

# READING THE METER

*A Look Inside A Cleaner, Safer, Smarter Auto Industry.*

January 20, 2021

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## Forecast Meter

### Forecast Summary (Updated 1/20)

2020 Sales, <sup>1</sup> Extended Sales Forecast <sup>2</sup> and Production Forecasts <sup>3</sup>		
	U.S. Sales & Forecasts	North American Production
<b>April</b>	707,852 (-48.7% YoY)	8,463 (-99.4% YoY)
<b>May</b>	1,114,931 (-29.5% YoY)	248,602 (-83% YoY)
<b>June</b>	1,103,791 (-24% YoY)	743,216 (-17% YoY)
<b>July</b>	1,227,091 (-12.1% YoY)	1,261,884 (+2.2% YoY)
<b>August</b>	1,325,144 (-19.1% YoY)	951,983 (-1.1% YoY)
<b>September</b>	1,344,310 (6.4% YoY)	1,395,830 (+2.1% YoY)
<b>October</b>	1,345,401 (0.9% YoY)	1,413,207 (+3.7% YoY)
<b>November</b>	1,193,180 (-15.4% YoY)	1,260,763 (-6.4% YoY)
<b>December</b>	1,608,875 (5.9% YoY)	1,115,542 (+2.8% YoY)
<b>1<sup>st</sup> Quarter</b>	3,476,512 (-12.7% YoY)	3,754,533 (-11.7% YoY)
<b>2<sup>nd</sup> Quarter</b>	2,948,410 (-33.3% YoY)	1,371,420 (-67.6% YoY)
<b>3<sup>rd</sup> Quarter</b>	3,904,539 (-9.2% YoY)	3,989,982 (-.5% YoY)
<b>4<sup>th</sup> Quarter</b>	4,159,622 (-2.1% YoY)	3,789,512 (-2.5% YoY)
<b>Calendar Year</b>	14,463,935 (-14.7% YoY)	12,905,447 (-23.1%)
<b>2021 Full Year Estimate</b>	15.5 million units (7.6% YoY)	15.8 million units (22.7% YoY)

### U.S. Light Vehicle Sales Outlook (Updated 1/20)

**Wards Intelligence Outlook:** “Sales and production in the pandemic-stricken year of 2020 slipped to long-time lows in North America, and even though strong rebounds are expected in 2021, it could be several years before results climb back close to previous peak levels.

Light- vehicle sales in 2020 dropped to 16.96 million units, 16.0% below 2019’s 20.19 million and 19.3% below the last peak – also record total – of 21.01 million in 2016. Sales last were lower in 2011 (15.23 million units).

Sales are forecast to bounce back in 2021 with a 9.8% increase to 18.6 million units, followed by average gains of 2.4% each year through 2025 when volume totals 20.5 million – strong results but only just starting to near 2016’s peak.

However, sales of domestically made, or North America-sourced, vehicles are forecast in 2025 to nearly match 2016’s 16.0 million units. Sales penetration of domestically made vehicles will rise from 75.4% in 2020 to 77.7% in 2025. The increase is mostly due to an increase in local sourcing of previously overseas-sourced vehicles, as well as several all-new vehicles being assigned to North American plants. Those moves also have led to an increase in the region’s production capacity.”<sup>4</sup>

**Fitch Ratings Outlook:** “Fitch Ratings has an improving outlook for the U.S. auto sector, reflecting Fitch's expectation that conditions in 2021 will be better than the pandemic-induced downturn in 2020. Fitch expects U.S. light vehicle sales in 2021 to total 15.6 million, up nearly 10% from our forecast of 14.2 million for 2020. Fitch's 2021 forecast assumes macroeconomic conditions improve in 2021 and widespread lockdowns do not return. Although the trend will be improving in 2021, sales are expected to be about 8% below 2019. Fitch does not expect sales to return to 2019 levels until 2022 at the earliest even if a coronavirus vaccine becomes widely available by mid-2021.

Despite an improving demand environment, the auto industry remains exposed to various secular pressures. For example, tightening emissions regulations in many global markets, especially China and Europe, are rapidly accelerating the pace of vehicle electrification. Dozens of new electric vehicles will be introduced over the next few years, but vehicle cost and customer acceptance remain challenges. Auto manufacturers, suppliers and others also continue to invest heavily in automated driving technologies, although the pace of development has been slower than expected. Technological, regulatory and social issues continue to impede a faster rollout of autonomous vehicles.<sup>5</sup>

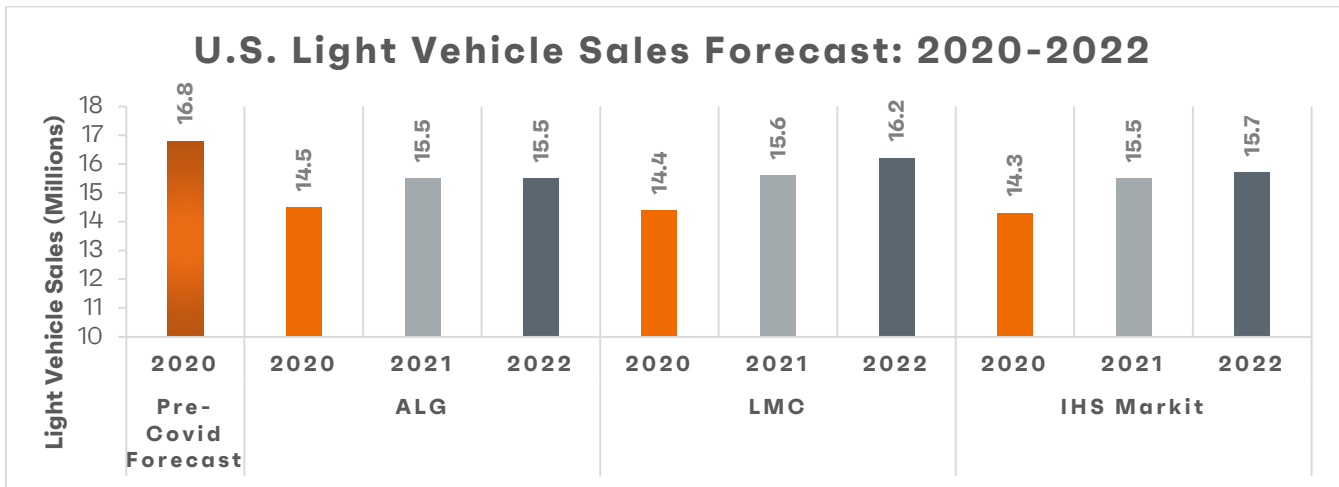
**J.D. Power December Forecast:** “New-vehicle retail sales for the month of December are expected to be up from December 2019, according to a joint forecast from J.D. Power and LMC Automotive. Retail sales for new vehicles are projected to reach 1,400,300 units, a 1.0% increase compared with a year ago when adjusted for selling days. December 2020 contains three more selling days and one more selling weekend than December 2019. Comparing the same sales volume without adjusting for the number of selling days translates to an increase of 13.1% year over year.

Total new-vehicle sales for the month of December—including retail and non-retail transactions—are projected to reach 1,619,000 units, a 5.1% decrease from December 2019 when adjusted for selling days. Reporting the same numbers without controlling for the number of selling days translates to an increase of 6.3% from December 2019. The seasonally adjusted annualized rate (SAAR) for total new-vehicle sales is expected to be 16.4 million units, down 500,000 units from 2019.

New-vehicle total sales for 2020 are projected to reach 14,468,200, a 14.8% decrease from 2019.”<sup>6</sup>

**IHS Markit Update:** “US light vehicle retail demand has proven more resilient in the near-term in spite of a very challenged US economic outlook. As a result, the US light vehicle sales outlook has been increased to 14.3 million units and 15.5 million units for 2020 and 2021, respectively.”<sup>7</sup>

“IHS Markit expects the market’s sales recovery to be over years, with the US not seeing 17 million light-vehicle registrations annually again through 2025.”<sup>8</sup>



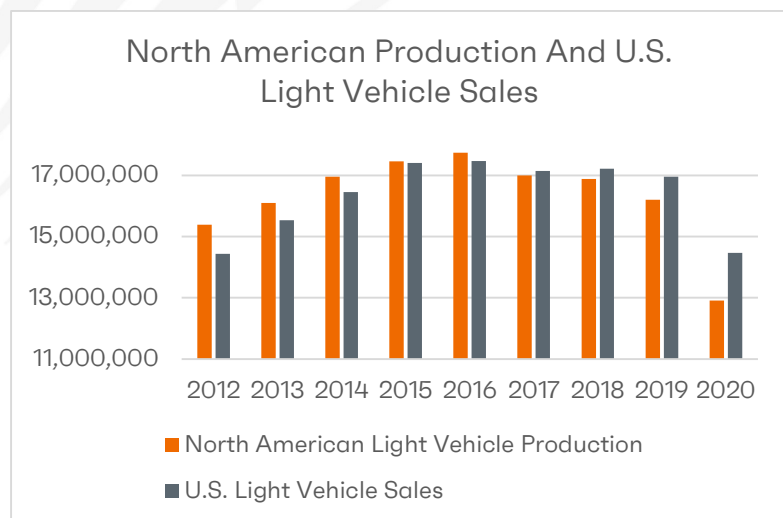
## North American Production Outlook (Updated 1/20)

**Credit Suisse Outlook:** “Inventory remains tight; expect further positive revisions to IHS estimates: While we ultimately expect industry volumes to be dictated by demand trends, supply remains tight, and may remain tight through 1H’21 – especially in lg. pickups. November-end US industry gross stock was 2.8mn units (up ~80k units m/m), an improvement, albeit still quite low vs. the 3.5-4mn level we’ve seen in recent years. Similarly, with November ending at 53 days supply, inventory is still light of the typical ~70 DSO for the industry. We think this is manageable, but tight. Given tight inventory and return of SAAR to pre-virus levels, we expect upside to IHS NA production estimates for 2021.”<sup>9</sup>

**WardsIntelligence Update:** “Higher penetration of domestically made vehicles bodes well for production in the region, especially because roughly 80% of output is targeted for the local market.

Including an estimate for December, production ended 2020 at 12.91 million units, 20.3% below 2019’s 16.20 million, and a 27.2% decline from 2016’s record total of 17.73 million. Production was last lower in 2010 (11.91 million units).

