READING THE METER

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

ALLIANCE FOR AUTOMOTIVE INNOVATION

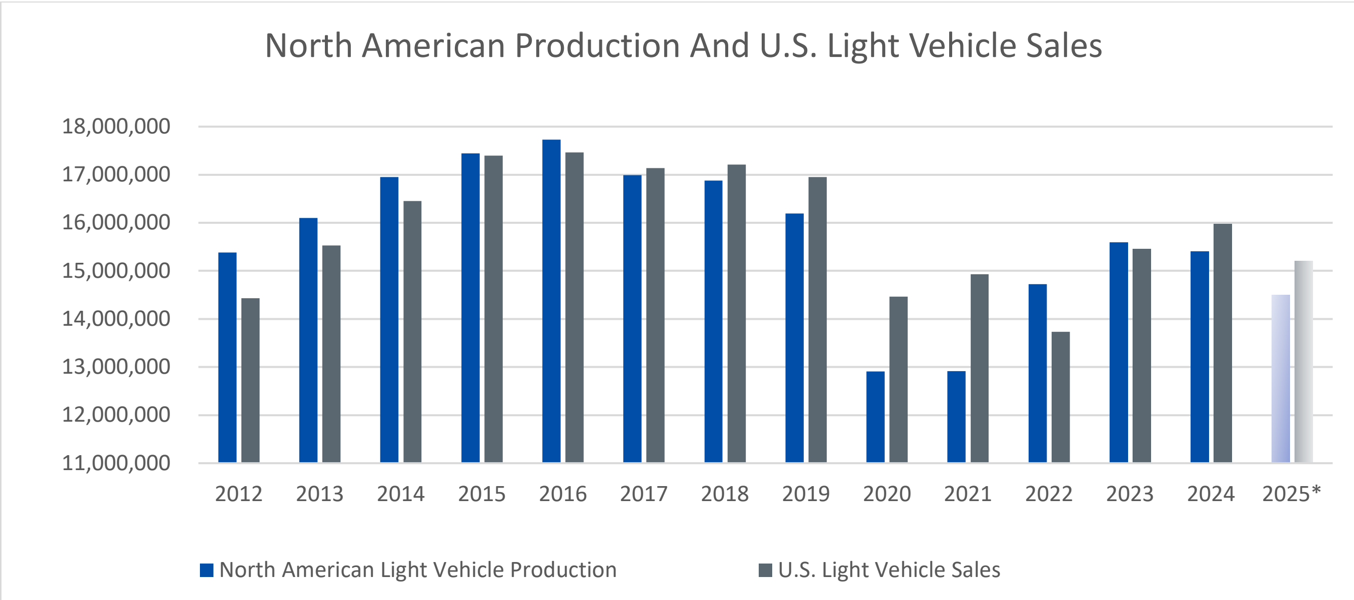
Sponsored by: Hogan Lovells

Contents – June 26, 2025

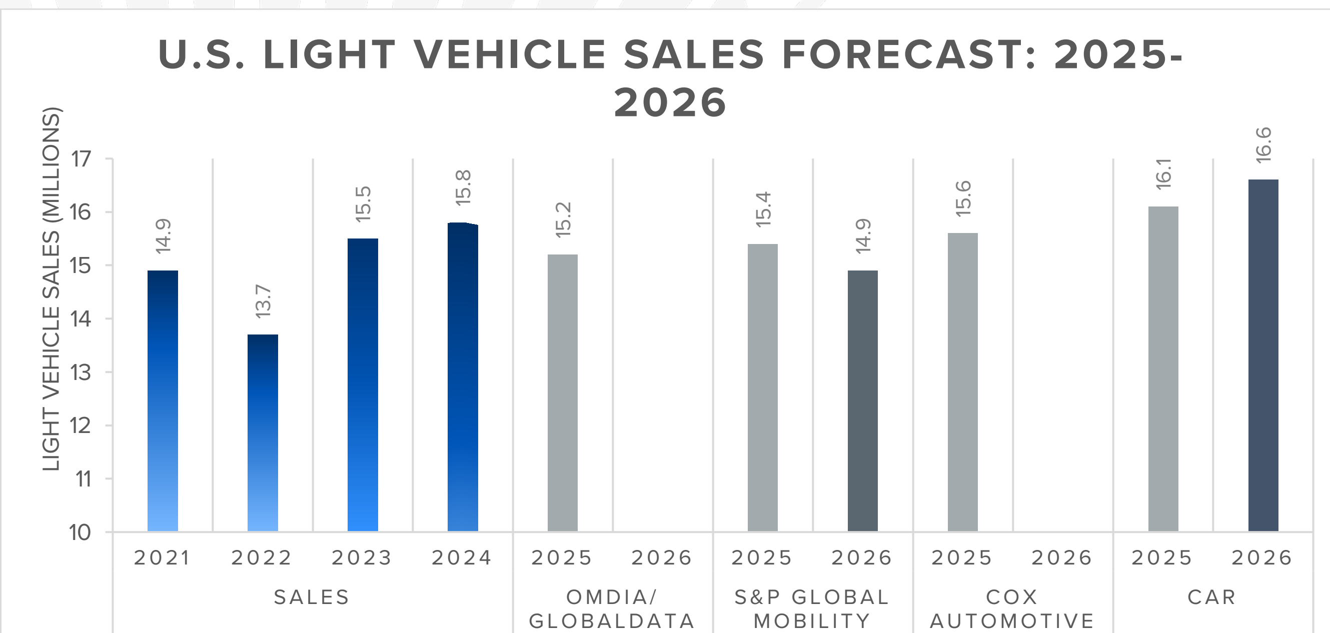
Forecast Meter

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

2024-2025 Sales,[1] Extended Sales Forecast[2] and Production Forecasts[3]		
	U.S. Sales & Forecasts	**North American Production**
January ‘24	1,076,047 (-1.3% YoY)	1,327,765 (+7.8% YoY)
February ‘24	1,247,516 (+5.2% YoY)	1,358,836 (+10% YoY)
March ‘24	1,438,012 (+4.6% YoY)	1,414,502 (-5.7% YoY)
April ‘24	1,313,512 (+0.6% YoY)	1,473,567 (+15.9% YoY)
May ‘24	1,429,028 (+0.8% YoY)	1,485,373 (-1.7% YoY)
June ‘24	1,321,932 (-3.4% YoY)	1,346,584 (-6.1% YoY)
July ‘24	1,273,115 (-2.0% YoY)	1,117,833 (-4.4% YoY)
August ‘24	1,419,245 (+3.8% YoY)	1,428,177 (+32.6% YoY)
September ‘24	1,169,908 (-1.4% YoY)	1,399,608 (+0.8% YoY)
October ‘24	1,325,263 (+2.4% YoY)	1,506,154 (+7% YoY)
November ‘24	1,360,060 (+5.8% YoY)	1,331,155 (-3.1% YoY)
December ‘24	1,488,577 (+6.1% YoY)	972,571 (-11.2% YoY)
January ‘25	1,110,721 (+3.8% YoY)	1,194,682 (-7.1 YoY)
February ‘25	1,219,841 (+3.4% YoY)	1,290,302 (-8.7% YoY)
March ‘25	1,585,390 (+10.7% YoY)	1,424,691 (+1.5% YoY)
April ‘25	1,463,379 (+6.8% YoY	1,338,714 (-8.2% YoY)
May ‘25	1,466,595 (-1.3% YoY)	1,419,834 (-2.4% YoY)
2024 Full Year	15,851,070 (+2.2% YoY)	15,972,369 (-1.3% YoY) (U.S. 10,561,234)
2025 Forecast	15,200,000	14,500,000



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



Wards Intelligence Outlook (6/26)[4]: "US light-vehicle sales are tracking to a 15.0 million-unit seasonally adjusted annual rate in June, lowest for any month since the same total 12 months ago.

"The second quarter will total a 16.0 million-unit SAAR, down from 16.5 million in Q1, but above Q2-2024's 15.6 million.

"Raw volume in June is pegged at 1.225 million units, 6.4% below same-month 2024. The forecasted daily selling rate of 51,042 units over the month's 24 selling days is 1.4% above June 2024's 50,346 – 27 selling days.

"The June SAAR follows 15.6 million units in May and a combined 17.6 million in March-April when sales surged due to consumers trying to get ahead of potential price hikes related to US tariff policy.

"Thus, much of June's anticipated long-time low is an offset from pull-ahead volume in March and April. But also dampening demand is worsening affordability and leaner inventory. A dent in the year-ago month's volume caused by a cyberattack is making year-over-year comparisons look better than they really are.

Omdia Automotive (formerly Wards Intelligence) Full Year Outlook:[5] "Currently, Omdia Automotive partner GlobalData expects US light-vehicle sales in entire 2025 to total 15.2 million, which means the market is expected to continue deteriorating through the end of the year. Including June's forecast, the first-half-2025 SAAR will total 16.2 million units. The second half is pegged at 14.2 million."

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

Wards Intelligence Production Outlook (6/26)[6]**:** "Downward revisions to the North America Production Tracker since the beginning of 2025 continued in June, but reductions overall in this revision were in Mexico and Canada, while U.S. output was raised, albeit in small volumes, in both Q2 and Q3.

"North America production in Q2 of light vehicles and medium- and heavy-duty trucks combined is tracking to a total of 3.967 million units, 6.1% below like-2024. The Q2 downturn will mark the fourth straight quarter production declines from the year-ago period.

"The Q2 outlook is 3,400 units below the month-ago projection for the period. A downward revision to April's final total, and a cut to June's outlook, more than offset an overbuild in May of 12,400 units. In May, production totaled 1.420 million units, 1.9% below same-month 2024 – the 13th consecutive drop by month.

"In the first look at Q3, production cuts appear the case in Canada and Mexico, while U.S. plants are tracking toward their first increase since Q1-2024. Indeed, General Motors, Nissan and Stellantis, among others, are expected to make changes that increase the U.S. mix of their North America output in Q3 at the expense of Canada and Mexico – especially Mexico.

"Third-quarter output in North America is tracking to 3.705 million units, down 5.1% from like-2024. However, production in only the U.S. is pegged at 2.580 million, up 1.2% from Q3-2024's 2.548 million, while Mexico is heading toward an 18.4% year-over-year decline and Canada projected to fall 12.0%."

Wards Intelligence Inventory Outlook (6/26) [7]**:** "Much of June's anticipated long-time low is an offset from pull-ahead volume in March and April. But also dampening demand is worsening affordability and leaner inventory. A dent in the year-ago month's volume caused by a cyberattack is making year-over-year comparisons look better than they really are.

"US tariffs on imported vehicles to the US, including from Canada and Mexico, are having a small impact in June, as a very few automakers started raising prices. More price adjustments are likely in July, while indications from several automakers are that they will wait until their '26 models begin deliveries later this year to make major changes in pricing.

"Gradually declining inventory also is capping demand. Despite sales volumes declining significantly from the March-April surge, inventory continues to fall, too, as most automakers slow production in the face of uncertainty in trade policy and potential economic headwinds.

