

INDUSTRY UPDATE

January 2020



ECONOMIC INDICATORS

- **Consumer sentiment declined in December based on the final data for the month from the University of Michigan.** The consumer confidence index disappointed in December as the index declined 0.2% when analysts had expected an increase. Consumer confidence ended the year down slightly from last year.

- Housing has been a contributor to economic growth in 2019, and the trends at year-end suggest continued strength. Home sales activity strengthened this spring and summer aided by lower mortgage rates, and October saw a rebound in existing home sales following a decline in September. **New home sales, which are new contracts on newly constructed homes, increased 1.3% in November and are up 17% y/y. Pending home sales, which are new contracts signed on existing homes, increased 1.2% in November and are up 5.6% y/y.**

DEMAND

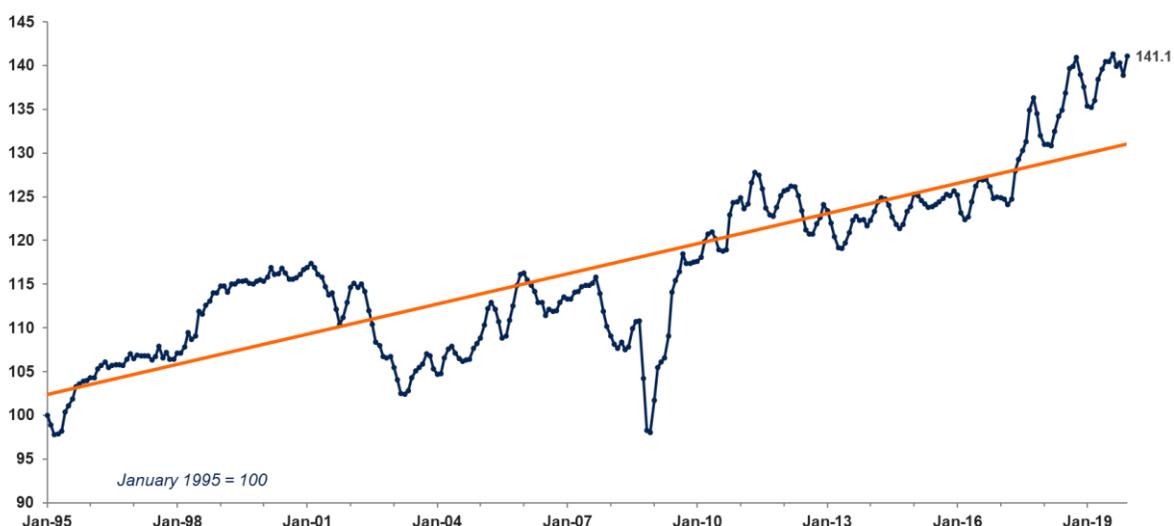
- **December total new vehicle sales were down 6.3% y/y, with one less selling day compared to December 2018.** The December SAAR came in at 16.7 million, a decline from last year's 17.4 million and down from November's 17.1 million rate. New light vehicle sales in 2019 decreased 1.4% versus the prior year to 16.97 million vehicles.
- CPO sales increased 5.3% in December y/y but were down 0.7% m/m. **CPO sales finished the year at 2.80 million units, a new record for the industry as sales increased 4% versus 2018.**
- **Combined rental, commercial, and government purchases of new vehicles were down 0.7% y/y in December.** Retail sales of new vehicles were down 7.1% in December, leading to a retail SAAR of 14.3 million, down from 15.0 million last December and down from November's 14.8 million rate. Fleet sales were up 2.9% in 2019, and retail sales were down 2.3%, as the overall new vehicle market finished the year down 1.4%.

LIGHT VEHICLE SALES

↓	7%	Rental
↑	14%	Commercial
↓	2%	Government

SUPPLY

- **Days' supply for December was 56, down 4 days y/y and down 10 days from November. Average car days' supply came in at 49, down 9 days y/y and down 9 days from November. Light truck days' supply was 59 last month, down 2 days from last year and down 10 days from the prior month.** The Manheim Index increased 1.54% m/m in December. This brought the Manheim Used Vehicle Value Index to 141.1, a 2.5% increase from a year ago.



CREDIT

- Auto loans that are severely delinquent (defined as 60 days or more behind on payment) are up 9% y/y, Equifax data shows. Subprime accounts that are severely delinquent are also up 9% y/y. **In November, 1.53% of auto loans were severely delinquent. That was the highest delinquency rate for the month of November since 2009.** In November, 5.38% of subprime auto loans were severely delinquent.

Source: Cox Automotive Industry Update Report, January 16, 2020