

Automotive Rapid Response Report | COVID-19

US market rapid reporting

34%

National w/w
increase

66%

New York w/w
increase

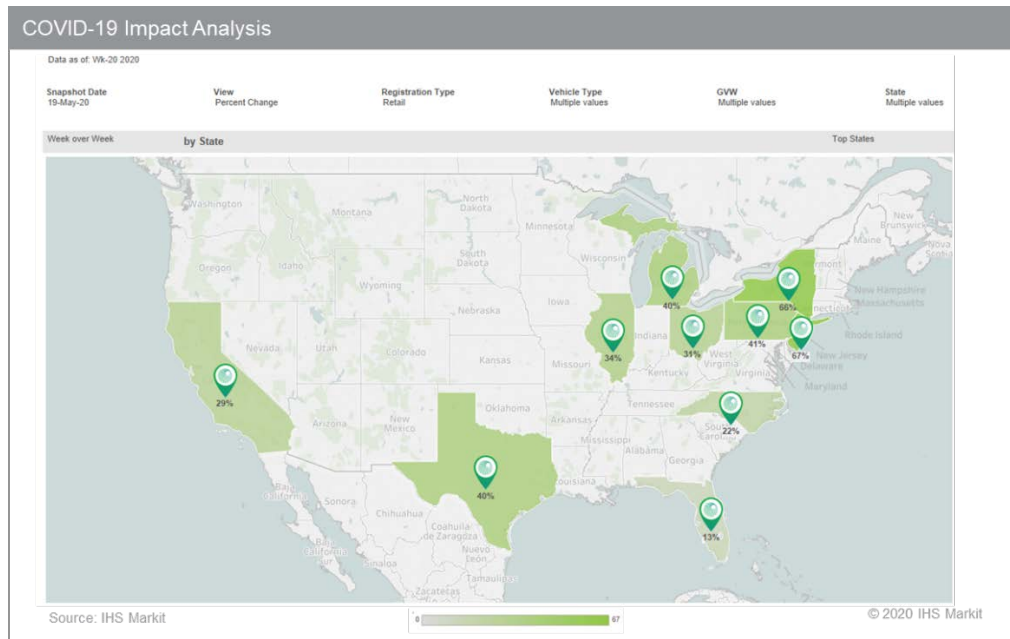
40%

Texas w/w
increase

28%

California w/w
increase

- **A 34% week-on-week (w/w) increase in national retail registration volume, representing almost 61,000 units**
 - Non-Luxury crossover utility vehicle (CUV)/sport utility vehicle (SUV) segments had the highest volume improvement w/w, contributing over 40% of the overall gain in retail registrations
 - Pickup segments resume w/w improvement of 30%, inventory constraints on popular models as days supply contracts by 22%
 - Luxury segments w/w improvement of 50%, representing a 10,000-unit increase
- **Highlighting the top three retail volume states, there are notable differences between the segments contributing to the w/w improvements:**
 - 66% w/w increase in New York as the state continues its phased re-opening, with all beaches set to open for the upcoming holiday weekend
 - Non-Luxury Compact CUV, Non-Luxury Mid-Size CUV, Non-Luxury Mid-Size SUV lead w/w improvements
 - 40% w/w increase in Texas, the largest volume improvement of all states, despite the increase in coronavirus disease 2019 (COVID-19) cases as the state opens retails, restaurants, movie theaters, and more. 1 May with 25% capacity restrictions
 - Non-Luxury Full Size Pickup, Non-Luxury Compact CUV, Luxury Compact CUV lead segment improvements
 - 29% w/w increase in California, currently in phase 2 of the state re-opening, notably a car segment is ranked 2nd w/w improvement
 - Non-Luxury Compact CUV, Non-Luxury Compact Car, Non-Luxury Full Size Pickup lead w/w improvements



Global economic overview

5.5%

projected global GDP decline, new low of 26.5 eclipsing record low during global financial crisis

