

US
AUTO
INDUSTRY

CHARTBOOK

4Q 2017



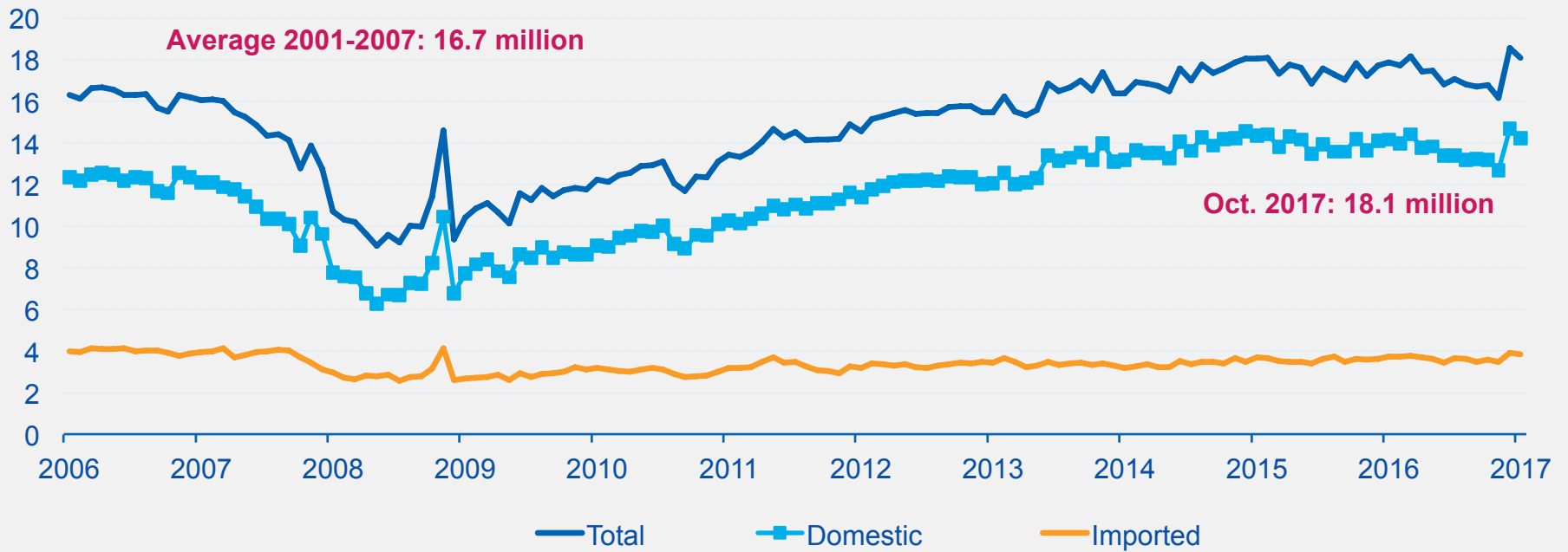
- The replacement of vehicles damaged or destroyed by recent hurricanes boosted auto sales in September and October
- However, after the one-time effect of hurricanes recedes, sales of new vehicles are likely to return to a more modest path due to rising interest rates and lower prices of pre-owned units
- Increasing off-lease returns are expected to continue exerting downward pressures on sales and prices of new cars and trucks
- Leasing could wane as the industry struggles with lower terminal values and a glut of pre-owned units, creating opportunities for traditional auto lending
- The shift to light-trucks has kept transaction prices high, supporting profitability in spite of lower volumes
- Sales of electric vehicles will hit a record in 2017; however, the potential elimination of the \$7,500 tax credit could affect demand in the short-run

