



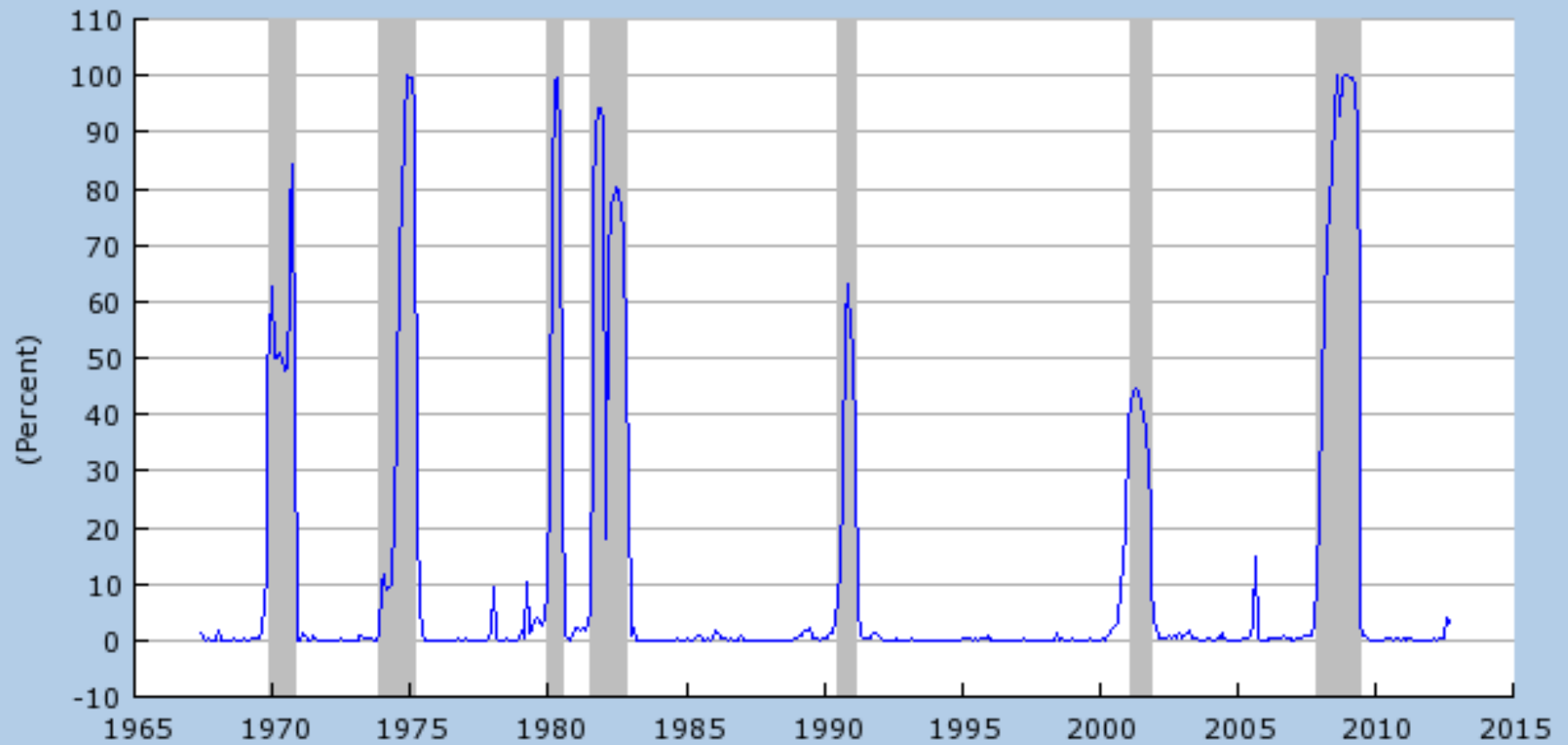
SFSA 2013 Forecast

Steel Founders' Society of America Industry Forecast

Market Segment	Estimated 2011 (tons)	Projected 2012 (tons)	2012 Change (%)	Forecast 2013 (tons)	2013 Change (%)
Railroad	333,760	417,200	25	417,200	0
Mining	191,100	229,320	20	239,000	7
Construction	78,850	78,850	0	82,793	5
Trucks	17,210	17,210	0	17,210	0
Valves & Pumps	44,850	49,335	10	54,269	10
Oil Field	18,000	21,600	20	23,760	10
Military	15,000	18,000	20	18,900	5
Other Markets	80,773	92,889	15	106,822	15
Total	779,543	924,404	19	959,953	4



Smoothed U.S. Recession Probabilities (RECPROUSM156N)
Source: Marcelle Chauvet and Jeremy Piger

