

# READING THE METER®

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



ALLIANCE FOR AUTOMOTIVE INNOVATION

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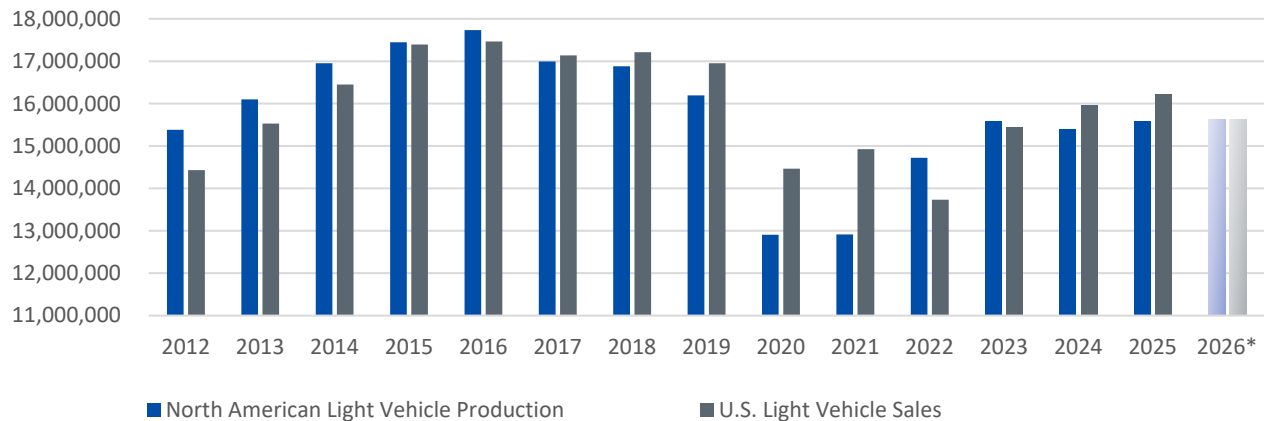
## Forecast Meter

### Sales & Production Summary and Forecast (Updated 9/28)

| 2024-2025 Sales, <sup>1</sup> Extended Sales Forecast <sup>2</sup> and Production Forecasts <sup>3</sup> |                        |                           |
|----------------------------------------------------------------------------------------------------------|------------------------|---------------------------|
|                                                                                                          | 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)     |
| July '25                                                                                                 | 1,364,039 (-1.8% YoY)  | 1,237,892 (+1.8% YoY)     |
| August '25                                                                                               | 1,380,744 (-2.2 YoY)   | 1,367,273 (-3.2% YoY)     |
| 2025 Full Year                                                                                           | 16,233,363 (+2.4% YoY) | 15,576,688 (-3% YoY)      |
| 2026 Forecast                                                                                            | 16,100,000             | 15,619,000                |

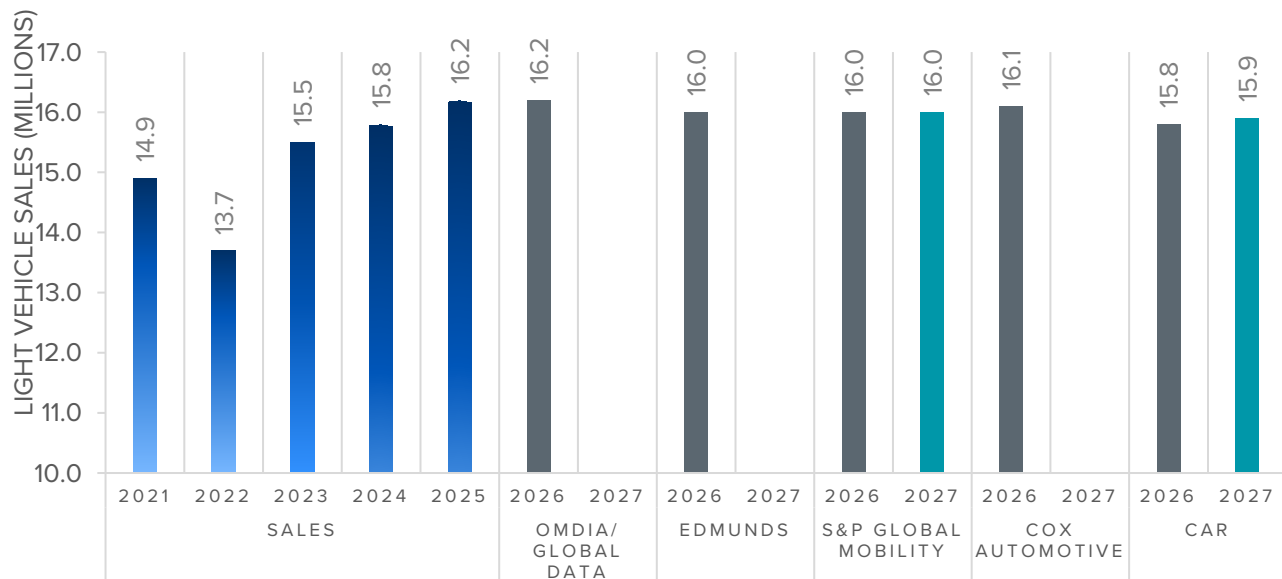


### North American Production And U.S. Light Vehicle Sales



### U.S. Light Vehicle Sales Outlook (Updated 9/28)

#### U.S. LIGHT VEHICLE SALES FORECAST: 2026-2027



**Omdia Outlook (8/5)<sup>4</sup>:** “Looking ahead to September, the forecast is tracking at 1.268 million units of raw sales volume and a 15.4 million SAAR.”

### North American Production & Inventory Outlook (Updated 9/28)



**Omdia Production & Inventory Outlook (9/28)**<sup>5</sup>: “Overall, third-quarter output in North America is tracking at 3.963 million units, down 1.7% from Q3 2025’s 4.030 million units and slightly down from last month’s estimate of 3.978 million units. This softness is entirely driven by regional adjustments; while U.S. Q3 production pacing was revised upward to 2.659 million units (a minor 0.4% YoY dip), forecasts for Canada and Mexico were both downgraded. Canada’s Q3 projection shed 6,000 units to land at 313,000 (up 1.3% YoY), while Mexico’s forecast fell by 37,000 units to 992,000 (a 5.7% YoY decline). Consequently, total regional production for September is pacing toward 1.350 million units, down 3.6% YoY.

“Looking ahead to Q4, regional momentum is expected to recover significantly. Total North American vehicle production is estimated at 3.758 million units, which would mark a robust 4.8% YoY increase. Anchored by this final-quarter surge, the full-year 2026 forecast has been revised upward to 15.619 million units, placing the industry on track for a modest 0.4% expansion over 2025.”

**Mobility Global (formerly S&P Global Mobility) Outlook (9/28)**<sup>6</sup>: “North America: The outlook for North America light vehicle production was reduced by 54,000 units and by 72,000 units for 2026 and 2027, respectively (and reduced by 84,000 units for 2028). Vehicle demand in the US continues to defy expectations with sales in August totaling 1.39 million units, translating to 16.76 million units sold on a seasonally adjusted annual rate (SAAR) basis despite economic headwinds. Uneven inventory is more apparent, varying across brands and segments that will test manufacturers’ discipline. For example, inventory for Stellantis was at an 86-day supply at the end of August. We anticipate downtime at select plants throughout the remainder of the year resulting in the 2026 outlook being reduced by around 41,000 units. Conversely, while Toyota continues to maintain a conservative inventory profile, a reduction in the production outlook for the company in 2027 is primarily due to the delay of the all-new Highlander EV along with reduced demand expectations for the BEV. Additionally, production of the current ICE-powered Highlander is winding down with output ending in May 2027, seven months earlier than previously expected. The outlook for 2027 was reduced by 0.5% totaling 15.17 million units while 2028 was cut by 0.5% totaling 15.42 million units. Despite these downward revisions, the primary factor was delayed vehicle launches in the region, such as localization of the Hyundai Palisade to the US from South Korea being deferred a year to late 2028.

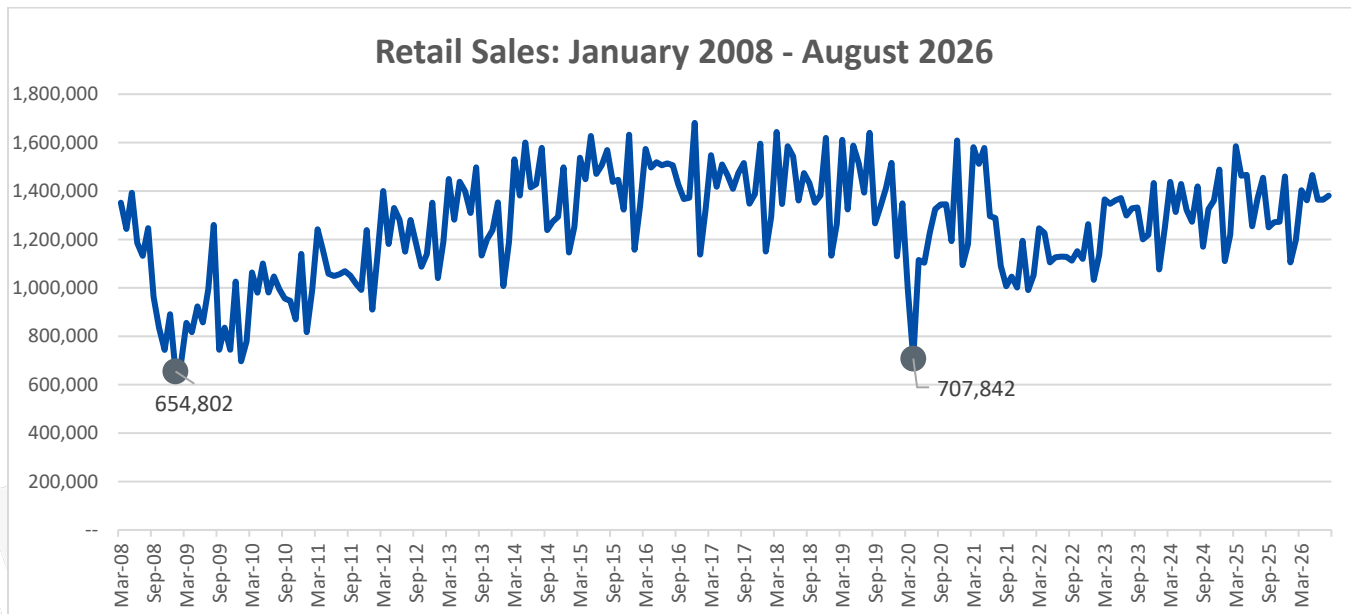
## Market Meter

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### U.S. Light Vehicle Sales (Updated 9/4)

#### **Monthly Sales (Updated 9/4)**

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 9/4)**

**Omdia<sup>7</sup>:** “US light-vehicle sales in August 2026 fell 5.8% year over year (YoY), but gained momentum from July and even beat the midmonth estimate of 1.377 million units.

