AFS INTELLIGENCE

Metalcasters Outlook Survey

Q3 2026

Representing the $53.7 billion North American metalcasting industry

Metalcasters Sentiment Index (MSI) – Q3 2026

The index posted 74.6, down 0.4 points from Q2 and the third consecutive quarter above 70, holding within half a point of its strongest level since 2022. The 24-quarter series remains well clear of the Q3 2025 trough of 48.7.

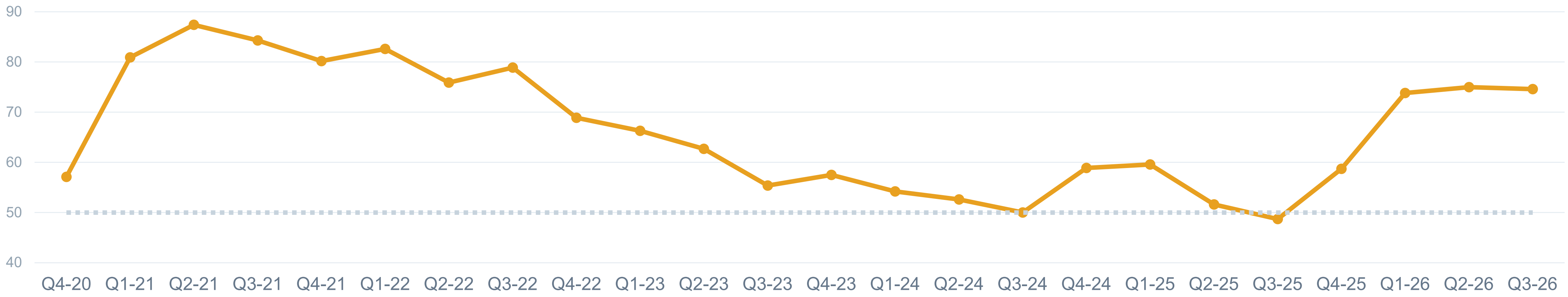
Fewer foundries are losing ground, and fewer expect a big year. The share reporting lower sales fell to 11%, the lowest since Q1 2023, while the share projecting tonnage growth above 10% narrowed to 16% from 28%. Cost pressure is the counterweight: 84% report rising input costs and tariffs jumped 17 points to become the third-ranked concern.

METALCASTERS SENTIMENT INDEX (MSI)

74.6

–0.4 vs Q2 · third quarter above 70

COMPOSITE INDEX · FULL HISTORY SINCE Q4 2020



Index components

SALES ACTIVITY

DIFFUSION INDEX

71.1

+3.6 vs Q2

Q4 2020 → Q3 2026

BUSINESS OUTLOOK

DIFFUSION INDEX

80.3

–1.0 vs Q2

Q4 2020 → Q3 2026

EMPLOYMENT

DIFFUSION INDEX

72.4

–3.9 vs Q2

Q4 2020 → Q3 2026

The composite of 74.6 is the second-highest reading since 2022. The full series now spans 24 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 carried this quarter, while employment gave back the most ground.

Sales activity

Fewer foundries losing ground. 53% of foundries reported increases, close to Q2 (55%), but the “decreased” share fell to 11% from 20%, the lowest reading since Q1 2023. Weakness narrowed rather than growth accelerating.

