



# 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>

## February — 2010

### Casteel Commentary

Globalization changes the way large companies operate. The old multinational model developed regional businesses that shared some technology and process/product information. Global companies now no longer share some but use all their expertise to create a single enterprise that has a global supply chain. This was a threat when commodity prices were low and demand for castings weak. This was made more painful by the strong US dollar. Now we have a coming opportunity in the global game. In a weak dollar/strong commodity price market likely to occur, we can export and profit. We need to develop the relationships and customers to allow us to succeed when the competitive wind will be at our back.

### Spring Management Meeting

On April 8 SFSA will hold its Spring Management Meeting in Schiller Park, IL. A range of presentations will be given covering topics such as market conditions and business forecast, introduction to ITAR, implementing jobshoplean, benchmarking and key financial ratios, process optimization using MetaCause, and credit risk management. Registration information has been sent to members and is available online at the SFSA website.

### SFSA Luncheon at AFS CastExpo

SFSA members are invited to attend the SFSA luncheon during the CastExpo in Orlando, FL on March 22 at 12pm. Registration information is attached to the PDF version of this newsletter. Registrations must be received by March 10. We look forward to seeing you there.

### Investment Casting Product Group Meeting

The first meeting will be held at Mercury Marine in Fond du Lac, WI on April 14 with a plant tour on April 15. The agenda for the meeting will include a review on work at MS&T on waxes, foam patterns and shell cracking, a practical example of how this work was applied at Mercury Marine, industry survey and metallographic analysis of casting defects, an update on SFSA's activities and an attendee roundtable where attendees will discuss their latest problem or solution. Hotel and meeting room information will be sent to members as soon as it is available.

### SFSA 2010 Annual Meeting

Bar Harbor, ME is the location for this year's SFSA Annual Meeting which will be held at The Harborside Hotel, Spa and Marina September 11-14. Our meeting program will include the complete market forecast, a business roundtable discussion. We recommend registering early - discounted registration rates are currently available. Registration information is attached; more information is available on the SFSA website.



## **Market News**

Trends from the SFSA card survey show continued poor conditions for shipments and orders for all steel castings, off over 50% from last year. Many are reporting improvements in business in the new year but with volatility. Backlogs have increased from mid last year indicating that business conditions are improving.

Census numbers for iron and steel casting have shown improvement since the middle of last year and this improvement is also seen in steel long products shipments. Nondefense Capital Goods have seen slight improvements in orders and shipments. Inventories have continued to decline. It appears that low inventory levels have been achieved and replacing inventories as demand grows should help strengthen business conditions.

The charts are included in the PDF version of the Casteel Reporter.

## **Casteel Commentary**

Many (including me) believe that large increases in US federal spending will result in the next two years in accelerating inflation and a downward drift in the value of the US dollar. Inflation will be seen in the rise of commodity prices more rapidly than other products. To protect your finances from inflation, it will be attractive to purchase assets.

The dollar should fall against other currencies as the economy stabilizes. This may not be as dramatic as the pickup in inflation because the other major currencies are also weak. All major currencies will weaken as measured in commodity prices. The value of the dollar may not decline as much since the other currencies will be inflated as well.

From a business standpoint, this weakening of the dollar and increase in commodity prices is an opportunity for steel casting producers. It suggests two approaches to profit. Steel foundries should prepare for strong demand from commodity producers, mines and energy, and prepare to exploit export markets.

If the dollar weakens while commodity prices rise, then US produced steel castings will be in demand and cost competitive around the world. The weak dollar/strong commodity prices prior to the current financial crisis created some export demand especially to Europe. Once economic conditions are stable and credits flows, many prior capital projects globally will be attractive. We need to develop the infrastructure necessary to profit from this trend.

One method of profiting from the global casting demand will be to supply global corporations. Globalization is not multinational but shifted to become truly global. Instead of regional business affiliated in the old multinational model of business, globalization has created global supply chains. When the dollar was strong and demand weak, this was a threat as offshore competitors sought to gain market access and take our business. In a weak dollar/strong commodity prices boom, the tables will turn and we will be the ones with global opportunities.

