AFS INTELLIGENCE

Metalcasters Outlook Survey

Q2 2026

Representing the $53.7 billion North American metalcasting industry

Metalcasters Sentiment Index (MSI) – Q2 2026

The index posted 75.0, up 1.2 points from Q1 and the second consecutive quarter above 70, its strongest level since 2022. The 23-quarter series has fully recovered from the Q3 2025 trough of 48.7.

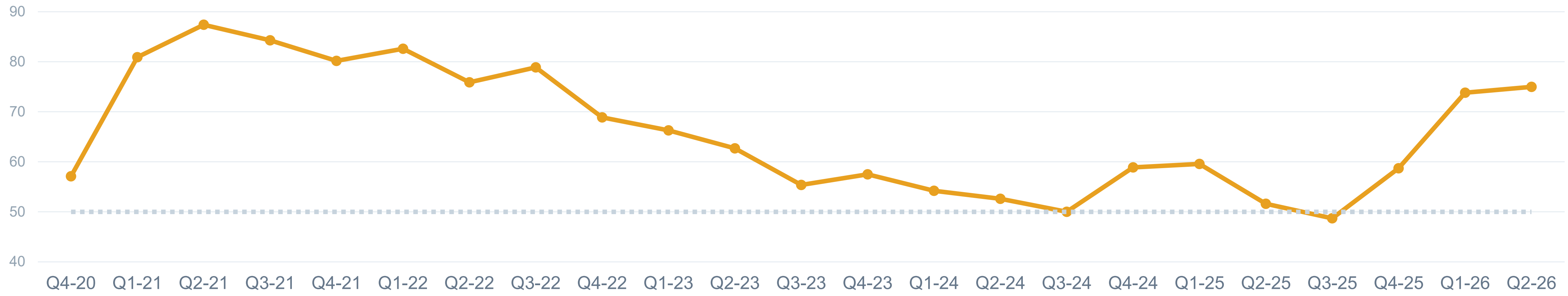
Demand is running ahead of capacity to staff it. 75% of foundries project tonnage growth over the next 12 months, while 98% still report a worker shortage. Cost pressure is the counterweight: inflation remains the top concern and freight is rising for 88% of foundries.

METALCASTERS SENTIMENT INDEX (MSI)

75.0

+1.2 vs Q1 · highest since 2022

COMPOSITE INDEX · FULL HISTORY SINCE Q4 2020



Index components

SALES ACTIVITY

DIFFUSION INDEX

67.5

+0.5 vs Q1

Q4 2020 → Q2 2026

BUSINESS OUTLOOK

DIFFUSION INDEX

81.3

+2.3 vs Q1

Q4 2020 → Q2 2026

EMPLOYMENT

DIFFUSION INDEX

76.3

+0.8 vs Q1

Q4 2020 → Q2 2026

The composite of 75.0 is the highest reading since 2022. The full series now spans 23 quarters back to Q4 2020. Readings ran hot in 2021 (peaking at 87.4 in Q2 2021), cooled through 2023–24, bottomed at 48.7 in Q3 2025, and have rebounded sharply.

Sales activity

Momentum sustained. 55% of foundries reported increases, essentially flat versus Q1 (54%) and well above the mid-2025 trough of 24%. The “decreased” share held at 20%, matching Q1 as the lowest level since Q1 2023

