

COX AUTOMOTIVE

Q3 2024 Industry Insights and Sales Forecast Call

Sept. 25, 2024



Agenda

Time Check: 60 Minutes

Intro & Cox Automotive

Mark Schirmer, Director, Corporate Communications

The Economy

Jonathan Smoke, Chief Economist

New-Vehicle Market

Charlie Chesbrough, Senior Economist

Used-Vehicle Market

Jeremy Robb, Senior Director, Economic and Industry Insights

Electrified Market

Stephanie Valdez Streaty, Director, Industry Insights

2024 Forecasts & Fall Playlist

Jonathan Smoke, Chief Economist and Resident DJ

Q&A

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

The Cox Automotive Ecosystem

Our category-leading portfolio delivers the connected solutions, tools and services that dealers, OEMs, lenders, fleet operators and consumers expect.

COX AUTOMOTIVE



The Economy






JONATHAN SMOKE
Chief Economist



Economic and Industry Context

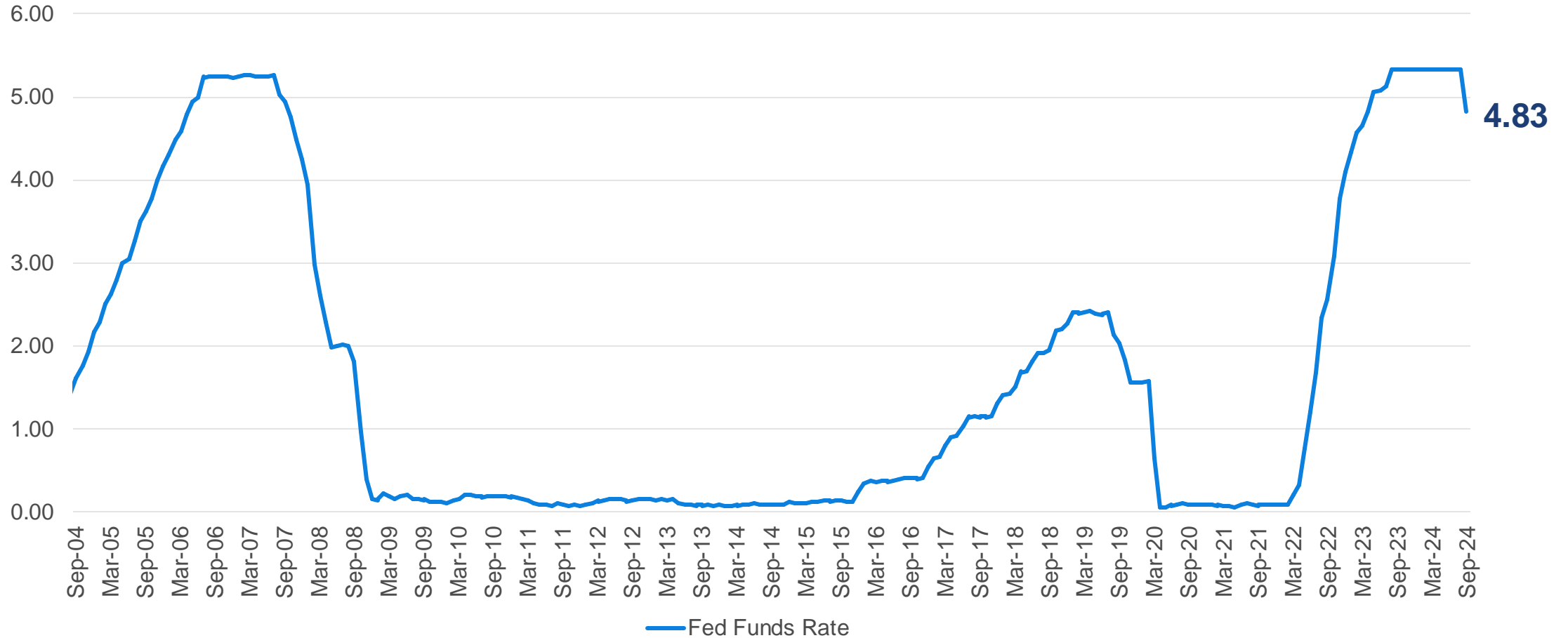
1. Slowing economy and labor market
2. Normalizing new-vehicle supply but tight used supply
3. The start of the journey to lower, normal rates
4. 2025 policy-induced changes likely

The Economy





Overall Economy	Real GDP Growth	4.9% (Q3 '23)	3.0% (Q2 '24)	+2.0% (Q3 '24 F)	
Employment Conditions	U3 Unemployment Rate	3.8% (Aug '23)	4.3% (Jul '24)	4.2% (Aug '24)	
Buyer Confidence	UofM Consumer Sentiment	67.9 (Sep '23)	69.0 (Aug '24)	67.9 (Sep '24 P)	
Wages	Earnings Growth	4.5% (Aug '23)	3.6% (Jul '24)	3.8% (Aug '24)	
Buyer Ability	Disposable Income Y/Y	7.9% (Jul '23)	3.6% (Jul '24)		

Fluctuations of the Fed Funds Rate Over 20 Years

The Fed's monetary policy responds to economic conditions, including inflation and unemployment



The Economy

Auto Finance	FRBNY	\$179 billion (Q2 '23)	\$179 billion (Q2 '24)		
Interest Rates	Effective Fed Funds Rate	5.33% (Sep '23)	4.83% (Sep '24)		
Borrowing Costs	Average New Auto Loan Rate	9.62% (Sep '23)	9.61% (Sep MTD '24)		
Mobility Costs	AAA Average Retail Unleaded Gasoline Price	\$3.82 (Sep '23)	\$3.33 (Aug '24)	\$3.21 (Sep 22, 2024)	

Factors Holding Back Business

OVERALL RANK

		Q3 '24	Q2 '24	Q3 '23	Q3 '22
1	Economy	61%	57%	54%	53%
2	Interest Rates	59%	59%	61%	35%
3	Political Climate	44% ↑	36%	27%	30%
4	Market Conditions	41%	41%	41%	48%
5	Expenses	33%	31%	30%	28%
6	Credit Availability for Consumers	31%	31%	33%	18%
7	Consumer Confidence	30%	28%	25%	29%
8	Limited Inventory	30%	29%	37%	56%
9	Competition	15%	15%	13%	11%
10	Staff Turnover	8%	7%	8%	9%

↑ Significant increase vs previous quarter

New-Vehicle Market

CHARLIE CHESBROUGH

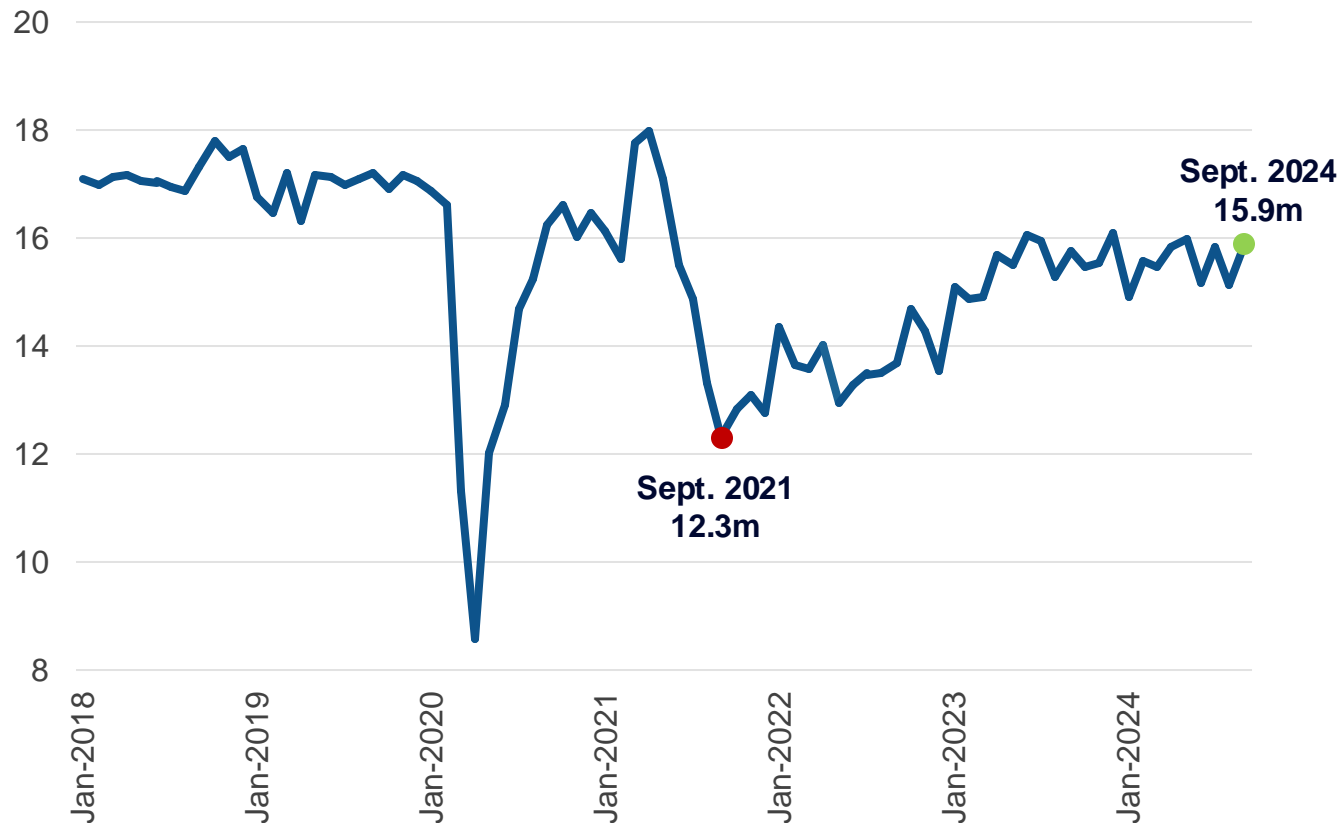
Senior Economist



New-Vehicle Sales | Volatile But Growth Still Positive

Forecast for 2024 remains at 15.7 million, but more volatility expected through end of the year

Monthly Light Vehicle Sales SAAR (millions)



