

Analyst Predicts U.S. Vehicle Sales to Hit 15.1M in 2013

by Jim Stickford

Mike Wall, director of automotive analysis for IHS Automotive, spoke to the Dykema Gossett Automotive Industry Group last week about how he sees the industry going for the next several years.

Overall, he said, things are looking better for the North American market in terms of production and sales. But the market has become more global. North America is no longer its own niche market. Even Detroit OEMs are making cars for the local market with global designs and parts.

He said for the past several years, the auto industry has seen lethargic growth. Every time it seemed like things were beginning to get a little better, he said, something happened. There were floods in Thailand, the earthquake in Japan, the Arab Spring and a financial crisis in Europe. In the United States, he said, we're facing the fiscal cliff.

But at least in North America, things should be getting better starting in 2013. Wall said he expects to see GDP growth of 1.9 percent next year and nearly 3 percent growth for 2014.

"Right now, North America is a huge engine of growth," Wall said. "In China, things have slowed down a little bit at the beginning of the year, but they added stimulus so there should be a soft landing there."

"True vehicle sales and pro-

duction growth will be in areas like South America, Southeastern Asia. The middle class there is starting to get traction."

For now, production in Europe will decline in the short run, Wall said, but production in North America will rise. German and Japanese manufacturers should increase production over the next few years in North America as they want to build closer to where their customers are and to avoid problems with currency fluctuations.

But Europe, Wall said, is in a different place right now. Sales of vehicles will decline in the next couple of years and they are not scrapping cars as fast.

Additionally, he said, U.S. manufacturers during the last downturn were able to get rid of overcapacity and work out better deals with unions. European manufacturers haven't done that because closing down a plant can be very difficult.

Wall said his faith in the growth of the North American car market is based on the correlation between consumer confidence and car sales. Confidence is up right now, which is boosting sales, and helping matters further is the age of American cars. They're older and many owners will have to replace them in the next few years. He said he expects sales to accelerate over the next few years.

He said he believes that Washington will eventually work out a

deal to avoid the fiscal cliff. The short-term effects, if that happens, would be similar to what happened after Hurricane Sandy – a short drop in sales, followed by an increase to make up for lost time.

"We're right now pivoting from a slow recovery to more strong sales patterns," Wall said. "I expect (U.S.) sales to go from about 14.4 million in 2012 to 15.1 million in 2013. We have a ways to go in terms of job growth, but if you look at the housing market, it's starting to turn. We're seeing increases in housing starts and new housing construction. That will really affect the sales of pickup trucks."

Demographically, Wall said he expects 2.5 million drivers a year to come of age in the near future.

That will help demand, but warned that today's 16-year-old might be more interested in his or her next iPad rather than getting a license. This is a change, but overall more drivers will be entering the market. Right now, some plants in North America are at full production.

"My big concern is how North American producers will manage production versus demand through the comeback," he said. Demand is there and after shedding capacity in the past few years, now might be the time to add some capacity back, but that has to be done carefully."

Wall said GM is adding a lot of new product to the marketplace in 2013. The full impact of that won't be seen in sales figures until 2014.

He likened it to the Ford Fusion. It was introduced in September and 2013 will be the first full year of new Fusion sales.

Ford, Wall said, has had a product renaissance in the past couple of years, with more to come in the future. Their platforms are global and their parts commonality has reached up to 80 percent

in some vehicles. That means the company can enjoy huge economies of scale, which saves money. He said their future is bright.

Chrysler/Fiat has done a phenomenal job in getting out of bankruptcy. Their new vehicles are based in part on Fiat platforms and will see a lot of activity in 2013 and 2014 in North America. Their challenge will be in managing the situation in Europe. As Europe recovers, so will Fiat.

Overall, the North American auto industry of 2017 will be quite different from the one in 2000, Wall said. In 2000, 17.2 million cars were produced. Only 25 percent were made south of Ohio. In 2017, he expects production of about 17.5 million vehicles and closer to 50 percent will be produced south of Ohio.

In 2000, that 17.2 million figure represented 30 percent of global production. In 2017, North America will account for only 18 percent of global production.

