



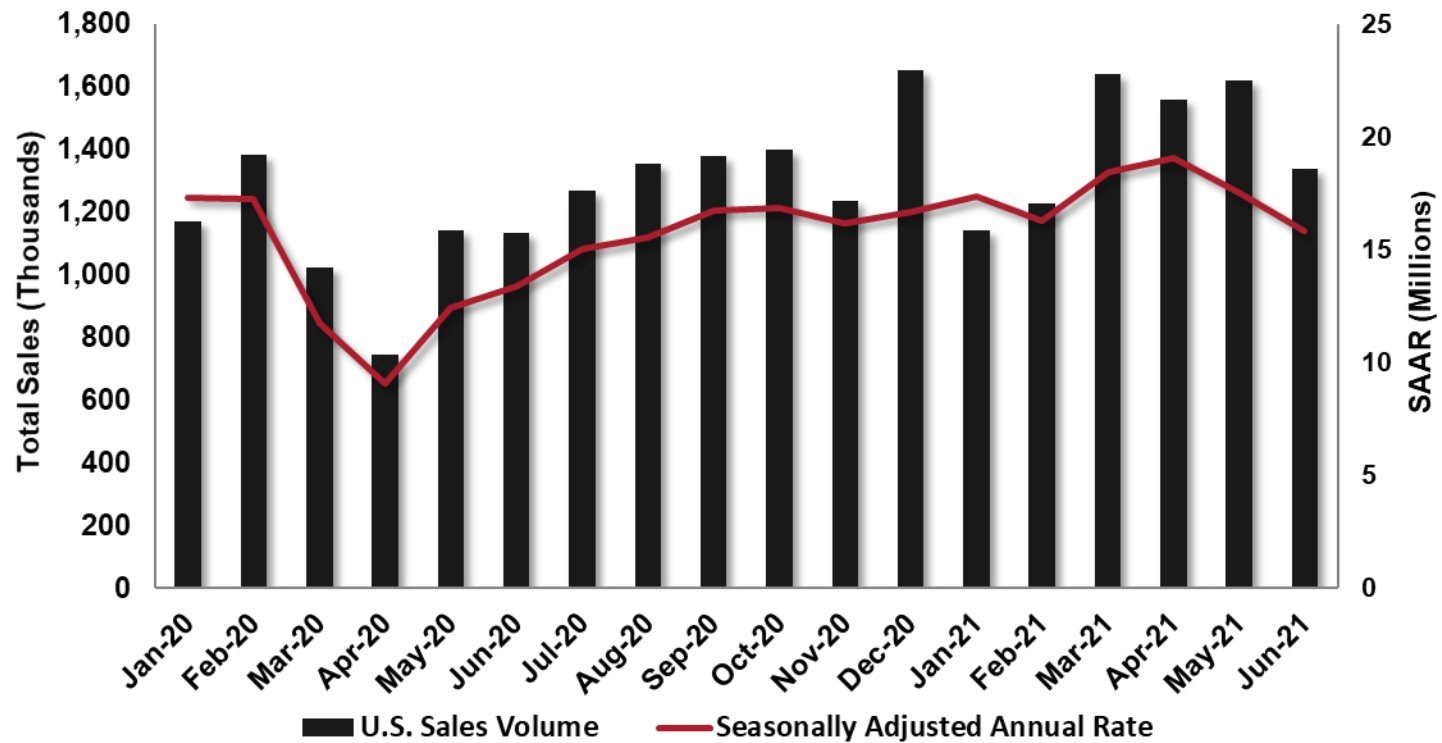
Industry Trends

June – July 2021

**Merchants**
FLEET

ACQUISITION

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

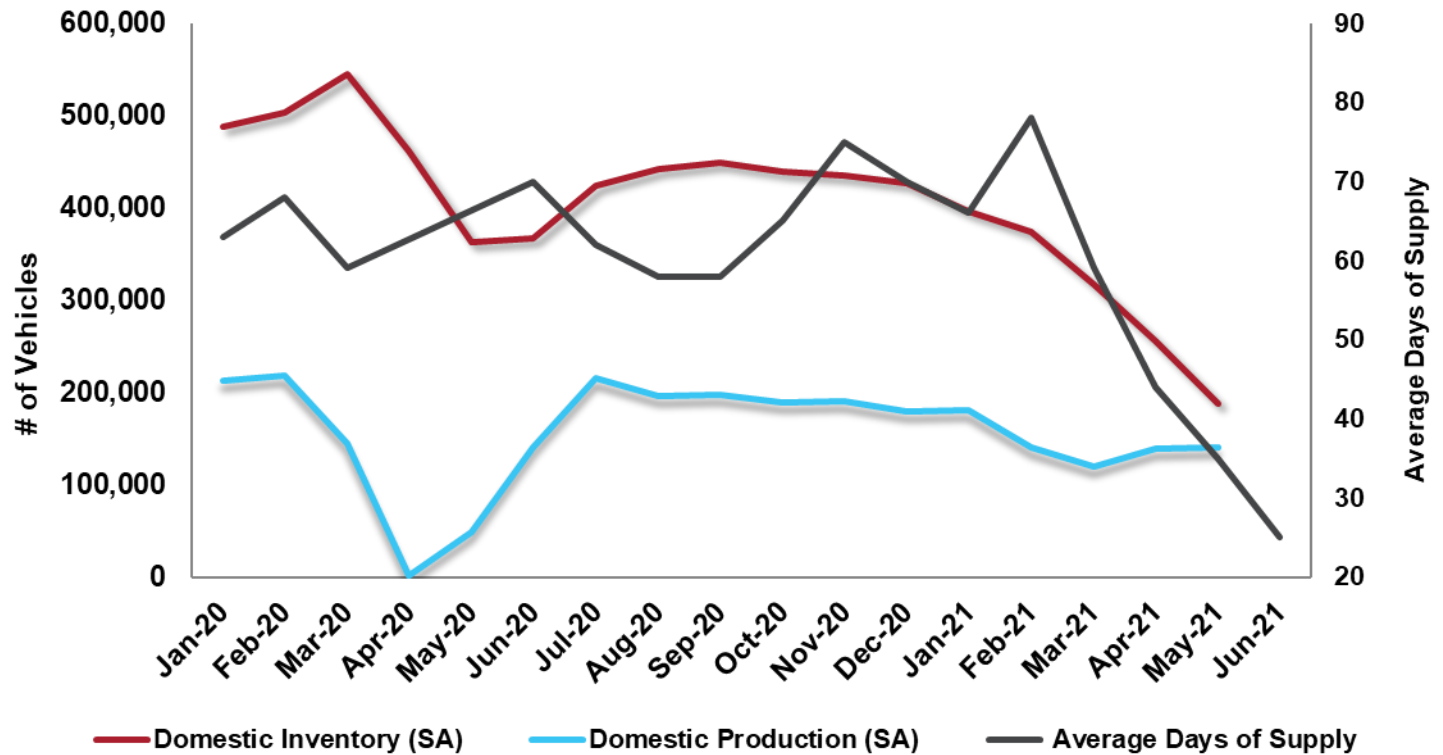


U.S. seasonally averaged sales (SAAR) fell 47.2% Y/Y early in the COVID-19 pandemic. SAAR in 2020 averaged a 15% loss compared to 2019. June's (SAAR) fell 9.9% M/M. June's unadjusted volume was 17.8% above June 2020, but 14.2% below June 2019. **Passenger vehicles fell 10.8% M/M, whereas light truck sales fell 9.6% M/M.**

The pace of new vehicle sales has cooled considerably due to the severity of ongoing supply shortages. As the economy reopens, **strong demand for new vehicles in limited supply is met by historic price increases.**