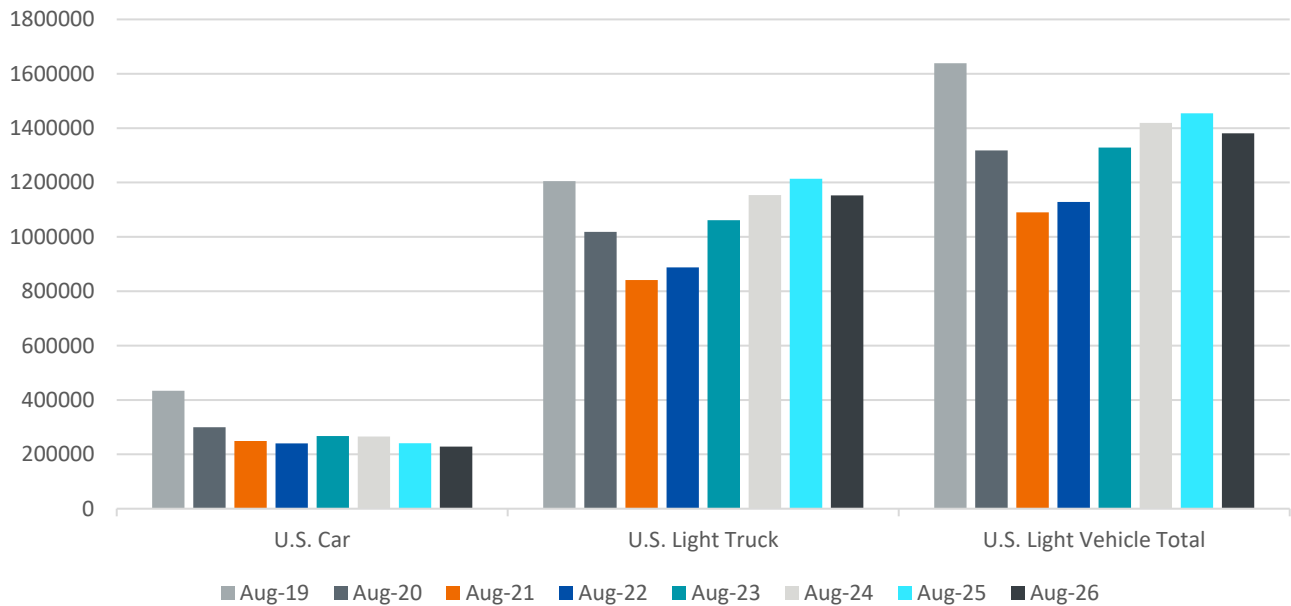
“August’s seasonally adjusted annualized rate (SAAR) of 16.8 million units was well above last year’s 16.5 million and last month’s 16.3 million. Raw volume for August totaled 1.381 million units, 1.2% higher than July’s 1.364 million. The daily selling rate (DSR) averaged 53,144 over 26 selling days, down 2.2% from August 2025’s 54,300, across 27 selling days.

“This month’s 5.8% YoY decline needs some context. In 2025, the federal EV incentives were about to expire in Sept, creating an artificial buying surge in Aug—a pull-ahead effect.

“August 2025 had over 2,300 more plug-in electric vehicles (PEVs, including battery-electric and plug-in hybrids) sold per day than the historical baseline. While roughly 1,400 of those daily units reflected organic market growth, the remaining 900 units were from the pull-ahead effect. Moreover, when the incentives vanished, the PEV market cratered by nearly 50% in the first month. Yet August 2026’s daily selling rate of 53,106 units fell short of 2025’s 54,300 by only 1,195 units — nearly compensating for both the pull-ahead disadvantage and lost EV volume, and without the benefit of the start of the Labor Day weekend. So, after removing the distortions, there is strength in the market.”

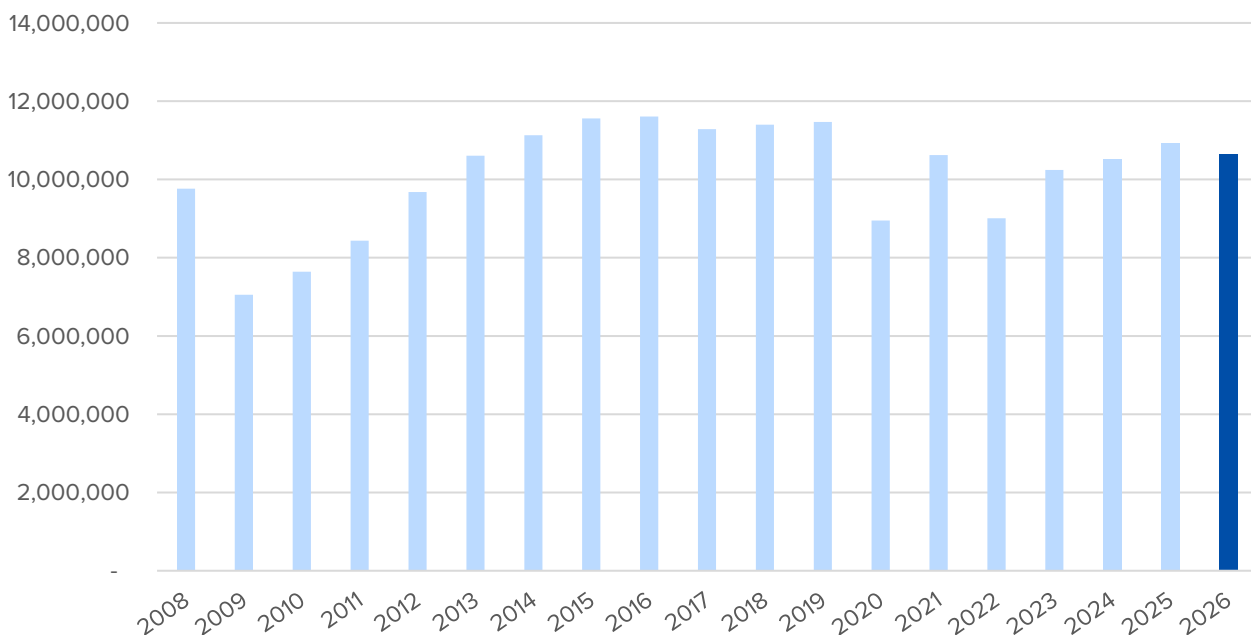


### U.S. Light Vehicle Sales for the Month: 2019 - 2026



Calendar year-to-date sales through July totaled 10.6 million units, down 2.6 percent from 2025's 10.9 million.

### YTD Sales (July) 2008 - 2026

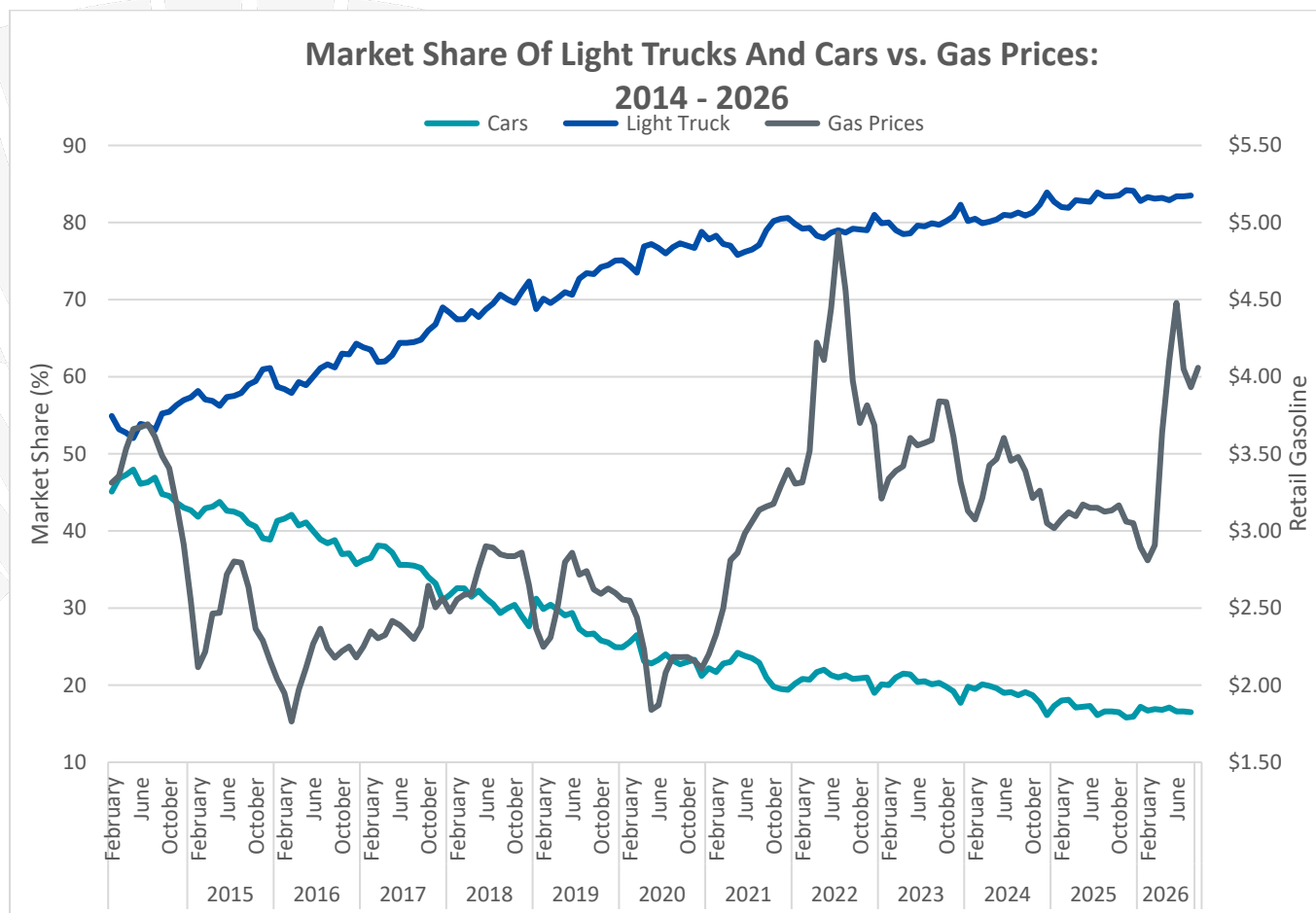




## Segments vs. Gas Prices (Updated 9/4)

**Monthly Sales:** Light trucks accounted for 83.5 percent of sales in August, up 0.1 percentage points from the market share a year ago. Compared to the same period in 2025, sales of cars are down about 12,400 units, and down about 205,000 from August 2019, when cars comprised 26 percent of the market as opposed to the 16.5 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>8</sup> and gas was over \$3.00.<sup>9</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 \$2.85 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.<sup>10</sup>

