



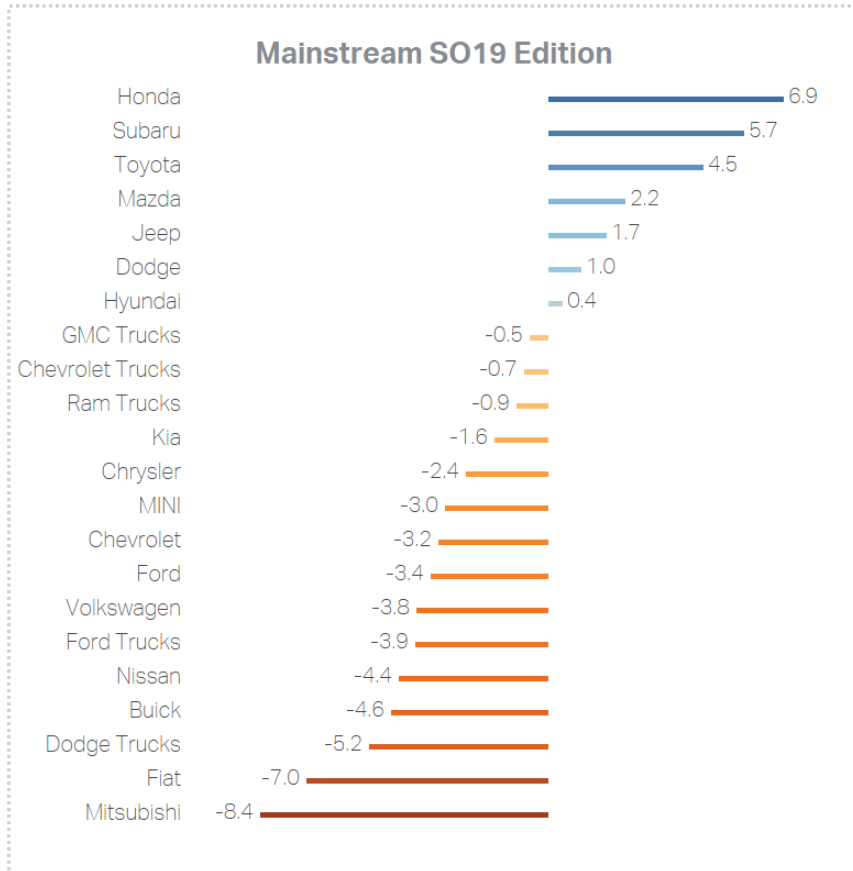
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# Quarterly Market Report

## Q4 2019

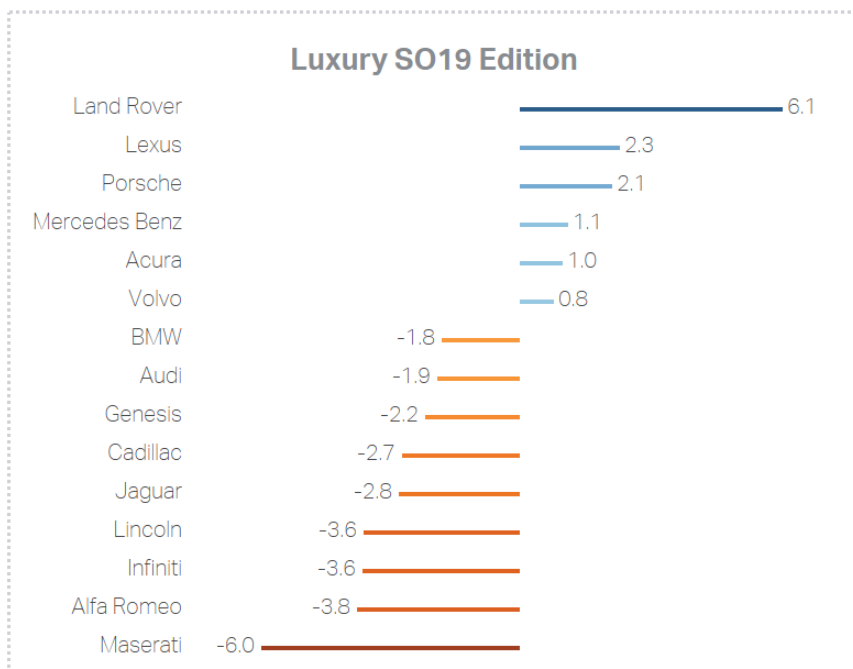
## Competitive Residual Index

Competitive Residual Index (CRI) measures the relative competitiveness of each brand's residual value only within the context of the segments in which the brand competes. This isolated comparison ensures brands are compared to their peers, not the market at large. The result is a level playing field for measuring the relative strength of a brand's residual values.



### Key Insights

- The Japanese brands continue to lead in CRI, driven by high residuals and strong sales volumes for their core Utility vehicles.
- Utility focused Jeep and performance oriented Dodge represent the highest rated domestic brands, as both brands excel at finding niches for their products.
- Ford Trucks has seen a decline in CRI, in part because while the F-150 remains a strong product offering, most of Ford's SUVs, with the exception of Explorer, have entered the later part of their lifecycles and lag behind segment competitors.



