

# READING THE METER

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

April 28, 2021

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## Forecast Meter

### Forecast Summary (Updated 4/28)

| 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)         |
| March '21  | 1,581,067 (+59.7% YoY)         | 1,376,904 (31% 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)          |
| 1 <sup>st</sup> Quarter '21  | 3,869,872 (+11.3 YoY)          | 3,688,512 (-4.7% YoY)          |
| 2020 Calendar Year   | 14,463,935 (-14.7% YoY)        | 12,905,447 (-23.1%)            |
| 2021 Full Year Estimate  | 16.6 million units (14.5% YoY) | 15.8 million units (22.7% YoY) |

### U.S. Light Vehicle Sales Outlook (Updated 4/28)

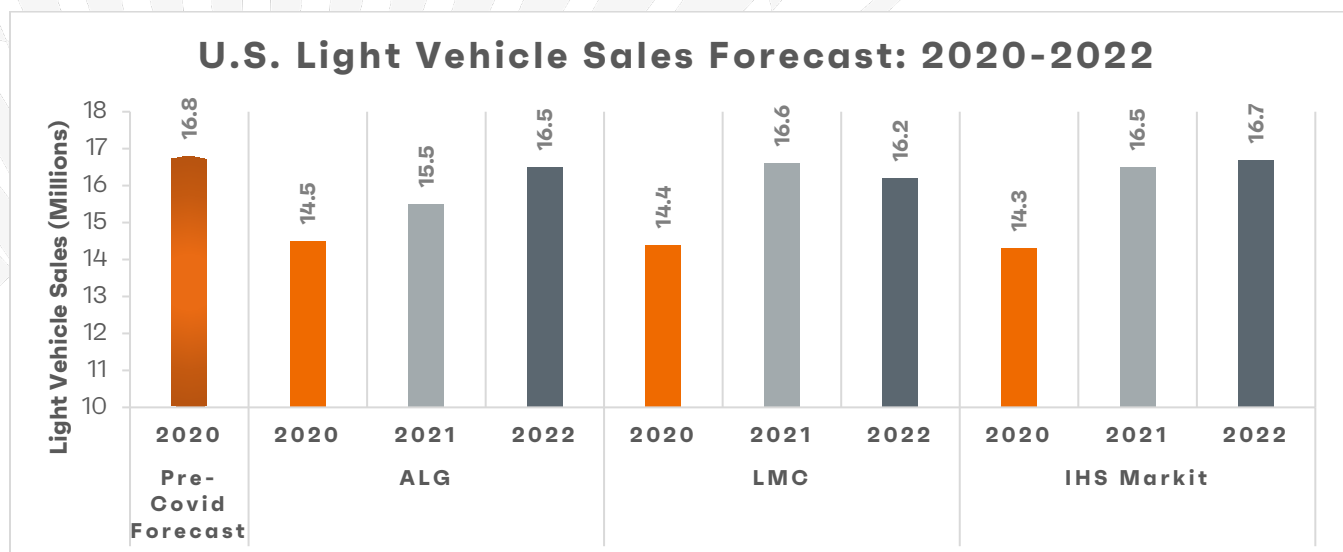
**J.D. Power April Outlook<sup>4</sup>:** “New-vehicle retail sales for April 2021 are expected to be the highest ever recorded for the month of April, according to a joint forecast from J.D. Power and LMC Automotive. Retail sales for new vehicles are projected to reach 1,325,500 units, a 110.6% increase compared with April 2020, and an 20.8% increase compared with April 2019, when adjusted for selling days. April 2021 contains the same number of selling days as April 2020 and one more selling day than April 2019. Comparing the same sales volume without adjusting for the number of selling days translates to a year-over-year increase of 110.6% from 2020 and a 25.6% increase from 2019.”

“Total new-vehicle sales for April 2021, including retail and non-retail transactions, are projected to reach 1,479,800 units, a 107.1% increase from April 2020 and a 7.8% increase from April 2019 when adjusted for selling days. Reporting the same numbers without controlling for the number of selling days translates to a 107.1% increase from April 2020 and a 12.1% increase from April 2019. The seasonally adjusted annualized rate (SAAR) for total new-vehicle sales is expected to be 18.1 million units, up 9.4 million units from 2020 and up 1.7 million units from 2019.”

**Wards Intelligence April Outlook<sup>5</sup>:** “U.S. light-vehicle sales will continue at long-time highs in April as dealers, despite historically low stock levels, continue to turn over inventory at unprecedentedly high rates by doing a good job of getting consumers into a car or truck - even if it means an alternative to their first choice. . . . April U.S. light-vehicle sales are pegged to total a 17.9 million-unit seasonally adjusted annual rate, a slight improvement on March’s 17.8 million and highest ever for the month. The year-ago period, which was the first full month the Covid-19 pandemic impacted the market, posted a roughly 50-year-low 8.7 million-unit SAAR. In April 2019, the last pre-pandemic year, the SAAR totaled 16.6 million units.

“Raw volume in April is forecast to total 1.46 million units, 104% above like-2020. The daily selling rate equates to 56,192, also 104% above same-month 2020 – 26 selling days both periods. Inventory continues to be a hindrance to stronger sales. With a global microchip shortage being the most acute aspect right now, supply-chain disruptions continue to cause major slowdowns in vehicle production, which combined with surging demand, is cutting inventory to historic lows.

“Assuming the March-April ratio remains static – that 1.7 is the floor - sales in May and June will average a 14.5 million-unit SAAR, and the second quarter will total 15.5 million. However, there is strong a case among some industry insiders that May will total at least a 17 million-unit SAAR – with the inventory-to-sales at a new low – and June will be the “rock-bottom” month due to the depleted inventory situation. . . .Whatever Q2’s SAAR totals, sales are expected to record robust growth in the second half and Wards Intelligence/LMC Automotive forecasts 16.6 million units for entire-2021, 14.5% above 2020’s 8-year-low 14.5 million, and much closer to pre-pandemic 2019’s 17.0 million.”



## North American Production Outlook (Updated 4/21)

### WardsIntelligence Update:

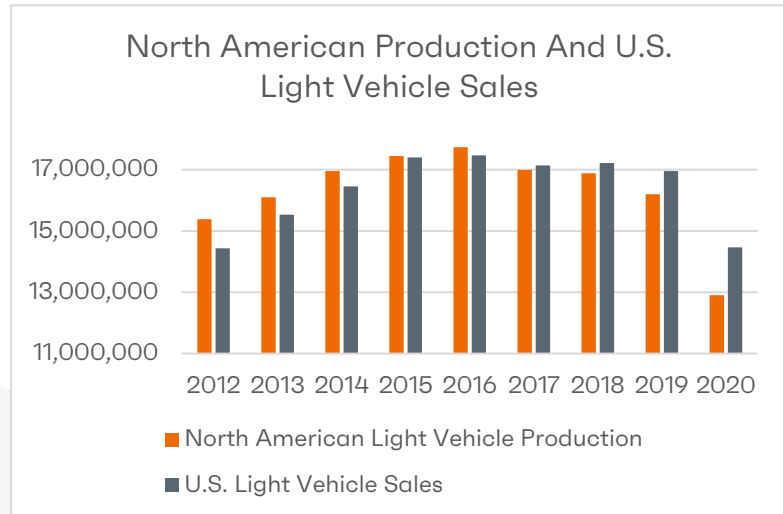
“Production losses mostly related to the microchip shortage continue to stack up. North America production of light-vehicles and medium-/heavy-duty trucks is tracking to 199,000 units less in the second quarter than what was projected for the period a month ago in Wards Intelligence’s Production Tracker. It was offset partially by the first quarter finishing higher than expected, but total first-half 2021 output has been reduced 117,000 units from March’s revision. Thanks to the global microchip shortage and a winter-

storm-caused reduction in oil produced to make petrochemicals for automotive parts, the short-term production outlook remains shaky. During March, and in the first half of April, scheduled production slowdowns in the second quarter continually grew, creating a sense that the microchip shortage still has more to play out in terms of production stoppages before summer.

“Furthermore, although the messaging remains that most of the supply issues can be smoothed out heading in the second half of the year, there are rumblings that microchip capacity for the automotive industry still will be a problem throughout the remainder of the year. . . .

