

J.D. POWER



USED CAR AND LIGHT TRUCK GUIDELINES

AUGUST 2019 INDUSTRY REVIEW

J.D. Power Valuation Services



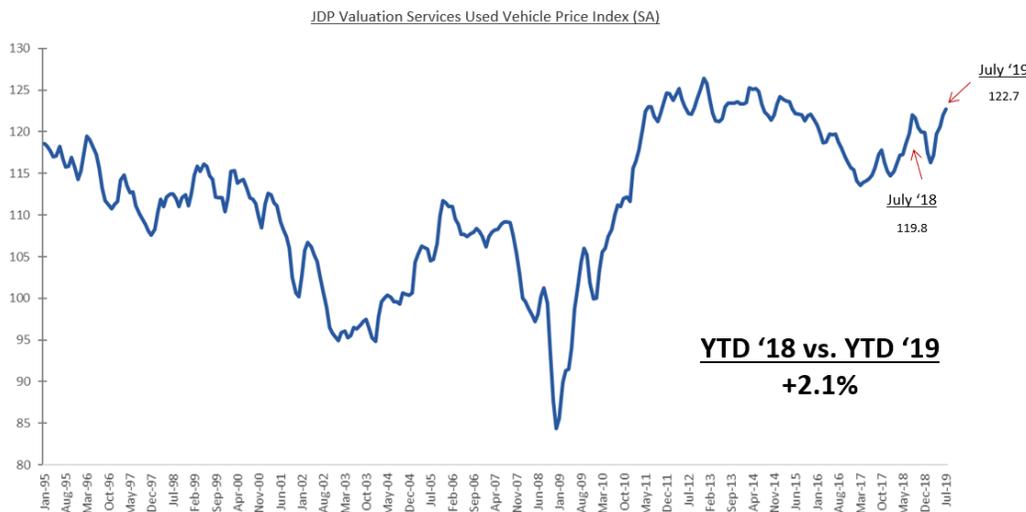
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USED MARKET

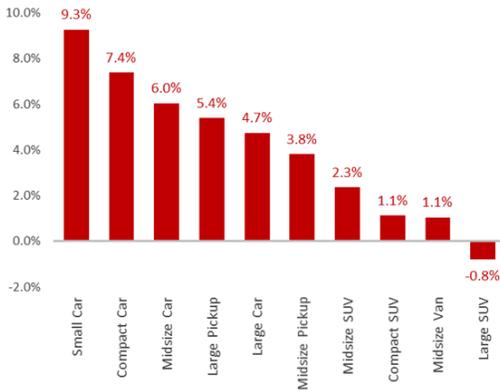
USED VEHICLE PRICE INDEX

The used vehicle continues to perform strong into the summer months of 2019. Through July, used vehicle prices are on average 2.1% greater than during the same 7-month period in 2018. Used price growth this year can be attributed to a few primary factors including higher new vehicle prices and affordability concerns, high levels of clean late-model off-lease units entering the market, and increased dealer demand for used vehicles. In terms of July’s performance, the used vehicle market’s performance was better than historic figures for the period. As a result, the J.D. Power Valuation Services’ Seasonally Adjusted Used Vehicle Price Index increased by 0.6% – relative to June – to 122.7.

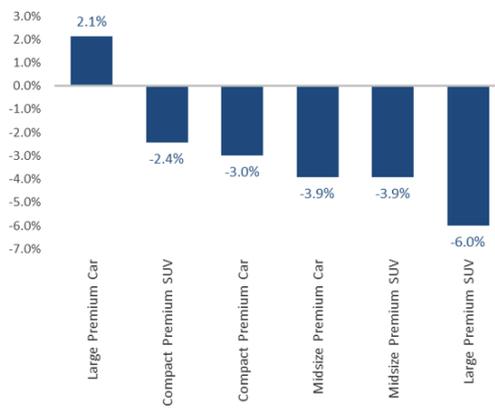


In terms of individual segment performances, year-to-date mainstream passenger car price increases continue outpacing their SUV counterparts. More affordable small, compact and midsize car segment prices have increased the most, while mainstream SUV segment prices have also increased, however not nearly 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.

Mainstream Y/Y Wholesale Price Δ



Premium Y/Y Wholesale Price Δ

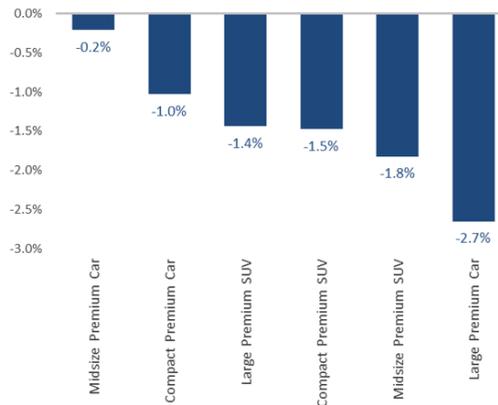


Wholesale prices declined by 0.8%, which is slightly worse than the 0.3% recorded in July 2018, but better than the previous 5-year average 1.8% decline for the period. At the segment level, losses on the mainstream side of the market were in line with both historic results and initial expectations for the period. Once again there was more weakening of mainstream passenger car prices, which should continue through the remainder of the year. On the premium side car losses were mild with the exception of large premium cars, prices for that group declined by 2.7%, however, remain up 2.1% year-to-date.

