BBVA Research

U.S. Auto Sales Chartbook

July 2020

Creating Opportunities

BBVA Research

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Main messages

- New vehicle sales were stronger than expected in 2Q, resulting in an upward revision to our annual forecast.
- However, sales were still 33.7% below the levels observed in 2Q19, the worst decline since 2Q09.
- After a sharp contraction in April, sales increased in May and June, supported by fiscal stimulus and the partial reopening of the economy.
- Despite improving figures, sales are likely to remain subdued through the rest of the year as the pandemic continues to wreak havoc on economic activity.
- In the long-run, sales could be affected by changes in consumer behavior induced by the pandemic (e.g. people moving away from urban areas, or increasing rates of remote work).

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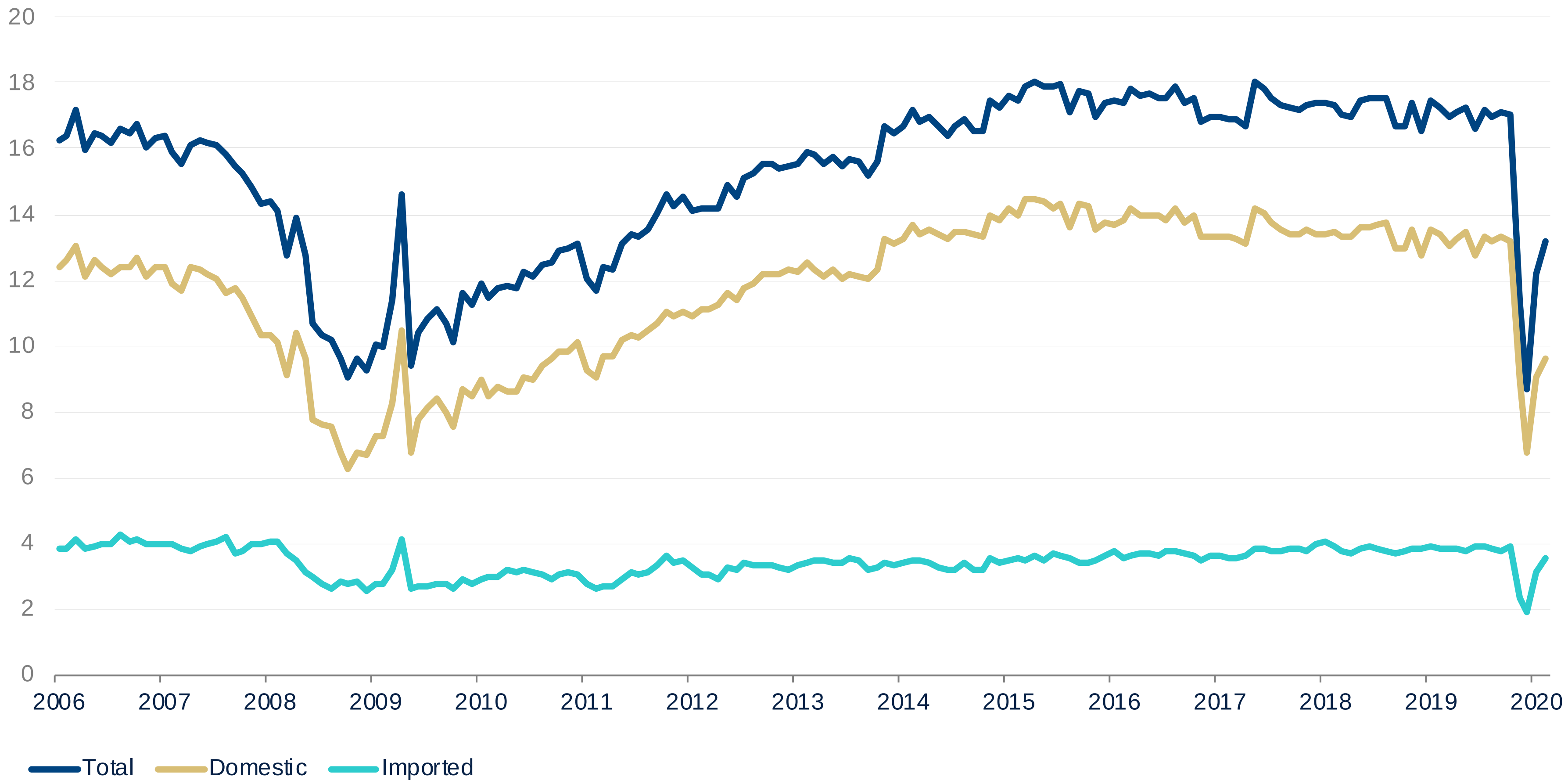
Sales

Sales

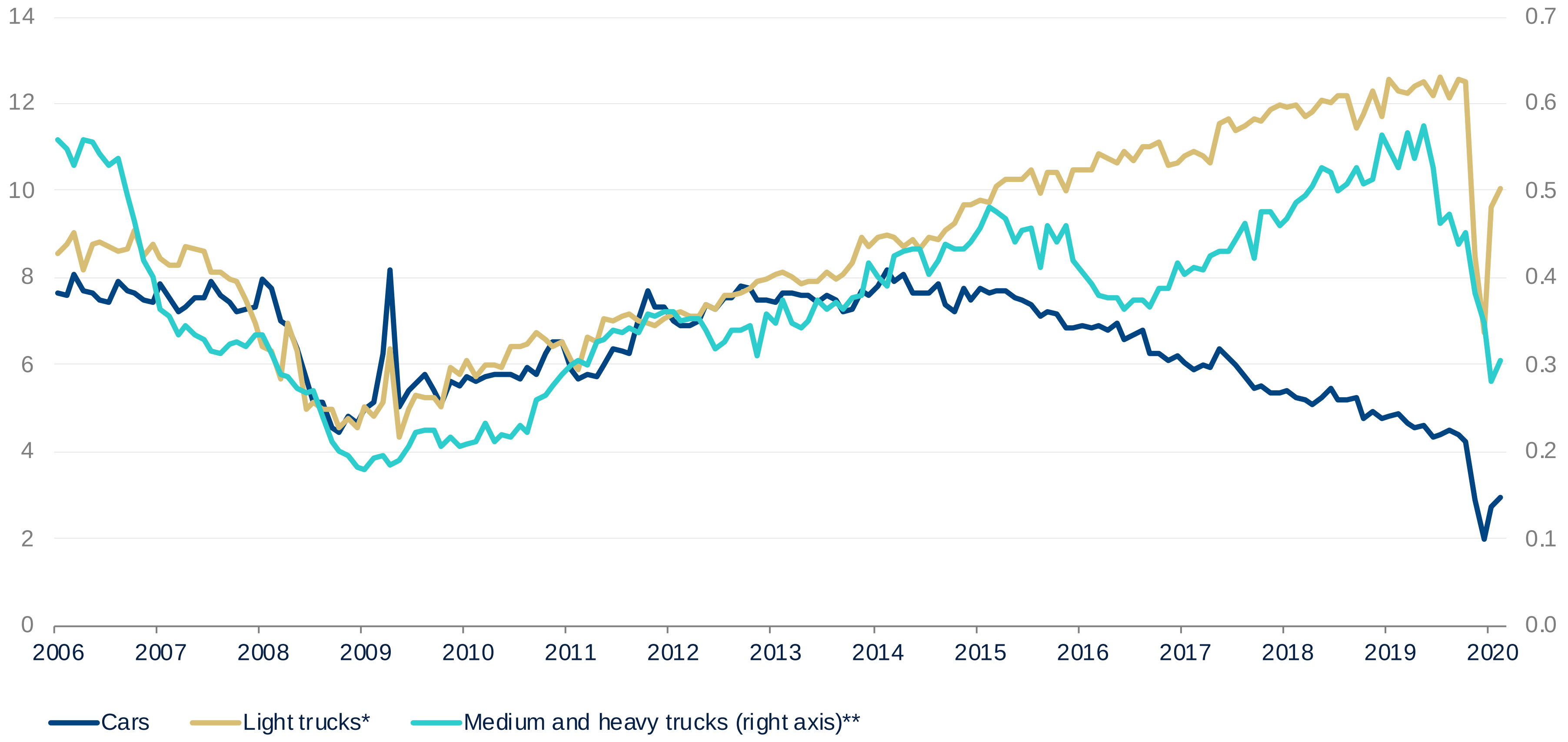
U.S. TOTAL LIGHT WEIGHT VEHICLE SALES
(SAAR, MILLION UNITS)



Source: BBVA Research and Haver Analytics

Sales

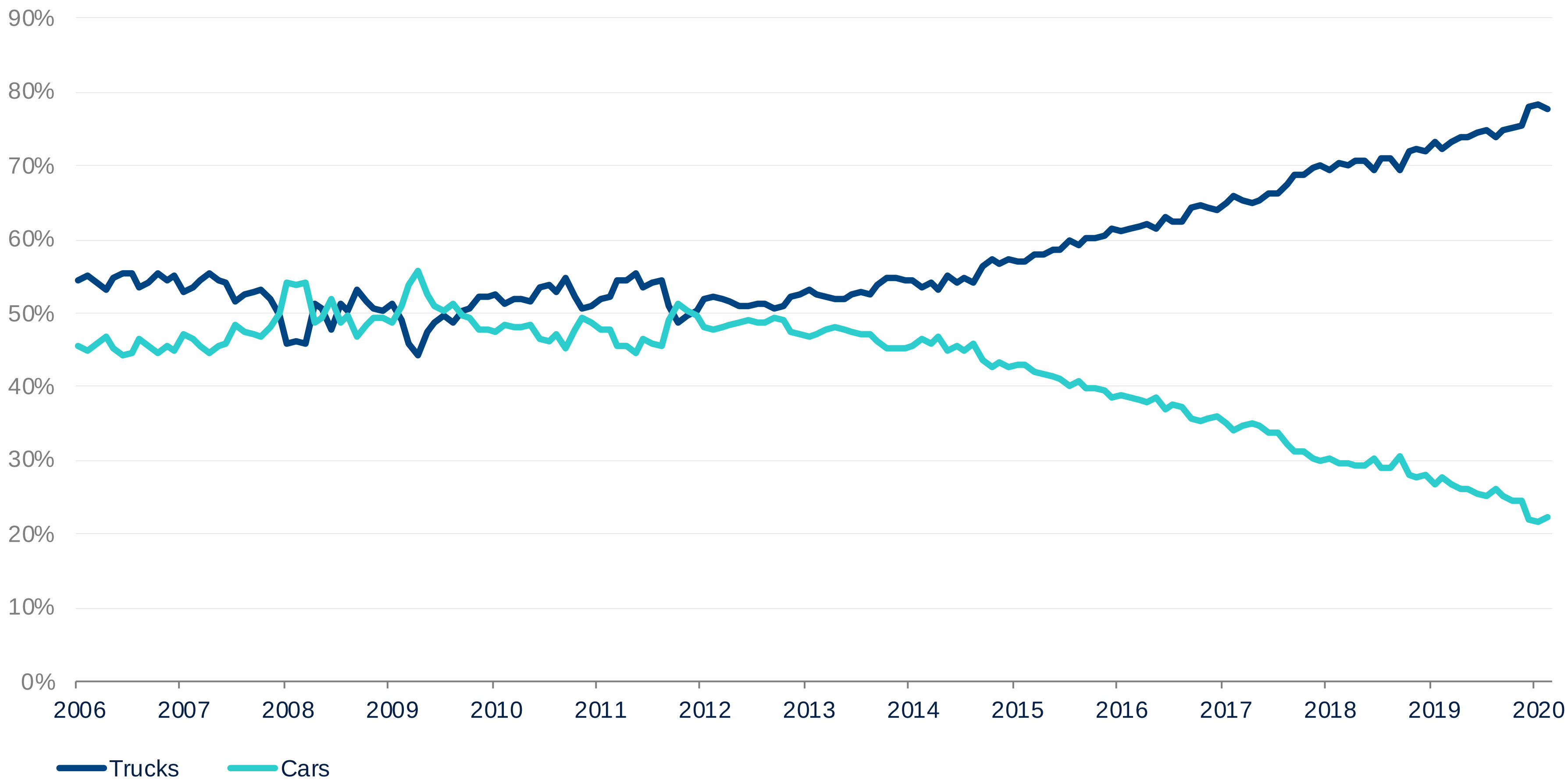
U.S. TOTAL VEHICLE SALES
(SAAR, MILLION UNITS)