June 30 inventory is forecast to total 2.51 million units, down 2.3% from May and 10.4% below the year-ago month. Days' supply is expected to total 49, up from May's 47 but down from like-2024's 56."

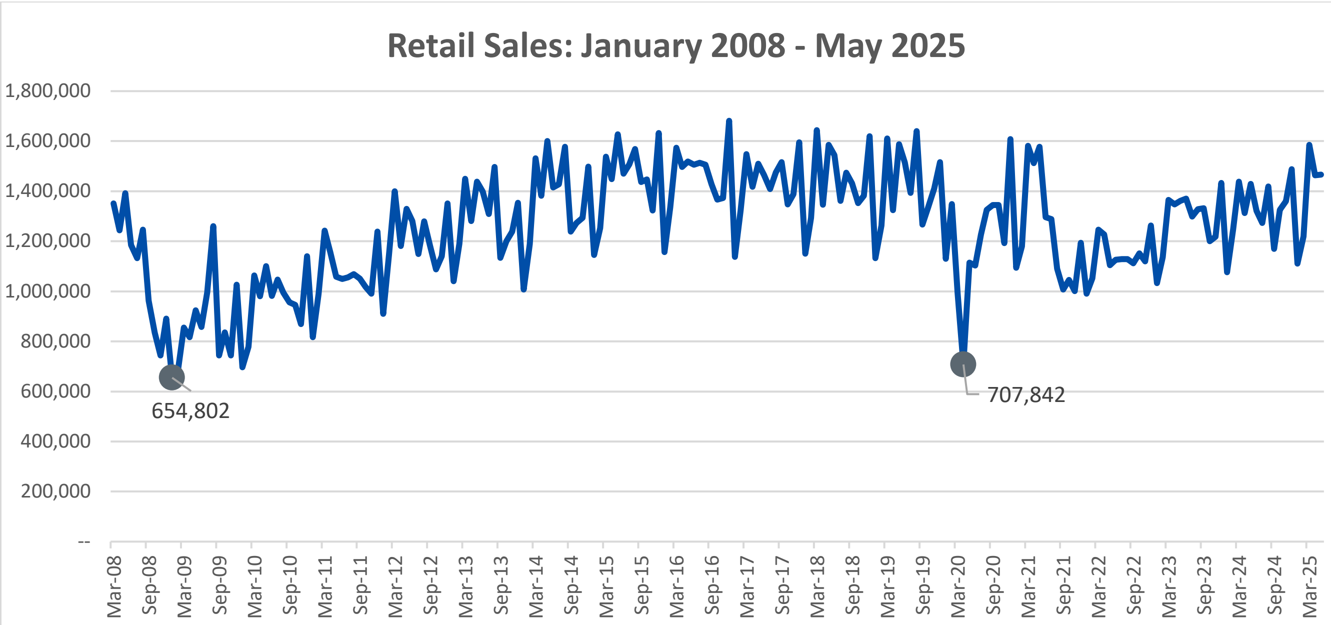
S&P Global Mobility Outlook (6/26)[8]: "North America: The outlook for North America light vehicle production was increased by 434,000 units and by 63,000 units for 2025 and 2026, respectively (and increased by 233,000 units for 2027). With improvements on the tariff front, the light vehicle production outlook for 2025 was revised higher by 3.1% to a total of 14.61 million units. Despite various levels of tariffs in place since April, vehicle production continues largely undeterred with manufacturers continuing to scramble to produce vehicles. Most of the increased volume in the June production forecast release is concentrated in Q2- and Q3-2025 which were revised higher by 125,000 units and 294,000 units, respectively, owing to stronger production cadence relative to tariff relief in the form of exemption of USMCA compliant parts and two-year tariff adjustments for non-compliant parts. Of note, this month our light vehicle sales forecast for 2025 was increased by 248,000 units and now stands at 15.66 million units. The remainder of the near-term production forecast horizon was also upgraded with 2026 revised up a fairly modest 0.4% and 2027 revised up a more meaningful 1.5% totaling 14.54 and 15.68 million units, respectively. We continue to monitor and adjust for sourcing changes, accordingly, including the potential for increased onshoring to the US, particularly starting in 2027 and beyond."

Market Meter

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

Monthly Sales (Updated 6/5)

This chart helps to put into context the monthly retail sales due to the COVID pandemic and showing the relative drop in sales compared to the 2008 financial crisis.



Monthly Sales (Updated 6/5)

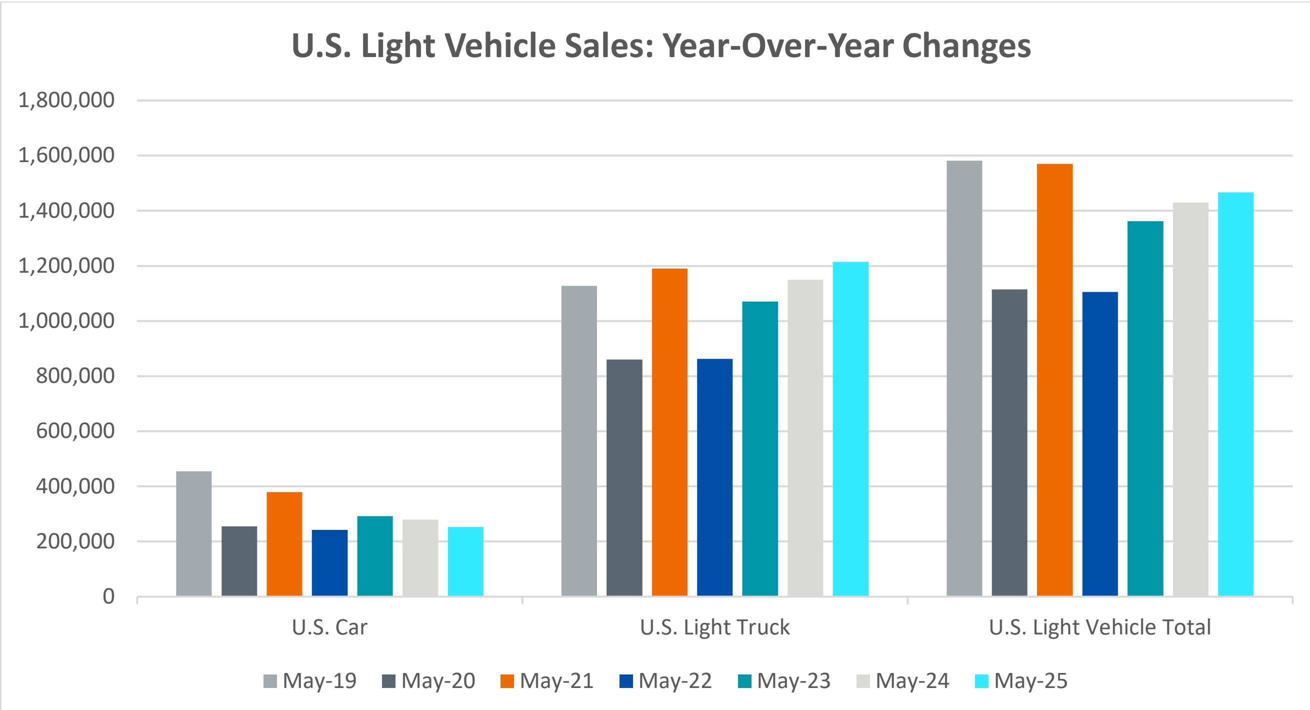
WardsIntelligence[9]: "U.S. light-vehicle sales in May cooled off even more than expected after consumers entering the market ahead of potential tariff-related price increases later in the year caused deliveries in March and April to rise well above trend.

"May deliveries totaled 1.467 million units, 2.5% above like-2024's 1.431 million. However, the total equated to a daily selling rate over the month's 27 selling days of 54,318, 1.3% below May 2024's 55,042 – 26 selling days – and the first year-over-year DSR decline since September.

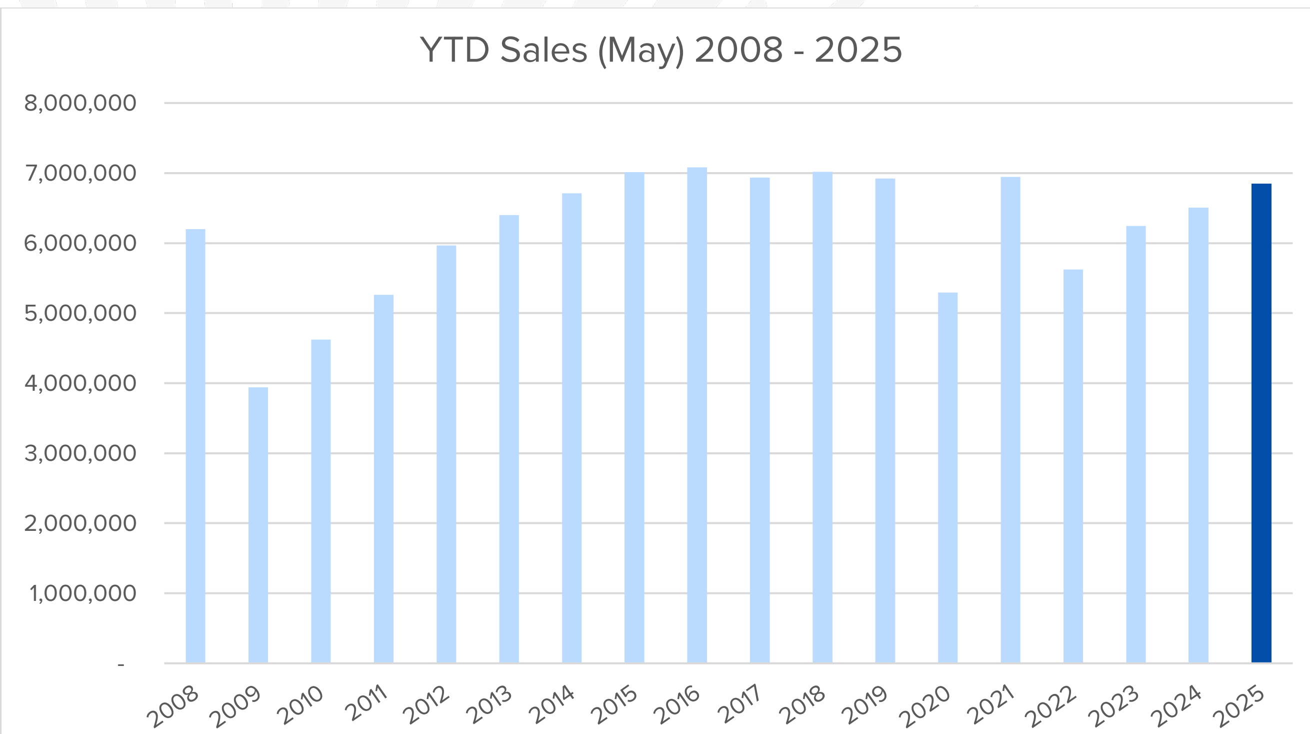
"After surging to long-time highs of 17.8-million and 17.3-million units in March and April, respectively, May's seasonally adjusted annual rate dropped to 15.6 million, which was more in line with the combined 15.8 million posted during January and February. May 2024's SAAR was 15.8 million.

