

**J.D. POWER**

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# **USED CAR AND LIGHT TRUCK GUIDELINES**

**JULY 2019 INDUSTRY REVIEW**  
J.D. Power Valuation Services



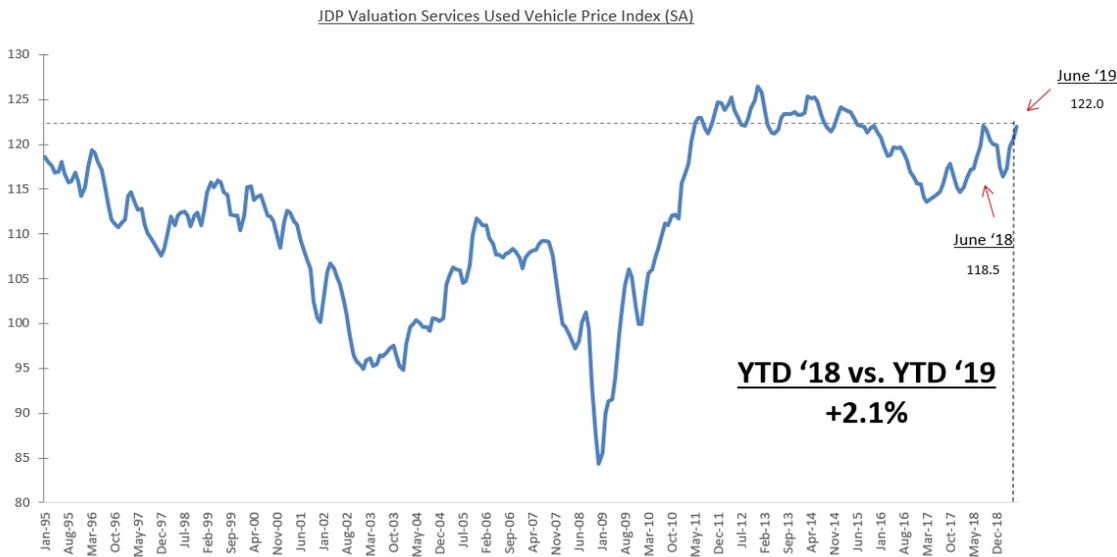
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**USED MARKET**

