



Market Matters

Recently Published Data and Indices Affecting the Stainless Steel Industry

View Points

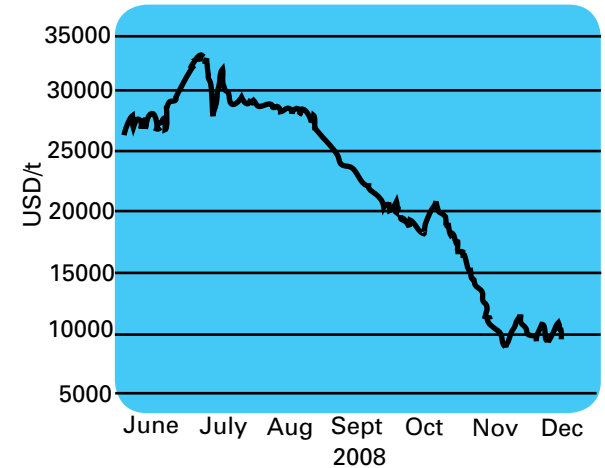
Outokumpu Responds to Global Economic Crisis

As a result of the global weakening demand for stainless steel, Outokumpu is taking action to prepare for what might be a prolonged period of weak demand. Outokumpu's CEO, Juha Rantanen, reports, "Outokumpu is well-positioned to face the current turmoil due to our strong balance sheet and good liquidity position." In response to current global economic conditions, the company plans to reduce annual fixed costs; lower production volumes at the Tornio mill; eliminate about 450 positions in the company's Swedish production sites; and postpone several investment programs around the world. But the investment to expand plate production in New Castle, Indiana will proceed according to plan.



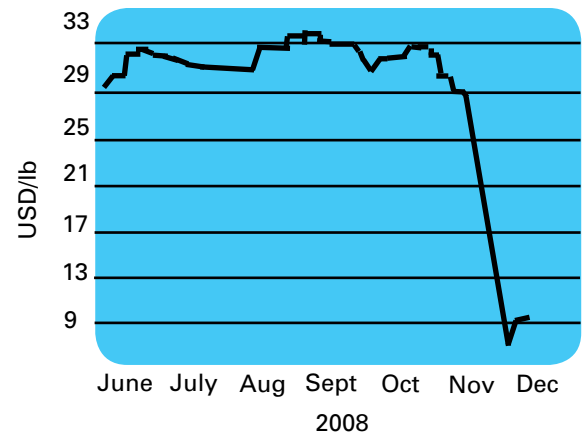
Nickel Prices- Cash Buyer

Source: LME 12/16/08



Molybdenum Prices*

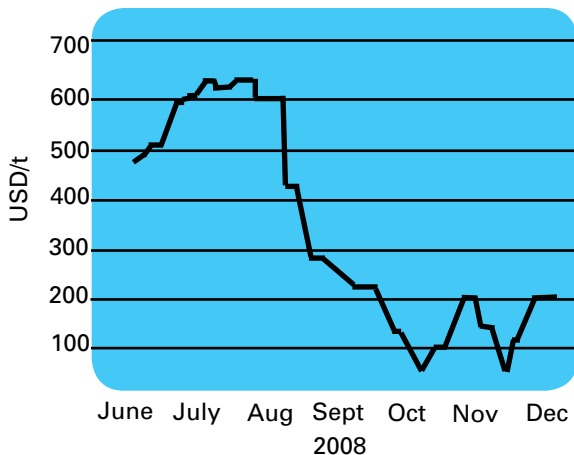
Source: Metal Bulletin 12/16/08



Metal Matters

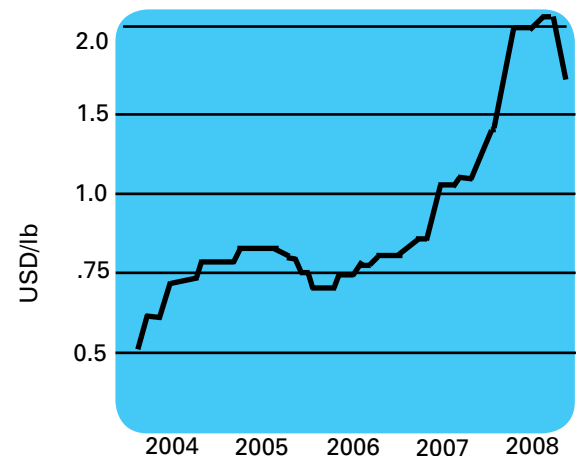
Scrap Prices

Source: Metal Bulletin 12/16/08



Ferrochrome Prices**

Source: Metal Bulletin 12/18/08



U.S. Exports of Steel Mill Products*

Source: The U.S. Commerce Department 12/16/08

Country	Month		
	August	September	October
World	1,221,823	1,264,554	1,169,717
Canada	633,322	617,458	557,025
Mexico	259,710	247,694	280,184
India	15,314	9,837	8,253
China	23,354	28,389	24,148
Federal Republic of Germany	9,364	6,692	5,551
Italy	34,721	20,765	21,189
Venezuela	8,678	7,162	21,564
United Kingdom	6,524	14,019	6,477

