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Fridays: Under the Hood

A diagnostic look into the weeks' most pertinent auto business news, complete with article links and a brief recap of the meat of the articles. If you want to earn a car dealers business, talk-their-talk. Display an understanding and interest in their business. **Under the Hood** gives you that edge.

F-Series drives Ford increase; Toyota snaps losing streak; Honda surges again; Hyundai, Kia post double-digit gains in May

<https://www.autonews.com/sales/may-us-auto-sales-ford-toyota-rise-honda-surges-hyundai-kia-gain>

U.S. light-vehicle sales were forecast to rise 18-20% in May, as retail selection improved, and automakers filled a backlog of fleet orders.

U.S. Light-Vehicle Sales, May & YTD

| | May, 2023 | May, 2022 | May change | 5 mos 2023 | 5 mos 2022 | 5 mos change |
|-------------------------------|----------------|----------------|--------------|------------------|------------------|--------------|
| Ford | 163,079 | 145,841 | 11.8% | 791,946 | 722,551 | 9.6% |
| Lincoln | 6,503 | 7,593 | -14.4% | 32,120 | 35,999 | -10.8% |
| Ford Motor Co. | 169,582 | 153,434 | 10.5% | 824,066 | 758,550 | 8.6% |
| Acura | 13,705 | 6,460 | 112.2% | 60,471 | 45,676 | 32.4% |
| Honda | 105,740 | 69,031 | 53.2% | 459,563 | 389,483 | 18% |
| American Honda | 119,445 | 75,491 | 58.2% | 520,034 | 435,159 | 19.5% |
| Genesis | 5,605 | 4,400 | 27.4% | 25,231 | 21,162 | 19.2% |
| Hyundai brand | 70,001 | 59,432 | 17.8% | 325,261 | 280,776 | 15.8% |
| Hyundai Motor America | 75,606 | 63,832 | 18.4% | 350,492 | 301,938 | 16.1% |
| Kia America | 71,497 | 57,941 | 23.4% | 323,838 | 268,198 | 20.7% |
| Hyundai-Kia | 147,103 | 121,773 | 20.8% | 674,330 | 570,136 | 18.3% |
| Mazda N.A. | 33,262 | 15,312 | 117.2% | 153,997 | 127,673 | 20.6% |
| Subaru of America | 54,531 | 42,526 | 28.2% | 248,924 | 220,620 | 12.8% |
| Lexus | 27,220 | 21,767 | 25.1% | 122,644 | 108,428 | 13.1% |
| Toyota | 159,985 | 154,223 | 3.7% | 720,428 | 767,114 | -6.1% |
| Toyota Motor N.A. | 187,205 | 175,990 | 6.4% | 843,072 | 875,542 | -3.7% |
| Total 6 Reporting OEMs | 711,128 | 584,526 | 21.7% | 3,264,423 | 2,987,680 | 9.3% |

Source: Automotive News Research & Data Center

●Toyota Motor Corp.'s May sales rose 6.4 percent to 187,204, with the Toyota brand up 3.7 percent and Lexus advancing 25 percent. Light trucks, up 11 percent, provided a major lift for the Toyota brand, offsetting a nine percent decline in cars. And combined sales of the Tacoma and Tundra pickups rose 35 percent to 31,048.

The automaker said it ended May with 153,742 Toyota and Lexus models in stock, with 27,255 at dealers and 126,487 in ports or in transit.

Ford Motor Co. on Friday said May U.S. sales rose 11 percent, with the Ford division up 12 percent but Lincoln down 14 percent. Led by a 43 percent increase in F-Series volume, Ford's overall pickup deliveries rose 32 percent last month.

Ford and Lincoln's combined utility vehicle sales dropped 9.7 percent with mixed results for core models – Bronco Sport, up 11 percent; Escape, up 32 percent; Bronco, down 13 percent; Edge, down 17 percent; and Explorer deliveries off 26 percent.

