

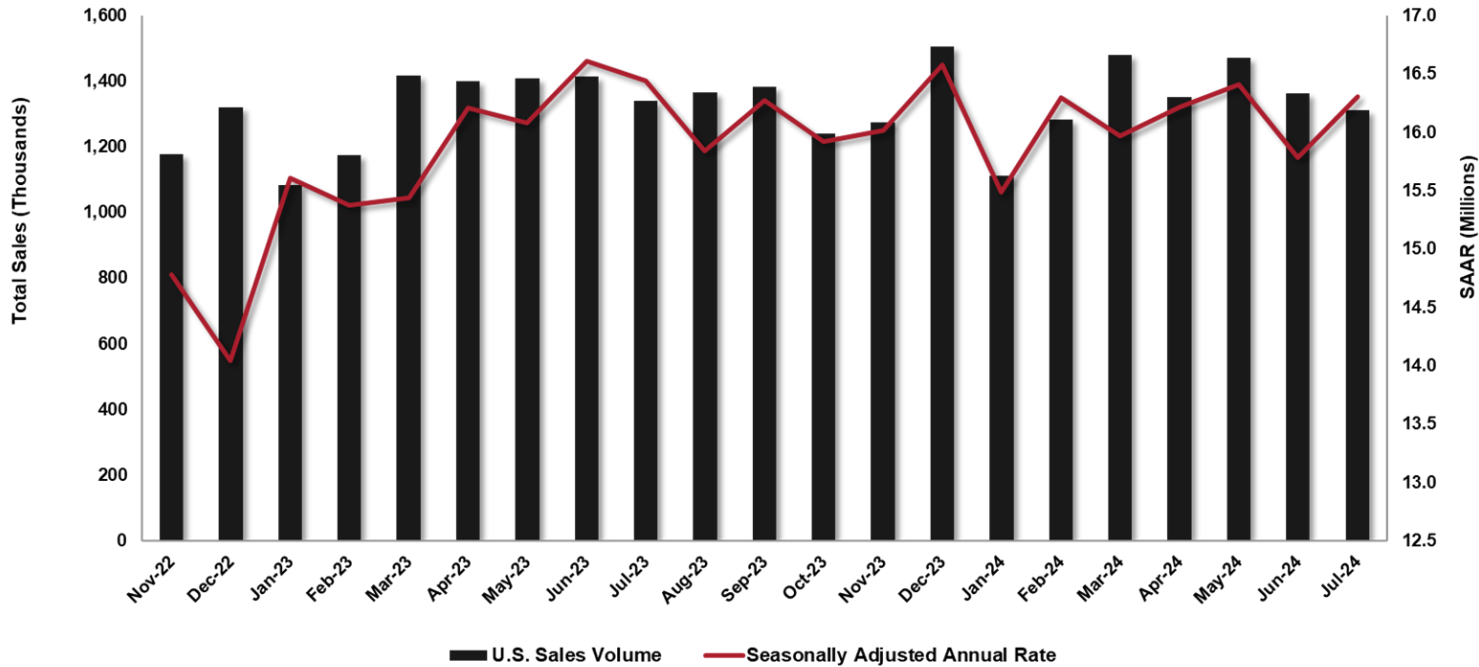


Industry Trends

July 2024 – August 2024


Merchants
FLEET

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



US Sales – All Channels

- July's sales increased by 4.2% month over month.
- Passenger vehicles sales increased by 9.1% month over month, and light truck increased by 3.1% month over month.
- July's light truck sales accounted for 81% of all sales.

