

READING THE METER®

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



ALLIANCE FOR AUTOMOTIVE INNOVATION

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CADWALADER ■

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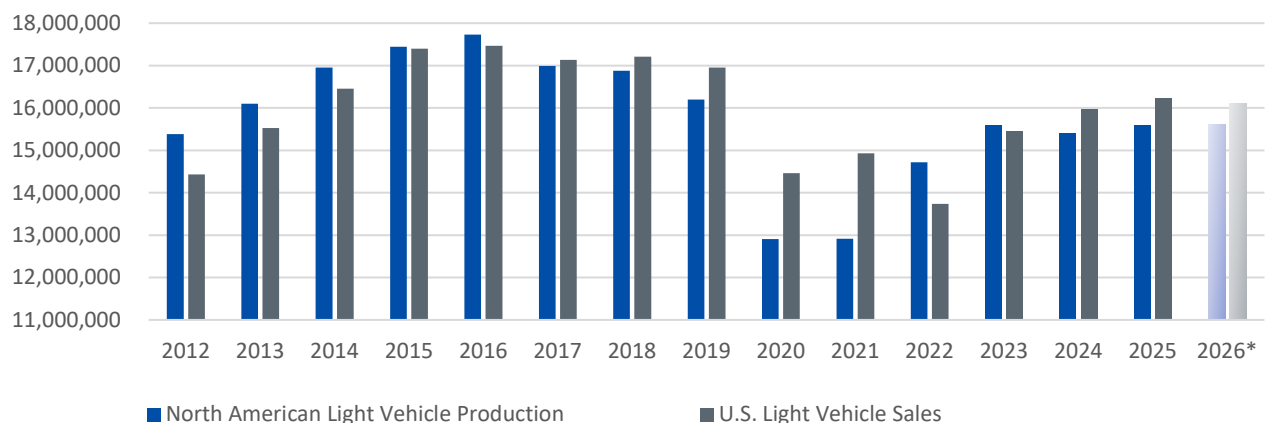


Forecast Meter

Sales & Production Summary and Forecast (Updated 7/27)

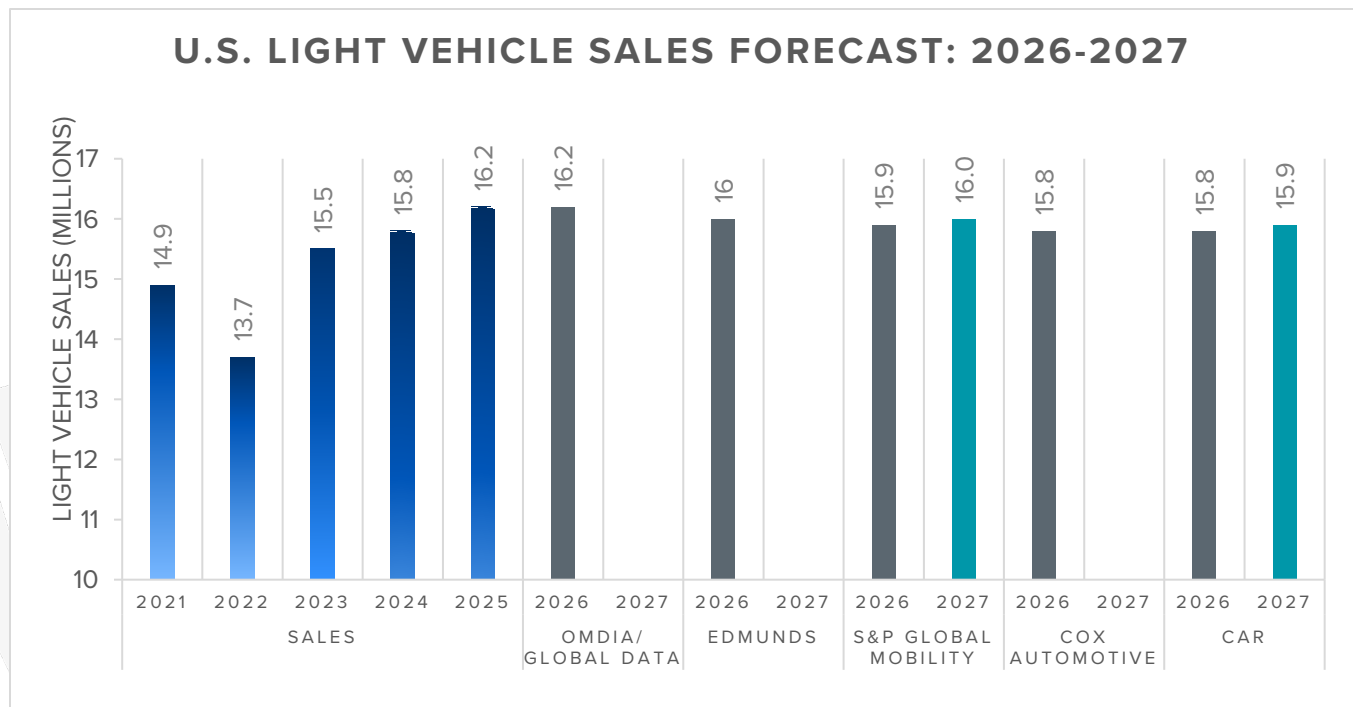
2024-2025 Sales, ¹ Extended Sales Forecast ² and Production Forecasts ³		
	U.S. Sales & Forecasts	North American Production
January '25	1,110,721 (+3.8% YoY)	1,194,682 (-7.1 YoY)
February '25	1,219,841 (+3.4% YoY)	1,290,302 (-8.7% YoY)
March '25	1,585,390 (+10.7% YoY)	1,424,691 (+1.5% YoY)
April '25	1,463,379 (+6.8% YoY)	1,338,714 (-8.2% YoY)
May '25	1,466,595 (-1.3% YoY)	1,419,834 (-2.4% YoY)
June '25	1,254,418 (-4.2% YoY)	1,331,187 (0.03% YoY)
July '25	1,370,061 (+6.6% YoY)	1,197,801 (+7.9% YoY)
August '25	1,454,685 (+6.8% YoY)	1,425,340 (-1.5% YoY)
September '25	1,250,274 (+2.3% YoY)	1,358,730 (+1.3% YoY)
October '25	1,271,331 (-4.5% YoY)	1,374,124 (-4.5% YoY)
November '25	1,273,390 (-7.3% YoY)	1,157,195 (-11.5% YoY)
December '25	1,460,177 (-6% YoY)	1,020,573 (+4.6% YoY)
January '26	1,105,581 (-3.9% YoY)	1,145,975 (-2.6% YoY)
February '26	1,197,312 (-1.5% YoY)	1,260,121 (-2.9% YoY)
March '26	1,403,623 (-8.4% YoY)	1,417,384 (+2.1% YoY)
April '26	1,361,970 (-6.9% YoY)	1,333,762 (+1.2% YoY)
May '26	1,466,276 (+4.2% YoY)	1,340,788 (-5.2 YoY)
June '26	1,364,418 (+2.0% YoY)	1,384,007 (+2.8% YoY)
2025 Full Year	16,233,363 (+2.4% YoY)	15,576,688 (-3% YoY)
2026 Forecast	16,100,000	15,614,000

North American Production And U.S. Light Vehicle Sales





U.S. Light Vehicle Sales Outlook (Updated 7/27)



Omdia Outlook (7/27)⁴: “US light-vehicle sales in July 2026 are essentially flat YoY, with a variance of less than 1%. Total volume for the month is expected to reach 1.389 million units across 26 selling days, the same number of selling days as in July 2025. Month over month, sales are up 1.6%.

“The seasonally adjusted annual rate (SAAR) for new light-vehicle sales is projected at 16.6 million in July 2026, matching both June 2026 and July 2025.

“With one weekend remaining before month-end and more inventory available, July sales could exceed current estimates.

“Looking ahead to August 2026, light-vehicle sales are forecast to decline 3.0% YoY to 1.422 million units, implying a 17.3 million SAAR.

“For the second half of 2026, SAAR is estimated at 16.3 million. The full year is expected to finish at 16.2 million, less than 1% below 2025.”

North American Production & Inventory Outlook (Updated 7/27)

Omdia Production & Inventory Outlook (7/27)⁵: “Industry inventory in July 2026 is estimated at 2.626 million units. If realized, that would be a 4.9% year-over-year increase, with an estimated 49 days of supply—up from 47 days and 2.503 million units in July 2025.”



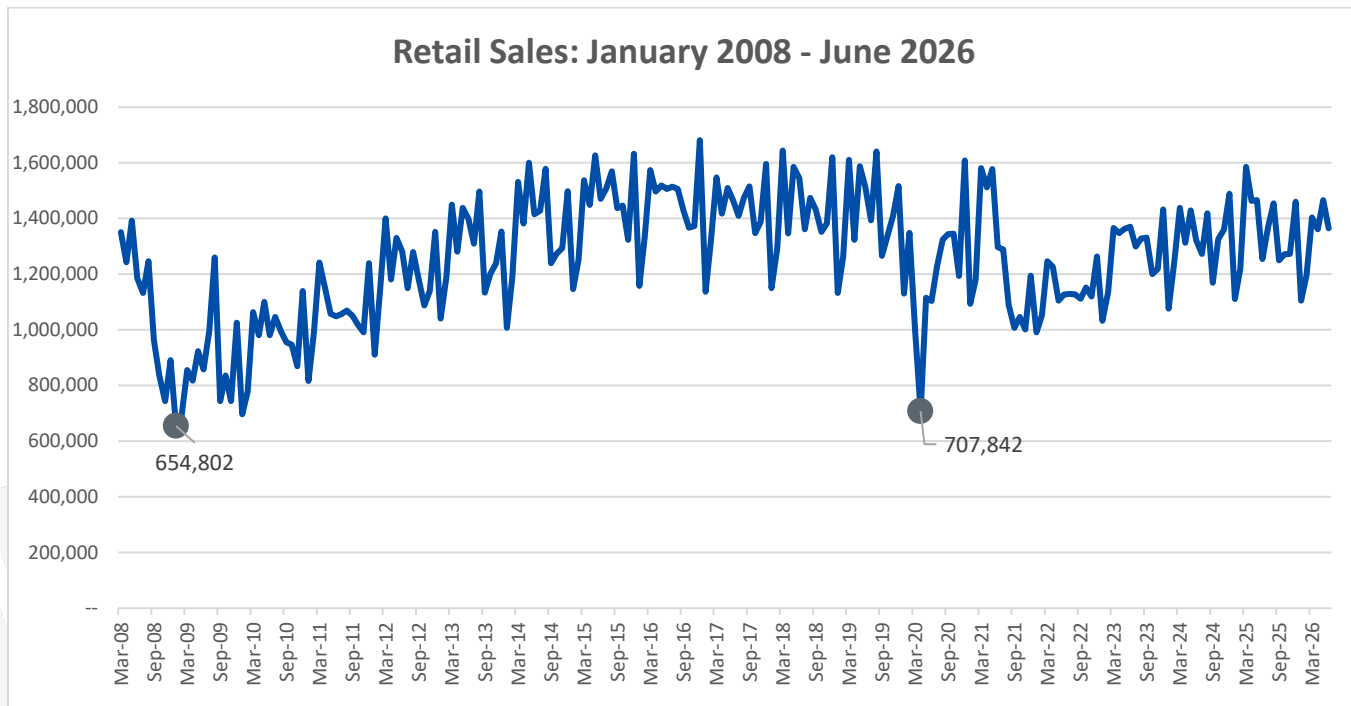
S&P Global Mobility Outlook (7/27)⁶: “North America: The outlook for North America light vehicle production was increased by 66,000 units and by 5,000 units for 2026 and 2027, respectively (and increased by 3,000 units for 2028). The North American market remains resilient, even amidst uncertainty around the Iran war. The production outlook for 2026 was revised higher by 0.4%, totaling 15.06 million units, with much of the increase coming from stronger production results through June. Inventory for Detroit 3 full-size pickups at the end of June 2026 increased to a 77-day supply. With production generally aligned to demand, the forecast factors in a slowdown in builds starting in Q4-2026 through H1-2027 with each manufacturer dealing with specific issues. GM production will be constrained by the transition to its redesigned pickups that launch later this year through the H1-2027 while Ford continues to work to recover lost volume owing to the Novelis fire late last year. Stellantis is working to bolster their presence in the segment as it brings back the HEMI V8. However, the Ram brand is facing near-term pressures with inventory at a lofty 113-day supply. Production in the first half of 2027 is projected to be a bit weaker amid more variable demand and as inventories are at ideal levels or elevated in the case of the full-size pickup segment. Should demand resilience continue, upside to the forecast exists of around 150-200,000 units in 2027 and 300-350,000 units in 2028 to maintain inventory at 2.8 million units.”