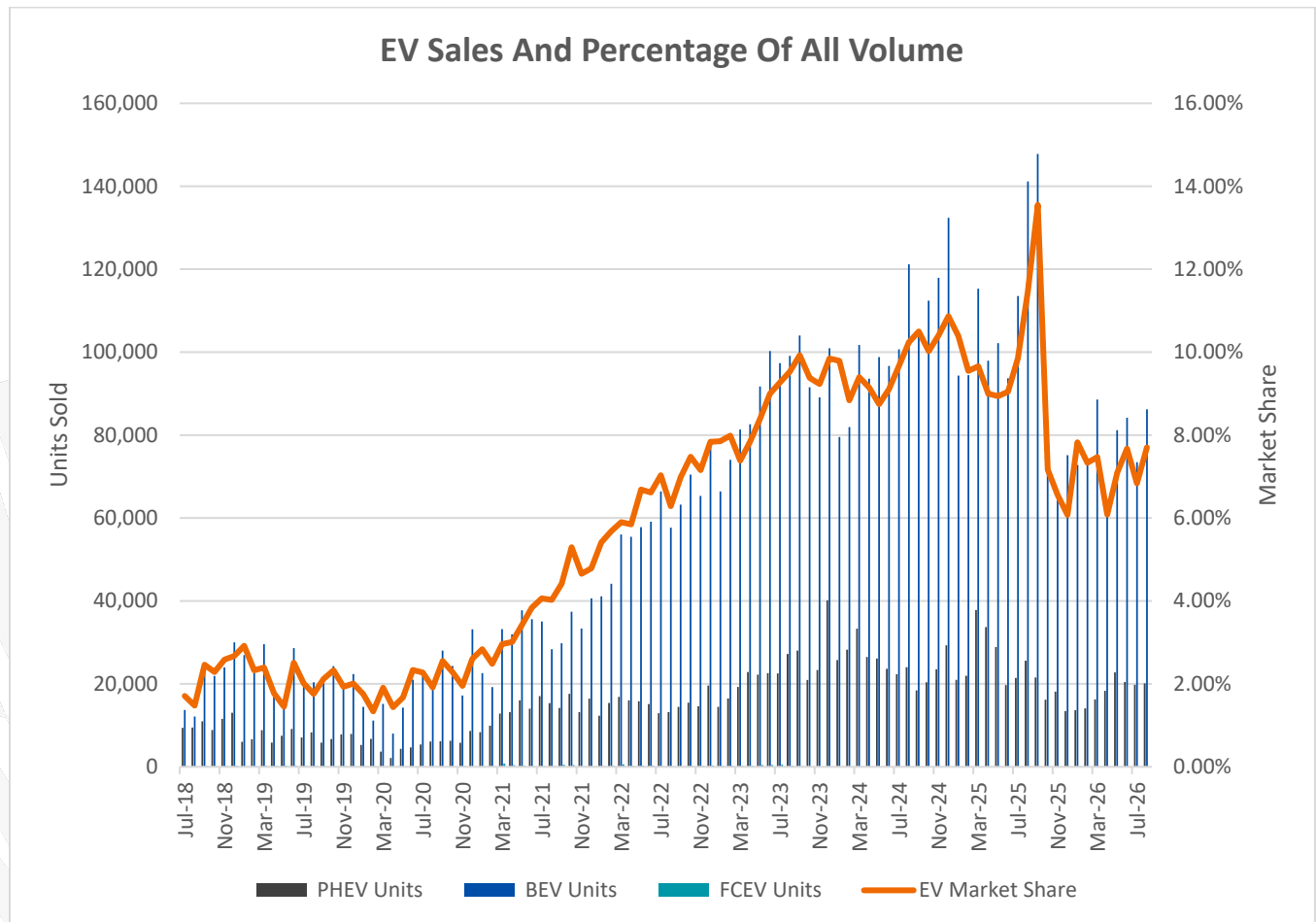


## EV Powertrain Sales (Updated 9/4)

Sales of electric vehicles (BEV, PHEV, & Fuel Cell) accounted for 7.7 percent of total vehicle sales in August 2026 (106,325) per Omdia estimates. Market share increased 0.9 percentage points (pp) from July 2026's 6.8 percent. August's EV market share is down 3.8 pp from a year ago. Sales of battery electric vehicles

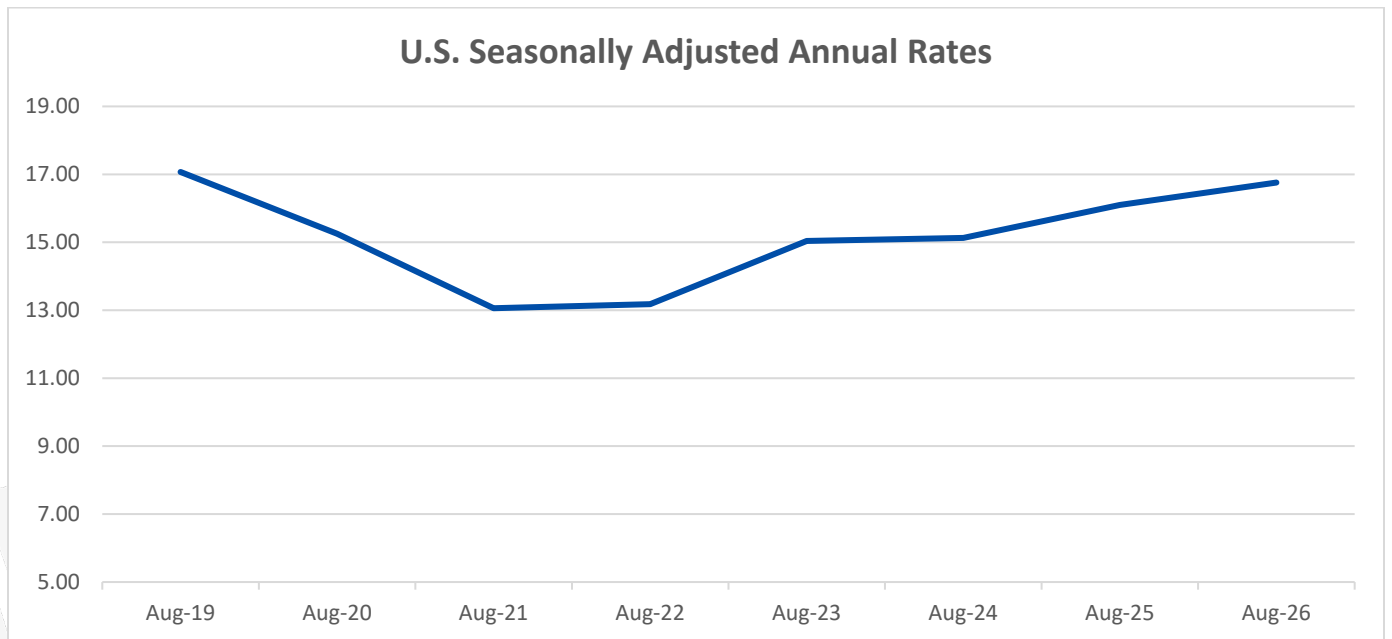


accounted for 6.2 percent of total sales, down 3.5 pp from August 2025. Plug-in hybrids accounted for 1.5 percent, down 0.3 pp from the same time last year. Hybrid market share was 15.7 percent.



## Seasonally Adjusted Annual Rates (Updated 9/4)

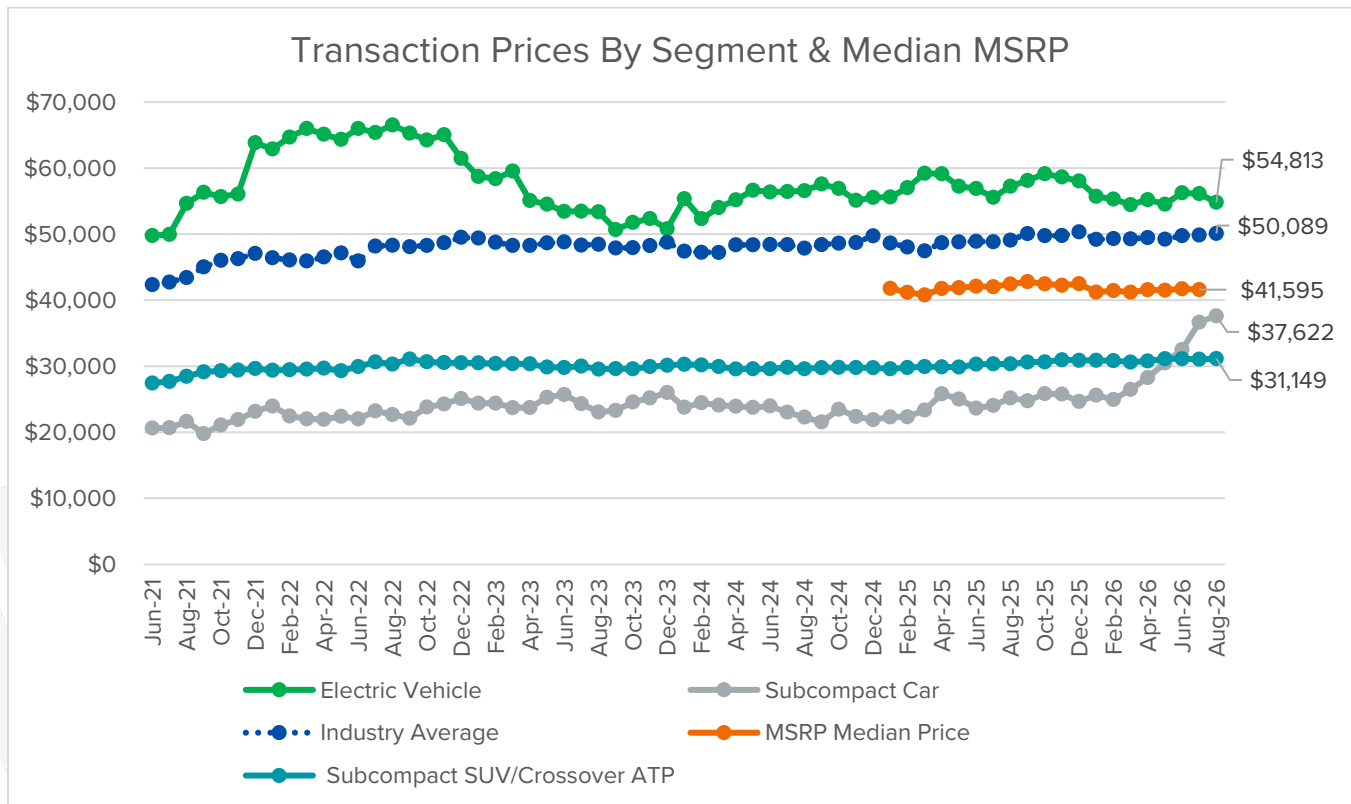
**Omdia<sup>11</sup>:** “August’s seasonally adjusted annualized rate (SAAR) of 16.8 million units was well above last year’s 16.5 million and last month’s 16.3 million. Raw volume for August totaled 1.381 million units, 1.2% higher than July’s 1.364 million. The daily selling rate (DSR) averaged 53,144 over 26 selling days, down 2.2% from August 2025’s 54,300, across 27 selling days.”



