READING THE METER

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

ALLIANCE FOR AUTOMOTIVE INNOVATION

Contents – April 24, 2025

ALLIANCE FOR AUTOMOTIVE INNOVATION

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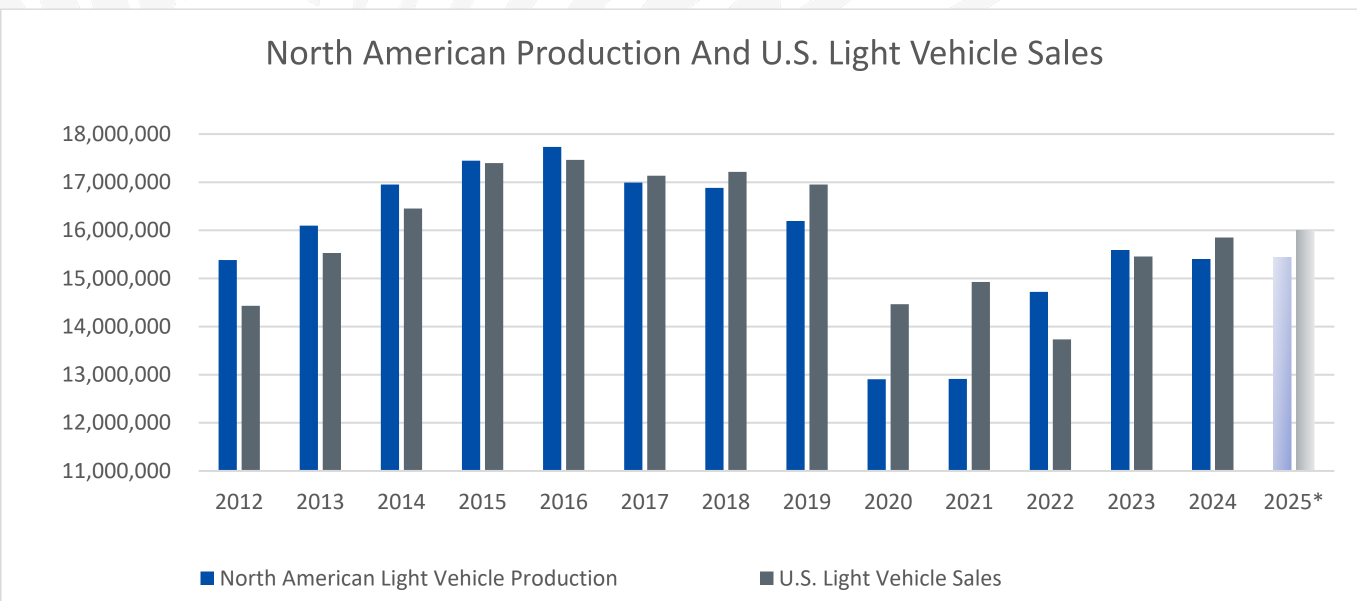
Forecast Meter

Sales & Production Summary and Forecast (Updated 4/24)

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)
2024 Full Year	15,851,070 (+2.2% YoY)	15,972,369 (-1.3% YoY) (U.S. 10,561,234)
2025 Forecast	16,000,000	15,440,000



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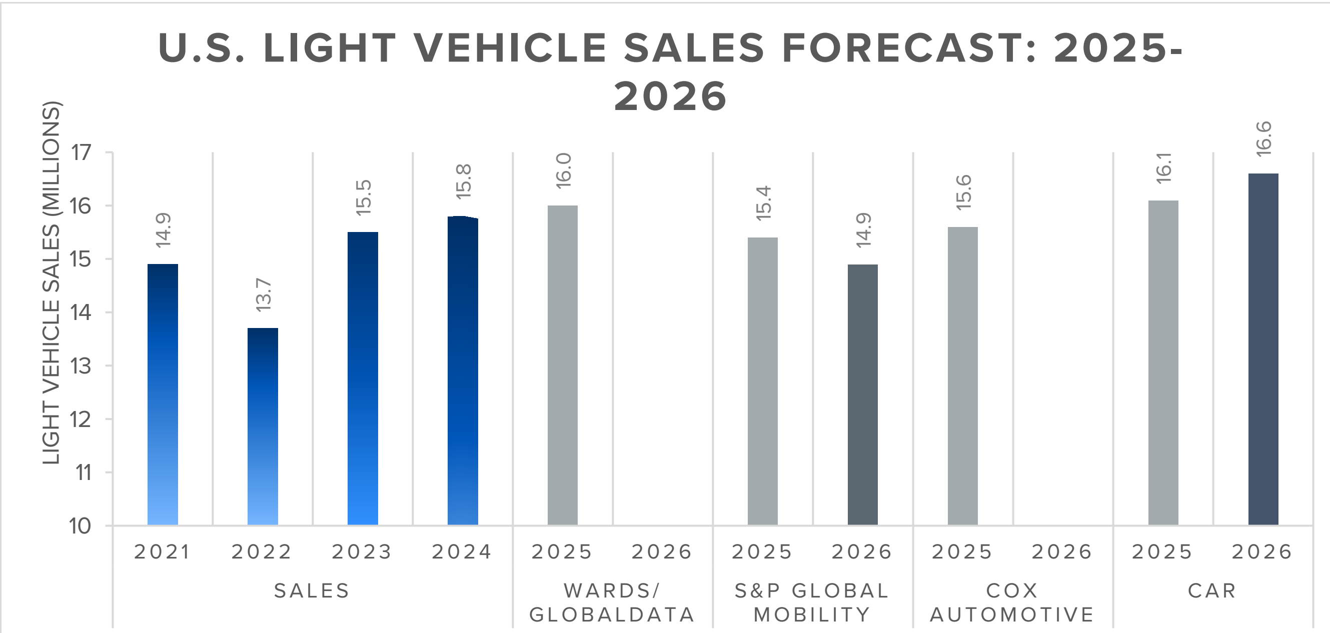
U.S. Light Vehicle Sales Outlook (Updated 4/24)



Wards Intelligence Outlook (4/24)[4]: "U.S. light-vehicle sales are soaring again in April as buyers flock to dealer lots in expectations that tariffs on automobiles and their parts will soon cause major price increases on new vehicles.

"Sales are tracking to a 17.4 million-unit seasonally adjusted annual rate, not as high as March's 17.8 million but both are the highest in four years, and well above the 15.8 million totaled in January-February. It also strongly compares with April 2024's 16.0 million.

"With a week remaining in the month at the time this was finalized, there is (of course) downside and upside risk to the outlook. However, this month the risk is stronger than usual. There were indications from sources that momentum could take final volume even higher than Wards Intelligence's forecast, but some also reported weakening retail demand after a strong start to the month. Another possible dynamic that could influence deliveries before the end of the month is the surge in March-April volume begins putting enough strain on inventory to the extent it limits deliveries before May.

"Raw volume is forecast to total 1.473 million units, 11.8% above April 2024's 1.317 million. The daily selling rate over the month's 26 selling days equates to 56,652 units, 7.5% above same-month 2024's 52,699 – 25 selling days.

"Retail demand is estimated at 1.243 million units, 10.6% above year-ago, based on daily selling rates. Fleet deliveries are pegged at 230,000 units, 6.7% below year ago, based on DSRs."

North American Production & Inventory Outlook (Updated 4/24)

Wards Intelligence Inventory Outlook (4/24) [5]: "Inventory is forecast to decline month-to-month for the second straight time in April, falling 4.4% from March to 2.62 million units. But more significant, if the forecast holds firm, is it will fall 4.2% below like-2024, the first month since June 2022 inventory did not record year-over-year growth."

Wards Intelligence Production Outlook (4/24)[6]: "The Q2 North America production forecast for light vehicles and medium-/heavy-duty trucks was reduced by 57,300 units from the month-ago revision, with 36,000 of the total attributed to parts shortages, flooding and reactions to tariffs; the remainder related to inventory control.

"Production in Q2 is heading to 4.102 million units, 2.9% below the year-ago total. Excluding medium- and heavy-duty trucks, light-vehicle output is forecast to total 3.970 million, 3.1% below like-2024.

"Manufacturers losing production for non-inventory-control reasons include Ford, General Motors, Mazda-Toyota's U.S. joint venture, Stellantis and the Mercedes-Nissan joint venture in Mexico, COMPAS. Changes at GM also included cuts to limit inventory growth.

"Second-quarter output has downside depending on how local demand unfolds in April, and on if there are more changes to automotive tariffs being imposed by the U.S.

"Furthermore, economic-related data, such as employment figures, consumer confidence and stock and bond prices, over the remainder of April, and in early May, could have a bigger-than-normal short-term impact on production schedules in May and June."

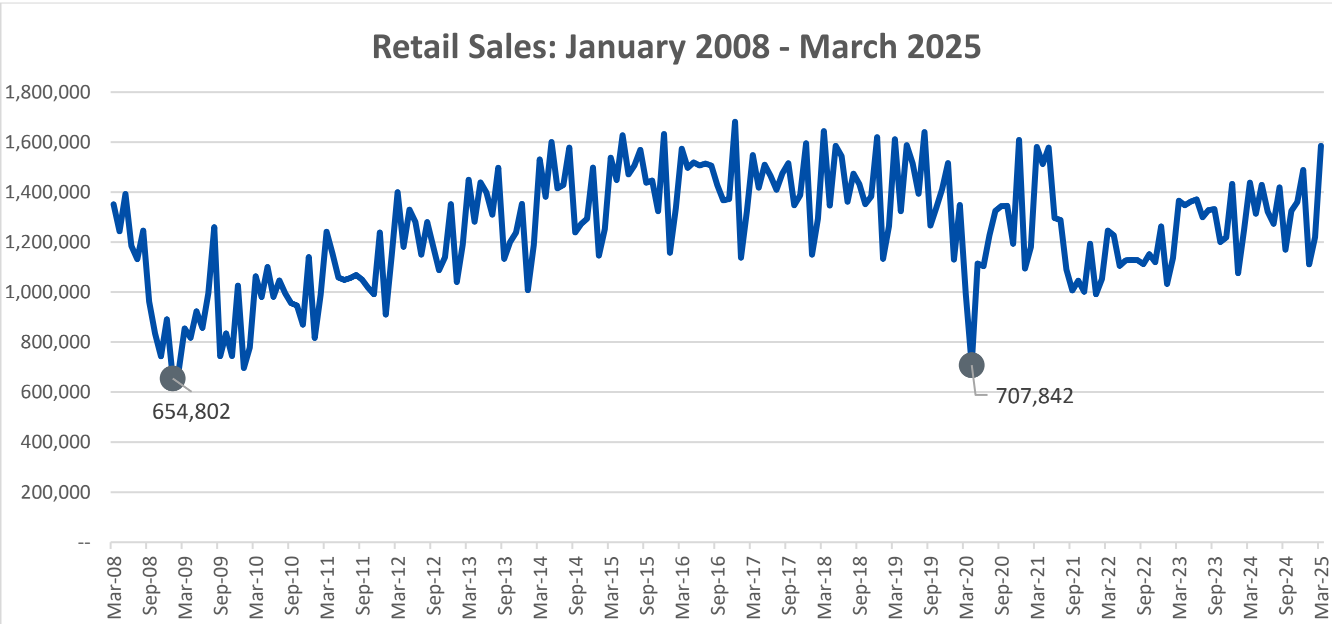
S&P Global Mobility Outlook (4/24)[7]: "North America: The outlook for North America light vehicle production was reduced by 944,000 units and by 778,000 units for 2025 and 2026, respectively (and increased by 6,000 units for 2027). As autos tariffs begin to affect global economies, the outlook for North American production amid direct tariff implications and demand impacts results in the steepest cuts since COVID. Select vehicles with higher risk associated with USMCA compliance and Canadian and Mexican sourcing were targeted in the reductions. Inventory levels are projected to decline as consumers rush to secure pre-tariff priced dealer stock followed by manufacturers holding shipments and less inclined to restock inventory levels amid ongoing tariff uncertainty. Based on this working US inventory assumption, the North American production forecast is built around inventory levels declining to 1.7-to-2.0-million units in a now reduced 15.0-to-15.4-million-unit US sales environment mimicking what was experienced during COVID and the semiconductor shortages. Despite the sharply reduced demand outlook, inventory restocking and onshoring are expected to become evident with the production outlook for 2027 remaining essentially flat at 15.47 million units. The largest beneficiary to onshoring is Nissan with other gainers including BMW, Honda, Hyundai, and Subaru that all benefit from expected increased localization of existing vehicles. Longer range onshoring is still being evaluated for future forecast updates."

