

# Gauging the Credit Risk of Global Car Manufacturers

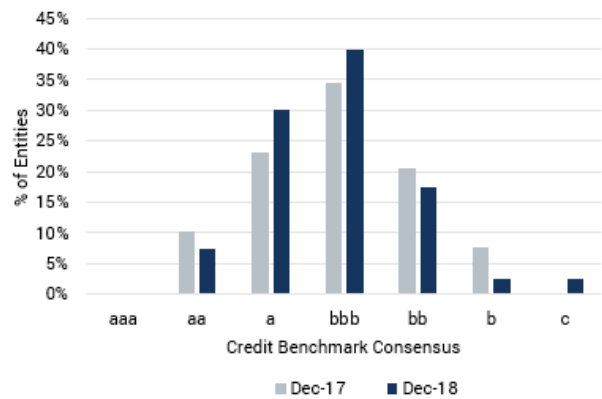
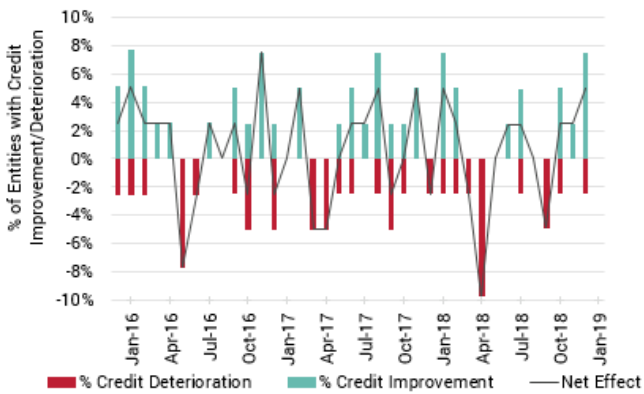
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2019 will be a big year for the auto technology space, with the pivot towards hybrid and electric vehicles underway. Europe, especially Germany, looks to be taking the lead in the auto tech race. VW Group is expecting to sell 3 million full-electric cars by 2025, and Porsche has announced that buyers of its new all-electric Tesla rival Taycan will receive free charging for three years. But is 2019 the year of all-electric or will hybrids continue to be the optimal choice?

Meanwhile, the US is making protectionist noises vs. European cars, with President Donald Trump looking likely to move ahead with tariffs on imported vehicles and US car costs benefitting from the protection. As potential buyers wait for a clearer picture of which technology to back, a surge in demand after deferred purchases could happen.

There is a lot at stake this year – the best technology will be the main factor in winning market share, but protectionism could be a source of major market distortion. And if the US agree a trade deal with China then it is likely to include a big increase in Chinese auto imports from the US and from Europe.

These uncertainties are reflected in the Global Car Manufacturers aggregate credit data from Credit Benchmark below:



Source: Credit Benchmark

A modest improvement in credit has been driven by a volatile pattern of upgrades and downgrades.

Credit Benchmark's credit risk data, sourced from 30+ of the world's leading financial institutions, shows waves of upgrades in some months followed by waves of downgrades in others, sometimes in the same name.

This is unusual, but shows that the uncertainty about which auto manufacturer is currently seen to be winning the tech race is at a maximum right now.

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