

Automotive

Report Code: NA LVPF

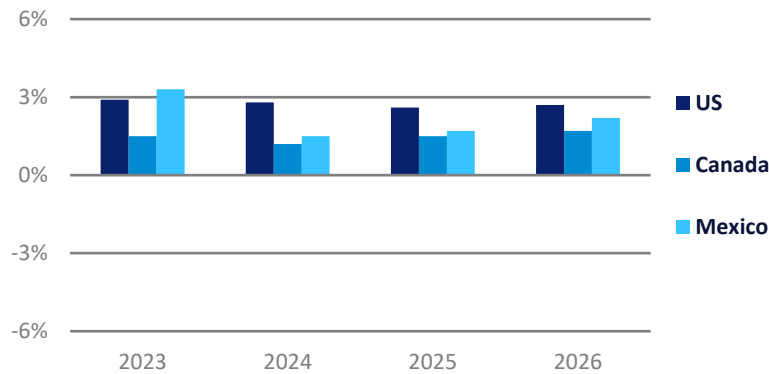
North American Light Vehicle Production Forecast

Monthly Commentary | December 2024

Published Date: 23 December 2024

Key Economic Indicators

GDP Growth



| | | 2021 | 2022 | 2023 | 2024 | 2025 | 2026 | 2027 | 2028 | 2029 | 2030 | 2031 |
|---------------|--------------------------|------|------|------|------|------|------|------|------|------|------|------|
| United States | GDP Growth | 6.1% | 2.5% | 2.9% | 2.8% | 2.6% | 2.7% | 2.6% | 1.9% | 1.9% | 2.0% | 1.9% |
| | Consumer Spending Growth | 8.8% | 3.0% | 2.5% | 2.7% | 2.8% | 3.0% | 2.8% | 1.9% | 2.0% | 2.1% | 2.0% |
| | Short-term Interest Rate | 0.2% | 2.4% | 5.4% | 5.3% | 3.9% | 3.4% | 3.4% | 3.4% | 3.4% | 3.4% | 3.4% |
| | Unemployment Level | 5.4% | 3.6% | 3.6% | 4.1% | 4.3% | 4.0% | 3.9% | 3.9% | 4.0% | 4.0% | 4.1% |
| Canada | GDP Growth | 6.0% | 4.2% | 1.5% | 1.2% | 1.5% | 1.7% | 1.8% | 1.8% | 2.0% | 2.0% | 2.0% |
| | Consumer Spending Growth | 5.8% | 5.5% | 1.9% | 1.9% | 1.6% | 1.5% | 1.8% | 2.0% | 2.3% | 2.4% | 2.4% |
| Mexico | GDP Growth | 6.3% | 3.7% | 3.3% | 1.5% | 1.7% | 2.2% | 2.1% | 1.9% | 1.8% | 1.7% | 1.7% |
| | Consumer Spending Growth | 8.6% | 4.9% | 5.0% | 2.1% | 0.3% | 1.8% | 2.1% | 2.0% | 1.9% | 1.8% | 1.7% |

North American Economic Analysis

Forecast Changes

US: The economy continues to show solid strength through 2024, as it follows a path of normalization. Uncertainty lingers due to the newly-elected Trump administration, and it will take some time to see the effects of the new president. Oxford Economics (OE) has maintained its GDP forecast for 2024 at 2.8%.

Canada: Economic growth is likely to continue through Q4 2024, following a downshift in momentum in Q3. Real GDP grew by 0.3% quarter-on-quarter (QoQ) in Q3, slightly above StatCan’s preliminary estimate but approximately half of the average 0.5% pace seen in H1 2024. However, rate cuts, easier mortgage lending rules, and the new temporary fiscal stimulus should support a modest uptick in 2025. As such, OE has increased its 2024 GDP growth forecast by 0.2 pp to 1.2% and its 2025 outlook by 0.2 pp to 1.5%.

Mexico: OE has increased its GDP growth forecast for 2024 by 0.4 pp to 1.5%. On the other hand, the outlook for 2025 remains unchanged at 1.7%, but is still above the consensus of 1.2%.

Current Situation

Throughout 2024, the US economy has shown steady improvement, with a year-end GDP growth forecast of 2.8%. This growth has been primarily driven by adjustments to trade and the US dollar, due to expectations that imports will be front-loaded to boost inventories ahead of tariffs. Despite some political uncertainty following the change in the presidential administration, OE remains optimistic that the economy will continue to grow at its potential rate in 2025. OE has mentioned that the US economy is in a healthy state, with momentum that is expected to carry into the future. While there are still some areas of weakness, OE believes that these issues will be short-lived. For example, business investment in equipment has been lackluster at the end of 2024, but this is seen as a minor setback after strong growth earlier in the year.

The Federal Reserve has indicated that the direction of monetary policy is becoming more unpredictable. The Fed cut interest rates by 0.25 pp in December 2024, bringing the rate to the target range of 4.25-4.5%. Inflation seems to be more persistent, adding to the uncertainty surrounding the trajectory of monetary policy in this normalization phase, particularly the neutral fed funds rate.

North American Economic Analysis, continued

Current Situation, continued

In line with the incoming administration, there has been a rise in political uncertainty, mainly surrounding the anticipation of tariffs that could be implemented early in President Trump's second term. Although the tariffs will not come into effect immediately, it is possible for businesses to front-load imports ahead of the tariffs. During Trump's first term, there was not a noticeable level of front-loading, as the magnitude of import goods covered by those tariffs was \$380 billion; however, the threat of the across-the-board tariffs during this second term will impact around \$3.1 trillion worth of imports in 2023 dollars.

Another risk is the potential for a US port strike, as the International Longshoremen's Association suspended a three-day strike at certain East Coast and Gulf Coast ports until mid-January. A further strike could cause full work stoppages at ports that handle nearly 35% of all US imports and exports, with the biggest impacts on trade coming from the ports of New York-New Jersey and Houston-Galveston. OE estimates that for each week that a strike occurs, it would take up to a month to clear the backlog, mainly due to the fact that West Coast ports are already approaching capacity.

The Canadian economy has faced headwinds throughout 2024. Following a slowdown in Q3, weak underlying momentum is expected to continue through the end of 2024, although a series of recent policy changes will possibly underpin an uptick in GDP growth in early 2025. One of the policies up for discussion is the implementation of longer than 20-year amortization periods for first-time home buyers and purchasers of new builds, along with an increase in the cap for mortgage insurance eligibility that should help households smooth mortgage payments and unlock a new pool of potential home buyers. In addition, the federal Goods and Services Tax (GST) holiday between mid-December 2024 and mid-February 2025 on food, alcohol, and select consumer goods will lower CPI inflation to a 1.7% year-on-year (YoY) average in Q1 2025 and could provide a boost in spending according to OE. The Bank of Canada (BoC) brought the policy rate down to 3.25% in December, toward the top end of its 2.25-3.25% neutral range estimate. Forecasts indicate that GDP will grow by 1.5% in 2025, up by 0.2 pp from last month's initial estimates, before expanding by 1.7% in 2026.