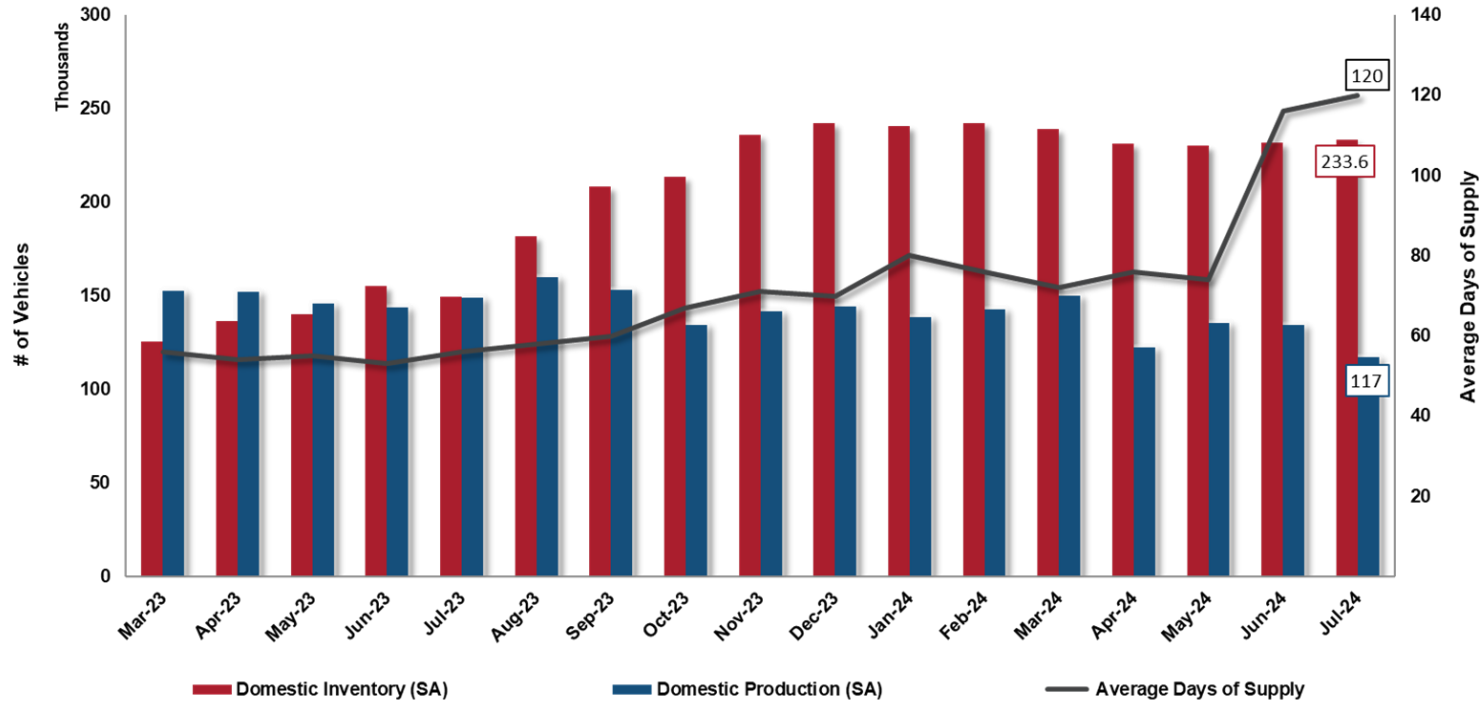
- On a seasonally adjusted annualized basis, sales rose 3.3% month over month and fell 0.9% year over year.

Fleet Sales

- In July, 147,453 total fleet units were sold, a 14% year over year decrease.

ACQUISITION

Dealer Inventory & Days of Supply



- July's new vehicle inventories ended with 233,554, a 0.8% month over month and 56% year over year increase.
- The average dealership supply increased to 120 days compared to 116 the month prior.
- New vehicle production decreased 12.8% month over month and 21.4% year over year.

