

August 25, 2020

COVID-19 AUTO MARKET UPDATE

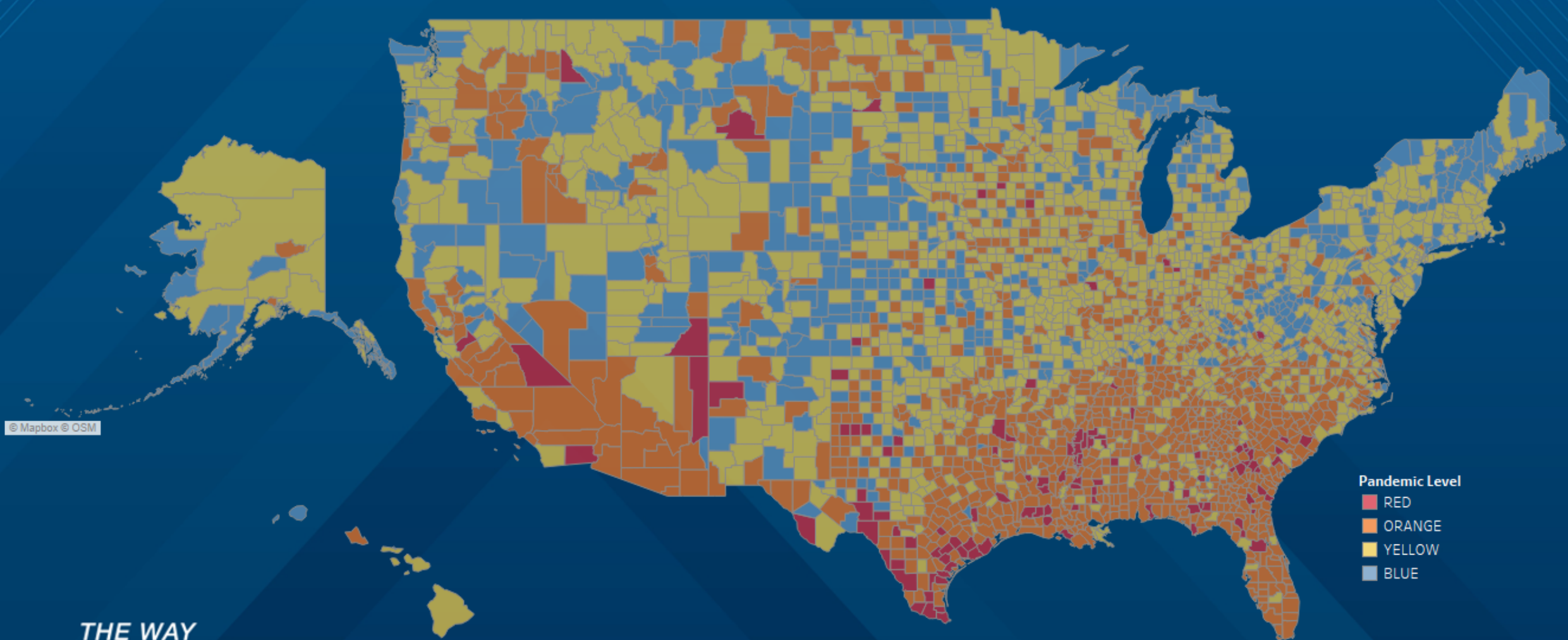
*THE WAY
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Jonathan Smoke

Chief Economist, Cox Automotive

COVID-19 LOCAL IMPACT ASSESSMENT



Pandemic Level

- RED
- ORANGE
- YELLOW
- BLUE

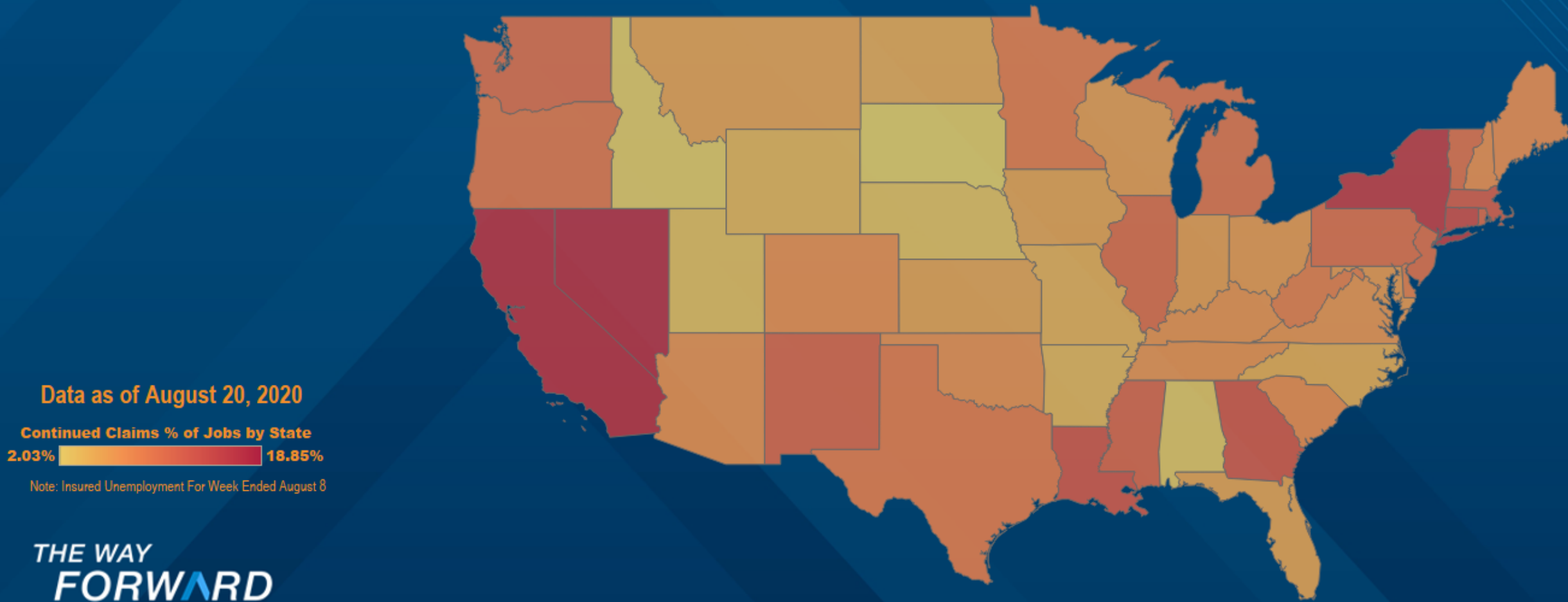
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Source: Cox Automotive

