



SFSA CASTEEL REPORTER

Steel Founders' Society of America

a monthly publication
serving SFSA steel casting industry Members

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JANUARY — 2003

Casteel Commentary Highlights:

Having blown three out of four predictions last year, this year's predictions are submitted for your entertainment. The economy should improve and our business should increase, but that was true last year and did not happen. Hopefully, this year's prediction's will be more correct than last year's and more importantly, this year's business stronger.

Yellow Freight offers special LTL rates to members of SFSA. Most members more than recover the cost of membership with the discount. Attached to this newsletter is an article on how to best to use this program.

U.S. EPA MACT Rule

The U.S. EPA issued the NESHAP for Iron and Steel Foundries in the Federal Register, December 23, 2002. The industry has 60 days for comments. The rule will have a major effect on industry and many of the provisions are unwarranted and unworkable. SFSA is preparing a set of comments and encouraging each of our members that are able to submit comments. If you wish to review SFSA Draft comments or need the rule or other material, please feel free to email or call. It may be necessary to litigate the rule but only issues raised during the comment period can be raised in suit so our comments need to be extensive and comprehensive.

Steel Casting Construction Consortium (SC3)

SFSA has been working with interested members and the American Institute of Steel Construction to identify opportunities for the application of castings in steel structures. A paper will be given on steel casting design and use at their annual conference in Baltimore. A conference announcement is attached to this newsletter. SFSA is planning to solicit interested members to sponsor an exhibit at this meeting highlighting the capabilities of steel castings.

GIFA

The largest exhibition of foundry equipment in the world, GIFA, is scheduled for this year in Dusseldorf. SFSA is not organizing a planned study tour, reflecting the poor conditions in our industry. We have made some arrangements to visit several steel casting plants in Germany following the show. The plant visit arrangements were made with the intention of offering our members a chance to tour these plants if they desire. As always, SFSA is happy to help members make arrangements to go to GIFA. If you are interested in GIFA or the planned plant tour please let Malcolm or Rob know.

Persons Available

A948 is seeking a position as a metallurgical engineer and has a bachelors degree in Metallurgical Engineering and experience in both metallurgy and quality control.

Market News

Steel casting production in 2002 will be down more than 15% from the depressed levels of 778,000 tons in 2001 reported by the DoC. This suggests a final level in 2002 of 675,000 tons, the lowest level of production since 1939 and far lower than the trough in 1983 of 779,000 tons. The poor levels of demand have been partially offset by closures. Some steel foundries have been developing new product with customers and have used this new demand to survive.

The bookings for steel castings are off more than 15% in October and shipments remain down. Discussions with major customers give no indication of improvements in market demand after the first of the year. Raw steel shipments are up due to trade actions and show a stable market. Orders for iron and steel castings show a slight upward trend but this is primarily due to iron castings in consumer goods like automobiles. Inventories remain low but capital good markets show a continued slight decline depressing demand and reducing the incentive to make capital investments to meet the demands of a growing market. Demand should improve in the new year if the economy remains active but the timing and strength of the improvement remains uncertain.

Casteel Commentary

Last year, I foolhardily issued four forecast predictions for 2002. Of these four, only one turned out to be correct. Given this track record, you may wish to ignore these rants this year. On the other hand, I remain sure that the erroneous predictions from last year were not wrong, but premature. In that light, I propose to renew and extend last year's predictions.

1. Last year, the prediction was for sales of steel castings to rebound in the second quarter and continue sharply higher throughout the year. In reality, the market weakened from a soft level and finished the year in the poorest state in decades. The lack of capital spending on equipment drove demand down. The lack of capital investment remains an impediment to recovery. Nevertheless, the North American economy has weathered a dramatic storm and I think manufacturing will recover sharply in the second half of this year. SFSA's forecast is for a 9% increase. The recovery in manufacturing will be stronger than that and the market will be up over 20% by year's end.

2. Last year, the prediction was that at least one more large steel foundry would close and this turned out to be correct. Continued lack of capital and demand forced several steel foundries to close. Several steel foundries are on the ropes and look doubtful. This year will be a mixed bag with many of these troubled plants surviving, one of the closed plants being reborn, and one additional plant failing.

