

# SEMA INDUSTRY INDICATORS

MAY 2021

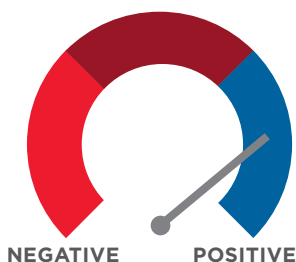


MARKET  
RESEARCH

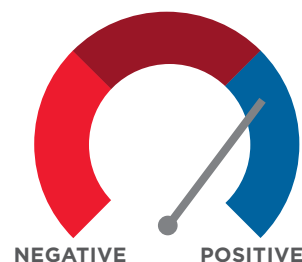
AVRIO  
—INSTITUTE—

Right now the economy has a number of strong tailwinds that continue to aid the recovery. Vaccine rollout continues to accelerate. Roughly 29 percent of US adults had received at least one dose by the end of March 2021, and an additional 14 percent of the population received at least one dose during April. With increased vaccinations, states have lifted COVID-related restrictions and consumers are responding. Loose monetary policy and aggressive government stimulus are also helping to drive the economy.

## CURRENT OUTLOOK



## FUTURE OUTLOOK



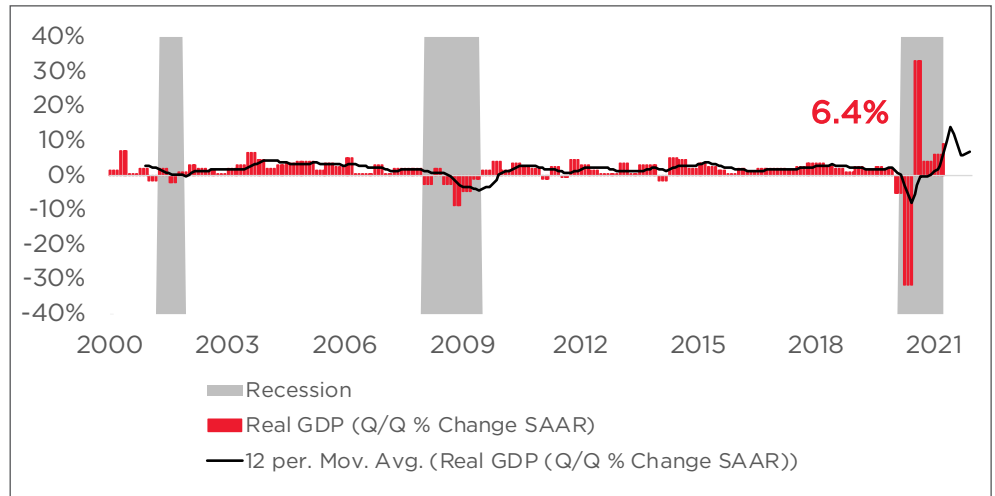
Stimulus checks have helped push retail sales nearly 18 percent higher than they were in February 2020 prior to the pandemic. That is the fastest gain in retail sales over a 14-month period since 1979, a period fueled by double-digit inflation. It will be difficult for retail sales to continue to grow at historic levels in the coming years and potentially even in the coming months. The increased opening of the service economy will also pull some growth away from retail sales in the back half of the year.

The goods-producing sector of the economy continues to operate at below pre-pandemic levels. While new vehicle sales hit a historic high in April, vehicle production is down compared to pre-pandemic levels. Moreover, supply constraints and shortages are hurting production levels. Motor vehicle assemblies were averaging nearly 897,000 a month from July 2020 through January 2021, outpacing the average 880,000 a month in all of 2019. The last three months have averaged 730,000 vehicle assemblies. Severe weather undoubtedly hurt production in February, but production remained constrained in the following months due to supply chain disruptions.

Undoubtedly the auto sector is racing to increase production in order to meet historic demand, but it could take some time. Shortages are likely to remain through the end of the year, and manufacturers across many sectors expect recent price increases to remain in place through the first half of 2022. Transportation capacity has also been constrained, and prices are likely to remain elevated there as well. Supply chain disruptions and rising input costs remain a major headwind to full recovery of the manufacturing sector.

