

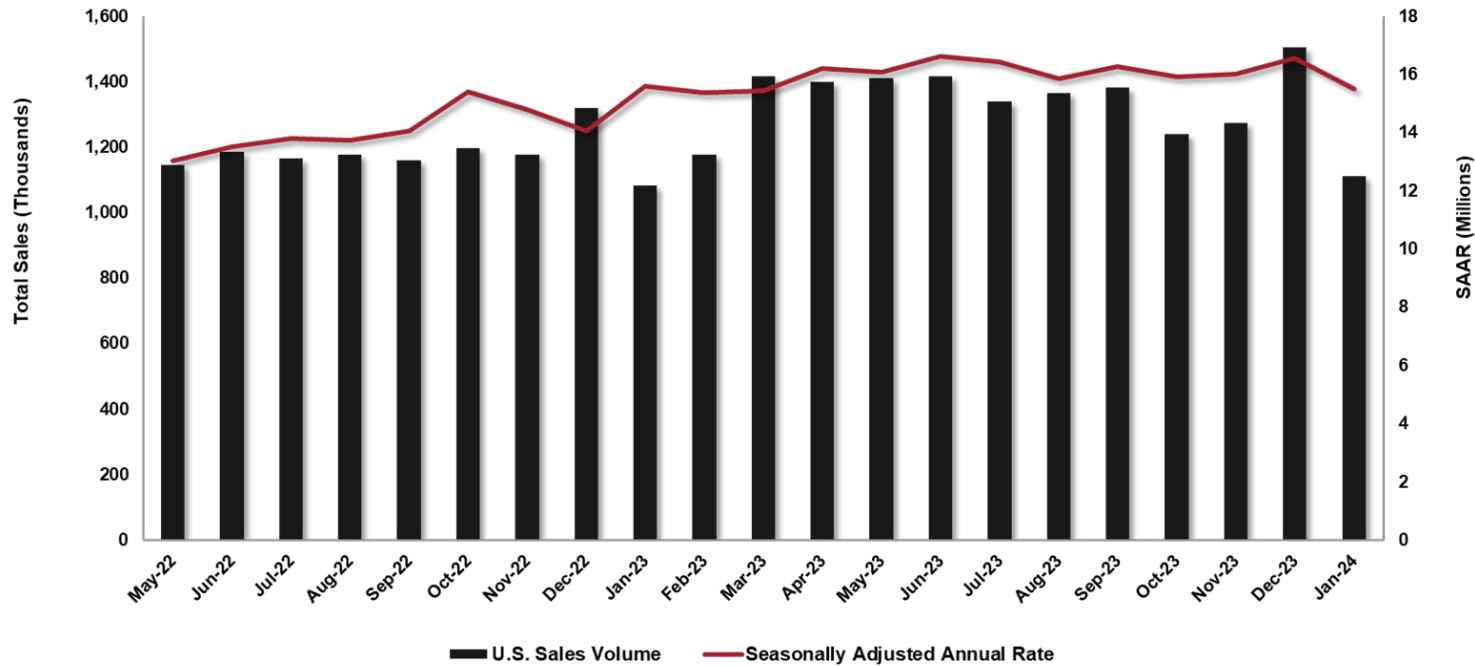
# Industry Trends

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January 2024 – February 2024

# ACQUISITION

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



### US Sales – All Channels

- January's sales decreased by 5.6% month over month.
- Passenger vehicles sales increased by 1.4% year over year, and light truck increased by 3.1% year over year.
- January's light truck sales accounted for 80% of all sales.

- On a seasonally adjusted annualized basis, sales are down 6.6% month over month and 0.8% year over year.

