Volume 12 | 8 July 2020

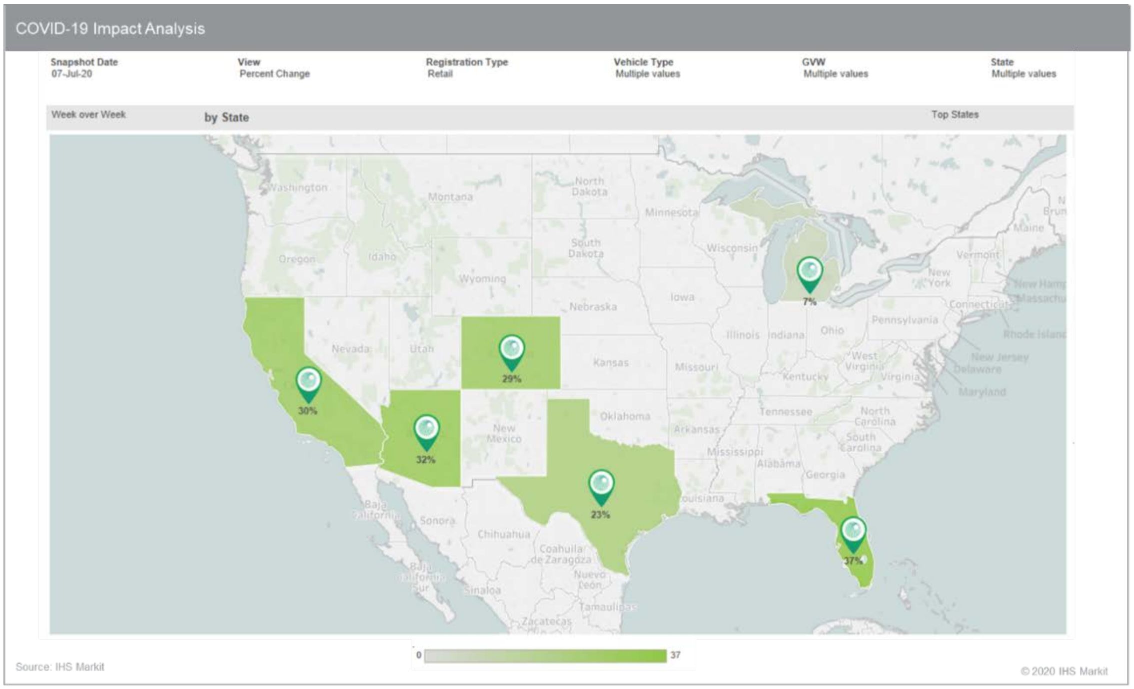
Automotive Rapid Response Report | COVID-19

US market rapid reporting

25%	27%	28%	27%
National w/w increase	Pickup w/w increase	Non-Lux cars w/w increase	Luxury w/w increase

- **Holiday sales events contributing to national momentum, 25% week-over-week (w/w) increase in national retail registration volume, representing almost 70,000-unit improvement**
  - With replenished inventory, pickup segments increased 27% w/w and continue to be up year to date
    - June inventory levels improved almost 20% as production output increased
  - Non-luxury cars up 28% w/w, growing by more than 14,000 units with almost half of the increase in non-luxury compact cars
  - Non-luxury utilities up 22% w/w, an increase of 27,000 units driven by Non-luxury compact CUV contributing over 13,500 units
  - Luxury segments up 27% w/w, representing an increase of 12,000 units nationally

- **27% improvement in w/w performance for select states now reversing their re-opening activities:**
  - As Arizona, California, Colorado, Florida, Michigan, and Texas are experiencing increasing number of coronavirus disease 2019 (COVID-19) cases these states have started restricting consumer activities again
  - Consumer confidence and behavior will likely be impacted by this resurgence
  - As we look further into COVID-19's impact on the Vehicle Buyer Journey, understanding consumer motivation and expectations will be key and insights will be shared in our upcoming Automotive COVID-19 Recovery Series



Global economic overview

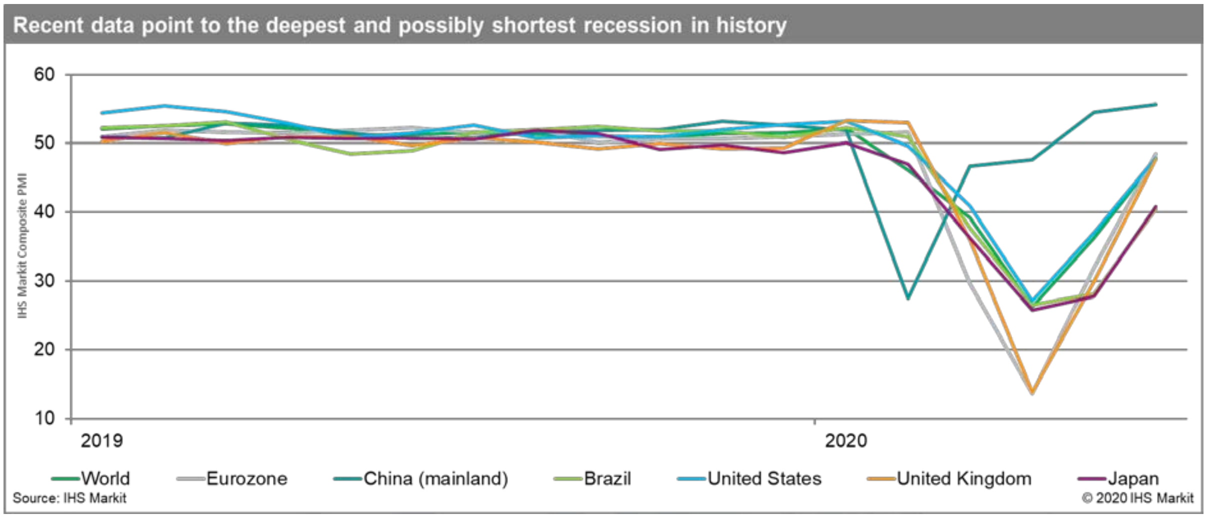
47.7	46.8	0.2%	55.7
Global Composite Index up by a record 11.4 points	U.S. PMI up from 37.0 in May	Eurozone GDP contracting at a quarterly rate in second quarter	China Output Index expands at quickest rate since November 2010

