READING THE METER®

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

ALLIANCE FOR AUTOMOTIVE INNOVATION

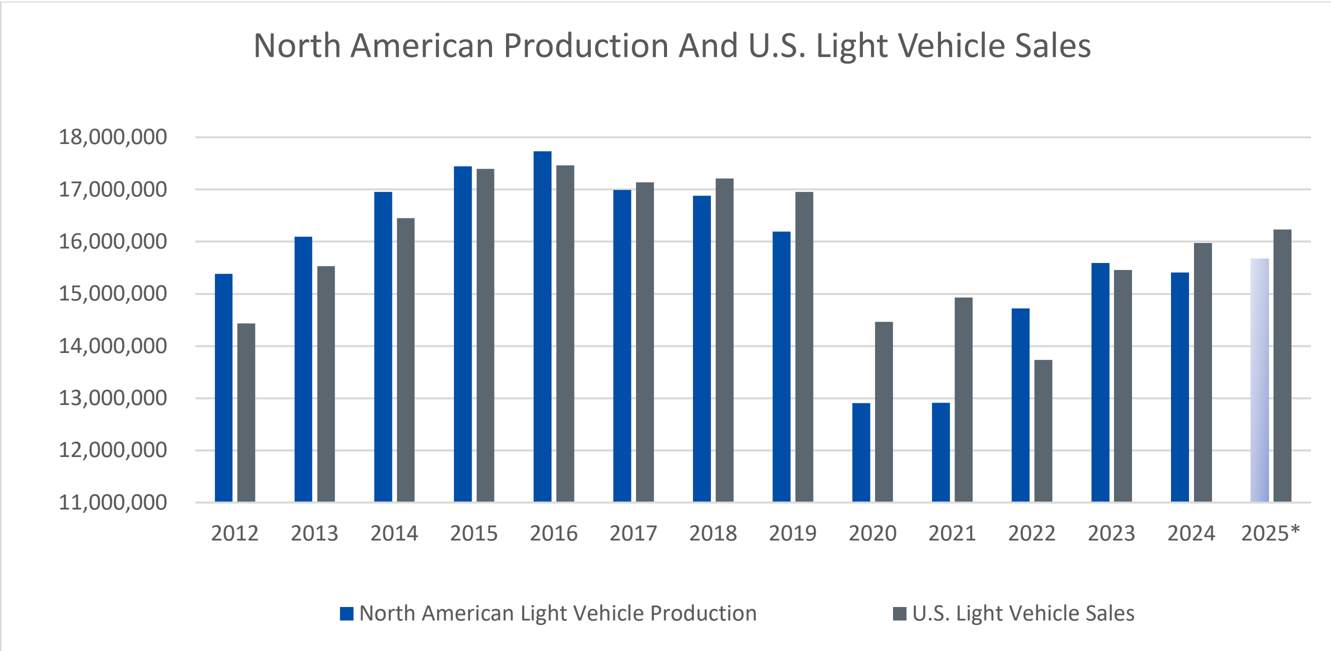
Sponsored by: Hogan Lovells

Contents – January 7, 2026

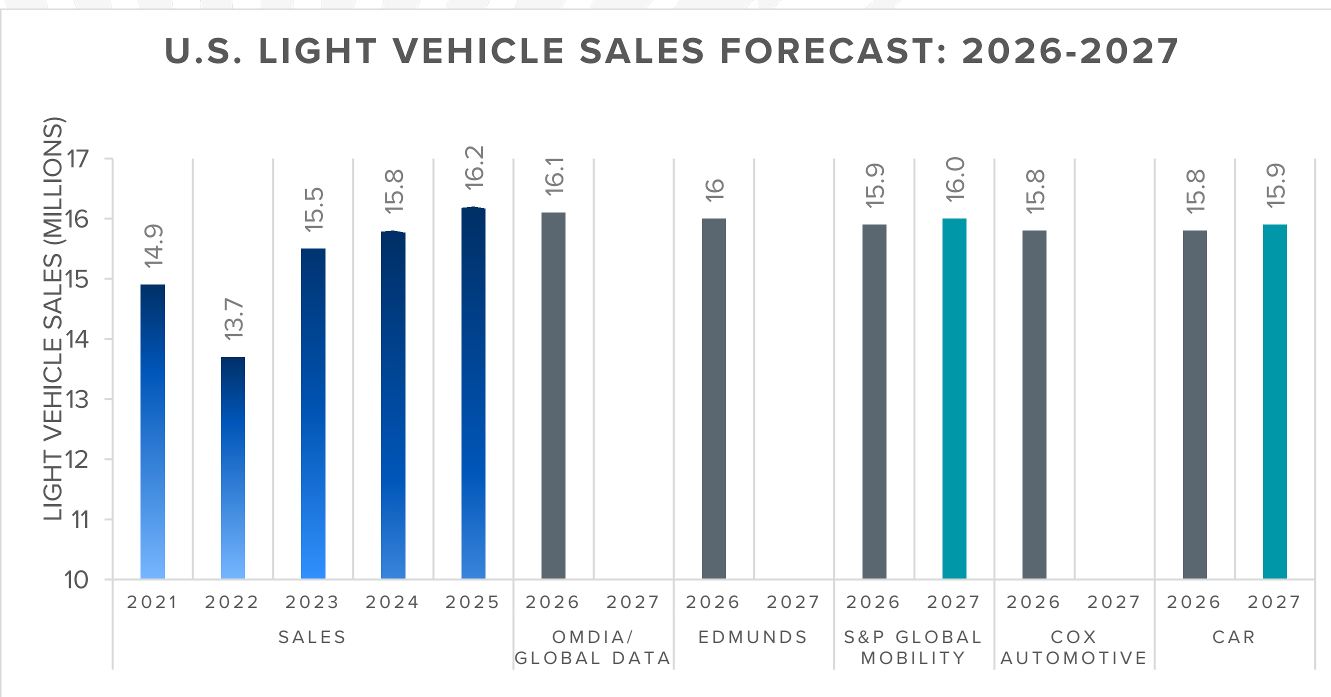
Forecast Meter

Sales & Production Summary and Forecast (Updated 1/7)

2024-2025 Sales,[1] Extended Sales Forecast[2] and Production Forecasts[3]		
	U.S. Sales & Forecasts	**North American Production**
January '24	1,076,047 (-1.3% YoY)	1,327,765 (+7.8% YoY)
February '24	1,247,516 (+5.2% YoY)	1,358,836 (+10% YoY)
March '24	1,438,012 (+4.6% YoY)	1,414,502 (-5.7% YoY)
April '24	1,313,512 (+0.6% YoY)	1,473,567 (+15.9% YoY)
May '24	1,429,028 (+0.8% YoY)	1,485,373 (-1.7% YoY)
June '24	1,321,932 (-3.4% YoY)	1,346,584 (-6.1% YoY)
July '24	1,273,115 (-2.0% YoY)	1,117,833 (-4.4% YoY)
August '24	1,419,245 (+3.8% YoY)	1,428,177 (+32.6% YoY)
September '24	1,169,908 (-1.4% YoY)	1,399,608 (+0.8% YoY)
October '24	1,325,263 (+2.4% YoY)	1,506,154 (+7% YoY)
November '24	1,360,060 (+5.8% YoY)	1,331,155 (-3.1% YoY)
December '24	1,488,577 (+6.1% YoY)	972,571 (-11.2% YoY)
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)	
2024 Full Year	15,851,070 (+2.2% YoY)	15,972,369 (-1.3% YoY) (U.S. 10,561,234)
2025 Forecast	16,233,363 (+2.4% YoY)	15,350,000



U.S. Light Vehicle Sales Outlook (Updated 1/7)



Omdia Outlook (1/7)[4]: "Since 2022, the US inventory-to-sales ratio has been normalizing, rising from 0.4 (less than half a month's supply) in the post-COVID era marred by supply-chain bottlenecks to a cooler 1.5 as of July 2025. Yet, the immediate trend seems to be heating up as inventories have slid relative to sales since then.

"The US Bureau of Economic Analysis has not released the December figures yet, but given the sales push at the end of this year, that ratio is likely to slide further. And even though that ratio is likely affected by the holiday, supply-side disruptions (the fire at aluminum maker Novelis and the ongoing chip battle at Nexperia), and the loss of some BEV production, this is still good news going into 2026. Sales are likely to remain relatively strong even if they are down from December's high.

"The more nuanced answer, however, is that sales are more reliant on a relatively small group of wealthy consumers. This is evidenced by the trend for luxury vehicles in general and higher cost, full-size trucks specifically. Full-size trucks accounted for 15% of the market in December, up from 14% in December of last year and 1.7% from last month. Luxury vehicles in general, while down 1% year-over-year, have gained market share every month since July 2025 and account for 37% of the market in December. In contrast, more affordable models continue to lose share year-over-year and hold 12% of the market. CUVs and SUVs (including vans and small pickups) make up the other 50% of the market.

"This creates some vulnerabilities if automakers abandon the lower and middle segments.

"Chinese OEMs have spent the last decade perfecting high-tech, high-quality, affordable cars, exactly what US makers are abandoning. And while the US market remains protected by high tariffs, Chinese automakers will breach that barrier sooner rather than later."

North American Production & Inventory Outlook (Updated 12/23)

Omdia Production Outlook (12/23)[5]: "North America production of light vehicles and medium- and heavy-duty trucks together is on track to finish 4Q at 3.519 million units, higher than the 3.450 million units estimated in November though still 6.6% below 4Q 2024's 3.767 million units and well below the initial October estimate of 3.662 million units. Production is expected to end the year at 15.414 million units, down 4% from 2024 but slightly better than November's 15.35 million units estimate.

"Estimated production for December of 944,000 units is down 31,600 units from the 976,000 million estimated in last month's outlook. Estimates at several automakers were downwardly revised, while supply disruptions from the fire and the chip stoppage continue to drag on output into December and possibly into early 2026.

"The Nexperia chip crisis continues despite the Dutch government suspending its takeover of the Chinese-owned, Netherlands-based company and the Chinese government lifting its export ban on integrated circuits.

"An open letter posted on Nexperia's website at the end of November indicates chips are still not leaving the Chinese factory. Dutch executives refuse to reinstate the Wingtech (Nexperia's parent company) CEO Zhang Xuezheng, effectively keeping Nexperia's control in Dutch hands.

"In the first look at 1Q 2026, January-through-March is tracking to 3.806 million units, slightly under 1Q 2025's 3.870 million."

Omdia Inventory Outlook (12/23)[6]: "Meantime, December inventory is forecast to total 2.44 million units, down 10.5% from the prior month and 13.5% below same-month 2024. Days' supply is pegged at 44, down from November's 53 and December 2024's 47."