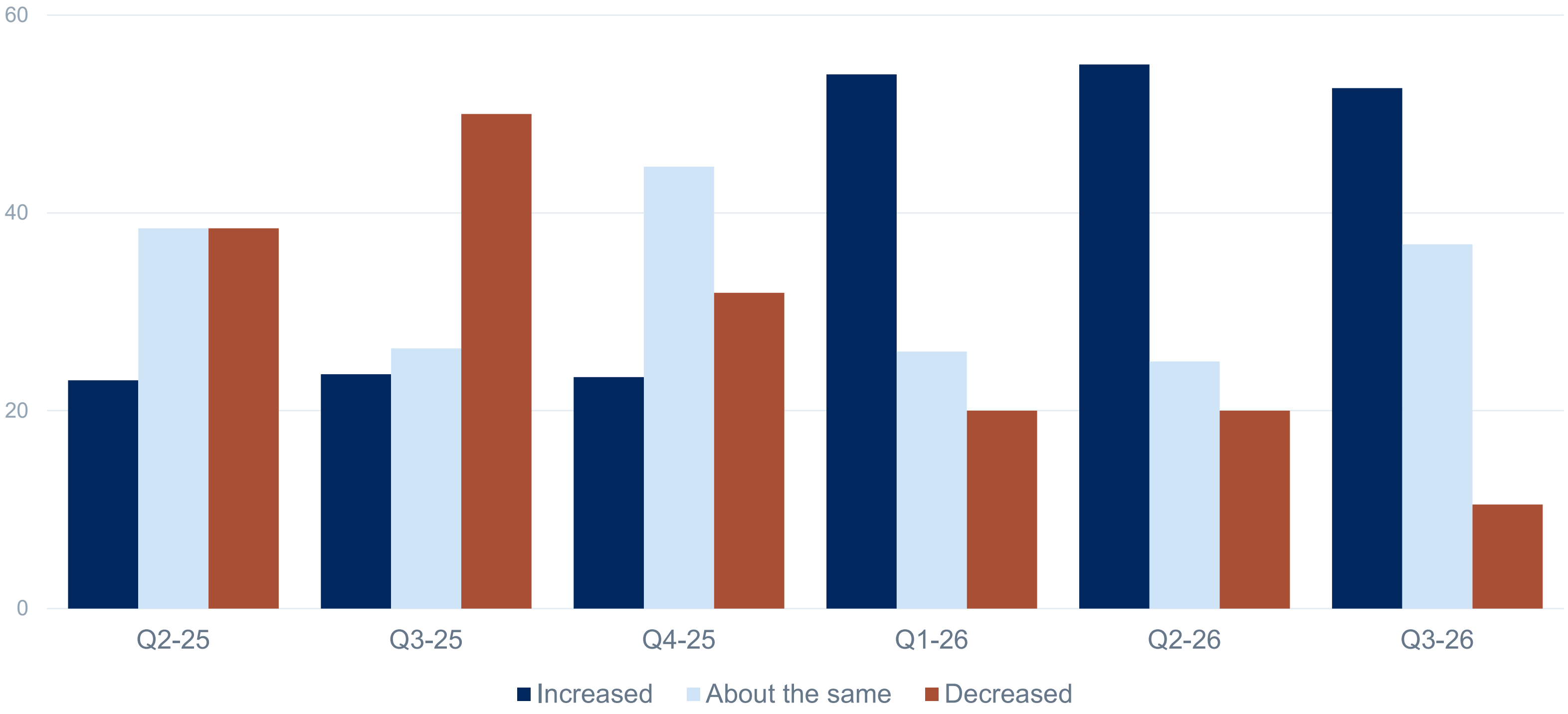
THIS QUARTER

53%
INCREASED

37%
ABOUT THE SAME

11%
DECREASED

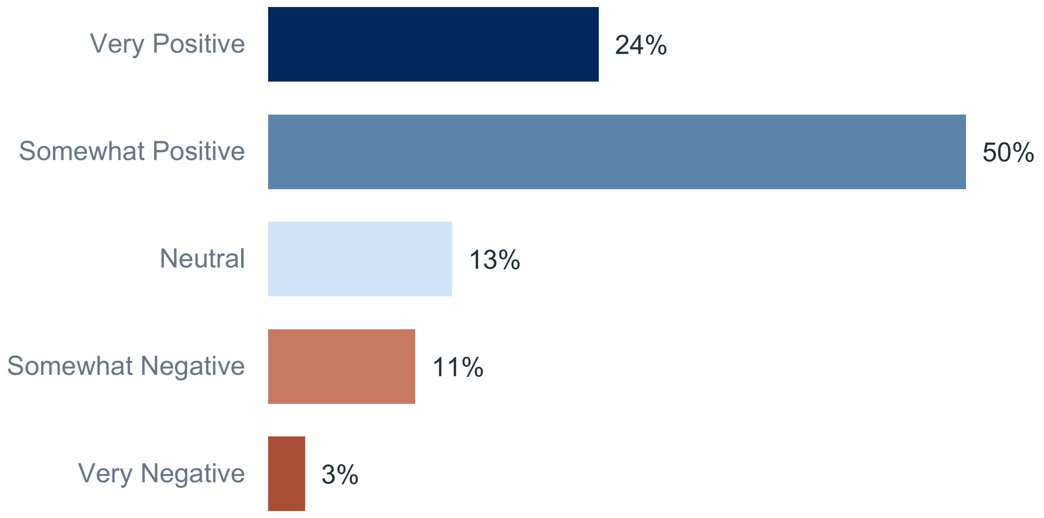
% OF RESPONDENTS



Business outlook

Optimism held at the top of the scale. “Very positive” was 24%, in line with Q2, while net positive eased to 74% from 78% and the negative share stayed small at 13%. NAM’s Q2 2026 survey put 74.2% of manufacturers positive, a comparable reading.

