



SFSA CASTEEL REPORTER

Steel Founders' Society of America

a monthly publication
serving SFSA steel casting industry Members

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June — 2011

Casteel Commentary

This month's Casteel Commentary is a reprint of Mike Rowe's testimony to the US Senate on the need for manufacturing skilled craftsman. It seemed fitting based on our prior discussions to share this with you, as this is an issue facing all manufacturing operations in the United States.

Annual Meeting

Don't miss joining industry professionals at our Annual Meeting 2011 in Laguna Beach, California, September 10-13, 2011. Business session presentations will include: safety and industry capacity, the 2012 steel casting forecast, business succession planning, wealth planning & management, ITAR, reshoring, management systems, and an update on trade from the Department of Commerce. Registration is currently being offered at a discounted fee. Laguna Beach is easily accessible, located just 30 minutes from John Wayne Orange County Airport (SNA). Register today!
<http://www.sfsa.org/meetings/annmtg11>

EPA Thermal Sand Reclamation Misclassification

EPA has tried to classify thermal sand reclamation as hazardous waste incinerations. AFS has taken the lead to protest and resolve this stupid decision. SFSA Board of Directors identified this as a critical issue and set up an ad-hoc SFSA working group to follow the issue and to be involved with SFSA and AFS to make sure this issue is resolved. If you are interested in participating let me know.

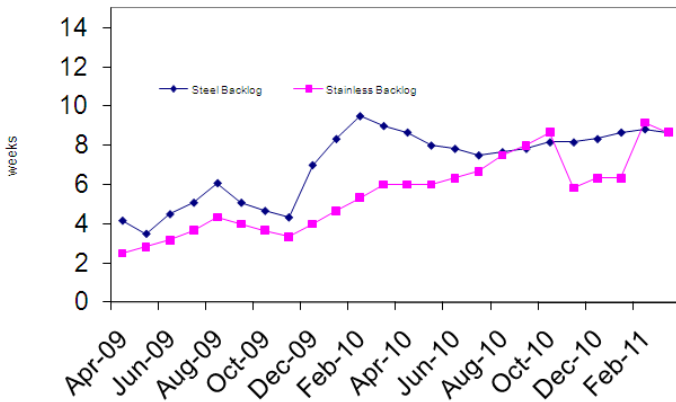
Safety / HR Meeting

A full slate of speakers are planned for this meeting, to be held in Spokane, WA, August 8 and 9. The HR session will include an attorney who will talk about confidentiality and what forms you might ask your employees to sign. It is planned that the Safety session will include talks by two speakers about recent incidents in their plant. More information about this meeting will be made available soon.

Southern Division

The Southern Division T&O meeting will be held July 20/21. American Foundry Group will host at their Muskogee, Oklahoma plant. A variety of presentations are scheduled including Wedge Breaker and Knock-Off Hammer in the cleaning room, forklift shock watch reporting system, riser sleeve usage, batch operation low level production planning, and zircon sand substitute. The SFSA update will include a review of the exothermic v. insulating sleeves, hardness testing discussion, current ASTM issues, AIN problems, the National T&O Conference and Workshop programs, and a roundtable discussion. All SFSA members are welcome to attend and participate in any divisional meeting. Contact Malcolm Blair for more information or to register for this meeting.

Casting Backlog



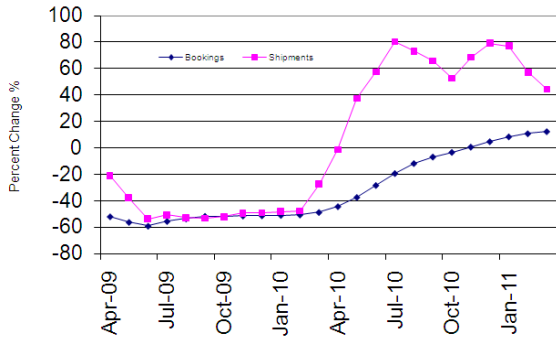
Market News

Steel casting orders are on a continued growth path since the beginning of the year. The expansion of shipments is dramatically higher. Orders and shipments in stainless and high alloy grades have recovered but have not been as robust as the carbon and low alloy markets.

