



Market Matters

Recently Published Data and Indices Affecting the Stainless Steel Industry

View Points

Hotel de Region—Trendsetting Stainless Building

Beginning in 2011, the city of Nantes, France will be home to a new breathtaking contemporary-style public building for the regional administration. Named Hotel de Region, the building will be enveloped in stainless steel supplied by Outokumpu.

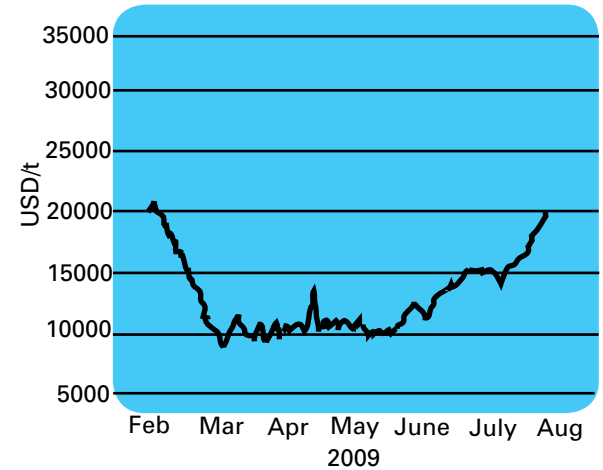
The five-story Hotel de Region combines historical and contemporary elements. It features an arched stone gateway from Nantes' first power plant dating back to the 17th century. The most striking aspect of the design is a curtain wall clad with stainless steel sheets that are laser-cut decoratively to resemble organic forms. Light enters the building through this lacework of stainless (see photo). Once completed, the building will be a notable addition to contemporary stainless architecture.



Hotel de Region is also a landmark for Outokumpu. The project represents the Group's largest project in the architecture, building and construction cluster in France to date.

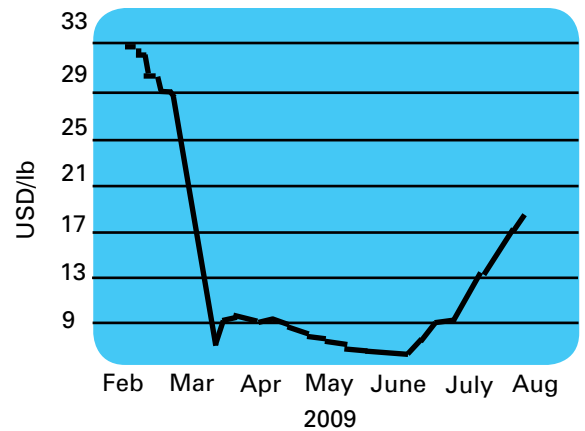
Nickel Prices- Cash Buyer

Source: LME 8/12/09



Molybdenum Prices

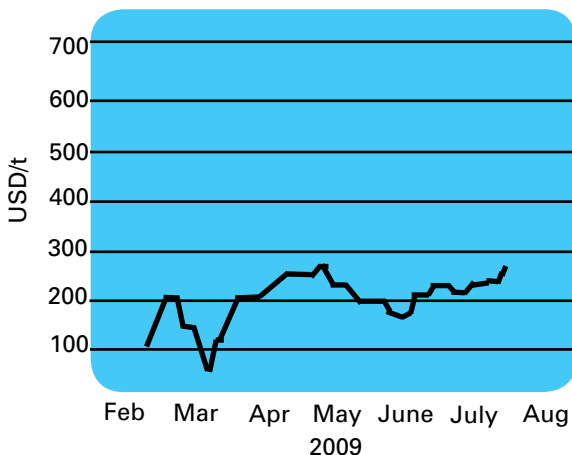
Source: Metal Bulletin 8/12/09



Metal Matters

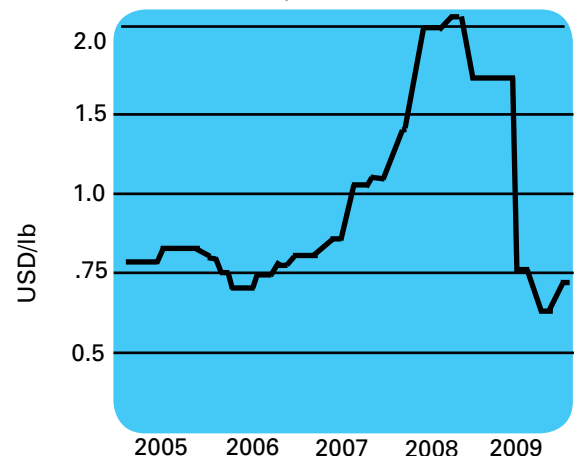
Scrap Prices

Source: Metal Bulletin 8/12/09



Ferrochrome Prices

Source: Metal Bulletin 8/12/09



U.S. Exports of Steel Mill Products*

Source: The U.S. Commerce Department 7/13/09

Country	Month		
	March	April	May
World	636,558	560,212	569,684
Canada	307,374	311,068	278,603
Mexico	150,202	127,356	136,140
Brazil	18,467	7,984	5,724
India	16,276	11,575	18,221
China	13,341	12,779	17,234
Germany	4,063	4,019	3,946
Italy	5,528	4,728	5,261
Venezuela	6,387	6,478	5,374
United Kingdom	5,228	4,318	3,687

