



SFSA 2012 Forecast

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Steel Founders' Society of America

Industry Forecast

Market Segment	Estimated 2010 (tons)	Projected 2011 (tons)	2011 Change (%)	Forecast 2012 (tons)	2012 Change (%)
Railroad	298,000	333,760	12	417,200	25
Mining	147,000	191,100	30	239,000	25
Construction	83,000	78,850	-5	78,850	0
Trucks	11,869	17,210	45	20,000	15
Valves & Pumps	34,500	44,850	30	49,000	10
Oil Field	6,000	18,000	200	21,600	20
Military	15,000	15,000	0	10,500	-30
			19		
Other Markets	62,133	80,773	30	92,889	15
Total	657,502	779,543	19	929,039	19

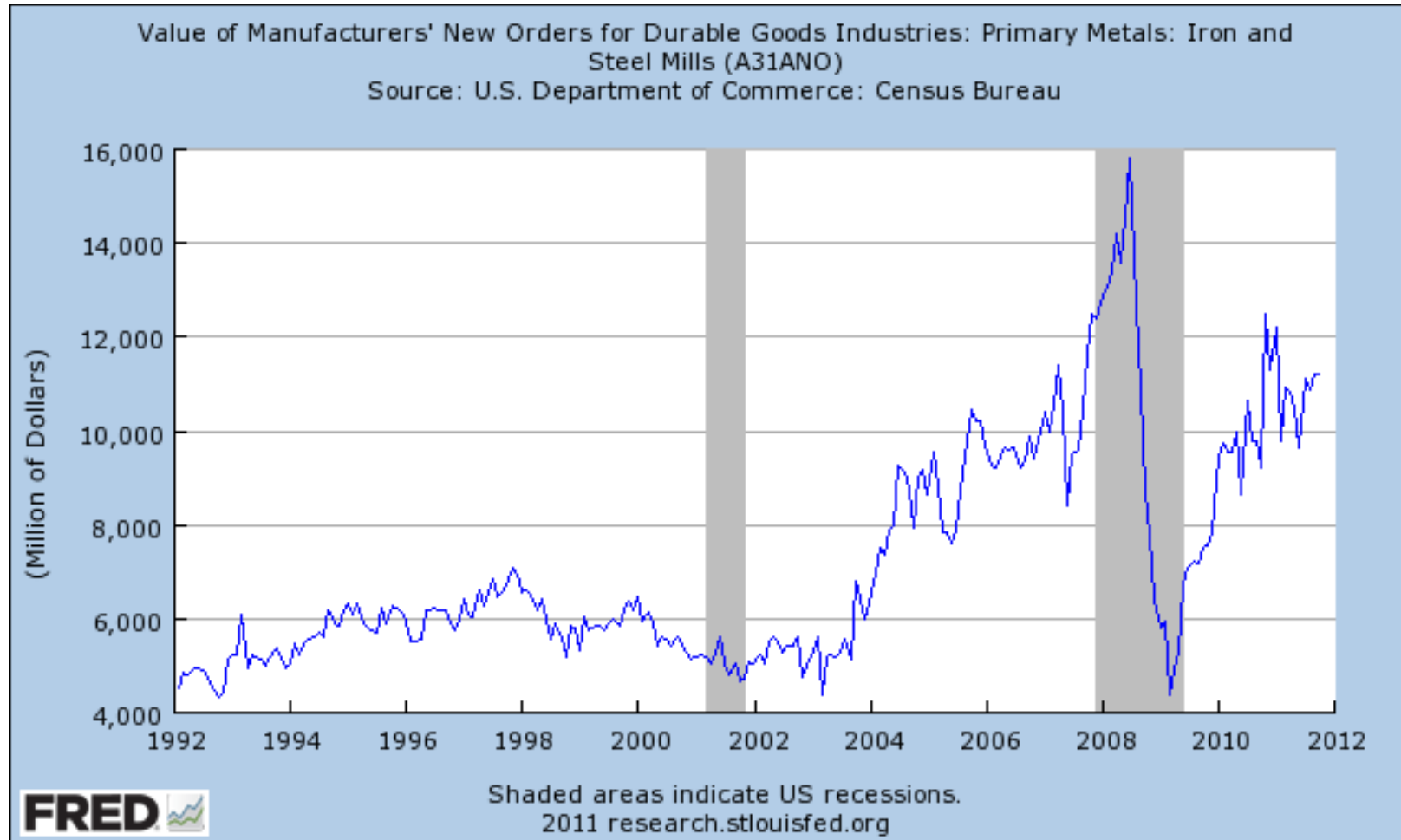


Business Impact Factors 2012

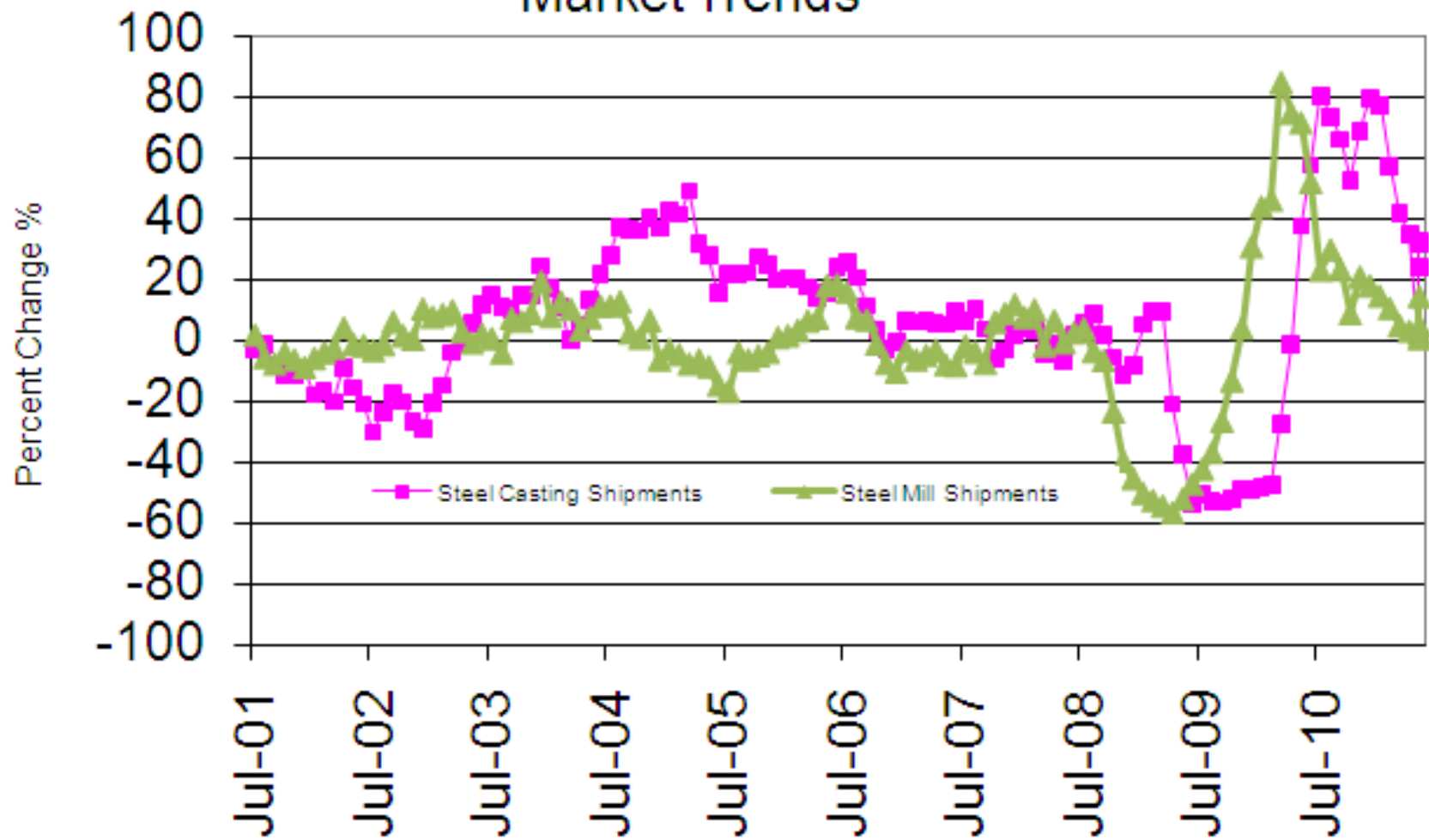
- Most steel foundries are busy with expanding lead times and larger back logs
- Most customers anticipate continued increases in demand for the coming months but with uncertainty. Subject to global economy.
- Fracking and other industrial demands are straining all sources of sand for foundry operations. Scrap and ferroalloys may also be in short supply.
- Sustained strong pricing for energy and materials have largely offset the expected slowdown in casting demand
- Shortage of workers, skilled workers and engineers



