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MARKET MATTERS: Auto show and high-tech investing go hand in hand

By Peter Chieco

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Photo: Contributed / Chieco

The automobile industry has come a long way since the introduction in 1908 of the Model T Ford, a four-cylinder, 20-horsepower vehicle which sold for \$825.

The distance the industry has travelled will be on display at the convention center in Hartford this month, and there will be cars that can go very fast, cars that exude luxury, cars with all sorts

of bells and whistles, and even space-age cars that can drive themselves. One thing I find very interesting is the level of high-tech safety devices, particularly in light of possible investment in the high-tech aspects of the auto industry.

Thanks to high-tech advances, many car makers now make safety features standard, with other options that have safety as a priority, including a teen driver system for inexperienced drivers. Such vehicles make use of recent innovations including blind spot monitoring and parking assist, and they allow parents to set a max speed.

There are so many options available on newer models that they appear to be forerunners of the much-touted driverless cars. Features include optional traction control for better driving management in certain situations, line lock which enables drivers to test their brakes before starting up from a stop light, and electronic limited slip differentials (posi-traction).

For non-performance upgrades, there are navigation systems that can give drivers real-time updates on traffic and road construction, and weather reports to alert them to bad road conditions ahead. To keep eyes on the road and hands on the wheel, many models offer voice messaging and texting that enable the driver to send and receive messages verbally.

So, what does this mean in terms of investments?

For starters, there are the well-known companies we're familiar with — the major auto manufacturers — but there also are myriad supplier firms involved in the manufacture of metals, materials, software and the other building blocks of the new technology. Think of chip companies, optics companies, satellite providers, and ceramic material manufacturers, to name a few.

Inevitably, the direction of new technology brings us to the realm of driverless cars. Autonomous vehicles are opening an entirely new area for investment, considering that they use cameras, ultrasonics/radars and lidars (Light Detection and Ranging, a laser pulse used to measure distance). These sensors use variations on detection technology that are necessary for a successful model, and thus may provide opportunities to invest in firms that are successful in producing them.

While radar can detect moving objects, it can't "see" traffic lights, and is imprecise at identifying humans. Lidars on the other hand can detect humans but are expensive. Cameras, the primary sensors in driverless cars, can detect all objects, but rely on software to operate in that environment, somewhat limiting their capabilities. These all are considerations for the investor in the autonomous car sector.

Consider, too, that the occupants of driverless cars may become freed up to use hands that aren't needed on the steering wheel and eyes that needn't be on the road. This may have vast implications for the worlds of entertainment, communications, and even food consumption, as new activities and amenities will be available to passengers.

Driverless cars may be the new frontier, but one should question their ultimate popularity and usefulness in a society where many people still enjoy the independence of having their own mode of transportation.

Nonetheless, technology is a driving force in society and the market. The future awaits us and careful, well-researched investments in successful technologies could help our portfolios down the road.

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