

# READING THE METER

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

March 31, 2021

## Contents

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Forecast Meter.....	2
Forecast Summary (Updated 3/24).....	2
U.S. Light Vehicle Sales Outlook (Updated 3/31).....	2
North American Production Outlook (Updated 3/24).....	4
Market Meter .....	5
U.S. Light Vehicle Sales (Updated 3/31) .....	5
Segments vs. Gas Prices (Updated 3/3).....	7
ZEV Powertrain Sales (Updated 3/3).....	8
Seasonally Adjusted Annual Rates (Updated 3/3).....	9
Average Transaction Price (Updated 3/31) .....	10
Auto Loan Financing (Updated 3/31) .....	11
Crude Oil and Gas Prices (Updated 3/31) .....	12
Production Meter .....	13
U.S. Light Vehicle Production (Updated 3/24).....	13
U.S. Light Vehicle Inventory and Days' Supply (Updated 3/10).....	14
Global Meter.....	15
Global Light Vehicle Sales Outlook (Updated 3/24).....	15
Recovery Meter.....	17
Roadway Travel (Updated 3/24).....	17
Repairable Claims (Updated 1/13) .....	17
Economic News (Updated 3/10) .....	18
Consumer Confidence and Sales (Updated 3/17) .....	19
Employment (Updated 3/17) .....	20

## Forecast Meter

### Forecast Summary (Updated 3/24)

2020-2021 Sales, <sup>1</sup> Extended Sales Forecast <sup>2</sup> and Production Forecasts <sup>3</sup>		
	U.S. Sales & Forecasts	North American Production
June '20	1,103,791 (-24% YoY)	743,216 (-17% YoY)
July '20	1,227,091 (-12.1% YoY)	1,261,884 (+2.2% YoY)
August '20	1,325,144 (-19.1% YoY)	951,983 (-1.1% YoY)
September '20	1,344,310 (6.4% YoY)	1,395,830 (+2.1% YoY)
October '20	1,345,401 (0.9% YoY)	1,413,207 (+3.7% YoY)
November '20	1,193,180 (-15.4% YoY)	1,260,763 (-6.4% YoY)
December '20	1,608,875 (5.9% YoY)	1,115,542 (+2.8% YoY)
January '21	1,094,689 (-3.6% YoY)	1,175,940 (-14.0% YoY)
February '21	1,180,506 (-5.3% YoY)	1,120,200 (-22.9% YoY)
1 <sup>st</sup> Quarter '20	3,476,512 (-12.7% YoY)	3,754,533 (-11.7% YoY)
2 <sup>nd</sup> Quarter '20	2,948,410 (-33.3% YoY)	1,371,420 (-67.6% YoY)
3 <sup>rd</sup> Quarter '20	3,904,539 (-9.2% YoY)	3,989,982 (-.5% YoY)
4 <sup>th</sup> Quarter '20	4,159,622 (-2.1% YoY)	3,789,512 (-2.5% YoY)
2020 Calendar Year	14,463,935 (-14.7% YoY)	12,905,447 (-23.1%)
2021 Full Year Estimate	15.5 million units (7.6% YoY)	15.8 million units (22.7% YoY)

### U.S. Light Vehicle Sales Outlook (Updated 3/31)

**Wards Intelligence Outlook:** “After a dip in February, U.S. light-vehicle sales are expected to roar back in March to a 16.5 million-unit seasonally adjusted annual rate. The increase from February’s 15.7 million-unit SAAR is despite parts shortages caused mostly from the ongoing global shortfall in microchips leading to cuts in vehicle production. The lost output is exacerbating already tight inventory levels. The downward slide in inventory ostensibly should be bringing sales down with it – but not yet.

While fleet continues to flounder, retail sales appear to be surging. If March’s forecast holds firm, it will be the second-highest SAAR behind January’s 16.6 million units since the pandemic first hit the market a year ago.

Part of March’s rebound from February’s 7-month-low SAAR likely is coming from some consumers putting off buying last month due to a period of severe winter storms that caused power outages throughout much of the eastern half the U.S.

Also, consumers wanting a new vehicle are getting help through surging used-vehicle prices, which makes for higher trade-in value. However, it remains almost inexplicable sales volumes continue averaging well above a 16 million-unit SAAR.”<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>

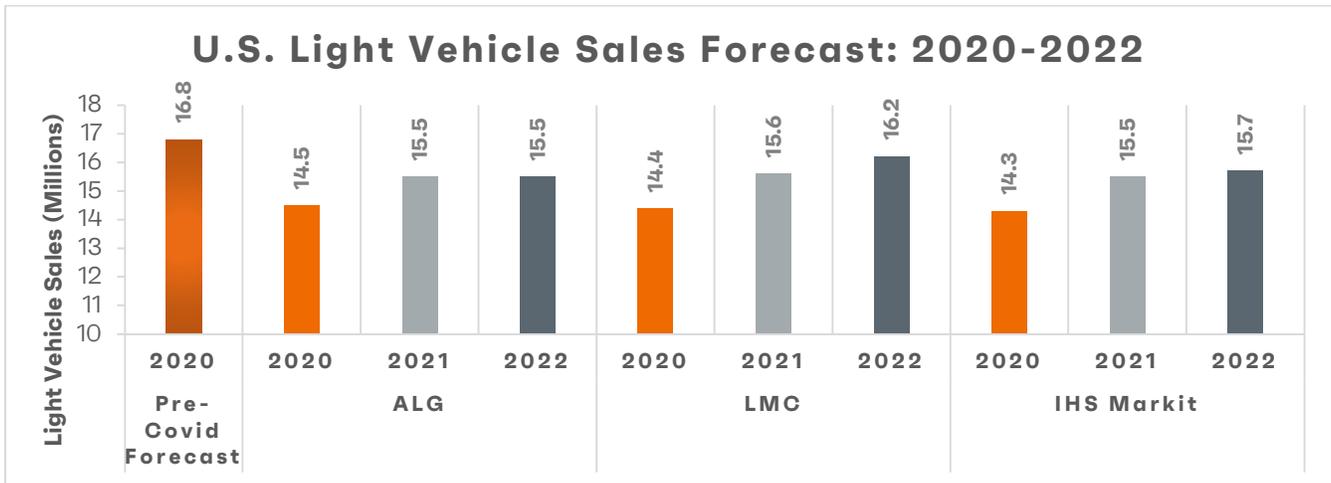
**J.D. Power March Forecast:** “New-vehicle retail sales for the month of March are expected to show growth over March 2020 and March 2019, according to a joint forecast from J.D. Power and LMC Automotive. Retail sales for new vehicles are projected to reach 1,288,100 units, a 70.7% increase compared with March 2020, and an 9.2% increase compared with March 2019, when adjusted for selling days. March 2021 contains one more selling day than March 2020 and one fewer selling day—and one fewer selling weekend—than March 2019. Comparing the same sales volume without adjusting for the number of selling days translates to a year-over-year increase of 77.5% from 2020 and an increase of 5.1% from 2019.

Total new-vehicle sales for the month of March, including retail and non-retail transactions, are projected to reach 1,468,300 units, a 43.6% increase from March 2020 and a 5.0% decrease from March 2019 when adjusted for selling days. Reporting the same numbers without controlling for the number of selling days translates to an increase of 49.4% from March 2020 and a decrease of 8.6% from March 2019. The seasonally adjusted annualized rate (SAAR) for total new-vehicle sales is expected to be 16.4 million units, up 5.2 million units from 2020 and down 0.9 million units from 2019.

New-vehicle total sales in Q1 2021 are projected to reach 3,744,900 units, an 8.0% increase from Q1 2020 and a 6.1% decrease from Q1 2019 due to the decline of less-profitable non-retail/fleet sales.”<sup>6</sup>

**IHS Markit Update:** “While the pace of growth for auto sales flattened out after September, IHS Markit expects continued growth in auto demand levels in 2021, supported by sustained economic development from better-than-expected news on vaccines and likely economic stimulus.

“Looking at 2021, US sales volumes are expected to reach 16 million units, up an estimated 10% from the projected 2020 level of approximately 14.5 million units. The pace of sales is anticipated to be stronger in the second half of the year, following the expected widespread availability of the vaccine by summer,” according to Chris Hopson, principal automotive analyst at IHS Markit.”<sup>7</sup>



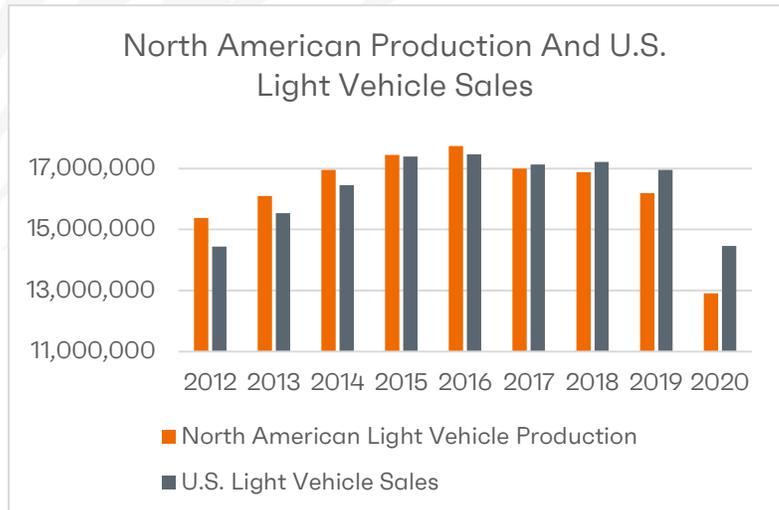
## North American Production Outlook (Updated 3/24)

**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>8</sup>

**WardsIntelligence Update:** “The short-term North America production outlook continues to worsen. A reduced supply of resins used in some automotive parts is compounding production losses caused by the global microchip shortage and making it tougher to recoup output lost in February due to severe winter storms.

Nearly all major North American manufacturers likely are being hurt by it, but for most of them the short supply of microchips could be superseding losses from the resin issue.