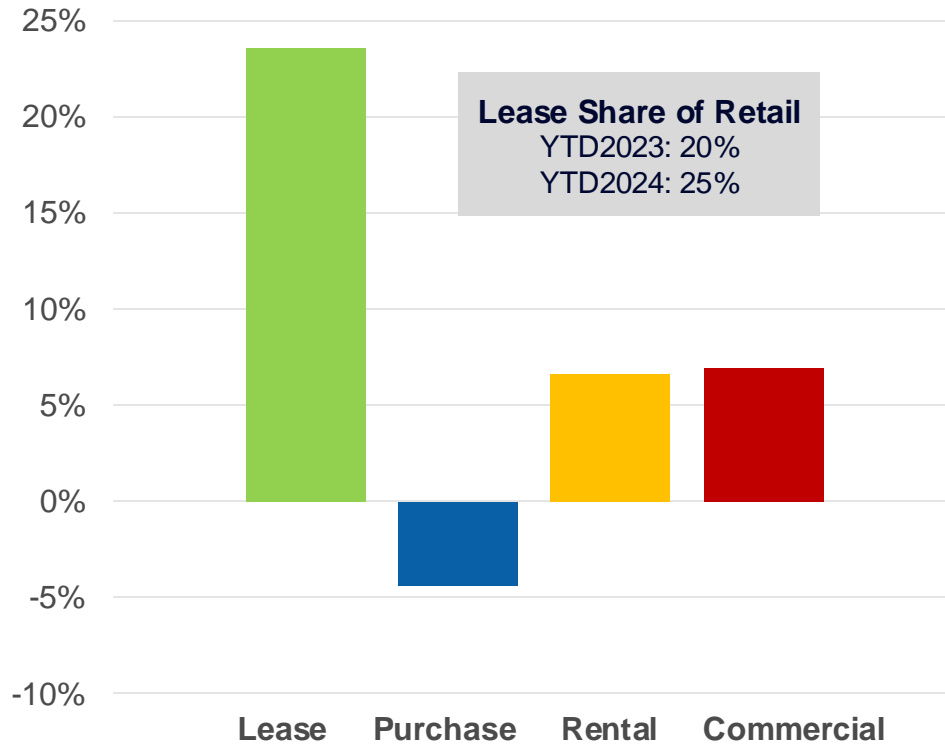
Date	Sales Volume (in millions)	SAAR (in millions)
Sep-23	1.34	15.8
Sep-24	1.18	15.9
Change	-11.9%	0.6%
Q3 2023	4.0	15.7
Q2 2024	4.1	15.7
Q3 2024	3.9	15.6
y/y %	-2.1%	-0.3%
q/q %	-4.7%	-0.3%
YTD 2023	11.6	15.5
YTD 2024	11.7	15.5
y/y %	0.6%	0.5%
	YTD-September	Year Total
Selling Days 2023	230	306
Selling Days 2024	230	308

Forecast	
CY2023:	15.5 million
F2024:	15.7 million

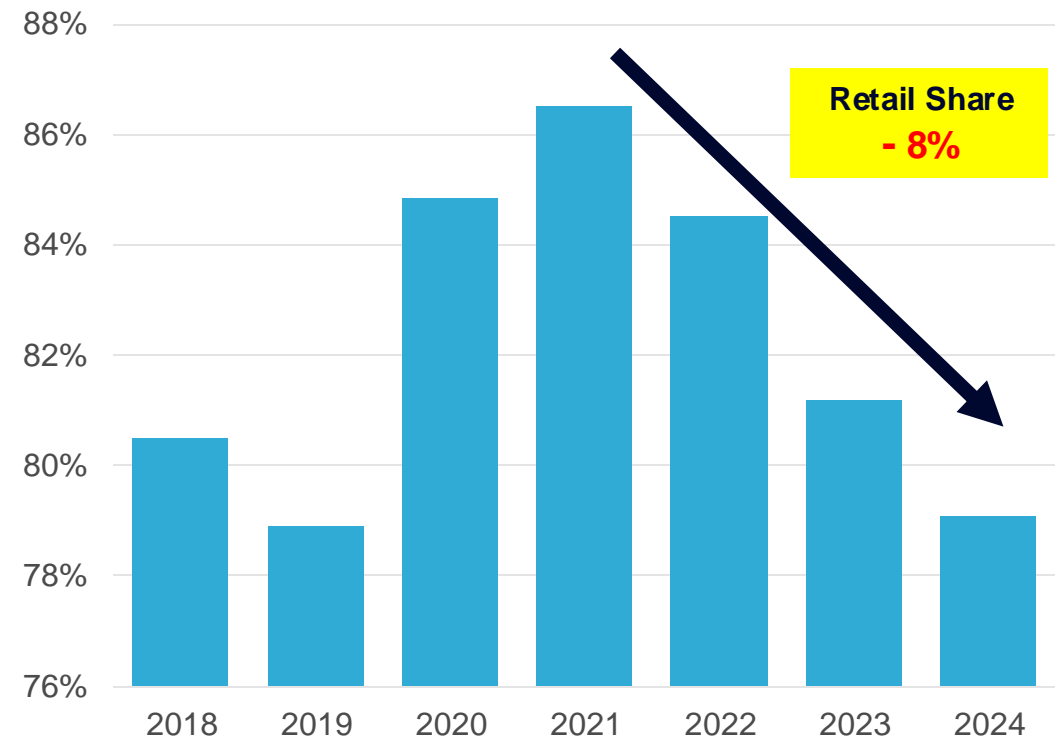
Channel Sales | Leasing & Fleet Lead This Year's Gains

High prices and rates hold purchasing down – Retail share of market back to pre-COVID lows

YTD Change In 2024 Sales



Retail Share (Purchase+Lease) of Total Sales



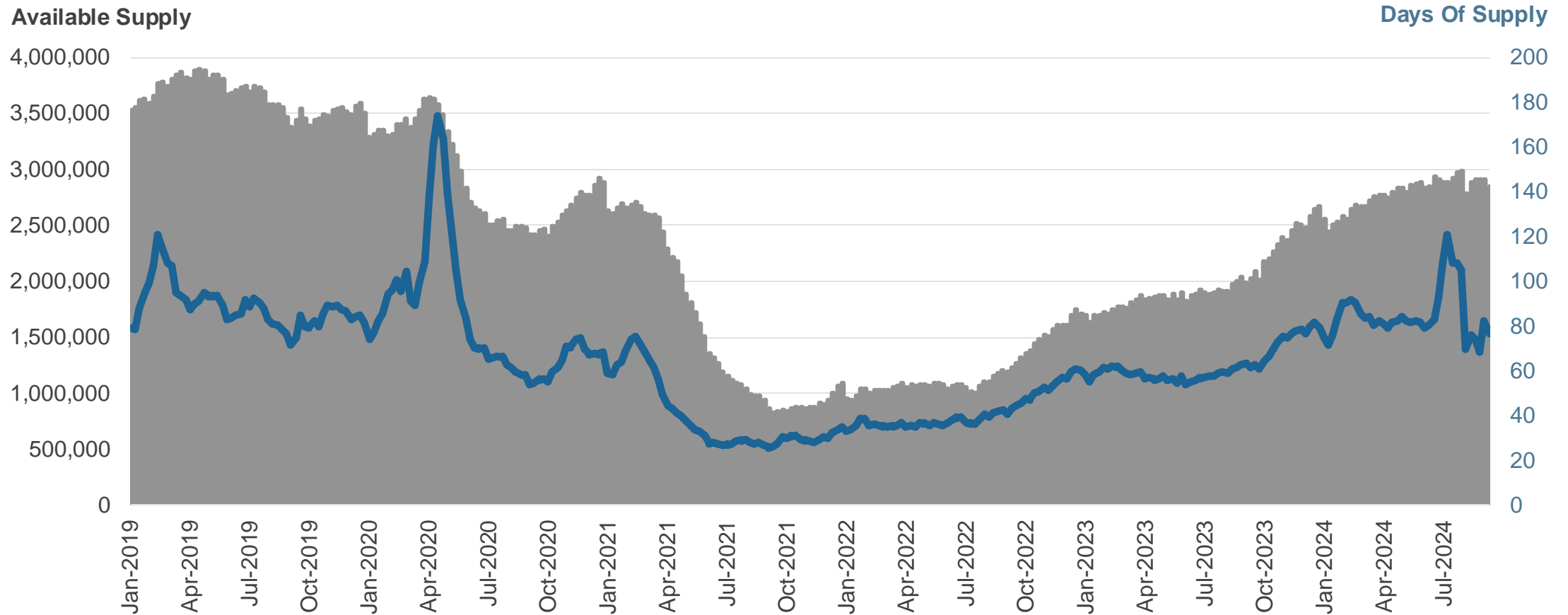
OEM Performance | GM Wins Q3 Sales, Honda Gains Share

Rebuilding of last year's weak inventories is impacting performance for some brands

Mfr	Q3 2023	Q2 2024	Q3 2024	Y/Y Change	Q/Q Change	YTD 2023	YTD 2024	Change	Share CY 2023	Share YTD 2024	Difference
GM	669,234	691,680	648,043	-3.2%	-6.3%	1,957,815	1,929,778	-1.4%	16.5%	16.4%	-0.2%
Toyota	590,296	621,549	547,460	-7.3%	-11.9%	1,628,817	1,734,106	6.5%	14.4%	14.7%	0.3%
Ford	497,108	532,466	509,310	2.5%	-4.3%	1,496,874	1,546,591	3.3%	12.7%	13.1%	0.4%
Hyundai	430,302	438,602	433,109	0.7%	-1.3%	1,250,482	1,250,914	0.0%	10.6%	10.6%	0.0%
Honda	339,143	356,457	375,281	10.7%	5.3%	970,675	1,065,562	9.8%	8.4%	9.0%	0.7%
Stellantis	380,563	344,993	301,293	-20.8%	-12.7%	1,183,538	978,827	-17.3%	9.8%	8.3%	-1.5%
Nissan Mitsu	239,074	259,448	236,927	-0.9%	-8.7%	764,785	777,513	1.7%	6.3%	6.6%	0.3%
Subaru	163,131	169,447	165,199	1.3%	-2.5%	467,220	487,642	4.4%	4.1%	4.1%	0.1%
VW	167,279	170,603	166,718	-0.3%	-2.3%	456,746	477,077	4.5%	4.1%	4.0%	0.0%
Tesla	156,621	164,264	152,829	-2.4%	-7.0%	493,513	457,280	-7.3%	4.2%	3.9%	-0.3%
Mazda	88,834	102,383	116,786	31.5%	14.1%	272,617	319,272	17.1%	2.3%	2.7%	0.4%
M-B	90,011	95,596	91,991	2.2%	-3.8%	261,731	270,210	3.2%	2.3%	2.3%	0.0%
BMW	91,849	97,135	78,761	-14.2%	-18.9%	277,132	266,740	-3.7%	2.5%	2.3%	-0.3%
Others	76,334	76,388	73,406	-3.8%	-3.9%	203,215	225,572	11.0%	1.8%	1.9%	0.1%
NATION	3,979,779	4,121,011	3,897,112	-2.1%	-5.4%	11,685,160	11,787,083	0.9%	100.0%	100.0%	0.0%

