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



ALLIANCE FOR AUTOMOTIVE INNOVATION

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Contents – June 26, 2026

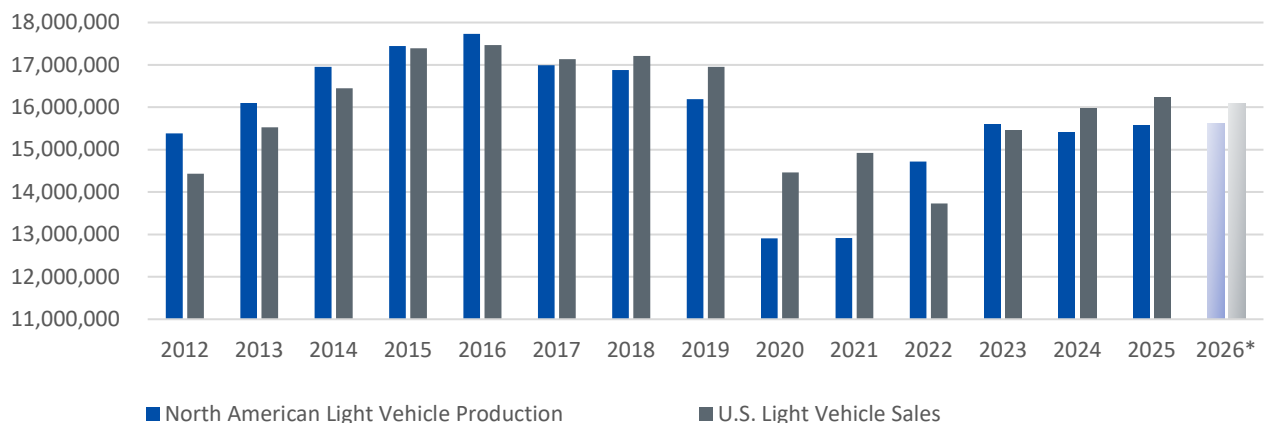
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Forecast Meter

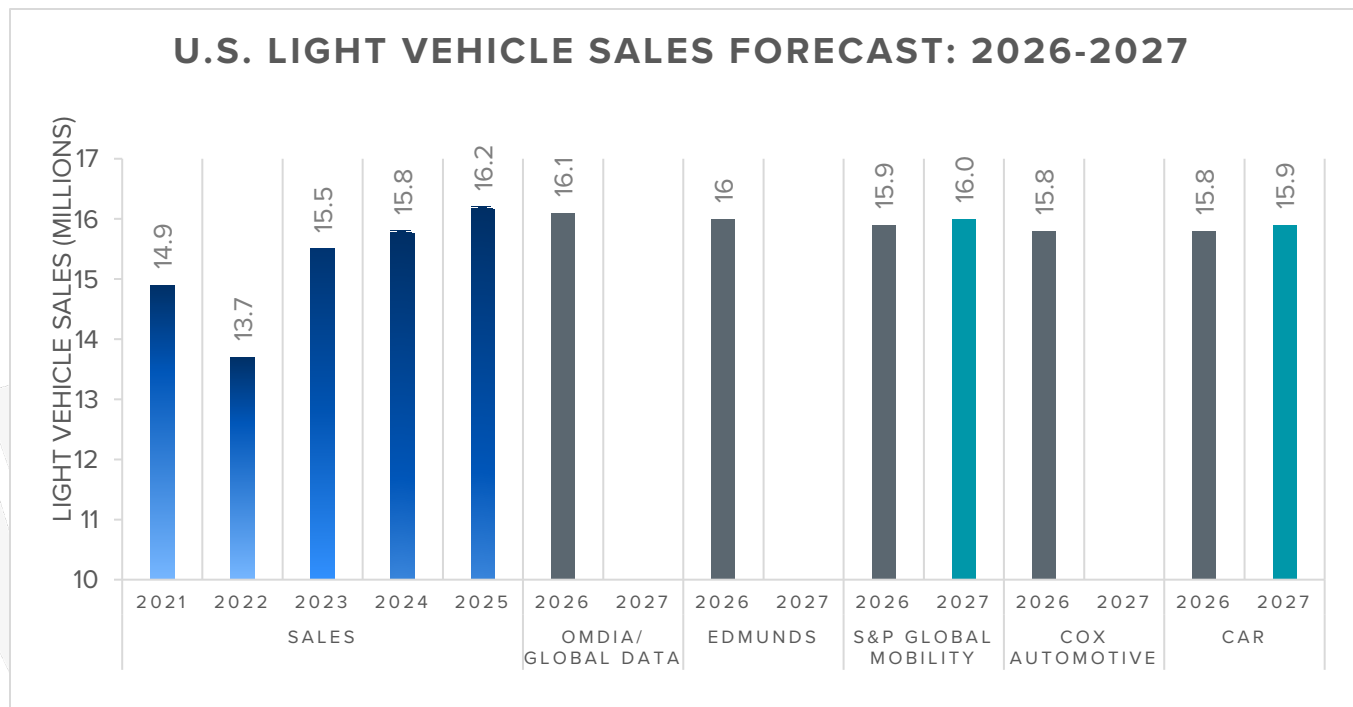
Sales & Production Summary and Forecast (Updated 6/26)

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)
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 6/26)



Omdia Outlook (6/26)⁴: “US light vehicle sales in June are on track to beat last year’s sales by 6.5%. Raw volume for the month is expected to total 1.356 million units over 25 selling days. June’s sales are down 7.5% from last month. However, when adjusted for selling days, this June—with 25 selling days—gains 2.3% over last June (which had 24 selling days), though this month is down 3.9% compared to last month on an adjusted basis.

“It was initially possible that last June lost some sales from the “pull-ahead” effect in March and April of last year, when consumers rushed to lock in prices before the start of the new tariffs. To test this, Omdia benchmarked June 2025’s daily selling rate (DSR) against a pre-tariff seasonal baseline built from 2019–24 (the trend plus June’s seasonal factor). June 2025’s actual DSR was 53,020, versus a baseline of 50,431. This indicates no evidence of sales loss last June, meaning Omdia’s June 2026 results did not beat an easy mark.

“The SAAR for total new light-vehicle sales is projected to reach 16.4 million units this month. That is well above the 15.8-million-unit SAAR from June a year ago and comfortably above the 16.1 million SAAR in the prior month.

“Looking forward to July and the start of 3Q, light vehicle sales are projected at 1.409 million units. If the forecast holds, it will yield a SAAR of 16.8 million units. SAAR in the second half of 2026 is estimated at 16.5 million units, and full-year SAAR is expected to end at 16.2 million units (less than 1% below 2025).

“However, this forecast remains heavily dependent upon a positive outcome to the USMCA trade negotiations between Canada, Mexico, and the US beginning in July. Higher tariff rates and a potential 50% minimum US content requirement aimed at Mexico are likely to raise prices and dampen future demand.”

North American Production & Inventory Outlook (Updated 6/26)

Omdia Production & Inventory Outlook (6/26)⁵: “North American production of light vehicles and medium- and heavy-duty trucks for 2Q26 is expected to finish less than 1% below 2Q25’s 4.079 million units at 4.075 million units (still subject to revisions) and slightly higher than last month’s estimate of 4.034 million units.

“Similarly, production from January to June 2026 fell 0.6% YoY to 7.892 million units, up from last month’s estimate of 7.851 million units.

“The overall 2026 forecast for all North American vehicle production is estimated at 15.633 million units, an additional 19,000 units from last month’s estimate of 15.614 million units.

“Excluding medium- and heavy-duty trucks, light-vehicle output for 2Q is forecast to reach 3.971 million units. That is an additional 36,000 units from last month’s estimate of 3.935 million units, but a 0.2% decline from a year ago.

“Looking ahead to the end of June, the light-vehicle production estimate remains unchanged at 1.360 million units, representing a 4.1% YoY gain if the estimate holds.

“Overall, third-quarter output in North America is tracking to 4.003 million units, down 0.7% from the same period a year ago. US production is estimated at 2.608 million units, down 2.3% from 3Q25’s 2.670 million, while Canada and Mexico are heading towards 7.0% and 1.2% YoY increases, respectively.”

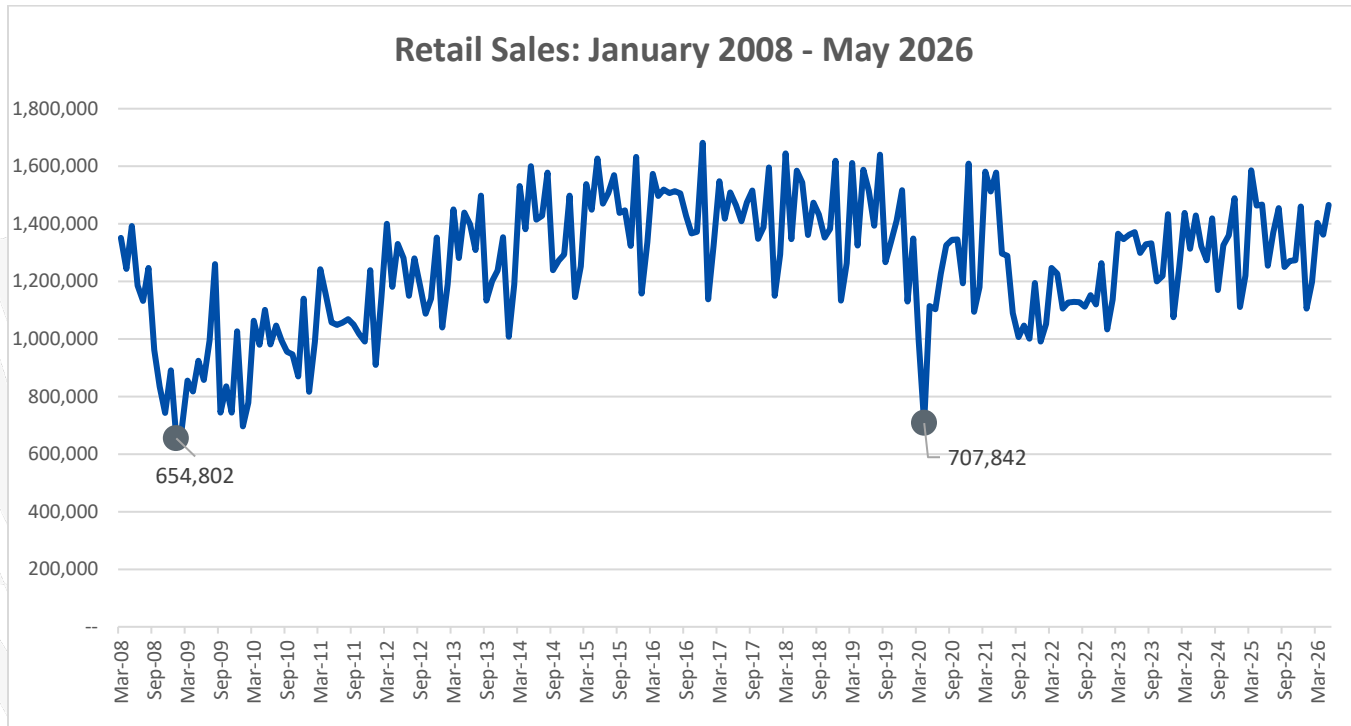
S&P Global Mobility Outlook (6/26)⁶: “North America: The outlook for North America light vehicle production was increased by 49,000 units and by 54,000 units for 2026 and 2027, respectively (and increased by 107,000 units for 2028). Resilience remains the operative word regarding production in North America amid the enduring strength in demand resulting in the outlook for 2026 output being revised higher by 0.3%, totaling 14.99 million units, with much of the increase coming from incoming production results rather than an increasing forward outlook. Despite the increase, the tone behind the forecast remains unchanged, that automakers will continue to build at existing rates ahead of mounting concerns surrounding supply chain and logistic issues and escalating costs. With the US and Iran effectively at a stalemate, the inflationary impact on consumers and the potential for demand destruction grows, resulting in production slowing beginning from Q4-2026 lasting through at least Q2-2027 in a bid to maintain ideal inventory levels and bolster profitability. Greater resiliency amid uncertainty also bolsters the outlook for 2027 with the forecast revised higher by 0.4% with total industry volume projected to reach a nearly flat 15.02 million units compared to 2026. Growth prospects become more evident in 2028 as the outlook was revised higher by 0.7% totaling 15.28 million units, yet barely ahead of 2025 production of 15.27 million units marking several years of stagnation.”

