READING THE METER

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

ALLIANCE FOR AUTOMOTIVE INNOVATION

Sponsored by: Hogan Lovells

Contents – July 7, 2025

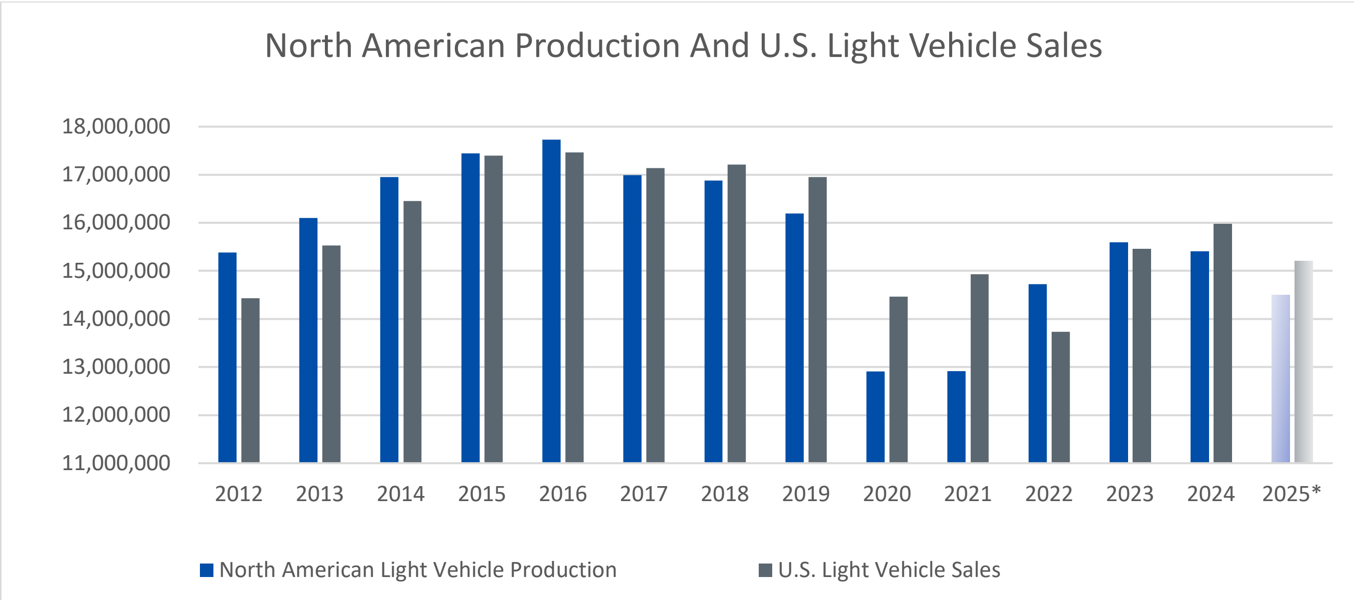
ALLIANCE FOR AUTOMOTIVE INNOVATION
Cleaner. Safer. Smarter. ®

Hogan Lovells

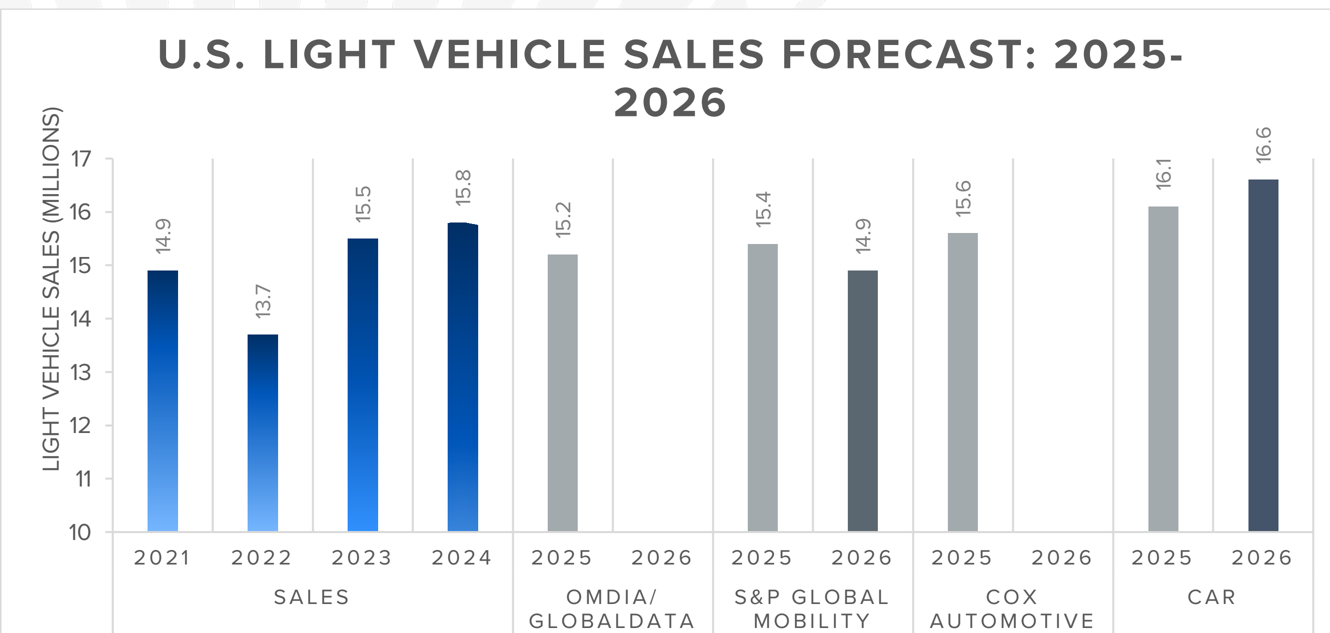
Forecast Meter

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

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)	
2024 Full Year	15,851,070 (+2.2% YoY)	15,972,369 (-1.3% YoY) (U.S. 10,561,234)
2025 Forecast	15,200,000	14,500,000



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



Wards Intelligence Outlook (7/7)[4]: "June 30 inventory did surprise on the high side compared with expectations, rising 2.8% from the prior month to 2.642 million units – though down 5.7% from like-2024.

"That inventory did not fall as much as expected could bode a little better for sales in the third quarter.

The month-to-month increase for CUVs and SUVs built outside the US was stronger - up 3.5% - than the overall industry gain and could have been intentional in some cases to stock dealers with vehicles ahead of further potential increases in tariffs. The increase includes vehicles built in Canada and Mexico, with several of them considered more affordable to consumers.

"Plus, there is anecdotal evidence that some automakers might wait until their '26 models are in widespread availability in the fourth quarter before they make any, or at least significant, upward adjustments to prices related to tariffs.

"The sequential rise in inventory increases the odds July's sales results end the downward slide since the pre-tariff surge in March and April. The seasonally adjusted annual rate rose well above 17-million units in both those months but fell to 15.6 million in May and 15.3 million in June. However, there are economic headwinds that could tamp down demand, and, because overall inventory is lean, automakers might continue to scale back retail incentives."

Omdia Automotive (formerly Wards Intelligence) Full Year Outlook:[5] "Currently, Omdia Automotive partner GlobalData expects US light-vehicle sales in entire 2025 to total 15.2 million, which means the market is expected to continue deteriorating through the end of the year. Including June's forecast, the first-half-2025 SAAR will total 16.2 million units. The second half is pegged at 14.2 million."

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

Wards Intelligence Inventory Outlook (7/7) [6]**:** "With July being a month when several plants in North America close for one- and two-week vacations or model changeovers, the production slowdowns mean inventory will decline from June."

Wards Intelligence Production Outlook (6/26)[7]**:** "Downward revisions to the North America Production Tracker since the beginning of 2025 continued in June, but reductions overall in this revision were in Mexico and Canada, while U.S. output was raised, albeit in small volumes, in both Q2 and Q3.

"North America production in Q2 of light vehicles and medium- and heavy-duty trucks combined is tracking to a total of 3.967 million units, 6.1% below like-2024. The Q2 downturn will mark the fourth straight quarter production declines from the year-ago period.

"The Q2 outlook is 3,400 units below the month-ago projection for the period. A downward revision to April's final total, and a cut to June's outlook, more than offset an overbuild in May of 12,400 units. In May, production totaled 1.420 million units, 1.9% below same-month 2024 – the 13th consecutive drop by month.

"In the first look at Q3, production cuts appear the case in Canada and Mexico, while U.S. plants are tracking toward their first increase since Q1-2024. Indeed, General Motors, Nissan and Stellantis, among others, are expected to make changes that increase the U.S. mix of their North America output in Q3 at the expense of Canada and Mexico – especially Mexico.

"Third-quarter output in North America is tracking to 3.705 million units, down 5.1% from like-2024. However, production in only the U.S. is pegged at 2.580 million, up 1.2% from Q3-2024's 2.548 million, while Mexico is heading toward an 18.4% year-over-year decline and Canada projected to fall 12.0%."