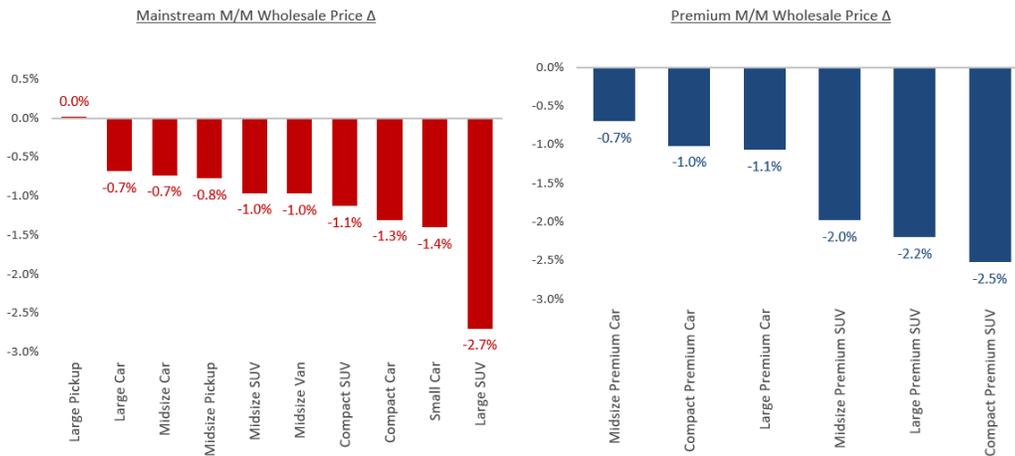
**USED VEHICLE PRICE INDEX**

The used vehicle market performed strong over the first half of 2019. Through June, used vehicle prices are on average 2.1% greater than during the same 6-month period in 2018. Prices this year were initially expected to contract slightly due to increases in used supply, interest rates, tighter credit conditions and pressure from new vehicle incentives due to a slowdown in retail sales. Several of these variables have surprised the industry with interest rates and incentive spending remaining relatively flat. These factors coupled with a continuation of used vehicle demand will ultimately result in used price performance that will end up slightly outperforming 2018. In terms of June’s performance, the used vehicle market cooled, however, the month’s performance was better than historic June figures. As a result, the J.D. Power Valuation Services’ Seasonally Adjusted Used Vehicle Price Index increased by 1.3 points – relative to May – to 122.0.



In terms of individual segment performances, looking at the first half of 2019 compared to the same period in 2018, mainstream passenger car price increases have outpaced their SUV counterparts. More affordable small, compact and midsize car segment prices have increased the most, while mainstream SUV segment prices have also increased, however not nearly to the same degree as passenger cars. One of the primary drivers behind this is the higher levels of 0-5-year-old SUV supply returning to the market. As for the luxury side of the market, premium segment prices are down across the board and are also feeling the pressure of elevated levels of wholesale volume returning to the market.

Wholesale prices declined by 0.8%, which is the same figure recorded in June 2018, but better than the previous 5-year average 2% decline for the period. At the segment level, losses on the mainstream side of the market were mild except for large SUV. We did see some more weakening of compact and small car prices, which should continue through the remainder of the year. On the premium side car losses were mild, however SUV segments each experienced price losses of 2% or greater for the period.



## AUCTION VOLUME TRENDS

Auction volume for units up to 5 years in age decreased by 13.7% relative to May 2019, however, year-over-year volume increased by 0.3%. As a result, CYTD volume is now 5.2% above 2018's level. In 2019, the largest volume increases are still being 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. Compact SUV volume is up by 25.6% and midsize SUV is up 14% so far this year. In terms of volume share, truck share represents 52% while car share represents 48%.

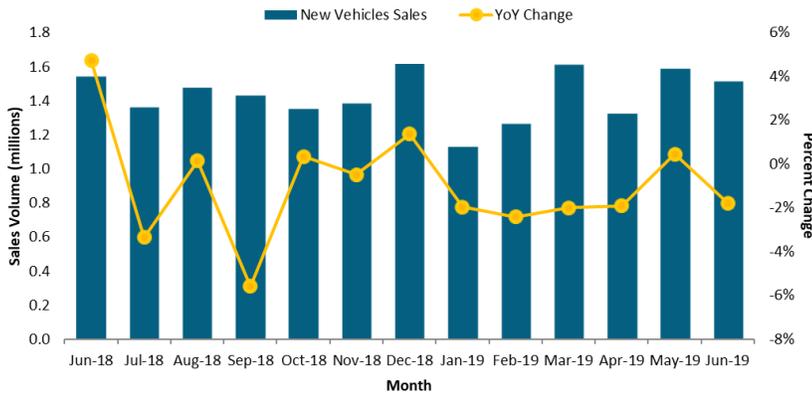
## 2019 FORECAST

In terms of full-year 2019 expectations, used vehicle prices are expected to increase in 2019 relative to 2018. J.D. Power Valuation Services' 2019 forecast expects used prices for vehicles up to 8 years in age to increase by approximately 0.2% to 0.7%. From where prices are currently through the remainder of the year we are expecting a mild decline, which barring any serious economic changes or a dramatic shift in new vehicle incentive strategies should hold true. At the segment level, mainstream passenger car prices are expected to be the strongest through the remainder of 2019. For example, compact and

midsize car prices are expected to increase by around 4.5% and 3.5% year-over-year. This will be driven by lower supply, especially now with manufacturers discontinuing or cutting back new vehicle production on these models coupled with continued demand for cost conscious consumers. Mainstream SUV prices are also expected to remain positive, compact SUV prices are forecast to increase by around 0.5% while midsize SUV prices should grow by about 1.5%. SUV prices will continue to be suppressed by increasing levels of supply coming back to the market. Amplified by increasing levels of used supply, all premium segments are expected to experience declines in 2019 ranging between 3.5% for compact premium SUV to 5.5% for midsize premium cars. As new vehicle prices rise, and affordability concerns increase, consumers will continue turning to used vehicles as alternatives to their new counterparts. Even with increasing levels of used supply, healthy consumer appetite for used vehicles will help keep used values relatively strong.

