

## **Brief Analysis of the Economic Operation of the Automobile Industry in February 2021**

### **1. Overview of the overall operation**

From January to February 2021, China's economic operation continued the trend of stable recovery since the second quarter of last year. After the Spring Festival, the rate of resumption of investment projects and the rate of operation of construction companies were higher than in previous years. The Purchasing Managers Index (PMI) of the manufacturing industry in February was above the line of prosperity for 12 consecutive months, indicating that the economy has maintained an expansion trend. In addition, the consumer market is generally active. From the perspective of demand indicators, retail catering consumption during the Spring Festival this year increased by 4.9% compared with the Spring Festival in 2019, indicating that consumer demand has been steadily recovering. In this context, the automobile industry has continued a good development trend.

From the perspective of market conditions, due to the very-low base in February 2020, the production and sales of various types have shown a substantial growth in the same month year-on-year. From the perspective of segmented models, among commercial vehicles, the production and sales of heavy-duty trucks surpassed that of light-duty trucks and continued to set a new historical record for the month, continuing a good development trend. Compared with the cumulative historical data of 2019 and 2018, production and sales of passenger vehicles are still declining, indicating that market consumption continues to recover. Finally, it is worth mentioning that this month's new energy production and sales and exports continued to refresh the historical record of the month; and continued to maintain a relatively large scale in terms of quantity.

Looking forward to the future, China's economy will continue to recover steadily. This year's government work report stated that the GDP will increase by more than 6%, which clarified the policy orientation of steadily increasing the bulk consumption of automobiles and home appliances. At the same time, the "Notice on the Work Guidelines for Promoting Auto Consumption in the Business Field and Some Local Experiences and Practices" released by the General Office of the Ministry of Commerce this February will also have a positive effect on auto consumption. In view of the hot issues in the industry, the Ministry of Industry and Information Technology is also organizing industry forces to jointly resolve the chip crisis and gradually alleviate the adverse impact of key technologies on the industry. Therefore, it is judged that the future automotive industry will still maintain a stable and positive development trend.

However, we should also note that China's economic recovery is still facing some risks and challenges. The epidemic is still spreading globally, the world economic situation is severe and complex, and unstable and uncertain factors have increased; the foundation for domestic economic recovery is not yet solid, and household consumption is still restricted, insufficient investment growth potential, and more difficulties for small, medium and micro enterprises and individual industrial and commercial households, these factors will also affect the stable recovery of the auto market to a certain extent.

### **2. Operation of the automobile industry in February 2021**

#### **● The year-on-year growth rate of automobile production and sales is extremely high**

In February, the production and sales of automobiles were 1.503 million and 1.455 million, a decrease of 37.1% and 41.9% from the previous month, and a year-on-year increase of 4.2 times and 3.6 times. There are two reasons for the sharp year-on-year growth in production and sales this month. One is that the production and sales base level was low due to the impact of the epidemic in February 2020, and the other is that the current market demand is still recovering.

From January to February, the production and sales of automobiles reached 3.890 million and 3.958 million, an

increase of 88.9% and 76.2% year-on-year. Compared with the data in 2019, automobile production and sales increased slightly, 2.9% and 2.7% year-on-year; compared with the 2018 data, automobile production and sales fell 11.5% and 12.6% year-on-year.

● **Affected by the low base number, the production and sales of passenger vehicles increased significantly year-on-year**

In February, the production and sales of passenger vehicles were 1.162 million and 1.156 million respectively, a decrease of 39.1% and 43.5% from the previous month, and a year-on-year increase of 4.8 times and 4.1 times respectively.

From January to February, the production and sales of passenger cars were 3.072 million and 3.201 million, an increase of 87.0% and 74.0% year-on-year. However, compared with the data in 2019, passenger vehicle production and sales have shown a decline, down 2.2% and 1.4% year-on-year respectively. The performance is relatively weaker than that of commercial vehicles, indicating that automobile consumption is still recovering.

Judging from the cumulative data of segmented models, the production and sales of SUVs are greater than that of cars, and the four types of models have shown substantial growth due to the low base in the same period.

● **The year-on-year growth rate of commercial vehicles is lower than that of passenger vehicles**

In February, the production and sales of commercial vehicles were 340,000 and 299,000 respectively, a decrease of 28.8% and 34.8% from the previous month, and a year-on-year increase of 2.8 times and 2.5 times respectively, which was lower than the growth rate of passenger vehicles. It is worth mentioning that the production and sales of heavy trucks this month completed 144,000 and 118,000 respectively, continuing to refresh the historical record of the month's production and sales, and the number exceeds that of light trucks.

From January to February, the production and sales of commercial vehicles completed 818,000 and 757,000 respectively, an increase of 96.3% and 86.2% year-on-year. Compared with the data in 2019, the production and sales of commercial vehicles increased by 27.9% and 24.5% year-on-year. In terms of the production and sales of different models, supported by the low base factor, the production and sales of trucks and buses both showed a significant year-on-year growth.

● **New energy vehicles continue to refresh the historical production and sales records of the month**

In February, the production and sales of new energy vehicles were completed at 124,000 and 110,000, an increase of 7.2 times and 5.8 times year-on-year respectively. This month, new energy vehicles have set a record of the month's production and sales for eight consecutive months. Among them, the production and sales of pure electric vehicles were 107,000 and 92,000, an increase of 7.2 times and 5.8 times respectively; the production and sales of plug-in hybrid vehicles were 16,000 and 17,000, an increase of 7.4 and 5.9 times respectively; the production and sales of fuel cell vehicles were completed in 25 and 28 respectively.

From January to February, the production and sales of new energy vehicles were 317,000 and 289,000 respectively, a year-on-year increase of 3.9 times and 3.2 times. Among them, the production and sales of pure electric vehicles were 273,000 and 243,000, an increase of 4.6 times and 3.6 times respectively; the production and sales of plug-in hybrid electric vehicles were 44,000 and 46,000, an increase of 1.7 and 1.8 times respectively; the production and sales of fuel cell vehicles were 59 and 91 respectively, down 59.3% and 46.8% year-on-year.