



SFSA CASTEEL REPORTER

Steel Founders' Society of America

a monthly publication
serving SFSA steel casting industry Members

205 Park Avenue, Barrington, IL 60010
847-382-8240 Fax: 847-382-8287
www.sfsa.org

JULY — 2003

Casteel Commentary Highlights:

What is the next big thing? Since the market remains weak and money is tight, what can we do to improve the business? Perhaps now is the time to tackle some of those persistent problems that trouble your plant and make a significant improvement.

International Foundry Forum 2004

There will be an International Foundry Forum 2004 in Italy on June 17-18, 2004. The program will include an overview of the world economy, a forecast of the major casting markets, and a world tour of foundry conditions. The world tour will include speakers from Europe, USA, Brazil, Mexico, India, Japan, and China. SFSA can get more details on the registration for this meeting if you are interested in attending.

Yellow Freight

SFSA members can take advantage of an On-Bill discount of 62% on inbound or outbound shipments with Yellow, along with other benefits. Additional information is attached to this newsletter, and available online. SFSA members can contact SFSA Freight directly at (903) 564-9673 with any questions.

AMC

The American Metalcasting Consortium Annual Report is available for download from the SFSA website. What is AMC? AMC is a joint effort between the Defense Logistics Agency, SFSA, AFS, NADCA and NFFS. Currently AMC funds SFSA research with a value of over \$1.5 million.

Research Review

The Carbon & Low Alloy Research Review meeting will be held on July 29 & 30 in Chicago. This will provide an update on the content and status of seven SFSA research programs. The meeting is open to all members.

Market News

Indications in April show a slight improvement in the market. Steel orders are up, inventories in capital good are down, order are larger than shipments pointing to slight increase in demand. In the SFSA data, carbon and low alloy steels show improvement in orders but high alloy castings show continued weakness. Capital goods orders remain flat. The recent reduction in interest rates show that we are in a sustained period of weakness in capital equipment investment. Until there is a significant increase in investment in equipment, steel casting demand is likely to remain soft.

Casteel Commentary

Eat a live bullfrog first thing in the morning, it will be the hardest thing you have to do all day. This was the header on a note pad that I saw over 20 years ago and I still remember it. It was funny, but it was also insightful. Often we put off the most distasteful, difficult or painful task, even if it the most important and urgent. What is your bullfrog?

One bullfrog in steel foundries is finishing and inspection. As casting are late and fail to meet the requirements, we throw people and money at the problem instead of solving it. We continue to hope that the next batch of castings or the next order will flow through the finishing area as we plan. Instead of improving, reducing labor, solving our most costly and time consuming problems, we yell, change foremen, try filters, change coating practices, and hope.

Another bullfrog is staffing. Because of tight capital, historical practices, low skill requirements, we work too many people too hard to inefficiently make steel castings. We need to continue to find ways to reduce the work needed to make a casting.

Another bullfrog is pricing. In an uncertain market with excess capacity, we are tempted to keep current prices and add extra services to retain customers. Inadequate pricing will cause the foundry to run out of money. We must be clear with our customers that we must have an adequate return on our products if we are to remain viable suppliers.

Another bullfrog is pattern storage. Customers continue to own the pattern but not pay for storage. We cannot afford to house obsolete tooling for customers that are not paying for it.

What is your bullfrog? What issue is difficult, painful, distasteful but important? What is the next big thing that you must do to survive and prosper? What benefit will you get from waiting?