## NEW VEHICLE SALES

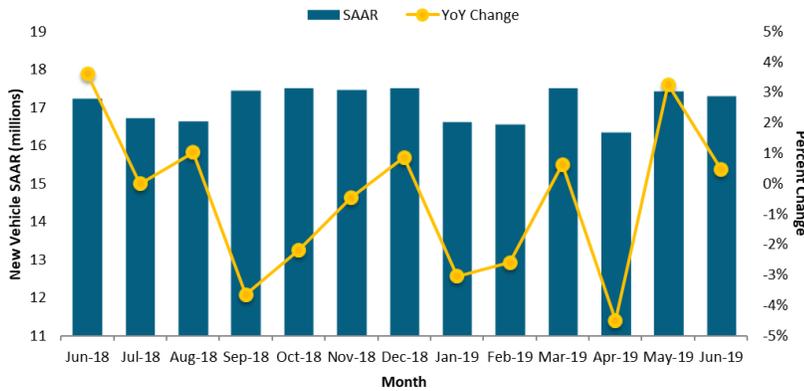
**New Vehicle Sales**



Source: WardsAuto

In June, new sales reached 1.51 million units for the period, down 1.9% compared to the same period in 2018. The seasonally adjusted annual rate (SAAR) was reduced to 17.29 million. Non-retail sales rose 9.3% and accounted for 22% of total industry sales for the month. Ultimately, the June’s result brought 2019’s tally to 8.41 million units, down 1.9% compared to the same period in 2018.

### New Vehicle SAAR



Source: WardsAuto

### Mainstream Brand Performance (Units Sold)

	Jun-19	Jun-18	CYTD-19	CYTD-18	Y/Y	CYTD/CYTD
Buick	20,603	17,325	107,240	109,695	18.9%	-2.2%
Chevrolet	167,370	176,261	949,197	1,018,086	-5.0%	-6.8%
Chrysler	12,941	13,484	64,422	88,630	-4.0%	-27.3%
Dodge	38,561	46,387	228,099	250,933	-16.9%	-9.1%
Fiat	933	1,426	5,103	8,285	-34.6%	-38.4%
Ford	204,294	213,992	1,149,106	1,189,033	-4.5%	-3.4%
GMC	52,234	49,197	277,277	269,507	6.2%	2.9%
Honda	123,753	132,031	703,228	715,171	-6.3%	-1.7%
Hyundai	64,202	63,256	333,365	327,786	1.5%	1.7%
Jeep	109,595	121,879	489,050	529,912	-10.1%	-7.7%
Kia	56,801	56,571	304,844	293,563	0.4%	3.8%
Mazda	22,828	26,893	138,555	163,924	-15.1%	-15.5%
Mini	3,235	4,146	17,583	22,636	-22.0%	-22.3%
Mitsubishi	12,317	11,149	71,097	67,327	10.5%	5.6%
Nissan	113,665	134,398	653,978	708,525	-15.4%	-7.7%
Ram	112,516	80,874	365,088	283,861	39.1%	28.6%
Smart	74	126	496	650	-41.3%	-23.7%
Subaru	61,511	59,841	339,525	322,860	2.8%	5.2%
Toyota	179,305	185,851	1,016,371	1,054,310	-3.5%	-3.6%
Volkswagen	31,725	28,941	184,608	172,898	9.6%	6.8%

