

Automotive Industry Outlook

The Great Pivot: Rethinking the Roadmap
for Global Autos

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S&P Global Mobility covers the entire vehicle lifecycle

For customers across the automotive landscape—from manufacturers and suppliers to dealerships and service shops—we share a complete perspective of the mobility industry.



Forecasting & Planning

Understand the historical market trends to enable you to forecast the future and evaluate your investment opportunities

Vehicle Demand
Vehicle Production
Technology
Sustainable mobility



Sales Performance & Marketing

Analyse actual market developments as they happen and market to the right audience so you can remain competitive

Marketing Activation
Sales Optimization
Industry Performance



Vehicle in Use

Deliver critical information to support aftermarket services and vehicle recalls where necessary

Parts Demand & Fitment
Owner Notification
Vehicle Identification

How the Middle East Conflict & Strait of Hormuz Transit Impacts Vehicle Markets

• Economic

- Regional and global impacts of increased oil, LNG and specialty fuel costs due to short supply
- Secondary impacts of rising fuel, logistics, dwell time, insurance/risk premiums etc. are born/passed along to suppliers and eventually, end consumers.
- Central banks suspend/slow interest rate reductions to guard against fueling already rising inflation driven by fuel and other input costs.
- Declining equity markets impacts the 'wealth effect' and reduces consumer confidence/economic activity

• Vehicle Demand

- Vehicle demand is impacted dependent upon regional fuel price increases and secondary inflation hikes. Consumers potentially delay/suspend purchases or opt for alternatives.
- Potential for some consumers to shift attention towards higher fuel economy options though TCO (total cost of ownership) and a longer-term fuel price considerations may be required.
- As the sales pace declines, inventories may shrink and OEMs may alter vehicle and trim mixes

• Vehicle Production

- Inventories are utilized first then adjusted to a lower sales rate with future production more closely tied to vehicle orders
- Volumes may be impacted by the downstream availability of feedstocks and lack of alternatives as supplies decline, costs rise and are supplies are rationed.

Feedstocks impacted by SoH closure

- **Helium** – Up to 30% of the world's supply emanates from the region – advanced semiconductor manufacturing
- **LNG** – Utilized by several nations for heat/power generation/ truck fuel – 20% of global supply
- **LPG** – Vehicle fuel/cooking - heavy dependency in India and other Asian nations
- **Ammonia/Urea** – up to 30% of global supply interrupted. Used in fertilizer/ diesel emissions
- **Naphtha** – Used in petro-chemical production for many products including several resins – Asia has extreme expose.
- **Aluminum** – Lack in inputs (alumina) and damage from drone bombings may shelve 4-5% of global supply for 12 months

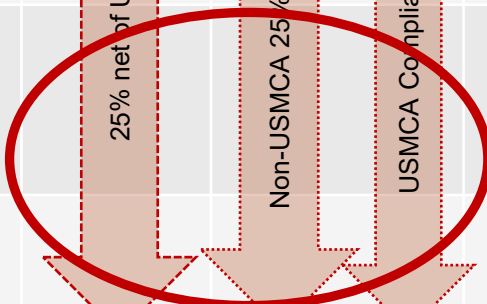
Several facilities have been restricted or ceased since early March due to damage and safety concerns.

There are downstream geopolitical impacts of the conflict as countries seek reduced dependence on fuel and feedstocks – seeking alternative supplies and stocking amid risk mitigation.

US Tariffs: Moving Targets and Growing Certainty

Multiple trade agreements in progress. Status/projections for key automotive trading partners

Date	Canada/Mexico		EU, South Korea, Japan	UK	Most others (ex China)		Metals		MHCV and Parts
	LV	Parts	LV and Parts	LV and Parts	LV	Parts	Steel & Alum	Copper	
March 12									
April 3									
May 3									
H2 2025	25% net of US value	Non-USMCA 25%, less OEM offset	USMCA Compliant – no tariff	25%	25%	25%	From March 12, 25%. Raised to 50% June		
2026									
After 2026	~12% w/adj US VA	Raise LVC & US VA	15%: Japan Sept. 2025 EU retro to Aug 2025 SK November 2025	10% on LV to 100K units, then 25%. Parts 25%. Effective June 30 th	New baseline: 15%, including MFN		50% Aug 1	25% 10% buses	12% with adjustment for US value add



