



# SFSA CASTEEL REPORTER

Steel Founders' Society of America

a publication serving  
SFSA steel casting industry members

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## December — 2020



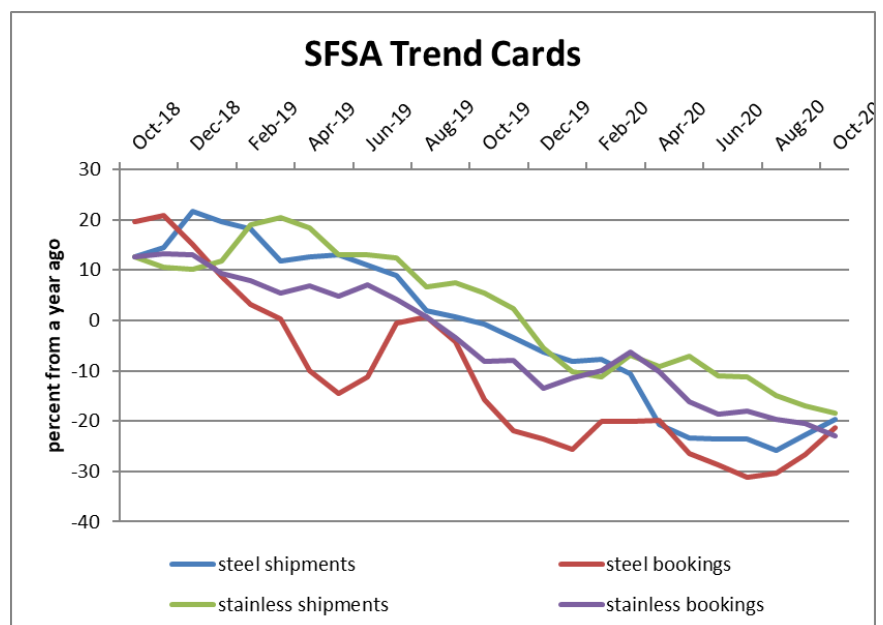
Thank you to everyone for their support and participation in the first and hopefully last virtual T&O conference. A special thanks to all of the authors and presenters, the content was spectacular. It is also important to give special recognition to some of the SFSA staff. Rob for handling all of the technical and presentation details for this virtual event, Dave lives and breathes the T&O to make it successful, and the rest of our staff who provide support for the T&O as the highest priority!

### Market News

The SFSA trend cards show a reduction in the rate of decline for steel castings in shipments and booking in October. The bookings are now down less than the shipments, which is a hopeful technical sign. Stainless activity continues to drop.

Improved market conditions are normally accompanied by higher levels of booking over shipments and this is not yet evident in the SFSA trends data. The backlog remains at a typical 8 weeks showing some stability of activity at these lower production levels.

A steel casting ratio estimate was introduced last month as a current indicator of market conditions. It is based on a correlation estimating the change in steel casting shipments compared to a year ago but is of limited use since it has only a correlation of about 50%. This estimate is based on the

