

The Dynamic Forces Reshaping the U.S. Auto Industry's Future

32ND ANNUAL AUTOMOTIVE INSIGHTS SYMPOSIUM
4 FEBRUARY 2026

KRISTIN DZICZEK

KRISTIN.DZICZEK@CHI.FRB.ORG

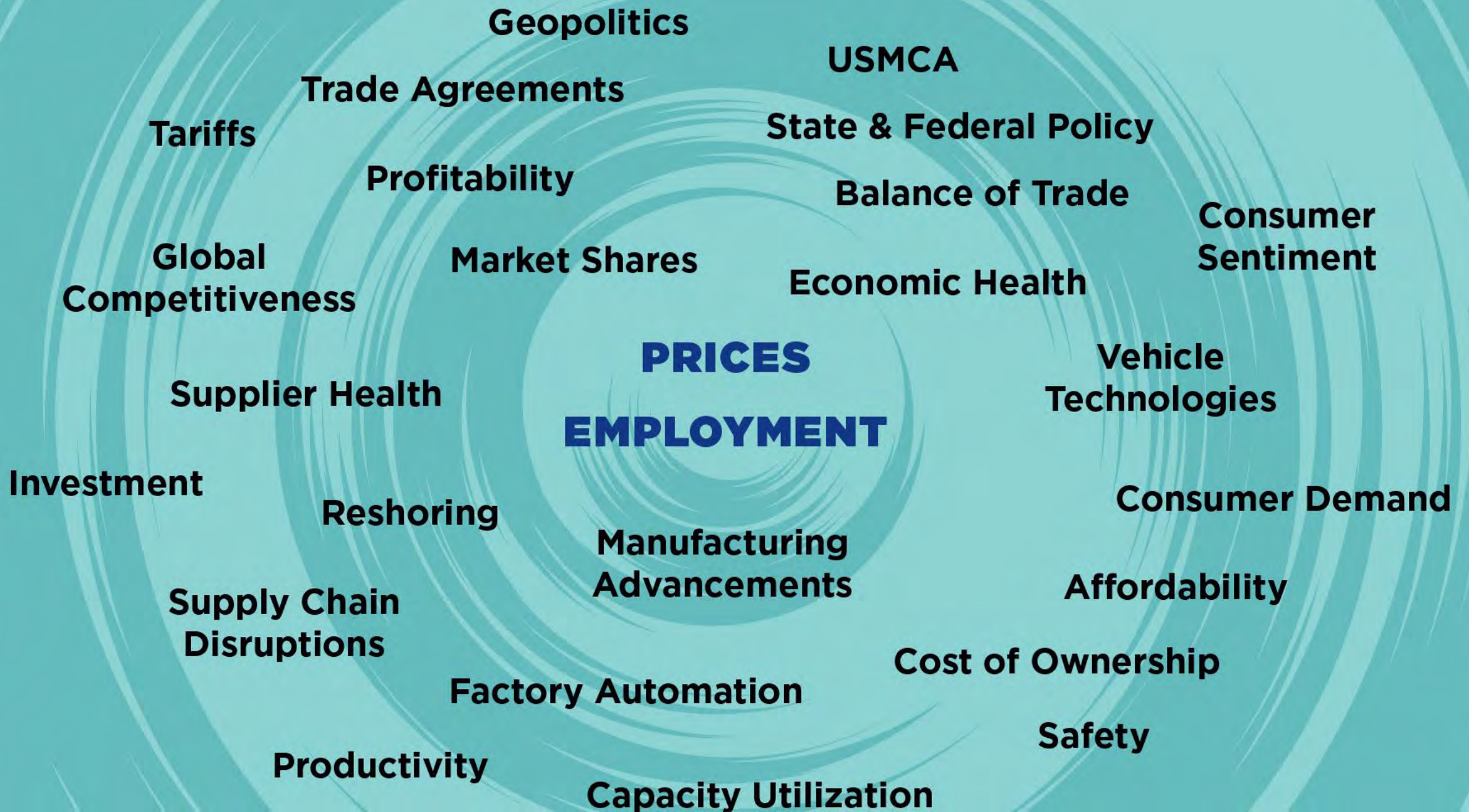
POLICY ADVISOR

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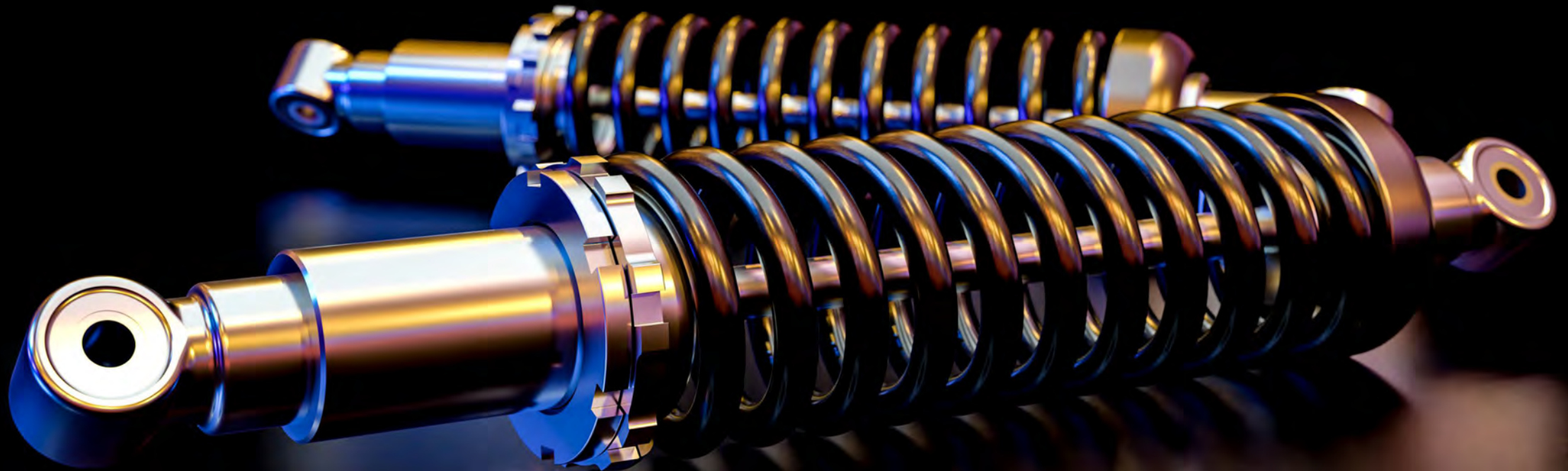
*The views expressed here do not necessarily reflect the views of the
Federal Reserve Bank of Chicago or the Federal Reserve System.*

The background of the slide features a series of concentric circles in a teal color, creating a ripple effect that draws the eye towards the center.

