

J.D. POWER



USED CAR AND LIGHT TRUCK GUIDELINES

APRIL 2019 INDUSTRY REVIEW

J.D. Power Valuation Services

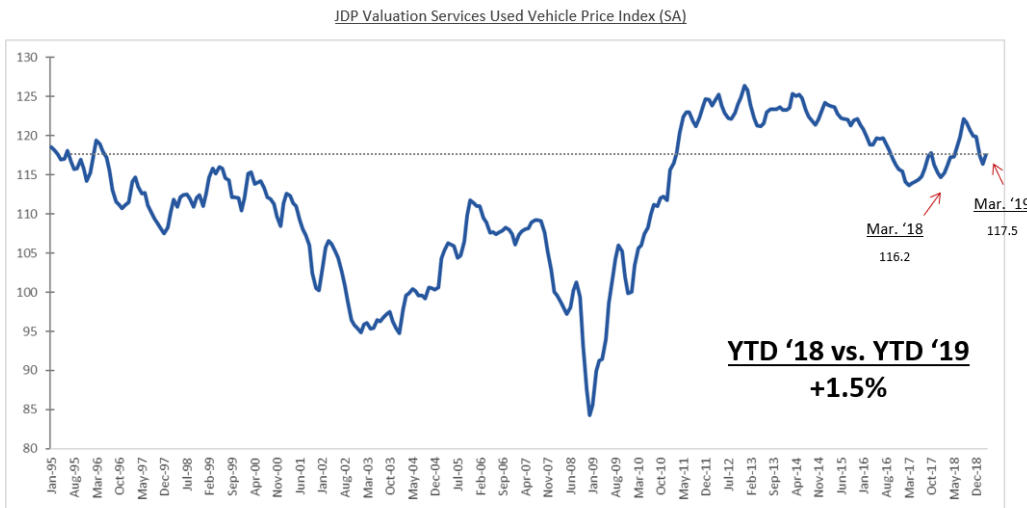
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USED MARKET

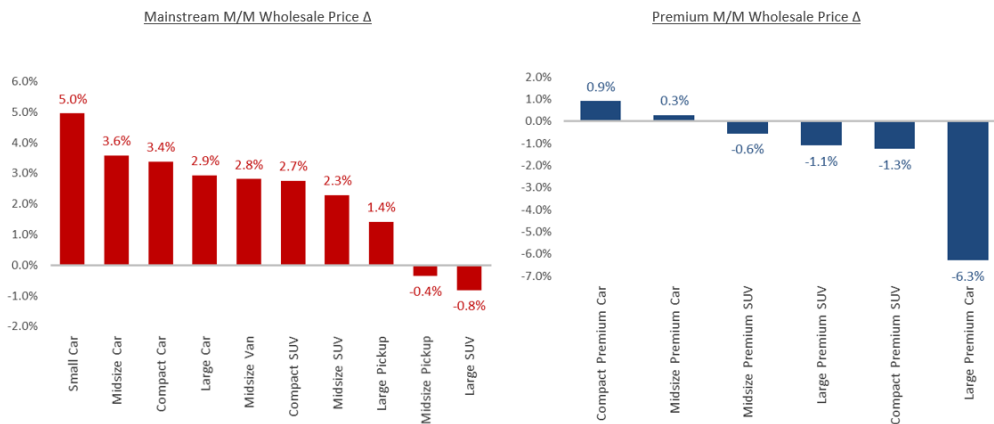
USED VEHICLE PRICE INDEX

After six consecutive months of declines, the used vehicle market bounced back in March. As a result the J.D. Power Valuation Services’ Seasonally Adjusted Used Vehicle Price Index increased by 1.1 points – relative to February – to 117.5. March’s positive result comes after weaker than usual January and February 2019 performances. Typically, prices begin to heat up in the February period, especially for affordable mainstream segments, however, that was not the case this year.



The lackluster start to 2019 was driven by lower than expected and delayed federal tax returns. Historically, consumers have used tax refunds as healthy down payments on vehicle purchases. While there is still a lot of uncertainty surrounding the tax situation, it did begin to improve around the middle of February. The improvement was likely too late to be realized in February as it does take time for refunds to be realized and hit bank accounts. More recently, through the end of March the refund situation remained questionable. Average refunds reached \$2,873, a figure only \$20 below the same period in 2018, however, the overall amount of refunds issued was down 2.2%. There is concern that average refund amounts will decline further because a greater share of late filers usually owe money.