Economic growth surged in the first quarter as COVID vaccinations increased, restrictions lifted and government stimulus supported consumer spending. Real GDP leapt 6.4 percent. This growth is even more pronounced given what we are seeing around the globe. Japan's economy fell 1.3 percent in the first quarter and the Eurozone contracted 0.6 percent. Moreover, growth is expected to accelerate through the remainder of the year. Right now, we expect the economy to rise 9.2 percent in Q2, 7.2 percent in Q3 and 5.1 percent in Q4. For the year, the economy will rise 6.6 percent and a further 4.4 percent in 2022.

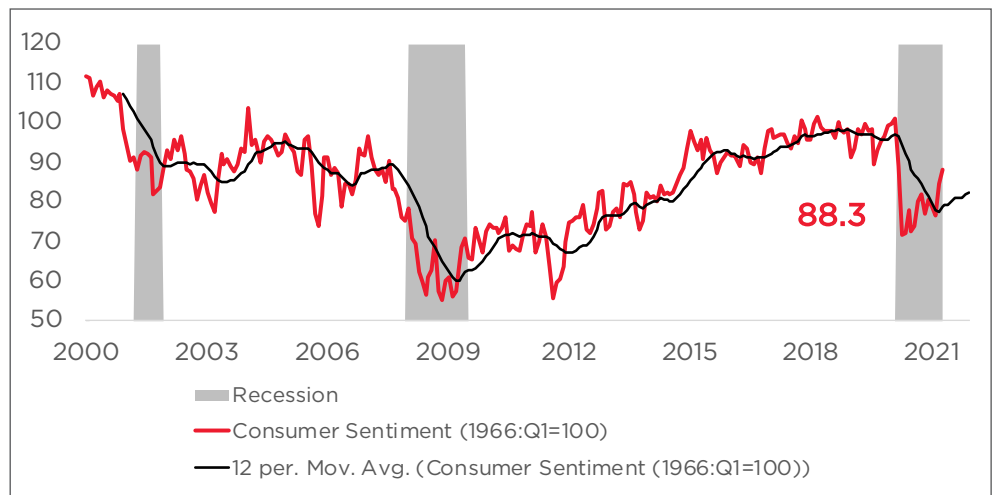
## U.S. ECONOMIC GROWTH



Bureau of Economic Analysis, Avrio Institute

Consumer sentiment surged again in April, rising four points to 88.3. Consumers remain especially optimistic about the near-term economic outlook. The Current Economic Conditions Index climbed 4.5 points in the last month to 97.2 and is now 30.8 points above the April 2021 levels. Sentiment remains below pre-pandemic levels, and it will likely take sustained economic growth for an extended period for sentiment to move above pre-pandemic levels. Sentiment did retreat somewhat in early May, and consumer expectations seem easily moved by headlines. Consumers are also indicating they expect inflation to rise not only in the coming month but also in the coming years.