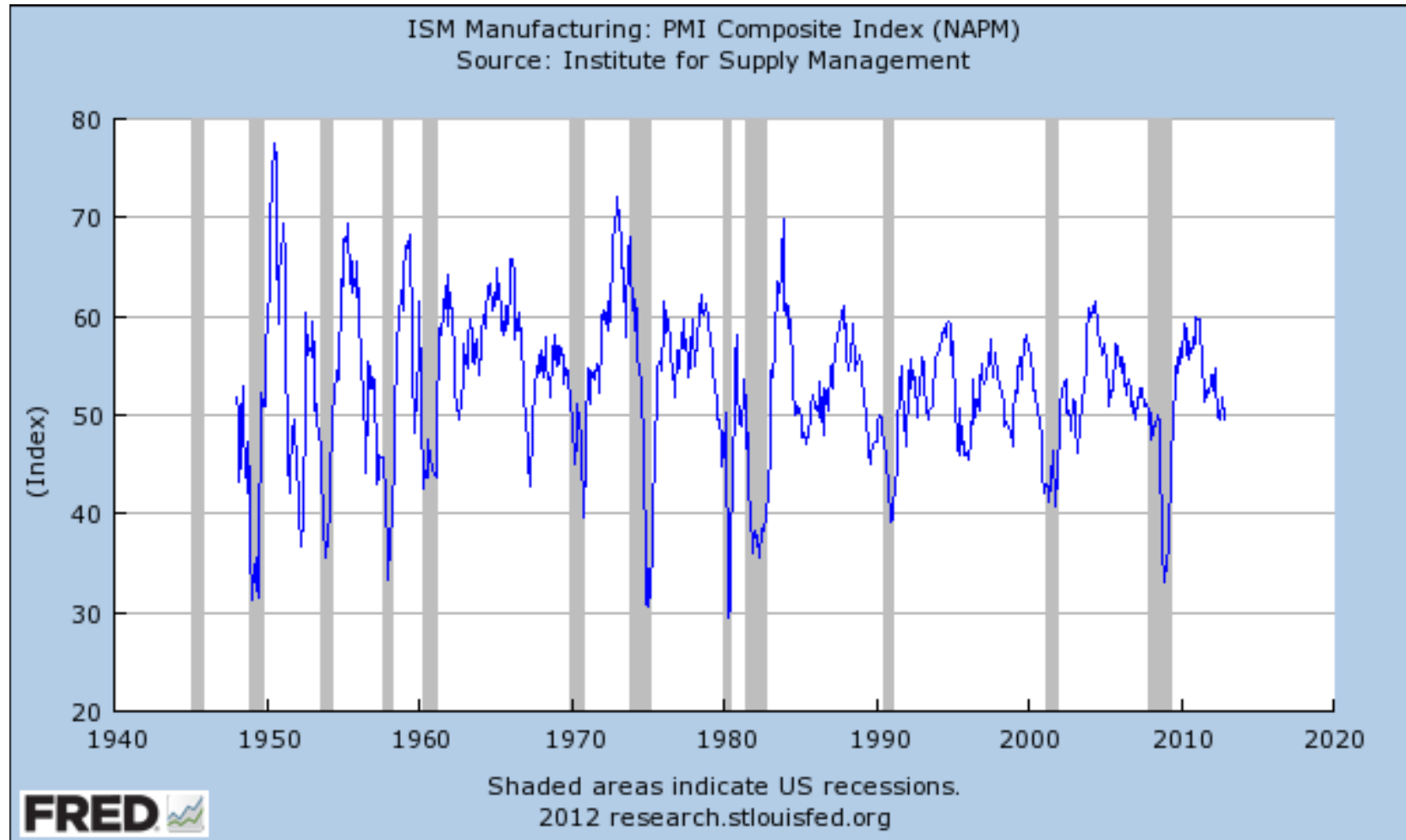


FRED 

Shaded areas indicate US recessions.
2012 research.stlouisfed.org



PMI index

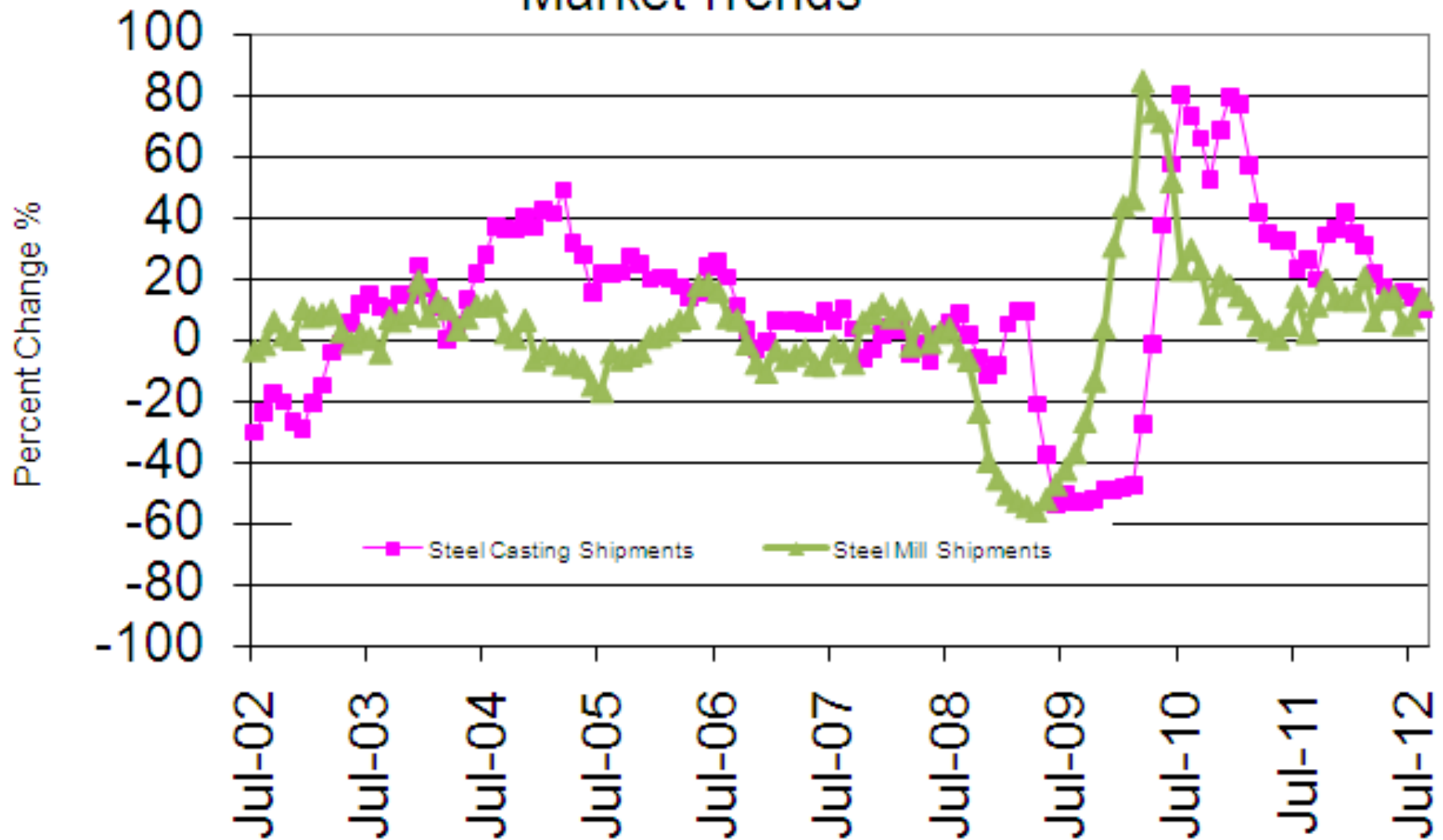


Business Impact Factors 2013

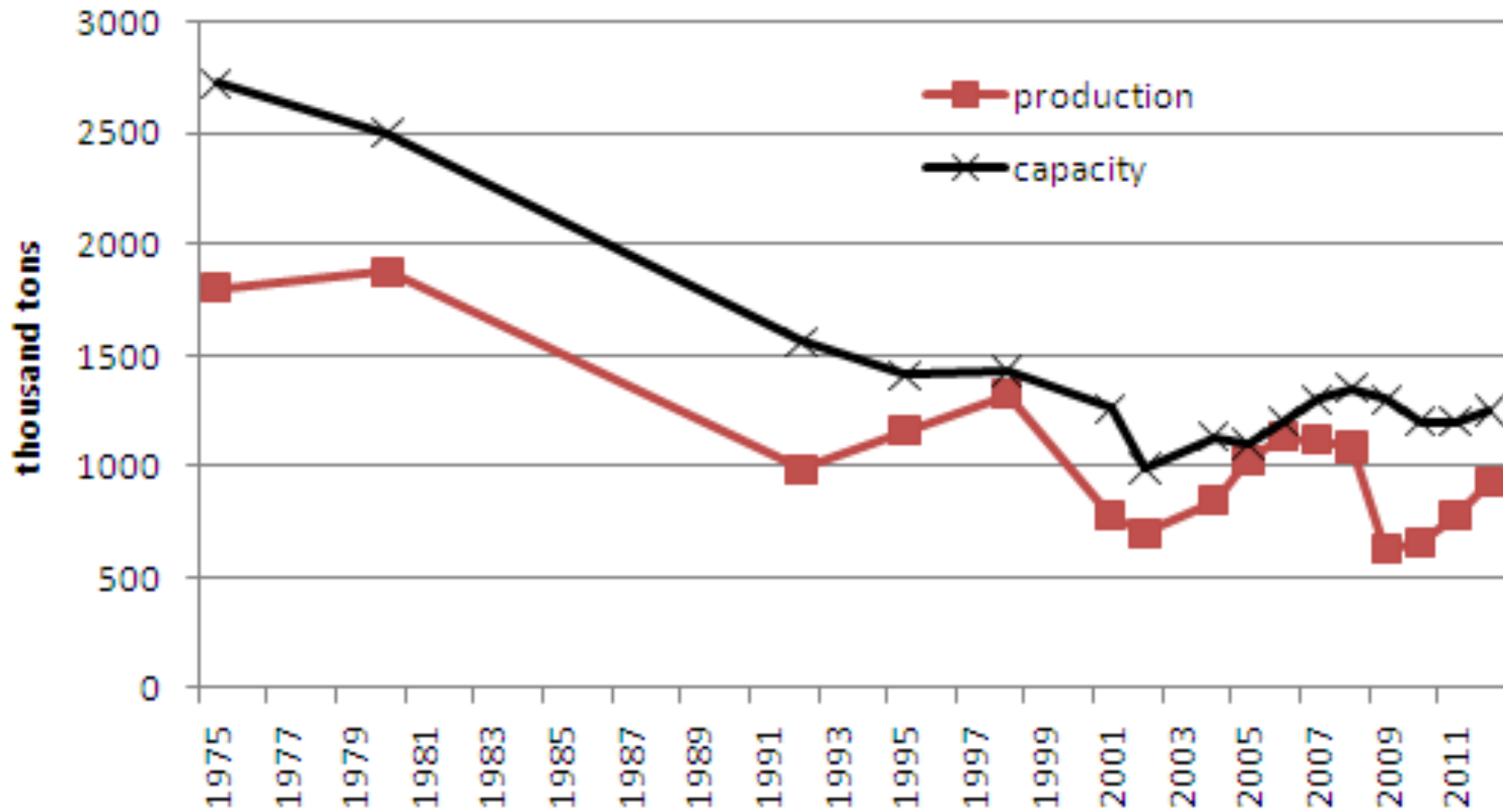
- European recession will reduce global demand for castings and put downward pressure on commodity prices
- China is experiencing a sharp slowdown in domestic demand and international demand.
- US economic uncertainty and slow growth has led to a slowdown in steel casting demand for the end of 2012 that is likely to persist into the first part of 2013.
- High but falling commodity prices support lower but not falling demand.