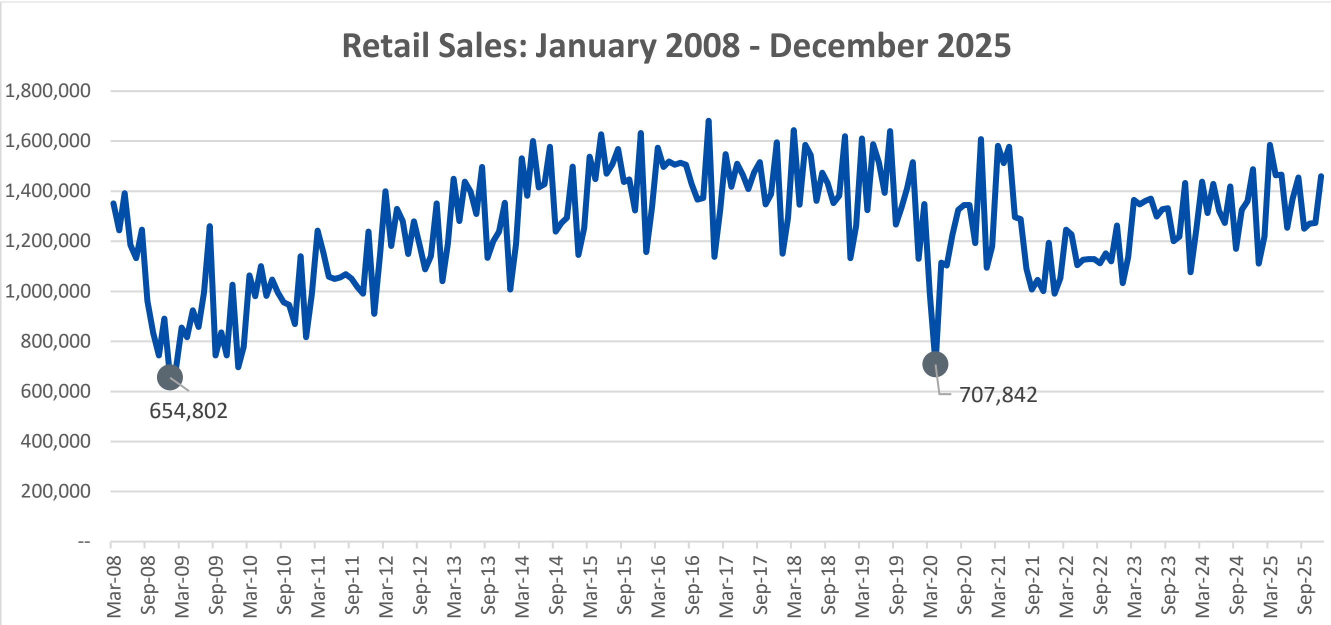
S&P Global Mobility Outlook (12/23)[7]: "North America: The outlook for North America light vehicle production was increased by 76,000 units and by 288,000 units for 2025 and 2026, respectively (and increased by 68,000 units for 2027). The short-term outlook for the remainder of 2025 was revised higher by 0.5% totaling 15.24 million units for the year. Ford in particular plans to work through the winter holidays to recover all-important F-Series production that, despite a second fire at the same Novelis facility, appears intact with parts supply secured in the interim to work towards volume recovery. The outlook for US demand for 2026 was revised higher by 140,000 units totaling a projected 15.89 million units. Production in North America for 2026 was revised higher by 1.9% totaling 15.08 million units on a combination of the increased demand outlook, efforts to keep inventory on pace with demand and the recovery of lost volume stemming from the situations surrounding Novelis and Nexperia. Interestingly, despite the imposed import tariffs, several Asian manufacturers, including Toyota and Subaru are planning to increase imports at the expense of local production with the Toyota RAV4 and Subaru Crosstrek being the most notable examples of such planning for 2026 and beyond. With the recent roll back of US emissions standards, expectations include stronger output for mid- and full-size ICE-based trucks as OEMs seek to bolster profitability and offset the sunk costs of previous BEV investments."

Market Meter

U.S. Light Vehicle Sales (Updated 1/7)

Monthly Sales (Updated 12/5)

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.



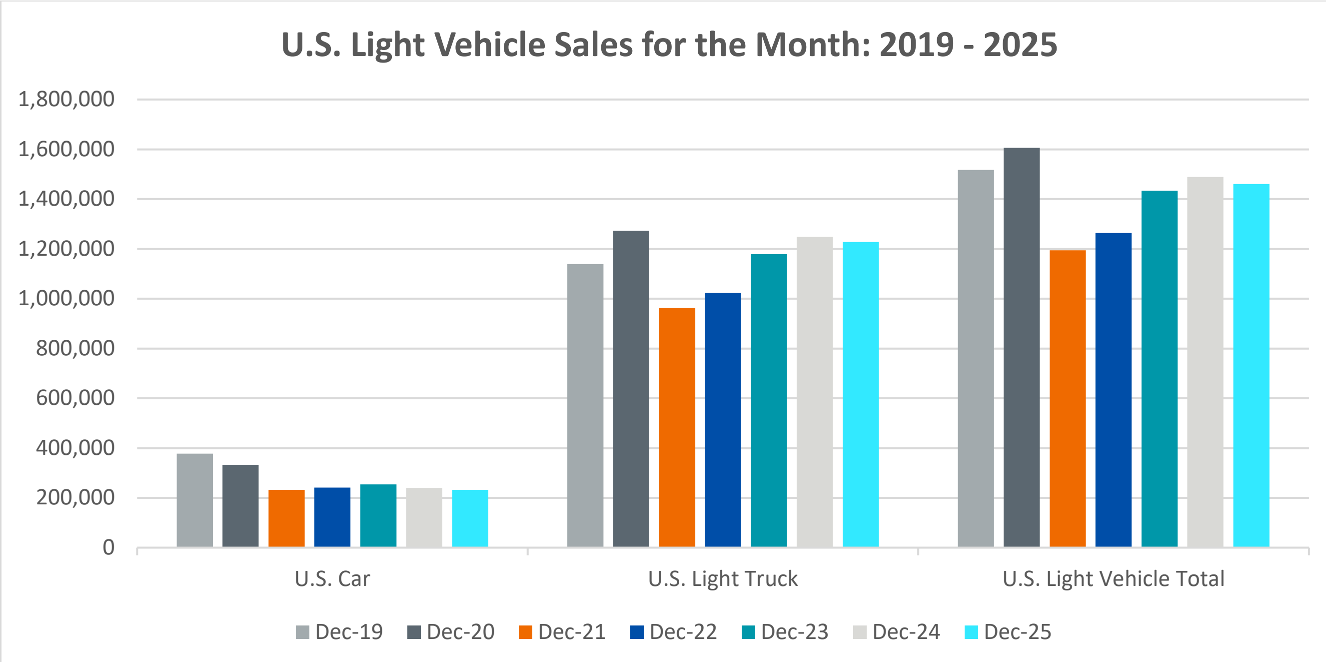
Monthly Sales (Updated 1/7)

Omdia (formerly WardsIntelligence)[8]: "US light-vehicle sales fell year-over-year (YoY) for the third consecutive month in December, the culmination of a 4Q decline of 4.6%, the first quarterly drop since 1Q-2023.

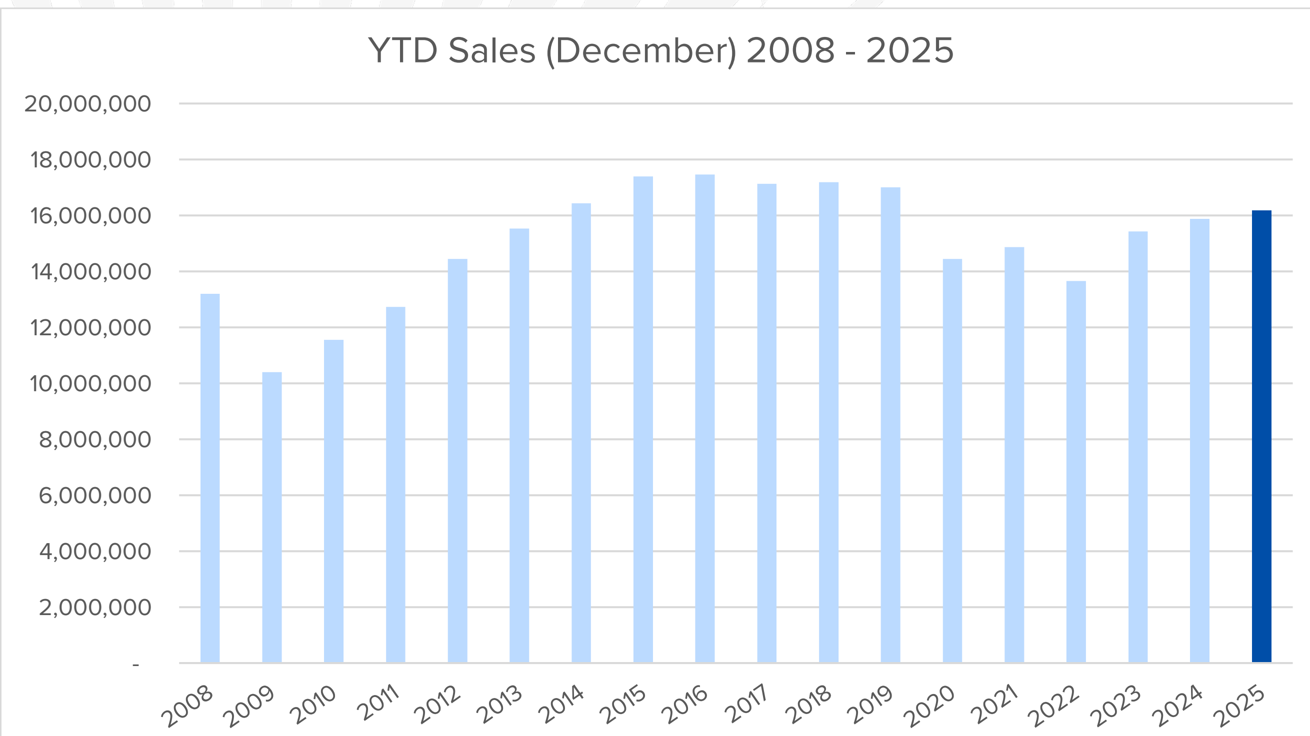
"Despite the 4Q slowdown, entire 2025 totaled 16.2 million units, up 2% from 2024's 15.9 million and the highest since 17.0 million in 2019.

"December's seasonally adjusted annual rate (SAAR) totaled 16.0 million units, well below same-month 2024's 16.8 million. The 4Q SAAR totaled 15.76 million, down from Q4-2024's 16.2 million and lowest for any quarter since Q1-2024's 15.6 million.

