



Press Release

J.D. Power and LMC Automotive Report: August New-Vehicle Retail Sales Show Strength Amid Weak Economic Growth and Consumer Uncertainty

WESTLAKE VILLAGE, Calif.: 24 August 2012 — The August new-vehicle selling rate is expected to be the highest monthly rate in more than four and one-half years, according to a monthly sales forecast developed by J.D. Power and Associates' Power Information Network® (PIN) and LMC Automotive.

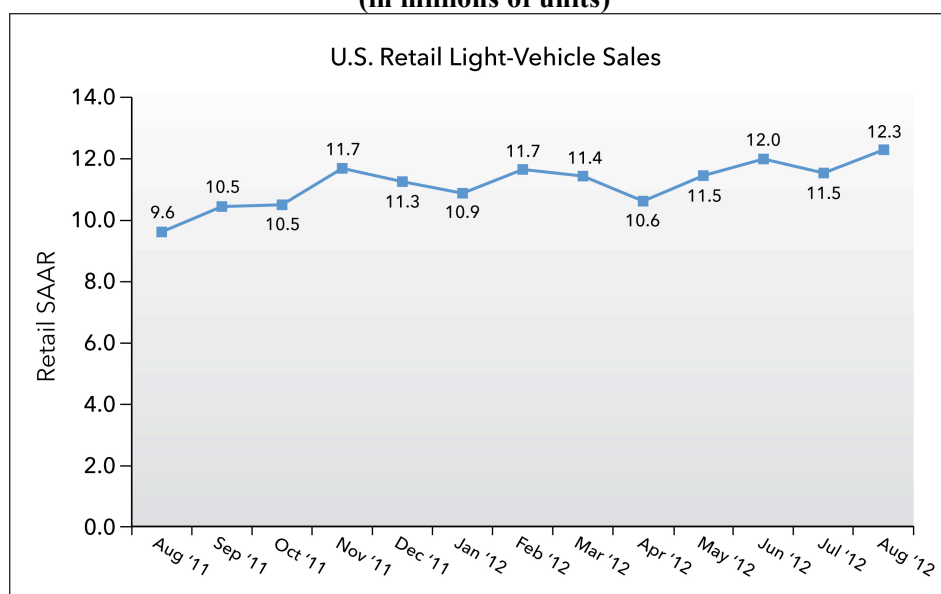
Retail Light-Vehicle Sales

August new-vehicle retail sales are projected to come in at 1,066,200 units, which represents a seasonally adjusted annualized rate (SAAR) of 12.3 million units. The year-over-year growth rate in retail sales continues a double-digit trend for a fourth consecutive month. Retail transactions are the most accurate measurement of true underlying consumer demand for new vehicles.

“August continues this summer’s trend of healthy growth in retail sales as dealers work to sell down inventory in time to make room for 2013 models,” said John Humphrey, senior vice president of global automotive operations at J.D. Power and Associates. “To date, automakers have been diligent in better balancing production with demand, which has been critical to the improved financial performance for many brands. Going forward, this discipline will be tested as demand looks to cool somewhat through the balance of the year.”

While incentives are down slightly in August, compared with July (\$106 less per vehicle, on average), there are deals driving some activity as the model-year sell down takes hold. Consumers are pushing aside the economic risks, as the need to replace their current vehicle is matched by availability of both inventory and credit.

U.S. Retail SAAR—August 2011 to August 2012
(in millions of units)



Total Light-Vehicle Sales

Total light-vehicle sales remain stable, with the volume in August expected to come in at 1,285,300 units, a 16 percent increase from August 2011. Fleet represents only 17 percent of total light-vehicle sales, which is lower than the 21 percent year-to-date average.

J.D. Power and LMC Automotive U.S. Sales and SAAR Comparisons

	August 2012¹	July 2012	August 2011
New-Vehicle Retail Sales	1,066,200 units (18% higher than August 2011) ²	969,983 units	870,365 units
Total Vehicle Sales	1,285,300 units (16% higher than August 2011)	1,151,818 units	1,069,843 units
Retail SAAR	12.3 million units	11.5 million units	9.6 million units
Total SAAR	14.5 million units	14.1 million units	12.1 million units

¹Figures cited for August 2012 are forecasted based on the first 16 selling days of the month.

