THE GLOBAL ECONOMY IS HEALTHY
AND THAT’S GOOD FOR AUTO SALES
GLOBAL GROWTH REMAINS HEALTHY

Real GDP Growth
Y/Y (Pct.)

Source: International Monetary Fund
INFLATION REMAINS CONTAINED...

CPI Inflation versus Central Bank Target
Y/Y % Change

Sources: National Central Banks, Haver Analytics; Calculations: GM Economics Team
ALLOWING FOR BROADLY ACCOMMODATIVE MONETARY POLICIES

Central Bank Policy Rates (%)

Sources: National Central Banks, Haver Analytics. Calculations: GM Economics Team
THE U.S. ECONOMY HAS REACHED THE SPEED LIMIT
THE U.S. ECONOMY IS STRONG

Sources: National Central Banks, Haver Analytics. Calculations: GM Economics Team
UNEMPLOYMENT IS AROUND HISTORIC LOWS

Source: Bureau of Labor Statistics
LABOR FORCE PARTICIPATION RATE IS RECOVERING DESPITE DEMOGRAPHIC HEADWINDS

Source: Bureau of Labor Statistics
TAX REFORM = SIGNIFICANT FISCAL STIMULUS

Estimated Budget Effects of Tax Reform
Billions of Dollars, Fiscal Years

Source: Joint Committee on Taxation
U.S. INFLATION IS MODERATE, THE FED IS PATIENT

Source: Federal Reserve Board

Fed Funds Rate
Core PCE Inflation
Fed Inflation Target

Source: Federal Reserve Board
RATES ARE RISING MORE SLOWLY THAN IN PAST CYCLES

Cumulative Change in Policy Rate During Cycle

Sources: Federal Reserve Board, Haver Analytics; Calculations: General Motors

Months After Start of Rate Hike Cycle
...CONTRIBUTING TO A STRENGTHENING USD

Nominal Broad Trade-Weighted Value of the USD
January 1997 = 100

Source: Federal Reserve Board, Haver Analytics
HOUSEHOLD BALANCE SHEETS ARE IN GOOD SHAPE

Source: Federal Reserve Board
CONSUMER SENTIMENT IS HIGH

University of Michigan Consumer Sentiment Index

Source: University of Michigan
HOUSEHOLDS PLANNING TO BUY A VEHICLE STILL HIGH, BUT OFF 2017 PEAK

Plans to Buy a Vehicle Within 6 Months
12-month moving average, Pct.

Source: The Conference Board
SHIFT FROM CARS TO Crossovers & SUVs ACCELERATES

Market Share (Pct.)

Sources: GM Sales Reporting System

Car | Crossover/SUV | Truck

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</tr>
</thead>
<tbody>
<tr>
<td>76%</td>
<td>23%</td>
<td>1%</td>
<td>3%</td>
<td>6%</td>
<td>9%</td>
<td>12%</td>
<td>15%</td>
<td>18%</td>
<td>21%</td>
<td>24%</td>
<td>27%</td>
<td>30%</td>
<td>33%</td>
<td>36%</td>
</tr>
</tbody>
</table>

Car: 76% to 24%
Crossover/SUV: 1% to 46%
Truck: 23% to 24%
TRUCK AND CROSSED SPENDING KEEPS RISING

Average Expenditure on Vehicles, $

- **Car**: 12%
- **Crossover/SUV/Truck**: 32%

Sources: Bureau of Economic Analysis
2018 U.S. AUTO SALES NEAR RECORD HIGH: 17.7M
2019 CONSENSUS: 17.2M

U.S. Industry SAAR

US Industry SAAR (Mil.)
US 6-mma SAAR

Sources: GSRA
LONG-TERM, U.S. AUTO SALES CONTINUE TO TREND UP

Auto Sales, Million Units

Sources: Bureau of Economic Analysis; Shading Indicates Recession
CHINA’S SLOWING GROWTH IS STILL AMONG THE FASTEST IN THE WORLD
CHINA’S ECONOMY CONTINUES RAPID BUT SLOWING GROWTH

