



Rapid Reaction

UAW STRIKE

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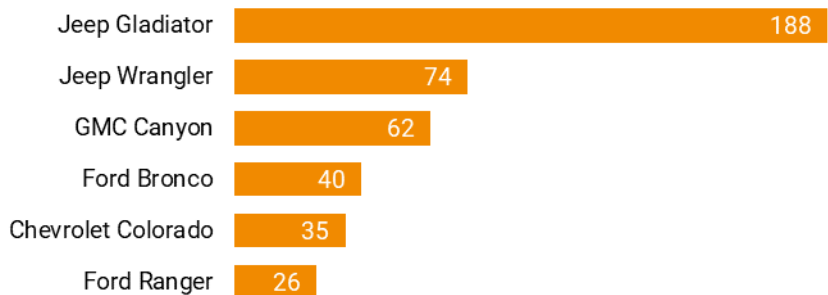


Background

The United Auto Workers (UAW) strike is impacting factories at General Motors, Ford, and Stellantis (Chrysler, Jeep, etc.) with 146 thousand workers being authorized to strike. The union is seeking 40% pay increases and four-day workweeks among other demands. If a full strike occurred, it would be similar in size to the 1998 UAW/GM strike that lasted nearly two months when just over 152 thousand workers went on strike. On the first day of the strike, September 15th, about 13 thousand workers began striking though the union's strike fund has reportedly enough cash to fund a full strike for about 11 weeks.

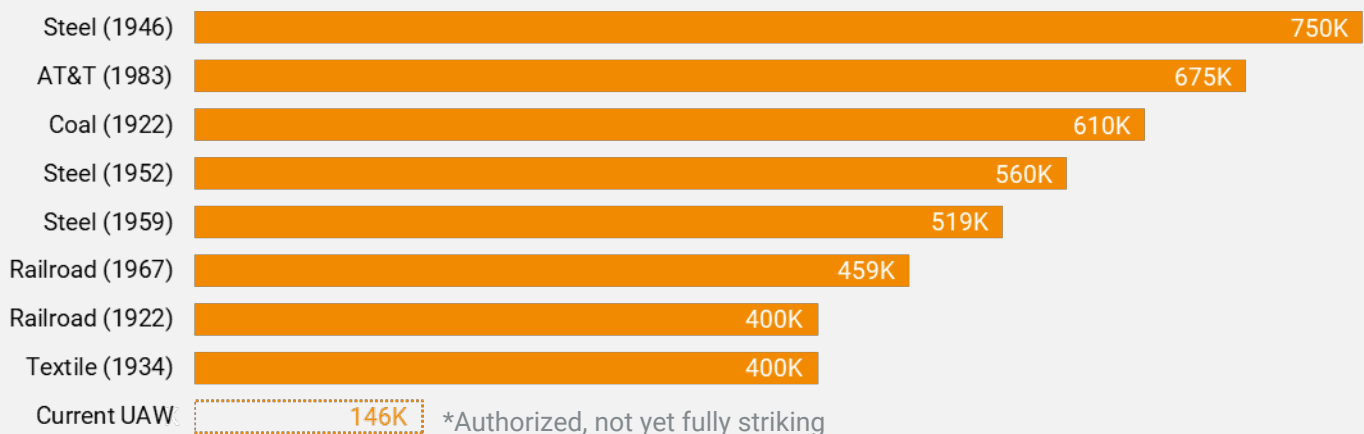
According to S&P Global Mobility, the walk-out will cut production by about 3,200 vehicles per day. Most of the impacted vehicles have around a month or two of inventory to help cushion the blow, though the Jeep Gladiator has considerably more.

DAYS OF INVENTORY OF IMPACTED VEHICLES¹



However, the strike can have further-reaching consequences as the auto companies and their suppliers may be forced to furlough or lay off workers at other facilities. On Wednesday, GM idled a manufacturing plant and laid off nearly all the two thousand people working there.

