READING THE METER

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

ALLIANCE FOR AUTOMOTIVE INNOVATION

Contents – May 24, 2023

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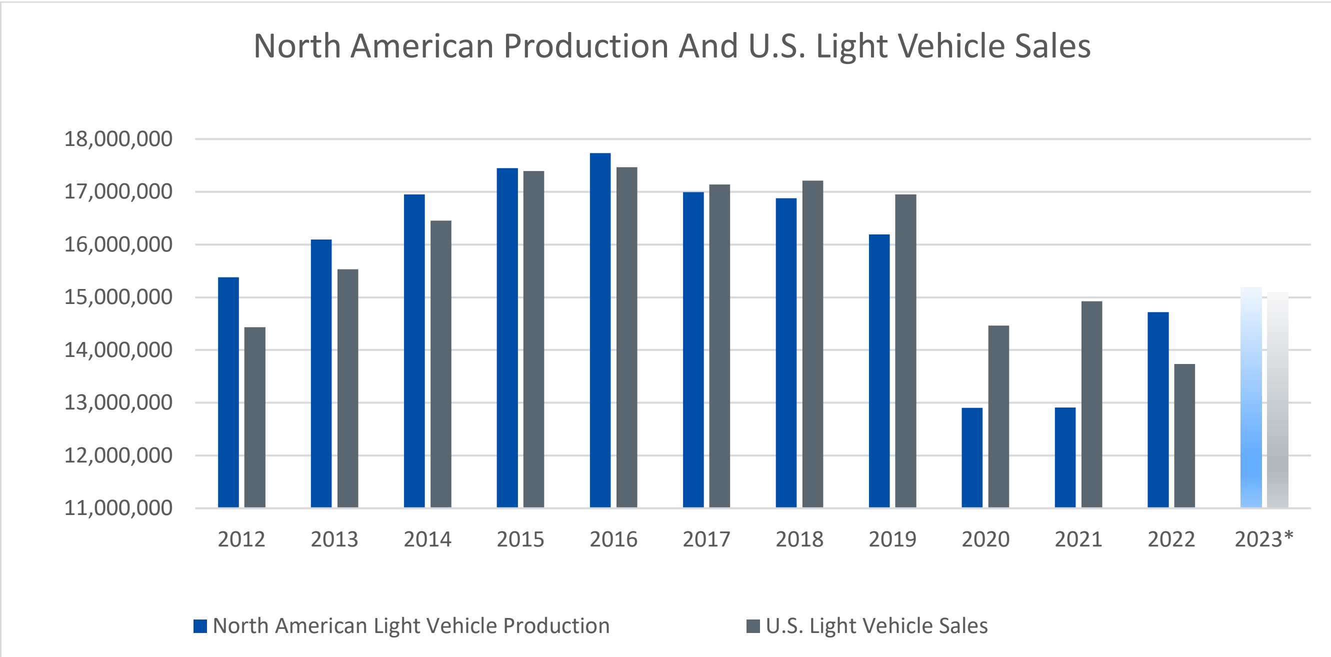
Forecast Meter

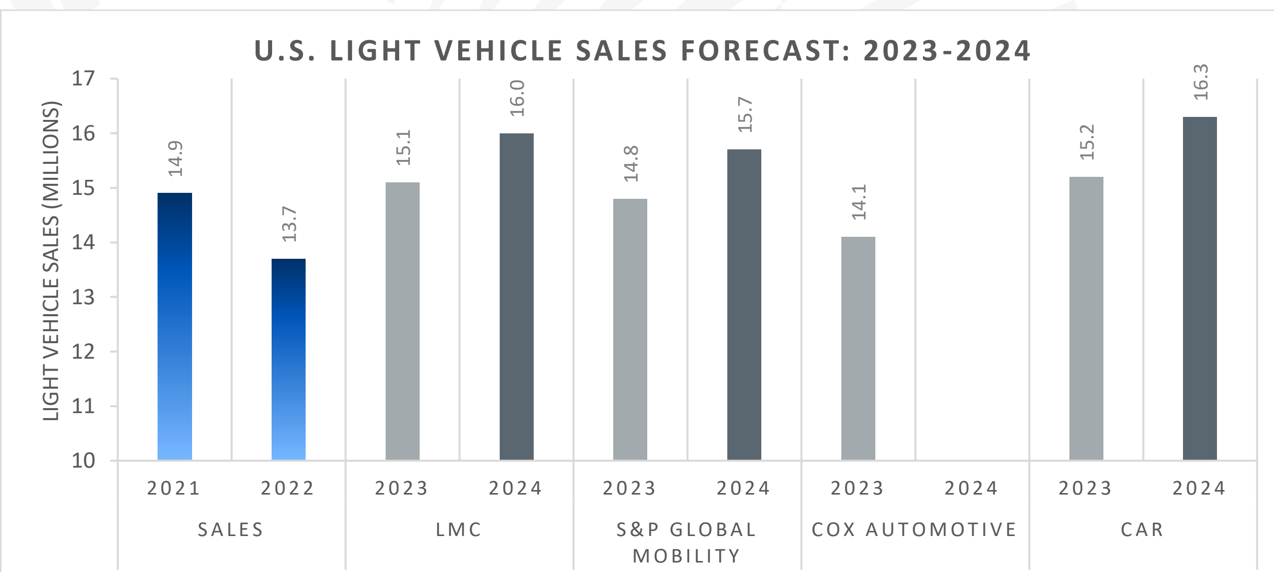
Sales & Production Summary and Forecast (Updated 5/24)

2022-2023 Sales,[1] Extended Sales Forecast[2] and Production Forecasts[3]		
	U.S. Sales & Forecasts	**North American Production**
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)	977,485 (+7% YoY)
August '22	1,128,200 (-.7% YoY)	1,413,262 (+29 %)
September '22	1,112,245 (+3.9% YoY)	1,258,501 (+38% YoY)
October '22	1,151,774 (+13.8% YoY)	1,299,707 (+12.4% YoY)
November '22	1,120,067 (+6% YoY)	1,200,244 (+5.5% YoY)
December '22	1,263,268 (+4.9% YoY)	1,074,938 (+3.4% YoY)
January '23	1,033,002 (+4.2% YoY)	1,195,548 (+12.9% YoY)
February '23	1,136,332 (+8.7% YoY)	1,257,482 (+15% YoY)
March '23	1,365,966 (+8.6% YoY)	1,442,991 (+6.7 YoY)
April '23	1,347,159 (+13.1% YoY)	1,281,626 (+8.6 YoY)
2022 Full Year	15.1 million units (WardsIntelligence)	14,721,053 (+9.8% YoY) (U.S. 10,019,791)



U.S. Light Vehicle Sales Outlook (Updated 5/4)

Wards Intelligence Outlook (5/4)[4]: "With April sales coming in stronger than expected, totaling a 15.9 million-unit seasonally adjusted annual rate, Q2 is off to solid start. Early-May modeling indicates the Q2 SAAR will rise slightly to 15.3 million units from Q1's 15.2 million. . . . Wards partner LMC Automotive is forecasting light-vehicle sales to total 15.1 million units in 2023. The forecast incorporates a mild recession in the second half of the year. Sales in 2024 are forecast to total 16.0 million units."



North American Production & Inventory Outlook (Updated 5/24)

Wards Intelligence Production Outlook (5/24)[5]: "Second-quarter light-vehicle output is tracking to 3.949 million units, 12.0% above like-2022.

"**Wards Intelligence Inventory Outlook (5/4)[6]:** "Inventory at the end of May will remain relatively flat with April – though a slight decline is more likely than an increase – with sequential growth resuming in June. A flat or slight decline in inventory from April to May is normal. Year-over-year gains in May and June should remain above 50%."

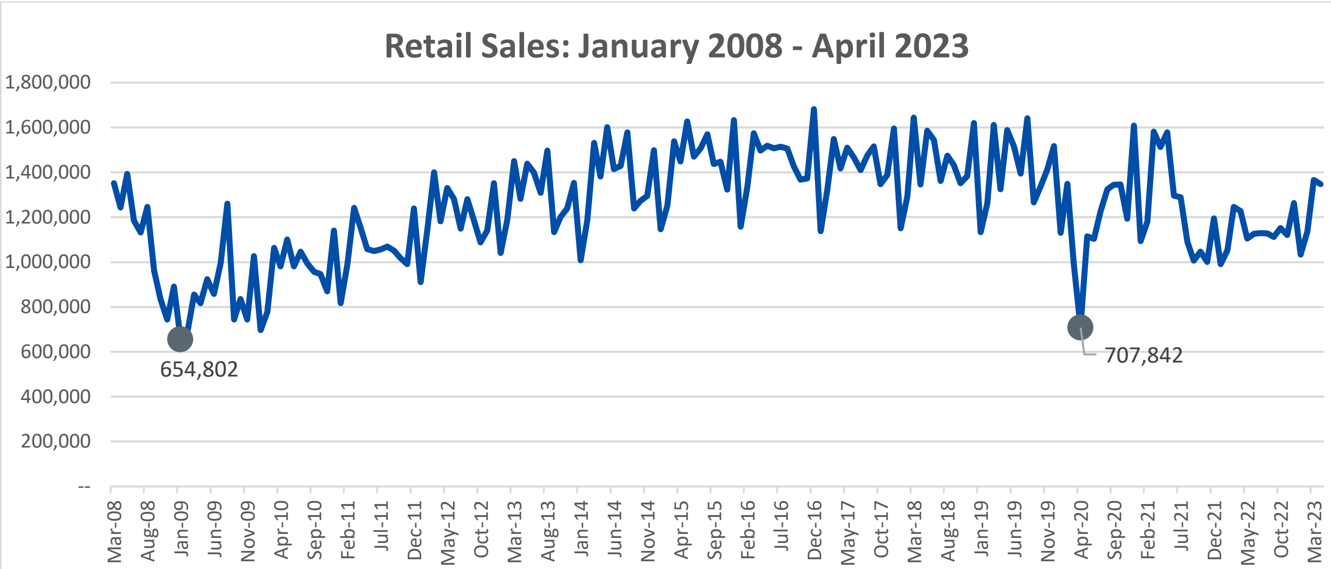
S&P Global Mobility Outlook (5/4)[7]: "North America: The outlook for North America light vehicle production was essentially unchanged for the reporting period of 2023 through 2025. Despite lingering concerns surrounding the volatility of the supply chain and recessionary fears, the North American production outlook over the short-term remains largely unchanged. Most of the near-term production risk resides with the legacy US manufacturers, particularly for the all-important and highly profitable full-size pickup trucks that have experienced the largest increases in inventory. Combined full-size pickup inventory across Ford, GM and Stellantis totals nearly 470,000 units or a 69 days' supply at the end of April 2023. Despite increasing inventory levels that are now above previously stated ambitions from each manufacturer, changes to product/trim mix are expected to further bolster sales of these trucks that are needed to fund their collective electric futures. Additional concern surrounds the upcoming union negotiations between the United Auto Workers (UAW) in the US and Unifor in Canada when their respective contracts expire in September 2023. Hard-line stances from union leadership along with strong pay and benefits expectations from rank-and-file members create a ripe environment for higher strike probabilities. However, a strike event is not reflected in our baseline forecast settings."

