

NEWS RELEASE



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US Light Vehicle Market Grows in December, but Totals 13.7 mn units in 2022, the Worst Performance Since 2011

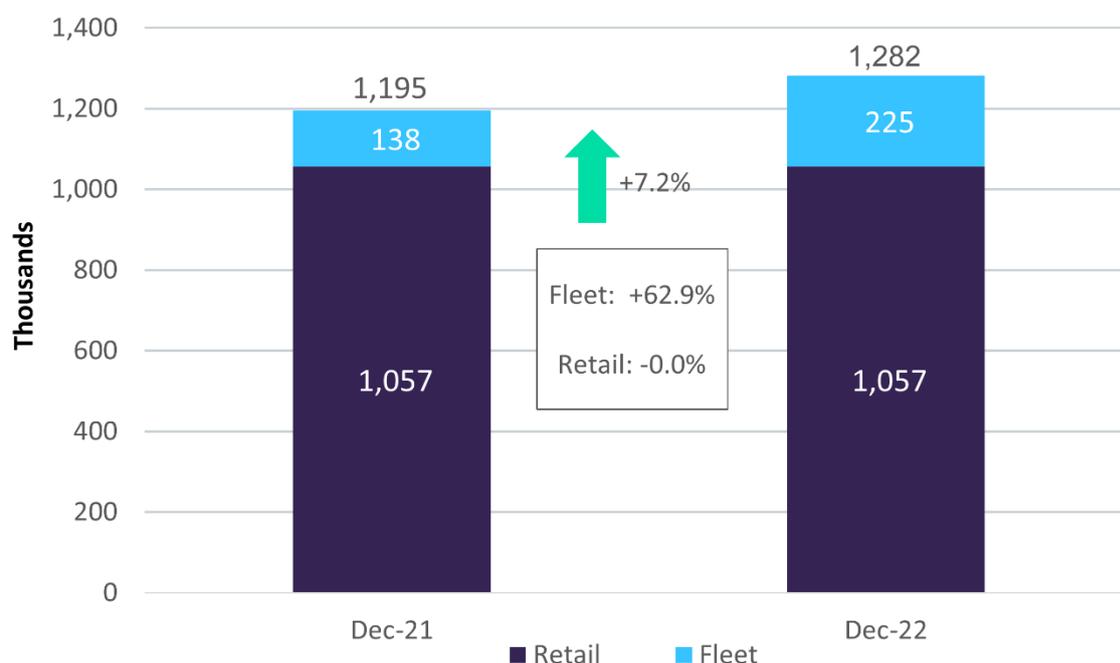
- LV sales grew by 7.2% YoY in December according to preliminary estimates, to 1.28 mn units. Once again, the YoY comparison was flattered by the slump in sales a year ago during the height of the chip shortage. December rounded off a disappointing year in which a lack of inventory and eye-watering prices held back sales.
- In recent months, General Motors has been extending its lead over Toyota Group, and this trend continued in December. GM sold around 41k units more than Toyota Group in December, compared to a 27k unit advantage in November. Whereas inventory shortages are largely in the rear-view mirror for GM, this is far from the case for Toyota. Furthermore, for the first time since April, Toyota was not the leading brand in the market. Instead, that title went to Ford in December, which outsold Toyota by almost 6k units. The Ford F-150 was the bestselling model in December, leading the Chevrolet Silverado by a healthy 12k margin.
- Global outlook – November Light Vehicle sales volume was up 3% from November 2021, and the selling rate came in a bit cooler than October, at 83.7 million units. While December actuals have not been reported for much of the world, our estimate is for decline of 2% from last December to a selling rate of 81.4 million units. China is expected to see a pullback from robust volume as increased COVID-19 cases bring the potential for a halt in activity. 2022 is forecast to finish at 80.8 million units, a 0.7% decline from 2021 and a weaker outlook than expected last month. We enter 2023 with a high degree of uncertainty remaining, but the outlook has been increased to 85.7 million units on the extension of the tax credits in China and improvement in Europe later in 2023.

(DETROIT, MI): US Light Vehicle sales totaled 1.28 million units in December, according to LMC Automotive, a GlobalData Company. This translates to a YoY gain of 7.2%, with the same number of selling days as in December 2021. However, the results were nothing to boast about – in every year between 2014 and 2020,

December sales were at 1.5 mn units or above. A combination of ongoing problems with the availability of vehicles and unfavorable economic conditions are keeping the market relatively subdued.

The December selling rate was 13.5 mn units/year, down from 14.2 mn units/year in November. This annualised rate was bound to be negatively impacted by the fact that December is normally an extremely strong month for sales, which works against the rate amid the disruptions to the market that we are currently experiencing. Still, in absolute terms, December did see the highest volumes of 2022, edging out March by around 26k units. The daily selling rate is estimated at 47,500 units/selling day, compared to 44,900 units/selling day in November. This demonstrates how the annualised selling rate was affected by the historical seasonality rather than the pace of sales necessarily slowing down. According to preliminary estimates, retail sales totaled around 1,057,000 units, unchanged from December 2021, while fleet accounted for approximately 225,000 units, representing 17.6% of the total market.