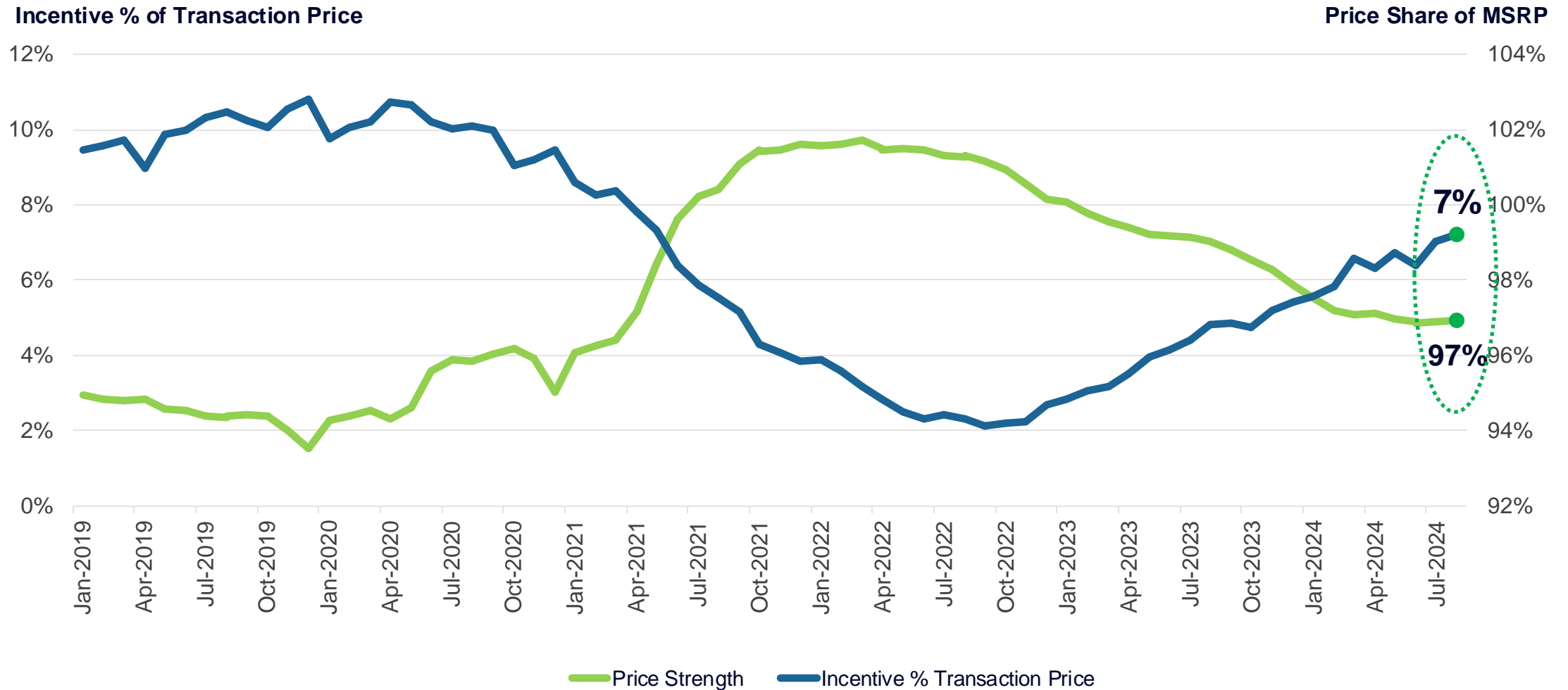
New-Vehicle Inventory | Approaching Pre-COVID Levels

Currently 800K more units (+40%) than last year; Days of supply at 77 (+26%)



Incentives | Return of the Buyer's Market

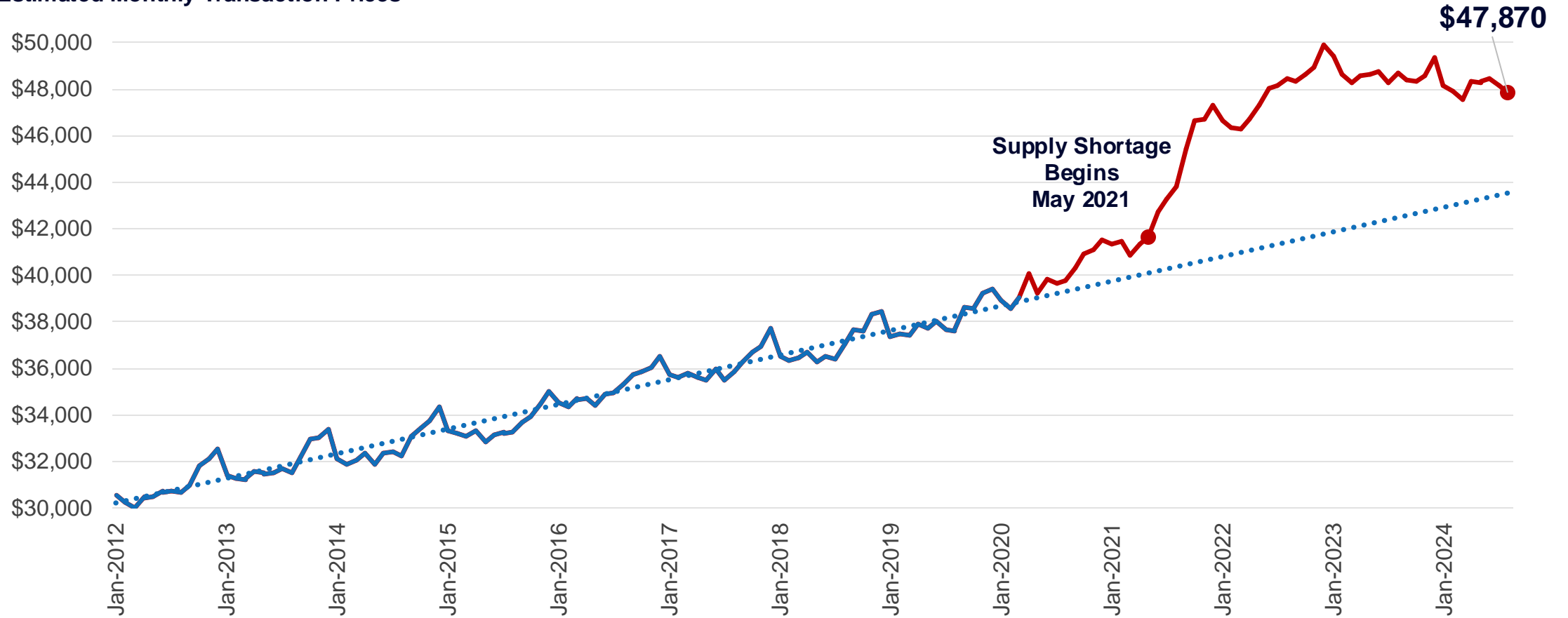
Excessive inventories are forcing price cuts



Transaction Prices | Now \$47,870 - Down 1.7% From Last Year

Down 4% from peak - Discounting necessary to keep sales growing, and product mix changing