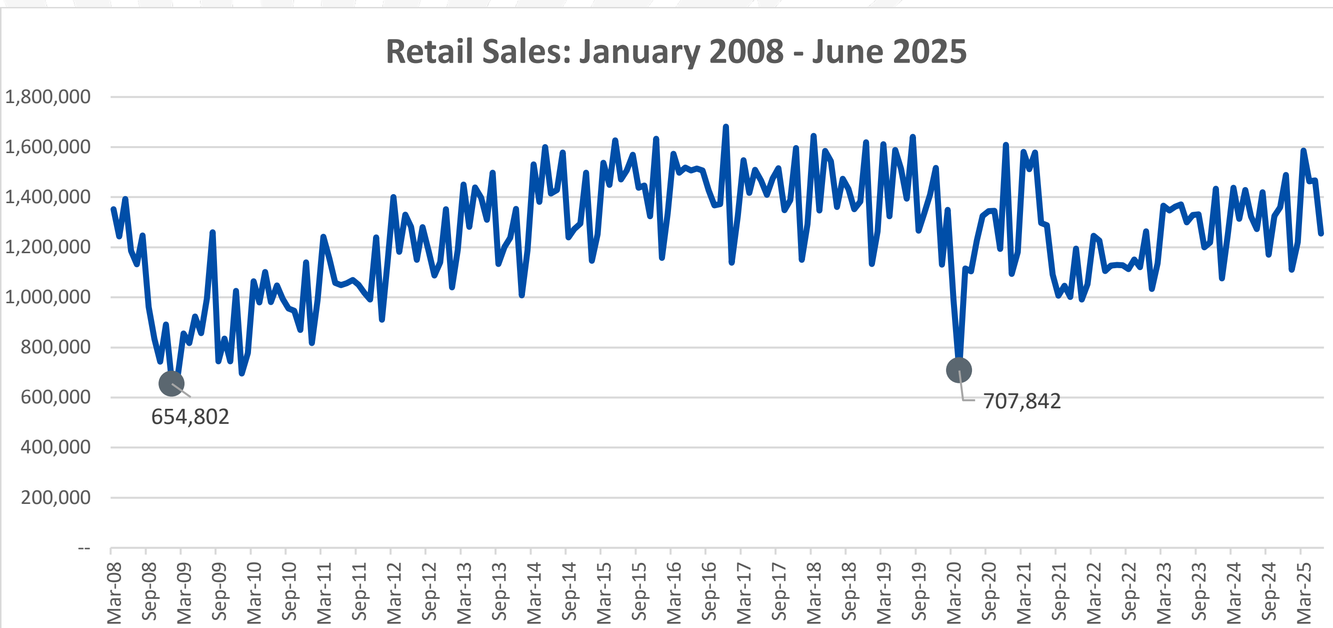
S&P Global Mobility Outlook (6/26)[8]**:** "North America: The outlook for North America light vehicle production was increased by 434,000 units and by 63,000 units for 2025 and 2026, respectively (and increased by 233,000 units for 2027). With improvements on the tariff front, the light vehicle production outlook for 2025 was revised higher by 3.1% to a total of 14.61 million units. Despite various levels of tariffs in place since April, vehicle production continues largely undeterred with manufacturers continuing to scramble to produce vehicles. Most of the increased volume in the June production forecast release is concentrated in Q2- and Q3-2025 which were revised higher by 125,000 units and 294,000 units, respectively, owing to stronger production cadence relative to tariff relief in the form of exemption of USMCA compliant parts and two-year tariff adjustments for non-compliant parts. Of note, this month our light vehicle sales forecast for 2025 was increased by 248,000 units and now stands at 15.66 million units. The remainder of the near-term production forecast horizon was also upgraded with 2026 revised up a fairly modest 0.4% and 2027 revised up a more meaningful 1.5% totaling 14.54 and 15.68 million units, respectively. We continue to monitor and adjust for sourcing changes, accordingly, including the potential for increased onshoring to the US, particularly starting in 2027 and beyond."

Market Meter

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

Monthly Sales (Updated 7/7)

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



Monthly Sales (Updated 7/9)

Omdia (formerly WardsIntelligence)[9]: "US light-vehicle sales in June finished above forecast, totaling a 15.3 million-unit seasonally adjusted annual rate, down from the prior month's 15.6 million, but an increase from like-2024's 15.0 million.

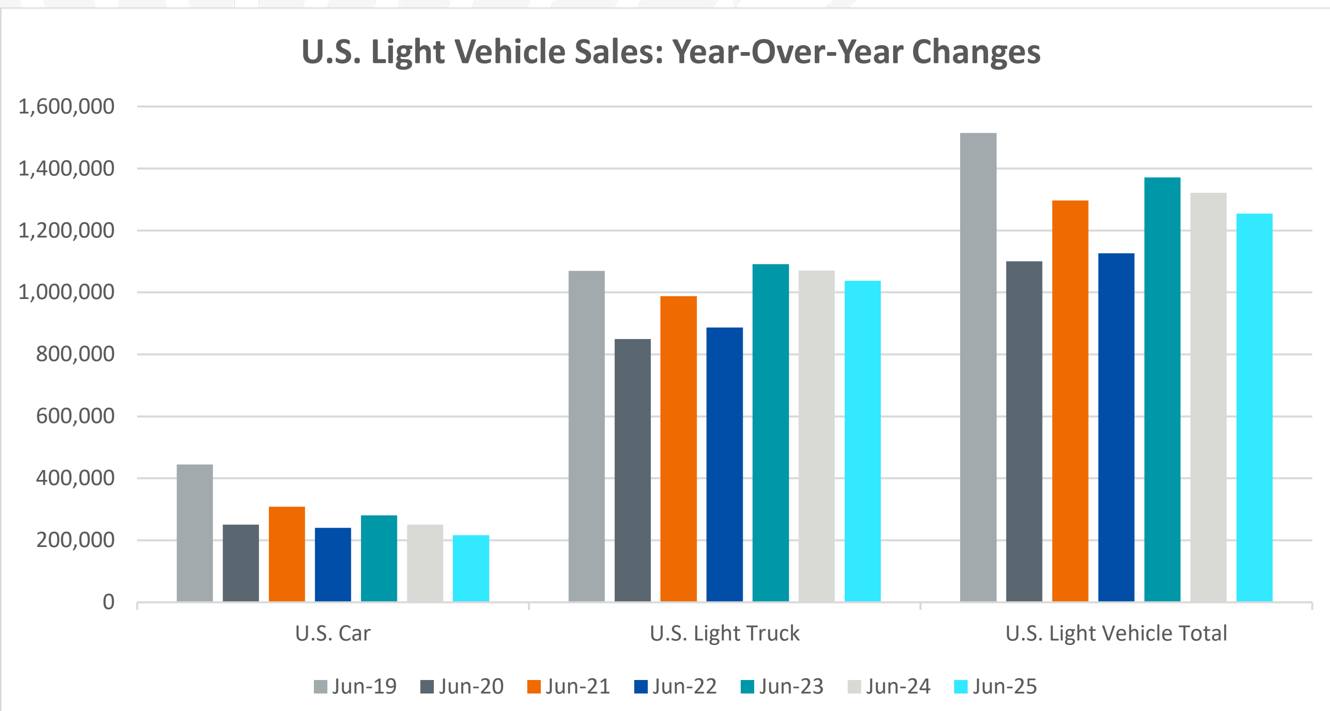
"Although topping the 15.0 million units expected for the month, June's SAAR was the lowest since last August's 15.1 million. However, June's weaker results were due to pull-ahead volume in March and April when there was a surge in buying caused by consumers trying to get ahead of price hikes potentially coming later this year as a consequence of US tariff policy. Without the pull-ahead, sales likely would have totaled around a 16-million-unit annual rate.

"Raw volume of 1.254 million units was 4.2% below June 2024's 1.309 million. However, the month's daily selling rate over 24 selling days was 52,267, 3.8% above like-2024's 50,346 – 26 selling days.

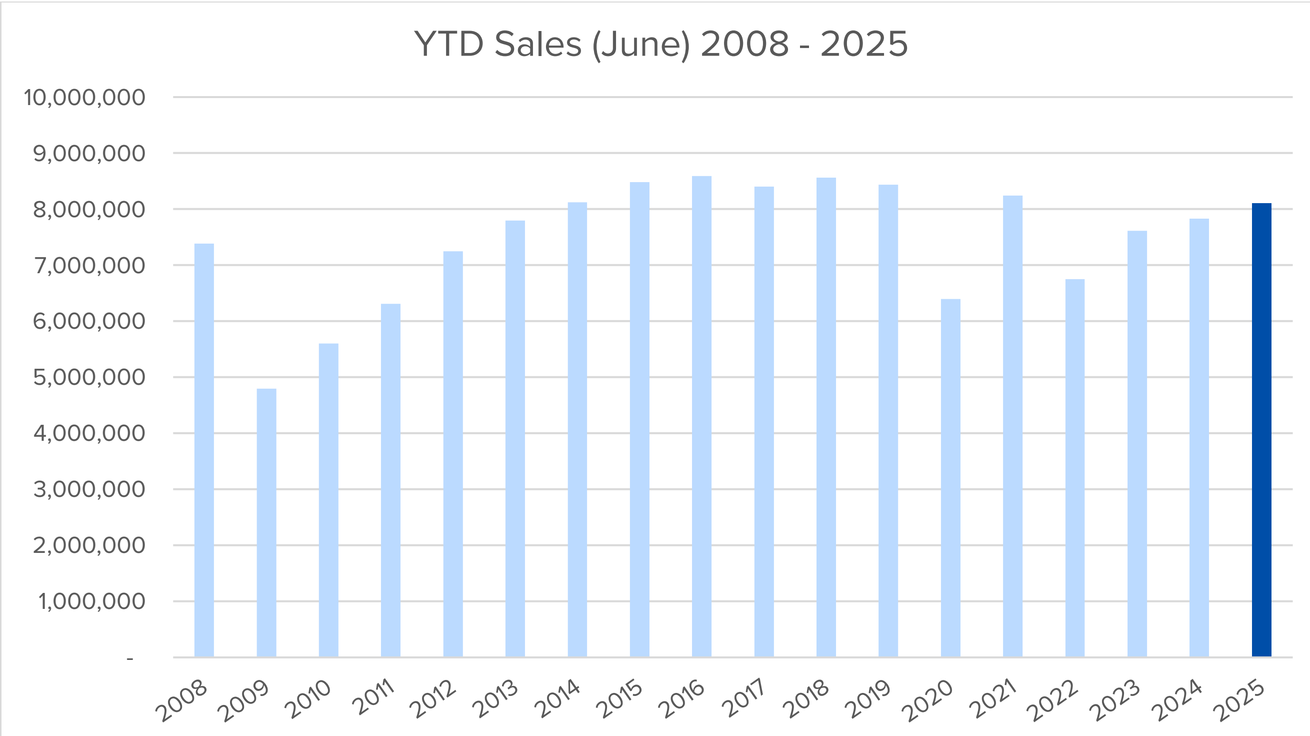
"Based on daily selling rates, retail sales in June rose an estimated 8.3% over like-2024, while fleet deliveries fell 12.5%.

"Sales in second-quarter 2025 totaled 4.18 million units, up 3.0% from Q2-2024's 4.06 million. The Q2 SAAR of 16.1 million units was down from 16.5 million in Q1, but above Q2-2024's 15.5 million.

Altogether, first-half-2025 results were up 3.9% from January-June 2024, totaling 8.09 million units. The first-half-2025 SAAR was 16.3 million units, vs. like-2024's 15.5 million."



