READING THE METER

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

ALLIANCE FOR AUTOMOTIVE INNOVATION

Contents – June 3, 2022

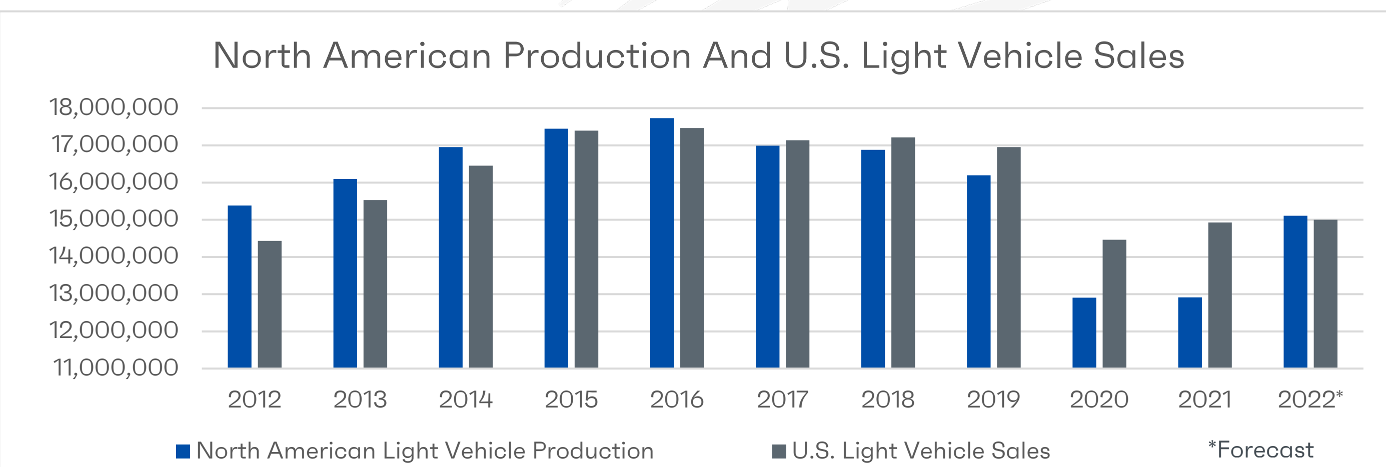
ALLIANCE FOR AUTOMOTIVE INNOVATION

Cleaner. Safer. Smarter.

Forecast Meter

Sales & Production Summary and Forecast (Updated 6/3)

2021-2022 Sales,[1] Extended Sales Forecast[2] and Production Forecasts[3]		
	U.S. Sales & Forecasts	**North American Production**
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)
April '21	1,512,186 (+111.4 YoY)	1,094,891 (-21% YoY)
May '21	1,577,941 (+41% YoY)	729,879 (+271% YoY)
June '21	1,296,517 (+17% YoY)	1,107,958 (-1.9% YoY)
July '21	1,288,494 (-7.9% YoY)	926,035 (3% YoY)
August '21	1,090,446 (-11% YoY)	1,113,327 (-19% YoY)
September '21	1,006,875 (-25% YoY)	907,470 (-33.4% YoY)
October '21	1,046,282 (-20% YoY)	1,140,383 (-22.1% YoY)
November '21	1,001,351, (-20% YoY)	1,168,245 (-9% YoY)
December'21	1,194,313 (-22.9% YoY)	1,029,501 (-13.8% YoY)
January '22	991,156 (-10% YoY)	1,111,390 (-4% YoY)
February '22	1,052,524 (-11.8% YoY)	1,112,429 (-1% YoY)
March '22	1,246,336 (-22% YoY)	1,350,102 (-.1% YoY)
April '22	1,226,950 (-22% YoY)	1,177,851 (+8% YoY)
June '22	1,104,993 (-23.8% YoY)	
1st Quarter '22	14.01 million-unit SAAR	3,458,480 (-1.4% YoY)
2021 Full Year	14,926,933 (+3.1% YoY)	8,899,632 (+4% YoY)
2022 Full Year Estimate	15.3 million units	15,107,419 (+17% YoY)

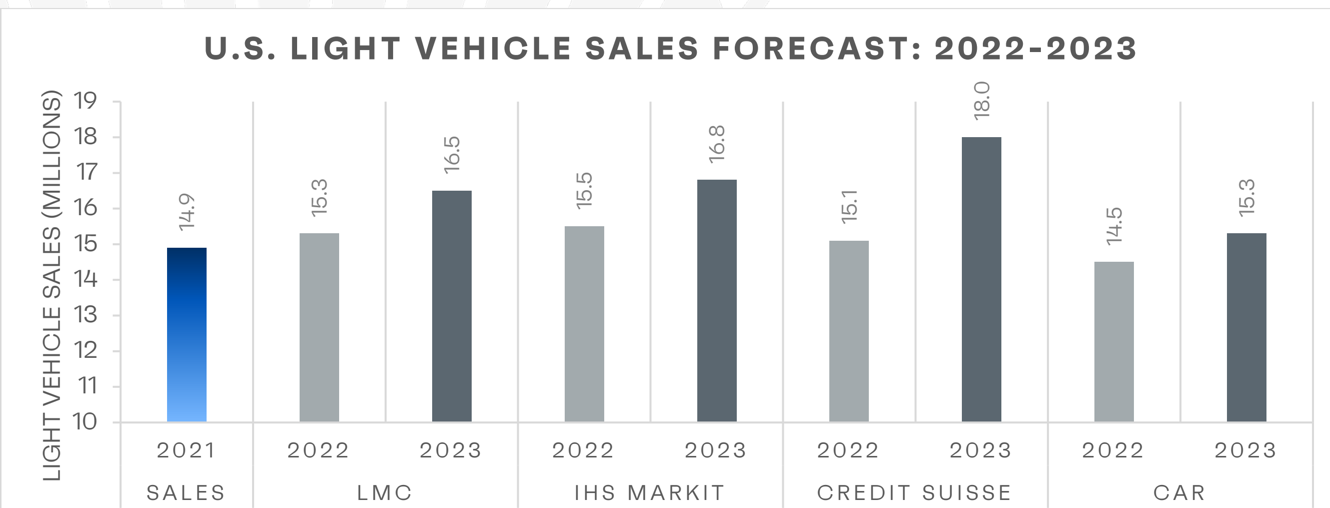


U.S. Light Vehicle Sales Outlook (Updated 6/3)

Wards Intelligence Outlook (6/3) [4]: "June is expected to rebound from May but entire Q2 remains at risk of not improving on the prior quarter."

Wards Intelligence Outlook for 2022 (6/3)[5]: "The outlook for sales in 2022 continues to worsen as the never-ending supply-chain issues continue to curtail inventory growth of both North America-built models – which account for over three-fourths of U.S. volume – and overseas-sourced cars and trucks. . . . As a result of these headwinds, Wards Intelligence partner LMC Automotive has again cut its sales outlook for entire-2022 - this time from 15.2 million units to 15.0 million units - with a downside bias to that forecast."

Credit Suisse Outlook For 2022 (6/3)[6]: "For now, we maintain our 2022 US auto sales forecast of 15.1mn. Yet risk is to the downside. YTD SAAR has averaged just under 14.0mn, and to meet our full-year forecast, SAAR would need to accelerate to ~16mn in 2H'22."



North American Production & Inventory Outlook (Updated 6/3)

Wards Intelligence Inventory Outlook (5/5) [7]: "U.S. light-vehicle inventory ended May down from April, and, combined with last month's underwhelming sales volumes, indicates the cracks remain big in the ongoing supply-chain disruptions.

"Inventory was expected to rise in May from April but fell 2.6% to 1.13 million units. There could be a seasonal aspect to it because in normal, or pre-pandemic, years inventory usually declined from May. But with last month's sales volume well below expectations – and equating to a 5-month-low seasonally adjusted annual rate of 12.7 million units which in theory should have left even more inventory on dealer lots - the combination of production in North America for the U.S., and shipments from overseas, likely also was lower than expected.

“Put another way, the inventory decline confirms that the impact of supply disruptions on production have not improved a whole lot so far in 2022. The problems still stem mostly from semiconductor shortages, which appear to be improving. In aggregate, other disruptions causing materials and parts shortages related to Covid lockdowns, the Russia-Ukraine war, increased oil prices and generally rising costs, shipping-trucking-rail tie-ups and labor shortages, are limiting the production pipeline.

“The local-market headwinds especially pertain to North America light-vehicle production, which supplies over three-fourths of U.S. sales volume.

Wards Intelligence Production Outlook (5/25) [8]: “Second-quarter North production of light vehicles and medium-/heavy-duty trucks combined is expected to total 3.848 million units, 16.9% above like-2021’s 3.290 million. . . . However, indicating there could be more upside than downside to May and June, production in April totaled 1.188 million units, 8.0% above the same year-ago period, and nearly 10,000 units higher than the final estimate for the month.

“April’s year-over-gain was the first monthly increase since May 2021. Q2’s expected gain will be the first for any quarter since the year-ago period. Still, with parts shortages continuing to plague the industry, April-June’s production is 12.6% below pre-pandemic Q2-2019’s 4.400 million units. Light-vehicle production in Q2 is tracking to a total of 3.708 million units, 17.1% above the year-ago period.”