*Raymond Monroe*

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

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

Shipments	-36.8	-49.3	-46.5	-49.7
Bookings	-51.2	-51.3	-51.1	-51.3
Backlog (wks)	5.3	7.0	10.0	6.0

**High Alloy**

Shipments	-35.6	-58.3	-80.0	-52.5
Bookings	-49.9	-52.7	-57.3	-46.6
Backlog (wks)	3.6	4.0	4.0	4.0

**Department of Commerce  
Census Data**

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

Shipments	1,230.5	1,281.3	1,337	1,258
New Orders	1,174.1	1,285.0	1,424	1,229
Inventories	2,379.2	2,149.0	2,130	2,146

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

Shipments	57.4	57.8	59.5	57.1
New Orders	52.3	53.2	54.2	53.8
Inventories	138.3	132.2	131.8	132.3

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

Shipments	53.6	53.5	54.7	53.3
New Orders	52.2	53.2	54.8	53.3
Inventories	101.5	96.2	96.0	96.0

Inventory/Orders		1.81	1.75	1.80
Inventory/Shipments		1.80	1.76	1.80
Orders/Shipments		0.99	1.00	1.00

**American Iron and Steel Institute**

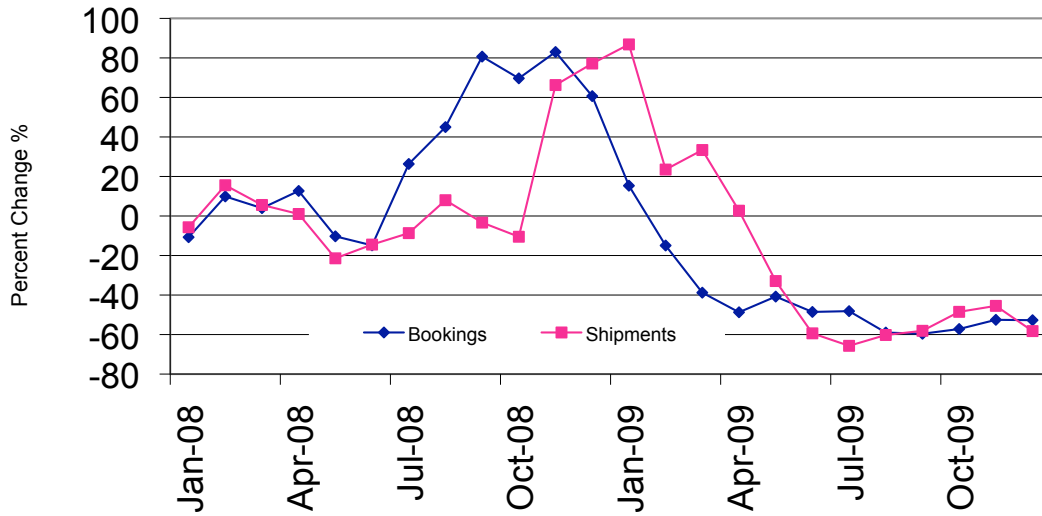
Raw Steel Shipments (million net tons)	4.9	5.8		5.4
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### Carbon & Low Alloy Casting Market Trends



