

Automotive

Automotive Update: COVID-19 4/20 Argentina

20 de Abril, 2020

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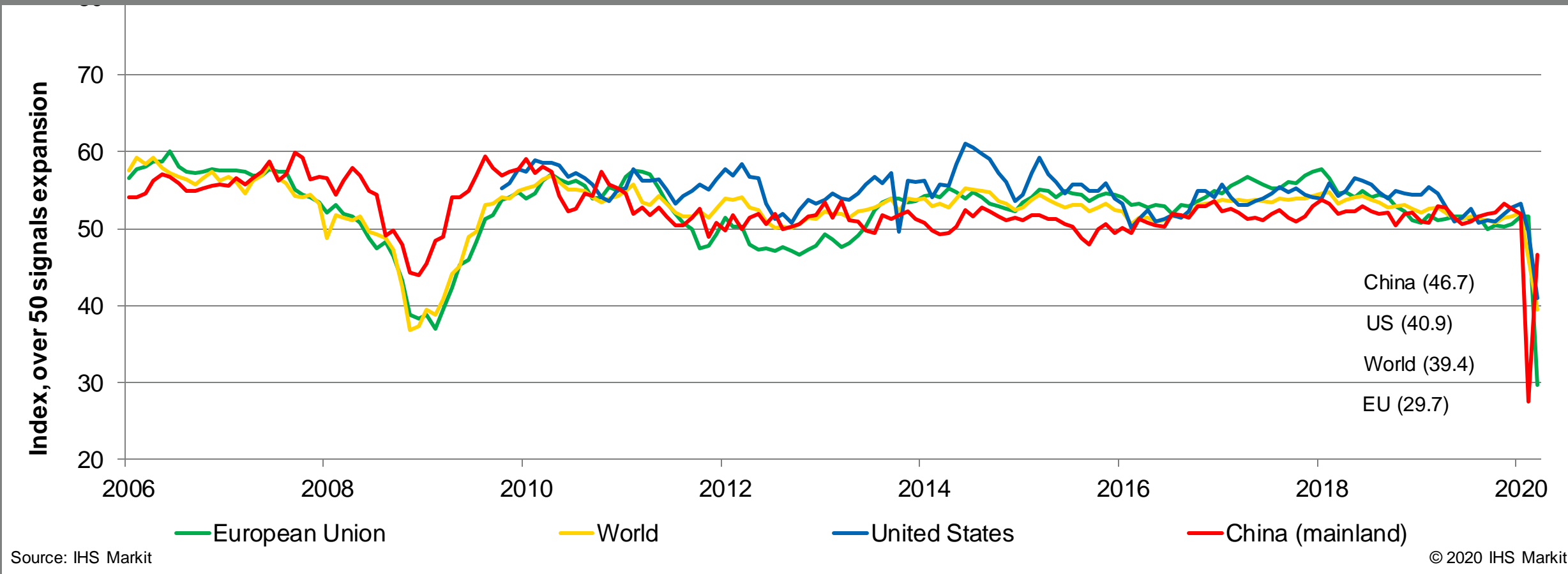
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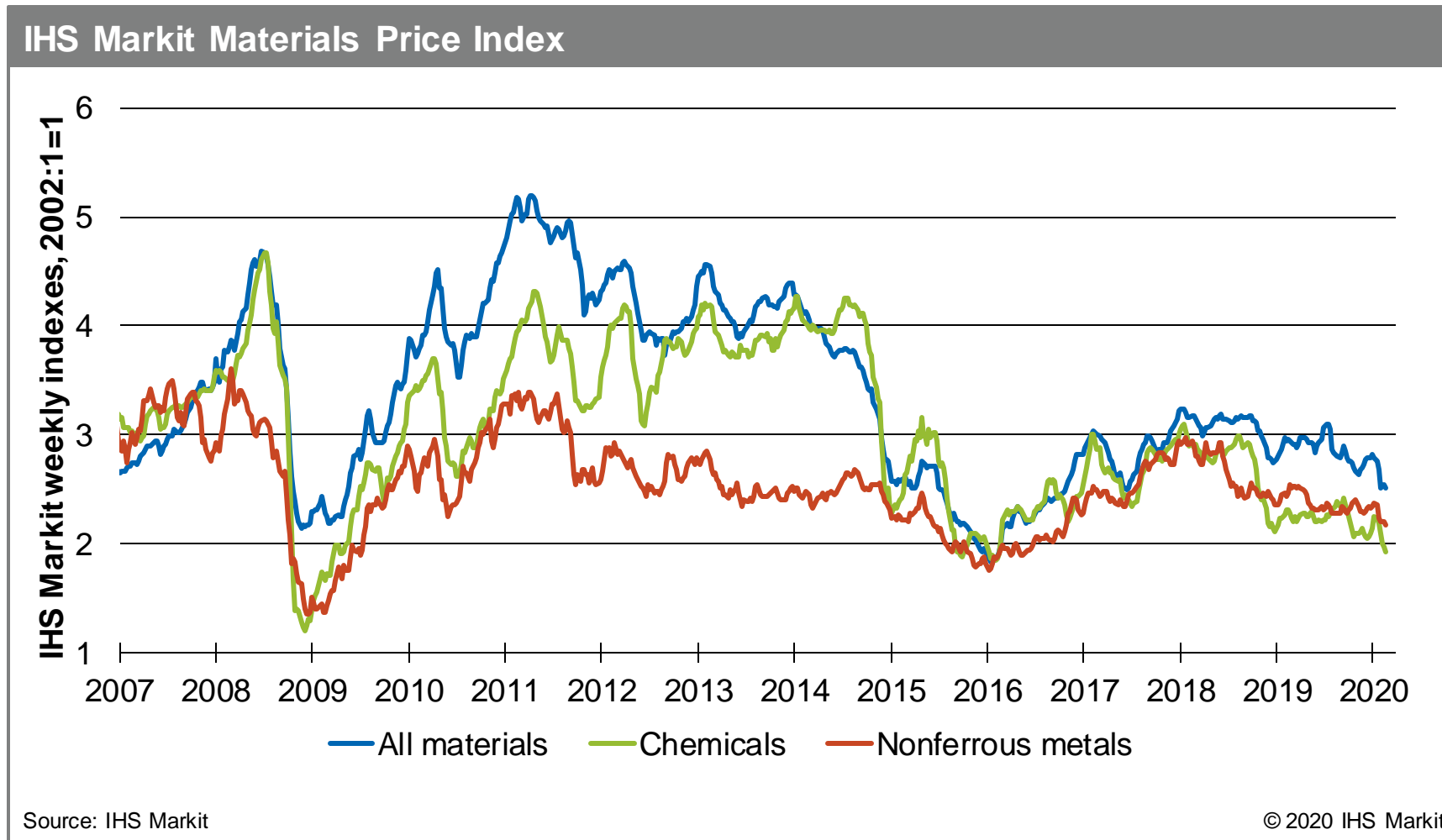


March saw record falls in global activity in many sectors (esp. services) China showing tentative signs of recovery (mainly reflects slower declines)

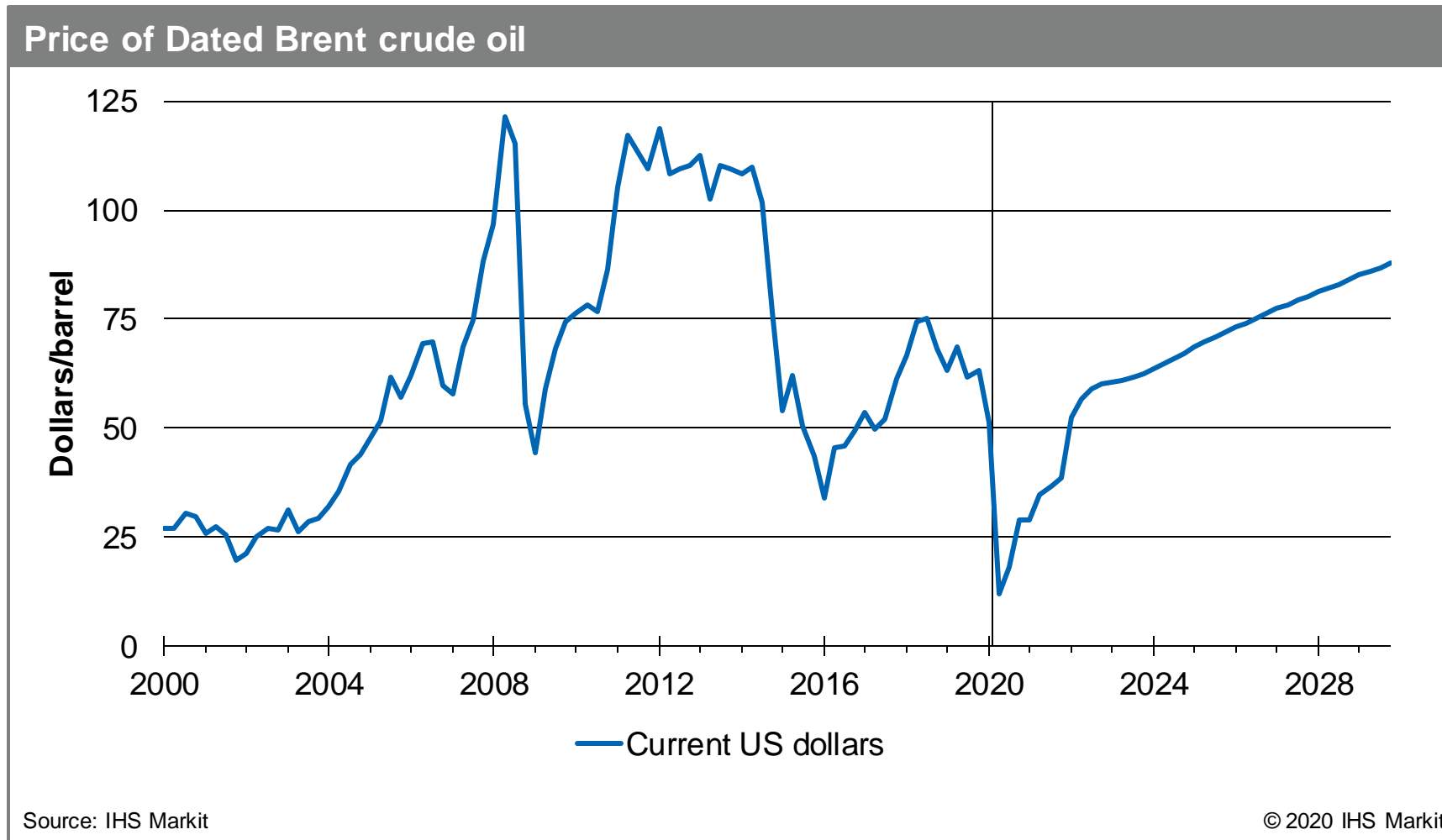
IHS Markit Composite PMI (Jan 2006-Mar 2020)