“The second-quarter outlook is 191,000 units below December’s projection for the period. Thus, the estimated total first-half loss stands at 678,000 units. Second-quarter production is pegged at 3.941 million units, 176% above Q2-2020’s pandemic-smacked total of 1.427 million units.”<sup>6</sup>

**IHS Markit April Update:** “The outlook for North America light vehicle production was reduced by 79,000 units and increased by 28,000 units for 2021 and 2022, respectively (and increased by 64,000 units for 2023). The production outlook for 2021 was reduced amid the ongoing semiconductor shortage and other supply chain and logistical issues. The quarterly progression for 2021 continues to reflect the first and second quarter as being most impacted by the shortages with a return closer to normal beginning in third quarter at baseline operating levels with minimal overtime to recover lost volume in fourth quarter. While actual production for Q1-2021 came in slightly ahead of expectations, given the ongoing impact of semiconductor shortages, more meaningful downward revisions were made to the forecast for the second quarter. The third quarter of 2021 remains a wild card as some automakers are reportedly reducing summer shutdown plans amid the prospect for at least a more consistent supply of semiconductors. Strength in average transaction prices and manufacturer profitability are expected to continue amid the resilient strength of US autos demand and further extension of constrained supply. As manufacturers and dealers enjoy improved profitability amid tighter supply, a new normal in inventory stocking may emerge as the various shortages subside.”<sup>7</sup>

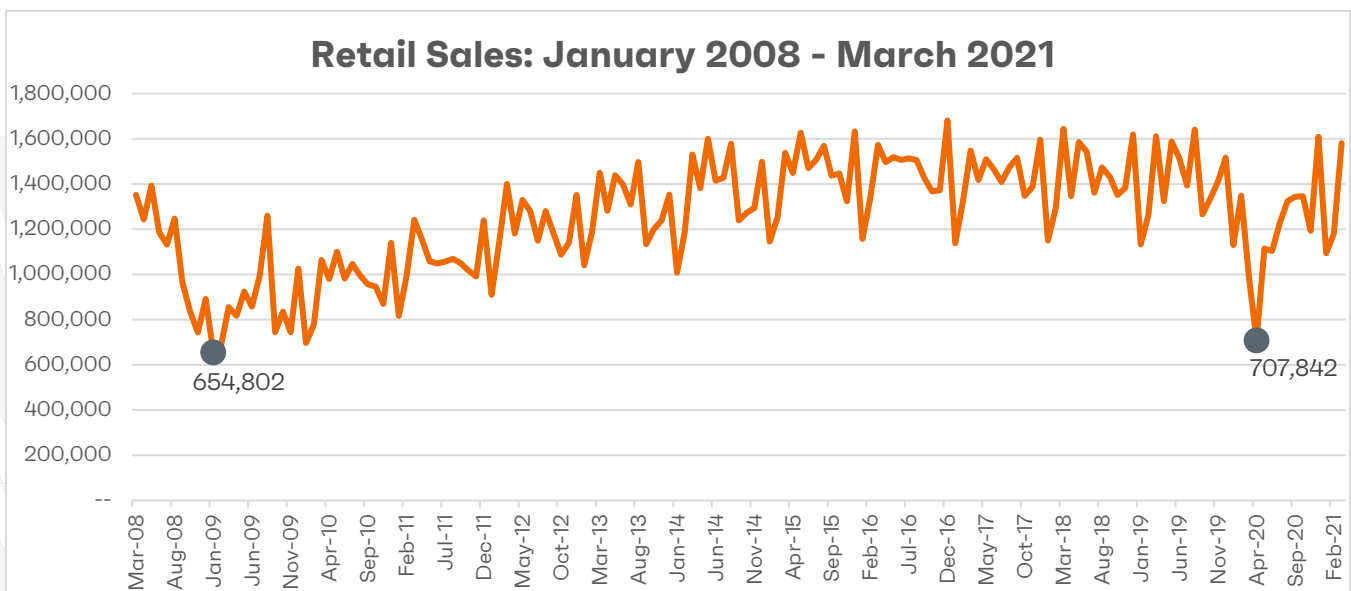


## Market Meter

### U.S. Light Vehicle Sales (Updated 4/7)

#### **Monthly Sales (Updated 4/7)**

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.



#### **March Sales (Updated 4/7)**

**WardsIntelligence:** “With most automakers contributing to the party, March U.S. light-vehicle sales soared to a 17.7 million-unit seasonally adjusted annual rate, second highest total ever for the month behind 2000’s 17.8 million.

“The first-quarter SAAR totaled 16.8 million units, well above like-2020’s 14.8 million, and nearly equal to pre-pandemic Q1-2019’s 16.9 million. The Q1 SAAR also was big improvement on Q4-2020’s 16.1 million units.

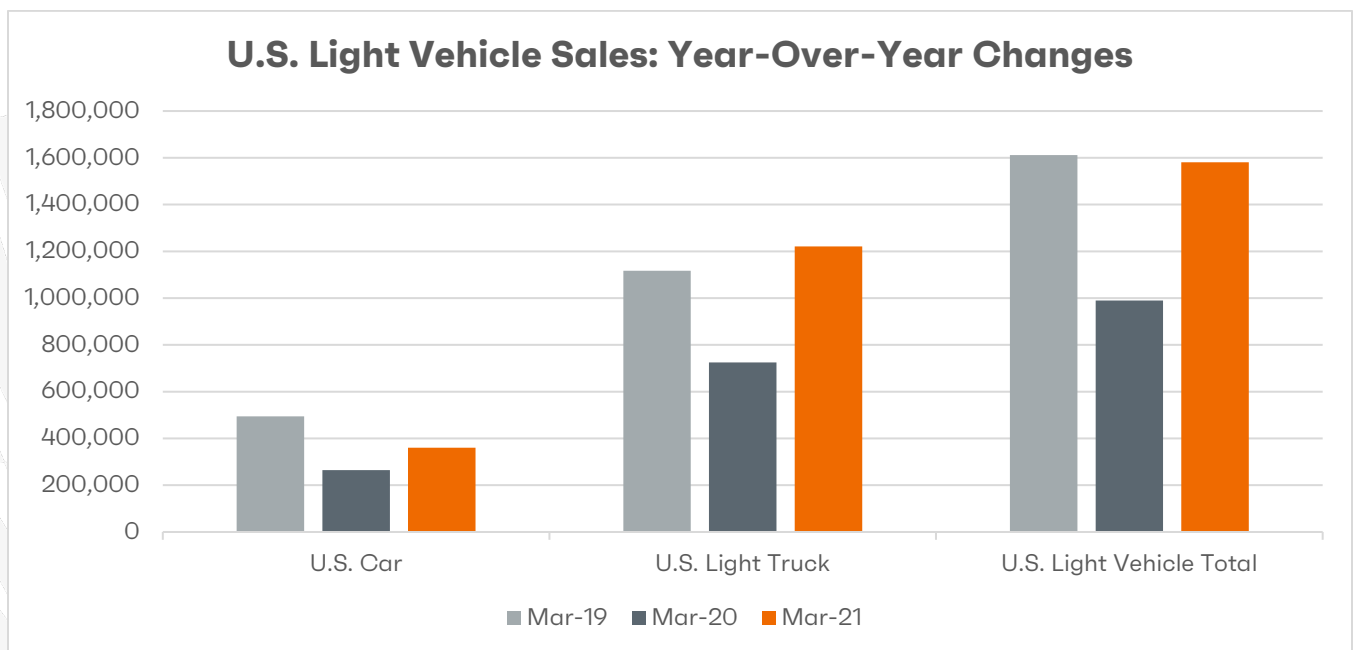
“Raw volume in March totaled 1.58 million units, 59.7% above the same year-ago period. The month’s daily selling rate of 60,810 over 26 selling days was 53.6% above March 2020’s 39,598 - 25 selling days – and highest for the period since 61,663 in 2015.

“January-March volume totaled 3.870 million units, 11.3% above like-2020’s 3.477 million. Based on daily selling rates, retail volume in March rose an estimated 75% year-over-year. Fleet volume fell an estimated 6.2% year-over-year in March.

“TrueCar estimated that average incentives were down 16.7% year-over-year, the fifth straight decline. Average transaction prices were up 3.3%.

“Among segment groups, CUVs and SUVs led year-over-year increases, rising 84.0% and 60.5%, respectively. The Small Pickup – up 59.6% - and Small Van (56.7%) segments also increased above the industry average.

“Cars were up 30.8% year-over-year in March, accounting for 22.8% market penetration vs. like-2020’s 26.7%. All light trucks, including CUVs and SUVs, were up 61.9%.”<sup>8</sup>



### **Fleet Sales (Updated 4/7)**

**Wards Intelligence:** “Based on daily selling rates, retail volume in March rose an estimated 75% year-over-year. Fleet volume fell an estimated 6.2% year-over-year in March.”<sup>9</sup>

**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>10</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>11</sup>

