

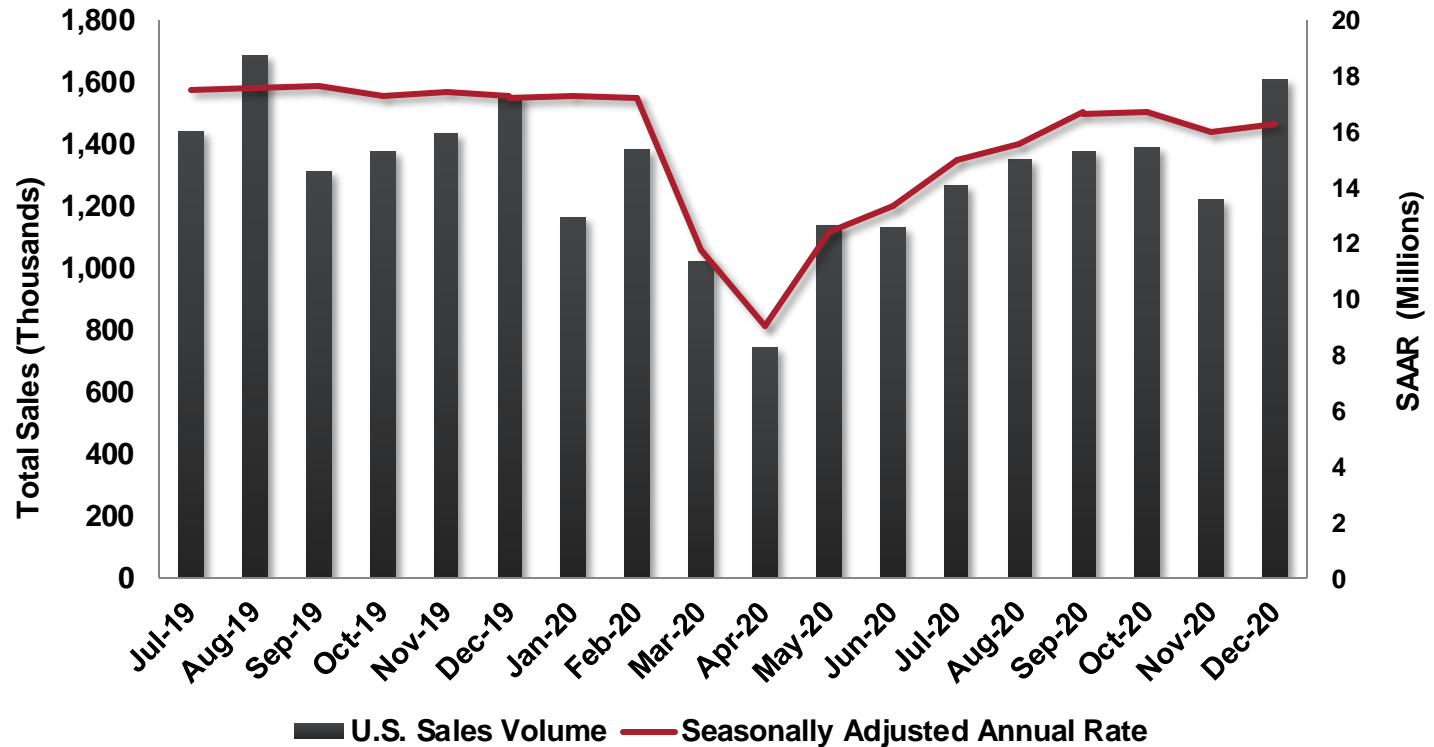


Industry Trends

December – January 2021

ACQUISITION

U.S. Sales Volume by Month & SAAR All Manufacturers

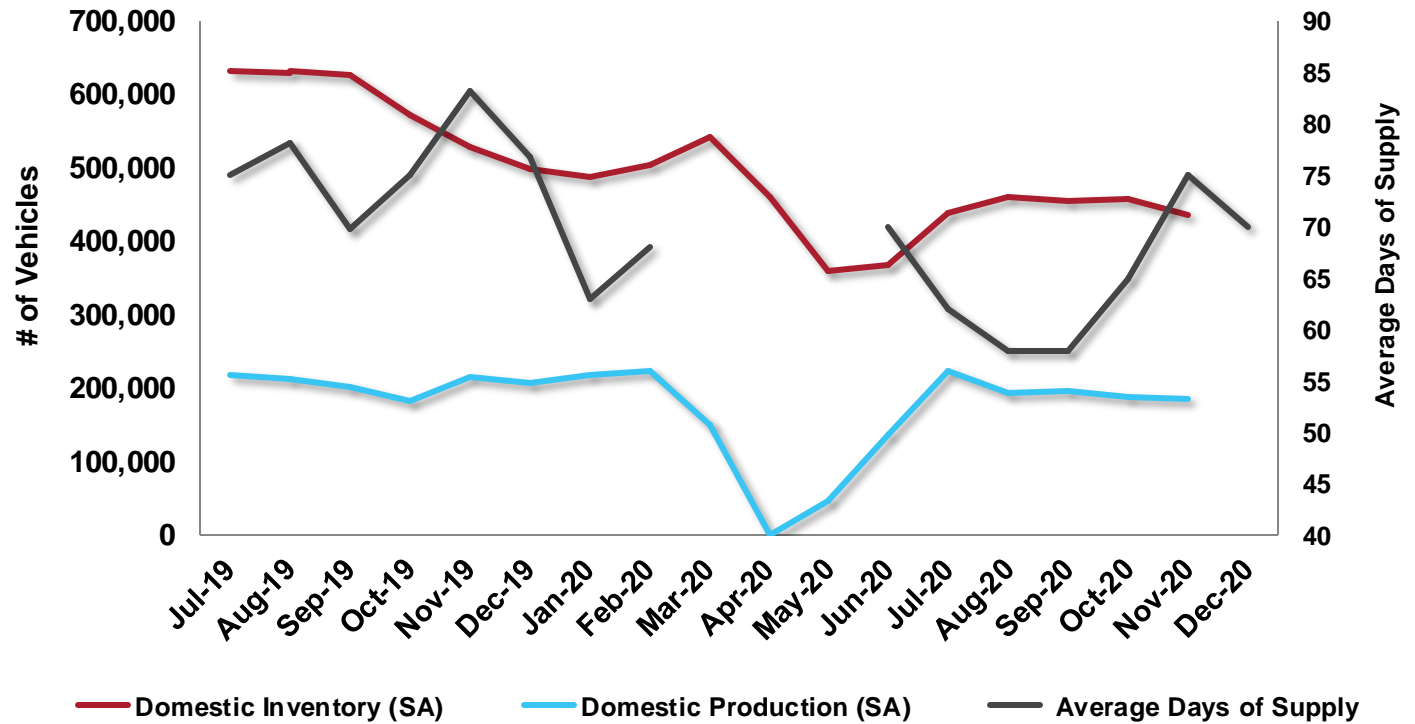


U.S. sales fell 46% **YY** early in the COVID-19 pandemic. The historic year closed out with impressive **6.4% **YY** growth** in December after a brief backslide in November. Growth was realized in non-rental fleet and government sales while rental fleets and retail sales declined.

December's upswing is a welcome sight but is not a **sole indicator of an upward trend**. December is typically an average sales month but showed solid growth as OEMs continue their focus on fulfilling orders of in-demand models. January, on the other hand, is historically the slowest sales month. This slow period is expected to compound the negative effects of the recently witnessed climb in unemployment claims and new quicker-spreading variant of the COVID-19 virus.