In terms of the wholesale market, prices of used units up to 8 years in age increased by an average of 2.7% in March. The period’s result was nearly identical to March 2018 and over one percentage point better than how the market performed in both March of 2016 and 2017.



At the segment level, the biggest increases were recorded among mainstream small, compact and midsize car segments. As affordability continues to become more important, prices for these segments should continue to be bolstered due to their cost in relation to comparable SUVs and because of decreases in used supply of these segments. Pickup trucks and large SUV prices were the softest on the mainstream side of the market, gasoline prices have ticked up for the eight straight weeks now and are now up by 50 cents over the last 90 days. This is unlikely the reason for price softness last month in these segments, however, it is something that will be monitored closely. Premium segments didn’t perform nearly as well, however similar the mainstream side of the market compact premium and midsize premium car prices did show signs of strength.

AUCTION VOLUME TRENDS

Auction volume for units up to 5 years in age increased by 5.6% relative to February 2019. As a result, CYTD volume is now 3.8% above 2018’s level. So far this year the largest volume increases have been observed among SUV segments. This is a trend that will continue as more of these models are sold on the new side of the market. For example, compact utility volume is up by 30% and mid-size utility is up 12% so far CYTD 2018. In terms of volume share, truck share represents 51.2% while car share represents 48.8%. Used supply for units up to five years in age is expected to increase by around 3% and peak in 2019, before leveling off in 2020 and 2021. The anticipated increase will be fueled by increases in off-lease volume. Retail, rental and commercial volumes are also

expected to increase in 2019, however, not nearly to the same degree as off-lease volume.

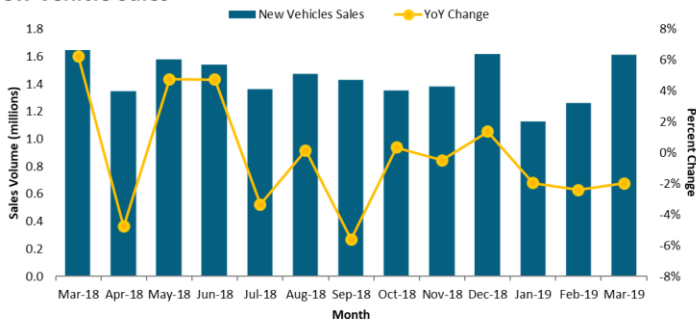
Segment	CYTD '18	CYTD '19	CYTD Change
Compact Car	156,960	157,236	▲ 0.2%
Compact SUV	141,506	183,756	▲ 29.9%
Large Car	26,475	26,879	▲ 1.5%
Large Pickup	88,776	97,663	▲ 10.0%
Large SUV	17,515	17,510	▼ 0.0%
Large Van	5,821	5,357	▼ -8.0%
Midsize Car	199,432	176,830	▼ -11.3%
Midsize Pickup	10,524	13,157	▲ 25.0%
Midsize SUV	103,181	115,694	▲ 12.1%
Midsize Van	36,633	30,867	▼ -15.7%
Small Car	52,057	50,019	▼ -3.9%
Sporty Car	21,096	17,770	▼ -15.8%
Compact Premium Car	43,129	42,340	▼ -1.8%
Compact Premium SUV	19,158	23,579	▲ 23.1%
Large Premium Car	6,181	5,221	▼ -15.5%
Large Premium SUV	7,709	9,189	▲ 19.2%
Midsize Premium Car	13,723	12,684	▼ -7.6%
Midsize Premium SUV	28,954	30,147	▲ 4.1%
Premium Sporty Car	12,752	13,669	▲ 7.2%
Industry	991,582	1,029,567	▲ 3.8%

2019 FORECAST

In terms of full-year 2019 expectations, the used market is expected to slow in 2019. With March's stronger than expected performance, 2019's outlook as improved. As a result, prices are forecast to fall by around 2%. Increasing levels of used supply along with more volatile credit conditions and increasing gasoline prices which are expected to apply downward pressure on the used side of the market. Labor conditions are expected to have a neutral impact, while solid home prices and overall consumer appetite for used cars, which is supported by increases in equipment as well as more advanced safety and technology features, will help to balance out but not overweigh the anticipated negatives for the year.

NEW VEHICLE SALES

New Vehicle Sales



Source: WardsAuto

In March, the new vehicle market turned in another disappointing performance. New sales reached 1.61 million units for the period, down 2.2% relative to March 2018. The seasonally adjusted annual rate (SAAR) reached 17.48 million. The months performance was driven by increases in non-retail deliveries while retail deliveries declined once again. The month's result brought 2019's tally to 4.01 million units, down 2% compared to CYTD 2018.