3. The global threat was predicted to recede. The perceived risk from China in particular has grown and remains a pervasive concern in all manufacturing. Again, this prediction was premature but the problem of China disrupting the global economy remains unsustainable. This year, political and diplomatic action will be initiated to contain and diminish this disruption. China will finish the year in a strong position but new trade requirements along with a revaluing of the currencies will make this the high point of their impact.

4. The lack of capable people was the final prediction and the result of this was mixed. Retirements and job moves made staffing an issue even in a weak economy. An improved economy will make this problem a crisis. In fact, the lack of experienced people will limit the ability of our plants to respond to improved market conditions. This will force us to raise prices, invest in automated finishing cells, and increase compensation. The lack of people will persist this year but will not become a crisis until later.

I wish you all a happy and healthy New Year!

Raymond Monroe

STEEL FOUNDERS' SOCIETY OF AMERICA

MEETINGS CALENDAR

2003

- January 16-19** **Board of Directors, Technical Steering Committee - Naples, FL**
- June 10-11** **Board of Directors, Technical Steering Committee, Rosemont, IL**
- September 13-17** **SFSA Annual Meeting, The Ritz-Carlton Resort, Amelia Island, FL**
- November 5-8** **National T&O Conference - Hotel Inter-Continental, Chicago, IL**

2004

- September 11-15** **Annual Meeting - The Resort at Squaw Creek, Lake Tahoe, CA**
- November 3-6** **National T&O Conference - Hotel Inter-Continental, Chicago, IL**

Steel **SolutionsCenter**



FOR IMMEDIATE RELEASE

For More Information Contact:

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SUMMARY: STEEL CONFERENCE FEATURING PRACTICAL SESSIONS ON STRUCTURAL DESIGN, FABRICATION, ERECTION AND DETAILING ALONG WITH THE LATEST PRODUCT INNOVATIONS TO BE HELD IN BALTIMORE APRIL 2-5

CHICAGO - The North American Steel Construction Conference, sponsored by the American Institute of Steel Construction, Inc. (AISC), will be held in Baltimore, MD, on April 2-5, 2003. This conference for design and construction professionals will feature industry experts on more than 45 topics, including "Designing Single Plated Connections," "Floor Vibrations," "Erection Stability Issues," and "Crisis Management." Six special events will also be offered along with more than 200 industry-related exhibit booths with the latest product innovations. A full program can be downloaded from www.aisc.org/nascc or is available by calling 312.670.8311.

The Steel Conference provides the opportunity for design and construction professionals to learn the latest engineering, fabrication and erection techniques as well as the opportunity to network with more than 2,500 of their peers, customers and future colleagues.

To register, visit www.aisc.org/nascc or call 800.391.9421 (International 702.798.6380).

The American Institute of Steel Construction, Inc. (AISC), headquartered in Chicago, is a not-for-profit technical institute and trade association established in 1921 to serve the structural steel design community and construction industry. AISC's mission is to make structural steel the material of choice by being the leader in structural steel-related technical and market-building activities, including: specification and code development, research, education, technical assistance, quality certification, standardization, and market development. AISC has a long tradition of service to the steel construction industry of providing timely and reliable information.

For more information on the AISC Steel Solutions Center, visit www.aisc.org or call 866-ASK-AISC.

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DELAYS TO AVOID IN SHIPPING

What do you see as the most predominate error that delays shipments? **Yellow Transportation** says, "Labeling." Yellow is America's largest LTL common carrier, handling an average of 67,000 shipments each day. Yellow reports that the most common cause of shipping problems is due to not having consignee labels that exactly match the Freight Bill of Lading. "Shipping runs smoothly 96% of the time, and our staff catch most potential mistakes before they happen," says George Birdsong, spokesman for Yellow. "But when an **improper label** gets by, it can create a lot of confusion---and always at a bad time," George adds.

