



Market Matters

February 2010

Recently Published Data and Indices Affecting the Stainless Steel Industry

View Points

10th Edition of Corrosion Handbook

A new edition of the Outokumpu Corrosion Handbook for the stainless steel market is now available on the company's web site. The handbook, published for the first time in 1934, is an important tool for corrosion engineers, metallurgists, designers, and other specialists when looking for solutions for corrosion problems and selecting the correct stainless steel grade for a certain application.

The handbook addresses corrosion with extensive articles and technical descriptions covering several industrial sectors. The content is based on the thorough and long-term research and development carried out in Outokumpu's research centers.

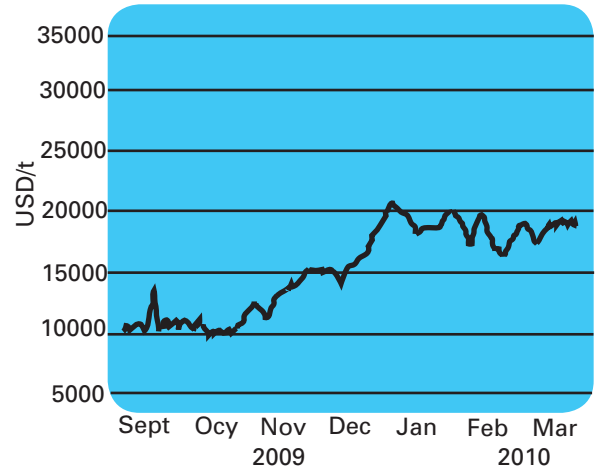
The updated handbook discusses the rapid growth of low-nickel stainless steel and the rich variety of new products and applications. In this 10th edition, a special focus is on industries with demanding applications such as desalination, pulp & paper, and oil & gas. New topics discussed are stainless steels in food processing, catering and household appliances, stainless steels in soil, in road environments and in swimming pool buildings, as well as stainless steels as concrete reinforcement.

Please contact your sales representative if you would like a copy of the 10th edition of the Corrosion Handbook.