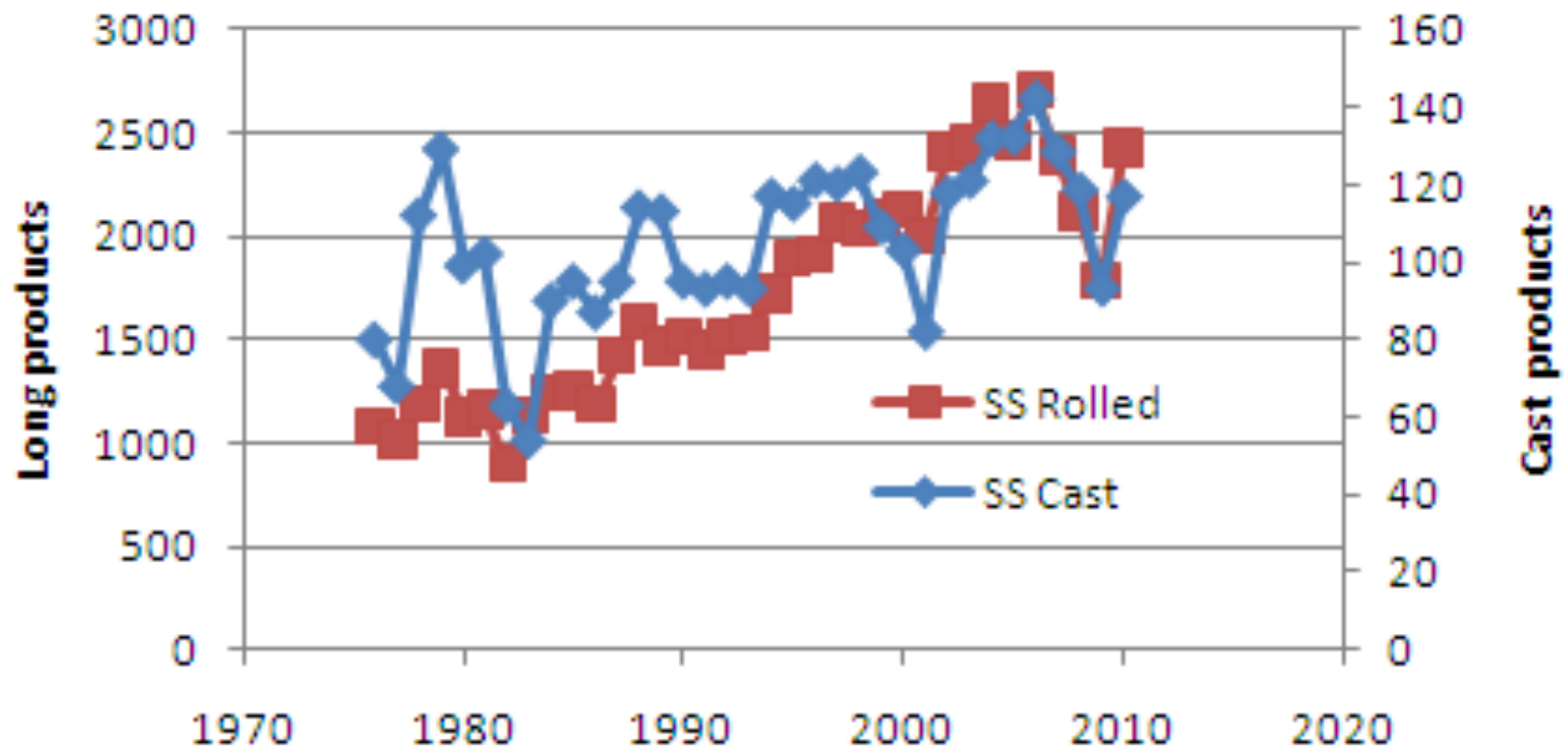
Primary Metals New Orders



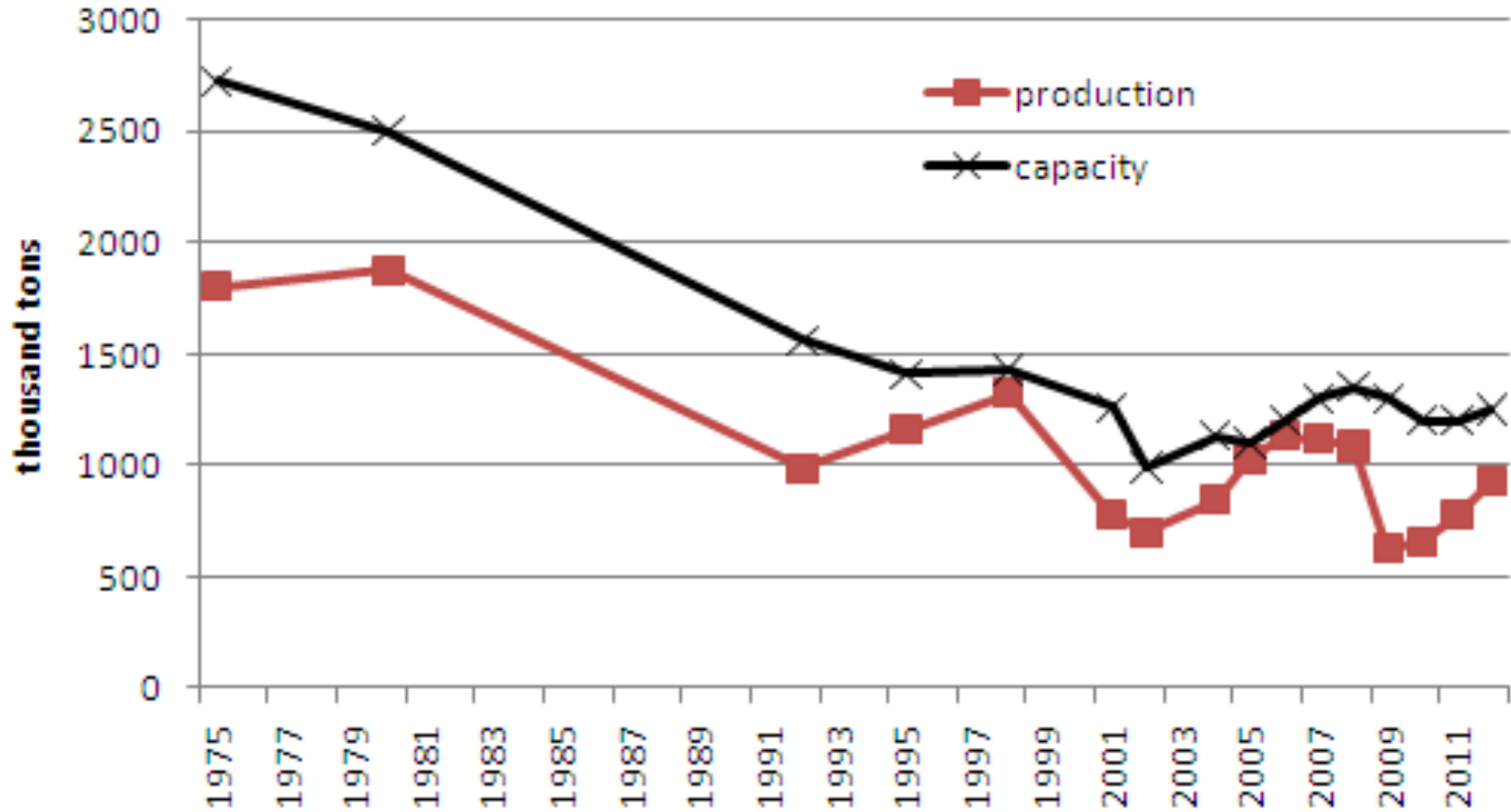
SteelCasting and Steel Mill Market Trends