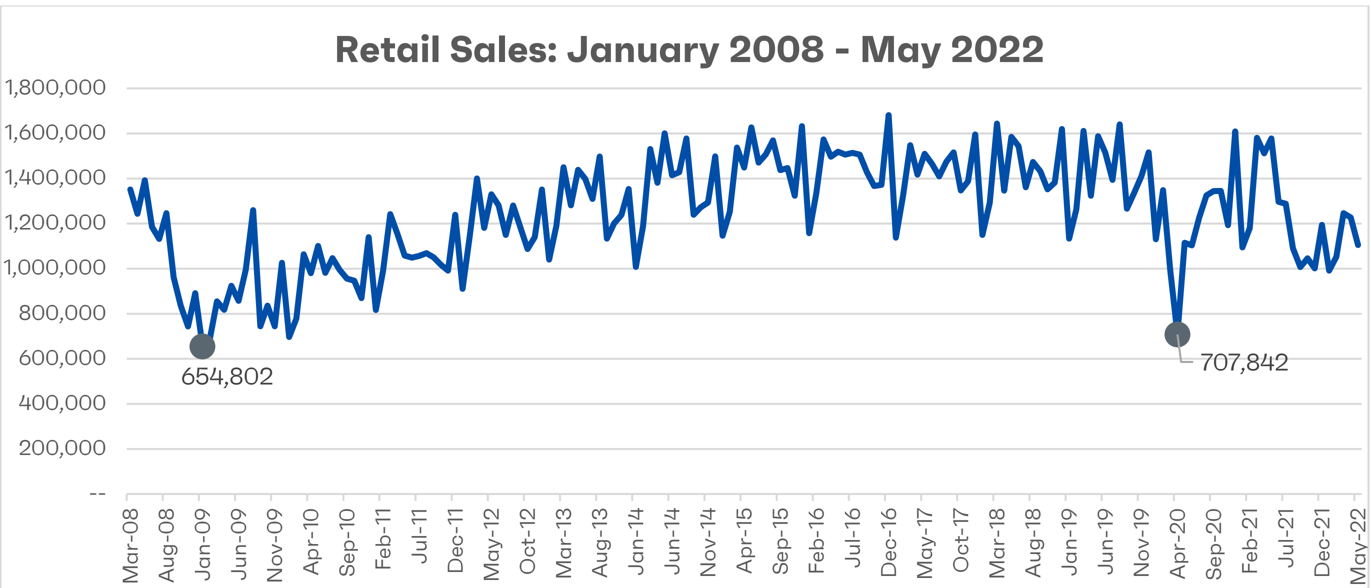
S&P Global Mobility Production Outlook (4/20) [9]: “The outlook for North America light vehicle production was increased by 9,000 units and reduced by 177,000 units for 2022 and 2023, respectively (and reduced by 242,000 units for 2024). In spite of the backdrop of the Russia/Ukraine conflict and continued supply chain challenges, the outlook for North American light vehicle production in 2022 remains flat at 14.75 million units. Production in Q1-2022 came in a bit higher than forecast with 3.55 million units produced. However, production in Q2- 2022 was revised down approximately 78,000 units on continued supply chain struggles and concerns surrounding additional logistics issues at border crossings between the US and Mexico in Texas that may exacerbate already strained conditions in the near-term. Despite some of the negative sentiment associated with supply chain and logistics challenges, upside exists in the forecast depending on manufacturers ability to produce vehicles as demonstrated with the stronger results in Q1-2022. Production for 2023 was revised down by 1.1% to total 16.49 million units on the growing threat of demand destruction. Further, production in 2024 was reduced by 1.4% to total 17.24 million units. Latent demand is currently stronger than US sales results to date, yet pent-up demand remains under threat from inflationary pressures.”

Market Meter

U.S. Light Vehicle Sales (Updated 6/3)

Monthly Sales (Updated 6/3)

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.



May Sales (Updated 6/3)

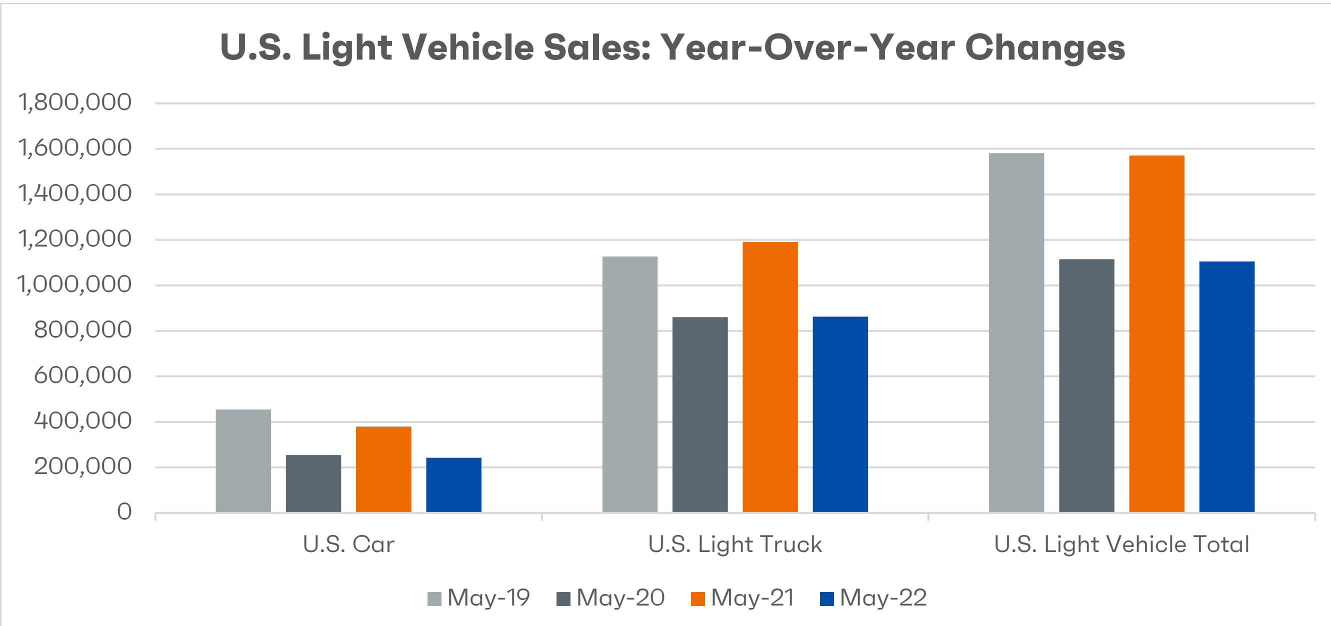
WardsIntelligence [10]: "U.S. deliveries of light-vehicles in May marked a profound shortfall from expected volume, raising the downside risk for second-quarter results increasing from Q1.

"The heavy mix of premium-priced vehicles in inventory, combined with rising fuel costs, increased interest rates and declining consumer confidence, likely dampened volume. However, with the overall dearth of inventory already keeping sales well below demand, it is tough to judge how much other headwinds are impacting deliveries.

"May sales totaled a 12.7 million-unit seasonally adjusted annual rate, well short of the 13.4 million forecasted for the month and a sharp decline from April's revised 14.5 million. It was the lowest since December's 12.5 million units, and well below like-2021's 16.9 million

"Sales early in the month were tracking toward higher results, which indicates the end of the period – including a holiday weekend which in past years usually meant holiday spiffs – finished poorly. The lack of incentive spending, especially during the Memorial Day weekend, might have been at the root of the month's lower-than-expected total.

"May's raw volume of 1.105 million units was 11.2% below same-month 2021's 1.57 million. The month's daily selling rate over its 24 selling days was 46,041, 23.8% below the year-ago period's 60,397 – 26 selling days."



Fleet Sales (Updated 6/3)

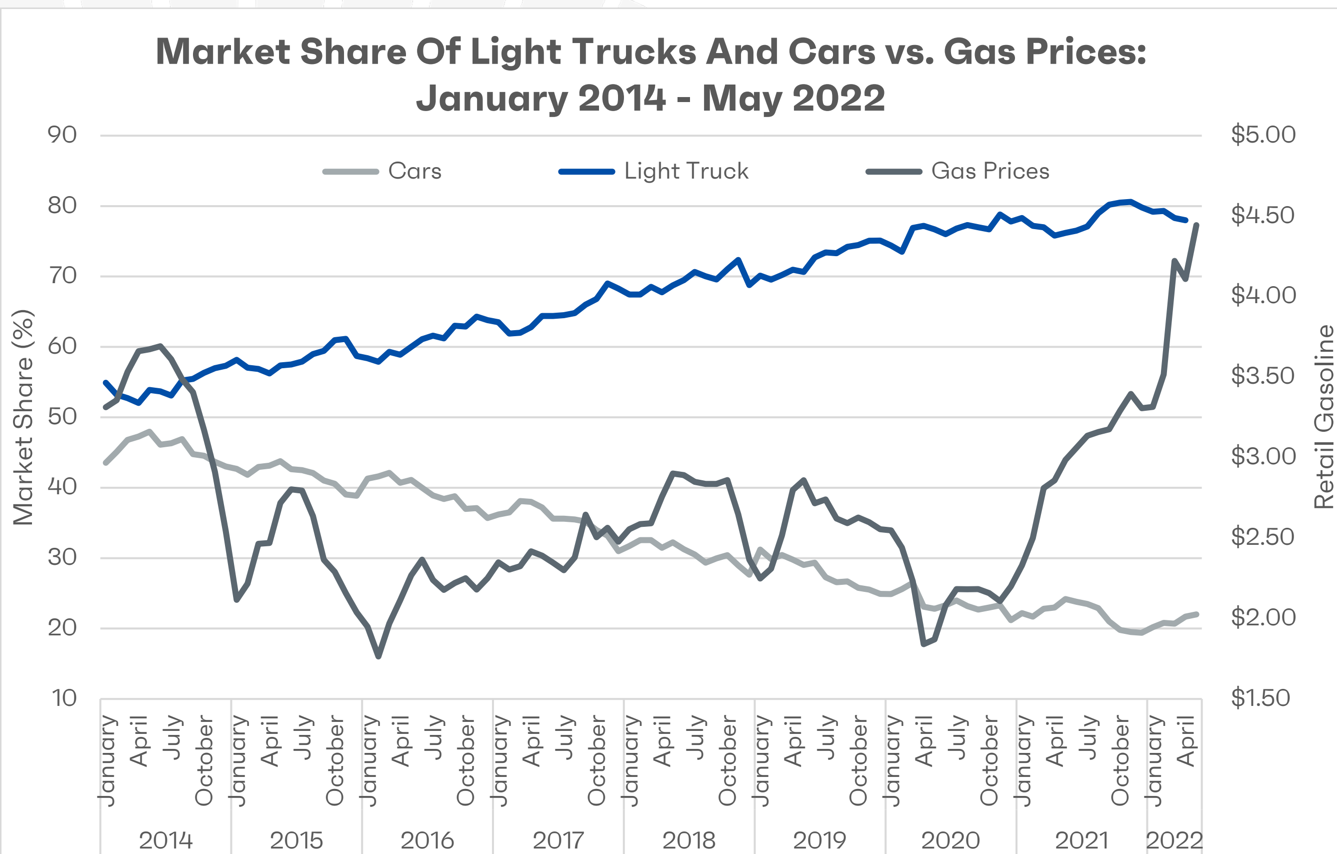
TrueCar [11]: "Fleet sales for May 2022 are expected to be down 6% from a year ago and up 34% from April 2022 when adjusted for the same number of selling days."