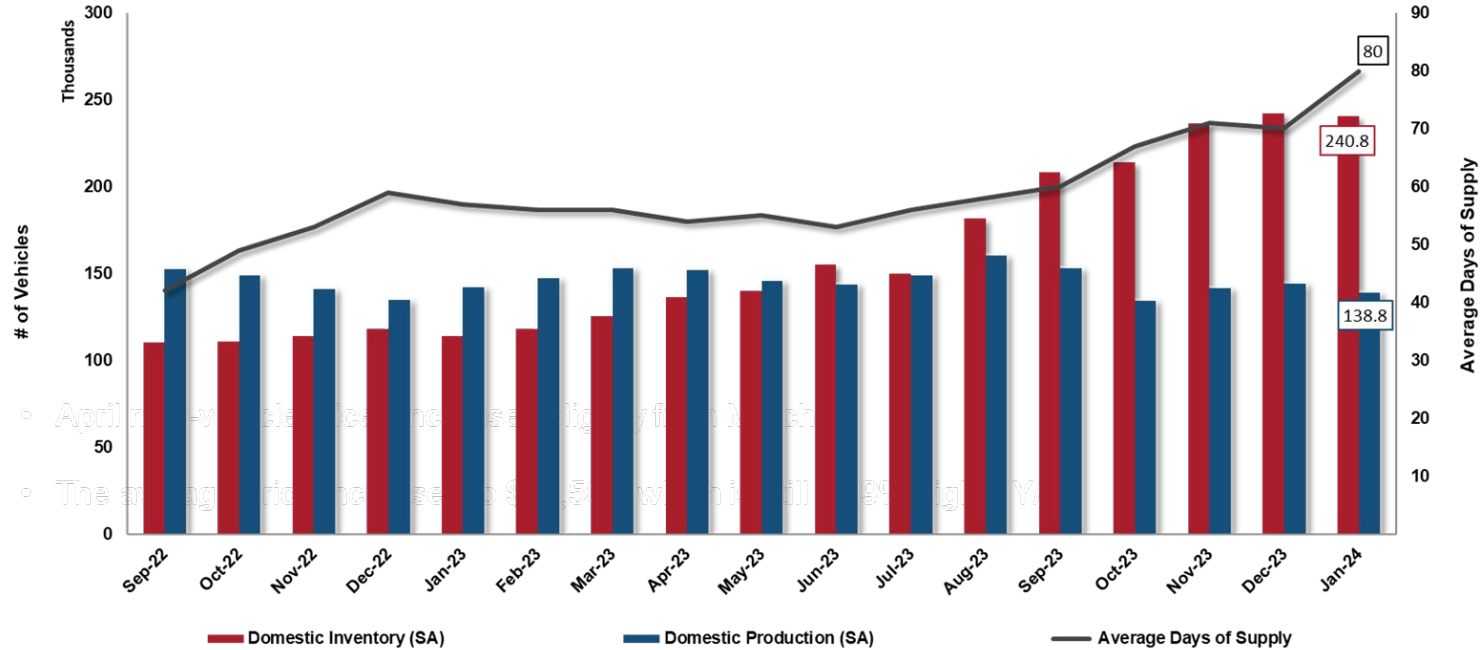
### Fleet Sales

- In January, 230,484 total fleet units were sold, a 21.7% year over year increase.



# ACQUISITION

## Dealer Inventory & Days of Supply



- January's new vehicle inventories ended with 240,800, a 1% month over month decrease and a 111% year over year increase.
- The average dealership supply increased to 80 days compared to 70 the month prior.
- New vehicle production decreased 4% month over month, and 2% year over year.