ACQUISITION

Dealer Inventory & Days of Supply

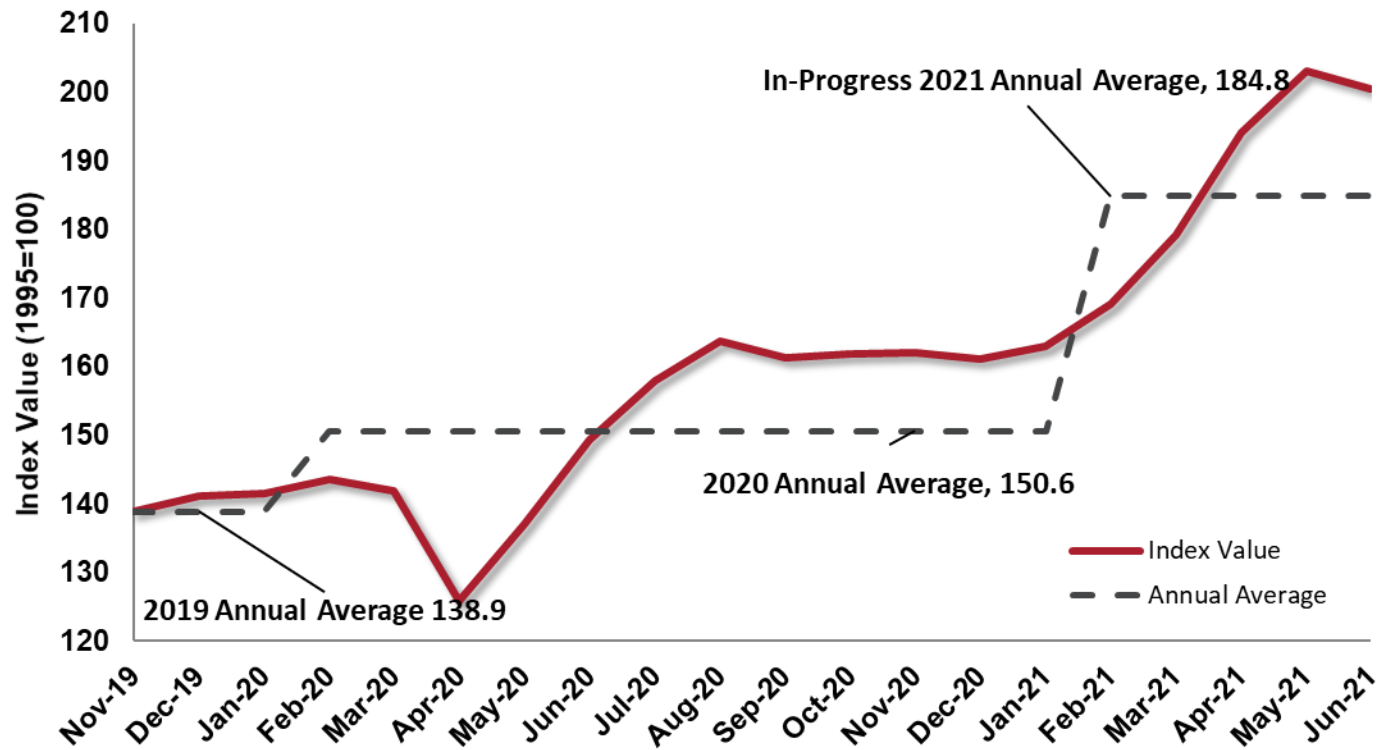


Inventories worsened in May (-24% M/M) indicating a strong consumer demand and an industry-wide problem moving product to market. Despite production slowly starting to ramp up, **OEMs will be playing catch up for the remainder of 2021**, as demand will still exceed production.

The auto industry entered July with historically low new vehicle inventories on dealer lots, this compiled with strong demand, has resulted in record high prices. Due to component shortages, **the average dealership days' supply has decreased to 25 days.**

