

# READING THE METER

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



ALLIANCE FOR AUTOMOTIVE INNOVATION

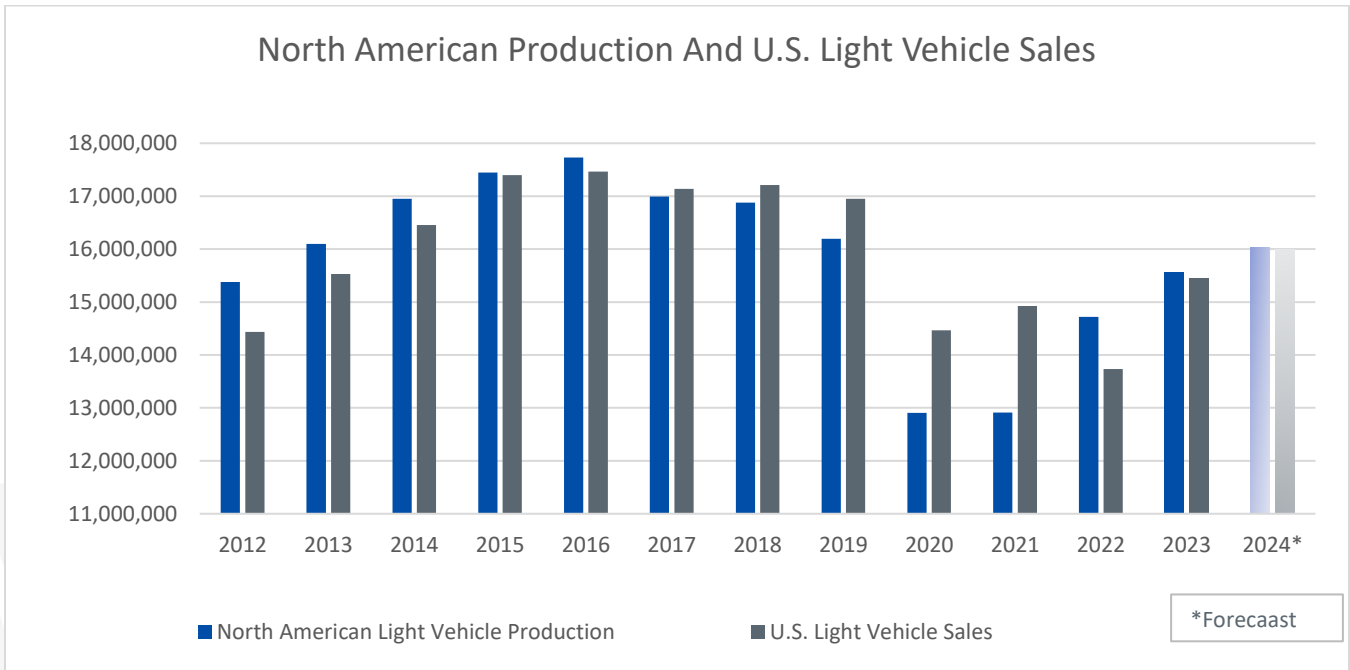
## Contents – June 26, 2024

Forecast Meter.....	2
Sales & Production Summary and Forecast (Updated 6/26).....	2
U.S. Light Vehicle Sales Outlook (Updated 6/26).....	3
North American Production & Inventory Outlook (Updated 6/26).....	4
Market Meter.....	5
U.S. Light Vehicle Sales (Updated 6/5).....	5
Segments vs. Gas Prices (Updated 6/5).....	7
EV Powertrain Sales (Updated 6/5).....	8
Seasonally Adjusted Annual Rates (Updated 6/5).....	9
Average Transaction Price (Updated 6/26).....	10
Auto Loan Financing (Updated 6/26).....	11
Crude Oil and Gas Prices (Updated 6/26).....	12
Production Meter.....	13
U.S. Light Vehicle Inventory and Days' Supply (Updated 6/5).....	13
North American Production (Updated 6/26).....	14
U.S. Light Vehicle Production (Updated 6/26).....	15
Global Meter.....	16
Global Light Vehicle Sales (Updated 6/5).....	16
Global Light Vehicle Production (Updated 6/26).....	17
Recovery Meter.....	19
Roadway Travel (Updated 6/5).....	19
Consumer Confidence and Sales (Updated 6/26).....	20
Employment (Updated 6/26).....	20
Sources.....	22

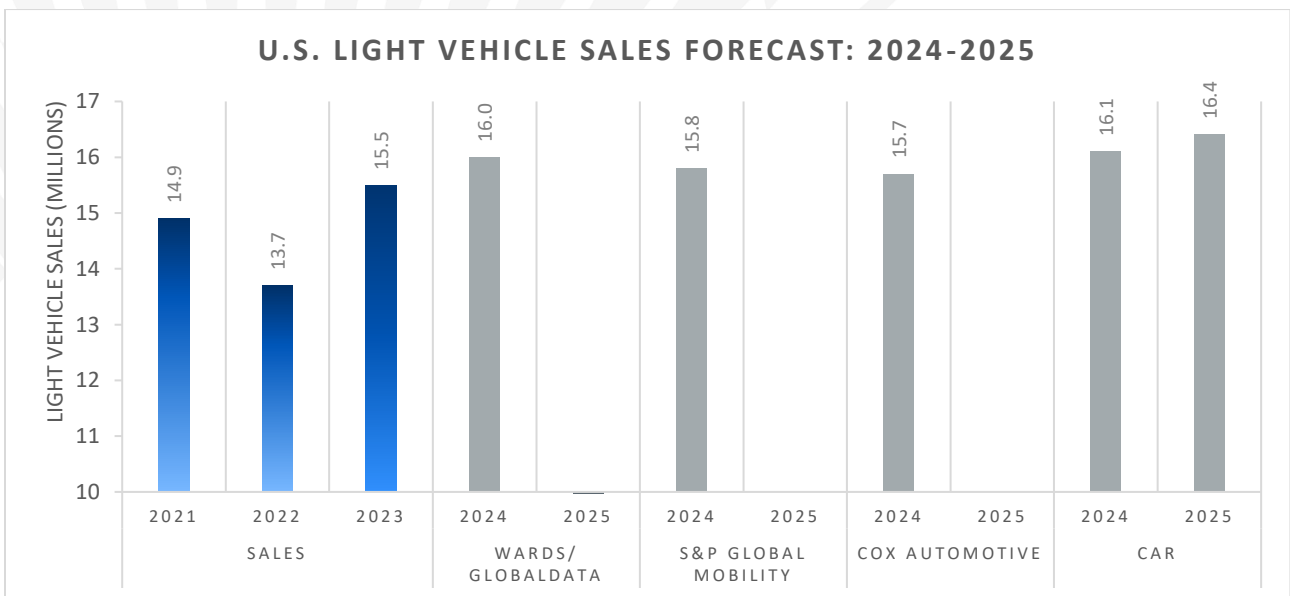
## Forecast Meter

### Sales & Production Summary and Forecast (Updated 6/26)

2023-2024 Sales, <sup>1</sup> Extended Sales Forecast <sup>2</sup> and Production Forecasts <sup>3</sup>		
	U.S. Sales & Forecasts	North American Production
<b>January '23</b>	1,033,002 (+4.2% YoY)	1,195,548 (+12.9% YoY)
<b>February '23</b>	1,136,332 (+8.7% YoY)	1,257,482 (+15% YoY)
<b>March '23</b>	1,365,966 (+8.6% YoY)	1,442,991 (+6.7% YoY)
<b>April '23</b>	1,347,159 (+13.1% YoY)	1,281,626 (+8.6% YoY)
<b>May '23</b>	1,362,019 (+18.0% YoY)	1,462,273 (+25.5% YoY)
<b>June '23</b>	1,370,976 (+19.9% YoY)	1,387,090 (+13.8% YoY)
<b>July '23</b>	1,299,199 (+19.9% YoY)	1,173,342 (+15.6 YoY)
<b>August '23</b>	1,328,526 (+12.8% YoY)	1,467,284 (+4.5% YoY)
<b>September '23</b>	1,331,952 (+13.9% YoY)	1,353,072 (+7.6% YoY)
<b>October '23</b>	1,200,286 (+5.7% YoY)	1,388,720 (+4.5% YoY)
<b>November '23</b>	1,218,647 (+7.3% YoY)	1,372,253 (+8.1 YoY)
<b>December '23</b>	1,433,266 (+17.3 YoY)	1,082,176 (-2.3% YoY)
<b>January '24</b>	1,076,047 (-1.3% YoY)	1,327,765 (+7.8% YoY)
<b>February '24</b>	1,247,516 (+5.2% YoY)	1,358,836 (+10% YoY)
<b>March '24</b>	1,438,012 (+4.6% YoY)	1,414,502 (-5.7% YoY)
<b>April '24</b>	1,313,512 (+0.6% YoY)	1,473,567 (+15.9% YoY)
<b>May '24</b>	1,429,028 (+0.8% YoY)	1,485,373 (-1.7% YoY)
<b>2023 Full Year</b>	15,457,447 (+12.4% YoY)	16,144,461 (+9.3% YoY) (U.S. 10,611,580)
<b>2024 Estimate</b>	16.1 Million	16,031,665



## U.S. Light Vehicle Sales Outlook (Updated 6/26)



**Wards Intelligence Outlook (6/5):** “U.S. light-vehicle sales in June are likely set to fall short of demand, but how much is uncertain.

“A cyberattack at CDK, a third party used by over 15,000 dealers in the U.S. and Canada for their dealer management systems, caused some dealers to temporarily stop sales.

“Excluding any losses possibly caused by the cyberattack, Wards Intelligence estimates sales were tracking to a 15.9-million unit seasonally adjusted annual rate in June. Volume is forecast at 1.371 million units – up 0.2% from June 2023 – with the month’s daily selling rate at 52,742, up from like-2023’s 52,643 – 26 selling days both periods.

“It is unknown how many unit sales might be lost because of the attack. Not all affected dealers stopped selling vehicles and many that did have since resumed.

“If June’s forecast holds firm, the second quarter will total a 15.8 million-unit SAAR, up from Q1’s 15.3 million and year-ago’s 15.0 million. It will be the highest for any quarter since Q2-2021’s 16.9 million.

“The third quarter is pegged for a 16.3 million-unit SAAR, followed by 16.6 million in Q4. WI partner GlobalData is forecasting deliveries of 16.1 million units in entire-2024, up from 2023’s 15.5 million.”

**Cox Automotive Forecast (6/26):**<sup>5</sup> “Cox Automotive forecasts U.S. new-vehicle sales in June to show mild improvement over last year, but high prices and interest rates continue to hinder a stronger market. In June, the seasonally adjusted annual rate (SAAR), or sales pace, is expected to finish near 16.0 million. This is down slightly from last June’s 16.1 million level and a modest uptick from last month’s 15.9 million pace.

“According to Cox Automotive’s Kelley Blue Book estimates, new-vehicle sales volume through the first half of 2024 is forecast to increase by nearly 225,000 units compared to the first half of 2023 – an increase of 2.9%. The sales pace through the first half is expected to be 15.6 million, up from 15.4 million in the first half of 2023.