"Part of the cooling off was the drain on inventory in the prior two months because of the sudden surge in demand. Inventory totaled 2.621 million units at the end of April, down 4.1% from same-month 2024, and the first time since June 2022 it fell below year-ago.

"Since bottoming out generally from mid-2021 to mid-2022 due to the global semiconductor shortage, as well as other supply-chain problems caused by the pandemic, which caused large-scale vehicle production slowdowns, inventory had been steadily rising."



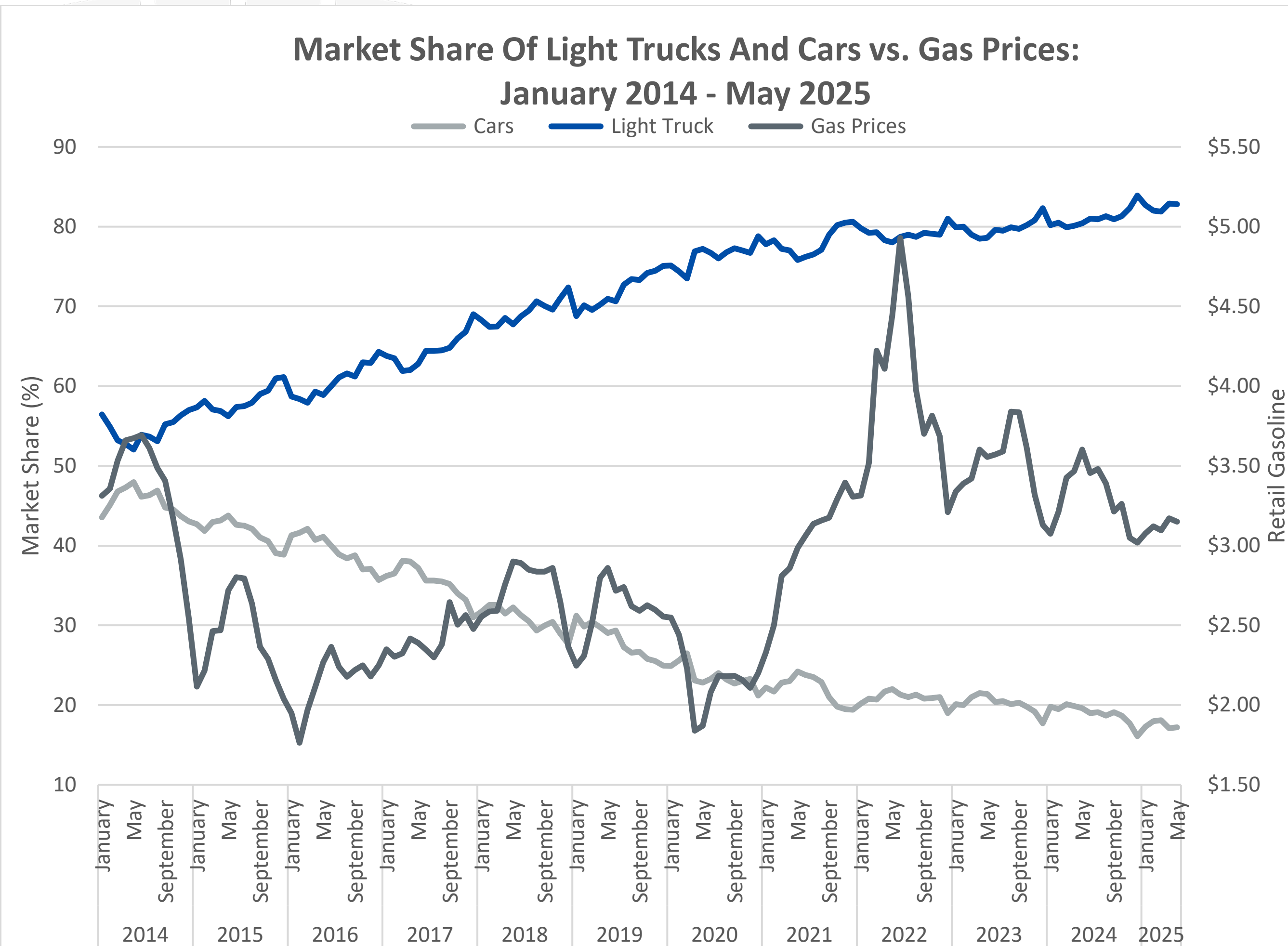
Calendar year-to-date sales through May totaled 6.8 million units, up 5% from 2024's 6.5 million.



Segments vs. Gas Prices (Updated 6/5)

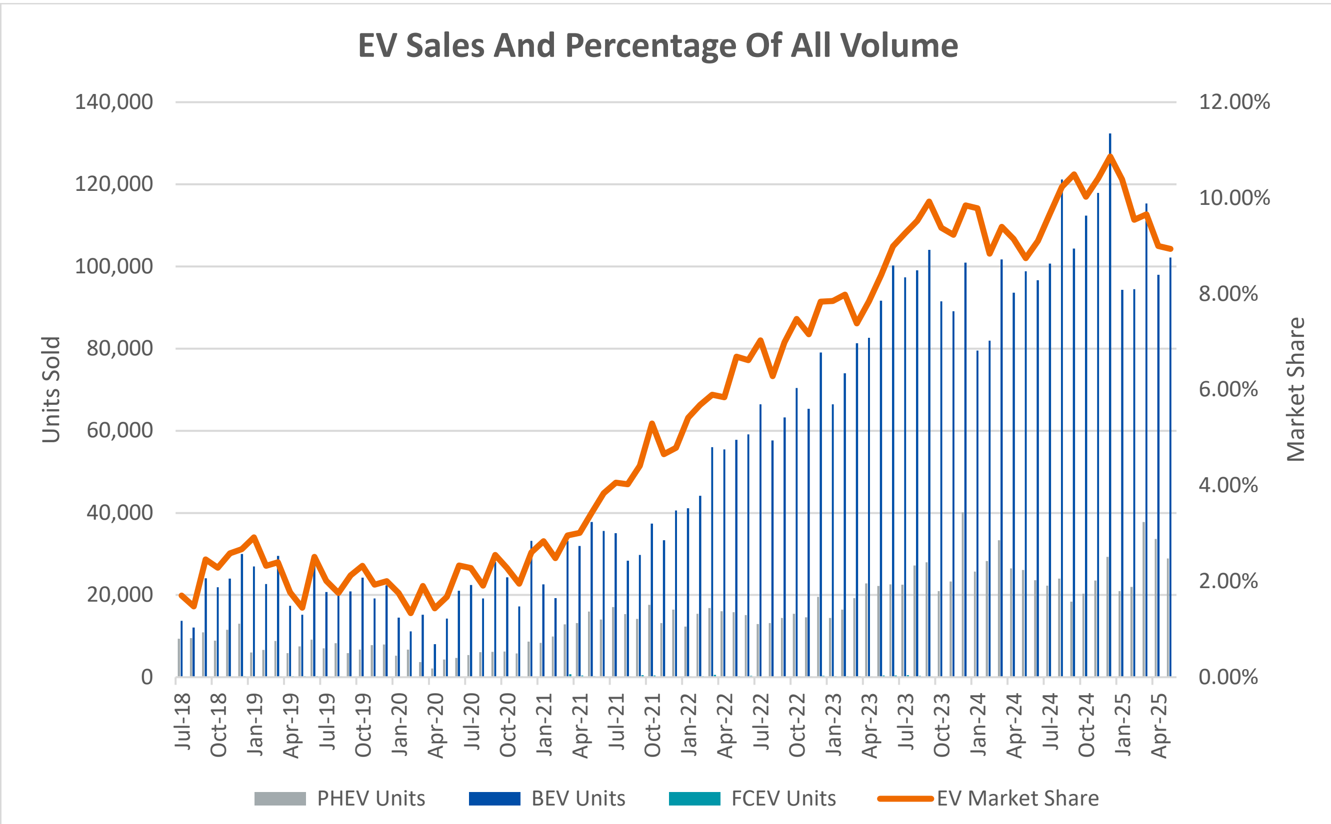
Monthly Sales: Light trucks accounted for 82.8 percent of sales in May, up 2.4 percentage points from the market share a year ago. Compared to the same period in 2024, sales of cars are down 27,000 units, and down more than 201,000 from May 2019, when cars comprised 29% of the market as opposed to the 17 percent of the market passenger cars have now.

Historic Perspective: The upward trend in the popularity of light trucks over cars has been steady since 2013, when only 2% of annual market share separated the two segments.[10] and gas was over $3.00.[11] a gallon. As fuel prices dropped below the $3.00 mark in mid-September 2014, light truck sales began to take off. Gas prices since have averaged only $2.83 a gallon (through April 2025) 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.[12]



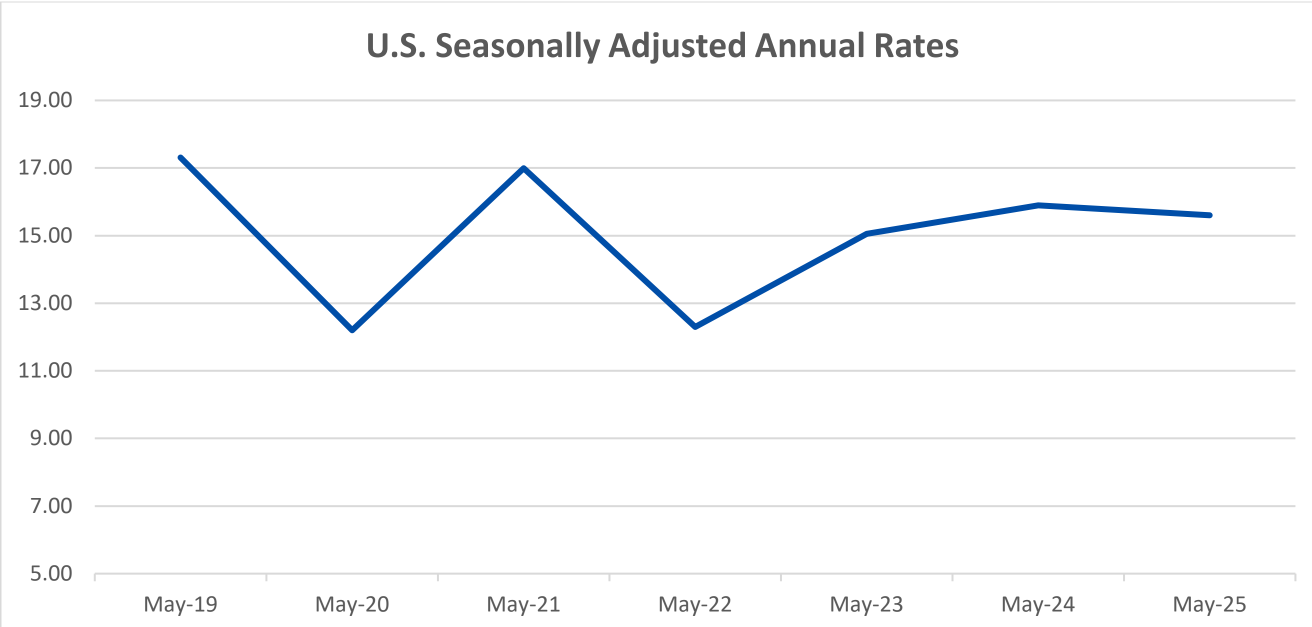
EV Powertrain Sales (Updated 6/5)

Sales of electric vehicles (BEV, PHEV, & Fuel Cell) accounted for 8.9 percent of total vehicle sales in May 2025 (131,081), per Wards estimates. Market share decrease 0.1 percentage points (pp) from April 2025. May's EV market share is up 0.2 pp from a year ago. Sales of battery electric vehicles led the way for EVs, accounting for 7.0 percent of total sales, up 0.05 pp from May 2024. Plug-in hybrids accounted for 2.0 percent, up 0.1 pp from the same time last year.