Market Meter

U.S. Light Vehicle Sales (Updated 4/3)

Monthly Sales (Updated 4/3)

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.



Monthly Sales (Updated 4/3)

WardsIntelligence[8]**:** "The anticipated tariff bump turned out to be much more than expected, as light-vehicle sales in March soared to a 17.8-million-unit seasonally adjusted annual rate.

"That was far above the 15.8 million annualized rate being tracked to in January-February combined, and the highest for any month in nearly four years – 18.2 million in April 2021, just on the cusp of the global semiconductor shortage kicking in, lampooning production and, thus, inventory, sending sales spiraling downward to levels the industry has not fully recovered from.

"Total deliveries in March of 1.585 million units were the highest for any month since 1.597 million in March 2021 and 10.7% above like-2024's 1.432 million.

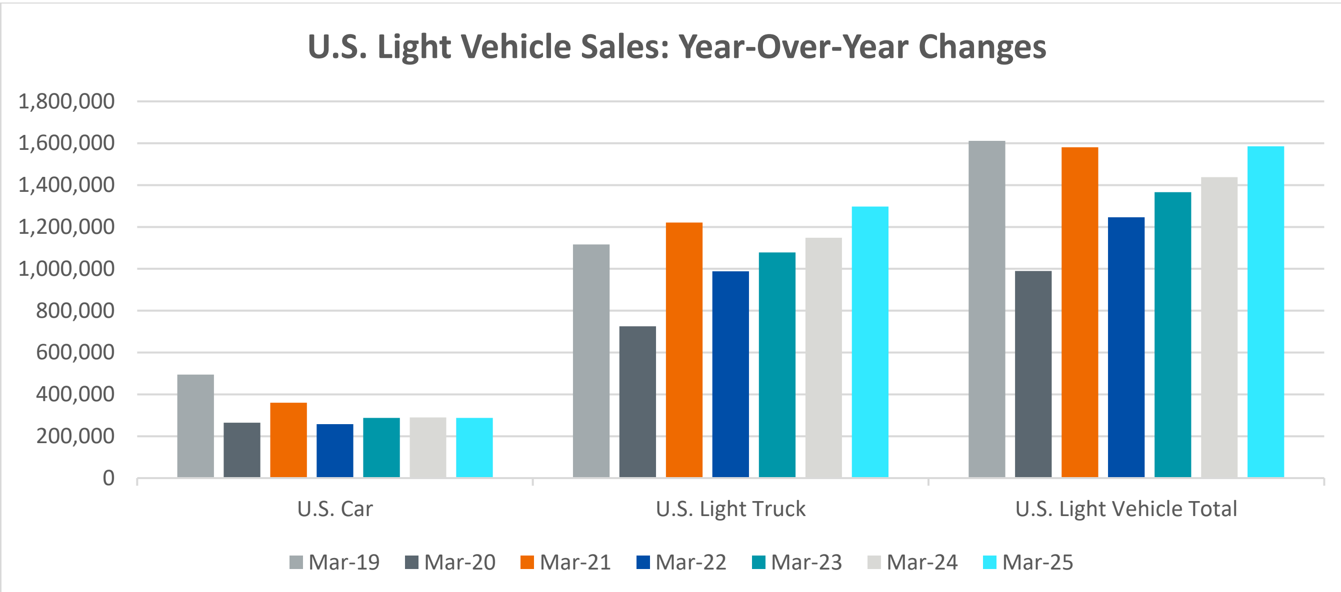
"The tariff impact positively affected results for both the retail and fleet sectors.

"Estimated retail volume of 1.304 million units was – based on DSRs – up 17.3% from March 2024, while fleet (281,000) was up 5.0%, based on DSRs. For fleet, it was the first year-over-year increase since November, and only the third over the past 11 months.

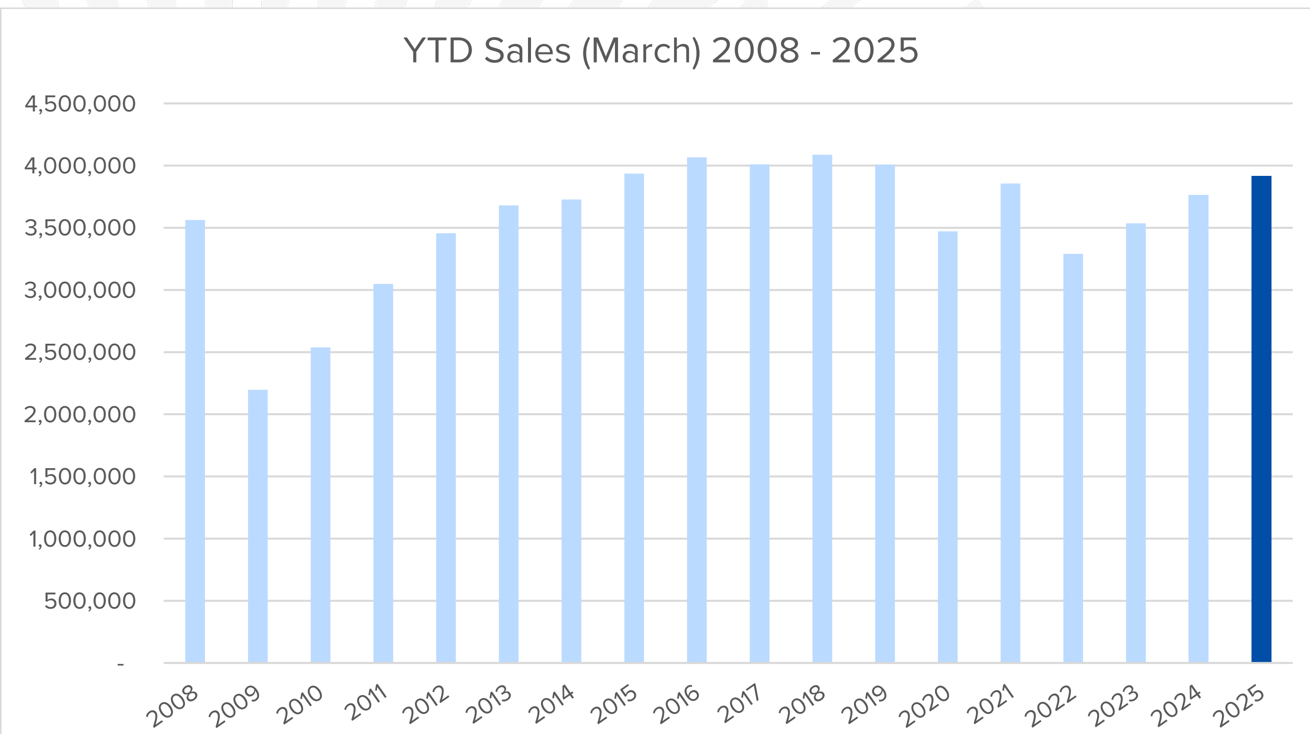
"Based on estimates made roughly two-thirds into the month, J.D. Power reported incentives in March rose 8.2% year-over-year but fell 5.2% from February. Average transaction prices were up 1.4% year-over-year, the third increase over the past four months after 13 straight declines, and up 0.5% from the prior month.

"Every major segment, and nearly every subsegment, posted a year-over-year increase in March.

"Sales in the first quarter totaled 3.910 million units, 4.8% above Q1-2024's 3.732 million. The Q1 SAAR was 16.5 million units, well above same-period 2024's 15.5 million."



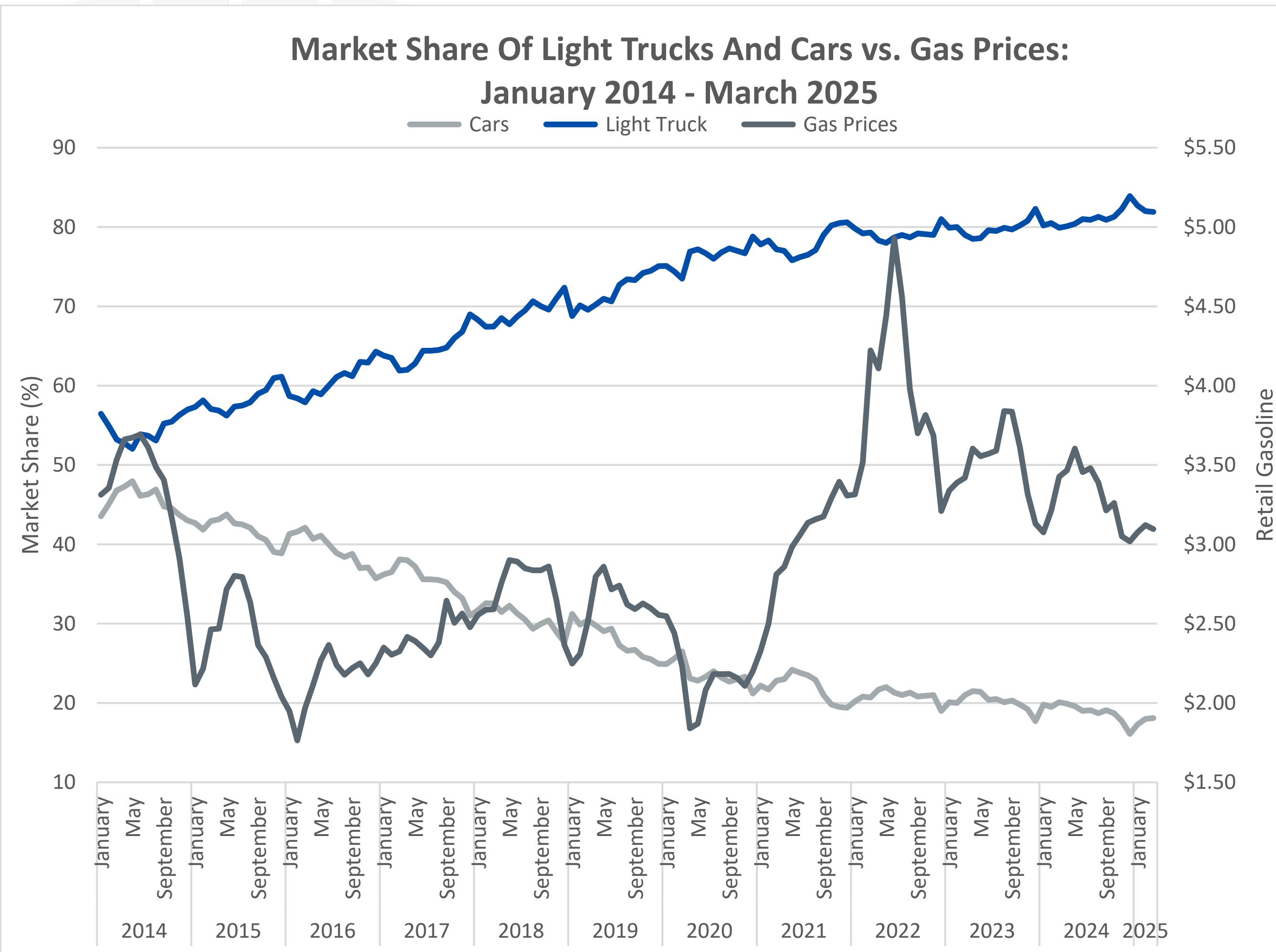
Calendar year-to-date sales through March totaled 3.9 million units, up 4.8% from 2024's 3.73 million.