## Average Transaction Price (Updated 9/28)

**Median MSRP (July) (9/28): The Median MSRP In July 2026 Was \$41,595, More than \$8,200 Below the KBB Reported Average Transaction Price in July of \$49,855.**

- Median MSRP decreased month-over-month by less than 1 percent (\$120). Year-over-year, median MSRP was down 1 percent (\$440).



**Kelley Blue Book (August) (9/28)<sup>12</sup>:** “The average transaction price (ATP) for a new vehicle in the U.S moved back above \$50,000 in August, according to analysis by Kelley Blue Book. Transaction prices continued to be influenced by a richer mix of Midsize SUV sales and price increases across two of the most-popular, most-affordable segments: Subcompact SUVs and Compact Cars.

“August marked the first month in 2026 that the industry ATP surpassed \$50,000. New-vehicle prices typically increase as the calendar year progresses, particularly during the second half as next-model-year vehicles begin arriving at dealerships. New-vehicle prices peaked in December 2025, when ATPs hit \$50,612.

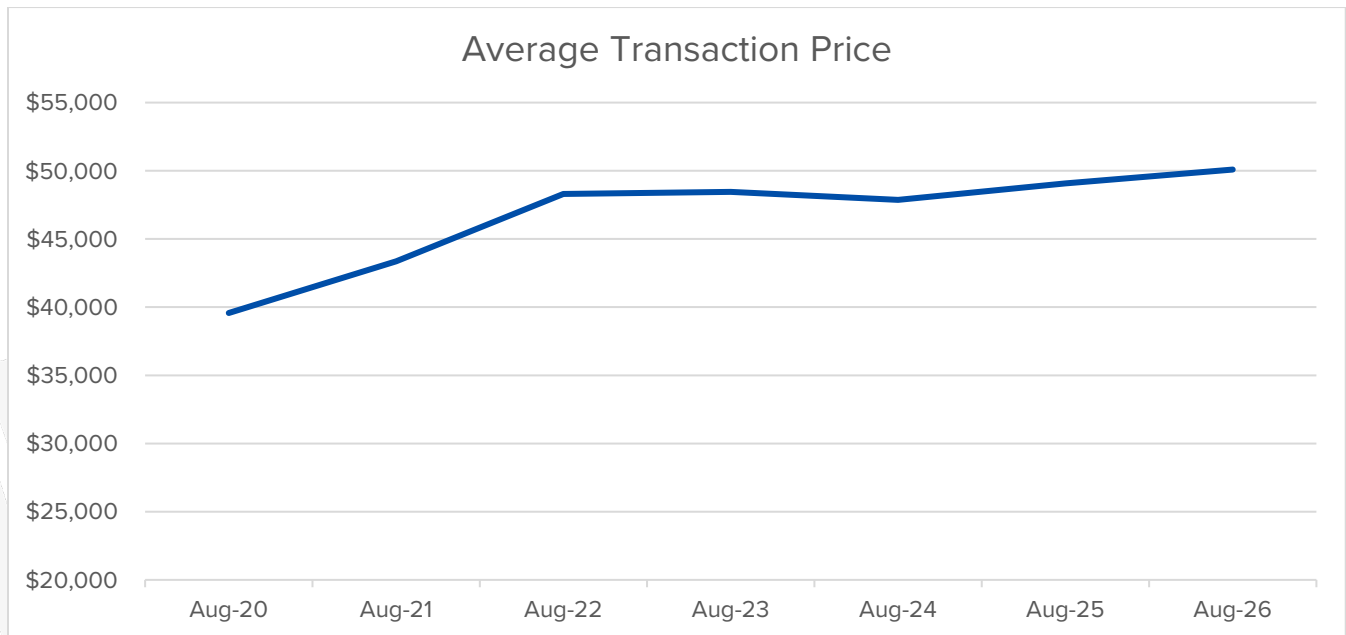
“Industry ATP: The Kelley Blue Book new-vehicle ATP increased to \$50,089 in August, up 0.5% from July, and 1.9% higher than August 2025. Prices increased across each of the five highest-volume vehicle segments, and the most affordable segments increased more than average, pushing the industry-wide ATP higher.

“Incentive spending averaged 6.5% of ATP in August, down from 6.6% in July and 7.2% in August 2025. Lower incentive spending accompanied higher MSRPs in August, indicating that retail pricing support remained more restrained than it was a year earlier. In the Q3 Cox Automotive Dealer Sentiment Index, auto dealers reported feeling less pressure to lower prices as new-vehicle inventory levels remain at manageable levels.

“The average transaction price for a new electric vehicle was \$54,813 in August, 1.2% lower month over month and down 2.7% year over year. The premium paid for the average EV in August was 9.4%, down from more than 16% in August 2025, suggesting EV pricing continues to move toward parity with ICE+ pricing.



“EV incentive spending averaged 12% of ATP in August, down from 12.2% in July and 14.6% one year earlier. Despite declining incentive support, EV incentives remained substantially higher than the overall industry average of 6.5% in August.”



**Cox Automotive Used Vehicle Prices (9/28)<sup>13</sup>:** “The average used-vehicle listing price was \$27,239 in August, up 7% from a year earlier and up 0.9% from the revised \$26,999 recorded in July. August marked the highest monthly average listing price since December 2022 and the second month of 2026 above \$27,000, following June’s revised \$27,010, with the revised July figure finishing just below that threshold. The increase ran counter to the usual pattern for the month, as August listing prices have typically held flat or eased from July.”

**Cox Automotive Used EV Prices (9/28)<sup>14</sup>:** “Used EV prices eased modestly in August, but values remained well above year-ago levels, indicating that growing supply continues to be met with healthy consumer demand. The average listing price for a used EV was \$37,441 in August, down 1% month over month but 8.2% higher year over year. The used EV premium over ICE+ vehicles narrowed to 7.8%, as lower-priced brands and models captured a larger share of market activity.”

**J.D. Power (Updated 9/28)<sup>15</sup>:** “Regarding affordability, the cost of financing a new vehicle has eased again, but it may come under pressure in the coming months due to recent policy changes. The average interest rate on new-vehicle loans is expected to fall 4 basis points to 6.66%, the lowest September reading since 2022. However, the lower cost of financing in September is not enough to offset the structural affordability pressures facing buyers. The average transaction price of a new vehicle has increased to \$45,915, up 0.7% from a year ago, while average monthly finance payments have climbed 3.2% to \$821, the highest ever for the month of September.

“Manufacturers are leaning harder into discounts to keep buyers in the market. Average incentive spending per vehicle is trending towards \$3,574, a 7.3% increase from a year ago. Incentives as a percentage of MSRP are expected to hit 6.9% in September, up 0.4 percentage points from September 2025.

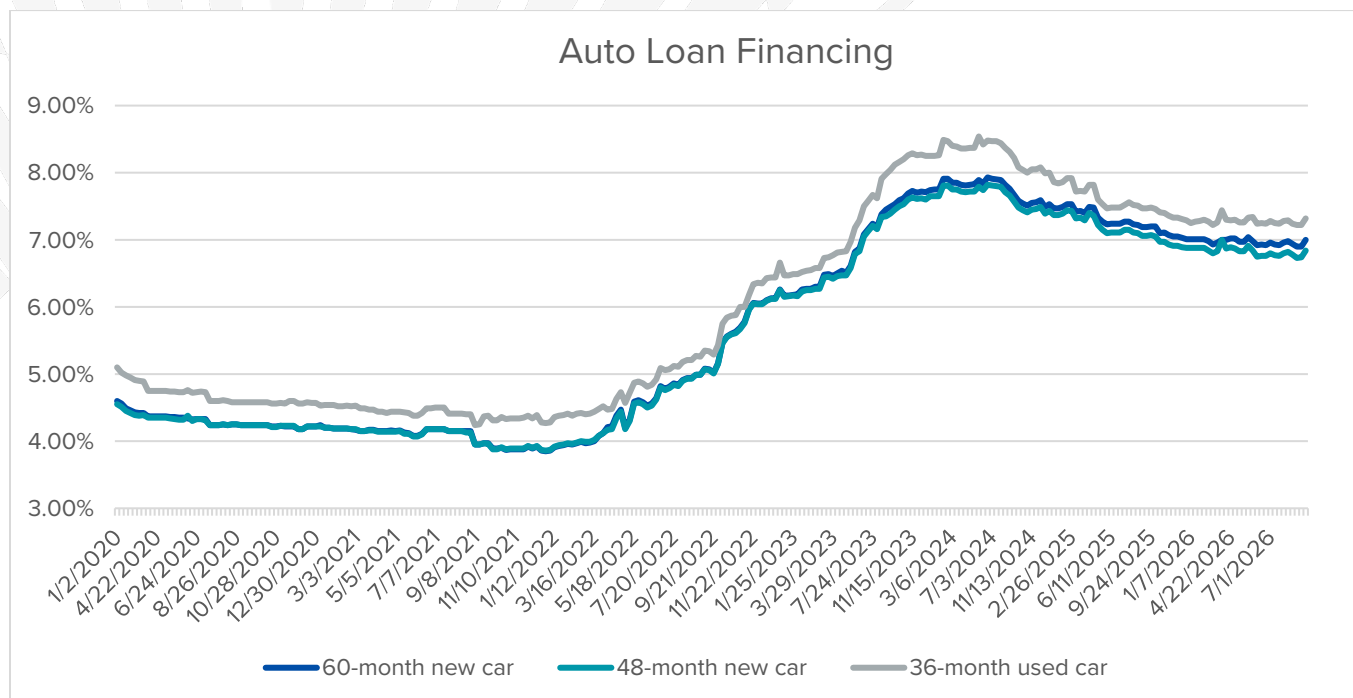


“The divergence in manufacturer incentive strategies by powertrain continues to be evident in September. Incentive spending on traditional internal combustion engine and hybrid vehicles is expected to increase \$797 per unit year over year, up 31.6% to \$3,319 in September 2026. Meanwhile, EV incentives moved in the opposite direction, with a forecasted decline of \$2,450 per unit or 21.7% to \$8,829, contributing to the 6.5 percentage point decline in EV share of new-vehicle sales compared to last year.”

