



# Market Matters

Recently Published Data and Indices Affecting the Stainless Steel Industry

## View Points

### LDX 2101®— A High Strength Grade With Low Nickel Content

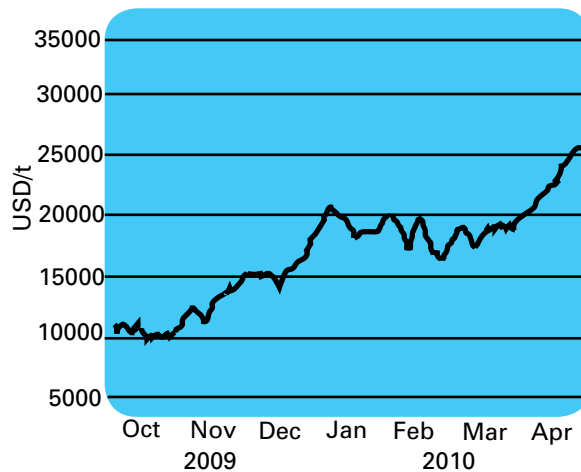
With nickel prices back on the rise, Outokumpu's LDX 2101® lean Duplex stainless offers the corrosion resistance of austenitic grade 304—but with 90% greater strength and 80% less nickel content. Lower nickel content means greater price stability, and higher strength means reduced material thickness for construction savings.



LDX 2101® is one of a family of Duplex stainless grades from Outokumpu and can be used in everything from general-purpose applications and environments to storage tanks and water piping. Outokumpu produces LDX 2101® in pipe, bar, hot and cold rolled plate, fittings, and coil.

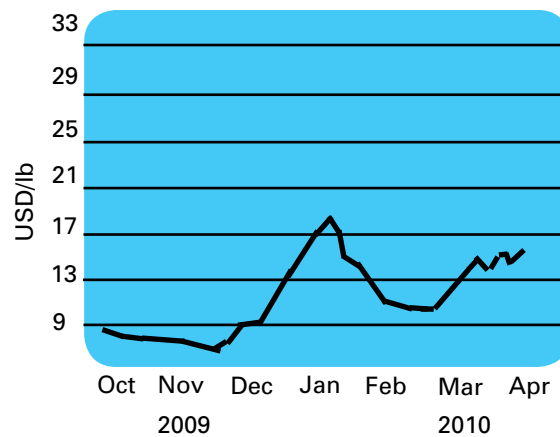
### Nickel Prices- Cash Buyer

Source: LME 4/13/10



### Molybdenum Prices

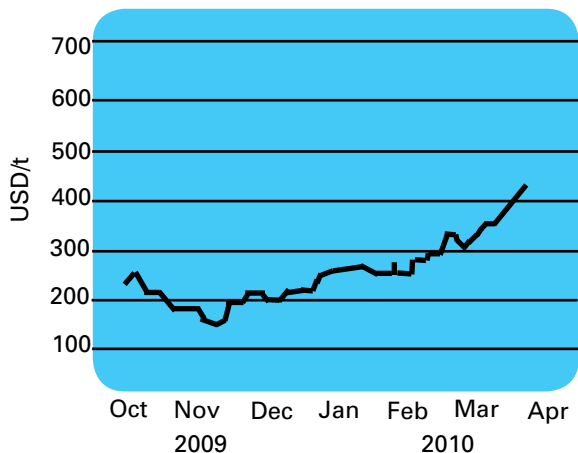
Source: Metal Bulletin 4/13/10



## Metal Matters

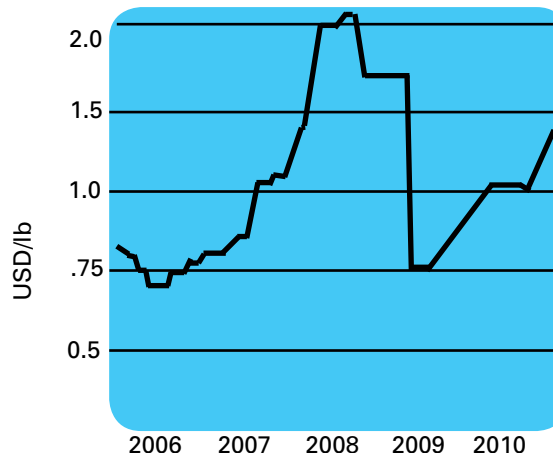
### Scrap Prices

Source: Metal Bulletin 4/13/10



### Ferrochrome Prices

Source: Metal Bulletin 4/13/10



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

Source: The U.S. Commerce Department 4/14/10

| Country        | Month   |         |         |
|----------------|---------|---------|---------|
|                | Dec     | Jan     | Feb     |
| World          | 842,679 | 863,087 | 807,826 |
| Canada         | 398,255 | 522,875 | 485,173 |
| Mexico         | 192,655 | 175,195 | 170,127 |
| Brazil         | 6,374   | 7,481   | 10,609  |
| India          | 13,306  | 11,869  | 10,160  |
| China          | 9,478   | 6,071   | 8,898   |
| Germany        | 3,245   | 3,085   | 3,883   |
| Italy          | 3,476   | 5,253   | 5,790   |
| Venezuela      | 4,002   | 6,786   | 8,738   |
| United Kingdom | 9,823   | 2,577   | 2,567   |

