



# KEY **TRENDS** OF 2019 Q2 Update

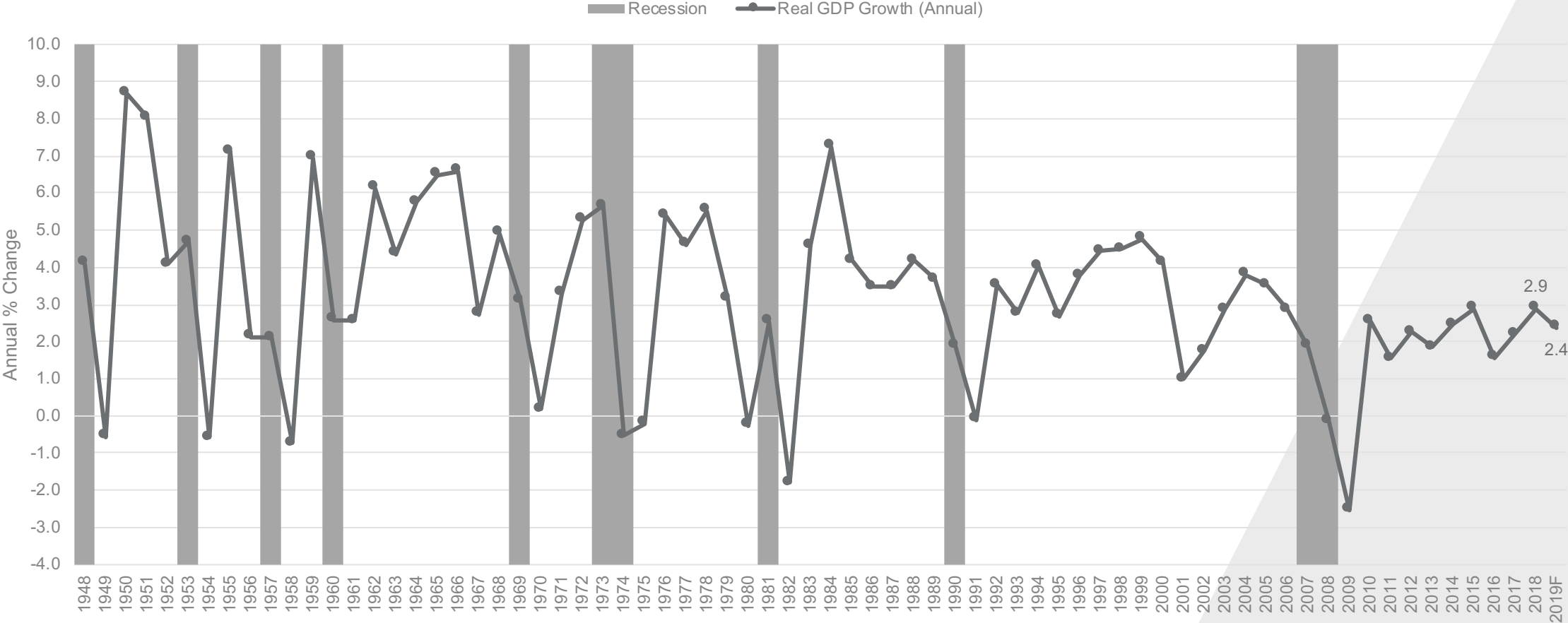
Jonathan Smoke | Chief Economist, Cox Automotive

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# ECONOMIC GROWTH SLOWS AS HEADWINDS MOUNT

