

# READING THE METER

*A look inside a cleaner, safer,  
smarter auto industry.*



ALLIANCE FOR AUTOMOTIVE INNOVATION

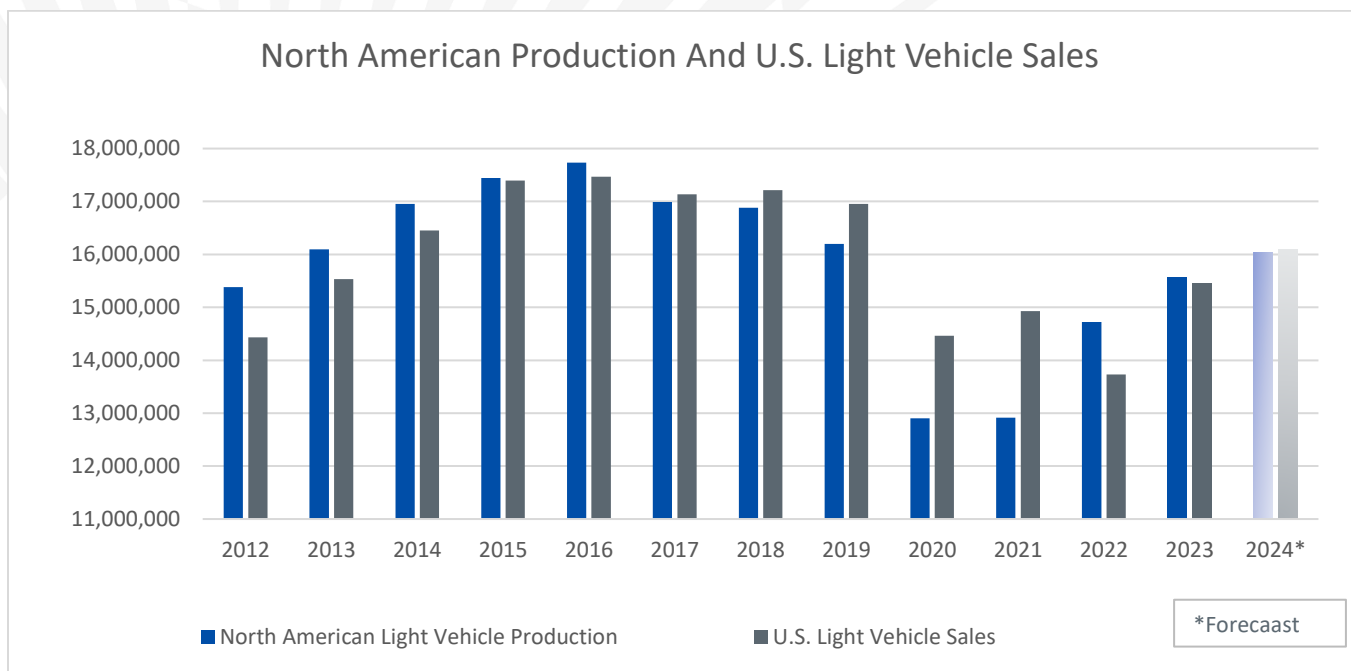
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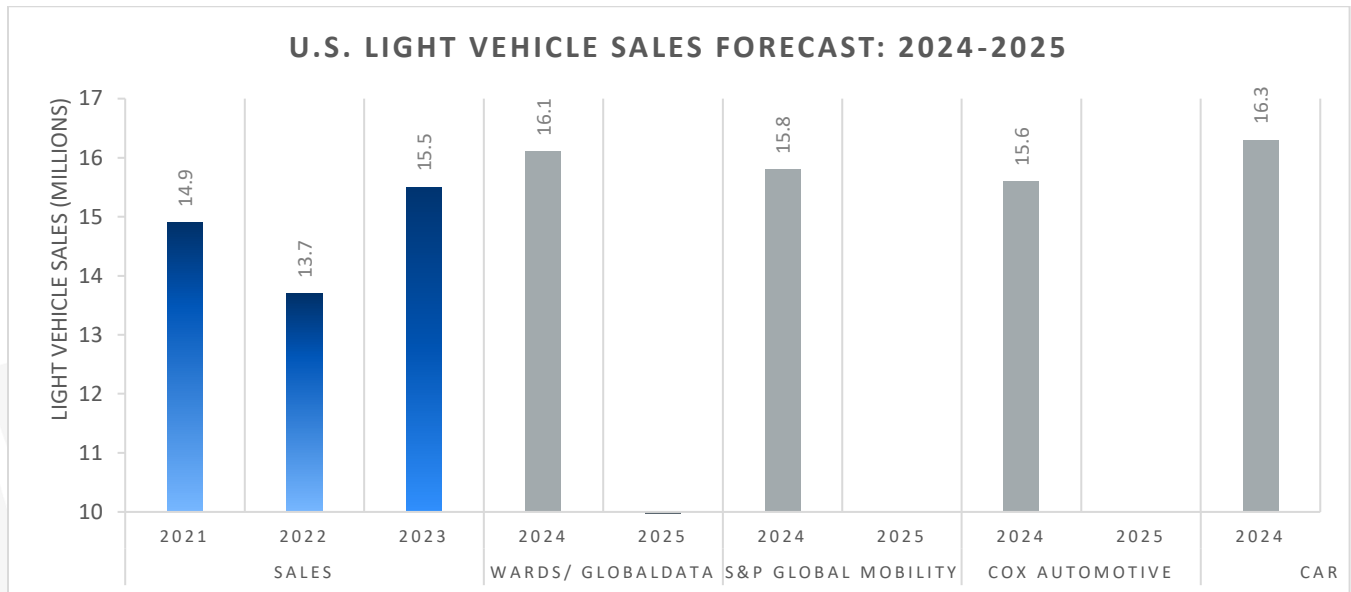
## Forecast Meter

### Sales & Production Summary and Forecast (Updated 2/5)

2023-2024 Sales, <sup>1</sup> Extended Sales Forecast, <sup>2</sup> and Production Forecasts. <sup>3</sup>		
	U.S. Sales & Forecasts	North American Production
January '23	1,033,002 (+4.2% YoY)	1,195,548 (+12.9% YoY)
February '23	1,136,332 (+8.7% YoY)	1,257,482 (+15% YoY)
March '23	1,365,966 (+8.6% YoY)	1,442,991 (+6.7% YoY)
April '23	1,347,159 (+13.1% YoY)	1,281,626 (+8.6% YoY)
May '23	1,362,019 (+18.0% YoY)	1,462,273 (+25.5% YoY)
June '23	1,370,976 (+19.9% YoY)	1,387,090 (+13.8% YoY)
July '23	1,299,199 (+19.9% YoY)	1,173,342 (+15.6% YoY)
August '23	1,328,526 (+12.8% YoY)	1,467,284 (+4.5% YoY)
September '23	1,331,952 (+13.9% YoY)	1,353,072 (+7.6% YoY)
October '23	1,200,286 (+5.7% YoY)	1,388,720 (+4.5% YoY)
November '23	1,218,647 (+7.3% YoY)	1,372,253 (+8.1% YoY)
December '23	1,433,266 (+17.3% YoY)	1,082,176 (-2.3% YoY)
January '24	1,076,047 (-1.3% YoY)	
2023 Full Year	15,457,447 (+12.4% YoY)	16,144,461 (+9.3% YoY) (U.S. 10,611,580)
2024 Estimate	16.1 Million	16,031,665



## U.S. Light Vehicle Sales Outlook (Updated 2/5)



**Wards Intelligence Outlook (2/5)**<sup>4</sup>: “Sales could be stronger without significant increases in incentives if there were more vehicles on dealer lots, especially less costly vehicles in the non-luxury small and midsize CUV, SUV and car subsegments.

“Affordability has become a headwind to sales growth, as interest rates on financing are up in the past two years while the mix of inventory remains tilted to higher price vehicles, including luxury cars, CUVs and SUVs, plus non-luxury fullsize trucks - pickups, CUVs, SUVs, vans.

“However, that dynamic is changing as manufacturers have been reacting to pent-up demand for more affordable vehicles. Since the semiconductor shortage started easing in the second half of 2022, automakers have been increasing production of lower cost models.

“Wards Intelligence partner GlobalData forecasts 2024 sales to total 16.1 million units. The growth in demand expected over the rest of the year will restrain inventory gains, even as production gets closer to pre-pandemic levels.”

## North American Production & Inventory Outlook (Updated 2/5)

**Wards Intelligence Inventory Outlook (2/5)**<sup>5</sup>: “Inventory is expected to continue generally rising for the remainder of the year, though remain well below historically normal levels. Wards Intelligence partner GlobalData forecasts 2024 sales to total 16.1 million units. The growth in demand expected over the rest of the year will restrain inventory gains, even as production gets closer to pre-pandemic levels.

**S&P Global Mobility Outlook (1/25)**<sup>6</sup>: “North America: The outlook for North America light vehicle production was increased by 153,000 units and by 155,000 units for 2024 and 2025, respectively (and increased by

212,000 units for 2026). The North America light vehicle production outlook for 2024 was revised higher by 1.0% to 15.82 million units on the resiliency of vehicle demand as US sales are expected to increase 2.2% to 15.94 million units. The short-term forecast moves increasingly towards being derived from market fundamentals with the wide array of issues that have hampered production in recent years dissipating. As a result, the forecast is built around a new, lower level of inventory that works to maintain vehicle stocks at around 2.5 million units or a 45-day supply compared to history that would have inventory between 3.0 to 4.0-million units in a US market ranging from 16.0 to 17.5-million units selling rates. With the UAW strikes and a strong general close to sales for 2023, inventories have been reduced somewhat, bolstering production planning for 2024. Locally produced Detroit 3 inventory in December was at a roughly 61-day supply while Asian and German locally produced inventory was at a sharply lower 29 and 32-day supply, respectively, affording them a restocking profile for 2024. The production outlook for 2025 was boosted by 1.0% to 16.18 million units on an improved demand outlook and product launch activity.