Market Meter

U.S. Light Vehicle Sales (Updated 5/4)

Monthly Sales (Updated 5/4)

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.



April Sales (Updated 5/4)

WardsIntelligence [8]: "U.S. light-vehicle sales surged above expectations in April, rising to a 15.9 million-unit seasonally adjusted annual rate, and increasing 13.1% year-over-year, based on daily selling rates.

"The SAAR was above the prior month's 14.8 million units and same-month 2022's 14.3 million, and highest since January's 16.0 million. It also represents a solid start to Q2, which needs to top a 15.2 million-unit SAAR to show growth from Q1.

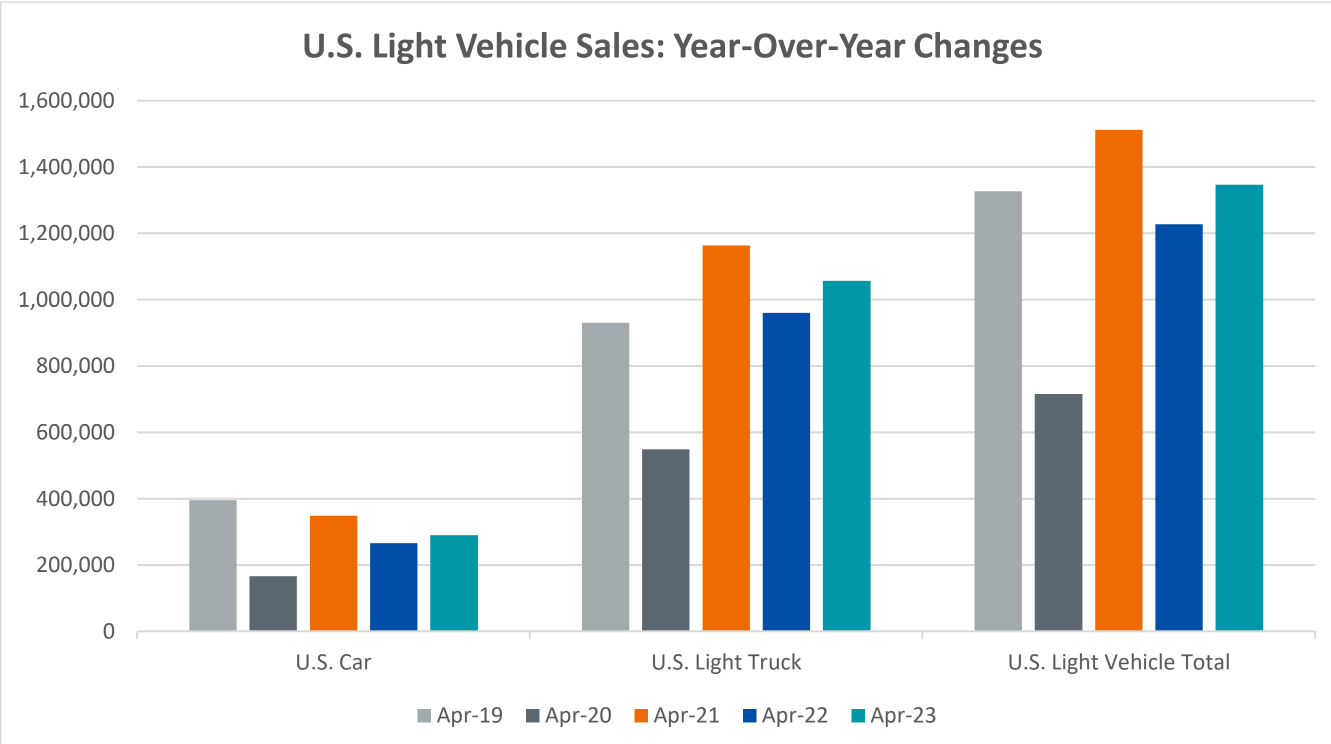
"Raw volume totaled 1.347 million units, 9.0% above like-2022's 1.236 million. April's daily selling rate of 51,814 over 26 selling days was well above same-month 2022's 45,794 – 27 selling days. The DSR increase marked the eighth straight gain and the biggest since October's 16.7% rise.

"Both retail and fleet volume likely finished above expectations, though indications are the forecast for the fleet mix to equal 16% of total sales was low. Incentives also played a part in the surge.

"Incentives rising from rock-bottom lows are helping, but those gains are more in line with what would be expected as inventory grows – though it also remains at historic lows – than from automakers simply reacting to headwinds keeping buyers off dealer lots.

"At the root of April's growth is greater new-vehicle availability feeding the pent-up demand – especially from fleets - built up over the past three chaotic years. That, plus an economy still experiencing job growth and wage increases, are offsetting headwinds caused by higher interest rates, rising prices and fear of recession.

"CUVs, the largest segment, recorded a year-over-year increase of 13.4%, while SUV increased 13.0%, Van – sparked by minivans - rose 22.4% and Pickup posted 8.1% growth."



Fleet Sales (Updated 5/4)

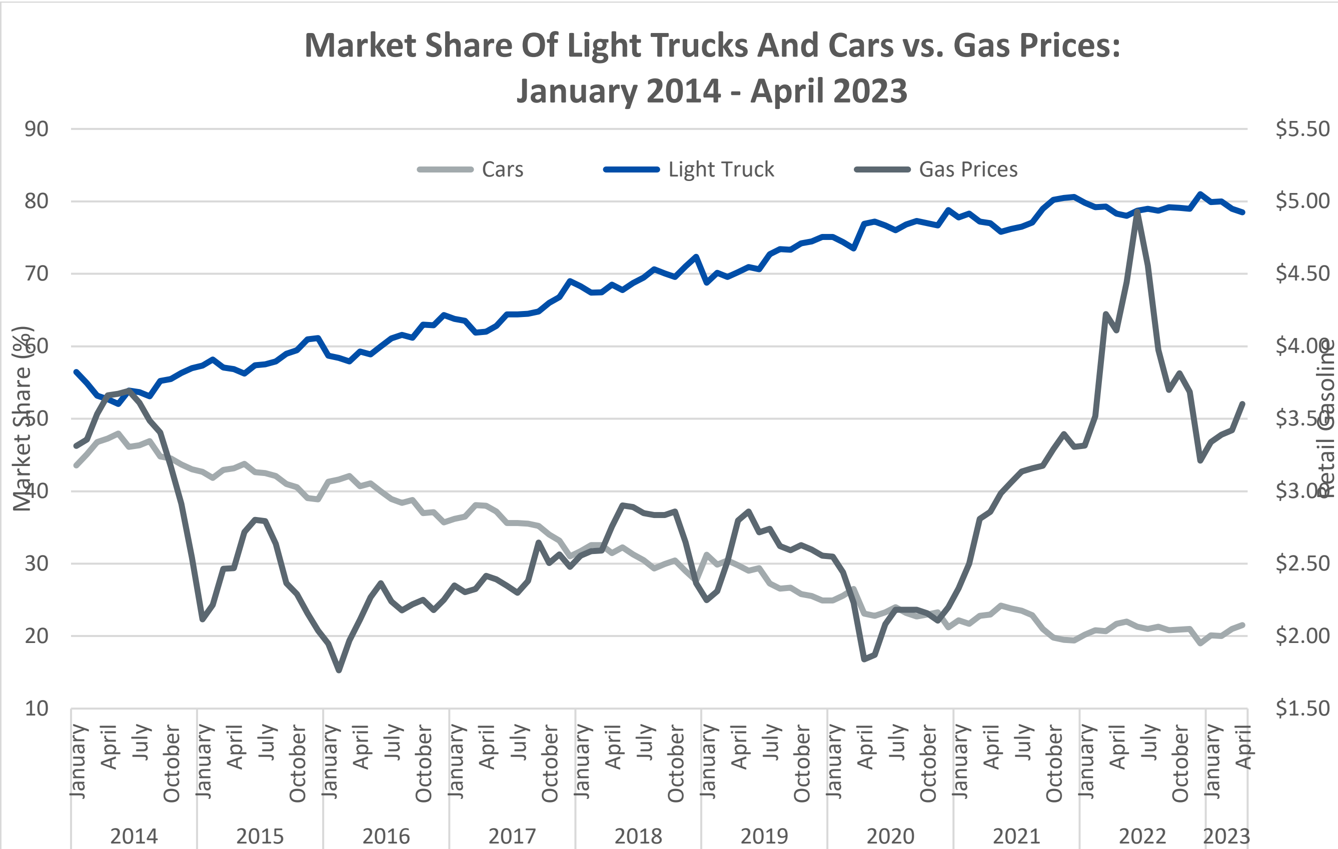
TrueCar [9]: "Fleet sales for April 2023 are expected to be up 20% from a year ago and down 7.6% from March 2023 when adjusted for the same number of selling days."

J.D. Power [10]: "Fleet sales are expected to total 229,100 units in April, up 33.3% from April 2022 on a selling day adjusted basis. Fleet volume is expected to account for 17% of total light-vehicle sales, up from 14% a year ago."