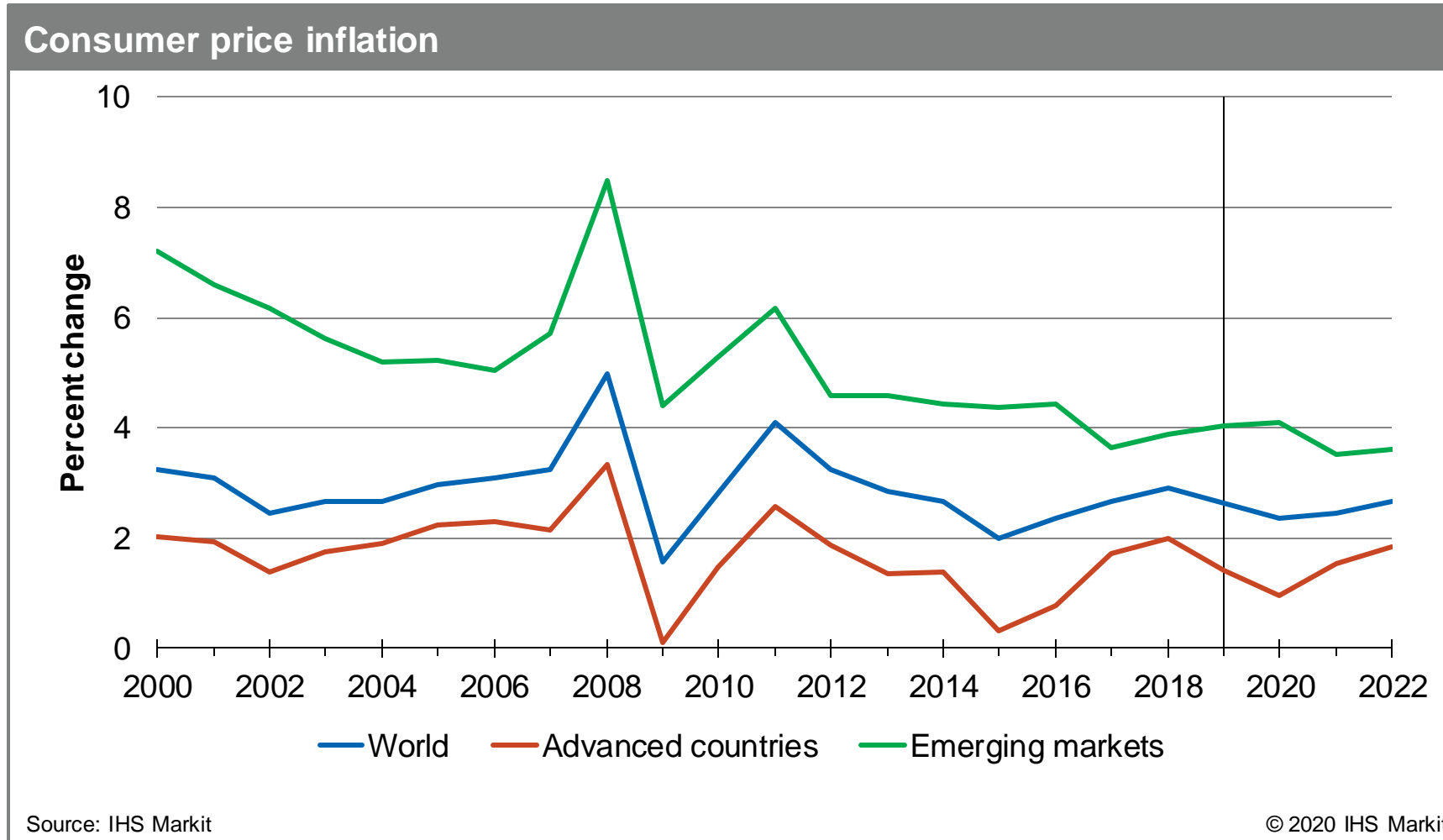
Industrial materials prices reflect collapsing global demand



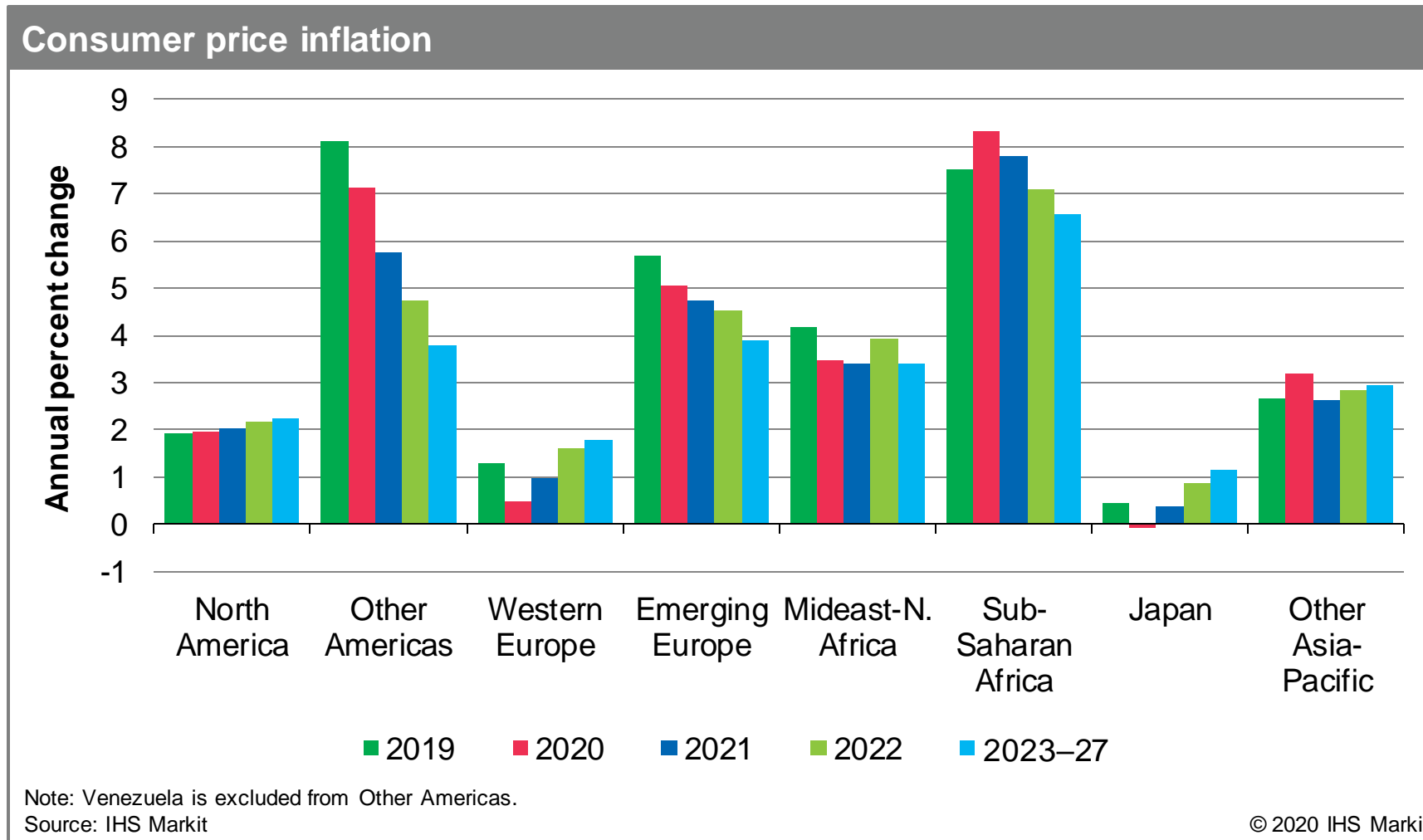
A combined demand and supply shock will hammer oil prices



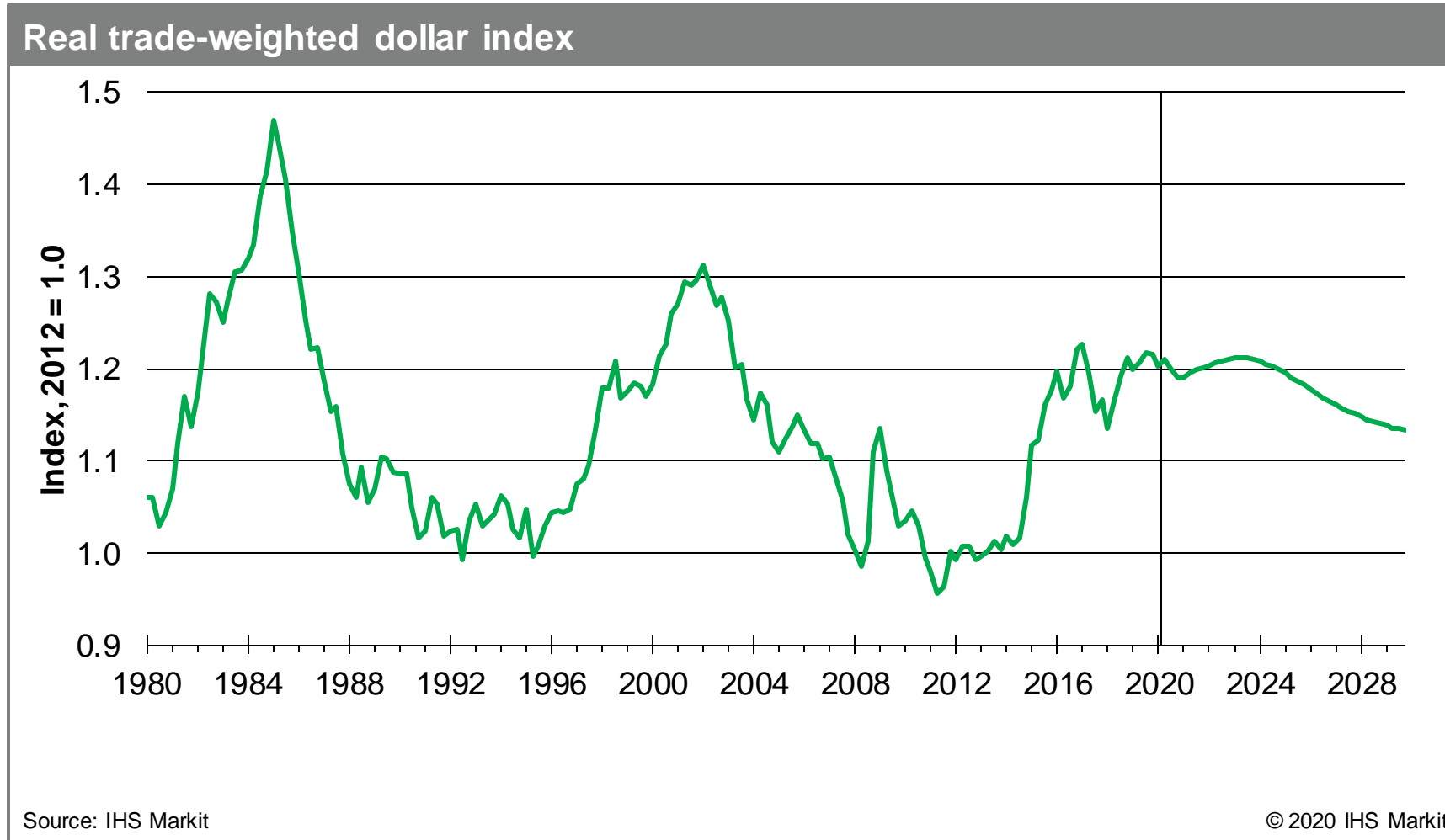
Global consumer price: another downdraft



