



#### **AGENDA**

**Time Check: 90 Minutes** 

Intro & Cox Automotive Mark Schirmer, Director, Public Relations

The Economy

Jonathan Smoke, Chief Economist

Market Performance: Used Vehicles Kayla Reynolds, Industry Intelligence Analyst

Market Performance: New Vehicles Charlie Chesbrough, Senior Economist

The Consumer, the Snapshot & Jonathan Smoke, Chief Economist and Resident DJ The Summer Playlist

**Q&A** Presenters plus Michelle Krebs, Executive Analyst

# **OUR PURPOSE**

Empower clients to thrive in a rapidly changing marketplace





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# **OUR VISION**

Transform the way the world buys, sells, owns and uses vehicles

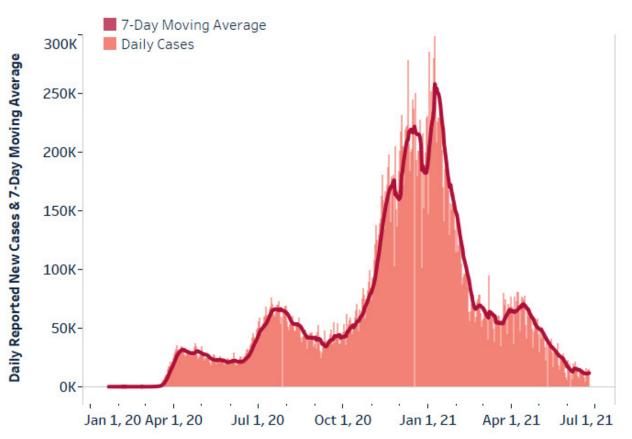




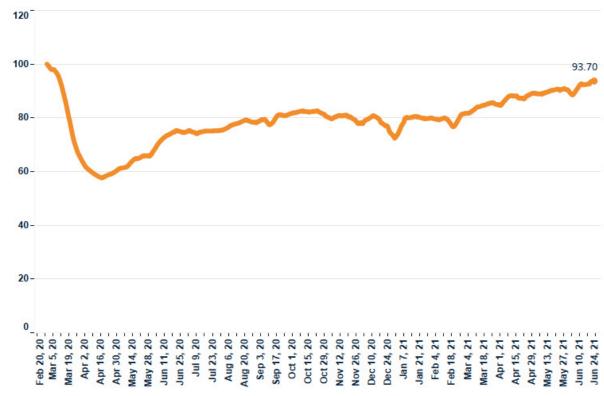


# JONATHAN SMOKE CHIEF ECONOMIST @smokeoncars Cox Automotive

## STATE OF THE INDUSTRY: Finding Normal



#### Moody's-CNN Business Back-to-Normal Index



# THE ECONOMY: Macro Signals Mainly More Favorable

Overall Economy	Real GDP Growth	+4.3% (Q4 '20)	+6.4% (Q1 '21)	+10.8% (Q2 '21 F)	
Employment Conditions	U3 Unemployment Rate	6.9% (Jun '20)	5.8% (May '21)	5.6% (Jun '21 F)	
Buyer Confidence	UofM Consumer Sentiment	78.1 (Jun '20)	85.5 (Jun '21)		
Wages	Earnings Growth	6.7% (May '20)	2.0% (May '21)		
Buyer Ability	Disposable Income Y/Y	11.7% (May '20)	1.7% (May '21)		

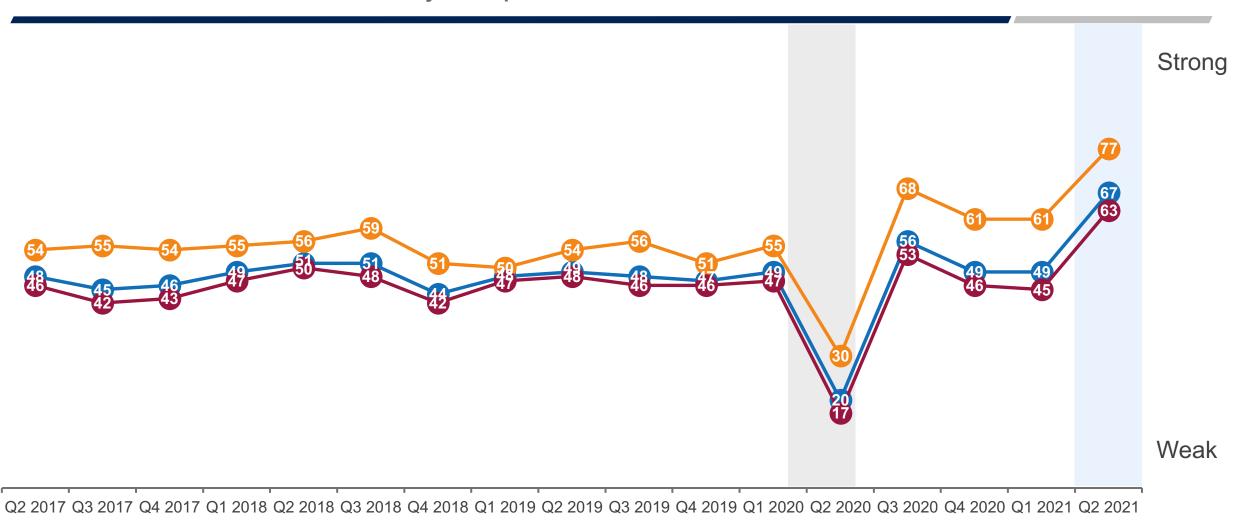
# THE ECONOMY: Macro Signals Mainly More Favorable

Auto Finance	FRBNY	\$150 billion (Q1 '20)	\$153 billion (Q1 '21)	
Interest Rates	Effective Fed Funds Rate	0.05% (May '20)	0.06% (May '21)	
Borrowing Costs	Average New Auto Loan Rate	4.56% (May '20)	4.38% (May '21)	
Mobility Costs	Average Retail Unleaded Gasoline Price	\$1.98 (May '20)	\$3.05 (May '21)	