Implementation still variable

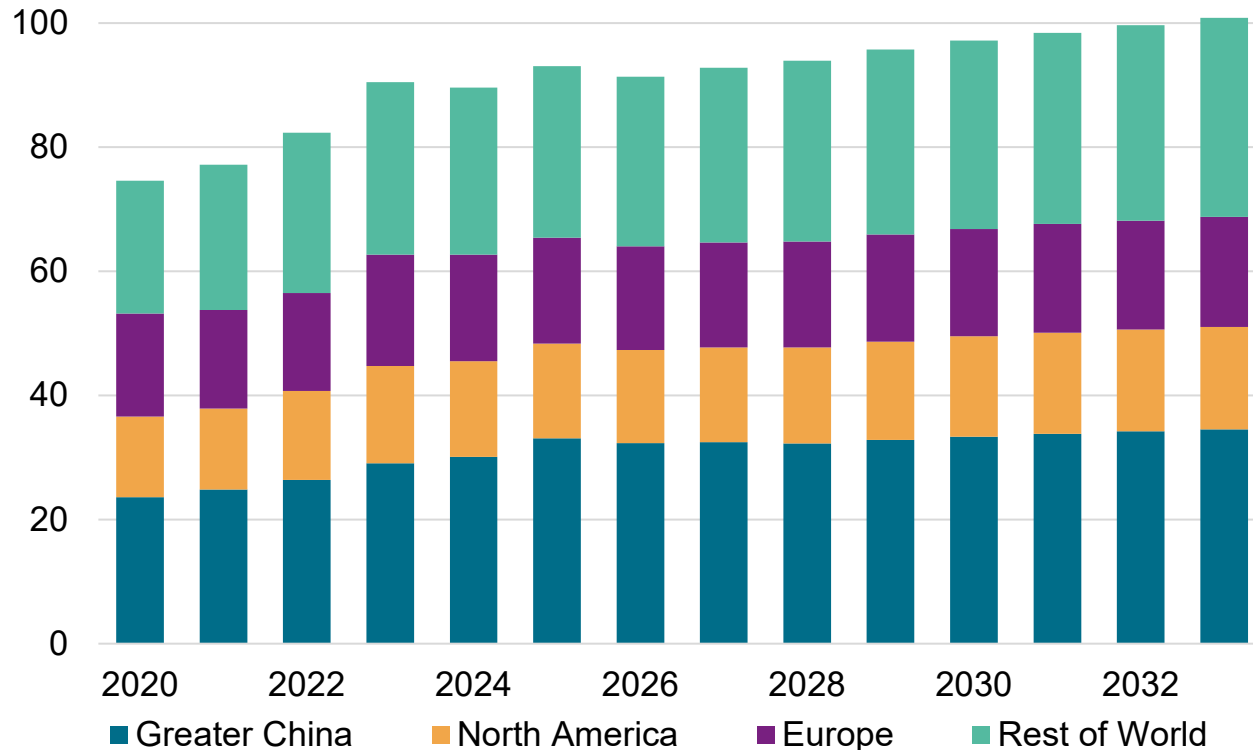
Latest updates

1. Extend trade offset for US production; apply to MHCVs
2. US-China postponed to mid-2026
3. The 232 review of semiconductors and critical minerals are complete though no decision on next steps yet.
4. Other 232 tariff investigations on robotics, tools, automation are underway.
5. 301 tariffs preparations for a raft of countries due to IEPPA SCOTUS decision – late 2026

Global Light Vehicle Production Overview

Extended closure of Strait of Hormuz in the midst of ongoing US-Israeli war with Iran drives further downgrades primarily due to macro/sales effects but also risk of pockets of deep supply chain disruption

Global light vehicle production forecast (millions)



Data compiled April 16, 2026
Source: S&P Global Mobility

Positive

- ▲ US agreements with EU, Japan and South Korea on 15% import tariff for light vehicles with no quota expected to hold as focus is on Section 232 and not IEEPA tariffs deemed illegal by US Supreme Court
- ▲ Money set aside for US fuel economy fines in CARB states, or for buying credits being repurposed to help offset inflationary effects; replacement of reciprocal tariff schedules could be less onerous under Section 122
- ▲ New trade agreements being drafted: EU-India, EU-Mercosul, US-India
- ▲ Some evidence that DRAM will be pricing impact and supply of current processors could be extended short-term; scaling back of some investments can ease short-term price inflation; Gulf-linked helium shortages mitigated