Seasonally Adjusted Annual Rates (Updated 6/5)

WardsIntelligence[13]: "After surging to long-time highs of 17.8-million and 17.3-million units in March and April, respectively, May's seasonally adjusted annual rate dropped to 15.6 million, which was more in line with the combined 15.8 million posted during January and February. May 2024's SAAR was 15.8 million."



Average Transaction Price (Updated 6/26)

J.D. Power (Updated 6/26)[14]: "The average new-vehicle retail transaction price in June is expected to reach $46,233, up $1,400 or 3.1% from June 2024, but up only $77 or 0.2% from May. The average manufacturer incentive per vehicle is on track to reach $2,727, an increase of $93 from May, and an increase of $39 from a year ago. However, expressed as a percentage of MSRP, incentive spending is currently at 5.4%, a decrease of 0.1 percentage point from a year ago."

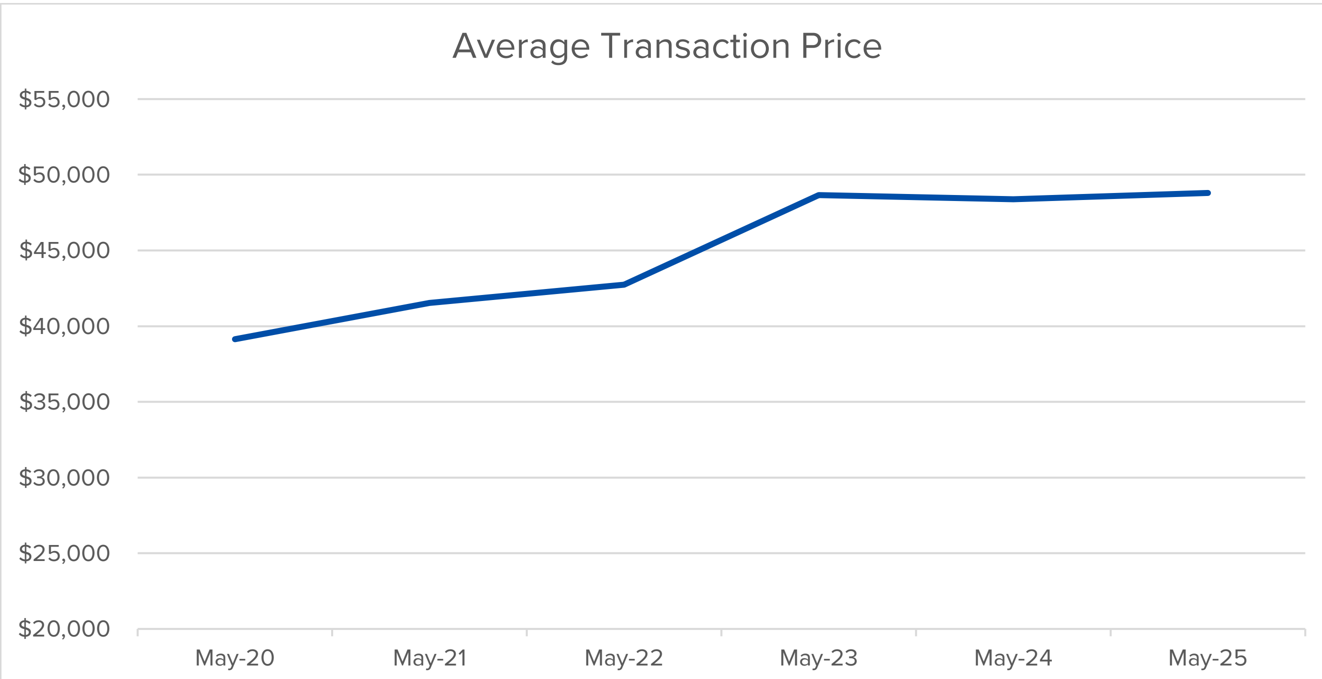
Kelley Blue Book (May) (6/26)[15]: "New-vehicle ATP held steady in May at $48,799, virtually unchanged from the revised April ATP of $48,811. Compared to May 2024, new-vehicle transaction prices were higher by 1.0%.

"The new-vehicle sales pace slowed notably in May, falling to 15.6 million from a pace of 17.3 million in April. Overall, new-vehicle incentives increased slightly last month from 6.7% of ATP in April to 6.8% in May ($3,297). Incentives last month were also mostly unchanged from May 2024. A year ago, incentive packages averaged 6.7% of ATP. A majority of automakers reduced incentive spending last month.

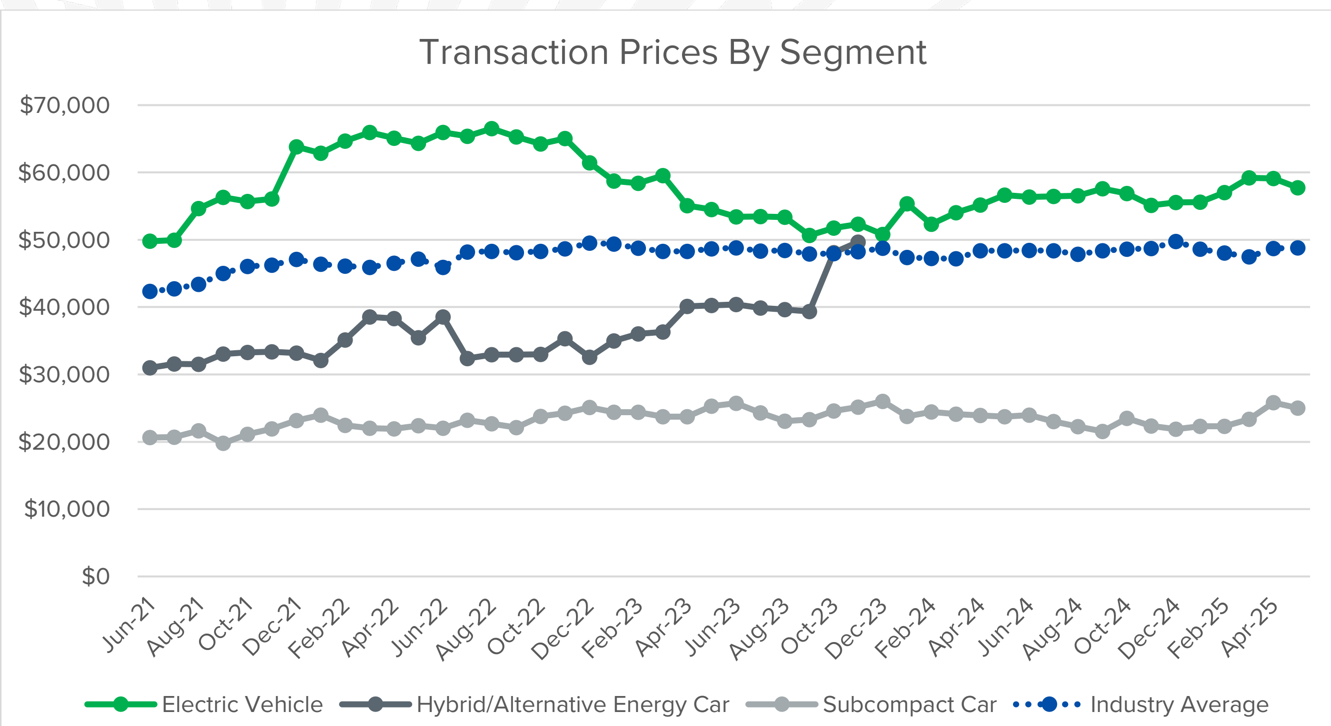
"The average manufacturer's suggested retail price (MSRP) for a new vehicle in May was $50,968, an increase from $50,774 in April and the highest point in 2025. The new-vehicle average MSRP in May was 2.1% higher year over year; the long-term average increase is 3.5%. The average new-vehicle MSRP peaked in December 2024 at $51,990.

"The Kelley Blue Book team's initial estimate of new electric vehicle ATP in May is $57,734, down from a revised $59,123 in April. New EV prices in May were lower year over year by 1.1%.

"EV incentives jumped higher in May, with the average incentive package increasing from 11.6% of ATP in April to 14.2% of ATP ($8,225), more than twice the level of industry-wide incentives and up from 12.0% a year earlier. In May, EV incentives were at the highest level in the modern era of EV sales."