J.D. Power [12]: "Fleet sales are expected to total 174,400 units in May, up 3.8% from May 2021 on a selling day adjusted basis. Fleet volume is expected to account for 15% of total light-vehicle sales, up from 12% a year ago."

Segments vs. Gas Prices (Updated 6/3)

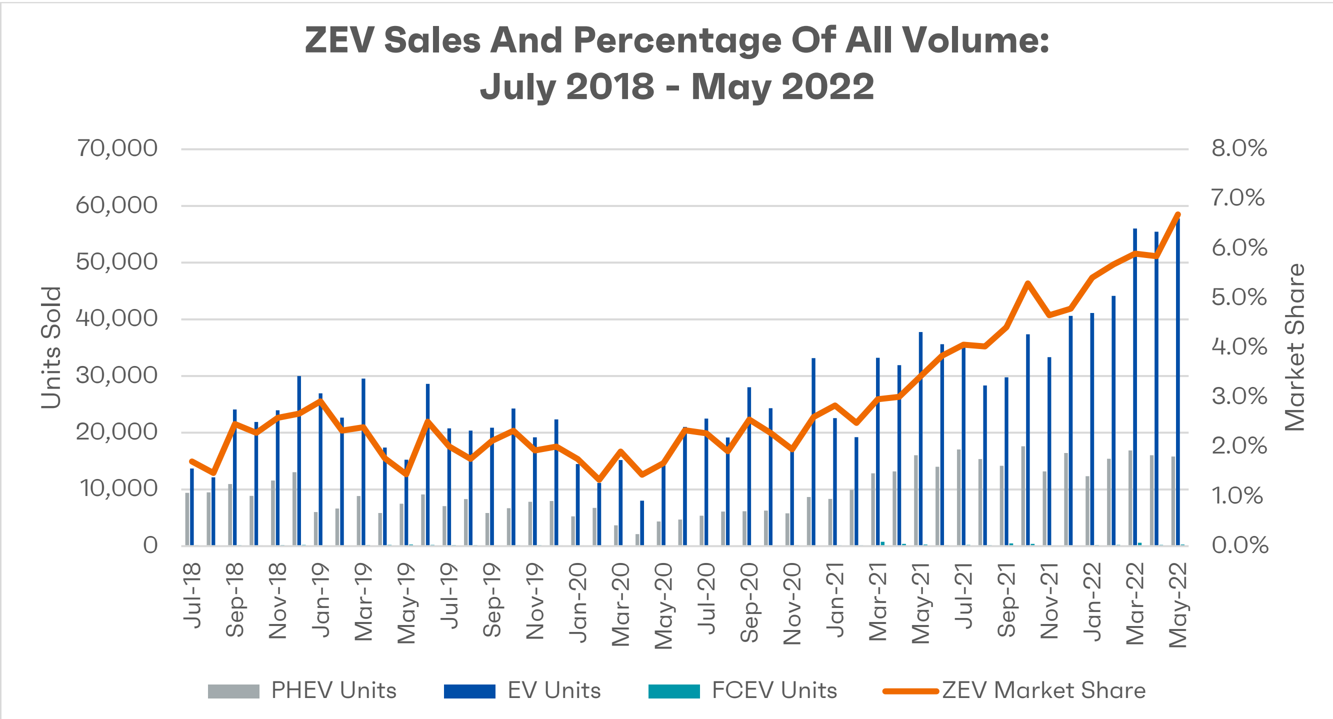
Monthly Sales For April: Light trucks accounted for 78% of sales in May, a 2.2 pp increase market share from a year ago. Compared to the same period in 2021, sales of cars are down more than 137,000, and down more than 211,000 from May 2019, when cars comprised 28.7% of the market as opposed to the 22% 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 [13] and gas was over $3.00 [14] 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 $2.61 a gallon (through January 2022) 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. [15]



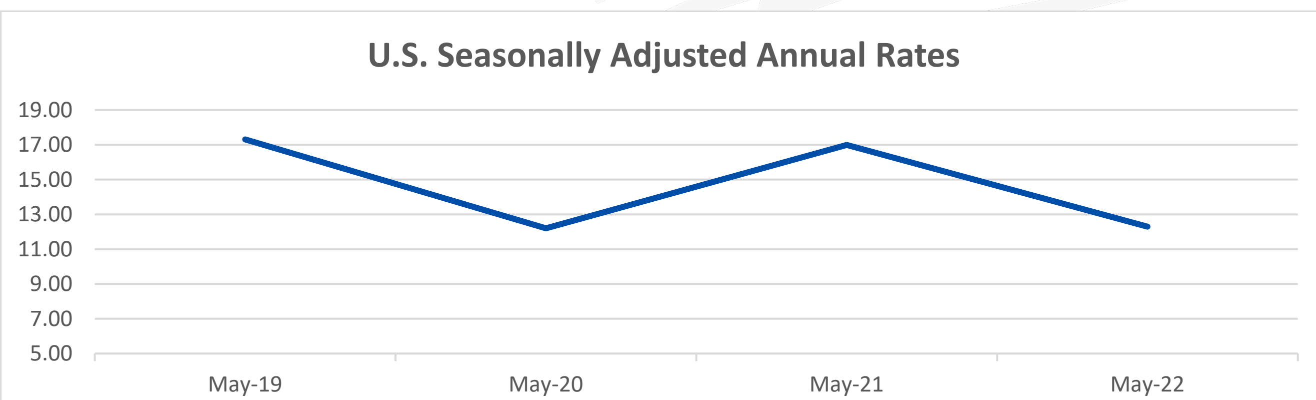
ZEV Powertrain Sales (Updated 6/3)

Sales of zero emission vehicles (BEV, PHEV, & Fuel Cell) accounted for 6.7% of total vehicle sales in May 2022 (73,887 units), up 3.3 pp from a year ago and up 0.9 pp from April 2022. Sales of battery electric vehicles led the way for ZEVs, accounting for 5.2% of total sales (first time with a market share over 5%), up 2.8 pp from May 2021. Plug-in hybrids accounted for 1.43%, 0.41 pp higher than the same time last year. [16]



Seasonally Adjusted Annual Rates (Updated 6/3)

WardsIntelligence: "May sales totaled a 12.7 million-unit seasonally adjusted annual rate, well short of the 13.4 million forecasted for the month and a sharp decline from April's revised 14.5 million. It was the lowest since December's 12.5 million units, and well below like-2021's 16.9 million." [17]



Average Transaction Price (Updated 6/3)

J.D. Power (Updated 6/3) [18]: “The average new-vehicle retail transaction price in May is expected to reach $44,832. The previous high for any month—$45,247—was set in December 2021. Average incentive spending per unit in May is expected to reach $965, down from $2,726 in May 2021. Spending as a percentage of the average MSRP is expected to fall to a record low of 2.1%, down 4.4 percentage points from May 2021.”

Kelley Blue Book (April): “New-vehicle average transaction prices (ATPs) increased to $46,526 in April 2022, according to new data released by Kelley Blue Book, a Cox Automotive company. Prices rose 0.7% ($304) month over month and remain elevated compared to one year ago, up 13.0% ($5,354) from April 2021. . . . Luxury vehicle share rose to 17.4% of total sales in April, up from 16.7% of total sales in March but still down from 18.4% in December 2021, when the average transaction price for a new vehicle hit a record high of $47,064.

“The average price paid for a new electric vehicle (EV) dropped in April compared to March, as more lower-priced models enter the market and offset the many luxury EVs currently available. The Chevrolet Bolt is back in the market after an extensive recall, and the new Kia EV6 is selling well. Even Tesla had slightly lower ATPs month-over-month in April. Still, the average price for a new electric vehicle – over $65,000 according to Kelley Blue Book estimates – is well above the industry average and more aligned with luxury prices than mainstream prices.