Sales at the Ford division have climbed sixth straight months now, while Lincoln volume has dropped three consecutive months. Lincoln's top three U.S. sellers in 2022 are all down so far this year: Corsair, off 42 percent; Nautilus, down 3.3 percent; and Aviator, off 16 percent.

Three core models – Accord, up 81 percent; Civic, up 98 percent and CR-V, up 95 percent – helped Honda Motor Co. to a 58 percent increase last month, with Honda division volume rising 53 percent and Acura up 146 percent. May marked American Honda's third straight monthly increase after a stretch of declines prompted by severe inventory shortages, resulting from tight microchip supplies and shipping woes.

The Honda division said sales of electrified models set a monthly record of more than 32,000 units in May.

Hyundai deliveries jumped 18 percent to 70,001, with retail volume rising 8 percent to 64,070. The company said it delivered 5,931 vehicles to fleet customers, or 8.5 percent of total May sales.

Kia, still hampered by one of the industry's lowest stockpiles, reported U.S. sales of 71,497, a jump of 23 percent and the company's second-best month ever. Four of the brand's core models – Soul, Seltos, Telluride and Carnival – posted big gains. Kia said its U.S. retail sales – a corporate priority – rose 21 percent to 65,197 last month, while keeping fleet deliveries around 8.5 percent of overall volume, or roughly 6,300 units in May.

Subaru deliveries jumped 28 percent to 54,531 in May, the company's tenth straight increase, behind three core models – Crosstrek, up 5.7 percent; Outback, up 17 percent and Forester, up 93 percent.

Mazda's sales advanced for the eighth consecutive month with May volume rising 117 percent to 33,262 vehicles.

Genesis set a May record with sales of 5,605, an increase of 27 percent, with the luxury brand's two crossovers, the GV70 and GV80, and electrified variants of the G80 and GV70, driving most of the month's gain. Genesis sales have now advanced seven consecutive months.

Pre-COVID inventory levels may not return

<https://www.autonews.com/sales/no-return-pre-covid-inventory-levels-sight>

New vehicle inventory might never return to pre-COVID levels, according to Cloud Theory. Both inventory and sales initially plummeted when the pandemic began in March 2020, but while sales recovered rapidly and even surpassed pre-pandemic levels in the ensuing months, inventory continued to drop, falling below 1 million by fall 2021. Inventory has climbed back toward 2 million in the last quarter of 2022 and the first quarter of 2023, but Rick Wainschel, Cloud Theory's head of data science and analytics, does not expect the industry to get back to the pre-COVID inventory levels of 3 to 3.5 million.

How inflation and higher interest rates have reshaped car buying for many Americans

<https://www.cnbc.com/2023/06/01/how-inflation-and-higher-interest-rates-changed-car-buying.html>

The Federal Reserve's battle to taper inflation by ratcheting up interest rates is limiting who can afford to purchase a new or used vehicle. The rate hikes have many Americans lowering their buying expectations, opting for used vehicles over new, or fixing their current car or truck instead of purchasing a replacement. It's hitting lower-income consumers, with credit scores below 620, the hardest, according to data insights firm Cox Automotive.

Dealerships Plan to Spend \$5.5B in EV Infrastructure

https://www.greencarreports.com/news/1139773_dealerships-plan-to-spend-5-5b-in-ev-infrastructure

Franchise dealerships anticipate spending \$5.5 billion on new infrastructure to sell EVs, according to the National Automobile Dealers Association (NADA), a car dealer trade group. Individual brands are asking dealerships to invest anywhere from \$100,000 to \$1 million, according to the group, and costs "do not necessarily include the specialized equipment purchases needed to service EVs or the additional costs from local utilities for extending new power lines or adding transformers" to support EV charging.

Electric trucks will force automakers to change the way they one-up each other in the cutthroat pickup market

<https://www.businessinsider.com/electric-trucks-automakers-ford-gm-battle-market-share-2023-5>

The industry's cutthroat truck wars are bleeding over into the electric-vehicle market, with press releases touting an extra few miles of range here or some added towing capacity there. The additional 50 or 100 miles of range in the Chevrolet Silverado over the Ford

Lightning, for example, might make all the difference to an on-the-fence consumer worried about charging – especially when using these vehicles as intended (towing and hauling) impacts factors like range.