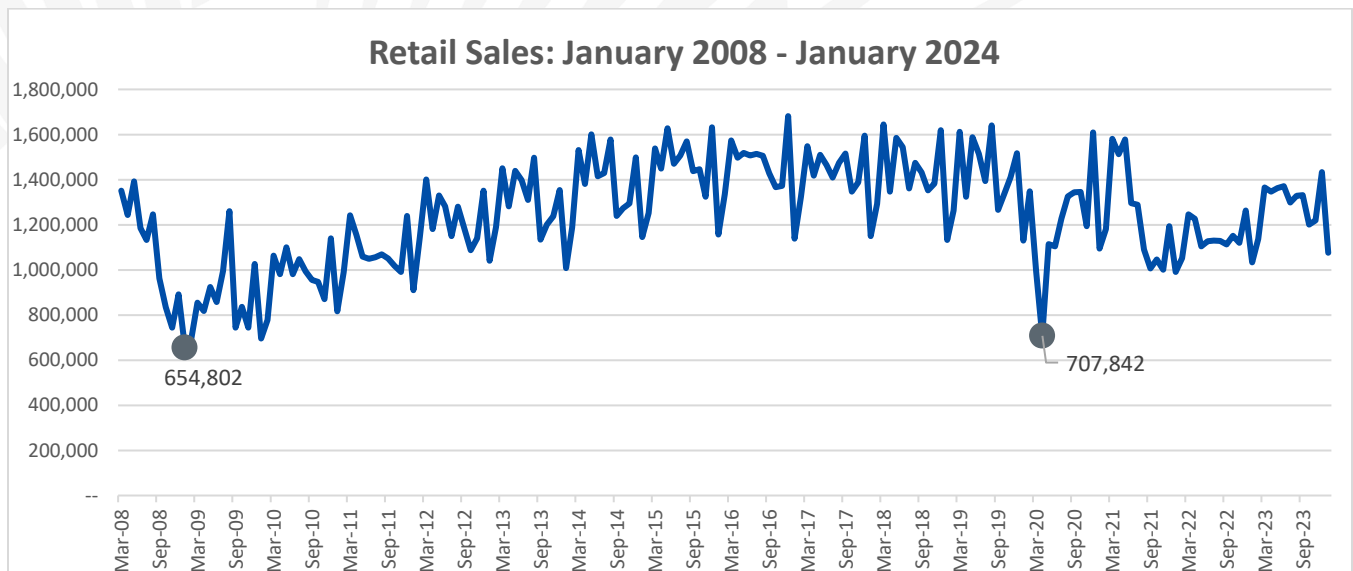
**Wards Intelligence Production Outlook (1/25)**: “The first-quarter 2024 outlook has been pared by 36,000 units to a total of 4.143 million units, 3.3% above like-2023’s 4.012 million.”

## Market Meter

### U.S. Light Vehicle Sales (Updated 2/5)

#### Monthly Sales (Updated 2/5)

This chart helps to put into context the monthly retail sales due to the COVID pandemic and showing the relative drop in sales compared to the 2008 financial crisis.



#### January Sales (Updated 2/5)

**WardsIntelligence**<sup>8</sup>: “U.S. light-vehicle sales were softer than expected in January, finishing at a 15.0 million-unit seasonally adjusted annual rate.

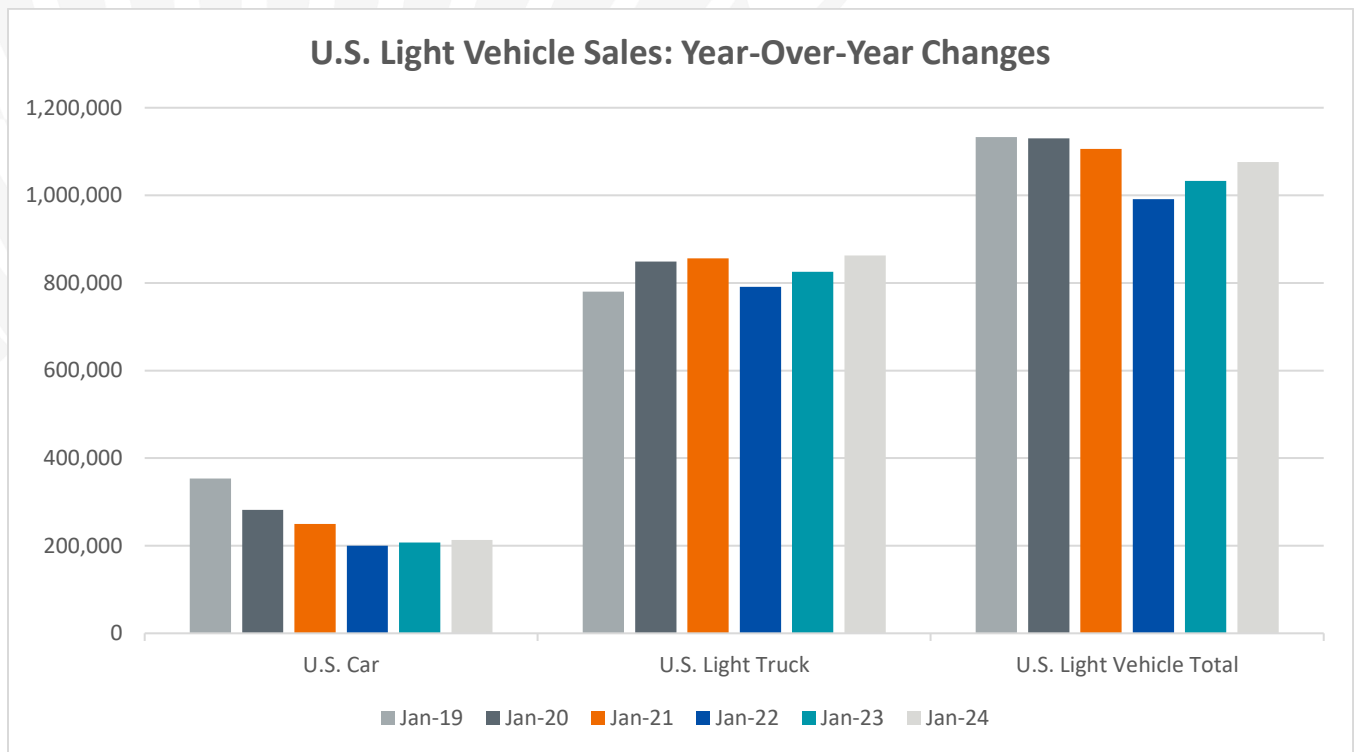
While raw volume in January increased 2.8% year-over-year to 1.08 million units, the daily selling rate over the month’s 25 selling days totaled 43,042, down 1.3% from like-2023’s 43,622 – 24 selling days. January’s DSR results broke a string of 16 straight year-over-year increases.

January’s SAAR dropped from December’s revised 16.1 million units, as well as like-2023’s 15.1 million, and was the lowest since March 2023’s 14.9 million.

The month’s weaker results could have included some payback for December’s surge – the month’s SAAR tied June 2023 for the highest since 17.0 million in May 2021 and its DSR of 56,110 units was a 13.5% increase from the prior month, highest November-to-December gain since 2016’s 13.7%.

However, affordability and lean inventory likely played roles.

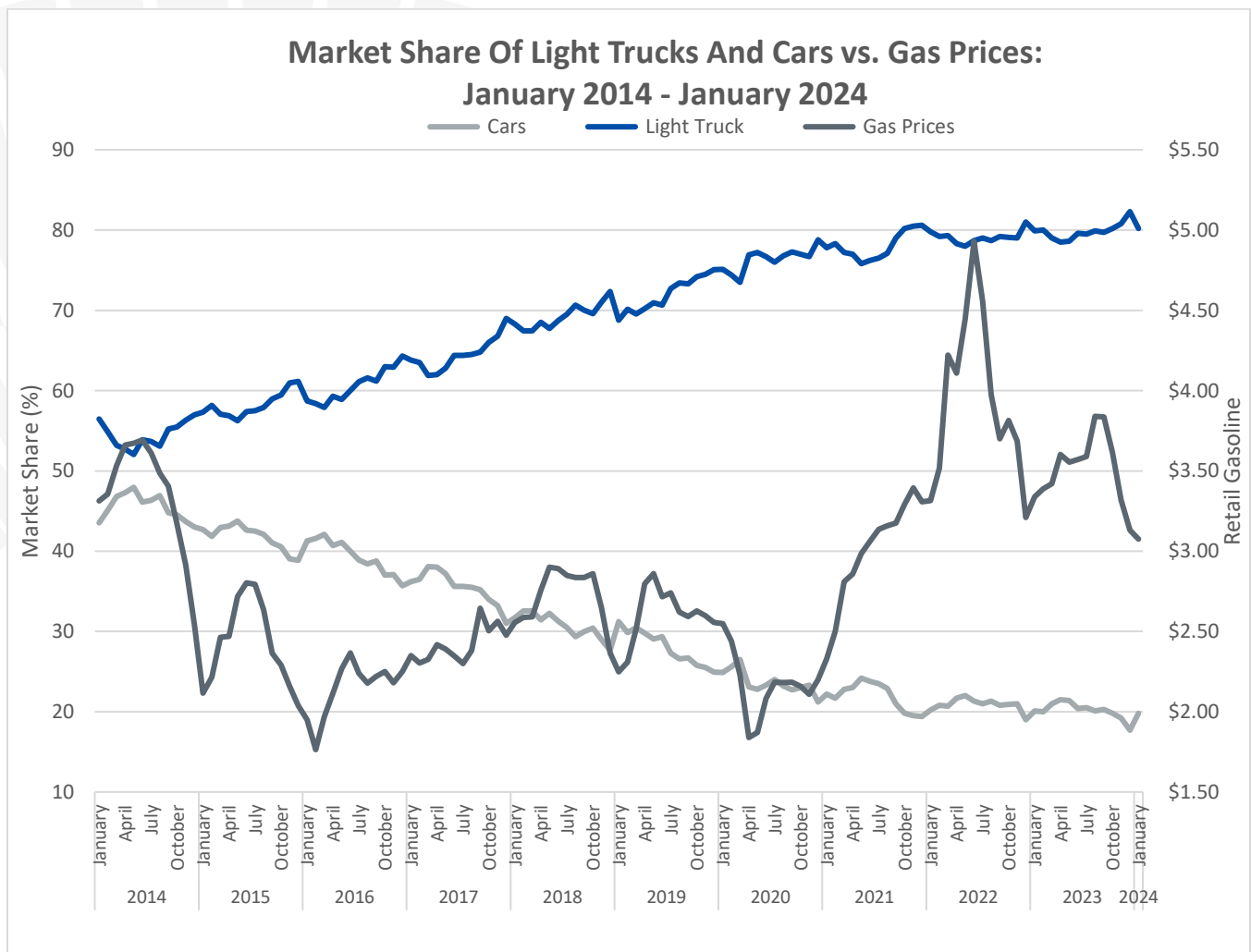
Although inventory entered the month at a 33-month high, it’s still well below historically normal levels – pre-2020 Covid/semiconductor-shortage norms - for a market running at a 15-million-plus annualized rate, and the mix remains weighted toward higher priced vehicles. Plus, interest rates for financing purchases are at long-time highs.”



