NEWS RELEASE

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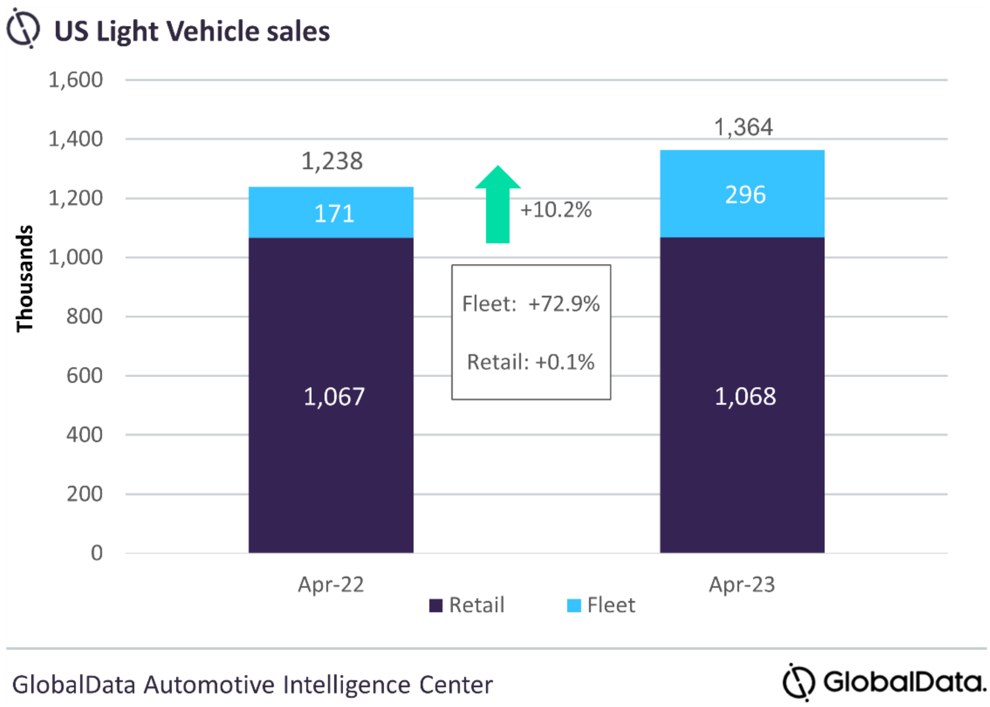
US Light Vehicle Market Heats Up in April with Robust Result

- LV sales grew by 10.2% year-on-year (YoY) in April according to preliminary estimates, to 1.36 mn units. While year-ago sales were somewhat impacted by a lack of inventory, April's volumes were comparable with pre-pandemic levels. In month-on-month (MoM) terms, April is projected to have edged up slightly (+0.2%), despite the fact that seasonality would normally suggest that March would be a significantly stronger month – and it had an additional selling day compared to April.
- General Motors was the bestselling OEM for the ninth consecutive month. Toyota Group came in second, with a stronger performance than we have typically seen recently (it eked out a 0.7% YoY gain), allowing it to close the gap to GM slightly, although it was still 42k units behind GM in April. Looking at individual brands, Ford was once again the market leader, with a 12k-unit advantage over Toyota, which relegated Chevrolet into third place, a reversal of positions for these two makes as compared to March results. The Ford F-150 had a dominant month as the bestselling Light Vehicle in the market, taking a lead of 12k units over the Chevrolet Silverado. The Silverado only just held off a challenge from the Honda CR-V to remain in second place, as Honda showed encouraging signs of life after recent struggles.
- Global outlook – Global Light Vehicle sales ended the first quarter at 20.6 million units, up by 4.3% YoY, driven by the restart of recovery growth. March's selling rate increased to 84 million units, from 81 million units in February. March volume was up by 10.5% YoY to 8.1 million units, with strong volume growth in Brazil (+38.9%), Western Europe (+22.6%) and Korea (+21.3%). North America and China grew slightly less than the global market, but both markets exceeded expectations going into the month. As the recovery continues and production levels rise to fuel stronger demand, the 2023 forecast for global Light Vehicle sales is holding at 86.1 million units, a 6.3% increase from 2022. Supply disruption is projected to improve further but will remain an issue throughout 2023. The overall effect on underlying demand is expected to be 4 million units of disruption, half of what it was in 2022.

(DETROIT, MI): US Light Vehicle sales totaled 1.36 million units in April, according to LMC Automotive, a GlobalData Company. This translates to a YoY gain of 10.2%, a result made all the more impressive by the fact that April 2023 had one fewer selling day than April 2022. With March 2023 having seen the highest sales volumes of any month since May 2021, that mark appears to have been immediately surpassed by April's performance, albeit by a margin of only 2k units. Perhaps even more notable was the fact that for the first time since 2021, we saw sales volumes that were comparable to pre-pandemic levels. April's result eclipsed sales for the same month in both 2018 and 2019. As inventory improves and transaction prices start to moderate, even only slightly, there appears to be plenty of demand in the market, despite economic concerns.

The April selling rate was estimated to be 16.1 mn units/year, up from 14.8 mn units/year in March. This was the strongest selling rate of any month since May 2021, and while we have had to be cautious around reading too much into selling rates in recent times in the context of low inventory, the metric is now starting to match up more closely with our assessment of the market's health. There is no doubt that April's performance was one of the most encouraging of recent times, as evidenced by the fact that the daily selling rate is estimated at 52,500 units/day, up from 50,400 units/day in March. According to preliminary estimates, retail sales totaled around 1,068,000 units, while fleet accounted for approximately 296,000 units, representing around 21.7% of the total market, as fleet continues to make strong contributions to total sales.

