

READING THE METER

June 24, 2020

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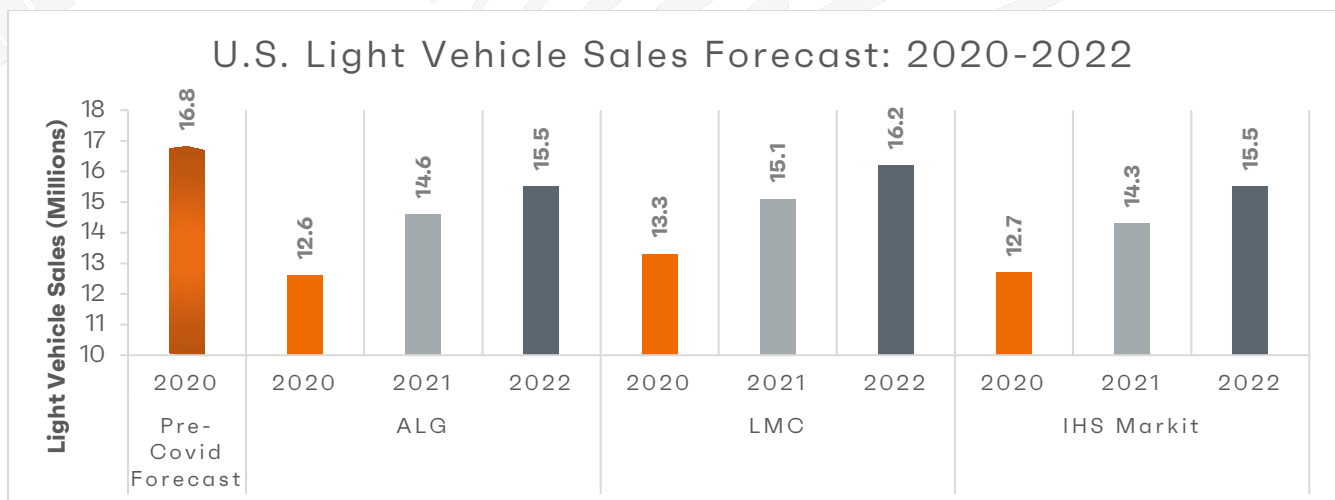
Forecast Meter

Forecast Summary (Updated 6/10)

2020 Sales, ⁱ Extended Sales Forecast ⁱⁱ and Production Forecasts ⁱⁱⁱ		
	U.S. Sales & Forecasts	North American Production
March	992,392 (-33% YoY)	1.01 million units (-34% YoY)
April	707,852 (-48.7%YoY)	8,463 (-99.4% YoY)
May	1,114,931 (-29.5% YoY)	248,602 (-83% YoY)
June (forecast)	13.2M SAAR (-25% YoY)	N/A
1st Quarter	3,476,512 (-12.7% YoY)	3.86 million units (-11.7% YoY 2019)
2nd Quarter Estimate	11.2 M SAAR	1.62 (-63.2% YoY)
3rd Quarter Estimate	13-14M SAAR (-20%-26% YoY)	3.62 (-12.2% YoY) / 9.12 through September (-29.3 YoY)
2020 Full Year	12.6-14.3 million	12.3

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

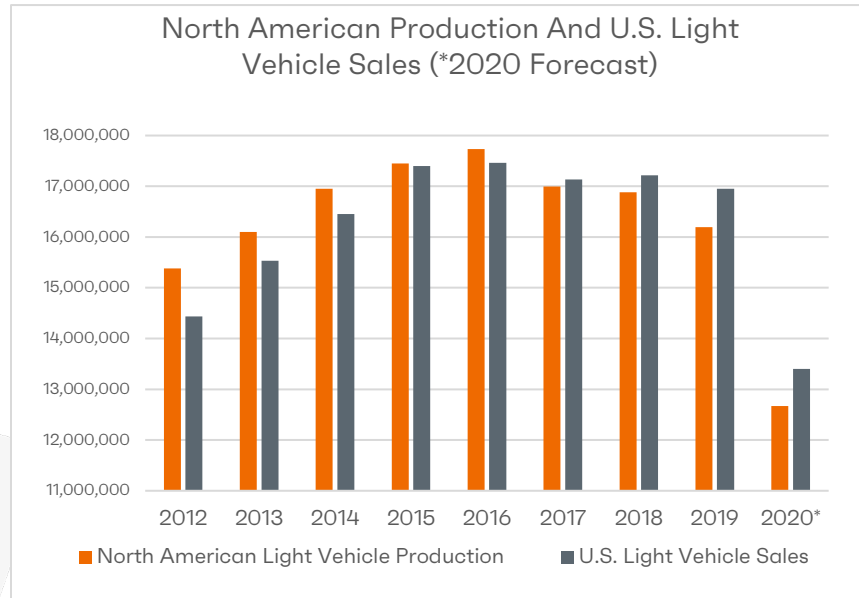
Wards Intelligence^{iv}: “The forecast for U.S. light-vehicle sales in 2020 has been adjusted downward 100,000 units to 13.3 million, based on the latest from Wards Intelligence partner LMC Automotive. Related to tweaks to the economic outlook, the 2021 forecast also was downgraded 100,000 units and stands at 15.1 million. The 2020 revision adjusts for anticipated short-term inventory shortages caused by a combination of slower production ramp-ups and better-than-expected sales since the impact of the virus started in mid-March that will further limit product availability through the end of the third quarter. Although projecting demand for the remainder of 2020 remains a fluid exercise, currently, based on seasonally adjusted annual rates, sales are not expected to begin strong sequential growth until the fourth quarter.”



North American Production Outlook (Updated 6/3)

North America Production*:

“With a high risk a fit [sic] of unscheduled starts-and-stops will slow assembly lines as they ramp-up from April’s nearly complete industry shutdown due to the Covid-19 impact, North America production in the third quarter is expected to bounce back to relatively strong levels. Third-quarter production of light vehicles and medium-/heavy-duty trucks is pegged at 3.62 million units, 12.2% below like-2019’s 4.12 million. The Q3 total is a significant drop but a vast improvement on the 63.2% decline in Q2, which is pegged at 1.62 million units. The Q2 estimate includes April’s rock-bottom total of 14,900 units, a pittance compared with same-month 2019’s 1.39 million. The Q2 total is a reduction of 716,000 units from month-ago’s outlook for the period. Slower-than-expected production, combined with North America demand slightly exceeding expectations since the pandemic took hold of the region in mid-March, will create significant shortages sooner in new-vehicle inventory – in fact, starting in June.”



The Q2 estimate includes April’s rock-bottom total of 14,900 units, a pittance compared with same-month 2019’s 1.39 million. The Q2 total is a reduction of 716,000 units from month-ago’s outlook for the period. Slower-than-expected production, combined with North America demand slightly exceeding expectations since the pandemic took hold of the region in mid-March, will create significant shortages sooner in new-vehicle inventory – in fact, starting in June.”

Work Stoppage Meter

North American Assembly Facility Operating Status (Updated 6/24)

Most automakers have resumed production at plants across North America, but the extent to which production has ramped up or employment has been reinstated is unknown. The summary chart assumes full employment for those plants that have reopened. As plants come back online, we will continue to monitor any additional closures due to outbreaks or parts shortages.