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

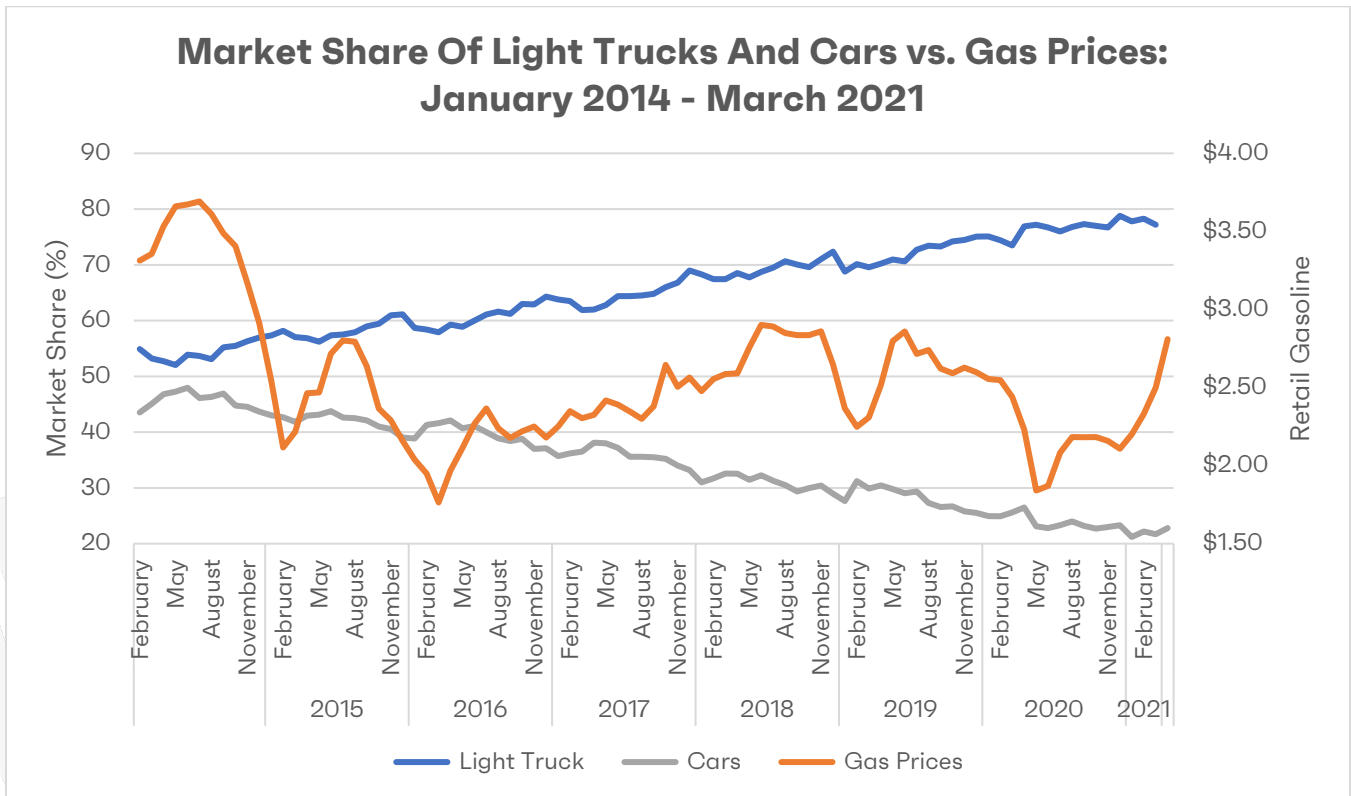
|   | Pessimistic Forecast | Optimistic Forecast | Pre-COVID Baseline Forecast |
|---|----------------------|---------------------|-----------------------------|
| Retail Sales Forecast (million)           | 11.3                 | 12.3                | 13.4                        |
| Fleet/Other Sales 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 4/7)

**WardsIntelligence:** “Among segment groups, CUVs and SUVs led year-over-year increases, rising 84.0% and 60.5%, respectively. The Small Pickup – up 59.6% - and Small Van (56.7%) segments also increased above the industry average. Cars were up 30.8% year-over-year in March, accounting for 22.8% market penetration vs. like-2020’s 26.7%. All light trucks, including CUVs and SUVs, were up 61.9%.”<sup>12</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>13</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>14</sup> and gas was over \$3.00<sup>15</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>16</sup>

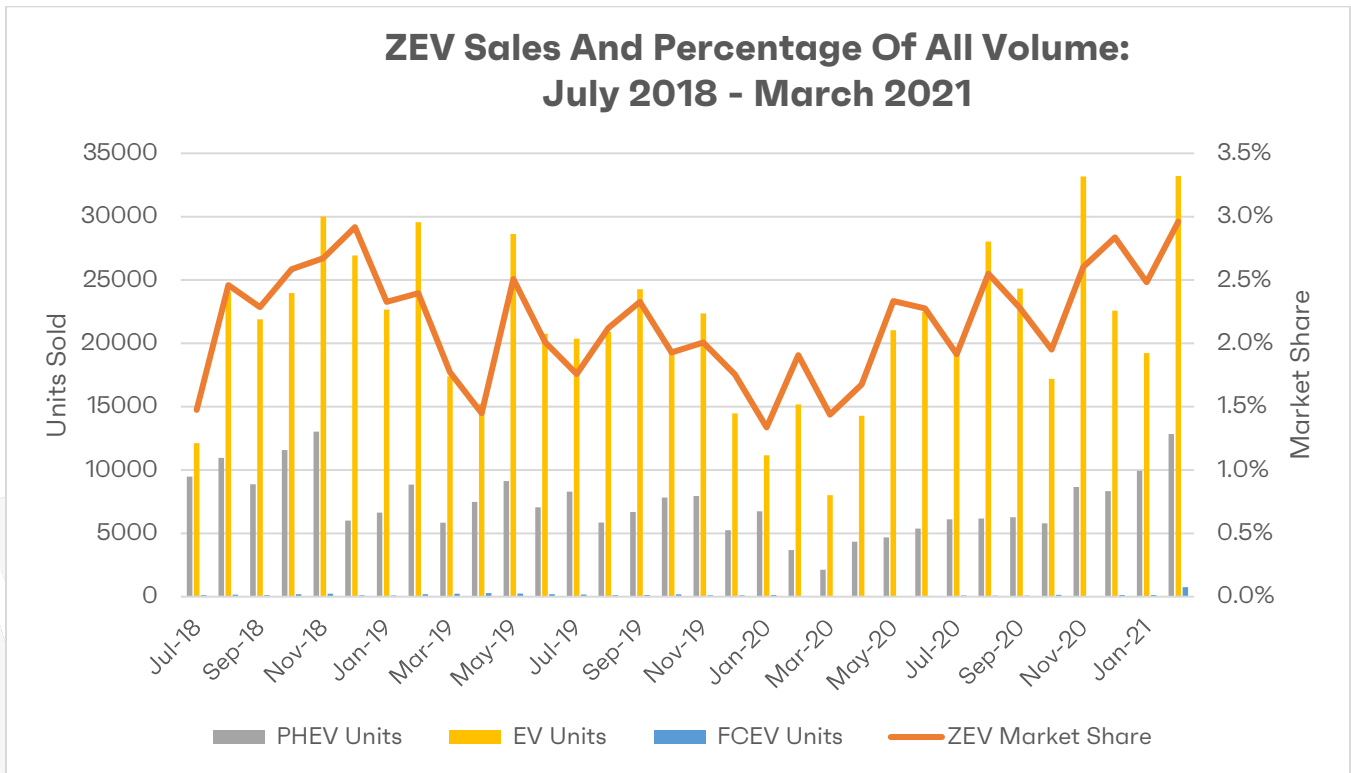


## ZEV Powertrain Sales (Updated 4/7)

Sales of zero emission vehicles (BEV, PHEV, & Fuel Cell) accounted for 3% of total vehicle sales in March 2021, up from 2.2% from a year ago and up .6% from February 2021. Sales of battery electric vehicles led the way for ZEVs, accounting for 2.1% of total sales, up .3% from March 2020. Plug-in hybrids accounted for 0.8%, double the amount from the same time last year.<sup>17</sup>

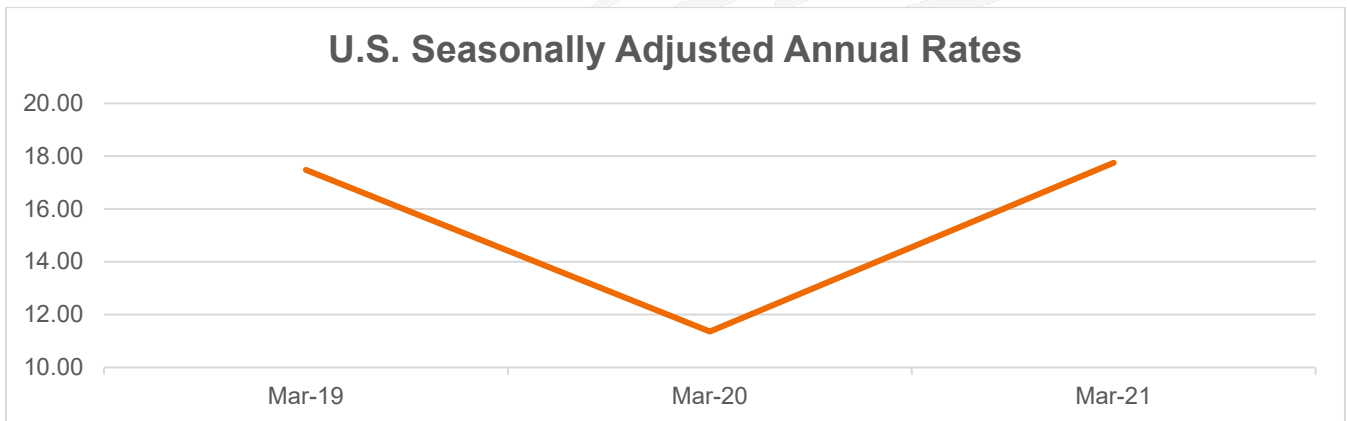
**Credit Suisse:** “For all the hype around EV euphoria, we still haven’t seen the inflection in the US. YTD BEV+PHEV sales in the US are down ~12% y/y, outpacing the industry decline of -17%...albeit EV sales in the last 3 months are up 20%+ y/y; BEV+PHEV have accounted for 2.0% of vehicle sales YTD.”<sup>18</sup>





