



Written by [Bob Adelman](#) on March 25, 2020

March Car Sales Down 36 Percent; Prepare for the worst

There is simply no way to sugar-coat the numbers coming this week and next: They will be awful, ugly, frightening, “unprecedented,” “unparalleled,” and historical.

The early warning shot was the unemployment report last week that showed claims jumping by 50,000 over the previous month. Estimates are that March’s unemployment numbers will exceed two million.



[Wednesday’s report from Edmunds](#) showed that car sales dropped by a sickening 36 percent in March, compared to February.

The Federal Reserve estimates that March’s unemployment rate will hit 30 percent. If that happens, it would be worse than it was during the Great Depression of the 1930s and three times worse than during the 2007-2009 Great Recession.

Oxford Economics expects the U.S. economy to shrink at an annual rate of 12 percent in the second quarter while JPMorgan thinks it will peg at minus 14 percent. Goldman Sachs is predicting a shrinkage of 24 percent, while Morgan Stanley estimates the decline will be closer to 30 percent.

There are two bright spots: one, historical; the other, analogous. The stock market, as a forward-looking tool, is presently predicting a rebound. At 11:40 a.m. on Monday the Dow Jones Industrial Average touched a low of 18,222. As this is being written, the Dow is trading around 21,400, a gain of 17 percent.

The other, the analogy, comes from St. Louis Fed President James Bullard. He likens the U.S. economy to “a car speeding down the highway, only to come over a hill to discover a construction zone ahead.” The driver has to slow down to make it through the cones, but there’s nothing wrong with the engine. He suggested that the “construction zone” will last into the second quarter but by the third quarter — specifically October — the car will be back to highway speed.

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