### Luxury Brand Performance (Units Sold)

	Jun-19	Jun-18	CYTD-19	CYTD-18	Y/Y	CYTD/CYTD
Acura	12,148	14,532	73,767	72,653	-16.4%	1.5%
Alfa Romeo	1,595	2,249	9,037	12,265	-29.1%	-26.3%
Audi	19,409	19,471	101,440	107,942	-0.3%	-6.0%
BMW	31,627	29,407	156,440	153,386	7.5%	2.0%
Cadillac	13,315	12,569	75,734	75,949	5.9%	-0.3%
Genesis	1,887	796	10,008	7,262	137.1%	37.8%
Infiniti	9,839	10,698	63,058	72,170	-8.0%	-12.6%
Jaguar	4,970	4,957	19,360	17,391	0.3%	11.3%
Land Rover	10,621	10,894	50,151	48,691	-2.5%	3.0%
Lexus	22,582	23,750	135,270	135,000	-4.9%	0.2%
Lincoln	8,769	9,534	50,915	50,269	-8.0%	1.3%
Mercedes-Benz	29,201	28,999	163,421	175,758	0.7%	-7.0%
Porsche	5,205	4,892	30,257	29,421	6.4%	2.8%
Tesla	23,914	9,338	103,303	43,138	156.1%	139.5%
Volvo	9,934	9,868	50,120	47,622	0.7%	5.2%

Source: WardsAuto

## INCENTIVE SPENDING

In June, automakers increased incentive spending for second consecutive month. According to Power Information Network (PIN) data from J.D. Power, incentive spending per unit rose 2.2% to \$3,967 per unit. Incentive spending as a percent of MSRP fell to 9.9%.

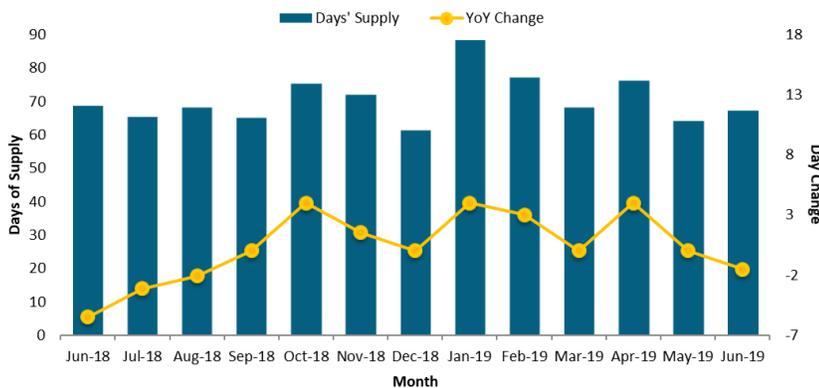
## INVENTORY

According to WardsAuto total supply reached 67 days in June, a figure 1-day fewer than June 2018. On a month-over-month basis, supply increased by 3 days relative to May.

General Motors' inventory increased 2 days to 80 in June. Ford Motor Company's supply increased 4 days to 79, while FCA's increased 4 days to 74. On the import side, Toyota Motor Sales' supply increased 8 days to 63, while inventory for American Honda Motors increased 5 days to 81 and Nissan North America's remained unchanged at 56.

Kia's 32 days of supply was the lowest on the mainstream side of the industry, however, Subaru's supply was also lean at 33 days.

### New Vehicle Days' Supply



Source: WardsAuto

### 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.

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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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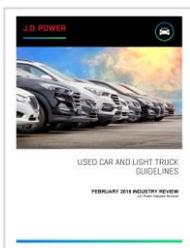
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### ADDITIONAL RESOURCES



#### Guidelines

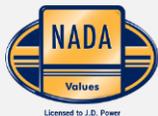
Updated monthly with a robust data set from various industry sources and J.D. Power Valuation Service's proprietary analysis, Guidelines provides the insight needed to make decisions in today's market



#### 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.

## J.D. POWER



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