
S&P Global

Mobility

North America Automotive Outlook

Foro Automotor 2024

Finance, Friction and Function limits on light vehicle demand

Guido Vildozo

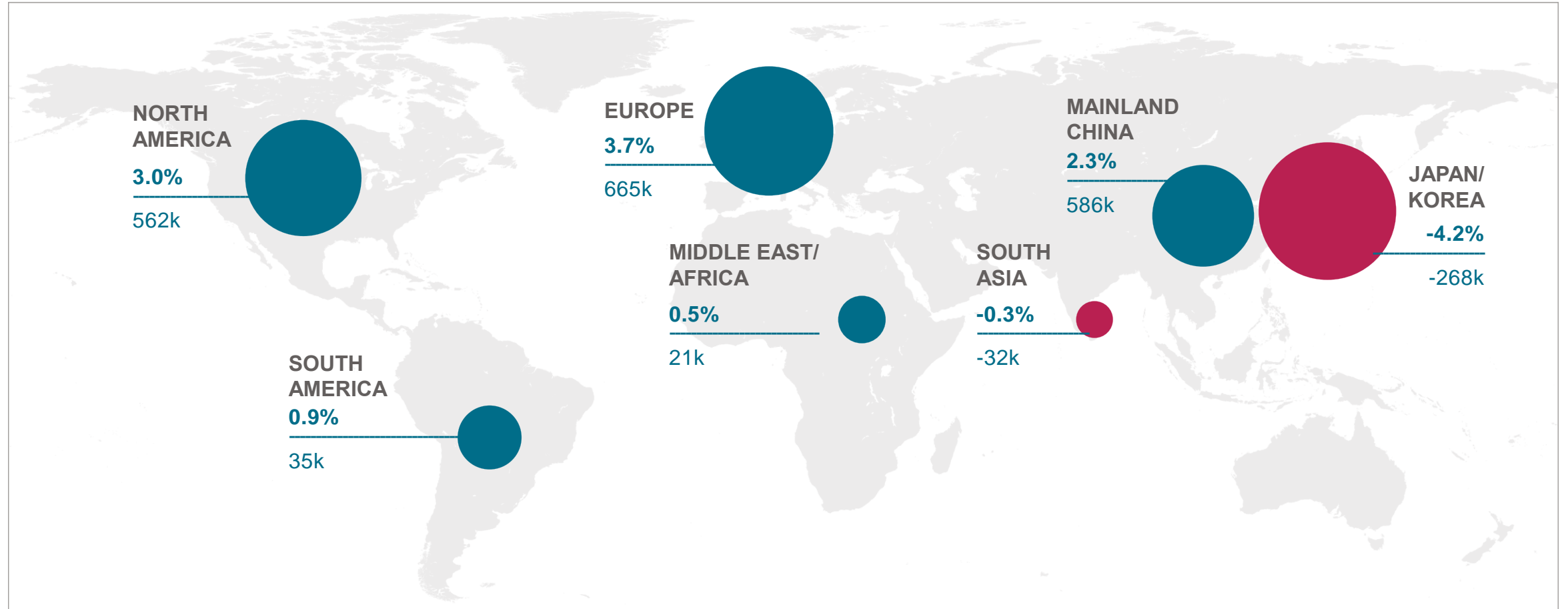
Associate Director, North America Light Vehicle Sales Forecasting

October 22, 2024



Global sales overview by region

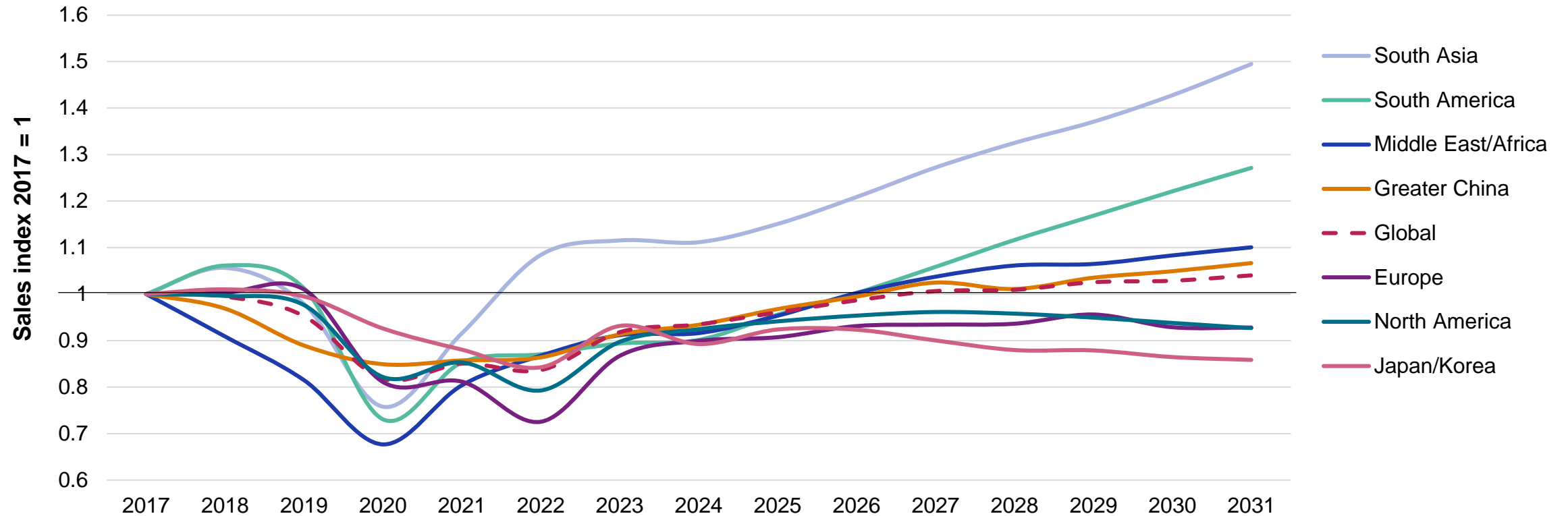
2024 recovery losing momentum: Global auto sales downgraded to 1.8% rise from 2023, up by 1.6 million units



Date compiled September 2024.
Source: 2023 S&P Global Mobility.
© 2024 S&P Global.

Light-vehicle sales by region

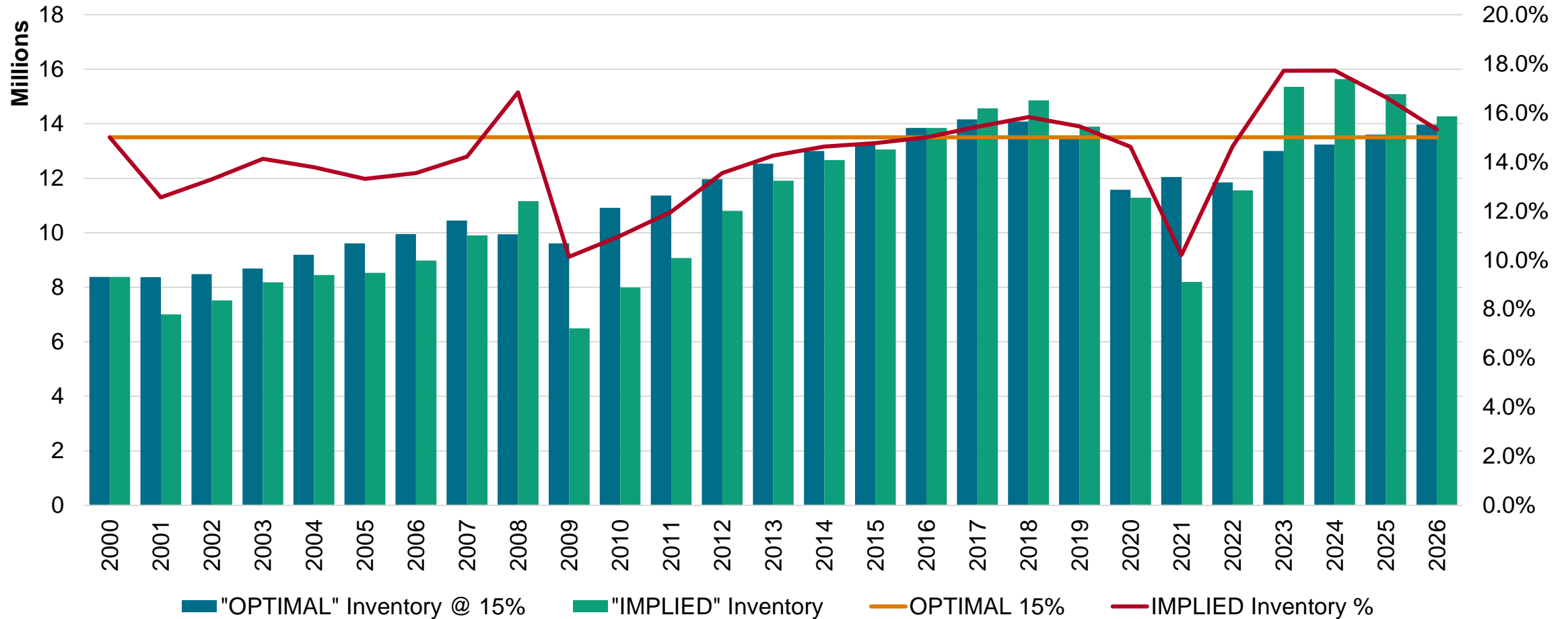
Diverging prospects: uneven recovery; global activity runs below the 2017 peak until at least 2027
South Asia is accelerating the fastest in response to underlying opportunities, powered by India



