



SFSA CASTEEL REPORTER

Steel Founders' Society of America

a monthly publication

serving SFSA steel casting industry Members

780 McArdle Drive Unit G, Crystal Lake IL 60014

815-455-8240 Fax: 815-455-8241

www.sfsa.org

December — 2004

Casteel Commentary Highlights:

New things replace old things. It is a fact of life. We need to examine our business and evaluate how to make it new. Where are our new customers, products, processes and people? One thing we need are new markets for steel castings.

SFSA would like to organize our industry to develop new steel casting designs. We are exploring an effort to form a committee to work together on steel casting designs to create new and innovative market opportunities. The industry is a tremendous resource and a collaborative effort could give us all the best returns. If you are interested in this area, please call Dave Poweleit, 815-455-8240, or email at poweleit@aticorp.org.

SFSA Internship Program

SFSA has a sponsored intern program that includes a scholarship of \$5,000. We are soliciting sponsoring members who would like to sponsor an intern next summer. The deadline for applying is December 17. The application and further details can be found at the Foundation website here: www.sfsa.org/foundation/sponsor.html

Shell Cracking and Lost Foam

The SFSA sponsored investment casting shell cracking and lost foam steel casting projects are meeting December 9 and 10 in Fond Du Lac, WI. Details are available on the SFSA website at www.sfsa.org/sfsa/calendar/precision.html

Persons Available

A1208 is looking for a job in the foundry industry. He has three years experience in the foundry industry and a unique background both in process, foundry, and metallurgical engineering and in simulation. Holds a Ph.D. in metallurgical engineering, a Master's degree in material engineering and science and a bachelor's degree in casting science. Considerable research and problem solving experience.

Market News

Market demand for steel castings appears to be continuing to strengthen even with longer lead times and volatile pricing due to raw materials and energy costs. The SFSA trend cards show for a three-month average booking significantly higher than shipments and both at extremely high levels. Raw steel shipments reported by AISI show near capacity operating levels. The Census report on monthly iron and steel castings show continued growth in new orders outpacing the growth in shipments. This is being fueled by strong demand for capital goods showing continued increases in new orders.

The high prices for raw materials and energy combined with strong demand for castings are putting many plants in a squeeze. High commodity and energy prices are fueling a good bit of the demand as producers need steel castings to operate at near capacity levels to capitalize on the current shortages and high prices. Steel foundries must aggressively pursue market strategies that provide adequate profits to finance their operations in these volatile times and provide the long needed capital to maintain and replace essential equipment.

Casteel Commentary

New products, new customers, new processes, and new technology will be required if our business is to survive. While it is dangerous to be on the leading, or as it is often called the bleeding edge of technology adoption; it is fatal to be the last adopter. New replaces old. If we are not adopting our own new, some one else's new is displacing us. The big challenge we face is the lack of new in our industry. The overcapacity and poor pricing of the past 20 years has taken a toll and limited our possibilities. We have lost new products and business to fabrications, machining, ductile iron castings and even investment casting. How do we push ourselves into a leadership position? How do we evaluate our new?

One method to monitor our new is to regularly review the age of our business aspects. For example, what percentage of your customers is new, less than two years as a customer? What percent of production is from new patterns? What percent of your work force is new?

In technology, what percent of your processes are significantly improved to make them new? What new alloys are you now capable of making? What new finishing equipment are you using to improve quality or lower cost? What new market have you penetrated? What new designs are you casting?

For many companies and many industries the answer to all these is greater than 20%. You may have more new equipment in you office than in the plant on a percent basis.

Improving business is increasing the opportunity for profitable operations but also exposing our lack of investment in plant and equipment. We need to think through carefully how to invest for the future to capitalize on our existing markets and develop new markets. We need to develop new casting applications and designs to significantly improve our future outlook.