## Segments vs. Gas Prices (Updated 2/5)

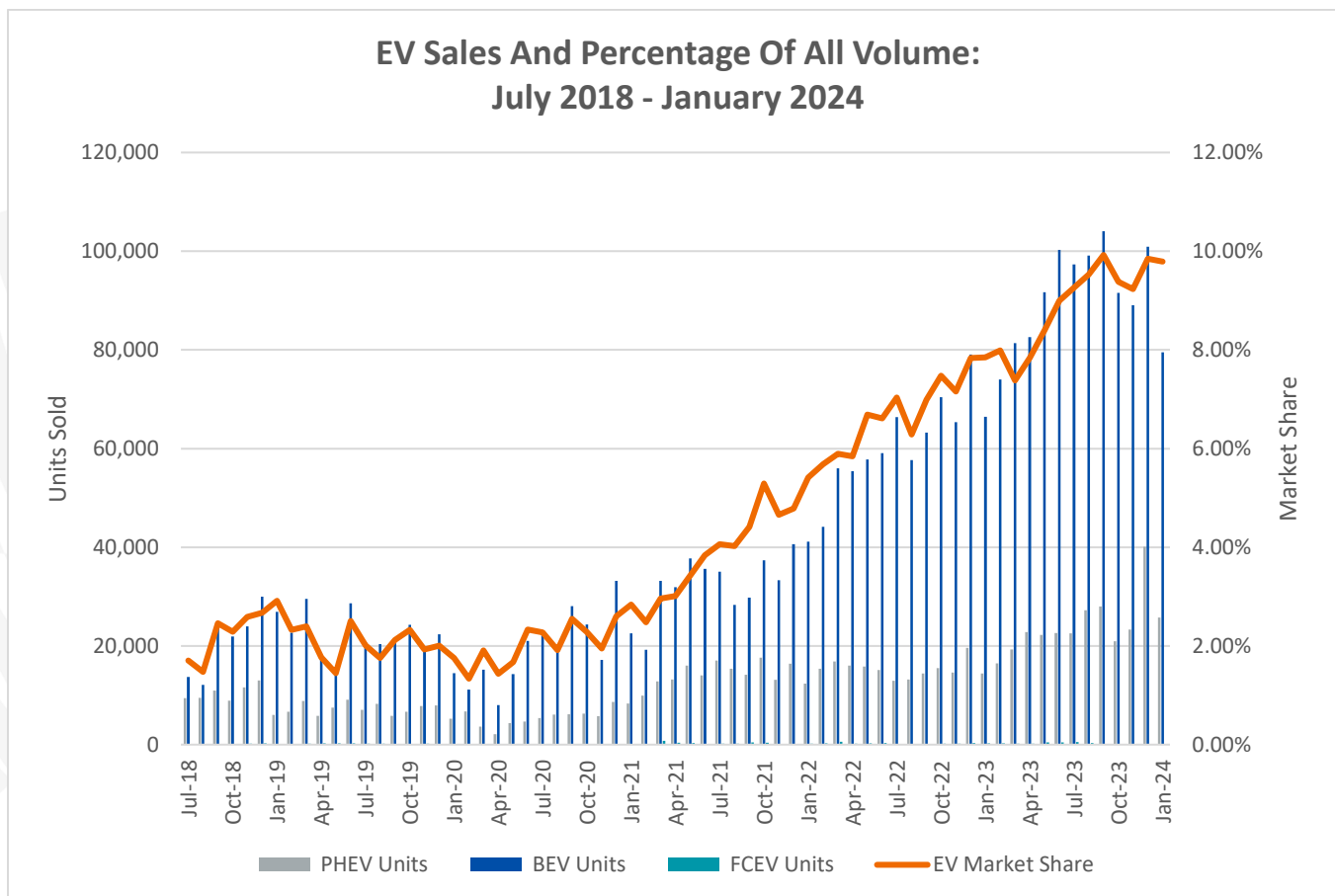
**Monthly Sales For January:** Light trucks accounted for 80.2 percent of sales in January, up slightly from the market share a year ago. Compared to the same period in 2023, sales of cars are up by 5,000 units, and down more than 140,000 from January 2019, when cars comprised 31% of the market as opposed to the 20 percent of the market passenger cars have now.

**Historic Perspective:** The upward trend in the popularity of light trucks over cars has been steady since 2013, when only 2% of annual market share separated the two segments...<sup>9</sup> and gas was over \$3.00...<sup>10</sup> a gallon. As fuel prices dropped below the \$3.00 mark in mid-September 2014, light truck sales began to take off. Gas prices since have averaged only \$2.83 a gallon (through December 2022) and when combined with increased fuel economy for light trucks, an increase of 4 mpg since 2013, the perfect conditions existed to continue fueling light truck market growth...<sup>11</sup>



## EV Powertrain Sales (Updated 2/5)

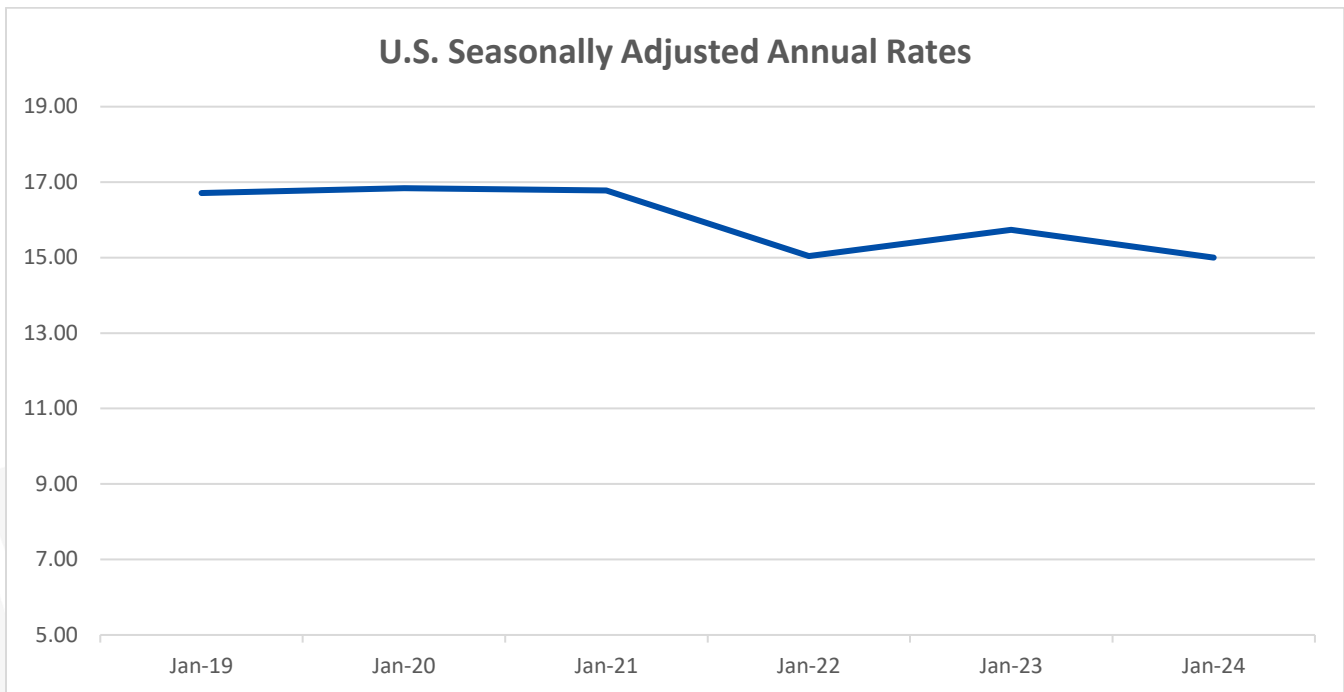
Sales of electric vehicles (BEV, PHEV, & Fuel Cell) accounted for 9.8 percent of total vehicle sales in January 2024 (105,325), per Wards estimates. Market share decreased 0.06 percentage points (pp) from December 2023. January’s EV market share is up 1.9 pp from a year ago. Sales of battery electric vehicles led the way for EVs, accounting for 7.4 percent of total sales, up 1.0 pp from January 2023. Plug-in hybrids accounted for 2.4 percent, up 1.0 pp from the same time last year...<sup>12</sup>



## Seasonally Adjusted Annual Rates (Updated 2/5)

**WardsIntelligence**<sup>13</sup>: “U.S. light-vehicle sales were softer than expected in January, finishing at a 15.0 million-unit seasonally adjusted annual rate. January’s SAAR dropped from December’s revised 16.1 million units, as well as like-2023’s 15.1 million, and was the lowest since March 2023’s 14.9 million.

“The month’s weaker results could have included some payback for December’s surge – the month’s SAAR tied June 2023 for the highest since 17.0 million in May 2021 and its DSR of 56,110 units was a 13.5% increase from the prior month, highest November-to-December gain since 2016’s 13.7%.”



## Average Transaction Price (Updated 2/5)

**J.D. Power (Updated 2/5)**<sup>14</sup>: “Average new-vehicle retail transaction price is declining mostly due to shifts to smaller and more affordable segments that have increased in availability. Transaction prices in January are trending towards \$45,106, down \$1,636—or 3.5%—from January 2023.”

**Kelley Blue Book (December) (Updated 1/25)**<sup>15</sup>: “The U.S. new-vehicle average transaction price in December 2023 was \$48,759, an increase of 1.3% month over month but down 2.4% year over year, according to data released today from Kelley Blue Book, a Cox Automotive company. December marks the fourth consecutive month that new-vehicle transaction prices were lower year over year, a unique milestone for the industry, which typically sees year-over-year increases.