\*Numbers in metric tons

## U.S. Economic Matters

### Manufacturing

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

| Index                  | Series Index Mar | Series Index Feb | Direction  | Rate of Change   | Trend (mos) |
|------------------------|------------------|------------------|------------|------------------|-------------|
| PMI                    | 59.6             | 56.5             | Growing    | Faster           | 8           |
| New Orders             | 61.5             | 59.5             | Growing    | Faster           | 9           |
| Production             | 61.1             | 58.4             | Growing    | Faster           | 10          |
| Employment             | 55.1             | 56.1             | Growing    | Slower           | 4           |
| Supplier Deliveries    | 64.9             | 61.1             | Growing    | Faster           | 10          |
| Inventories            | 45.3             | 47.3             | Slowing    | From Contracting | 1           |
| Customers' Inventories | 39.0             | 37.0             | Too Low    | Slower           | 12          |
| Prices                 | 75.0             | 67.0             | Increasing | Faster           | 9           |
| Backlog of Orders      | 58.0             | 61.0             | Growing    | Slower           | 3           |
| Exports                | 61.5             | 56.5             | Growing    | Faster           | 9           |
| Imports                | 57.0             | 56.0             | Growing    | Faster           | 7           |
| Overall Economy        |                  |                  | Growing    | Faster           | 11          |
| Manufacturing Sector   |                  |                  | Growing    | Faster           | 8           |

## Latest Statistics

Source: The Department of Labor 4/14/10

|                      |           |              |
|----------------------|-----------|--------------|
| Consumer Price Index | +0.1%     | Mar 2010     |
| Unemployment Rate    | 9.7%      | Mar 2010     |
| Producer Price Index | -0.6 (p)% | Feb 2010     |
| Productivity         | +6.9%     | 4th Qtr 2009 |

## Gross Domestic Product

Source: The Bureau of Economic Analysis 3/26/10

↑ 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 5.6 percent in the fourth quarter of 2009, (that is, from the third quarter to the fourth quarter), according to the "third" 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, personal consumption expenditures (PCE), and nonresidential fixed investment. Imports, which are a subtraction in the calculation of GDP, increased.

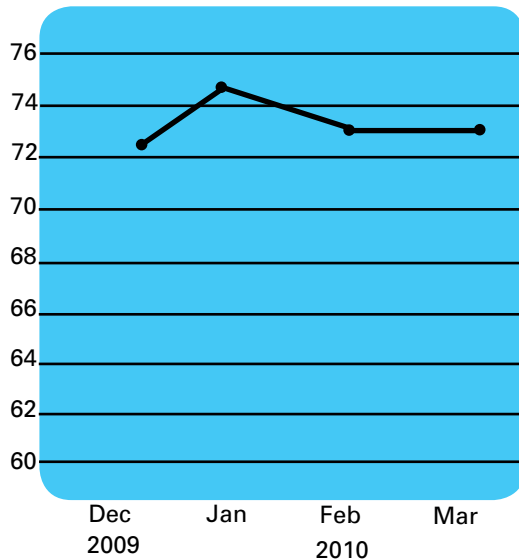
## Industrial Production and Capacity Utilization

Source: The Federal Reserve 4/15/10

| Industrial Production  | Feb   | Mar   |
|------------------------|-------|-------|
| Total Index            | 101.0 | 101.0 |
| Major Market Groups    |       |       |
| Final Products         | 104.4 | 104.4 |
| Consumer Goods         | 100.9 | 100.9 |
| Business Equipment     | 112.8 | 112.8 |
| Nonindustrial Supplies | 91.8  | 91.8  |
| Construction           | 80.8  | 80.8  |
| Materials              | 101.4 | 101.4 |
| Manufacturing          | 99.1  | 99.1  |

