READING THE METER

A look inside a cleaner, safer, smarter auto industry.

ALLIANCE FOR AUTOMOTIVE INNOVATION

Contents – August 4, 2022

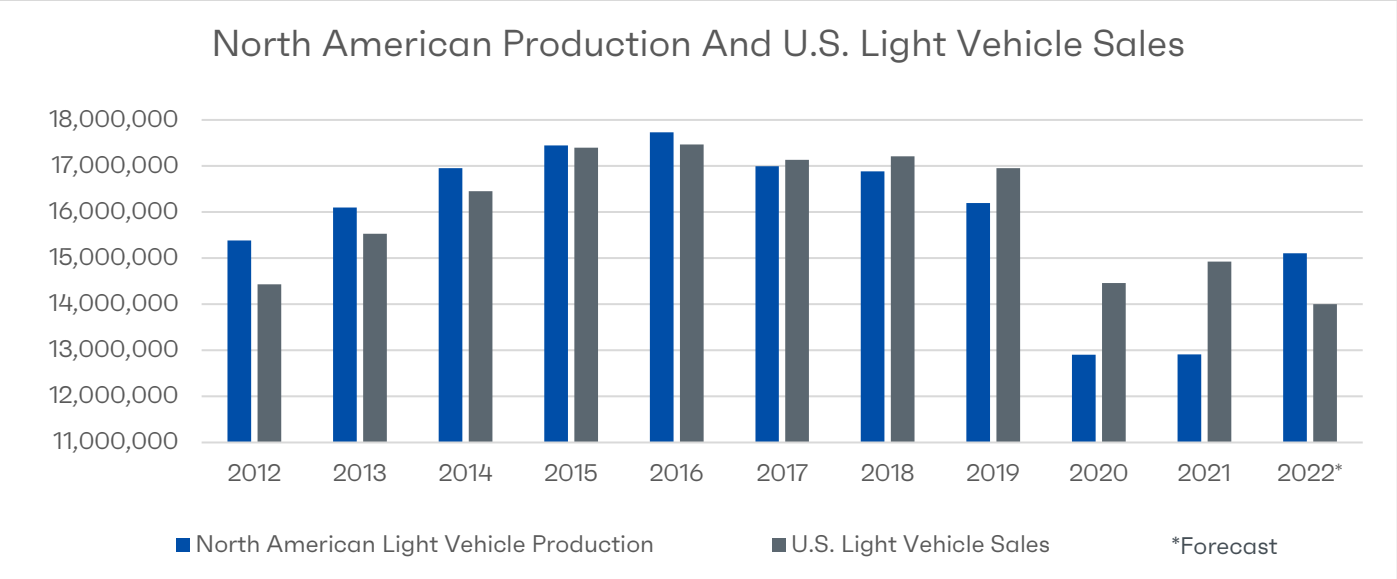
ALLIANCE FOR AUTOMOTIVE INNOVATION

Cleaner. Safer. Smarter.

Forecast Meter

Sales & Production Summary and Forecast (Updated 8/4)

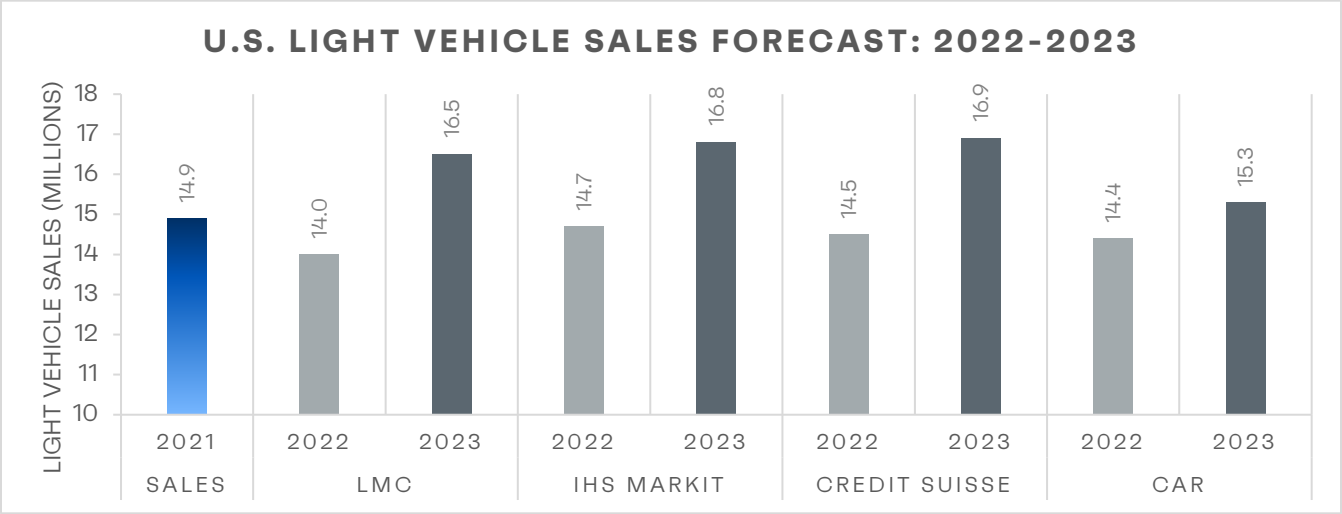
2021-2022 Sales, [1] Extended Sales Forecast [2] and Production Forecasts [3]		
	U.S. Sales & Forecasts	**North American Production**
January '21	1,094,689 (-3.6% YoY)	1,175,940 (-14.0% YoY)
February '21	1,180,506 (-5.3% YoY)	1,120,200 (-22.9% YoY)
March '21	1,581,067 (+59.7% YoY)	1,376,904 (31% YoY)
April '21	1,512,186 (+111.4 YoY)	1,094,891 (-21% YoY)
May '21	1,577,941 (+41% YoY)	729,879 (+271% YoY)
June '21	1,296,517 (+17% YoY)	1,107,958 (-1.9% YoY)
July '21	1,288,494 (-7.9% YoY)	926,035 (3% YoY)
August '21	1,090,446 (-11% YoY)	1,113,327 (-19% YoY)
September '21	1,006,875 (-25% YoY)	907,470 (-33.4% YoY)
October '21	1,046,282 (-20% YoY)	1,140,383 (-22.1% YoY)
November '21	1,001,351, (-20% YoY)	1,168,245 (-9% YoY)
December'21	1,194,313 (-22.9% YoY)	1,029,501 (-13.8% YoY)
January '22	991,156 (-10% YoY)	1,111,390 (-4% YoY)
February '22	1,052,524 (-11.8% YoY)	1,112,429 (-1% YoY)
March '22	1,246,336 (-22% YoY)	1,350,102 (-.1% YoY)
April '22	1,226,950 (-22% YoY)	1,177,851 (+8% YoY)
May '22	1,104,993 (-23.8% YoY)	1,215,000 (+20.4% YoY)
June '22	1,126,724 (-16.8% YoY)	1,259,515 (+13.8 YoY)
July '22	1,129,371 (-8.4% YoY)	
1st Quarter '22	14.01 million-unit SAAR	3,458,480 (-1.4% YoY)
2nd Quarter '22	13.4 million-unit SAAR	3,584,093 (+13.2% YoY)
2021 Full Year	14,926,933 (+3.1% YoY)	8,899,632 (+4% YoY)
2022 Full Year Estimate	14 million units	15,107,419 (+17% YoY)



U.S. Light Vehicle Sales Outlook (Updated 8/4)

Wards Intelligence Outlook (8/4) [4]**:** "Initial modeling projects August's SAAR at 14.0 million units. If August's SAAR rises from July, it will be the fourth consecutive sequential increase. Wards intelligence partner LMC Automotive has lowered its calendar-year 2022 sales forecast to 14.0 million units. Assuming no recession in 2022, WI expects Q3 to total a 13.8 million-unit SAAR, followed by 14.8 million in Q4. However, there is a high amount of risk to Q4, including from falling consumer sentiment toward the economy, still-high uncertainty about the supply chain and inflation in general. Rising vehicle prices, combined with a lack of affordable vehicles in the inventory mix, could already be creating a headwind to deliveries."

Credit Suisse Outlook For 2022 (7/6) [5]**:** "We reduce our 2022 US auto sales forecast to 14.5mn from 15.1mn prior. The central theme of the US auto sales market YTD (and for that matter over the past year) has been historic inventory constraints limiting sales volume. Indeed, 1H22 SAAR ended at 13.8mn, and to meet our prior forecast would have required an overly-challenging 2H ramp. Given inventory constraints are likely to linger in 2H, even if easing, we reduce our forecast; our revised forecast implies 2H SAAR of ~15.0mn, which is still below the normalized SAAR we would expect of 16-17mn."



North American Production & Inventory Outlook (Updated 8/4)

"**Wards Intelligence Inventory Outlook (8/4)[6]:** "Inventory should generally continue rising through the end of year, with December's total well above the year-ago month – though still far below pre-pandemic levels."

Wards Intelligence Production Outlook (7/22) [7]: "North America production of light vehicles and medium-/heavy-duty trucks ended the second quarter with the first year-over-year increase in a year, though it was somewhat muted by an underbuild in June's expectations. Furthermore, although 17,800 units were cut from Q3-2022's outlook - mostly in cars – the period is tracking to an even more robust year-over-year gain. In fact, Q3 is tracking to a light-vehicle total of 3.77 million, well above like-2021's 2.92 million, but 5.2% below July-September 2019. Still, the narrowing gap represents continued improvement in the supply-chain disruptions, especially the semiconductor shortage, that has plagued the industry for the past 18 months. Production of all vehicles is tracking to a total of 3.91 million units in Q3, 29.2% above like-2021's 3.03 million."

S&P Global Mobility Production Outlook (7/22) [8]: "The outlook for North America light vehicle production was increased by 21,000 units and by 22,000 units for 2022 and 2023, respectively (and was essentially unchanged for 2024). Amid the ongoing semiconductor shortage along with additional supply chain, labor, and logistics issues, the outlook for 2022 was revised upwards by a marginal 0.1% to total 14.70 million units. Import lags relating to the COVID-19 lockdowns in China appear to have added pressure on production in late second quarter 2022 that is expected to improve through the third quarter. The short-term production forecast continues to be based on the ability to produce vehicles remaining divorced from economic, demand and inventory conditions. Despite the increasingly negative macro sentiment, near-term upside exists in the forecast depending on automakers being able to produce vehicles as demonstrated by stronger production from recently hamstrung Toyota and Honda in June 2022 that may represent a turning point for each company.

