



SFSA CASTEEL REPORTER

Steel Founders' Society of America

a monthly publication
serving SFSA steel casting industry Members

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March — 2010

Spring Management Meeting

The Spring Management Meeting is scheduled for April 8 in Schiller Park, IL. Presentations to be given cover 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.

Men Available

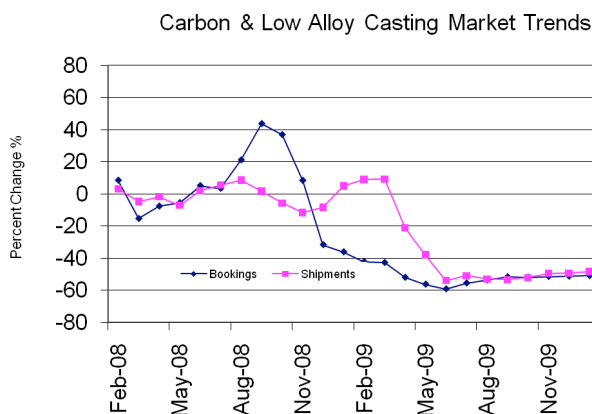
A1239 graduates in April 2010 with a BS in Engineering Technology - Mechanical and Manufacturing, with coursework emphasizing metal casting, quality, CADD CAM, mechanical and heat systems.

A1244 seeks a position as a design engineer, metallurgist, or similar position. Holds a BS in Mechanical Engineering and is receiving an MS in Metallurgical Engineering. Skilled in product design and research testing. Experienced with simulation including MAGMASoft, Abacus, Ansys, Fluent. Performed research in mold design for near net shape and improved control of the mechanical properties of investment shell molds.

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.

Market News



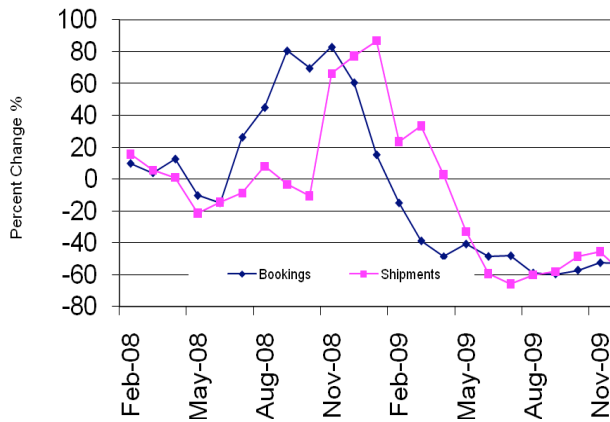
Business remains well below year ago levels according to the SFSA Trend Cards. Bookings for stainless and steel castings are more than 50% below last January numbers. Shipments are more than 40 percent below last year's activity. Iron and steel casting shipments and orders have shown continued growth since their low point last July. They are still off over 30% from their high point from September 2008.

Nondefense Capital Goods New Orders less Aircraft shows modest improvement but is still down more than 20%. Inventories have continued to decline. When economic stability allows the resumption of

normal investment patterns, the reduction of industry inventory promises a strong market reaction. Many plants are already seeing the short lead time panic orders to cover for a lack of inventory. This has benefited the North American industry since off shore sources cannot react fast enough to cover

this lack of inventory. Orders are still lagging shipments showing little support for a strong uptick in business.