ACQUISITION

Dealer Inventory & Days of Supply

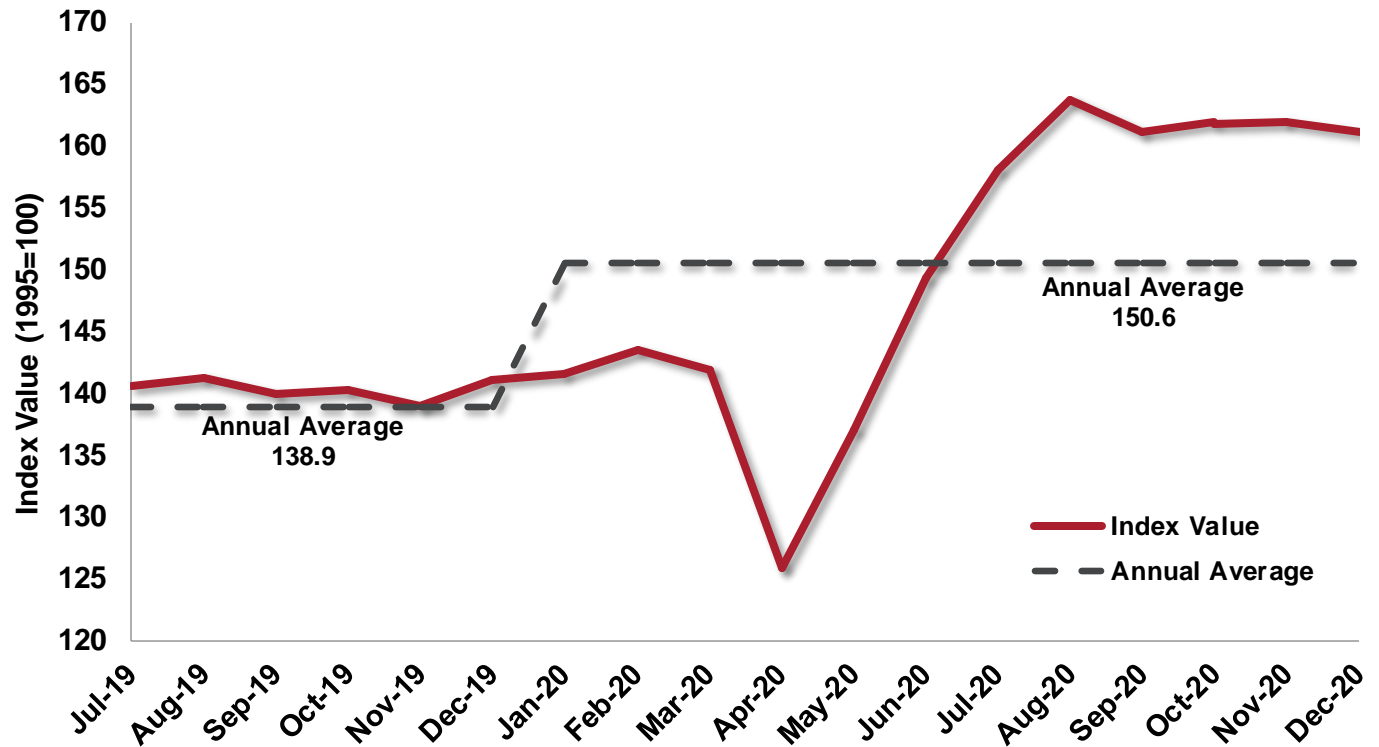


December saw the first downward trend in days' supply since the inventory freefall stopped in late summer, currently sitting at a safe, but lower-than-average 70 days. Midsize and full-size trucks, usually among the highest inventory due to their many available configurations, are sitting on either side of 50 days on their way down from November's peak.

Strong cumulative demand continues to weigh heavily on the **short supply of trucks and large SUVs**. Worldwide vehicle production is currently seeing an **electronics supply shortage**. Several OEMs have already strategically idled production of lower-demand models to focus available materials on highly demanded segments.

