



SFSA CASTEEL REPORTER

Steel Founders' Society of America

a monthly publication
serving SFSA steel casting industry Members

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Casteel Commentary

The Casteel Commentary discusses the need for skilled artisans. As a culture we have insisted that all go to college and have not provided for the development of skilled craftsmen. Unfortunately this will limit our ability to compete.

Technical & Operating Conference

The SFSA Technical and Operating Conference was well attended and well received. We had over 200 at the Conference and 40 presentations. The program was full of interesting papers and had time for networking and catching up with old friends.

Persons Available

A1250 graduates with a BS in Materials Science this December, and is experienced in metallographic procedures for failure analysis and material characterization. Seeks a position with an emphasis on metallurgy in research, development or testing.

A1251 has significant IT experience with a steel foundry and seeks an IT position. Holds a BS in Information Systems with a minor in Business Administration

Market News

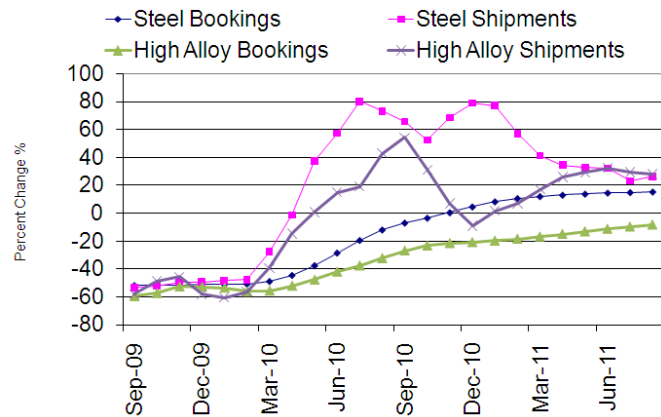
As you can see from the graph of casting trends, shipments continued to be strong in August. Three-month average shipments for steel and high alloy castings grew by over 25%. Casting backlog has been stable for stainless production at around 8 weeks but backlogs for steel castings have grown to around 12 weeks.

This strong market is also seen in the new orders and shipments of iron and steel castings reported by the Department of Commerce. The current report for August shows production levels that match levels of 2004 to 2006.

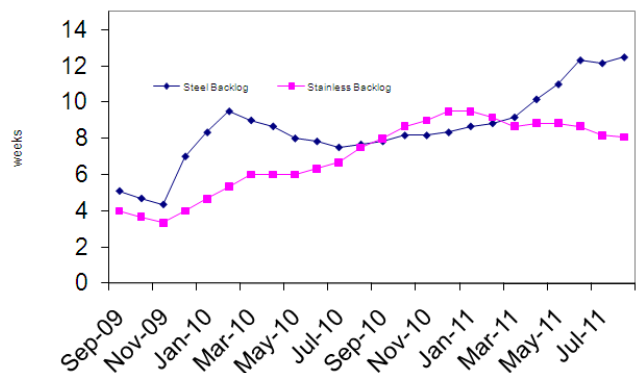
Steel shipments on the other hand are still not recovered from the downturn.

Capital goods orders continue to increase indicating continued strong demand for steel castings. The updated steel casting forecast is available here, <http://www.sfsa.org/sfsa/toconf/forecast.php>. It projects an additional increase in steel casting production of 19% for 2012.

The one cautionary note about the next year is the increasing evidence of another global recession. The uncertainty of European banks, the inability to continue expansionary monetary policies, the reduction of government spending that was unsustainable all will weigh on the economy. The global



Casting Backlog



purchasing managers index for manufacturing is already signaling a downturn. I think even with the optimistic forecast, it would be wise to plan for a contraction next year for at least 2 quarter that may be as much as 20%.

Casteel Commentary

The SFSA Board of Directors is interested in exploring the possibility of establishing an apprenticeship program for skills needed in a steel foundry. Many companies had apprenticeship programs prior to 1980. The dramatic drop in business and the lack of any near term need for apprentices cause most of these programs to be eliminated. Our industry to grow and prosper will need skilled workers.

Unfortunately, our North American culture has the conception that everyone that fails to graduate from college is a failure. Why we consider a librarian with a BA degree in humanities making \$25,000 a year a success and a welder making \$70,000 a failure is incomprehensible. This bias against learning artisan skills is unprecedented. No culture can survive without retaining the basic skills required to support the economy.

