

J.D. POWER



USED CAR AND LIGHT TRUCK GUIDELINES

SEPTEMBER 2019 INDUSTRY REVIEW

J.D. Power Valuation Services



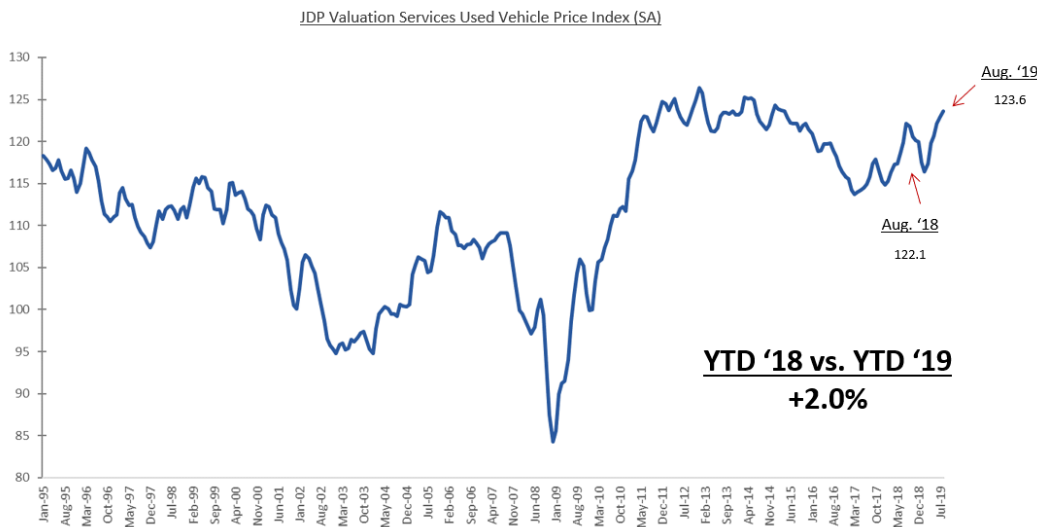
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USED MARKET

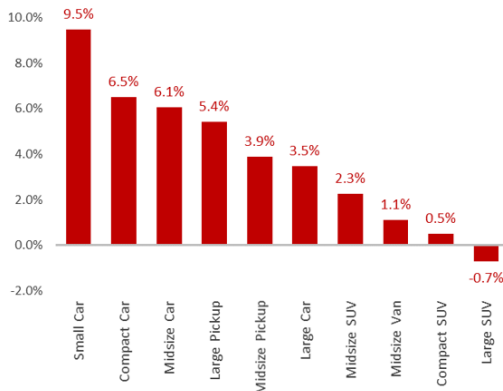
USED VEHICLE PRICE INDEX

The used vehicle market continues to perform well in 2019. Through August, used vehicle prices are on average 2% greater than during the same 8-month period in 2018. Used prices continue to be bolstered by affordability concerns as new models continue becoming more expensive, high levels of clean late-model off-lease units entering the market, as well as increased dealer demand for used vehicles. In terms of August, 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 0.7% – relative to July – to 123.6.

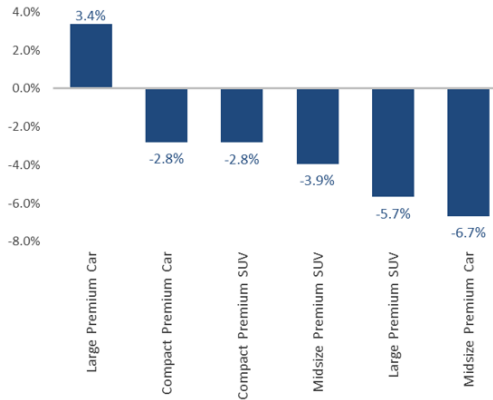


In terms of individual segment performances, year-to-date mainstream passenger car price increases continue outpacing their SUV counterparts. More affordable small, compact and midsize car segment prices have increased the most, prices for the group are up 6.1% to 9.5%. Mainstream SUV segment prices 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