"Raw volume in December totaled 1.460 million units, 2.3% below same-month 2024's 1.494 million. The daily selling rate (DSR) equated to 56,161 over the month's 26 selling days, 6.0% below year-ago's 59,769—25 selling days.



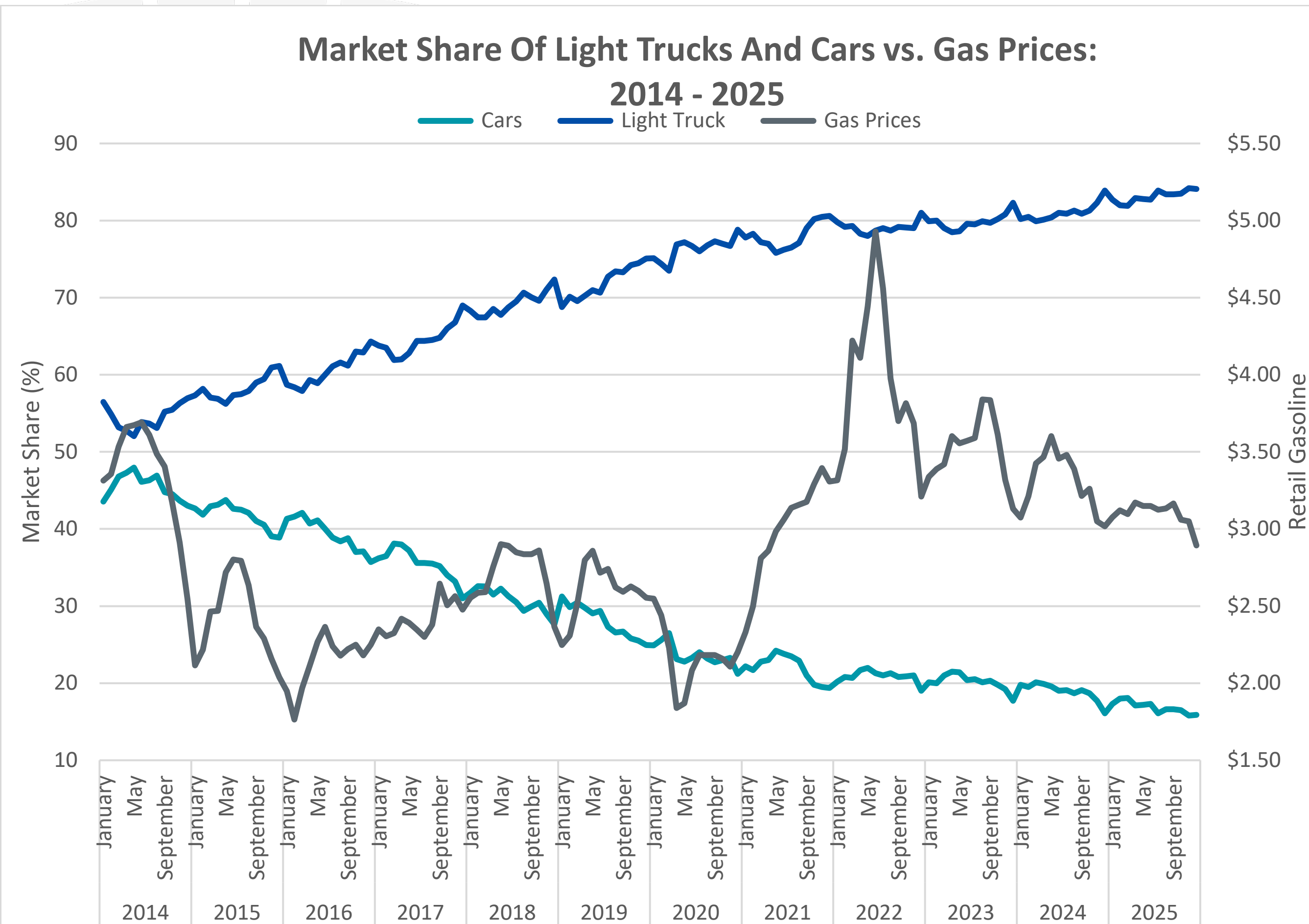
Calendar year-to-date sales through December totaled 16.2 million units, up 2 percent from 2024's 15.9 million.



Segments vs. Gas Prices (Updated 1/7)

Monthly Sales: Light trucks accounted for 84.1 percent of sales in December, up 0.2 percentage points from the market share a year ago and the second highest share ever. Compared to the same period in 2024, sales of cars are down about 8,000 units, and down about 146,000 from December 2019, when cars comprised 25 percent of the market as opposed to the 15.9 percent of the market passenger cars have now.

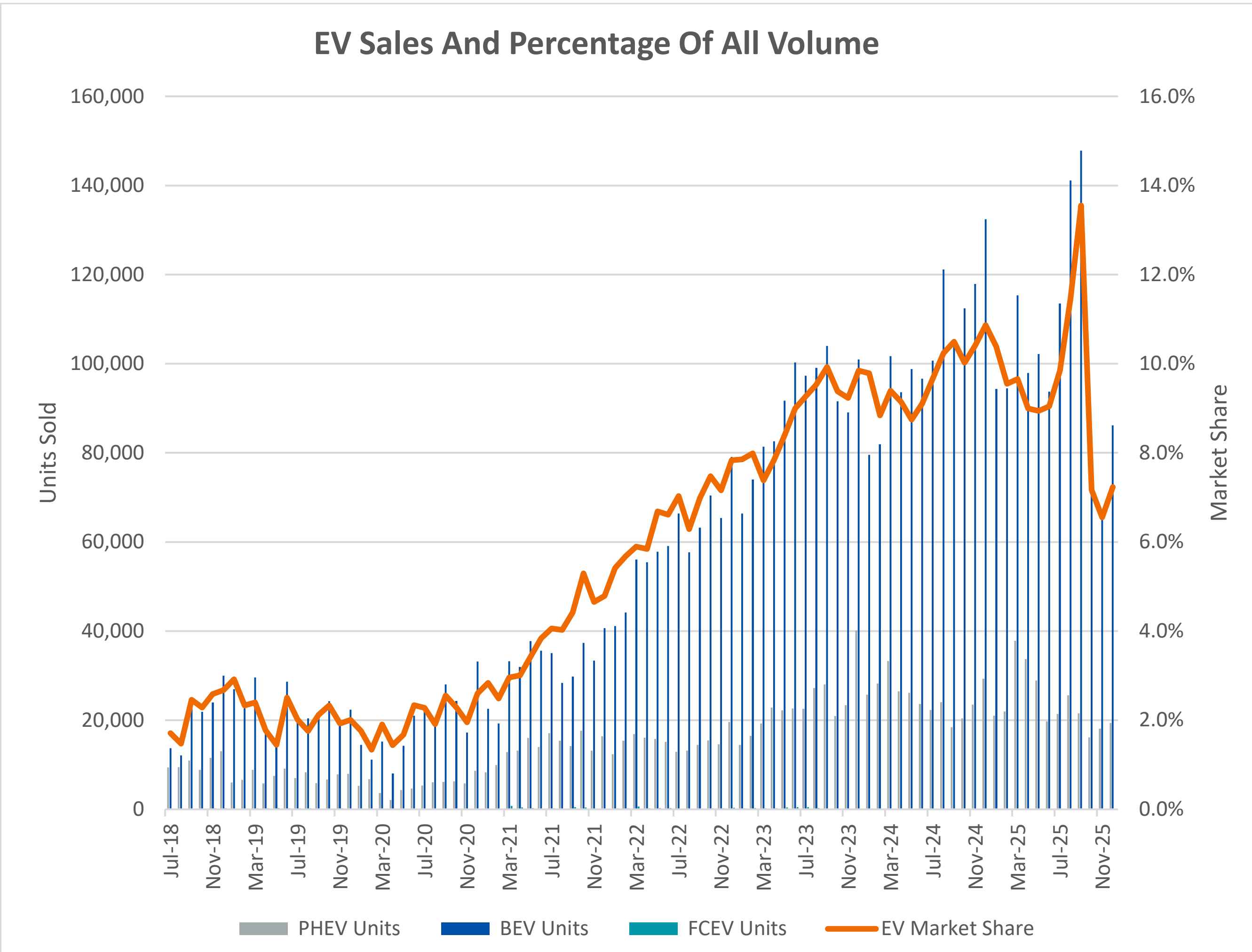
Historic Perspective: The upward trend in the popularity of light trucks over cars has been steady since 2013, when only 2% of annual market share separated the two segments.[9] and gas was over $3.00.[10] a gallon. As fuel prices dropped below the $3.00 mark in mid-September 2014, light truck sales 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.[11]



EV Powertrain Sales (Updated 1/7)

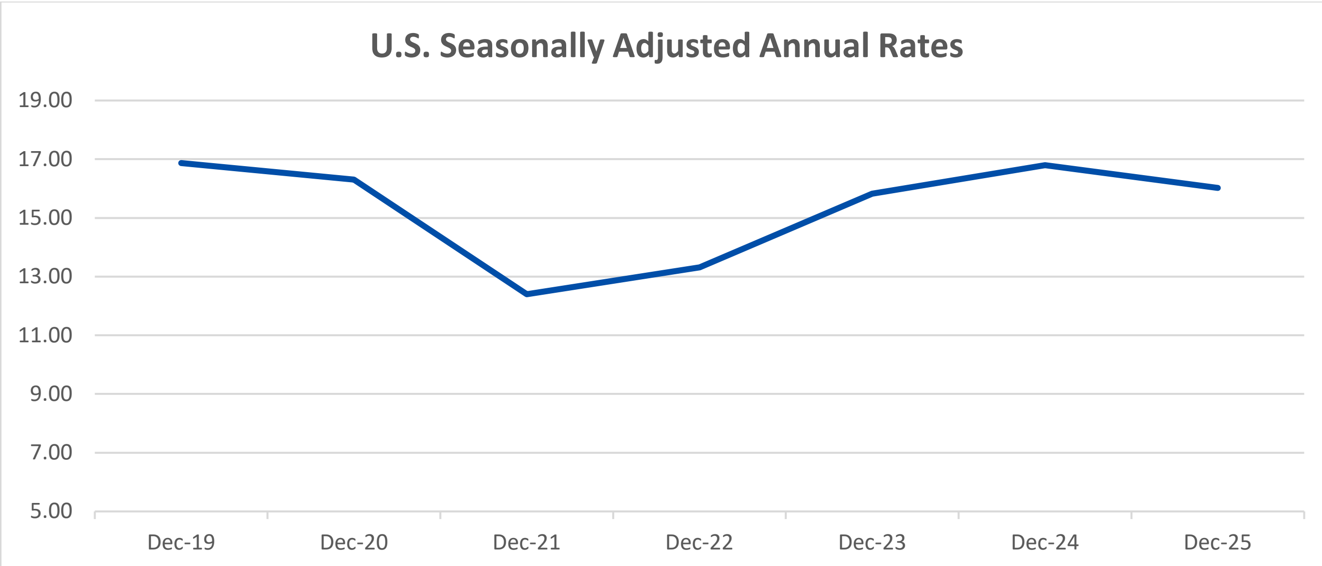
Sales of electric vehicles (BEV, PHEV, & Fuel Cell) accounted for 7.2 percent of total vehicle sales in December 2025 (105,575) per Omdia estimates. Market share increased 0.7 percentage points (pp) from

November 2025. December's EV market share is down 3.6 pp from a year ago. Sales of battery electric vehicles accounted for 5.9 percent of total sales, down 3 pp from December 2024. Plug-in hybrids accounted for 1.3 percent, down 0.6 pp from the same time last year. Hybrid market market share was 12.7 percent.