CONTINUING CLAIMS AT 14.8 MILLION NATIONALLY



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Source: Department of Labor

CONSUMER SENTIMENT IMPROVED AGAIN LAST WEEK

Morning Consult's Index of Consumer Sentiment on Monday was down 22.0% since February 29

ICS Value (7-Day Average)



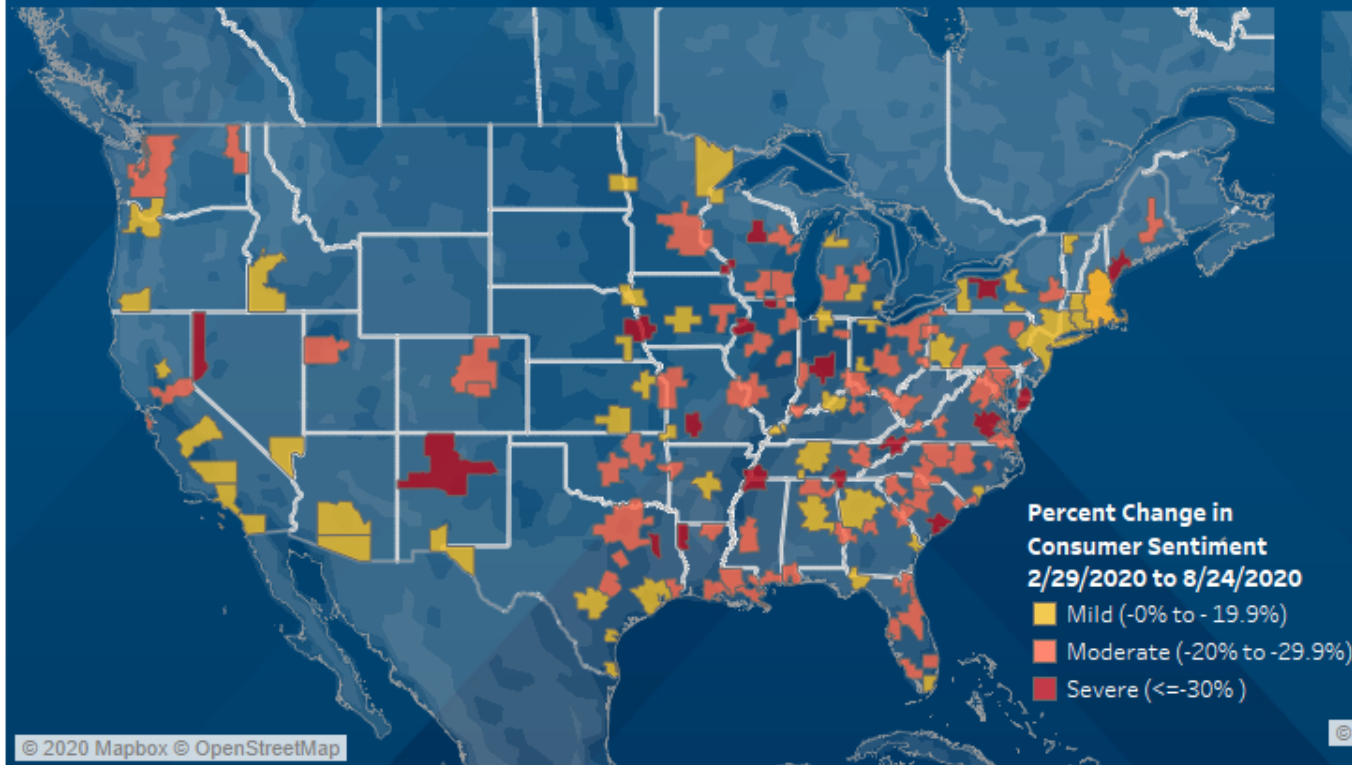
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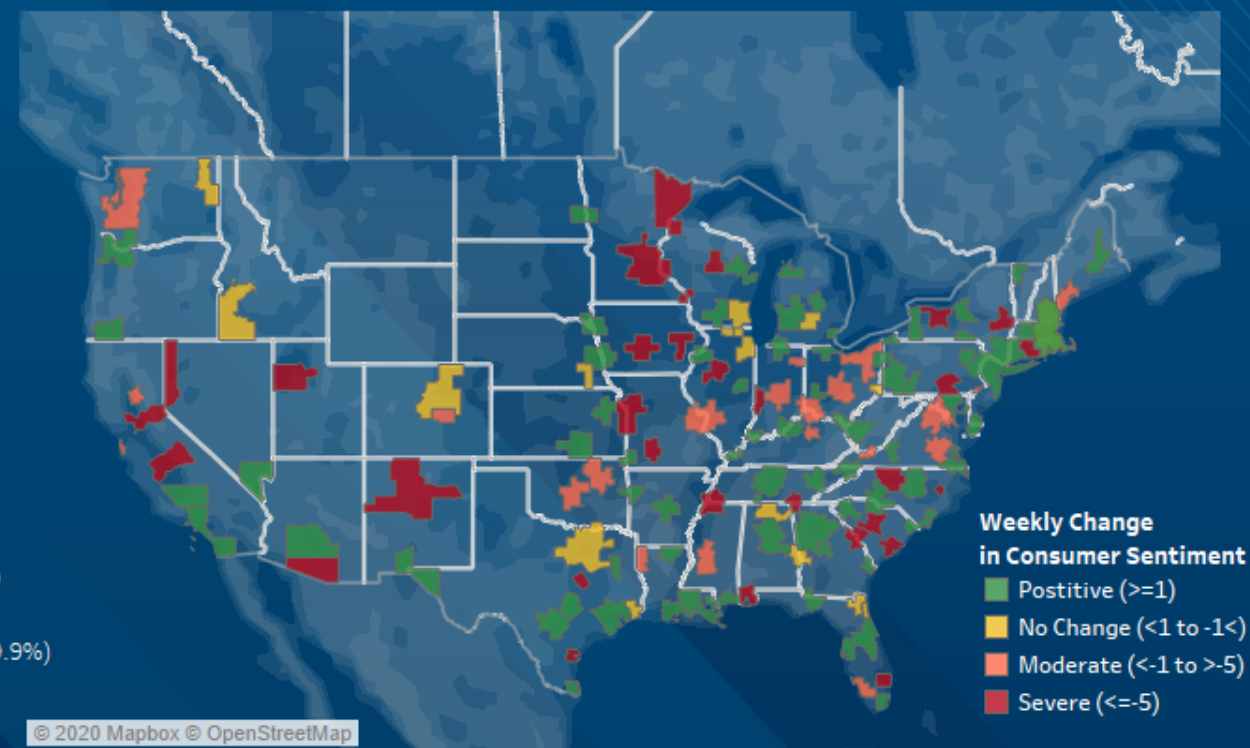
Source: Morning Consult

