

COX AUTOMOTIVE

2024 Mid-Year Review

June 25, 2024



Agenda

Time Check: 60 Minutes

Intro & Cox Automotive

Mark Schirmer, Director, Corporate Communications

The Economy

Jonathan Smoke, Chief Economist

Uncertainty Ahead

Erin Keating, Executive Analyst

New-Vehicle Market

Charlie Chesbrough, Senior Economist

Electrified Market

Stephanie Valdez Streaty, Director, Industry Insights

Used-Vehicle Market

Jeremy Robb, Senior Director, Economic and Industry Insights

2024 Forecasts & Playlist

Jonathan Smoke, Chief Economist and Resident DJ

Q&A

w/ Mark Strand, Senior Director, Economic and Industry Insights

The Cox Automotive Ecosystem

Together, our solutions deliver the connected experience that dealers, lenders, OEMs, and consumers and fleet operators expect.



COX AUTOMOTIVE








The Economy
JONATHAN SMOKE
Chief Economist







State of the Economy and Industry

1. Slowing economy with high rates
2. Normalizing new-vehicle supply
3. Declining pricing power, improving affordability, but increasing price sensitivity
4. Rising uncertainty

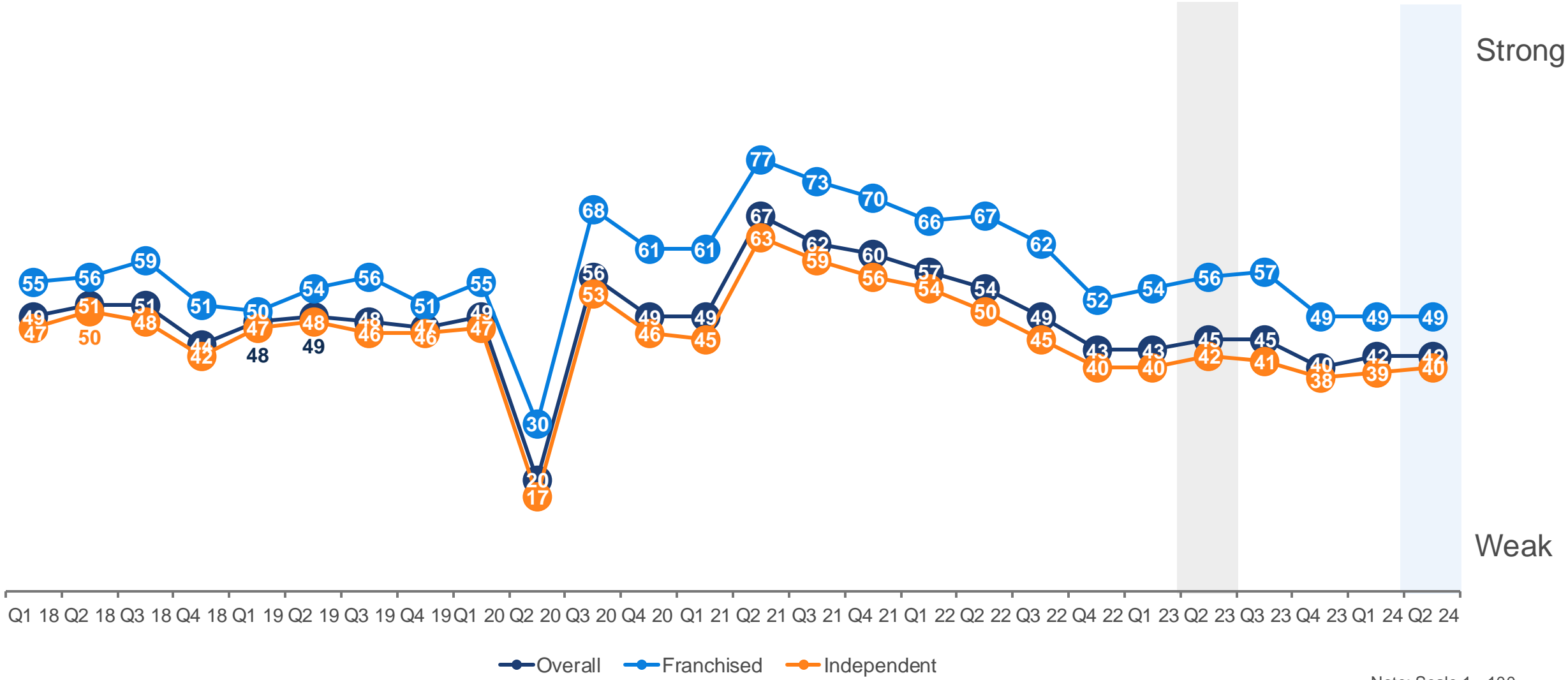
The Economy

Overall Economy	Real GDP Growth	2.1% (Q2 '23)	1.3% (Q1 '24)	+2.1% (Q2 '24 F)	
Employment Conditions	U3 Unemployment Rate	3.7% (May '23)	3.9% (Apr '24)	4.0% (May '24)	
Buyer Confidence	UofM Consumer Sentiment	64.2 (Jun '23)	69.1 (May '24)	65.6 (Jun '24 P)	
Wages	Earnings Growth	4.6% (May '23)	4.0% (Apr '24)	4.1% (May '24)	
Buyer Ability	Disposable Income Y/Y	9.2% (Apr '23)	3.7% (May '24)		

The Economy

Auto Finance	FRBNY	\$162 billion (Q1 '23)	\$166 billion (Q1 '24)		
Interest Rates	Effective Fed Funds Rate	5.08% (Jun '23)	5.33% (Jun '24)		
Borrowing Costs	Average New Auto Loan Rate	9.00% (Jun '23)	10.01% (Jun MTD '24)		
Mobility Costs	AAA Average Retail Unleaded Gasoline Price	\$3.54 (Jun '23)	\$3.54 (May '24)	\$3.45 (Jun 23, 2024)	

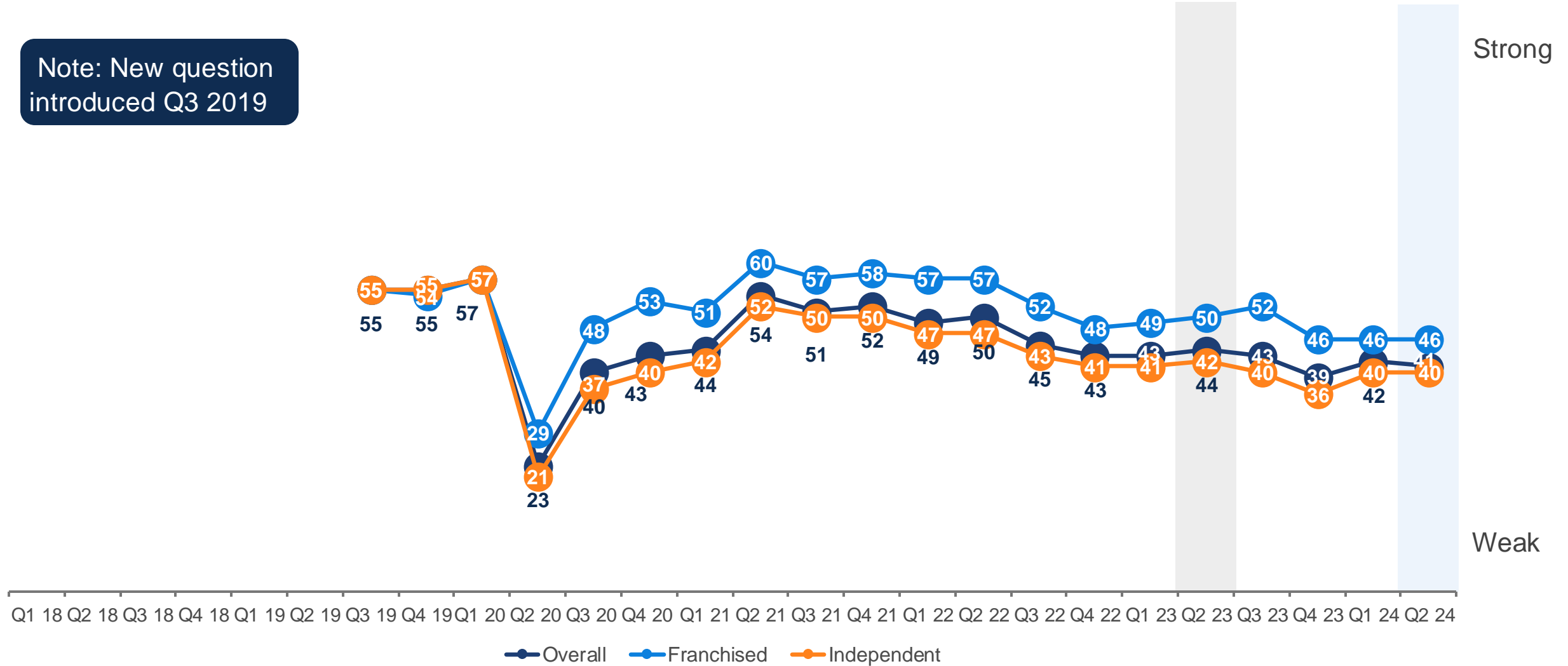
How would you describe the current market for vehicles in the areas where you operate?



Note: Scale 1 - 100

How would you describe the current U.S. economy?

Note: New question introduced Q3 2019



Note: Scale 1 - 100

Factors Holding Back Business

OVERALL RANK

		Q2 '24	Q1 '24	Q2 '23	Q2 '22
1	Interest Rates	59%	62%	53%	17%
2	Economy	57%	55%	55%	46%
3	Market Conditions	41%	40%	42%	44%
4	Political Climate	36%	33%	29%	28%
5	Expenses	31%	32%	30%	28%
6	Credit Availability for Consumers	31%	31%	30%	17%
7	Limited Inventory	29%	31%	44%	61%
8	Consumer Confidence	28%	31%	26%	22%
9	Competition	15%	14%	12%	11%
10	Regulation	8%	8%	7%	4%

An Uncertain Market

ERIN KEATING

Executive Analyst



Election Research Highlights

Change is coming, paralysis ensues

- 2024 Elections Research conducted among 529 in-market auto shoppers and 1,026 U.S. auto dealers
- Very few people are expecting no change
- Consumers more likely to believe things will get “somewhat” to “much better” with the election
- Dealers more likely to believe election will impact auto industry, are particularly pessimistic
- Most consumers believe election will impact big-ticket purchases but not the timing of them



Election Research Highlights

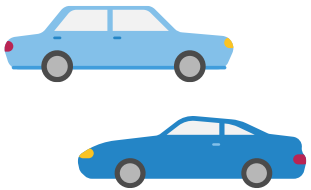
Expectations of election results keeps consumers on the sidelines



Vehicle Prices – Opinions vary geographically on how elections will impact pricing, but all agree it is the main issue



Inflation – Remains a top concern for consumers and dealers alike



Vehicle Choices – Most do not believe election will impact type of car they purchase, though demographics vary on luxury versus non-luxury and domestic versus import

Key Learnings

2024 Elections Research conducted among **529 auto shoppers** and **1,026 U.S. auto dealers**

Fielding occurred February 2024 for shoppers and April/May 2024 for dealers

1



Nearly 3 in 4 consumers expect the economy to be impacted in some way by the upcoming U.S. presidential election.