SALES



Sales

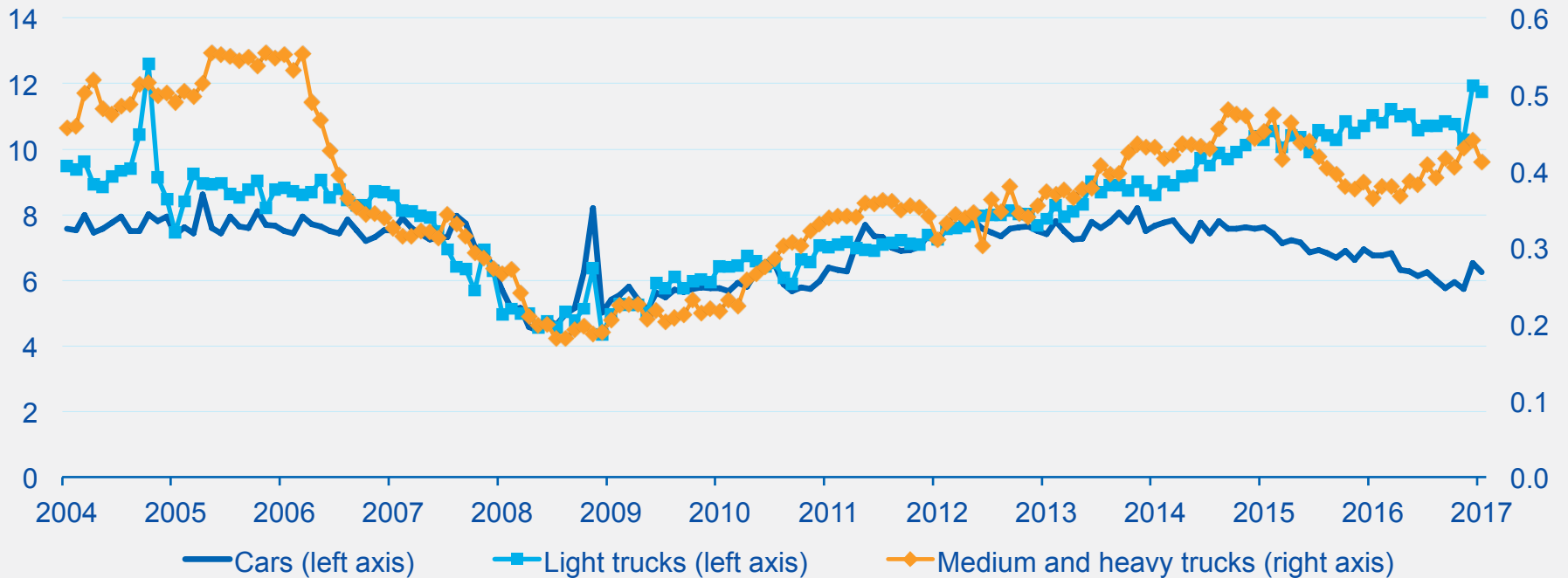
U.S. Total light weight vehicle sales
(SAAR*, million units)



*SAAR = seasonally adjusted annual rate
Source: Haver Analytics

Sales

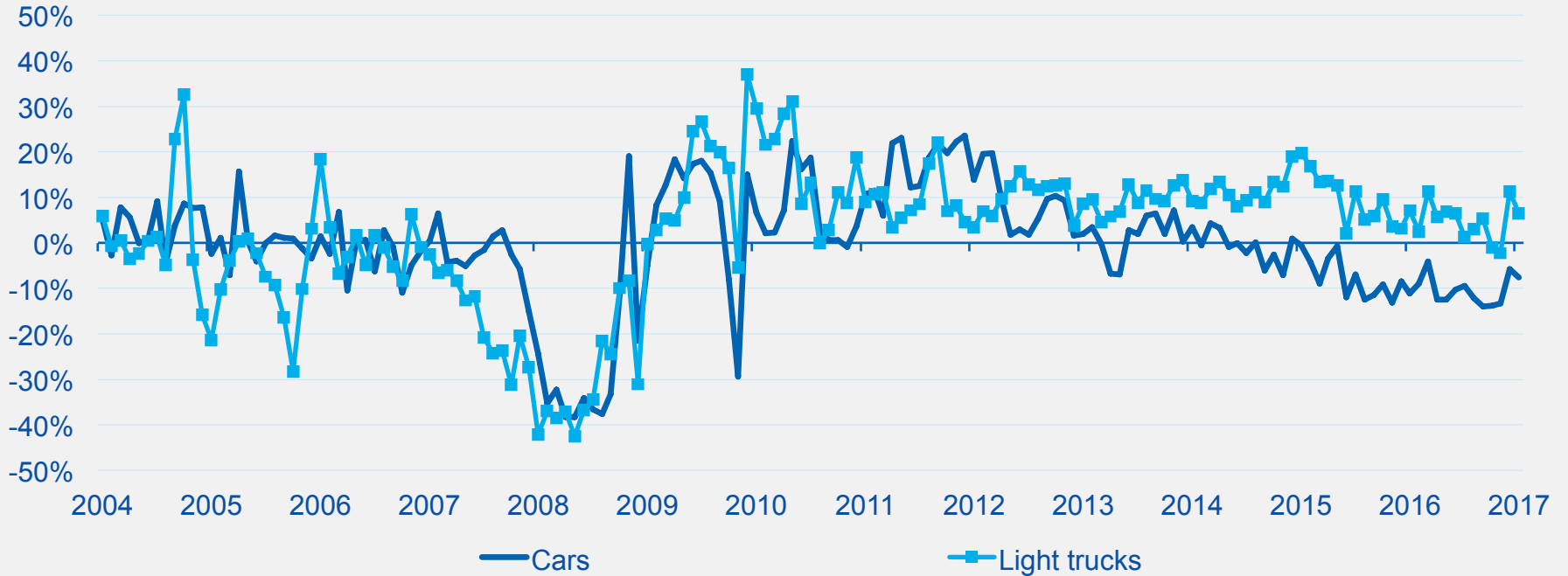
U.S. Total vehicle sales
(SAAR*, million units)