Segments vs. Gas Prices (Updated 5/4)

Monthly Sales For April: Light trucks accounted for 78.5 percent of sales in April, flat with the market share a year ago. Compared to the same period in 2022, sales of cars are up about 24,000, and down more than 105,000 from April 2019, when cars comprised 30% of the market as opposed to the 21.5% 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 [11] and gas was over $3.00 [12] 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 $2.83 a gallon (through December 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. [13]



EV Powertrain Sales (Updated 5/4)

Sales of electric vehicles (BEV, PHEV, & Fuel Cell) accounted for 7.8% of total vehicle sales in April 2023 (105,657) – the highest monthly volume to date, and an increase of .46 percentage points from March 2023 according to Wards Intelligence data. April's EV market share is up 2 pp from a year ago. Sales of battery electric vehicles led the way for ZEVs, accounting for 6.1% of total sales, up 1.6 pp from April 2022. Plug-in hybrids accounted for 1.7%, up 0.4 pp from the same time last year.[14]

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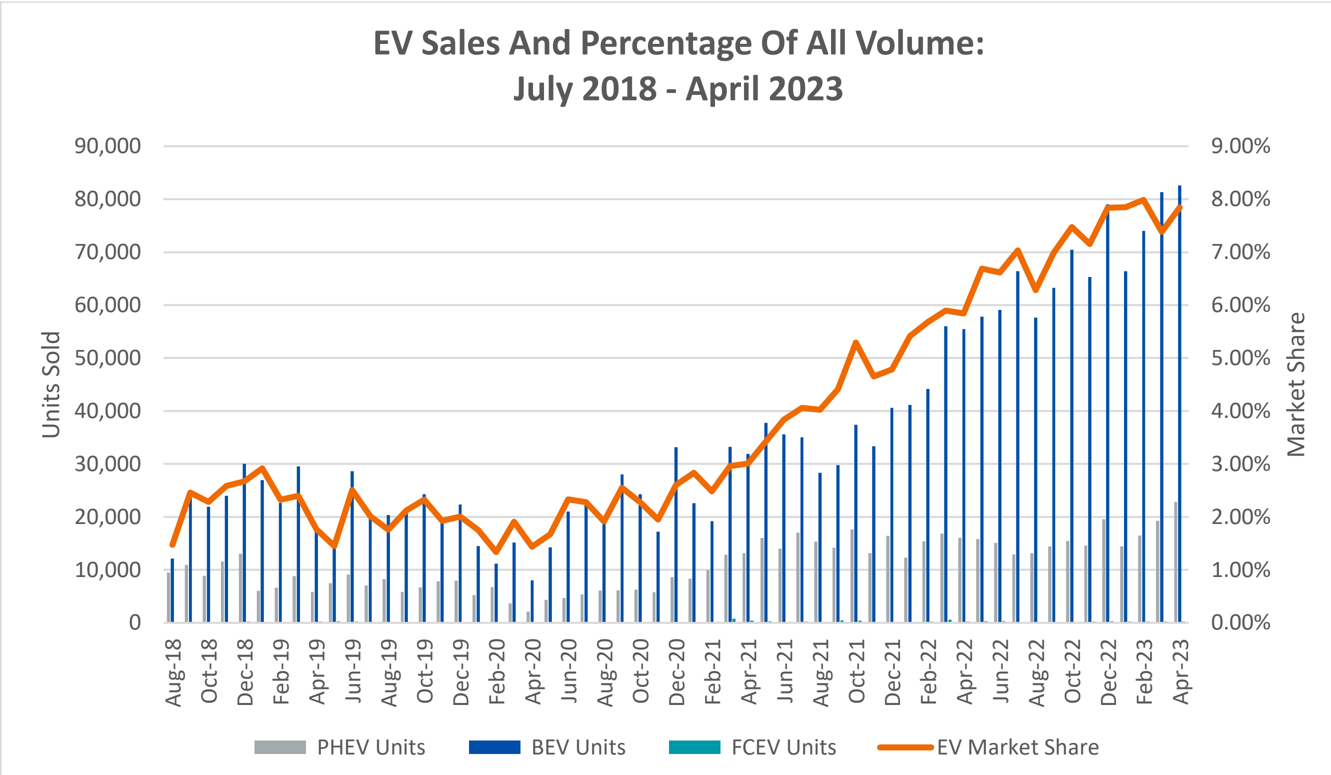
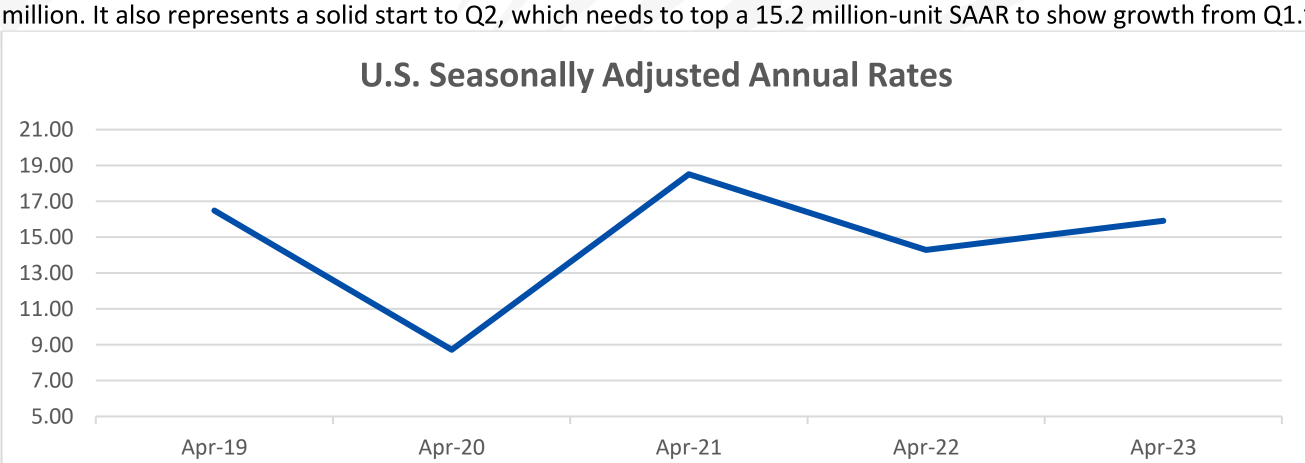


Seasonally Adjusted Annual Rates (Updated 5/4)

WardsIntelligence[15]: "U.S. light-vehicle sales surged above expectations in April, rising to a 15.9 million-unit seasonally adjusted annual rate, and increasing 13.1% year-over-year, based on daily selling rates. The SAAR was above the prior month's 14.8 million units and same-month 2022's 14.3 million, and highest since January's 16.0 million. It also represents a solid start to Q2, which needs to top a 15.2 million-unit SAAR to show growth from Q1."



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Average Transaction Price (Updated 5/24)

Kelley Blue Book (April) (Updated 5/24) [16]**:** "he average price Americans paid for a new vehicle in April remained below the manufacturer's suggested retail price (MSRP) for the second consecutive month, according to data released today by Kelley Blue Book, a Cox Automotive company. The average transaction price (ATP) of a new vehicle in the U.S. remained relatively flat in April 2023 at $48,275, a month-over-month decrease of 0.03% ($14) from an upwardly revised March reading of $48,289.

"New-vehicle transaction prices in April were up 3.7% ($1,744) compared to year-ago levels. Meanwhile, auto manufacturers' incentive spend rose to the highest level in the last year at 3.6% of the ATP in April, averaging $1,714.

"After 20 months of new-vehicle ATPs holding above average MSRP, or sticker price, transaction prices are now trending downward. In April 2023, the average price consumers paid fell to $378 below sticker price. For comparison, a year ago, the average ATP was $600 above MSRP.

"Initial estimates for the average price paid for a new electric vehicle (EV) in April decreased from March by $4,464 (down 7.5%) to reach $55,089. The ATP for EVs in April 2023 is down a noteworthy $10,096 compared to one year ago. The average new EV sold for an upwardly revised $59,553 in March, according to Kelley Blue Book estimates, which still is well above the industry average. New EV pricing peaked in June 2022 and has fallen significantly so far in 2023. 'April's downward movement of EV average transaction prices reflects EV automakers, particularly Ford and Tesla, seeking a balance between pricing and profitability,' said Michelle Krebs, executive analyst at Cox Automotive. 'With average EV prices trending lower, we are seeing EV sales increase. For example, EV sales estimates in April were up by 26% year over year.'"

"Incentives averaged $1,714 in April to reach the highest point in a year, increasing to 3.6% of the average transaction price compared to 3.2% in March. While April incentives increased by $170 month over month, they remain at a historically low level. For comparison, Kelley Blue Book estimates incentives averaged 7.8% of ATP in April 2021 and 9.0% in April 2019."

J.D. Power (Updated 5/4) [17]**:** "New-vehicle transaction prices continue to rise, with the average price reaching an April record of $46,044. This is a 2.0% increase from a year ago. The record transaction prices means that consumers are on track to spend nearly $47.5 billion on new vehicles this month—the second highest for the month of April and 2.9% higher than April 2022.