What to know about buying a used car even as average prices have come down slightly

<https://www.freep.com/story/money/cars/general-motors/2023/05/26/used-car-prices-cooled-for-now-but-dont-look-for-bargains-this-year/70244827007/>

If you're looking to buy a pre-owned vehicle, there's good news and bad news. The good news is that prices for used cars have come down from the all-time highs recorded last year. But the bad news is that inventory remains just tight enough and demand just high enough that prices remain at historic highs and are not likely to come down anytime soon, according to the first quarter 2023 [Used Vehicle Report](#) from car shopping site Edmunds.com.

Ford CEO says EV cost parity may not come until after 2030

<https://www.reuters.com/business/autos-transportation/ford-ceo-says-ev-cost-parity-may-not-come-until-after-2030-2023-05-31/>

Electric vehicles may not reach cost parity with internal combustion engine vehicles until after 2030, Ford Chief Executive Jim Farley said on Wednesday. Speaking at an investor conference, Farley said EVs will continue to be more expensive than their ICE counterparts until the second and third generation vehicles go into production after 2025.

Monthly Subscriptions Pan Out for Ford

<https://www.autodealertodaymagazine.com/371028/monthly-subscriptions-pan-out-for-ford>

Ford Pro expects to make \$2,000 per vehicle annually through subscriptions, equivalent to \$167 per month.

What Ford's backing of Tesla chargers means for the future of EVs

https://www.axios.com/2023/05/26/ford-tesla-ev-chargers?utm_source=newsletter&utm_medium=email&utm_campaign=newsletter_axioswhatsnext&stream=science

Ford's unexpected embrace of Tesla's charging technology dramatically escalates the battle for the future of electric vehicle (EV) charging – the next great Lightning vs. USB-C or VHS vs. Betamax-style standardization war. Why it matters: EVs won't go mainstream until refueling them is as simple as filling up a gas-powered car. As two competing standards – Tesla's favored NACS and CCS, used by most other EV makers – duel it out for supremacy, everyday drivers will be left confused and frustrated.

Ford adds 1,000 Escapes to mobile service fleet

<https://www.autonews.com/service/ford-adding-1000-escapes-dealers-mobile-service-fleets>

Ford Motor Co. on Tuesday said it is adding Escape crossovers to its roster of mobile service vehicles, in addition to Transit vans, so dealers can expand their reach and more quickly address recalls and other issues. The automaker said that by year end, its retailers will launch 1,000 Escapes for light maintenance and repair work, software updates and some recall fixes. Each Escape will be upfitted with a jumper cable charger, inverter, and harness and tools provided by the dealer, Ford said.

Ford quadruples price of BlueCruise technology, triggers Mustang Mach-E owner backlash

<https://www.freep.com/story/money/cars/ford/2023/05/27/ford-spikes-price-of-bluecruise-driver-assist-tech-stirs-backlash/70261842007/>

When it comes to long trips and hands-free driving, the cost of Ford BlueCruise has surged. Customers may choose a three-year subscription for \$2,100 as part of a vehicle purchase or wait and decide later, activating a 90-day trial period before deciding to purchase a subscription. BlueCruise renewal pricing was also updated to an annual rate of \$800 or a monthly rate of \$75. Previously, customers paid \$200 annually. The price quadrupled.

Honda, Acura well positioned in 2023, says American Honda's Mamadou Diallo

<https://www.autonews.com/top/hondas-mamadou-diallo-honda-acura-well-positioned-2023>

U.S. sales rose for the 10th-straight month in May at Hyundai and Kia, helped by rising inventory and incentives and sharply higher fleet deliveries. Hyundai deliveries jumped 18 percent to 70,001, with retail volume rising 8 percent to 64,070. The company said it delivered 5,931 vehicles to fleet customers, or 8.5 percent of total May sales. Kia, still hampered by one of the industry's lowest stockpiles, reported U.S. sales of 71,497, a jump of 23 percent and the company's second-best month ever.