2



66% of consumer and 82% of dealers feel the outcome of the U.S. presidential election will impact interest rates in some way.

(Fact: The U.S. president does not control interest rates.)

3



Inflation is the #1 concern among shoppers. 74% of consumers – and 80% of dealers – believe the next election will impact inflation in some way.

4



60% of consumers agree their next vehicle purchase will be influenced by the November election.

5



Most consumers feel the election will not impact their decision on powertrains; the majority are against government EV mandates.

“Consumers seem to believe the next U.S. election will impact the economy, interest rates and even inflation. With this level of uncertainty swirling about, many have adopted a wait-and-see mentality.”

Vanessa Ton, senior manager, Research and Market Intelligence, Cox Automotive

New-Vehicle Market

CHARLIE CHESBROUGH

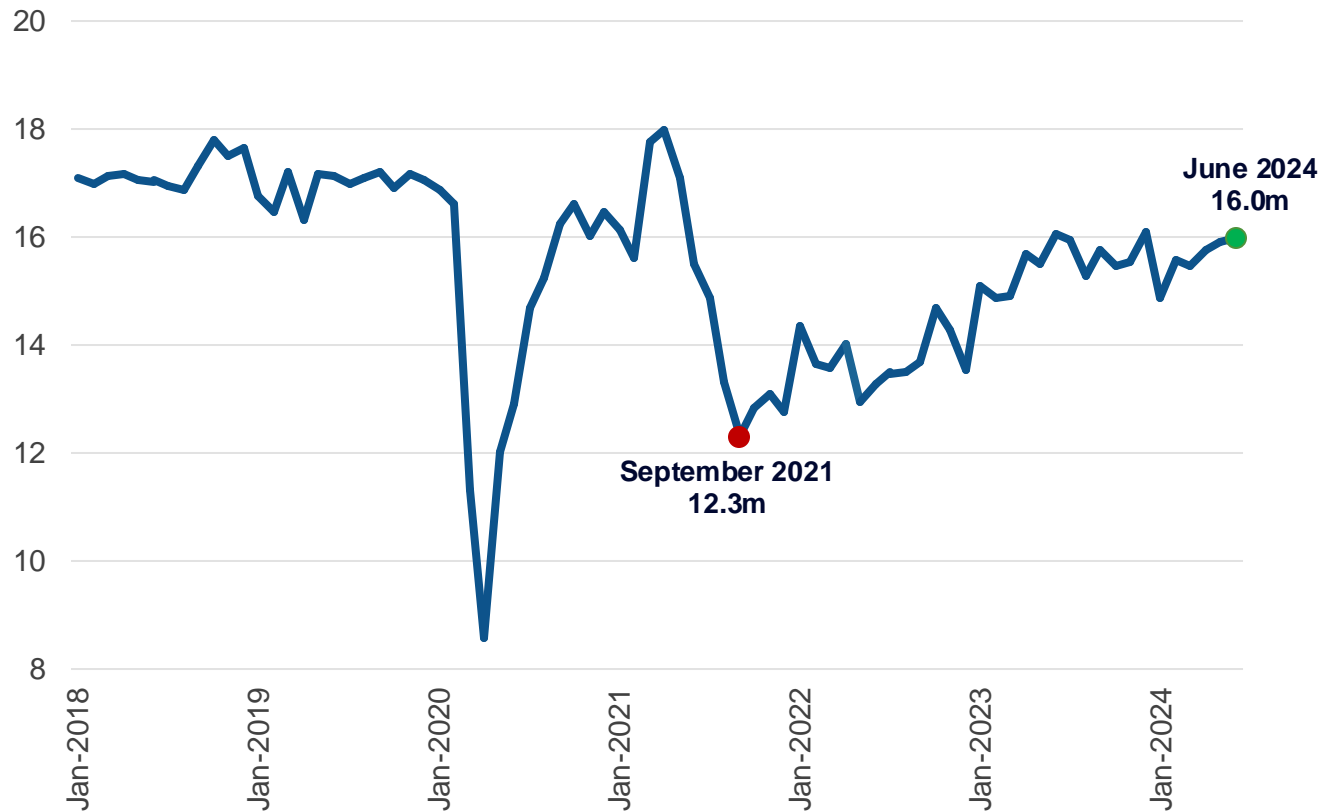
Senior Economist



New-Vehicle Sales | Still On The Recovery Path

Forecast remains unchanged at 15.7 million, but volatility expected in H2

Monthly Light Vehicle Sales SAAR (millions)

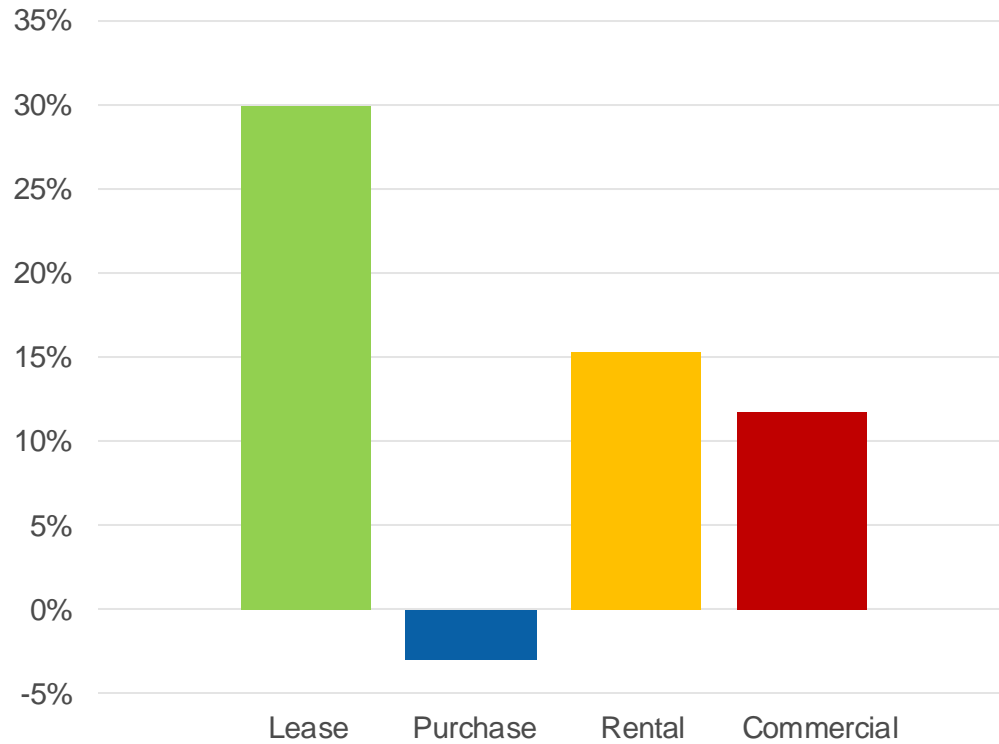


Period	Sales Volume (in millions)	SAAR (in millions)
June 2023	1.37	16.1
June 2024	1.38	16.0
y/y%	0.8%	-0.4%
Q2 2023	4.1	15.8
Q1 2024	3.7	15.3
Q2 2024	4.1	15.9
y/y %	0.9%	0.9%
q/q %	10.5%	3.7%
H1 2023	7.7	15.4
H1 2024	7.9	15.6
y/y %	2.8%	1.6%
CY 2023	15.5 million sales	
Forecast 2024	15.7 million sales	
y/y %	< 2%	

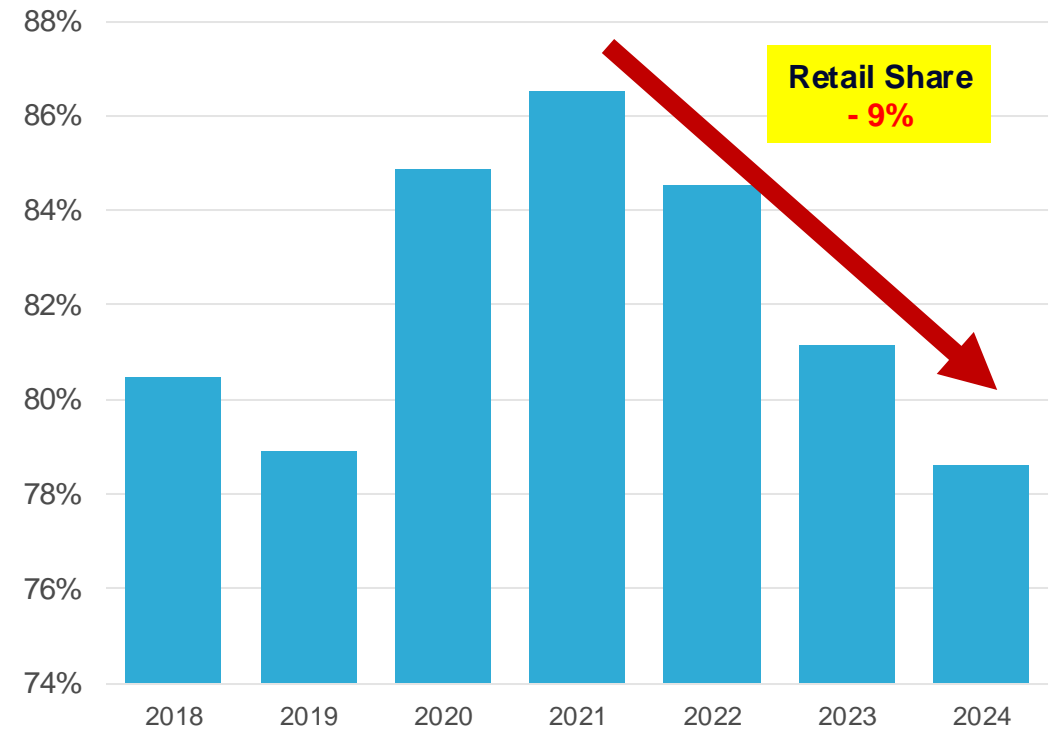
Channel Sales | Leasing and Fleet Lead This Year's Gains

