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CR Metal Products Inc.

4th Quarter 2008

Metal Market highlights

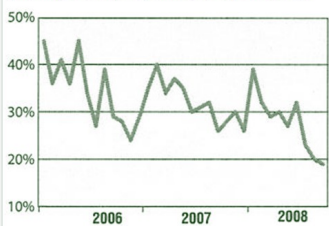
Metal Prices Drop for a Second Month...

Please contact your salesperson now for a re-quote on any upcoming requirements – Metal prices have started to fall and we would like to pass the savings along to you.

→ In Asia, the price trend turned quite negative over the summer as market sentiment has weakened, according to the report by MEPS in Sheffield, England. Service center shipments in both China and Japan remain slow due to poor demand. Meanwhile, the South Korean and Taiwanese markets also weakened over the summer.

Steel buying plans just keep falling

(monthly, % of buyers planning to buy more steel)



Source: www.purchasingdata.com

→ There has been very little movement in sheet prices since July, MEPS says. However, demand is slower than normal because of the poor economic climate. Most companies have sufficient inventories for the near-term and are in no rush to place orders. Mills are likely to reduce capacity in the fourth quarter.

continued on reverse

What a Difference...

a couple of months makes! With steel purchasing in decline, warehouse inventories are accumulating, market prices are accelerating their slide, and mills are reported to be begging for orders. That's the word from surveys of steel buyers and reports from purchasing directors at service centers, processing and fabrication firms, and end-product manufacturing companies, according to *Purchasing Magazine*.

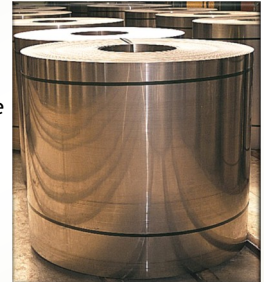
A Bank of America steel-market analysis shows that demand is down almost 5% this year while production is increasing at more than 5%. That's probably why transaction prices have slipped, as second and third-tier mills have been undercutting the major producers.

Another reason for price deflation is the fact that the marketplace had the highest flat-rolled steel

inventory (at 8.7 million net tons) since June 2007. As North American scrap costs have dropped and are expected to drop even more, steel transaction values are falling.

These numbers are evident in a marketplace where U.S. steel mill sales representatives have been pestering buyers about October bookings. Also, "there has been a resurgence of low-priced offers from offshore producers," reports *Platt's Steel Daily* newsletter.

Traders say that stockpiles of sheet purchased earlier by international trading companies have been accumulating at a number of ports.



Metal Pricing Index

CR wants to keep you in the loop when it comes to metal pricing. We will provide a condensed quarterly index in each newsletter so that you can stay on top of the pricing that affects your cost structure.

Items:	3 rd Qtr 2007	4 th Qtr 2007	1 st Qtr 2008	2 nd Qtr 2008	3 rd Qtr 2008
Cold-rolled steel sheet (Midwest, \$/net ton)	629	598	615	946	1122
Electrogalvanized steel sheet (Midwest, \$/net ton)	697	678	661	938	1107
Stainless steel sheet (CR, Type 304, \$/ton)	5416	5670	3961	4293	4158
Aluminum (.063) \$ per lb.	2.20	2.25	1.98	2.04	2.10
Aluminum (.090) \$ per lb.	2.10	2.25	1.95	2.08	2.10
Steel scrap (#1 heavy melt, Chicago, \$/gross ton)	267	257	267	452	435

Purchasingdata.com

This demand malaise also has struck the stainless steel marketplace – as evidenced by the turbulence that has buffeted the stainless steel market and sliced transaction prices during the past year. Since the peak in July 2007, transaction values in North America for sheet in coil, Type 304, have dropped by 31%, or almost \$1,790 a net ton, to \$4,045.

Similar declines have been reported in the European Union and Asian markets – and for

hot-rolled sheet as well, which is 25% lower than this time last year.

A steep descent in the cost of nickel on the London Metal Exchange has been cited as the main cause of the stainless steel price decreases. However, weakened economic conditions worldwide have negatively affected the demand for stainless steel

across almost all markets – including the aviation, aerospace, appliance and process industry sectors.

stainless
corner



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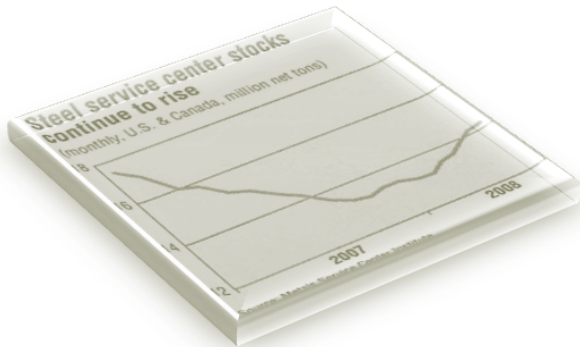
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Metal Market Highlights *continued*

Analyst Sal Tharani at Goldman Sachs Group in New York says that lower import supply, when combined with production cuts being implemented by the mills, could put a brake on the current steel price decline – and stabilize them at new and higher average levels than in the past.



In fact, a growing list of North American steelmakers is reducing production as they try to balance steel supplies with weakening customer demand. ArcelorMittal Dofasco in Hamilton, Ontario; U.S. Steel Corp., Pittsburgh; Severstal Wheeling Inc., Wheeling, W.Va.; and ArcelorMittal USA Inc., Chicago among others, have either reduced production outright or moved up maintenance projects.

Best Practices

CR Metal’s 100,000 square foot facility was recently audited by the University of Missouri Industrial Assessment Center (MOIAC) to review efforts to reduce energy consumption:

“We wish to point out that our team is very impressed by the numerous initiatives at the company in an effort to become energy efficient. In fact, this facility is one of the best sites that we have seen, as reflected by the following list of good practices that are currently employed by the facility:”

1. **Heat Exchanger** — the facility has installed a heat exchanger on the paint line to recover three-fifths of the total heat used. This eliminates the need for 300,000 btus of natural gas that would have had to be provided by the burners.
2. **Leak Prevention Program** — the facility has taken a proactive approach to combating air leaks; conducting a leak test quarterly.
3. **Waste Oil Burner** — the facility has a waste oil burner which is used to create heat from waste oils and lubricants. This is an intelligent practice, for if these oils were not burned on site they would have to be disposed of off site for a fee.
4. **Water Treatment** — water is used throughout the facility for various reasons in the production process. It is treated in house to meet needed specifications.
5. **Safety Conscious** — before we walked through the plant, we were given explicit safety instructions by the plant manager. Maintaining the safety of personnel and visitors is paramount to the company.”