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

North American Assembly Facilities (6-24-20)			
Country	Metric	Number	Percent of totals
U.S.	U.S. Employment	176,070	
	Closed 6/24/2020	-	0%
	Number of plants total	44	
	Number of plants Closed 6/24/2020	-	0%
Mexico	Mexico Employment	70,665	
	Closed 6/24/2020	19,968	28%
	Number of plants total	18	
	Number of plants Closed 6/24/2020	2	11%
Canada	Canada Employment	31,626	
	Closed 6/24/2020	-	0%
	Number of plants total	7	
	Number of plants Closed 6/24/2020	-	0%
North America	Total Employment	278,361	
	Closed 6/24/2020	19,968	7%
	Number of plants total	69	
	Number of plants Closed 6/24/2020	2	3%

Assumes full employment at open plants

Market Meter

U.S. Light Vehicle Sales (Updated 6/24)

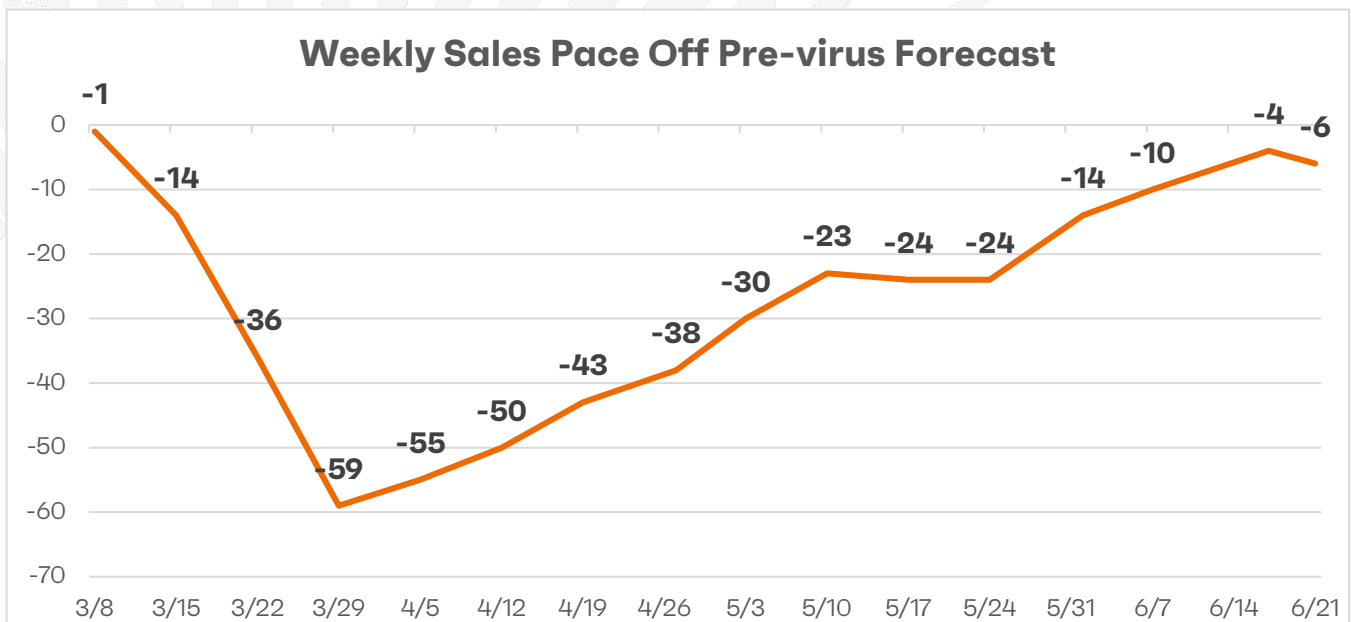
Weekly Sales^{vi}

J.D. Power Weekly Update: “For the week ending June 21, retail sales were 6% below the pre-virus forecast, a 2ppts reversal vs. week ending June 14.

“Customer-facing transaction price decreased \$41 to \$34,828. The decrease was driven entirely by downward pricing effects from the continued shift back to pre-virus mix levels for segments and markets. While the current week is nearly \$1,000 lower than the all-time high of \$35,698 set in the week ending April 05, the results for the week ending June 21 are 3.3% above the same week in 2019.

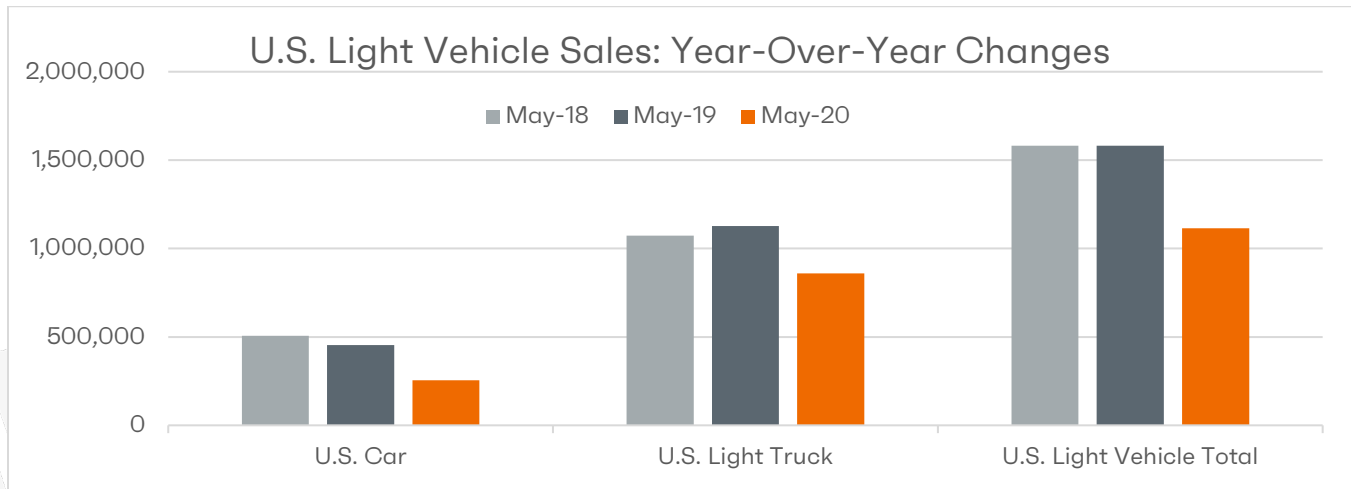
“Incentive spending per unit for the week ending June 21 was \$4,333, an increase of just \$8 from the prior week. Seven automakers quit supporting 84-month loan terms in June, leaving only five brands with supported 84-month terms in the market. As a result, 84-month APR mix of all retail sales fell 0.7ppts to 8.8%, its lowest mark since mid-March.

“While lease mix improved in the week ending June 21, it remains far below pre-virus levels with only 25.5% of consumers opting for a lease. For reference, nearly 30% of all consumers took leases in the same week in 2019. Lease results continue to be driven by the large number of lessees who have extended their pre-existing lease contracts, coupled with a lack of elevated lease incentives.”



Monthly Sales^{vii}

Year over year, May light vehicle sales are down 30% from 2019. The segment trend continues to favor light trucks over cars, with trucks capturing more three-quarters of the market (77.2%), and gaining nearly 6% market share over 2019, however the overall truck volume was down more than 266,000.