High prices and rates keeping Purchasing down – Retail share of market back to pre-covid lows

YTD Change In 2024 Sales



Retail Share (Purchase+Lease) of Total Sales



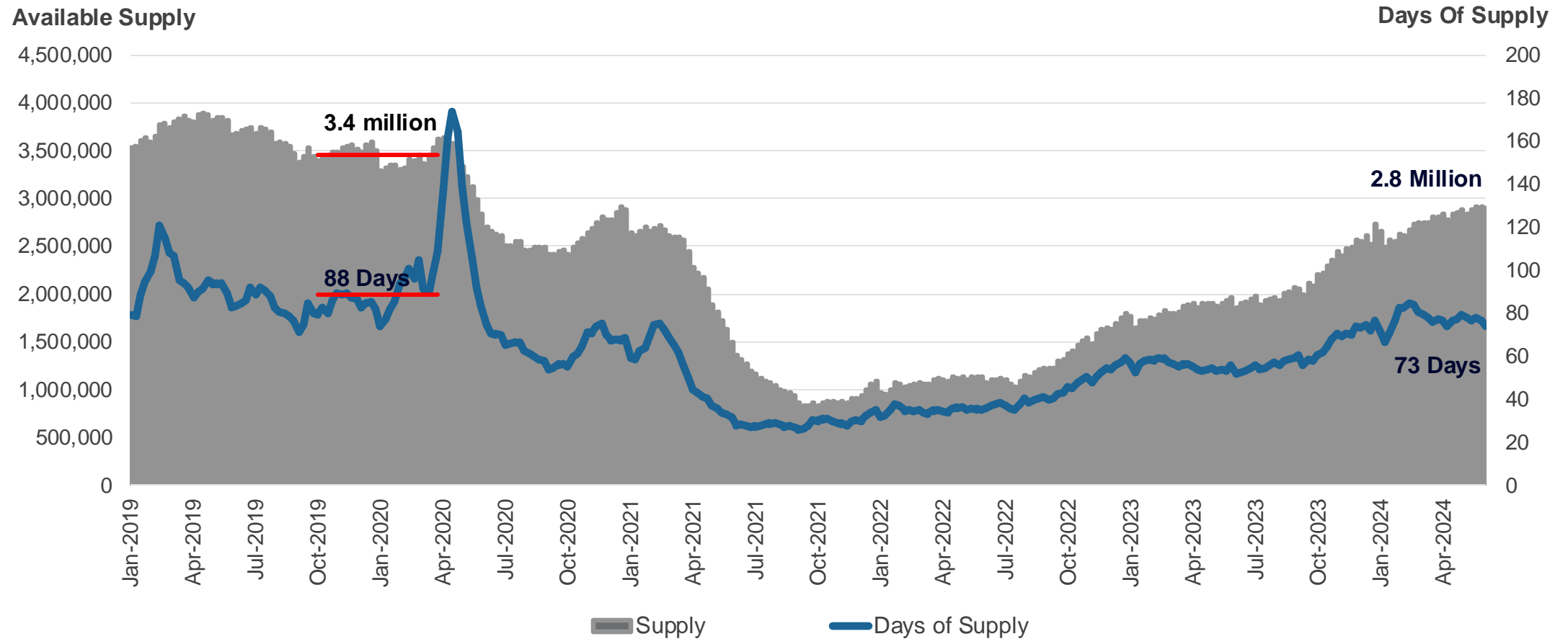
OEM Performance | GM Wins Q2 Sales, Toyota Gains Most Share

Rebuilding of last year's weak inventories is impacting performance in the first half for some brands

OEM	Q2 2023	Q1 2024	Q2 2024	Y/Y Change	Q/Q Change	H1 2023	H1 2024	Change	Share H1 2023	Share H2 2024	Difference
GM	689,393	590,055	697,804	1.2%	18.3%	1,288,581	1,287,859	-0.1%	16.7%	16.2%	-0.5%
Toyota	568,963	565,097	642,902	13.0%	13.8%	1,038,521	1,207,999	16.3%	13.5%	15.2%	1.8%
Ford	527,905	504,815	551,527	4.5%	9.3%	999,766	1,056,342	5.7%	13.0%	13.3%	0.3%
Hyundai	437,826	379,203	449,315	2.6%	18.5%	820,180	828,518	1.0%	10.6%	10.4%	-0.2%
Honda	347,025	333,824	365,719	5.4%	9.6%	631,532	699,543	10.8%	8.2%	8.8%	0.6%
Stellantis	434,648	332,541	337,906	-22.3%	1.6%	802,975	670,447	-16.5%	10.4%	8.5%	-2.0%
Nissan Mitsu	268,955	281,138	256,079	-4.8%	-8.9%	525,711	537,217	2.2%	6.8%	6.8%	0.0%
VW	151,411	139,756	174,748	15.4%	25.0%	289,467	314,504	8.6%	3.8%	4.0%	0.2%
Subaru	160,713	152,996	171,397	6.6%	12.0%	304,089	324,393	6.7%	3.9%	4.1%	0.1%
Tesla	175,262	140,187	148,462	-15.3%	5.9%	336,892	288,649	-14.3%	4.4%	3.6%	-0.7%
Mazda	95,399	100,103	100,071	4.9%	0.0%	183,783	200,174	8.9%	2.4%	2.5%	0.1%
BMW	95,533	90,844	96,436	0.9%	6.2%	185,283	187,280	1.1%	2.4%	2.4%	0.0%
Mercedes-Benz	96,019	82,623	88,486	-7.8%	7.1%	171,720	171,109	-0.4%	2.2%	2.2%	-0.1%
NATION	4,117,571	3,768,960	4,160,657	1.0%	10.4%	7,705,381	7,929,617	2.9%	100.0%	100.0%	0.0%

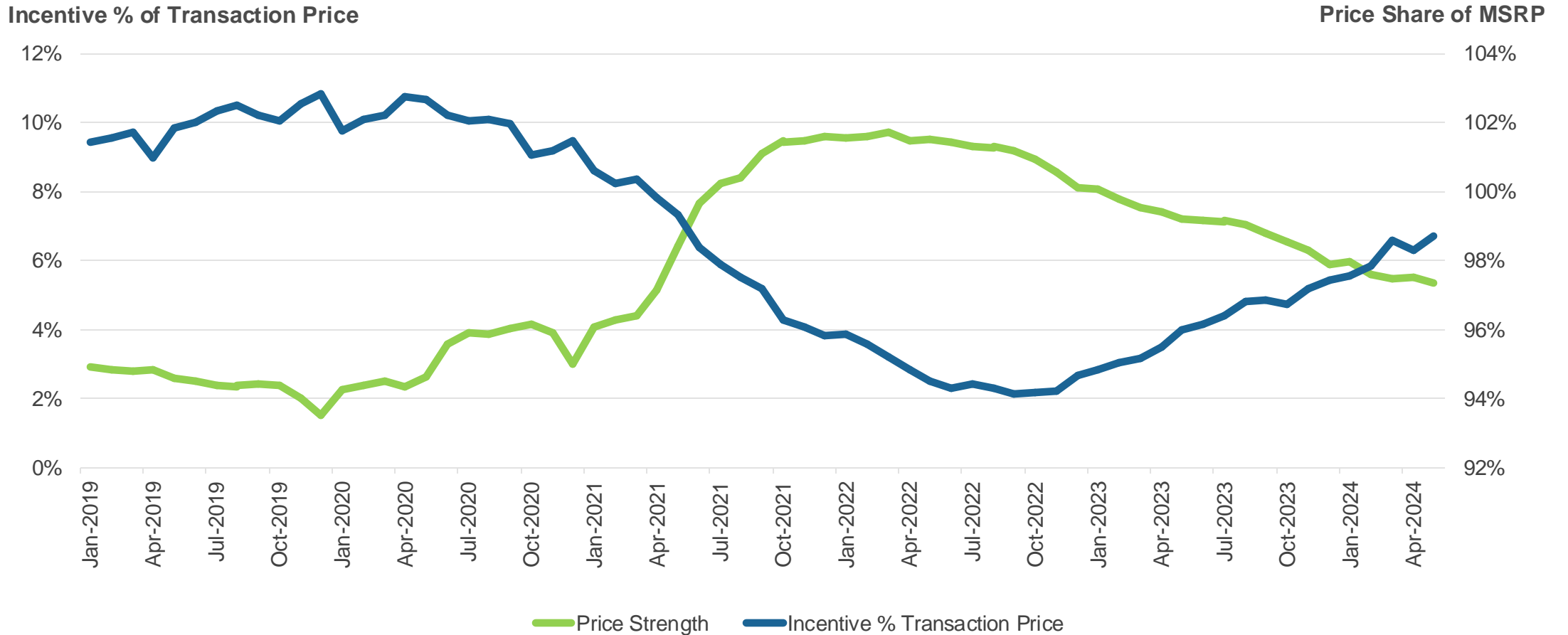
New-Vehicle Inventory | Approaching Pre-Covid Levels

Currently 1M more units (+55%) than last year; Days of Supply at 73 (+43%)