Market Meter

U.S. Light Vehicle Sales (Updated 7/6)

Monthly Sales (Updated 6/5)

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.

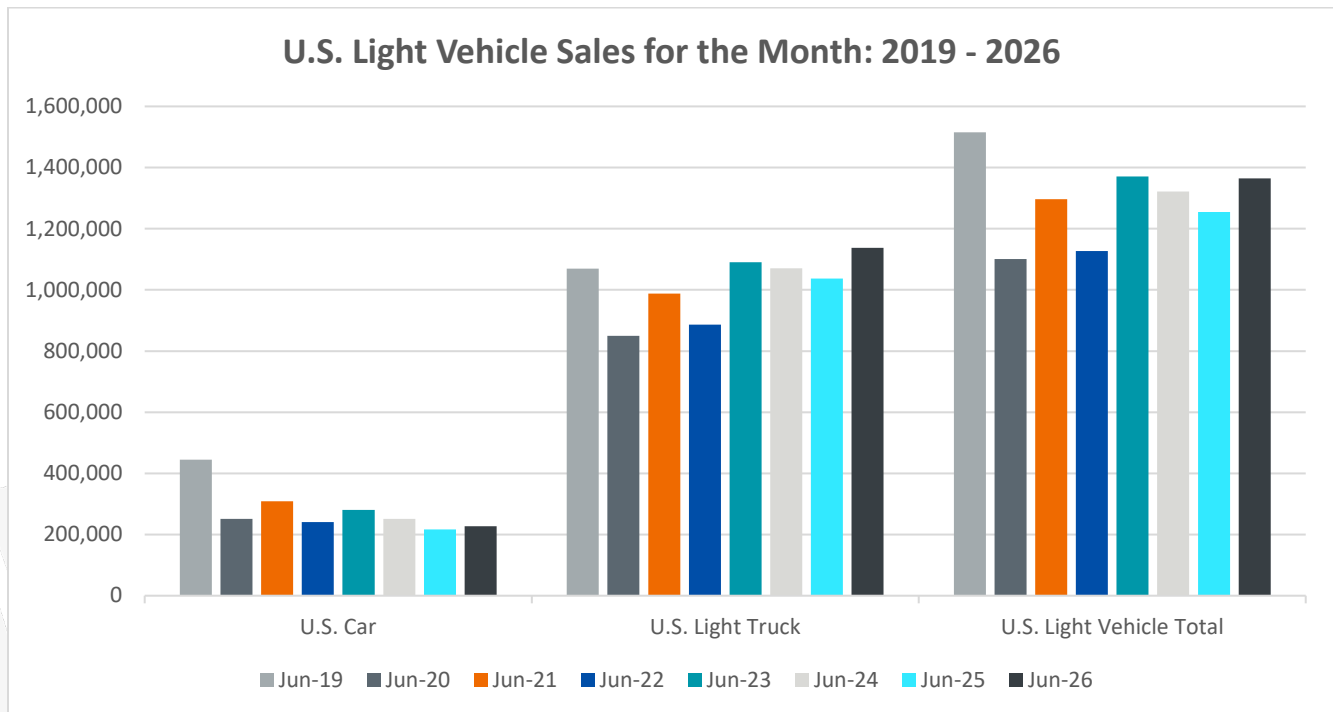


Monthly Sales (Updated 7/6)

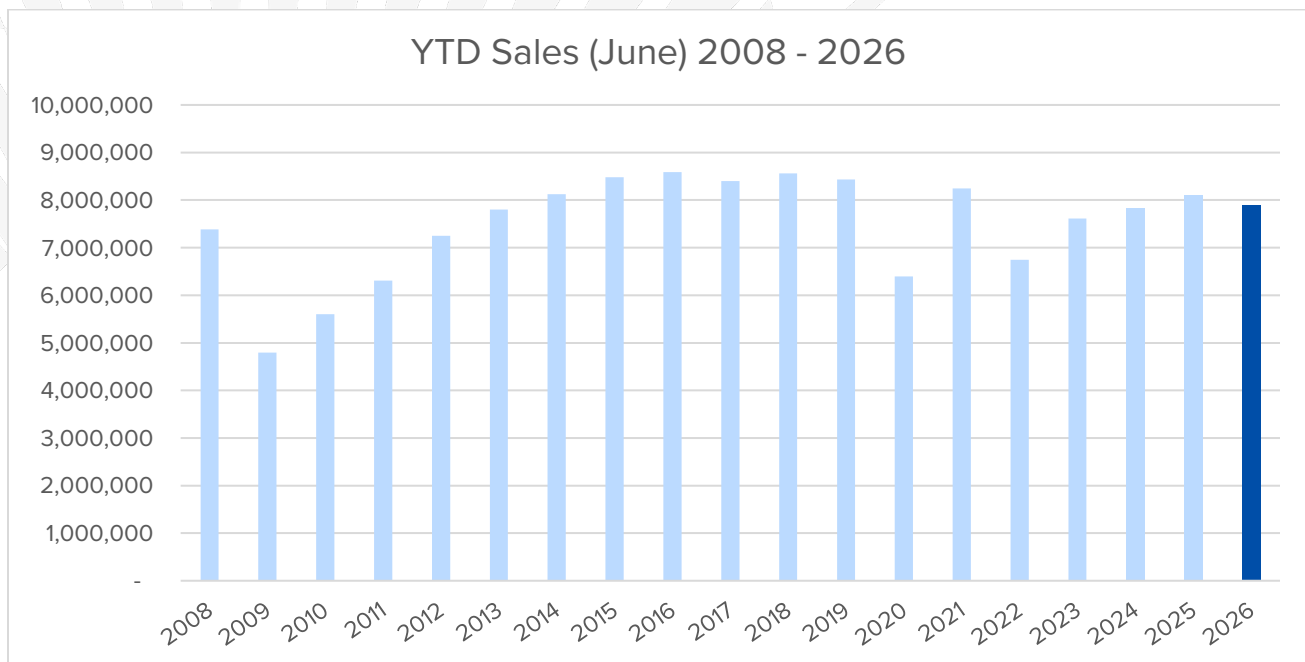
Omdia⁷: “US light-vehicle sales in June 2026 rose 2.9% year-over-year (YoY), extending May’s momentum and beating the mid-month estimate of 1.355 million units.

June’s seasonally adjusted annualized rate (SAAR) came in at 16.5 million units, well above June 2025’s 15.83 million units. June 2025 was the first month fully clear of the pull-ahead buying that occurred in March and April 2025 as consumers accelerated purchases to avoid tariff-driven price increases. That makes June 2026’s YoY comparison effectively apples-to-apples and underscores the resilience of US consumers amid inflationary headwinds.

Raw volume in June totaled 1.364 million units, 3.2% below May’s 1.466 million units. The daily selling rate (DSR) averaged 54,577 over June’s 25 selling days, up 2.9% from last June’s 53,020 with 24 selling days.



Calendar year-to-date sales through June totaled 7.9 million units, down 2.5 percent from 2025's 8.1 million.

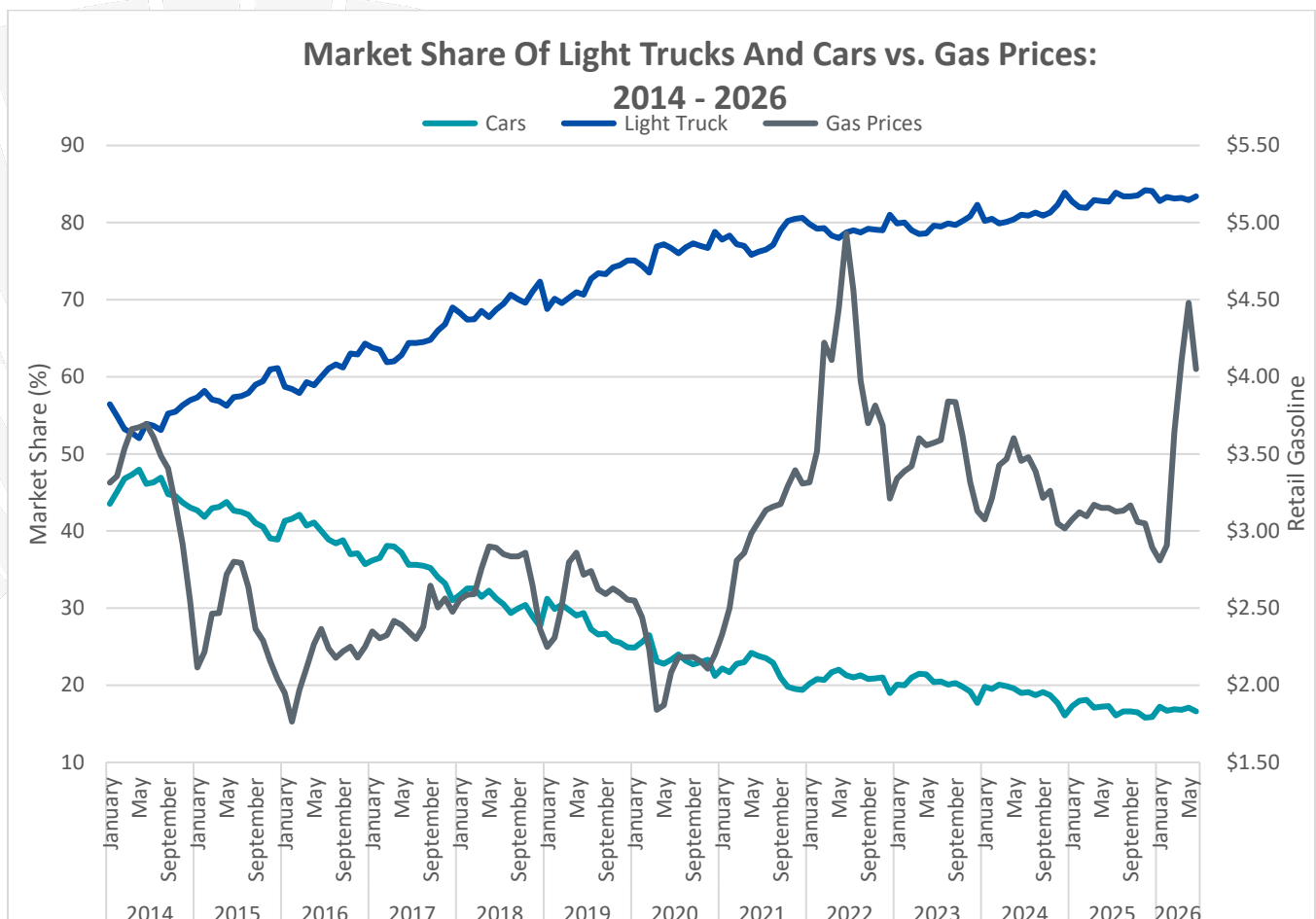




Segments vs. Gas Prices (Updated 7/6)