Fleet Sales

WardsIntelligence: “Thanks in large part to generous spiffs, impact from the virus continued to hurt fleet demand more than retail. Retail deliveries are recording big losses but surged to an estimated 87% of sales in April and 90% in May, well above the 80% for entire-2019.”^{viii}

J.D. Powerix: “Fleet sales of 92,775 represents a decline of 72% (-237k units) from May 2019. This represents a mix of only 8.2% of total sales.”

The baseline forecast from J.D. Power called for 13.4 million in retail sales and 3.4 million in fleet/other sales. With the revised forecast of 12.9-14.2 in total sales, fleet sales fall to a range from 1.6 million to 1.9 million, a decline of 44%-53% from the baseline.

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%	-

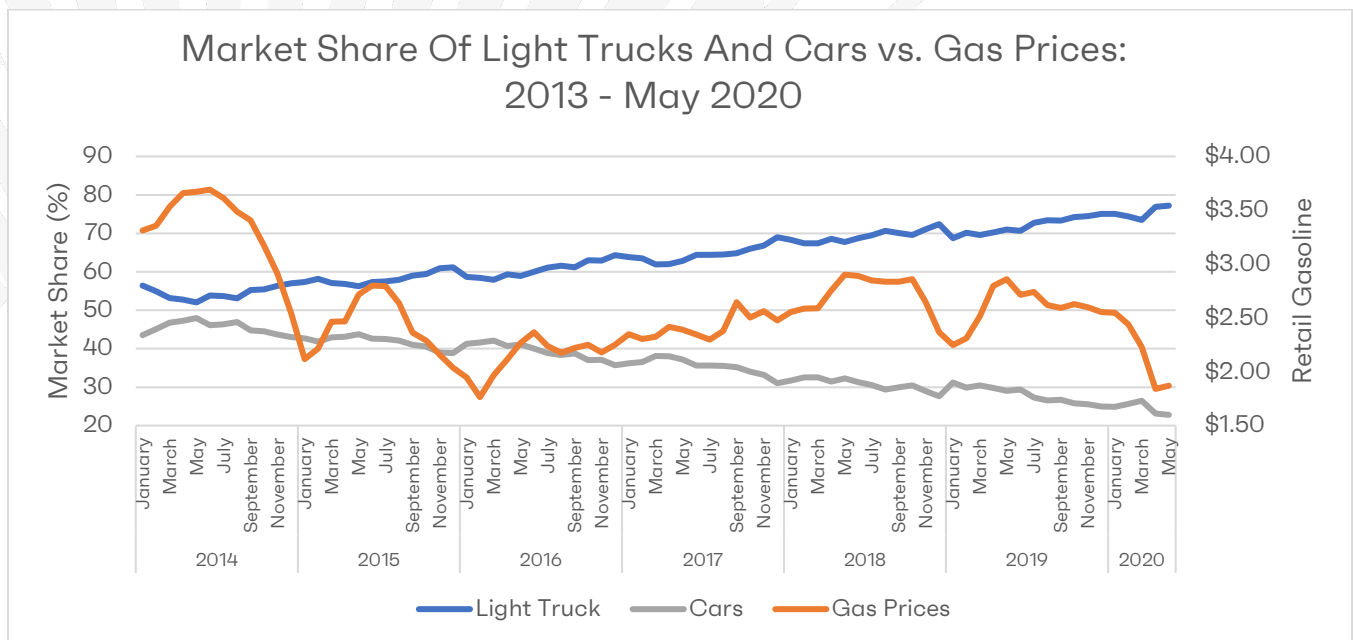
Rental Fleets: “Rental volume, which would have accounted for roughly 10% of new-vehicle sales in a 16.8 million-unit market, has all but dried up, and not coming back until business and vacation travel does. Additionally, automakers are trying to fill existing commercial orders but might not be able to meet all orders for '20 model-year vehicles if production can't be ramped up fast enough – some could be delayed until the '21 model year, if not create more cancellations.”^x

Segments vs. Gas Prices (Updated 6/3)

Monthly Sales For May: Light trucks accounted for more than 77% of sales in May, a nearly 6% gain in market share from a year ago.

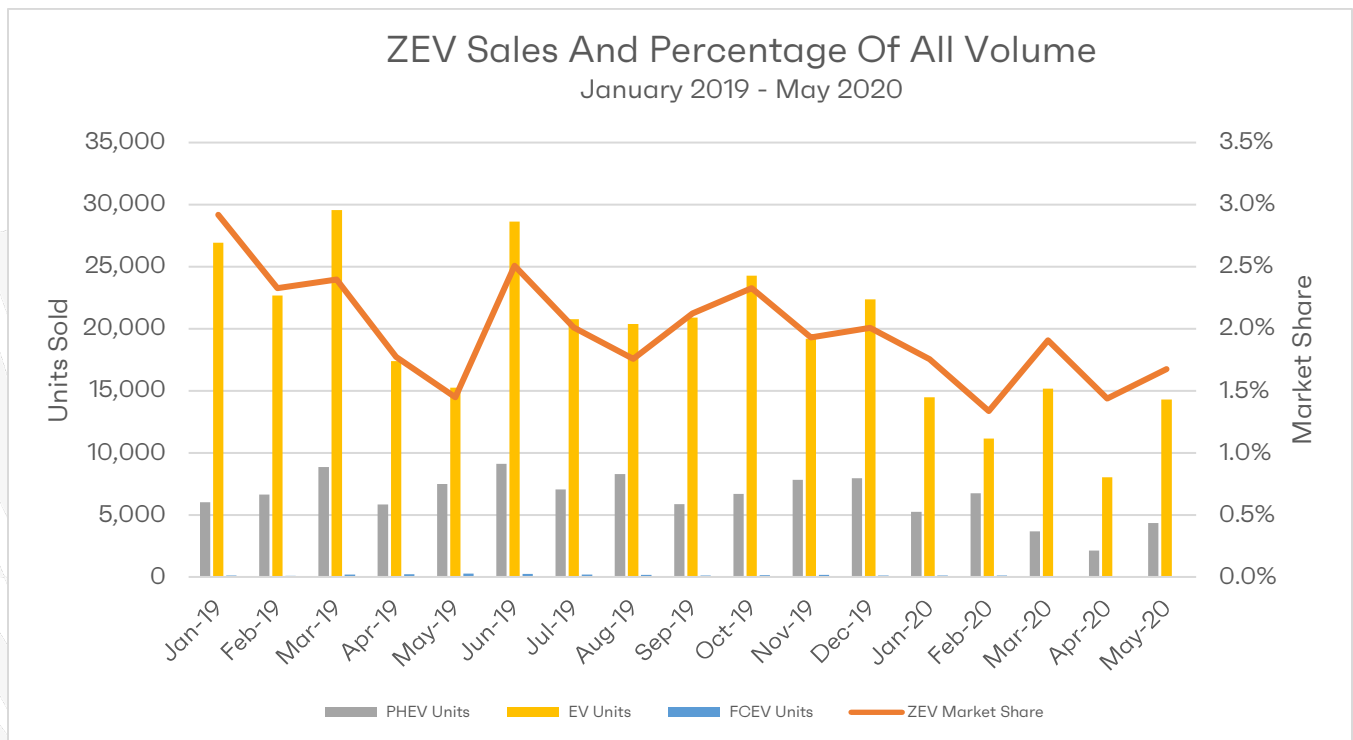
Historic Perspective: The upward trend in the popularity of light trucks over cars has been steady since 2013, when only 2% of annual market share separated the two segments^{xi} and gas was over \$3.00^{xii} a gallon. As fuel prices dropped below the \$3.00 mark in mid-September 2014, light truck sales began to take off – and never looked back. Gas prices since have averaged only \$2.47 a gallon (through April 2020) and when combined with increased fuel economy for light trucks, an increase of 4 mpg since 2013^{xiii}, the perfect conditions existed to continue fueling light truck market growth.