Incentives | Prices Moving Toward Buyers' Favor

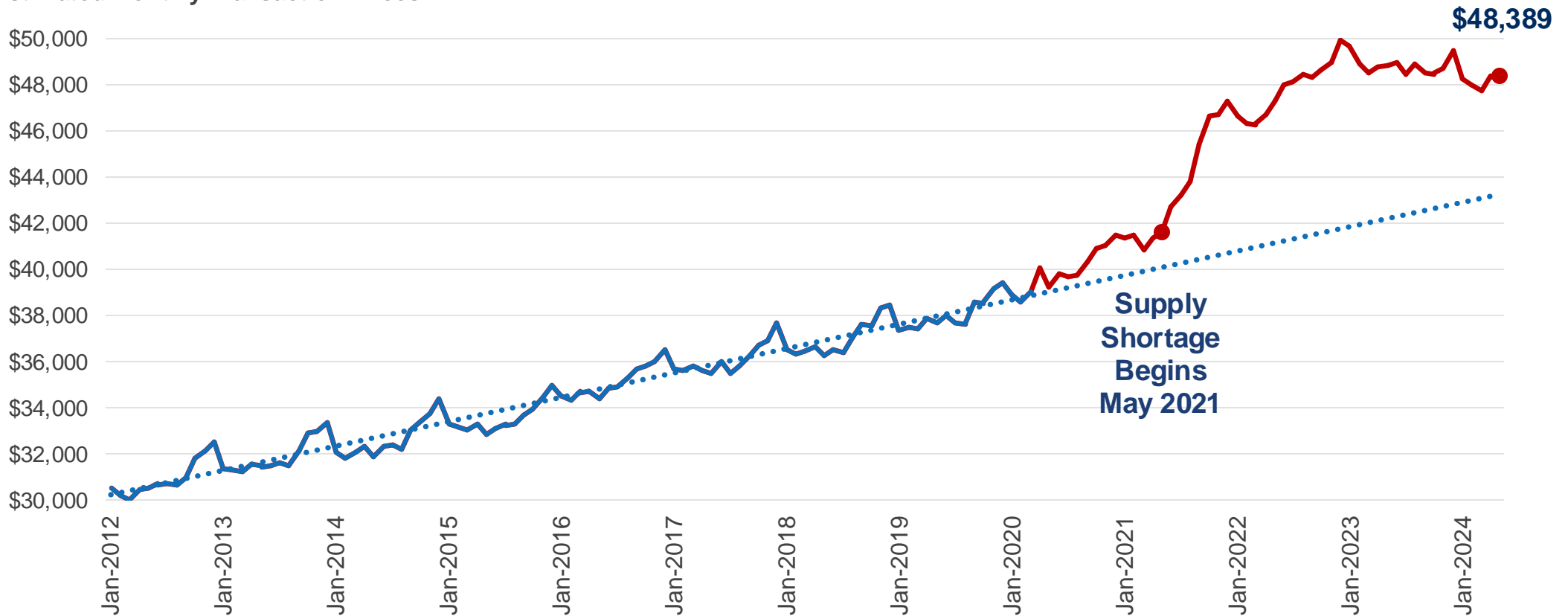
Discounting has been necessary to keep sales growth positive



Transaction Prices | Down 1% From Last Year

More discounting necessary to keep sales growing

Estimated Monthly Transaction Prices



Electrified Market

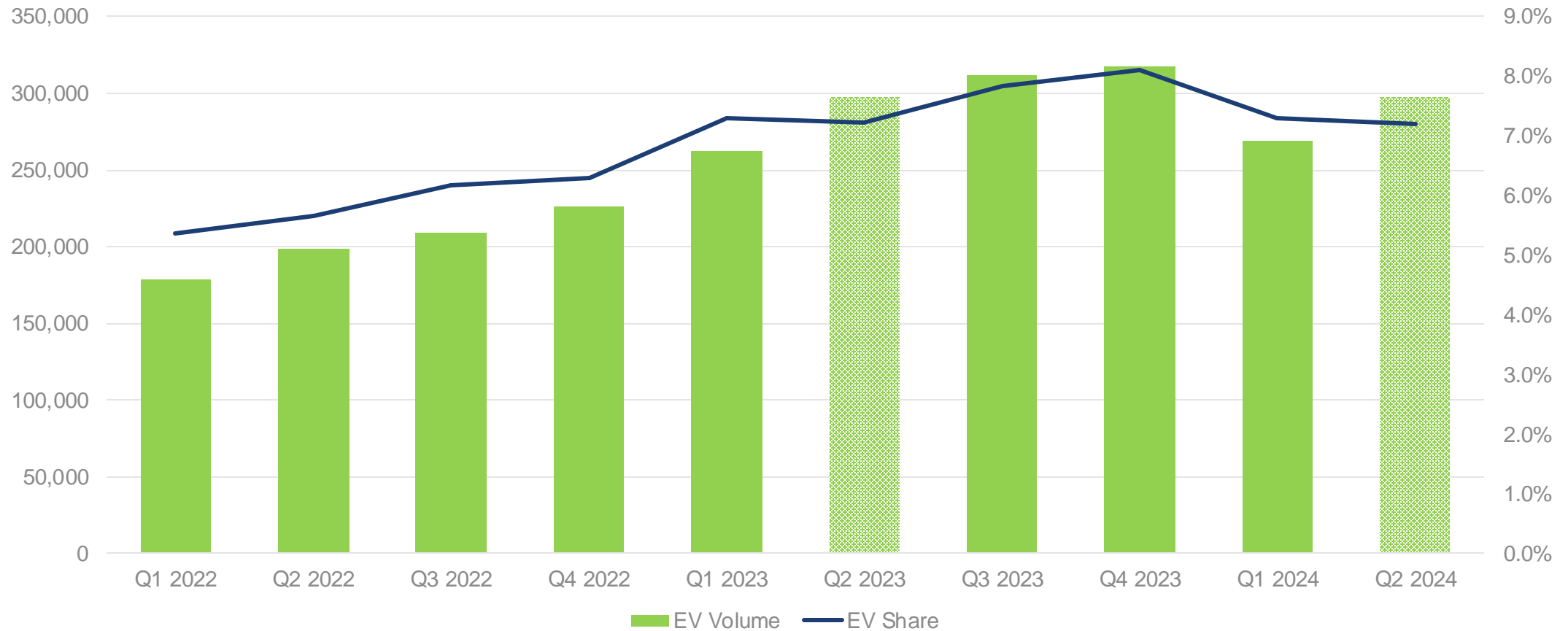
STEPHANIE VALDEZ STREATY

Director of Industry Insights



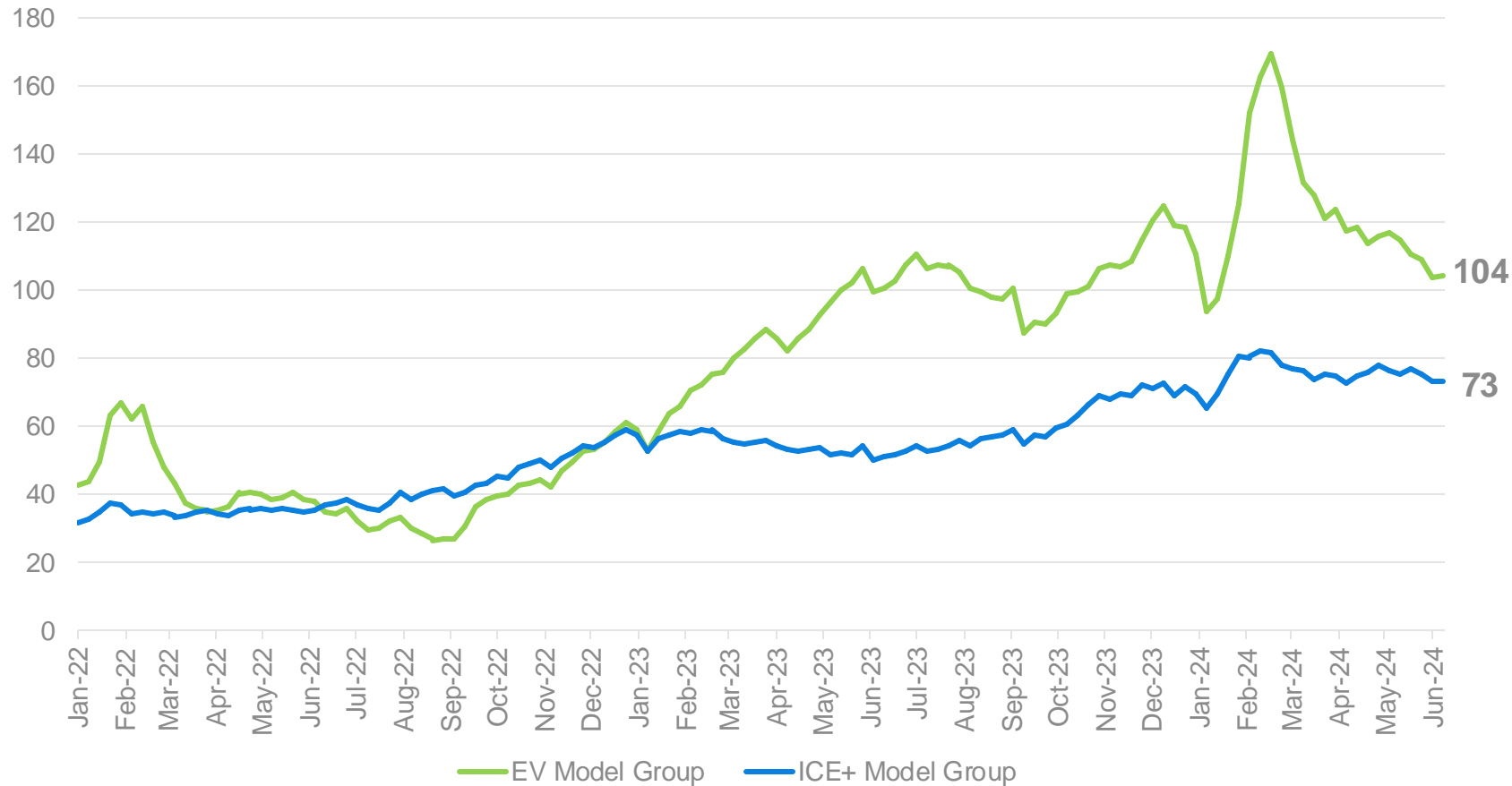
EV Sales Estimates | Market Experiencing Some Growth Pains

Estimating an 11% quarter-over-quarter increase in sales volume, while market share remains flat.



EV Days' Supply | Levels Continue Above Industry Average

EV Days' supply continued declining in June after massive peak in mid-February, varies by make.