Average Transaction Price
$55,000
$50,000
$45,000
$40,000
$35,000
$30,000
$25,000
$20,000
May-20
May-21
May-22
May-23
May-24
May-25



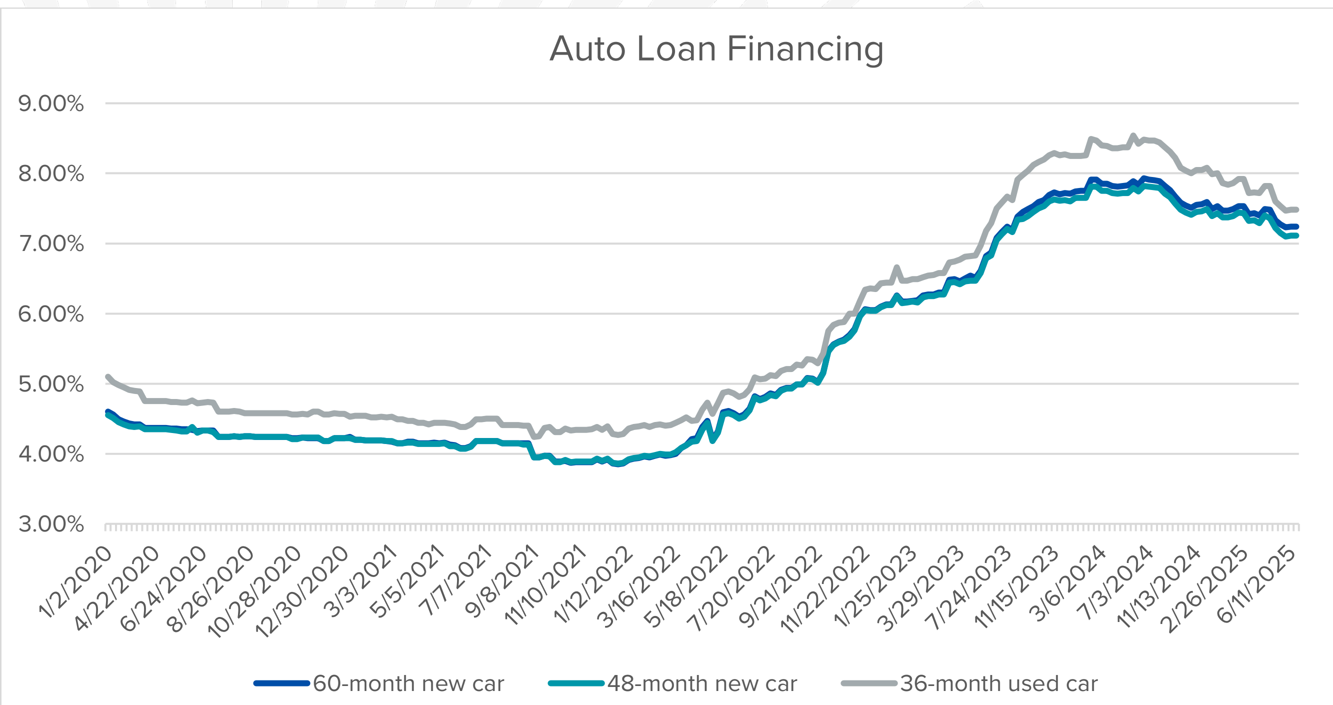
Transaction Prices By Segment
$70,000
$60,000
$50,000
$40,000
$30,000
$20,000
$10,000
$0
Jun-21
Aug-21
Oct-21
Dec-21
Feb-22
Apr-22
Jun-22
Aug-22
Oct-22
Dec-22
Feb-23
Apr-23
Jun-23
Aug-23
Oct-23
Dec-23
Feb-24
Apr-24
Jun-24
Aug-24
Oct-24
Dec-24
Feb-25
Apr-25
Electric Vehicle
Hybrid/Alternative Energy Car
Subcompact Car
Industry Average

Auto Loan Financing (Updated 6/26)

JD Power (6/26)[16]: “Higher prices translate to higher monthly loan payments. Average monthly finance payments in June are on track to reach $747, an increase of $22 from June 2024, and the highest on record for the month of June. The average interest rate for new-vehicle loans is 6.89%, a nominal decrease of 8 basis points from a year ago. Finance loans with terms greater than or equal to 84 months are expected to reach 12.0% of finance sales this month, up 3.0 percentage points from June 2024.”

Interest Rates (updated 6/26): Interest rates were unchanged on the 60-month, 48-month new car and 36-month used vehicle loans over the past two weeks. Rates now stand at 7.24%, 7.11%, and 7.48%, respectively. Since the beginning of 2020, 60-month rates are up 2.64 pp, and are down 0.69 pp since the same time a year ago.[17]

Dates	60-month new car	48-month new car	36-month used car
1/2/2020	4.60%	4.55%	5.10%
6/19/2024	7.93%	7.82%	8.48%
6/11/2025	7.24%	7.11%	7.48%
6/25/2025	7.24%	7.11%	7.48%
Two Week Change	0.00%	0.00%	0.00%
Change since 1/3/20	2.64%	2.56%	2.38%
One Year Change	-0.69%	-0.71%	-1.00%

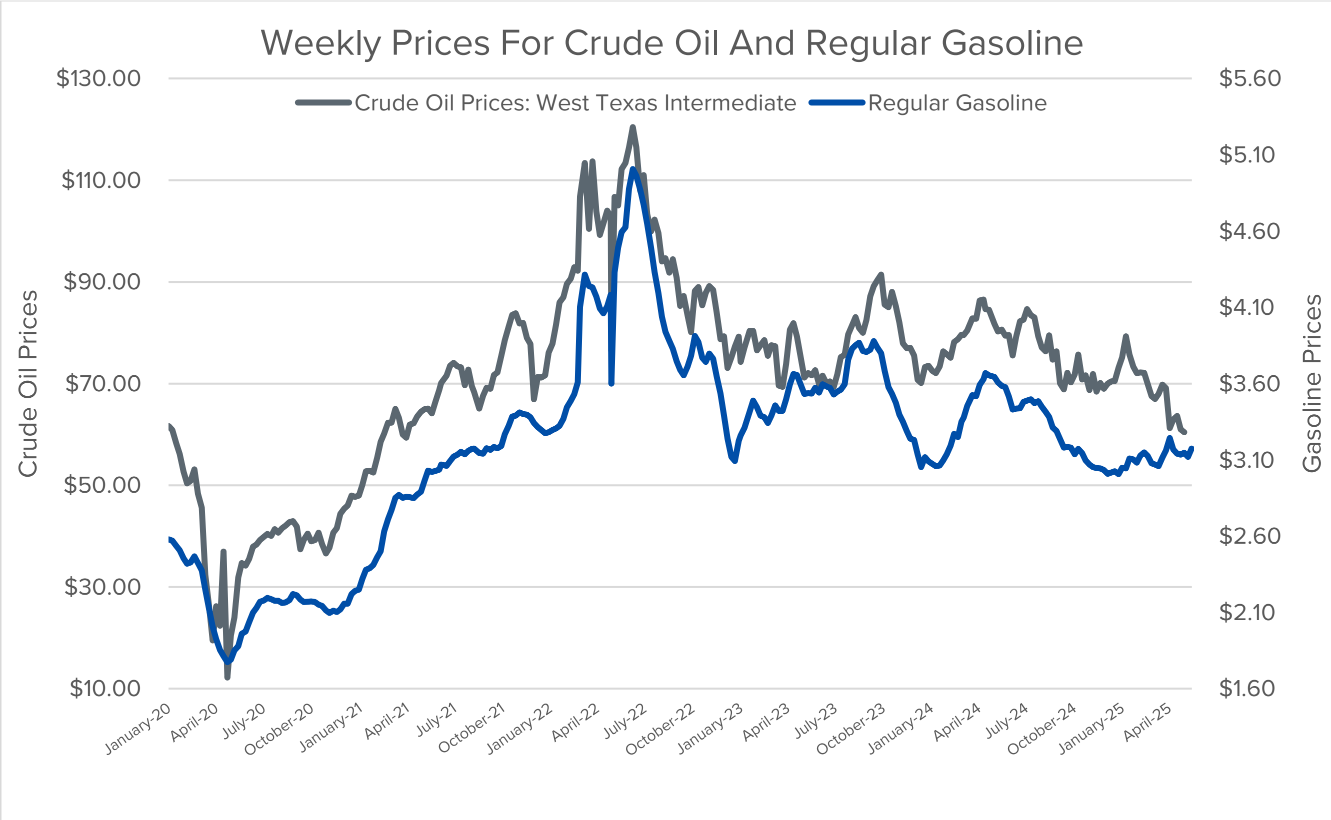


Crude Oil and Gas Prices (Updated 6/5)

Oil Near Four Year Low (6/5): Oil prices, as benchmarked at West Texas Intermediate were $62 at the end of May, down nearly $17 from the same time a year ago and up $1 with the same period last month. Since election day 2024, oil prices are down $6.87 a barrel. Gas is down slightly from a week ago at $3.13. Gas is 21% higher than the beginning of 2020 and has not been below $3 a gallon since May 2021 (though it did hit $3.01 at the end of December 2024).[18]

EIA Outlook For Oil (5/5):[19] "We completed modeling and analysis for this report on April 7. More recent policy changes are not incorporated. Recent developments in trade policy and oil production led to a significant drop in oil prices during the first week of April. On April 2, President Donald J. Trump signed an Executive Order announcing 10% tariffs on imports from all countries, with higher tariffs initially imposed on some countries. On April 4, China responded by imposing 34% tariffs on imports from the United States. Amidst the tariff announcements, OPEC+ members announced on April 3 that some countries will start production increases in May that were originally set for July. Following these announcements, the Brent crude oil spot price fell by 14% from April 2 to $66 per barrel (b) on April 7. We expect that prices for crude oil and other commodities will continue to experience significant volatility as market participants assess the effects of trade policies"

EIA Outlook For Gasoline (5/5)[20]**:** "We forecast that this summer's inflation-adjusted U.S. average regular gasoline price will be the lowest since 2020. The 2025 forecast summer average of about $3.10 per gallon (gal) is based on the average of the 2Q25 and 3Q25 U.S. regular gasoline price, when increased travel during the warmer months of the year puts upward pressure on gasoline prices. We expect gasoline prices will average near $3.20/gal in the summer of 2026. Compared with recent years, lower forecasted U.S. gasoline prices in 2025 and 2026 are mainly a result of lower crude oil prices. Although we expect crude oil prices will continue to fall in 2026, creating a downward effect on gasoline prices, that effect is offset by refinery closures and lower gasoline inventories, which cause refining margins for gasoline to rise."



Production Meter

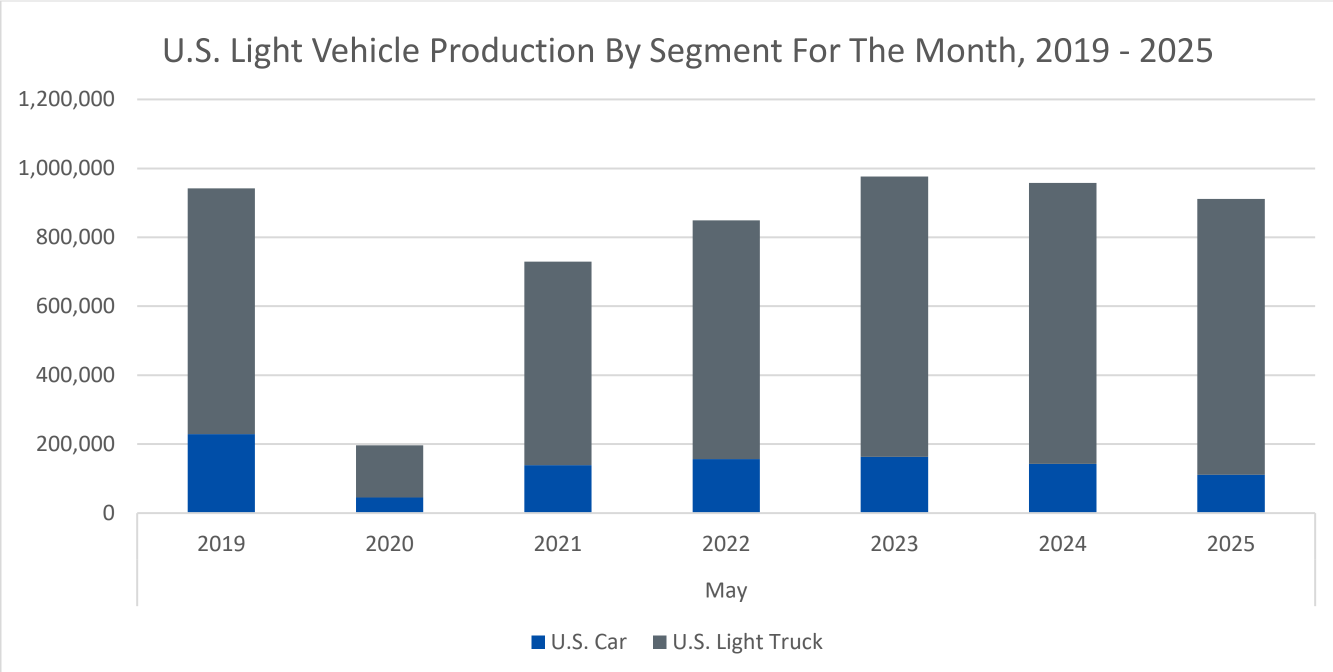
North American Production (Updated 6/26)