In Mexico, monthly activity from January to September 2024, and preliminary data for Q4, suggests that the acceleration seen in Q3 2024 was most likely temporary. OE expects zero quarterly growth in Q4 2024, which would land full-year GDP growth at 1.5%, in line with consensus estimates. Despite the relatively poor result for 2024, OE believes that the economic pace will carry over into 2025, adding 0.6 pp to the GDP growth forecast. This puts the GDP growth forecast for 2025 at 1.7%, which is well above the latest central bank consensus of 1.2%. Service inflation is cooling and making way for core inflation to drop further below Banxico's upper target range of 4%. Although the bulk of the disinflationary process is complete, OE expects that base effects will drive headline inflation to the upper target range as of 2025. Inflation is expected to reach 4.2% by the end of 2024, before slowing to 3.8% by December 2025.

Medium- and Long-Term Outlook

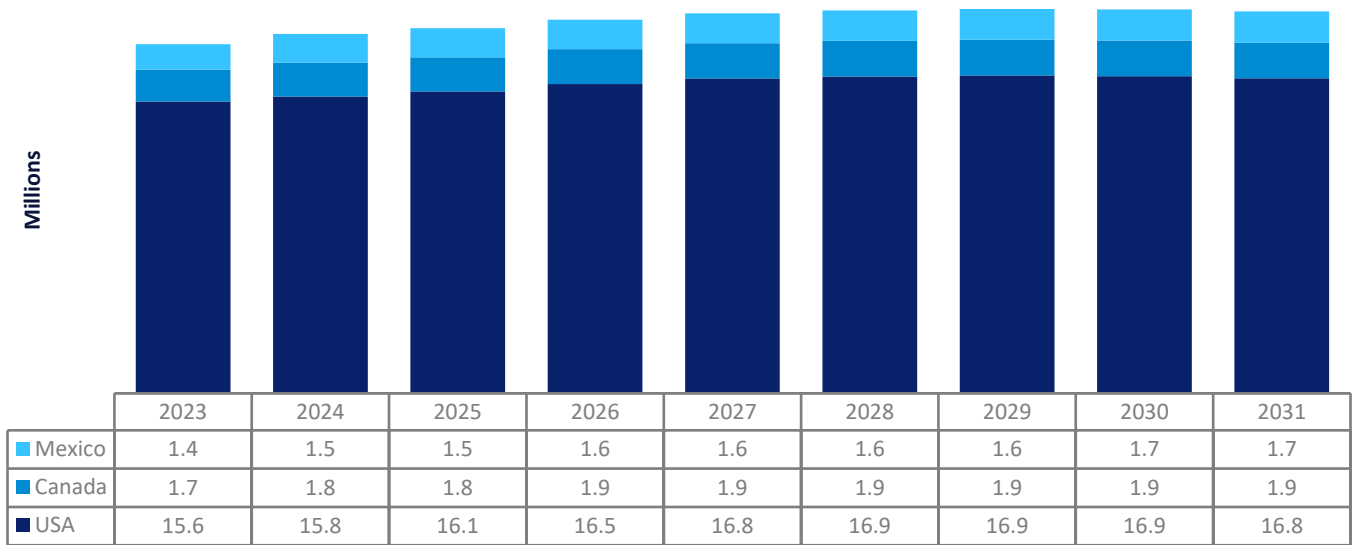
In the US, OE estimates that long-term potential output growth for the economy will settle to around 2.0% by 2030, based on fundamentals including steady growth in labor supply in the near term, before participation moderates in the medium to long term. Competitive wage progression will help underpin stable growth and relative unit labor costs once the current bouts of high inflation and strong wage gains pass. Household balance sheets look healthy as the debt-to-income ratio for US households has fallen back down toward its long-term average. A generally supportive fiscal outlook over the long term should be conducive to economic growth.

In Canada, aggressive rate hikes have spread throughout different areas of the economy, as the country is expected to witness a slowdown in its economic momentum. With the change in presidential administration in the US, Canada is expected to experience secondhand effects. As Canada has relatively easy access to the US, OE believes the investment in the energy and non-energy sectors will improve, but in a gradual manner. Capital stock is anticipated to expand by 1.8% per annum over the next decade, which is an increase of 0.1 pp compared to last month, and at a similar level to the 1.8% per annum expansion seen through 2013-22.

| North American Economic Analysis, continued

In Mexico, the 2013-22 average potential growth rate fell to 0.8%, due to the hit suffered from the pandemic. The outlook for the next decade is promising, as growth is forecast to average around 2.3%, partly due to supply chain improvements and vehicle availability following the post-pandemic recovery. Mexico's bright prospects could be overshadowed by poor policy implementation and structural weaknesses.

North American Light Vehicle Sales



North American Light Vehicle Sales Analysis

Forecast Changes

The Light Vehicle (LV) sales forecast for 2024 remains unchanged for the countries in North America. Total sales for the US are estimated to reach 15.8 mn units, while in Canada and Mexico they have been maintained at 1.8 mn units and 1.5 mn units, respectively.

Current Situation

In November 2024, LV sales reached 1.38 mn units, expanding by 12.3% YoY, which surpassed initial estimates for the month. While there were a number of factors impacting sales in November 2023, such as the United Auto Workers (UAW) strikes, and unfavorable conditions for buyers, on a selling-day adjusted basis, sales were up by 7.5% YoY in November 2024. This marked an impressive result for the month, with volumes comparable to pre-pandemic levels. Almost all of the major OEMs present in the US market saw their volumes increase on a YoY basis, except for Stellantis. The automaker has struggled throughout 2024, with its sales declining heavily through the year and its market share dropping below 7% in November for the first time on record.

In 2024, transaction prices were steadily declining until a sudden increase in September disrupted the trend, leading to a gradual rise since then. In November, transaction rates rose to \$45,335, up by \$272 on a month-on-month (MoM) basis. The upward trajectory is likely due to the influx of model year 2025 vehicles entering the sales mix. However, despite being more costly in recent months, vehicles are generally becoming more affordable overall, as prices are down by 0.6% YoY. In addition, higher incentives and a slight easing in interest rates are supporting greater affordability to some extent.

The Canadian LV market continues to defy expectations, despite the economy losing steam in Q3 2024. Sales reached 150.6k units in November, expanding by 11.1% YoY. While the market benefited from an additional selling day in the industry calendar, the increased level of inventory stability helped boost volumes. The strong pace seen through the fall season helped improve the Canadian LV market, as year-to-date (YTD) sales reached 1.69 mn units, just 8.6k units below the full-year 2023 total.

The Mexican LV market enjoyed another strong month in 2024, with sales reaching 154.9k units in November and expanding by 20.5% YoY. This marks the 31st consecutive month of YoY growth, and 2024 YTD LV sales have already surpassed the full-year 2023 total. This strong run has many forecasters questioning how much longer this pace is sustainable, especially with the looming political uncertainty surrounding the results of the US presidential election.