²The percentage change is adjusted based on the number of selling days in the month (27 days in August 2012 vs. 26 days in 2011).

Sales Outlook

LMC Automotive recently revised the outlook for total light-vehicle sales in the United States downward to 14.3 million units from 14.5 million units, with retail sales at 11.4 million units, down from 11.5 million units. Weaker economic growth and concerns with the European crisis are the driving factors for slower growth during the second half of the year. The industry is still expected to achieve the 15-million-unit level in 2013, but the outlook has been tempered from a projected 15.2 million units, as the risks in 2012 spill over into next year.

“The strength in August light-vehicle sales takes some of the pressure off expectations for the balance of the year, but a high level of risk lingers,” said Jeff Schuster, senior vice president of forecasting at LMC Automotive. “We expect the current seesawing in auto sales to continue for the foreseeable future, but the overall picture in 2012 remains positive.”

North American Production

North American light-vehicle production volume has increased by 23 percent through the first seven months this year, compared with the same period in 2011. The increase of nearly 1.7 million additional vehicles highlights the industry’s recovery from the challenging production environment in 2011.

Production for Honda and Toyota in the first seven months of 2012 are up 79 percent and 65 percent, respectively, as recovery by both manufacturers takes hold. U.S. manufacturing growth is outpacing the rest of the North American region, with a 27 percent year-to-date increase as newer capacity drives the growth. Production in Mexico has increased 14 percent, with further growth expected as new key models ramp up. Canadian manufacturing has increased 20 percent year to date, but the level of future volume is at risk, as the domestic manufacturers and CAW begin labor negotiations.

Vehicle inventory in early August declined slightly to a 54-day supply, compared with 58 days in July. Car inventory remains at a below-normal level with a 47-day supply, down from 49 days in July. Truck inventory is at normal levels with a 61-day supply, down from 67 days in July.

“With the robust production activity outpacing the increases in demand, North American volume is approaching the 15.0-million-unit level for the first time since 2007,” said Schuster. “However, given that inventory has normalized and growth in demand is expected to slow, LMC Automotive is holding the forecast for 2012 at 14.9 million units for the year.”

About J.D. Power and Associates

Headquartered in Westlake Village, Calif., J.D. Power and Associates is a global marketing information services company providing forecasting, performance improvement, social media and customer satisfaction insights and solutions. The company's quality and satisfaction measurements are based on responses from millions of consumers annually. For more information on car reviews and ratings, car insurance, health insurance, cell phone ratings, and more, please visit JDPower.com. J.D. Power and Associates is a business unit of The McGraw-Hill Companies.

About The McGraw-Hill Companies

McGraw-Hill announced on September 12, 2011, its intention to separate into two public companies: McGraw-Hill Financial, a leading provider of content and analytics to global financial markets, and McGraw-Hill Education, a leading education company focused on digital learning and education services worldwide. McGraw-Hill Financial's leading brands include Standard & Poor's Ratings Services, S&P Capital IQ, S&P Indices, Platts energy information services and J.D. Power and Associates. With sales of \$6.2 billion in 2011, the Corporation has approximately 23,000 employees across more than 280 offices in 40 countries. Additional information is available at <http://www.mcgraw-hill.com/>.

About LMC Automotive

LMC Automotive, formerly J.D. Power Automotive Forecasting, is the premier supplier of automotive forecasts and intelligence to an extensive client base of automotive manufacturer, component supplier, logistics and distribution companies, as well as financial and government institutions around the world. LMC's global forecasting services encompass automotive sales, production and powertrain expertise, as well as advisory capability. LMC Automotive has offices in the United States, the UK, Germany, China and Thailand and is part of the Oxford, UK-based LMC group, the global leader in economic and business consultancy for the agribusiness sector. For more information please visit www.lmc-auto.com.

Media Relations Contacts

Syvetril Perryman; Westlake Village, Calif.; (805) 418-8103; media.relations@jdpa.com
Emmie Littlejohn; LMC Automotive; Troy, Mich.; (248) 817-2100; elittlejohn@lmc-auto.com

No advertising or other promotional use can be made of the information in this release without the express prior written consent of J.D. Power and Associates or LMC Automotive. www.jdpower.com/corporate www.lmc-auto.com