

# NEW VEHICLE RETAIL MARKET

## **Retail sales stable**

For the week ending August 23, retail sales were 5% below the pre-virus forecast. This is a slight decline from last week and in line with the prior four weeks' results.

## **Transaction prices remain elevated**

Customer-facing transaction price dropped only \$10 from last week to \$35,379. A decline in mainstream nameplate average transaction prices (\$130) was offset by a rise in transaction prices (\$319) and higher relative sales performance of premium nameplates. The average CFTP of the current week ending August 23 was 6.6% above the same week in 2019.

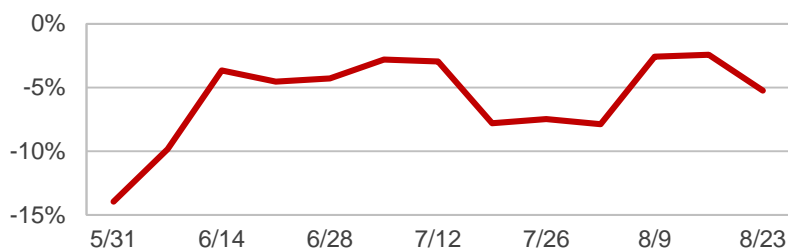
## **Incentive spending rose**

Incentive spending rose \$55 to \$4,119 per unit last week. The increase was driven by higher spending and share of industry retail sales in the compact SUV segment. 84-month APR mix of all retail sales decreased 0.2ppts to 8.6%, down 13.2ppts from the COVID-19 peak in late March. Lease mix rose to 27%, up 2ppts from this week last year.

## **Vehicle grosses remain elevated**

Front-end vehicle grosses rose \$14 in the week ending August 23 to \$1,110. This result was \$783 higher vs. the same week last year.

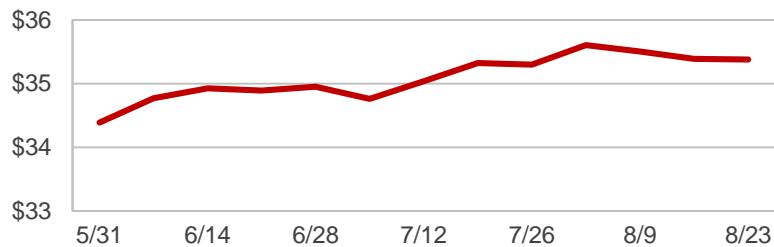
Retail Sales vs. Pre-Virus Forecast



**WEEKLY TREND**

8/2	-8%
8/9	-3%
8/16	-2%
8/23	-5%

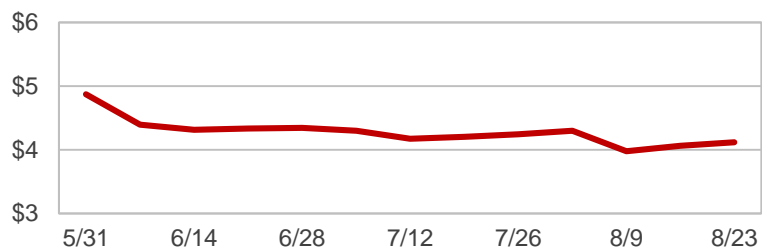
Transaction Price (000)



**WEEKLY TREND**

8/2	\$35.6
8/9	\$35.5
8/16	\$35.4
8/23	\$35.4

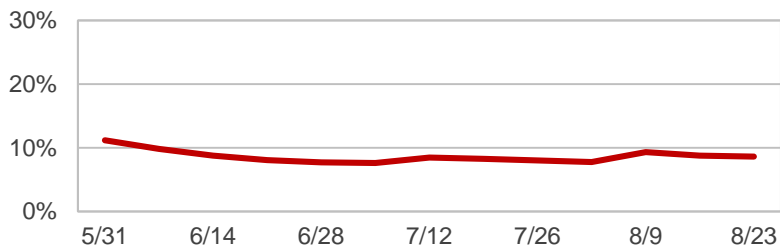
Incentive Spending per Unit (000)



**WEEKLY TREND**

8/2	\$4.3
8/9	\$4.0
8/16	\$4.1
8/23	\$4.1

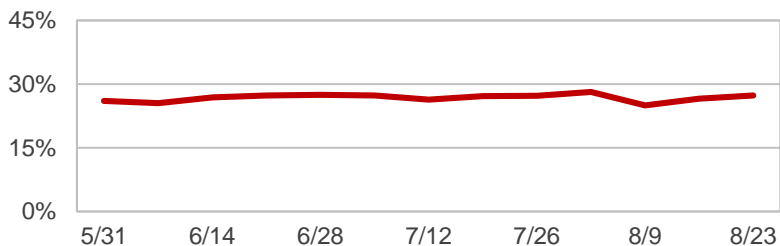
% of Sales that are Financed for 84+ Months



