



SFSA CASTEEL REPORTER

Steel Founders' Society of America

a monthly publication

serving SFSA steel casting industry Members

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Casteel Commentary Highlights:

The T&O Conference is an essential value for members. With the need for trained managers, the T&O provides essential training and information needed for success. Profitability will depend on production, production will require skilled managers and better trained people will be critical. You should consider how to most effectively use this year's conference for your success.

Technical & Operating Conference

The 2004 SFSA Technical & Operating Conference is coming up very soon. All SFSA members are eligible to attend, and should do so, as the Conference is one of the primary ways to get the most value from membership in SFSA. Registration forms and information, along with hotel reservation information is available online at <http://www.sfsa.org/sfsa/toconf>

Please note that the cut-off date for the SFSA room block is October 11.

SFSA Annual Meeting

The SFSA Annual Meeting was held on Amelia Island on September 12 through 14, barely dodging Hurricane Ivan.

The meeting program was filled with useful information about the economic conditions and future trends. Marty Regalia of the U.S. Chamber, gave an economic overview. John Neville of the SBA presented financing opportunities available for companies developing export markets. John Nolan of Steel Dynamics discussed the threat from global competitors and the

threat of unfair currency manipulation. He encouraged members to join the China Currency Coalition. Eric Bates gave an overview of the R&D tax credit and how steel foundries might apply. Martin Stap presented the SFSA Forecast 2005, projecting double-digit growth. Finally Raymond Monroe gave a brief snapshot of the steel casting capacity suggesting strong market demand for at least 3 years.

At the Annual Meeting, Ed Curtis announced that the SFSA Foundation has been renamed the [Robert M. Schumo Foundation](#) in honor of his leadership, vision, and support. Bob passed away this past year. If you have not yet had the chance, you can send your condolences and memories to the family via email here: schu@surfglobal.net

Next year the meeting will be held from September 10-14 at the Hyatt Regency Lake Tahoe Resort & Casino in Incline Village, Nevada.

EPA MACT

SFSA is meeting with the U.S. EPA to begin discussions on the Steel Foundry MACT requirements. SFSA supported by some of the large member plants has petitioned the EPA to reconsider the rule and sued the agency. We have retained attorneys and selected engineering consultants. We are meeting with EPA on Oct 6 and 7 to discuss how to move forward. The EPA also wants to begin developing rules for foundries smaller than the rule affects now under the development of Area source regulations. An update of the progress will be presented at the SFSA T&O Conference in November.

SFSA Staff

Many of you know Sandra Walker only as the pleasant voice that answers the phone at SFSA. She has been an outstanding asset to SFSA and the industry. In recognition of her responsibilities and contribution, we would like to announce the Sandra has been promoted to Director of Administration of SFSA as of October 1.

North Central Division Meeting

The North Central Division meeting planned for October 22, 2004 has been postponed to until after the 1st of the year.

Market News

Demand in July continued to be up sharply, more than 40% over last year in shipments and bookings according to the SFSA Trend Cards. Confirming this strong picture is the Census report on increased new orders and shipments of iron and steel castings. AISI is reporting continued strong demand for steel seen in the raw steel shipments. Orders for Capital goods continue to increase and with increasing inventories stimulate strong demand. The high price of oil and other materials may cause a near term slowdown in economic activity but the overall picture is quite strong for the balance of 2004.

Casteel Commentary

As demand for steel castings increased sharply, efficient production constrains profitability for many steel foundries. When supply is limited and selling prices rise, production throughput becomes the most important need for success. In manufacturing, the shortage of skilled and knowledgeable managers will limit production. Training and improving performance of operating and technical personnel will be an essential tool for success. Fortunately, SFSA provides the richest and most effective information and training, The SFSA National Technical and Operating Conference is the best meeting in industry. There is no more valuable resource to our members. Members can make more effective use of their membership investment by sending a large delegation to the conference.