* 0-14,000 pounds GVWR
**14,001 pounds GVWR and over
Source: BBVA Research and Haver Analytics

Sales

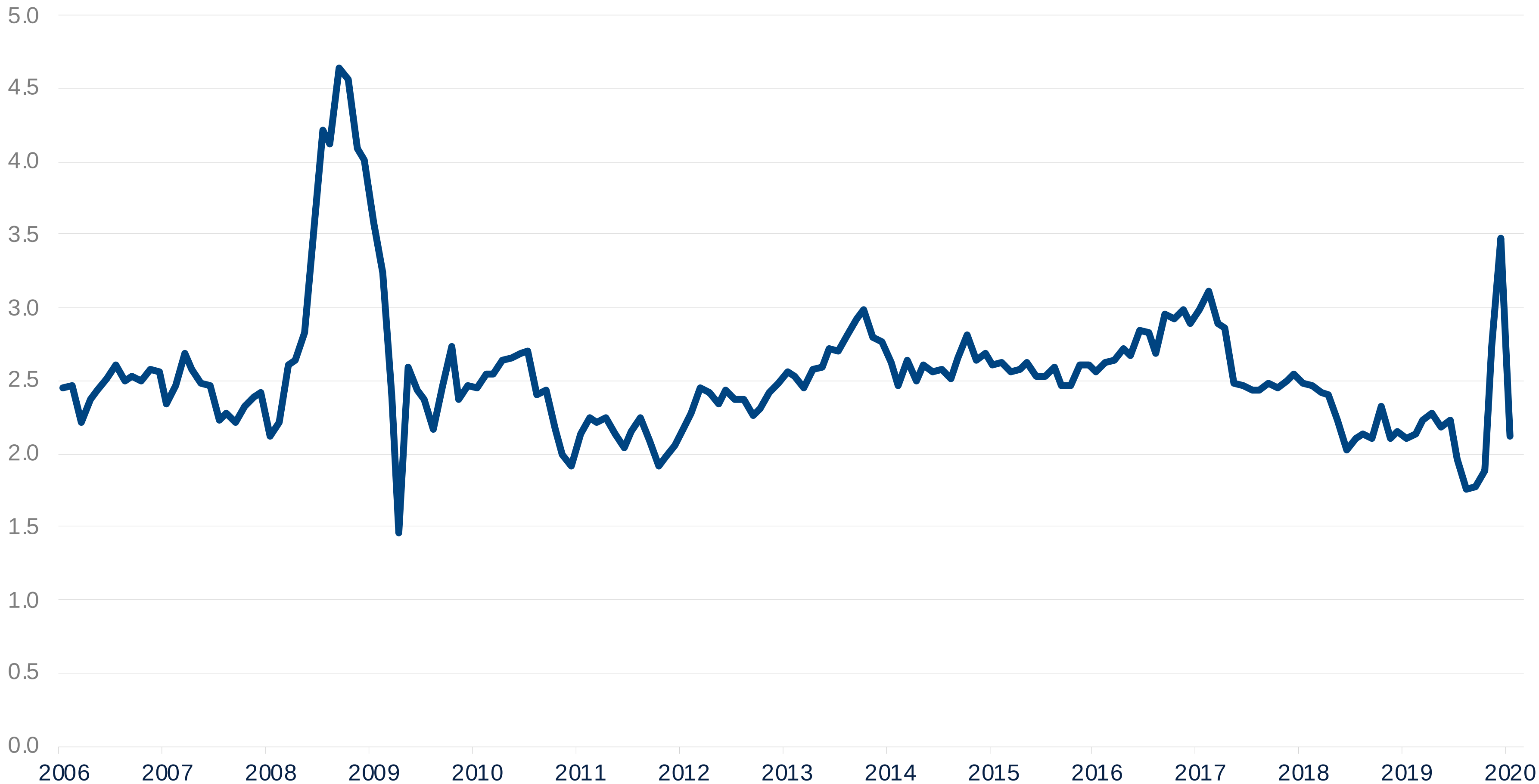
U.S. TOTAL VEHICLE SALES
(SHARE OF TOTAL)



Source: BBVA Research and Haver Analytics

Sales

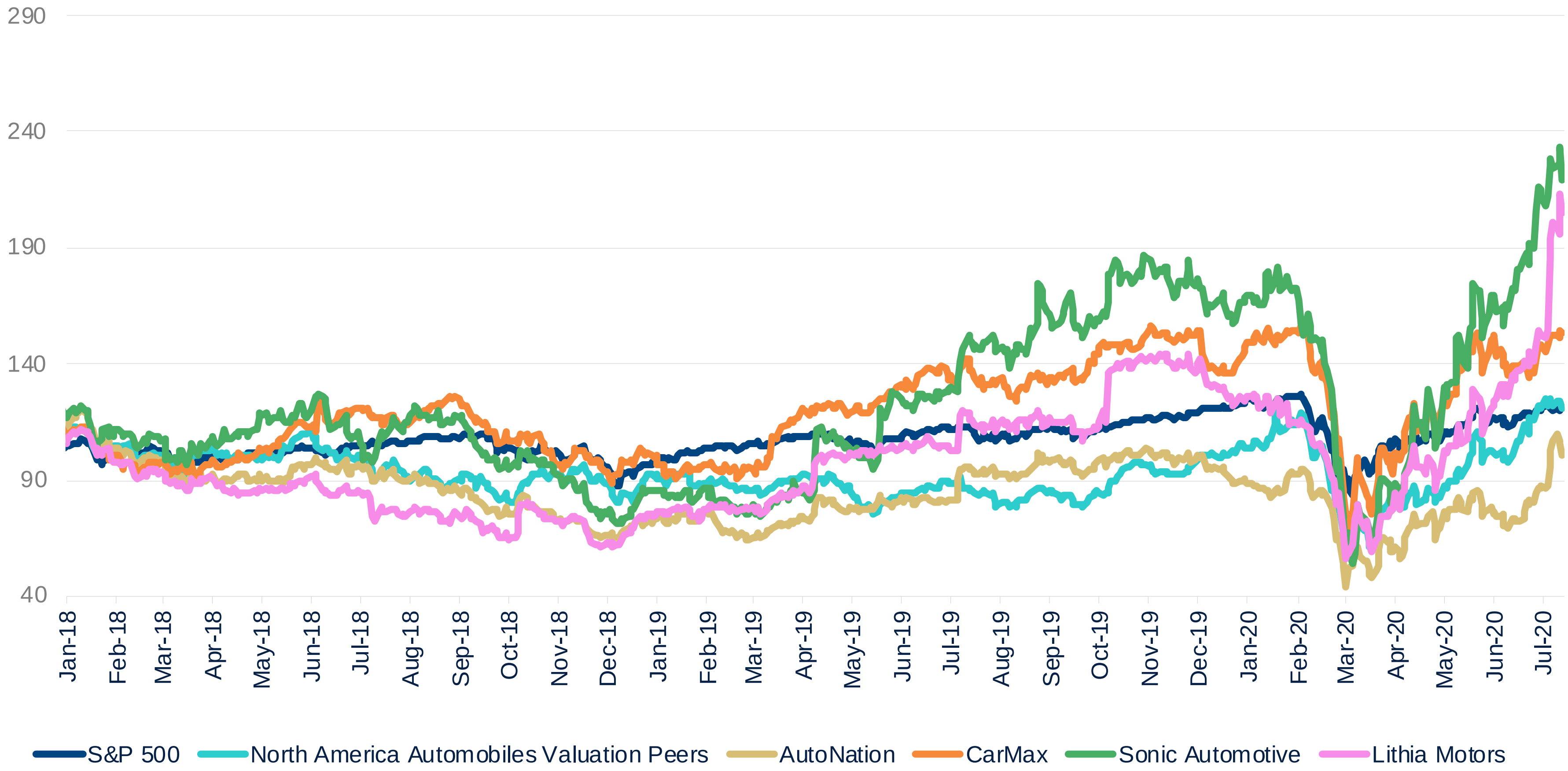
U.S. DOMESTIC AUTO INVENTORY/SALES RATIO
(SEASONALLY ADJUSTED)



Source: BBVA Research and Haver Analytics

Stock market

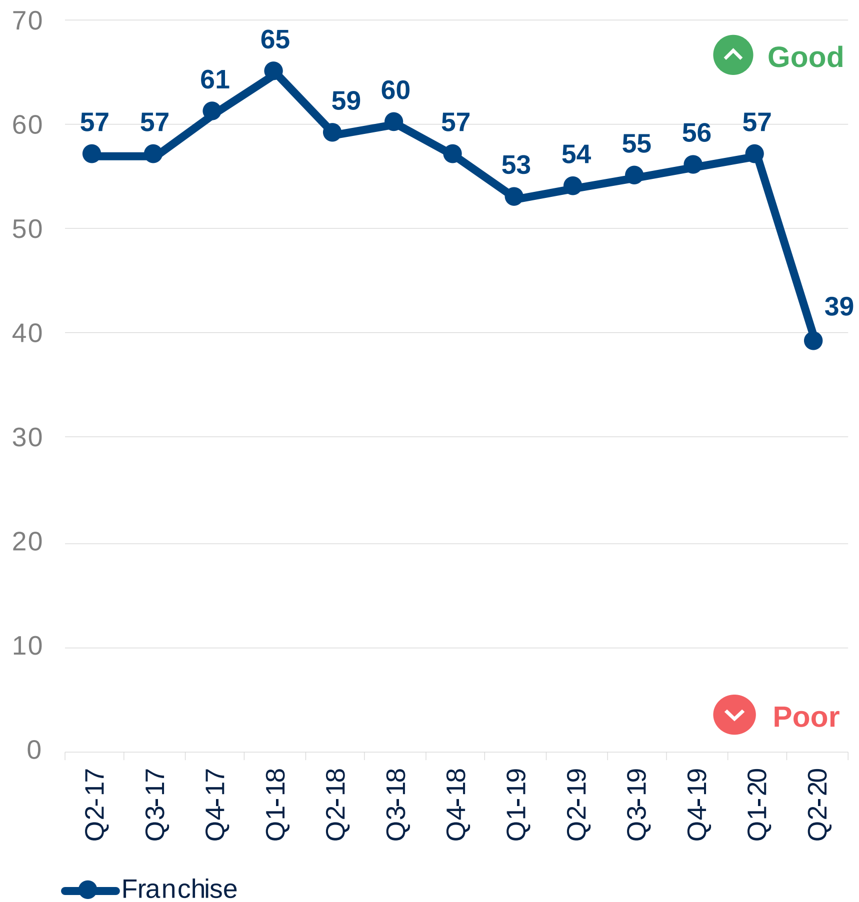
STOCK MARKET INDICATORS
(INDEX, 1/1/2018 = 100)



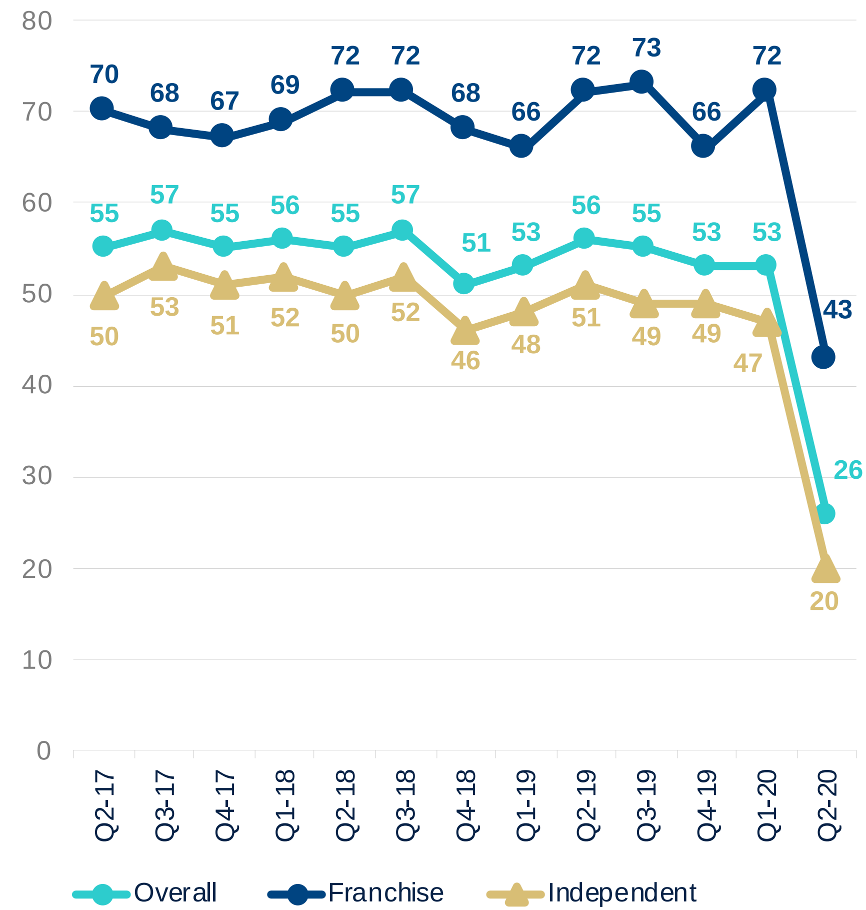
*Fiat Chrysler Automobiles, Ford Motor Co., Tesla Inc., General Motors Co.
Source: BBVA Research and Bloomberg

Dealers

HOW WOULD YOU DESCRIBE THE NEW-VEHICLE SALES ENVIRONMENT?