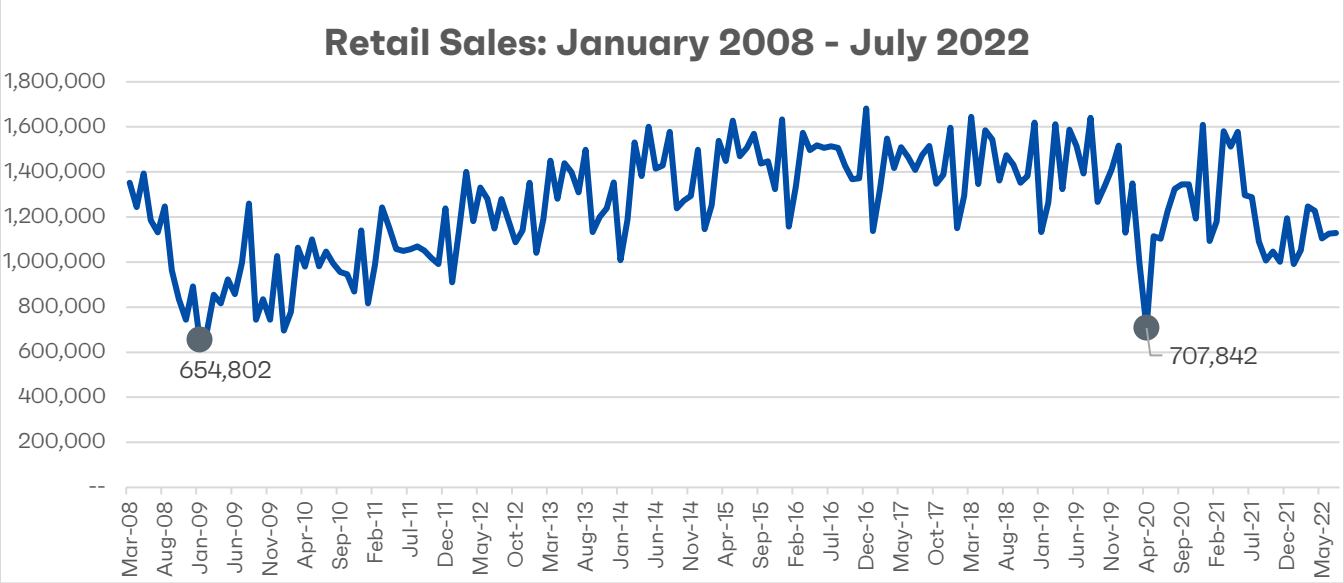
Production in 2023 was revised up slightly now totaling 16.41 million units with the outlook for 2024 remaining flat at 16.81 million units. While demand destruction concerns remain in focus, historically low inventories provide support as US demand and North American production levels have effectively been constrained at recessionary levels over the past 18 months."

Market Meter

U.S. Light Vehicle Sales (Updated 8/4)

Monthly Sales (Updated 8/4)

This chart helps to put into context the monthly retail sales due to the COVID pandemic and showing the relative drop in sales compared to the 2008 financial crisis.



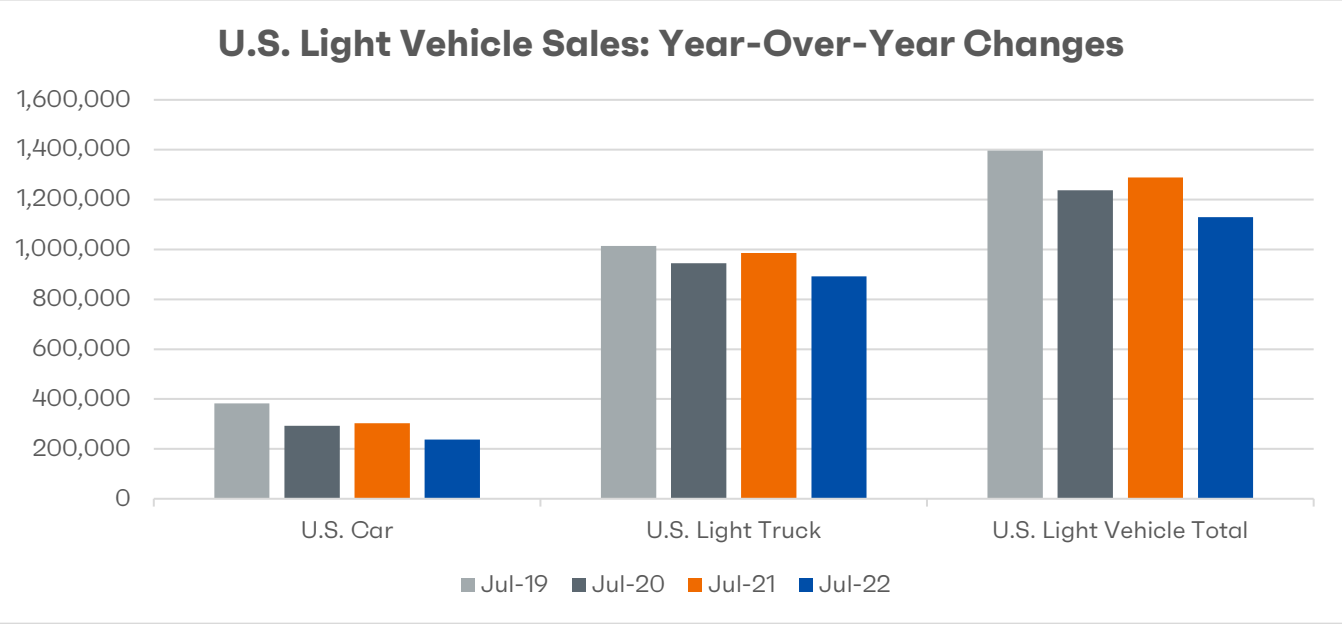
July Sales (Updated 8/4)

WardsIntelligence[9]: "Results were still weak, but U.S. light-vehicle sales in July did improve sequentially for the second consecutive month on an annualized basis.

"Deliveries ended close to expectations, with the month totaling a 13.4 million-unit seasonally adjusted annual rate on volume of 1.13 million units. Although still weaker than the 14.2 million units the first four months of 2022 totaled, July's SAAR was a slight increase from June's 13.0 million and May's 12.8 million.

"July's SAAR was below the same year-ago month's 14.7 million units. However, a year ago the industry was in a downward spiral resulting from dried-up inventory caused mostly by the global semiconductor shortage.

"July's raw volume was 11.8% below like-2021's 1.28 million units. The daily selling rate equated to 43,437 over the month's 26 selling days, down 8.4% from July 2021's 47,437 – 27 selling days.



Fleet Sales (Updated 8/4)

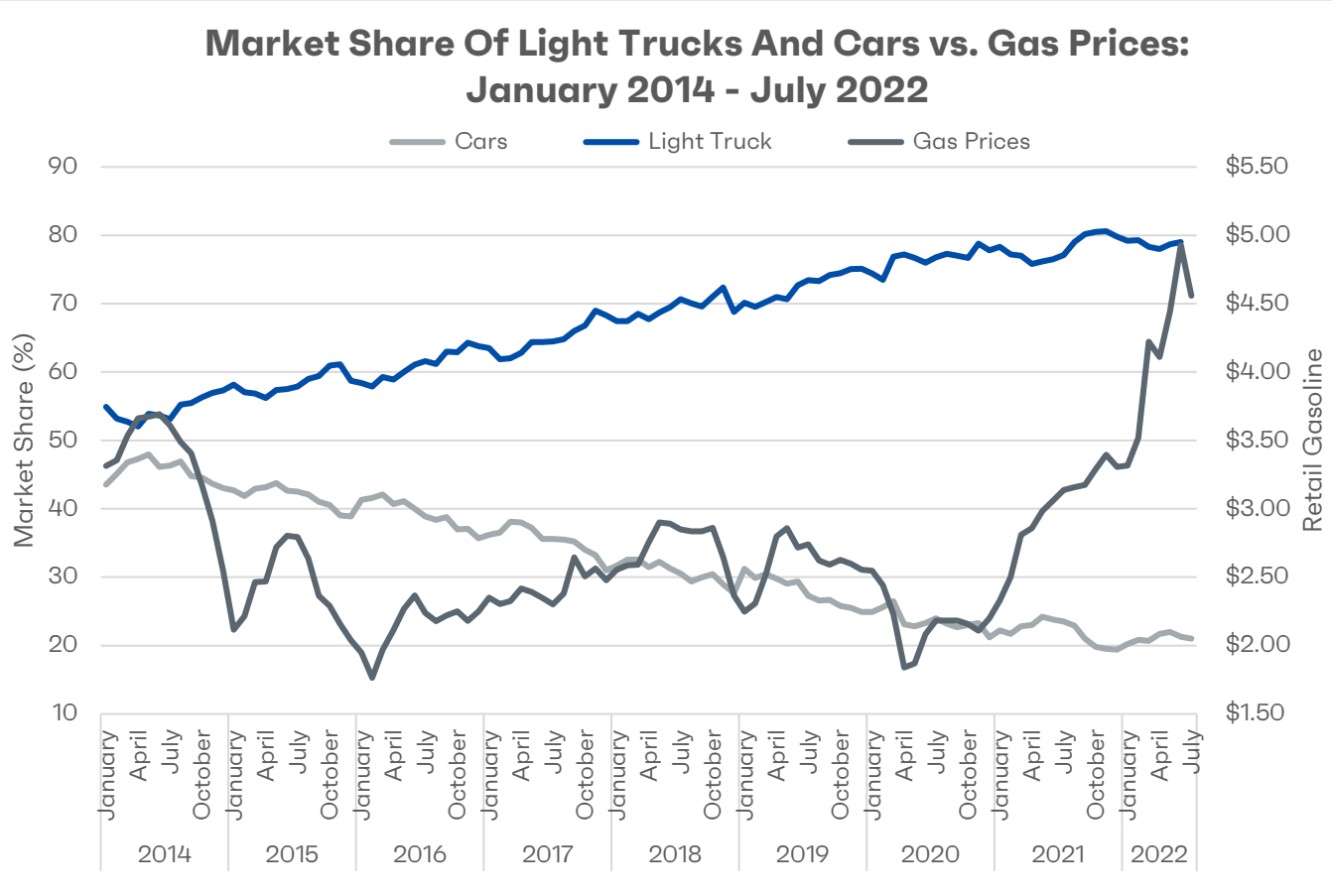
TrueCar [10]: "Fleet sales for July 2022 are expected to be up 30% from a year ago and up 7% from June 2022 when adjusted for the same number of selling days."