Segments vs. Gas Prices (Updated 4/3)

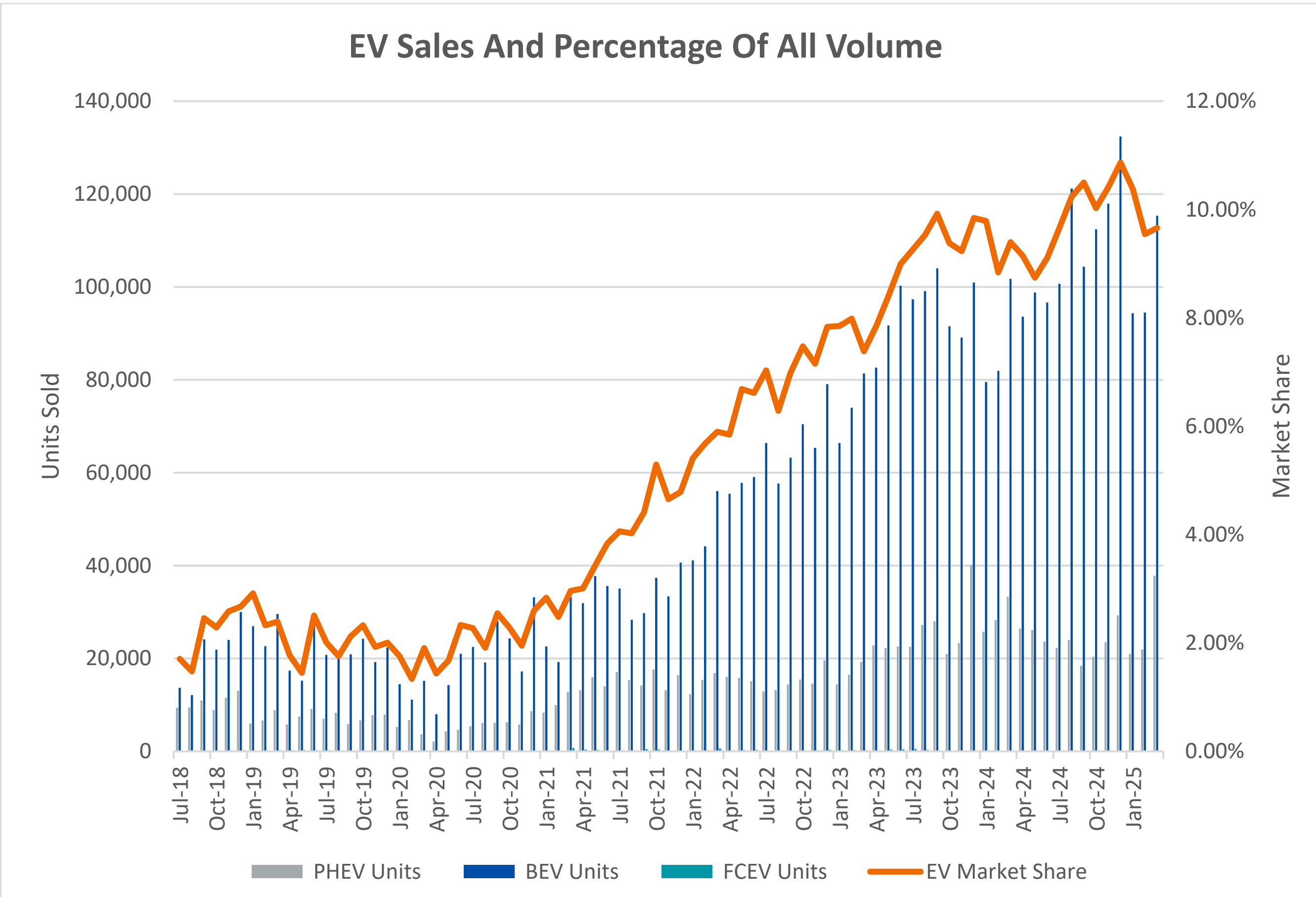
Monthly Sales: Light trucks accounted for 81.9 percent of sales in March, up 2.0 percentage points from the market share a year ago. Compared to the same period in 2024, sales of cars are down 2,000 units, and down more than 207,000 from March 2019, when cars comprised 31% of the market as opposed to the 18 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.[9] and gas was over $3.00.[10] 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.[11]



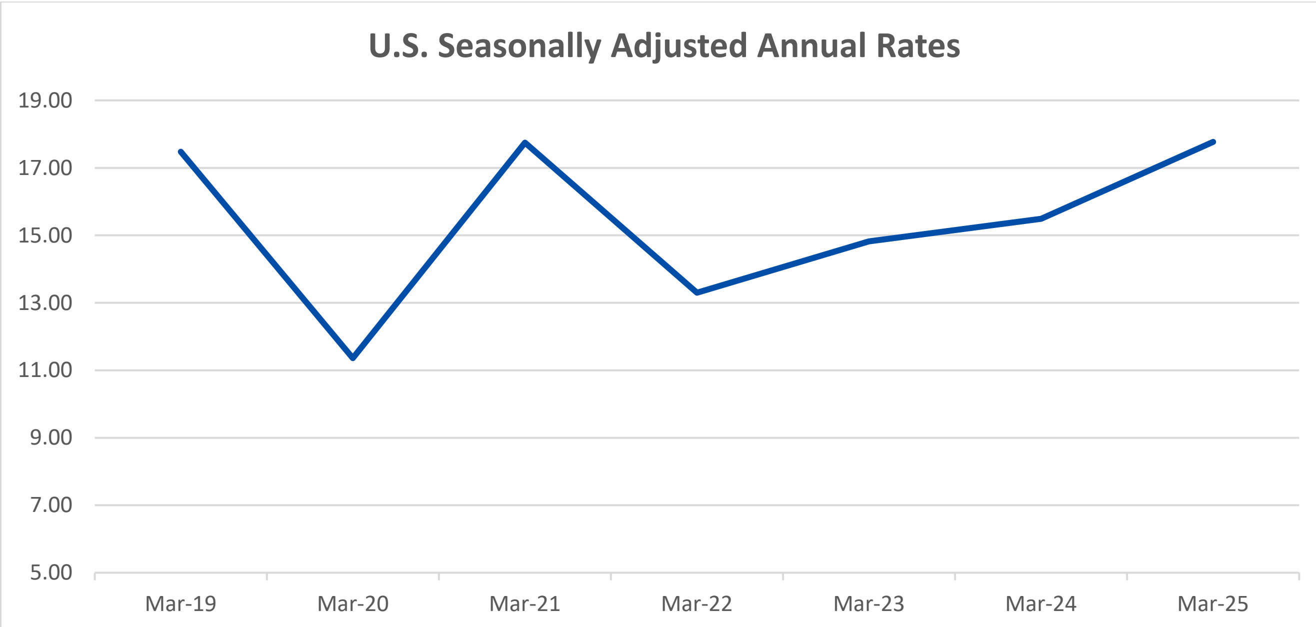
EV Powertrain Sales (Updated 4/3)

Sales of electric vehicles (BEV, PHEV, & Fuel Cell) accounted for 9.6 percent of total vehicle sales in March 2025 (153,145), per Wards estimates. Market share increase 0.1 percentage points (pp) from February 2025. March's EV market share is up 0.3 pp from a year ago. Sales of battery electric vehicles led the way for EVs, accounting for 7.3 percent of total sales, up 0.2 pp from March 2024. Plug-in hybrids accounted for 2.4 percent, up 0.1 pp from the same time last year.



Seasonally Adjusted Annual Rates (Updated 4/3)

WardsIntelligence[12]: "The anticipated tariff bump turned out to be much more than expected, as light-vehicle sales in March soared to a 17.8-million-unit seasonally adjusted annual rate. That was far above the 15.8 million annualized rate being tracked to in January-February combined, and the highest for any month in nearly four years – 18.2 million in April 2021, just on the cusp of the global semiconductor shortage kicking in, lampooning production and, thus, inventory, sending sales spiraling downward to levels the industry has not fully recovered from."



Average Transaction Price (Updated 4/24)

J.D. Power (Updated 4/3)[13]: "The average retail transaction price for new vehicles is trending toward $44,849, up $637 from March 2024."

Kelley Blue Book (March)[14]: "New-vehicle ATP held mostly steady month over month and year over year in March at $47,462, down slightly from the revised-lower ATP of $47,577 in February. In March, new-vehicle ATPs were higher year over year by less than 1%.

"Sales incentives in March were flat compared to February at 7.0% of ATP, but higher by 5% than year-ago levels when incentives were equal to 6.7% of ATP. For a year now, new-vehicle incentives have averaged near 7.1% of ATP; incentives during the past 12 months peaked in November and December of 2024 at 7.9% of ATP. Last month, the average incentive package was $3,339.

"In March, only 26 models had ATPs below $30,000, accounting for roughly 14% of total U.S. sales. Vehicles priced below $30,000 are highly vulnerable to the new tariff policy adopted by the White House. Many vehicles in the category are assembled outside the U.S. and are now subject to 25% tariffs. These include well-known models such as the Buick Envista, Chevy Trax, Honda HR-V, Kia Soul, Mazda3 and Nissan Sentra, and the now-discontinued Mitsubishi Mirage – the only vehicle in the U.S. with an ATP under $20,000.