As gas prices are predicted to average only \$1.58 through the summer season^{xiv} combines with generous incentives on trucks from manufacturers to offset COVID losses, a further hit to the car segment is entirely possible.



ZEV Powertrain Sales (Updated 6/3)

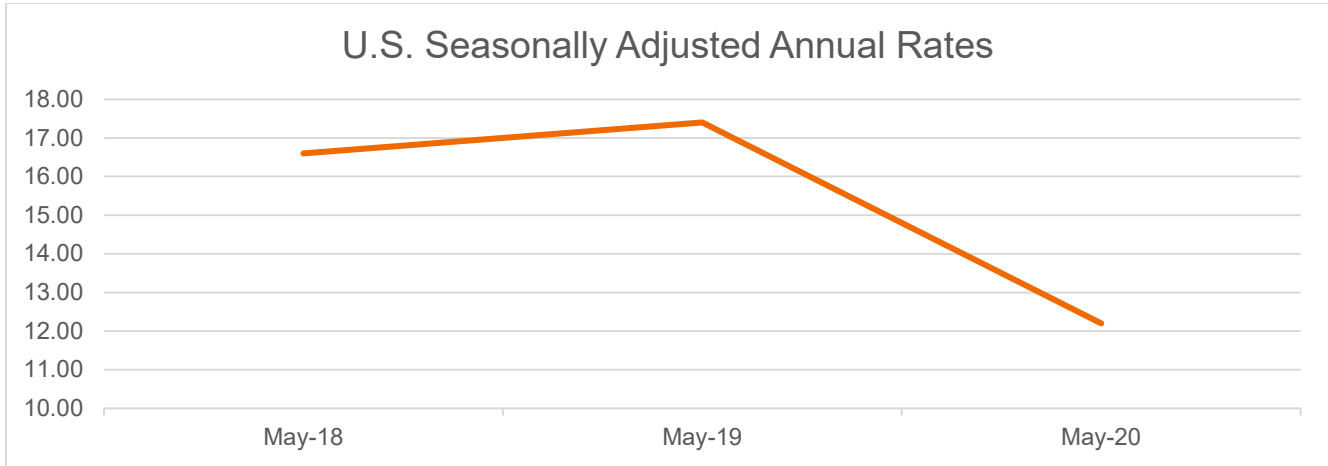
Sales of zero emission vehicles (BEV, PHEV, & Fuel Cell) accounted for only 1.7% of total vehicle sales in May 2020, up .3% from a year ago and .3% from April 2020. Sales of battery electric vehicles led the way for ZEVs accounting for 1.28% of the total, up .32% from May 2019. Plug-in hybrids accounted for .4%, down .08% in market share, year-over-year.



Seasonally Adjusted Annual Rates (Updated 6/3)

“May U.S. light-vehicle sales improved on the rock-bottom results of April, but now the question becomes can strong sequential month-to-month growth continue in June. Sales totaled a 12.2 million-unit seasonally adjusted annual rate, a big increase from the prior month’s 8.6 million, and higher than March’s 11.4 million, when the impact of combatting the spread of the Covid-19 virus began. May’s SAAR was well below like-2019’s 17.4 million units, as well as the 16.8 million entire-2020 was expected to average per month prior to March. The year-to-date SAAR through May totaled 13.0 million units, compared with like-2019’s 16.9 million, and lowest for the period since 12.7 million in 2011.”^{xv}

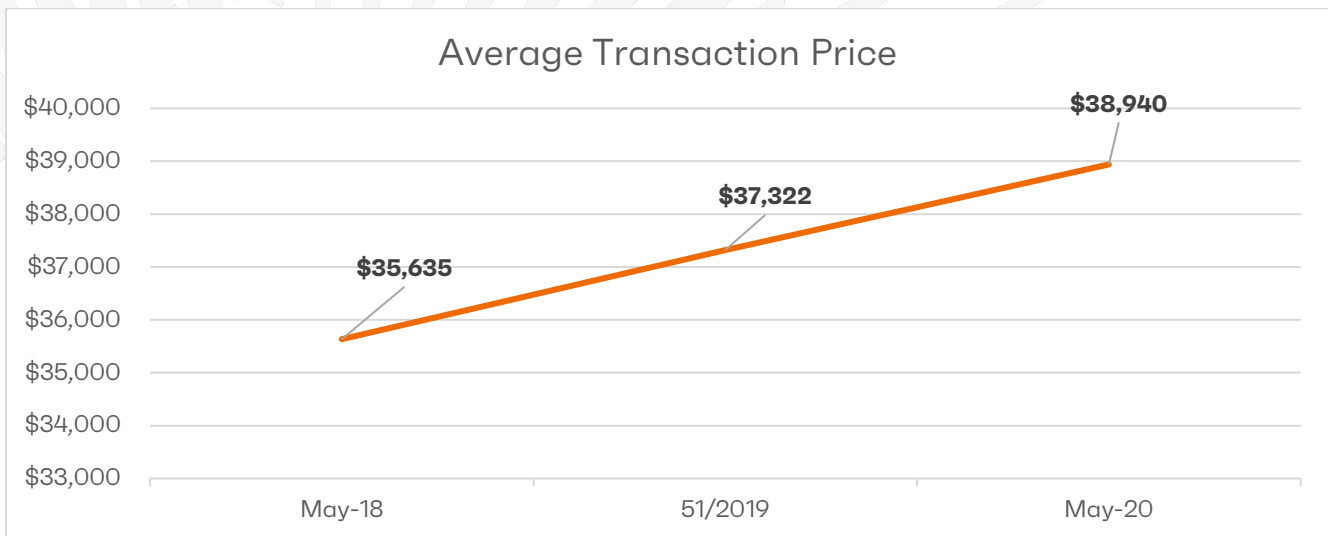
“Wards Intelligence is penciling in a 13.2 million-unit SAAR for June, which would finalize the second quarter at an 11.2 million-unit SAAR.”^{xvi}



Average Transaction Price (Updated 6/24)

The average vehicle transaction price in May 2020, per Kelley Blue Book, was up 4% over May 2019, and 9.3% over May 2018.^{xvii}

Additional Insight From J.D. Power^{xviii}: “Customer-facing transaction price decreased \$41 to \$34,828. The decrease was driven entirely by downward pricing effects from the continued shift back to pre-virus mix levels for segments and markets. While the current week is nearly \$1,000 lower than the all-time high of \$35,698 set in the week ending April 05, the results for the week ending June 21 are 3.3% above the same week in 2019.”



