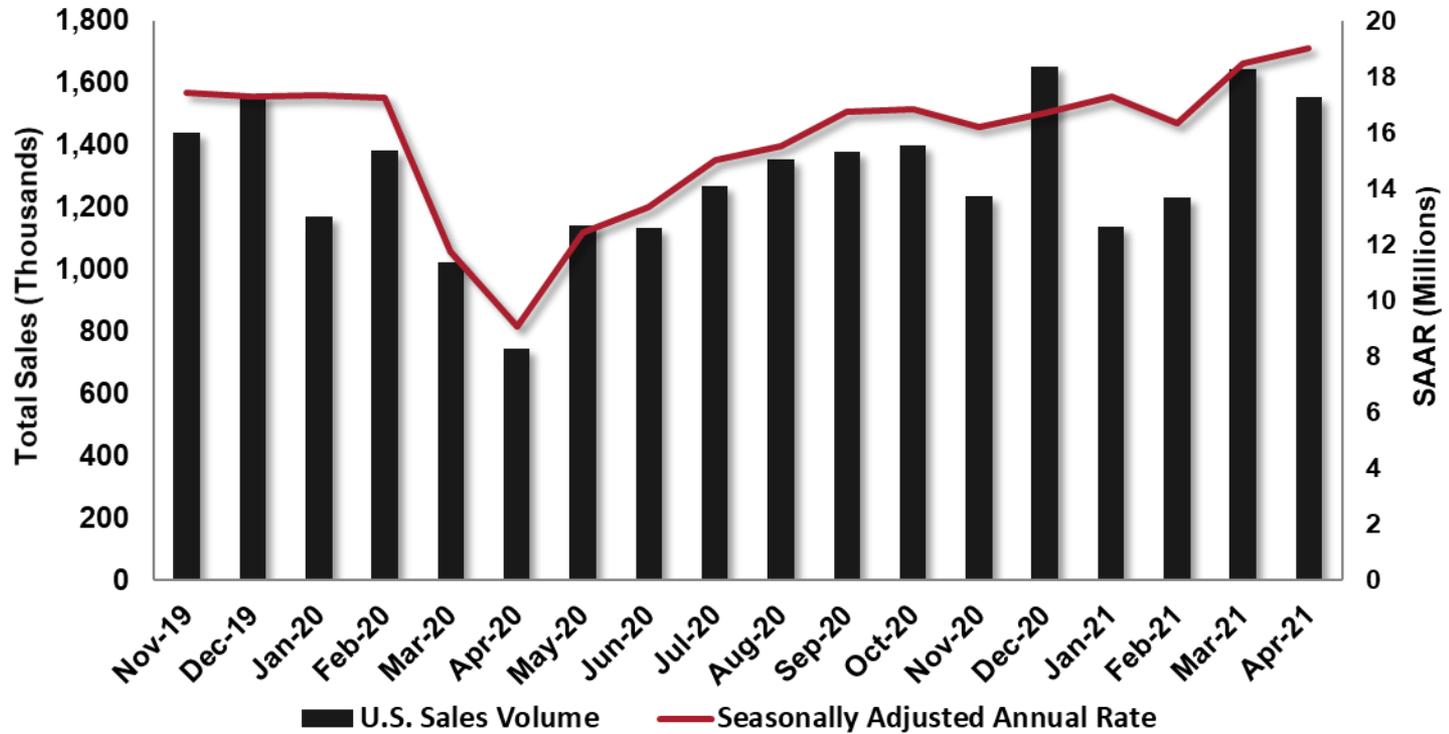




Industry Trends

April – May 2021

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

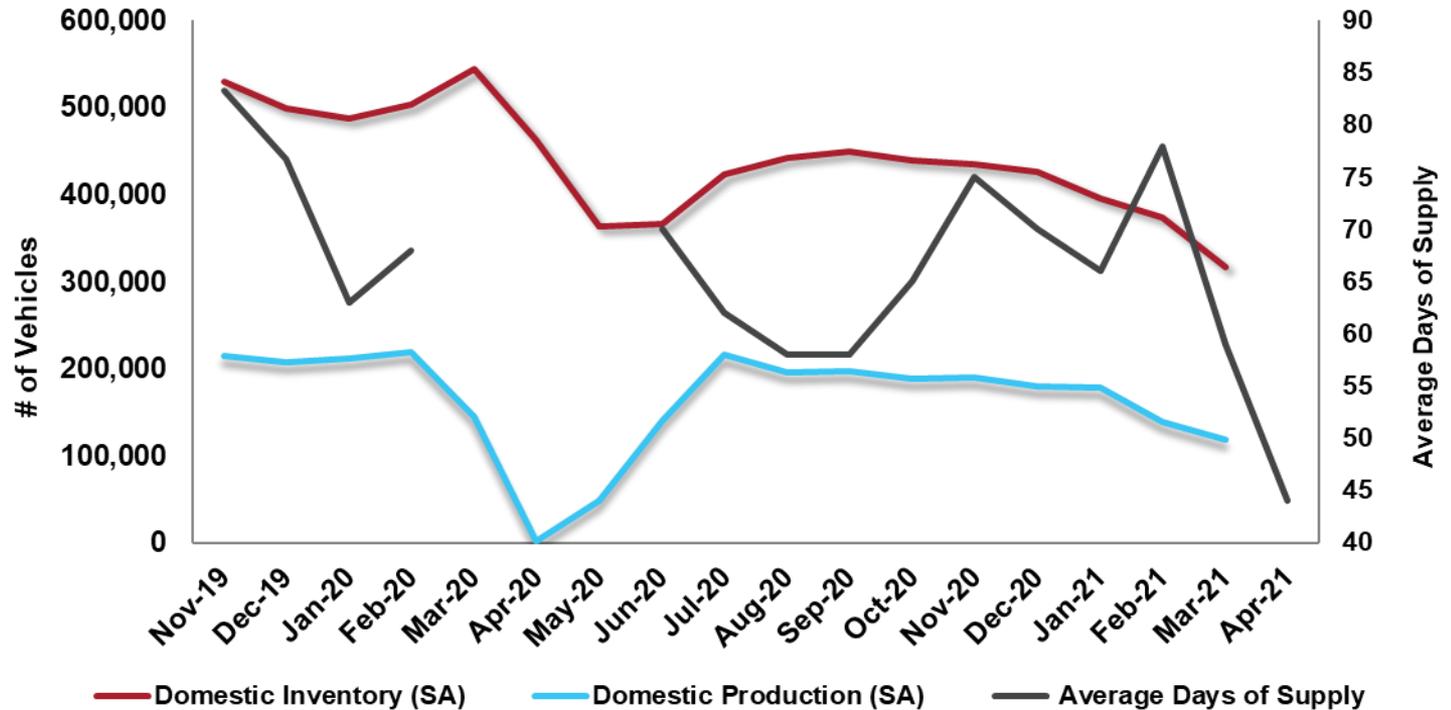


U.S. seasonally averaged sales (SAAR) fell 47.2% Y/Y early in the COVID-19 pandemic. SAAR in 2020 averaged a 15% loss compared to 2019. With April 2020 being the trough of sales volume and SAAR, **April 2021 volume and SAAR reflected a 109% and 110% increase Y/Y.**

Demand for new vehicles in April exceeded expectations, posting record April sales, while managing an ever-deteriorating supply. May's inventory levels will likely constrain sales while demand is expected to remain strong. While typical in-demand segments, like pickup trucks, continue to dominate, demand saw a strong increase for passenger cars in April.

