

# Press release<sup>1</sup>

March 3, 2021

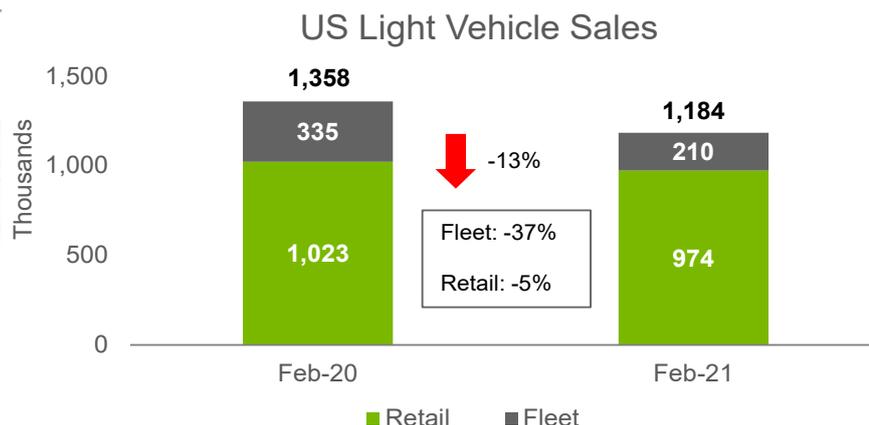
## Severe weather and fewer selling days cause a 13% drop in US sales in February compared with the same month last year

- February lost two selling days this year relative to February 2020, bringing Light Vehicle sales to 1.18 million units and an annualized rate down to 15.7 mn units, 900k units below the January annualized rate. However, it is the fifth highest SAAR since the beginning of the pandemic.
- SUVs accounted for 55% of total sales, a new record, with Compact and Midsize Non-Premium SUVs being the two most popular segments in February.
- Global update – The Global Light Vehicle sales recovery is in full swing and the outlook for 2021 was improved to 87.2 million units, up 12% from 2020.

**(DETROIT, MI):** Light Vehicle sales in the US fell to 1.18 million in February, according to initial estimates from LMC Automotive, the leading independent automotive global forecasting and market intelligence company. This 13% YoY decline was caused by two fewer selling days this year, as well as abnormally cold weather and winter storms across many key selling markets. The selling-day adjusted sales volume was still down by 5.5% YoY. The annualized rate dropped to 15.7 mn units, down from 16.6 mn units in January.

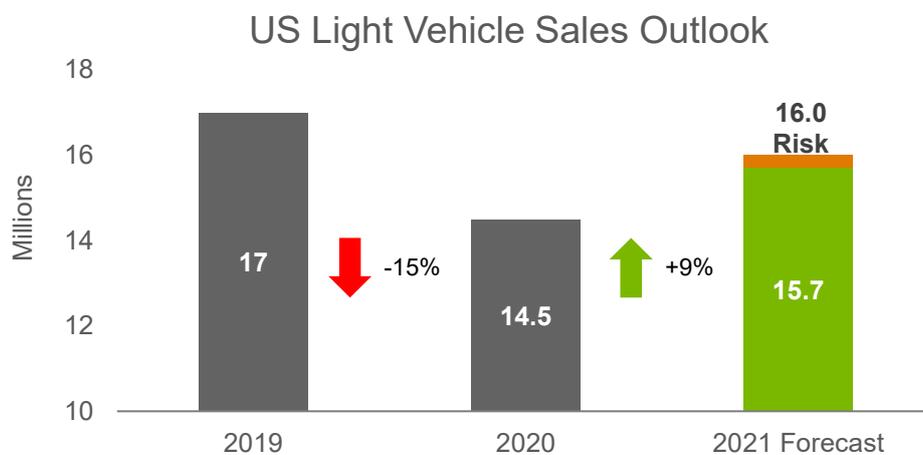
For the seventh consecutive month, incentives were below 10% of MSRP, helping to set transaction prices at approximately US\$38,000, the highest ever for the month of February. However, low interest rates are keeping monthly payments somewhat in line with last year’s level, critical for retail demand. Initial estimates for February retail sales total 974,000 units, a 5% decline YoY. While fleet sales continue to hurt total volumes, they accounted for 18% of February sales, in line with their January performance.