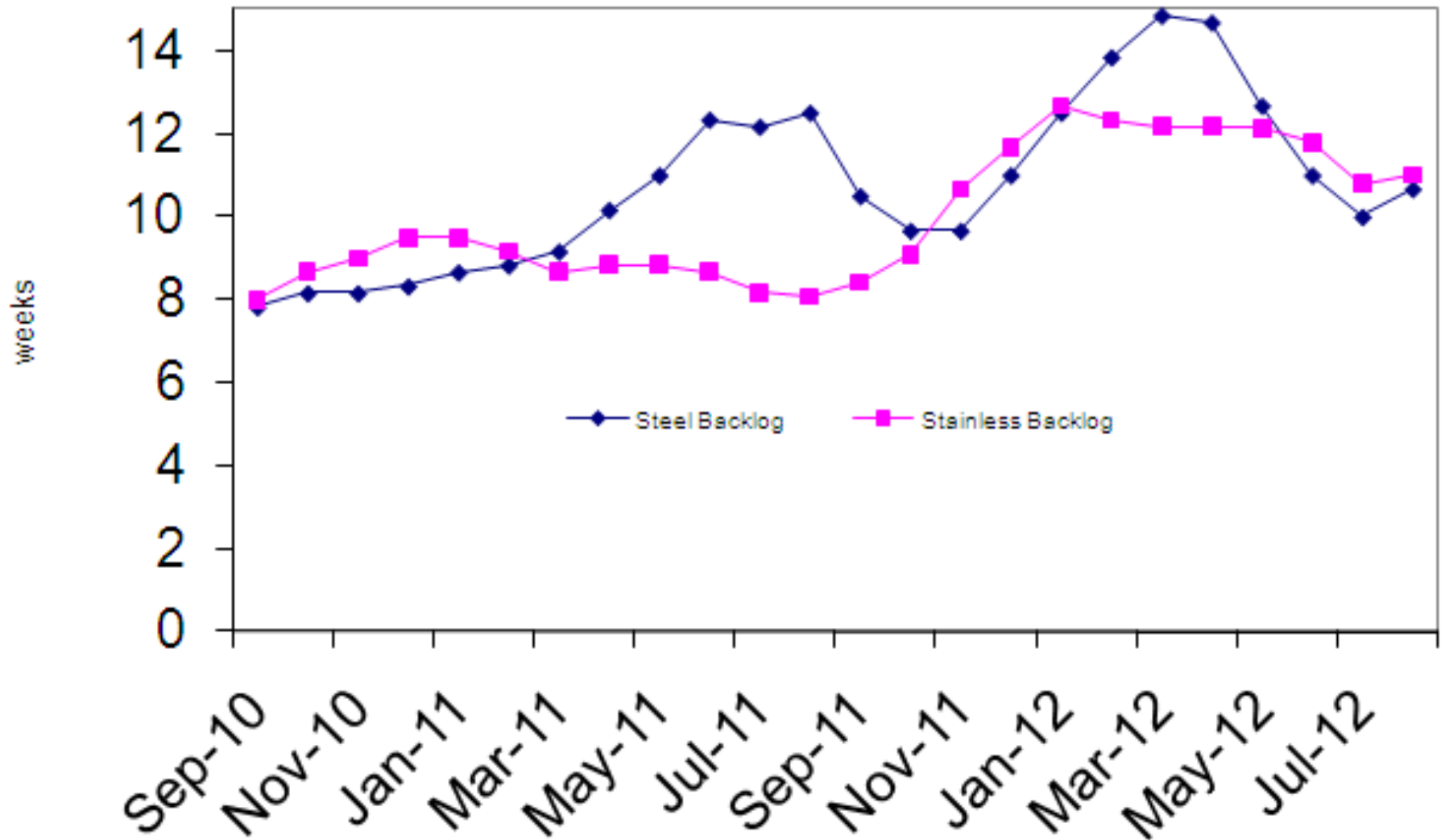
Steel Casting and Steel Mill Market Trends