## Seasonally Adjusted Annual Rates (Updated 4/7)

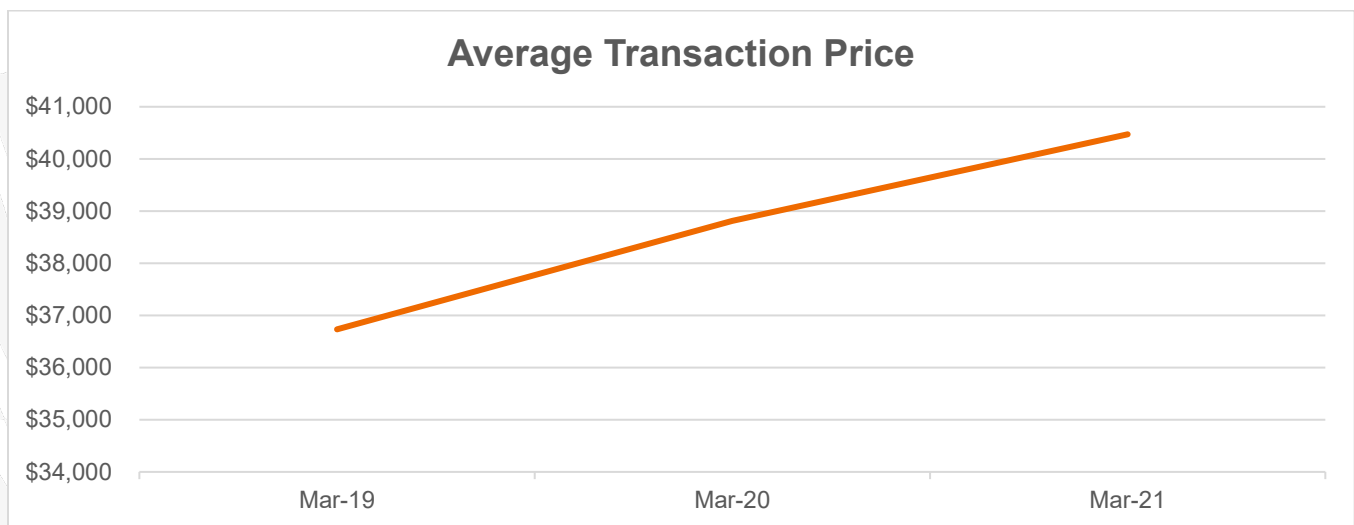
“March U.S. light-vehicle sales soared to a 17.7 million-unit seasonally adjusted annual rate, second highest total ever for the month behind 2000’s 17.8 million. In the face of 10-year-low inventory and greatly reduced incentive spending, March’s SAAR – a 41-month high - is somewhat inexplicable under the circumstances first created by the Covid-19 pandemic a year ago. Furthermore, if fleet demand – and enough vehicles were available – was even remotely up to pre-Covid-19 levels, the SAAR would have reached 18 million units.”<sup>19</sup>



## Average Transaction Price (Updated 4/21)

**J.D. Power:** “The average price of a new vehicle is on pace to reach \$37,314 in Q1—the highest ever for the first quarter—nearly \$3,000 higher than 2020 and more than \$4,000 higher than 2019. The combination of strong retail volumes and higher prices means that consumer expenditures on new vehicles is expected to reach a Q1 record of \$177.9 billion, up 31% from 2020 and up 18% from 2019.”<sup>20</sup>

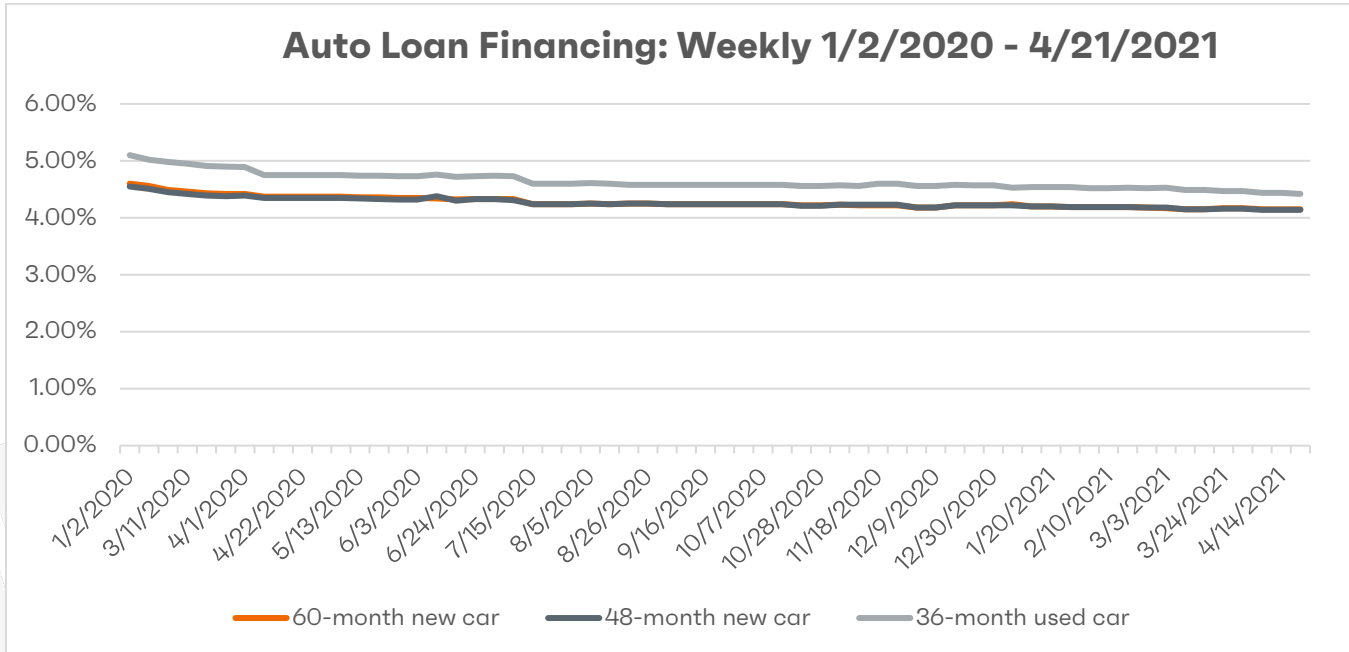
**Kelley Blue Book:** “The valuation analysts at Kelley Blue Book today reported the estimated average transaction price for a light vehicle in the United States was \$40,472 in March 2021. New-vehicle prices increased \$1,660 (up 4.3%) from March 2020, while dropping \$608 (down 1.5%) from February 2021.”<sup>21</sup>



## Auto Loan Financing (Updated 4/28)

**Financing Rates Generally Holding Steady:** Interest rates for new cars remained the same for the past two weeks, as the 36-month rate dipped slightly for used cars. The interest rate for 60 months currently stands at 4.15%, down. Rates dropped .02% to 4.42% for a 36-month used car loan. Rates have remained relatively static since mid-July until starting to dip in November. Since the beginning of last year, rates are down 0.45%, but only down 0.22% since the same time a year ago.<sup>22</sup>

| Dates               | 60-month new car | 48-month new car | 36-month used car |
|---------------------|------------------|------------------|-------------------|
| 4/15/2020           | 4.37%            | 4.35%            | 4.75%             |
| 1/2/2020            | 4.60%            | 4.55%            | 5.10%             |
| 4/14/2021           | 4.15%            | 4.14%            | 4.44%             |
| 4/21/2021           | 4.15%            | 4.14%            | 4.42%             |
| One Week Change     | 0.00%            | 0.00%            | -0.02%            |
| Two Week Change     | 0.00%            | 0.00%            | -0.02%            |
| Change since 1/3/20 | -0.45%           | -0.41%           | -0.68%            |
| One Year Change     | -0.22%           | -0.21%           | -0.33%            |



