

Informers

Informing, planning and taking action



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LEADING THE FUTURE OF THE CUTTING TOOL INDUSTRY

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JOIN US FOR THE SPRING 2017 USCTI MEETING IN ISLE OF PALMS!

With activities for all, networking, and a beautiful beachside location, the Spring 2017 meeting is shaping up to be a not to miss event. Speakers will include Jim "The Rookie" Morris, Dave Nelsen on Social Media for your business, and Jonathan Mosse on healthcare trends.

Check your email for registration information, which opens soon.

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USCTI President's Message



Steve Stokey

Dear USCTI Members,

Welcome to 2017! As we parted ways in New Orleans in October, there were certainly more questions than answers about the future of our country and our companies. Now, with the election over, is the picture any clearer? Will we have a "Trump Bump," or more of the same from Washington, D.C.? One thing that is clear is that our country can count on the members of the USCTI to continue to add value to our customers through a combination of innovative solutions, increased productivity and overall cost reductions. This recipe is the ultimate solution for what ails our economy. Constantly adding value creates the opportunity to increase standards of living for everyone. We may be the "Forgotten Men and Women" by those in Washington D.C., but we must never forget that we are the backbone of America!

As we look at the state of our Institute, we continue to see growth in our membership as well as a new beginning with our statistics program. If you recall, IHS Markit is our new economic forecasting partner, providing the most in-depth look yet at our cutting tool industry. I encourage you to participate in the quarterly conference calls to maximize the value of your membership and gain the latest insight on the economy and how it could impact your business. If you are not participating in the statistics program, now is the time so you can take full advantage of this new forecasting tool.

As I close, I encourage you to stretch yourself in 2017. If you have not attended one of our meetings, make this the year to join us May 6-8 at the Wild Dunes Resort in Isle of Palms, SC. Our programs committee is working hard to provide an outstanding list of speakers on relevant topics to your business. Or make this the year you engage in a new market! Get those entrepreneurial juices flowing and lay the groundwork for the future!

I look forward to seeing you at Wild Dunes!

Sincerely,

Steve Stokey

Allied Machine & Engineering Corp.

Statistics Committee Update

Looking back at 2016, the most important accomplishment of the Statistics Committee is the new Forecasting Report. By now, those of you that are reporting statistics should be receiving the new report. I certainly hope you find it useful. If you are not receiving it, that means that you are not contributing.

In addition, we also launched the Annual Regrind Report back in the summer. We also intended to launch a Hardcoating report, but due to limited interest, we did not have enough participation to release it. Hence, it was put on hold. We will try again in 2017. Maybe the interest among those that originally requested the report will have improved by then.

More than ever, it is critical that everyone both participate in providing statistics and also do so in a timely manner. An important benefit of being a member in USCTI is receiving market information in the form of tools such as the Forecasting report. So I highly encourage everyone to participate. If you see the need for any new reports, or modifications to existing ones, please do not hesitate to contact me, a member of the Committee, or USCTI Staff. We will do our best to accommodate your needs.

I wish everyone good success in this new year.

Johan Israelsson, Statistics Committee Chairman
Sandvik Hyperion

Welcome new
USCTI Members:

[AAA Precision Tool & Cutter Grinding LLC](#)

[Precision Cutting Tools](#)

