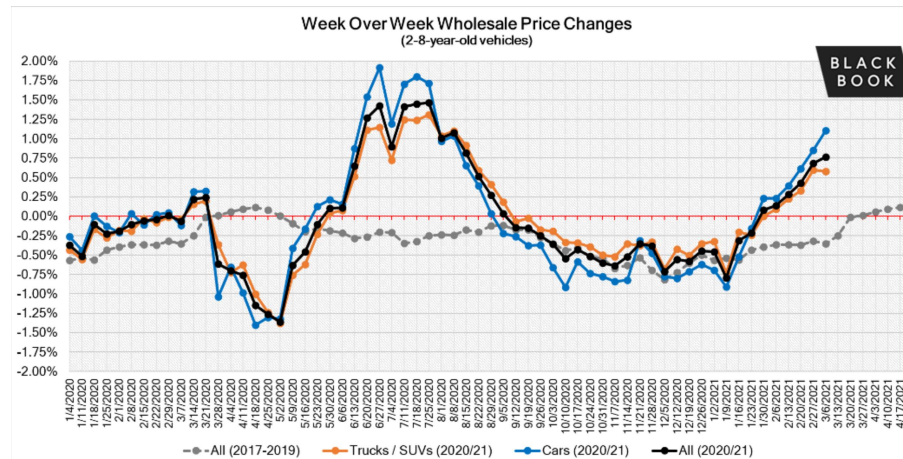


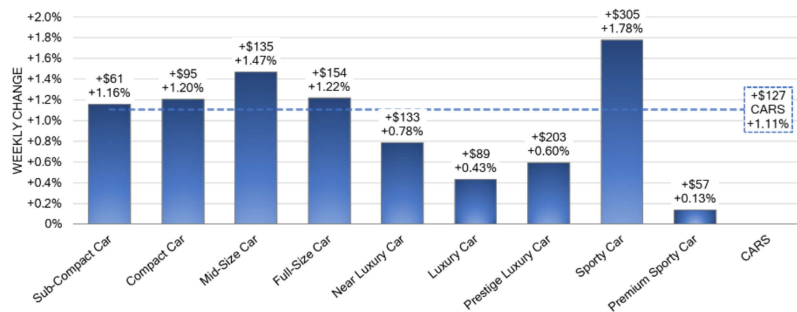
# Wholesale Prices, Week Ending March 6<sup>th</sup>

Wholesale values continued their gains last week with all segments reporting increases in valuations. The mainstream car and truck segments had the largest gains, but the luxury segments are also seeing positive momentum. Remarketers raised floors last week and anticipate doing the same heading into this week.

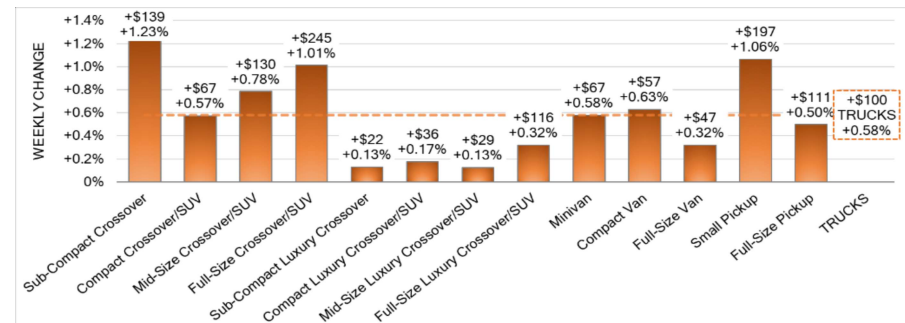
	This Week	Last Week	2017-2019 Average (Same Week)
Car segments	+1.11%	+0.85%	-0.32%
Truck & SUV segments	+0.58%	+0.60%	-0.38%
Market	+0.76%	+0.68%	-0.35%