THIS QUARTER

55%

INCREASED

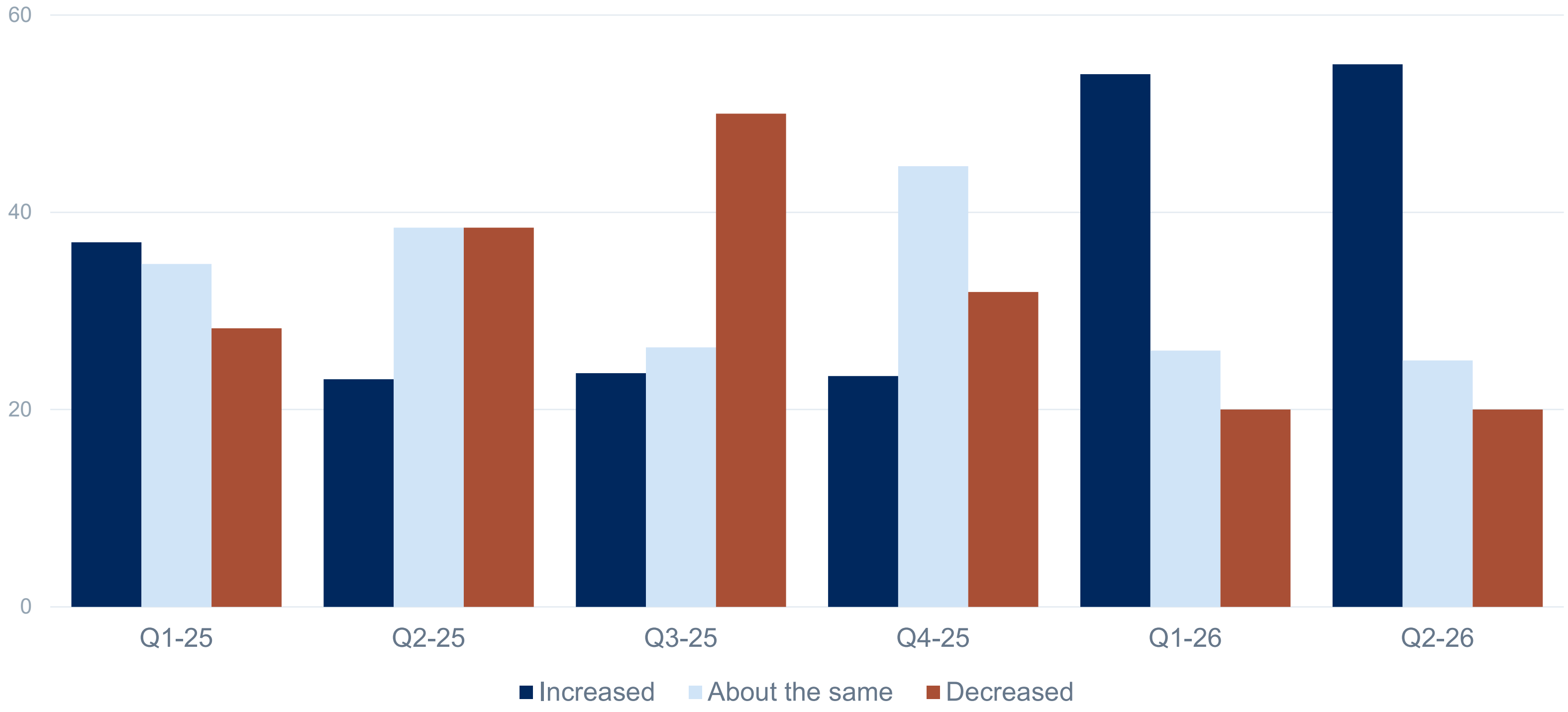
25%

ABOUT THE SAME

20%

DECREASED

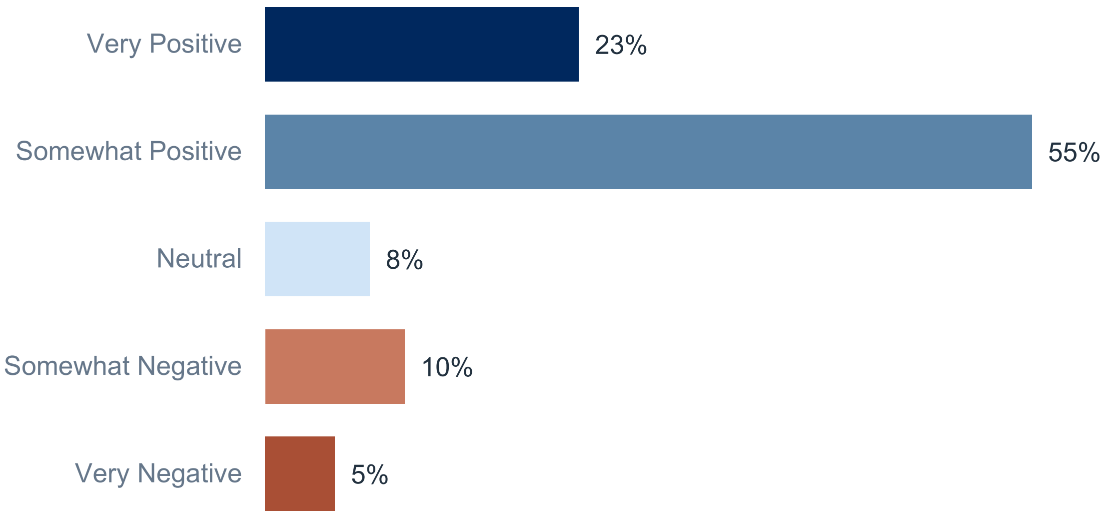
% OF RESPONDENTS



Business outlook

Optimism doubled at the top of the scale. “Very positive” rose to 23% from 12% in Q1, and the negative share compressed to 15%. NAM’s Q1 2026 survey showed 75.3% of manufacturers positive, a comparable reading for broader manufacturing.