North American Light Vehicle Sales Analysis, continued

Medium- and Long-Term Outlook

Sales in the US have been relatively strong throughout 2024, as inventory levels have normalized during the year in addition to vehicles becoming more affordable for consumers. In November, incentives reached \$3,350, the highest YTD result. Since vehicle prices have remained elevated, dealers have been attempting to combat high MSRP through 2024 as incentives are up by \$1,037 YoY. The selling rate also saw a moderate boost in the month as it reached 16.7 mn units/year, up from 16.3 mn units/year in October. In addition, November reported the strongest seasonally adjusted annual rate (SAAR) result of 2024 to date, previously set the month before. With the recent US presidential elections coming to an end, resulting in the Trump administration returning to office, uncertainty surrounding the direction of the industry has been raised. There are indications that Trump may follow the path of his previous tenure, targeting policies toward Electric Vehicle (EV) tax credits, tariffs, emissions standards, and Autonomous Vehicle (AV) regulations. While the president-elect has signaled that some of these policies will change, it will take some time for any amendments to enter into effect, such as the pullback on EV tax credits established under the Inflation Reduction Act (IRA), which will require congressional action. The forecast for 2024 stands at 15.8 mn units, marking a gain of 1.7%. However, there is a possibility that volumes could reach 16.0 mn units if December's final sales results come in stronger than anticipated. It seems that many OEMs are offering end-of-year events to entice consumers to purchase a vehicle before the end of 2024. Even with the uncertainty surrounding the change in presidential administration, sales for 2025 are projected to reach 16.1 mn units, showing a 1.7% increase and maintaining the same growth rate as seen in 2024.

In Canada, despite the economy struggling to gain its footing in 2024, LV sales have seen strong levels of expansion. The selling rate reached 1.92 mn units/year in November, marking the third consecutive month in which the rate has landed above the 1.9 mn unit/year mark. Vehicle affordability has eased slightly through the year, as the average monthly loan payment reached C\$860/month (US\$604/month) in November, down from the peak of C\$890/month (US\$625/month) seen in June 2024. Despite the improvement, consumers are struggling due to the general increase of the cost of living, particularly surrounding mortgage rates. Sales are forecast to reach 1.8 mn units by the end of 2024 and are anticipated to slowly increase to 1.9 mn units by 2027, stabilizing around that level throughout the forecast horizon.

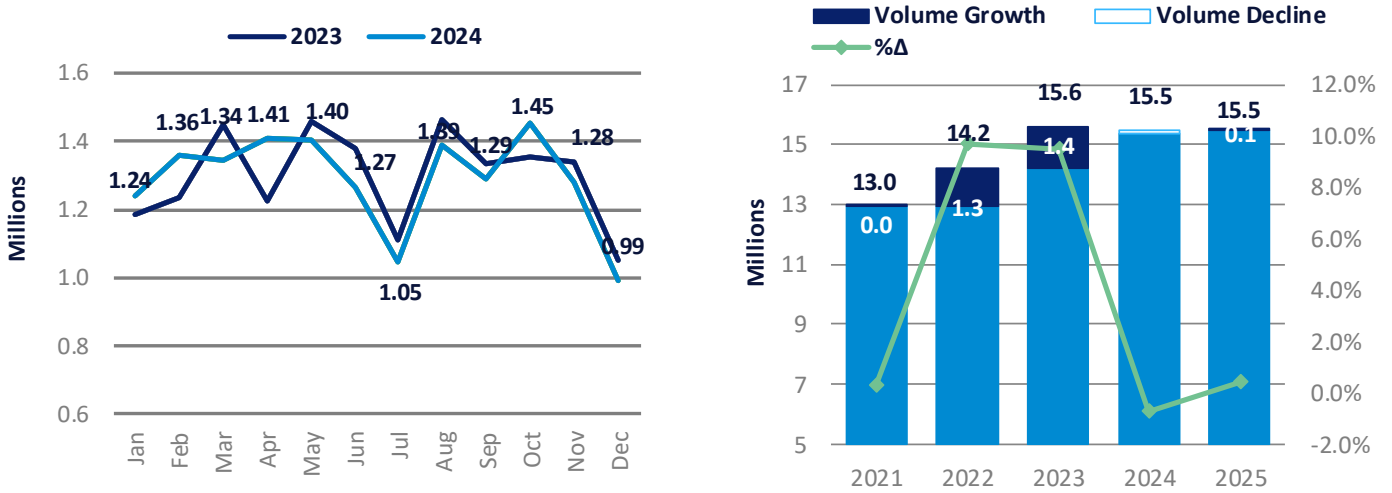
Mexico has consistently sustained high levels of sales throughout 2024, with November maintaining the trend. During the first eleven months, Mexican LV sales reached 1.4 mn units, representing an increase of 12.8% YoY. This successful performance has pushed Mexico closer to its North American neighbors. From January to November 2024, Mexico trailed Canadian LV sales by 315.2k units, down from 358.4k units in the same period in 2023. Sales momentum for the country is expected to carry through the end of 2024, reaching 1.5 mn units and marking a gain of 12.8% YoY.

Market Trends

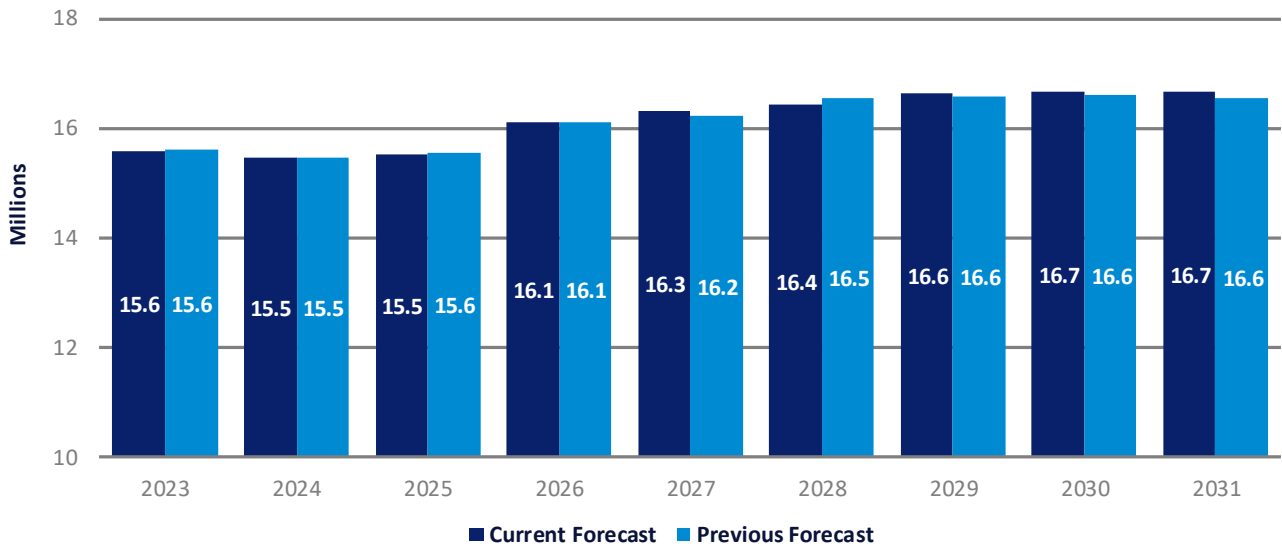
EVs and Hybrid Electric Vehicles (HEVs) are becoming increasingly popular as OEMs are implementing alternative propulsion vehicles alongside their Internal Combustion Engine (ICE) counterparts. The aggressive push in recent years has been mainly driven by the support of governments, with officials setting targets for transitioning from ICEs to EVs, starting as early as 2030. In addition, vehicles are eligible for certain incentives to help entice buyers to transition to the newer technology. While sales of alternative propulsion vehicles have been expanding, there are signs of potential headwinds.