THIS QUARTER · % OF RESPONDENTS



74%

NET POSITIVE

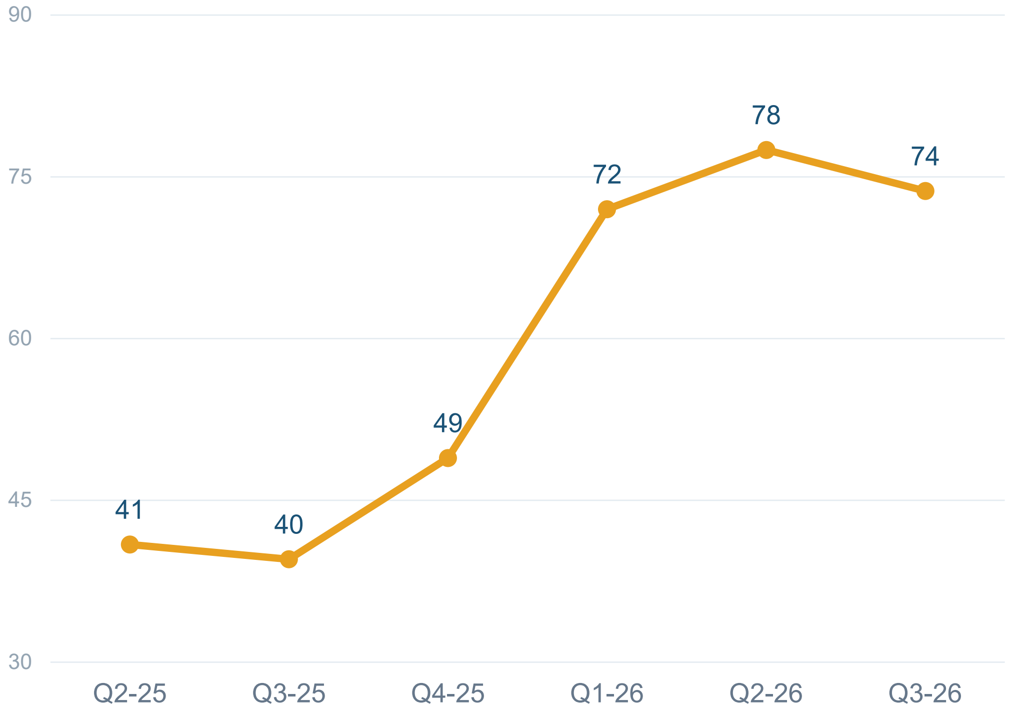
Third straight quarter above 70

13%

NET NEGATIVE

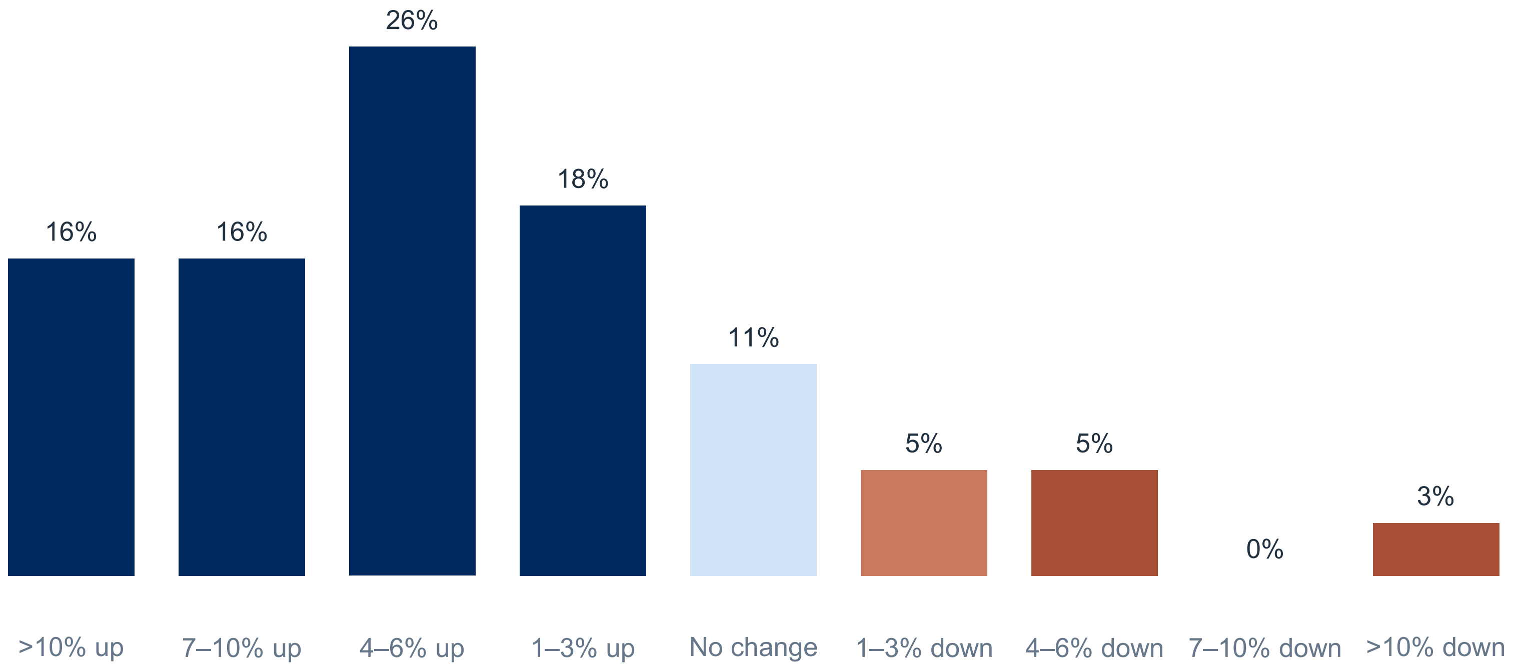
Down from 30% a year ago

NET POSITIVE OUTLOOK · SIX-QUARTER TREND



Sales projections, tonnage

The weighted-average projection implies roughly 4–5% tonnage growth. About as many foundries expect growth as last quarter, but fewer expect a lot of it: the share above 10% fell to 16% from 28%.