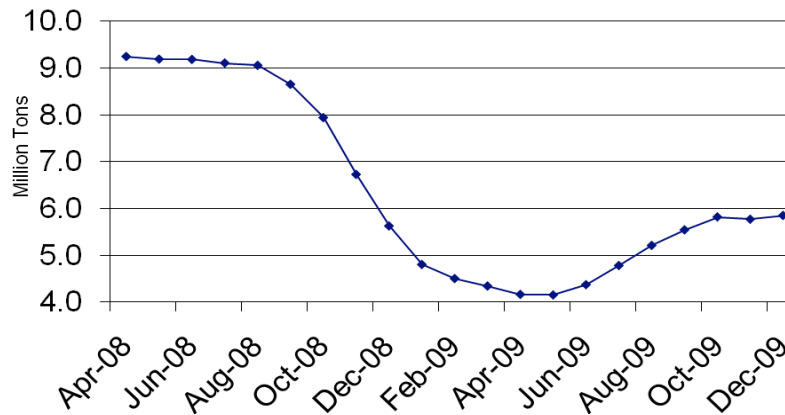
High Alloy Casting Market Trends



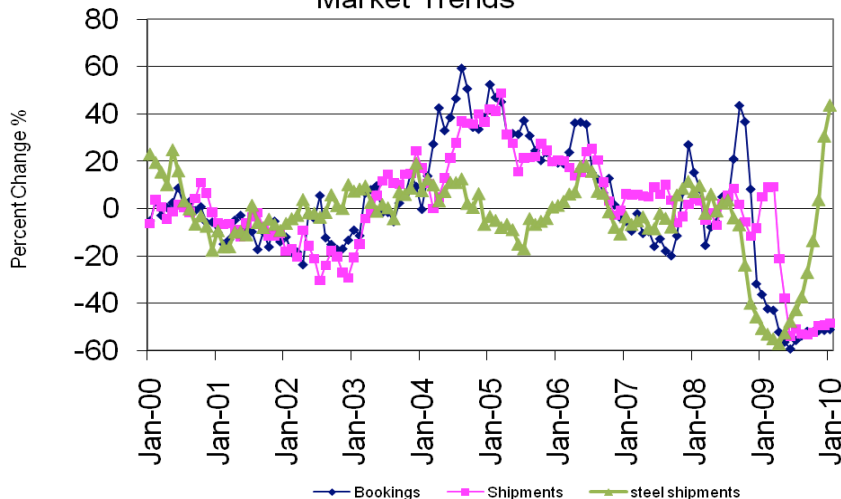
Steel production offers the most optimistic projection. We are strongly correlated with steel production in steel casting demand. There is a stronger correlation with steel long products that with the rest of the casting industry. Steel has rebounded strongly in the past few months. While our graph of steel shipments shows modest growth in line with casting activity, steel is still off over 30% from the high point two years ago. The most recent reports show steel production exceeding 70% of capacity. This suggests that demand for steel castings should continue to improve over the next few months. Another positive indication of steel casting market conditions is in increasing backlog over the past few months. Backlogs for all products have doubled from very low levels in the past six months.

Raw Steel Shipments

3 month average



Carbon & Low Alloy Casting Market Trends



Casteel Commentary

Our SFSA luncheon at the AFS CastExpo was well attended and provocative. One member company posed a question for discussion for our attendees. His customers, larger OEMs, wanted his rigging on the casting disclosed to them. They thought they were paying for the rigging in the first article and it belonged to them. They wanted that information so they could use it to qualify other sources if the plant developing it was not capable of meeting the demand. So the question under discussion was what was the commercial practice concerning the details of production including gating, riser design, and other production detail?

The discussion started off with a sales representative asserting that while in the past, they protected this information as sensitive competitive proprietary property; he was changing his mind on this topic. The large OEM customers were likely to get it in any case and the production plant was passing up the opportunity to profit from selling this engineering information to the customer. While he acknowledged that the information was proprietary and confidential, it was not clear how valuable it would be to another foundry that was likely to discard it and develop their own approach regardless.

After a wide-ranging and lively discussion the consensus of the discussion was:

1. The rigging and other processing information developed by a foundry for successful production of a part are proprietary and belong to the foundry.
2. The foundry is ordinarily at risk in first article development and this means the methods developed are research and development owned by the foundry.
3. Intellectual property can be patents, trademarks or trade secrets. Foundries rarely have patents or trademarks in casting development. While the rigging and production methods are proprietary, they rarely rise to the level of a trade secret.
4. Since most foundries will not use the rigging and methods developed at even a sister plant, the proprietary information is of limited use to another foundry. Even if they were to try to use the information, it would still require trials and documented success before it achieved a successful first article.
5. If the customer is dishonest and seeks to steal the commercial or proprietary information from the producing foundry, the supplier has little recourse.
6. Given the limited value to another producer and the strong desire on the customer to obtain the information, the foundry may be better off selling this rigging and methods to the customer and profiting from their interest.
7. The legal liability of providing the rigging and other methods to a customer was not clear. If the customer pays for the engineering information, does this make the supplying foundry liable if another plant using that information supplies a part that fails?
8. The choice to sell or protect the proprietary information is a business decision of each producer based on their circumstances.

