



INDUSTRY SECTOR OUTLOOK

Automotive Manufacturing Industry

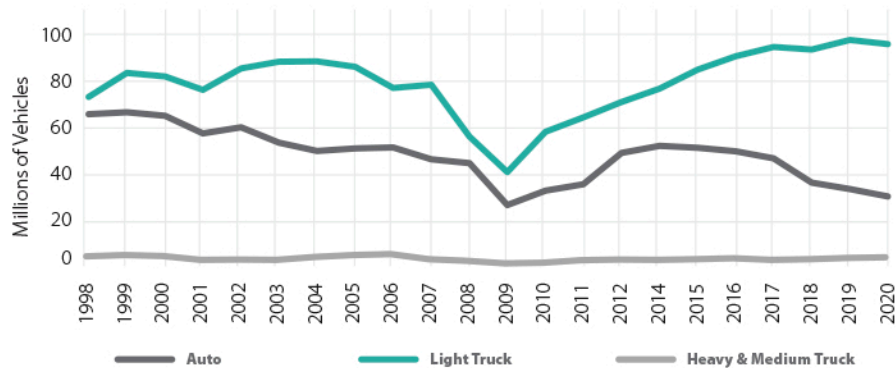
Volume 1/October 2020

Over the past 10 years, there has been a slight increase in the number of hybrid-electric vehicles (HEV) and fully electric vehicles (EV), but they remain a very small percentage of the total automotive market (less than 2.0%), and sales fell by 18% in 2019. The desirability of these vehicles increases with the cost of gasoline, and over the last few years gasoline prices have been dropping. Large vehicles such as trucks, Sport Utility Vehicle (SUV) and Compact Utility Vehicle (CUV) have dominated sales.

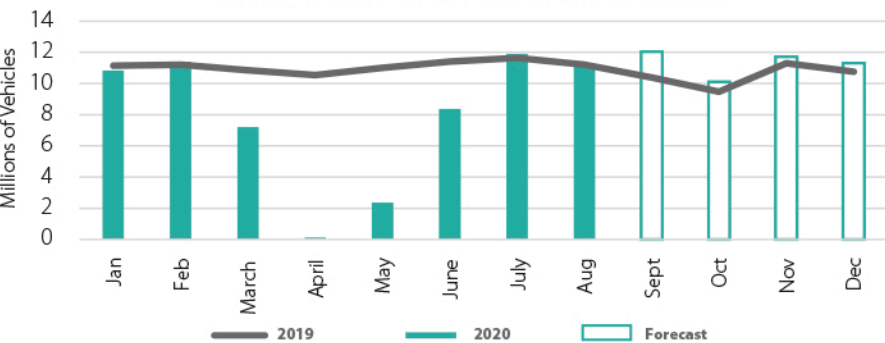
PRODUCTION

Auto vehicle assemblies have been on the decline since 2016 as production of small vehicles shifted to Mexico due to the declining popularity of the small car. However, light truck assemblies saw an increase. The largest increase has been in the CUV rather than the SUV market. Heavy and medium truck assemblies have remained level for the last 21 years. The majority of innovation in the automotive sector has been in technology as electronics and computer systems have been added to all aspects of the vehicle.

Year over Year U.S. Vehicle Assemblies



2019-2020 Month-Over-Month U.S. Total Vehicle Assemblies and Forecast



On average the U.S. automotive sector produces around 17 million vehicles each year with some minor fluctuation. The primary drivers for demand have been fuel prices, employment numbers, and the overall costs of a new car. Due to COVID-19 manufacturing and production slowed in March and came to a halt in April, slowly picking up in May with an increase in June. By July, capacity utilization soared but remained below the ideal percentage (between 80% and 85%). The consumer demand that had grown during the spring was met by the end of the summer, and car dealers consistently report that their inventories exceed normal levels.

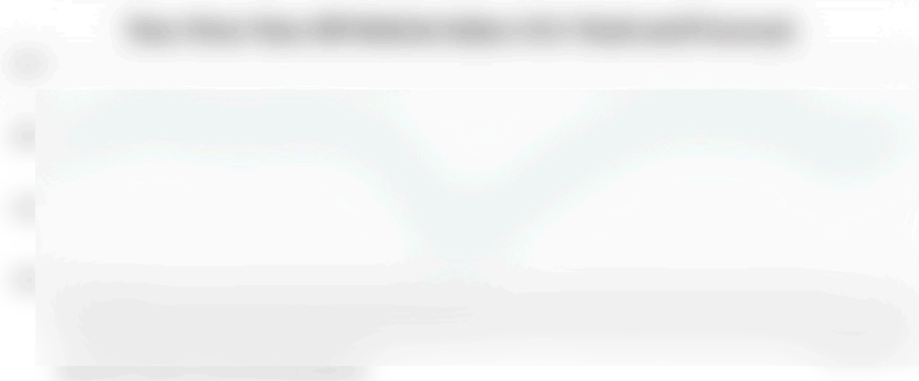




2019-2020 Month-Over-Month Auto and Light Duty Capacity and Forecast



2019 2020 2021 2022



NAED
National Association of Electrical Distributors
10.15.2020