WHOLESALE RESALE MARKET

Manheim Used Vehicle Value Index

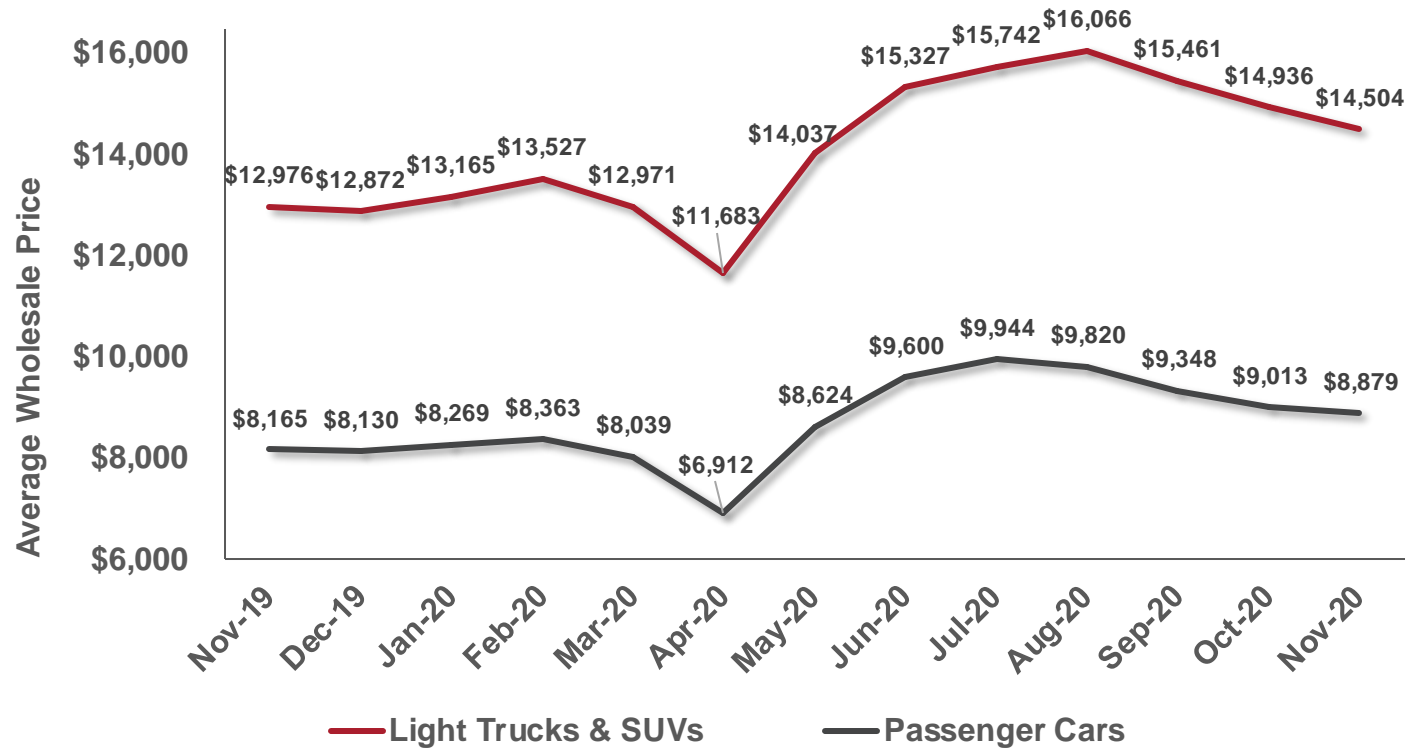


The effects of COVID-19 briefly dragged used and new vehicle demand to a near halt in the early weeks of its grip on the U.S. economy. However, the associated idling of new-vehicle manufacturing caused a spike in resale values that has held throughout the season. December's value index was still **14% higher** than one year before.

Before the end of May, resale values surpassed 2019 figures handily. The resulting 2020 average was a **huge 8.4% increase** from 2019. This remains a suitable time to remarket any aging units in your fleet.