76%

PROJECT TONNAGE GROWTH

Q2: 75%

16%

EXPECT GROWTH ABOVE 10%

Down from 28% in Q2

13%

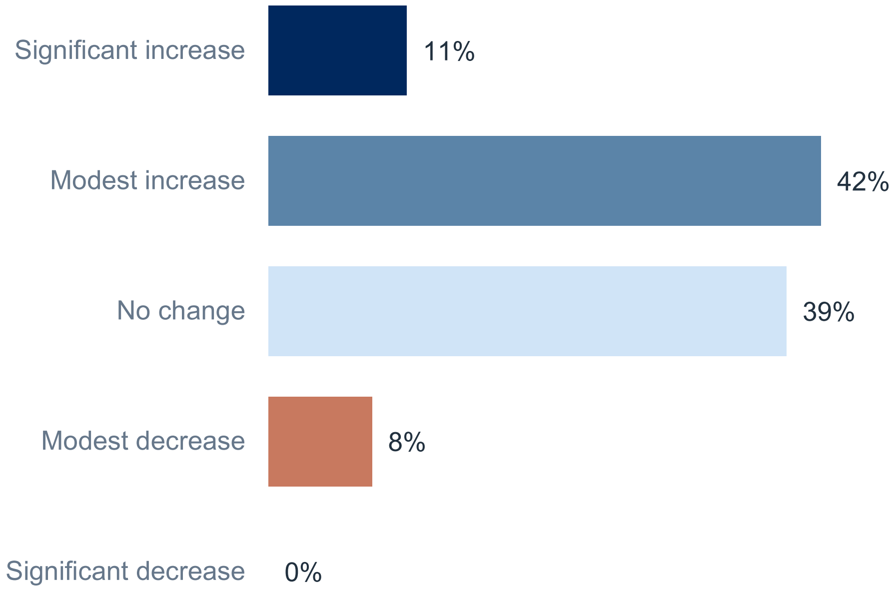
PROJECT ANY DECLINE

Q2: 10%

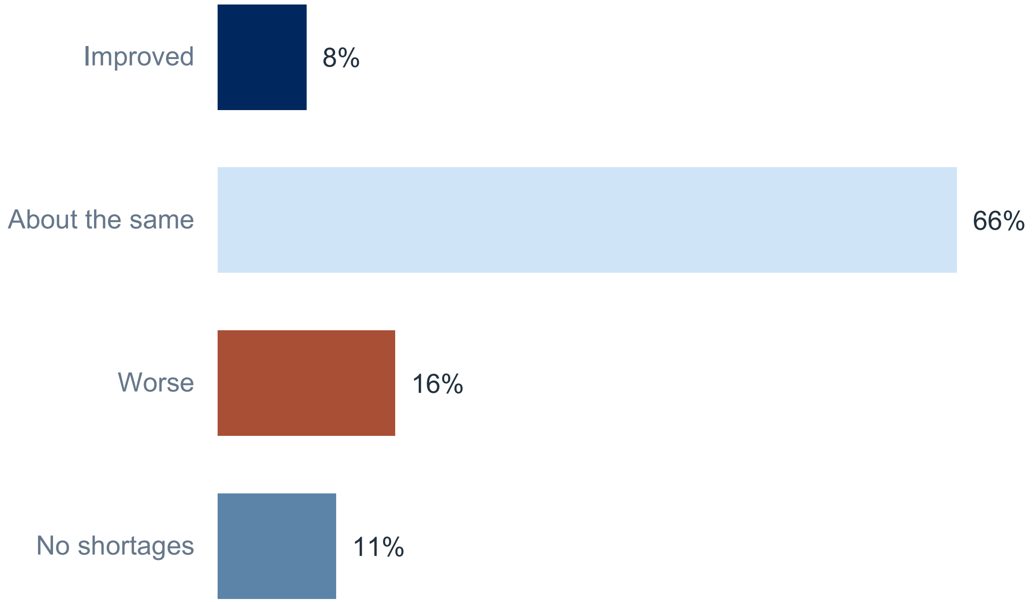
Employment & Workforce

53% of foundries plan headcount increases (Q2: 55%). The shortage has not eased where one exists: 16% say worse, 8% improved, 66% about the same. The 89% with some shortage, down from 98%, reflects a few more reporting none at all.