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Sales

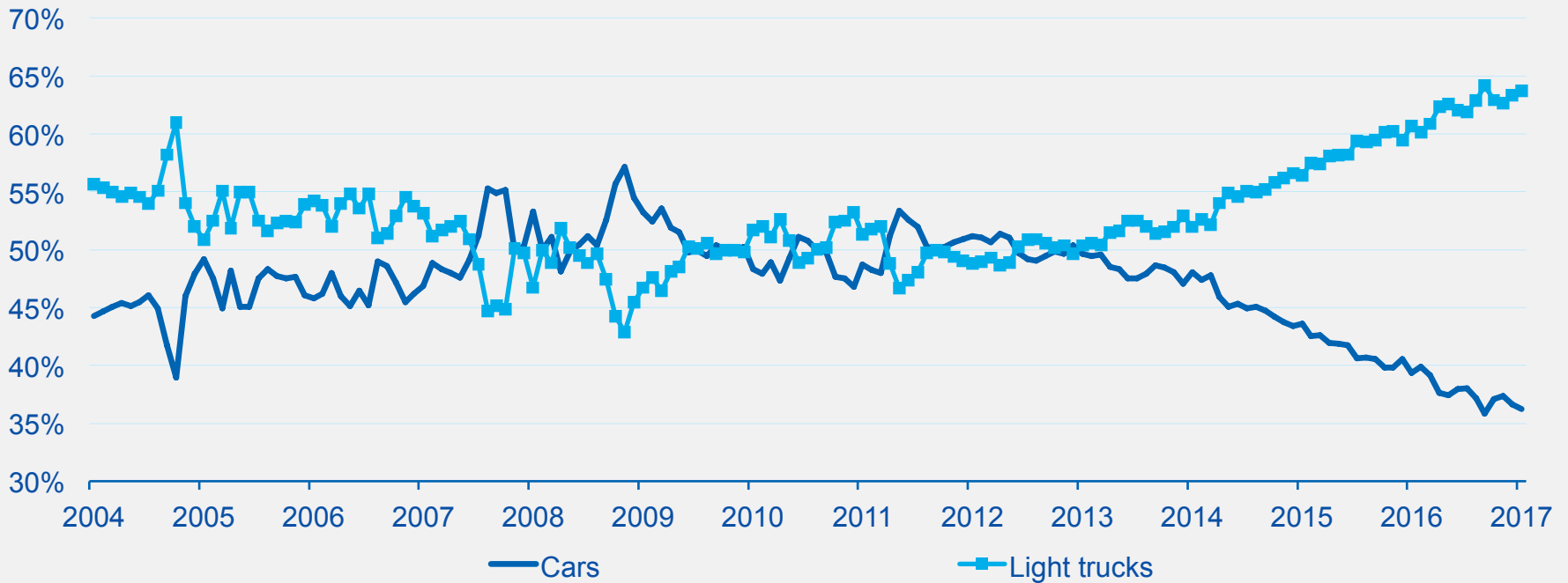
U.S. Total vehicle sales
(yoy % change)