THIS QUARTER · % OF RESPONDENTS



78%

NET POSITIVE

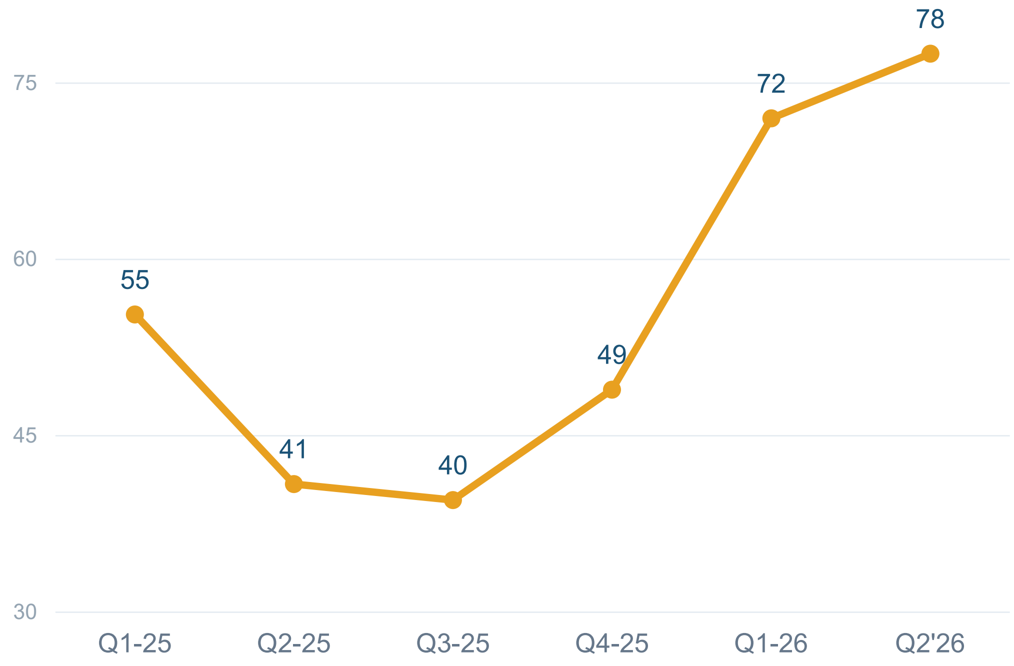
Highest since 2022

15%

NET NEGATIVE

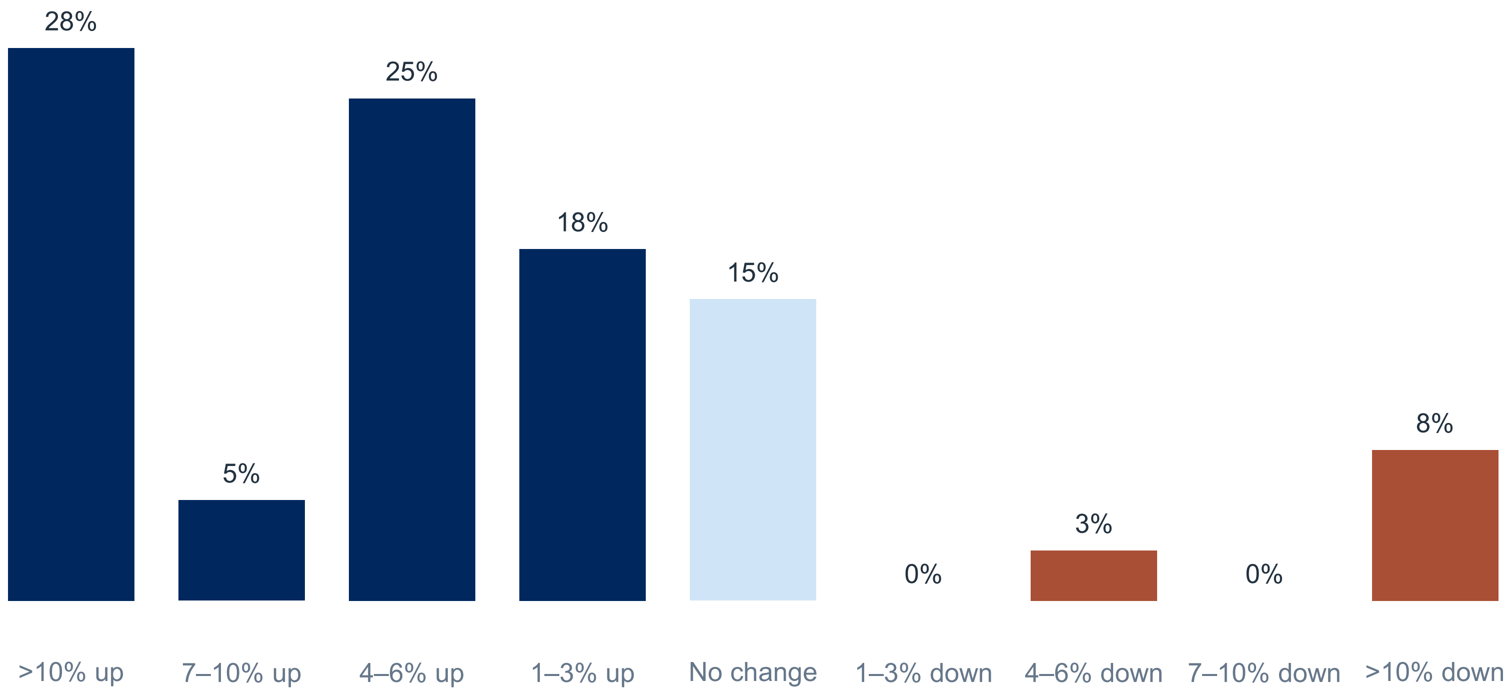
Down from 30% in Q3'25

NET POSITIVE OUTLOOK · SIX-QUARTER TREND



Sales projections, tonnage

The weighted-average projection implies roughly 5–6% tonnage growth, well above the 4.2% AFS forecast issued in January. The updated mid-year Forecast & Trends will be released to Corporate Members in July.