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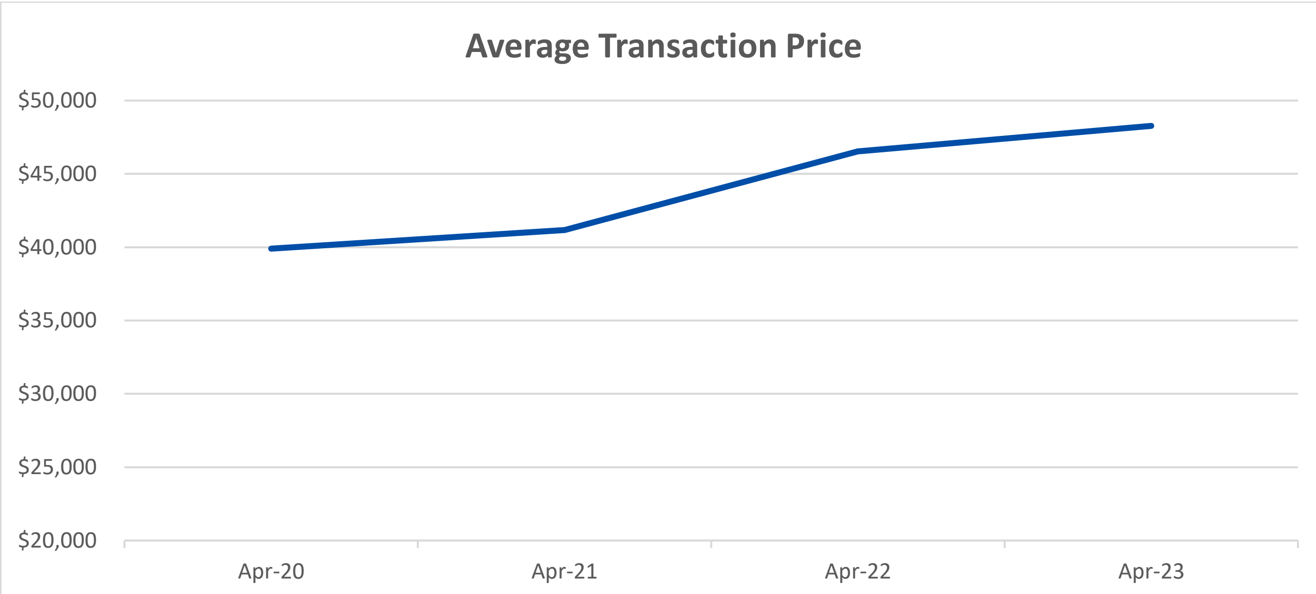
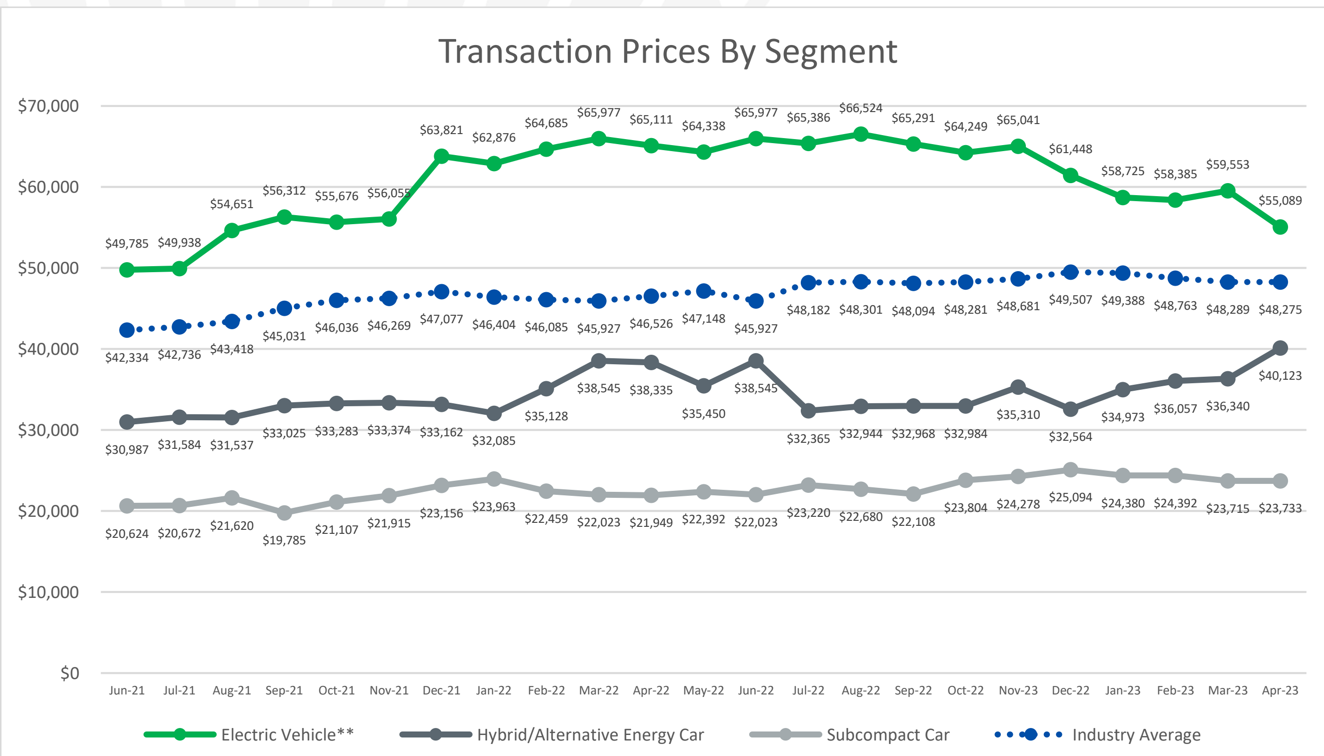


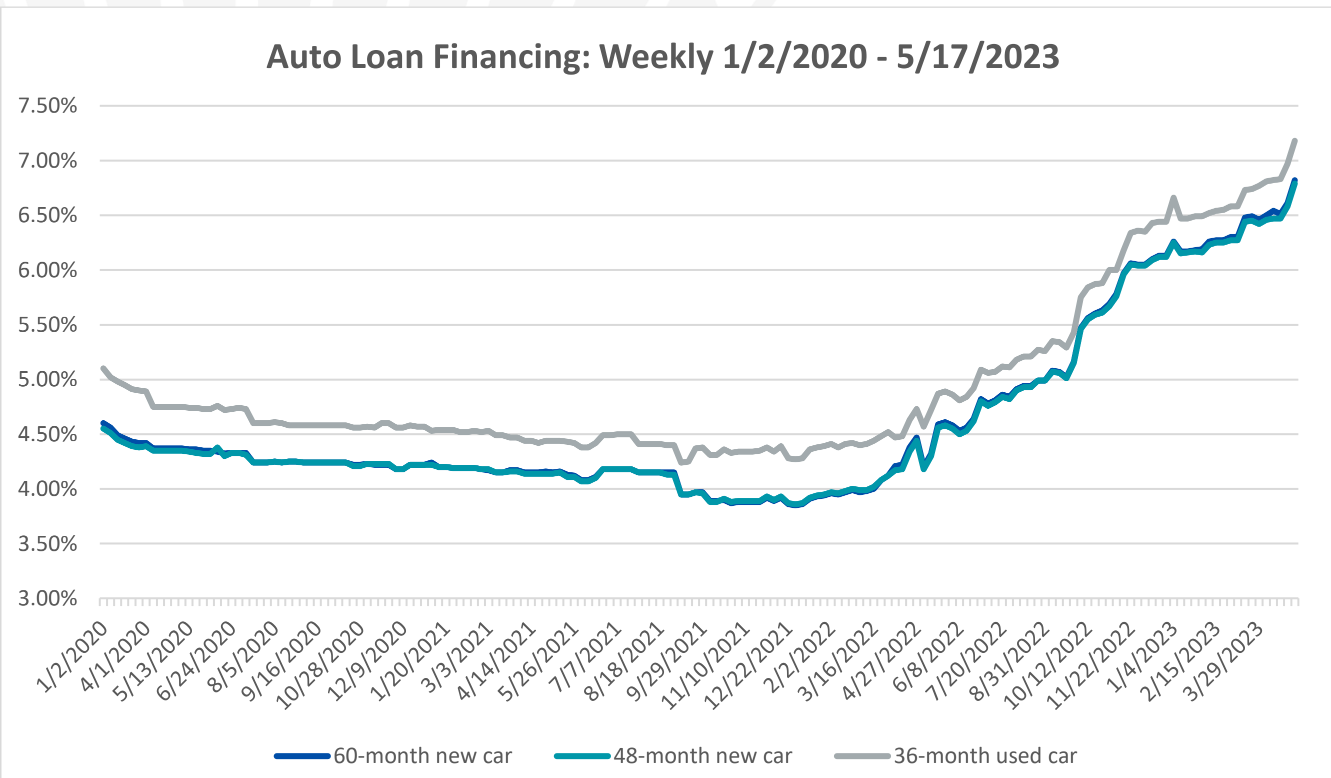


Auto Loan Financing (Updated 5/24)

Interest Rates (updated 5/24): Interest rates continued their upward trajectory on the 60-month, 48-month and 36-month used car loans. Rates now stand at 6.82%, 6.79%, and 7.18%, respectively. Since the beginning of 2020, 60-month rates are up 2.22 pp, and are up 2.23 pp since the same time a year ago.[18]

JD Power (5/4)[19]: "Elevated pricing coupled with interest rate increases continue to inflate monthly loan payments. The average monthly finance payment in April is on pace to be $729, up $48 from April 2022. That translates to a 7.1% increase in monthly payments from a year ago. The average interest rate for new-vehicle loans is expected to be 6.8%, an increase of 227 basis points from a year ago."

Dates	60-month new car	48-month new car	36-month used car
1/2/2020	4.60%	4.55%	5.10%
5/18/2022	4.59%	4.56%	4.87%
5/3/2023	6.61%	6.58%	6.97%
5/17/2023	6.82%	6.79%	7.18%
Two Week Change	0.21%	0.21%	0.21%
Change since 1/3/20	2.22%	2.24%	2.08%
One Year Change	2.23%	2.23%	2.31%

