



View Points

Duplex Approved for ANSI/NSF Standard 61: Drinking Water

Three grades of duplex stainless steel produced by Outokumpu—including two proprietary grades—have been approved for drinking water applications by the NSF. The Duplex grades join Outokumpu stainless steel types 304, 304L, 316 and 316L, which had previously been accepted under Standard 61, the national standard for safe potable water. The duplex grades are:

- LDX 2101®
- 2205 Code Plus Two®
- Outokumpu 2304



In approving the duplex stainless steels, the NSF analyzed water samples for a wide range of contaminants that could dissolve from stainless steel and, thus, mix with drinking water. Test results on the Outokumpu duplex grades showed that contaminants were far below the allowable concentrations, in fact barely measurable. Stainless steels, and particularly duplex grades, are gaining attention as water-related infrastructures in the U.S. begin to reach the end of their life cycles. For more than 35 years Outokumpu duplex alloys have made breakthroughs in many industries due to their excellent corrosion resistance and mechanical properties, as well as the material thickness reductions they provide. Outokumpu's duplex stainless steels offer the right ferrite-austenite balance for the most challenging desalination industry applications.

Outokumpu's Webinar Series

Water Treatment and Desalination

November 18 7 am EDT (6 am CDT)

Click here or visit www.outokumpu.com for more details

You may also view this webinar on the Outokumpu web site beginning December 1

Global Views

German ZEW Indicator Shows Economy to Improve Only Gradually

Source: *Global Financial News* 10/13/09

German investor confidence dropped in October, signaling a slow recovery for the largest Euro-zone economy, results of a closely-watched survey revealed.

The Mannheim-based Centre for European Economic Research or the ZEW said its monthly economic sentiment indicator declined 1.7 points to 56 from 57.7 in September. The index fell for the first time in three months. Economists expected a reading of 58.8. However, the index remained well above its historical average of 26.7 points.

The ZEW indicator reflects the difference between the share of financial experts who are optimistic and the share of experts who are pessimistic for

the expected economic development in Germany in six months. The survey also asks for the expectations for the Euro-zone, Japan, Great Britain, and the U.S.

The latest survey report said the current assessment of the financial market experts could have been positively influenced by the increase in new orders, while the decline in export could have weakened the economic expectations for Germany. Moreover, the think-tank said it remained uncertain as to how private consumption would develop in the coming months.

"The assessment of the financial market experts reflects the prevalent opinion. The economy will improve only gradually," ZEW President Wolfgang Franz said.

Asia to Lead Global Economic Recovery

Source: *BusinessWeek* 10/12/09

Singapore's economy, one of the worst hit in Asia early this year by the global downturn, has catapulted its way out of recession, clocking a 14.9% quarter-on-quarter annualized growth in the third quarter, the government reported. Year-on-year growth was 0.8%, compared with a contraction of 9.6% and 3.2% in the first and second quarters.

HSBC economist Robert Prior-Wandesforde is projecting a 6.5% growth in 2010 for Singapore, with the possibility of double digit growth in the first quarter. And he's not the only one sounding bullish about the region. Bank of America Merrill Lynch maintains that Asia will lead the global economic recovery, with China pulling the strongest. The bank points to China's strong recovery in domestic private investment, particularly in the property sector, as well as stronger consumption, which is helping drive demand for imports from its Asian trading partners. That's an important shift, because Korea, Singapore, Taiwan and Japan play an integral part in the China-centric supply chain which in turn depends largely on exports of final goods and machinery. To the extent that China can become less dependent on the U.S. consumer, the entire region will benefit. But China is still a long way from being able to take up all the slack as the Americans practice their new-found thrifty ways. China may have 20% of the world's population, but accounts for just 3% of global consumption.

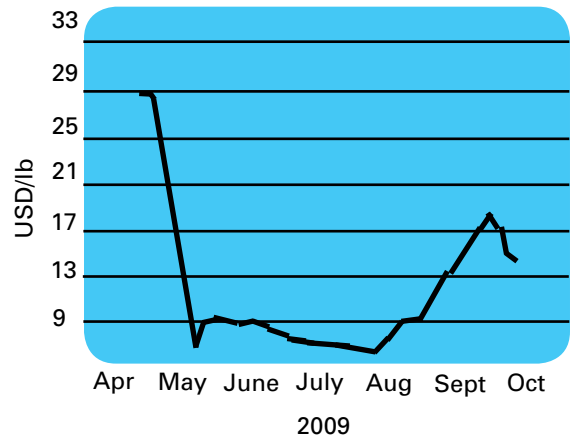
Meanwhile India is looking increasingly strong too. "India's industrial sector is back and back with a vengeance," wrote Prior-Wandesforde, remarking that the 10.4% annual growth in industrial output in August demonstrates "what could only be termed as a powerful V-shaped recovery." Vietnam and Indonesia's economies are also on track to grow, albeit slower than their multi-year averages. In late September the Asian Development Bank revised upwards its 2009 GDP growth projections to 4.7% for Vietnam and 4.3% for Indonesia.