75%

PROJECT TONNAGE GROWTH

Up from 64% in Q1

28%

EXPECT GROWTH ABOVE 10%

Highest in survey history

10%

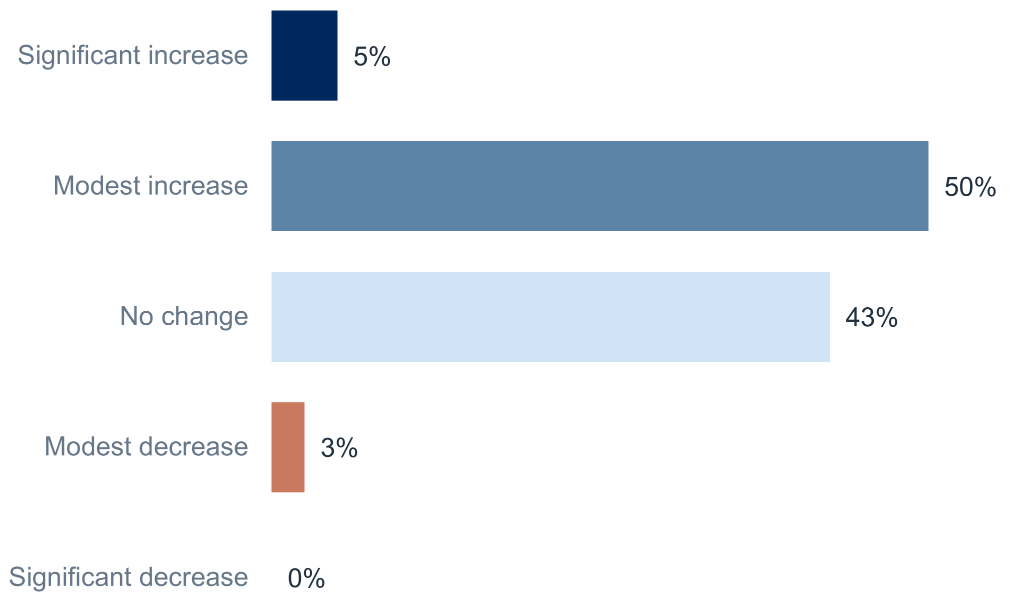
PROJECT ANY DECLINE

Lowest on record

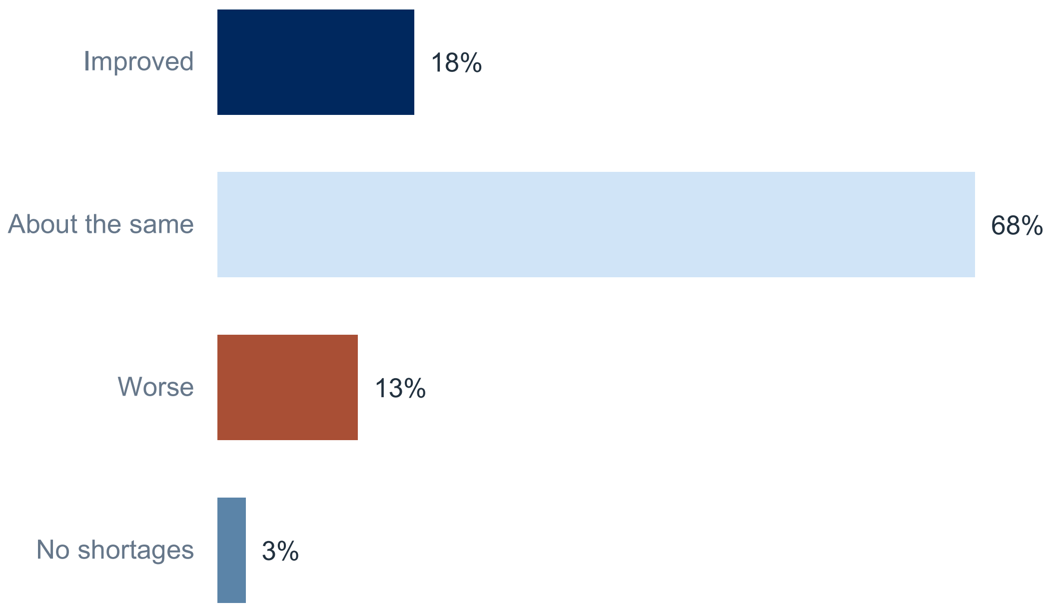
Employment & Workforce

55% of foundries plan headcount increases (up from 53% in Q1). The shortage picture is broadly stable, with 98% still experiencing some level of shortage. Labor remains a structural constraint even as demand strengthens.