SFSA Freight/Yellow welcomes you to experience Yellow's award winning On-line Services. If you have already begun shipping online, you have now found the simplest solution to this problem. Shipping on-line streamlines the process and reduces mistakes, while saving time and headaches. To see how simple it is, call Yellow's Customer Service specialists at **(800) 610-6500**. Request your customer ID #. Then log onto "MyYellow.com" and click on "MY BOL." You can create your BOL, and then, as you print it, matching labels are printed for you. The system can also save your shipping information for your next BOL, again, **saving time and accuracy**. You'll find a whole world of advantages, from timely rate quotes to reviewing your last 200 freight bills. Yellow recently reported that 70% of their shipments are being scheduled online. And 60,000 shippers use online services exclusively. That's significant since 3 years ago such services were seldom used. Check it out for yourself; it's time well spent.

Whether using on-line or hand written BOL's, the following will be helpful:

➔ First, each piece should be labeled with the name and complete address of the consignee.

➔ Be sure that your labels are securely attached in easy to find places. And always apply more than one label should one come loose in transit.

➔ Remove any old labels. When you ship a crate of merchandise, be sure there are no old labels left on the crate from when you received it into your stock. That can stir up some real confusion.

➔ In creating your BOL, accurately count your number of pieces. 2 wrapped pallets and 3 loose pieces equal 5 pieces, even if the wrapped pallets contain 10 cartons each. Some times you may need to match your number of pieces to you client's order. For example, when shipping 2 palletized units, the count is "2 pallets, containing 10 cartons each." Or if the goods are difficult to count, you list "2 pallets, STC (Said To Contain) 10 cartons each."

Accurate, matching information is KEY to transporting goods trouble-free.

SFSA's alliance with **Yellow Transportation** brings **ADDED VALUE** to your membership, with a **62% savings on freight**. The benefit is FREE. To get enrolled in the savings, or for more information, call Mike, **SFSA Freight at (800) 678-9023.**

**STEEL FOUNDERS' SOCIETY OF AMERICA
BUSINESS REPORT**

SFSA Trend Cards 3 Mo Avg Oct Sep
(%-12 mos. Ago)

Carbon & Low Alloy

Shipments	-20.4	-33.1	-20.0
Bookings	-17.0	-6.2	-37.4

High Alloy

Shipments	-0.4	-10.6	-4.6
Bookings	-23.6	-20.9	-34.9

**Department of Commerce
Census Data**

Iron & Steel Foundries (million \$)

Shipments	1,317	1,313	1,305
New Orders	1,320	1,334	1,325
Inventories	1,705	1,700	1,690

Nondefense Capital Goods (billion \$)

Shipments	57.0	57.2	56.6
New Orders	56.1	55.3	52.9
Inventories	113.1	112.0	113.1

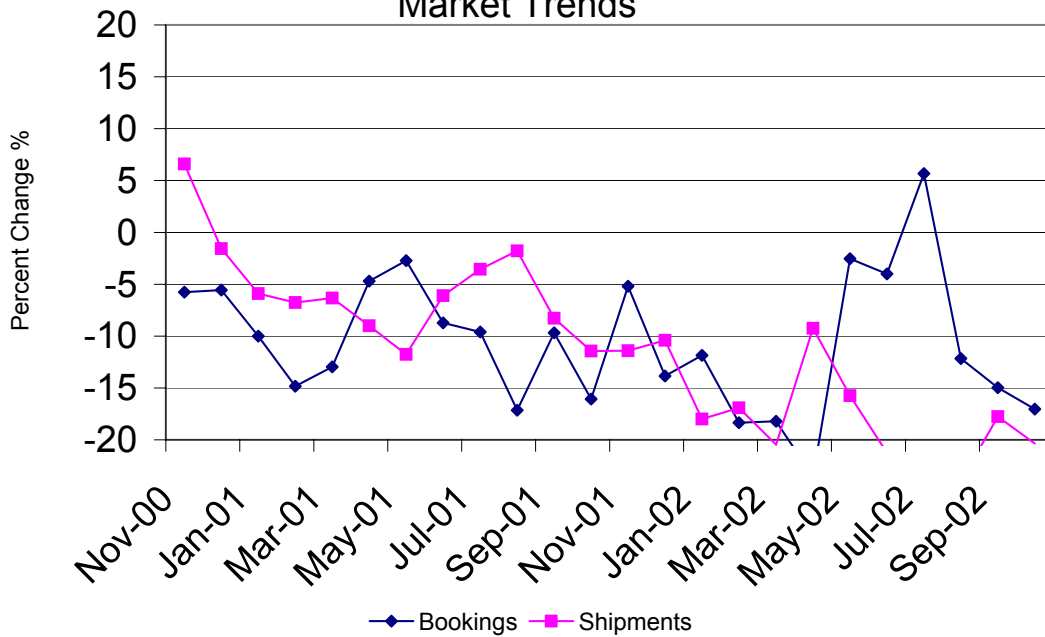
**Nondefense Capital Goods
less Aircraft (billion \$)**

