



Market Matters

Recently Published Data and Indices Affecting the Stainless Steel Industry

View Points

Personnel Changes at Outokumpu

After more than 42 years in the metals industry, Elisabeth Torsner retired in November as VP of Market Development. Taking her place as VP of Market Development is Poul-Erik Arnvig. He joined the Outokumpu team in March and worked closely with Torsner until her retirement.

Rich Bahun, VP Sales and Marketing for Pipe Products in Wildwood, also retired in November after 41 years of service at Outokumpu (and its predecessors). Allen Cantrell has been promoted to Bahun's position of VP Sales and Marketing for Pipe Products. Cantrell was formerly the Southwest Regional Sales Manager for Outokumpu Stainless Tubular Products.

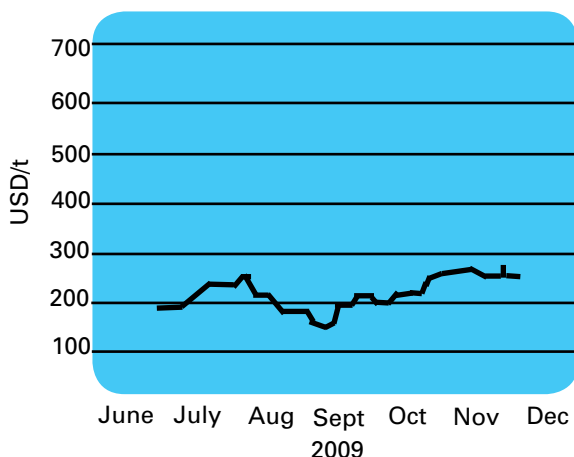
Frank Alvin has been promoted to VP, Commercial for the North American Quarto Plate business unit of Outokumpu. Alvin's previous position was Outokumpu's Regional Sales Manager for Plate Products.

Anna Arnvig has joined the US Sales Company as Manager of Stock and Toll Processing. In this newly created role Anna will have the primary responsibility for the supply chain back to the coil production units in Europe including stock planning, ordering, status, material application to orders and managing the toll processor relationships.

