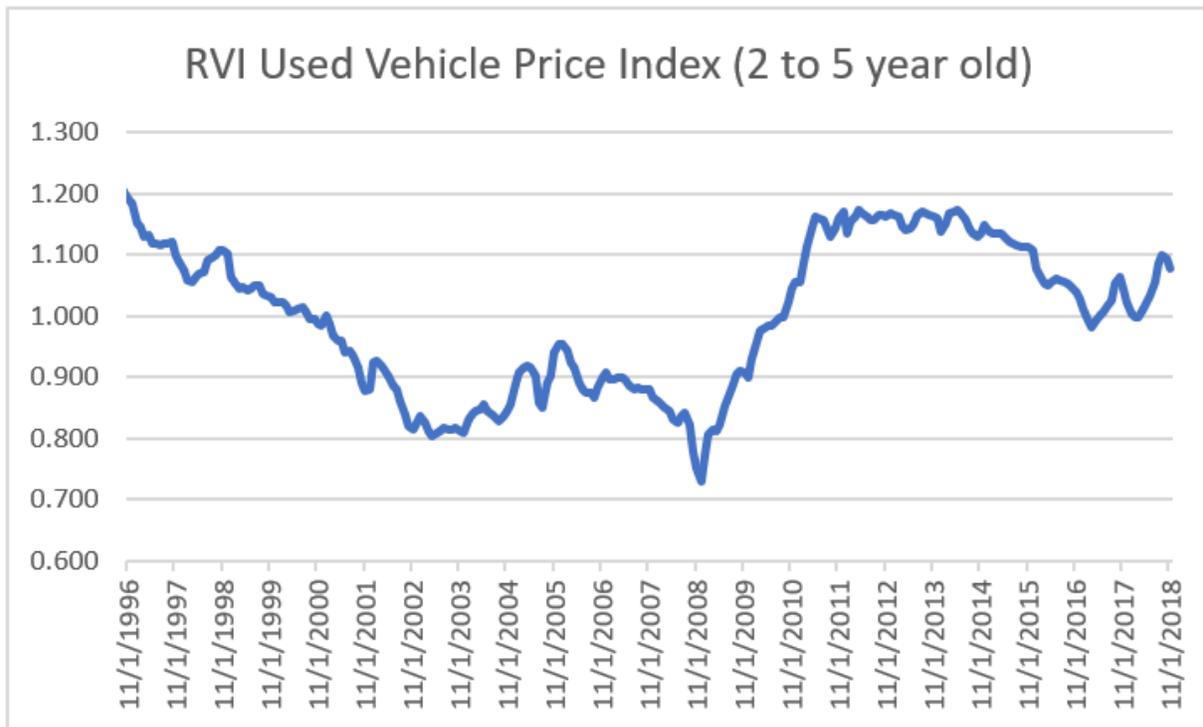


November 2018 Wholesale Vehicle Transactions



The RVI index for 2-to-5-year-old vehicles posted a 1.4% monthly drop in November to 1.078 but was up 3.2% from November 2017. The RVI 0-to-2-year-old vehicle index dropped 1.8% to 1.004, while the index for 6-to-12-year-old models decreased 1.1% to 1.196. The older vehicle segment continues to outperform the others, as the supply of vehicles in this segment is tighter, the result of recession-level sales from 2008 through 2012 and the Cash for Clunkers program that removed nearly 700,000 vehicles.

Economic and market factors added uncertainty as to the direction of both the new and used car markets. Gasoline prices were lower, declining nearly 20 cents per gallon, and nearing the same prices as this period last year. New car incentives increased to 9.5% of average MSRP, up from 9.2% last month but down 10.1% from a year ago. The month-to-month increase reflected holiday sales campaigns kicking into high gear.

While businesses continued to report favorable profits, the stock market ignored earnings along with estimates for GDP growth into 2019, resulting in sharp drops in all the stock market averages. Although tech stocks were hard hit, auto-related shares also took a beating. The expectation of another interest raise boost by the Federal Reserve has raised inventory carrying costs for dealers who are making more careful buys into the slow month of January.