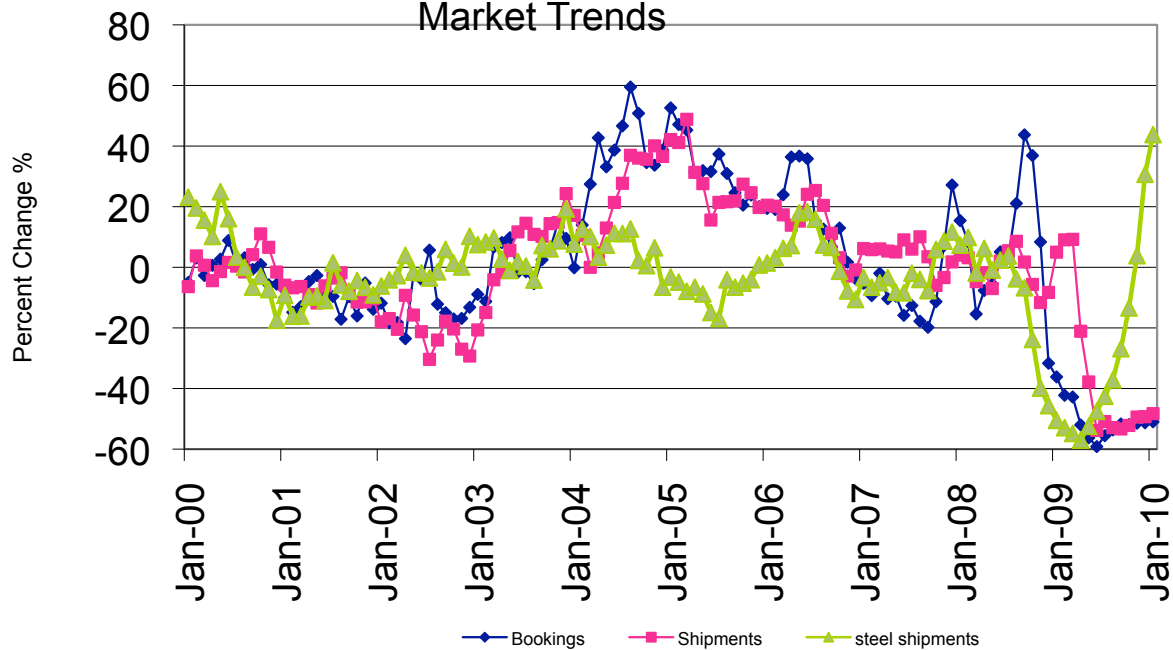
All in all, it was a fascinating and useful discussion!

Raymond Monroe

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

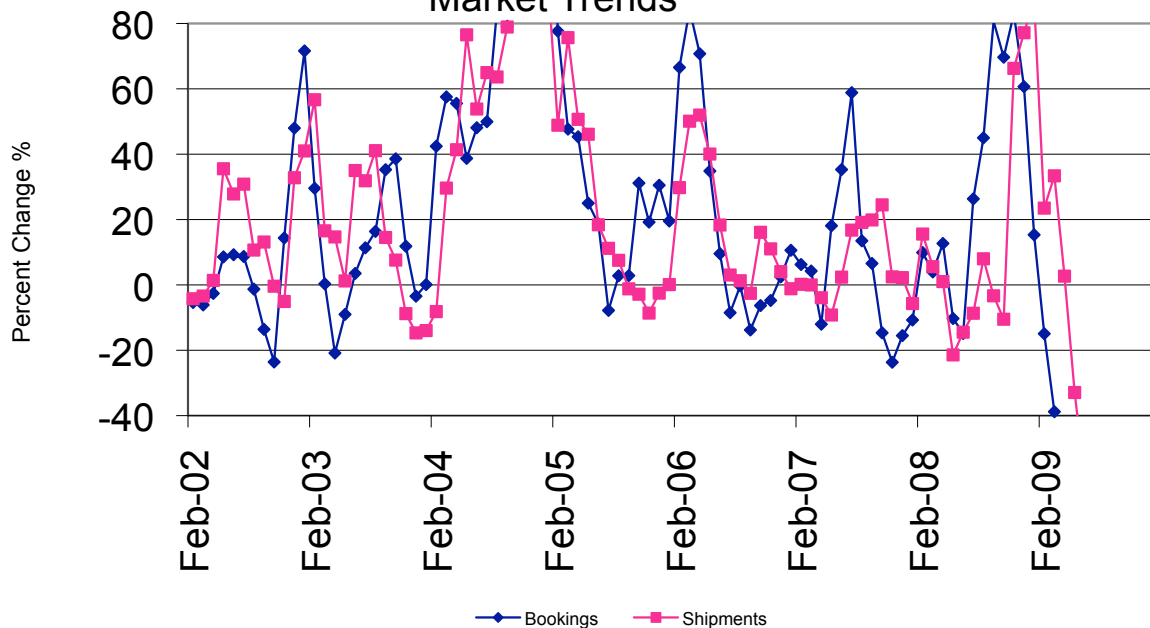
SFSA Trend Cards (%-12 mos. Ago)	12 Mo Avg	3 Mo Avg	Jan	Dec
Carbon & Low Alloy				
Shipments	-43.1	-48.3	-48.7	-46.5
Bookings	-52.6	-51.0	-50.6	-51.1
Backlog (wks)	5.6	8.3	9.0	10.0
High Alloy				
Shipments	-43.0	-60.6	-49.3	-80.0
Bookings	-51.9	-53.4	-56.4	-57.3
Backlog (wks)	3.6	4.7	6.0	4.0
Department of Commerce Census Data				
Iron & Steel Foundries (million \$)				
Shipments	1,226.3	1,284.3	1,258	1,337
New Orders	1,182.8	1,308.7	1,273	1,424
Inventories	2,330.3	2,136.3	2,133	2,130
Nondefense Capital Goods (billion \$)				
Shipments	57.1	58.0	57.4	59.5
New Orders	53.0	54.9	56.7	54.2
Inventories	137.2	132.0	132.0	131.8
Nondefense Capital Goods less Aircraft (billion \$)				
Shipments	53.1	53.9	53.9	54.7
New Orders	51.7	53.7	52.9	54.8
Inventories	100.4	96.0	96.0	96.0
Inventory/Orders		1.79	1.81	1.75
Inventory/Shipments		1.78	1.78	1.76
Orders/Shipments		1.00	0.98	1.00
American Iron and Steel Institute				
Raw Steel Shipments (million net tons)	5.2	6.0	6.6	6.0