“With expectations of uncertainty in the second half of 2024, Cox Automotive is holding its full-year new-vehicle sales forecast steady at 15.7 million, a gain of 1.3% from 2023, when sales finished at 15.5 million. This increase is aligned with the slow growth expected in 2024. Fleet sales are forecast to finish the year at 2.9 million, up from 2.8 million in 2023. Full-year retail sales are forecast to increase from 12.8 million in 2024 to 12.7 million in 2023.”

**J.D. Power (6/26):**<sup>6</sup> “New-vehicle retail sales for June 2024 are expected to decrease when compared with June 2023. Retail sales of new vehicles are expected to reach between 1,009,845 and 1,073,000 units, a 2.5% to 8.2% decrease. New-vehicle retail sales for the first six months 2024 are projected to reach between 6,273,900 and 6,337,000 units, a 0.6% to 1.6% increase from the first six months of 2023 on a selling day adjusted basis. Comparing the same sales volume without adjusting for the number of selling days translates to an increase of 1.9% to 2.9% from a year ago.”

## North American Production & Inventory Outlook (Updated 6/26)

**Wards Intelligence Inventory Outlook (6/5):**<sup>7</sup> “Inventory, including the number of lower-cost vehicles, is expected to generally continue rising. So are retail incentives. Also, at least one rate cut by the Federal Reserve is expected which could lead to a small easing in interest paid on financed vehicles by the end of the year. On average, the cost of buying a vehicle should decline as the year progresses.

“On the inventory front, June is expected to end roughly even with May’s 2.7 million, followed by a decline in July. A June-to-July drop is normal because most assembly plants close for vacation or model changeovers in that month – though some will occur in August. The lower production results in a temporary drain to dealer lots.

“However, the June inventory forecast is 41.4% above same-month 2023.”

**Wards Intelligence Production Outlook (6/26)<sup>8</sup>:** “Including a cut to June’s outlook, second-quarter production is tracking to 4.363 million units, a reduction of 30,500 units from month-ago’s revision for the period, but still 3.5% above like-2023’s 4.215 million. June’s outlook of 1.400 million units is 2.4% below like-2023.

“Despite the May and June downturns, April’s 16.2% increase was enough to lift the Q2 projection to its best total since 4.400 million units in 2019.

“Production in the third quarter is forecast to continue quarterly year-over-year growth. The July-September period is forecast to total 4.220 million units, 3.6% above Q3-2023’s 4.074 million. The Q3 total marks the highest for the period since 4.478 million units in 2016.”

**S&P Global Mobility Outlook (6/26)<sup>9</sup>:** “North America: The outlook for North America light vehicle production was reduced by 104,000 units and by 58,000 units for 2024 and 2025, respectively (and reduced by 113,000 units for 2026). The outlook for North American light vehicle production for 2024 was revised down 0.7% to total 15.90 units. While production for numerous high volume, high inventory vehicles has been forecast to reflect a slowdown in production in the second half, several manufacturers are beginning to show more aggressive plans to curb production amid escalating inventory levels with this most evident at GM, Ford and Stellantis. Production for the Detroit 3 full-size pickups was cut 2.0% or 49,000 units through the remainder of 2024. Further, production of dedicated BEV nameplates was reduced over the short-term forecast horizon with 2024 revised down 73,000 units. Inventory issues are projected to cascade into 2025 resulting in the outlook being reduced by 0.4% to total 16.19 million units. Production for dedicated BEV nameplate production in 2025 was reduced by 56,000 units. While volume implications to start are minimal, a material update to the June forecast release is the introduction of Chinese manufacturers BYD and Chery into the region with new plants forecasted to start production beginning in 2026. These operations over the forecast horizon are expected to serve only Mexico and other Central and South American markets with no sales entrance into the US and Canada projected at this time.”

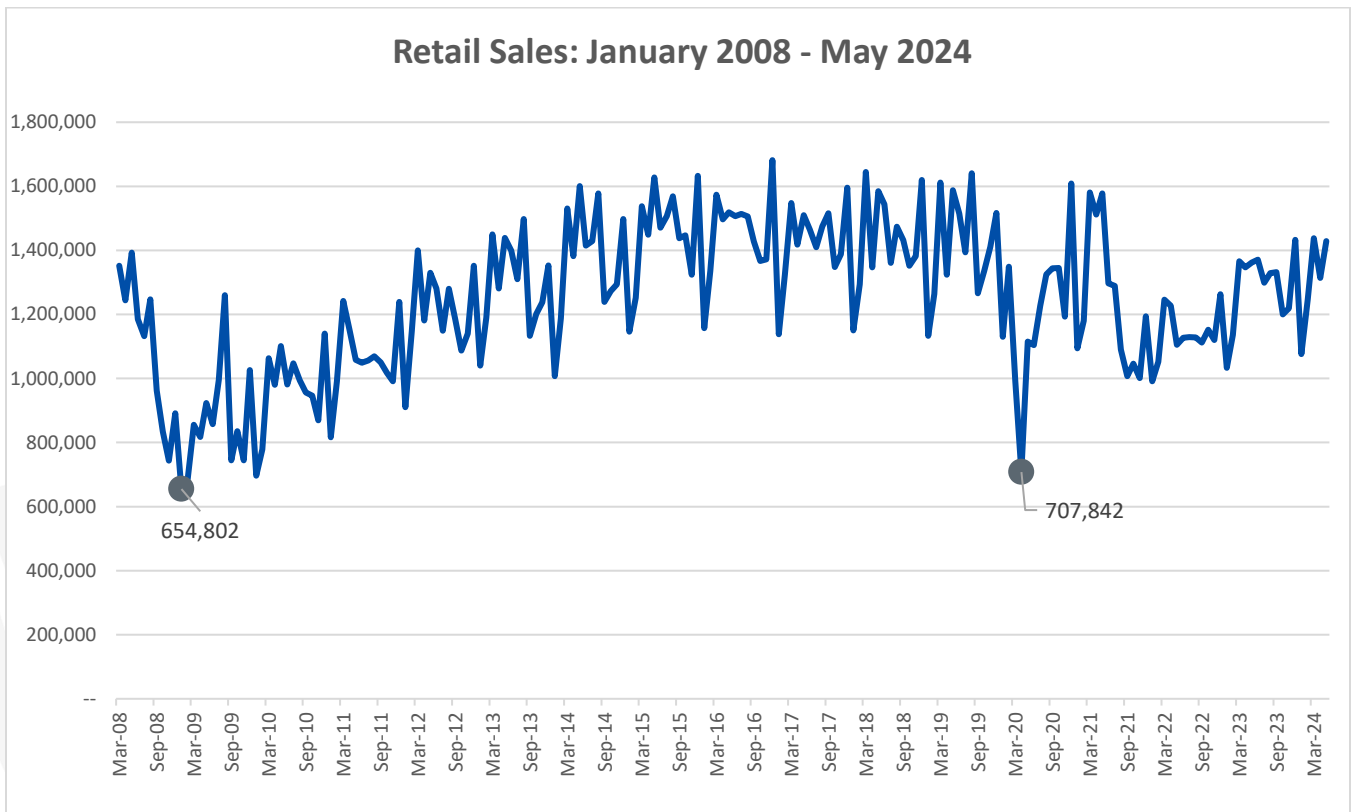
## Market Meter

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### U.S. Light Vehicle Sales (Updated 6/5)

#### **Monthly Sales (Updated 6/5)**

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.



### **May Sales (Updated 6/5)**

**WardsIntelligence**<sup>10</sup>: “U.S. light-vehicle sales in May finished slightly above expectations for the month, as demand picked up slightly at the end of the month, perhaps helped by higher incentives and month-end holiday marketing, as well as a bump above expectations in fleet deliveries.

“Sales in May totaled a seasonally adjusted annual rate of 15.9 million units, a small increase from April’s 15.8 million and above like-2023’s 15.5 million.

“Raw volume totaled 1.429 million units, 4.8% above May 2023’s 1.364 million. The daily selling rate over the month’s 26 selling days was 54,963, 1% above the year-ago total of 54,553 – 25 selling days.

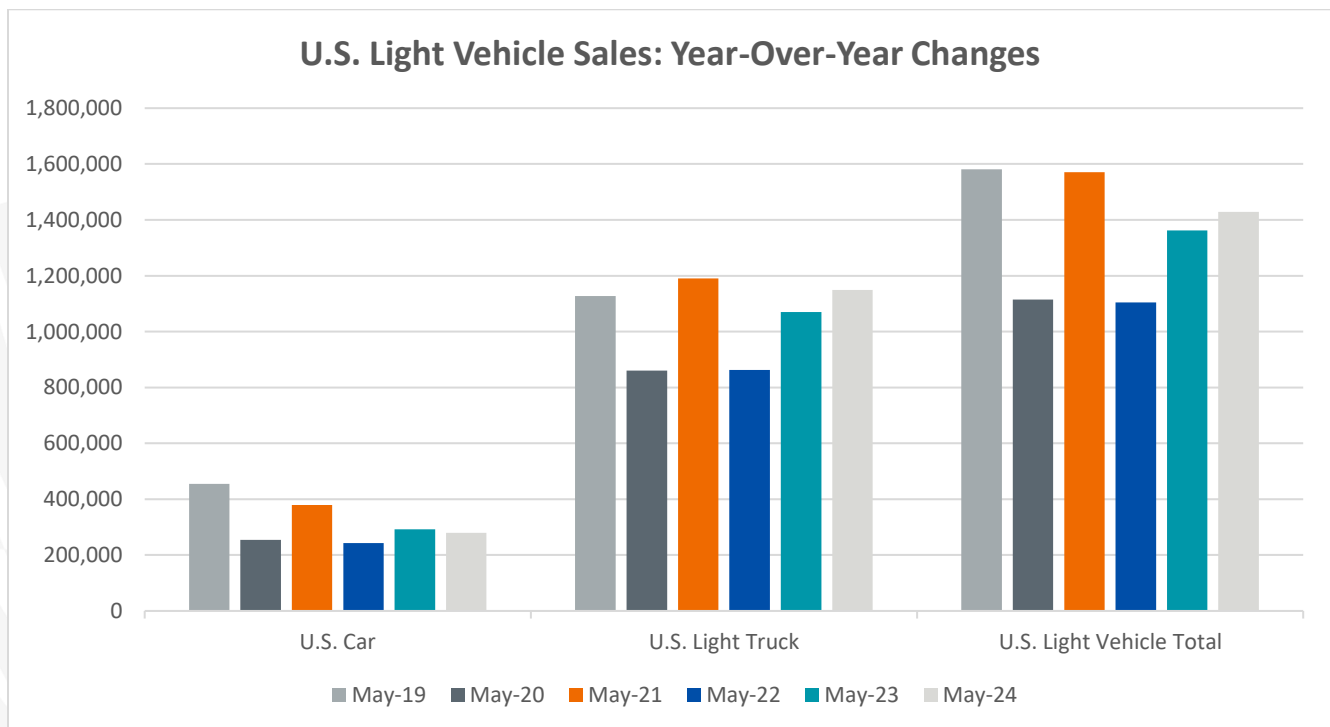
“Based on DSRs, retail volume in May was estimated to have increased 1% year-over-year and accounted for 82.1% of total sales. Fleet deliveries were up an estimated 0.2%.