# How would you describe the current market for vehicles in the areas where you operate?

#### **Dealer Sentiment Index**

SECOND QUARTER 2021



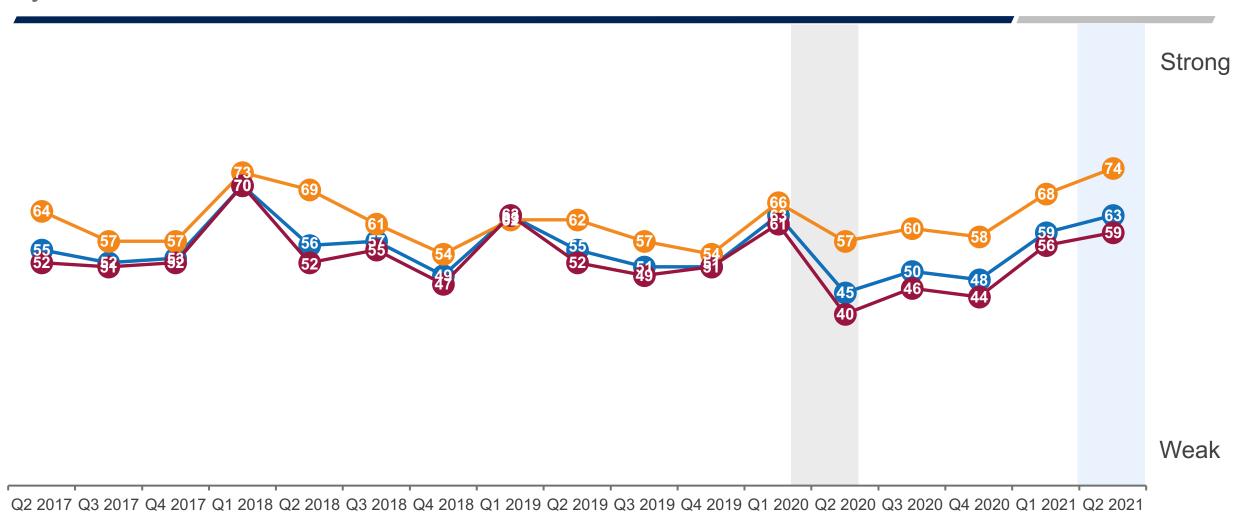
→Overall → Franchise → Independent

Note: Scale 1 - 100

# What do you expect the market for vehicles in your area to look like 3 months from now?

#### **Dealer Sentiment Index**

SECOND QUARTER 2021



→Overall → Franchise → Independent

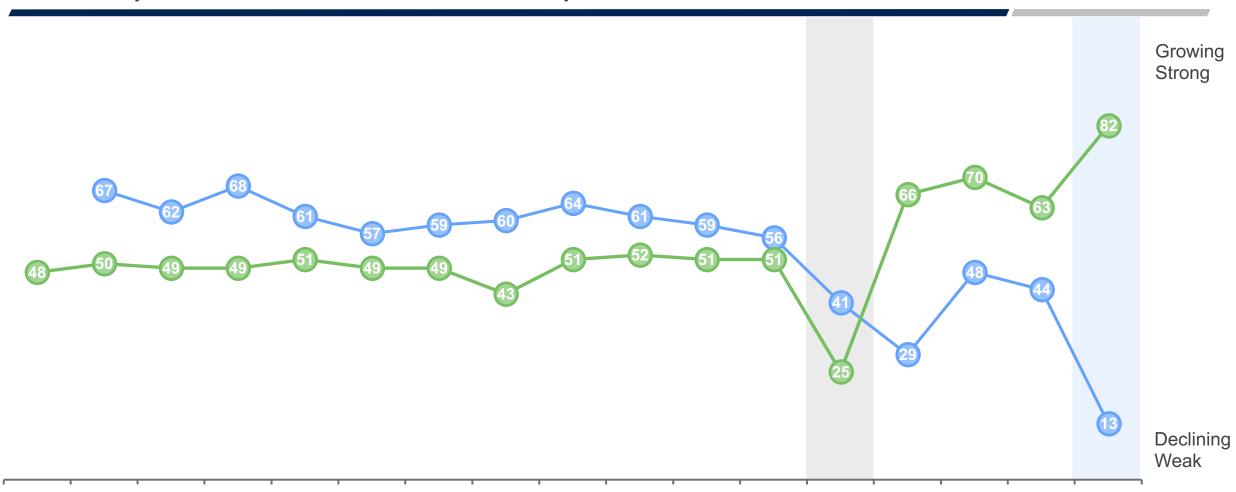
Note: Scale 1 - 100

#### INVENTORY/PROFITS

#### **Dealer Sentiment Index**

How would you describe your profits over the past 3 months? How would you describe the current new-vehicle inventory levels?

SECOND QUARTER 2021



Q2 2017 Q3 2017 Q4 2017 Q1 2018 Q2 2018 Q3 2018 Q4 2018 Q1 2019 Q2 2019 Q3 2019 Q4 2019 Q1 2020 Q2 2020 Q3 2020 Q4 2020 Q1 2021 Q2 2021

New Vehicle Inventory

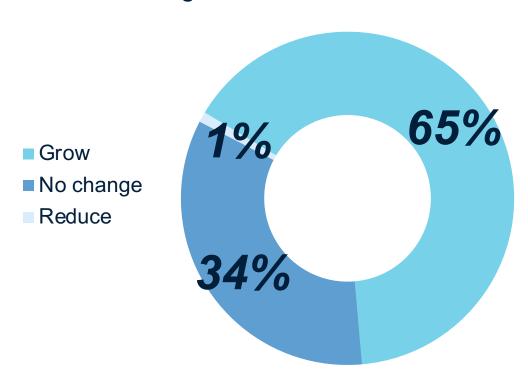
Franchise Profits

Note: Scale 1 - 100

#### HELP WANTED: Dealers Struggle to Hire Employees While Business Booms

#### THE STATE OF DEALERSHIP STAFFING - Released June 2021

A majority of franchised dealers want to grow their ranks in 2021



72%

of franchised dealers say finding and hiring the right employees is currently a challenge



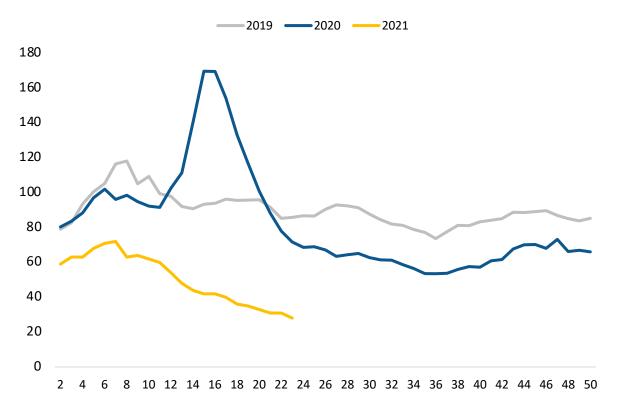


# QUARTERLY SALES PACE: The Frenzy Passes

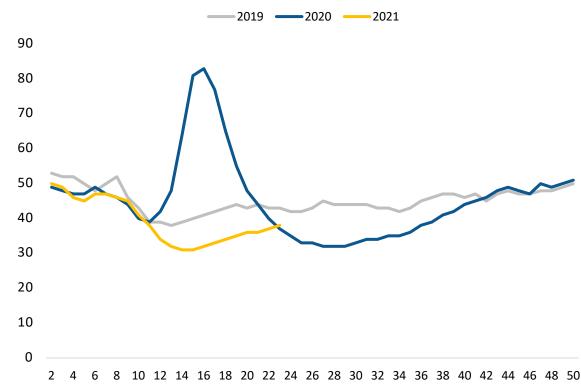
		Total Used SAAR	Retail Used SAAR
	January	39.3	21.5
Q1	February	37.3	20.4
	March	43.1	23.5
	April	43.7	23.9
Q2	May	40.0	21.9
	June Forecast	39.0	21.3

