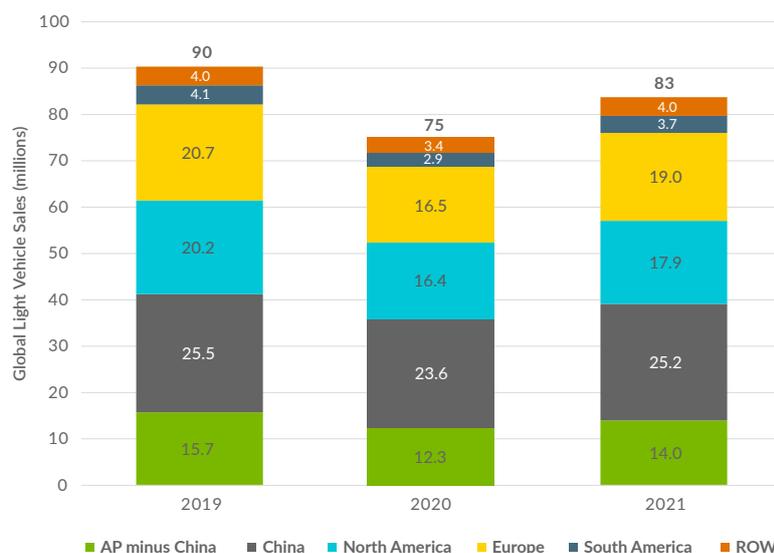


COVID-19 Automotive Sector Impact Report

21 September 2020

Vehicle demand – baseline market projections



- Various positive, but temporary, factors will fade over the coming months and quarters, leading to a moderated recovery in global Light Vehicle sales in 2021.
- The recent strong global monthly selling rates – close to the 2019 full-year market level – are not expected to be sustained as we move into 2021.
- Vehicle demand in China was running at historically high levels in the June-August period. While we expect sales to ease over the course of the next few months, the market remains a global bright spot.

Global Light Vehicle sales – lasting demand and ongoing risk

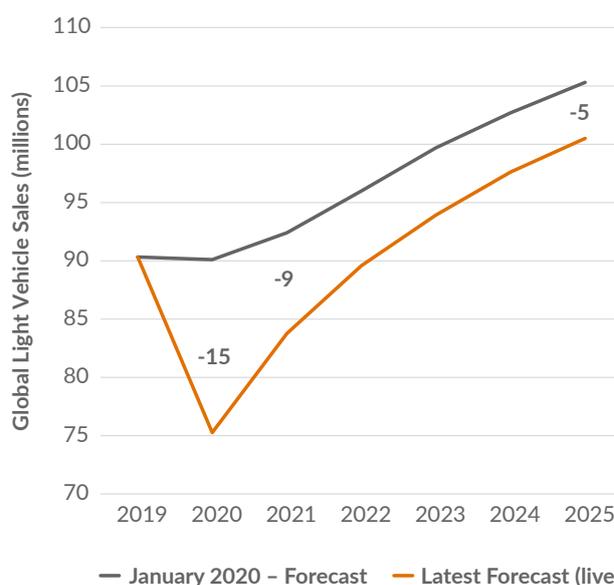
Downside risk

- ↓ Second wave
- ↓ Large double-dip recession
- ↓ Financial contagion
- ↓ No cure

Upside risk

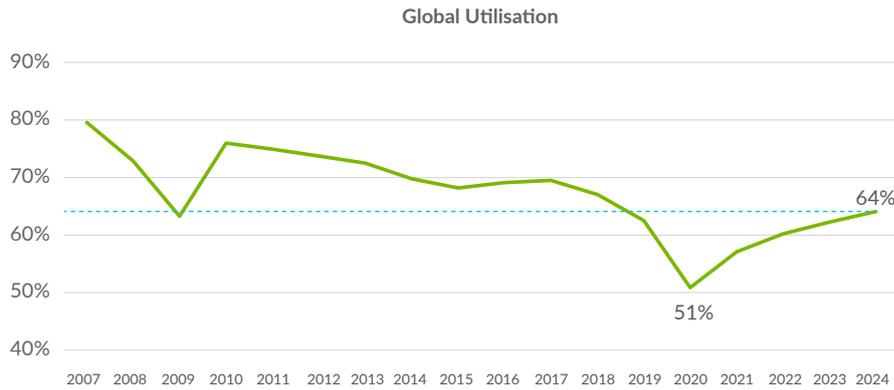
- ↑ Surge in car demand, for safety
- ↑ Vaccine/treatments arrive quickly
- ↑ New stimulus for economy and auto sector

“A second wave and stricter social controls pose a large risk to our central forecast.”





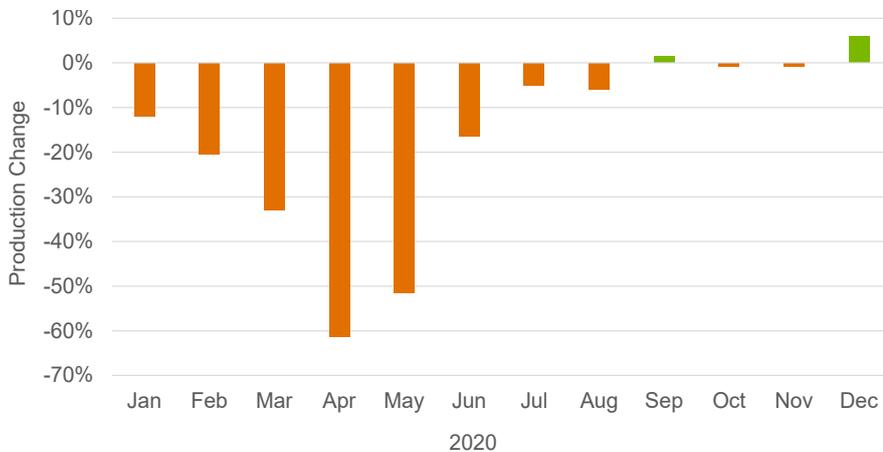
Utilisation is at lowest ever level in 2021



“Utilisation had already been declining from around 70% and above prior to the pandemic.”

- 2020 global assembly plant utilisation is expected to fall to the lowest level ever recorded, at just 51%. The pandemic-caused shutdowns in March and April had a profound impact on volumes and utilisation in all markets.
- Of the major regions, North America’s utilisation is expected to reach its highest level in 2020, as some Light Vehicle Truck plants are struggling to meet demand since the shutdown.
- Following significant investment in new assembly plants in China, lower volume EV plant and general localisation trends, utilisation had already been declining from a healthy level of 70% and above, prior to the pandemic.
- Going forward, utilisation is expected to return to only the same level reached during the 2009 trough by 2024. Overcapacity remains a risk for the industry from our May forecast low point.

2020 Global Light Vehicle production pattern



“The global restart was better than expected, as performance improved over the course of 2020.”

- The global restart of production was better than expected, with a marked improvement in performance over the course of 2020. In year-on-year terms, July was down 5% for the month, and 29% YTD.
- Output in the second half of 2020 is expected to be on par with the same period in 2019, with September predicted to show the first increase year-on-year.
- Our overall 2020 production forecast is now down by 18% compared to pre-COVID-19 expectations, but up by 2.7 million units since our May forecast.
- Full-year 2021 production volume is predicted at 84.3 million units, an increase of 15% from 2020 and an improvement of 2.6 million units from our May forecast low point.

Contact our team

If you have a question or would like to know more about our services then please email us and we will endeavour to respond within 24 hours.
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