J.D. Power [11]: "Fleet sales are expected to total 171,300 units in July, up 40% from July 2021 on a selling day adjusted basis. Fleet volume is expected to account for 15% of total light-vehicle sales, up from 10% a year ago."

Segments vs. Gas Prices (Updated 8/4)

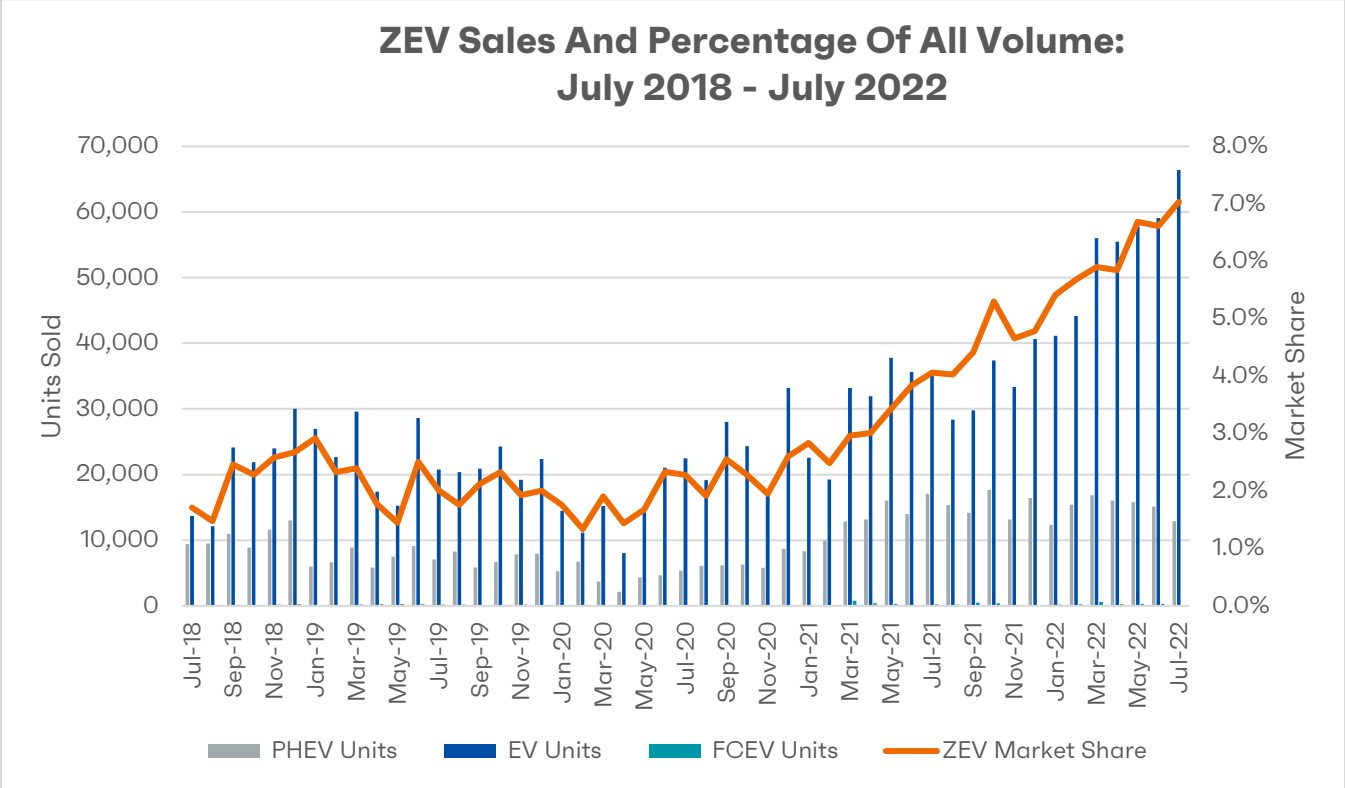
Monthly Sales For July: Light trucks accounted for 79 percent of sales in July, a 2.8 pp increase in market share from a year ago. Compared to the same period in 2021, sales of cars are down more than 66,000, and down more than 145,000 from June 2019, when cars comprised 27% of the market as opposed to the 21% of the market passenger cars have now.

Historic Perspective: The upward trend in the popularity of light trucks over cars has been steady since 2013, when only 2% of annual market share separated the two segments [12] and gas was over $3.00 [13] a gallon. As fuel prices dropped below the $3.00 mark in mid-September 2014, light truck sales began to take off. Gas prices since have averaged only $2.61 a gallon (through January 2022) and when combined with increased fuel economy for light trucks, an increase of 4 mpg since 2013, the perfect conditions existed to continue fueling light truck market growth. [14]



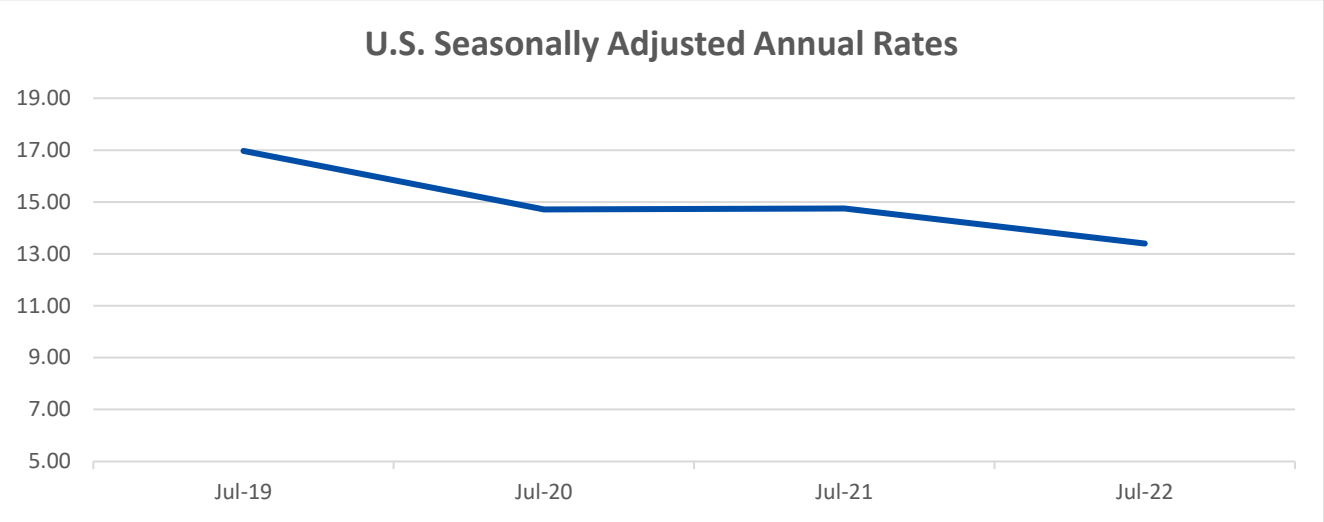
ZEV Powertrain Sales (Updated 8/4)

Sales of zero emission vehicles (BEV, PHEV, & Fuel Cell) accounted for 7.03% (highest to date and first time above 7%) of total vehicle sales in July 2022 (79,416 units – highest monthly volume to date), up 3.2 pp from a year ago and up 0.4 pp from June 2022. Sales of battery electric vehicles led the way for ZEVs, accounting for 5.9% of total sales, up 3.16 pp from July 2021. Plug-in hybrids accounted for 1.14%, 0.26 pp higher than the same time last year. This month also marks the first time BEVs outsold regular hybrid vehicles (63,366.) [15]



Seasonally Adjusted Annual Rates (Updated 8/4)

WardsIntelligence: "Deliveries ended close to expectations, with the month totaling a 13.4 million-unit seasonally adjusted annual rate on volume of 1.13 million units. Although still weaker than the 14.2 million units the first four months of 2022 totaled, July's SAAR was a slight increase from June's 13.0 million and May's 12.8 million. July's SAAR was below the same year-ago month's 14.7 million units. However, a year ago the industry was in a downward spiral resulting from dried-up inventory caused mostly by the global semiconductor shortage.[16]



Average Transaction Price (Updated 8/4)

J.D. Power (Updated 8/4) [17]**:** "For July, new-vehicle prices continue to hover near record levels, with the average transaction price expected to reach $45,869—a 12.3% increase from a year ago—the second highest on record."

Kelley Blue Book (June) (Updated 7/22) [18]**:** "The average price paid for a new vehicle in the U.S. in June was the highest on record and marked the first time the average transaction price (ATP) surpassed the $48,000 mark, according to new data released by Kelley Blue Book, a Cox Automotive company. The new-vehicle ATP increased to $48,043 in June 2022, according to Kelley Blue Book, beating the previous high of $47,202 set in December 2021. June prices rose 1.9% ($895) from May and were up 12.7% ($5,410) from June 2021. . . . The average price paid for a new electric vehicle (EV) increased in June by 3.8% compared to May and 13.7% versus a year ago. The average price for a new electric vehicle – over $66,000, according to Kelley Blue Book estimates, is well above the industry average and more aligned with luxury prices versus mainstream prices."