EMPLOYMENT EXPECTATIONS · NEXT 12 MONTHS

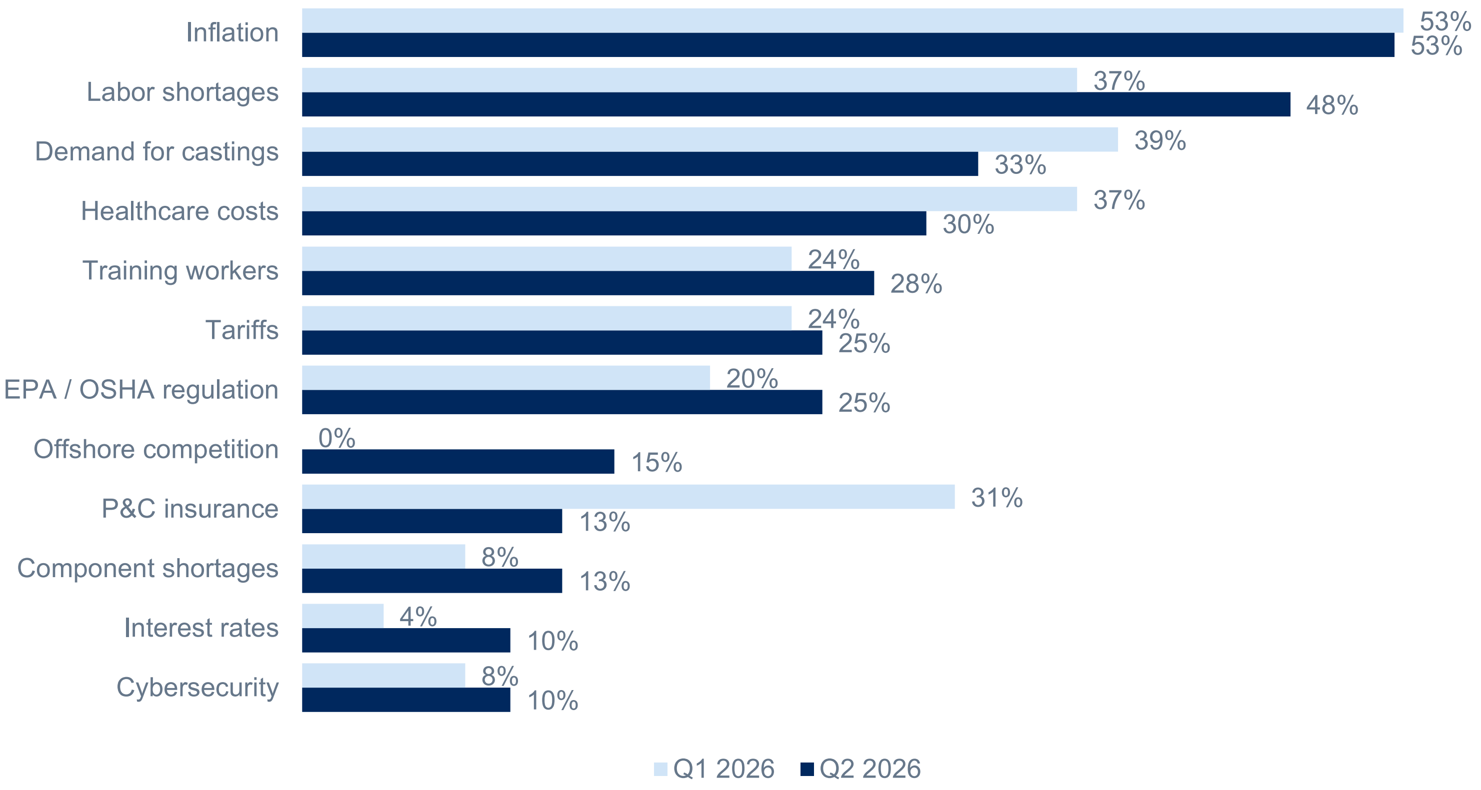


WORKER SHORTAGE VS. SIX MONTHS AGO



Top concerns & priorities

Inflation holds the top spot for a second quarter (53%), followed by labor shortages, which jumped 10 points to the #2 concern. Regulatory and offshore-competition concerns also rose, while property & casualty insurance eased sharply.



