

**J.D. Power and LMC Automotive Report:
After Slow Start, New-Vehicle Sales in December Poised for a Strong Close**

Consumer Spending on New Vehicles to Set a Record for December

WESTLAKE VILLAGE, Calif.: 19 December 2013 — While new-vehicle sales started slow in December, they are expected to finish strong at the end of the month, according to a monthly sales forecast developed jointly by J.D. Power and LMC Automotive.

Retail Light-Vehicle Sales

U.S. consumers are expected to spend more than \$34 billion on new vehicles in December, a historic high for the month. The record-breaking level of spending reflects record transaction prices combined with strong retail sales, the most accurate measure of true underlying consumer demand for new vehicles.

New-vehicle retail sales in December are expected to reach 1,134,600, a 4 percent increase from December 2012 (adjusted for one less selling day in December 2013). The December seasonally adjusted annualized rate (SAAR) for retail sales is projected at 12.7 million, a decline from 13.4 million in November but more than 660,000 stronger (5.5%) than in December 2012. Additionally, average new-vehicle retail transaction prices in December are expected to reach \$30,500, up \$500 (2%) from a year ago.

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



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

“Strong consumer demand in December is the culmination of another strong year for the automotive industry,” said John Humphrey, senior vice president of the global automotive practice at J.D. Power. “Retail sales in 2013 are expected to reach 12.8 million, with consumer spending reaching a record \$375 billion, a \$40 billion increase from 2012.”

Total Light-Vehicle Sales

Total light-vehicle sales in December are expected to reach 1.4 million, a 4 percent increase from December 2012, on a slight year-over-year increase in fleet volume. Fleet share of total light-vehicle sales in December remains below 17 percent. Fleets account for 17.6 percent of total sales in 2013.

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

	December 2013¹	November 2013	December 2012
New-Vehicle Retail Sales	1,134,600 units (4% higher than December 2012) ²	1,061,152 units	1,136,484 units
Total Vehicle Sales	1,357,800 units (4% higher than December 2012)	1,242,668 units	1,354,142 units
Retail SAAR	12.7 million units	13.4 million units	12.0 million units
Total SAAR	15.3 million units	16.4 million units	15.2 million units

¹Figures cited for December 2013 are forecasted based on the first 11 selling days of the month.

²The percentage change is adjusted based on the number of selling days in the month (25 days in December 2013 vs. 26 days in December 2012).

Sales Outlook

Total light-vehicle sales in 2013 are set to finish at 15.6 million units, while the LMC Automotive forecast for retail light-vehicle sales remain at 12.8 million units. LMC Automotive has increased its total and retail light-vehicle sales forecasts for 2014 each by 100,000 to 16.2 million and 13.3 million units, respectively.

“The budget deal in Washington is helping fuel a higher level of optimism for the economy and auto sales in 2014,” said Jeff Schuster, senior vice president of forecasting at LMC Automotive. “December sales faced some challenge early in the month, with some sales that pulled ahead in November and winter storms, they have rebounded well, and the year ahead is set up to edge new-vehicle sales closer to pre-recession levels.”

North American Production

Vehicle production in North America year-to-date through November has increased 5 percent from the same time frame in 2013, with nearly 700,000 units of additional volume. Even as inventory has increased, production volume in November remained strong at 1.4 million units, a 4 percent increase from November 2012.

The Detroit Three continued to build inventory at a rapid pace, and their combined days’ supply climbed from 87 days at the beginning of November to 93 days by the end of the month. Schuster explained that, while it is normal for manufacturers to build up inventory to meet year-end demand, the level is slightly ahead of expectations, and doing so this late in the year has the potential to affect production in the first quarter of 2014. In contrast, European and Asian manufacturers all maintained or reduced their inventory levels in November.

Given the unexpected Detroit Three production push in November, LMC Automotive has increased its volume outlook for 2013 North American production to 16.2 million units. First quarter 2014 production is expected to grow 4.2 million units, a 4 percent increase, compared with the same period in 2013. Full-year production in 2014 is forecast at 16.6 million units, which is a 3 percent increase 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.

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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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