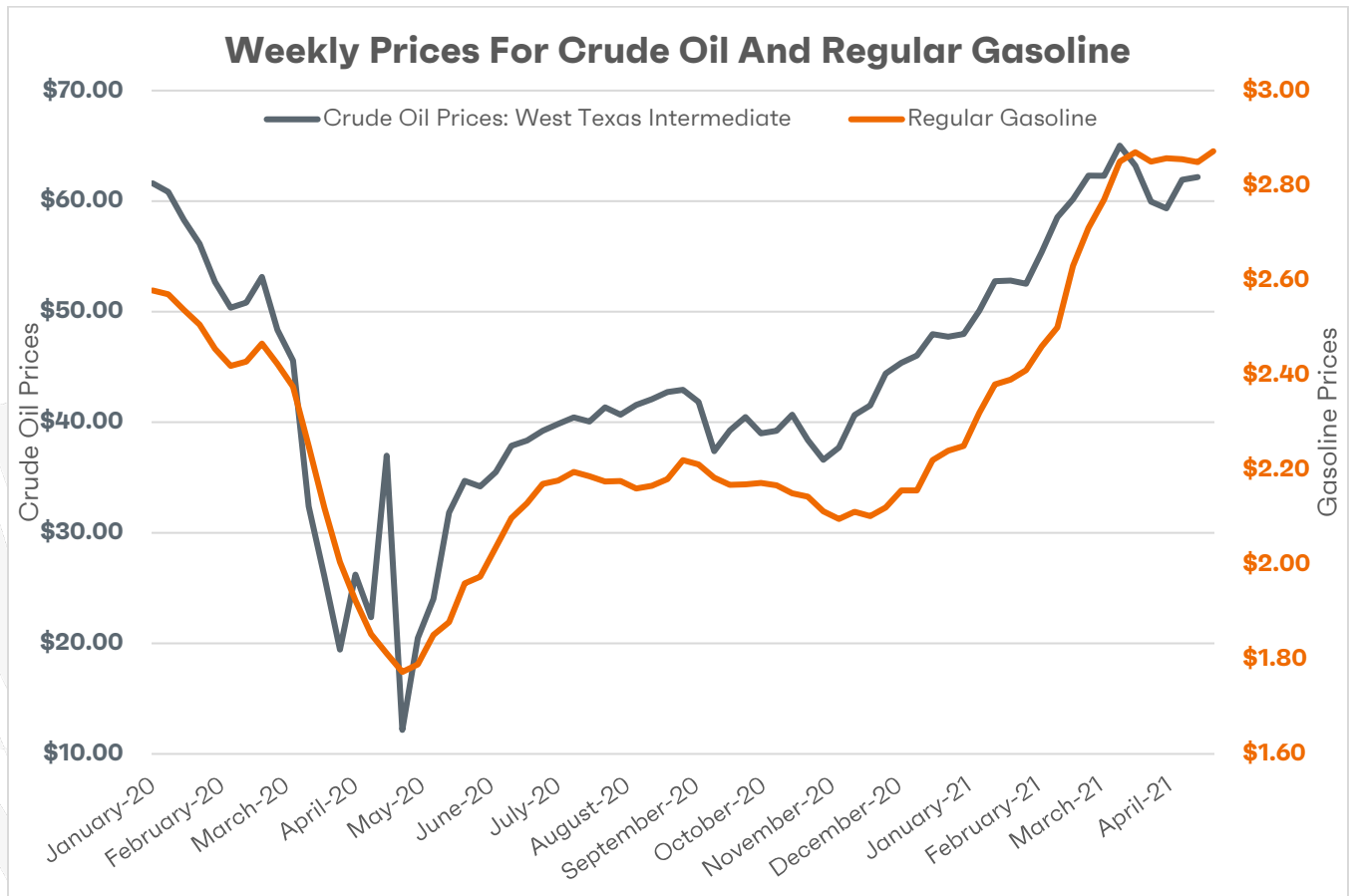
## Crude Oil and Gas Prices (Updated 4/21)

**EIA Outlook For Gasoline:** “For the 2021 summer driving season (April–September), the U.S. Energy Information Administration (EIA) forecasts U.S. regular gasoline retail prices will average \$2.78 per gallon (gal), up from an average of \$2.07/gal last summer (Summer Fuels Outlook). Higher forecast gasoline prices reflect higher forecast crude oil prices, higher wholesale gasoline refining margins, and higher U.S. consumption of motor gasoline. For all of 2021, we expect U.S. retail prices of regular-grade gasoline to average \$2.66/gal and retail prices for all grades to average \$2.78/gal, which would result in the average U.S. household spending about \$480 (31%) more on motor fuel in 2021 compared with 2020.”<sup>23</sup>

**EIA Outlook For Production:** “According to EIA’s most recent data, U.S. domestic crude oil production averaged 11.1 million b/d in January 2021. We estimate that U.S. domestic crude oil production declined by 0.8 million b/d in February, mostly because of cold temperatures that affected much of the country, particularly Texas. We forecast crude oil production will average 10.9 million b/d in the second quarter of 2021 and increase to almost 11.4 million b/d by the fourth quarter of 2021. We expect U.S. crude oil production will average 11.9 million b/d in 2022. The forecast of rising U.S. crude oil production is the result of our expectation that West Texas Intermediate crude oil prices will remain above \$55/b through the forecast period.”<sup>24</sup>

**Gas Prices Remain Flat:** Oil prices, as benchmarked at West Texas Intermediate, rose by \$.25 the week of April 19 to \$62.18 per barrel. Since election day, oil prices have climbed over \$24 a barrel. For the

seventh week in a row, prices at the pumps remained basically the same, increasing \$.02 to \$2.87. Gas is about 11.4 percent higher than the beginning of 2020.<sup>25</sup>

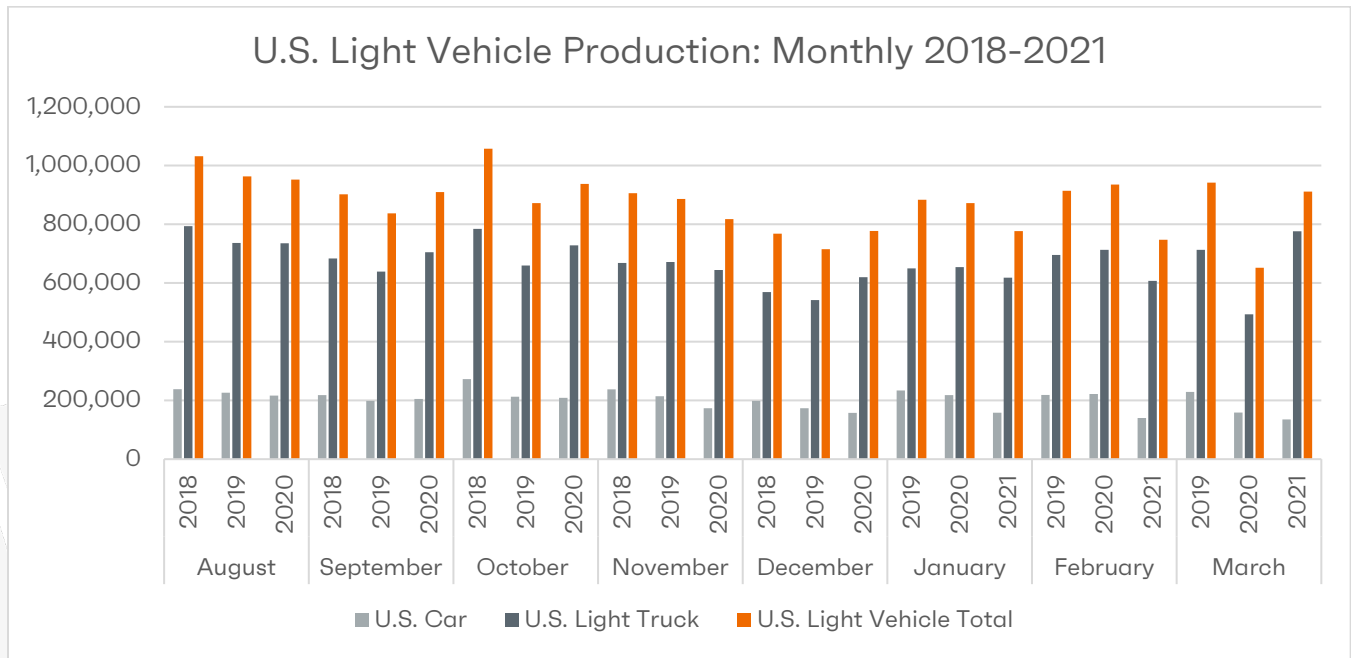


## Production Meter

### U.S. Light Vehicle Production (Updated 4/21)

**WardsIntelligence:** “Production losses mostly related to the microchip shortage continue to stack up. . . Production in March, which temporarily includes some estimates for medium-/heavy-duty trucks, totaled 1.377 million units, 31.0% above like-2020’s 1.051 million - the pandemic first impacted North American manufacturers in March 2020 cutting 475,000 units from what was expected in that month. . . First-quarter 2021 production totaled 3.689 million units, 4.7% below like-2020’s 3.872 million. Compared with the outlook for the period in December, prior to the development of the chip shortage, petrochemical issue and severe weather that temporarily closed some plants in February, the Q1 total was down 487,000 units. Most of the losses are related to the chip issue.”<sup>26</sup>