#### INVENTORY MANAGEMENT: Used-Vehicle Supply Healthier Than New

#### **New Days' Supply**

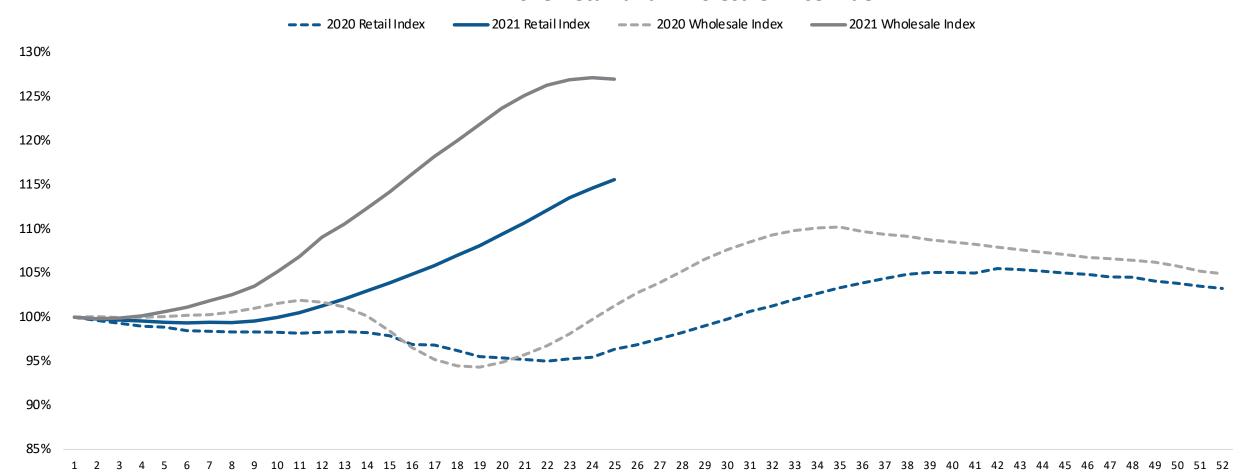


#### **Used Days' Supply**

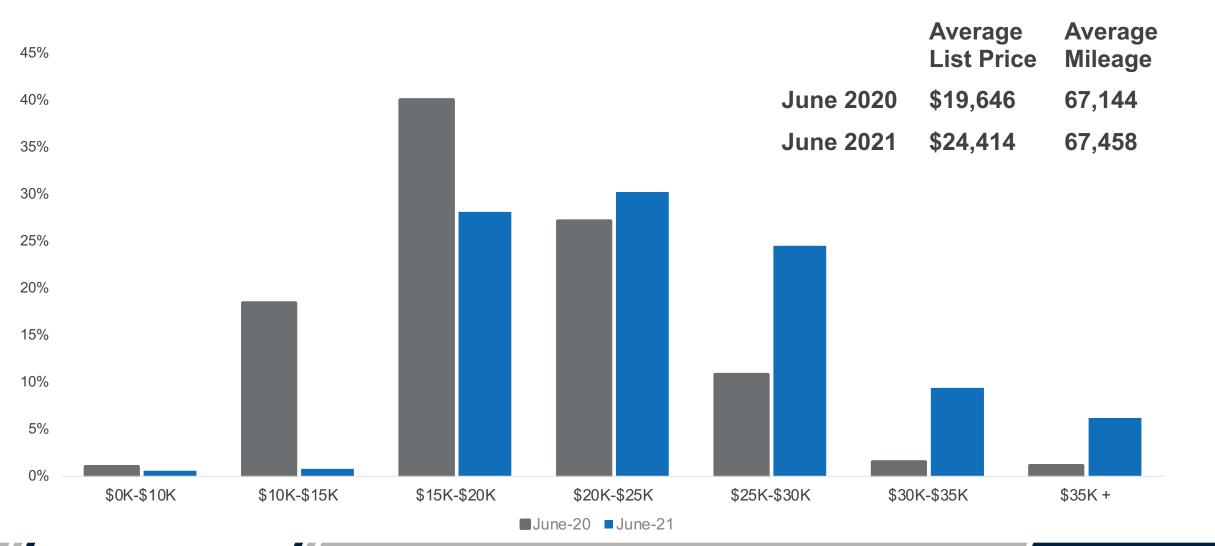


## PRICE MOVEMENT: Record-Setting First Half

#### **MY 2018 Retail and Wholesale Price Index**

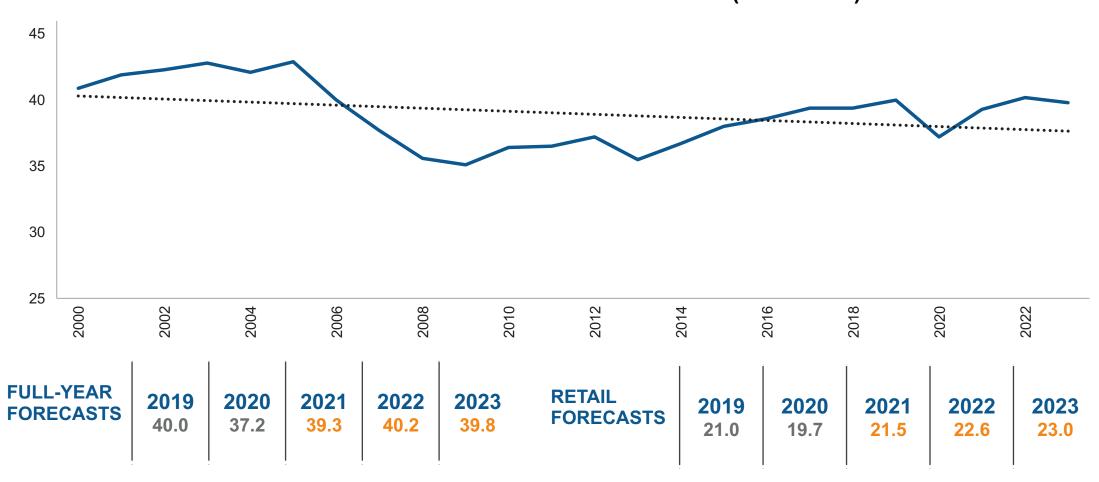


## RETAIL INVENTORY: Lower-Priced Used-Vehicle Supply Depleted



#### USED-VEHICLE SALES AND FORECAST: Healthy Market and Outlook

#### **USED-VEHICLE SALES OUTLOOK (MILLIONS)**



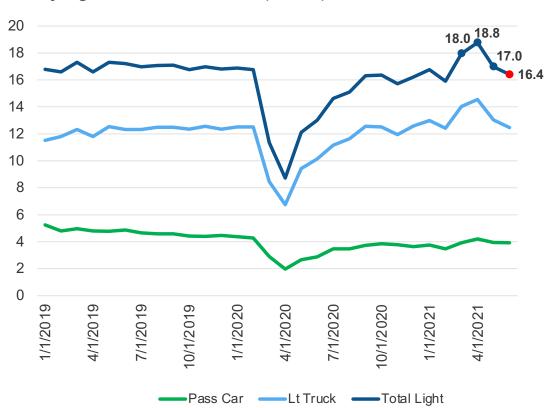




## JUNE SALES FORECAST: Green Spring Season Is Approaching Summer Drought

We just had the best three-month pace since 2005 – but rising car share suggests a brick wall lies ahead

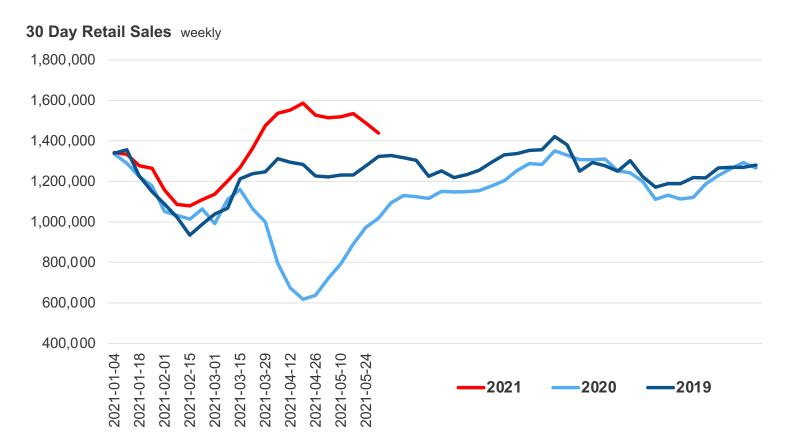
#### Monthly Light Vehicle Sales SAAR (millions)



Jan-May	Pass Car	Lt Trucks	<u>Total</u>	<u>Car</u> <u>Share</u>	SAAR
YTD2019	2.05m	4.84m	6.89m	29.8%	16.9
YTD2020	1.33m	3.98m	5.31m	25.0%	13.2
YTD2021	1.61m	5.40m	7.01m	23.0%	17.3
'21 v <b>'</b> 19	-21.4%	11.5%	1.7%		2.1%
'21 v <b>'</b> 20	21.3%	35.6%	32.0%		31.2%
19-Jun	0.44m	1.07m	1.51m	29.1%	17.2
20-Jun	0.25m	0.85m	1.10m	22.8%	13.0
21-Jun	0.33m	1.05m	1.38m	24.0%	16.4