Raymond Monroe

STEEL FOUNDERS' SOCIETY OF AMERICA

MEETINGS CALENDAR

2003

July
29/30

Carbon & Low Alloy Research Review, Rosemont, IL

August
21/22
27/28

Western Division T&O - Berkeley, CA
High Alloy Product Group - Chicago, IL

September
2/3
9/10

Centrifugal Product Group Meeting and plant tour, Watertown, WI
Southern Division T&O - Longview, TX

November
5/8
5
5
18

National T&O Conference - Hotel Inter-Continental, Chicago, IL
Board of Directors - Hotel Inter-Continental, Chicago, IL
Marketing Committee - Hotel Inter-Continental, Chicago, IL
Specifications Committee, Tampa, FL

2004

May
18

Specifications Committee, Salt Lake City, UT

September
11/15

Annual Meeting - Ritz Carlton Hotel, Amelia Island, FL

November
3/6
9

National T&O Conference - Hotel Inter-Continental, Chicago, IL
Specifications Committee, Washington, DC

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

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

Carbon & Low Alloy

Shipments	-1.7	0.0	5.7
Bookings	8.2	11.0	27.5

High Alloy

Shipments	14.7	8.4	-11.4
Bookings	-20.9	-13.5	-21.8

**Department of Commerce
Census Data**

Iron & Steel Foundries (million \$)

Shipments	1,287	1,259	1,302
New Orders	1,292	1,262	1,284
Inventories	1,801	1,802	1,805

Nondefense Capital Goods (billion \$)

Shipments	55.6	55.9	55.8
New Orders	55.0	55.8	55.7
Inventories	110.4	109.2	110.8

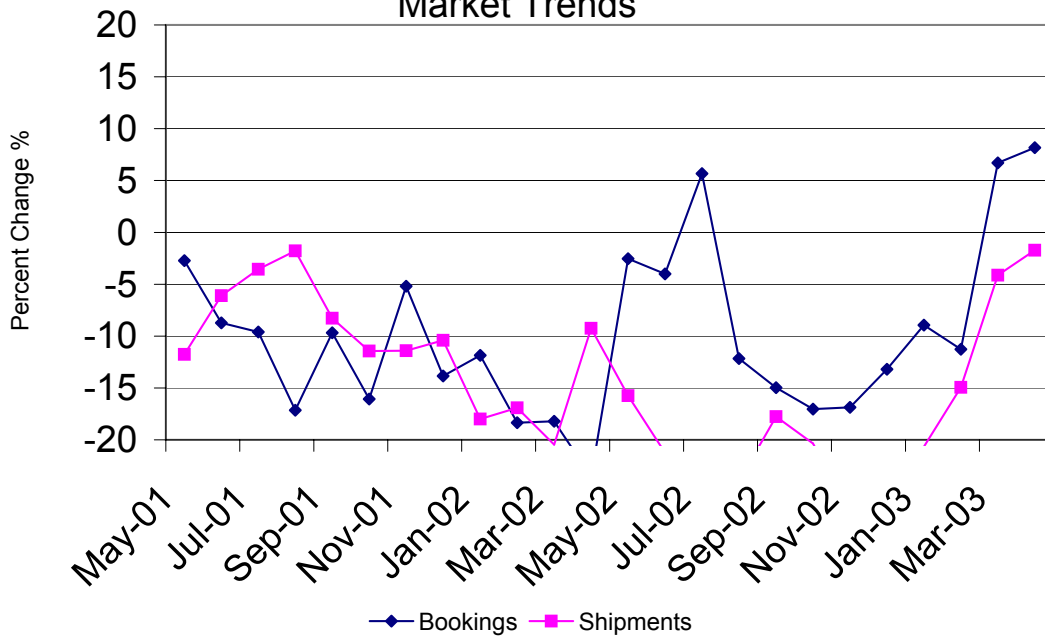
**Nondefense Capital Goods
less Aircraft (billion \$)**

Shipments	53.1	53.7	53.1
New Orders	53.9	54.0	55.4
Inventories	87.8	86.7	88.3
Inventory/Orders	1.63	1.60	1.60
Inventory/Shipments	1.66	1.61	1.66
Orders/Shipments	1.02	1.01	1.04

American Iron and Steel Institute

Raw Steel Shipments (million net tons)	8.7	8.8	9.1
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Carbon & Low Alloy Casting Market Trends