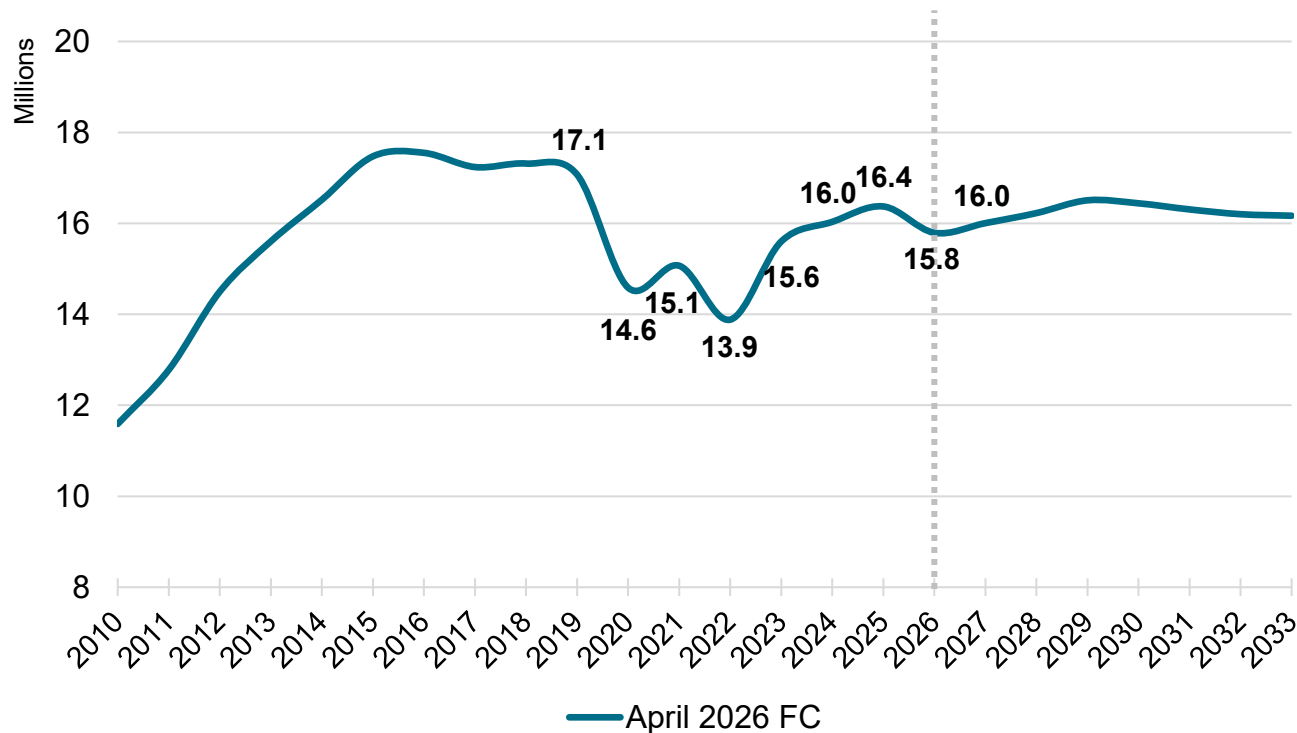
Negative

- ▼ Now assume longer closer of Strait of Hormuz, from mid-March to end April 2026, slowing oil and LNG flows from the Gulf region, driving prices of fuel and derived products higher, threatening higher inflation
- ▼ Supply chain risks rising; primary aluminum and petroleum-derived feedstocks becoming critical in some regions, Europe and Asia (excluding China) especially
- ▼ Pricing pressure from inflationary raw materials, particularly precious metals, and DRAM. DRAM concerns increasing as tech sector already identifies, could hit autos sooner
- ▼ All auto's imports into the US now subject to tariffs greater than prior 2.5%. Pricing support unsustainable in 2026, expect pricing support to weaken going forward
- ▼ Lack of progress regarding Canada/Mexico vehicle tariffs risks delaying any change until USMCA renegotiated, likely H2-2026

US: Light Vehicle Sales Outlook

Lingering residual demand provides some support yet is vulnerable to second order impacts from tariff threats and market conditions (especially Iran conflict risk); **Affordability shapes ongoing trajectory**

US Light Vehicle Sales



Data compiled April 16, 2026
Source: S&P Global Mobility

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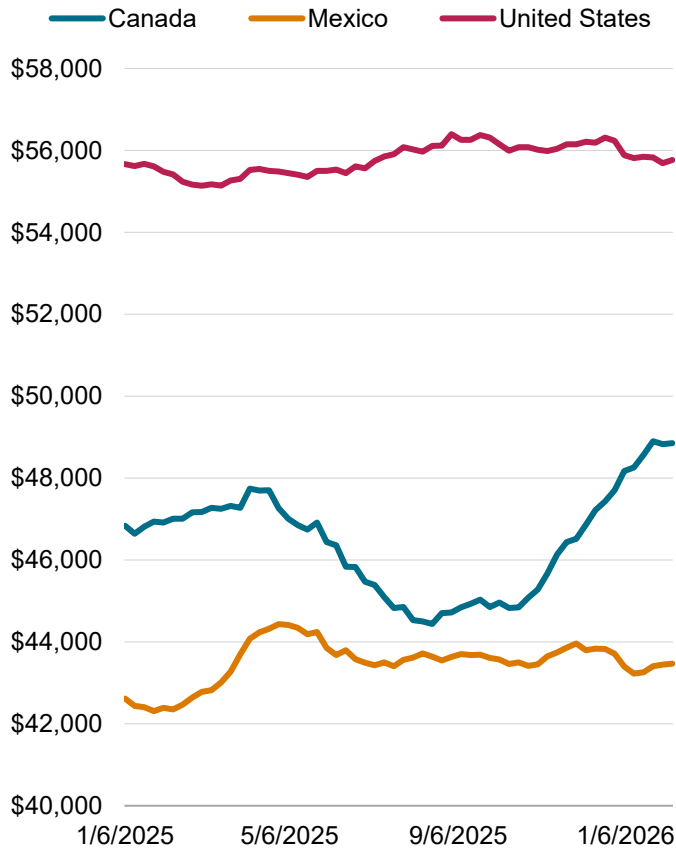
Key issues