Mainstream Brand Performance (Units Sold)

	Mar-19	Mar-18	CYTD-19	CYTD-18	Y/Y Change	CYTD/CYTD
Buick	21,132	26,834	51,867	56,804	-21.2%	-8.7%
Chevrolet	184,181	199,212	451,613	490,531	-7.5%	-7.9%
Chrysler	12,169	19,499	31,591	46,233	-37.6%	-31.7%
Dodge	46,368	49,186	110,518	116,973	-5.7%	-5.5%
Fiat	1,598	2,773	2,965	5,243	-42.4%	-43.4%
Ford	214,769	227,584	547,732	558,903	-5.6%	-2.0%
GMC	52,971	55,646	125,577	131,344	-4.8%	-4.4%
Honda	134,101	128,855	333,402	329,077	4.1%	1.3%
Hyundai	61,177	60,154	147,585	144,515	1.7%	2.1%
Isuzu Truck	251	244	512	618	2.9%	-17.2%
Jeep	145,729	158,085	271,205	287,808	-7.8%	-5.8%
Kia	55,814	50,645	136,596	126,945	10.2%	7.6%
Mazda	26,934	33,302	70,833	83,995	-19.1%	-15.7%
Mini	3,769	4,531	8,905	10,533	-16.8%	-15.5%
Mitsubishi	19,599	14,319	42,067	35,772	36.9%	17.6%
Mitsubishi Fuso	0	6	0	10	100.0%	-100.0%
Nissan	137,362	145,103	331,536	375,116	-5.3%	-11.6%
Ram	89,469	74,781	173,263	141,303	19.6%	22.6%
Scion	0	0	0	1		
Smart	90	110	231	321	-18.2%	-28.0%
Subaru	61,601	58,097	156,754	149,703	6.0%	4.7%
Toyota	185,696	195,752	476,923	507,823	-5.1%	-6.1%
Volkswagen	37,092	32,548	85,872	83,952	14.0%	2.3%

Luxury Brand Performance (Units Sold)

	Mar-19	Mar-18	CYTD-19	CYTD-18	Y/Y Change	CYTD/CYTD
Acura	14,408	13,537	36,385	33,414	6.4%	8.9%
Alfa Romeo	1,774	2,576	4,286	5,792	-31.1%	-26.0%
Audi	20,302	20,090	48,115	50,052	1.1%	-3.9%
BMW	32,228	31,311	73,888	73,835	2.9%	0.1%
Cadillac	12,828	14,494	35,995	36,727	-11.5%	-2.0%
Genesis	1,451	1,386	4,203	4,362	4.7%	-3.6%
Infiniti	13,406	17,432	34,315	40,887	-23.1%	-16.1%
Jaguar	6,757	5,864	13,300	10,653	15.2%	24.8%
Land Rover	13,520	14,884	29,056	28,158	-9.2%	3.2%
Lexus	29,249	27,038	66,791	64,217	8.2%	4.0%
Lincoln	9,534	9,352	24,975	22,462	1.9%	11.2%
Mercedes-Benz	30,537	31,374	78,647	86,660	-2.7%	-9.2%
Porsche	4,779	4,756	15,024	13,954	0.5%	7.7%
Tesla	24,433	6,079	68,852	15,667	301.9%	339.5%
Volvo	9,569	8,233	22,058	20,083	16.2%	9.8%

Source: WardsAuto

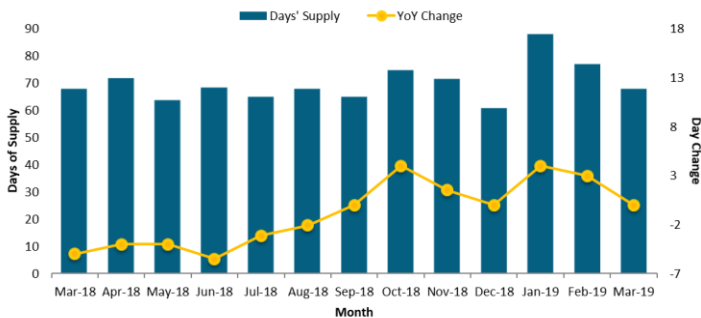
INCENTIVE SPENDING

Automakers decreased incentive spending once again in March. According to Power Information Network (PIN) data from J.D. Power, incentive spending per unit fell on a year-over-year basis for the ninth consecutive month in March. This comes after 54 months of increases. In March spending fell 5.2% to \$3,799 per unit. This was the first-time incentives have dropped below \$3,800 since June 2017, and remains a good sign that manufacturers are keeping production and inventory aligned with demand.