6.4%

projected US GDP decline, followed by increases of 4.3% in 2021 and 4.5% in 2022

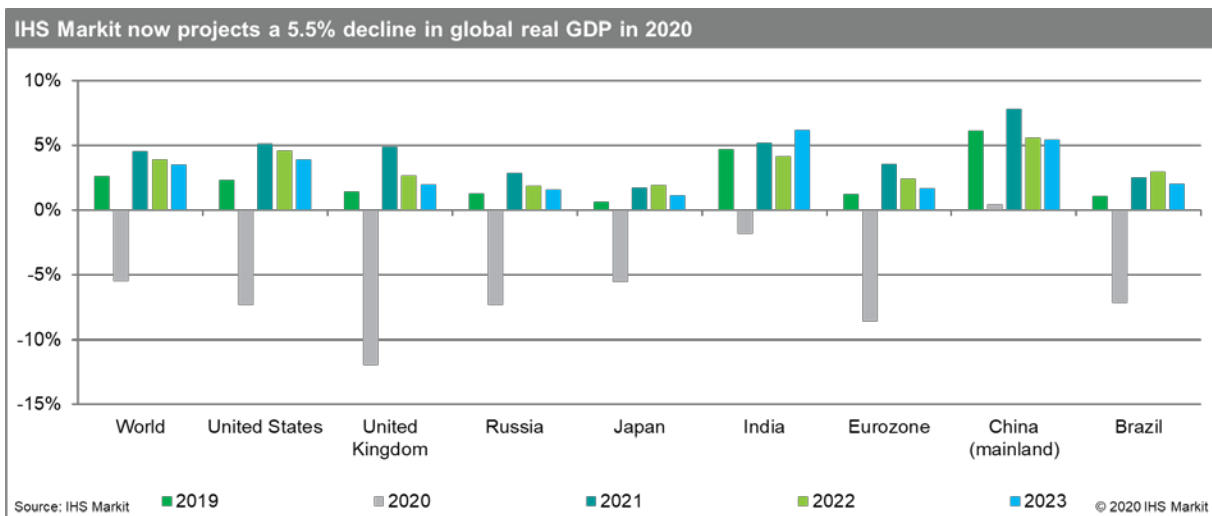
8.1%

projected Eurozone GDP decline, followed by increases of 3.4% in 2021 and 2.7% in 2022

0.5%

projected China GDP increase, followed by increases of 7.8% in 2021 and 5.6% in 2022

- IHS Markit now projects a **5.5% decline in global real GDP in 2020**, with even sharper contractions in Europe and the Americas. Recovery to the previous peak level of output will take until 2022. In April, the Global Composite Output Index fell 12.7 points to a **new low of 26.5, eclipsing the previous record low of 36.8** in November 2008 during the global financial crisis. Rates of decline in output, new orders, new export business, employment, and order backlogs all set new series records.
- US real GDP is projected to fall 6.4% in 2020**, with significant declines in consumer spending nonresidential fixed investment, and residential investment. Led by an upturn in consumer spending, real GDP is **projected to increase 4.3% in 2021 and 4.5% in 2022**.
- After an **8.1% decline in 2020, Eurozone real GDP is projected to recover 3.4% in 2021 and 2.7% in 2022**. Eurozone real GDP fell at a record quarterly rate of 3.8% quarter on quarter (q/q) in the first quarter, indicating a huge drop-off in activity in March. Declines were even more severe for France (-5.8%), Spain (-5.2%), and Italy (-4.7%).
- China's real GDP is projected to increase 0.5% in 2020, 7.8% in 2021, and 5.6% in 2022**. Real GDP fell 6.8% year on year (y/y) in the first quarter of 2020. However, the worst of the recession appears to be over as large industrial enterprises' work resumption rate (percent of firms reopened for business) is near 100%, while that of small- and medium-sized industrial enterprises (SMEs) has surpassed 80%.