PRICES EMPLOYMENT



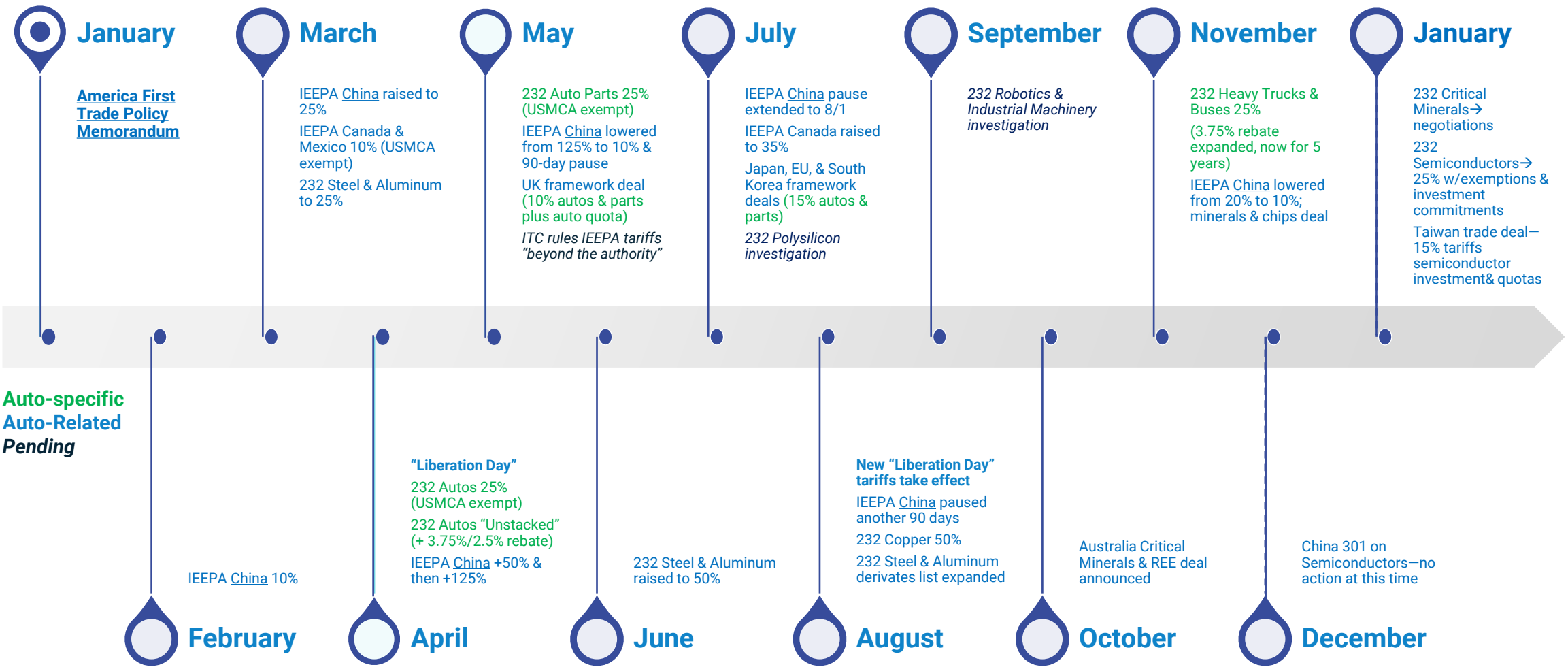
2025: Absorbed the Shocks, Stayed on Track



“The Year of Tariffs”

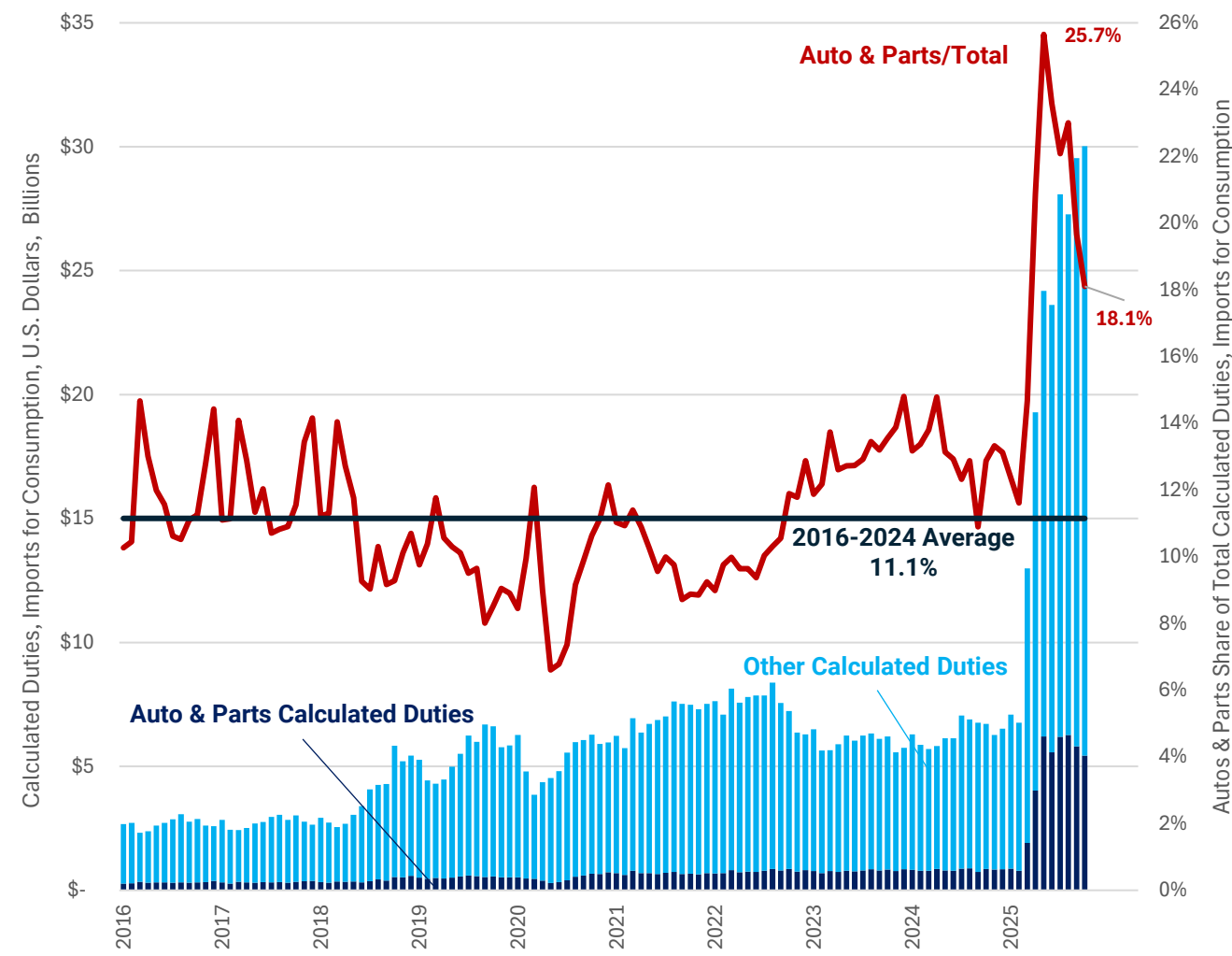
TARIFFS & TRADE

Abbreviated 2025 Auto & Related Products U.S. Trade Timeline, 2/1/2026



Source: [Trump's trade war timeline 2.0: An up-to-date guide | PIIE](#)