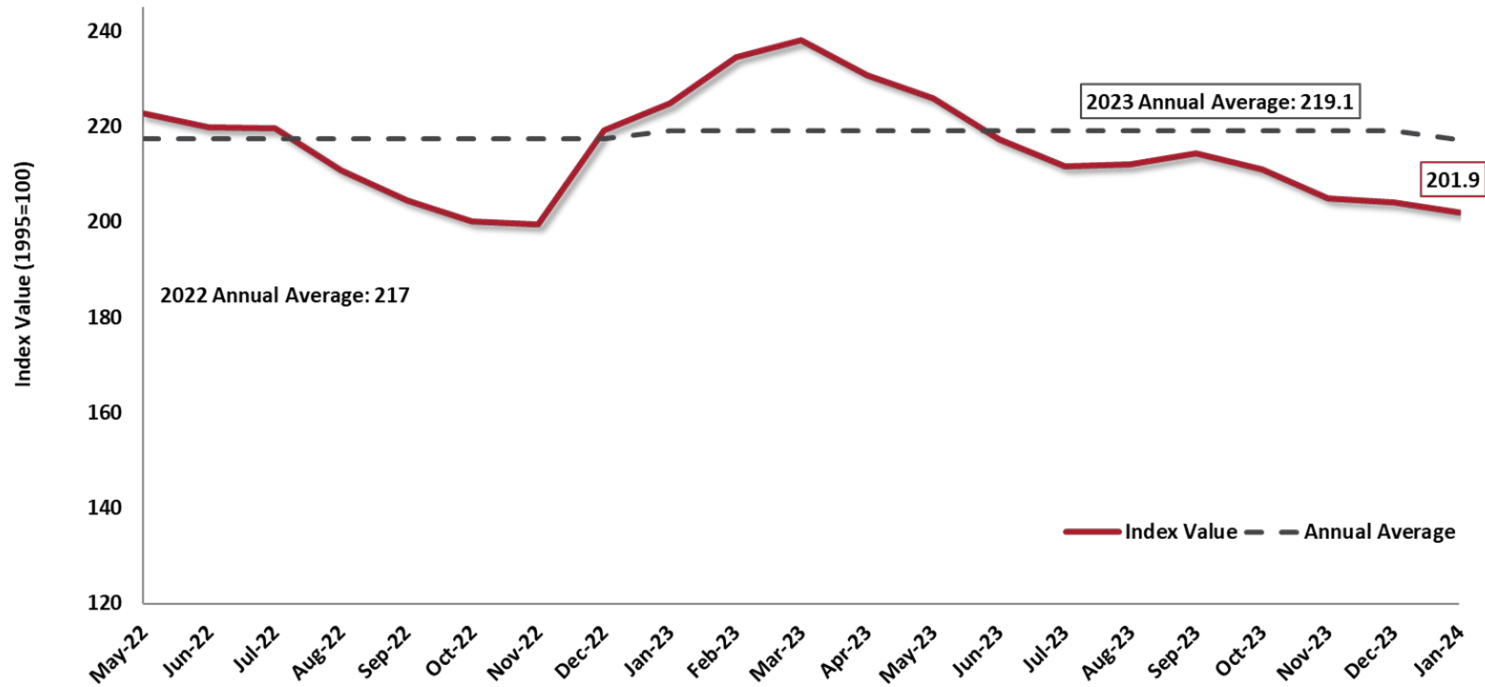
- January's new vehicle price averaged \$47,142, a 3.4% decrease month over month and 0.8% year over year.

### Recommendations:

- Place orders as soon as possible and consider ReadyFleet with current component shortages and production lags.
- Take advantage of opportunities for negotiation leverage as inventory increases.