Shipments	54.0	54.0	53.4
New Orders	52.8	53.6	50.8
Inventories	90.6	89.8	90.7
Inventory/Orders	1.72	1.67	1.79
Inventory/Shipments	1.68	1.66	1.70
Orders/Shipments	0.98	0.99	0.95

American Iron and Steel Institute

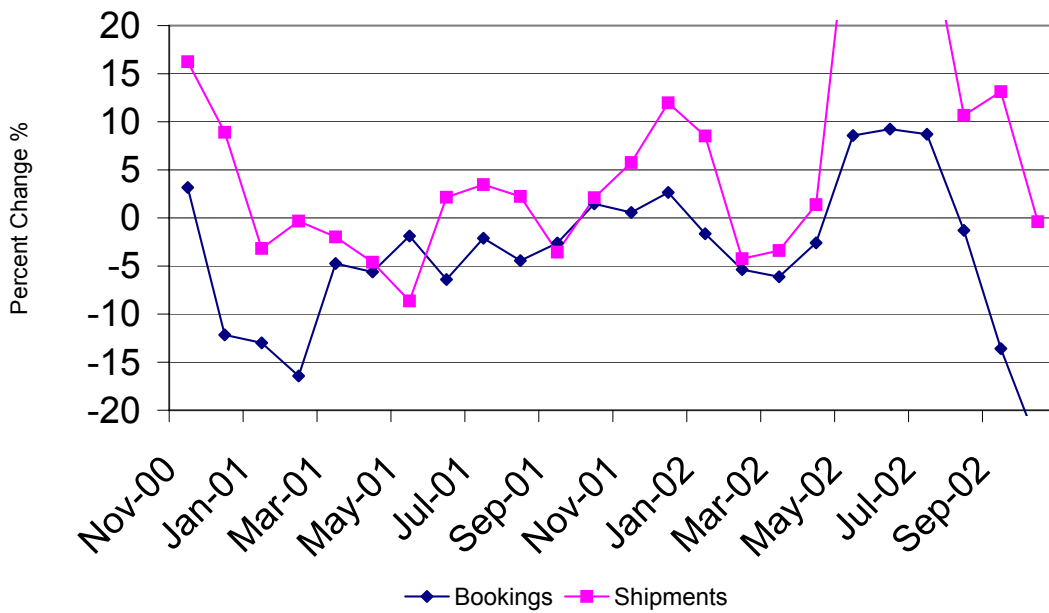
Raw Steel Shipments (million net tons)	8.6	8.7	8.4
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Carbon & Low Alloy Casting Market Trends