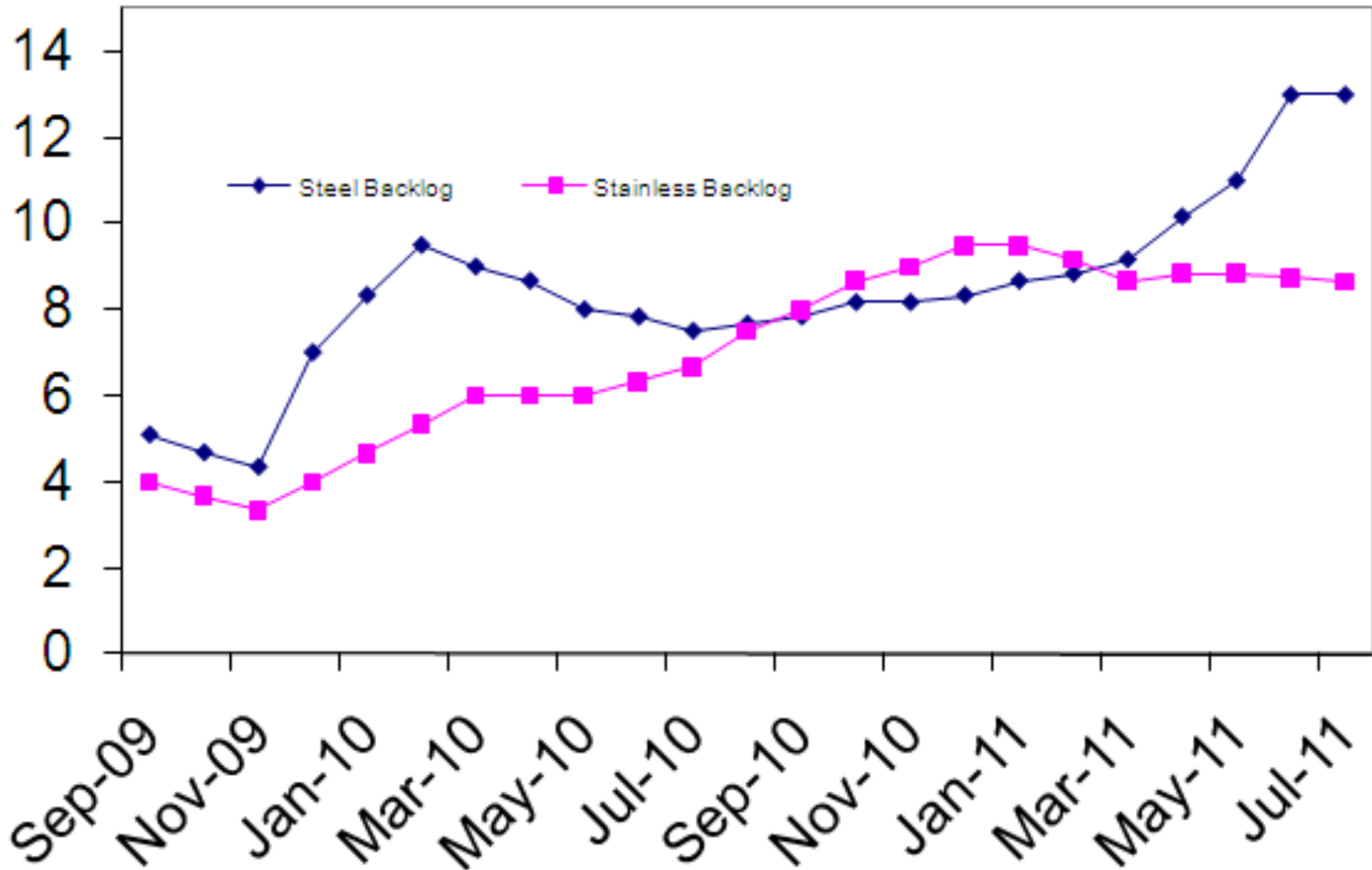
Stainless Steel thousand tons



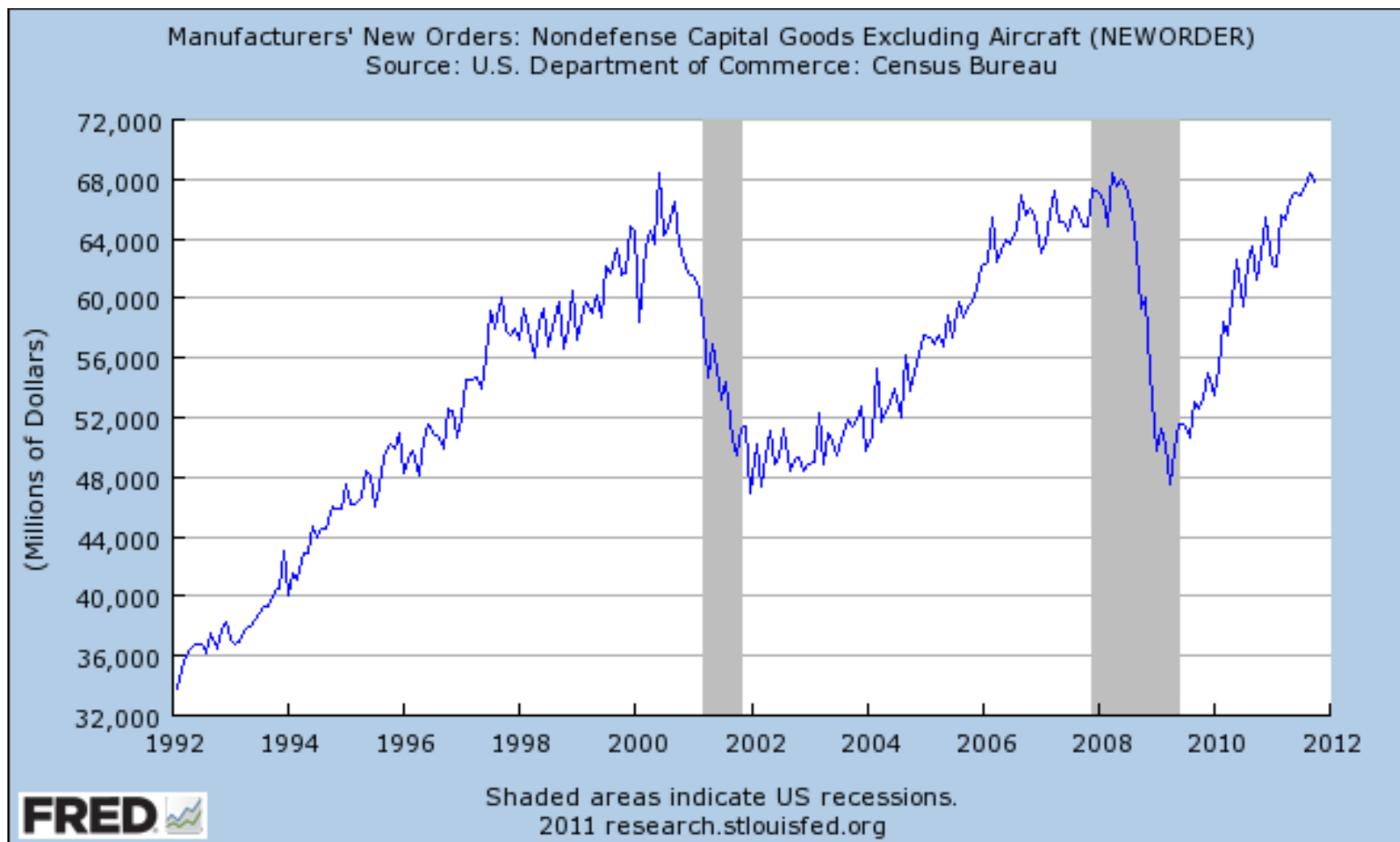
Steel Casting



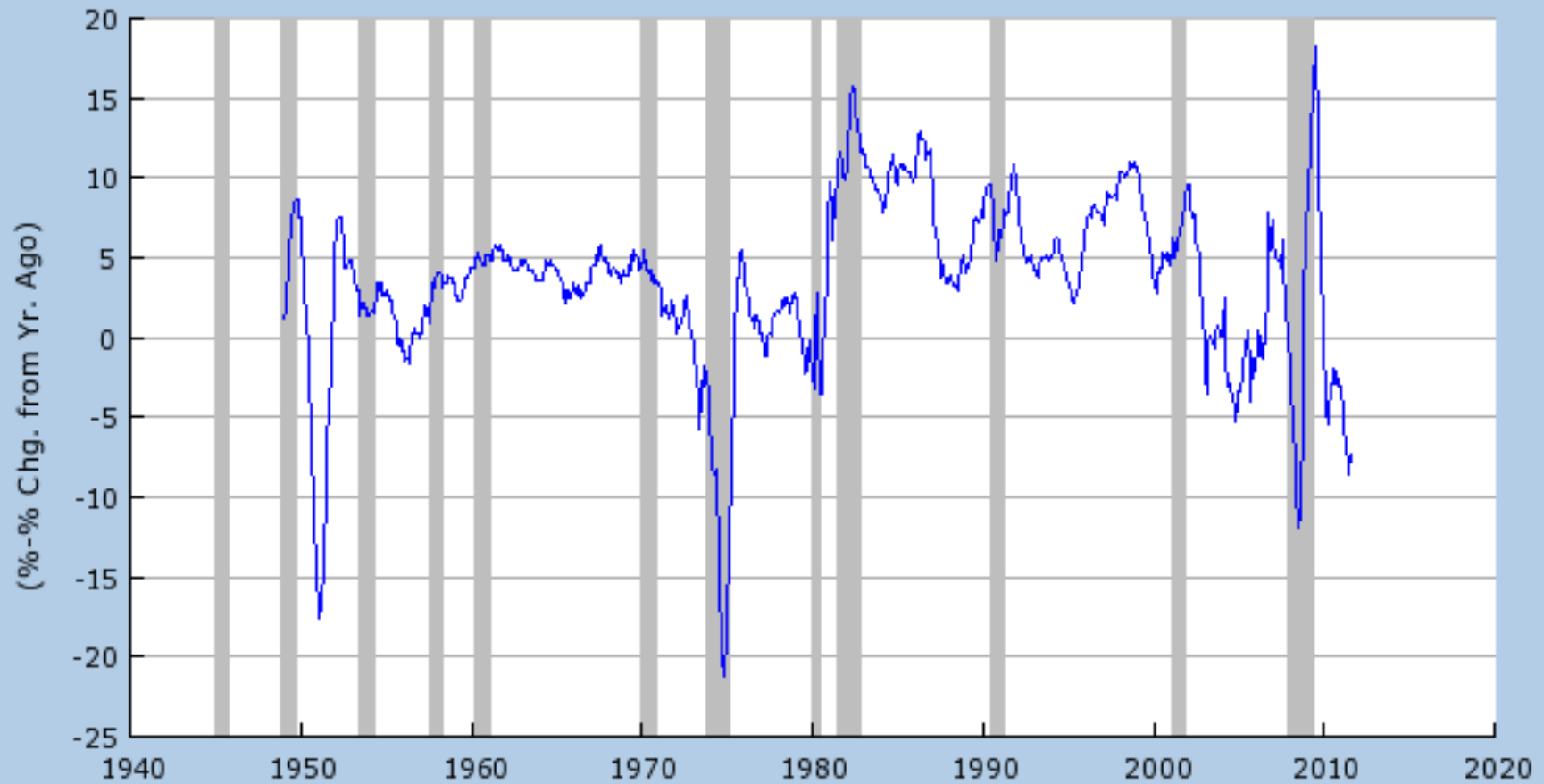
Casting Backlog



