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Quarterly Forecast Update

New order: 2010 world in motion

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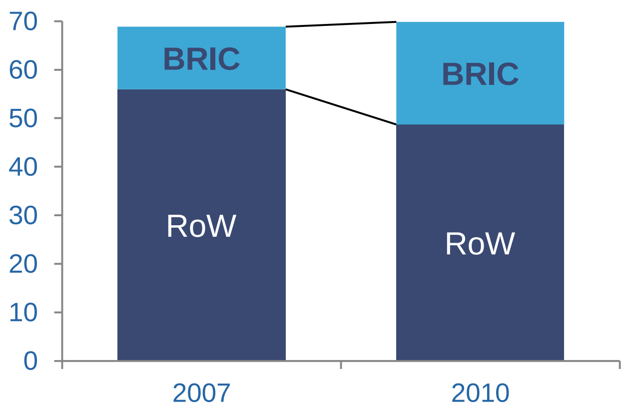
Despite a muted sales recovery in the US and the effects of government incentive withdrawal in Europe and Japan, Autofacts' latest forecast suggests that strong demand growth in emerging markets and widespread inventory replenishment will mark 2010 as a record year for global light vehicle assembly, eclipsing 2007's pre-crisis high point.

BRIC vs. RoW* Light Vehicle Assembly Outlook
2007 vs. 2010 (Millions)



Source: Autofacts 2010 Q4 Data Release

*Rest of World

Global Outlook

Within the world's established automotive centres – the US, West Europe, and Japan – economic recovery, and thus light vehicle demand, has proven tepid in the aftermath of the crises of 2008 and 2009.

At the start of 2010, hopes were high that US economic recovery would deliver a light vehicle market in excess of 12 million units. As it stands now, fitful economic progress coupled with the market's restrictive credit environment (*see Analyst Note dated 13 September 2010)* has delivered seven consecutive months of stable, albeit depressed, Seasonally Adjusted Annual Rate (SAAR) figures between 11.1 and 11.8 million units.

Meanwhile, the Japanese market has been boosted by the government's eco-car incentive scheme, but with the programme ending early in September, Japan is facing a situation similar to that encountered thus far in Europe. Accordingly, a sales decline was posted for September, marking the end of thirteen straight months of sales increases in Japan.

Europe's situation is similar as scrappage schemes have ended in all major markets. Despite a more resilient H1 2010 than many had anticipated, sales are falling rapidly. Calculations for the West European SAAR showed the lowest rate in July and August since January 2009, when programmes were initially implemented. Also, austerity measures in many countries will likely temper 2011 vehicle sales.

Given such uncertain circumstances for the world's major automotive markets, a record level of vehicle assembly in 2010 would have been dismissed a year ago. Rebalancing inventory as automakers cut back aggressively in the first half of 2009, has been a major component of 2010's output strength, while BRIC country performance has been of equal importance. Although Japan, the US, and West Europe boosted light vehicle sales by just 5.6% in the first eight months of 2010 (for a near 1.1 million unit sales improvement), BRIC countries boosted sales by 33% for a near 3.5 million unit increase. Thailand, Indonesia and Malaysia have also contributed to emerging market growth, delivering a combined ~500k sales uptick in 2010.

In contrast to the level of output recorded at the industry's last peak in 2007, when BRIC countries accounted for 18.7% of global output, these key growth markets will likely account for over 30% of 2010's global assembly forecast of 69.9 million units.

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- Light vehicle assembly
    - Region
    - Country (top 35)
    - Alliance groups (top 20)
    - Platforms (top 20)
    - Brand (top 20)
    - Nameplate (top 20)
- Powertrain
    - Engine family (top 10)
    - Engine displacement
    - Fuel type
    - Transmission outlook
    - Gear outlook
    - Nameplate (top 20)

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- Light vehicle assembly
    - Alliance group (top 10)
    - Platform (top 10)
    - Brand (top 10)
    - Nameplate (top 10)
- Powertrain
    - Fuel type and delivery by % share 2009 - 2014 chart
    - Engine displacement 2009 - 2014 (cm^3) chart

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