

INDUSTRY UPDATE

May 2019



ECONOMIC INDICATORS

- ➔ **Job creation in April was much stronger than expected as 263,000 jobs were created when analysts were expecting 190,000.** The prior two monthly numbers were revised up for a net increase of 16,000 more jobs than originally estimated. Average monthly job creation year to date of 205k is down slightly from last year's 223k. Job gains were strongest in professional services, healthcare, government, and restaurants. Trucking and retail lost jobs and manufacturing barely improved.
- ➔ **Unemployment fell to a near 50-year low of 3.6%.** The underemployment rate remained flat at 7.3%, which is only an 18-year low. The underemployment rate does suggest the labor force still has slack to give, as the last time unemployment was 3.6%, the underemployment rate was 6.1%. Average hourly earnings growth remained steady at 3.2% YOY.

DEMAND

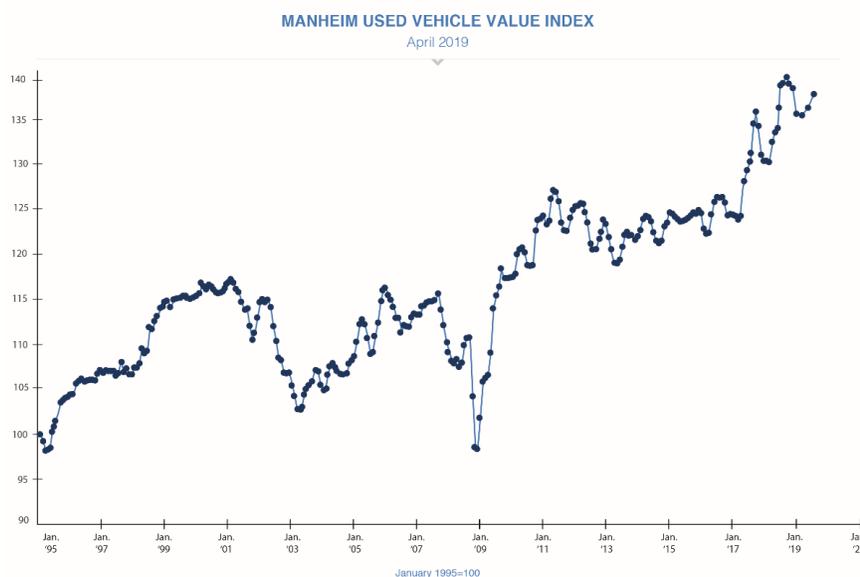
- ➔ **April new vehicle sales were down 1.7% YOY, even with one more selling day compared to April 2018.** The April SAAR came in at 16.4 million, declining versus last year's 17.2 million and March's 17.4 million rate.
- ➔ Cox Automotive estimates that used vehicle sales saw **strength in April** as sales increased by 3.0% YOY, which led to the April used SAAR coming in at 39.3 million units, up from last April's 38.1 million.
- ➔ Combined rental, commercial, and government purchases of new vehicles were down 0.9% YOY in April, and down 24% MOM. **Commercial (+11%) and government (+1%) fleet channels were up YOY in April.** New vehicle retail sales were down 2% in April, leading to a retail SAAR of 13.5 million, down from 14.1 million last April and 14.0 million in March.

LIGHT VEHICLE SALES

- ↓ **7% Rental**
- ↑ **11% Commercial**
- ↑ **1% Government**

SUPPLY

- ➔ **Days' supply for April was 76, up 5 days YOY and up 8 days from March.** Average car days supply came in at 64 which was down 5 days YOY and up 6 days from March. Light truck day's supply was 81 last month, up 8 days from last year and up 8 days from March. The Manheim increased 1.81% MOM in April. This brought the Manheim Used Vehicle Value Index to 138.4, a 4.5% increase from a year ago.



CREDIT

- ➔ The Federal Reserve reported that Consumer Credit excluding housing-related debt increased in March by \$10.3 billion, which was the smallest increase in 9 months and a decline of 11% YOY. Declines in credit card balances offset gains in auto loans and student loans. **Auto loans grew despite tightening standards as evidenced by the Fed's quarterly Senior Loan Officer Survey.**

Source: Cox Automotive Industry Update Report, May 10, 2019