J.D. POWER

NEW VEHICLE RETAIL MARKET

Retail sales recovery flat

For the week ending July 26, retail sales were 9% below the pre-virus forecast. Performance for the week closely mirrors the previous week when results were -8%.

Transaction prices remain elevated

Customer-facing transaction price dropped $105 from last week to $35,266. The small week-over-week drop was driven by a combination of product mix and higher mix of supported lease and finance deals. The result for the week ending July 26 was 6.0% above the same week in 2019.

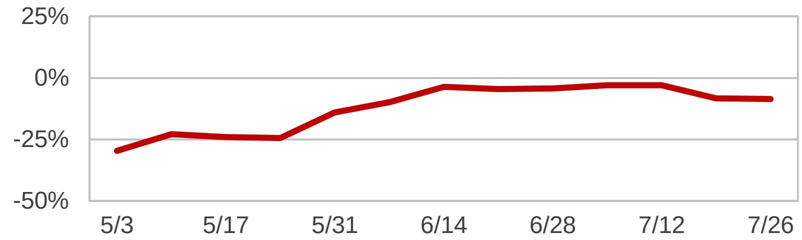
Incentive spending increased

Incentive spending per unit for the week ending July 26 was $4,230, an increase of $57 from the prior week. The week-over-week change was driven largely by supported lease and finance mix edging higher. Despite rising take-rates for supported finance offers, 84-month APR mix of all retail sales dropped 1.8ppts to 6.5%, lower than pre-virus levels. Lease mix rose 2.8ppts in the week ending July 26 to 30.7%, 0.8ppts higher vs. the same week last year.

Vehicle grosses remain elevated

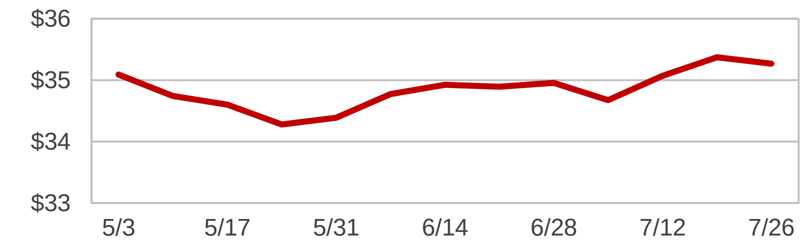
Front-end vehicle grosses fell $30 week-over-week to $1,016 in the week ending July 26. However, this result was $684 higher vs. the same week last year, as nearly all segments registered significant increases over the past two months.

Retail Sales vs. Pre-Virus Forecast



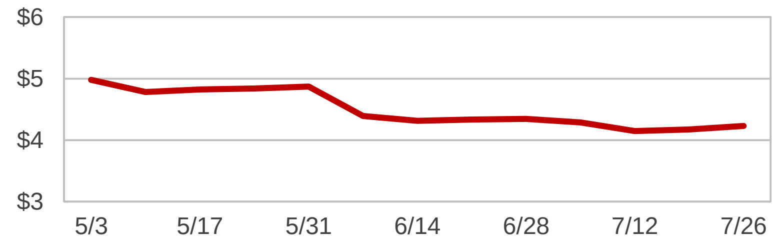
WEEKLY TREND	
7/5	-3%
7/12	-3%
7/19	-8%
7/26	-9%

Transaction Price (000)



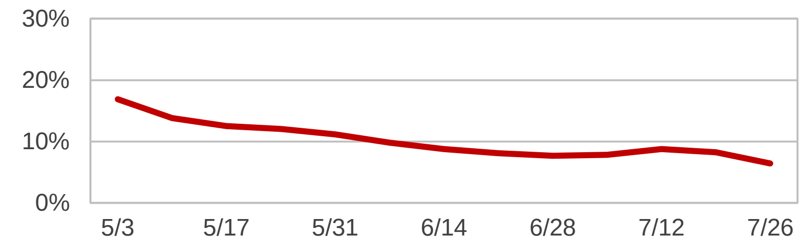
WEEKLY TREND	
7/5	$34.7
6/28	$35.1
7/19	$35.4
7/26	$35.3

Incentive Spending per Unit (000)



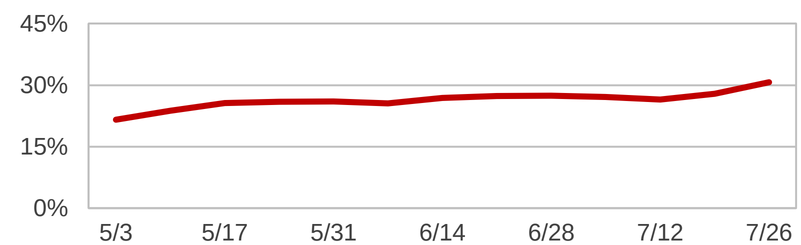
WEEKLY TREND	
7/5	$4.3
7/12	$4.1
7/19	$4.2
7/26	$4.2

