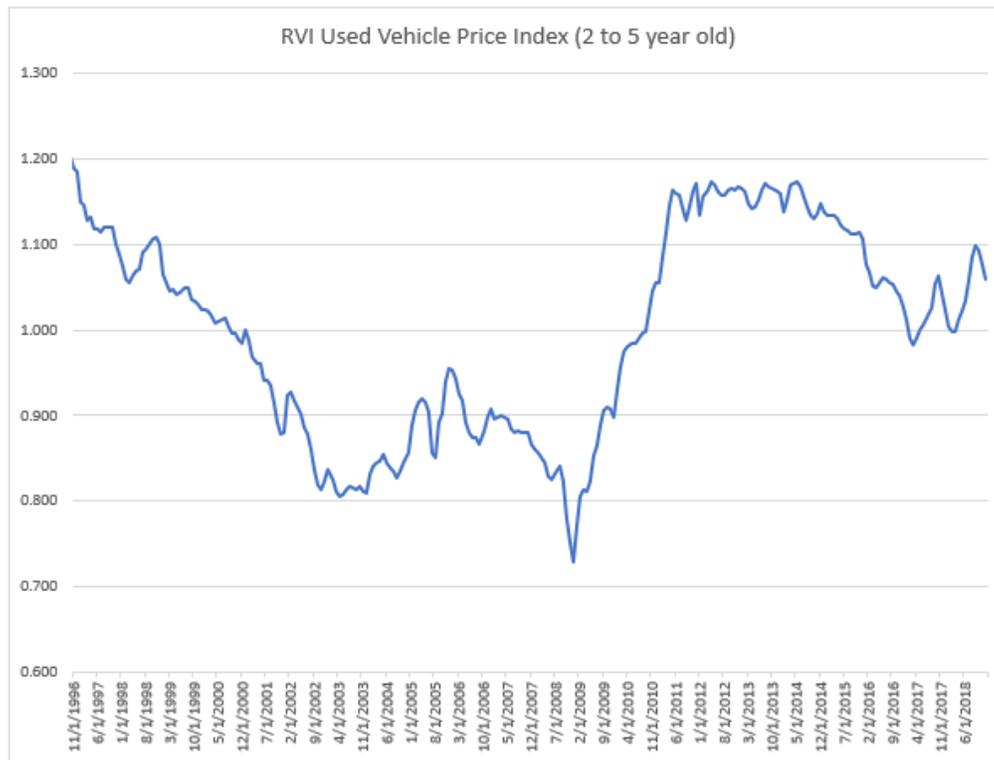


December 2018 Wholesale Vehicle Transactions



For a second consecutive month, the RVI index for 2-to-5-year-old vehicles posted a drop, this time of 1.8% in December to 1.059. Because of strong used car prices throughout the summer, the index, however, was still 3.5% above December 2017. The RVI 0-to-2-year-old vehicle index dropped 2.6% to 0.978, while the index for 6-to-12-year-old models decreased 2.5% to 1.166. The greater declines in these indexes suggest that fierce competition among automakers offering zero percent financing as well as cash incentives in year-end marketing campaigns were better deals than a nearly new unit. Likewise, the greater drop in older vehicle values after a long stretch of out performing the other age segments, is the result of dealer caution as to the timing and scale of the seasonal lift in used car demand from tax refunds. The combination of concern over the value of tax refunds this year and the growing economic impact of the government shutdown likely contributed to dealer caution in building inventory into January. Another factor contributing to lower values was an abundant supply of vehicles at auctions which brought down prices.

Economic and market factors continue to added uncertainty as to the direction of both the new and used car markets, as well specific vehicle segments. Gasoline prices were lower, declining nearly 28 cents per gallon, as compared to November 2018. New car incentives were \$3,807 per vehicle, a decrease from \$3,979 during the same period last year, and similar to the amount in November.