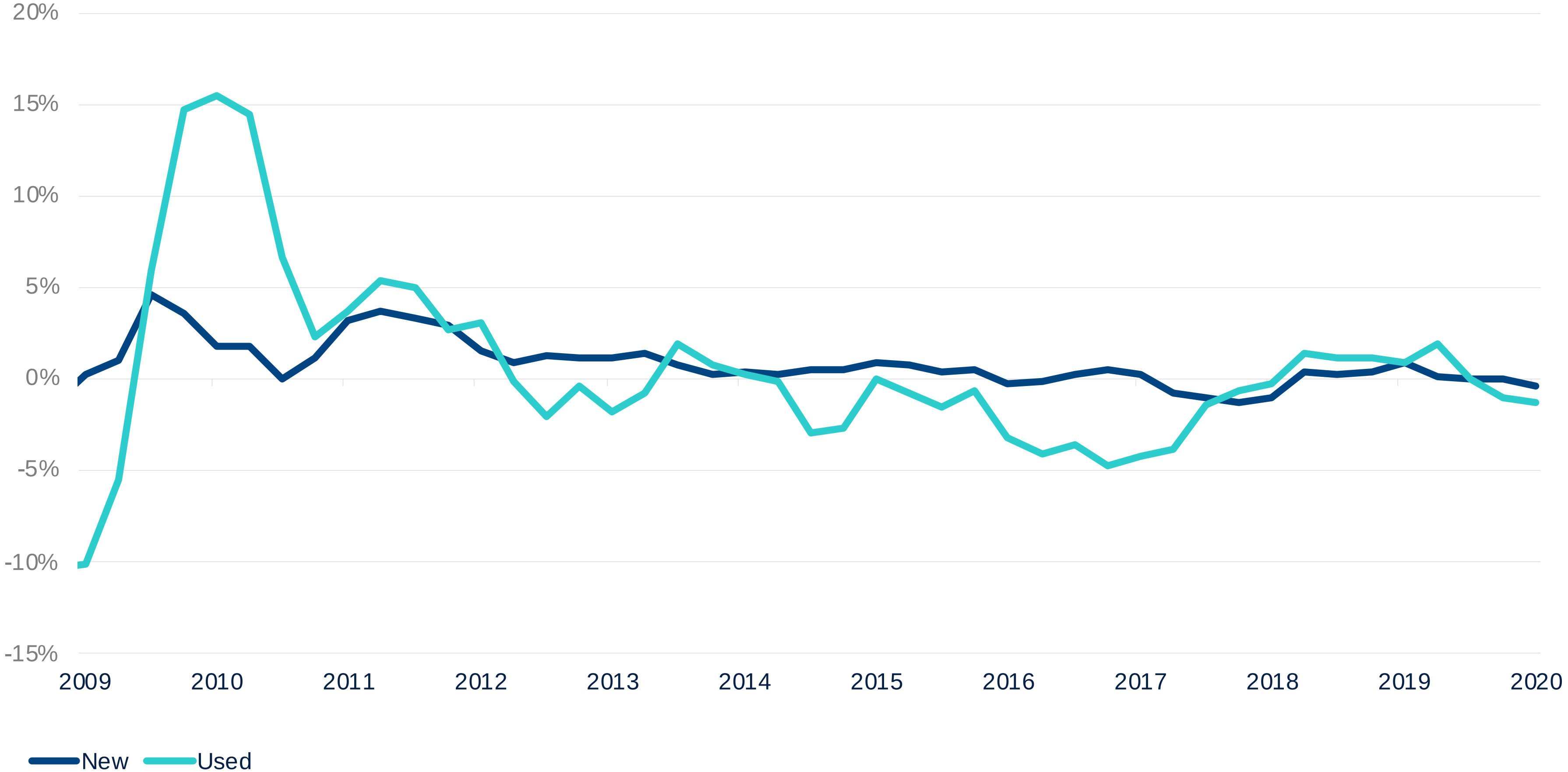
HOW WOULD YOU DESCRIBE THE CURRENT USED-VEHICLE SALES ENVIRONMENT?



Source: Cox Automotive, Dealer Sentiment Index 2Q20

Prices

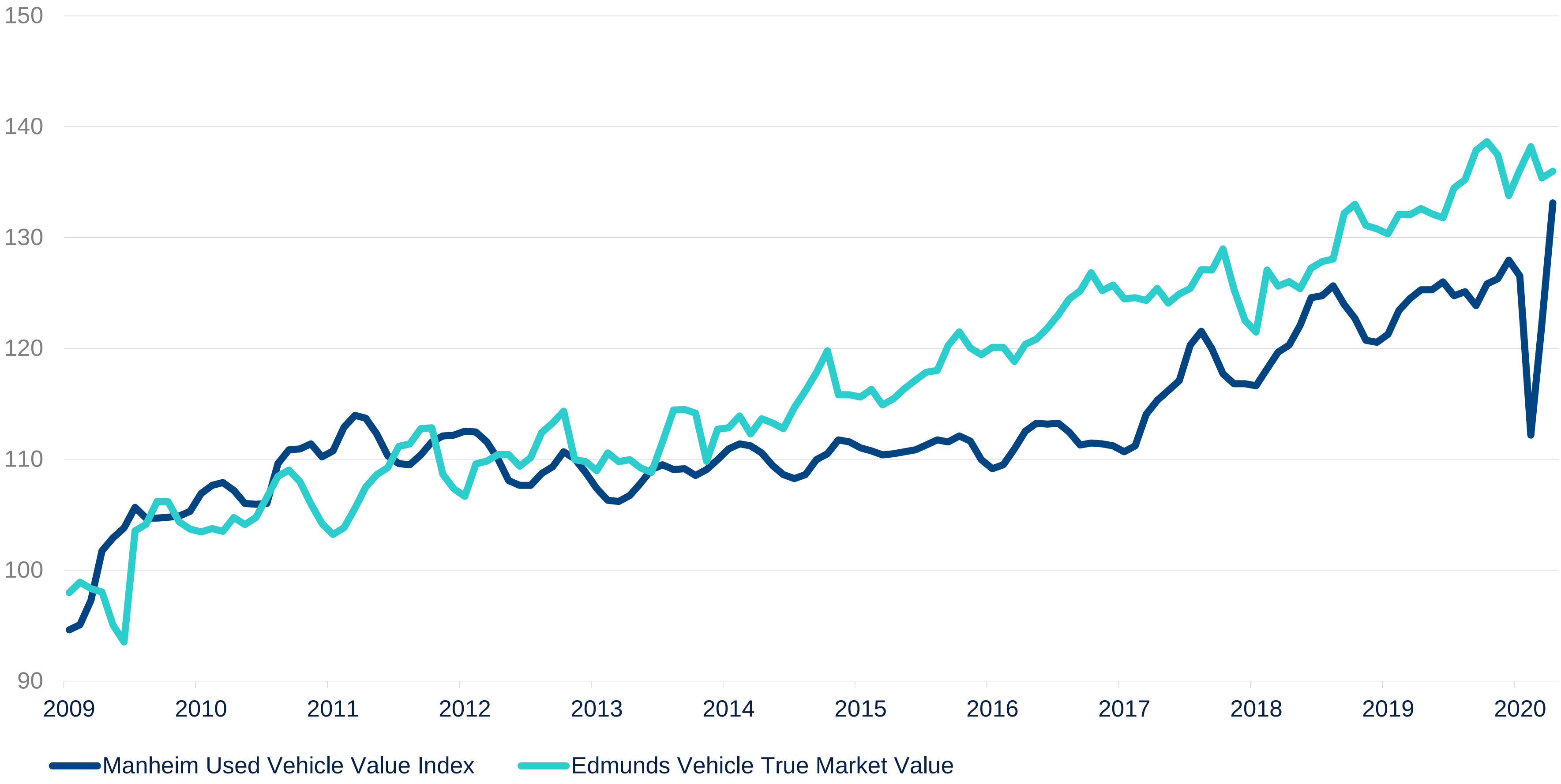
U.S. CONSUMER PRICE INDEX: CARS AND TRUCKS
(YOY % CHANGE)



Source: BBVA Research and Haver Analytics

Prices

U.S. AUTO PRICES
(INDEX, 2009 = 100)

