



# SFSA CASTEEL REPORTER

Steel Founders' Society of America

a publication serving  
SFSA steel casting industry members

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## April — 2020

### Casteel Commentary

Corona Virus and SFSA - This month's Casteel Reporter considers how this current crisis will affect our steel casting industry. The future is uncertain, but our industry has a history of surviving sharp and deep downturns and this is likely to be required now. SFSA is also trying to make sure we support you with information on challenges and successful practices for dealing with this environment. We host an ongoing survey on how members are dealing with the issues raised. We hosted two webinars, the first on COVID-19 and OSHA Compliance and the second on the Families First Coronavirus Response Act (FFCRA), both of which were well attended. The Society has posted these webinars, support information and meeting updates on the SFSA-Covid page on our website: <https://www.sfsa.org/covid-19.php>. If you have ideas or needs that SFSA can support your plants, please let us know. We avoid duplicating the ordinary business information that is better delivered by your financial, insurance, etc. suppliers. If there is a hole in the information that you need, let us know.

### May Meetings

The SFSA meetings scheduled in May have been postponed or will be held via the web/conference call. SFSA will keep members informed of updates via the [website](#) and email.

### Cast in Steel

We will complete the Cast in Steel 2020 competition this year. We recognize the effort and hard work that teams and foundry partners have already put into the competition. We plan to host the competition in summer in Chicago if possible, or we will compete in a virtual setting so everyone can participate online watching the event. We will continue monitoring the situation and we will provide updates via emails and the Cast in Steel website [castinsteel.org](http://castinsteel.org).

### SFSA Artisan Program's Newest Master Founder

SFSA's Artisan Program recognizes members' highly skilled workers as Master Artisans. The highest level is a Master Founder; distinguished by a range of foundry and leadership skills, and who contributes in an extraordinary way to the success of the organization. Other specialized Masters demonstrate highly developed skills in one area of a steel foundry, such as melting, molding, and finishing. Artisan nominees are reviewed by the Guild of Master Founders. Recognizing these Masters raises the value and status of these individuals, and creates good publicity for the company in the industry. SFSA is pleased to recognize Robert (Bob) Uitz, Stainless Foundry & Engineering (SF&E) as a Master Founder and the newest member of the SFSA Guild.

Bob has been an employee at SF&E since 1978 and has progressed in roles in the cleaning rooms as a Grinder, Welder, Supervisor, and his current role working in Quality as the QA Welding Program Coordinator. Bob is responsible for the repair, procedure, and welding personnel qualification as well as a host of high-profile customer projects. He has been certified as a qualified welder in roughly 30 alloy and technique combinations. Bob has extensive experience working with castings from many industries such as Nuclear power, NAVSEA, EU, including the Pressure Equipment Directive, as well as ASME B&PVC Section IX.

Bob was nominated by Michael Porfilio, Director of Quality and Engineering at SF&E. Michael shared the following accolades: "Bob is the most accomplished welder I have ever seen. His most impressive characteristic is his daily mentoring. Bob always says, 'better to be a willow than an oak', is so deep! I have shared that with my coworkers a countless number of times. Anyone needing his help from

demonstrating a grinding or welding technique to holding a sheet of plywood over the maintenance man's head so he can fix the companies rooftop air conditioner while keeping him safe from dive-bombing seagulls. Bob is a true champion and customer advocate, getting things done right and always working in being the captain of the team. He knows that in QA you are not always popular but you still need to be creative. I am proud to serve with him each day in the foundry to make it happen. I could not be prouder of my brother, Bob Uitz!"

Mr. Uitz will be recognized at this year's SFSA National T&O Conference.

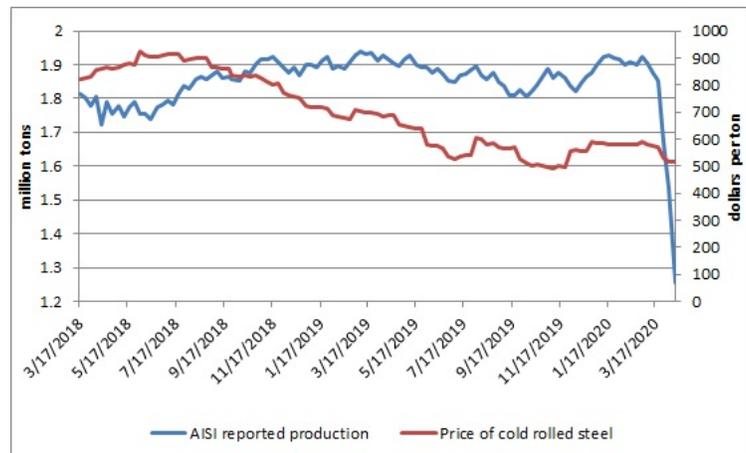
### **Foundry Intern Scholarships**

Recruiting students to join our industry and grow into leadership positions remains a critical need in the steel casting industry and a strategic initiative of the Society. The Steel Founders' Society Foundation aims to attract the next generation workforce by providing scholarships to student interns. To compete for the scholarships, interns are required to work at a member foundry and carry out a specific task or investigation and selected works are presented at the annual T&O conference. If you currently have or plan to have an intern work at your foundry in 2020, be sure to have them complete this registration form ([https://cdn.ymaws.com/sfsa.site-ym.com/resource/resmgr/sfsa/peaslee\\_and\\_schumo\\_scholarsh.pdf](https://cdn.ymaws.com/sfsa.site-ym.com/resource/resmgr/sfsa/peaslee_and_schumo_scholarsh.pdf)) by July 6.