% of Sales that are Financed for 84+ Months



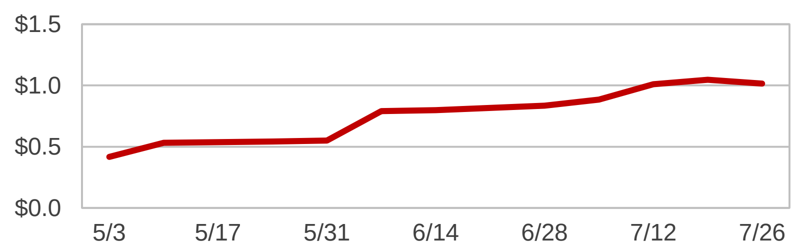
WEEKLY TREND	
7/5	7.9%
7/12	8.8%
7/19	8.3%
7/26	6.5%

% of Sales that are Leased



WEEKLY TREND	
7/5	27.1%
7/12	26.5%
7/19	27.9%
7/26	30.7%

Vehicle Gross (000)



WEEKLY TREND	
7/5	$0.9
7/12	$1.0
7/19	$1.0
7/26	$1.0

J.D. POWER

NEW PREMIUM VEHICLE RETAIL MARKET

Premium retail sales recovery reversed

For the week ending July 26, premium retail sales were 1% below the pre-virus forecast, a 3ppts decline from the prior week.

Premium transaction prices remain elevated

Customer-facing transaction price fell $657 week-over-week to $50,296, with product mix driving $472 of the decline. Despite the week-over-week decline, CFTP remained 3.1% higher vs. the same week in 2019.

Premium incentive spending increased

Incentive spending per unit in the week ending July 26 rose $129 week-over-week to $7,199 but remains in-line with pre-crisis levels. The week-over-week increase was driven mostly by product mix. Lease type of sale mix fell 1.0ppts week-over-week to 50.2%, 7.2ppts lower than the same week last year. The percentage of customers taking 72-month APR deals increased 0.5ppts week-over-week to 15.5% and remained 4.7ppts higher than the same week last year.

Vehicle grosses remain elevated

Front-end vehicle grosses dropped $109 week-over-week to $651 in the week ending July 26. However, this result was $853 higher vs. the same week last year, as nearly all premium segments registered significant increases over the past two months.

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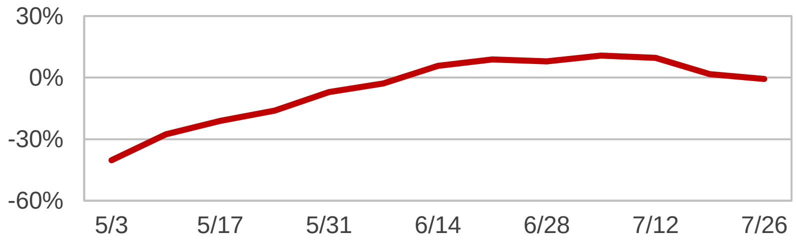
Premium Vehicle Impact Report: July 26, 2020

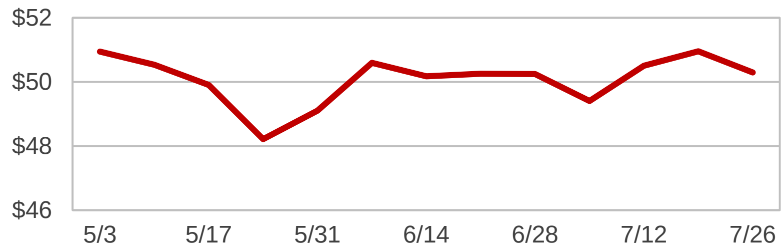
Retail Sales vs. Pre-Virus Forecast



WEEKLY TREND

7/5	+11%
7/12	+10%
7/19	+2%
7/26	-1%

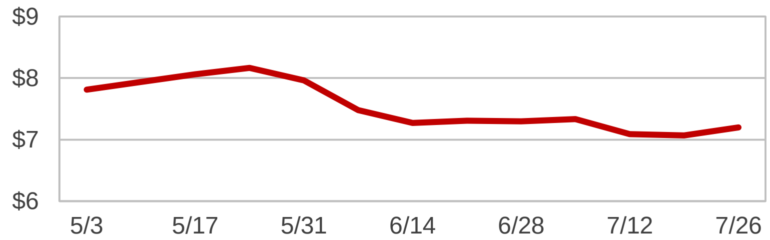
Transaction Price (000)