* Numbers in metric tons

Gross Domestic Product

Source: The Bureau of Economic Analysis 7/31/09

↓ **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 1.0 percent in the second quarter of 2009, (that is, from the first quarter to the second), according to the “advance” estimate released by the Bureau of Economic Analysis. In the first quarter, real GDP decreased 6.4 percent. The decrease in real GDP in the second quarter primarily reflected negative contributions from nonresidential fixed investment, personal consumption expenditures (PCE), residential fixed investment, private inventory investment, and exports that were partly offset by positive contributions from federal government spending 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 8/12/09

Crossrates							
	USD	EUR	JPY	GBP	CAD	SEK	CNY
USD	1	0.7263	96.1450	0.6045	1.0935	7.2271	6.8351
EUR	1.4203	1	136.5502	0.8585	1.5530	10.2599	9.7034
JPY	0.0104	0.0074	1	0.0063	0.0114	0.0751	0.0711
GBP	1.6543	1.1810	159.0488	1	1.8089	11.9496	11.3014
CAD	0.9145	0.6396	87.9241	0.5528	1	6.6134	6.2547
SEK	0.1384	0.0975	13.3076	0.0837	0.1512	1	0.9458
CNY	0.1463	0.1031	14.0708	0.0885	0.1599	1.0574	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 8/11/09

Consumer Price Index	+0.7%	June 2009
Unemployment Rate	9.4%	July 2009
Producer Price Index	+1.8 (p)%	June 2009
Productivity	+1.6%	1st Qtr 2009

Industrial Production and Capacity Utilization

Source: The Federal Reserve 7/15/09

Industrial Production	May	June
Total Index	95.8	95.4
Major Market Groups		
Final Products	100.0	99.0
Consumer Goods	97.2	96.5
Business Equipment	107.2	105.4
Nonindustrial Supplies	89.5	89.7
Construction	80.2	80.7
Materials	94.3	94.0
Manufacturing	94.4	93.8

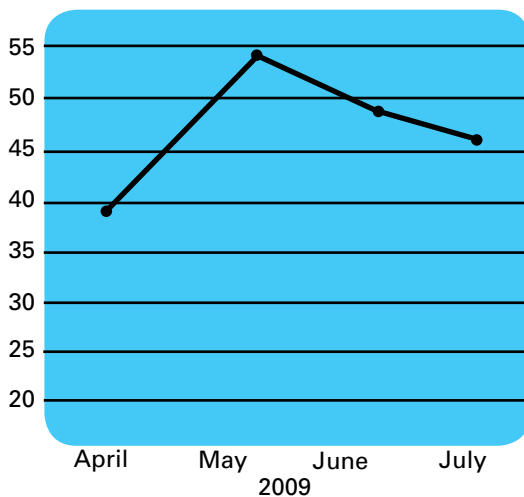
Manufacturing

Source: *The Institute for Supply Management 8/3/09*

Index	Series Index July	Series Index June	Direction	Rate of Change	Trend (mos)
PMI	48.9	44.8	Contracting	Slower	18
New Orders	55.3	49.2	Growing	From Contracting	1
Production	57.9	52.5	Growing	Faster	2
Employment	45.6	40.7	Contracting	Slower	12
Supplier Deliveries	52.0	50.6	Slowing	Slower	2
Inventories	33.5	30.8	Contracting	Slower	39
Customers' Inventories	42.5	43.5	Too Low	Faster	4
Prices	55.0	50.0	Increasing	From Unchanged	1
Backlog of Orders	50.0	47.5	Unchanged	From Contracting	1
Exports	50.5	49.5	Growing	From Contracting	1
Imports	50.0	46.0	Unchanged	From Contracting	1
Overall Economy			Growing	From Contracting	3
Manufacturing Sector			Contracting	Slower	18