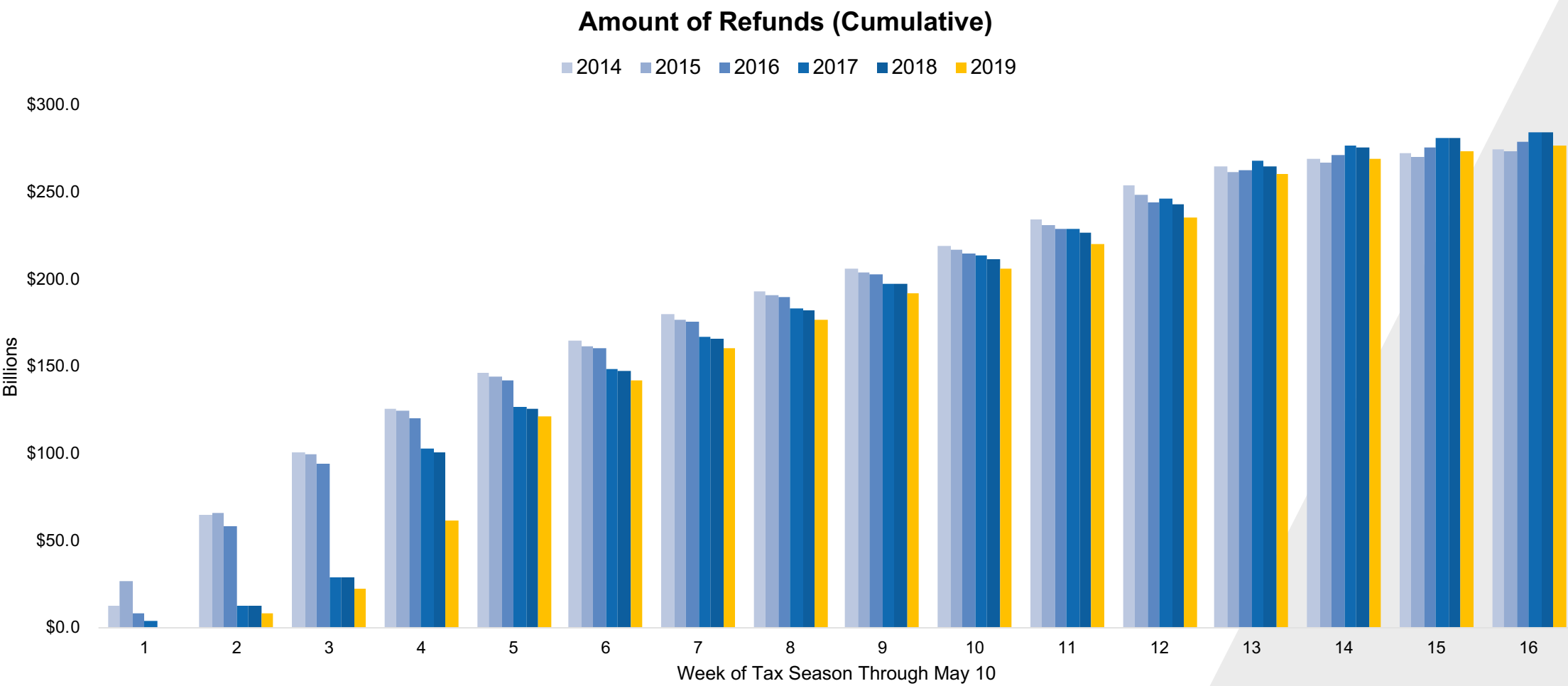
Real GDP growth will slow to no more than 2.4% in 2019 while risk of recession grows