- US consumer outlook remains challenged with inflation, interest rates, vehicle pricing and confidence as material concerns
- Opportunities to find right customer based on vehicle age and scrappage
- Launch activity is volatile; finding the optimal mix (segment, trim, etc.) will be critical
- Vehicle development costs in focus
 - EV sunk costs vs. longer ICE tail
 - Consumer contenting
- Market conditions are shifting, yet sales are still running at below-trend levels
 - Elevated interest rates; rate cuts in focus
 - Affordability remains a significant challenge

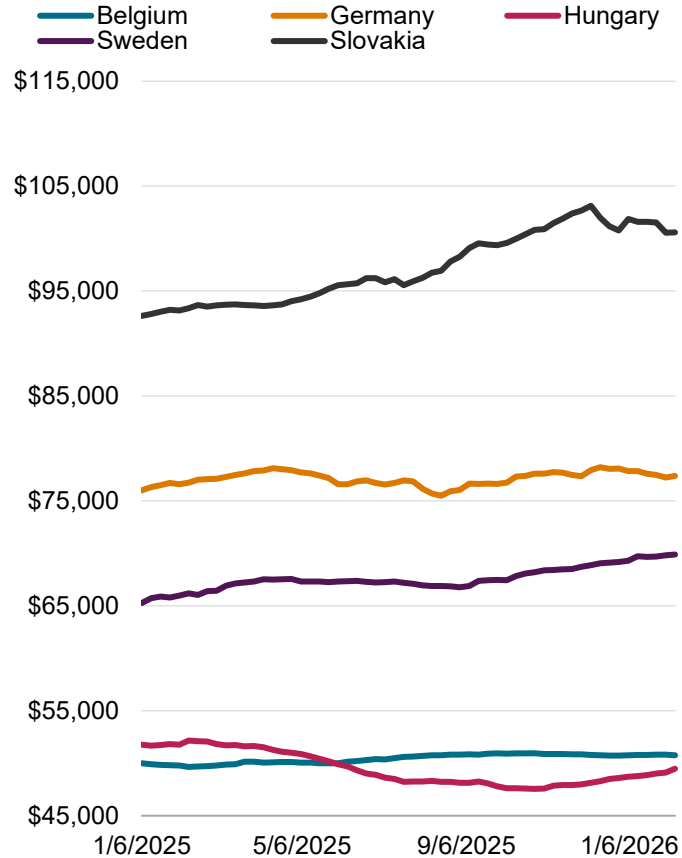
US MSRPs in Comparison: Starting to Rise as Tariff Costs Mount

Initial tariff impacts were cushioned by inventories and absorbed by manufacturers, that is changing...