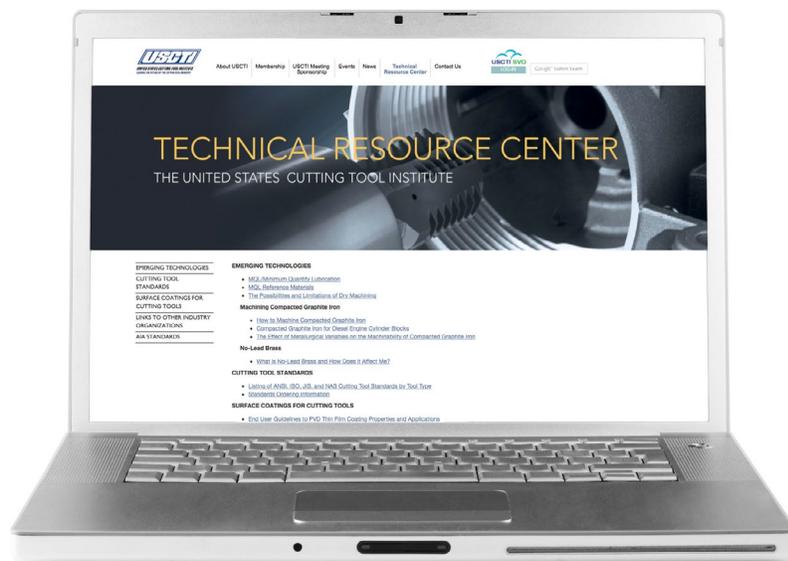
Technical Committee Update

The Committee completed revisions on NAS897, NAS898 and NAS965 which were sent for ballot in November. They should be published soon and will be posted on the USCTI Website.

There were additional USCTI members added to this Working Group committee in recent months - Joe Kueter, MA Ford; Linn Win, Sandvik; and Jeff Burton, Kyocera SGS Precision Tool. Additionally, active USCTI members on the AIA Working Group consist of Phil Kurtz, Wetmore Tool & Engineering Co.; Steve Boyer, Alvord-Polk Tool Co.; Ray Moring, Greenfield Industries, Inc.; Dennis Noland, Seco Tools; and Al Choiniere, Superior Inc.

The USCTI Technical Committee is made up of 31 member companies. To view the current and updated AIA NAS Cutting Tool Standards, please visit the Technical Resource Center on the USCTI Website or [click here](#).

Al Choiniere, Technical Committee Chairman
Superior Inc.



We Need Your Ideas

The USCTI Technical Resource Center is an excellent source for a vast array of technical information on cutting tools, surface coatings and materials. The Technical Committee utilizes the Resource Center to broadcast additional information and updates on a continuing basis. However, we would love to have further input and ideas from membership to help make the Resource Center a useful, hands-on tool for new cutting tool engineers coming into our industry. Please send your ideas and input to uscti@uscti.com. Additional white papers would be welcome and are much appreciated.

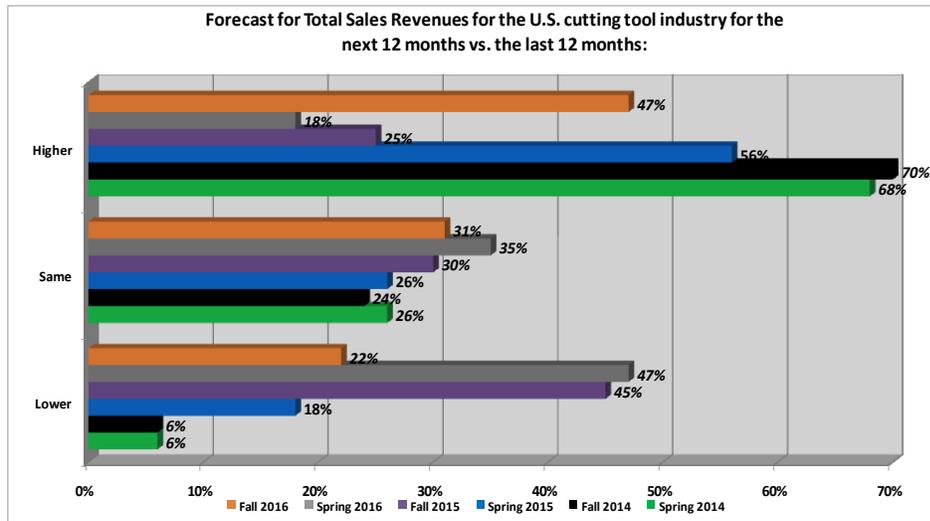
Fall 2016 Business Industry Outlook Survey Results

Participation in the Fall 2016 Business Outlook Survey decreased from Spring 2016. 47% of respondents think the forecast for the next 12 months will be higher than the last 12 months. This is more positive than only 18% believing that in the spring, 69% of respondents stated that sales revenue for the next 12 months will be higher than the last 12 months, which again is more positive than only 33% reporting the same in the spring. One member noted, "Projections for next year are optimistic due to believing things cannot get worse."