US ECONOMIC GROWTH SINCE WORLD WAR II



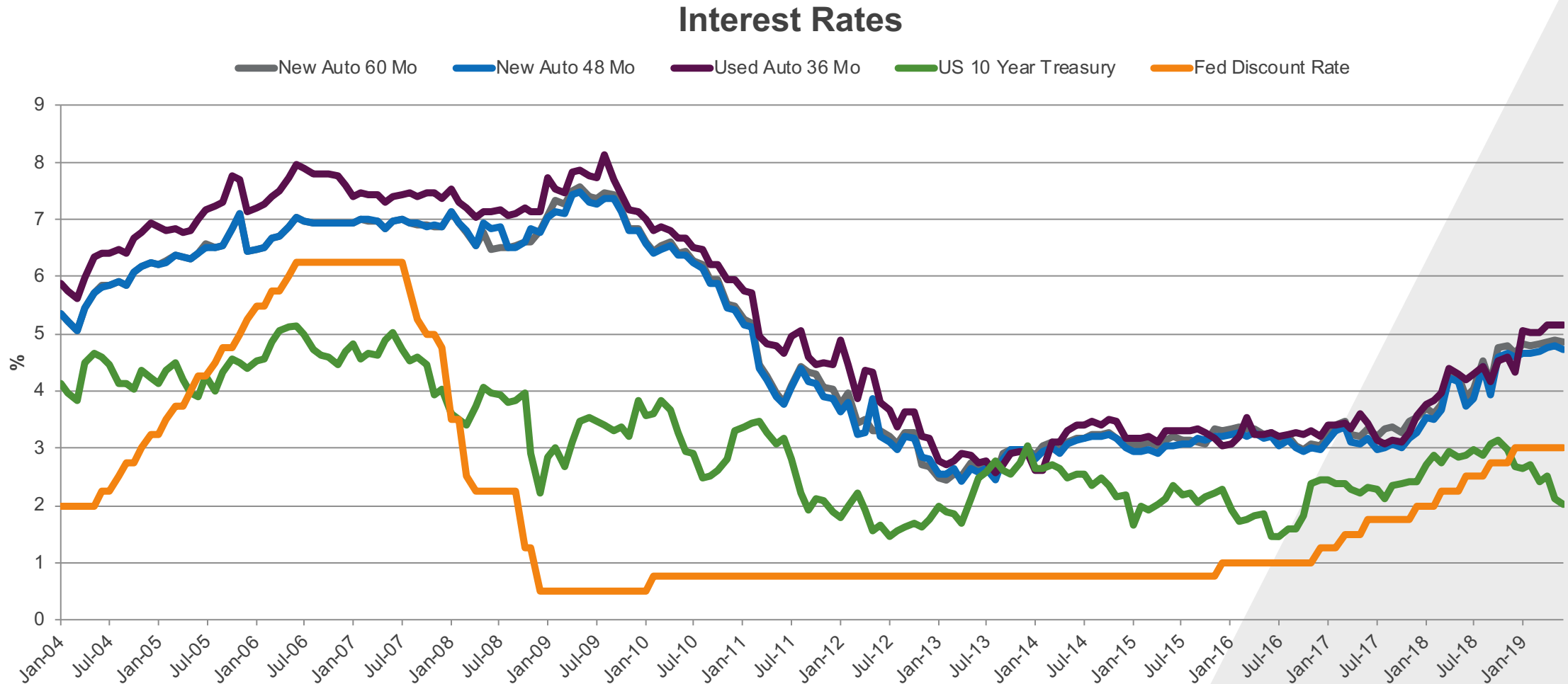
# SLOWER AND LOWER TAX REFUNDS

Total refunds in 2019 are down \$7.5 billion or 2.7% and the average refund is down 1.7%



# “BEST AVAILABLE” AUTO RATES **HAVE NOT DECLINED**

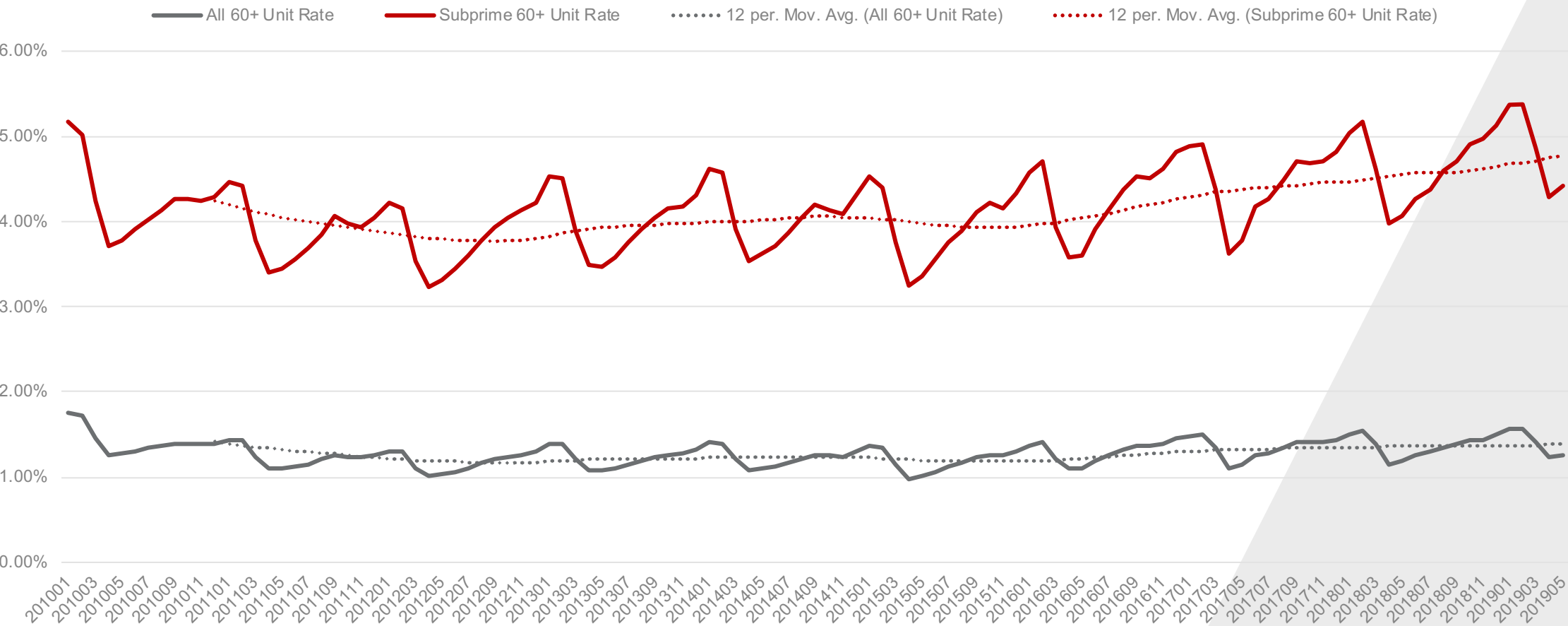
Since October, auto rates are higher by 11 basis points even though Treasury yields have declined by 114BPs