SFSA Postcards

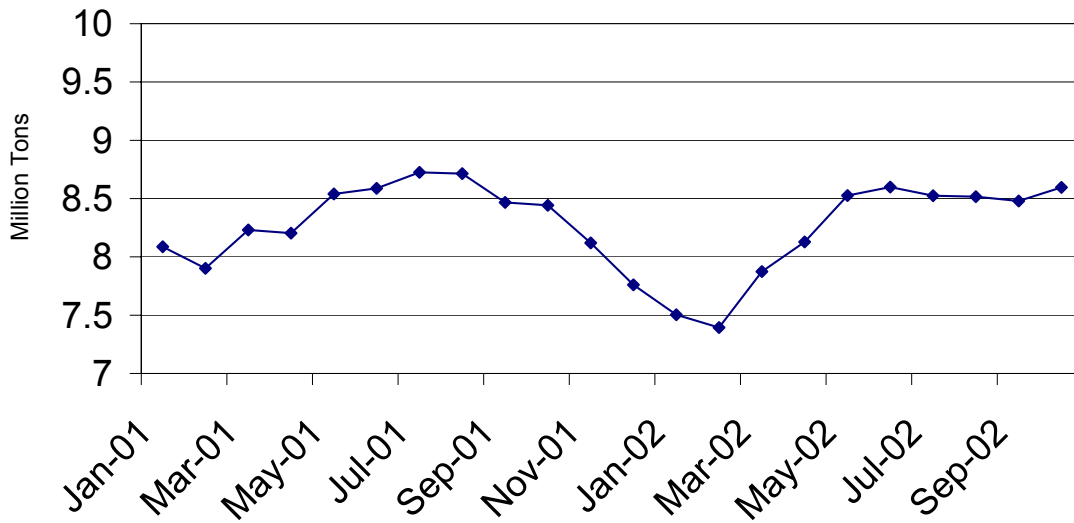
High Alloy Casting Market Trends



SFSA Postcards

Raw Steel Shipments

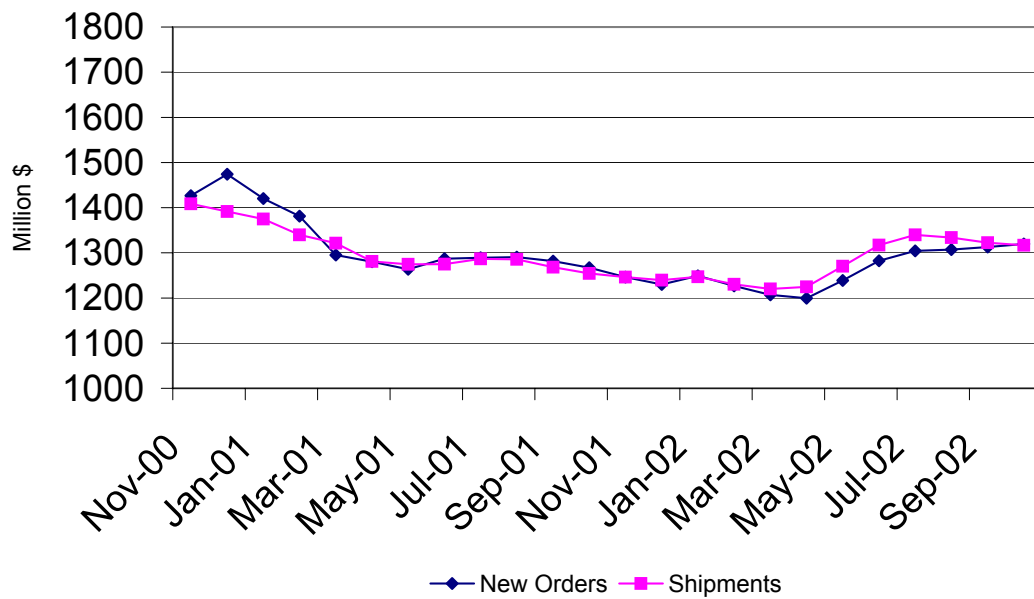
3 month average



AISI Data

Iron and Steel Castings

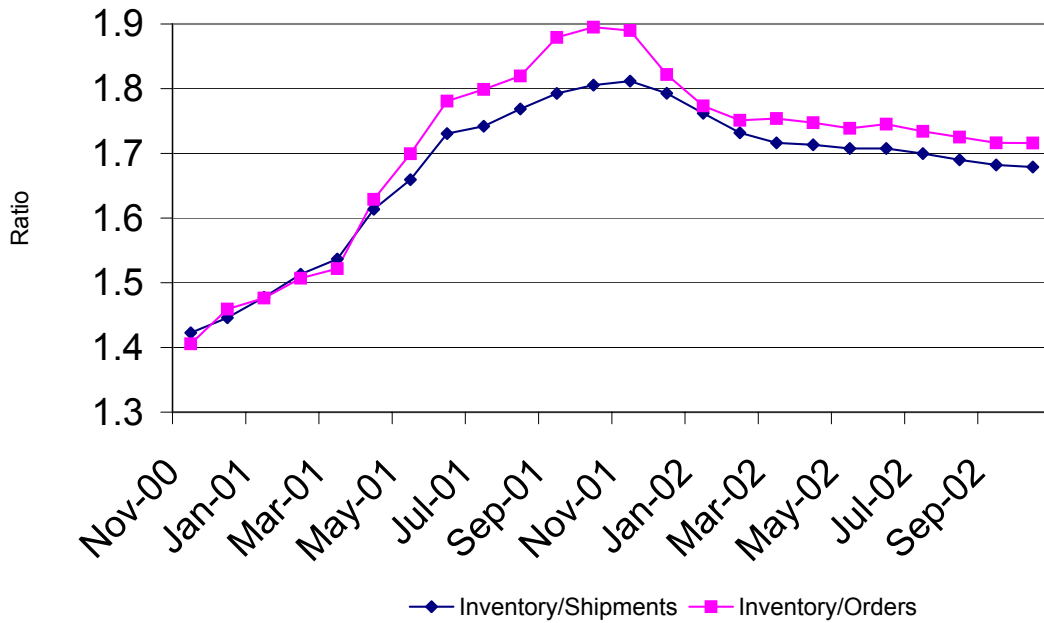