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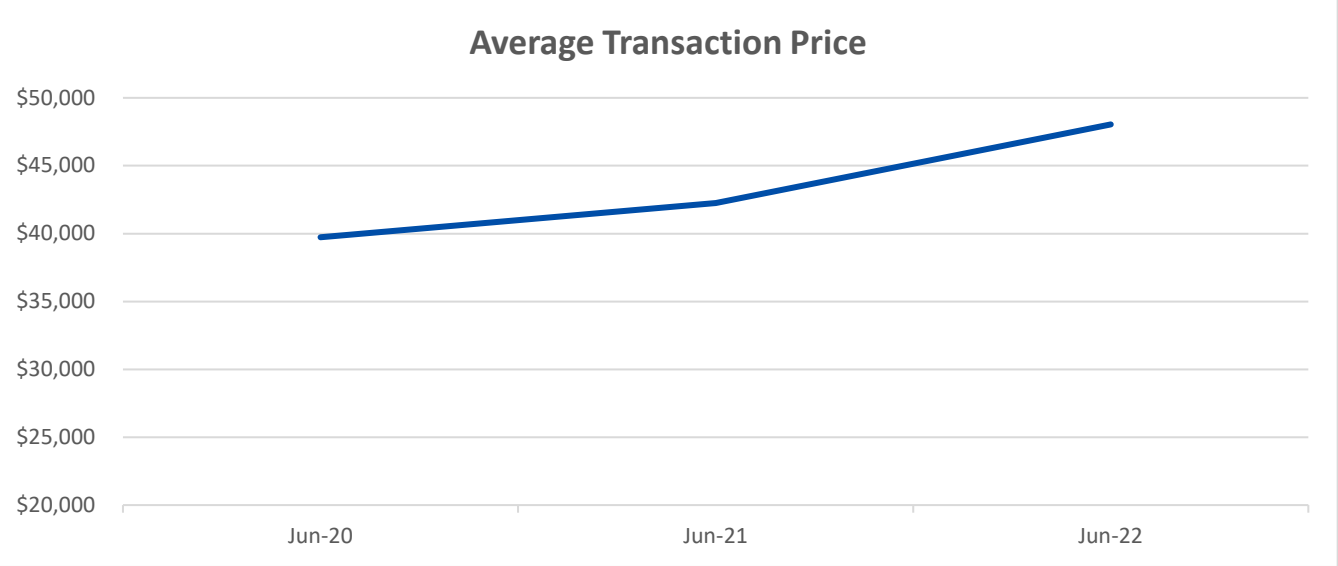
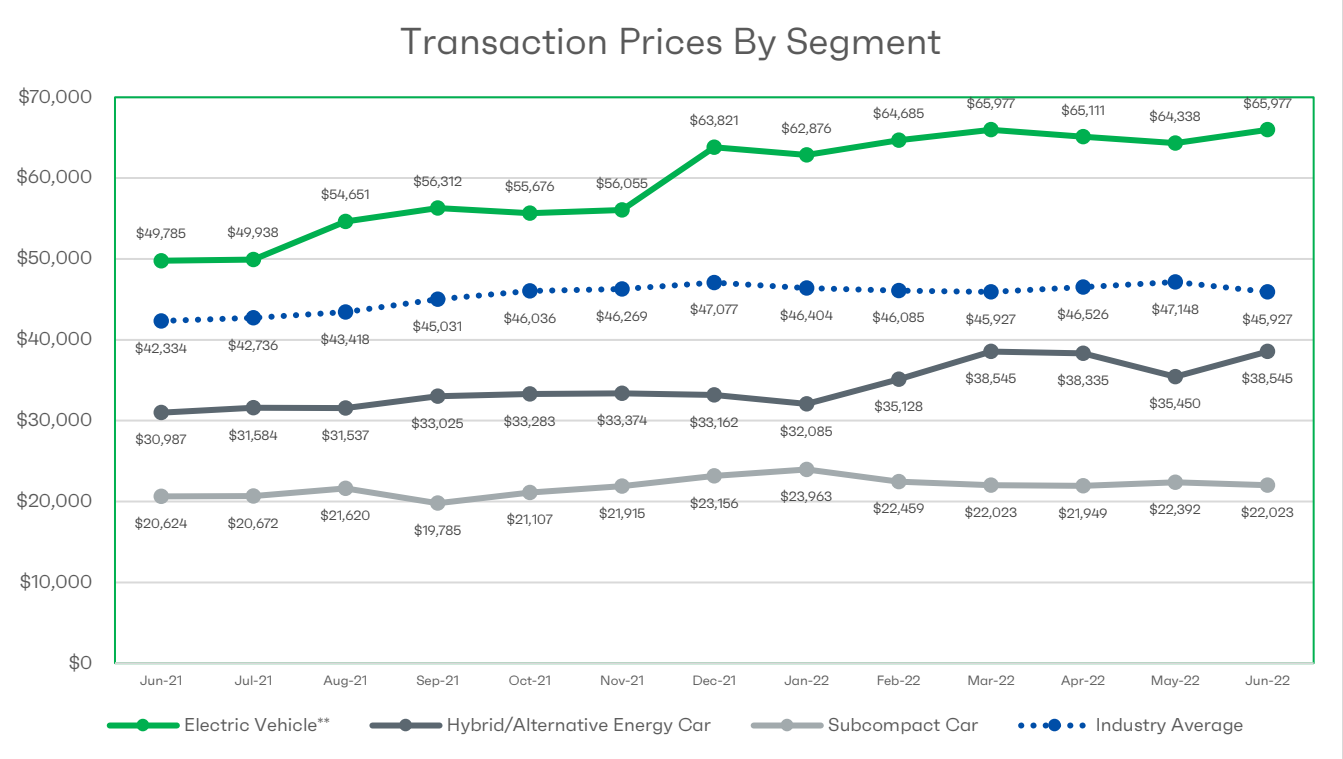


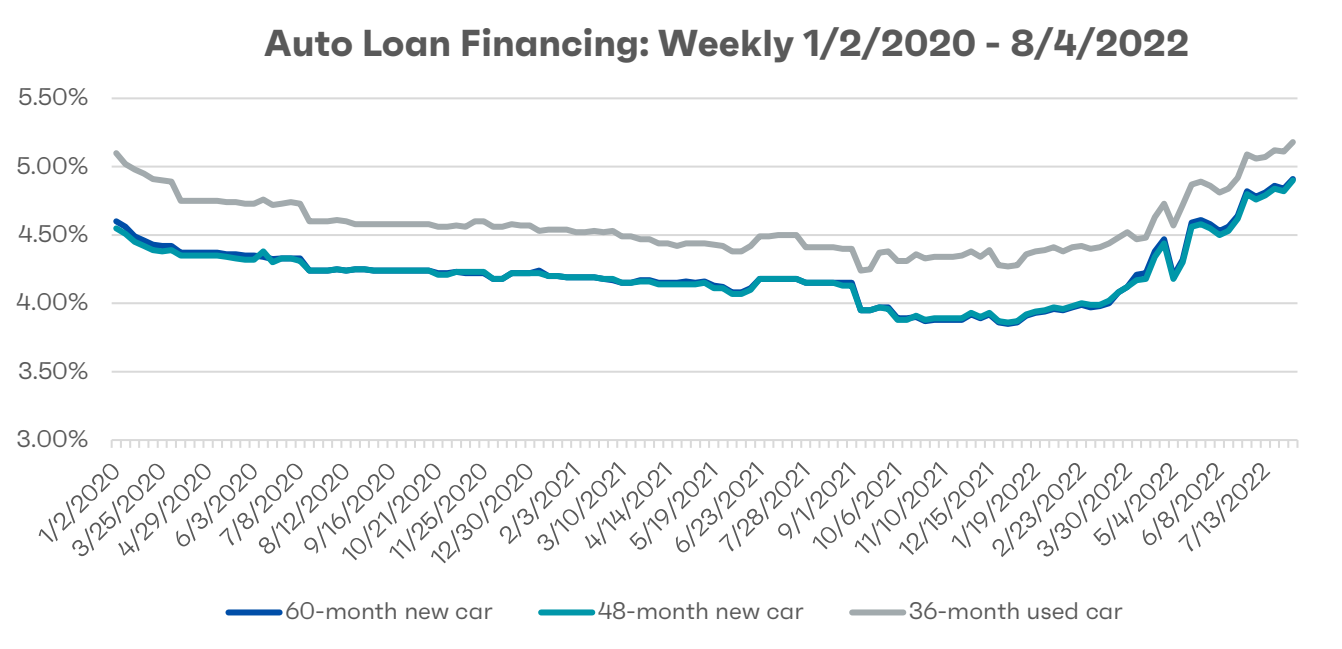


Auto Loan Financing (Updated 8/4)

JD Power (8/4): "Higher prices and smaller discounts, coupled with rising interest rates, mean monthly loan payments on new vehicles have reached an all-time high, breaking the $700 level for the first time. The average monthly finance payment in July is on pace to hit a record high of $708, up $81 from July 2021. That translates to a 12.8% increase in monthly payments from a year ago, which is above the 12.3% increase in transaction prices. This is the first month since December of 2019 that the percentage growth of monthly payments has exceeded the percentage growth in transaction prices."