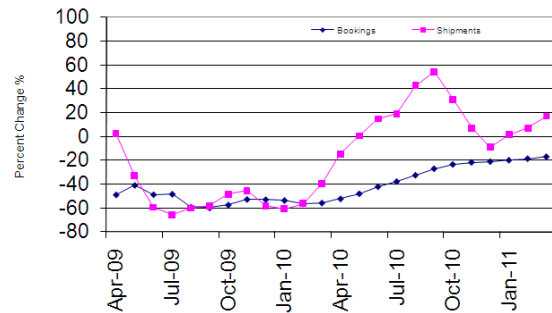
Raw steel shipments have shown steady improvement for the past two year with stagnant activity for most of the past year. The steel products market often is a leading indicator of steel castings suggesting a consolidation period for steel casting demand.

This same moderation of demand can be seen in the data for non-defense capital goods orders. While growing slowly for the past year, the most recent period shows some softening. It seem reasonable from these graphs and the general slowness of the economic recovery to expect a slowing of growth with perhaps some softening. While commodity prices have remained high enough for continued production and investment, they have fallen from the higher levels earlier.

Carbon & Low Alloy Casting Market Trends

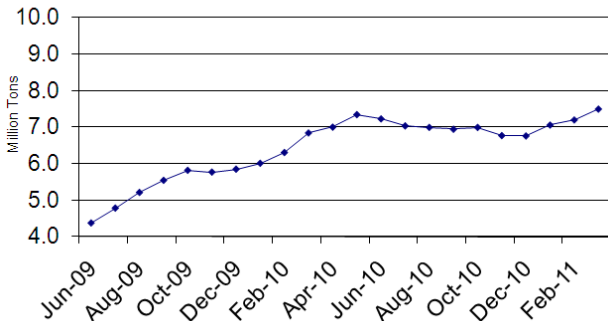


High Alloy Casting Market Trends

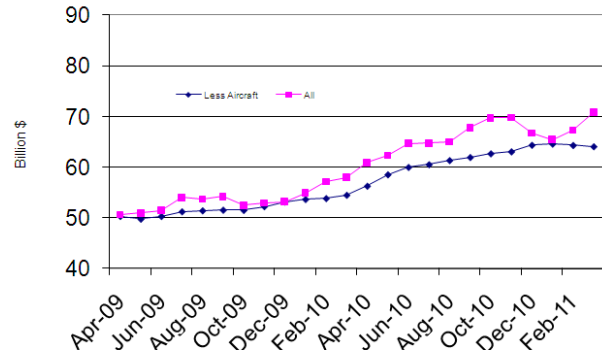


As the market recovered backlogs became extended but now appear to have stabilized around 8 weeks. It appears that we should anticipate slower growth with volatility including drops in demand. While the overall picture based on commodity prices and infrastructure needs appears bright, the near term is cloudy and we could be in for some rain. But we are expecting brief thunderstorms and not a monsoon season.

Raw Steel Shipments
3 month average



Nondefense Capital Goods New Orders
3 month average



Casteel Commentary

Guest Editorial on workforce development

Testimony of Mike Rowe

**Creator, Executive Producer and Host, Discovery Channel's *DIRTY JOBS*
Before the U.S. Senate Committee on Commerce, Science and Transportation
May 11, 2011**

Chairman Rockefeller, Ranking Member Hutchison and members of this committee, my name is Mike Rowe, and I want to thank you all very much for the opportunity to share a few thoughts about our country's relationship with manufacturing, hard work, and skilled labor.

According to the credits, I am the creator, executive producer and host of a TV program on the Discovery Channel called *Dirty Jobs with Mike Rowe*. In truth, I'm more like a perpetual apprentice.

For seven years, I've been traveling around the country, working alongside the people who grow our food, provide our energy, tend to our infrastructure, and manufacture our things. To date, I've completed nearly 300 different jobs, visited every state, and worked in just about every industry. A less flattering assessment might suggest that I've been fired 300 times in less than seven years. Either way, my current resume has more to do with trying than succeeding, and my opinions should not be confused with those of an expert.

Dirty Jobs is first and foremost an entertainment program. It does however, have a mission statement, and every episode begins the same way: *"My name is Mike Rowe, and this is my job. I explore the country looking for people who aren't afraid to get dirty. Hard-working men and women who do the kinds of jobs that make civilized life possible for the rest of us."*

For years, no one paid much attention to this mission. But in 2008, the recession made *Dirty Jobs* relevant in ways I never envisioned. As unemployment became a dominant topic, and my own dirty resume continued to expand, reporters were suddenly interested in my take on all sorts of work-related issues. Labor disputes, free trade, currency devaluations, outsourcing, student loans – I was invited to weigh in on lots of issues for which I had no real expertise.