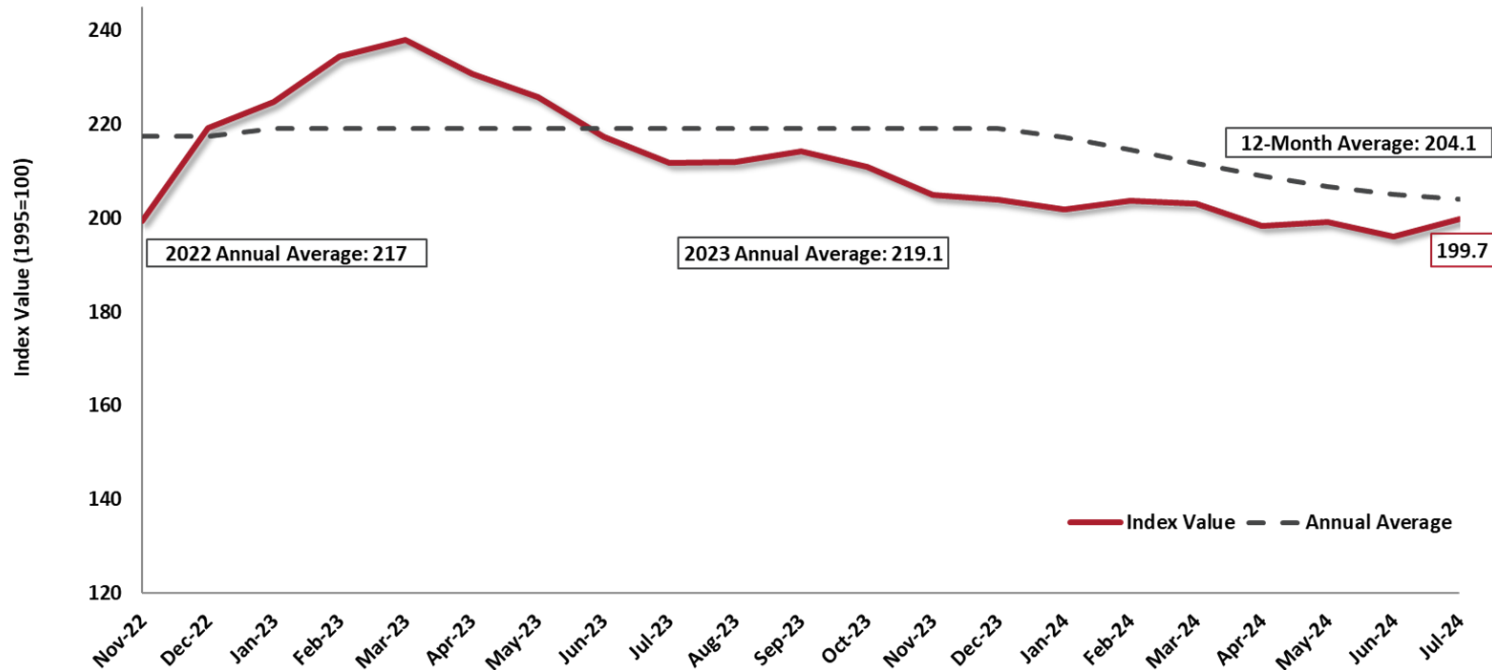
- July's new vehicle price averaged \$47,294, a 0.19% decrease month over month and a 0.28% year over year increase.

Recommendations:

- Take advantage of opportunities for negotiation leverage as inventory increases.

WHOLESALE RESALE MARKET

Manheim Used Vehicle Value Index



- Total volume of used vehicle sales decreased 2% year over year in July.
- The Manheim Used Vehicle Value Index decreased by 5.7% year over year.
- 2019 (pre-pandemic) Annual Average was 138.9
- All major market segments saw lower seasonally adjusted prices year over year in July.

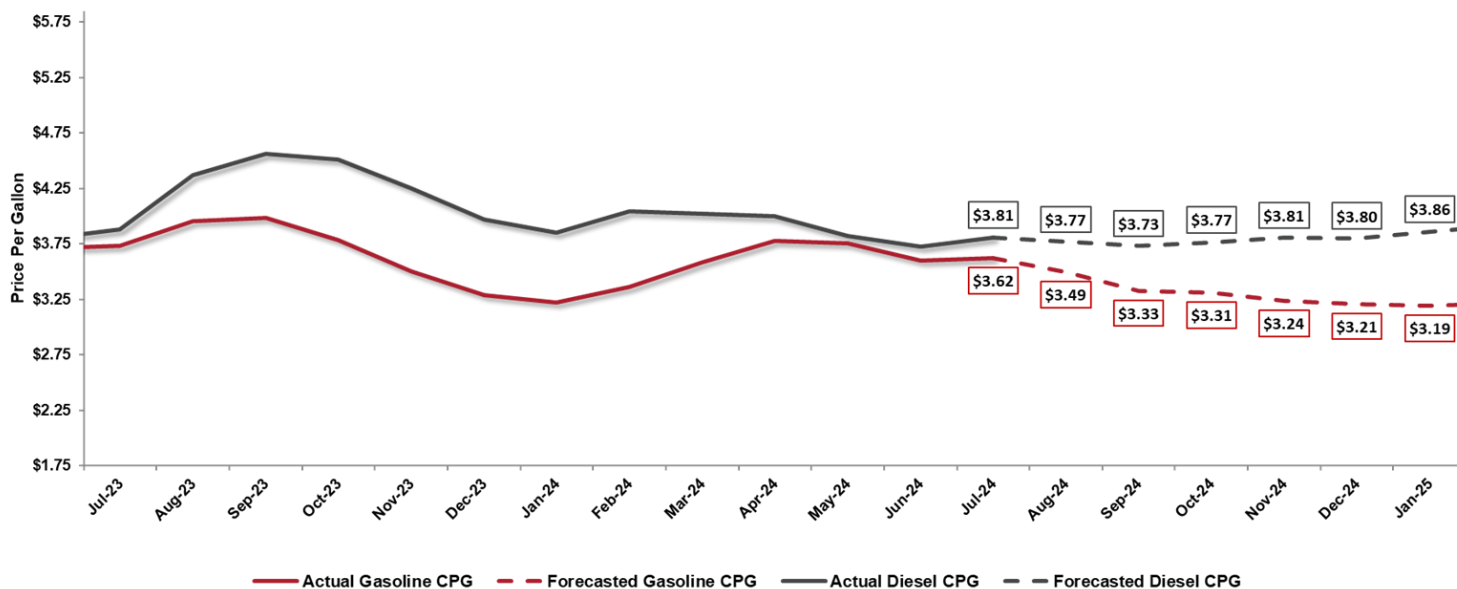
- All major segments saw overall price increases month over month, with pickups up 2.6%