“New-vehicle average transaction price changes month over month by segment saw all segments increasing except cars, a reversal of March. With an ATP of $55,210, trucks saw the largest increase of $621. With an ATP of $47,731, vans saw an increase of $136 in April, while SUVs increased by $391 to an ATP of $45,290. Cars had an average transaction price of $42,165 in April, a $101 decrease month over month.” [19]

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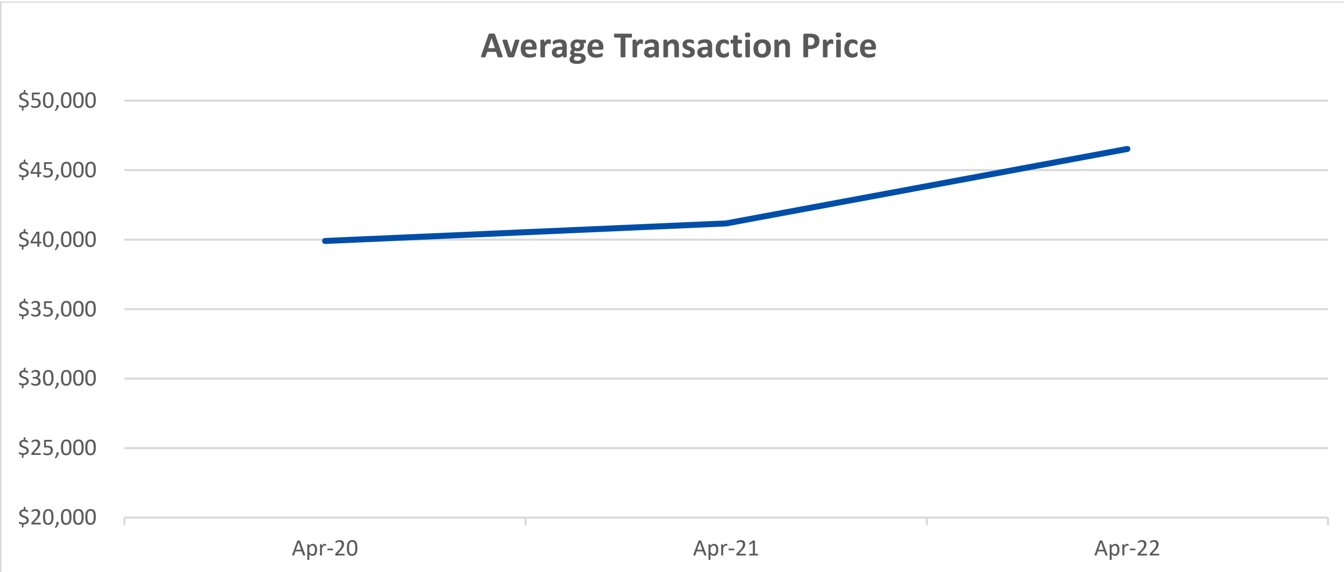
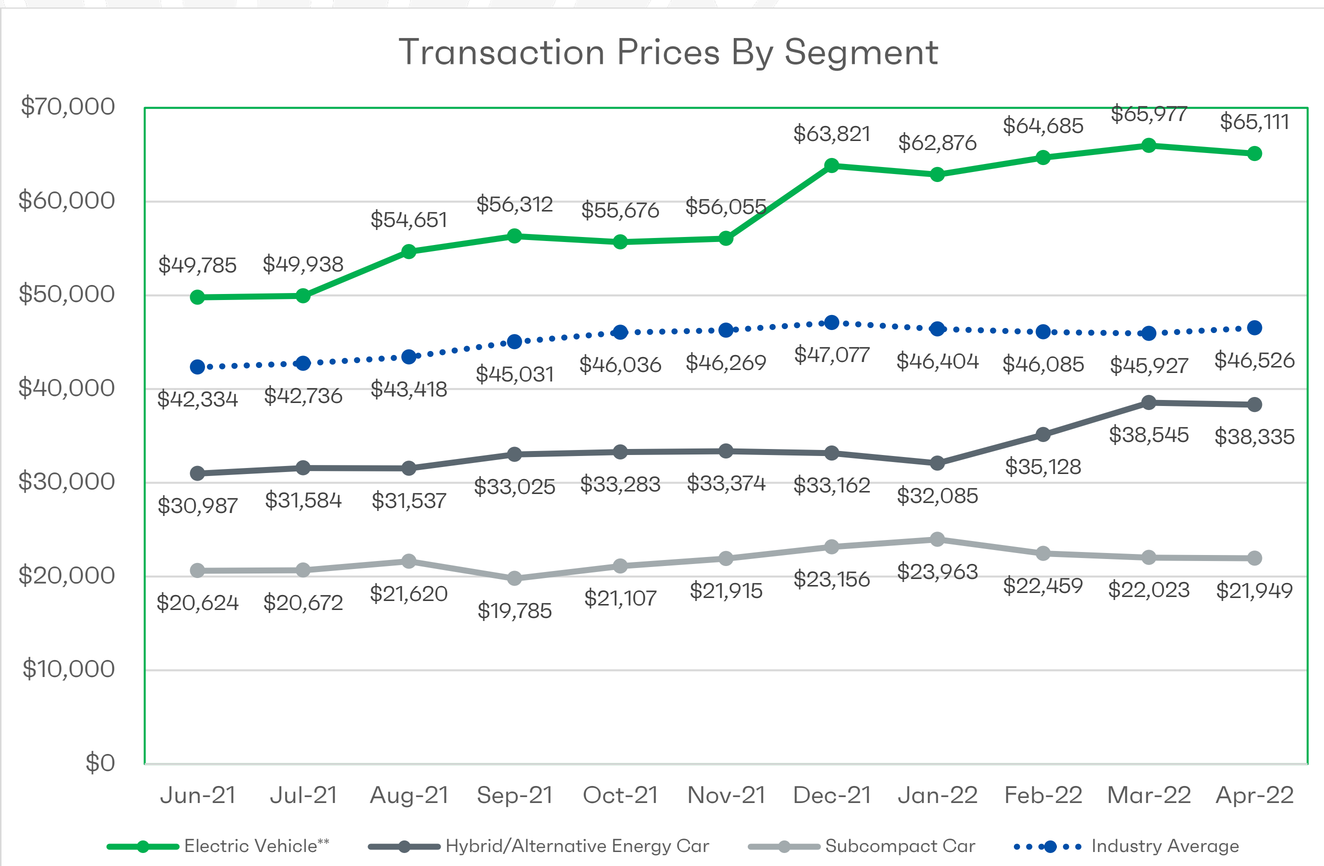


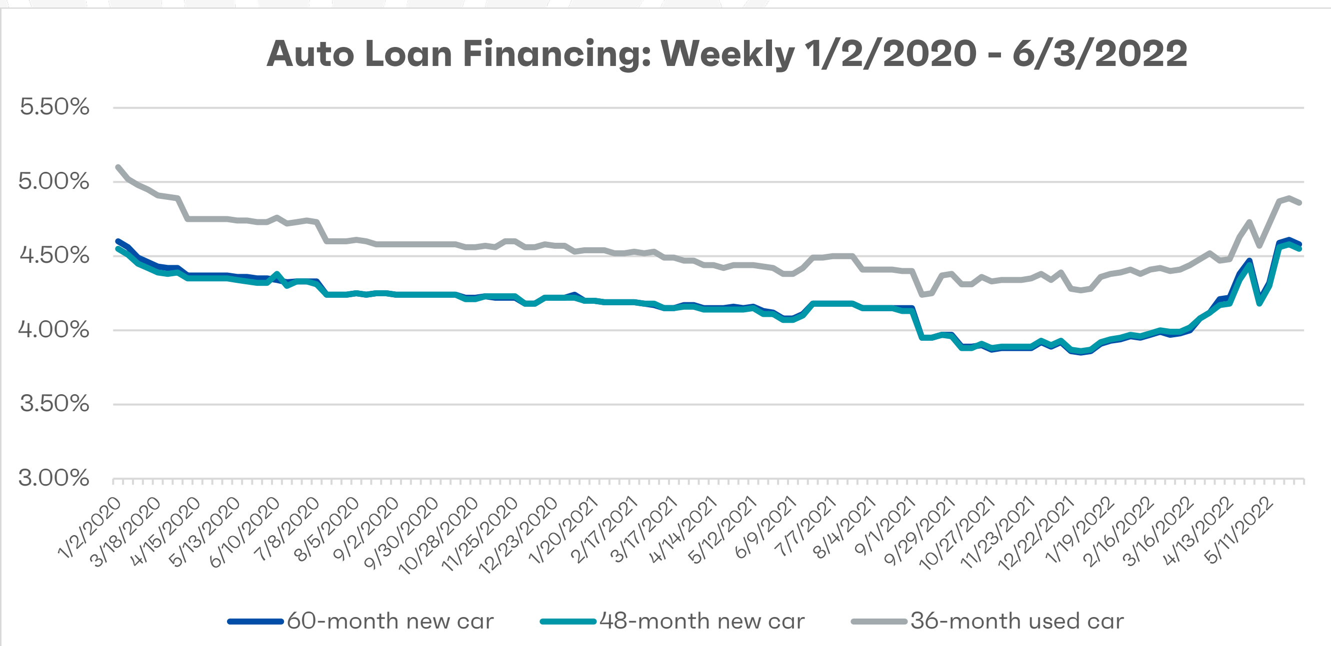


**Due to reporting errors with Tesla Motors, the Electric Vehicle ATP is likely higher than Kelley Blue Book estimates.

Auto Loan Financing (Updated 6/3)

Interest Rates Rise: Interest rates for new cars fell 0.03 pp and now stand at 4.58%. Rates also fell 0.03 pp on the 36-month used car loan and the 48-month new car loan. Since the beginning of 2020, 60-month rates are down 0.02 pp, and are up 0.50 pp since the same time a year ago.[20]