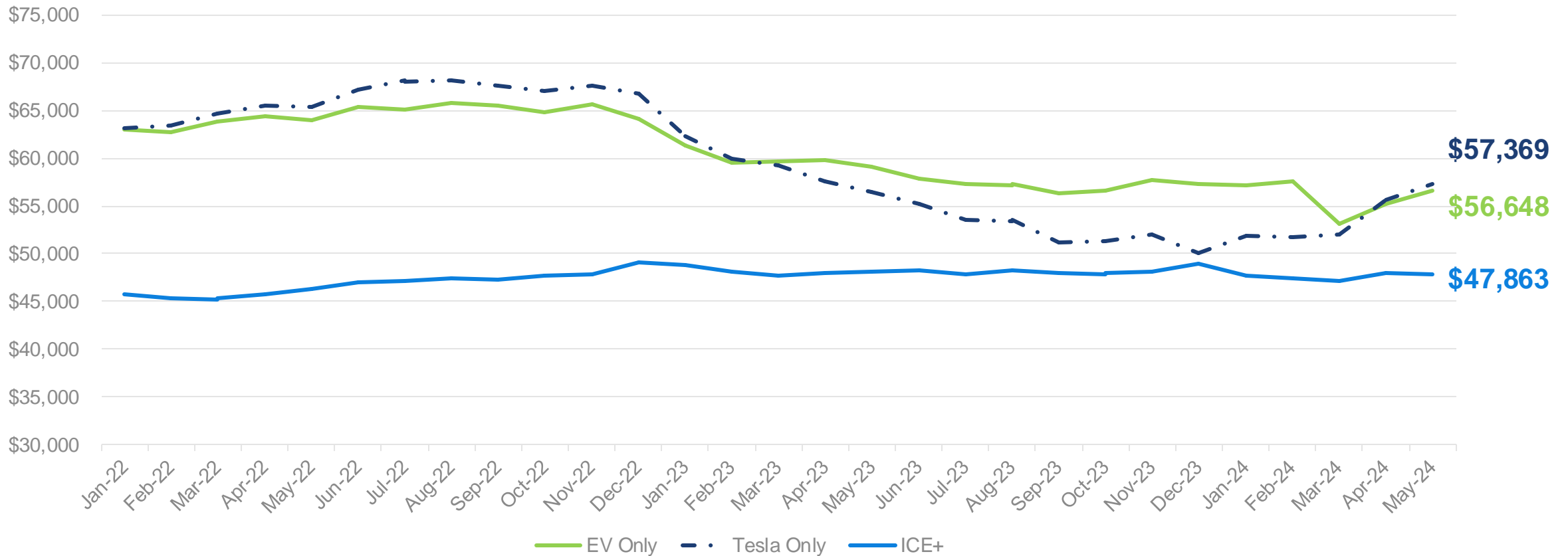


Makes Above Industry Average

Make	Days' Supply
Volvo	190
Chevrolet	176
Audi	174
Mercedes	165
Ford	133
BMW	124
GMC	109

EV Transaction Prices | Prices Up Slightly

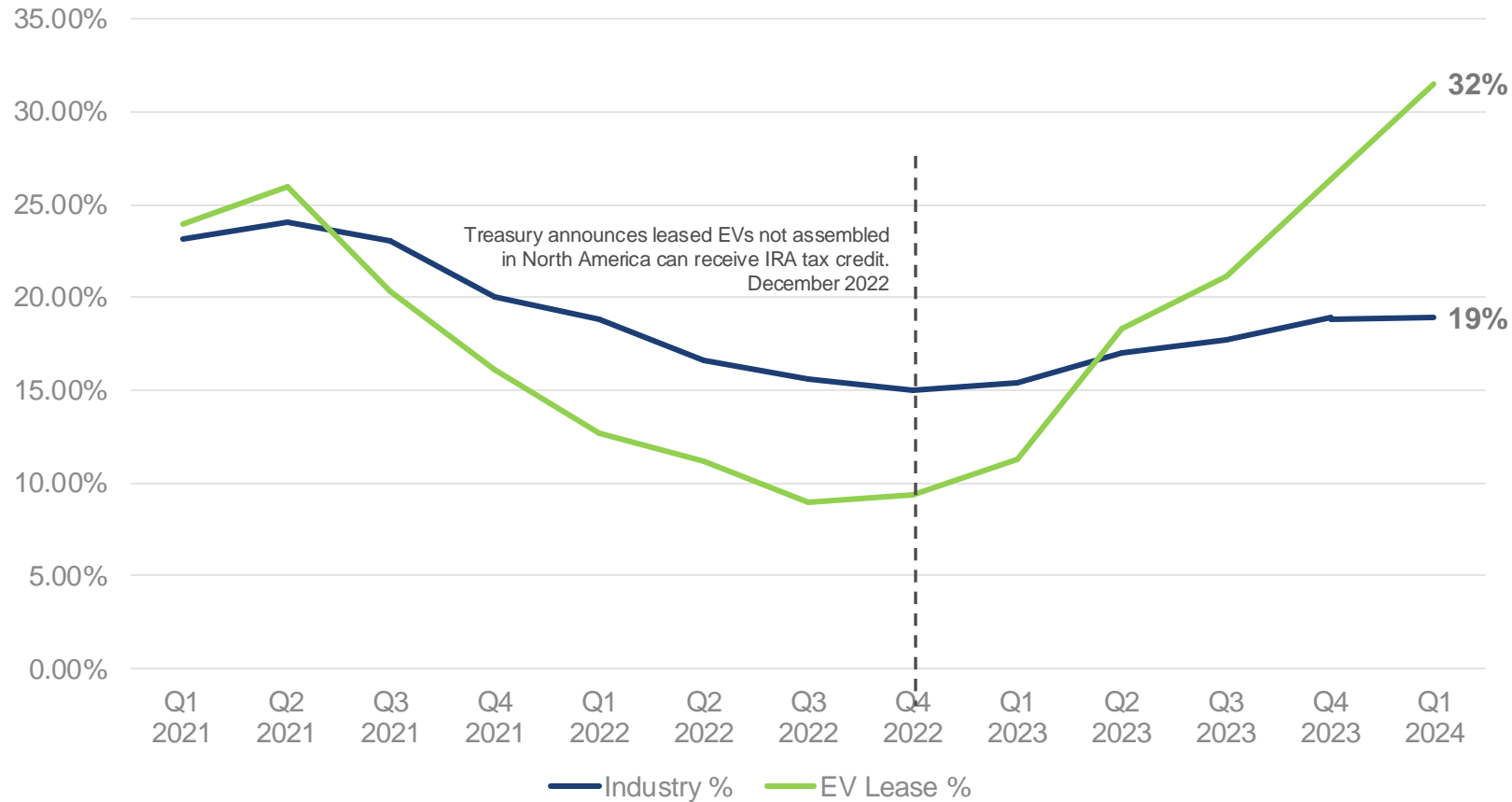
Driven by Tesla, EV prices up 2.6% in May; Year-over-year declined by 4.1%



EV Leasing | Continues To Be An Attractive Option

Q1 leasing hits a record high with approximately 75,000 vehicles leased.

Average Lease Penetration of Retail Sales



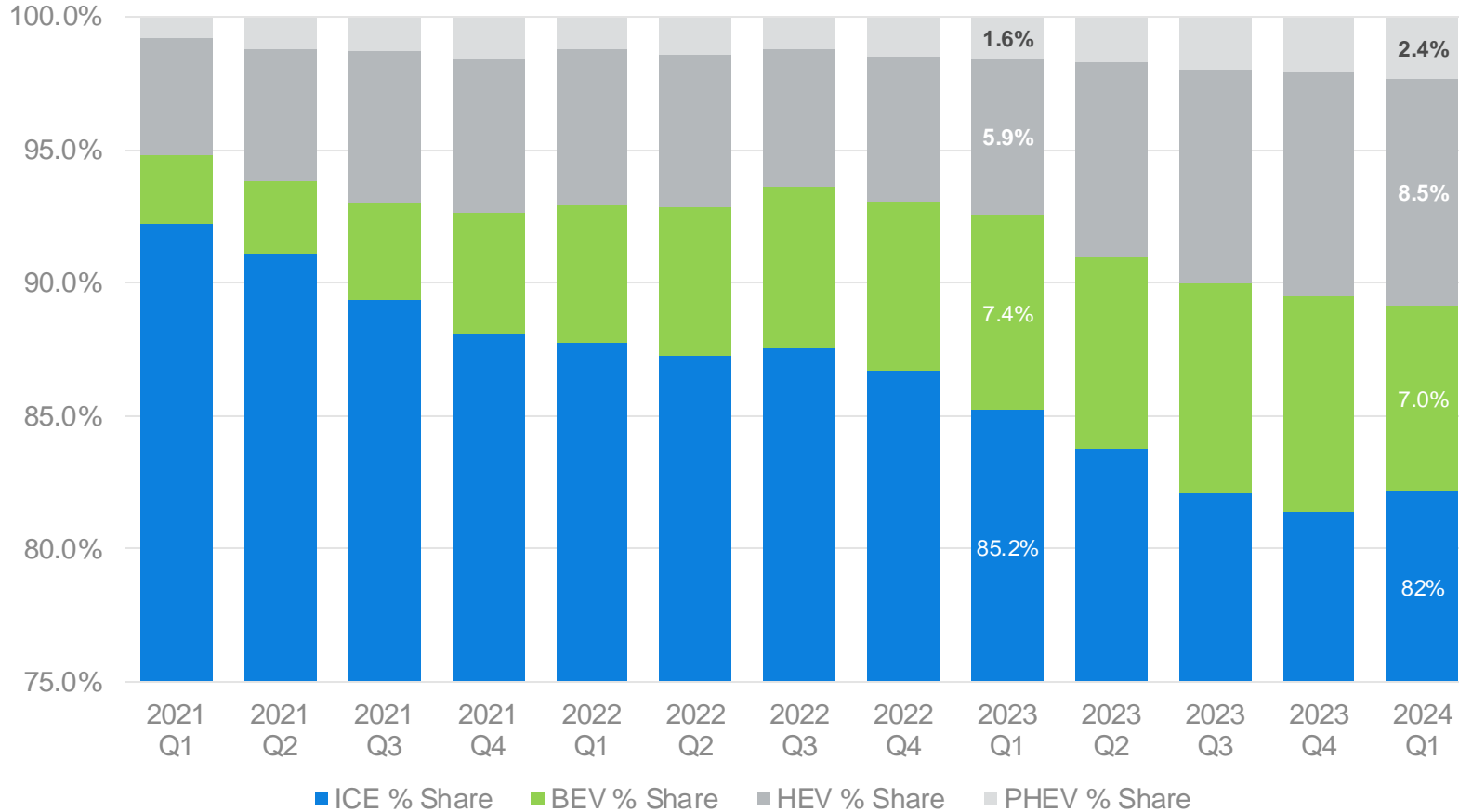
High Lease Share Examples

Luxury Models	Lease %
Audi e-tron	91.6%
BMW iX	88.4%
Mercedes EQS SUV	78.3%
Polestar 2	77.9%
Porsche Taycan	75.1%

Non-Luxury Models	Lease %
Nissan Ariya	83.1%
Volkswagen ID.4	70.1%
Subaru Solterra	65.1%
Toyota BZ4X	64.4%
Hyundai Ioniq 6	62.6%

Alternative Fuel Share | Gateway to Electrification

Gas and plug-in hybrids experience year over year volume growth - HEVs up 152%, PHEVs up 59%.