Interest Rates Rise: Interest rates for new cars rose 0.07 pp and now stand at 4.91%. Rates rose 0.07 pp on the 36-month used car loan. Since the beginning of 2020, 60-month rates are up 0.31 pp, and are up 0.76 pp since the same time a year ago.[19]

Dates	60-month new car	48-month new car	36-month used car
1/2/2020	4.60%	4.55%	5.10%
8/4/2021	4.15%	4.15%	4.41%
7/27/2022	4.84%	4.82%	5.11%
8/3/2022	4.91%	4.90%	5.18%
One Week Change	0.07%	0.08%	0.07%
Two Week Change	0.05%	0.06%	0.06%
Change since 1/3/20	0.31%	0.35%	0.08%
One Year Change	0.76%	0.75%	0.77%

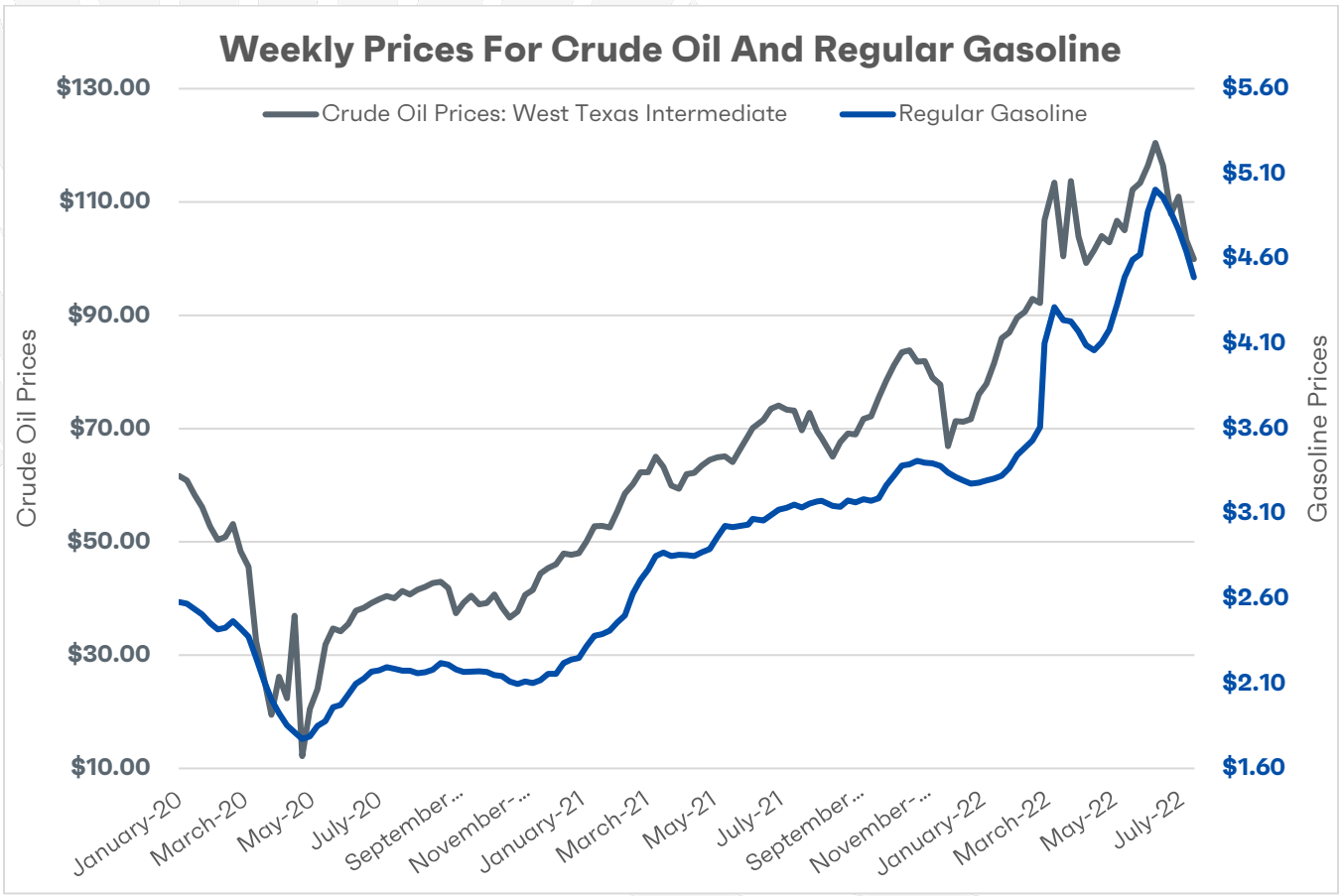


Crude Oil and Gas Prices (Updated 8/4)

EIA Outlook For Gasoline (7/22) [20]**:** "U.S. regular gasoline retail prices averaged $4.11 per gallon (gal) in the first half of 2022 (1H22), up from $2.78/gal in 1H21. We forecast gasoline prices will average $4.05/gal in 2022 and $3.57/gal in 2023. U.S. diesel prices averaged $4.91/gal in 1H22, up from $3.06/gal in 1H21. We forecast diesel prices will average $4.73/gal in 2022 and $4.07/gal in 2023.

EIA Outlook For Oil (7/22) [21]**:** "U.S. crude oil production in our forecast averages 11.9 million b/d in 2022 and 12.8 million b/d in 2023, which would set a record for most U.S. crude oil production in a year. The current record is 12.3 million b/d, set in 2019."

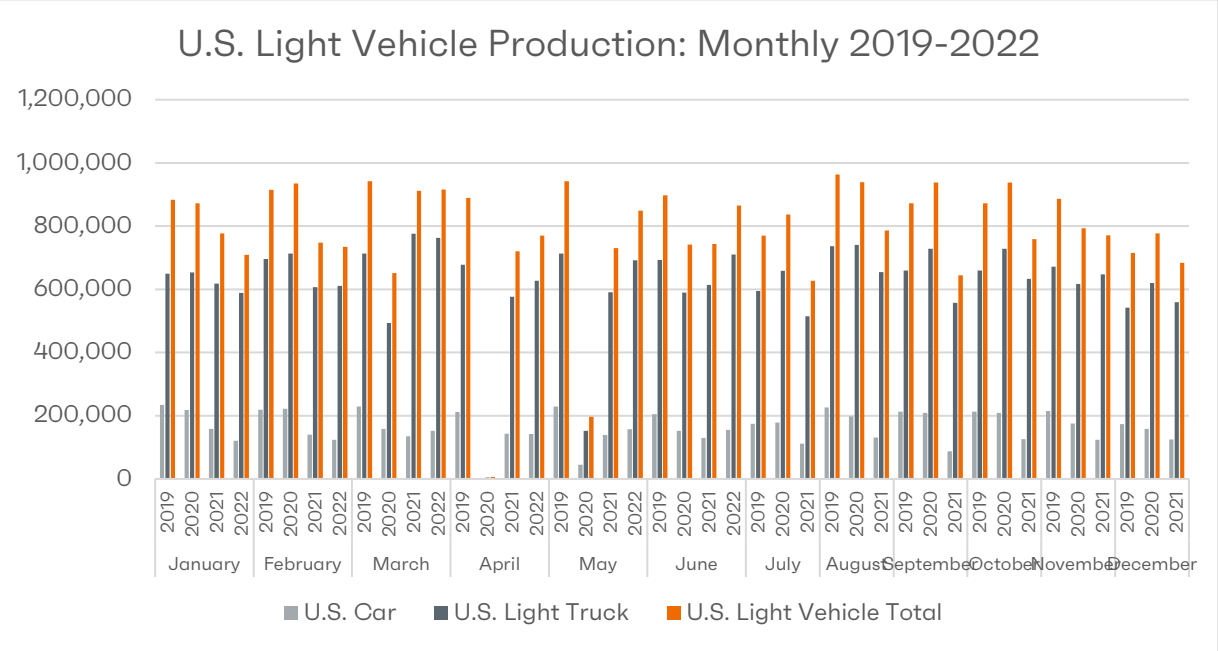
Gas And Oil Remain High, Though Continue To Decrease: Oil prices, as benchmarked at West Texas Intermediate, fell $3.40 to $99.92 a barrel for the week of July 18 – the first time under $100 since April 2022. Since election day 2020, oil prices have climbed $63 a barrel. Gas prices fell $0.16 to $4.49. Gas is 74% higher than the beginning of 2020. [22]



Production Meter

U.S. Light Vehicle Production (Updated 7/22)

U.S. Light vehicle production for June 2022 increased month-over-month by 4.2 percent, totaling 865,304 vehicles (154,948 cars, 710,356 light trucks), year-over-year, production is up 16.9 percent from 2021. [23]

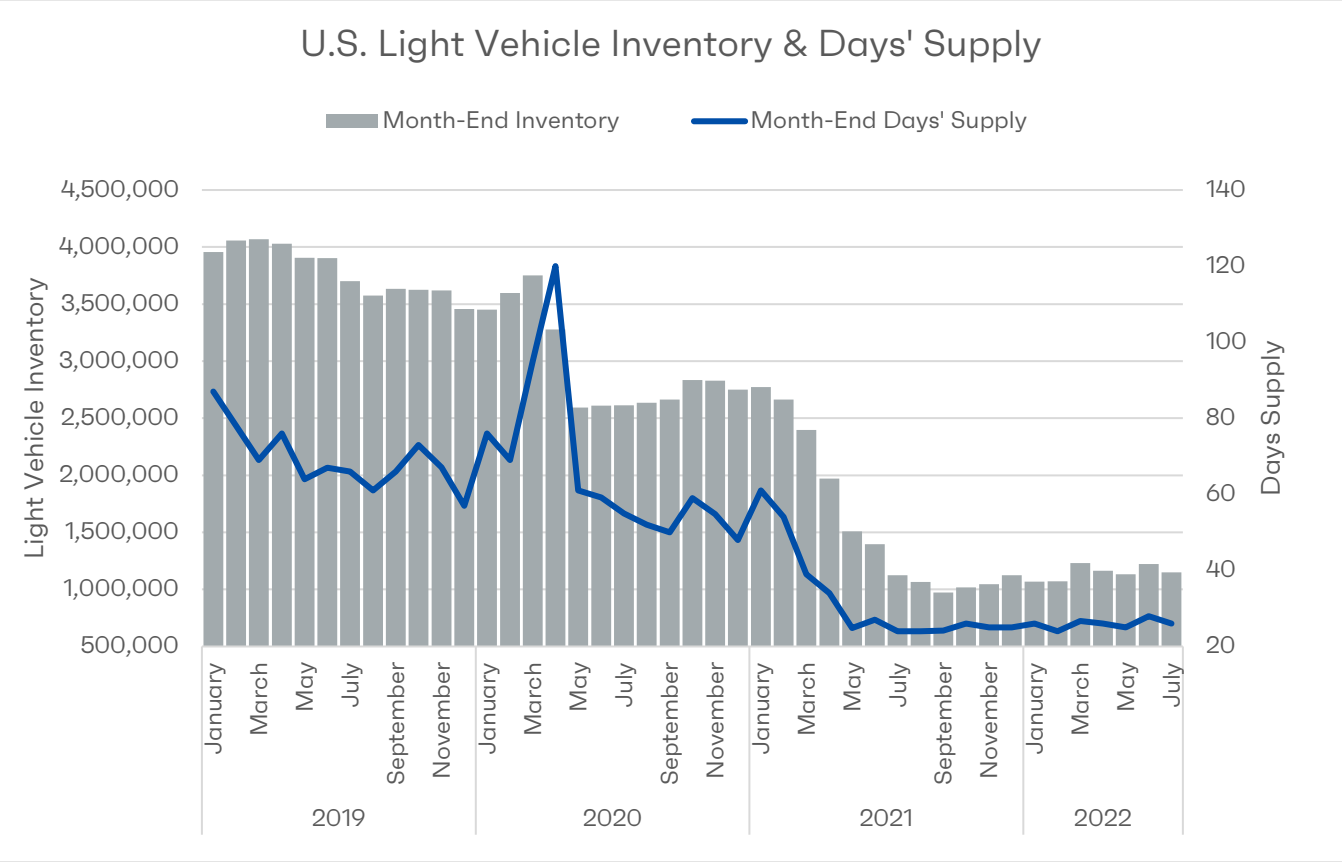


Wards Intelligence North America Production [24]: "North America production of light vehicles and medium-/heavy-duty trucks ended the second quarter with the first year-over-year increase in a year, though it was somewhat muted by an underbuild in June's expectations. Production in June totaled 1.31 million units, up 13.8% from same-month 2021's 1.15 million. June's total was 32,300 units below month-ago's expectations, with a shortfall in cars of 17,500 and 14,700 trucks. Light-vehicle production in June totaled 1.26 million units, 13.8% above like-2021's 1.11 million. Second-quarter LV output totaled 3.58 million units, 13.2% above April-June 2021's 3.17 million. Showing that supply-chain disruptions are still wielding a heavy hand, Q2 output was 15.5% below pre-pandemic Q2-2019's total of 4.24 million."