"New EV prices in March are initially estimated by the team to be $59,205, higher year over year by 7.0%. New EV prices increased from the revised-higher February ATP of $57,015.

"Compared to the overall industry ATP ($47,462), EV ATPs in March were higher by nearly 25% as the gap between new ICE and new EV grows wider. EV incentives continued to range far above the industry average. In March, the average incentive package for an EV was 13.3% of ATP, down from the revised 14.3% in February."

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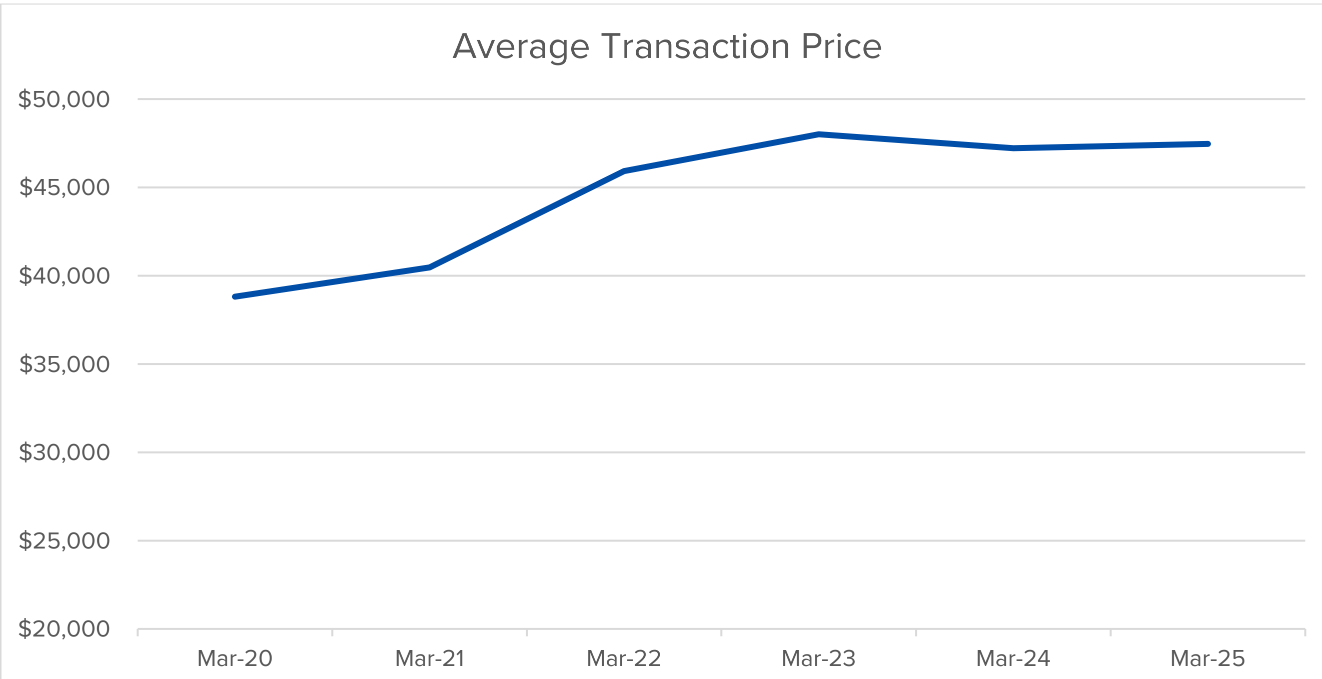
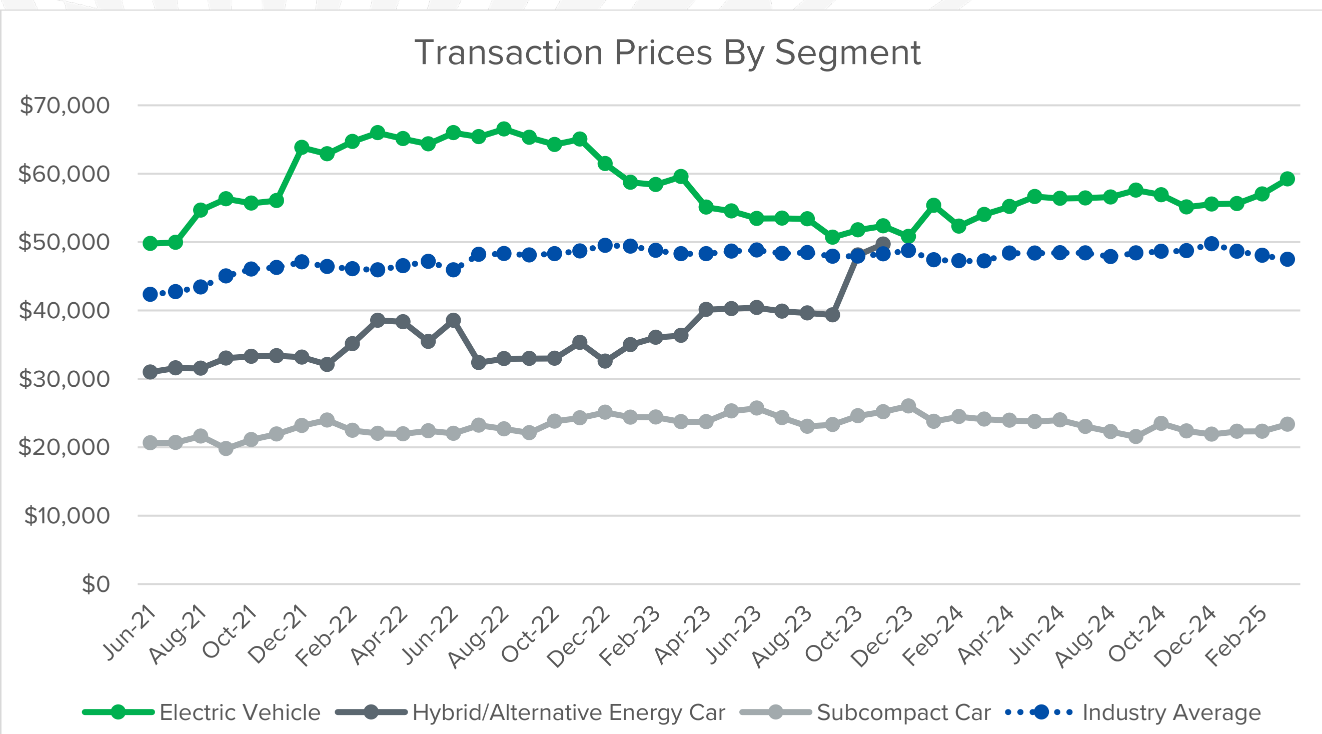


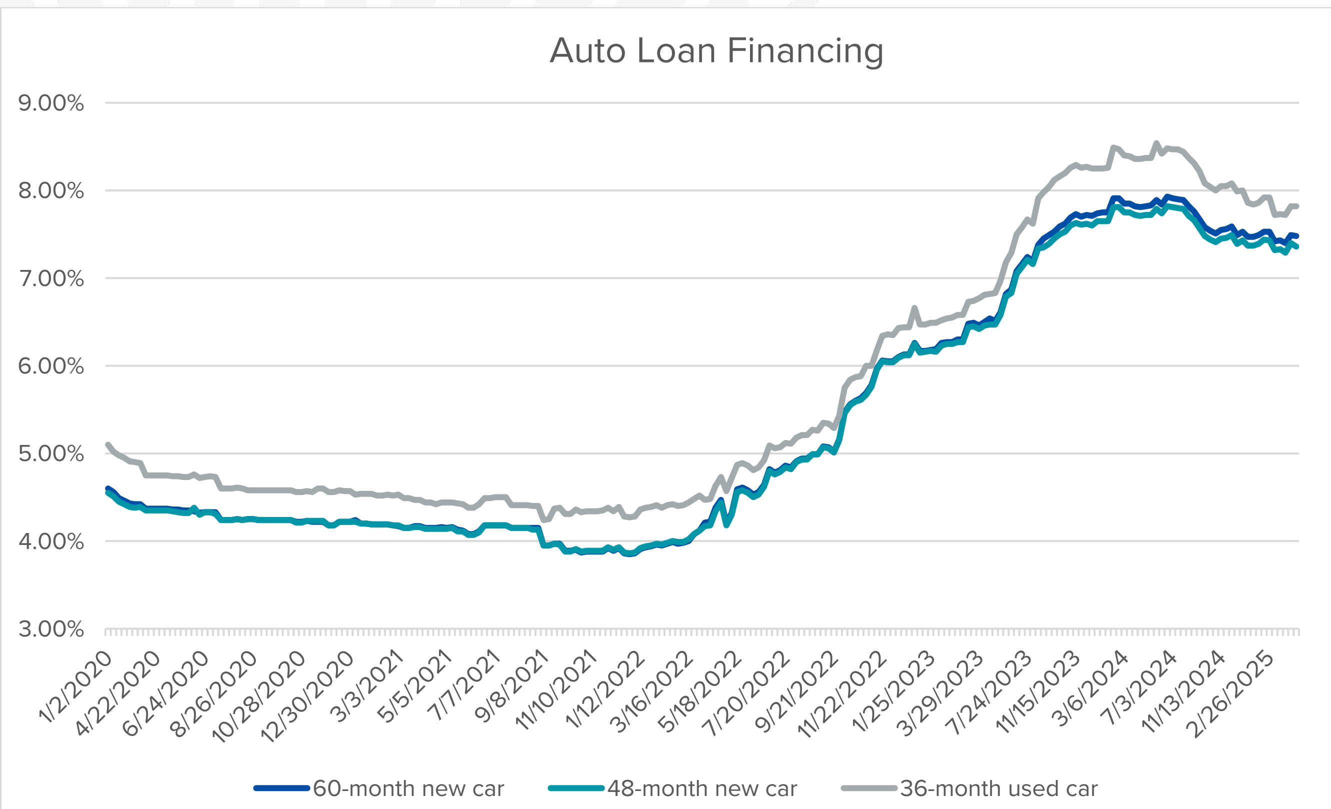


Auto Loan Financing (Updated 4/24)

JD Power (4/3)[15]: "Average monthly finance payments in March are on track to reach $731, an increase of $12 from March 2024, and the highest on record for the month of March. Payments are getting no help from interest rates for new-vehicle loans, which are expected to remain flat year over year at 6.82%."