WHOLESALE RESALE MARKET

Manheim Used Vehicle Value Index

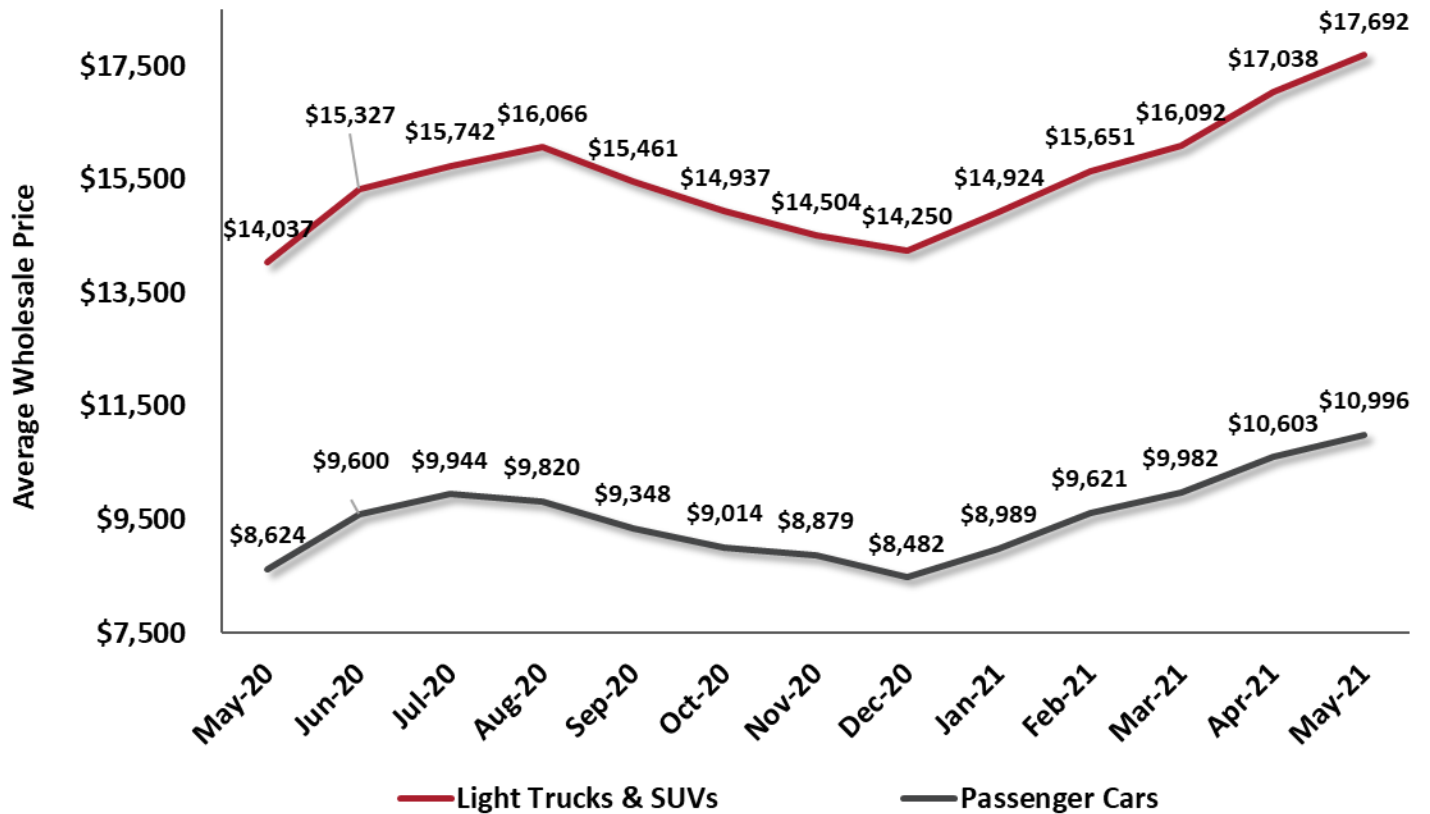


Due to due to component shortages, fewer new vehicles have been manufactured. This has resulted in a greater demand for used vehicles. The **wholesale vehicle market decreased 1.3% M/M in June**, but is still up 34% Y/Y.

Even though the resale market has decreased slightly, there is still a **very strong market for vehicles**, especially in the SUV and truck segments. We strongly recommend looking within your fleet for any aged or underutilized vehicles that can be remarketed.