Old hands enjoy the Conference. They exchange views with old friends, catch up on industry news, and hear about new practices and developments in our industry. They meet newcomers, researchers and other experts. The producers-only no-spin presentations provide a useful source of new things to try. Many of the innovations in members' plants can be traced to the Conference.

Newcomers get even more from the conference. While they may not get the newest insights because of their inexperience, they get an otherwise unavailable education from the leaders of the industry. They meet the leading technical and operating experts, exchange ideas, and make friends. This often leads to plant visits and other collaborative and profitable arrangements. This is a unique chance for you.

Make an investment in profitability, come to the Conference!

Raymond Monroe

STEEL FOUNDERS' SOCIETY OF AMERICA

MEETINGS CALENDAR

2004

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 3 Mo Avg Jul Jun
(%-12 mos. Ago)

Carbon & Low Alloy

| | | | |
|-----------|------|------|------|
| Shipments | 27.7 | 32.9 | 44.3 |
| Bookings | 46.7 | 63.0 | 58.0 |

High Alloy

| | | | |
|-----------|------|------|-------|
| Shipments | 65.0 | 49.0 | 37.9 |
| Bookings | 50.0 | 30.2 | 100.2 |

**Department of Commerce
Census Data**

Iron & Steel Foundries (million \$)

| | | | |
|-------------|-------|-------|-------|
| Shipments | 1,544 | 1,603 | 1,546 |
| New Orders | 1,599 | 1,663 | 1,527 |
| Inventories | 1,755 | 1,784 | 1,748 |

Nondefense Capital Goods (billion \$)

| | | | |
|-------------|-------|-------|-------|
| Shipments | 62.1 | 63.0 | 62.1 |
| New Orders | 65.1 | 69.8 | 63.6 |
| Inventories | 107.4 | 108.7 | 107.3 |

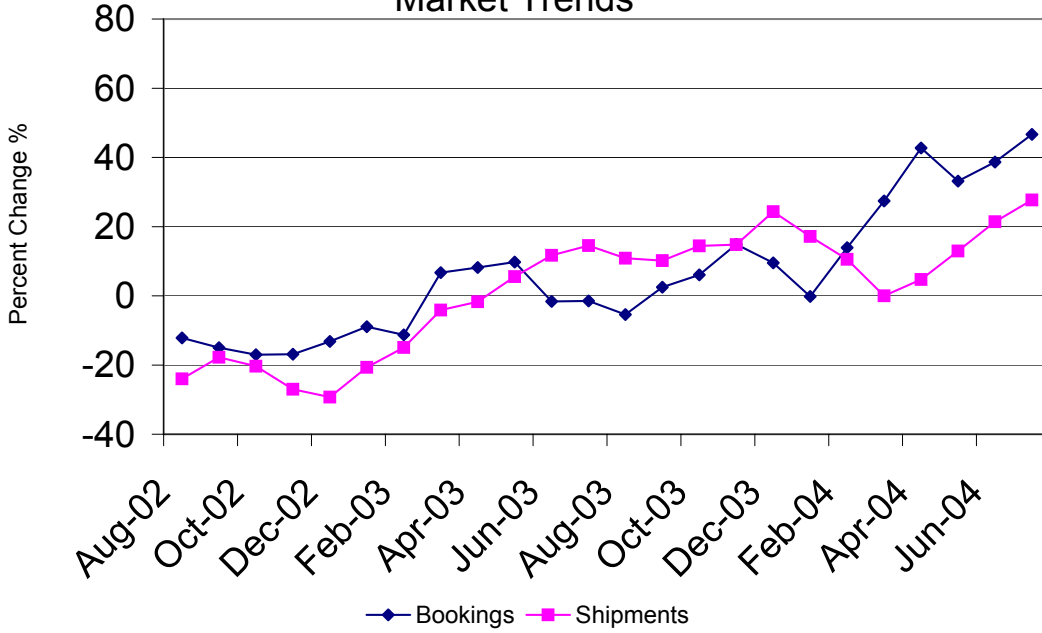
**Nondefense Capital Goods
less Aircraft (billion \$)**