Production in March is tracking to 1.300 million units, 23.6% above same-month 2020, which was the first month the Covid-19 pandemic first impacted North American manufacturers – skewing production lower. A more apples-to-apples comparison is to the same period in (pre-Covid) 2019. March’s outlook is 14.9% below same-month 2019. First-quarter 2021 production is pegged at 3.610 million units, 6.8% below like-2020 and 17.5% below Q1-2019.”<sup>9</sup>



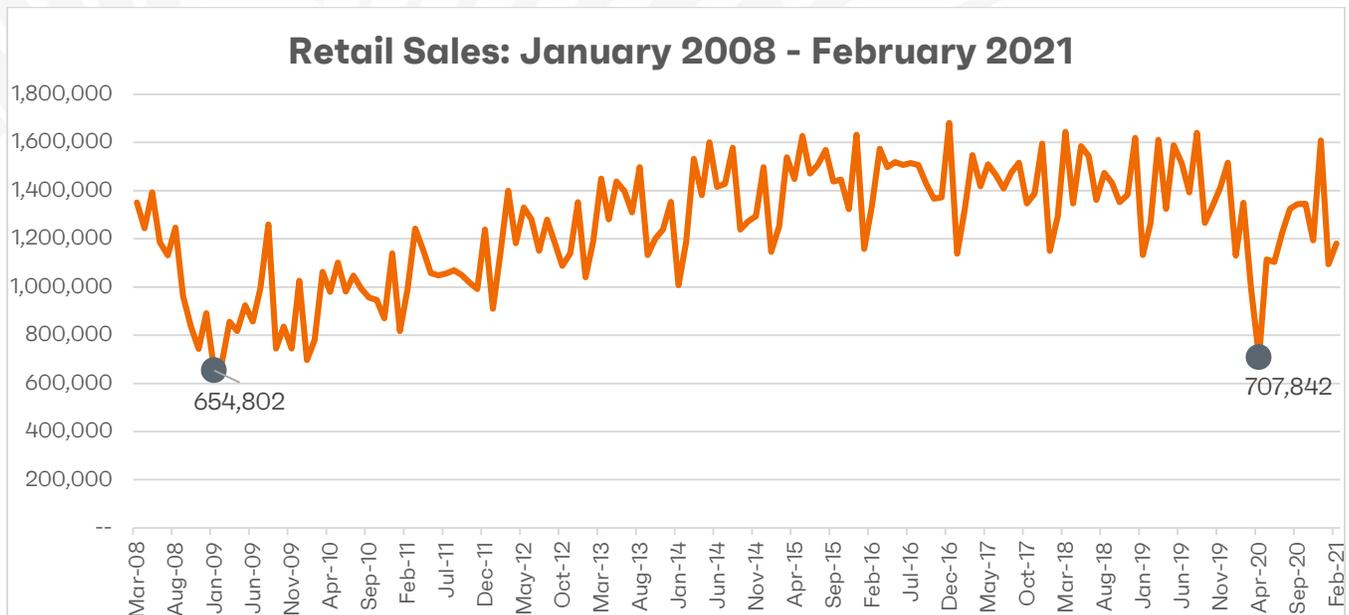
**IHS Markit March Update:** “The outlook for North America light vehicle production was reduced by 441,000 units and increased by 78,000 units for 2021 and 2022, respectively (and reduced by 65,000 units for 2023). The production outlook for 2021 was reduced amid the ongoing semiconductor shortage, and more recently, weather related issues impacting the supply chain. The revised quarterly progression for 2021 reflects the first and second quarter as being most impacted by the shortages with some return to normalcy beginning in third quarter with normal operating levels in fourth quarter and limited overtime production to recover lost volume. Given the magnitude of the semiconductor shortage, a combination of reporting and actual production results has been used to determine affected plants and vehicle programs with the forecast also trying to protect volume of the most profitable and important vehicles as manufacturers rationalize production. The third quarter of 2021 remains a wild card with semiconductor availability driving decisions relating to maintaining or removing the one-to-two-week shutdown period. There are reports of plans for reduced summer shutdowns at some automakers indicating they expect an improved flow of semiconductors to help recoup lost output, yet uncertainty remains heightened.”<sup>10</sup>

## Market Meter

### U.S. Light Vehicle Sales (Updated 3/31)

#### Monthly Sales (Updated 3/3)

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.



**February Sales (Updated 3/3)**

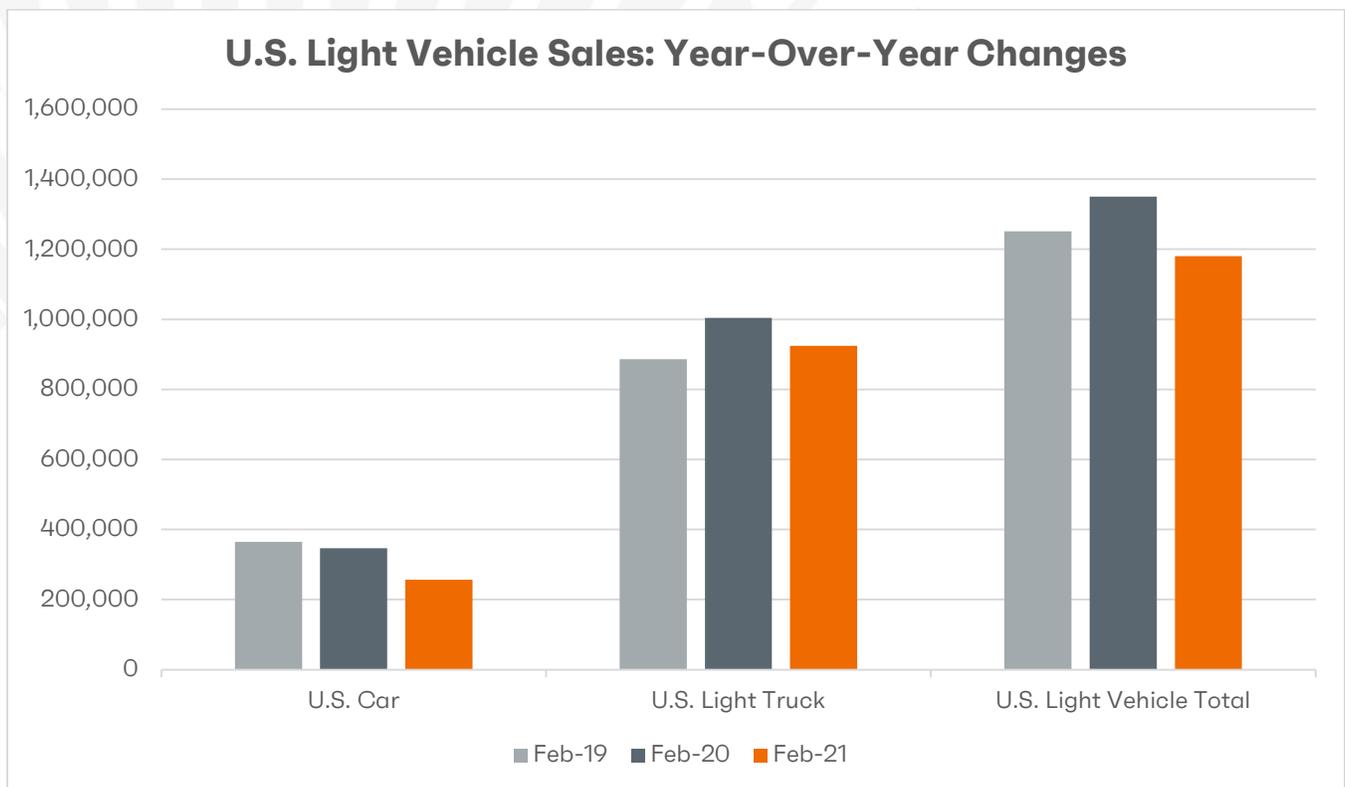
**WardsIntelligence:** “February’s raw volume totaled 1.181 million units and was 12.6% below like-2020. However, the period’s daily selling rate over 24 selling days of 49,194 was a down a lesser 5.3% from the year-ago period’s 51,945 - 26 selling days.

Based on daily selling rates, an initial estimate for February’s retail volume shows a year-over-year increase of 3%, but fleet deliveries were down 29%.

Estimated incentive activity from TrueCar put the average spend per-vehicle-sale at \$3,356, down 11.4% from January and 19.7% below February 2020, the biggest year-over-year decline since Wards Intelligence started tracking the metric in 2012. Conversely, average transaction prices increased 1.4% from January and 6.6% from the same year-ago period, the biggest gain since July 2019.

Propped by small-size models and luxury makes, February sales of CUVs, the biggest segment group, were roughly flat with same-month 2020. Market penetration rose to 45.0% from 42.4%. SUVs were up 5.6% year-over-year, and the Large Van segment increased 2.6% while midsize vans declined 20.0%.