Nondefense Capital Goods New orders-Air



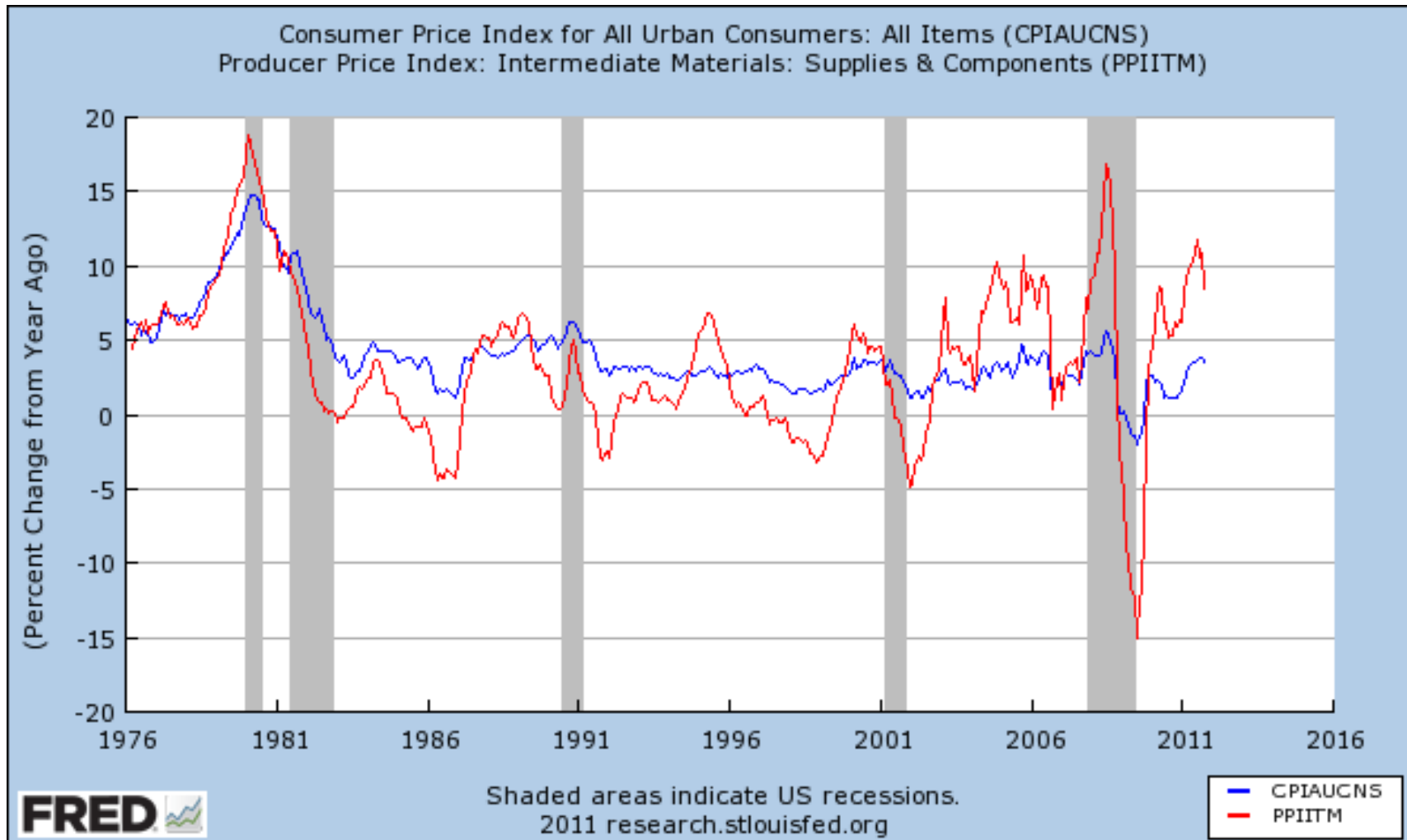
MPRIME-PPIITM



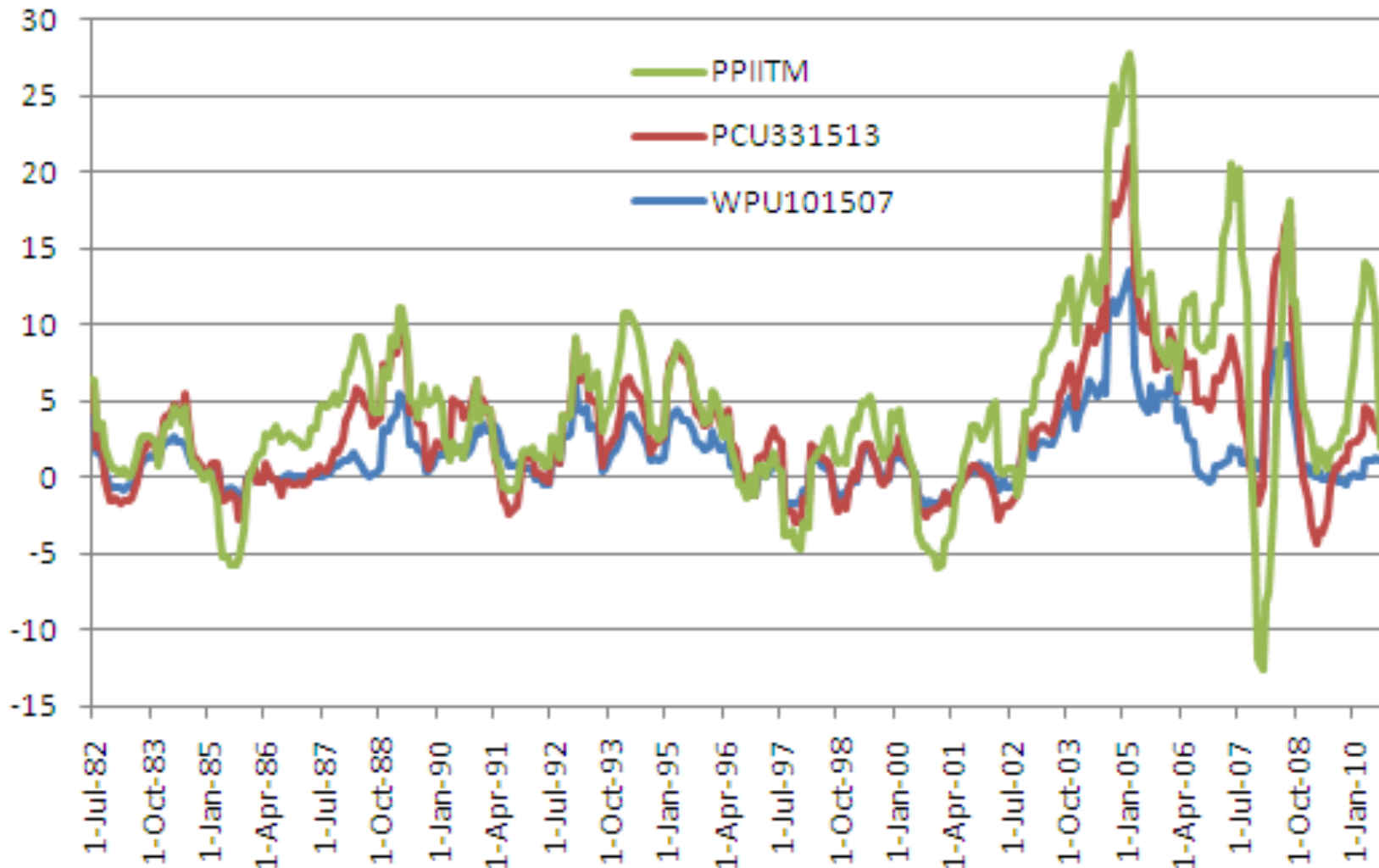
Shaded areas indicate US recessions.
2011 research.stlouisfed.org