Autos & Parts Duty Share Jumped 2.3X to 25.7% of Total in 2025, Now at 18.1%



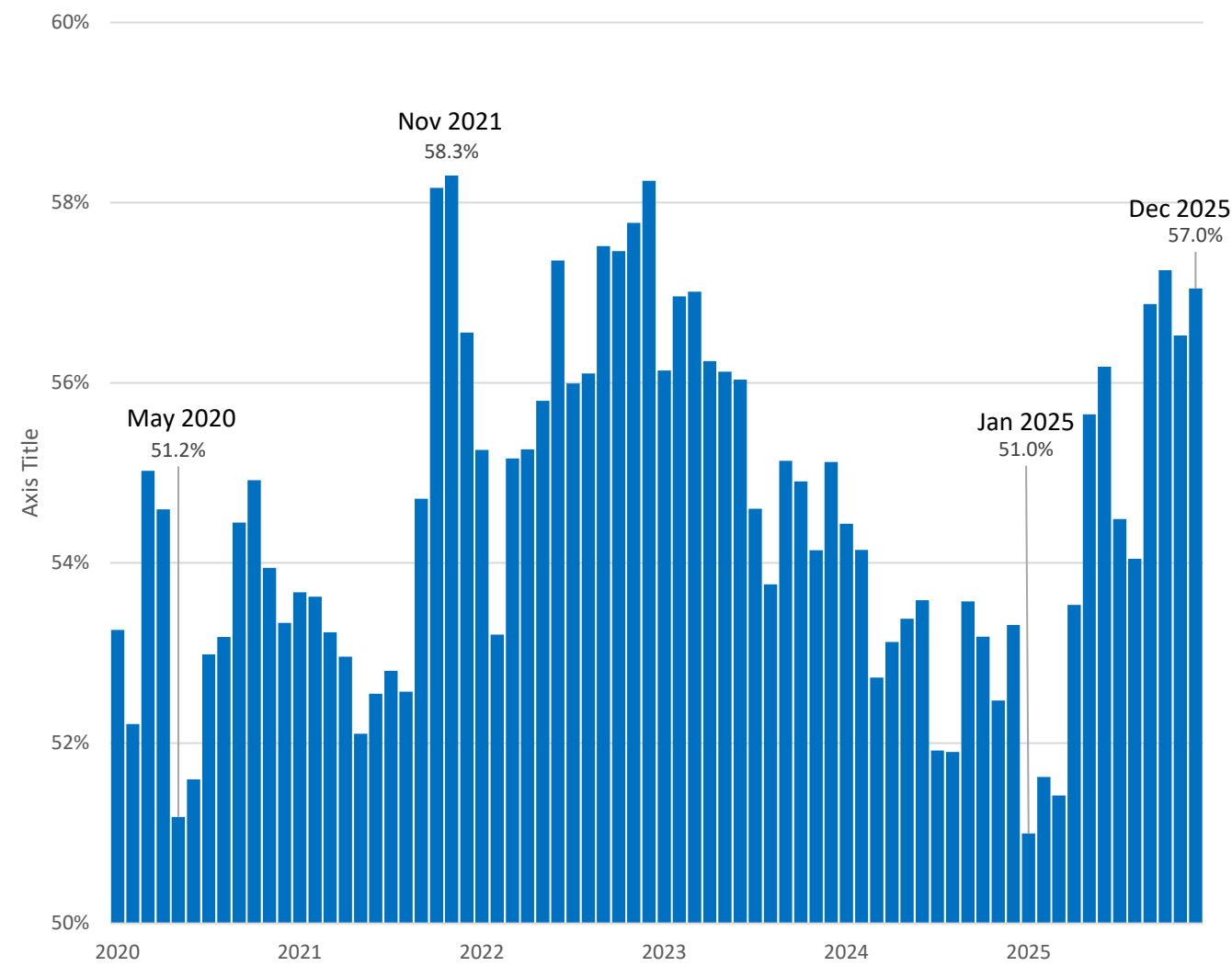
Source: U.S. Bureau of the Census, Calculated Duties, Total and Automotive & Parts Imports for Consumption, U.S. International Trade Commission DATAWEB using U.S. International Trade Administration HS codes for light vehicle & motor vehicle parts.



Back to the U.S.?



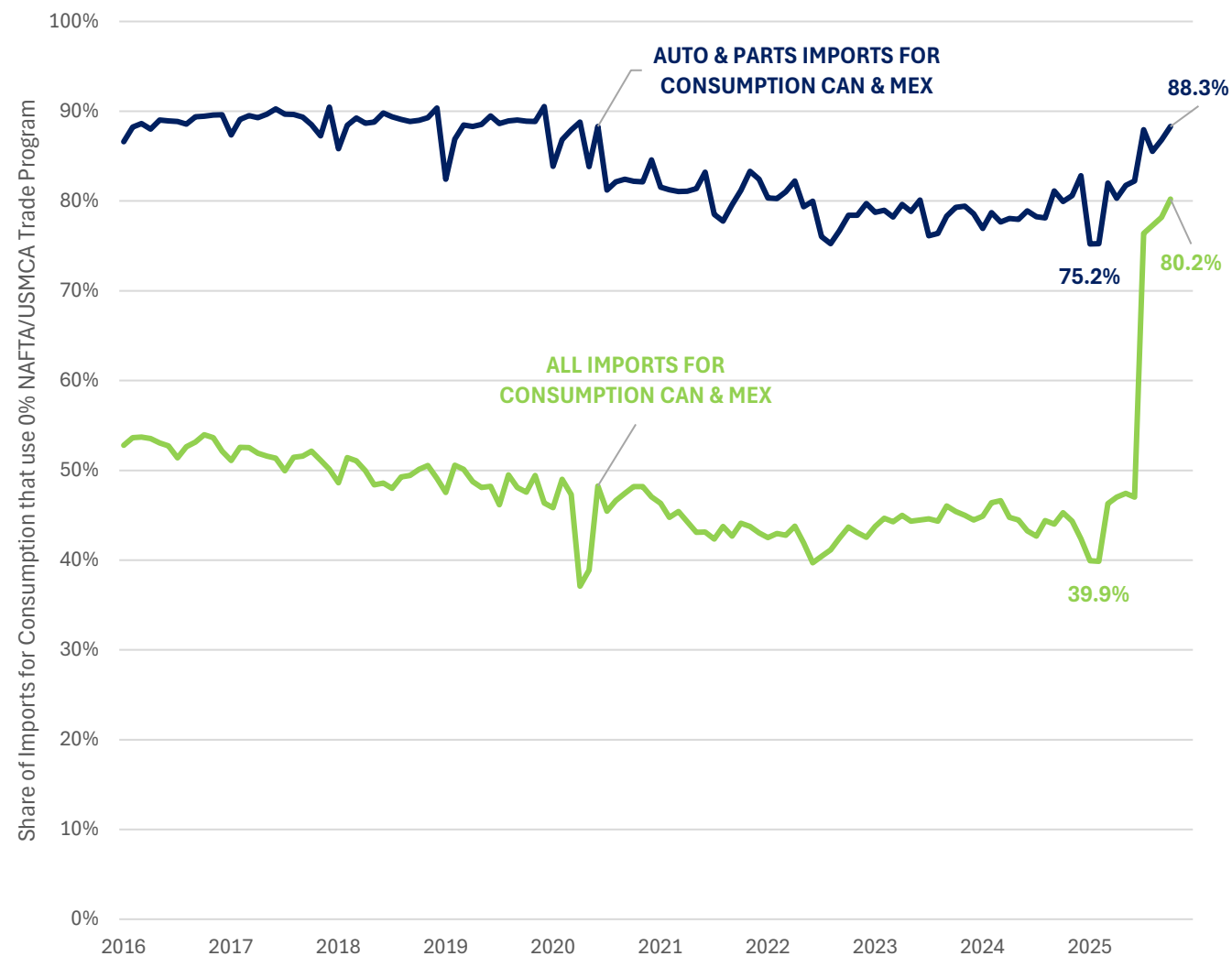
Share of U.S. Sales Built in the U.S.





Source: Getty Images

Rising USMCA Tariff Compliance in 2025: Canada/Mexico Trade



Source: Author's analysis of U.S. Bureau of the Census, Total and Automotive & Parts Imports for Consumption, from Canada & Mexico by Import Program=NAFTA/USMCA & Rate Codes=Free; U.S. International Trade Commission DATAWEB using U.S. International Trade Administration HS codes for light vehicle & motor vehicle parts.