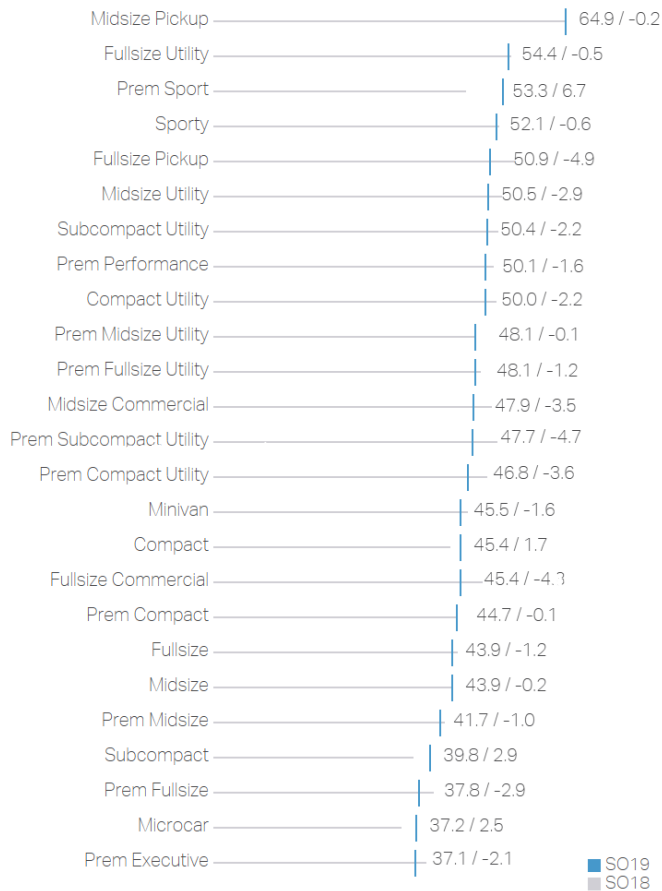
### Key Insights

- Land Rover continues to maintain its lead with an all-Utility lineup and will likely hold steady with the anticipation of the upcoming Defender and redesigned Evoque.
- Maserati has struggled with aging lineups and a car-dominated portfolio, despite the positive influence of Levante.
- While still ranking near the bottom, Lincoln has experienced some positive momentum in CRI, behind strong redesigns such as the Navigator and the all-new Aviator.

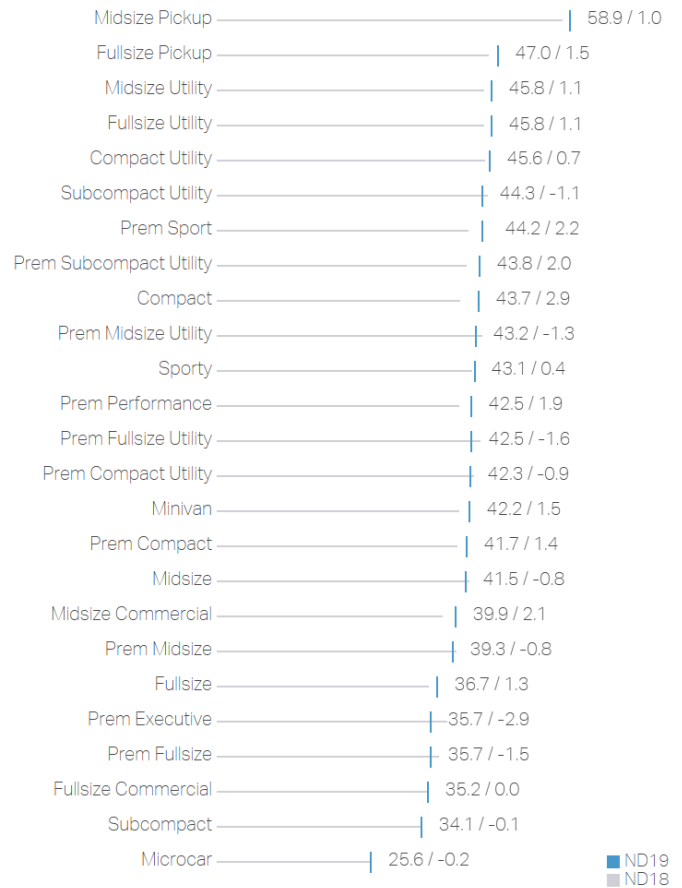
## Residual Value & Retention Snapshot

Residual values are a combination of current auction performance, brand health and forecasted environment. Auction retention is sales weighted and measured as a percentage of the typically equipped MSRP.

### 3-Year Old Auction Retention



### 36-Month Forecast



Labels indicate current percent values compared to year-over-year percent change

## Key Insights

- Retention for the Mainstream sector declined by ~1.4-ppts over the previous year, while the Luxury sector declined by ~1.5-ppts.
- Overall, the industry average is forecasted to increase ~0.6-ppts year-over-year.
- The Premium Sport, Microcar, and Subcompact segments continue to see strong gains in retention, driven by continued declines in used supply for those segments.
- Reversing previous trends, the Midsized pickup and Fullsize pickup segments, as well as most of the Utility segments, saw declines in auction performance, as increasing used supply begins to drive down auction values for the most popular vehicles in the market.
- However, Utility vehicles are still performing strong at open auction despite these increases in used supply. Mainstream Utility vehicles continue to rank at the top of the forecast, behind only the Pickup segments.
- Premium segments continue to see declining performance at open auction for both the majority of Car and Utility segments, with Premium Midsized and Premium Fullsize Utilities seeing increased market saturation contribute to the negativity affecting forecasted residual values.

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