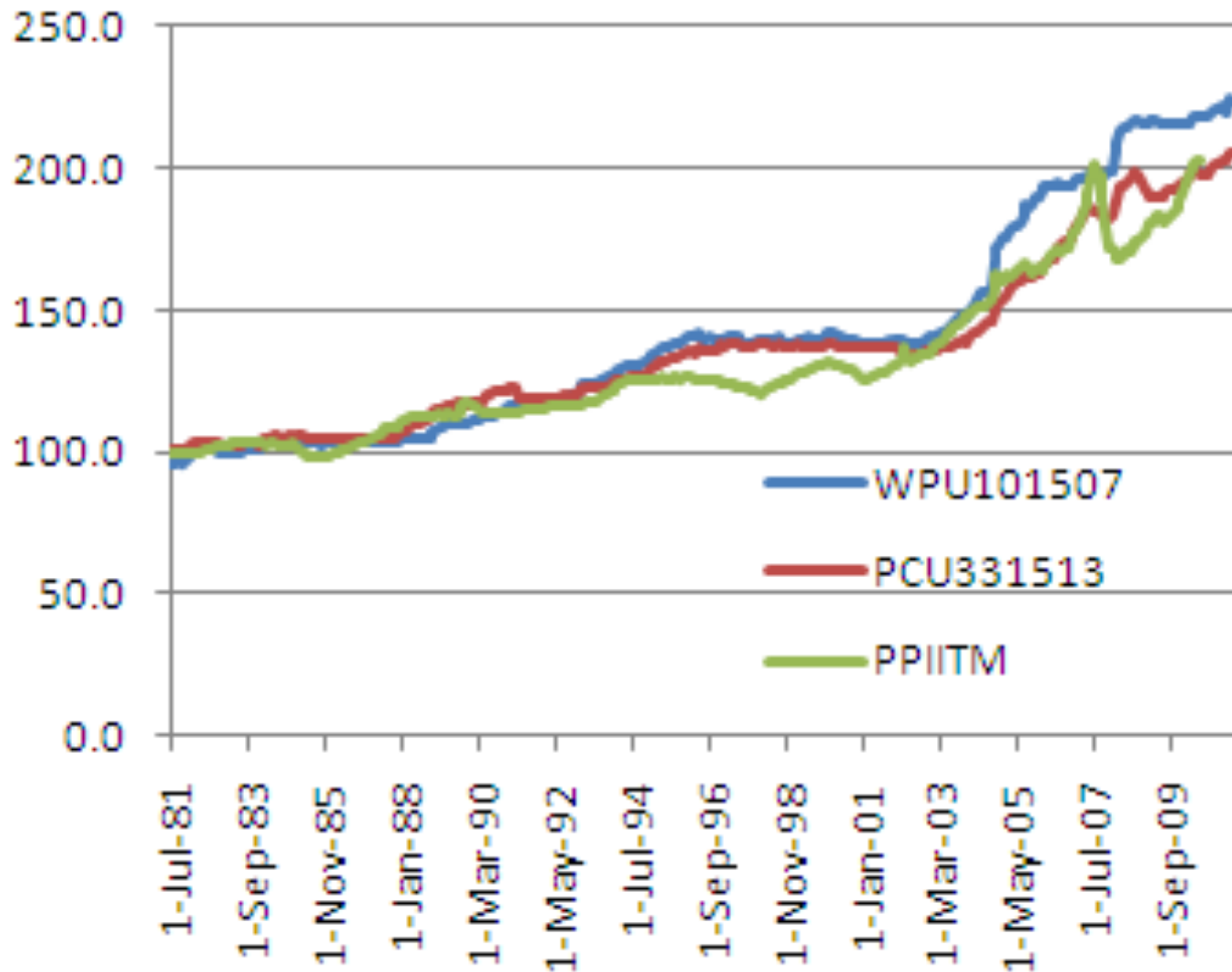
Price Index



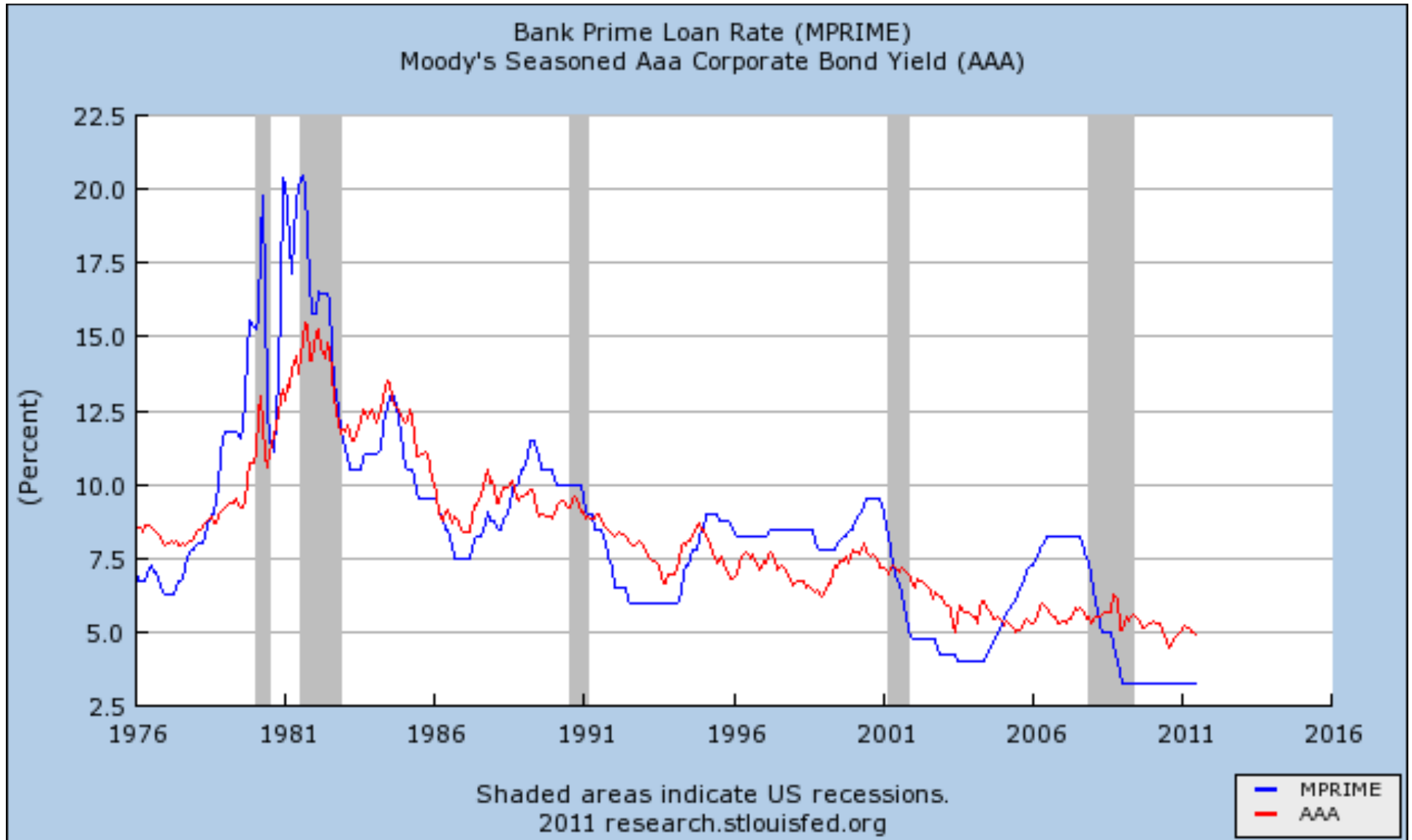
Producer Price Index



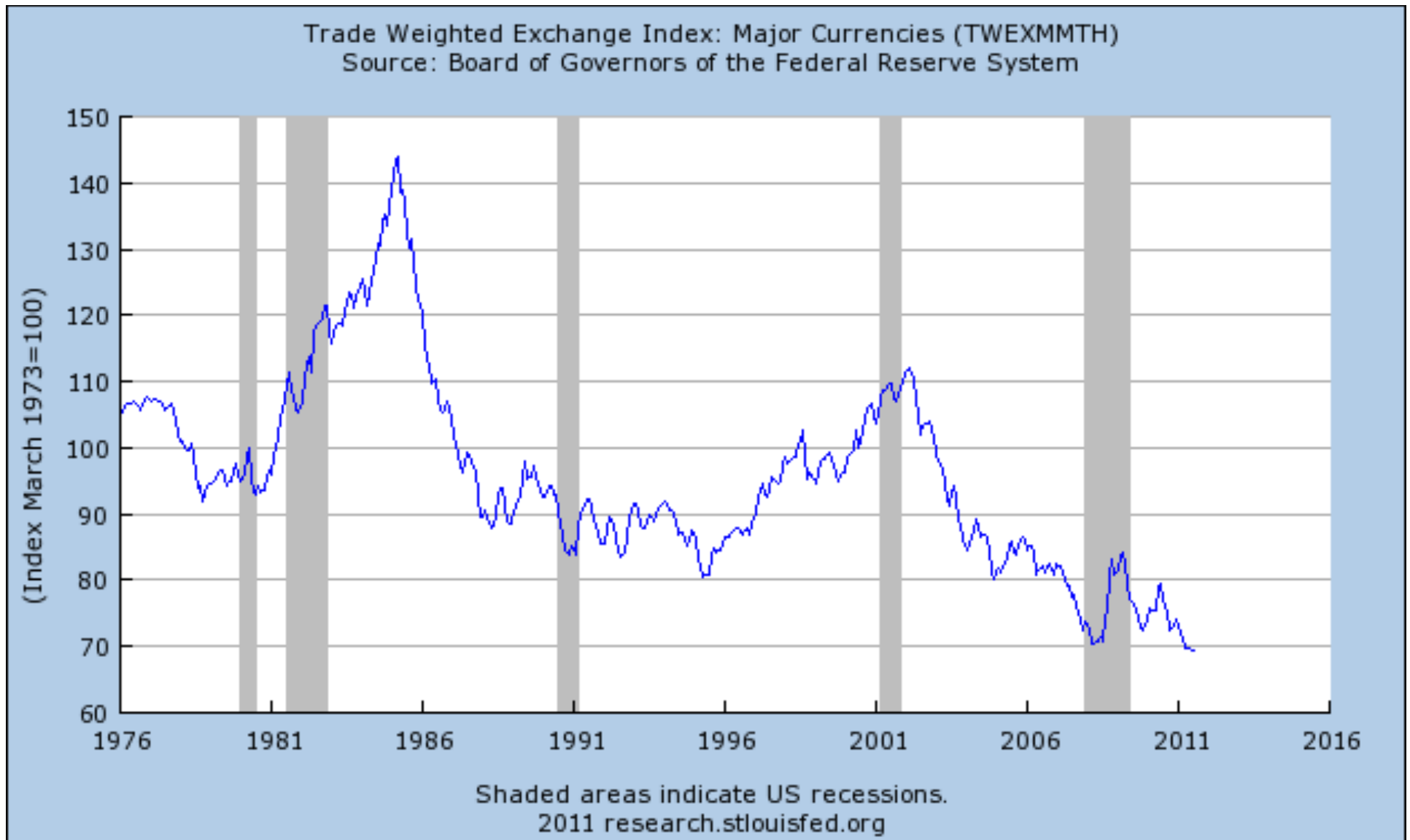
Producer Price Index



Interest Rates



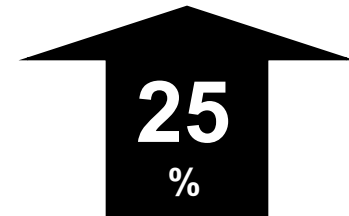
Value of the Dollar



Railroad Forecast

- Railroad industry

- 2010 estimated 149,000 tons
- 2011 projected 332,270 tons
- 2012 forecast 414,000 tons



25
%

- Railcar deliveries

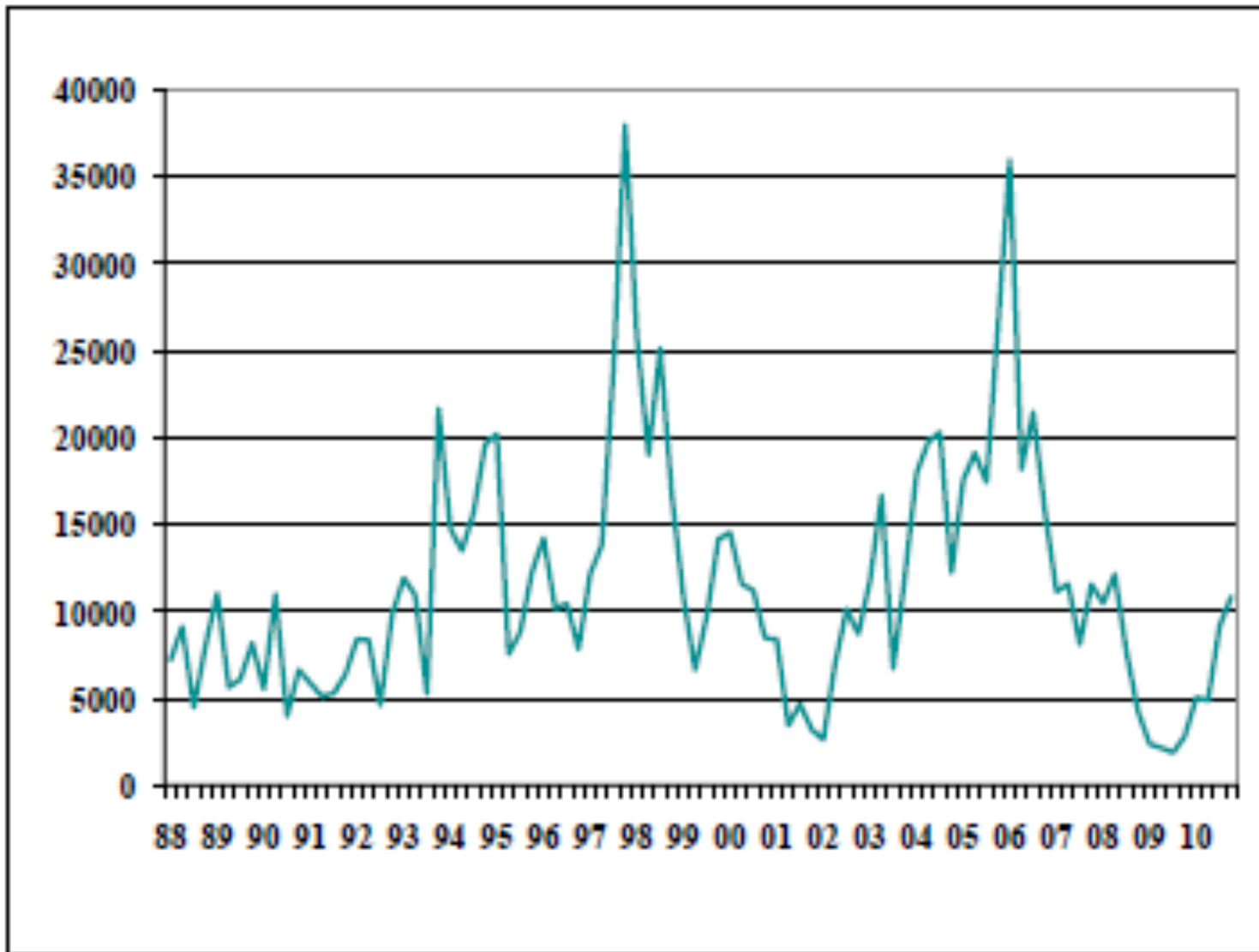
- 2010 actual 16,523 units
- 2011 projected 36,850 units
- 2012 forecast 48,000 units



