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## **SS producers report improved market conditions in Q1 of 2008.**

*Tuesday, 29 Apr, 2008*

Outokumpu said in its first quarter interim report released recently that end user demand for stainless steel was healthy with improved demand from the distributor sector, gradual base price increases achieved during the quarter. Operating profit in the first quarter was EUR 100 million including nickel related inventory losses of some EUR 60 million, underlying operational result about EUR 160 million. And production running close to capacity, stainless deliveries up by 28% YoY to 449 000 tonnes.

Spanish stainless steel producer Acerinox also saw production recover in first quarter of 2008. It reported meltshop stainless steel production of 626,300 tonnes in Q1 of 2008 up from 606,100 tonnes in Q4 of 2007 and the 389,500 tonnes produced in Q3 of 07. However, Q1 production was still 5.1% off the pace of the 659,800 tonnes produced in the Q1 of 2007.

Acerinox said that the stainless sector had recovered in the period helped by relative stable nickel prices. It said its order book had improved and demand strength allows us to be optimistic with regard to the price evolution in the next months. Brazilian metals giant VALE said that despite relatively high stocks of nickel in the LME warehouse system, the near term scenario has improved, as demand is increasing and prices are holding firm.

It also said that global stainless steel production is gradually recovering from the vicious de stocking cycle of Q3 and Q4 of 2007. Critically for nickel usage in the stainless sector, it said that the ratio of austenitic stainless is also recovering as substitution pressures subside.

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