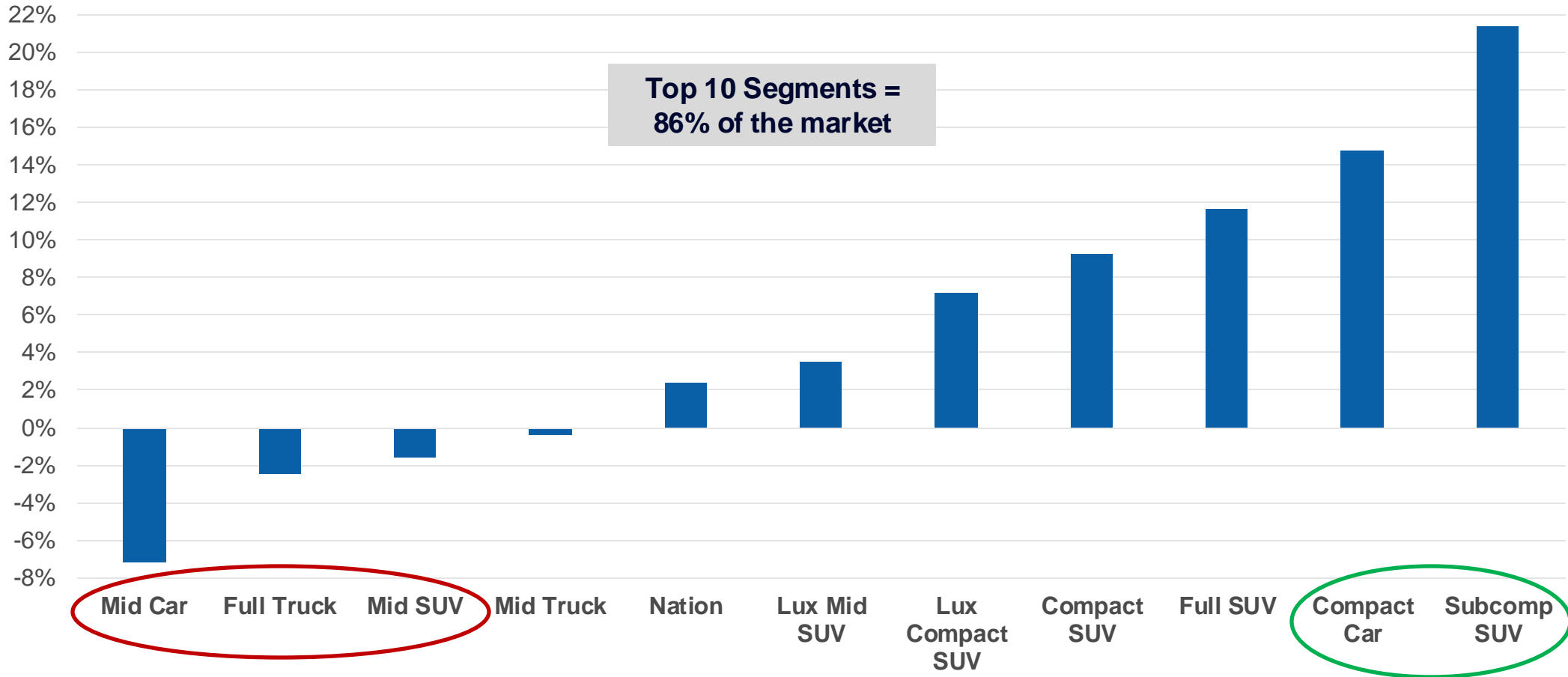
Estimated Monthly Transaction Prices



Segment Sales | Affordability Leads This Year's Gains

Larger, better margin products under-performing

Top 10 Segment YTD Sales



Used-Vehicle Market

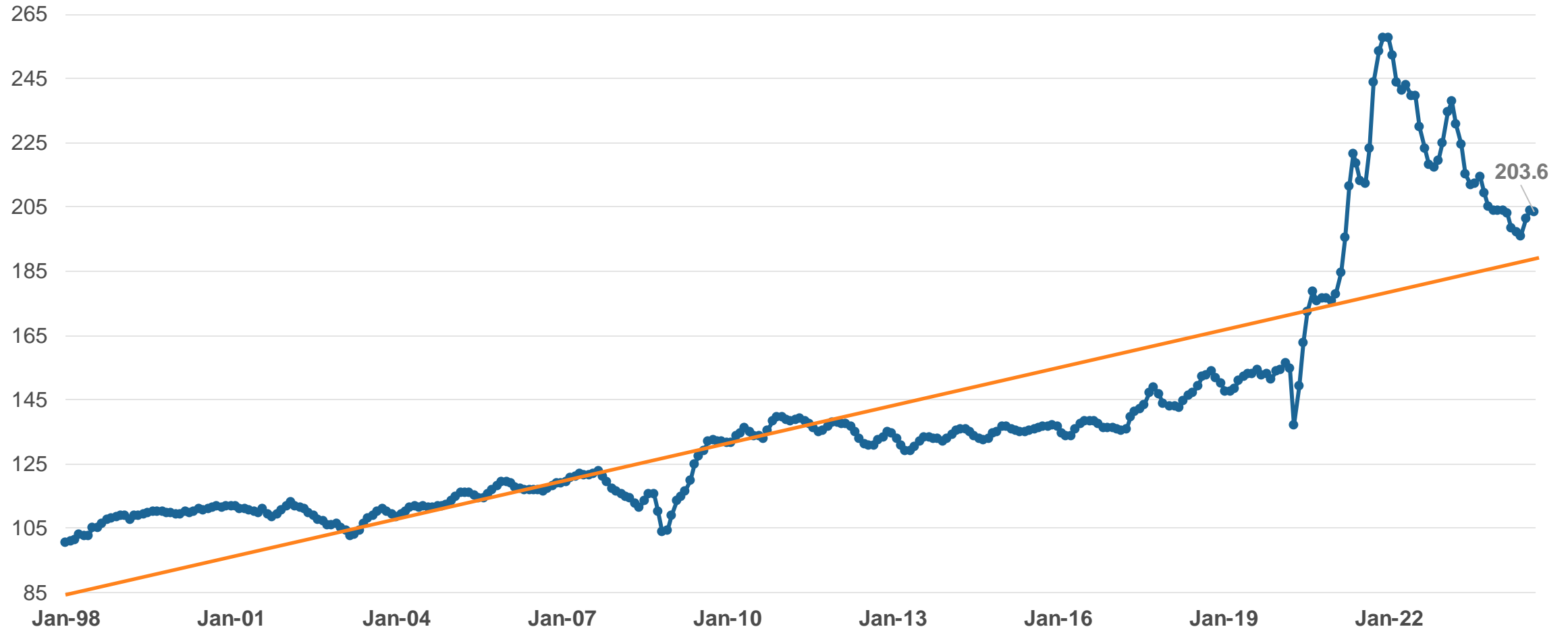
Jeremy Robb

Senior Director of Economic and
Industry Insights



Wholesale Values Have Risen In Recent Months

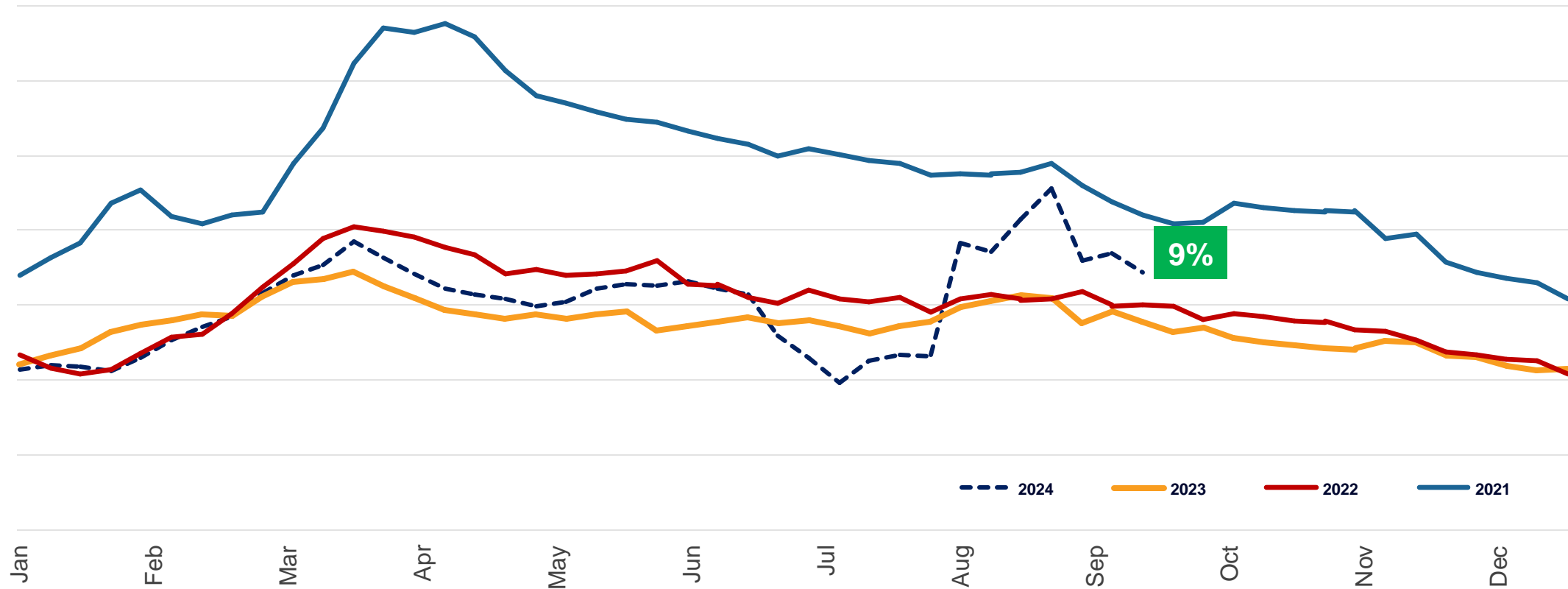
While wholesale values are down Y/Y, they have bounced recently, slowing the rate of depreciation seen



Used-Vehicle Sales | Holding Higher versus 2023

Weekly Sales estimates are slowly declining on a weekly basis but remain higher against the last two years

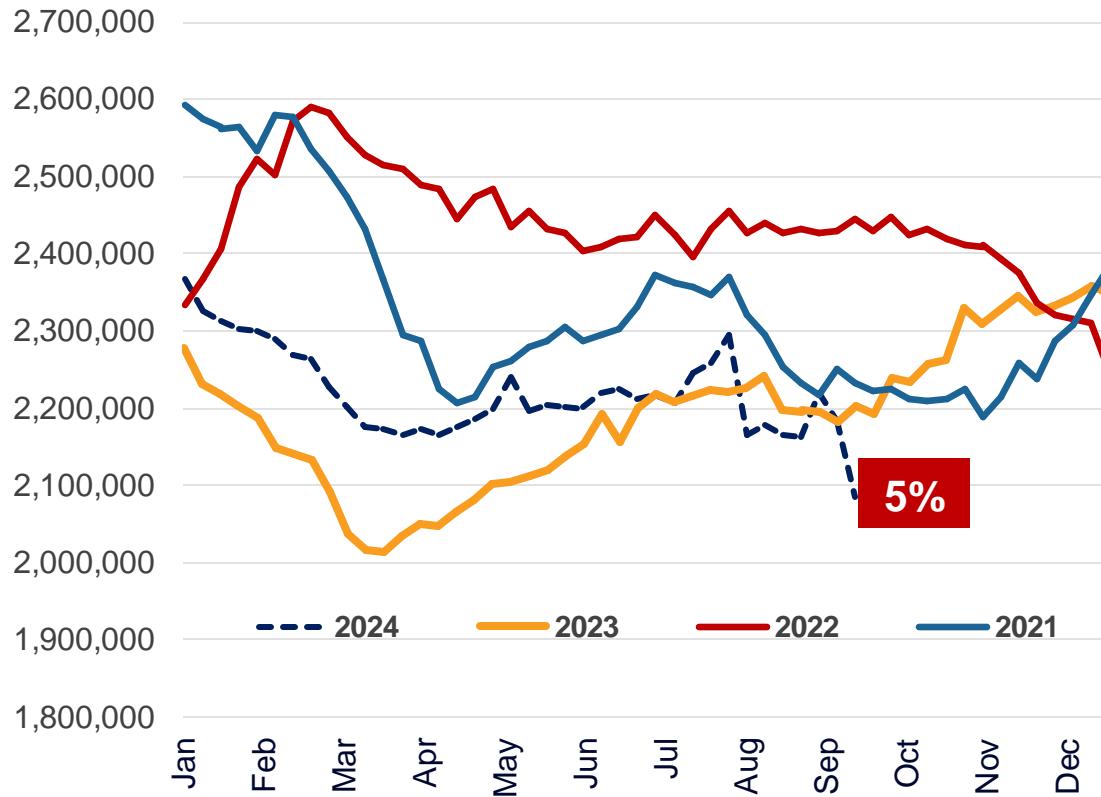
Estimated Rolling 30 Day Retail Sales weekly



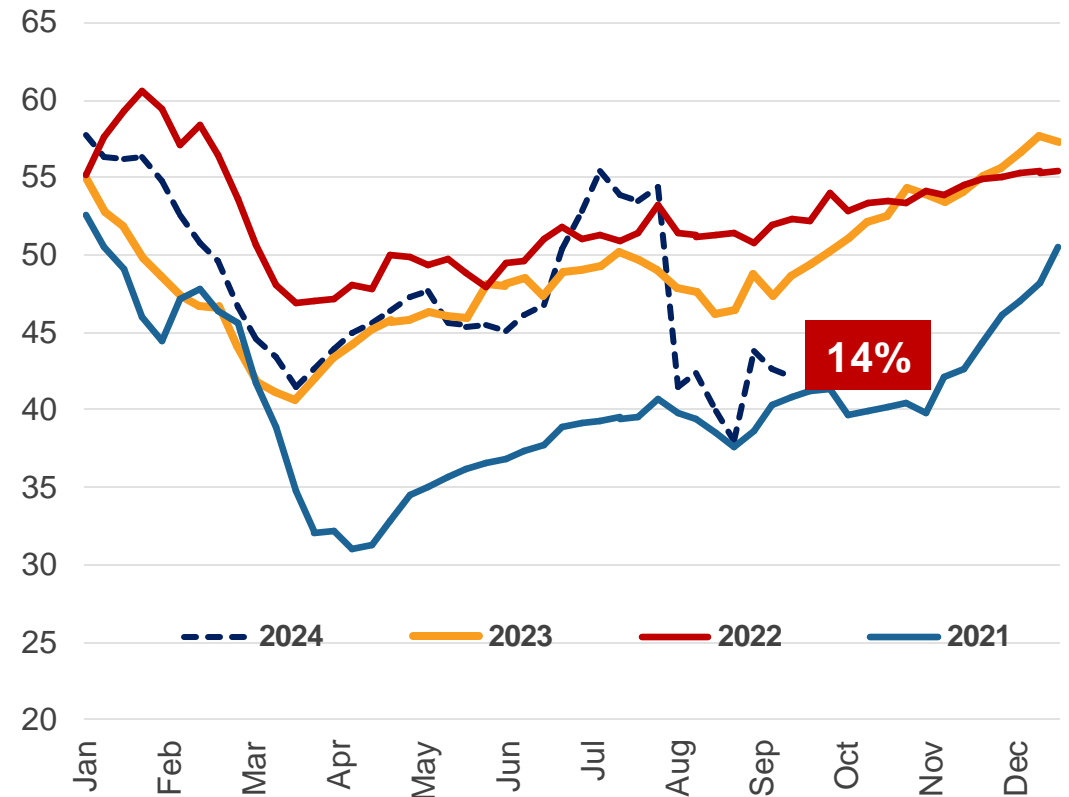
Used-Vehicle Inventory | Much Tighter Recently

Days of supply declines to 42 days, as inventory levels contract more than any other week this year