Seasonally Adjusted Annual Rates (Updated 1/7)

Omdia (formerly WardsIntelligence)[12]: "December's seasonally adjusted annual rate (SAAR) totaled 16.0 million units, well below same-month 2024's 16.8 million. The 4Q SAAR totaled 15.76 million, down from Q4-2024's 16.2 million and lowest for any quarter since Q1-2024's 15.6 million."



Average Transaction Price (Updated 1/7)

J.D. Power (Updated 1/7)[13]: "The average new-vehicle retail transaction price in December for all vehicles is expected to reach $47,104, up $715 or 1.5 percent from December 2024. Separating out electric vehicles, the average price on non-EV's has powered vehicles rose 1.4% to $46,807.

"The average manufacturer's incentive spend per vehicle is on track to reach $3,433, which is $140 higher than November and $77 higher than a year ago. Expressed as a percentage of MSRP, incentive spending is currently at 6.5%, up 0.1 percentage points from last year. Discounts on EVs are expected to average $11,414 in December, down $57 compared with December 2024, and down $472 from November 2025. Discounts on non-EVs are projected at $3,219, an increase of $425 from last year.

"Easing interest rates and strong used-vehicle values—reflected in higher trade-in equity—are providing some relief to buyers facing elevated monthly payments.

"The average interest rate for new-vehicle loans in December is 5.84%, a decrease of 32 basis points from a year ago.

"The average used-vehicle price is trending toward $29,571, up a modest $8 from a year ago."

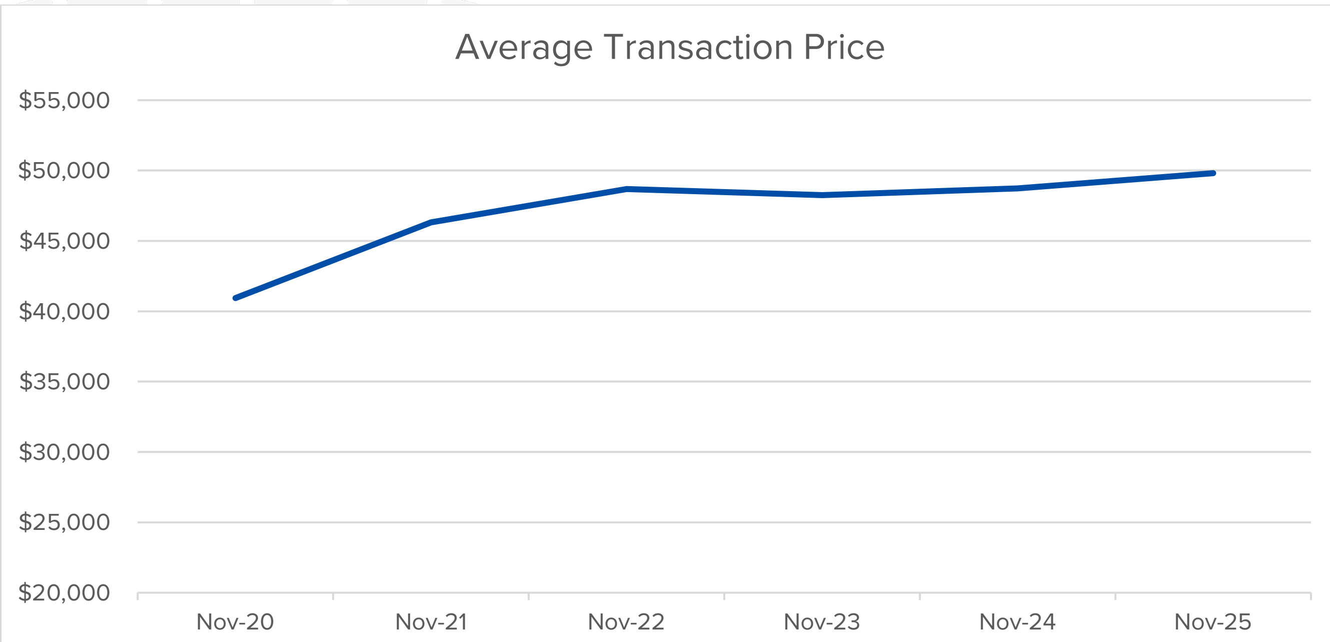
Kelley Blue Book (October) (12/23)[14]: "The average transaction price (ATP) of a new vehicle in the U.S. moved higher in November, according to estimates released today by Kelley Blue Book, a Cox Automotive brand. New-vehicle prices have been increasing steadily – albeit slowly – for more than a year now. After peaking in September, prices have remained mostly stable at just under $50,000. Prices are expected to move higher this month, as new-vehicle prices typically peak in the final month of the year, as a rich mix of expensive vehicles is sold.

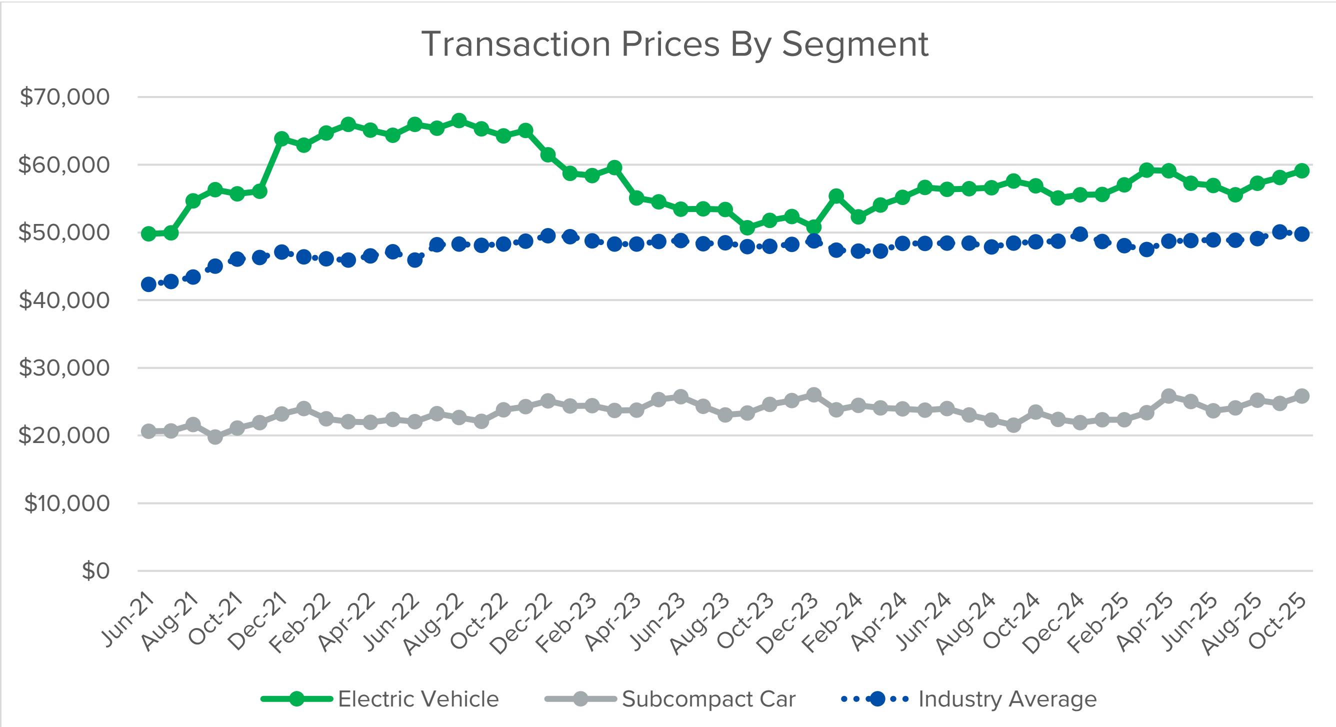
"The new-vehicle ATP in November was $49,814, up 1.3% year over year and mostly unchanged from October ($49,760). The elevated ATP continues to reflect a market heavily influenced by affluent households.

“The average incentive package in November was equal to 6.7% of ATP ($3,347), down notably from one year ago when incentive spending was at a three-year high of 7.9% of ATP. Incentive spending in November was higher compared to October, when incentives averaged 6.5% of ATP. In 2025, incentive spending has averaged roughly 7.0% of ATP.

“The average new-vehicle manufacturer's suggested retail price (MSRP) – commonly called "the asking price" – was higher by 1.7% year over year in November. The MSRP also increased month over month, gaining 0.3%. The average new-vehicle MSRP has been above $50,000 since April, as a rich mix of expensive vehicles sold each month continues to drive elevated pricing.”

“The average price for a new electric vehicle (EV) in November was $58,638. The EV ATP climbed 3.7% year over year, but was down 0.8% from October. Incentives as a percentage of ATP were 13.3%, which is 4.1% lower than in November 2024 but 20.1% higher than in October.