| | | | |
|---------------------|------|------|------|
| Shipments | 59.7 | 61.0 | 59.7 |
| New Orders | 60.3 | 61.4 | 60.6 |
| Inventories | 90.2 | 91.0 | 90.5 |
| Inventory/Orders | 1.50 | 1.48 | 1.49 |
| Inventory/Shipments | 1.51 | 1.49 | 1.52 |
| Orders/Shipments | 1.01 | 1.01 | 1.01 |

American Iron and Steel Institute

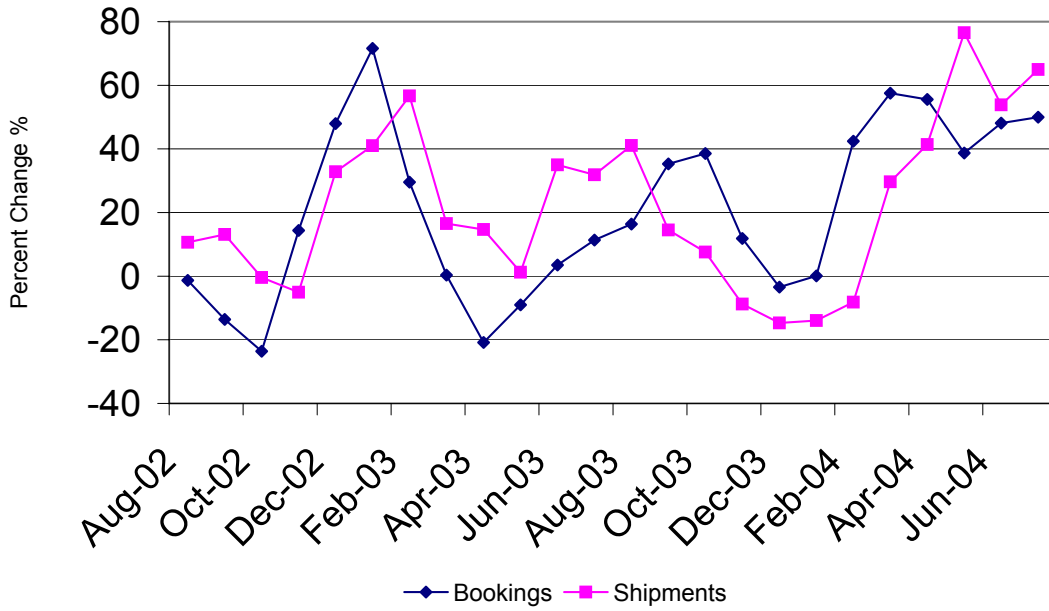
| | | | |
|-------------------------------------------|-----|-----|-----|
| Raw Steel Shipments (million net tons) | 9.4 | 9.4 | 9.7 |
|-------------------------------------------|-----|-----|-----|