Available Supply weekly



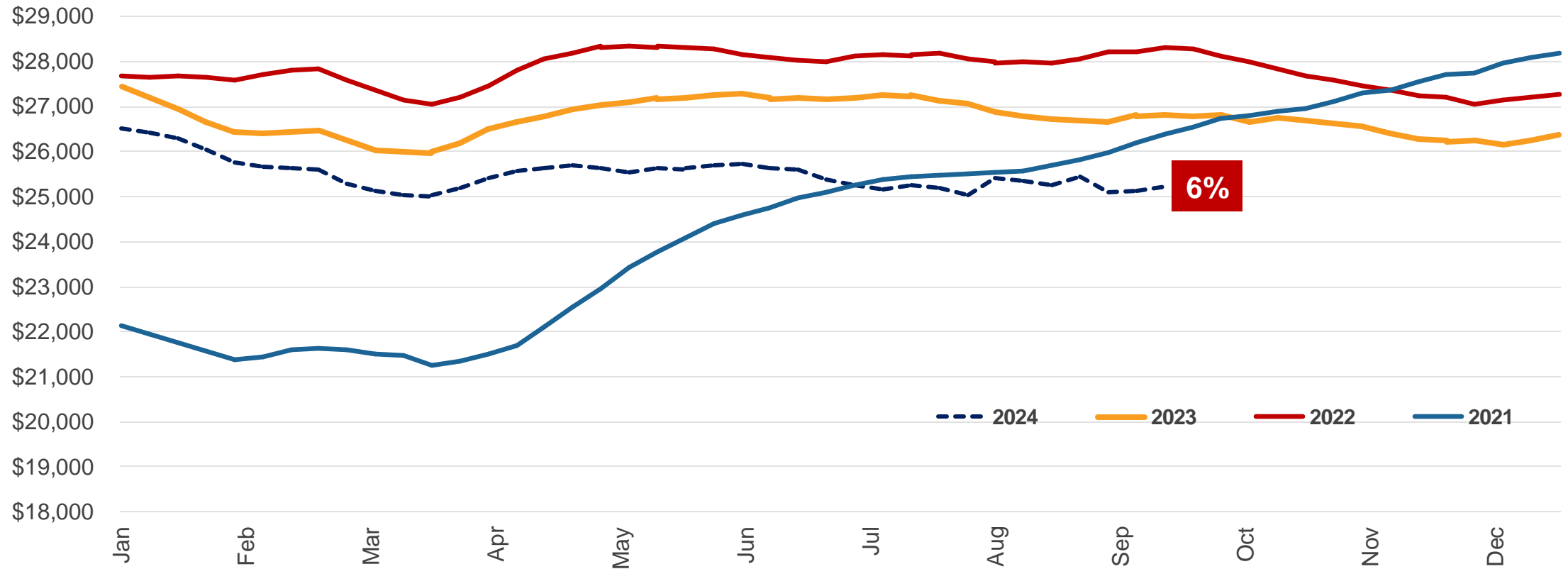
Days of Supply weekly



Used-Vehicle Listing Price | Treading Water Over The Summer

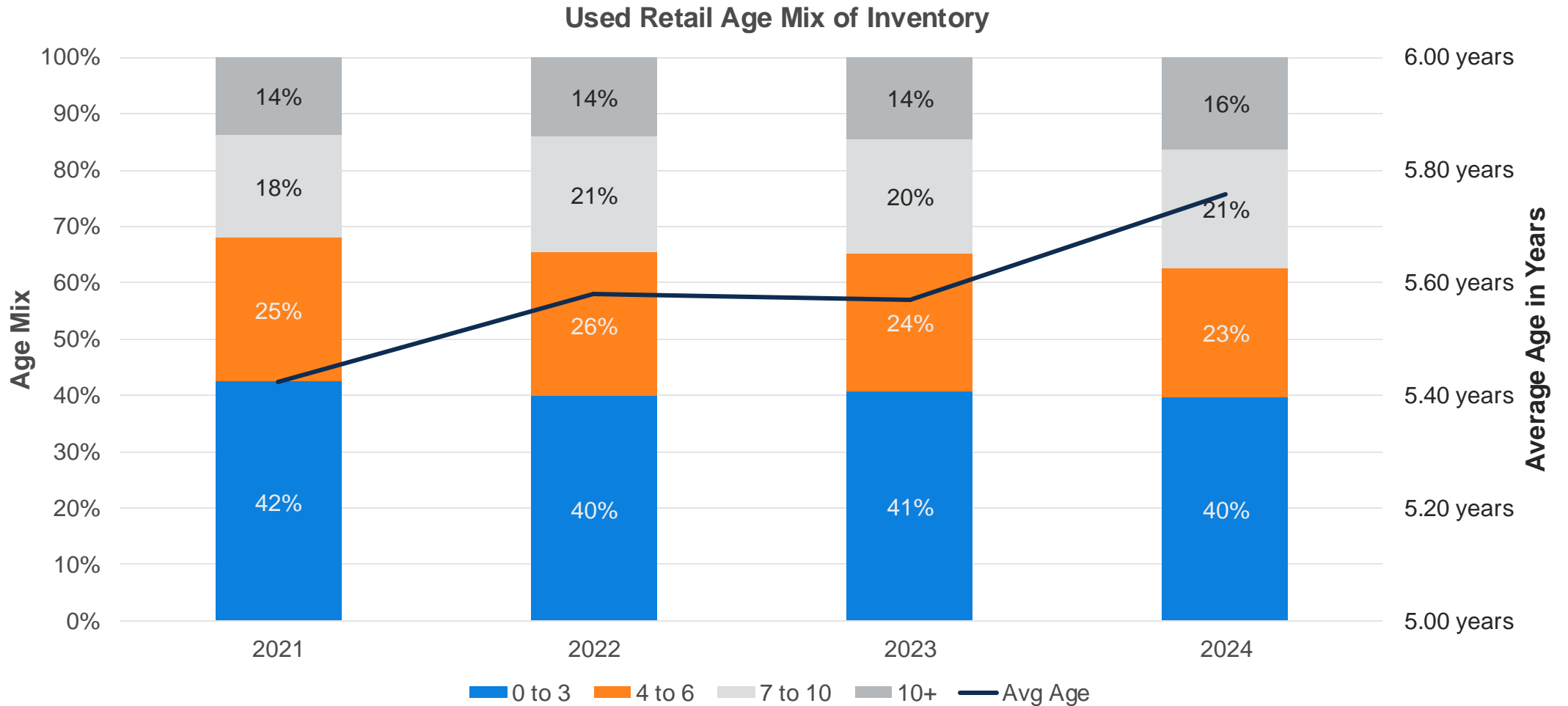
Listing Price is 6% lower Y/Y and remains below the last several years, helping affordability

Average List Price weekly



Age Mix of Used Retail Evolves

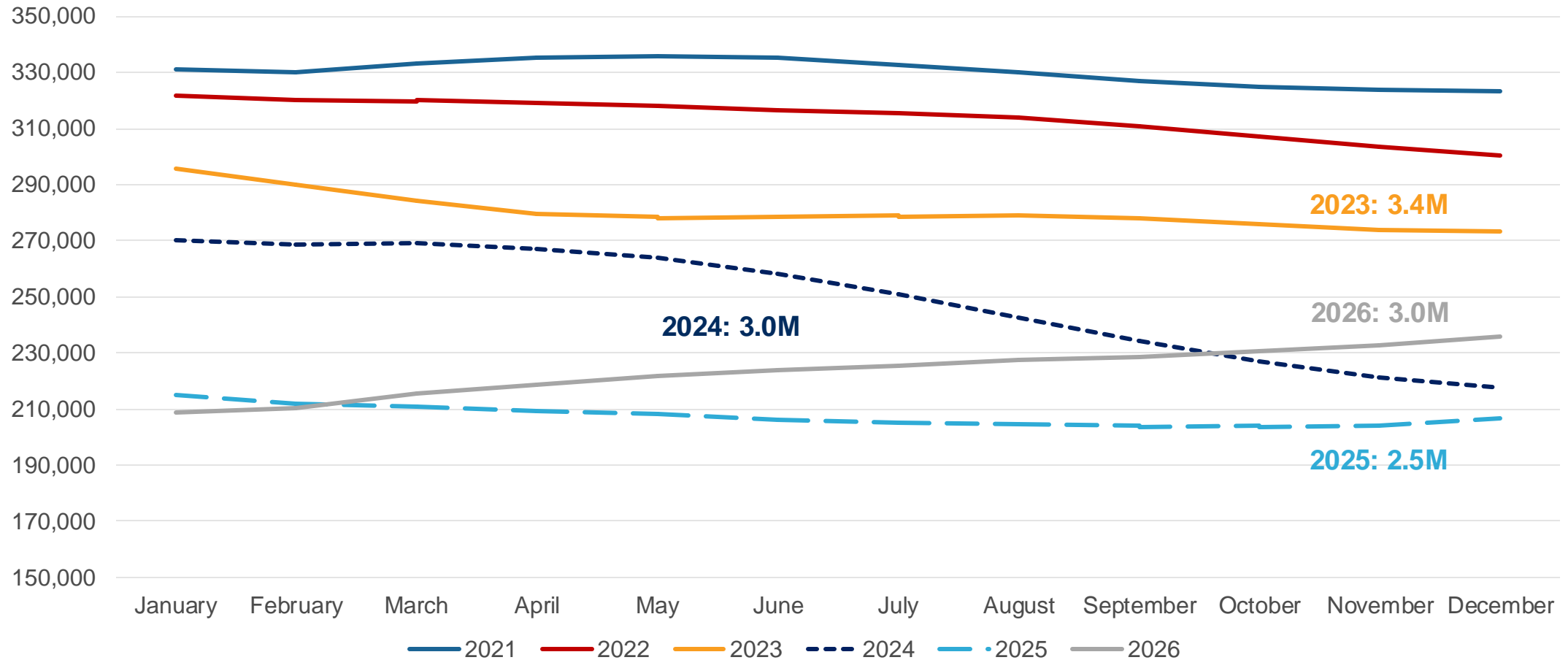
Pandemic era supply issues have pushed the average age of used retail units offered for sale higher



Off-Lease Trough Coming

In 2H 2024, lease maturities will drop substantially and will not bottom until late 2025

