



## Automotive Rapid Response Report | COVID-19

### US market rapid reporting

**14%**

National m/m decline

**2%**

Southern state cooperative m/m decline

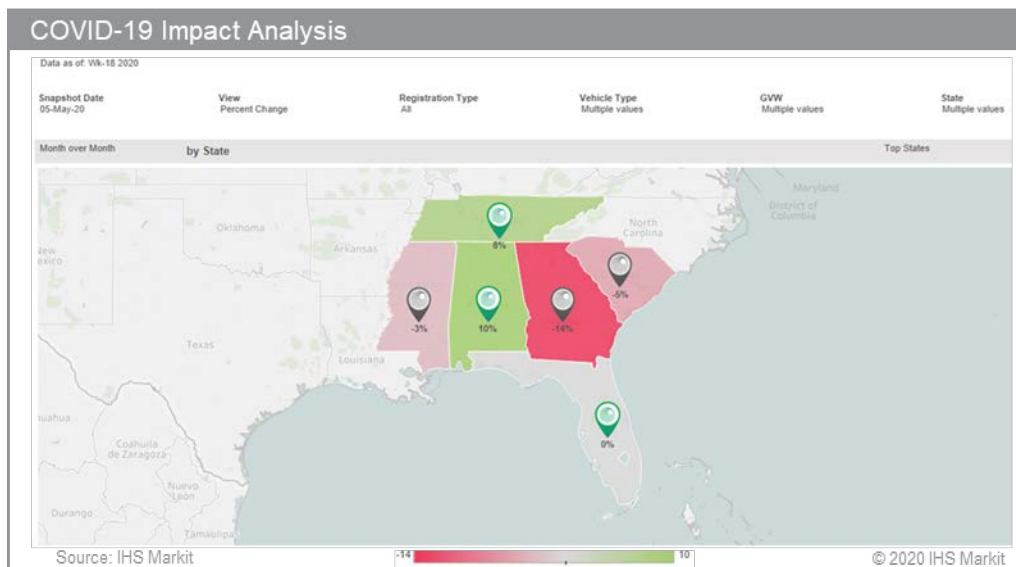
**10%**

Alabama m/m increase

**8%**

Tennessee m/m increase

- **A 14% decrease month-over-month (m/m) in national registration volume as we conclude April**
  - National decline curtailed by m/m increases in several segments including luxury mid-size sport utility vehicle (SUV), non-luxury sport and non-luxury compact SUV.
  - 56% week-over-week (w/w) increase in national registration volumes, third week in a row of w/w improvements.
- **A 2% decrease m/m across the six southern states coordinating reopen activities as shown below:**
  - Alabama's 10% m/m increase reflects approximately 1,000 new vehicle registrations in April compared with March – automotive dealers were considered essential business during the shelter-in-place orders in April.
    - Hyundai reopened its manufacturing plant in Montgomery on Monday, home of Santa Fe crossover
  - Tennessee's 8% m/m increase driven by the non-luxury crossover utility vehicle (CUV) and SUV segments, up 10% m/m and 61% w/w.
- As the co-ordination efforts continue, there are several manufacturing plants likely to open in May including Volkswagen (Chattanooga), GM (Spring Hill), and Nissan (Smyrna).
- As states start reopening their economies, it will be interesting to see if their recovery parallels our observations in China, where retail visits in some areas are 25% higher w/w.