Sales of pickups were down 2.4% year-over-year in February, but market penetration increased to 18.7% from 18.1%.”<sup>11</sup>



### **Fleet Sales (Updated 3/31)**

**Auto Rental News:** “Commercial fleet sales through January 2021 were down 10.8% compared to same time last year, according to sales data from nine manufacturers, though the month had to compete with a strong January 2020 market that was pre-pandemic. The decline in commercial fleet sales saw its most significant drop in for the car segment, down 38.6%, year-over-year, though sedans represent the smallest segment volume for commercial fleets. Meanwhile, the truck and SUV segment saw a 8.3% decline. Total commercial fleet sales in January were at 50,363 units. Total fleet sales for the month — which is comprised of commercial, rental, and government sales — came in at 153,372, which represented a 25.5% drop from the same time last year. The rental and government fleet segments also both saw overall declines for the month of January 2021.”<sup>12</sup>

**Wards Intelligence:** “Based on daily selling rates, an initial estimate for February’s retail volume shows a year-over-year increase of 3%, but fleet deliveries were down 29%.”<sup>13</sup>

**J.D. Power:** “Fleet sales are expected to total 180,200 units in March, down 33% from March 2020 and down 51% from March 2019 on a selling day adjusted basis. Fleet volume is expected to account for 12% of total light-vehicle sales, down from 26% a year ago.”<sup>14</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%	-

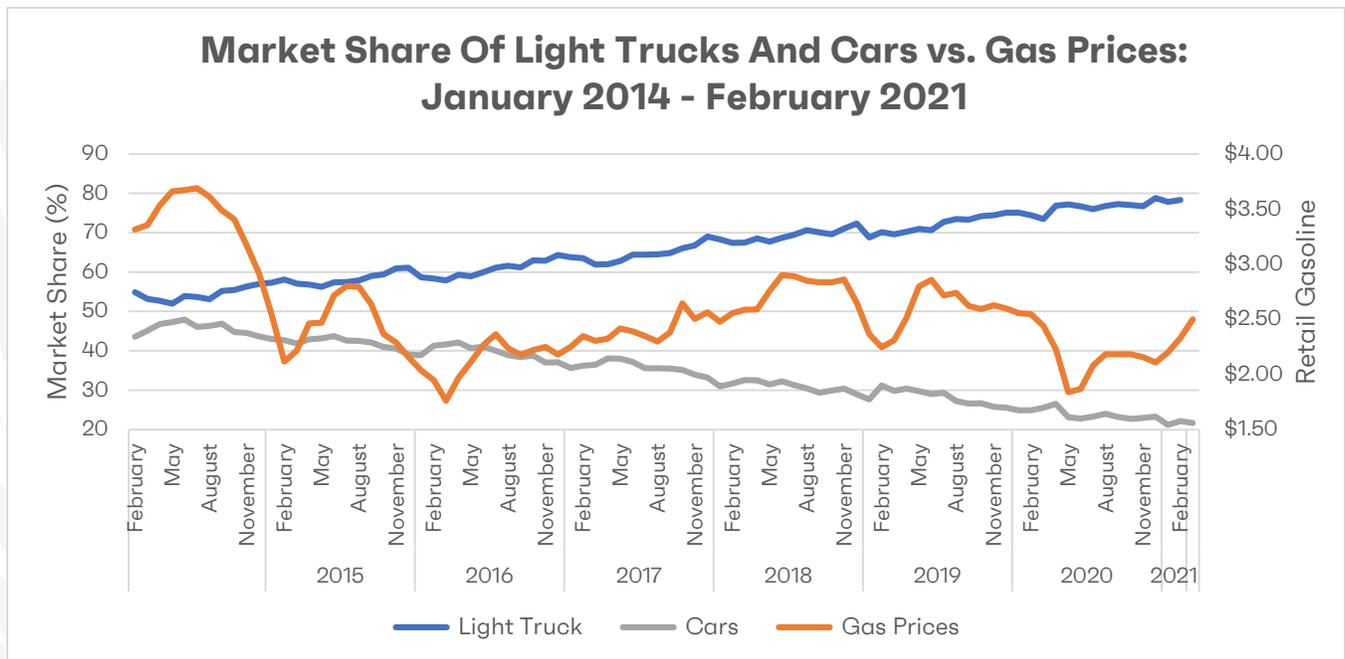
### **Segments vs. Gas Prices (Updated 3/3)**

**WardsIntelligence:** “Propped by small-size models and luxury makes, February sales of CUVs, the biggest segment group, were roughly flat with same-month 2020. Market penetration rose to 45.0% from 42.4%. SUVs were up 5.6% year-over-year, and the Large Van segment increased 2.6% while midsize vans declined 20.0%. Sales of pickups were down 2.4% year-over-year in February, but market penetration increased to 18.7% from 18.1%. Car sales declined 19.8% year-over-year in February, with market share falling to 21.8% from like-2020’s 25.7%. February penetration was the second worst on record for cars, with December 2020’s 20.7% the lowest.”<sup>15</sup>

**Segment Sales Last Year:** 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>16</sup>

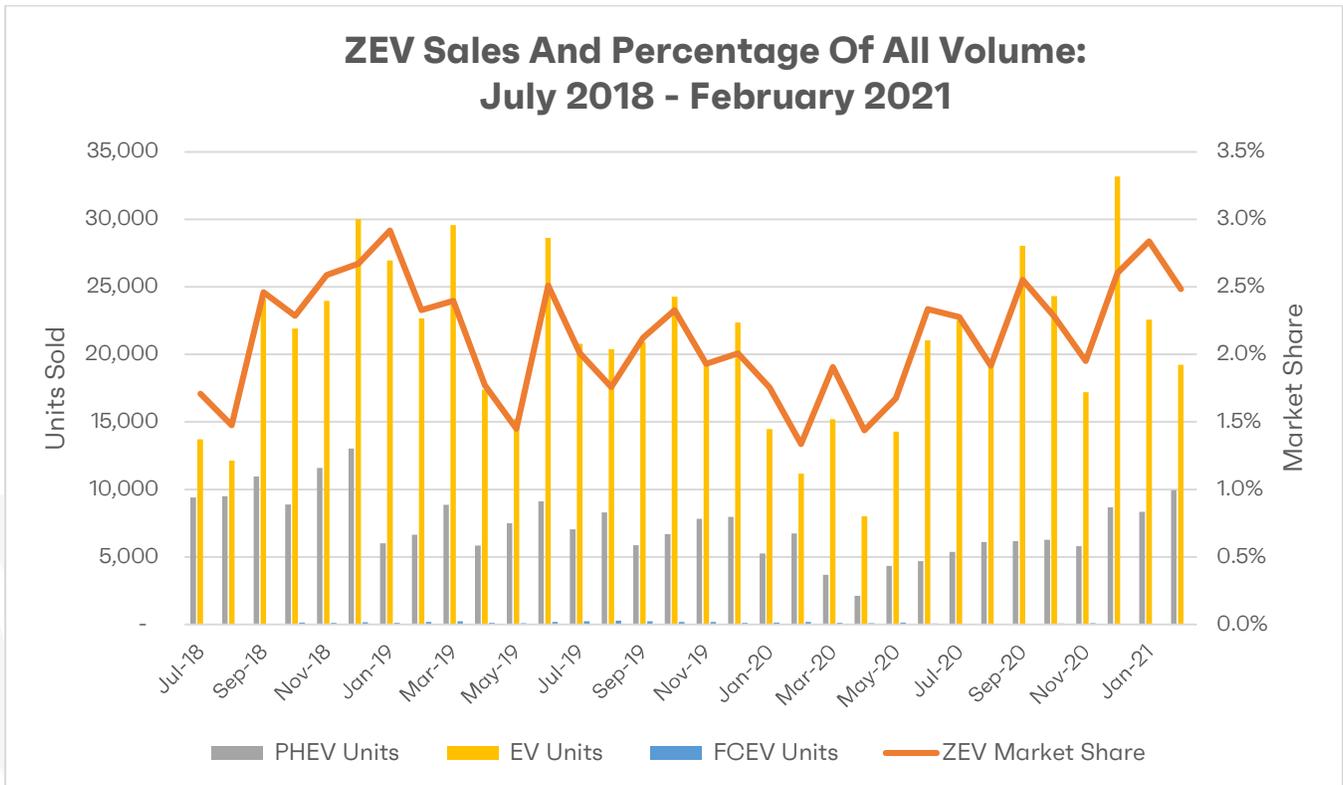
**Historic Perspective:** The upward trend in the popularity of light trucks over cars has been steady since 2013, when only 2% of annual market share separated the two segments.<sup>17</sup> and gas was over \$3.00.<sup>18</sup> a gallon. As fuel prices dropped below the \$3.00 mark in mid-September 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>19</sup>



## ZEV Powertrain Sales (Updated 3/3)

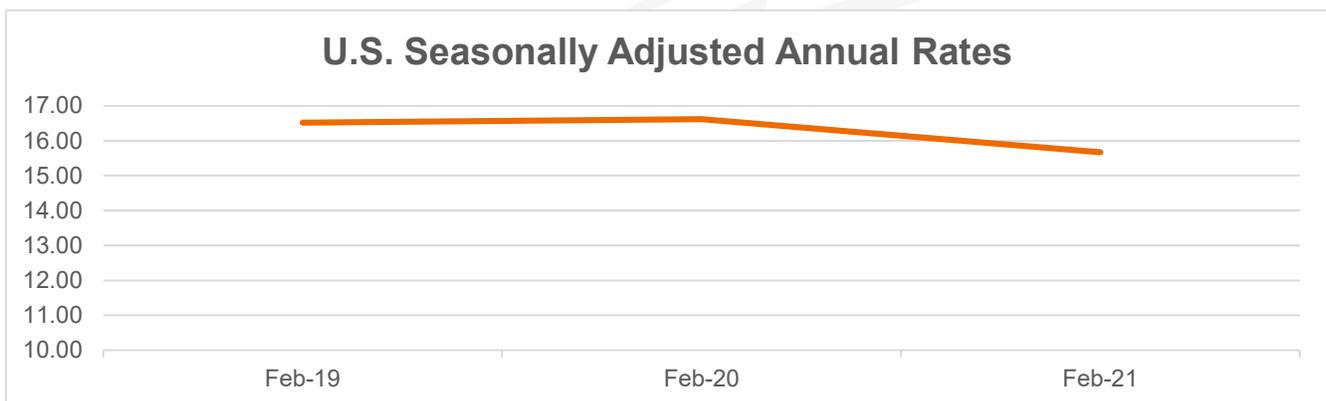
Sales of zero emission vehicles (BEV, PHEV, & Fuel Cell) accounted for 2.5% of total vehicle sales in February 2021, up from 1.3% from a year ago but down 0.4% from January 2021. Sales of battery electric vehicles led the way for ZEVs, accounting for 1.6% of total sales, almost double the 0.83% the electric cars represented in February 2020. Plug-in hybrids accounted for 0.84%, about two and a half times the percent from the same time last year and slightly higher than the 0.54% December number.<sup>20</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>21</sup>



