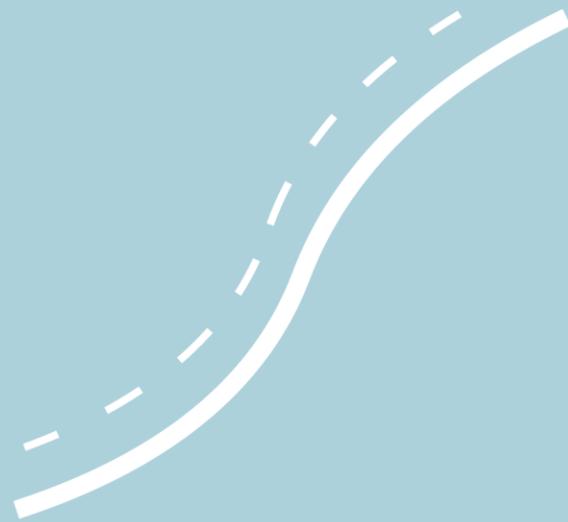


INSIGHT PLUS

July 2020



Global New Vehicle Demand Forecast 2020-2030:

Covid-19: The Long
Road Ahead



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Introduction

Overview

The regional spread and impact of the coronavirus pandemic continues to evolve. In January and February, China was the epicentre of the outbreak, resulting in a strict lockdown that devastated Chinese vehicle demand and disrupted the global supply and flow of goods and transport, including automotive parts and components. Japan and South Korea also faced early outbreaks during this period.

In March and April, the outbreak spread rapidly to Europe and also the US, prompting lockdown restrictions in those regions as well as many other parts of the world, and with it closing nearly all global production plants and as well as many dealerships and retail sales channels.

In May, the disease shifted further, with epicentres growing in Russia, India, Mexico and Brazil, among many other places. Nonetheless, many parts of the world began to reopen economies, prompting a slow return to vehicle production and reopening of vehicle dealerships.

The restart and ramp-up has continued through this summer, with most global plants back up and government continuing to loosen restrictions on economies and social life. However, the global daily case numbers continue to reach record highs. Not only do Brazil, the US and other regions continue to see cases climb, but they have been on the rise in parts of Africa, too. Local outbreaks in China, South Korea, Germany, Spain and Australia highlight the risks present even in countries that have largely managed to get the virus under control.

Despite these risks, most companies have made adjustments to keep operations and sales going and still protect staff and customers. Governments are keen to avoid a return to wider lockdowns, and to instead reduce the spread of the disease and better track and localise outbreaks – in other words, to live with the virus for as long as is necessary. This reopening, although plagued with challenges, has allowed the beginning of some economic recovery, including for the badly hit automotive industry.

When it comes to vehicle sales, there won't be a single uniform recovery from the global pandemic. It will vary according to the penetration of the outbreak, the length, strictness and possible reintroduction of lockdowns, subsequent containment strategies, wider economic impact, consumer confidence and ongoing government intervention – in this case, potential automotive support and stimulus programmes.

Our latest analysis explores those regional differences and reveals different demand recovery trajectories. Globally, and in almost every market, we forecast a sharp decline in 2020 – worse in most cases than the financial crisis of 2008-2009. While in some cases there is room for at least short-term 'V'-shaped recovery, on the whole the impact is likely to be felt for years to come.