

# October 2011 Newsletter



**Industrial Molds will be exhibiting at SEMA 2011 in Las Vegas, Nevada.**

**Event Dates: November 1 - 4**

**Where: Las Vegas Convention Center**

**Booth #: 33202**

**Use the link below for your discounted registration:**

<https://www.compusystems.com/servlet/ar>

?evt\_uid=293&tCode=INVCLS&oi=DxCbgej3Jv7HoliGjo9vog%3D%3D&company\_code=IM33202

## **Automotive Industry Rebound - Strong Suppliers Get Stronger**

The automotive industry rebound seen of late bodes well for the Tier 1 and Tier 2 suppliers, and for the aftermarket and specialty equipment suppliers. September sales for the U.S. automotive market rose to their highest level since April. The March 11 earthquake and tsunami in Japan disrupted the supply chain for most of the Japanese vehicles. However, things are starting to go back to normal, with 12.9 million vehicles sold in September, up 9% from September 2010 and up 7% from August.

While those aren't exactly "barn-burner" numbers, and even a bit less than projected by some analysts, it seems to be keeping suppliers busy. That said however, according to the Original Equipment Suppliers Association (OESA) Supplier Barometer

Summary, economic uncertainty continues to make the outlook less than optimistic for a return to the "good old days."

North American vehicle sales are considered "stagnate" and production forecasts are "playing heavy on the automotive suppliers' outlook" of the OESA's "Supplier Sentiment Index, which tumbled to 37 in September from 51 in July. "Current supplier sentiment is only slightly higher than the level recorded just before the General Motors and Chrysler bankruptcies were settled," said the OESA report.

The Supplier Sentiment Index went from "wait and see" in July, the recent economic and political news pushed the suppliers into negative territory. The September 12-month outlook shifted predominately to "somewhat more pessimistic" with 55% of the respondents moving into that category versus only 27% just two months prior.

Across all suppliers, the median North American planning volume is 12.7 million units and 13.2 million units for 2011 and 2012 respectively, said the OESA Supplier Barometer Summary. Even with just three months remaining in 2011, the forecast range for North American volume is wide at 10.5 to 13.5 million units. There is a similar 3 million unit range for 2012 with 11 million units projected on the low side, and 14.5 million units on the high side.

While the short-term attitudes are more pessimistic, the suppliers did not significantly change the probabilities on their recovery path scenarios, the OESA summary stated, with 22% believing that there will be a "return to normal." Still, 38% believe that growth will remain "below the trend line" and 24% believe that a no-growth decade is ahead. The results of these attitudes, noted the summary, is "cautious hiring and capital expenditure plans."

One respondent to the OESA September survey said, "Uncertainty in the current business climate created by a weak government policy pitted against a potential global currency and liquidity crisis has greatly tempered our desire to invest."

Supply chain capabilities are one of the major concerns of the automotive OEMs, with some respondents doubting "the ability of some Tier 1 suppliers to survive due to reduced volumes." Raw material price increases and the ability of the Tier 1 suppliers to pass those along to the OEMs is also of great concern.

Another concern of the respondents to the OESA survey is the disappearing expertise as an aging workforce among suppliers begins to retire, and the challenges of restoring a skilled workforce. As a Tier 2 Supplier to the Automotive industry, Industrial Molds Group continues to invest in both new machine tool technology and in training and retaining a skilled workforce. We recognize that our Tier 1 customers depend on us and our ability to innovate mold designs and build molds that meet the increased challenges of manufacturing. Our goal is to continue to help our customers produce high-quality automotive products and components, and reduce their overall cost-to-manufacture through the use of the latest state-of-the-art mold and molding technology that can

improve productivity and efficiency and reduce material usage and scrap.

**Come and visit us at the SEMA show in Las Vegas, Nov. 1-4, Booth #33202 and ask us how you can become more productive and efficient and reduce your costs to manufacture with an innovative mold from Industrial Molds Group.**

**Or contact Industrial Molds at [customer.service@industrialmolds.com](mailto:customer.service@industrialmolds.com) for a quote on your next project.**

Sincerely,  
Industrial Molds  
[www.industrialmolds.com](http://www.industrialmolds.com)