



January 2010

# Market Matters

Recently Published Data and Indices Affecting the Stainless Steel Industry

## View Points

### Personnel Changes at Outokumpu

Kris Podsiad has been appointed Senior Vice President of Pipe Products for Outokumpu. In this role, Podsiad is responsible for Outokumpu Stainless Tubular Products business within North America and is based at the Wildwood, Florida production facility.

Podsiad began his career in 2001 with AvestaPolarit ABE in Canada as Financial Controller. In 2003, he was appointed Managing Director of Outokumpu Stainless Tubular Products with responsibility for the North American fitting market and the production operations in Brockville, Canada and Monterey, Mexico. In 2008, he relocated to Stockholm, Sweden with his family where he took the position of Vice President of Strategic Projects for Outokumpu Stainless Tubular Products AB.

### 2010 Grades Chart and Product Guide Available

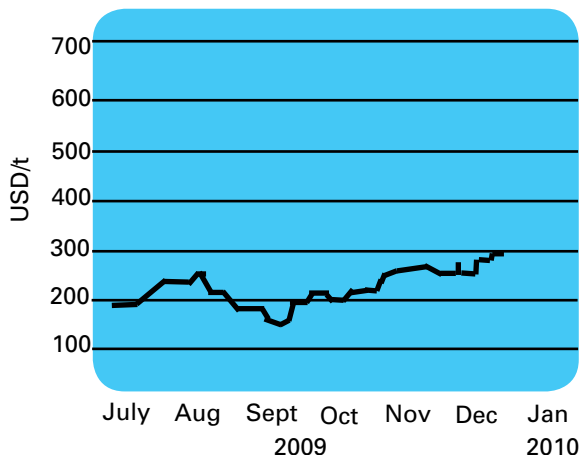
The latest grades chart and product guide have been posted to the Outokumpu web site. As Maureen Meeker, Manager, Marketing Communications & Advertising for Outokumpu explained, "each year these two very important tools are updated with our most current compositions and product forms." Both documents can be found at the web site or via the link below.

[http://www.outokumpu.com/pages/Page\\_35049.aspx](http://www.outokumpu.com/pages/Page_35049.aspx)