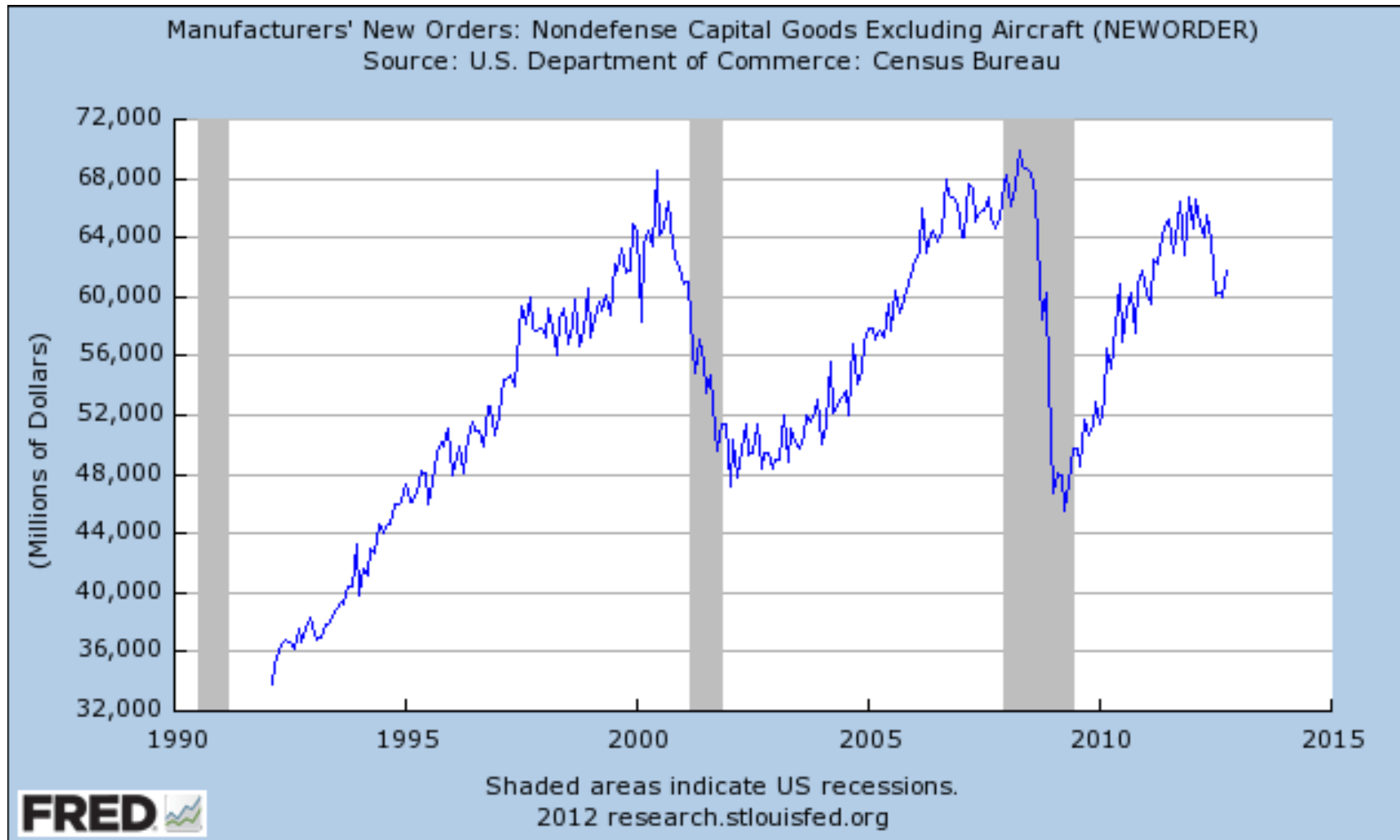
Steel Casting



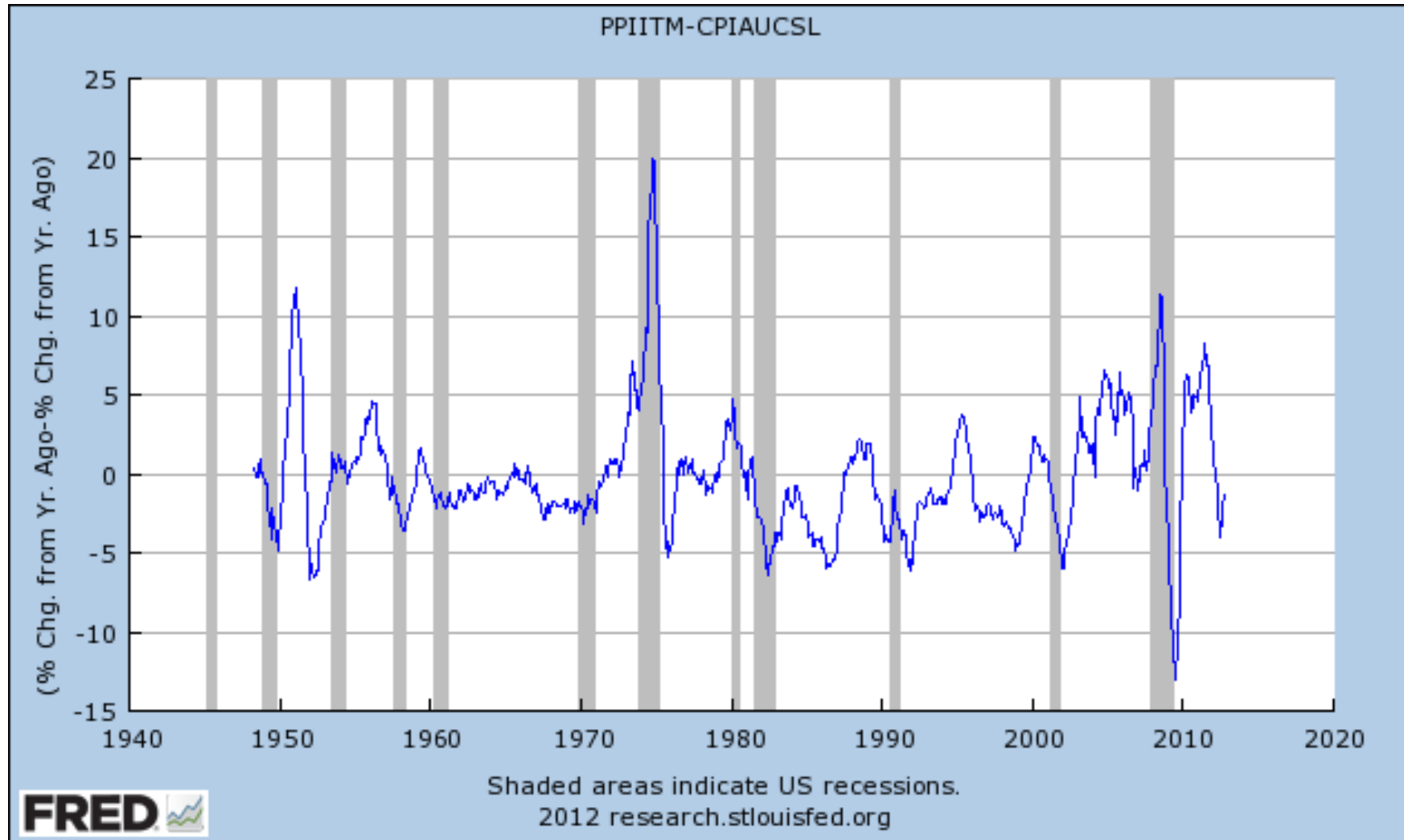
Casting Backlog



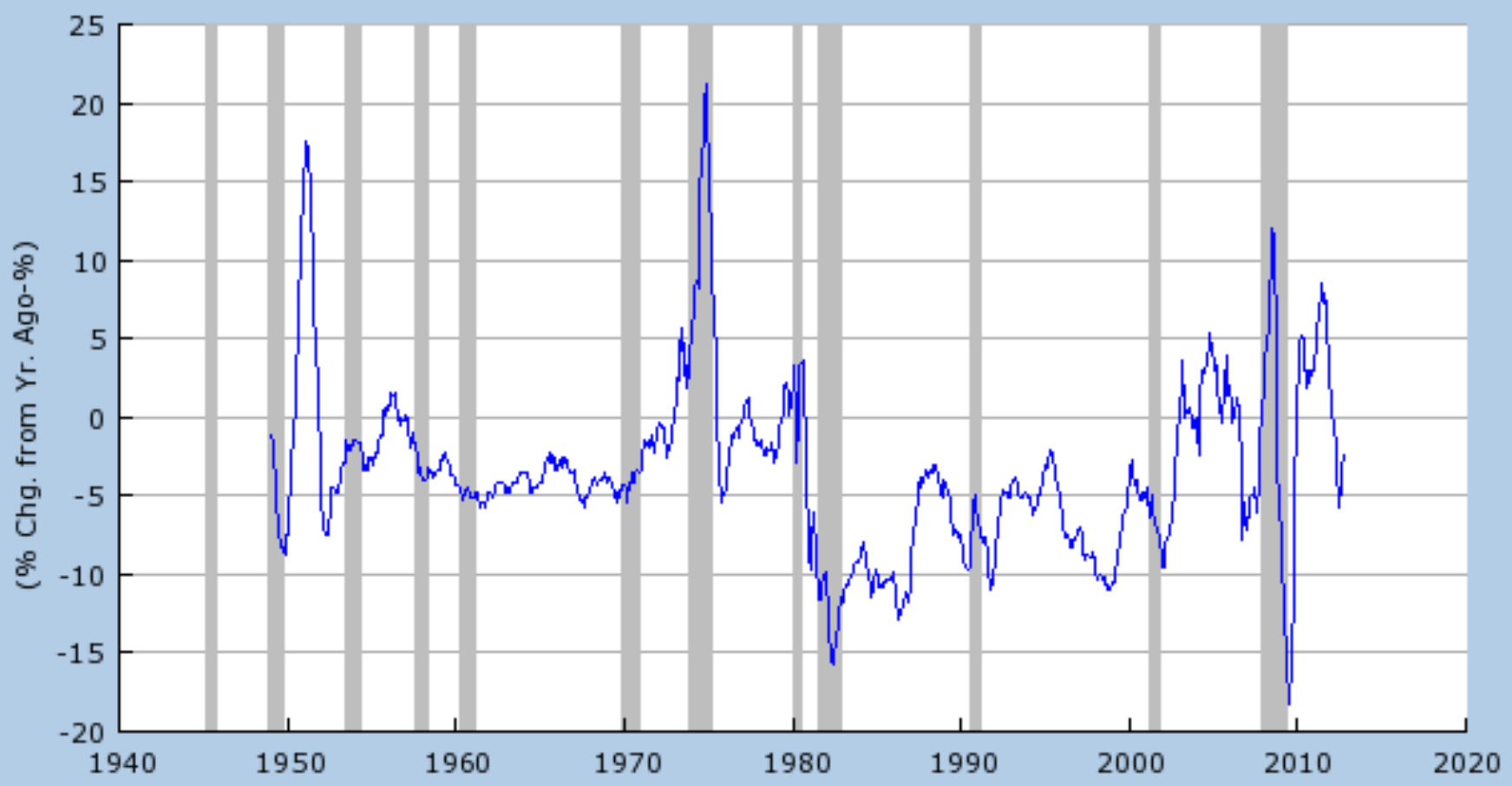
Nondefense Capital Goods New orders-Air



Price Index



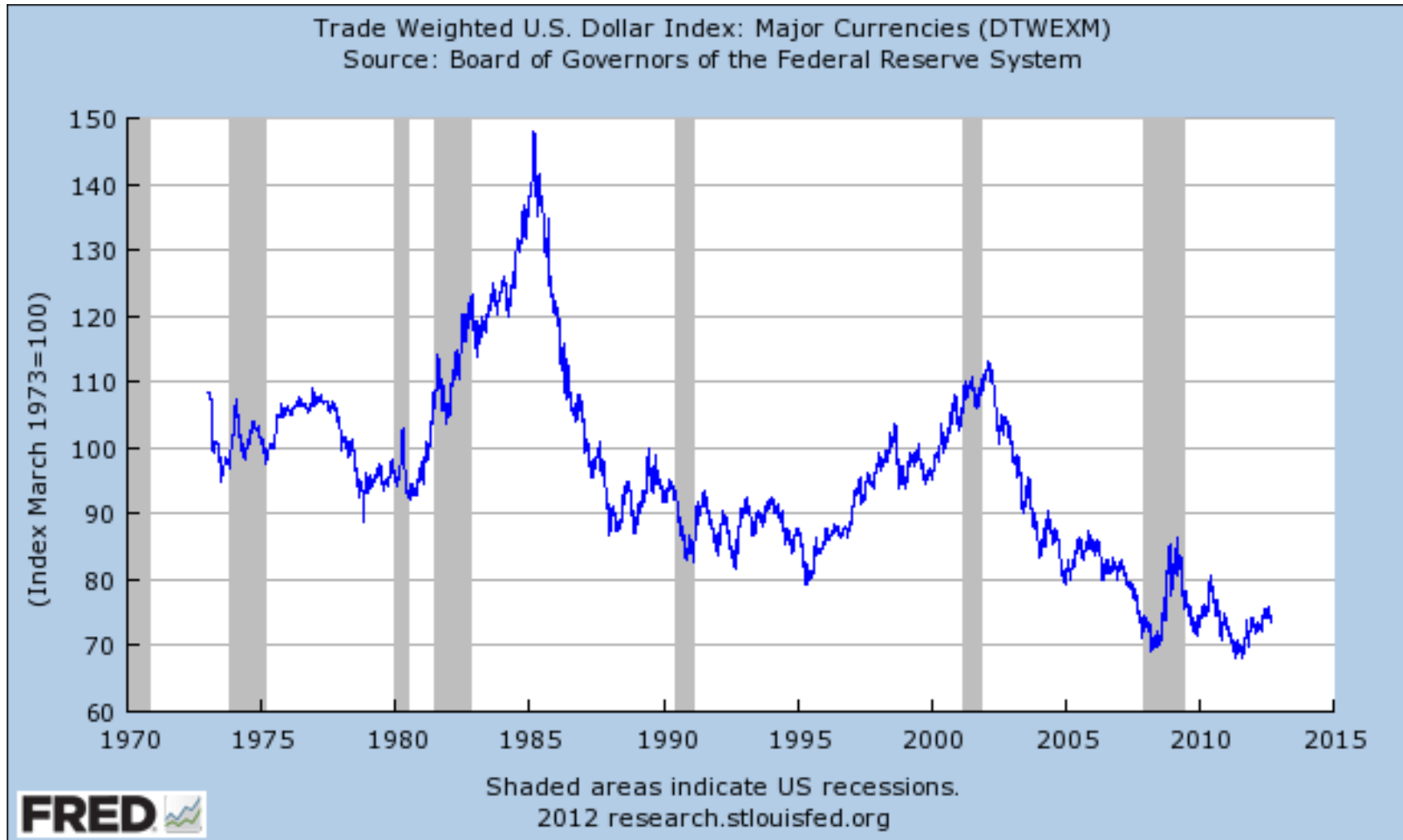
PPIITM-MPRIME



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2012 research.stlouisfed.org



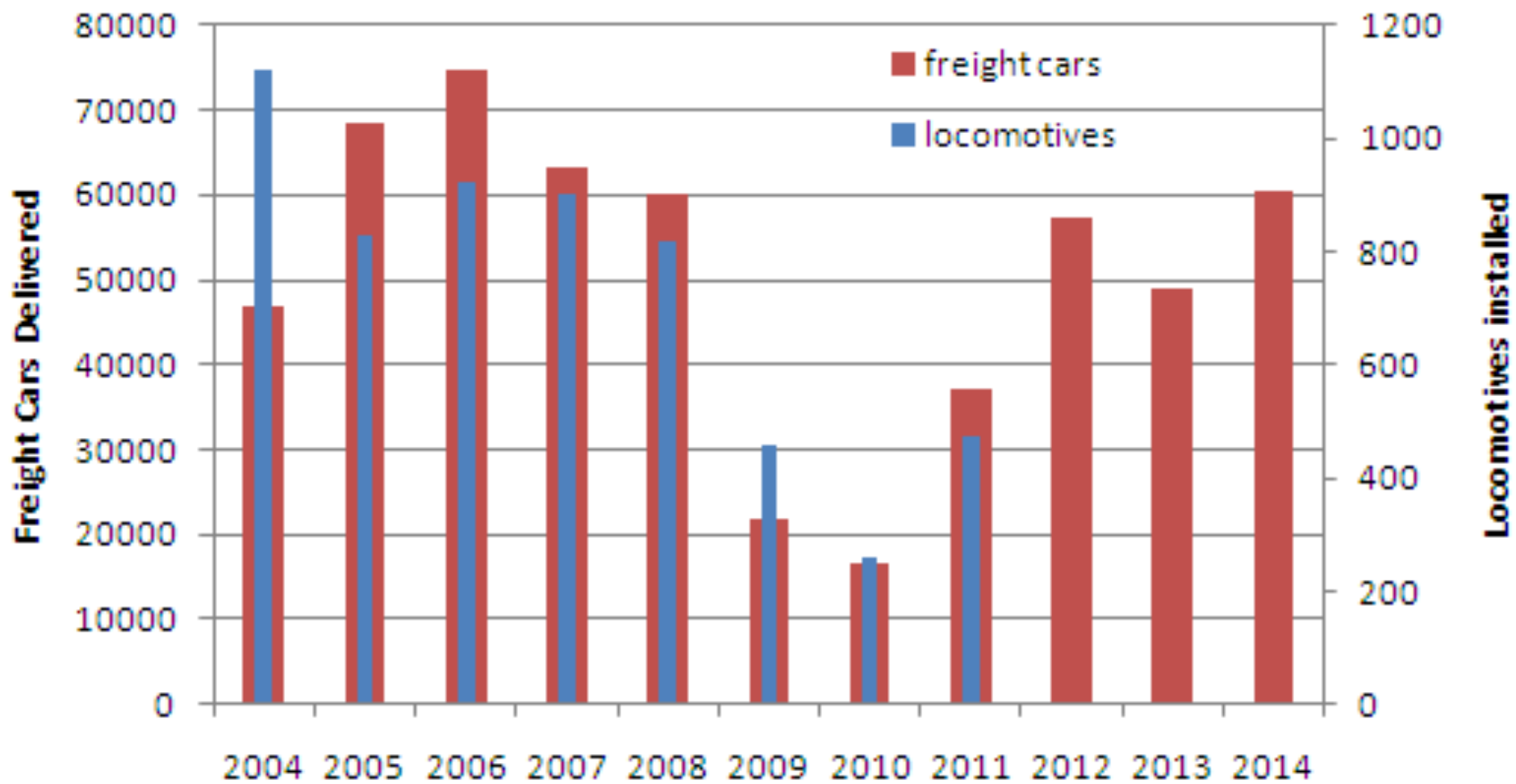
Value of the Dollar



Railroad Forecast

- Railroad industry
 - 2011 estimated 385,000 tons
 - 2012 projected 485,000 tons
 - 2013 forecast 445,000 tons
- Railcar deliveries
 - 2011 actual 36,850 units
 - 2012 projected 57,000 units
 - 2013 forecast 49,000 units
- Tank car builds at high levels
- Auto racks converting from bi to tri level
- Coal and grain are down





Mining Forecast

- Mining castings

- 2011 estimated 191,000 tons
- 2012 projected 239,000 tons
- 2013 forecast 191,000 tons



- Mine production still increasing but at slowing rate
- Commodity prices have fallen but are still high enough to justify operations and investment