## Global economic overview

# 49.4

China Manufacturing PMI, down from 50.1 in March

# 27.4

India Manufacturing PMI, down from 51.8 in March

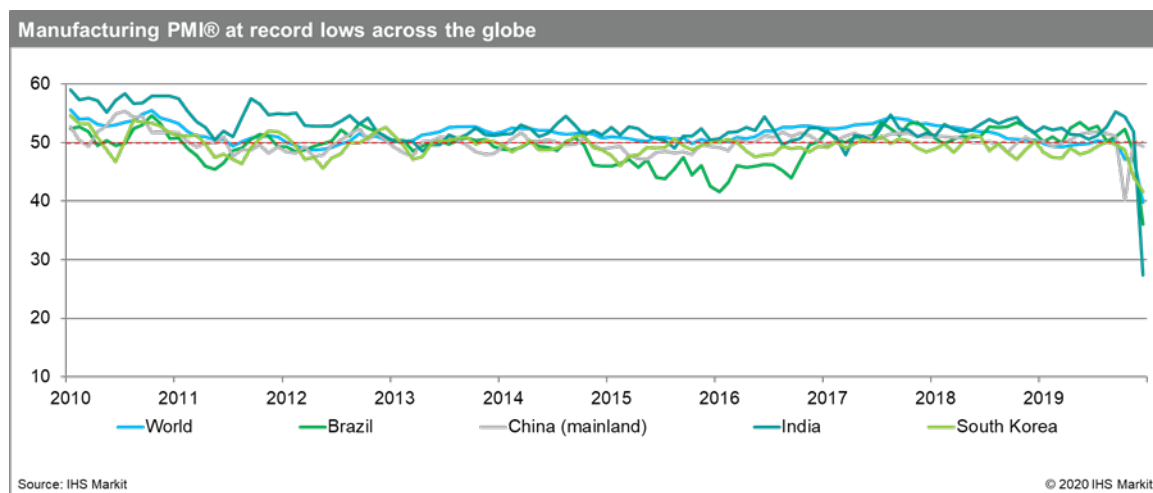
# 41.9

S. Korea Manufacturing PMI, fourth consecutive monthly decline

# 36.0

Brazilian Manufacturing PMI, down from 48.4 in March

- Purchasing Managers' Index (PMI®) data (released 4 May) highlighted severe contraction of global manufacturing output and new orders during April lockdowns. The **decline was among the steepest ever recorded in the 22-year history** of survey and the worst since March 2009 at the height of global financial crisis. Business confidence fell to a new record low.
- **Operating conditions continued to deteriorate in China** as export sales plummet. Manufacturing conditions slipped slightly to 49.4 in April from 50.1 in March. However, decline was softer than anticipated and reflects a stabilization of activity after a record decline in February, as more firms reopened and were able to increase capacity.
- **At 27.4 in April, India Manufacturing PMI® pointed to the sharpest deterioration** in business conditions since data collection began. PMI® fell from 51.8 in March as national lockdown restrictions dramatically reduced demand as new business collapsed at a record pace and firms sharply reduced their staffing requirements amid widespread business closures.
- The manufacturing downturn accelerated in April as **South Korea PMI® fell to 41.6, marking the fourth consecutive monthly decline** and the fastest pace of contraction since January 2009. Underscoring the vulnerability of global supply chains, there was increasing evidence of dislocations as delivery times lengthened to the greatest extent in almost 16 years.
- Headline **Brazilian manufacturing PMI® fell sharply to 36.0** in April from 48.4 in March, signaling a record deterioration in business conditions that outpaced the decline at the height of the financial crisis in January 2009. Compounding the overall weak levels of demand, inflationary pressures remained marked amid currency weakness as input costs and output prices rose at above-average rates.