Continued on page 2

The recovery across the region is leading analysts to focus on how governments will begin phasing out stimulus packages and tightening monetary policy which saw interest rates cut to record lows in an attempt to kick start their economies. As Asian economies feel less pressure on the trade side, they may start tailoring monetary policy to keep inflation in check. The consensus is that many Asian currencies are overvalued against the dollar, but they have been reluctant to allow their exchange rates to appreciate so long as China keeps the yuan pegged to the dollar. However if they begin to follow Australia's lead by hiking interest rates in the near future, they may also be forced to allow their currencies to strengthen. If that's the case, now doesn't look like a great time to be holding the greenback.

Molybdenum Prices

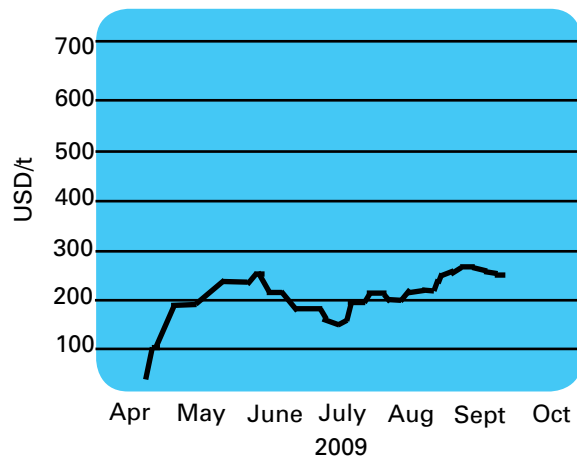
Source: Metal Bulletin 10/13/09



Metal Matters

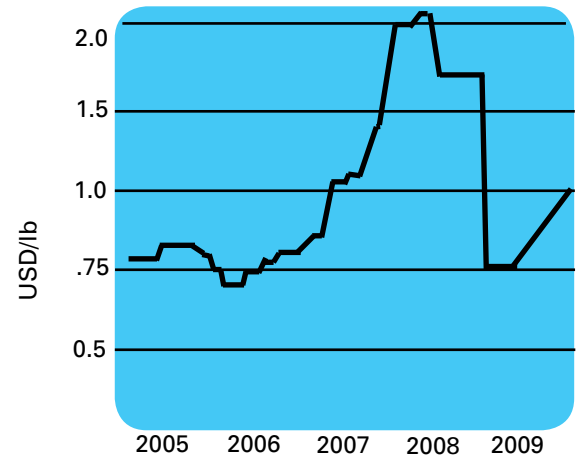
Scrap Prices

Source: Metal Bulletin 10/13/09



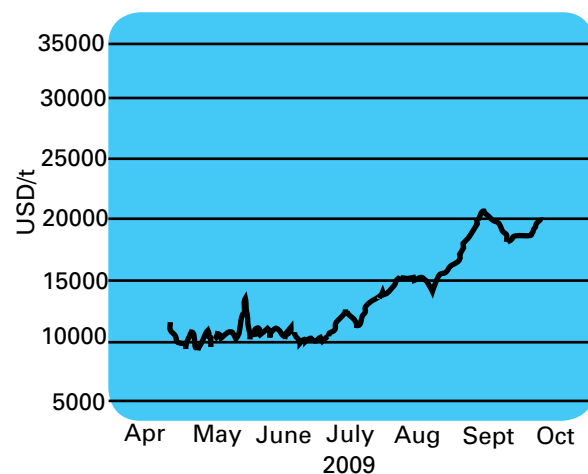
Ferrochrome Prices

Source: Metal Bulletin 10/13/09



Nickel Prices- Cash Buyer

Source: LME 10/13/09



U.S. Exports of Steel Mill Products*

Source: The U.S. Commerce Department 10/13/09

Country	Month		
	June	July	Aug
World	640,337	641,758	725,830
Canada	315,452	340,529	362,238
Mexico	129,944	149,483	148,078
Brazil	4,034	5,417	11,611
India	31,940	13,681	12,283
China	20,919	19,223	20,684
Germany	3,329	2,378	3,209
Italy	5,323	4,203	6,358
Venezuela	4,422	4,082	1,986
United Kingdom	3,067	3,069	2,989