Many automakers have scaled back electrification plans as growth for the vehicles has been lackluster in 2024. Volvo made an announcement in 2021 stating that it would become an all-electric car manufacturer by 2030. However, in a recent statement, Volvo has modified its target and now aims to have 90-100% of its global sales volumes consisting of electrified vehicles by 2030, meaning that this would be a mix of full EVs and Plug-in Hybrids (PHEVs). In addition, there is further uncertainty regarding the growth of the EV market globally, as Chinese-built EVs have been aggressively expanding, but tariffs imposed by the US and Canada may bring unforeseen risks forward. As the presidential election in the US concluded with President-elect Trump taking office, it is possible that the administration may seek to end EV tax credits and roll back emissions targets.

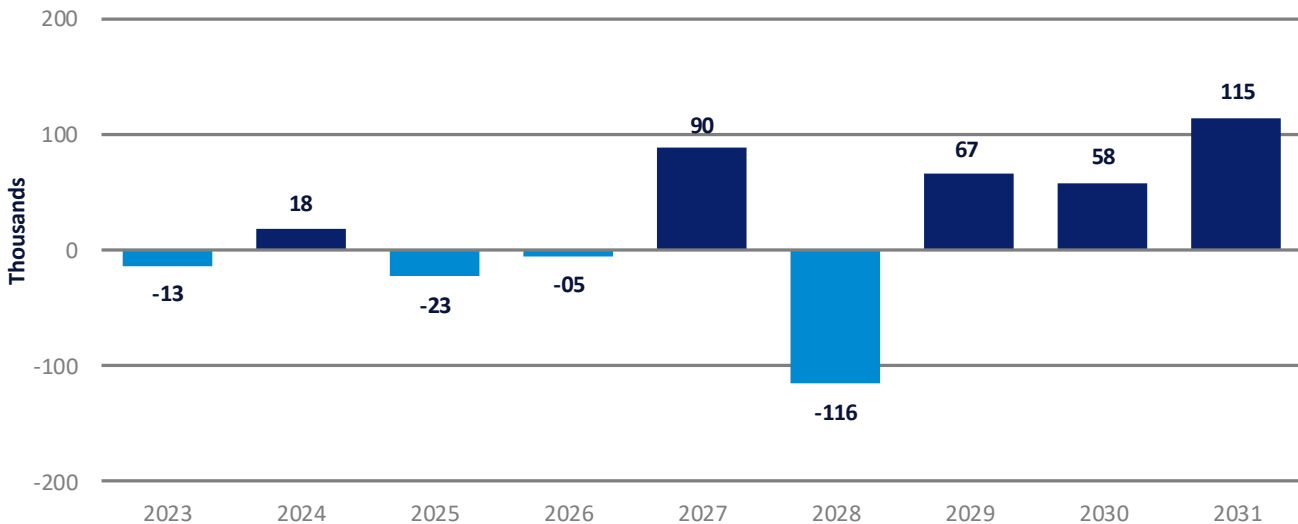
North American Light Vehicle Production – Short-Term



Current and Previous Monthly Light Vehicle Production Forecasts



Change to Forecast



North American Light Vehicle Production – Short-Term

Current and Previous Monthly Light Vehicle Production Forecasts

| | 2023 | 2024 | 2025 | 2026 | 2027 | 2028 | 2029 | 2030 | 2031 |
|------------------------------|-------|-------|-------|-------|-------|-------|-------|-------|-------|
| Current Forecast | 15.59 | 15.47 | 15.53 | 16.11 | 16.32 | 16.42 | 16.64 | 16.67 | 16.67 |
| Previous Forecast | 15.60 | 15.45 | 15.55 | 16.11 | 16.23 | 16.54 | 16.57 | 16.61 | 16.56 |
| F/C Change (Millions) | -0.01 | 0.02 | -0.02 | 0.00 | 0.09 | -0.12 | 0.07 | 0.06 | 0.12 |
| F/C Change (%) | -0.1% | 0.1% | -0.1% | 0.0% | 0.6% | -0.7% | 0.4% | 0.4% | 0.7% |

Current and Previous Monthly Light Vehicle Production Forecasts

| Year-on-year changes | 2023 | 2024 | 2025 | 2026 | 2027 | 2028 | 2029 | 2030 | 2031 |
|--------------------------|------|-------|-------|------|------|-------|------|-------|-------|
| Current Forecast | 9.5% | -0.8% | 0.4% | 3.7% | 1.3% | 0.6% | 1.3% | 0.2% | 0.0% |
| Previous Forecast | 9.5% | -1.0% | 0.6% | 3.6% | 0.7% | 1.9% | 0.2% | 0.2% | -0.3% |
| Difference | 0.0% | 0.2% | -0.3% | 0.1% | 0.6% | -1.3% | 1.1% | -0.1% | 0.3% |

North American Light Vehicle Production – Short-Term Analysis

Forecast Changes

After North American LV production finally turned positive in October, following five consecutive months of negative YoY results, output regressed again in November and fell by 4.2% YoY (-57k units) to 1.3 mn vehicles. The negative results were not unexpected, however, given that there were fewer working days in the month compared to 2023. Output was also impacted due to non-changeover related shutdowns at Ford and Tesla, as both automakers paused production of their electric Large Pickups to manage supply with demand.

Given the weakness in November, the region's YTD results are now in the red, with a total output of 14.5 mn vehicles through the first eleven months of the year representing a marginal decrease of 0.4% YoY (-59k units). Headwinds are expected to persist for the remainder of the year, mainly due to inventory shortages in certain areas that are not keeping up with demand. In the US market, in particular, demand has been sluggish for most of the year.

Despite the industry-wide slowdown, output through November was mostly positive for individual OEMs. Of the 14 major automakers in the region, eight had improved compared to 2023, while Hyundai Group's performance was almost completely flat. The downturn in the YTD November performance has been heavily skewed by extremely poor volumes for Stellantis, which lost 350k units YoY (-20.6%) during the period – far more than any other OEM in the red, which lost fewer than 46k units YoY. On the positive side, Honda Group has enjoyed the greatest volume growth through the first eleven months of the year, increasing its output by nearly 140k units YoY (+9.6%) to 1.6 mn vehicles and marking the automaker's highest YTD total since 2019. While there has been continued expansion of their popular legacy models including the Honda Civic (2YN) and Honda CR-V (2YC), growth was also aided by the production start of the all-electric Honda Prologue (R233) and Acura ZDX (S233).

The outlook for full-year 2024 remains at 15.5 mn units, with negative YoY growth. While the region has benefited from supply-side improvements pertaining to parts, as well as growing demand, regional demand pace has not kept up with production and available inventory, resulting in the need for output pullbacks to be in alignment. At the end of November, US inventory was up by 26.8% YoY, with days' supply at 57 days, compared to 47 days at the same point in 2023. However, although it did pick up slightly in November, the pace of sales in the country has been relatively modest for most of the year, which has ultimately put pressure on regional output.

Given market and inventory uncertainty heading into 2025, the North American LV production forecast for 2025 has been revised down slightly to 15.5 mn vehicles, which is 23k units less than the previous estimate. Despite this adjustment, many positive factors that have been influencing production in 2024 are expected to continue in 2025, including a stronger demand environment, fewer production disruptions, and an increase in capacity and model activity. However, while regional and export demand are also expected to increase in 2025, production growth will likely remain modest, due to having three consecutive years of regional production outpacing demand resulting in excess inventory accumulation.