WHOLESALE RESALE MARKET

Average Wholesale Price by Segment

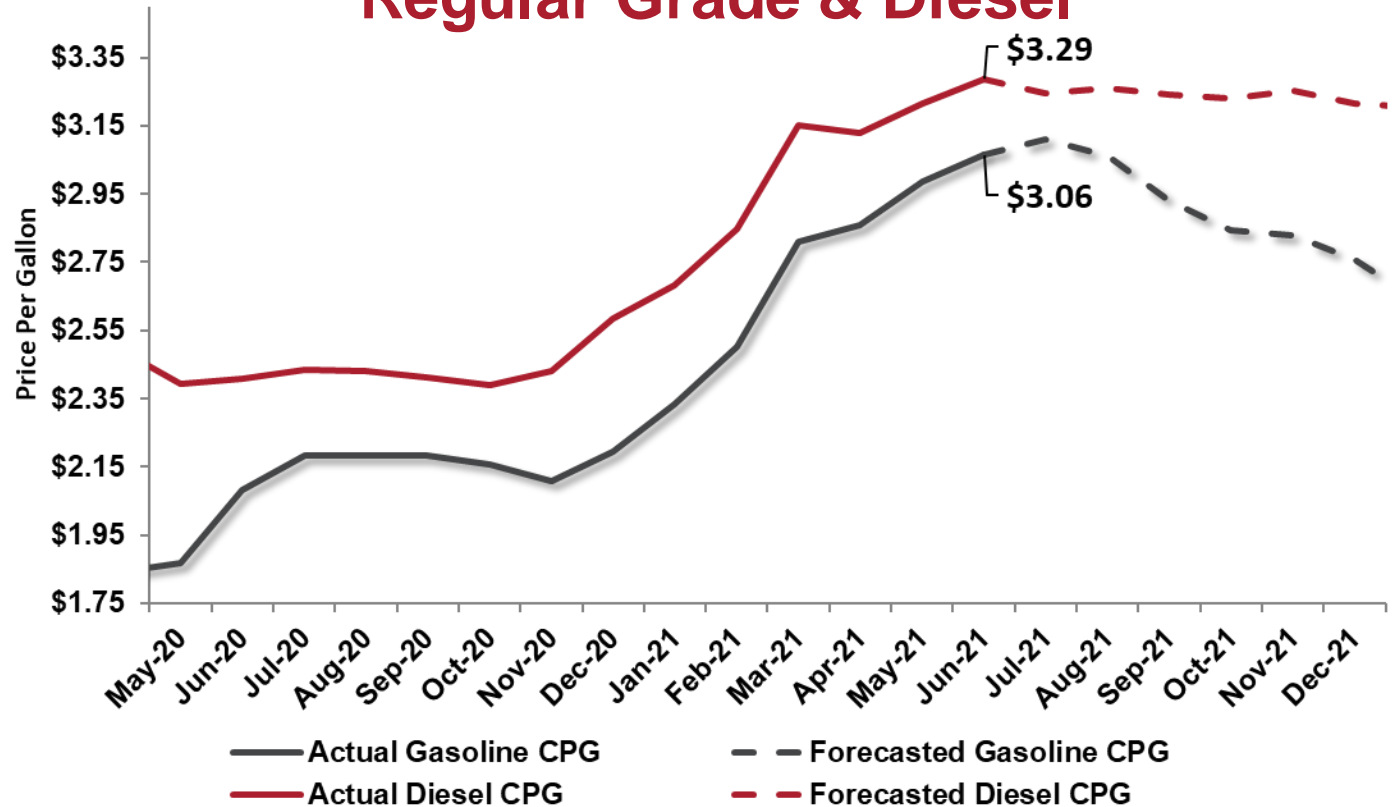


For the first time ever, **the average wholesale used vehicle prices broke \$15,000 in May**. It appears that dealers are becoming more selective in the vehicles purchased from auctions, as we are seeing lower auction conversion rates (vehicles sold as a percent of vehicles offered). Wholesale prices in May averaged \$15,001, **up 3.9% M/M and up 26.5% Y/Y**. Wholesale prices are also up 28.6% compared to pre-COVID/May 2019.

Average wholesale prices have been well above pre-COVID levels each week since the start of the year, regardless of vehicle type. When comparing like vehicles (model, model-year-age, mileage, etc.), **prices in May were up by over 50% on Y/Y** and by over 40% compared to May 2019 for both midsize cars and midsize SUVs.