CONSUMER SENTIMENT IMPROVES IN MORE MARKETS

Since February 29th



Since August 17th



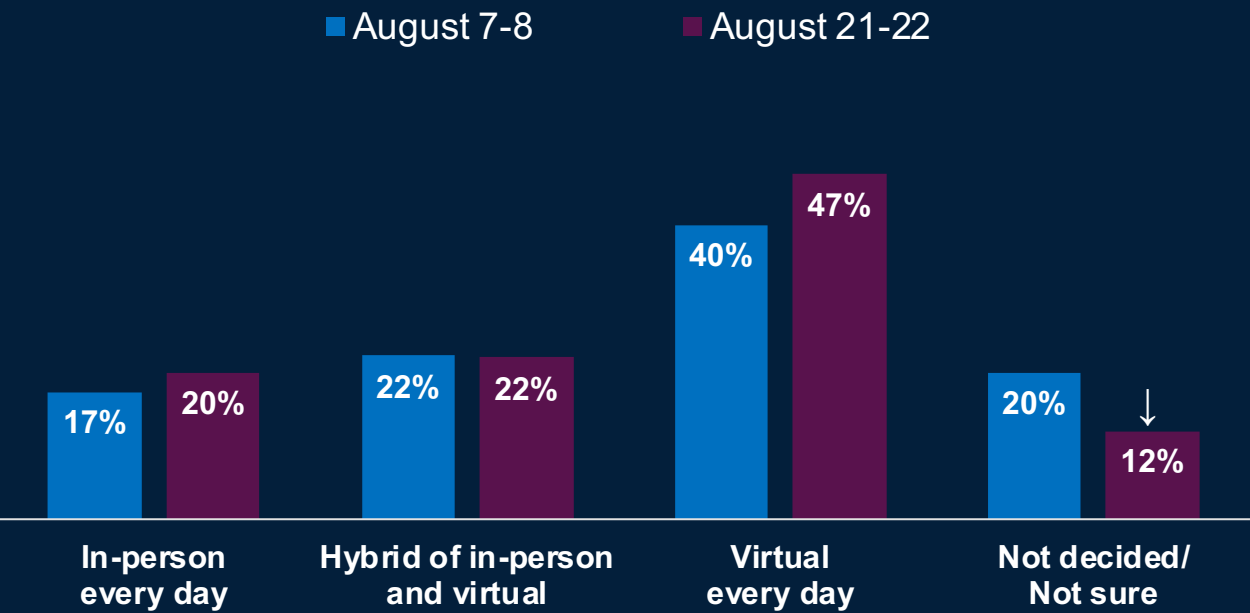
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Source: Morning Consult

As schools open their doors to a new year, over half of children will be learning virtually, putting pressure on parents' employment situation

Children Returning to School



40% of households with children entering virtual learning expect it to impact their employment

Q27a5. You mentioned that you have child(ren) under 18. To the best of your knowledge, what type of learning situation will your child(ren) be in when school starts?
Q27a6. Will having virtual/at-home learning for your child(ren) impact your or your spouse's employment situation?