Dates	60-month new car	48-month new car	36-month used car
1/2/2020	4.60%	4.55%	5.10%
5/26/2021	4.12%	4.11%	4.42%
5/25/2022	4.61%	4.58%	4.89%
6/1/2022	4.58%	4.55%	4.86%
One Week Change	-0.03%	-0.03%	-0.03%
Two Week Change	-0.01%	-0.01%	-0.01%
Change since 1/3/20	-0.02%	0.00%	-0.24%
One Year Change	0.50%	0.48%	0.48%

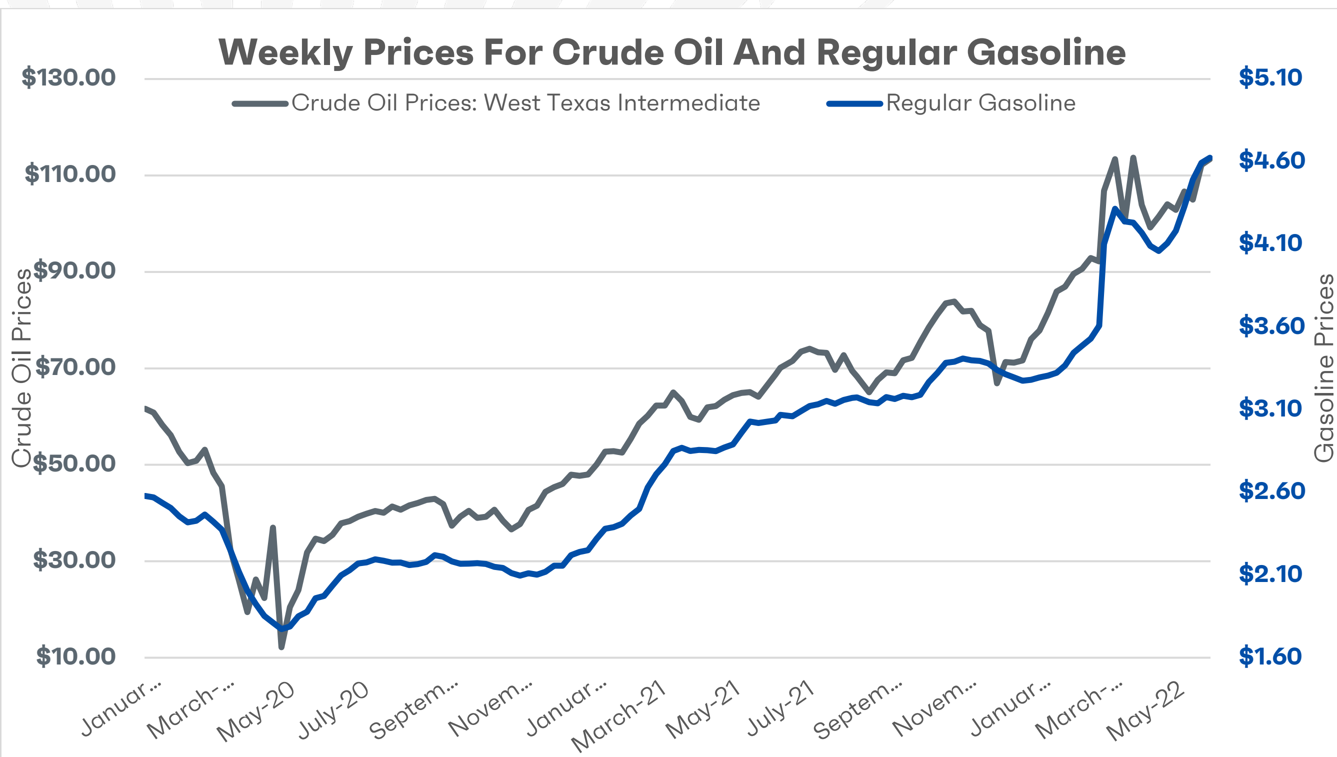


Crude Oil and Gas Prices (Updated 6/3)

EIA Outlook For Gasoline (5/11)[21]**:** "The front-month futures price of RBOB (the petroleum component of gasoline used in many parts of the country) settled at $3.66 per gallon (gal) on May 5, up 51 cents/gal from April 1 (Figure 5). The RBOB–Brent crack spread (the difference between the price of RBOB and the price of Brent crude oil) settled at $1.02/gal on May 5, up 35 cents/gal during the same period. The RBOB–Brent crack spread increased by 11 cents/gal (13%) on April 27, the third-highest daily percentage increase in 2022 (March 1 marked the highest increase when the RBOB futures contract rolled to a new month reflecting more expensive summer grade gasoline). April's increasing RBOB–Brent crack spread was likely due to decreasing gasoline inventories. We estimate that U.S. gasoline inventories decreased from March to April by 8.2 million barrels (3.5%). One reason for this inventory decrease was increased driving. We estimate that gasoline consumption increased to 8.7 million barrels per day (b/d) in April, a 0.1 million b/d (1%) increase from March.

EIA Outlook For Oil (5/11) [22]**:** "The Brent crude oil spot price averaged $105 per barrel (b) in April, a $13/b decrease from March. Although down from March, crude oil prices remain above $100/b following Russia's full-scale invasion of Ukraine. Sanctions on Russia and other independent corporate actions contributed to falling oil production in Russia and continue to create significant market uncertainties about the potential for further oil supply disruptions. These events occurred against a backdrop of low oil inventories and persistent upward oil price pressures. Global oil inventory draws averaged 1.7 million barrels per day (b/d) from the third quarter of 2020 (3Q20) through the end of 2021. We estimate that commercial oil inventories in the OECD ended 1Q22 at 2.63 billion barrels, up slightly from February, which was the lowest level since April 2014."

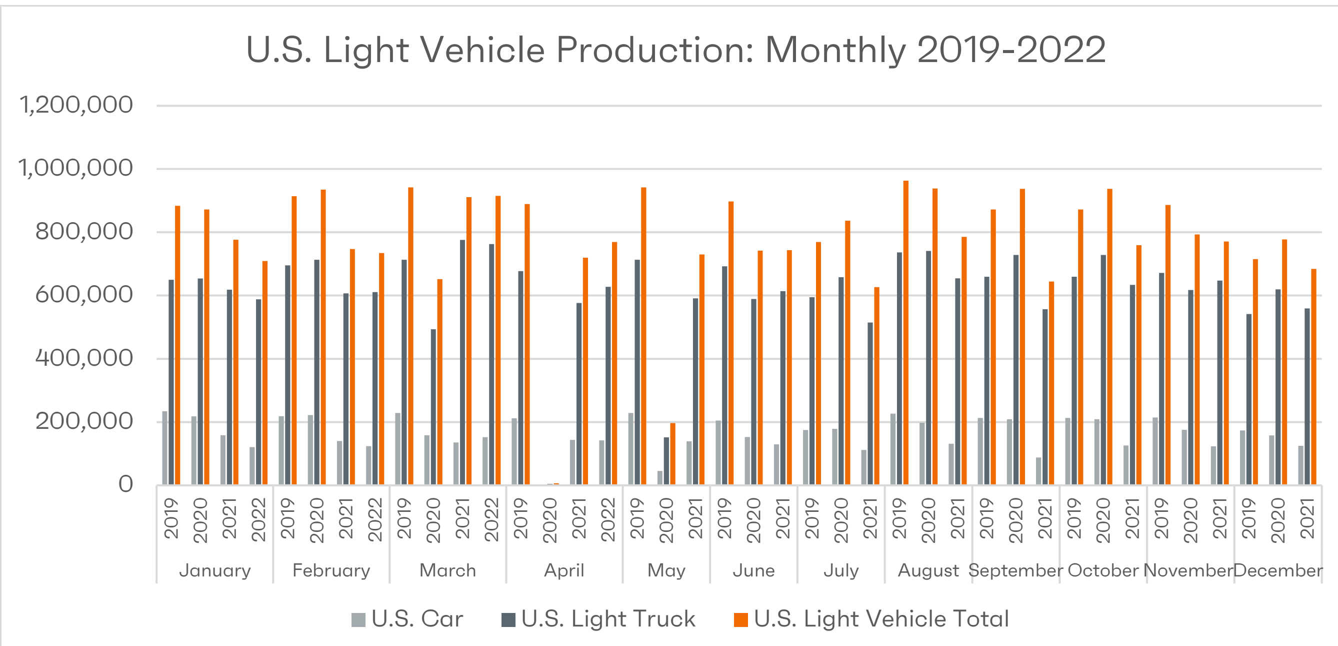
Gas And Oil Remain High: Oil prices, as benchmarked at West Texas Intermediate, rose $1.20 to $113.38 a barrel for the week of May 27. Since election day 2020, oil prices have climbed $77 a barrel. Gas prices rose $0.03 to $4.62. Gas is 80% higher than the beginning of 2020. [23]



Production Meter

U.S. Light Vehicle Production (Updated 5/25)

U.S. Light vehicle production for April 2022 decreased month-over-month by 15.9 percent, totaling 769,413 vehicles (141,969 cars, 627,444 light trucks), year-over-year, production is up 8.5 percent from 2021. [24]