Like sales, production is forecast to take several years before getting close to its previous peak attained in 2016. But thanks to increased sales penetration of locally made vehicles, production will close in on its previous peak faster than will total light-vehicle sales, equaling almost 99% - 17.52 million units - of its record in 2025.”<sup>10</sup>



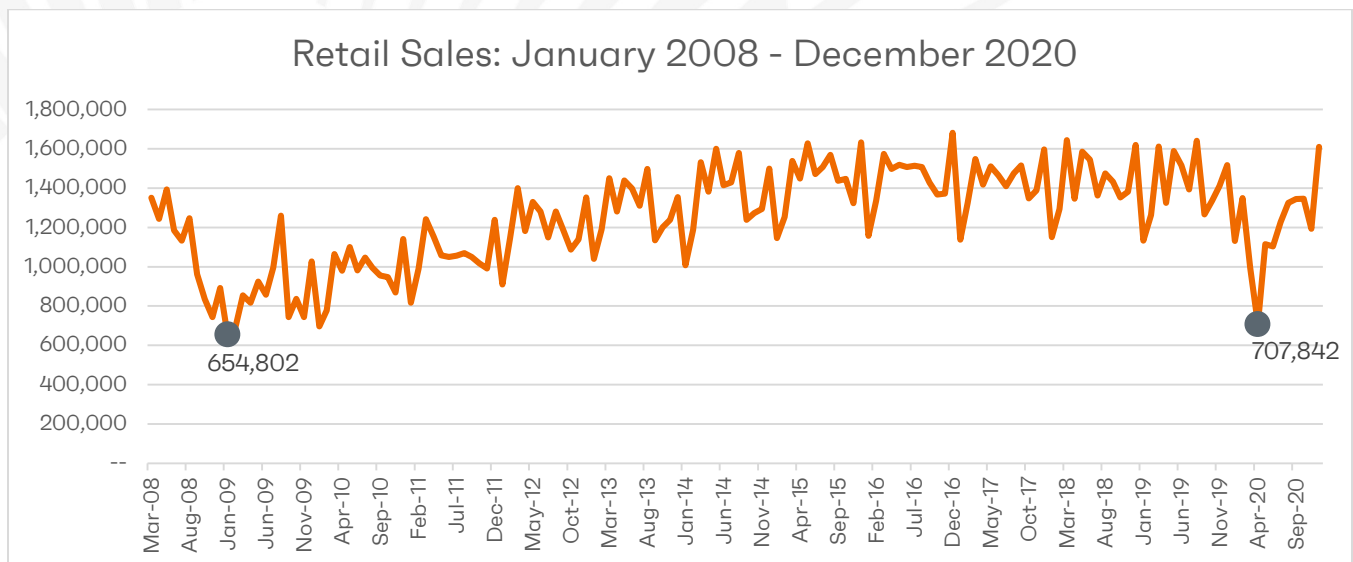
**IHS Markit November Update:** “The production outlook for North America remains stable for the November 2020 release with 2020 revised up 0.2% or 23,000 units to total 13.0 million units. Production in 2021 was revised up a marginal 9,000 units or less than 0.1% totaling 15.9 million units with 2022 revised down 18,000 unit or 0.1% at 16.3 million units. With the month-over-month trend showing a slow restocking on inventory is underway, the restocking phase for North American production is forecast to continue through second quarter 2021 before moving towards the alignment phase that more closely aligns to demand. During this extended restocking phase, production in the region will outpace demand and is projected to add over 400,000 units to US inventory by the end of second quarter 2021. GM’s announcement to add production of T1XX pickups at Oshawa surprised many, coming about through a deal with the Unifor union that represents Canadian auto workers. Production is expected to start at the retooled facility in January 2022. Production of both the light- and heavy-duty pickups will be added for the December forecast round with volume being mostly incremental for the first 12 to 18 months and totaling upwards of 150,000 units. With Oshawa serving as a relief valve, GM is also expected to garner additional cost savings with reduction in overtime at the already stressed Flint Truck, Fort Wayne and Silao plants.”<sup>11</sup>

## Market Meter

### U.S. Light Vehicle Sales (Updated 1/6)

#### Monthly Sales (Updated 1/6)

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.



**December Sales (Updated 1/6)**

**WardsIntelligence:** “December’s volume of 1.609 million units was 6.4% above like-2019 and finalized the entire pandemic-impacted year at 14.46 million, 14.7% below 2019’s 16.95 million and lowest since 14.43 million in 2012.

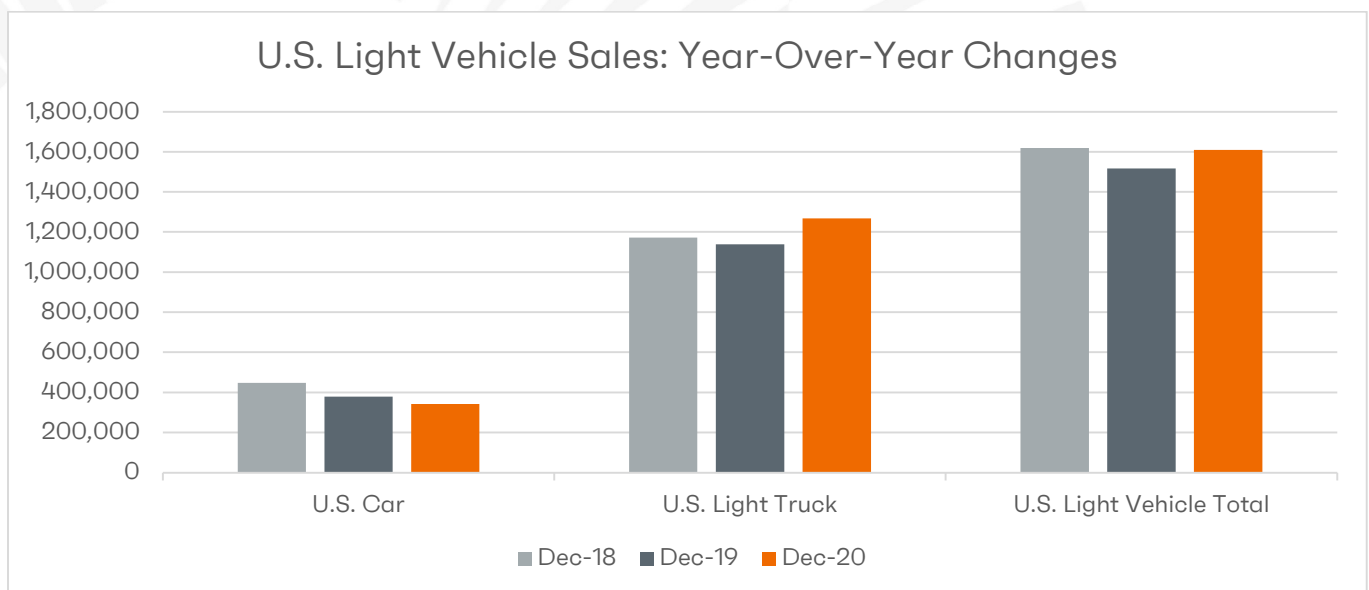
Based on DSRs, December’s sales declined 5.0% to 57,460 over the month’s 28 selling days from the same year-ago period’s 60,490 – 25 selling days.

The fourth-quarter SAAR was 16.1 million units, well below like-2019’s 16.8 million, but significantly higher than Q2’s 11.3 million – when the economic fallout from the virus had its first impact on an entire quarter – and Q3’s 15.3 million. The Q1 SAAR, which included the start of the Covid-19 effect in mid-March, totaled 14.8 million units.

Besides the economic impact from battling the Covid-19 spread – but a consequence of it - long-time low inventory did have a downward effect on deliveries. Manufacturers entered the month with inventory down 22% year-over-year, and lowest for Nov. 30 since 2011.

Estimated retail sales in December finished 0.5% above like-2019 – based on DSRs – and would have been stronger if dealers had more inventory. But having higher stock levels at this point also would mean excess inventory of slower selling vehicles, which usually leads to higher incentives to move the additional metal off dealer lots. Lack of excess inventory, especially of cars and pre-21-model-year vehicles, meant less need for discounting.

According to initial estimates by J.D. Power, average incentives in December declined 12.7% year-over-year to \$4,014, but average transaction prices hit an all-time high \$38,077, a 9% increase from like-2019.”<sup>12</sup>



### **Fleet Sales (Updated 1/6)**

**Credit Suisse:** “Fleet still weak but showing continued recovery, especially in daily rental: Fleet sales saw another challenged month, down ~28% in November – a decline vs. Oct -22%, albeit an improvement from down ~40% in Aug/Sep, and certainly much better than down ~70% in April-June. Fleet remains a tale of three channels, with sharp weakness in daily rental somewhat offset by government and commercial. Indeed, daily rental sales were down ~40% in November, still quite weak, albeit flat vs. Oct, and a sharp improvement from ~-60% in September and vs. the ~80-90% declines we saw in May-Aug (daily rental typically accounts for ~10% of US auto sales). Conversely, commercial and government have mostly held in, with commercial down low double digits % in November and government up low single digit %. We see potential for continued fleet recovery into 2021, even if not at normalized levels.”<sup>13</sup>

**Wards Intelligence:** “Although retail volume could have been higher with more inventory, fleet demand is the main component keeping total light-vehicle sales from rising to pre-Covid-19 levels. In December, fleet deliveries are estimated to have declined 31% year-over-year, based on DSRs, with raw volume down 22%.”<sup>14</sup>

**J.D. Power:** “Fleet sales are expected to total 218,700 units, down 31% from December 2019 on a selling day adjusted basis. Fleet volume is expected to account for 14% of total light-vehicle sales, down from 19% a year ago.”<sup>15</sup>

