



Today's Machine Tools

Winter 2016

The Newsletter of the Canadian Machine Tool Distributors' Association



Tejal Mehta
EMEC Machine Tools

President's Message

Manufacturing in Canada has had many ups and downs within the last few years. Many factors and industry sectors have created a volatility in this country which has made forecasting/growth a challenge.

By all accounts the manufacturing sector will begin 2016 much the same way it began 2015, with a cautiously optimistic approach. Certain sectors will be a bright spot, such as automotive which will be fueled by a weak Canadian dollar and a strong US economy that will give it a boost to Canada's non-energy exports.

The outlook for exports of non-energy manufactured products look strong heading into 2016. But suppliers to the depressed resource sectors face another difficult year. The Bank of Canada predicts that the energy sector will trim investment by another 20% in 2016, on top of the estimated 40% plunge in 2015. Furthermore, the Bank of Canada says the growth in Canada's economy is expected to reach 1.4 percent this year and accelerate to 2.4 percent in 2017.

An interesting quote by the Governor of the Bank of Canada which to me sums up the global outlook is as follows

"The underlying forces acting on the global economy are powerful, slow moving and affect various economies differently. This means that the theme of divergence— both financial and economic—is likely to remain with us for some time to come."

CMTDA COMPENSATION SURVEY

The 2016 edition of the CMTDA compensation survey will be available shortly on the web site. As before you will be asked to log into the survey by setting up a log in and password which will allow you access to the survey document and also the compiled data once the survey results are released. Only those who participate will have access to the compiled data. A note will be e mailed shortly once the site is open. Participation is optional but the board of directors would urge you to complete the survey so the results truly reflect current compensation values

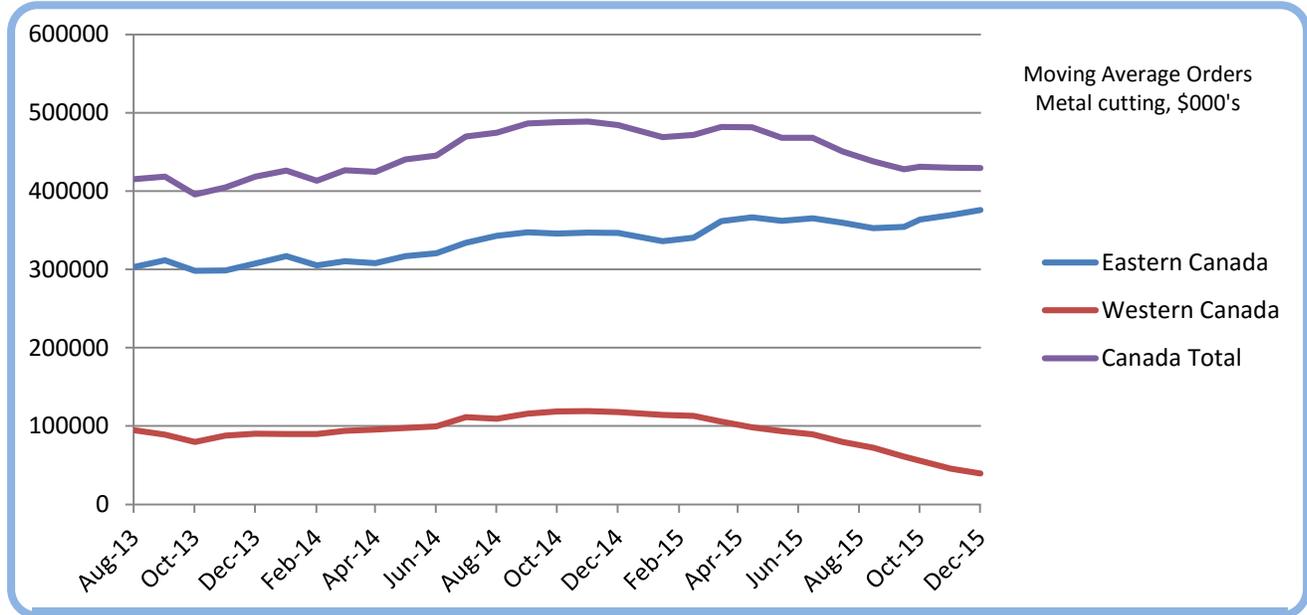
SPRING MEETING 2016

The Spring Meeting for 2016 will again be at Sightlines in the Rogers center on June 1st 2016 for a game against the New York Yankees. This event has proven to be extremely popular and is an excellent opportunity to meet with your peers in the industry in a relaxed social environment. Wives, significant others and children are welcome to attend. The evening includes the game, an excellent buffet style dinner and open bar. Please make a note in your Calendar. A notice of the event will be e mailed in due course.