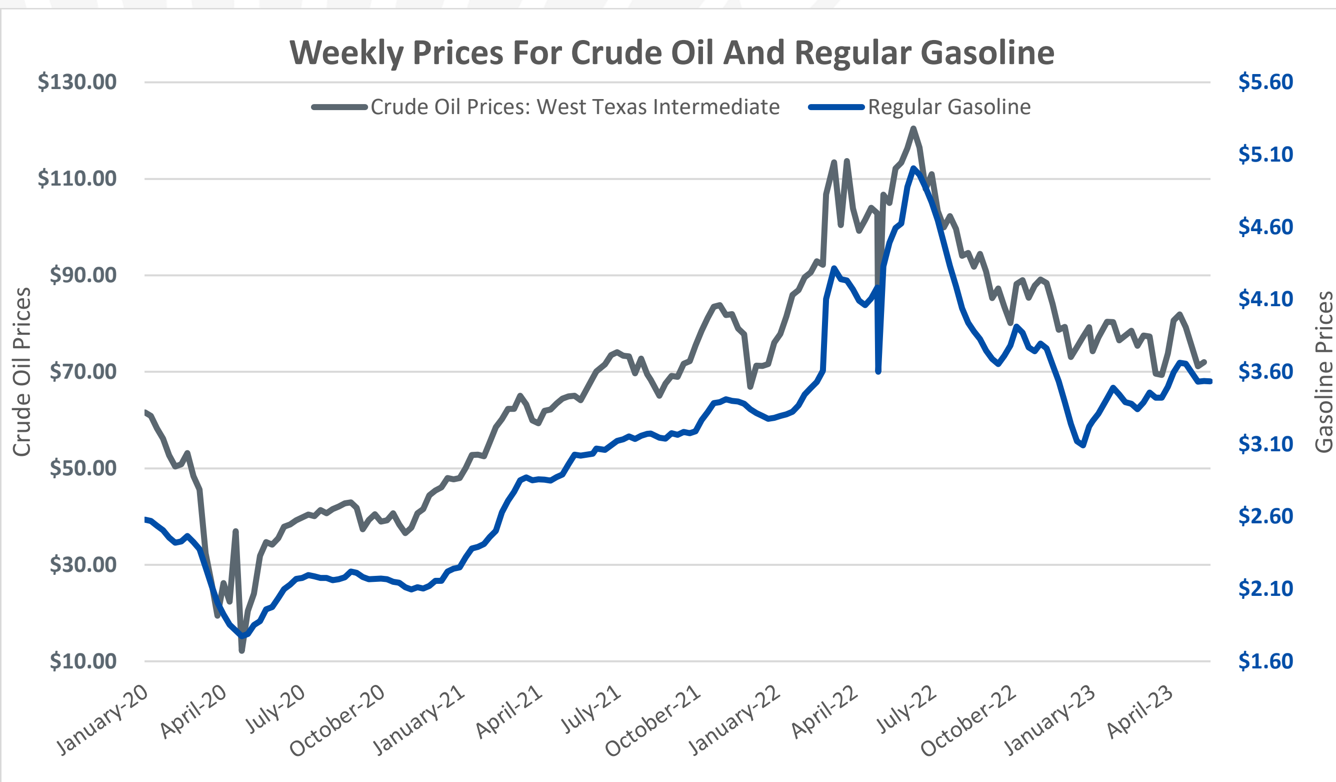


Crude Oil and Gas Prices (Updated 5/24)

EIA Outlook For Gasoline (5/24)[20]**:** "The average U.S. regular gasoline retail price for April was $3.60 per gallon (gal), which is higher than the $3.53/gal we forecast in the April STEO. Inventory draws in April left U.S. gasoline inventories 3% below the five-year (2018–2022) minimum and contributed to rising retail gasoline prices. Because we reduced our crude oil price forecast in the May STEO, we now forecast gasoline prices in the summer driving months (April through September) to be slightly lower than previously expected across all regions of the United States. Overall, we expect retail gasoline prices to remain below summer 2022 prices, which reflects both lower crude oil prices this summer and lower refining margins for gasoline."

EIA Outlook For Oil (5/24)[21]**:** "The Brent crude oil spot price fell from an average of $85 dollars per barrel (b) in April to close at $73/b on May 4. At the beginning of April, OPEC and partner countries (OPEC+) announced a cut to crude oil production of 1.2 million barrels per day (b/d) through the end of 2023, which increased crude oil prices on expectations of tightening oil supplies. However, ongoing considerations about weakening global economic conditions, perceived risk around the global banking sector, and persistent inflation outweighed the initial increase in oil prices and have led to lower prices.

Gas And Oil Holding Mostly Steady (5/24): Oil prices, as benchmarked at West Texas Intermediate, fell to $72, a decrease of $4 in the last two weeks. Since election day 2020, oil prices are $45 a barrel higher. Gas prices are unchanged from two weeks prior. Gas is 37% higher than the beginning of 2020.[22]



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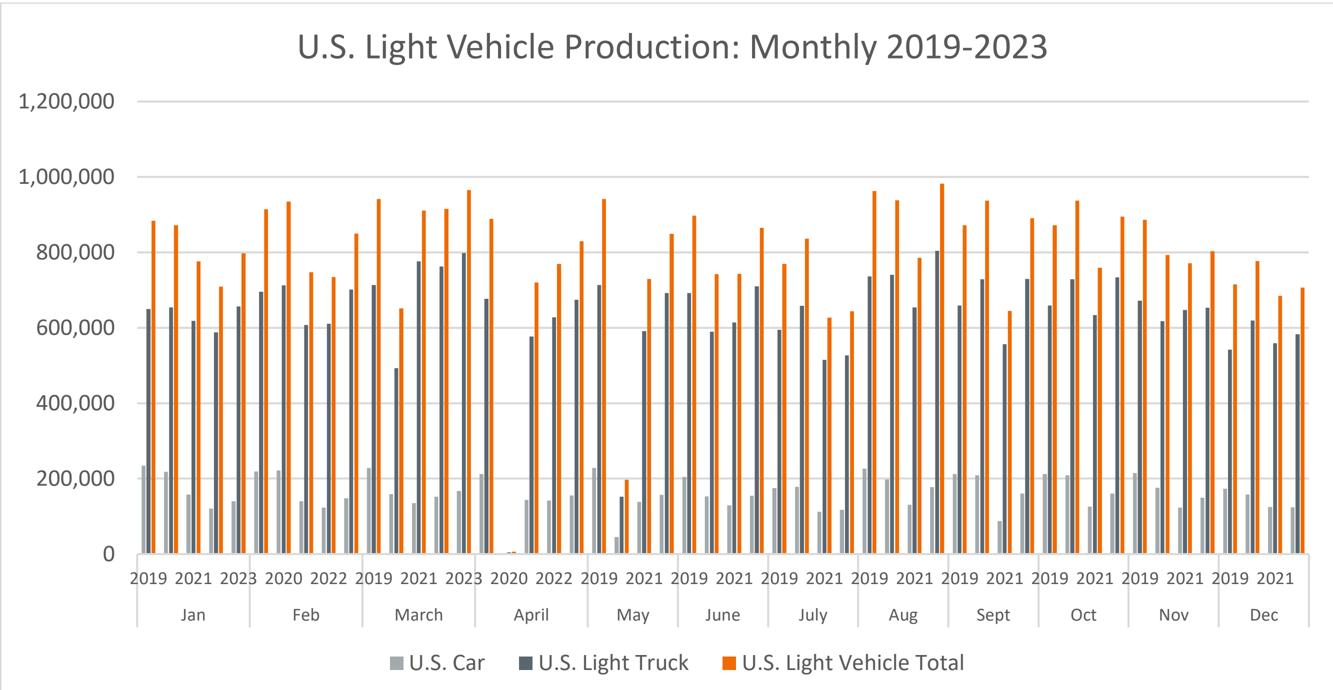
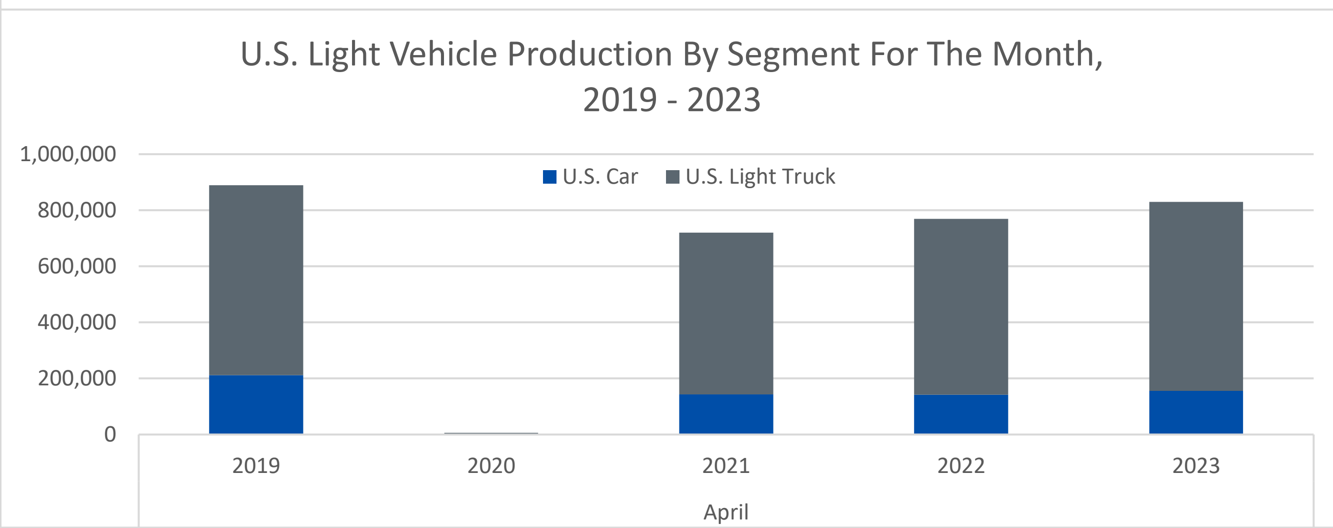
Production Meter

U.S. Light Vehicle Production (Updated 5/24)

Monthly Production (Upodated 5/24)

U.S. Light vehicle production for April 2023 decreased month-over-month by 13.5 percent, totaling 829,672 vehicles (155,218 cars, 674,454 light trucks), year-over-year, production is up 8.5 percent from 2022. [23]