Interest Rates (updated 4/24): Interest rates dropped on the 60-month and 48-month and were flat on the 36-month used car loans over the past two weeks. Rates now stand at 7.48%, 7.36%, and 7.82%, respectively. Since the beginning of 2020, 60-month rates are up 2.88 pp, and are down 0.34 pp since the same time a year ago.[16]

Dates	60-month new car	48-month new car	36-month used car
1/2/2020	4.60%	4.55%	5.10%
4/24/2024	7.82%	7.72%	8.37%
4/9/2025	7.49%	7.40%	7.82%
4/23/2025	7.48%	7.36%	7.82%
Two Week Change	-0.01%	-0.04%	0.00%
Change since 1/3/20	2.88%	2.81%	2.72%
One Year Change	-0.34%	-0.36%	-0.55%



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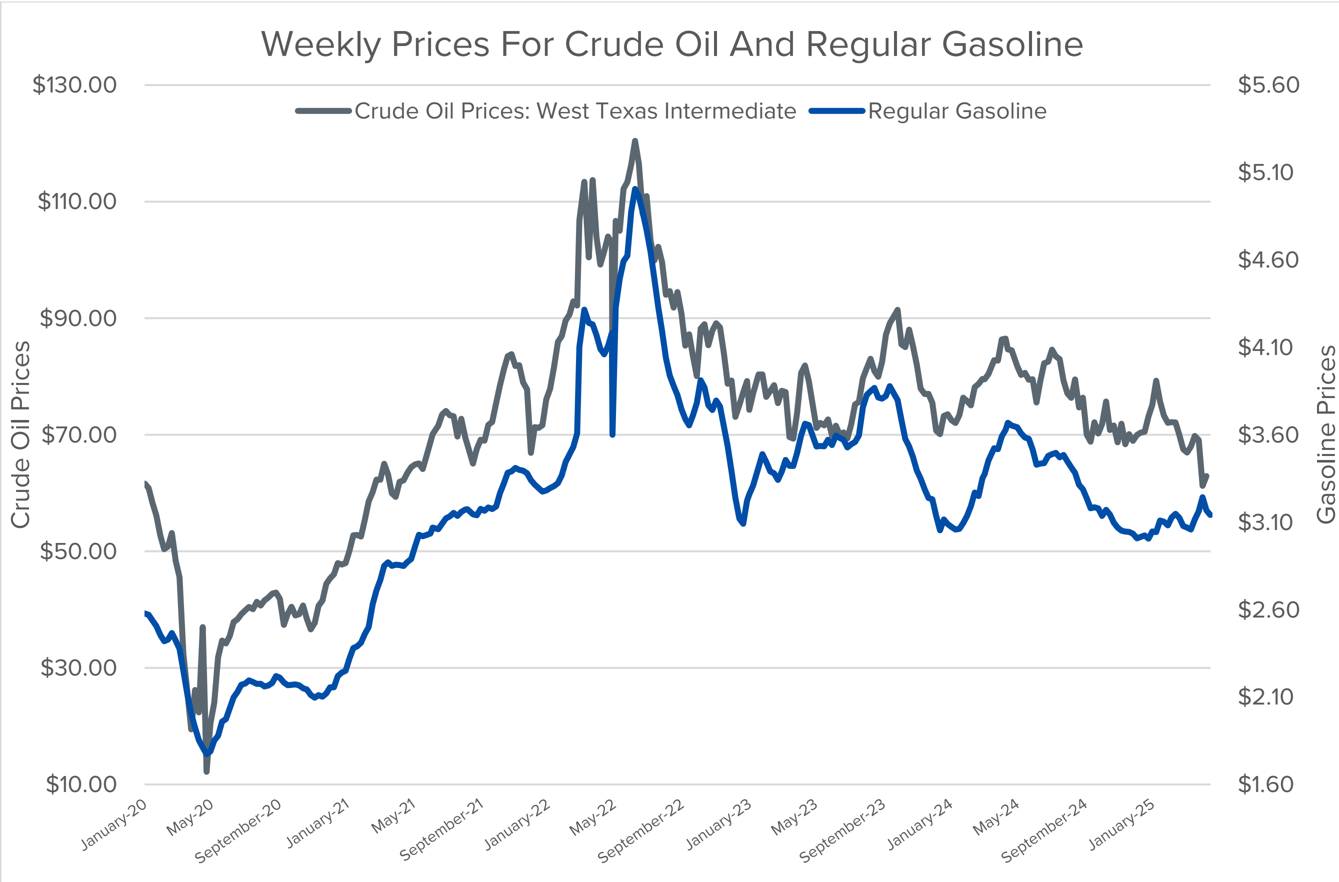
Crude Oil and Gas Prices (Updated 4/24)

Gas And Oil Remain Elevated (4/24): Oil prices, as benchmarked at West Texas Intermediate were $63 at the mid-point of Paril, down nearly $24 from the same time a year ago and down $5 with the same period last month. Since election day 2024, oil prices are down $5.77 a barrel. Gas is down slightly from a week ago at $3.14. Gas is 22% 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).[17]

EIA Outlook For Oil (3/5):[18] "We expect the closure of two U.S. refineries to result in less U.S. crude oil refining in both 2025 and 2026, decreasing the production of refined products. U.S. refinery output in our forecasts decreases by 190,000 barrels per day (b/d) in 2025 and 180,000 b/d in 2026 as refinery capacity decreases. LyondellBasell began shutting down its 263,776-b/d Houston refinery on January 27, 2025, and expects completion in early February. We expect Phillips 66 to close its 138,700-b/d Los Angeles refinery at the end of 2025.

"To meet the forecast increase in U.S. consumption of petroleum products with less U.S. refinery capacity, we expect refinery utilization to remain relatively high and for net U.S. exports of petroleum products to decrease to meet domestic fuel demand. We also forecast that U.S. inventories of gasoline, distillate fuel, and jet fuel will decline.

EIA Outlook For Gasoline (3/5)[19]**:** "Motor gasoline is the only one of the three primary transportation fuels that we do not forecast to surpass 2019 volumes in the United States in the next two years. Fuel efficiency gains in the vehicle fleet have generally outpaced growth in driving since 2019, allowing drivers to travel more miles using less gasoline. We forecast U.S. motor gasoline consumption to remain about flat in 2025 as driving activity, measured by vehicle miles traveled, keeps pace with fuel efficiency gains. We forecast gasoline consumption to decrease slightly in 2026, when we assume slower growth in driving activity as employment growth slows. Compared with 2019, we forecast 4% less U.S. motor gasoline consumption in 2025 and 5% less in 2026, despite more miles driven in both years."



Production Meter

North American Production (Updated 4/24)

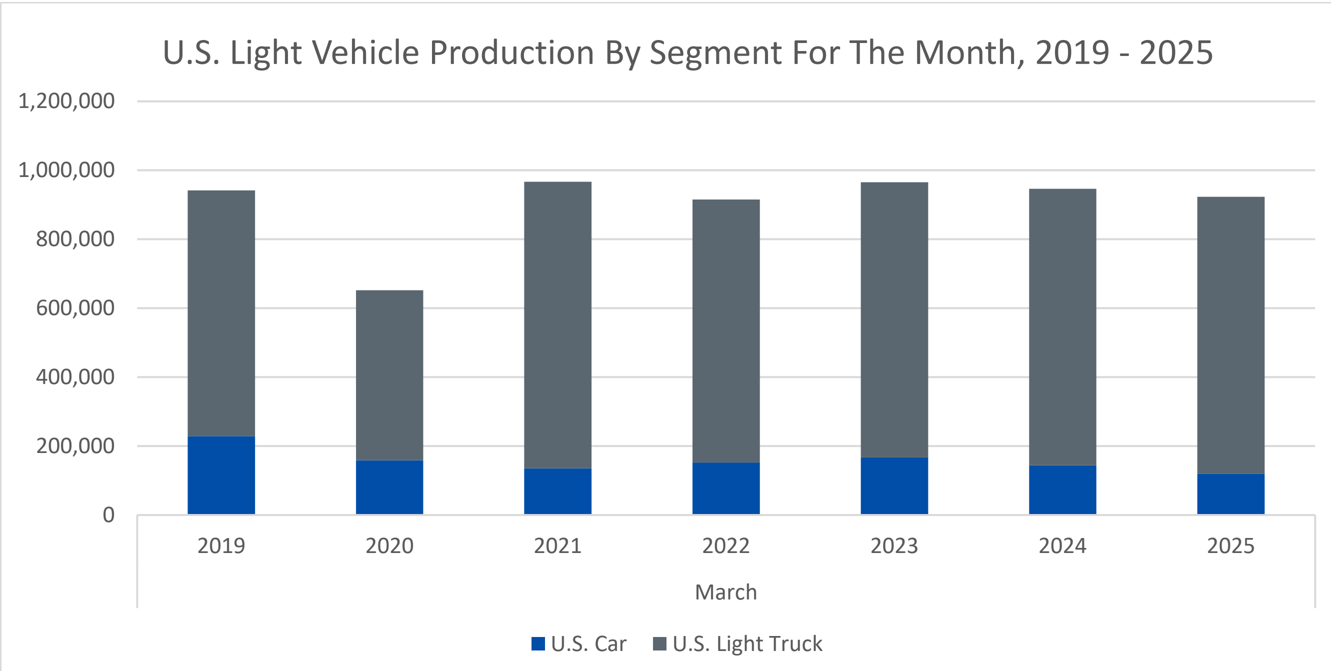
Wards Intelligence[20]: "Production in March ended 20,000 units above expectations, rising 1.6% year-over-year to 1.425 million. It was the first year-over-year gain since October. Part of the increase was due to the Easter holiday, with some plants closing on the Friday before Easter, occurring in March last year, vs. falling in April in 2024. How much, if any, is uncertain, but there also could have been extra production to get some vehicles shipped to dealers ahead of tariffs.

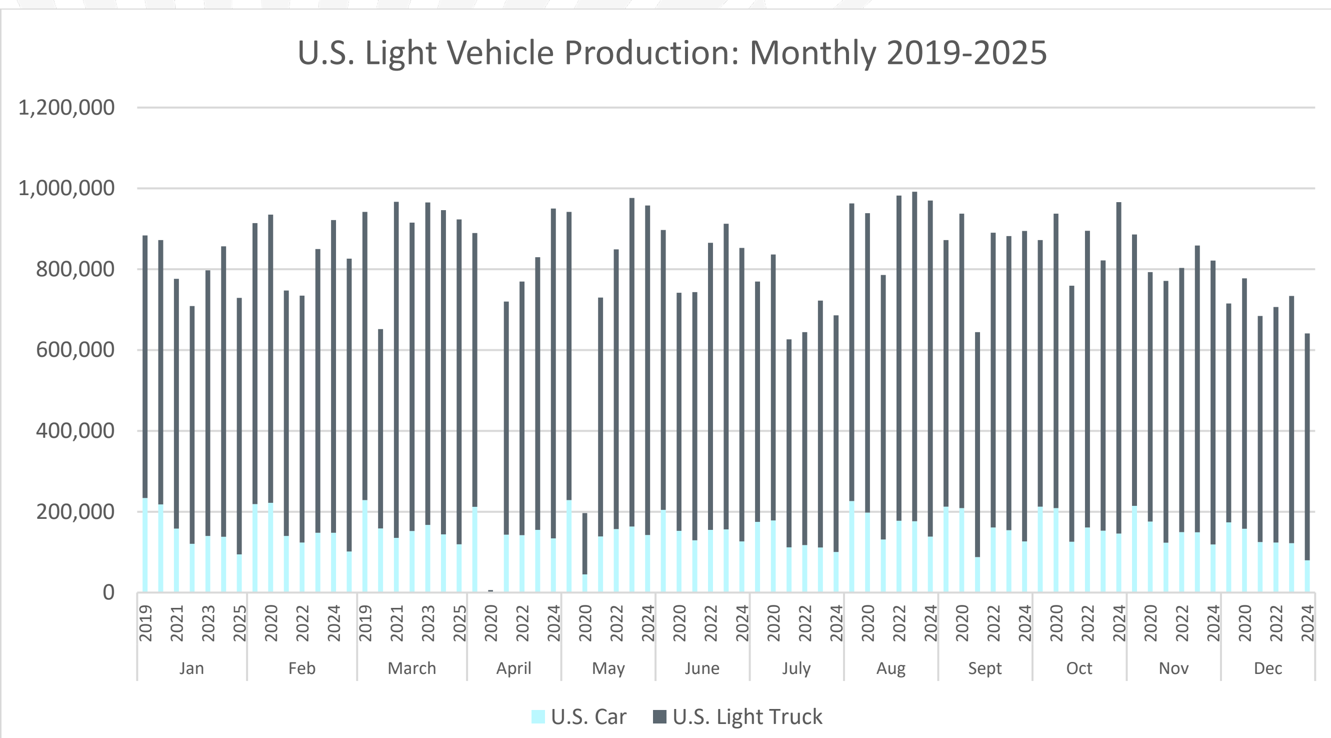
"The first quarter total, which still has some results subject to revision, of 3.913 million units was 4.6% below like-2024's 4.101 million. The light-vehicle total was 3.793 million, 4.0% below Q1-2024.