Mainstream M/M Wholesale Price Δ



Premium M/M Wholesale Price Δ



AUCTION VOLUME TRENDS

Auction volume for units up to 5 years in age decreased by 5.2% relative to June 2019, however, year-over-year volume increased by 7.4%. As a result, CYTD volume is now 5.7% 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. In terms of volume share, truck share represents 52.5% while car share represents 47.5%.

Wholesale Auction Sales Volume (0-5 YO Vehicles)

Segment	Jul-18	Jun-19	Jul-19	M/M Change	Y/Y Change	CYTD '17	CYTD '18	CYTD Change
Compact Car	48,951	52,194	50,514	▼ -3.2%	▲ 3.2%	356,217	367,686	▲ 3.2%
Compact SUV	44,449	61,559	60,265	▼ -2.1%	▲ 35.6%	352,275	443,003	▲ 25.8%
Large Car	8,461	8,718	8,765	▲ 0.5%	▲ 3.6%	62,500	60,836	▼ -2.7%
Large Pickup	26,987	32,294	31,443	▼ -2.6%	▲ 16.5%	224,277	254,488	▲ 13.5%
Large SUV	5,166	6,151	5,491	▼ -10.7%	▲ 6.3%	41,699	42,853	▲ 2.8%
Large Van	1,903	1,842	1,674	▼ -9.1%	▼ -12.0%	12,253	11,149	▼ -9.0%
Midsize Car	63,233	61,453	56,365	▼ -8.3%	▼ -10.9%	449,717	410,537	▼ -8.7%
Midsize Pickup	3,247	4,333	3,917	▼ -9.6%	▲ 20.6%	26,137	34,339	▲ 31.4%
Midsize SUV	31,866	39,113	38,050	▼ -2.7%	▲ 19.4%	244,626	279,287	▲ 14.2%
Midsize Van	10,438	10,734	9,827	▼ -8.4%	▼ -5.9%	88,046	71,804	▼ -18.4%
Small Car	16,454	17,487	15,465	▼ -11.6%	▼ -6.0%	117,950	110,017	▼ -6.7%
Sporty Car	6,536	5,975	5,581	▼ -6.6%	▼ -14.6%	48,290	41,610	▼ -13.8%
Compact Premium Car	13,406	14,937	13,779	▼ -7.8%	▲ 2.8%	100,171	98,690	▼ -1.5%
Compact Premium SUV	5,810	7,807	7,530	▼ -3.5%	▲ 29.6%	45,037	61,513	▲ 36.6%
Large Premium Car	1,969	1,765	1,593	▼ -9.7%	▼ -19.1%	14,132	13,377	▼ -5.3%
Large Premium SUV	2,367	3,078	2,875	▼ -6.6%	▲ 21.5%	19,447	23,868	▲ 22.7%
Midsize Premium Car	4,310	4,301	3,848	▼ -10.5%	▼ -10.7%	30,819	33,160	▲ 7.6%
Midsize Premium SUV	8,952	10,785	9,776	▼ -9.4%	▲ 9.2%	64,866	69,941	▲ 7.8%
Premium Sporty Car	3,760	4,622	4,273	▼ -7.6%	▲ 13.6%	30,776	33,589	▲ 9.1%
Industry	308,265	349,148	331,031	▼ -5.2%	▲ 7.4%	2,329,235	2,461,747	▲ 5.7%

2019 FORECAST

In terms of full-year 2019 expectations, at an industry level used vehicle prices are expected to remain relatively strong moving forward. J.D. Power Valuation Services' 2019 forecast expects used prices for vehicles up to 8 years in age to increase by around 1%. 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. Credit conditions and incentives are expected to apply additional downward pressure, while used supply will be mixed, positive for cars, negative for SUVs and trucks. The impact of other factors including gas prices, home prices, and labor conditions are expected to be neutral-to-supportive of used prices.

NEW VEHICLE SALES

In July, new sales reached 1.4 million units for the period, down 1.6% compared to the same period in 2018. Retail sales experienced their best performance so far in 2019 ending up flat for the period, however, non-retail sales declined by 10.3%. The seasonally adjusted annual rate (SAAR) ended at 16.9 million, 2k units below prior year. Ultimately, the July's result brought 2019's tally to 9.84 million units, down 1.4% compared to the same period in 2018. Non-retail deliveries have accounted for 22% of total sales in 2019, up a slight 1-ppt compared to 2018.

INCENTIVE SPENDING & TRANSACTION PRICES

In July, automakers increased incentive spending for third consecutive month. According to Power Information Network (PIN) data from J.D. Power, incentive spending per unit rose 5.8% to \$4,072 per unit. Incentive spending as a percent of MSRP grew to 10.3%. Average consumer-facing transaction prices rose to \$33,189 per unit, a figure roughly \$1,400 above July 2018's level. The increase of 4.5% was driven by a combination of segment mix and high pricing.

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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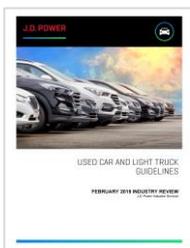
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ADDITIONAL RESOURCES



Guidelines

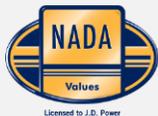
Updated monthly with a robust data set from various industry sources and J.D. Power Valuation Service's proprietary analysis, Guidelines provides the insight needed to make decisions in today's market



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.

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