Monthly Sales: Light trucks accounted for 83.4 percent of sales in June, up 0.7 percentage points from the market share a year ago. Compared to the same period in 2025, sales of cars are down about 10,000 units, and down about 218,000 from June 2019, when cars comprised 29 percent of the market as opposed to the 16.6 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.⁸ and gas was over \$3.00.⁹ 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 \$2.85 a gallon (through January 7, 2026) 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.¹⁰

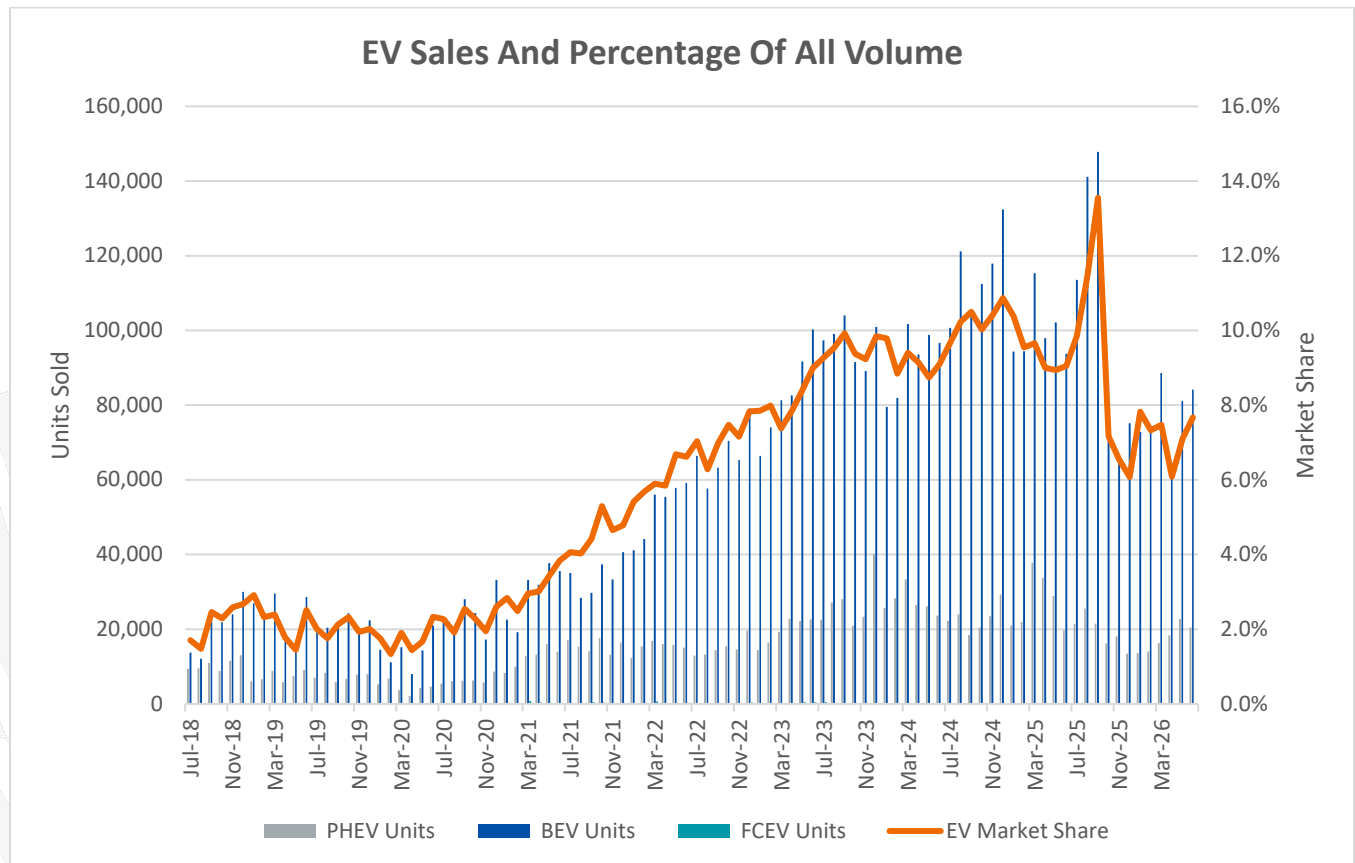


EV Powertrain Sales (Updated 7/6)

Sales of electric vehicles (BEV, PHEV, & Fuel Cell) accounted for 7.7 percent of total vehicle sales in June 2026 (104,654) per Omdia estimates. Market share increased 0.6 percentage points (pp) from May 2026's 7.1 percent. June's EV market share is down 1.4 pp from a year ago. Sales of battery electric vehicles accounted

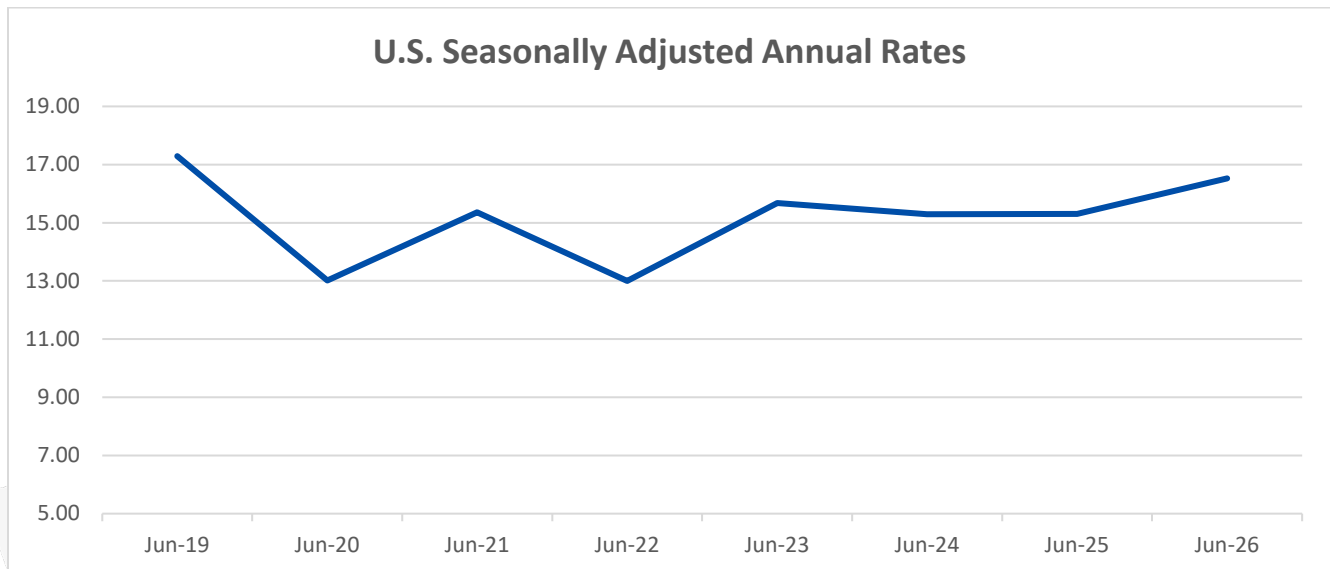


for 6.2 percent of total sales, down 1.3 pp from June 2025. Plug-in hybrids accounted for 1.5 percent, down 0.1 pp from the same time last year. Hybrid market share was 15.6 percent.



Seasonally Adjusted Annual Rates (Updated 7/6)

Omdia¹¹: “June’s seasonally adjusted annualized rate (SAAR) came in at 16.5 million units, well above June 2025’s 15.83 million units. June 2025 was the first month fully clear of the pull-ahead buying that occurred in March and April 2025 as consumers accelerated purchases to avoid tariff-driven price increases.”

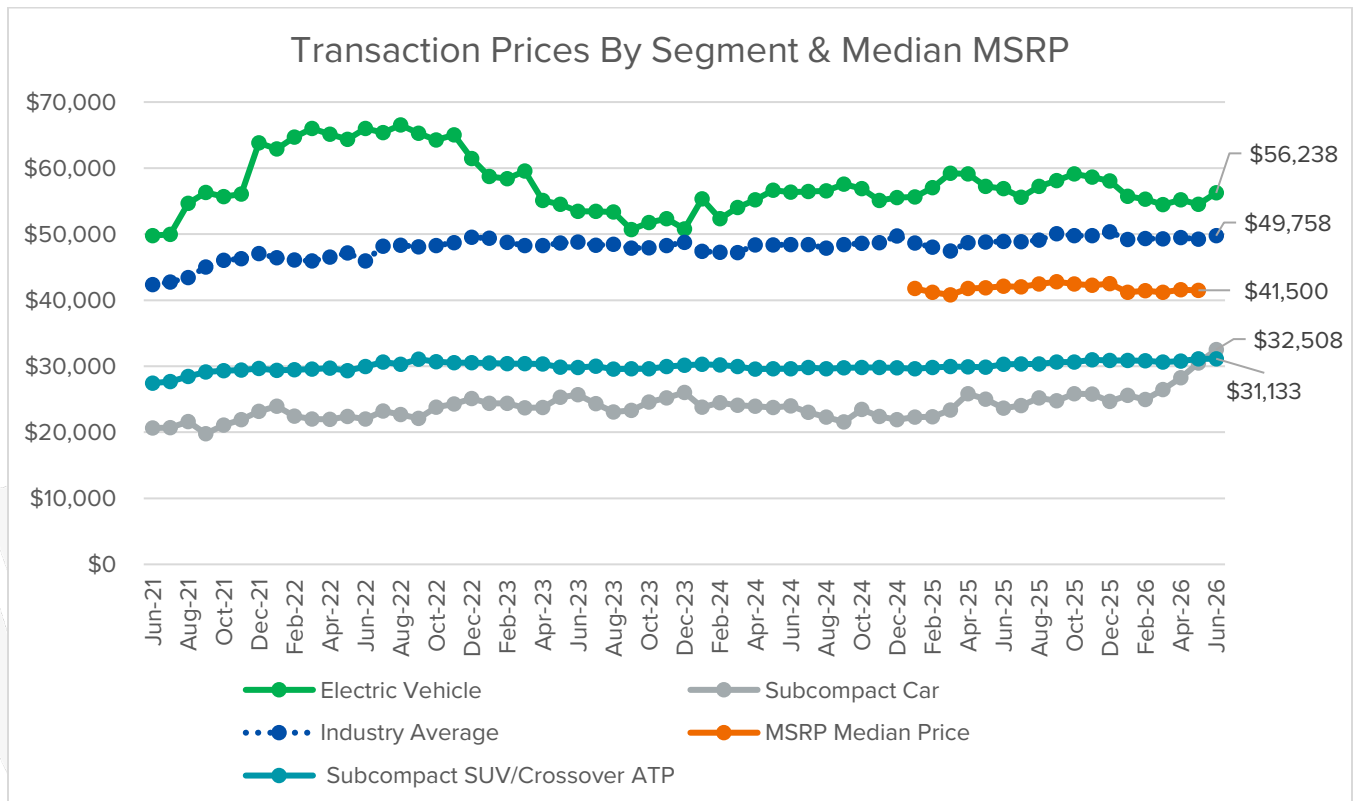


Average Transaction Price (Updated 7/27)