Global automotive overview

69.2M

global LV sales,
down -22.9%

12.7M

US LV sales,
down -25.4%

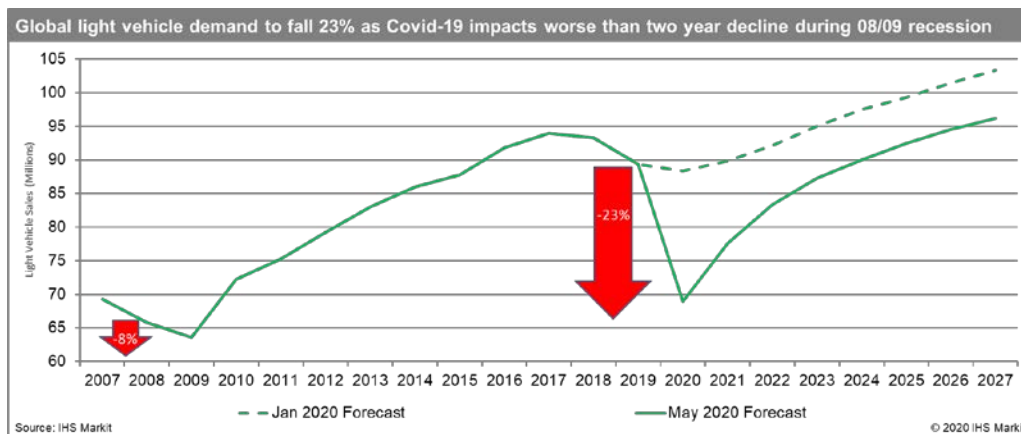
21.2M

China LV sales,
down -14.7%

13.3M

Eurozone LV sales,
down -26.4%

- **Global demand to fall to 69.2 million units, down -22.9% in 2020.** Forecast revised down almost 20 million units from pre-Covid levels. The 2020 slump in auto demand far worse than 2-year decline global recession 2008/09. However, instantaneous nature of autos demand shutdown could mean worst of auto cycle is already behind us—but recovery could struggle.
- **US light vehicle sales to fall to 12.7 million units (-25.4% y/y) followed by 14.3 million in 2021 (up 12%)** as OEM Incentives/support, online sales & almost half of states not limiting dealer activity helping to provide some cushion against worst-case scenario.
- **China light vehicle sales in April declined by 2.8%** (estimate based on CAAM), a marked improvement comparing to 48% decline in March. To date, 17 cities/provinces have introduced vehicles incentives including plate quotas, NEV subsidy and scrappage incentives. In addition, nationwide implementation of China 6 would be postponed to January 2021. Financial institutions have been instructed to provide auto finance with lower down payment/interest rate and longer terms.
- April 2020 figures proved disastrous due to a full-month of lockdown in many markets: ITA -98%, ESP -97%, UK -97%, FRA -89% and GER -61%. **Total West Europe demand -80%. Eurozone continues to face a deep recession and auto demand to fall -26.4% in 2020.** Although lockdowns are softening in main European countries such as France, Germany, Italy, Spain and the United Kingdom, automotive demand likely to be restrained as OEMs await further stimulus measures.



Global light vehicle demand by market

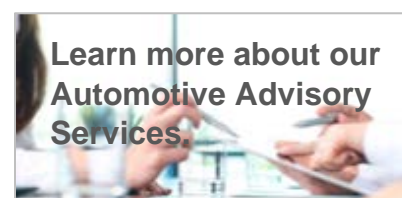
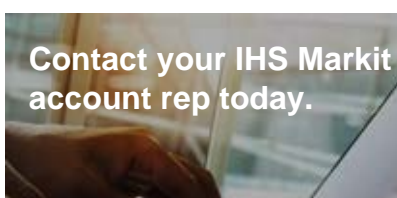
Market	2020 TIV	% Change (y/y)	vs. Jan 2020 forecast
US	12.7m	-25.4%	-4.1m
China	21.2m	-14.7%	-3.4m
West/Central Europe	13.3m	-26.4%	-4.2m
Global	69.2m	-22.9%	-19.5m

Source: IHS Markit

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*Based on data received through 19 May 2020.

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