**Light vehicle production for March 2021 totaled 911,245, 40% higher than March 2020, and down 3% from 2019:**

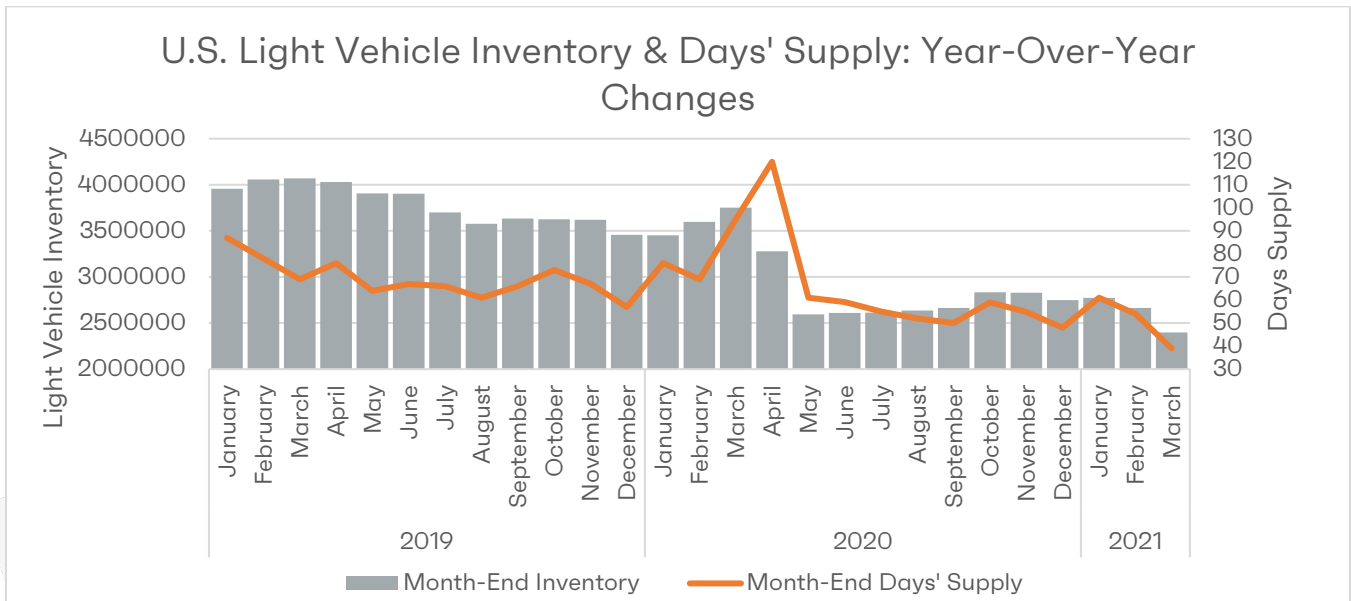


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## U.S. Light Vehicle Inventory and Days' Supply (Updated 4/28)

**WardsIntelligence April Inventory Update:** “[I]nventory continued to decline during the month, and the final week of April could be somewhat muted as vehicle availability falls to another historic low heading into May. . . . Inventory continues to be a hindrance to stronger sales. With a global microchip shortage being the most acute aspect right now, supply-chain disruptions continue to cause major slowdowns in vehicle production, which combined with surging demand, is cutting inventory to historic lows. Inventory is forecast to decline 11.3% from March to 2.13 million units at the end of April, lowest for the month in at least three-plus decades. April inventory normally remains relatively flat with March. The April total also is 34.7% below the same year-ago period despite production for the U.S. market nearly drying up a year ago due to the onset of the pandemic. If the forecast holds firm, days’ supply will total 38, compared with March’s 39 and like-2020’s pandemic-caused upward-spiked 119. A typical days’ supply for April is around 70.”<sup>28</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>29</sup>



## Global Meter

### Global Light Vehicle Sales Outlook (Updated 4/14)

**Wards Intelligence Outlook:** “World light-vehicle sales jumped 13.6% to 5.96 million units in February. The growth was almost exclusively from soaring results in China and several other Asia-Pacific markets, while the rest of the world saw steep declines. Still, the global total fell well short of the February record of 7.0 million in 2017.

“Sales in China jumped a stunning 346.5% to 1.45 million for the month and were up 69.6% year-to-date with 3.96 million deliveries. Though marking an encouraging recovery, the growth was mostly artificial because February 2020 was China’s lowest total of any month in over 15 years. This year’s result still was below the 2010-2019 February average of 1.58 million.

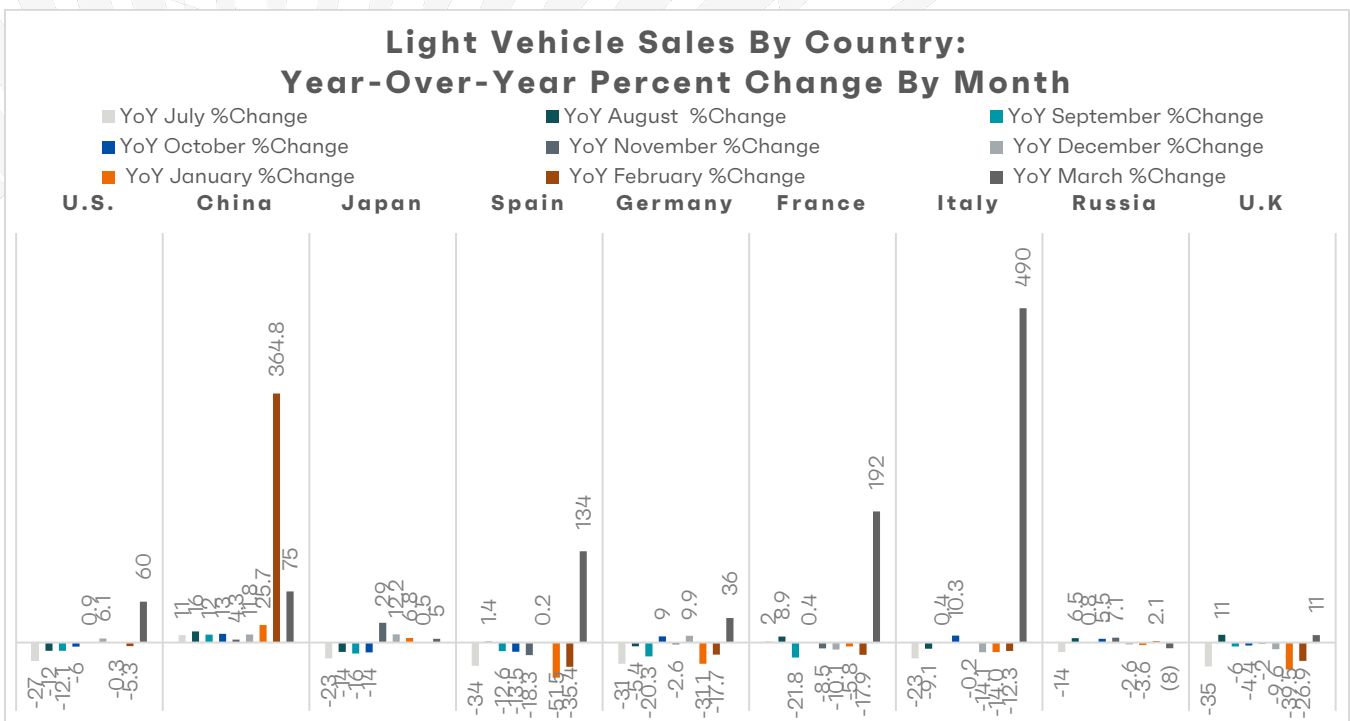
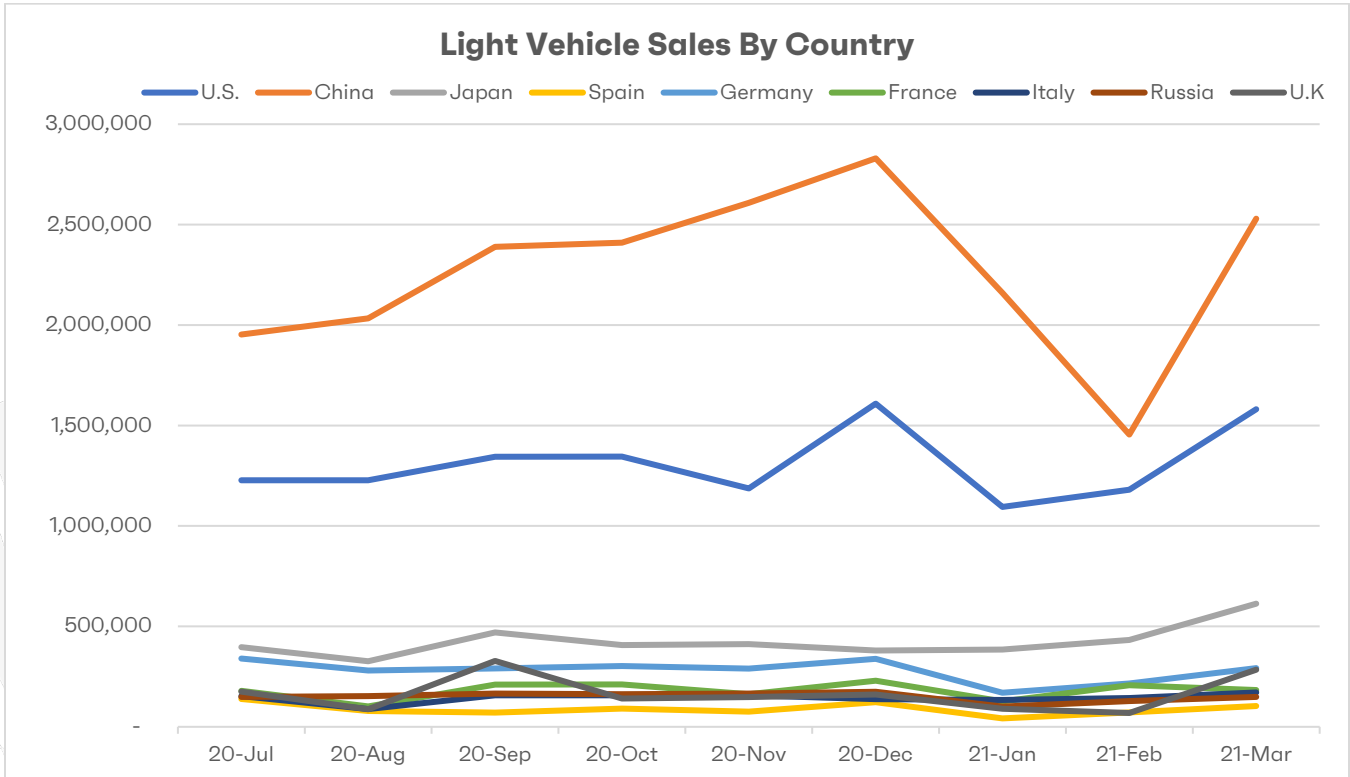
“Several other countries in the Asia-Pacific region saw impressive growth over year-ago’s lows, including India (+18.1%), Pakistan (+30.0%) and South Korea (+25.6%). The region’s total was up 76.9% at 2.73 million for the month and 36.6% ahead for the year. Global market share increased from 39.4% in same-period 2020 to 50.2% in 2021.