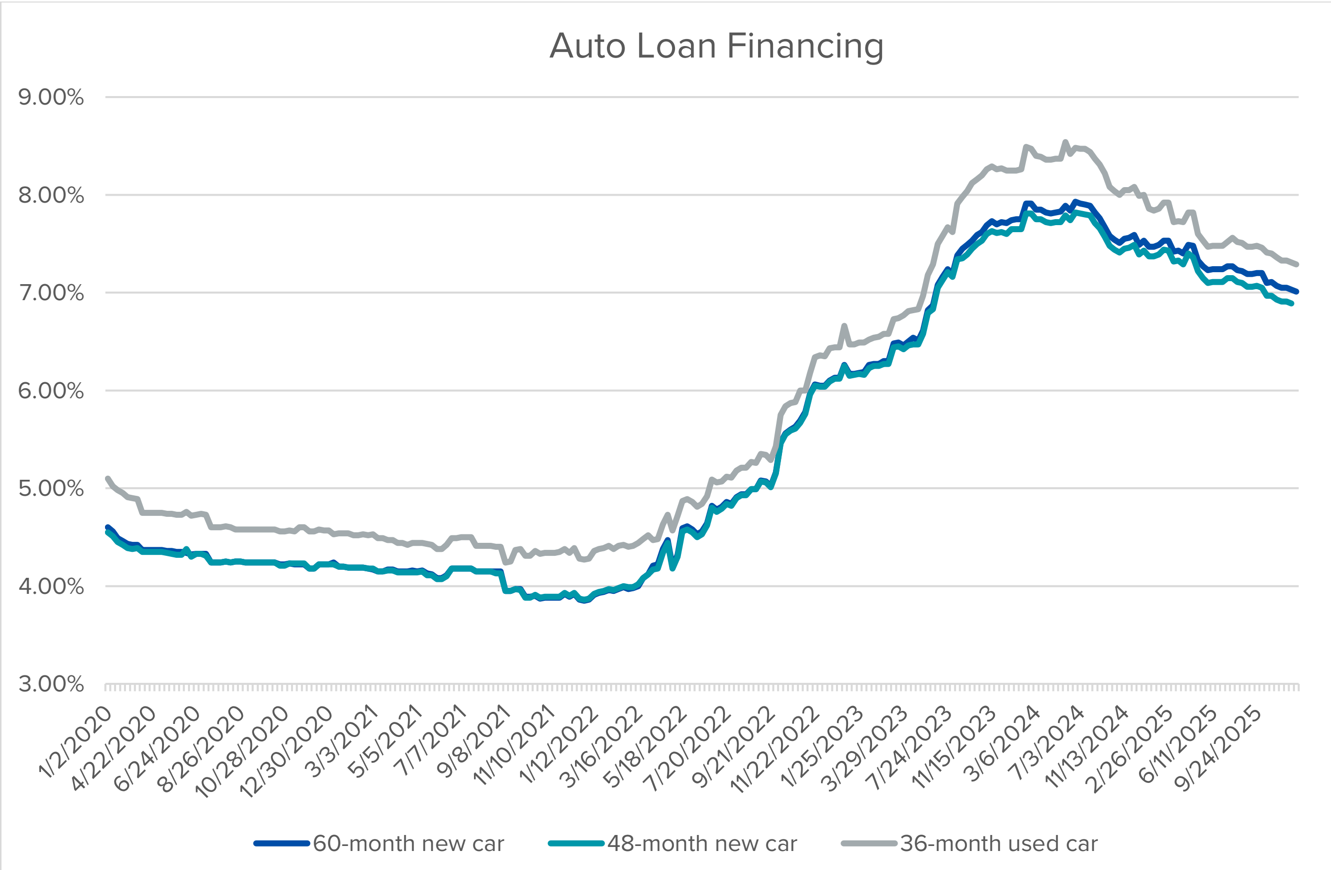


Auto Loan Financing (Updated 1/7)

JD Power (1/7)[15]: "Average monthly finance payments are on pace to be $776, up $21 from December 2024. The average interest rate for new-vehicle loans is expected to be 5.84%, down 0.32 percentage points from a year ago."

Interest Rates Lowest Since Mid-2023 (updated 1/7): Interest rates continued their gradual decline, decreasing slightly on the 60-month, 48-month new car and 36-month used vehicle loans over the past two weeks. Rates now stand at 7.01%, 6.88%, and 7.29%, respectively. Since the beginning of 2020, 60-month rates are up 2.41 pp, and are down 0.52 pp since the same time a year ago.[16]

Dates	60-month new car	48-month new car	36-month used car
1/2/2020	4.60%	4.55%	5.10%
12/31/2024	7.53%	7.43%	8.00%
12/17/2025	7.03%	6.89%	7.31%
12/30/2025	7.01%	6.88%	7.29%
Two Week Change	-0.02%	-0.01%	-0.02%
Change since 1/3/20	2.41%	2.33%	2.19%
One Year Change	-0.52%	-0.55%	-0.71%



Crude Oil and Gas Prices (Updated 1/7)

Oil Continues to Moderate, Gas Falls to $2.80 A Gallon – Lowest Since March 2021 (1/7):[17] Oil prices, as benchmarked at West Texas Intermediate were $57.54 at the end of December, down nearly $16 from the same time a year ago. Since election day 2024, oil prices are down more than $11 a barrel. Gas fell to $2.80 a gallon. Gas is 8 percent higher than the beginning of 2020 and is at the lowest point since March 2021.

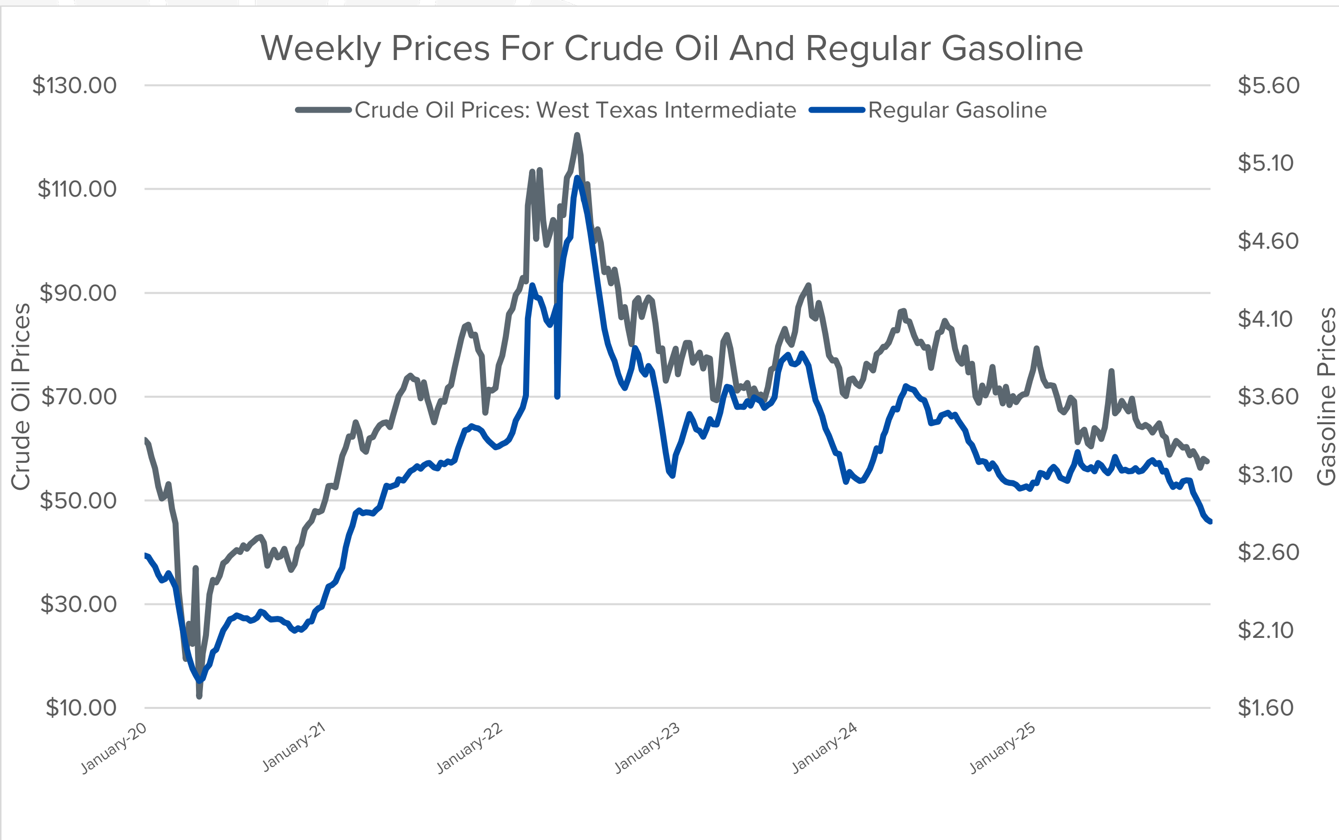
EIA Outlook For Gasoline (12/5)[18]: "Lower crude oil prices will continue to push down retail gasoline and diesel prices in the United States in 2026. We forecast the average U.S. retail gasoline price to remain near $3.00 per gallon (gal) for the remainder of 2025, resulting in an average 2025 price of $3.10/gal, a 6% decrease from 2024. In 2026, we forecast the average retail gasoline price to fall by 4% to just under $3.00/gal, which would be the lowest annual average price since 2020. We forecast the U.S. retail diesel price will average almost $3.70/gal in 2025, down 3% from 2024. Diesel prices are forecast to fall by another 4% in 2026. As with gasoline, lower diesel prices are primarily a result of lower crude oil prices.

"We forecast all regional gasoline prices in the United States will average less than $3.00/gal in 2026 except for on the West Coast, where the forecast annual average price is $4.10/gal. The West Coast—which usually has the highest retail fuel cost in the country—faces additional price pressure in the coming years due to reduced refinery capacity stemming from two planned refinery closures: Phillips 66's Wilmington refinery in the Los Angeles area this year and Valero's Benicia refinery in the Bay Area in April 2026."

EIA Outlook For Oil (11/5):[19] "With less capacity to refine petroleum products domestically, we expect the United States will import less crude oil but import more petroleum products in 2026, as shown in our net import forecasts. Net imports are defined as total imports minus total exports.

"Our forecast for refinery inputs decreases more than our forecast for crude oil production in 2026, resulting in crude oil inventory builds. With rising inventories, we forecast the United States will reduce net imports of crude oil to less than 1.9 million b/d in 2026 compared with 2.1 million b/d this year, the lowest annual average crude oil net imports in a year since 1971.

"Lower U.S. refinery inputs in 2026 also reduce our forecast for domestic production of petroleum products. At the same time, we expect the United States will consume about the same amount of petroleum products in 2026 as in 2025. As a result, we expect the United States—particularly the West Coast—will need to import more petroleum products to meet market demand. We forecast total net imports of petroleum products, not including biofuels and hydrocarbon gas liquids (HGLs), will increase to 1.5 million b/d in 2026, up 0.3 million b/d from 2025 and 0.4 million b/d from 2024."