- IHS Markit Purchasing Managers' Index® (PMI®) data show global economy moving closer to stabilization in June as rates of contraction eased in manufacturing and service sectors. **The Global Composite Index posted a 47.7 in June, up by a record 11.4 points** from 36.3 in May, as the spread of COVID-19 eased across much of the world and businesses began the process of re-opening.

- **US Composite PMI® Output Index posted 46.8 in June,** up from 37.0 in May, indicating that the rate of contraction slowed further from April's record low. Companies expressed optimism towards the outlook for output over the coming year for the first time since March.

- Eurozone PMI® rebounded for a second successive month, rising to 48.5, up nearly 17 points since May's 31.9 reading. Country level data for June showed that all countries enjoyed their best Composite PMI® readings since February. **Across the eurozone, PMI® has risen to a level indicative of GDP contracting at a quarterly rate of just 0.2% in the second quarter.**

- **Chinese business activity expands at quickest rate since November 2010 as the Composite Output Index rose from 54.5 in May to 55.7 in June**, signaling a sharp and accelerated increase in overall business activity. Sales rose sharply across the service sector, while manufacturers noted the first increase in total orders since January.



Global automotive overview

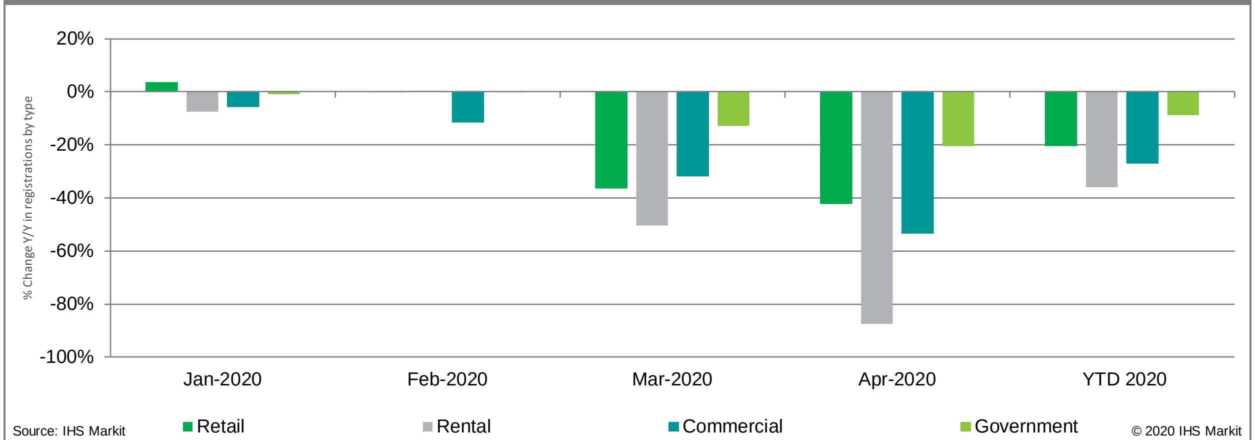
32%
decline in fleet registrations YTD through April

70%
decrease in aggregate fleet registrations estimated for May & June

50%
projected decrease for fleet volumes in 2020 to only 1.6 million units

- IHS Markit registration data through 30 April 2020 highlight the extreme burden the pandemic is having on US fleet market. **Fleet registrations are down over 32% YTD through April**. The daily rental market, which has averaged more than 2 million units annually since 2011, plunged 88% in April.
- Early reporting data suggest worsening economic conditions despite pressures to re-open economies. Although full data not available, **aggregate fleet registrations were estimated to be down over 70% in May and June.** Rising COVID-19 caseloads in critical markets such as CA, TX and FL are likely to exacerbate hardships as consumers continue to remain hesitant to travel widely.
- On average, fleet represents about 18% of the US market with volumes averaging above 3 million units since 2016. **For 2020, total fleet volumes are expected to be down almost 50% to only 1.6 million units.** The largest declines expected to be in rental market which is expected to be down 60% for 2020 to under 900,000 units as rental operators adjust to post pandemic economy.
- Fleet recovery to be more protracted than retail market. **Volumes are not expected to return to pre-pandemic levels until 2024.**

Rental market continues to face COVID-19 headwinds despite economic re-opening



Source: IHS Markit

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Total Registrations Jan-April 2020

Access more information and resources