Consumer price inflation around the world—low or falling



US dollar's real trade-weighted exchange value will fall



COVID-19 recession likely deeper than global financial crisis in 2008–09

Real GDP					
Percent change	2018	2019	2020	2021	2022
World	3.2	2.6	-2.7	3.9	3.4
United States	2.9	2.3	-5.4	6.3	4.0
Canada	2.0	1.6	-5.5	4.9	3.3
Eurozone	1.9	1.2	-4.5	1.2	1.7
United Kingdom	1.3	1.4	-4.3	0.8	1.5
China	6.7	6.1	2.0	6.3	5.6
Japan	0.3	0.7	-2.5	1.2	0.8
India*	6.2	4.9	2.1	5.7	6.9
Brazil	1.3	1.1	-4.5	3.5	3.2
Russia	2.2	1.1	-3.6	0.8	2.0

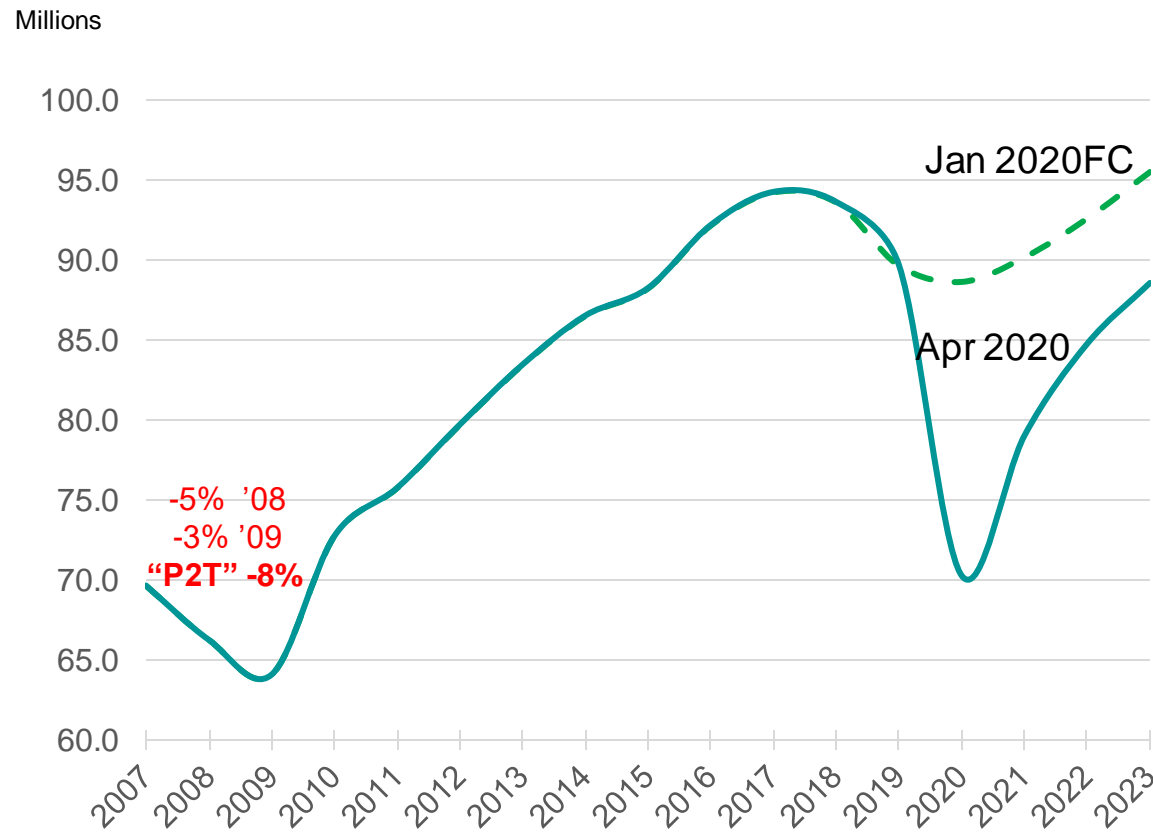
* Fiscal years starting 1 April
Source: IHS Markit

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Note: Interim GDP growth forecasts—6 April 2020

Coronavirus contagion & counter-measures hammers global demand 2020 autos slump far worse than 2-year decline global recession 2008/09

Global Light Vehicle Sales Outlook



Source: IHS Markit – April 2020 LVS Forecast

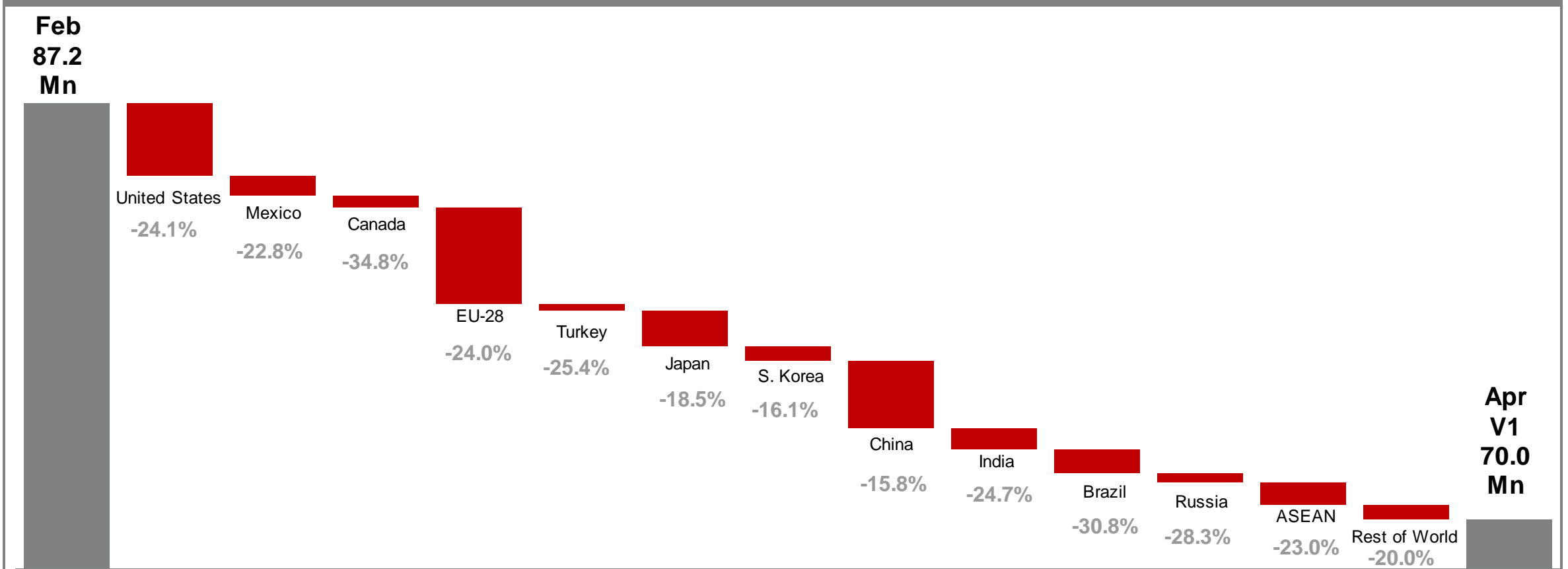
Market	2020 TIV	Growth (% chg)	vs. Jan-20
China	21.0m	-15.5%	-3.7m
USA	12.5m	-26.6%	-4.3m
WE/CE	13.6m	-24.9%	-4.0m
Global	70.3m	-21.7%	-18m

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Note: China refers to Mainland China

Global production update

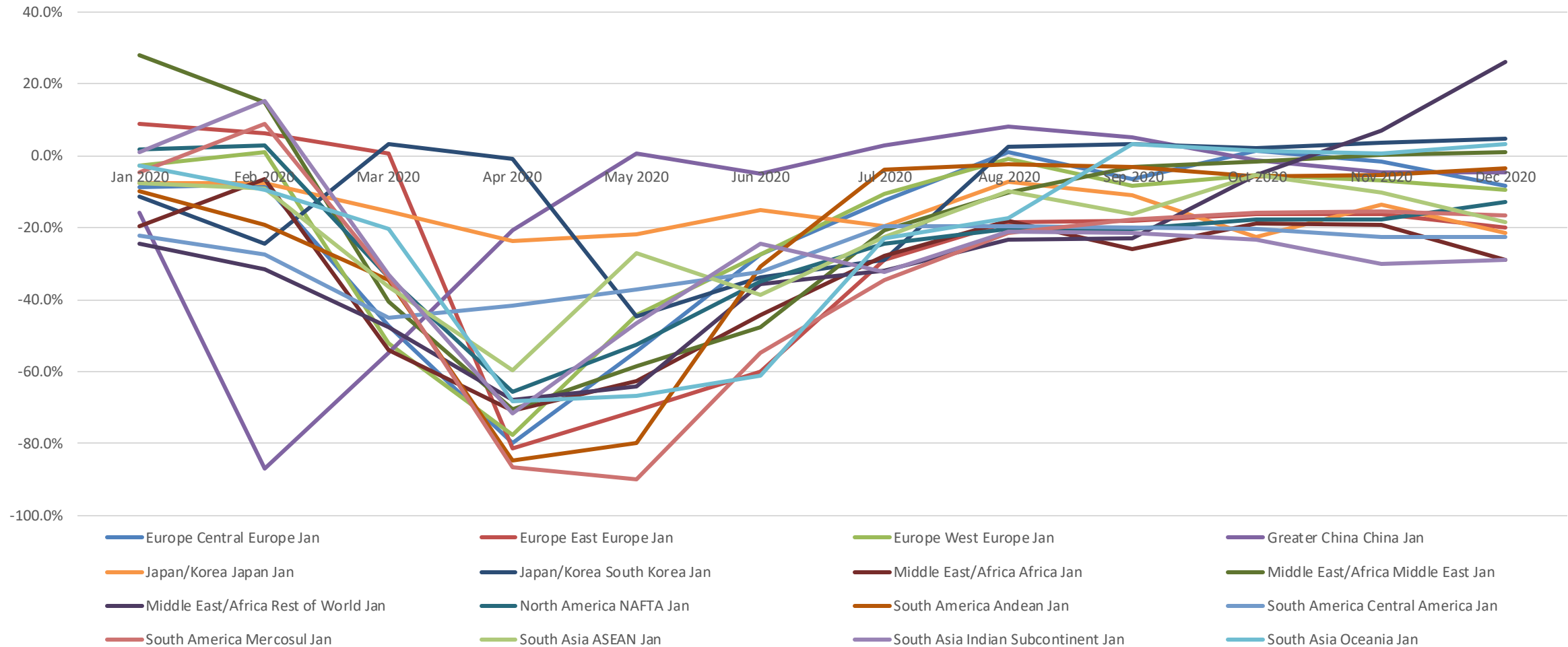
Global production walk: April V1 versus February – percentages show latest 2020 versus 2019



