

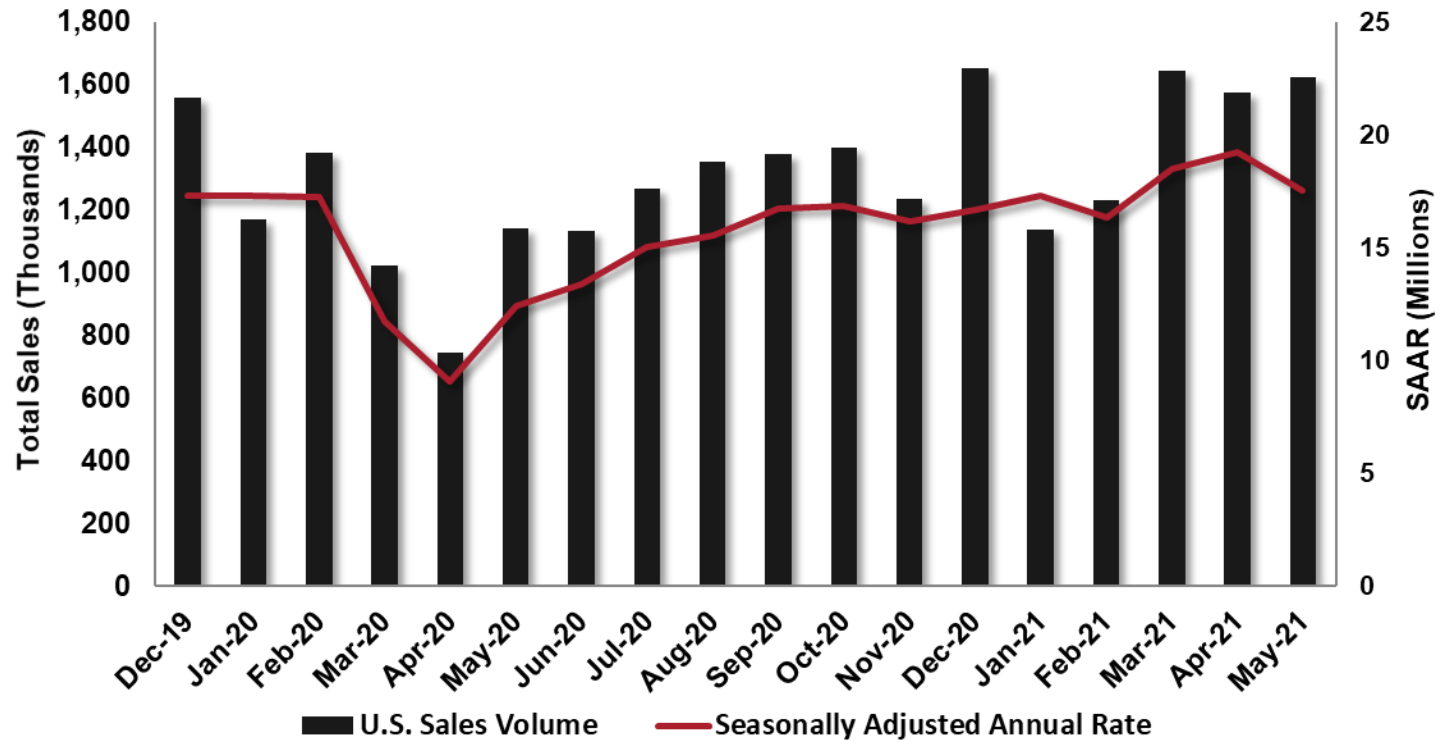


Industry Trends

May – June 2021

ACQUISITION

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

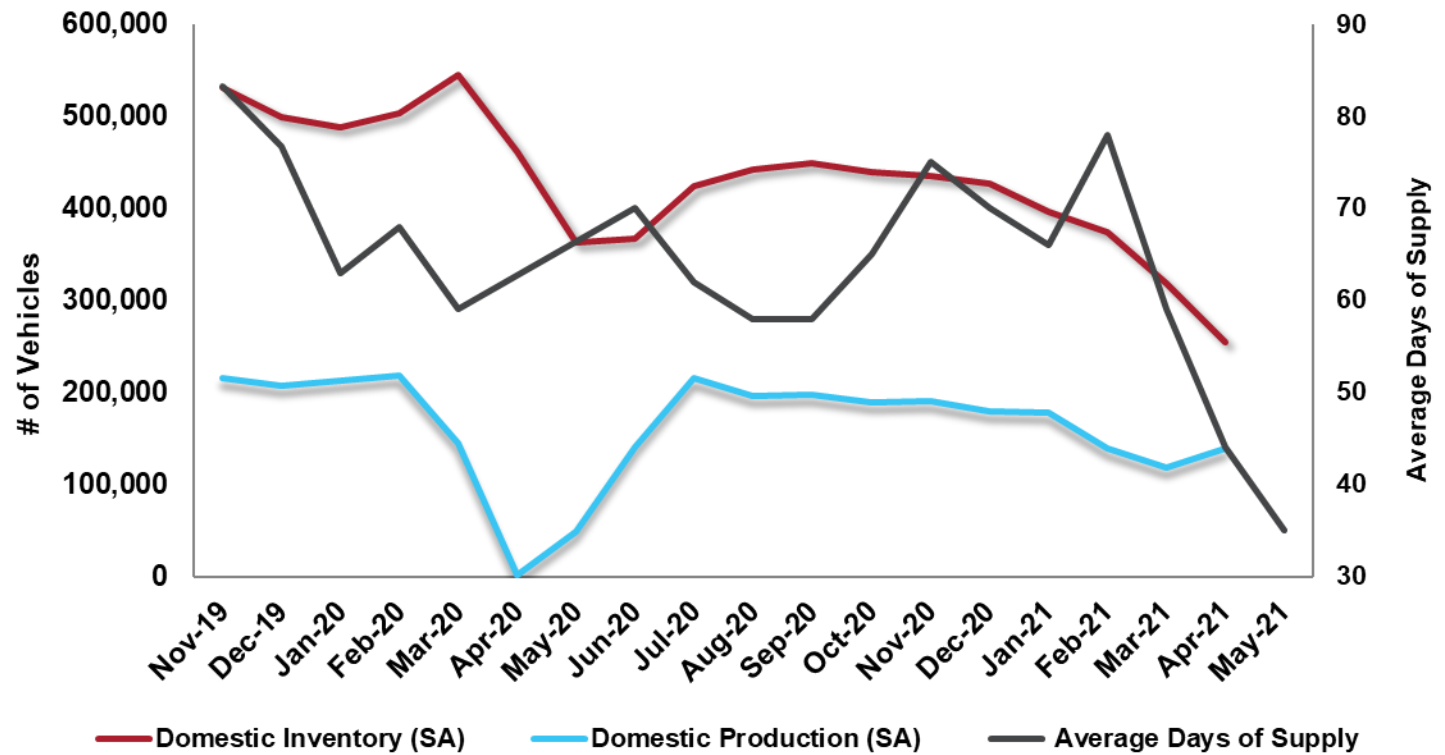


U.S. seasonally averaged sales (SAAR) fell 47.2% Y/Y early in the COVID-19 pandemic. SAAR in 2020 averaged a 15% loss compared to 2019. Now past the 12-month mark since COVID took hold of markets, **May 2021 volume and SAAR** reflected a 41.91% and 41.32% increase Y/Y.

Pent up sales demand has continued to batter the inventory levels of nearly empty new-car lots from OEMs without a supply of semiconductors. Sales in May fell below seasonal averages but exceeded April's record-busting unit sales. **Relief of the incredible market pressure may only be months away as production is scheduled to begin for some 2022 models over the next few months.**