“As has been the trend since in the latter half of 2023, sales of smaller, less-expensive vehicles showed the most strength.

“Sales in the non-luxury Small CUV segment increased 21.7% year-over-year – based on DSRs – and are up 16.8% year-to-date through May. The segment’s penetration rose to 10.2% in May from like-2023’s 8.5%.

“While car deliveries overall were down 4.9% year-over-year, sales in the Small Car segment rose 19.8% from like-2023 – up 19.9% year-to-date. Market share in May for the segment increased to 8.3% from same-month 2023’s 7.0%.

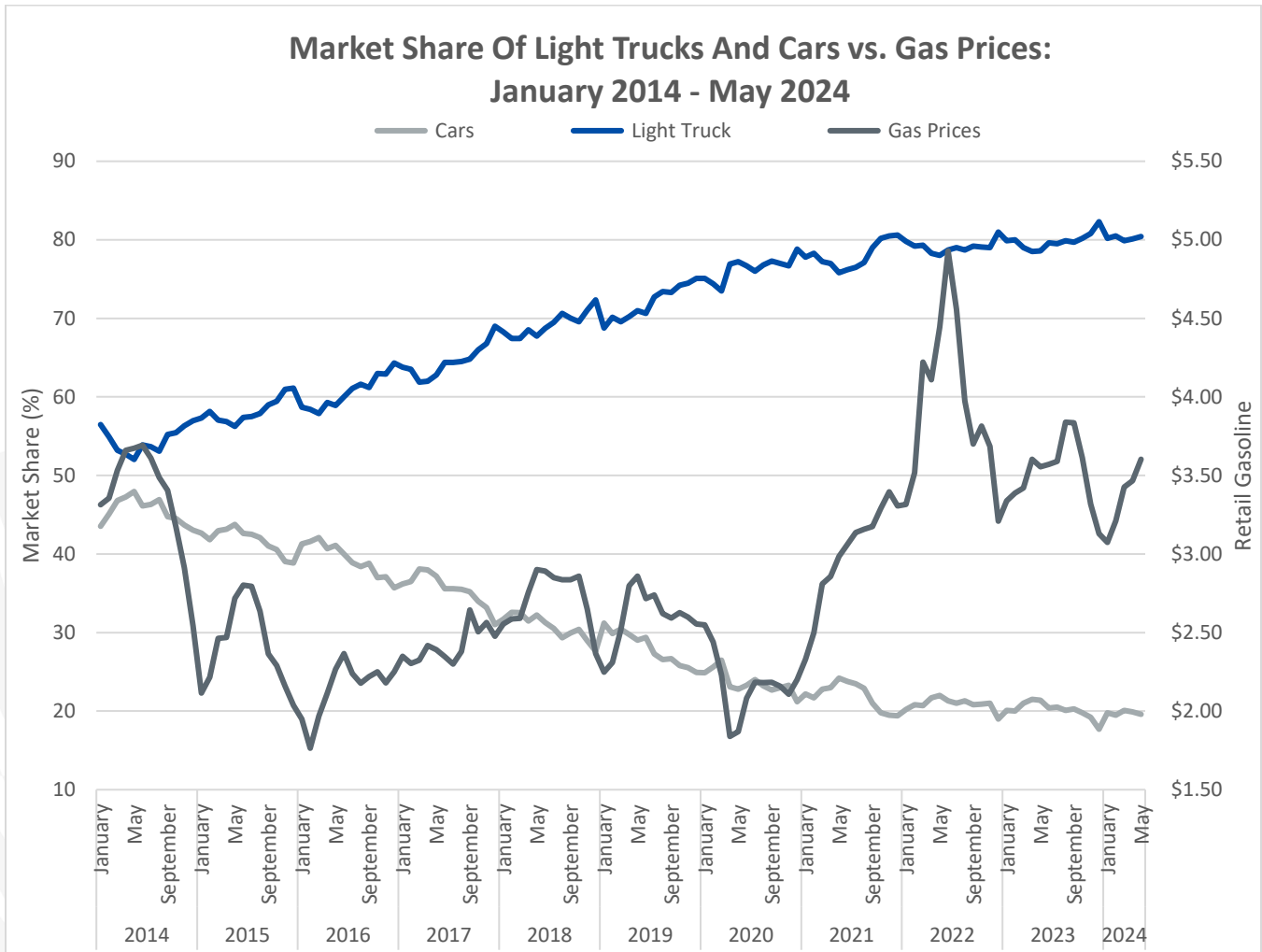
“Thus, Small CUV and Small Car, which host the most affordable light trucks and cars, accounted for 18.5% of the vehicles sold in May, nearly one in five. Most of the remainder of the CUV segments posted gains over the year-ago month. In total the CUV segment increased 4.3% from like-2023. The overall gain was dampened due to a 15.6% decline in Middle Luxury CUV.”



## Segments vs. Gas Prices (Updated 6/5)

**Monthly Sales For May:** Light trucks accounted for 80 percent of sales in May, up slightly from the market share a year ago. Compared to the same period in 2023, sales of cars are down by 12,200 units, and down more than 174,000 from May 2019, when cars comprised 29% of the market as opposed to the 20 percent of the market passenger cars have now.

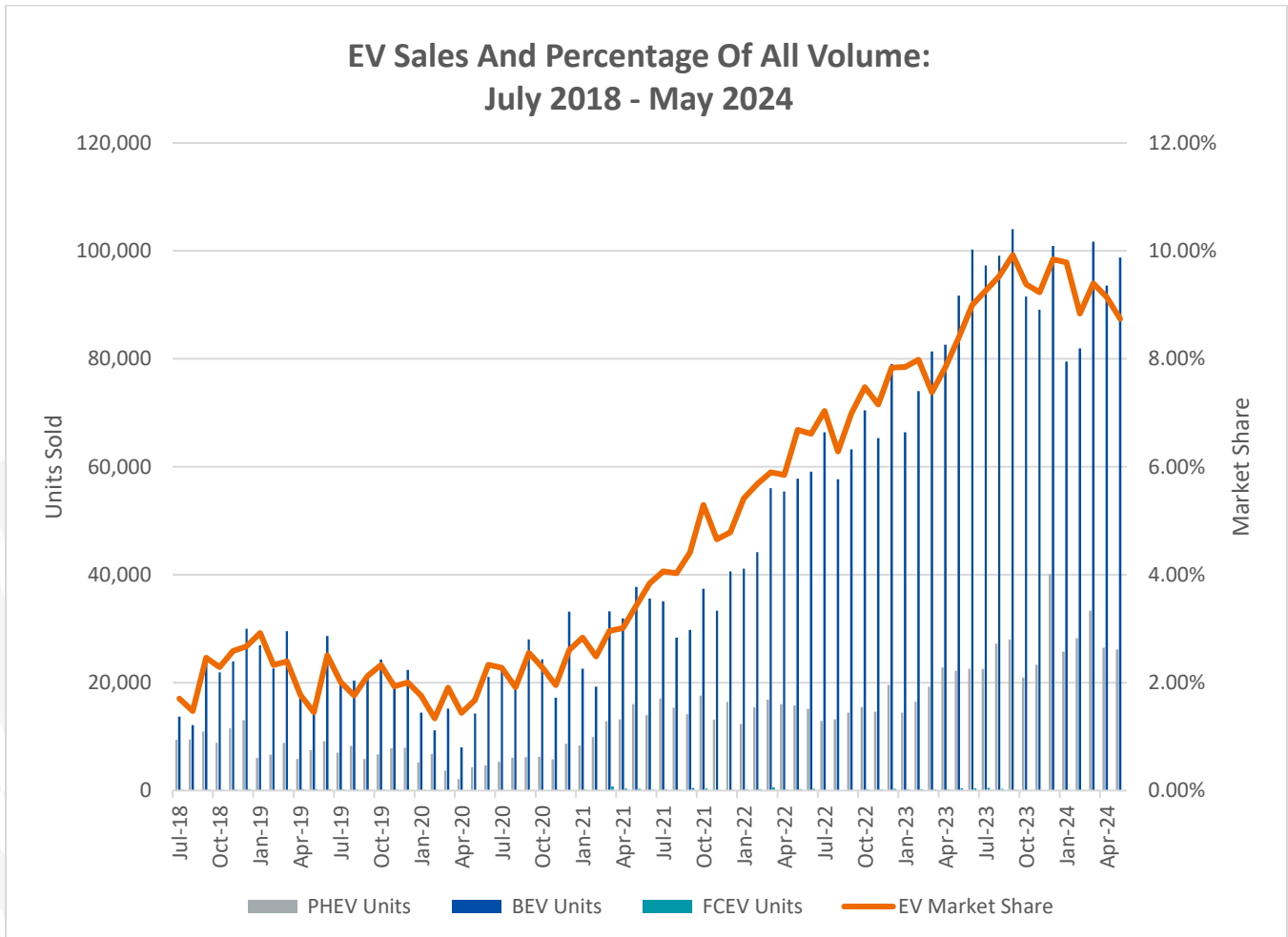
**Historic Perspective:** The upward trend in the popularity of light trucks over cars has been steady since 2013, when only 2% of annual market share separated the two segments...<sup>11</sup> and gas was over \$3.00...<sup>12</sup> a gallon. As fuel prices dropped below the \$3.00 mark in mid-September 2014, light truck sales began to take off. Gas prices since have averaged only \$2.81 a gallon (through March 2024) 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.<sup>13</sup>