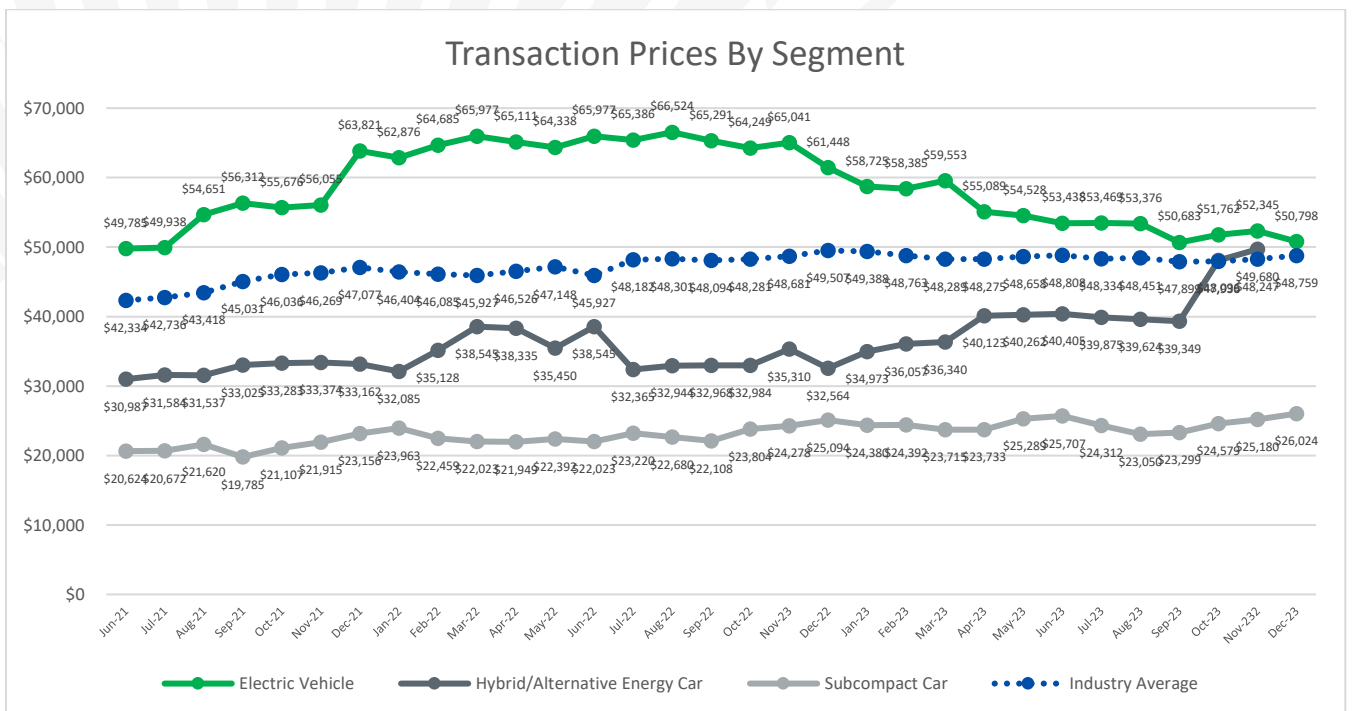
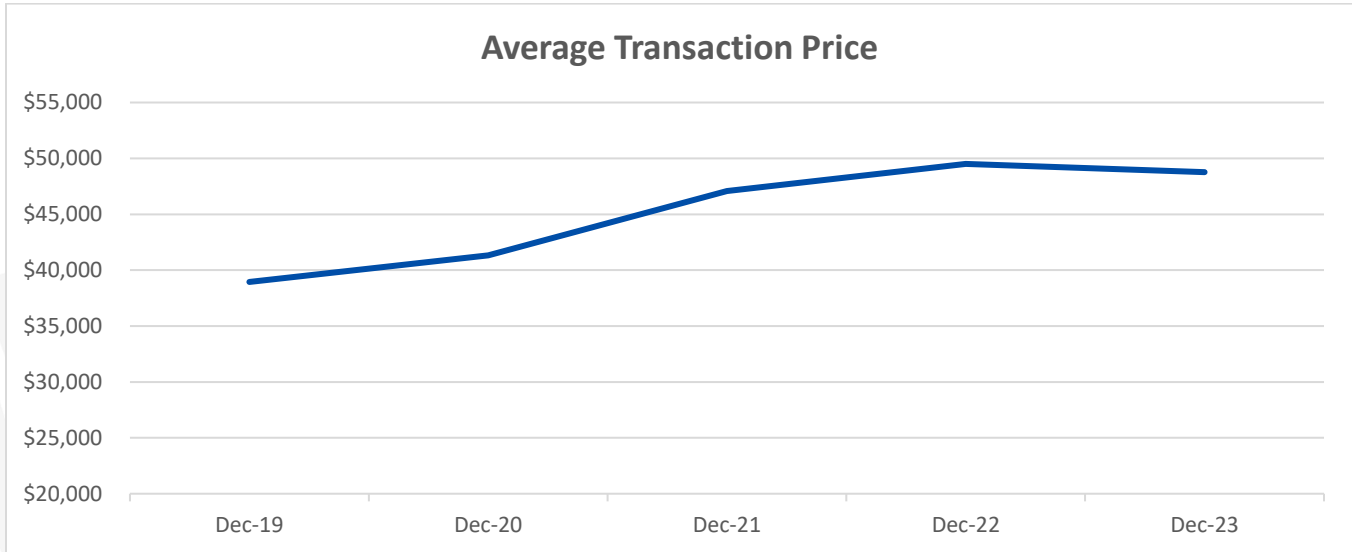
“When we look at price strength, the pandemic created a seller's market in which new vehicles were transacting above manufacturers' suggested retail price in 2022,” said Michelle Krebs, executive analyst for Cox Automotive. “That market is all but gone now, as higher inventory has led to higher incentives and discounts – lower margins for dealers – and vehicles are now typically selling for under MSRP. The shift from a seller's market to a buyer's market is well underway.”

“New-vehicle sales incentives climbed for the second month in a row in December after retreating slightly in October, reaching 5.5% of the average transaction price (ATP) for the first time since August 2021. For comparison, one year ago, incentives were 2.7% of ATP. In December, incentives for luxury cars and electric vehicles were higher than 8%, well above the industry average. Conversely, full-size SUVs, minivans and small/mid-size pickups had some of the smallest incentives last month, all well below 3%.

“The average price paid for a new electric vehicle in December 2023 was \$50,798, down from a revised \$52,362 in November and supported by incentive levels well above the industry average. In December, EV



incentives reached their highest point of 2023 at 10.6% of ATP. A year ago, EV incentives were less than 2% of ATP. Thanks mostly to significant price cuts from Tesla, average EV prices in December were down 17.7% from January 2023. According to estimates by Kelley Blue Book, EV sales in the U.S. reached a record 1.2 million units in 2023, up 46.3% from 2022.”

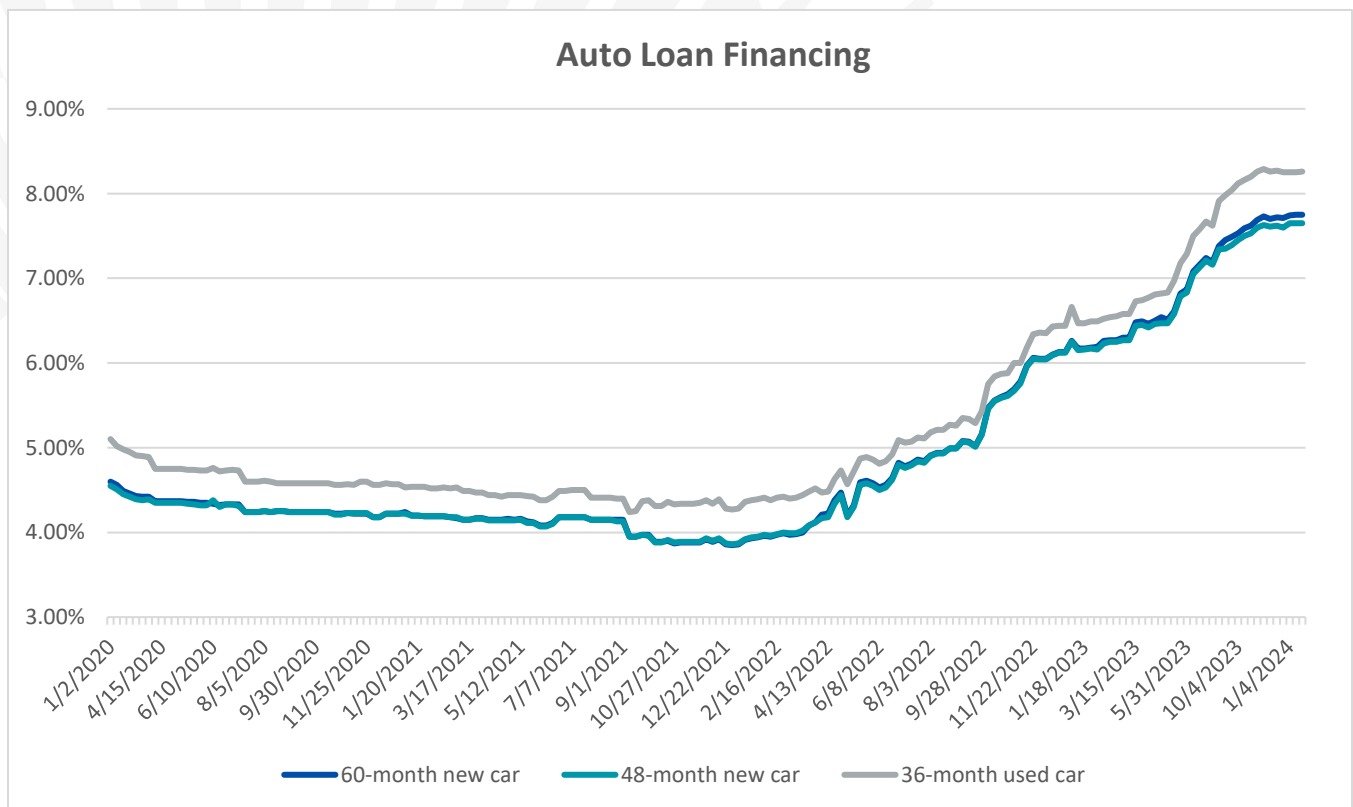


## Auto Loan Financing (Updated 2/5)

**Interest Rates (updated 1/25):** Interest rates were mostly flat on the 60-month, 48-month and 36-month used car loans over the past two weeks. Rates now stand at 7.75%, 7.65%, and 8.25%, respectively. Since the beginning of 2020, 60-month rates are up 3.15 pp, and are up 1.58 pp since the same time a year ago...<sup>16</sup>

**JD Power (2/5)<sup>17</sup>:** “Declining average transaction prices due to increased availability of affordable segments from manufacturers are resulting in a stabilization of average monthly finance payments. The average monthly finance payment in January is on pace to be \$721, down \$6 from January 2023. That translates to a 0.8% decrease in monthly payments from a year ago. The average interest rate for new-vehicle loans is expected to be 7.1%, an increase of 34 basis points from a year ago.”

Dates	60-month new car	48-month new car	36-month used car
1/2/2020	4.60%	4.55%	5.10%
2/1/2023	6.19%	6.16%	6.49%
1/17/2024	7.75%	7.65%	8.25%
1/31/2024	7.75%	7.65%	8.26%
Two Week Change	0.00%	0.00%	0.01%
Change since 1/3/20	3.15%	3.10%	3.16%
One Year Change	1.56%	1.49%	1.77%

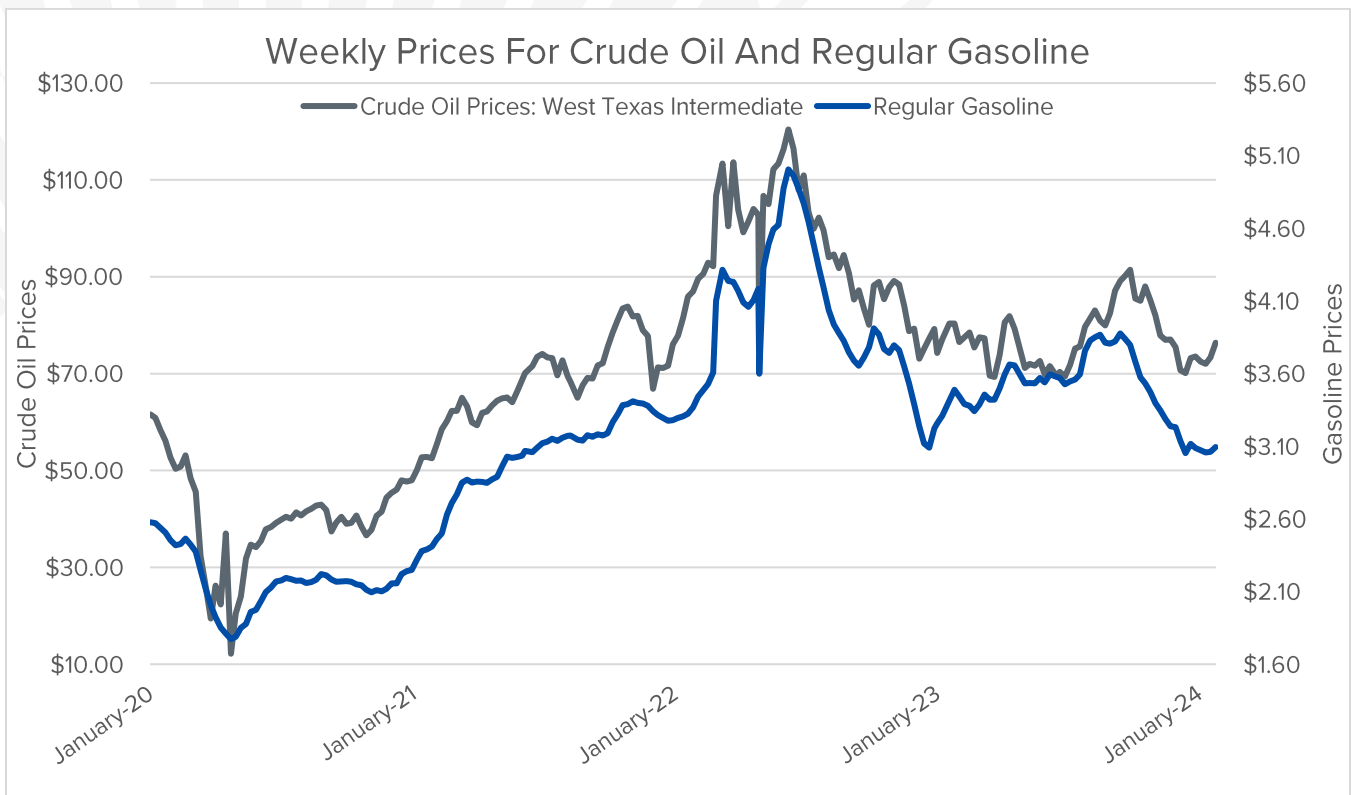


## Crude Oil and Gas Prices (Updated 2/5)

**Gas And Oil Remain Elevated (2/5):** Oil prices, as benchmarked at West Texas Intermediate remained mostly flat at \$76 a barrel. Since election day 2020, oil prices are \$40 a barrel higher. Gas prices are mostly flat from last week. Gas is 20% higher than the beginning of 2020....<sup>18</sup>