WHAT MOVED

▲ **Labor shortages**
+10 pts

▲ **Offshore competition**
+15 pts · new to list

▲ **EPA / OSHA regulation**
+5 pts

▲ **Interest rates**
+6 pts

▼ **P&C insurance**
–19 pts

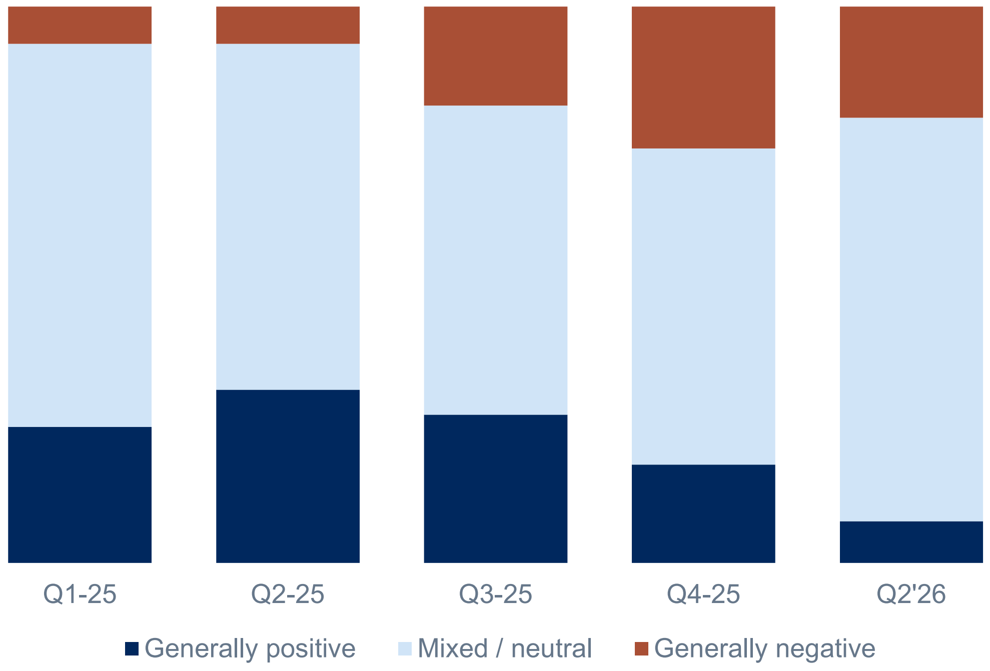
▼ **Demand for castings**
–7 pts

▼ **Healthcare costs**
–7 pts

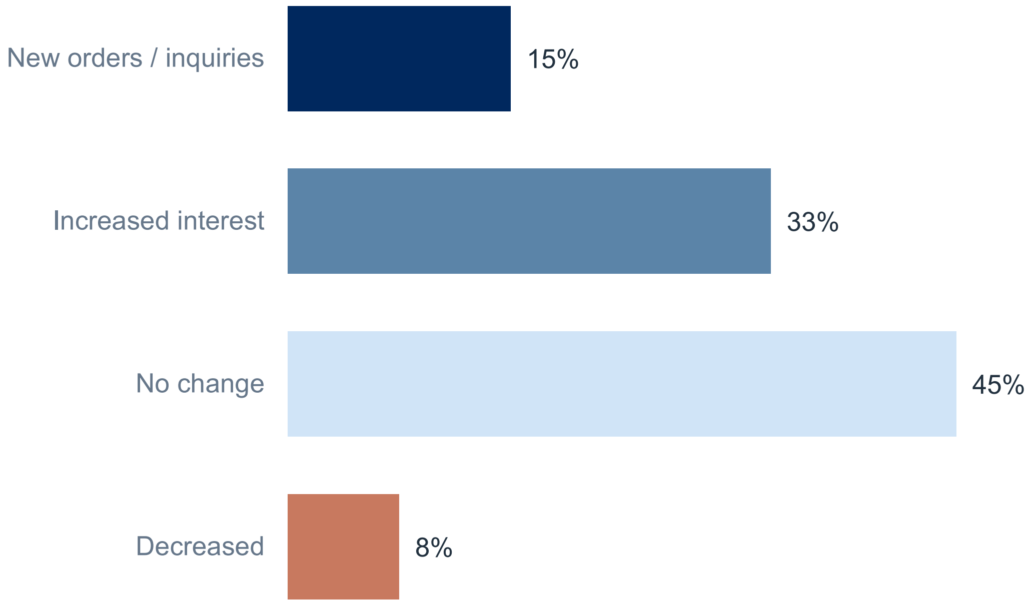
Tariffs & reshoring

Tariff sentiment shifted decisively. Only 8% of foundries now view tariff policy as generally positive, down from 31% a year ago, while the negative share rose to 20%. Meanwhile, 48% report some reshoring activity, though firm orders remain limited.

TARIFF IMPACT ON BUSINESS · % OF RESPONDENTS



RESHORING ACTIVITY · PAST 90 DAYS

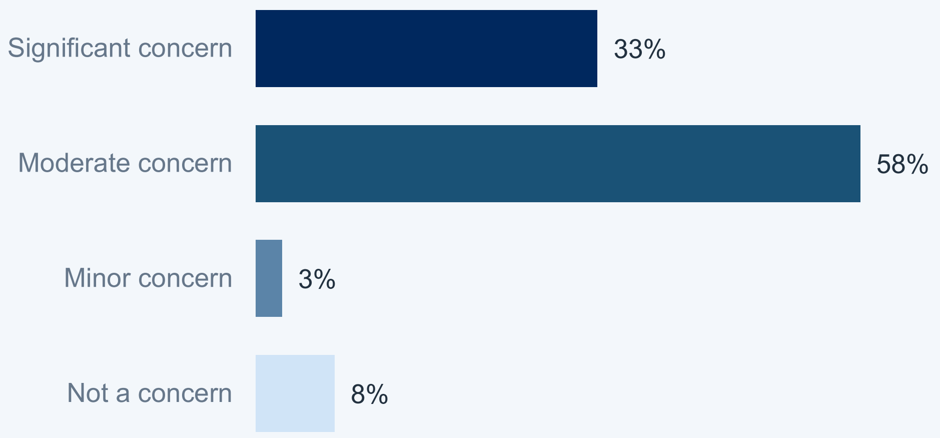


Freight costs & AI adoption

Freight is one of the most lopsided results in the survey this quarter. On AI, the industry is in an early exploration phase. Both topics will be addressed at the AFS Foundry Industry 4.0 Conference, July 28–29 in Minneapolis.