*SAAR = seasonally adjusted annual rate
Source: Haver Analytics

Sales

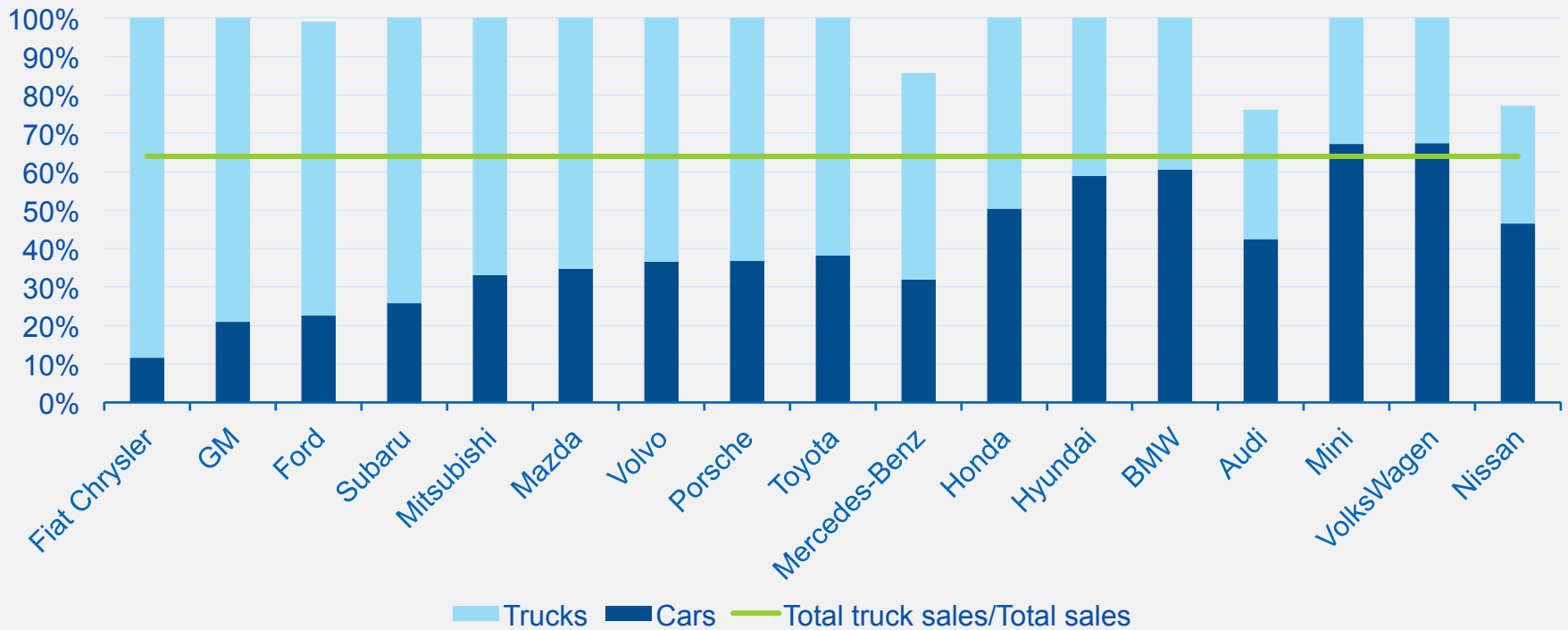
U.S. Total light weight vehicle sales
(share of total)



*SAAR = seasonally adjusted annual rate
Source: Haver Analytics

Sales

U.S. Total light weight vehicle sales by brand
(share of total)