As of September 2024.
Source: S&P Global Mobility

Global inventory proxy, shows alignment is underway

Pressures that grew during recovery cycle being released especially as sales ease short term

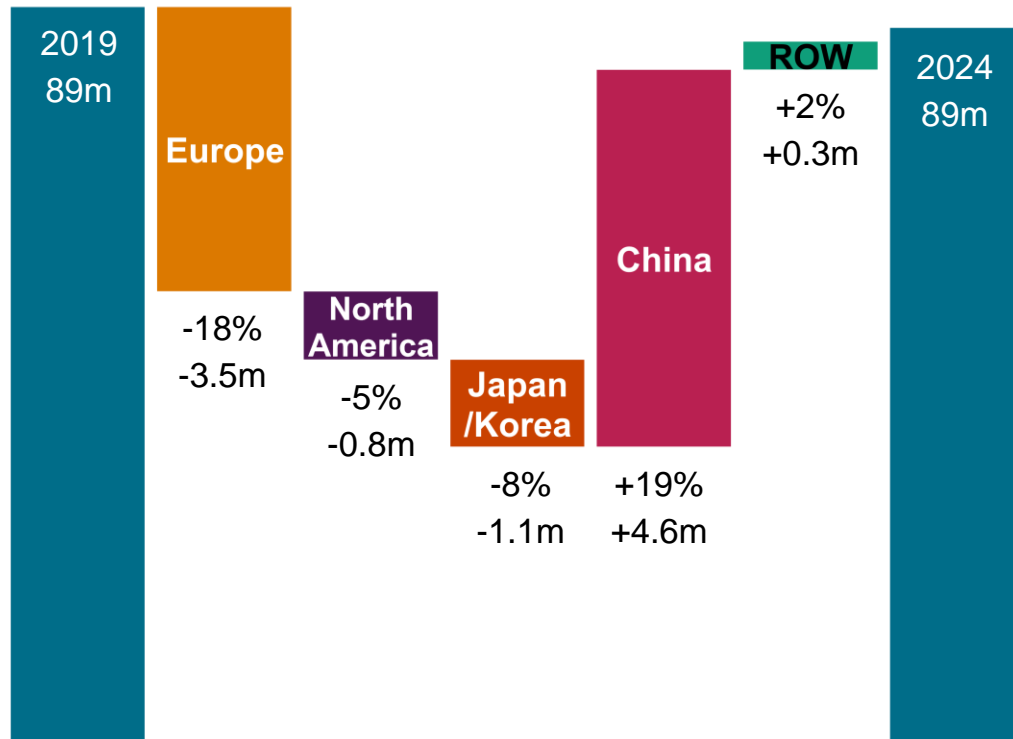


Data compiled September 2024.
Source: S&P Global Mobility.

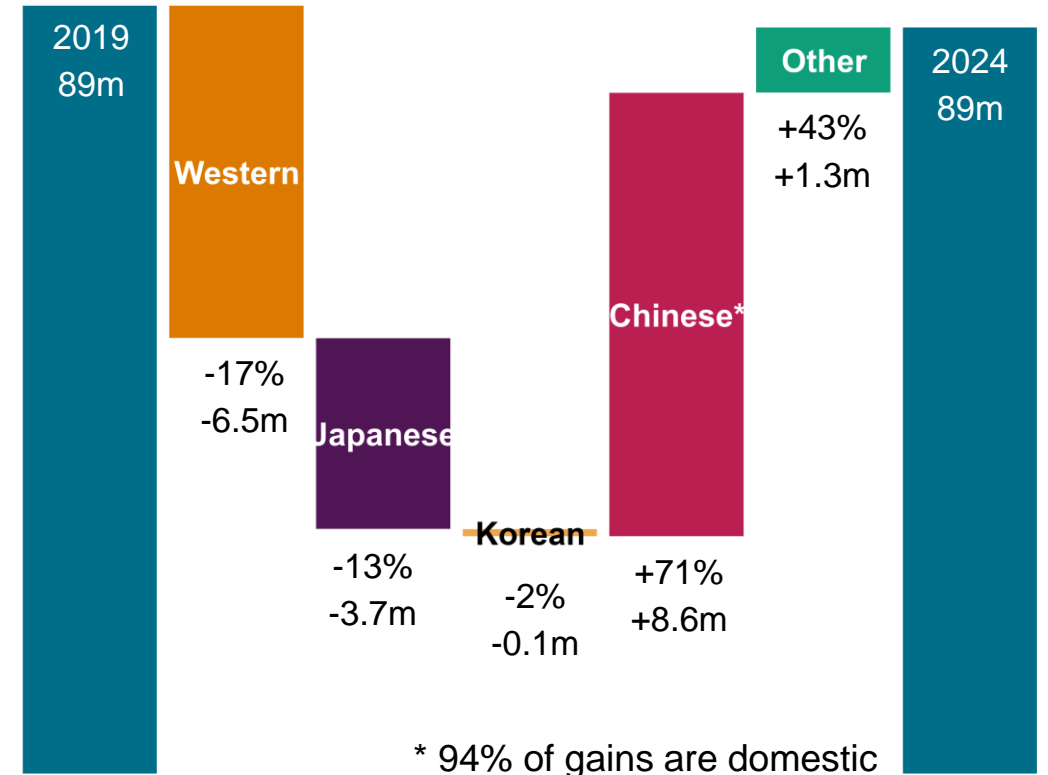
Structural changes more dramatic than topline recovery since COVID-19

China dominates new 89 million-unit market

2019 to 2024 bridge by production region



2019 to 2024 bridge by OEM ownership



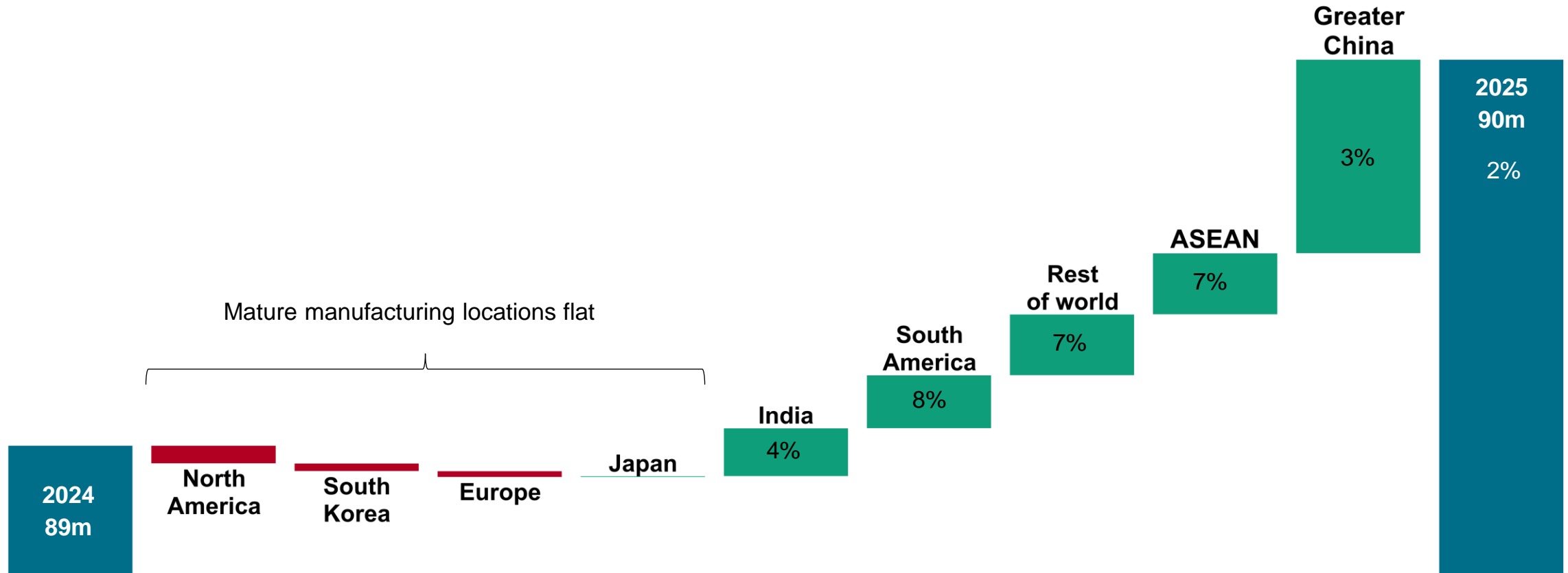
Data compiled September 2024.

