# INDUSTRY UPDATE

April 2019

## ECONOMIC INDICATORS

→ The Employment Report for March eased fears regarding a dramatic slowdown in the economy as 196,000 jobs were created when analysts had expected 177,000. **Prior payroll numbers were revised up for a net addition of 14,000 jobs, so the monthly average for the quarter was a solid 180,000**. Job gains were strongest in health services, professional services, and restaurants. Like last month, we are seeing job losses in several sectors including retail and manufacturing.

→ **The unemployment rate remained steady at 3.8%.** The underemployment rate, the broadest measure of unemployment, also remained steady at 7.3%, which is an 18-year low. The YOY change in average hourly earnings decelerated to 3.2% YOY, down from last month's 3.4%, which was the highest level of wage inflation since 2009.

## DEMAND

→ **March new vehicle sales were down 2.2% YOY, with one less selling day compared to March 2018.** The March SAAR came in at 17.5 million, up versus last year's 17.2 million. Cars continue to see declines, as sales in March fell 7.9% compared to last year.

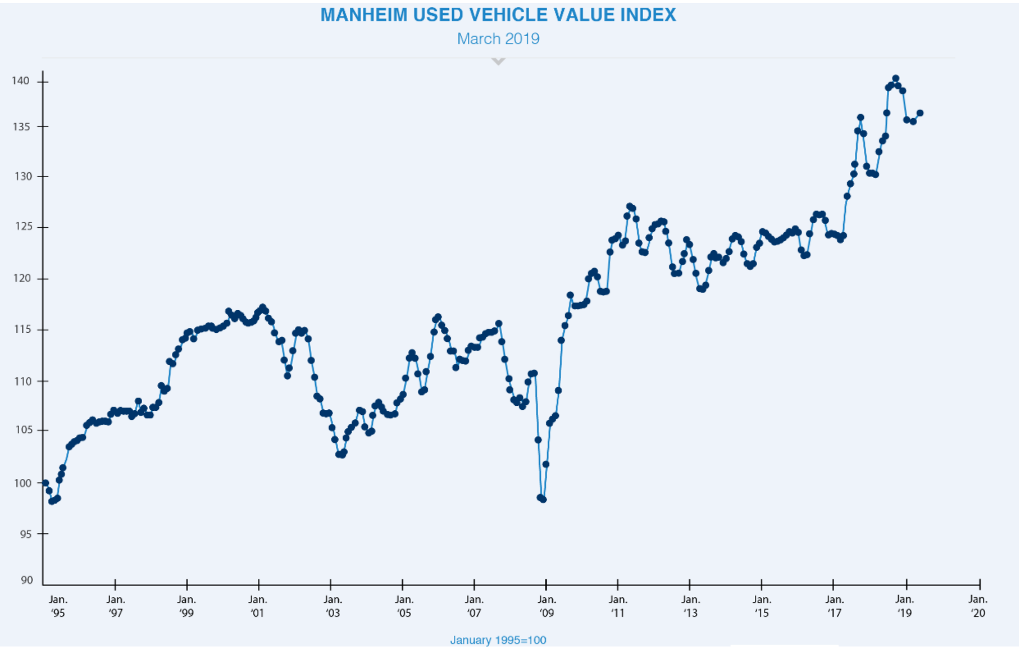
→ Cox Automotive estimates that used vehicle sales saw **weakness in March** as sales decreased by 1.7% YOY, which led to the March used SAAR coming in at 39.0 million units, down from last March's 39.7 million.

→ Combined rental, commercial, and government purchases of new vehicles were **up 4.5% YOY in March, and up 16% MOM**. New vehicle retail sales were down 4% in March, leading to a retail SAAR of 14.0, down from 14.1 last March.

| LIGHT VEHICLE SALES | | |
|---|---|---|
| ↑ | 2% | Rental |
| ↑ | 11% | Commercial |
| ↑ | 7% | Government |

## SUPPLY

→ **Days' supply for March was 68, flat YOY and down 9 days from February. Average car days supply came in at 58 which was down 6 days YOY and down 11 days from February. Light truck day's supply was 73 last month, up 3 days from last year and down 7 days from February.** The Manheim Index increased 0.58% month-over-month in March. This brought the Manheim Used Vehicle Value Index to 136.0, a 4.0% increase from a year ago.




## CREDIT

→ The Fed reported Consumer Credit excluding housing related debt increased in January by $17 billion, which was in line with expectations and an improvement over December's weaker gain. The key difference was expansion of credit card balances. **Non-revolving debt, which is made up mostly of auto loans and student loans, saw steady growth.**

*Source: Cox Automotive Industry Update Report, April 15, 2019*