## Metal Matters

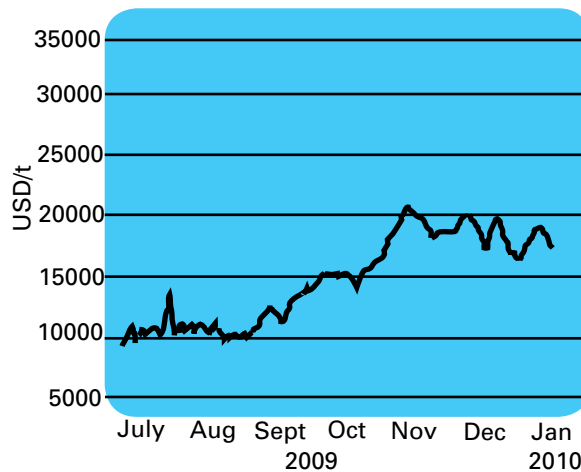
### Scrap Prices

Source: Metal Bulletin 1/13/10



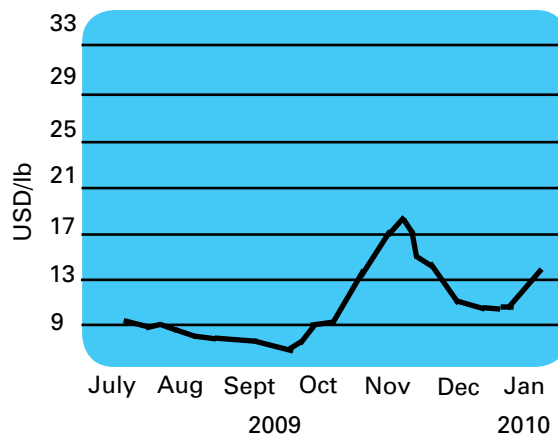
### Nickel Prices- Cash Buyer

Source: LME 1/13/10



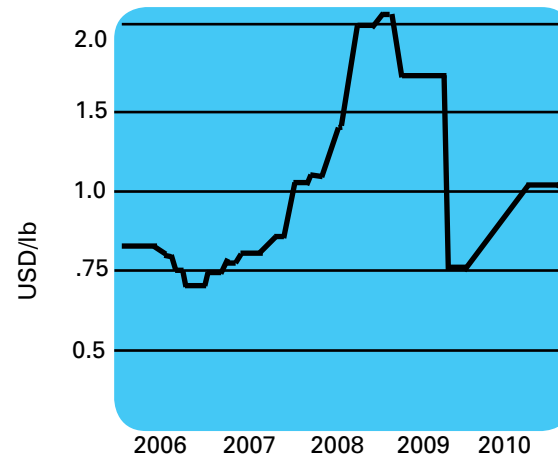
### Molybdenum Prices

Source: Metal Bulletin 1/13/10



### Ferrochrome Prices

Source: Metal Bulletin 1/13/10



## U.S. Exports of Steel Mill Products\*

Source: The U.S. Commerce Department 1/13/10

Country	Month		
	Sept	Oct	Nov
World	897,952	891,960	848,522
Canada	459,151	489,233	434,706
Mexico	158,964	186,801	170,985
Brazil	25,475	19,346	14,366
India	17,741	13,231	11,570
China	16,020	33,196	7,961
Germany	3,985	3,013	2,981
Italy	4,390	8,802	3,504
Venezuela	3,394	2,409	7,079
United Kingdom	3,482	3,669	2,831

\*Numbers in metric tons

## U.S. Economic Matters

### Manufacturing

Source: The Institute for Supply Management 1/4/10

Index	Series Index Dec	Series Index Nov	Direction	Rate of Change	Trend (mos)
PMI	55.9	53.6	Growing	Faster	5
New Orders	65.5	60.3	Growing	Faster	6
Production	61.8	59.9	Growing	Faster	7
Employment	52.0	50.8	Growing	Faster	3
Supplier Deliveries	56.6	55.7	Slowing	Faster	7
Inventories	43.4	41.3	Contracting	Slower	44
Customers' Inventories	35.0	37.0	Too Low	Faster	9
Prices	61.5	55.0	Increasing	Slower	6
Backlog of Orders	50.0	52.0	Unchanged	From Growing	1
Exports	54.5	56.0	Growing	Faster	6
Imports	52.0	57.5	Growing	Faster	4
Overall Economy			Growing	Faster	8
Manufacturing Sector			Growing	Faster	5

## Latest Statistics

Source: The Department of Labor 1/13/10

Consumer Price Index	+0.4%	Nov 2009
Unemployment Rate	10.0%	Dec 2009
Producer Price Index	+1.8 (p)%	Nov 2009
Productivity	+8.1%	3rd Qtr 2009

## Gross Domestic Product

Source: The Bureau of Economic Analysis 12/22/09

↑ **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 2.2 percent in the third quarter of 2009, (that is, from the second quarter to the third quarter), according to the "third" 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.

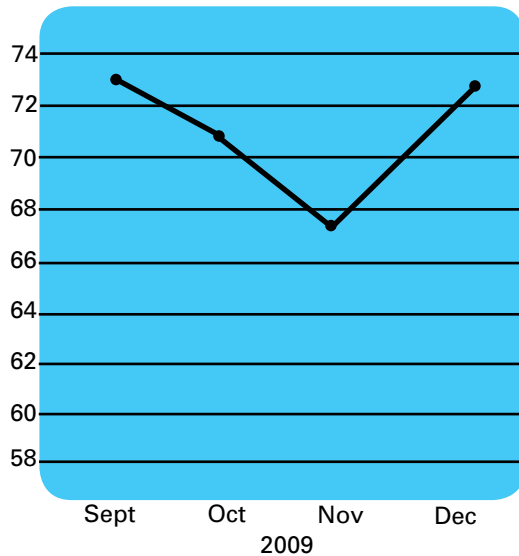
## Industrial Production and Capacity Utilization

Source: The Federal Reserve 1/15/10

Industrial Production	Nov	Dec
Total Index	99.4	100.3
Major Market Groups		
Final Products	102.5	103.4
Consumer Goods	100.1	100.9
Business Equipment	108.1	109.2
Nonindustrial Supplies	91.3	91.6
Construction	81.9	80.1
Materials	99.7	100.8
Manufacturing	98.6	98.7