Production Meter

North American Production (Updated 12/23)

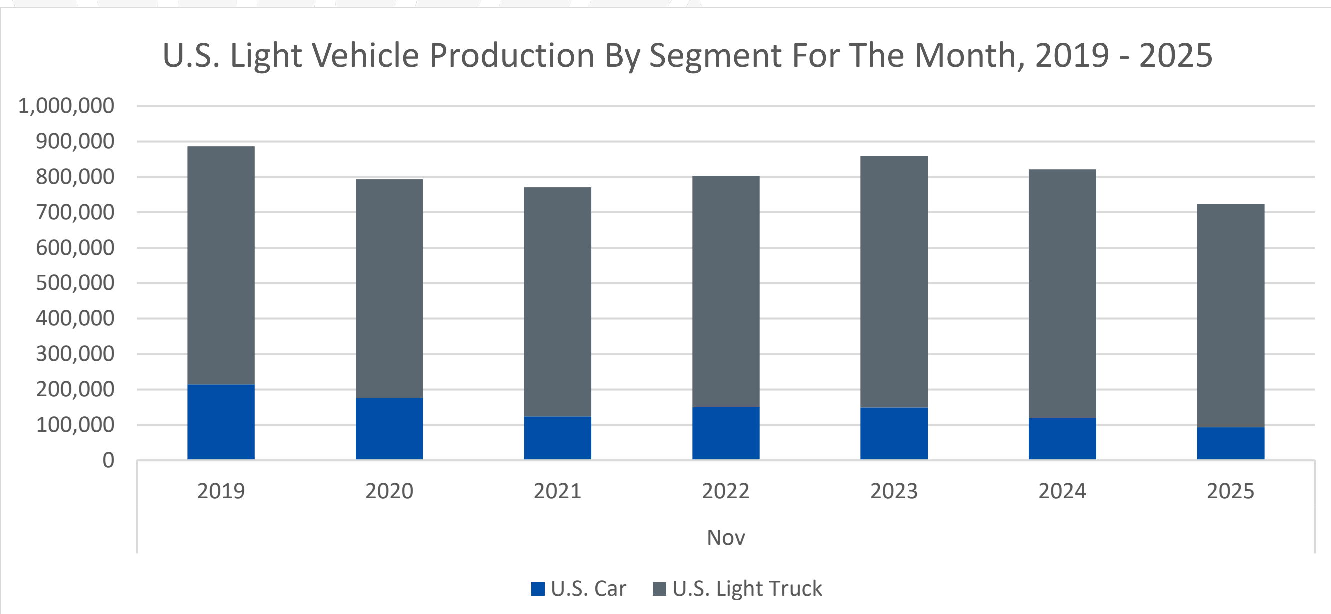
Wards Intelligence[20]: "North America production of light vehicles and medium- and heavy-duty trucks together is on track to finish 4Q at 3.519 million units, higher than the 3.450 million units estimated in November though still 6.6% below 4Q 2024's 3.767 million units and well below the initial October estimate of 3.662 million units. Production is expected to end the year at 15.414 million units, down 4% from 2024 but slightly better than November's 15.35 million units estimate.

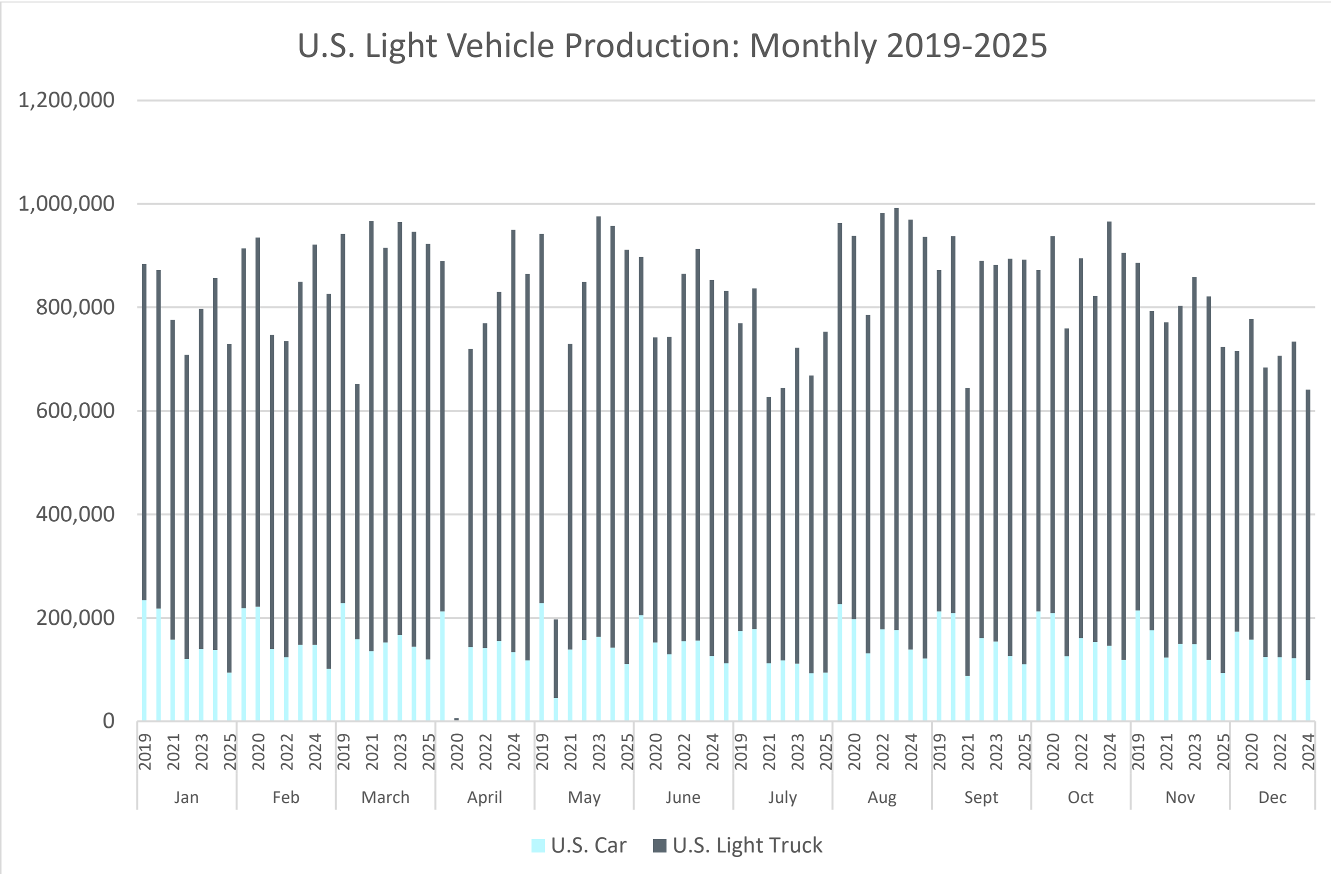
"Estimated production for December of 944,000 units is down 31,600 units from the 976,000 million estimated in last month's outlook. Estimates at several automakers were downwardly revised, while supply disruptions from the fire and the chip stoppage continue to drag on output into December and possibly into early 2026."

U.S. Light Vehicle Production (Updated 12/23)

U.S. Monthly Production

U.S. Light vehicle production for November was down 21.1 percent month-over-month, totaling 723,311 vehicles (93,679 cars; 629,632 light trucks), year-over-year, production is down 9.5 percent from 2024.[21]



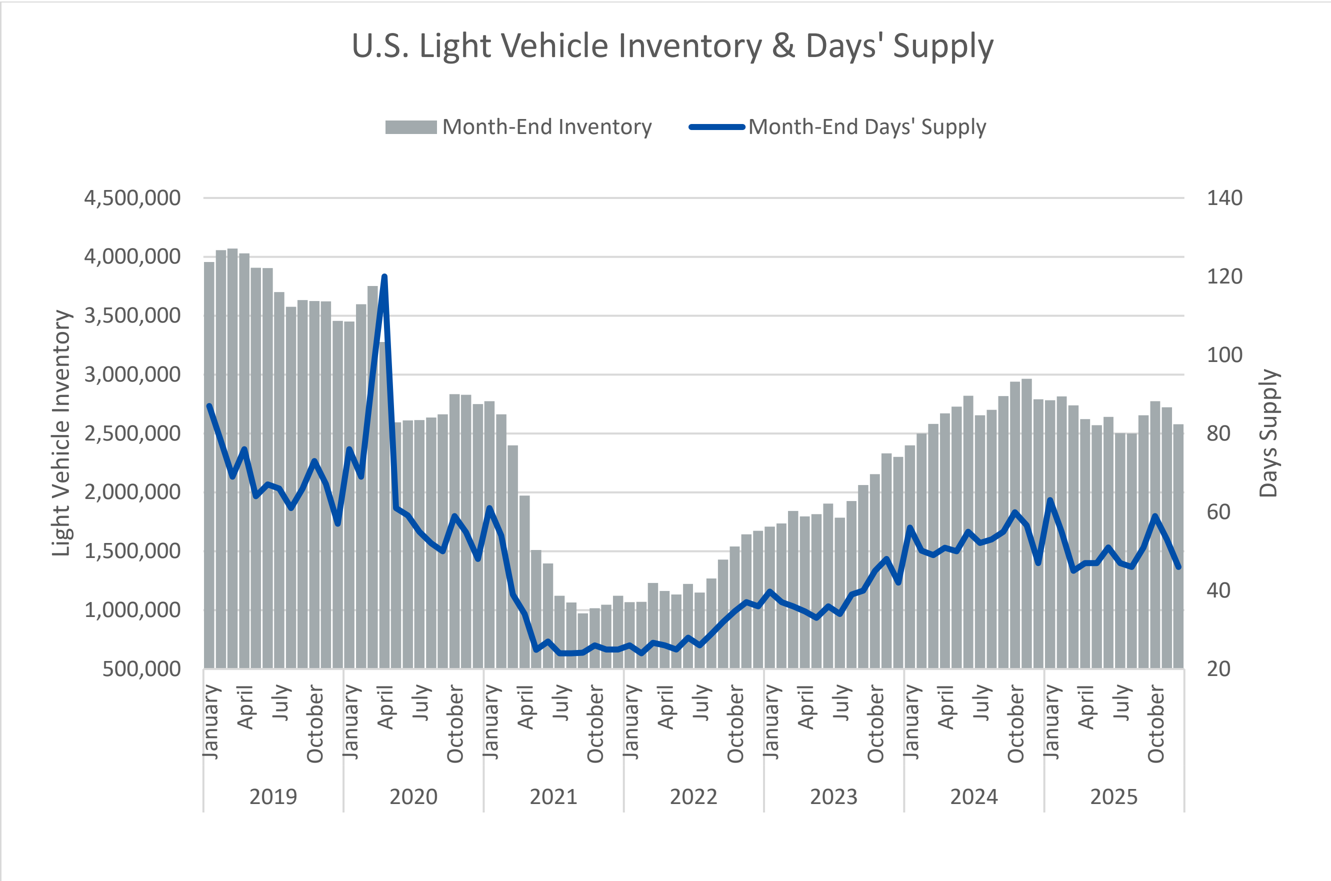


U.S. Light Vehicle Inventory and Days' Supply (Updated 1/7)

Omdia Inventory Update (1/7)[22]: "US light-vehicle inventory totaled 2.578 million units at the end of December, down 8.5% from same month-2024 and the eighth straight month dealers had fewer vehicles in stock compared with the year-ago period.