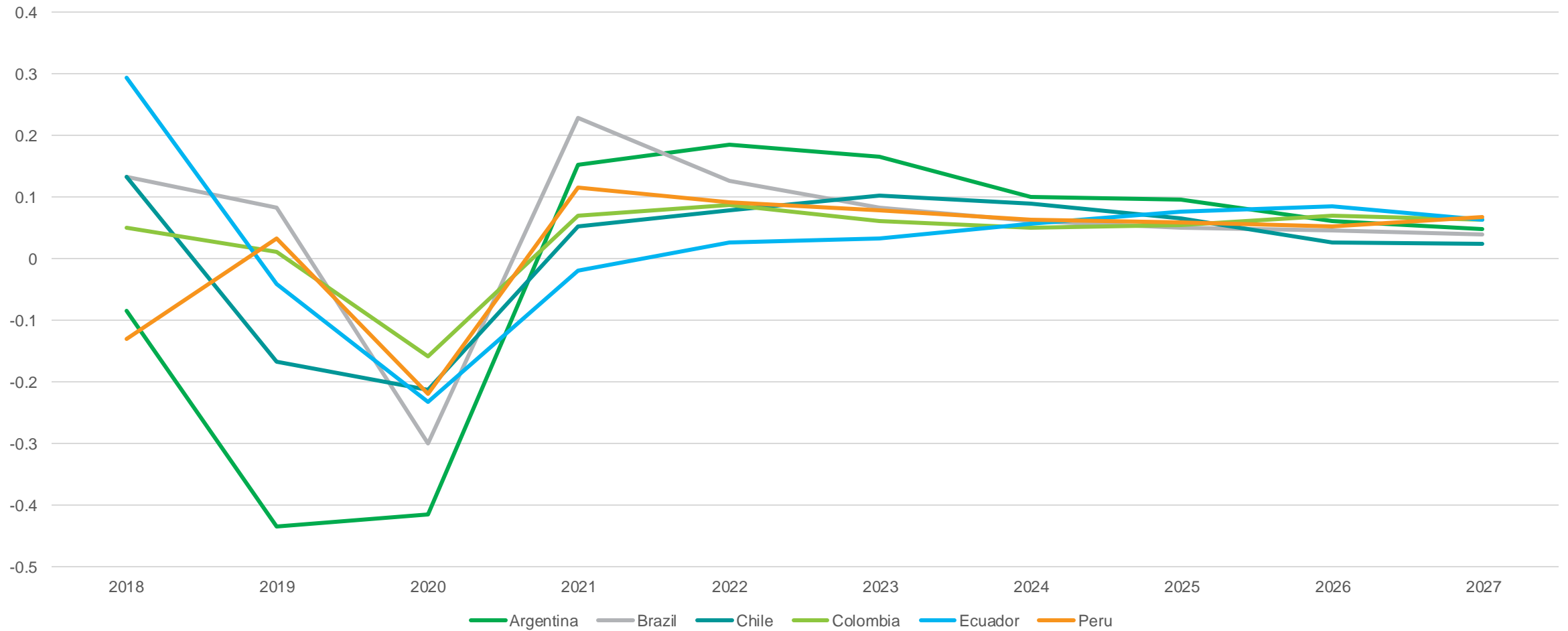
Source: IHS Markit

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Global APR vs Jan



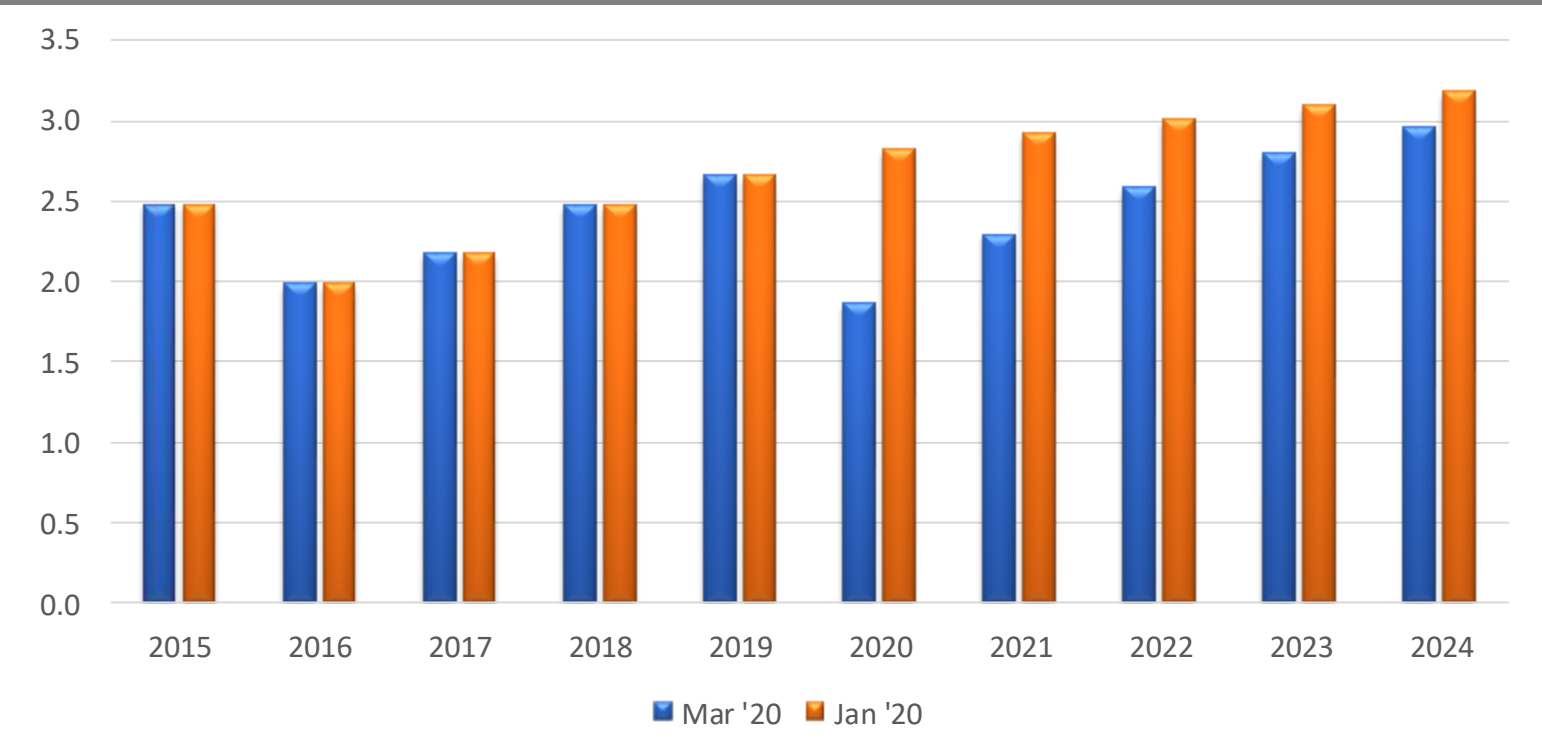
South America Markets



Brazil not expected to avoid global recession

April V1

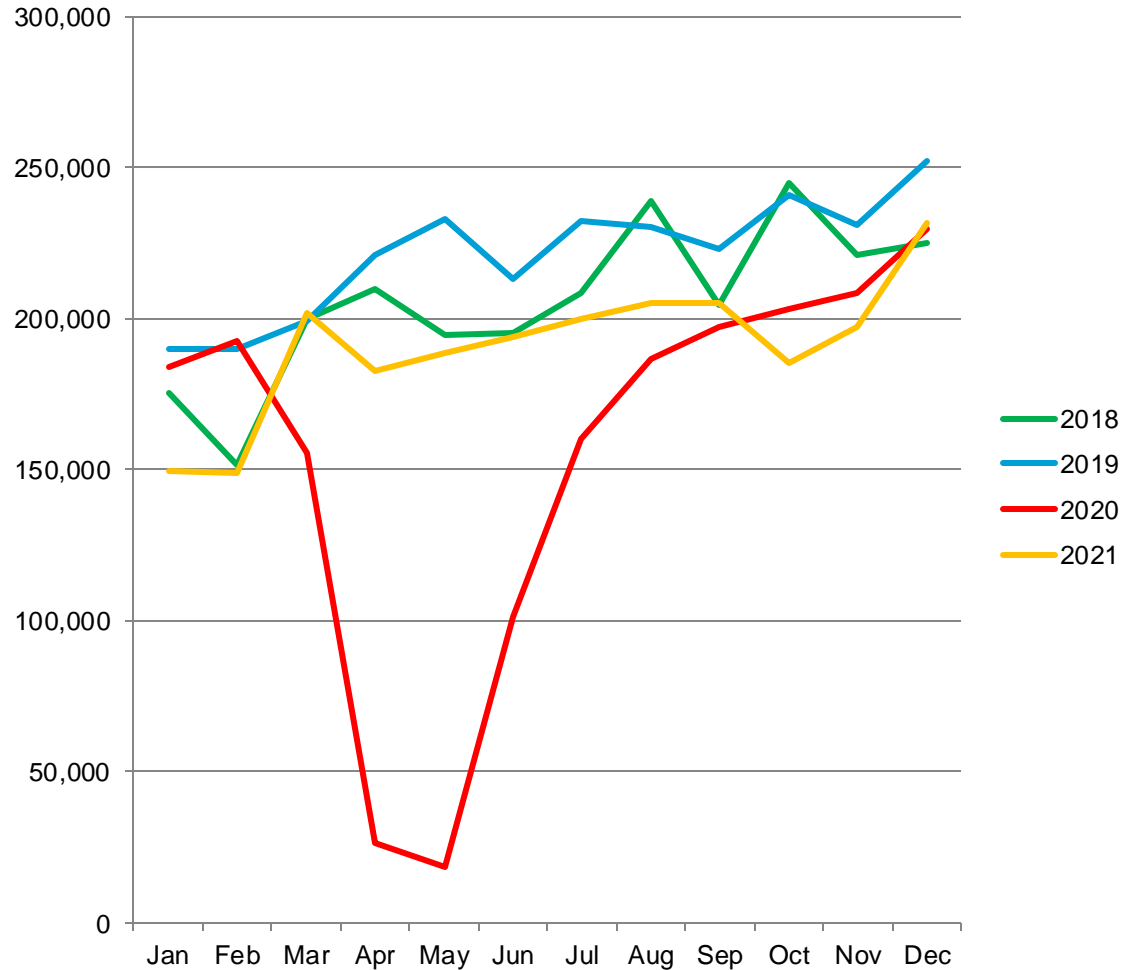
Brazil – Covid-19 Impacted Light Vehicle Sales Forecast