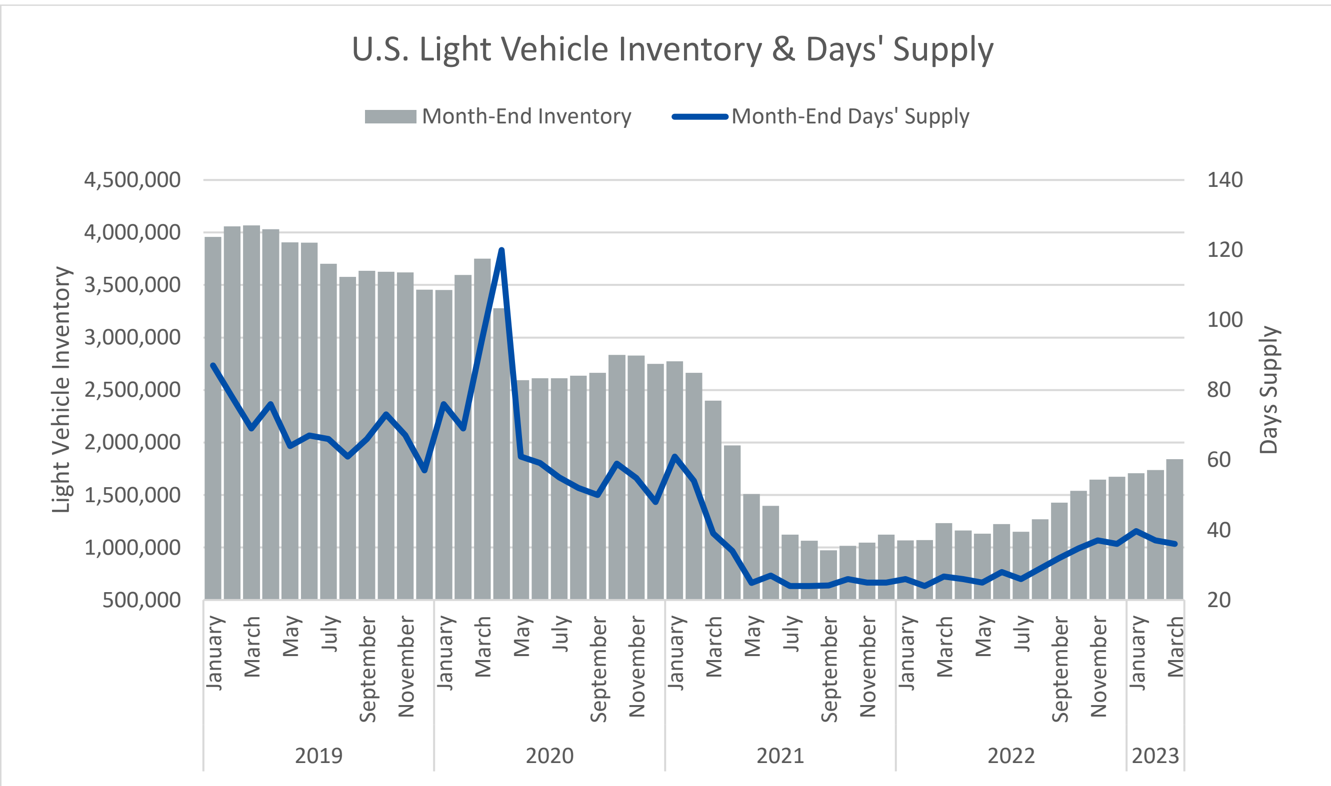




U.S. Light Vehicle Inventory and Days' Supply (Updated 5/4)

WardsIntelligence Inventory Update (5/4)[24]: "Manufacturers are not giving up the ghost on keeping dealers well-stocked with fullsize trucks, but at the same time availability of more affordable light vehicles is improving.

U.S. light-vehicle inventory ended April at 1.795 million units, up 54.7% year-over-year, while days' supply rose to 35 from like-2022's 25. . . . Boding a little bit better for new-vehicle buyers feeling the bite of higher prices is combined inventory of non-luxury small and midsize cars, CUVs and SUVs increased 50% year-over-year, a slight improvement on March's 46% gain."



Global Meter

Global Light Vehicle Sales (Updated 4/5)

Wards Intelligence[25]: "Global vehicle sales resumed year-over-year growth in February after two months of decline caused by a temporary slump in the world's largest market.

“February’s combined deliveries of light vehicles and medium-/heavy-duty trucks totaled 6.64 million units, a 9.4% increase from like-2022’s 6.07 million. The results also were 6.0% above January’s 6.26 million, a deviation from historical trends as volume usually declines in February from the prior month.

“However, the cause of the deviation was due to a sudden drop in demand in China at the end of last year into January when a lifting of government-required lockdown measures in relation to the Covid-19 pandemic led to a surge in cases in the country, dragging down retail activity.

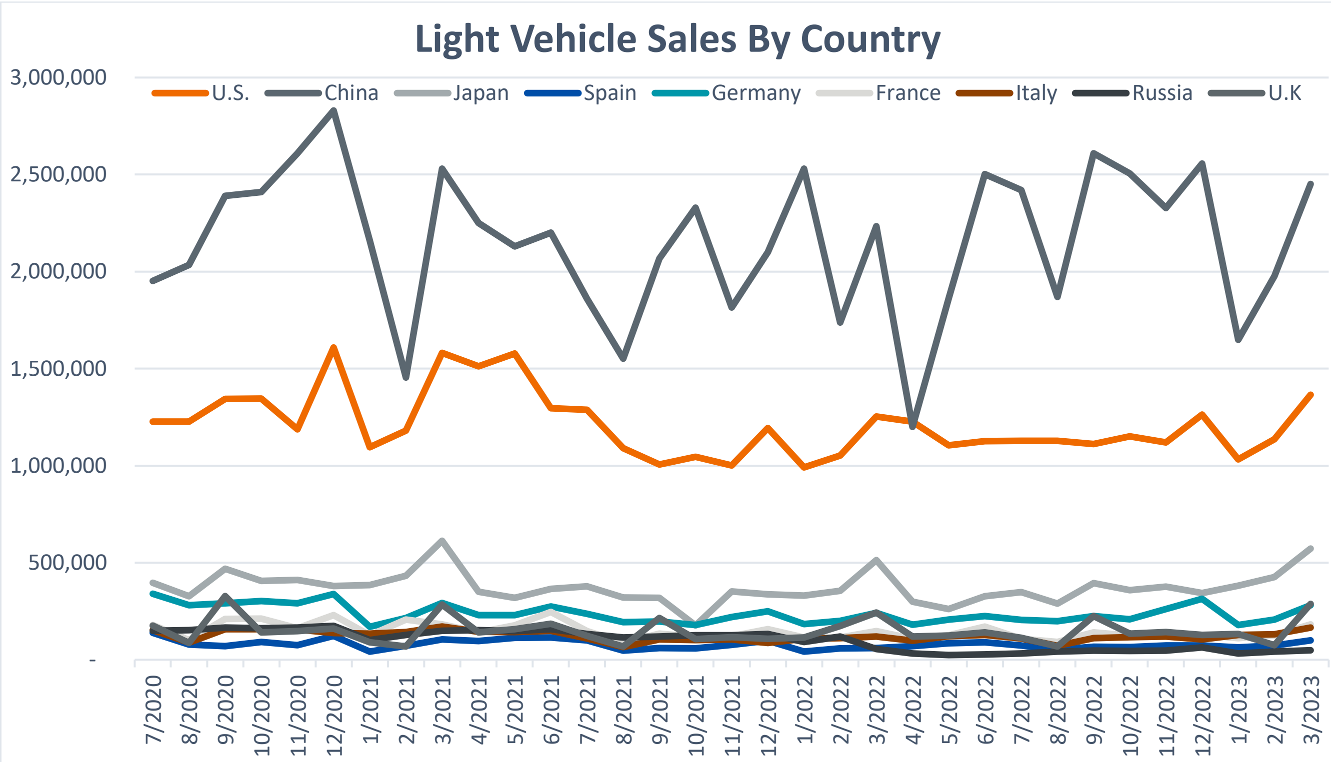
“Demand in China recorded double-digit gains over the summer in 2022 before slowing in the fourth quarter, including downturns in November and December. Further tamped down due to the timing this year of the Chinese New Year celebration – the weeklong holiday being entirely in January, whereas a year ago it carried into February - the year-over-year losses culminated with a 34.9% decline in January.

“With the number of infections receding, and the New Year festivities ended, February sales in China grew 16.0% year-over-year and global market share rose to 29.8% from January’s 27.2% and same-month 2022’s 29.5%.

“Growth in February also was strong in North America and the rest of Asia, but gains were slower in Europe and volume in South America fell from the same year-ago period.

“Global volume year-to-date through February totaled 12.90 million units, flat with January-February 2022’s total. Excluding medium- and heavy-duty trucks, February light-vehicle sales totaled 6.13 million units, up 5.1% from like-2022’s 5.83 million and 1.5% above the prior month’s 6.04 million.

“Wards Intelligence partner LMC Automotive forecasts global light-vehicle sales to total 86.0 million units in 2023, up 6.0% from 2022’s 81.1 million. All regions are expected to record year-over-year gains in 2023.”



Global Light Vehicle Production (Updated 5/24)

S&P Global Mobility Forecast (4/20)[26]**:** "The global auto market continues to benefit from the theme of ongoing production recovery on improved supply chain conditions. This production activity is effectively accelerating inventory restocking while also supporting nascent demand recovery in several key markets. There remains a keen focus on the state of consumer demand and underlying conditions to support the release of pent-up demand. Elevated vehicle pricing in some markets and more recently deteriorating credit conditions remain critical considerations. Yet, in some markets, vehicle sales have been running at or near recessionary levels for several years. We continue to monitor vehicle demand in Greater China on concerns that recent weak sales performance may extend deeper into the year. Looking beyond 2023, the general production outlook reflects a bit more constrained outlook given the aforementioned pull-ahead in inventory restocking in many markets. The May 2023 forecast update reflects a mix of upgrades and downgrades, albeit mostly modest in nature, yet net to the upside in the immediate near-term, as the industry recovers from supply chain issues and supports demand recovery in select markets. The acceleration in inventory restocking supported by strengthening output results in downward revisions beyond 2023 as the production profile more closely aligns to demand expectations. The more noteworthy regional adjustments with the latest forecast update are detailed below:

"**Europe:** The outlook for Europe light vehicle production was increased by 113,000 units and reduced by 6,000 units for 2023 and 2024, respectively (and increased by 8,000 units for 2025). The production forecast upgrade for 2023 is the result of both stronger actualized production as well as a slightly improved outlook for the remainder of the year. As expected, April production was sequentially weaker than March. While the Easter break is a valid justification for the decrease, we believe the reduction also signals a bit of a correction in OEM builds as inventories start to accumulate, order backlogs begin to fade and a new natural demand sets in given the context of higher prices and tighter credit conditions. Notwithstanding those constraints, the near-term forecast reflects both stronger recent production activity as well as some incremental production support through H2-2023. For the 2024-2027 period, the volume changes are marginal and from 2028 onwards there is some transfer of volume between Europe and Middle East/Africa that is due to changes at Stellantis with future Fiat and Citroën programs on the Smart Cars platform being relocated to their plant in Morocco.