Metal Matters

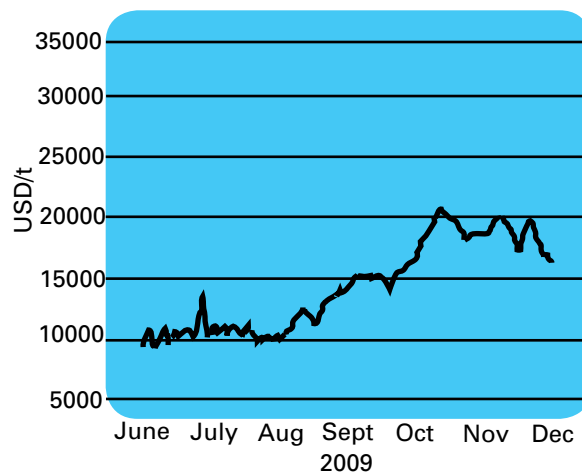
Scrap Prices

Source: Metal Bulletin 12/9/09



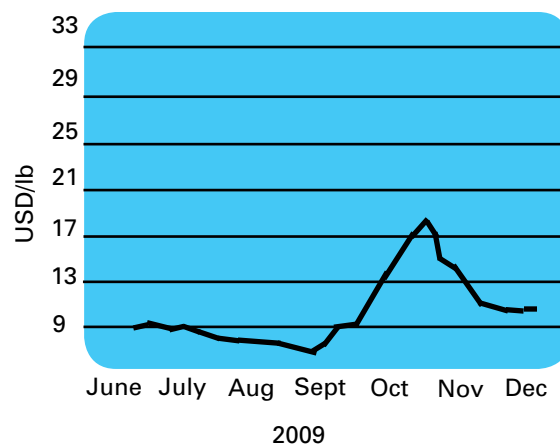
Nickel Prices- Cash Buyer

Source: LME 12/9/09



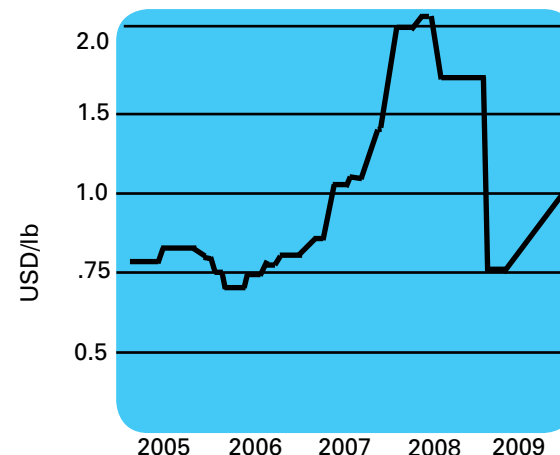
Molybdenum Prices

Source: Metal Bulletin 12/9/09



Ferrochrome Prices

Source: Metal Bulletin 12/9/09



U.S. Exports of Steel Mill Products*

Source: The U.S. Commerce Department 12/11/09

Country	Month		
	Aug	Sept	Oct
World	725,830	897,952	891,960
Canada	362,238	459,151	489,233
Mexico	148,078	158,964	186,801
Brazil	11,611	25,475	19,346
India	12,283	17,741	13,231
China	20,684	16,020	33,196
Germany	3,209	3,985	3,013
Italy	6,358	4,390	8,802
Venezuela	1,986	3,394	2,409
United Kingdom	2,989	3,482	3,669

*Numbers in metric tons

U.S. Economic Matters

Manufacturing

Source: The Institute for Supply Management 12/1/09

Index	Series Index Nov	Series Index Oct	Direction	Rate of Change	Trend (mos)
PMI	53.6	55.7	Growing	Slower	4
New Orders	60.3	58.5	Growing	Faster	5
Production	59.9	63.3	Growing	Slower	6
Employment	50.8	53.1	Growing	Slower	2
Supplier Deliveries	55.7	56.9	Slowing	Slower	6
Inventories	41.3	46.9	Contracting	Faster	43
Customers' Inventories	37.0	38.5	Too Low	Faster	8
Prices	55.0	65.0	Increasing	Slower	5
Backlog of Orders	52.0	53.5	Growing	Slower	4
Exports	56.0	55.5	Growing	Faster	5
Imports	57.5	51.0	Growing	Faster	3
Overall Economy			Growing	Slower	7
Manufacturing Sector			Growing	Slower	4

Latest Statistics

Source: The Department of Labor 12/8/09

Consumer Price Index	+0.3%	Oct 2009
Unemployment Rate	10.0%	Nov 2009
Producer Price Index	+0.3 (p)%	Oct 2009
Productivity	+8.1%	3rd Qtr 2009

Gross Domestic Product

Source: The Bureau of Economic Analysis 11/24/09

↑ **Real gross domestic product**—the output of goods and services produced by labor and property located in the United States—increased at an annual rate of 2.8 percent in the third quarter of 2009, (that is, from the second quarter to the third quarter), according to the "second" estimate released by the Bureau of Economic Analysis. In the second quarter, real GDP decreased 0.7 percent. The increase in real GDP in the third quarter primarily reflected positive contributions from personal consumption expenditures (PCE), exports, private inventory investment, federal government spending, and residential fixed investment that were partly offset by a negative contribution from nonresidential fixed investment. Imports, which are a subtraction in the calculation of GDP, increased.

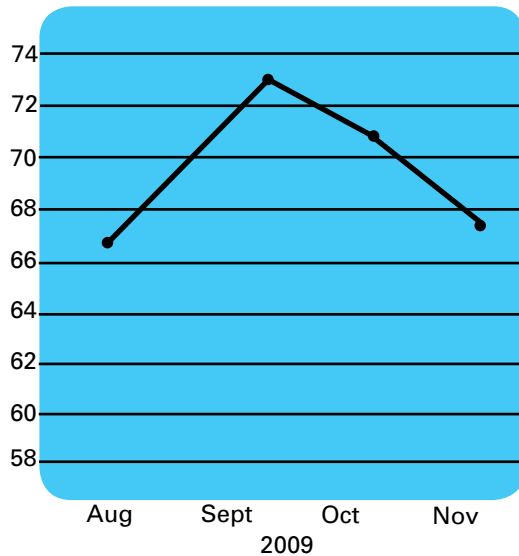
Industrial Production and Capacity Utilization