* Numbers in metric tons

Gross Domestic Product

Source: The Bureau of Economic Analysis 11/25/08

↓ **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 0.5 percent in the third quarter of 2008, (that is, from the second quarter to the third quarter), according to preliminary estimates released by the Bureau of Economic Analysis. 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 partly offset by positive contributions from federal government spending, private inventory investment, exports, 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 12/15/08

Crossrates							
	USD	EUR	JPY	GBP	CAD	SEK	CNY
USD	1	0.7323	90.6700	0.6540	1.2394	8.0467	6.8530
EUR	1.3655	1	123.8098	0.8931	1.6924	10.989	9.3578
JPY	0.01103	0.00808	1	0.00721	0.01367	0.08869	0.07554
GBP	1.5289	1.1197	138.6298	1	1.8950	12.304	10.491
CAD	0.8068	0.5909	73.1564	0.5277	1	6.4895	5.5280
SEK	0.1243	0.8126	11.274	0.08126	0.1541	1	.8517
CNY	0.1460	0.1069	13.234	0.09541	0.1811	1.1743	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 12/15/08

Consumer Price Index	-1.09%	Oct 2008
Unemployment Rate	6.7%	Nov 2008
Producer Price Index	-2.2 (p)%	Nov 2008
Productivity	+1.3%	3rd Qtr 2008

Industrial Production and Capacity Utilization

Source: The Federal Reserve 12/15/08

Industrial Production	Oct	Nov
Total Index	107.3	106.1
Major Market Groups		
Final Products	108.8	108.3
Consumer Goods	104.3	103.3
Business Equipment	118.5	120.6
Nonindustrial Supplies	102.5	100.8
Construction	98.1	94.4
Materials	107.6	106.0
Manufacturing	107.3	105.5

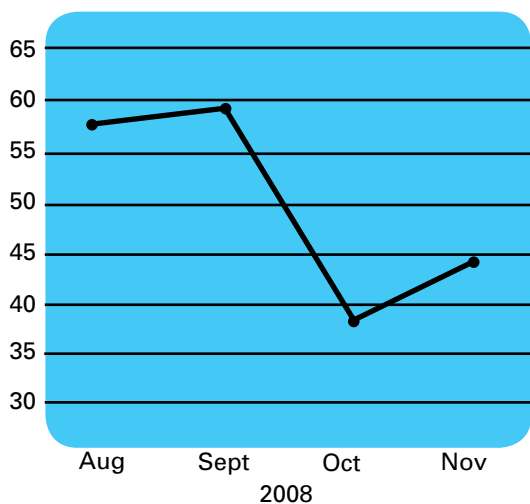
Manufacturing

Source: *The Institute for Supply Management 12/1/08*

Index	Series Index Nov	Series Index Oct	Direction	Rate of Change	Trend (mos)
PMI	36.2	38.9	Contracting	Faster	4
New Orders	27.9	32.2	Contracting	Faster	12
Production	31.5	34.1	Contracting	Faster	3
Employment	34.2	34.6	Contracting	Faster	4
Supplier Deliveries	48.4	49.2	Faster	Faster	2
Inventories	39.1	44.3	Contracting	Faster	5
Customers' Inventories	55.0	55.0	Too High	Same	4
Prices	25.5	37.0	Decreasing	Faster	2
Backlog of Orders	27.0	29.5	Contracting	Faster	7
Exports	41.0	41.0	Contracting	Same	2
Imports	37.5	41.0	Contracting	Faster	10
Overall Economy			Contracting	Faster	2
Manufacturing Sector			Contracting	Faster	4