January-October 2025
Domestic Light Vehicle Exports:

-20% YoY

Light Vehicle Imports:

-13% YoY



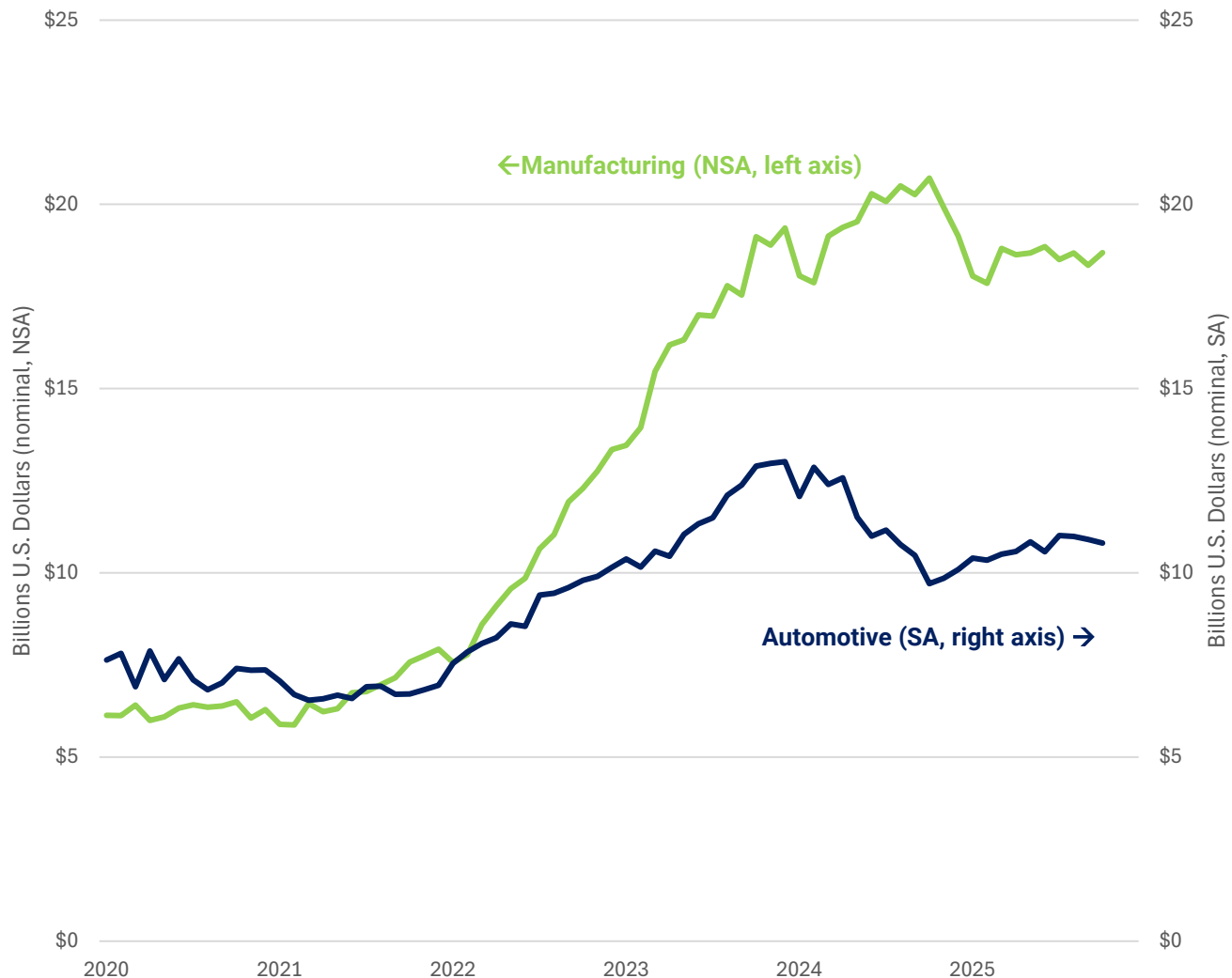
marinetraffic

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Source: Author's analysis of U.S. Bureau of the Census, Automotive Imports for Consumption & Domestic Exports First Unit of Quantity from U.S. International Trade Commission DATAWEB using U.S. International Trade Administration HS codes for light vehicles..

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Growth in Manufacturing & Automotive Investment Has Slowed in 2025



Source: U.S. Department of Commerce, Bureau of the Census, U.S. Private Manufacturing Construction Value & Automotive Construction Value Put in Place
 32nd Annual Automotive Insights Symposium, 4 February 2026

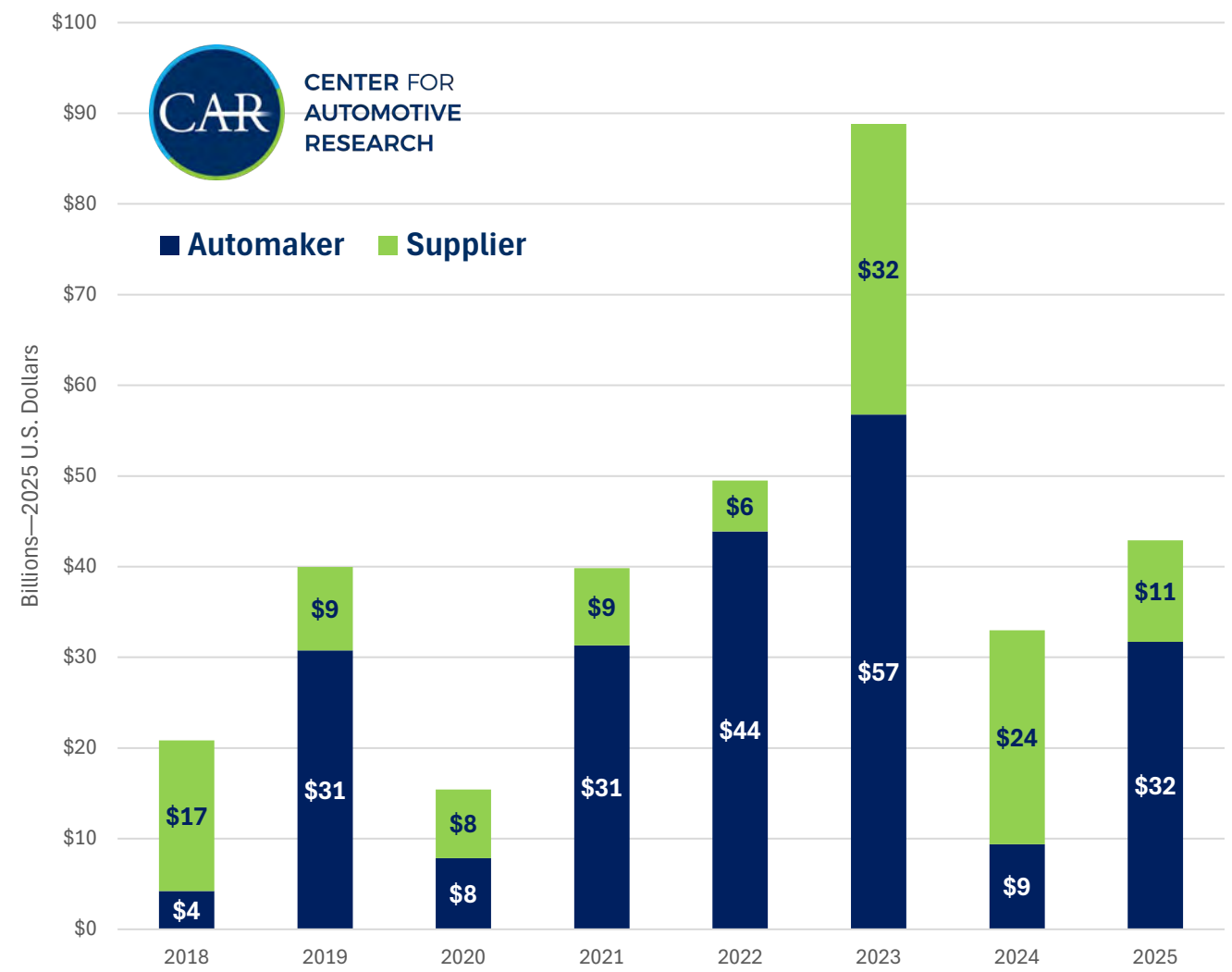


Source: Rivian (Stanton Springs, Georgia Plant Construction)

