

NEWSLETTER

WISCO AMERICA

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US ECONOMY DECLINED 5.5 PERCENT IN FIRST QUARTER

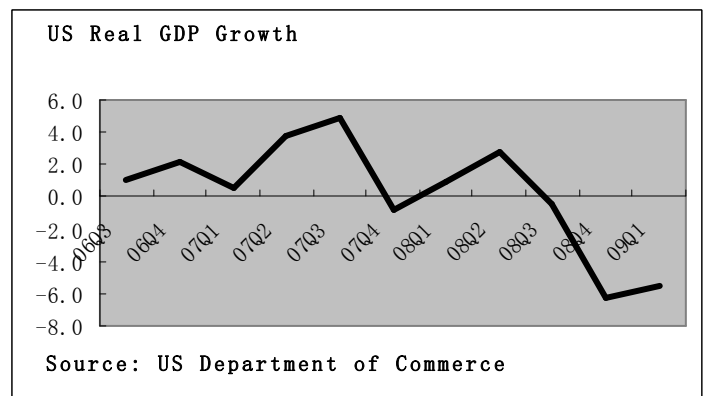
Real gross domestic product (GDP) declined 5.5 percent in the first quarter of 2009 after decreasing 6.3 percent in the fourth quarter of 2008, according to the "final" estimates of the Bureau of Economic Analysis. As in the previous estimates, exports, business investment (including inventory investment), and housing each declined more than in the fourth quarter.

Partially offsetting these declines, consumer spending turned up, rising 1.4 percent after falling for two consecutive quarters, and imports fell even more than in the first quarter.

First quarter corporate profits rose 3.8 percent at a quarterly rate after falling 16.5 percent in the fourth quarter. Financial sector profits rebounded after a large drop in the fourth quarter. Nonfinancial sector profits fell.

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 increased (CPI-U) increased 0.3 percent in May before seasonal adjustment. Over the last 12 months the index has fallen 1.3 percent. This is the largest decline since April 1950 and is due mainly to a 27.3 percent decline in the energy index. On a seasonally adjusted basis, the CPI-U increased 0.1 percent in May after being unchanged in April. The index for energy, which had declined the previous two months, rose 0.2 percent in May as an increase in the gasoline index more than offset declines in other energy indexes. The food index decreased for the fourth consecutive month, falling 0.2 percent as the indexes for all major grocery store food groups declined.

IMF, REGIONAL ECONOMIC OUTLOOK, WESTERN HEMISPHERE, MAY 2009

Following is an excerpt from IMF's World Economic and Financial Survey on Western Hemisphere released in May 2009

Problems that originated in financial sectors of the United States and other advanced economies erupted into a full blown crisis in the latter part of 2008, triggering a steep drop in demand and a tightening of financial conditions worldwide.

Global U.S. Outlook

While financial market conditions have improved from the stress levels reached in late 2008, strains remain pronounced. As a result, the near-term outlook for world growth is weaker than at any other time since the Great Depression. IMF staff expect the world economy to contract by around 1½ percent in 2009 and grow only modestly in 2010.

In the U.S., the impact of earlier financial shocks would continue to be felt, and growth would only get back to potential by the second quarter of 2010.

The most Consensus Forecast for U.S. economy envisages a -2.8 percent contraction in 2009, but then a rapid rebound in 2010, with growth at + 1.7 percent.

Canadian Outlook

The U.S. turmoil will have a pronounced effect on industrial countries across the globe, and perhaps none is more exposed than Canada.

About three-fourth of Canadian exports are bound for the United States, and about one-fourth of Canadian corporate finance is sourced there, leaving Canada well open to spillovers.

The IMF staff's baseline scenario is for a sharp contraction in early 2009—the worst since 1981 when GDP plunged by 2.9 percent—followed by a return to positive growth over time as the full effects of accommodative monetary and fiscal policies are felt.

But despite its high exposure to U.S. economic activity and financial markets, Canada is well positioned to weather the downturn thanks to its sound macroeconomic framework, a strong regulatory framework, along with conservative banking practices.

Latin American and Caribbean(LAC) Outlook

The region is feeling a “double squeeze” from external shocks to the capital and current account of the balance of payments. In tandem with worsening external conditions, the growth outlook has deteriorated considerably, and the expansionary cycle has ended abruptly. However, improved policy frameworks and balance sheets provide some cushion for many countries in the region.

For 2009, LAC output is expected to contract by 1½ percent, following growth of about 4½ percent in 2008. The slowdown is projected across the board, being more pronounced for the region's commodity exporters and for

economies with strongest manufacturing ties in global industrial production chains.

The IMF projects LAC growth will rebound to about 1½ percent by 2010, in line with global growth but at a faster pace than in advanced economies.

The current crisis is likely reducing medium-term growth prospects in the LAC region as well as in other regions. Historically, recession that are highly synchronized across countries, as the current one is, have been longer and deeper than those confined to a single region.

Fiscal positions and external balances likely to weaken

Sharply decelerating economic activity, trade volumes, and much-reduced commodity prices are taking a toll on LAC fiscal revenues. Coupled with a pickup in discretionary spending in some countries, this will weaken the primary fiscal surplus of the region from around 3 percent of GDP in 2008 to about 0 percent in 2009 (with much of this decline coming from the revenue side, especially in commodity-exporting countries).

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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.

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story. Send your story to
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