ACQUISITION

Dealer Inventory & Days of Supply

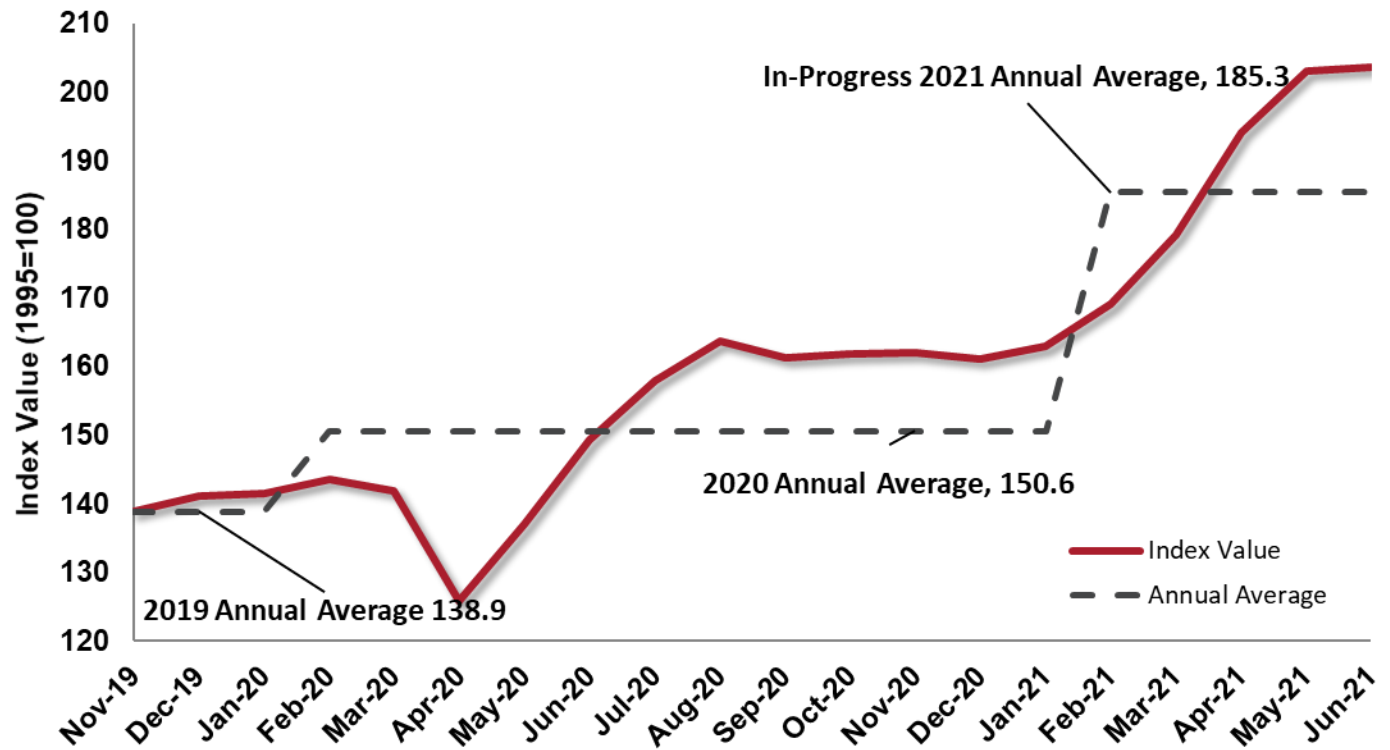


As COVID lessens its grip on the economy and pent-up demand widens, production and new vehicle inventory continue to decline. The broad impacts from the worldwide raw materials, labor, and semiconductor shortage remains the primary instigators of constrained vehicle production and, as a result, extremely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

As an effect of severe supply shortages and resulting vehicle production interruptions, new vehicle inventory is in freefall. **Some in-demand OEMs have under 20-30 days' supply** with a starved market actively drawing on inventory. Upcoming 2022 MY incentives, fleet and retail, are expected to be lower until levels of supply and demand reach an equalization point.