U.S. Light Vehicle Inventory and Days' Supply (Updated 8/4)

WardsIntelligence Inventory Update (7/6) [25]: "As expected, inventory at the end of July declined from the prior month due to typical summer plant shutdowns in North America that temporarily slowed

production and cut the number of shipments to dealers, but the total was higher than the same year-ago period, the first time for any month since July 2019. Inventory ended July at 1.15 million units, 2.4% above same-month 2021's 1.12 million. Although July's total was a 5.9% decline from June – which had increased from May after two consecutive sequential declines - the drop should not by itself stop sales in August from improving on the prior month's 13.4 million-unit seasonally adjusted annual rate."



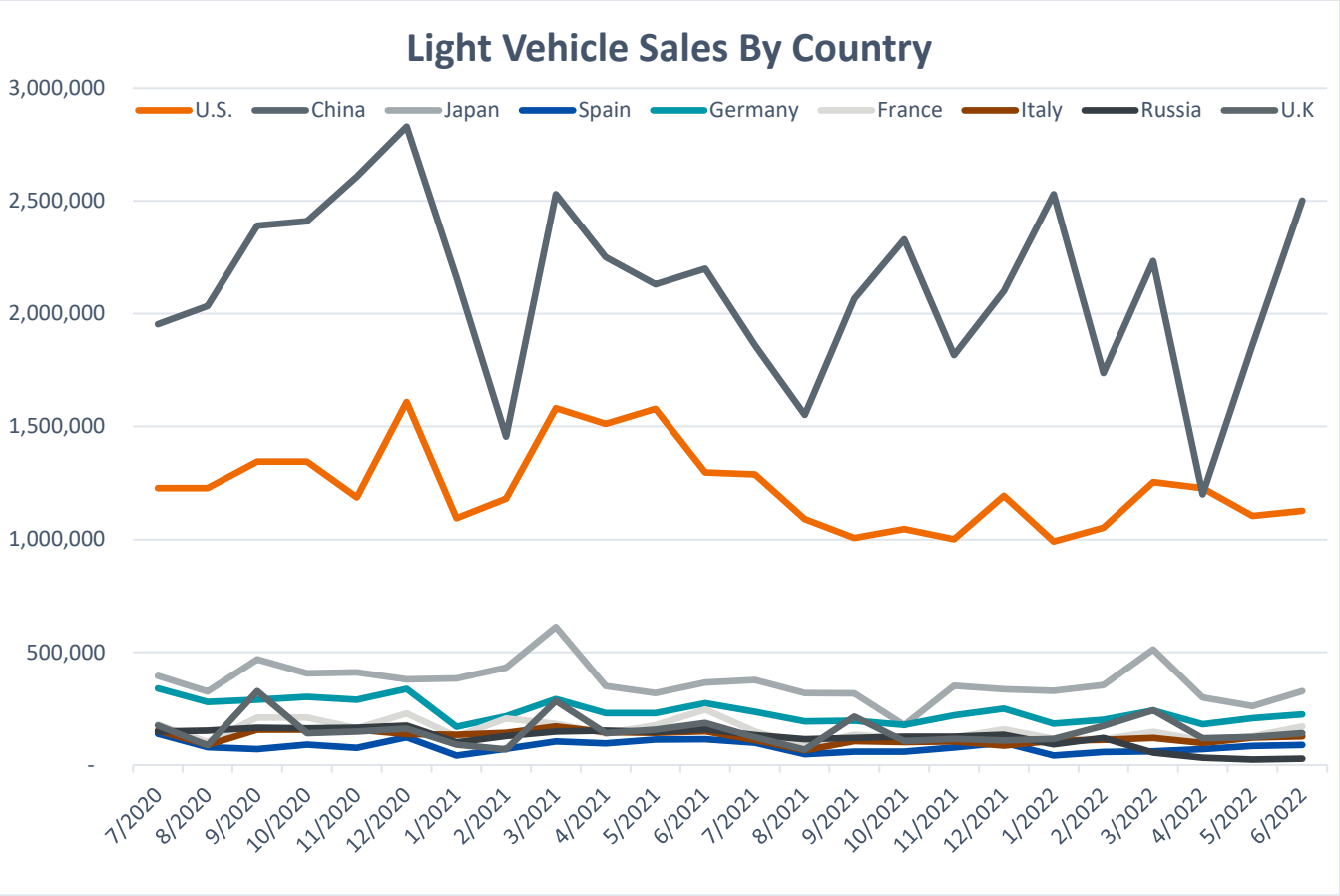
Global Meter

Global Light Vehicle Sales (Updated 8/4)

Wards Intelligence [26]: "Global sales of all cars and trucks in the first half of 2022 fell 11.3% from January-June 2021, but deliveries were picking up at the end of the period. First-half 2022 total vehicle volume was 39.03 million units vs. 44.02 million in like-2021. All major regions recorded declines, with North America and Europe posting the biggest drops. Boosted by a rebound in China, after pandemic-

related lockdowns pummeled volume earlier in the year, the Asia-Pacific region recorded a year-over-year gain in June of 9.5%, narrowing its year-to-date year-over-year shortfall to 7.1%.

"Globally, June sales totaled 7.03 million units vs. like-2021's 7.37 million. However, perhaps confirming supply-chain disruptions are easing enough that inventory levels are rising, June's total was 15.1% above May's 6.11 million units. Excluding medium- and heavy-duty trucks, light-vehicle sales totaled 37.55 million units during January-June 2022, down 10.3% from like-2021's 41.84 million. June light-vehicle sales fell 3.6% year-over-year to 6.76 million units – the year-ago total was 7.01 million."



Global Light Vehicle Production (Updated 6/22)

S&P Global Mobility Forecast (6/22) [27]**:** "Production revisions continue to reflect the dynamic environment impacting the auto industry. Since the March 2022 update resulting in a rather significant production realignment due largely to the Russia/Ukraine conflict, we have seen a degree of "fine tuning" with some adjustments more meaningful than others as COVID lockdowns in China impact the domestic market as well as some surrounding markets and ongoing semiconductor supply conditions

remain challenging for most market participants. As COVID lockdowns in China are lifting and the government looks to stimulate auto demand, the profile for that market shifts to one of nascent recovery while other surrounding markets still cope with lingering supply chain dislocations due to the lockdowns in the near-term. On the semiconductor front, mixed signals are apparent with some automakers reporting an improved supply of chips while other players still struggle with consistent supply of critical components. We remain watchful for potential demand destruction caused by slower economic growth forecasts for 2024 and beyond. The June 2022 forecast update reflects a near-term increase for Greater China due to COVID lockdowns expiring and demand stimulus taking effect. Conversely, lingering supply chain impacts from the lockdowns in China result in downward revisions for Japan/Korea and South Asia and supply chain pressures continue to impact the near-term outlook for Europe and North America. The more noteworthy regional adjustments with the latest forecast update are detailed below:

"Europe: The outlook for Europe light vehicle production was reduced by 77,000 units and by 272,000 units for 2022 and 2023, respectively (and reduced by 312,000 units for 2024). The European market continues to contend with supply chain pressures contributing to near-term production volatility. While we have incorporated some improvement in the flow of semiconductors and wire harnesses, additional risks are emerging in the areas of energy and raw materials. In the extreme near-term, weakness is particularly focused on Russia as domestic manufacturers find it difficult to secure critical components and fully restart production amid an extremely challenged demand environment. Looking beyond 2022, European production adjustments are aligned with downward revisions to the demand outlook for both West Europe as well as Russia as the market adjusts to the broader longer-term influences of the Russia/Ukraine conflict (including the impact of the recent EU embargo on Russian oil) and a weakened macroeconomic outlook.

"Greater China: The outlook for Greater China light vehicle production was increased by 289,000 units and reduced by 267,000 units for 2022 and 2023, respectively (and reduced by 315,000 units for 2024). COVID lockdowns have been lifted in the critical Shanghai market and manufacturing is recovering in spite of challenging logistics and ongoing supply chain pressures. Other COVID containment measures in north and east China have been eased as well. As markets re-open, the Chinese government is seeking to stimulate demand by reducing purchase taxes in the country and by raising vehicle registration quotas in areas with historical registration restrictions. Both strategies have proven very effective in stimulating demand in the past, although they do create the potential for a payback effect in future years. The outlook for 2023 and 2024 was reduced based on the expectation of some level of payback from the stimulus supporting demand in the near-term and reflects the potential for increasing macro headwinds. Nevertheless, Greater China light vehicle production is still expected to post gains of 9.3% in 2023 and 6.7% in 2024.