“It was a different story in Europe, where many countries still were struggling with high COVID-19 case counts and February sales dropped 14.1% to 1.22 million vehicles.

“The global 2-month tally was 12.94 million, up 7.3% from year-ago’s 12.06 million.”<sup>30</sup>



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

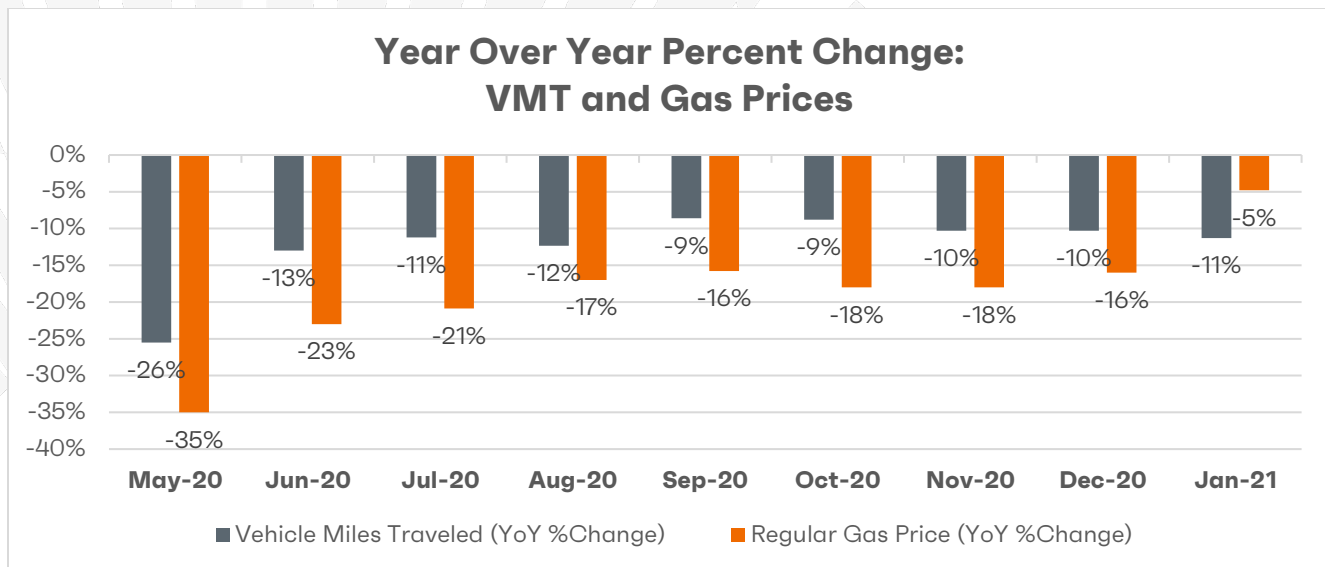


## Recovery Meter

### 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>31</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.



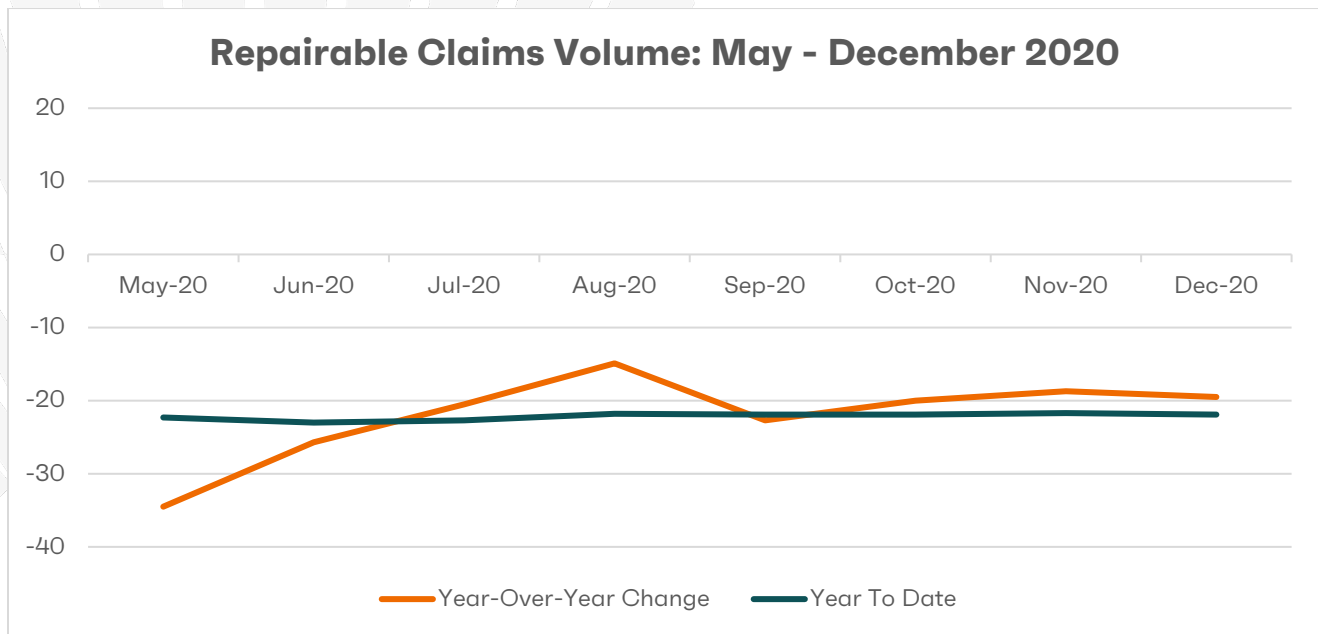
### Repairable Claims (Updated 1/13)

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>32</sup>



## Economic News (Updated 4/7)

**Manufacturing Added 53,000 Jobs In March, Including 30,000 In Durable Goods.** “U.S. manufacturing added 53,000 jobs in March, with contributions from both durable and non-durable goods, the U.S. Bureau of Labor Statistics said. Durable goods added 30,000 jobs, with non-durable goods contributing a 23,000-job gain, according to a breakdown by industry issued by the bureau on April 2.”<sup>33</sup>

- **Motor Vehicle And Parts Manufacturing added 3,000 Jobs In March (not seasonally adjusted).**

- **Motor Vehicle And Parts Manufacturing lost 1,000 Jobs In March On A Seasonally Adjusted Basis.** <sup>34</sup>

