SFSA CASTEEL REPORTER

Steel Founders' Society of America

a monthly publication
serving SFSA steel casting industry Members

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September— 2003

Casteel Commentary Highlights:

We need your help. In these trying times, our industry must be smart and pull together to survive. SFSA and the industry have survived the most challenging downturn in our history in the past three years. Many plants closed. We need to come together and work to survive and prosper in the second century of SFSA. Our Annual Meeting is combined this year with our T&O Conference to allow our members to maximize their attendance. Plan now to attend.

Annual Meeting

This year's Annual Meeting to be held concurrently with the Technical & Operating Conference at the Hotel Inter-Continental in Chicago will focus on the future of our industry, including global perspectives on the world market, the economic outlook, environmental issues and market expansion, including a look at the development of steel castings for building applications.

Technical & Operating Conference

A broad variety of papers will be presented at this year's Conference. The preliminary program includes heat treatment, quality, six sigma, lean manufacturing, safety, new steel casting applications, effect of shrinkage discontinuities on fatigue of cast steel, effective pattern allowance prediction and prediction of dimensions, radiography, welding of duplex materials, feeding and risering of high alloy castings, burn-in/burn-on, and more.

Southern Division

The Southern Divisional T&O Meeting will be held in Longview, TX September 9 and 10. The meeting will include an update on SFSA activities and research, presentations on EPA MACT, Safety, Ergonomics, Synthetic SiO_2 Sand, and Current Business Levels. A tour of Southwest Steel Casting Company is planned for the morning of the 10^{th}. Contact Malcolm Blair (blairm@sfsa.org) if you are interested in attending.

Market News

According to the U.S. Census Bureau Current Industrial Report MA331A(02)-1, steel casting production in the United States for 2002 totaled 660,000 tons valued at 1,097 million dollars. This compares with production of 729,000 tons in 1983 after the dramatic fall in demand of that period. The last time production was this low in the U.S. was 1939 with 613,000 tons. This low level of production shows how poor business has been. Given the weak financial condition of many plants even prior to the slowdown, our industry has been decimated by closures. Our best current estimate of capacity accounting for closures is 1,050,000 tons. A modest recovery will improve conditions dramatically for the surviving foundries.

Business indicators are beginning to show clear signs of a recovery in manufacturing. The rise in orders for nondefense capital goods and a strong move up in interest rates both indicate a coming stronger demand. Both of these are not reflected in the graphs that are only through June. Even without these latest improvements, shipments of castings indicated by the SFSA trend cards increased substantially. Continued improvement through the remainder of the year seems likely.

Casteel Commentary

In an effort to serve our members better, the SFSA Board of Directors decided to combine for this year only the SFSA Annual Meeting and the Technical and Operating Conference. This will allow members to participate in both meetings at reduced cost and provide a wonderful opportunity for a joint session of management, marketing, operating and technical people.

The challenges that face us and the uncertainties of the future make it critical at this time that we pull together as an industry. We need to continue with our vital program, including research, marketing, networking and innovation. Beyond our continued vital program, we need to respond to the economic and political challenges that face us in a global economy.

Our program includes strong speakers, important advances, key economic and market information. The one thing that we need, you can supply. We need the strong participation of the industry. Without your support, we will not have a successful meeting. With out your participation, your investment in the Society will be less rewarding. With out your attendance, your future will be less bright.

The highest value that SFSA brings to members is their association together, networking, sharing common interests, solving common problems, and creating common opportunities. Plants that fail to participate develop their own inefficient methods and processes, typically operating at 20 to 40 % below the marketplace.

Maximize your return on your membership investment. Come in November!