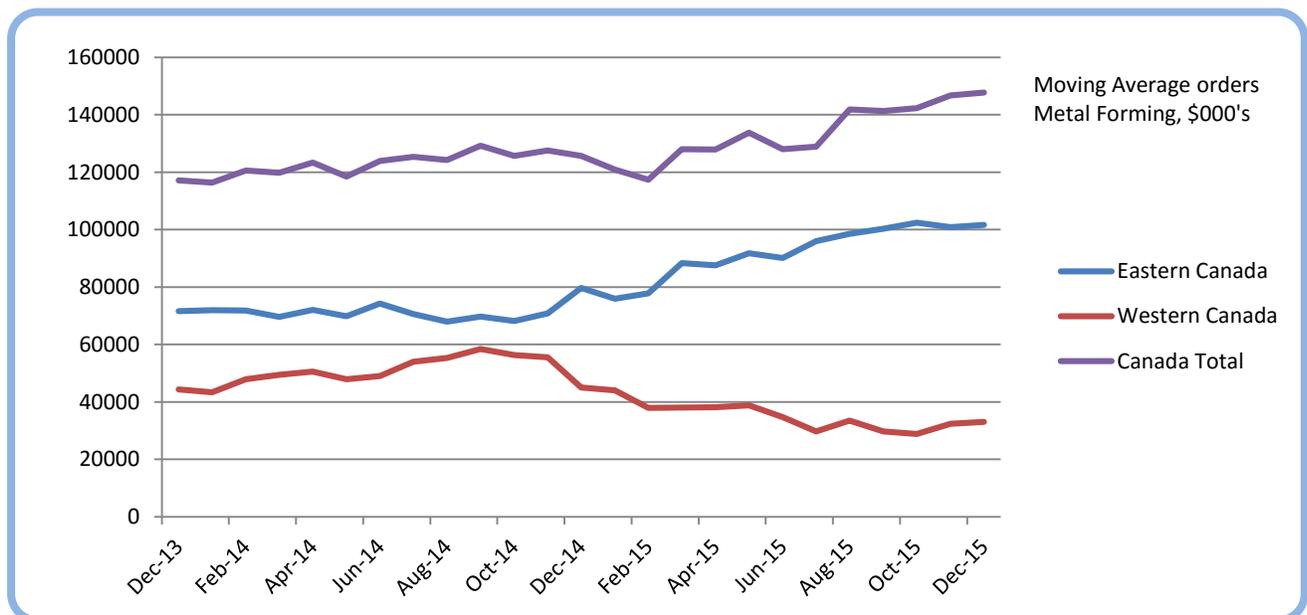
Machine Tool Orders

2015 proved to be a challenging year

Orders for metal cutting machinery for the year ending December 2015 were down by 10% year over year but by considerably more when you take into the account the price inflation caused by the declining value of the Canadian Dollar which has dropped 17.5% over the same time span. The major contributing factor has been the dramatic drop in orders from Western Canada due to the declining value of oil. Eastern Canada saw an increase in orders of 8.4% while Western Canada had a precipitous drop of 66.5% year over year. The chart below shows the moving average of orders for east and west and the two combined



Orders for fabricating machinery held up well in comparison with orders for CNC machines up by 19% in spite of a drop in units of 5%. Orders for manual machines were up by 7% in both units and values



Machine Tool Orders Continued from Page 2

Average order size for CNC metal cutting machinery YTD were as follows: horizontal lathes, \$191,017, vertical spindle lathes, \$206,692, multitasking lathes, \$353,976, VMC up to 40" travel, \$158,673, VMC above 40" travel, \$262,613, VMC five or more axis, \$586,023, horizontal machining centers, \$401,564, horizontal machining centers 5axis, \$1,529,208, milling machines, \$20,135, horizontal and vertical boring machines, \$680,448, wire EDM, \$227,510, sinker EDM, \$256,625, grinders, \$340,611, CMM, \$151,189, saws, \$57,333, others, \$246,500. Average order size for manual metal cutting machines was \$19,613.

Average order size for CNC fabricating machinery were: press brakes, \$167,312, shears, \$49,854, turret punches, \$497,292, profile cutting laser, \$722,054, profile cutting plasma, \$189,714, profile cutting water jet, \$144,718, tube benders, \$67,647, others, \$160,000.

