

HENDERSON FORECAST SUMMARY

September 2010

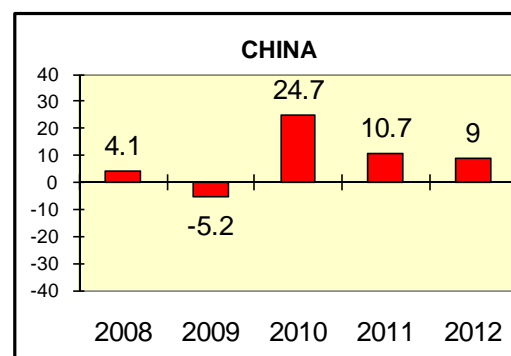
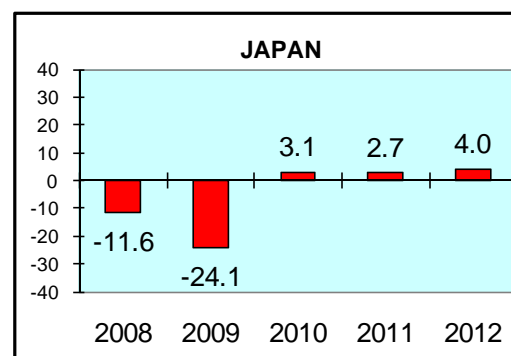
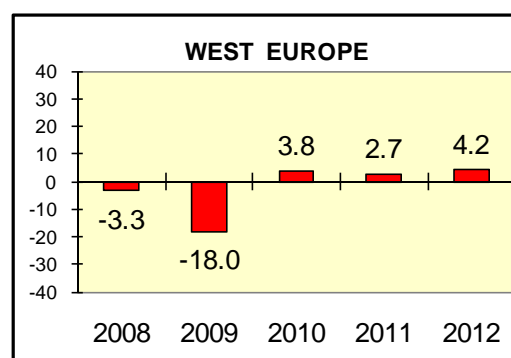
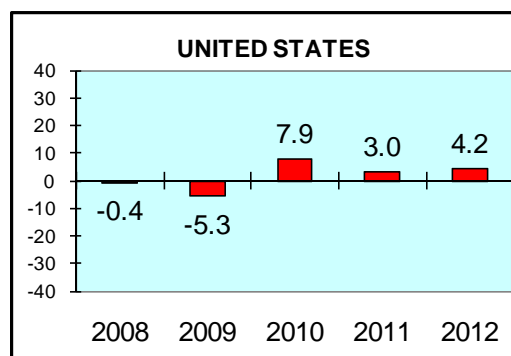
Economic growth has actually slowed

The ongoing global economic recovery has been fueled by massive infusions of financial liquidity and aggressive government spending. The resultant economic rebound has been amplified by the replenishment of business inventories. But the economic energy imparted by expansive monetary and fiscal policies is winding down. Additional rounds of *major* government spending programs have been stymied by political opposition in the US and Europe. Meanwhile, inflation fears in China and India have resulted in a moderation of government activism. Consequently, global Gross Domestic Product (GDP) has begun to decelerate. World economic activity is now forecast to actually decelerate slightly from 3.4 percent this year to 3.3 percent in 2011.

Moderating global equipment growth

Robust 2010 growth in the PC and mobile telephone markets has been accompanied by huge gains for automotive electronics after the 2009 market crash. As a result, world production of electronic equipment is predicted to grow by a hardy 13.3 percent this year after a 9.9 percent decline in 2009. Slightly less-favorable economic conditions during 2011, along with internal industry dynamics, will create a significant slowdown next year. Output is predicted to expand by only 6.6 percent in 2011. Slightly better results are predicted for 2012 when economic fundamentals improve. However, Commercial/Industrial equipment gains will be partially offset by slumping military electronics demand, resulting in only a 7.3 percent gain for world electronic equipment production that year.

EQUIPMENT PRODUCTION



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