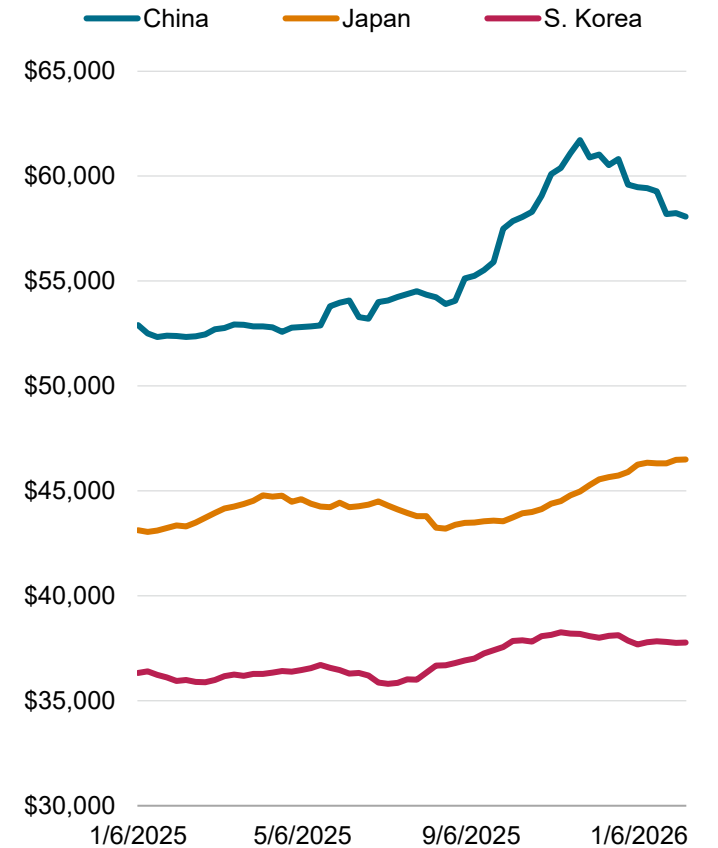
MSRP by country of origin



MSRP by country of origin



MSRP by country of origin

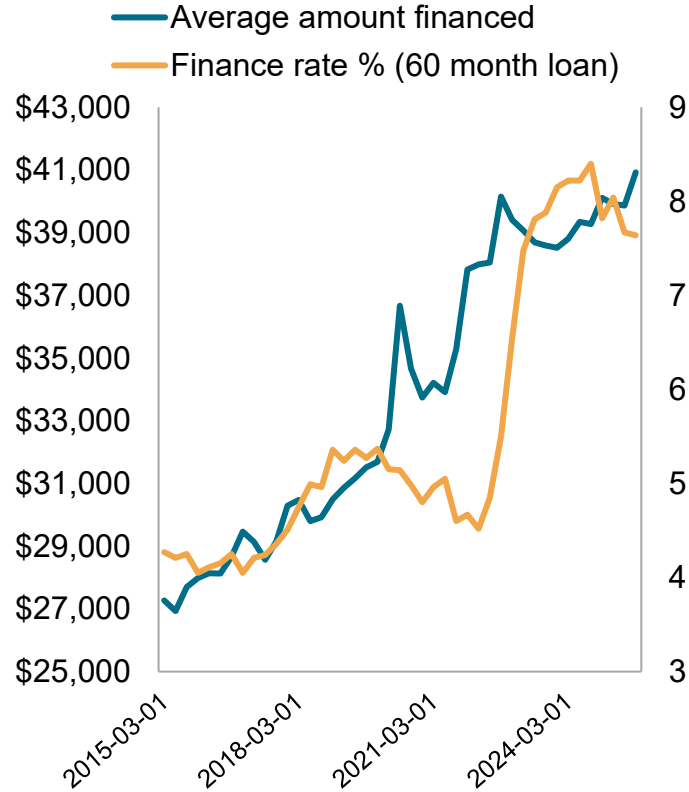


As of March 12, 2026.
Source: S&P Global Mobility Retail Inventory Tracker

Consumer Buying Conditions Remain Under Pressure

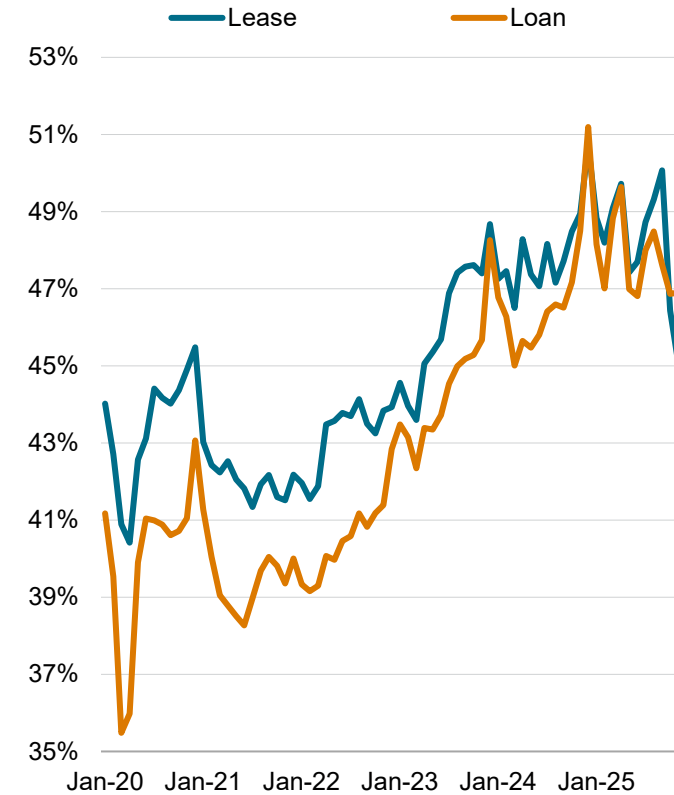
High prices, high interest rates and restrictive credit conditions unlikely to change near-term