## Seasonally Adjusted Annual Rates (Updated 3/3)

“February’s 15.7 million-unit SAAR was the lowest since August’s 15.1 million, and a sharp comedown from January’s 11-month-high 16.6 million. Lean inventory, further depleted by a global shortage of microchips for the automotive industry which temporarily stopped production at several plants in January and February, and severe weather that hammered much of the country causing power outages and the closure of several dealerships in the latter part of the month, were the main reasons sales dipped below the five-month trend.”<sup>22</sup>



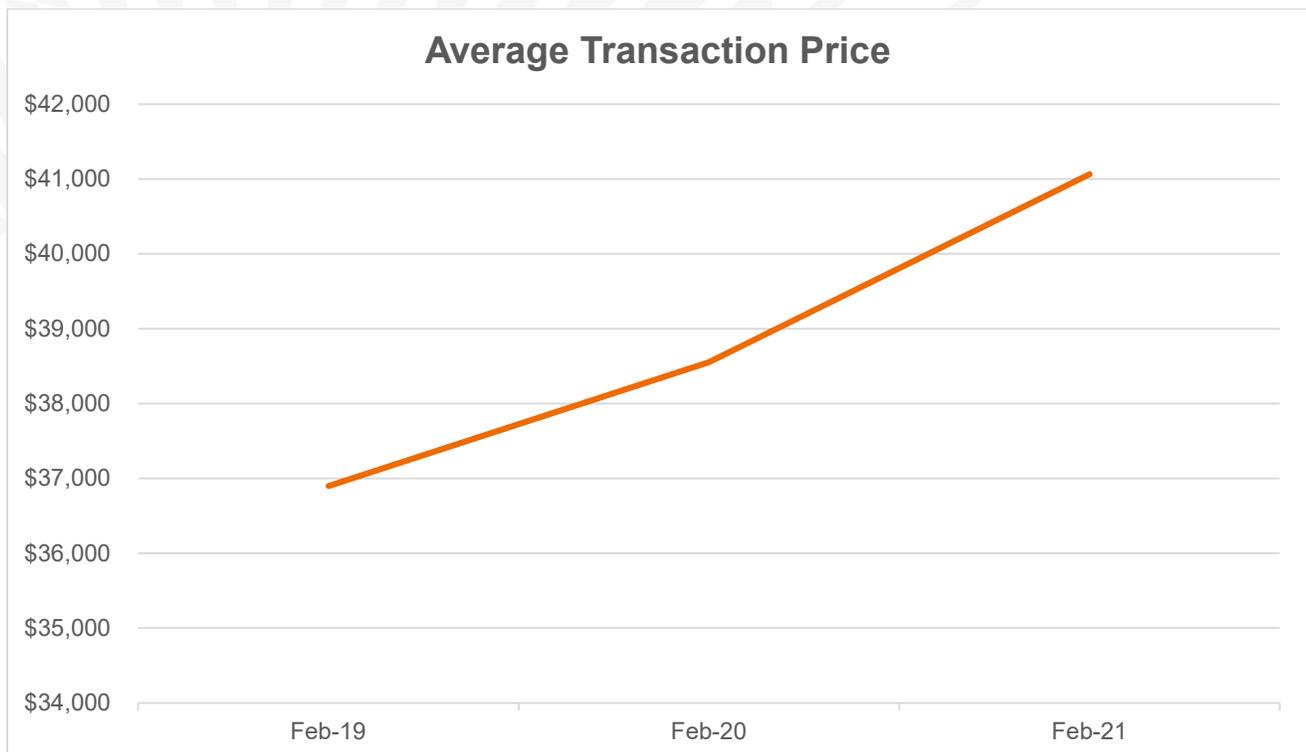
## Average Transaction Price (Updated 3/31)

**J.D. Power:** “While March’s sales rate is impressive, the transaction prices and profitability of sales is extraordinary. The combination of strong retail sales, higher transaction prices and smaller discounts means that March will likely be the second most profitable month on record as consumers trend towards spending a total of \$48.0 billion on retail vehicle purchases—an amount only eclipsed by the \$51.5 billion spent just four months ago in December 2020.

For March, the average manufacturer incentive per vehicle is on pace to be \$3,527, a decrease of \$888 from a year ago. Expressed as a percentage of the average vehicle MSRP, incentives for March 2021 are trending towards 8.2%, down three percentage points from a year ago, and the eighth consecutive month below 10%. Total retailer profits per unit, inclusive of grosses and finance & insurance income, are on pace to reach \$2,283, an increase of \$863 from a year ago. Grosses have been above \$2,000 for seven of the last eight months.

Average transaction prices are expected reach another monthly high, rising 7.5% to \$37,286—the highest ever for the month of March and nearly at the record set in December 2020. For context, average transaction prices are 20% higher in March 2021 than they were in March 2016 at \$31,043.<sup>23</sup>

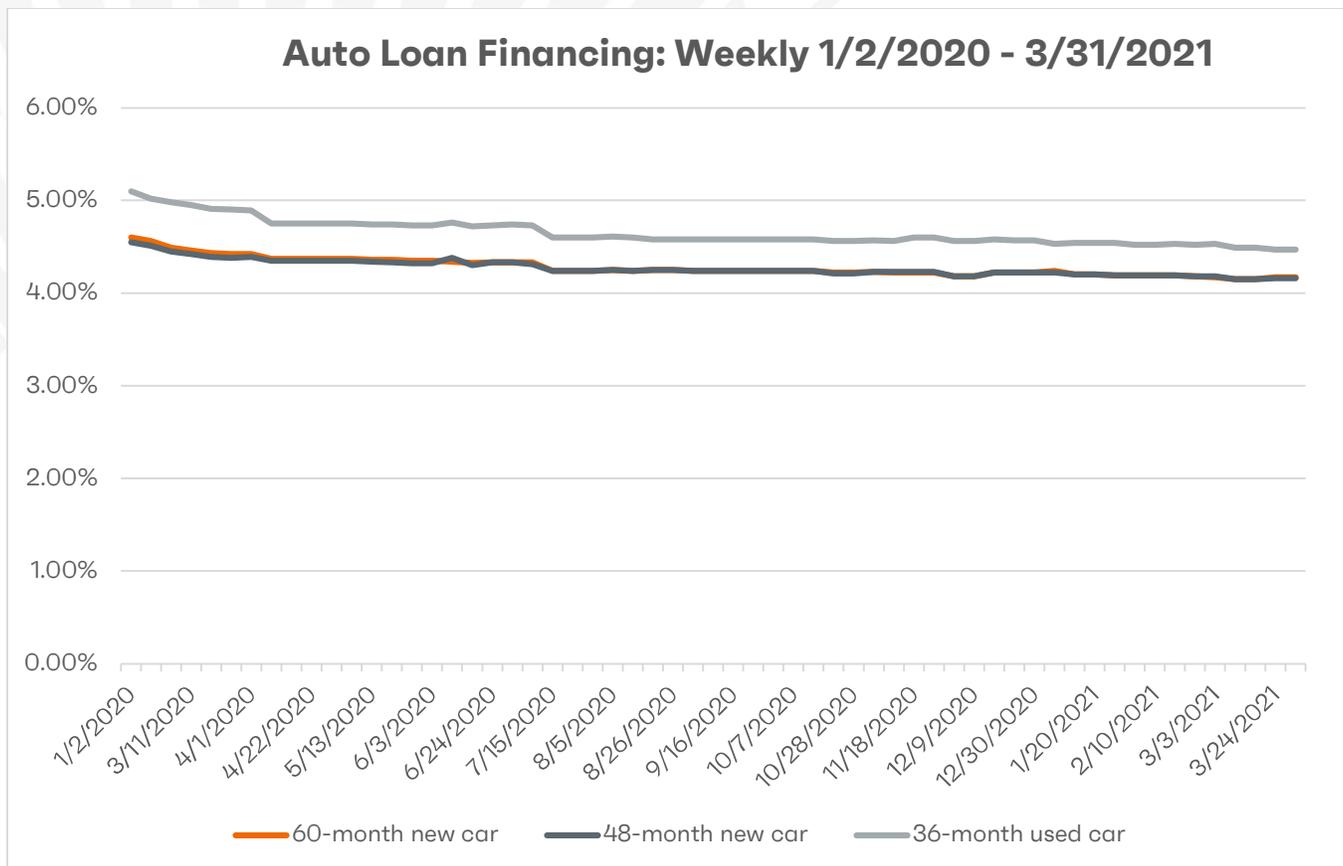
**Kelley Blue Book:** “The valuation analysts at Kelley Blue Book today reported the estimated average transaction price for a light vehicle in the United States was \$41,066 in February 2021. New-vehicle prices increased \$2,515 (up 6.52%) from February 2020, while falling \$31 (down 0.08%) from January 2021.”<sup>24</sup>



## Auto Loan Financing (Updated 3/31)

**Financing Rates Generally Holding Steady:** Interest rates for new cars remained the same this week, as did the 36-month rate for used cars. The interest rate for 60 months currently stands at 4.17%. Rates remained as 4.47% for a 36-month used car loan. Buyers seeking a 48-month loan also saw the same interest rates as the previous week. Rates have remained relatively static since mid-July until starting to dip in November. Since the beginning of last year, rates are down 0.43%, but only down 0.25% since the same time 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%
3/24/2021	4.17%	4.16%	4.47%
3/31/2021	4.17%	4.16%	4.47%
One Week Change	0.00%	0.00%	0.00%
Two Week Change	0.02%	0.01%	-0.02%
Change since 1/3/20	-0.43%	-0.39%	-0.63%
One Year Change	-0.25%	-0.23%	-0.42%