Carbon & Low Alloy Casting Market Trends



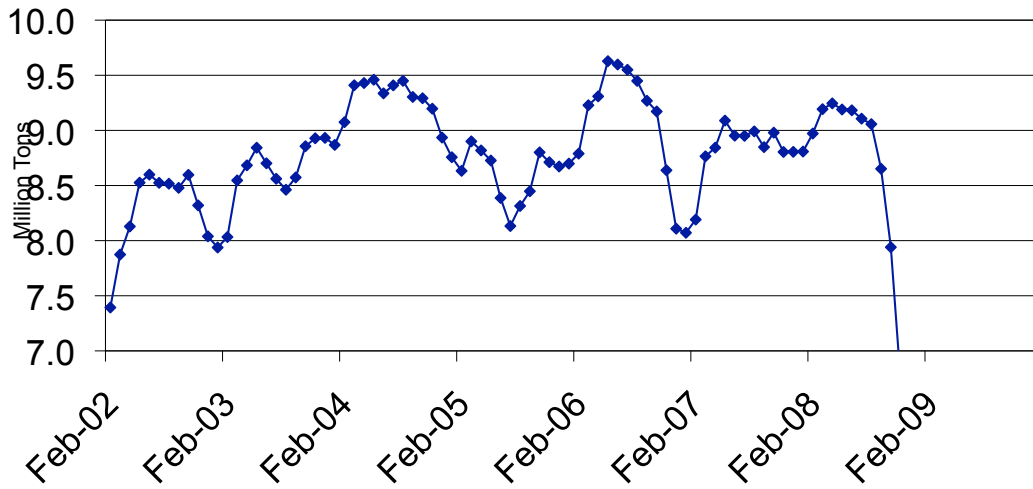
SFSA Postcards

High Alloy Casting Market Trends



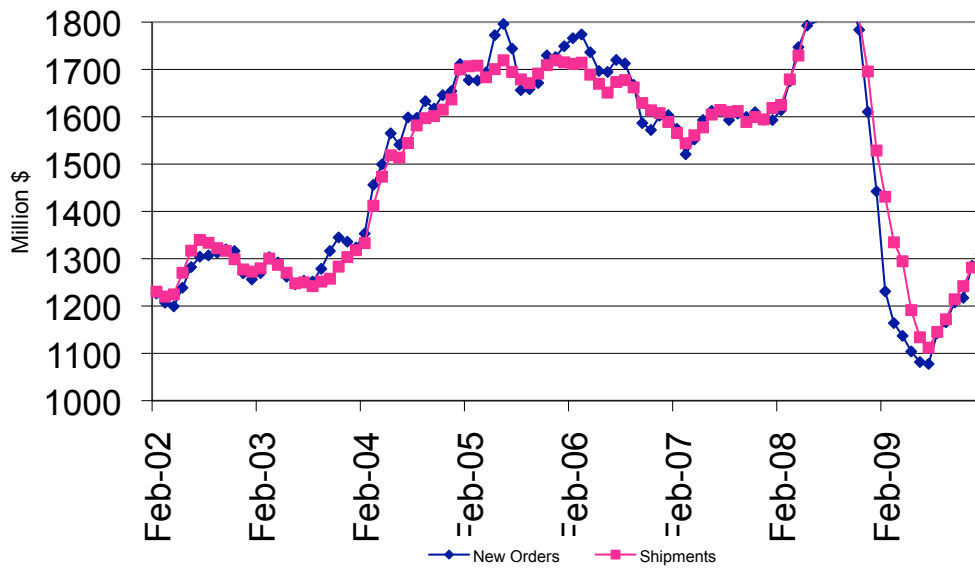
SFSA Postcards

Raw Steel Shipments 3 month average



AISI Data