	2020	2021	2022	2023
% Growth YoY	-30.0%	22.9%	12.6%	8.2%
Vol Delta vs. Pre-Crisis Jan Forecast	-952,015	-622,846	-424,389	-298,740

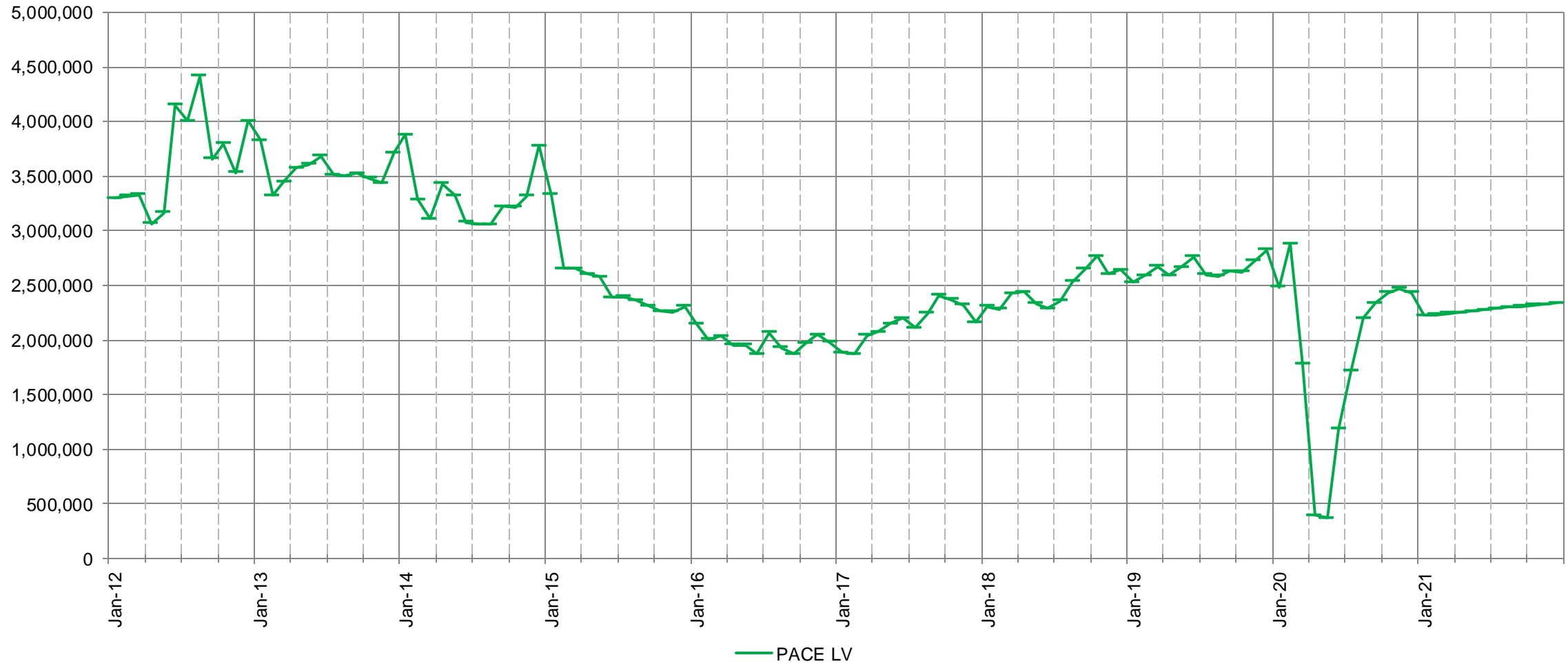
- The Brazilian economy expected to contract by -4.5% for 2020. President Bolsonaro initially proposed a roughly USD 29 billion package which has more than doubled through Friday of last week to account for 4% of GDP. The Fiscal package provides funds to protect the most vulnerable (such as Bolsa Familia), protecting jobs, funds to fight the pandemic and help transfers to support budgets of state and local governments.
- Federal government has closed borders to neighbors and restricted incoming flights from Europe and Asia for 30 days. However, State of Sao Paulo and cities like Rio de Janeiro, Belo Horizonte and Porto Alegre are implementing partial or complete lockdowns as of 3/23 (with these accounting for half of sales).
- Brazilian Central Bank dropped the SELIC rate to 3.5% on 3/19 given the run of consumers to shelter during the week of 3/17. The bank later followed with monetary policy of a package worth up to BRL 1.2 Trillion (16% of GDP) on 3/23 for loans to banks, easing credit to agricultural business, BCB backed loans to back private-debt securities, reduction of the spread in interbank daily lending and over hedging n foreign investments.
- The Brazilian currency has suffered a major blow going from 4.3 BRL in January 2020 to 5.01 BRL per USD on 3/17. OEMs expect vehicle prices to increase at least 5% as a result.
- Our forecast currently envisions y-o-y drops of ~70% for the second quarter as sales in recent days have taken a 90% plus dive.

Brazil Monthly Walk V1

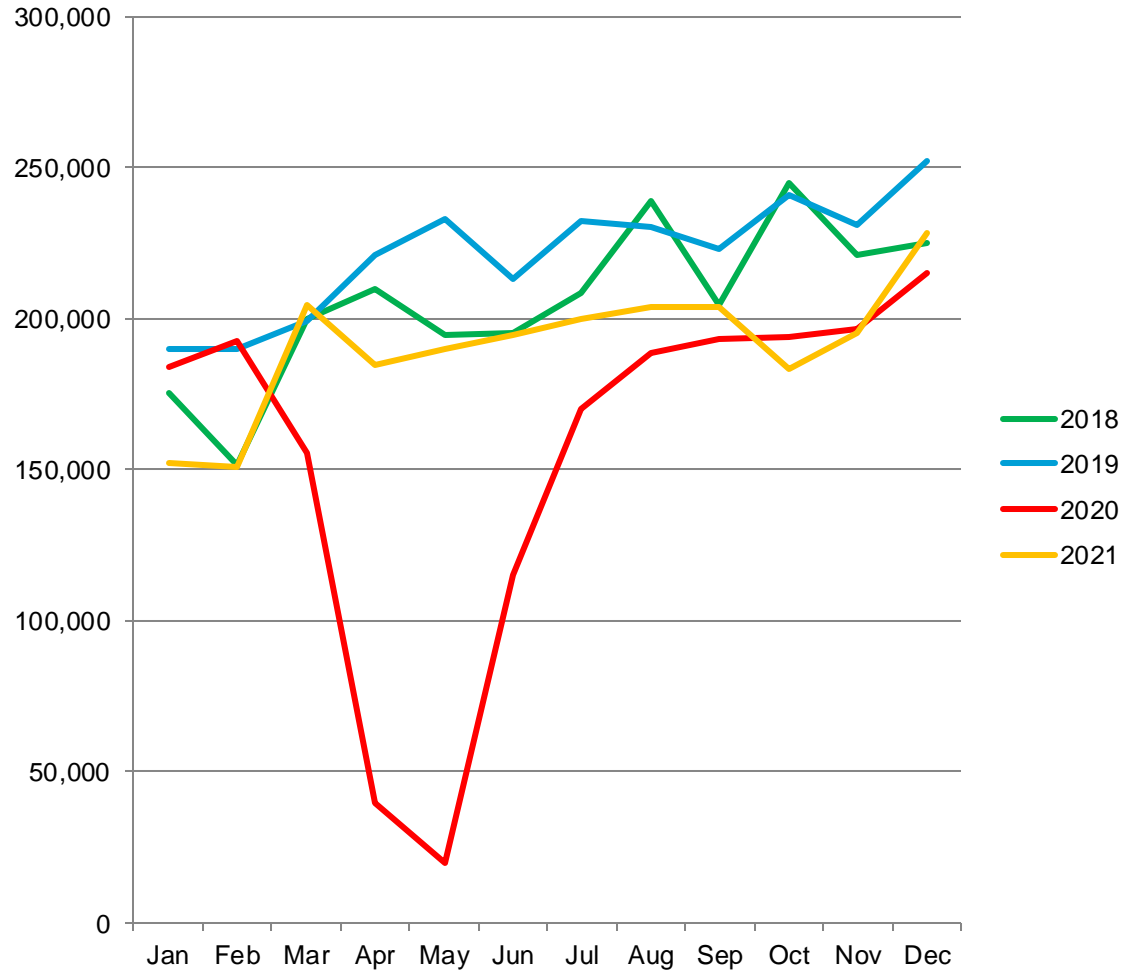


Jan-20	184,125	-3%
Feb-20	192,639	1%
Mar-20	155,810	-22%
<i>Apr-20</i>	<i>23,615</i>	<i>-89%</i>
<i>May-20</i>	<i>19,512</i>	<i>-92%</i>
<i>Jun-20</i>	<i>101,372</i>	<i>-53%</i>
<i>Jul-20</i>	<i>160,064</i>	<i>-31%</i>
<i>Aug-20</i>	<i>186,303</i>	<i>-19%</i>
<i>Sep-20</i>	<i>196,891</i>	<i>-12%</i>
<i>Oct-20</i>	<i>202,857</i>	<i>-16%</i>
<i>Nov-20</i>	<i>207,826</i>	<i>-10%</i>
<i>Dec-20</i>	<i>228,784</i>	<i>-9%</i>
<i>Jan-21</i>	<i>149,458</i>	<i>-19%</i>
<i>Feb-21</i>	<i>148,881</i>	<i>-23%</i>
<i>Mar-21</i>	<i>201,987</i>	<i>30%</i>
<i>Apr-21</i>	<i>183,211</i>	<i>676%</i>
<i>May-21</i>	<i>189,610</i>	<i>872%</i>
<i>Jun-21</i>	<i>195,755</i>	<i>93%</i>
<i>Jul-21</i>	<i>202,715</i>	<i>27%</i>
<i>Aug-21</i>	<i>208,583</i>	<i>12%</i>
<i>Sep-21</i>	<i>209,410</i>	<i>6%</i>
<i>Oct-21</i>	<i>189,460</i>	<i>-7%</i>
<i>Nov-21</i>	<i>202,087</i>	<i>-3%</i>
<i>Dec-21</i>	<i>237,090</i>	<i>4%</i>