ACQUISITION

Dealer Inventory & Days of Supply

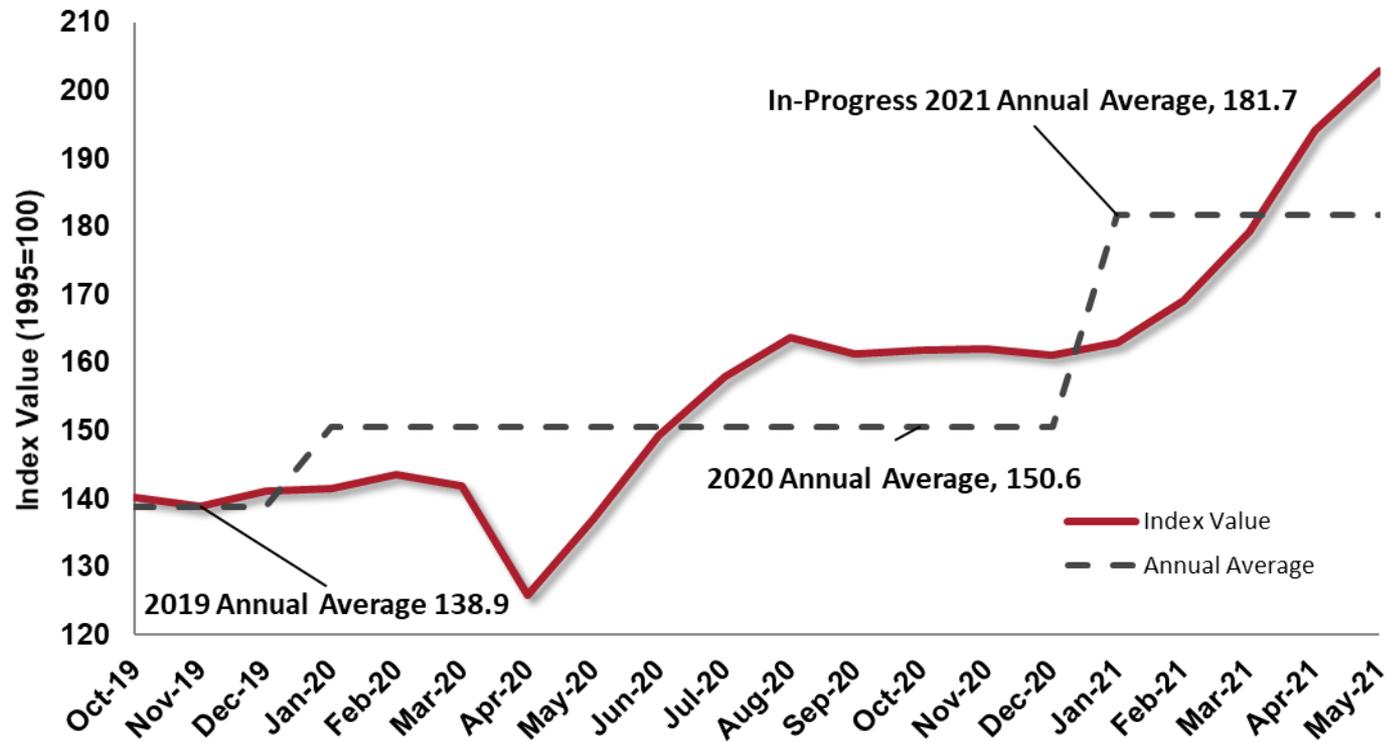


As COVID lessens its grip on the economy and pent-up demand widens, production and new vehicle inventory continue to decline. The broad impacts from the worldwide raw materials, labor, and semiconductor shortage remains the primary instigators of constrained vehicle production and, as a result, extremely low inventory for in-demand segments.

Several OEMs have reduced or idled production to focus the limited semiconductor supply where it's needed most. Incentives and discounts at the dealer level have lost significant flexibility in recent periods with very little room for lower-margin fleet sales. Incentive agreements for the upcoming model year are expected to reflect.