## Index of Consumer Sentiment

Source: Reuters 3/26/10



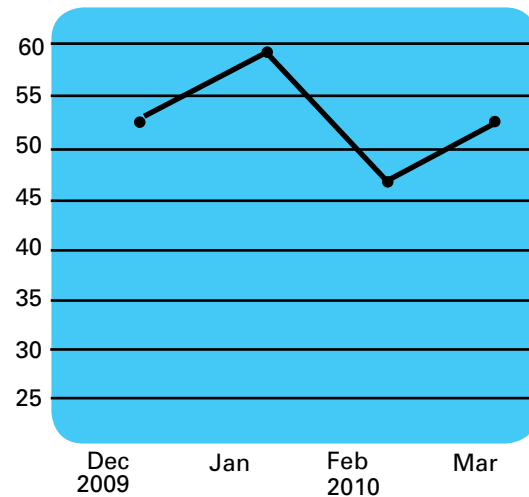
The **Index of Consumer Sentiment** was 73.6 in the March 2010 survey, unchanged from 73.6 in February, and well above the

57.3 recorded last March. The Index of Consumer Expectations, a closely watched component of the Index of Leading Economic Indicators, was 67.9 in March, down from 68.4 in February. The Current Economic Conditions Index was 82.4 in March up from 81.8 recorded in February.

Consumers continued to report improvement in the economy, and expected the economy to improve by more than a two-to-one margin in the year ahead. One-in-four consumers reported hearing news of job gains in March, up from less than one-in-twenty a year ago. To be sure, consumers are still convinced that over the next five years some economic setbacks will occur rather than uninterrupted economic growth. And the pace of economic growth is still anticipated to be slow, with the unemployment rate expected to post only marginal declines in the year ahead. While the financial situation of consumers did improve slightly in March, the overall judgments of consumers remained quite grim—45% reported that their finances had worsened, down from 55% last year, and just 22% reported improvement, only marginally above last year's 19%. More than one-in-three reported income declines, and 55% expected no income gains during the year ahead. These concerns have made their buying decisions contingent on the availability of price discounts, with vehicle sales benefiting in March.

## Consumer Confidence Index

Source: The Conference Board 3/30/10



The Conference Board **Consumer Confidence Index**, which had decreased in February, rebounded in March. The Index now stands at 52.5 (1985=100), up from 46.4 in February. The Present Situation Index increased to 26.0 from 21.7. The Expectations Index improved to 70.2 from 62.9 last month.

## Manufacturers' Shipments, Inventories and Orders

Source: The US Census Bureau 3/24/10



**New orders** for manufactured durable goods in February increased \$0.9 billion or 0.5 percent to \$178.1 billion, the U.S. Census Bureau announced. This was the third consecutive monthly increase and followed a 3.9 percent January increase.



**Shipments** of manufactured durable goods in February, down two consecutive months, decreased \$1.0 billion or 0.6 percent to \$179.8 billion. This followed a 0.1 percent January decrease.



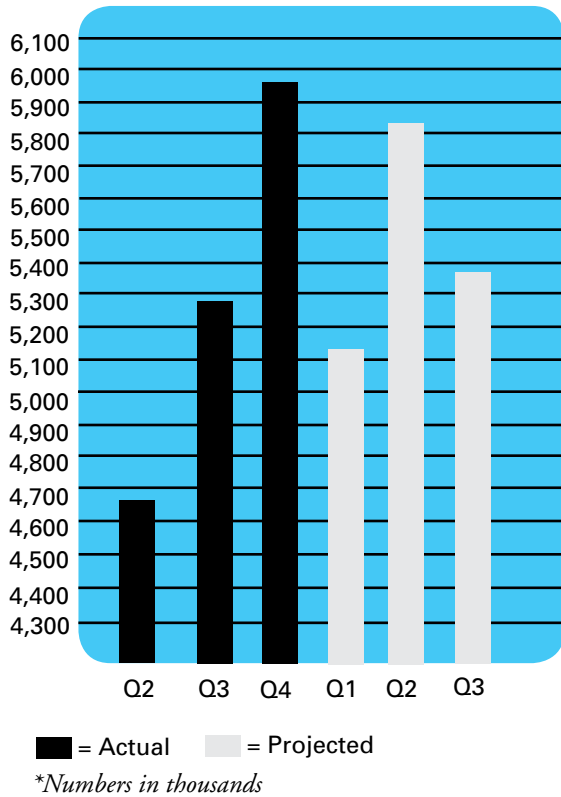
**Unfilled orders** for manufactured durable goods in February, up two consecutive months, increased \$2.9 billion or 0.4 percent to \$722.1 billion. This followed a 0.2 percent January increase.



**Inventories** of manufactured durable goods in February, up two consecutive months, increased \$1.0 billion or 0.3 percent to \$303.9 billion. This followed a 0.1 percent January increase.