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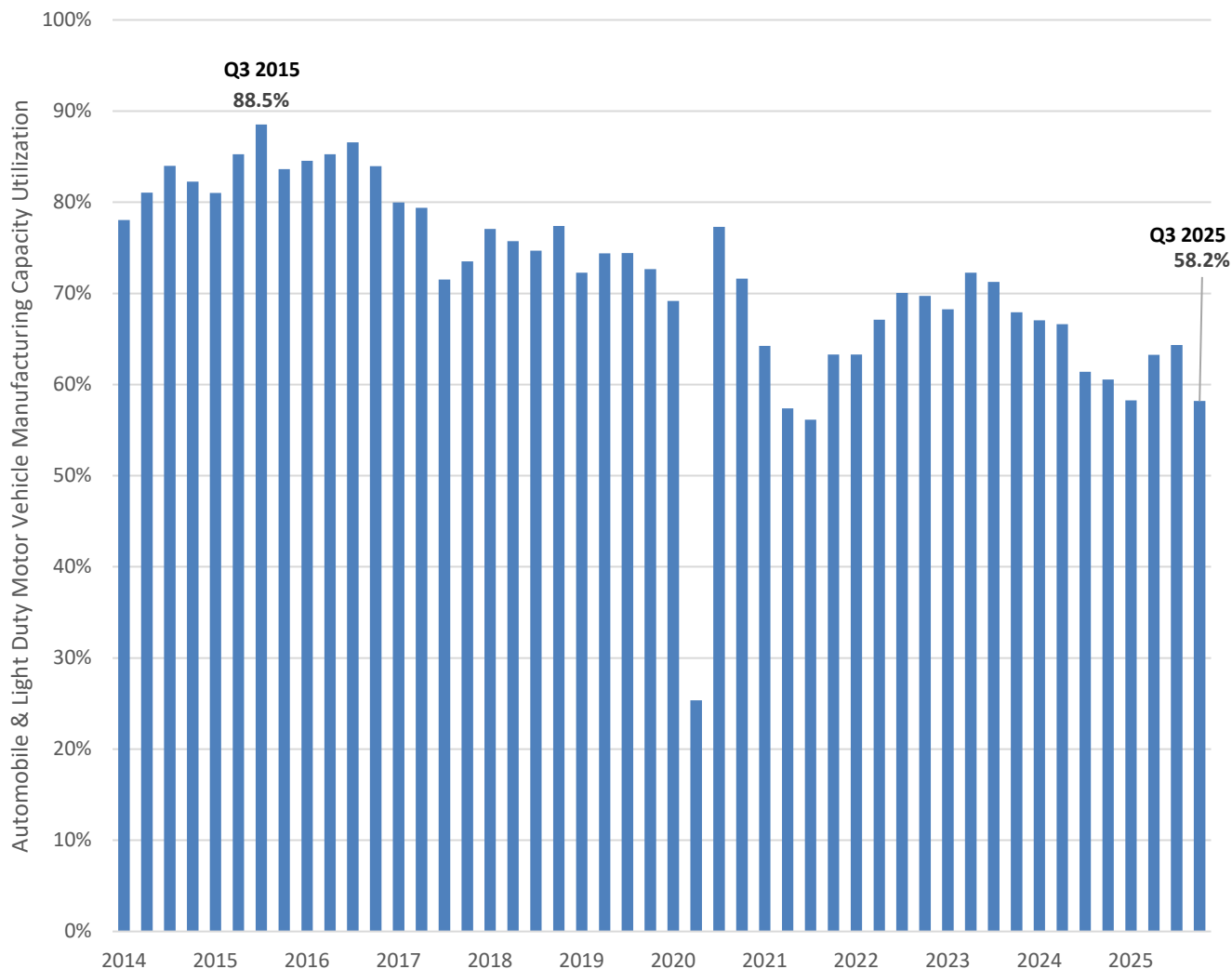
Automaker U.S. Investments Up; Suppliers Down



Source: Center for Automotive Research, Book of Deals, through December 2025; Adjusted to 2025 \$ Using U.S. Department of Labor, Bureau of Labor Statistics, PPI for New nonresidential building construction by region, not seasonally adjusted

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Light Vehicle Capacity Utilization: A Downward Trend Since Q2 2023



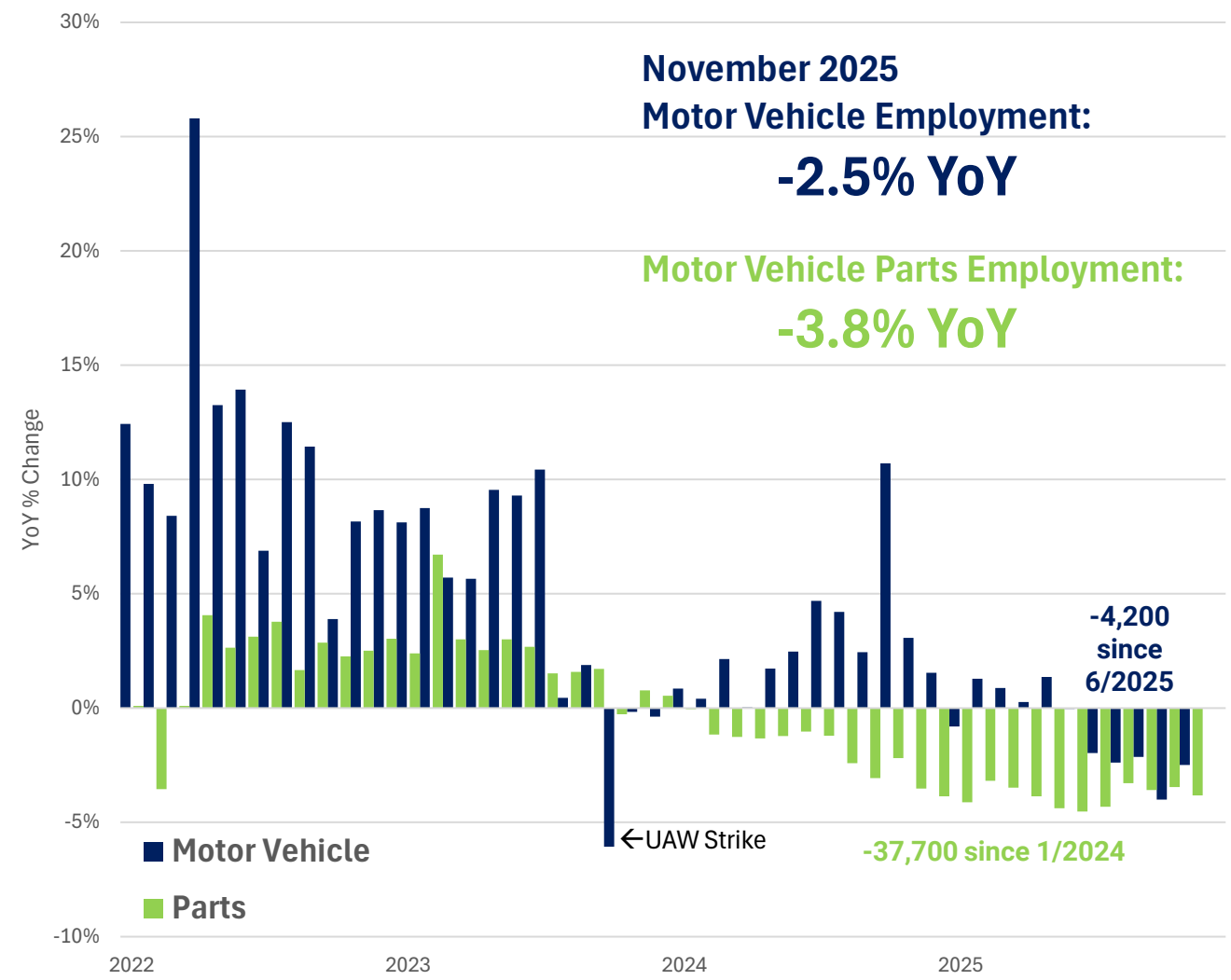
Source: Board of Governors of the Federal Reserve System (US) via FRED®, [G.17 Industrial Production and Capacity Utilization](#).