* Source: Bloomberg

Sales

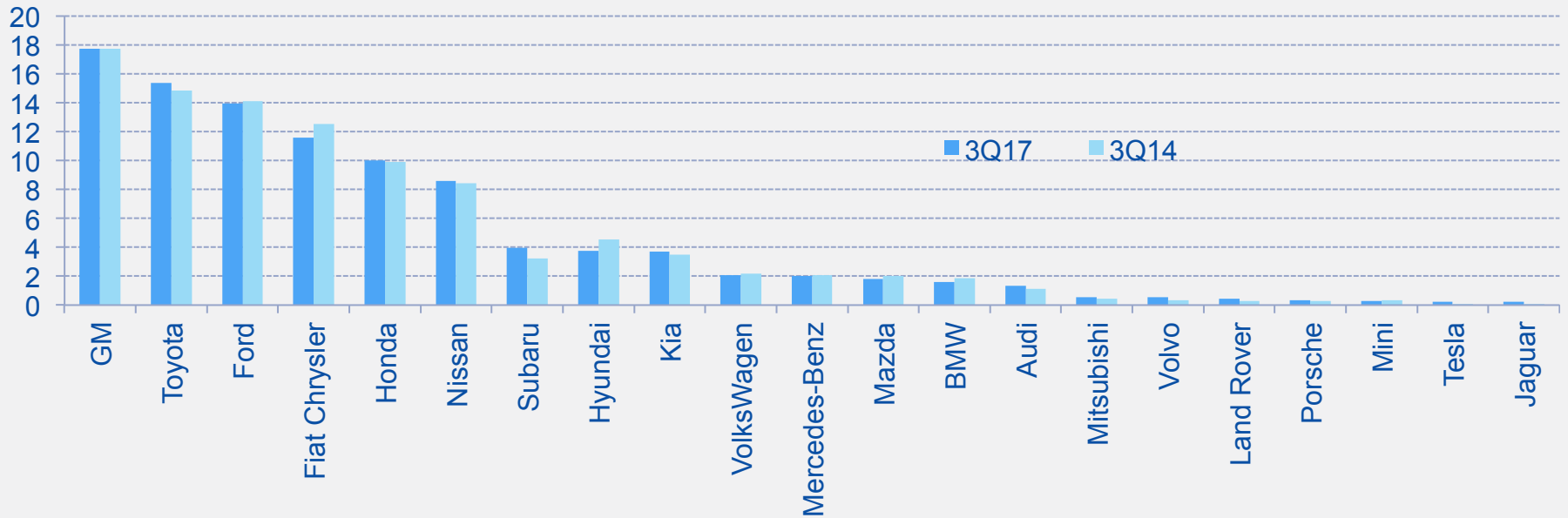
U.S. Domestic auto inventory/sales ratio
(seasonally adjusted)