US Light Vehicle sales



David Oakley, Manager, Americas Sales Forecasts, LMC Automotive, A GlobalData Company, said: “December sales were mediocre, falling well short of the pre-chip crisis standard. Still, the month did at least record the highest volumes of 2022, and the overall performance was in line with our expectations. The pre-Christmas period was disrupted to some extent by severe winter weather across large swathes of the country, while the deals that may have tempted potential buyers into dealerships in previous years were fewer and further between in December 2022. The optimistic view is that the daily selling rate ticked up, despite these

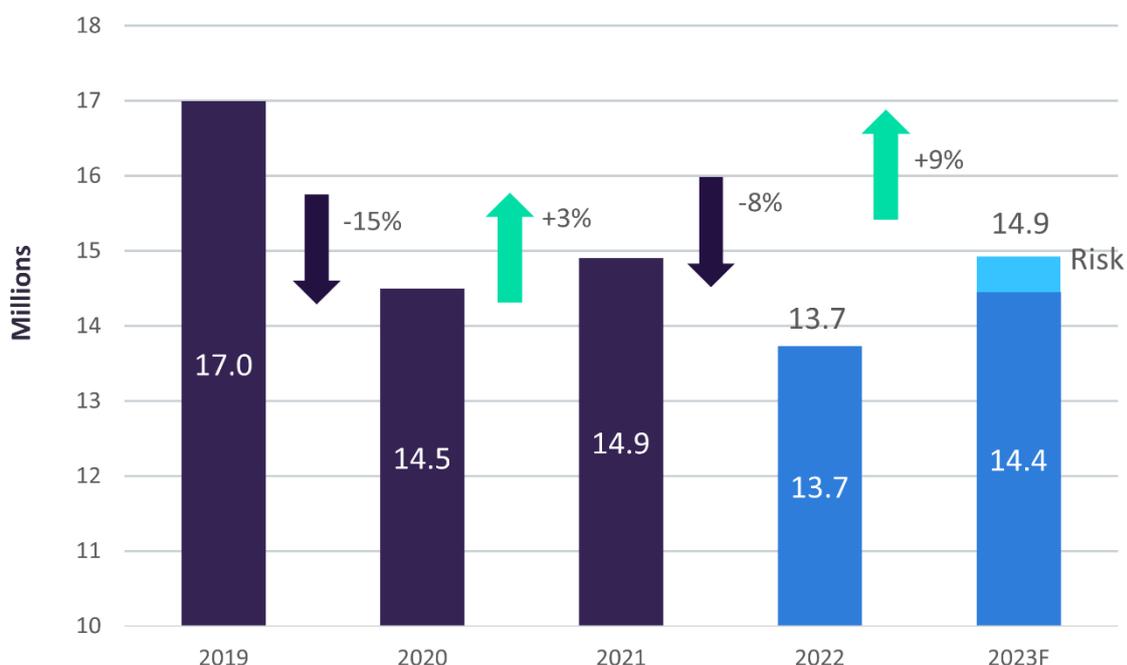
headwinds, and higher sales volumes were likely a factor behind rather modest gains in inventory during the month”.

In common with recent months, December sales continued to be hampered by increasing interest rates, while inflation remained high, even though it has eased from its peak earlier in 2022. These conditions are likely keeping some consumers out of the new vehicle market, but fleet sales appeared to continue their recent uptick in December, bolstering total sales, while the retail side of the market is thought to have been stagnant as compared to year-ago sales.

General Motors delivered the strongest YoY growth of the major OEMs, seeing sales jump by 33.8% from a low base. However, GM was closely followed in percentage growth terms by Hyundai Group, which enjoyed a 32.2% YoY increase. Although Toyota Group reported a 3.5% YoY gain, this was below the market average and saw the OEM 3.2 pp behind GM in market share terms, with GM leading the way on 17.3%.

Compact Non-Premium SUV was again the bestselling segment in December, with a 17.4% market share, up by 1.8 pp, YoY. As in November, Midsize Non-Premium SUV was the next most popular segment, on 16.8%, down by 1.1 pp, YoY. Perhaps the most significant change between November and December was a substantially improved performance for Large Pickups, which held a 15.9% share in December, up by 1.6 pp from the prior month and up from 14.5% in December 2021. As in November, Pickups once again outsold Cars in December, but the gap was extended from 7.1k units to 47k units.

US Light Vehicle sales outlook



As the economy and auto industry continue to grapple with the hopes that the Fed can orchestrate a soft landing, 2022 ended at expectations with US sales coming in at 13.7 million units, a decline of 8% from 2021. Looking at 2023, there have been some improvements in the economic outlook. While a recession is still the base case scenario, GDP growth is expected to be positive for the year, at 0.9% growth. However, given the pricing pressure and a remaining level of disruption, Light Vehicle sales are still expected to remain well below pre-pandemic levels at 14.9 million units, an increase of 9% from 2022.

Vehicle inventory remains well below historical levels but has improved through the second half of 2022. However, strong pickup sales in December likely depleted some inventory. Disruption in North America production finished 2022 at 1.9 million units. Looking forward to 2023, that is expected to drop to 800,000 units.

Jeff Schuster, President, LMC Automotive, A GlobalData Company, said: “We start 2023 with many of the issues continuing from 2022, though disruption is at a lesser scale. Some improvements in the economic outlook could spill into the Auto sector, but any material improvement is not expected in the first half of the year, as record high pricing continues and incentives are not strong enough to overcome the level. There does remain some room for upward revision if net pricing begins to fall sooner than expected.”

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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, LMC is part of GlobalData and 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, now integrated with GlobalData's Automotive Intelligence Center, which meet an individual client's needs and are delivered in a range of flexible and sophisticated formats.

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