"December's total was a 5.3% drop from the prior month, though a sequential decline from November is typical due to most plants building vehicles for the US market generally shuttered in the final week of the month for the holiday season, lowering shipments to dealers.

"Days' supply in December totaled 46, a drop from November's 53 and just under same-month 2024's 47."



Global Meter

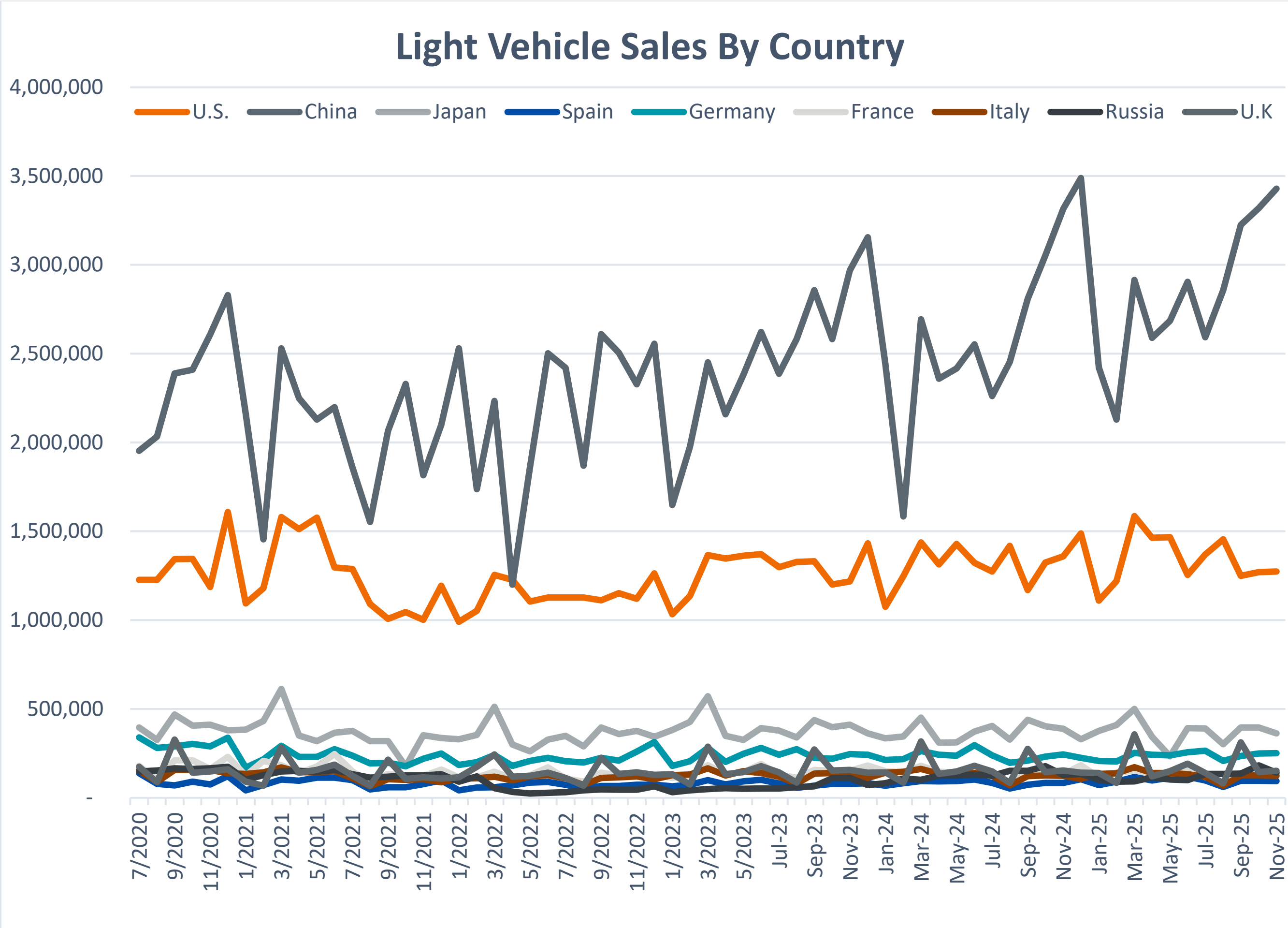
Global Light Vehicle Sales (Updated 1/7)

Wards Intelligence[23]**:** "Global sales fell by over 2% year-over-year (YoY) in November, as all major regions except Europe recorded losses. Continued weakness in China and the US is expected to curtail growth in December.

"Global sales of light vehicles and medium- and heavy-duty trucks combined decreased YoY, ending 13 months of gains, with all major regions except Europe posting losses.

"Deliveries in November totaled 8.85 million units, 1.0% above same-month 2024's 8.76 million. Calendar year-to-date sales through November totaled 92.9 million, up 8.3% from 11-month 2024's 85.82 million.

"Despite weakness in some markets, GlobalData's light-vehicle outlook for entire 2025 was raised 700,000 from month-ago's outlook to 92.1 million units, 3.7% above 2024."



Global Light Vehicle Production (Updated 12/23)

S&P Global Mobility Forecast (12/23)[24]: "As 2025 draws to a close, the auto industry continues to navigate an evolving US trade environment as well as other regional dynamics. Assumptions regarding tariffs remain largely intact as automakers' strategies in mitigating the impacts continue to evolve. Companies are spreading the cost/price impact pragmatically across markets and are adjusting content, trim and mix accordingly. Additionally, automakers operating in the US are benefitting from not facing emissions penalties and the need to purchase regulatory credits. The net effect, consumers are not expected to bear as much of the burden by way of major price increases, yet the cost implications of some of the more severe tariff impacts will still prove impactful to consumer demand and resulting production as we look to next year. The December forecast update reflects a mix of largely positive revisions through the near-term forecast horizon as we adjust to reflect the ongoing impacts of a continued variable trade environment as well as other regional factors. A couple of particularly noteworthy upgrades in the near-term are concentrated on Greater China given the continued strength in export activity and a modestly stronger outlook for North America on improved US demand expectations and supporting inventory builds, among other factors. The more noteworthy regional adjustments with the latest forecast update are detailed below:

“Europe: The outlook for Europe light vehicle production was increased by 32,000 units and reduced by 21,000 units for 2025 and 2026, respectively (and increased by 43,000 units for 2027). In the EU and Turkey, production volume was revised upward by 68,000 units, reflecting stronger results from October and November. Inventory risks continue to be effectively managed, as increased production is now aligning more closely with rising domestic demand. For total European output in 2025, projections have been raised to 16.9 million units compared to the previous forecast. However, this gain was partially offset by lower Russian production in October which fell short of expectations by 24,000 units. Looking ahead to 2026, the production outlook for the EU and Turkey has been slightly reduced to 15.19 million units, down by 17,000 units. This adjustment is primarily driven by Hyundai’s anticipated production cuts in Europe, with a strategic shift towards increased imports, such as the Kia EV3 and Hyundai Casper from Korea and the Kia K4 from Mexico.

“Greater China: The outlook for Greater China light vehicle production was increased by 550,000 units and by 361,000 units for 2025 and 2026, respectively (and increased by 399,000 units for 2027). After a strong Q3-2025 with 15% year-on-year growth, Mainland China light vehicle output slowed slightly to 12% growth and achieved 3.2 million units in October 2025. Given uncertainties in the domestic market owing to subsidy reductions and delays in some regions, we project deceleration in sales over the next few months. However, as a major support to the economy and the auto industry, export activity is expected to continue its momentum and support industry output. According to the CPCA, passenger vehicle retail sales declined 8% in November. The widespread suspension of subsidies across various regions, especially in higher tier markets such as Shanghai and Beijing, presents some near-term demand challenges. Despite the recent weakening in sales, exports have become major pillar of light vehicle production and surged by 600,000 units representing 50% year-on-year growth in November, according to the CPCA. Looking to 2026 and 2027, the outlook for Great China production was increased given continued support from exports and yet still reflects a sequential contraction of 2.1% from 2025 to 2026. The market remains influenced by policy measures and innovation, although the industry must navigate competitive pressures and economic uncertainties to sustain growth..

“Japan/Korea: Full-year 2026 and 2027 Japan production was upgraded by 155,000 units and 212,000 units, respectively. The short-term outlook was upgraded primarily due to an adjustment of the sourcing ratio of the Toyota RAV4 and the Subaru Crosstrek between Japan and the US. With the US auto tariff reduced from 25% to 15% and the yen continuing its weakening trend against US dollar, Toyota will maintain exports of its FHEV models to the US. Subaru will also continue steady exports to the US as its US plant can only produce 350,000 units annually due to supply chain restrictions there. The longer-term outlook was also upgraded by around 30,000 units per year. We transferred Honda Vezel production to Mexico, but we added a scenario for exporting the Toyota bZ4X to North America in addition to sourcing allocation of the Subaru Crosstrek between Japan and the US. Full-year 2025 South Korea production was upgraded by 13,000 units relative to last month primarily driven by stronger November production results. For 2026 and 2027, there was a slight uptick in volume due to minor changes in production timing for vehicles such as the Hyundai Avante, Kia Seltos, etc.

“North America: The outlook for North America light vehicle production was increased by 76,000 units and by 288,000 units for 2025 and 2026, respectively (and increased by 68,000 units for 2027). The short-term outlook for the remainder of 2025 was revised higher by 0.5% totaling 15.24 million units for the year. Ford in particular plans to work through the winter holidays to recover all-important F-Series production that, despite a second fire at the same Novelis facility, appears intact with parts supply secured in the interim to work towards volume recovery. The outlook for US demand for 2026 was revised higher by 140,000 units totaling a projected 15.89 million units. Production in North America for 2026 was revised higher by 1.9% totaling 15.08 million units on a combination of the increased demand outlook, efforts to keep inventory on pace with demand and the recovery of lost volume stemming from the situations surrounding Novelis and Nexperia. Interestingly, despite the imposed import tariffs, several Asian manufacturers, including Toyota and Subaru

are planning to increase imports at the expense of local production with the Toyota RAV4 and Subaru Crosstrek being the most notable examples of such planning for 2026 and beyond. With the recent roll back of US emissions standards, expectations include stronger output for mid- and full-size ICE-based trucks as OEMs seek to bolster profitability and offset the sunk costs of previous BEV investments.
South America: The outlook for South America light vehicle production was reduced by 124,000 units and by 137,000 units for 2025 and 2026, respectively (and reduced by 147,000 units for 2027). The downgrade for 2025 was primarily focused on Brazil due to a reduced sales outlook for the market as the boosting effects of changes in tax policy and the incentive on "cheap cars" has failed to materialize (at least at the expected level). The production revision was less dramatic for Argentina and primarily related to recent underwhelming production results. Regional volumes for 2026-2027 were reduced by 4.2% per year on average. This comes after integrating a revised macroeconomic outlook that points to a somewhat more cautious approach mainly towards Brazil. This adds to the fact that 2025 volumes are now substantially lower than previously anticipated. For the 2026-2027 timeframe, production for Brazil was revised down by 110,000 units per year on average.