Market Meter

U.S. Light Vehicle Sales (Updated 6/5)

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.

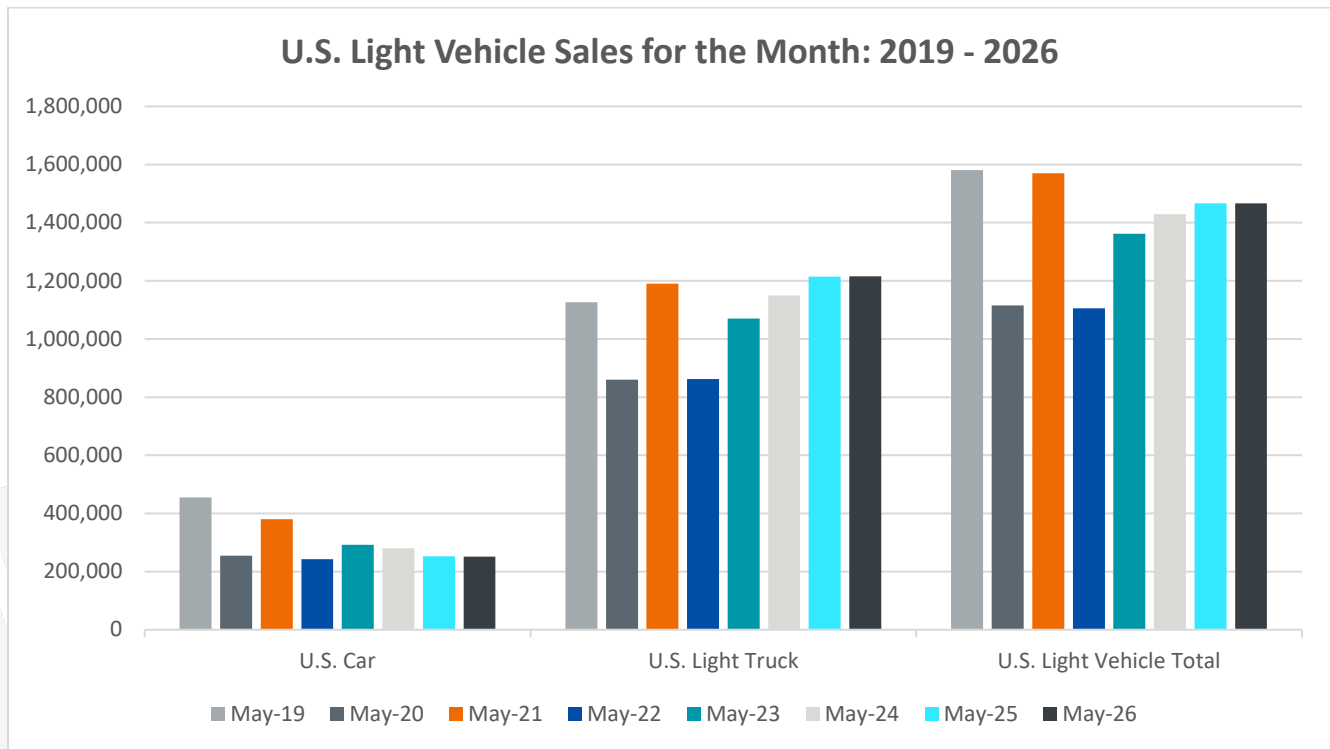


Monthly Sales (Updated 6/5)

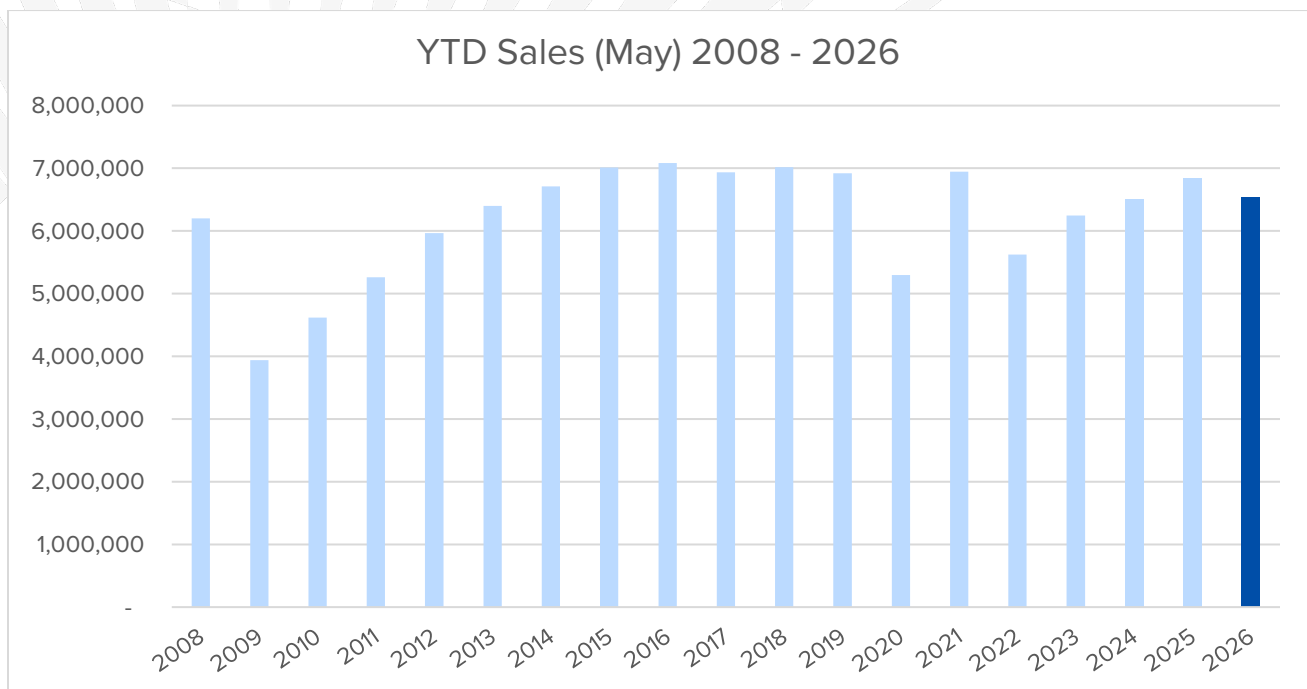
Omdia⁷: “US light-vehicle sales in May rose YoY, breaking an eight-month streak of declines. Light vehicle sales only rose 0.4% compared to last year but well above May’s mid-month estimate of 1.41 million units.

May’s SAAR of 16.10 million units came in well-above the same month of 2025’s 15.59 million units. May 2025 may have lost some sales to the pull-ahead buying that occurred in March and April of that year as consumers moved their purchases up to get ahead of tariff-driven price increases. That would make May 2026’s YoY comparison a little less spectacular, but it does not take away from the resiliency of this year’s sales amid inflationary and logistical headwinds.

Raw volume in May totaled 1.466 million units, 0.4% above the same month in 2025’s 1.461 million units. The daily selling rate (DSR) for May 2026 equaled 56,395 over the month’s 26 selling days, 4.2% above last May’s 54,114 with 27 selling days.



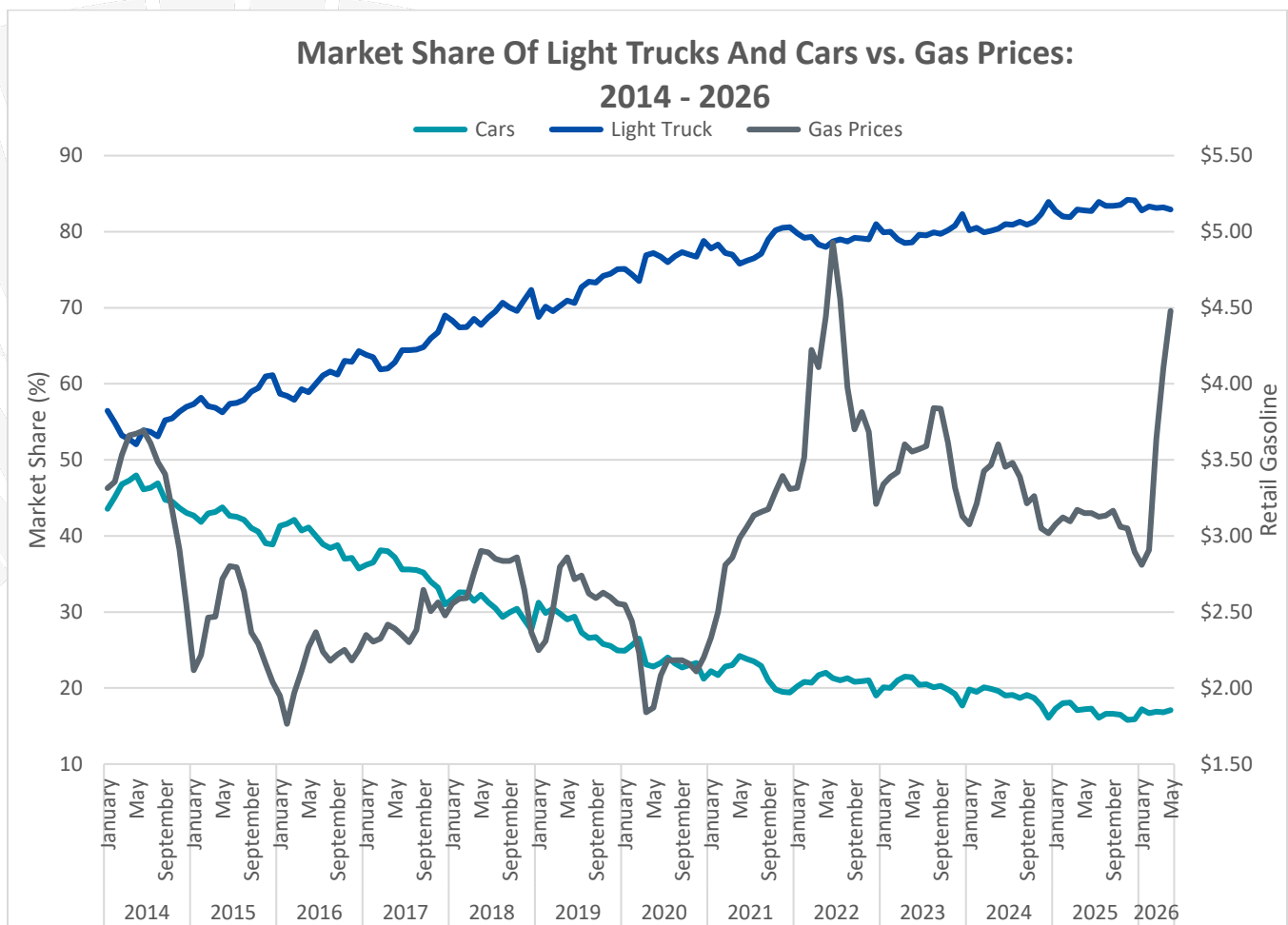
Calendar year-to-date sales through May totaled 6.53 million units, down 4.5 percent from 2025's 6.85 million.