## Auto Loan Financing (Updated 9/28)

**Interest Rates Rise to 7 Percent (updated 9/28):** Interest rates increased slightly over the last two weeks, rising 0.10 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 7.00 percent. Rates for the 48-month new loan and 36-month used car loan are 6.84% and 7.23%, respectively. Since the beginning of 2020, 60-month rates are up 2.4 pp, and are down 0.20 pp since the same time a year ago.<sup>16</sup>

| Dates               | 60-month new car | 48-month new car | 36-month used car |
|---------------------|------------------|------------------|-------------------|
| 1/2/2020            | 4.60%            | 4.55%            | 5.10%             |
| 9/24/2025           | 7.20%            | 7.07%            | 7.48%             |
| 9/9/2026            | 6.90%            | 6.74%            | 7.22%             |
| 9/23/2025           | 7.00%            | 6.84%            | 7.32%             |
| Two Week Change     | 0.10%            | 0.10%            | 0.10%             |
| Change since 1/3/20 | 2.40%            | 2.29%            | 2.22%             |
| One Year Change     | -0.20%           | -0.23%           | -0.16%            |

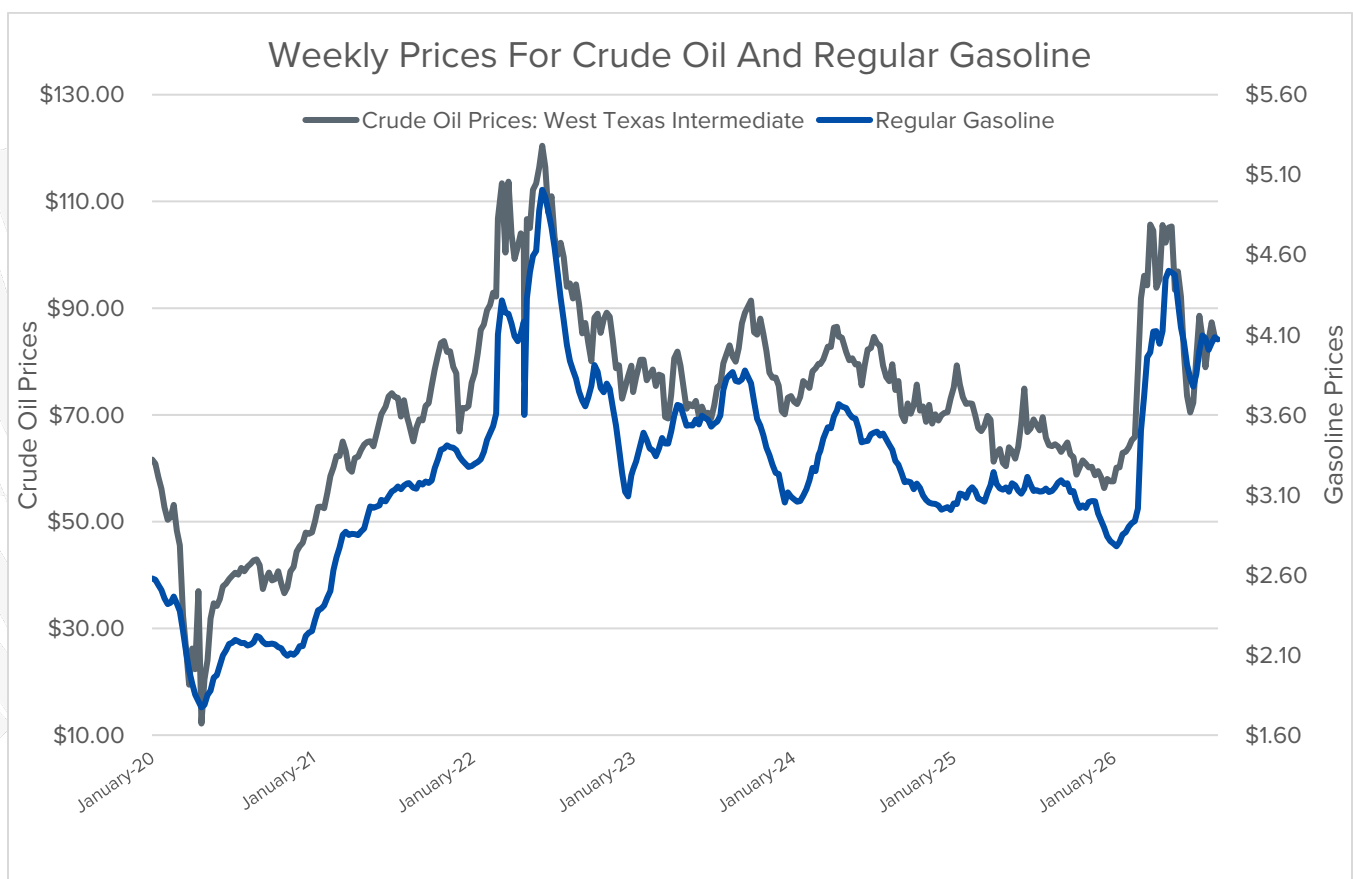


**JD Power (9/28)<sup>17</sup>:** “The average interest rate on new-vehicle loans is expected to fall 4 basis points to 6.66%, the lowest September reading since 2022.”



## Crude Oil and Gas Prices (Updated 9/4)

**Gas and Oil Prices Remain Turbulent (9/4):**<sup>18</sup> Oil prices, as benchmarked at West Texas Intermediate were \$84 in mid August, up \$20 from the same time a year ago and down more than \$21 after peaking at \$106 amid the Iran conflict in late March 2026. Since election day 2024, oil prices are up \$16 a barrel. Gas is now \$4.08. Gas is 58 percent higher than the beginning of 2020.



**EIA Outlook For Gasoline (7/27)**<sup>19</sup>: “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):**<sup>20</sup> “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

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### North American Production (Updated 9/28)

**Omdia**<sup>21</sup>: “North American production of light vehicles and medium- and heavy-duty trucks finished at 1.367 million units in August, 3.23% below the 1.413 million units produced during the same period last year. While this actual output fell short of last month’s forecast of 1.393 million units, it represents a 9.7% month-over-month increase from July’s 1.246 million units. Excluding medium- and heavy-duty trucks, August light-vehicle output totaled 1.331 million units, a 3.8% year-over-year (YoY) decline.

### U.S. Light Vehicle Production (Updated 9/28)

#### **U.S. Monthly Production**

U.S. Light vehicle production for August was up 13.2 percent month-over-month, totaling 905,646 vehicles (99,594 cars; 806,052 light trucks), year-over-year, production is down 2.8 percent from 2025.<sup>22</sup>

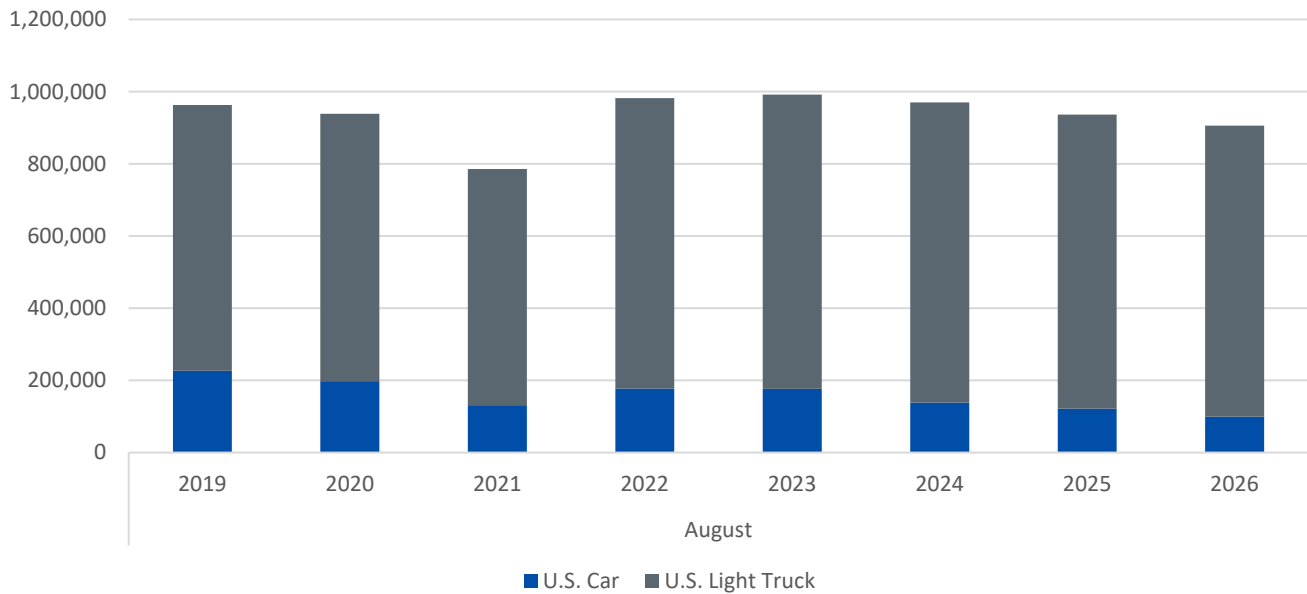


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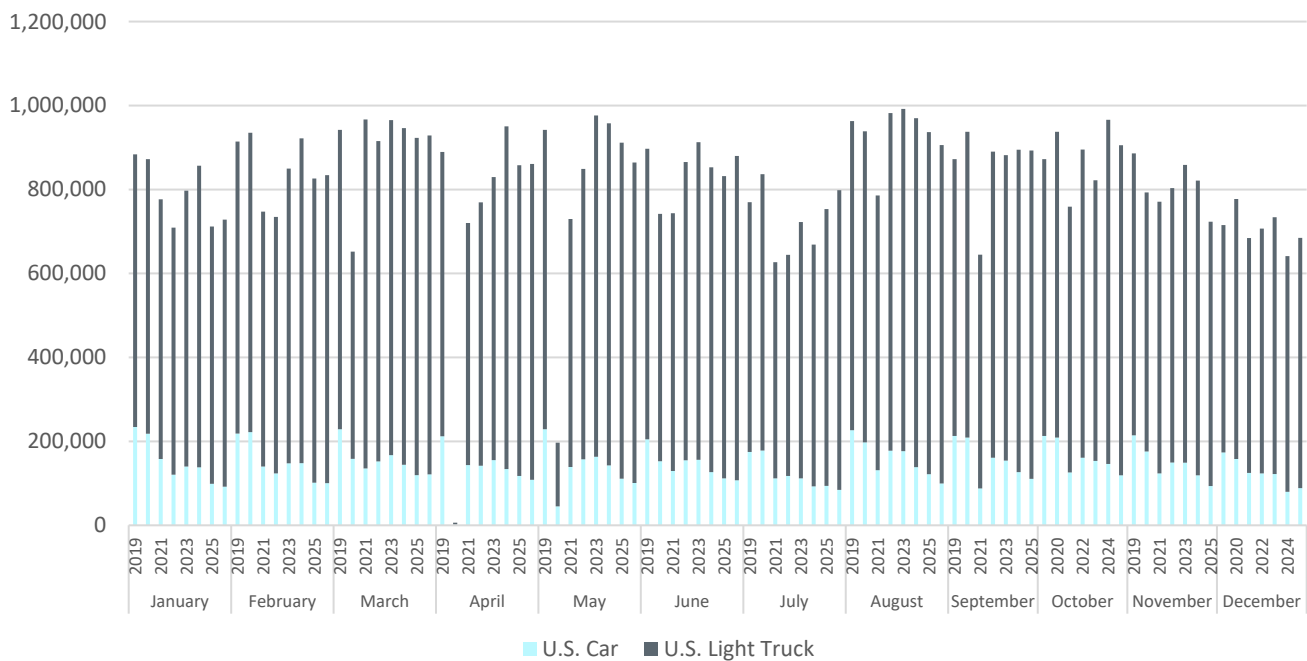
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U.S. Light Vehicle Production By Segment For The Month, 2019 - 2026