Overall auction activity, among all three age segments, increased 14.2% this month and was up 32.1% over the same period last year. Increased transaction volume was likely caused by a combination of factors, including more used cars entering the market via trades, rental car de-fleeting, and off-lease units.

The outlook for wholesale used car prices in 2019 suggests greater volatility with a likely modest downward trend. The government shutdown, higher interest rates, stock market volatility and unpredictable policy

decisions on trade and tariffs are but a few issues that will influence used car demand. While some lenders have become more cautious with respect to subprime borrowers, overall credit is still available to credit challenged customers as high used car values and low defaults support subprime lending. Higher interest rates will raise inventory carrying costs for dealers, which are encouraging them to stock less and utilize emerging inventory management software that incorporate artificial intelligence to maximize sales and profits.

The 1.8% drop in the RVI main index was reflected across all but two vehicle segments. The two exceptions were sports cars and sub-compacts, which saw a 4.2% and 0.3% increase respectively. Year over year the best performing segments were sub-compact, mid-size, full-size sedans, and sporty coupes. These vehicles represent affordable transportation but as automakers shut down production there are fewer of them entering the used car market.

Finally, the RVI Canada index for 2-to-5-year old vehicles was down 0.4% in December to 0.971, but it was up 6.6% from a year ago when it was 0.911. Small-pickups posted the steepest declines in Canada, while full-size sedans posted the highest increase, a reverse compared to last month. However, in Canada, both of these are low volume segments and are therefore more volatile.

Segment Results

RVI UVPI (2-to-5-year-old)

RVI_SEGMENT	Dec-18	Nov-18	Dec-17	% Change from	
				M-to-M	Y-to-Y
COMPACT	1.010	1.034	0.955	-2.3%	5.8%
FULL-SIZE PICKUP	1.017	1.031	1.038	-1.3%	-2.0%
FULL-SIZE SEDAN	1.129	1.147	1.069	-1.5%	5.6%
FULL-SIZE SUV	0.965	0.977	0.985	-1.3%	-2.1%
FULL-SIZE VAN	1.055	1.078	1.046	-2.1%	0.8%
LUXURY COUPE	0.921	0.930	0.926	-1.0%	-0.6%
LUXURY FULL-SIZE SEDAN	0.919	0.931	0.906	-1.3%	1.5%
LUXURY MID-SIZE SEDAN	0.830	0.841	0.849	-1.3%	-2.3%
LUXURY SMALL SEDAN	0.780	0.797	0.815	-2.1%	-4.4%
LUXURY SUV	1.034	1.048	1.051	-1.3%	-1.6%
MID-SIZE SEDAN	1.064	1.091	0.994	-2.4%	7.1%
MID-SIZE SUV	1.121	1.140	1.128	-1.6%	-0.6%
MINIVAN	1.065	1.067	1.035	-0.2%	2.9%
SMALL PICKUP	1.225	1.253	1.222	-2.2%	0.3%
SMALL SUV	1.094	1.111	1.076	-1.6%	1.7%
SPORTS CAR	1.097	1.052	1.098	4.2%	-0.1%
SPORTY COUPE	1.147	1.170	1.087	-2.0%	5.4%
SUB-COMPACT	1.099	1.096	1.040	0.3%	5.7%
UVPI Market	1.059	1.078	1.023	-1.8%	3.5%

2018 Certified Vehicle U.S. Sales

	2018	2017	% Change Y-o-Y
January	203,079	192,928	5.3%
February	212,189	211,264	0.4%
March	259,029	243,347	6.4%
April	221,277	235,007	-5.8%
May	248,866	237,476	4.8%
June	241,127	221,792	8.7%
July	223,117	227,439	-1.9%
August	234,150	230,106	1.8%
September	213,529	222,217	-3.9%
October	213,448	200,565	6.4%
November	206,572	202,983	1.8%
December	N/A	N/A	N/A
YTD	2,477,630	2,425,126	2.2%

END OF REPORT

All data provided by RVI.

Industry commentary and analysis provided by [Maryann Keller & Associates](#).