U.S. Light Vehicle Production (Updated 4/24)

U.S. Monthly Production (Updopated 4/24)

U.S. Light vehicle production for March was up 10.6 percent month-over-month, totaling 923,068 vehicles (119,332 cars, 803,736 light trucks), year-over-year, production is down 0.7 percent from 2024.[21]





U.S. Light Vehicle Inventory and Days' Supply (Updated 4/3)

WardsIntelligence Inventory Update (4/3)[22]: "The pre-tariff surge in sales last month brought inventory down 2.7% from the prior month at the end of March to 2.74 million units.

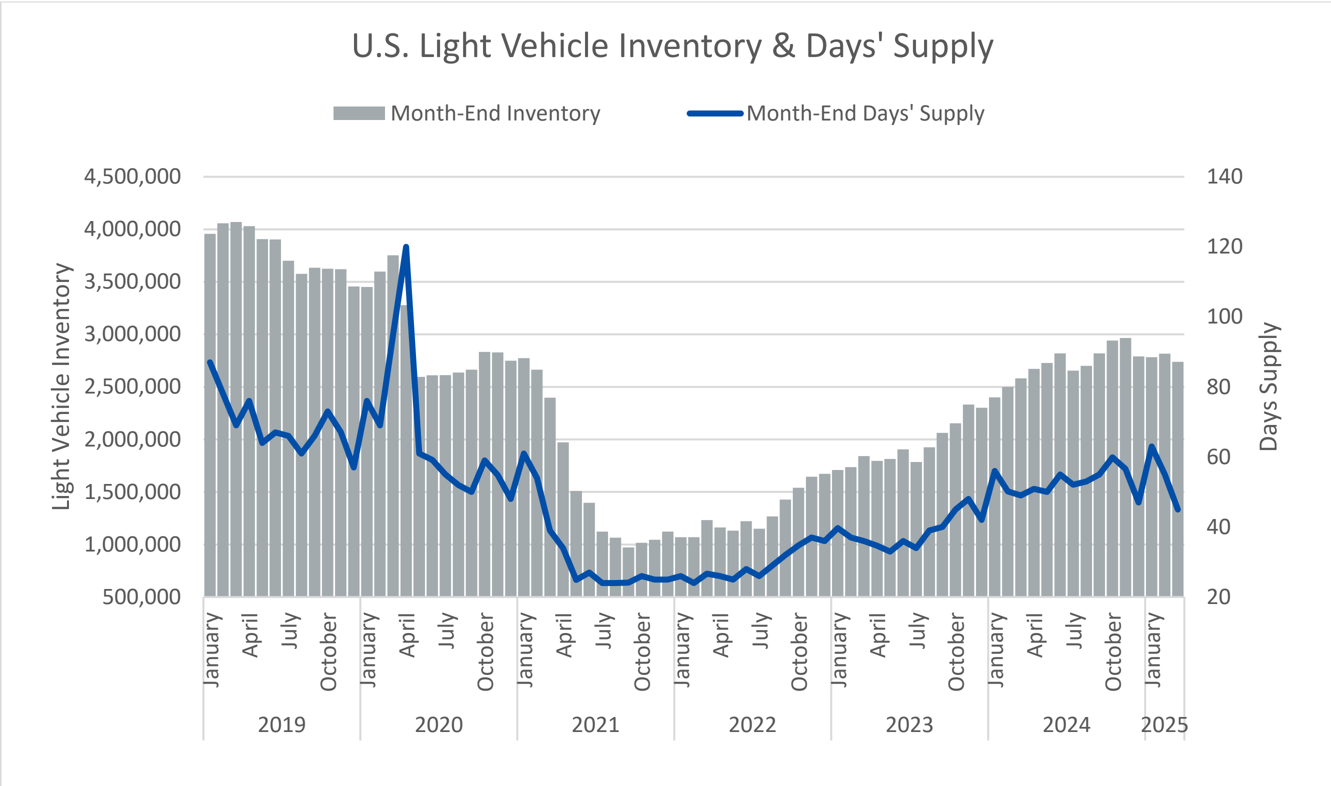
"The total was 4.2% above March 2024's 2.63 million units, but that was the narrowest gap in year-over-year increases since 2.3% in July 2022, which was the period when the industry started climbing slowly out of the inventory-depleting production trough created by the global semiconductor shortage, which started in 2021.

"Although some automakers apparently were building up inventory ahead of time of some vehicles built outside the U.S. prior to the advent of potentially price-raising tariffs – the U.S. government is planning to announce a revised, and possibly stiffer, tariff policy after this analysis is published – most manufacturers with North America production footprints have been slowing production overall.

"The production pullback slowed inventory growth, which, even though demand is rising, apparently is what automakers are aiming for in order to keep availability from getting too far above demand - at least to the point price-cuts became necessary to move stock off dealer lots.

"With sales surging to a 17.8 million-unit seasonally adjusted annual rate in March, even more inventory than expected was pulled from dealer lots prior to the second quarter, often the highest volume quarter in a calendar year.

"Days' supply decline declined to 45 in March from the prior month's 55. It also fell below March 2024's 50, the first time since April 2022 days' supply was down from the year-ago period. Because days' supply is calculated by dividing the daily selling rate into the inventory total, the sales surge in March – likely a one-time occurrence - only temporarily lowered the total below year-ago. It should rise above year-ago again at the end of April."



Global Meter

Global Light Vehicle Sales (Updated 4/24)

Wards Intelligence[23]: "Global sales of all light vehicles and medium- and heavy-duty trucks rose year-over-year for the fifth straight month in February, totaling 6.47 million units, 3.2% above like-2024.

"Calendar-year volume through February totaled 14.04 million units, 2.3% above 2-month 2024's 13.72 million.

"When sales are reported for March, they are expected to record another increase. However, fallout from the U.S. government's Apr. 2 tariff announcements could cause demand in the second quarter to waver depending on if there is a negative economic impact, and how much it hurts markets not just in North America but in other global regions.

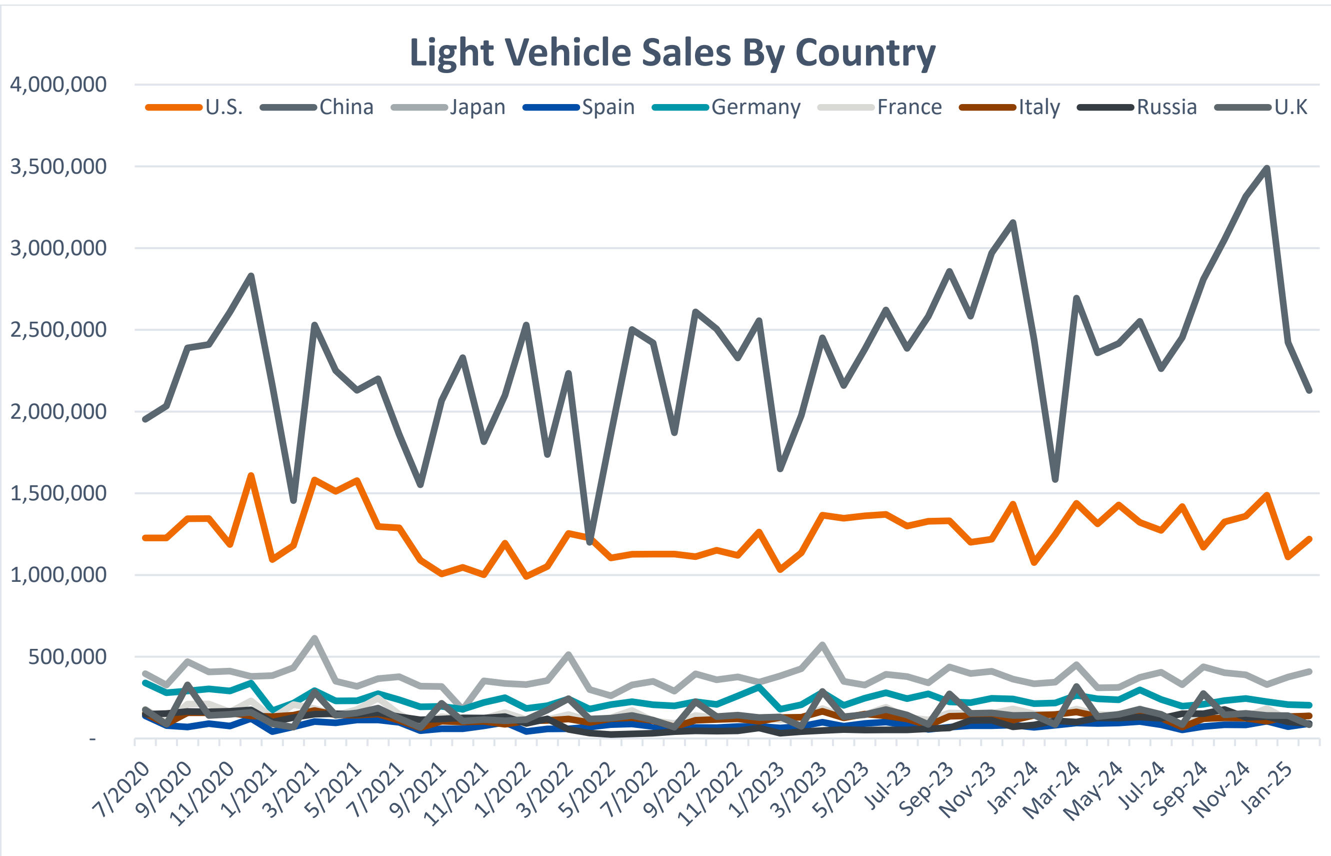
"February volume was supercharged by a 33.7% year-over-year gain in China. Excluding China's results, global volume declined 2.0% from the year-ago month.

