



Market Matters

Recently Published Data and Indices Affecting the Stainless Steel Industry

View Points

Finnish industrial designer Eero Hyrkäs has introduced a new line of high-end, handmade products for the home, all using stainless steel from Outokumpu. Hyrkäs' raw material is primarily 0.5 to 1.5mm thick stainless steel sheet in Grade 304, with brushed, polished or bright-annealed surfaces. The stainless steel is produced at the Outokumpu steelworks in Tornio, Finland, near where Hyrkäs has a production studio.

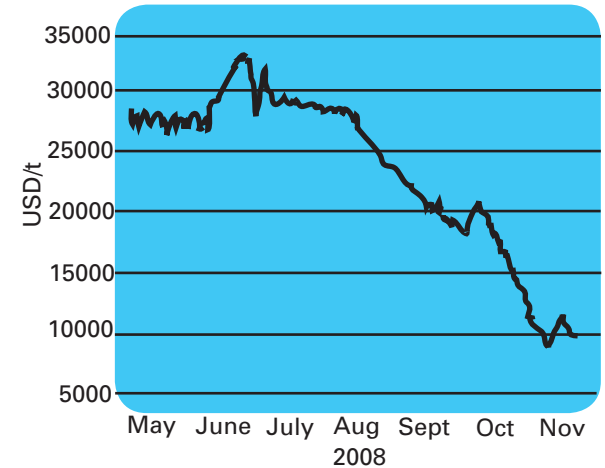


Eero Hyrkäs and an item from his JAUR collection which is made from Outokumpu stainless.

The JAUR collection consists of 15 products including water pitchers, a coffee pot, salad servers, a champagne cooler, and trays. The leading Finnish design house Marimekko has included the JAUR line of products among the selections for its flagship stores in Finland. In addition to the JAUR collection, Hyrkäs' studio produces other stainless steel items ideal for business gifts. More information on the designer and his work can be found at www.arctichrome.com.

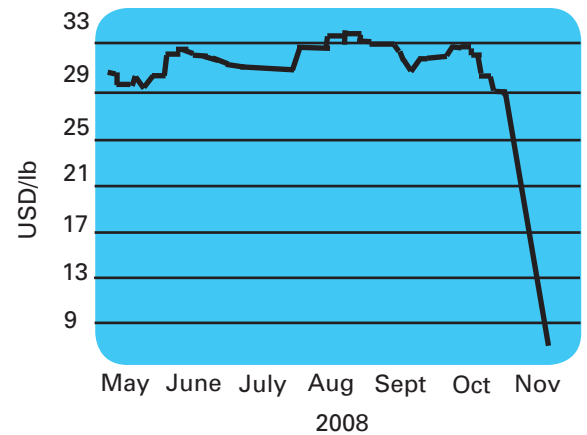
Nickel Prices- Cash Buyer

Source: LME 11/18/08



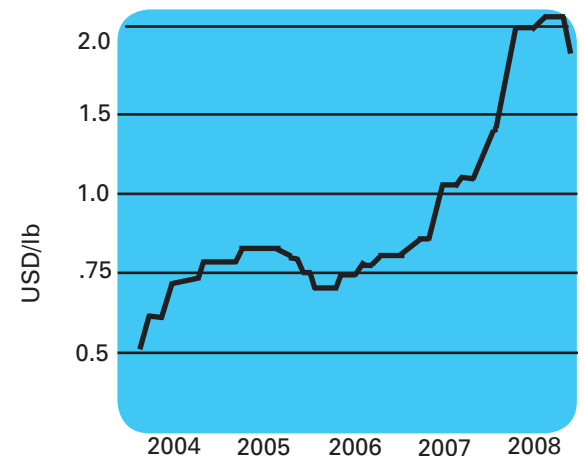
Molybdenum Prices*

Source: Metal Bulletin 11/18/08



Ferrochrome Prices**

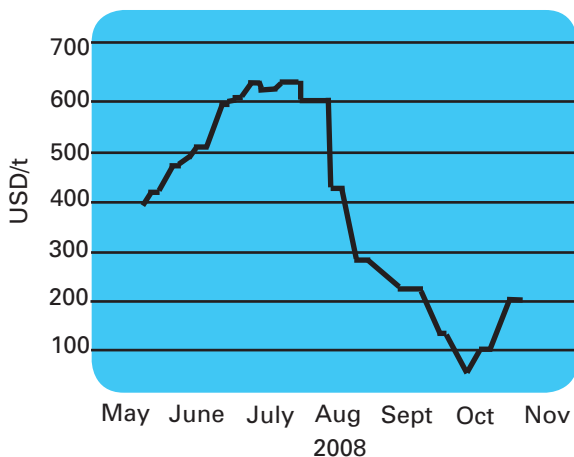
Source: Metal Bulletin 11/18/08



Metal Matters

Scrap Prices

Source: Metal Bulletin 11/18/08



U.S. Exports of Steel Mill Products*

Source: The U.S. Commerce Department 11/14/08

Country	Month		
	July	August	Sept
World	1,197,002	1,221,823	1,264,554
Canada	589,502	633,322	617,458
Mexico	298,033	259,710	247,694
India	11,488	15,314	9,837
China	23,904	23,354	28,389
Federal Republic of Germany	7,336	9,364	6,692
Italy	25,713	34,721	20,765
Venezuela	10,380	8,678	7,162
United Kingdom	5,715	6,524	14,019