Source: Haver Analytics

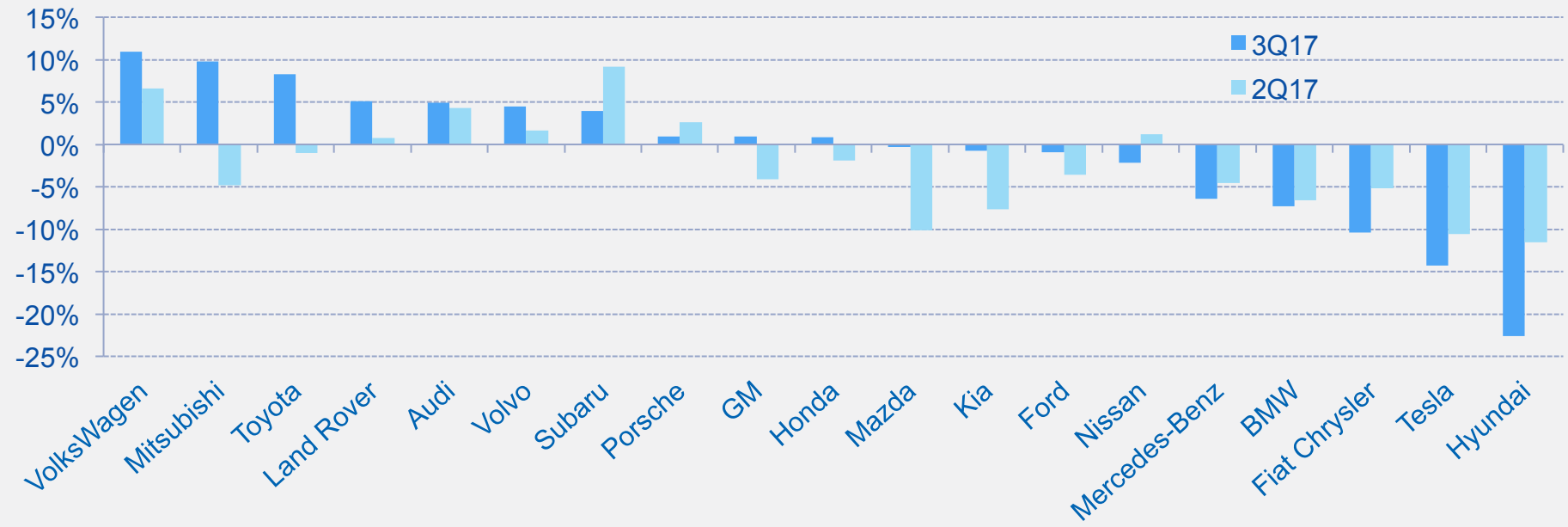
Sales

U.S. Market share by brand
(%)



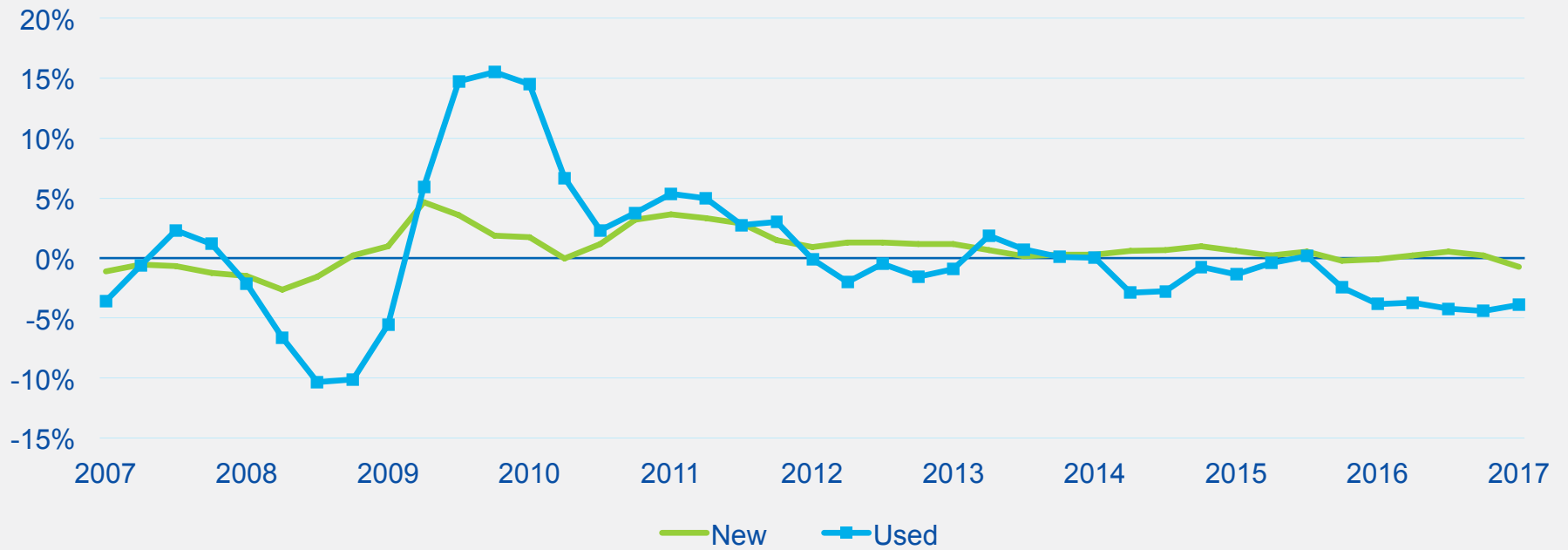
Sales

U.S. Quarterly unit sales
(yoy % change)