Recommendation:

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

FUEL

National Average Cost per Gallon Regular Grade & Diesel



- U.S. regular gasoline prices increased 0.6% from the previous month and averaged \$3.62 per gallon in July.
- U.S. diesel retail prices increased 2.4% from the previous month and averaged \$3.81 per gallon.

- August's forecasted gasoline price is \$3.49 per gallon, and diesel has a forecasted price of \$3.77 per gallon.

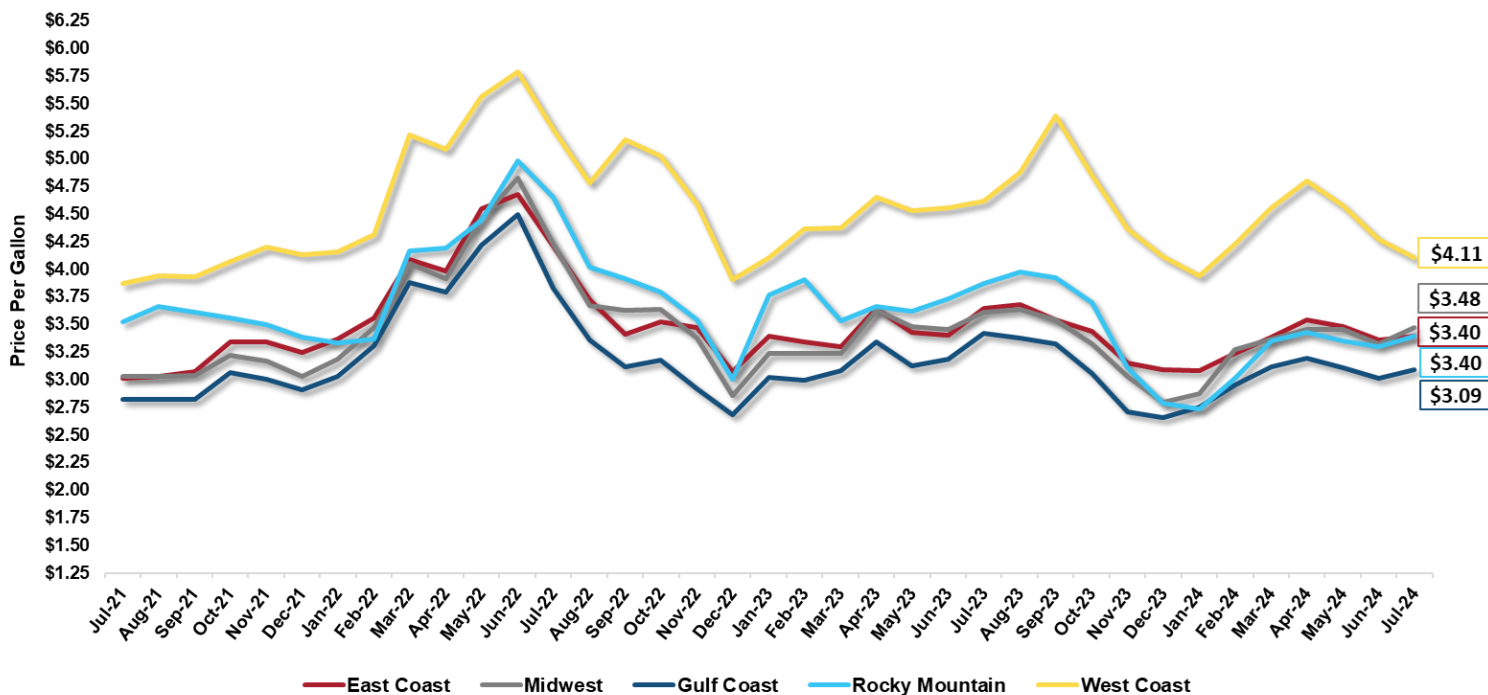
Recommendations:

