

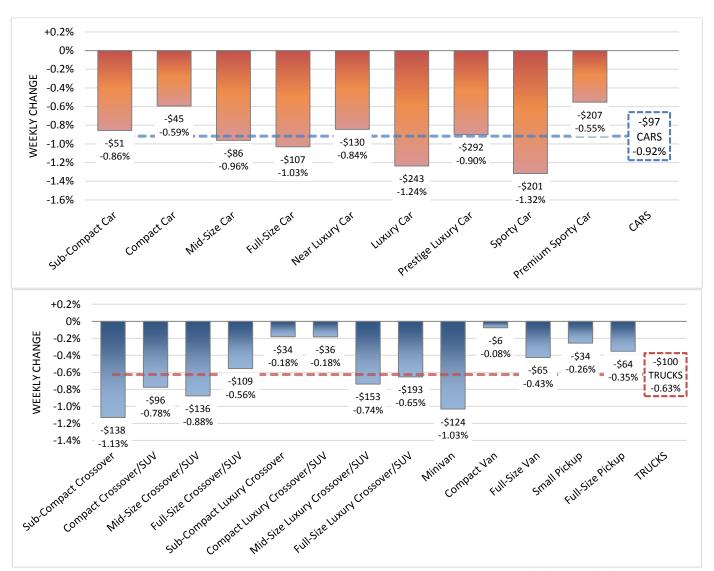




October 17, 2016

Fourth quarter typically experiences largest depreciation in vehicle values. This trend is already starting to show in the first two weeks of this quarter with the largest YTD weekly decline in car values. "

Anil Goyal, Senior Vice President of Automotive Valuation and Analytics



Model Years: 2008-2014, Volume Weighted Wholesale Average Values, Weekly Change from 10/7/16 to 10/14/16

Highest Weekly Decline in Car Segment Values YTD

- Volume weighted, overall car segment values decreased by 0.92% last week, much higher than the depreciation rate of 0.61% seen in the previous four weeks.
- Sporty Car, Luxury Car and Full-Size Car segments declined the most by 1.32%, 1.24% and 1.03%, respectively.
- Volume-weighted, overall truck segment (including pickup, SUVs and vans) values decreased by 0.63% last week, higher than the depreciation rate of 0.55% seen in the previous four weeks.
- Sub-Compact Crossover, Minivan and Mid-Size Crossover/SUV segments declined the most by 1.13%, 1.03% and 0.88%, respectively.

Sentiment from the Auction Lanes

Our editors and personnel attend about 60 auctions every week across the country to provide key insights:

"Fairly good day today with most demand on Pickup trucks." Ben from CA

"Lots of no-sales today, the dealer lanes were very slow." David from TX

"Poor sale here today with a lot of Rough condition vehicles and a larger amount of no-sales." Doug from TN

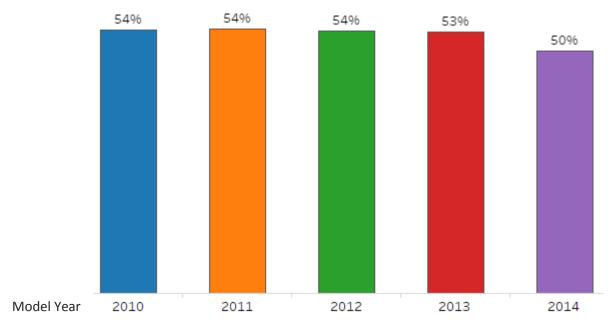
"Prices are down on most segments in this location." Jim from WA

"Lots of action at today's auction with EV's actually picking up the sales pace from previous weeks." Mark from CA



Luxury Car Retention Rate Trend

Black Book Wholesale Average (% of MSRP) in September, at Model Year plus two years



The chart above shows that the retention rate of luxury cars has remained consistent in the past few years until this year when it declined slightly by 3 percentage points. For 2010 MY, the retention in September 2012 was 54%. In comparison, for 2014 MY, the retention in October 2016 dropped to 50%.

Vehicle Highlight



2017 Dodge Challenger comes in SXT, R/T, R/T 392, SRT 392 and SRT Hellcat trim levels. The base MSRP starts at \$28,090 including factory destination charge. Standard powertrain is a 305-hp 3.6-liter V-6. The Scat Pack option comes with a 485-hp 6.4-liter Hemi V-8. Close competitors include Chevrolet Camaro and Ford Mustang.

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