



February 2009

Market Matters

Recently Published Data and Indices Affecting the Stainless Steel Industry

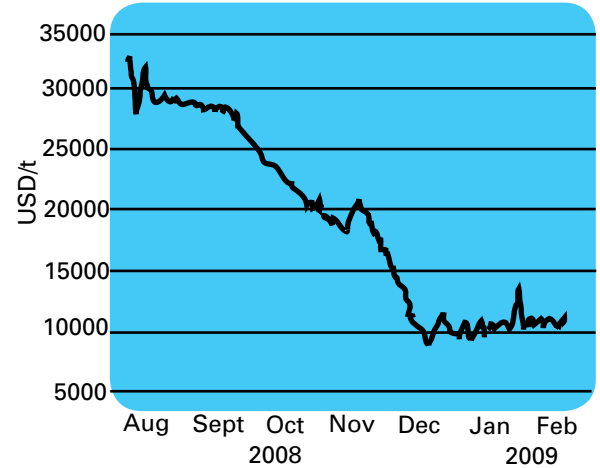
View Points

The American Recovery and Reinvestment Act, the \$789 billion economic stimulus package signed by President Barack Obama, contains a variety of provisions that could prove valuable to a number of Outokumpu end-users including those in the renewable energy industry. According to *Power Engineering* magazine, the stimulus package extends the placed-in-service date for biomass, geothermal, hydropower, waste-to-energy, marine and renewables for more than 10 years at a cost of more than \$13 billion. As much as \$2.3 billion in credits could be available for a Treasury Department-administered ITC program designed to support renewable equipment manufacturers. Another \$1.6 billion goes to the Clean Renewable Energy Bonds program, designed to finance development of facilities that generate power from wind, biomass, geothermal, hydropower, marine and other renewable sources. Around \$1.6 billion will be allocated to the Department of Energy's Office for Science for research on nuclear physics and fusion energy, as well as for biofuel technology development and climate change study. Outokumpu provides stainless steel materials for many of the sectors expected to benefit from the stimulus package. Grades best-suited for industries ear-marked for stimulus dollars include LDX 2101®, Outokumpu 2507 and 2205 Code Plus Two® — all recognized for corrosion resistance and price stability.