Europe excludes Russia, Belarus, Kazakhstan, Ukraine, Uzbekistan, ROW = Rest of World.

Source: S&P Global Mobility.

2025 offers limited fragile growth

Pressures weigh on mature bases, China stimulus to do the heavy lifting with support from South Asia

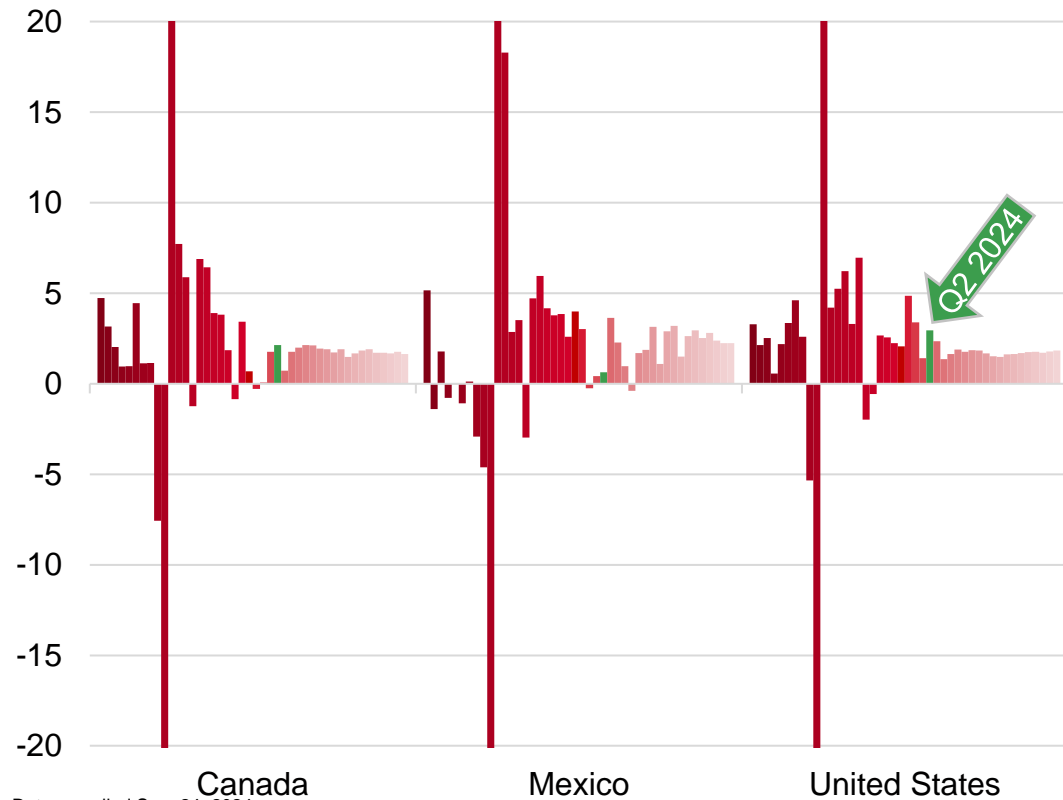


Data compiled September 2024.
Europe excludes Russia, Belarus, Kazakhstan, Ukraine, Uzbekistan.
Source: S&P Global Mobility.

Regional economic growth transitioning from above to below trend

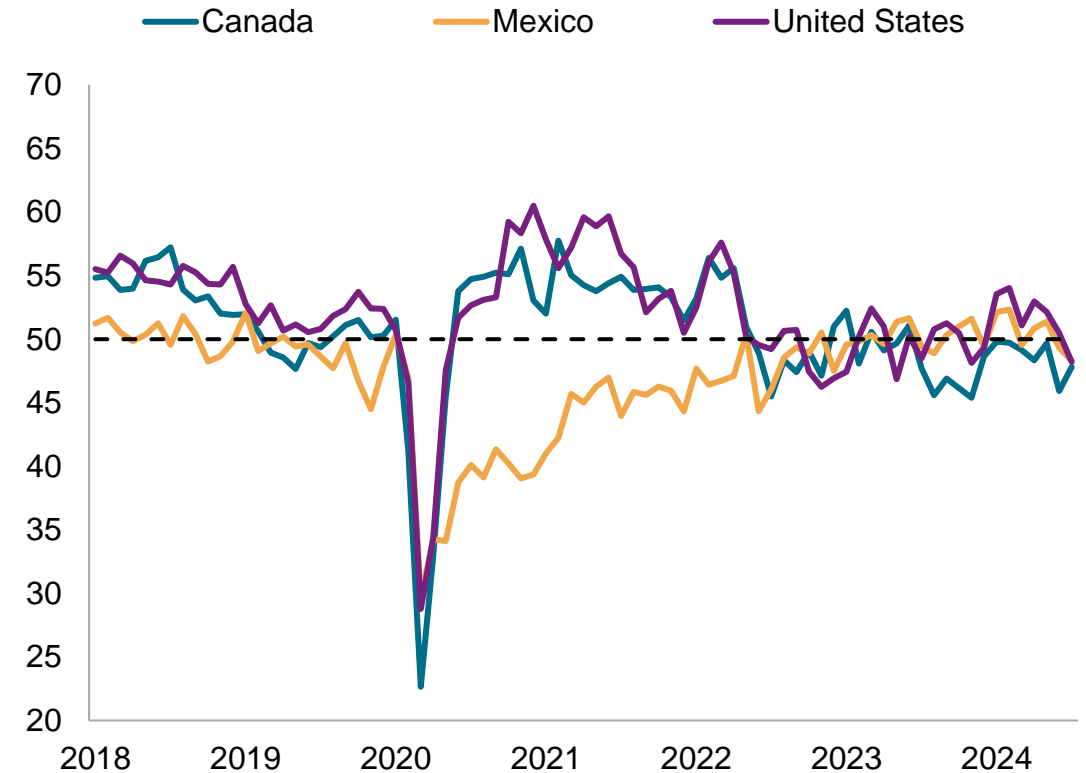
Malaise to impact entire region, expose unique economic risks

North American real GDP growth by country 2018-2028 (Q/Q, SAAR)



Data compiled Sep. 24, 2024.
Source: S&P Global Market Intelligence.