For the most part, I pleaded ignorance and kept my mouth shut. But when a writer from *The Wall Street Journal* asked me to "reconcile soaring unemployment with an ever-widening skills gap," I felt compelled to say something. So I referred him to the mission statement of the show and added, "once upon a time, our country was filled with people who weren't afraid to get dirty. Times have changed. The definition of a 'good job' has changed."

I went on to suggest that the skills gap might not be a "problem," but rather a symptom of something much more fundamental; a societal disconnect with work, brought about by the rapid transformation of a manufacturing-based economy into one dominated by financial services and technology.

The reporter wanted to hear more so I kept talking. I told him about my grandfather, a modest man with an eighth grade education that went on to become a plumber, a mason, a mechanic, a carpenter, and a master electrician; a revered craftsman who could build a house without a blueprint; a man who today, would be mostly invisible.

I talked about the subtle and not-so-subtle ways we marginalize work in today's culture. In the media, our portrayals of working people rarely surpass one-dimensional stereotypes and predictable hyperbole. Best-selling books like *"The Four-Hour Work Week"* fly off the shelves, a testament to short-cuts, and a growing belief that technology (or something) can somehow replace hard work. I talked about the way colleges have become "institutions of higher learning," while all other forms of knowledge are relegated to "alternative education." I suggested a PR Campaign for skilled labor might be in order, and concluded by saying this Administration's goal of creating three million shovel ready jobs might have a better chance of succeeding if our society still respected the people willing to pick up a shovel.

When the article came out the floodgates opened. On Labor Day of 2008, I launched mikeroweWORKS.com, my own modest PR Campaign for hard work and skilled labor. Its primary purpose is to challenge the notion that a career in the trades is some sort of "vocational consolation prize," handed out to workers unfit for a four-year degree.

Fans of Dirty Jobs helped collect and assemble thousands of links to trade schools, apprenticeship programs, community colleges, on-the-job-training opportunities, and other resources that might be of use to anyone considering a career in the skilled trades. I set up a foundation and began to raise money for the purpose of tool scholarships and farming initiatives. Mostly though, I tried to encourage a bigger conversation, and challenge my partners to get behind this message in a significant way. I wanted mikeroweWORKS to function as a kind of connective tissue for other companies and organizations, and to that extent, I'm happy to say it's working.

Ford, Caterpillar, Kimberly-Clark, Lee, Master Lock, and other large corporations are all working with mikeroweWORKS in some capacity, and are highly motivated to change perceptions about skilled labor. A few weeks ago, Alan Mulally at Ford pulled me aside and said, "Mike, this issue is nothing less than the soul of America. Our country's future is at stake, and this is a battle we cannot afford to lose."

Aside from major corporations, other like-minded initiatives have begun to use mikeroweWORKS as a resource for their own purposes, and I've been honored to speak on behalf of several campaigns that have already been deemed successful.

Last August, mikeroweWORKS partnered with "Go Build Alabama," an education and recruitment campaign designed to bring new people to the commercial and industrial construction industry. I appeared in a series of advertisements that called attention to the fact that one third of all skilled tradesmen in the construction industry are over the age of 50 and retiring fast, with no one to replace them. The campaign drives people to GoBuildAlabama.com, where potential employees can learn more about skilled trade careers and find information about training programs.

In this same spirit, I was also proud to join forces with Caterpillar and The Association of Equipment Manufacturers for the launch of "I Make America," a national grassroots campaign to promote US manufacturing jobs through infrastructure investment and the passage of export agreements.

I would also like to commend the White House initiative called "Skills for America's Future," which is designed to reduce the skills gap by working with employers and community colleges to make sure the education students receive will translate directly into the marketplace, increasing their chances of finding and keeping a good job.

The fact is there are many initiatives out there making a difference. The problem that so many encounter though is a tendency to "preach to the choir." With respect to issues like the skills gap, we too often speak only to the people directly involved, the employers, desperate to hire skilled talent, and the unemployed, woefully untrained for the task at hand. To really make a difference, we need to change the perceptions of a much larger audience, and challenge the prevailing definition of a "good job." Americans need to see these workers for what they are -the key to civilized life as we know it. And that means a campaign and a message that reaches *everybody*.