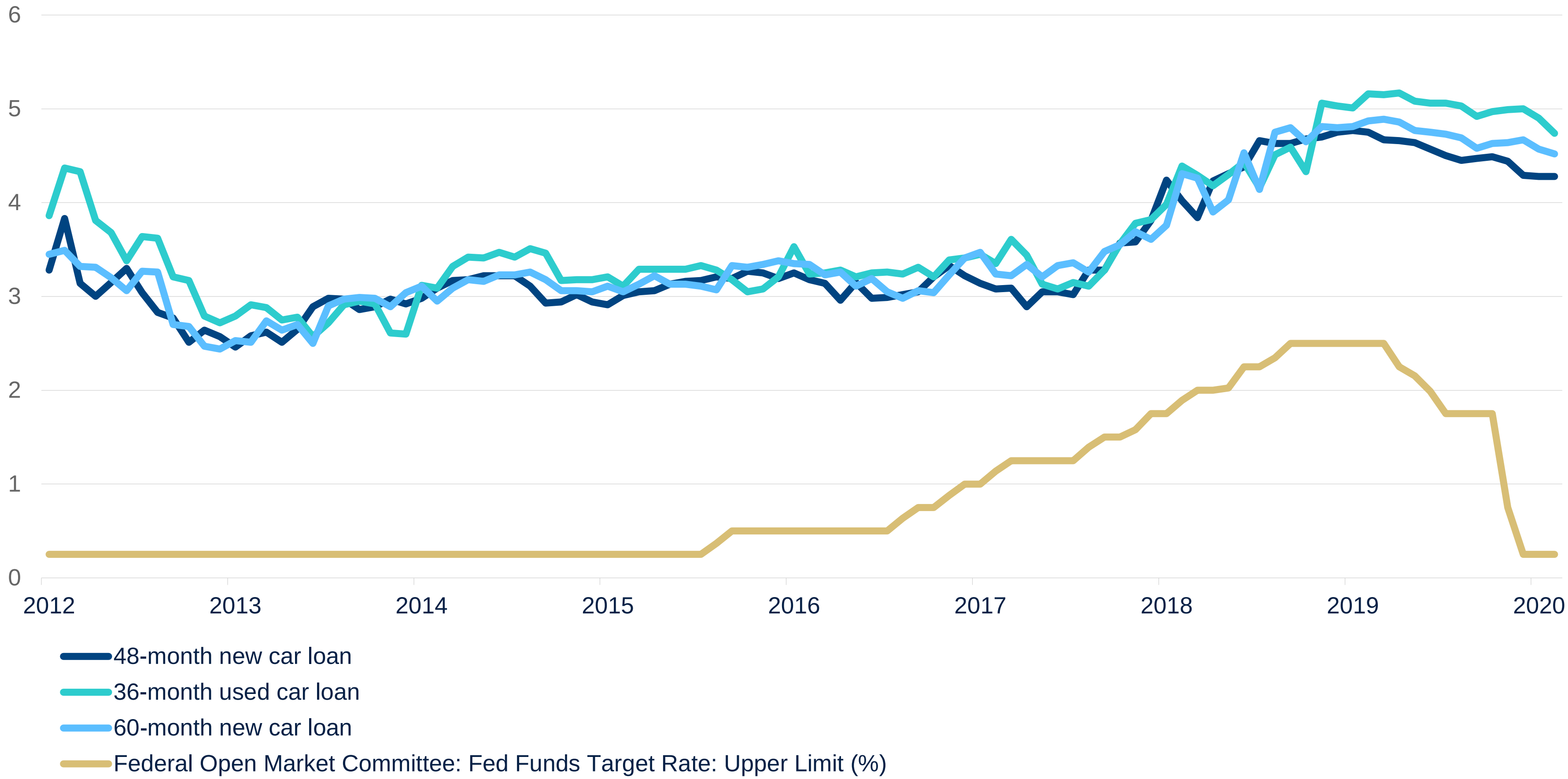


Source: BBVA Research, Haver Analytics and Bloomberg

Financial conditions

U.S. INTEREST RATES

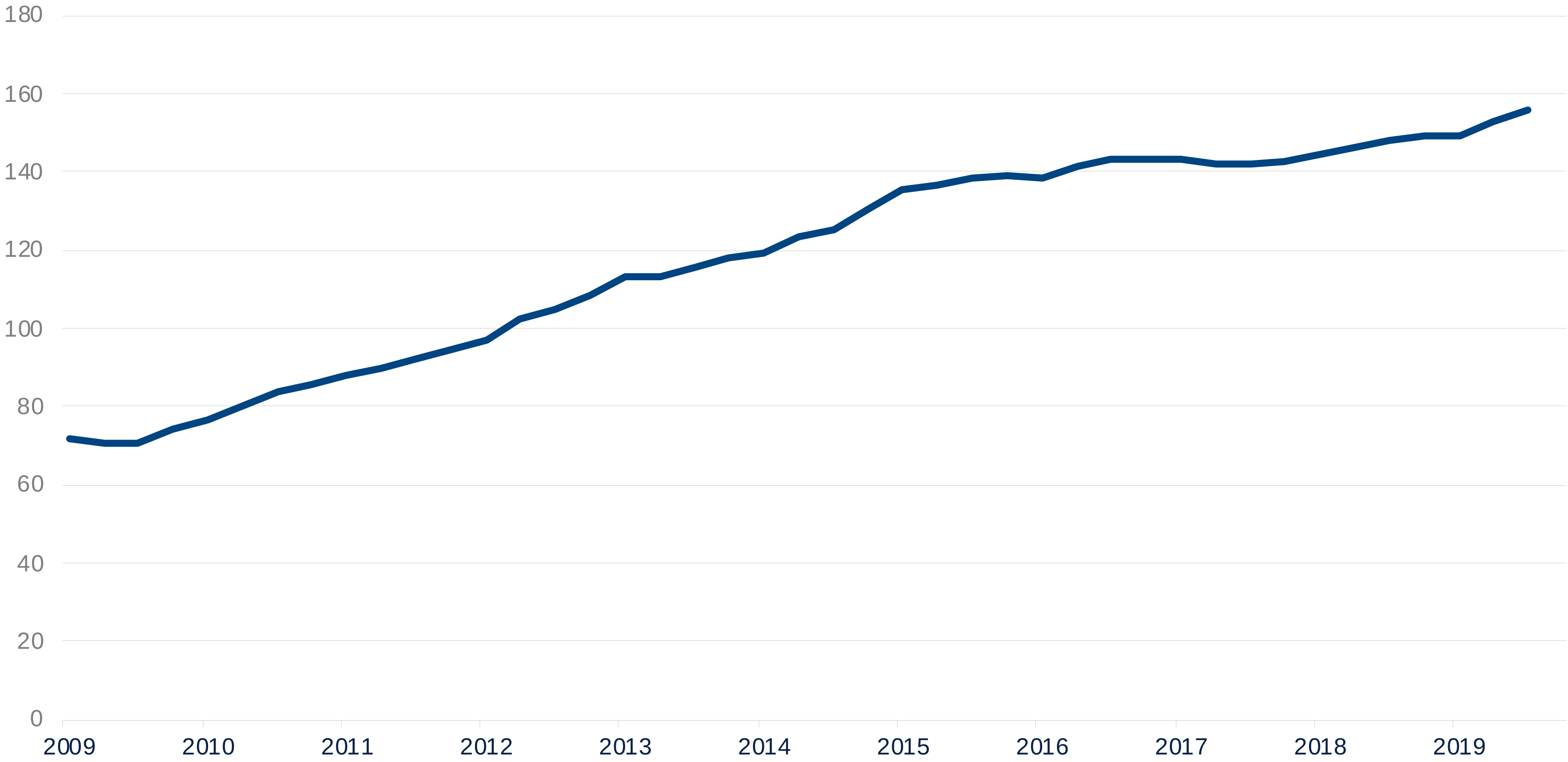
(%)



Source: BBVA Research and Haver Analytics

Financial conditions

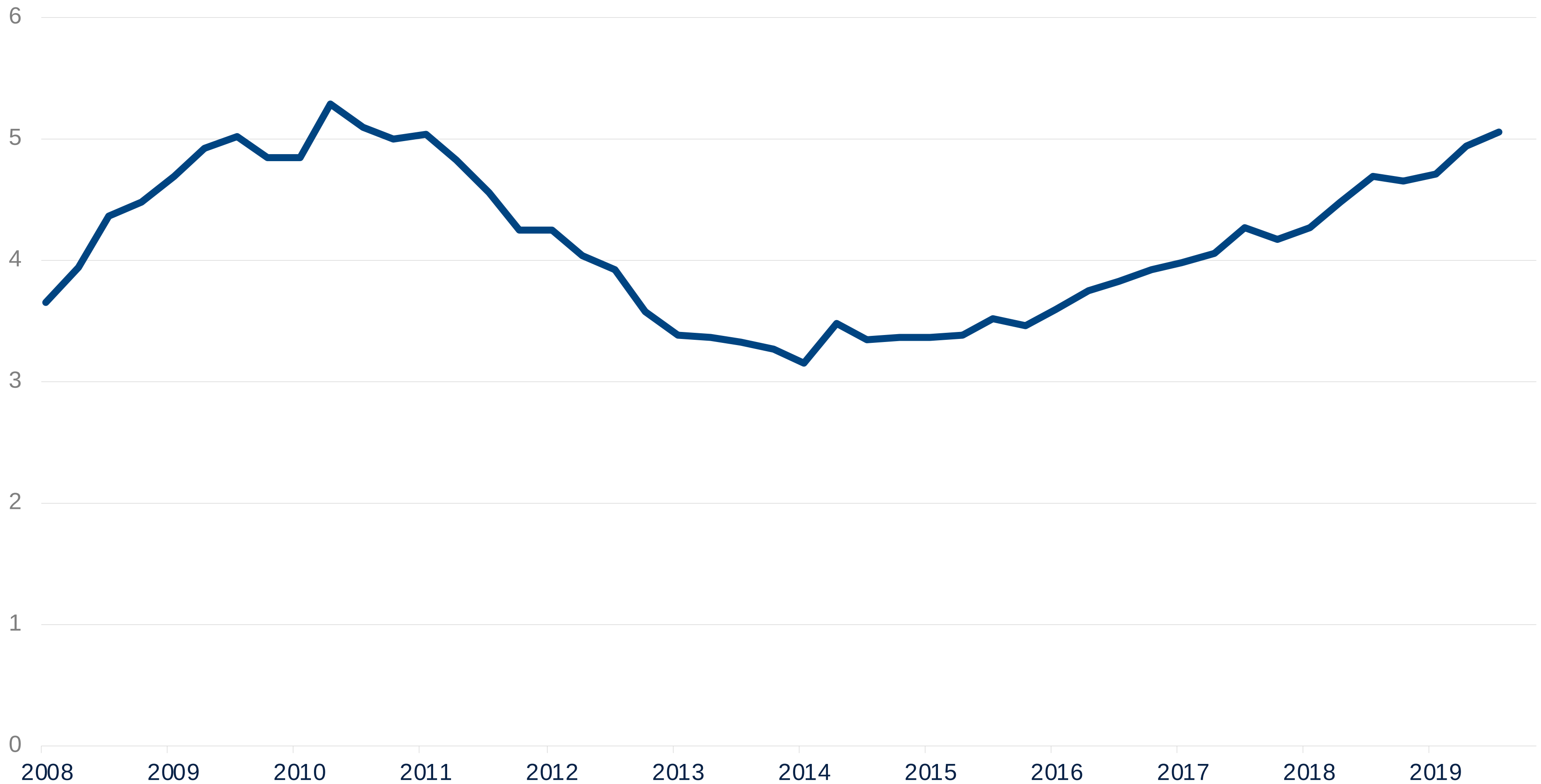
U.S. NEWLY ORIGINATED INSTALLMENT AUTO LOANS
($ BILLION, EOP, 4-QTR MOVING AVG.)



Source: BBVA Research and Haver Analytics

Financial conditions

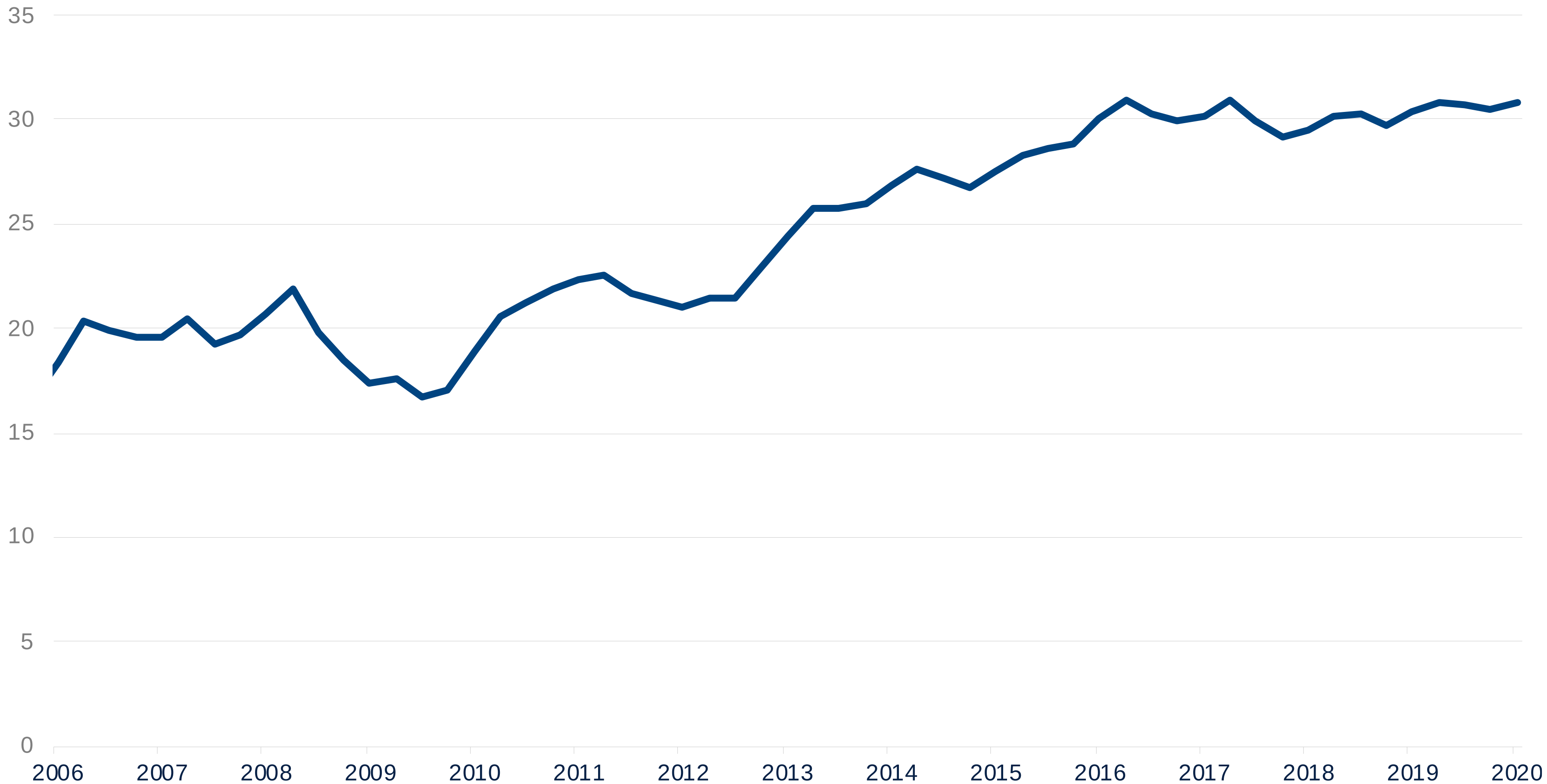
U.S. AUTO LOAN 90+ DAYS DELINQUENT
(% OF BALANCE)



