



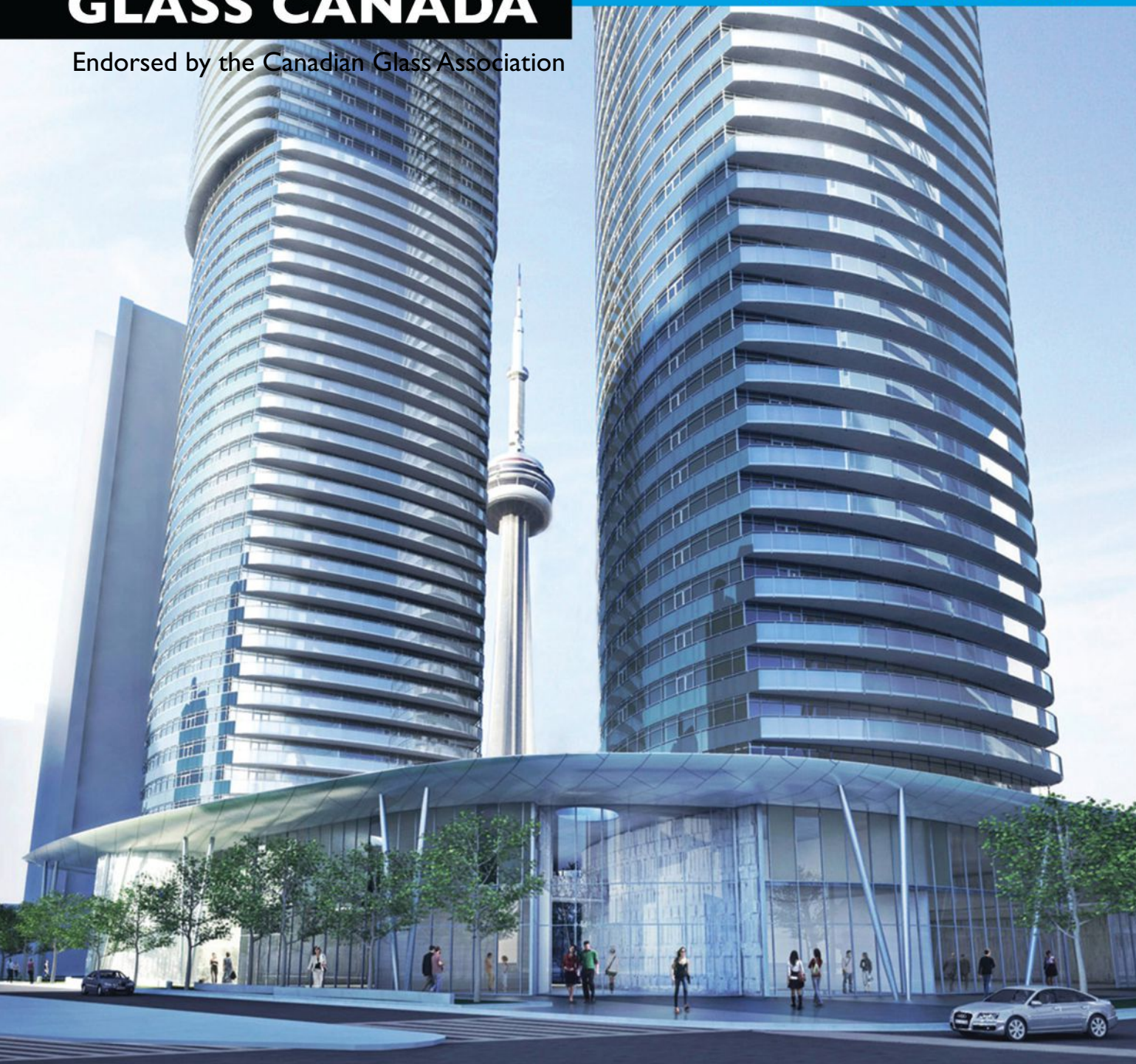
TRADE WARS

Canada's fabricators take action

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GLASSBUILD REPORT • WIN-DOOR PREVIEW • IG COMPONENTS

THE SLEEPING GIANT STIRS

by RICH PORAYKO

Economists presenting seminars at GlassBuild were urging glass businesses to borrow money now to expand business, open new markets, create new products and hire talent. You might want to put off buying that new Corvette for now, but it is a great time ramp up your business over the next 18 months for some serious pent-up growth, they said. The overwhelming consensus is that the North American glass industry is out of recovery mode and the sleeping giant is starting to stir.



Evidence of a return to growth at GlassBuild.