Segments vs. Gas Prices (Updated 6/5)

Monthly Sales: Light trucks accounted for 82.9 percent of sales in May, 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 2,000 units, and down about 204,000 from May 2019, when cars comprised 29 percent of the market as opposed to the 117.1 percent of the market passenger cars have now.

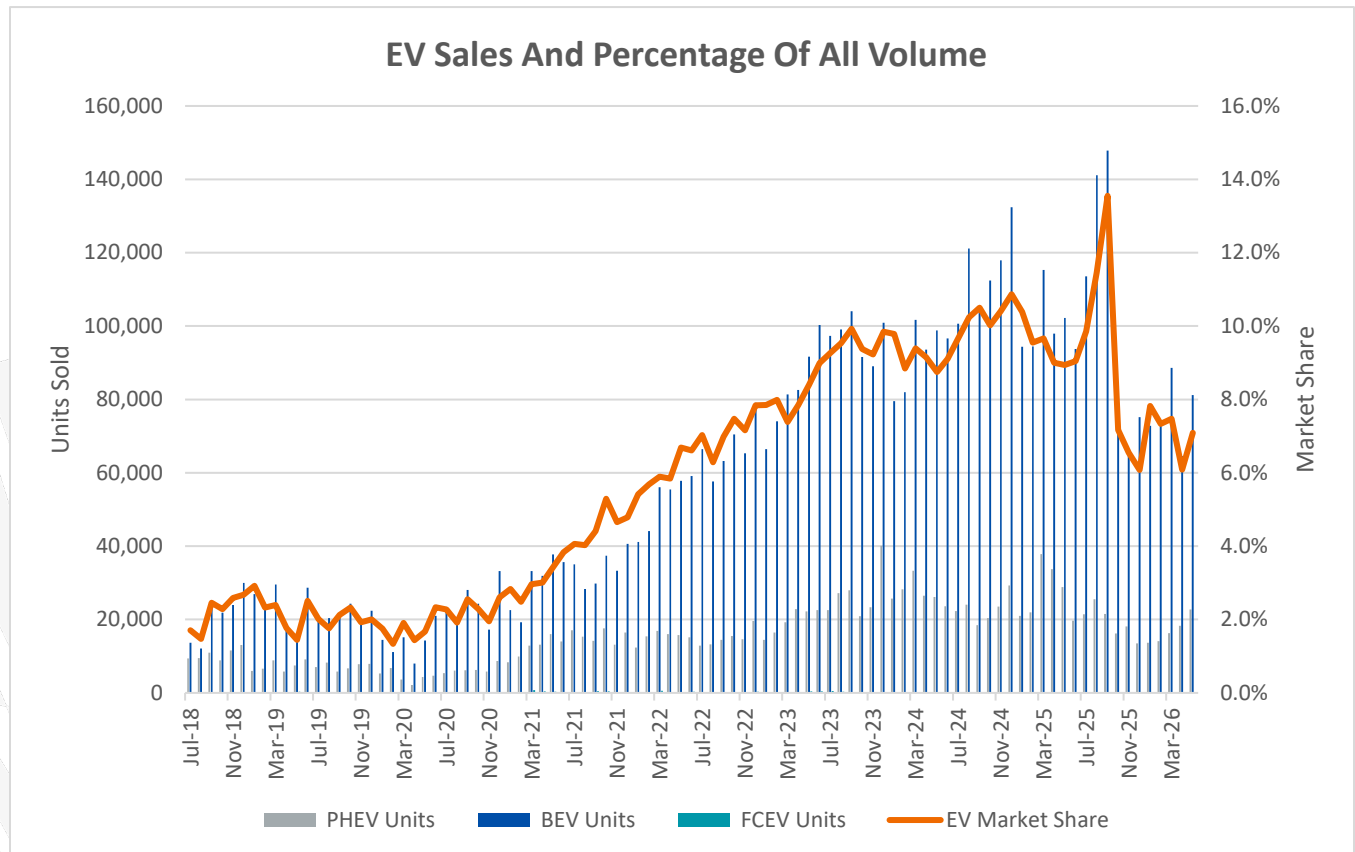
Historic Perspective: The upward trend in the popularity of light trucks over cars has been steady since 2013, when only 2% of annual market share separated the two segments⁸ and gas was over \$3.00.⁹ a gallon. As fuel prices dropped below the \$3.00 mark in mid-September 2014, light truck sales began 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 6/5)

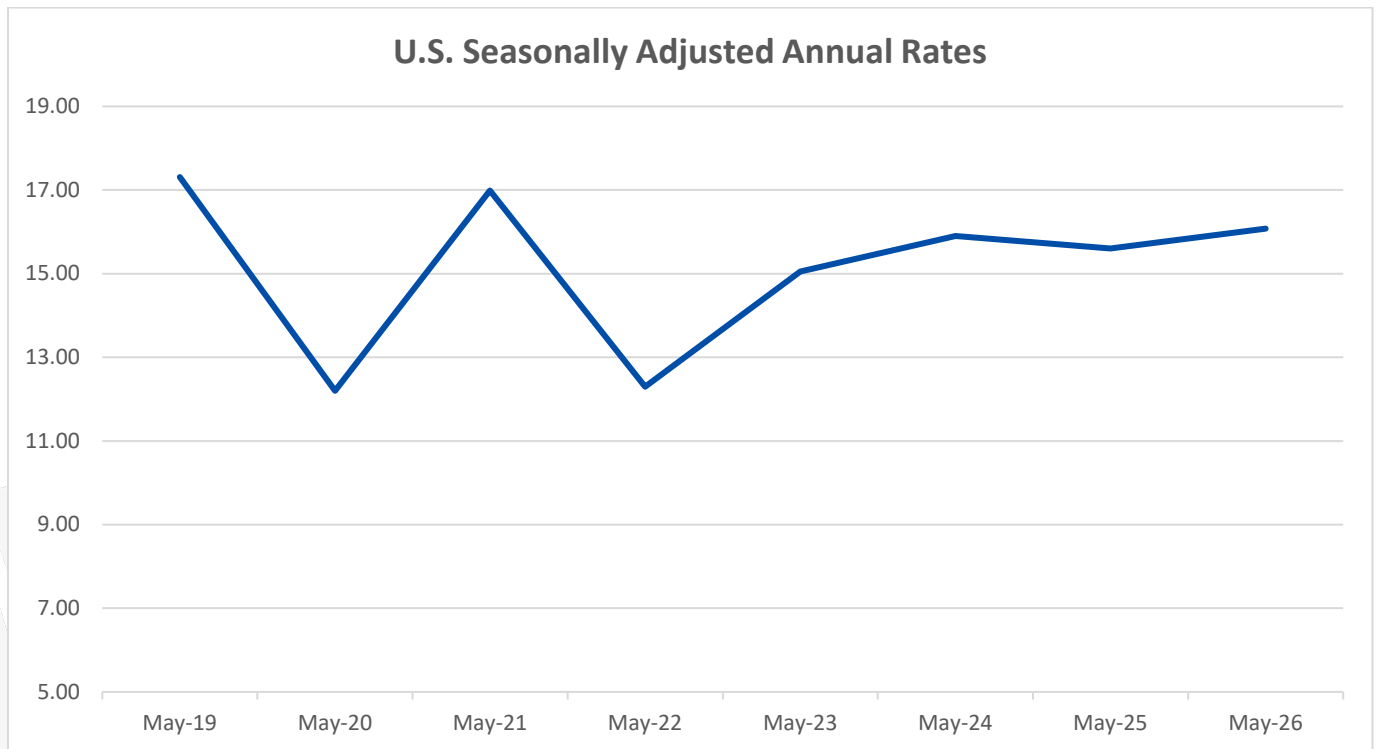
Sales of electric vehicles (BEV, PHEV, & Fuel Cell) accounted for 7.1 percent of total vehicle sales in May 2026 (103,982) per Omdia estimates. Market share increased 1 percentage points (pp) from April 2026's 6.1 percent.

May's EV market share is down 1.8 pp from a year ago. Sales of battery electric vehicles accounted for 5.5 percent of total sales, down 1.4 pp from May 2025. Plug-in hybrids accounted for 1.6 percent, down 0.4 pp from the same time last year. Hybrid market share was 16.5 percent – the highest mark to date (241,784 units).



Seasonally Adjusted Annual Rates (Updated 6/5)

Omdia¹¹: “May’s SAAR of 16.10 million units came in well-above the same month of 2025’s 15.59 million units. May 2025 may have lost some sales to the pull-ahead buying that occurred in March and April of that year as consumers moved their purchases up to get ahead of tariff-driven price increases. That would make May 2026’s YoY comparison a little less spectacular, but it does not take away from the resiliency of this year’s sales amid inflationary and logistical headwinds.”