Source: BBVA Research and Haver Analytics

Leasing

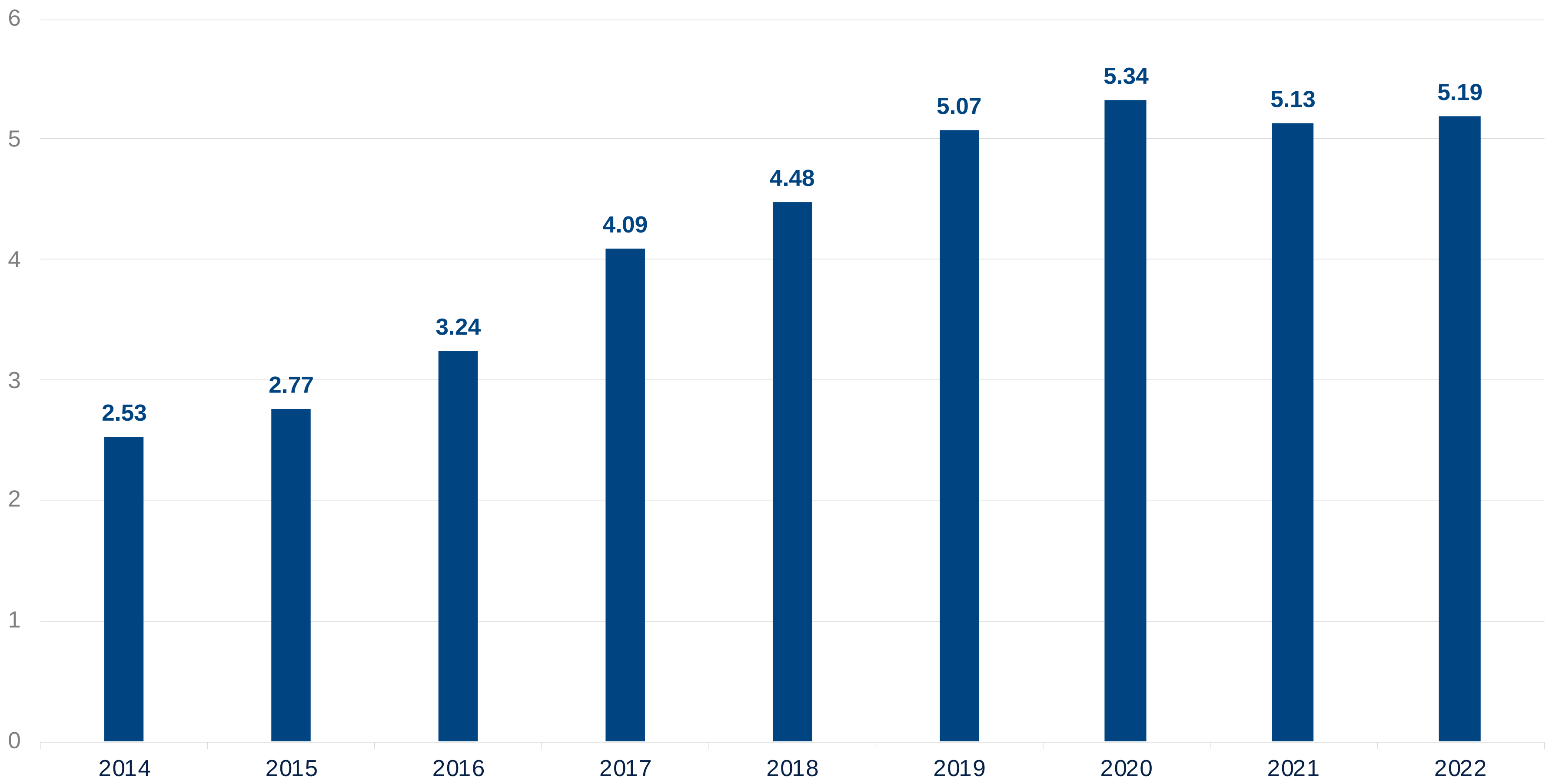
U.S. LEASING PENETRATION RATE
(%, 3-MONTH MOVING AVERAGE)



Source: BBVA Research and Haver Analytics

Leasing

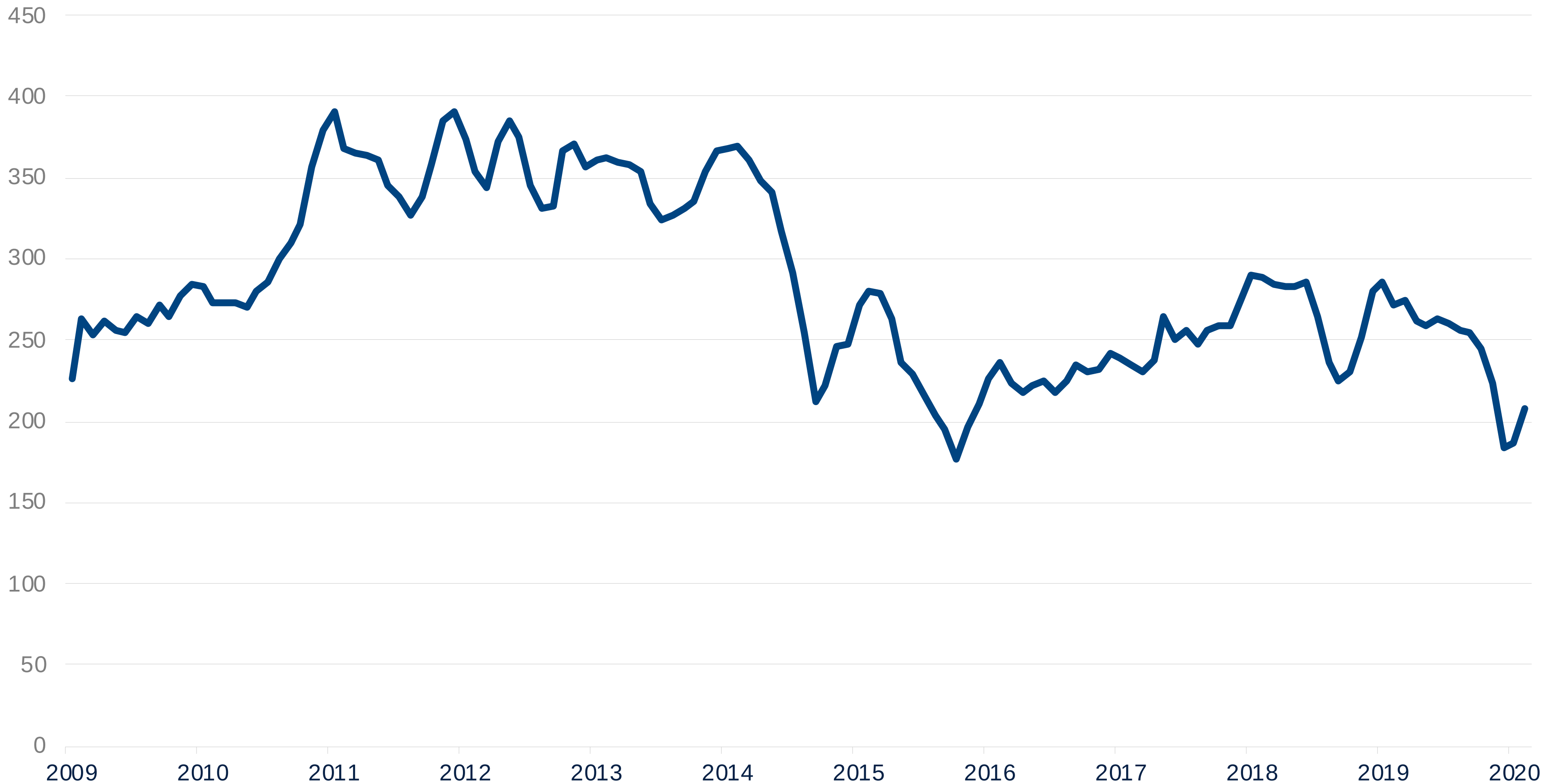
OFF-LEASE RETURNS AND SUPPLY*
(MILLIONS UNITS)



*Assumes 36-month lease terms
Source: Bloomberg and BBVA Research

Gasoline

U.S. RETAIL GASOLINE PRICE
(AVERAGE CENTS PER GALLON)



Source: BBVA Research and Haver Analytics

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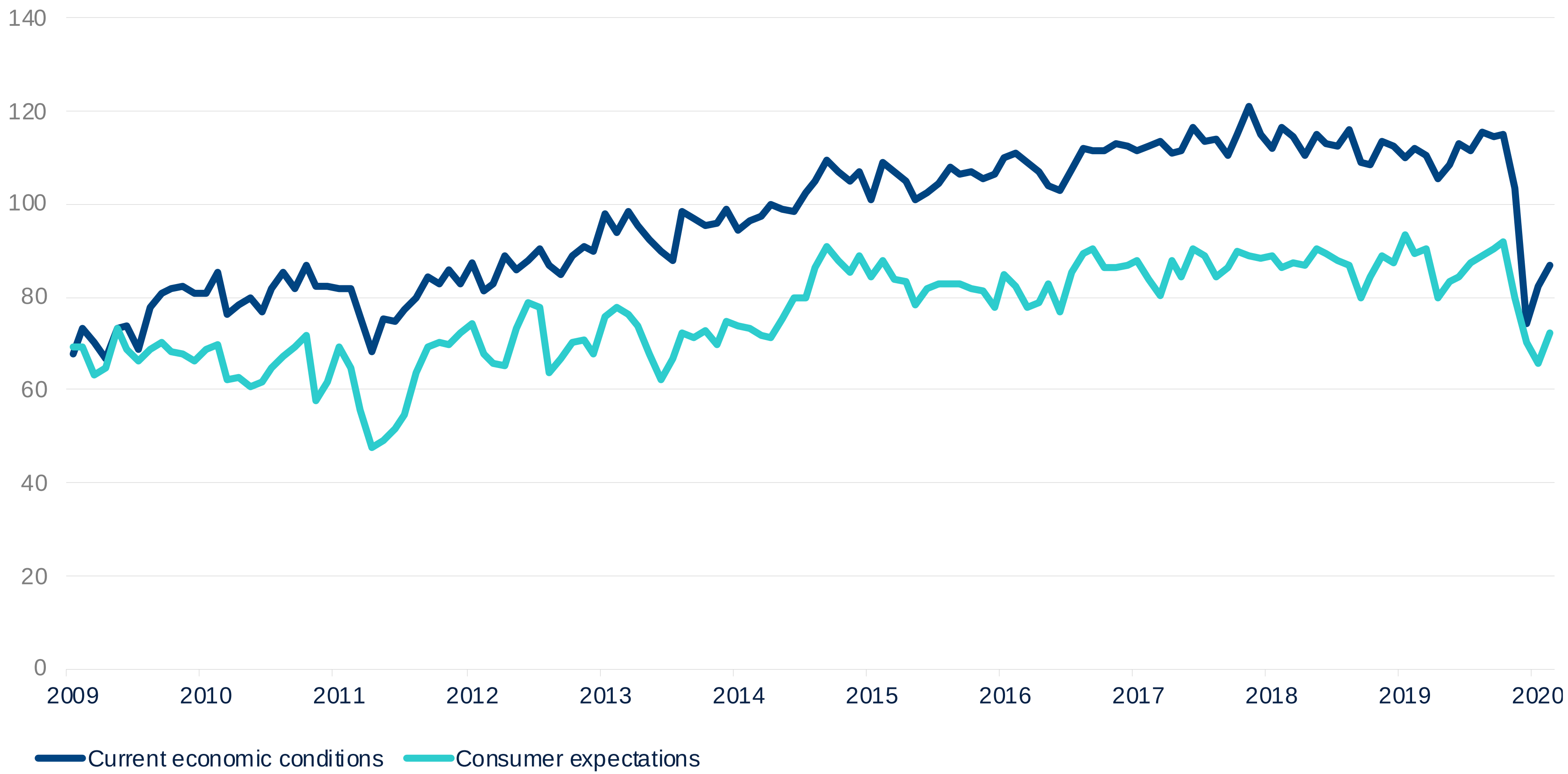
Consumers