* Numbers in metric tons

Gross Domestic Product

Source: The Bureau of Economic Analysis 10/30/08

↓ **Real gross domestic product** — the output of goods and services produced by labor and property located in the United States — decreased at an annual rate of 0.3 percent in the third quarter of 2008, (that is, from the second quarter to the third quarter). In the second quarter, real GDP increased 2.8 percent. The decrease in real GDP in the third quarter primarily reflected negative contributions from personal consumption expenditures (PCE), residential fixed investment, and equipment and software that were largely offset by positive contributions from federal government spending, exports, private inventory investment, nonresidential structures, and state and local government spending. Imports, which are a subtraction in the calculation of GDP, decreased.

Global Economic Matters

Exchange Rates

Source: Yahoo Finance 11/17/08

Crossrates							
	USD	EUR	JPY	GBP	CAD	SEK	CNY
USD	1	0.7860	97.0900	0.6653	1.2221	8.0241	6.8339
EUR	1.2723	1	123.5276	0.8465	1.5549	10.124	8.6237
JPY	0.01030	0.00810	1	0.00685	0.01259	0.08276	0.07045
GBP	1.5030	1.1813	145.9271	1	1.8368	12.023	10.223
CAD	0.8183	0.6431	79.4452	0.5444	1	6.5140	5.5429
SEK	0.1247	0.9887	12.087	0.08327	0.1534	1	.8508
CNY	0.1465	0.1161	14.190	0.09790	0.1804	1.1755	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 11/14/08

Consumer Price Index	-0.1%	Sept 2008
Unemployment Rate	6.5%	Oct 2008
Producer Price Index	-0.4 (p)%	Sept 2008
Productivity	+1.1%	3rd Qtr 2008

Industrial Production and Capacity Utilization

Source: The Federal Reserve 11/17/08

Industrial Production	Sept	Oct
Total Index	110.3	107.3
Major Market Groups		
Final Products	111.3	108.8
Consumer Goods	104.7	104.3
Business Equipment	130.3	118.5
Nonindustrial Supplies	104.9	102.5
Construction	100.9	98.1
Materials	111.3	107.6
Manufacturing	111.4	107.3

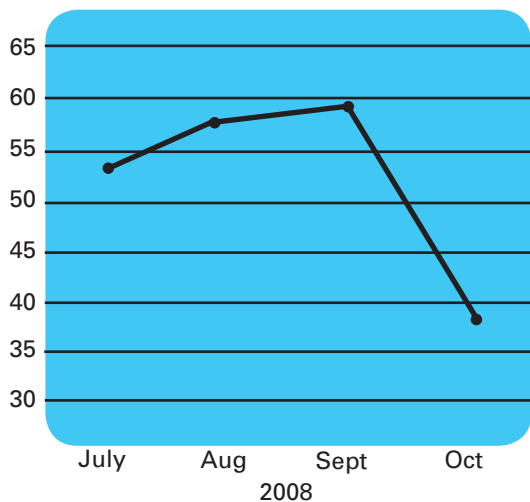
Manufacturing

Source: *The Institute for Supply Management 11/1/08*

Index	Series Index Oct	Series Index Sept	Direction	Rate of Change	Trend (mos)
PMI	38.9	43.5	Contracting	Faster	3
New Orders	32.2	38.8	Contracting	Faster	11
Production	34.1	40.8	Contracting	Faster	2
Employment	34.6	41.8	Contracting	Faster	3
Supplier Deliveries	49.2	52.5	Faster	From Slowing	1
Inventories	44.3	43.4	Contracting	Slower	4
Customers' Inventories	55.0	53.5	Too High	Faster	3
Prices	37.0	53.5	Decreasing	From Increasing	1
Backlog of Orders	29.5	35.0	Contracting	Faster	6
Exports	41.0	52.0	Contracting	From Growing	1
Imports	41.0	44.0	Contracting	Faster	9
Overall Economy			Contracting	From Growing	1
Manufacturing Sector			Contracting	Faster	3