Real GDP Growth (%)

Share of GDP

Source: China National Bureau of Statistics
CHINA’S GOVERNMENT HAS DRIVEN DELEVERAGING, ATTACKING SHADOW BANKING

China Debt as % of GDP

Change In Loans Outstanding, Y/Y (%)

Source: Bank for International Settlements, People’s Bank of China
CHINA AUTO SALES SHOWED Y/Y GROWTH IN JANUARY AFTER FALLING FOR SIX MONTHS

Source: GM Global Sales Reporting
CHINA REMAINS THE MOST POWERFUL ENGINE OF GLOBAL GROWTH

G20 Countries; Real GDP = Bubble Size

Countries below include Germany, Canada, Mexico, Japan, Brazil, and others

Argentina

Real GDP Growth (Billions)

Real GDP (Y/Y % Change)
LET’S LOOK AT THE RISKS
OIL PRICES LIKELY TO REMAIN MODERATE IN THE LONGER TERM

WTI (Real, 1985 = 100)

Source: Energy Information Administration
GLOBAL DEBT LEVELS LIMIT CAPACITY TO MANAGE A RECESSION

General Government Gross Debt
G7 Countries and China, % of GDP

- Japan
- Italy
- G7 Average
- U.S.
- France
- U.K.
- Canada
- Germany
- China

Source: International Monetary Fund
### TARIFFS POSE DOWNSIDE RISKS TO GLOBAL ECONOMY

Comparison of Trump Administration Tariffs by Import Value

<table>
<thead>
<tr>
<th>TARIFF</th>
<th>STATUS (as of 2/17)</th>
<th>IMPORTS COVERED ($ Bil.)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Solar Panels, Washing Machines</td>
<td>In Effect</td>
<td>$10</td>
</tr>
<tr>
<td>Steel and Aluminum</td>
<td>In Effect</td>
<td>$45</td>
</tr>
<tr>
<td>Tariffs on China</td>
<td>In Effect, Under Consideration</td>
<td>$250, $267</td>
</tr>
<tr>
<td>Automobiles and Auto Parts</td>
<td>Under Investigation</td>
<td>$360</td>
</tr>
</tbody>
</table>

Source: Peterson Institute of International Economics, U.S. Bureau of Economic Analysis
# NAFTA MATTERS MOST
MEXICO IS THE #1 IMPORT SOURCE
CANADA IS THE #1 EXPORT DESTINATION

**Total Car and Truck Trade**

<table>
<thead>
<tr>
<th></th>
<th>Imports</th>
<th>Exports</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mexico</td>
<td>$53.4</td>
<td>$3.7</td>
</tr>
<tr>
<td>EU28</td>
<td>$47.8</td>
<td>$9.3</td>
</tr>
<tr>
<td>Germany</td>
<td>$23.6</td>
<td>$5.7</td>
</tr>
<tr>
<td>Canada</td>
<td>$44.6</td>
<td>$27.0</td>
</tr>
<tr>
<td>Japan</td>
<td>$43.7</td>
<td>$0.0</td>
</tr>
<tr>
<td>Korea</td>
<td>$15.7</td>
<td>$1.5</td>
</tr>
<tr>
<td>Rest of the World</td>
<td>$4.8</td>
<td>$24.7</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$210.2</strong></td>
<td><strong>$66.2</strong></td>
</tr>
</tbody>
</table>

Source: Peterson Institute of International Economics
GLOBAL ECONOMIC OUTLOOK

Global growth remains healthy, but has slowed modestly.

The U.S. economy grew rapidly in 2018, and we expect above-trend growth in 2019. Amid rising risks and uncertainty, the Fed is pausing.

China’s economy has been slowing due to government-driven deleveraging. In the face of U.S. tariffs, the Chinese government is now taking measures to support growth.

Oil prices should remain moderate, barring adverse geopolitical events.

Key risks to global growth: Rising protectionism and policy errors.
THANK YOU