North American manufacturing PMI by country

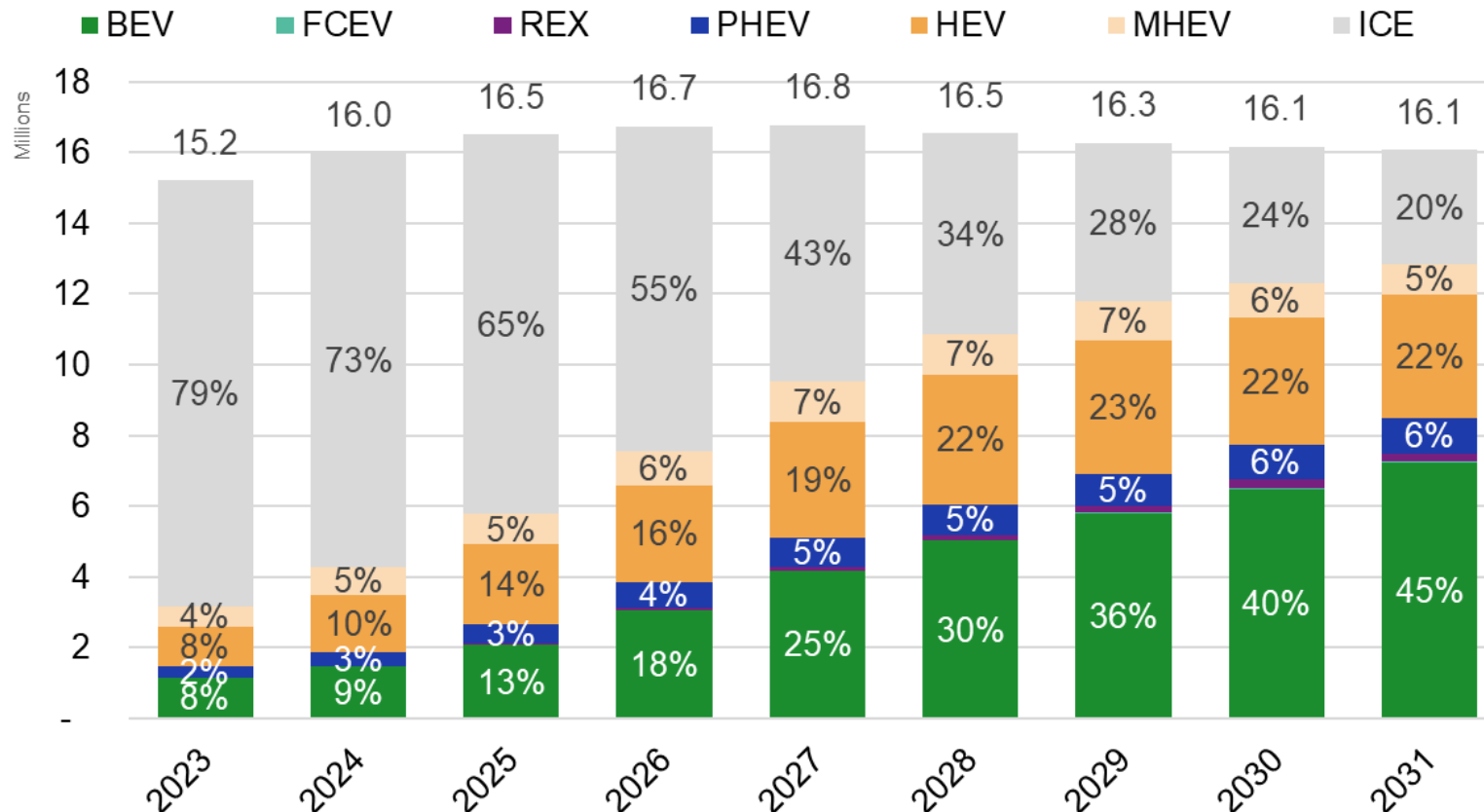


Data compiled Sep. 24, 2024.
Source: S&P Global Market Intelligence.

United States – The 3 “F’s” of Forecasting

Industry rebalances its BEV ambitions as profitability and consumer demand remain constrained

United States - Sales-based Powertrain Forecast



- Multiple consumer headwinds to growth- “Finance”
 - Challenging buying conditions
 - Inventory restocking nearly complete
 - What does a “normal” look like now?
- Regulation, trade and industrial policy – “Friction”
 - Geopolitical reordering
 - Supply chain reorganization
 - Cooperation vs. competition
- The BEV transition will continue a bit more unevenly – “Function”
 - OEM portfolio rebalancing
 - Consumer demographic challenges
 - Planning for alternative scenarios increasingly prudent

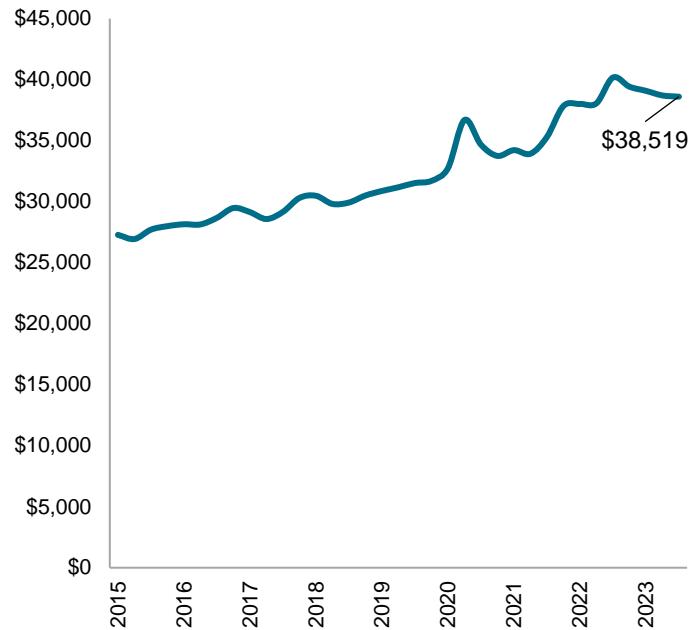
GPF = Gasoline Particulate Filter; eHCC = Electrically Heated Catalytic Converter
 Source: Sales-based Powertrain Forecast (September 2024)

US light-vehicle sales development in the immediate term

US car buyers: Data continues to reflect difficult market conditions and elevated affordability concerns

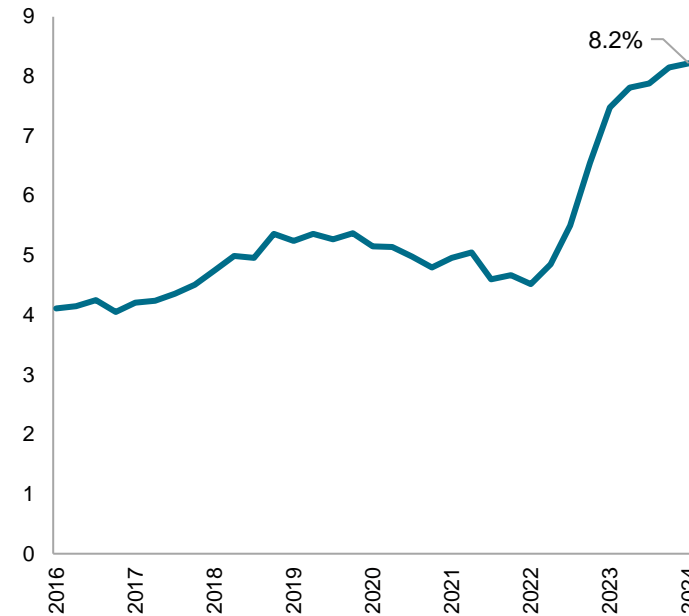
Amount financed slow to decelerate

Avg. amount financed, finance companies



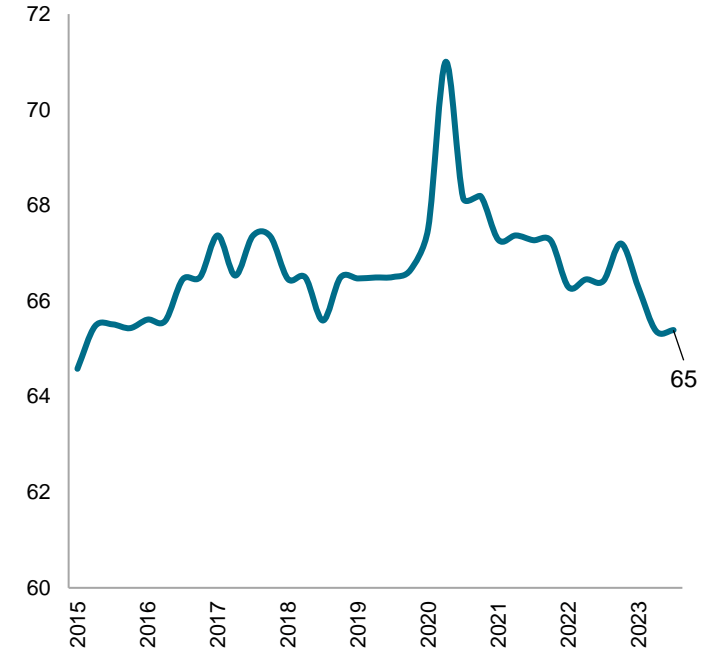
APRs have risen sharply

Finance Rate % (60m loan)



Term length has retreated

Loan maturity finance companies (number of months)



Slow-to-decelerate new vehicle pricing and higher interest rates sustain pressure on consumers.

