



Research Signals: Automotive Signals

Proprietary industry-specific signals designed to predict global automotive stock returns

Our Automotive Signals systematically score stocks based on a number of metrics specific to the automobile industry. Metrics include stock-specific factors that quantify a company's sales growth, production trends, market share, production utilization and exposure to electric vehicles. These signals can improve stock selection models within the automotive industry and provide deeper insights into the operations of original equipment manufacturers (OEMs).

Automobile sales and production results are key components to stock performance in the industry, but as the industry has shifted to globalization, it is a challenge to find information relevant to global markets. In addition, the changing importance of electrification, trade tariffs and emerging markets means stock prices are being driven by many different factors that may not be captured in standard financial statement ratios.

Depth of data

Our product utilizes robust statistical automotive data sets from IHS Markit that include vehicle sales and production history, aggregated registration information, manufacturing volumes and vehicle pricing insight across various geographies.

Predictive

Designed to predict global automotive stock returns, our research finds positive alpha in our factors, including a return spread of up to 1.64% for the Monthly Trend in Production Growth factor and up to a 2.14% return spread for the Monthly Trend in Sales Growth factor.

Uncorrelated

Signals measuring global auto unit sales growth have low correlation with traditional factors like 1-yr Growth in TTM Earnings Per Share and Book-to-Market, while novel factors like Electrification Ratio and Production Utilization go beyond the capabilities of standard financial statement ratios.

Advanced analytics

Mapped, cleaned time series of alternative data for the automotive industry allows for deeper analysis into the drivers of OEM production and sales and enables data science and analytics modelling.

Global reach

Quantify trends globally and within specific countries and regions from a robust, comprehensive database that goes beyond the US sales numbers reported by the OEMs.

KEY STATS

32

industry specific factors

30+

global automotive manufacturers

10+

years of historical data

12

time series data points for additional analysis

CUSTOMERS

Hedge Funds

Asset Managers

Mutual Funds

Banks

Automotive Signals provide insight into several automotive company characteristics:

Global sales trends

- 3-month unit sales surprise
- Trend in 3-month sales growth
- Monthly change in sales in dominant market
- Monthly trend in China market share
- Monthly trend in estimated revenue
- US market share trend
- Unit sales surprise

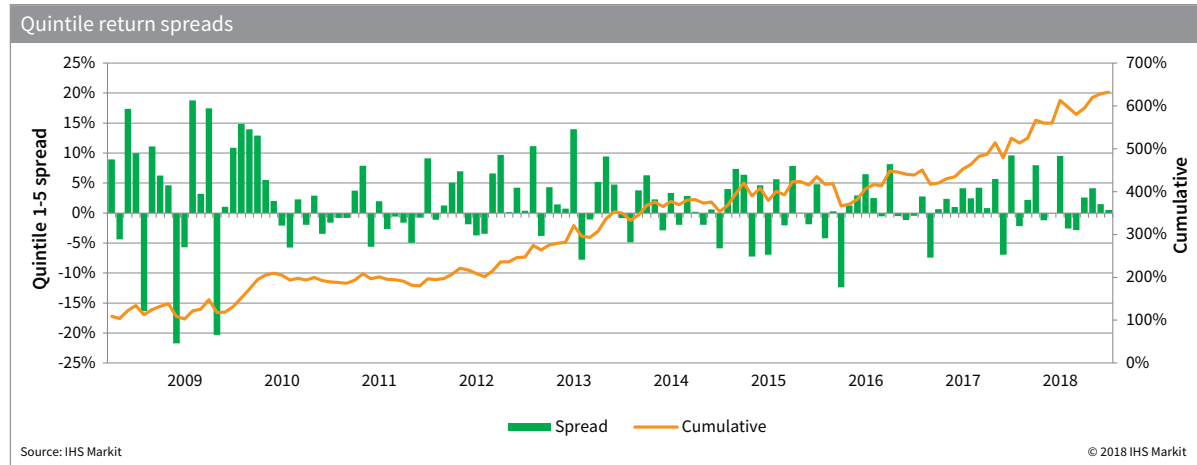
Global production

- Monthly trend in production growth
- Plant utilization
- YOY change in production output

Vehicle trends

- Monthly change in electric ratio
- YOY change in model life cycle

Factor return: YOY change in production output



Factor performance

Factor type	Factor	Average quintile return spread	
		July 2008 - Apr 2018	Jan 2011 - Apr 2018
Model life cycle	YOY change in life cycle	-1.42	-0.43
	Plant utilization	-0.47	-0.68
Production	Monthly trend in production growth	1.64	0.98
	YOY change in production output	1.47	1.38
Sales/revenue	Monthly trend in China market share	1.12	0.72
	Monthly change in sales in dominant market	1.86	0.91
	Monthly trend in estimated revenue	1.42	0.46
	YOY change in estimated revenue	1.89	1.17
	Trend in 3-month sales growth	1.82	0.80
	3-month unit sales surprise	1.33	0.70
	Monthly trend in sales growth	2.14	0.99
	Unit sales surprise	1.71	1.13
	YOY change in unit sales	1.96	1.21
	YOY change in US market share*	1.88	1.54
Electrification	Monthly change in electric ratio**	1.32	1.26

Source: IHS Markit

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*YOY change in US market share does not have uniform quintile coverage due to the # of companies with 0 or 100% US market share

** Monthly change in electric ratio does not have uniform quintile coverage due to # of companies with electric ratio = 0

More information on IHS Markit products and services

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