## EV Powertrain Sales (Updated 6/5)

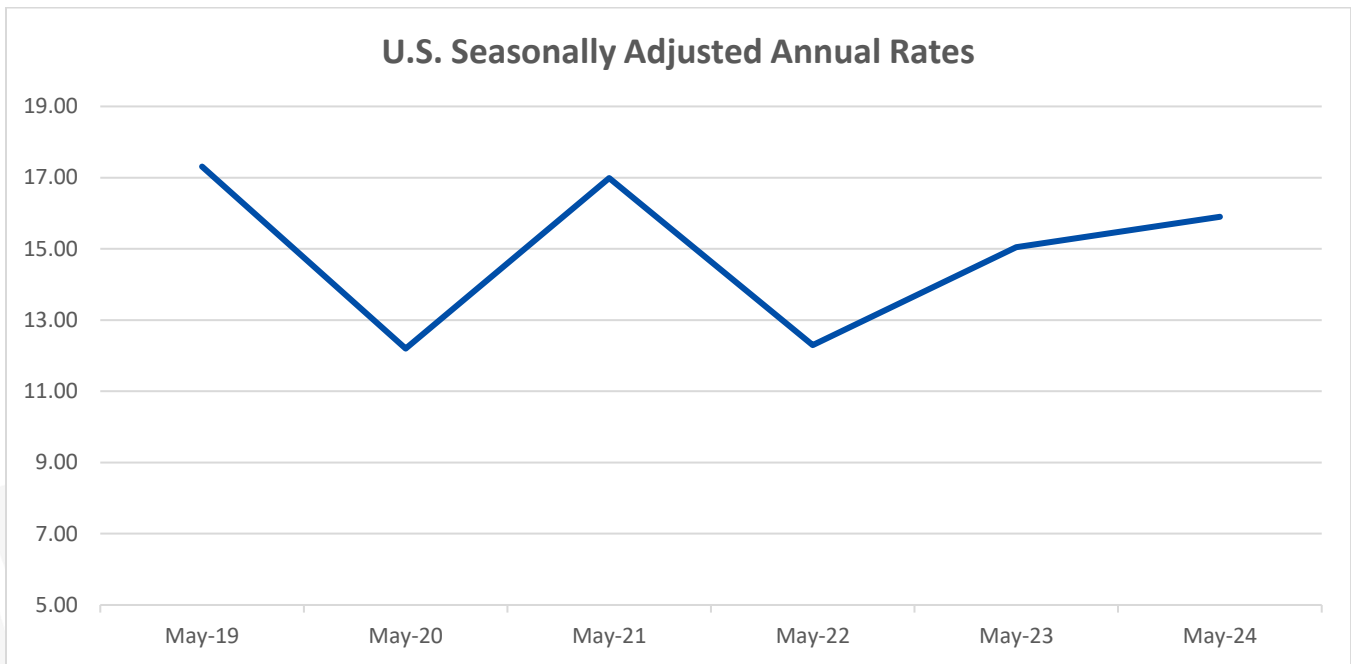
Sales of electric vehicles (BEV, PHEV, & Fuel Cell) accounted for 8.7 percent of total vehicle sales in May 2024 (124,945), per Wards estimates. Market share decreased 0.40 percentage points (pp) from April 2024. May's EV market share is up 0.35 pp from a year ago. Sales of battery electric vehicles led the way for EVs, accounting for 6.9 percent of total sales, up 0.18 pp from May 2023. Plug-in hybrids accounted for 1.8 percent, up 0.2 pp from the same time last year.<sup>14</sup>





## Seasonally Adjusted Annual Rates (Updated 6/5)

**WardsIntelligence<sup>15</sup>:** “Sales in May totaled a seasonally adjusted annual rate of 15.9 million units, a small increase from April’s 15.8 million and above like-2023’s 15.5 million.”



## Average Transaction Price (Updated 6/26)

**Kelley Blue Book (March) (Updated 6/26)**<sup>16</sup>: “New-vehicle prices in May remained lower year over year for the eighth consecutive month, as higher inventory levels continued to hold downward pressure on transaction prices. Last month, according to estimates by Kelley Blue Book, the average transaction price (ATP) for a new vehicle in the U.S. was \$48,389, statistically unchanged from the downwardly revised price of \$48,368 in April. The new-vehicle ATP in May was lower year over year by 0.9%, approximately \$442.

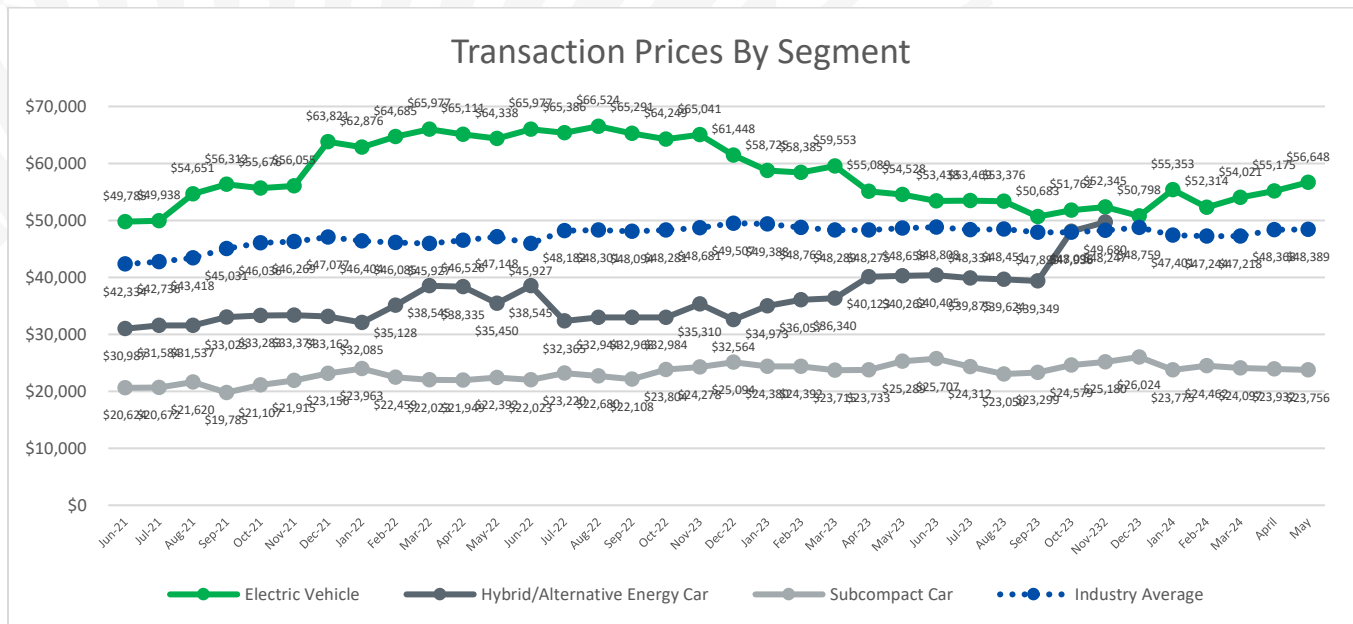
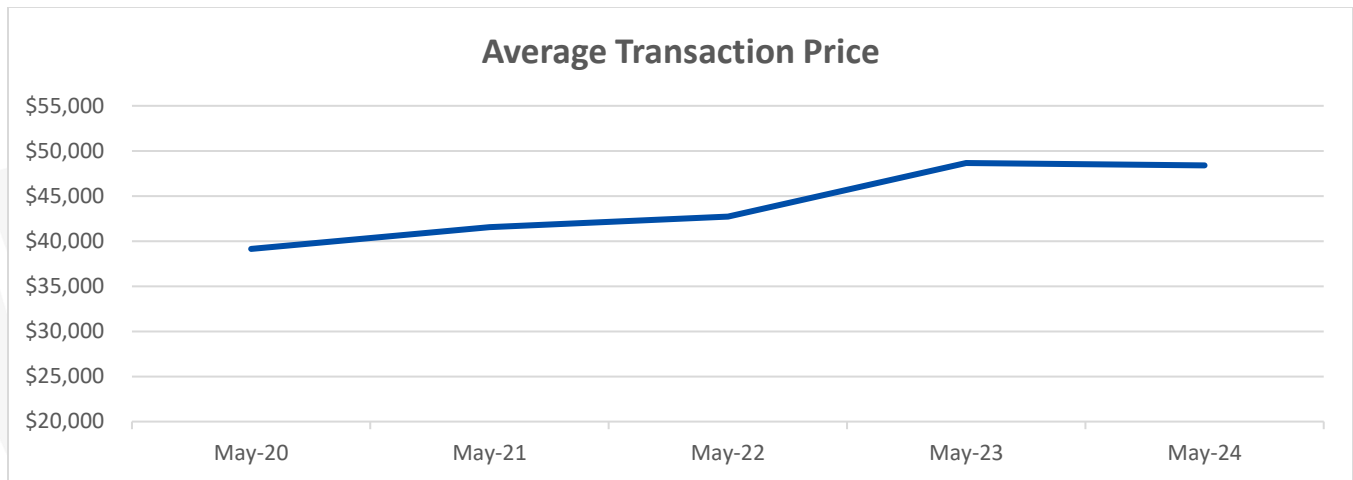
“Higher incentives helped make new vehicles more affordable in May. The average new-vehicle incentive package – discounts and rebates included – last month was 6.7% of the average transaction price, according to Kelley Blue Book estimates, an increase from April and the highest level since May 2021. Incentives in May were approximately \$3,200, notably higher than one year ago when discounts were measured at 4.0% of ATP.

“Tesla prices, which bottomed out in late 2023, are estimated to have increased by 3.1% month over month to \$57,369 in May. Prices were higher year over year by 1.5%. Since January, when Tesla ATPs stood at \$51,892, the EV maker's average transaction price has increased by more than 10%, lifted in some part by growing Cybertruck sales – an estimated 3,000 were sold in May. Average transaction price: \$108,667.

“As Tesla is a bellwether for the overall EV market – with a nearly 50% share of total EV sales – overall EV transaction prices also increased in May. The average price paid for an electric vehicle in May was \$56,648, which is 2.6% higher than in April. Unlike Tesla, though, industry-wide EV prices in May were lower year over year by 4.1%. EV incentives continue to run much higher than the overall market. In May, the average incentive package for an electric vehicle was 12.4% of the ATP, up from April and 5.7 percentage points higher than the industry average.

“Overall, new EV prices peaked in the summer of 2022, during the last gas price surge, and have since generally been on the decline. This year, EV prices have been volatile on a month-to-month basis and fell to a low in March before increasing again in April and May. EV ATPs in May were approximately 17% higher than the industry average ATPs. One year ago, the EV premium was 21%.”

**J.D. Power (Updated 6/5)<sup>17</sup>:** “The average new-vehicle retail transaction price is declining compared with a year ago as manufacturer incentives rise, retailer profit margins fall and availability of lower-priced vehicles increases. Transaction prices are trending towards \$45,033—down \$1,045 or 2.3%—from May 2023.”