EMPLOYMENT EXPECTATIONS · NEXT 12 MONTHS

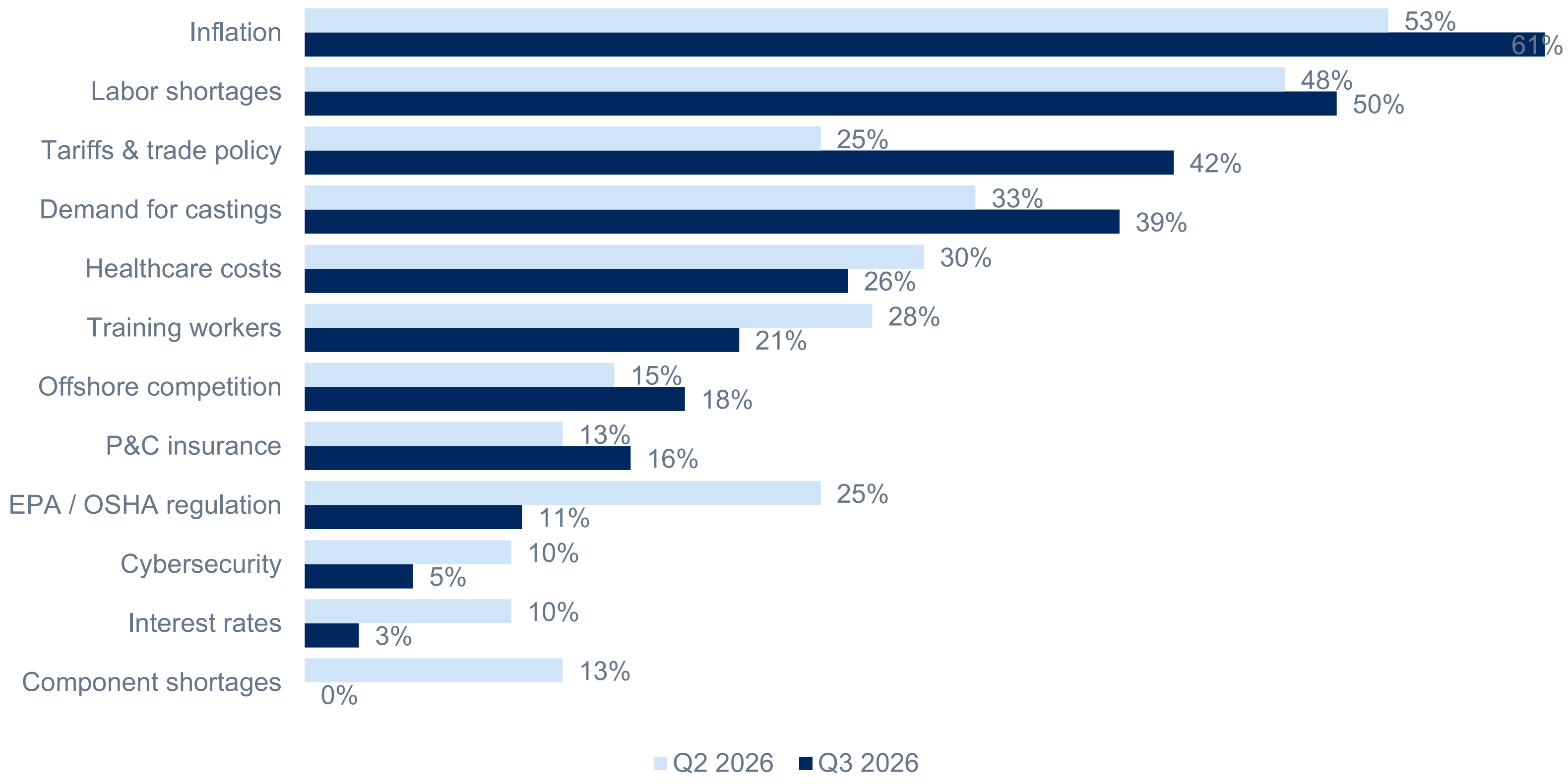


WORKER SHORTAGE VS. SIX MONTHS AGO



Top concerns & priorities

Inflation holds the top spot for a third quarter (61%), but the biggest move is trade. Tariffs and trade policy jumped 17 points to 42%, now third on the list.