SFSA Postcards

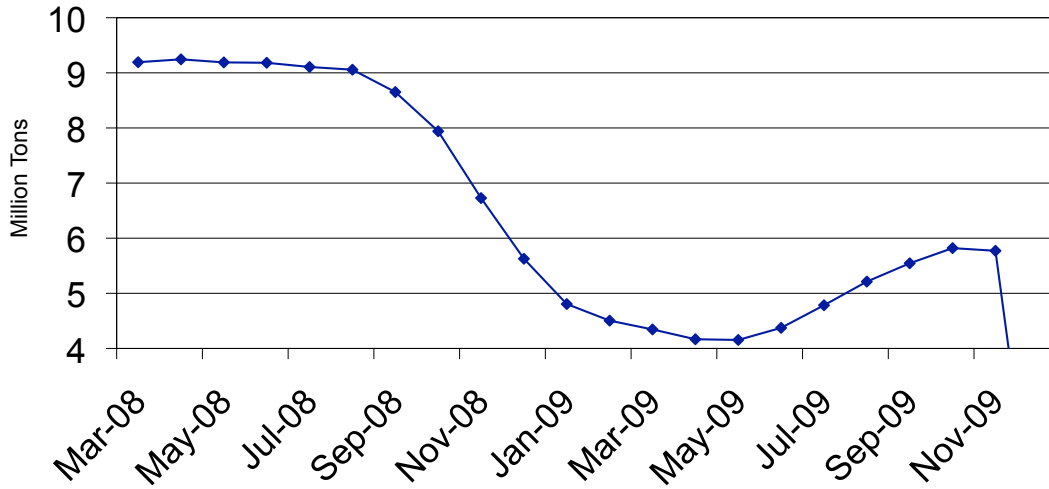
### High Alloy Casting Market Trends



SFSA Postcards

### Raw Steel Shipments

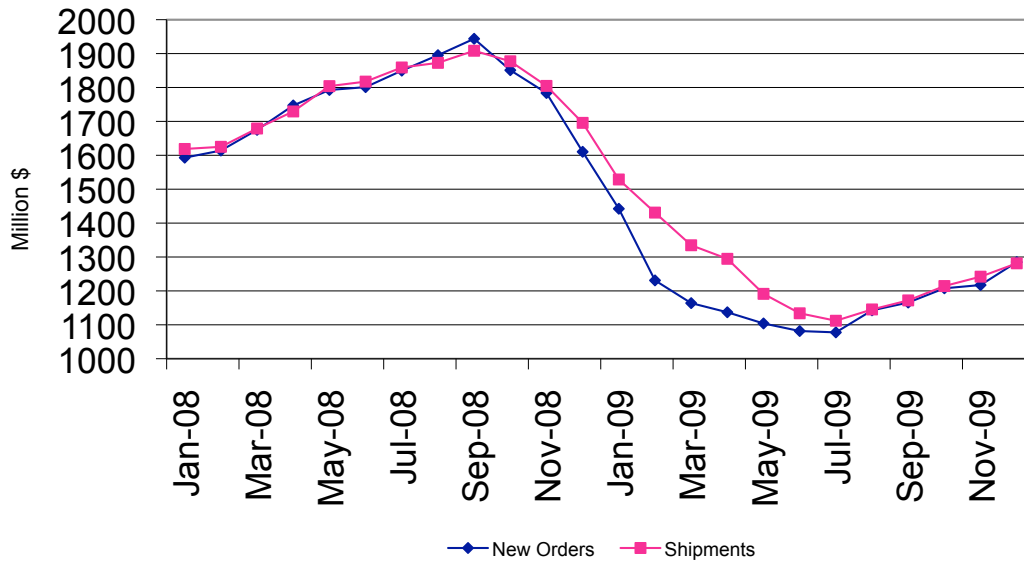
3 month average



AISI Data

### Iron and Steel Castings

3 month average

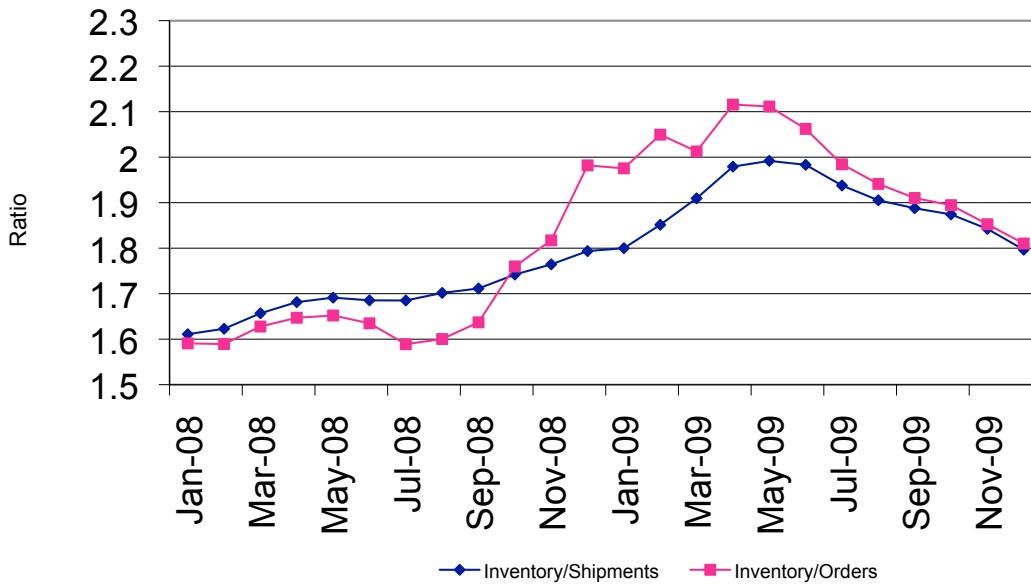


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### Nondefense Capital Goods less Aircraft

