



# Market Matters

Recently Published Data and Indices Affecting the Stainless Steel Industry

## View Points

### Stainless steel rebar in focus

Outokumpu, the industry leader in stainless steel, has just added new literature on our website about stainless steel rebar that discusses understanding the selective use of SSR by using predictive modelling and about Critical Chloride Threshold Levels. In addition, you will find literature on Sustainable Bridges.



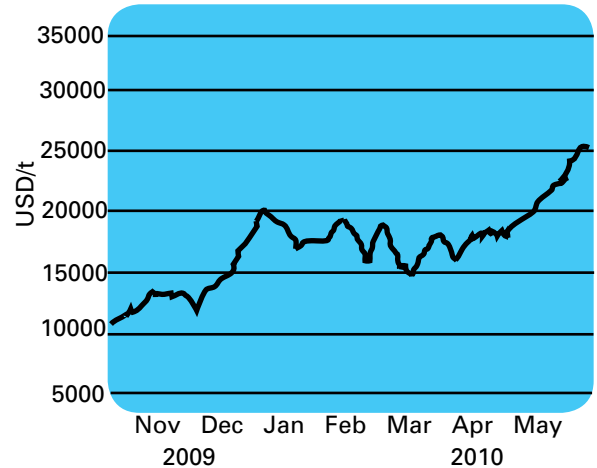
To read more about SSR, please visit us at: [http://www.outokumpu.com/pages/SubAreaPage\\_\\_\\_\\_44702.aspx](http://www.outokumpu.com/pages/SubAreaPage____44702.aspx)

In the new issue of ACOM, Outokumpu's Scientific magazine about stainless, there are two articles that focus on rebar. The first article is a review on testing methods and the second article concerns coupled stainless steel and carbon steel rebar in chloride-containing concrete.

To read more about rebar and to download this special issue of ACOM, please visit: [http://www.outokumpu.com/pages/Page\\_\\_\\_\\_45137.aspx](http://www.outokumpu.com/pages/Page____45137.aspx)