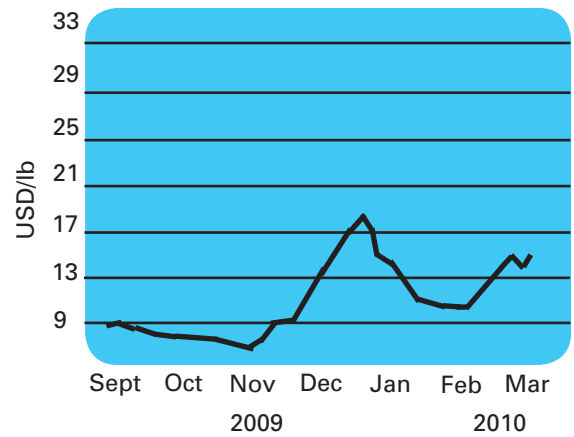
Nickel Prices- Cash Buyer

Source: LME 2/11/10



Molybdenum Prices

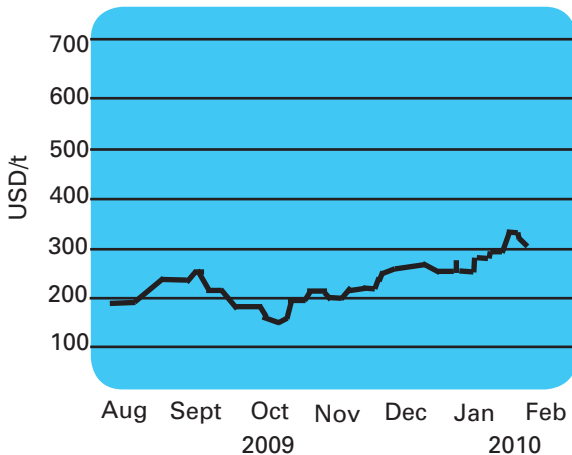
Source: Metal Bulletin 2/11/10



Metal Matters

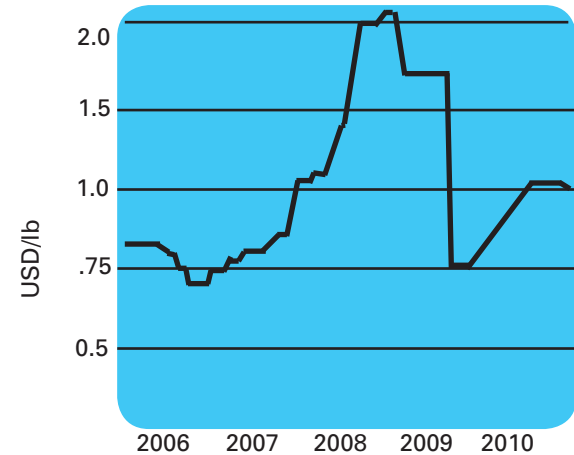
Scrap Prices

Source: Metal Bulletin 2/11/10



Ferrochrome Prices

Source: Metal Bulletin 2/11/10



U.S. Exports of Steel Mill Products*

Source: The U.S. Commerce Department 2/12/10

Country	Month		
	Oct	Nov	Dec
World	897,960	848,522	842,679
Canada	489,233	434,706	398,255
Mexico	186,801	170,985	192,655
Brazil	19,346	14,366	6,374
India	13,231	11,570	13,306
China	33,196	7,961	9,478
Germany	3,013	2,981	3,245
Italy	8,802	3,504	3,476
Venezuela	2,409	7,079	4,002
United Kingdom	3,669	2,831	9,823

*Numbers in metric tons

U.S. Economic Matters

Manufacturing

Source: The Institute for Supply Management 2/1/10

Index	Series Index Jan	Series Index Dec	Direction	Rate of Change	Trend (mos)
PMI	58.4	55.9	Growing	Faster	6
New Orders	65.9	65.5	Growing	Faster	7
Production	66.2	61.8	Growing	Faster	8
Employment	53.3	52.0	Growing	Faster	2
Supplier Deliveries	60.1	56.6	Slowing	Faster	8
Inventories	46.5	43.4	Contracting	Slower	45
Customers' Inventories	32.0	35.0	Too Low	Faster	10
Prices	70.0	61.5	Increasing	Slower	7
Backlog of Orders	56.0	50.0	Growing	Unchanged	1
Exports	58.5	54.5	Growing	Faster	7
Imports	56.5	52.0	Growing	Faster	5
Overall Economy			Growing	Faster	9
Manufacturing Sector			Growing	Faster	6

Latest Statistics

Source: The Department of Labor 2/18/10

Consumer Price Index	+0.1%	Dec 2009
Unemployment Rate	9.7%	Jan 2010
Producer Price Index	+1.4 (p)%	Jan 2010
Productivity	+6.2%	4th Qtr 2009

Gross Domestic Product

Source: The Bureau of Economic Analysis 1/29/10

↑ 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 5.7 percent in the fourth quarter of 2009, (that is, from the third quarter to the fourth quarter), according to the "advance" estimate released by the Bureau of Economic Analysis. In the third quarter, real GDP increased 2.2 percent. The increase in real GDP in the fourth quarter primarily reflected positive contributions from private inventory investment, exports, and personal consumption expenditures (PCE). Imports, which are a subtraction in the calculation of GDP, increased.

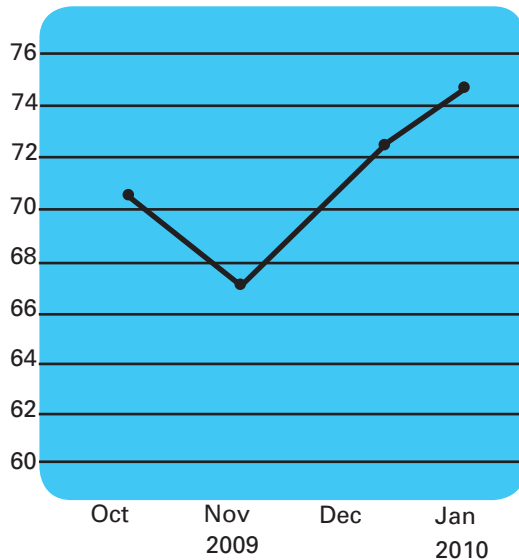
Industrial Production and Capacity Utilization

