Wholesale Market Insights
Through June 2019

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Manheim Used Vehicle Value Index

**Concept:**
A single measure of used vehicle price change that is independent of underlying segment shifts in the characteristics of vehicles being sold.

**Steps:**
- All Manheim U.S. sales
- Classify by market segment
- Account for differences in mileage
- Weight to provide smoother segment mix
- Seasonally adjust
Spring Bounce Fading

Prices in June increased 0.61% versus May 2019 and were up 4.1% compared to June 2018
Used Vehicle Values Continue to Stay Above Average

Year-over-year price performance has been much stronger than average over the last 24 months.
Manheim Index versus Mix & Quality Adjusted New Vehicle Price with 3 ½ year Lag

Used vehicle prices stay above the historical new vehicle price relationship trend

Source: Bureau of Labor Statistics, Manheim/Cox Automotive
Wholesale Used Vehicle Prices vs. New Vehicle Prices

Source: Manheim/Cox Automotive
2019 Weekly Price Trend Looking Like Last Two Years

Much higher than normal depreciation for start of year, then strong spring bounce, and now low appreciation

Source: Manheim/Cox Automotive
Weekly Price Trend Up in Non-Luxury

Despite weak start of the year, prices remain above January levels and trending higher

Non-Luxury 3YO Model MMR Index by Week
Luxury Now Seeing Improving Trend

Luxury vehicles saw steep depreciation in first quarter, then stabilization, and now appreciation

Luxury 3YO Model MMR Index by Week

Source: Manheim/Cox Automotive
2019 Weekly Price Trend Stable on One-Year-Old Vehicles

One-year-old vehicle prices have been very stable with little to no depreciation

1-Year-Old Model MMR Index by Week

Source: Manheim/Cox Automotive
Retention Values Holding Up Relative to Last Year

Adjusting for MSRP and fixing the basket of vehicles by what was sold remain just above last year

Source: Kelley Blue Book/Cox Automotive

(1 to 3 year old models)
Tax Refunds by Week in Recent Years

Amount of Refunds (Cumulative)

- 2014
- 2015
- 2016
- 2017
- 2018
- 2019

Billions

$0.0

$50.0

$100.0

$150.0

$200.0

$250.0

$300.0
All major segments saw year-over-year gains in June.

Source: Manheim/Cox Automotive
Spring Bounce Stronger In Non-Luxury

Luxury prices in June were up 2.5% compared to June 2018, while non-luxury prices increased 4.2%
Shifting Consumer Preferences Not Reflected in Wholesale Market Volumes

The SUV reigns supreme in new vehicle sales while cars still dominated the used car market.

**New Vehicle Sales by Category**

- CAR
- PICKUP
- SUV
- VAN

**Manheim Sales by Category**

- CAR
- PICKUP
- SUV
- VAN

Source: Manheim/Cox Automotive
Average Auction Price – Rental Risk Units

Average price for rental risk units sold in June up 4% y/y and down 0.2% m/m

Source: Manheim/Cox Automotive
Average Mileage – Rental Risk Units Sold at Auction

Average mileage for rental risk units in June was up 9% compared to a year ago and up 3% m/m.

Source: Manheim/Cox Automotive
## Distribution of Rental Risk Vehicles

<table>
<thead>
<tr>
<th></th>
<th>2017 Q2</th>
<th>2018 Q2</th>
<th>2019 Q2</th>
</tr>
</thead>
<tbody>
<tr>
<td>Number of unique year, make, model, body configurations sold</td>
<td>2,624</td>
<td>3,023</td>
<td>3,337</td>
</tr>
<tr>
<td>Share accounted for top 10 YMMB</td>
<td>16.0%</td>
<td>13.5%</td>
<td>12.0%</td>
</tr>
<tr>
<td>Share accounted for top 25 YMMB</td>
<td>29.6%</td>
<td>22.9%</td>
<td>22.3%</td>
</tr>
<tr>
<td>Number of YMMB to reach 50% share</td>
<td>70</td>
<td>109</td>
<td>106</td>
</tr>
</tbody>
</table>
Rental Risk Units Sold by Condition

Source: Manheim/Cox Automotive
Top selling vehicles in June at Manheim saw mixed levels of low depreciation and appreciation in the last 30 days (June 3 – July 2) as sedans dominated and saw low depreciation to slight appreciation, and luxury vehicles again were not represented in top volume list. Prices year-over-year were also quite varied but generally lower than normal.