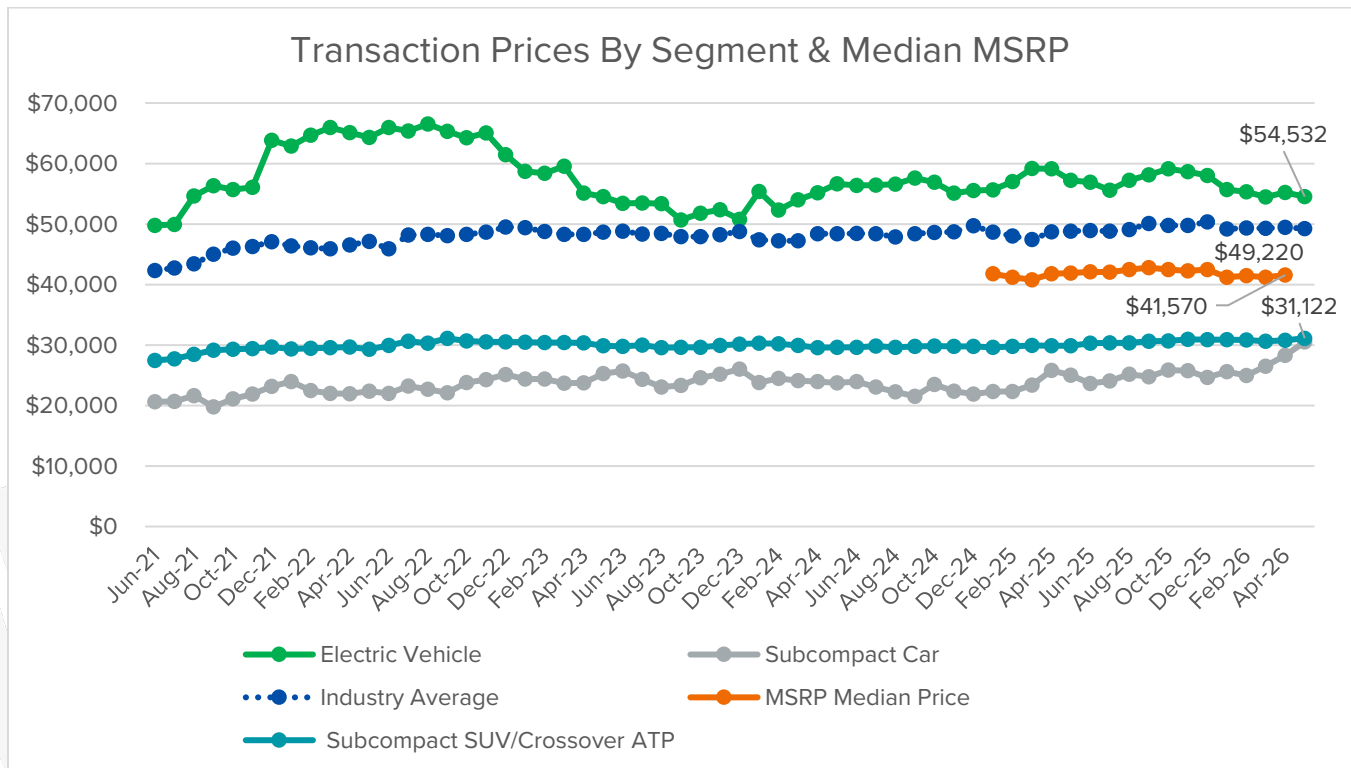


Average Transaction Price (Updated 6/26)

J.D. Power (Updated 6/5)¹²: “The average transaction price is essentially flat at \$46,023, down 0.2% from a year ago.”

Median MSRP (April) (6/26): The Median MSRP In April 2026 Was \$ \$41,570, Nearly \$8,000 Below the Average Transaction Price of \$49,461.

- Median MSRP increased month-over-month by less than 1 percent (\$375). Year-over-year, median MSRP was mostly unchanged, down less than 1 percent (-\$185).



Kelley Blue Book (May) (6/26)¹³: “New-vehicle prices moderated slightly in May and incentive spending grew, according to data released today by Kelley Blue Book, a Cox Automotive brand. The average transaction price (ATP) for a new vehicle purchased in May declined from April and rose a mild 1.2% year over year, the smallest annual gain of 2026 and below the long-term average gain of 3.5% for May.

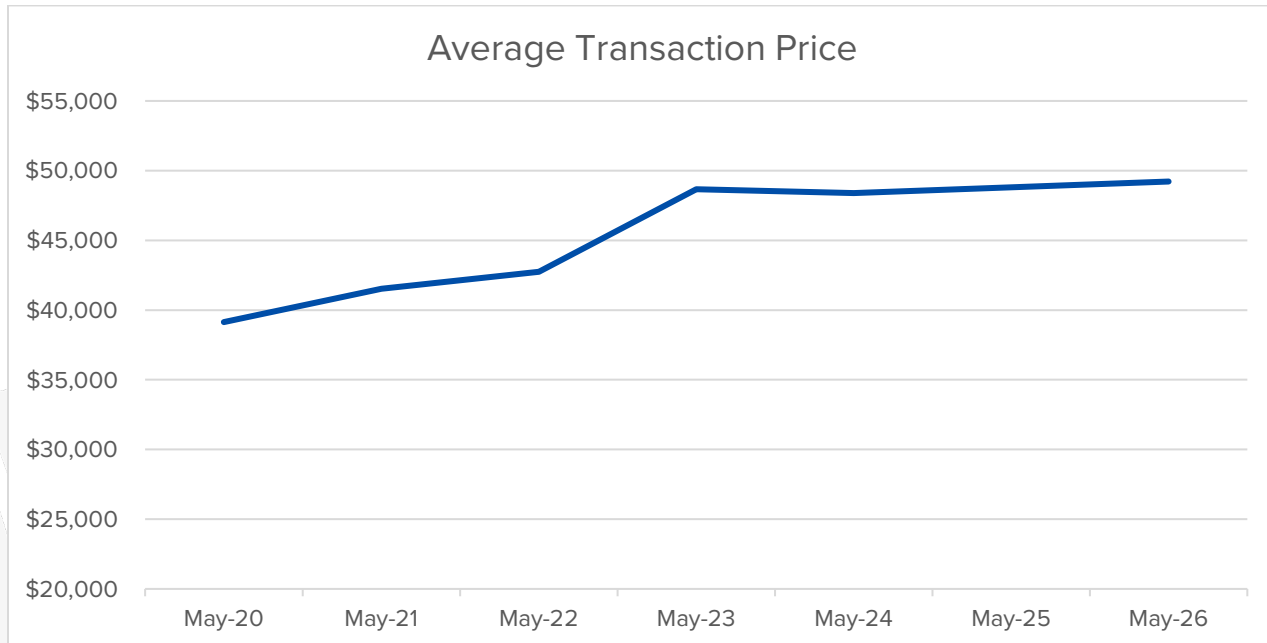
“After posting a strong 0.7% monthly increase in April, the new-vehicle ATP in May declined 0.5% month over month. Prices typically soften in May, according to Kelley Blue Book data. The average decline in the month is 0.4%.

“Industry ATP: According to Kelley Blue Book, the ATP for a new vehicle in May was \$49,220, a relatively small decline compared to the revised lower ATP of \$49,456 in April. While the annual price increase of 1.2% was modest in May, some of the most affordable segments saw sizeable increases, including the popular compact SUV (up 3.4%) and subcompact SUV (up 4.2%) segments, both at all-time highs.

“Incentives: Incentive spending increased in May to 7.1% of ATP, up from 6.8% in May 2025 and 6.9% in April. Incentive spending remained highest for EVs, many luxury segments, compact cars and full-size pickups. For the past two years, automakers have remained relatively disciplined with incentive spending. Since January 2024, incentive spending has averaged 6.9% of ATP.

“Electric Vehicle ATP: The average transaction price for a new electric vehicle declined month over month in May to \$54,532. The average was lower by 4.0% year over year; May was the 11th consecutive month with an annual price decline. Initial estimates suggest EV sales topped 85,000 in May, the best result since the EV tax credits were revoked at the end of Q3 2025.

“EV Incentives: Electric-vehicle incentives remain elevated at nearly twice the industry average. In May, incentive spending was mostly unchanged month over month at 14% of ATP, equal to roughly \$7,600.”



Cox Automotive Used Vehicle Prices (6/26)¹⁴: “The average used-vehicle listing price was \$26,918 in May, up 6% compared to the levels observed a year earlier and higher by 2.2% from the revised-lower \$26,329 recorded in April, marking the third consecutive month of above-normal gains.

“While listing prices increased across every segment, age group, and price tier, the overall increase was driven primarily by a shift in what sold. Both inventory and sales of vehicle priced under \$20,00 declined in April, while sales of higher-priced units grew. Near-new SUVs posting the largest gains. The top five sellers of the month had an average price of \$25,043, approximately 7% below the average listing price for all used vehicles sold.”

Cox Automotive Used EV Prices (6/26)¹⁵: “Used EV sales reached 42,923 units in May, up 5.5% month over month and 24.7% year over year, with used EV market share holding at 2.8%. Tesla again led with 15,353 units sold through non-Tesla dealers, though volume declined slightly month over month, followed by sales of Hyundai, Chevrolet, Ford and BMW.

“Following April’s more normalized pace, May reflected continued steady growth across the used EV market. Month-over-month gains were broad-based, with many brands proving popular, led by strong growth among Hyundai, BMW, Volkswagen, and Cadillac. The consistent year-over-year growth underscores continued expansion of the used EV business as off-lease returns and trade-ins build inventory depth across more brands and price points.”

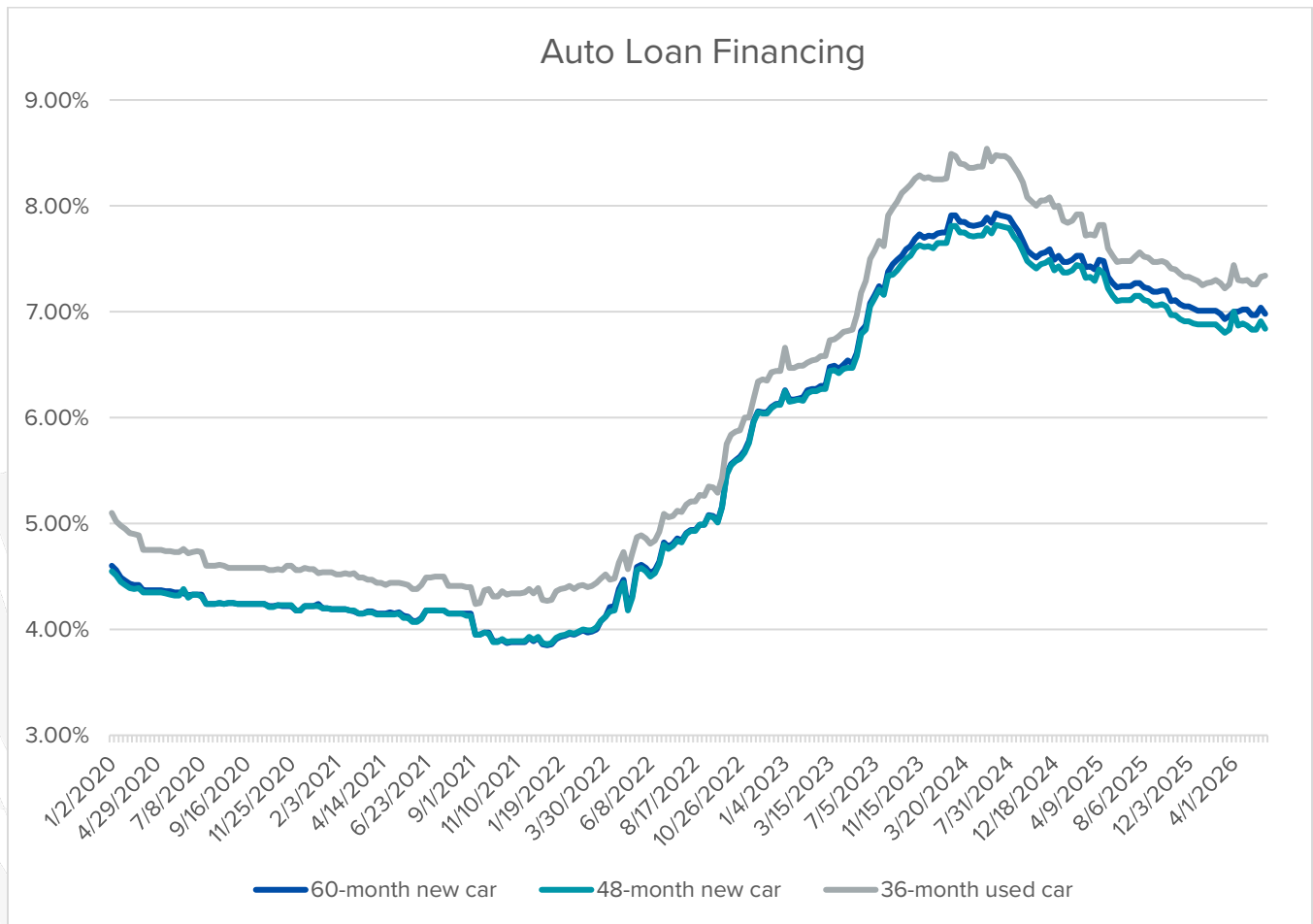
Auto Loan Financing (Updated 6/5)

JD Power (6/5)¹⁶: “Financing conditions are moving in consumers’ favor, but it isn’t enough to fully offset structural affordability pressure. The average interest rate on new-vehicle loans is expected to fall 0.47

percentage points to 6.59%, the lowest May reading in two years, while the average transaction price is essentially flat at \$46,023, down 0.2% from a year ago. Even with those tailwinds, average monthly finance payments are climbing 2.8% to \$810.”