Auto Loan Financing (Updated 6/24)

WardsIntelligence: “Edmunds reported that average interest rates on new-vehicle loans – 4.0% in May – were their lowest in nearly seven years.”^{xix}

Financing Increases For The First Time. After financing for the week of June 14, 2020 dropped to 4.32%, the lowest mark of the year on the 60-month new car financing interest rate, the week of June 24th saw the first increase in rates since the COVID crisis began. Rates are down .27% since the beginning of the year and down .44% from a year ago.^{xx}

Additional Insight From J.D. Power^{xxi}: “Incentive spending per unit for the week ending June 21 was \$4,333, an increase of just \$8 from the prior week. Seven automakers quit supporting 84-month loan terms in June, leaving only five brands with supported 84-month terms in the market. As a result, 84-month APR mix of all retail sales fell 0.7ppts to 8.8%, its lowest mark since mid-March.”

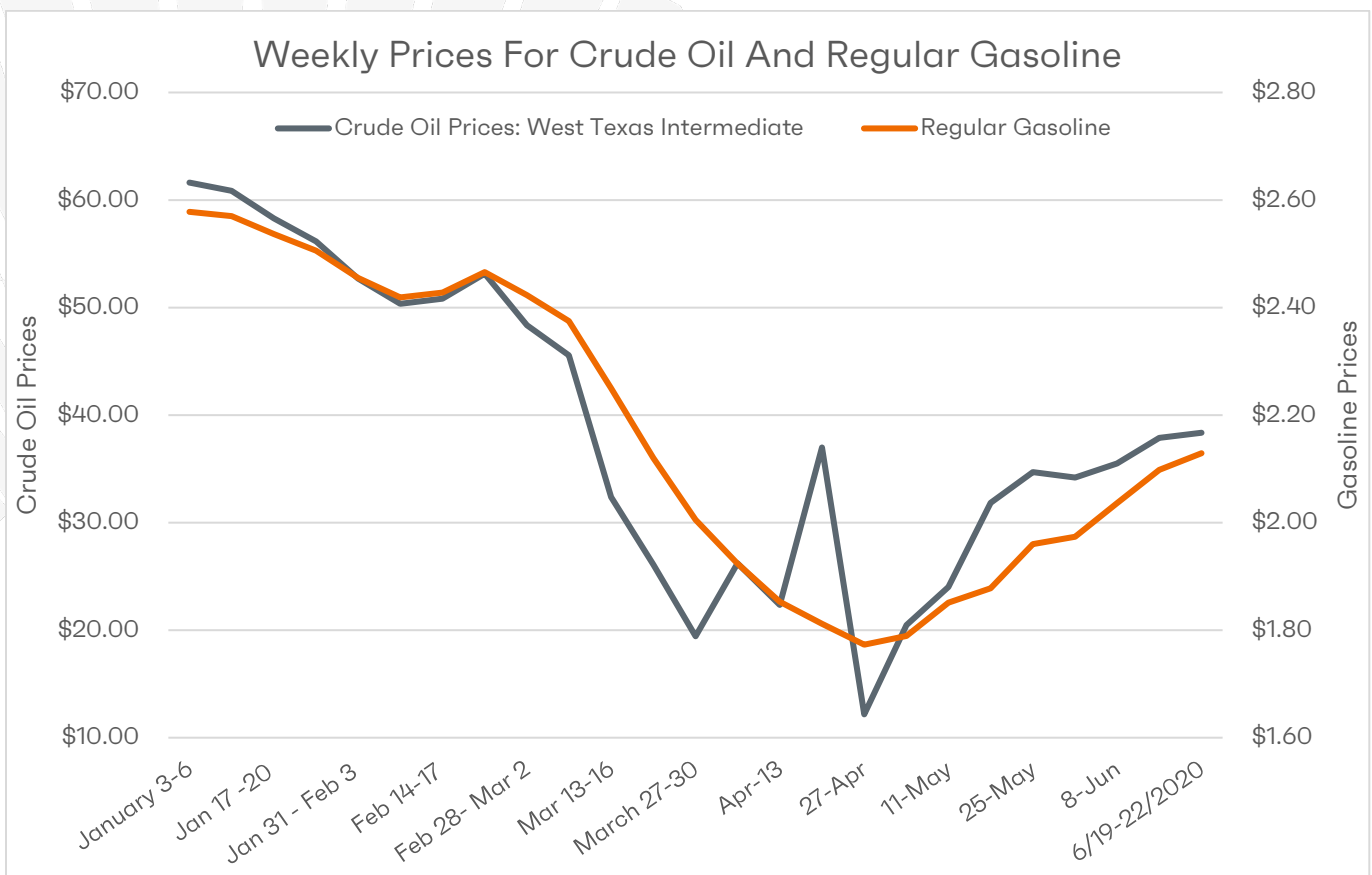
Auto Loan Financing					
Dates	60-month new car		48-month new car		36-month used car
6/24/2020	4.33%	4.33%	4.33%	4.73%	
6/17/2020	4.32%	4.30%	4.30%	4.72%	
6/10/2020	4.34%	4.38%	4.38%	4.76%	
6/3/2020	4.35%	4.32%	4.32%	4.73%	
5/27/2020	4.35%	4.32%	4.32%	4.73%	
5/20/2020	4.36%	4.33%	4.33%	4.74%	
5/13/2020	4.36%	4.34%	4.34%	4.74%	
5/6/2020	4.37%	4.35%	4.35%	4.75%	
4/29/2020	4.37%	4.35%	4.35%	4.75%	
4/22/2020	4.37%	4.35%	4.35%	4.75%	
4/15/2020	4.37%	4.35%	4.35%	4.75%	
4/8/2020	4.37%	4.35%	4.35%	4.75%	
4/1/2020	4.42%	4.39%	4.39%	4.89%	
3/25/2020	4.42%	4.38%	4.38%	4.90%	
3/18/2020	4.43%	4.39%	4.39%	4.91%	
3/11/2020	4.46%	4.42%	4.42%	4.95%	
3/4/2020	4.49%	4.45%	4.45%	4.98%	
2/26/2020	4.56%	4.51%	4.51%	5.02%	
1/2/2020	4.60%	4.55%	4.55%	5.10%	
6/12/2019	4.77%	4.71%	4.71%	5.26%	
One Week Change	0.01%	0.03%	0.03%	0.01%	
Two Week Change	-0.01%	-0.05%	-0.05%	-0.03%	
Change since 1/3/20	-0.27%	-0.22%	-0.22%	-0.37%	
One Year Change	-0.44%	-0.38%	-0.38%	-0.53%	

Crude Oil and Gas Prices (Updated 6/24)

Oil Forecasts For The Year Down More Than A Million Barrels A Day. “The U.S. cut its 2020 oil production forecast by more than 1 million barrels a day, as collapsing crude prices and plummeting demand threaten to shutter production in the country’s biggest fields. Production is expected to average 11.76 million barrels a day through December, down from a previous forecast of 12.99 million barrels, the Energy Information Administration said on Tuesday.”^{xxii}

Retail Gas Forecast To Average \$1.58 For The Summer Driving Season. “For the April–September 2020 summer driving season, EIA forecasts U.S. regular gasoline retail prices will average \$1.58 per gallon (gal), down from an average of \$2.72/gal last summer”^{xxiii}

