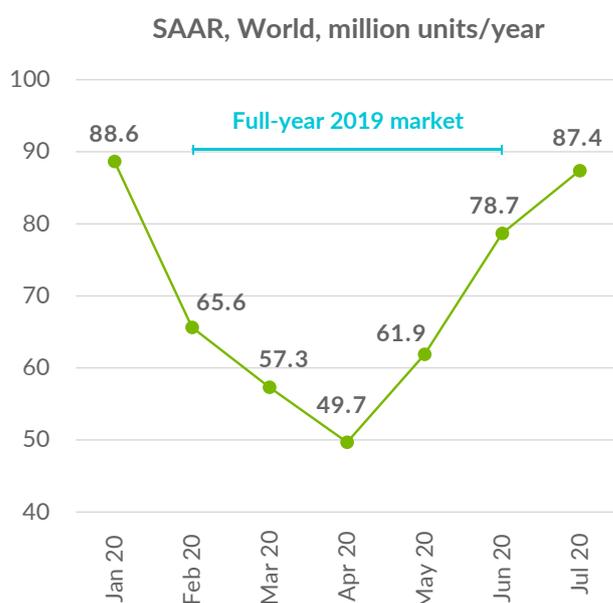


# COVID-19 Automotive Sector Impact Report

24 August 2020

## Global Light Vehicle Sales in a classic V-shaped rebound



- Light Vehicle sales were just over 90 mn units in 2019, so the selling rate in July shows a market running at almost 97% of last year's total.
- The speed of recovery, given the nature of the pandemic shock, has been surprisingly strong.
- However, the key question is whether this level of sales can and will be sustained.

## Global Light Vehicle Sales – rebound well under way



**Early recovery markets.** China better than 2019 since May. Korea still strong.



**Normalised.** Western European markets produced a 'normal' market level in July, though it is being supported by moderately strong incentives.

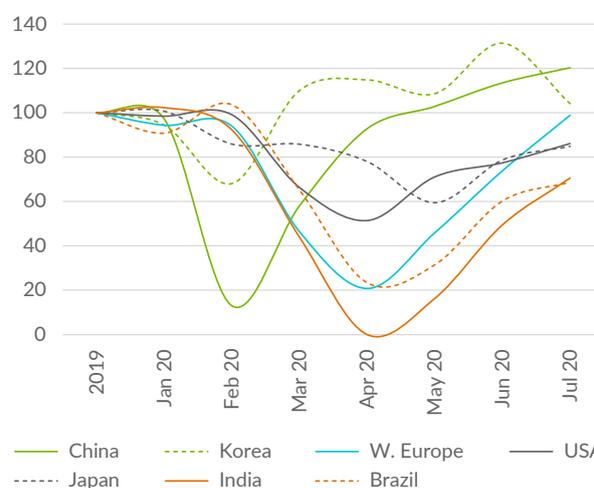


**Tempered rebound.** The US has experienced a renewed COVID-19 surge, which is weighing on demand. Japan passed through a second outbreak.



**Slow recovery.** India and Brazil slow to recover, but now gaining traction, though current high case numbers may still hinder recovery.

LV SAAR by country/region, 2019 = 100



“The speed of recovery, given the nature of the pandemic, has been surprisingly strong.”



## Recovery may not be sustained for long



The V-shaped recovery in global Light Vehicle sales is a strong result, given the nature of the pandemic shock. But sustaining sales at a level close to that of 2019 will be difficult as some temporary positive factors fade.



During lockdown and the period of suppressed sales, pent-up demand has built up and is now being released – this will likely soon be exhausted.



Some sales measures, e.g. wholesales data used in China, are benefitting from post-lockdown inventory replenishment – this source of demand will also dry up when inventories are normalised.



Government incentives are in use in a number of markets, especially in Europe. They have been less prevalent elsewhere. When the incentives expire, or funding is used up, demand will weaken.

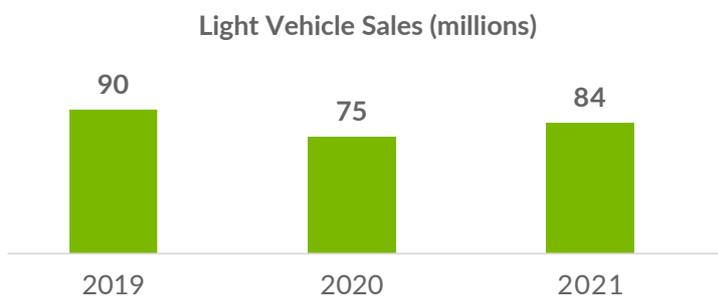


Direct economic support from governments will have a limited duration. When job and business support schemes end, or are tapered, a renewed macroeconomic slump could emerge, damaging underlying vehicle demand.



“Sustaining sales at a level close to that of 2019 will be difficult as some temporary positive factors fade.”

## Global Light Vehicle market forecast (interim)



- The 2020 forecast has been lifted slightly as a result of the faster-than-expected rebound.
- A cooling-off period appears likely beyond the next few months.

“A cooling-off period appears likely beyond the next few months.”

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