* Numbers in metric tons

Global Economic Matters

Exchange Rates

Source: Yahoo Finance 10/14/09

Crossrates							
	USD	EUR	JPY	GBP	CAD	SEK	CNY
USD	1	0.6715	89.3450	0.6276	1.0282	6.9345	6.83
EUR	1.4892	1	133.0529	0.9346	1.5312	10.3223	10.1667
JPY	0.0112	0.0075	1	0.0070	0.0120	0.0776	0.0764
GBP	1.5934	1.0699	142.3598	1	1.6383	11.0651	10.8984
CAD	0.9726	0.6531	83.8946	0.6106	1	6.743	6.6414
SEK	0.1464	0.0984	13.0813	0.0918	0.1506	1	0.984
CNY	0.1442	0.0969	12.8841	0.0904	0.1483	1.0153	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

Manufacturing

Source: The Institute for Supply Management 10/1/09

Index	Series Index Sept	Series Index Aug	Direction	Rate of Change	Trend (mos)
PMI	52.6	52.9	Growing	Slower	2
New Orders	60.8	64.9	Growing	Slower	3
Production	55.7	61.9	Growing	Slower	4
Employment	46.2	46.4	Contracting	Faster	14
Supplier Deliveries	58.0	57.1	Slowing	Faster	4
Inventories	42.5	34.4	Contracting	Slower	41
Customers' Inventories	39.0	39.0	Too Low	Same	6
Prices	63.5	65.0	Increasing	Slower	3
Backlog of Orders	53.5	52.5	Growing	Faster	2
Exports	55.0	55.5	Growing	Slower	3
Imports	52.0	49.5	Growing	From Contracting	1
Overall Economy			Growing	Slower	5
Manufacturing Sector			Growing	Slower	2

Latest Statistics

Source: The Department of Labor 10/8/09

Consumer Price Index	+0.2%	Sept 2009
Unemployment Rate	9.8%	Sept 2009
Producer Price Index	+1.7 (p)%	Aug 2009
Productivity	+6.6%	2nd Qtr 2009

Gross Domestic Product

Source: The Bureau of Economic Analysis 9/30/09

↓ **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 0.7 percent in the second quarter of 2009, (that is, from the first quarter to the second quarter), according to the “third” 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 private inventory investment, non-residential fixed investment, residential fixed investment, personal consumption expenditures (PCE), 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.

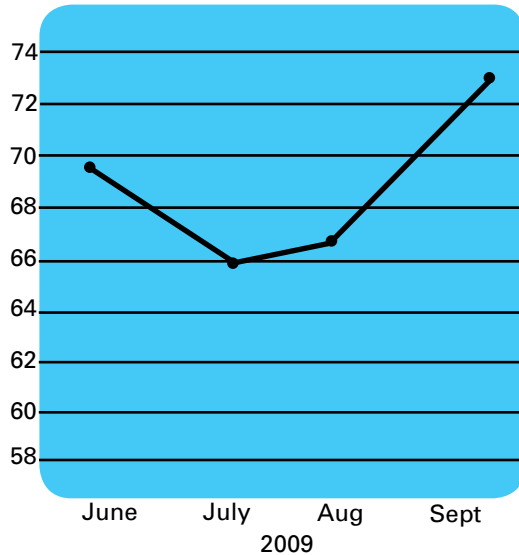
Industrial Production and Capacity Utilization

Source: The Federal Reserve 10/16/09

Industrial Production	August	Sept
Total Index	97.8	98.5
Major Market Groups		
Final Products	101.2	102.2
Consumer Goods	98.5	99.6
Business Equipment	108.1	108.3
Nonindustrial Supplies	91.1	90.8
Construction	82.8	82.5
Materials	97.1	97.9
Manufacturing	96.7	97.5