## Index of Consumer Sentiment

Source: Reuters 12/23/09



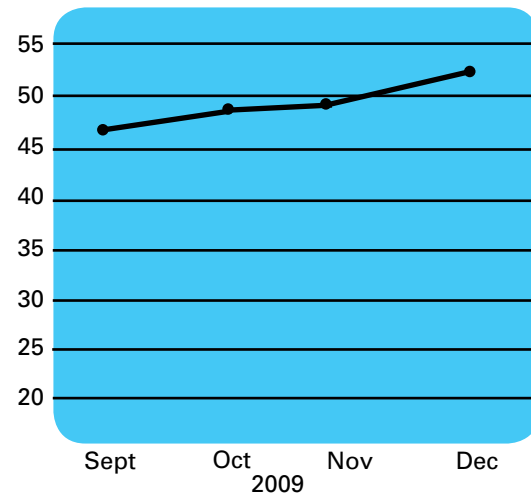
↑ The **Index of Consumer Sentiment** was 72.5 in the December 2009 survey, up from 67.4 in November, and well above the 60.1 recorded last December. The Index of Consumer Expectations, a closely watched component of the Index of Leading Economic Indicators, was 68.9 in December, up from 66.5 in November. The Current Economic Conditions Index was 78.0 in December up from 68.8 recorded in November.

Confidence improved in December mainly due to widespread price discounting by merchants attempting to spark holiday sales as well as somewhat more positive expectations for economic growth and employment. More consumers cited the availability of deep price discounts on a wide range of household goods than ever before in the sixty-year history of the surveys.

Although consumers' evaluations of their current finances improved in December, these assessments remained quite negative. A worsening financial situation was reported by 49% in early December, barely below the 53% in November and the 57% last December. Nonetheless, it was the lowest proportion that reported worsening finances since September 2008.

## Consumer Confidence Index

Source: The Conference Board 12/29/09



↑ The Conference Board **Consumer Confidence Index**, which had increased in November, rose again in December. The Index now stands at 52.9 (1985=100), up from 50.6 in November. The Expectations Index increased to 75.6 from 70.3 last month. The Present Situation Index, however, declined to 18.8 from 21.2 in November.

## Manufacturers' Shipments, Inventories and Orders

Source: The US Census Bureau 1/5/10

↑ **New orders** for manufactured durable goods in November, up two of the last three months, increased \$0.4 billion or 0.2 percent to \$166.9 billion, unchanged from the previously published increase. This followed a 0.7 percent October decrease.

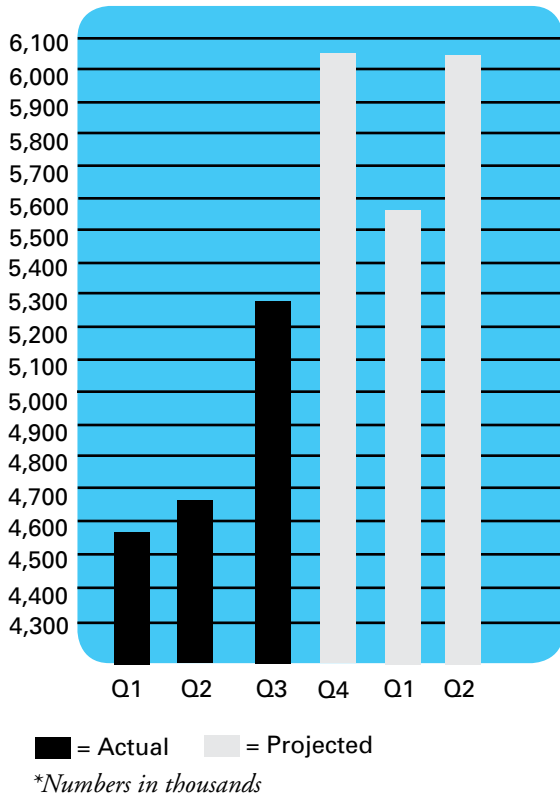
↑ **Shipments** of manufactured durable goods in November, up three consecutive months, increased \$0.4 billion or 0.2 percent to \$166.9 billion, unchanged from the previously published increase. This followed a 0.7 percent October decrease.

↔ **Unfilled orders** for manufactured durable goods in November, down fourteen consecutive months, decreased \$4.8 billion or 0.7 percent to \$724.5 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 0.6 percent October decrease.