Brazil SAAR V1

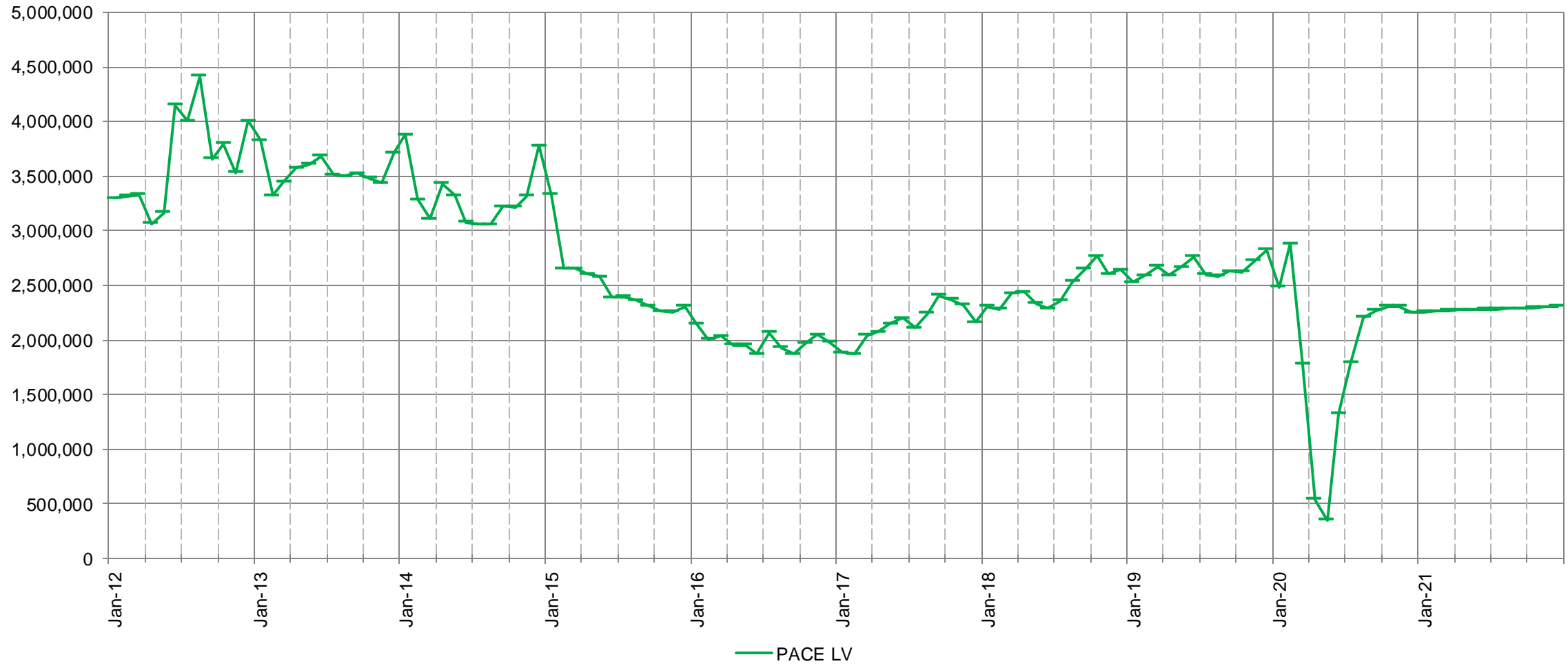


Brazil Monthly Walk V2

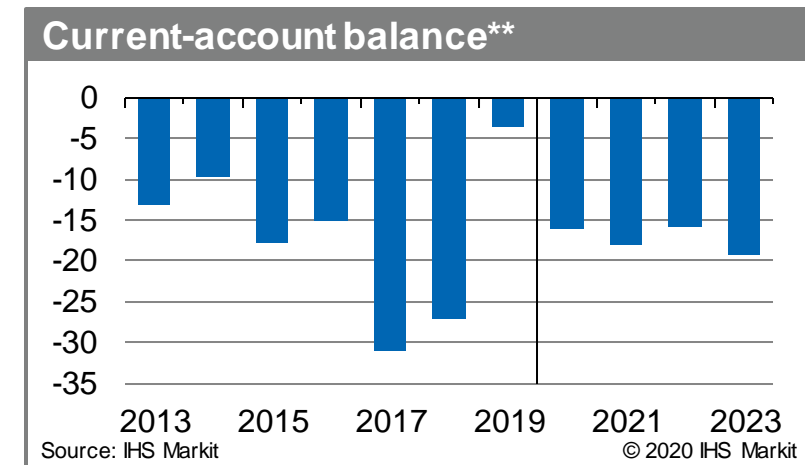
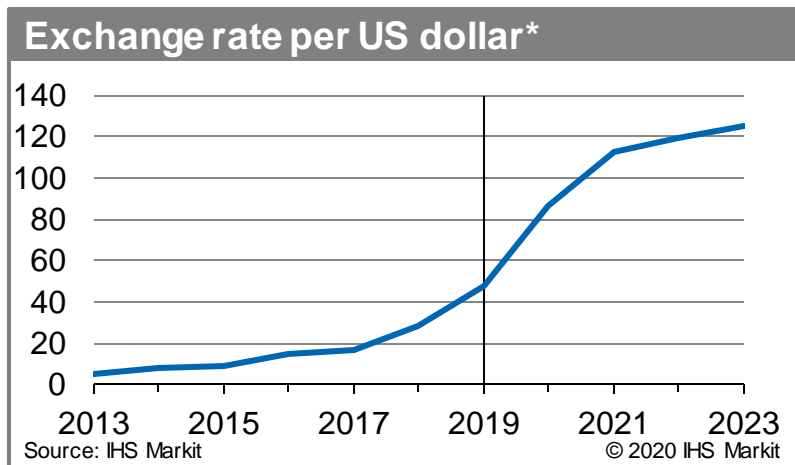
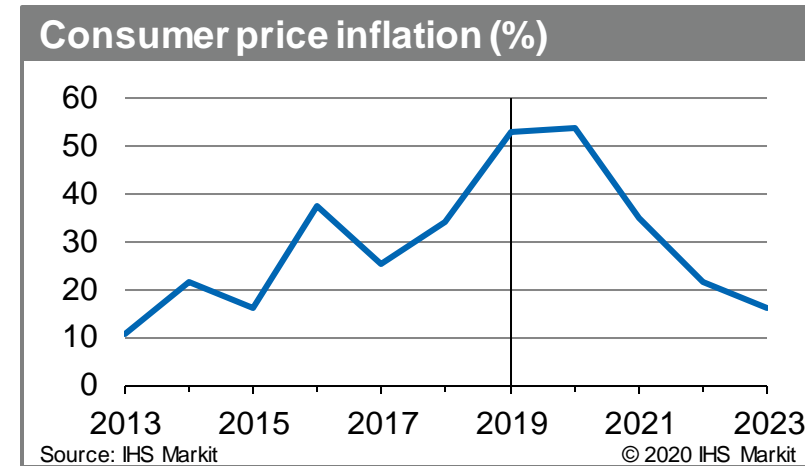
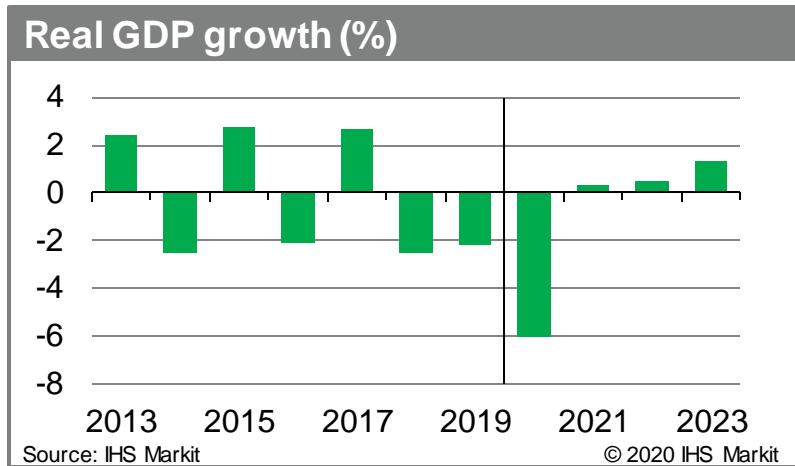


Jan-20	184,125	-3%
Feb-20	192,639	1%
Mar-20	155,810	-22%
<i>Apr-20</i>	<i>39,594</i>	<i>-82%</i>
<i>May-20</i>	<i>19,791</i>	<i>-92%</i>
<i>Jun-20</i>	<i>115,418</i>	<i>-46%</i>
<i>Jul-20</i>	<i>170,237</i>	<i>-27%</i>
<i>Aug-20</i>	<i>188,731</i>	<i>-18%</i>
<i>Sep-20</i>	<i>193,115</i>	<i>-13%</i>
<i>Oct-20</i>	<i>194,269</i>	<i>-19%</i>
<i>Nov-20</i>	<i>196,346</i>	<i>-15%</i>
<i>Dec-20</i>	<i>214,905</i>	<i>-15%</i>
<i>Jan-21</i>	<i>152,052</i>	<i>-17%</i>
<i>Feb-21</i>	<i>151,147</i>	<i>-22%</i>
<i>Mar-21</i>	<i>204,434</i>	<i>31%</i>
<i>Apr-21</i>	<i>184,611</i>	<i>366%</i>
<i>May-21</i>	<i>189,904</i>	<i>860%</i>
<i>Jun-21</i>	<i>194,597</i>	<i>69%</i>
<i>Jul-21</i>	<i>199,900</i>	<i>17%</i>
<i>Aug-21</i>	<i>204,164</i>	<i>8%</i>
<i>Sep-21</i>	<i>203,751</i>	<i>6%</i>
<i>Oct-21</i>	<i>183,541</i>	<i>-6%</i>
<i>Nov-21</i>	<i>195,190</i>	<i>-1%</i>
<i>Dec-21</i>	<i>228,535</i>	<i>6%</i>