WHAT MOVED

▲ **Tariffs & trade policy**
+17 pts

▲ **Inflation**
+8 pts

▲ **Demand for castings**
+7 pts

▲ **Offshore competition**
+3 pts

▼ **EPA / OSHA regulation**
–14 pts

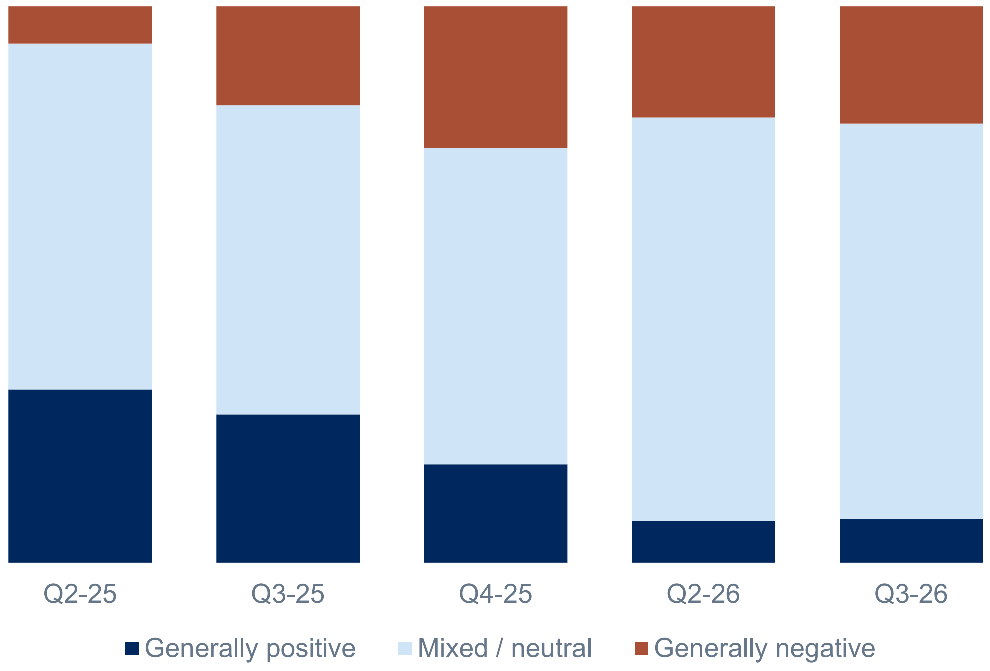
▼ **Component shortages**
–13 pts

▼ **Training workers**
–6 pts

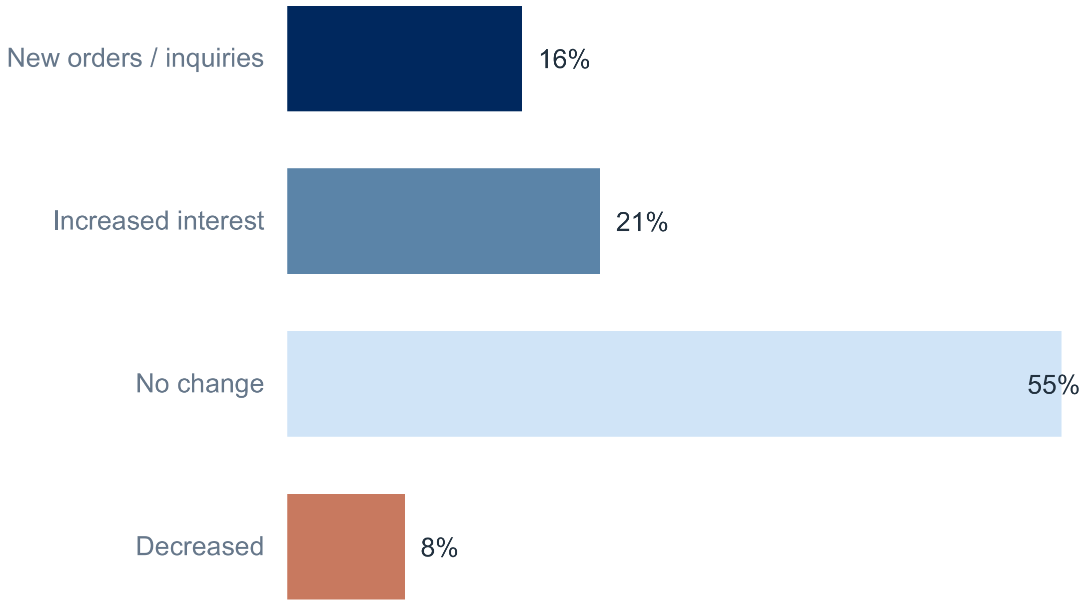
Tariffs & reshoring

Concern rose. Tariffs jumped 17 points to a top-three concern, yet 71% still call the effect mixed, 8% positive and 21% negative, flat versus Q2. Reshoring cooled to 37% from 48%, though new orders or serious inquiries held at 16%.

TARIFF IMPACT ON BUSINESS · % OF RESPONDENTS



RESHORING ACTIVITY · PAST 90 DAYS

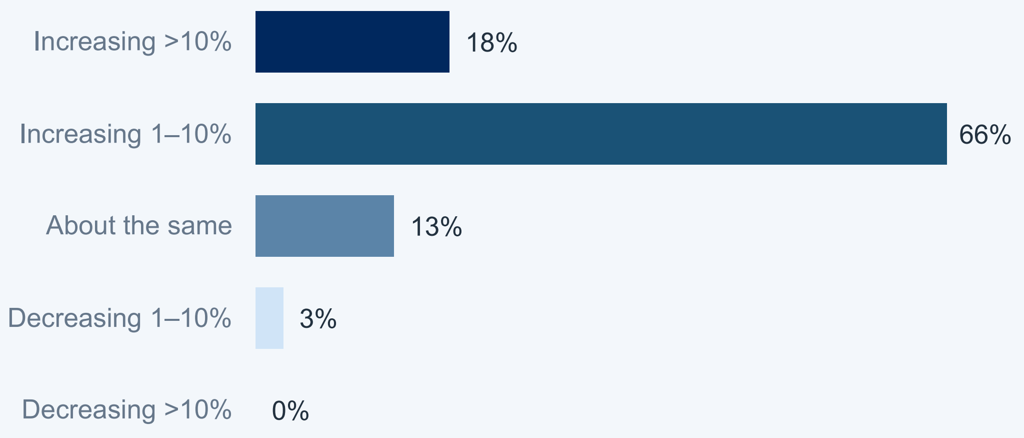


Input costs & AI adoption

Input costs are the quarterly spotlight. 84% of foundries report total input costs rising over the past 90 days and almost none report a decrease. On AI, 53% are piloting or using it, up from 43% in Q2, though only 8% use it day to day.