WHOLESALE RESALE MARKET

Average Wholesale Price by Segment

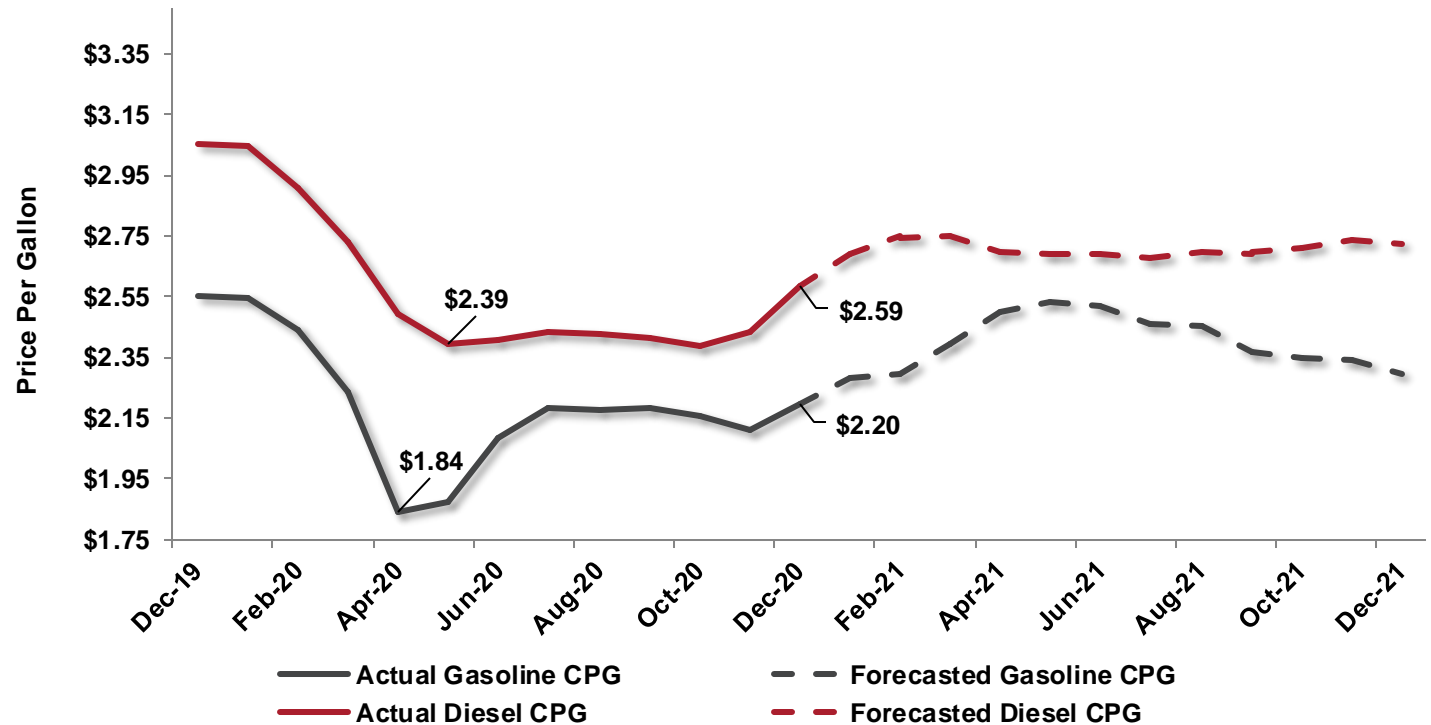


Auction values remain at record highs. Trucks and cars are still +11.8% Y/Y and +8.7% Y/Y, respectively. As these auction results show, valuations have remained above average even as new vehicle orders are now fulfilling at closer to typical rates.

The month of November saw a slide in values, -2.9% for trucks and -1.5% M/M for cars. However, some of this decline can be attributed to seasonal market norms. Recession-related inventory shortages are still expected to keep prices higher than average until new-vehicle markets return to normal.