J.D. Power (Updated 7/6) ¹²: “Regarding affordability, the cost of financing a new vehicle keeps easing, though not by enough to neutralize the structural affordability pressures weighing on buyers. The average interest rate on new-vehicle loans is expected to fall 0.35 percentage points to 6.66%, the lowest June reading since 2022. However, the average transaction price of a new vehicle has increased to \$46,387, an increase of 0.8% from a year ago, while average monthly finance payments have climbed 3.4% to \$813, the highest ever for the month of June. A key driver of the higher monthly payment, despite longer loan terms, is lower trade-in equity. Many of the buyers returning to showrooms today purchased when prices were at their peak several years ago when inventory was scarce. This is manifesting itself as more buyers carrying negative equity on their trade-in. A total of 29.5% of trade-ins had negative equity in June, up 1.4 percentage points from a year ago.”

Median MSRP (May) (7/27): The Median MSRP In May 2026 Was \$ \$41,500, Nearly \$8,000 Below the Average Transaction Price in May of \$49,220.

- Median MSRP decreased month-over-month by less than 1 percent (\$70). Year-over-year, median MSRP was mostly unchanged, up less than 1 percent (\$385).



Kelley Blue Book (June) (7/27)¹³: “New-vehicle prices increased modestly in June, according to data released today by Kelley Blue Book, a Cox Automotive brand. The average transaction price (ATP) for a new vehicle purchased in June increased less than 1% year over year to \$49,758, as buyers continued to migrate to a mix of more affordable vehicles. Vehicle sales in June were healthy, with the seasonally adjusted average rate (SAAR) at 16.5 million, the highest point in 2026. Sales volume, according to Kelley Blue Book estimates, was higher by 7.6% year over year.

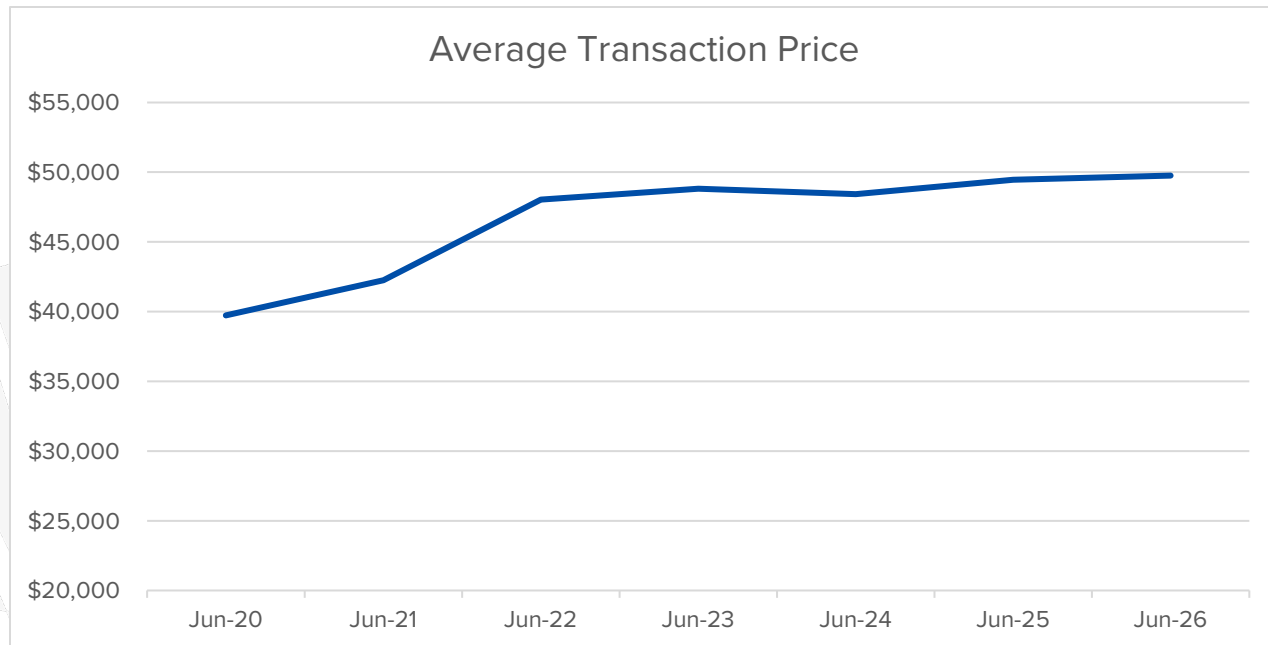
“Sales of subcompact SUVs – ATP of \$31,133 in June – increased by more than 23% year over year, helping hold down the industry-wide, sales-weighted ATP. Small/medium pickup truck sales jumped by 12.3%, while more expensive, full-size pickup sales increased only 2.5% year over year, below the industry average. While individual product and segment prices climbed, buyers generally gravitated toward lower-priced segments in June.

“Industry ATP: According to Kelley Blue Book, the ATP for a new vehicle in June was \$49,758, an increase of 0.6% year over year and higher by 0.4% from the upwardly revised May ATP. Prices have been holding steady below \$50,000 throughout 2026, after peaking in December 2025 at \$50,609. Prices commonly peak in December, when a high mix of luxury vehicles are sold.

“Incentives: Incentive spending in June was 7% of ATP, up from 6.9% in June 2025 and down from 7.1% in May. Incentive spending has averaged 7% of ATP over the past 13 months, suggesting real discipline by automakers focused on bottom-line profitability. Incentives remain elevated for full-size pickups and luxury vehicles.



“Electric Vehicle ATP: EV prices declined year over year in June for the sixth consecutive month. The average price paid for a new EV was \$56,238, down 4.5% from a year earlier but higher compared to May. Initial estimates suggest EV sales declined month over month in June, after a strong May performance. EV Incentives: Electric-vehicle incentives remain elevated, despite declining month over month in June. Incentives as a percent of ATP were 13% in June, up from 13.3% in June 2025 but down from 14% in May. EV incentives in June were well above the industry average of 7%.”



Cox Automotive Used Vehicle Prices (7/27)¹⁴: “The average used-vehicle listing price was \$27,027 in June, up 6% compared to the levels observed a year earlier and mostly flat, higher by just 0.4%, from the revised \$26,928 recorded in May. Average listing prices have increased in each of the previous three months and, in June, moved above \$27,000 for the first time since the summer of 2023.”

Cox Automotive Used EV Prices (7/27)¹⁵: “The average listing price for a used EV was \$38,342 in June, up 3.5% from May and 7% year over year. The increase was broad-based, including several high-volume brands such as Tesla, Chevrolet, Hyundai and Kia. Compared with ICE+, the used EV premium widened to \$3,382 in June, up from \$2,193 in May, as used EV prices continued to increase at a faster pace.”

Auto Loan Financing (Updated 7/27)

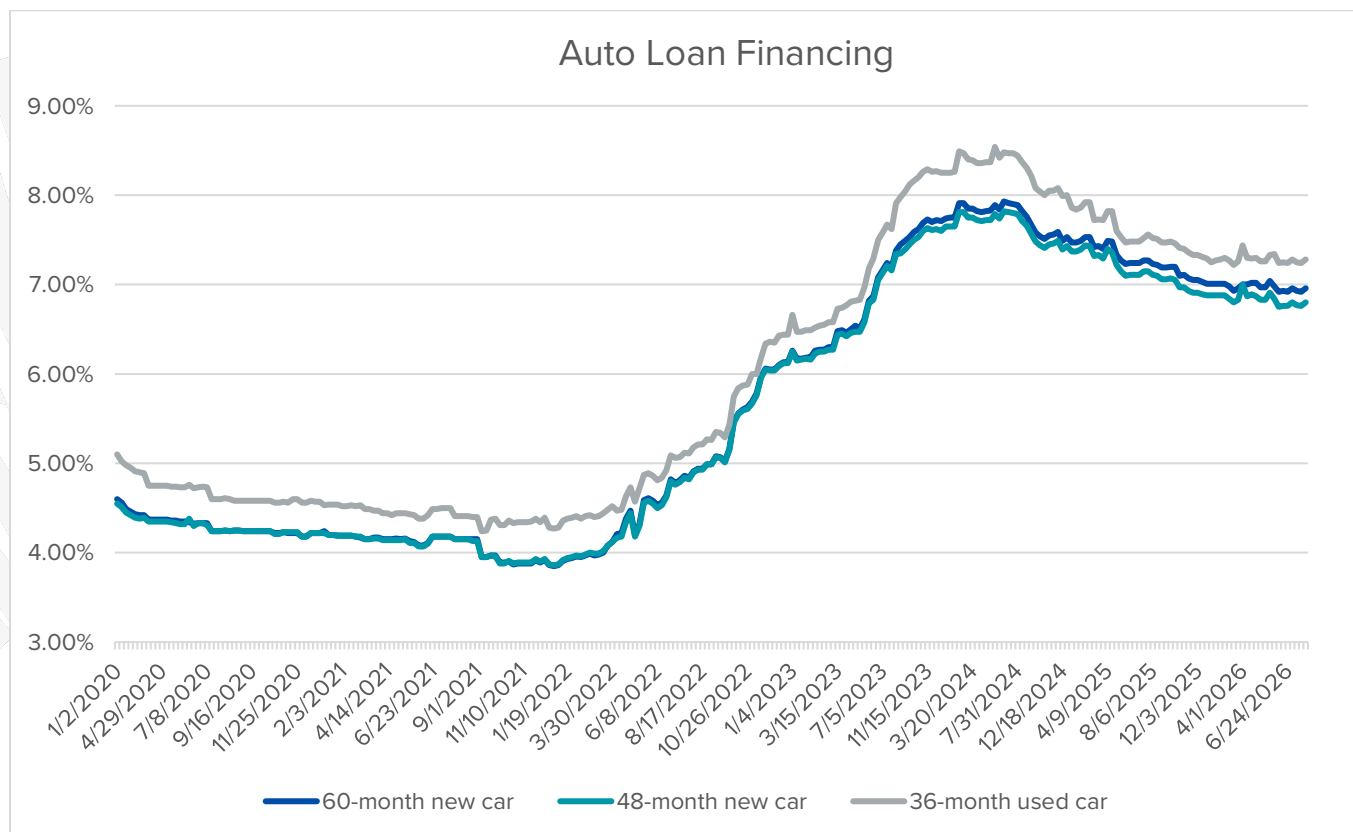
JD Power (6/5)¹⁶: “The average interest rate on new-vehicle loans is expected to fall 0.35 percentage points to 6.66%, the lowest June reading since 2022. . . . Consumers are using longer loan terms to manage monthly payment affordability. Accordingly, 13.6% of loans now have terms of 84 months or longer, to help fill in part of the affordability gap.”