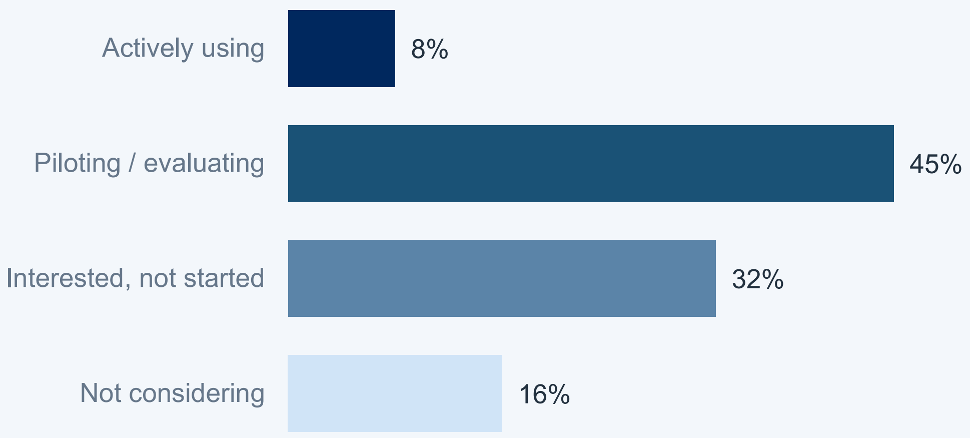
TOTAL INPUT COSTS · VS. 90 DAYS AGO

84% Reported total input costs rising



ARTIFICIAL INTELLIGENCE

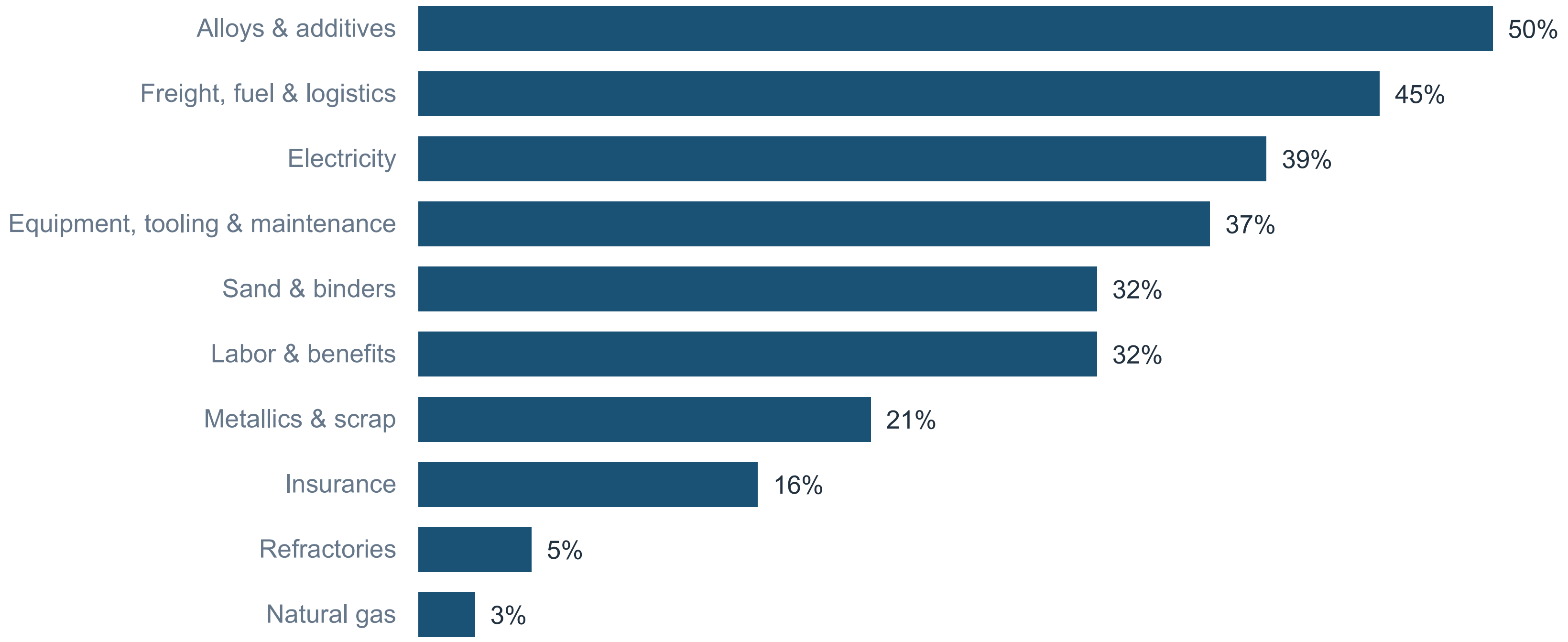
53% Piloting or using AI



Where the cost pressure is

Alloys and additives lead the pressure list at 50%, with freight and logistics 45% and electricity 39%. A third made no operational change; 29% shifted purchase timing, 26% qualified an alternate supplier, 21% each deferred capital or cut overtime.

INPUT CATEGORIES CREATING THE MOST PRESSURE · SELECT UP TO 3



Voice of the member

Member comments cluster around skilled labor, automation, trade uncertainty, and rising costs, reinforcing the quantitative findings in this report.