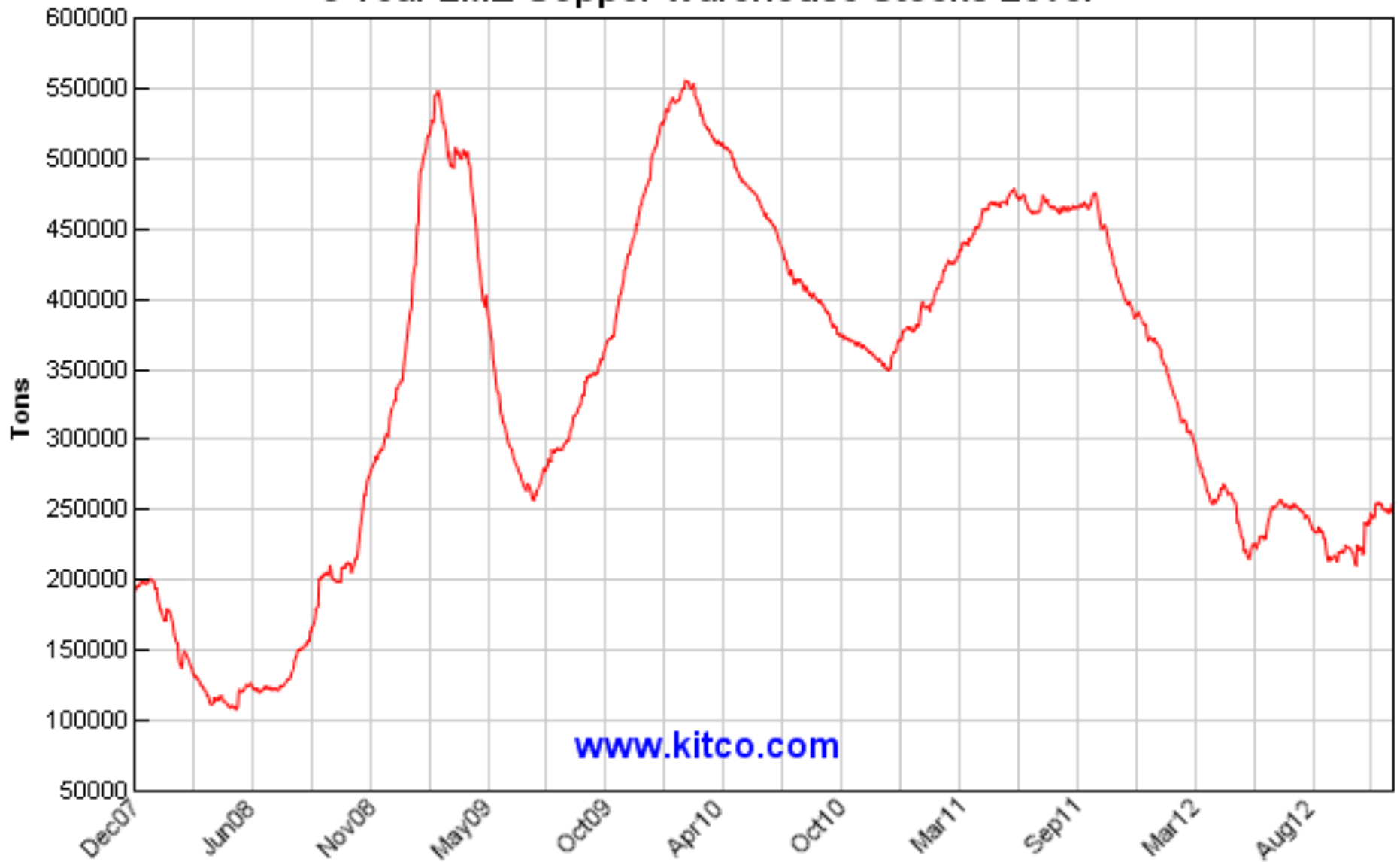
5 Year Copper Spot



www.kitco.com



5 Year LME Copper Warehouse Stocks Level



www.kitco.com



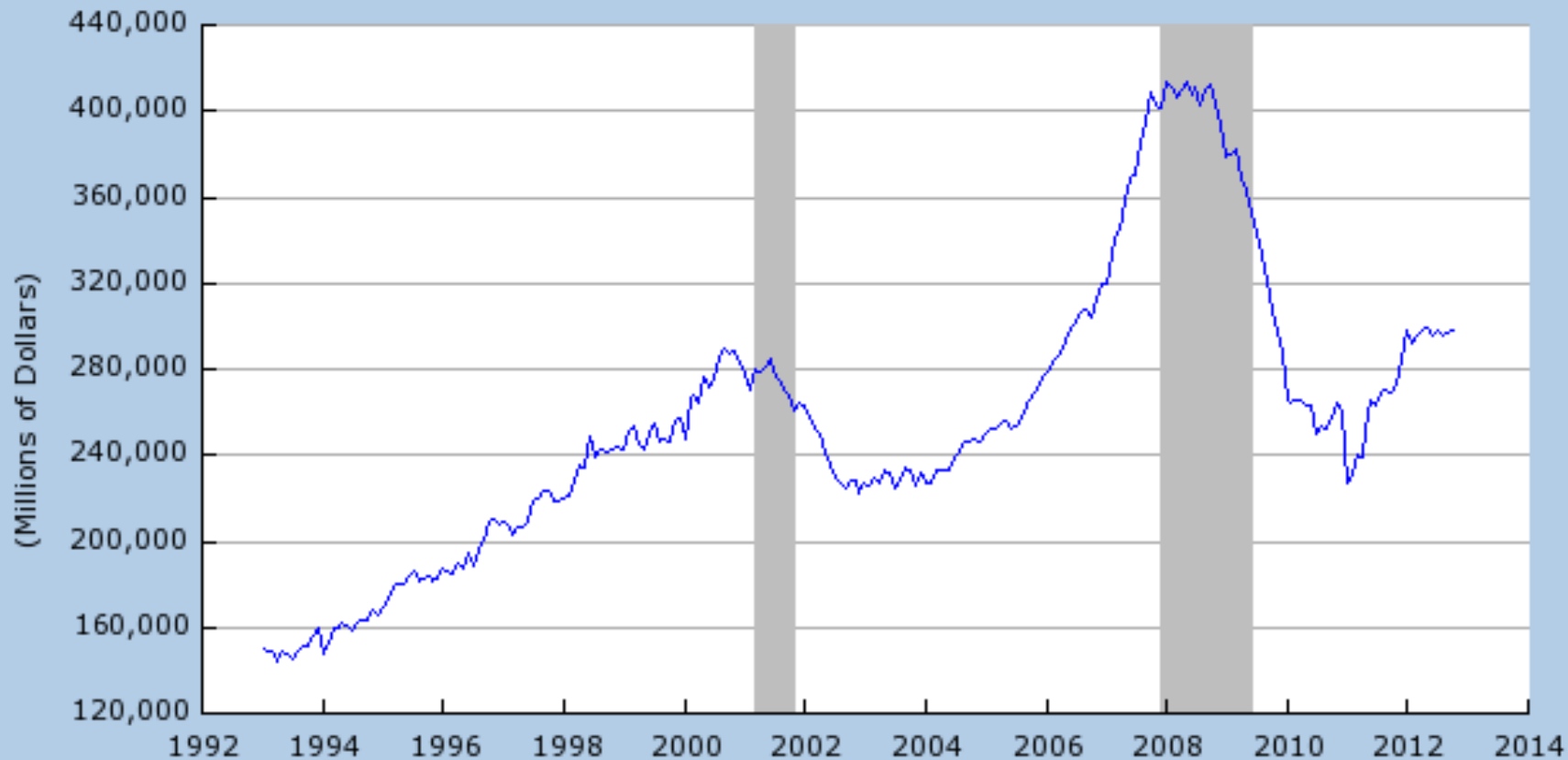
Construction Forecast

- Construction equipment
 - 2011 estimated 79,000 tons
 - 2012 projected 79,000 tons
 - 2013 forecast 79,000 tons
- Some suggestion of improving housing construction
- Higher unemployment and continued uncertainty limiting investment



Total Private Construction Spending: Nonresidential (PNRESCONS)

Source: U.S. Department of Commerce: Census Bureau



Shaded areas indicate US recessions.

2012 research.stlouisfed.org



Truck Forecast

- Trucks Class 8
 - 2011 estimated 17,000 tons
 - 2012 projected 17,700 tons
 - 2013 forecast 16,000 tons
- Truck sales in US
 - 2011 estimated 171,000 units
 - 2012 projected 180,000 units
 - 2013 forecast 162,000 units

