

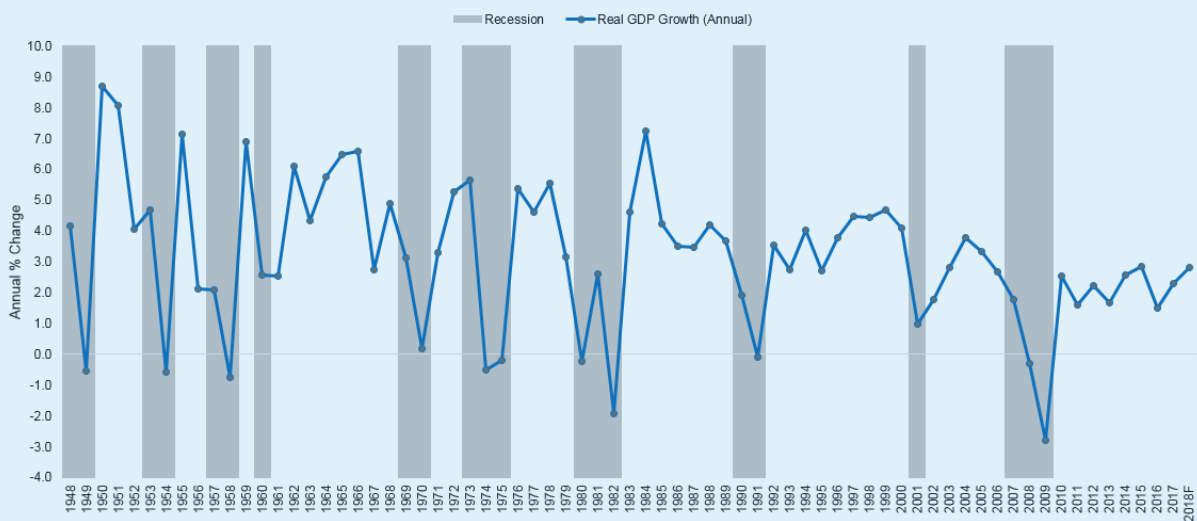


ECONOMIC INDICATORS

- ➔ The economy grew 2% in Q1, a lower rate than initially estimated but still resulting in the best Q1 since 2015. Q2 will likely see a strong rebound and hit the peak in economic growth for the year. **Total growth for the year is expected to be 2.8 – 3.0%.**
- ➔ Consumers appear to be reducing spending on big ticket items, like houses and vehicles, that account for more than a fifth of the U.S. economy. However, **consumer confidence remains at a near 17-year high.**
- ➔ Vehicle sales growth is slowing, but healthy, with a SAAR of approximately 17 million for 5 out of the last 6 months. **This year's New vehicle sales are forecast to be approximately 16.9 million** as steady long-term growth continues.

Steady Economic Expansion Is Likely to Continue

US ECONOMIC GROWTH SINCE WORLD WAR II



DEMAND

- ➔ **June New vehicle retail sales volume increased 5% YOY.** Commercial fleet sales increased 8%, Rental fleet increased 11% and Government fleet increased 10%. June New SAAR was 17.4 million, up from last year's 16.6 million. Cars sales fell 7% while light trucks were up 12% YOY.
- ➔ **Used vehicle sales volume increased by 2% YOY in June.** The annualized pace of Used vehicle sales is up 1% over last year. Cox Automotive estimates the June Used SAAR to be 39.8 million. June CPO sales were up 9% YOY and up 3% YTD.
- ➔ **FCA and Subaru saw the biggest gains in June,** with FCA earning a market share of 13.2% (increasing 0.4% YOY) and Subaru increasing 0.3% YOY to earn a market share of 3.9%.

LIGHT VEHICLE SALES

- ↑ **5% New Retail**
- ↑ **11% Rental**
- ↑ **8% Commercial**
- ↑ **10% Government**

SUPPLY

- ➔ **The days' supply for June was 68, down 5 days YOY and up 4 days from May.** New vehicle inventories came in under 4 million units for the second consecutive month.
- ➔ **The June Average incentive spend was \$3,785,** up 5% YOY and up 1% MOM. Total industry incentive spend (at \$26 billion) is up 6% YOY. The sales-weighted average incentive for the year is approximately \$3,730, up 6% YOY.

CREDIT

- ➔ **The Fed will likely raise rates two more times this year.** The current odds of a September increase are 80%, and the odds of another rate increase in December are 57%. While consumers are getting a reprieve this summer from the recent increases in gas prices and longer-term loan rates, trends in interest rates may negatively impact continued credit availability.