Without a doubt, the 2013 GlassBuild America expo held this past September in Atlanta was the biggest and best GlassBuild since Atlanta in 2007. If you compare the size of the show catalogue, 168 pages in 2013 versus 270 pages in 2007, it's clear that the event, like most businesses, was hit hard by the great recession. GlassBuild is still the single largest glass, window and door event in North America and this year's show in Atlanta showed that while it might not be 2007, things are getting much better than they have been. The talented folks at the National Glass Association appear to be steering the event in the right direction.

Another sign that things are improving are the number of people on the move. It's amazing how many professionals in the glass industry have changed employers in the last six months. Combined with bankruptcies, mergers and acquisitions, the face of the glass business is rapidly changing and members of the industry are lucky enough to witness the next chapter of the journey.

Some of the other more interesting chatter at the never-disappointing Glazing Executives Forum networking lunch was the trend of American general contractors pressuring

glazing contractors to waive their right lien a project if things go south. It will be curious to see how this plays out or if this is makes its way to Canada.

Much of the show buzz was that every large piece of equipment on the floor was sold. It is obviously big for the equipment manufacturers but it also shows that the fabricators who are buying this equipment and are seeing real opportunity in the market and are anticipating growth. It's also great for the GlassBuild show because there are already high expectations for GBA 2014 in Las Vegas.

Dave Marsden, operations manager for Diamond Sea Glaze, a Langley, B.C., marine window and door manufacturer and direct printing sister glass company DSG Custom Glass, says his team attended GlassBuild in order to bring an increased focus to the glass side of their business. "I'm at GlassBuild because I want to introduce myself to the glass business and find out what products and opportunities are available in terms of improving what we do," says Marsden. "I also came to look at what equipment and process-related material is available on the market to help us get better at what we do.

"GlassBuild has been a complete eye opener. I've got more

ABOVE: Just about every indicator bounced back strongly at GlassBuild 2013. Equipment manufacturers reported every piece of equipment in the building was sold. Photo by Rich Porayko.

out of it than I expected. Every corner is something new and interesting. The educational opportunities, especially the Guerrilla Marketing seminar, have been excellent.

"I definitely want to come back to GlassBuild in 2014," says Marsden. "Being held in Vegas, I hear it will have a higher representation from the west and have an even larger attendance. Here in Atlanta, most of the exhibitor sales reps and attendees are from the east coast and we need to be interacting with west coast people and get to know those players."

According to Jeff Dietrich of ITR Economics, who was the keynote speaker at the annual Glazing Executives Forum held during GlassBuild, the timing couldn't be better for Marsden and DSG. "We do see steady but mild growth ahead," says Dietrich. "We don't see anything changing over the next 18 months or so. The operative word is growth. It is not recession. It is a pothole, not a sinkhole. We do see in years beyond that – 2015, 2016 and 2017 – years of tremendous growth. So you have to be thinking long term."

One of the reasons Dietrich is optimistic about the rest of 2013 and into the first half of next year is that the leading indicator signals are still going up. "The indicators are still showing signs of growth for the next eight to 12 months," says Dietrich. "Interest rates are favourable. Inflation is relatively benign. Companies have right-sized and are profitable. Housing starts and prices have beat expectations. All of those are signs of a healthy economy."

"It's not going to be spectacular. It's not going to break any records but it is growth, therefore you ought to plan for it. You

ought to hire and train for it. You ought to take the cream of the crop and prepare for growth in the future."

Everyone wants to know when interest rates are going to go up. According to Dietrich, they have already have started. "Ben Bernanke, the chairman of the Federal Reserve, has said that interest rates are going to stay low at least through 2014. Maybe into 2015," shares Dietrich. "Here's the same message I said last year; you have about 16 months to borrow money at low interest rates. If you don't want to borrow money at these low interest rates there will be no reason to complain when they go up six, seven, eight or nine percent. Today we have historically low interest rates but they are going to go up in 2015."

According to Dietrich, for the last two years, the number one and two exports for the US have been petroleum and petroleum products. "The US is a net exporter of oil. We are using two million barrels of oil a day less than we did in 2005 and we are manufacturing much, much more. It's a good news story. And I know how we can be completely independent of all foreign oil. We bring all the troops home from the Middle East, those countries can keep their oil and we'll conquer Canada!"

So essentially until Canada is annexed by the U.S., expect slow but steady growth with low interest rates until 2015 when the real growth and much higher interest rates are expected to kick in until another possible major correction in 2018. Best take away of the show, in Dr. Deitrich's professional opinion and ITR Economic's cyclical theory, 2029 becomes the next great depression. •

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