In 2000, global platform exposure in North America was 20 percent and that was mostly from Japanese producers. In



IHS Automotive's Mike Wall

2017, that figure should reach 62 percent. Pickup trucks will still be a North American niche.

In 2000, 72 percent of vehicles produced in North America were designed here. The globalization of auto design means that in 2017 that percentage will be closer to 30 percent, Wall said.

Finally, the top five OEMs produced 89 percent of all cars made in North America, with the largest manufacturer producing 32 percent. In 2017, the top five OEMs will produce 73 percent, and the largest maker will only have 20 percent of that production.

Toyota Fails Collision Test

Safety Pick-Plus" rating because of the bad performance on the new "small overlap" test of corner crashes.

"Toyota's engineers have a lot of work to do to match the performance of their competitors," IIHS President Adrian Lund said in a statement last week.

Toyota said in a statement that IIHS has raised the bar with the new test, exceeding U.S. government requirements. But the company said it will respond to the challenge. Through November, Toyota has sold 373,000 Camrys.

DIA Shows How Automobiles Inspire Photographers, Artists

by Irena Granaas

A new exhibit at the Detroit Institute of Arts celebrates the diverse population, culture and automotive roots of Detroit.

"Motor City Muse: Detroit Photography, Then and Now," views these elements through the eyes of photographers from as early as 1947 to as recently as last year, showcasing the city's diverse residents through the years, its pride and a window on Detroit's auto industry and culture, whimsical and creative car ads, and everyday life through the years.

The DIA exhibit opened Dec. 14 and runs through Jan. 16.

With themes ranging from post-World War II everyday city life, workers putting in a hard day's work at Ford Motor Company's River Rouge Plant to playful images by a modern photographic artist featuring classic cars, these photos create a special portrait of Detroit's unique history and strengths.

"Automobiles have been a huge inspiration for photographers over the years, both those who shoot in the fine art tradition, and those who shoot editorially and those who shoot in the commercial field, so this exhibition combines a little bit of all of those different worlds of photography," said Nancy Barr, DIA associate curator, Department of Prints, Drawing and Photography.

Featured photographers include Henri Cartier-Bresson, Bill Rauhauser, Robert Frank, Dave Jordano, Russ Marshall, Karin Jobst and Nicola Kupera.

The display will also include works from the Detroit School of Automotive Photography, a legendary school of automotive photography that sprang from Detroit's association with cars. Visitors will see works by early innovators including Walter Farny, Jimmy Northmore, Mickey McGuire and Vern Hammarlund and Warren O. Winstanley.

Several of these artists offer their own unique vision of Detroit's car culture, such as Robert Frank, a Swiss-born pho-

tographer who came to the U.S. in 1955 and obtained access to the assembly lines at the Ford Rouge plant, depicting the harsh conditions and physical exertion, while also using his work to define Detroit culture's place in the American experience through its diners, parks and drive-ins.

Detroiter Russ Marshall chronicled workers' daily lot at the Ford River Rouge Plant and other Midwestern factories for the United Auto Workers' *Solidarity* magazine from 1969 to 1993. Marshall, the son of an autoworker, lived through the era of the industry's downsizing and understood the importance of creating lasting images of these plants and their workers.

Another Detroiter, Nicola Kupera, who has past experience assisting on commercial car shoots, has created striking and playful images blending elements of fashion, advertising photography and the female model.

For example, the exhibit includes her 2006 photo entitled "Flat," which shows the body of a woman passed out next to a 1950s Chrysler 300 with a tire iron in her hand.

"Automobiles are something that inspires artists and photographers to work with them, and work them into their visual repertoire," said Barr, "but I think that it's interesting to look at this from the perspective of being a Detroiter ..."

"It's a natural for the photographers and it's a natural for the people who live here, so our love affair with cars has been documented for many, many years by photographers, and it's funny how, when you really start to look at what cars mean, they're symbols of the American dream, they're symbols of status, they're symbols of freedom ... in Detroit in particular we're so reliant on cars they've become a huge symbol of who we are and how we live."

The Detroit Institute of Arts is located at 5200 Woodward Avenue and is open daily, except on Mondays.

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