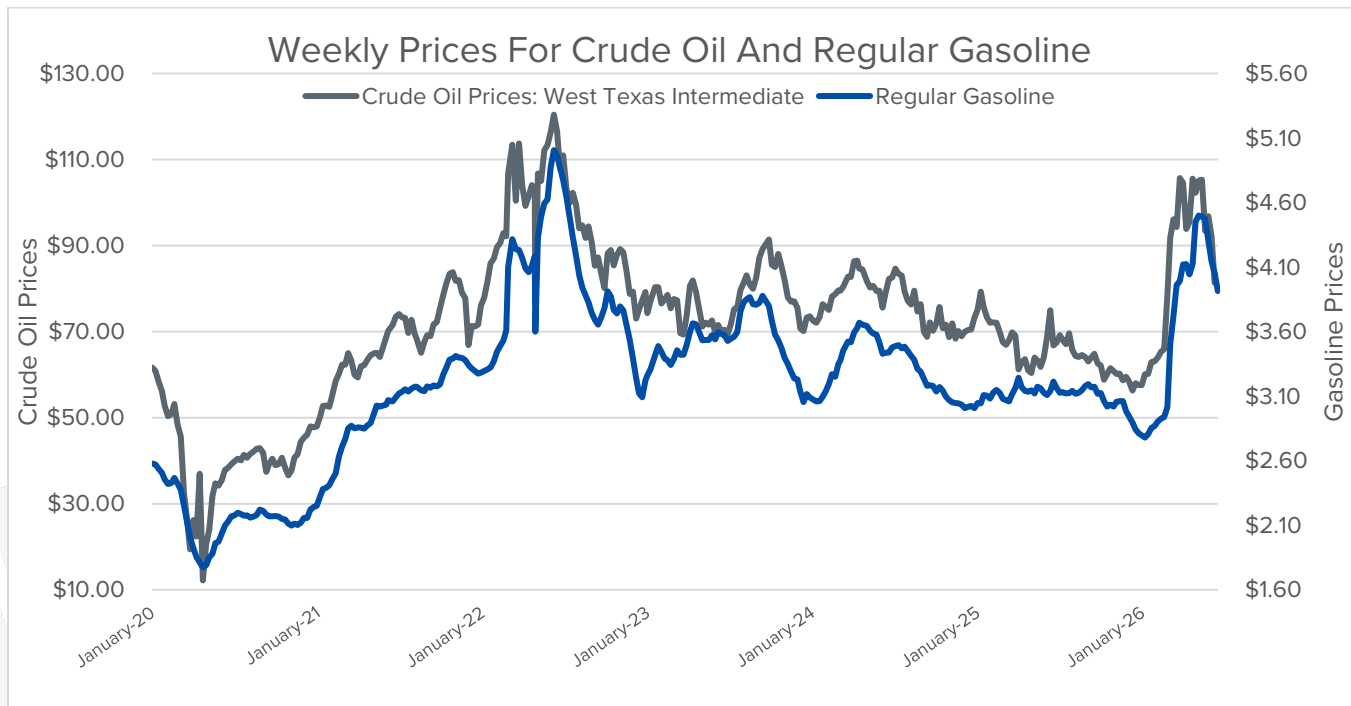
Interest Rates Fall Back Below 7 Percent for 60-Month New Car Loan (updated 6/5): Interest rates decreased over the last two weeks, falling 0.06 on the 60-month, 0.07 on the 48-month new car loan and increasing 0.01 on the 36-month use car loans. Rates on the 60-month new car loan now stand at 6.98 percent. Rates for the 48-month new loan and 36-month used car loan are 6.84% and 7.34%, respectively. Since the beginning of 2020, 60-month rates are up 2.38 pp, and are down 0.25 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%
5/28/2025	7.23%	7.10%	7.47%
5/20/2026	7.04%	6.91%	7.33%
6/3/2026	6.98%	6.84%	7.34%
Two Week Change	-0.06%	-0.07%	0.01%
Change since 1/3/20	2.38%	2.29%	2.24%
One Year Change	-0.25%	-0.26%	-0.13%



Crude Oil and Gas Prices (Updated 6/26)

Gas and Oil Prices Falling (6/26):¹⁸ Oil prices, as benchmarked at West Texas Intermediate were \$ \$81.36 in mid-June, up \$6 from the same time a year ago and down more than \$24 after peaking at \$106 amid the Iran conflict in late March 2026. Since election day 2024, oil prices are up \$12 a barrel. After spending 11 weeks above \$4 a gallon, gas has now dropped to \$3.91. Gas is 52 percent higher than the beginning of 2020.



EIA Outlook For Gasoline (4/23)¹⁹: “Higher crude oil prices are leading to higher prices at the pump for gasoline and diesel. We forecast U.S. average retail gasoline price will increase to nearly \$4.30 per gallon (gal) in April and the U.S. average retail diesel price will increase to more than \$5.80/gal.

“U.S. retail gasoline and distillate prices compared with Brent crude oil price

“Crude oil prices typically constitute around half the total retail price of gasoline and slightly less for diesel. Other factors include refinery margins (found by subtracting crude oil cost from refined product price), retail and distribution margins (subtracting wholesale gasoline costs from pump prices), and taxes.

“Most of the increase in retail gasoline prices will be driven by the increased crude oil price and typical seasonal patterns. We forecast U.S. gasoline inventories to be average or above average throughout the forecast period, which contributes to less pressure on refiner and retail margins for gasoline than for diesel.

“We forecast U.S. retail gasoline prices to average \$3.70/gal in 2026 and \$3.46/gal in 2027, both up from \$3.10/gal in 2025. Diesel prices average \$4.80/gal this year and \$4.11/gal in 2027, both up from \$3.66 in 2025.”

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

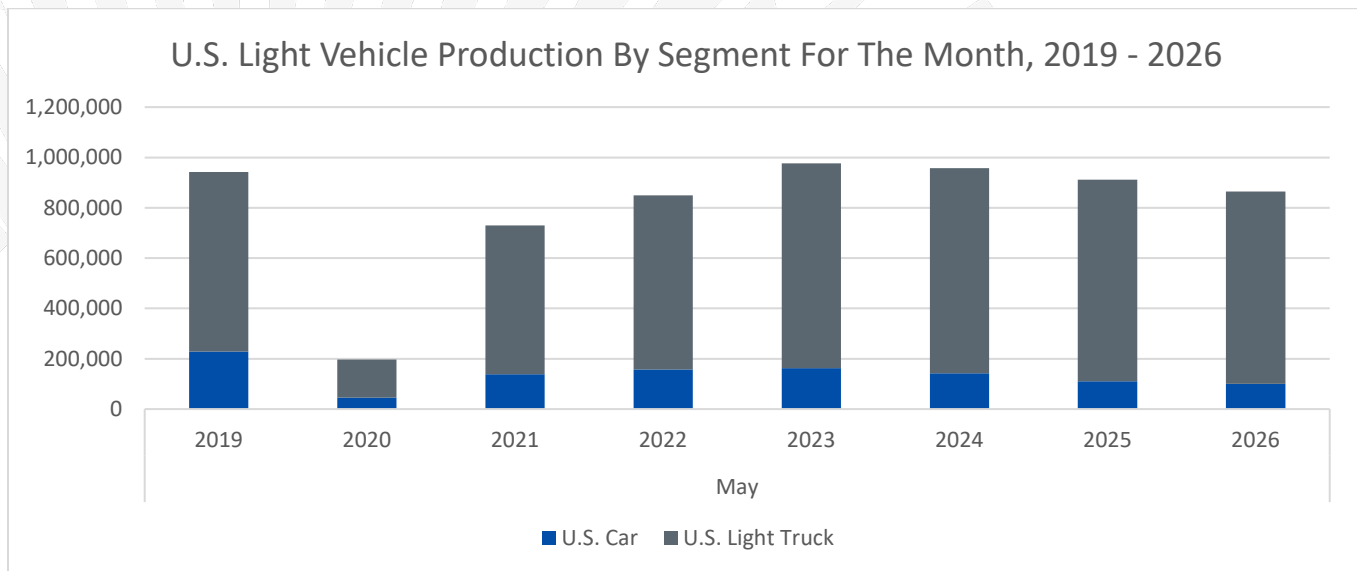
North American Production (Updated 6/26)