### **J.D. Power Retail and Fleet Sales Forecast**

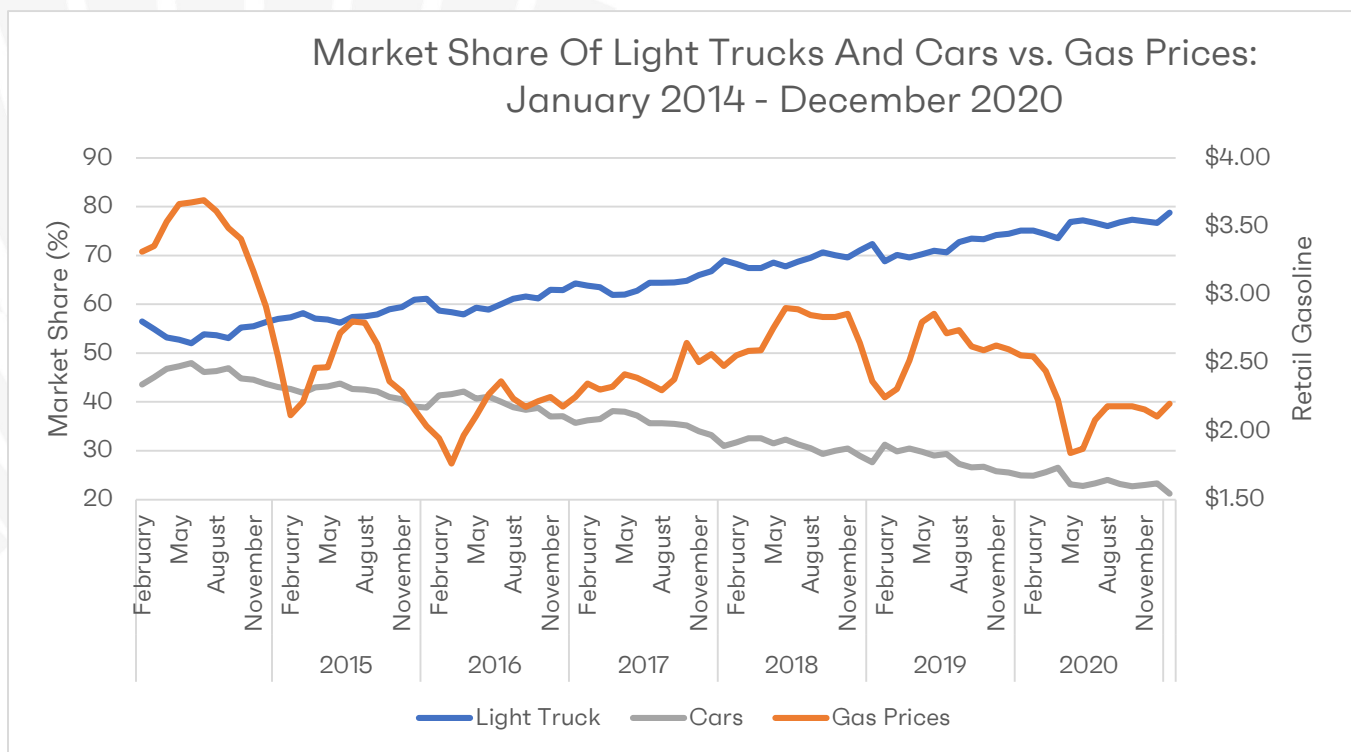
	<b>Pessimistic Forecast</b>	<b>Optimistic Forecast</b>	<b>Pre-COVID Baseline Forecast</b>
Retail Sales Forecast (million)	11.3	12.3	13.4
Fleet/Other Sales Forecast (million)	1.6	1.9	3.4
Total Sales Forecast (million)	12.9	14.2	16.8
Fleet Percent of Total Sales	12%	13%	20%
Retail Percent of Total Sales	88%	87%	80%
Fleet Loss From Baseline of 3.4 (million)	-1.8	-1.5	-
Fleet Loss as % Baseline Fleet Sales	-53%	-44%	-
Fleet Loss as % Total Sales	-14.0%	-10.6%	-

### **Segments vs. Gas Prices (Updated 1/6)**

**WardsIntelligence:** “In total, December’s truck DSR declined 0.6% from like-2019, but market share increased to 78.8% from 75.3%. Volume for 12-months 2020 totaled 11.06 million units, 9.7% below 2019. However, calendar-year market penetration increased to a record high 76.4% from the prior-year’s 72.2%. ... Car deliveries in December fell 18.5% year-over-year and market share dropped to 21.2% from 24.7% in the year-ago month. For the year, car sales totaled 3.41 million units, down 27.7% from 2019, and market share declined to a record low 23.6% from 27.8%.”<sup>16</sup>

**Segment Sales For December:** For the year, the CUV segment group posted record market penetration of 43.3%. Except 2012, CUV penetration has risen every year since the first one hit the market in 1995. The SUV group recorded its highest annual market share (8.7%) since 9.0% in 2008. In entire-2020, CUVs and SUVs for the first time accounted for over half the market – 52%. With 19.7% of the market in 2020, the Pickup group recorded its highest market share since at least 1970 – when WI’s digital records begin – and probably for the post-World War II era, if not before then. Inside the group, the Large Pickup segment’s 15.5% market share in 2020 also was a likely post-World War record.<sup>17</sup>

**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>18</sup> and gas was over \$3.00.<sup>19</sup> a gallon. As fuel prices dropped below the \$3.00 mark in mid-September 2014, light truck sales began to take off – and never looked back. Gas prices since have averaged only \$2.68 a gallon (through October 2020) 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>20</sup>

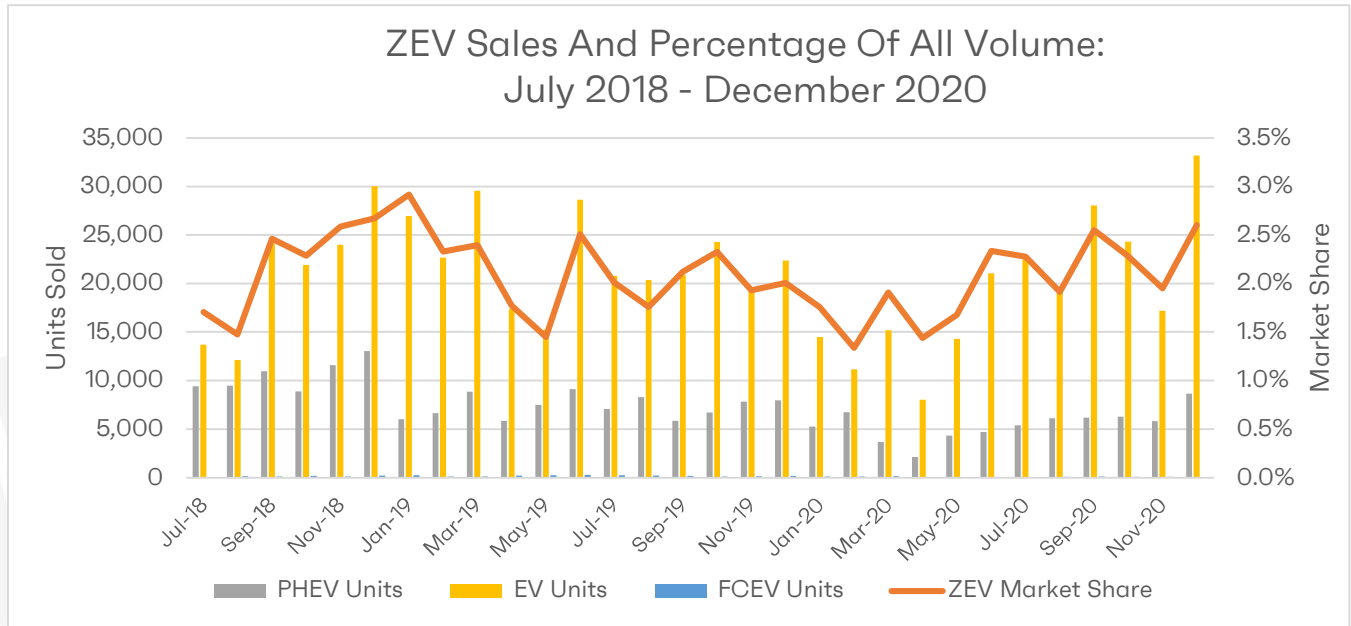


## ZEV Powertrain Sales (Updated 1/6)

Sales of zero emission vehicles (BEV, PHEV, & Fuel Cell) accounted for 2.6% of total vehicle sales in December 2020, up 1.7% from a year ago and 1.9% from November 2020. Sales of battery electric vehicles led the way for ZEVs, accounting for 2.1% of total sales, a jump from 1.4% from November 2019. Plug-in hybrids accounted for 0.5%, the same figure as last year.<sup>21</sup>

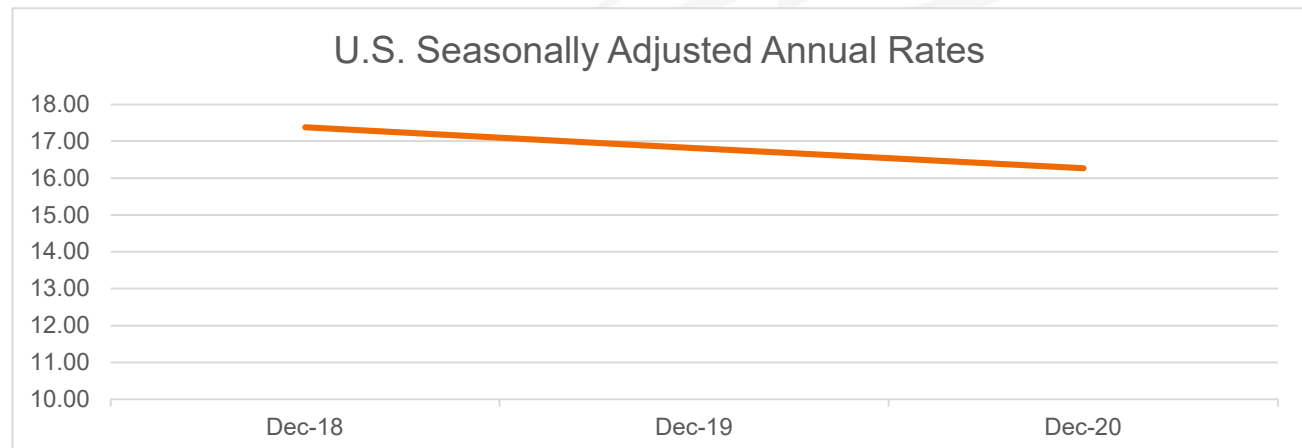


**Credit Suisse:** “For all the hype around EV euphoria, we still haven’t seen the inflection in the US. YTD BEV+PHEV sales in the US are down ~12% y/y, outpacing the industry decline of -17%...albeit EV sales in the last 3 months are up 20%+ y/y; BEV+PHEV have accounted for 2.0% of vehicle sales YTD.”<sup>22</sup>