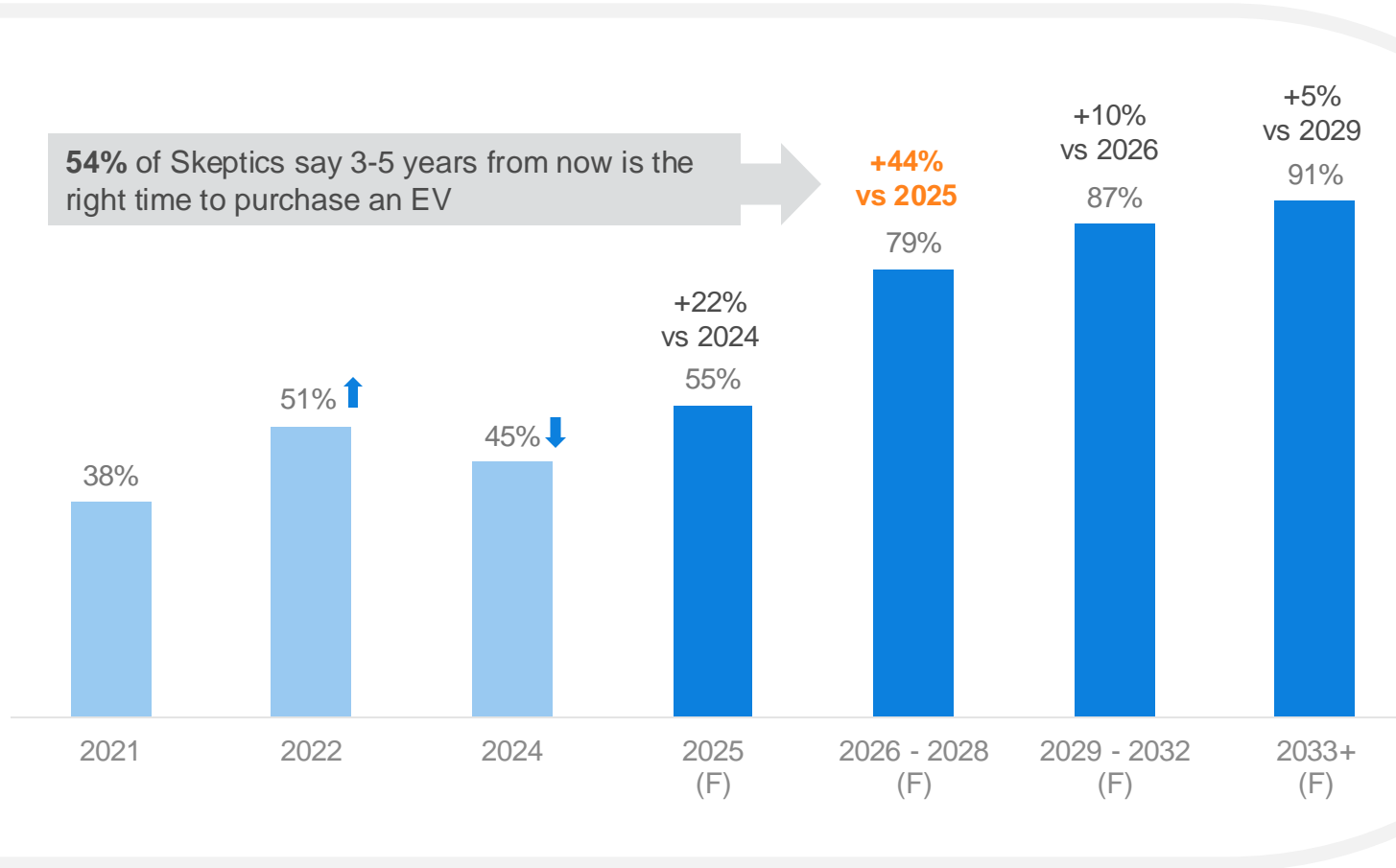


Hybrid Market Leaders

HEVs	%	PHEVs	%
Toyota	50%	Jeep	39%
Honda	20%	Toyota	13%
Ford	12%	Chrysler	11%
Lexus	7%	Dodge	8%
Hyundai	6%	Volvo	7%
Kia	4%	Mazda	4%

EV Future | EV Consideration Expected To Surge in 2nd Half of Decade

Second Wave, as Skeptics become Considerers | Current & Forecast



Arrows indicate significant difference between years at the 95% confidence interval.

Used-Vehicle Market

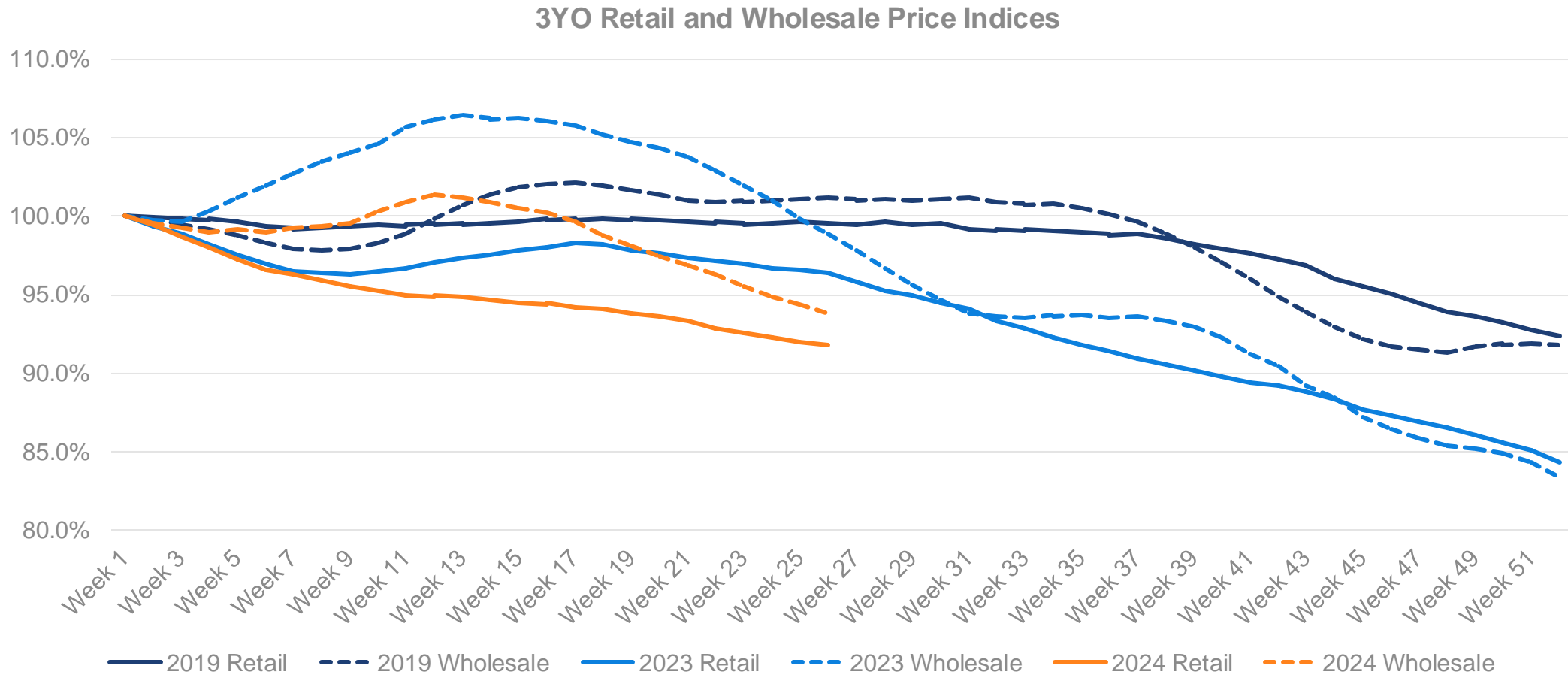
Jeremy Robb

Senior Director of Economic and
Industry Insights



Price Movement | Retail Versus Wholesale

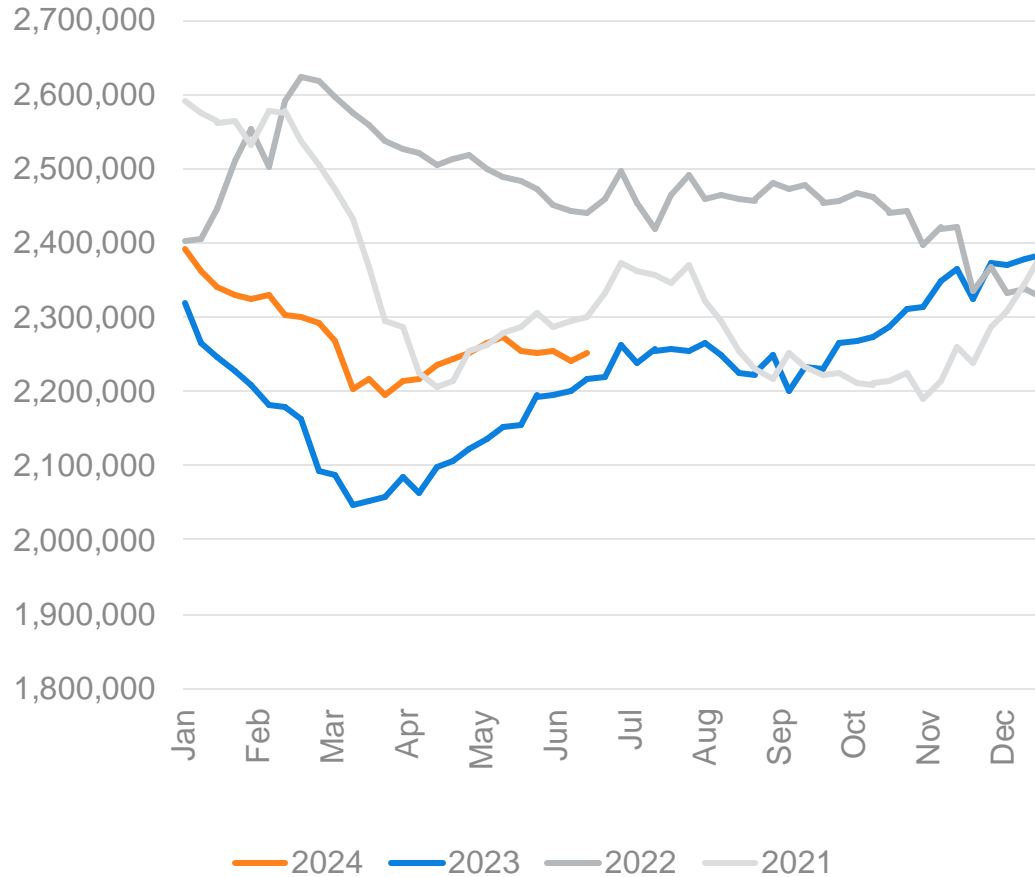
Retail prices have consistently moved lower each week this year with wholesale declines moving higher recently