**WEEKLY TREND**

8/2	7.8%
8/9	9.3%
8/16	8.8%
8/23	8.6%

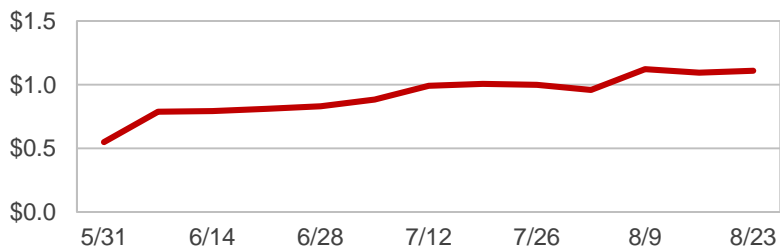
% of Sales that are Leased



**WEEKLY TREND**

8/2	28.2%
8/9	25.0%
8/16	26.5%
8/23	27.3%

Vehicle Gross (000)



**WEEKLY TREND**

8/2	\$1.0
8/9	\$1.1
8/16	\$1.1
8/23	\$1.1

# NEW PREMIUM VEHICLE RETAIL MARKET

## **Premium retail in line with pre-virus forecast**

For the week ending August 23, premium retail sales were 1% below the pre-virus forecast, a 3ppt decline after a strong performance last week.

## **Premium transaction prices rose**

Customer-facing transaction prices rose \$319 week-over-week to \$50,751 driven primarily by segment mix (\$283) as retail sales of midsize SUVs segment offset relative softness in compact SUVs. CFTP was 4.6% higher vs. the same week in 2019.

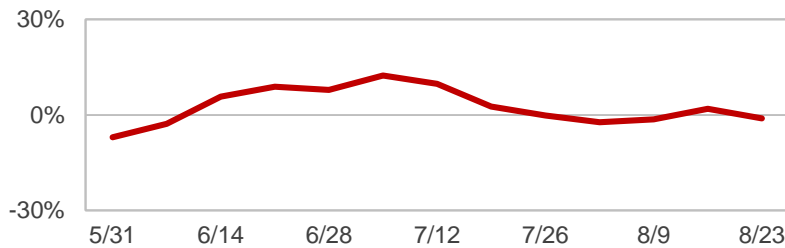
## **Premium incentive spending flat**

Incentive spending per unit in the week ending August 23 remained even with last week, rising only \$26 to \$6,884. Both segment mix and incentive spending within segments remained even from the prior week. The percentage of customers taking 72-month APR deals fell 1.2ppts week-over-week to 14.8%, 4.0ppts higher the same week last year. Lease type of sale mix rose 1.1ppts week-over-week to 50.8% and remains 6.0ppts lower than the same week last year.

## **Vehicle grosses elevated to multi-year high**

Front-end vehicle grosses increased \$55 week-over-week to over \$800 in the week ending August 23. This result was \$1,136 higher vs. the same week last year and the highest week since January 2016.

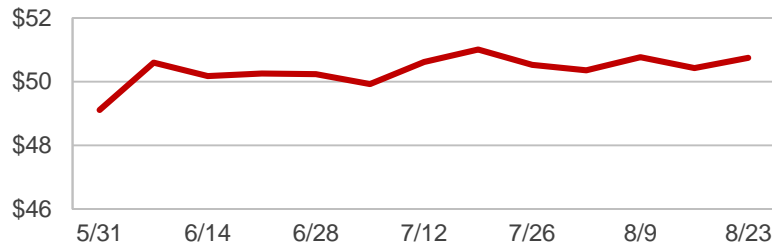
Retail Sales  
vs.  
Pre-Virus  
Forecast



**WEEKLY TREND**

8/2	-2%
8/9	-1%
8/16	+2%
8/23	-1%

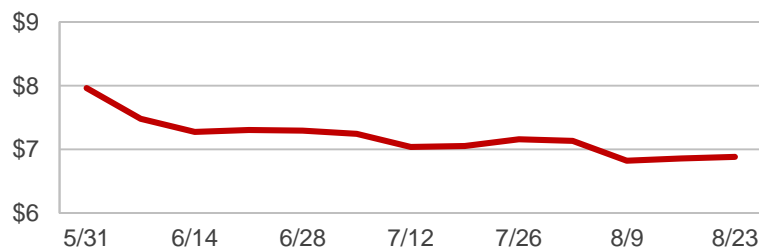
Transaction  
Price  
(000)