Consumer finance conditions



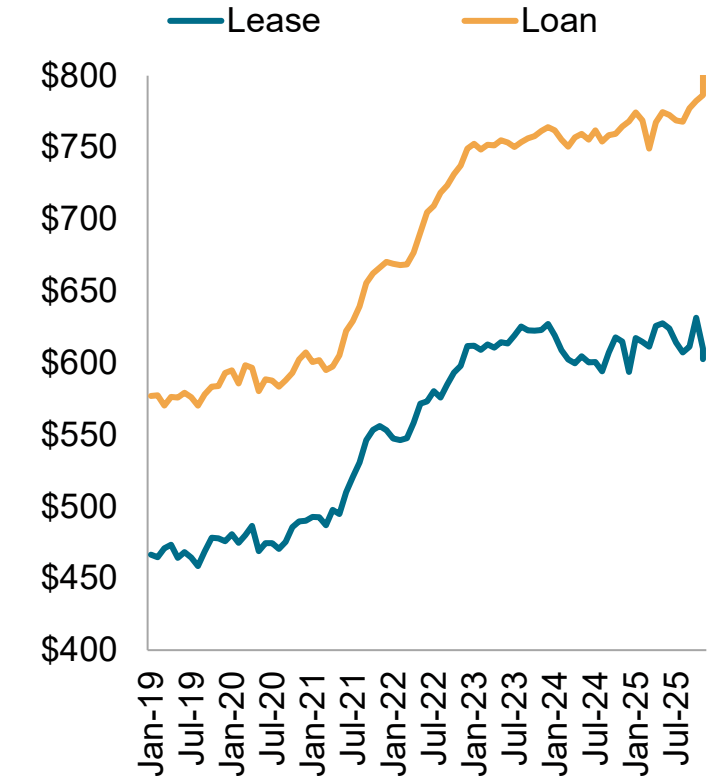
Data compiled Jan. 6, 2026.
Source: Board of Governors of the Federal Reserve System

Prime share by finance type



As of Feb. 20, 2026.
Source: S&P Global Mobility.

Avg. monthly payment by finance type

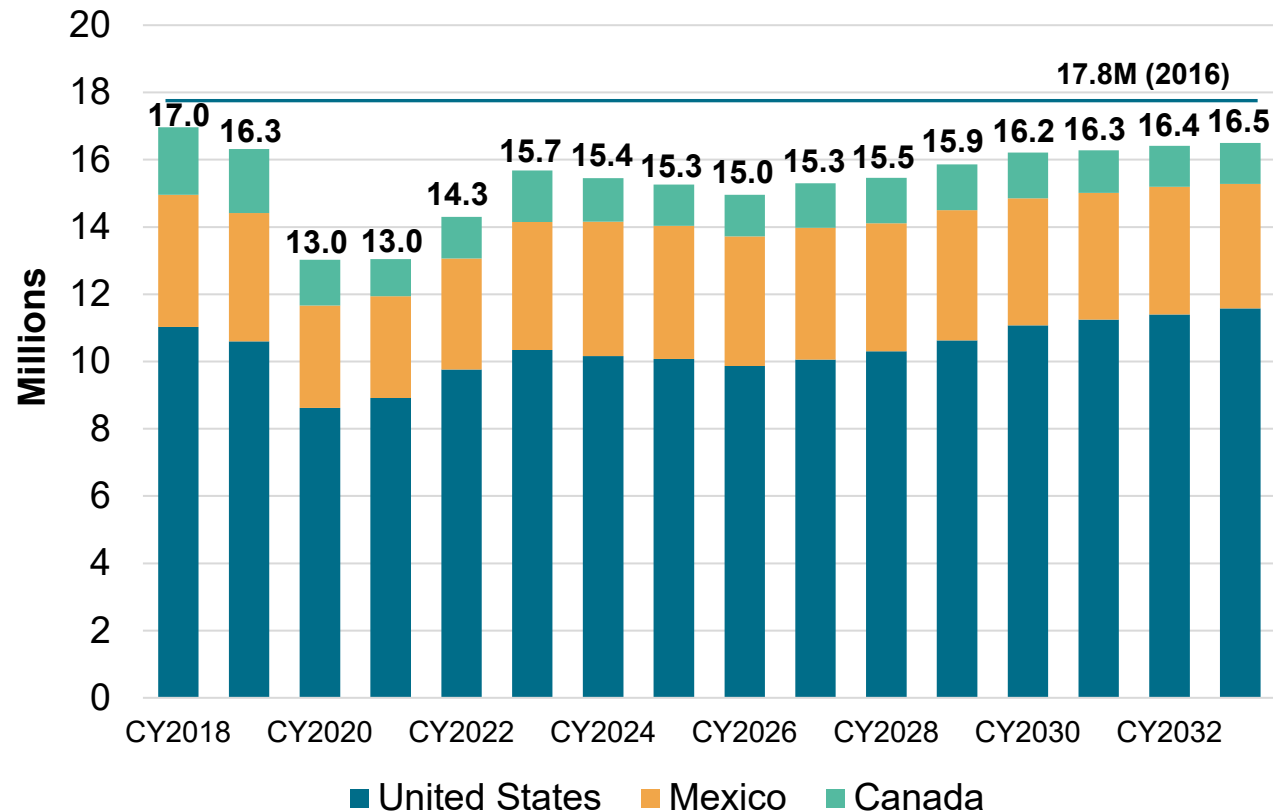


Data compiled Feb. 20, 2026.
Source: S&P Global Mobility.