WHOLESALE RESALE MARKET

Manheim Used Vehicle Value Index

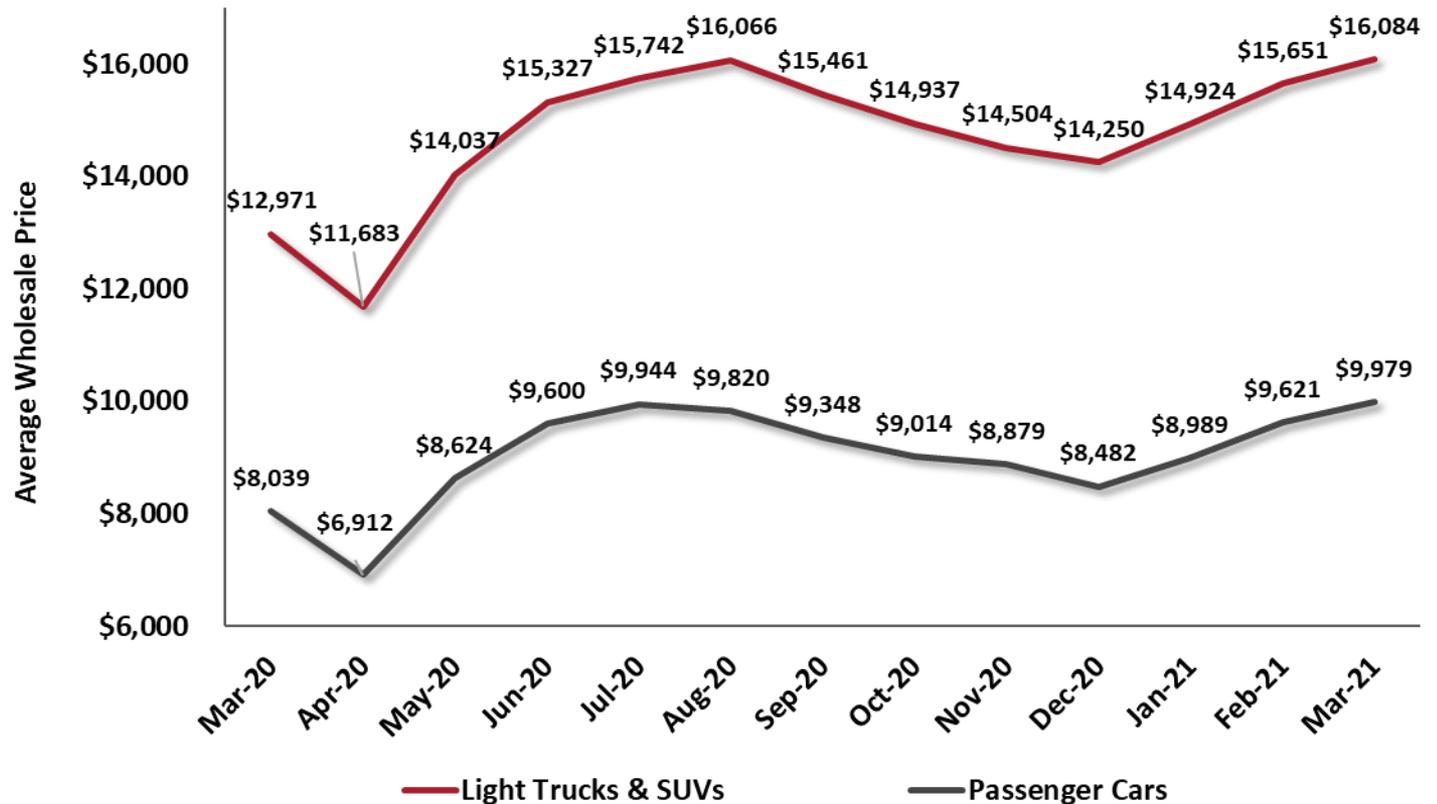


The effects of COVID-19 reduced used and new vehicle demand to a near halt in the early weeks of its grip on the U.S. economy. The associated idling of new-vehicle manufacturing caused a reactive spike in used vehicle resale values that has been on a steady incline due to component shortages. **Used vehicles have reached a new peak value in May**, a change that is 48% higher Y/Y, 35% higher than 2019's average value, and 24% higher than 2020's peak.

Intensifying shortages of vehicle production this year are expected to **sustain or increase used vehicle values**, especially in the SUV, van, and truck segments. This is an excellent time to remarket aging and underutilized units in your fleet.