Consumers

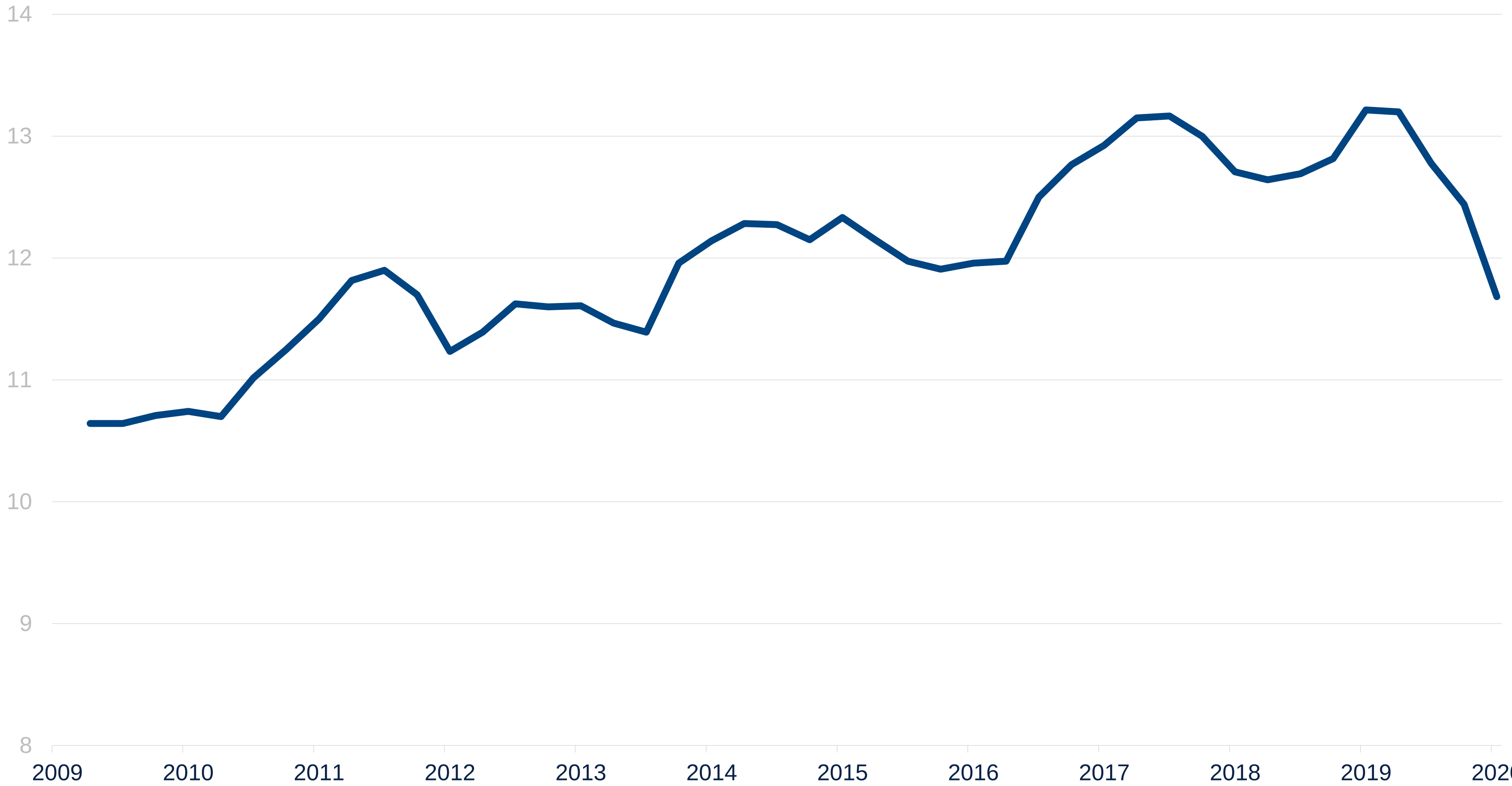
UNIVERSITY OF MICHIGAN: CONSUMER SENTIMENT INDEX



Source: BBVA Research and Haver Analytics

Consumers

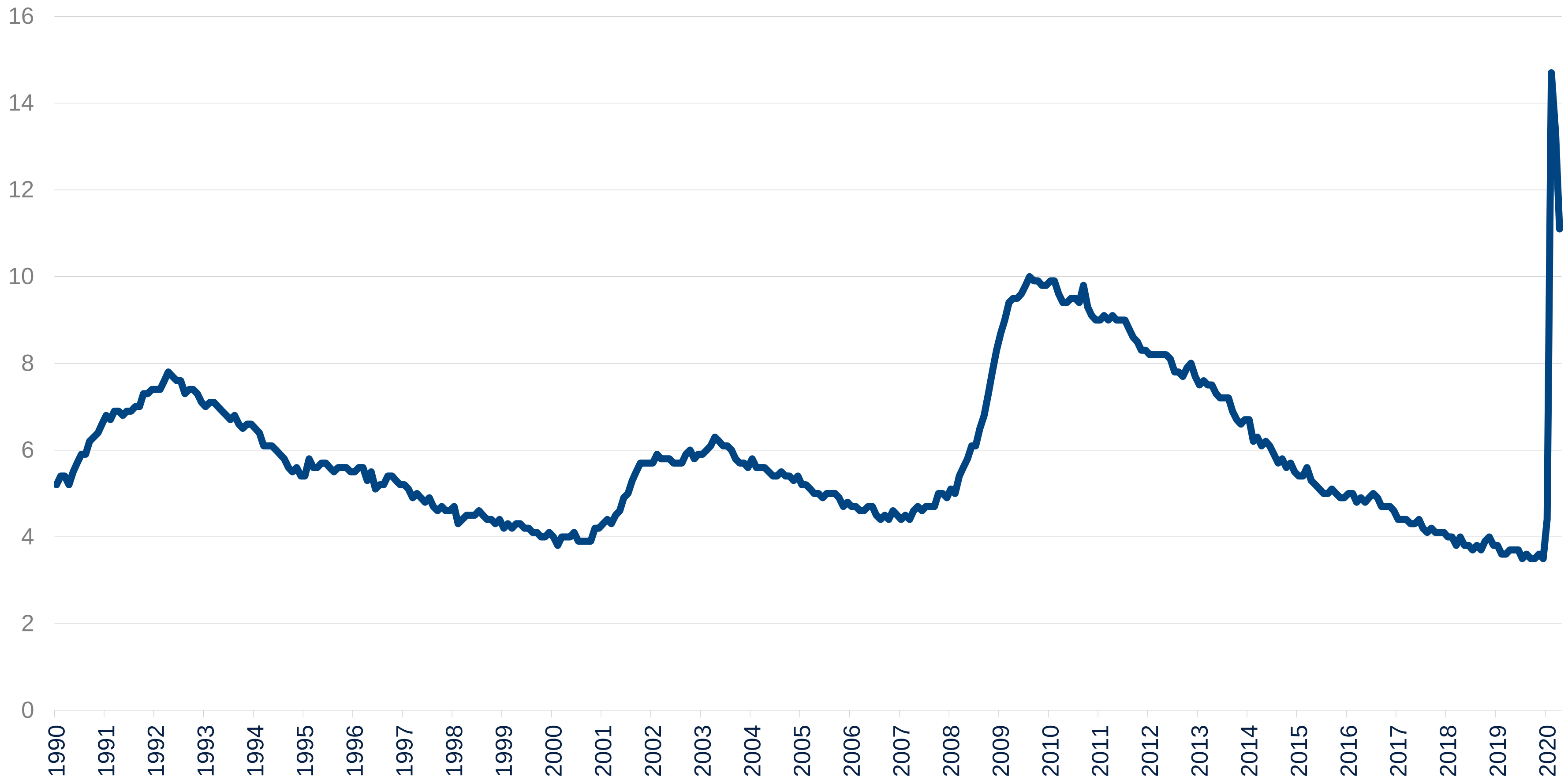
CONFERENCE BOARD: CONSUMER PLANS TO BUY A CAR WITHIN 6 MONTHS
(% OF RESPONDENTS)



Source: BBVA Research and Haver Analytics

Consumers

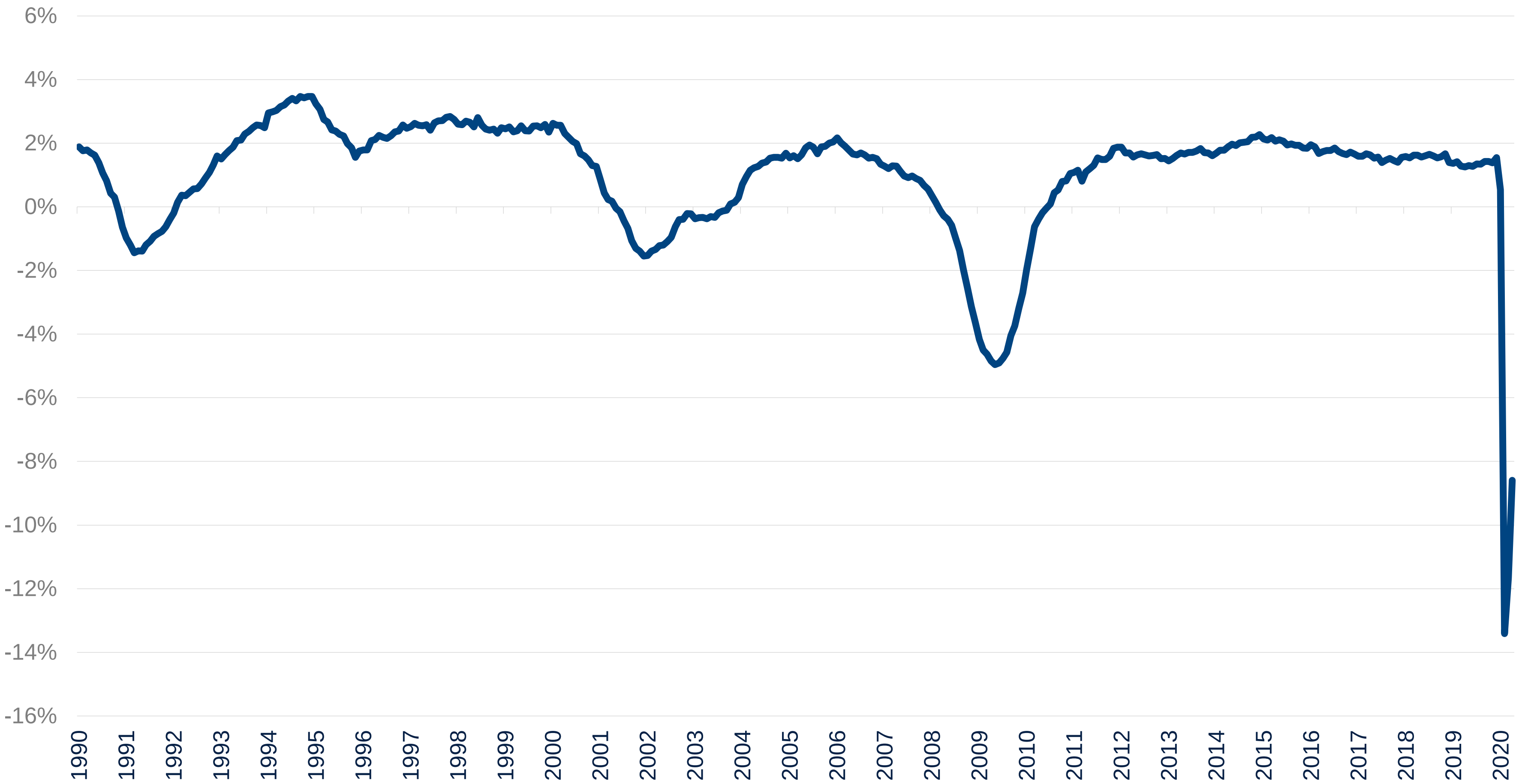
U.S. UNEMPLOYMENT RATE
(%)