"Greater China: The outlook for Greater China light vehicle production was reduced by 43,000 units and by 153,000 for 2023 and 2024, respectively (and reduced by 169,000 units for 2025). Chinese light vehicle production maintained momentum in March with nearly 2.5 million units produced representing growth of 15% relative to the prior year. A significant driver supporting production more recently is an ongoing price war amongst most automakers. As inventories have increased, internal combustion engine vehicle producers are faced with the need to de-stock all CN6a emission models in the near-term as the government implements the new CN6b standard. Of note, both ICE models and new energy vehicles (NEVs) are being influenced by automaker discounting strategies. The market remains vulnerable to demand conditions impacted by a pay-back from purchase tax cuts which extended through last year contributing to strong sales through the end of the year. The influences of the pay-back effect and the expected need for inventory discipline have resulted in the near-term downward production revisions, particularly impacting Q2-2023 volumes. Reflecting increasing economic uncertainties, the outlook for 2024 and 2025 have been reduced and now reflect growth rates of 5.6% and 4.9%, respectively, for the region.

"Japan/Korea: Full-year 2023 Japan production was increased by 100,000 units. Toyota is the main contributor to the upgrade as its daily production pace has approached more normalized levels since February. The semiconductor shortage issues have improved materially, contributing to a more positive near-term outlook supporting the release of pent-up demand in Japan and North America. Production upgrades for 2024 and 2025 reflect continued improvement in supply chain and output conditions and align with global demand requirements. Full-year 2023 South Korea production was increased by 62,000 units relative to the previous forecast, reflecting steady production recovery without disruptions in the supply chain and given continued export growth. Production in 2024 and 2025 was largely unchanged after more noteworthy upgrades with the April 2023 forecast update. In the longer-term, there were no significant changes relative to the previous forecast.

"North America: The outlook for North America light vehicle production was essentially unchanged for the reporting period of 2023 through 2025. Despite lingering concerns surrounding the volatility of the supply chain and recessionary fears, the North American production outlook over the short-term remains largely unchanged. Most of the near-term production risk resides with the legacy US manufacturers, particularly for the all-important and highly profitable full-size pickup trucks that have experienced the largest increases in inventory. Combined full-size pickup inventory across Ford, GM and Stellantis totals nearly 470,000 units or a 69 days' supply at the end of April 2023. Despite increasing inventory levels that are now above previously stated ambitions from each manufacturer, changes to product/trim mix are expected to further bolster sales of these trucks that are needed to fund their collective electric futures. Additional concern surrounds the upcoming union negotiations between the United Auto Workers (UAW) in the US and Unifor in Canada when their respective contracts expire in September 2023. Hard-line stances from union leadership along with strong pay and benefits expectations from rank-and-file members create a ripe environment for higher strike probabilities. However, a strike event is not reflected in our baseline forecast settings.

"South America: The outlook for South America light vehicle production was reduced by 23,000 units and increased by 13,000 units for 2023 and 2024, respectively (and was largely unchanged for 2025). The near-term outlook was reduced rather modestly, primarily focused on Brazil and incorporates recent announcements by automakers adjusting production to better reflect lower demand expectations. Conversely, Argentina continues to defy the odds and exhibit near-term strength but not enough to offset the revisions for Brazil and other markets. The production adjustments for 2024 and 2025 were relatively modest and reflects primarily timing changes applied on the production side.

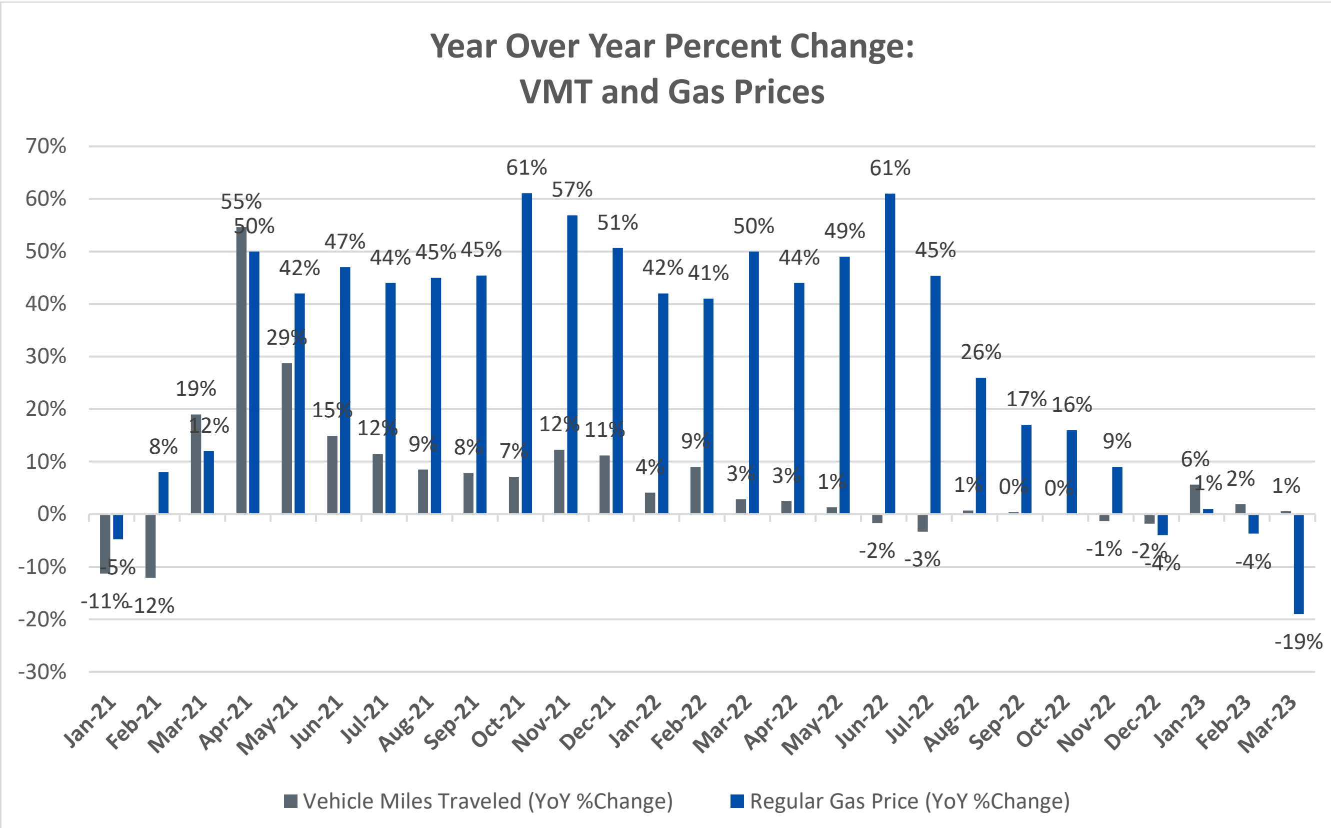
"South Asia: The outlook for South Asia light vehicle production was increased by 73,000 units and by 37,000 units for 2023 and 2024, respectively (and reduced by 32,000 units for 2025). Production strength for the ASEAN market, particularly Thailand, Indonesia and Malaysia, was only partially offset of by recent semiconductor shortages impacting India production. Regarding the ASEAN market, automakers continue to accelerate production in an effort to fulfill backlogs from 2022. Forecast revisions through the intermediate term, while overall fairly modest in nature, were supported by continued strong activity in Indonesia and Malaysia and reflect a return to a more emerging market-oriented growth profile."

Recovery Meter

Roadway Travel (Updated 5/24)

According to the U.S. Department of Transportation, seasonally-adjusted vehicle miles traveled in March increased 0.3 percent from the same time a year ago. The cumulative travel estimate for 2023 is 752 billion vehicle miles.[27]

- Travel on all roads and streets changed by +0.6% (+1.7 billion vehicle miles) for March 2023 as compared with March 2022. Travel for the month is estimated to be 271.2 billion vehicle miles.
- The seasonally adjusted vehicle miles traveled for March 2023 is 266.8 billion miles, a 0.3% (0.9 billion vehicle miles) change over March 2022. It also represents a -1.1% change (-3.0 billion vehicle miles) compared with February 2023.
- Cumulative Travel for 2023 changed by +2.6% (+19.2 billion vehicle miles). The cumulative estimate for the year is 752.0 billion vehicle miles of travel.



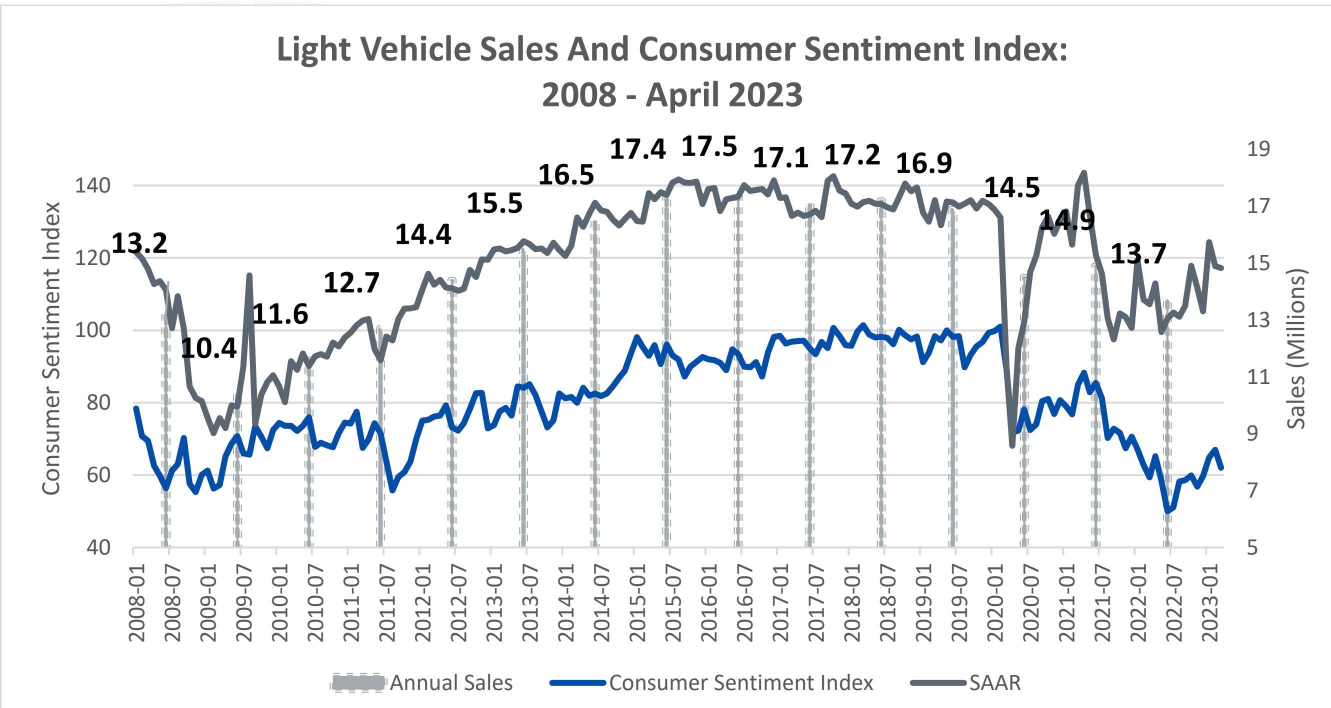
Economic News (Updated 5/24)