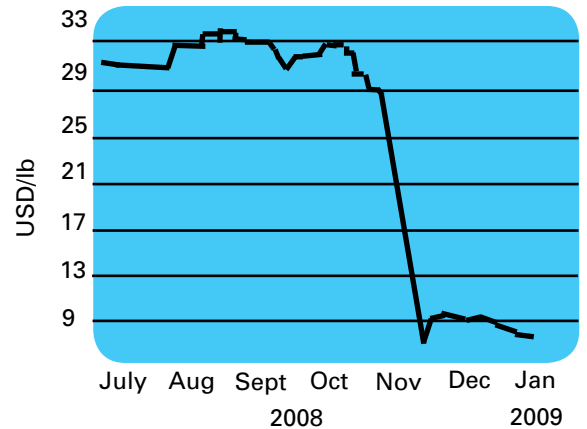
Nickel Prices- Cash Buyer

Source: LME 2/12/09



Molybdenum Prices*

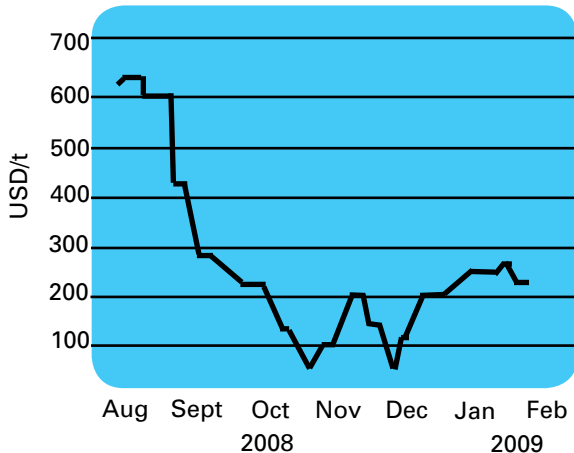
Source: Metal Bulletin 2/12/09



Metal Matters

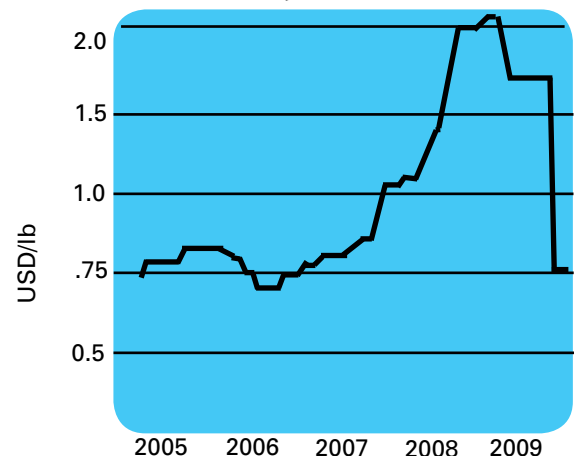
Scrap Prices

Source: Metal Bulletin 2/12/09



Ferrochrome Prices**

Source: Metal Bulletin 2/12/09



U.S. Exports of Steel Mill Products*

Source: The U.S. Commerce Department 2/12/09

Country	Month		
	October	November	December
World	1,169,717	835,796	649,308
Canada	557,025	428,013	302,059
Mexico	280,184	203,098	157,259
Brazil	43,790	9,365	21,417
India	8,253	8,253	8,635
China	24,148	24,265	21,253
Germany	5,551	4,663	3,736
Italy	21,189	7,876	4,108
Venezuela	21,564	21,616	14,476
United Kingdom	14,019	6,477	4,284

* Numbers in metric tons

Gross Domestic Product

Source: The Bureau of Economic Analysis 1/30/09

↓ **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 3.8 percent in the fourth quarter of 2008, (that is, from the third quarter to the fourth quarter), according to advance estimates released by the Bureau of Economic Analysis. In the third quarter, real GDP decreased 0.5 percent. The decrease in real GDP in the fourth quarter primarily reflected negative contributions from exports, personal consumption expenditures, equipment and software, and residential fixed investment that were partly offset by positive contributions from private inventory investment and federal government spending. Imports, which are a subtraction in the calculation of GDP, decreased.

Global Economic Matters

Exchange Rates

Source: Yahoo Finance 2/16/09

Crossrates							
	USD	EUR	JPY	GBP	CAD	SEK	CNY
USD	1	0.7601	91.7650	0.7012	1.2441	8.5633	6.8299
EUR	1.2794	1	117.4066	0.8971	1.5917	10.9575	8.7395
JPY	0.0109	0.0084	1	0.0076	0.0136	0.0933	0.0744
GBP	1.4261	1.1032	130.8685	1	1.7742	12.2106	9.7389
CAD	0.8038	0.6078	73.7601	0.5636	1	6.8809	5.4881
SEK	0.1168	0.0913	10.7149	0.0819	0.1453	1	.7676
CNY	0.1464	0.1144	13.4343	0.01027	0.1822	1.2538	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 2/16/09

Consumer Price Index	-0.7%	Dec 2008
Unemployment Rate	7.6%	Jan 2009
Producer Price Index	-1.9 (p)%	Dec 2008
Productivity	+3.2%	4th Qtr 2008

Industrial Production and Capacity Utilization

Source: The Federal Reserve 2/18/09

Industrial Production	Dec	Jan
Total Index	103.6	101.3
Major Market Groups		
Final Products	107.3	104.4
Consumer Goods	101.8	99.5
Business Equipment	122.4	117.1
Nonindustrial Supplies	97.7	96.1
Construction	89.7	86.3
Materials	102.3	100.4
Manufacturing	102.5	99.2

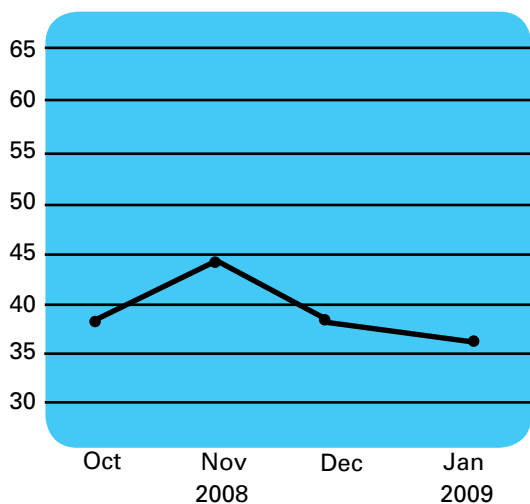
Manufacturing

Source: *The Institute for Supply Management 2/2/09*

Index	Series Index Jan	Series Index Dec	Direction	Rate of Change	Trend (mos)
PMI	35.6	32.4	Contracting	Slower	12
New Orders	33.2	22.7	Contracting	Slower	14
Production	32.1	25.5	Contracting	Slower	5
Employment	29.9	29.9	Contracting	Same	6
Supplier Deliveries	45.3	44.9	Faster	Faster	4
Inventories	37.5	38.8	Contracting	Faster	33
Customers' Inventories	55.5	57.0	Too High	Slower	6
Prices	29.0	18.0	Decreasing	Slower	4
Backlog of Orders	29.5	23.0	Contracting	Slower	9
Exports	37.5	35.5	Contracting	Slower	4
Imports	36.5	39.0	Contracting	Slower	12
Overall Economy			Contracting	Slower	4
Manufacturing Sector			Contracting	Slower	12