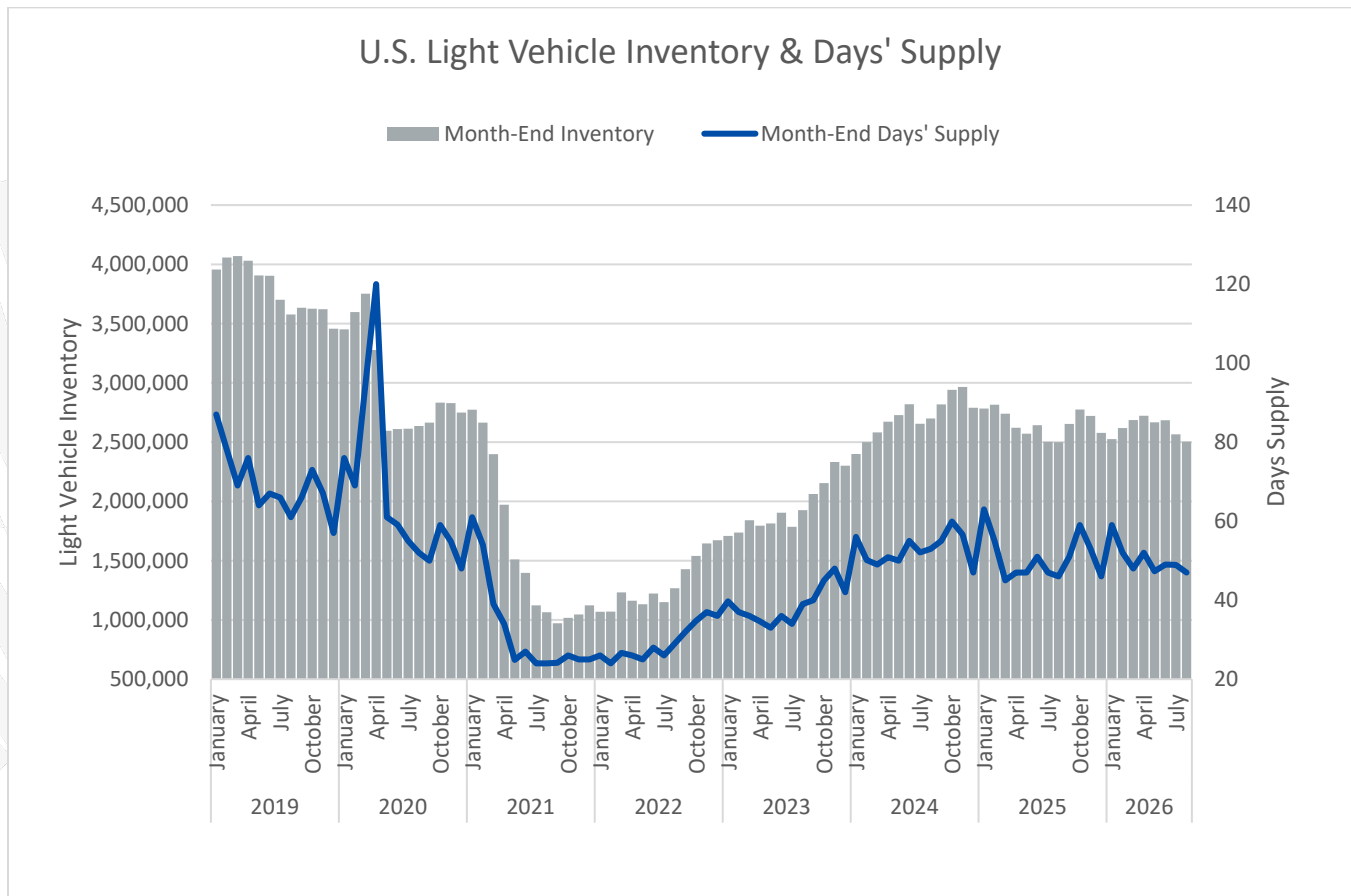
U.S. Light Vehicle Production: Monthly 2019-2026





## U.S. Light Vehicle Inventory and Days' Supply (Updated 9/4)

**Omdia Inventory Update (9/4)<sup>23</sup>:** “Inventories rose for the fifth consecutive month in August, though stocks were only up 0.1% YoY to 2.504 million units. Days' supply climbed to 47, slightly higher than last year's 46 days. But days' supply was down month over month, as inventory typically declines from July to August due to normally scheduled shutdowns and employee summer vacations at North American plants. The faster pace of August's sales likely helped deplete dealer stocks from July. The lower inventory heading into September and the Labor Day weekend will keep prices high this month.”



## Global Meter

### Global Light Vehicle Sales (Updated 9/4)

**Omdia<sup>24</sup>:** “Global sales of light vehicles and medium- and heavy-duty trucks increased year-over-year (YoY) for the fifth consecutive month in July, rising 3.3% to 8.353 million units. Month-over-month (MoM), July sales fell 6.2% from June's 8.905 million units.



“All major regions recorded YoY growth in July, except North America, which fell 1.0%. The Asia-Pacific region added 208,000 units (+5.2% YoY), while Europe ticked up by just 0.7% YoY—adding an additional 10,000 units versus a year ago but losing 340,000 units since last month. South America posted a 6.2% YoY increase, representing an additional 24,000 units.

“Calendar year-to-date (YTD) sales in North America fell 1.7% from the same period last year. Strong momentum in Mexico was offset by declines in Canada and the U.S. The Mexican market grew 5.8% YTD on a YoY basis while the US and Canada shrank by 2.4% and 1.7%, respectively. Looking at July, US sales fell 1.6% YoY, ending a short-lived growth streak. Mexico’s market grew by 3.1% in July—marking its eighth straight month of gains—while Canada posted its second consecutive month of gains with 0.9% growth.

“In China, July sales fell 7.7% MoM to 2.634 million units and declined 0.3% YoY, leaving YTD sales down 3.8% for the second month in a row. July marked the eighth straight month of YoY declines and China’s YTD global market share slipped to 31.5%, losing 1.2 percentage points since last year and 0.5 ppts from last month.

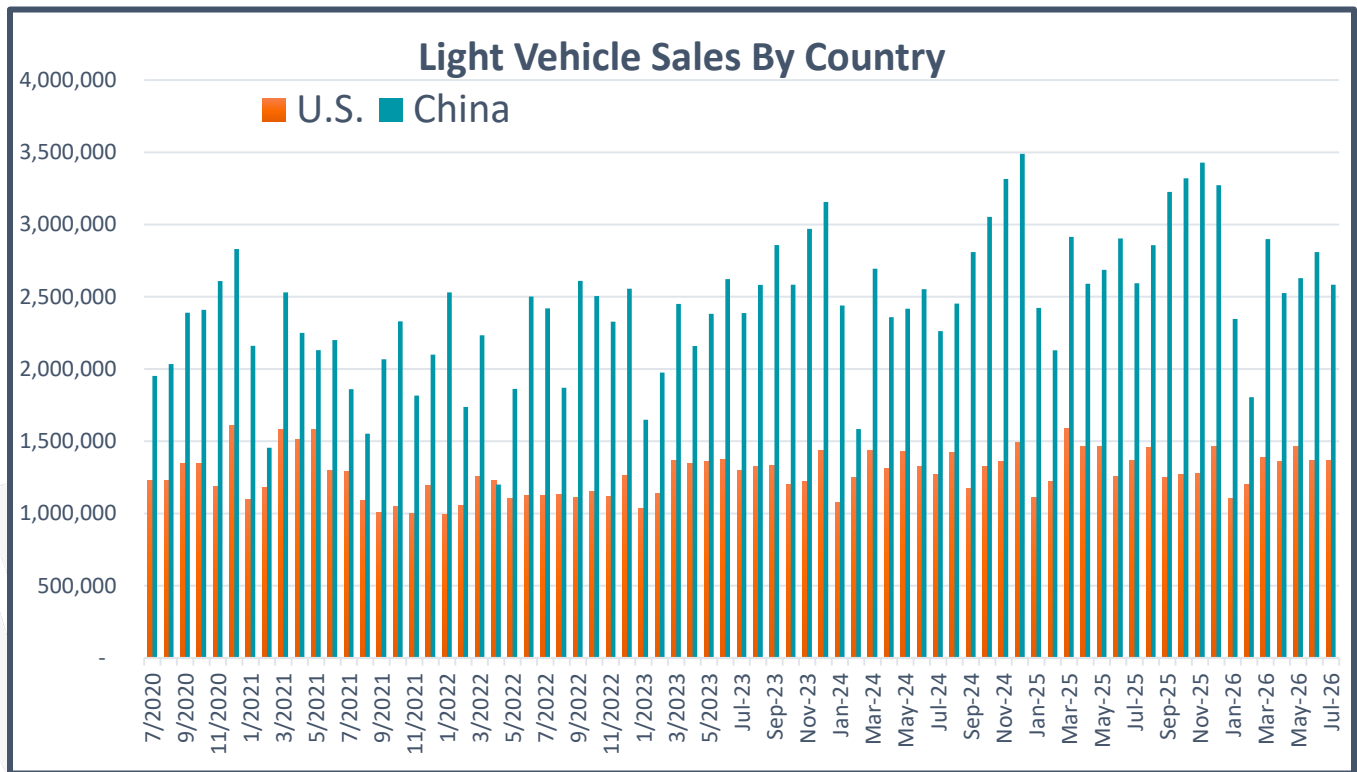
“July is traditionally a slow season for China’s vehicle market, and this year the seasonal effect was amplified by high temperatures and typhoons. Those factors reduced showroom traffic and weighed on deliveries, while natural demand recovery remained weak after the sales push at the end of the first half.