# SUBPRIME AUTO LOANS HAVE RISING DELINQUENCY RATE

Subprime delinquency rate ticked back up in May and remains higher y/y and highest rate for May since 2010

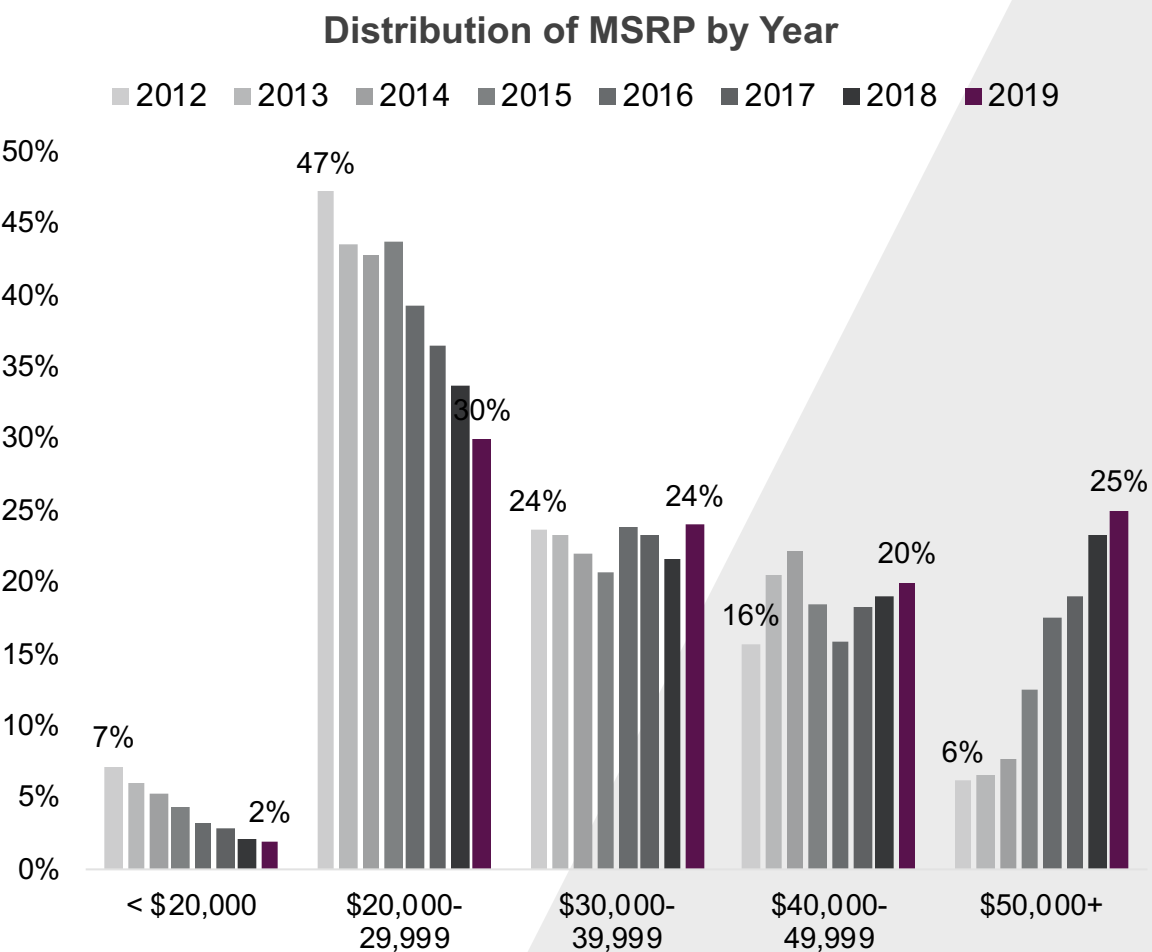
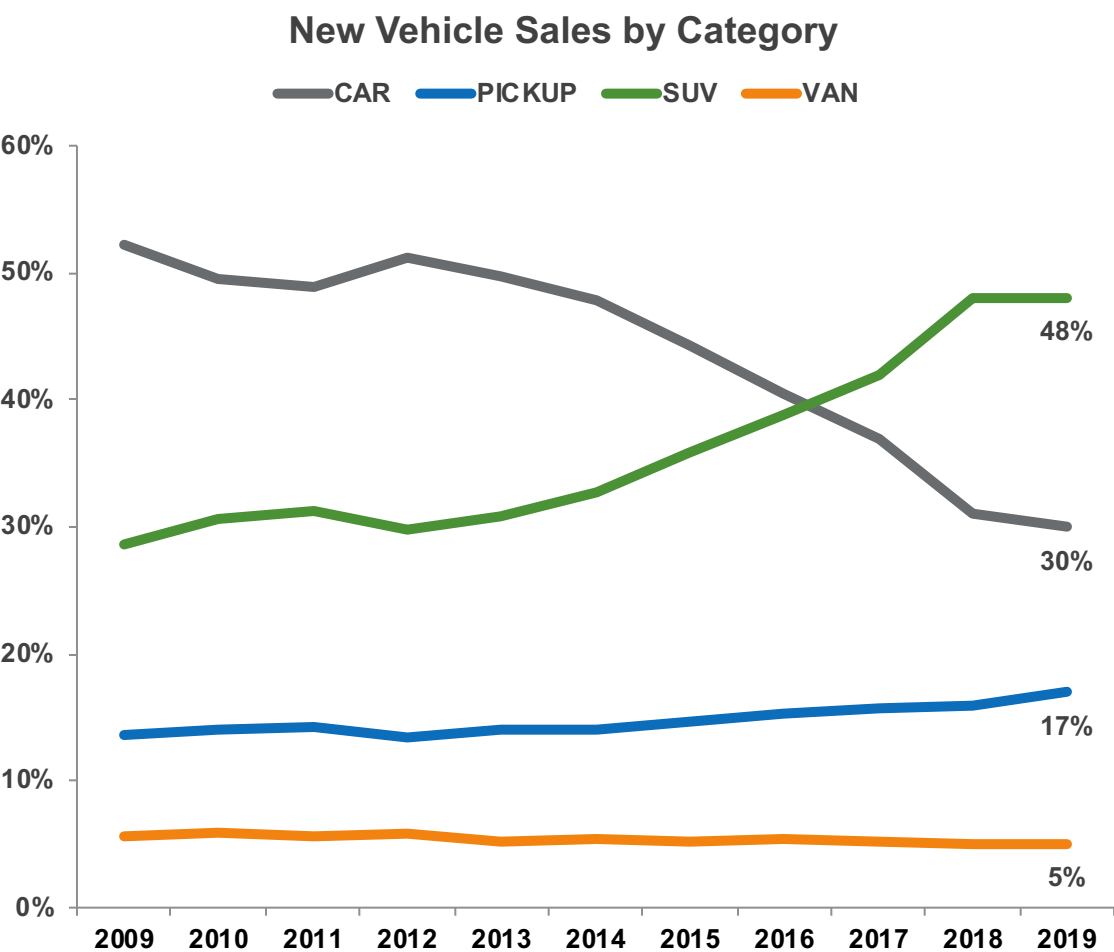
AUTO LOAN SEVERE DELINQUENCIES UNIT RATE