The number of in-market shoppers remains lower than what we saw at the start of COVID-19

% OF CONSUMERS IN-MARKET TO PURCHASE A VEHICLE
WITHIN THE NEXT 6 MONTHS

20%

Early Outbreak
(March)

20%

Shelter in Place
(Late March - April)

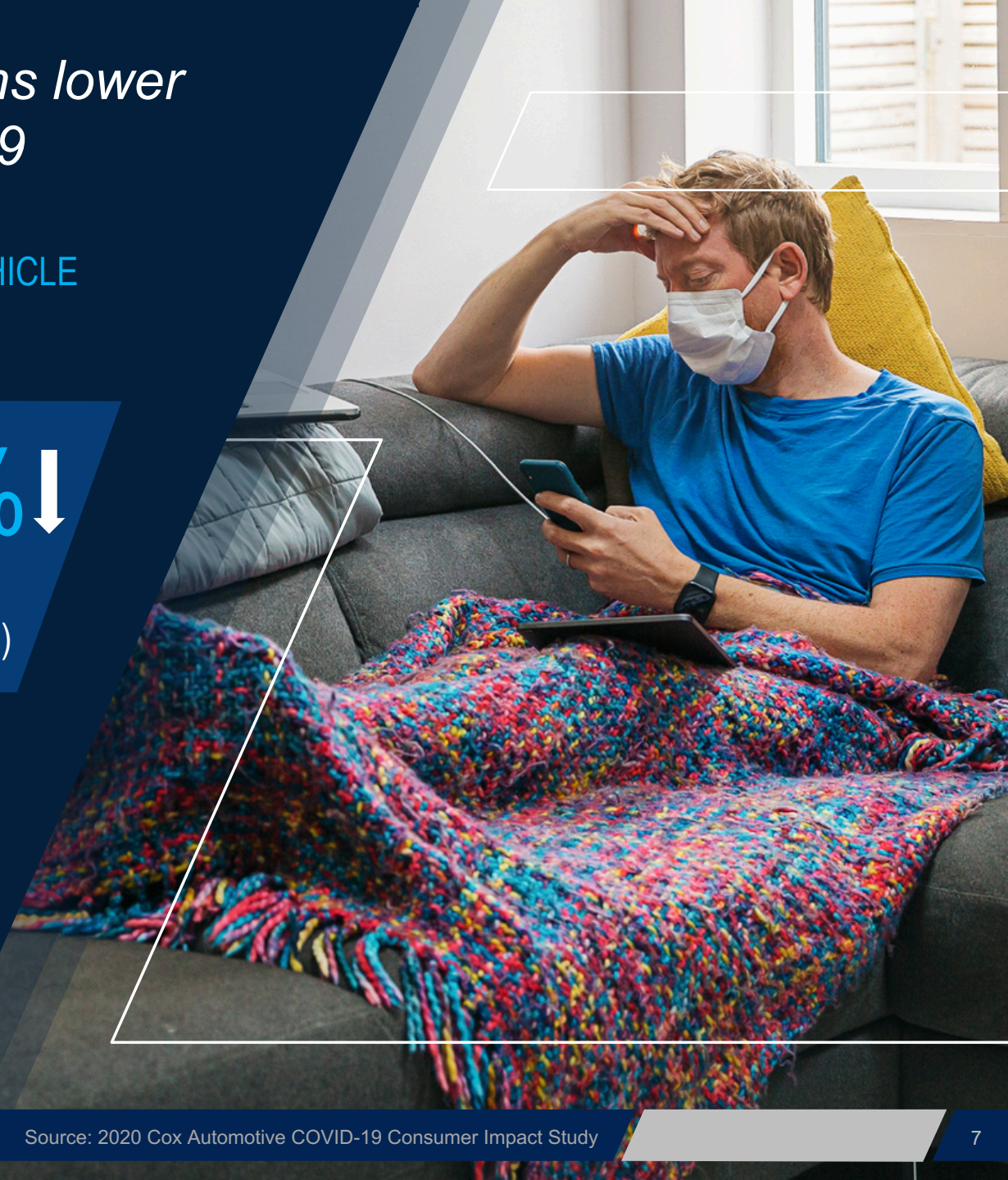
17%↓

Reopening
(May – Mid June)

16%

Summer Spike
(Late June-July)

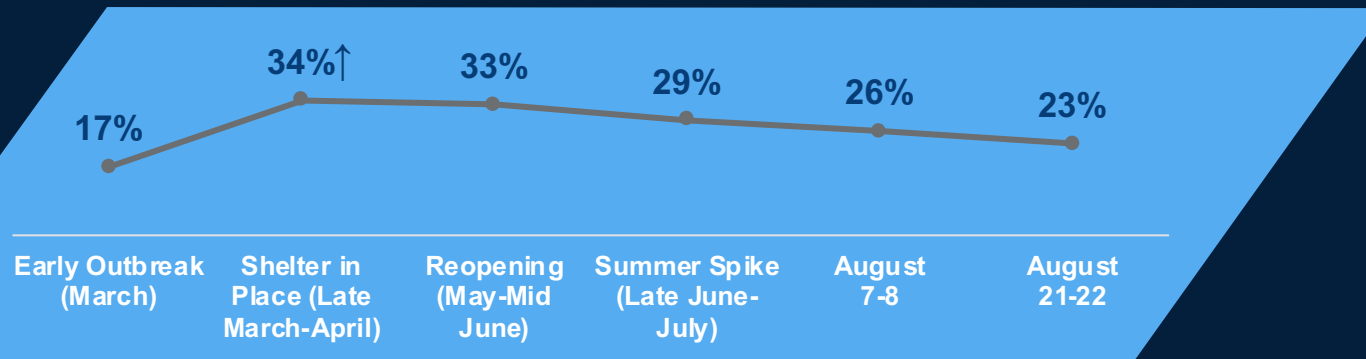
15%
(August 21-22)



Q4. Now as of today, when do you think you will be in the market to purchase or lease a vehicle?