Source: Toyota



Motor Vehicle & Parts Employment Has Been Falling



Source: U.S. Department of Labor, Bureau of Labor Statistics, Total Employment in NAICS 3361 & 3363

Quarterly Motor Vehicle & Parts Profits

Corporate Profits: Motor Vehicle, Parts, Bodies & Trailers



EBIT margins for Automakers & Suppliers, Quarterly



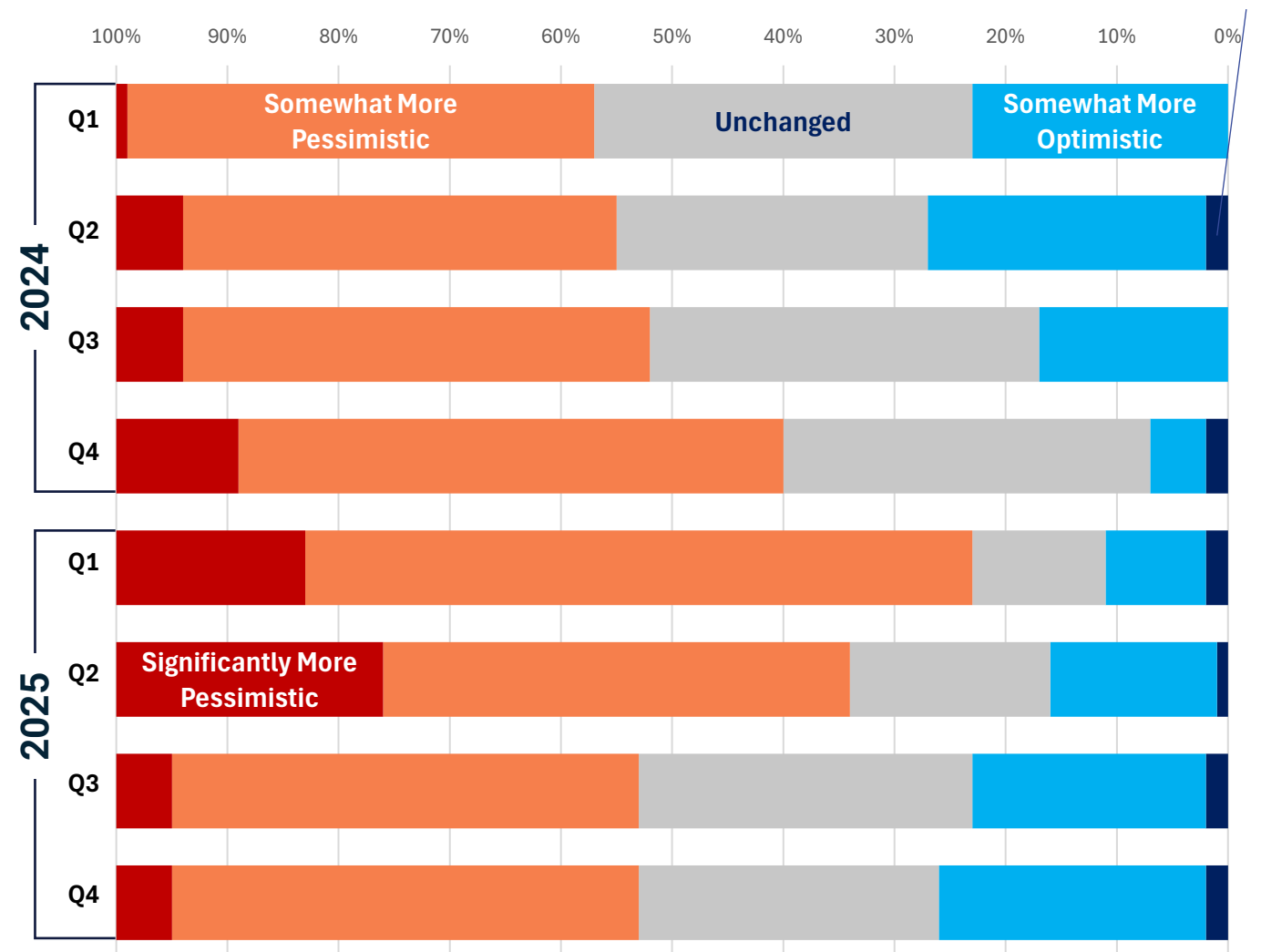
Source: U.S. Department of Commerce, Bureau of Economic Analysis, Table 6.16D. Corporate Profits by Industry; Bain analysis of S&P Capital IQ data (Automakers n=15; Suppliers n=100); data through Q3 2025





Supplier Pessimism Diminished in 2025

Significantly
More Optimistic



Absorbing the Shock: Why Vehicle Prices Haven't Mirrored Soaring Tariffs

Where did the tariffs go:

- Pre-tariff inventories kept initial prices lower
- Delay price increases
- Reshoring
- Adjust supply chains
- Drop some imported vehicles
- Scale back import volumes
- De-content/eliminate standard features
- Tweak purchase/lease incentive programs
- ↑ Destination charges & fees
- ↓ Margin compression (automakers & suppliers)
- ↓ Cost cutting & cost absorption
(including across their global footprints)
- Federal Import Adjustment Offset program
(3.75% of MSRP of U.S.-produced vehicles)
- CAFE Program targets relaxed & fines eliminated

Source: U.S. Bureau of the Census, Calculated Duties, Automotive & Parts Imports for Consumption, U.S. International Trade Commission DATAWEB using U.S. International Trade Administration HS codes for light vehicle & motor vehicle parts; Cox Automotive/Kelley Blue Book for Average Transaction Prices.

