March 2009

Market Matters

Recently Published Data and Indices Affecting the Stainless Steel Industry

View Points

NACE 2009

Outokumpu is participating in the NACE International Corrosion Conference this month in Atlanta. Outokumpu representatives will be spreading the word about Outokumpu's wide range of stainless steel grades that are "tough on corrosion." The conference is the largest corrosion industry event in the world, attracting more than 5,000 engineering professionals who are looking to network with corrosion experts and searching for new ways to combat corrosion in a number of end-use applications including biofuels; oil & gas; pulp & paper; energy; fabrication; and the construction of roads, bridges and buildings.

NACE INTERNATIONAL CORROSION 2009 CONFERENCE & EXPO

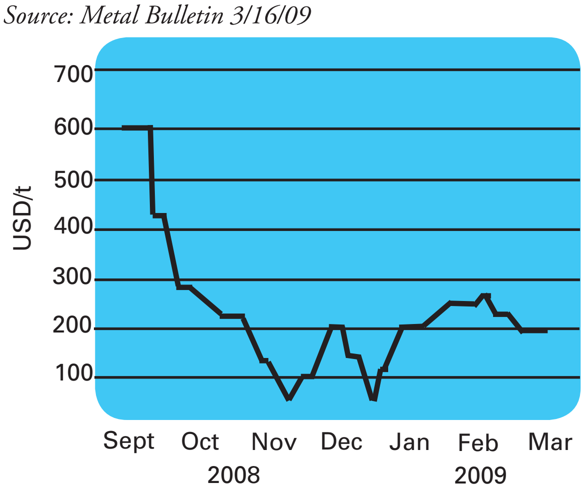
Hexavalent Chromium Update

Elisabeth Torsner, Outokumpu VP of Technology and Market Development led a coalition on OSHA's Permissible Exposure Limit for Hexavalent chromium. Environmental groups lobbied to decrease the Permissible Exposure Limit for Hexavalent chromium to a level that is so low that stainless welding would become impossible. "We argued for a lower but reasonable level" Torsner stated, and OSHA listened. Now we protect worker's health and our welding customers can stay in business.

Metal Matters

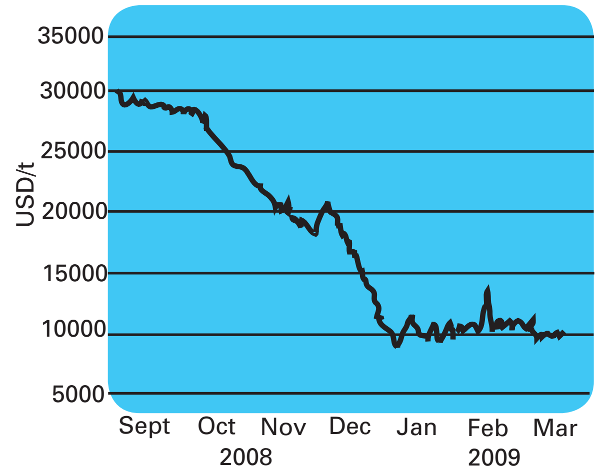
Scrap Prices

Source: Metal Bulletin 3/16/09



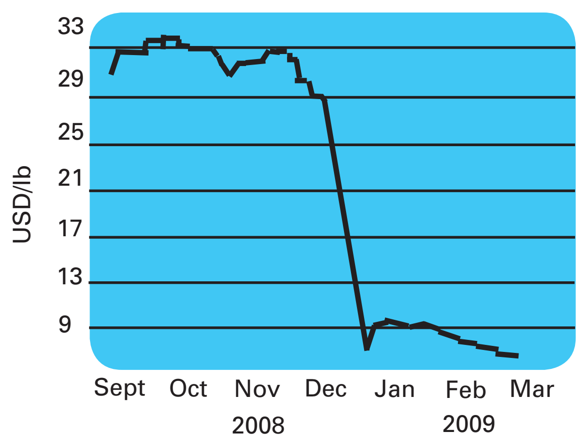
Nickel Prices- Cash Buyer

Source: LME 3/16/09



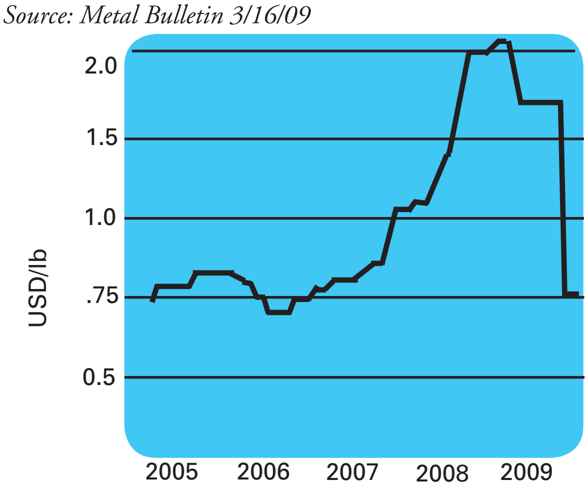
Molybdenum Prices*

Source: Metal Bulletin 3/16/09



Ferrochrome Prices**

Source: Metal Bulletin 3/16/09



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U.S. Exports of Steel Mill Products*