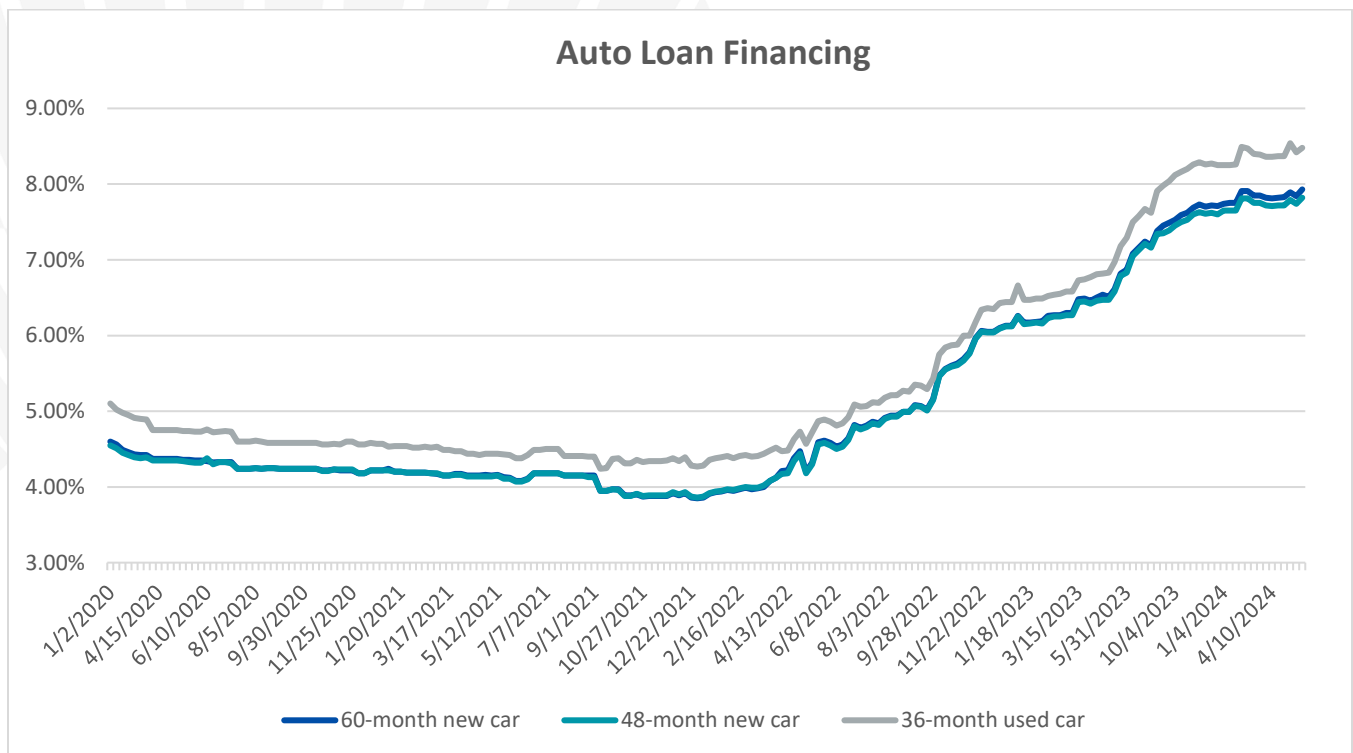


## Auto Loan Financing (Updated 6/26)

**Interest Rates (updated 6/5):** Interest rates increased slightly on the 60-month, 48-month and 36-month used car loans over the past two weeks. Rates now stand at 7.93%, 7.82%, and 8.48%, respectively. Since the beginning of 2020, 60-month rates are up 3.33 pp, and are up 0.85 pp since the same time a year ago.<sup>18</sup>

**JD Power (6/26)<sup>19</sup>:** “After rising consistently during the past few years, average monthly loan payments are stabilizing. The average monthly finance payment this month is on pace to be \$727, down \$1 from June 2023. The average interest rate for new-vehicle loans is expected to be 6.99%, flat 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%
6/22/2023	7.08%	7.05%	7.50%
6/5/2024	7.84%	7.74%	8.42%
6/19/2024	7.93%	7.82%	8.48%
Two Week Change	0.09%	0.08%	0.06%
Change since 1/3/20	3.33%	3.27%	3.38%
One Year Change	0.85%	0.77%	0.98%



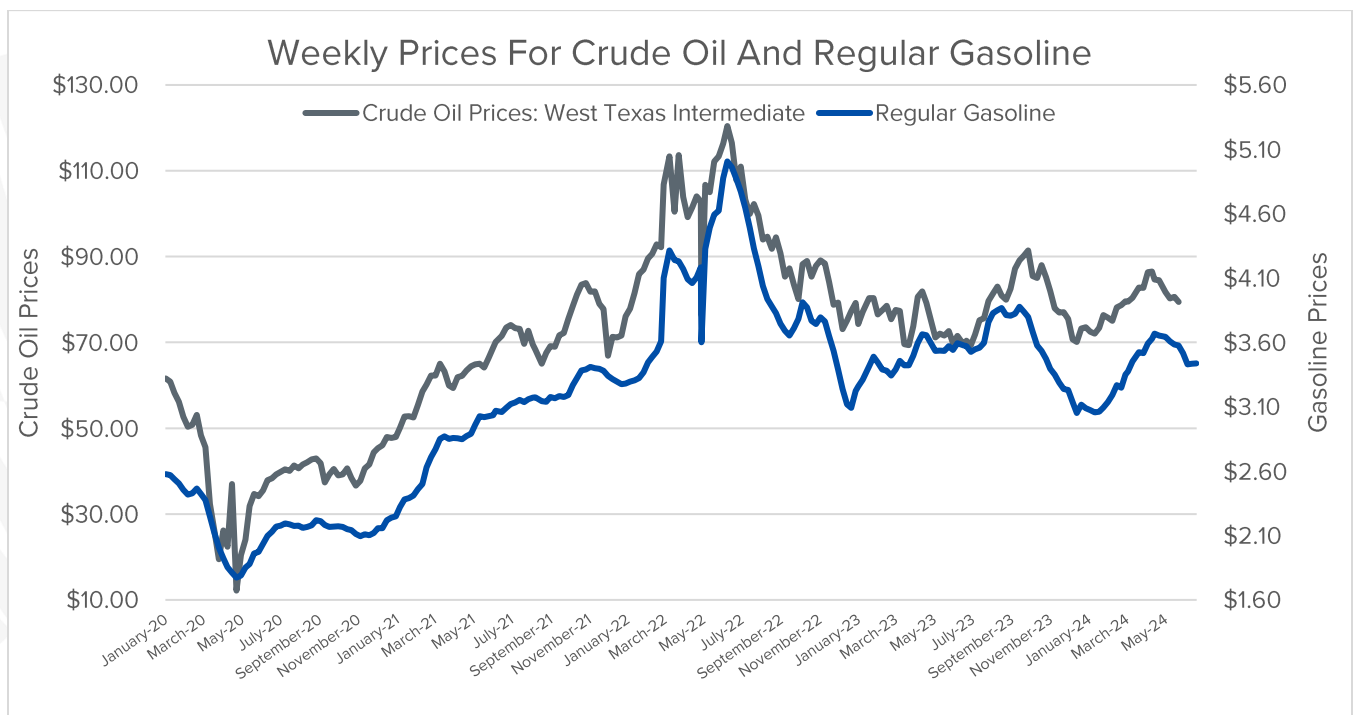
## Crude Oil and Gas Prices (Updated 6/26)

**Gas And Oil Remain Elevated (6/5):** Oil prices, as benchmarked at West Texas Intermediate are unavailable for June. Since election day 2020, oil prices are \$43 a barrel higher. (as of May 27, 2024) Gas is flat with a

week ago at \$3.44. Gas is 33% higher than the beginning of 2020 and has not been below \$3 a gallon since May 2021.<sup>20</sup>

**EIA Outlook For Gasoline (6/5)<sup>21</sup>:** “U.S. retail gasoline prices. Across the United States, we forecast that retail gasoline prices will average near \$3.70 per gallon from April through September, which is similar to prices during the same period last year. Refinery operations are a source of uncertainty for gasoline markets this summer. An upcoming Perspectives supplement looks in more depth at the effect refinery operations could have on retail gasoline prices.

**EIA Outlook For Oil (6/5)<sup>22</sup>:** “Global oil prices. We expect voluntary OPEC+ crude oil production cuts and ongoing geopolitical risks will keep the Brent crude oil spot price near \$90 per barrel (b) for the remainder of 2024 before falling to an average of \$85/b in 2025 as global oil production growth picks up.”



## Production Meter

### U.S. Light Vehicle Inventory and Days' Supply (Updated 6/5)

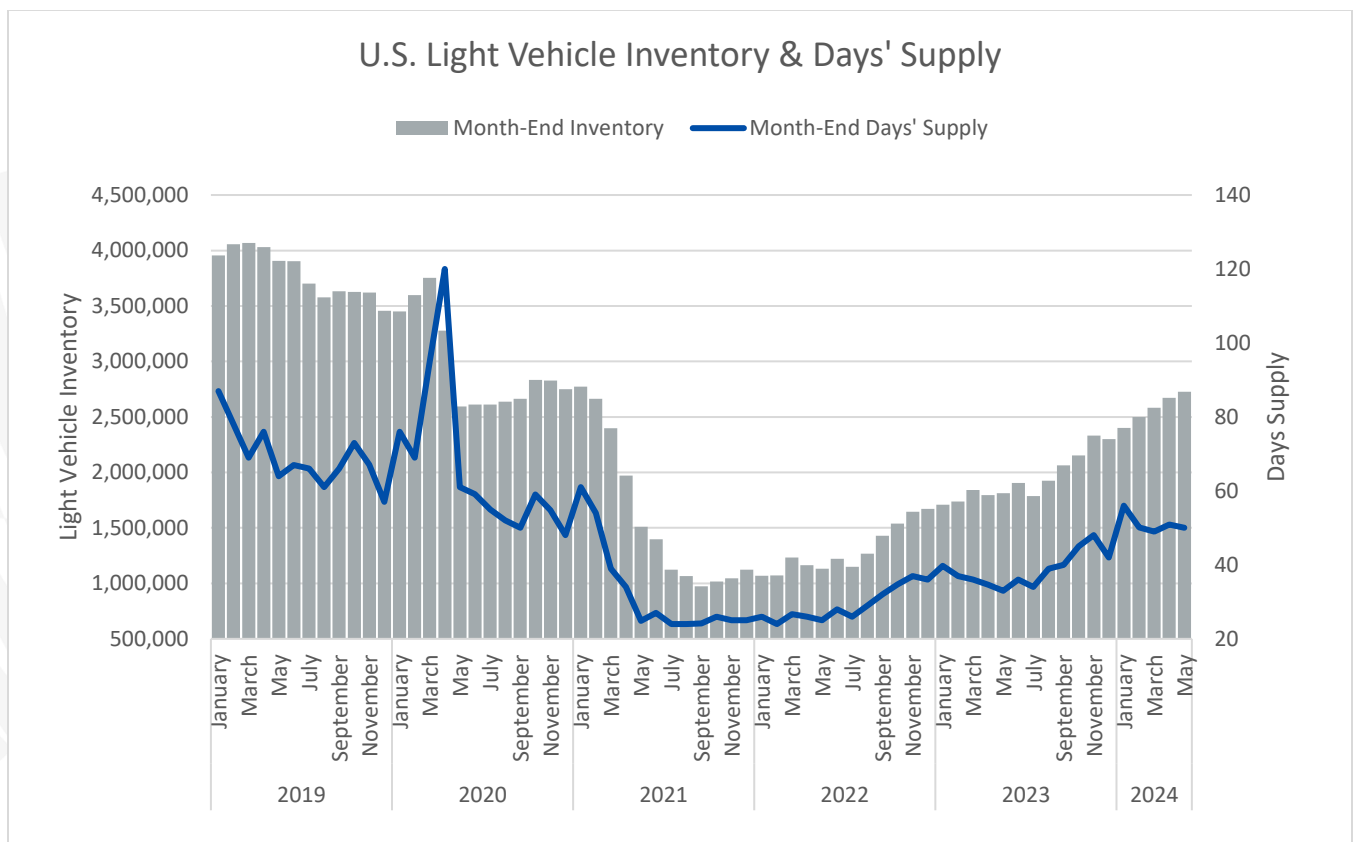
**WardsIntelligence Inventory Update (6/5)<sup>23</sup>:** “As expected, U.S. light-vehicle inventory declined slightly at the end of May from April, dropping a negligible 0.3% to 2.728 million units from 2.735 million.