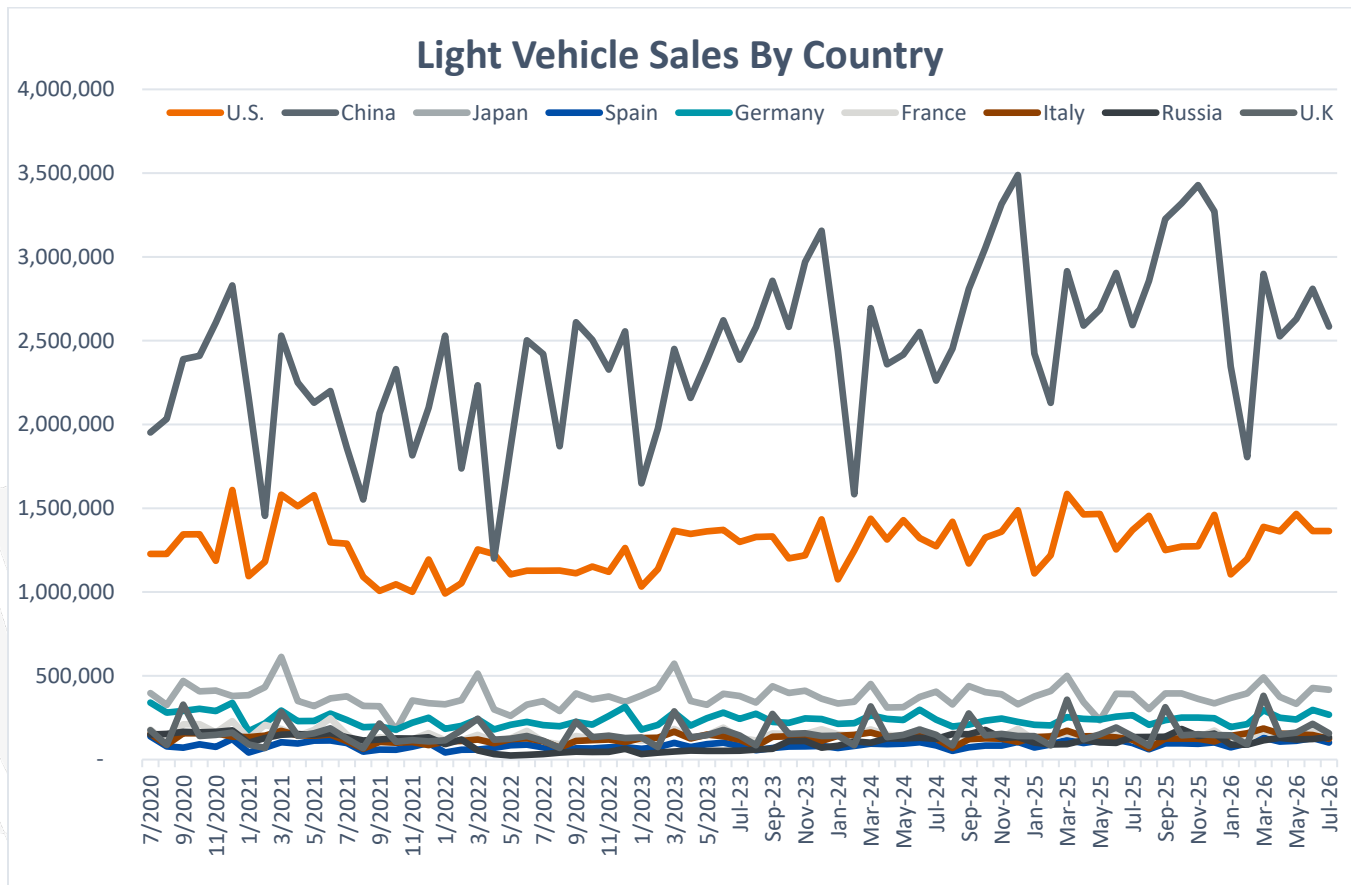
“Policy support also had an uneven impact across the market. In 2026, trade-in subsidies for passenger vehicles had been less forceful than those for commercial vehicles, helping electrified commercial vehicles perform better. By contrast, electrified passenger vehicles faced greater pressure in July, showing that household demand remains sensitive to incentives, prices and broader consumer confidence.

“The July results point to a market still dependent on policy and pricing support. Electrification remains the long-term direction in China, but near-term passenger-vehicle demand is fragile. Without stronger and more durable follow-on measures, automakers will continue relying on promotions, new-product launches and price competition to protect volume, putting further pressure on margins.”

“Global sales from January through July totaled 57.002 million units, up 2.0% from 55.910 million units in the same period in 2025. Excluding medium- and heavy-duty trucks, light-vehicle sales rose 3.1% YoY to total 8.042 million units in July. This brought YTD light-vehicle sales to 54.743 million units, a 1.6% increase compared to last year’s 53.893 million units.

“Looking ahead, Omdia partner GlobalData expects August light-vehicle sales to drop 5.1% YoY to 6.9 million units. This would bring the annualized rate down 5.3% YoY to 91.5 million units. Slowing domestic demand in China continues to drag down global numbers, while looming economic and trade challenges look to weigh on performance for the rest of the year. Despite these pressures, the full-year 2026 global light-vehicle forecast holds steady at 89.7 million units—flat from last month’s estimate but 2.9% below the 2025 total.”





## Global Light Vehicle Production (Updated 9/28)

**Mobility Global (formerly S&P Global Mobility) Forecast (9/28)<sup>25</sup>:** “T The global auto industry continues to navigate the lingering effects of the Iran conflict while also balancing resilient vehicle sales in some markets offset by material demand weakness in China. The situation in the Middle East remains highly uncertain as higher oil prices contribute to inflation pressures and possible macro contagion. Notwithstanding the situation in Iran, the deteriorating outlook for China light vehicle demand is proving to be the most impactful influence on the sales and production forecast in the near-term. Even so, while Chinese vehicle sales remain under significant pressure, the negative impacts to production are at least partially mitigated by a very strong 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 September forecast update reflects a mix of mostly modest upward revisions in the near-term offset somewhat by reductions for Greater China to reflect the aforementioned persistent domestic demand weakness. The more noteworthy regional adjustments with the latest forecast update are detailed below:

**“Europe:** The outlook for Europe light vehicle production was increased by 97,000 units for 2026 and reduced by 80,000 units for 2027 (and reduced by 126,000 units for 2028). European production continues to outperform in 2026 with the forecast upgrade attributed to stronger actualized results as well as positive demand dynamics, notwithstanding a sizeable portion of the domestic demand improvement supported by Chinese imports. For 2027 and 2028, the primarily factor taken into consideration is the ongoing pressure



from Chinese imports. The downward production revisions primarily affect mainstream brands, particularly ICE-based passenger cars in the compact and sub-compact segments. While overall European production for 2026 continues to be seen as flattish, we expect 2027 to retreat by 2% before a marginal recovery in 2028, supported by localization of Chinese OEMs that is expected to start offsetting some of their more import focused EU market share gains by that time.

**“Greater China:** The outlook for Greater China light vehicle production was reduced by 289,000 units and by 171,000 units for 2026 and 2027, respectively (and reduced by 212,000 units for 2028). Mainland China’s automotive market continues to present mixed signals of a clear pattern of weak domestic demand but strong export activity. The CPCA reported that passenger vehicle production and wholesales reached 2.36 million and 2.38 million units, respectively, in August, down 5.2% and 5.5% year-on-year but up 5.5% and 5.1% month-on-month. CPCA data showed a sharper divergence between wholesale and retail performance: passenger vehicle retail sales reached 1.55 million units, down 23.7% year-on-year but up 5.5% month-on-month. The gap of nearly 1 million units suggests that automakers continued to rely heavily on exports to stabilize production, while domestic end-market demand remained cautious, especially for ICE vehicles and joint-venture offerings. As China’s vehicle exports continued to expand rapidly, automakers face a more complex external environment, including overseas anti-subsidy investigations, tariff uncertainty, local-content requirements and stricter market entry rules. Near-term forecast revisions reflect persistent structural headwinds including domestic destocking, overseas localization, regulatory tightening and potential supply-chain constraints.

**“Japan/Korea:** The short-term production outlook for Japan was upgraded by 199,000 units and by 300,000 units for 2026 and 2027, respectively, relative to last month’s forecast reflecting ongoing resilience. Looking back at the last several months since the start of the Iran conflict, the Japan market has maintained solid momentum. This is driven by two main factors: first, stable domestic demand supported by expansionary fiscal stimulus, such as the removal of the provisional gas tax and the environmental performance levy; second, robust FHEV exports to North America and Europe, where environmental regulations are shifting to a more pragmatic approach. The long-term forecast was downgraded, primarily driven by Chinese deflationary pressure stemming from mainland exports and increasing localization in global markets. Furthermore, Japanese OEMs continue to lag in developing affordable BEVs. Regarding South Korea, strikes during wage negotiations at Hyundai Motor in July and August resulted in production loss of approximately 60,000 vehicles. However, the company is expected to make up for the shortfall during the remainder of the year, resulting in no significant change to total production volume for 2026. Meanwhile, despite US tariffs and oil price volatility stemming from the ongoing conflict in the Middle East, exports to North America remain steady. Reflecting this trend, production volumes for 2027 and 2028 have been increased by 35,000 and 22,000 units, respectively.

**“Middle East/Africa:** The outlook for Middle East/Africa light vehicle production was increased by 29,000 units and by 18,000 units for 2026 and 2027, respectively (and reduced by 20,000 units for 2028). Output revisions for Middle East/Africa in the extreme near-term are driven primarily by stronger production in Iran resulting from improved industrial activity and domestic demand. Of note, production volumes for the country in the longer term have been reduced by around 50,000 units per year, reflecting the anticipated long-term economic impact of the ongoing military conflict in the Middle East. For the other countries in the region, vehicle volume projections have been upgraded in both our demand and production forecasts. These revisions primarily reflect the increasing presence and market expansion of Chinese OEMs across Africa.

**“North America:** The outlook for North America light vehicle production was reduced by 54,000 units and by 72,000 units for 2026 and 2027, respectively (and reduced by 84,000 units for 2028). Vehicle demand in the US continues to defy expectations with sales in August totaling 1.39 million units, translating to 16.76 million units sold on a seasonally adjusted annual rate (SAAR) basis despite economic headwinds. Uneven inventory



is more apparent, varying across brands and segments that will test manufacturers' discipline. For example, inventory for Stellantis was at an 86-day supply at the end of August. We anticipate downtime at select plants throughout the remainder of the year resulting in the 2026 outlook being reduced by around 41,000 units. Conversely, while Toyota continues to maintain a conservative inventory profile, a reduction in the production outlook for the company in 2027 is primarily due to the delay of the all-new Highlander EV along with reduced demand expectations for the BEV. Additionally, production of the current ICE-powered Highlander is winding down with output ending in May 2027, seven months earlier than previously expected. The outlook for 2027 was reduced by 0.5% totaling 15.17 million units while 2028 was cut by 0.5% totaling 15.42 million units. Despite these downward revisions, the primary factor was delayed vehicle launches in the region, such as localization of the Hyundai Palisade to the US from South Korea being deferred a year to late 2028.