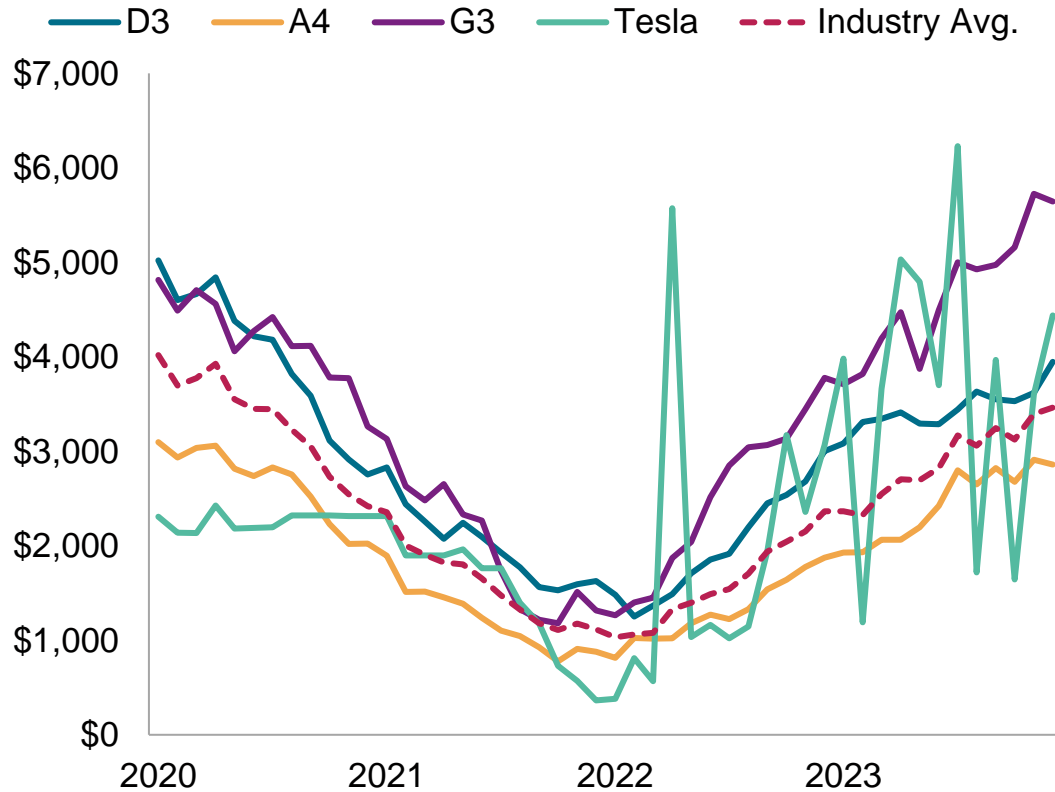
Data compiled July 12, 2024.

Sources: Board of Governors of the Federal Reserve System; S&P Global Mobility.

Inventories and incentives rise (or fall) together

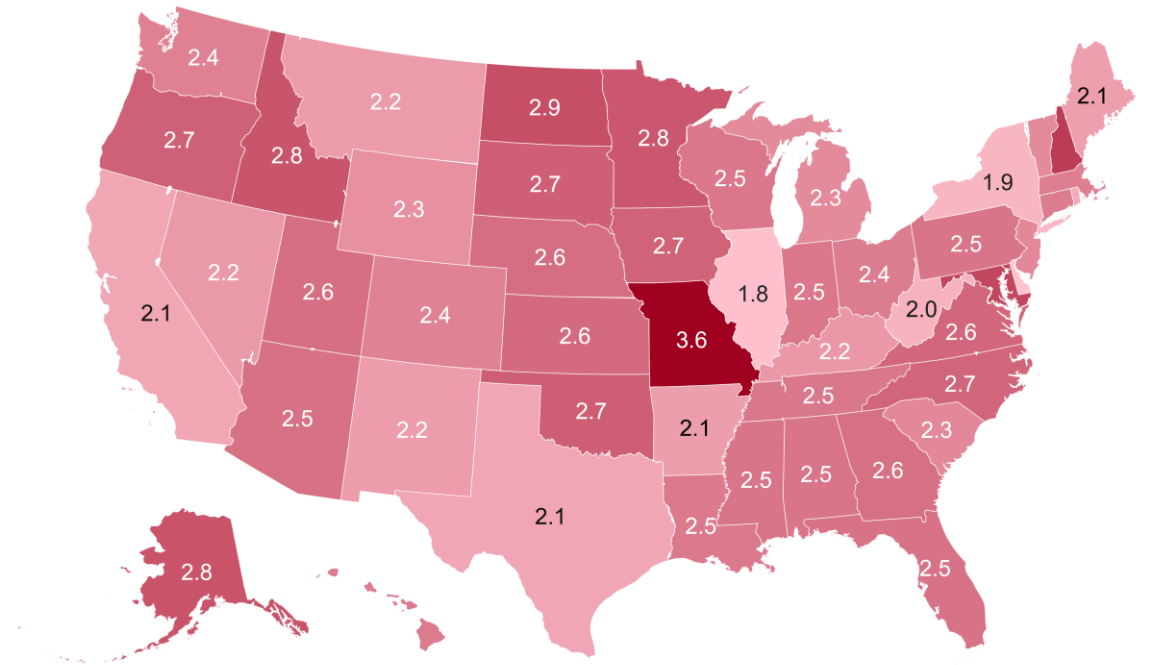
US inventory has declined since topping 3m units in May as model choice continues to expand; national inventory/sales ratio @ 2.3

Monthly avg. incentive spending by OEM group



Data compiled Sept. 12, 2024.
Source: MotorIntelligence, S&P Global Mobility.

Retail inventory/sales ratio

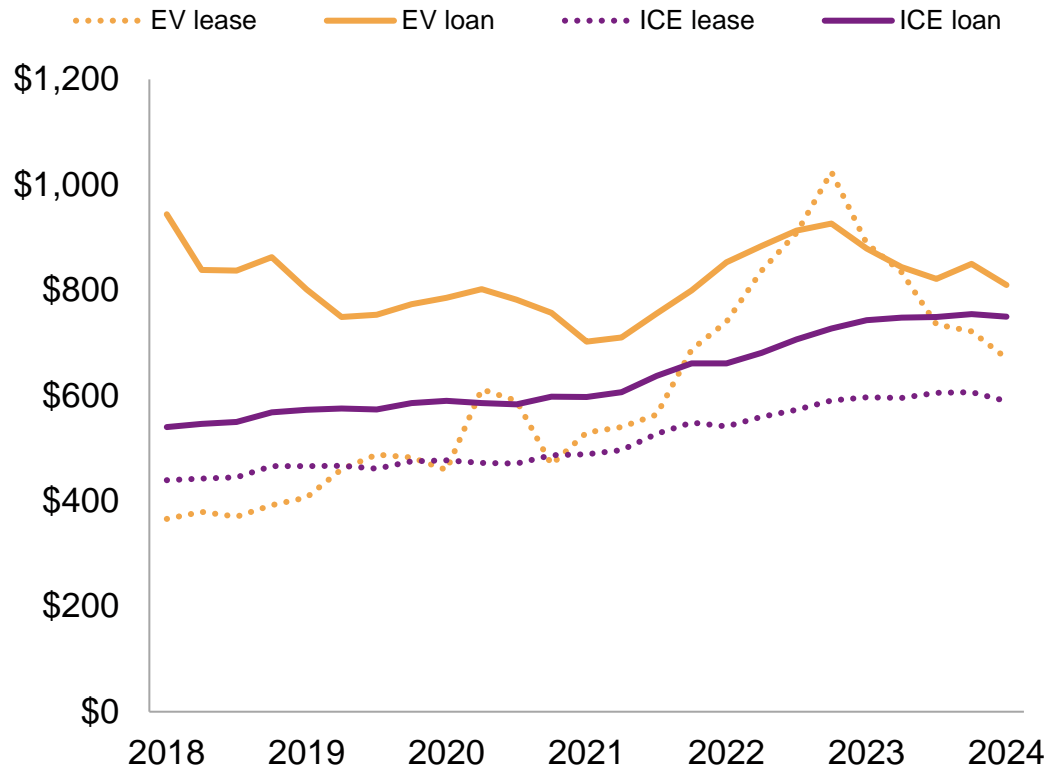


Data compiled Sep. 10, 2024
Source: New Vehicle Retail Inventory Tracker - S&P Global Mobility

It will take a long time to electrify US fleet at current expected sales rates

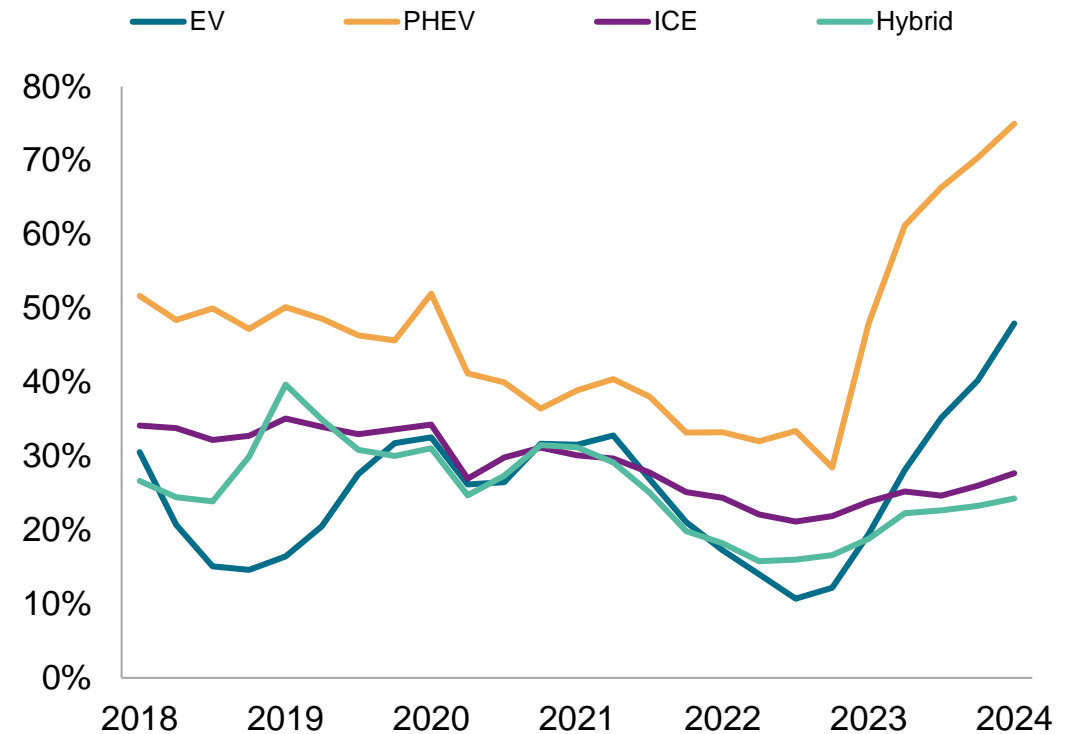
IRA leasing “loophole” in the form of 45W credit doing major legislative work