WEEKLY TREND

7/5	$49.4
7/12	$50.5
7/19	$51.0
7/26	$50.3

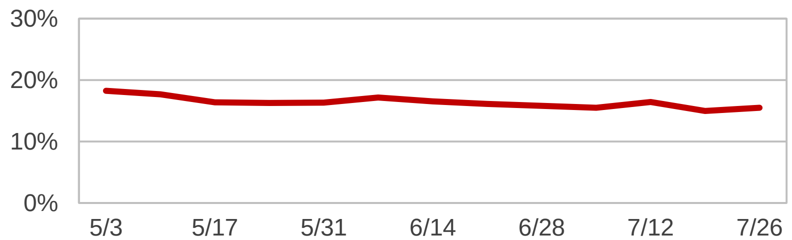
Incentive Spending per Unit (000)



WEEKLY TREND

7/5	$7.3
7/12	$7.1
7/19	$7.1
7/26	$7.2

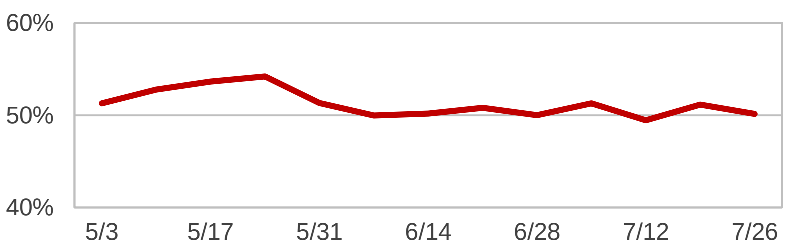
% of Sales that are Financed for 72+ Months



WEEKLY TREND

7/5	15.5%
7/12	16.4%
7/19	15.0%
7/26	15.5%

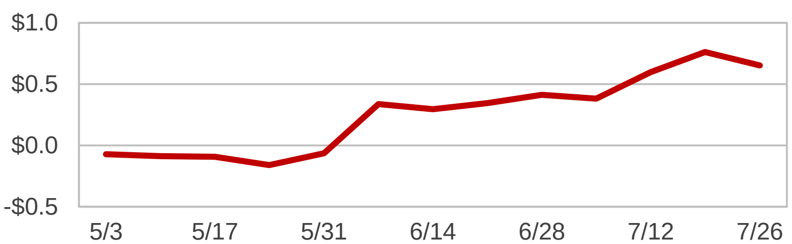
% of Sales that are Leased



WEEKLY TREND

7/5	51.3%
7/12	49.4%
7/19	51.1%
7/26	50.2%

Vehicle Gross (000)



WEEKLY TREND

7/5	$0.4
7/12	$0.6
7/19	$0.8
7/26	$0.7

J.D. POWER

USED VEHICLE MARKET

Used vehicle retail sales performance slowed as prices continued to rise

Sales of used vehicles at franchised dealers were 3% below pre-virus forecast for the week ending July 26. The result reflected a continuation of the slow down observed over the past three weeks. Used retail prices rose once again, increasing 0.7ppts week-over-week in the week ending July 26. Prices are now 4.5% higher than pre-virus levels.

Wholesale auction prices continued to climb

Wholesale auction sales were 102,000 units in the week ending July 26, 2% below the pre-virus forecast for the week. Wholesale auction prices improved for the fourteenth consecutive week, rising 0.8ppts for the week ending July 26. The rate of growth continues to slow as last week’s result was the smallest week-over-week increase recorded since prices began their recovery in April. However, prices have grown 33% over the past fourteen weeks and are now 13% higher than the beginning of March.

While wholesale prices remain strong, the declining rate of growth week-over-week indicates a slowing market. Expectations remain that prices will drift lower heading into August as pent-up demand wanes and pandemic-related macro-economic headwinds increase. By year's end, prices are expected to be more or less on par with pre-virus levels. It is important to note, however, that while the outlook is relatively optimistic, there remains a great deal of uncertainty surrounding the impact of new virus outbreaks, the potential for another round of federal stimulus, and overall employment conditions. Given these unknowns, a heightened degree of market volatility should be expected.

