

INDUSTRY UPDATE

January 2018

ECONOMIC INDICATORS

- New vehicle sales in 2017 were down 2% YOY, but ended the year with a strong 4-month showing which helped to reduce the supply overhang heading into 2018. **New vehicle sales ended the year as forecasted at 17.1 million units for 2017, influenced significantly by hurricane replacement demand and record incentives.**
- The Used vehicle market grew enough in 2017 to offset the decline in New vehicle sales, but Used sales lost some momentum in the fall. We enter 2018 with expectations for New sales to continue to decline marginally while Used sales continue to grow.
- Demand should begin to strengthen in March, influenced not only by tax refunds, but also by increased take-home pay resulting from tax reform.

DEMAND

- December new sales volume increased 5% YOY. Commercial fleet sales decreased 6%, Rental fleet decreased 5% and Government fleet increased by 1%.

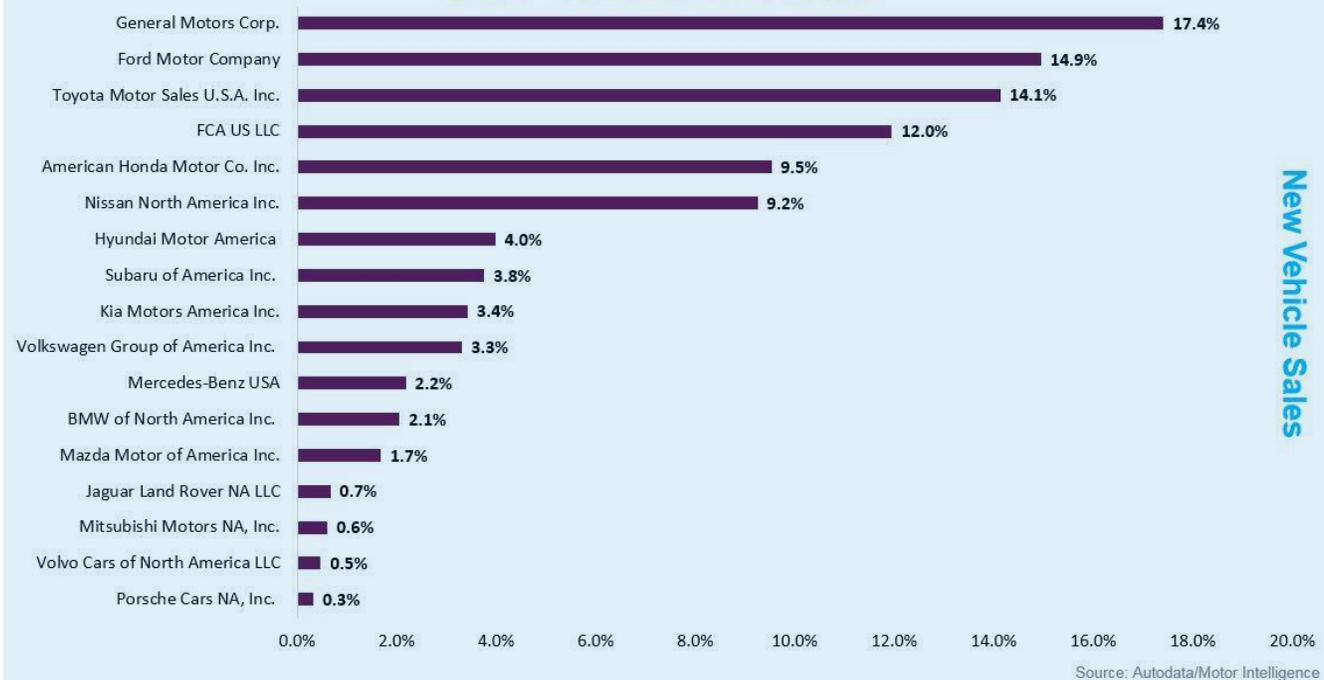
LIGHT VEHICLE SALES

↑	5%	New Retail
↓	5%	Rental
↓	6%	Commercial
↑	1%	Government

- Cox Automotive estimates that Used car sales increased by 4% YOY in December. The December used SAAR increased to 38.9 million units. At 39 million units for 2017, Used vehicle sales grew 1% YOY. CPO sales were down 4.8% YOY in December but gained 0.1% for the year, making 2017 the best year for CPO sales.

- The top OEM in December was Ford, with sales up 1% bolstered by the F-Series which experienced its best year since 2005. GM, Ford and Toyota held the first, second and third highest percentages of market share (respectively) in 2017.

2017 OEM Market Share



SUPPLY

- December average incentives came in at \$3,980, up 6% YOY and up 4% MOM, the highest monthly average since 2009. **The days' supply for December was 60, down 2 days YOY and down 9 days from November.** The December Manheim Used Vehicle Value Index was 132.0, a 5.6% increase YOY.

CREDIT

- The average 60-month new vehicle loan rate according to Bankrate.com was 3.56% as of January 11. Higher rates are the result of a better economy which keeps fundamental demand sound, but corresponding increases in monthly payments may mean more growth in sales of Used vehicle sales than New vehicles.