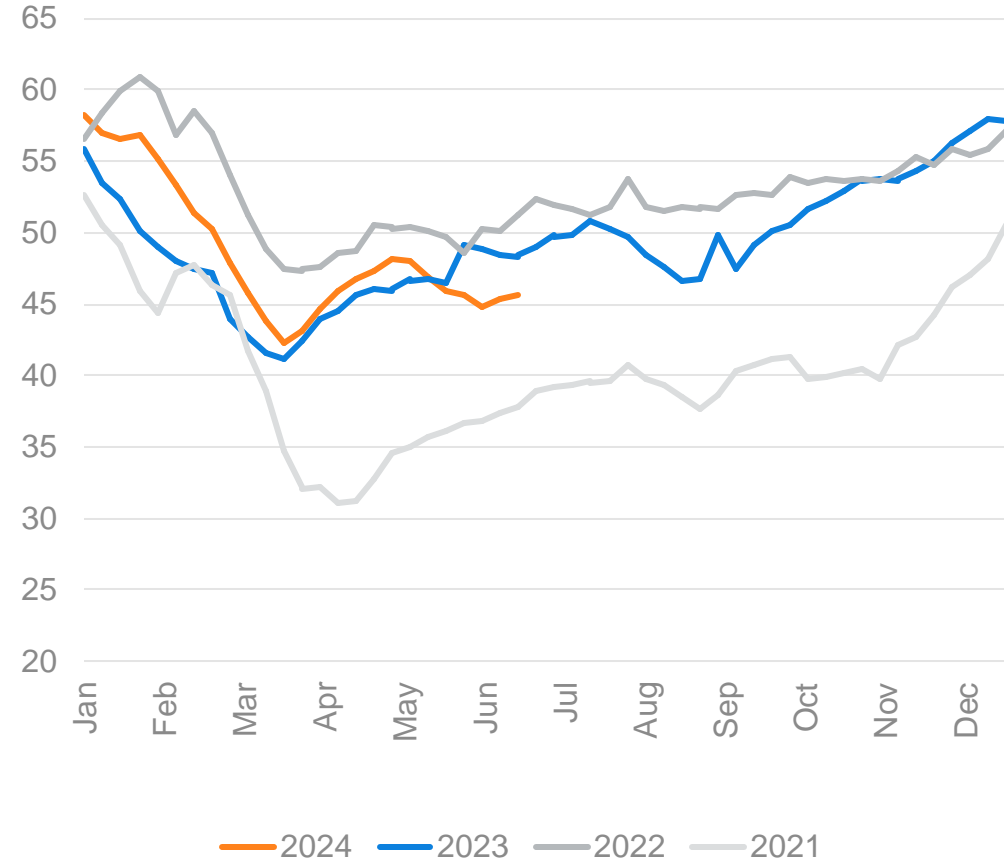
Used-Vehicle Inventory Trends

Used retail inventory remains higher year over year but has declined as the pace of sales holds higher

Available Supply weekly

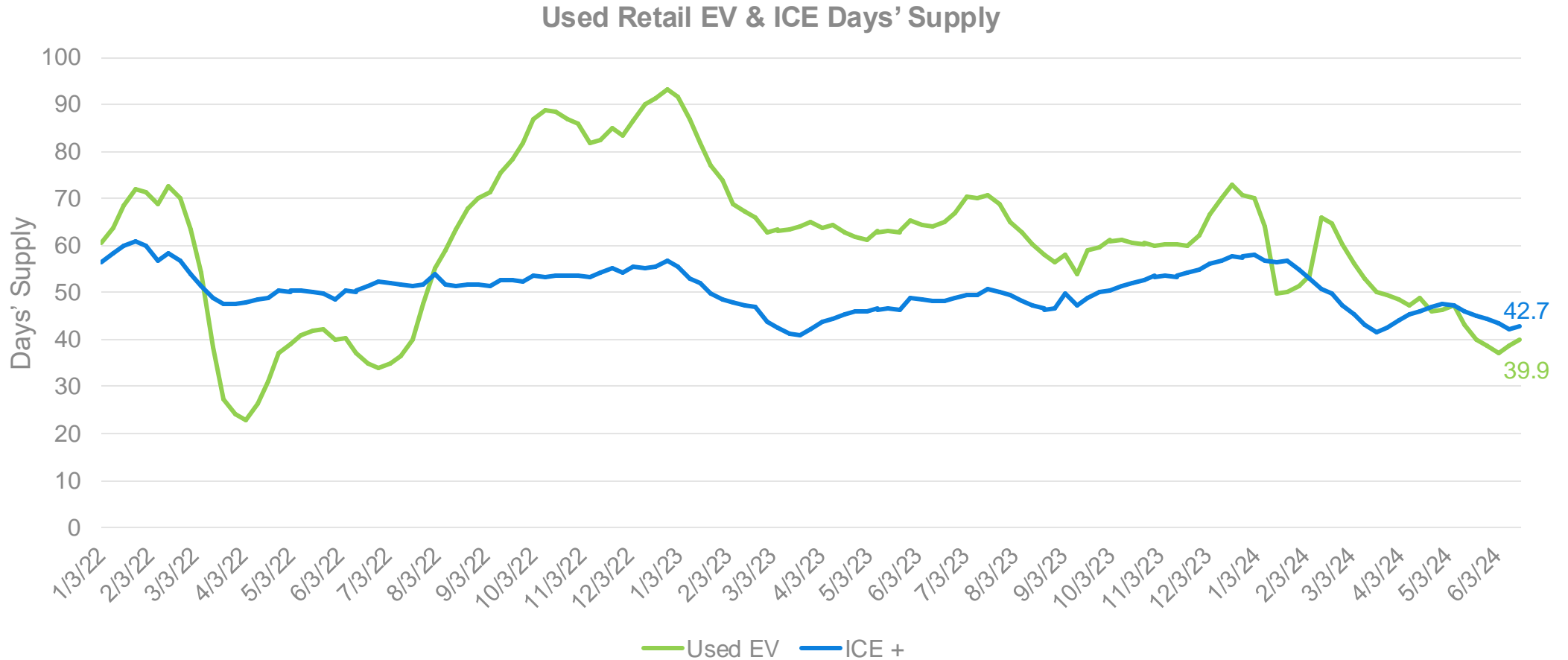


Days of Supply weekly



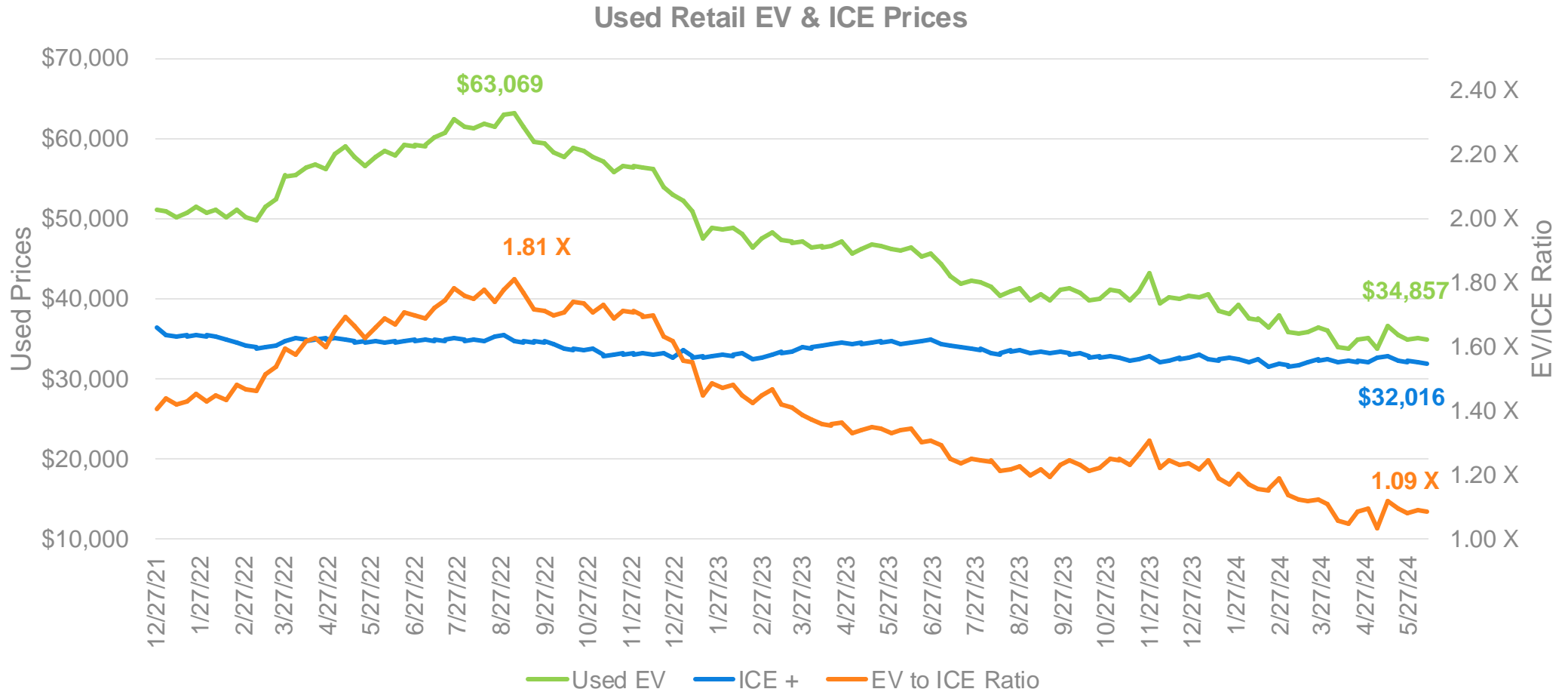
Used EV and ICE Days' Supply

Used EV supply has held under ICE for over two months though it is higher since the end of May