Low incentives, triggered by lean inventories, were not the only drag on volume this month, sales deteriorated in the third week of the month, just as snowstorms and low temperatures hit the entire country. However, volumes were mostly affected in the South, negatively impacting brands and segments that are more popular there. Sales of Large Pickups, for example, fell by 12%, the first month since the pandemic that the segment didn’t significantly outpace the total market’s performance.



**Augusto Amorim, Senior Manager, Americas Vehicle Sales Forecasts, LMC Automotive adds:**

“Compact and Midsize SUVs performed better than Large Pickups and were the two most popular segments once again, with Midsize SUVs gaining 0.9 pp of share from February 2020. Only Compact Premium SUVs gained more, up by 1.2 pp, thanks to a barrage of new products. On the other side of the market, Midsize Cars lost 2.5 pp of share from a year ago, more than any other segment. Although consumers have been moving away from cars, lower fleet volume also hurt the segment significantly. While six segments sold more than 100,000 units last February, only four reached the threshold this year – Compact SUV, Midsize SUV, Large Pickup and Small SUV. Combined, they accounted for 57% of total sales.”



Looking at the short-term outlook, weather disruptions in February have probably delayed some purchases to March. Light Vehicle sales in March are now expected at a 15.8 million unit annual selling rate, up from our previous forecast of 15.6 million units. March sales volume is expected at around 1.4 mn units, an increase of 44% from the COVID-19 impacted March of 2020. In addition, March 2021 benefits from one more additional selling day than last March. Risk from the inventory shortages caused by the lack of semiconductors is expected to be highest during the next 2-3 months but there has yet to be any material disruption to US retail demand. However, a short-term pullback in the recovery of fleet sales is expected.

The outlook for US Light Vehicle sales in 2021 has been upgraded again, bringing the year to 16.0 million units, an increase of 11% from 2020. Retail sales are projected to grow by 9% and fleet by more than 20% from 2020.

**Jeff Schuster, President, Americas Operations and Global Vehicle Forecasts, LMC Automotive said:**

“After two consecutive increases to the forecast since the start of 2021, the level of downside risk has dissipated and there continues to be strong upside opportunity given the outlook for GDP growth was increased to 5.9% in 2021 and the vaccination rollout remains on target. While the auto market is clearly not fully out of the woods, and additional interruptions to the recovery pace are still possible from chip and parts shortages depleting inventory, the worst does now appear to be in the rear-view mirror.”

ENDS

## About LMC Automotive

For over 30 years, LMC's mission has been to provide the most comprehensive, timely and actionable services to all sectors of the auto industry. Focusing exclusively on this sector, while being highly responsive to our large and growing client base of car and truck makers, component manufacturers and suppliers, and financial and government institutions, has fostered our rapid growth. Today, from offices in all the major automotive markets, LMC provides insights and forecasts for both the Light Vehicle and Commercial Vehicle sectors, with specific emphasis on vehicle sales, production and propulsion systems. Our experts examine global industry dynamics from every angle – be they macroeconomic trends, market and production developments or regulatory and technological changes. These insights are shaped into a comprehensive suite of services that can be tailored to an individual client's needs and are delivered in a range of flexible and sophisticated formats.

As a company, we pride ourselves on the quality of our products, as well as our commitment to customer service. Our team, and our carefully selected partner companies, are dedicated to what they do – bringing the most accurate information to market and helping our clients to gain maximum benefit from our insights.

For more information about LMC Automotive, visit [www.lmc-auto.com](http://www.lmc-auto.com), email us at [media@lmc-auto.com](mailto:media@lmc-auto.com).

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