"South Asia: The outlook for South Asia light vehicle production was increased by 27,000 units and by 51,000 units for 2025 and 2026, respectively (and increased by 56,000 units for 2027). The light vehicle production forecast for the ASEAN market remains broadly in line with our previous forecast in the extreme near-term, with only a modest upgrade of 18,000 units reflecting stronger exports and rising BEV output in Thailand. Looking to 2026 and 2027, the ASEAN forecast reflects downward revisions of around 23,000 units per year focused primarily on Thailand as despite the recent strength, concerns over economic headwinds, tighter auto loan approvals and potential trade challenges impacting exports are expected to cap the pace of recovery. The production outlook for India was upgraded for 2026 and 2027 by 81,000 units and 84,000 units, respectively. The rather robust outlook for India light vehicle production is driven by the domestic demand outlook which is benefiting materially from a reduction in the Goods and Services Tax (GST) for different sized vehicles. Automakers are adjusting their production schedules accordingly to capitalize on this demand and seize every opportunity available.

Economy Meter

Roadway Travel (Updated 12/5)

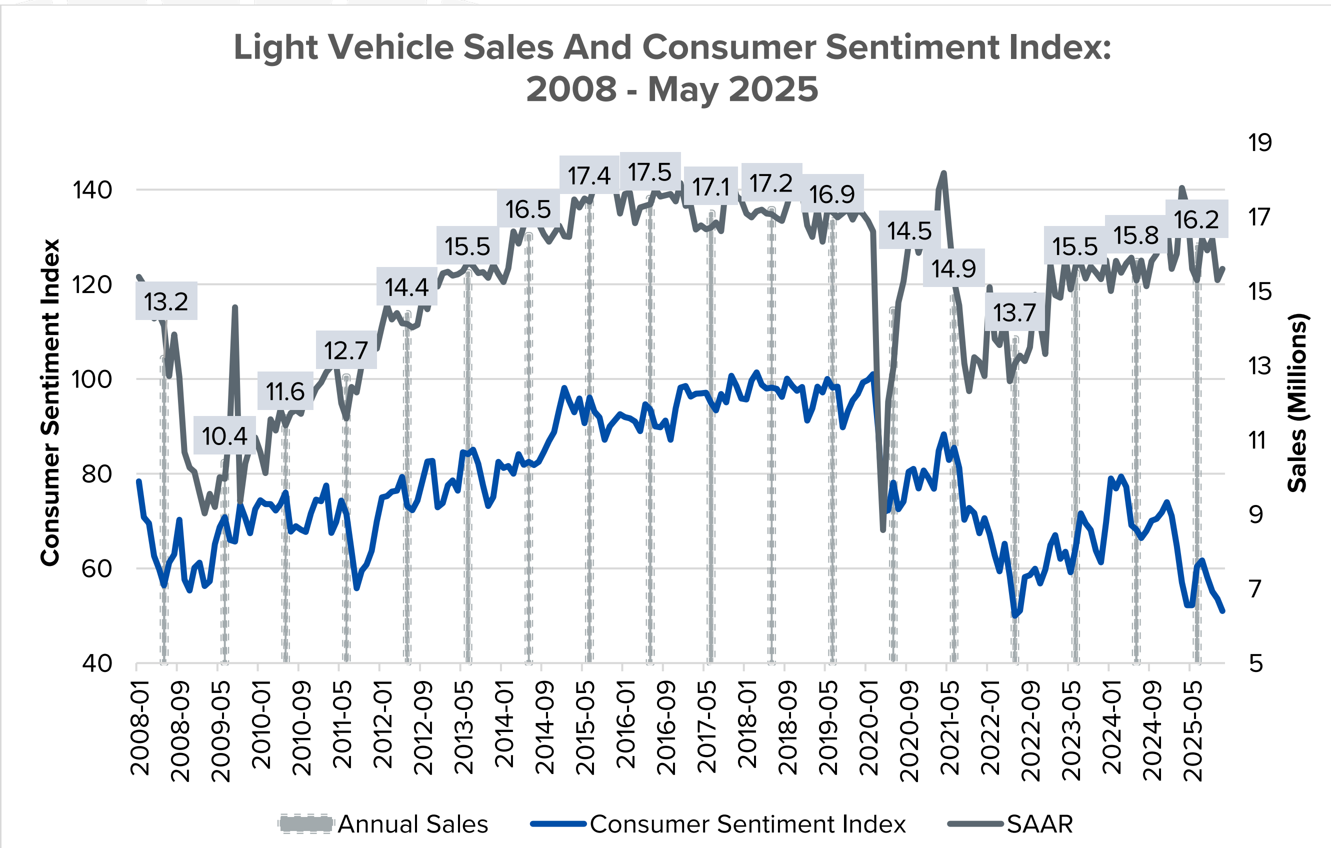
According to the U.S. Department of Transportation, seasonally-adjusted vehicle miles traveled in October increased by 0.5 percent from the same time a year ago. The cumulative travel estimate for 2025 is 2,782.1 billion vehicle miles.[25]

- Travel on all roads and streets changed by +0.6% (+1.8 billion vehicle miles) for October 2025 as compared with October 2024. Travel for the month is estimated to be 290.0 billion vehicle miles.
- The seasonally adjusted vehicle miles traveled for October 2025 is 276.4 billion miles, a +0.5% (1.4 billion vehicle miles) change over October 2024. It also represents a -0.2% change (-0.6 billion vehicle miles) compared with September 2025.
- Cumulative Travel for 2025 changed by +1.0% (+27.0 billion vehicle miles). The cumulative estimate for the year is 2,782.1 billion vehicle miles of travel.

Consumer Confidence and Sales (Updated 1/7)

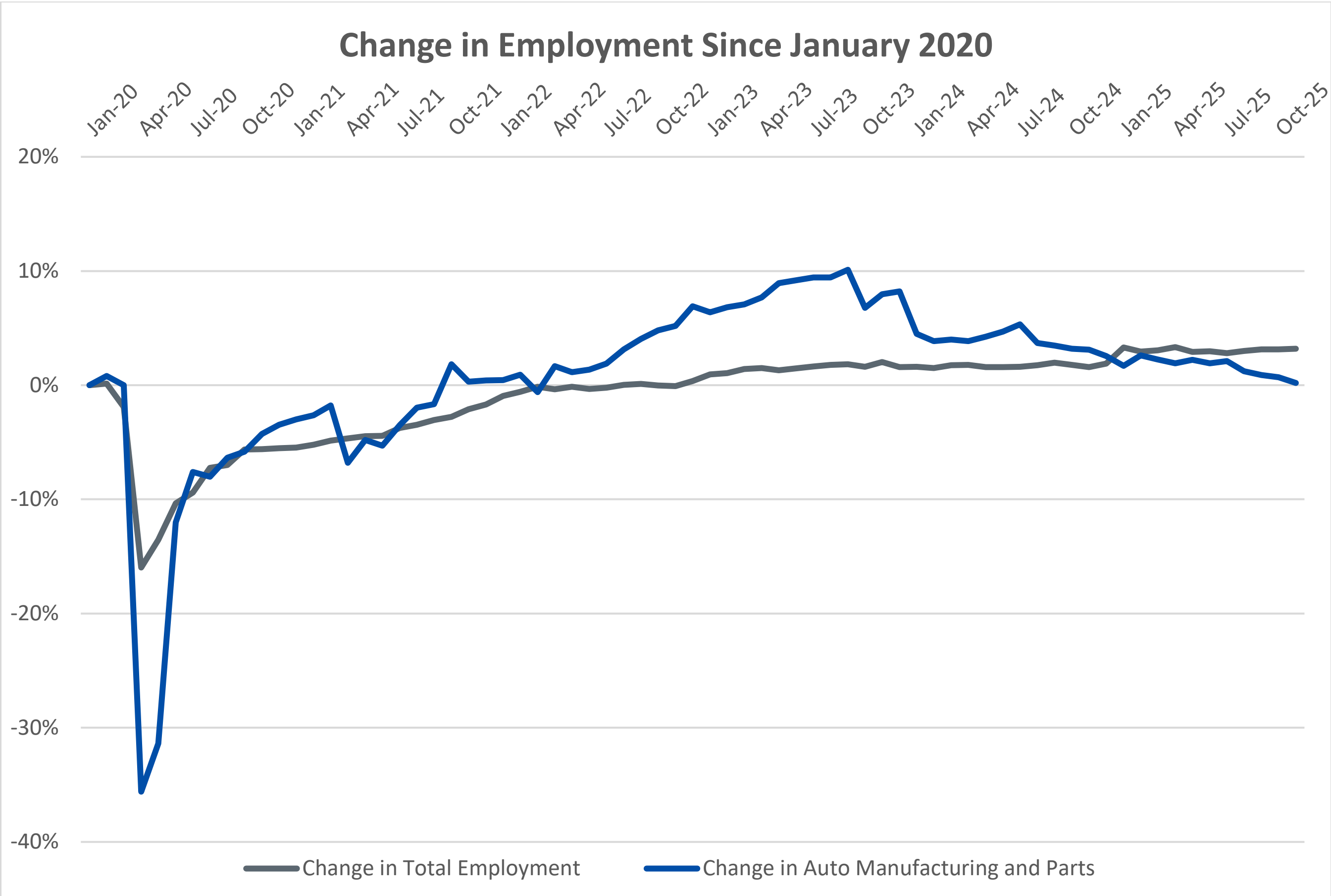
Surveys of Consumers Director Joanne Hsu[26]: "Consumer sentiment confirmed its early month reading, inching up less than two index points from November, within the margin of error. While lower-income consumers posted gains, sentiment for higher-income consumers was little changed. Buying conditions for durable goods fell for the fifth straight month, whereas expectations for personal finances and business conditions rose in December. Labor market expectations lifted a bit this month, though a solid majority of 63% of consumers still expects unemployment to continue rising during the next year. Despite some signs of improvement to close out the year, sentiment remains nearly 30% below December 2024, as pocketbook issues continue to dominate consumer views of the economy.

Year-ahead inflation expectations decreased for the fourth consecutive month to 4.2%. This is the lowest reading in 11 months but is still above the 3.3% seen in January. Long-run inflation expectations eased from 3.4% last month to 3.2% in December, matching the January 2025 reading. In comparison, readings ranged between 2.8 and 3.2% last year, and were below 2.8% throughout 2019 and 2020."



Employment (Updated 1/7)

Motor Vehicle And Parts Manufacturing Lost 4,900 jobs in November.



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