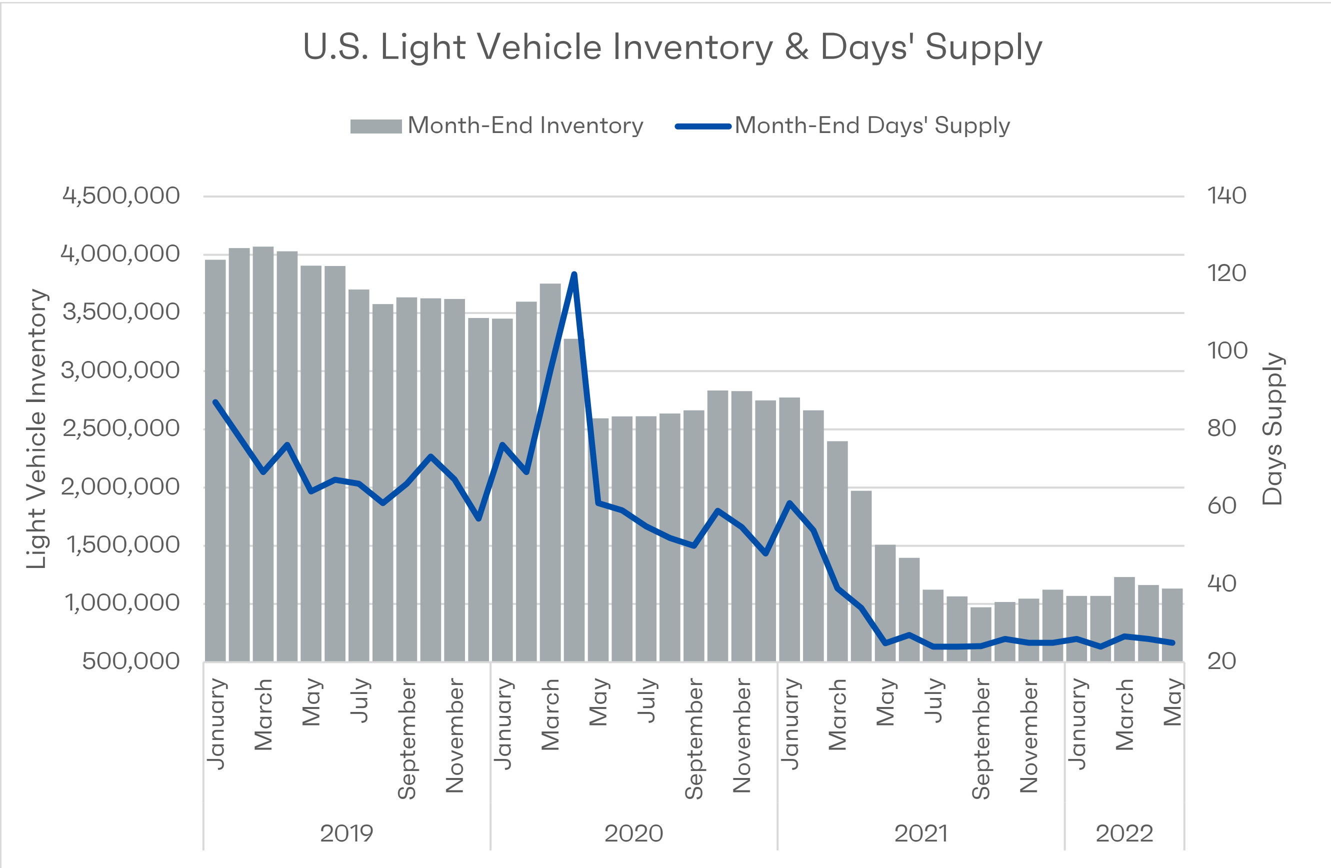


Wards Intelligence North America Production [25]: "In March, 1.396 million light vehicles and medium-/heavy-duty trucks were built in North America, nearly even with same-month 2021's 1.399 million. The last month to record year-over-year growth was May 2021. March light-vehicle production totaled 1.350 million units, a smidgeon below like-2021's 1.352 million. . . . First-quarter production totaled 3.579 million units, 3.7% below Q1-2021's 3.717 million."

U.S. Light Vehicle Inventory and Days' Supply (Updated 6/3)

WardsIntelligence Inventory Update (6/3) [26]: "May's inventory total was 24.9% below same-month 2021's 1.51 million. Days' supply of 25 was flat with both the prior month and May 2021. Historically, a days' supply of 60 to 65 was typical for May. In the five years through 2019, and prior to the pandemic's start in 2020, May inventory averaged 3.8 million units and sales volumes tracked close to 1.6 million – last month's sales totaled 1.1 million.

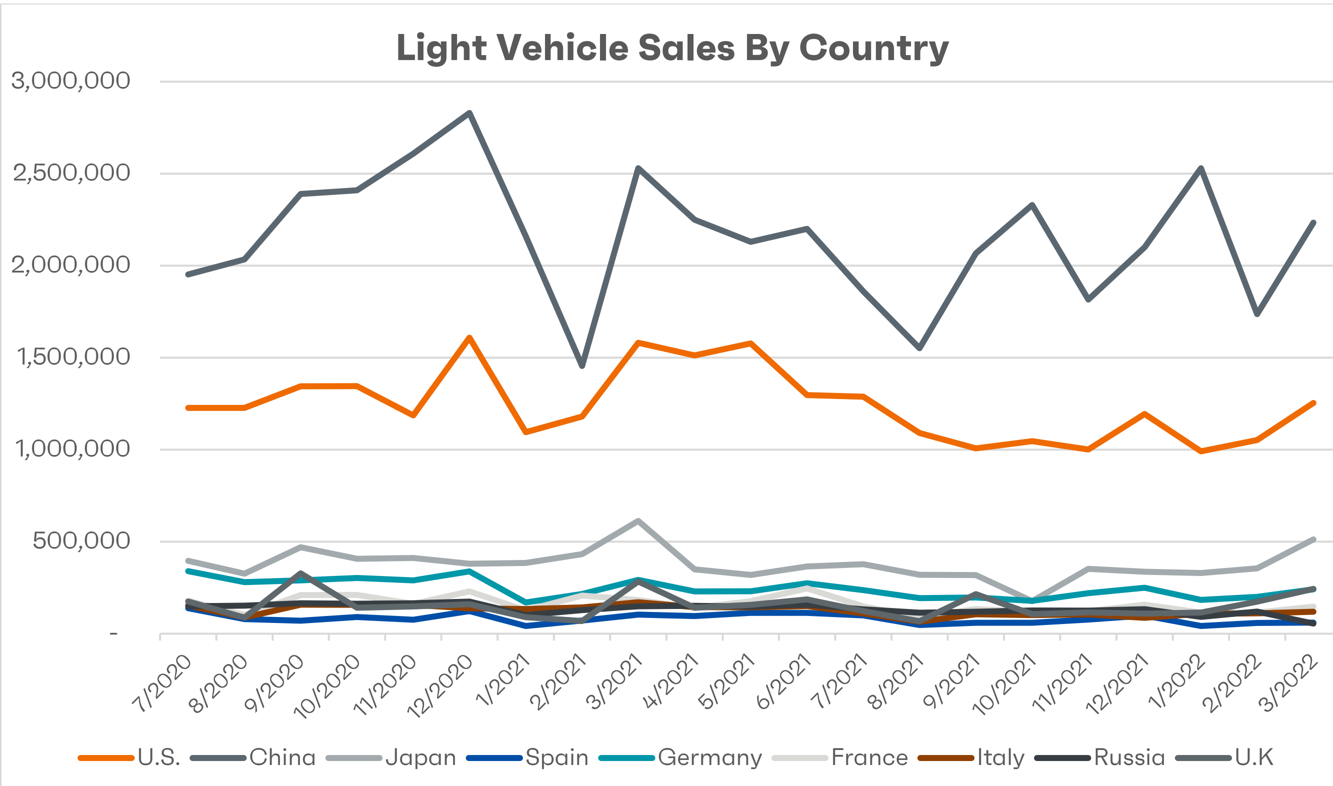
"May inventory of domestically made vehicles totaled 939,604 units, down 2.3% from April and 14.9% below the same year-ago month. Days' supply was 25, flat with the year-ago total and slightly below April's 26. Import inventory totaled 192,778 units, 4.5% below April and down 52.3% year-over-year. Days' supply was 21, same as April but down from like-2021's 26."



Global Meter

Global Light Vehicle Sales (Updated 5/5)

Wards Intelligence [27]**:** "Though global vehicle sales saw a brief recovery in February, this was not expected to last; Russia's invasion of Ukraine added to the stress on vehicle sales already stemming from the microchip shortage. World vehicle sales sank 14.6% in March, totaling 7.51 million units in comparison with 8.79 million in like-2021. All regions posted declines for the month. . . . Wrapping up the first quarter with 20.45 million deliveries, global vehicle sales fell behind year-ago's 21.96 million by 6.9%."



Global Light Vehicle Production (Updated 4/20)

Wards Intelligence Outlook (3/17) [28]**:** "With the impact from the Russia-Ukraine war on global supply chains worsening, and the general economic outlook looking less rosy, Wards Intelligence partner LMC Automotive revised its expectations from two weeks ago and cut forecast 2022 light-vehicle production 1.4 million units to 83.9 million. The global light-vehicle forecast for 2023 was chopped 1.6 million units to 91.1 million. Regionally, Europe is expected to be hit the hardest, with Asia and North America totals also impacted. Production in Europe for 2022 is forecast to total 17.7 million units, Asia is pegged for 46.2 million and North America has been reduced to 14.9 million. In 2023, production in Europe is forecast to rise to 18.7 million units, Asia increases to 49.7 million and North America totals 16.3 million."

