

Brief Analysis of the Economic Operation of the Auto Industry in July 2021

1. Overview of the overall operation

In July this year, in the face of a recurrence of the epidemic in some regions, frequent extreme weather and other complex situations, the national economy has been operating steadily, with production demand continuing to rebound, employment and prices generally stable, new drivers growing fast, quality and efficiency steadily improving, and market players' expectations on a positive basis. Against this backdrop, the auto market is generally stable.

From the perspective of market conditions, the auto production and sales decreased year-on-year this month. The influencing factors were as follows: the high base of the same period last year (an increase compared with the same period in 2019); the significant decrease of commercial vehicles compared with the same period last year due to the change of emission regulations. However, under the pull of light buses, the buses still showed an increase. The production and sales of passenger cars fell year-on-year affected by chip shortage, but the decline narrowed. This month, the new energy vehicles continued to be a bright spot. The production and sales of the month continued to set new historical records. The cumulative production and sales have exceeded the domestic annual number, and the penetration rate from January

to July increased to 10%. In addition, this month's auto exports also continued to maintain rapid growth, and the monthly export volume reached a record high.

Looking forward to the whole year, China's national economy will continue to stabilize and improve, but the complex and volatile situation at home and abroad will also bring uncertainty. In particular, the rebound of overseas epidemic situation will still lead to the risk of chip supply shortage, and the recurrence of the epidemic in some local areas will also affect the supply and demand to a certain extent. In addition, raw material prices continue to be high to further increase enterprise cost pressure. These problems will also have an impact on the auto industry. Taken together, we need to be cautiously optimistic about the development of the industry.

2. Operation of the automobile industry in July 2021

- **Automobile production and sales continued to decline year-on-year**

In July, the production and sales of automobiles were 1.863 million and 1.864 million, down 4.1% and 7.5% month-on-month, and down 15.5% and 11.9% year-on-year. Compared with the same period in 2019, production and sales increased by 3.2% and 2.7% respectively. The output growth rate was 0.8 percentage points higher than that in June, and the sales growth rate turned from negative to positive.

From January to July, the production and sales of automobiles were 14.440 million and 14.756 million, an increase of 17.2% and 19.3% year-on-year. The growth rate

continued to fall by 7 and 6.3 percentage points from January to June. Compared with the same period in 2019, production and sales increased by 3.4% and 4.2% year-on-year. The increase in output was the same as that in the first six months, and the increase in sales was 0.2 percentage points lower than that in the first six months.

- **The decline in passenger car production and sales has narrowed**

In July, the production and sales of passenger cars were 1.548 million and 1.551 million, down 0.5% and 1.1% month-on-month, and 10.7% and 7.0% year-on-year. The decline was 3 and 4.1 percentage points lower than that in June. In the four types of models, except for the sales of crossover passenger cars, which showed a slight year-on-year increase, the production and sales of other models showed a decline. Compared with 2019, the production and sales of passenger cars increased by 1.3% and 1.1% year-on-year, and the growth rate of production and sales changed from negative to positive compared with June.

From January to July, the production and sales of passenger cars were 11.394 million and 11.56 million, an increase of 20.1% and 21.2% year-on-year. The growth rate continued to drop by 6.7 and 5.8 percentage points from January to June. Compared with the same period in 2019, production and sales fell by 1.2% and 1% year-on-year, and the rate of decline was 0.4 percentage points smaller than the average from January to June.

- **The production and sales of commercial vehicles dropped sharply year-on-year**

In July, the production and sales of commercial vehicles were 315,000 and 312,000, down 18.8% and 30.0% month-on-month, and down 33.2% and 30.2% year-on-year. In terms of vehicle types, on the yearly basis, the production and sales of trucks significantly dropped, while the production and sales of buses increased. Compared with the same period in 2019, the production and sales of commercial vehicles increased by 13.8% and 11.3% year-on-year, and the growth rate dropped sharply by 17.4 and 24.5 percentage points from June.

From January to July, the production and sales of commercial vehicles were 3.045 million and 3.196 million, up 7.6% and 12.9% year-on-year. The growth rate continued to drop by 8.1 and 8 percentage points from January to June. Compared with the same period in 2019, the production and sales of commercial vehicles increased by 25.2% and 29% year-on-year, and the growth rate was 1.5 and 2.3 percentage points lower than that from January to June.

- **New energy vehicle production and sales continued to break new records**

In July, the production and sales of new energy vehicles were 284,000 and 271,000 respectively, a year-on-year increase of 1.7 times and 1.6 times. Among them, the production and sales of pure electric vehicles were 232,000 and 220,000 respectively, an increase of 1.8 times and 1.7 times; the production and sales of plug-in hybrid

vehicles were 52,000 and 50,000 respectively, an increase of 1.5 times and 1.6 times; the production and sales of fuel cell vehicles were completed by 32 and 196 respectively, an increase of 3.6 times and 48 times year-on-year. New energy production and sales continued to break new records this month. From the perspective of sub-models, the production and sales of pure electric vehicles and plug-in hybrid vehicles have also set new records.

From January to July, the production and sales of new energy vehicles were 1.504 million and 1.478 million respectively, a year-on-year increase of two times. Among them, the production and sales of pure electric vehicles were 1.26 million and 1.227 million, an increase of 2.2 times year-on-year; the production and sales of plug-in hybrid vehicles were 244,000 and 251,000 respectively, an increase of 1.1 times and 1.3 times year-on-year; the production and sales of fuel cell vehicles were 664 vehicles and 675 vehicles, a year-on-year increase of 48.5% and 47.7% respectively.