**The Institute For Supply Management’s Manufacturing Index For March Reached Its Highest Level In Nearly 40 Years.**

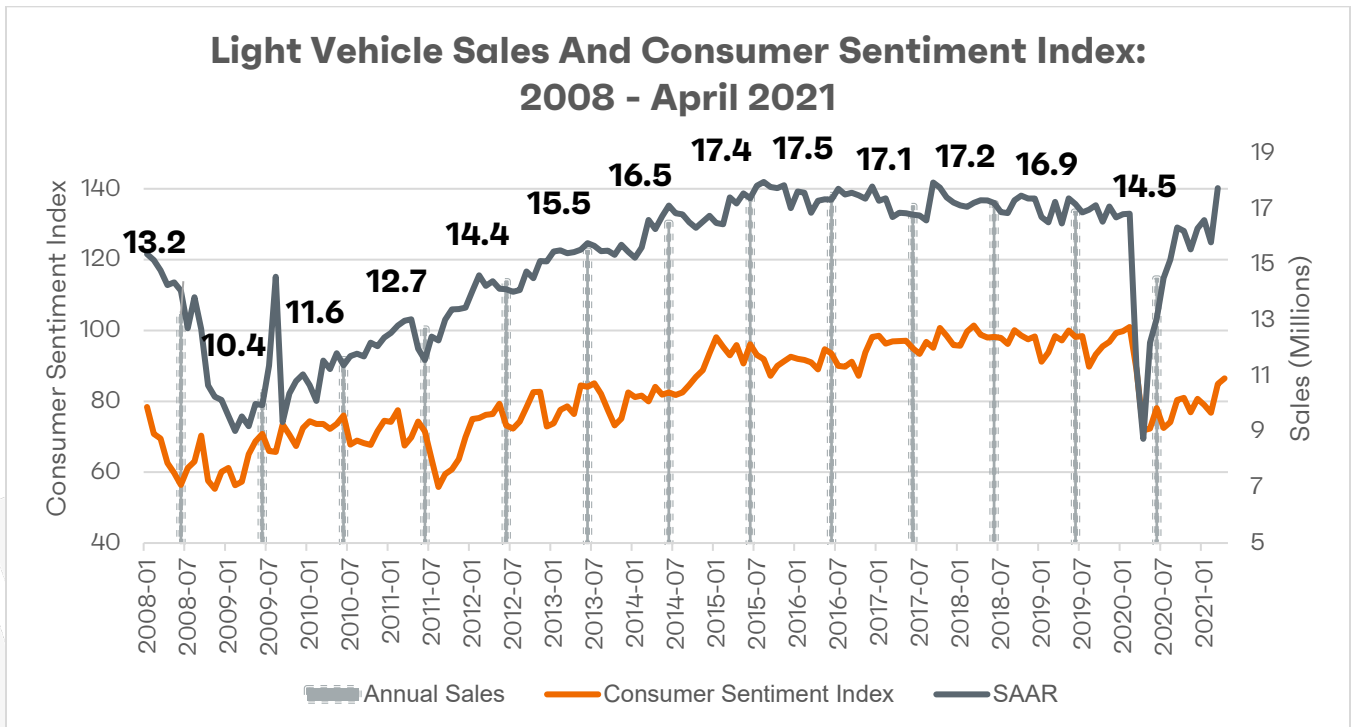
“The manufacturing economy has been strengthening in recent months as it recovers from the COVID-19 pandemic. The Institute for Supply Management said last week its manufacturing index for March reached its highest level in almost 40 years. That index is considered a leading indicator and is a barometer of where manufacturing is headed economically.”<sup>35</sup>

**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>36</sup>

## **Consumer Confidence and Sales (Updated 4/21)**

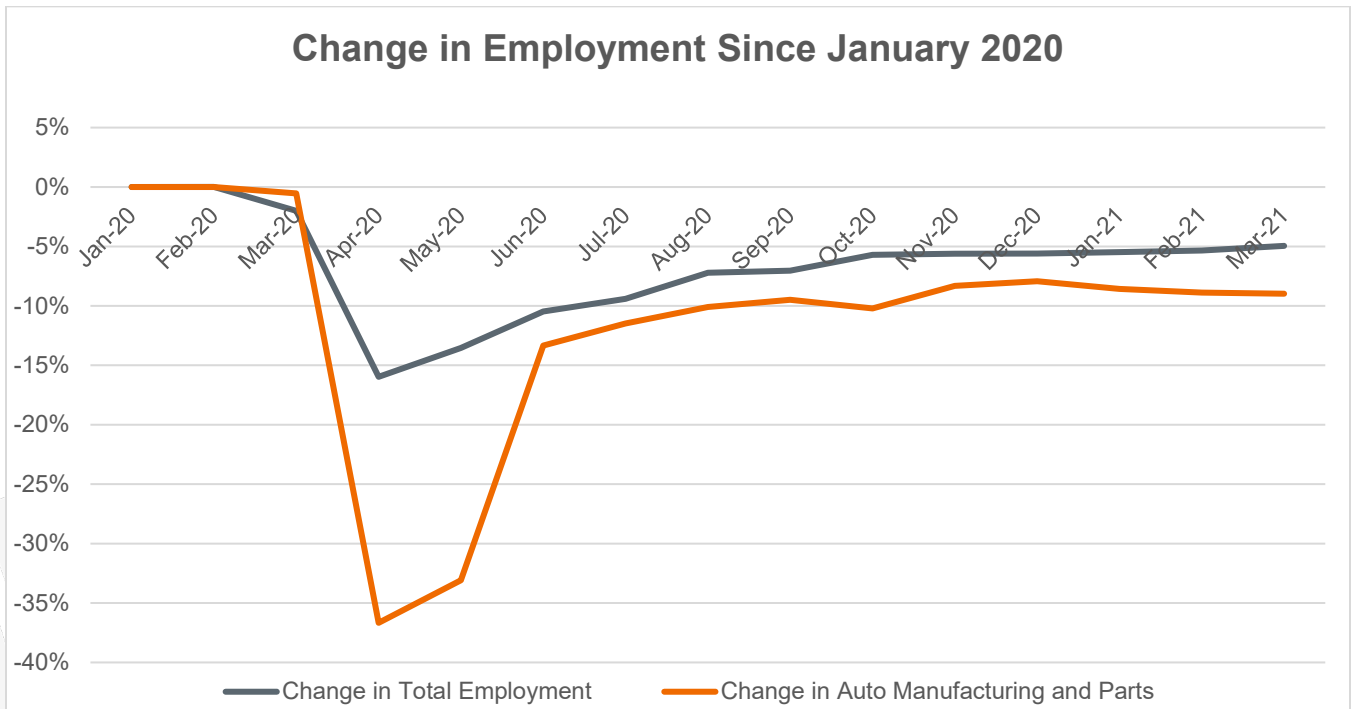
“Consumers in early April reported surging economic growth and strong job gains due to record stimulus spending, low interest rates, and the positive impact of vaccinations. The Sentiment Index rose to its best level in a year on the strength of recent gains in current economic conditions, while future economic prospects remained unchanged from March. This is opposite of the usual pattern over the past fifty years, when recoveries were paced by larger and earlier gains in expectations. The strength in current economic conditions reflects much larger than usual stimulus payments during the past year, and much larger than usual economic gains due to comparisons with last year’s shutdowns. Other factors suppressed the pace of expected gains, including persistent concerns with vaccine safety as well as a surge in year-ahead inflation expectations to 3.7%, the highest level in nearly a decade. Fortunately, this surge in inflation expectations was still well anchored by much lower inflation expectations over the next five years (2.7%). Perhaps more importantly, half of all consumers expected declines in unemployment, the highest level ever recorded.”<sup>37</sup>



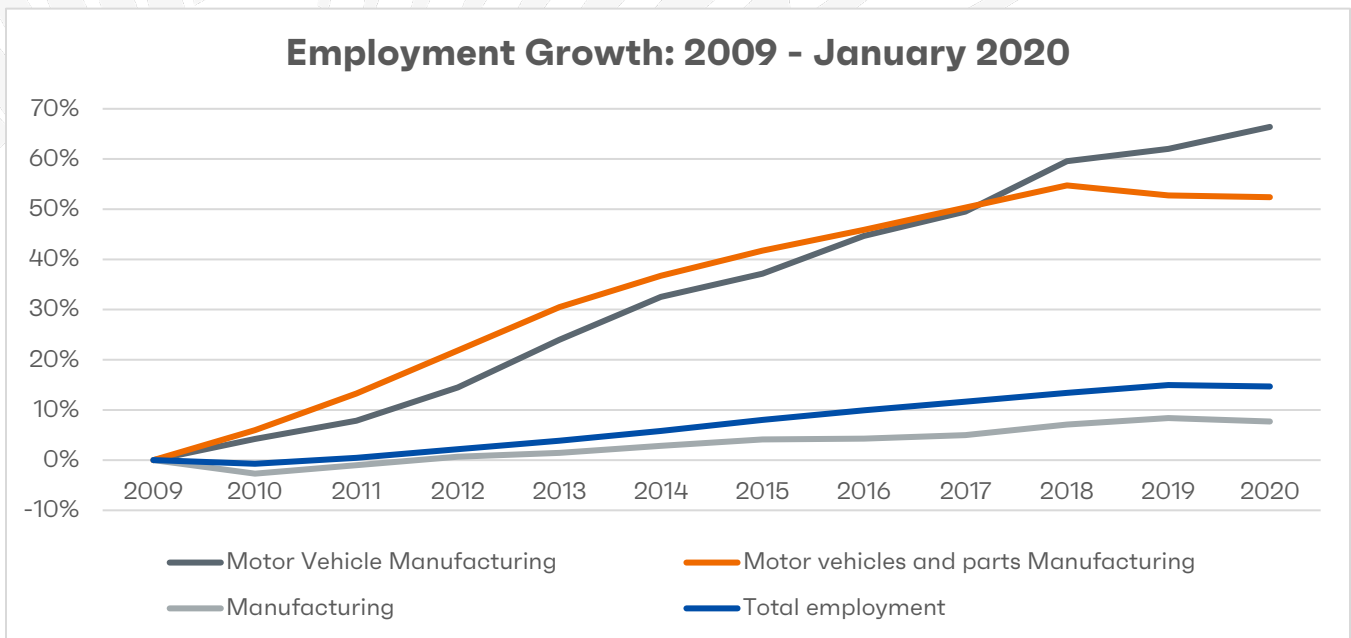
## Employment (Updated 4/7)

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 76,000 employees, constituting a 9% loss since January.<sup>38</sup>

- **Motor Vehicle And Parts Manufacturing added 3,000 Jobs In March (not seasonally adjusted).**
- **Motor Vehicle And Parts Manufacturing lost 1,000 Jobs In March On A Seasonally Adjusted Basis.**<sup>39</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>40</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>10</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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