Raymond Monroe

STEEL FOUNDERS' SOCIETY OF AMERICA
MEETINGS CALENDAR

2003

September	
2/3	Centrifugal Product Group Meeting and plant tour, Watertown, WI
9/10	Southern Division T&O - Longview, TX
November	
5/6	101st SFSA Annual Meeting - Hotel Inter-Continental, Chicago, IL
5/8	National T&O Conference - Hotel Inter-Continental, Chicago, IL
5	Board of Directors - Hotel Inter-Continental, Chicago, IL
5	Marketing Committee - Hotel Inter-Continental, Chicago, IL
18	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	National T&O Conference - Hotel Inter-Continental, Chicago, IL
9	Specifications Committee, Washington, DC

STEEL FOUNDERS' SOCIETY OF AMERICA
BUSINESS REPORT

SFSA Trend Cards (%-12 mos. Ago)	3 Mo Avg	June	May
Carbon & Low Alloy			
Shipments	11.7	24.1	11.0
Bookings	-1.6	-6.7	-9.2
High Alloy			
Shipments	35.0	90.0	6.6
Bookings	3.5	15.9	8.2

Department of Commerce
Census Data

Iron & Steel Foundries (million $)

Shipments	1,248	1,235	1,250
New Orders	1,246	1,236	1,240
Inventories	1,776	1,770	1,756

Nondefense Capital Goods (billion $)

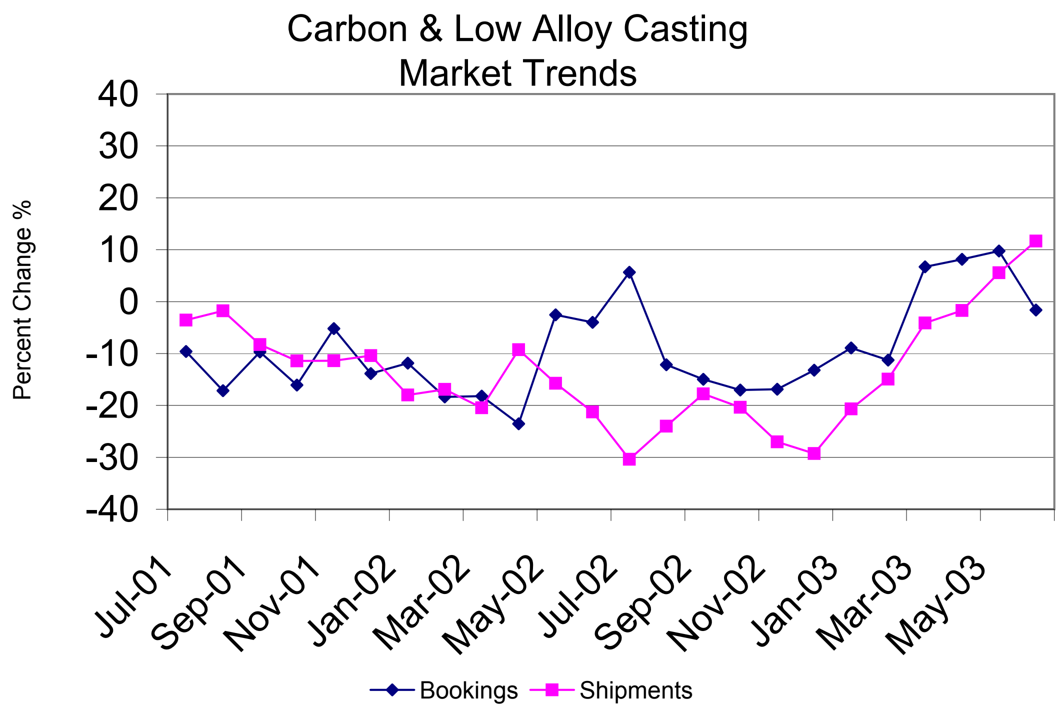
Shipments	58.7	57.5	62.9
New Orders	56.3	57.8	55.3
Inventories	108.9	108.1	109.4

Nondefense Capital Goods
less Aircraft (billion $)