Monthly Estimated Lease Maturities



Electrified Market

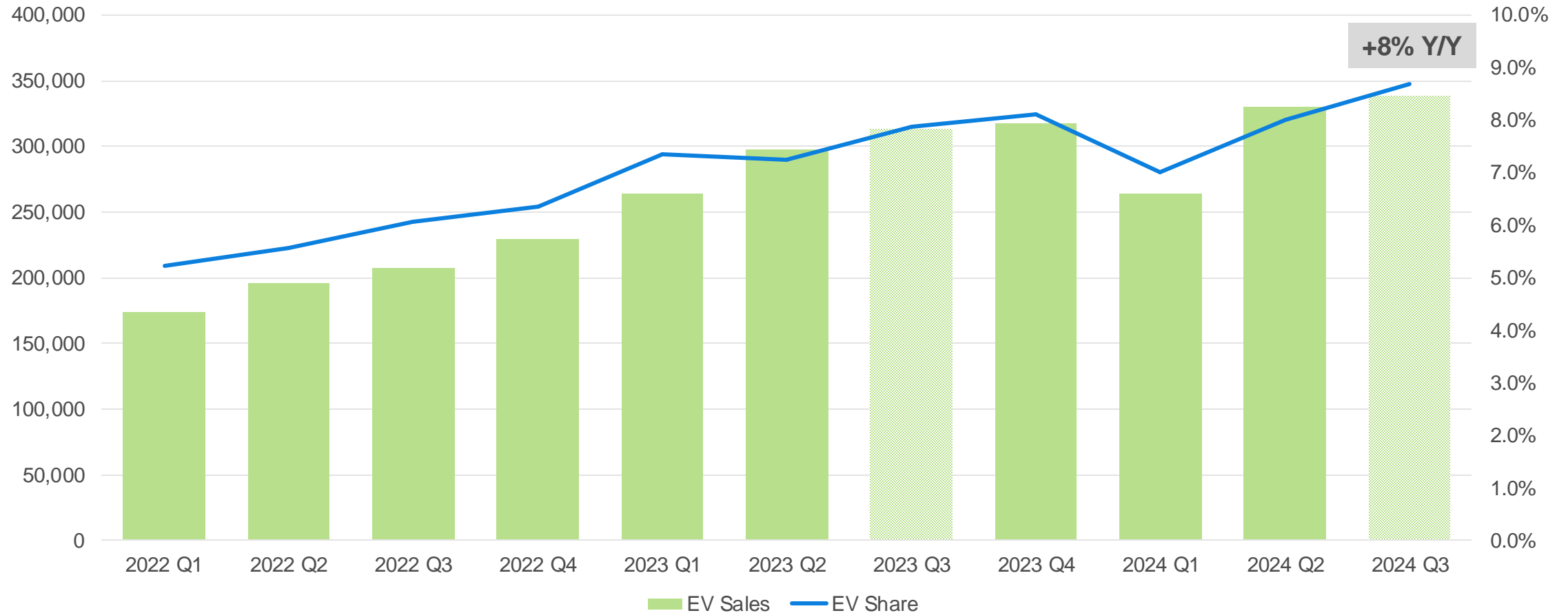
STEPHANIE VALDEZ STREATY

Director of Industry Insights



New EV Sales Estimate | Steady Demand, Share Growing

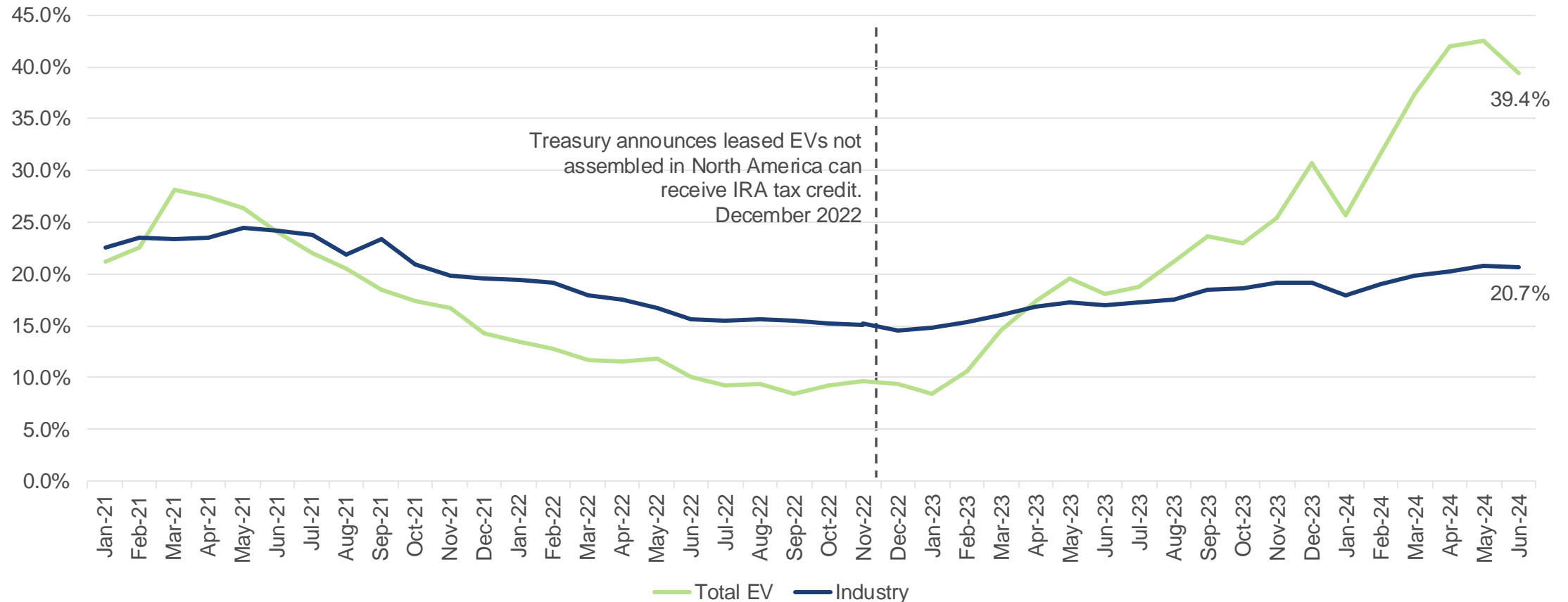
Estimating an 8% year-over-year increase in sales volume, and EV share of total sale nears 9%.



New EV Leasing | Still Attractive Consumer Option

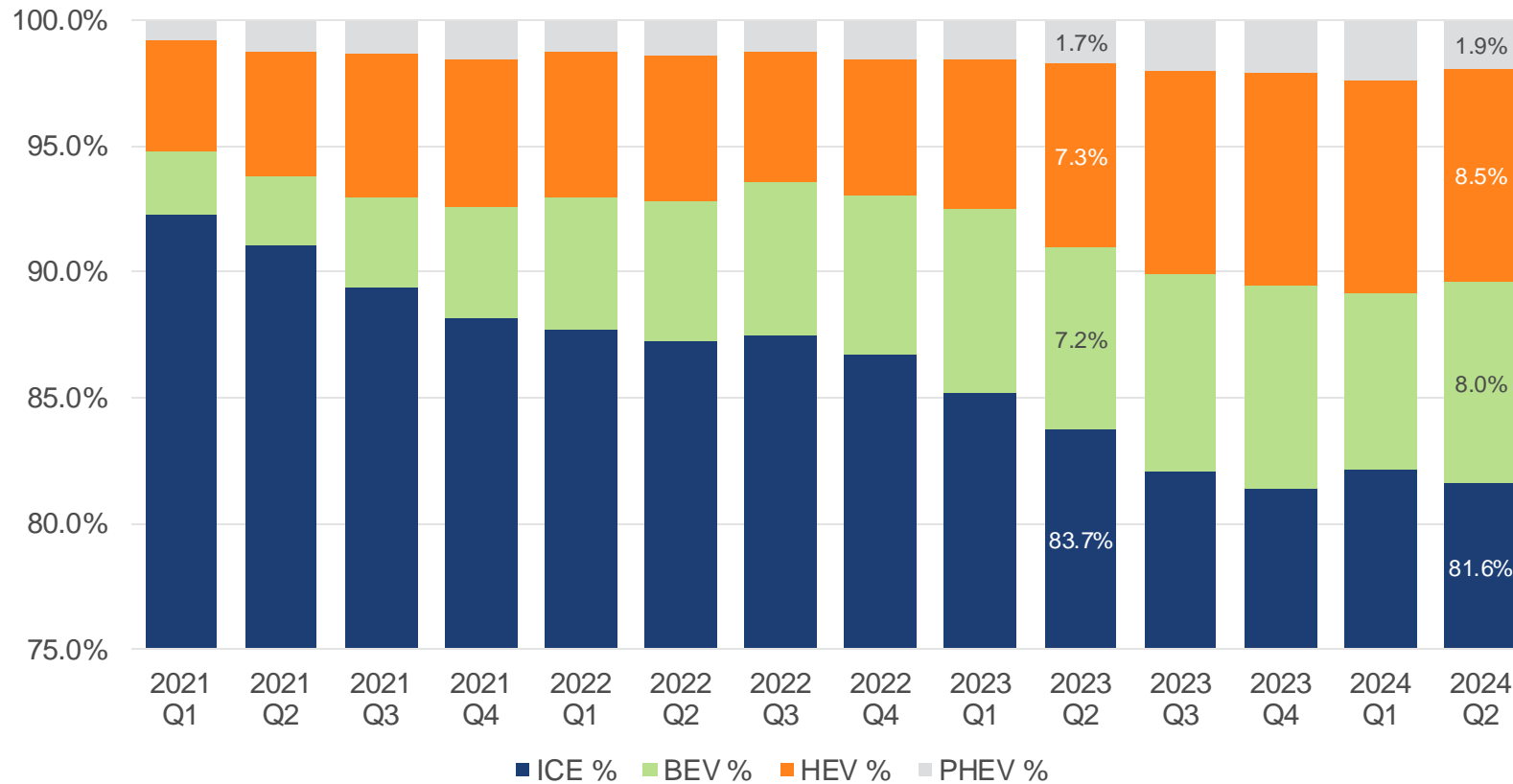
EV leasing dropped slightly to 39%, still almost double the industry average. The number of vehicles leased YTD is up 148%.

Lease Penetration of Retail Sales



Alternative Fuel Share | Gateway to Electrification

Gas and plug-in hybrids are soaring, with HEVs up 16% and PHEVs up 14%.

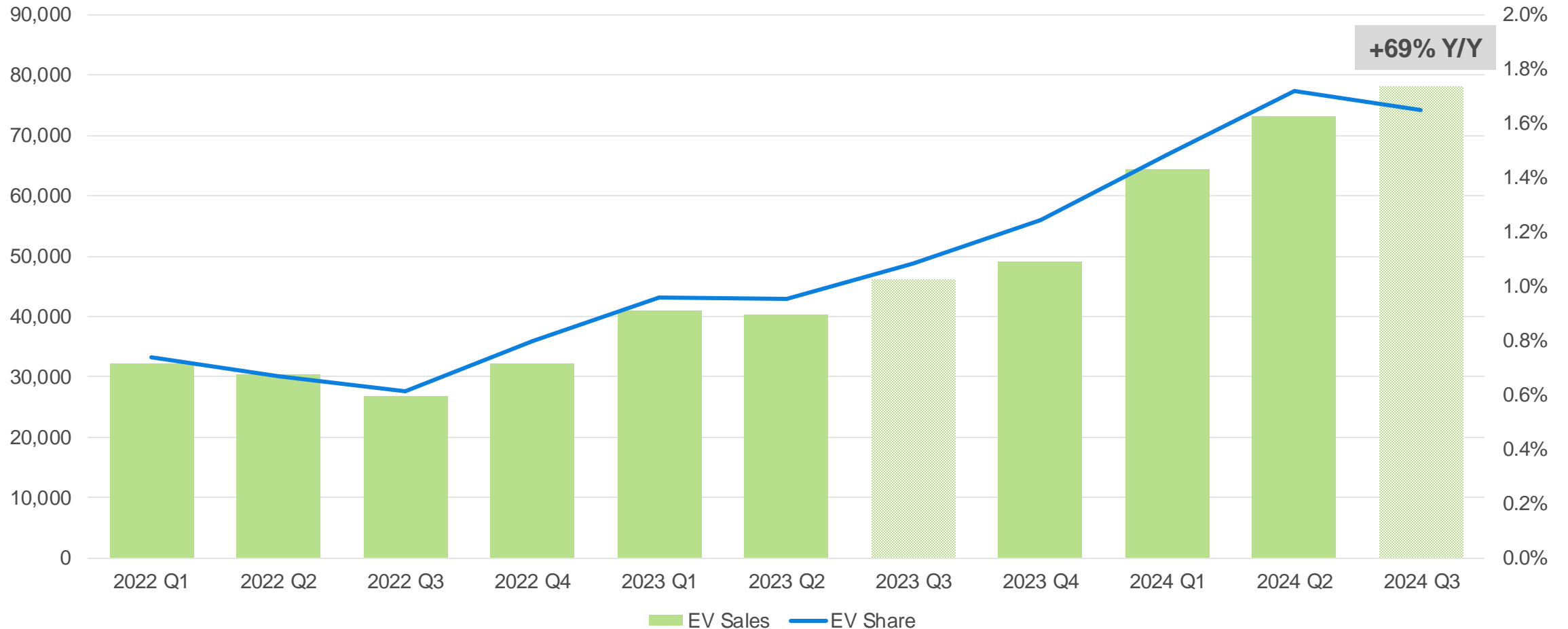


Top 5 2024 Q2 Market Share Leaders

HEVs	Share	PHEVs	Share
Toyota	47%	Jeep	31%
Honda	20%	Toyota	14%
Ford	14%	Volvo	11%
Lexus	7%	Chrysler	9%
Hyundai	7%	Mazda	7%