### **Market News**

The steel casting market has only a little overlap with steel mill products, but the economic conditions generally are similar. There is an over 80% correlation between steel mill sales and steel casting sales. Steel mill sales the week ending 4-11-2020 were down about 30%. Steel foundries are lagging them typically but the market is unlikely to remain stable and sharp declines should be expected.

The monthly business report at the end of the newsletter shows a 14% decline in shipments in February. The backlog has fallen by half a week and should continue to decline. Low prices for oil and copper anticipate widespread declines in demand. It is not clear when this crisis will be resolved and a new normal for business return.



The effect of the virus on the economy will be large and some are predicting the most severe downturn since the Great Depression. Steel foundries are categorized as essential businesses but that is only a permission to continue to operate, not a promise of a profitable business.

### **Casteel Commentary**

The Covid-19 pandemic will have a big but indeterminate effect on our steel casting business. No one knows the future. The radically incorrect model over-estimates of the damage and death from this virus should humble us, exposing our inability to control the world we live in. How do we respond? What is the best survival strategy faced with severe changes and fundamental uncertainty?

Short term is straightforward. We, steel foundries, go through the economic short-term stress regularly. Our industry is routinely hit with market drops over 30% with 50% sometimes. The best-case downturn for us is 20% with the actual low point closer to 50% down. We may be the best prepared industry segment to deal with just the business management of a large downturn. Like always, in a sharp downturn we need to manage the business not to lose money while trying to keep the capability and staffing needed for the future. Each downturn is unique, and this is no exception. We not only need to deal with falling demand but sickness in the staff and challenges with supply.

As essential businesses we are allowed to operate. Some of the relief financially is available from the big government packages and should be utilized to minimize the damage of this event.

It's uncertain when we will be able to return to normal or what the new "normal" might look like. We may see a quick return to capacity like 2010. We might see a slow tepid improvement like 2016-2018. We might even see a decade of strong business with inflation operating at capacity like in the 1970's. One clear and likely big change will be the move away from globalization with a re-emphasis on secure supply and domestic production. Given the geopolitical military challenges, the re-nationalization of economic activity likely to be accelerated by the virus, the lack of capacity, and investment outside of China; we could see strong demand and attractive pricing. The response to the virus has been to create more money and give it away. Lack of production and opportunity to spend could likely set up a scenario where too many dollars are chasing too few goods and not enough production capacity.

On the other hand, slowing population growth, the aging of the current population, and the possible market downturn in equity values could dampen any stimulus and lead to a 2009 to 2019 stagnant growth economy.

Will the capacity to meet "normal" demand levels survive the virus or will we need to rebuild capacity? The future is uncertain and indeterminate.

Planning and operating for the next year will not only require extra effort to survive, we will need to position for the future. Thinking through the opportunities for automation to supplement a smaller workforce will be important. Identifying markets and customers that will be busy with any return to open commerce for future sales will be needed. Reducing exposure to export markets where the return of production to domestic sources may be appropriate.

In the meantime, we need to operate in the black, retain key staff and survive.

*Raymond*

STEEL FOUNDERS' SOCIETY OF AMERICA					
BUSINESS REPORT					
SFSA Trend Cards	12 Mo Avg	3 Mo Avg	February	January	December
(%-12 mos. Ago)					
<b>Carbon &amp; Low Alloy</b>					
Shipments	0.9	-7.7	-15.5	0.5	-8.2
Bookings	-13.9	-20.0	-11.0	-29.0	-20.0
Backlog (wks)	9.5	8.8	8.0	10.0	8.5
<b>High Alloy</b>					
Shipments	2.7	-11.3	-15.0	-8.0	-10.9
Bookings	-3.1	-10.0	-3.0	-8.5	-18.5
Backlog (wks)	10.0	9.5	9.5	10.0	9.0
<b>Department of Commerce Census Data</b>					
<b>Iron &amp; Steel Foundries (million \$)</b>					
Shipments	1,478.9	1,433.7	1,447	1,472	1,382
New Orders	1,453.2	1,384.7	1,339	1,444	1,371
Inventories	2,144.1	2,137.3	2,124	2,135	2,153
<b>Nondefense Capital Goods (billion \$)</b>					
Shipments	75.1	74.1	74.2	73.3	74.6
New Orders	72.0	70.1	73.1	72.7	64.5
Inventories	192.8	198.4	198.2	198.1	198.8
<b>Nondefense Capital Goods less Aircraft (billion \$)</b>					
Shipments	69.3	69.0	68.9	69.4	68.7
New Orders	69.0	68.9	68.8	69.3	68.7
Inventories	129.5	129.3	128.9	129.3	129.9
Inventory/Orders	1.9	1.9	1.87	1.86	1.89
Inventory/Shipments	0.0	1.9	1.87	1.86	1.89
Orders/Shipments	0.0	1.0	1.00	1.00	1.00
<b>American Iron and Steel Institute</b>					
Raw Steel Shipments (million net tons)	8.1	8.1	7.8	8.5	8.0