Monthly payment by finance type



Data compiled Sep.. 13, 2024.
Source: TransUnion, S&P Global Mobility

Lease share by powertrain type

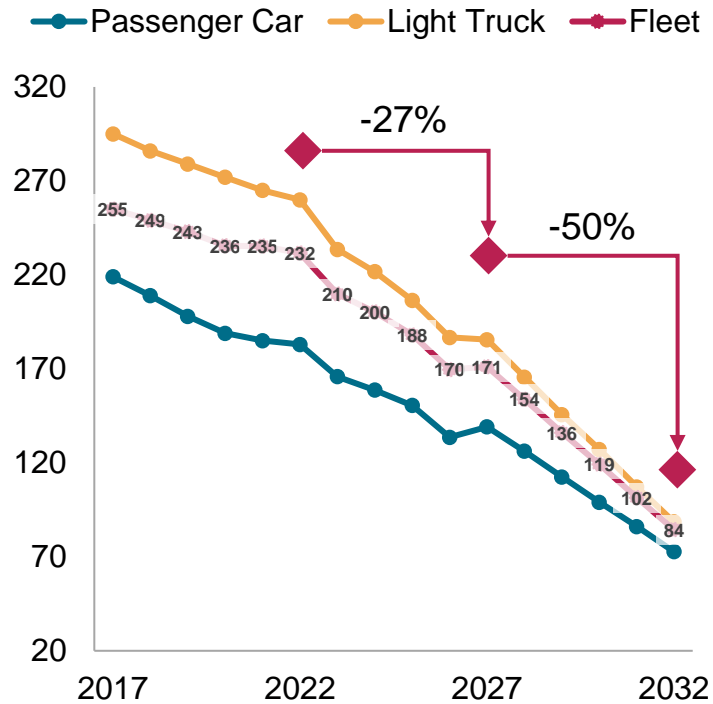


Data compiled Sep. 15, 2024
Source: S&P Global Mobility.

3 compliance systems trying to improve fuel efficiency and reduce emissions

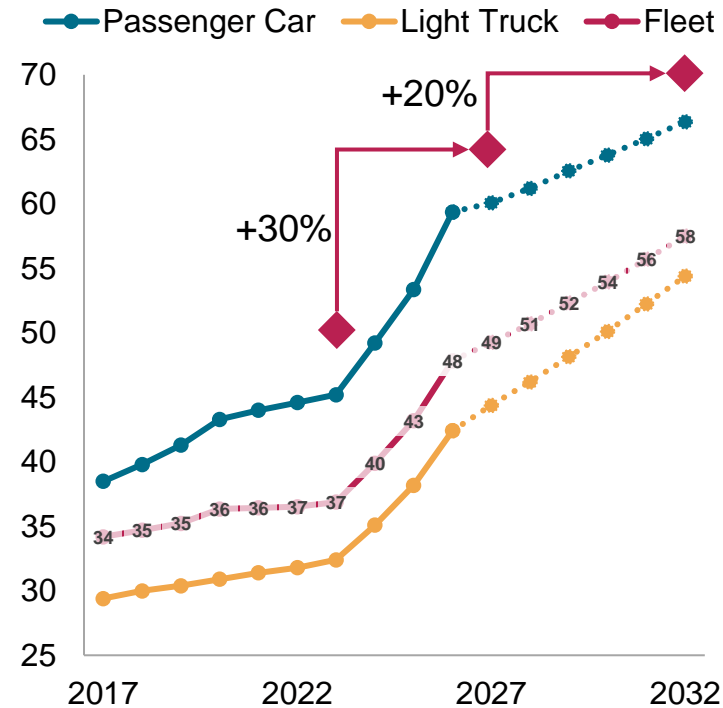
Standing and durability of regulations have been in question before

EPA Standards, GHG/mile



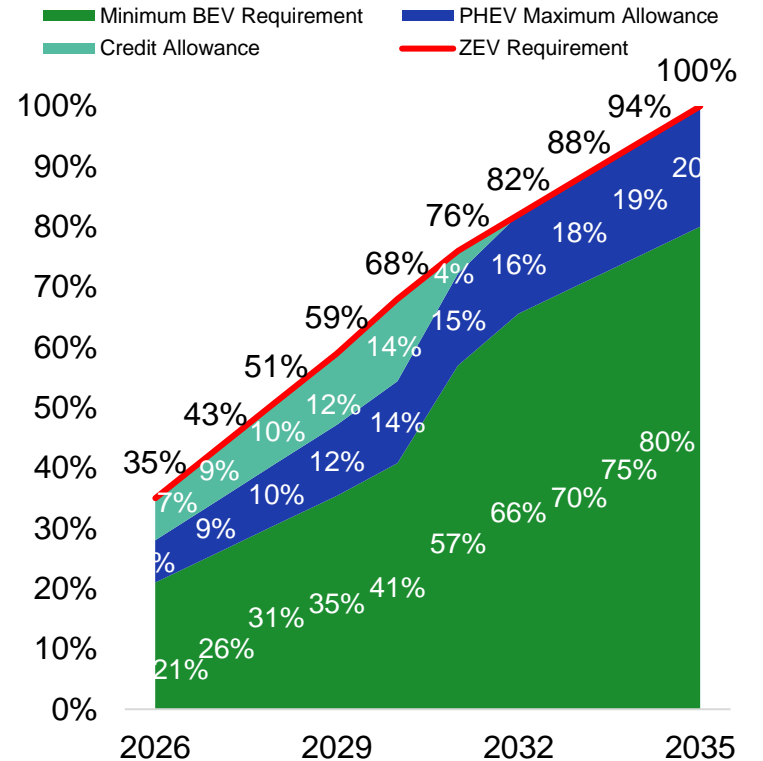
Source: EPA

CAFE Standards, mpg



Source: NHTSA

CARB ACC II ZEV Mandate



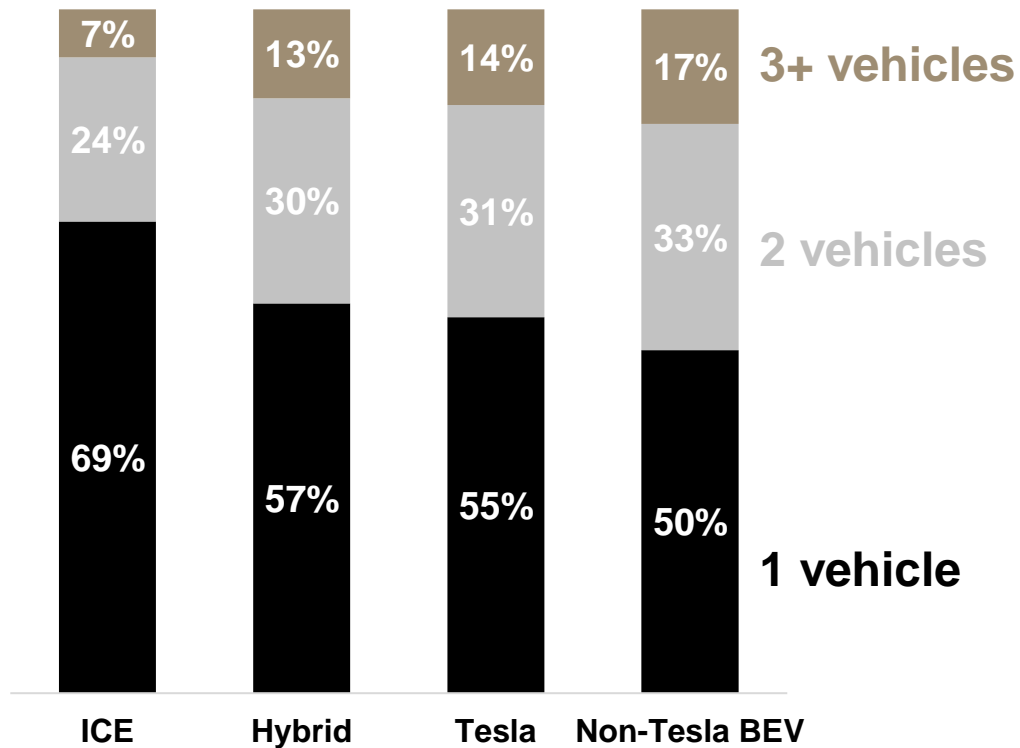
Data compiled 11.04.2024

Source: Sales-based Powertrain Forecast (March 2024)