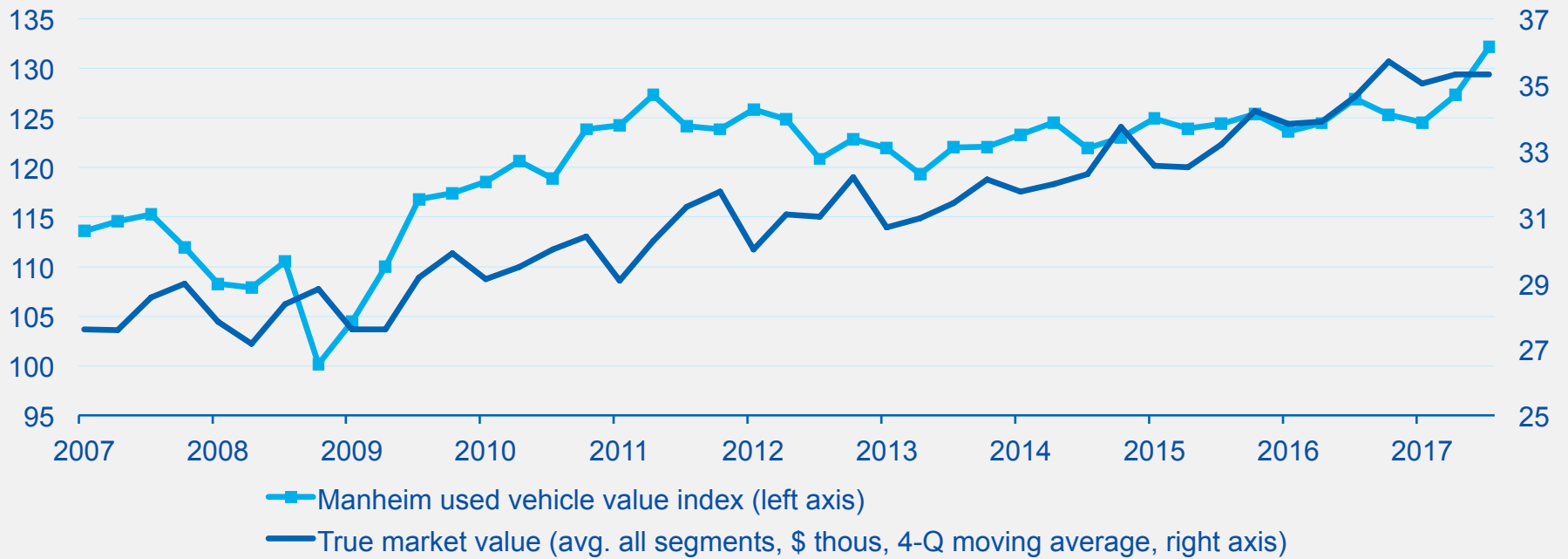
Prices

U.S. Consumer price index: cars and trucks
(yoy % change)