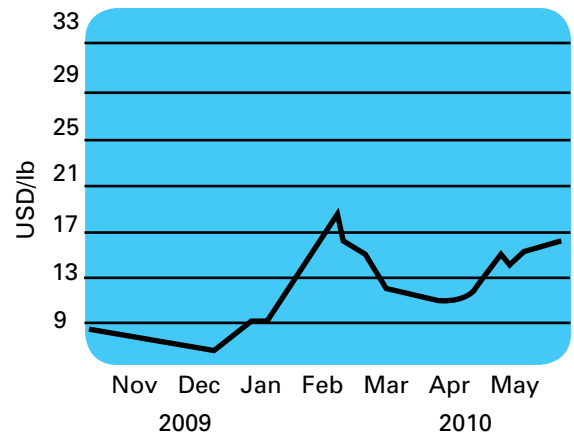
### Nickel Prices- Cash Buyer

Source: LME 5/18/10



### Molybdenum Prices

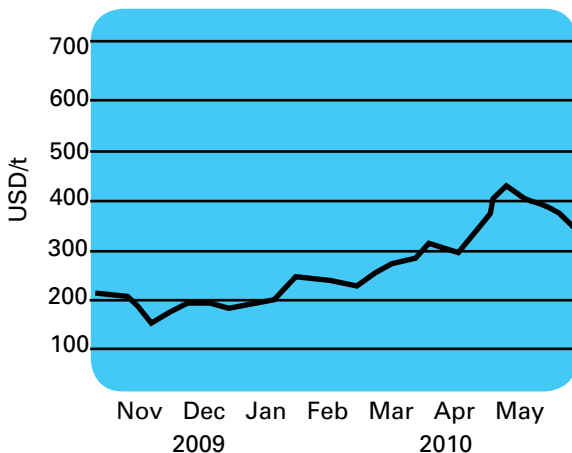
Source: Metal Bulletin 5/18/10



## Metal Matters

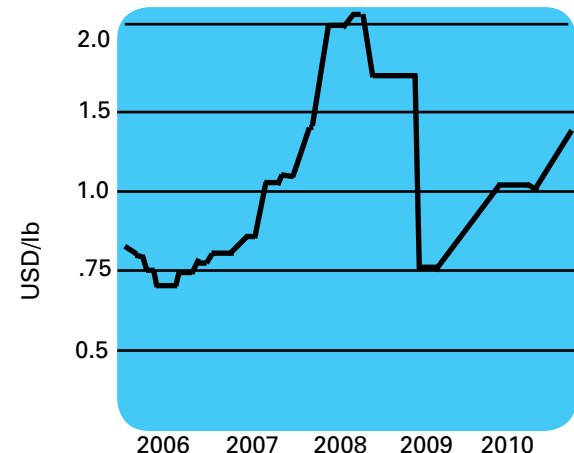
### Scrap Prices

Source: Metal Bulletin 5/18/10



### Ferrochrome Prices

Source: Metal Bulletin 5/18/10



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

Source: The U.S. Commerce Department 5/14/10

Country	Month		
	Jan	Feb	Mar
World	863,087	807,826	1,044,060
Canada	522,875	485,173	635,066
Mexico	175,195	170,127	207,191
Brazil	7,481	10,609	28,863
India	11,869	10,160	8,943
China	6,071	8,898	16,620
Germany	3,085	3,883	8,802
Italy	5,253	5,790	10,655
Venezuela	6,786	8,738	9,670
United Kingdom	2,577	2,567	8,637

\*Numbers in metric tons

## U.S. Economic Matters

### Manufacturing

Source: The Institute for Supply Management 5/14/10

Index	Series Index April	Series Index March	Direction	Rate of Change	Trend (mos)
PMI	60.4	59.6	Growing	Faster	9
New Orders	65.7	61.5	Growing	Faster	10
Production	66.9	61.1	Growing	Faster	11
Employment	58.5	55.1	Growing	Faster	5
Supplier Deliveries	61.3	64.9	Slowing	Slower	11
Inventories	49.4	55.3	Contracting	From Growing	1
Customers' Inventories	33.0	39.0	Too Low	Faster	13
Prices	78.0	75.0	Increasing	Faster	10
Backlog of Orders	57.5	58.0	Growing	Slower	4
Exports	61.0	61.5	Growing	Slower	10
Imports	58.0	57.0	Growing	Faster	8
Overall Economy			Growing	Faster	12
Manufacturing Sector			Growing	Faster	9

## Latest Statistics

Source: The Department of Labor 5/14/10

Consumer Price Index	+0.1%	Mar 2010
Unemployment Rate	9.9%	Apr 2010
Producer Price Index	+0.7% (p)	Mar 2010
Productivity	+3.6%	1st Qtr 2010

## 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 3.2 percent in the first quarter of 2010, (that is, from the fourth quarter to the first quarter), according to the "advance" estimate released by the Bureau of Economic Analysis. In the fourth quarter, real GDP increased 5.6 percent.

The increase in real GDP in the first quarter primarily reflected positive contributions from personal consumption expenditures (PCE), private inventory investment, exports, and nonresidential fixed investment that were partly offset by decreases in state and local government spending and in residential fixed investment. Imports, which are a subtraction in the calculation of GDP, increased.

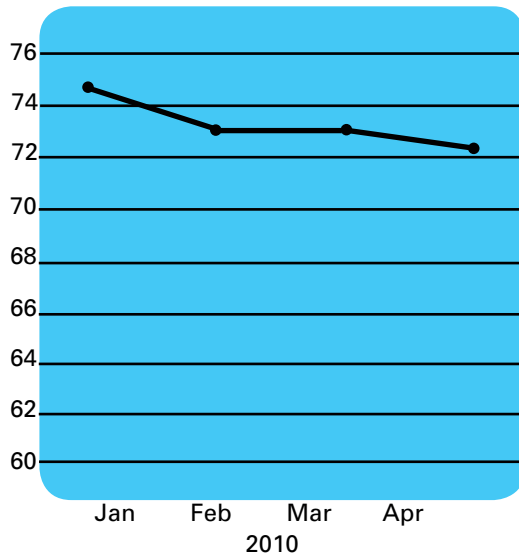
## Industrial Production and Capacity Utilization

Source: The Federal Reserve 5/14/10

Industrial Production	Mar	April
Total Index	101.5	102.3
Major Market Groups		
Final Products	105.2	105.7
Consumer Goods	101.4	101.6
Business Equipment	113.9	115.1
Nonindustrial Supplies	91.2	92.4
Construction	82.1	84.3
Materials	101.9	102.69
Manufacturing	100.4	101.4