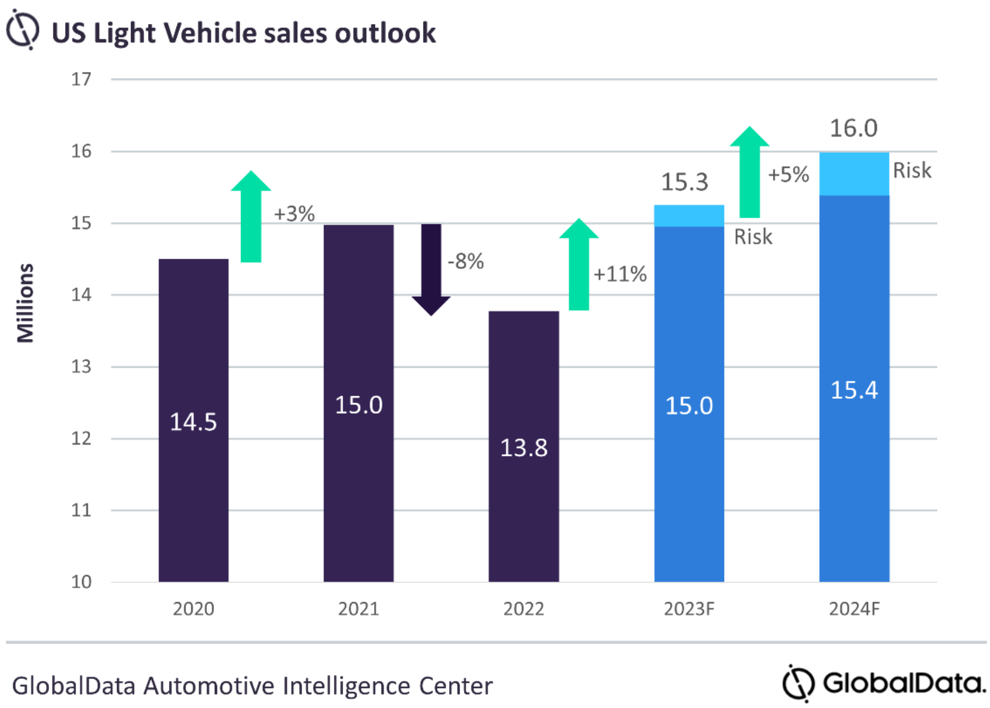


David Oakley, Manager, Americas Sales Forecasts, LMC Automotive, A GlobalData Company, said: "While sales throughout 2023 to date had given us some reason to be encouraged, the April result was comfortably the most impressive outcome since 2021. As the market appears to be finally moving beyond supply chain woes, and pricing begins to become slightly more favorable to the consumer, thanks to higher incentives, we are now seeing sales comparable to pre-pandemic levels. There are some differences with the pre-COVID landscape – customers are waiting longer for vehicles, as OEMs learn the benefits of tighter inventories – but in some ways the market is returning to something approaching normal."

Average transaction prices are still elevated by historical standards, and continued to be up (by 3.6%) YoY in March. Still, prices have declined MoM in each month of 2023, and this trend is expected to have continued in April, with incentives also beginning to creep up. In March, incentives were up by 56.2% YoY, albeit from an extremely low base.

Double-digit YoY percentage gains were commonplace for OEMs in April, with Tesla leading the way with an estimated 67.4% YoY increase. Other manufacturers to perform particularly strongly by this measure were Honda Group (+24.5%), Hyundai Group (+15.2%), GM (+13.2%) and VW Group (+12.7%). In market share terms, GM accounted for 16.7% of April sales, in line with the March results, and up by around 0.4 pp, YoY. Toyota Group's market share slipped by 1.3 pp, YoY, as it claimed a 13.7% share. Last year's share was unusually high as its rivals struggled with a lack of inventory.

Compact Non-Premium SUV was once again the bestselling segment in April, with a 19.2% market share, up by 1.2 pp, YoY, but matching March's result. Midsize Non-Premium SUV was the second-largest segment on 16.3%, a YoY decline of 1.5 pp. Large Pickups, the third largest segment, saw some improvement in share after a weak March, accounting for 13.9% of the market in April, unchanged YoY, but up by almost 0.6 pp compared with March. For the second consecutive month, Cars outsold Pickups, albeit only by a margin of around 5k units.



The acceleration of US Light Vehicle sales in April has led to a strong outperformance through the first four months of the year relative to the outlook at the beginning of the year. Light Vehicle sales YTD through April are 6% higher than expected in January for the same period. This performance will push the outlook for the year higher for the third month in a row. The outlook for 2023 been revised upward by 175,000 units to 15.3 million units, an increase of 10.7% from 2022. There remains some risk that some of the recovery volume has been pulled forward from 2024 but, overall, the outlook for next year is holding at 16.0 million units.

Light Vehicle inventory ended the first quarter up by 50% from first quarter 2022 to 1.84 million units, with days' supply stable at 36 days. Inventory levels are expected to slip slightly when April is reported, given the robust close of the month. Overall, inventory is expected to fall to 1.8 million units with a days' supply at 35 days. The supply outlook and inventory level is expected to remain supportive of the current level of recovery. We forecast some further rebuilding of inventory volume but do not expect the market to return to pre-pandemic levels.

Jeff Schuster, Automotive Group Head and Executive Vice President, GlobalData, said: "The US market continues to surprise on the upside, despite the cautious tone that is dominating most views in the industry. Consumers remain resilient and fleet sales appear to be heading toward a more substantial recovery, both sectors of the market benefiting from the rebuilding of inventory and less production disruption. The industry is not without risk but there is no denying the current pace and likelihood that 2023 could end much stronger than initially expected. Affordability and pricing pressure is the largest risk, while keeping an eye on the overall economy. Incentive levels are rising which is helping to mitigate some of the risk".

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