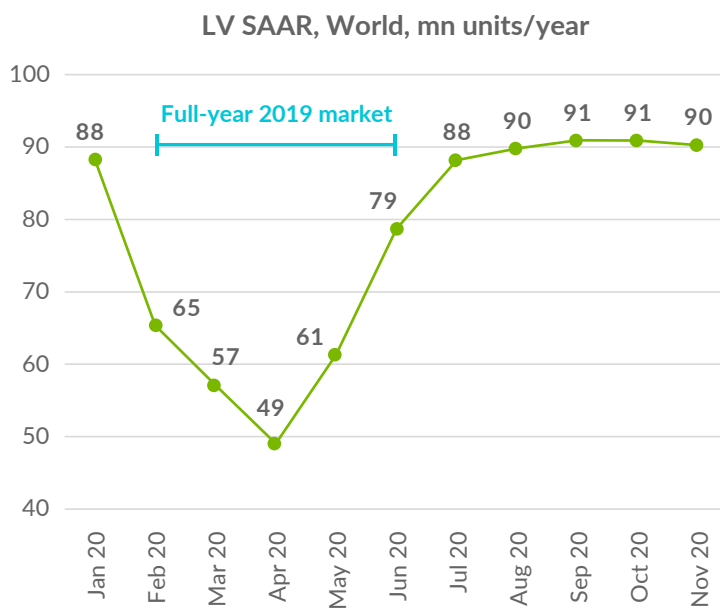


# 2020 Automotive Sector Impact Report

18 December 2020

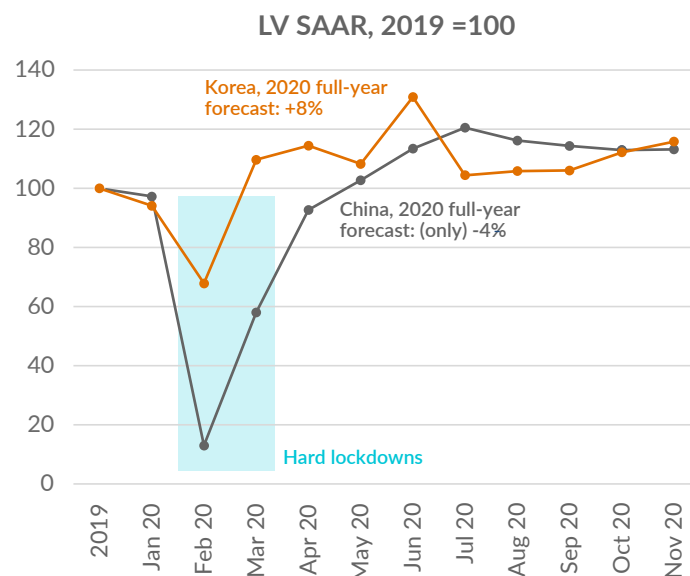
## 2020 Global Light Vehicle sales – bad, but better than feared



- In April, as it became clear that the pandemic would cause severe economic damage, fears of Light Vehicle (LV) market collapse grew.
- But, recovery was fast, with global sales regaining 2019 levels from July.
- China, the market most responsible for global expansion over the past decade, has again provided strong support, improving the world automotive outlook.

## Has the pandemic caused a rethink on vehicle ownership?

- In countries where strong suppression of the virus has been achieved, the Light Vehicle market impact has ultimately been modest, even turning positive.
- There is renewed enthusiasm for owning and driving a car, at least while the virus remains a threat. Will we see this dynamism elsewhere after the second waves ease, but the virus is still present?
- The first lockdowns saw sales almost banned in many markets, and it made much production impossible – but the second waves are seeing a milder impact on the industry, with traditional in-person sales replaced by other methods. This is likely to accelerate the trend towards online car buying.

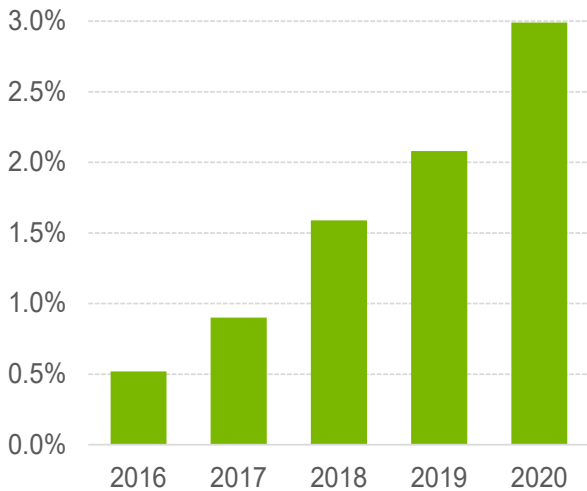




## 2020 will be seen as the year of the BEV breakthrough



World BEV Share\*



\*Includes North America LV.

“It looks like Battery Electric Vehicles (BEVs) have been winners in this pandemic.”

- Regulations were always going to drive markets towards electrification over a sustained period.
- In Europe, the determination to push on with CO<sub>2</sub> reduction targets, notwithstanding the pandemic impact, was supported by government incentives and growth in mass market BEV offerings.
- New policy directions in the US and China will add to BEV momentum.
- The industry is confirming its commitment to electrification, with rising BEV penetration this year set for further acceleration.



## 2020 production was weaker than sales

Global Light Vehicles  
Full-year change in 2020



“Output in most locations has not kept pace with demand, particularly during the rapid recovery period.”

- Output in most locations has not kept pace with demand, particularly during the rapid recovery period.
- This has led to a reduction in inventory levels throughout 2020. In some markets, producers have continued to run plants at capacity to meet demand. COVID-related disruption in the supply chain has impacted some output, but it has been moderate. Some producers have deliberately trimmed inventory in a risk aversion strategy with some models or in certain markets given the high level of uncertainty.
- While demand in 2021 is still unlikely to recover to pre-pandemic levels immediately, a normalisation in the supply-demand balance should see production outperform sales beyond the early months of the year.

### 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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