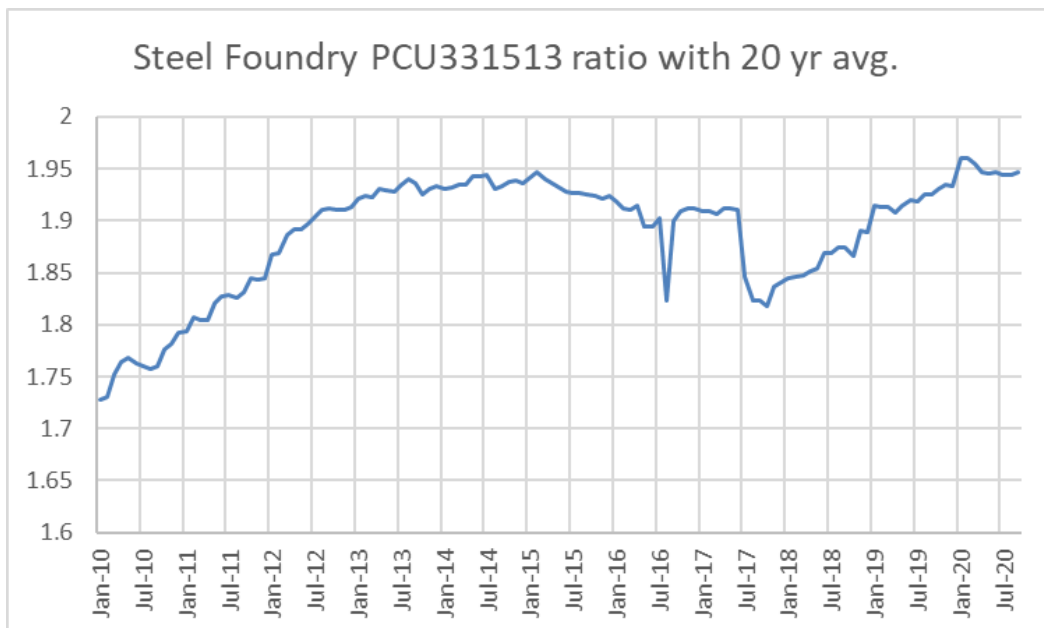


production and price of steel, the price of scrap and oil. This can be updated each week and is included in our weekly market update posting. This graph shows that the steel casting ratio is above one for the most recent weeks indication an expectation of continued improvements in steel casting orders and shipments. This is driven primarily by the continued increases in steel mill production and pricing.

Non-defense capital goods are seeing higher levels of shipments and new orders compared to Spring but are still well below the levels of 2019. Improved conditions are also seen in the Census report on iron and steel casting orders and shipments since their low point in May 2020. The future is uncertain but the production required to sustain the economy will force improved market conditions and should allow improved demand for the coming months.



The producer price index for steel foundries has shown minimal erosion of pricing during the COVID restrictions.



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

<b>SFSA Trend Cards</b> (%-12 mos. Ago)	12 Mo Avg	3 Mo Avg	October	September	August
<b>Carbon &amp; Low Alloy</b>					
Shipments	-18.0	-19.7	-21.0	-8.0	-30.0
Bookings	-24.5	-21.2	-20.0	-15.0	-28.7
Backlog (wks)	8.3	7.7	7.0	8.0	8.0
<b>High Alloy</b>					
Shipments	-12.2	-18.3	-20.0	-15.0	-20.0
Bookings	-15.6	-23.0	-25.0	-18.0	-26.0
Backlog (wks)	8.7	7.7	8.0	8.0	7.2
<b>Department of Commerce Census Data</b>					
<b>Iron &amp; Steel Foundries (million \$)</b>					
Shipments	1,269.2	1,191.7	1,212	1,120	1,243
New Orders	1,289.8	1,226.3	1,272	1,167	1,240
Inventories	2,142.8	2,074.3	2,067	2,079	2,077
<b>Nondefense Capital Goods (billion \$)</b>					
Shipments	70.2	71.4	73.3	70.6	70.2
New Orders	62.6	68.2	70.5	70.6	63.3
Inventories	193.3	193.4	193.5	193.5	193.0
<b>Nondefense Capital Goods less Aircraft (billion \$)</b>					
Shipments	66.4	68.2	69.4	67.8	67.3
New Orders	66.8	69.3	70.1	69.5	68.2
Inventories	128.4	127.2	127.0	127.1	127.3
Inventory/Orders	1.9	1.8	1.81	1.83	1.87
Inventory/Shipments	0.0	1.9	1.83	1.87	1.89
Orders/Shipments	0.0	1.0	1.01	1.02	1.01
<b>American Iron and Steel Institute</b>					
Raw Steel Shipments (million net tons)	6.9	6.6	6.7	6.7	6.5