- Equipment and power shortages limiting freight customers
- EPA requirements driving strong demand for locomotives



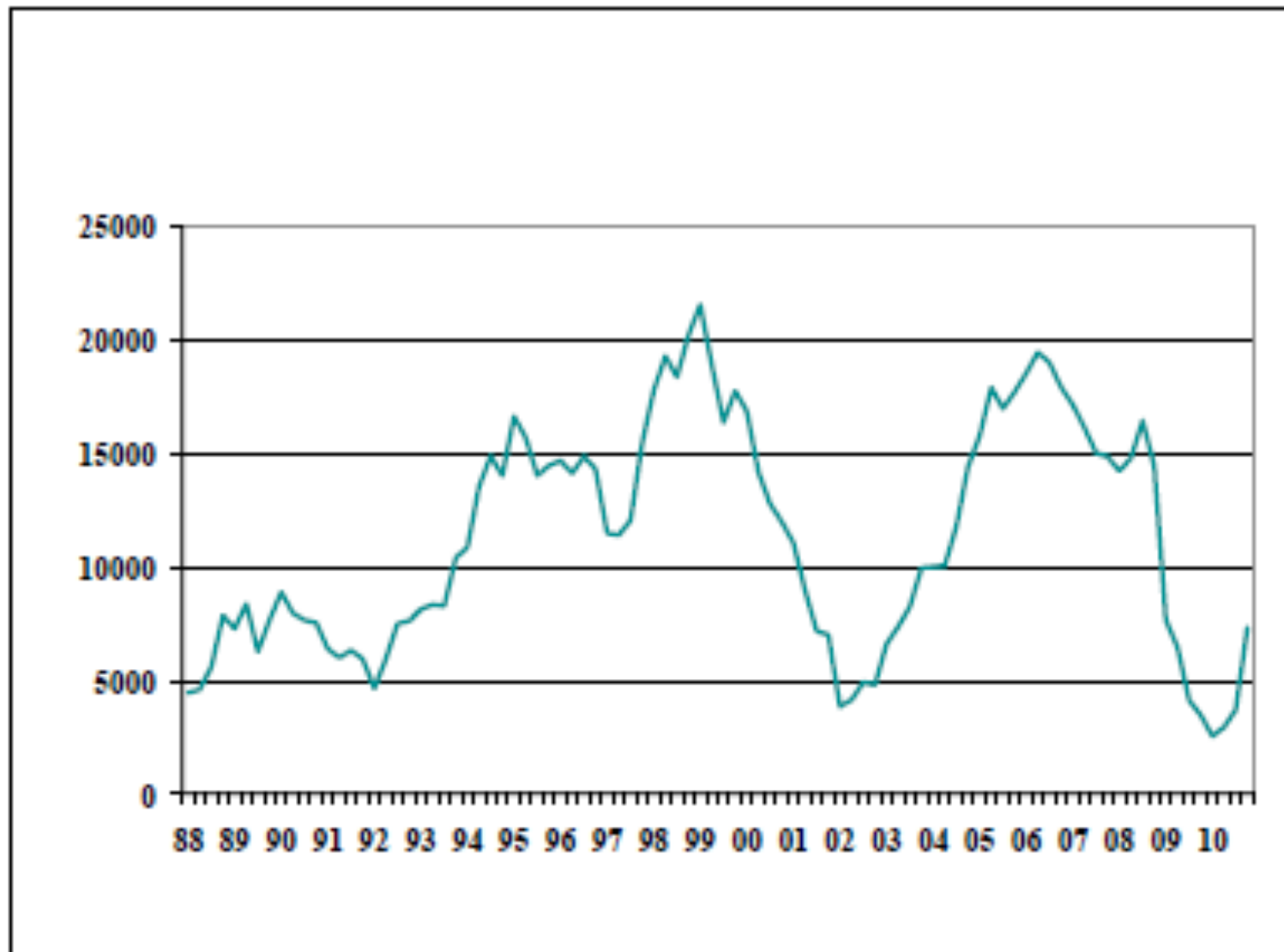
New Railcar Orders



Rail Theory Forecasts LLC



New Railcar Deliveries



Rail Theory Forecasts LLC



Mining Forecast

- Mining castings

- 2010 estimated 147,000 tons
- 2011 projected 191,100 tons
- 2012 forecast 238,875 tons



- Mines are still increasing production and buying capital equipment
- Commodity prices are sustained at levels making investment attractive
- Steel casting capacity may limit growth in this area