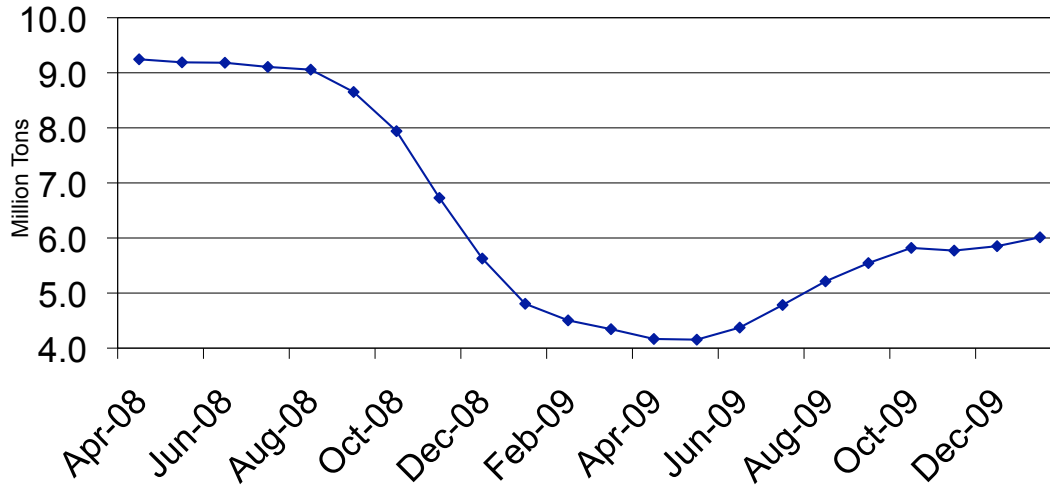
Iron and Steel Castings 3 month average



SFSA

Raw Steel Shipments

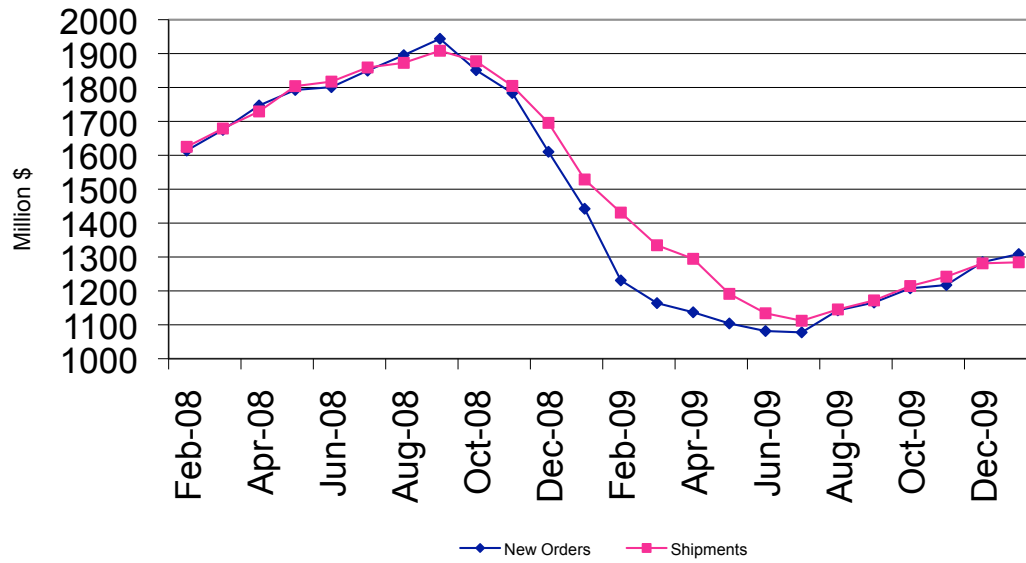
3 month average



AISI Data

Iron and Steel Castings

3 month average

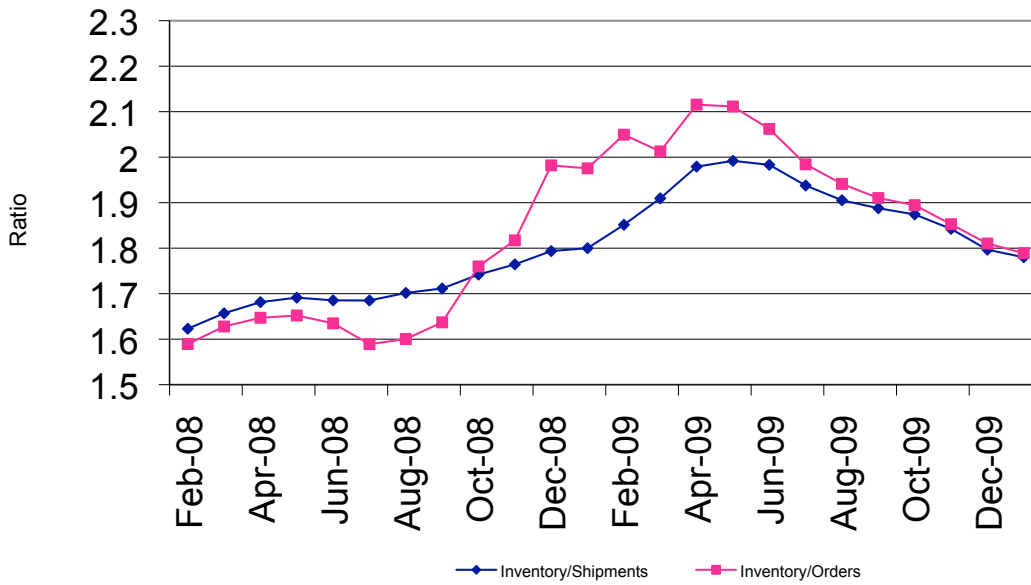