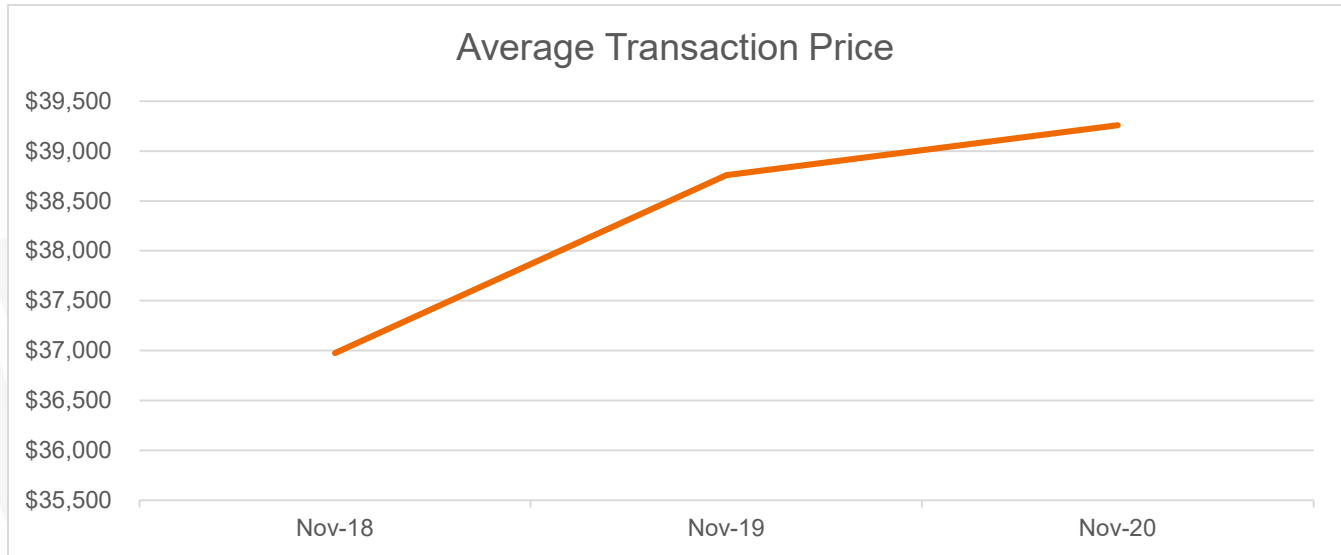
## Seasonally Adjusted Annual Rates (Updated 1/6)

“The fourth-quarter SAAR was 16.1 million units, well below like-2019’s 16.8 million, but significantly higher than Q2’s 11.3 million – when the economic fallout from the virus had its first impact on an entire quarter – and Q3’s 15.3 million. The Q1 SAAR, which included the start of the Covid-19 effect in mid-March, totaled 14.8 million units. Besides the economic impact from battling the Covid-19 spread – but a consequence of it - long-time low inventory did have a downward effect on deliveries. Manufacturers entered the month with inventory down 22% year-over-year, and lowest for Nov. 30 since 2011.”<sup>23</sup>



## Average Transaction Price (Updated 12/2)

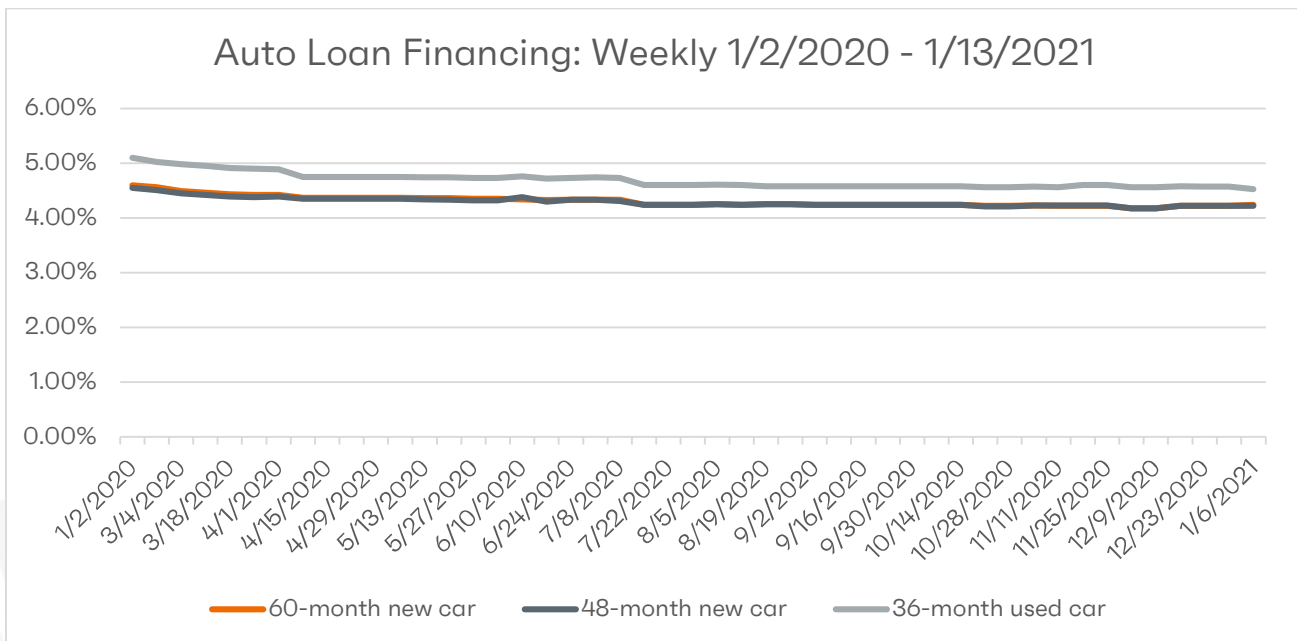
**Kelley Blue Book:** “The valuation analysts at Kelley Blue Book today reported the estimated average transaction price for a light vehicle in the United States was \$39,259 in November 2020. New-vehicle prices increased \$499 (up 1.3%) from November 2019, while falling \$480 (down 1.2%) from last month.”<sup>24</sup>



## Auto Loan Financing (Updated 1/20)

**Financing Rates Set New Low For The Year:** Rates in mid-January remained exactly where they were one week ago: at 4.20% for 60 months and at 4.54% for a 36-month used car loan. Buyers seeking a 48-month loan also saw interest rates remain the same as a week ago. Rates have remained relatively static since mid-July until starting to dip in November. Since the beginning of last year, rates are down 0.40% and down the same amount from about a year ago.<sup>25</sup>

Dates	60-month new car	48-month new car	36-month used car
12/4/2019	4.61%	4.57%	5.11%
1/2/2020	4.60%	4.55%	5.10%
1/13/2021	4.20%	4.20%	4.54%
1/20/2021	4.20%	4.20%	4.54%
One Week Change	0.00%	0.00%	0.00%
Two Week Change	-0.04%	-0.02%	0.01%
Change since 1/3/20	-0.40%	-0.35%	-0.56%
One Year Change	-0.40%	-0.35%	-0.56%

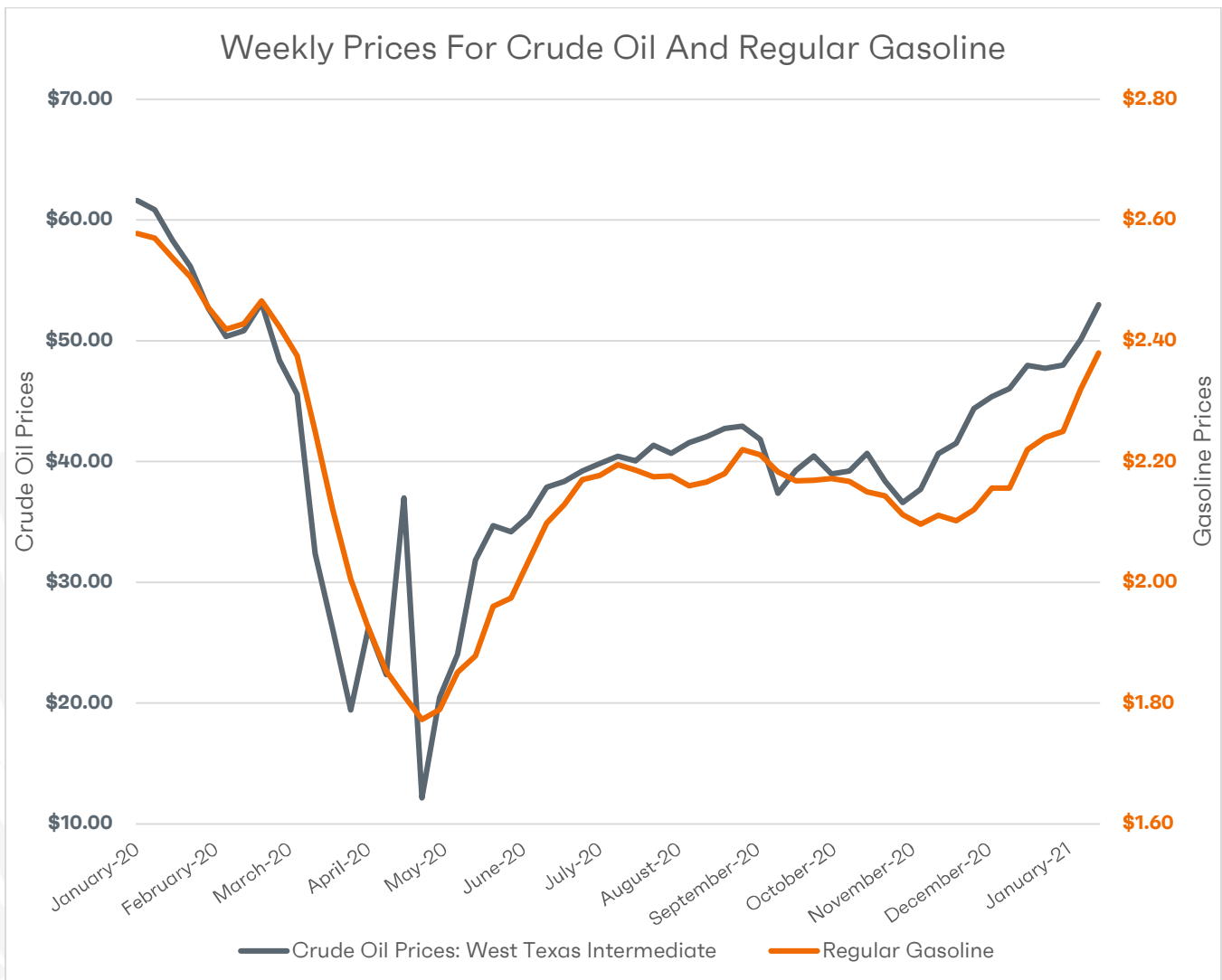


## Crude Oil and Gas Prices (Updated 1/20)

**EIA Outlook For Gasoline:** “Seasonally low inventory builds and expectations of increased consumption in 2021 were two factors that likely contributed pressure to increase the RBOB–Brent crack spread in December. EIA estimates that U.S. motor gasoline inventories in December were less than the five-year (2015–2019) average, and the monthly inventory build of 3.2 million barrels was low compared with the month’s five-year average build of 13.2 million barrels. ... EIA forecasts that U.S. gasoline consumption will increase from 8.13 million barrels per day (b/d) in the fourth quarter of 2020 to 8.49 million b/d on average in the first half of 2021, an increase of 0.36 million b/d (4%).”<sup>26</sup>