After all we do not want to be the biggest last living dinosaur, we want to be the fastest new predator

Raymond Monroe

STEEL FOUNDERS' SOCIETY OF AMERICA
MEETINGS CALENDAR

2004

December
9/10

Precision Casting Update Meeting and Plant Tour, Fond Du Lac, WI

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

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

Carbon & Low Alloy

Shipments	36.0	41.5	33.8
Bookings	50.8	32.0	57.5

High Alloy

Shipments	107.5	169.5	104.0
Bookings	198.8	444.0	122.3

**Department of Commerce
Census Data**

Iron & Steel Foundries (million \$)

Shipments	1,597	1,592	1,596
New Orders	1,633	1,633	1,603
Inventories	1,829	1,868	1,834

Nondefense Capital Goods (billion \$)

Shipments	63.7	63.6	64.5
New Orders	66.6	65.5	64.5
Inventories	109.1	109.1	109.4

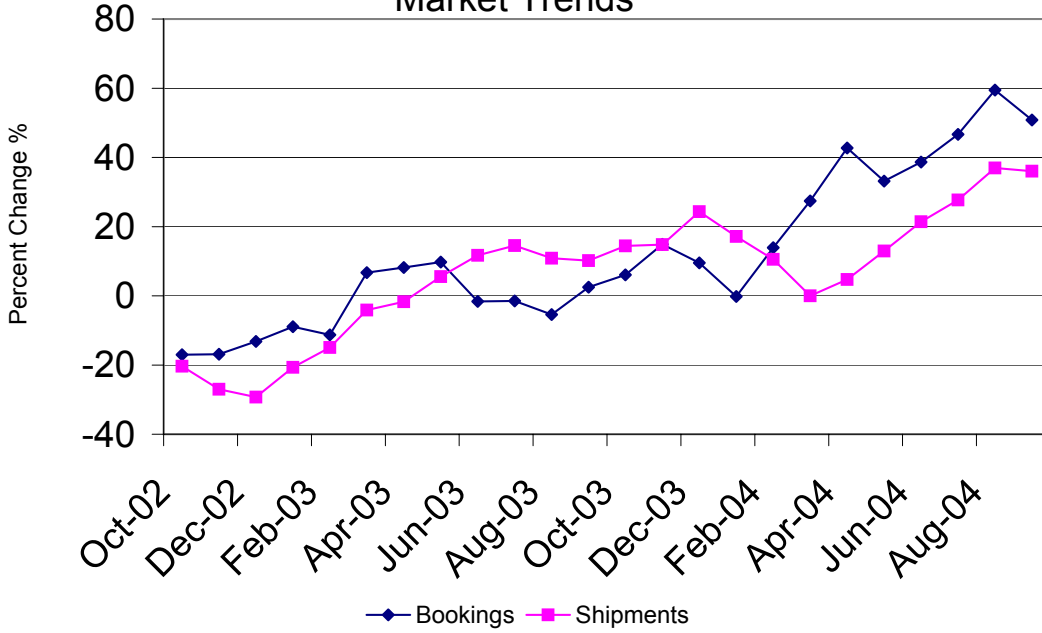
**Nondefense Capital Goods
less Aircraft (billion \$)**

Shipments	61.3	61.1	61.9
New Orders	61.9	63.4	60.9
Inventories	91.8	92.4	92.0
Inventory/Orders	1.48	1.46	1.51
Inventory/Shipments	1.50	1.51	1.49
Orders/Shipments	1.01	1.04	0.98