North America: Short-term Outlook Influenced by Tariff Actions

Tariffs, massive BEV reset and vehicle pricing are critical concerns; **tariff overhang and Iran war remain key risks, yet production has been resilient; material US re-sourcing not likely until 2027 and beyond**

North America Light Vehicle Production Forecast



Data compiled April 16, 2026
Source: S&P Global Mobility

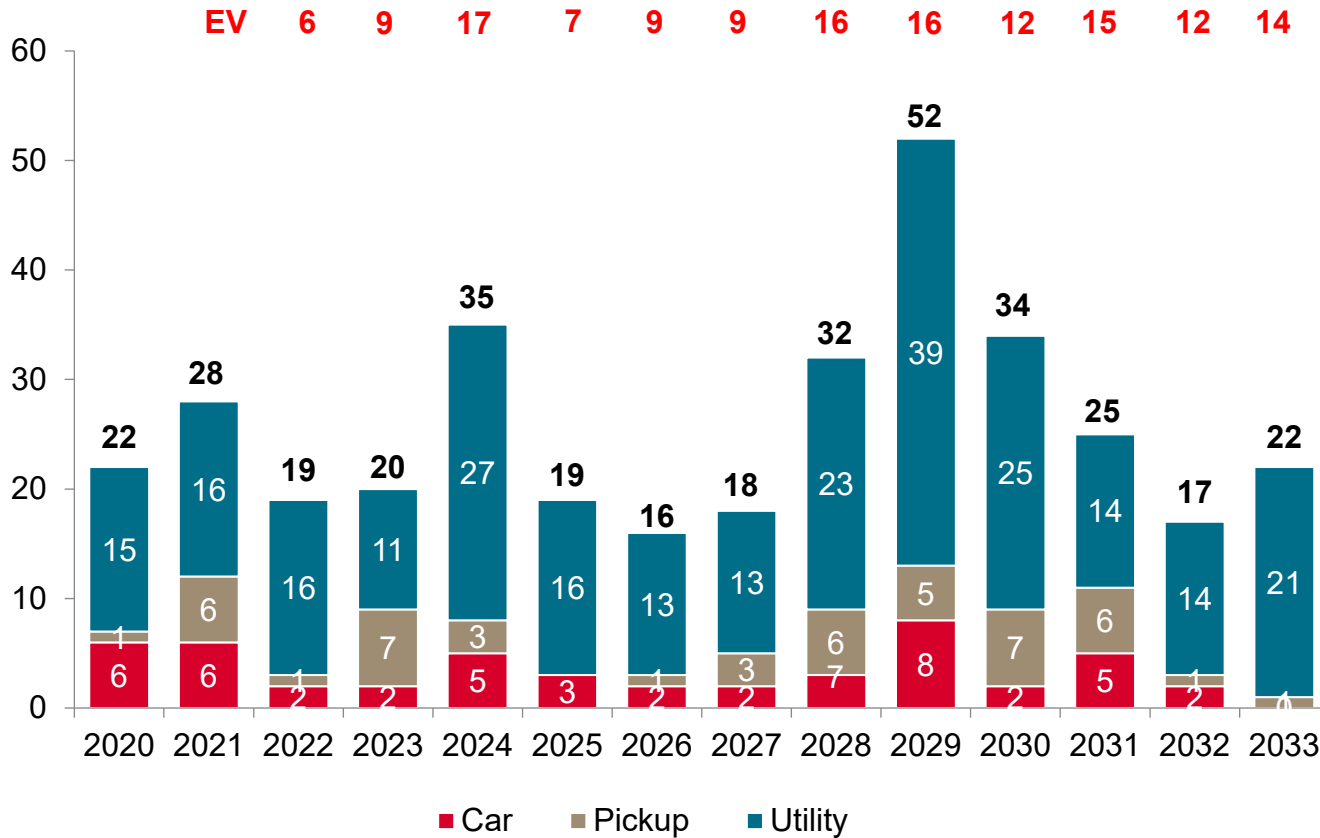
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- Mixed levels of certainty
 - Delay and defer
 - Extend status quo
 - Massive write-downs pressure planning
- US re-sourcing remains opportunistic and pragmatic, supported by trade agreements
- No immediate push for physical investments; Canada/Mexico deal is an exception
- Changes to emissions regulations favor ICE mix and improved relative affordability
- Growth in regionalization
 - Pressures to shorten supply chain
 - Tariffs and USMCA impact on sourcing

