



MARKET BEAT

Patrick Manzi, NADA Chief Economist

April's new light-vehicle sales saw an 18.5 million-unit SAAR—the second straight month (following a March revision) of sales above 18.0 million units and the highest monthly sales rate since July 2005 with a 20.6 million SAAR. The April 2021 SAAR is also up 112% from April 2020—which experienced the weakest sales of the pandemic—and up 12.1% from April 2019. Though pent-up demand from the pandemic played a role this April, sales were also likely pulled forward by consumers' uncertainty about being able to find the vehicles they want in coming months.

While final month-end inventory data for April is not available yet, inventory levels will likely end up at a decades-long low. And unfortunately, the shortage will continue. According to Auto Forecast Solutions, the semiconductor microchip shortage has caused a worldwide production falloff of some 2.29 million vehicles. Current forecasts put projected total vehicle production losses from the global chip shortage at 3.36 million units, with 1.11 million from North American production.

OEMs continue to prioritize production for retail customers over fleet customers, with sales in April driven by strong retail sales gains. Retail sales in April, says Wards Intelligence, are estimated to be up 114% from April 2020 and up 23% from April 2019. Meanwhile, fleet deliveries increased by 88% from April 2020, but fell by 42% from April 2019. Amid burgeoning demand for travel, rental car companies and other fleet buyers have had to turn to the used-vehicle market to source inventory. Demand for used vehicles from both fleet and retail customers has caused used-vehicle values to skyrocket. The Manheim used-vehicle value index is expected to set records through June, says Jonathan Smoke, chief economist at Cox Automotive. Used prices will likely stay high through the summer, remaining so until new-vehicle production can be normalized.

Because of such strong demand, OEMs have relied less on incentive spending. According to J.D. Power, average incentive spending per unit in April will probably total \$3,191, off \$1,762 from the highs of April 2020 and down \$382 from April 2019. Incentive spending is expected to remain lower than in previous years as long as new-vehicle inventories remain tight and new-vehicle demand is high. It's now clear that the microchip shortage will continue for the rest of the year, with the biggest impacts to production and sales likely coming in the next few months. Still, we remain confident that new-vehicle sales will remain robust in 2021, with a total of 16.3 million units for the year.

