

📅 2 SEPTEMBER 2021

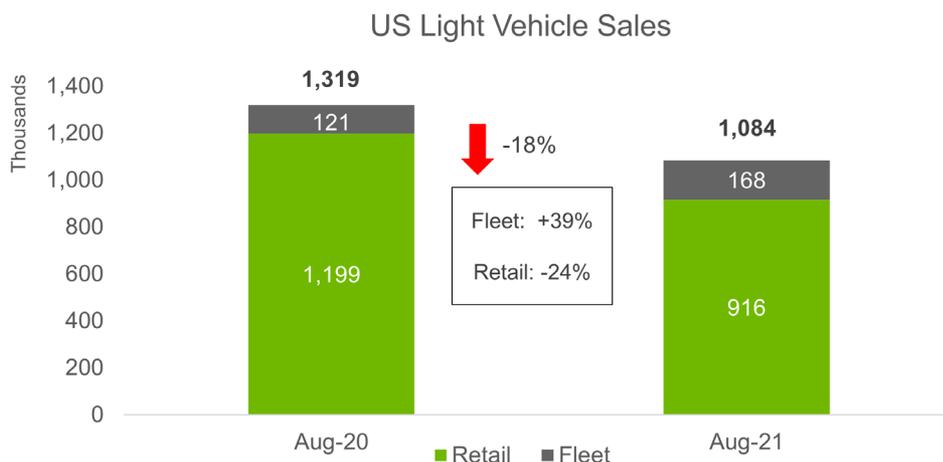
Amidst inventory constraints, US selling rate falls sharply to lowest level since the start of pandemic and relief may be further out than previously thought.

- Traditionally one of the strongest months, August was the weakest month so far in 2021, with sales of just 1.08 mn units. The SAAR was just shy of 13 million units, its lowest level since May 2020.
- Toyota expanded its market leadership, while General Motors and Ford faced the steepest declines from August last year. Compact and Midsize Non-Premium SUVs were the two most popular segments, and SUVs accounted for 53.7% of total sales. Pickups lost 1.6 pp of share.
- Global update – The lack of inventory is causing major disruptions around the world, and the outlook for global Light Vehicle sales has been cut by nearly 3 million units to 83.7 million units, an increase of just 8% from 2020. The recovery has been on pause for 3 months and faces further risk into 2022 given the multitude of challenges the market faces on the supply side.

(DETROIT, MI): As the microchip shortage worsened, US sales were impacted severely in August. Volume plunged to the lowest level in 2021, to 1.08 million Light Vehicles, according to LMC Automotive, the leading independent automotive global forecasting and market intelligence company. This represents a 17.8% YoY decline, the worst since August 2020 and the lowest volume in the month of August since 2011. The annualized rate fell to just under 13 million units for the first time since May 2020.

Traditionally one of the strongest months in the year, last month was also negatively impacted by one less selling day, Labor Day weekend shifting back to September and the lack of special holiday incentives. Retail sales failed to reach 1 mn units, which typically happens only in January and February. As OEMs focus on building more expensive vehicles to boost their profitability, consumers are facing transaction prices well above US\$40,000. Higher trade-in equity and ultra-low interest rates may not be enough to keep monthly payments at the levels of the last two years, putting additional pressure on demand.

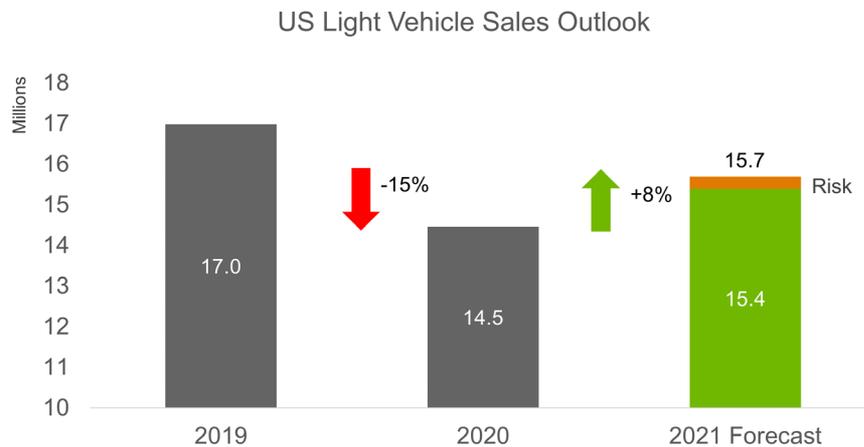
YTD August, sales now total 10.7 million units, up by 18.6% from the pandemic-induced low 2020. However, the YoY change has fallen quickly over the last 3 months.





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

“While Compact Non-Premium SUV, Midsize Non-Premium SUV and Large Pickup remained the most popular segments in August, they all shrank by double digits. Only Premium and Super-Premium segments grew this August – the Large Premium Car volumes almost doubled from a year ago. Looking at OEMs, Ford returned to the top 5 ranking, but only GM faced a weaker performance. Toyota is now outselling GM by 50,000 units YTD August. However, even Toyota and Hyundai, which have outperformed the industry in recent months, were impacted by the chip shortage in August. Out of the 46 brands sold in the US, only 13 had positive results – Mazda and Freightliner were the only Non-Premium makes that grew from August 2020.”



With the continued deterioration in demand, almost entirely due to the lack of inventory, the near-term outlook for both sales and production has been downgraded further. Inventory levels in the US are likely to hover at or below 1 million units in the near-term, which will keep US Light Vehicle sales locked into a range well under natural demand. Looking ahead to September, there is little reason to assume any material strengthening of the selling rate. Our current forecast expects the selling rate in September to finish at 13.4 million units, nearly 5 million units below the selling rate back in April 2021.

The near-term reassessment impacts the full-year forecast for 2021, as we have cut US Light Vehicle sales by 800,000 to 15.7 million units. Both retail and fleet sales have been reduced and both markets are struggling with lack of vehicles. Retail sales are now expected to be at 13.7 million units, an increase of 11% from 2020. Fleet sales have been adjusted to 2.0 million units, a decline of 6% from 2020. On a percentage basis, our forecasts of fleet sales were cut by 11% and retail sales were cut by 4%.



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

“Not only has the situation with the inventory shortage in the US and globally not yet peaked as hoped, but it has actually worsened significantly. Recent additional downtime, combined with other disruptions, including Hurricane Ida, shortages in other parts and the ongoing impact of the Delta variant, adds volume risk through the next several months and extends the duration to a full recovery. It is very difficult to see a sustained stable manufacturing environment before the end of 2022.”

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](https://twitter.com/LMCAutomotive) on Twitter and LinkedIn.

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