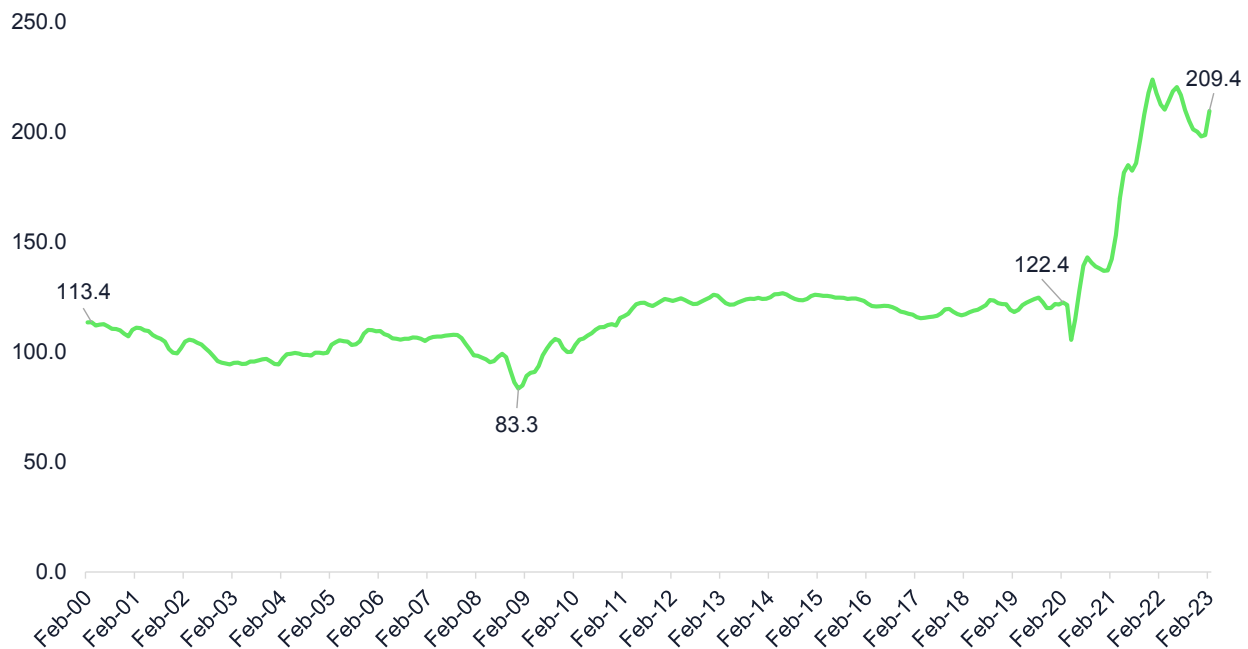


FEBRUARY 2023 USED VEHICLE MARKET UPDATE

WHOLESALE PRICE INDEX

In February, wholesale prices improved for the second consecutive month. As a result, the J.D. Power Valuation Services Used Vehicle Price Index increased by 5.5% to 209.4. While wholesale prices are still down from their all-time high, they are moving back towards historic levels. In February, the index was 1.4% lower than February 2022's level, however, a massive 71.1% greater than in February 2020.

J.D. Power Valuation Services Used Vehicle Price Index (seasonally adjusted)



RETAIL PRICE PERFORMANCE

At the industry level, used retail prices remained virtually unchanged in February up a slight 0.2% to an average of \$29,200. Wholesale prices continue to show less stability than retail, as a result February experienced a 5.2% jump in wholesale prices to \$23,700 per unit, which was the largest single month increase since September of 2021.

While it's not uncommon for wholesale prices to increase in February as dealers prepare for the spring selling season, the degree to which prices rose last month was extremely abnormal. Over

the past 20 years wholesale prices have increased by an average of 2% in February. As a result, the used retail to wholesale price gap compressed to \$5,500. The biggest question moving forward is will dealers be able to pass along the higher pricing to retail consumers who are in this current economic climate with elevated pricing and soaring interest rates, or will we begin to see pressure on dealer margins?

J.D. Power Valuation Services Used Retail v. Wholesale Price Performance