Brazil SAAR V2



Argentina outlook summary

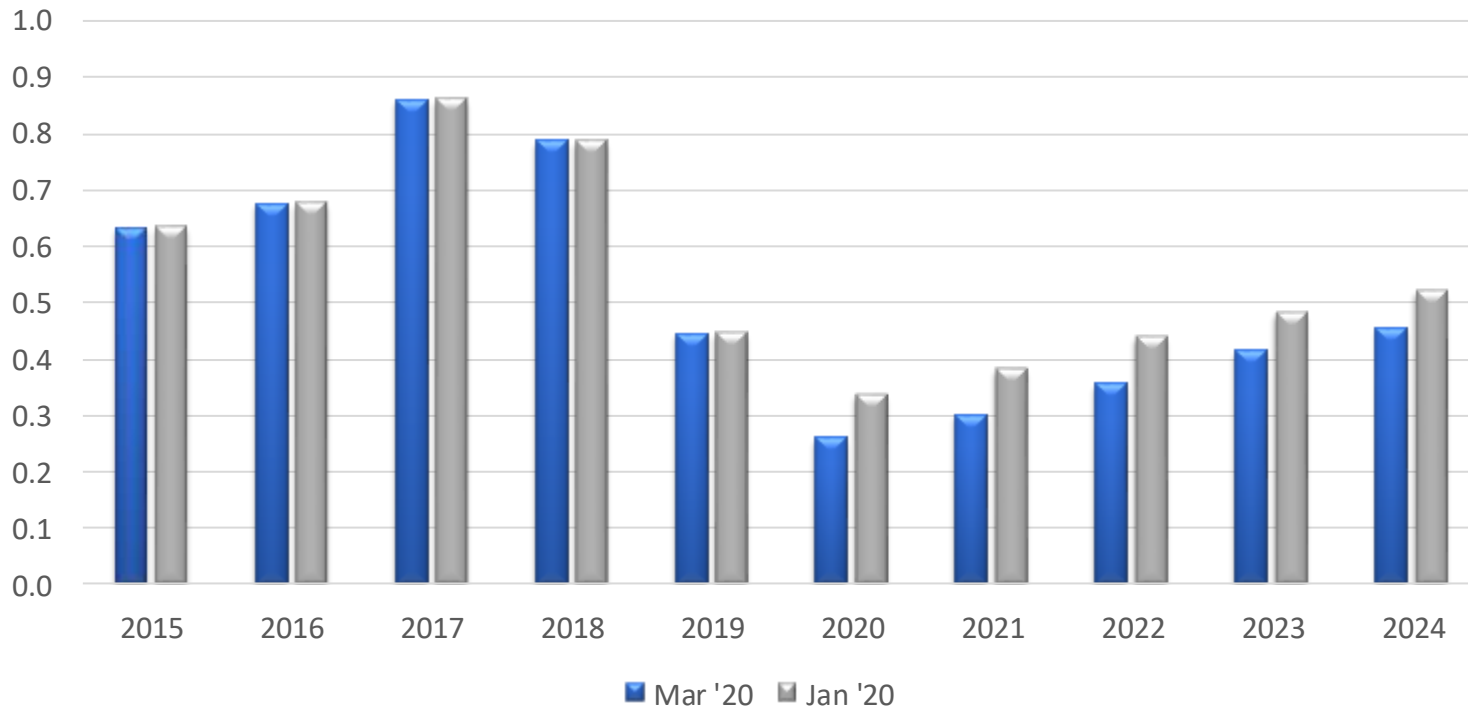


*Annual average, **Billions of US dollars

Argentina uncertainty looms

April V1

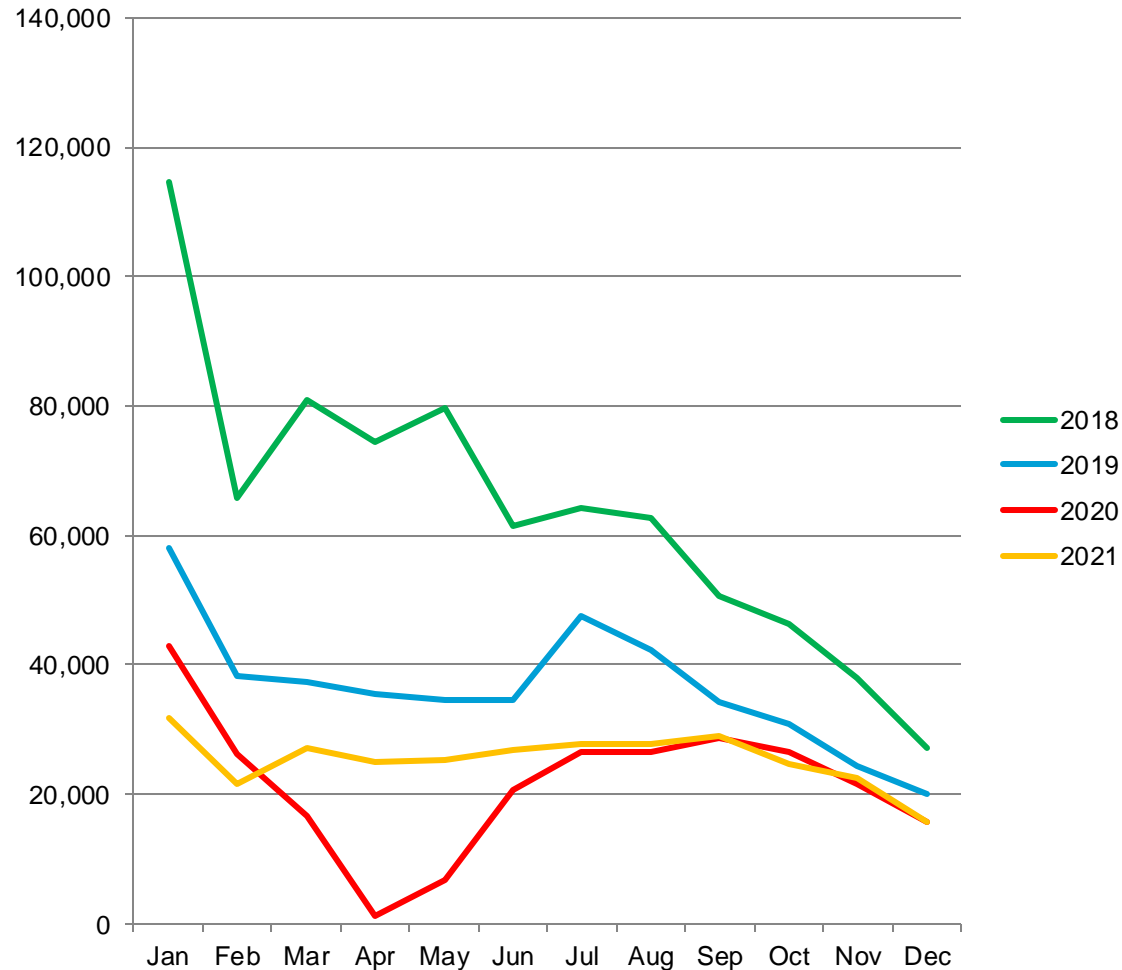
Argentina – Covid-19 Impacted Light Vehicle Sales Forecast (V1)



	2020	2021	2022	2023
% Growth YoY	-41.6%	15.3%	18.5%	16.6%
Vol Delta vs. Pre-Crisis Jan Forecast	-75,969	-81,234	-84,892	-66,301

- The Argentine economy expected to contract by -6% for 2020. President Fernandez has imposed a quarantine through the end of April.
- Oil production is impacted, Loma Campana -50%; but grain deliveries are normalized at port w 6,000 trucks.
- Argentina requested the group of Paris an extension on all payments until May 2021 from May 2020 on 4/17. Part of this requested lower financing rates.
- **There is very little that the government can do from a Fiscal or Monetary standpoint.**
- There are two restart scenarios:
 - May 4 30%
 - June 1 50%
 - Oct 1 90%
 Or
 - June 1 30%
 - July 1 50%
 - Oct 1 90%
- The Peso is already starting to seriously depreciate in the black market “dollar blue”.
- Currently NO vehicles being registered. Not even emergency service vehicles