**EIA Outlook For Oil (2/5):**<sup>19</sup> “After U.S. crude oil production increased to a new record in 2023, we forecast U.S. crude oil production will grow more slowly in 2024 and 2025, still reaching new records in those years. U.S. crude oil production depends on rig activity and well-level productivity to offset natural declines from existing wells. Our West Texas Intermediate (WTI) price forecast falls gradually from a peak of \$81 per barrel (b) in March 2024 to \$74/b by December 2025. We expect that improved well productivity will increase U.S. crude oil production by 0.3 million b/d in 2024 and 0.2 million b/d in 2025. The resultant production would establish new records in both years.

**EIA Outlook For Gasoline (2/5):**<sup>20</sup> “We forecast U.S. retail gasoline prices will average around \$3.40 per gallon (gal) in 2024 and fall to around \$3.20/gal in 2025, down from \$3.52/gal in 2023 and \$3.97/gal in 2022. Lower crude oil prices in 2023 compared with 2022 were the primary driver of lower gasoline and diesel prices, accounting for an average decrease of \$0.44/gal. However, lower gasoline prices in 2024 will instead be primarily driven by falling gasoline crack spreads. Gasoline crack spreads over the past few years have been near record highs, but we expect them to weaken over the next two years. We assume gasoline crack spreads will narrow as global refinery capacity additions lead to overall higher supply of gasoline in global markets.”



## Production Meter

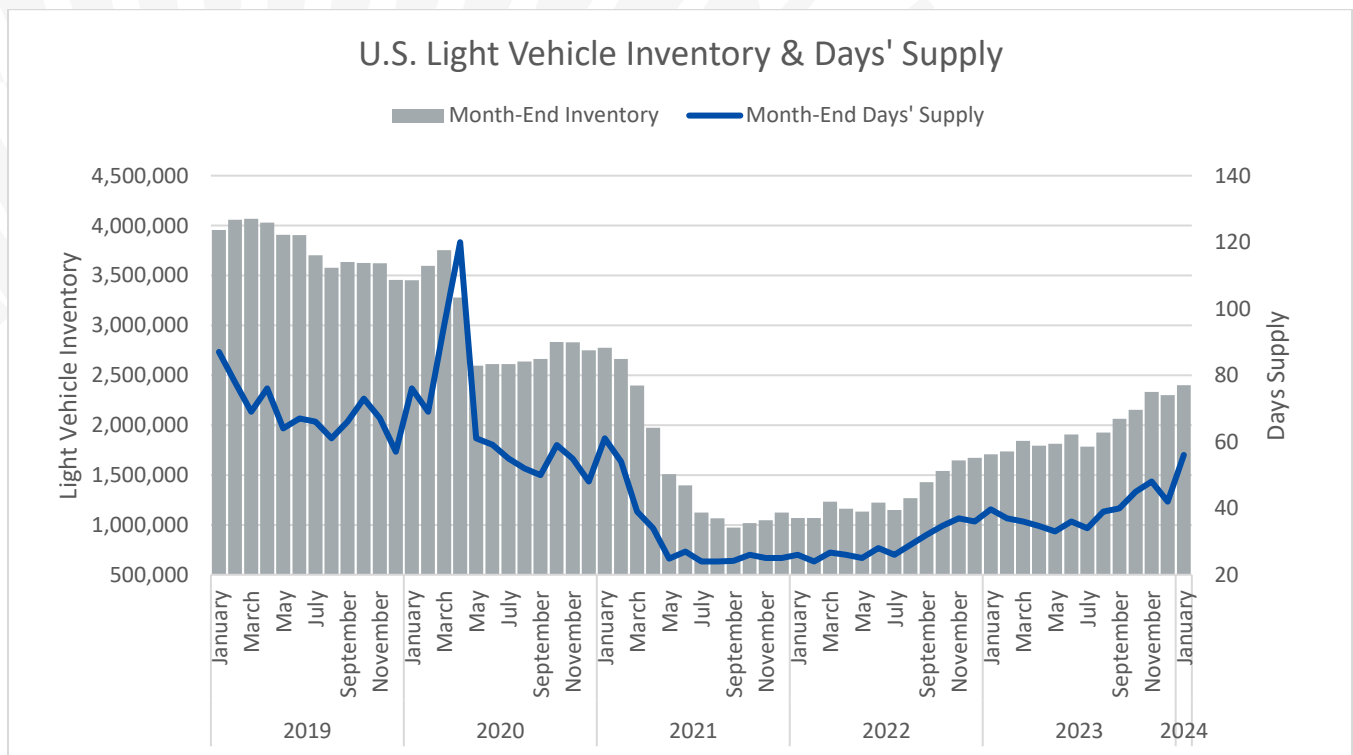
### U.S. Light Vehicle Inventory and Days' Supply (Updated 2/5)

**WardsIntelligence Inventory Update (10/6)**<sup>21</sup>: “January U.S. light-vehicle inventory increased 4.0% from December to 2.40 million units, 40.4% above like-2023, and highest for any month since the same total in March 2021.

“The month-end 56 days’ supply was an any-month high since 60 in January 2021, but still well below the 80 to 85 days’ typical for the month prior to 2020, when the pandemic hit. Jan. 31 days’ supply also marked a big increase from December’s 41 and same-month 2023’s 39.

“[T]he combined mix of inventory of luxury vehicles and fullsize trucks – higher priced vehicles - dropped to 44.8% in January from 49.9% the year before. Sales share of the higher priced vehicles also has declined year-over-year since last June, hitting a long-time low in January of 41.3%, down from same-month 2023’s 43.9%.

“Prior to 2020, the January mix for those higher priced vehicles typically ran at roughly 35% for both sales and inventory. Availability of higher cost vehicles was rising faster than demand, and still is to lesser extent, but production slowdowns, including labor-related strikes in the U.S. and Canada in September-October impacting mostly fullsize trucks, are slowing growth.”



## North American Production (Updated 1/25)

**Wards Intelligence**<sup>22</sup>: “North America production ended 2023 at a 4-year high, despite output in December posting the first year-over-year decline in 22 months.

Including end-of-year estimates for most medium- and heavy-duty trucks, as well as some light-vehicle manufacturers, production in 2023 totaled 16.14 million units, highest since 16.80 million in 2019, and 9.3% above the prior year’s 14.76 million.

“Fourth-quarter production totaled 3.846 million units, 3.8% above Q4-2022’s 3.706 million. However, the period, thanks to an underbuild in December, finished 27,800 units below month-ago’s expectations for the period.

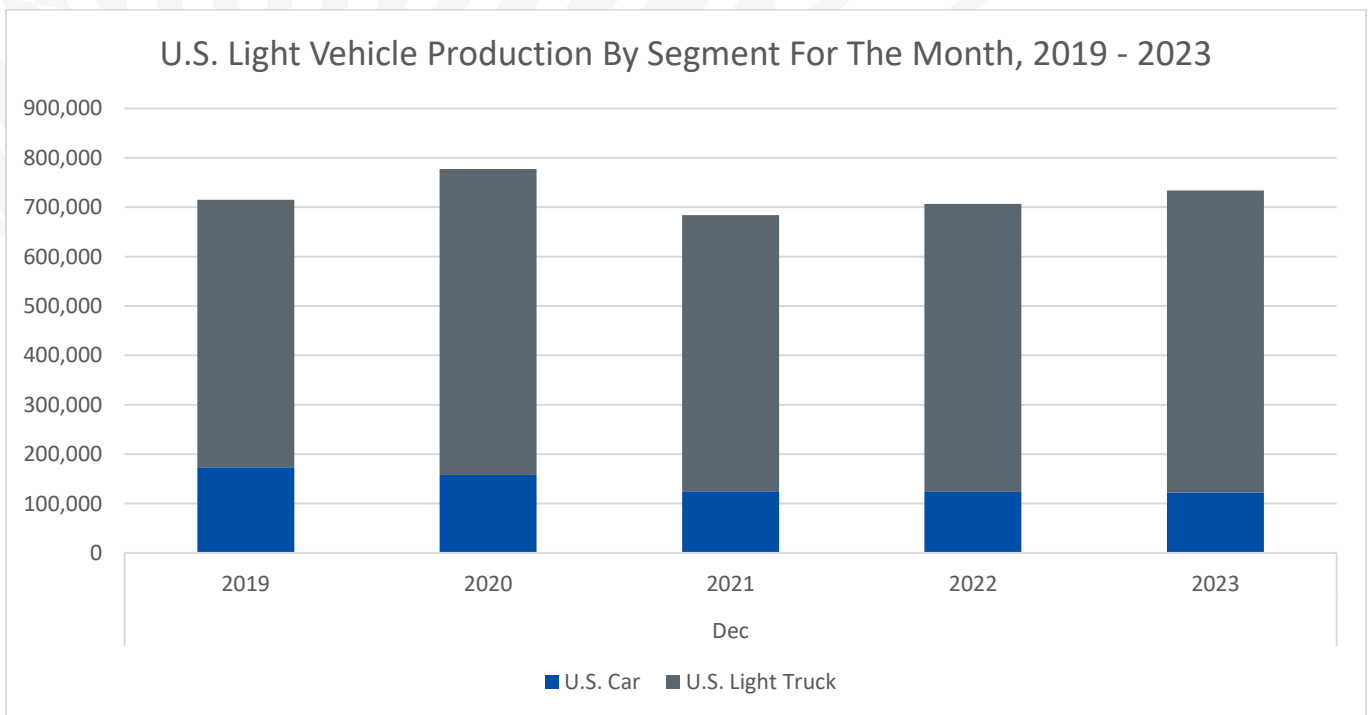
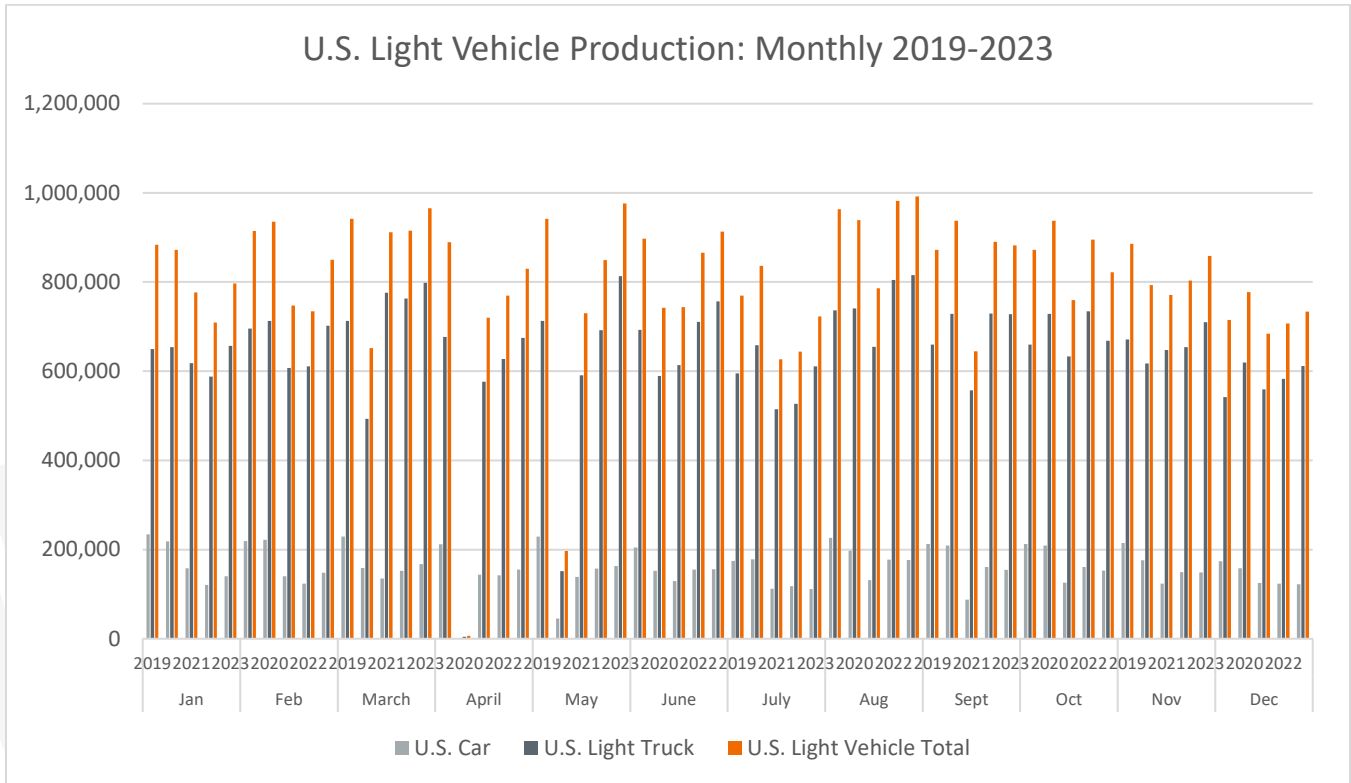
“December’s output, largely because of a shortfall from expectations at General Motors, and to a lesser extent, Toyota and Volkswagen, finished 2.3% below like-2022, totaling 1.082 million units, vs. 1.108 million. It was the first time since a 0.2% drop in February 2022 that monthly production fell from the year-ago period.