American Iron and Steel Institute

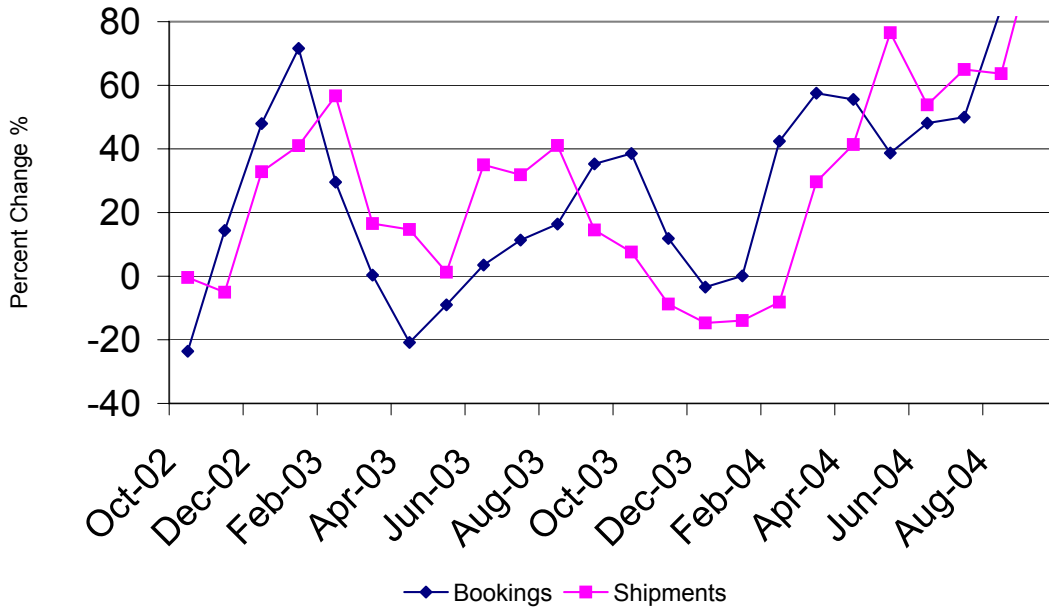
Raw Steel Shipments (million net tons)	9.3	9.2	9.3
---	-----	-----	-----