Source: BBVA Research and Haver Analytics

Consumers

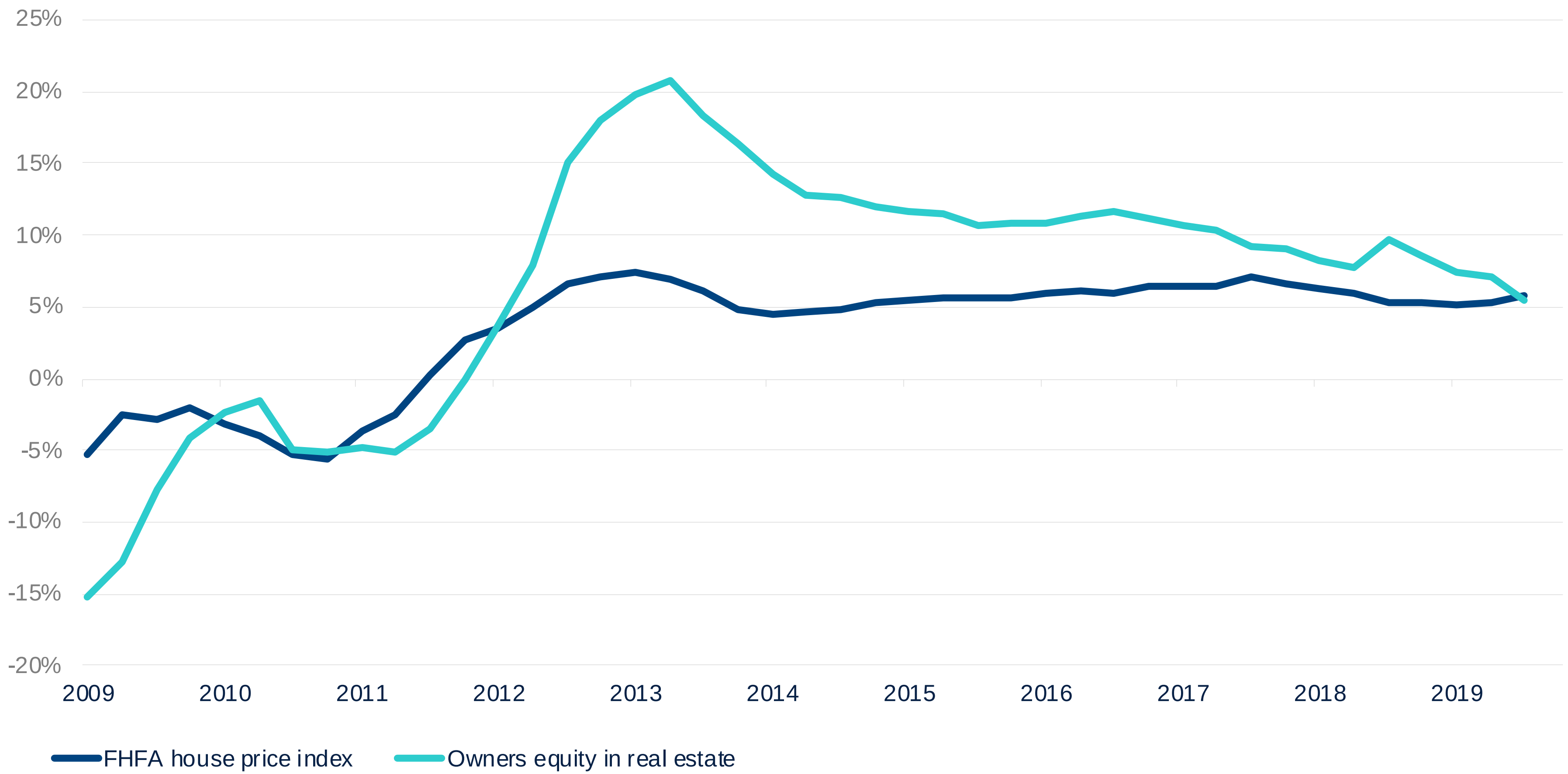
U.S. NONFARM PAYROLL
(MONTHLY YEAR-OVER-YEAR CHANGE)



Source: BBVA Research and Haver Analytics

Consumers

U.S. HOUSEHOLD EQUITY AND HOME PRICES
(QUARTERLY YEAR-OVER-YEAR CHANGE)



Source: BBVA Research and Haver Analytics

Research

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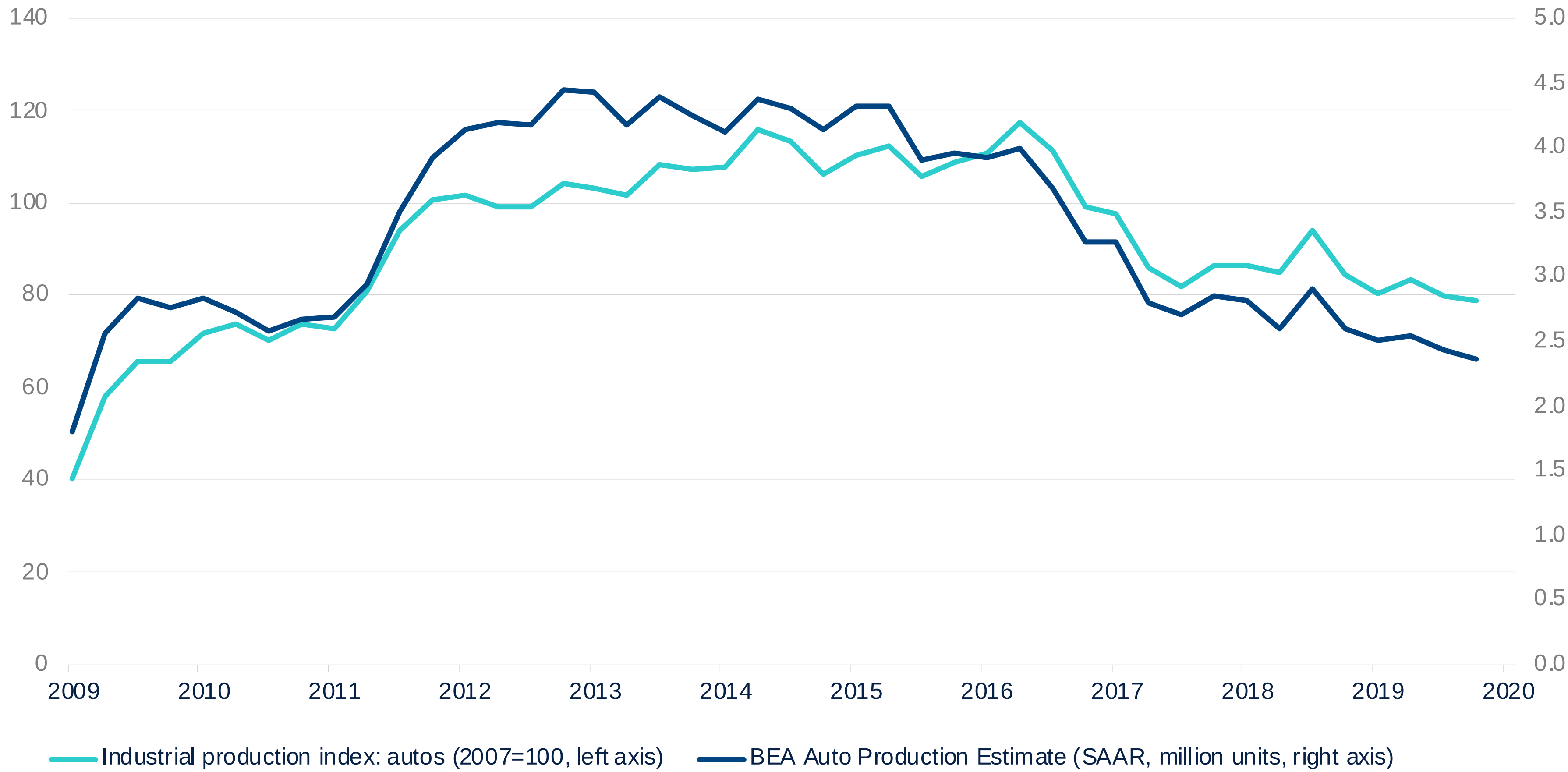
Production

Creating Opportunities

Production

U.S. AUTO PRODUCTION



Source: BBVA Research and Haver Analytics

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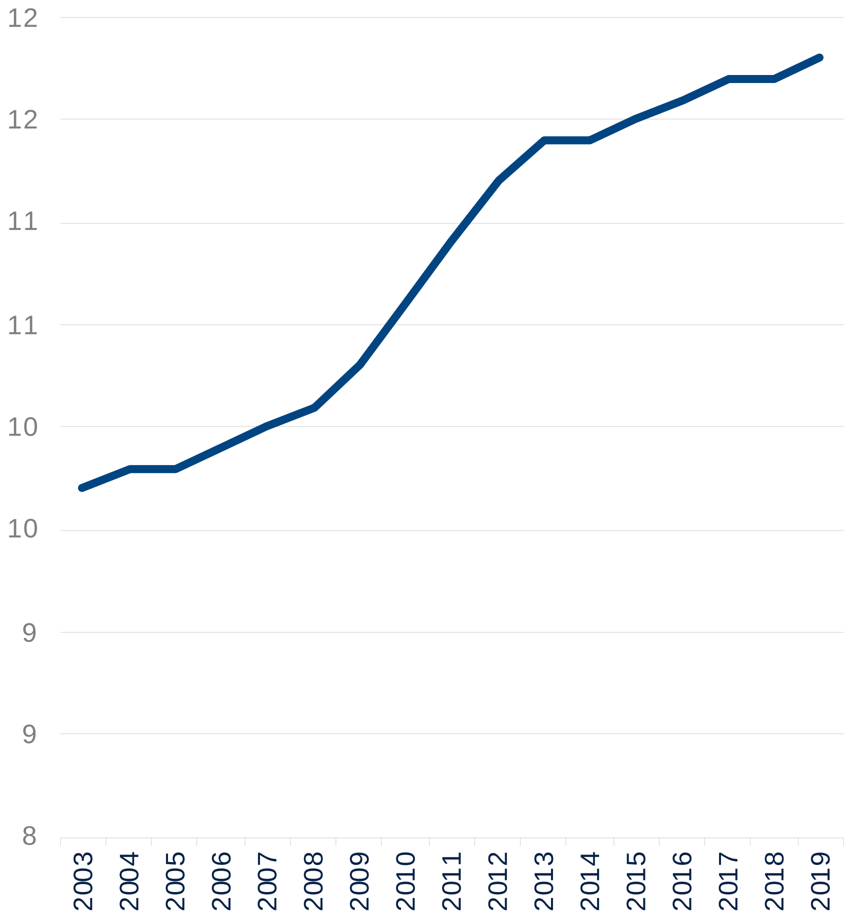
Structural