Purchase delays are at their lowest point since late May, fueled by financial uncertainty

Delaying Vehicle Purchase/Lease*



Factors At Work

- Uncertain financial stability
- Ongoing COVID-19 cases
- Fewer miles traveled
- Civil unrest
- General uncertainty in the market

Top reasons for delay:

Waiting to see if federal government will provide a second stimulus check	28%
Concerned about cost/financial situation	27%
Concern about having contact with people	26%
Prefer to stay home/social distancing	20%
Not driving as many miles as usual/don't need a vehicle now	19%
Waiting to see if I can get a better deal or special incentive	19%

Q10. Have you done, or do you think you will do any of the following because of the coronavirus? *Note: Added "have done" in Wave 4

*Among 6-month auto intenders

Consumers expect to spend a potential second round of stimulus payments in a similar way

62%

Expect to receive
a 2nd stimulus if it
passes

Plans for stimulus check

	1 st stimulus*	2 nd stimulus** August 7-8	2 nd stimulus** August 21-22
Pay monthly household bills	42%	45%	41%
Everyday spending	36%	40%	37%
Save all or some of the money	37%	36%	35%
Pay off debt (loans, credit cards, etc.)	28%	35% ↑	37%
Pay for home service or repair	5%	14% ↑	14%
Pay for vehicle service or repair	4%	13% ↑	14%
Purchase/down payment on a vehicle	5% <small>12% among 6-month intenders</small>	7% <small>15% among 6-month intenders</small>	8% <small>21% among 6-month intenders</small>
Purchase/down payment on a home	4%	4%	5%

Q27a2. What have you done or plan to do with your stimulus check payment?
Q27a2a. If the second stimulus check is approved, which best describes you?
Q27a2b. What do you plan to do with your second stimulus check payment?

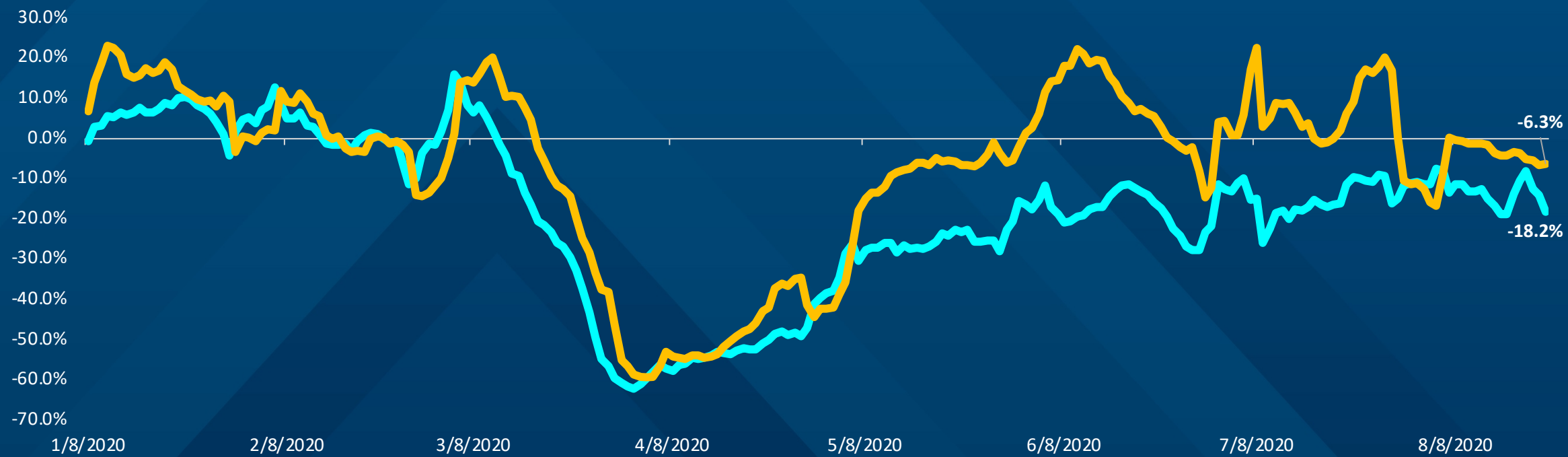
*Among received/expected to receive 1st stimulus (Mid-April-Mid-May)

** Among expect to receive 2nd stimulus if approved

RETAIL SALES RECOVERY ESTIMATES

Y/Y % Change in 7-Day Moving Average of Retail Sales

New Used



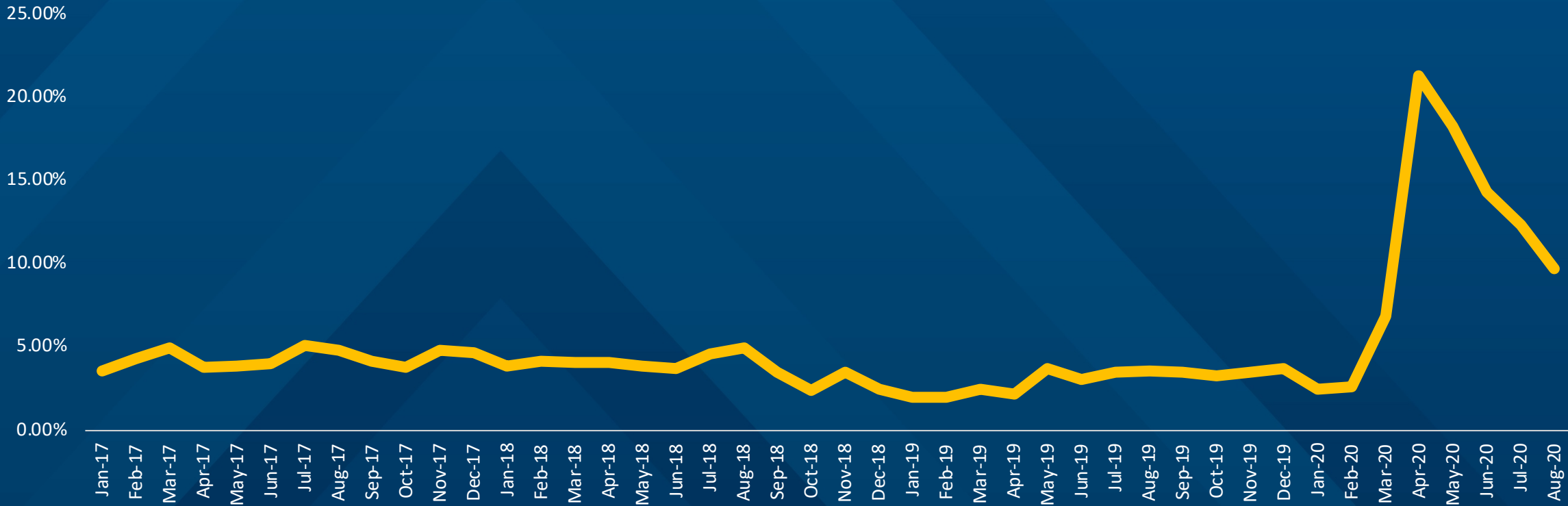
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ZERO PERCENT FINANCING DECREASES