Index of Consumer Sentiment

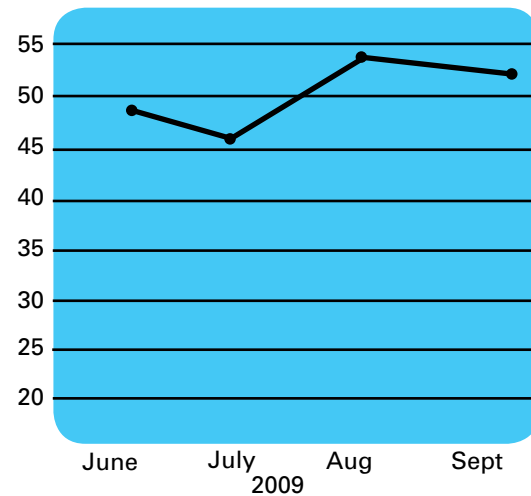
Source: Reuters 10/1/09



↑ Improving economic conditions have increasingly convinced consumers that recovery has begun, although few consumers anticipated any quick fixes to the dismal state of their own finances. “Consumers were more optimistic about prospects for the national economy, inflation, and the unemployment rate, although most consumers thought their own finances would remain problematic for some time,” said Richard Curtain, the Director of the Reuters/University of Michigan Survey of Consumers. **The Index of Consumer Sentiment** was 73.5 in the September 2009 survey, up from 65.7 in August, reversing the entire decline since last September and rising to the highest level since the start of 2008. The Index of Consumer Expectations, a closely watched component of the Index of Leading Economic Indicators, was 73.5 in September, up from 65.0 in August, and the highest level recorded since the September 2007 survey. The Current Economic Conditions rose to 73.4 in September, up from 66.6 in August and the highest level since last September’s 75.0.

Consumer Confidence Index

Source: The Conference Board 9/29/09



↓ The Conference Board **Consumer Confidence Index**, which had improved in August, dipped in September. The Index now stands at 53.1 (1985=100), down from 54.5 in August. The Present Situation Index decreased to 22.7 from 25.4. The Expectations Index declined to 73.3 from 73.8 last month.

Manufacturers’ Shipments, Inventories and Orders

Source: The US Census Bureau 10/2/09

↓ **New orders** for manufactured durable goods in August, down two of the last three months, decreased \$4.4 billion or 2.6 percent to \$164.1 billion, revised from the previously published 2.4 percent decrease. This followed a 4.8 percent July increase.

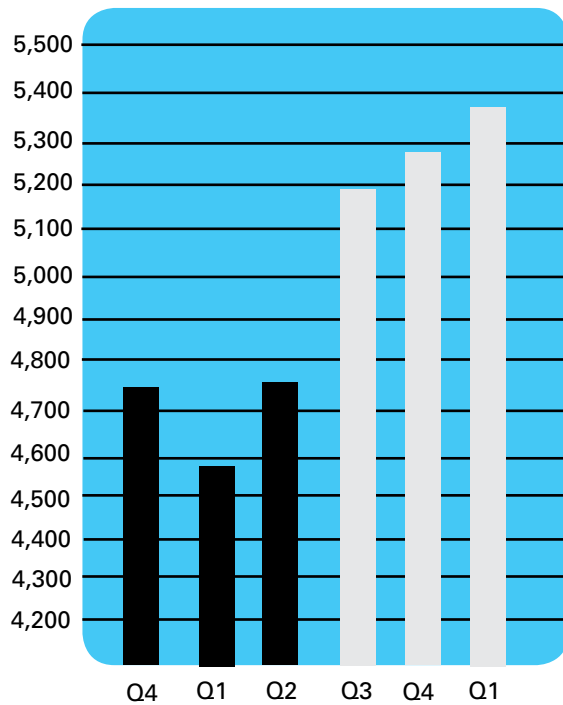
↓ **Shipments** of manufactured durable goods in August, down following two consecutive monthly increases, decreased \$2.4 billion or 1.4 percent to \$171.3 billion, unchanged from the previously published decrease. This followed a 2.3 percent July increase.

↓ **Unfilled orders** for manufactured durable goods in August, down eleven consecutive months, decreased \$3.1 billion or 0.4 percent to \$736.8 billion, unchanged from the previously published decrease. This was the longest streak of consecutive monthly decreases since the series was first published on a NAICS basis in 1992 and followed a 0.1 percent July decrease.

↓ **Inventories** of manufactured durable goods in August, down eight consecutive months, decreased \$4.5 billion or 1.4 percent to \$308.4 billion, revised from the previously published 1.3 percent decrease. This followed a 1.2 percent July decrease.

Housing Sales

Source: The National Association of Realtors 10/09



■ = Actual ■ = Projected

*Numbers in thousands

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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.