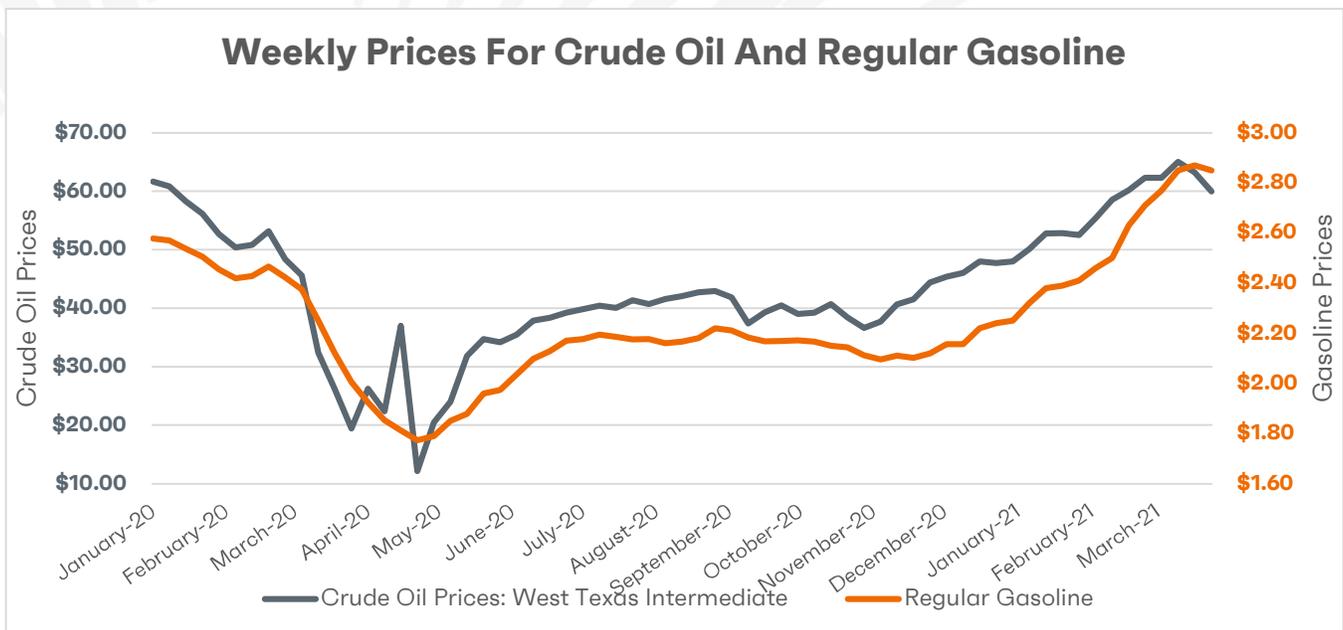


## Crude Oil and Gas Prices (Updated 3/31)

**EIA Outlook For Gasoline:** “U.S. regular gasoline retail prices averaged \$2.50 per gallon (gal) in February, compared with an average of \$2.33/gal in January and \$2.44/gal in February 2020. EIA forecasts gasoline prices to average \$2.44/gal in 2021 and \$2.46/gal in 2022. U.S. diesel fuel prices averaged \$2.85/gal in February compared with \$2.68/gal in January and \$2.91/gal in February 2020, and EIA forecasts it will average \$2.70/gal in 2021 and \$2.77/gal in 2022.”<sup>26</sup>

**EIA Outlook For Production:** “EIA estimates that U.S. crude oil production averaged 10.4 million b/d in February, which is down 0.5 million b/d from estimated January production. Most of the decline reflects the cold temperatures that affected much of the country, particularly Texas. Unlike the relatively winterized oil production infrastructure in northern areas of the country, infrastructure in Texas, such as wellheads, gathering lines, and processing facilities, are more susceptible to the effects of extremely cold weather. Following the freeze-offs, EIA forecasts crude oil production will rise to almost 11.0 million b/d in March. EIA expects U.S. crude oil production will average 11.1 million b/d in 2021 and 12.0 million b/d in 2022. In 2020, production averaged 11.3 million b/d, down from 12.2 million b/d in 2019. EIA’s current forecast for U.S. crude oil production in 2022 is 0.5 million b/d higher than in last month’s STEO because of higher expected crude 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, fell this week by over \$3 to \$59.95 per barrel – now about 2.7 percent lower than the beginning of 2020. Since election day, oil prices have climbed over \$22 a barrel. Prices at the pumps remained basically the same, falling two cents to \$2.85 after weeks of increases since early December. Gas is about 11 percent higher than the beginning of 2020.<sup>28</sup>



## Production Meter

### U.S. Light Vehicle Production (Updated 3/24)

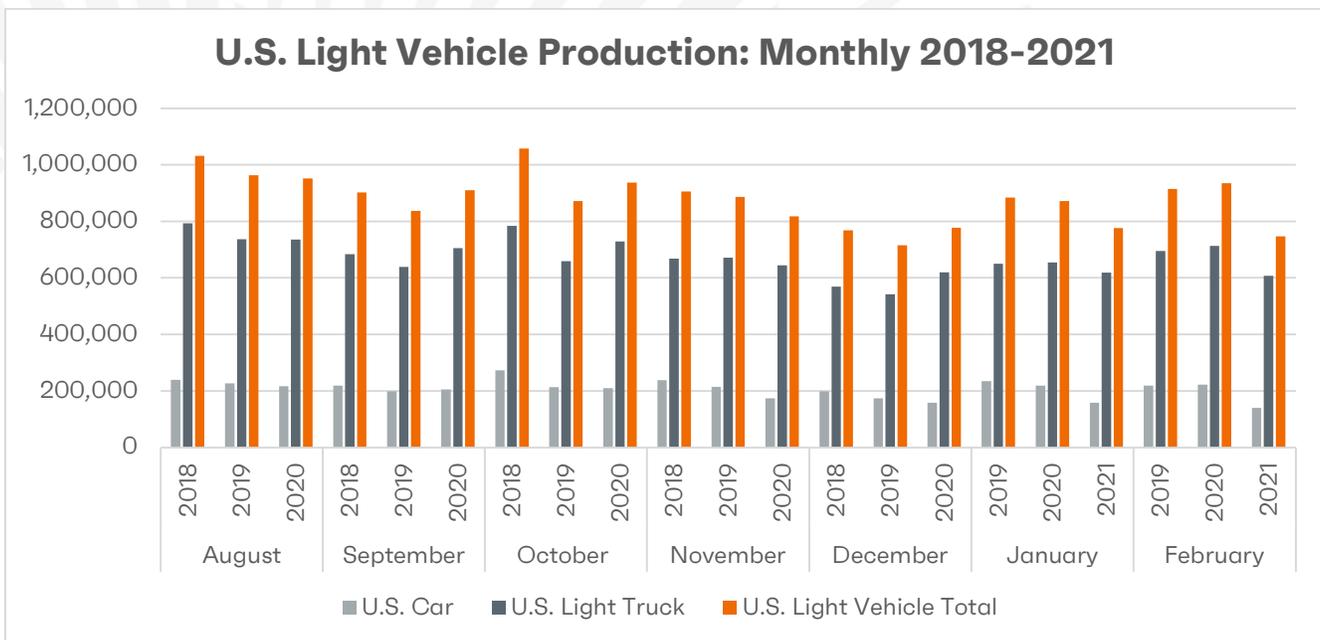
**WardsIntelligence:** “Winter storms that caused temporary closures and slowdowns at several plants in February – and an estimated loss of 30,000 units – and the final fallout related to the chip shortage, left February’s total vehicle output about 65,000 units below Wards Intelligence’s month-ago Tracker expectations for the period.

February output – which includes estimates for some medium- and heavy-duty trucks that will be finalized next month – totaled 1.120 million units, 22.9% below like-2020’s 1.453 million. First-quarter 2021 production is pegged at 3.610 million units, 6.8% below like-2020 and 17.5% below Q1-2019.

Excluding medium-/heavy-duty trucks, Q1 light-vehicle output is tracking to 3.502 million units, 6.8% and 17.2% below Q1-2020 and Q1-2019, respectively. February light-vehicle production totaled 1.088 million units, down 23.1% from like-2020. March is pegged at 1.263 million units, up 24.0% from the same year-ago period, but 14.3% below like-2019.

The first-quarter estimate for total vehicles is 110,800 units below month-ago’s expectations for the period. Besides the February reduction, March’s outlook was cut 59,300 units, but revisions to January lifted its final total 13,700 units to 1.190 million, 13.0% below like-2020.

In the first look at the second quarter, North American production is projected to total 4.140 million units, 190% above Q2-2020 – 5.9% below 2019. Light-vehicle output in April-June is pegged at 4.030 million units, 194% above like-2020 but 4.9% below Q2-2019.”<sup>29</sup>