“Excluding medium- and heavy-duty trucks, light-vehicle production in 2023 totaled 15.56 million units, 9.5% above 2022’s 14.22 million. Fourth-quarter 2023 totaled 3.708 million, 4.1% above Q4-2022’s 3.561 million.”

## U.S. Light Vehicle Production (Updated 1/25)

### **Monthly Production** (Updated 1/25)

U.S. Light vehicle production for December 2023 decreased month-over-month by 14.5 percent, totaling 733,827 vehicles (122,321 cars, 611,506 light trucks), year-over-year, production is up 0.4 percent from 2022.<sup>23</sup>



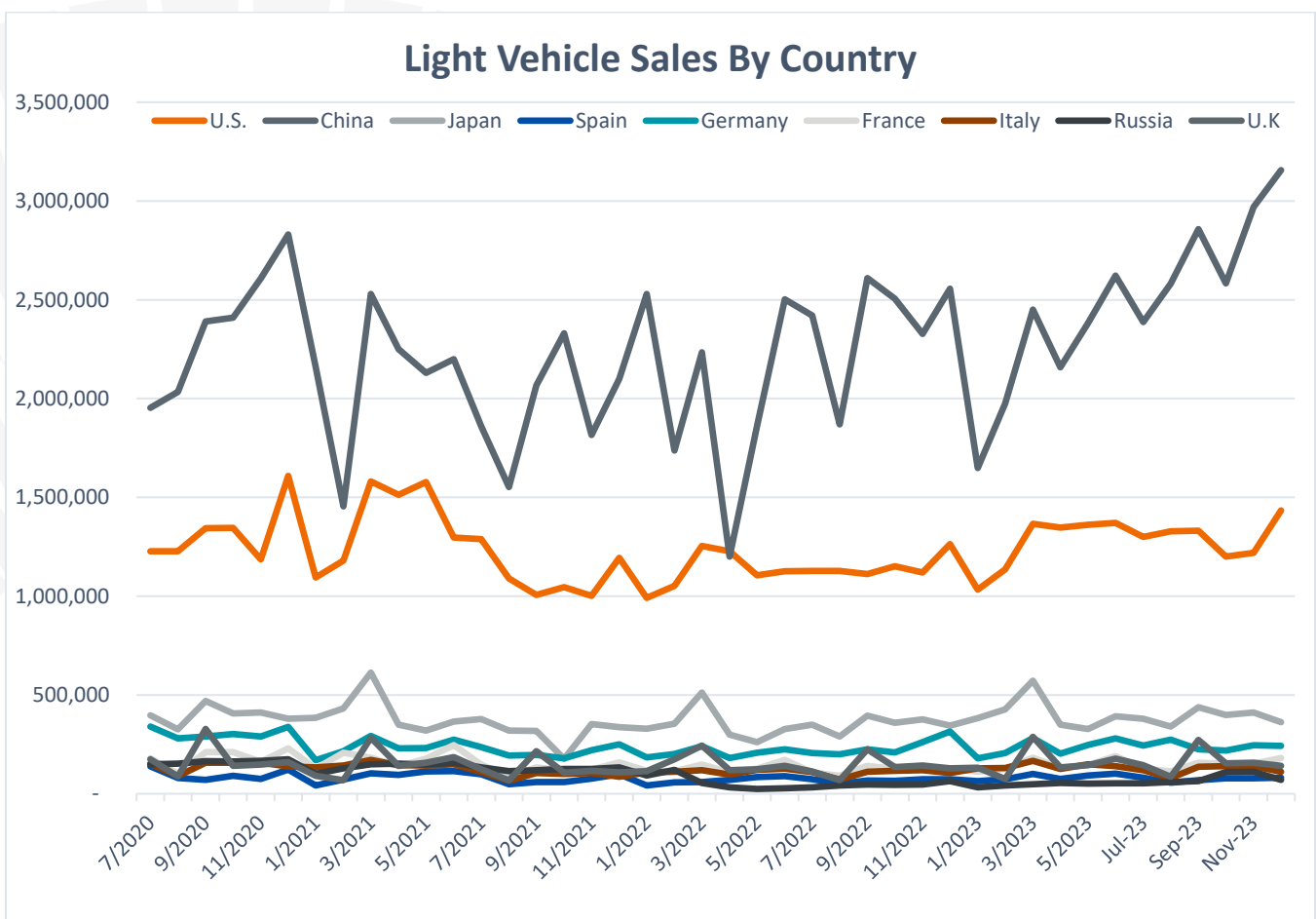
## Global Meter

### Global Light Vehicle Sales (Updated 2/5)

**Wards Intelligence**<sup>24</sup>: “Based on the countries surveyed by Wards Intelligence, global sales of total vehicles – light vehicles and medium- and heavy-duty trucks – in 2023 topped 92 million units.

“The year ended with sales in December of 8.446 million units, 11.1% above same-month 2022 and the 11th straight year-over-year increase.

“Total volume in 2023 of 92.4 million units was 11.1% above 2022’s 83.2 million. Volume in all major regions increased year-over-year with the biggest gains in Europe (18.9%) and North America (13.4%).”



### Global Light Vehicle Production (Updated 1/25)



**S&P Global Mobility Forecast (1/25)**<sup>25</sup>: “After a year where the global auto industry finally reached (and exceeded) pre-pandemic volumes, 2024 is shaping up to be something of a more transitional year. With many regions having already rebuilt inventories, we continue to see a general production outlook that is reliant on a more traditional demand-driven model in the context of a still-elevated interest rate environment and vehicle affordability concerns, among other influences. As a result, the state of consumer demand will remain a key consideration and will be monitored very closely. Further, while we continue to forecast an industry with average inventory levels generally below what was reported pre-pandemic, this year could put that to the test in several markets given underlying demand fundamentals playing a greater role in directly supporting vehicle production. The January 2024 forecast update reflects mostly modest upgrades in the near-term on a mix of regional impacts including increases for Greater China given ongoing strength in export activity and improving domestic sales and North America on a mix of residual inventory restocking and improved demand fundamentals. These upgrades were only partially offset by a noteworthy reduction production outlook for Japan in the extreme near-term on lost production at Daihatsu due to vehicle certification issues. The more noteworthy regional adjustments with the latest forecast update are detailed below:

**“Europe:** The outlook for Europe light vehicle production was increased by 3,000 units and by 81,000 units for 2024 and 2025, respectively (and increased by 158,000 units for 2026). The European production outlook for 2024 was only modestly upgraded as production in Q4-2023 finished nearly as strong as Q1 and Q2. The slight positive adjustments for 2024 are primarily related to Russia where we show grey market imports being substituted by local kit assembly and production by domestic automakers. The European sales outlook for 2024 remains marginally positive, provided that automaker pricing policies will succeed in sustaining demand. Nevertheless, production is expected to decline overall as inventory restock will no longer boost output as was the case over the last two years. We show production going down by 2% in 2024 after an increase of 13% in 2023. Underneath the overall stability of the forecast, we have re-balanced volumes from passenger cars to light commercial vehicles, and from electric to internal combustion vehicles. From an automaker standpoint, Volkswagen was downgraded while Renault and BMW have been raised.

**“Greater China:** The outlook for Greater China light vehicle production was increased by 341,000 units and by 524,000 for 2024 and 2025, respectively (and increased by 308,000 units for 2026). Supported by continued strong export activity, government incentives and rebounding domestic demand, production finished strong in 2023. Last quarter, production grew nearly 20% year-over-year and reached over 8.6 million units, representing record results relative to the prior record set in Q4-2017. We expect continued robust export activity in the near-term. According to the CPCA, over 3.5 million passenger vehicles were exported in 2023, representing growth of over 50%. Further, driven by recovering demand and strong price incentives, private vehicle consumption started to rebound further starting in September 2023. According to the CPCA, 2023 passenger car retail sales rebounded by 5.6% year-over-year after continued solid growth in November and December. This strong momentum helped reduce the dealership inventory index to 1.2 in December. Given expectations for continued fiscal and monetary policy support to serve as a hedge against ongoing real estate risk and support GDP growth and vehicle demand, the production outlook for 2025 was also boosted and now represents growth of 4.1% relative to 2024.