## Car Segments



## Truck Segments

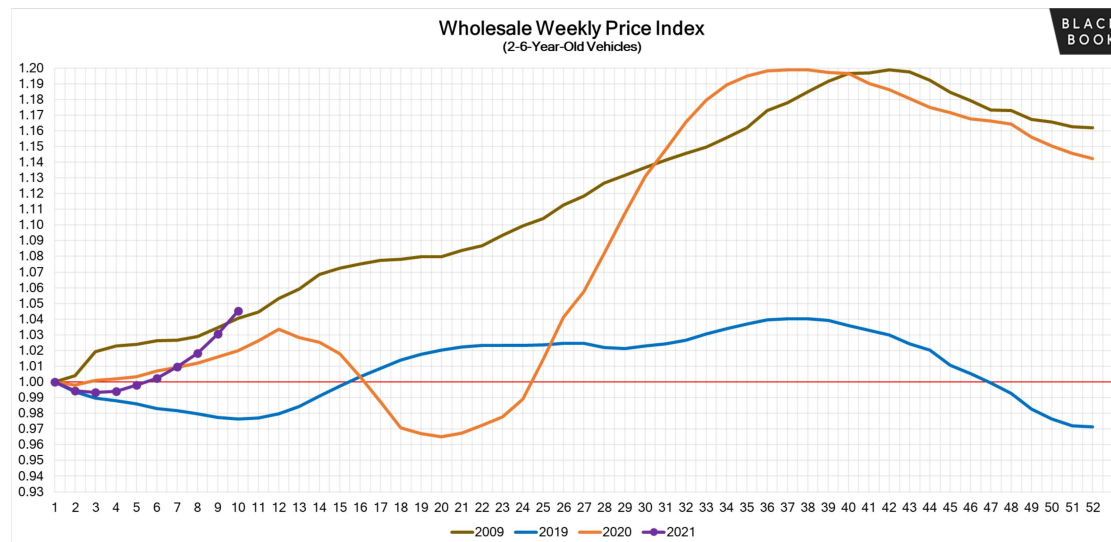


- The Car segments increased the rate of gain to +1.11%, compared to 0.85% the previous week.
- Sporty Cars continue to rise with a third consecutive week of the highest level of weekly increase among the reporting segments.
- The mainstream Car segments (Sub-Compact through Full-Size) all had gains this past week in excess of +1.00%.
- The luxury segments are slowly showing growth. The Near Luxury Car segment had the largest weekly luxury car segment increase this past week at +0.78%, compared to +0.43% the week prior.

- The Truck segments had unseasonable gains again this past week, but the rate of gain remained stable with the prior week.
- The Sub-Compact Crossover segment increased +1.23%. The previous week it took home the top spot for largest Truck segment increase at +1.39%.
- The luxury SUV segments are seeing increases, but the weekly gains are staying much smaller than the mainstream segments. All luxury crossover/SUV segment increases were well below +0.50%, a sharp contrast to the larger increases experienced by the mainstream segments.

### Weekly Wholesale Index

2020 ended with used wholesale prices at elevated levels. With economic patterns (including the automotive market) driven by the pandemic, normal seasonal patterns (e.g. 2019 calendar year) in the wholesale market were not observed for most of the year. We saw a similar picture in 2009, at the end of the Great Recession. It appears that 2021 will not have typical seasonality patterns. So far, Spring market arrived about 7 weeks earlier and with much stronger price increases compared to a typical pre-COVID year. Graph below looks at trends in wholesale prices of 2-6-year old vehicles, indexed to the first week of the year.