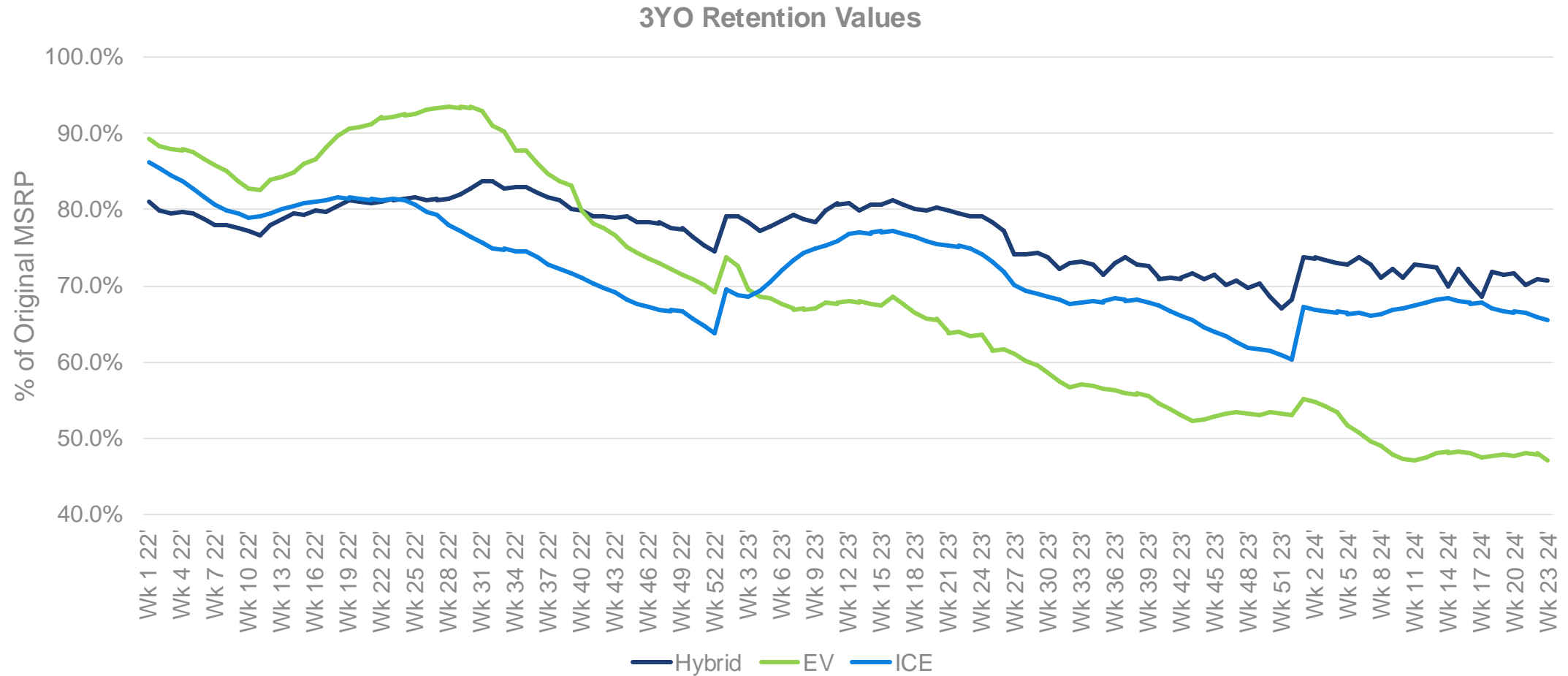
Used EV and ICE Pricing Trends

Used EV prices are down half a point more than ICE units since the end of April



Retention Values By Fuel Type

Hybrid segment shows best retention as ICE units are 5 points lower but EVs have decreased substantially



2024 Forecast & Playlist

JONATHAN SMOKE

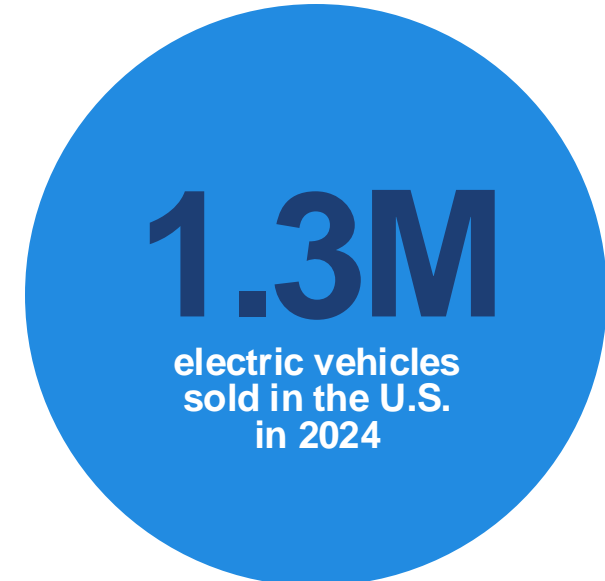
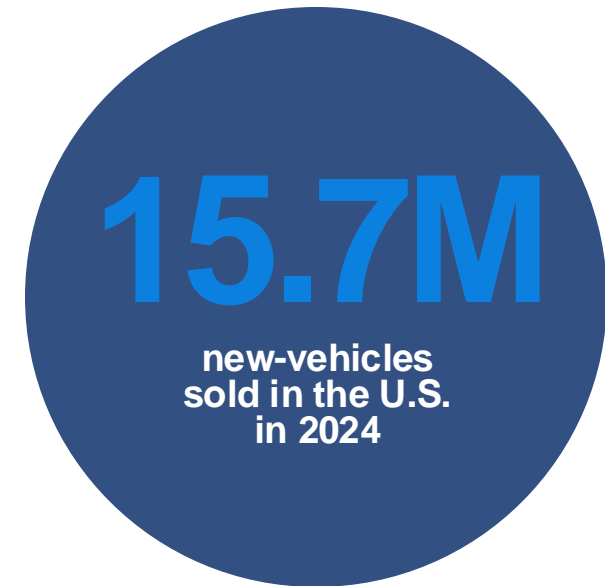
Chief Economist



Forecast: 2024

“The Waiting is the Hardest Part”

1. **Slow Growth Ahead;** Now Less Slowing in 2024.
2. **Vehicle Supply Is Back to Favoring Consumers,** with Downward Pressure on Prices. ✓
3. In 2024, We Officially **Bid Farewell to the Seller’s Market.** ✓
4. In the Electric Vehicle Market, 2024 Will Be the **Year of More.** ✓
5. Car Buying in America: **Normal Is Nice.** ✓



2024 Forecasts

Updated June 24, 2024

15.7M

NEW SALES

(2023: 15.5M)

12.8M

NEW RETAIL SALES

(2023: 12.7M)

3.0M

FLEET SALES

(2023: 2.8M)

2.9M

**NEW LEASE
VOLUME**

(2023: 2.7M)

23%

**LEASE
PENETRATION**

(2023: 21%)

2.7M

CPO SALES

(2023: 2.6M)

36.8M

USED SALES

(2023: 36.4M)

19.6M

USED RETAIL SALES

(2023: 19.3M)

-2.3%

**DEC 2024 Y/Y MANHEIM
USED VEHICLE
VALUE INDEX**

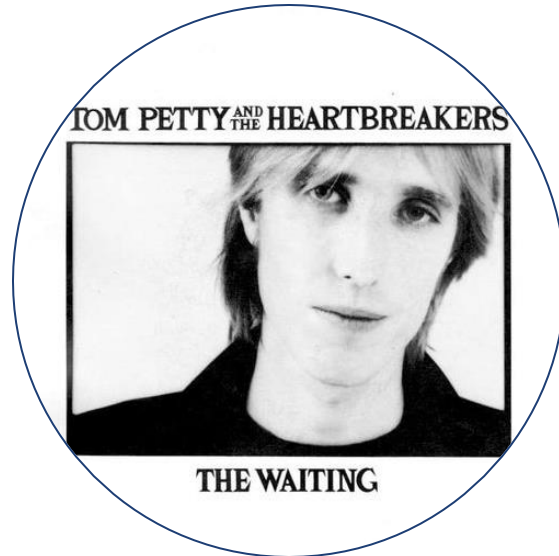
(2023: -7.0%)

Summer Playlist



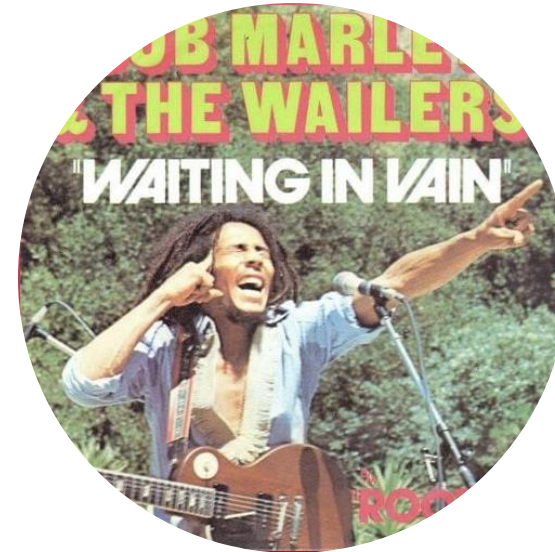
Waiting for the World to Change
By John Mayer

Consumers Delay Big-ticket Purchases



The Waiting
By Tom Petty and the Heartbreakers

Dealers Also Impacted By Uncertainty And The Waiting Is The Hardest Part



Waiting In Vain
By Bob Marley and the Wailers

Combine Election Policy Implications And The Fed, And It's Uncertain That This Will All Work Out



Torn
By Natalia Imbruglia

This Is For The Fed; You're A Little Late, I'm Already Torn

COX AUTOMOTIVE

Q&A



More Auto Industry Data and Insights From Cox Automotive

The go-to source for insights based on the largest breadth of first-party data in the automotive ecosystem

Cox Automotive Newsroom: www.coxautoinc.com/newsroom/

Fresh content from Chief Economist Jonathan Smoke and the Industry Insights team is published regularly

Auto Market Snapshot: www.coxautoinc.com/marketsnapshot

This dashboard is a one-stop dashboard for the most recent data points our team is tracking.

From the Newsroom: www.coxautoinc.com/signup

The Cox Automotive biweekly newsletter, published every other Tuesday, is a round-up of news from Cox Automotive and perspectives from its analysts and experts on topics dominating the automotive industry.



COX AUTOMOTIVE

THANK YOU FOR ATTENDING!

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