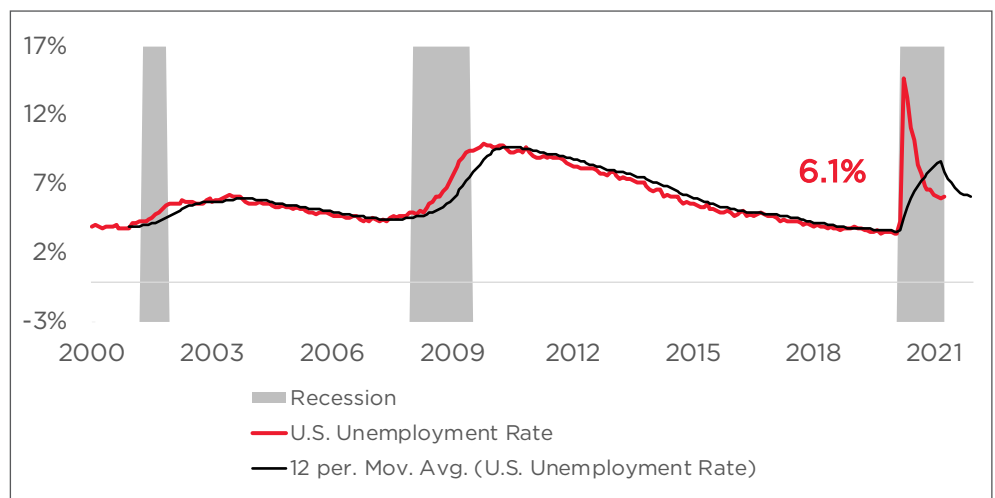
## CONSUMER SENTIMENT



University of Michigan, Avrio Institute

The economy added just 266,000 new jobs in April, well below the consensus expectations of one million. The unemployment rate inched up to 6.1 percent. In normal times, 266,000 new jobs would be a solid win but not in a post-pandemic recovery. Leisure and hospitality did show strong growth during the month, gaining 331,000 jobs. Manufacturing lost 18,000 jobs but the auto sector shed 27,000 jobs, more than offsetting gains in other manufacturing segments. The auto sector was likely held back by shortages that have hampered output. Average weekly hours worked in April tied a record 35 hours, and average hourly earnings rose. Total earnings are now 1.9 percent higher than pre-pandemic February 2020.

## UNEMPLOYMENT RATE



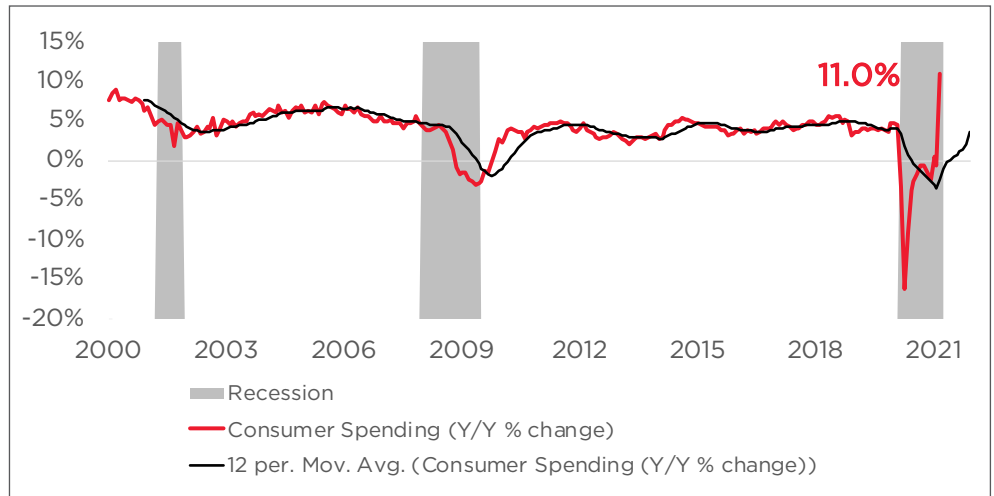
Bureau of Labor Statistics, Avrio Institute

Personal income jumped in March, rising 21.1 percent. Unsurprisingly, this was the strongest single-month increase in history. Government transfers, which include stimulus payments that were distributed during the month, accounted for nearly 95 percent of the gain in income during the month. Income is up 29 percent over last year. Consumer spending rose 4.2 percent during the month and is up 11 percent over the last year. But it isn't just fiscal stimulus that is driving income and spending. Private-sector wages and salaries were up 1.1 percent in March and are up 5.6 percent over the last year.

Spending on vehicles rose strongly in March, bouncing back from a weather-induced decline in February. Spending on new vehicles rose 14.1 percent during the month and is up nearly 30 percent over the last year. Net spending on used vehicles was up 15.9 percent in the month and is up 26.1 percent over the last year. Consumer spending on motor vehicle parts and accessories is up 11.2 percent for the month and up 24.8 percent over the last year. Higher prices and stronger demand are helping to drive consumer spending on vehicles. For example, the Manheim Used Vehicle Value Index is 48 percent higher than May 2020.