Acura Campaign Provides Glimpses Of Brand's Electrified Future

<https://www.forbes.com/sites/dalebuss/2023/05/31/acura-campaign-provides-glimpses-of-brands-electrified-future/?sh=6ef9c9817c8f>

Acura's latest brand campaign begins opening a portal to the electrified future of the Honda-owned luxury-performance brand even as it underscores the gasoline-powered chops of a marque that has been working for years to be admired for how it tears down the highway.

Toyota's U.S. production takes on GM and Ford in EV race

<https://www.freep.com/story/money/cars/2023/05/31/toyotas-us-production-gm-ford-ev/70272279007/>

The automaker said in a news release Wednesday it will build an all-electric SUV on U.S. soil starting in 2025 and it is investing an additional \$2.1 billion to make the lithium-ion batteries for it in the States, too. Toyota and Lexus plan to bring 30 EVs to markets globally and sell up to 3.5 million EVs by 2030. Ford, which offers the E-Transit, Mustang Mach-E SUV and Lightning pickup, said it hoped to make 600,000 EVs by year-end, and eventually make 2 million EVs annually by late 2026. GM plans to bring 30 new EVs to markets worldwide by 2025.

Toyota's First US-Made Electric Vehicle Will Be a Big SUV

<https://www.bloomberg.com/news/articles/2023-05-31/toyota-plans-3-row-electric-suv-for-its-first-us-made-ev-model#xj4y7vzkg>

Toyota Motor Corp. is going big for its first all-electric vehicle made in the US, announcing plans on to build a three-row sport utility vehicle at its plant in Kentucky. Production of this debut EV made in the US will start in 2025. The electric SUV will use batteries from a new factory in North Carolina, the Japanese automaker said Wednesday. Toyota is also investing an additional \$2.1 billion into the US lithium-ion battery plant currently under construction. That will bring the company's total investment in the battery facility to \$5.9 billion. It decided to build the plant near Greensboro, North Carolina, in 2021.

Honda, Acura well positioned in 2023, says American Honda's Mamadou Diallo

<https://www.autonews.com/top/hondas-mamadou-diallo-honda-acura-well-positioned-2023>

American Honda sees sunnier skies in 2023. After struggling to get production back on track following the pandemic,

which resulted in 17 months of consecutive sales declines, the Japanese automaker started this year off strong with roughly twice the amount of inventory and double-digit growth through April. Mamadou Diallo, American Honda Motor Co.'s executive vice president of national operations, who stepped into his role that month, said the Honda brand is on track to post sales of 1.2 million, and the Acura brand is aiming for 160,000 sales.

Kia no longer just a value brand, says America CEO Sean Yoon

<https://www.autonews.com/talk-top/kia-america-ceo-sean-yoon-value-brand-label-no-longer-valid>

Kia is a much different company in 2023 compared with five years ago when it focused on value vehicles with a hefty discount. A transformative image overhaul, an emphasis on crossovers – including the three-row Telluride, which is in high demand – and more disciplined incentive spending has helped Kia change consumer perceptions, improve residual values and increase average transaction prices across its lineup, said Sean Yoon, 57, CEO of Kia North America and Kia America.

Soon You Can Videoconference From Your Audi

<https://www.bnnbloomberg.ca/soon-you-can-videoconference-from-your-audi-1.1927789>

Volkswagen AG is partnering with Cisco Systems Inc. to install software in cars so that drivers can conduct work meetings on the road. The German automaker plans to include a version of Webex among its offerings in the in-car app store that will be available in some Audi models in July, according to a statement Thursday. The software allows users to “seamlessly transition” from Webex meetings on their electronic devices to their car, the company said.