25
%



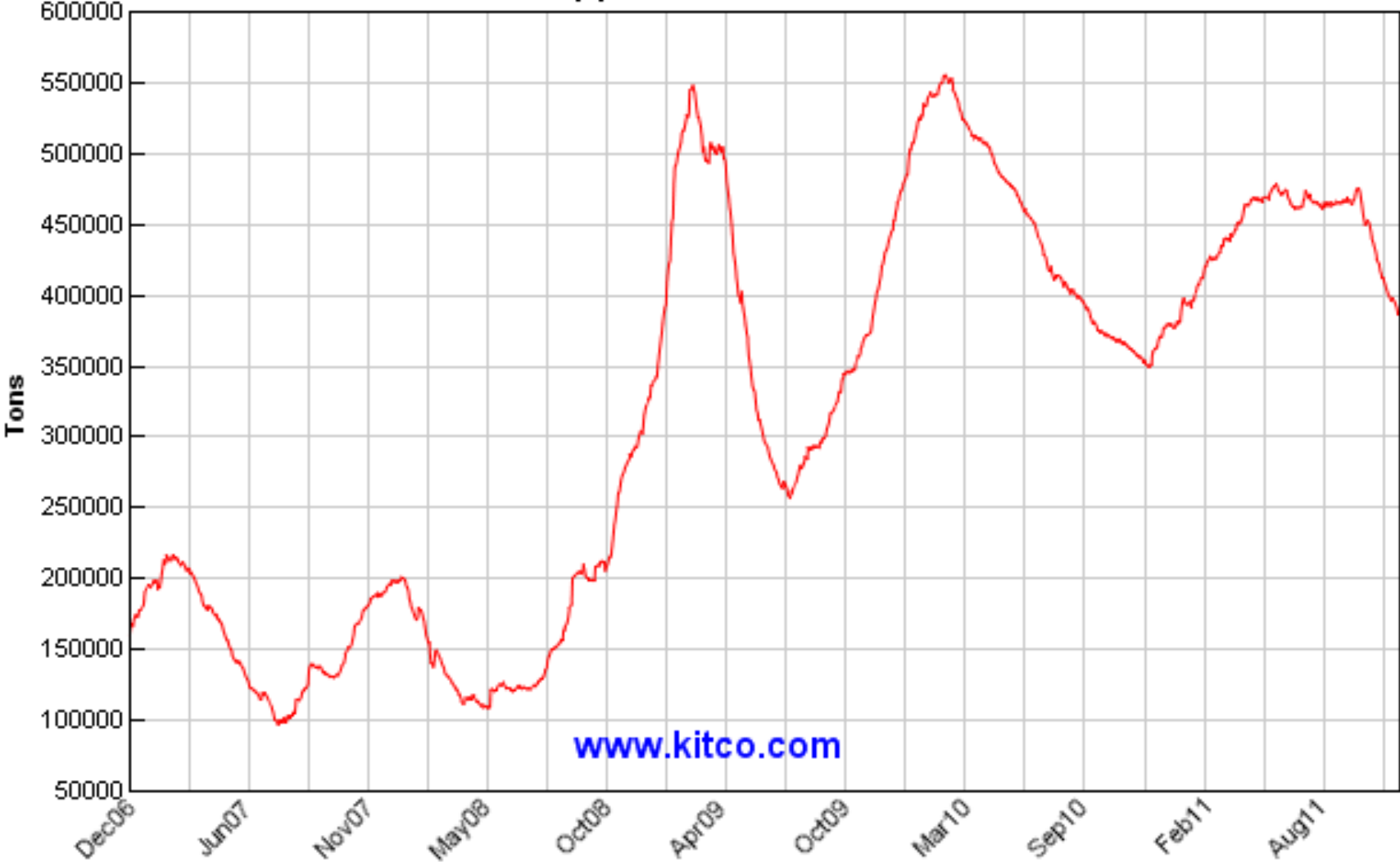
5 Year Copper Spot



www.kitco.com



5 Year LME Copper Warehouse Stocks Level



www.kitco.com



Construction Forecast

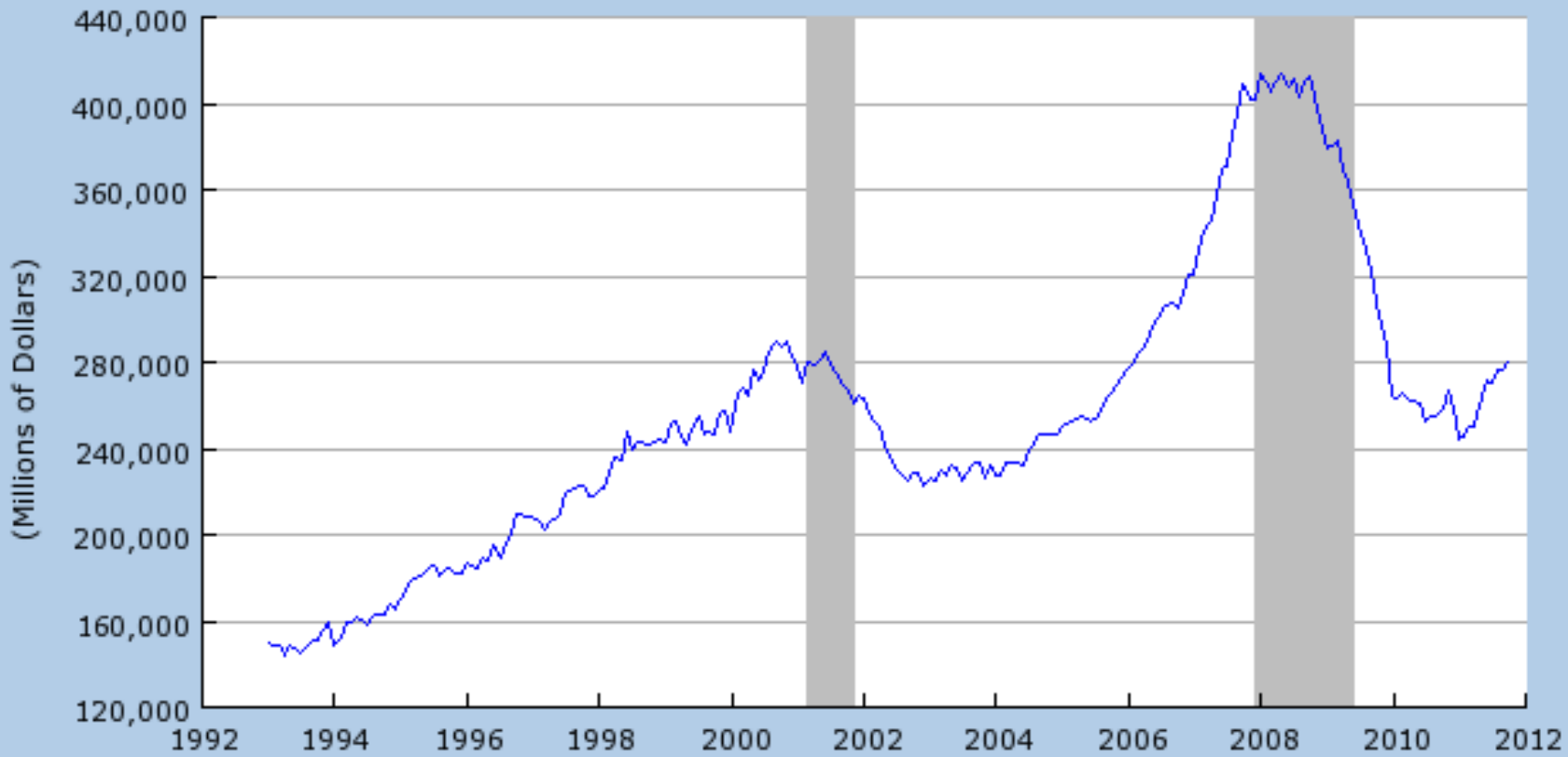
- Construction equipment
 - 2010 estimated 83,000 tons
 - 2011 projected 78,850 tons
 - 2012 forecast 78,850 tons
- Construction is still suffering from excess inventory and economic uncertainty
- There may be some infrastructure investment but likely not this year

0

%



Total Private Construction Spending: Nonresidential (PNRESCONS)
Source: U.S. Department of Commerce: Census Bureau



Shaded areas indicate US recessions.
2011 research.stlouisfed.org



Truck Forecast

- Trucks Class 8

- 2010 estimated 11,869 tons
- 2011 projected 17,210 tons
- 2012 forecast 20,000 tons



- Truck sales in US

- 2010 estimated 130,000 units
- 2011 projected 200,000 units
- 2012 forecast 230,000 units



- Could have problem with systemic shortage of drivers



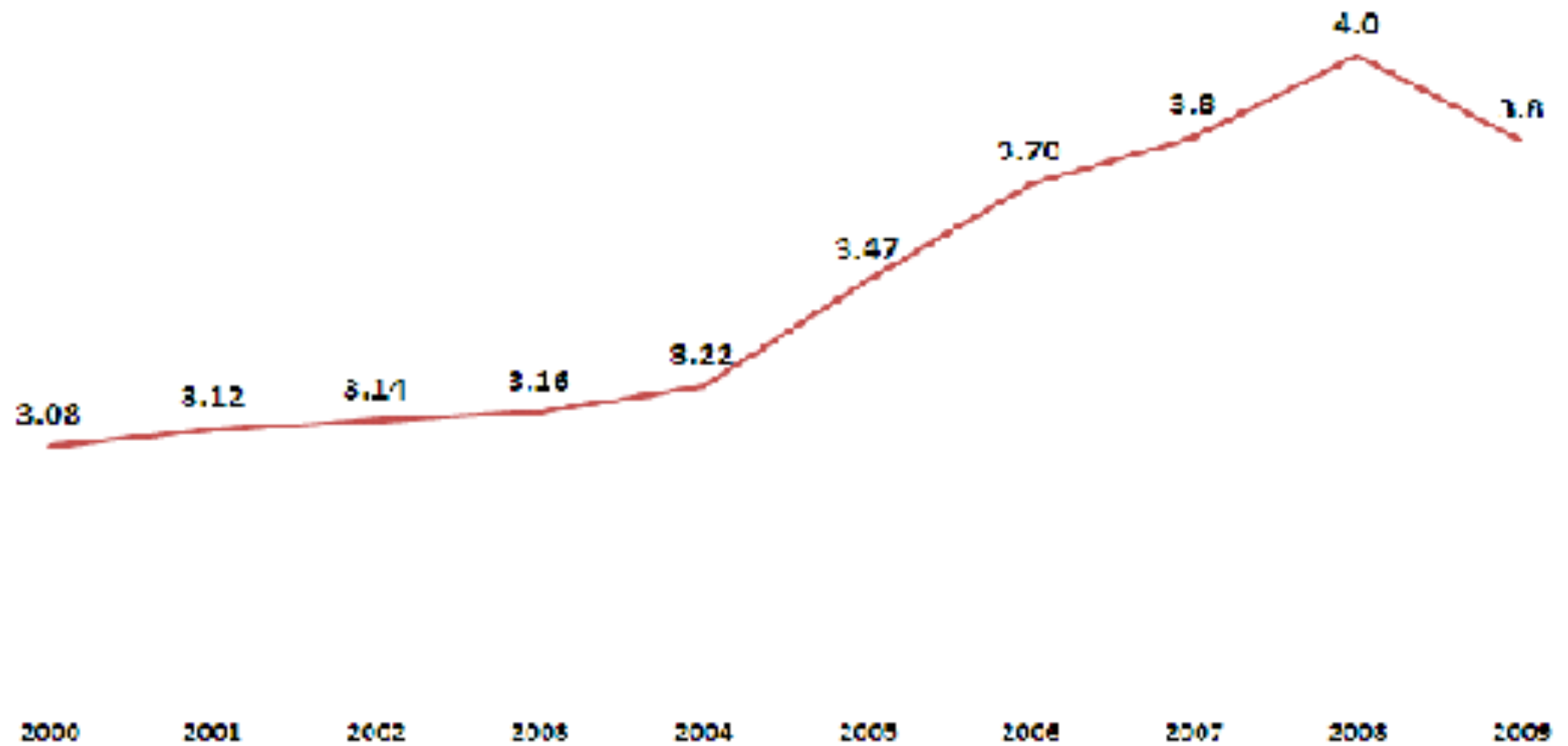
Pump and Valve Forecast

- Pump and Valve industry
 - 2010 estimated 34,500 tons
 - 2011 projected 44,850 tons
 - 2012 forecast 49,000 tons
- Large projects still on hold that could sharply increase demand
- Some business returning from overseas

10
%



Total Individual Valve Shipments In \$Billions Over the Past Ten Years



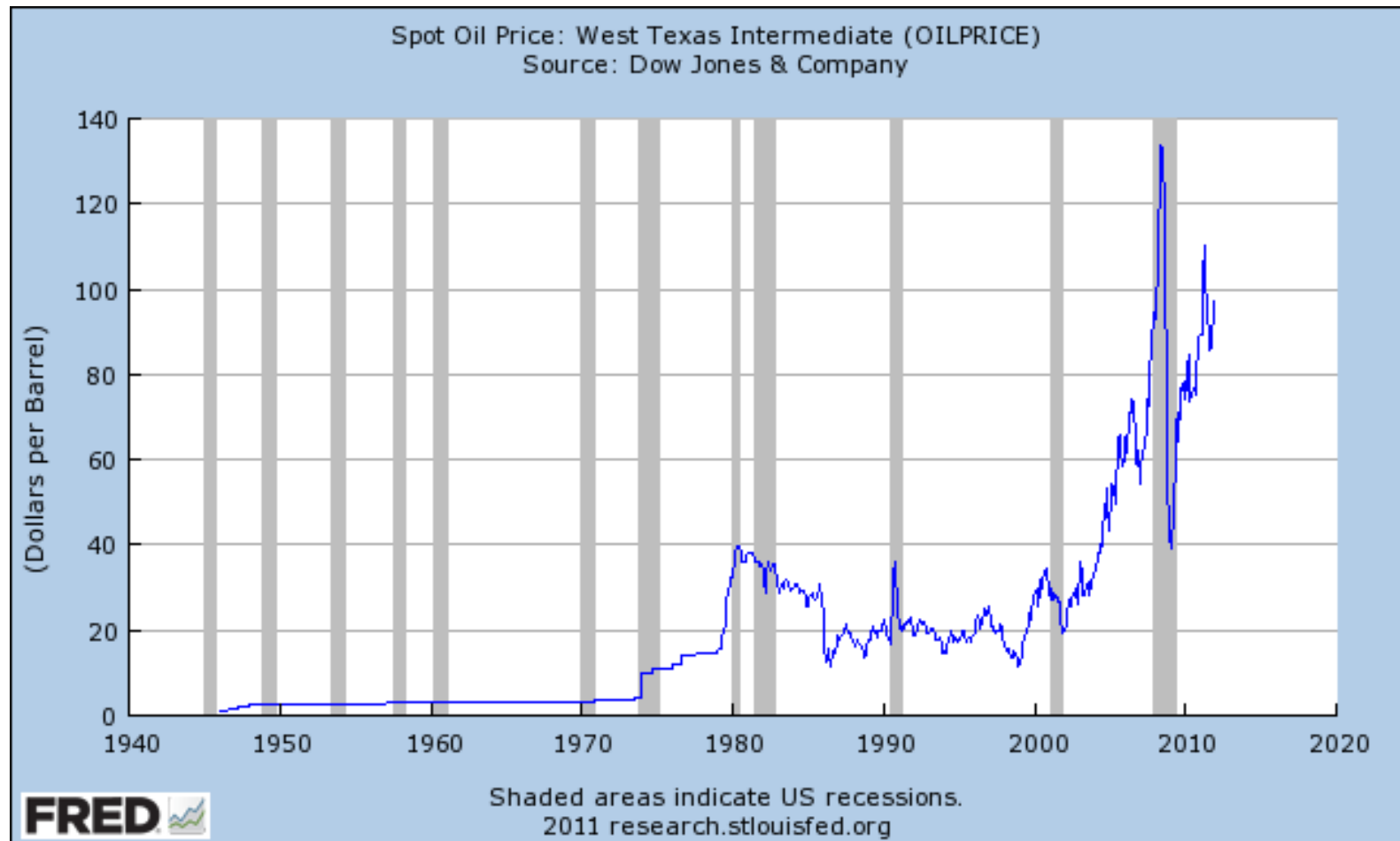
Oil Field Forecast

- Oil field equipment
 - 2010 estimated 6,000 tons
 - 2011 projected 18,000 tons
 - 2012 forecast 18,000 tons
- Fracking stimulating demand in gas and oil equipment
- Worldwide rig count still strong
- Cheaper to replace than to rebuild