The April-to-May decline is a typical seasonal trend and not an indication that a two-year rise availability is stalling. In fact, inventory, though there will be a couple more month-to-month seasonal downturns, is forecast

to continue rising through the end of 2024, eventually topping 3 million units for the first time since in first-half 2020.

The May 31 total is 50.3% above same-month 2024, and along with April, the highest for any month since 2.774 million units in January 2021, just before the global semiconductor shortage started impacting the North America market by slashing production and, consequently, inventory.

May 31 days' supply totaled 50, down from the prior month's 52 but well above like-2023's 33. It also was the highest for the month since 61 in 2020."



## North American Production (Updated 6/26)

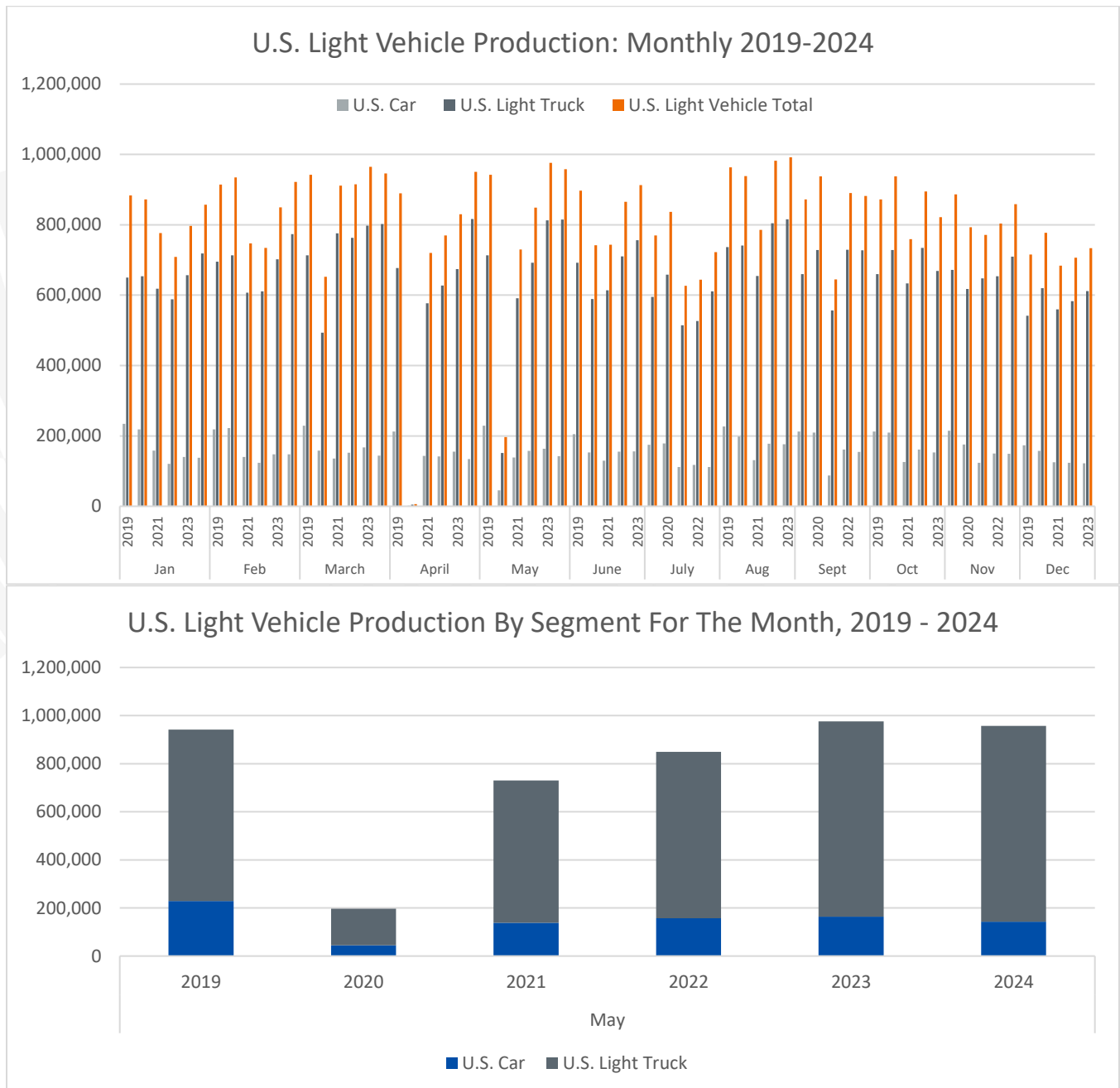
**Wards Intelligence**<sup>24</sup>: “Production in North America of light vehicles and medium-/heavy-duty trucks finished May 21,400 units below month-ago’s expectations for the month, totaling 1.485 million units, 1.7% below same-month 2023’s 1.510 million.

“May’s final total was highlighted by a 22,700-unit overbuild at Nissan. However, it was not enough to offset underbuilds at several automakers, with the biggest shortfalls at Toyota, Ford, General Motors and Hyundai-Kia.”

## U.S. Light Vehicle Production (Updated 6/26)

### U.S. Monthly Production (Updated 6/26)

U.S. Light vehicle production for May 2024 was up month-over-month, totaling 986,147 vehicles (142,586 cars, 815,035 light trucks), year-over-year, production is down 1.8 percent from 2023.<sup>25</sup>



## Global Meter

### Global Light Vehicle Sales (Updated 6/5)

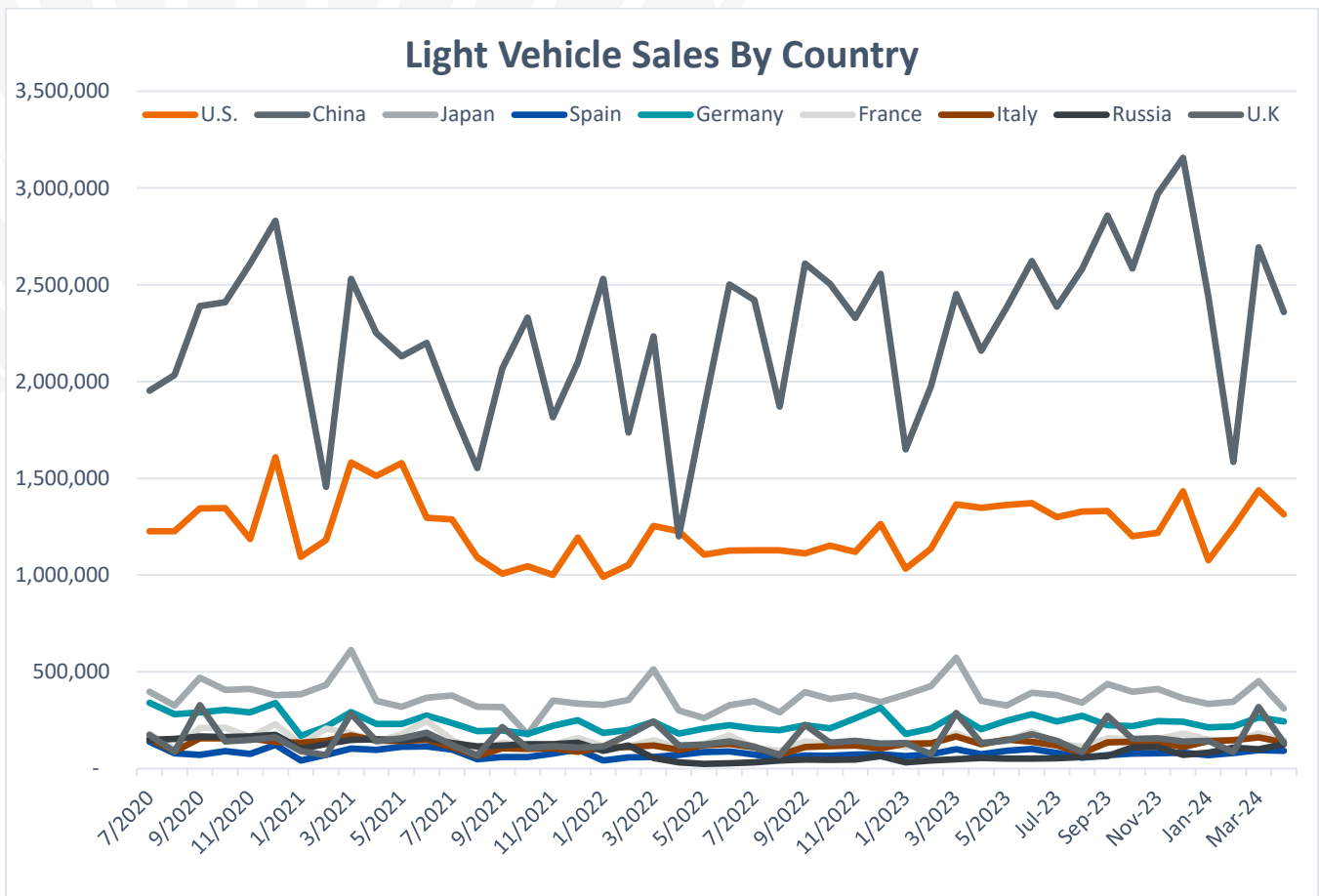
**Wards Intelligence**<sup>26</sup>: “Global vehicle sales rebounded in April after some weakness in the first quarter, as estimated volume for light vehicles and medium-/heavy-duty trucks totaled 7.403 million units, 5.7% above same-month 2023’s 7.004 million.

“April’s results lifted the year-to-date volume to 29.649 million units, 4.3% above four-month 2023’s 28.414 million.

“Excluding the big trucks, light-vehicle sales totaled 7.113 million in April, 5.6% above like-2023’s 6.737 million. The year-to-date total through April was 28.474 million, 4.3% above same-period 2023’s 27.293 million.

“Wards Intelligence partner GlobalData pegged April’s global light-vehicle seasonally adjusted annual rate at 85.9 million units, up from March’s 84.3 million. GD expects May light-vehicle sales to post an even higher SAAR of 89.0 million.

“For entire-2024, GD is forecasting light-vehicle sales of 89.1 million units, 3% above 2023.”