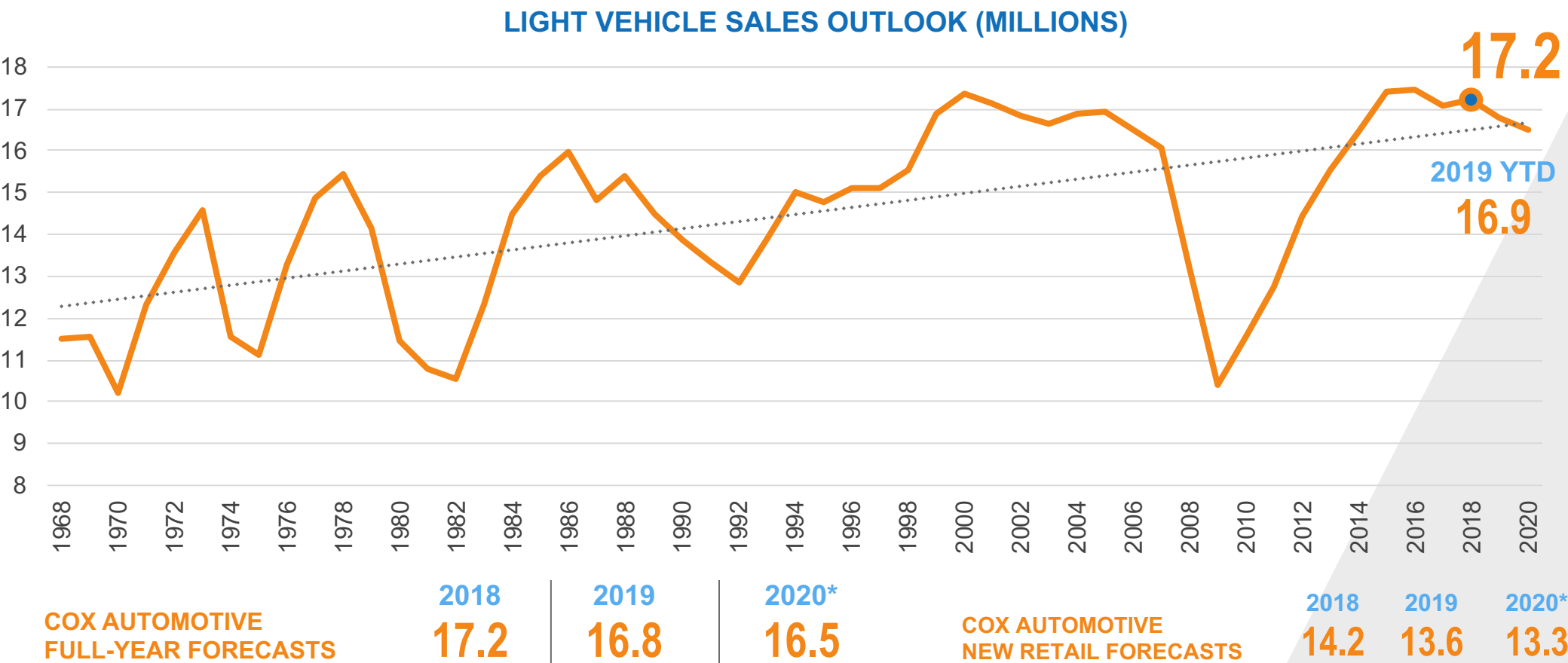


# DECLINE OF CARS SLOWS, BUT AFFORDABILITY WORSENS

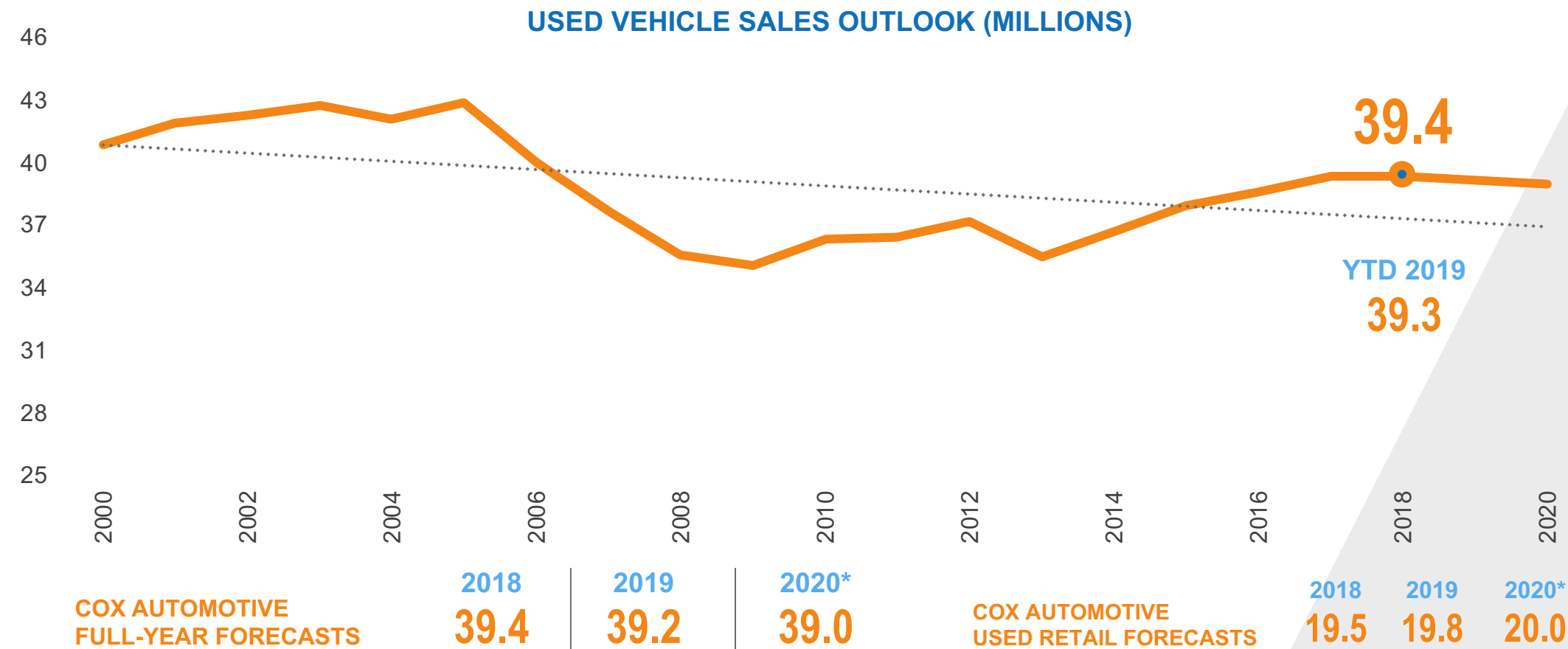
The SUV has not gained share so far in 2019 as car share decline slowed