Consumer Confidence Index

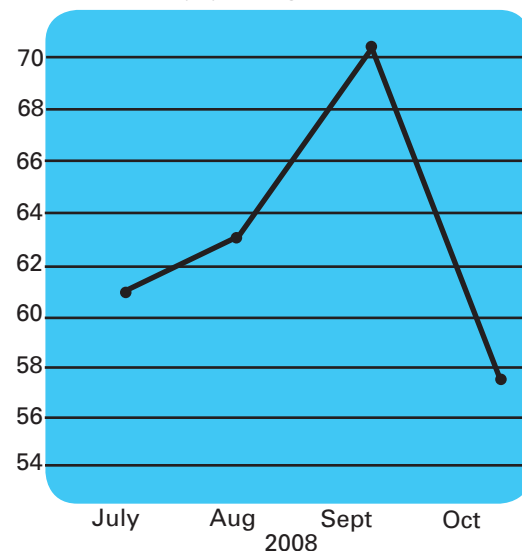
Source: *The Conference Board 10/28/08*



↓ The Conference Board **Consumer Confidence Index**, which had improved moderately in September, fell to an all-time low in October. The Index now stands at 38.0 (1985=100), down from 61.4 in September. The Present Situation Index decreased to 41.9 from 61.1 last month. The Expectations Index declined to 35.5 from 61.5 in September.

Index of Consumer Sentiment

Source: *The University of Michigan 11/08*



↓ The October survey recorded the largest monthly decline in consumer confidence in the history of surveys. “Consumer confidence had already declined by mid 2008 by more than prior to any past recession and the steep October loss indicates that accelerated cutbacks in spending can be expected during the months ahead,” according to Richard Curtin, the Director of the Reuters/University of Michigan Surveys of Consumers. Overall, the data indicate that this will be the bleakest holiday spending season since 1980. “Consumers held the least favorable assessments of their finances in more than a half century and viewed their job prospects more negatively than at any other time since the end of 1980,” according to Curtin. The data indicate that a long and deep recession is likely to occur, with spending expected to decline through most of 2009.

The **Index of Consumer Sentiment** was 57.6 in the October 2008 survey, a record 12.7 points below the 70.3 in September, and 23.3 points below last October’s 80.9. Since the cyclical peak was set in January 2007, the Sentiment Index has declined by 41%, the largest peak-to-trough decline in history. 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 57.0 in October, down from 67.2 in September and 70.1 last October. The Expectations Index has declined by 35% since its

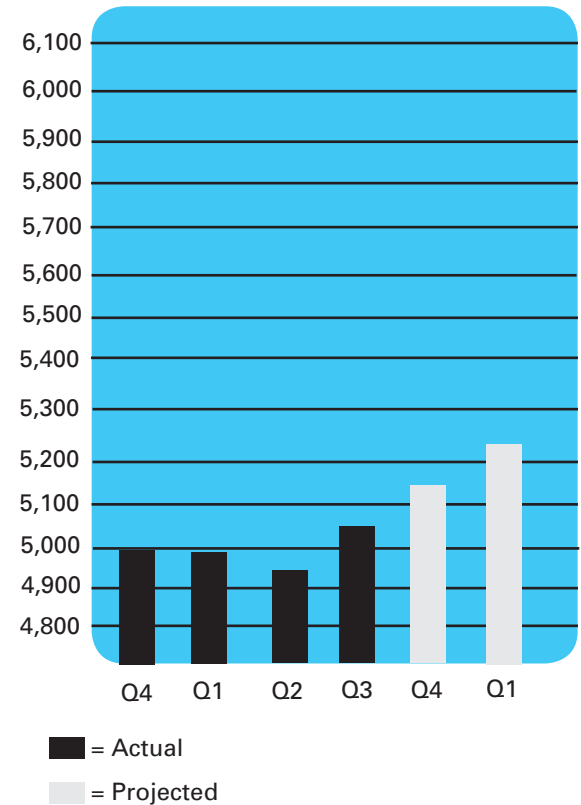
Manufacturers' Shipments, Inventories and Orders

Source: The US Census Bureau 11/4/08

- ↑** **New orders** for manufactured durable goods in September, up four of the last five months, increased \$1.8 billion or 0.9 percent to \$207.9 billion, revised from the previously published 0.8 percent increase. This followed a 5.5 percent August decrease.
- ↑** **Shipments** of manufactured durable goods in September, up three of the last four months, increased \$0.5 billion or 0.3 percent to \$208.9 billion, revised from the previously published 0.2 percent increase. This followed a 4.2 percent August decrease.
- ↑** **Unfilled orders** for manufactured durable goods in September, up thirty-one of the last thirty-two months, increased \$3.0 billion or 0.4 percent to \$829.5 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 0.3 percent August increase.
- ↑** **Inventories** of manufactured durable goods in September, up fourteen of the last fifteen months, increased \$1.2 billion or 0.4 percent to \$340.3 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 0.8 percent August increase.

Housing Sales

Source: The National Association of Realtors 11/08



*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.