EV consumer outlook – Barriers to adoption remain high

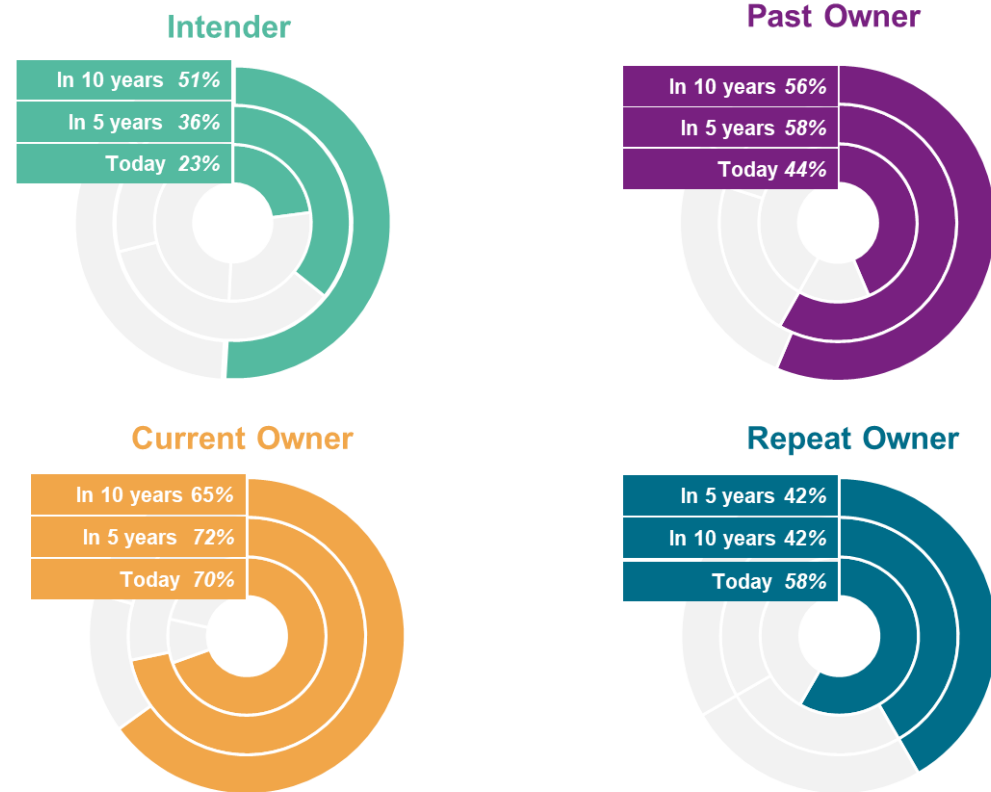
Industry and macroeconomic factors help drive adoption of electrification; pricing, battery technology and charging infrastructure remain challenges.

of New Vehicles in Garage
VIO as of August 2024



Note: Includes households with new vehicles only
Source: S&P Global Mobility

Charging infrastructure sufficiency perception increases with ownership status: Answer “Yes”

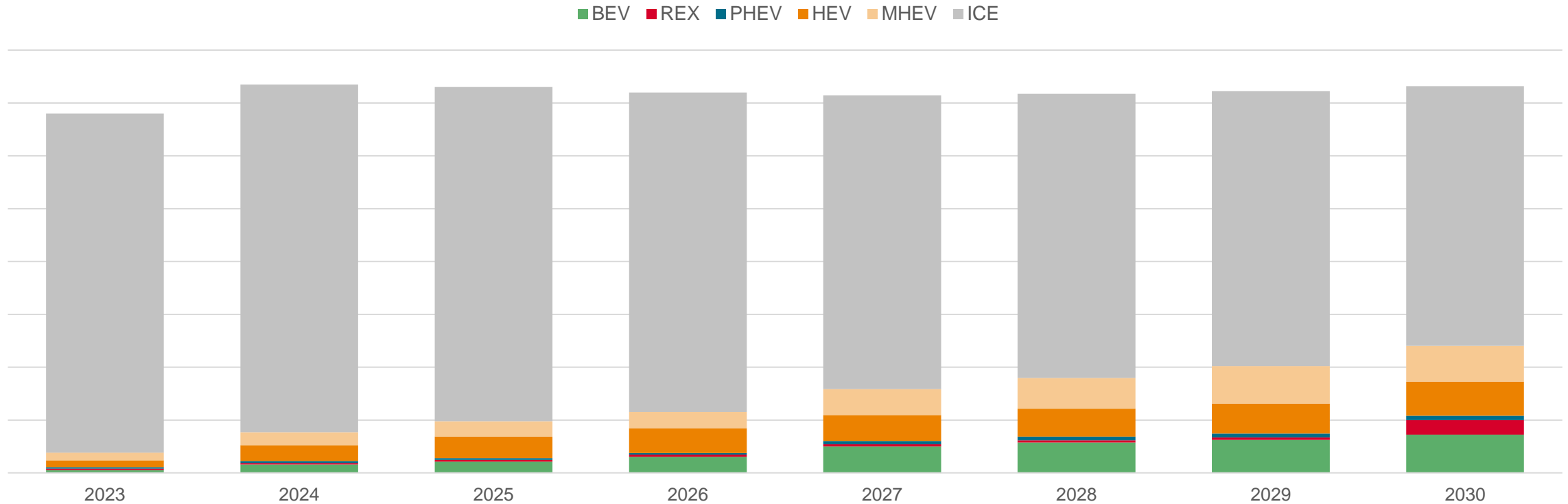


As of May 2024
2024 N=5,502 (US: 677; UK: 700; DE: 701; CH: 699; JP: 669; SK: 665; IN: 699; BR: 692)
Source: S&P Global Mobility.

Mexico Sales forecast and electrification trend

Volume OEMs will focus on hybrids and mild-hybrids to meet the next phase of legislation in 2027

Vehicle Sales by Propulsion System Design [million units]

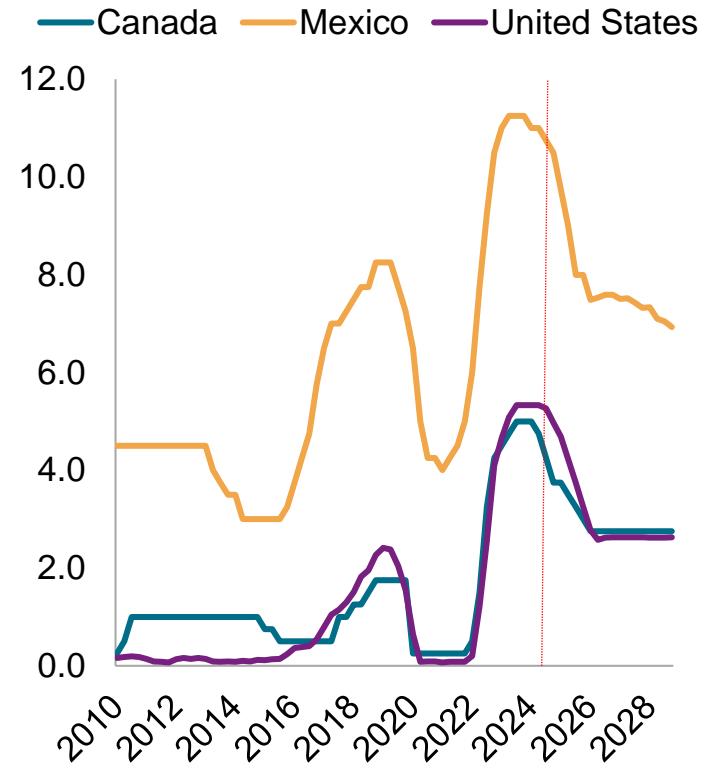


Market Definition: Passenger Cars and Light Commercial Vehicles up to 6 tons
Source: S&P Global Mobility