WHOLESALE RESALE MARKET

Manheim Used Vehicle Value Index

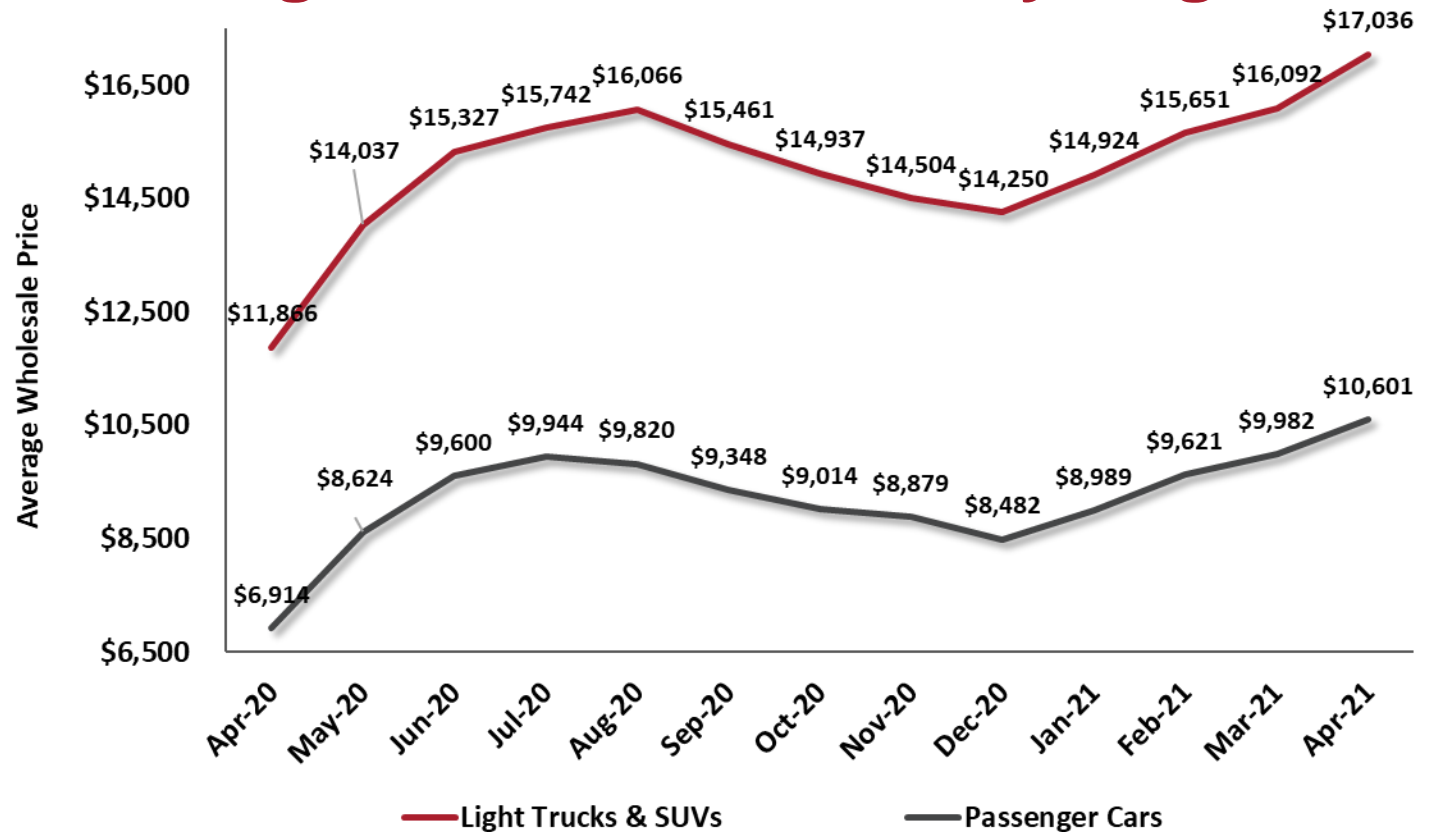


The effects of COVID-19 reduced used and new vehicle demand to a near halt in the early weeks of its grip on the U.S. economy. The associated idling of new-vehicle manufacturing caused a reactive spike in used vehicle resale values that has been on a steady incline due to component shortages. **Used vehicles have reached a new peak value in May, a change that is 36.4% higher Y/Y.** The in-progress 2021 average value is now 23% higher than 2020.

Continued pent-up demand and a short new-vehicle inventory is expected to **sustain or increase used vehicle values**, especially in the highly demanded SUV, van, and truck segments. This period is an ideal time to maximize the equity in aging and underutilized units in your fleet.