## U.S. Light Vehicle Inventory and Days' Supply (Updated 3/10)

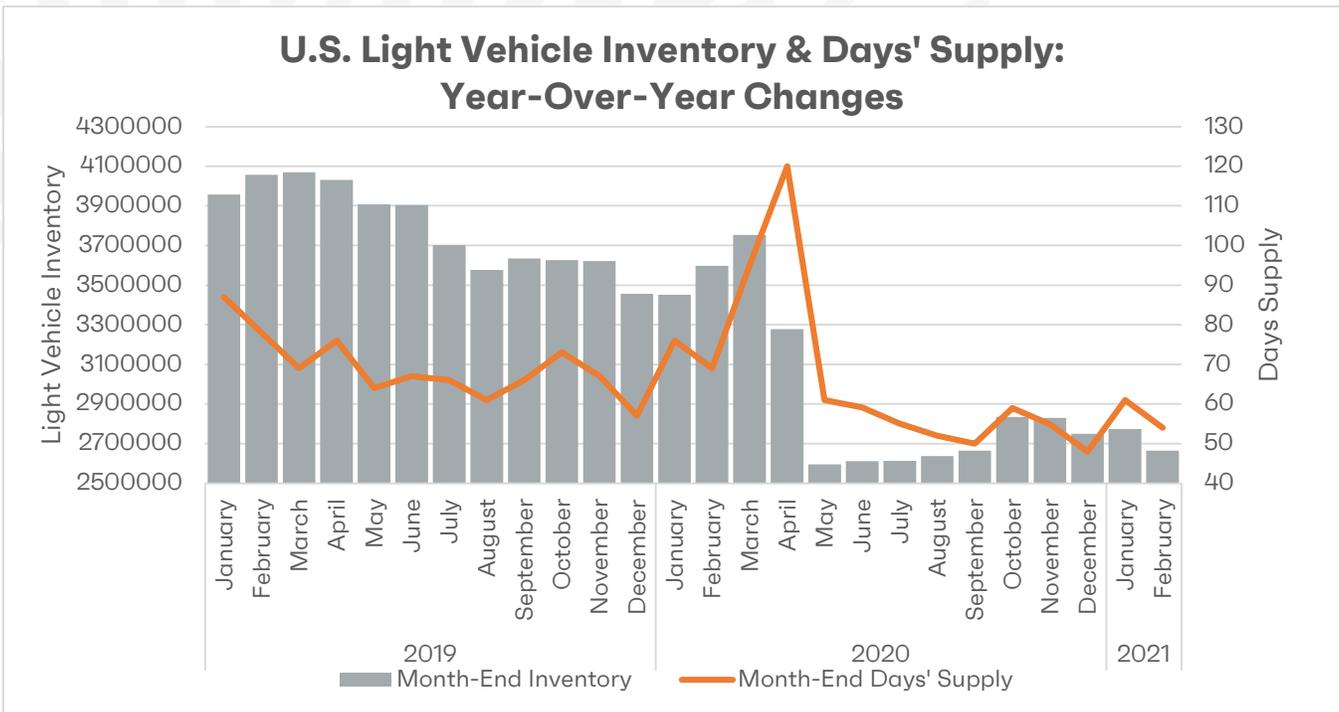
**WardsIntelligence Inventory Update:** “Large-scale production losses in North America over the past two months weighed heavily on U.S. light-vehicle inventory in February and, after leaving a small mark on last-month sales, could have a much more dramatic negative impact on demand in March.

Light-vehicle inventory declined 4.0% from January’s total to 2.66 million units, a 10-year low for the month. Inventory typically rises from January to February. Inventory already was culled somewhat in January due to unplanned production slowdowns and its total of 2.77 million units was 20.2% below the same year-ago period. February’s total worsened to a 26.2% year-over-year decline.

Severe winter weather in February slightly added to the production losses, but the vast majority is due to a global shortage of microchips for the automotive industry that has caused several vehicle plants to temporarily close or slow operations.

Compared with Wards Intelligence partner LMC Automotive’s outlook for the first quarter at the beginning of the year – prior to full awareness of the magnitude of the shortage – North American production likely will end the period over 300,000 units lower than expected. To-date, well over 200,000 units have already been lost compared with start-of-year expectations.

Inventory of domestically made vehicles totaled 2.018 million units, 4.3% below January and down 29.5% from like-2020. The total is roughly 250,000 units below what expectations were for the month at the beginning of the year.”<sup>31</sup>



**J.D. Power:** “Lean inventories mean that vehicles are selling quickly once they arrive at dealerships, and they are selling with lower discounts. The average number of days a new vehicle sits on a dealer lot before being sold is on pace to fall to 51 days, down 19 days from last year.”<sup>33</sup>

## Global Meter

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### Global Light Vehicle Sales Outlook (Updated 3/24)

**Wards Intelligence Outlook:** “Global vehicle sales totaled 6.97 million in January, starting the year 3.4% ahead of year-ago’s 6.74 million. However, the good news was not equally shared.

The Asia-Pacific region experienced a 19.7% jump to 3.75 million, compared to year-ago’s 7-year low of 3.13 million, while all other regions posted losses.

Sales in China soared 29.2% to an estimated 2.49 million. The growth was artificially inflated since China already was on lockdown from the coronavirus in January 2020. Still, the total was 5.0% above 2019’s pre-pandemic result.

India sales rose 6.5% to 363,000 units, continuing the 10.4% gain from the second half of 2020. Sales also were strong in Japan (+5.5), South Korea (+19.0%) and Vietnam (+58.2%).

The Asia-Pacific region held a 53.8% share of the global market, compared to year-ago’s 46.5%.

In Europe, where COVID-19 cases were currently high but had not yet been detected in the prior year, sales dropped 20.0% to 1.16 million. Norway (+2.0%) and Sweden (+25.9%) were the only markets to record gains.

Double-digit losses were reported from Germany (-29.6%), Italy (-13.3%), the U.K. (-33.4%) and many others.

Sales crumbled 48.6% in Spain to 52,000 units, the biggest year-over-year decrease the country has seen since the beginning of the pandemic. France sales dipped a relatively modest 3.4% to 165,000.

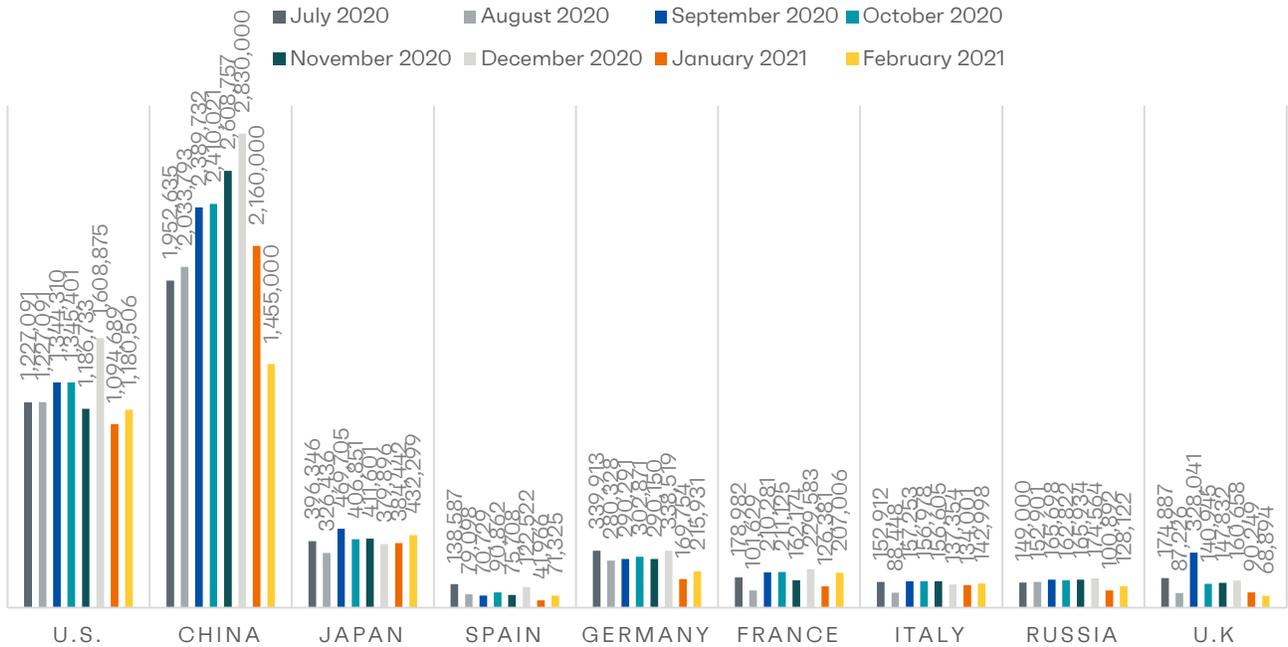
Demand in North America was down 5.5% to 1.34 million, after a 3.4% boost in December. The U.S. slipped 3.3% to 1.13 million, while Canada (-11.7%) and Mexico (-22.3%) saw greater slowdowns.

South America sales fell 8.1% to 283,000 vehicles, despite gains in Argentina (+9.6%), Colombia (+3.0%) and Uruguay (+5.6%). Brazil sales tumbled 11.6% to 171,000 units.

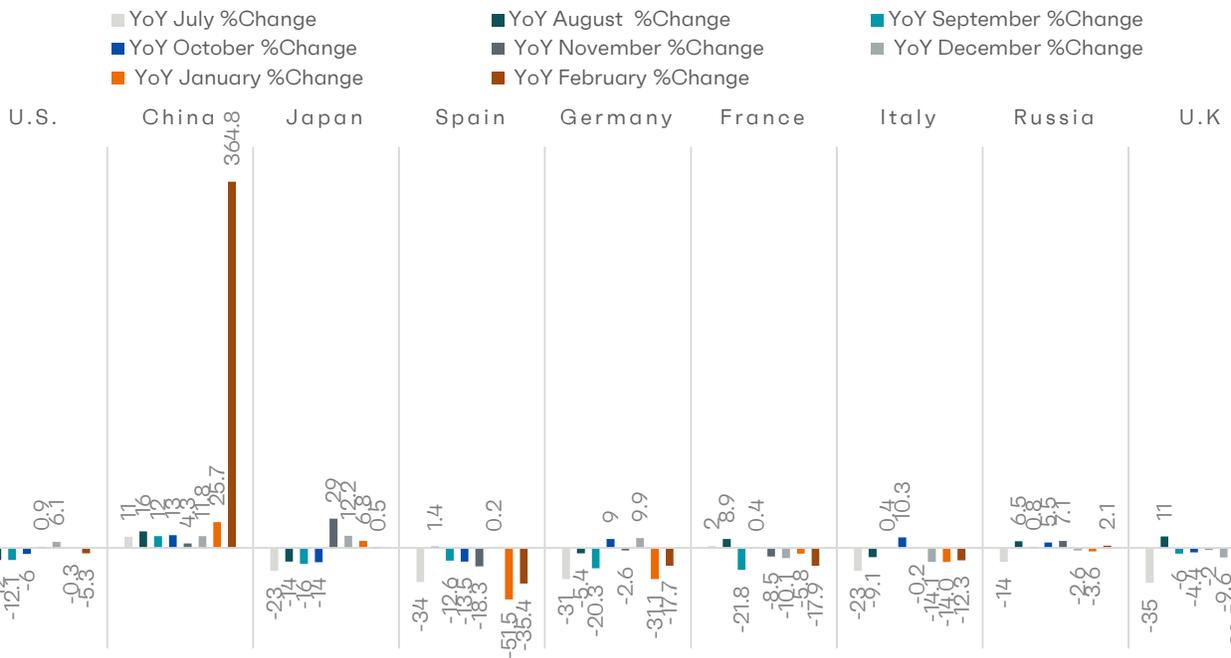
It will be an interesting year comparing current sales to 2020’s dramatic results, while the coronavirus maintains its grip on most of the world.”<sup>34</sup>

