



# 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  
Tel: 815-455-8240 Fax: 815-455-8241  
<http://www.sfsa.org>

## September — 2011

### **Casteel Commentary**

The Casteel Commentary shows that infrastructure investment is likely to be more than a temporary political game. Like steel foundry capacity, most capital infrastructure was installed in the 60's and 70's. There is a growing need for reinvestment in infrastructure at every level. This should provide growing business demands for steel castings.

### **Restoring US Competitiveness**

You might find a 2009 report on restoring US competitiveness interesting. The 2009 article can be found here: <http://hbr.org/hbr-main/resources/pdfs/comm/fmglobal/restoring-american-competitiveness.pdf>

### **Technical & Operating Conference**

We take great pleasure in inviting you to attend the 65<sup>th</sup> Technical and Operating Conference on December 8-10, 2011. Papers will be presented on a wide variety of subjects and we are confident that you will find this meeting to be of great value to you and your company. The Conference will be held at the Drake Hotel located on Michigan Avenue in downtown Chicago and the format will be the Thursday, Friday and half-day Saturday.

A Members' Workshop has been scheduled on Wednesday afternoon, December 8, prior to the Conference. The Workshop program includes a hands-on visual inspection exercise with the Matching Familiar Figures Test, presentations on construction of a salt-water fog chamber for corrosion testing as per ASTM B117 and development of a conversion factor to allow certification of tension testing to metric system, and a case study of a company-wide lean transformation at an SFSA member company.

The programs and registration materials can be found here, <http://www.sfsa.org/sfsa/toconf>.

### **Future Leaders**

The next Future Leaders meeting is scheduled for September 28-29 at Harrison Steel and will include a tutorial on Design of Experiments and a discussion on the book, "*The Goal*". For additional information and to register please contact David Poweleit at [poweleit@sfsa.org](mailto:poweleit@sfsa.org).

### **Supervisor Training Course**

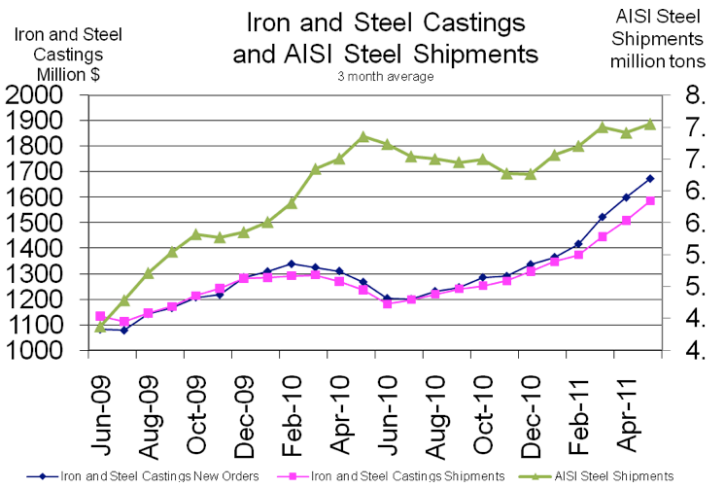
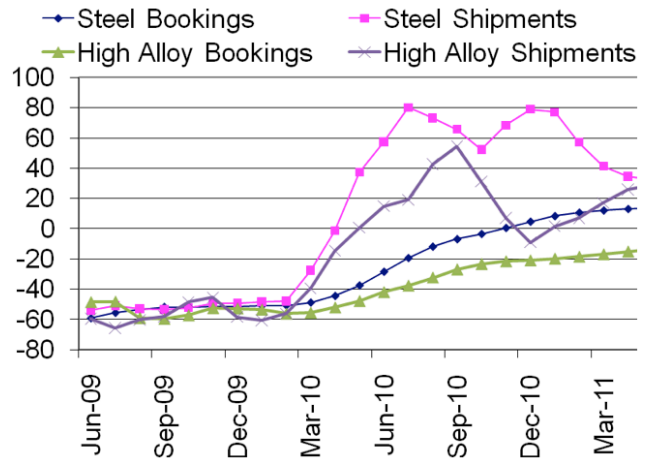
*Reminder - you need to sign up very soon to meet the deadlines for registration!*

SFSA is organizing a one-day Supervisor Training Course to be run at Eagle Alloy Inc. in Muskegon, MI on October 6th and will start at 9:00am and finish at 4:00 pm. Lunch will be provided by Eagle Alloy. Subject areas covered include DiSC - Your Leadership Style, Core Competencies for Leaders, Communication Essentials for Leaders, Managing Workplace Conflict, and Accountability in the Workplace. The course registration fee is \$225.

Full registration details can be found here: <http://www.sfsa.org/meetings/supervisor.php>.

## Market News

Bookings for both steel and stainless steel castings are continuing to improve since early in 2010. Shipments are up dramatically recovering almost back to the higher levels from 2008. The Census numbers on iron and steel castings new orders and shipment show the same growth pattern. Steel shipments have been more volatile but have also grown dramatically not yet recovering to pre-recession levels.

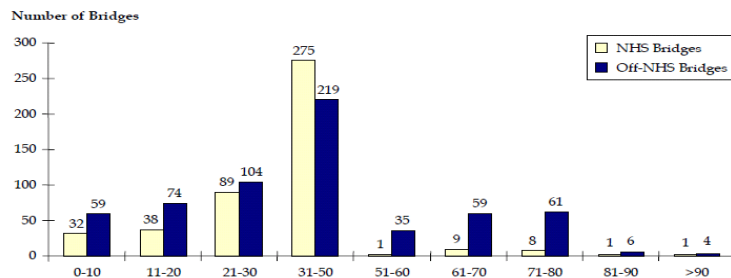


The improved market conditions have resulted in extended backlogs with the median backlog for most steel castings at 11 weeks.