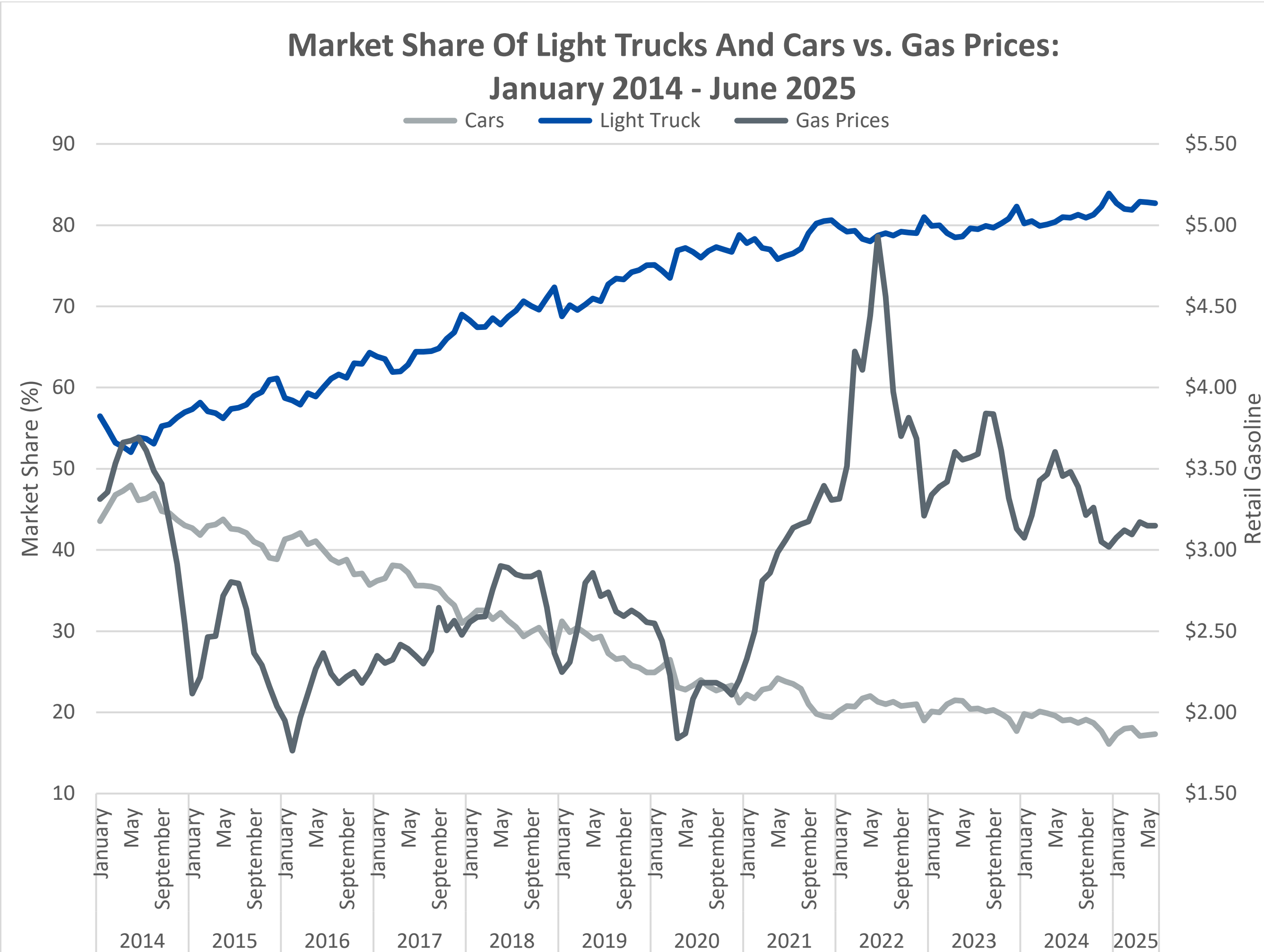
Calendar year-to-date sales through June totaled 8.1 million units, up 3.5% from 2024's 7.8 million.



Segments vs. Gas Prices (Updated 7/7)

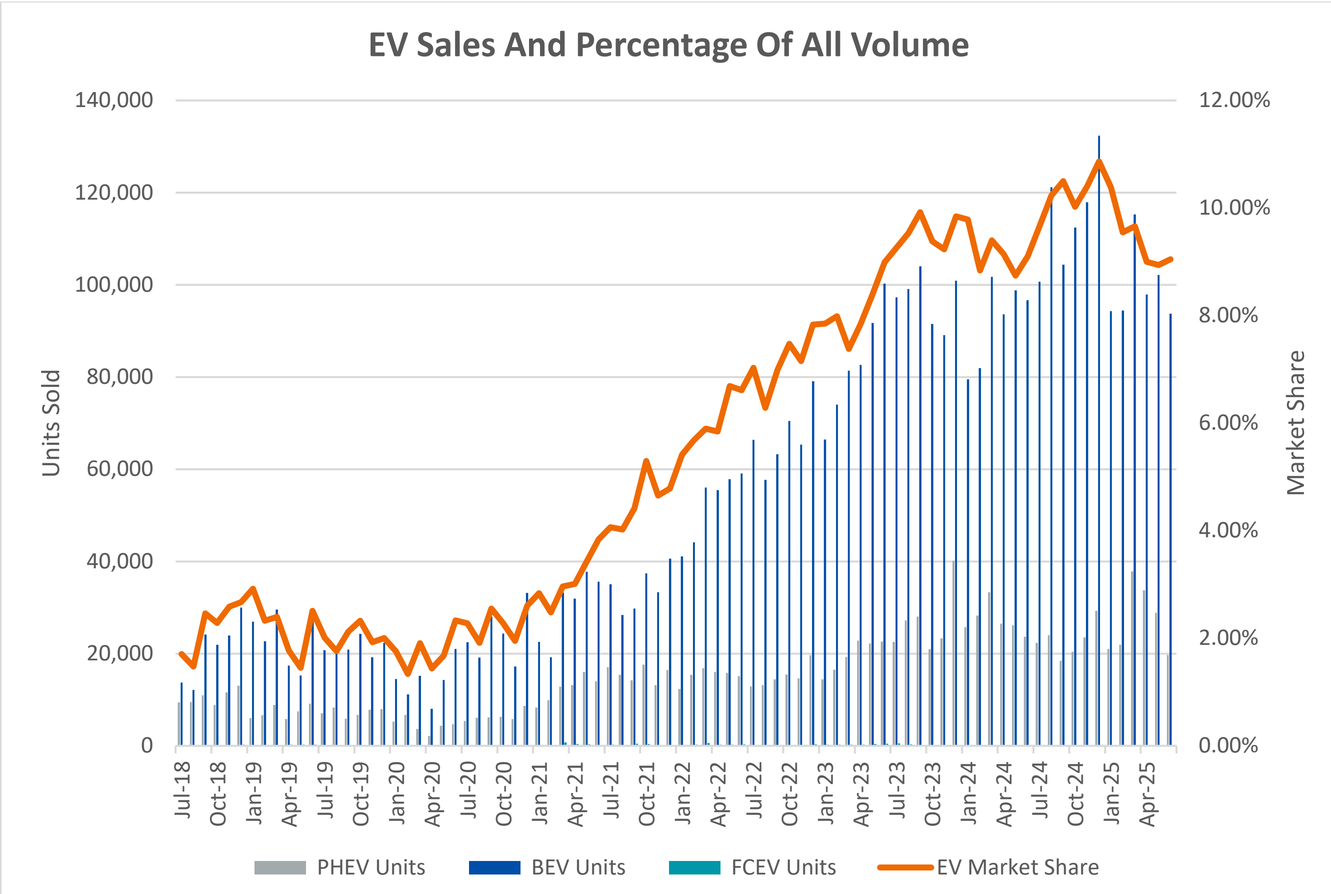
Monthly Sales: Light trucks accounted for 82.7 percent of sales in June, up 1.7 percentage points from the market share a year ago. Compared to the same period in 2024, sales of cars are down 34,000 units, and down nearly 228,000from June 2019, when cars comprised 29% of the market as opposed to the 17 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.[10] and gas was over $3.00.[11] a gallon. As fuel prices dropped below the $3.00 mark in mid-September 2014, light truck sales began to take off. Gas prices since have averaged only $2.83 a gallon (through April 2025) 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.[12]



EV Powertrain Sales (Updated 7/7)

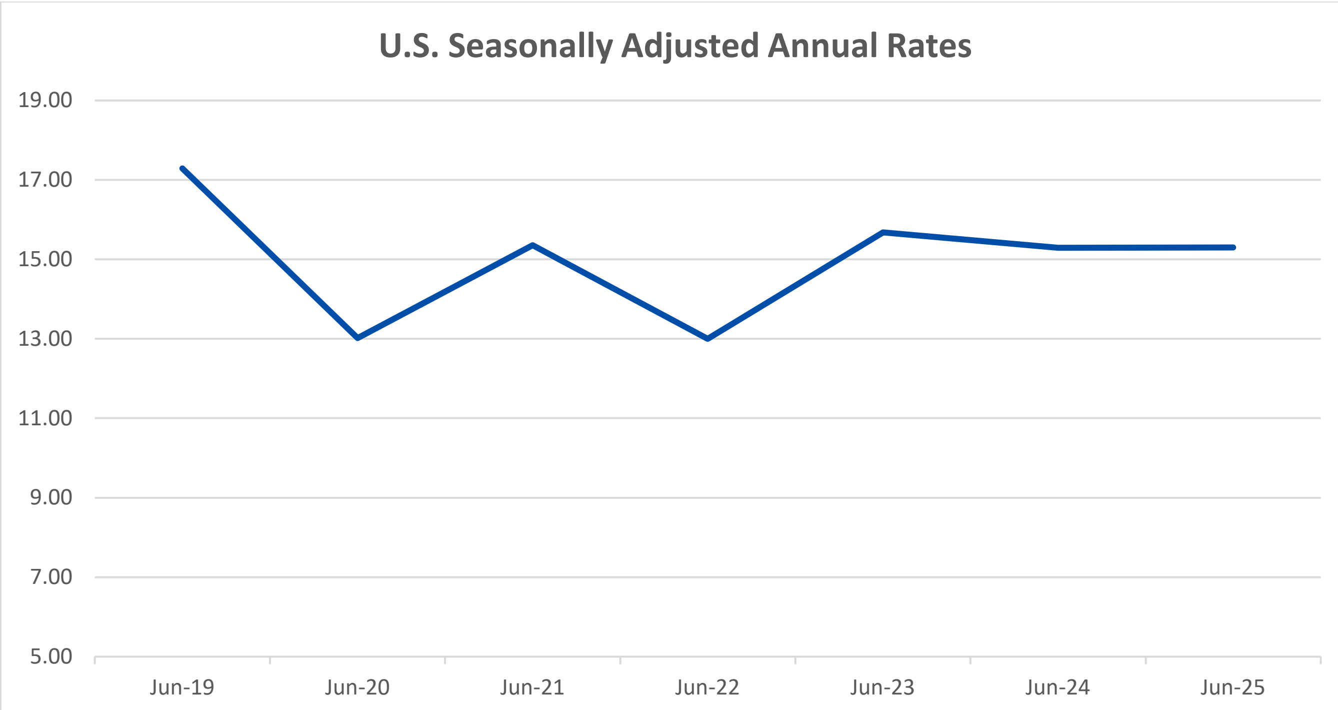
Sales of electric vehicles (BEV, PHEV, & Fuel Cell) accounted for 9.0 percent of total vehicle sales in June 2025 (113,458), per Omdia estimates. Market share decrease 0.2 percentage points (pp) from May 2025. June's EV market share is down 0.2 pp from a year ago. Sales of battery electric vehicles led the way for EVs, accounting for 7.5 percent of total sales, up 1.2 pp from June 2024. Plug-in hybrids accounted for 1.6 percent, down 0.75 pp from the same time last year.



