



Automotive Rapid Response Report | COVID-19

US Market Rapid Reporting

35%

National WoW increase

809%

Michigan WoW increase

66%

Michigan vehicles leased in 2019CY

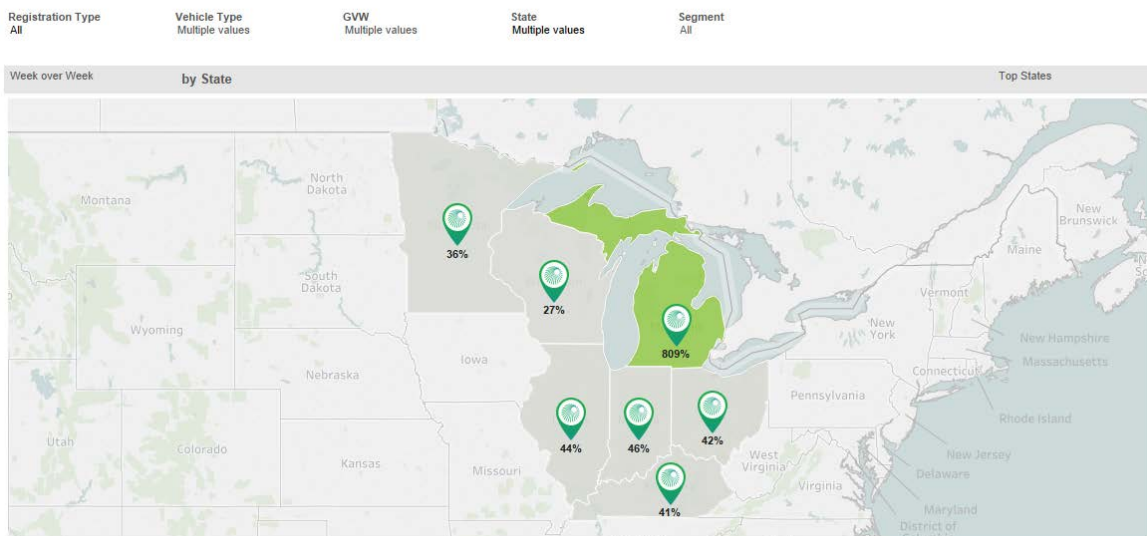
30%

Pickups increase WoW

- **35% increase week-over-week in national registration volume**, with all states showing positive registration trends
- **809% increase week-over-week, Michigan up** significantly with the return of online sales in Week 15, although volumes are small, they are dramatically improving
 - As a high-leasing state, Michigan has a relatively short return-to-market timing with nearly 70% of retail registration leased, which increases short-term demand
 - Large group of Michigan consumers can utilize employee pricing deals in conjunction with strong incentive offers, further bolstering retail momentum
 - Michigan leads the recovery across the seven states coordinating efforts to reopen their economies
- **30% increase week-over-week across all pickup segments**, while maintaining a **1% increase YTD** vs prior YTD
 - Even with the overall market expected to decline 26% year-over-year, the pickup segments remain strong