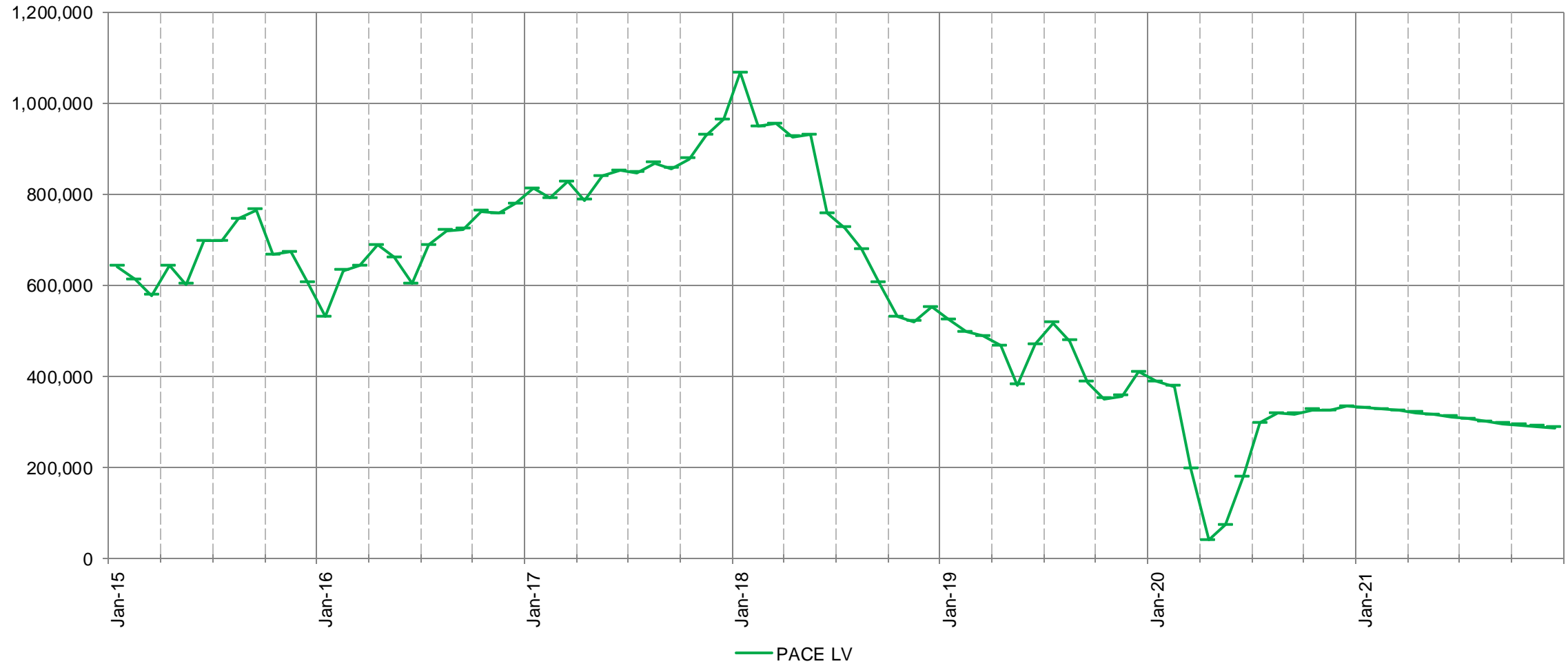
ARGENTINA Monthly Walk V1



Jan-20	42,905	-26.0%
Feb-20	26,051	-32.0%
Mar-20	16,706	-55.3%
<i>Apr-20</i>	<i>1,145</i>	<i>-96.8%</i>
<i>May-20</i>	<i>6,862</i>	<i>-80.2%</i>
<i>Jun-20</i>	<i>20,736</i>	<i>-39.8%</i>
<i>Jul-20</i>	<i>26,476</i>	<i>-44.4%</i>
<i>Aug-20</i>	<i>26,375</i>	<i>-37.6%</i>
<i>Sep-20</i>	<i>28,712</i>	<i>-15.9%</i>
<i>Oct-20</i>	<i>26,460</i>	<i>-14.0%</i>
<i>Nov-20</i>	<i>21,553</i>	<i>-11.5%</i>
<i>Dec-20</i>	<i>15,817</i>	<i>-21.5%</i>
<i>Jan-21</i>	<i>31,772</i>	<i>-25.9%</i>
<i>Feb-21</i>	<i>21,654</i>	<i>-16.9%</i>
<i>Mar-21</i>	<i>27,230</i>	<i>63.0%</i>
<i>Apr-21</i>	<i>24,858</i>	<i>2071.4%</i>
<i>May-21</i>	<i>25,303</i>	<i>268.7%</i>
<i>Jun-21</i>	<i>26,665</i>	<i>28.6%</i>
<i>Jul-21</i>	<i>27,736</i>	<i>4.8%</i>
<i>Aug-21</i>	<i>27,847</i>	<i>5.6%</i>
<i>Sep-21</i>	<i>28,953</i>	<i>0.8%</i>
<i>Oct-21</i>	<i>24,763</i>	<i>-6.4%</i>
<i>Nov-21</i>	<i>22,471</i>	<i>4.3%</i>
<i>Dec-21</i>	<i>15,713</i>	<i>-0.7%</i>

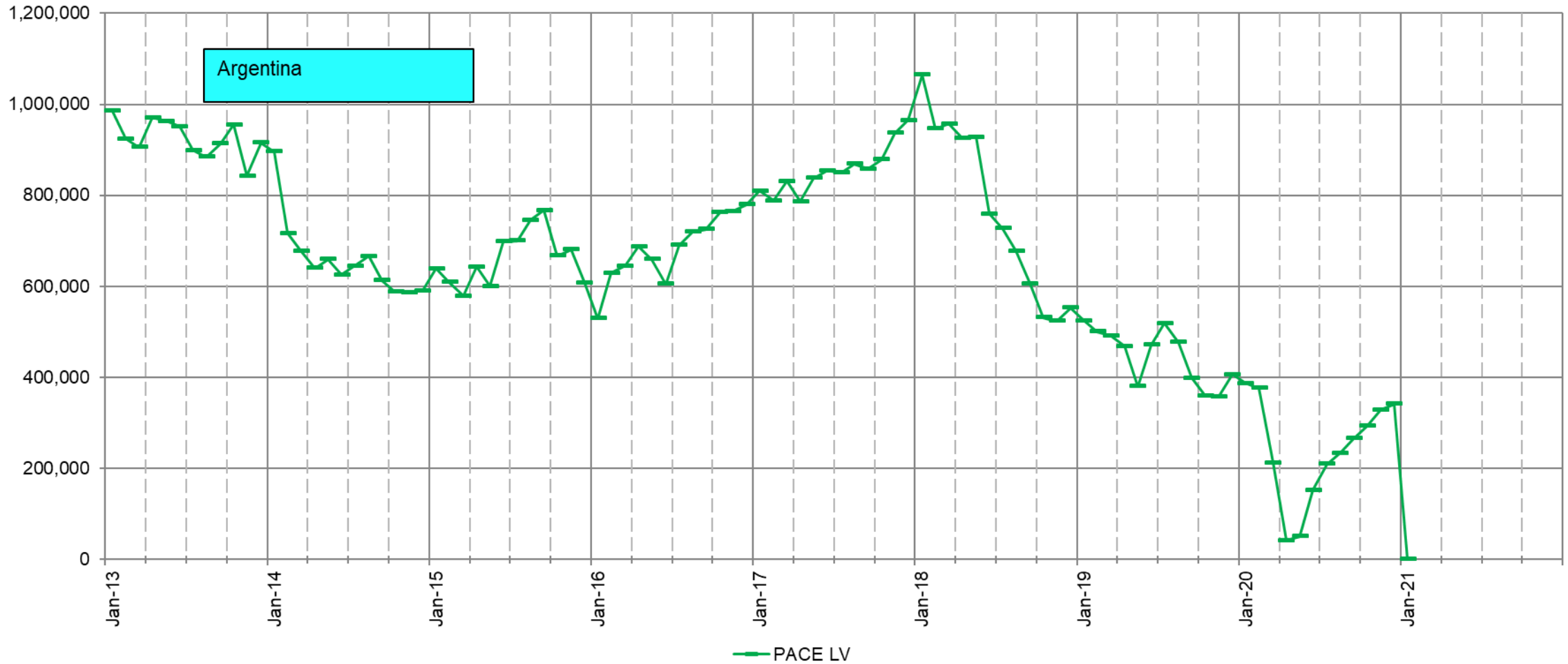
ARGENTINA

V1



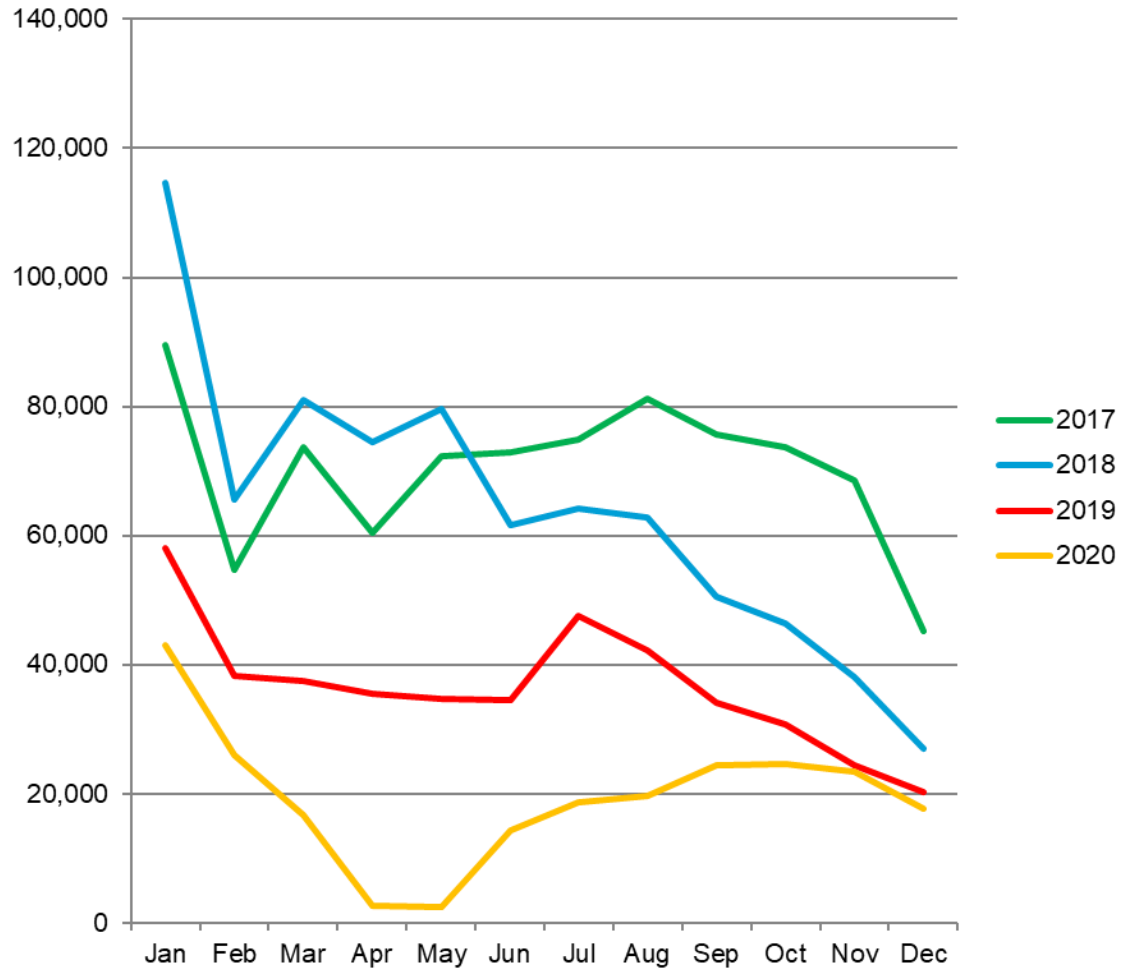
ARGENTINA

DSR Recovery



ARGENTINA Monthly Walk

DSR Recovery



Jan-20	42,905	-26%
Feb-20	26,051	-32%
Mar-20	16,706	-55%
Apr-20	2,612	-93%
May-20	2,481	-93%
Jun-20	14,366	-58%
Jul-20	18,676	-61%
Aug-20	19,590	-54%
Sep-20	24,422	-28%
Oct-20	24,683	-20%
Nov-20	23,508	-3%
Dec-20	17,683	-12%

Thank you! Muchas Gracias! Muito Obrigado!

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