Interest Rates Below 7 Percent for 60-Month New Car Loan (updated 7/27): Interest rates increased over the last two weeks, rising 0.03 on the 60-month, 48-month new car loan and on the 36-month use car loans. Rates on the 60-month new car loan now stand at 6.96 percent. Rates for the 48-month new loan and 36-



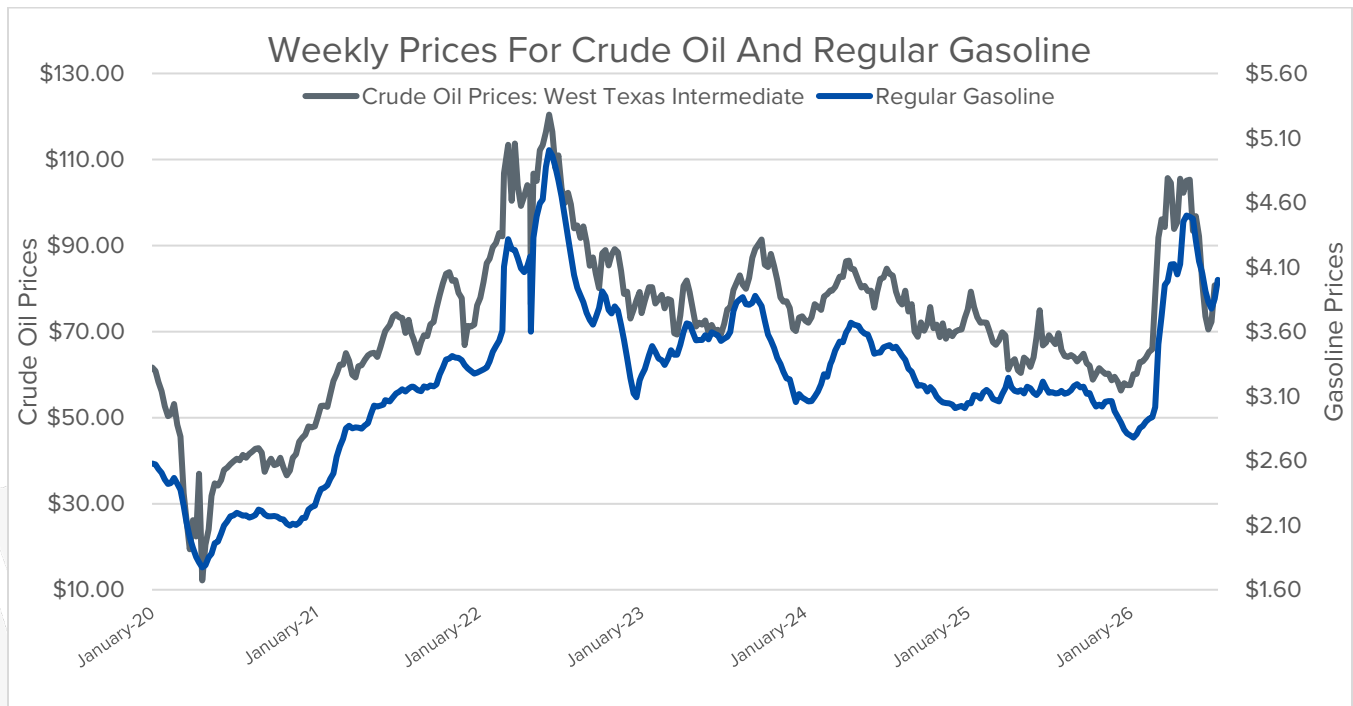
month used car loan are 6.8% and 7.28%, respectively. Since the beginning of 2020, 60-month rates are up 2.36 pp, and are down 0.31 pp since the same time a year ago.¹⁷

Dates	60-month new car	48-month new car	36-month used car
1/2/2020	4.60%	4.55%	5.10%
7/23/2025	7.27%	7.15%	7.56%
7/8/2026	6.93%	6.77%	7.25%
7/22/2026	6.96%	6.80%	7.28%
Two Week Change	0.03%	0.03%	0.03%
Change since 1/3/20	2.36%	2.25%	2.18%
One Year Change	-0.31%	-0.35%	-0.28%



Crude Oil and Gas Prices (Updated 7/27)

Gas and Oil Prices Remain Turbulent (7/27):¹⁸ Oil prices, as benchmarked at West Texas Intermediate were \$80.77 in mid-July, up \$13.66 from the same time a year ago and down more than \$25 after peaking at \$106 amid the Iran conflict in late March 2026. Since election day 2024, oil prices are up \$5 a barrel. After spending 11 weeks above \$4 a gallon, gas is now \$4.00 a gallon. Gas is 55 percent higher than the beginning of 2020.



EIA Outlook For Gasoline (7/27)¹⁹: “We expect lower crude oil prices will contribute to retail gasoline prices falling by about 41 cents/gal in the third quarter (3Q26) compared with 2Q26 and averaging just under \$3.80 per gallon (gal). A decrease in crude oil prices contributes to a decrease of almost 50 cents/gal in quarter-on-quarter gasoline prices. However, this decrease is offset by increases in the wholesale and retail gasoline margins. Ongoing tightness in gasoline inventories will support the crack spread for gasoline—the difference between the wholesale price and the crude oil price—as we expect the wholesale price of gasoline will not fall as quickly as the price of crude oil. We estimate the gasoline crack spread will increase about 10 cents/gal on average in 3Q26.”

EIA Outlook For Oil (4/23)²⁰: “In March, the spot price spread between Brent crude oil and West Texas Intermediate (WTI) crude oil priced at Cushing, Oklahoma, widened to an average of \$12 per barrel (b) in March, compared with \$6/b in February.

“The price of Brent crude oil increased more than that of WTI because the Brent crude oil price is more exposed to global crude oil market conditions. An increase in transportation costs, which has been exacerbated by disrupted navigation through the Strait of Hormuz, has reduced the shipping capacity to move crude oil between markets. In addition, WTI price increases were relatively smaller because of above-average domestic inventories and policy interventions in the United States. The U.S. government announced plans for the release of crude oil from the Strategic Petroleum Reserve (SPR) on March 11 and announced a 60-day Jones Act waiver to allow foreign vessels to transport commodities between U.S. ports on March 17.

“We forecast U.S. crude oil inventories to remain above average levels, softening the upward price effects on WTI crude oil, relative to Brent. The Brent-WTI spread in our forecast peaks at \$15/b in April, when production disruptions are largest. The spread falls to \$9/b on average in 3Q26 and \$4/b by 4Q26, when we assume most of the disruptions to global crude oil production and trade will dissipate.”



Production Meter

North American Production (Updated 7/27)

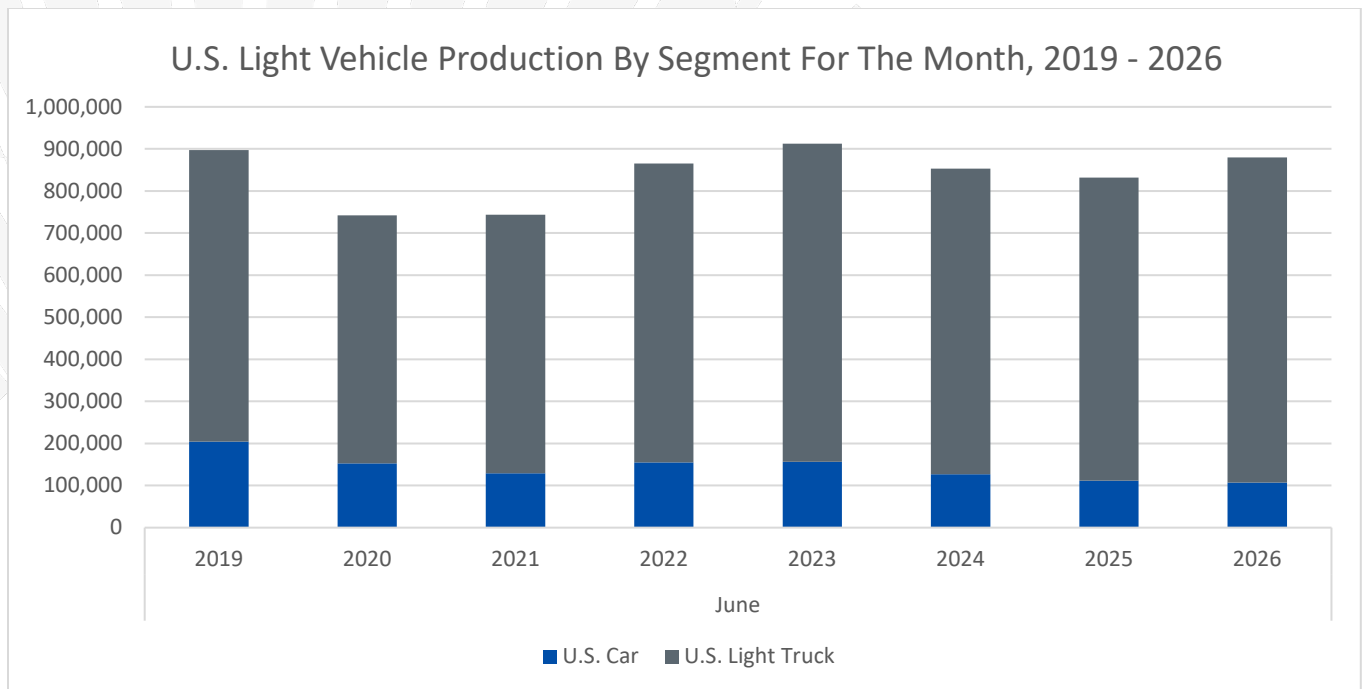
Omdia²¹: “North American production of light vehicles and medium- and heavy-duty trucks in 2Q26 finished at 4.065 million units, 0.4% below 2Q25’s 4.079 million units and slightly below last month’s 4.075 million estimate.