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

## Light Vehicle Sales By Country



## Light Vehicle Sales By Country: Year-Over-Year Percent Change By Month

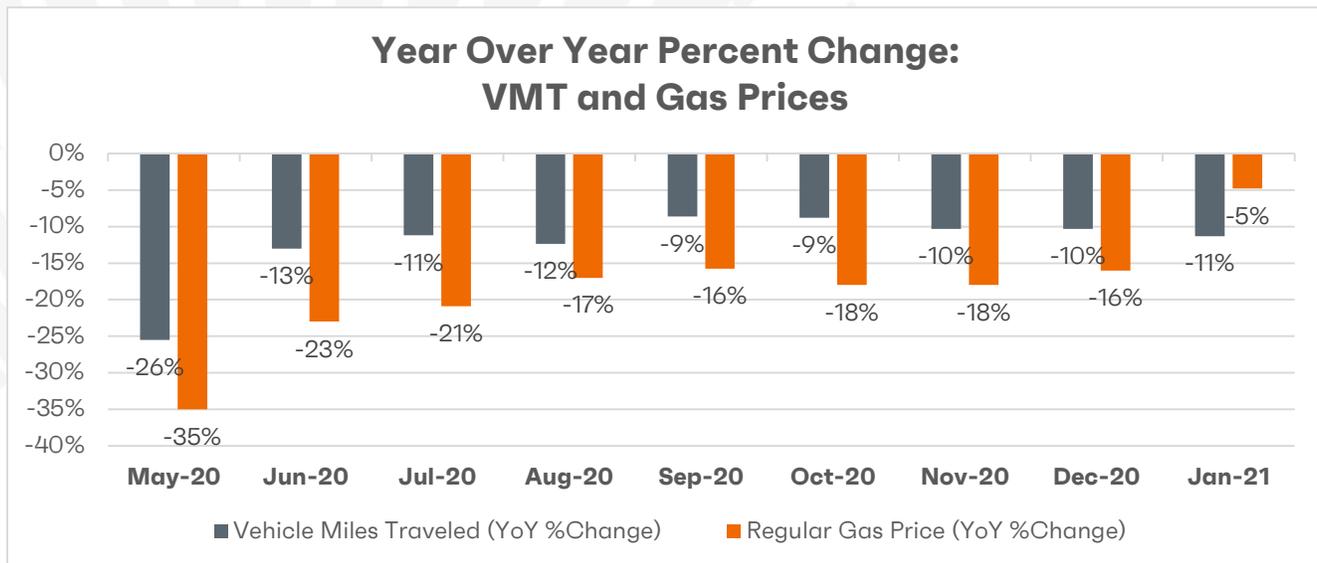


## Recovery Meter

### Roadway Travel (Updated 3/24)

According to the U.S. Department of Transportation, seasonally-adjusted vehicle miles traveled in January fell over 11 percent from the same time a year ago, with year-over-year VMT rising ever so slightly after four months of lower year-over-year change. The cumulative travel estimate for 2021 is 223 billion vehicle miles.<sup>35</sup>

- Travel on all roads and streets changed by -11.3% (-28.4 billion vehicle miles) for January 2021 as compared with January 2020. Travel for the month is estimated to be 223.3 billion vehicle miles.
- The seasonally adjusted vehicle miles traveled for January 2021 is 247.1 billion miles, a -9.6% (-26.2 billion vehicle miles) decline from January 2020. It also represents 1.2% increase (2.8 billion vehicle miles) compared with December 2020.
- Cumulative Travel for 2021 changed by -11.3% (-28.4 billion vehicle miles). The cumulative estimate for the year is 223.3 billion vehicle miles of travel.



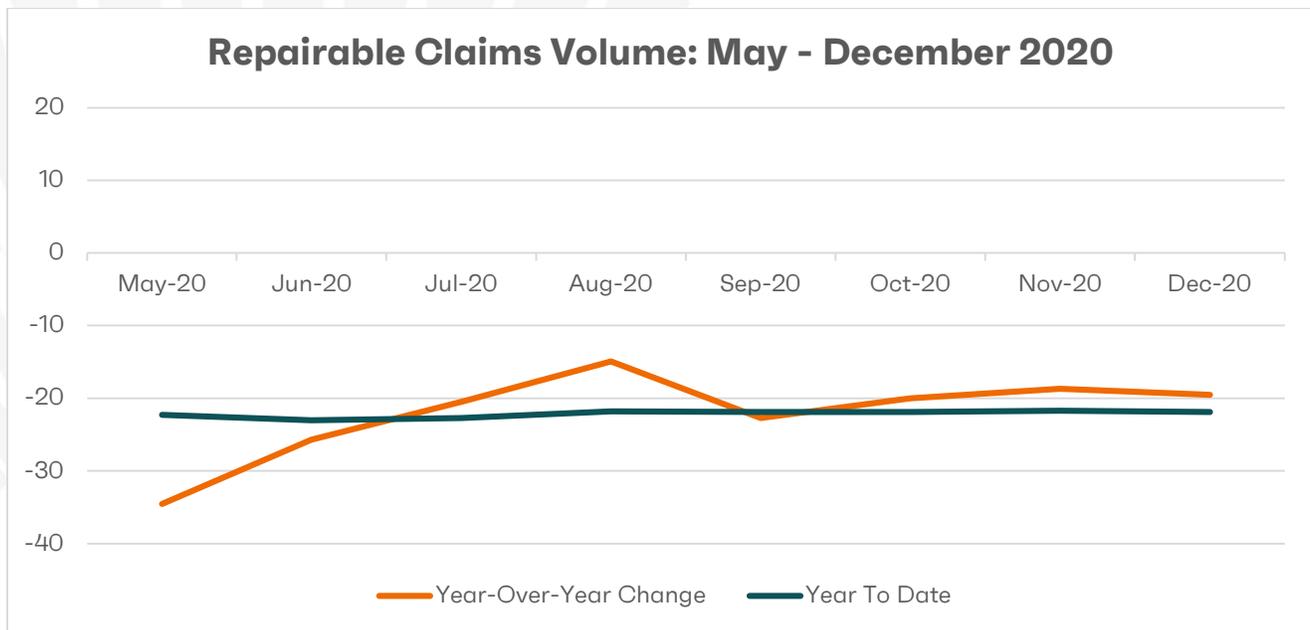
### Repairable Claims (Updated 1/13)

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>36</sup>



## Economic News (Updated 3/10)

**Paul Traub Of The Federal Reserve Bank of Chicago Predicted The U.S. Economy Will Rebound In 2021 From Previous Peaks If Vaccines And Public Action Stops The Virus.** “The economy recovered relatively quickly after the initial hit of the Covid-19 pandemic. We saw a V-shape recovery in GDP. ‘We spent our way out of it,’ Paul said. While personal consumption expenditures on service were down greatly, spending on durable and non-durable goods shot up. The new-car-buying population is high-income, the group least affected by unemployment and reduced wages. Employment figures look better than they really are. Unemployment looks low, but participation is down (people, especially

women, have given up looking for a job, and thus are no longer counted as ‘unemployed’). Wages seem to have risen, but the lower-income population was hit most by job losses, shifting the average to those who were able to retain their position. Economic forecasts estimate the U.S. economy could get back to its previous peak sometime in 2021, but only if vaccines and public action are successful at controlling the spread of the virus. Current trends that could have a negative impact on light-vehicle sales in the future: decline in the rate of licensed drivers, lower number of households plus household size declining, normalizing of working from home, and overall drop in average vehicles miles traveled.”<sup>37</sup>

### **February U.S. Manufacturing Job Gains Increased By 10,000 Jobs, After Dropping in January.**

“Manufacturing employment increased by 21,000 over the month, led by a gain in transportation equipment (+10,000). Employment in manufacturing is down by 561,000 over the year.”<sup>38</sup>

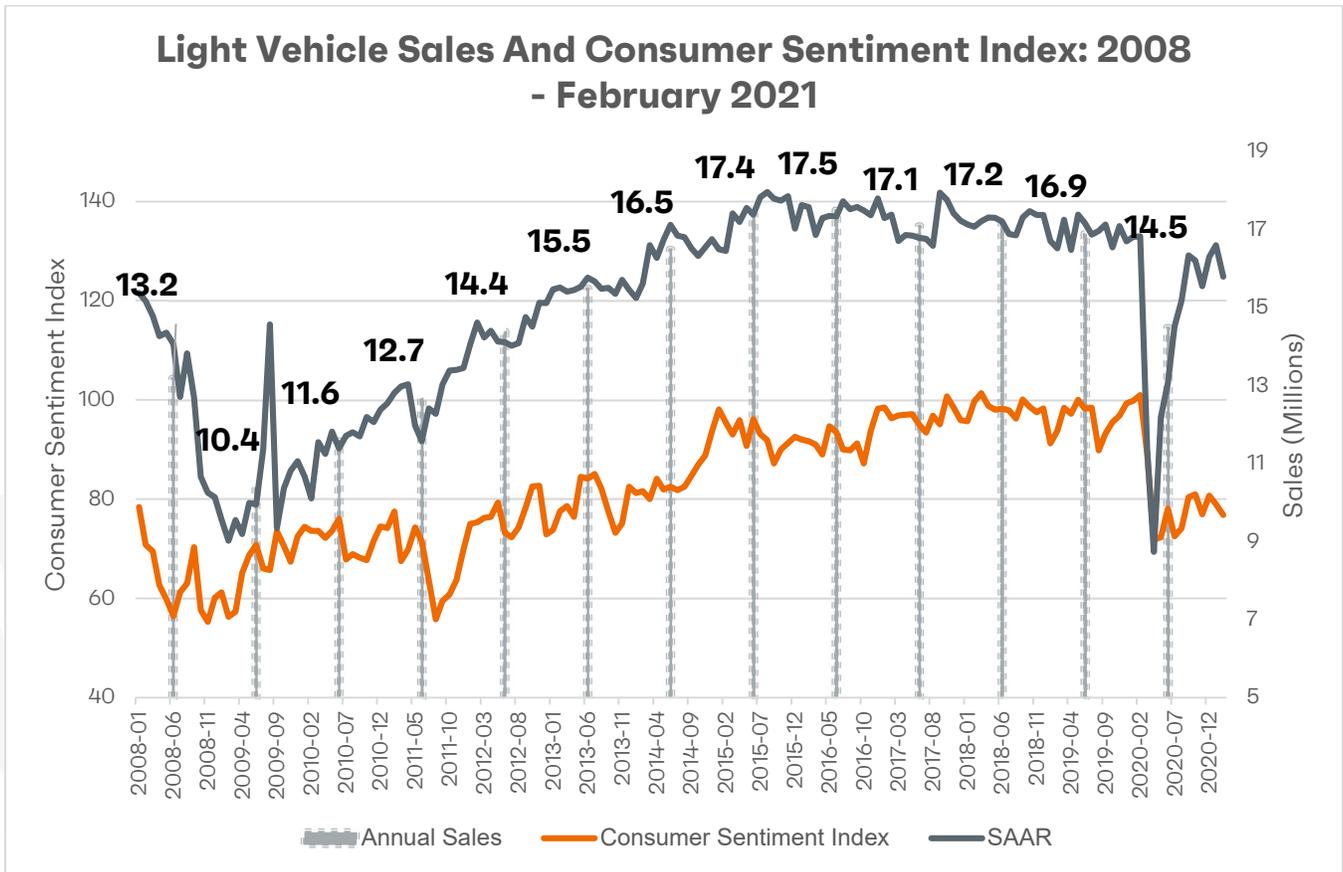
### **U.S. Car And Truck Production Credited With Giving The Economy Its Biggest Boost In 50 Years.**