FUEL

National Average Cost per Gallon Regular Grade & Diesel

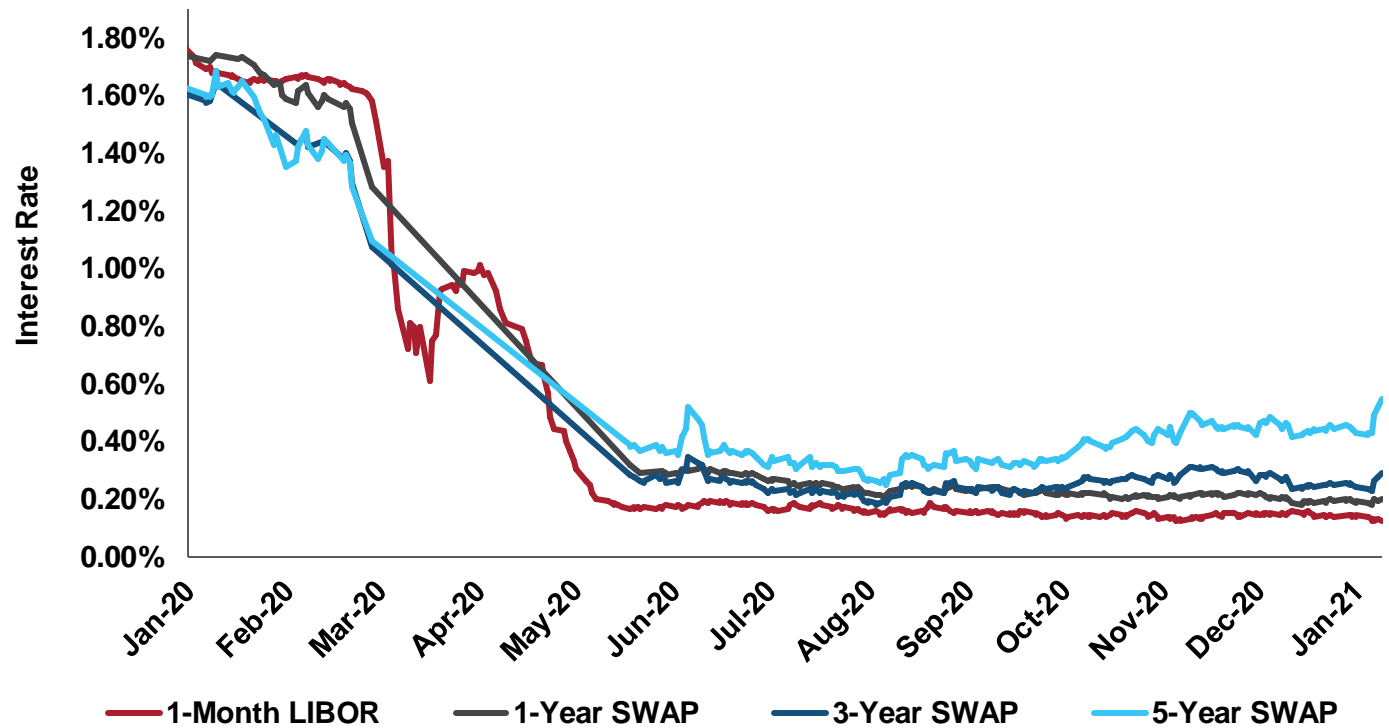


U.S. fuel prices fell sharply after a drop in demand and abundance of supply in the spring of 2020. Prior to effects from COVID-19, 2020 was generally projected to mimic 2019's fuel pricing.

While Fuel pricing is forecasted to follow a **typical seasonal rise in the spring of 2021**, the EIA's forecast has already seen a second bump for the winter 2020-2021 forecast from earlier predictions, likely due in part to the recent evolutions in COVID-19 response.

INTEREST

Interest Rates



The **1-Month LIBOR** rate has held below **0.20%** since June and is currently at 0.13%. The **5-Year SWAP** rate was as low as 0.25% in August 2020 and is trending upward, currently at 0.55%.

Interest rates fell through the initial months of the pandemic. Due to sustained economic challenges, **interest rates have remained at historic lows**. However, a recent upward trend in long-term indices signals an opportune time to lock in low rates.