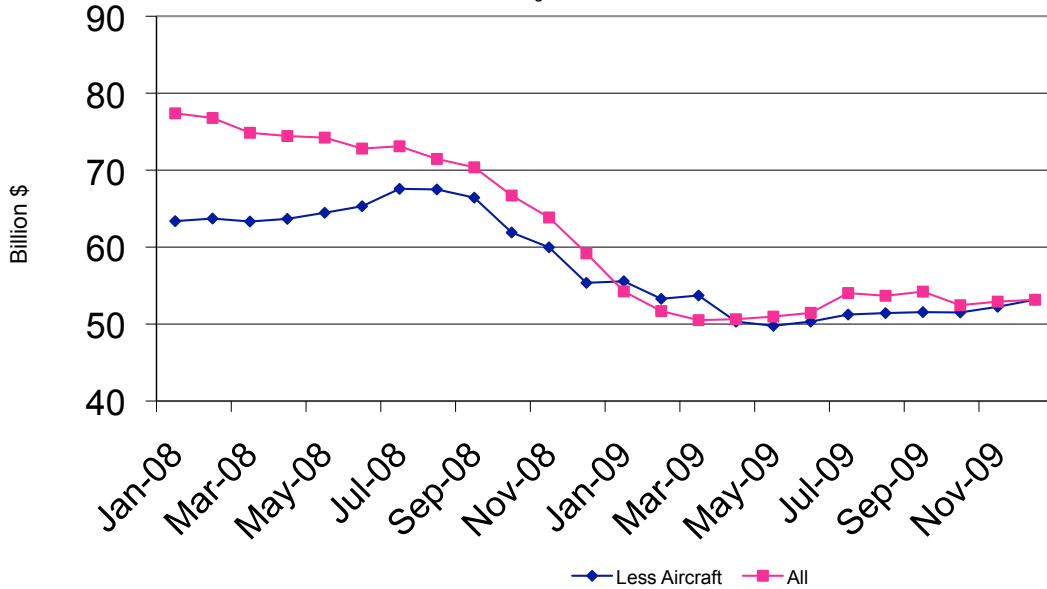
3 month average



Department of Commerce

### Nondefense Capital Goods New Orders

3 month average



Department of Commerce

Steel Founders' Society of America Member Luncheon  
at CastExpo 2010  
March 22, 2010 - 12:00pm  
Orange County Convention Center South Hall Room 230B



**Registration Must Be Received By March 10, 2010**

**Attendee Information**

Name \_\_\_\_\_  
Name (2) \_\_\_\_\_  
Name (3) \_\_\_\_\_  
Company \_\_\_\_\_  
Email \_\_\_\_\_  
Phone \_\_\_\_\_

<b>Lunch Choice</b>	<b>Cost</b>	<b>Quantity</b>	<b>Total</b>
Mojito Grilled Chicken with baby greens, grilled pineapple, fire roasted peppers, goat cheese and roasted corn and black bean salsa	\$25	_____	_____
Grilled Vegetable Focaccia with roasted tomatoes, fresh mozzarella, marinated bean salad, olives and pickled peppers	\$25	_____	_____
Carne Asada Torta grilled marinated sirloin with refried beans and roasted peppers with charred corn and cilantro salad and pico de gallo	\$33	_____	_____
<b>Total</b>			<b>\$</b> _____

**Credit Card Authorization**

Number \_\_\_\_\_  
Expiration \_\_\_\_\_  
Security Code \_\_\_\_\_  
  
Signature \_\_\_\_\_

**Fax Form to 815-455-8241**  
**Email Form to [kdigiaco@sfssa.org](mailto:kdigiaco@sfssa.org)**



# 108<sup>th</sup> SFSA ANNUAL MEETING REGISTRATION

Harborside Hotel & Marina  
55 West Street, Bar Harbor, ME 04609  
(207) 288-5033

Please register the following individuals for the Annual Meeting Sept. 11<sup>th</sup> – 14<sup>th</sup>, 2010  
(Please copy this form and submit one form per person/couple)

First Name                      Last Name                      Check if Alumni

\_\_\_\_\_

Please register the following spouse/guest:

\_\_\_\_\_

Email Address: \_\_\_\_\_

Company \_\_\_\_\_

Telephone \_\_\_\_\_

Fee Schedule	Payment Received By 7/1/10	Payment Received By 8/2/10	Payment Received By 9/11/10
Regular Registration	\$1,500	\$1,525	\$1,550
Spouse, Guest, or Alumni	\$850	\$865	\$880

Payment Information:

	Number	Fee	Total
Regular Registration			
Spouse, Guest, or Alumni			
<b>Total</b>			

- Check is enclosed
- Charge my Visa, MasterCard or American Express
- Credit Card # \_\_\_\_\_

**PLEASE CHOOSE  
METHOD OF PAYMENT  
AND SEND WITH  
REGISTRATION**

Expiration date \_\_\_\_\_ CVV2 Code \_\_\_\_\_

Signature \_\_\_\_\_

Return this form to:

**Hotel Cut-off Date is August 11, 2010**

SFSA  
780 McArdle Dr. Suite G  
Crystal Lake, IL 60014  
FAX: (815) 455-8241  
E-Mail: [kdigiaco@sfsa.org](mailto:kdigiaco@sfsa.org)

Please make your hotel reservations directly with the Harborside by calling the hotel at **(207) 288-5033**. In all communications regarding your hotel stay, please refer to the Steel Founders' Society of America room block.

Please list here any special needs: i.e. special dietary requests \_\_\_\_\_