0% APR Finance Share



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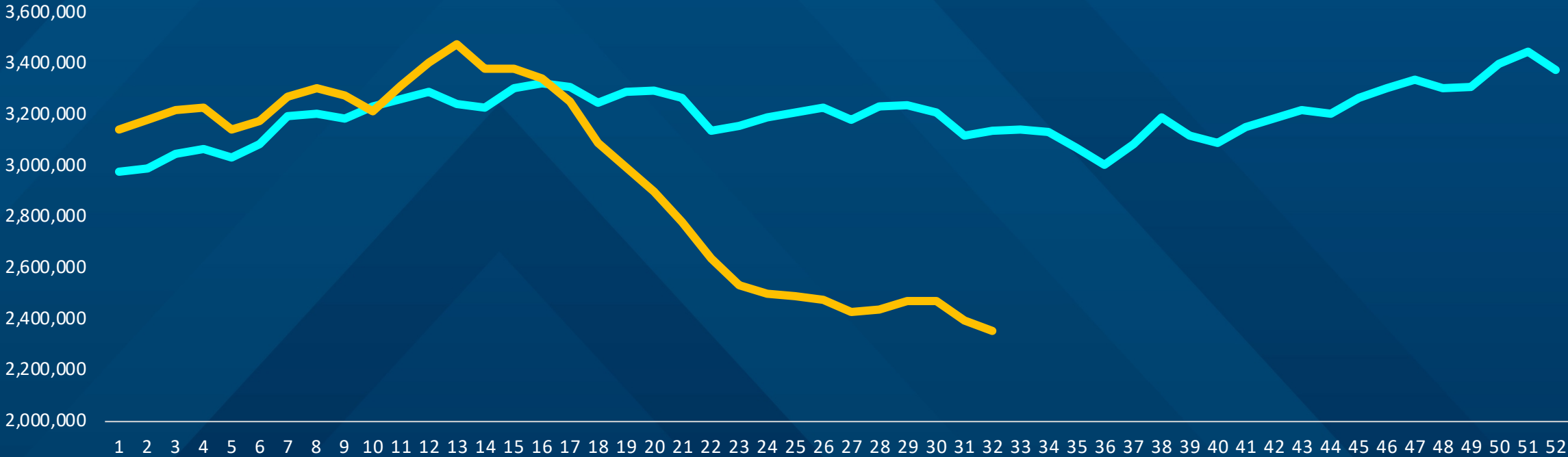
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Source: Cox Automotive