# WHOLESALE RESALE MARKET

## Manheim Used Vehicle Value Index



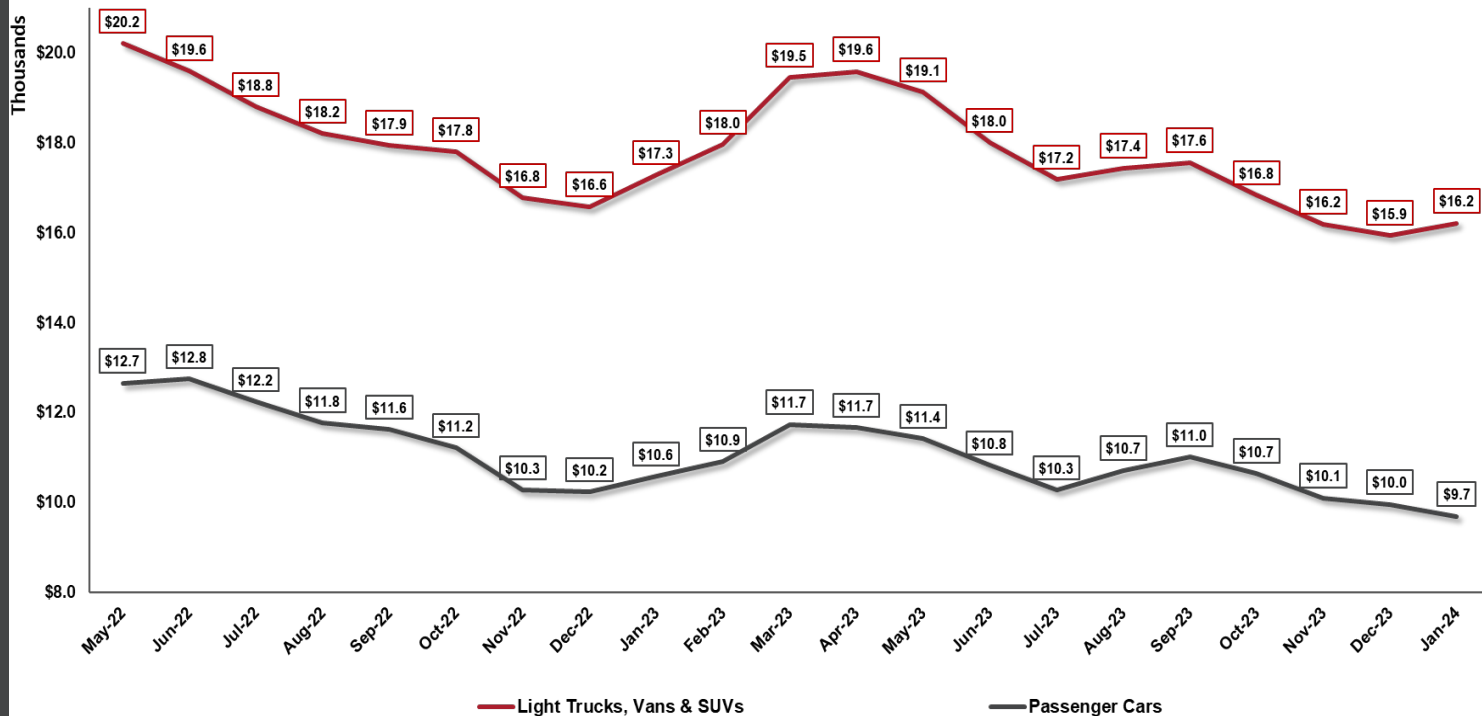
- Total volume of used vehicle sales increased 2.6% year over year in January.
- The Manheim Used Vehicle Value Index decreased by 9% year over year.
- 2019 (pre-pandemic) Annual Average was 138.9
- All major market segments saw lower seasonally adjusted prices year over year in January.
- All major segments saw price decreases month over month, with pickups down 0.6% and vans by 0.3%

### Recommendation:

- While resale values have softened, prices remain well above pre-pandemic levels. Utilize Merchants' GuaranteeBUY program to capture that increased equity.