**EIA Outlook For Production:** “EIA estimates that annual U.S. crude oil production averaged 11.3 million b/d in 2020, down 1.0 million b/d from 2019 as a result of well curtailment and a drop in drilling activity related to low oil prices. EIA expects production to again decline in 2021, averaging 11.1 million b/d before increasing to an annual average of 11.5 million b/d in 2022, as prices and drilling conditions become more favorable. ... Annual average production numbers can mask monthly trends in oil production. Most crude oil in the U.S. Lower 48 (L48) states excluding Gulf of Mexico (GOM) is tight oil production. L48 production fell from a record 10.4 million b/d in November 2019 to 8.0 million b/d in May 2020. The decline in production not only reflected a decline in drilling activity but also well curtailments because of very low oil prices.”<sup>27</sup>

**Oil Rises To Highest Level Since Before The Pandemic, While Gas Continue To Trend Up:** Oil prices, as benchmarked at West Texas Intermediate, jumped almost \$3, nearing \$53 per barrel for the first time since February 2020, when life in America was relatively normal. As such, prices at the pumps are rising as well. EIA reports a gallon of regular gas is now \$2.38, the highest price since early March 2020, but still about eight percent lower than prices this time last year.<sup>28</sup>

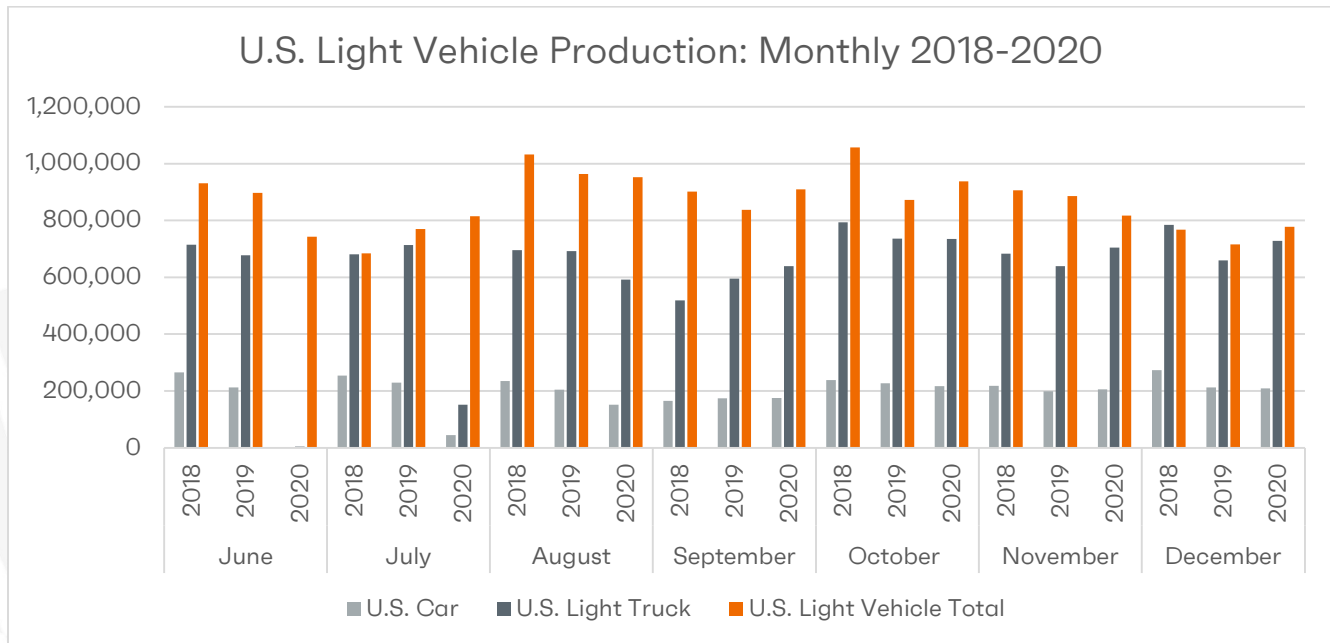


## Production Meter

### U.S. Light Vehicle Production (Updated 1/20)

**WardsIntelligence:** “Including an estimate for December, production ended 2020 at 12.91 million units, 20.3% below 2019’s 16.20 million, and a 27.2% decline from 2016’s record total of 17.73 million. Production was last lower in 2010 (11.91 million units). Like sales, production is forecast to take several years before getting close to its previous peak attained in 2016. But thanks to increased sales penetration of locally made vehicles, production will close in on its previous peak faster than will total light-vehicle sales, equaling almost 99% - 17.52 million units - of its record in 2025.

In fact, because of still-depleted inventory caused by the widespread Covid-19 related plant shutdowns the industry undertook in the March-to-June period last year – with the month of April falling to nearly zero production – production in 2021 will rebound much more sharply than sales. Output in 2021 is forecast to rise 22.6% in 2021 to 15.82 million units. Post-2021, production is forecast to average year-over-year increases of 2.6% through 2025.”<sup>29</sup>



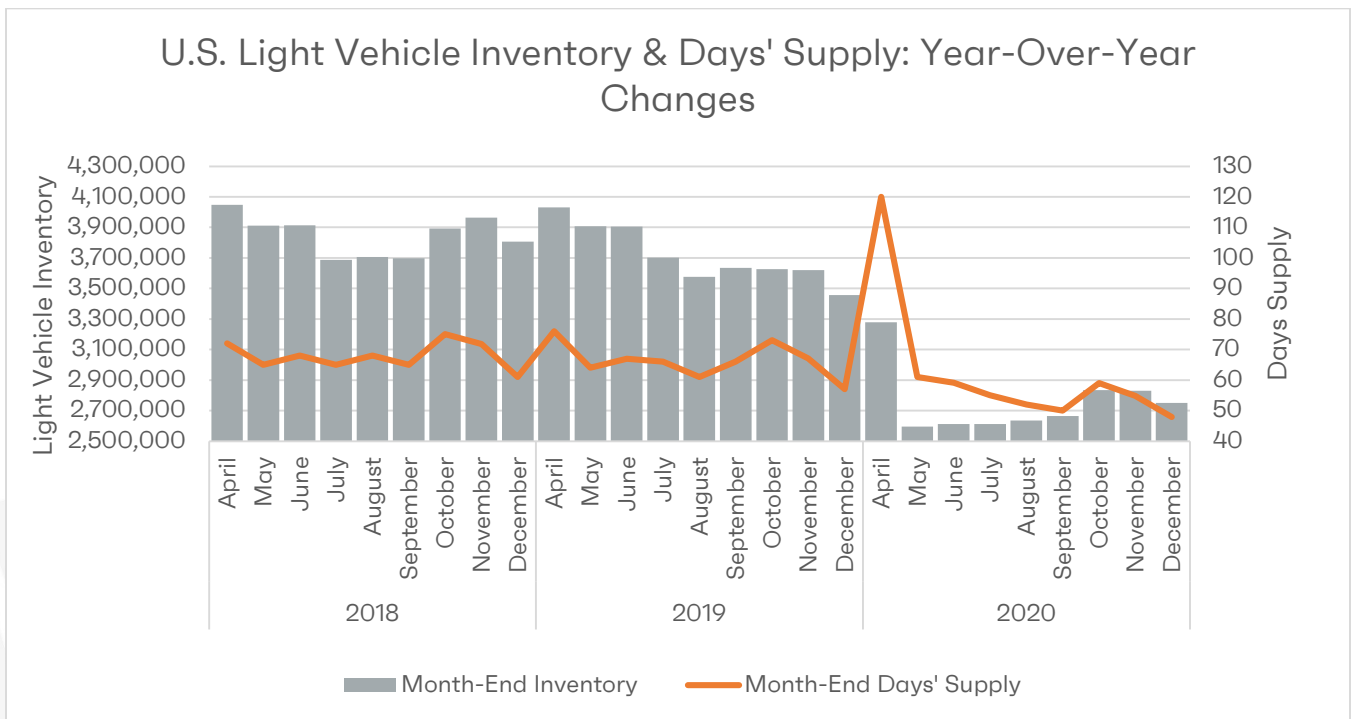
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## U.S. Light Vehicle Inventory and Days' Supply (Updated 1/13)

**WardsIntelligence Inventory Update:** “In what seems to have become a new normal – or broken record – U.S. light-vehicle inventory remained at a 9-year low at the end of December, finishing 20.5% below the same year-ago period, and posting a days’ supply about 20% below what is typical for the period. While sales climbed back to 98% of year-ago (pre-pandemic) volumes in Q4-2020 and should remain at least at 90% of year-ago totals in January-February, inventory ended the year at 80% of December 2019’s total and has been stuck at the 9-year-low mark since May. ... Inventory declined 4.4% from November to end the year at 2.75 million units.

Days’ supply ended December at 48, down from like-2019’s 57 and November’s 55. By vehicle type, days’ supply for trucks was 45, down from same-month 2019’s 59, while cars increased to 58 from 52.