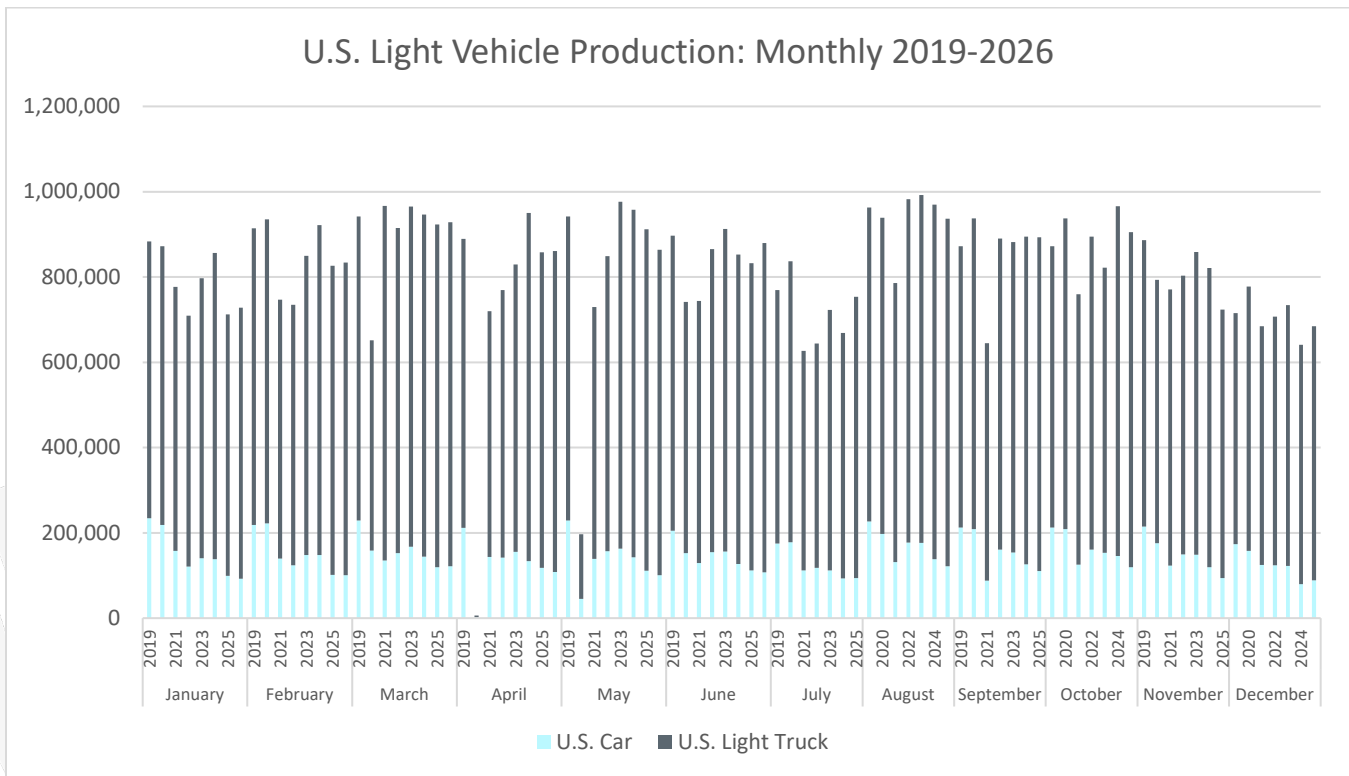
“Total vehicle production in June ended at 1.384 million units, up 2.8% year over year (YoY). Excluding medium- and heavy-duty trucks, June light-vehicle output totaled 1.345 million units, a 2.9% YoY increase, although down from last month’s 1.360 million estimate.”

U.S. Light Vehicle Production (Updated 7/27)

U.S. Monthly Production

U.S. Light vehicle production for June was up 2.1 percent month-over-month, totaling 879,961 vehicles (107,341 cars; 772,620 light trucks), year-over-year, production is up 3.7 percent from 2025.²²





U.S. Light Vehicle Inventory and Days' Supply (Updated 7/6)

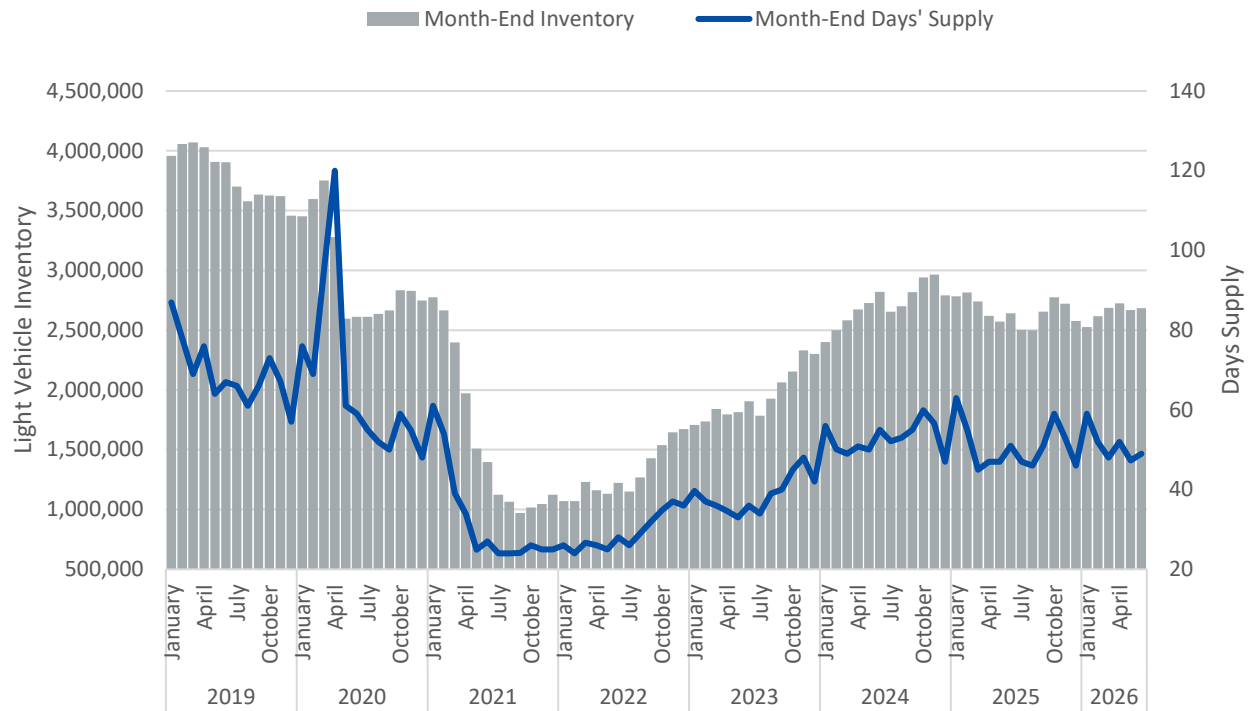
Omdia Inventory Update (7/6)²³: “June marked the third month of rising US inventories. Stocks were up by 2.6% YoY in June to 2.685 million units, supporting the faster selling pace. Days supply held at 49, unchanged from a year ago and slightly higher than May’s 47 days.

“Higher inventories lend support to sales in July. However, several North American plants will close for one-to two-week vacations or model changeovers. The production slowdowns could drive a month-over-month decline in inventory from June levels.

“The formal review of the US, Mexico, and Canada Agreement (USMCA) kicked off with a virtual meeting on July 1. As expected, the US declined to renew the agreement, triggering annual reviews until the agreement legally expires in 2036 or a new accord is reached earlier.”



U.S. Light Vehicle Inventory & Days' Supply



Global Meter

Global Light Vehicle Sales (Updated 7/6)

Omdia²⁴: “Global sales of light vehicles and medium- and heavy-duty trucks combined grew YoY for the third straight month in May, rising 2.3% to 8.31 million units.

“All major regions recorded YoY growth in May. However, sales in North America added fewer than 4,000 units, just a 0.1% gain compared to a year ago. Calendar year-to-date (YTD) sales for North America were up 0.7% from the same period a year ago, with gains in Canada offset by losses in Mexico. US sales technically increased, but only 0.2% YoY. This is an especially weak result, given that last May likely suffered some loss because of the pull-ahead effect seen in March and April 2025, when consumers accelerated purchases to lock in prices before tariffs raised prices on Canadian- and Mexican-built vehicles.

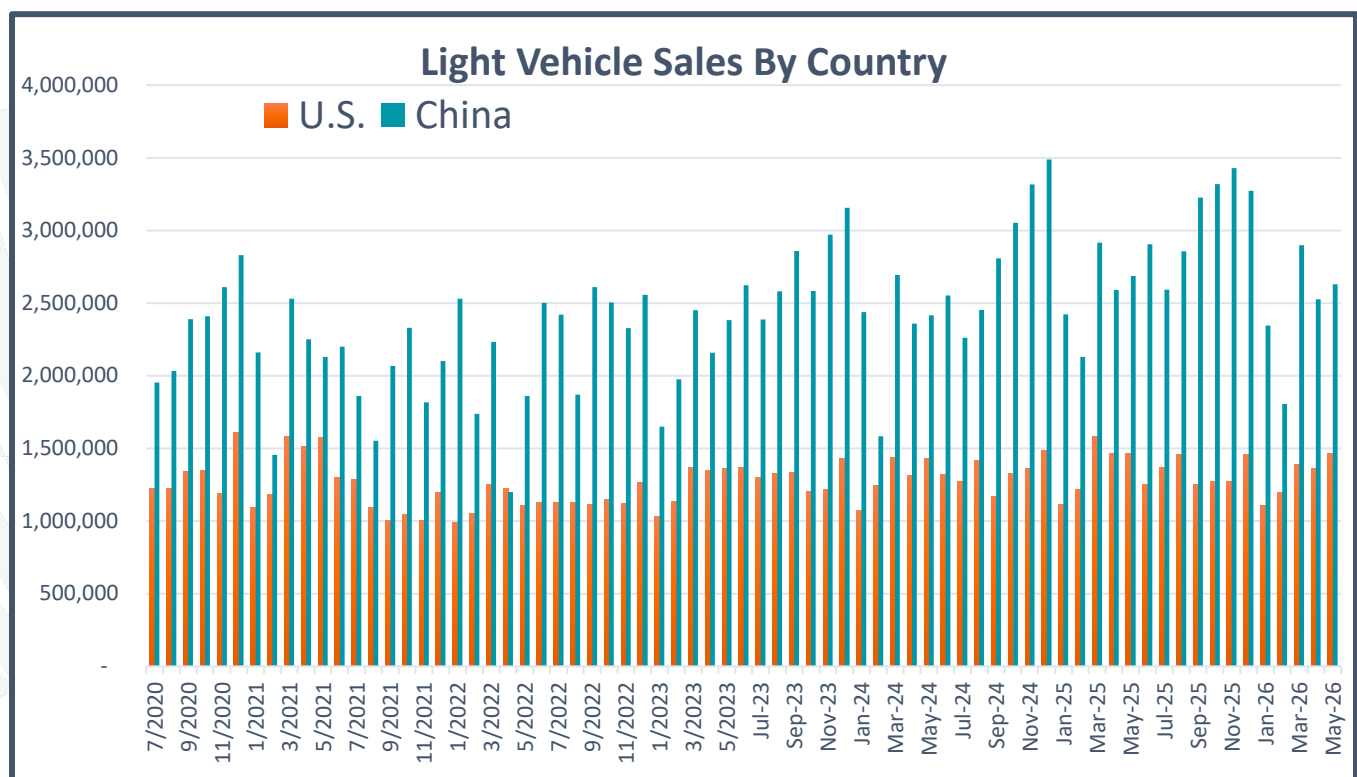
“In China, sales rose 4.1% from the previous month but fell 2.4% YoY, leaving China’s YTD down 4.5%. This was the country’s sixth straight month of YoY declines.