SFSA Postcards

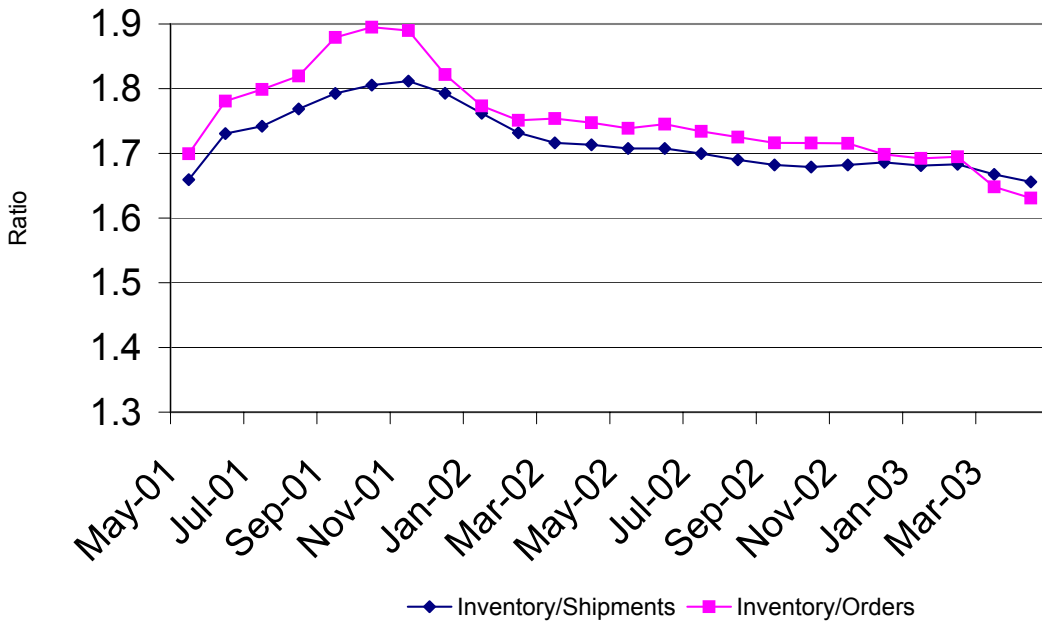
High Alloy Casting Market Trends



SFSA Postcards

Nondefense Capital Goods less Aircraft

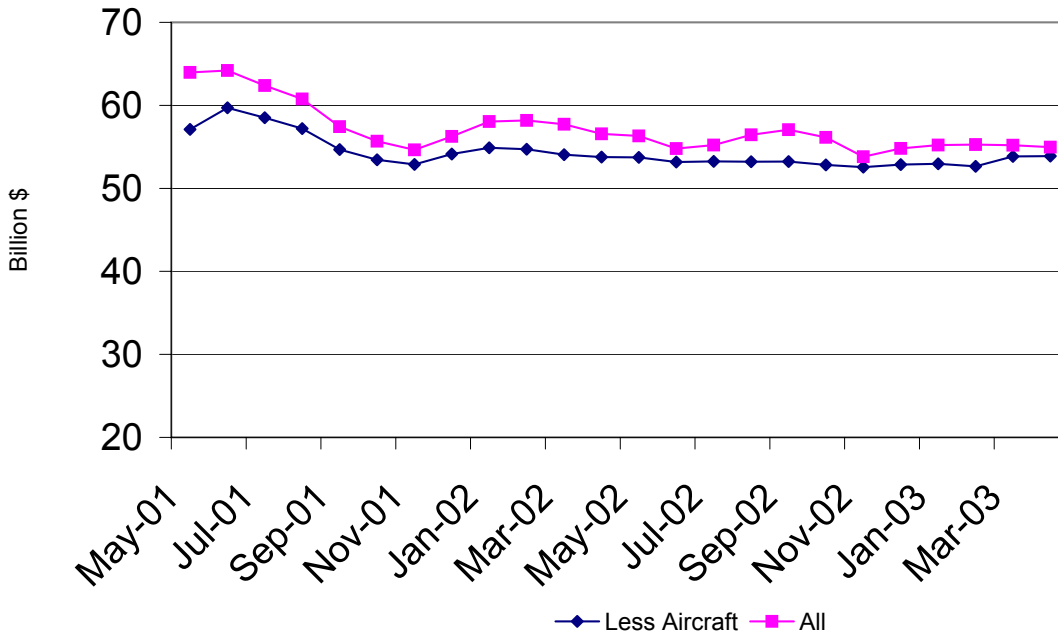
3 month average



Department of Commerce

Nondefense Capital Goods New Orders

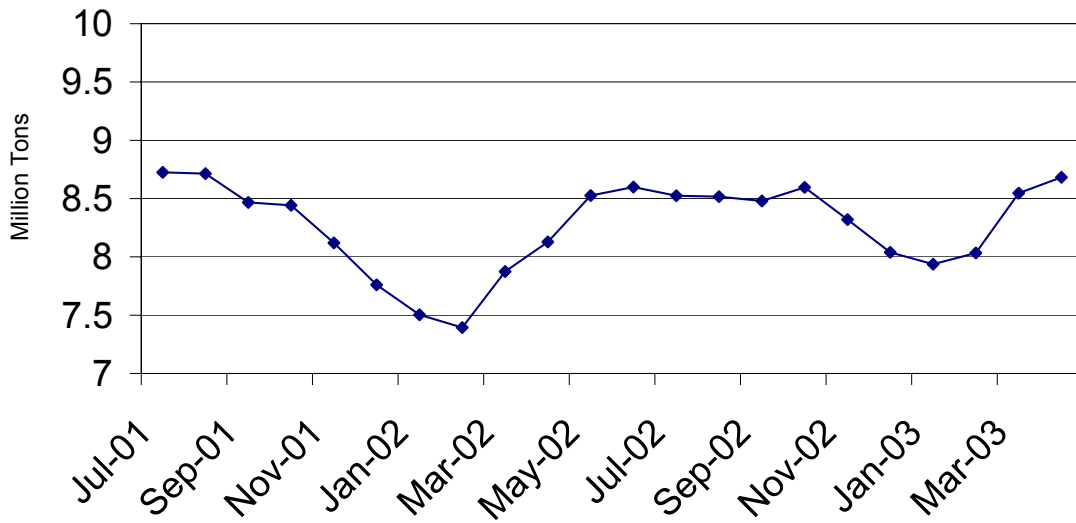
3 month average



Department of Commerce

Raw Steel Shipments

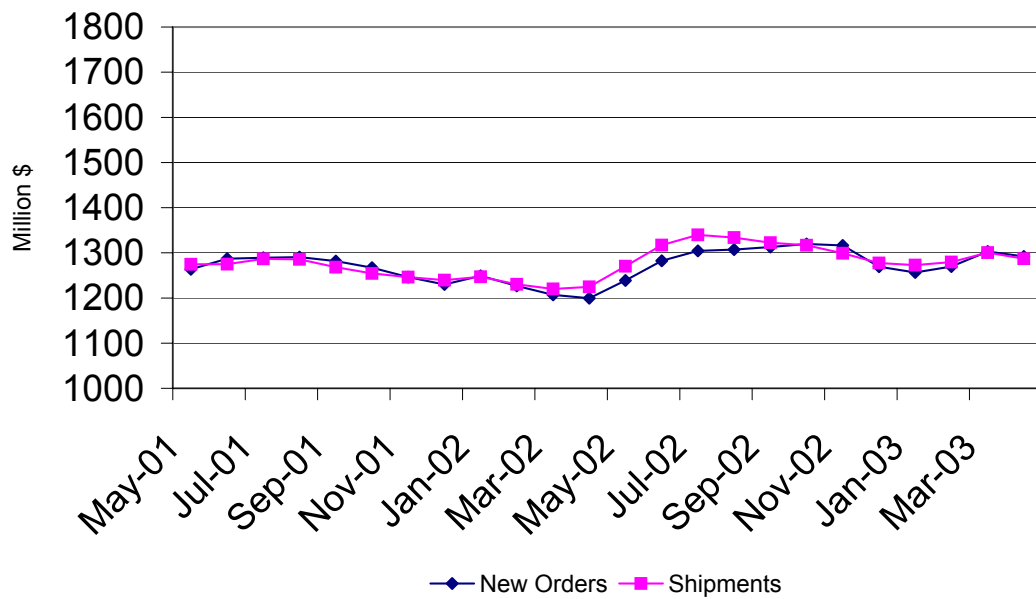
3 month average



AISI Data

Iron and Steel Castings

3 month average



SFSA



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OF AMERICA

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SFSA / YELLOW TRANSPORTATION

DISCOUNT PROGRAM

To: SFSA Members

Thank you for your participation in the SFSA/YELLOW TRANSPORTATION Discount Program.

Your SFSA membership form has been received and processed into the YELLOW TRANSPORTATION computers. You are most welcome to use the discount program. The discount is effective on outgoing and incoming shipments. The discount is triggered by your company name and address. You **DO NOT** need to put any ID #Numbers on your weigh bill. The discount is automatic after you are in the computer.

We do encourage you to notify your suppliers and ask them to use YELLOW TRANSPORTATION when shipping to you. The discount will apply on these shipments.