NEW SALES HAMPERED BY SUPPLY

Active New Vehicle Inventory by Week

2019 Active Inventory 2020 Active Inventory

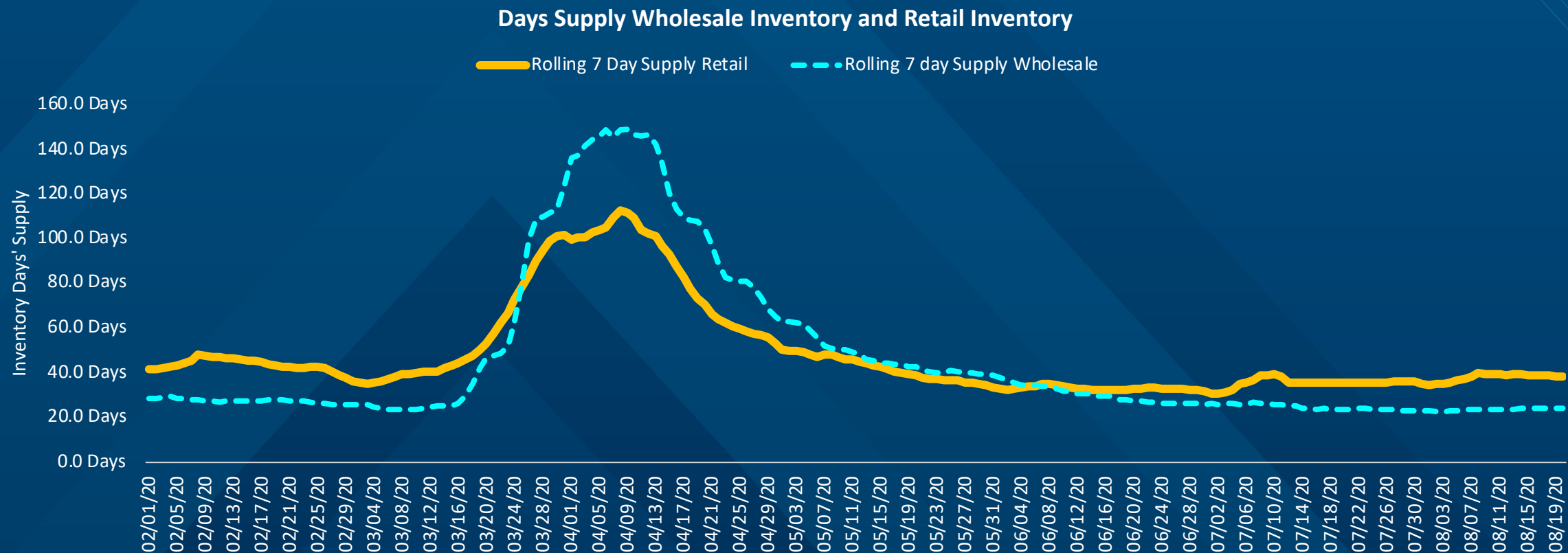


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USED INVENTORY DOWN



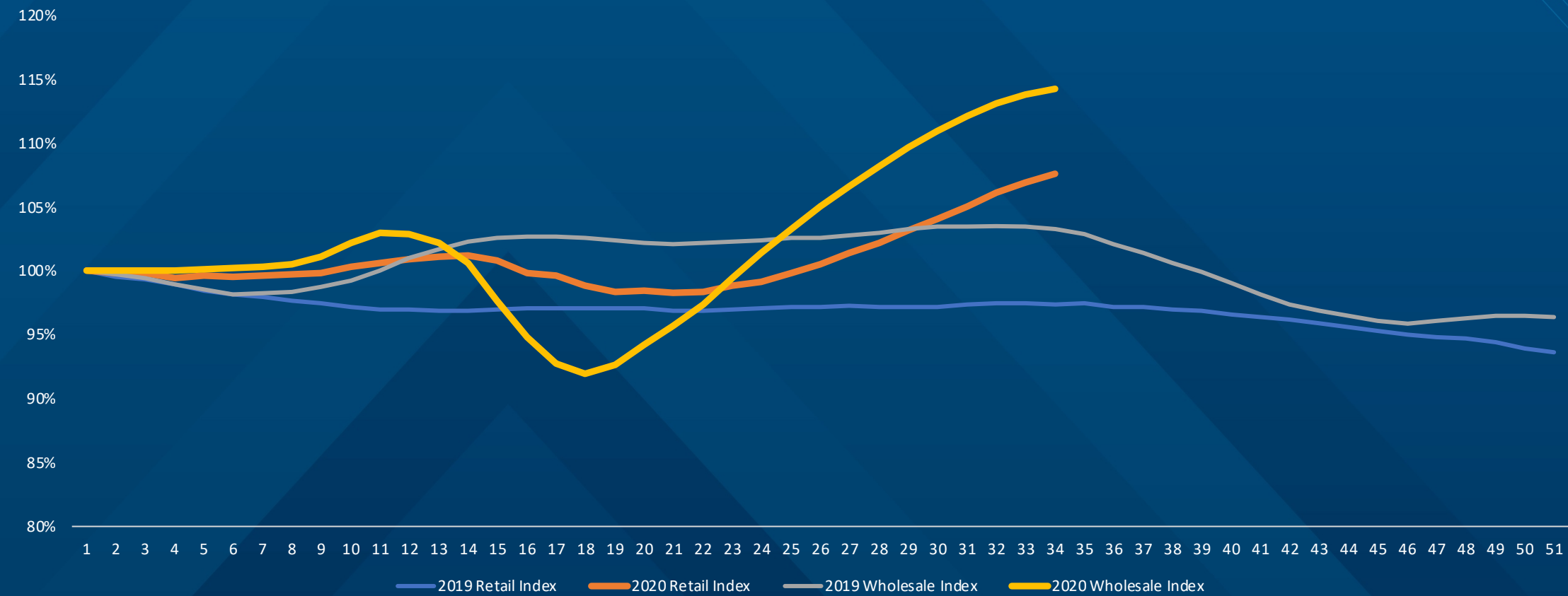
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Source: Cox Automotive

USED PRICE GROWTH SLOWING

MY 2017 Retail and Wholesale Price Indices (wk1=100)