'21 v <b>'</b> 19	-25.0%	-1.4%	-8.3%		-4.7%
'21 v <b>'</b> 20	31.4%	24.1%	25.8%		26.2%

## LIGHT VEHICLE OUTLOOK: Supply Constrains Sales In H2

16.4 million pace expected for June – and slower pace in H2 likely



	SAAR In Millions	Volume in Mllions
Q2-2019	17.0	4.4
Q2-2020	11.3	2.9
Q1-2021	16.9	3.9
Q2-2021	(17.4)	4.5
vs Q2-2019	2.4%	1.7%
vs Q2-2020	54.0%	53.2%
vs Q1-2021	3.0%	15.3%
H2-2019	17.0	8.6
H2-2020	15.7	8.1
H1-2021	17.1	8.4
<u>2021 F</u>	INAL RANG	<u>SE</u>
If H2 like 2	2019 =	17.0
If H2 like 2	2020 =	16.5
If H2 like 90%	of 2019 =	16.1

# VEHICLE MARKET FORECAST: Supply Constrains Sales In H2

Strong retail, improving fleet take market to a forecast 16.5 million sales in 2021

<i>In millions</i>	<u>2019</u>	<u>2020</u>	Volume Change	<u>2021</u>	Volume Change
New Total	17.0	14.5	-14.7%	16.5	13.8%
Fleet	3.3	2.0	-37.6%	2.5	22.1%
Retail	13.7	12.4	-9.2%	14.0	12.7%
Retail Lease Share	29.9%	26.8%	-18.4%	28.0%	17.8%
<b>Used Total</b>	40.0	37.3	-7.2%	39.3	5.9%
<b>Total Vehicles Sold</b>	57.0	51.6	-9.5%	55.8	7.8%
Franchise Retail	23.9	22.0	-7.9%	24.3	10.0%
Used Share	42.8%	43.6%		42.4%	

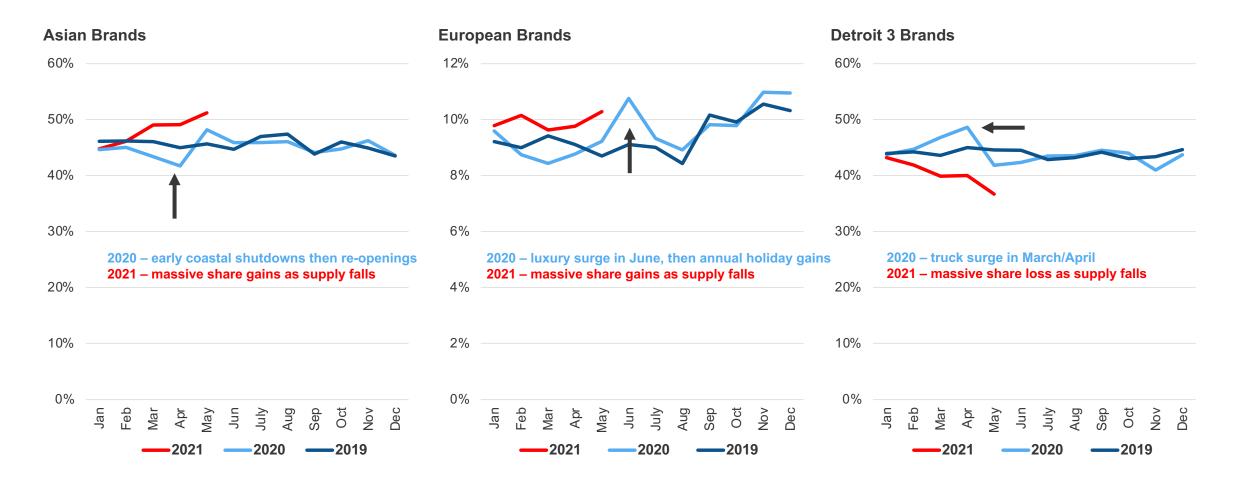
## OEM SALES FORECASTS: Toyota, Hyundai Recovery Winners – So Far