Consumer Confidence Index

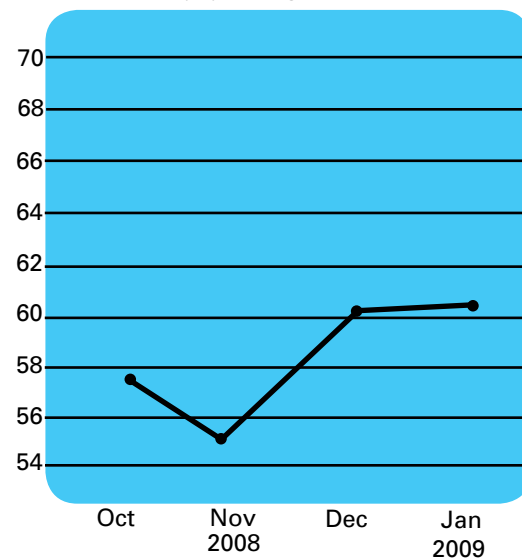
Source: *The Conference Board 1/27/09*



↓ The Conference Board **Consumer Confidence Index**, which had decreased in December, inched lower in January and continues to be at a historic low. The Index now stands at 37.7 (1985=100), down from 38.6 in December. The Present Situation Index declined slightly to 29.9 from 30.2 last month. The Expectations Index decreased moderately to 43.0 from 44.2.

Index of Consumer Sentiment

Source: *The University of Michigan 2/09*



↑ Consumer confidence continued to hover near its half century low, showing no signs of significant change during the past six months. Nearly all consumers anticipate the deepest and strongest recession in the post-WWII era, but few consumers now expect the economy to sink into a 1930s-style depression. Job losses, declining work hours and smaller income gains were reported by consumers as well as falling home values and disappearing savings and pension accounts. Consumers have become defensive minded, protecting their future living standards through increased saving, even if it meant giving up some items, changing brand preferences or spending habits. A recovery in consumer spending will require fiscal stimulus that effectively promotes job and income growth, monetary policies that restore credit flows, and actions that reestablish economic confidence.

The **Index of Consumer Sentiment** was 61.2 in the January 2009 survey, just above the 60.1 in December, but substantially below last January's 78.4 and the cyclical peak of 96.9 set in January of 2007. The Index of Consumer Expectations, a closely watched component of the Index of Leading Economic Indicators, was 57.8 in January, just ahead of the 54.0 in December and well below last January's 68.1 and the January 2007 cyclical peak of 87.6.

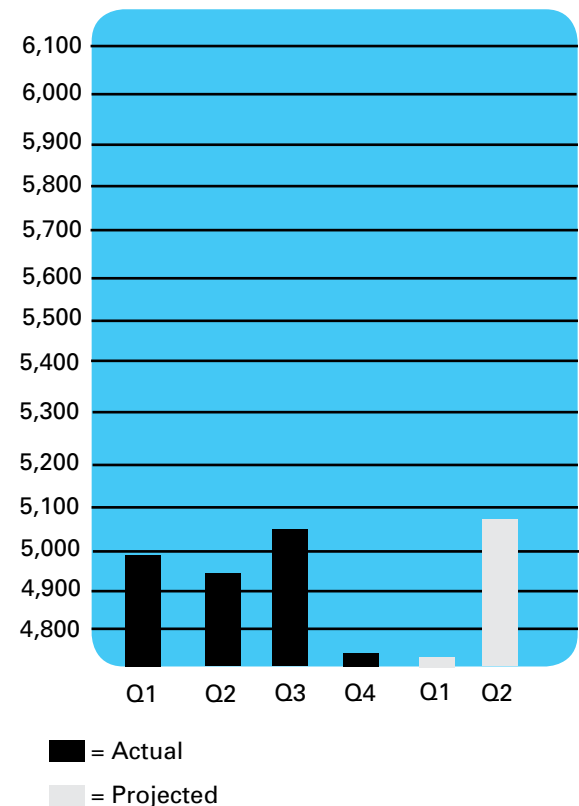
Manufacturers' Shipments, Inventories and Orders

Source: The US Census Bureau 2/15/09

- ↓** **New orders** for manufactured durable goods in December, down five consecutive months, decreased \$5.4 billion or 3.0 percent to \$175.6 billion, revised from the previously published 2.6 percent decrease. This also was the longest streak of consecutive monthly decreases since the series was first published on a NAICS basis in 1992 and followed a 4.0 percent November decrease.
- ↓** **Shipments** of manufactured durable goods in December, down five consecutive months, decreased \$1.9 billion or 1.0 percent to \$190.8 billion, revised from the previously published 0.7 percent decrease. This followed a 4.2 percent November decrease.
- ↓** **Unfilled orders** for manufactured durable goods in December, down three consecutive months, decreased \$11.0 billion or 1.4 percent to \$801.9 billion, revised from the previously published 1.3 percent decrease. This followed a 0.9 percent November decrease.
- ↑** **Inventories** of manufactured durable goods in December, up seventeen of the last eighteen months, increased \$1.2 billion or 0.4 percent to \$343.5 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 0.3 percent November increase.

Housing Sales

Source: The National Association of Realtors 2/09



*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.