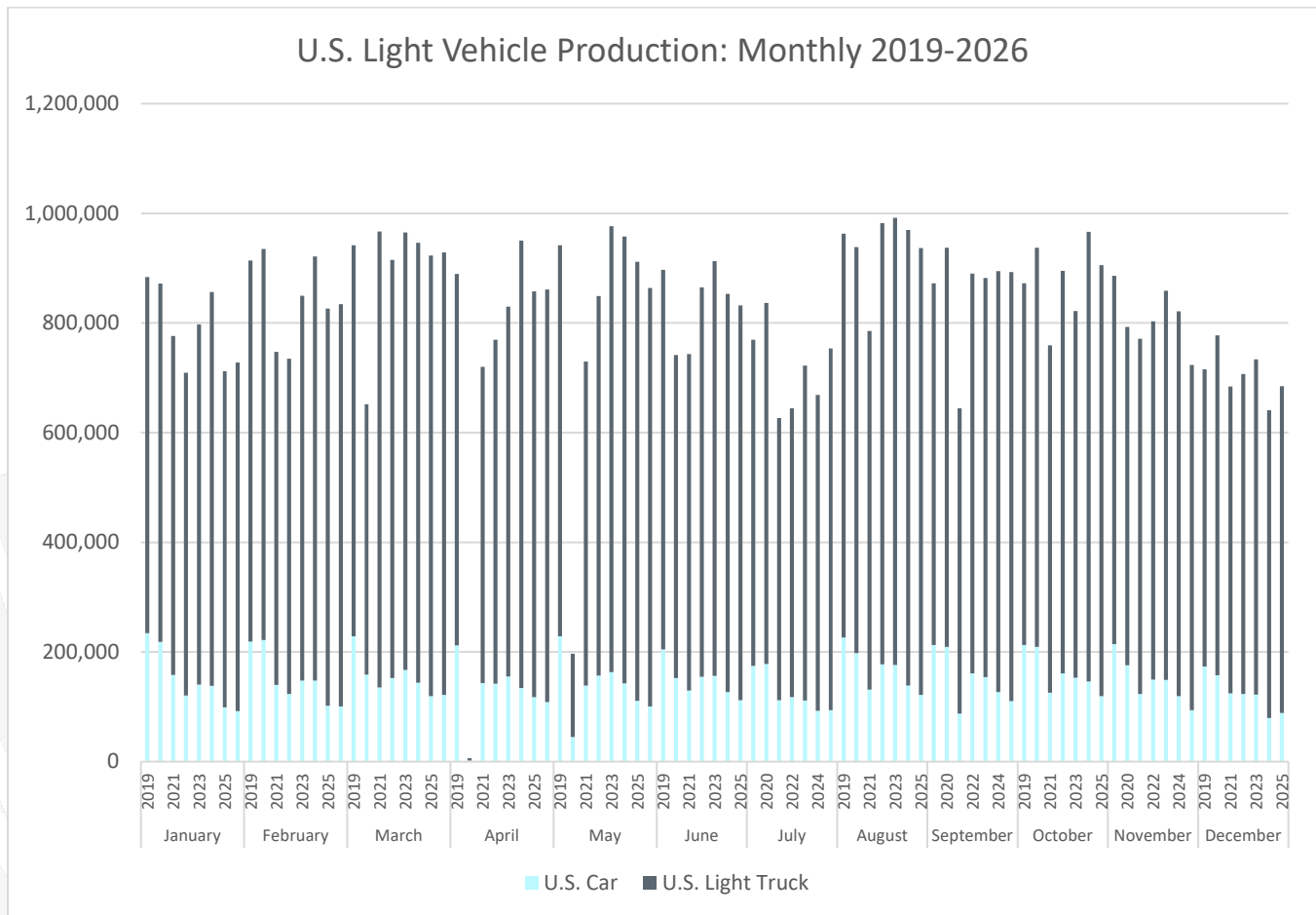
Omdia²¹: “Total production in May added 38,000 units onto last month’s estimate to end at 1.341 million units but still fell 5.2% compared to last year’s 1.415 million units. Medium- and heavy-duty truck production fell 14.7% from the prior month and 24.2% YoY to 31,153 units.”

U.S. Light Vehicle Production (Updated 6/26)

U.S. Monthly Production

U.S. Light vehicle production for May was up 0.4 percent month-over-month, totaling 864,144 vehicles (100,752 cars; 763,392 light trucks), year-over-year, production is down 5.1 percent from 2025.²²



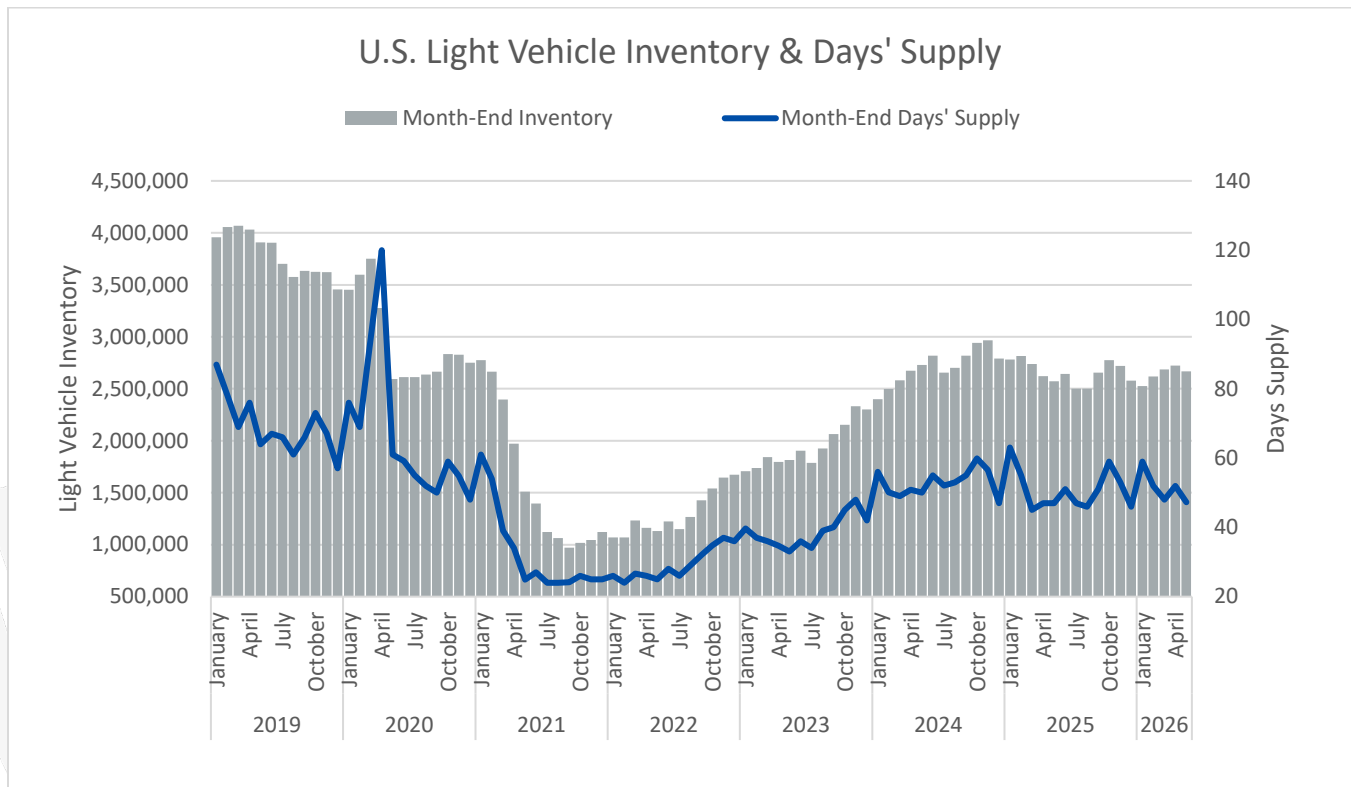


U.S. Light Vehicle Inventory and Days' Supply (Updated 6/5)

Omdia Inventory Update (6/5)²³: “Improving inventories likely supported overall sales in May, as stocks rose 3.8% YoY to 2.667 million units. It is the second YoY gain in a row, even if it is slightly down from April’s 2.721 million units. Supply remains low at 47 days, unchanged from this time last year.

“Unsurprisingly, the inventory picture varies significantly by powertrain type. Hybrid inventories shot up 36.5% YoY to 305,993 units. In almost a mirror image to HEVs, stocks of PEVs declined 36.7% YoY to 130,718 units this month. IC-only inventory rose 5.0% YoY in May to 2.201 million units.

“Breaking down by vehicle segment, SUV inventories overall rose 36.9%, with IC-only and hybrids gaining 45.8% and 44.2% YoY, respectively. Pickup truck inventories fell less than 1% overall, even as IC-only truck stocks increased 1.89% YoY.”



Global Meter

Global Light Vehicle Sales (Updated 6/5)

Omdia²⁴: “Global sales of light vehicles and medium- and heavy-duty trucks combined grew YoY for the second straight month in April, rising 2.6% to 8.10 million units.

“All major regions recorded YoY growth in April, except North America, where sales fell 5.1% from the same month a year ago. The calendar year-to-date sales for North America are down 5.5% from the same period a year ago. However, sales in North America have declined YoY since October of last year. The losses in the US have been driven by a number of factors, including abnormally high sales in the months before and, to some degree, just after the April 2025 start of tariffs on Canadian- and Mexican-made vehicles. That pull-ahead effect has made 2026 YoY comparisons difficult, especially in March and April of 2026. The loss of federal incentives for electric vehicles in September of last year has also dragged down sales as consumers still interested in EVs turned to the used-car market. And inflation and affordability have either kept buyers in their old car for longer or nudged them toward the used-car market.

“Interestingly, while sales in the US and Canada have fallen YoY since October 2025, sales in Mexico have gained in all but one of the months in the same time period. This growth is directly related to an increase in the number of affordable brands to enter the market, especially Chinese imports, but is also attributed to

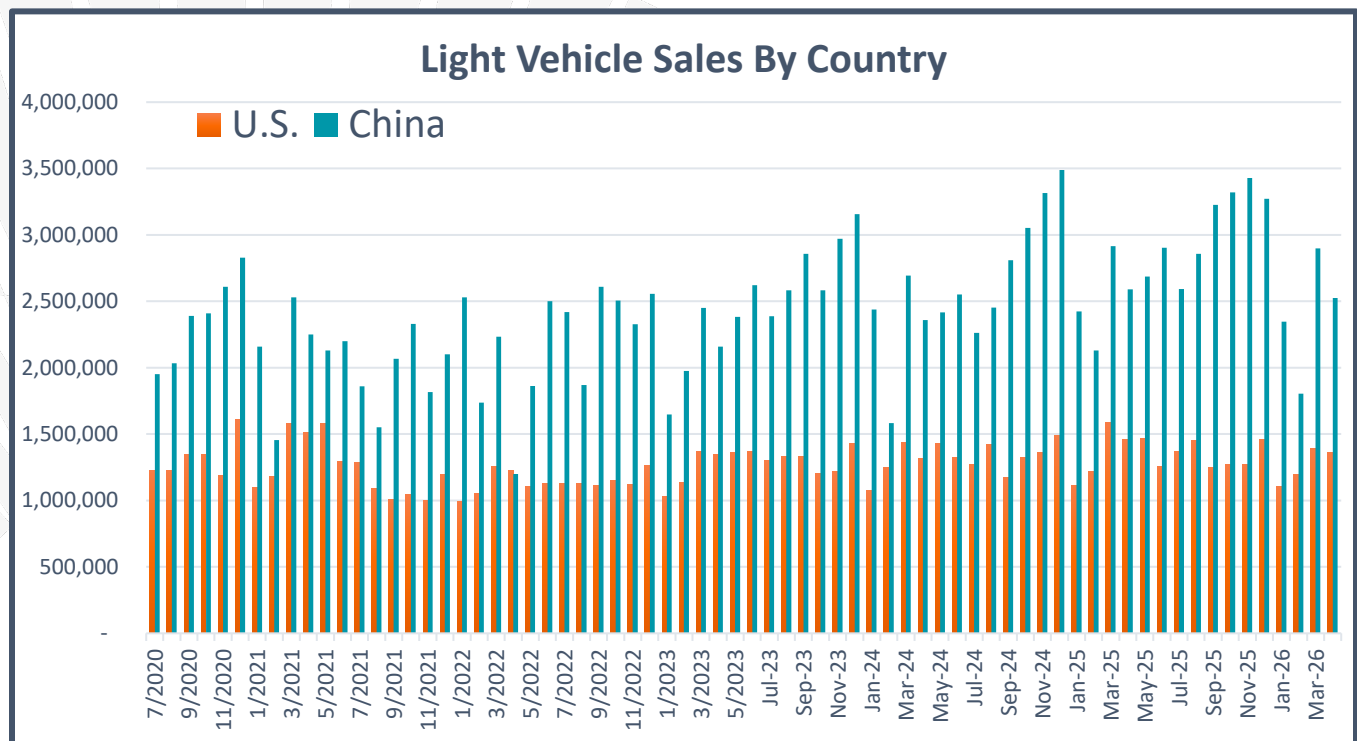
hyper competition among automakers, which have yet to increase prices after tariffs were imposed on vehicles made outside of North America, according to Mexico News Daily.