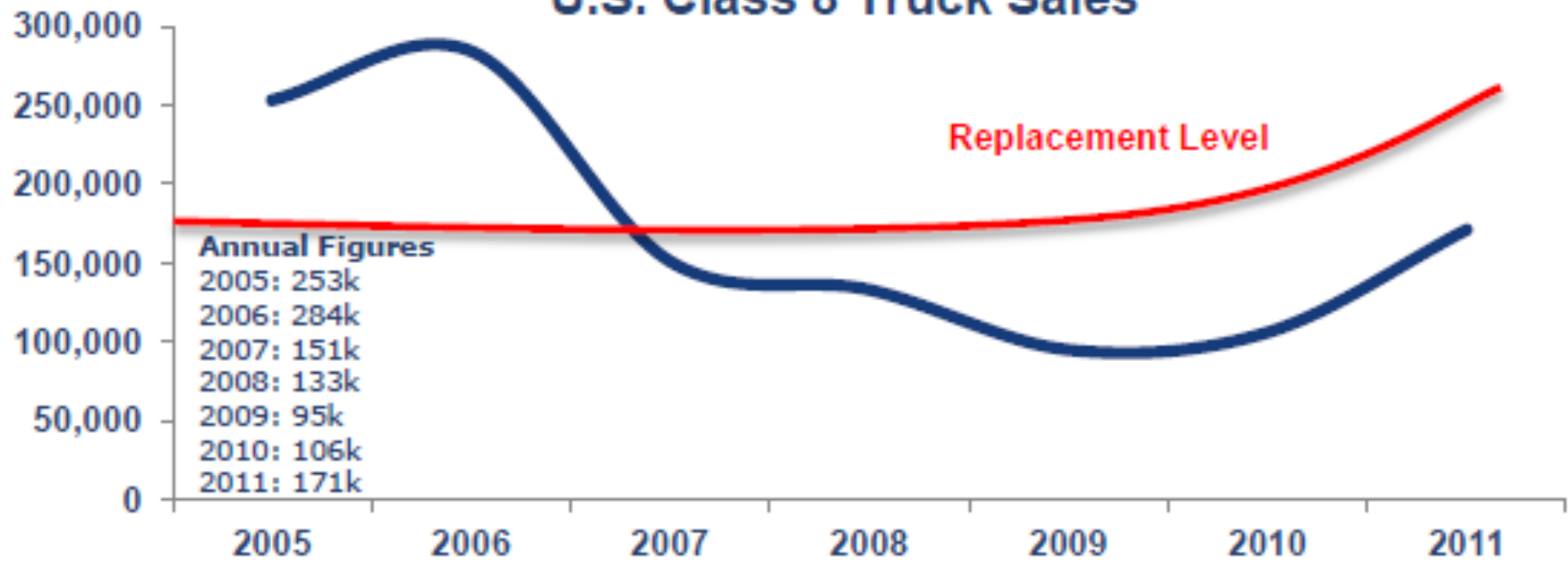


U.S. Class 8 Net Truck Orders



U.S. Class 8 Truck Sales

SUMMIT

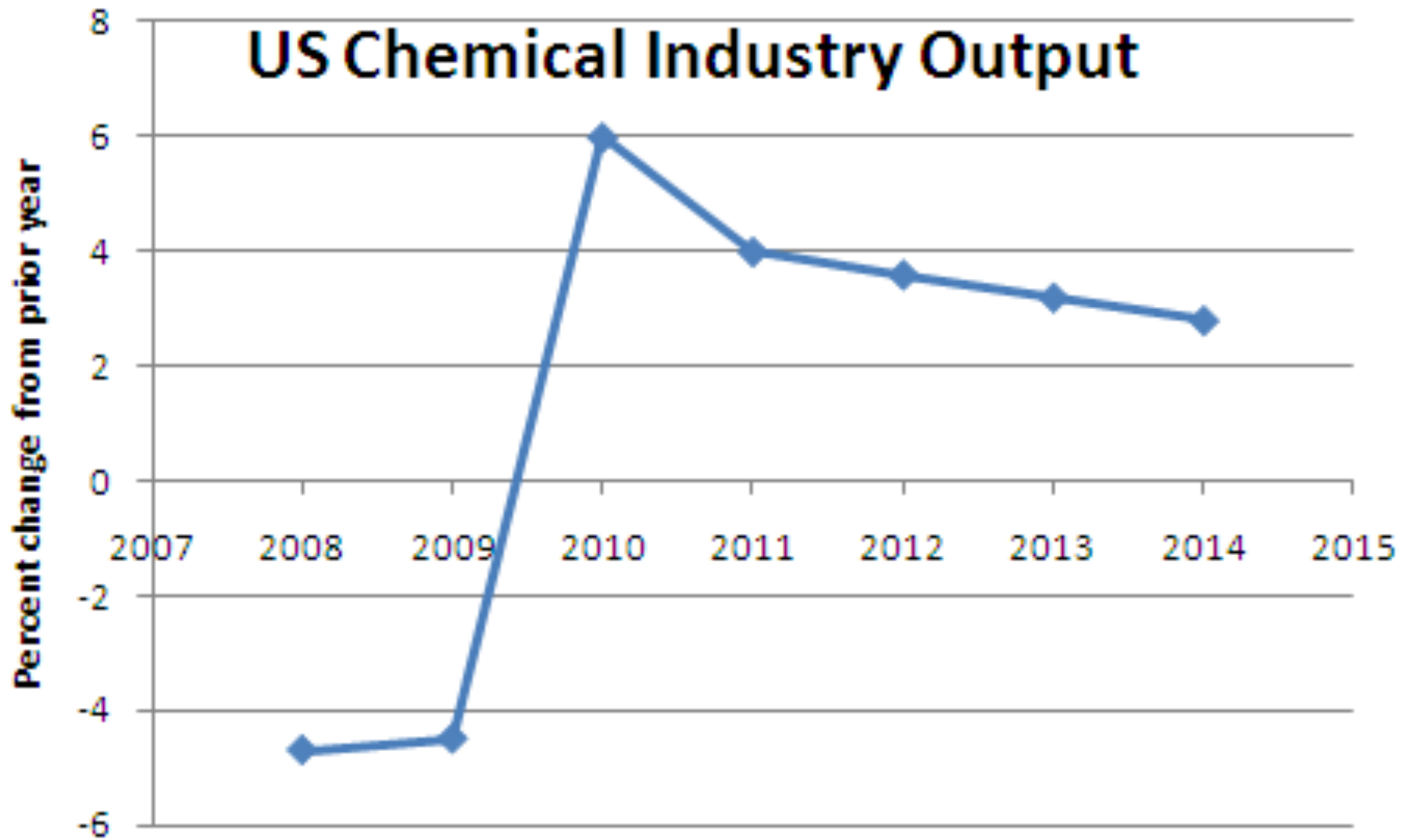


Pump and Valve Forecast

- Pump and Valve industry
 - 2011 estimated 45,000 tons
 - 2012 projected 49,500 tons
 - 2013 forecast 54,500 tons
- Increasing requirements for oil and higher pressure applications increasing demand
- Some users specifying North American suppliers for castings
- May soften below 10% forecast based on election and public policies