Source: The Federal Reserve 2/17/10

Industrial Production	Dec	Jan
Total Index	100.3	101.1
Major Market Groups		
Final Products	103.4	104.7
Consumer Goods	100.9	101.8
Business Equipment	109.2	111.4
Nonindustrial Supplies	91.6	92.4
Construction	80.1	81.2
Materials	100.8	101.0
Manufacturing	98.7	99.4

Index of Consumer Sentiment

Source: Reuters 1/29/10

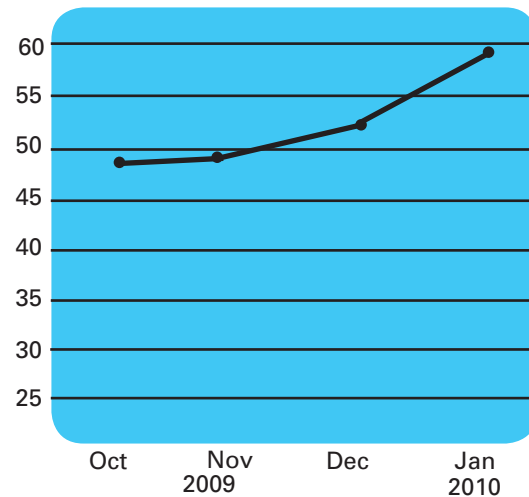


↑ The **Index of Consumer Sentiment** was 74.4 in the January 2010 survey, up from 72.5 in December, and well above the 61.2 recorded last January. The Index of Consumer Expectations, a closely watched component of the Index of Leading Economic Indicators, was 70.1 in January, up from 68.9 in December. The Current Economic Conditions Index was 81.1 in January up from 78.0 recorded in December.

Consumer confidence rose in January to its highest level in two years due to a more favorable outlook for the national economy. Despite the expected gains in the economy, consumers still anticipate no improvement in their overall personal financial situation. In past economic cycles, consumers typically expected gains in their own finances to be as rapid as gains in the overall economy. This is not the case currently for substantial reasons. Consumers are overwhelmingly convinced that the worst is over but nonetheless expect stagnating income and job prospects rather than solid growth during the year ahead. Moreover, consumers feel quite vulnerable given the still fragile condition of their investments and reserve funds, the burden of their debts, especially those underwater on their mortgages, the negative impact of foreclosures and bankruptcies on their communities, and the impact of continued credit constraints that limit their flexibility. Although recent gains have extended to buying plans, it is still true that job and income uncertainty dominates purchase plans to a significant extent.

Consumer Confidence Index

Source: The Conference Board 1/26/2010



↑ The Conference Board **Consumer Confidence Index**, which had increased in December, improved further in January. The Index now stands at 55.9 (1985=100), up from 53.6 in December. The Present Situation Index increased to 25.0 from 20.2. The Expectations Index increased to 76.5 from 75.9 last month.

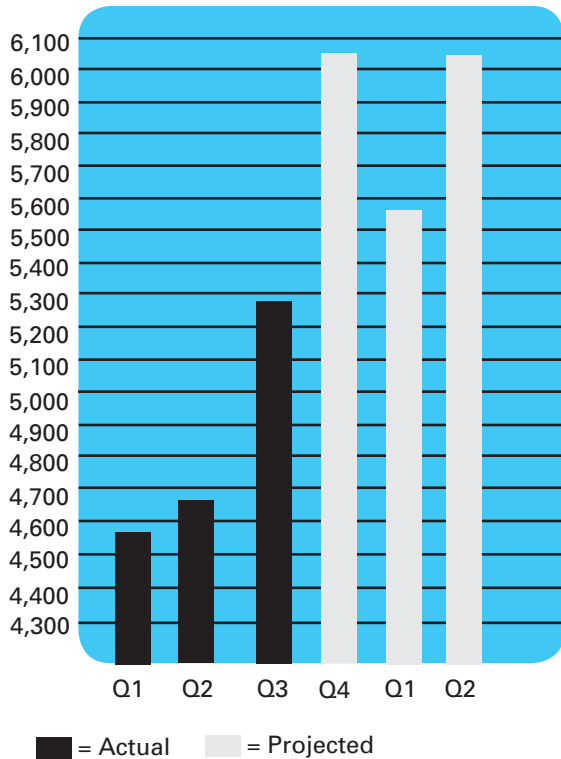
Manufacturers' Shipments, Inventories and Orders