WHOLESALE RESALE MARKET

Average Wholesale Price by Segment

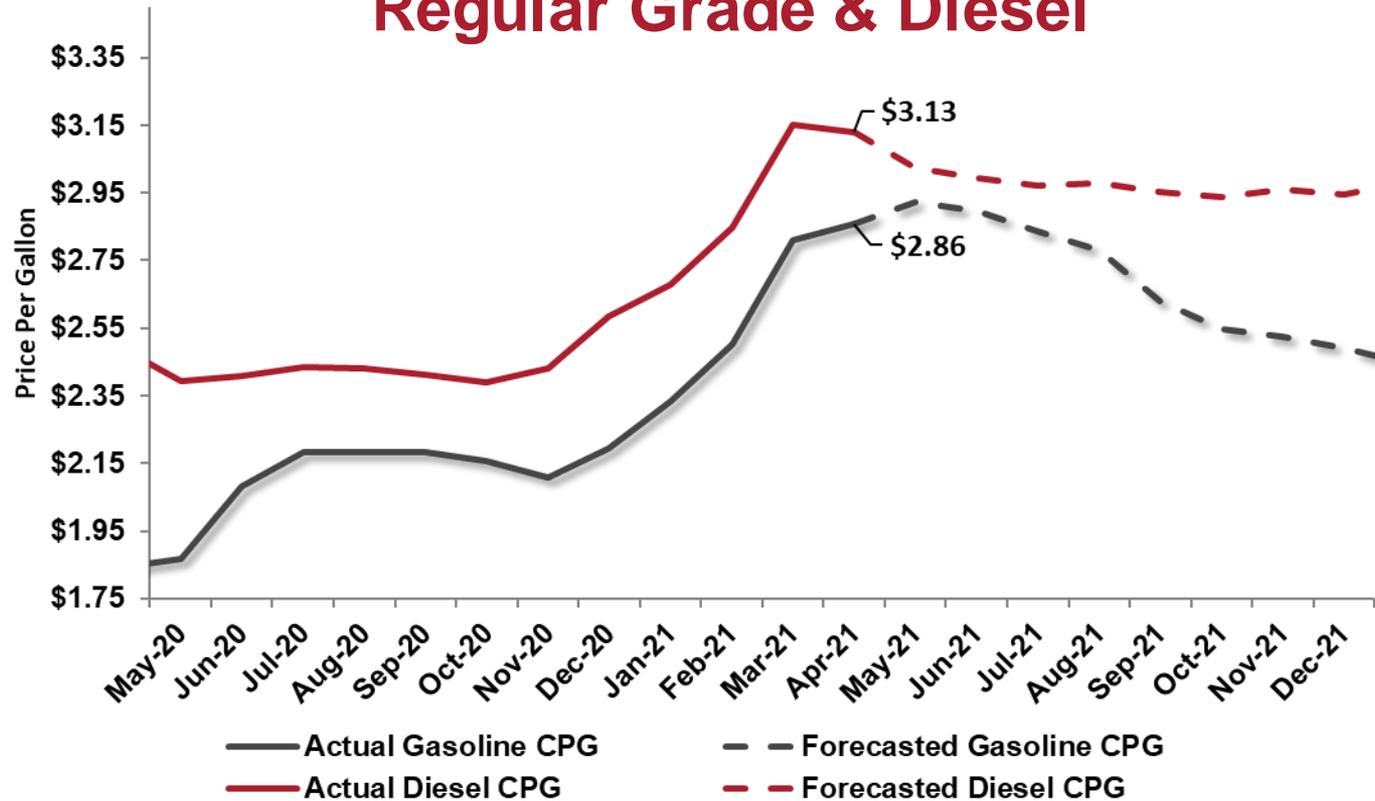


Auction values remain at record highs and are trending upward. **The two top-level segments of trucks and cars are +24.1% and +24% Y/Y**, respectively. All segments have gained value in the wholesale market Y/Y with pickup trucks, cargo vans, SUVs, and sports cars leading the pack. The most significant changes this month were sports cars (+9.2%), full size vans (+6.4%), and compact cars (+4.8%).

March values continue to climb, breaking the downward trend after the summer 2020 peak. Pent-up demand has widened to include more segments now as consumer spending increases. However, utility vehicles still hold the top spots; compact pickups, full-size vans, and full-size pickups have gained the most value compared with pre-COVID market conditions, an **increase of 57.9%, 32.1%, and 31.2%**, respectively.