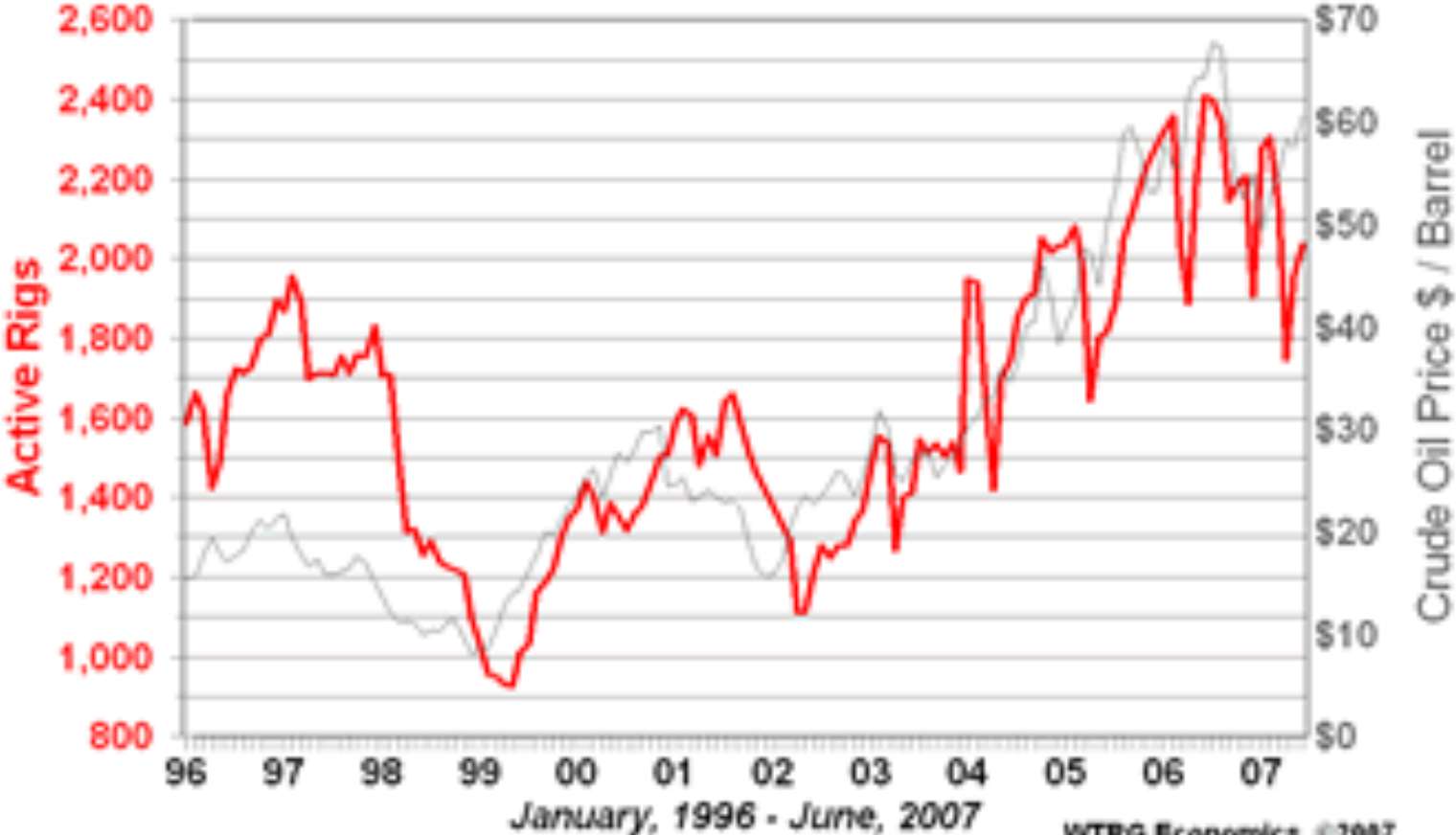
20
%



Price of Oil



Workover Rig Count North America



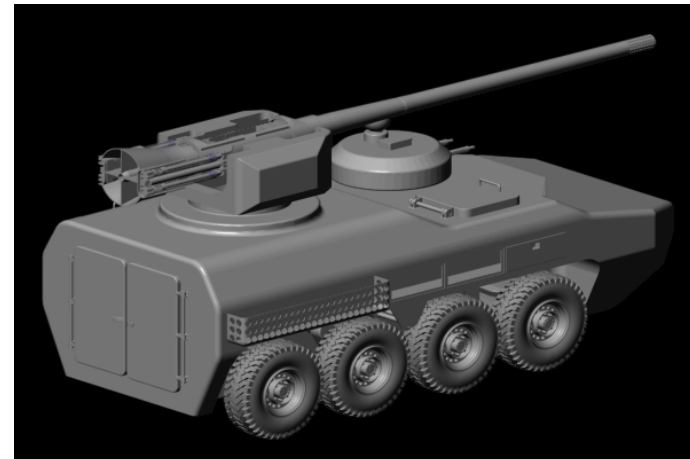
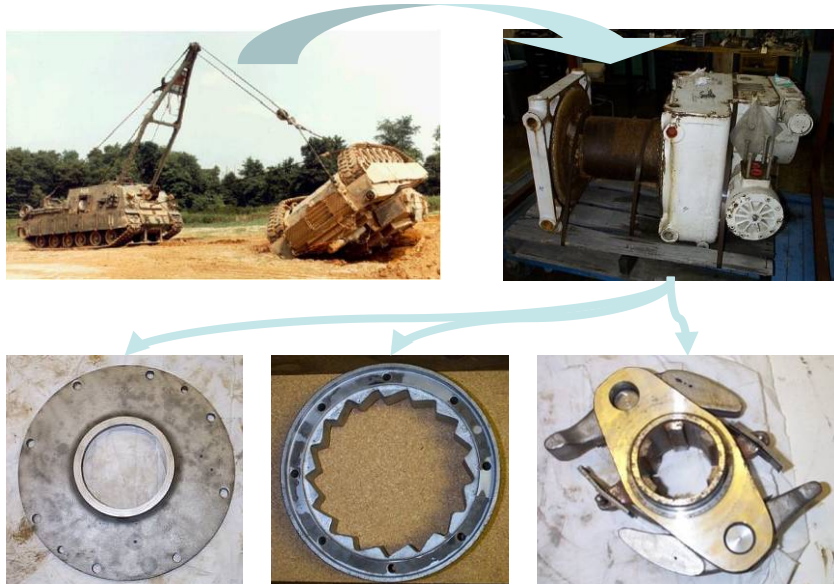
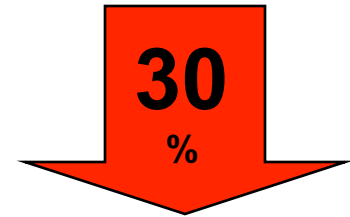
Sources: Baker-Hughes, Energy Information Administration (DOE), WTRG Economics

WTRG Economics ©2007
www.wtrg.com
(479) 293-4081



Military Forecast

- Military equipment
 - 2010 estimated 15,000 tons
 - 2011 projected 15,000 tons
 - 2012 forecast 10,500 tons
- Budget cuts will hurt



Other Market Forecast

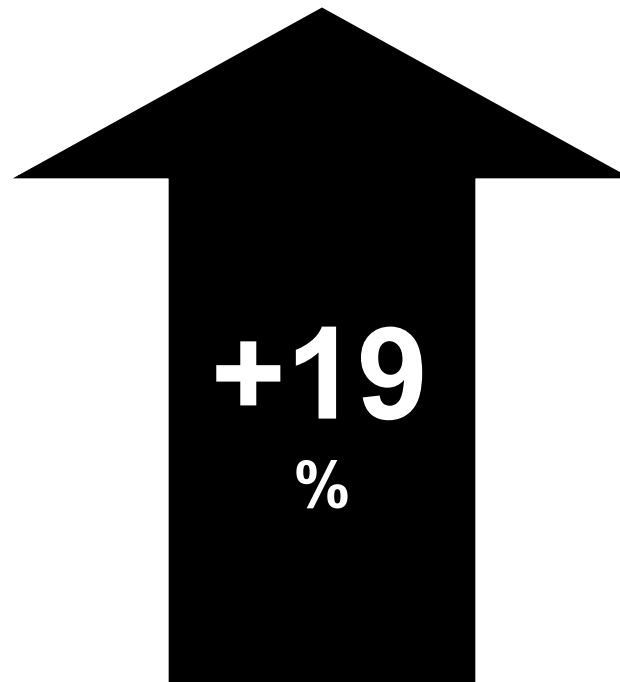
- Other markets
 - 2010 estimated 62,133 tons
 - 2011 projected 80,773 tons
 - 2012 forecast 92,889 tons

15
%



Forecast Summary

929,000 tons
Forecast 2012



780,000 tons
Projected 2011





SFSA 2012 Forecast

Thanks