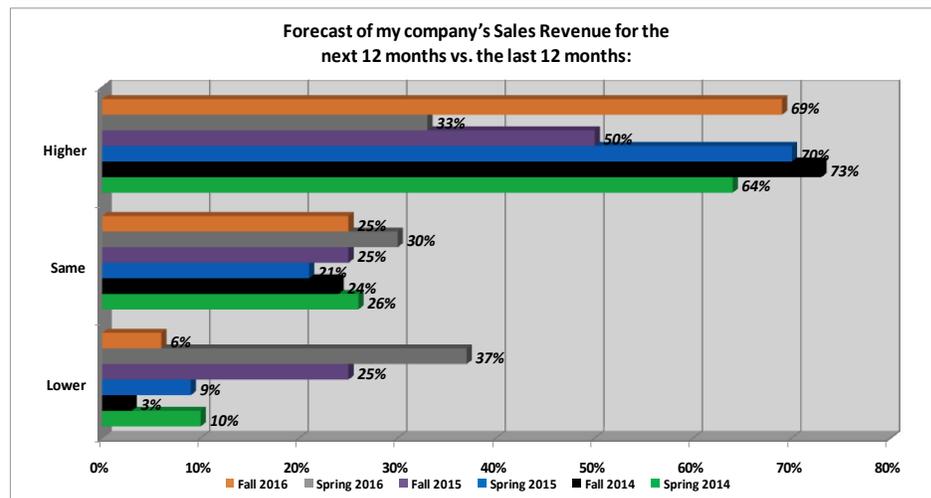
The PowerPoint presentation of the survey results is available to all members through the [USCTI Secure Virtual Office](#).

To access the documents referenced in the Cutting Tool Informer, log on to the [USCTI Secure Virtual Office](#) (SVO), using your unique username (email) and password. Passwords are case-sensitive. If you have forgotten your password, click on the "Forgotten Password?" link and you will receive an email with your login information. Or, contact the USCTI office for assistance.

Industry Forecast



Company Forecast



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2016 Fall USCTI Meeting

Our Fall 2016 meeting was held in New Orleans at the Omni Royal Hotel in the heart of the French Quarter. We all came together at our opening reception, which was held at the hotel on Saturday evening. As always is the case, old friends reconnected and new friendships were started.

On Sunday, we were privileged to listen to Commander Eric Potterat. Eric talked touched briefly on his involvement in the mental training of Navy Seals, but spoke more about the process of finding the correct people to fit the culture that we want to create, or have created. After short presentations from Gold Sponsors Blaser Swisslube, Platit, and Beamer, we heard from Bill Strauss of the Federal Reserve. Bill gave us an update on the economy from the Federal Reserve's perspective and his feelings on how the economy will look going forward. In the afternoon, we had a couple of optional excursions, as well as people who just explored New Orleans on their own. I'm not sure what this says about our membership, but the Spirited Cocktails tour set a record for attendance for an optional excursion. Dinner on Sunday was at the World War II Museum. The Museum was open for tours, and the meal and entertainment were wonderful.

Monday started with breakfast and our traditional roundtable discussions about current topics relevant to our industry. After, we heard from Bob Segal of Frank Lynn & Associates and Jeff Rizzie of Sandvik Coromant. After a short break, we heard from Rollomatic, who is another Gold Sponsor, and then wrapped things up with our Institute Meeting. While all of this was taking place, our guests were being treated to a first-class breakfast at the famous Brennan's Restaurant. The afternoon excursions included a Creole cooking class and a paddlewheel cruise. A farewell reception with palm and tarot card readers was then held at the hotel.