A strong peso has boosted Mexican consumer

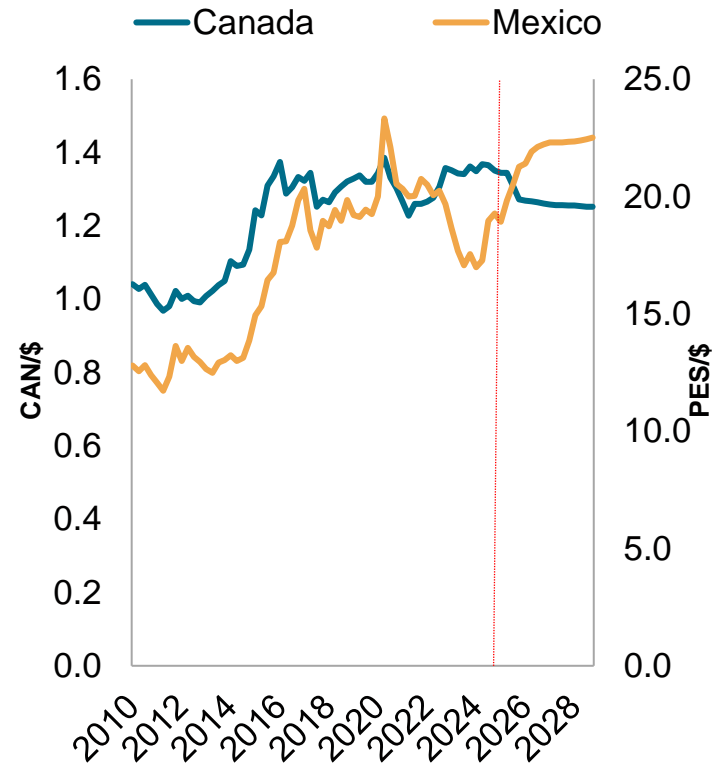
RBC has been on accommodative edge of developed markets

Regional policy interest rates



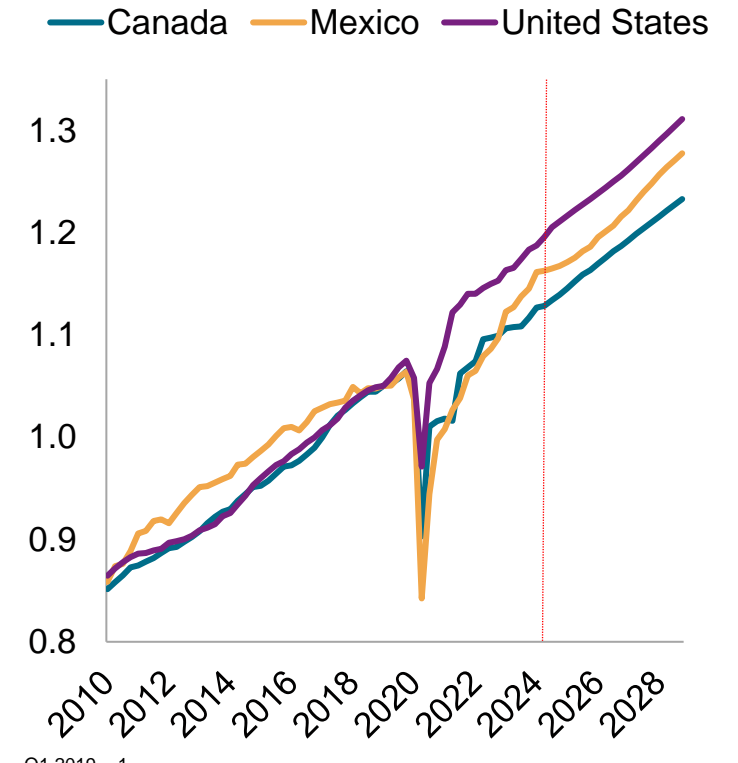
Data compiled Sep. 24, 2024.
Source: S&P Global Market Intelligence.

Regional exchange rates



Data compiled Sep. 24, 2024.
Source: S&P Global Market Intelligence.

Regional consumption index (\$)



Q1 2019 = 1
Data compiled Sep. 24, 2024.
Source: S&P Global Market Intelligence.

Contact us

PRIMARY CONTACT(S)

Guido Vildozo

guido.vildozo@spglobal.com

CONTACT US

Americas	+1 800 516 2021
Asia-Pacific	+60 4 296 1126
Europe, Middle East, Africa	+44 (0) 203 367 0682

www.spglobal.com/en/enterprise/about/contact-us.html

www.spglobal.com/mobility



Copyright © 2024 S&P Global Inc. All rights reserved.

These materials, including any software, data, processing technology, index data, ratings, credit-related analysis, research, model, software or other application or output described herein, or any part thereof (collectively the “Property”) constitute the proprietary and confidential information of S&P Global Inc its affiliates (each and together “S&P Global”) and/or its third party provider licensors. S&P Global on behalf of itself and its third-party licensors reserves all rights in and to the Property. These materials have been prepared solely for information purposes based upon information generally available to the public and from sources believed to be reliable.

Any copying, reproduction, reverse-engineering, modification, distribution, transmission or disclosure of the Property, in any form or by any means, is strictly prohibited without the prior written consent of S&P Global. The Property shall not be used for any unauthorized or unlawful purposes. S&P Global's opinions, statements, estimates, projections, quotes and credit-related and other analyses are statements of opinion as of the date they are expressed and not statements of fact or recommendations to purchase, hold, or sell any securities or to make any investment decisions, and do not address the suitability of any security, and there is no obligation on S&P Global to update the foregoing or any other element of the Property. S&P Global may provide index data. Direct investment in an index is not possible. Exposure to an asset class represented by an index is available through investable instruments based on that index. The Property and its composition and content are subject to change without notice.

THE PROPERTY IS PROVIDED ON AN “AS IS” BASIS. NEITHER S&P GLOBAL NOR ANY THIRD PARTY PROVIDERS (TOGETHER, “S&P GLOBAL PARTIES”) MAKE ANY WARRANTY, EXPRESS OR IMPLIED, INCLUDING BUT NOT LIMITED TO ANY WARRANTIES OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE, FREEDOM FROM BUGS, SOFTWARE ERRORS OR DEFECTS, THAT THE PROPERTY’S FUNCTIONING WILL BE UNINTERRUPTED OR THAT THE PROPERTY WILL OPERATE IN ANY SOFTWARE OR HARDWARE CONFIGURATION, NOR ANY WARRANTIES, EXPRESS OR IMPLIED, AS TO ITS ACCURACY, AVAILABILITY, COMPLETENESS OR TIMELINESS, OR TO THE RESULTS TO BE OBTAINED FROM THE USE OF THE PROPERTY. S&P GLOBAL PARTIES SHALL NOT IN ANY WAY BE LIABLE TO ANY RECIPIENT FOR ANY INACCURACIES, ERRORS OR OMISSIONS REGARDLESS OF THE CAUSE. Without limiting the foregoing, S&P Global Parties shall have no liability whatsoever to any recipient, whether in contract, in tort (including negligence), under warranty, under statute or otherwise, in respect of any loss or damage suffered by any recipient as a result of or in connection with the Property, or any course of action determined, by it or any third party, whether or not based on or relating to the Property. In no event shall S&P Global be liable to any party for any direct, indirect, incidental, exemplary, compensatory, punitive, special or consequential damages, costs, expenses, legal fees or losses (including without limitation lost income or lost profits and opportunity costs or losses caused by negligence) in connection with any use of the Property even if advised of the possibility of such damages. The Property should not be relied on and is not a substitute for the skill, judgment and experience of the user, its management, employees, advisors and/or clients when making investment and other business decisions.

The S&P Global logo is a registered trademark of S&P Global, and the trademarks of S&P Global used within this document or materials are protected by international laws. Any other names may be trademarks of their respective owners.

The inclusion of a link to an external website by S&P Global should not be understood to be an endorsement of that website or the website's owners (or their products/services). S&P Global is not responsible for either the content or output of external websites. S&P Global keeps certain activities of its divisions separate from each other in order to preserve the independence and objectivity of their respective activities. As a result, certain divisions of S&P Global may have information that is not available to other S&P Global divisions. S&P Global has established policies and procedures to maintain the confidentiality of certain nonpublic information received in connection with each analytical process. S&P Global may receive compensation for its ratings and certain analyses, normally from issuers or underwriters of securities or from obligors. S&P Global reserves the right to disseminate its opinions and analyses. S&P Global Ratings’ public ratings and analyses are made available on its sites, www.spglobal.com/ratings (free of charge) and www.capitaliq.com (subscription), and may be distributed through other means, including via S&P Global publications and third party redistributors.