## Index of Consumer Sentiment

Source: Reuters 4/30/10

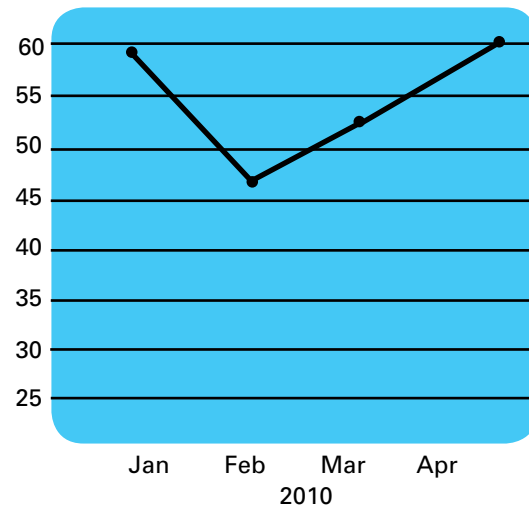


↓ The Index of Consumer Sentiment was 72.2 in the April 2010 survey, down from 73.6 in March, but was significantly higher than a year ago. Most of the year-to-year gains reflected more favorable assessments by consumers of current economic conditions. Expectations for future economic gains posted only minor gains since last April, although they are much more positive than at the cyclical low recorded two years ago in June 2008/2009. Importantly, in the past few months, despite the widespread recognition of the ongoing recovery, consumers have become less optimistic about longer term prospects for the economy. Just one-third of all the consumers in April survey expected the recovery to be uninterrupted by another downturn sometime in the next five years.

Consumers expected the economy to continue to improve during the year ahead, and fears of additional job losses have largely disappeared. Nonetheless, most consumers expect only small gains in unemployment and no increases during the year ahead. A worsening personal financial situation was reported in April twice as frequently as gains, showing no sustained signs of improvement in the surveys during the past year. Income declines were cited by one-third of all households, as they have in every month during the past year. Moreover, when asked about their financial prospects for the year ahead, consumers were less optimistic than anytime during the past year. Overall, just 28% of all households expected their finances to improve, down 31% recorded last April. Although the inflation rate is expected to remain relatively low, most consumers expect declines in their inflation adjusted incomes during the year ahead.

## Consumer Confidence Index

Source: The Conference Board 4/27/10



↑ The Conference Board Consumer Confidence Index®, which had rebounded in March, increased further in April. The Index now stands at 57.9, up from 52.3 in March. The Present Situation Index increased to 28.6 from 25.2. The Expectations Index improved to 77.4 from 70.4.

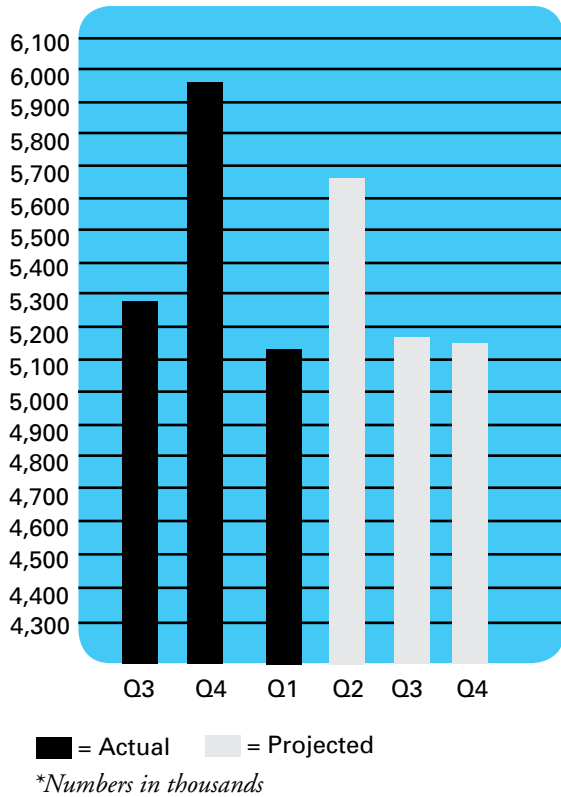
## Manufacturers' Shipments, Inventories and Orders

Source: The US Census Bureau 4/23/10

- ↓ New orders for manufactured durable goods in March decreased \$2.2 billion or 1.3% to \$176.7 billion, the U.S. Census Bureau announced. This decrease followed three consecutive monthly increases, including a 1.1% February increase. Excluding transportation, new orders increased 2.8%. Excluding defense, new orders decreased 1.2%.
- ↑ Shipments of manufactured durable goods in March, up following two consecutive monthly decreases, increased \$2.2 billion or 1.2% to \$182.2 billion.
- ↓ Unfilled orders for manufactured durable goods in March, down following two consecutive monthly increases, decreased \$2.3 billion or 0.3% to \$719.8 billion. This followed a 0.4 percent February increase.
- ↑ Inventories of manufactured durable goods in March, up three consecutive months, increased \$.5 billion or 0.2% to \$304.7 billion. This followed a 0.5% January increase.

## Housing Sales

Source: The National Association of Realtors 5/17/10



## Global Views

### EU: some nations should spend as others make cuts

Source: Associated Press 5/18/10

Some European governments must slash debt sharply but others should keep spending to boost growth across the 27-nation bloc, a top EU official urged Tuesday, as the region tries to solve a debt crisis by imposing budget cuts that risk triggering a new recession.