“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>39</sup>

## **Consumer Confidence and Sales (Updated 3/17)**

Consumer sentiment rose in early March to its highest level in a year due to the growing number of vaccinations as well as the widely anticipated passage of Biden's relief measures. The gains were widespread across all socioeconomic subgroups and all regions, although the largest monthly gains were concentrated among households in the bottom third of the income distribution as well as those aged 55 or older. Over the past fifty years, the key age group that consistently led recoveries, but was the last age group to indicate a pending recession, was consumers under age 35.

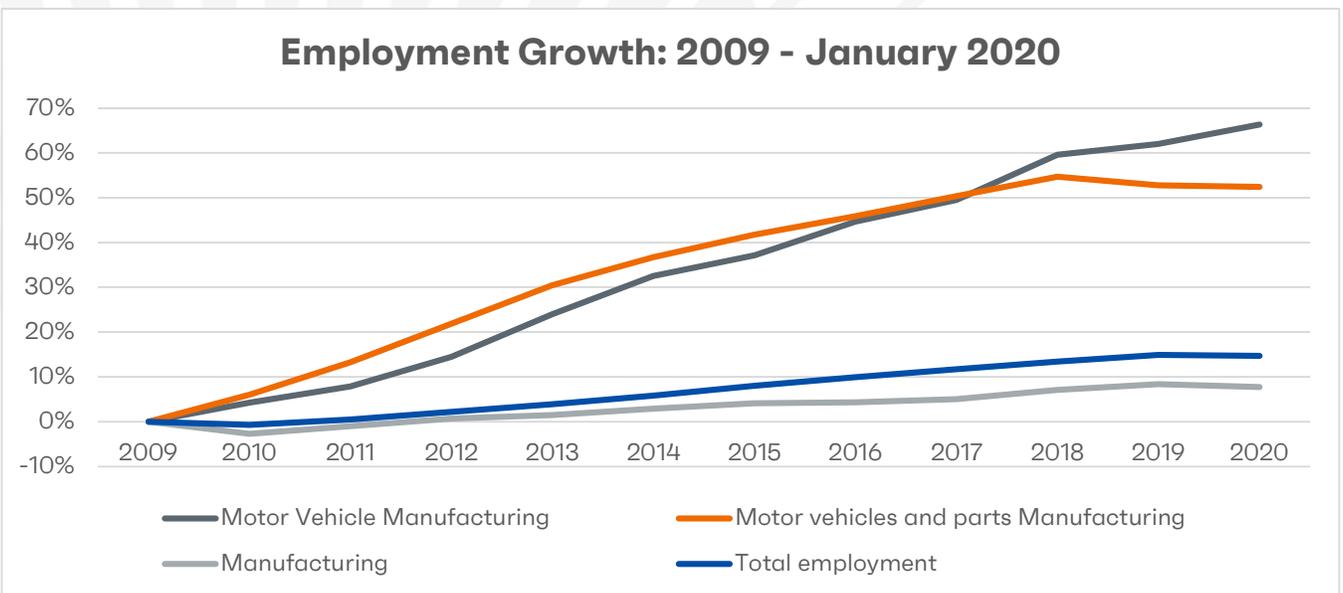
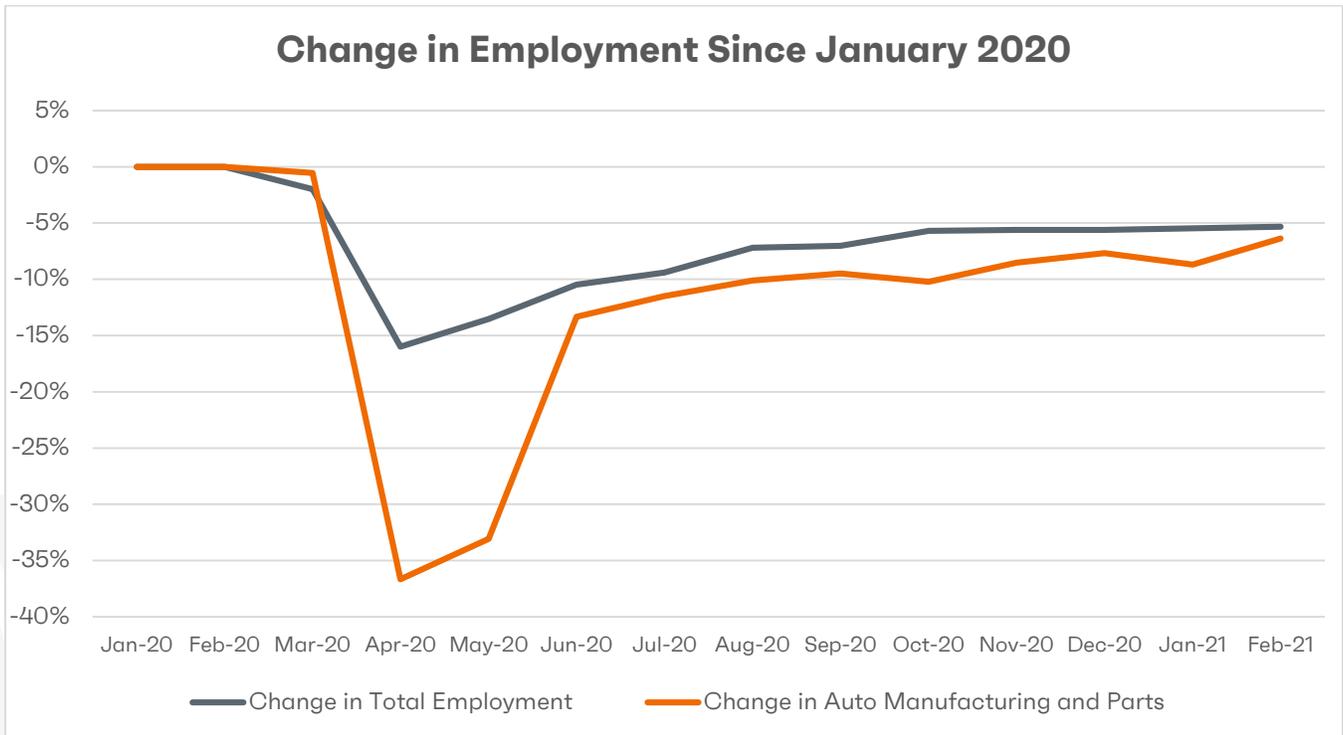
The early March gains were not equally shared across all Index components, with consumers voicing no improvement in some key facets of consumer finances. In particular, consumers' judgements about their own financial situation posted no gains in early March, largely due to very small expected gains in household incomes over the next year. In contrast, prospects for the national economy improved significantly. Another important distinction involved greatly improved views of buying conditions for large household durables, but only marginal gains for vehicles and homes. Inflation expectations for the year ahead remained elevated, but consumers thought the inflation rate would fall back to lower levels over the longer term. Importantly, consumers thought that the interest rates they faced for mortgages and vehicle loans would rise during the year ahead. Overall, the data indicate strong growth in consumer spending during the year ahead, with the largest percentage gains for services, including travel and restaurants, and the smallest increases for vehicles and homes.<sup>40</sup>



## Employment (Updated 3/17)

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 62,100 employees, constituting a 6.4 percent loss since January. Estimates for February show employment improved by over 10,000 jobs over the month.<sup>41</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>42</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.



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- <sup>4</sup> Haig Stoddard, "U.S. Light-Vehicle Sales Defy Logic and Continue to Soldier on in March," *WardsIntelligence*, 3/24/2021
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- <sup>9</sup> Haig Stoddard, "First-Half 2021 North America Production Outlook Worsens," *WardsIntelligence*, 3/19/2021
- <sup>10</sup> IHS Markit, email, "IHS Markit Monthly Automotive Update - March 2021," 3/16/2021
- <sup>11</sup> Haig Stoddard, "Production Slowdowns Put Dent in February U.S. Light-Vehicle Sales," *WardsIntelligence*, 3/2/2021
- <sup>12</sup> "Overall Fleet Sales Down 25% in January," Auto Rental News, [www.autorentalnews.com](http://www.autorentalnews.com), 2/10/2021
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