Source: The US Census Bureau 1/28/10

- ↑ **New orders** for manufactured durable goods in December increased \$0.5 billion or 0.3 percent to \$167.9 billion. This increase followed two consecutive monthly decreases including a 0.4 percent November decrease.
- ↑ **Shipments** of manufactured durable goods in December, up four consecutive months, increased \$5.1 billion or 2.9 percent to \$181.9 billion. This followed a 0.8 percent November increase.
- ↓ **Unfilled orders** for manufactured durable goods in December, down fifteen consecutive months, decreased \$8.6 billion or 1.2 percent to \$715.5 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 0.7 percent November decrease.
- ↓ **Inventories** of manufactured durable goods in December, down twelve consecutive months, decreased \$0.6 billion or 0.2 percent to \$302.7 billion. This followed a 0.2 percent decrease in November.

Housing Sales

Source: The National Association of Realtors 2/10



*Numbers in thousands

Global Views

Economic Expectations For Central And Eastern Europe Decline

Source: RTT 2/19/10

The economic expectations for Central and Eastern Europe declined in February, a survey by the Centre for European Economic Research, or ZEW, with support from the Erste Group Bank revealed.

The expectations index shed 38.6 points to 20.5 points in February. The assessment of the current economic situation in the CEE region decreased 6 points to minus 40 points.

The economic expectations for the Eurozone drop even stronger than those for the CEE region. The respective indicator declined 41.9 points to 20.8 points in February. The current economic situation index for the region fell 9.2 points to minus 38.5 points.

One of the reasons for the decline in the economic expectations for the CEE region and the Eurozone might be the current discussions about Greece financial debt situation and the concerns about other EU-countries also facing budgetary difficulties, ZEW said.

With regard to the inflation expectations, survey respondents that predict constant inflation rates for the CEE region prevail with 53.1%. On the contrary, the majority of the analysts expect further increasing inflation rates in Austria and the Eurozone.

China's Economic Rise Has Silver Lining for Japan

Source: AFP 1/18/10

China is on the verge of unseating Japan as the world's number two economy, but student Shi Minfei is one reason why Beijing's rapid growth is not all bad news for its deflation-hit neighbor.

With Japan's consumers keeping a tight hold on their purse strings, leaving the country as reliant as ever on exports, Chinese tourists like Shi are a rare example of good news for the country's long-suffering retailers.

The 20-year-old engineering student from Shanghai said she had splurged about 300,000 yen (3,300 dollars) on clothing, bags, shoes and cosmetics during her visit to Japan.

It is a welcome boost for a Japanese economy that has suffered two decades of malaise after its stock market and real estate bubble burst in the early 1990s, ushering in years of deflation and sluggish economic growth.

Japan narrowly retained its title as the world's number two economy in 2009 ahead of China, extending a recovery from a brutal recession with a robust fourth-quarter performance, data showed Monday.

But surging China came close to unseating its neighbor from the position it has held for more than 40 years, after the Japanese economy contracted at the fastest pace on record last year, battered by a plunge in exports.

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Global Economic Matters

Exchange Rates

Source: Yahoo Finance 2/18/10

Crossrates							
	USD	EUR	JPY	GBP	CAD	SEK	CNY
USD	1	0.7352	91.2850	0.6405	1.0404	7.0304	6.8380
EUR	1.3602	1	124.1635	0.8712	1.4151	10.1128	9.3034
JPY	0.0110	0.0081	1	0.0070	0.0114	0.0774	0.0749
GBP	1.5613	1.1479	142.5215	1	1.6244	11.4838	10.6760
CAD	0.9612	0.7067	87.7403	0.6156	1	6.8522	6.6637
SEK	0.1390	0.1022	12.6880	0.0890	0.1446	1	0.9964
CNY	0.1462	0.1075	13.3497	0.0937	0.1521	1.0043	1

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

Even if Japan kept its number two rank last year, economists say it is inevitable it will soon be overtaken by China, which has a population of more than 1.3 billion and an economy that grew a blistering 8.7 percent last year.

While its relegation in the global economic rankings would be a blow to Japan's prestige, its economy might be in an even worse state if it were not for the boom in China, now its biggest trading partner and top export market.

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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.