“Global sales in January through April totaled 31.48 million units, up 0.2% from like-2025’s 31.41 million.

“Excluding medium-/heavy-duty trucks, light vehicles totaled 7.77 million units in April, up 2.1% from same-month 2025. Calendar year-to-date light-vehicle sales totaled 30.21 million, down 0.2% from the year-ago period’s 30.26 million.

“Omdia partner GlobalData estimates May’s light vehicle sales to drop 1.8% YoY to 7.4 million units, an annualized rate falling 1.0% YoY to 89.6 million units.

“Ongoing weakness in China’s domestic market, coupled with the downstream effects of the conflict in the Middle East, is driving down sales estimates for the rest of 2026. GlobalData has lowered its light-vehicle outlook for the entire 2026 to 91.1 million units from month-ago’s 91.7 million. The total is 1.1% below 2025.”

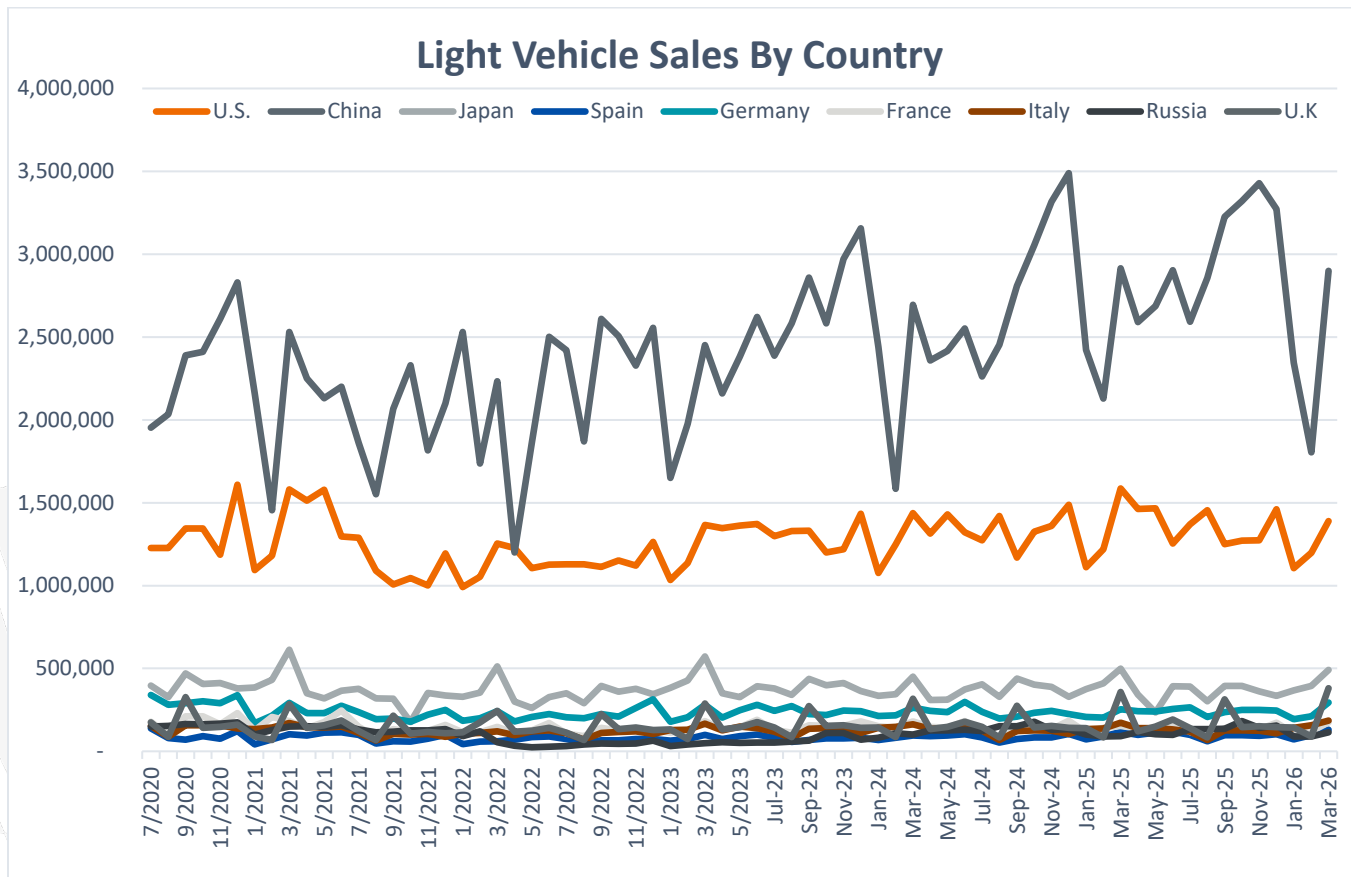




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Global Light Vehicle Production (Updated 6/26)

S&P Global Mobility Forecast (6/26)²⁵: “As the Middle East conflict continues, the global auto industry remains in a position of assessing and navigating an uncertain environment. While negotiations around allowing for a gradual restoration of shipping through the Strait of Hormuz remain ongoing, a “higher for longer” oil price forecast remains likely, particularly given the potential for hiccups in the negotiations, periodic flare ups and temporary closures and reopenings. Perhaps more consequential this month, is the incorporation of an increasingly constrained outlook for China light vehicle demand, impacting both sales and production for the market. Of note, as demand stabilization is proving elusive, the negative impacts to production are at least 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 June forecast update reflects a mix of mostly modest revisions through the short-term forecast horizon with more meaningful cuts for Greater China to reflect the aforementioned continued near-term 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 76,000 units and by 85,000 units for 2026 and 2027, respectively (and increased by 86,000 units for 2028). Our June forecast update for Europe primarily reflects upgrades for West & Central Europe (including Turkey) this month. The improved outlook is particularly related to stronger actualized production with notable outperformance by both

Stellantis and Renault. Another key highlight is expected stronger production for Tesla starting in Q4-2026 with capacity set to increase starting in October. In addition, the VW-MEB entry ramp-up has been faster than expected, contributing to a stronger outlook particularly in Q4. For 2027, production has been realigned to an improved demand outlook for the region. The forecast also reflects more aggressive production ramp-up activity, especially for affordable BEVs in the compact segment, with acceleration in Chinese OEM localization led by Leapmotor and Chery. We have also reflected Chery production at the Nissan-Sunderland plant with this month's update. Together with Leapmotor production, these developments are expected to support longer-term improvements in regional volumes.

Greater China: The outlook for Greater China light vehicle production was reduced by 360,000 units and by 144,000 units for 2026 and 2027, respectively (and reduced by 109,000 units for 2028). Mainland China's passenger vehicle market continued to face pressure in May 2026, reflecting macro headwinds and increasingly cautious consumer sentiment. Although NEVs and exports have maintained strong momentum, weak market conditions and slower income growth have contributed to weaker discretionary spending, particularly for traditional gasoline vehicles amid oil price inflation. One major factor behind the market slowdown is the fading impact of stimulus policies. Trade-in subsidies and incentives temporarily boosted demand with many consumers accelerating purchases ahead of policy deadlines. Exports provide one of the few bright spots for the industry. Chinese automakers continue to expand sales overseas, particularly in Southeast Asia, the Middle East, Latin America and parts of Europe. While NEVs and exports continue to support international expansion, weak domestic consumption and persistent pricing pressure result in a more constrained outlook for domestic demand. Going forward, the industry is expected to face continued consolidation, with financially stronger manufacturers likely to gain market share while smaller, less competitive players struggle to maintain profitability.

Japan/Korea: The production outlook for Japan for 2026 and 2027 was increased by 70,000 units and reduced by 12,000 units, respectively, relative to last month's forecast. The near-term upgrade reflects stronger production planning in Q2 and Q3-2026, in particular, as output maintains a level of resiliency in spite of the ongoing Iran war. Of note, macro pressures around inflation resulting from higher oil prices and other impacts from the effective closure of the Strait of Hormuz remain key concerns influencing the outlook through the intermediate term. The long-term production forecast for Japan was downgraded by around 114,000 units per year. This was primarily due to Toyota canceling the Lexus ZC (a dedicated BEV model) given the US ending EV incentives and the expected cancellation of Subaru dedicated BEV models based on the Forester and WRX. Although South Korea production remains under pressure, particularly compared to last year, declines have been smaller than expected, with May results reflecting some noteworthy strength. As a result, production was upgraded modestly given the recent performance and offset somewhat by ongoing macro uncertainty.

Middle East/Africa: The outlook for Middle East/Africa light vehicle production was reduced by 51,000 units and by 20,000 units for 2026 and 2027, respectively (and reduced by 58,000 units for 2028). Production revisions for Middle East/Africa are dominated by a slower ramp-up of new Fiat models and a delay of the new Sandero in Morocco, as well as partial production volume transfer of the Mercedes C-Class from South Africa to Europe. The volume recovery in the region from 2029 onwards is 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 49,000 units and by 54,000 units for 2026 and 2027, respectively (and increased by 107,000 units for 2028). Resilience remains the operative word regarding production in North America amid the enduring strength in demand resulting in the outlook for 2026 output being revised higher by 0.3%, totaling 14.99 million units, with much of the increase coming from incoming production results rather than an increasing forward outlook. Despite the increase, the tone behind the forecast remains unchanged, that automakers will continue to build at

existing rates ahead of mounting concerns surrounding supply chain and logistic issues and escalating costs. With the US and Iran effectively at a stalemate, the inflationary impact on consumers and the potential for demand destruction grows, resulting in production slowing beginning from Q4-2026 lasting through at least Q2-2027 in a bid to maintain ideal inventory levels and bolster profitability. Greater resiliency amid uncertainty also bolsters the outlook for 2027 with the forecast revised higher by 0.4% with total industry volume projected to reach a nearly flat 15.02 million units compared to 2026. Growth prospects become more evident in 2028 as the outlook was revised higher by 0.7% totaling 15.28 million units, yet barely ahead of 2025 production of 15.27 million units marking several years of stagnation.