Source: The U.S. Commerce Department 3/17/09

Country	Month		
	November	December	January
World	835,796	649,308	617,911
Canada	428,013	302,059	299,980
Mexico	203,098	157,259	152,966
Brazil	9,365	21,417	8,161
India	8,253	8,635	6,134
China	24,265	21,253	9,874
Germany	4,663	3,736	4,573
Italy	7,876	4,108	2,898
Venezuela	21,616	14,476	11,891
United Kingdom	6,477	4,284	6,992

** Numbers in metric tons*

Global Economic Matters

Exchange Rates

Source: Yahoo Finance 3/16/09

Crossrates

	USD	EUR	JPY	GBP	CAD	SEK	CNY
USD	1	0.7679	98.4250	0.7083	1.2705	8.4617	6.8431
EUR	1.3023	1	128.1742	0.9224	1.6545	11.0049	8.8999
JPY	0.0102	0.0078	1	0.0072	0.0129	0.0859	0.0695
GBP	1.4118	1.0841	138.9595	1	1.7937	11.9045	9.6273
CAD	0.7871	0.6044	77.4695	0.5575	1	6.6538	5.3811
SEK	0.1182	0.0909	11.6371	0.084	0.1503	1	0.8087
CNY	0.1461	0.1124	14.3897	0.01039	0.1858	1.2365	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 3/16/09

Consumer Price Index	+0.3%	Jan 2009
Unemployment Rate	8.1%	Feb 2009
Producer Price Index	+0.8 (p)%	Jan 2008
Productivity	-0.4%	4th Qtr 2008

Gross Domestic Product

Source: The Bureau of Economic Analysis 2/27/09

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 6.2 percent in the fourth quarter of 2008, (that is, from the third quarter to the fourth quarter). 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 a positive contribution from federal government spending. Imports, which are a subtraction in the calculation of GDP, decreased.

Industrial Production and Capacity Utilization

Source: The Federal Reserve 3/16/09

Industrial Production	Jan	Feb
Total Index	101.3	99.7
Major Market Groups		
Final Products	104.4	103.3
Consumer Goods	99.5	98.7
Business Equipment	117.1	115.6
Nonindustrial Supplies	96.1	93.4
Construction	86.3	83.7
Materials	100.4	98.7
Manufacturing	99.2	98.3

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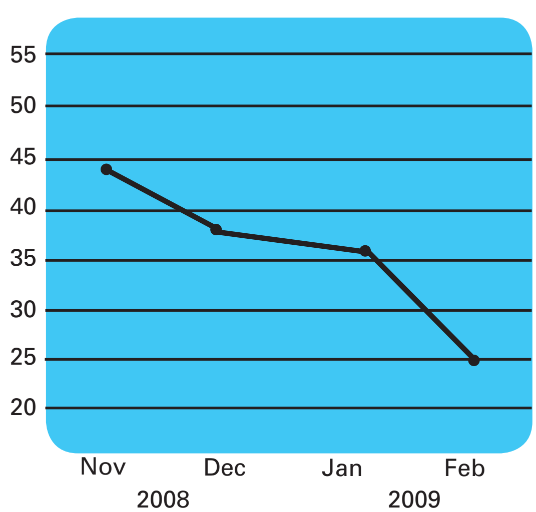
Manufacturing

Source: The Institute for Supply Management 3/2/09

Index	Series Index Feb	Series Index Jan	Direction	Rate of Change	Trend (mos)
PMI	35.8	35.6	Contracting	Slower	13
New Orders	33.1	33.2	Contracting	Faster	15
Production	36.3	32.1	Contracting	Slower	6
Employ-ment	26.1	29.9	Contracting	Faster	7
Supplier Deliveries	46.7	45.3	Faster	Slower	5
Inventories	37.0	37.5	Contracting	Faster	34
Customers' Inventories	51.0	55.5	Too High	Slower	7
Prices	29.0	29.0	Decreasing	Same	5
Backlog of Orders	31.0	29.5	Contracting	Slower	10
Exports	37.5	37.5	Contracting	Same	5
Imports	32.0	36.5	Contracting	Faster	13
Overall Economy			Contracting	Slower	5
Manufacturing Sector			Contracting	Slower	13