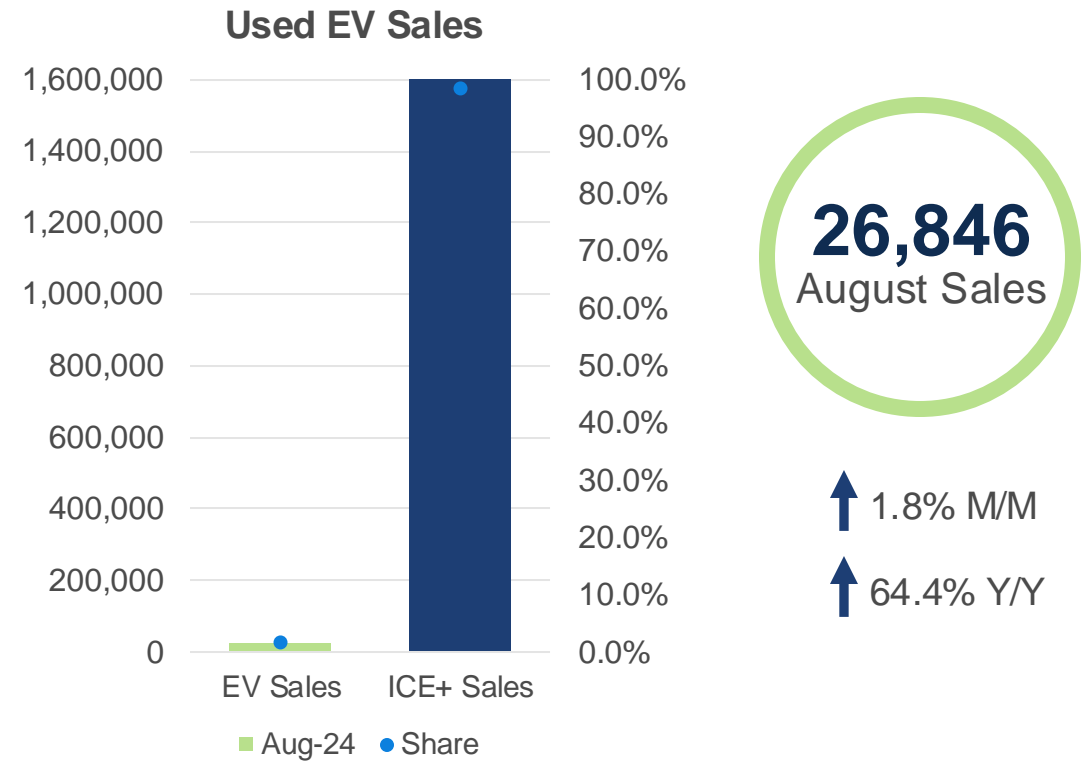
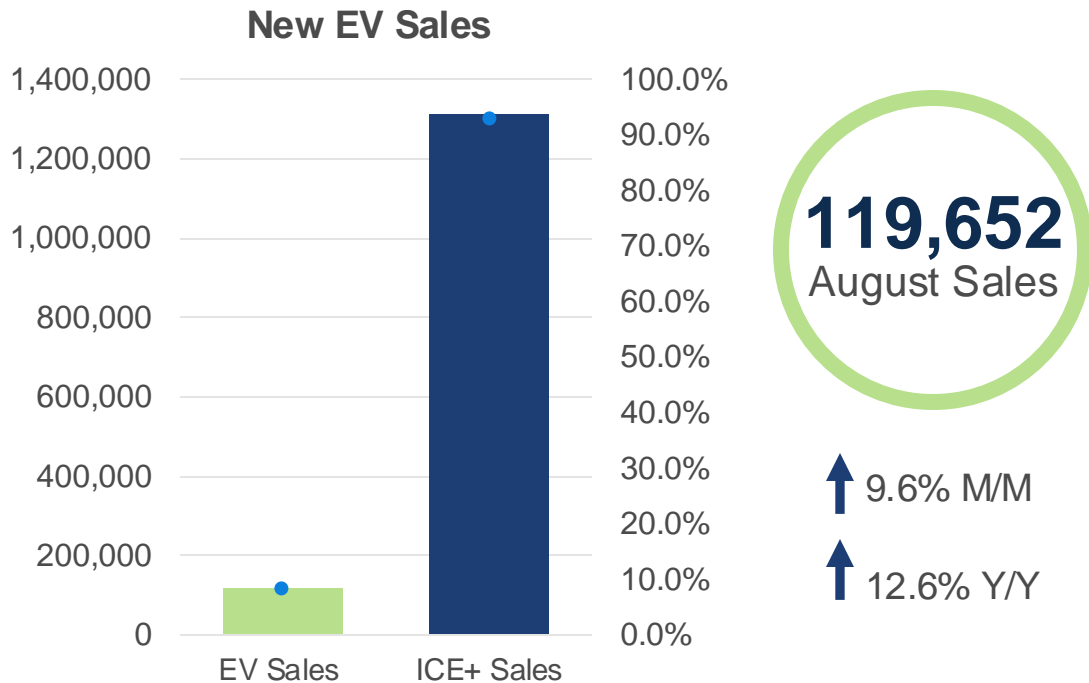
Used EV Sales Estimate | Exponential Growth

Estimating an 69% year-over-year increase in sales volume, and EV share hovering around 1.7%.



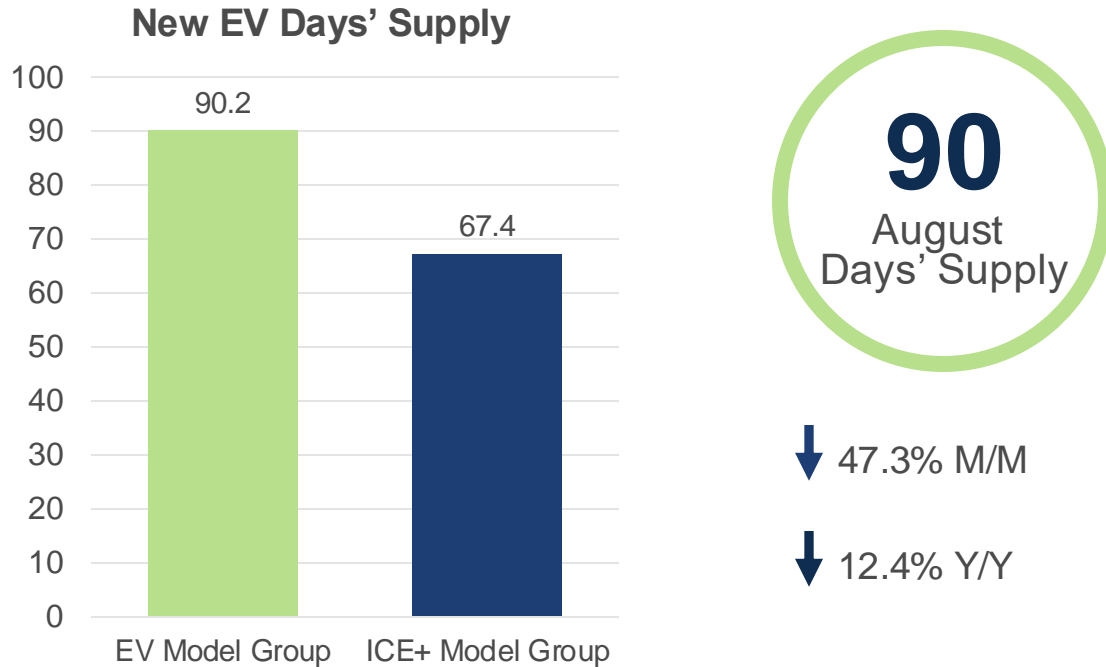
New and Used EV Sales | August Month and Year Over Year

Both new and used EV sales reached record volumes in August, showing strong year-over-year growth.

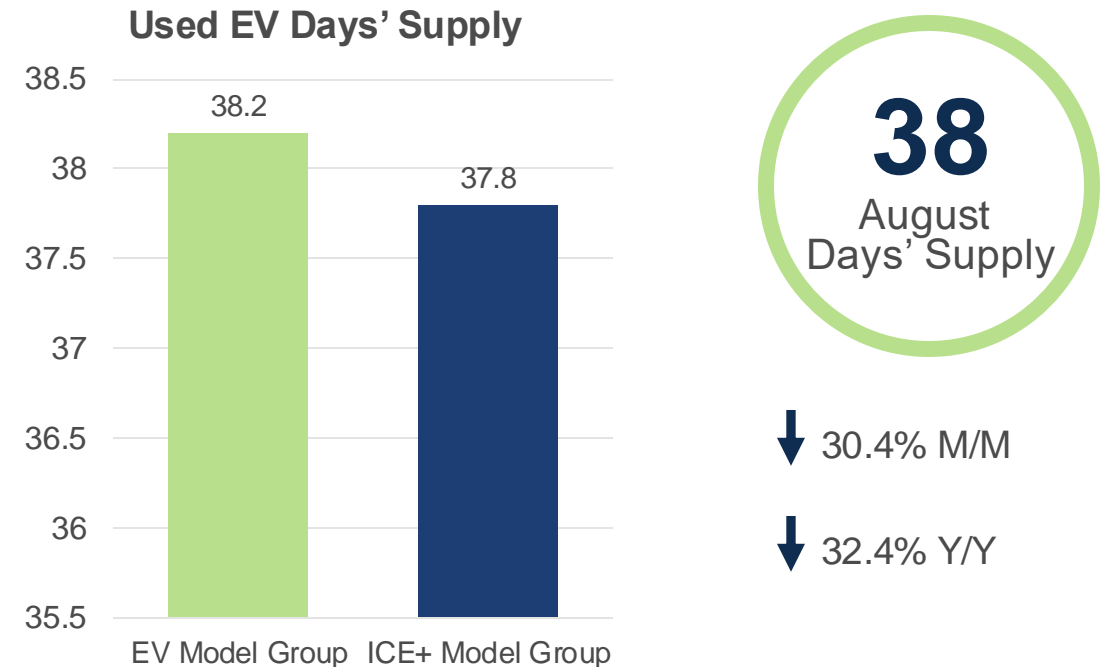


New and Used EV Day's Supply | August Month and Year Over Year

Both new and used EV days' supply continues to decline, with used EV days' supply now matching that of ICE+ vehicles.