Volkswagen brings VW bus back to North American market after 20 years

<https://www.reuters.com/business/autos-transportation/volkswagen-brings-vw-bus-back-north-american-market-after-20-years-2023-06-02/>

Volkswagen will start selling battery-powered versions of its VW bus in North America from 2024 onwards, the carmaker said on Friday, in what marks the reintroduction of the iconic model after a two-decade hiatus. The introduction of the fully electric ID. Buzz will also include an extra-long version that can seat up to seven passengers and features a larger 85 kilowatt hour (kWh) battery to increase range.

Volkswagen Bets an Old SUV Can Help It Win Over Americans

<https://www.wsj.com/articles/volkswagen-bets-an-old-suv-can-help-it-win-over-americans-85319f04>

After decades of trying to sell German engineering to Americans only to end up with a tiny slice of the world’s most profitable car market, Volkswagen has a new strategy: Pretend it is American. VW is hoping that the combination of a U.S. brand, a marketing message heavy on Americana, and a foray into SUVs and pickup trucks—the biggest and most profitable segment of the U.S. car market—can finally boost its presence in the country.

Genesis GV80 SUV Quickly Has Validated Brand’s Luxury Chops

<https://www.forbes.com/sites/dalebuss/2023/05/31/genesis-gv80-suv-quickly-has-validated-brands-luxury-chops/?sh=64f514537b42>

The rise of Genesis as a formidable luxury brand has been a fast one, bringing the Hyundai-owned mark the kind of huge measure of success in just several years that it took Japanese luxury brands Lexus,

Infiniti and Acura decades to achieve. Genesis GV80, of course, is one of the main reasons.

Apps High on EV Owners' List

https://www.autodealertodaymagazine.com/370986/apps-high-on-ev-owners-list?NL=WAW-10&Issue=WAW-10_20230531_WAW-10_317&sfvc4enews=42&cl=article_3

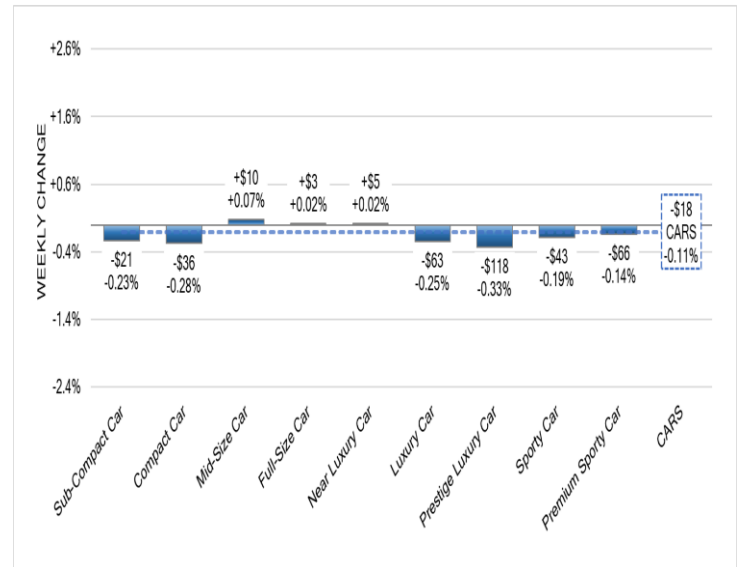
Electric-vehicle owners use vehicle makers' mobile applications more often but tend to be less satisfied with the app features most important to them, a J.D. Power study found. Usage of the apps has increased among both EV owners and owners of gas-powered vehicles in recent year, J.D. Power says, though 66% of EV owners use them for at least half of their trips.

Black Book: Weekly Market Update

<https://www.autodealertodaymagazine.com/370988/black-book-weekly-market-update-6>

The market continued to decline last week, the truck segments reporting an acceleration in the rate of depreciation and the largest single week decline since late January. The full-size van segment reported the largest decline since 2019, but the values remain elevated, many still surpassing original MSRP.

Car Segments



Truck / SUV Segments