Average order size for manual fabricating machinery was \$12,684 and for presses and equipment was \$34,625.

Another Perspective on the World Market for Machine Tools from the Fredonia

World Demand for Machine Tools to Reach \$181 Billion

Worldwide demand for machine tools is projected to climb 5.5 percent per year through 2019 to \$181 billion.

Gains at the global level will be largely driven by market growth in China and other developing nations, where demand for durable goods is expected to post the strongest increases. This will result in additional investment in new manufacturing capacity and related machine tools in the Asia/Pacific region, the Africa/Mideast region, Eastern Europe, and Central and South America. China alone is expected to account for more than two-fifths of all new product demand through 2019. These and other trends are presented in *World Machine Tools*, a new study from **Fredonia Group**, a Cleveland-based industry research firm.

Through 2019, machine tool demand in Western Europe, the second largest regional market worldwide, is expected to grow nearly six percent per annum. Growth will be in line with the average worldwide pace, and Western Europe will account for 18 percent of product demand gains through 2019. Market conditions in numerous regional countries are expected to improve as both overall economic growth and gross fixed investment accelerate. Analyst Gleb Mytko notes, "Growth will also be supported by the introduction of more expensive machine tools." In order to develop the next generation of durable goods, manufacturers in the region will invest in machine tools that offer increased control and precision. In Japan, the world's fourth largest national market behind China, the US, and Germany, demand for machine tools is expected to rebound after several years of losses. Because many Japanese durable goods firms delayed making machine tool purchases in recent years, there is significant pent-up demand in the country.

North America is projected to see machine tool demand decline nearly one percent per year through 2019, due solely to weakness in the large US market result,

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In contrast, Mexico will continue to experience rapid advances in machine advances in machine tool sales, while the Canadian market is expected to grow at about the world average pace. Many durable goods companies in North America modernized existing facilities, built new plants, and purchased additional machine tools in recent years. As a result, there will be less new and replacement product demand in the region during the 2014-2019 period.

WORLD MACHINE TOOL DEMAND (million dollars)					
Item	2009	2014	2019	% Annual Growth	
				2009-2014	2014-2019
Machine Tool Demand	<u>88600</u>	<u>138400</u>	<u>181000</u>	9.3	5.5
North America	8710	19900	19000	18.0	-0.9
Western Europe	20650	24500	32150	3.5	5.6
Asia/Pacific	49300	79000	107500	9.9	6.4
Central & South America	2780	2190	4100	-4.7	13.4
Eastern Europe	4890	7910	10700	10.1	6.2
Africa/Mideast	2270	4900	7550	16.6	9.0

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World Machine Tools (published 01/2016, 447 pages) is available for \$6300 from Freedonia Group. For further details or to arrange an interview with the analyst, please contact Corinne Gangloff by phone 440.684.9600 or e-mail pr@freedoniagroup.com. Information may also be obtained through www.freedoniagroup.com.

CMTDA contributes to the CTMA Bursary awards for 2015

APPRENTICE BURSARY WINNERS & HONORABLE MENTIONS

Back Row (L-R):

- Attila Simon, Answer Precision (Honorable Mention)
- Ken Moynahan, Anchor Danly – Tilbury (Honorable Mention)
- Nicholas Docimo, Micrometric Ltd. (Honorable Mention)
- Scott Forrest – Eagle Press & Equipment
(Apprentice Bursary Recipient)

Front Row (L-R):

- Kevin Finlay, Robust Gear & Industries Inc. (Pre-Apprentice Bursary Recipient)
- Jared-Sean Farewell, Anchor Danly – Cambridge (Apprentice Bursary Recipient)
- Duane Pennings, Armo-Tool Ltd. (Apprentice Bursary Recipient)
- Brent Rankin, JFK Systems Inc. (Pre-Apprentice Bursary Recipient)

Missing:

- Jon Prashek, J&C Tool & Die Ltd. (Apprentice Bursary Recipient)



CMTDA Board of Directors

President	Tejal Mehta, Emec Machine Tools Inc.
Past President	Frank Haydar, Elliott Matsuura Canada Inc
Director	Ray Buxton, Mazak Canada Inc
Director	Daniel Medrea, DMG/Mori Seiki
Director	John Manley, Machine Tools Systems Inc
Director	Jeff Veldhoen, Ferro Technique
Director	Stefan Fickenschner, Trumpf Canada Inc
Director	Gary Masters, William Brennan
Executive Director	Peter Turton

The CMTDA's Purpose and Objectives

The Canadian Machine Tool Distributors Association was founded in 1942 as a trade association dedicated to the marketing of machine tools and services in Canada through distributorship companies.