Austria and Germany slot young people into these skilled professions at an early age. By 15, those selected for skilled artisan trades are in apprenticeship programs. They are actively learning their craft in an industrial environment. They believe that manufacturing is the only sure way to maintain prosperity.

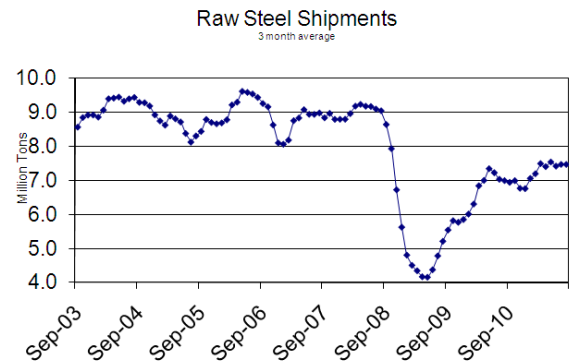
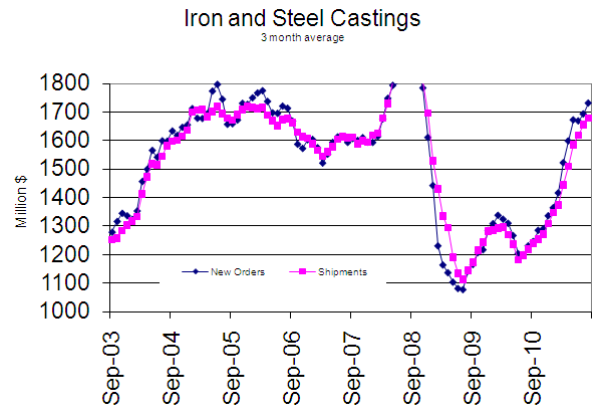
In North America, we think manufacturing is undesirable and want our children to work in a clean, safe, office environment. We need to recognize the need to improve our facilities to be clean and safe. Look here to see the factory of the future, <http://www.youtube.com/embed/nd5WGLWNIIA?rel=0>.

If a young person at age 15 is not academically inclined, we as parents and teachers require that they stay in school and finish their high school degree. Then we insist that they go to college. Often they do badly lacking interest in school. It is common for someone who wanted to be a mechanic or welder at age 15 to be required to go to school and so they do poorly and develop self-destructive habits. Then when they are a college drop out with a failed marriage and have sobered up from a drug and alcohol problem, they can become a welder or mechanic. This is crazy.

Our initial idea is to develop an apprenticeship program that companies could adopt and have national certification and recognition. Some apprenticeship programs have on work experience requirements, some have only classroom instruction, and others have a combination. Our thought is to have both and require a final demonstration of competency. The certified skills program at NAM already has worked with WS to establish a welding program. NDE is done through ASNT. Our program would train melters, molders including coremaking, finishing, and investment casting.

You do not have to wait for SFSA . The US Department of Labor already has a registered apprenticeship program. Details are at, <http://www.doleta.gov/oa/>. Individual companies can register their own program. This allows you to start apprentices at age 16 in your facility. The requirements are at the website.

Artisans are valuable people who should have our respect. They are not failures. Not everyone wants or needs a college degree. Hopefully we will see a swing back in our appreciation of these creative people. We need them.



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

SFSA Trend Cards (%-12 mos. Ago)	12 Mo Avg	3 Mo Avg	Aug
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Carbon & Low Alloy

Shipments	46.1	26.3	38.6
Bookings	10.2	15.4	15.9
Backlog (wks)	10.1	12.5	12.0

High Alloy

Shipments	17.8	28.1	27.5
Bookings	-15.4	-8.4	-7.2
Backlog (wks)	8.8	8.1	8.3

Department of Commerce

Census Data

Iron & Steel Foundries (million \$)

Shipments	1,477.6	1,678.3	1,684
New Orders	1,527.3	1,730.7	1,787
Inventories	1,906.1	1,997.3	2,016

Nondefense Capital Goods (billion \$)

Shipments	67.0	69.7	71.3
New Orders	70.5	74.4	77.8
Inventories	148.1	165.0	166.9

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

Shipments	62.9	65.2	66.5
New Orders	65.1	67.2	67.5
Inventories	107.6	113.1	114.1

Inventory/Orders		1.68	1.69
Inventory/Shipments		1.73	1.71
Orders/Shipments		1.03	1.01

American Iron and Steel Institute

Raw Steel Shipments (million net tons)	7.2	7.5	7.4
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