Carbon & Low Alloy Casting Market Trends



SFSA Postcards

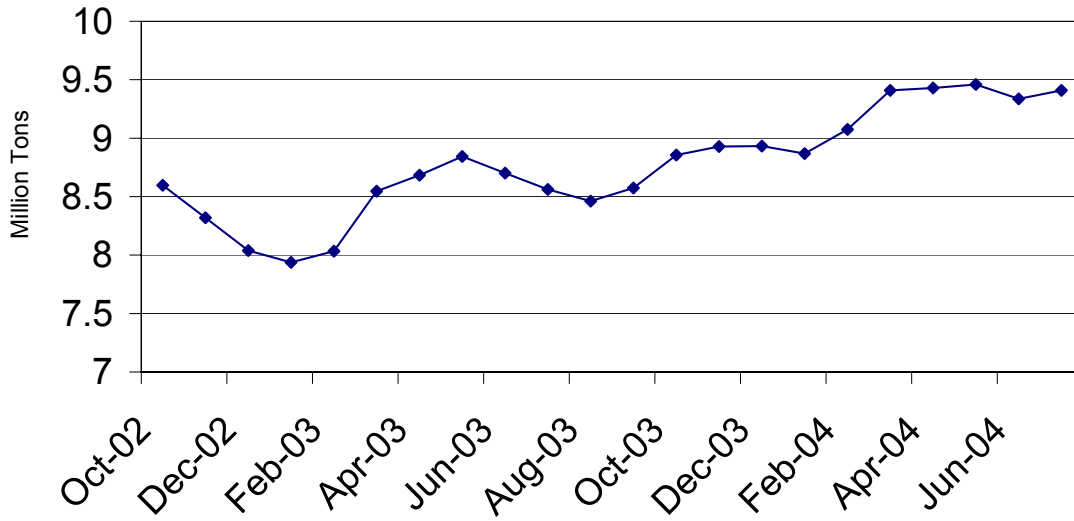
High Alloy Casting Market Trends



SFSA Postcards

Raw Steel Shipments

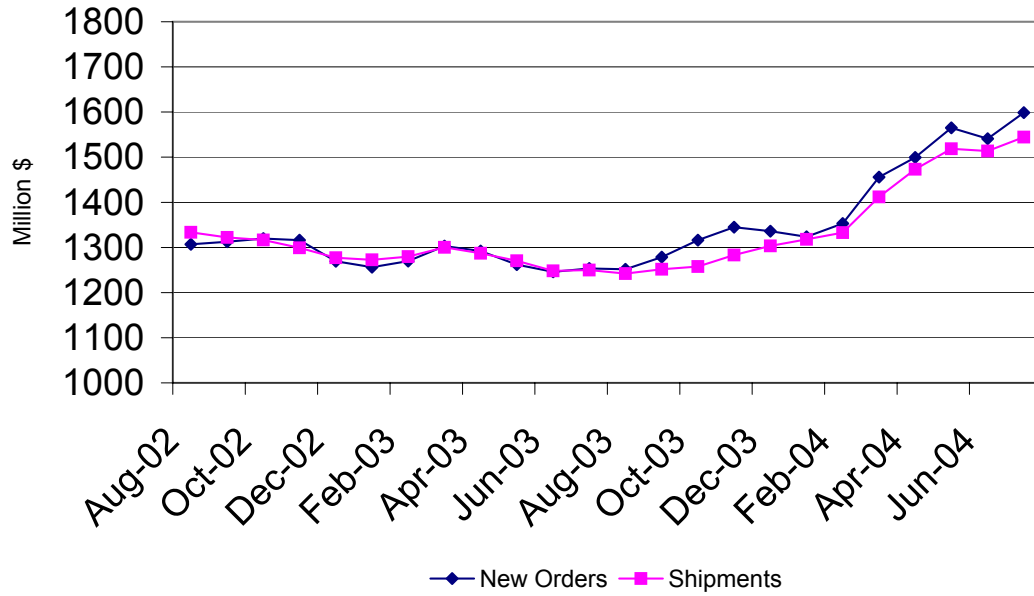
3 month average



AISI Data

Iron and Steel Castings