Inventory for domestically made vehicles totaled 2.09 million units, 24.6% below December 2019’s 2.77 million. Days’ supply of 47 was well below like-2019’s 59. Import inventory totaled 661,867 units, just 3.9% below the year-ago period, while days’ supply of 52 matched like-2019.”<sup>31</sup>



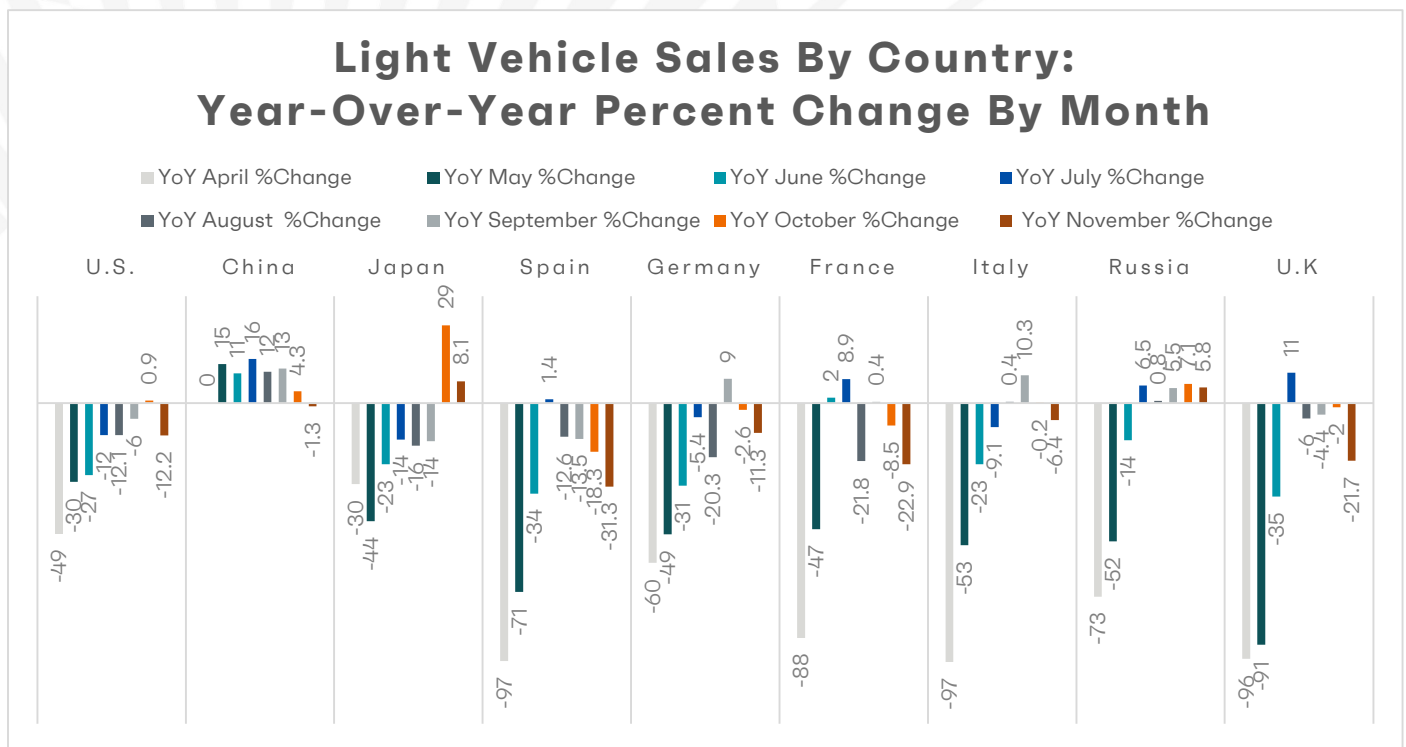
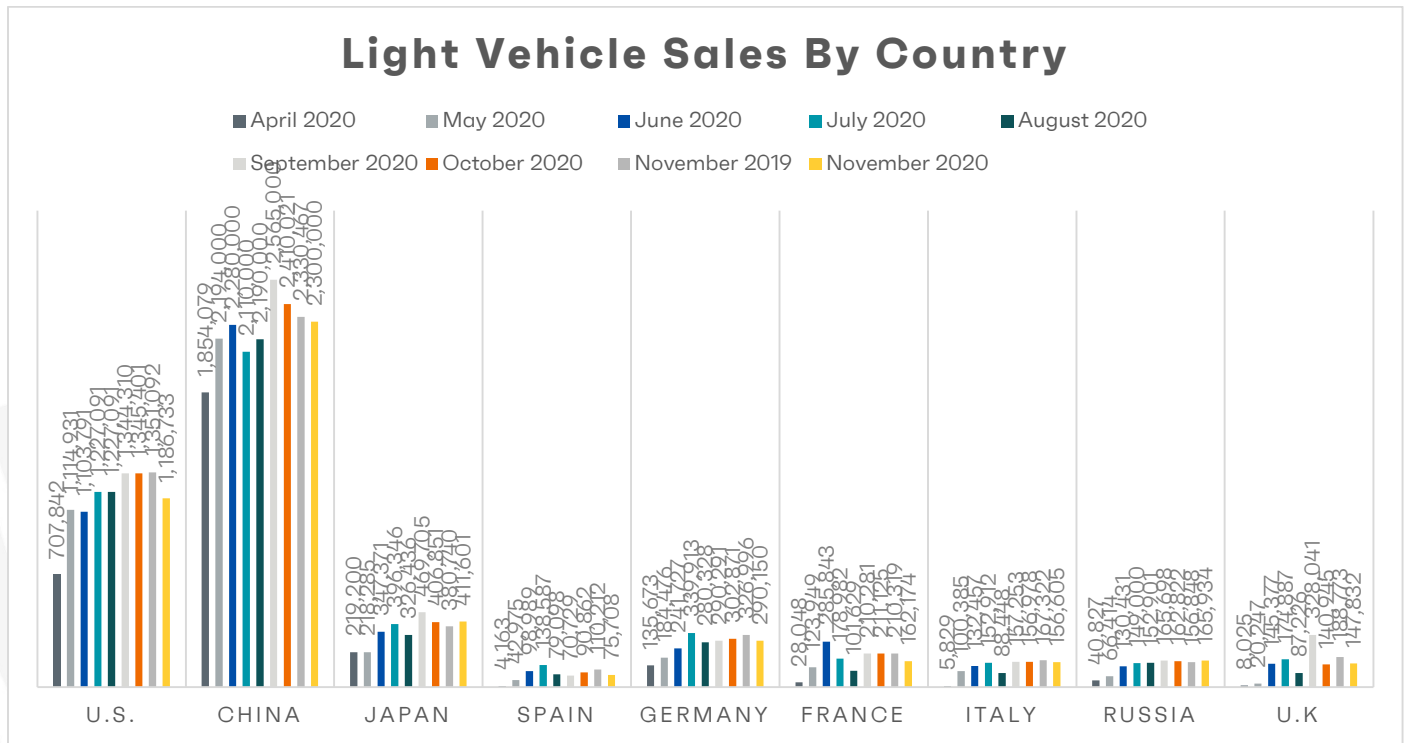
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## Global Meter (Updated 12/30)

### Global Light Vehicle Sales Outlook (Updated 12/30)

**Wards Intelligence Outlook<sup>33</sup>:** “After two months of gains, world sales dipped 1.3% to 7.72 million vehicles in November. The Asia-Pacific region again was the only region to improve, with a 9.0% boost to 4.12 million. However, a 14.9% drop in sales to 1.46 million in North America helped bring down the global total. Sales in China grew 12.6% to 2.77 million units, compared to year-ago’s 2.46 million, due to low COVID-19 infection rates and pent-up demand from shutdowns in the first quarter. ... Japan also saw gains in November, up 6.7% to 412,000 units, though year-ago totals were artificially low due to dealership closures caused by typhoons. Sales there were down 13.0% for the year. ... In Europe, sales were down 8.3% to 1.51 million for the month. Results were mixed across the region: Germany slipped 2.2% to 327,000 units and Spain dropped 17.1% to 92,000, while Greece improved 2.4% to more than 8,000 and Norway jumped 19.8% to 16,000. France had strict lockdown measures in place in November to help curb the spread of the coronavirus ahead of the Christmas season, helping to bring sales down 22.3% to 167,000 vehicles. ... With one month left in a tough year, world sales tumbled 15.6% through November to 70.78 million, compared to same-period 2019’s 83.87 million. Wards Intelligence Senior Industry Analyst Haig Stoddard expects sales to continue to fall in Q1 2021, though not as sharply as Q1 2020.”

Sales in select countries around the globe, including year-over-year percent change by month as well as raw volume by month:



## Recovery Meter

### North American Assembly Facility Operating Status (Updated 9/3)

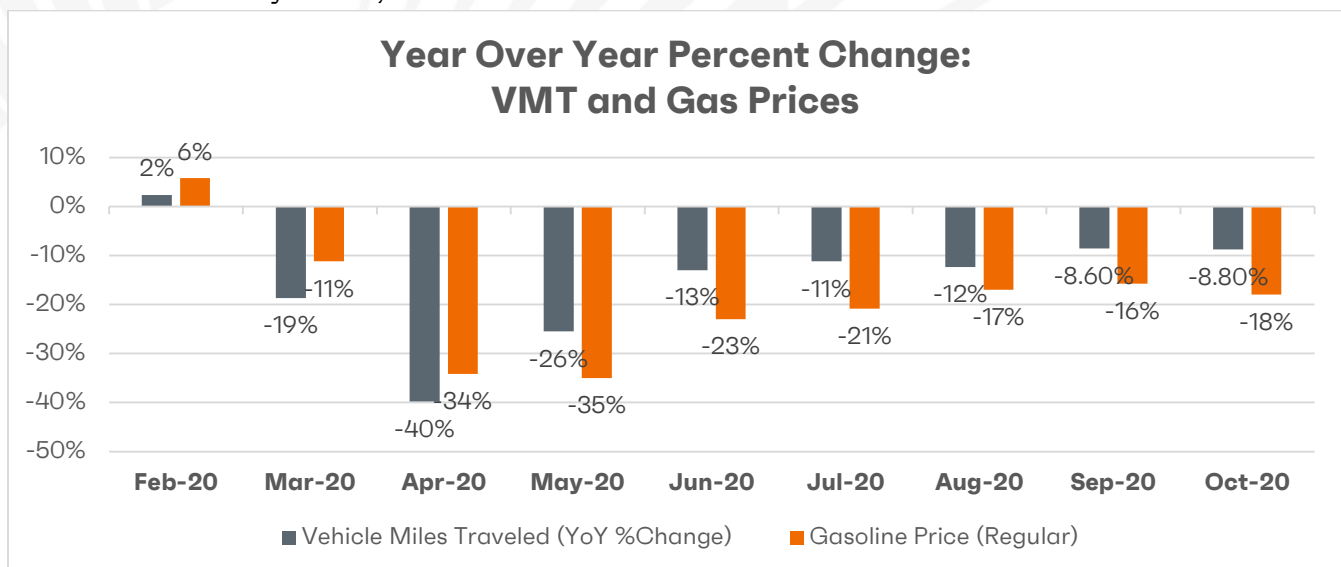
After all automotive manufacturing was shut down for the first time since World War II for roughly eight weeks, automakers have resumed production at all plants across North America. The extent to which production has ramped up or employment has been reinstated continues to fluctuate due to the impacts of COVID-19. We will continue to monitor the operational status of assembly facilities.

To view information on plant operating status during the shutdown, please click [here](#).