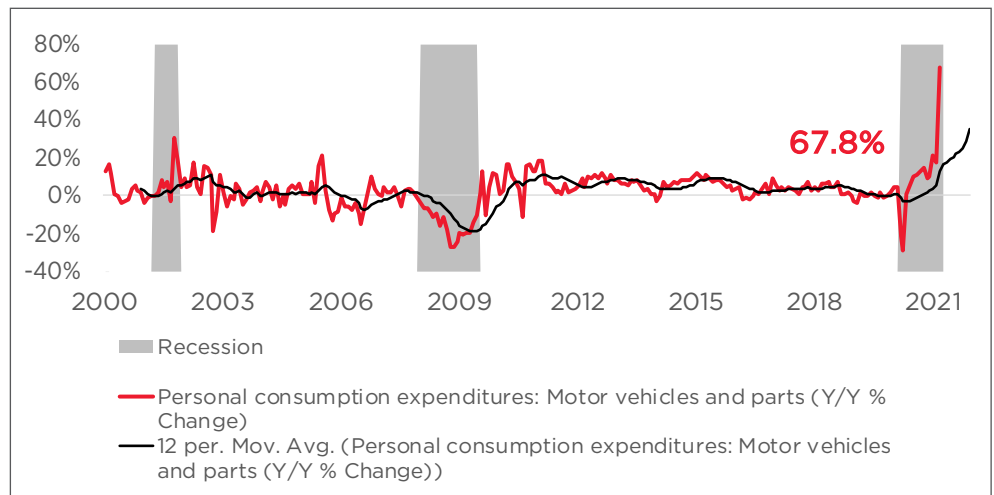
Industrial production rose in April, increasing 0.7 percent. Manufacturing increased 0.4 percent during the month, while auto production declined 4.3 percent. Overall manufacturing capacity utilization increased to 74.1 percent in April. The production side of the economy is improving but still has a ways to go. Industrial production is still off not only its pre-pandemic levels but also its January 2021 levels prior to severe February storms. Weakness in the auto sector is likely being driven by supply chain constraints. Auto parts production was down 0.5 percent in the month but is up 108 percent from last year and 6.7 percent over the last two years.

## CONSUMER SPENDING



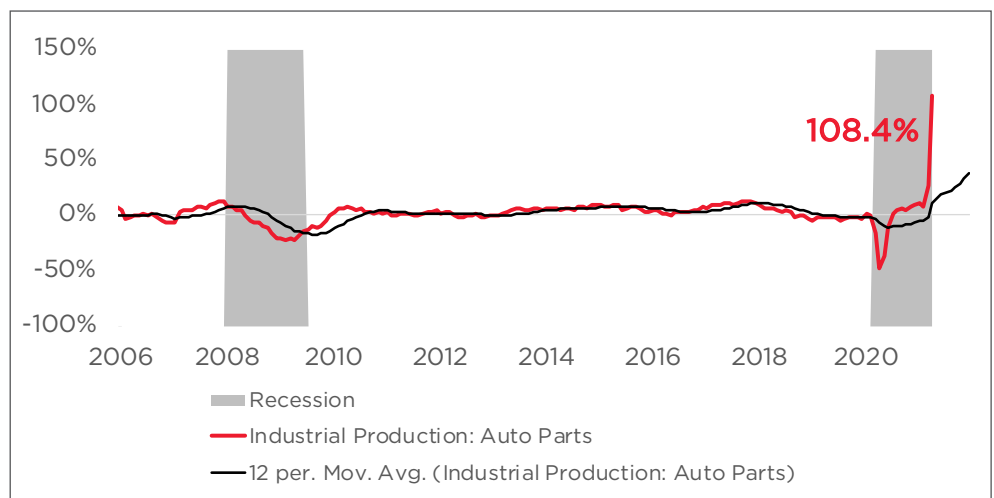
Bureau of Economic Analysis, Avrio Institute