Seasonally Adjusted Annual Rates (Updated 7/7)

WardsIntelligence[13]: "US light-vehicle sales in June finished above forecast, totaling a 15.3 million-unit seasonally adjusted annual rate, down from the prior month's 15.6 million, but an increase from like-2024's 15.0 million.

"Although topping the 15.0 million units expected for the month, June's SAAR was the lowest since last August's 15.1 million. However, June's weaker results were due to pull-ahead volume in March and April when there was a surge in buying caused by consumers trying to get ahead of price hikes potentially coming later this year as a consequence of US tariff policy. Without the pull-ahead, sales likely would have totaled around a 16-million-unit annual rate."



Average Transaction Price (Updated 6/26)

J.D. Power (Updated 6/26)[14]: “The average new-vehicle retail transaction price in June is expected to reach $46,233, up $1,400 or 3.1% from June 2024, but up only $77 or 0.2% from May. The average manufacturer incentive per vehicle is on track to reach $2,727, an increase of $93 from May, and an increase of $39 from a year ago. However, expressed as a percentage of MSRP, incentive spending is currently at 5.4%, a decrease of 0.1 percentage point from a year ago.”

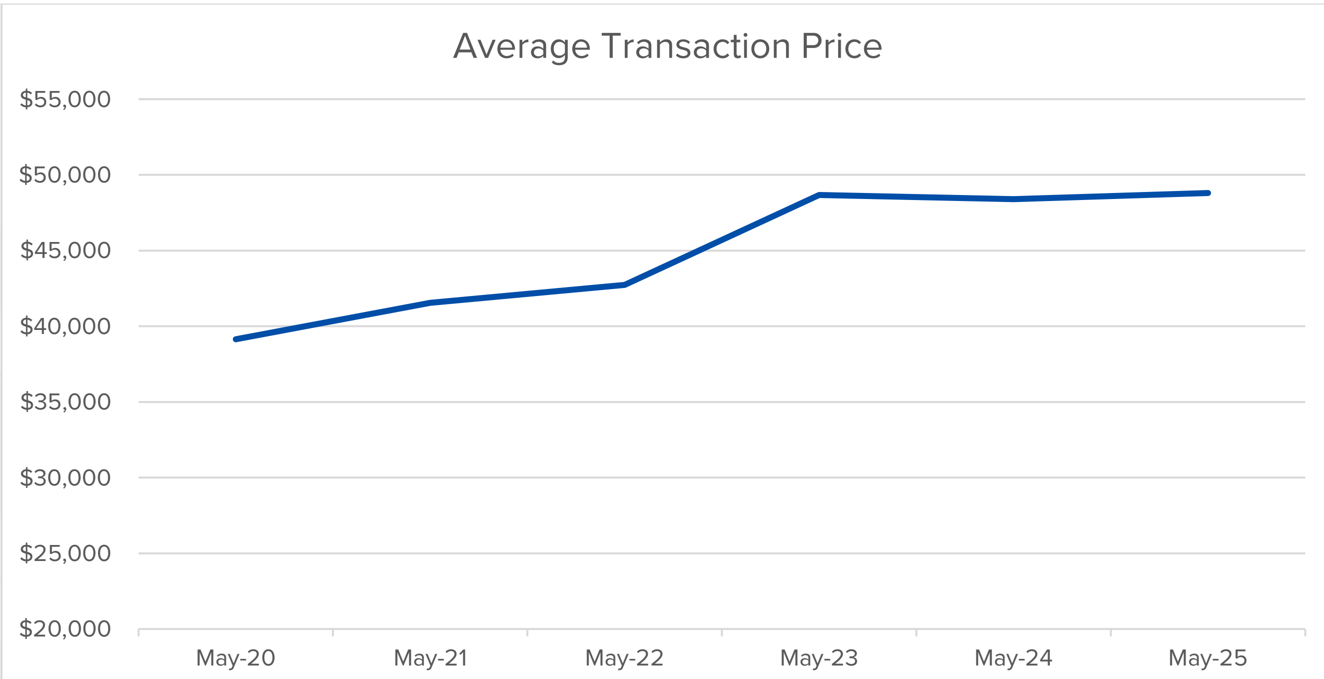
Kelley Blue Book (May) (6/26)[15]: “New-vehicle ATP held steady in May at $48,799, virtually unchanged from the revised April ATP of $48,811. Compared to May 2024, new-vehicle transaction prices were higher by 1.0%.

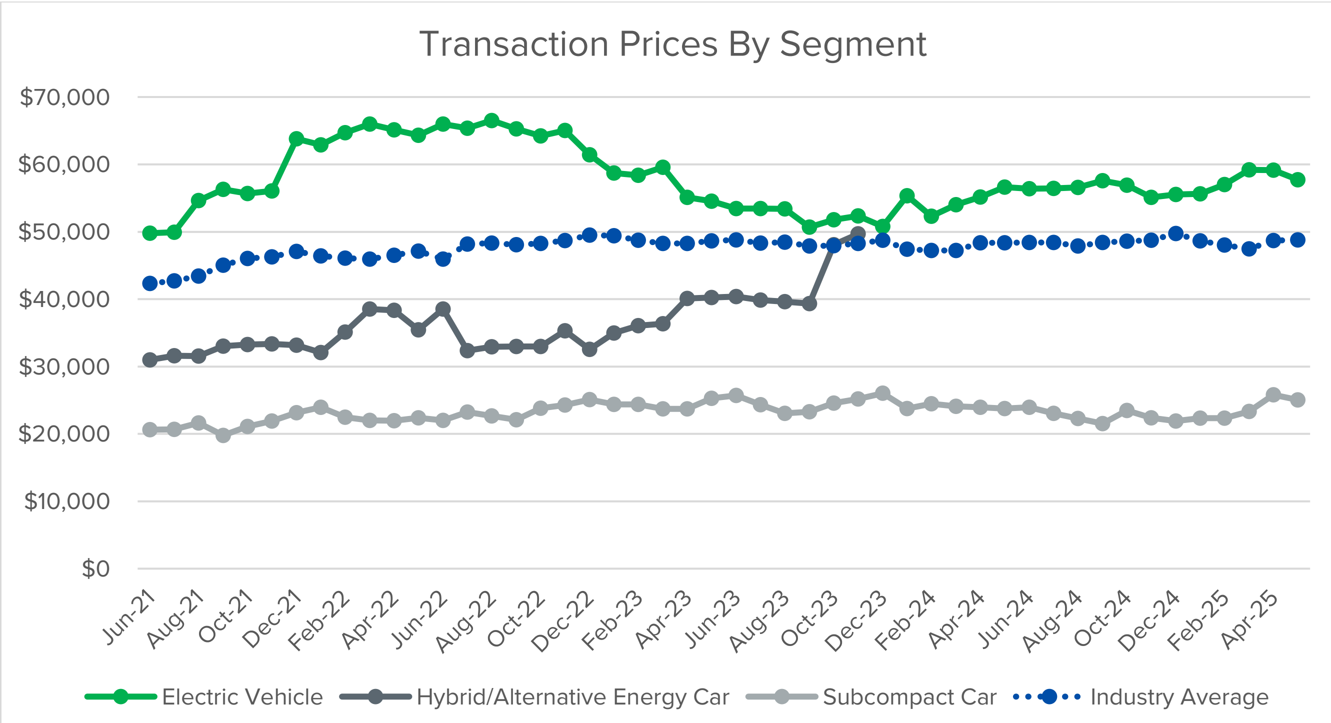
“The new-vehicle sales pace slowed notably in May, falling to 15.6 million from a pace of 17.3 million in April. Overall, new-vehicle incentives increased slightly last month from 6.7% of ATP in April to 6.8% in May ($3,297). Incentives last month were also mostly unchanged from May 2024. A year ago, incentive packages averaged 6.7% of ATP. A majority of automakers reduced incentive spending last month.

“The average manufacturer's suggested retail price (MSRP) for a new vehicle in May was $50,968, an increase from $50,774 in April and the highest point in 2025. The new-vehicle average MSRP in May was 2.1% higher year over year; the long-term average increase is 3.5%. The average new-vehicle MSRP peaked in December 2024 at $51,990.

“The Kelley Blue Book team's initial estimate of new electric vehicle ATP in May is $57,734, down from a revised $59,123 in April. New EV prices in May were lower year over year by 1.1%.

"EV incentives jumped higher in May, with the average incentive package increasing from 11.6% of ATP in April to 14.2% of ATP ($8,225), more than twice the level of industry-wide incentives and up from 12.0% a year earlier. In May, EV incentives were at the highest level in the modern era of EV sales."



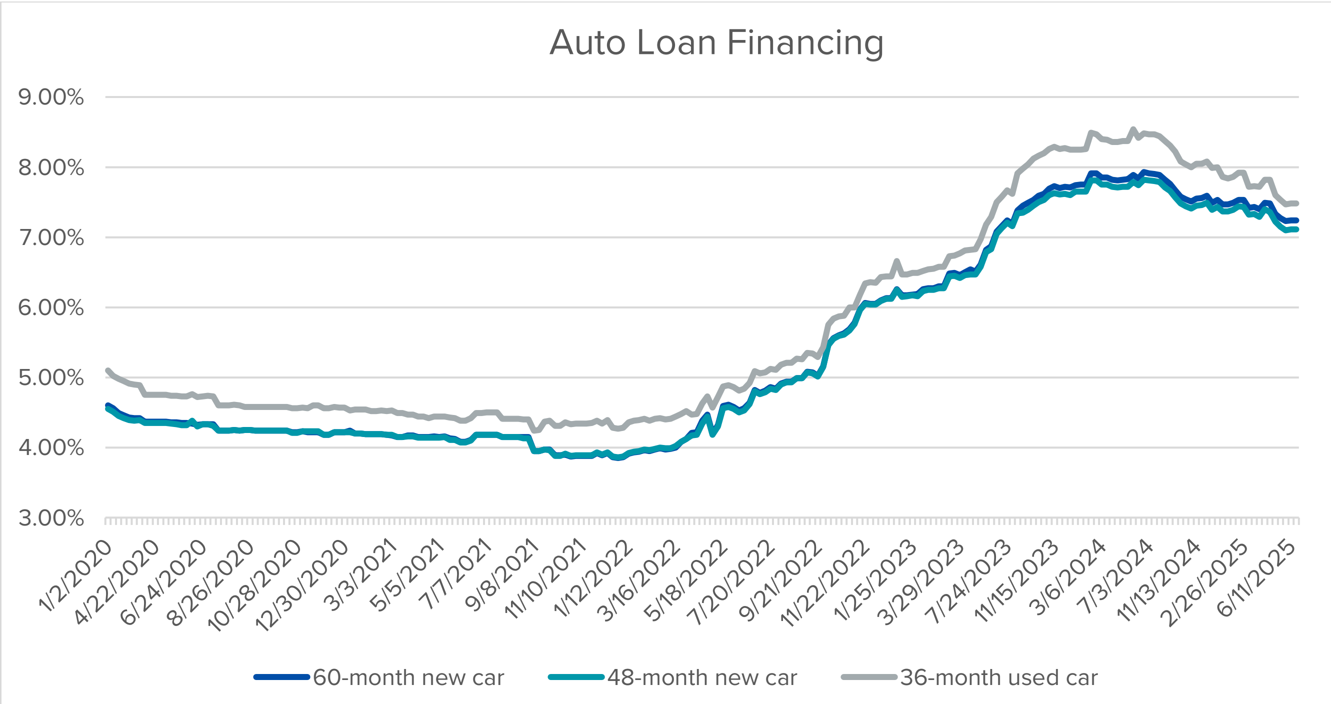


Auto Loan Financing (Updated 6/26)

JD Power (6/26)[16]: "Higher prices translate to higher monthly loan payments. Average monthly finance payments in June are on track to reach $747, an increase of $22 from June 2024, and the highest on record for the month of June. The average interest rate for new-vehicle loans is 6.89%, a nominal decrease of 8 basis points from a year ago. Finance loans with terms greater than or equal to 84 months are expected to reach 12.0% of finance sales this month, up 3.0 percentage points from June 2024."