**“Japan/Korea:** Japan production volumes were reduced by 231,000 units and increased by 37,000 units for 2024 and 2025, respectively. For 2024, the sizeable reduction in output is driven by the negative impact from issues with Daihatsu’s vehicle certification process which has caused production downtime at all four of Daihatsu’s Japan plants starting in late December 2023. Our current expectation is that Daihatsu will resume production in February, with full ramp-up by June 2024, resulting in roughly 300,000 units in lost volume for the company for the year. Note, the lost production will be partially offset by gains at Suzuki, Honda and Nissan/Mitsubishi as the companies are expected to benefit somewhat from Daihatsu’s production challenges in the near-term. With regard to the impact from the Noto Peninsula earthquake, we have not included any



vehicle production halts in Japan in the January forecast round. Even though the Hokuriku region (centered on the Noto Peninsula) has a concentration of component production, we understand there were no major vehicle production cuts due to component shortages supplied by the region thus far. Full-year 2024 production in South Korea was increased by 65,000 units. The strong recovery that occurred last year decreased in the second half of the year. It is expected that the overall decline in production in 2024 will be somewhat offset (compared to the previous forecast) as exports focused on the United States continue to support production in the near-term. In the longer-term, output fluctuates only modestly and remains largely unchanged overall.

**“North America:** The outlook for North America light vehicle production was increased by 153,000 units and by 155,000 units for 2024 and 2025, respectively (and increased by 212,000 units for 2026). The North America light vehicle production outlook for 2024 was revised higher by 1.0% to 15.82 million units on the resiliency of vehicle demand as US sales are expected to increase 2.2% to 15.94 million units. The short-term forecast moves increasingly towards being derived from market fundamentals with the wide array of issues that have hampered production in recent years dissipating. As a result, the forecast is built around a new, lower level of inventory that works to maintain vehicle stocks at around 2.5 million units or a 45-day supply compared to history that would have inventory between 3.0 to 4.0-million units in a US market ranging from 16.0 to 17.5-million units selling rates. With the UAW strikes and a strong general close to sales for 2023, inventories have been reduced somewhat, bolstering production planning for 2024. Locally produced Detroit 3 inventory in December was at a roughly 61-day supply while Asian and German locally produced inventory was at a sharply lower 29 and 32-day supply, respectively, affording them a restocking profile for 2024. The production outlook for 2025 was boosted by 1.0% to 16.18 million units on an improved demand outlook and product launch activity.

**“South America:** The outlook for South America light vehicle production was reduced by 26,000 units and by 76,000 units for 2024 and 2025, respectively (and reduced by 29,000 units for 2026). The outlook for 2024 was downgraded slightly, driven primarily by reduced demand expectations for Argentina. Going forward, we will be closely watching the impact (potentially disruptive) of the newly elected administration in Argentina. The overall production outlook and forecast reductions for the remainder of the short-term horizon largely align with a somewhat reduced demand outlook for the broader region. With regard to the change in political leadership in Argentina, the current expectation is that some of the more disruptive policies announced by president-elect Milei may not be easily and/or quickly implemented. As a result, significant changes to the production outlook have not been reflected at this time.

**“South Asia:** The outlook for South Asia light vehicle production was reduced by 46,000 units and by 5,000 units for 2024 and 2025, respectively (and increased by 15,000 units for 2026). In the near-term, output for the region was modestly downgraded for 2024 on production adjustments to reflect a bit more demand and order book variability influenced by lingering vehicle pricing and general inflation pressures, among other factors. There were only marginal production revisions for 2024 and 2025 with production upgrades for India offset by weakness elsewhere. With regard to the ASEAN market, for 2024 and 2025 the outlook for the market is largely impacted by a somewhat deteriorating outlook for Indonesia and Thailand amid economic headwinds which is only partially offset by stronger performance for Malaysia in the near-term.”

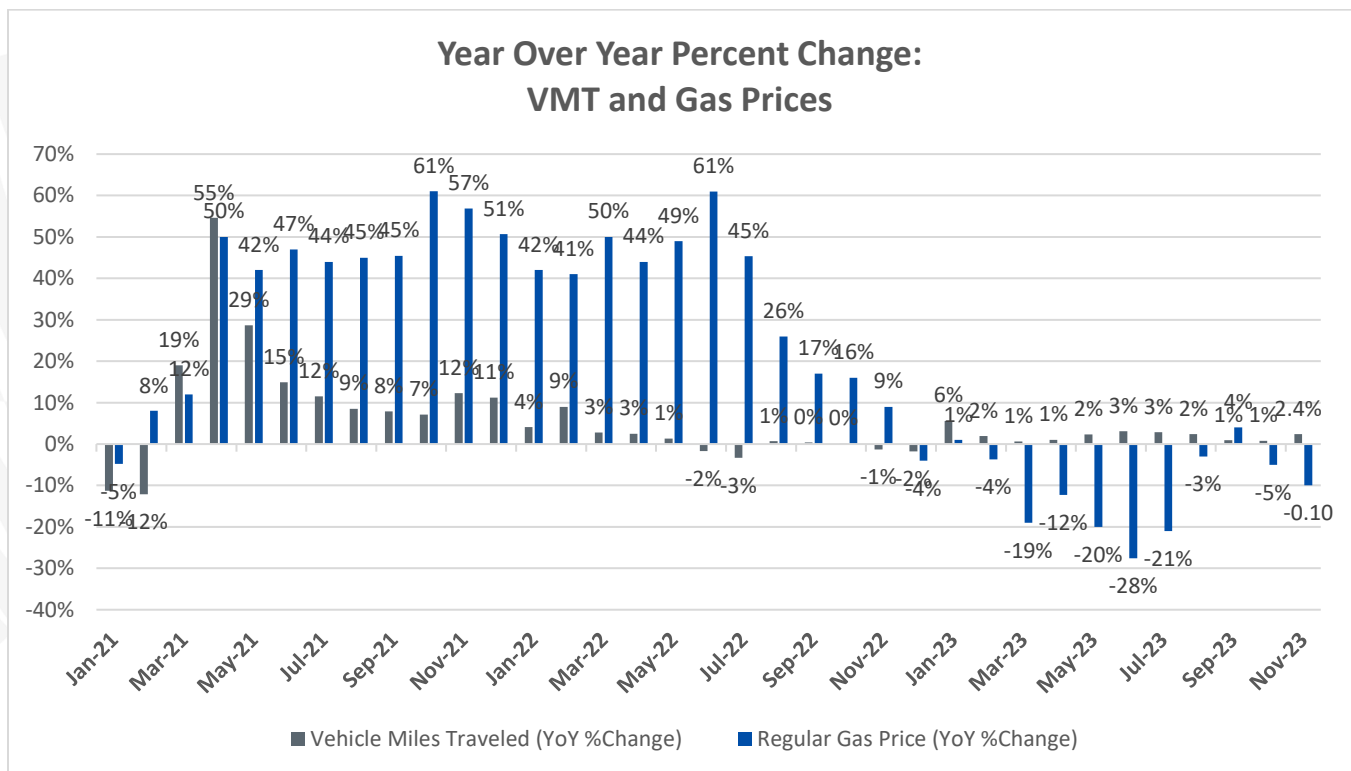
## Recovery Meter

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### Roadway Travel (Updated 2/5)

According to the U.S. Department of Transportation, seasonally-adjusted vehicle miles traveled in November increased 2.4 percent from the same time a year ago. The cumulative travel estimate for 2023 is 2,975.3 billion vehicle miles.<sup>26</sup>

- Travel on all roads and streets changed by +2.5% (+6.5 billion vehicle miles) for November 2023 as compared with November 2022. Travel for the month is estimated to be 263.6 billion vehicle miles.
- The seasonally adjusted vehicle miles traveled for November 2023 is 271.0 billion miles, a +2.4% (+6.3 billion vehicle miles) change over November 2022. It also represents a 0.5% change (1.3 billion vehicle miles) compared with October 2023.
- Cumulative Travel for 2023 changed by +2.1% (+62.4 billion vehicle miles). The cumulative estimate for the year is 2,975.3 billion vehicle miles of travel.



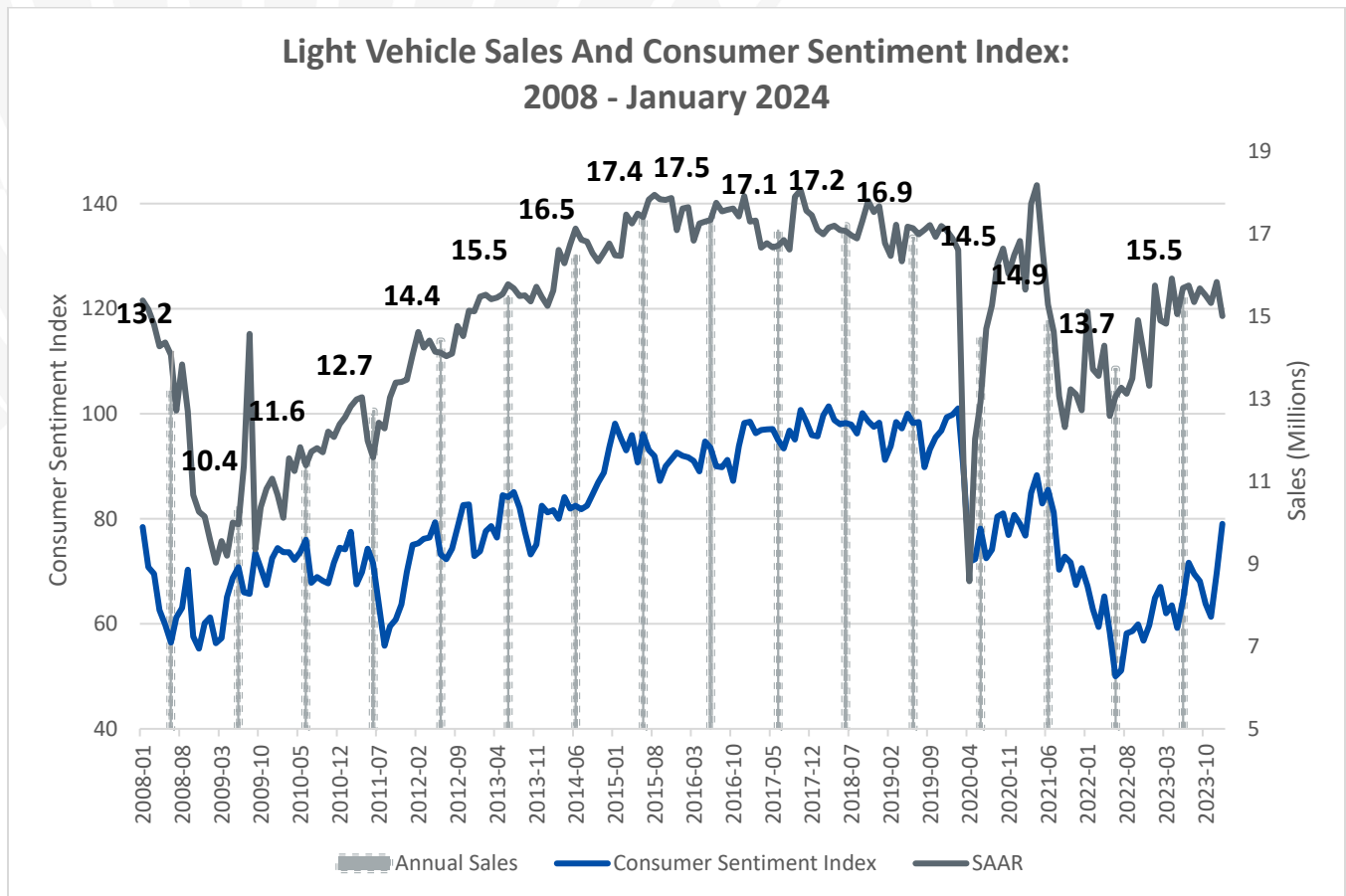
## Economic News (Updated 2/5)