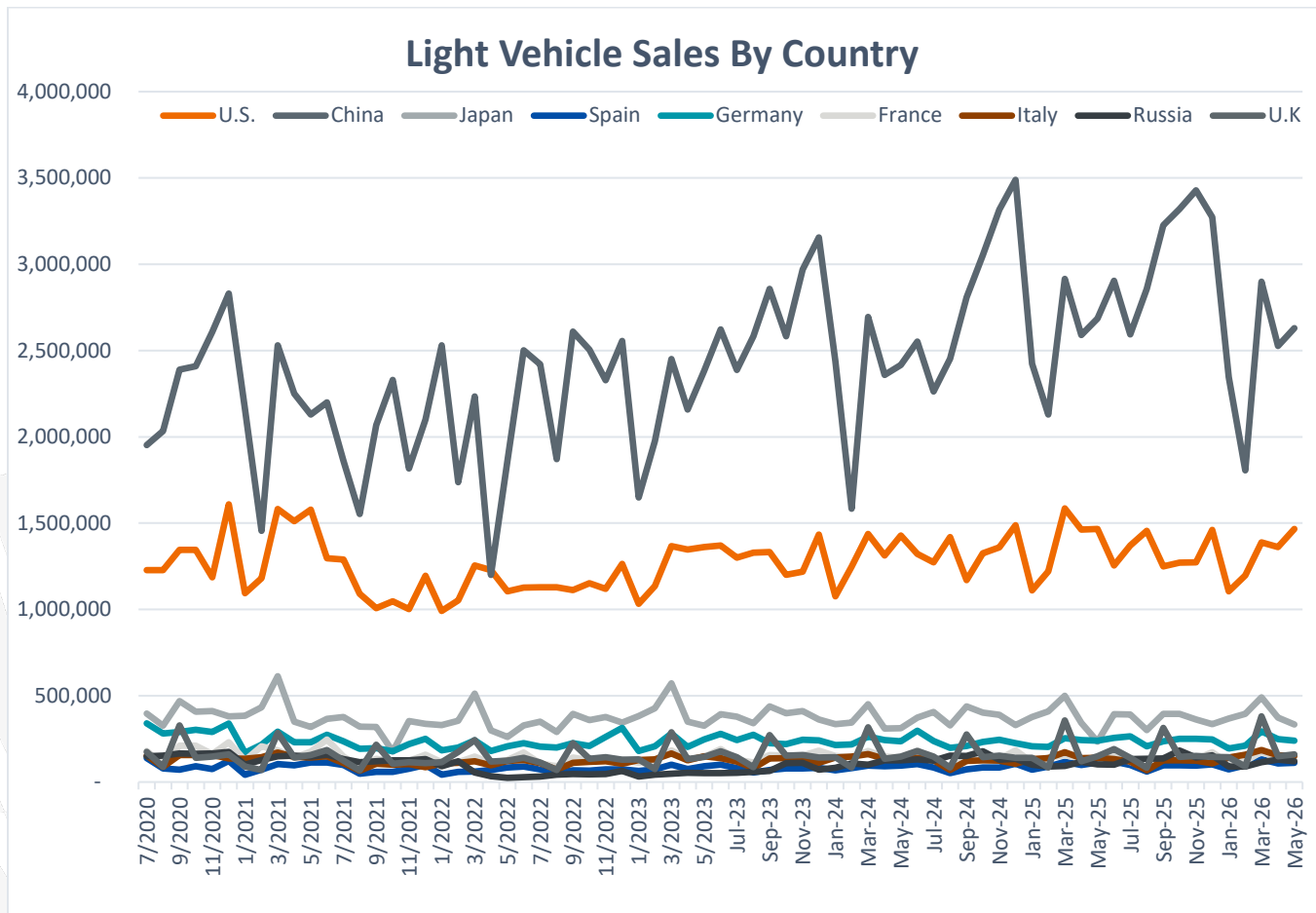


“Global sales from January through May totaled 39.79 million units, up 0.7% from the same period in 2025 (39.53 million).

“Excluding medium- and heavy-duty trucks, light-vehicle sales totaled 7.98 million units in May, up 1.8% YoY. YTD light-vehicle sales reached 38.19 million units, up 0.2% from the year-ago period’s reported 30.09 million units. Omdia partner GlobalData estimates June light-vehicle sales will increase 3.0% YoY to 7.9 million units, with the annualized rate up 0.9% YoY to 93.9 million units.

“Persistent weakness in China’s domestic market, coupled with anticipated economic and trade headwinds, continues to weigh on estimates for the remainder of 2026. GlobalData has lowered its full-year 2026 light-vehicle outlook to 90.5 million units from last month’s 91.1 million, which is 1.9% below 2025’s total.”





Global Light Vehicle Production (Updated 7/27)

S&P Global Mobility Forecast (7/27)²⁵: “As the situation in the Middle East evolves, the global auto industry continues to adapt. While the negotiated cease fire deal appears in flux, oil prices remain well below more dire expectations and markets seem to be adjusting somewhat to a “new normal” of ongoing uncertainty. Further, many markets are exhibiting noteworthy demand resiliency, yet they remain vulnerable to lingering inflation pressures. Continuing a more recent theme and a major influence again this month is a deteriorating outlook for China light vehicle demand, impacting both sales and production for the market. Of note, even as demand remains challenged, the negative impacts to production are partially mitigated by a much stronger export environment as Chinese manufacturers target other markets and in some cases are bolstering overall market volumes in key growth and/or emerging markets with attractively priced and well contented offerings. The July forecast update reflects a mix of mostly upward revisions in the near-term offset somewhat by notable cuts for Greater China to reflect the aforementioned lingering domestic demand headwinds. The more noteworthy regional adjustments with the latest forecast update are detailed below:

“Europe: The outlook for Europe light vehicle production was increased by 144,000 units and by 115,000 units for 2026 and 2027, respectively (and increased by 25,000 units for 2028). Our July forecast update for Europe primarily reflects upgrades based on generally improved macro conditions relative to expectations.



Changes in the extreme near-term are particularly focused on non-BEV volume backfill through H1-2026. Perhaps most noteworthy is the continued strength of Chinese OEM sales in the region, primarily by way of imports. This has contributed to an improved sales outlook for Europe through the intermediate term while only a more limited portion of the upgrade supports production in the region. For 2027, the production upgrade was primarily focused on BEV output as the region seeks to stay on pace with 2025-2027 average CO2 reduction targets and on LCV activity which is less exposed to Chinese import competition.

“Greater China: The outlook for Greater China light vehicle production was reduced by 208,000 units and by 235,000 units for 2026 and 2027, respectively (and reduced by 241,000 units for 2028). Mainland China’s passenger vehicle market continues to face a difficult sales environment reflecting ongoing macro headwinds and increasingly cautious consumer sentiment. Although headline figures in June 2026 showed month-on-month improvements in production and sales, year-over-year comparisons remain lackluster on weak underlying demand, raising concerns about the sustainability of industry growth. According to CAAM, domestic demand has been under significant pressure, with exports becoming the primary pillar supporting the market. Automakers continue to optimize production schedules and expand export-oriented manufacturing activities to offset weaker domestic demand. The importance of exports cannot be overstated as more material downward revisions to the sales outlook were accompanied by much lower negative production revisions for the month. Despite impressive export achievements and robust NEV growth, the reality of China’s domestic auto market is that sales conditions remain extremely challenging. Rising economic uncertainty and cautious household spending have made consumers more reluctant to purchase big-ticket items such as passenger vehicles. As a result, many manufacturers and dealers have intensified discount campaigns to stimulate sales, further squeezing profit margins.

“Japan/Korea: The short-term production outlook for Japan was upgraded by 111,000 units relative to last month’s forecast, following stronger Japanese automaker production plans, particularly for the third quarter of this year. Even though exports to the Middle East have been stagnant impacted by disruption at the Strait of Hormuz due to the Iran war, exports to the US and Europe have gathered momentum due to favorable demand for more fuel-efficient FHEVs. The long-term production forecast for Japan was downgraded by around 100,000 units per year. There are three negative factors, including the cancellation of the Lexus C-CUV EV, the addition of the next Lexus NX in the US, and increased production of the Subaru Crosstrek in the US. Despite ongoing US tariffs and the conflict in the Strait of Hormuz, exports to North America have been particularly strong, leading to an increase of around 56,000 units for South Korea production for 2026. Furthermore, the trend favoring strong export activity is expected to continue in 2027 and 2028, resulting in overall production volumes being increased by 62,000 and 82,000 units, respectively.

“Middle East/Africa: The outlook for Middle East/Africa light vehicle production was increased by 65,000 units and by 13,000 units for 2026 and 2027, respectively (and reduced by 6,000 units for 2028). Production revisions for Middle East/Africa are driven primarily by volume recovery in Iran, stronger than expected in the near-term, as well as LCV production growth in Algeria, partially offset by the production transfer of the facelifted Peugeot 208 from Morocco to Spain. Despite the latter, volume recovery in the region is still forecasted from 2029 onwards, supported by full scale production of new projects in Iran and Morocco.

“North America: The outlook for North America light vehicle production was increased by 66,000 units and by 5,000 units for 2026 and 2027, respectively (and increased by 3,000 units for 2028). The North American market remains resilient, even amidst uncertainty around the Iran war. The production outlook for 2026 was revised higher by 0.4%, totaling 15.06 million units, with much of the increase coming from stronger production results through June. Inventory for Detroit 3 full-size pickups at the end of June 2026 increased to a 77-day supply. With production generally aligned to demand, the forecast factors in a slowdown in builds starting in Q4-2026 through H1-2027 with each manufacturer dealing with specific issues. GM production will be constrained by the transition to its redesigned pickups that launch later this year through the H1-2027



while Ford continues to work to recover lost volume owing to the Novelis fire late last year. Stellantis is working to bolster their presence in the segment as it brings back the HEMI V8. However, the Ram brand is facing near-term pressures with inventory at a lofty 113-day supply. Production in the first half of 2027 is projected to be a bit weaker amid more variable demand and as inventories are at ideal levels or elevated in the case of the full-size pickup segment. Should demand resilience continue, upside to the forecast exists of around 150-200,000 units in 2027 and 300-350,000 units in 2028 to maintain inventory at 2.8 million units.

“South America: The outlook for South America light vehicle production was increased by 26,000 units and increased by 12,000 units for 2026 and 2027, respectively (and increased by 99,000 units for 2028). The upward revision for the region in the extreme near-term is focused almost exclusively on Brazil. Production results came in near expectations and confirm that the sales momentum in the country is not abating. Our demand outlook for Brazil, in particular, was upgraded for the month and while Chinese imports will continue to play a significant role, domestic production is also expected to benefit from the increased demand. Regional volumes for 2027-2028 were revised up by 1.6% (56,000 units per year), largely aligning with an upgraded demand outlook for the region. The production upgrade was split between Brazil (+1.8%) and Argentina (+1.4%). In the case of Brazil, we continue to increase the profile of Chinese brands (with faster and larger customer acceptance), most noticeable this month for BYD, Changan and MG.

