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Lean inventories and base effect push US Light Vehicle sales to a 22% YoY decline in March, ending Q1 with 3.3 million units sold

- March finished with 1.25 million units sold, a 22% YoY decline. March 2021 was the best month of last year, and the parts shortage continues to impact vehicle availability this year. The daily selling rate grew to more than 46,000 units/day, but the annualized rate of 13.4 million units was the weakest in Q1.
- General Motors led the market in March, but ended the quarter behind Toyota. Toyota's RAV4 was the only vehicle to sell more than 100,000 units in Q1. Tesla solidified its leadership in the Premium segment, outselling BMW by about 20,000 units.
- Global update – February global Light Vehicle sales ended, as expected, at 78.3 million units, down from 82.3 million units a year ago. In YoY terms, sales were up by 16,000 units, but due to the disruption effect from timing of the Chinese New Year, last year's level was a weak base. The ongoing war in Ukraine, and an expectation that supply chain disruptions will continue throughout 2022, has led to a further cut in the outlook for the year. Light Vehicle sales are now expected to increase by just 1% to 82.6 million units, a cut of nearly 3 million units since February.

(DETROIT, MI): With inventories still at critically low levels, a strong 2021 base also contributed to a steep decline in Light Vehicle sales last month – March was the strongest month in 2021. US volumes fell by 22% from a year ago, to 1.25 million units, according to LMC Automotive, a leading automotive forecasting and market intelligence company, now part of GlobalData. Looking at the historical performance, this March was the 5th weakest on record since 2000.

Alongside this, the March annualized selling was the weakest in Q1. At 13.4 million units, it was down more than 600,000 units from February and by 1.7 million units from January. On the positive side, the daily selling rate grew to 46,400 units/day, the highest average in the last seven months. March 2022 had 27 selling days, one more than in 2021, which also helped retail sales to break the 1-million mark for the first time so far this year. Initial data points to Light Vehicle retail sales just shy of 1.1 million Light Vehicles.

In Q1, sales totalled 3.29 million units, down by 16% from Q1 2021. Historically, and under normal demand conditions, volume would have been closer to the 4 million mark at this point in the year.

US Light Vehicle Sales



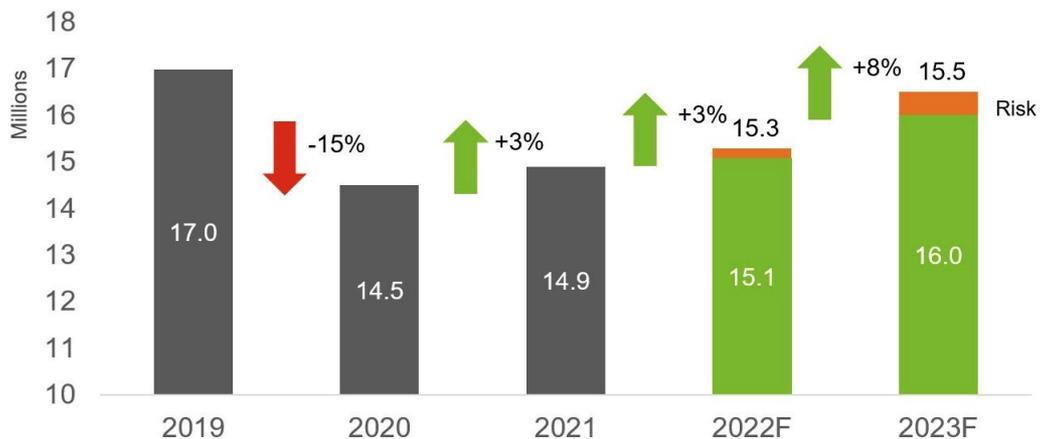


Augusto Amorim, Senior Manager, Americas Vehicle Sales Forecasts, LMC Automotive, adds:

“Although March sales were slightly better than expected, there is still a lot of disruption in the marketplace. General Motors outsold Toyota in March, but ended the quarter behind its competitor. They were the only two OEMs to sell more than 500,000 units in Q1. Yet, Toyota’s RAV4 was the bestselling vehicle in the US for the second consecutive month, as the chip shortage continues to hurt Ford’s output to a higher degree. The F-150 was outsold by both the Chevrolet Silverado and Ram 1500 in March. Among the established OEMs, only Mazda and Tesla sold more than in March 2021. In addition, Tesla is increasingly positioning as the leader of the Premium segment, selling more than 100,000 units in a quarter for the first time ever. Tesla was ahead of BMW by approximately 20,000 units.”

There were no major surprises in the various segment performances, but a recovery in sales of the Chevrolet Equinox and Honda CR-V took Compact SUV to the top of sales ranking. It was also the segment that fell the least among the five most popular ones, down by 10% YoY, compared to an 18% drop in sales of Midsize SUVs. Small SUVs faced the steepest decline at -37% YoY, as OEMs continue to focus on more profitable models.

US Light Vehicle Sales Outlook



Consistent with the reduction globally, we have cut the outlook for US Light Vehicle sales in 2022 given the recovery is expected to be hampered by lack of inventory. Volume is now expected to finish the year at 15.3 million units, down by 500,000 from last month. The recovery pace is now expected to be slower than it was at the beginning of the year. Q1 North American production levels are likely to be about 50,000 units lower than we expected last month and periodic downtime and slower line rates continue to keep supply constrained.

The extension of supply disruptions will probably spill into 2023, prompting a 400,000-unit reduction that takes the topline volume for the year down to 16.5 million units, still an 8% increase from 2022. Fleet volume is not expected to exceed 15% of total Light Vehicles, but volume recovery is projected to outpace that of retail.



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

“Given March’s performance, we feel that the risk is balanced in Q2, but there is further downside risk in H2, as we are still forecasting the selling rate to improve to an average of 16.2 million units from a forecast of a 14.3-million-unit pace in H1. Vehicle pricing remains a significant headwind, even as supply improves. The pandemic and fallout from shortages in the supply chain have fundamentally altered the buying process including how much inventory is carried on dealer lots and the level of incentives going forward. The industry will recover, but much will likely function differently than it did historically.”

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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