## Global Light Vehicle Production (Updated 6/26)

**S&P Global Mobility Forecast (4/24)**<sup>27</sup>: “The global light vehicle production outlook has deteriorated with our June 2024 forecast update. With noteworthy regional adjustments, overall global production for this year is now expected to drop below what was a fairly strong level for 2023. While we have seen modest upward revisions in the near-term over the last few months, the downgrades for this month, in part, reflect a focus on inventory management, particularly amid recent sales weakness in China and increasing headwinds in Europe. Elevated vehicle prices and “higher for longer” interest rates continue to be key considerations influencing demand in the near-term. Furthermore, propulsion mix developments continue to vary by region as some markets face slower EV adoption growth rates while other areas continue to see rather encouraging results. The June forecast update reflects some noteworthy downgrades for 2024, with reductions spread amongst several regions. Downward revisions are also reflected through the balance of the near-term forecast horizon on regional dynamics for areas such as Europe, Greater China, North America and South Asia as those markets navigate dynamic demand fundamentals, inventory management, changing vehicle launch activity and varied states of BEV adoption depending on the market in question. The more noteworthy regional adjustments with the latest forecast update are detailed below:

**“Europe:** The outlook for Europe light vehicle production was reduced by 257,000 units and by 122,000 units for 2024 and 2025, respectively (and reduced by 92,000 units for 2026). Production in the European region was disappointing for May, estimated down 12% versus May 2023, while our previous forecast was calling for a drop of 7%. The deviation comes largely from Germany where output fell by 18%. Looking at the specifics of the German market, the backlog of orders is already back to the level of Q1-2021 (before the beginning of vehicle supply disruptions). Our estimate for European production in the first half of 2024 has been reduced by 59,000 units, erasing the improvements that were shown in our successive updates since the fall of last year. For the second half of 2024, we forecast a reduction in production of 5%. This is the result of a 198,000 reduction in our H2 forecast. The cuts have been largely focused on EVs, particularly for automakers that are not as at risk regarding their 2024 CAFE compliance (Stellantis, Tesla, Volvo, BMW and Mercedes). Our forecast assumptions for the June round do not include new EU tariffs on Chinese imports. It remains difficult to assess whether they will fully come into force, for how long and the level of backlash for the EU industry based on likely retaliation by China. The light vehicle production outlook for 2025 and 2026 was reduced corresponding with a downgrade in our demand outlook.

**“Greater China:** The outlook for Greater China light vehicle production was reduced by 285,000 units and by 155,000 for 2024 and 2025, respectively (and reduced by 28,000 units for 2026). Although incentive programs such as subsidies for ICE vehicle replacement and vehicle financing programs have been implemented to support the domestic market, demand remains stagnate as reflected by year-over-year contractions of 6% and 3% for April and May, respectively. Compared to prior direct purchase tax reductions, these stimulus programs are seemingly less effective amid a fairly wide-ranging price war taking place since last year. Many consumers have become hesitant to purchase on expectations for further price reductions. Meanwhile, aggressive price actions continue to reduce automaker profitability adding further pressure, particularly for smaller OEMs and EV startups. The impact of the EU new tariff policy hasn’t been fully reflected given the potential for further negotiation between two parties. Nevertheless, increasing tariff pressures can negatively impact China export activity and are expected to encourage Chinese automakers to accelerate capacity expansion overseas.

**“Japan/Korea:** Full-year 2024 Japan production was downgraded by 115,000 units relative to last month’s forecast. K-car automakers such as Honda, Suzuki and Daihatsu were reduced as consumers of K-cars are highly price-sensitive and demand for those vehicles will continue to be pressured due to inflation as a result

of a much weaker yen and higher energy prices following the end of subsidies. Another negative factor is the suspension of shipments in June-July due to Toyota's certification irregularities. The longer-term forecast was marginally upgraded by around 0.7% per year. ICE models of the Subaru Crosstrek and the Mazda CX-5 are now expected to fare better in North America as BEV penetration underperforms prior expectations. With better-than-expected production in May, full-year 2024 production in South Korea was increased by 30,000, reaching 4.14 million units. Most automakers are expected to continue to struggle in the domestic market, but exports of Hyundai Motor Group and GM Korea vehicles are expected to offset those domestic pressures. Considering the production trend in 2024, the forecast for 2025 was adjusted upward by around 100,000 units to 4.04 million units. In the longer-term, there were no major changes relative to last month's forecast.

**“North America:** The outlook for North America light vehicle production was reduced by 104,000 units and by 58,000 units for 2024 and 2025, respectively (and reduced by 113,000 units for 2026). The outlook for North American light vehicle production for 2024 was revised down 0.7% to total 15.90 units. While production for numerous high volume, high inventory vehicles has been forecast to reflect a slowdown in production in the second half, several manufacturers are beginning to show more aggressive plans to curb production amid escalating inventory levels with this most evident at GM, Ford and Stellantis. Production for the Detroit 3 full-size pickups was cut 2.0% or 49,000 units through the remainder of 2024. Further, production of dedicated BEV nameplates was reduced over the short-term forecast horizon with 2024 revised down 73,000 units. Inventory issues are projected to cascade into 2025 resulting in the outlook being reduced by 0.4% to total 16.19 million units. Production for dedicated BEV nameplate production in 2025 was reduced by 56,000 units. While volume implications to start are minimal, a material update to the June forecast release is the introduction of Chinese manufacturers BYD and Chery into the region with new plants forecasted to start production beginning in 2026. These operations over the forecast horizon are expected to serve only Mexico and other Central and South American markets with no sales entrance into the US and Canada projected at this time.

**“South America:** The outlook for South America light vehicle production was reduced by 49,000 units and by 6,000 units for 2024 and 2025, respectively (and increased by 3,000 units for 2026). In the extreme near-term, output for the region was downgraded primarily due to flooding that ravaged southern Brazil in May. At the time of our May forecast release, the situation was still very unclear with limited visibility as to the extent of the damages. With a month of hindsight, we can now see the effects were nearly immediate on vehicle production in the affected area with cascading impacts to suppliers further influencing manufacturers in other areas. Of note, Argentina was also affected by the situation as the supply chain was disrupted (most affected were Stellantis and GM). In addition, a strike stalled Renault's operations in Brazil for nearly the entire month of May. For 2025 and 2026, production volumes were left mostly unchanged and generally align with changes applied to the demand forecast.

**“South Asia:** The outlook for South Asia light vehicle production was reduced by 102,000 units and by 96,000 units for 2024 and 2025, respectively (and reduced by 77,000 units for 2026). In the near-term, output for the region was downgraded for 2024 primarily on lower actualized production in select countries as well as ongoing market challenges for Indonesia and Thailand. Thailand's auto market has been significantly impacted by stricter auto loan policies, exacerbating the challenges posed by ongoing economic headwinds. Meanwhile, Indonesia's auto production sector has been adversely affected by weaker household spending, elevated interest rates and a slowdown in exports. Amid a slower economic expansion and growing concerns over the pace of recovery in the short-to-mid-term, the regional auto industry is currently undergoing inventory adjustments to align with somewhat deteriorating market conditions. While the ASEAN market's full-year 2024 outlook is now forecast to decline 8.7% year-over-year to 3.87 million units, it is still expected to rebound to surpass the 4-million unit mark again from 2025 going forward, with 4.06 million units and 4.34 million units in 2025 and 2026, respectively. Activity is expected to be driven by revived economic

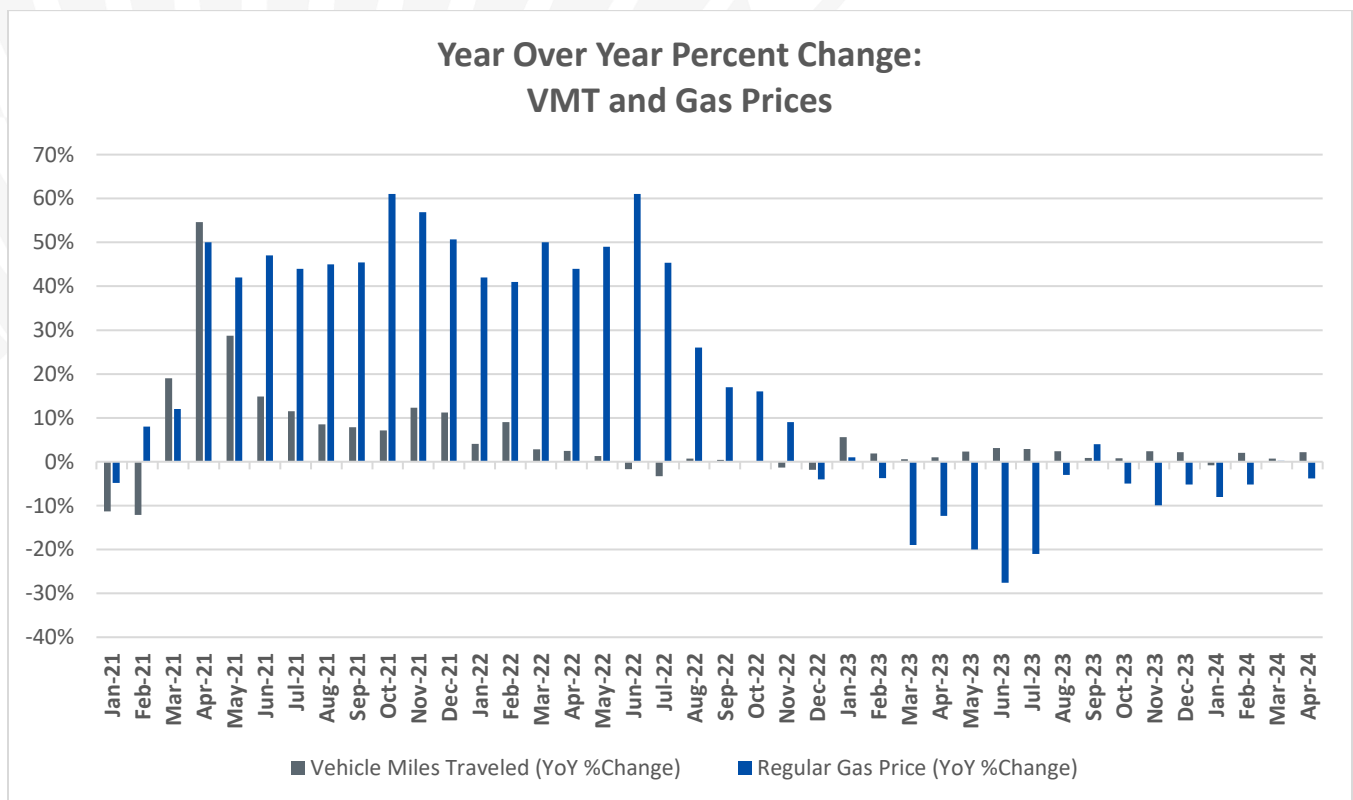
growth and government automotive incentive schemes for electric vehicles and stimulus programs particularly in Indonesia, Malaysia and Thailand.”