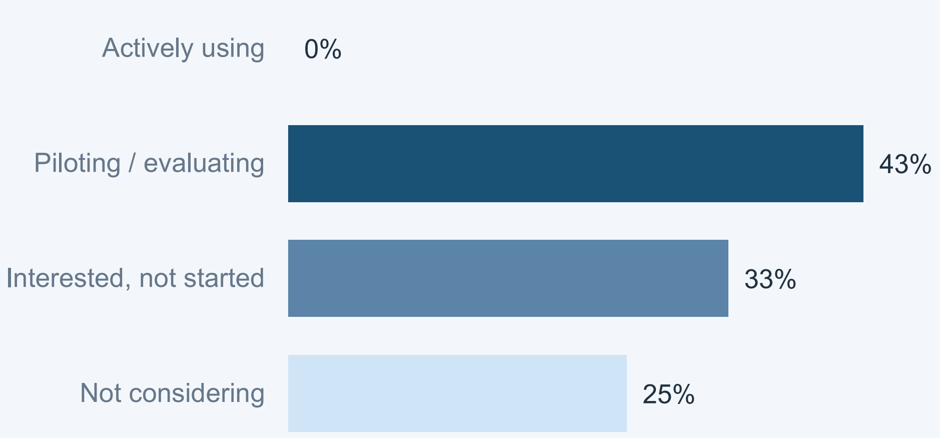
FREIGHT & FUEL COSTS

88% Reported freight costs rising vs. six months ago



ARTIFICIAL INTELLIGENCE

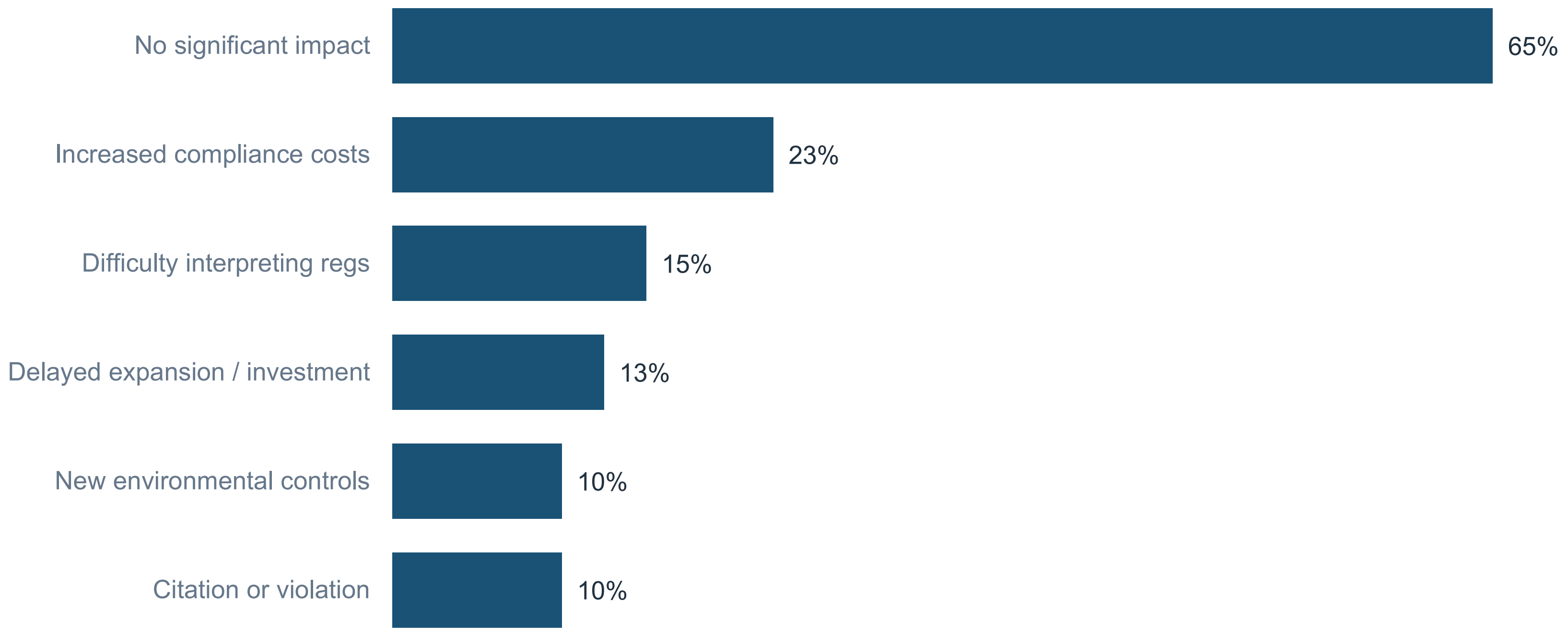
43% Piloting or evaluating AI



Regulatory burden

65% of foundries report no significant regulatory impact, but 23% cite increased compliance costs and 13% say permitting delays have affected expansion or investment over the past year.

EPA / OSHA REGULATORY IMPACT · PAST 12 MONTHS



Voice of the member

Member comments cluster around skilled labor, capital investment, regulatory compliance, and end-market demand, reinforcing the quantitative findings in this report.

IN THEIR OWN WORDS · BIGGEST CHALLENGES AND OPPORTUNITIES · SELECTED RESPONSES

"Hiring skilled foundry employees such as pattern shop trade, electricians, and automation engineers."

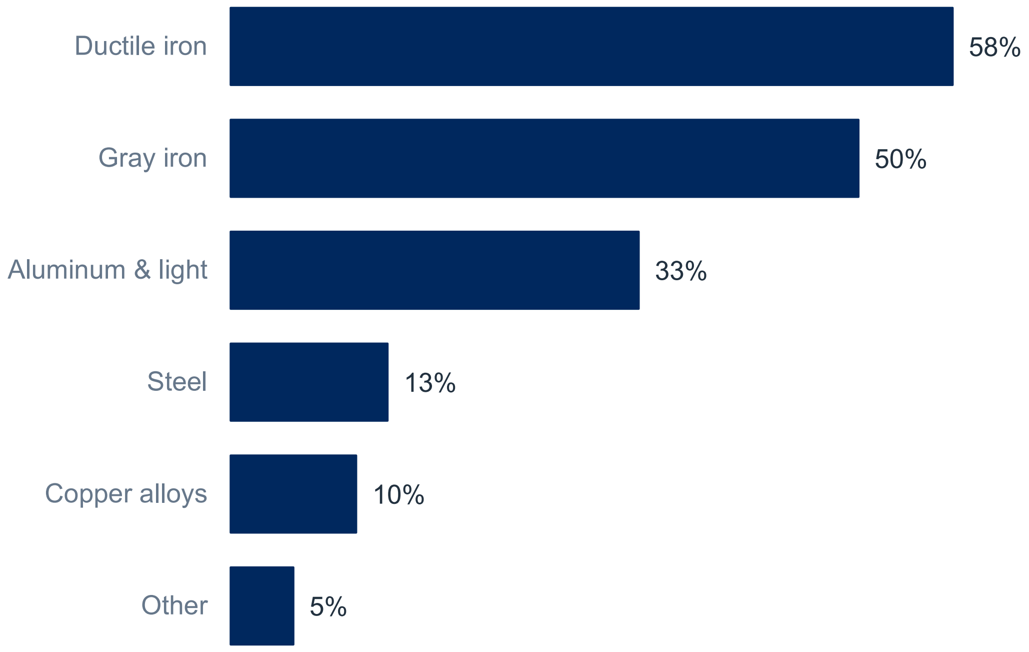
"Launching new products, equipment and training new employees."

