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## **China National Bureau of Statistics and Sinotrust Jointly Release '2010**

### **Q3 China Automotive Industry Climate Index'**

#### **The Climate Index declines from the peak and the Confidence Indices soar**

Beijing, October 20, 2010---China Economic Monitoring Center of China National Bureau of Statistics and Sinotrust International Information & Consulting (Beijing) jointly released the "2010 Q3 China Automotive Industry Climate Index".

#### **1. The Comprehensive China Automotive Industry Climate Index registers 104.8 points**

The China Automotive Industry Climate Index records 104.8 points in Q3 of 2010 (2001=100), down 0.9 point over the pervious quarter. Though continuing Q2's slight fallback, the index remains at a high level.

#### **2. The Pre-warning Index of China Automotive Industry records 126.7 points**

The Pre-warning Index is an important indicator reflecting the climate of the auto industry. In Q3 of 2010, the index registers 126.7 points, down 6.6 points from the previous wave, bringing the one-year increase to an end. However, the index is still a bit high.

#### **3. The Entrepreneur Expectation Index of China Automotive Industry registers 121.1 points**

The Auto Industry Entrepreneur Expectation Index reflects automakers' perception of the current market situation as well as their future anticipations. In Q3 of 2010, the index registers 121.1 points, up 7.6 points over the previous quarter, indicating that entrepreneurs are quite satisfied with the market performance of Q3 and also optimistic about the market prospect.

#### **4. The Dealer Manager Index of the China Automotive Industry registers 115.8 points**

The Dealer Manager Index demonstrates dealers' perception of the current market situation as well as their future anticipations. In Q3 of 2010, the index soars by 24.1 points to 115.8 points, which indicates that dealer managers are much more confident about the market performance than before.

#### **Characteristics of China's Automotive Industry in Q3 of 2010**

In summary, the following trends were observed during the survey: 1. the Industry Climate Index of Q3 remains high despite a slight fallback over the previous wave; 2. the growth of the related economic indicators (e.g. the industry's total profit) shows a slowdown and the production and sales growth is becoming rationalized; 3. with vehicle prices dropping and the growth of the capital occupation rate for finished products regaining its momentum, the inventory pressure increases; 4. as entrepreneurs and

dealers are satisfied with the market performance in Q3 and optimistic about the market prospect in Q4, both the Entrepreneur Expectation Index and the Dealer Manager Index stop dropping and rebound.

### **Forecast of the China Automotive Industry Climate Index in Q4 of 2010**

Because of a high base of comparison in Q3 of 2009, the Climate Index in Q3 of 2010 seems relatively low. The industry's total profit, auto sales volume, total tax, and vehicle and parts exports all show a slowdown from the previous quarter.

Currently, the governmental stimulus package's driving effects are waning slowly. The stimulus policies, such as "Vehicle purchase tax reduction", "Promoting vehicle purchase in rural areas" and "Promoting the replacement of end-of-life vehicles", may expire at the end of 2010, which will trigger a last-minute purchase rush at the end of this year. Therefore, the auto market will continue to be booming in Q4 of 2010.

According to the survey on entrepreneurs and dealers, both entrepreneurs and dealers are bullish on the auto market in Q4, because they believe the upcoming traditional peak season and the soon expiration of the policy of "Vehicle purchase tax reduction" will trigger a last-minute car-purchase rush. Dealers, who stand at the frontline of the auto market, are more sensitive to market changes. The market rebound in Q3 and the upcoming peak season in Q4 strengthen their optimistic sentiment, and make them very confident about the market performance in Q4.

According to the Entrepreneur Expectation Index, most entrepreneurs think the market demand will be stronger in Q4 than in Q3. 9.1% of the surveyed entrepreneurs are "very optimistic" and 90.9% are "optimistic" about the market demand. In terms of main business revenue, most entrepreneurs think they will see an increase in main business revenue in Q4. 33.3% of them think the increase will be "significant" and the remaining 66.7% think it will be "slight". Also, some entrepreneurs think their sales volume will show a seasonal rise in Q4 because their major markets are in tier 2 and 3 cities, where the conclusion of the busy farming season and the end-of-year consumption mentality will greatly boost auto sales.

The Dealer Manager Index shows that most dealer managers think both their customer traffic and the sales volume will record an increase in Q4. When asked to predict the Q4's situation, over 70% of dealer managers think the customer traffic will rise and 81.8% think the sales volume will show a continuous increase. In general, dealer managers are very optimistic about the market prospect in Q4.

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## **About China Automotive Industry Climate Index**

The China Automotive Industry Climate Index was developed jointly by China Economic Climate Monitor Center of China National Bureau of Statistics and Sinotrust International Information & Consulting (Co., Ltd.) at the beginning of 2009. The index gives a quantitative description of the development trends of the auto market in China.

The quarterly-issued China Automotive Industry Climate Index consists of the Comprehensive Climate Index, Pre-warning Index, Entrepreneur Expectation Index, Dealer Manager Index and Regional Buying-power Index, based on which, the *Reports for the Research on China Automobile Industry Climate* is compiled to analyze the reasons and trends of climate changes, estimate industry development period, identify the peak and bottom of industry development, and give pre-warning signals. All this paves the way for national macroeconomic control over the auto sector and the creation of production and sales plans by automakers, and guides the sound development of China's auto industry with its accurate and most-up-to-date information.

## **About Sinotrust Automotive Marketing Solutions**

Sinotrust is a leading supplier of marketing solutions to the Chinese automotive market. With offices in Beijing, Shanghai and Guangzhou, we have a team of over 260 skilled professionals devoted to our automotive marketing solutions. Our Automotive Marketing Solutions integrate information, services and technology to provide marketing research services, marketing consulting & business strategy services and database marketing services, helping automotive companies position their products correctly, identify target markets accurately and conduct effective marketing so as to develop sustainable and profitable customer relationship.

## **About Sinotrust**

Sinotrust is a leading supplier of marketing solutions and credit solutions in China. We collect, analyze and manage information about markets, consumers and businesses to provide marketing research, business information, consulting and database marketing services through integration of information, services and technology. Our products and services help you make better marketing and credit decisions and develop profitable customer relationships.

We employ over 700 people in our offices in Beijing, Shanghai and Guangzhou, supporting organization clients from automotive, financial services, insurance, retail, telecommunications, IT, manufacturing, consumer products and trade sectors. Over 80% of the Fortune 500 companies operating in China are using different products and services of ours.

At the beginning of 2007, Experian, the leading global information services company, made a strategic

investment in Sinotrust with both capital and know-how. The investment keeps on improving our service capabilities.

Website: [www.sinotrust.cn](http://www.sinotrust.cn)