FUEL

National Average Cost per Gallon Regular Grade & Diesel

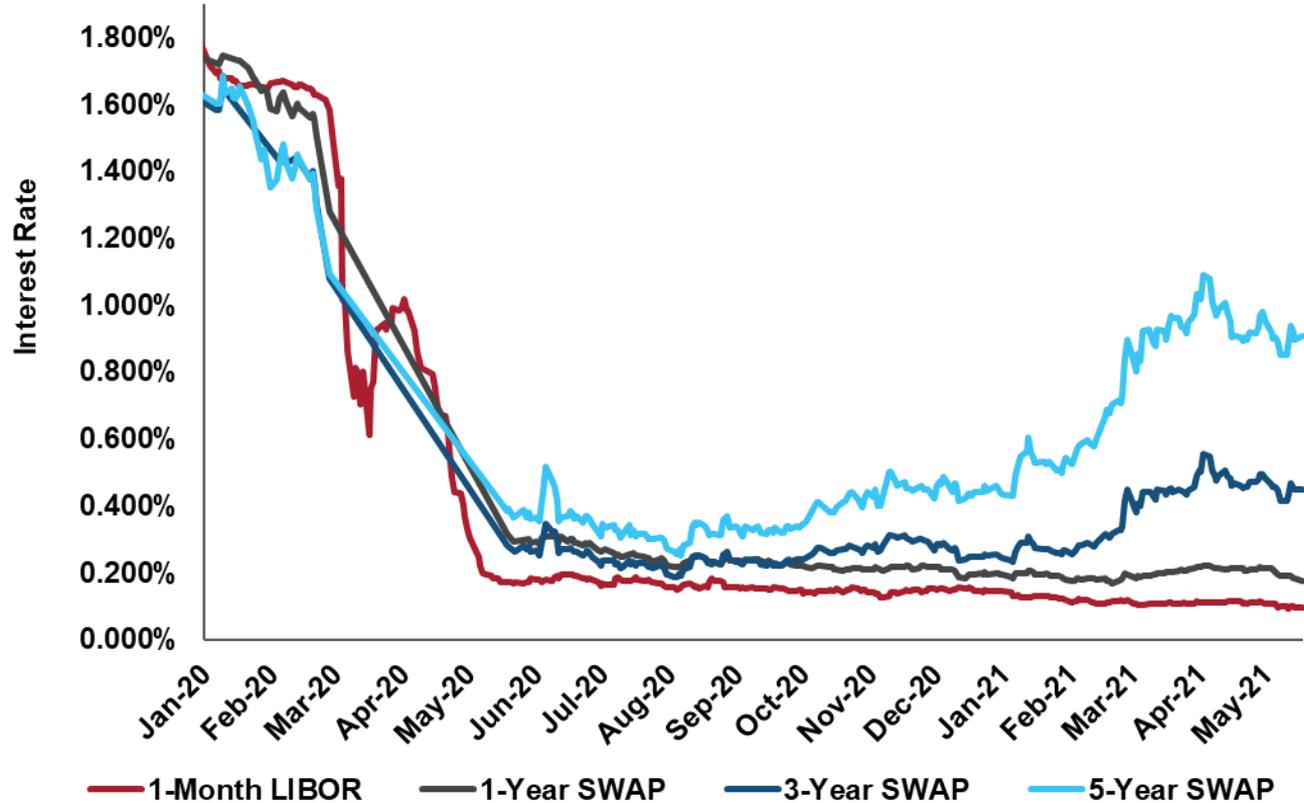


U.S. fuel prices fell sharply after a drop in demand and an abundance of supply in the spring of 2020. Fuel prices have risen steadily since the summer and, while prices are up Y/Y **55% for gasoline and 26% for diesel**, prices have returned to a typical level for the season and are within a few cents of spring 2019's at-the-pump prices.

The EIA's forecast has seen several drastic forecast shifts over recent months as ebbs and flows in rectifying the economic effects of COVID transpired. According to these forecasts, prices have peaked for fuel and pricing is expected to level or fall as we move into summer. As consumption falls in coming years, due to adoption of newer technologies, additional fluctuation in prices should be expected.

INTEREST

Interest Rates



The **1-Month LIBOR** rate is currently at **0.098%** and has held below 0.20% since June. The **5-Year SWAP** rate has trended upward and appears to be settling, currently at **0.91%**. It was as low as 0.25% in August 2020.

Interest rates fell through the initial months of the pandemic. Due to sustained economic challenges, some **interest indices remain at historic lows**. An upward trend in long-term indices signals this being a favorable time to take advantage of today's rates.