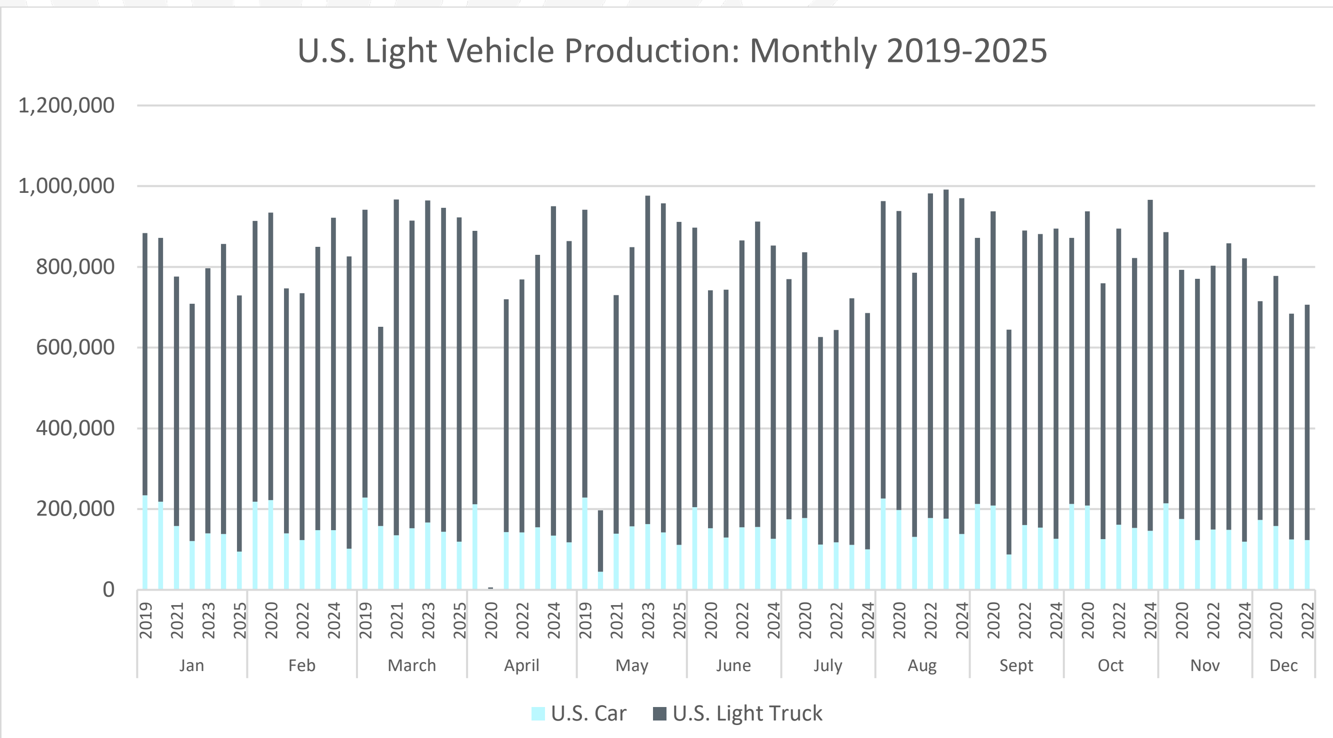
Wards Intelligence[21]: "In May, production totaled 1.420 million units, 1.9% below same-month 2024 – the 13th consecutive drop by month."

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

U.S. Monthly Production

U.S. Light vehicle production for May was up 5.9 percent month-over-month, totaling 911,680 vehicles (111,085 cars, 800,595 light trucks), year-over-year, production is down 2.2 percent from 2024.[22]

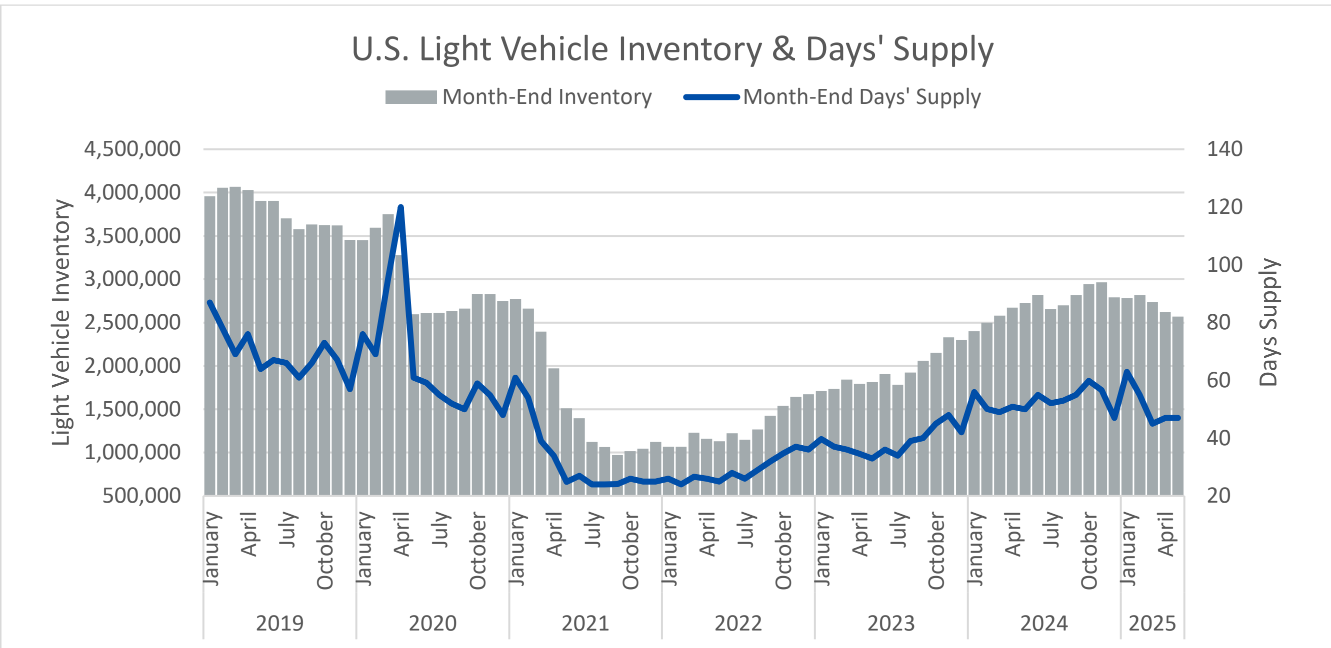




U.S. Light Vehicle Inventory and Days' Supply (Updated 6/5)

WardsIntelligence Inventory Update (6/5)[23]: "U.S. light-vehicle inventory weakened further in May, dropping 2.4% from April and 6.0% below the year-ago month to 2.571 million units, the lowest total for any month since February 2024's 2.529 million.

"Partly because of the pre-tariff buying spree in March and April, but also because of production slowdowns that began in late-2024, inventory fell below the same year-ago month for the first time in nearly three years at the end of April. May's year-over-year downturn is bigger than April's 3.6% slide and the gap likely gets wider at the end of June."



Global Meter

Global Light Vehicle Sales (Updated 6/26)

Wards Intelligence[24]: "Global sales of light vehicles and medium- and heavy-duty trucks combined grew year-over-year for the seventh straight month in April, rising 6.1% to 7.89 million units.

"All major regions except Europe recorded growth in April. While each of the other major regions posted increases so far in all or most months in 2025, sales in Europe have declined year-over-year in every month this year.

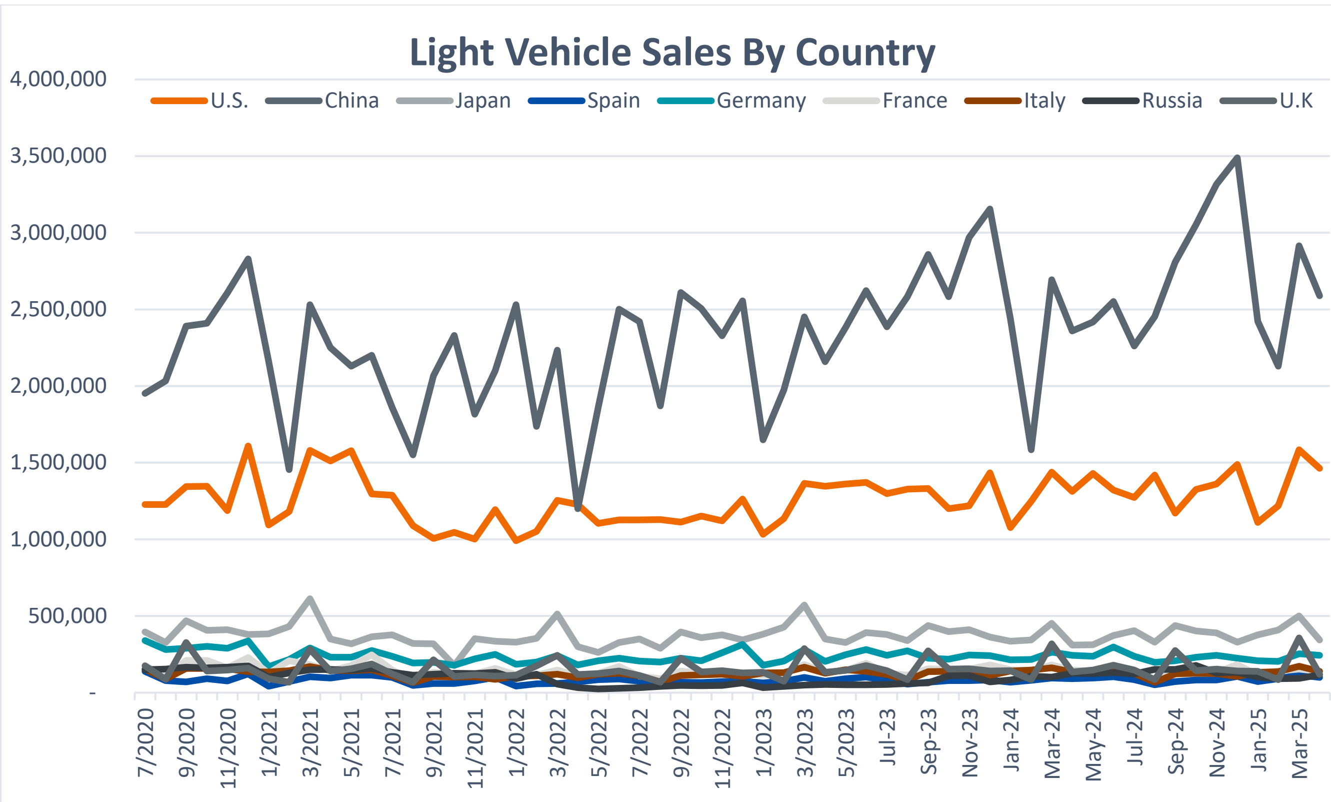
"Global sales in January through April totaled 31.34 million units, up 5.2% from like-2024's 29.80 million.