"Addressing customer requests for CBAM, REACH, RoHS, and GHG compliance."

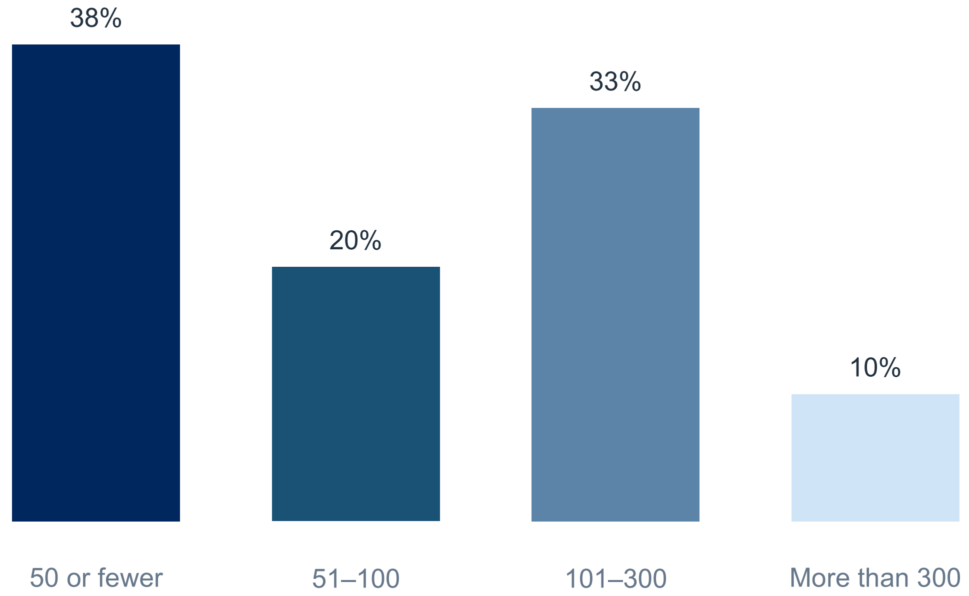
"Weak agricultural economy and uncertainty of future revenue."

Respondent profile

PRIMARY METAL(S) POURED



FACILITY SIZE · FULL-TIME EMPLOYEES



What this means for foundry leaders

Three takeaways from the Q2 2026 data

01

Plan for growth, staff for the constraint

75% of foundries project tonnage growth and the weighted average points to 5–6%, above the 4.2% January forecast. But 98% still face a worker shortage. The binding limit on 2026 is people, not orders. Prioritize hiring pipelines, training capacity, and automation opportunities that mitigate labor dependence.

75% project tonnage growth

02

Cost pressure is broad-based

Inflation is the top concern (53%) and freight is rising for 88% of foundries, with none seeing relief. Input and logistics costs remain the dominant headwind. Productivity, energy efficiency, and process improvement are the levers most within a foundry's own control.

88% see freight costs rising

03

Watch trade policy as a swing factor

Reshoring interest is broad (48% report activity) but firm orders are still limited (15%). Meanwhile positive tariff sentiment fell to 8%. Trade policy is the largest external variable on both demand and cost. Stay engaged with AFS advocacy and keep sourcing options open.

48% report reshoring activity

Methodology

The Metalcasters Sentiment Index (MSI) is a single, quotable gauge of North American foundry conditions, purposefully built as an easy-to-follow diffusion index. It combines three survey questions into one number. The result is reported on a 0–100 scale, with 50 as the theoretical midpoint between improving and declining sentiment. Readings above 50 indicate that positive responses outweigh negative ones. Note that the sentiment threshold corresponding to actual expansion or contraction in foundry output has not yet been empirically validated against realized industry data; AFS will calibrate this benchmark as the series lengthens. The table below shows how each component is calculated and how they roll up into the composite.

Component diffusion index	Source question	Positive category	Neutral category	Formula
Sales Activity	Sales trend, trailing 90 days	Increased	About the same	% Pos + 0.5 × % Neutral
Business Outlook	Outlook for the remainder of 2026	Very + somewhat positive	Neutral	% Pos + 0.5 × % Neutral
Employment	Employment expectations, 12 months	Significant + modest increase	No appreciable change	% Pos + 0.5 × % Neutral
Composite Index	**(Sales Activity + Business Outlook + Employment) ÷ 3, each a diffusion index**			

Diffusion methodology. Components are equally weighted. With only three inputs, differential weighting would require empirical calibration the length of survey history does not yet support. The methodology is similar to the ISM Manufacturing PMI, facilitating comparison of foundry sentiment against broader manufacturing.

Administration & limitations. Conducted quarterly among AFS Corporate Member foundries within a defined survey window each quarter. All responses are anonymous and reported in aggregate. The survey is administered by AFS staff in accordance with AFS antitrust compliance policy; no firm-specific competitively sensitive information is collected, and individual responses are never shared among members. The index series extends back to Q4 2020; in surveys through Q4 2022 the outlook question referenced the next 12 months rather than the balance of the calendar year, a horizon difference that does not affect the diffusion calculation. The survey is voluntary and subject to self-selection bias; sample sizes support directional analysis but limit segmentation.

American Foundry Society

Representing the $53.7 billion North American metalcasting industry

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