### Roadway Travel (Updated 12/23)

According to the U.S. Department of Transportation, vehicle miles traveled in October were the strongest stopped its slide since the start of the pandemic, with VMT down 8.8% year-over-year, a slight uptick in the decline from September:<sup>34</sup>

- “Travel on all roads and streets changed by -8.8% (-25.0 billion vehicle miles) for October 2020 as compared with October 2019. Travel for the month is estimated to be 259.0 billion vehicle miles.
- “The seasonally adjusted vehicle miles traveled for October 2020 is 246.8 billion miles, a -9.2% (-25.0 billion vehicle miles) decline from October 2019. It also represents -0.02% decline (-0.1 billion vehicle miles) compared with September 2020.
- “Cumulative Travel for 2020 changed by -13.9% (-380.7 billion vehicle miles). The cumulative estimate for the year is 2,351.9 billion vehicle miles of travel.”



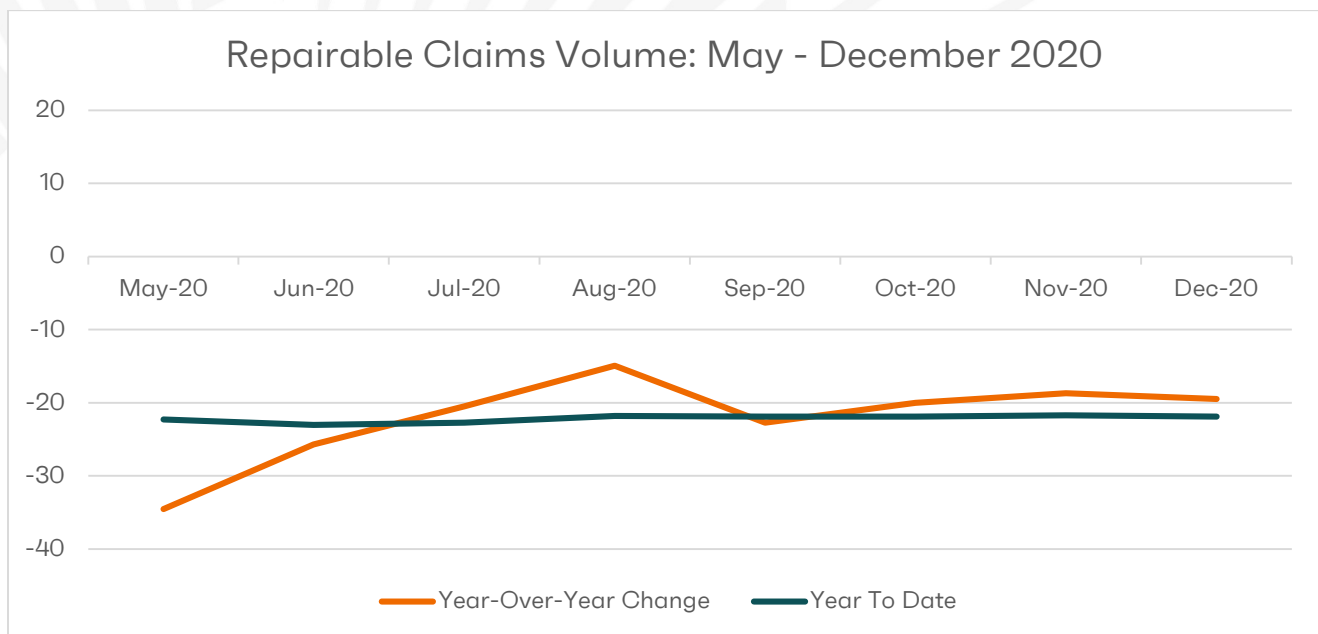


## Repairable Claims (Updated 1/13)

At the beginning of 2020, the economy was strong, unemployment rates were low, congestion levels were high in many urban areas, and miles driven continued to grow. Auto accident and claim frequency had started to flatten, but average vehicle repair costs continued to rise. And then the pandemic. In response to rising diagnoses, hospitalizations, deaths, and immense uncertainty, many states began issuing shelter-at-home orders in mid-March. All but essential and frontline workers sheltered at home; many companies furloughed or let employees go, while those that could have their employees work remotely, quickly set them up to do so. Daily trips and miles driven in the U.S. plummeted, and auto accidents and claim counts followed suit.

**Latest Data From CCC:** “Repairable appraisal counts for the full calendar year were down -21.3 percent versus CY 2019; when excluding comprehensive losses, repairable counts were down -26 percent for the full year.

- After plunging -35 percent in Q2, repairable appraisal counts improved to -20.2 percent in Q3 and to -19.7 percent in Q4, with bad weather in many parts of the U.S. helping to counter decline in volume due to less driving, particularly during rush hour.
- Non-comprehensive repairable appraisal counts however reversed course again in Nov’20 and Dec’20, as the CDC recommended people forgo holiday travel, and a third wave of the virus drove up new COVID-19 cases, hospitalizations, and fatalities.
- Even numerous winter storms with lots of ice failed to lift accident counts in December, since many drivers were off the roads altogether, working remote and doing much of their holiday shopping online.<sup>35</sup>



## Economic News (Updated 1/13)

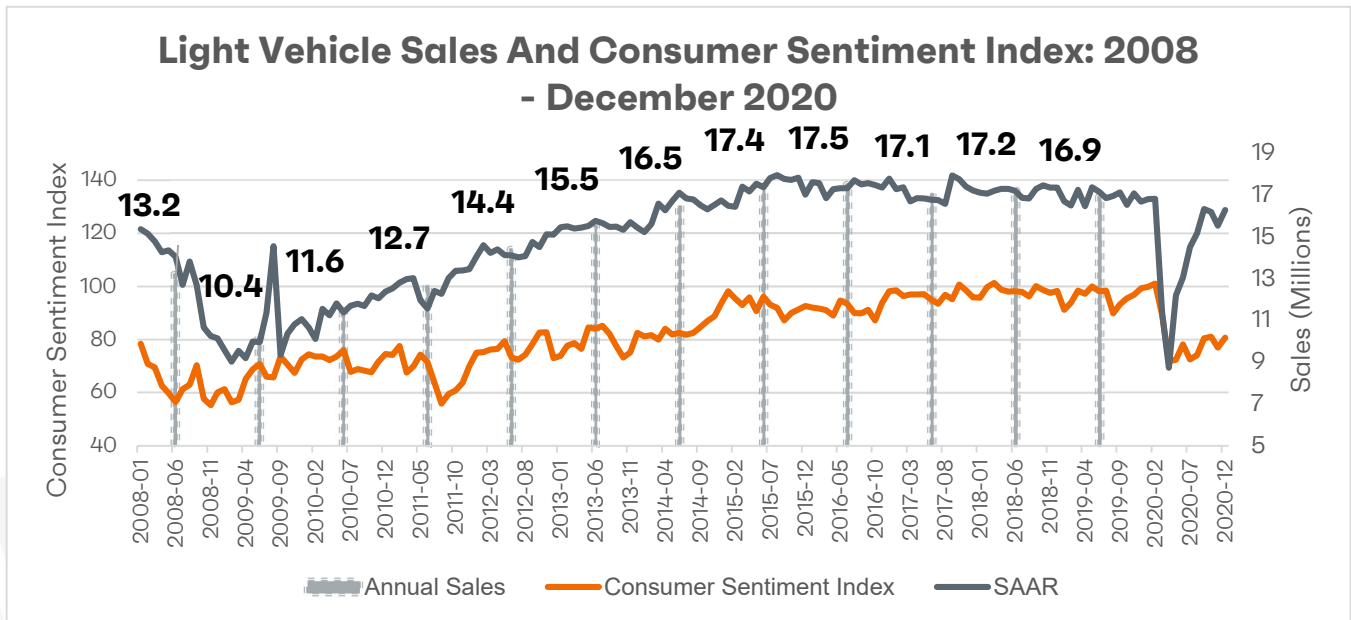
**December U.S. Manufacturing Job Gains Increased By 38,000 With 7,000 Coming From The Auto Industry.** “In December, manufacturing employment increased by 38,000, with gains in motor vehicles and parts (+7,000), plastics and rubber products (+7,000), and nonmetallic mineral products (+6,000). By contrast, miscellaneous nondurable goods manufacturing lost 11,000 jobs over the month. Despite gains over the past 8 months, employment in manufacturing is 543,000 below its February level.”<sup>36</sup>

- **Jobs At Auto Dealerships Helped To Increase Employment In The Retail Sector.** “Retail trade added 121,000 jobs in December, with nearly half of the growth occurring in the component of general merchandise stores that includes warehouse clubs and supercenters (+59,000). Job gains also occurred in nonstore retailers (+14,000), automobile dealers (+13,000), health and personal care stores (+10,000), and food and beverage stores (+8,000). Employment in retail trade is 411,000 lower than in February.”<sup>37</sup>

**U.S. Car And Truck Production Credited With Giving The Economy Its Biggest Boost In 50 Years.** “U.S. car and truck production in the third quarter gave the economy its biggest boost in almost a half century. A surge in motor-vehicle output contributed just over 6 percentage points to the annualized 33.1% increase in gross domestic product, according to government data. That was the largest share since the first quarter of 1971, when United Auto Workers union members were returning to assembly lines after a months-long strike.”<sup>38</sup>

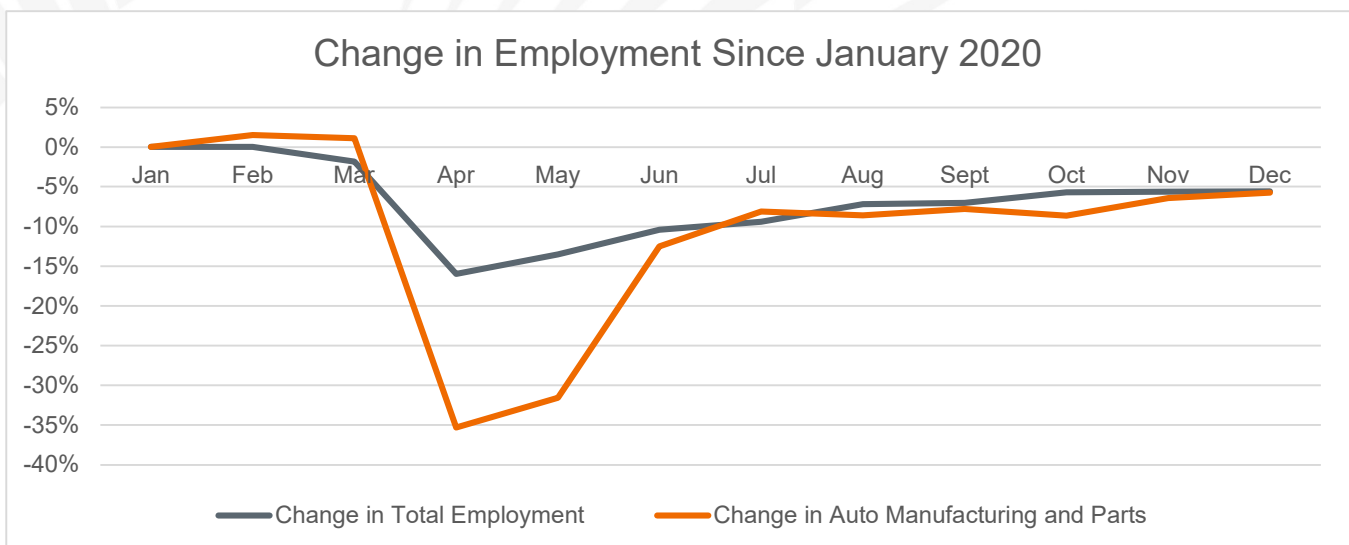
## Consumer Confidence and Sales (Updated 1/13)