The Marketing Committee Forecast is presented at the SFSA Annual Meeting and will be available next month. While the general economy is showing continued signs of slowing, many steel foundries are already committed to production through the end of the year. Unless the slowdown is steep and extended, the steel casting industry should continue to experience strong market conditions.

## Casteel Commentary

Infrastructure spending is a hot political topic as we try to reduce unemployment and improve the economy. As many of you have heard me say, we created an excess of capacity of capital assets in the expansionary period of the 60's and 70's. While this was true of steel casting production and capacity, it is also true across the broad economy. It is true of electrical generation and distribution, oil refining, mining, etc. All the capital intensive economic sectors were pushed by inflation and rising interest rates to pull forward demand for capital investment.



For example, you can look at the age of bridges in Vermont in the slide, <http://www.aot.state.vt.us/planning/Documents/Planning/HSPPch2.1.pdf>. While the oldest bridges, over 50 years old, are replaced; the most common age for a bridge is 30 to 50 years old built from 1960 to 1980. This is common in all the states I could find on the web.

This can also be seen in the percent of the GDP devoted to public projects. In the graph the peak spending was in the late 1960's. It fell to a low level in the mid 1980's and has been slowly increasing. The need for infrastructure spending is clear as seen in the article in Bloomberg.

## ***A Layman's Guide to the President's Jobs Speech: Caroline Baum***

By [Caroline Baum](#) Sep 7, 2011  
<http://www.bloomberg.com/news/2011-09-08/a-layman-s-guide-to-the-president-s-jobs-speech-caroline-baum.html>

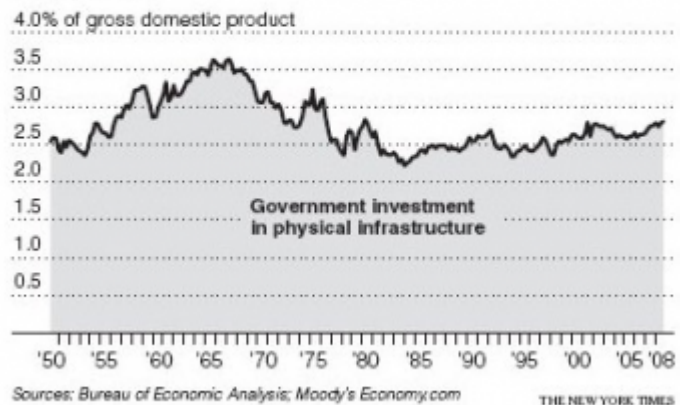
*No one would deny that the nation's roads, bridges, transit systems and schools are in bad shape. The American Society of Civil Engineers gave the U.S. a "D" on its 2009 [infrastructure report card](#) and estimated that it would take a \$2.2 trillion investment over five years to address the state of disrepair.*

The New York Times

November 19, 2008

### **Money for Public Projects**

Government spending on infrastructure fell after the construction of the Interstate highway system but has risen gradually over the past 25 years.



This systemic lack of investment in infrastructure is mirrored in a lack of investment in other capital intensive economic activities. Since the steel casting industry makes components and consumables for capital equipment and infrastructure, the rebuilding of infrastructure should be good news for our industry.

With interest rates and inflation likely to begin rising, capital investment will be spurred and our industry will prosper.

*Raymond*

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

<b>SFSA Trend Cards</b> (%-12 mos. Ago)	12 Mo Avg	3 Mo Avg	May	Apr
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**Carbon & Low Alloy**

Shipments	57.9	32.5	29.1	32.5
Bookings	3.4	14.0	14.6	14.0
Backlog (wks)	8.9	11.0	11.0	12.0

**High Alloy**

Shipments	21.5	29.1	31.2	26.2
Bookings	-21.4	-13.2	-11.5	-13.3
Backlog (wks)	8.6	8.8	8.5	9.5

**Department of Commerce  
Census Data**

**Iron & Steel Foundries (million \$)**

Shipments	1,362.8	1,586.0	1,613	1,576
New Orders	1,402.4	1,672.0	1,673	1,650
Inventories	1,859.8	1,955.7	1,976	1,962

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

Shipments	65.8	66.8	67.0	66.1
New Orders	68.2	70.7	72.9	65.3
Inventories	139.2	154.0	160.7	158.4

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

Shipments	61.6	62.9	63.3	62.2
New Orders	63.7	66.0	66.5	65.3
Inventories	104.6	109.3	111.1	109.9

Inventory/Orders		1.66	1.67	1.68
Inventory/Shipments		1.74	1.76	1.77
Orders/Shipments		1.05	1.05	1.05

**American Iron and Steel Institute**

Raw Steel Shipments (million net tons)	7.1	7.5	7.4	7.3
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# 2011 FEF College Industry Conference

November 17-18, 2011 • Westin Michigan Ave. • Chicago, IL

***Ready to take your business to the next level with fresh ideas and a new approach?***

***Looking for the next shining star in the metalcasting industry?***

**Attend this year's FEF College Industry Conference and network with the next generation of metalcasting leaders. The leaders that can help take your business to the next level.**

## **The event will include:**

- Industry Information Session—meet with job seekers one-on-one
- Global outlook presentations, including information on U.S., Canada and Mexico
- The awards luncheon, where the FEF/AFS Distinguished Professor Award and student delegate scholarships will be given
- The FEF Annual Reception—FEF's highest honor, the E.J. Walsh Award, will be presented



For more information or to register for this event, visit [www.fefinc.org/2011CIC](http://www.fefinc.org/2011CIC), find us on Facebook at [www.facebook.com/fevinc](http://www.facebook.com/fevinc) or contact the FEF office at 847/490-4200.

