



SFSA CASTEEL REPORTER

Steel Founders' Society of America

a publication serving
SFSA steel casting industry Members

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May — 2014

Casteel Commentary

This Month's Casteel Commentary laments the way we have misled our young people on the ways to be successful. In particular, we as an industry can help by recruiting and training artisans who can use their skills and careers to provide value and do important things. This can be an immensely satisfying vocation for a number of young people who are struggling aimlessly. SFSA wants to help by recognizing some of our current highly skilled artisans with a Masters designation. The application stuff is available online at <http://www.sfsa.org/artisan>.

SFSA Annual Meeting

The SFSA Annual Meeting is in Montreal September 6-9. The Board of Directors of the Steel Founders' Society of America invites you to attend the 112th Annual Meeting, which will be held in Montreal, September 6-9, 2014. The Board of Directors looks forward to your attendance and participation in this educational and networking meeting and welcomes the opportunity to share new knowledge of the steel casting industry with you.

The meeting will include industry learning sessions, round table discussions, dinners, and group social events for networking with industry leaders.

Registration is currently being offered at a discounted fee - <http://www.sfsa.org/meetings/annmtg14>

Eastern Division Meeting

The SFSA Eastern Division meeting is scheduled for May 12-13. Meeting topic highlights include: Practical Applications of 3D scanning in the foundry, Review and Explanation of Niyama Criteria, Simulation Comparison case studies using Magma, ProCAST and QuikCAST, Tour - Fisher Cast Steel. Let Rick Boyd know if you are planning to attend, boyd@sfsa.org

Spring Management Meeting

The SFSA Spring Management meeting is in Tulsa OK on May 21. Bernie Lashinsky will give an economic update, Ford Turrell, Dan Dewitt, and Steve Kohl from Warner Norcross & Judd LLP will speak on how to respond when the EPA shows up as well as other regulatory issues from OSHA, Dave Eckmann and Tom Schlafly from American Institute of Steel Construction will talk about the potential to use castings in building construction and related obstacles, Raymond Monroe and Rick Boyd will give SFSA economic, technical, and Master program updates, and there will be a round table discussion.

There will be a tour of American Foundry Group before the management meeting at 8am on May 21 for management, operations, and technical members. If you would like to attend the tour, contact Kelly DiGiacomo at kdigiaco@sfsa.org. Also, there will be a marketing committee meeting on May 22 at 8am, meeting information will be distributed to committee members. Hotel - Hard Rock Tulsa, 777 W. Cherokee St, Catoosa, OK 74015, Group Rate: \$109/night 5/19-5/22/14, 800-760-6700 or <http://www.hardrockcasinotulsa.com> group code SFSA2014

Complimentary hotel shuttle to/from airport every hour on the hour.

North Central Meeting

The SFSA North Central meeting is scheduled for June 3-5 in Muskegon, MI in conjunction with the Human Resource and Safety Groups. There will be a tour of Eagle Alloy.

Future Leaders Group

The Future Leaders Group met April 30 – May 2 in Boston and toured both DW Clark and Wollaston Alloys. The second meeting for the year will be held on October 7-8 and include a tour of Mercury Marine. If your company has not been represented at these meetings, consider putting forth at least one individual. These meetings offer an opportunity for your next generation of senior technical or management personnel to learn, grow and network by meeting colleagues from other steel foundries, learning from graybeards and a mini-seminar presentation, and networking through sharing current experiences through a roundtable discussion. Isn't now the time to invest in your future? Contact David Poweleit, poweleit@sfsa.org, for further information.

Research Review

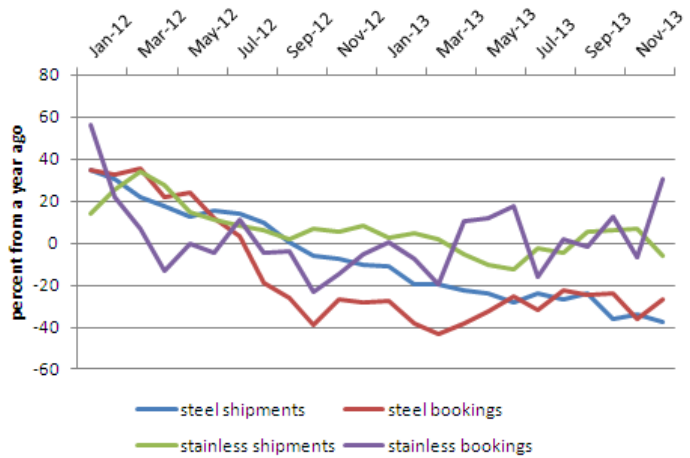
Our summer research review meeting is scheduled for July 15 through 17 in Rosemont, IL. This year we are including both the carbon and low alloy and high alloy projects in the review. Mark your calendar and plan to attend.

