

GM Chief Economist is Cautiously Optimistic

by Gerald Scott
News Dept.



PHOTO: GERALD SCOTT

GM Chief Economist Mustafa Mohatarem was notably upbeat about 2012 in his talk to the Society of Auto Analysts at the Detroit auto show.

When GM Chief Economist Mustafa Mohatarem was introduced to the Society of Auto Analysts meeting at the Detroit auto show last week, it was mentioned that he began in that position back in 1995.

So imagine the economic changes that Mohatarem has monitored on behalf of GM over the past 17 years or so – the go-go 1990s where pickup trucks and large SUVs buoyed the automaker's fortunes, followed by the challenges of 9/11 and various downturns and fiscal challenges of 2008 to the present.

Mohatarem has witnessed quite a bit, so it wasn't surprising that his outlook on the auto industry and global economy for 2012 were, together, reasonably and perhaps surprisingly optimistic.

Optimistic in light of a global economy that is still wrestling with debt problems in Europe, high unemployment in the U.S. and the aftermath of the natural disasters in Japan and the like, all of last year's baggage.

"If you recall, we started off the year (2011) on a very high note – there was a great deal of optimism," Mohatarem told the well-attended SAA meeting the night prior to auto show kickoff.

"That optimism was really reflected in the consensus view of where auto sales in '11 were headed.

"We started off right at around the 13-million mark (for projected annual sales), it was pushed out, the consensus forecast, to around 13.3 (million), then all of a sudden everything began to go wrong that could go wrong."

He's referring of course, to the Japanese tsunami, the Arab Spring protests and other factors that impacted global and local economies.

"Nonetheless, U.S. auto sales performed better than one would've expected and as we go into the new year, it's very much looking like the start of last year."

Global events with local impacts are a more recent trend

– the Arab Spring in the Middle East had an impact on global oil prices while the tsunami in Japan had a tangible, negative effect on the global parts supply and not just those of the Asian automakers.

"Given all of these negatives, it is somewhat encouraging that U.S. auto sales held up as well (as they did)," Mohatarem said.

"But if you look in terms of why sales are underperforming, it comes down to one thing – employment. If you look at this particular recovery, it's underperforming almost all the recoveries that we've gotten accustomed to.

"Over the last quarter, the numbers have looked somewhat better, but again, they look better relative to all the gloom and doom that we saw in the middle of the year (last year).

"But we've got a long way to go before employment in the U.S. recovers. That's probably one of the things that's holding back everything in the U.S. economy."

Mohatarem is cautiously optimistic about auto sales in the U.S. this year.

"Of the positive news for the year – the recovery is outperforming the 1992 recovery... and then we're going along at a nice pace, a slow and steady recovery which is what we all needed.

"Once again, we're back on the growth path."

How About an Encore for GM's New 'Baby Buick'?

DETROIT – Buick last week introduced the all-new 2013 Encore – a luxury small crossover that delivers Buick's signature style, interior acoustic refinement and collection of luxury amenities in a maneuverable, versatile and efficient package.

The Encore is on display at the North American International Auto Show in Detroit through Jan. 22, and goes on sale in early 2013.

"Buick Encore is a great-looking, smart choice for those who want luxury crossover amenities in a more maneuverable and agile vehicle," said Tony DiSalle, U.S. vice president of Buick Marketing.

"It represents a luxury alternative for a new audience of Buick customers, and delivers features and flexibility not typically found in vehicles of its size today."

Buick models continue to gain in popularity, with two consecutive years of higher retail sales. The Encore joins Verano – Buick's third all-new sedan in three years – to round out the brand's lineup and continues the momentum established by the Enclave crossover almost five years ago.

With room for five and up to 48.4 cubic feet of storage space with the rear seat folded, the Encore offers substantial cargo capacity along with the confident, higher driving position, all-wheel-drive capability and contemporary styling of a crossover.

Additional features include 10 standard air bags and an Ecotec 1.4L turbo four-cylinder/six-speed automatic powertrain, along with standard and available technologies such as Buick's voice-activated IntelliLink – which uses Bluetooth or a USB to connect the driver's smartphone to a high-resolution, full-color seven-inch LCD display radio.

And because it's a Buick, QuietTuning is standard on the Encore, which also features Buick's first use of active noise cancellation technology.

Next, in keeping with the global design language that



The 2013 Buick Encore draws its share of attention at the Detroit auto show last week.

has come to symbolize the brand, the Encore's sculpted and elegant styling traits – including sweeping character lines – make it instantly identifiable as a contemporary Buick. Signature cues include a waterfall grille, chrome accents and surrounds, port-holes on the hood and painted lower panels, similar to the Enclave.

"The Encore brings Buick's timeless, sculptural design to the crossover segment in a way that blends elegance, efficiency and utility," said David Lyon, executive director of design. "There's confidence in its athletic stance and elemental beauty in its rich details."

Blue-accented projector-beam headlamps and detailed

taillamps enhance the premium appearance; and 18-inch, five-spoke painted aluminum wheels are standard. Seven-spoke chrome wheels are available.

Inside, the Encore's organic styling carries over to a flowing instrument panel that wraps naturally into the door panels.

A prominent central instrument panel houses the large, full-color, seven-inch LCD display for the IntelliLink voice-activated radio system. It also features displays for the SiriusXM satellite radio, as well as available navigation and rear camera systems.

A contemporary mix of dark and light tones distinguishes the cabin, which is accented with ice blue ambient lighting, select use of bright trim and wood-grain trim.

Premium seats featuring high-density foam for greater comfort on long drives are trimmed with either a contemporary cloth/leatherette motif or available leather. Heated front seats and a heated steering wheel are available.

The rear seat features a fold-down armrest with cup holders.

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