# NEW VEHICLE SALES RESUME MODERATE DECLINE TREND



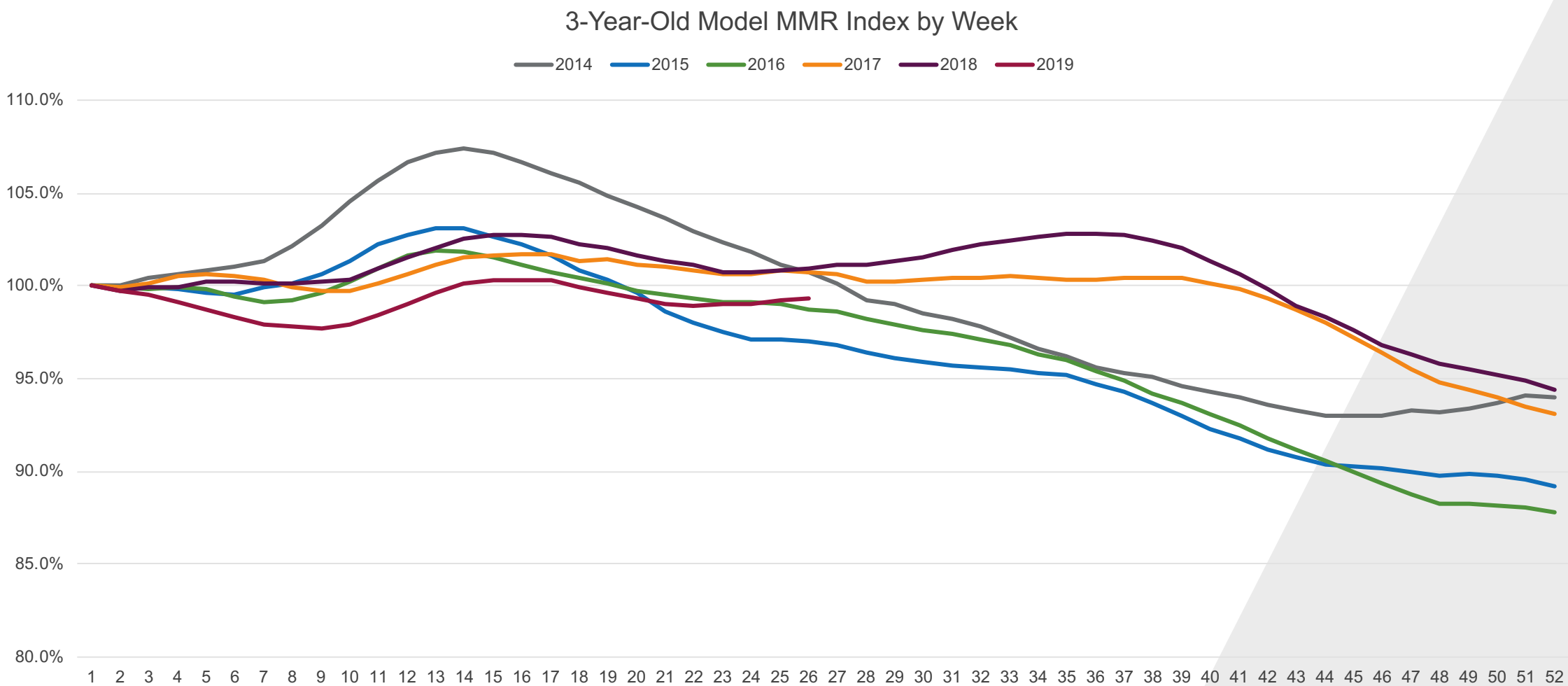
# USED VEHICLE SALES DECLINE MARGINALLY IN TOTAL BUT RETAIL GROWS





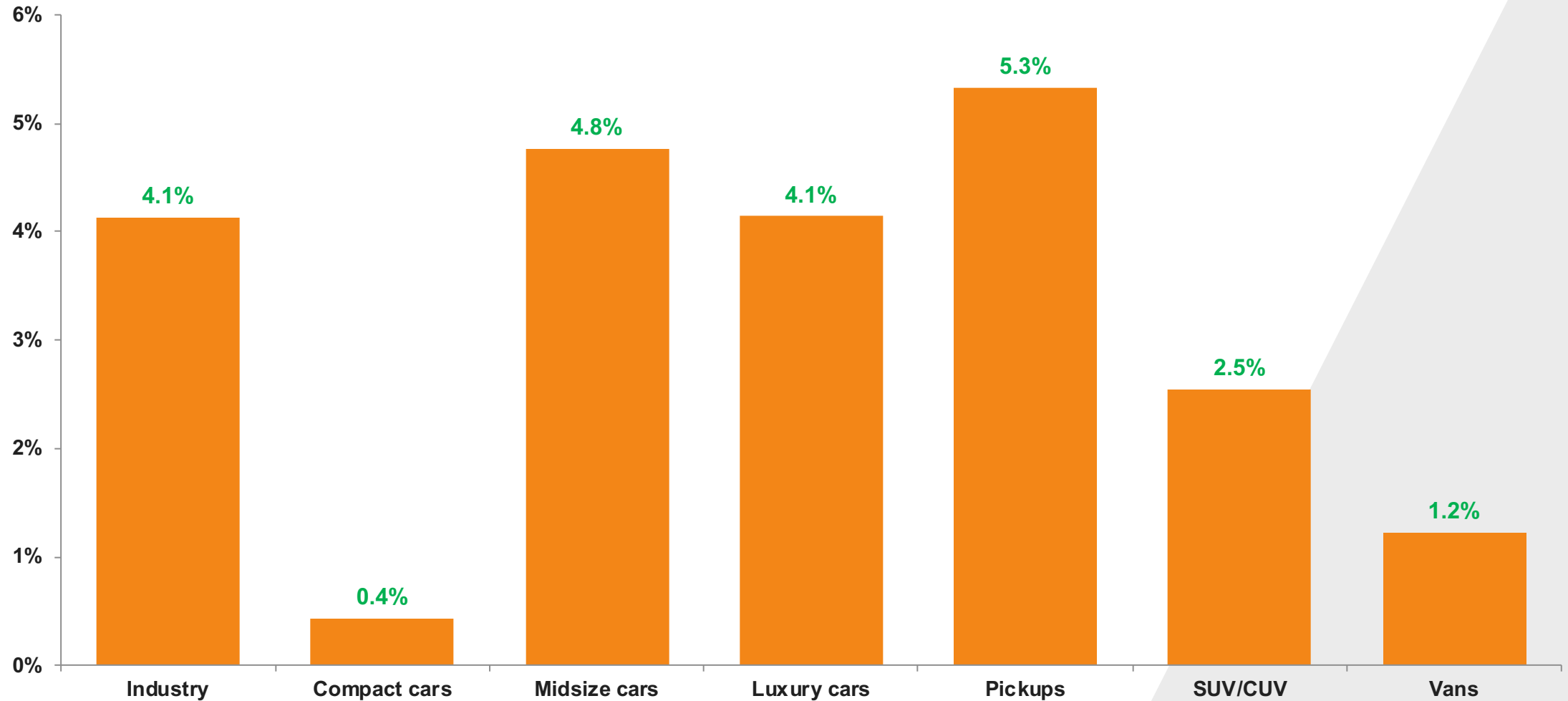
# 2019 WEEKLY PRICE TREND NOW LOOKING LIKE LAST TWO YEARS

Much higher than normal depreciation for start of year, then strong spring bounce, and now low appreciation



# MID-SIZE CARS AND PICKUPS OUTPERFORMING OTHER SEGMENTS

PERCENT CHANGE IN MANHEIM INDEX YEAR-OVER-YEAR JUNE 2019



# TARIFF ACTIONS & KEY DATES

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Ratification of USMCA (ITC Report Delivered)

Immigration Related Tariffs on Mexico

Section 232 Tariff on Imported Autos and Parts  
(Action on EU and Japan Postponed to Nov. 18)

China Trade Deal (March 4; TBD)

EU Trade Deal

Japan Trade Deal

UK Trade Deal Post Brexit?