"Japan/Korea: Full-year 2022 Japan production volume was reduced by 59,000 units relative to the May forecast. Domestic operations continue to be affected by supply chain disruptions associated with supplier plant shutdowns in China due to the zero COVID-19 policy. As a result, Q2-2022 production was downgraded by 10% or 190,000 units from the prior forecast. Mazda, Nissan and Toyota were

particularly impacted relative to earlier expectations. Alternatively, we upgraded the latter periods of 2022 as automakers attempt to recover some level of lost volume from earlier in the year. The longer-term forecast was reduced by 15,000 units per year due to stagnant export demand related to macro pressures. One positive change is related to the addition of three dedicated BEV models at the Subaru-Oizumi plant. We expect Subaru will develop and manufacture BEVs in-house starting in 2026. Full-year 2022 South Korea production was downgraded by 10,000 units relative to the previous forecast. Although component constraints caused by lockdowns in mainland China have improved somewhat, a recent trucker strike (now settled) has destabilized production in the immediate near-term. Full-year 2023 South Korea production was only modestly revised yet the outlook for 2024 was reduced by 16,000 units as expected lingering global inflation pressures are expected to challenge exports, particularly to advanced markets such as the US. In the long-term, production was reduced by an average of 45,000 units per year primarily due to the cancellation of the next-generation Hyundai Sonata and the longer-term impact of demand destruction.

"North America: The outlook for North America light vehicle production was reduced by 57,000 units and by 7,000 units for 2022 and 2023, respectively (and reduced by 287,000 units for 2024). Amid the backdrop of the ongoing Russia/Ukraine conflict, the lagging impact of COVID lockdowns in China and continued supply chain challenges, the outlook for North American light vehicle production in 2022 was revised down 0.4% to total 14.68 million units. While production in Q1-2022 was better than expected at 3.56 million units, the results represent a decline of 51,000 units from a year earlier. Production in Q2-2022 was revised down by 77,000 units to total 3.56 million units based on further weakness among several manufacturers in the region most notably among the Japanese transplants. Production in the extreme near-term is vulnerable to component supply disruption emanating from the COVID lockdowns in China, even as those lockdowns are now starting to ease. Production for 2023 was revised down only marginally and totals 16.39 million units. With the growing threat of demand destruction, the outlook for 2024 was more adversely affected with production revised down by 1.7% to total 16.81 million units. While demand destruction concerns remain heightened, historically low inventories provide support as US demand and North American production levels have effectively been constrained at recessionary levels over the past 12+ months.

"South America: The outlook for South America light vehicle production was increased by 8,000 units and reduced by 8,000 units for 2022 and 2023, respectively (and reduced by 60,000 units for 2024). The modest upgrade in production for 2022 was driven primarily by stronger actual production results, yet we are refraining from extending production gains through the balance of the year given continued supply chain challenges, macroeconomic pressures and deteriorating access to financing, among other factors. The reduced outlook for 2023 and 2024 was focused primarily on Brazil and reflects an extended recovery trajectory and is also aligned with an overall less optimistic demand profile.

"South Asia: The outlook for South Asia light vehicle production was reduced by 13,000 units and increased by 26,000 units for 2022 and 2023, respectively (and increased by 24,000 units for 2024). The reduction in outlook for 2022 was primarily focused on production weakness in the ASEAN market due to lingering supply chain impacts related to COVID lockdowns in China. Conversely, India has

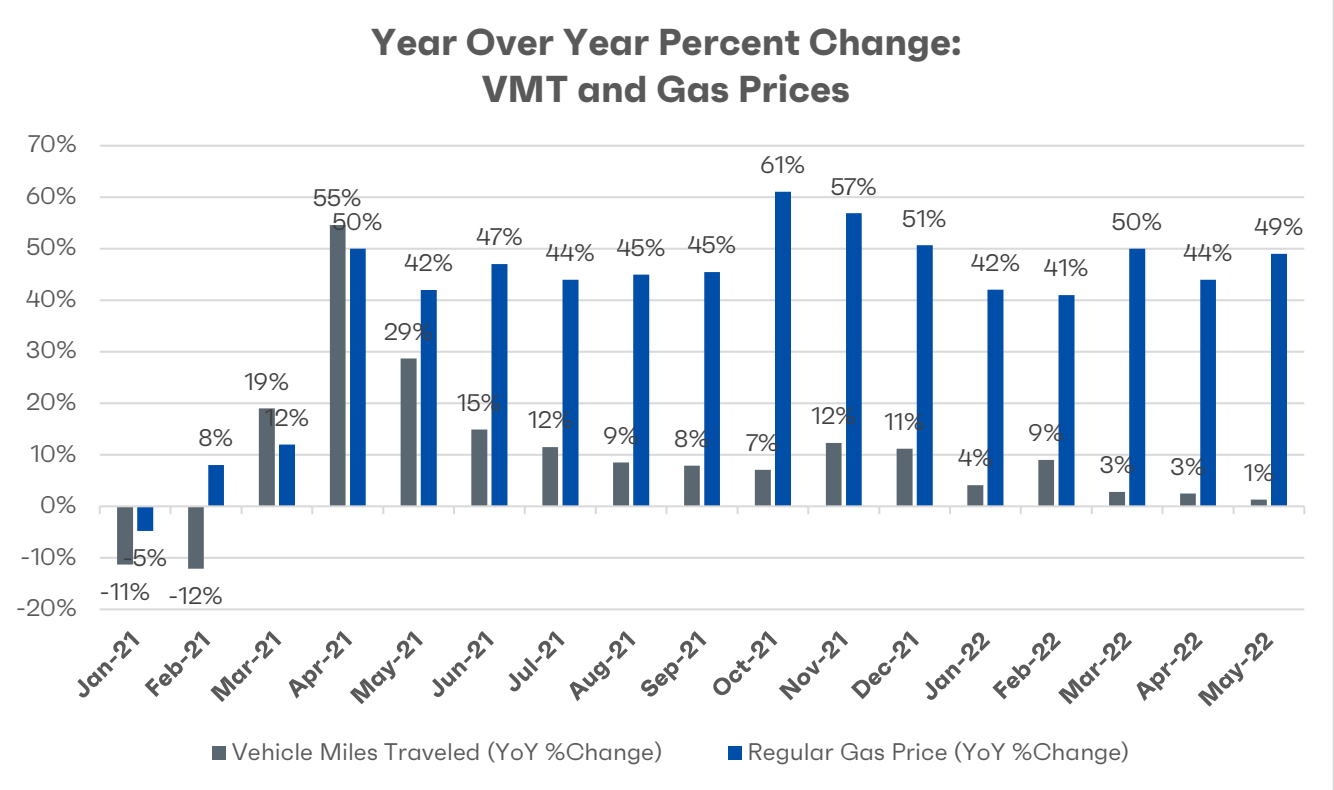
demonstrated a measure of production resiliency as evidenced by forecast upgrades in the near-to-intermediate term. Reduced COVID cases and an improved semiconductor position given de-contenting efforts by automakers in the market provide much-needed support amid what is still a dynamic environment. Regarding the ASEAN market, beyond the near-term supply chain pressures related to China lockdowns, the outlook for 2023 remains largely unchanged with broader upgrades for the South Asia region driven by an improved outlook for India and Pakistan. However, looking to 2024, the production outlook for the ASEAN market was reduced by 19,000 units to better align with the anticipated market outlook and the impact of post-pandemic demand destruction based on challenging macro conditions."

Recovery Meter

Roadway Travel (Updated 8/4)

According to the U.S. Department of Transportation, seasonally-adjusted vehicle miles traveled in April rose 0.9% from the same time a year ago. The cumulative travel estimate for 2022 is 1,304.8 billion vehicle miles. [28]

- Travel on all roads and streets changed by +1.3% (+3.6 billion vehicle miles) for May 2022 as compared with May 2021. Travel for the month is estimated to be 288.0 billion vehicle miles.
- The seasonally adjusted vehicle miles traveled for May 2022 is 271.3 billion miles, a 0.90% (2.4 billion vehicle miles) change over May 2021. It also represents a 0.30% change (0.8 billion vehicle miles) compared with April 2022.
- Cumulative Travel for 2022 changed by +3.8% (+47.8 billion vehicle miles). The cumulative estimate for the year is 1,304.8 billion vehicle miles of travel.



Economic News (Updated 7/22)

Manufacturing Gained 29,000 Jobs In April; Motor Vehicles And Parts Manufacturing Gained 2,100. "Manufacturing employment increased in June, with most of the gain in non-durable goods. Durable goods employment rose by 11,000 jobs, according to a breakdown by industry sector issued July 8 by the Bureau of Labor Statistics. Non-durable goods employment increased by 18,000. Within durable goods, the main gainer was transportation equipment, up 7,200 jobs. Within that sector, motor vehicles and parts rose 2,100. [29]

The ISM Index Fell To 53 In June. "The U.S. manufacturing economy slowed in June, with new orders going into negative territory, the Institute for Supply Management said July 1. The Tempe, Ariz.-based group's manufacturing index, known as the PMI, slipped to 53 percent last month from 56.1 percent in May. An index reading above 50 percent indicates economic expansion. Below that mark indicates economic contraction."[30]