Source: The Federal Reserve 12/15/09

Industrial Production	Oct	Nov
Total Index	98.6	99.4
Major Market Groups		
Final Products	102.2	102.5
Consumer Goods	100.0	100.1
Business Equipment	107.0	108.1
Nonindustrial Supplies	90.4	91.3
Construction	81.2	81.9
Materials	98.4	99.7
Manufacturing	97.6	98.6

Index of Consumer Sentiment

Source: Reuters 12/1/09

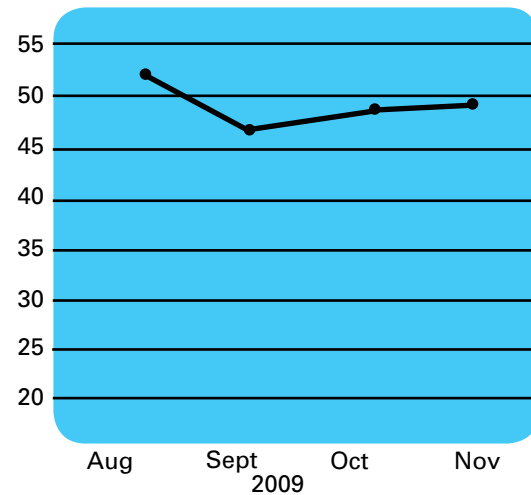


↓ The **Index of Consumer Sentiment** was 67.4 in the November 2009 survey, down from 70.6 in October and 73.5 in September, but substantially above the 55.3 recorded last November (the cyclical lowpoint). The Index of Consumer Expectations, a closely watched component of the Index of Leading Economic Indicators, was 66.5 in November, down from 68.6 in October and 73.5 in September. The Current Economic Conditions Index was 68.8 in November, down from 73.7 in October and 73.4 in September.

Consumer confidence suffered a small setback in November as consumers reported continued reversals in their personal financial situation. "The grim financial realities faced by consumers rose to the worst levels ever recorded in the more than sixty year history of the survey," according to Richard Curtin, the Director of the Reuters/University of Michigan Survey of Consumers. Consumers' assessments of their finances have been the grimmest since 1946, and have remained at those record low levels for most of the past two years. As each month passes, the capacity of families to withstand the cumulative losses has pushed more and more households into financial hardship. "Consumers cite their deteriorating finances as well as their uncertainty about future job and income prospects more than ever before, and this has made them very cautious spenders," Curtin noted. Nonetheless, the 22% gain in the Sentiment Index from last year's low points toward growth rather than declines in consumer spending in the year ahead.

Consumer Confidence Index

Source: The Conference Board 11/24/09



↑ The Conference Board **Consumer Confidence Index**, which had declined in October, increased slightly in November. The Index now stands at 49.5 (1985=100), up from 48.7 in October. The Present Situation Index was virtually unchanged at 21.0 versus 21.1 last month. The Expectations Index increased to 68.5 from 67.0 in October.

Manufacturers' Shipments, Inventories and Orders

Source: The US Census Bureau 11/25/09

↓ **New orders** for manufactured durable goods in October decreased \$1.0 billion or 0.6 percent to \$166.2 billion. This was the second monthly decrease in the last three months.

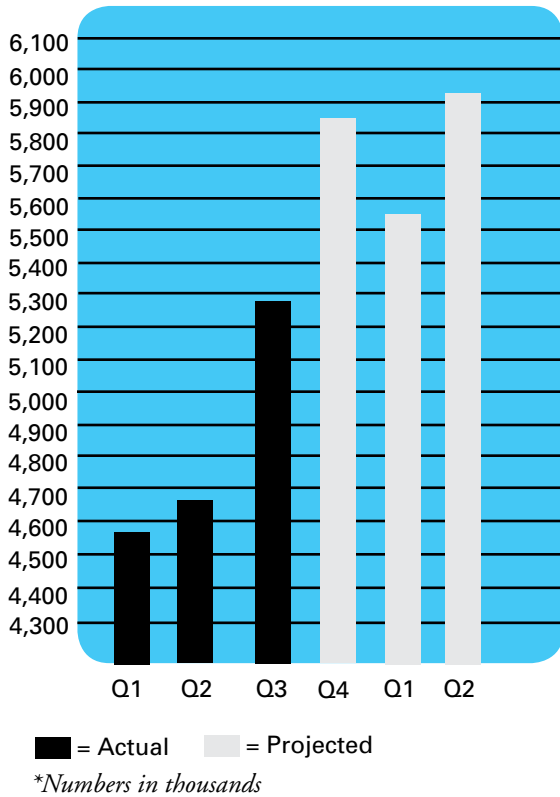
↓ **Shipments** of manufactured durable goods in October, down two of the last three months, decreased \$0.3 billion or 0.2 percent to \$173.8 billion. This followed a 1.6 percent September increase.