## Global automotive overview

**42.7M**

global SAAR, drop of 22% from March

**8.6M**

US SAAR, declining 14% month on month

**97%**

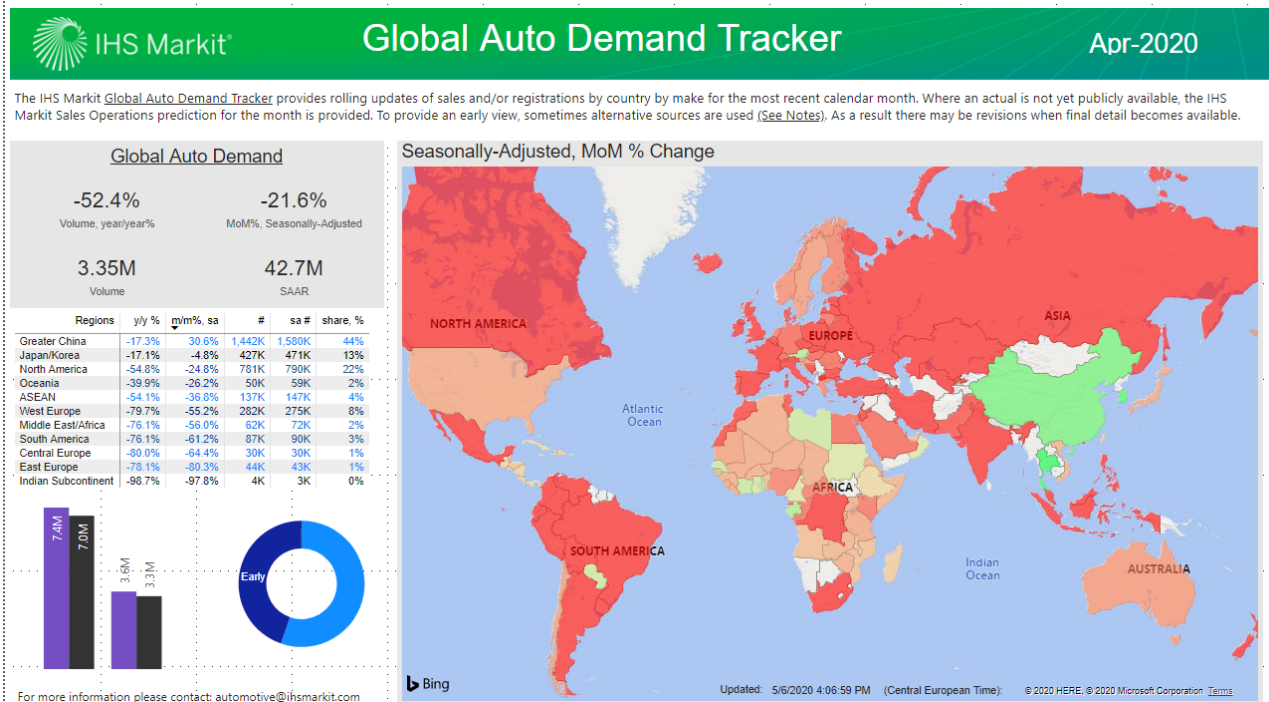
y/y drop in April for Italy

**17%**

uptick report by Austria

The industry is still in a highly volatile state. To help understand which markets are still in decline and which are beginning to emerge, IHS Markit has developed a new Global Auto Demand Tracker leveraging the most up-to-date data by country by make for the most recent calendar month. When actual data are not yet publicly available, the tracker is enhanced with estimates from the IHS Markit Sales Operations Forecast to provide comprehensive and immediate insights.

- With 44.5% of countries having reported results for April 2020, we are tracking to a **42.7 million SAAR** (Seasonally Adjusted Annual Rate) for vehicle demand for the month, a drop of 22% from March.
- The **Italian and Spanish passenger car markets collapsed in April, falling 97% and 96% year on year (y/y)** respectively, accelerating from the losses in March. The extension of the national lockdown measures to prevent the spread of the COVID-19 virus restricted movement and closed non-essential businesses throughout the month.
- The **United Kingdom suffered a 96% y/y drop in April**, again as government restrictions closed all but essential businesses and restricted movement.
- Although the pace of global decline has yet to ease up, there are some indications of tenuous recovery. While actual data for China is not yet in, the country is expected to continue its recovery from its low point in February. Due to the returning strength of China while North America and Europe hit bottom, we anticipate Greater China will comprise as much as 44% of global vehicle demand in April.
- **Early signs of a nascent European recovery were reported by Austria**, where a seasonally-adjusted uptick of 17.5% was logged.



More information about the Global Auto Demand Tracker can be found at <https://ihsmarkit.com/research-analysis/global-auto-demand-tracker-from-ihsmarkit.html>.

\*Based on data received through 5 May 2020.

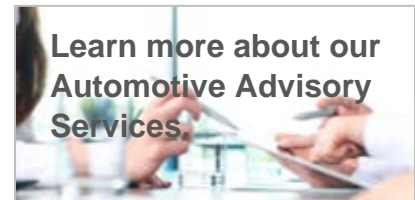
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