North American Light Vehicle Production – Short-Term Analysis, continued

Forecast Changes, continued

The election of Donald Trump as the next US President has raised questions about the potential implications for the automotive industry. While the immediate impact on the market may not be significant, one notable short-term outcome is the possibility of clearer direction under the new administration. The concerns at the forefront currently surround threats of tariffs and rollback of policies impacting EV adoption. While likely a negotiation tactic to bring parties to the table, the threat of 25% tariffs on Mexico and Canada remains a significant risk nonetheless. In 2023, just over 15% of vehicles sold in the US were sourced from Mexico, while nearly 8% came from Canada. Tariffs of this extent would result in higher vehicle prices and subsequently would impact industry growth and brand market share. Also, depending on the duration of the tariff, it would result in significant shifting of automakers' manufacturing footprints within the region, likely at tremendous costs.

The weakening adoption of Battery Electric Vehicles (BEVs) in North America, coupled with potential policy changes under the Trump administration, is expected to result in a decrease in BEV output in the short term. Additionally, the growth of electrified vehicles may not be as robust in the longer term as previously projected. This shift in outlook is further supported by expectations that US fuel economy and CO₂ regulations will be significantly relaxed, and that the administration may eliminate IRA tax credits for plug-in vehicle purchases. However, it is likely that automakers will push back against these changes. The process of altering emissions laws is anticipated to be complex and could take at least two years, with uncertainty surrounding the timing and intricacies of modifying the IRA tax credit system.

It is expected that additional production of the Ram 1500 (DT) will commence in March 2025 at the Saltillo extension plant. This facility will exclusively produce the ICE version of the Ram 1500, while the Sterling Heights assembly plant will produce both ICE and electrified models. It is likely that the output at Saltillo in 2025 will primarily consist of ramp-up volumes, with full production expected to be achieved in 2026. In order to accommodate the production of electrified models at Sterling Heights, approximately 60% of the ICE model output will be shifted to Saltillo. However, there are uncertainties surrounding BEV policies in the US, overall demand for electrified vehicles, and potential pushback from the UAW with the sourcing shift, which could pose significant downside risks to the production mix and timing.

Earlier this year, GM's Cruise brand had announced that it would invest in an AV based on the next-generation Chevrolet Bolt, after canceling production of the Cruise Origin in November 2023. Now, Cruise is dropping the investment to produce the Bolt-like AV – which had been dubbed in the forecast as the "B-SUV AV" – to save time and capital that would be required to produce such a vehicle and will instead focus on advanced driver-assistance technology. This move could give Tesla an opportunity to gain leverage in the AV space with its anticipated Cybercab, especially given the potential for more relaxed regulations on AVs under Trump.

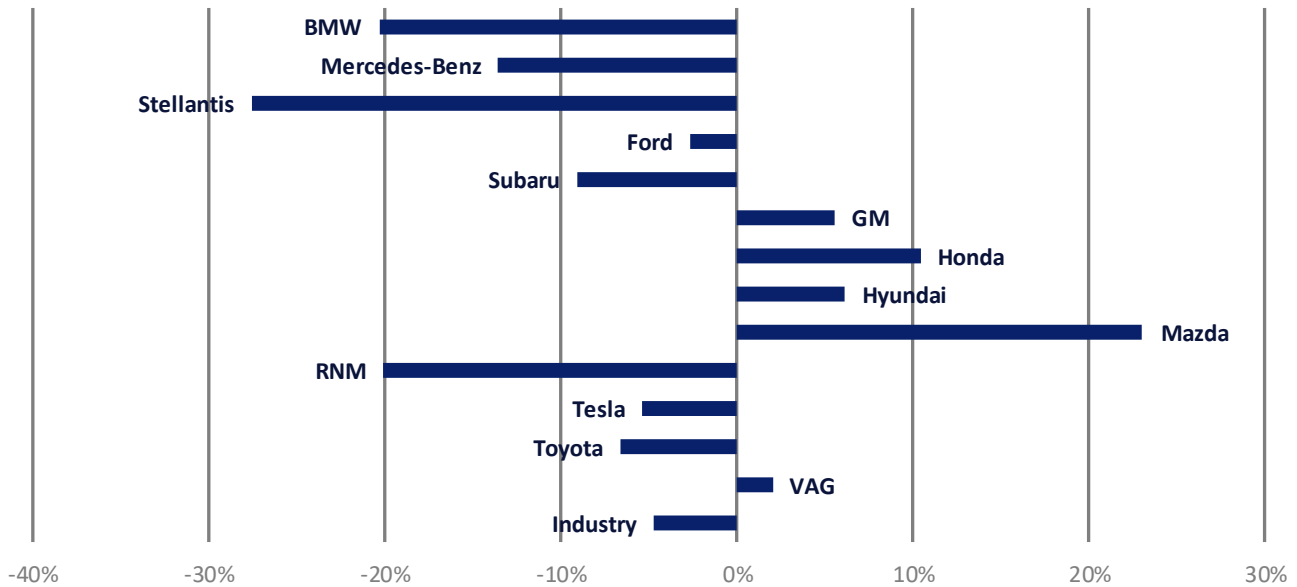
Current Situation

North American LV production in November decreased by 4.2% YoY to 1.3 mn units, with most automakers suffering losses. This decrease can be partly attributed to there being fewer available working days for the month compared to 2023. VW Group's output was hit particularly hard with a 22.8% loss for the month, as production of the Volkswagen ID.4 (VW316/6) was halted due to a stop-sale order that was issued in relation to faulty door handles. Additionally, the current generation Volkswagen Tiguan (VW326) ended production and faced nearly a month-long pause before output of the next generation started up in December. Ford Group's output also decreased for the fifth time in 2024, with a drop of 2.5% YoY, mostly due to the end of the Ford Edge (CD539) in May, while Stellantis' output has fallen every month of the year due to the end of the Dodge Challenger (LA) and Ram 1500 (DS). Although it holds a small presence in North America, Geely Group enjoyed a boost thanks to the addition of the Polestar 3 (P519) Midsize SUV in August, which is produced alongside the Volvo EX90 (V536) Midsize SUV that also began production at the Ridgeville plant earlier in 2024. Production volumes for YTD November are flat compared to 2023, at -0.4%, and is 4.7% below pre-pandemic 2019 levels.

Days' supply in the US at the end of November was at 57 days, which is two days less than October and 10 days higher than a year ago. Total US inventory increased slightly by 0.8% to nearly 3.0 mn units and is 26.8% higher than it was in November 2023.