Detroit 3 losing market share as chip shortage lingers and exit from car segments haunts sales

	O2 2010	O2 2020	O2 2021	v 2010	v 2020	H1 2019	H1 2020	H1 2021	v 2019	v 2020	H1Share	H1Share	H1Share	v 2019	v 2020
	Q2 2019	Q2 2020	Q2 2021	v 2019	V 2020	П1 2019	П1 2020	П1 2021	V 2019	V 2020	2019	2020	2021	V 2019	V 2020
Toyota	608,392	398,029	698,838	14.9%	75.6%	1,152,108	893,776	1,301,904	13.0%	45.7%	13.7%	13.8%	15.5%	1.8%	1.6%
Hyundai	359,413	270,699	471,769	31.3%	74.3%	648,111	543,474	806,671	24.5%	48.4%	7.7%	8.4%	9.6%	1.9%	1.2%
Honda	407,208	293,502	483,758	18.8%	64.8%	776,995	592,286	830,849	6.9%	40.3%	9.2%	9.2%	9.9%	0.6%	0.7%
Volkswagen	167,294	116,968	208,896	24.9%	78.6%	316,305	245,404	371,965	17.6%	51.6%	3.8%	3.8%	4.4%	0.7%	0.6%
Telsa	53,975	25,500	65,880	22.1%	158.4%	83,875	81,700	135,180	61.2%	65.5%	1.0%	1.3%	1.6%	0.6%	0.3%
BMW	91,230	56,245	103,278	13.2%	83.6%	174,023	120,937	180,996	4.0%	49.7%	2.1%	1.9%	2.1%	0.1%	0.3%
Mazda	67,722	61,199	106,396	57.1%	73.9%	138,555	128,869	189,654	36.9%	47.2%	1.6%	2.0%	2.3%	0.6%	0.3%
Nissan/Mits	380,215	189,525	327,280	-13.9%	72.7%	788,136	482,694	641,064	-18.7%	32.8%	9.3%	7.5%	7.6%	-1.7%	0.1%
Volvo	28,062	23,770	35,207	25.5%	48.1%	50,120	43,255	62,446	24.6%	44.4%	0.6%	0.7%	0.7%	0.1%	0.1%
Tata	27,155	18,850	25,849	-4.8%	37.1%	62,405	44,279	53,799	-13.8%	21.5%	0.7%	0.7%	0.6%	-0.1%	0.0%
Subaru	182,772	136,523	171,192	-6.3%	25.4%	339,526	267,114	331,618	-2.3%	24.1%	4.0%	4.1%	3.9%	-0.1%	-0.2%
Daimler	84,774	70,221	78,231	-7.7%	11.4%	163,421	145,487	168,146	2.9%	15.6%	1.9%	2.3%	2.0%	0.1%	-0.3%
Stellantis	597,685	367,086	504,683	-15.6%	37.5%	1,096,040	813,854	974,334	-11.1%	19.7%	13.0%	12.6%	11.6%	-1.4%	-1.0%
GM	744,316	489,264	700,978	-5.8%	43.3%	1,409,321	1,105,696	1,340,384	-4.9%	21.2%	16.7%	17.1%	15.9%	-0.8%	-1.2%
Ford	644,498	432,317	519,007	-19.5%	20.1%	1,231,454	946,931	1,036,718	-15.8%	9.5%	14.6%	14.7%	12.3%	-2.3%	-2.4%
Nation	4,444,711	2,949,698	4,501,243	1.3%	52.6%	8,430,395	6,455,756	8,425,729	-0.1%	30.5%	100.0%	100.0%	100.0%	0.0%	0.0%

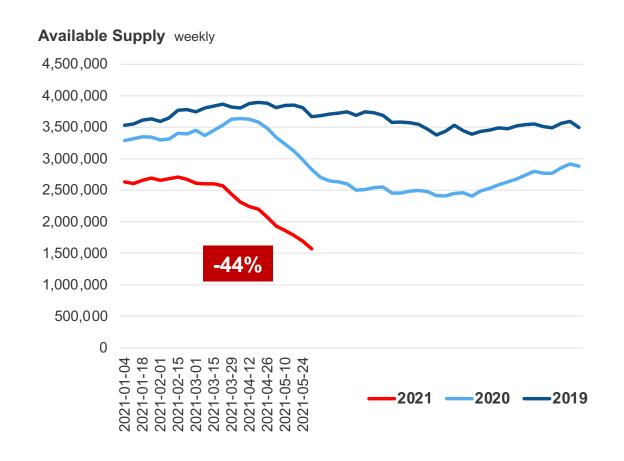
#### MARKET SHARE COMPARISION: COVID-19 Impact "Stories" Revealed

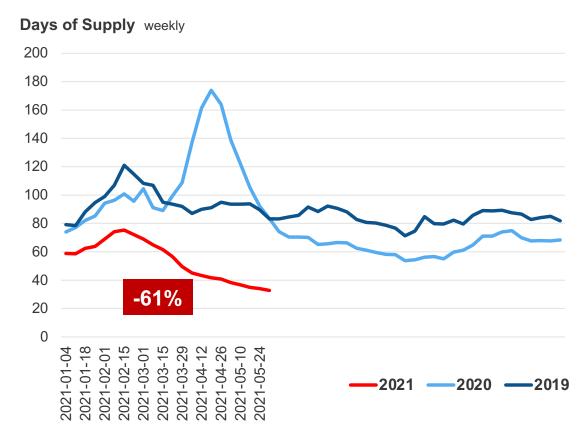
Supply impact on sales not equal - Asian and European brands elevated since January - Detroit 3 not



#### NEW-VEHICLE INVENTORY: Days Of Supply Still Tightening

Supply situation worsening – today 1.3 million fewer vehicles on dealer lots than 2020, and over 2 million lower than 2019