October 2025, YoY % Δ
Average Tariffs/Vehicle:

+552% YoY

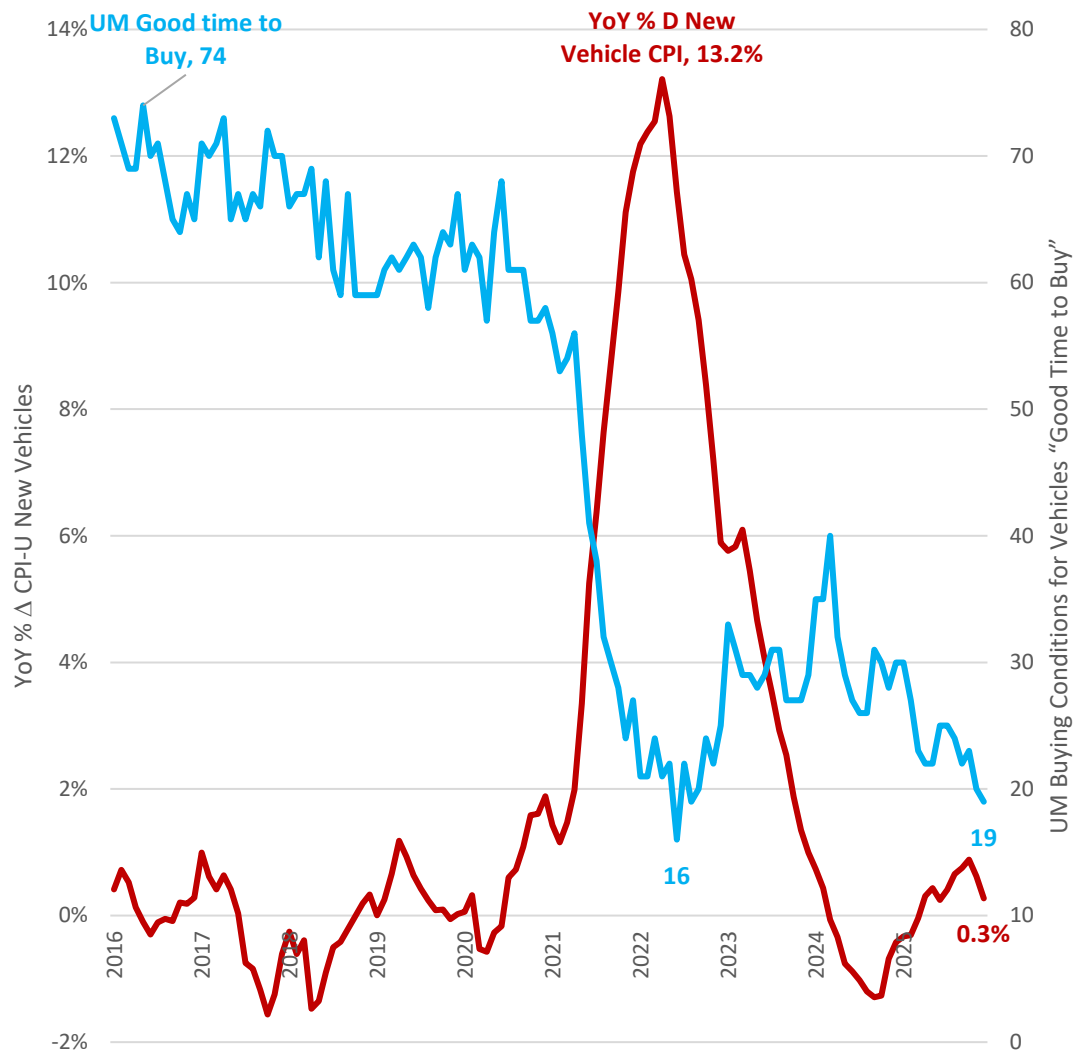
Average Transaction Prices:

+2.1% YoY

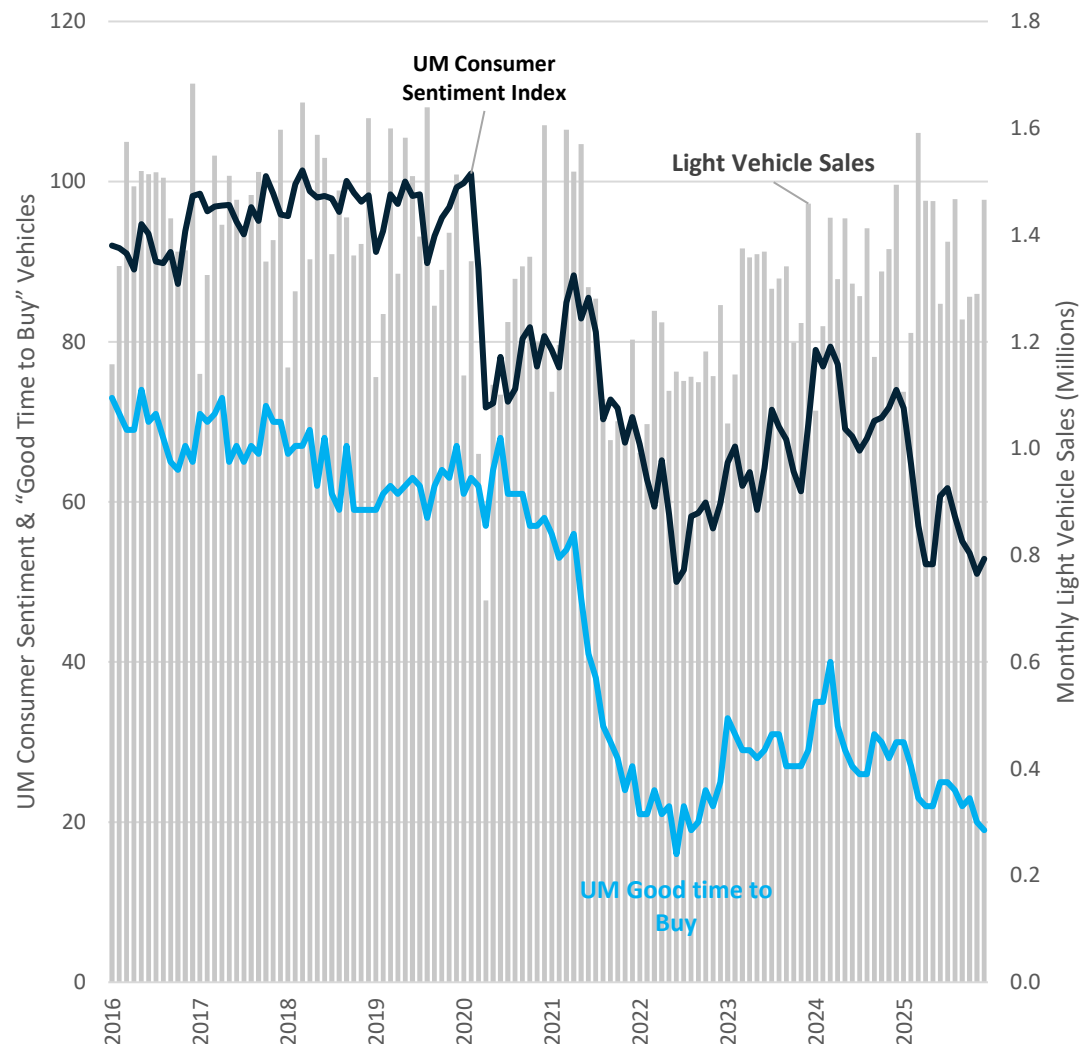
Source: Microsoft 365

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New Vehicle Inflation Crushed Car Buying Sentiment in 2021