# WHOLESALE RESALE MARKET

## Average Wholesale Price by Segment



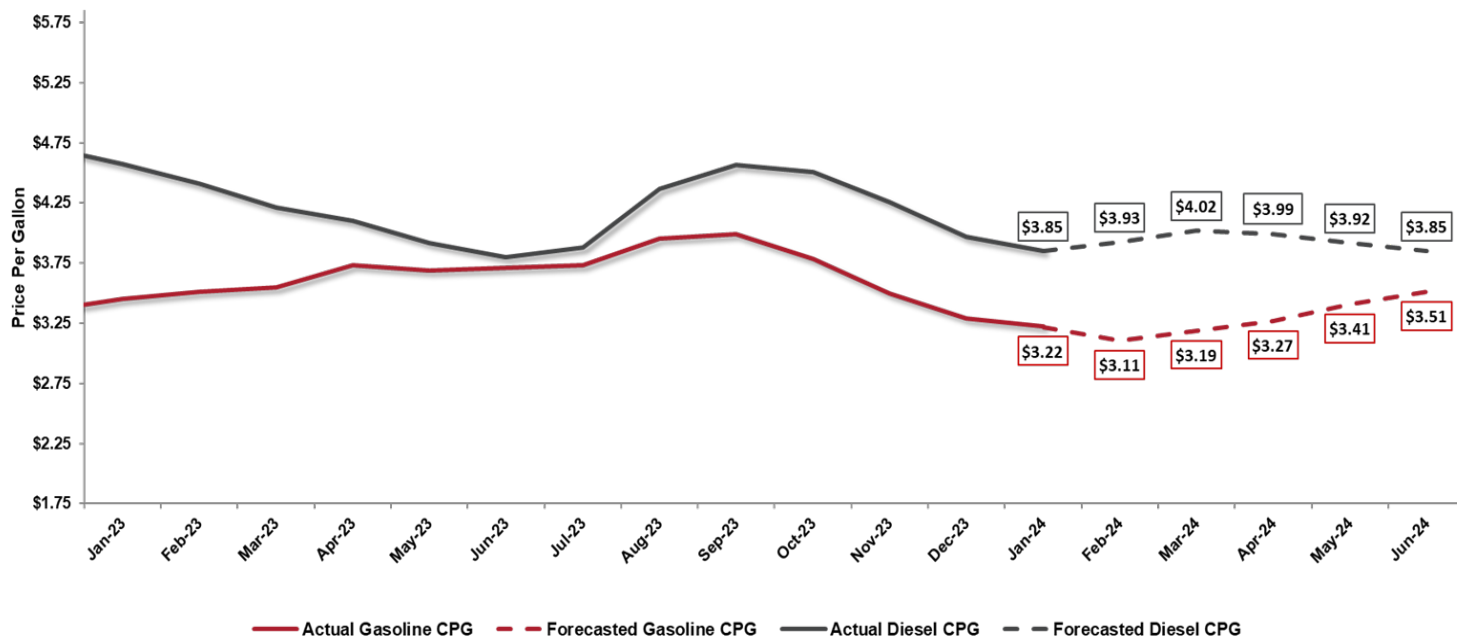
- Wholesale prices increased 3.5% month over month compared to December.
- Wholesale prices saw a decrease of 9.5% year over year.
- January wholesale prices are 26.5% above pre-pandemic prices.

### Recommendation:

- Use GuaranteeBUY for under-utilized assets when resale values tend to peak, typically between March and May.