**WEEKLY TREND**

8/2	\$50.3
8/9	\$50.8
8/16	\$50.4
8/23	\$50.8

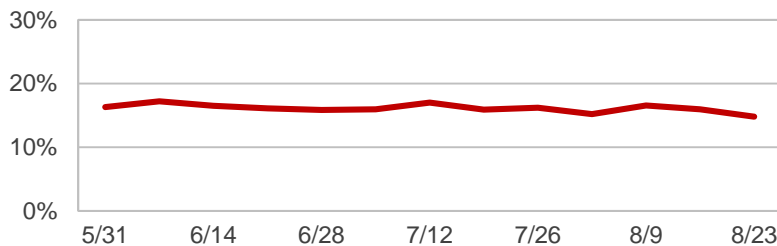
Incentive  
Spending per  
Unit  
(000)



**WEEKLY TREND**

8/2	\$7.1
8/9	\$6.8
8/16	\$6.9
8/23	\$6.9

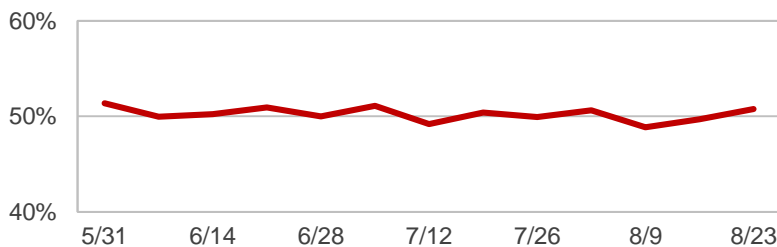
% of Sales  
that are  
Financed for  
72+ Months



**WEEKLY TREND**

8/2	15.2%
8/9	16.6%
8/16	15.9%
8/23	14.8%

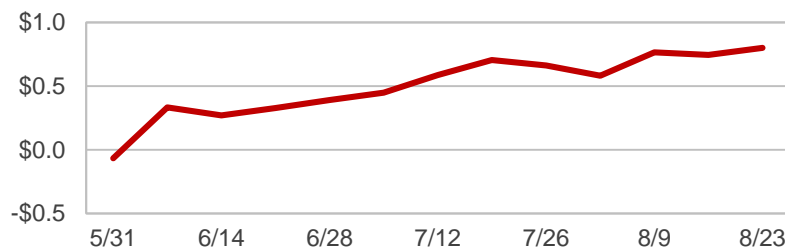
% of Sales  
that are  
Leased



**WEEKLY TREND**

8/2	50.6%
8/9	48.8%
8/16	49.7%
8/23	50.8%

Vehicle Gross  
(000)



**WEEKLY TREND**

8/2	\$0.6
8/9	\$0.8
8/16	\$0.7
8/23	\$0.8

# USED VEHICLE MARKET

## **Used vehicle retail sales performance flat while prices continued to rise**

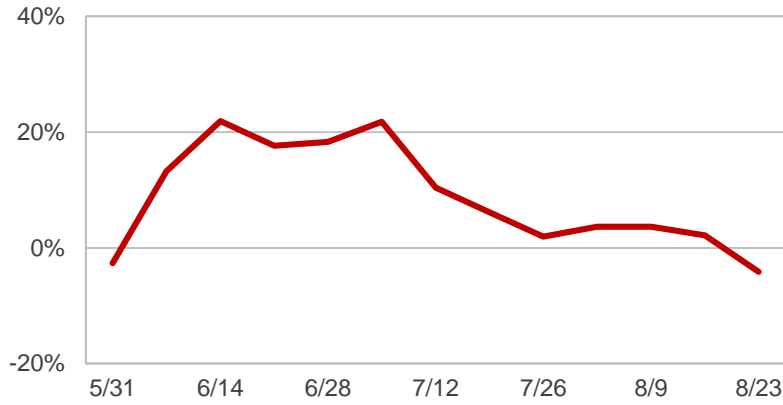
Sales of used vehicles at franchised dealers were 4% below pre-virus forecast for the week ending August 23. Used retail prices rose once again, increasing by 0.4 percentage points the week ending August 23 versus the prior week. Prices remain approximately 7% higher than pre-virus levels.