"Excluding medium-/heavy-duty trucks, global light-vehicle deliveries increased 3.3% year-over-year to 6.42 million units. Combined January-February light-vehicle sales totaled 13.52 million, 2.6% above like-2024.

"Wards Intelligence partner GlobalData pegged February's annualized rate for light vehicles at 86.8 million units, down from January's revised total of 88.9 million, but highest for the month since 2018.

"GlobalData expects light-vehicle deliveries in March to increase 5% year-over-year, with the annualized rate rising close to 88 million units from same-month 2024's 84.2 million.

"Although it notes downside risks are "mounting", the forecaster – prior to the Apr. 2 tariff announcements – said it expected global light-vehicle sales in 2025 to rise more than 3% year-over-year to 91.5 million units."



Global Light Vehicle Production (Updated 4/24)

S&P Global Mobility Forecast (4/24)[24]: "Recent tariff actions by the US take stage front and center this month and have resulted in broad impacts to our outlook for light vehicle sales and production. This month's forecast update reflects two distinct paths of impact to volumes: direct auto-specific tariffs impacting North American sales and production (as well as key countries exporting vehicles to the US) and more general reciprocal and retaliatory tariffs impacting other international markets driven primarily by macro influences. Further, we are incorporating two stages of step-down reductions in autos tariffs, one in early 2026 for Canada/Mexico autos tariffs and one in early 2027 for the remaining relevant country-specific autos tariffs. The April forecast update reflects a broad mix of downgrades of varying magnitudes as we reflect the impacts of recent tariff announcements by the Trump administration in the US. The downward revisions are more pronounced for

2026 given rather decent results already registered for many markets through Q1-2025. A significant portion of the overall is concentrated on North America with noteworthy impacts to Japan/Korea and Europe, among others, given the macro influences of the reciprocal tariffs combined with the effects of the autos-specific tariffs on exports to the US. The more noteworthy regional adjustments with the latest forecast update are detailed below:

"Europe: The outlook for Europe light vehicle production was reduced by 12,000 units and by 251,000 units for 2025 and 2026, respectively (and reduced by 266,000 units for 2027). This month's forecast update for Europe is heavily influenced by the 25% US tariffs imposed on vehicles and auto parts that are assumed to stay in place through 2025 and 2026, before being reduced to 15% starting in early 2027. The forecast is also influenced by the macro impact on demand of the assumed 10% US reciprocal tariffs (these do not stack on the automotive tariffs). These effects are only partially offset by positive factors such as the impacts of recent EU CAFE rule adjustments and the announced Germany investment plan. For 2025, the volume adjustment is more modest at the full-year level, but it includes an increase of 116,000 in Q1-2025 and a decrease of 128,000 for the balance of the year. Looking to 2026, we have reduced volumes more meaningfully. Due to the nature of European exports to the US, the forecast downgrades have targeted mainly premium brands, with a reduction of 99,000 units in 2025 and 172,000 units in 2026.

"Greater China: The outlook for Greater China light vehicle production was reduced by 198,000 units and by 503,000 for 2025 and 2026, respectively (and reduced by 502,000 units for 2027). Facing increasing headwinds in international trade arena, particularly amid escalated tariff war between China and US, passenger vehicle exports have been negatively impacted. Under the pressure of the US-China tariff dispute, businesses and consumers are facing challenges of uncertainty and rising costs. The increase in tariffs has led to higher prices for imported goods, affecting consumer confidence. The Chinese government is expected to enhance proactive fiscal policy and accommodative monetary policy in the coming months, aiming to boost domestic consumption and support export expansion. For the April forecast, entire 2025 light vehicle production in Greater China was reduced to 30.5 million units, leading to 1.4% reduction relative to 2024. Looking to 2026 and 2027, the auto industry is expected to remain under greater pressure in terms of supply chain management and cost control, with many companies needing to adjust their operational strategies to cope with the changing trade environment. Furthermore, the trade dispute could have far-reaching impacts on global markets and economic growth. The near-to-intermediate term production outlook has been reduced accordingly to reflect the increasing risk.

"Japan/Korea: In the short-term 2026-2027 timeframe, Japan production volume was reduced by around 300,000 units per year. This is based on the latest US tariff activity in which the US levies a 25% auto tariff on Japan and other countries which is expected to continue until 2027 at which time the tariffs are forecasted to be reduced to 15%. Japanese exports to the US will be widely affected by these tariffs. In the longer term, Japan production volume was also downgraded by around 160,000 units per year. We expect the 15% US auto tariff on Japan will continue through the forecast horizon, even though it is reduced from 25%. Of note, we have not included any significant production shift to the US at this time. In the future, if OEMs decide to shift production from Japan to the US, there would be downside risk to the Japan production outlook. Amid the short-term decline in consumption due to political instability in South Korea following the impeachment of the president, the expansion of US tariff policies is expected to have a major impact on Korean auto exports. Accordingly, the production forecast was reduced by about 112,000 units in 2025, and by 203,000 units in 2026 when the tariffs will be in effect for the full year. Meanwhile, assuming that the tariff rate in the US is mitigated starting in 2027, the decline is expected to be reduced to 145,000 units.

"North America: The outlook for North America light vehicle production was reduced by 944,000 units and by 778,000 units for 2025 and 2026, respectively (and increased by 6,000 units for 2027). As autos tariffs begin to affect global economies, the outlook for North American production amid direct tariff implications and "demand impacts results in the steepest cuts since COVID. Select vehicles with higher risk associated with USMCA compliance and Canadian and Mexican sourcing were targeted in the reductions. Inventory levels are projected to decline as consumers rush to secure pre-tariff priced dealer stock followed by manufacturers holding shipments and less inclined to restock inventory levels amid ongoing tariff uncertainty. Based on this working US inventory assumption, the North American production forecast is built around inventory levels declining to 1.7-to-2.0-million units in a now reduced 15.0- to-15.4-million-unit US sales environment mimicking what was experienced during COVID and the semiconductor shortages. Despite the sharply reduced demand outlook, inventory restocking and onshoring are expected to become evident with the production outlook for 2027 remaining essentially flat at 15.47 million units. The largest beneficiary to onshoring is Nissan with other gainers including BMW, Honda, Hyundai, and Subaru that all benefit from expected increased localization of existing vehicles. Longer range onshoring is still being evaluated for future forecast updates.

"**South America**: The outlook for South America light vehicle production was reduced by 28,000 units and by 34,000 units for 2025 and 2026, respectively (and reduced by 36,000 units for 2027). The outlook for 2025 was reduced due to modestly lower production actuals for Argentina and as a result of the negative macro implications of the recently enacted US tariff strategy. While there isn't as much direct vehicle impact due to the tariffs, the collateral impacts to demand in the region as well as the broader supply chain (e.g. steel, aluminum, auto parts, etc.) are important considerations. Looking to 2026/2027, regional volumes have been reduced by 1% over the period, representing around 35,000 units per year. This aligns broadly with the revision applied to demand for the period and illustrates the ongoing impacts of the US tariff strategy. Brazil is less affected than Argentina with volumes down 0.6% vs. 3.0%. This is mostly due to a less dynamic outlook for local production in Argentina in the short term as the domestic market is expected to remain more open to imports, with Brazil being the main beneficiary.

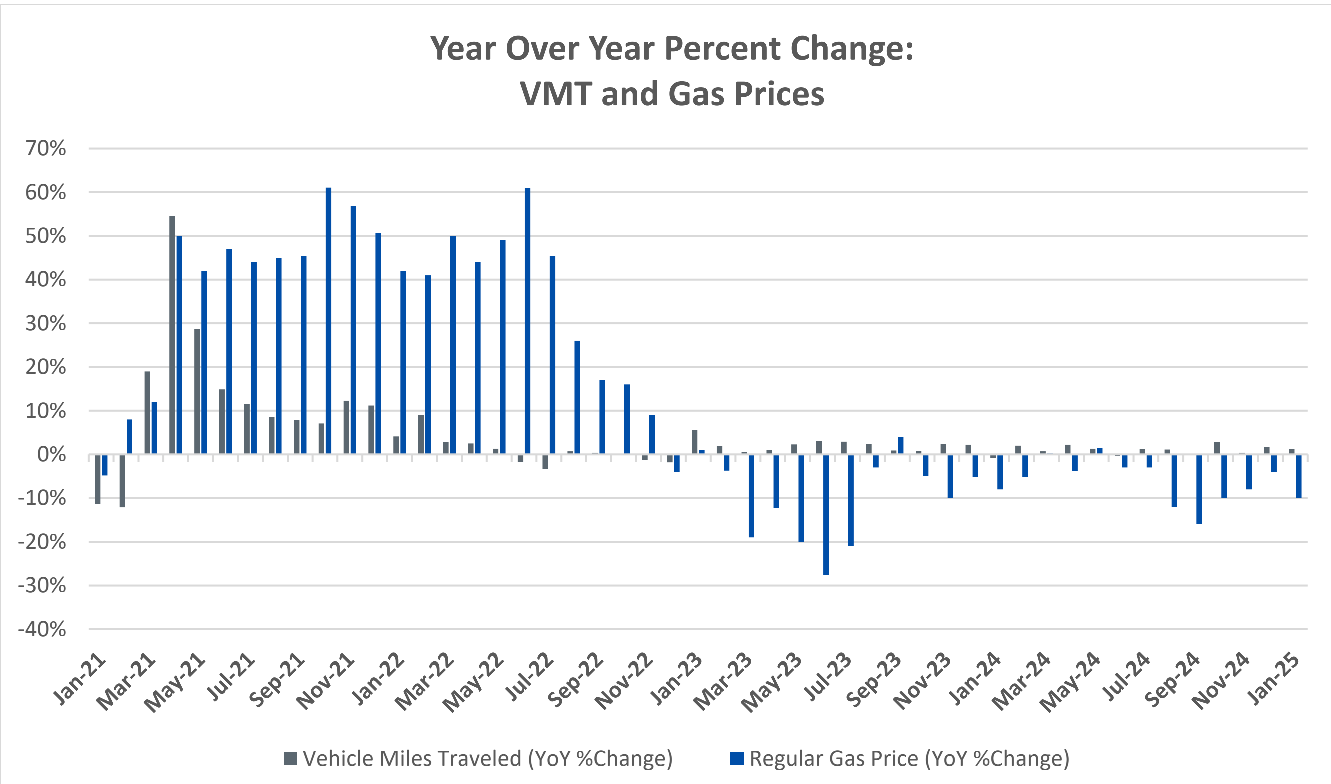
"**South Asia:** The outlook for South Asia light vehicle production was reduced by 88,000 units for 2025 and by 174,000 units for 2026 (and reduced by 153,000 units for 2027). The ASEAN market faces mounting challenges following the United States' implementation of a 25% import tariff on automotive parts and completely built units (CBUs), which has significantly impacted Thai exports, particularly in automotive components such as tires. Also, the announcement of reciprocal tariffs sent shockwaves across the region, further weighing on industry sentiment. However, a 90-day pause on the full measure of US reciprocal tariffs has offered a critical window for economies to cushion the near-term impact and pursue negotiations on more favorable trade terms. Nevertheless, the negative macro impact on demand influences the production outlook for the ASEAN market through the forecast horizon. With the April 2025 update, we have reduced the India production forecast by 37,000 units for 2025 and by 50,000 to 60,000 units for both 2026 and 2027. This adjustment is attributed to the increasing uncertainty from US tariffs on the global market and the negative macro implications to the Indian market. Volumes for the Maruti Suzuki e-Vitara and Toyota Urban Cruiser have been revised downward due to their significant reliance on the European market for 2026 and 2027. Additionally, we have adjusted Hyundai's volumes to better align with export demand.