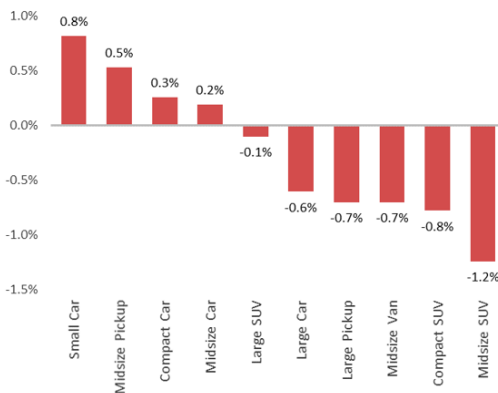


Premium Y/Y Wholesale Price Δ

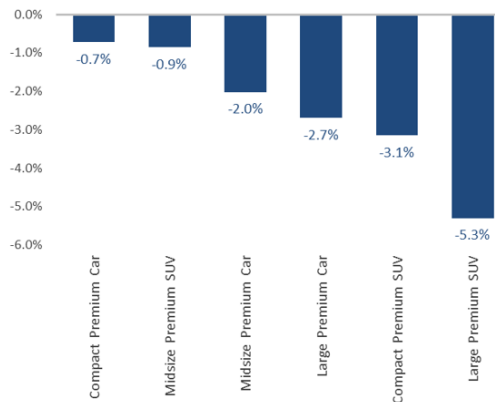


In August, wholesale prices declined by an average of 0.4%, which was worse than the 0.8% increase recorded in August 2018, but better than the previous 5-year average 1.5% decline for the period. At the segment level, losses on the mainstream side of the market were in line with expectations for the period. After a few months of weakness, mainstream passenger car prices were once again positive for the August period, however, prices for the group should weaken slightly through the remainder of the year. On the premium side car losses were mild except for large premium SUV, prices for that group declined by 5.3%, however.

Mainstream M/M Wholesale Price Δ



Premium M/M Wholesale Price Δ



AUCTION VOLUME TRENDS

On an annual basis, auction volume for units up to 5 years in age is now 4.7% above 2018's level. In 2019, the largest volume increases have been observed among SUV segments. Small SUV has experienced the biggest increase in

2019, 5YO volume is up 39.1%, rounding out the top three spots midsize pickup's 25.5% and compact SUV's 18.4% increases are also sizeable. At the opposite end of the spectrum car volume is down across the board. These are trends that will continue as a greater share of SUV are sold on the new side of the market.

Segment	CYTD '18	CYTD '19	CYTD Change
Small SUV	105,681	147,019 ▲	39.1%
Midsize Pickup	31,578	39,638 ▲	25.5%
Compact SUV	311,605	368,947 ▲	18.4%
Midsize SUV	293,034	332,240 ▲	13.4%
Large Pickup - Light Duty	214,165	240,880 ▲	12.5%
Large Pickup - Heavy Duty	49,247	55,307 ▲	12.3%
Compact MPV	33,155	36,006 ▲	8.6%
Large SUV	48,007	48,751 ▲	1.5%
Compact Car	394,826	399,178 ▲	1.1%
Large Car	99,293	96,248 ▼	-3.1%
Midsize Sporty Car	50,991	48,656 ▼	-4.6%
Small Car	98,020	92,404 ▼	-5.7%
Large Van	14,277	13,081 ▼	-8.4%
Midsize Car	469,245	417,781 ▼	-11.0%
Midsize Van	96,618	77,194 ▼	-20.1%
Compact Sporty Car	18,897	14,331 ▼	-24.2%
Industry	2,696,048	2,821,659 ▲	4.7%

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% to 1.5%. From where prices are currently through the remainder of the year, we are expecting a mild decline, which barring any serious weather impact or economic changes should hold true. 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 is expected to be neutral-to-supportive of used prices.

NEW VEHICLE SALES

In August, new sales reached 1.64 million units for the period, an increase of 6.7% compared to the same period in 2018. Retail sales experienced their best performance so far in 2019 and rose by 6.3%. Non-retail sales increased by 9%, accounting for 14% of total industry sales. The seasonally adjusted annual rate (SAAR) ended at 17 million, 118k units above prior year. Ultimately, the August's result brought 2019's tally to 11.44 million units, down 0.4% compared to the

same period in 2018. Non-retail deliveries have accounted for 20% of total sales in 2019.

INCENTIVE SPENDING & TRANSACTION PRICES

In August, automakers increased incentive spending for fourth consecutive month. According to Power Information Network (PIN) data from J.D. Power, incentive spending per unit rose 7.1% to \$4,154 per unit. Incentive spending as a percent of MSRP grew to 10.5%. Average consumer-facing transaction prices rose to \$33,091 per unit, a figure roughly \$950 above August 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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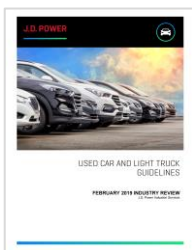
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ADDITIONAL RESOURCES



Guidelines

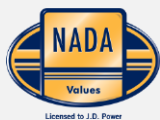
Updated monthly with a robust data set from various industry sources and J.D. Power Valuation Service's proprietary analysis, Guidelines provides the insight needed to make decisions in today's market



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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