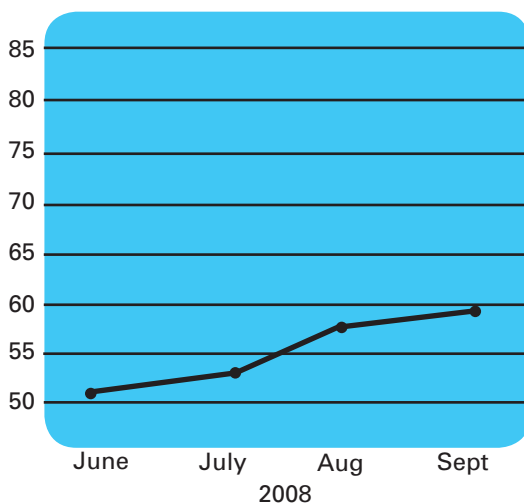
Manufacturing

Source: *The Institute for Supply Management 10/1/08*

Index	Series Index Sept	Series Index Aug	Direction	Rate of Change	Trend (mos)
PMI	43.5	49.9	Contracting	Faster	2
New Orders	38.8	48.3	Contracting	Faster	10
Production	40.8	52.1	Contracting	From Growing	1
Employment	41.8	49.7	Contracting	Faster	2
Supplier Deliveries	52.5	50.3	Slowing	Faster	15
Inventories	43.4	49.3	Contracting	Faster	3
Customers' Inventories	53.5	54.5	Too High	Slower	2
Prices	53.5	77.0	Increasing	Slower	21
Backlog of Orders	35.0	43.5	Contracting	Faster	5
Exports	52.0	57.0	Growing	Slower	70
Imports	44.0	48.5	Contracting	Slower	8
Overall Economy			Growing	Slower	83
Manufacturing Sector			Contracting	Faster	2

Consumer Confidence Index

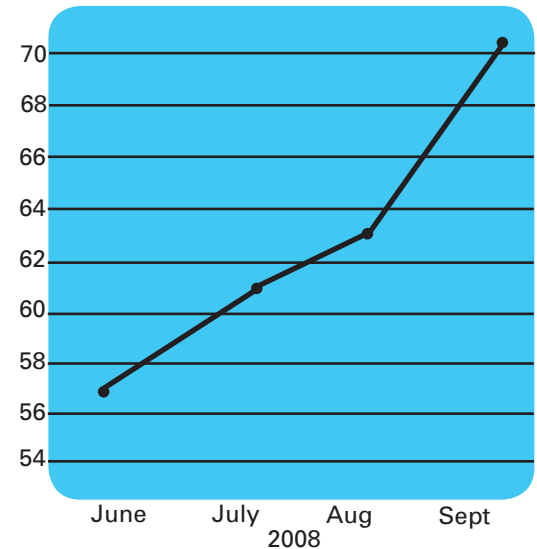
Source: *The Conference Board 9/30/08*



↑ The Conference Board **Consumer Confidence Index**, which had improved moderately in August, posted a slight gain in September. The Index now stands at 59.8 (1985=100), up from 58.5 in August. The Present Situation Index decreased to 58.8 from 65.0 last month. The Expectations Index, however, increased to 60.5 from 54.1 in August.

Index of Consumer Sentiment

Source: *The University of Michigan 10/08*



↑ Prior to the events of the past weeks, consumer confidence appeared to have reached its cyclical low. That changed dramatically. Consumers have expressed heightened apprehensions about prospects for the economy due to the escalating financial crisis adding to the steep declines recorded over the past year. The renewed declines reflect the dire economic predictions from the President, the Treasury Secretary, and the Fed Chairman. The warnings of the economic policy makers had the effect of reducing confidences in financial institutions as well as in the ability of the real economy to withstand the financial crisis.

“However important the explanation is for the passage of the bailout, lost confidence cannot be easily regained; confidence can only be restored slowly through experience,” Richard Curtin, the Director of the Reuters/University of Michigan Survey of Consumers, said. Now the only issue is how deep and how long will the cutbacks in spending last. “The upcoming holiday shopping season will be swamped by financial turbulence, with holiday retail sales posting the lowest growth rate in decades,” according to Curtin. The gains recorded through most of September, largely due to lower inflation, were not offset by growing apprehensions during the last week of the month. The **Index of Consumer Sentiment** was 70.3 in September, up from 63.0 in August, but substantially below the 83.4 recorded last September. The Index of Consumer Expectations was 67.2 in September, up from 57.9 in August.

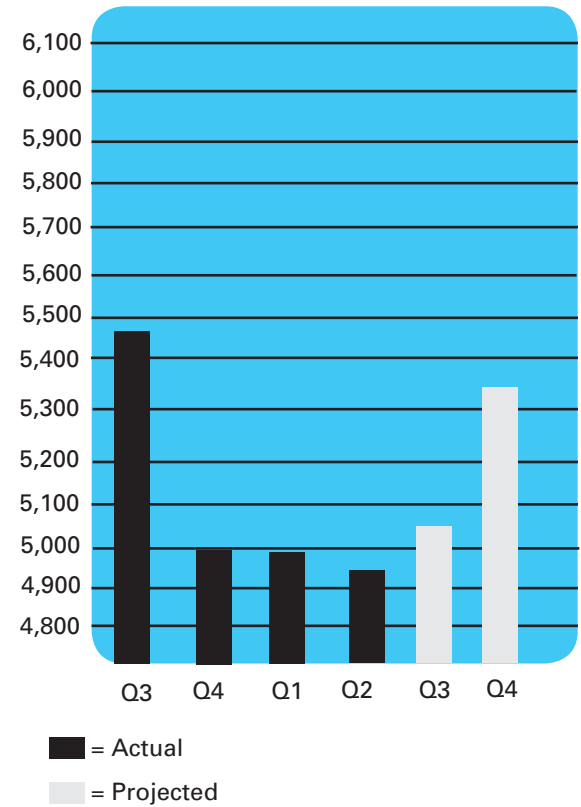
Manufacturers' Shipments, Inventories and Orders

Source: The US Census Bureau 10/2/08

- ↓** **New orders** for manufactured durable goods in August, down following three consecutive monthly increases, decreased \$10.6 billion or 4.8 percent to \$207.6 billion, revised from the previously published 4.5 percent decrease. This followed a 0.7 percent July increase.
- ↓** **Shipments** of manufactured durable goods in August, down following two consecutive monthly increases, decreased \$8.3 billion or 3.8 percent to \$209.2 billion, revised from the previously published 3.5 percent decrease. This followed a 2.2 percent July increase.
- ↑** **Unfilled orders** for manufactured durable goods in August, up thirty of the last thirty-one months, increased \$3.0 billion or 0.4 percent to \$827.2 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 0.8 percent July increase.
- ↑** **Inventories** of manufactured durable goods in August, up thirteen of the last fourteen months, increased \$2.7 billion or 0.8 percent to \$338.8 billion, revised from the previously 0.7 percent increase. This was also at the highest level since the series was first stated on a NAICS basis in 1992 and followed a 0.9 percent July increase.

Housing Sales

Source: The National Association of Realtors 10/08



*Numbers in thousands

Contact an Outokumpu Sales Representative Today

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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.