

Press Release

**J.D. Power and LMC Automotive Report:
New-Vehicle Buyers Timid During Government Shutdown;
However, Retail Light Vehicle Sales Expected to Improve as October Closes**

WESTLAKE VILLAGE, Calif.: 24 October 2013 — While the government shutdown constrained new-vehicle retail sales during the first half of October, the overall pace for the month remains slightly ahead of the running average for the year, according to a monthly sales forecast developed jointly by J.D. Power and LMC Automotive.

Retail Light-Vehicle Sales

New-vehicle retail sales in October are projected to come in at 1,016,500 units, an 8 percent increase from October 2012. Retail transactions are the most accurate measure of true underlying consumer demand for new vehicles. The seasonally adjusted annualized rate (SAAR) in October is expected to be 12.8 million units, compared with the year-to-date run rate of 12.7 million units.

**U.S. Retail SAAR—October 2012 to October 2013
(in millions of units)**



Source: the Power Information Network® (PIN) from J.D. Power

Retail sales during the first two weeks of October were up only 1.6 percent (selling-day adjusted), compared with October 2012, but retail sales during the third week were up 7.7 percent, compared with the same period a year ago.

Sales in the Atlantic Coastal region, which had the highest concentration of government employees impacted by the shutdown, suffered the most, down 6.5 percent through the first two weeks of October. Sales in the region bounced back when the shutdown ended, surpassing sales during the same period in 2012 by 2.5 percent.

“The government shutdown clearly had an impact on retail sales through government employees directly affected by the shutdown, vehicle shoppers involved in businesses impacted by the shutdown and its impact on consumer confidence,” said John Humphrey, senior vice president of the global automotive practice at J.D. Power. “However, sales in the third week of the month strengthened relative to the first two weeks, which is evidence of vehicle buyers delaying their purchase until the shutdown was resolved.”

Total Light-Vehicle Sales

Total light-vehicle sales in October also are expected to increase 8 percent from October 2012. Fleet sales are expected to return to a 200,000 unit level, after 220,000 sales in September, with share of industry dropping to 17 percent from 19 percent in September. Fleet share for the full year is expected to come in below the 18 percent level.

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

	October 2013¹	September 2013	October 2012
New-Vehicle Retail Sales	1,016,500 units (8% higher than October 2012) ²	916,955 units	910,505 units
Total Vehicle Sales	1,219,500 units (8% higher than October 2012)	1,136,354 units	1,090,662 units
Retail SAAR	12.8 million units	12.1 million units	11.5 million units
Total SAAR	15.4 million units	15.2 million units	14.2 million units

¹Figures cited for October 2013 are forecasted based on the first 17 selling days of the month.

²The percentage change is adjusted based on the number of selling days in the month (27 days in October 2013 vs. 26 days in October 2012).

Sales Outlook

The sales outlook for 2013 remains unchanged at 15.6 million units. However, with two months of a slight pullback, retail sales are projected to come in at 12.8 million, a slight decline from the previous forecast of 12.9.

“The industry didn’t escape the turmoil in Washington, but the disruption was not enough to stop the auto recovery,” said Jeff Schuster, senior vice president of forecasting at LMC Automotive. “Light-vehicle sales volume north of 16 million units in 2014 is well within reach; however, there is a higher level of risk that consumer confidence could be distracted again in the first quarter if, as expected, the debt ceiling gridlock returns.”

North American Production

Year-to-date production in North America through September is up more than 4 percent from the same period in 2012. Production in September 2013 was at 1.4 million units, a 13 percent increase from September 2012.

The lower sales pace in September, combined with higher production, has caused a slight increase in inventory levels. October started with a 63-day supply, up from 56 days at the beginning of September.

A 63-day supply represents a healthy level that is right in the middle of the 60- to 65-day supply normal range. Schuster notes that given the current selling rate for October, days supply is expected to climb further toward the mid-60-day range, but should not have a negative impact on production levels, as a small inventory buffer may help meet demand as the year closes out.

LMC Automotive has nudged up the volume outlook for 2013 North American production to 16.1 million units from 16.0 million. The overall growth rate is expected to slow slightly in 2014, with volume forecast up 3 percent to 16.5 million units. Leading the way, in terms of growth next year, are BMW, Daimler and Renault-Nissan, all with newly sourced vehicles in North America. BMW, with the X4, and Nissan, with the Murano and a full year of the Rogue, are expected to post double-digit production growth, while Daimler, with the addition of the C-Class, is expected to be up 21 percent from 2013.

About J.D. Power

J.D. Power is a global marketing information services company providing 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. Headquartered in Westlake Village, Calif., J.D. Power has offices in North/South America, Europe and Asia Pacific. For more information on car reviews and ratings, car insurance, health insurance, cell phone ratings, and more, please visit JDPower.com. J.D. Power is a business unit of McGraw Hill Financial.

About McGraw Hill Financial

McGraw Hill Financial (NYSE: MHFI) is a leading financial intelligence company providing the global capital and commodity markets with independent benchmarks, credit ratings, portfolio and enterprise risk solutions, and analytics. The Company's iconic brands include: Standard & Poor's Ratings Services, S&P Capital IQ, S&P Dow Jones Indices, Platts, CRISIL, J.D. Power, and McGraw Hill Construction. The Company has approximately 17,000 employees in 27 countries. Additional information is available at www.mhfi.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.

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