US Chemical Industry Output

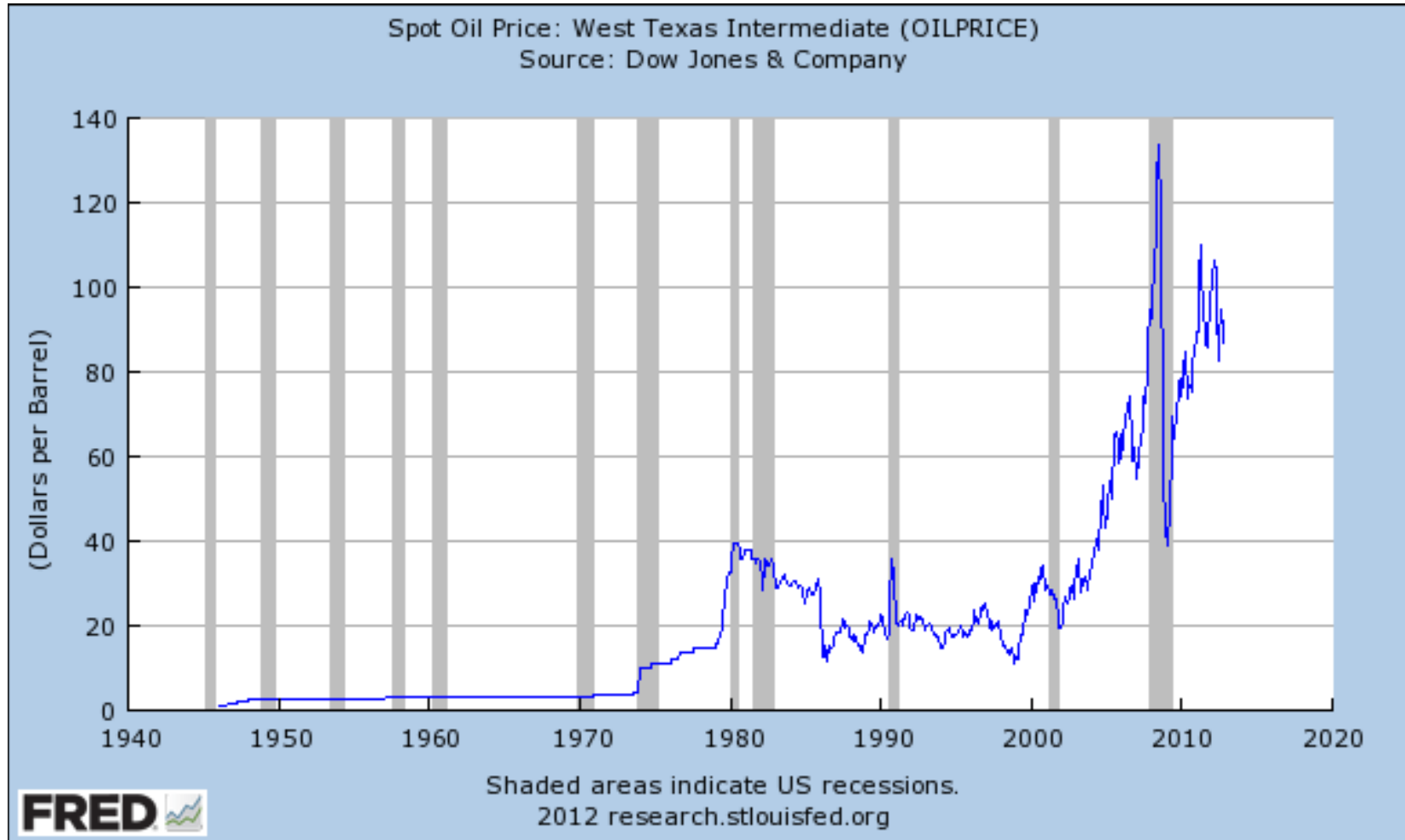


Oil Field Forecast

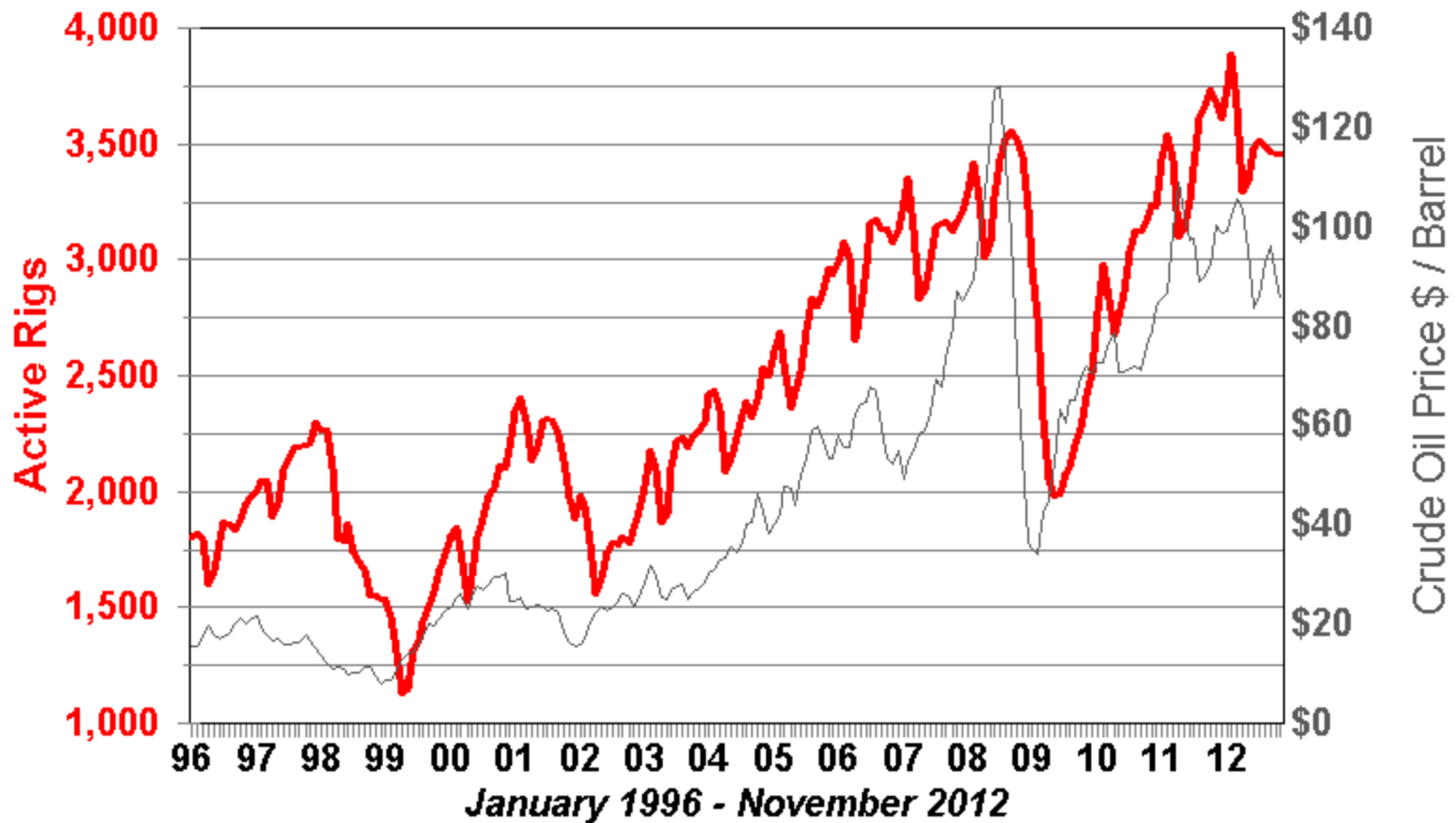
- Oil field equipment
 - 2011 estimated 18,000 tons
 - 2012 projected 22,000 tons
 - 2013 forecast 22,000 tons
- At \$80 a barrel investment drops, at \$90 it continues, at \$100 it expands



Price of Oil



World Rotary Rig Count



Sources: Baker-Hughes, Energy
Information Administration (DOE),
WTRG Economics

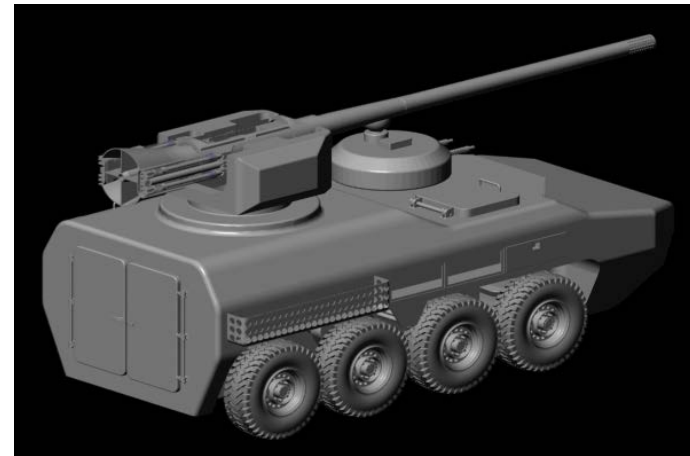
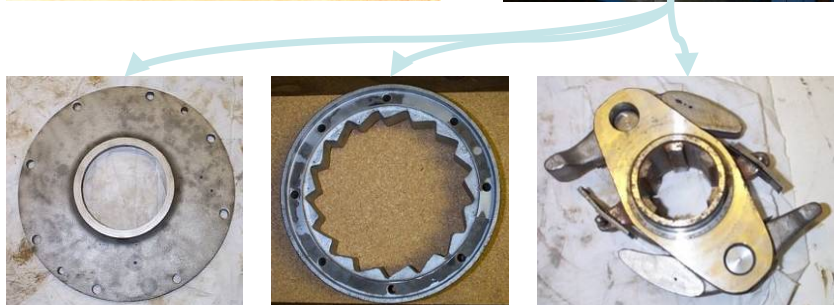
WTRG Economics ©2012

www.wtrg.com
(479) 293-4081



Military Forecast

- Military equipment
 - 2011 estimated 15,000 tons
 - 2012 projected 18,000 tons
 - 2013 forecast 19,000 tons



Other Market Forecast

- Other markets
 - 2011 estimated 81,000 tons
 - 2012 projected 92,000 tons
 - 2013 forecast 92,000 tons



Forecast Summary

1,000,000 tons
Projected 2012

920,000 tons
Forecast 2013

2012 likely to be slower for the balance of the year.

2013 likely to be slower in first half of year and increase at end of year.