Consumer Confidence Index

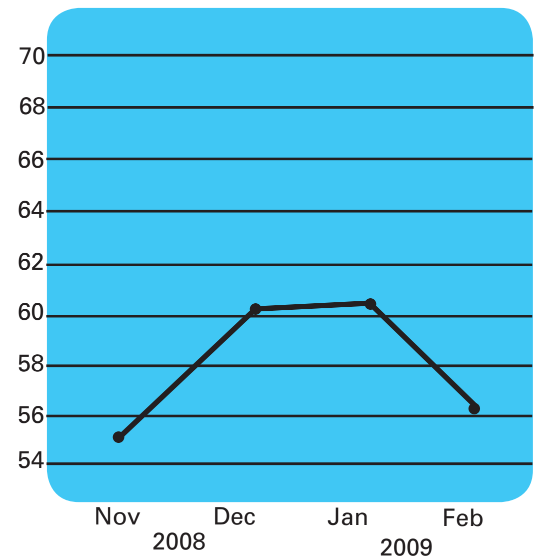
Source: The Conference Board 2/24/09



The Conference Board **Consumer Confidence Index**, which had decreased moderately in January, declined in February, reaching yet another all-time low. The Index now stands at 25.0 (1985=100), down from 37.4 in January. The Present Situation Index declined to 21.2 from 29.7 last month. The Expectations Index decreased to 27.5 from 42.5 in January.

Index of Consumer Sentiment

Source: The University of Michigan 3/09



Consumer confidence declined in February as consumers came to the consensus view that the economy would remain in recession throughout 2009. Moreover, nearly two-thirds anticipated that the downturn would last five more years. Few consumers now expect the recession to end anytime soon even with the aid of the new stimulus package recently signed into law. Recent economic developments reported by consumers have been quite negative, ranging from bail-outs of banks and manufacturers, mortgage foreclosures and bankruptcies, the freezing of credit markets, and plunging home and stock prices. Consumers expect the unemployment rate to rise to 9% before the end of 2009, and their heightened concerns about their future and income prospects have prompted consumers to reduce their spending. Overall, the data indicate that total real personal consumption spending is expected to decline by -1.6% in 2009, twice as steep as the worst prior annual decline since WWII. The index of Consumer Sentiment was 56.3 in the February 2009 survey, down from 61.2 in January and last February's 70.8 and the cyclical peak of 96.9 set in January 2007. The index of Consumer Expectations, a closely watched component of the Index of Leading Economic Indicators, was 50.5 in February, down from 57.8 in January and 62.4 last February, and substantially below the cyclical peak of 87.6 in January 2007. This was the largest sustained decline recorded during the past half century, falling 42% from the cyclical peak.

Manufacturers' Shipments, Inventories and Orders

Source: The US Census Bureau 3/5/09

New orders for manufactured durable goods in January, down six consecutive months, decreased $7.8 billion or 4.5 percent to $164.9 billion, revised from the previously published 5.2 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 4.6 percent December decrease.

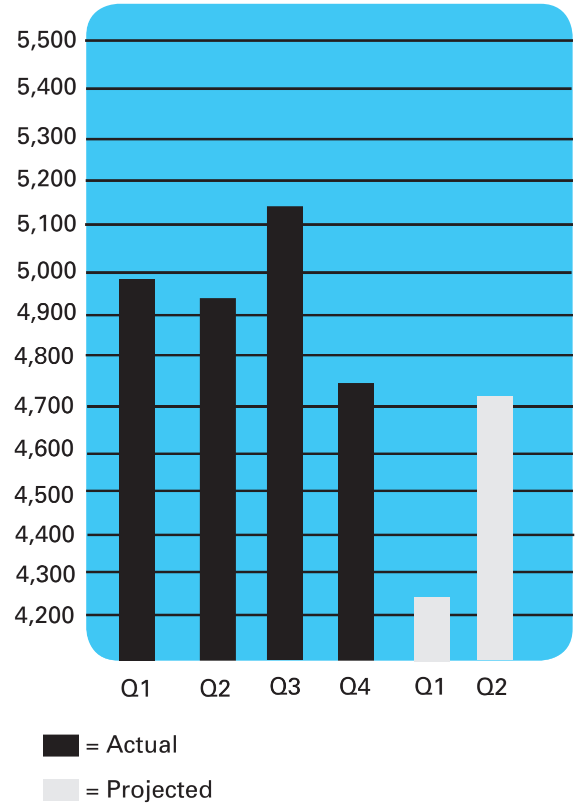
Shipments of manufactured durable goods in January, down six consecutive months, decreased $7.5 billion or 4.0 percent to $182.4 billion, revised from the previously published 3.7 percent decrease. This also was the longest streak of consecutive monthly decreases since the series was first published on a NAICS basis in 1992 and followed a 1.5 percent December decrease.

Unfilled orders for manufactured durable goods in January, down four consecutive months, decreased $13.5 billion or 1.7 percent to $786.8 billion, revised from the previously published 1.9 percent decrease. This followed a 1.5 percent December decrease.

Inventories of manufactured durable goods in January, down following sixteen consecutive monthly increases, decreased $2.8 billion or 0.8 percent to $340.7 billion, unchanged from the previously published decrease. This followed a 0.4 percent December increase.

Housing Sales

Source: The National Association of Realtors 3/09



**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**.