To everyone who attended the meetings, it was nice to see you and get to know you a little better. For those of you who were unable to attend or do not attend the meetings, you are missing the best part of belonging to this Institute. We absolutely have fun, but we learn so much about our industry from each other.

Our next meeting will be in Isle of Palms from May 6-8, 2017. Don't miss this opportunity to keep on top of what is happening in our industry. I hope to see all of you this spring.

Mike Stokey, Programs Committee Chairman
Allied Machine & Engineering Corp.

To view recent Meeting Programs, please visit the USCTI website or click [here](#). To view speaker presentations, please log into the [USCTI Secure Virtual Office](#).

Fall 2016 Meeting Survey Provides Recommendations for Future Meetings

The survey provided feedback that helped confirm that the meetings are valuable to our members. Participants are interested in future topics covering healthcare, social media for business, digital transformation, economist from IHS motivational speakers, and Millennials in manufacturing. The mobile app continued to be well received, and is a good tool for connecting with other members during the meetings.

Thank you again for your responses. We look forward to learning more about your needs in the next survey!

Future Meeting Dates

Be sure to mark your calendar for the upcoming Institute meetings, which are scheduled as follows:

2017 Spring Meeting

May 6-8, 2017
Wild Dunes Resort
Isle of Palms, SC

2017 Fall Meeting

October 7-9, 2017
The Coeur d'Alene Resort
Coeur d'Alene, Idaho



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Planning For Trump's Economic Initiatives

By: Joseph P. Boeckman

President Donald Trump and his staff are just setting up camp in Washington, D.C. A centerpiece of his “Make America Great Again” campaign was his message of creating a dynamic and booming U.S. economy, one that he estimates would produce 25 million new jobs over the next decade. During the campaign, Mr. Trump’s economic plan focused on policies such as a pro-growth tax plan, a new modern regulatory framework, an “America-First” trade policy, an unleashed American energy plan, and the “Penny Plan.” And with a Republican-majority in both the House and Senate, his economic initiatives should have smooth sailing in Congress. But when have you ever heard “smooth sailing” and “Trump” used in the same sentence? Determining the what, when and where of the economic initiatives of his administration may be as unpredictable as the president himself.

This article highlights some of the economic initiatives under consideration by the Trump Administration.

Taxes

President Trump’s [tax plan](#) would substantially lower individual and corporate income taxes and eliminate a number of complex features in the current tax code, including eliminating the alternative minimum tax and the estate tax. Under the Trump tax plan, individual income tax rates and deductions would see the following changes:

- Individual rates would be collapsed from the current seven tax brackets to three brackets (brackets and rates for married-joint filers: less than \$75,000 – 12%; more than \$75,000 but less than \$225,000 – 25%; more than \$225,000 – 33%; brackets for single filers 1/2 of these amounts)
- The standard deduction would be increased to \$30,000 from \$12,600 for joint filers and increased to \$15,000 for single filers; personal exemptions would be eliminated
- Low-income individuals would have an effective income tax rate of zero
- The tax rate on long-term capital gains and qualified dividends would continue at a top marginal rate of 20 percent; carried interest would be taxed as ordinary income
- The estate tax, the alternative minimum tax, and the 3.8% Obamacare tax on investment income would all be repealed
- Itemized deductions would be capped at \$200,000 and \$100,000 for joint filers and single filers, respectively

Corporate income tax rates and deductions would see the following changes:

- The corporate tax rate would be reduced from 35 percent to 15 percent; the corporate alternative minimum tax would be eliminated
- Businesses would be provided a “deemed repatriation” of corporate profits held offshore at a one-time tax rate of 10 percent
- Most corporate tax expenditures would be eliminated except for the research and development credit
- Firms engaged in manufacturing in the U.S. would be permitted to elect to expense capital investment but lose the deductibility of corporate interest expense

U.S. Trade Policies

Anyone who watched the presidential debates is well-aware of President Trump’s dislike of the Trans-Pacific Partnership and NAFTA. His vision on [trade](#), namely for the U.S. to negotiate fair trade deals that would create American jobs, increase American wages and reduce America’s trade deficit, won him the support of many union members. President Trump’s trade plan includes the following:

- Withdrawing from the Trans-Pacific Partnership (which has not yet been ratified)
- Renegotiating the terms of NAFTA; if trade partners do not agree to renegotiate, then give notice that the U.S. intends to withdraw from NAFTA
- Instruct the Secretary of Treasury to label China a currency manipulator
- Instruct U.S. trade representatives to bring trade cases against China, both in the U.S. and at the World Trade Organization, and use every lawful presidential power to remedy trade disputes if China does not stop its illegal activities, including its theft of American trade secrets

“Determining the what, when and where of the economic initiatives of his administration may be as unpredictable as the president himself.”

Regulations

Most political experts expect Mr. Trump to seek vast cuts in regulations across the board, including in the banking, health care and energy industries. His anti-regulation stance is an area of common ground with many Republicans, including Speaker Paul Ryan, which should prove fruitful with a Republican-controlled Congress.

However, in this area he has been somewhat vague on specific proposals, other than eliminating the EPA’s Clean Power Plan and the Waters of The United States Rule. A complete overhaul of the Dodd-Frank Act seems unlikely, given the amount of time and money already spent by banks to comply with the law. Portions of Dodd-Frank are likely to be repealed or reined-back, such as the authority of the Consumer Financial Protection Bureau.

Energy

There is nothing shy about Mr. Trump’s vision for his [energy policy](#), namely to:

- Make America energy independent, create millions of new jobs, and protect clean air and clean water
- Unleash an energy revolution that will bring vast new wealth to the United States
- Declare American energy dominance a strategic economic and foreign policy goal of the U.S.
- Unleash America’s \$50 trillion in untapped shale, oil, and natural gas reserves, plus hundreds of years in clean coal reserves
- Become, and stay, totally independent of any need to import energy from the OPEC cartel or any nations hostile to our interests

Mr. Trump’s energy initiatives include eliminating the EPA’s Clean Power Plan, which limits carbon emissions at coal-fired utilities. In the oil and natural gas industry, Mr. Trump could loosen methane emission standards for existing oil wells and work to open the Keystone XL pipeline. And while some legal and procedural roadblocks would impede a complete dismemberment of current climate change regulations, the Trump Administration could significantly weaken or slow them. The Trump Administration could weaken, or even repeal, the rules regarding fuel economy and greenhouse gas standards for new cars and trucks.

The Federal Budget “Penny Plan”

Mr. Trump has proposed applying the so-called “Penny Plan” to reduce certain domestic spending. The basic idea behind the Penny Plan is straightforward – spending would be reduced by 1 percent per year in nominal dollars, so that, for example, \$100 billion of spending would decline to \$99 billion the next year, then \$98.01 billion the following year, and so on. Over time, a 1 percent reduction per year in spending would represent a significant reduction in overall spending relative to current law. Mr. Trump’s Penny Plan would only apply to a subset of the federal budget, most of which is already capped and not growing particularly rapidly. Specifically, he would apply the Penny Plan to non-defense discretionary (NDD) caps and select non-defense, non-entitlement, and non-safety net spending. Mr. Trump’s staff has stated that this could save \$1 trillion over ten years. This year, NDD budget authority (the amount of new obligations federal agencies can make) was capped at \$518 billion, and under current law, this cap is scheduled to remain roughly flat for the next two years then increase roughly with inflation each year after that, reaching \$627 billion in 2026. Under Mr. Trump’s Penny Plan, spending would instead decline one percent each year to \$469 billion by 2026 for total ten-year savings of nearly \$740 billion. Since the plan affects growth rates, the cuts would grow larger over time so that by 2026, non-defense discretionary spending would be cut by one-quarter relative to current law. Scheduling these savings to occur would be relatively easy, as it would simply require lowering and extending the existing NDD caps. Meeting those caps, however, would require lawmakers to make tough choices and identify significant cuts to many areas of government spending each year.

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