↓ **Unfilled orders** for manufactured durable goods in October, down thirteen consecutive months, decreased \$3.0 billion or 0.4 percent to \$730.4 billion. This was the longest streak of consecutive monthly decreases since the series was first published on a NAICS basis in 1992 and followed a 0.4 percent September decrease.

↓ **Inventories** of manufactured durable goods in October, down ten consecutive months, decreased \$0.1 billion to \$304.2 billion. This followed a 1.2 percent September decrease.

Housing Sales

Source: The National Association of Realtors 12/09



Global Economic Matters

Exchange Rates

Source: Yahoo Finance 12/16/09

Crossrates							
	USD	EUR	JPY	GBP	CAD	SEK	CNY
USD	1	0.6860	89.6150	0.6106	1.0589	7.1624	6.8325
EUR	1.4577	1	130.6341	0.8901	1.5436	10.4423	9.9585
JPY	0.0112	0.0077	1	0.0068	0.0118	0.0799	0.0762
GBP	1.6377	1.1235	146.7655	1	1.7342	11.7301	11.1880
CAD	0.9444	0.6478	84.6303	0.5766	1	6.7634	6.4476
SEK	0.1396	0.0958	12.5133	0.0853	0.1479	1	0.9964
CNY	0.1464	0.1004	13.1160	0.0894	0.1551	1.0043	1

USD= US Dollar EUR= Euro JPY= Japanese Yen GPB= British Pound
SEK= Swedish Krona CNY= Chinese Yuan CAD= Canadian Dollar

Global Views

Eurozone Services Growth Hits Two-year High

Source: Financial Times 12/16/09

The economic recovery in the eurozone is gaining strength, according to a closely watched survey of economic activity, underpinned by growth in France and Germany.

For the fifth consecutive month, Markit's purchasing managers' composite index rose, hitting 54.2 in December, the highest level in more than two years, reflecting improved trading and brighter prospects among a growing margin of the 4,500 businesses polled.

The data raised the hope of a second consecutive quarter of economic growth in the eurozone, perhaps marginally higher than the 0.4 percent recorded in the third quarter.

The eurozone figure was slightly higher than expected by economists, aided by continued bullishness in France, where the index remained near the 37-month high reached last month.

German manufacturing grew strongly, aided by rising export orders, but disappointment over the anemic amount of new business in the services sector will raise concern about the medium-term prospects for the eurozone's largest economy.

The latest bounce in the index, which is up from 53.7 in November, brings it back to the middle of the 50-to-60 range it occupied before the downturn, after dipping to below 40 this time last year.

Both services and manufacturing posted improved prospects, with services benefiting from an acceleration in new orders and reduced pressure on output prices.

More Impressive Economic Numbers for China

Source: Bloomberg 12/15/09

Beijing announced its economic numbers for November and analysts are saying they are good news for China as it coasts towards 2010. Strong economic growth continues to be powered by state spending through the \$586 billion stimulus package as well as substantial lending (total credit and money growth was up 34% in November over a year ago) boosting industrial production a strong 19.2%. And there are signs of recovery in trade too, with imports up close to 27% in November. Even though exports declined 1.2% in U.S. dollar terms, this was a significant improvement from earlier in the year.

China's people did their part, too: Retail sales grew a respectable 15.8%, albeit down from 20.8% a year ago, and down slightly from the 16.2% pace of growth

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in October. And the mainland is even seeing inflation for the first time in nine months, with CPI inching up 0.6% in November and producer prices up 0.6% from October. UBS China economist Tao Wang, in a Dec. 12 report, looks at the data and says China has a “strong economic recovery.” Adds China-watcher Carl B. Weinberg of High Frequency Economics, writing in a report dated Dec. 14: “We believe the economy is regaining its footing. GDP growth near 10% year-over-year is possible this quarter.”

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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.