Market News

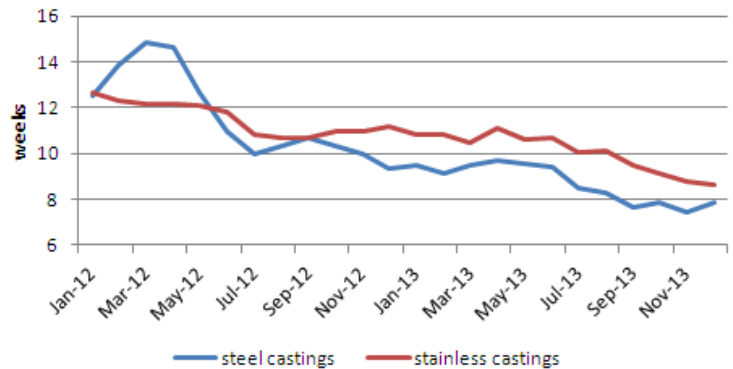
Through December of 2013, steel and stainless steel casting shipments were close to the depressed level of 2012. Orders remain well below the level of the prior year. Backlog as reported to SFSA shows an expected decline to around 8 weeks as expected from slackening orders and shipments.

This is consistent with the reports of total iron and steel casting shipments as well as steel mill shipments. These total casting shipments show declining activity for 2012 till mid 2013 and stability at a depressed level after that. Steel mill shipments show the same decline with a relatively sharp recovery till the end of 2013 with some decline since then. Steel production numbers reported weekly show a relatively flat production picture since the decline in 2012. Steel casting production is correlated on an annual basis with steel production about 75%. The flat production

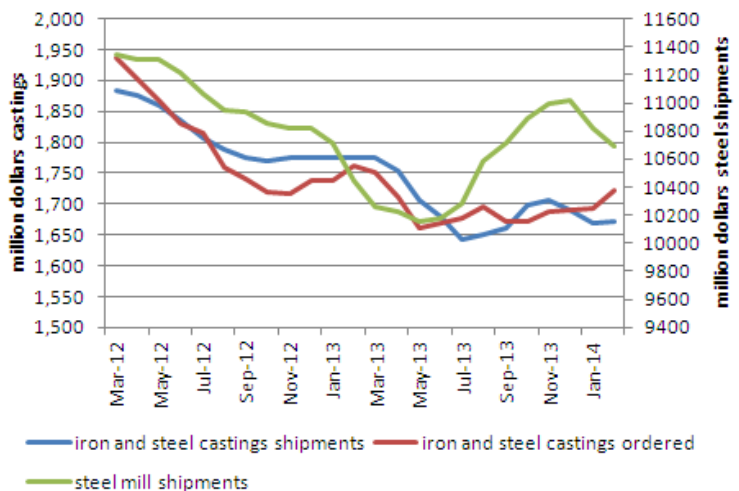
SFSA Trend Cards



SFSA Trend cards-Backlog



Iron and Steel castings and steel mill shipments



has also led to flat pricing as shown both in the PPI for steel product and the price per ton from the value of shipments reported by Census and the shipments reported by AISI. The PPI for steel castings has been flat.

Orders for capital goods have shown a modest improvement since the end of 2012. Improving market conditions have lead many to surmise that we will see modest growth this year in demand for steel castings.

Casteel Commentary

It is tragic the way we have misled a generation of young people, our children. We have shown them that everyone can be a winner, that work should be fun all the time, that our boss should love us and praise us, etc. We have allowed educators to proclaim that anyone without a degree has and will fail. That you should follow your dreams in getting your college degree and that a degree is a solid foundation for a good paying successful career.

We, you and me, know this is bunk.

In a tournament, there can be only one winner. We may do our best and be skilled and talented, but there is only one winner.