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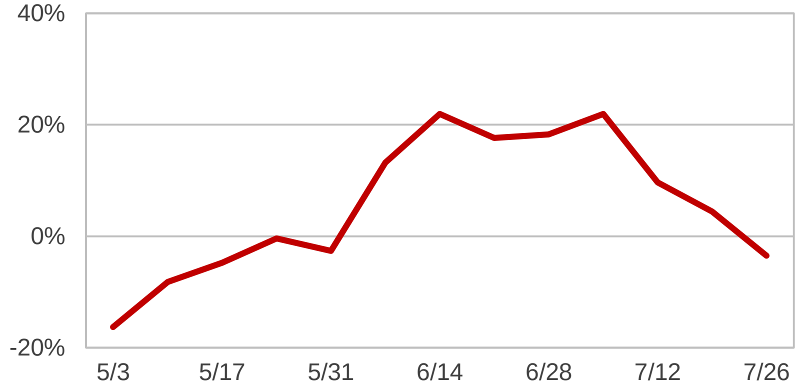
J.D. POWER

Used Vehicle Impact Report: July 26, 2020

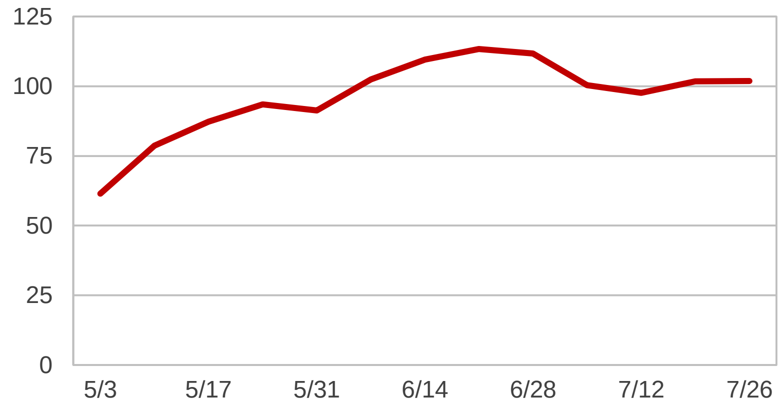
Retail Sales vs. Pre-Virus Forecast



WEEKLY TREND

7/5	+22%
7/12	+10%
7/19	+4%
7/26	-3%

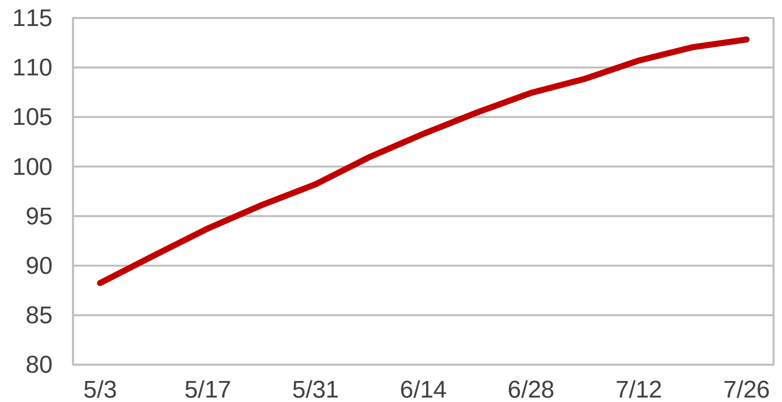
Wholesale Auction Sales (000)



WEEKLY TREND

7/5	100
7/12	98
7/19	102
7/26	102

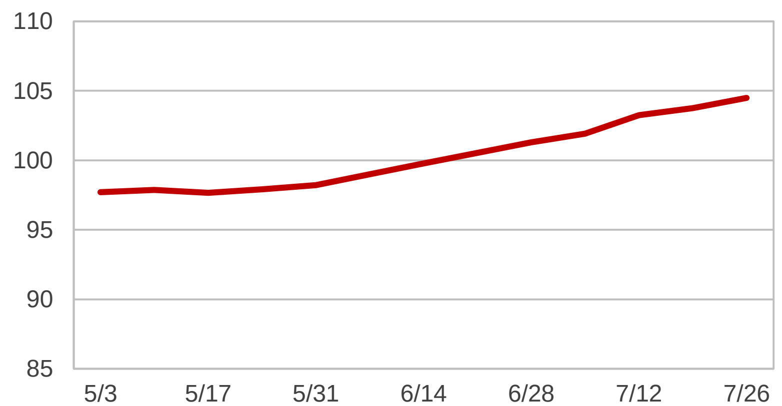
Wholesale Auction Price Index



WEEKLY TREND

7/5	108.9
7/12	110.7
7/19	112.0
7/26	112.8

Used Retail Price Index



WEEKLY TREND

7/5	101.9
7/12	103.2
7/19	103.7
7/26	104.5