Manufacturing Added 11,000 Jobs In April, While Motor Vehicles And Parts Gained 5,800. "Manufacturing added 11,000 jobs in April with durable goods doing the heavy lifting. Durable goods accounted for a gain of 10,000 jobs, according to a breakdown by industry issued by the Bureau of Labor Statistics. Non-durable goods accounted for the rest. In durable goods, job gainers included motor vehicles and parts, up 5,800 jobs and the overall transportation equipment category was up 6,700. Fabricated metal products posted an increase of 6,300 jobs. Transportation has been one of the steadiest economic performers in manufacturing. Demand for trucks and SUVs has remained strong and shortages of computer chips have eased. That has meant better supplies of vehicles available for sale." [28]

The ISM Index Remains Below 50 For The Sixth Consecutive Month; Improve Slightly. "The manufacturing economy remained in contraction last month while improving slightly, the Institute for Supply Management said today. The Tempe, Ariz.-based group's manufacturing index, known as the PMI, registered at 47.1% in April. That was better than March's 46.3%. An index reading above 50% indicates economic expansion, below that mark shows contraction. April was the sixth consecutive month in negative territory."[29]

Consumer Confidence and Sales (Updated 5/24)

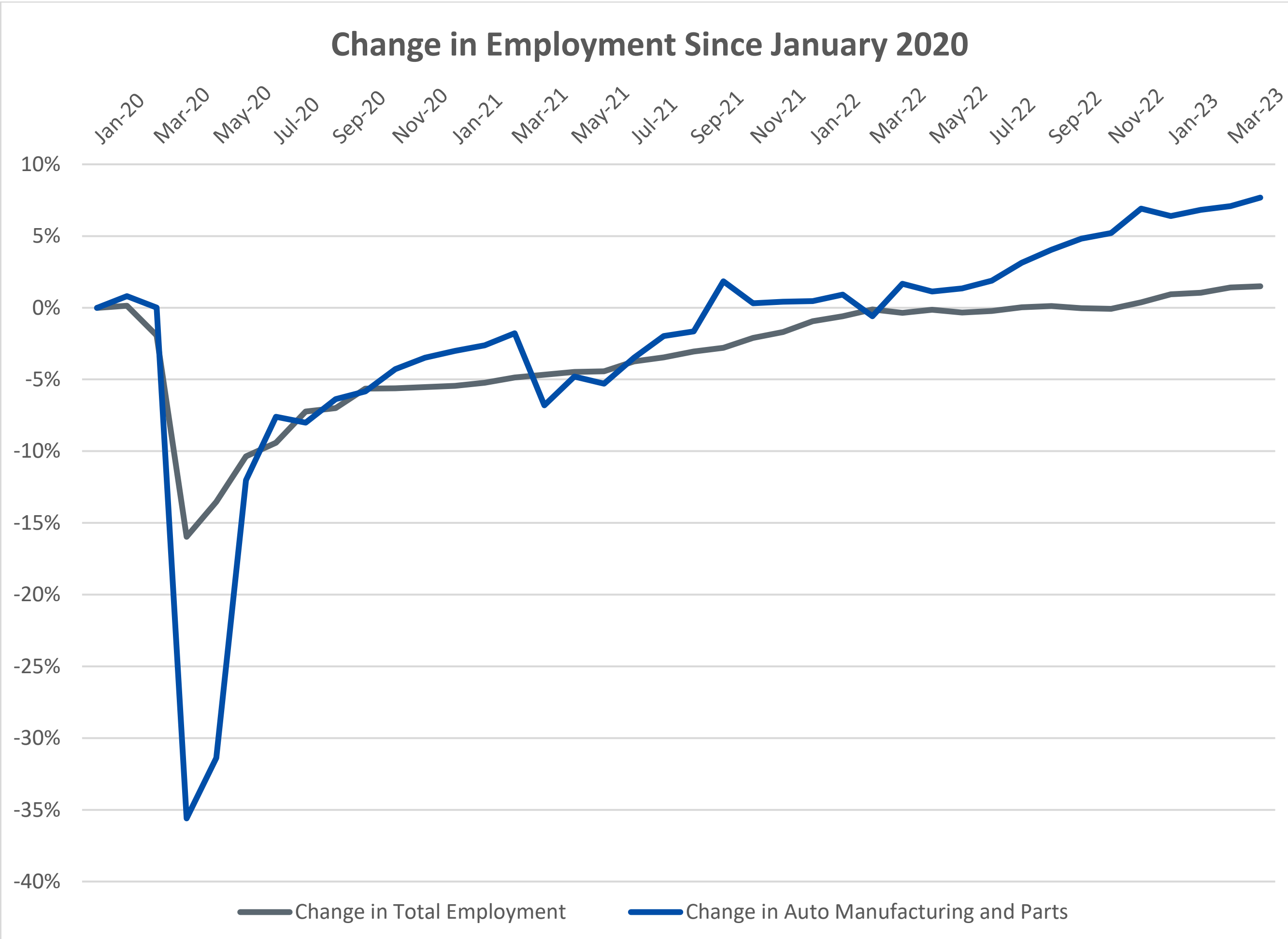
Surveys of Consumers Director Joanne Hsu[30]: "Consumer sentiment tumbled 9% amid renewed concerns about the trajectory of the economy, erasing over half of the gains achieved after the all-time historic low from last June. While current incoming macroeconomic data show no sign of recession, consumers' worries about the economy escalated in May alongside the proliferation of negative news about the economy, including the debt crisis standoff. Year-ahead expectations for the economy plummeted 23% from last month. Long-run expectations slid by 16% as well, indicating that consumers are worried that any economic downturn will not be brief. Throughout the current inflationary episode, consumers have shown resilience under strong labor markets, but their anticipation of a recession will lead them to pull back when signs of weakness emerge. If policymakers fail to resolve the debt ceiling crisis, these dismal views over the economy will exacerbate the dire economic consequences of default. Year-ahead inflation expectations receded slightly to 4.5% in May after spiking to 4.6% in April. After two years of relative stability, long-run inflation expectations rose to their highest reading since 2011, lifting from 3.0% last month to 3.2% this month."



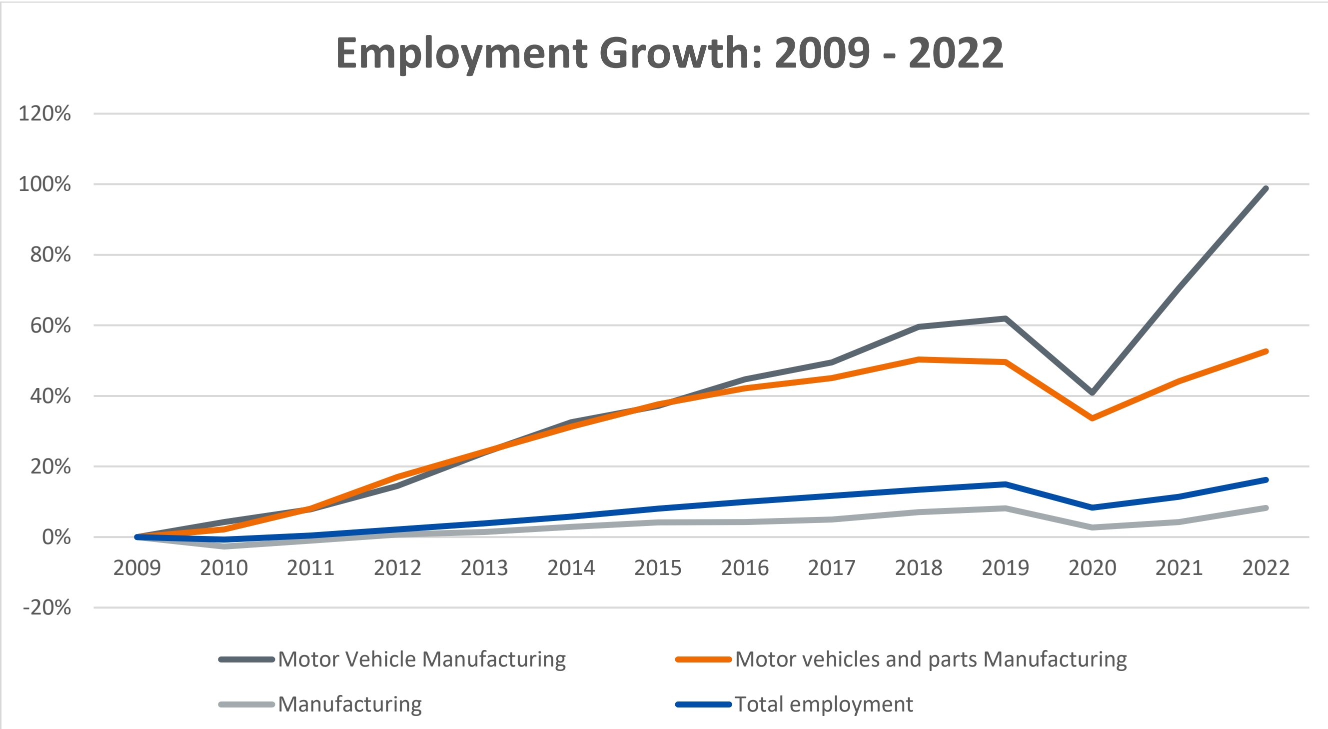
Employment (Updated 5/24)

Motor Vehicle And Parts Manufacturing Gained 5,800 Jobs In March.[31]

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.[32]



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.[33] 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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