## Housing Sales

Source: The National Association of Realtors 4/10



## Global Views

### EU calls for tougher budget rules

Source: Associated Press 4/13/10

The European Union's budget rules will be sharpened to try and prevent countries from following Greece's flagrant flouting of debt and deficit limits, the EU's top economy official said.

Greece's massive budget gap and soaring debt have rocked Europe's currency union and exposed the flaws in a loose system of rules that the 16 nations that use the euro are asked to obey—but without any real threat of punishment.

EU Economy Commissioner Olli Rehn told reporters that "peer pressure has lacked teeth" and that he planned proposals "to address the case of recidivist countries who repeatedly break the rules." More details would come in a paper he will publish on May 12.

He said he didn't want to create new sanctions, suggesting that the EU could use existing options such as blocking funding for economic development, which often pays for major infrastructure projects such as roads in poorer EU nations.

"The latest developments in the European economy and in the euro area, not least in and around Greece, have clearly shown that there is a pressing and urgent need to reinforce economic policy coordination and surveillance," he said.

He rejected German Chancellor Angela Merkel's suggestion of expelling a country from the euro currency if it keeps breaking the rules, saying he believed it would require changes to the European treaties—a difficult process—and also went against the spirit of European unity.

However, Rehn said some "disincentives" are needed to prevent another eurozone country requiring a bailout. He didn't elaborate.

"The key is how do we reduce moral hazard, what is the policy conditionality and how do we make this safety net of last resort so unattractive that no country voluntarily wants to end up in such a situation," he said. Moral hazard refers to the risk that insuring people against the consequences of reckless behavior may make them more likely to engage in it.

Euro governments agreed on Sunday to provide some 30 billion euro in individual loans to Greece if it can't borrow from financial markets.

### Singapore Revaluation May Prompt China to Withdraw Stimulus

Source: Bloomberg 4/15/10

Singapore's decision to revalue its currency to prevent economic overheating may prompt policy makers in China and other Asian nations to start withdrawing monetary stimulus as growth in the region outpaces the rest of the world.

Asian central banks are mostly "behind the curve" in tightening monetary policy and inflationary pressures

## Global Economic Matters

### Exchange Rates

Source: Yahoo Finance 4/13/10

| Crossrates |        |        |          |        |        |         |         |
|------------|--------|--------|----------|--------|--------|---------|---------|
|            | USD    | EUR    | JPY      | GBP    | CAD    | SEK     | CNY     |
| USD        | 1      | 0.7322 | 93.1950  | 0.6464 | 0.9982 | 7.1163  | 6.8300  |
| EUR        | 1.3657 | 1      | 127.2808 | 0.8828 | 1.3633 | 9.7191  | 9.3281  |
| JPY        | 0.0107 | 0.0079 | 1        | 0.0069 | 0.0107 | 0.0764  | 0.0733  |
| GBP        | 1.5470 | 1.1327 | 144.1754 | 1      | 1.5442 | 11.0091 | 10.5662 |
| CAD        | 1.0018 | 0.7335 | 93.3631  | 0.6476 | 1      | 7.1291  | 6.8423  |
| SEK        | 0.1405 | 0.1029 | 13.0946  | 0.0908 | 0.1403 | 1       | .9598   |
| CNY        | 0.1464 | 0.1072 | 13.6435  | 0.0946 | 0.1461 | 1.0419  | 1       |

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

may rise, said HSBC Holdings Plc's Robert Prior-Wandesforde. Singapore yesterday announced it will allow its currency—the city-state's principal monetary tool—to strengthen, even as China, South Korea and Indonesia keep interest rates unchanged.

“Singapore's move is a signal that tightening in other nations in the region may come sooner or be more aggressive than what is currently expected by the market,” said Matt Hildebrandt, an economist at JPMorgan Chase & Co. in Singapore.

Most Asian currencies have risen as the region, driven by China, leads the recovery from the deepest global recession since World War II. Rising commodity costs are spurring price pressures, and economists surveyed by Bloomberg News predict China may allow the yuan to appreciate by June 30 to curb inflation while avoiding a one-time jump in value that might endanger export jobs. “Growth in the region has picked up sharply over the last six to 12 months,” said Brian Jackson, an emerging-markets strategist at Royal Bank of Canada in Hong Kong. “It seems increasingly appropriate that policy settings should be returned to more neutral levels in the months ahead.”

Singapore's economy expanded an annualized 32.1 percent in the first quarter from the previous three months, the trade ministry said yesterday. China may say today its economy grew 11.7 percent in the first quarter from a year earlier, the fastest pace in almost three years, making officials more likely to raise interest rates and loosen the yuan's peg to the dollar.

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