↓ **Inventories** of manufactured durable goods in November, down eleven consecutive months, decreased \$0.9 billion. This followed a 1.7 percent October increase.

## Housing Sales

Source: The National Association of Realtors 1/10



## Global Views

### EU Economy Forecast to Recover Sooner Than Expected, But ECB Holds Its Rate

Source: NewEurope 1/17/10

With more optimistic signs showing now, the European economy will recover from the crisis sooner than expected, European Competition Commissioner-designate Joaquin Almunia said, although the European Central Bank is expected to keep its record low interest rate of 1% steady through this year. Europe's economy would recover "a bit faster" than expected, though it would take years to recover lost jobs, Almunia said in an interview. "From a certain moment onwards, forecasts underestimate the situation and the economy recovers a bit faster," said Almunia, who is expected to be given the competition portfolio after being in charge of economic affairs in the European Commission. Almunia said he expected economic growth already for this year. But he cautioned against "false illusions," because the growth would be too "weak" to create enough jobs. That fell in line with the ECB's conservative role in the 16-member Eurozone, whose chief, Jean-Claude Trichet said the bank's plan are to keep borrowing costs low, but not drive them toward 0% as in the United States. "With the absence of inflationary pressures and the still fragile recovery, the ECB should be in no hurry to raise interest rates," ING Bank economist Carsten Brzeski told Deutsche-Press-Agentur (dpa.) Since the ECB's 22-head rate-setting council met a month ago, key economic figures have pointed to a muted if patchy recovery underway in the Eurozone as well as subdued inflationary pressures. But while a key European economic sentiment survey has risen more than expected and hit a 19-month high in December, economists are worried that job queues could swell across Europe during the course of 2010. The EU's statistics office Eurostat said the numbers out of work in the Eurozone during November hit 10% for the first time since the currency bloc was formed about a decade ago. Economists told dpa that they fear that rising unemployment could further dampen consumer spending in Europe and slow the region's recovery from recession. This is expected to follow moves by European governments to wind back their emergency fiscal stimulus plans and as employers face up to the prospects of only a modest recovery from recession during the coming year.

## Global Economic Matters

### Exchange Rates

Source: Yahoo Finance 1/18/10

Crossrates							
	USD	EUR	JPY	GBP	CAD	SEK	CNY
USD	1	0.6949	90.8150	0.6123	1.0253	7.0304	6.8310
EUR	1.4391	1	130.6879	0.8811	1.4755	10.1128	9.8302
JPY	0.0110	0.0077	1	0.0067	0.0113	0.0774	0.0752
GBP	1.6332	1.1349	148.3178	1	1.6745	11.4838	11.1563
CAD	0.9753	0.6478	88.5741	0.5972	1	6.8522	6.6637
SEK	0.1422	0.0989	12.9175	0.0871	0.1459	1	0.9964
CNY	0.1464	0.1017	13.2916	0.0896	0.1501	1.0043	1

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

### Economic Confidence Reaches Record High in Chinese Mainland, Macao, Hong Kong, Taiwan

Source: People's Daily Online 1/18/10

Consumer sentiment towards economic development in Chinese mainland, Macao, Hong Kong and Taiwan has improved for three consecutive quarters, according to a press release from the City University of Hong Kong.

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The consumer confidence scores for economic development in Chinese mainland, Macao, Hong Kong and Taiwan were 125.5, 116.6, 102.3 and 57.1 respectively, the highest since the survey was first conducted in the first quarter of 2009.

The consumer confidence index, using a scale of 0 to 200 to represent ascending levels of consumer confidence, details consumer sentiment towards economic development, employment, consumer prices, living standards, housing purchases and stock investment. The index serves as an indicator of spending intentions over a particular period by examining consumer perceptions about current and anticipated social and economic conditions.

The study also revealed that the scores for confidence in living standards also stood high in general with the Chinese mainland gaining 122.4, Hong Kong, 107.9, Macao, 101.4, while Taiwan only got 58.4.

The overall consumer confidence index in the Chinese mainland was 95.0 and Hong Kong, scoring 88.4, dropped in comparison to the previous quarter. Macao was rather stable, gaining 86.9, and Taiwan, scoring 66.6, recorded an obvious improvement.

The Chinese Consumer Confidence Index has measured quarterly consumer sentiment in Chinese mainland, Macao, Hong Kong and Taiwan since the first quarter of 2009.

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