Carbon & Low Alloy Casting Market Trends



SFSA Postcards

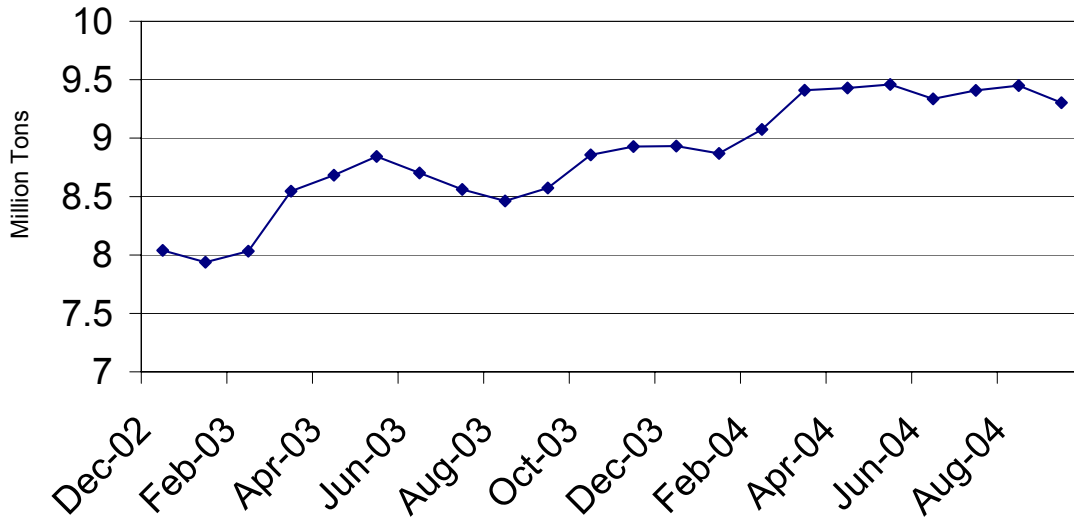
High Alloy Casting Market Trends



SFSA Postcards

Raw Steel Shipments

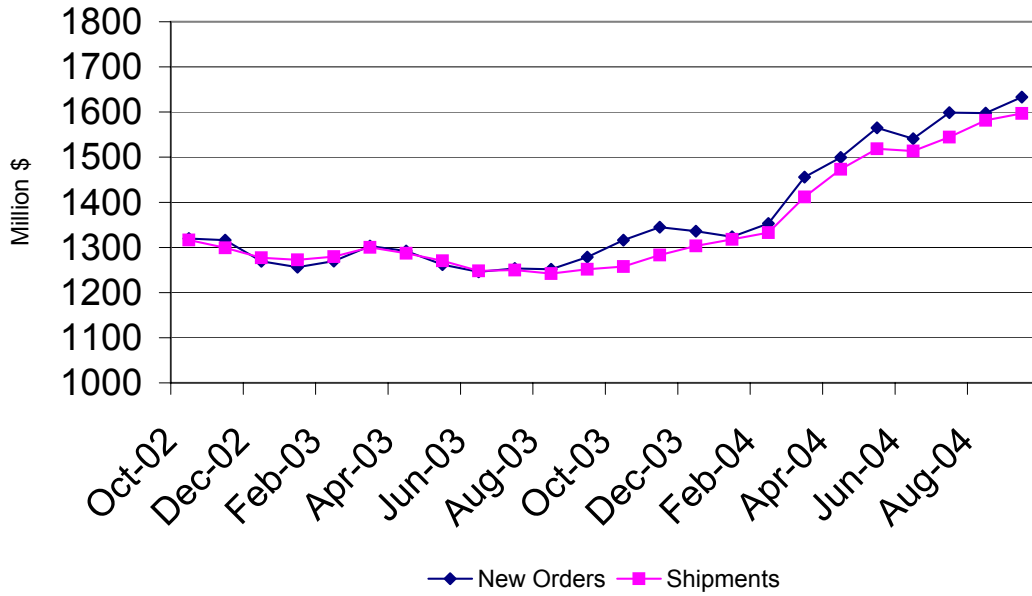
3 month average



AISI Data

Iron and Steel Castings

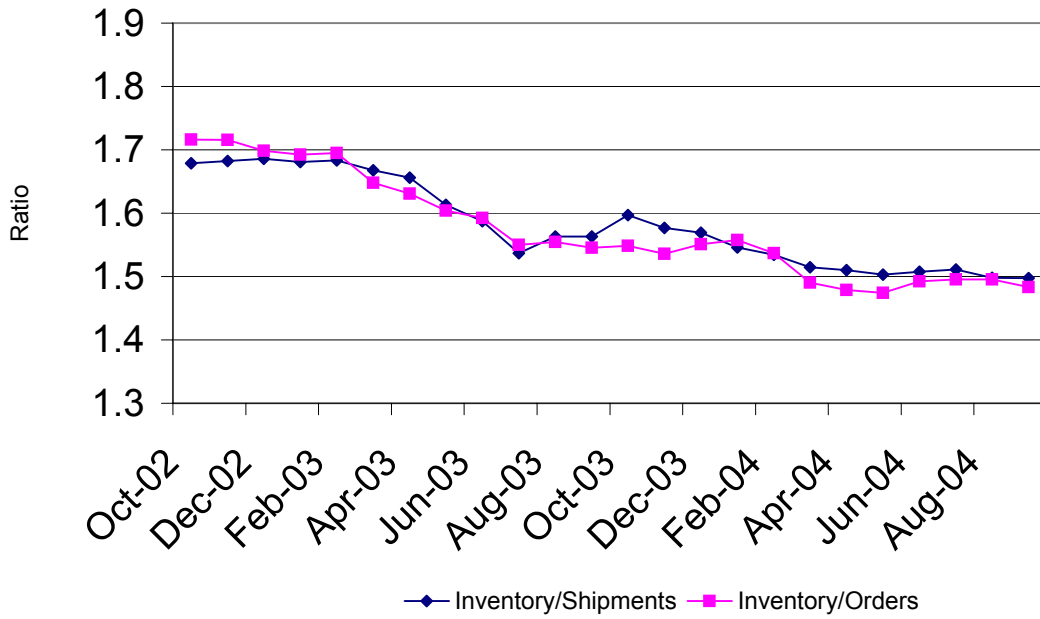
3 month average



SFSA

Nondefense Capital Goods less Aircraft

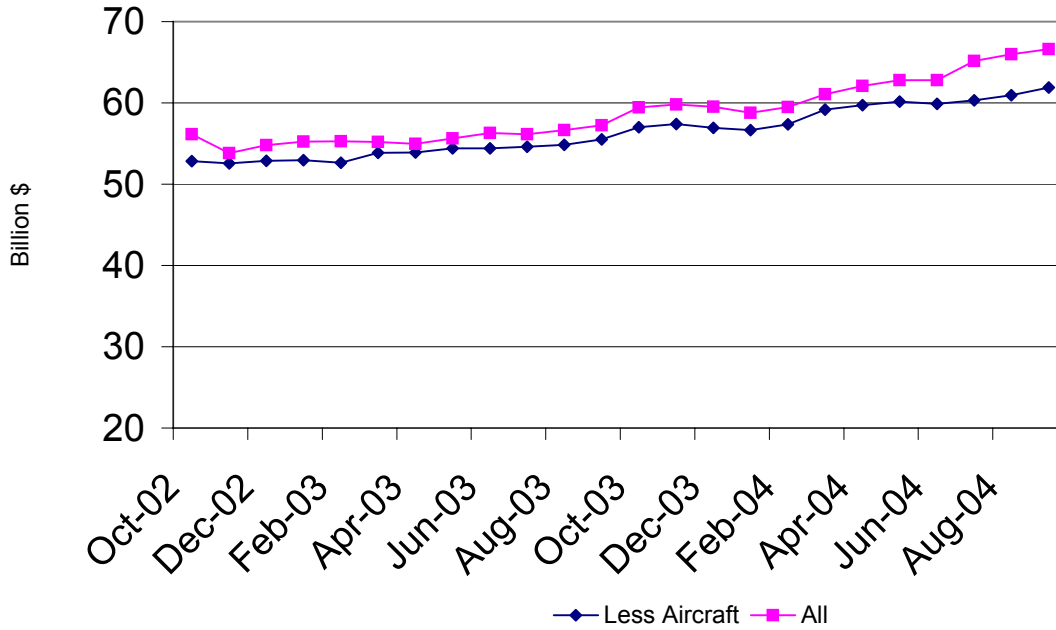
3 month average



Department of Commerce

Nondefense Capital Goods New Orders

3 month average



Department of Commerce

Yellow Transportation Improves Transit Times and Service Reliability with Standard Ground Regional Advantage

FAST LANES

To compete in today's competitive marketplace, businesses must run faster and respond more efficiently to customers' needs than ever before. And nothing says improved efficiency, faster response time and more consistent service than Yellow Transportation's **Standard Ground Regional Advantage program**.

Last year, Yellow made a significant change to its national hub and spoke system by placing a high-speed transportation network over its existing network in key metropolitan markets. The new network, or hub, allowed Yellow to reduce transit times and improve service reliability in these areas. Lanes that previously had transit times of up to four or five days are now at 2 and 3 days.

"We listened to our customers, identified their needs and created a solution to their needs," says James Welch, President of Yellow Freight System. "Customers want expedited, guaranteed, time-critical and day definite value added services. Standard Ground Regional Advantage satisfies these needs."

By quickening the transit times through more direct dispatching, handling and transit times are reduced – in some cases in half – and so are claims and losses. Yellow reports that since 1999, operations enhancements have resulted in 60,000 lanes being reduced to 2-day transit times nationwide and in Canada.

"We've delivered on our commitment to improving our services throughout our network," says Welch. "We're proving to our customers when Yellow says "Yes We Can" to all their transportation needs, we mean it."

To take advantage of Yellow's new and improved service, call 1-800-610-6500 or visit the company's award-winning website at www.myyellow.com.

**SFSA'S alliance with Yellow Transportation
Adds Expanding Value to your membership,
Making a difference, Enhancing Your Success.**