WHOLESALE RESALE MARKET

Average Wholesale Price by Segment

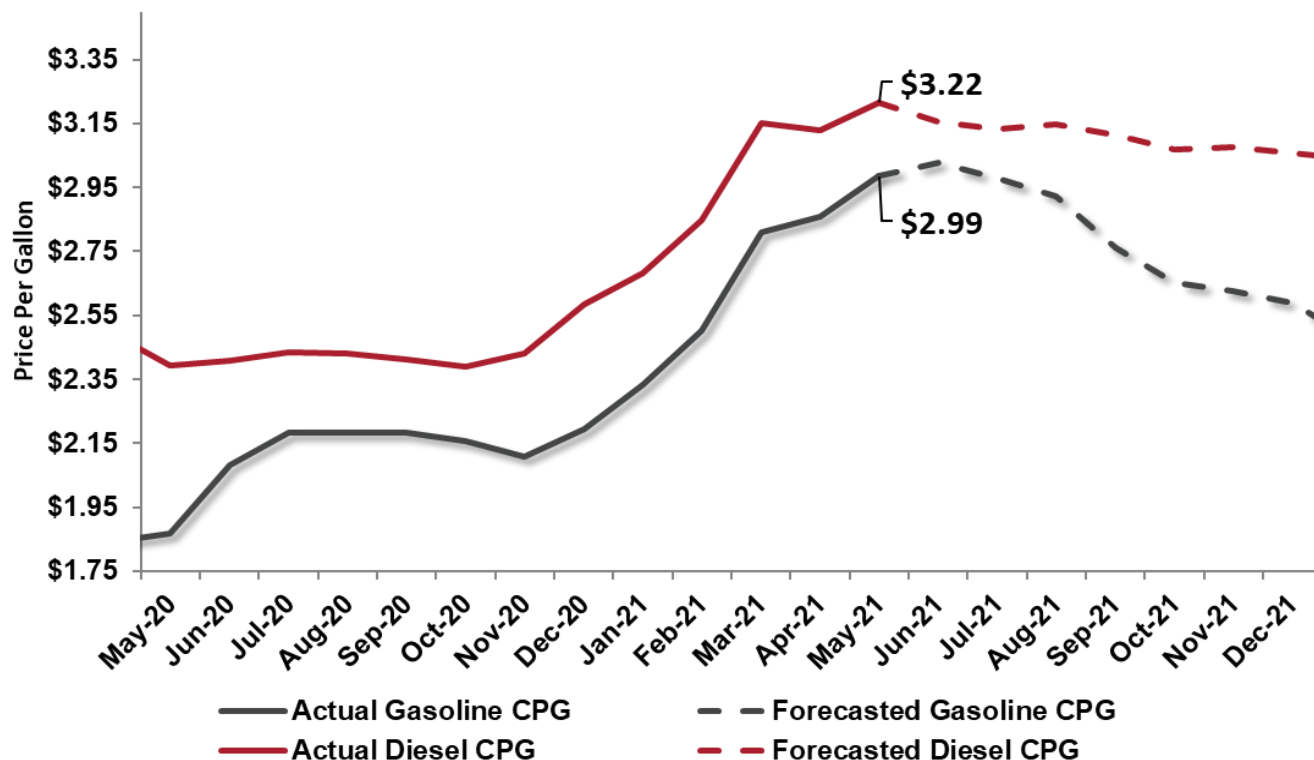


Auction values remain at record highs and are trending upward. **The two top-level segments of trucks and cars are +44% and +53% Y/Y**, respectively. All segments have gained value in the wholesale market Y/Y with pickup trucks, cargo vans, SUVs, and sports cars leading the pack. The most significant changes this month were sports cars (+9.9%), full size SUVs (+9.4%), and compact cars (+9.1%).

April values continue to climb and have broken the downward trend after the summer 2020 peak. As the economy continues to rebound, demand for used and new vehicles in all segments is steady and not being met. The top segments of value increase, compared to a pre-COVID market, are **compact pickups, sports cars, and full-size vans at 55%, 41%, and 40%**, respectively.