Interest Rates (updated 6/26): Interest rates were unchanged on the 60-month, 48-month new car and 36-month used vehicle loans over the past two weeks. Rates now stand at 7.24%, 7.11%, and 7.48%, respectively. Since the beginning of 2020, 60-month rates are up 2.64 pp, and are down 0.69 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%
6/19/2024	7.93%	7.82%	8.48%
6/11/2025	7.24%	7.11%	7.48%
6/25/2025	7.24%	7.11%	7.48%
Two Week Change	0.00%	0.00%	0.00%
Change since 1/3/20	2.64%	2.56%	2.38%
One Year Change	-0.69%	-0.71%	-1.00%



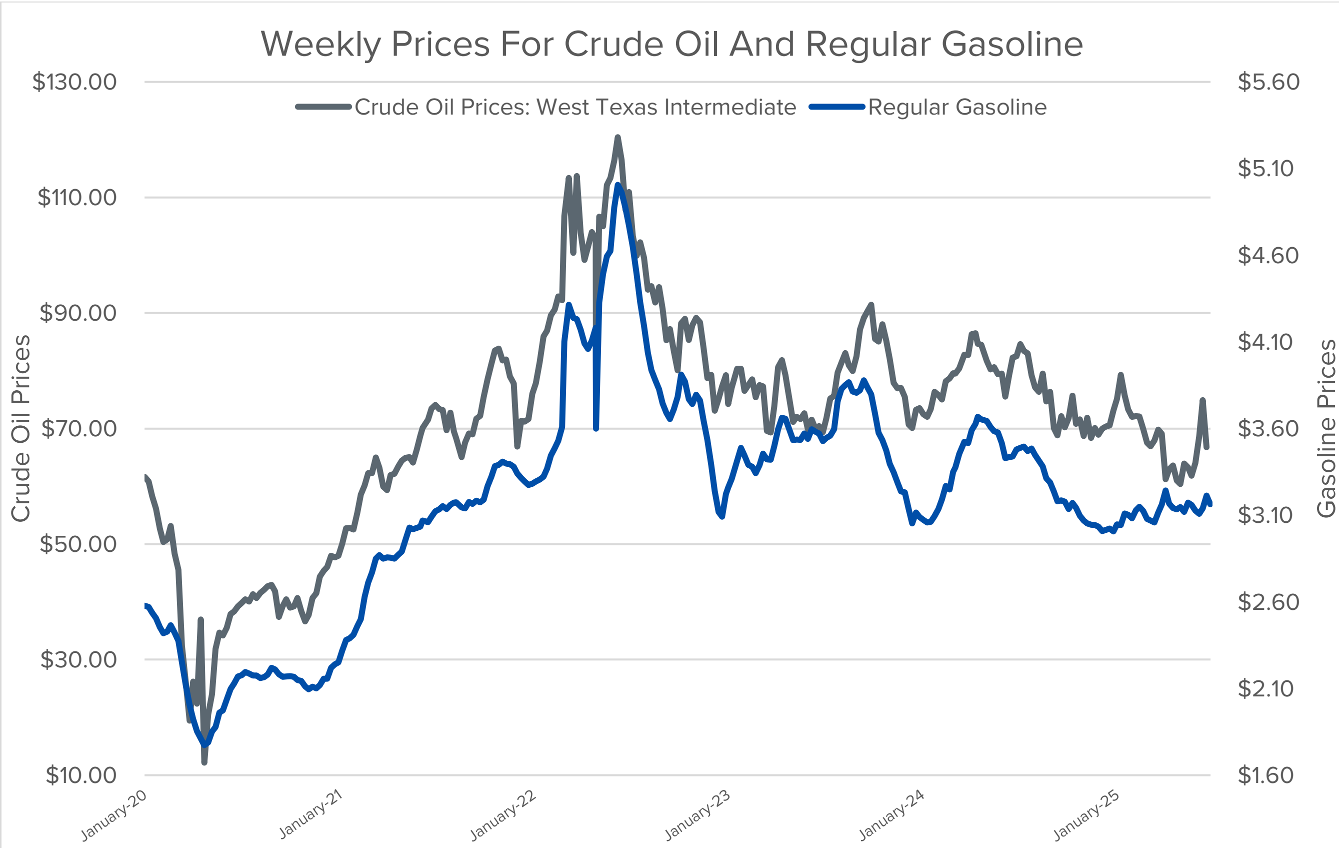
Crude Oil and Gas Prices (Updated 7/7)

Oil Near Four Year Low (7/7): Oil prices, as benchmarked at West Texas Intermediate were $67 at the end of May, down nearly $16 from the same time a year ago and up $3.50 with the same period last month. Since election day 2024, oil prices are down $2 a barrel. Gas is down slightly from a week ago at $3.16. Gas is 23% higher than the beginning of 2020 and has not been below $3 a gallon since May 2021 (though it did hit $3.01 at the end of December 2024).[18]

EIA Outlook For Oil (7/7):[19] "We estimate the Brent crude oil price will average $66 per barrel (b) in 2025, a nearly $15/b decrease compared with 2024, contributing to a decrease of about 35 cents per gallon in gasoline prices. In 2026, we forecast the Brent price will decrease an additional $7/b, corresponding to a further 16 cents per gallon decrease in the national average gasoline price.

"Lower crude oil prices are partially offset by higher refiner and retail margins (the difference between the crude oil price and wholesale and retail gasoline prices, respectively). Wider refiner margins reflect decreasing U.S. refinery capacity through 2026, including the closure of the LyondellBasell Houston refinery earlier this year, which had a capacity of around 264,000 barrels per day (b/d)."

EIA Outlook For Gasoline (7/7)[20]**:** "We expect that retail gasoline prices will decrease across most of the United States through the end of 2026. The exception is the West Coast, where refinery capacity reductions are expected to cause an annual price increase next year. The forecast decreases in retail gasoline prices are primarily the result of lower expected crude oil prices, which comprise about half of the total price of gasoline."



Production Meter

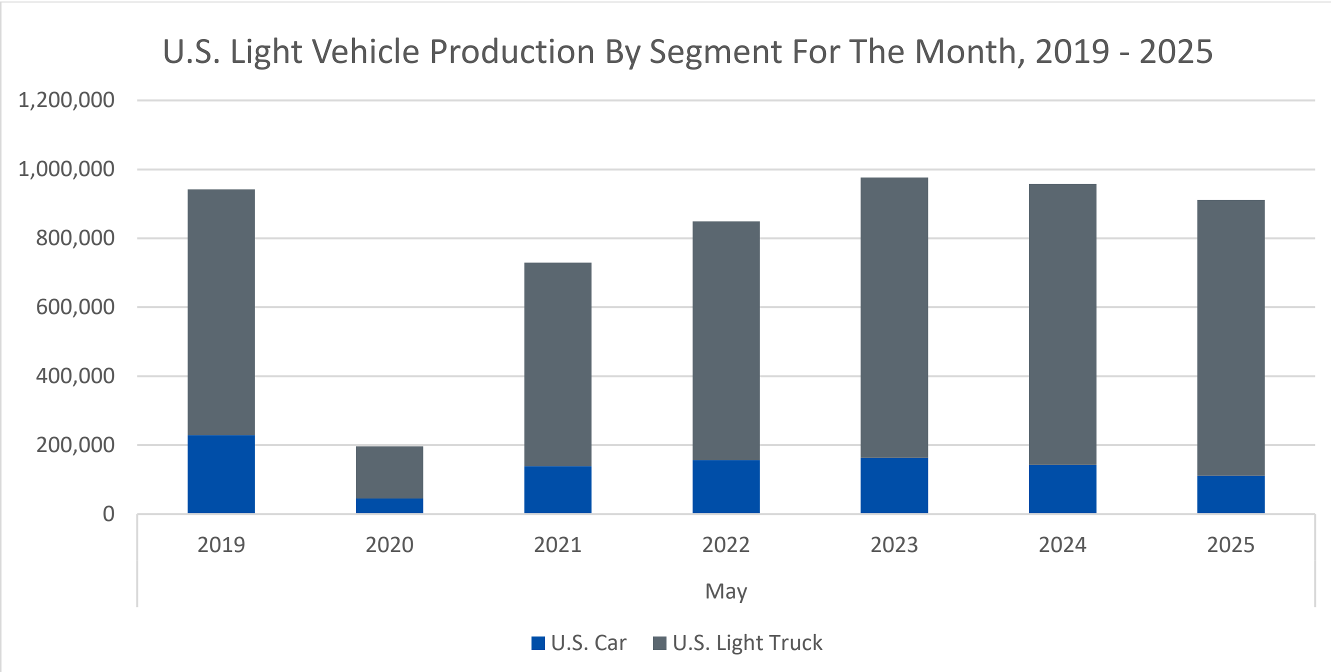
North American Production (Updated 6/26)