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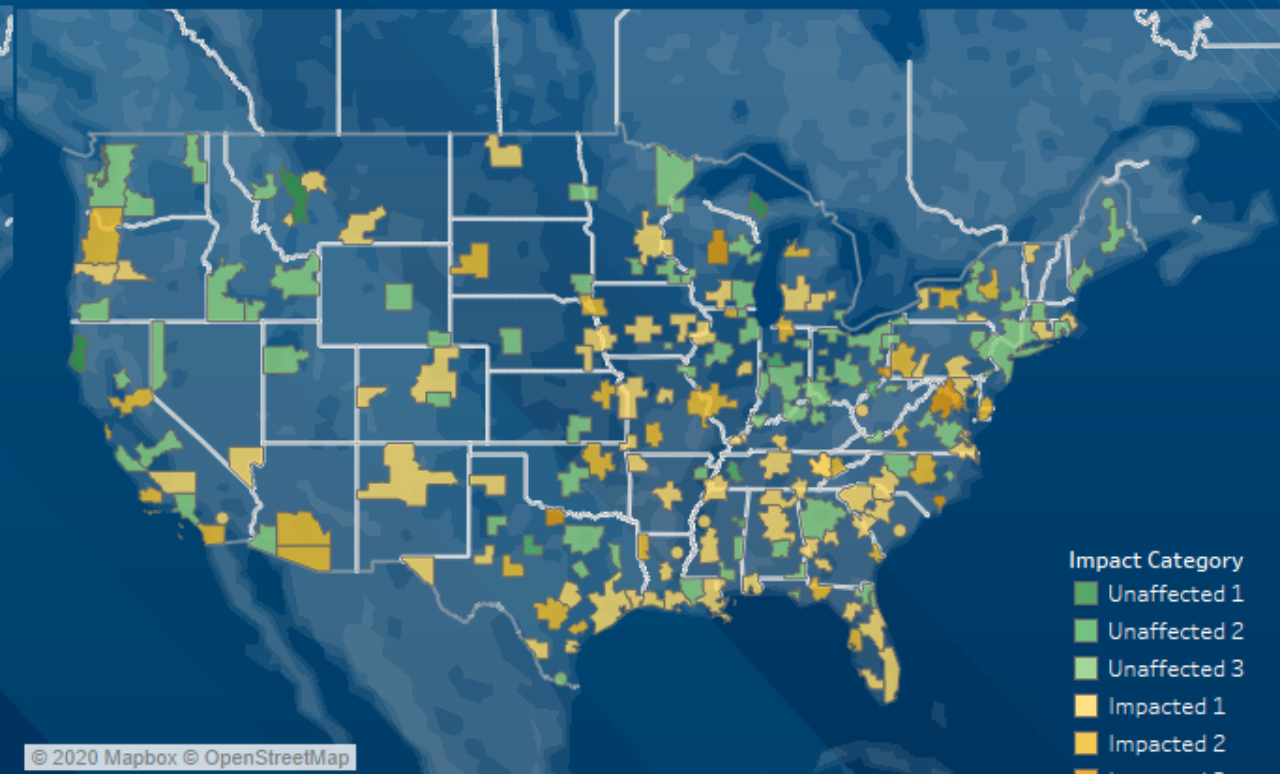
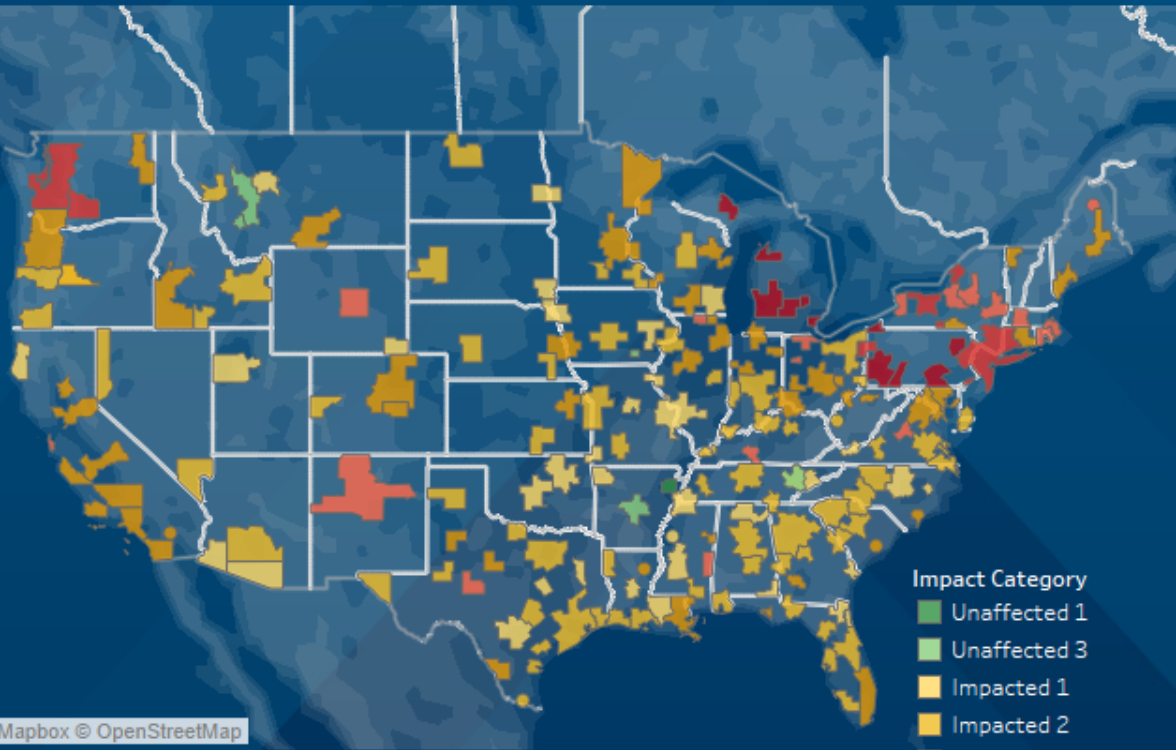
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Source: Cox Automotive

SALES IMPACT VARIES BY DMA AS EVIDENCED BY UNIQUE CREDIT APPS

April 5th

August 23rd



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COX AUTOMOTIVE LEADING INDICATORS

- Leads on **Autotrader** were up 35% y/y in August through the 22nd, and on **Kelley Blue Book** up 23%; both have lost momentum in August
- **Dealer.com** continues to see both New and Used Vehicle Form Submissions outperform, but both have lost momentum in August and again over the weekend
- **Dealertrack** unique credit applications on same-store basis were down 14% y/y last week, which was an improvement from the prior week
- **Xtime** saw an 11% decrease y/y last week in consumers having their cars serviced, which was an improvement from the prior week

Cox AUTOMOTIVE

Autotrader 

 CLUTCH

DEALER.COM

Dealertrack 

 F&I Express

 HOMENET
AUTOMOTIVE

 Kelley Blue Book

 Manheim

NEXTGEAR
CAPITAL

PIVET

 RideKleen

vAuto
LIVE MARKET VIEW

VinSolutions

 xtime