## **Wholesale auction prices down slightly**

Wholesale auction sales reached 94,000 units the week ending August 23, 9% below the pre-virus forecast for the week. Wholesale auction prices declined by an average of 0.7%, last week's result marked the first material decline in wholesale prices since the week ending April 23 and the second consecutive week that prices were flat to down. However prices remain 35% higher than the April low and approximately 15% higher than the beginning of March.

Wholesale prices remain strong despite a softer used market. Prices are expected to continue to move lower through the remainder of August and into September as pent-up demand wanes and pandemic-related macro-economic headwinds increase. By year's end, prices are expected to be slightly greater than 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, overall employment conditions, and also the potential need for replacement demand if hurricane Laura destroys large numbers of vehicles in Louisiana and Texas. Given these unknowns, a heightened degree of market volatility should be expected.

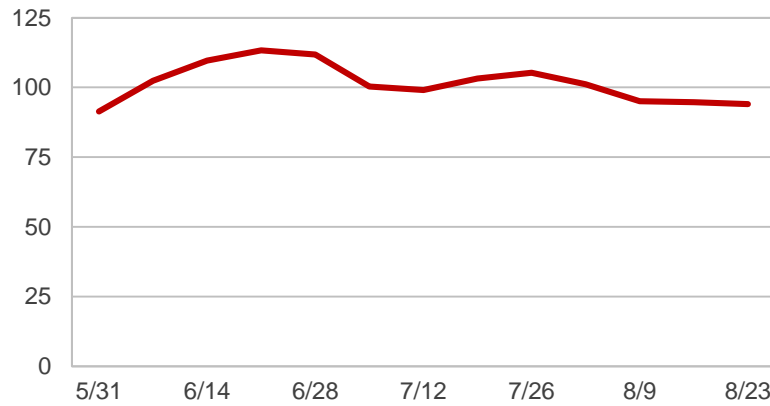
**Retail Sales vs. Pre-Virus Forecast**



**WEEKLY TREND**

8/2	+4%
8/9	+4%
8/16	+2%
8/23	-4%

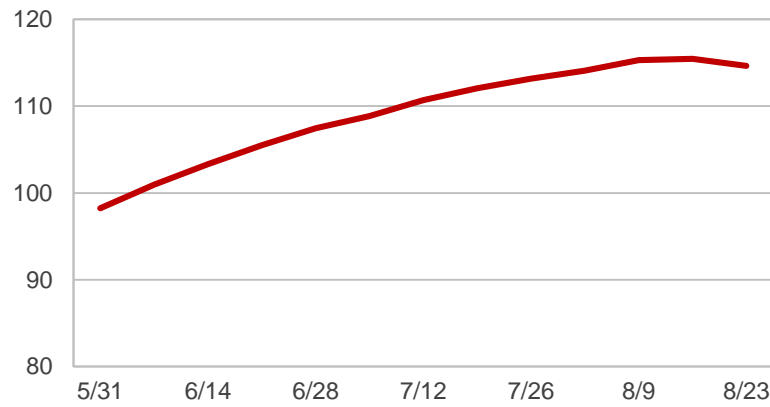
**Wholesale Auction Sales (000)**



**WEEKLY TREND**

8/2	101
8/9	95
8/16	95
8/23	94

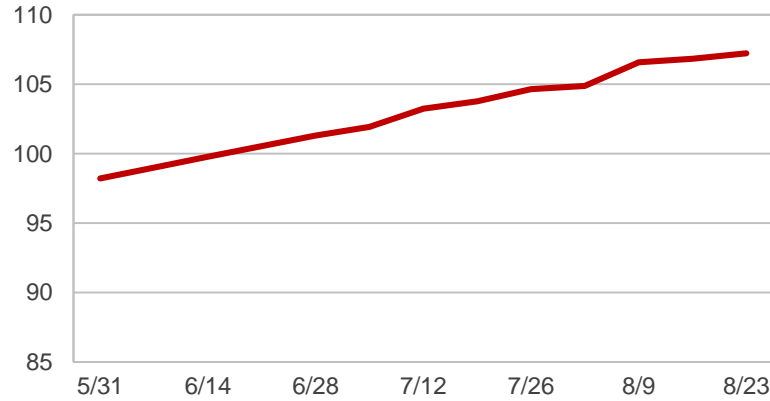
**Wholesale Auction Price Index**



**WEEKLY TREND**

8/2	114.1
8/9	115.3
8/16	115.2
8/23	114.7

**Used Retail Price Index**



**WEEKLY TREND**

8/2	104.9
8/9	106.6
8/16	106.8
8/23	107.2