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

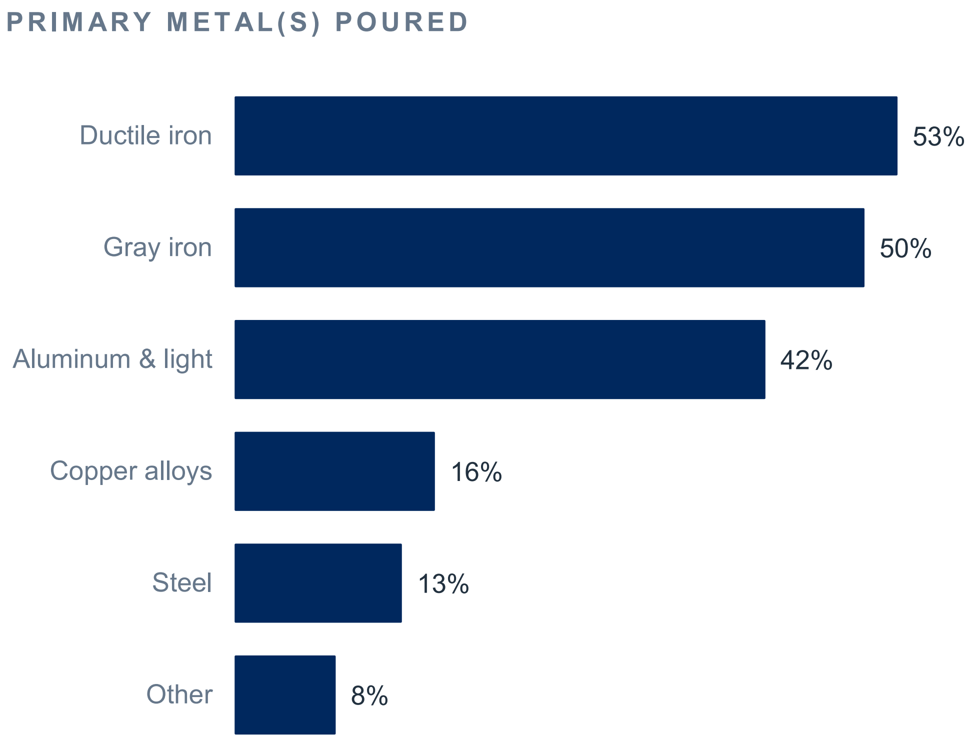
“Finding motivated, committed employees continues to be our greatest struggle.”

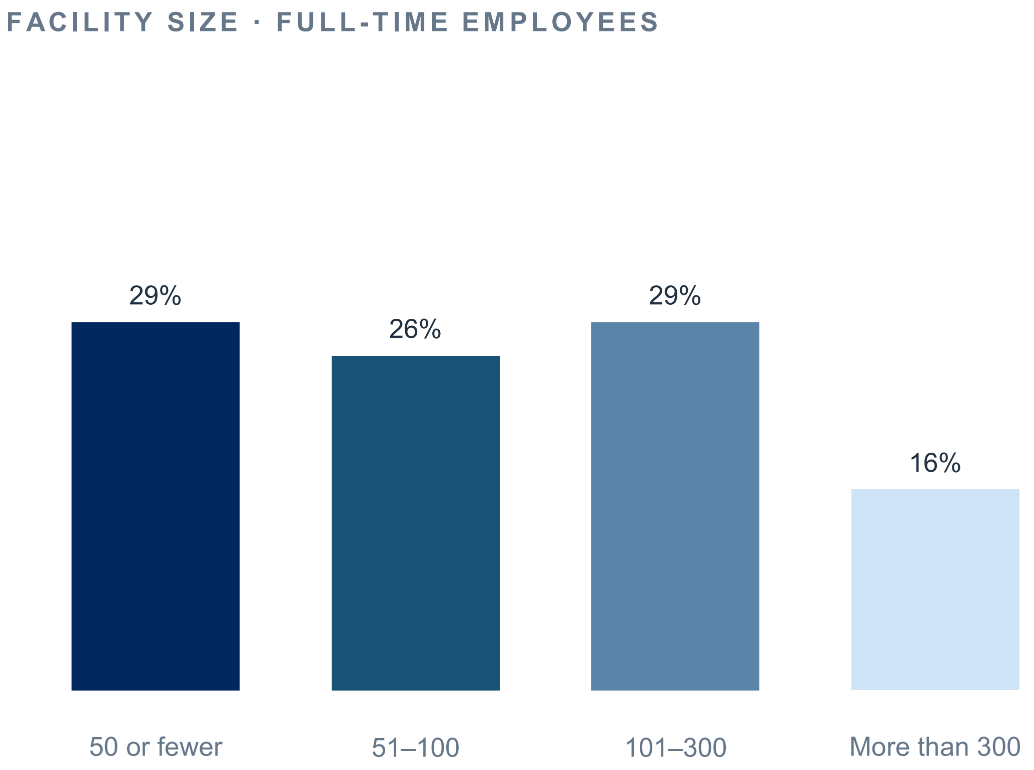
“Continuing the implementation of automation, I4.0, and AI. The pace of change is increasing.”

“Tariffs. Costs are going up and people are afraid to commit because of uncertainty.”

“Labor shortages, insurance costs and material costs.”

Respondent profile





What this means for foundry leaders

Three takeaways from the Q3 2026 data

01

Fewer losing ground, fewer betting on a big year

The share of foundries reporting lower sales fell to 11%, the lowest since Q1 2023, and 76% project tonnage growth. But only 16% expect growth above 10%, down from 28%, and the weighted average points to 4–5%.

11% report lower sales

02

Alloys, freight and power lead the cost squeeze

84% report rising input costs, led by alloys and additives (50%), freight and logistics (45%), and electricity (39%). About two-thirds took at least one operational step in the quarter, most often on purchase timing and supplier qualification, and one in five deferred capital spending.

84% see input costs rising

03

Trade policy is now a top-three concern

Tariffs jumped 17 points to 42% while the impact reading did not move: 8% positive, 21% negative, 71% mixed. What changed is uncertainty, not the bottom-line read. Reshoring activity cooled to 37% from 48%. Know the country of origin on alloys, tooling and spare parts to size your exposure, and send AFS advocacy specifics on what tariffs are doing to your costs.

42% name tariffs a top concern

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

1695 North Penny Lane, Schaumburg, IL 60173
afsinc.org · (800) 537-4237