Oil And Gas Remain Low: Oil prices, as benchmarked at West Texas Intermediate, as well as gasoline prices, both continued their rebound in June. For the week of June 19, oil was up to \$3 while gas was up to \$2.13. Compared to the start of the year, crude oil is 38%, while gas prices are down 17%^{xxiv}

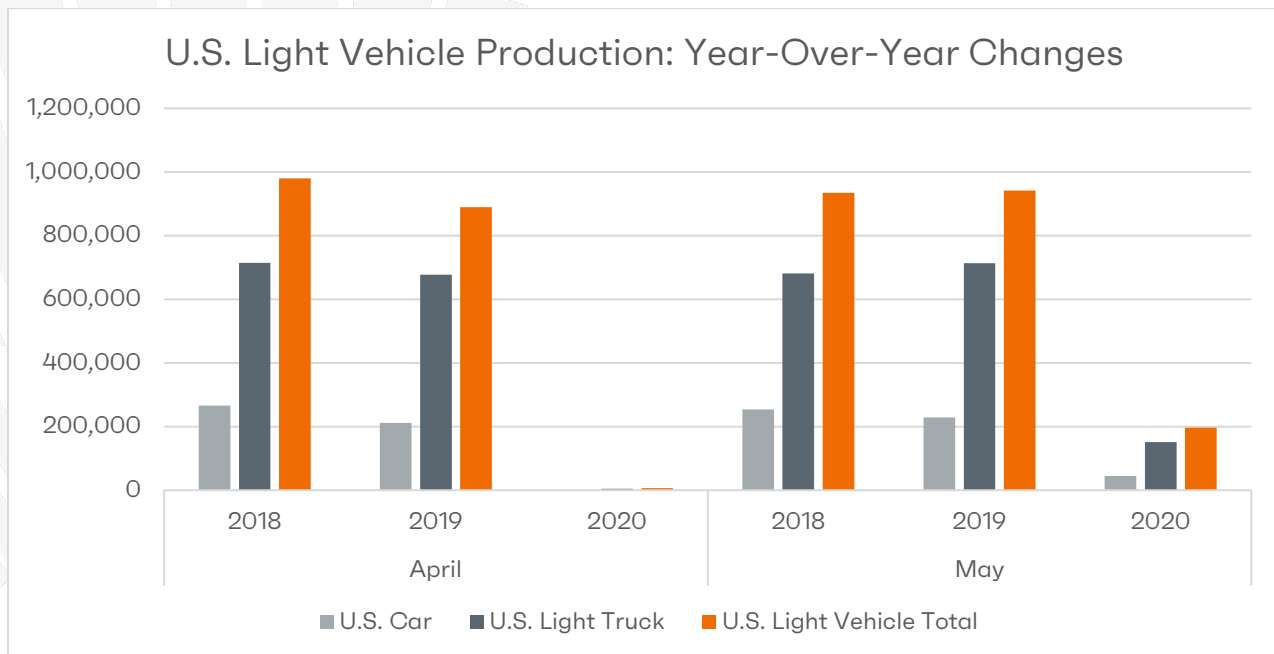


Production Meter

U.S. Light Vehicle Production (Updated 6/19)

U.S. Light vehicle production dropped 79% year-over-year in May, and 83% in North America overall. While nearly all OEMs restarted production in the U.S. and across North America in the month, production was down, year-over-year, in the range of 70%-98% for manufacturers. The light vehicle production total for North America was less than 250,000 (57,660 cars; 190,942 light trucks), and for the U.S., less than 200,000 (45,151 cars; 151,688 light trucks)

“May’s weak performance caused the U.S. 5-month total to fall 41.7% below year-ago. . . . North American year-to-date production after five months totaled 4,028,697, 42.8% below like-2019’s 7,043,810.”^{xxv}



U.S. Light Vehicle Inventory and Days’ Supply (Updated 6/10)

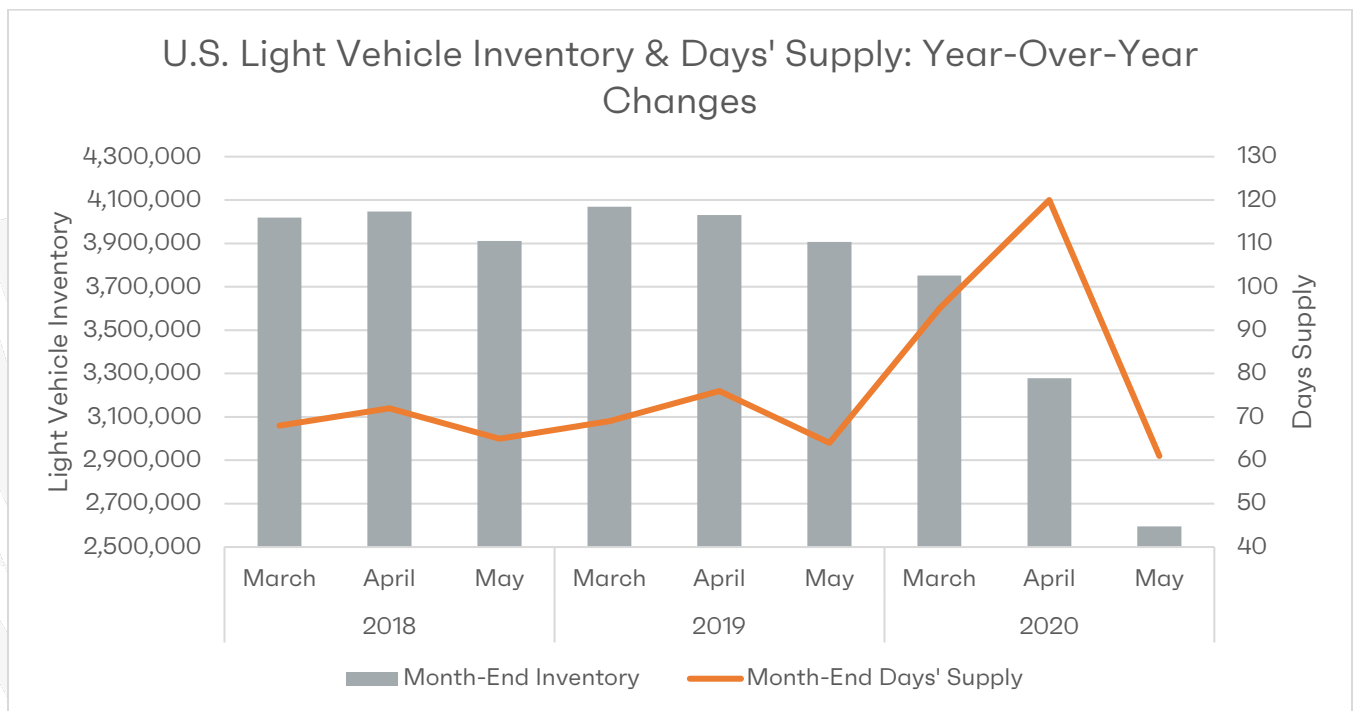
May Inventory Update^{xxvi}: “U.S. light-vehicle inventory ended May down 33% from like-2019 and is at a level commensurate with annual sales of 14 million units, based on Wards Intelligence’s analysis.