Light Vehicle Sales Have Grown Despite Negative Buying Climate

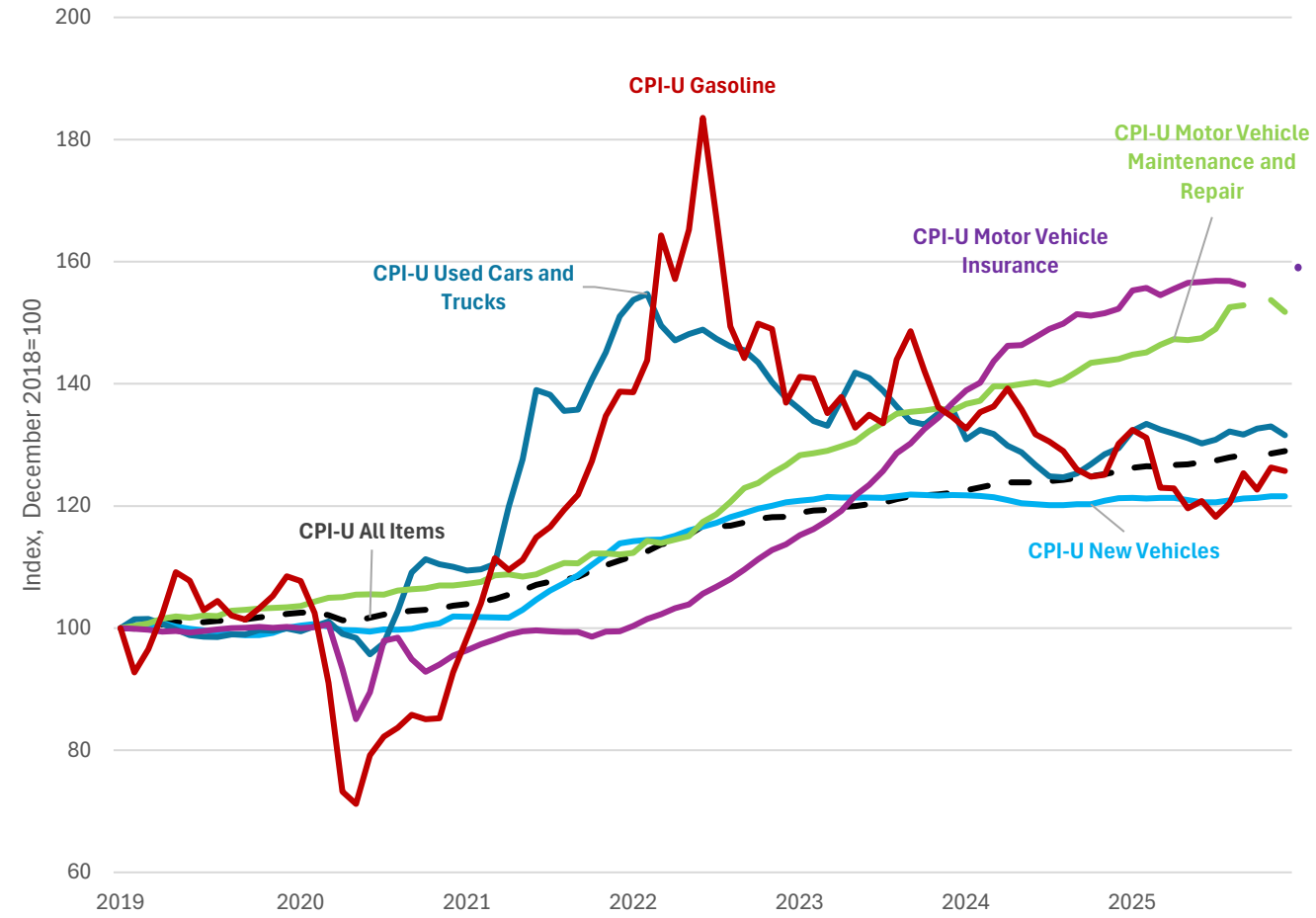


Source: University of Michigan, Survey Research Center, Surveys of Consumers Tabs 1 & 37; U.S. Department of Labor, Bureau of Labor Statistics, CPI-U New Vehicles (SA); Light Vehicle Sales from Omdia



Lower Inflation for New Vehicles & Gasoline, Soaring Costs for Insurance & Repairs

Inflation in Motor Vehicle & Related Categories
CPI-U, Seasonally Adjusted, December 2018=100



Source: U.S. Department of Labor, Bureau of Labor Statistics, Consumer Price Indices-All Urban Consumers, Seasonally Adjusted, 1982-84=100, normalized to December 2018=100

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Will Consumers Keep Buying?



How Is GM Navigating This Dynamic Environment?



Vehicle Safety Technologies



What Drives Insurance, Maintenance & Repair Inflation?



What Are the Determinants of Future Competitiveness?



A large white humanoid robot with a glowing blue head stands in a factory aisle. To its left, a woman in a green jacket looks up at it. To its right, a man in a dark suit looks on. The background shows a vast industrial space with high ceilings and various equipment.

**How Far Away
is This *Really*?**

The First Factory That Never Sleeps—And Never Pays Anyone Is Coming by 2030

By Christopher Davis — January 28, 2026

Source: [Autopost Global](#)

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Understanding Trade, Tariffs, Trade Restraints & USMCA Review



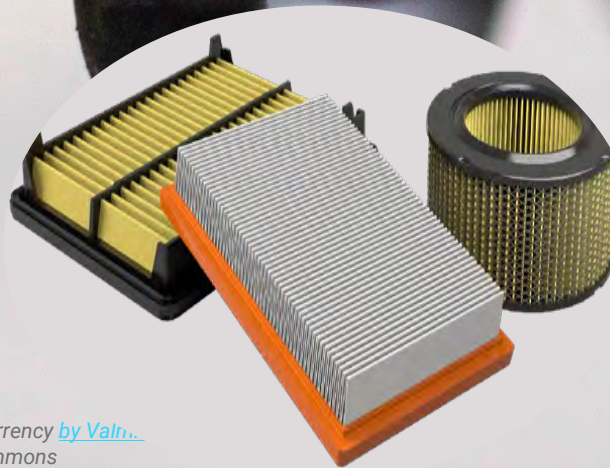
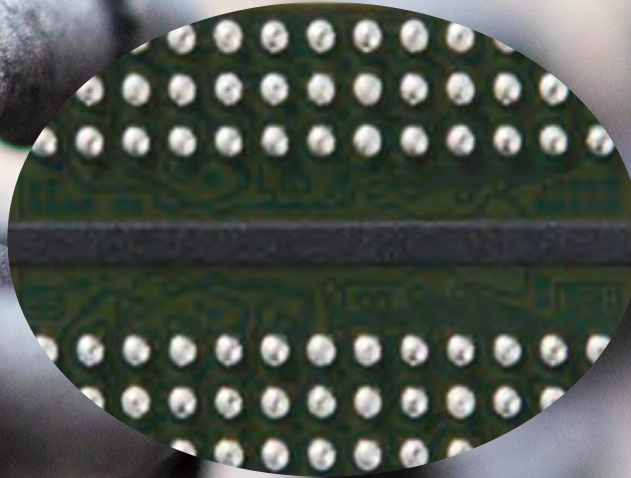
Review of the Legislative & Regulatory Agenda



Source: Ramaz Blushvili/Pexels

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Can Automotive Supply Chains Withstand the Next Disruptions?



Sources (L to R): [U.S. Department of Energy](#), First Brands, SK Hynix, Currency by [Valm...](#), [Zanellato/Pexels](#); Silver by [KevinSpiro, CC BY-SA 3.0](#) via Wikimedia Commons

2026: All in on AI in Auto?



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