

Press release¹

February 4, 2021

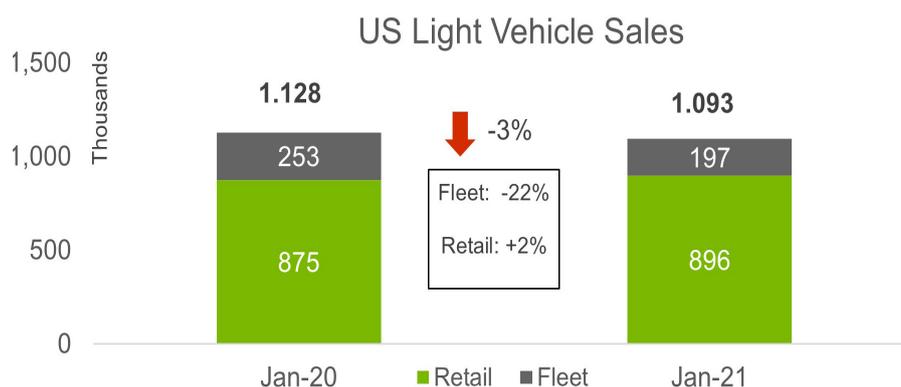
With a 16.6 mn unit selling rate, January Light Vehicle sales avoided the expected start of the year “hangover” despite lean inventory and high level of uncertainty.

- Light Vehicle sales totalled 1.09 million units in January in the US, down by just 3% YoY, on one fewer selling day. The annualized rate of 16.6 mn units was the highest since the beginning of the pandemic.
- SUVs accounted for 54% of total sales, with Compact and Midsize Non-Premium SUVs being the two most popular segments across the industry.
- 2020 Global Light Vehicle sales ended at 77.7 million units, down 14% from 2019 and with a much stronger recovery than expected initially. 2021 is poised to continue the recovery, with volume projected at 86.5 million units, up 11% from 2020.

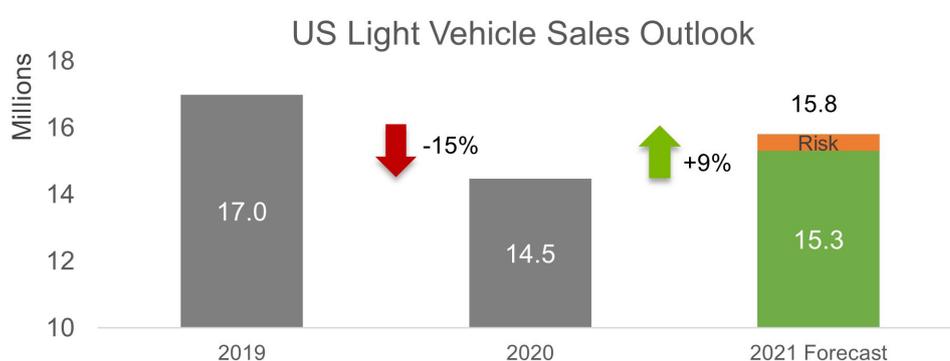
(DETROIT, MI) 2021 started on a strong note, with 1.09 million Light Vehicles sold in the US, down by 3.1% YoY, according to actuals from LMC Automotive, the leading independent automotive global forecasting and market intelligence company. However, despite one fewer selling day, the daily average volume grew by 1.0%, to 45,542 units. This translates into a strong annualized rate of 16.6 million units, the highest level since the pandemic started impacting sales in March 2020. For reference, the rate was 200,000 units higher than the very strong selling rate in December.

January’s robust performance transpired even as the economic effects of the pandemic linger. In addition, transaction prices remained high, incentives were lower, and some high-volume models face low inventories, first because plants were shut down to avoid the spread of the coronavirus and now due to the semiconductor shortage.

As happened during most of the months of 2020, retail sales’ strength was behind January’s performance. Retail deliveries grew by 2.4% YoY, but fleet sales were down, though they are recovering. In January, fleet accounted for 18.0% of total sales, 3.4 pp more than in December – and again, the highest since Q1 2020, when fleet averaged 24.4% of sales. Nevertheless, fleet deliveries were still well into negative territory in January, plummeting by 22.3% YoY.



Augusto Amorim, Senior Manager, Americas Vehicle Sales Forecasts, LMC Automotive adds: “The market had a more traditional segmentation mix in January. Compact SUVs led in terms of share after being outsold by Midsize SUVs in the later part of 2020. However, Compact SUV sales fell by 1.3% in January YoY, while Midsize SUV volumes grew by 1.6% so there is some seasonality at play. Large Pickups were the third segment in terms of share. Combined, the top three segments accounted for nearly 50% of total sales and each sold more than 100,00 units in January. SUVs reached a new record and had a 54% share in the month, a 2.2 pp gain YoY. Cars, on the other hand, lost 3.2 pp of share, accounting for less than 20% of the market.”



With January ending slightly ahead of expectations, attention shifts to the remainder of the first quarter, especially given the uncertainty associated with the current semiconductor shortage. With two fewer selling days, Light Vehicle sales in February are forecast to pull back slightly to a selling rate of 15.6 million units and a YoY volume decline of 13%. The retail sales recovery will continue to outpace that of fleet, February retail sales are expected to be down by just 6%, while fleet sales are expected to be down by more than 30%. The first quarter is currently on target for an average selling rate of 15.9 million units, 1 million units better than a year ago.

The outlook for 2021 in the US has been upgraded slightly to 15.8 million Light Vehicles from 15.7 million units, an increase of 9% from 2020. Retail sales are expected to increase by 7%, while fleet sales are forecast to grow by 16%. Fleet sales are still projected to be more than 20% lower than the 2018-2019 level.

Jeff Schuster, President, Americas Operations and Global Vehicle Forecasts, LMC Automotive said: “The forecast is a balancing act between continued strength in pent-up demand and optimism in the vaccine rollout with the harsh reality that the short-term risk remains elevated given the lean level of inventory, further pressure from the semiconductor shortage and, of course, the pandemic itself. However, thus far, there is no evidence that these risks have yet caused any measurable disruptions to the topline sales recovery track, but some individual models have experienced weaker-than-expected sales.”

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About LMC Automotive

LMC Automotive is the leading independent and exclusively automotive focused provider of global forecasting and market intelligence in the areas of vehicle sales, production, powertrains and electrification. Highly respected for its responsive customer support, the company's client base from around the globe includes car and truck makers, component manufacturers and suppliers, financial, logistics and government institutions. LMC Automotive is part of the LMC group. LMC is the world's leading economic and business consultancy for the agribusiness sector.

For more information about LMC Automotive, visit www.lmc-auto.com, email us at media@lmc-auto.com or follow @LMCAutomotive on Twitter and LinkedIn.

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