Its aims are:

- To promote friendly business relations among its members.
- To provide means whereby challenges affecting the industry can be readily discussed and to co-operate, as a group, to further the interests of the industry by all desirable and lawful means.
- To stimulate growth in the use of machine tools
- To promote advances in machine tool technologies
- To assist clients in finding distributors to supply machine tools
- To collect and disseminate statistics on market capacity and other pertinent matters.
- To exchange information among members for the purpose of reducing distribution costs and eliminating waste and duplication of efforts.
- To enable the members, as a group, to discuss with the government, if need be, tariff concerns and other issues relating to machine tools.
- To promote and sponsor machining skills development for youth Canada-wide.

How To Join

Any individual, partnership, firm, company or corporation may be elected to membership in the CMTDA by an affirmative vote of not less than 2/3 majority of the current directors of the Corporation. A regular member is one which maintains an office or other recognized place of business, represents at least one recognized manufacturer of machine tools on an exclusive basis in a designated territory, carries its own accounts, is established and actively engaged in the distribution of machine tools in Canada for at least one year at the time of application, does at least 51% of its business in new machinery and provides monthly orders booked data in the format set out by the

Corporation. Contact the CMTDA at

118 Landry Lane, RR1, Thornbury, ON. N0H 2P0.

Phone 519-599-2803, Fax 519-599-5154

CMTDA Annual General Meeting

October 26th 2016

Please mark your calendar for this important event. You can be assured we will have some entertaining speakers along with the President's Cocktail Reception followed by dinner.

Plans are underway for the CMTDA's 75th anniversary celebration in 2017, details to be announced

CMTDA Members

A.M.T. Machine Tools Ltd.
A.W. Miller Technical Sales
Canada
Akhurst Machinery Ltd.
All Fabrication Machinery Ltd.
Amada Canada
Barer Engineering Co.
Blue Chip Leasing
BLUM LMT Inc.
Buy Premium Tools
B W Guild Equipment Inc
Canadian Industrial
Machinery, CIP
Canadian Measurement-
Metrology Inc.
Canadian Metalworking
Capital North Corporation
CLE Leasing Enterprise Ltd.
CML Machinery Inc.
Compumachine Canada
DiPaolo Machine Tools
DMG Mori Seiki Canada
Edge Production Supplies Ltd.
Elliott Matsuura (Canada) Inc.
EMEC Machine Tools Inc.
Empire Machinery & Tools Ltd.
Fagor Automation Canada
Ferric Machinery
Ferro Technique Ltd.
Garant Machinerie
Hartford Technology Ltd.
Heinman Machinery Ltd
Hurco Companies
Huron Canada Inc.
Ian Jones Sales Ltd.
Industrial Machinery
Exchange Inc.
Iscar Tools Inc.
ITN Logistics Group
KBC Tools and Machinery
Kennametal Ltd, Canada
LaMarche Machinery Inc.
L.S. Walker Machine Tools Inc.
Machine Tool Systems Inc.
Machine Toolworks Inc.

Machineries BV Ltee.
Machitech Automation
Masteel America Corp
Mazak Corp. Canada
MC Machinery Canada
Megatel Inc.
Mitcham Machine Tools
Mitutoyo Canada Inc.
MP&P Magazine
National leasing Group
Neiman Machinery Sales
Inc.
NTN Bearings Canada
Paine Machine Tool Inc.
Paramount Machinery Inc.
Powermaster Machinery
Prima-Power Canada
Quality Cutting Tools
Quickmill Inc.
Renishaw (Canada) Ltd.
Rhino Cutting Systems
Royal Products
Sandvik Coromant
Schunk Intec Corporation
Seguin Machinery Ltd.
Shop Metalworking
Magazine
Synergy Machine Sales Inc
Single Source Technologies
Canada,
Sirco Machinery Co. Ltd.
SMS Machine Tools Ltd.
SMTCL Canada Inc.
Spark & Co. Inc.
SparQuetec Inc.
Team Machine Tools Inc.
Tecsaw International
Thomas Skinner & Son Ltd.
Toshiba Machine Co.
Canada Ltd.
TOS Trade Canada
Trumpf Canada
Ultra Machine Sales Ltd.
Westway Machinery Ltd.
William M. Brennan Co.
Zoller Inc.

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