“May 31 inventory totaled 2.59 million units, well below like-2019’s 3.89 million, and lowest for the month since 2.16 million in 2011.

“With North America production nearly non-existent in April, and down an estimated 78% year-over-year in May, inventory of domestically produced vehicles was hit particularly hard. Stocks of locally made light-vehicles were down 39.6% year-over-year in May, while imports were short just 8.1%.

“Domestically produced vehicles account for 80% of U.S. sales, but ended May at 72% of inventory. Furthermore, one of the high-volume segment groups, Pickups, which are entirely comprised of domestically sourced stock, recorded inventory down 50.0%. The severe decline in availability of pickups comes off record market share for them in April and May, as consumers took advantage of especially generous incentive activity on the vehicles.

“May 31 days’ supply for light vehicles totaled 61, which is within the typical range for the month. The total is slightly below like-2019’s 64, and a steep drop from April’s 119.”

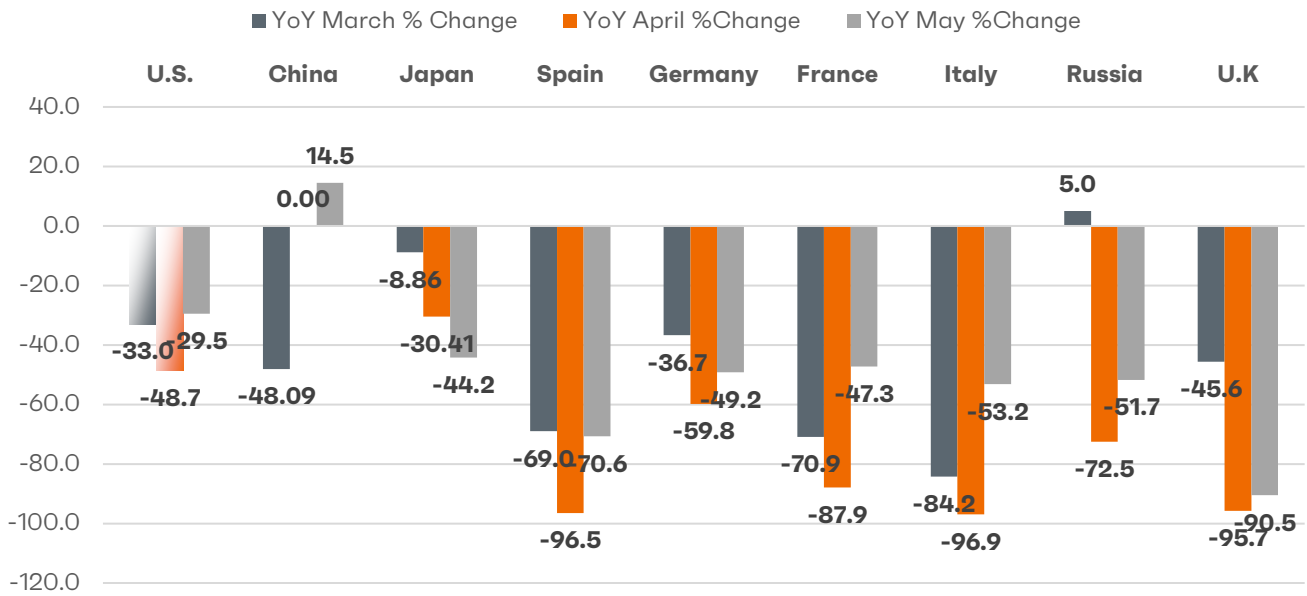


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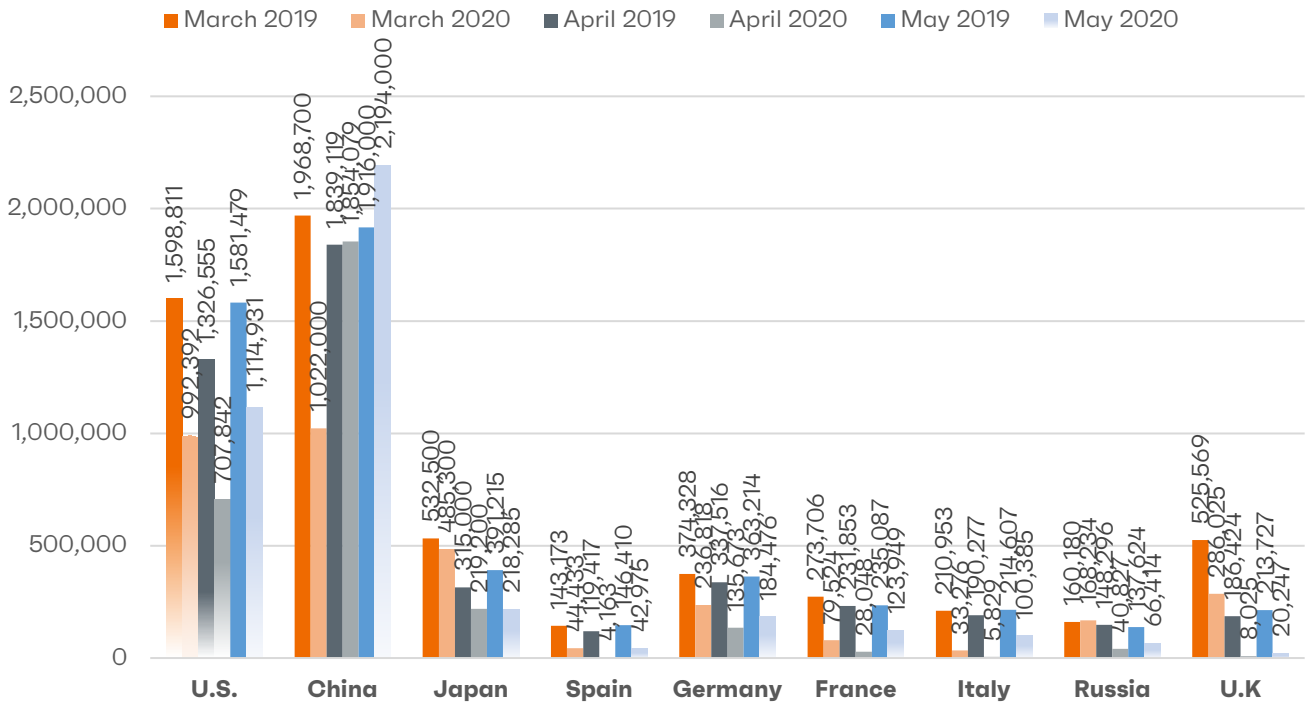
Global Meter (New 6/24)