- 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



- Overall, Regular Grade Fuel prices have increased in July with a U.S. average of \$3.48 per gallon.
- Some factors that contribute to regional gas price differences:
 - Distance from supply
 - Transportation costs
 - State and local taxes
 - Retail Competition

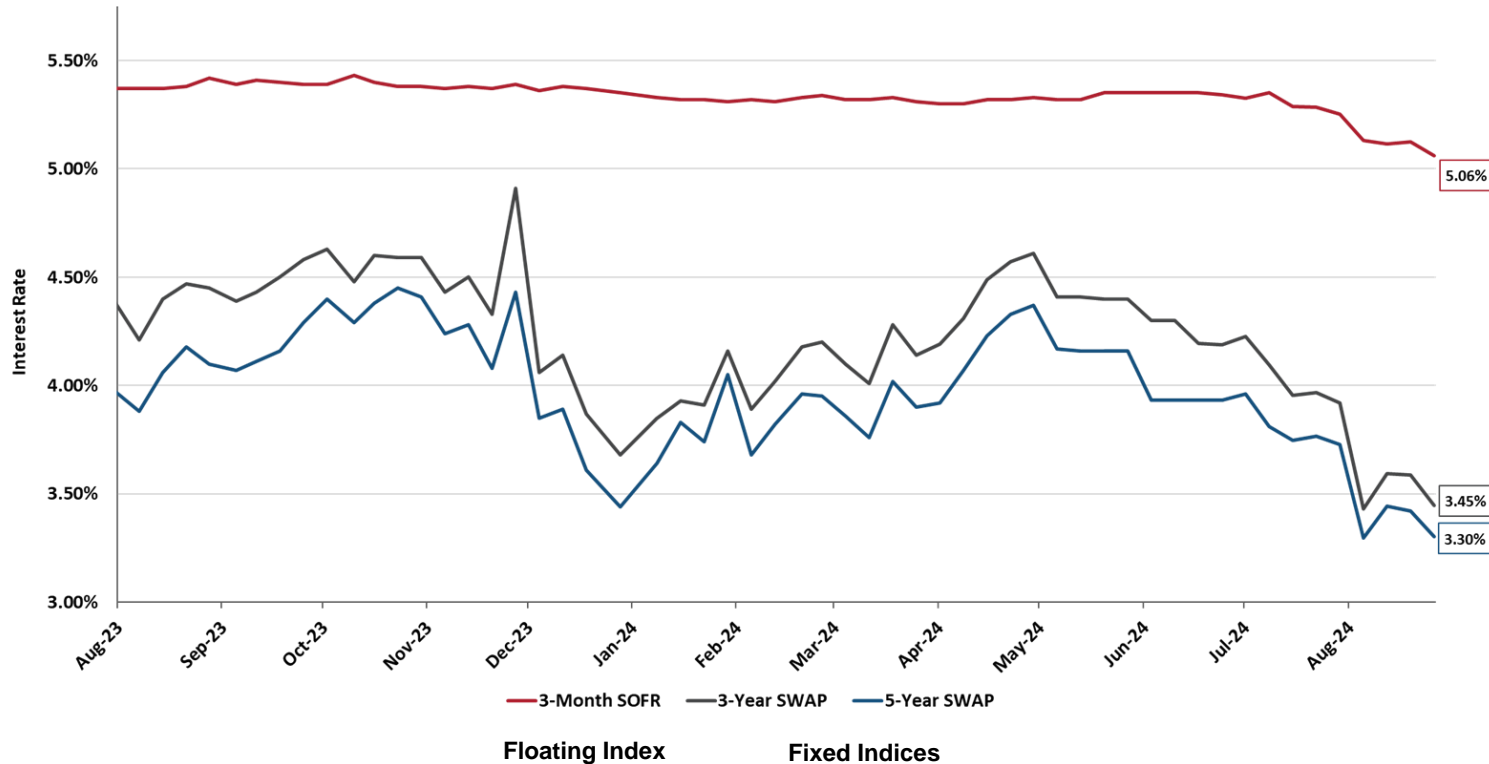
Recommendations:

- 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 5.06%, a month over month decrease of 0.19%
- The 3-Year SWAP rate has decreased to 3.45%
- The 5-Year SWAP rate decreased and is currently 3.30%

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.