“South Asia: The outlook for South Asia light vehicle production was increased by 181,000 units and by 183,000 units for 2026 and 2027, respectively (and increased by 113,000 units for 2028). ASEAN production declined 9.5% year-over-year in June as output weakened across Thailand, Indonesia and the Philippines. The June contraction reflects more cautious production scheduling, uneven domestic market conditions and inventory adjustments following stronger output earlier in the year. In spite of the year-over-year contraction, our latest ASEAN light vehicle production forecast for 2026 has been revised upward by 30,000 units, supported by still generally stronger-than-expected OEM production across the region. Chinese OEMs continue to ramp up BEV production to meet growing regional demand, while hybrid vehicle output is gaining further momentum as government incentives and shifting consumer preferences accelerate the transition toward electrification. Even with the ongoing tensions in the Middle East, the India market is proving to be remarkably resilient. The recent Goods and Services Tax (GST) cut continues to stimulate demand with production also being supported by momentum from new vehicle launches. In addition, dealer inventories remain relatively low, providing additional support to near-term production. As a result, production volumes for India have been increased by 140,000 units and 183,000 units for 2026 and 2027, respectively.

Economy Meter

Roadway Travel (Updated 7/6)

According to the U.S. Department of Transportation, seasonally-adjusted vehicle miles traveled in May decreased by 0.1 percent from the same time a year ago. The cumulative travel estimate for 2026 is 1,354.5 billion vehicle miles.²⁶

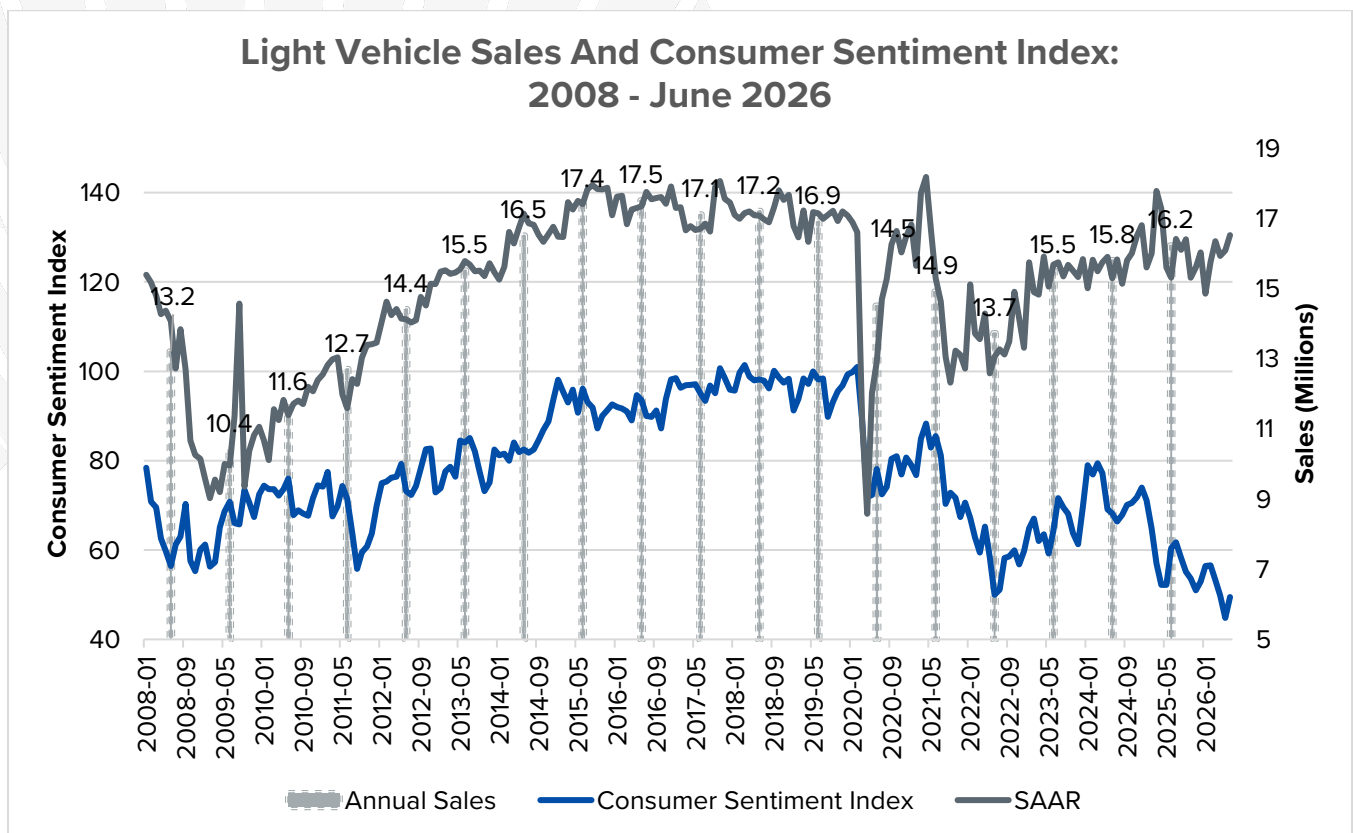
- Travel on all roads and streets changed by -0.7% (-2.0 billion vehicle miles) for May 2026 as compared with May 2025. Travel for the month is estimated to be 293.2 billion vehicle miles.
- The seasonally adjusted vehicle miles traveled for May 2026 is 277.2 billion miles, a -0.1% (-0.2 billion vehicle miles) change over May 2025. It also represents a -0.6% change (-1.7 billion vehicle miles) compared with April 2026.
- Cumulative Travel for 2026 changed by +0.8% (+10.7 billion vehicle miles). The cumulative estimate for the year is 1,354.5 billion vehicle miles of travel.



Consumer Confidence and Sales (Updated 7/27)

Surveys of Consumers Director Joanne Hsu²⁷: “With the second straight month of 10% jumps, consumer sentiment climbed to its highest reading since February of this year on the basis of easing price pressures at the pump in recent weeks. All five index components improved, led by significant 20% increases in buying conditions for durables as well as year-ahead business conditions. This month’s rise in sentiment was pervasive across the population, seen across groups by age, income, wealth, and political party. Particularly strong increases were seen among consumers without a bachelor’s degree. However, with prices remaining frustratingly high, consumers are hardly ebullient about the economy; sentiment is down 12% from a year ago. Thus, sentiment’s upward momentum may prove difficult to sustain if recent declines in gas prices continue to reverse course. Interviews for this release spanned June 23 to July 13, with more than 70% completed before the resumption of US strikes against Iran on July 7 and the subsequent increase in gas prices.

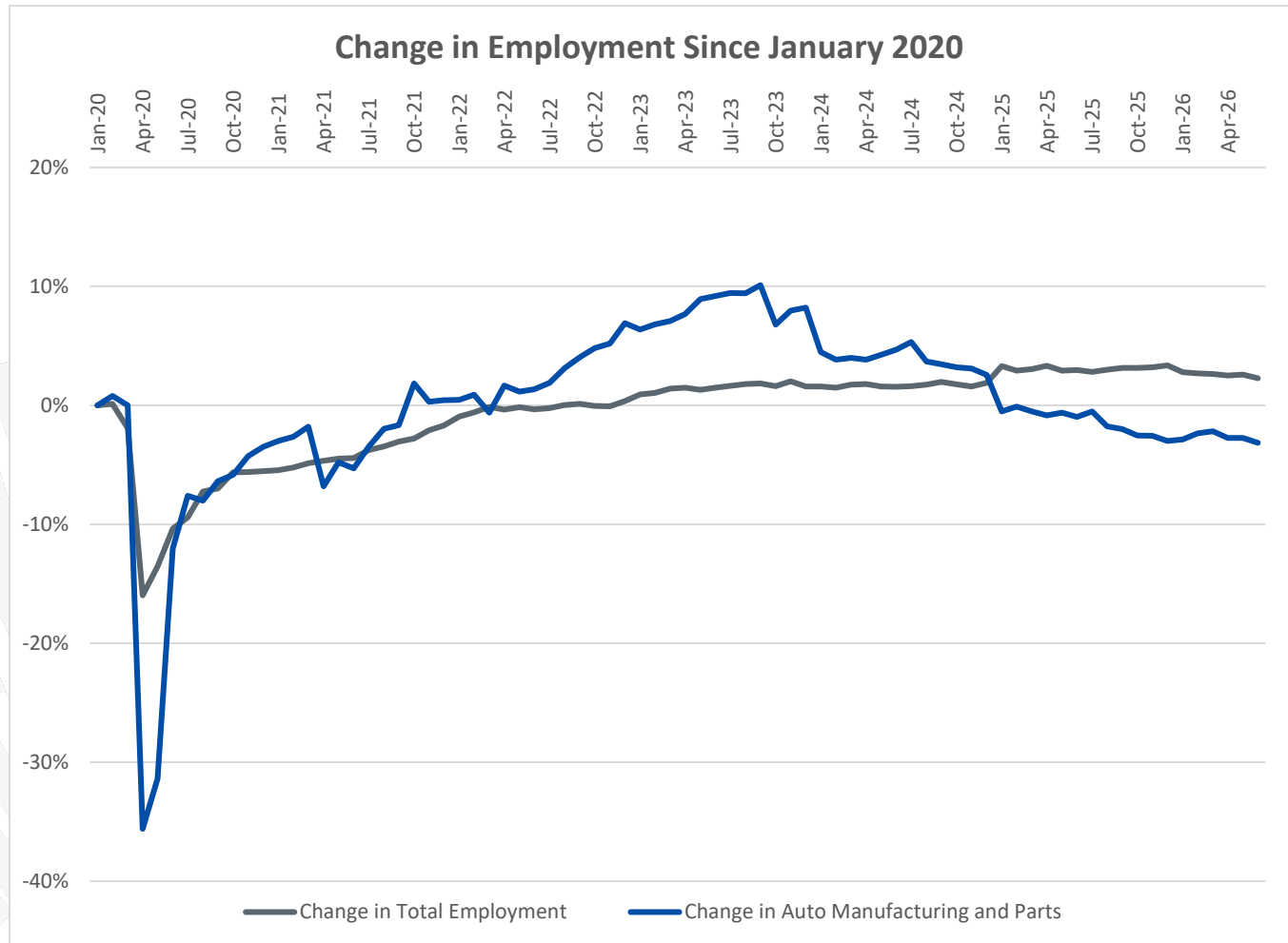
“Year-ahead inflation expectations ticked down from 4.6% in June to a still-elevated 4.2% this month. The current reading substantially exceeds the 3.4% seen in February before the Iran conflict began, along with all 2024 readings. Long-run inflation expectations held steady from last month at 3.3%, remaining a bit higher than the 2.8% to 3.2% range seen in 2024.”



Employment (Updated 7/6)



Motor Vehicle And Parts Manufacturing Lost 3,900 Jobs in June



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