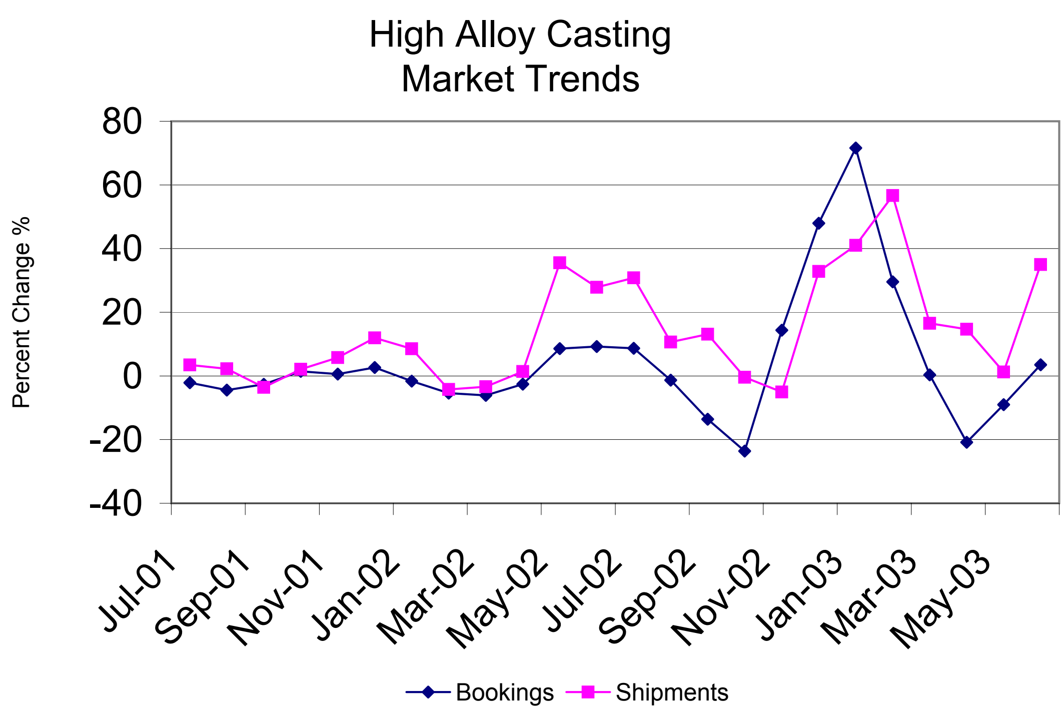
Shipments	54.6	54.5	55.6
New Orders	54.4	55.4	53.8
Inventories	86.6	86.4	86.7
Inventory/Orders	1.59	1.56	1.61
Inventory/Shipments	1.59	1.59	1.56
Orders/Shipments	1.00	1.02	0.97

