

Auction Retention Index- ARI

The auction retention index is a good indicator of market stability.

Theoretical retention is at or around 100%, but with market turbulence, this index can greatly fluctuate.

If the index is under 100%, wholesale inventory is being transacted below the target price, meaning cars are cheaper than they normally should be.

For example, a 2018 Honda Accord should fetch \$16,000 on the wholesale market, if the retention index is 92%, this vehicle is likely to bring \$14,720.

After a sharp index decline, a period of recovery is usually witnessed as prices correct and the index may be higher than 100%.

There are make/model specific indexes as cars depreciate differently depending on the segment. Below is a chart showing the overall auction retention index from February 2020 to September 2020. Notice the COVID-driven sharp dip between March and May 2020.