European Union Economy Commissioner Olli Rehn said financially troubled Greece, Spain and Portugal must push through harsh austerity programs now. But he warned that "efforts should be different according to the fiscal situation."

Countries running relatively lower deficits could "maintain less restrictive fiscal stances for the sake of growth in Europe as a whole," Rehn told reporters.

Investors fear the austerity measures to deal with the debt crisis will hurt economic growth for years by cutting off government stimulus to the economy. Fears of an immediate default have been eased by a €750 billion (\$1 trillion) rescue package that is to be made available to governments if they need it. But for the long term, many wonder whether some countries will face growth so weak they will have trouble paying off debts.

Spain acknowledged Tuesday that new austerity measures demanded by other EU nations will curb its economic growth next year. Finance Minister Elena Salgado says budget cuts will shave a "few decimal points" off the country's 2011 economic forecast for 1.8 percent growth.

Spain and Portugal drafted new spending reductions last week — under pressure from Germany and others who backed the "shock and awe" financial backstop — to calm market worries that they could follow Greece in requiring an EU bailout to avoid defaulting on debt.

Germany — which is paying the largest chunk of both the rescue package and a €110 billion bailout for Greece — has taken the position that it's time for austerity, and has made budget cuts a precondition for any financial help.

German Finance Minister Wolfgang Schaeuble said EU governments had to send a "necessary signal of confidence to markets" by pushing on with budget cuts and accelerate economy reforms that could eventually aid growth — and reduce the risk of countries seeking a bailout.

Dutch Finance Minister Jan-Kees de Jager said there is now "a broad consensus that the time of stimulating growth through public spending is over and what is required now is significant consolidation" of national budgets using austerity programs. "Many countries see a now-or-never moment," he told reporters.

## Global Economic Matters

### Exchange Rates

Source: Yahoo Finance 5/18/10

Crossrates							
	USD	EUR	JPY	GBP	CAD	SEK	CNY
USD	1	0.8191	92.3450	0.6976	0.9982	7.1163	6.8300
EUR	1.2209	1	127.2808	0.8828	1.3633	9.7191	9.3281
JPY	0.0108	0.0089	1	0.0069	0.0112	0.0764	0.0740
GBP	1.4335	1.1742	132.3753	1	1.4870	11.0091	9.7936
CAD	0.9640	0.7896	89.0244	0.6725	1	7.1291	6.5863
SEK	0.1275	0.1044	11.7728	0.0889	0.1322	1	.9999
CNY	0.1464	0.1199	13.5151	0.0946	0.1518	1.0419	1

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

## Economists 'Face Reality' by Cutting Their China Rate Forecasts

Source: Bloomberg 5/19/10

Economists are paring back forecasts for higher interest rates in China as the government seeks to cool the property market and Europe's sovereign-debt crisis threatens the global recovery.

Deutsche Bank AG this week cut its estimate to a single 27 basis point move this year, from a previous forecast of two to three increases. Morgan Stanley said the central bank may act in the second half of the year, not the first.

The state-run China Securities Journal said in a front-page editorial today that the nation can wait until the second half of 2010 or next year to raise benchmark rates as economic growth slows. An intensified government crackdown on property speculation has contributed to the Shanghai Composite Index sliding more than 20 percent this year.

"Most economists will have to face reality and postpone their expected timing of the first rate hike, especially after the breakout of the European debt crisis," Lu Ting, a Hong Kong-based economist at Bank of America-Merrill Lynch, said in an e-mailed report. Lu sees higher rates starting in the fourth quarter and says deposit rates may rise more than lending rates.

The economists made revisions even after the National Development and Reform Commission said this week that inflation may rise to about 3 percent in May and June, a level that some analysts said this month could trigger an interest-rate increase.

## Europe Crisis

The People's Bank of China has kept the one-year lending rate at 5.31 percent and the deposit rate at 2.25 percent after cuts in late 2008 to counter the effects of the global financial crisis, which slashed exports. While the nation's shipments have climbed 29 percent this year, the European crisis clouds the outlook for global demand.

The Securities Journal also said in today's editorial that pressure for gains by the yuan, or renminbi, may decline as China's trade surplus shrinks. The China Daily, another state-run newspaper, cited central bank adviser Li Daokui as saying that the yuan is unlikely to be a major issue at next week's talks between the U.S. and China in Beijing.

The Chinese economy, the world's third biggest, expanded 11.9 percent in the first quarter from a year earlier and property prices rose a record 12.8 percent in April.

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