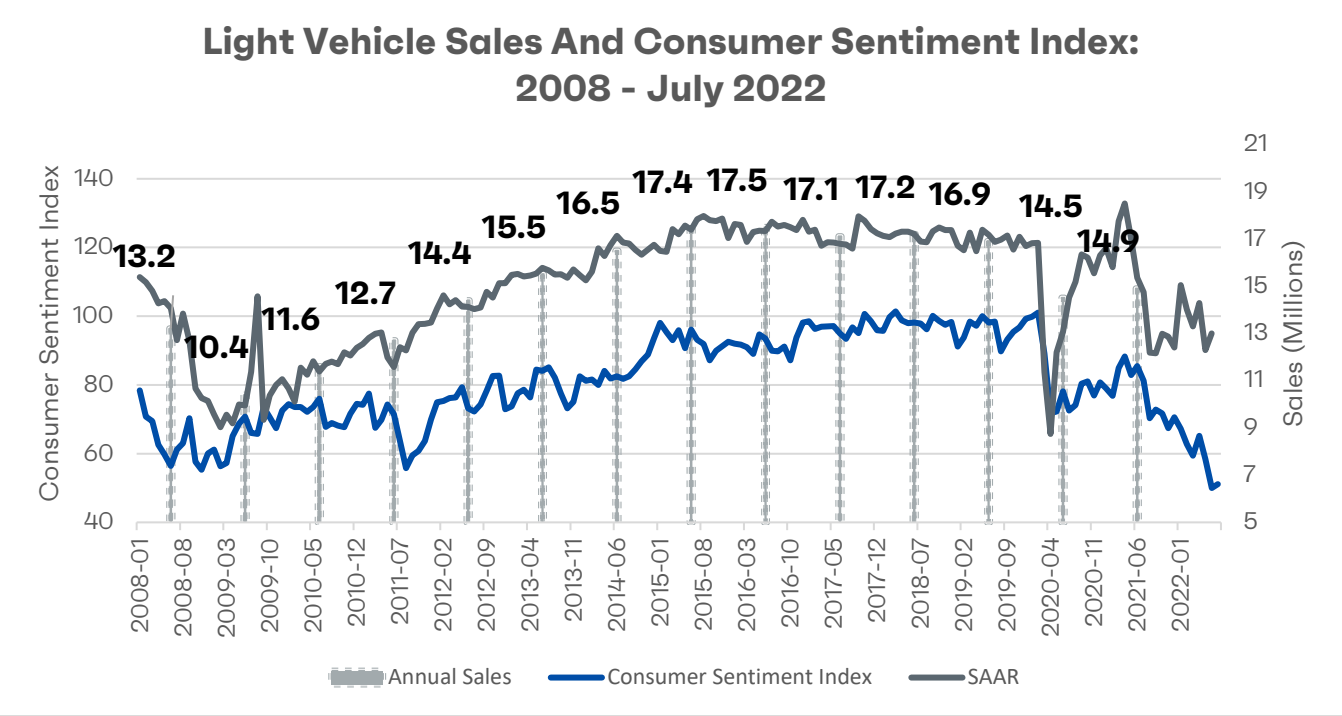
Inflation Hits 40-Year-High; Increases 9.1 Percent, Year-Over-Year. "Inflation jumped again in June on a persistent climb in gas, food and rent costs, notching another 40-year high and likely solidifying the Federal Reserve's plans for another big rate hike this month. Prices increased 9.1% from a year earlier, up from an annual rate of 8.6% the prior month and the largest gain since November 1981, the Labor Department's Consumer Price Index showed Wednesday."[31]

Consumer Confidence and Sales (Updated 7/22)

Surveys of Consumers Director Joanne Hsu[32]: "Consumer sentiment was relatively unchanged, remaining near all-time lows. Current assessments of personal finances continued to deteriorate, reaching its lowest point since 2011. Buying conditions for durables adjusted upwards, owing both to consumers who cited easing supply constraints and those who believed that one should buy now to avoid future price increases, which would exacerbate inflation going forward. Even with the adjustment, buying conditions remained 26% lower than a year ago.

"Consumers remained in agreement over the deleterious effect of prices on their personal finances. The share of consumers blaming inflation for eroding their living standards continued its rise to 49%, matching the all-time high reached during the Great Recession. These negative views endured in the face of the recent moderation in gas prices at the pump.

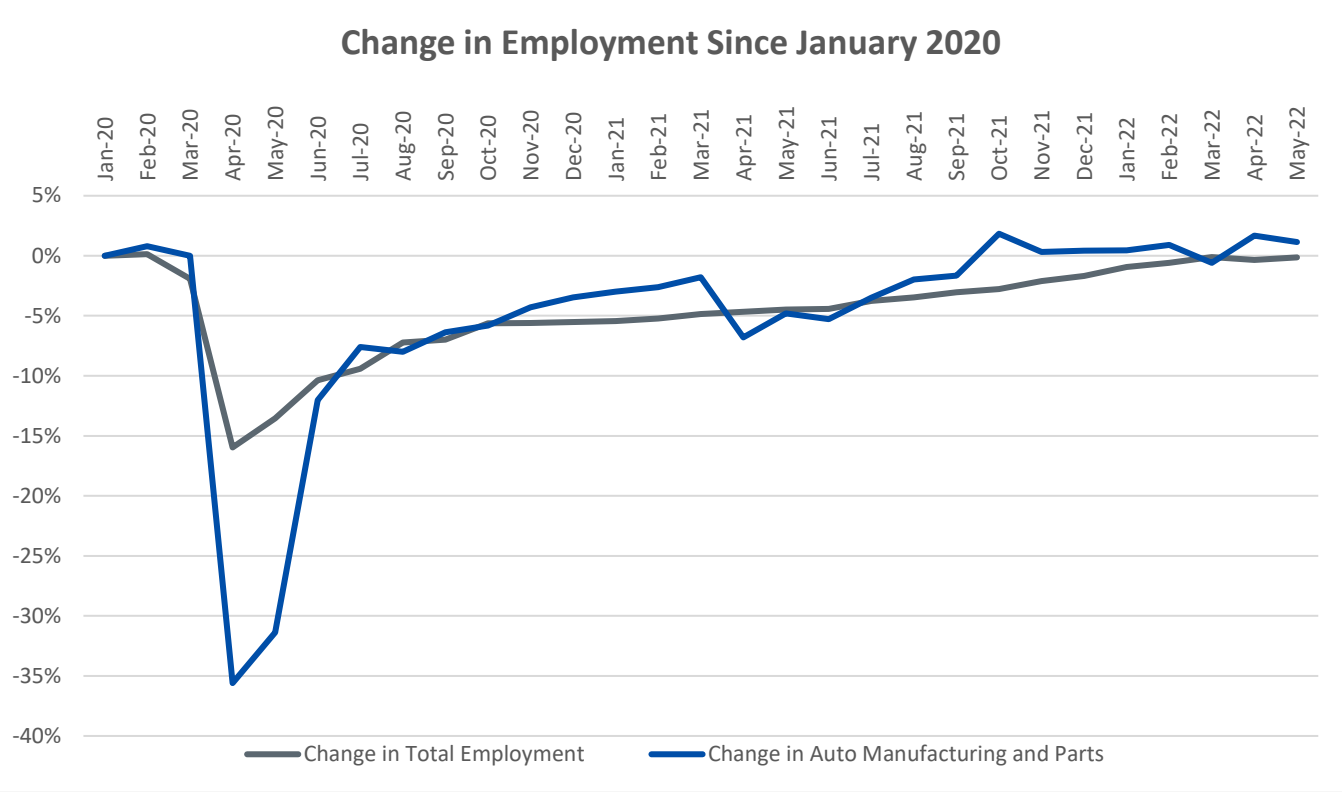
"Inflation expectations have held steady or improved somewhat. The median expected year-ahead inflation rate was 5.2%, little changed from the past five months. Median long run expectations fell to 2.8%, just below the 2.9-3.1% range seen in the preceding 11 months. Inflation uncertainty continued to grow, with 26% of consumers expecting prices to stay the same or fall over the next 5 to 10 years, up from 11% a year ago."



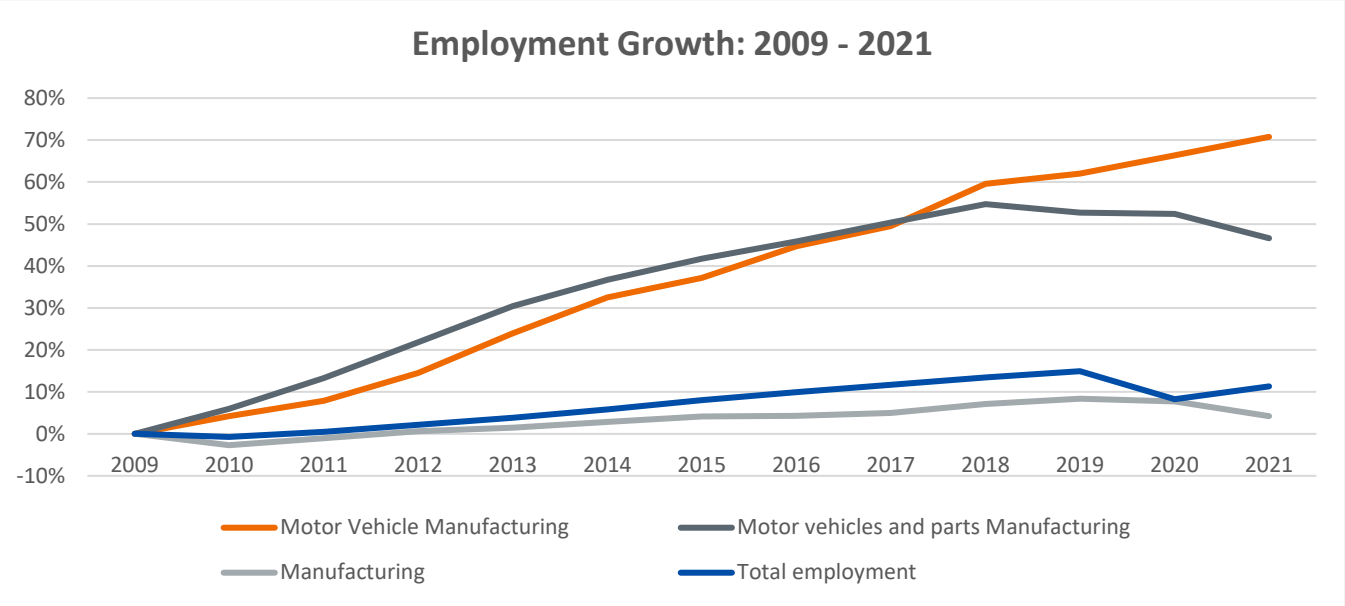
Employment (Updated 7/22)

Motor Vehicle And Parts Manufacturing Gained lost 2,100 Jobs In June. [33]

After a loss of nearly 350,000 employees (about 35% of the workforce) in the height of the pandemic, employment in the Automobile Manufacturing and Parts sectors raced back but is now fighting losses due to supply chain disruptions with semiconductors. [34]



After the recession in 2009, the auto industry was credited with being on the leading edge of the recovery, which began a ripple effect through other parts of the country. [35] Additionally, the chart below shows how the recovery of jobs in motor vehicle manufacturing alone and motor vehicle and parts manufacturing far outpaced the recovery of manufacturing and total jobs.



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