

4 AUGUST 2021

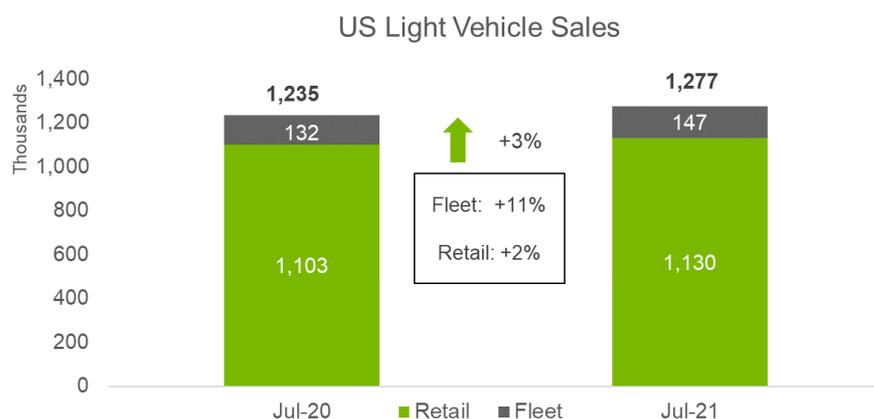
US Sales remained on a downward trajectory in July, with the annual selling rate falling to its lowest point in 2021.

- With the last week of July particularly weak, total sales ended the month at 1.28 million units, up by 3.5% YoY. The SAAR fell to 14.5 million units, failing to reach the 15 million threshold for the first time in 2021.
- Toyota, General Motors and Hyundai were the three bestselling OEMs, while Ford had the weakest performance compared to last July. Hyundai created the Compact Pickup segment in July, with the first units of the Santa Cruz delivered.
- Global update – Amidst the continued chip shortage and various market restrictions due to the COVID-19 Delta variant, the global Light Vehicle sales outlook for 2021 has been edged downward by 1 million units to 86.1 million units, an increase of 11% from 2020. Further risk of a slower recovery remains in H2.

(DETROIT, MI): Lean inventories again hit the US sales performance, and July volumes were at 1.28 million units, according to LMC Automotive, the leading independent automotive global forecasting and market intelligence company. The volume indicates only a 3.5% YoY increase, resulting from an improved economy and market reopening since last July. The annualized selling rate (SAAR) emphasizes the more pronounced cooldown from previous months. The SAAR fell to 14.5 million units in July from 15.3 million in June – and by more than 4 million units from the peak back in April. In addition, sales weakened more substantially in the last week of the month, suggesting that more challenges are ahead.

While OEMs cannot keep up with the overall level of demand, they remain committed to the retail market. Initial estimates indicate that dealers sold 1.13 million vehicles, which means that fleet accounted for just 11.5% of total sales. Transaction prices likely broke the \$40,000 threshold for the first time ever, after they were just short of the record by \$58 in June. Increased trade-in equity and ultra-low interest rates helped consumers keep monthly payments manageable.

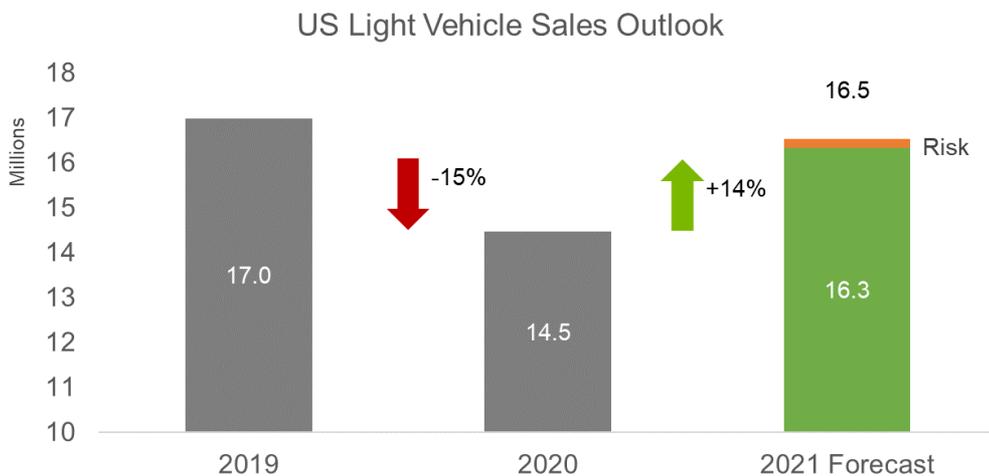
In the YTD July period, sales total 9.59 million units, a 25.4% increase from the pandemic-induced low in 2020. However, compared to 2019, sales fell by 2.1%, a full percentage point more than in the January-June timeframe.





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

“As has been the case in the last few months, the impact of the chip shortage was uneven throughout the industry. Toyota was the market leader once again and reached a 17.6% share, the highest since 2009 – it was the best July for Lexus, with more than 31,000 units sold. Meanwhile, the Detroit 3 continue to be hit hard by the crisis, and Honda was a surprise on the downside, even though models like the HR-V set July records. In contrast, Hyundai Group had a stellar month, outperforming Stellantis, Honda and Ford with the third highest sales for the month. Midsize Non-Premium SUVs gained the most share from a year ago and led the market in July, accounting for 16.8% of total sales. A stronghold of the Detroit 3, Large Pickup has struggled with low inventories. Sales fell by 2% from June and by 12% from a year ago.”



Inventory in the US has essentially dried up, as is evident from the last two months’ low selling rates. We have pushed out the recovery in production, as we now expect starts and stops to be part of the landscape into 2022. As a result, it will be extremely difficult to meet demand this year and lower selling rates will likely continue through the 3rd quarter. A 15.6 million unit selling rate is forecast in August, an increase from July but still subdued.

Our 2021 US Light Vehicle sales forecast has been cut to 16.5 million units, a reduction of nearly 400,000 units from our last projection. Retail and fleet sales have been reduced as both markets struggle with shortages. Retail sales are now expected to be at 14.3 million units, an increase of 15% from 2020. Fleet sales have been adjusted to 2.3 million units, growing by only 8% from last year.

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

“As has been the case since March, depleted inventory remains the major roadblock to stronger demand, while the rising cases from the Delta variant does pose some additional short-term risk in the coming weeks.



We continue to believe that much of the demand not being met in 2021 will be pushed into 2022, but there is also risk that some consumers may forgo a new vehicle purchase unless they absolutely need to, since transaction prices remain high and incentives are very low. However, as the opening up continues, the need for transportation will increase and, as inventory is replenished, the recovery in demand will restart.”

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, email us at media@lmc-auto.com or follow @LMCAutomotive on Twitter and LinkedIn.

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