North American Light Vehicle Production – Short-Term Group Summary

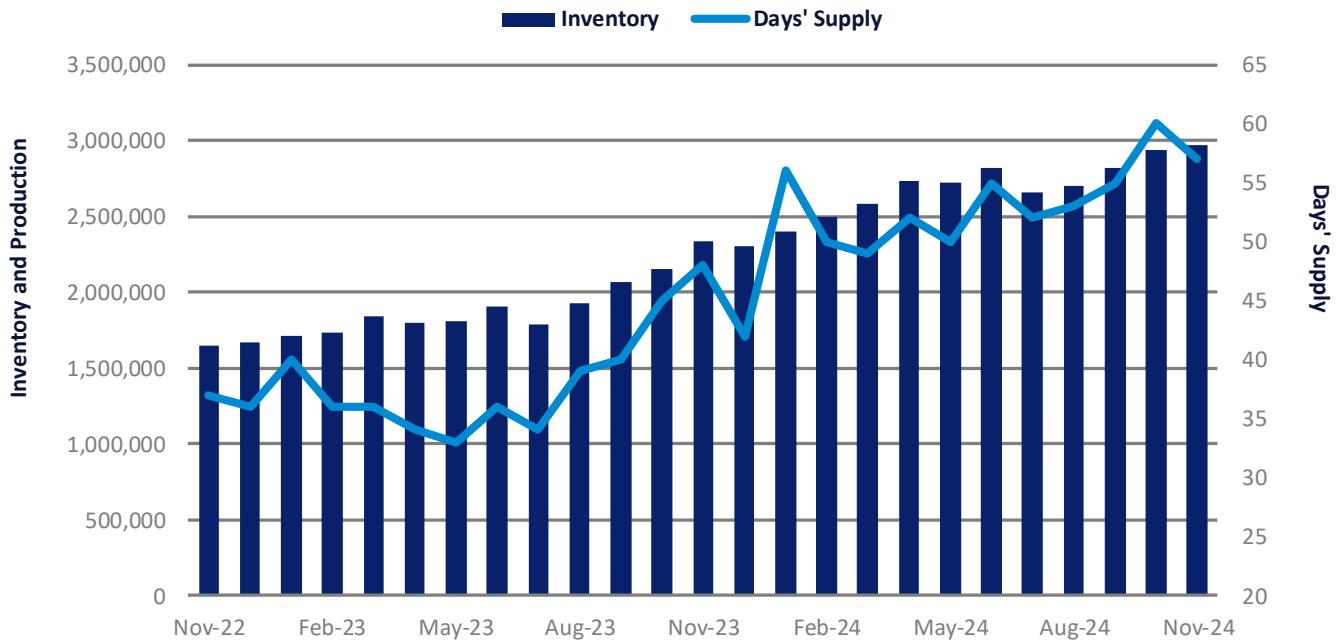
2024 Q3 Year-on-Year Change



2024 Outlook

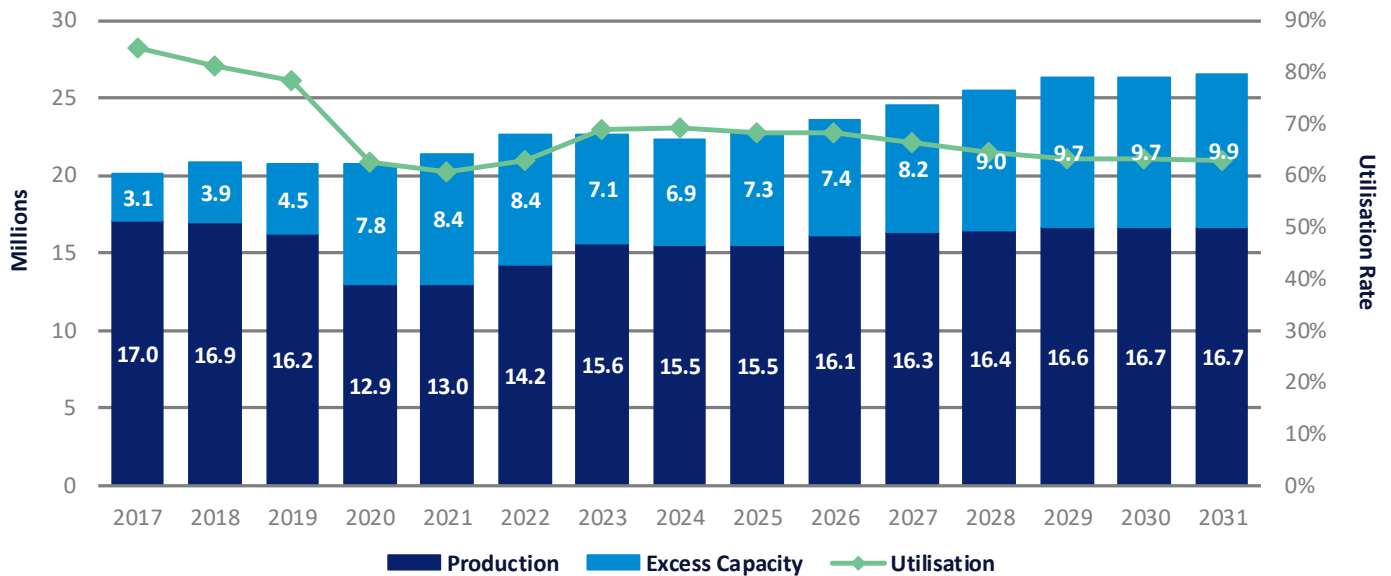
| Group (000s) | 2023 | 2024 | %Δ | Δ Volume |
|---------------|---------------|---------------|--------------|-------------|
| BMW | 526 | 502 | -4.4% | -23 |
| Mercedes-Benz | 414 | 367 | -11.3% | -47 |
| Ford | 2,397 | 2,444 | 2.0% | 47 |
| GM | 2,604 | 2,700 | 3.7% | 96 |
| Honda | 1,560 | 1,702 | 9.1% | 142 |
| Hyundai | 983 | 986 | 0.3% | 3 |
| Mazda | 264 | 315 | 19.4% | 51 |
| Other | 67 | 58 | -13.1% | -9 |
| RNM | 1,197 | 1,155 | -3.5% | -42 |
| Stellantis | 1,807 | 1,434 | -20.6% | -373 |
| Subaru | 351 | 366 | 4.5% | 16 |
| Tesla | 684 | 640 | -6.4% | -44 |
| Toyota | 2,009 | 2,051 | 2.1% | 43 |
| VAG | 695 | 706 | 1.6% | 11 |
| Total | 15,590 | 15,471 | -0.8% | -119 |

North American Stock/Inventory Analysis



| Group | Current Month | Prior Month | Inventory |
|-----------------|---------------|-------------|------------------|
| BMW | 34 | 33 | 50,790 |
| Ford | 95 | 94 | 584,300 |
| GM | 69 | 75 | 648,148 |
| Honda | 57 | 62 | 265,994 |
| Hyundai | 53 | 59 | 169,800 |
| Mazda | 51 | 47 | 66,179 |
| Mercedes | 43 | 41 | 58,970 |
| RNM | 67 | 64 | 184,408 |
| Stellantis | 84 | 83 | 306,517 |
| Subaru | 37 | 38 | 82,278 |
| Toyota | 27 | 30 | 215,508 |
| VAG | 67 | 79 | 94,695 |
| Industry | 57 | 59 | 2,965,607 |

North American Light Vehicle Production – Long-Term



North American Light Vehicle Production – Long-Term Analysis

Trump has threatened to impose a 25% tariff on all imports from Canada and Mexico, stating that these would take effect on his first day in office in January 2025. While these could be empty threats that are used as a negotiation tactic, the risk is real and would be damaging to all parties involved. The proposed tariffs would raise costs for manufacturers, therefore increasing vehicle prices for consumers, which would dampen sales and slow industry growth.

Mexico’s role in North American production is steadily increasing, with projections indicating a rise to a 25% share by 2024, totaling 3.9 mn units - a record high. The US remains the primary destination for Mexican-made vehicles, accounting for approximately 77% of production in 2023, although a large portion of exports go to Canada, as well as other countries including Germany, Brazil, and Colombia. In 2024, Mexico is expected to produce the highest share of North American output for both VW Group and Mazda Motors, at 75% and 67% respectively. Therefore, any proposed tariffs could have a significant impact on these companies. Additionally, the Detroit 3 - Ford Group, GM, and Stellantis - have a substantial presence in Mexico, with the country accounting for 16%, 31%, and 28% of their total regional production in 2024, respectively.