## Recovery Meter

### Roadway Travel (Updated 6/5)

According to the U.S. Department of Transportation, seasonally-adjusted vehicle miles traveled in April increased 1.4 percent from the same time a year ago. The cumulative travel estimate for 2024 is 1,026.6 billion vehicle miles.<sup>28</sup>

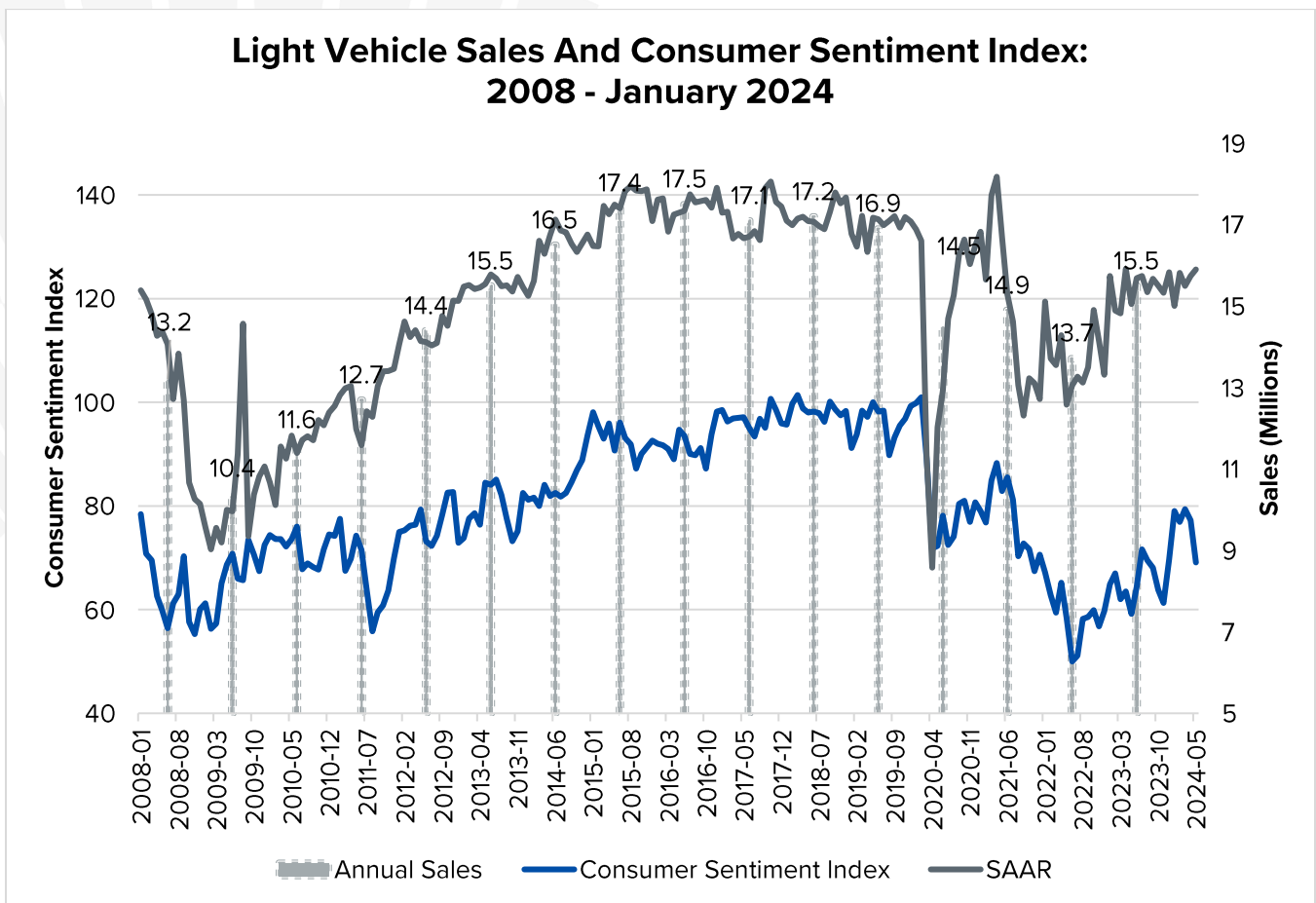
- Travel on all roads and streets changed by +2.2% (+5.7 billion vehicle miles) for April 2024 as compared with April 2023. Travel for the month is estimated to be 263.9 billion vehicle miles.
- The seasonally adjusted vehicle miles traveled for April 2024 is 273.5 billion miles, a +1.4% (+3.9 billion vehicle miles) change over April 2023. It also represents a 0.02% change (0.05 billion vehicle miles) compared with March 2024.
- Cumulative Travel for 2024 changed by +1.0% (+10.3 billion vehicle miles). The cumulative estimate for the year is 1,026.6 billion vehicle miles of travel.



## Consumer Confidence and Sales (Updated 6/26)

**Surveys of Consumers Director Joanne Hsu<sup>29</sup>:** “Consumer sentiment was little changed in June; this month’s reading was a statistically insignificant 3.5 index points below May and within the margin of error. Sentiment is currently about 31% above the trough seen in June 2022 amid the escalation in inflation. Assessments of personal finances dipped, due to modestly rising concerns over high prices as well as weakening incomes. Overall, consumers perceive few changes in the economy from May.

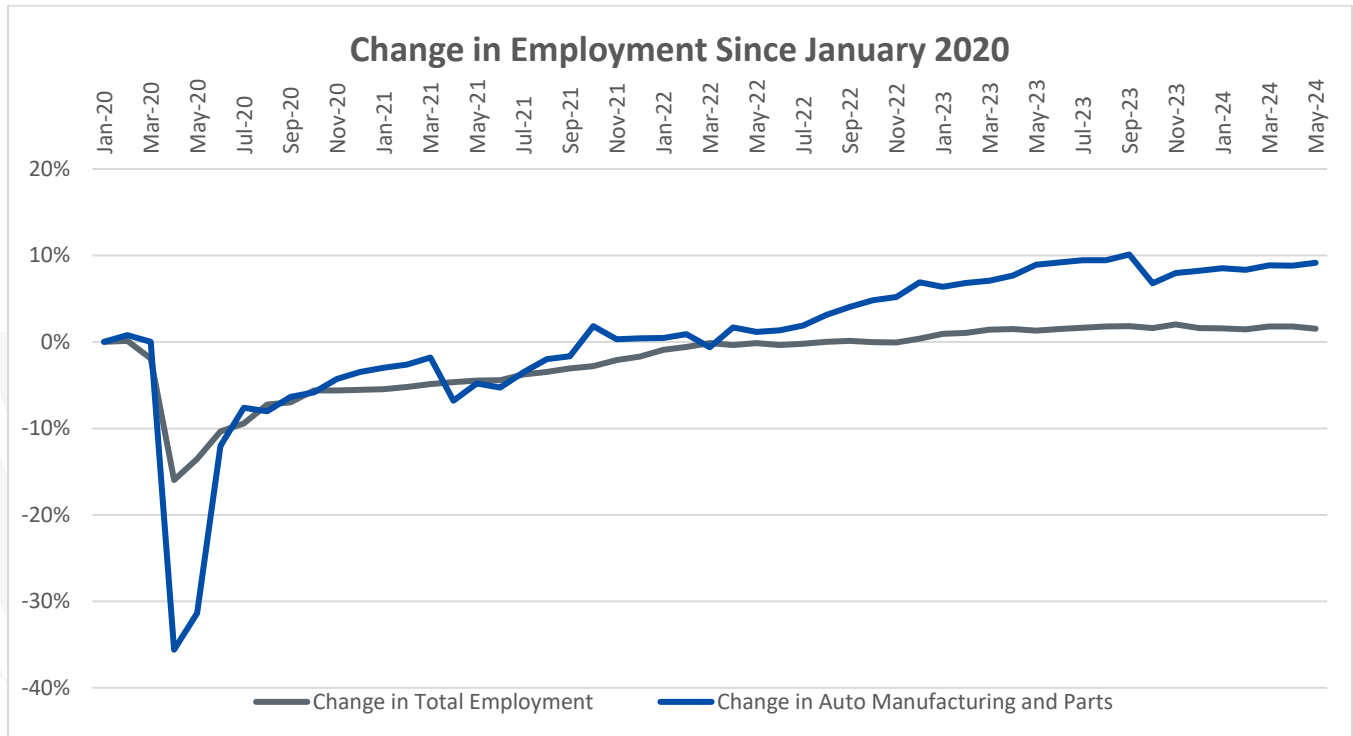
Year-ahead inflation expectations were unchanged this month at 3.3%, above the 2.3-3.0% range seen in the two years prior to the pandemic. Long-run inflation expectations inched up from 3.0% last month to 3.1% this month; the June reading should be interpreted as essentially unchanged from May. Long-run inflation expectations have been remarkably stable over the last three years but remain elevated relative to the 2.2-2.6% range seen in the two years pre-pandemic.



## Employment (Updated 6/26)

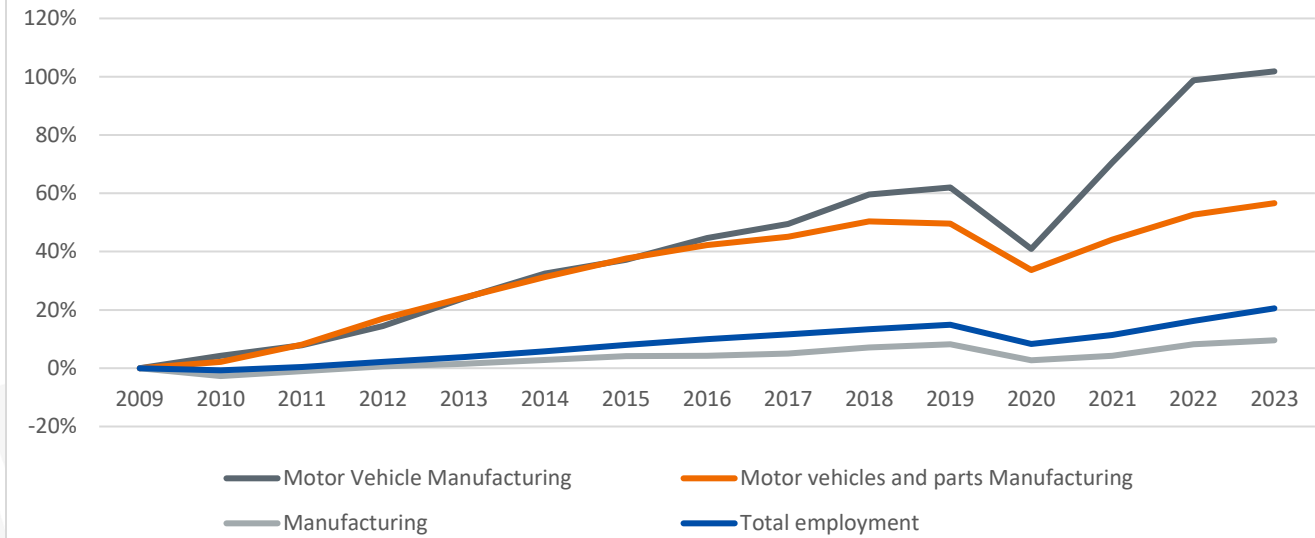
**Motor Vehicle And Parts Manufacturing Gained 3,100 Jobs in May.**

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.<sup>30</sup>



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.<sup>31</sup> 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.

## Employment Growth: 2009 - 2023



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