# FUEL

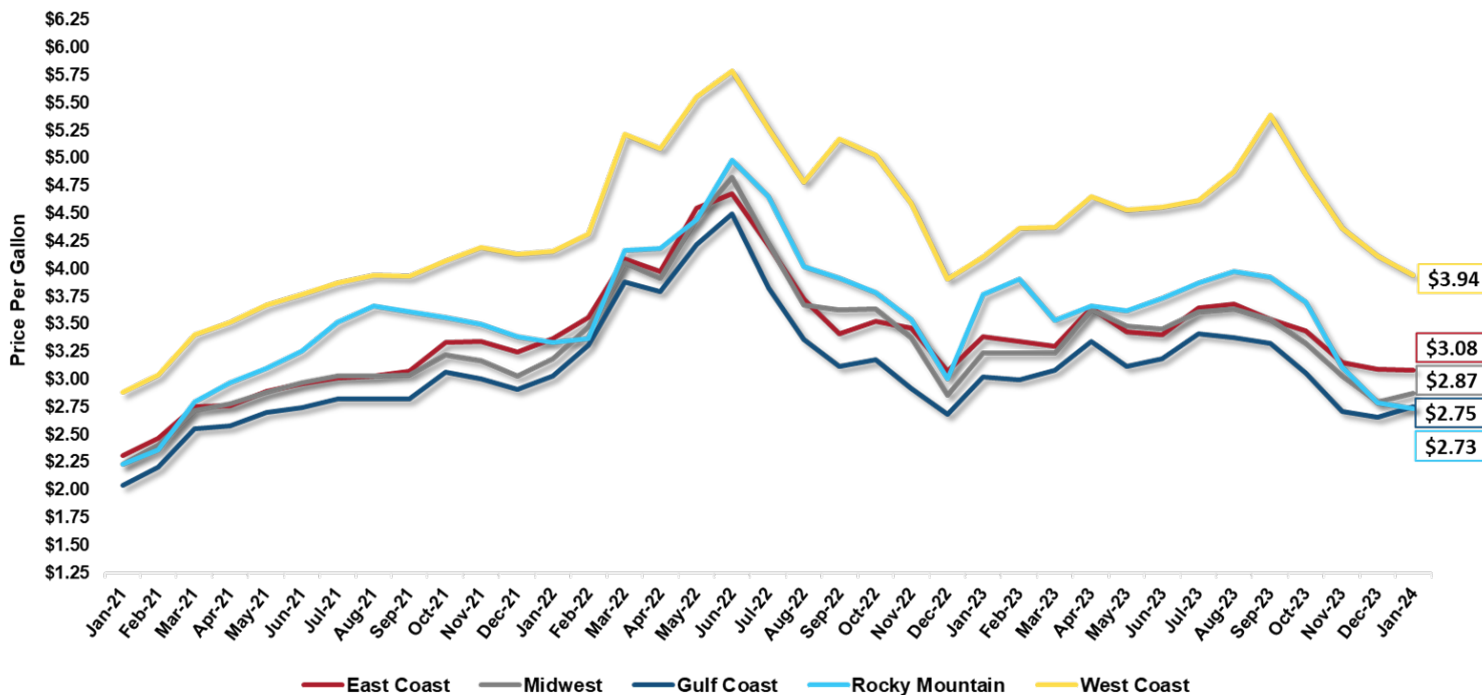
## National Average Cost per Gallon Regular Grade & Diesel



- U.S. regular gasoline prices decreased from the previous month and averaged \$3.22 per gallon in January.
  - U.S. diesel retail prices decreased from the previous month and averaged \$3.85 per gallon.
  - February's forecasted gasoline price is \$3.11 per gallon, and diesel has a forecasted price of \$3.93 per gallon.
- Recommendations:**
- Closely monitor fuel prices for accurate fuel budget forecasting.
  - Consider enrolling in TotalConnect to monitor driving patterns for cost savings opportunities.

# FUEL

## Regional Average Cost per Gallon – Regular Grade



- Regular Grade Fuel prices in the West Coast have continued to drop but remain higher than the U.S. average.
- Some factors that contribute to regional gas price differences:
  - Distance from supply
  - Transportation costs
  - State and local taxes
  - Retail Competition