Overall auction activity, among all three age segments, decreased 21.3% this month but was up 9.4% over the same period last year. Outside of the holidays, softened demand in November was also affected by declines in dealer sentiment, by both franchise and independent dealers, which have both taken a more risk-averse approach to inventory management in the wake of rising interest rates and talk of economic uncertainty. Additionally, as more vehicles are sold upstream, this will continue to affect auction volumes and related prices.

Finally, it's also notable that rental car companies have completed their post-summer defleeting, and this has cut back on available inventory.

Franchise dealers will continue to push new car sales through year-end, thus accepting many new vehicles as trade-ins, many of which will end up at auctions. And as tax refund season approach, dealers will begin stocking inventory in the new year, so this increased demand will help with increased supply at auctions. The small 1.4% drop in the RVI main index was reflected across nearly all vehicle segments, as almost all vehicle segments were either flat or down, likely the result of the same market-level factors discussed earlier that are affecting all segments. One small exception was full-size vans, which saw a 0.7% increase. As 2018 nears its close, the full-size pickup incentive war should shift gears, as the new RAM and Chevrolet Silverado models are now readily available. The past generation RAM, now named the "RAM Classic," will continue to be manufactured into 2019, and thus be a lower-cost option in this segment, which will also affect used vehicle values.

Finally, the RVI Canada index for 2-to-5-year old vehicles was down 2.2% in November to 0.975, but it was up 5.1% from a year ago when it was 0.928. Full-size sedans posted the steepest declines in Canada, while small pickups posted the highest increase. However, both of these are low volume segments and are therefore more volatile. Canadian new car demand is softening as the economy slows after more than five record-breaking years. Western Canada continues to be hard hit by the low price of crude oil while North American Trade policy, including tariffs on aluminum, have also hurt sentiment. Canadian used car prices are typically supported by exports to the U.S.; there have been some signs of slower exports from Canada which would then increase local supply.

Segment Results

UVPI USA – 2-to-5-Year-Olds

RVI_SEGMENT	Nov-18	Oct-18	Nov-17	% Change from	
				M-to-M	Y-to-Y
COMPACT	1.034	1.060	0.986	-2.4%	4.9%
FULL-SIZE PICKUP	1.031	1.047	1.053	-1.5%	-2.1%
FULL-SIZE SEDAN	1.147	1.150	1.090	-0.2%	5.2%
FULL-SIZE SUV	0.977	0.985	0.999	-0.8%	-2.2%
FULL-SIZE VAN	1.078	1.070	1.053	0.7%	2.3%
LUXURY COUPE	0.930	0.939	0.959	-1.0%	-3.0%
LUXURY FULL-SIZE SEDAN	0.931	0.944	0.919	-1.4%	1.3%
LUXURY MID-SIZE SEDAN	0.841	0.855	0.856	-1.7%	-1.8%
LUXURY SMALL SEDAN	0.797	0.808	0.828	-1.4%	-3.8%
LUXURY SUV	1.048	1.059	1.064	-1.0%	-1.5%
MID-SIZE SEDAN	1.091	1.109	1.018	-1.7%	7.2%
MID-SIZE SUV	1.140	1.157	1.150	-1.4%	-0.8%
MINIVAN	1.067	1.067	1.053	0.0%	1.3%
SMALL PICKUP	1.253	1.274	1.192	-1.7%	5.1%
SMALL SUV	1.111	1.121	1.096	-0.8%	1.3%
SPORTS CAR	1.052	1.113	1.111	-5.5%	-5.3%
SPORTY COUPE	1.170	1.179	1.107	-0.8%	5.7%

SUB-COMPACT	1.096	1.126	1.063	-2.6%	3.2%
UVPI Market	1.078	1.093	1.044	-1.4%	3.2%

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%
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 & Advisors](#).