INVENTORY

According to WardsAuto total supply fell to 68 days for the period, a figure identical to March 2018. On a month-over-month basis, supply was reduced by 9 days relative to February.

New Vehicle Days' Supply



Source: WardsAuto

General Motors' inventory fell from February's 93 day figure to 81 days in March. Ford Motor Company's supply was reduced to 84 days, down from 91 days in February, while FCA's inventory was reduced from 96 days in February to 91 days in March. On the import side, Toyota Motor Sales' supply fell to 58 days, down from 64 in February. Inventory for American Honda Motors was reduced to 78 days (down from 86), while Nissan North America's supply was reduced to 56 days (down from 65).

Subaru's 33 days of supply remained lowest on the mainstream side of the industry, however, Kia supply was also lean at 37 days. As for the luxury sector, Tesla's 3-day inventory was the lowest on the premium side of the market.

AT J.D. POWER VALUATION SERVICES (FORMERLY NADA USED CAR GUIDE)

WHAT'S NEW

You already use NADA Values Online to see all sides of every vehicle's story. Now you can gain even greater insight with our new VIN Based Option feature, which provides a precise, uniquely adjusted valuation for specific used cars and light-duty trucks. The VIN Based Option utilizes packaging, content and descriptive features specific to each 17-character VIN, rather than just the 11-character VIN, to enhance and customize a vehicle's valuation. This way, you can understand the valuable differences between two identical-seeming vehicles of the same year, make and model. Rely on the new VIN Based Option to:

- Reveal valuable vehicle equipment, trim and options
- Increase valuation accuracy and reduce risk
- Make more-informed business decisions

ABOUT J.D. POWER

J.D. Power is a global leader in consumer insights, advisory services, and data and analytics to help clients measure and improve the key performance metrics that drive growth and profitability. J.D. Power's industry benchmarks, robust proprietary data, advanced analytics capabilities, and reputation for independence and integrity has established the company as one of the world's most well-known and trusted providers of consumer and market insights for more than a dozen industries. Established in 1968, J.D. Power is headquartered in Costa Mesa, California, and has 17 global locations serving North/South America, Asia Pacific, and Europe.

ABOUT J.D. POWER VALUATION SERVICES (FORMERLY NADA USED CAR GUIDE)

J.D. Power Valuation Services, formerly NADA Used Car Guide, is a leading provider of vehicle valuation products, services and information to businesses. Its team collects and analyzes over 1 million combined automotive and truck wholesale and retail transactions per month, and delivers a range of guidebooks, auction data, analysis and data solutions. J.D. Power acquired NADA Used Car Guide in 2015, forming a powerful combination that brings the automotive industry rich data sets, strong analytics and over 130 years of market experience.

Commercial Truck Market Analysis

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CONSULTING SERVICES

J.D. Power Valuation Services’ market intelligence team leverages a database of nearly 200 million automotive transactions and more than 100 economic and automotive market-related series to describe the factors driving current trends to help industry stakeholders make more informed decisions. Analyzing data at both wholesale and retail levels, the team continuously provides content that is both useful and usable to the automotive industry, financial institutions, businesses and consumers.

Complemented by J.D. Power Valuation Services’ analytics team, which maintains and advances its internal forecasting models and develops customized forecasting solutions for automotive clients, the market intelligence team is responsible for publishing white papers, special reports and the Used Car & Truck Blog. Throughout every piece of content, the team strives to go beyond what is happening in the automotive industry to confidently answer why it is happening and how it will impact the market in the future.

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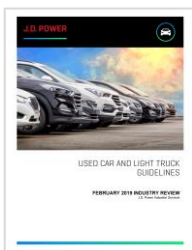
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ADDITIONAL RESOURCES



Guidelines

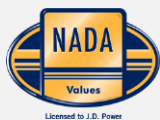
Updated monthly with a robust data set from various industry sources and J.D. Power Valuation Service’s proprietary analysis, Guidelines provides the insight needed to make decisions in today’s market



Used Car & Truck Blog

Written and managed by the Market Intelligence team, the Used Car & Truck Blog analyzes market data, lends insight into industry trends and highlights relevant events.

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