Consumer Confidence Index

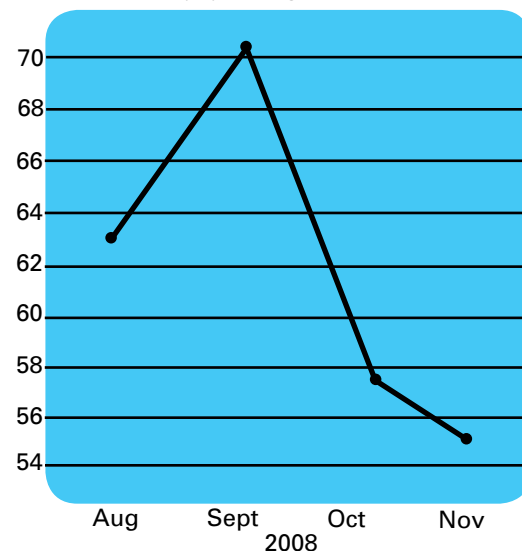
Source: *The Conference Board 11/25/08*



↑ The Conference Board **Consumer Confidence Index**, which had declined to an all-time low in October, improved moderately in November. The Index now stands at 44.9 (1985=100), up from 38.8 in October. The Present Situation Index decreased to 42.2 from 43.5 last month. The Expectations Index increased to 46.7 from 35.7 in October.

Index of Consumer Sentiment

Source: *The University of Michigan 12/08*



↓ Consumers have expressed the most pessimistic economic outlook in the past quarter century. Consumer confidence fell in the last half of November due to mounting job losses, falling incomes, and the evaporation of household wealth. There have been only two surveys during the past half century that found consumers more pessimistic than now, in April and May of 1980 — the all-time low was 51.7, a mere 3.6 Index-points below the current figure. Consumers were unanimous in their recognition that the economy was in a recession, and nearly three-in-four expected the recession to deepen in the months ahead. Despite the substantial boost in spending power provided by falling gas prices, more families reported that their finances had worsened in November than ever before in the long history of the surveys — 61%. When asked to explain their views, more consumers than ever before (47%) mentioned their uncertainty about future job and income prospects as their primary reason to postpone planned purchases.

The Index of Consumer Sentiment was 55.3 in the November 2008 survey, 2.3 points below the October 2008 survey and 20.8 points below the 76.1 recorded in November of 2007. 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 57.5 in November, up from the 57.0 in October and down from the 62.2 recorded in November of 2007.

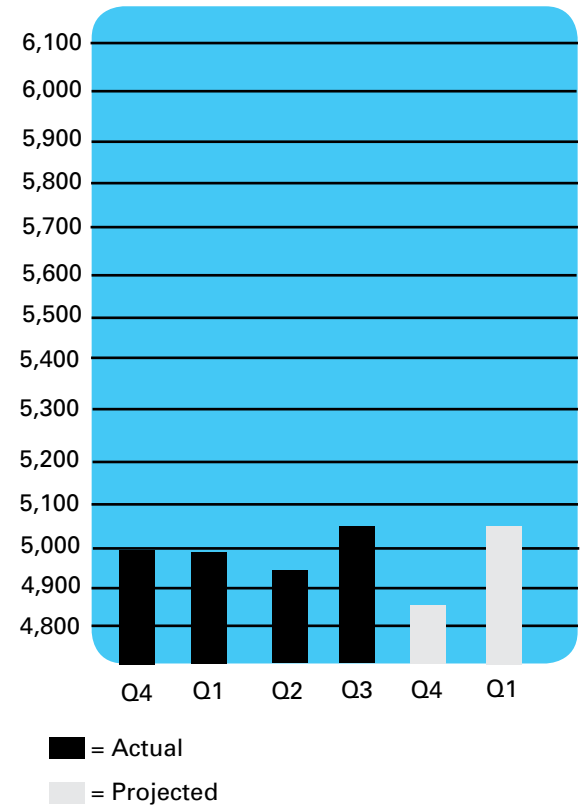
Manufacturers' Shipments, Inventories and Orders

Source: The US Census Bureau 12/4/08

- ↓** **New orders** for manufactured durable goods in October, down three consecutive months, decreased \$14.3 billion or 6.9 percent to \$191.7 billion, revised from the previously published 6.2 percent decrease. This followed a slight September decrease.
- ↓** **Shipments** of manufactured durable goods in October, down three consecutive months, decreased \$6.2 billion or 3.0 percent to \$202.1 billion, revised from the previously published 2.4 percent decrease. This followed a slight September decrease.
- ↓** **Unfilled orders** for manufactured durable goods in October, down for the first time in twenty-six months, decreased \$5.1 billion or 0.6 percent to \$823.1 billion, unchanged from the previously published decrease. This followed a 0.2 percent September increase.
- ↑** **Inventories** of manufactured durable goods in October, up fifteen of the last sixteen months, increased \$1.5 billion or 0.4 percent to \$341.3 billion, unchanged from the previously published increase. This was at the highest level since the series was first stated on a NAICS basis in 1992 and followed a 0.2 percent September increase.

Housing Sales

Source: The National Association of Realtors 12/08



*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:

Allen Cantrell- allen.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.