FUEL

National Average Cost per Gallon Regular Grade & Diesel

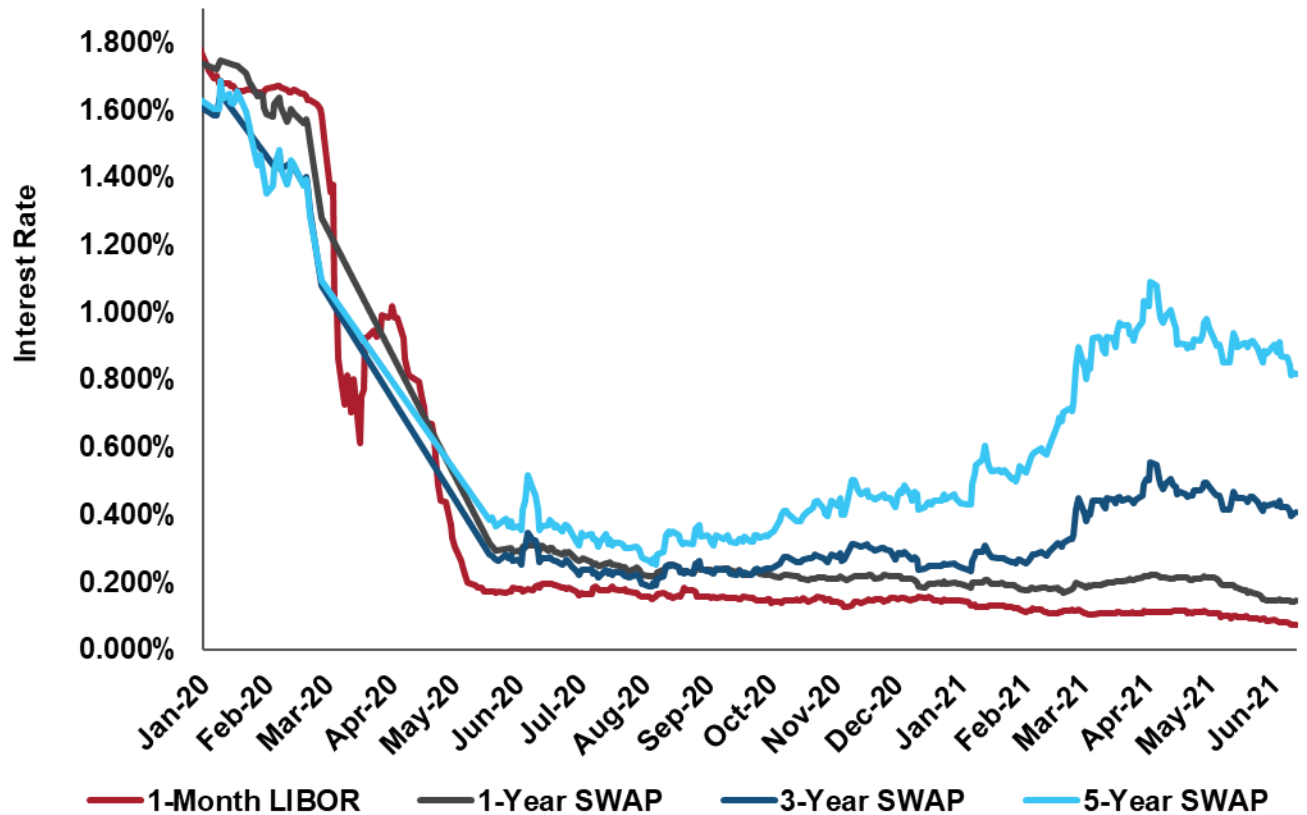


U.S. fuel prices fell sharply after a drop in demand and an abundance of supply in the spring of 2020. Fuel prices have risen steadily since the summer and, while prices are up Y/Y **60% for gasoline and 34% for diesel**, prices have returned to a typical level for the season and are within a few cents of Q2 2019's at-the-pump prices.

The EIA's forecast has seen several forecast shifts over recent months, but near-term predictions of fuel prices seem to be calming near pre-COVID seasonal market prices. According to these forecasts, prices are at peak 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**. While long term rates have risen, this remains an opportune time to leverage these historically low rates.