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

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

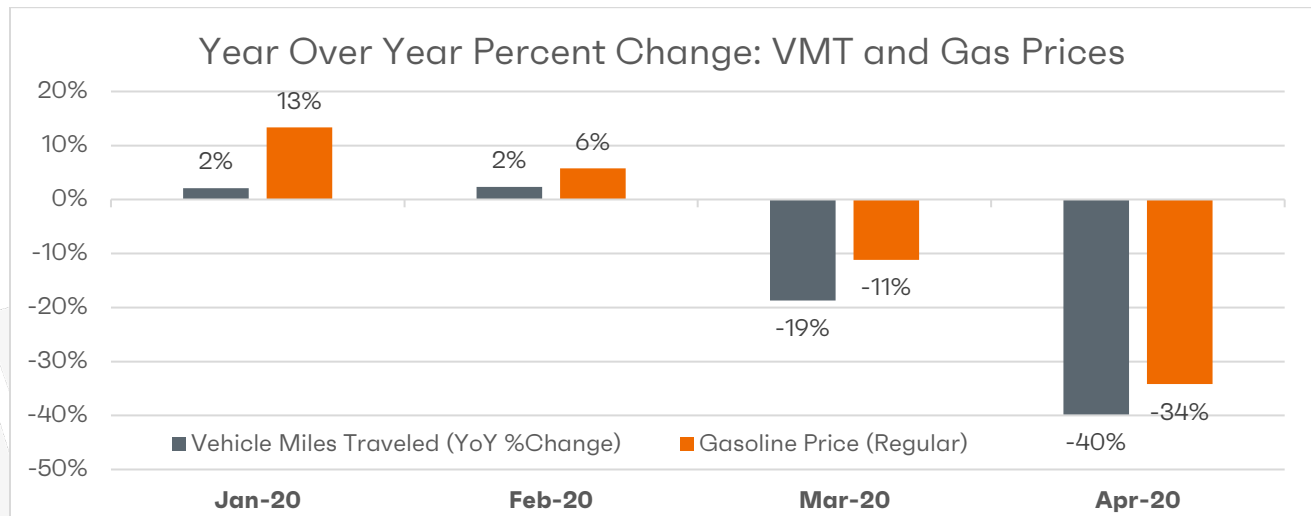


Light Vehicle Sales By Country



Travel Meter (New 6/10)

“U.S. motorists drove less in April year-over-year, according to the Department of Transportation. Travel on all public roads fell 39.8% in April from the same month last year. Travel totaled 169.6 billion miles in April.”^{xxviii}



- ⁱ WardsIntelligence, "U.S. Light Vehicle Sales, March," 4/1/2020; WardsIntelligence, "U.S. Light vehicle Sales, April," 5/1/2020
- ⁱⁱ Haig Stoddard, "COVID-19 Impact Will Tank March, Second-Quarter U.S. Light-Vehicle Sales," *WardsIntelligence*, 3/25/20; Haig Stoddard, "March 25 COVID-19 Update: 2020 North America Production, U.S. Sales Forecasts," *WardsIntelligence*, 3/30/20; Haig Stoddard, "U.S. Light-Vehicle Sales Start on the Road Back in May," *WardsIntelligence*, 5/21/20
- ⁱⁱⁱ Haig Stoddard, "COVID-19's Toll on North America Vehicle Production in March, Q2," *WardsIntelligence*, 3/30/20
- ^{iv} Haig Stoddard, "Covid-19: Revised Outlook for U.S. Light-Vehicle Sales in 2020, 2021," *WardsIntelligence*, 5/27/2020
- ^v Haig Stoddard, "Third-Quarter North America Production to Fall 11% But Big Improvement on Q2," *WardsIntelligence*, 5/29/2020
- ^{vi} J.D. Power, "[Auto Industry Impact Report: June 21, 2020](#)," 6/24/2020
- ^{vii} WardsIntelligence, "U.S. Light Vehicle Sales, May 2020," 6/2/20; WardsIntelligence, "U.S. Light Vehicle Sales, May 2018, 6/1/18
- ^{viii} Haig Stoddard, "May U.S. Light-Vehicle Sales Down 30% But Take Solid First Step From April's Rock-Bottom Results," *WardsIntelligence*, 6/2/2020
- ^{ix} J.D. Power, "J.D. Power Auto Industry Impact Report," 6/4/2020
- ^x Haig Stoddard, "U.S. Light-Vehicle Sales Start on the Road Back in May," *WardsIntelligence*, 5/21/20
- ^{xi} WardsIntelligence, U.S. Light Vehicle Sales, January 2013 – December 2019
- ^{xii} U.S. Energy Information Administration, Weekly Retail Gasoline and Diesel Prices, Regular price per gallon, including taxes
- ^{xiii} WardsIntelligence, Fuel Economy Index, December 2013 & 2019
- ^{xiv} U.S. Energy Information Administration, Press Release, "Short-Term Energy Outlook," 4/7/20
- ^{xv} Haig Stoddard, "May U.S. Light-Vehicle Sales Down 30% But Take Solid First Step From April's Rock-Bottom Results," *WardsIntelligence*, 6/2/2020
- ^{xvi} Haig Stoddard, "U.S. Light-Vehicle Sales Start on the Road Back in May," *WardsIntelligence*, 5/21/20
- ^{xvii} Kelley Blue Book, Press Release, "Average New-Vehicle Prices Up 4% Year-Over-Year in May 2020, According to Kelley Blue Book," 6/2/2020; Kelley Blue Book, Press Release, "Pickup Trucks Help Drive Average Transaction Price Strength for May 2018, According to Kelley Blue Book," 6/1/18
- ^{xviii} J.D. Power, "[Auto Industry Impact Report: June 21, 2020](#)," 6/24/2020
- ^{xix} Haig Stoddard, "May U.S. Light-Vehicle Sales Down 30% But Take Solid First Step From April's Rock-Bottom Results," *WardsIntelligence*, 6/2/2020
- ^{xx} Bankrate, "[Current Car Loan Interest Rates](#)," Accessed 6/24/20; Internet Archive, Bankrate, "Current Car Loan Interest Rates, cached image from July 24, 2019
- ^{xxi} J.D. Power, "[Auto Industry Impact Report: June 21, 2020](#)," 6/24/2020
- ^{xxii} Stephen Cunningham, "U.S. Slashes 2020 Oil-Output Forecast Ahead of OPEC+ Meeting," *Bloomberg*, 4/7/20
- ^{xxiii} U.S. Energy Information Administration, Press Release, "Short-Term Energy Outlook," 4/7/20
- ^{xxiv} U.S. Energy Information Administration, Regular Gasoline, https://www.eia.gov/dnav/pet/pet_pri_gnd_dcus_nus_m.htm, Accessed 6/24/20; U.S. Energy Information Administration, Daily Cushing, OK WTI Spot Price, <https://www.eia.gov/dnav/pet/hist/LeafHandler.ashx?n=PET&s=RWTG&f=W>, Accessed 6/24/20; YCharts, https://ycharts.com/indicators/wti_crude_oil_spot_price, Accessed 5/20/20
- ^{xxv} Keith Lowe, "North America Decreases LV Production in May," *WardsIntelligence*, 6/18/2020; WardsIntelligence, "North America Production, May 2020," 6/18/2020
- ^{xxvi} Haig Stoddard, "U.S. Light-Vehicle Inventory Slides to 9-Year Low for May," *WardsIntelligence*, 6/3/2020
- ^{xxvii} WardsIntelligence, "U.S. Light Vehicle Inventory, March 2020," 4/2/2020; WardsIntelligence, "U.S. Light Vehicle Inventory, April 2018," 5/3/18; WardsIntelligence, "U.S. Light Vehicle Inventory, May 2020," 5/21/2020; WardsIntelligence, "U.S. Light Vehicle Inventory, May 2018,"
- ^{xxviii} Chris Middleton, "U.S. April Motor Vehicle Travel Miles: Summary," *Bloomberg Government*, 6/8/2020