American Iron and Steel Institute

Raw Steel Shipments (million net tons)	8.7	8.7	8.6



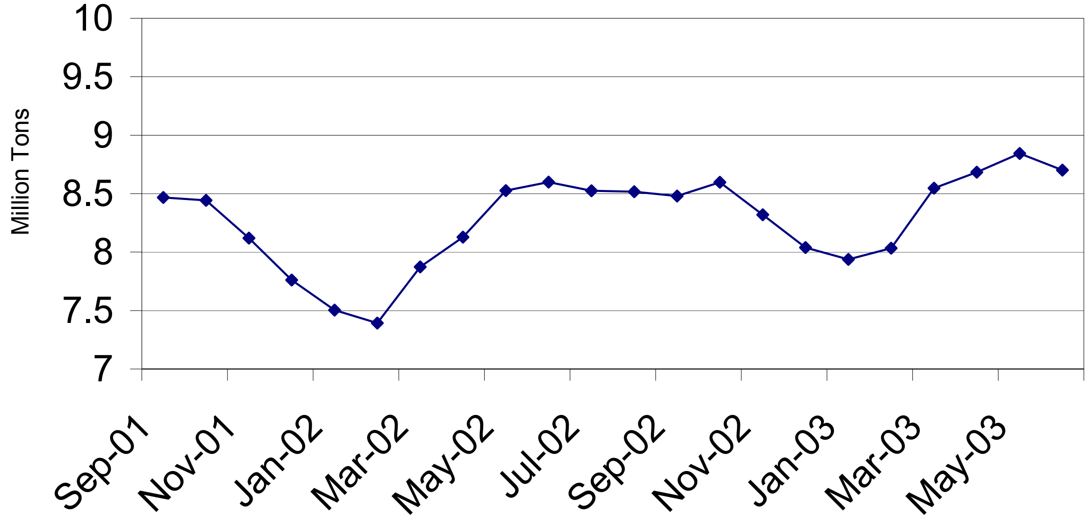
SFSA Postcards



SFSA Postcards

Raw Steel Shipments

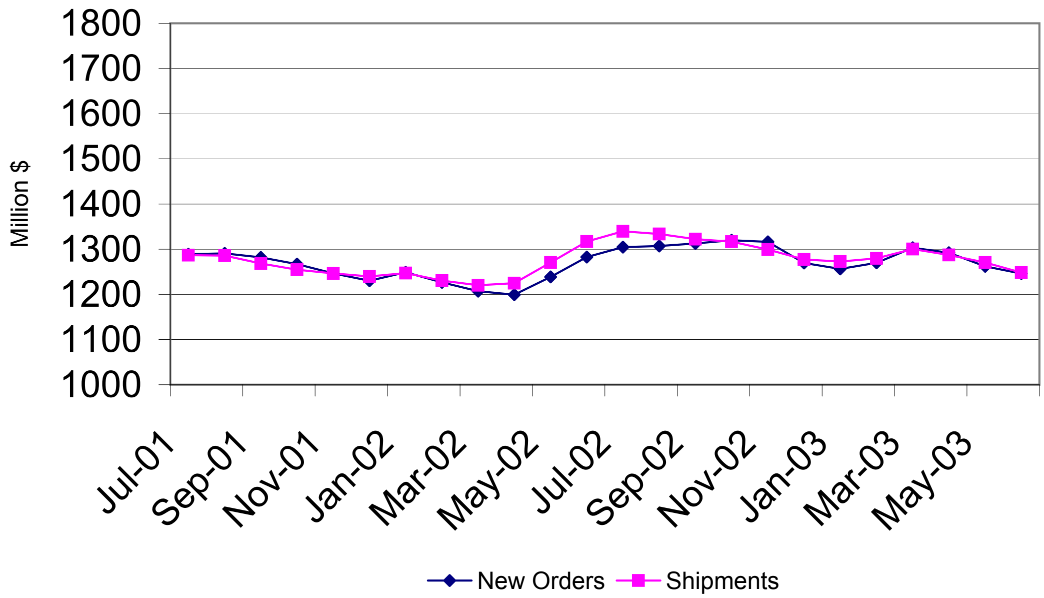
3 month average



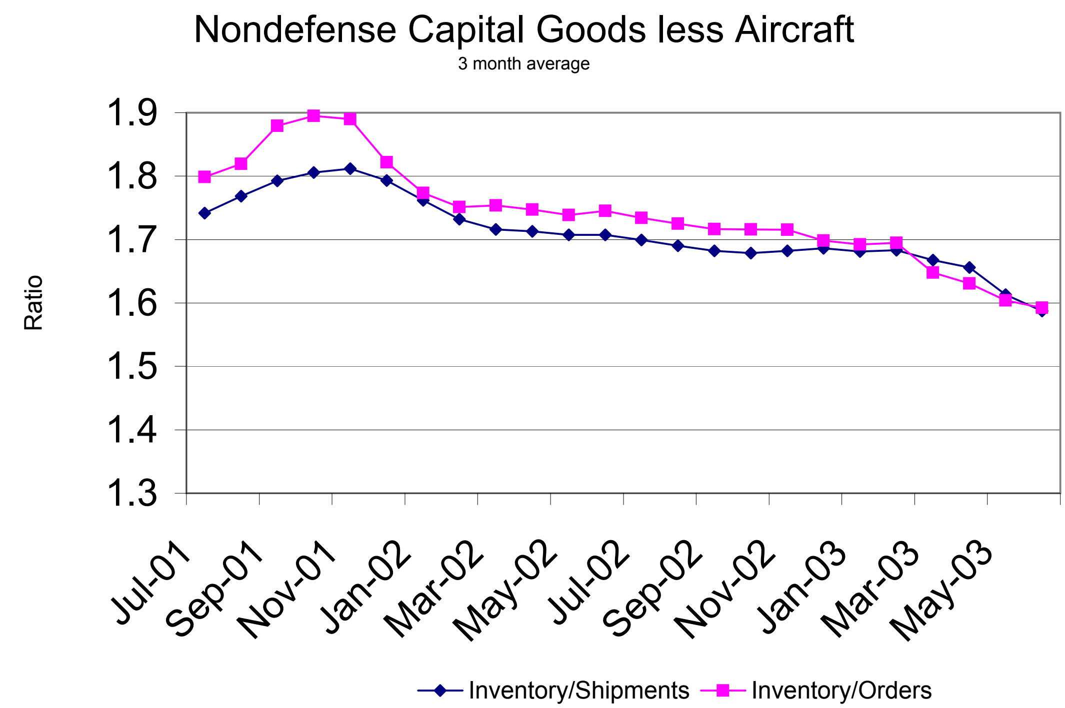
AISI Data

Iron and Steel Castings

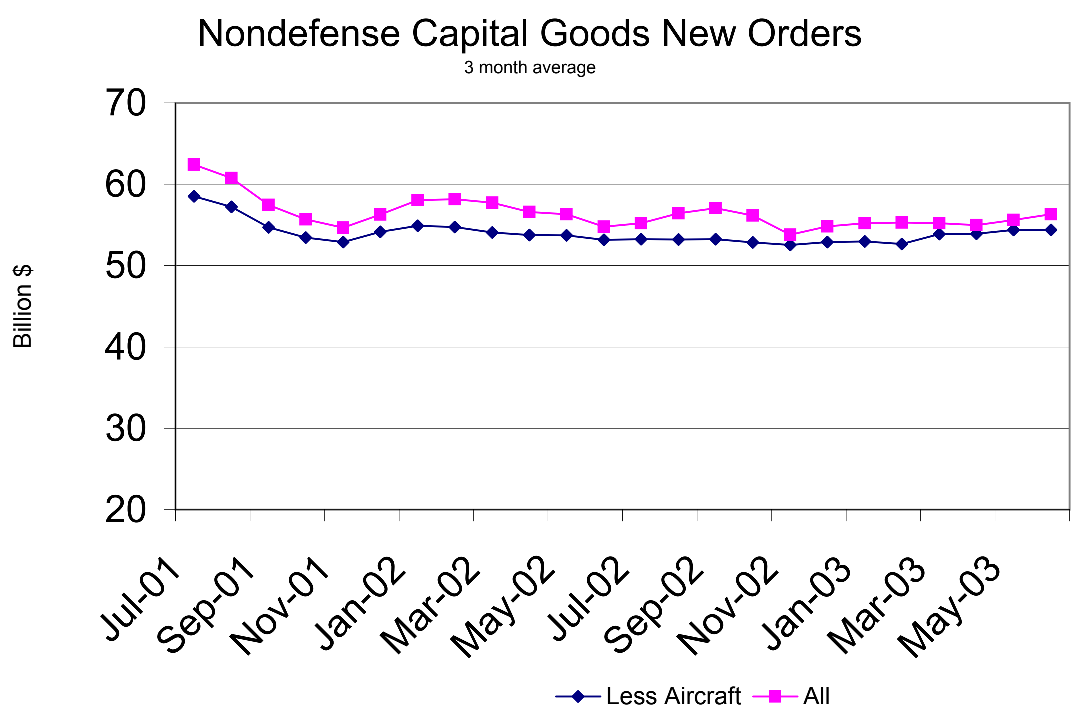
3 month average



SFSA



Department of Commerce



Department of Commerce

Come join us at
the 101st SFSA Annual Meeting
November 5-6, 2003
at the Hotel Inter-Continental
in Chicago!

100+1

Surviving in the Second Century

- **The Economy**
- **World Trade**
- **The future of the Industry**
- **Environmental Issues**
- **Market Expansion**

Plus an opportunity to discover all that Chicago has to offer...

Incredible dining
Acclaimed theatre district
Live Jazz and Blues clubs
Fantastic shopping on the Magnificent Mile

Innovative and historic architecture
Internationally renowned museums including:
Field Museum
Art Institute of Chicago
Adler Planetarium
Shedd Aquarium