**The ISM Index Rose To 49.1 percent in January – 15th Consecutive Month of Contraction.** “Economic activity in the manufacturing sector improved in January but remained in contraction for the 15th consecutive month, the Institute for Supply Management (ISM) reported today. The Manufacturing PMI registered 49.1% in January, the highest reading since October 2022, and 2 points higher than December’s 47.1%.”<sup>27</sup>

## Consumer Confidence and Sales (Updated 2/5)

**Surveys of Consumers Director Joanne Hsu<sup>28</sup>:** “Consumer sentiment confirmed its early-month reading, surging 13% to reach its highest level since July 2021, reflecting improvements in the outlook for both inflation and personal incomes. January’s gain has been exceeded only five times since 1978, one of which was last month at an even larger increase of 14%. Consumers expressed gains in their views on their personal finances as well as the macroeconomy; the short-run business outlook soared 27%. After reserving judgment last fall about whether the slowdown in inflation would persist, consumers now feel assured that inflation will continue to soften. Sentiment has resumed the upward trajectory from the all-time low measured in June of 2022, which had stalled in the late summer and fall of 2023. However, consumers expressed considerable disagreement about the future of the economy. About 41% of consumers expect good times in the year ahead for business conditions, while 48% expect bad times. This still represents a vast improvement over the past year and a half; in June of 2022, a whopping 79% of consumers expected challenging times ahead for the economy. Sentiment is now 7% below the historical average since 1978.

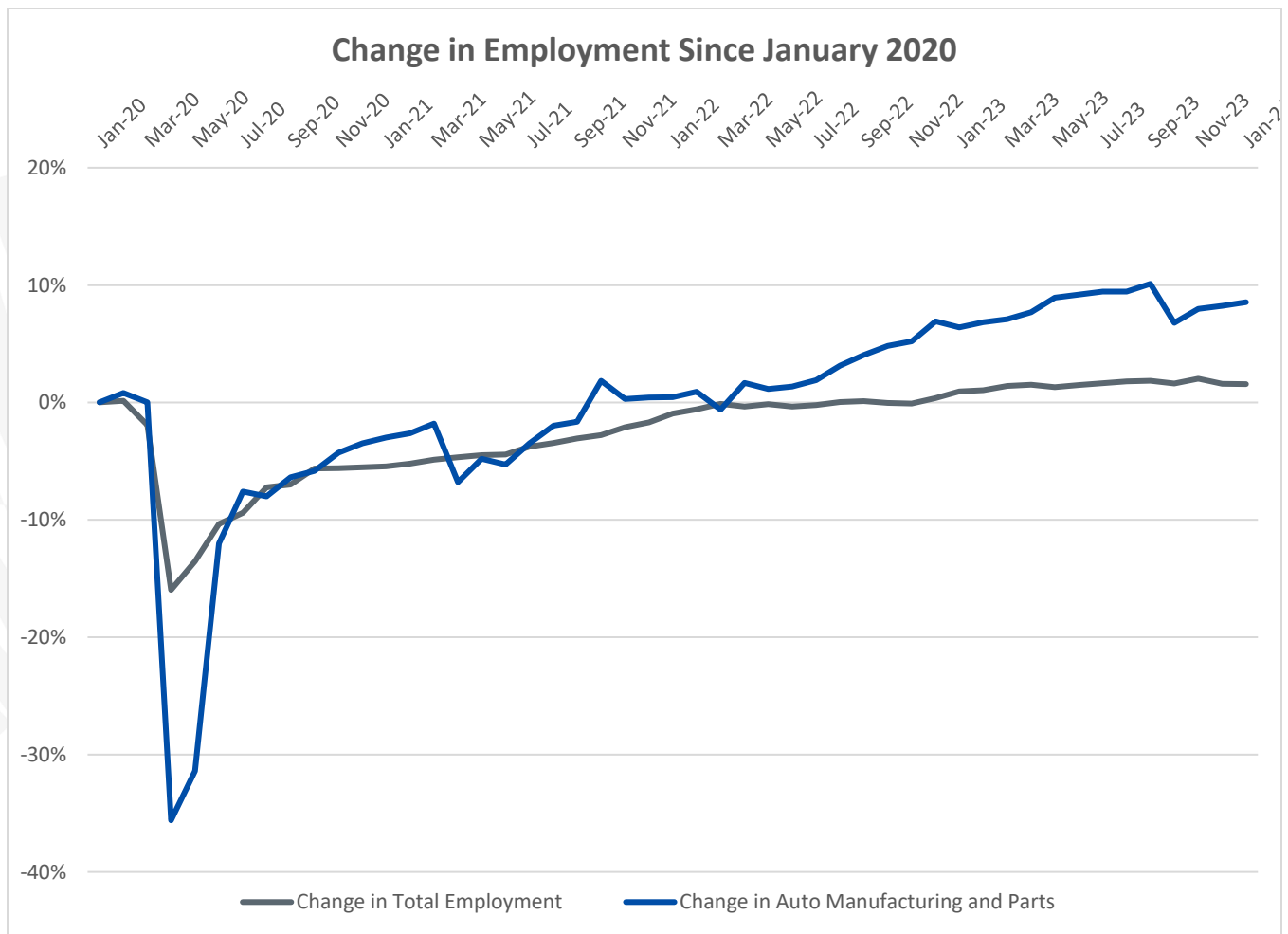
“Year-ahead inflation expectations eased to 2.9%, down from 3.1% in December and 4.5% in November. The current reading is the lowest since December 2020 and is now within the 2.3-3.0% range seen in the two years prior to the pandemic. Long-run inflation expectations were unchanged from last month at 2.9%, staying within the narrow the 2.9-3.1% range seen for 27 of the last 30 months and remaining slightly elevated relative to the 2.2-2.6% range seen in the two years pre-pandemic.”



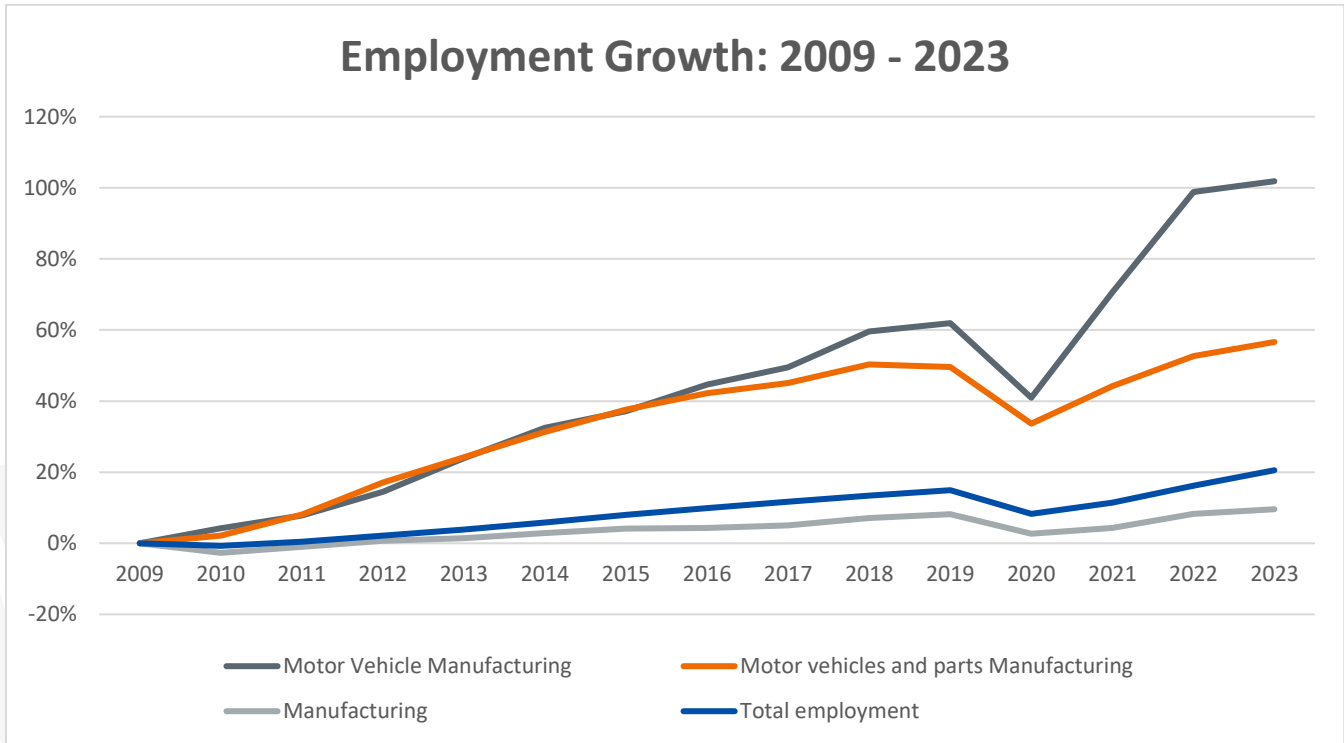
## Employment (Updated 2/5)

### Motor Vehicle And Parts Manufacturing Gained 3,100 Jobs In January.

After a loss of nearly 350,000 employees (about 35% of the workforce) in the height of the pandemic, employment in the Automobile Manufacturing and Parts sectors raced back but is now fighting losses due to supply chain disruptions with semiconductors.<sup>29</sup>



After the recession in 2009, the auto industry was credited with being on the leading edge of the recovery, which began a ripple effect through other parts of the country.<sup>30</sup> Additionally, the chart below shows how the recovery of jobs in motor vehicle manufacturing alone and motor vehicle and parts manufacturing far outpaced the recovery of manufacturing and total jobs.



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- <sup>4</sup> Haig Stoddard, "U.S. Light-Vehicle Inventory Starts 2024 with 56 Days' Supply," WardsIntelligence, 2/2/2024
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- <sup>7</sup> Haig Stoddard, "North America Production Posts 4-Year High in 2023 Despite Year-End Decline," WardsIntelligence, 1/22/2024
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- <sup>21</sup> Haig Stoddard, "U.S. Light-Vehicle Inventory Starts 2024 with 56 Days' Supply," WardsIntelligence, 2/2/2024
- <sup>22</sup> Haig Stoddard, "North America Production Posts 4-Year High in 2023 Despite Year-End Decline," WardsIntelligence, 1/22/2024
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- <sup>24</sup> Haig Stoddard, "Global Vehicle Sales Trending to 90 Million-Plus in 2023," WardsIntelligence, 1/2/2024
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