Autofacts®

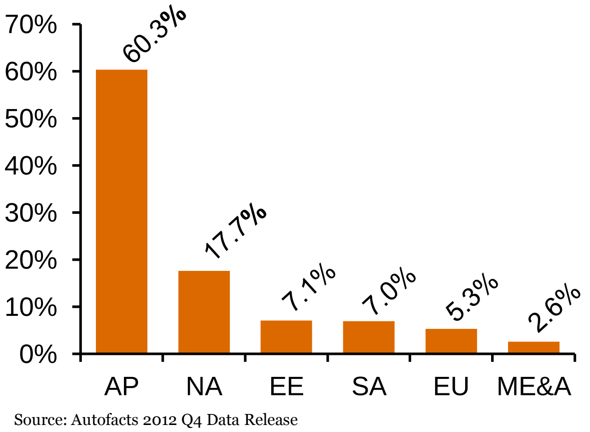
October 2012

Quarterly Forecast Update

One step forward, two steps back

The strong rebound of the automotive industry in North America has been tempered by continued struggles in Europe and several key Asian markets. While participants forge ahead, many are wondering just how long will it be until we see a true global recovery within the sector.

Global: Contribution to Growth by Region
2011 – 2016



Source: Autofacts 2012 Q4 Data Release

Global Outlook

As the last few months of 2012 wind down, the global automotive community remains uncertain of when markets will stabilise. A steady stream of disappointing news from Europe and Japan, combined with relatively weak performances in traditional growth markets like Brazil, India, and China have dampened the overall industry outlook. With our 2012 Q4 release, Autofacts is forecasting global light vehicle assembly to reach 79.1m units in 2012, increasing to 83.9m in 2013.

The European Union continues to be the biggest area of concern, as continuing weak demand results in painfully low utilisation levels at some OEMs, forcing the need for capacity rationalisation in the near future. Despite excess capacity and cash burn concerns, assembly is still expected to stabilise over the next year, reaching 15.7m units, up roughly 100K from 2012. From 2013 on, growth is expected to accelerate on par with overall recovery within the region.

Japan also remains a hot topic of discussion. While the country is experiencing a significant assembly boost to recover lost inventory during the natural disasters of 2011, the long term assembly outlook remains bleak. In fact, the 9.1m units of assembly for 2012 represents the peak number for light vehicle production in the Autofacts forecast. Continued appreciation of the Yen, along with the overall trend of localisation to manage geopolitical and supply chain risks, are expected to result in an accelerated assembly shift to current export markets. While at home, the industry must continue to deal with an aging, shrinking population.

The news hasn't been all bad, however. North America has continued to outperform. The 2012 assembly forecast for the region has been bumped to 15.3m (up from 15.1m in our Q3 release) on the strength of pent-up demand and the increased availability of financing, particularly of the subprime variety. The region will also benefit from increased assembly localization from Europe and Japan as OEMs look to minimize risk by expanding their global footprint.

Meanwhile, recent slowdowns seen in Brazil, India, and China are expected to be short lived and should not have a major impact on their respective long-term outlooks. In fact, BRIC markets are still forecasted to have a 58.7% CTG (contribution to growth) rate on global light vehicle assembly from 2011 through 2016.

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The following is included in each quarterly distribution:

- *Three additional full pages of regional text detailing current planning assumptions and market outlooks from Autofacts' team of regional experts*
- *Thirteen pages of forecast data from the latest Autofacts release that covers one year of historical figures and a five year forecast range*

Global Data includes:

- *Light Vehicle Assembly by*
  - *Region*
  - *Country (Top 35)*
  - *Alliance Group (Top 20)*
  - *Platform (Top 20)*
  - *Brand (Top 20)*
  - *Nameplate (Top 20)*
- *Powertrain Consumption*
  - *Engine Family (Top 10)*
  - *Engine Size*
  - *Fuel Type*
  - *Transmission*
  - *Gears*

Regional Data includes:

- *North America, South America, European Union, East Europe, Developed and Developing Asia-Pacific*
- *Light Vehicle Assembly by*
  - *Alliance Group (Top 10)*
  - *Platform (Top 10)*
  - *Brand (Top 10)*
  - *Nameplate (Top 10)*
- *Powertrain Consumption*
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