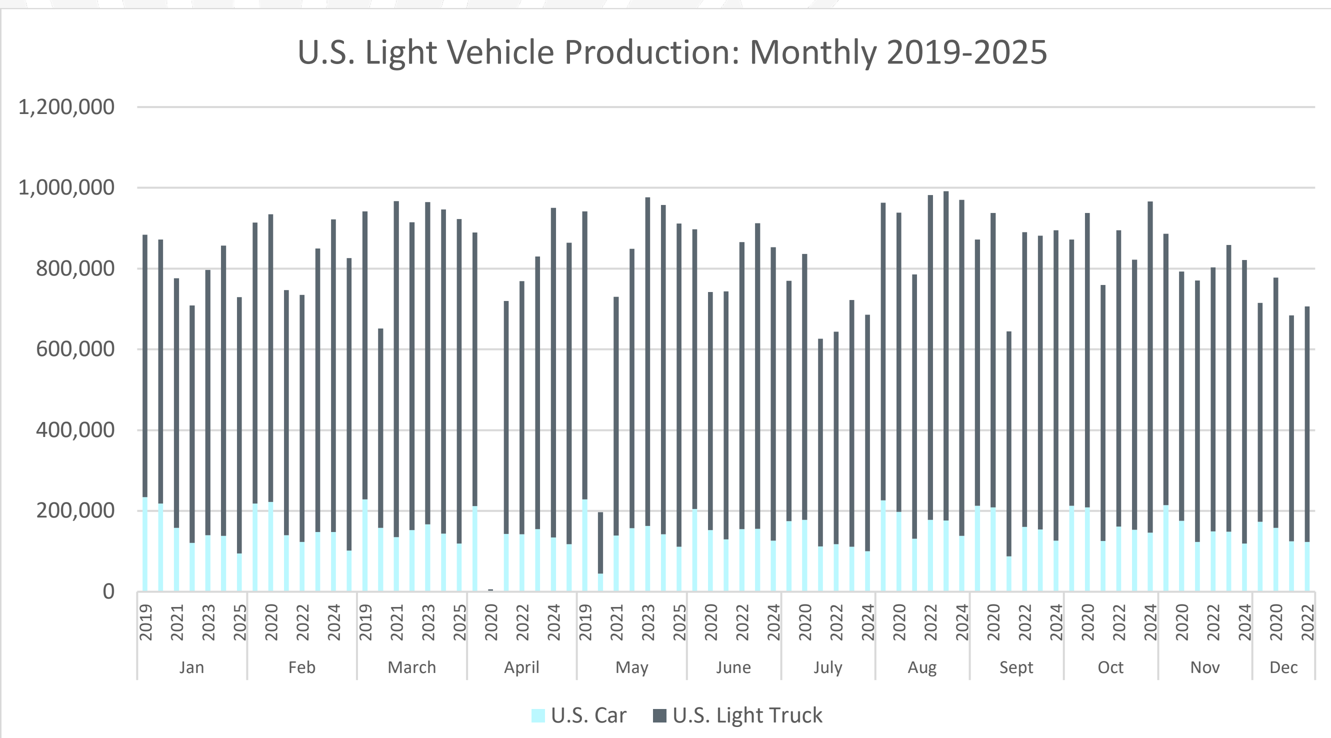
Wards Intelligence[21]: "In May, production totaled 1.420 million units, 1.9% below same-month 2024 – the 13th consecutive drop by month."

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

U.S. Monthly Production

U.S. Light vehicle production for May was up 5.9 percent month-over-month, totaling 911,680 vehicles (111,085 cars, 800,595 light trucks), year-over-year, production is down 2.2 percent from 2024.[22]





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

WardsIntelligence Inventory Update (7/6)[23]: "US light-vehicle inventory remained below like-2024 at the end of June, extending a downward trend established in earnest in April when it fell below the year-ago month for the first time in three years.

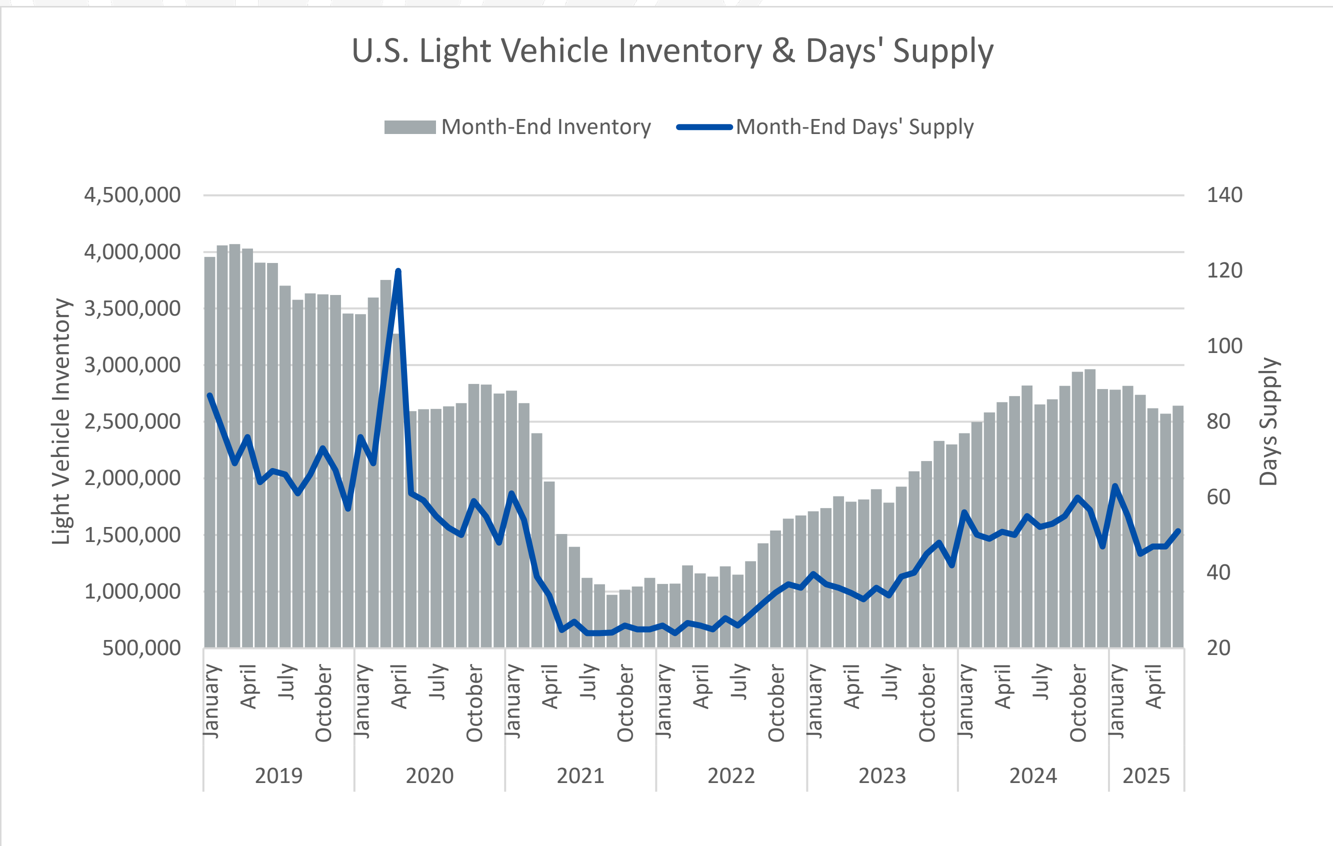
"However, June 30 inventory did surprise on the high side compared with expectations, rising 2.8% from the prior month to 2.642 million units – though down 5.7% from like-2024.

"That inventory did not fall as much as expected could bode a little better for sales in the third quarter.

"The sequential rise in inventory increases the odds July's sales results end the downward slide since the pre-tariff surge in March and April. The seasonally adjusted annual rate rose well above 17-million units in both those months but fell to 15.6 million in May and 15.3 million in June. However, there are economic headwinds that could tamp down demand, and, because overall inventory is lean, automakers might continue to scale back retail incentives.

"With July being a month when several plants in North America close for one- and two-week vacations or model changeovers, the production slowdowns mean inventory will decline from June.

"June 30 days' supply was 51, up from the prior month's 47 but down from like-2024's 56. Historically, June averaged a 63 days' supply."



Global Meter

Global Light Vehicle Sales (Updated 6/26)

Wards Intelligence[24]: "Global sales of light vehicles and medium- and heavy-duty trucks combined grew year-over-year for the seventh straight month in April, rising 6.1% to 7.89 million units.

"All major regions except Europe recorded growth in April. While each of the other major regions posted increases so far in all or most months in 2025, sales in Europe have declined year-over-year in every month this year.

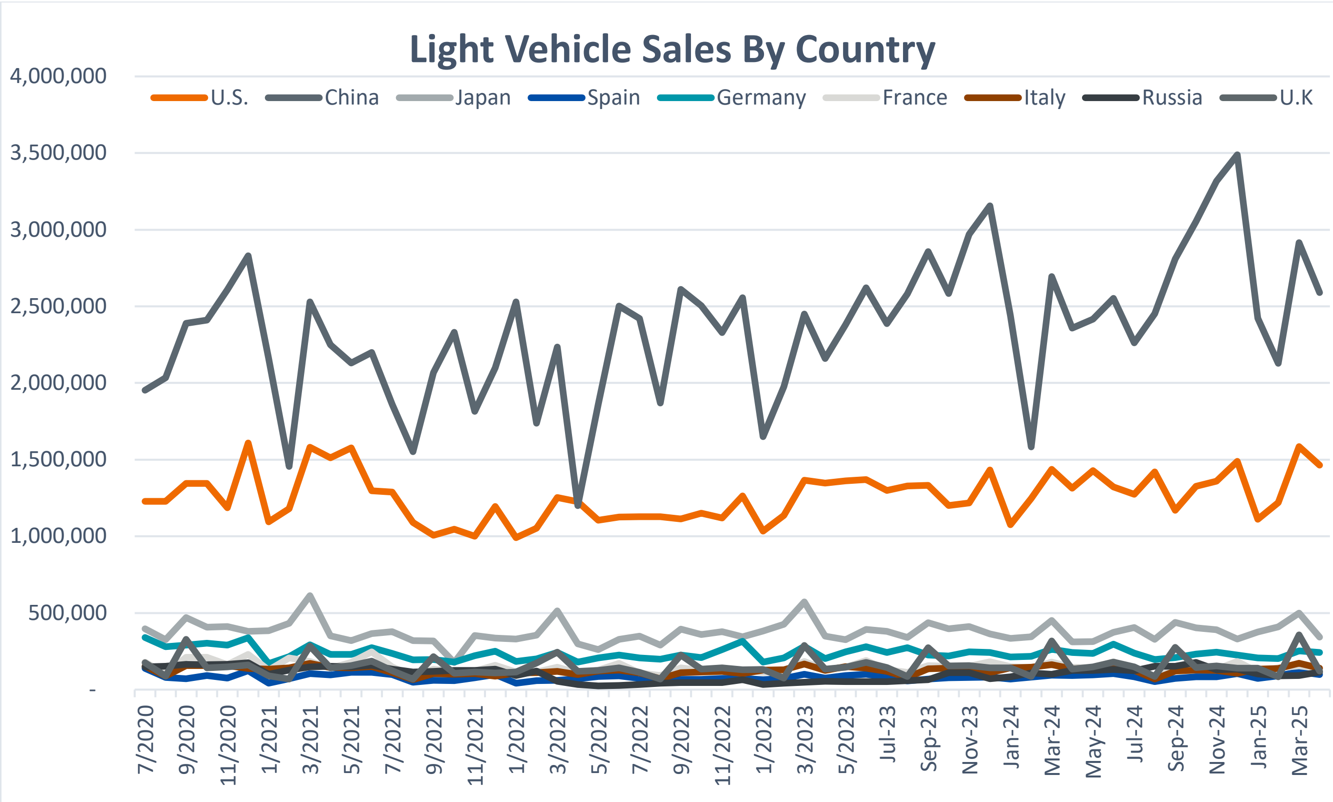
"Global sales in January through April totaled 31.34 million units, up 5.2% from like-2024's 29.80 million.