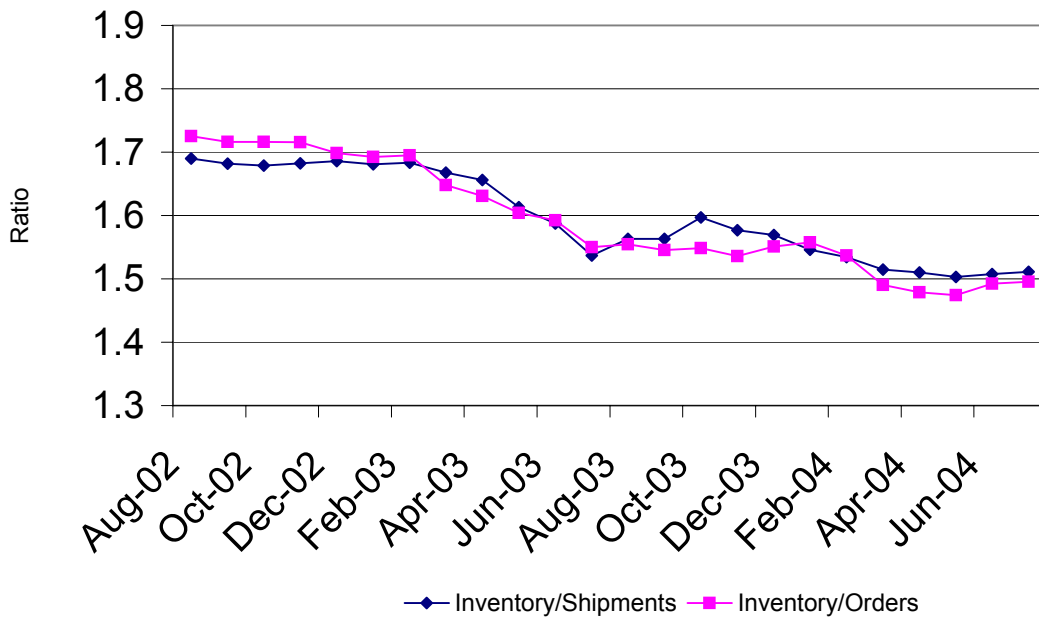
3 month average



SFSA

Nondefense Capital Goods less Aircraft

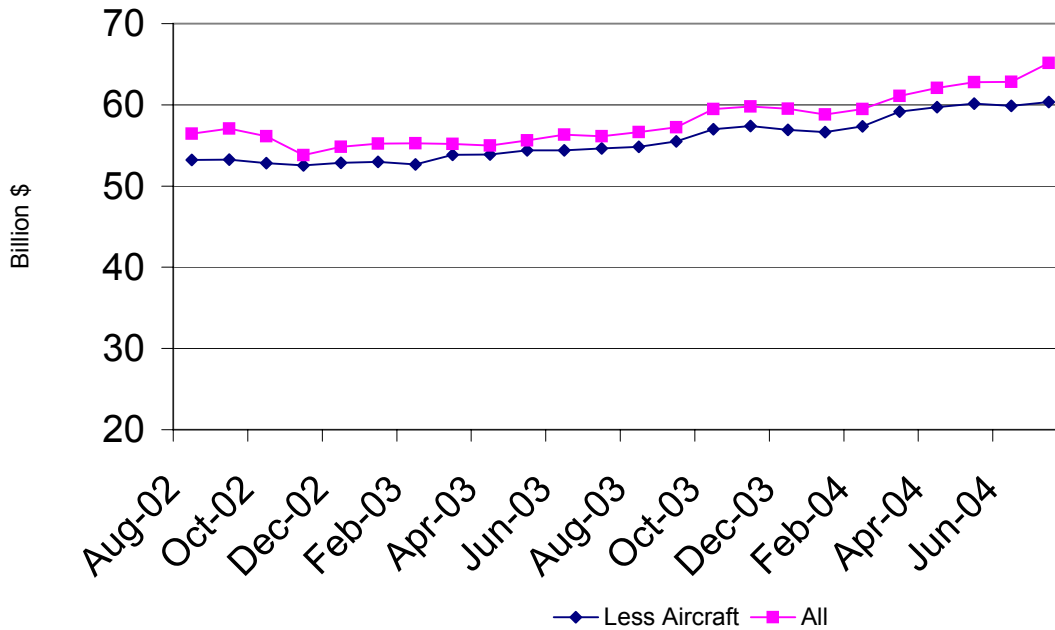
3 month average



Department of Commerce

Nondefense Capital Goods New Orders

3 month average



Department of Commerce