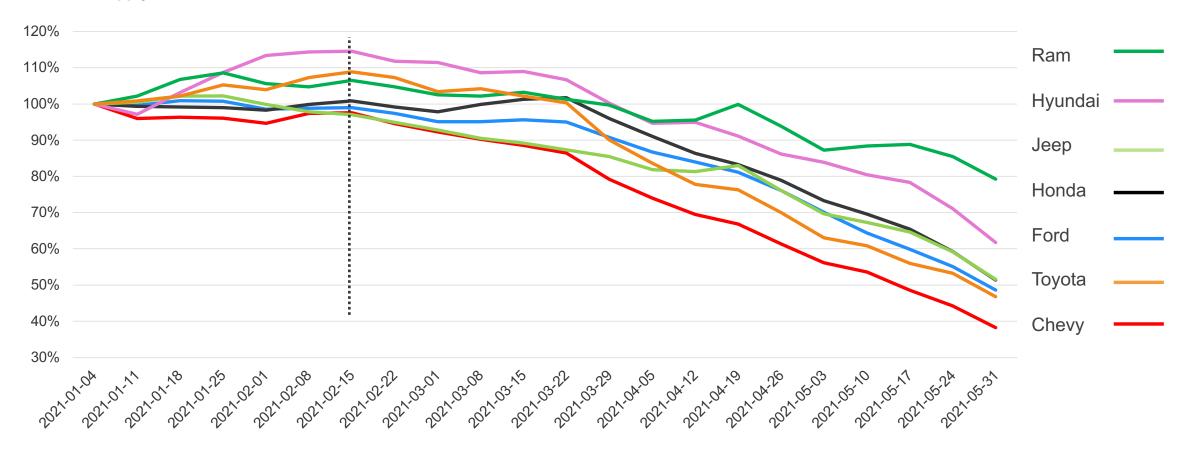




# AVAILABLE SUPPLY BY WEEK: Crisis Accelerated In February, Impact Varied

Chevrolet has less than 40% of what it started 2021 with – Ram in much better situation

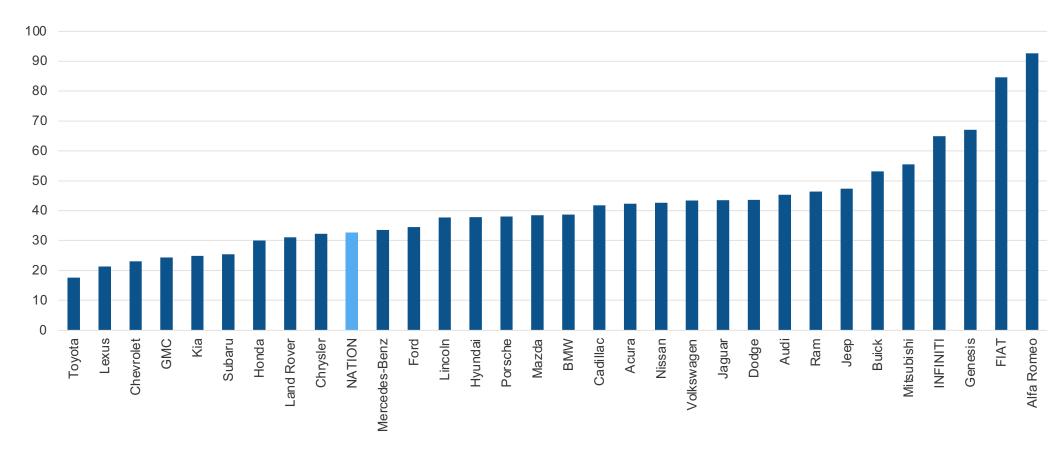
#### Available Supply - indexed to Jan 4, 2021



## BRAND INVENTORY: Supply Situation Varies Significantly

Toyota, Chevrolet and some imported luxury brands have extremely tight inventories

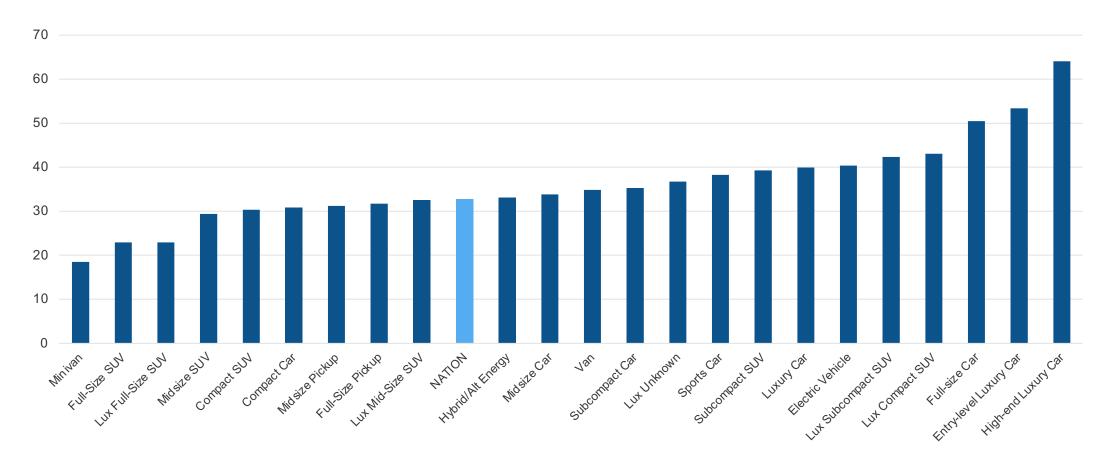
#### **Days Of Supply**



#### SEGMENT INVENTORY: Large SUVs, Minivans Tight, Cars Much Less So

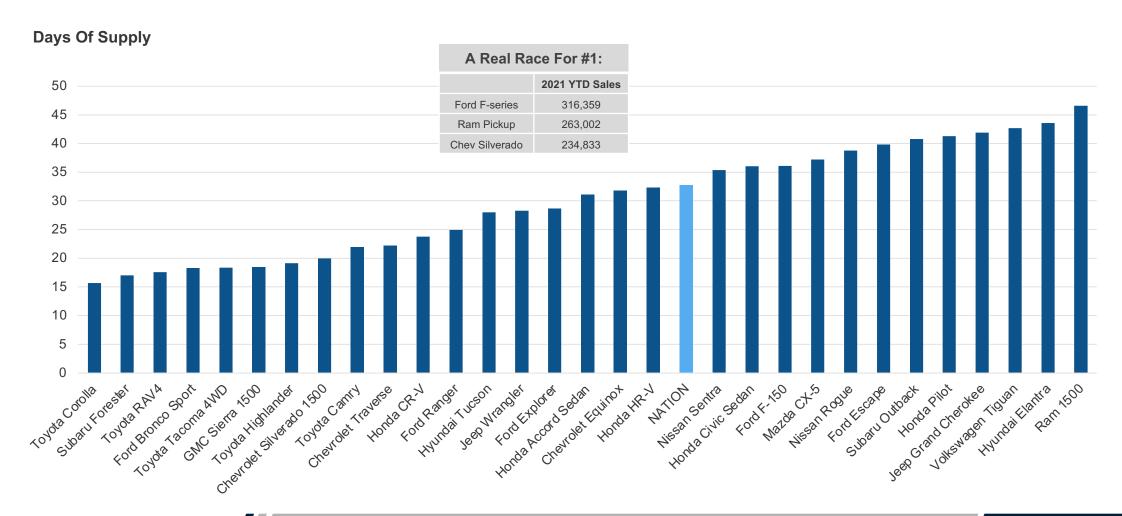
Relatively inexpensive segments and alternatives have more supply