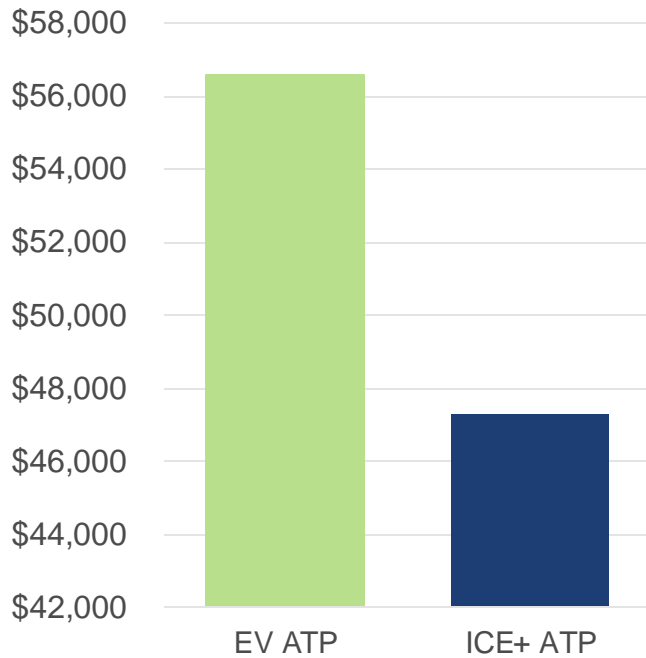
Note: Tesla, Rivian and Brands with a "Direct to Consumer Platform" are not represented.



New and Used EV Prices | August Month and Year Over Year

New EV ATP remains flat, while used EV ATP is slightly up but down 12.8% year-over-year, nearing price parity with ICE+ vehicles.

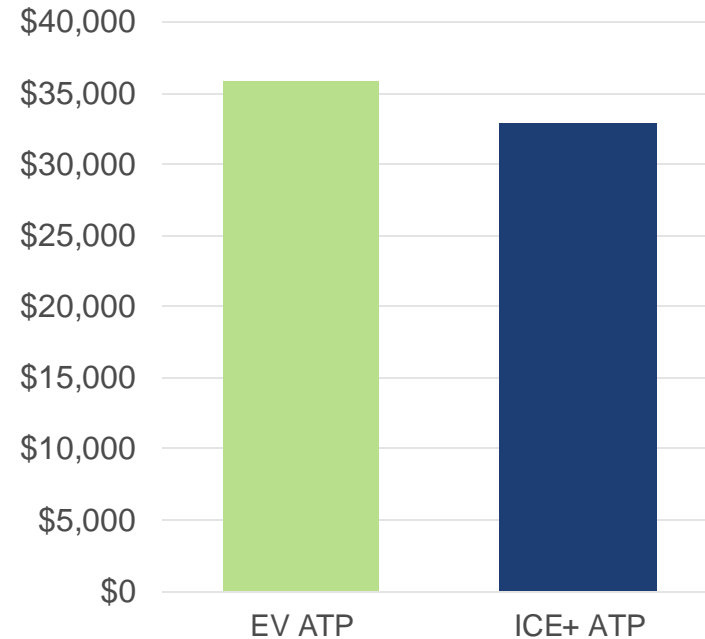
New EV ATP



\$56,574
August ATP

↑ 0.1% M/M
↓ 0.9% Y/Y

Used EV ATP



\$35,937
August ATP

↑ 3.4% M/M
↓ 12.8% Y/Y

Data include only 5yo MYs or newer

2024 Forecast & Playlist

JONATHAN SMOKE

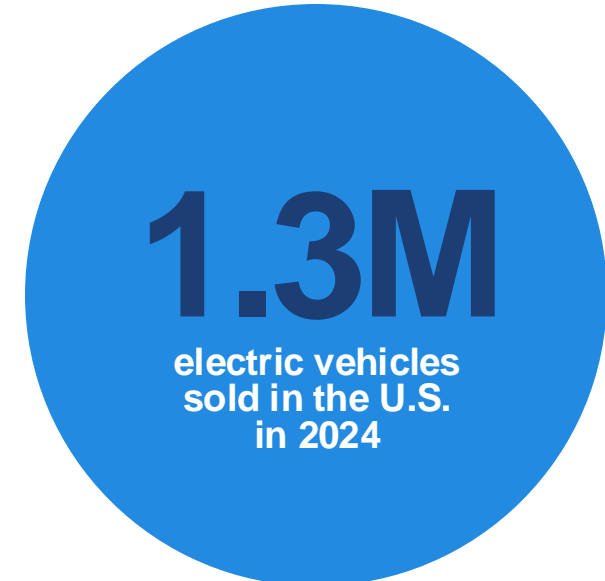
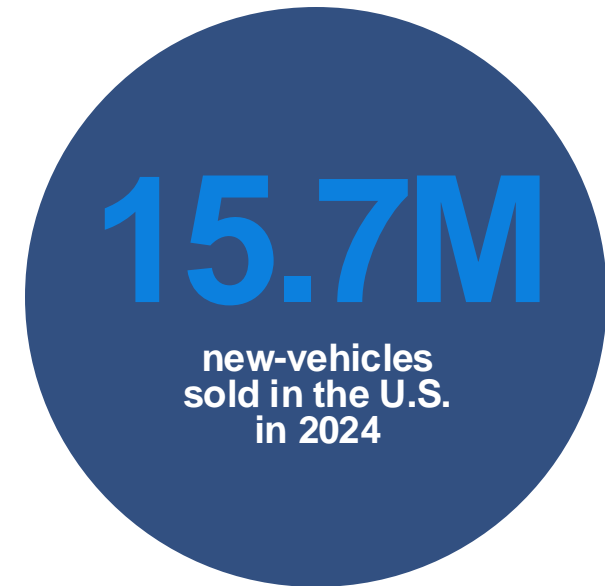
Chief Economist



Forecast: 2024

“The Waiting is the Hardest Part”

1. **Slow Growth Ahead;** Now Less Slowing in 2024 but has been better than feared. ✓
2. **New 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: **The worst is over, and with rates expected to decline soon, even better conditions ahead.** ✓



2024 Forecasts

Updated Sept. 25, 2024

15.7M
NEW SALES
(2023: 15.5M)

12.7M
NEW RETAIL SALES
(2023: 12.7M)

3.0M
FLEET SALES
(2023: 2.8M)

3.1M
**NEW LEASE
VOLUME**
(2023: 2.7M)

25%
**LEASE
PENETRATION**
(2023: 21%)

2.6M
CPO SALES
(2023: 2.6M)

37.3M
USED SALES
(2023: 36.4M)

19.9M
USED RETAIL SALES
(2023: 19.3M)

-2.3%
**DEC 2024 Y/Y MANHEIM
USED VEHICLE
VALUE INDEX**
(2023: -7.0%)

Fall Playlist



Everybody Wants to Rule the World
By Tears for Fears

The election is just around the corner.



I'll Feel a Whole Lot Better
By The Byrds

Sentiment should improve with uncertainty diminishing after the election.



Changes
By David Bowie

No matter who wins, 2025 will initiate changes.

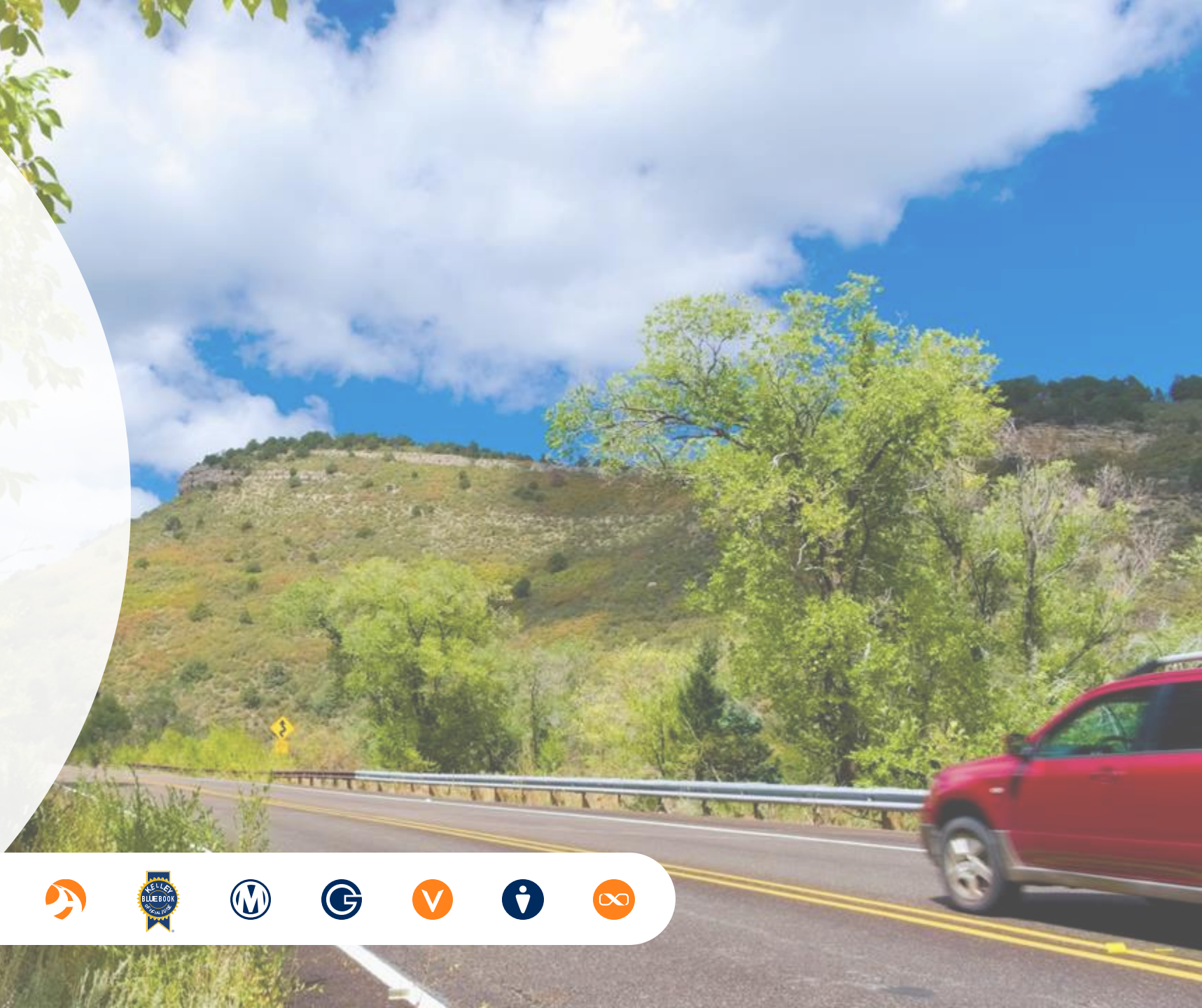


September
By Earth, Wind & Fire

There's dancing in September as the Fed starts cutting rates.

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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

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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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