"Excluding medium-/heavy-duty trucks, light vehicles totaled 7.60 million units in April, up 6.5% from same-month 2024. Calendar year-to-date light-vehicle sales totaled 30.17 million, up 5.4% from the year-ago period's 28.62 million.

"Wards Intelligence partner GlobalData estimates global light-vehicle sales in April totaled a seasonally adjusted rate of 91.8 million units, an increase from March's revised 90.4 million.

"GlobalData expects light-vehicle deliveries in May to rise 4.6% year-over-year, with the annualized rate falling to 90.1 million units, but still up from same-month 2024's 87.6 million.

"Because "some of the worst fears" of the global trade headwinds have eased recently, GlobalData has raised its light-vehicle outlook for entire 2025 to 89.8 million units from month-ago's 89.5 million. The total is 1.1% above 2024."



Global Light Vehicle Production (Updated 6/26)

S&P Global Mobility Forecast (6/26)[25]: "The global auto industry remains heavily influenced by ongoing US tariff activity. The continued exemption of USMCA compliant parts and two-year tariff adjustments for non-compliant parts support upgrades for North America this month and offset increasing steel and aluminum tariffs. With the June update, we are adjusting expectations to reflect a general stepdown in baseline tariffs across trading partners starting in 2026 with quota triggers for higher tariffs. We continue to monitor the risk for production disruption due to Chinese export restrictions associated with the supply of rare earth elements and magnets. The near-term risk remains elevated but challenging to assign to a specific automaker or plant/program. The June forecast update reflects a mix of a couple notable upgrades and mostly more modest increases as we adjust to reflect the ongoing impacts of tariff announcements and recent/forthcoming trade deals by the Trump administration. Of note, the upgrades are particularly concentrated in Greater China given the strength in vehicle sales as well as the recent trade agreement with the US. Also, North America was revised upward for 2025 reflecting adjustments made to account for changes in tariff policy which is more accommodative to USMCA-compliant parts, especially supportive to US production, 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 18,000 units and by 36,000 units for 2025 and 2026, respectively (and increased by 252,000 units for 2027). In the EU & Turkey market, actual production results for Q2-2025 are exceeding expectations, leading to an upgrade of 46,000 units compared to the previous forecast. However, this increase was tempered by a decline in demand anticipated for H2-2025, resulting in a total net increase of 30,000 units for the market for 2025. Looking to 2026, our outlook has been positively revised due to new assumptions regarding the reduction of US import tariffs on autos from Europe starting next year. This change has led to an anticipated increase of 34,000 units primarily in the premium vehicle segment, with expectations for increased exports to the US. The mid- and long-term forecasts have been adjusted upward, especially regarding Chinese OEMs. In the CIS region, there were marginal revisions reflecting underlying demand adjustments. The more meaningful upgrade to the broader European region for 2027 is focused primarily on an improved production outlook for Germany, Turkey and the United Kingdom.

Greater China: The outlook for Greater China light vehicle production was increased by 355,000 units and by 389,000 for 2025 and 2026, respectively (and increased by 193,000 units for 2027). Production activity in Greater China remains strong. Supported by scrappage and NEV subsidies, total passenger vehicle production in May posted growth of 13% year-on-year. Meanwhile, ongoing demand strength has sustained OEM destocking efforts with the passenger vehicle inventory index further declining to 1.38 according to the CDCA. After significant progress in trade negotiations with the US and EU recently, export activity recovered strongly in May, back to double-digit growth of 19% year-on-year. Despite NEV demand stagnation in Europe, Tesla and SAIC both rebounded by 33% and 25% year-on-year, respectively. Targeting emerging markets such as Mexico and the Middle East, Chinese OEMs look for increasing export business to reduce the stress from overcapacity and the challenging price war in the domestic market. Looking to 2026 and 2027, the outlook for Great China production was increased given expectations around continued healthy market development further supported by subsidy extensions and a generally improved demand outlook.

Japan/Korea: Full-year 2025 and 2026 Japan production volumes were upgraded by 27,000 units and 59,000 units, respectively. The improved outlook is the result of an upswing both in Japanese domestic demand and exports, particularly based on the updated assumption that US tariff policy will be less restrictive starting in 2026 and global oil prices will weaken more than previously expected. The longer-term Japan production outlook was reduced by 145,000 units per year. This was driven by two factors. First, we now expect Honda to transfer production of the ZR-V to Mexico to mitigate US auto tariffs. Also, we removed the Toyota bz4 as a place holder on confirmation that the project is not being planned, and we have also confirmed and removed the D-SUV EV under the BEV-F platform as it will no longer be produced in Japan. Full-year 2025 South Korea production was upgraded by 22,000 units due primarily to advance shipments before the US tariffs took effect. With the US tariff rate assumption for South Korea now adjusted downward starting in 2026, production of vehicles exported to the US was increased by around 56,000 units. However, exports of premium vehicles such as the Genesis GV70 and GV80 are expected to decline further, and as a result, the production forecast for 2027 has been reduced by 22,000 units compared to last month. In the long-term, due to the general impact of US. tariffs, exports of Genesis vehicles to North America have been reduced by about 17,000 units per year. Meanwhile, the decrease in exports of the Genesis GV70 is expected to be compensated by local production in the US.

North America: The outlook for North America light vehicle production was increased by 434,000 units and by 63,000 units for 2025 and 2026, respectively (and increased by 233,000 units for 2027). With improvements on the tariff front, the light vehicle production outlook for 2025 was revised higher by 3.1% to a total of 14.61 million units. Despite various levels of tariffs in place since April, vehicle production continues largely undeterred with manufacturers continuing to scramble to produce vehicles. Most of the increased volume in the June production forecast release is concentrated in Q2- and Q3-2025 which were revised higher by 125,000 units and 294,000 units, respectively, owing to stronger production cadence relative to tariff relief in the form of exemption of USMCA compliant parts and two-year tariff adjustments for non-compliant parts. Of note, this month our light vehicle sales forecast for 2025 was increased by 248,000 units and now stands at 15.66 million units. The remainder of the near-term production forecast horizon was also upgraded with 2026 revised up a fairly modest 0.4% and 2027 revised up a more meaningful 1.5% totaling 14.54 and 15.68 million units, respectively. We continue to monitor and adjust for sourcing changes, accordingly, including the potential for increased onshoring to the US, particularly starting in 2027 and beyond.

"South America: The outlook for South America light vehicle production was reduced by 5,000 units and increased by 16,000 units for 2025 and 2026, respectively (and increased by 19,000 units for 2027). The outlook for 2025 was reduced only modestly as a small upgrade for Brazil is offset by lower actual production results and outlook for Ecuador. Looking to 2026/2027, regional volumes were increased slightly by around 17,000 units per year. This primarily stems from upgrades in Argentina where the outlook for pickups has improved, particularly for the Fiat Titano/Ram 1200 and the VW Amarok/D-Pickup. In the longer-term, volumes increased marginally over the period by around 10,000 units per year as a result of an improved outlook for Chinese OEMs in the region as well as stronger demand for select VW models, particularly the Polo and Virtus.

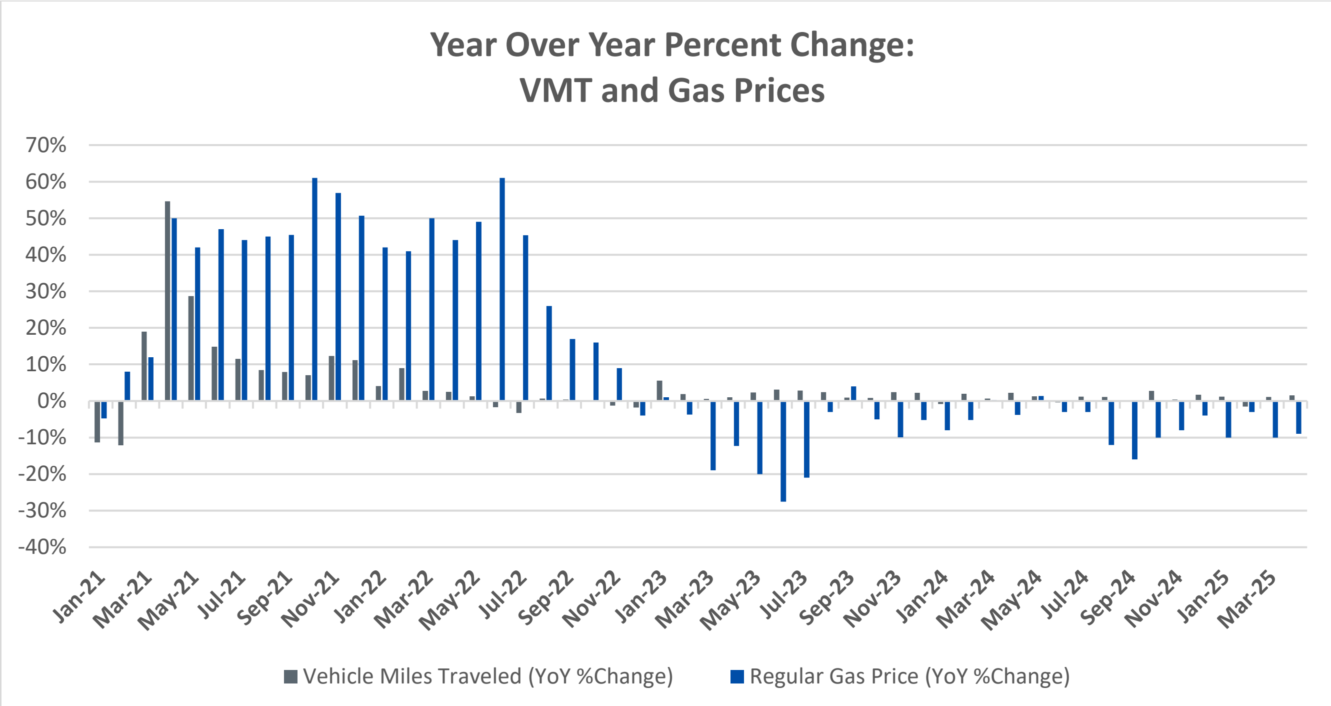
"South Asia: The outlook for South Asia light vehicle production was increased by 58,000 units for 2025 and reduced by 20,000 units for 2026 (and reduced by 43,000 units for 2027). The 2025 light vehicle production forecast for the ASEAN market was revised up by 62,000 units. The improved outlook is primarily supported by robust VinFast BEV production in Vietnam and a recovery in Thailand's mid-size pickup exports. Despite the upward revision, regional output is projected to contract by 2% year-on-year as domestic headwinds and global trade uncertainty remain key challenges. Further, the ASEAN production outlook for 2026 and 2027 was reduced by 20,000 each year, pointing to a slower and more fragmented recovery shaped by demand uncertainty, evolving trade dynamics and structural industry shifts. The production outlook for India for 2025 and 2026 remains largely unchanged this month. The domestic market in India is fairly stable as commodity prices, including crude oil, have started to decline owing largely to decreased global demand. The supply of rare earth elements has disrupted some model line production in the market; however, the situation is currently being mitigated through a strategic product mix and alternative sourcing. We will continue to monitor the situation as it develops further.