## CONSUMER SPENDING ON MOTOR VEHICLES & PARTS



Bureau of Economic Analysis, Avrio Institute

## INDUSTRIAL PRODUCTION: AUTO PARTS

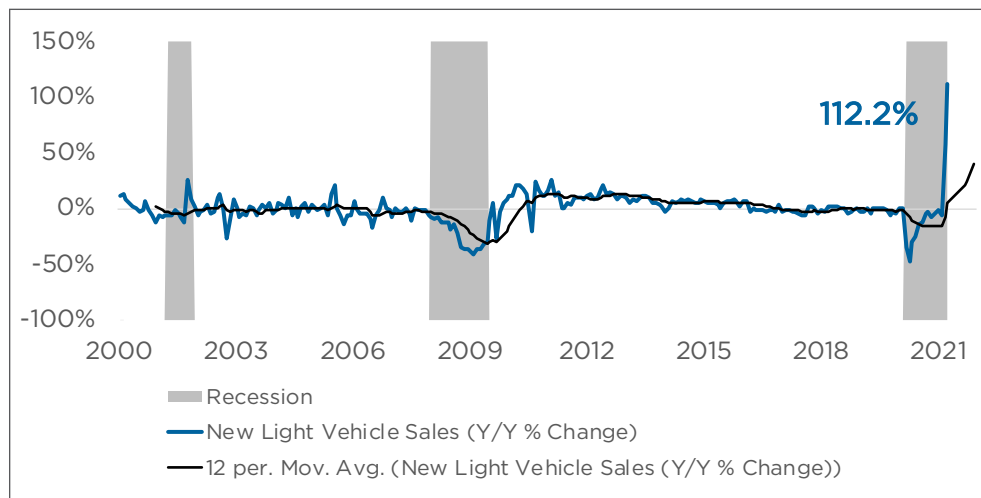


Federal Reserve, Avrio Institute

# AUTOMOTIVE

Even with supply constraints that are restricting production, auto manufacturers were able to sell a record number of vehicles during April. New vehicle sales during the month were extremely strong, hitting an all-time high for the month of April. During the month, a seasonally adjusted annual rate of 18.51 million vehicles were sold. This is the strongest month for new vehicle sales since July 2005. New car sales were up 5.3 percent during the month, while new truck and SUV sales were up 2.4 percent. New vehicle sales are up 112 percent from last year and up a still very strong 11.5 percent over April 2019.

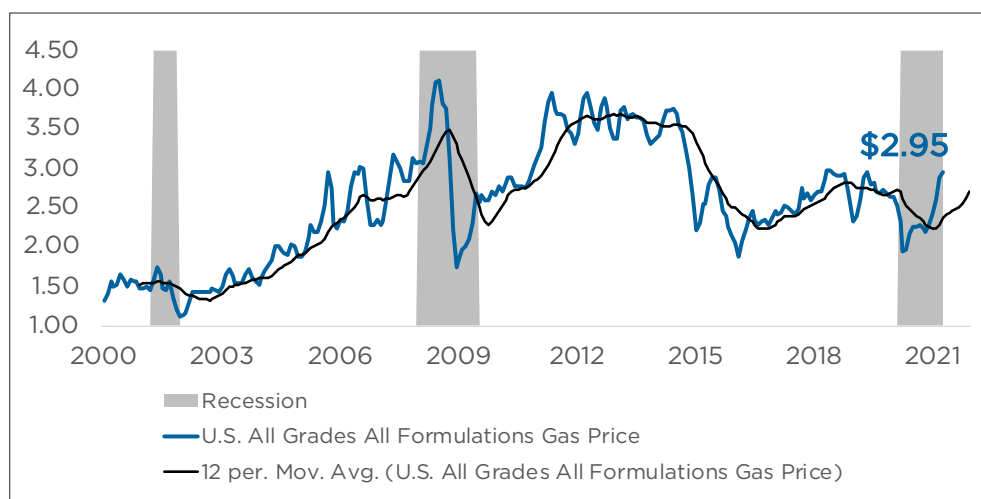
## MONTHLY NEW LIGHT VEHICLE SALES



Bureau of Economic Analysis, Avrio Institute

Gas prices moved up five cents in April to \$2.95. This is the highest average monthly price since May 2019. Prices are up \$1.01 from April 2020, a 52 percent increase over the last year. Gas prices continued to rise in early May following the Colonial Pipeline cyberattack, which led to fuel shortages and panic buying. Even as fuel shortages eased, prices remained elevated. Gas prices typically rise headed into Memorial Day and peak sometime between Memorial Day and the Fourth of July. Demand for gasoline continues to climb as the economy reopens and mobility rates increase.