"Excluding medium-/heavy-duty trucks, light vehicles totaled 7.60 million units in April, up 6.5% from same-month 2024. Calendar year-to-date light-vehicle sales totaled 30.17 million, up 5.4% from the year-ago period's 28.62 million.

"Wards Intelligence partner GlobalData estimates global light-vehicle sales in April totaled a seasonally adjusted rate of 91.8 million units, an increase from March's revised 90.4 million.

"GlobalData expects light-vehicle deliveries in May to rise 4.6% year-over-year, with the annualized rate falling to 90.1 million units, but still up from same-month 2024's 87.6 million.

"Because "some of the worst fears" of the global trade headwinds have eased recently, GlobalData has raised its light-vehicle outlook for entire 2025 to 89.8 million units from month-ago's 89.5 million. The total is 1.1% above 2024."



Global Light Vehicle Production (Updated 6/26)

S&P Global Mobility Forecast (6/26)[25]: "The global auto industry remains heavily influenced by ongoing US tariff activity. The continued exemption of USMCA compliant parts and two-year tariff adjustments for non-compliant parts support upgrades for North America this month and offset increasing steel and aluminum tariffs. With the June update, we are adjusting expectations to reflect a general stepdown in baseline tariffs across trading partners starting in 2026 with quota triggers for higher tariffs. We continue to monitor the risk for production disruption due to Chinese export restrictions associated with the supply of rare earth elements and magnets. The near-term risk remains elevated but challenging to assign to a specific automaker or plant/program. The June forecast update reflects a mix of a couple notable upgrades and mostly more modest increases as we adjust to reflect the ongoing impacts of tariff announcements and recent/forthcoming trade deals by the Trump administration. Of note, the upgrades are particularly concentrated in Greater China given the strength in vehicle sales as well as the recent trade agreement with the US. Also, North America was revised upward for 2025 reflecting adjustments made to account for changes in tariff policy which is more accommodative to USMCA-compliant parts, especially supportive to US production, among other factors. The more noteworthy regional adjustments with the latest forecast update are detailed below:

Europe: The outlook for Europe light vehicle production was increased by 18,000 units and by 36,000 units for 2025 and 2026, respectively (and increased by 252,000 units for 2027). In the EU & Turkey market, actual production results for Q2-2025 are exceeding expectations, leading to an upgrade of 46,000 units compared to the previous forecast. However, this increase was tempered by a decline in demand anticipated for H2-2025, resulting in a total net increase of 30,000 units for the market for 2025. Looking to 2026, our outlook has been positively revised due to new assumptions regarding the reduction of US import tariffs on autos from Europe starting next year. This change has led to an anticipated increase of 34,000 units primarily in the premium vehicle segment, with expectations for increased exports to the US. The mid- and long-term forecasts have been adjusted upward, especially regarding Chinese OEMs. In the CIS region, there were marginal revisions reflecting underlying demand adjustments. The more meaningful upgrade to the broader European region for 2027 is focused primarily on an improved production outlook for Germany, Turkey and the United Kingdom.

Greater China: The outlook for Greater China light vehicle production was increased by 355,000 units and by 389,000 for 2025 and 2026, respectively (and increased by 193,000 units for 2027). Production activity in Greater China remains strong. Supported by scrappage and NEV subsidies, total passenger vehicle production in May posted growth of 13% year-on-year. Meanwhile, ongoing demand strength has sustained OEM destocking efforts with the passenger vehicle inventory index further declining to 1.38 according to the CDCA. After significant progress in trade negotiations with the US and EU recently, export activity recovered strongly in May, back to double-digit growth of 19% year-on-year. Despite NEV demand stagnation in Europe, Tesla and SAIC both rebounded by 33% and 25% year-on-year, respectively. Targeting emerging markets such as Mexico and the Middle East, Chinese OEMs look for increasing export business to reduce the stress from overcapacity and the challenging price war in the domestic market. Looking to 2026 and 2027, the outlook for Great China production was increased given expectations around continued healthy market development further supported by subsidy extensions and a generally improved demand outlook.

Japan/Korea: Full-year 2025 and 2026 Japan production volumes were upgraded by 27,000 units and 59,000 units, respectively. The improved outlook is the result of an upswing both in Japanese domestic demand and exports, particularly based on the updated assumption that US tariff policy will be less restrictive starting in 2026 and global oil prices will weaken more than previously expected. The longer-term Japan production outlook was reduced by 145,000 units per year. This was driven by two factors. First, we now expect Honda to transfer production of the ZR-V to Mexico to mitigate US auto tariffs. Also, we removed the Toyota bz4 as a place holder on confirmation that the project is not being planned, and we have also confirmed and removed the D-SUV EV under the BEV-F platform as it will no longer be produced in Japan. Full-year 2025 South Korea production was upgraded by 22,000 units due primarily to advance shipments before the US tariffs took effect. With the US tariff rate assumption for South Korea now adjusted downward starting in 2026, production of vehicles exported to the US was increased by around 56,000 units. However, exports of premium vehicles such as the Genesis GV70 and GV80 are expected to decline further, and as a result, the production forecast for 2027 has been reduced by 22,000 units compared to last month. In the long-term, due to the general impact of US. tariffs, exports of Genesis vehicles to North America have been reduced by about 17,000 units per year. Meanwhile, the decrease in exports of the Genesis GV70 is expected to be compensated by local production in the US.

North America: The outlook for North America light vehicle production was increased by 434,000 units and by 63,000 units for 2025 and 2026, respectively (and increased by 233,000 units for 2027). With improvements on the tariff front, the light vehicle production outlook for 2025 was revised higher by 3.1% to a total of 14.61 million units. Despite various levels of tariffs in place since April, vehicle production continues largely undeterred with manufacturers continuing to scramble to produce vehicles. Most of the increased volume in the June production forecast release is concentrated in Q2- and Q3-2025 which were revised higher by 125,000 units and 294,000 units, respectively, owing to stronger production cadence relative to tariff relief in the form of exemption of USMCA compliant parts and two-year tariff adjustments for non-compliant parts. Of note, this month our light vehicle sales forecast for 2025 was increased by 248,000 units and now stands at 15.66 million units. The remainder of the near-term production forecast horizon was also upgraded with 2026 revised up a fairly modest 0.4% and 2027 revised up a more meaningful 1.5% totaling 14.54 and 15.68 million units, respectively. We continue to monitor and adjust for sourcing changes, accordingly, including the potential for increased onshoring to the US, particularly starting in 2027 and beyond.

"South America: The outlook for South America light vehicle production was reduced by 5,000 units and increased by 16,000 units for 2025 and 2026, respectively (and increased by 19,000 units for 2027). The outlook for 2025 was reduced only modestly as a small upgrade for Brazil is offset by lower actual production results and outlook for Ecuador. Looking to 2026/2027, regional volumes were increased slightly by around 17,000 units per year. This primarily stems from upgrades in Argentina where the outlook for pickups has improved, particularly for the Fiat Titano/Ram 1200 and the VW Amarok/D-Pickup. In the longer-term, volumes increased marginally over the period by around 10,000 units per year as a result of an improved outlook for Chinese OEMs in the region as well as stronger demand for select VW models, particularly the Polo and Virtus.

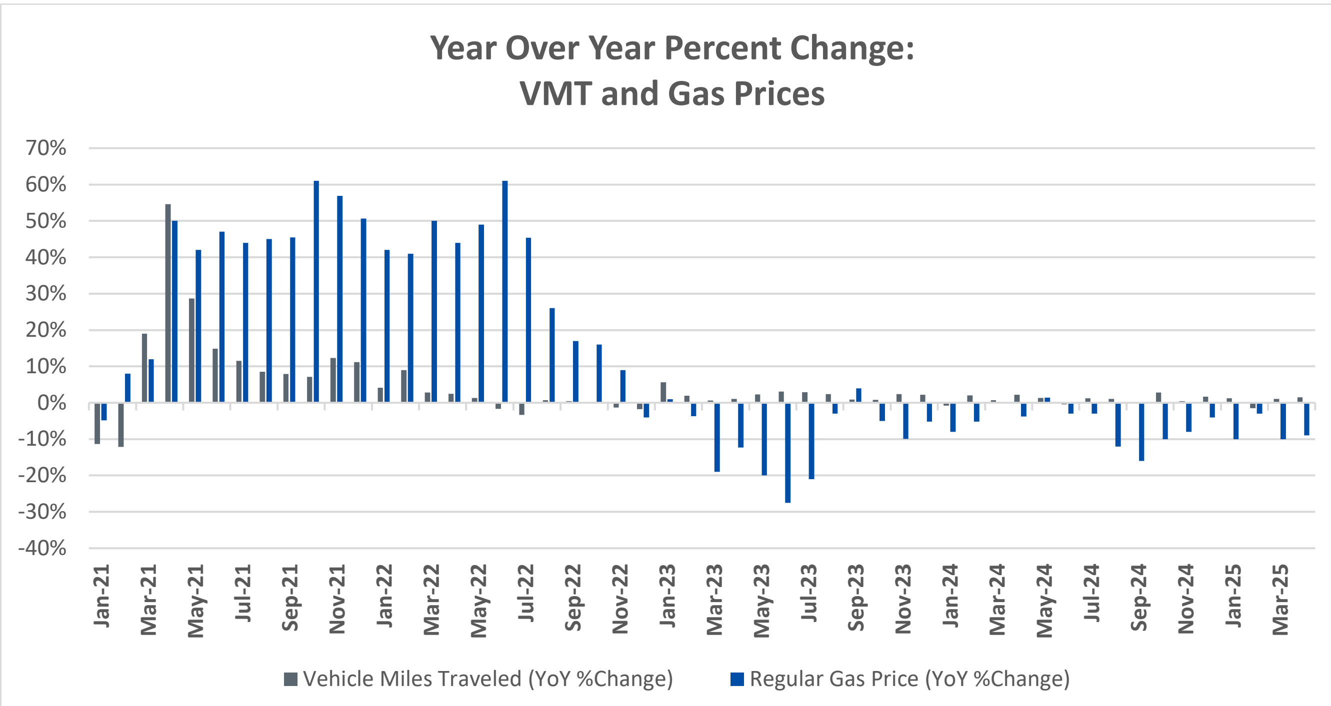
"South Asia: The outlook for South Asia light vehicle production was increased by 58,000 units for 2025 and reduced by 20,000 units for 2026 (and reduced by 43,000 units for 2027). The 2025 light vehicle production forecast for the ASEAN market was revised up by 62,000 units. The improved outlook is primarily supported by robust VinFast BEV production in Vietnam and a recovery in Thailand's mid-size pickup exports. Despite the upward revision, regional output is projected to contract by 2% year-on-year as domestic headwinds and global trade uncertainty remain key challenges. Further, the ASEAN production outlook for 2026 and 2027 was reduced by 20,000 each year, pointing to a slower and more fragmented recovery shaped by demand uncertainty, evolving trade dynamics and structural industry shifts. The production outlook for India for 2025 and 2026 remains largely unchanged this month. The domestic market in India is fairly stable as commodity prices, including crude oil, have started to decline owing largely to decreased global demand. The supply of rare earth elements has disrupted some model line production in the market; however, the situation is currently being mitigated through a strategic product mix and alternative sourcing. We will continue to monitor the situation as it develops further.