LV production in Canada is expected to account for only 9% of total North American output in 2024, at 1.3 mn units. However, the 25% tariff still poses a threat to vehicles produced in the country. The five automakers with the highest output in North America – Ford Group, GM, Stellantis, Honda Group, and Toyota Group – all have manufacturing plants in Canada, and would be affected by the tariffs on both Canada and Mexico. Some OEMs may consider shifting output to the US to minimize the impacts they will face; however, this is not always feasible. For example, the Honda Civic (2YN) and CR-V (2YC) are produced at the Alliston plant in Canada and account for nearly 25% of Honda Group’s total North American output. The automaker’s US plants are currently running at or above capacity; therefore, it would not be possible to shift output to the US without significant investment in added capacity.

Capacity utilization by country breakdown:

| | 2019 | 2023 | 2024 | 2031 |
|-------------------|--------------|--------------|--------------|--------------|
| USA | 79.4% | 69.0% | 69.4% | 60.8% |
| Canada | 82.5% | 69.3% | 69.1% | 75.1% |
| Mexico | 74.2% | 68.3% | 69.1% | 63.8% |
| N. America | 78.5% | 68.8% | 69.3% | 62.7% |

| Model Line Forecast Changes, by OEM

Ford Group

EOP of the Ford Bronco Sport (CX430) at Hermosillo has been changed from September 2030 to December 2027.

Geely Group

The platform code of the Polestar 3 (P519) at Ridgeville has been changed from SPA 2 to SPA 2 1.

The platform code of the Volvo ES60 (V441) at Ridgeville has been changed from SPA 3 to SPA 3 1.

The platform code of the Volvo ES60 (V451) at Ridgeville has been changed from SEA 3 to SPA 3 2.

The platform code of the Volvo EX90 (V536) at Ridgeville has been changed from SPA 2 to SPA 2 1.

The Volvo EX90 (V536(ng)) at Ridgeville has been removed from the forecast.

The Volvo EX90 (V546) has been added to the forecast at Ridgeville. SOP is scheduled for June 2031, EOP for May 2038 and a facelift for December 2034.

General Motors Group

SOP of the Cadillac CELESTIQ (L246) at Warren Tech Center has been changed from December 2024 to March 2025. EOP has been changed from November 2032 to February 2033. A facelift is now scheduled for March 2029, a switch from the previous date of December 2028.

SOP of the Cadillac CELESTIQ (L346) at Warren Tech Center has been changed from December 2032 to March 2033. EOP has been changed from November 2038 to February 2039. A facelift is now scheduled for March 2036, a switch from the previous date of December 2035.

EOP of the Chevrolet Malibu (E2SC) at Fairfax has been changed from November 2024 to December 2024.

The Cruise B-SUV AV (A232) at Fairfax has been removed from the forecast.

The Cruise B-SUV AV (A232(ng)) at Fairfax has been removed from the forecast.

Honda Group

SOP of the Honda CR-V EV (2YC(ng)) at Marysville has been changed from March 2026 to June 2027.

SOP of the Honda Saloon (1) at Marysville has been changed from March 2026 to October 2026. EOP has been changed from February 2032 to September 2032. A facelift is now scheduled for October 2029, a switch from the previous date of March 2029.

SOP of the Honda Saloon (1(ng)) at Marysville has been changed from March 2032 to October 2032. EOP has been changed from February 2038 to September 2038. A facelift is now scheduled for October 2035, a switch from the previous date of March 2035.

Hyundai Group

SOP of the Genesis GV60 (JW1) at Ellabell has been changed from June 2025 to June 2026.

Other

EOP of the Canoo LDV130 (1) at Oklahoma City (Canoo) has been changed from December 2030 to December 2024. A facelift has been removed.

EOP of the Canoo Lifestyle (1) at Oklahoma City (Canoo) has been changed from December 2030 to December 2024. A facelift has been removed.

The Canoo LDV130 (1(ng)) at Oklahoma City (Canoo) has been removed from the forecast.

The Canoo LDV190 (1) at Oklahoma City (Canoo) has been removed from the forecast.

| Model Line Forecast Changes, by OEM

Other, Continued

The Canoo LDV190 (1(ng)) at Oklahoma City (Canoo) has been removed from the forecast.

The Canoo Lifestyle (1(ng)) at Oklahoma City (Canoo) has been removed from the forecast.

SOP of the Lucid Gravity (1) at Casa Grande has been changed from November 2024 to December 2024.

Renault-Nissan-Mitsubishi

The local model name of the Nissan Kicks Play P02F has been changed from Kicks to Kicks Play.

EOP of the Nissan Murano (P42M) at Smyrna Truck has been changed from October 2024 to November 2024.

SOP of the Nissan Murano (P42S) at Smyrna Truck has been changed from November 2024 to December 2024.

Stellantis

SOP of the Ram 1500 (DT) at Saltillo has been changed from March 2026 to March 2025.

Toyota Group

The Toyota Highlander (555B(ng)) at Evansville West has been removed from the forecast.

The Toyota Highlander (555B(ng2)) at Evansville West has been removed from the forecast.

Volkswagen Group

The Volkswagen ID.Tiguan (VW326/8) has been added to the forecast at Chattanooga 2. SOP is scheduled for June 2030, EOP for May 2038 and a facelift for June 2034.

The Volkswagen ID.4 (VW326/6) at Chattanooga 2 has been removed from the forecast.

SOP of the Volkswagen Tiguan (VW326/3) at Puebla has been changed from March 2025 to December 2024. EOP has been changed from February 2032 to November 2031. A facelift is now scheduled for December 2028, a switch from the previous date of March 2029.

SOP of the Volkswagen Tiguan (VW336/3) at Puebla has been changed from March 2032 to December 2031. EOP has been changed from February 2038 to November 2038. A facelift is now scheduled for December 2034, a switch from the previous date of March 2035.