**“South America:** The outlook for South America light vehicle production was increased by 3,000 units and by 11,000 units for 2026 and 2027, respectively (and increased by 151,000 units for 2028). In the near-term, for 2026, the South American light vehicle production forecast was only marginally upgraded as continued strength in Brazil sales and production was offset by ongoing weakness in Argentina. Regional volumes for 2027-2028 have moved up more markedly in the short term, +2.3% or 81,000 units on average each year. This aligns with the revised demand outlook for the region. However, the improvement was applied predominantly to Brazil, particularly given the increasing footprint of Chinese manufacturers with higher overall volumes and faster ramp-ups. On the other hand, Argentina was revised down given lingering weak overall performance and the absence of obvious moves from Chinese OEMs to localize production there. All of these evolutions match the revisions applied to the demand side.

**“South Asia:** The outlook for South Asia light vehicle production was increased by 164,000 units and by 219,000 units for 2026 and 2027, respectively (and increased by 145,000 units for 2028). ASEAN production declined 1.9% year-over-year in August while year-to-date remains up 3.5% across the market. Indonesia and Vietnam recorded both monthly and cumulative growth, while Malaysia maintained positive year-to-date expansion despite softer August output. ASEAN production is forecast to reach 3.87 million units in 2026 (representing a 90,000 unit increase relative to last month's forecast) significantly driven by Indonesia, Malaysia and Vietnam, offsetting contractions in Thailand, the Philippines and Singapore. The regional result, therefore, reflects growth concentrated in a few markets rather than a broad-based production recovery. Indian subcontinent production remains robust supported by the recent Goods and Services Tax (GST) cut in India and continued momentum from new launches in India and Pakistan. Many automakers are offering encouraging forecasts of double-digit growth for 2026. Further, passenger vehicle inventory is estimated at around 38-40 days, suggesting there is scope to build inventories toward 60 days. As a result, production volumes for India have been increased by 70,000 units and by 148,000 units for 2026 and 2027, respectively.”

## Economy Meter

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### Roadway Travel (Updated 9/28)

According to the U.S. Department of Transportation, seasonally-adjusted vehicle miles traveled in July increased by 0.05 percent from the same time a year ago. The cumulative travel estimate for 2026 is 1,941.4 billion vehicle miles.<sup>26</sup>

- Travel on all roads and streets changed by +0.2% (+0.6 billion vehicle miles) for July 2026 as compared with July 2025. Travel for the month is estimated to be 297.8 billion vehicle miles.



- The seasonally adjusted vehicle miles traveled for July 2026 is 278.1 billion miles, a +0.05% ( 0.1 billion vehicle miles) change over July 2025. It also represents a 0.04% change (0.1 billion vehicle miles) compared with June 2026.
- Cumulative Travel for 2026 changed by +0.7% (+13.6 billion vehicle miles). The cumulative estimate for the year is 1,941.4 billion vehicle miles of travel.

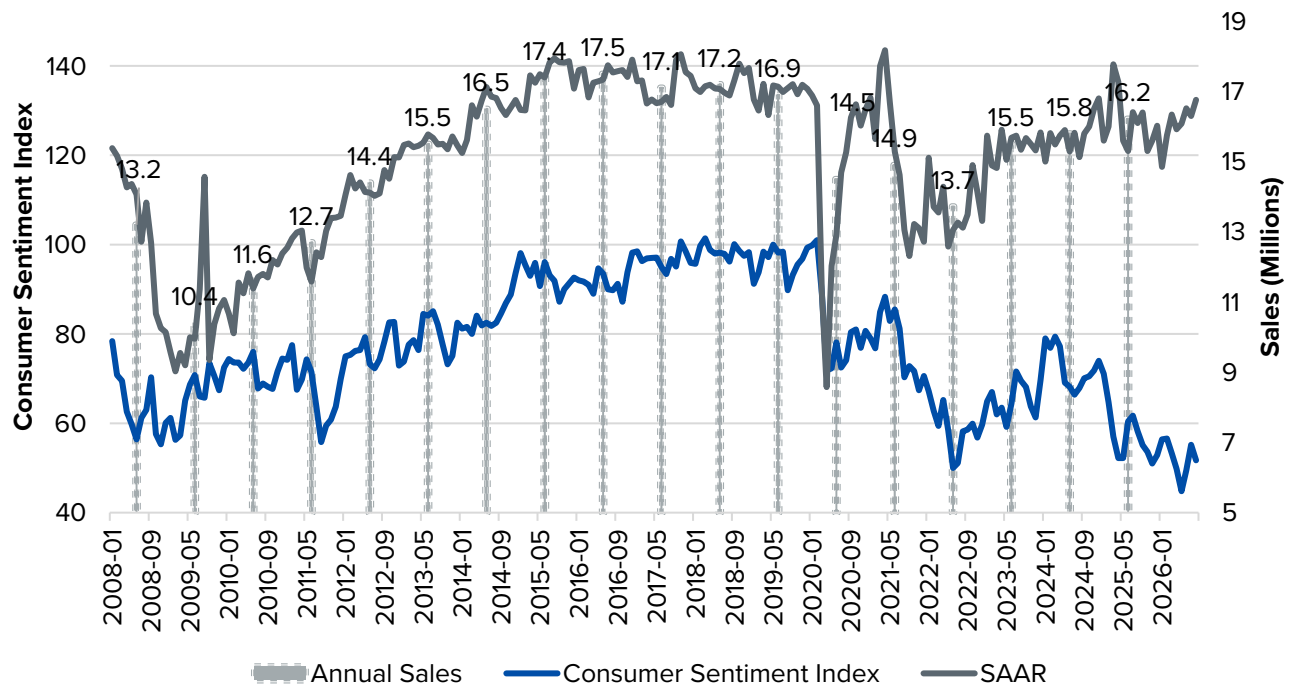
## Consumer Confidence and Sales (Updated 9/28)

**Surveys of Consumers Director Joanne Hsu<sup>27</sup>:** “Consumer sentiment ticked down less than four index points in September, reaching the lowest reading in four months and down 15% from January 2026. Views of current and year-ahead expected personal finances both weakened about 10% this month, with concerns over high prices continuing to climb. Buying conditions for durables improved a bit, in part due to a perception that completing such purchases now would help consumers avoid higher prices in the future. The short-run outlook for business conditions plunged amid renewed worries that elevated fuel prices and re-escalating trade disputes could pass through to the economy as a whole. Overall, interviews reveal broad agreement across the political spectrum that the outlook for the economy has weakened since the beginning of the year. After particularly large declines in sentiment this month, Republican sentiment is now 20% lower than January 2026; Democrats are down 13% over the same period.

“Year-ahead inflation expectations jumped from 4.0% last month to 4.6% this month, the highest reading since June. 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 ticked up to 3.4%, ending three consecutive months at 3.3%. These expectations remain higher than their 2024 range of 2.8% to 3.2%.”

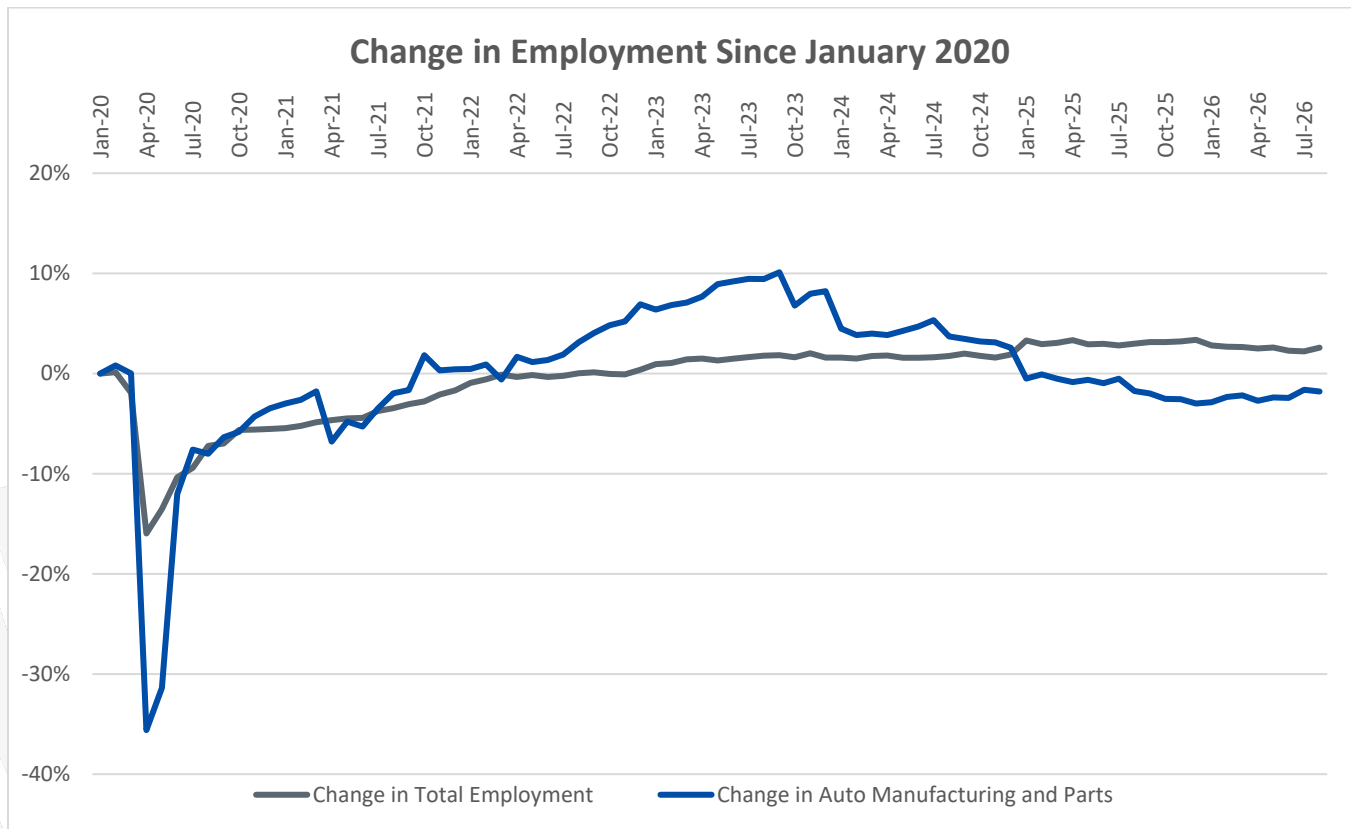


## Light Vehicle Sales And Consumer Sentiment Index: 2008 - August 2026



## Employment (Updated 9/4)

**Motor Vehicle And Parts Manufacturing Lost 4,500 Jobs in August.**



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