FUEL

National Average Cost per Gallon Regular Grade & Diesel



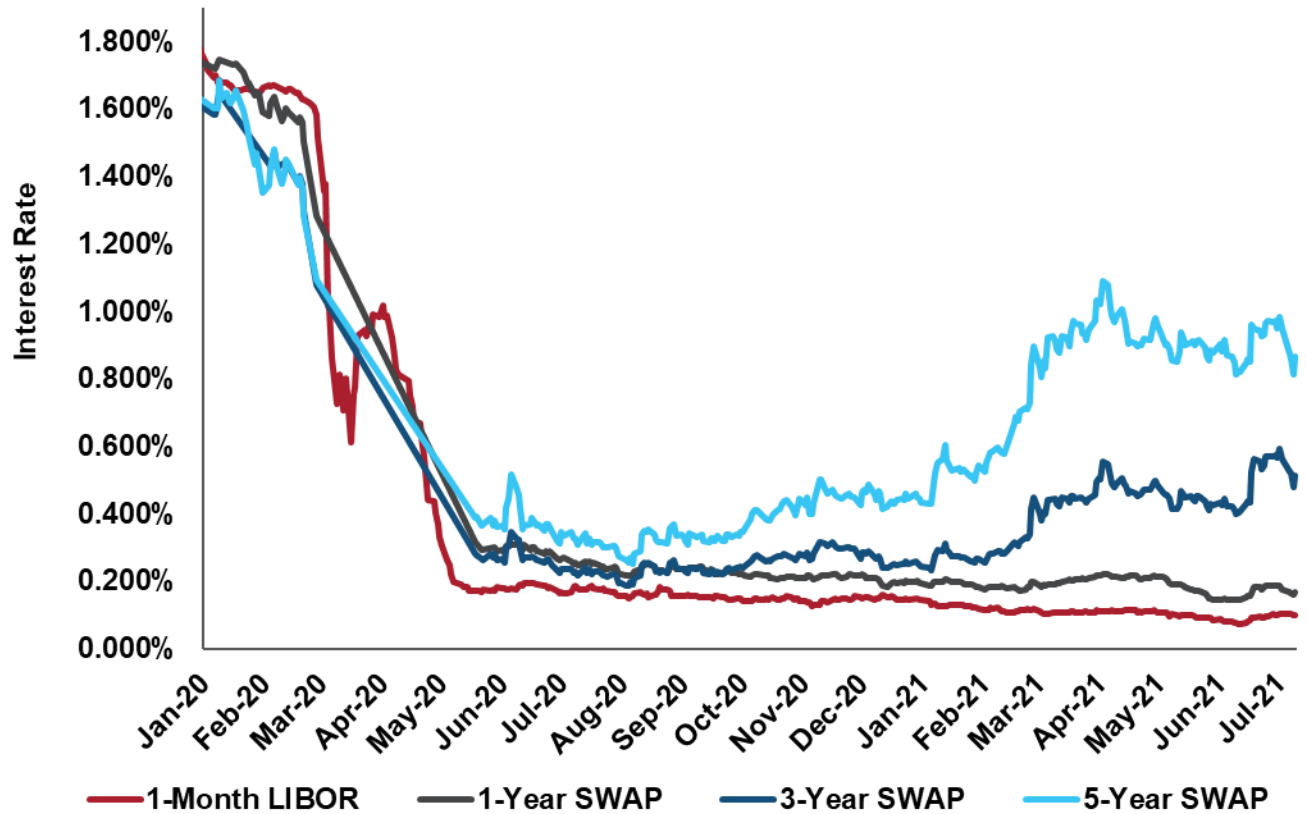
Diesel was \$0.13 higher, and gasoline was \$0.03 higher in June than previously forecasted. It appears demand is a little higher than previously forecasted. Gasoline is going to continue climbing through this month and is expected to hit its peak at \$3.11 and drop off into the \$2.6x range by year end.

Diesel seems to have leveled off and is expected to stay in the \$3.2x range in near term. Gasoline is expected to be at peak in July and forecasts show a drop to the \$2.6x range by year end.

June 2021 was up 47% and 36% Y/Y for gasoline and diesel, respectively.

INTEREST

Interest Rates



The 1-Month LIBOR rate is currently at 0.1% and has held below 0.20% since June 2022. The 5-Year SWAP rate has declined and is currently 0.86%. It was as low as 0.25% in August 2020.

After a rough 2020 dominated by the COVID-19 pandemic and its economic fallout, 2021 appears to be a year that will be relatively stable and continue to have low interest rates.