Toward that end, I'm pleased to help launch a broad-based initiative sponsored by Discovery Communications that will reach millions and millions of people. Discovery's goal is to empower both unemployed and underemployed Americans with access to critical resources that will assist them in obtaining marketable job skills.

TV personalities from across Discovery's networks will participate in this campaign which will leverage Discovery's position as the top nonfiction media company reaching more than 780 million cumulative subscribers across our 14 US networks and Discovery Education's unparalleled reach into schools across the country. Participating on-air talent have been chosen because their distinctive skills are particularly valuable and needed in today's marketplace, and because they are credible to viewers interested in similar professions.

As the leader in both nonfiction programming and broadband-delivered educational content and services to US schools, Discovery is uniquely qualified to deliver this message to a mass audience, and to provide meaningful support on a national level. The people you see on Discovery's air are not only real people, but are also successful professionals working in critical areas of the economy.

To be clear, I support the efforts of Congress and the Administration to create three to four million shovel-ready jobs. But obviously, it's no longer enough to merely create opportunity. If that were the case, we wouldn't have 200,000 vacant positions in the manufacturing sector, or nearly 500,000 openings for tradesmen, transportation, and utility workers. We need to create respect for the work itself, and for the people still willing to do it.

As the host of a TV show about hard work, people often assume I speak for tradesmen and skilled workers. In reality, I don't. I can only speak for myself and anyone else who shares my addiction to paved roads, reliable bridges, heating, air conditioning, and indoor plumbing. The tradesmen I know don't need a spokesman. It's the rest of us who need to worry, because a civilization without skilled labor, is not a civilization at all.

Along with Discovery, I am ready, able, and eager to partner with the federal government to help reconnect our country to the importance of manufacturing and skilled labor.

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

| SFSA Trend Cards (%-12 mos. Ago) | 12 Mo Avg | 3 Mo Avg | Mar | Feb |
|--|-----------|----------|-----|-----|
|--|-----------|----------|-----|-----|

Carbon & Low Alloy

| | | | | |
|---------------|------|------|------|------|
| Shipments | 61.6 | 44.3 | 45.0 | 35.0 |
| Bookings | -4.5 | 12.3 | 13.6 | 12.2 |
| Backlog (wks) | 8.2 | 8.7 | 8.5 | 8.5 |

High Alloy

| | | | | |
|---------------|-------|-------|-------|-------|
| Shipments | 19.4 | 17.1 | 30.0 | 21.2 |
| Bookings | -26.7 | -16.9 | -15.0 | -17.0 |
| Backlog (wks) | 7.3 | 8.7 | 8.5 | 8.5 |

**Department of Commerce
Census Data**

Iron & Steel Foundries (million \$)

| | | | | |
|-------------|---------|---------|-------|-------|
| Shipments | 1,278.3 | 1,382.7 | 1,382 | 1,382 |
| New Orders | 1,308.3 | 1,447.3 | 1,469 | 1,452 |
| Inventories | 1,824.7 | 1,885.0 | 1,929 | 1,893 |

Nondefense Capital Goods (billion \$)

| | | | | |
|-------------|-------|-------|-------|-------|
| Shipments | 65.1 | 66.2 | 67.3 | 65.9 |
| New Orders | 67.5 | 70.8 | 73.8 | 71.2 |
| Inventories | 133.6 | 140.7 | 143.0 | 140.4 |

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

| | | | | |
|-------------|-------|-------|-------|-------|
| Shipments | 60.9 | 62.2 | 63.2 | 61.8 |
| New Orders | 62.6 | 64.1 | 66.0 | 63.4 |
| Inventories | 102.6 | 105.8 | 107.1 | 105.8 |

| | | | | |
|---------------------|--|------|------|------|
| Inventory/Orders | | 1.65 | 1.62 | 1.67 |
| Inventory/Shipments | | 1.70 | 1.69 | 1.71 |
| Orders/Shipments | | 1.03 | 1.04 | 1.03 |

American Iron and Steel Institute

| | | | | |
|---|-----|-----|-----|-----|
| Raw Steel Shipments (million net tons) | 7.1 | 7.5 | 8.0 | 7.0 |
|---|-----|-----|-----|-----|