

Henderson: US Auto Production Headed for Crash

Written by Mike Buetow
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LOS ALTOS, CA -- New US light vehicle production rose 19.9% year-over-year in 2012 to 10.4 million units, driving big gains in automotive electronics. But the joyride might be about to end, new research indicates.

For the year, car production rose 38.9%, and trucks were up 9% over 2011. Unit sales were close to the 2007 high of 10.9 million units.

But the big jump spells a slowdown for 2013 in the US, although global markets should continue to move forward, according to Ed Henderson of **Henderson Ventures**.

After growing 12.5% and 15.8% in 2011 and 2012, respectively, automotive production in the US will slip to 7.2% growth this year and 5.8% in 2014, Henderson forecasts.

"Given that US consumers have largely satisfied their pent-up demand, sales and production during 2013 will decelerate sharply. But global markets will continue to cruise as booming demand in the developing economies more than compensate for the more modest gains in the developed world."

Japan will see production plunge from 19.8% growth in 2012, when consumers replaced vehicles destroyed by the earthquake and tsunami, to 1.3% growth this year, Henderson said. China will rise to 10.7%, up 140 basis points. Henderson predicts overall vehicle shipments will grow in the middle single-digits through 2015.

The impact will be felt by those building printed circuit boards for the automotive industry, Henderson said.

"There is a symbiotic relationship between vehicle markets and electronics technology. Car companies have long recognized that greater demand is created by continuous additions of electronic functions that produce increased efficiency (drive train electronics), safety (automatic braking systems), instrumentation (trip computers) and comfort (adaptive

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suspensions), among many others. That relationship, along with accelerating global GDP through 2015 will power continuing demand for automotive electronics during the next three years. But the road will be bumpy."