COVID-19 Impact Analysis

Data as of: Wk-16 2020



Global Economic Overview

26.5%

historic US GDP
annualized contraction
in Q2

4X

plunge in PMI across
Eurozone in March signals
unavoidable recession

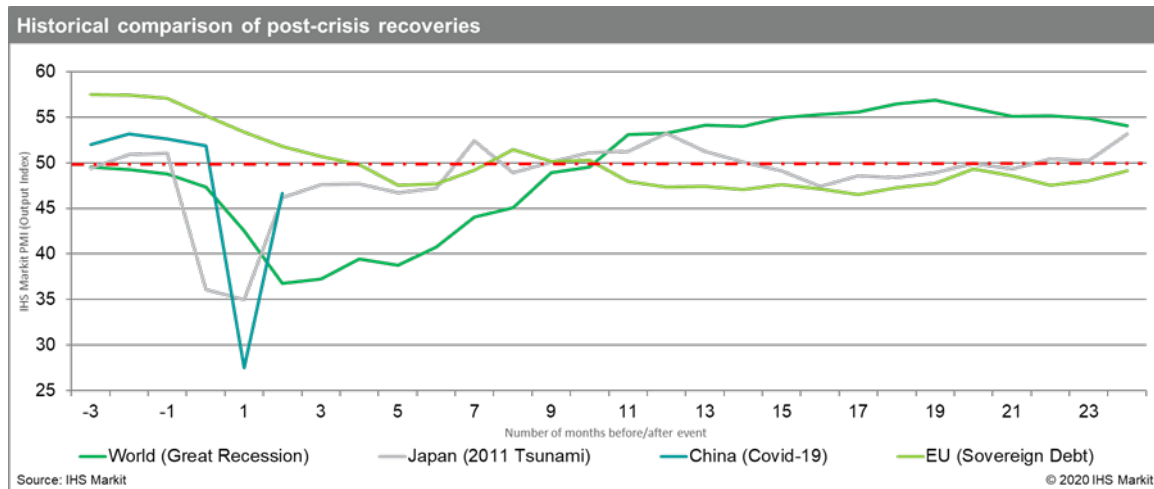
3.3%

Japan GDP contraction
cushioned by stimulus

2%

China real GDP
projection for 2020

- The global forecast now looking past a cataclysmic drop in real GDP in the second-quarter 2020 and a **recession deeper than 2008–09** that follows. The strength of the recovery varies across countries and industries. As global quarantine measures begin to ease, any return of the virus in local pockets will be of limited consequence. If renewed restrictions are required, then a double-dip recession cannot be overruled.
- A **V-shaped recovery in the manufacturing sector** seems plausible, however, the anticipated tsunami of small-business bankruptcies will challenge the recovery. A **U-shaped recovery seems more likely for much of the service economy**. Overall, the damage to household and business finances will likely preclude a sharp snapback in spending.
- In the **United States, a historic contraction (-26.5% annualized)** in the second quarter, follows a sharp decline (-3.5%) in the first quarter as social distancing shuts large swaths of the US economy. **GDP growth will not be positive until the fourth quarter** of this year, as economic activity will not begin to improve materially until new US cases of the COVID-19 virus are driven close to zero.
- A **severe European recession is unavoidable** as recent PMI plunge in March was four times the magnitude of the prior record monthly decline at the height of the 2008–09 global financial crisis.
- Even before the pandemic was apparent, **Japan's economy was headed into a recession**. Declining global trade and the postponement of the 2020 Olympics will drive **3.3% contraction in real GDP**, however, recent stimulus measures help cushion the blow.
- **Two large obstacles continue to hamper mainland China's recovery**: crumbling world demand for its exports and the hesitation of its government to provide massive stimulus. Stimulus programs amount to about 2% of GDP now, compared with 12% in 2009. Real GDP growth of 2% is expected in 2020.



Global Autos Overview

22%

global vehicle sales decline YoY under extended lockdown to 70.3m units

26.6%

US vehicle sales decline YoY to 12.5m units

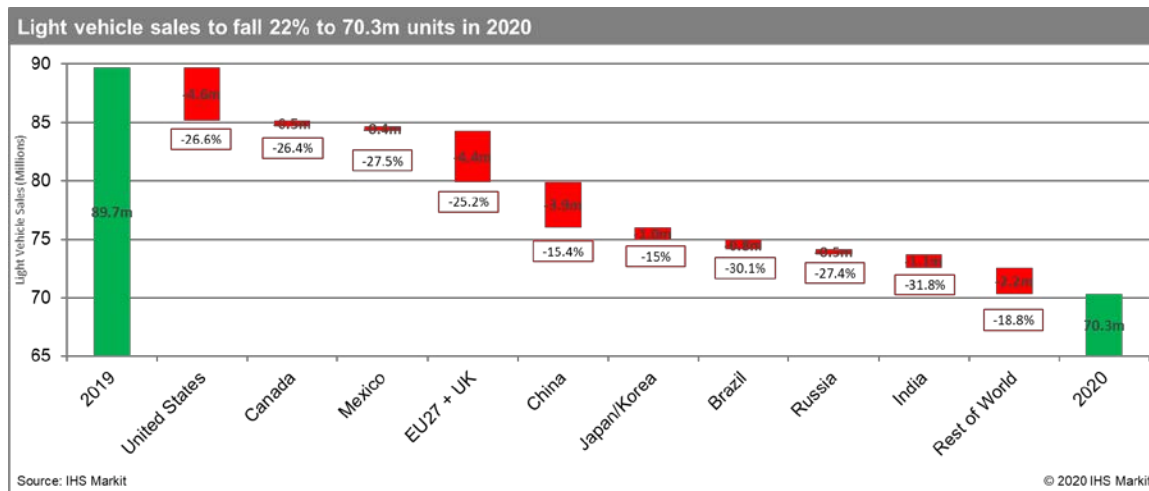
24.9%

western/central Europe vehicle sales decline YoY to 13.6m units

15.5%

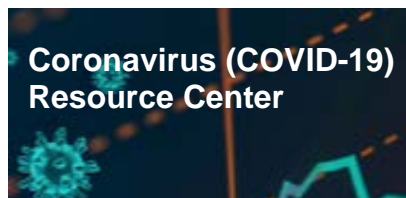
China vehicle sales decline YoY to 21m units

- **Global light vehicle sales are forecast to be down 22% to 70.3 million units** this year in the wake of COVID-19. Impacts are being felt as facilities across key regions remain closed, while recovery gets underway in others. Overall, we expect acute reduction in near-term demand and supply followed by a slow recovery as consumers slowly adjust to a new normal.
- **US light vehicle market is expected to decline 26.6% from 2019 levels to 12.5 million units** this year. Stay-at-home orders have shuttered showrooms nationally and, although online sales are now allowed, April and May results are expected to fall below 10m SAAR rate. In comparison, the lowest monthly selling pace in recent history was an 8.8m reading back in December 1981.
- Across **western and central Europe, IHS Markit forecasts a 24.9% drop in light vehicle sales, to 13.6 million units** for the year. COVID-19 lockdowns remain in place across Europe, especially in Italy, Spain, France and the UK as dealerships remain closed. Other countries have revealed cautious reopening strategies including Germany, Denmark, Austria and the Czech Republic.
- **Mainland China is expected to have a sales decline of more than 15.5% year-over-year, to 21 million units.** While nearly all dealers across mainland China are back to work, and there are signs of an encouraging uptick in showroom traffic, consumer confidence remains fragile. So far, 12 cities have introduced various incentives to spur sales, including New Energy Vehicle subsidies, scrappage incentives and increased license plate quotas.

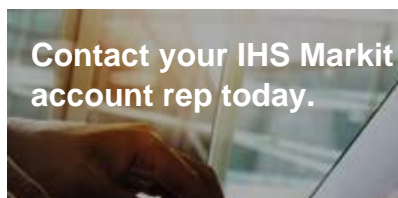


*Based on data received through April 21, 2020

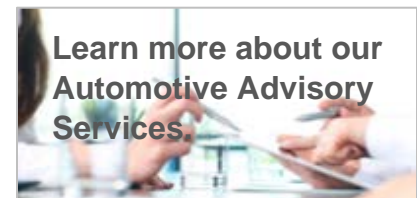
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