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NEWSLETTER

WISCO AMERICA

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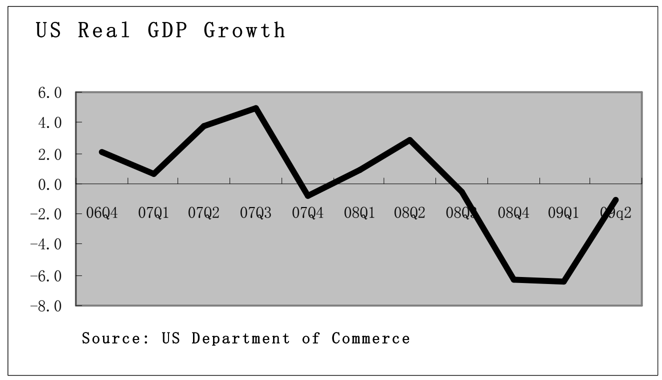
US ECONOMY DECLINED 1.0 PERCENT IN SECOND QUARTER



Real gross domestic product (GDP) declined 1.0 percent in the second quarter of 2009 after declining 6.4 percent in the first quarter, according to the estimates of the Bureau of Economic Analysis. The smaller decrease in real GDP reflected: much smaller decreases in business investment, including inventory investment, and in exports; an upturn in government spending; a smaller decline in housing. A downturn in consumer spending and a smaller decline in imports were offsetting factors in GDP improvement.

Prices of goods and services purchased by U.S. residents rose 0.7 percent, after falling 1.4 percent. Energy prices decreased much less than in the first quarter; food prices declined more. Prices less food and energy rose 1.1 percent after rising 0.2 percent.

The employment situation: June 2009

According to the U.S. Labor Department's monthly jobs report, nonfarm payroll employment continued to decline in June(-467,000), and the unemployment rate was little changed at 9.5 percent. Job losses were widespread across the major industry sectors, with large declines occurring in manufacturing, professional and business services, and construction.

The number of unemployed persons(14. million) and the unemployment rate (9.5 percent) were little changed in June. Since the start of the recession in December 2007, the number of unemployed persons has increased by 7.2 million, and the unemployment rate has risen by 4.6 percentage points.

In June, unemployment rates for the major worker groups– adult men(10.0 percent), adult women(7.6 percent), teenagers (24.0 percent), whites (8.7 percent), blacks (14.7 percent), and Hispanics (12.2 percent) -showed little change. The unemployment rate for Asians was 8.2 percent, not seasonally adjusted.

The consumer price index for all urban consumers (CPI-U) increased 0.9 percent in June before seasonal adjustment. Over the last 12 months, the index has fallen 1.4 percent, as a 25.5 percent decline in energy index has more than offset increase of 2.1 percent in food index and 1.7 percent in the index for all items less food and energy.

On a seasonally adjusted basis, the CPI-U increased 0.7 percent in June after rising 0.1 percent in May. The acceleration was largely caused by the gasoline index, which rose 17.3 percent in June and accounted for over 80 percent of the increase in the all items index.

The index for all items less food and energy rose 0.2 percent in June.

STEEL INDUSTRY STATISTICS

Following is an excerpt from Steel Industry Executive Summary: July 2009 released by US Department of Commerce, International Trade Administration

Statistical Highlights

– The US steel trade gap continued to narrow, posting another three-year low for the third straight month.

- US apparent consumption again reached its lowest level in eight years.
- Global steel production increased modestly after months of declines.

Prices

Steel prices decreased across most product groups from May 2009 to June 2009. Hot-rolled sheet decreased by 3.1% in June to $380/net ton from $392/net ton. Cold-rolled sheet decreased 2.1% to $467/net ton. Stainless sheet prices fell 2.5%. Steel prices across all product groups markedly decreased during the last six months and in the previous year. Over the last six months, the price of hot-rolled sheet decreased by 32.9%, while cold-rolled sheet decreased by 30%. Hot-rolled sheet prices show a 63.9% decrease since June 2008, while cold-rolled sheet prices are down 59.1% from the previous year.

Demand

Apparent consumption (used to measure domestic demand) for steel, excluding semi-finished products, decreased to 4.1 million metric tons in April 2009 from 4.5 million in March 2009(-7.3%). April 2009 demand decreased 54.5% from the April 2008 level. Demand in April 2009 was 62.7% lower than May 2006, when steel demand was at its highest level in recent years.

US Domestic Production

The US domestic production capacity utilization has fallen dramatically since August 2008. Capacity utilization peaked in February 2008 at a level of 91.6%. In May 2009 estimated capacity utilization was 44.3%, less than half of its level six months ago. Capacity utilization reached its lowest point, 40.9% in December 2008.

Global Production

World steel production increased 7.4% from 89 million metric tons in April 2009 to 95.6 million metric tons in may 2009. US steel production showed an increase of 13.5% from 3.8 million metric tons in April to 4.2 million in May. Despite this increase, US production has declined 50.6% from the previous year.

China remains the largest steel producer worldwide with a May 2009 production level of 46.5 million metric tons, a 7% increase from April 2009. The European Union 27 remains the second largest producer with a May 2009 production level of 10.5 million metric tons, an 11.4% increase from April 2009. China accounts for nearly 50% of the monthly total world production. China's 49% share in May 2009 is larger than the combined production of the US, the EU 27, Russia, and Japan, which historically were the largest producers of steel. In 2001, China's annual share of world production stood at 17%, while the EU-15 accounted for the largest share at 18%. In eight years, China's share of world production has almost tripled while other producers have seen their shares decrease.

United States Trade Balances in Steel

U.S. Imports of steel mill products have fluctuated since January 2005, while exports have remained relatively stable with a slight, gradual increase; however, this trend was reversed during the period of August 2008 to February 2009. The high point for imports occurred in July 2006 when the monthly steel trade balance was –3.2 million metric tons. In April 2009, exports decreased 12.0% from March 2009; imports decreased 20.1% from March 2009 to the lowest level in five years.

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As a WISCO community member, we encourage you to contribute your story. Send your story to katel@wiscoamerica.com

WISCO America Company Ltd., wholly owned by Wuhan Iron & Steel (Group) Corp., was established in 2007 in California, USA. WISCO America is the headquarters for various Wuhan Steel Group subsidiaries in American Continent.

As an important window for Wuhan Steel Group's international trading business in America, WISCO America Company Ltd. mainly deals with exporting steel products, and importing raw materials for its parent company. In addition, WISCO America is planning to expand trading services to various items, including textiles, energy, metals, food, and beverages. WISCO America is also planning to form a joint venture with other leading steel companies to acquire iron ore mines in American continent.

WISCO America's goal is to constantly pursue ambitious growth and become number one or two in each of the market it serves.