North American Light Vehicle Production Launches by Vehicle Type

Capital needs intensify with new launches; **Extraordinary volatility in timings adds risk through the supply chain**

North America Light Vehicle Production Launches



Data compiled April 16, 2026
Source: S&P Global Mobility

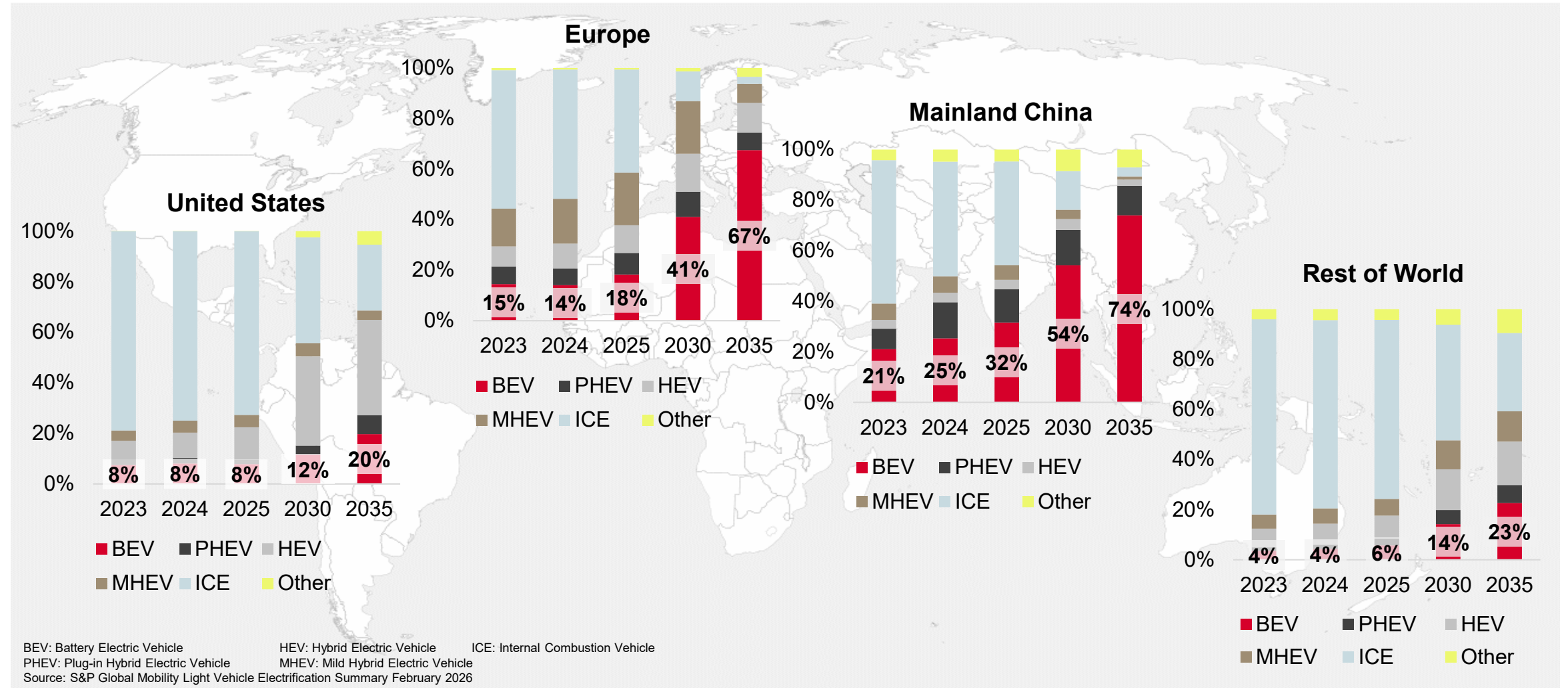
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Key Issues

- Entering a period of noteworthy launch volatility with all-new BEV models and refreshed ICE offerings
- Potential for high degree of variability in timings as automakers balance capital spending, technology deployment, sourcing, etc.
- **Watch for extensions to current vehicle programs – more minor/moderate facelifts to prolong lifecycles**
- BEV activity: 11% or 1.8 million units of North American production by 2030
- Product redundancy – model count grows on new BEV launches with legacy ICE programs serving as a hedge

Light Vehicle Electrification Trends by Region | Realignment of Expectations Continues...

Downgrades for US and Europe, China holds steady; Model count remains an issue in some markets



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Thank You!

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