<table>
<thead>
<tr>
<th>Rank</th>
<th>Source(Rank)</th>
<th>Category</th>
<th>Subcategory</th>
<th>Vehicle</th>
<th>2-Jul</th>
<th>Past 30 Days</th>
<th>Last Year</th>
<th>Current Dep</th>
<th>L12M Dep/Mo</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>All</td>
<td>SUV</td>
<td>SUV Midsize</td>
<td>2016 NISSAN ROGUE AWD 4D SUV 2.5L SV</td>
<td>$14,450</td>
<td>$14,500</td>
<td>$16,150</td>
<td>-0.3%</td>
<td>-0.9%</td>
</tr>
<tr>
<td>2</td>
<td>All</td>
<td>Compact Car</td>
<td>Compact Car Premium</td>
<td>2017 HYUNDAI ELANTRA 4D SEDAN SE</td>
<td>$10,700</td>
<td>$10,700</td>
<td>$10,500</td>
<td>0.0%</td>
<td>0.2%</td>
</tr>
<tr>
<td>3</td>
<td>All</td>
<td>Midsize Car</td>
<td>Midsize Car Premium</td>
<td>2016 NISSAN ALTIMA 4C 4D SEDAN S</td>
<td>$10,650</td>
<td>$10,600</td>
<td>$10,900</td>
<td>0.5%</td>
<td>-0.2%</td>
</tr>
<tr>
<td>4</td>
<td>All</td>
<td>Compact Car</td>
<td>Compact Car Premium</td>
<td>2016 HONDA CIVIC 4D SEDAN LX</td>
<td>$11,750</td>
<td>$11,800</td>
<td>$12,050</td>
<td>-0.4%</td>
<td>-0.2%</td>
</tr>
<tr>
<td>5</td>
<td>All</td>
<td>SUV</td>
<td>SUV Midsize</td>
<td>2016 NISSAN ROGUE AWD 4D SUV 2.5L S</td>
<td>$13,200</td>
<td>$13,200</td>
<td>$14,450</td>
<td>0.0%</td>
<td>-0.7%</td>
</tr>
<tr>
<td>1 Dealer</td>
<td>Dealer</td>
<td>Pickup</td>
<td>Pickup Lite Duty Fulls</td>
<td>2016 FORD F150 4WD V8 FFV CREW CAB 5.0L XLT</td>
<td>$27,400</td>
<td>$27,500</td>
<td>$28,900</td>
<td>-0.4%</td>
<td>-0.4%</td>
</tr>
<tr>
<td>1 Lease</td>
<td>Lease</td>
<td>SUV</td>
<td>SUV Midsize</td>
<td>2016 NISSAN ROGUE AWD 4D SUV 2.5L SV</td>
<td>$14,500</td>
<td>$14,500</td>
<td>$16,150</td>
<td>0.0%</td>
<td>-0.9%</td>
</tr>
<tr>
<td>1 Rental</td>
<td>Rental</td>
<td>Van</td>
<td>Van Compact</td>
<td>2018 CHRYSLER PACIFICA MINIVAN TOURING L</td>
<td>$21,700</td>
<td>$21,800</td>
<td>$24,600</td>
<td>-0.5%</td>
<td>-1.0%</td>
</tr>
</tbody>
</table>

Source: Manheim/Cox Automotive
Used Vehicle Sales Plateau

Source: Cox Automotive estimates based on IHS Markit Registrations

USED VEHICLE SALES OUTLOOK (MILLIONS)

COX AUTOMOTIVE FULL-YEAR FORECASTS

2018 39.4  2019 39.2  2020* 39.0

COX AUTOMOTIVE USED RETAIL FORECASTS

2018 19.5  2019 19.8  2020* 20.0

Source: Cox Automotive estimates based on IHS Markit Registrations
U.S. auto dealer sentiment in Q2 2019 remained similar to Q1, as the overall current market index remained in negative territory on the Cox Automotive Dealer Sentiment Index (CADSI). The index reading of 49 indicates that slightly more dealers feel that the current market is weak compared to the number who feel that the current market is strong.

The slight increase from last quarter’s 48 was not statistically significant. Year-over-year, the current market index was down two points, which was also not statistically significant.

Improvements in key drivers supported the slight upturn in the current market view. The customer traffic index and profit index both saw statistically significant gains from Q1. At the same time, the costs index saw a decline. Both the traffic and profit indexes are at their highest readings ever, dating back to the start of the quarterly survey in Q2 2017. The cost index is at its lowest point.

Based on the way dealers describe the market, used-vehicle sales saw gains in Q2 from Q1 but remained similar to last year. The index on used-vehicle inventory, however, fell and was noted as declining, which was a reversal from the growth trend last quarter. That trend draws into question whether strong used-vehicle sales can continue as inventories tighten.

Expectations for the next quarter fell but remained in positive territory at 55. The decline was driven by a big drop in expectations by independent dealers. By contrast, expectations for the next 90 days was unchanged among franchise dealers.

The top 5 factors holding back the business across all dealers remained the same in Q2 as Q1, but relative positions changed. Market Conditions remained in the top spot as the most cited negative factor. Competition remained in second place. Limited Inventory jumped up to number 3, moving ahead of Credit Availability for Consumers, now number 4, and Expenses, which dropped to fifth place.
Growth of Off-Lease Has Reached Its Peak

Estimated Off-Lease Maturities

Source: Cox Automotive
TARIFF ACTIONS & KEY DATES

Ratification of USMCA (ITC Report Delivered)

Immigration Related Tariffs on Mexico

Section 232 Tariff on Imported Autos and Parts (Action on EU and Japan Postponed to Nov. 18)

China Trade Deal (March 1; TBD)

EU Trade Deal

Japan Trade Deal

UK Trade Deal Post Brexit?
Thank You

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Economic Industry Insights

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