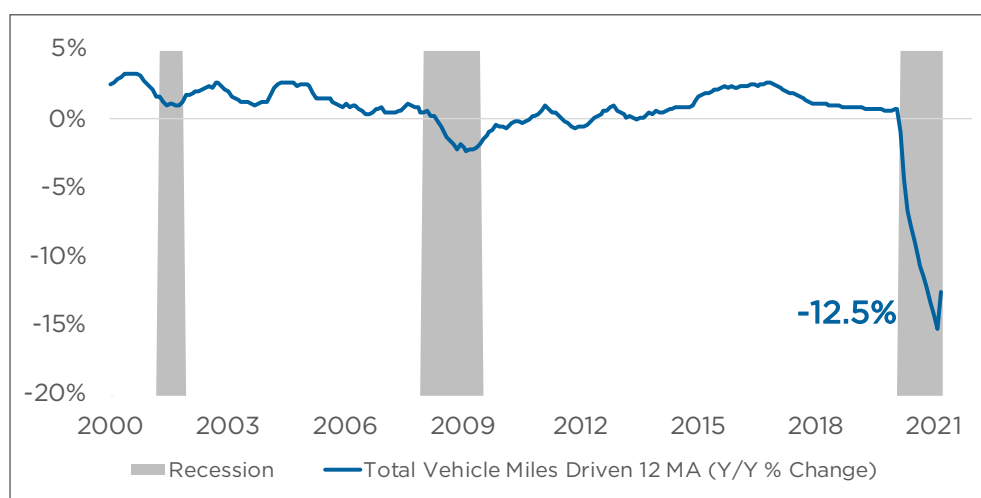
## GAS PRICES



U.S. Energy Information Administration, Avrio Institute

Seasonally adjusted vehicle miles traveled for March 2021 increased 6.2 percent from the prior month. Seasonally adjusted vehicle miles traveled are up 18.5 percent over March 2020, when the start of the pandemic curtailed driving. Seasonally adjusted vehicle miles were increased to 261.1 billion miles, up 40.7 billion vehicle miles from the prior year. Vehicle miles traveled during the month were still off 3.8 percent from two years ago. All regions saw strong increases. The West was up 22.3 percent from the prior year, while the Northeast was up 19 percent.