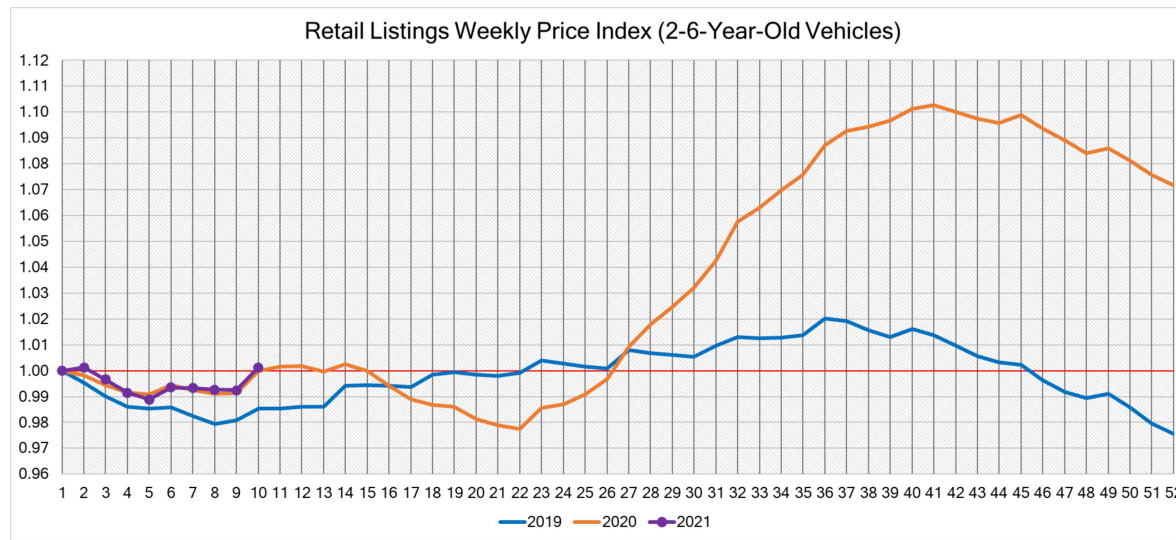


## Retail (Used and New) Insights

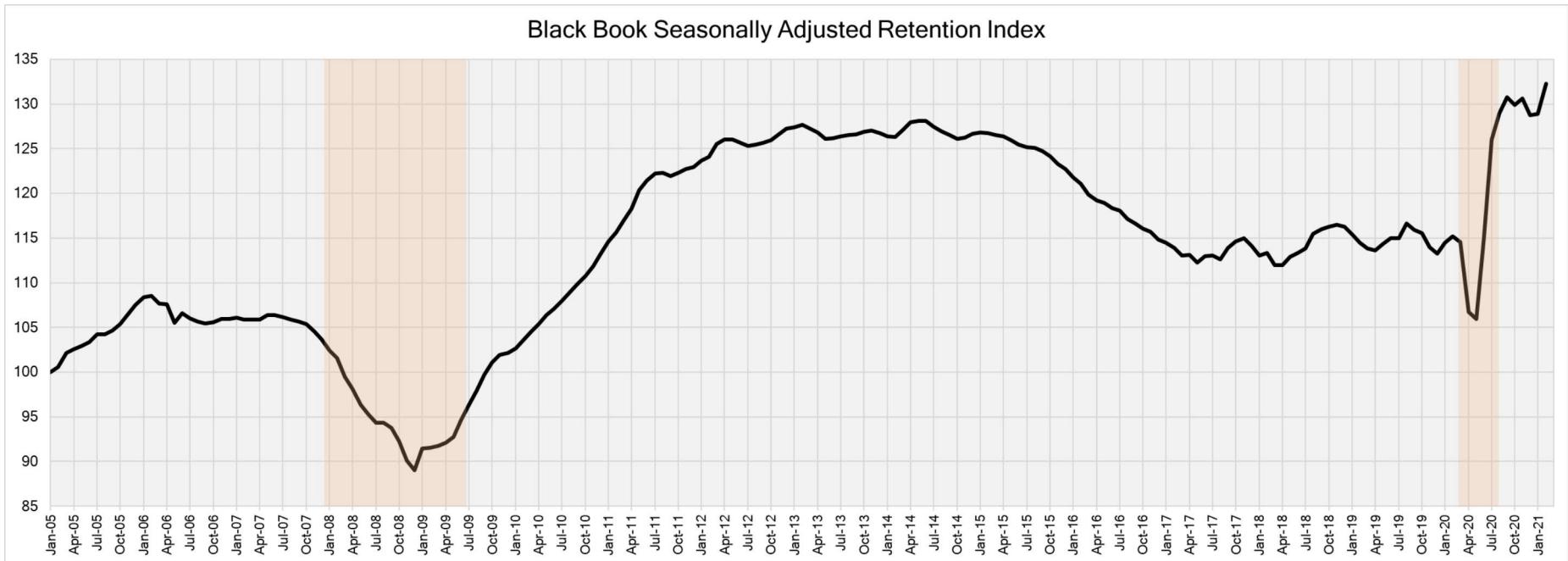
- New car manufacturing has had a tough start to 2021 as a result of the global microchip shortage, extreme winter weather, and an earthquake in Japan. Now it is reported there is a new challenge on the horizon. Due to the winter weather a few weeks ago, there is the potential for a shortage of foam used in vehicle seats. It is estimated that some OEMs could see impacts on production as early as this week.
  - The microchip shortage continues to cause troubles with GM announcing they were extending some of their production shutdowns as a result of the shortage; this time the extension pushes the closures into April.
- Recently, many OEMs have been announcing their plans for an electrified future. Last week, delivery giant, FedEx, joined in the announcements, with their plans to be all-electric by 2040.
- This week we will finally get a view at the all-new 2022 Jeep Grand Wagoneer, set to be revealed on Thursday, March 11<sup>th</sup> at noon EST.

## Used Retail Prices

With the proliferation of 'no-haggle pricing' for used-vehicle retailing, asking prices accurately measure trends in the retail space. Retail demand slowed down leading up to the December holidays, and thus resulted in declining retail asking prices over the last several weeks of 2020. As demand rebounded in January, retail prices seemed to lag wholesale prices - retail asking prices continued to decline throughout January and remained stable in February. This analysis is based on approximately two million vehicles listed for sale on US dealer lots.



## Monthly Retention Index



February was another record-breaking month, with the Retention Index reaching 130 points for the first time. All segments saw an increase in the Index with Full-Size pickups leading the way - that segment stands at 23% higher than it was in February of 2020.

The purpose of Black Book Wholesale Used Vehicle Retention Index is to provide an accurate and unbiased view of the strength of used vehicle wholesale market values. The Index is calculated using Black Book's published Wholesale Average value on 2- to 6- year old used vehicles, as a percent of original typically equipped MSRP. Black Book's Wholesale Average is a benchmark value for used vehicles selling in the wholesale auctions with the vehicle quality in Average condition. The Index is weighted based on registration volume and adjusted for seasonality, vehicle age, mileage, condition, and inflation (MSRP).