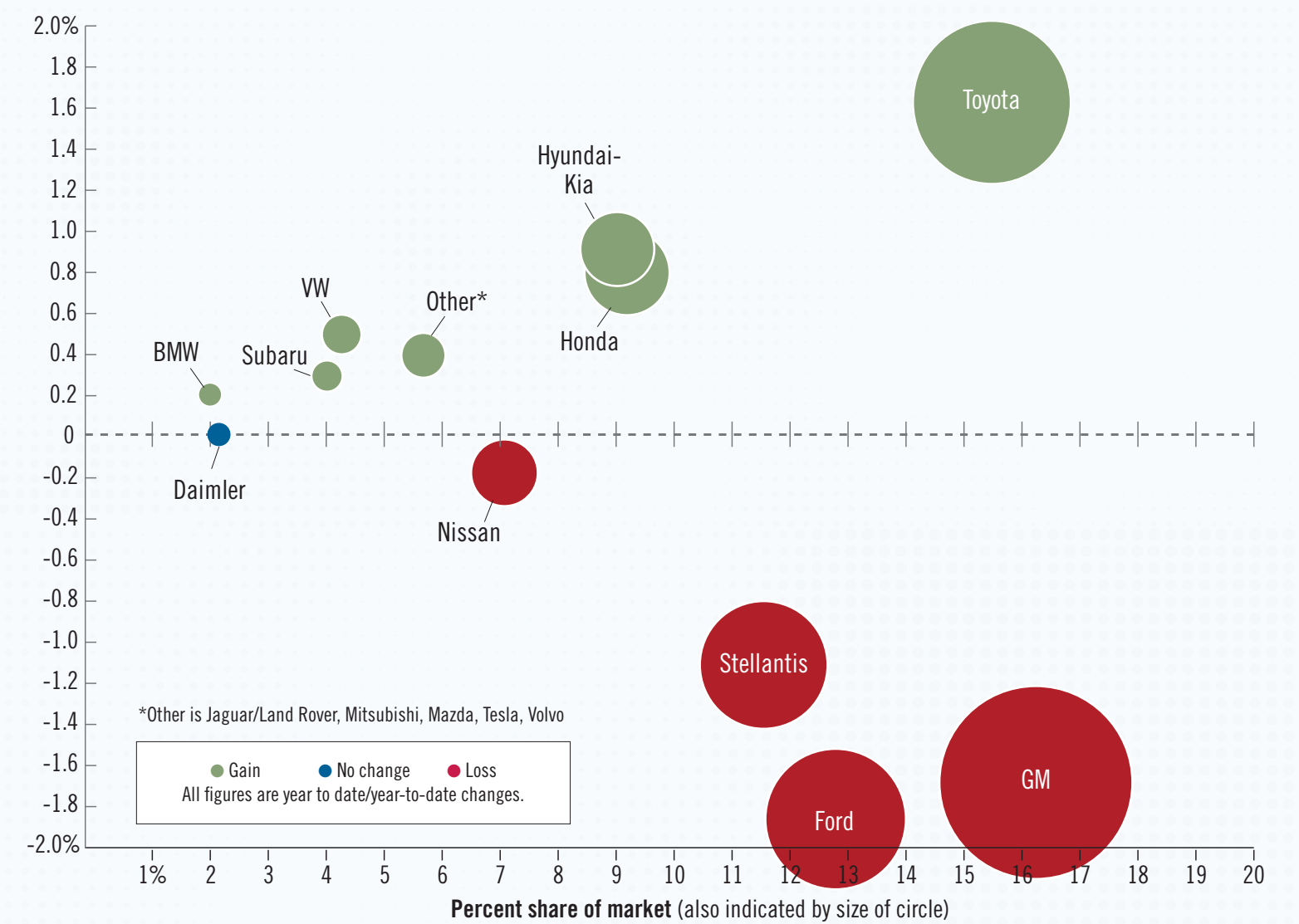
U.S. Light-Vehicle Sales

(Seasonally Adjusted at Annual Rates)

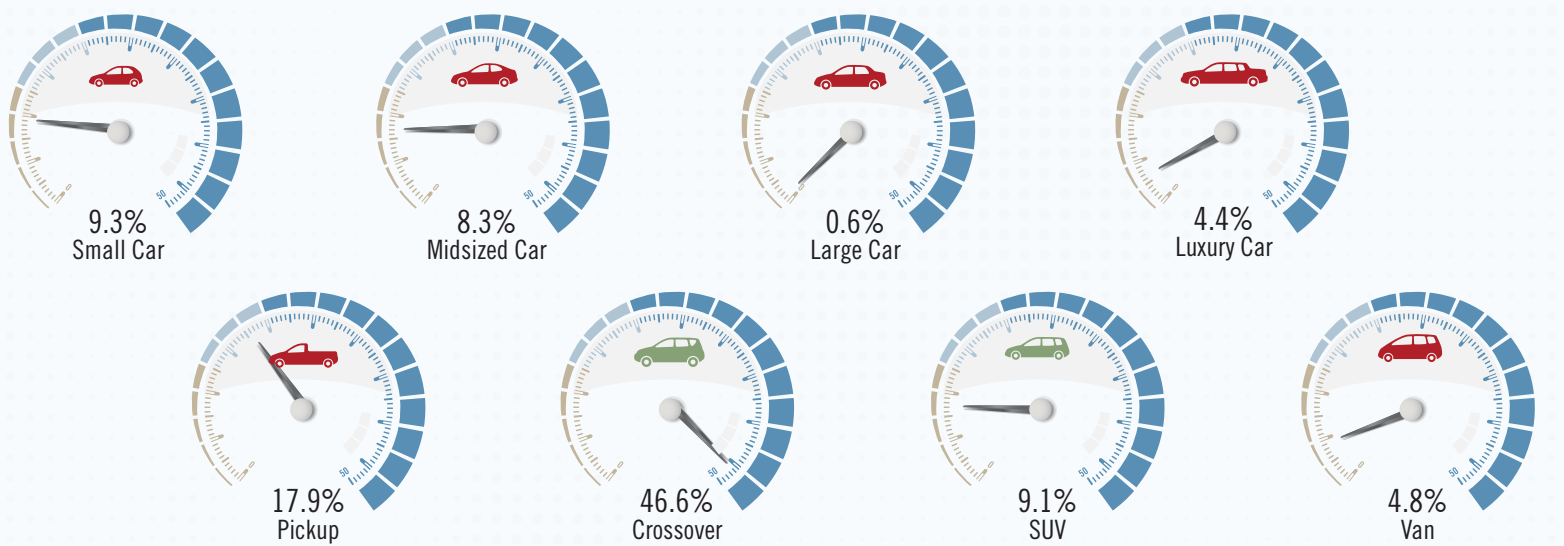


	Apr 2021	Y/Y %	Jan - Apr 2021	YTD/YTD %
Total Car	4.13	109.6%	3.84	16.0%
Total Light Truck	14.37	112.9%	13.51	36.3%
Domestic Light Vehicle	13.85	104.3%	13.14	27.0%
Import Light Vehicle	4.65	139.7%	4.21	46.7%
Total Light Vehicle SAAR	18.51	112.3%	17.35	31.2%

Market Share, by manufacturer



Market Share, by segment



Market Share, by powertrain