For your records, the discount is published in "CONTRACT CARRIER SCHEDULE 80196-B" with supplements in Tariff YF675. If you need a copy for your files, please contact this office and we will forward one to your attention. We do ask that you respect the confidential nature of this contract.

Any questions -- you are most welcome to contact us at:

SFSA FREIGHT

27633 US Hwy 82 West
SHERMAN, TX 75092

PO. Box 835
SADLER, TX 76264

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www.myyellow.com. . . is your personal Yellow online site. It provides immediate, value-added service to your business. It's secure, it's rich with detail, and you can customize it to meet your business needs.

Log on to www.myyellow.com. Create your user name and own password. Just follow the prompts. Your Customer ID# is located at the top of this page. Within 24 hours, you can simply click a button or two to trace your shipments, obtain rate quotes, arrange a pickup, and perform many other tasks. In addition, **MyYellow** saves you keystrokes by remembering who you are when you move around the site. If you have any questions while on **MyYellow**, just click on the **chat** button at the top right hand side and a site operator will be online to help. It is staffed from 7am to 7pm Monday Friday.

You are now chatting with 'Lucy'

Lucy: Hello. Thank you for using Yellow Transportation's web site. How may I help you?

you: I am trying to set up myyellow. I have a customer ID number. Is that the same as my user name?

Lucy: No, the customer ID is something that is assigned by Yellow. The user name is something you can choose yourself.

you: Is the customer ID number the same as my CMF #

Lucy: No, the ID number is assigned first, then the CMF# is assigned once the account is fully set up.

you: So, when I go in to set-up MyYellow, I make my user name and password and then what?

Lucy: Once the registration form is completed, you will receive conformation of the registration by email. Once you receive this follow-up email, you are set to go and use MyYellow.

you: Which number will I need to use to sign up for myyellow - the customer ID# or the CMF#?

Lucy: You will need the customer ID#.

you: okay - thank you - anything else I need to know?

Lucy: You should be fine, but feel free to call if you have any problems.

you: Thanks again!

Lucy: The customer service number is 800-610-6500 and ask for the internet extension.

Lucy: Is there anything further I can help you with?

you: I think I am doing good for now. Thank you.

Lucy: Thank you for using Yellow Transportation's web site. We value your business.

YellowLive
chat

Hello,
How can I
help you?



Yellow Customer Service (800) 610-6500