## VEHICLE MILES TRAVELED

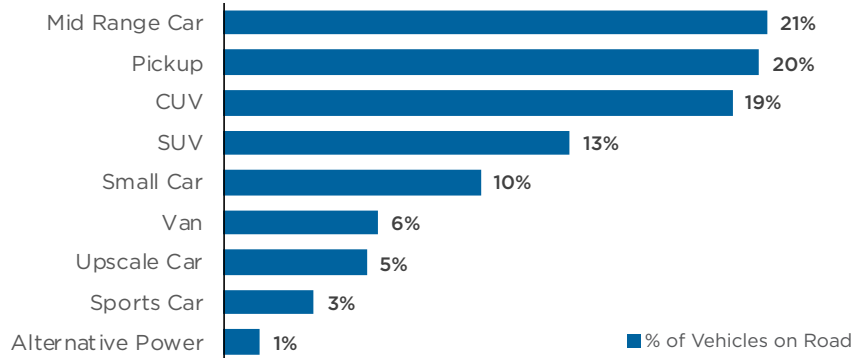


U.S. Federal Highway Administration, Avrio Institute

# INSIGHTS FROM SEMA

## VEHICLES IN OPERATION (VIO) DATA

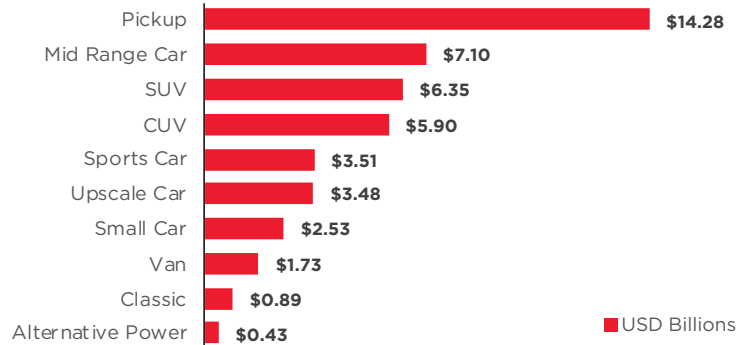
There are over 281 million light vehicles in operation in the United States today, of which over 114 million are passenger cars and nearly 167 million are light trucks. Together, mid range cars and pickup trucks represent 41% of the vehicles on the road.



Source: ©2021 Experian, Data as of December 31, 2021

The specialty-equipment market is a \$46.2 billion dollar industry. Customers spend the most money on pickup upgrades.

## SPECIALTY EQUIPMENT MARKET SIZE BY VEHICLE SEGMENT



Source: 2019 SEMA US Market Data

## INSIGHTS FROM THE NEW 2021 SEMA VEHICLE LANDSCAPE REPORT

While electrification is growing in popularity, it will take a while for electric vehicles to become more mainstream. Most consumers still prefer a traditional powertrain for their vehicle.

### WHICH POWERTRAINS DO U.S. CONSUMERS WANT FOR THEIR NEXT VEHICLE?



■ Gasoline / Diesel (ICE) ■ Hybrid Electric (HEV) ■ Battery Electric (BEV) ■ Other

To learn more, download the 2021 SEMA Vehicle Landscape Report at: [sema.org/research](https://sema.org/research)

## APPENDIX

**U.S. ECONOMIC GROWTH:** Gross Domestic Product, or GDP, is a measure of a country's total economic activity. It represents the value of all goods and services produced within a country. More simply, it's the sum of a country's consumption, government expenditures, investments, and net exports. This graph shows the percent change per quarter at a seasonally adjusted annualized rate.

**CONSUMER SENTIMENT:** The "Index of Consumer Sentiment" comes from the University of Michigan's "Survey of Consumers." The index captures consumers' opinions on a variety of factors, such as how their current financial situation compares to a year ago, how they expect their financial situation to change and whether the next 12 months are a good time to buy a new vehicle.

**CONSUMER SPENDING:** Personal consumption expenditures (PCE) is the primary measure of consumer spending on goods and services in the U.S. economy. The index is adjusted for inflation and seasonality.

**CIVILIAN UNEMPLOYMENT RATE:** The unemployment rate is the number of unemployed individuals as a percent of the total labor force. The labor force includes all individuals 16 years of age and older who reside in 1 of the 50 states or the District of Columbia. Unemployed individuals are individuals who have actively sought work within the past four weeks.

**TRADE-WEIGHTED U.S. DOLLAR INDEX:** The trade-weighted U.S. dollar index provides a measure of the foreign exchange value of the U.S. dollar against the currencies of a broad group of major U.S. trading partners. It provides a gauge for how the U.S. dollar is performing against global currencies. A weaker dollar vis-à-vis other world currencies will make U.S. produced goods more attractive to foreign buyers. It can also mean a higher relative price for imported goods.

**INDUSTRIAL PRODUCTION - AUTO PARTS:** Industrial production of auto parts is a measure of real output for all facilities located in the United States manufacturing auto parts and allied goods. Growth in the production index from month to month is an indicator of growth in the industry.

**TOTAL LIGHT VEHICLE SALES (THOUSANDS OF UNITS):** Total U.S. cars and light trucks sold per month, including both domestic and foreign brands.

**AVERAGE U.S. GAS PRICE (PER GALLON):** Weekly average U.S. retail gasoline prices per gallon. This includes all grades and formulations.

**VEHICLE MILES TRAVELED:** The Federal Highway Administration's Traffic Volume Trends is a monthly report based on traffic count data. These data are collected at approximately 4,000 continuous traffic counting locations nationwide. Estimates are re-adjusted annually to match the vehicle miles of travel from the Highway Performance Monitoring System and are continually updated with additional data.

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