Economy Meter

Roadway Travel (Updated 6/26)

According to the U.S. Department of Transportation, seasonally-adjusted vehicle miles traveled in April increased by 1.3 percent from the same time a year ago. The cumulative travel estimate for 2025 is 1,043.5 billion vehicle miles.[26]

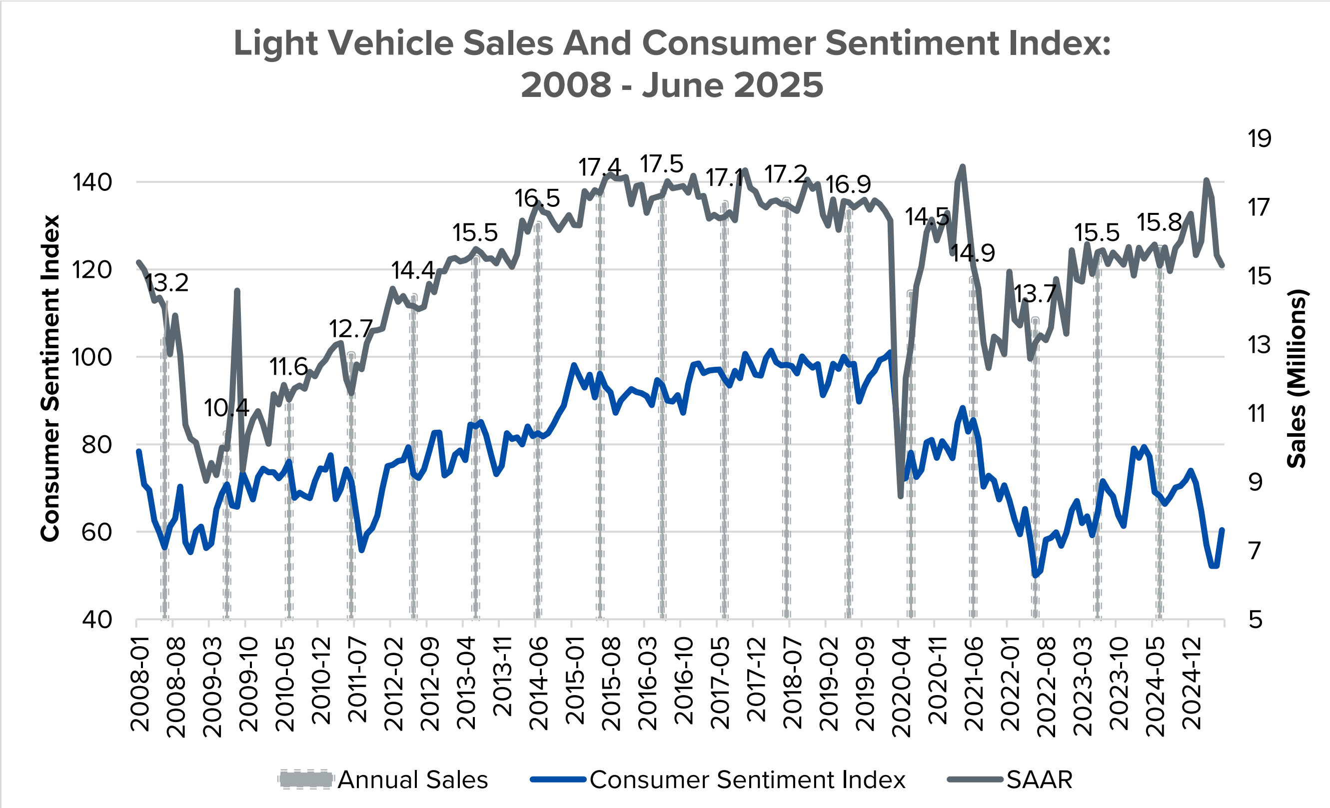
- Travel on all roads and streets changed by +1.5% (+4.1 billion vehicle miles) for April 2025 as compared with April 2024. Travel for the month is estimated to be 277.3 billion vehicle miles.
- The seasonally adjusted vehicle miles traveled for April 2025 is 277.0 billion miles, a +1.3% (3.6 billion vehicle miles) change over April 2024. It also represents a 0.3% change (0.8 billion vehicle miles) compared with March 2025.
- Cumulative Travel for 2025 changed by +0.8% (+8.3 billion vehicle miles). The cumulative estimate for the year is 1,043.5 billion vehicle miles of travel.



Consumer Confidence and Sales (Updated 7/7)

Surveys of Consumers Director Joanne Hsu[27]: "Consumer sentiment surged 16% from May in its first increase in six months—confirming the mid-month reading—but remains well below the post-election bounce seen in December 2024. The improvement was broadbased across numerous facets of the economy, with expectations for personal finances and business conditions climbing about 20% or more. Despite June's gains, however, sentiment remains about 18% below December 2024, right after the election; consumer views are still broadly consistent with an economic slowdown and an increase in inflation to come. Consumers continue to be concerned about the potential impact of tariffs, but at this time they do not appear to be connecting developments in the Middle East with the economy.

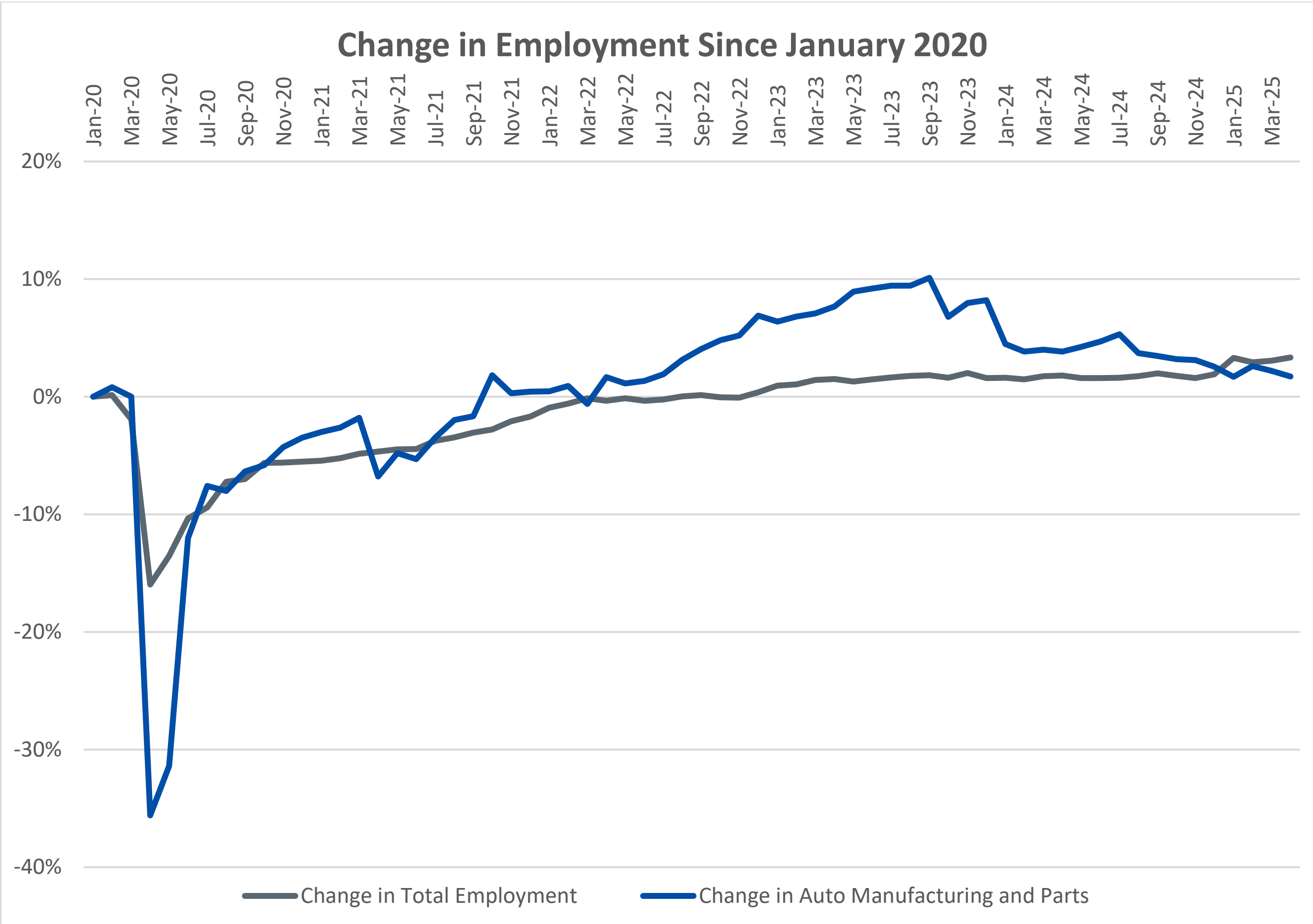
Year-ahead inflation expectations plummeted from 6.6% last month to 5.0% this month. Long-run inflation expectations receded for the second straight month, falling back from 4.2% in May to 4.0% in June. Both readings are the lowest in three to four months. Consumers' fears about the potential impact of tariffs on future inflation softened somewhat in June. Still, inflation expectations remain above readings seen throughout the second half of 2024, reflecting widespread beliefs that risks to inflation have not fully abated."



Employment (Updated 6/26)

Motor Vehicle And Parts Manufacturing Gained 400 Jobs in May.

After a loss of nearly 350,000 employees (about 35% of the workforce) in the height of the pandemic, employment in the Automobile Manufacturing and Parts sectors raced back but is now fighting losses due to supply chain disruptions with semiconductors.[28]



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