The Sentiment Index slipped in late December, although it remained higher than last month despite the ongoing surge in Covid infections and deaths. The improvement was due to a large and rapid partisan shift, with Democrats becoming much more positive and Republicans much more negative. The largest change was in long term business prospects, as twice as many Democrats as three months ago expected a continuous expansion over the next five years (54% up from 27%), while that same favorable expectation was nearly cut in half among Republicans (32% down from 60%). The pandemic has had a much greater relative impact on assessments of the overall economy than on assessments of consumers' current personal financial situations. Since the start of the pandemic, however, a huge divide has grown across households in how they assess their own personal finances: the finances of those that continue to be employed and working at home have remained positive while those who have lost jobs and incomes have been quite negative.<sup>39</sup>



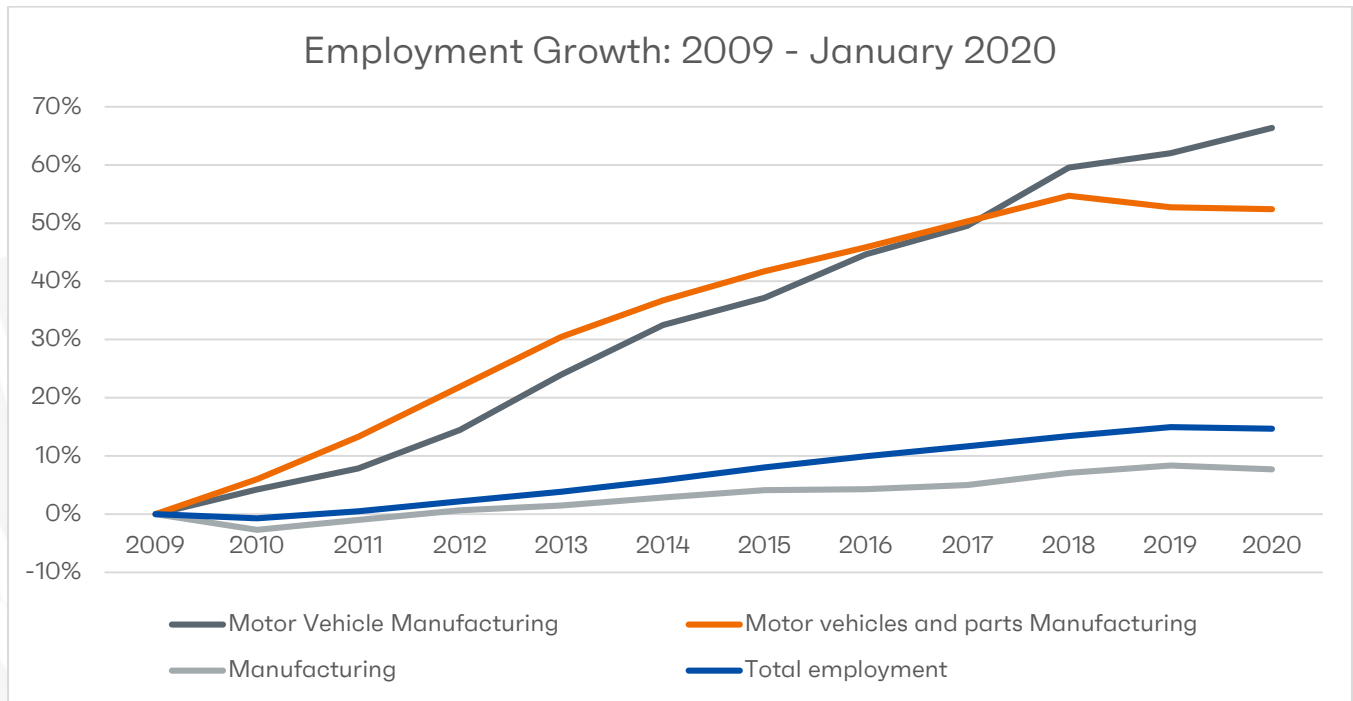
## Employment (Updated 1/13)

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 has raced back and is now only down about 67,800 employees, constituting a 5.76 percent loss since January. December’s employment is an improvement of about 7,000 jobs since November.<sup>40</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>41</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.



<sup>1</sup> WardsIntelligence, "U.S. Light Vehicle Sales, April," 5/1/20; WardsIntelligence, "U.S. Light Vehicle Sales, May 2020," 6/2/20; WardsIntelligence, "U.S. Light Vehicle Sales, June 2020," 7/1/20; WardsIntelligence, "U.S. Light Vehicle Sales, July 2020," 8/3/20; WardsIntelligence, "U.S. Light Vehicle Sales, August 2020," 9/1/20; WardsIntelligence, "U.S. Light Vehicle Sales, September 2020," 10/1/20; WardsIntelligence, "U.S. Light Vehicle Sales, October 2020," 11/3/2020; WardsIntelligence, "U.S. Light Vehicle Sales, November 2020," 12/1/2020; "U.S. Light Vehicle Sales, December 2020," 1/5/2021

<sup>2</sup> Haig Stoddard, "COVID-19 Impact Will Tank March, Second-Quarter U.S. Light-Vehicle Sales," *WardsIntelligence*, 3/25/20; Haig Stoddard, "March 25 COVID-19 Update: 2020 North America Production, U.S. Sales Forecasts," *WardsIntelligence*, 3/30/20; Haig Stoddard, "U.S. Light-Vehicle Sales Start on the Road Back in May," *WardsIntelligence*, 5/21/20

<sup>3</sup> Haig Stoddard, "COVID-19's Toll on North America Vehicle Production in March, Q2," *WardsIntelligence*, 3/30/20; Haig Stoddard, "North America Platform by Plant Production Forecast - 2020-2022," *WardsIntelligence*, 1/8/21

<sup>4</sup> Haig Stoddard, "North America: Looking Ahead from Pandemic-Smacked 2020," *WardsIntelligence*, 1/14/2021

<sup>5</sup> Fitch Ratings, "US Auto Industry Outlook Improving in 2021 but Secular Risks Remain," [www.fitchratings.com](http://www.fitchratings.com), 12/2/2020

<sup>6</sup> J.D. Power, email, "Memorable (or Forgettable) Year to End Positively as December Sales Up and Average Transaction Prices Surpass \$38,000 for First Time," 12/23/2020

<sup>7</sup> IHS Markit, email, "IHS Markit Monthly Automotive Update - October 2020," 10/16/2020

<sup>8</sup> IHS Markit, email, "IHS Markit Monthly Automotive Update - August 2020," 8/14/2020

<sup>9</sup> Credit Suisse, Email, "US Autos & Auto Parts: November US Sales Report Card: Sequentially weaker, but still a solid set-up into '21," 12/2/2020

<sup>10</sup> Haig Stoddard, "North America: Looking Ahead from Pandemic-Smacked 2020," *WardsIntelligence*, 1/14/2021

<sup>11</sup> IHS Markit, email, "IHS Markit Monthly Automotive Update -November 2020," 11/13/2020

- <sup>12</sup> Haig Stoddard, “December U.S. Light-Vehicle Sales End Bad Year With Some Optimism,” *WardsIntelligence*, 1/5/2021
- <sup>13</sup> Credit Suisse, Email, “US Autos & Auto Parts: November US Sales Report Card: Sequentially weaker, but still a solid set-up into ‘21,” 12/2/2020
- <sup>14</sup> Haig Stoddard, “December U.S. Light-Vehicle Sales End Bad Year With Some Optimism,” *WardsIntelligence*, 1/5/2021
- <sup>15</sup> J.D. Power, “J.D. Power Auto Industry Impact Report,” 6/4/2020
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- <sup>18</sup> WardsIntelligence, U.S. Light Vehicle Sales, January 2013 – December 2020
- <sup>19</sup> U.S. Energy Information Administration, Weekly Retail Gasoline and Diesel Prices, Regular price per gallon, including taxes
- <sup>20</sup> WardsIntelligence, Fuel Economy Index, December 2013 & 2019
- <sup>21</sup> WardsIntelligence, U.S. Light Vehicle Sales, December 2019; U.S. Light Vehicle Sales, December 2020
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- <sup>25</sup> Bankrate, “[Current Car Loan Interest Rates](#),” Accessed 1/20/21; Internet Archive, Bankrate, “Current Car Loan Interest Rates, cached image from 12/4/19
- <sup>26</sup> EIA, “[Short-Term Energy Outlook](#),” 1/12/2021
- <sup>27</sup> EIA, “[Short-Term Energy Outlook](#),” 1/12/2021
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- <sup>31</sup> Haig Stoddard, “December U.S. Light-Vehicle Inventory Stays the Lean Course,” *WardsIntelligence*, 1/7/2021
- <sup>32</sup> WardsIntelligence, “U.S. Light Vehicle Inventory, April 2018,” 5/3/18; WardsIntelligence, “U.S. Light Vehicle Inventory, May 2020,” 5/21/2020; WardsIntelligence, “U.S. Light Vehicle Inventory, May 2018,” 6/5/18; WardsIntelligence, “U.S. Light Vehicle Inventory, June 2020,” 7/2/20; WardsIntelligence, “U.S. Light Vehicle Inventory, June 2018,” 7/5/18; WardsIntelligence, “U.S. Light Vehicle Inventory, July 2020,” 8/4/20; WardsIntelligence, “U.S. Light Vehicle Inventory, July 2018,” 8/2/18; WardsIntelligence, “U.S. Light Vehicle Inventory, September 2020,” 10/1/2020; WardsIntelligence, “U.S. Light Vehicle Inventory, December 2020
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- <sup>35</sup> CCC, “[CCC Auto Claims Snapshot - December 2020](#),” 1/13/2021
- <sup>36</sup> U.S. Bureau of Labor Statistics, <https://www.bls.gov/news.release/empisit.nr0.htm>, 1/8/21
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