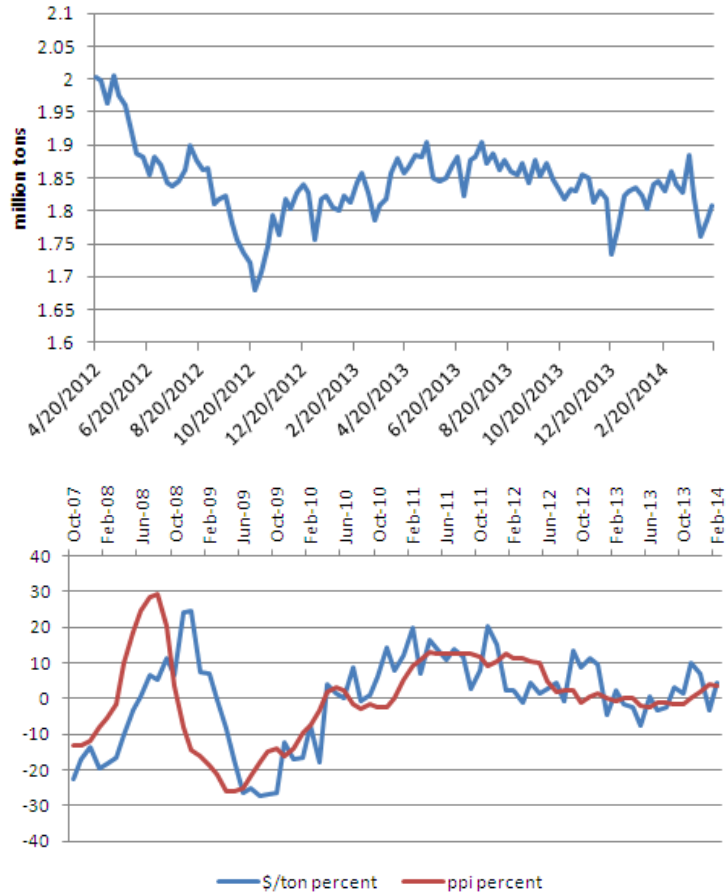
Work is getting paid to do stuff that people find difficult or unpleasant, that's why they pay us to do it. Most of our work is not leading - it is serving. Our boss provides us with the tools and opportunities to be productive not with the love and praise we expect from friends and family. Less than a third of young people will get a degree and many of those degrees will not have any direct financial benefit. You may love Medieval French Literature but you will be unlikely to get a good paying job using that expertise even with a degree. Colleges sell courses for tuition and are not particularly concerned with the value delivered but are deeply concerned with the revenues realized.

We want our kids to be successful and happy. They want to do things that are meaningful and feel like they belong. They want to do valuable things. We need skilled and talented artisans who have developed critical skills to make the steel castings necessary for life. How do we get the young people we need for the jobs they would enjoy when our culture tells them our industry is dying, our jobs demeaning and our contribution to society is negative. We are seen as unsafe and environmentally damaging.

We will be unable to force a change but together we can work to redirect and reenergize our industry. To do this we need to use our positions and personal contacts to recruit the smartest and most skillful workers possible.

One tool to accomplish this instigated by the SFSA Board is our artisan program. We have developed a set of skill requirements and are developing the training needed to create the next generation of artisan craftsman essential for our industry. We have a few pilot plants working now to implement in a department the program.

AISI Weekly Steel Production



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

SFSA Trend Cards (%-12 mos. Ago)	12 Mo Avg	3 Mo Avg	December	November	October
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Carbon & Low Alloy

Shipments	-27.3	-37.7	-38.7	-29.0	-45.4
Bookings	-29.9	-26.5	-4.8	-32.2	-42.5
Backlog (wks)	8.6	7.9	9.0	6.7	8.0

High Alloy

Shipments	-2.8	-6.0	-18.5	-8.0	8.4
Bookings	6.8	30.5	80.0	-15.0	26.4
Backlog (wks)	9.8	8.6	7.9	8.9	9.1

**Department of Commerce
Census Data**

Iron & Steel Foundries (million \$)

Shipments	1,701.0	1,689.7	1,666	1,691	1,712
New Orders	1,695.8	1,691.3	1,677	1,711	1,686
Inventories	2,207.3	2,221.3	2,213	2,225	2,226

Nondefense Capital Goods (billion \$)

Shipments	73.5	75.0	76.0	74.9	74.1
New Orders	80.1	83.7	83.3	87.2	80.5
Inventories	173.5	175.6	176.8	175.5	174.4

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

Shipments	65.8	66.7	67.5	67.1	65.6
New Orders	67.5	68.0	68.4	68.8	66.8
Inventories	120.0	120.1	120.5	120.0	119.9

Inventory/Orders		1.8	1.76	1.74	1.79
Inventory/Shipments		1.8	1.79	1.79	1.83
Orders/Shipments		1.0	1.01	1.03	1.02

American Iron and Steel Institute

Raw Steel Shipments (million net tons)	8.0	7.8	7.6	7.6	8.3
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