S&P Global Mobility Forecast (4/20) [29]**:** "While the March 2022 forecast update reflected the impact of Russia's invasion of Ukraine, the April update addresses some additional issues that have arisen, including a rather sluggish recovery in semiconductor supplies, the impact of further COVID lockdowns in China and the longer-term influence of high raw material prices that will put added pressure on new vehicle affordability. The April 2022 forecast update reflects noteworthy reductions for several markets, to varying degrees, with the most significant reductions focused on Europe and Greater China as well as intermediate/longer-term revisions made across various other markets. Given the ongoing uncertainty, a scenarios-based approach to planning is advised to help navigate dynamic market conditions. The more noteworthy regional adjustments with the latest forecast update are detailed below:

"Europe: The outlook for Europe light vehicle production was reduced by 498,000 units and by 320,000 units for 2022 and 2023, respectively (and reduced by 422,000 units for 2024). While most markets are influenced in some way by the ongoing Russia/Ukraine conflict, Europe is undeniably the most severely impacted. Last month, we made material revisions to both Russia output directly, as well as broader European production (the latter significantly influenced by the disruption of critical component supplies from Ukraine). With the April update, we see European production remaining challenged as the region continues to navigate the Russia/Ukraine impact as well as ongoing supply chain issues. We have seen actual production results for several countries in Europe coming in considerably weaker for Q1-2022 and early indications are that the weakness is carrying into Q2-2022. As a result, the downward revisions were particularly focused on the first half of 2022 with more limited downgrades for the back half of the year. Looking beyond 2022, the European production outlook was reduced largely commensurate with reductions in the demand outlook for the region as the market is expected to face noteworthy challenges in navigating higher raw material and component prices and more challenging macro conditions which will contribute to additional demand destruction.

"Greater China: The outlook for Greater China light vehicle production was reduced by 396,000 units and by 222,000 units for 2022 and 2023, respectively (and reduced by 339,000 units for 2024). Heavily hit by strict COVID containment measures, particularly in Changchun and Shenyang in North China, light vehicle production in March declined by 8% a year-over-year. In April, the high infectious Omicron variant has spread to Shanghai and forced local government officials to implement comprehensive lockdowns. According to the zero-COVID policy, all manufacturing facilities in Shanghai have suspended operations and are expected to remain closed for all of April. Key automakers impacted include Shanghai-GM, Shanghai-Volkswagen and Tesla whose plants remain non-operative since the beginning of the month. As the influence of lockdowns expanded from vehicle production to parts production, component shortages are expected to interrupt auto production outside of Shanghai in the near-term, leading to further vehicle output impact in following months. Given the negative lingering impacts of growing COVID case counts and resultant lockdowns as well as the macro implications of the Russia/Ukraine conflict, further downward forecast adjustments were made, particularly through the intermediate-term.

"Japan/Korea: Full-year 2022 Japan production volume was reduced by 17,000 units relative to the March forecast. Domestic operations have been affected by supply chain disruptions associated with the Fukushima earthquake and the zero COVID-19 policy in China, in addition to ongoing semiconductor shortages. While full year 2023 Japan production was only modestly revised, production for 2024 was reduced by 91,000 units. Near-term production remains influenced by efforts to overcome supply chain challenges, yet vehicle production in the intermediate-term is expected to be negatively impacted by stagnant consumer demand due to macroeconomic deterioration as a result of the lingering effects of the Russia/Ukraine conflict. Full-year 2022 South Korea production was reduced by 34,000 units relative to the previous forecast. The Russia/Ukraine conflict and lingering semiconductor availability challenges continue to influence production in the near-term. In addition, recent COVID-19 lockdowns in China have created challenges in securing wire harnesses, among other components, further impacting the production recovery in South Korea. In the long-term, South Korea production was reduced by an average of 1.3% per year. As the macro effects of the crisis between Russia and Ukraine are expected to be prolonged, demand and production have been adjusted accordingly.

"North America: The outlook for North America light vehicle production was increased by 9,000 units and reduced by 177,000 units for 2022 and 2023, respectively (and reduced by 242,000 units for 2024). In spite of the backdrop of the Russia/Ukraine conflict and continued supply chain challenges, the outlook for North American light vehicle production in 2022 remains flat at 14.75 million units. Production in Q1-2022 came in a bit higher than forecast with 3.55 million units produced. However, production in Q2- 2022 was revised down approximately 78,000 units on continued supply chain struggles and concerns surrounding additional logistics issues at border crossings between the US and Mexico in Texas that may exacerbate already strained conditions in the near-term. Despite some of the negative sentiment associated with supply chain and logistics challenges, upside exists in the forecast depending on manufacturers ability to produce vehicles as demonstrated with the stronger results in Q1-2022. Production for 2023 was revised down by 1.1% to total 16.49 million units on the growing threat of demand destruction. Further, production in 2024 was reduced by 1.4% to total 17.24 million units. Latent demand is currently stronger than US sales results to date, yet pent-up demand remains under threat from inflationary pressures.

"South America: The outlook for South America light vehicle production was reduced by 73,000 units and by 37,000 units for 2022 and 2023, respectively (and reduced by 36,000 units for 2024). The downgrade in production for 2022 was driven primarily by continued weakness in production results for Brazil as well as a downward revision for demand in the near-term. While Argentina continues to exhibit a level of production stability, that is not enough to offset the weakness associated with the Brazil market. The outlook for 2023 and 2024 was downgraded on rising macro concerns resulting from the Russia/Ukraine conflict impacting demand and continued challenges regarding semiconductor availability. Of note, we continue to expect some restocking to occur throughout 2023; however, we will be closely monitoring demand, particularly in Brazil, for signs of further deterioration that could negatively impact the need for broader restocking.

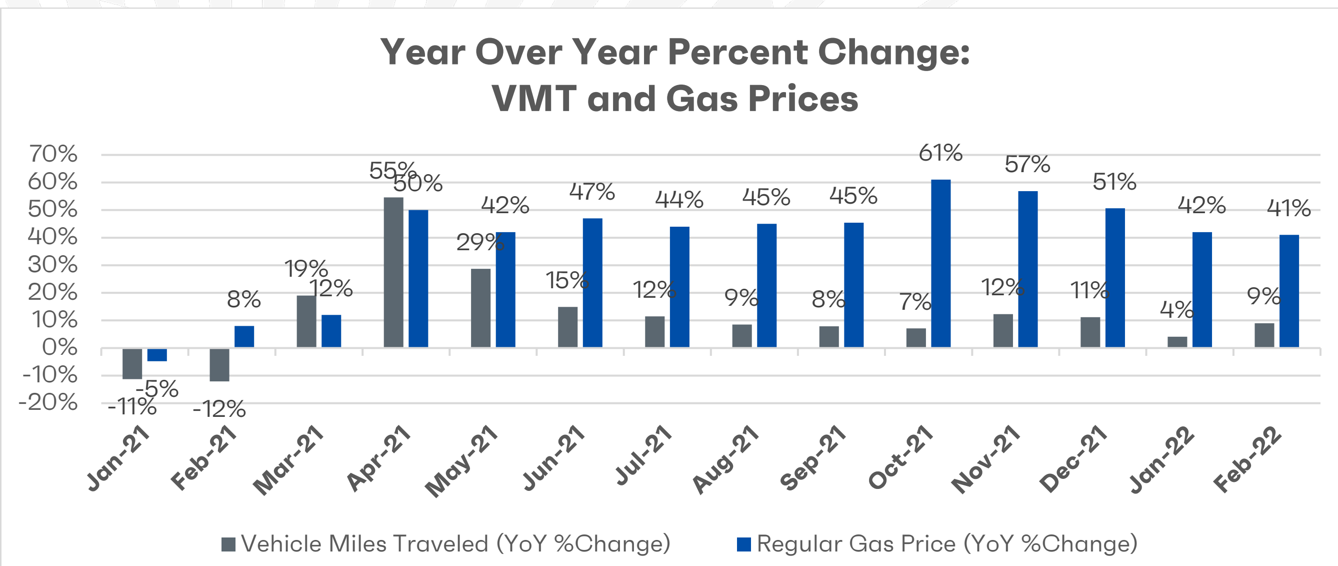
"South Asia: The outlook for South Asia light vehicle production was reduced by 27,000 units and by 19,000 units for 2022 and 2023, respectively (and reduced by 107,000 units for 2024). The downgrade in outlook for 2022 was primarily focused on the ASEAN market amid ongoing semiconductor constraints and recent China COVID-19 lockdowns, as well as a fragile economic outlook resulting from the Russia/Ukraine conflict. Looking beyond 2022, the forecast has been negatively impacted by expected longer-term demand destruction (post-COVID pandemic and supply chain crisis) influenced by rising commodity prices and a deteriorating economic outlook. On the commodity front, India is particularly vulnerable given its position as a net oil importer and relative sensitivity to capital outflows."

Recovery Meter

Roadway Travel (Updated 5/11)

According to the U.S. Department of Transportation, seasonally-adjusted vehicle miles traveled in February rose 9% from the same time a year ago. The cumulative travel estimate for 2022 is 476.2 billion vehicle miles. [30]

- Travel on all roads and streets changed by +10.6% (+22.6 billion vehicle miles) for February 2022 as compared with February 2021. Travel for the month is estimated to be 235.7 billion vehicle miles.
- The seasonally adjusted vehicle miles traveled for February 2022 is 276.4 billion miles, a 9% (22.7 billion vehicle miles) increase over February 2021. It also represents 2.2% increase (5.9 billion vehicle miles) compared with January 2022.
- Cumulative Travel for 2022 changed by +7.2% (+32.1 billion vehicle miles). The cumulative estimate for the year is 476.2 billion vehicle miles of travel.