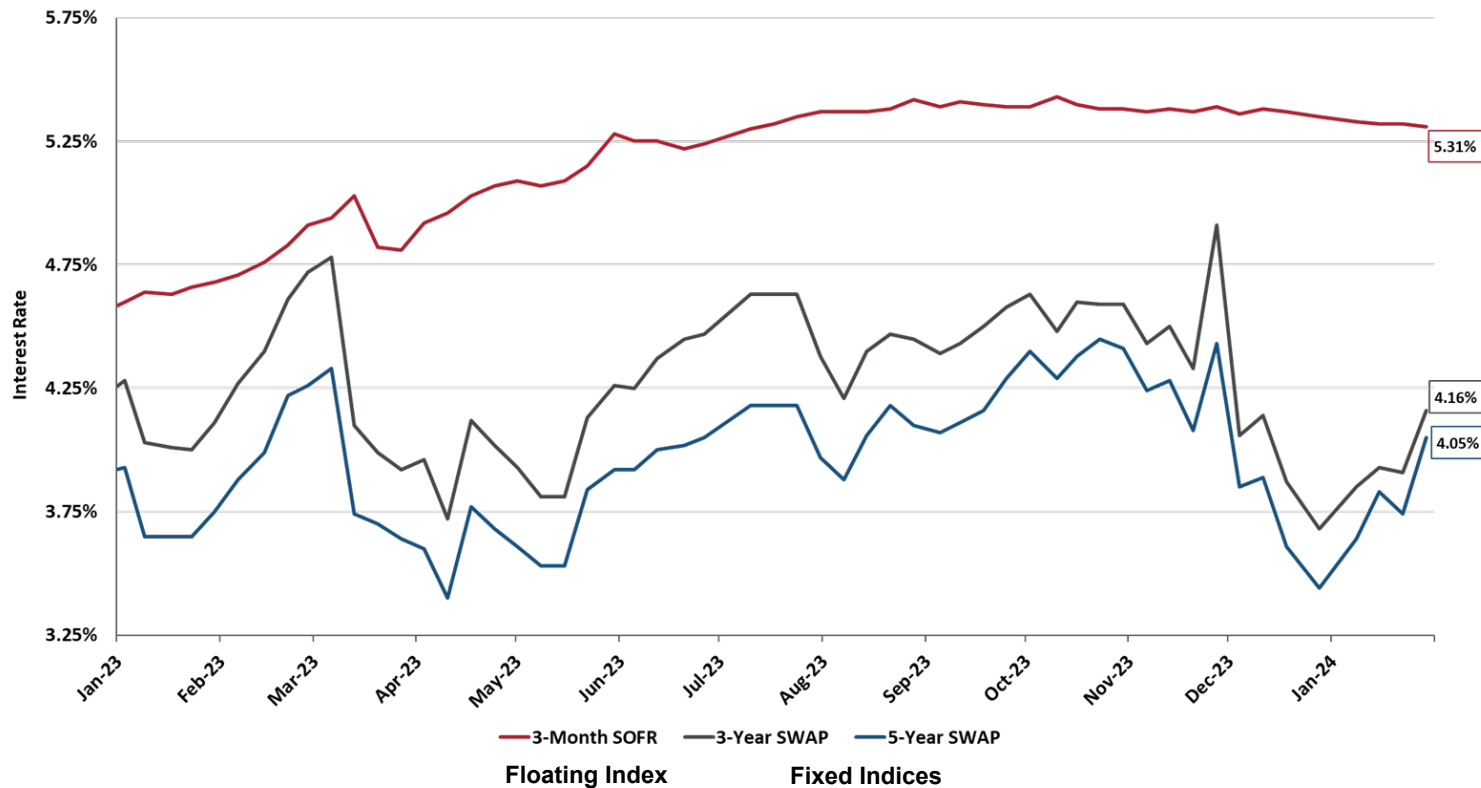
### Recommendations:

- Closely monitor fuel prices and vehicle location changes for accurate fuel budget forecasting.
- Consider enrolling in TotalConnect to monitor driving patterns for cost savings opportunities.



# INTEREST

## Interest Rates



- 3-Month SOFR rate is currently at 5.31%, a month over month decrease of 0.04%
- The 3-Year SWAP rate has increased to 4.16%
- The 5-Year SWAP rate increased and is currently 4.05%

### Recommendations:

- Consider using floating rates for leases going forward to take advantage of the expected decrease in future interest rates.
- A fixed rate lease locks in the current, escalated interest rate for the duration of a lease.