North American Production Group Summary

| Group/Marque | 2023 | 2024 | 2025 | 2026 | 2027 | 2028 | 2029 | 2030 | 2031 |
|-----------------------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| BMW Group | 526 | 502 | 480 | 412 | 456 | 478 | 500 | 487 | 475 |
| <i>Change</i> | 3.5% | -4.4% | -4.5% | -14.2% | 10.8% | 4.8% | 4.6% | -2.7% | -2.3% |
| BMW | 526 | 502 | 480 | 412 | 456 | 469 | 460 | 447 | 432 |
| MINI | - | - | - | - | - | 9 | 40 | 40 | 44 |
| Mercedes-Benz Group | 414 | 367 | 337 | 355 | 360 | 361 | 361 | 381 | 372 |
| <i>Change</i> | 5.7% | -11.3% | -8.1% | 5.3% | 1.3% | 0.4% | -0.2% | 5.7% | -2.5% |
| Mercedes-Benz | 414 | 367 | 337 | 355 | 360 | 361 | 361 | 381 | 372 |
| Stellantis | 1,807 | 1,434 | 1,588 | 1,853 | 1,904 | 1,960 | 2,012 | 1,993 | 1,908 |
| <i>Change</i> | 0.5% | -20.6% | 10.7% | 16.7% | 2.8% | 2.9% | 2.7% | -1.0% | -4.3% |
| Chrysler | 149 | 146 | 120 | 189 | 235 | 248 | 241 | 234 | 220 |
| Dodge | 263 | 96 | 187 | 204 | 227 | 202 | 194 | 184 | 175 |
| Fiat | 86 | 82 | 84 | 107 | 109 | 111 | 112 | 114 | 111 |
| Jeep | 732 | 687 | 728 | 873 | 846 | 883 | 892 | 868 | 827 |
| Ram | 577 | 423 | 469 | 480 | 484 | 507 | 566 | 586 | 567 |
| Ford Group | 2,397 | 2,444 | 2,379 | 2,265 | 2,290 | 2,119 | 2,172 | 2,208 | 2,168 |
| <i>Change</i> | 22.2% | 2.0% | -2.7% | -4.8% | 1.1% | -7.5% | 2.5% | 1.6% | -1.8% |
| Ford | 2,291 | 2,364 | 2,289 | 2,187 | 2,222 | 2,046 | 2,103 | 2,141 | 2,102 |
| Lincoln | 106 | 80 | 90 | 77 | 68 | 73 | 70 | 66 | 66 |
| Subaru Corporation | 351 | 366 | 452 | 671 | 657 | 623 | 623 | 610 | 602 |
| <i>Change</i> | 28.0% | 4.5% | 23.4% | 48.3% | -2.0% | -5.3% | 0.1% | -2.2% | -1.2% |
| Geely Group | 15 | 24 | 30 | 43 | 43 | 61 | 67 | 65 | 49 |
| <i>Change</i> | -33.0% | 57.8% | 25.2% | 41.8% | 0.8% | 40.0% | 10.8% | -3.0% | -24.8% |
| General Motors Group | 2,604 | 2,700 | 2,565 | 2,705 | 2,828 | 2,858 | 2,780 | 2,774 | 2,706 |
| <i>Change</i> | 26.3% | 3.7% | -5.0% | 5.5% | 4.5% | 1.1% | -2.8% | -0.2% | -2.5% |
| Buick | 47 | 27 | 36 | 30 | 33 | 33 | 27 | 25 | 24 |
| Cadillac | 173 | 213 | 173 | 123 | 116 | 134 | 126 | 132 | 132 |
| Chevrolet | 1,696 | 1,668 | 1,590 | 1,733 | 1,837 | 1,828 | 1,788 | 1,794 | 1,739 |
| Cruise | 1 | - | - | - | - | - | - | - | - |
| GMC | 685 | 787 | 766 | 819 | 842 | 864 | 839 | 822 | 811 |
| Honda Group | 1,560 | 1,702 | 1,724 | 1,714 | 1,823 | 1,840 | 1,861 | 1,804 | 1,714 |
| <i>Change</i> | 19.9% | 9.1% | 1.3% | -0.6% | 6.4% | 1.0% | 1.1% | -3.1% | -5.0% |
| Acura | 173 | 154 | 180 | 174 | 195 | 192 | 189 | 184 | 175 |
| Honda | 1,387 | 1,548 | 1,544 | 1,536 | 1,617 | 1,622 | 1,638 | 1,584 | 1,501 |

Table continues ...

North American Production Group Summary, continued

| Group/Marque | 2023 | 2024 | 2025 | 2026 | 2027 | 2028 | 2029 | 2030 | 2031 |
|----------------------------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
| Hyundai Group | 983 | 986 | 1,061 | 1,100 | 1,142 | 1,152 | 1,117 | 1,104 | 1,131 |
| Change | 28.3% | 0.3% | 7.6% | 3.7% | 3.8% | 0.8% | -3.0% | -1.2% | 2.4% |
| Hyundai | 353 | 353 | 374 | 376 | 384 | 399 | 371 | 364 | 384 |
| Kia | 614 | 610 | 663 | 698 | 727 | 713 | 708 | 704 | 712 |
| Jianghuai Automotive | 17 | 19 | 17 | 14 | 16 | 17 | 17 | 18 | 17 |
| Change | 836.0% | 12.5% | -10.0% | -20.0% | 19.9% | 7.9% | -1.8% | 2.4% | -4.7% |
| Mazda | 264 | 315 | 299 | 275 | 275 | 278 | 329 | 338 | 326 |
| Change | 107.5% | 19.4% | -5.1% | -7.9% | -0.1% | 0.9% | 18.4% | 2.8% | -3.3% |
| Other | 67 | 58 | 86 | 130 | 181 | 204 | 287 | 325 | 359 |
| Change | 3588.3% | -13.1% | 48.5% | 51.4% | 38.6% | 13.1% | 40.3% | 13.3% | 10.5% |
| Bollinger | - | - | - | 1 | 5 | 6 | 5 | 5 | 5 |
| Canoo | - | - | - | - | - | - | - | - | - |
| Karma | - | - | 1 | 1 | 1 | - | - | - | - |
| Lordstown | - | - | - | - | - | - | - | - | - |
| Lucid | 8 | 7 | 23 | 23 | 43 | 55 | 58 | 60 | 68 |
| Rivian | 57 | 48 | 56 | 85 | 100 | 102 | 169 | 195 | 215 |
| Workhorse | - | - | - | - | - | - | - | - | - |
| Renault-Nissan-Mitsubishi | 1,197 | 1,155 | 1,076 | 1,062 | 925 | 1,035 | 1,125 | 1,079 | 1,049 |
| Change | 23.0% | -3.5% | -6.8% | -1.3% | -12.9% | 11.9% | 8.7% | -4.1% | -2.8% |
| Infiniti | 63 | 45 | 51 | 56 | 48 | 79 | 90 | 94 | 82 |
| Mitsubishi | - | - | - | - | - | - | - | - | - |
| Nissan | 1,134 | 1,110 | 1,024 | 1,005 | 871 | 943 | 1,019 | 967 | 947 |
| Renault | - | - | - | - | - | - | - | - | - |
| Tesla Motors | 684 | 640 | 699 | 736 | 748 | 769 | 743 | 836 | 1,154 |
| Change | 54.4% | -6.4% | 9.3% | 5.3% | 1.5% | 2.8% | -3.4% | 12.6% | 38.0% |
| Toyota Group | 2,009 | 2,051 | 2,076 | 2,129 | 2,045 | 1,962 | 1,917 | 1,938 | 1,975 |
| Change | 12.1% | 2.1% | 1.2% | 2.6% | -4.0% | -4.0% | -2.3% | 1.1% | 1.9% |
| Lexus | 234 | 237 | 235 | 227 | 220 | 171 | 125 | 139 | 185 |
| Toyota | 1,775 | 1,815 | 1,841 | 1,902 | 1,825 | 1,791 | 1,792 | 1,799 | 1,789 |
| Volkswagen Group | 695 | 706 | 660 | 643 | 624 | 703 | 724 | 705 | 665 |
| Change | 22.8% | 1.6% | -6.6% | -2.6% | -3.0% | 12.6% | 3.1% | -2.7% | -5.7% |
| Audi | 176 | 142 | 172 | 150 | 160 | 176 | 180 | 164 | 139 |
| Volkswagen | 520 | 564 | 488 | 493 | 464 | 469 | 478 | 467 | 453 |
| Total | 15,590 | 15,471 | 15,529 | 16,109 | 16,321 | 16,423 | 16,640 | 16,668 | 16,673 |
| Change | 20.0% | -0.8% | 0.4% | 3.7% | 1.3% | 0.6% | 1.3% | 0.2% | 0.0% |

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