Economy Meter

Roadway Travel (Updated 4/3)

According to the U.S. Department of Transportation, seasonally-adjusted vehicle miles traveled in January increased by 1.2 percent from the same time a year ago. The cumulative travel estimate for 2025 is 251.3 billion vehicle miles.[25]

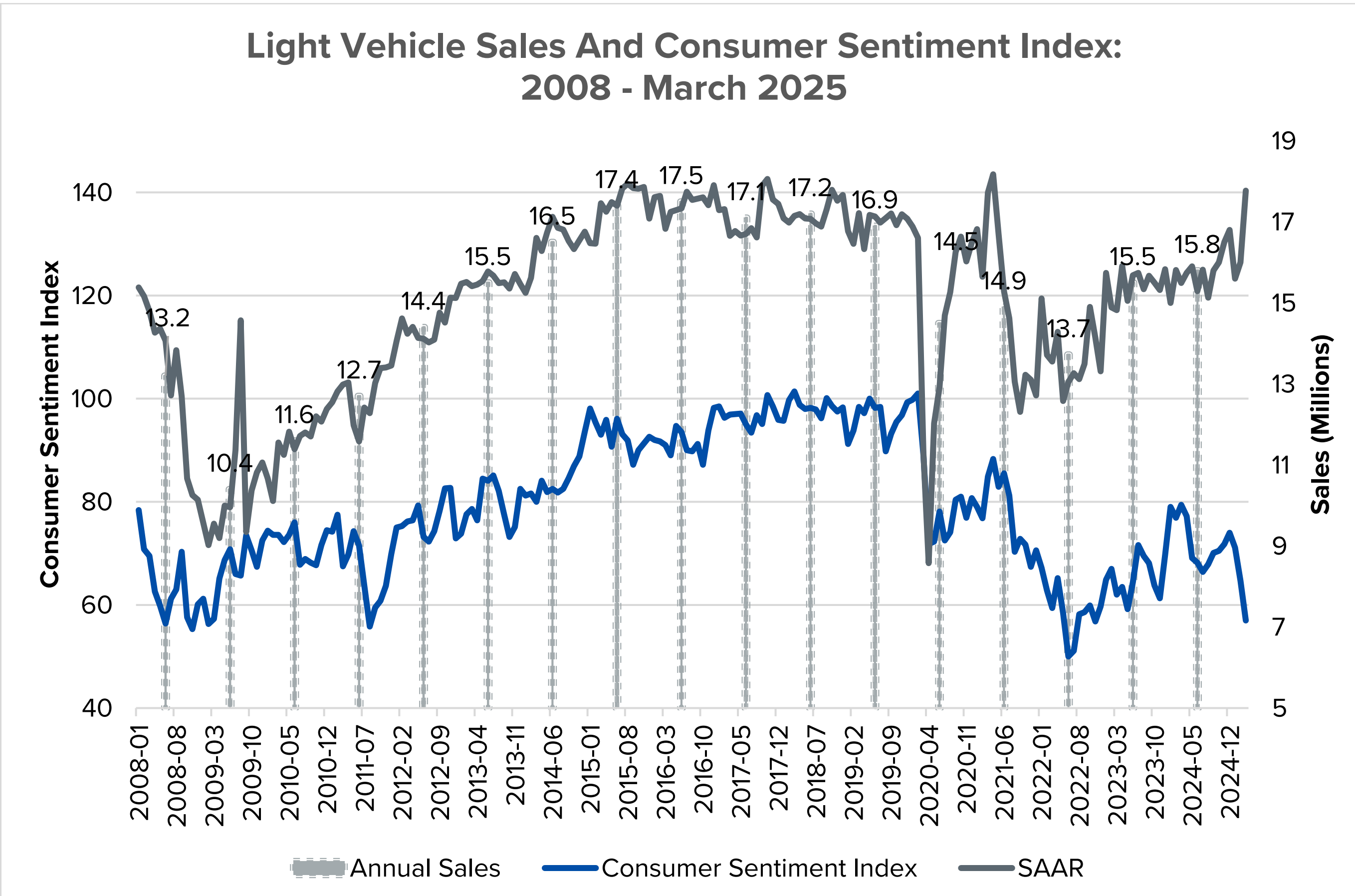
- Travel on all roads and streets changed by +2.0% (+4.8 billion vehicle miles) for January 2025 as compared with January 2024. Travel for the month is estimated to be 251.3 billion vehicle miles.
- The seasonally adjusted vehicle miles traveled for January 2025 is 275.2 billion miles, a +1.2% (3.4 billion vehicle miles) change over January 2024. It also represents a 0.3% change (0.7 billion vehicle miles) compared with December 2024.
- Cumulative Travel for 2025 changed by +2.0% (+4.8 billion vehicle miles). The cumulative estimate for the year is 251.3 billion vehicle miles of travel.



Consumer Confidence and Sales (Updated 4/24)

Surveys of Consumers Director Joanne Hsu[26]: "Consumer sentiment confirmed its early month reading and fell for the third straight month, plummeting 12% from February. The expectations index plunged a precipitous 18% and has now lost more than 30% since November 2024. This month's decline reflects a clear consensus across all demographic and political affiliations; Republicans joined independents and Democrats in expressing worsening expectations since February for their personal finances, business conditions, unemployment, and inflation. Consumers continue to worry about the potential for pain amid ongoing economic policy developments. Notably, two-thirds of consumers expect unemployment to rise in the year ahead, the highest reading since 2009. This trend reveals a key vulnerability for consumers, given that strong labor markets and incomes have been the primary source of strength supporting consumer spending in recent years.

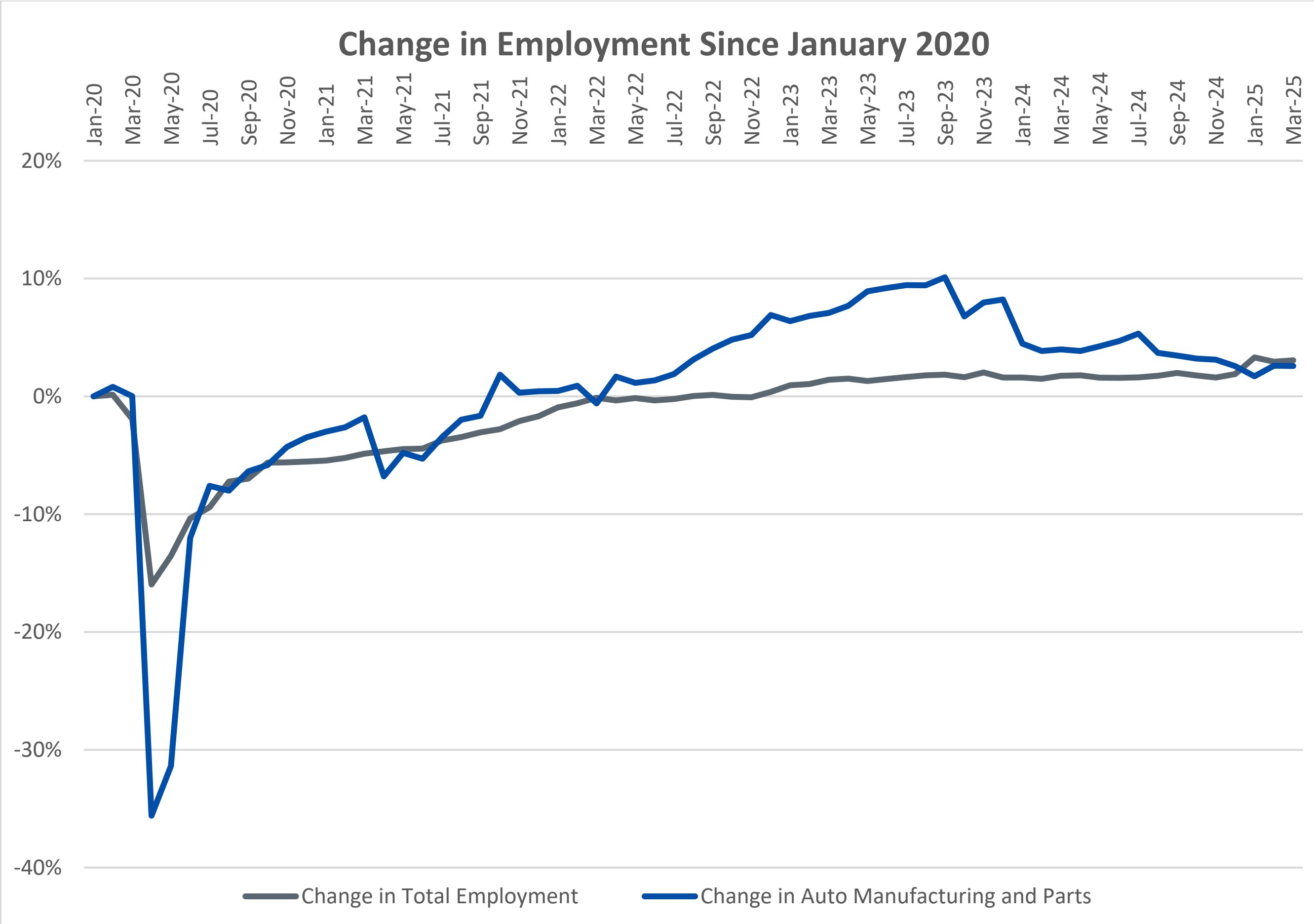
"Year-ahead inflation expectations jumped up from 4.3% last month to 5.0% this month, the highest reading since November 2022 and marking three consecutive months of unusually large increases of 0.5 percentage points or more. This month's rise was seen across all three political affiliations. Long-run inflation expectations surged from 3.5% in February to 4.1% in March, reflecting from a large surge among independents plus a sizable rise among Republicans. Here, as is the case for other measures from the Surveys of Consumers, aggregate trends are driven by and align closely with the views of independents, and thus are not being swung by polarization across the two major parties."



Employment (Updated 4/25)

Motor Vehicle And Parts Manufacturing Lost 200 Jobs in March.

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.[27]



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.[28] 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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