“South America: The outlook for South America light vehicle production was reduced by 14,000 units and increased by 36,000 units for 2026 and 2027, respectively (and increased by 10,000 units for 2028). The downward revision in the extreme near-term for the region reflects continued weakness in exports for Brazil, particularly to Argentina, where Chinese brand sales are starting to accelerate. Regional volumes for 2027-2028 were revised up modestly by 0.7% (23,000 units per year). The improvement was split between Argentina (+1.0%) and Brazil (+0.7%). In the case of Argentina, we factored in the recently announced phasing out of the export tax that will take place in the next 12 months (currently standing at 4.5%). This is expected to, even if modestly, make Argentinean-built vehicles more competitive abroad. For Brazil, the upgrade reflects an increased focus on Chinese brand volumes for manufacturers in the region.

“South Asia: The outlook for South Asia light vehicle production was increased by 24,000 units and by 33,000 units for 2026 and 2027, respectively (and increased by 32,000 units for 2028). ASEAN production declined 10% year-over-year in May, while the year-to-date output for the first five months of the year reached 1.57 million units, up 3.4% year-over-year. The sharp contraction in May marks an inflection point following a relatively strong first quarter. The operating environment has deteriorated on the continued Middle East conflict and disruption around the Strait of Hormuz, prompting several OEMs to reduce export focused production, particularly targeted for the Middle East. At the same time, domestic demand across ASEAN countries faces pressure from macro uncertainty, rising energy costs and weakening consumer sentiment. Reflecting these headwinds, we have reduced our 2026 ASEAN light-vehicle production forecast by 40,000 units, representing a 2.7% year-over-year decline. Notwithstanding 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. Further, relatively low dealer inventories provide additional support to near-term production. As a result, production volumes for India have been increased by 60,000 units and 34,000 units for 2026 and 2027, respectively.

Economy Meter

Roadway Travel (Updated 5/5)

According to the U.S. Department of Transportation, seasonally-adjusted vehicle miles traveled in April increased by 0.7 percent from the same time a year ago. The cumulative travel estimate for 2026 is 1,061.5 billion vehicle miles.²⁶

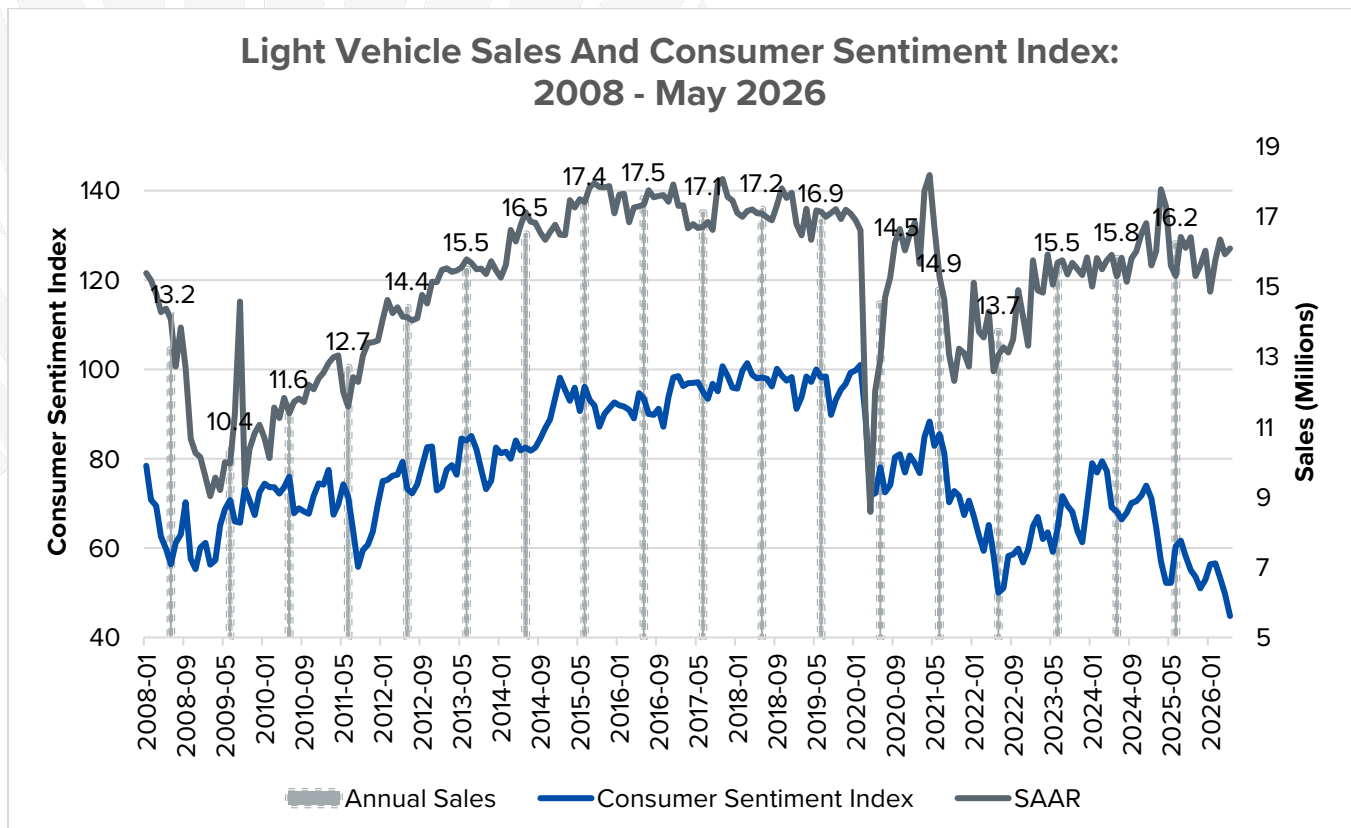
- Travel on all roads and streets changed by +0.7% (+1.8 billion vehicle miles) for April 2026 as compared with April 2025. Travel for the month is estimated to be 280.5 billion vehicle miles.
- The seasonally adjusted vehicle miles traveled for April 2026 is 279.3 billion miles, a +0.5% (1.3 billion vehicle miles) change over April 2025. It also represents a -0.2% change (-0.5 billion vehicle miles) compared with March 2026.

- Cumulative Travel for 2026 changed by +1.2% (+12.9 billion vehicle miles). The cumulative estimate for the year is 1,061.5 billion vehicle miles of travel.

Consumer Confidence and Sales (Updated 6/26)

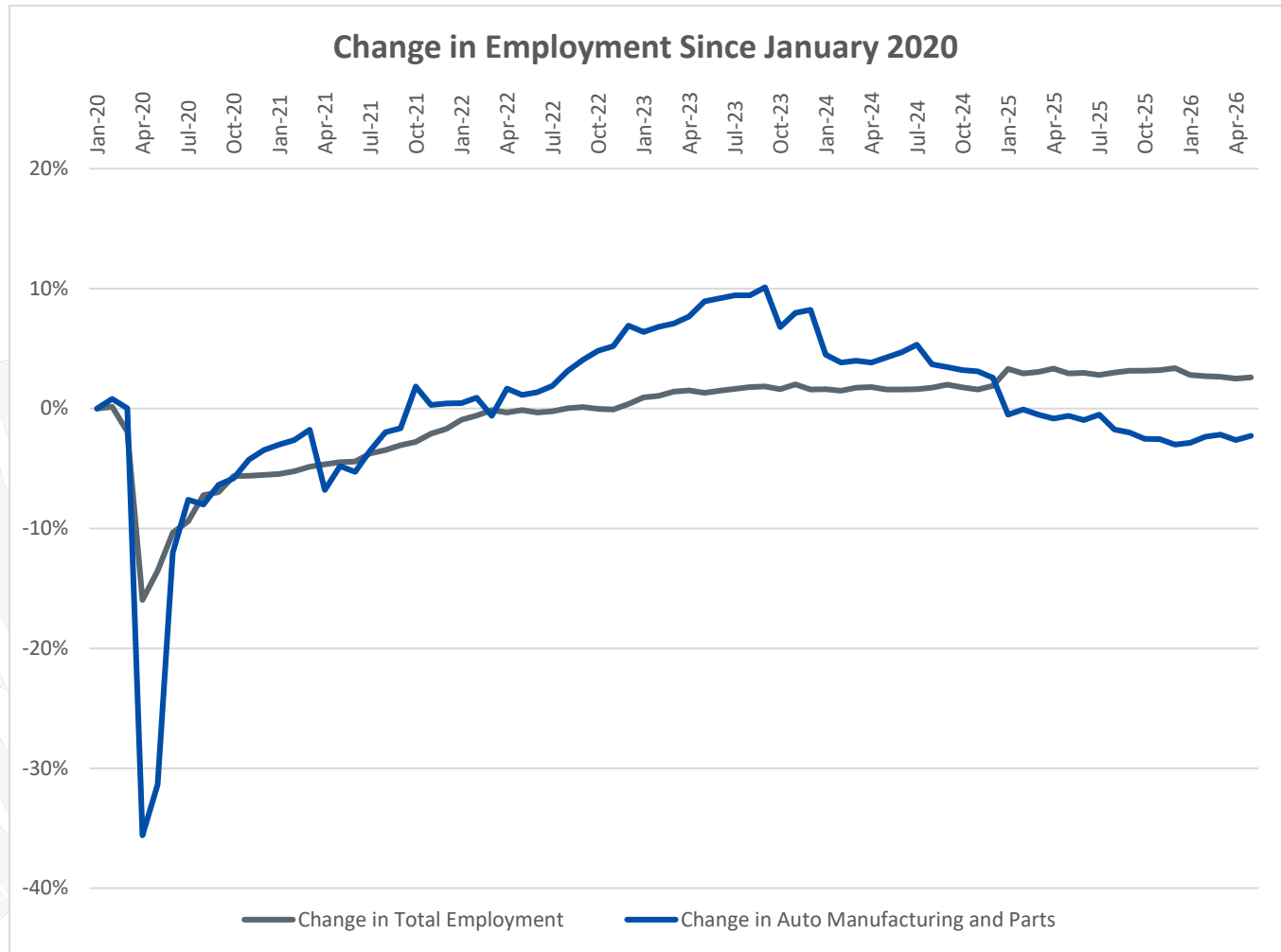
Surveys of Consumers Director Joanne Hsu²⁷: “Consumer sentiment confirmed its early-month reading, rising about 10% above May as gas prices moderated. Increases were seen across income, wealth, and political affiliation. Expected business conditions over the next five years surged 16% as consumers’ worries over long-term consequences of the Iran conflict appear to be easing. Still, sentiment remains in unfavorable territory at 13% below the February 2026 reading prior to the start of the Iran conflict, and nearly 20% less than a year ago. The cost of living remains at the forefront of consumers’ minds; for the third straight month, over half of consumers spontaneously mentioned that high prices are weighing down their personal finances.

“Year-ahead inflation expectations inched down from 4.8% in May to a still-elevated 4.6% this month. The current reading substantially exceeds the 3.4% reading seen in February before the Iran conflict began, along with all 2024 readings. Long-run inflation expectations fell back from 3.9% last month to 3.3% in June, remaining a bit higher than the 2.8% to 3.2% range seen in 2024.”



Employment (Updated 6/5)

Motor Vehicle And Parts Manufacturing Gaine 3,600 Jobs in May.



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