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Nondefense Capital Goods less Aircraft

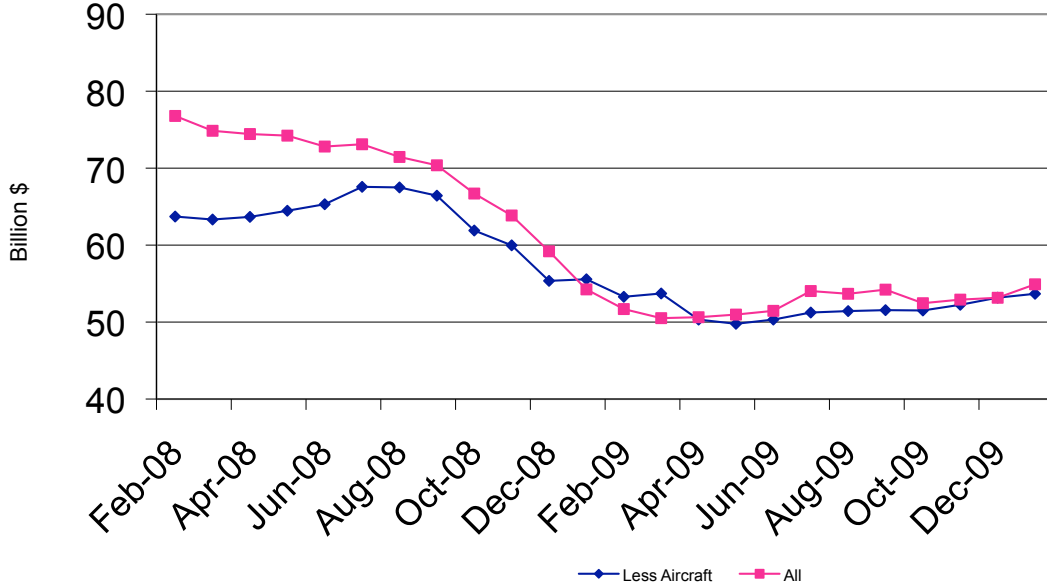
3 month average



Department of Commerce

Nondefense Capital Goods New Orders

3 month average



Department of Commerce