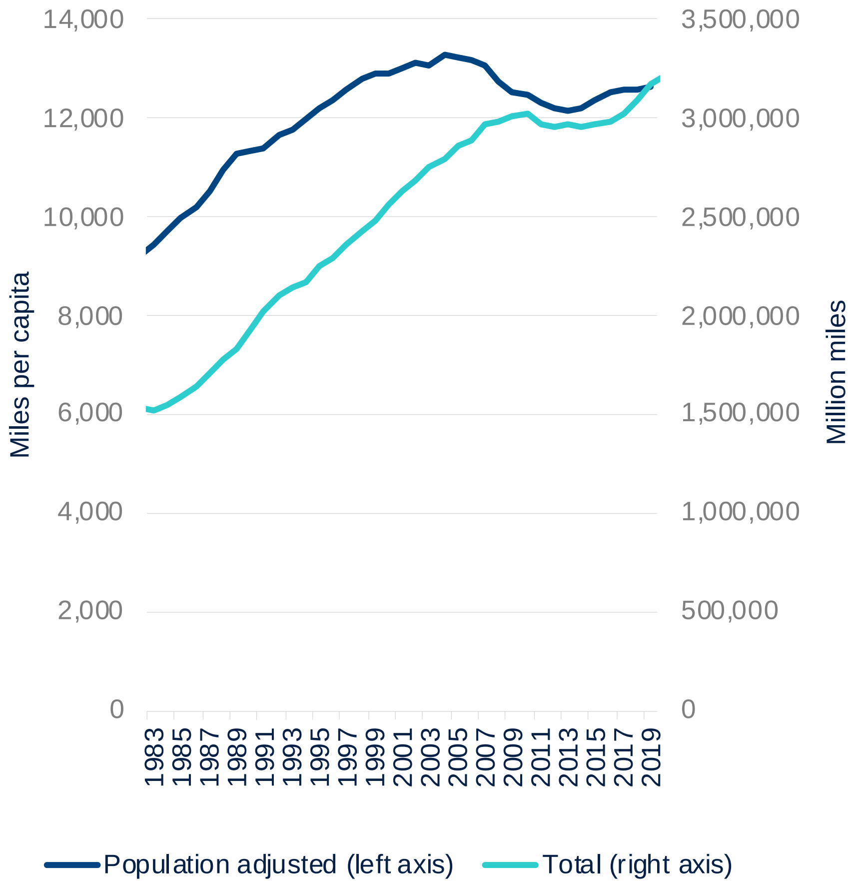
Creating Opportunities

Fundamentals

MEAN AGE OF PASSENGER CARS IN OPERATION (YEARS)



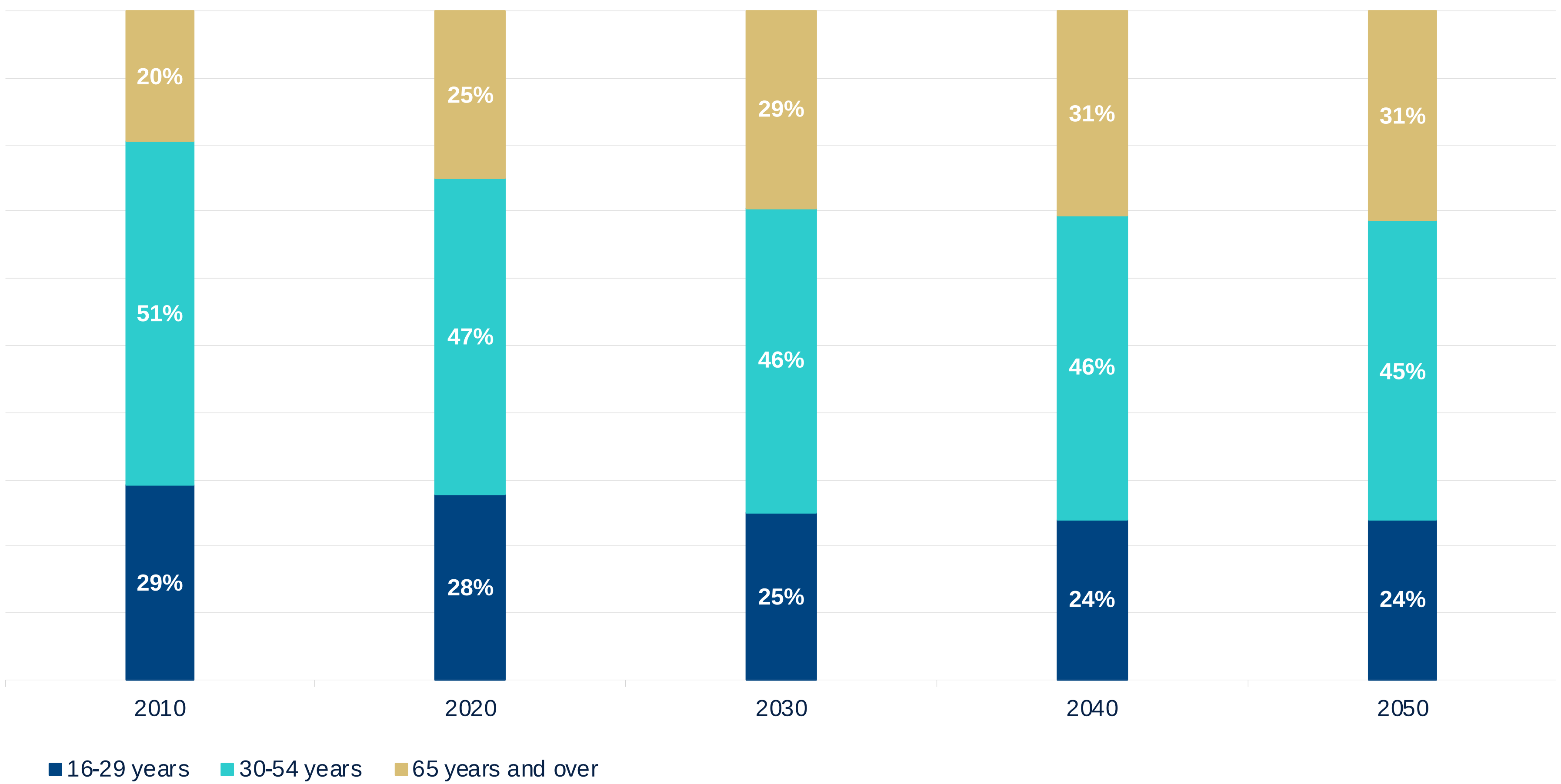
VEHICLE MILES OF TRAVEL (TOTAL AND ADJUSTED BY POPULATION)



Source: BBVA Research and Haver Analytics

Demographics

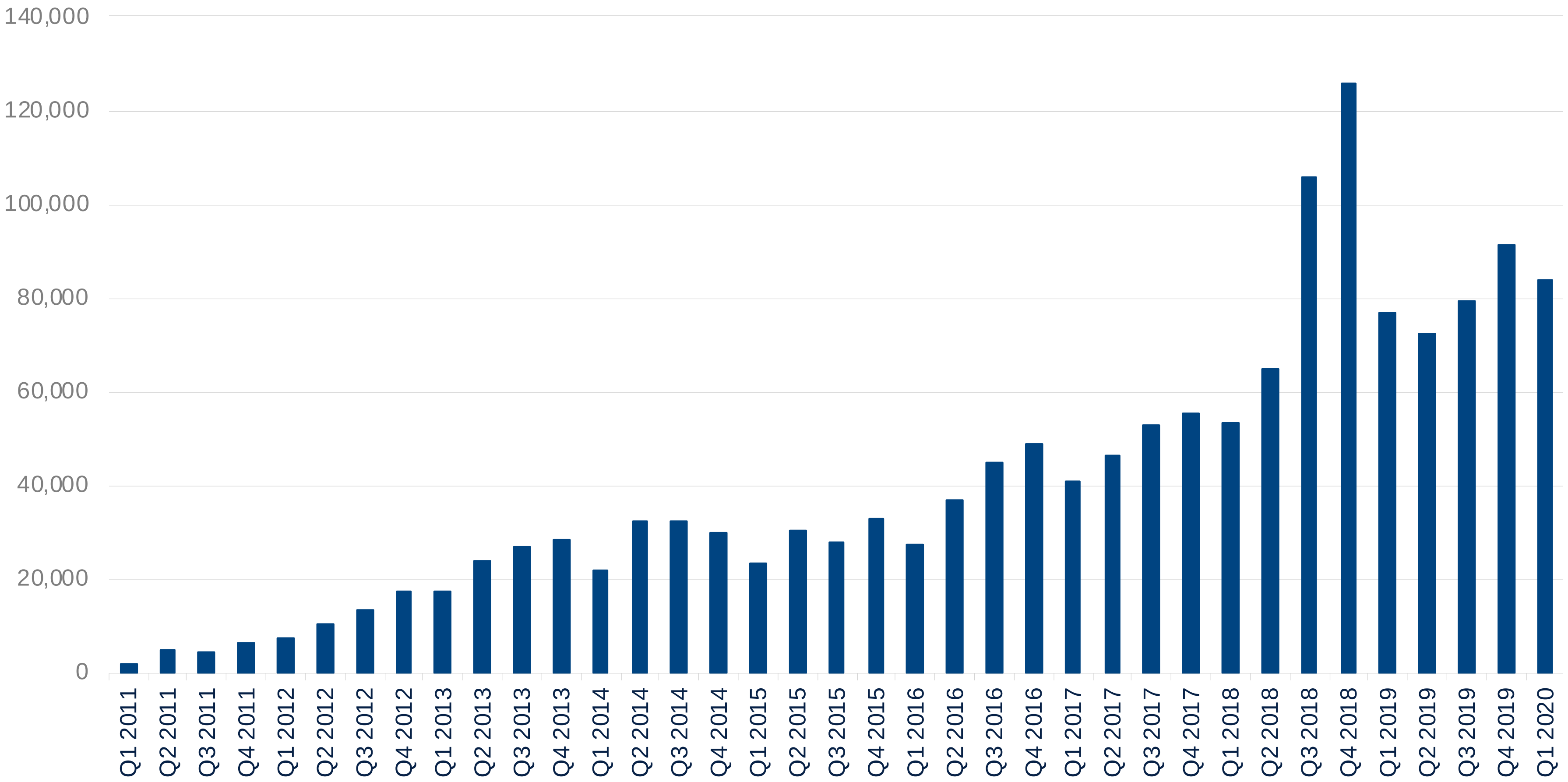
U.S. POPULATION PROJECTIONS BY AGE
(SHARE OF 16 & ABOVE)



Source: BBVA Research and Haver Analytics

Electric vehicles

U.S. ELECTRIC VEHICLE SALES*
(UNITS)



*Figures may be subjected to revision. Includes PHEV and BEV
Source: BBVA Research and Bloomberg New Energy Finance

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Forecast

Forecasts

	2015	2016	2017	2018	2019	2020	2021	2022
New-vehicle sales (millions units)	17.5	17.5	17.2	17.2	16.9	**13.8**	**15.7**	**16.5**
Real GDP growth* (% change)	2.9	1.6	2.2	2.9	2.3	**-5.1**	**3.5**	**2.4**
Unemployment rate (% avg.)	5.3	4.9	4.4	3.9	3.7	**8.8**	**7.8**	**7.0**
Fed funds* (%, eop)	0.50	0.75	1.50	2.50	1.75	**0.25**	**0.25**	**0.25**
5-year Treasuries* (%, avg)	1.5	1.3	1.9	2.7	1.96	**0.56**	**0.43**	**0.68**

Source: BBVA Research

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