

Foley Automotive Report October 11, 2022

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Key Developments

- LMC Automotive [estimates](#) **third-quarter U.S. new light-vehicle sales** were up by 2%, but volumes for the first nine months of 2022 were down by 12% when compared to the same period last year. Due to elevated risks including vehicle affordability and “ongoing, but somewhat improving, supply constraints,” LMC adjusted its **full-year 2022** light-vehicle sales forecast to **13.7 million units**, for a decline of 8% from 2021 volumes
- [Cox Automotive](#) and [CNBC](#) indicate **rising interest rates and inflation** have become notable threats to consumer demand for new vehicles.
- Analysts from UBS Group and RBC Capital Markets [predict](#) **profits for certain U.S. and European automakers could drop noticeably in 2023**, amid market headwinds including inflation and economic uncertainty.
- According to an S&P Global Mobility [analysis](#), **consumer loyalty to automotive brands** is currently at its lowest level in three years, which may require action by OEMs and dealers to minimize defections as the industry experiences a return to stronger inventories.
- A cover story in [Bloomberg Businessweek](#) critiques the timetable and feasibility of reaching **fully autonomous driving in passenger vehicles**.
- **Electric vehicles and low emissions technology:**
 - A new [whitepaper](#) from the **Center for Automotive Research** assesses the impact of the Inflation Reduction Act’s Clean Vehicle Credit provisions.
 - **Our Next Energy (ONE)** [intends to build](#) a \$1.6 billion electric vehicle battery plant in Van Buren Township, Michigan. ONE’s batteries are built with lithium iron phosphate, and the technology is believed to have benefits including longer drive times and eliminating dependence on materials such as cobalt and nickel, which are needed in

lithium-ion batteries.

- **Tesla** delivered 343,830 vehicles in the [third quarter of 2022](#), representing an increase of approximately 42% from the same quarter [last year](#), but failing to meet projected volumes. The third quarter shortfall was attributed to increased challenges with “securing vehicle transportation capacity at a reasonable cost.”
- The **U.S. Environmental Protection Agency** [plans to streamline](#) its review process for new chemical substances used in applications including lithium-ion batteries for electric vehicles.
- BloombergNEF predicts rising sales for electric vehicles will lead to a nine-fold increase in demand for [manganese](#), and a 22% increase in demand for [cobalt](#) by the end of the decade.

Market Trends and Regulatory

- Show organizers [announced](#) the next annual **North American International Auto Show** will be held in Detroit on September 13-24, 2023, marking the second time the event will be held in September instead of its previous January timeframe.
- U.S. House lawmakers [introduced](#) the **Shifting Forward Vehicle Technologies Research and Development Act**, which “reauthorizes the advanced vehicle technologies program for R&D at the Department of Energy for vehicle fueling, energy storage and workforce development.”
- Lobbying efforts to **increase weight limits on U.S. roads** are [predicted](#) to intensify, due in part to the need for the trucking industry to transport electric vehicles that are heavier than gas-fueled cars.

OEMs/Suppliers

- **Third-quarter U.S. new light-vehicle sales** reflect mixed results among major automakers, including a 24% increase for [GM](#), a 16% increase for [Ford](#), a 3% increase for [Hyundai](#), a 23% decrease for [Nissan](#), a 7% decrease for [Toyota](#) and a 6% decrease for [Stellantis](#), compared to the same quarter last year.
- **Ford** [will invest](#) \$700 million in its Louisville, Kentucky plant to support production of F-Series pickup trucks.
- [The Wall Street Journal](#) reports **Qualcomm** has a pipeline of \$30 billion in auto-component supplier commitments, amid efforts to expand its automotive business.
- **GM** [revised](#) a previously announced requirement for salaried employees to work on-site three days a week, and stated the change will not occur before 2023.
- **Nissan** and **Renault** are [reported](#) to be in discussions involving the future of their alliance partnership.

Connected/Autonomous Vehicles and Mobility Services

- According to the [J.D. Power 2022 U.S. Mobility Confidence Index Study](#), **consumer readiness for fully-automated, self-driving vehicles remains low**, and consumers continue to experience confusion about the terminology used to describe different levels of automation. [*Press release; full report not publicly available*]
- Intel-owned autonomous driving technology business **Mobileye** [filed](#) for an IPO with the U.S. SEC on September 30th. Intel acquired the Israel-based company for \$15.3 billion in 2017.

Electric Vehicles and Low Emissions Technology

- [Reuters](#) summarized a number of recent deals automakers have announced with suppliers and miners to **secure raw materials for electric vehicle batteries**.
- **Ford** plans to [increase the price](#) of the **2023 F-150 Lightning electric pickup** by \$5,000, as a result of supply chain challenges and rising material costs. The automaker also announced a price increase of [\\$6,000 to \\$8,500](#) for the vehicle in August.
- According to data excerpted in [Bloomberg](#), newly Hong Kong-listed EV battery maker **CALB Co.** hopes to be ranked within the top three battery makers globally within three to five years. The company is currently ranked seventh among global battery manufacturers.
- A number of **electric vehicle and battery companies in Asia** have pursued IPOs and follow-on stock sales this year to fund capital-intensive activities, according to a report in [The Wall Street Journal](#).
- **GM** [announced](#) plans to increase **Chevrolet Bolt EV** production for global markets to over 70,000 in 2023, compared to approximately 44,000 this year. GM sold 14,709 units of the Chevrolet Bolt EV and Bolt EUV, combined, in the third quarter, representing the vehicles' highest quarterly volumes to date.
- According to data excerpted in the [Associated Press](#), approximately 13% of new light-duty vehicles purchased thus far this year across the federal government (excluding the USPS) were zero emissions. Last year, the **Biden Administration** [announced](#) an executive order which included a goal to achieve **100% zero-emissions light-duty vehicle acquisitions for the federal fleet by 2027**.
- Five multinational companies committed to transition their **medium- and heavy-duty truck fleets** in OECD markets, China and India to **zero-emissions vehicles by 2040**, as part of the EV100+ initiative [announced](#) by The Climate Group.
- **Amazon** [plans to invest](#) 1 billion euros to expand the number of electric delivery vehicles it has in Europe to 10,000 by 2025, up from approximately 3,000 today.
- Electric van startup **Arrival** is reported to be in [discussions to raise capital](#) to build and sell its products in the U.S. Last month, the company produced its [first production verification van](#) at

its microfactory in the U.K.

- **Tesla** CEO Elon Musk announced the company [will deliver](#) its first Semi electric commercial trucks to PepsiCo in December.

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