#### **Days Of Supply**



## TOP 30 NAMEPLATE INVENTORY: Many Big Sellers Hard To Find

Toyota having strong year with limited supply – SHOULD start to feel impact this month; F-Series sales streak at risk?



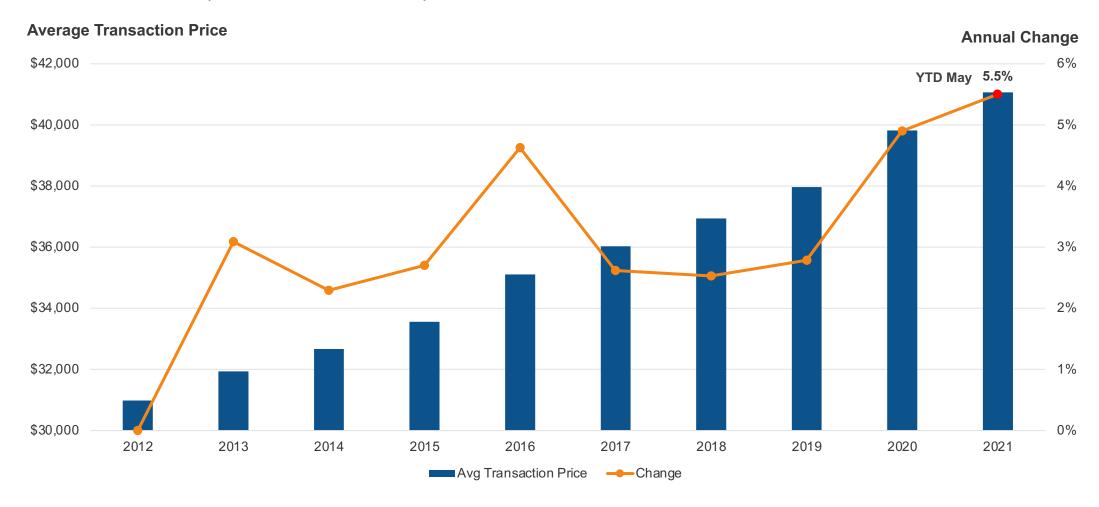
## INCENTIVES: Tight Inventory Isn't All Bad – If You Are A Dealer or Manufacturer

Incentives as a % of average transaction price fell to a 9-year low in May – lowest since October 2012



## PRICING AND INFLATION: Elevated And Going Higher

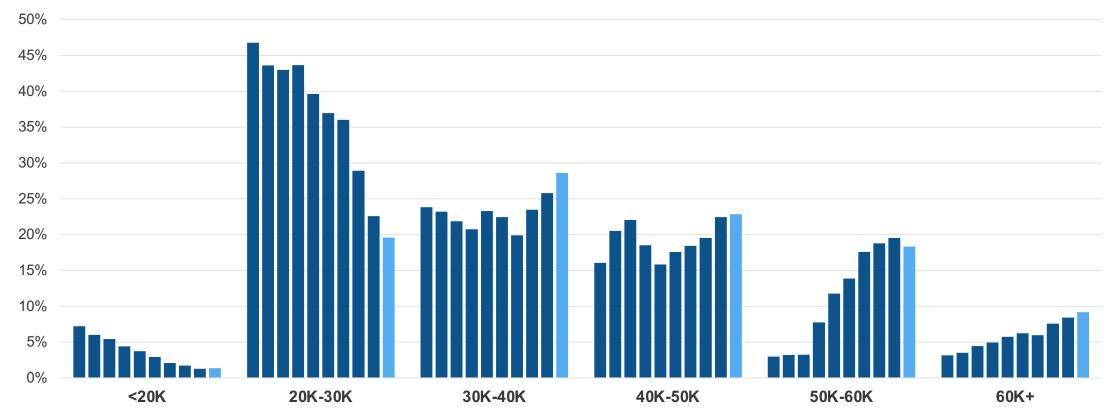
YTD 2021 transaction price above \$41,000 – up 5.5% over first five months of 2020



## VEHICLE PRICING: Pandemic Accelerated Shift To More Expensive Products

YTD 2021, 21% nameplates sold were priced below \$30,000, down from 54% in 2012 and down 24% from just last year

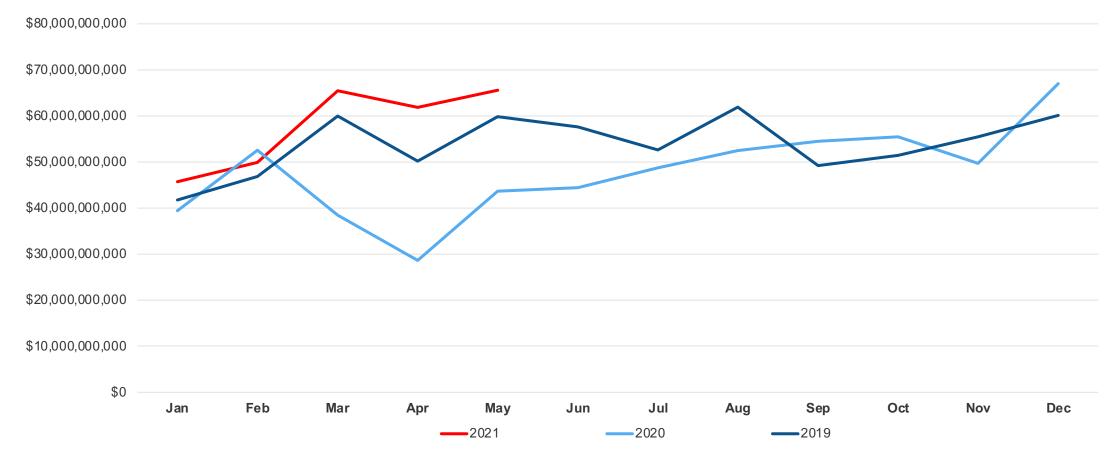
#### Share of Market by MSRP Price Range 2012 - 2021