LARGEST US STRIKES COMPARED TO THE CURRENT UAW STRIKE



1. As of the end of August per Bloomberg
Source: Helios Quantitative Research, Bloomberg, S&P Global Mobility, Statista
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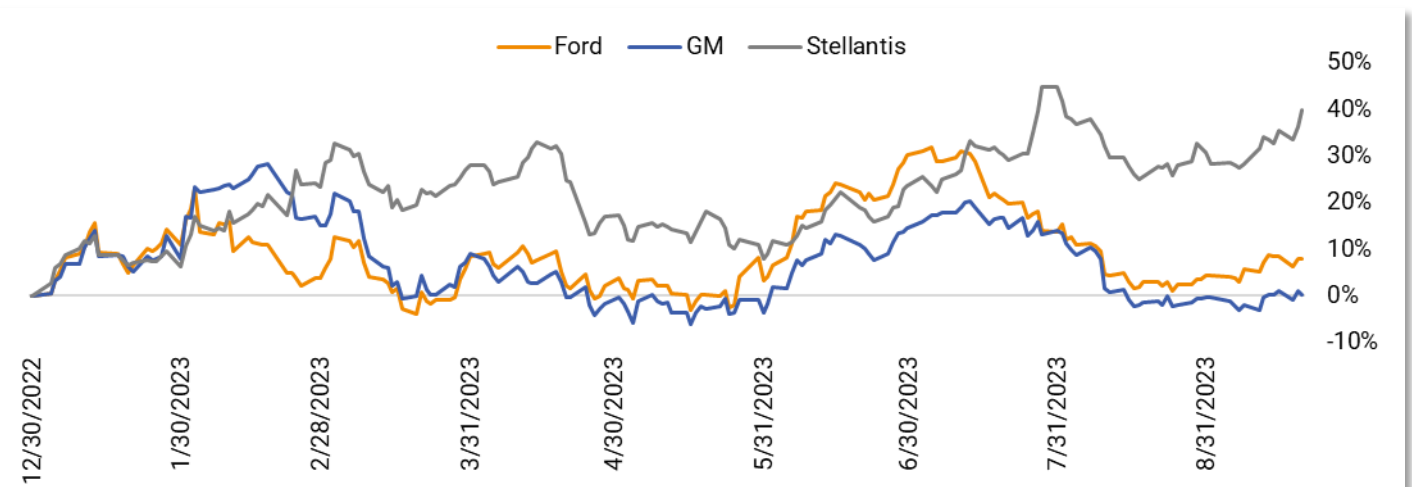
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Looking Ahead

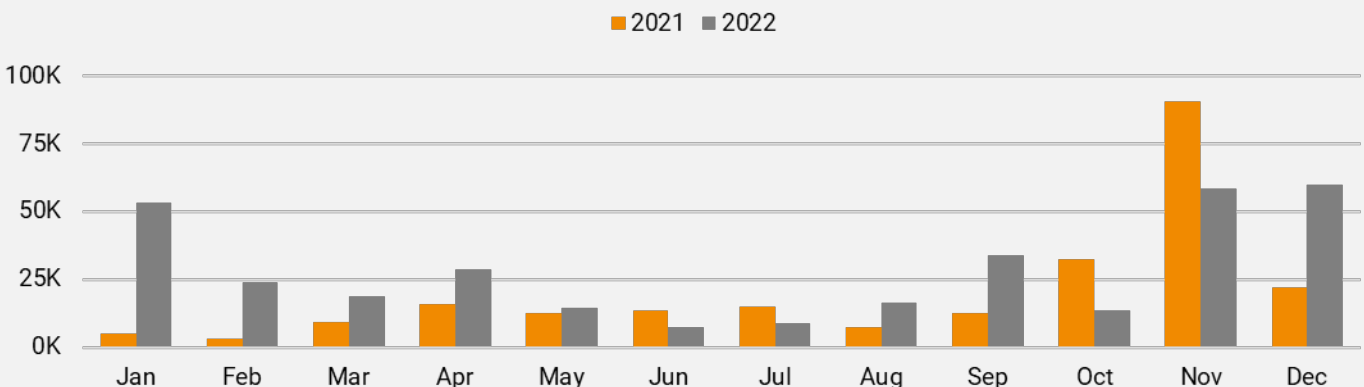
Broadly, strikes are temporary blips and do not create opportunities or systematic threats to companies, sectors, or capital markets. The average strike lasts around 40 days² and last year there were nearly 4.5 million strike days³ (workers multiplied by days on strike) without creating many headlines, outside of Starbucks perhaps. While strikes can cause temporary disruptions in sales and production, they can be thought of as pausing and shifting demand, sales, and production rather than destroying them.

To showcase that point, there has not been a meaningful reaction in any of the impacted stocks. In the first few days of the current strike, capital markets remain unfazed with the stocks of both GM and Stellantis being positive since immediately prior to the strike, while Ford is slightly negative.

CUMULATIVE YEAR-TO-DATE PRICE RETURN THROUGH 9/20/23



NUMBER OF WORKERS INVOLVED IN STOPPAGES



2. Bloomberg Law

3. Cornell Labor Action Tracker

Source: Helios Quantitative Research, Bloomberg, Cornell Labor Action Tracker

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