Economy Meter

Roadway Travel (Updated 6/26)

According to the U.S. Department of Transportation, seasonally-adjusted vehicle miles traveled in April increased by 1.3 percent from the same time a year ago. The cumulative travel estimate for 2025 is 1,043.5 billion vehicle miles.[26]

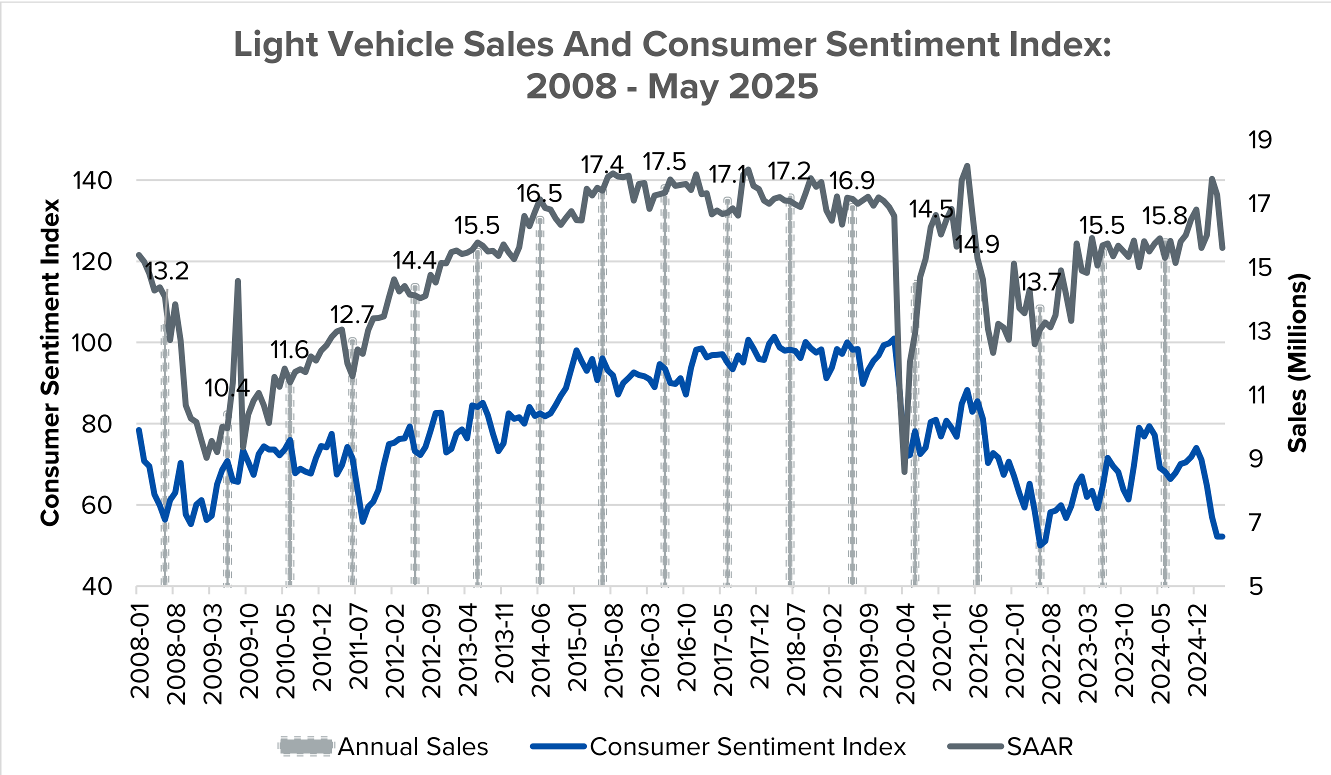
- Travel on all roads and streets changed by +1.5% (+4.1 billion vehicle miles) for April 2025 as compared with April 2024. Travel for the month is estimated to be 277.3 billion vehicle miles.
- The seasonally adjusted vehicle miles traveled for April 2025 is 277.0 billion miles, a +1.3% (3.6 billion vehicle miles) change over April 2024. It also represents a 0.3% change (0.8 billion vehicle miles) compared with March 2025.
- Cumulative Travel for 2025 changed by +0.8% (+8.3 billion vehicle miles). The cumulative estimate for the year is 1,043.5 billion vehicle miles of travel.



Consumer Confidence and Sales (Updated 6/5)

Surveys of Consumers Director Joanne Hsu[27]: "Consumer sentiment was unchanged from April, ending four consecutive months of plunging declines. Sentiment had ebbed at the preliminary reading for May but turned a corner in the latter half of the month following the temporary pause on some tariffs on China goods. Expected business conditions improved after mid-month, likely a consequence of the trade policy announcement. However, these positive changes were offset by declines in current personal finances stemming from stagnating incomes throughout May. Overall, consumers see the outlook for the economy as no worse than last month, but they remained quite worried about the future.

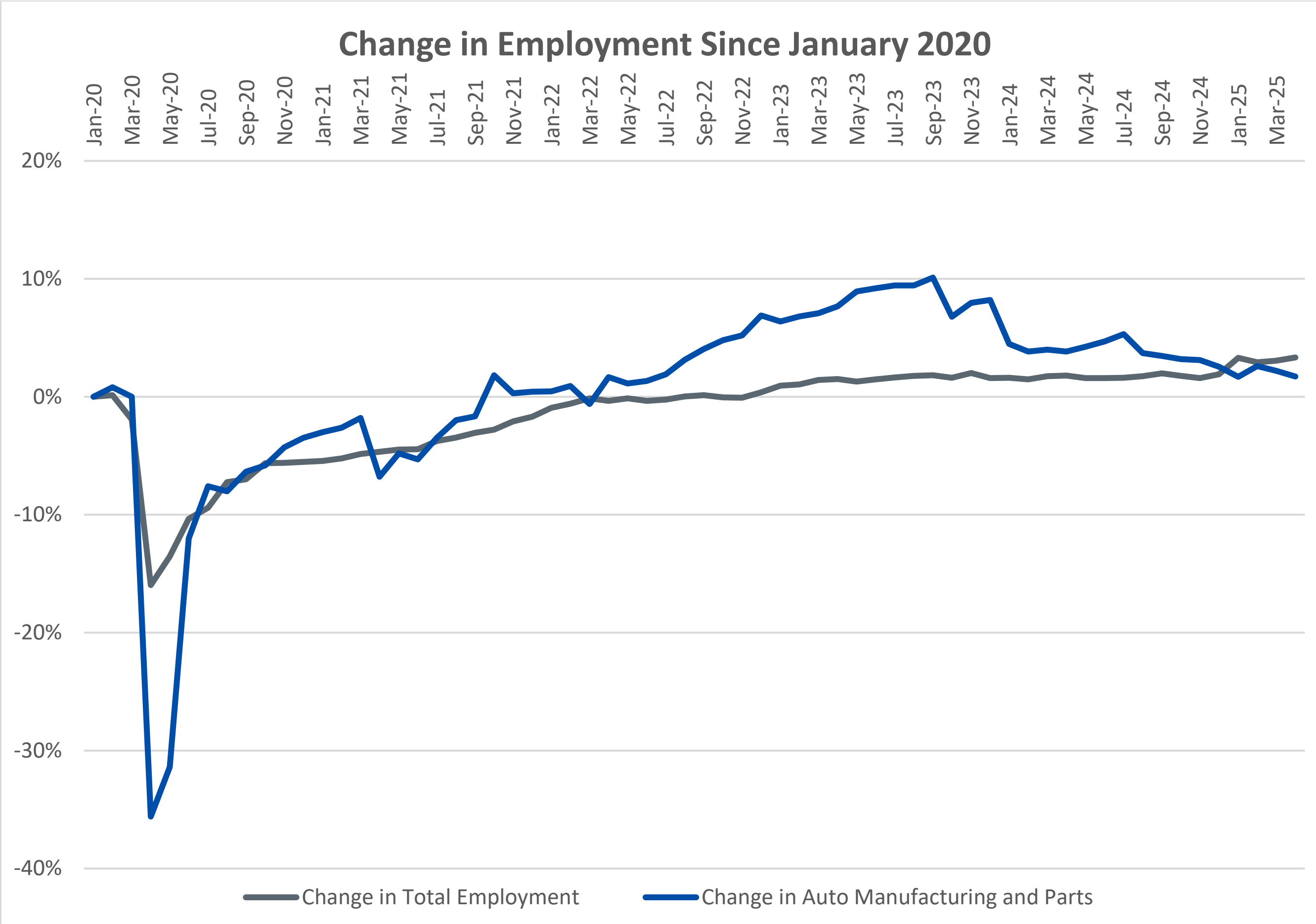
"Year-ahead inflation expectations were little changed at 6.6%, inching up from 6.5% last month. This is the smallest increase since the election and marks the end of a four-month streak of extremely large jumps in short-run expectations. Notably, long-run inflation expectations fell back from 4.4% in April to 4.2% in May. This is the first decline seen since December 2024 and ends an unprecedented four-month sequence of increases. Given that consumers generally expect tariffs to pass through to consumer prices, it is no surprise that trade policy has influenced consumers' views of the economy. In contrast, despite the many headlines about the tax and spending bill that is moving through Congress, the bill does not appear to be salient to consumers at this time."



Employment (Updated 6/26)

Motor Vehicle And Parts Manufacturing Gained 400 Jobs in May.

After a loss of nearly 350,000 employees (about 35% of the workforce) in the height of the pandemic, employment in the Automobile Manufacturing and Parts sectors raced back but is now fighting losses due to supply chain disruptions with semiconductors.[28]



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