Economic News (Updated 6/3)

Manufacturing Gained 18,000 Jobs In April; Motor Vehicles And Parts Manufacturing Lost 3,500. "Manufacturing employment rose by 18,000 jobs in May, the U.S. Bureau of Labor Statistics said today. Most of the gain, 11,000 jobs, was in durable goods, according to a breakdown by industry issued by the bureau. The increase was paced by fabricated metal products, up 7,100 jobs. Other job gainers included wood products, up 3,800 jobs, non-metallic mineral products up 1,900, primary metals, up 1,700, and miscellaneous manufacturing, up 1,100. The major drag on durable goods was transportation equipment with a decline of 7,900 jobs. That included a decrease of 3,500 jobs in motor vehicles and parts.. [31]

April:

The ISM Index Fell To 55.4 In April. "The manufacturing economy slowed in April as supply chain issues such as transportation of goods complicated operations, the Institute for Supply Management said today. The Tempe, Ariz.-based group's manufacturing index, known as the PMI, fell to 55.4 percent last month, down from 57.1 percent in March. [32]

The Consumer Price Index Increased 8.3%, Closest To Highest Level Since 1982. "Inflation rose again in April, continuing a climb that has pushed consumers to the brink and is threatening the economic expansion, the Bureau of Labor Statistics reported Wednesday. The consumer price index, a broad-based measure of prices for goods and services, increased 8.3% from a year ago, higher than the Dow Jones estimate for an 8.1% gain. That represented a slight ease from March's peak but was still close to the highest level since the summer of 1982. [33]

Consumer Confidence and Sales (Updated 6/3)

Surveys of Consumers Director Joanne Hsu[34]: "The final May reading confirmed the early month decline in consumer sentiment, which fell 10.4% below April and reverted to virtually the same level of sentiment seen in March. This recent drop was largely driven by continued negative views on current buying conditions for houses and durables, as well as consumers' future outlook for the economy, primarily due to concerns over inflation. At the same time, consumers expressed less pessimism over future prospects for their personal finances than over future business conditions. Less than one quarter of consumers expected to be worse off financially a year from now. Looking into the long term, a majority of consumers expected their financial situation to improve over the next five years; this share is essentially unchanged during 2022. A stable outlook for personal finances may currently support consumer spending. Still, persistently negative views of the economy may come to dominate personal factors in influencing consumer behavior in the future."

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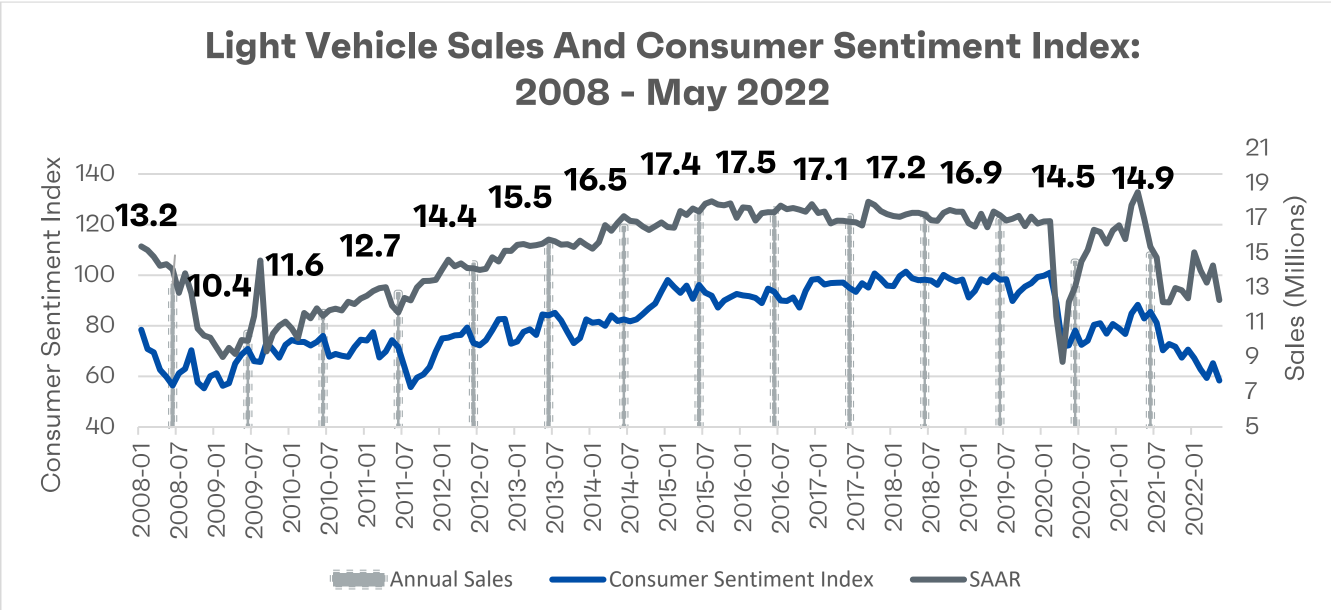
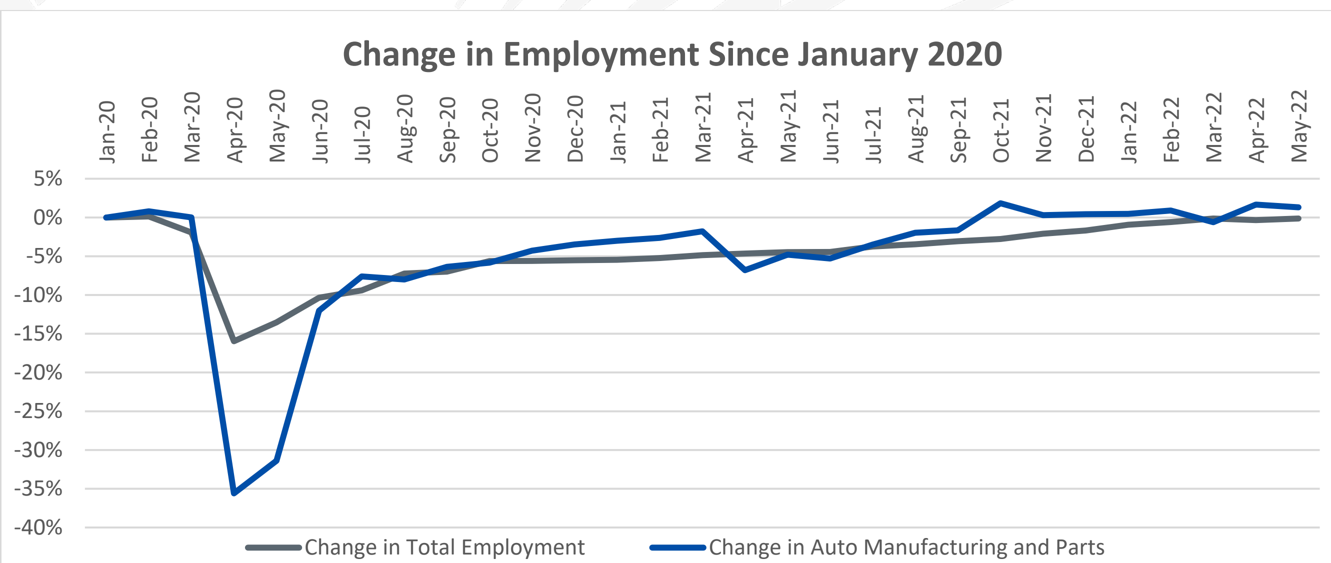


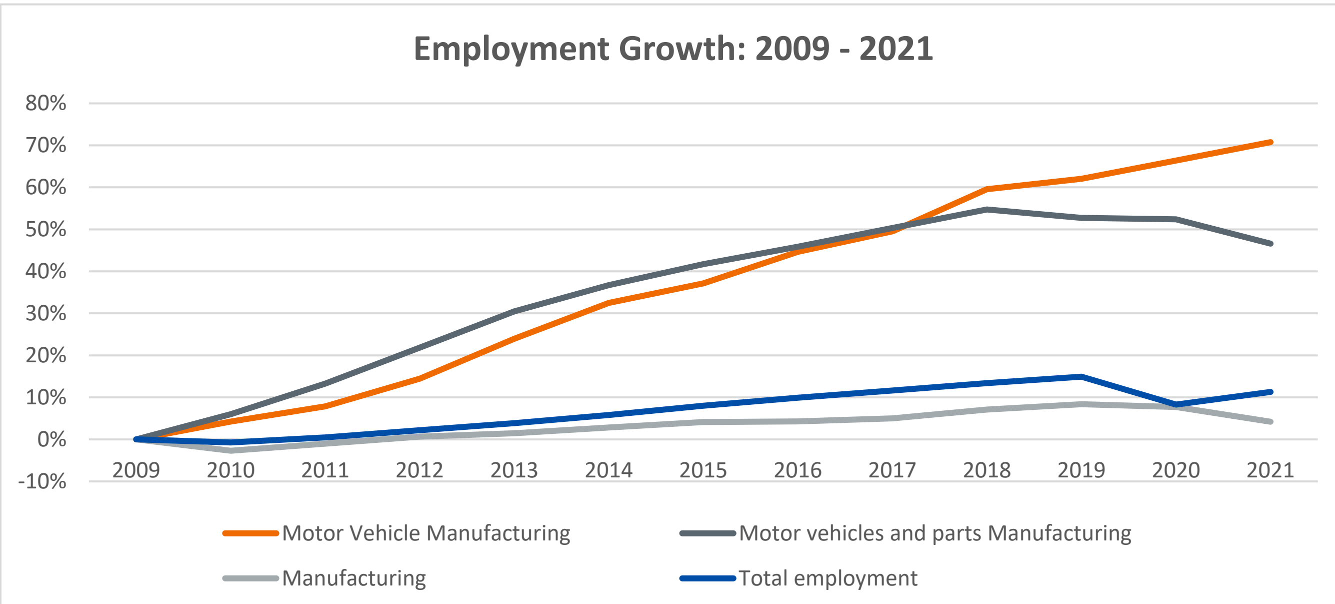
Employment (Updated 6/3)

Motor Vehicle And Parts Manufacturing Gained lost 3,500 Jobs In May. [35]

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. [36]



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.[37] 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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