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SFSA

Nondefense Capital Goods less Aircraft

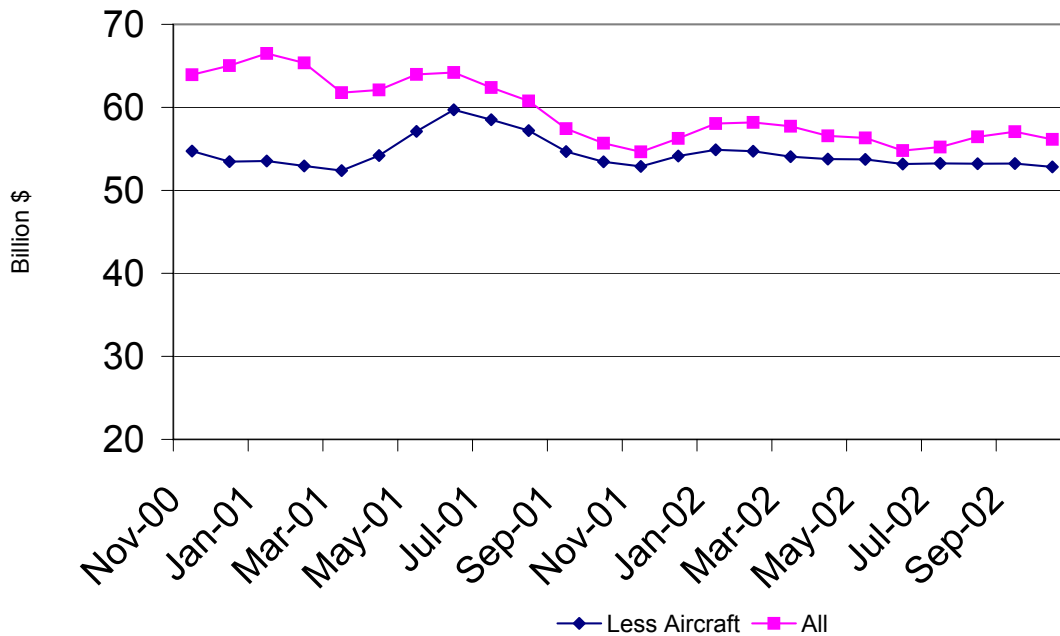
3 month average



Department of Commerce

Nondefense Capital Goods New Orders

3 month average



Department of Commerce