## REVENUE: High Demand And High Prices Equal \$60+ Billion Monthly Market

YTD revenue ahead of last year by 39%, and 2019 by 12%

#### **Estimated Monthly Transaction Revenue**





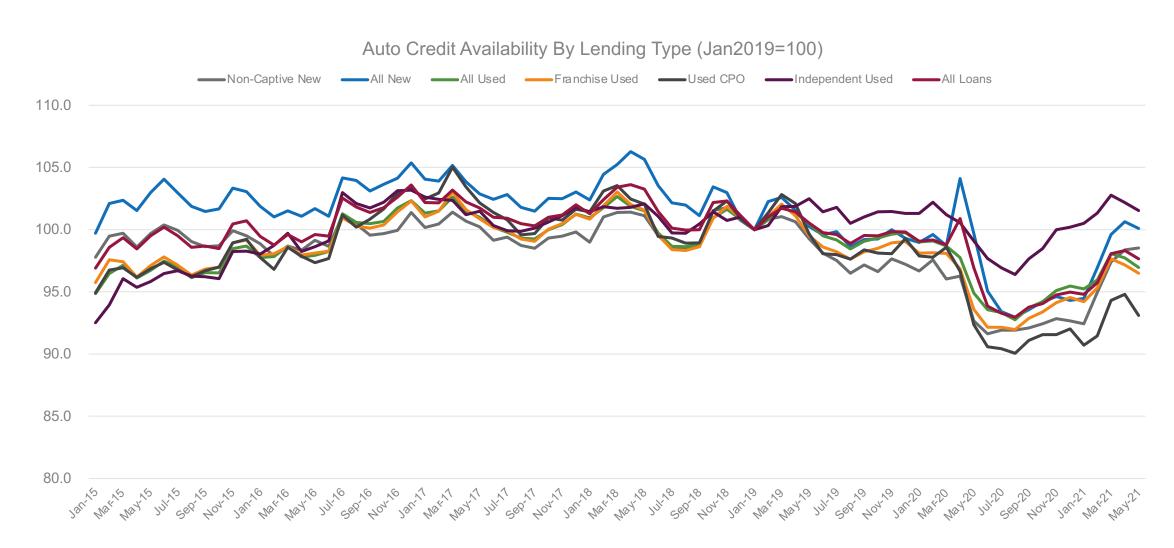


## VEHICLE AFFORDABILITY INDEX: Back to Concerning Levels

#### Weeks of Income Needed to Purchase a New Light Vehicle



# CREDIT AVAILABILITY INDEX: Favorable to Demand This Spring



## AUTO MARKET SNAPSHOT: Live Today!

- New live-market view of key industry metrics tracked by Cox Automotive Industry Insights team
- Updates aligned to posts in Cox Automotive Newsroom
- Refreshed throughout the month
- Visit: www.coxautoinc.com/marketsnapshot



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#### AUTO MARKET SNAPSHOT

Last update 06/23/202

Arrow direction indicates change from previous update; arrow color indicates if change is considered positive or r

SALES  Light vehicles sales in the U Automotive forecasts, new v pre-owned vehicles.	1.5., including the full-year Cox vehicles sold into fleet and certified	PRICING  An industry view of new, use well as measures of credit at	nd and wholesate vehicle pricing as valability and vehicle affordability.	INVENTO  An industry view of availanumber of units and days	DRY  able new- and used-vehicle inventory in
CPO Sales: May  1 268,452	Total matchly volume of said vehicles and as certified pre-eight of the LS. Govern: Car Automotive analysis of Motor infolligence data.  Bee more Leaf syndride 06/11/0001	Average Used Listing Pri	Coi: May  The average price of all and sehrale algorithms alongs. Govern: what available inventory. Goe More  Last spoint 06/23/2021	Used-Vehicle Inventor	yy: May  The number of sayd various evaluable for ails. Source: Vulsto Available Inventory See More  Last spidate 06/23/2021
Fleet Sales: May	Total monthly-volume of light vehicles social methods in the LS. Since the Section of Section of Sections of Sec	Average Transaction Pric	The instituted regulated price for a new digit whole in the LLS excluding incoming a beautiful and in the LLS excluding incoming a beautiful and i	Used-Vehicle Days' Si	upply: May  Cos Automative appl repays pleased on the daily sales are for the most recent 30-day press.  Source: viv.co Australia in inventory Base More  Last update 06/25/2027
New Sales: May ↓ 1.5M	Total monthly volume of light vehicles just in the U.S. Source: Car Automotive Bee More Bee More Least update 66/02/2017	Vehicle Affordability Inde	or, May.  A monthly measure of the number of median essels of recome needed to particular as well-as a service of the number of particular as one velocity.  See More Last update 0675-0021	New-Vehicle Inventory  1.78M	r: May  The number of new vehicles evaluable for Auto. Auto. Source: vehicle healtable inventory. See More Leat update 06/11/0027
Forecasts: Full Year	Full year forecasts for Spirit now and user's white, fleet and CPU pales. Advantage late of the Spirit of Marriam late of the Spirit of Source: Cox Automotive Bee More Last update 05/01/2021	Average New Listing Pric	201; Mdy  The average price of all new vehicle close is facure. What average price in all new vehicle closes. Source: What average inventory.  See More  Last update 26/11/2021	New-Vehicle Days' Su	poply: Mary  Cox Autornative days' supply based on the alidy pales rate for the most recent. Solidy profile.  Source: shallo sealable inventory.  See Note:  Last update 06/11/0001
		Credit Availability Index:	May  A monthly index based on Desertack event application data that includes event application data that includes a separately of a consenty.  Source: Desertace  Gae None  Last spots of 0700001		
		Used Vehicle Value Index	Advance massure of shortwards stands stands such a price gives on a min, milesgin, and secondly adjusted basis. Govern Machaeles Govern Machaeles Govern Machaeles Last spotter 06/07/0027		

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#### PLAYLIST: Sizzling Summer Soundtrack



Going Up the Country by Canned Heat

**U.S. Economy** 



You Can't Always Get What You Want by The Rolling Stones

**Vehicle Inventory** 



The Best of Times by Styx

**Dealer Sentiment** 



Don't Bring Me Down by Electric Light Orchestra

**Vehicle Demand** 



#### THANK YOU!

Contact Information:

Dara Hailes
Manager, Public Relations
Cox Automotive
dara.hailes@coxautoinc.com

Mark Schirmer
Director, Public Relations
Cox Automotive
mark.schirmer@coxautoinc.com

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