Consumer Confidence Index

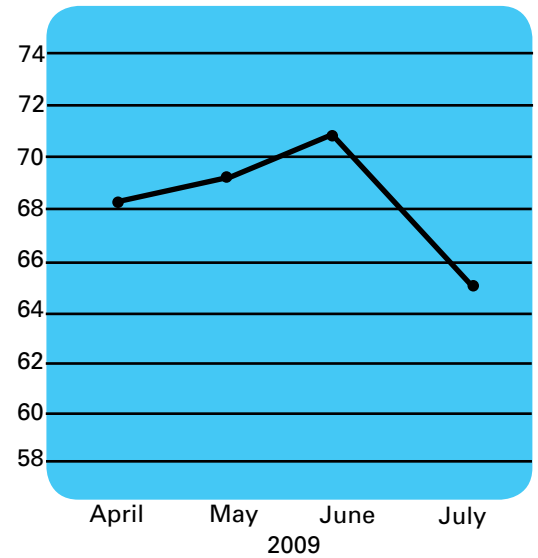
Source: *The Conference Board 7/28/09*



↓ The Conference Board **Consumer Confidence Index**, which had retreated in June, declined further in July. The Index now stands at 46.6 (1985=100), down from 49.3 in June. The Present Situation Index decreased to 23.4 from 25.0 last month. The Expectations Index declined to 62.0 from 65.5 in June.

Index of Consumer Sentiment

Source: *Bloomberg 7/24/09*



↓ Confidence among U.S. consumers fell in July for the first time in five months as mounting unemployment and stagnant wages shook households. The Reuters/University of Michigan final **index of consumer sentiment** decreased to 66, in line with forecasts, from 70.8 in June. A preliminary report for July showed a reading of 64.6. The biggest employment slump of any recession in the last eight decades is making Americans less secure, which is likely to restrain spending and lift savings.

The confidence index was forecast to fall to 65, according to the median of 57 economists surveyed by *Bloomberg News*. Estimates ranged from 62.5 to 68. During the expansion that began in late 2001 and ended in December 2007, the index averaged 89.2.

The University of Michigan's gauge of current conditions, which reflects Americans' perceptions of their financial situation and whether it is a good time to buy big-ticket items like cars, fell to 70.5 from 73.2. The index of consumer expectations for six months from now, which more closely projects the direction of consumer spending, declined to 63.2 from 69.2. Consumers in the survey said they expect an inflation rate of 2.9 percent over the next 12 months, compared with 3.1 percent in the June survey.

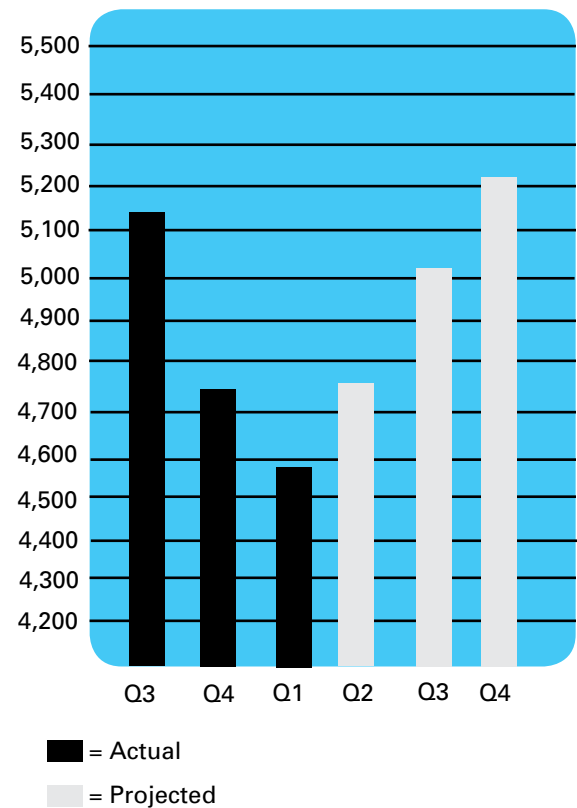
Manufacturers' Shipments, Inventories and Orders

Source: The US Census Bureau 8/5/09

- ↓ **New orders** for manufactured durable goods in June, down following two consecutive monthly increases, decreased \$3.6 billion or 2.2 percent to \$159.1 billion, revised from the previously published 2.5 percent decrease. This followed a 1.3 percent May increase.
- ↓ **Shipments** of manufactured durable goods in June, down eleven consecutive months, decreased \$0.1 billion or 0.1 percent to \$168.3 billion, revised from the previously published 0.2 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 2.7 percent May decrease.
- ↓ **Unfilled orders** for manufactured durable goods in June, down nine consecutive months, decreased \$6.5 billion or 0.9 percent to \$740.2 billion, unchanged from the previously published decrease. This followed a 0.3 percent May decrease.
- ↓ **Inventories** of manufactured durable goods in June, down six consecutive months, decreased \$3.8 billion or 1.2 percent to \$317.8 billion, revised from the previously published 0.9 percent decrease. This followed a 1.2 percent May decrease.

Housing Sales

Source: The National Association of Realtors 8/09



*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
 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.