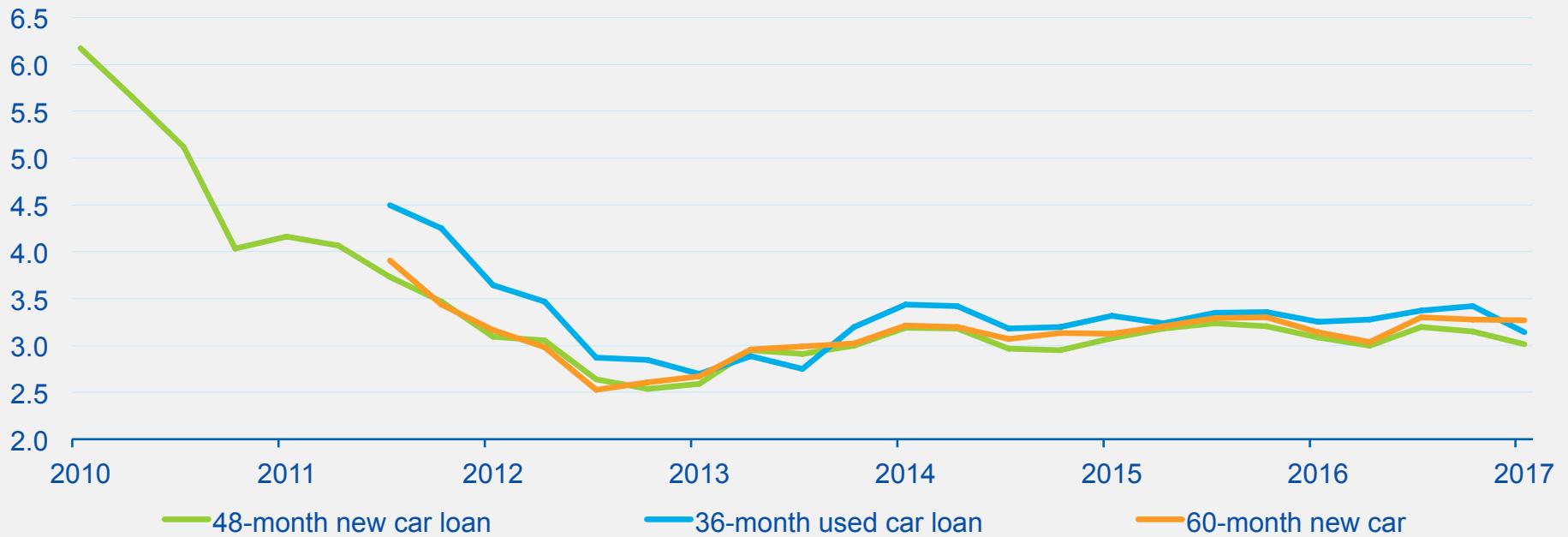
Prices

U.S. Auto prices



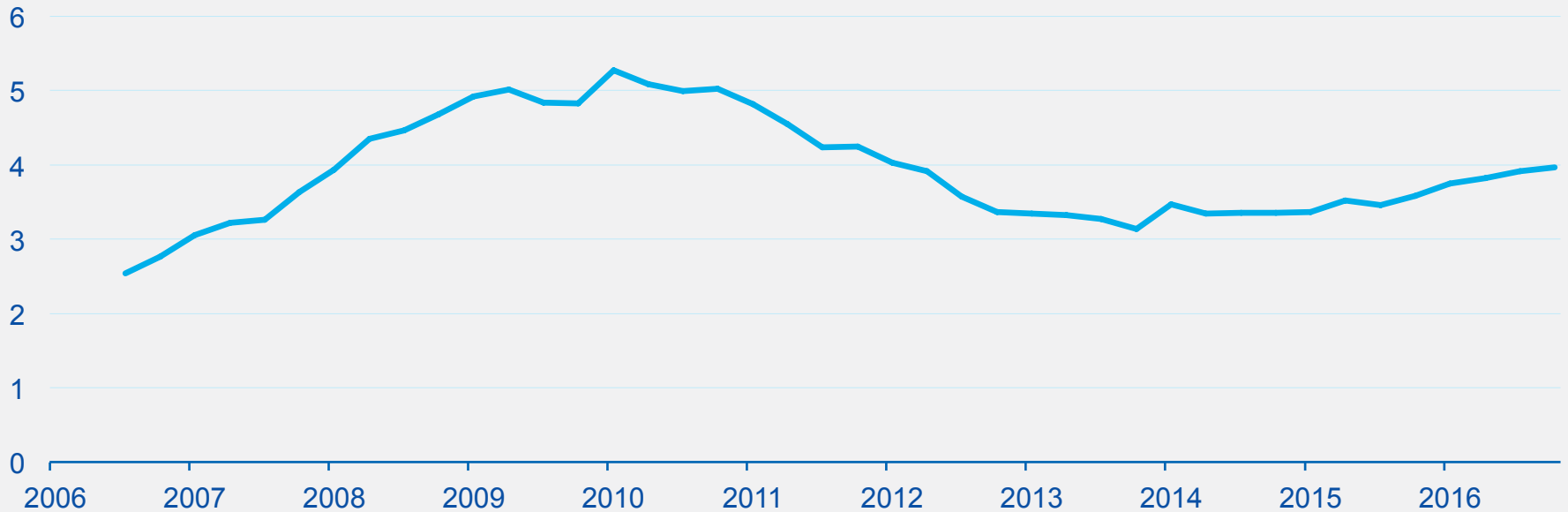
Financing Conditions

U.S. Car loan rates
(%)



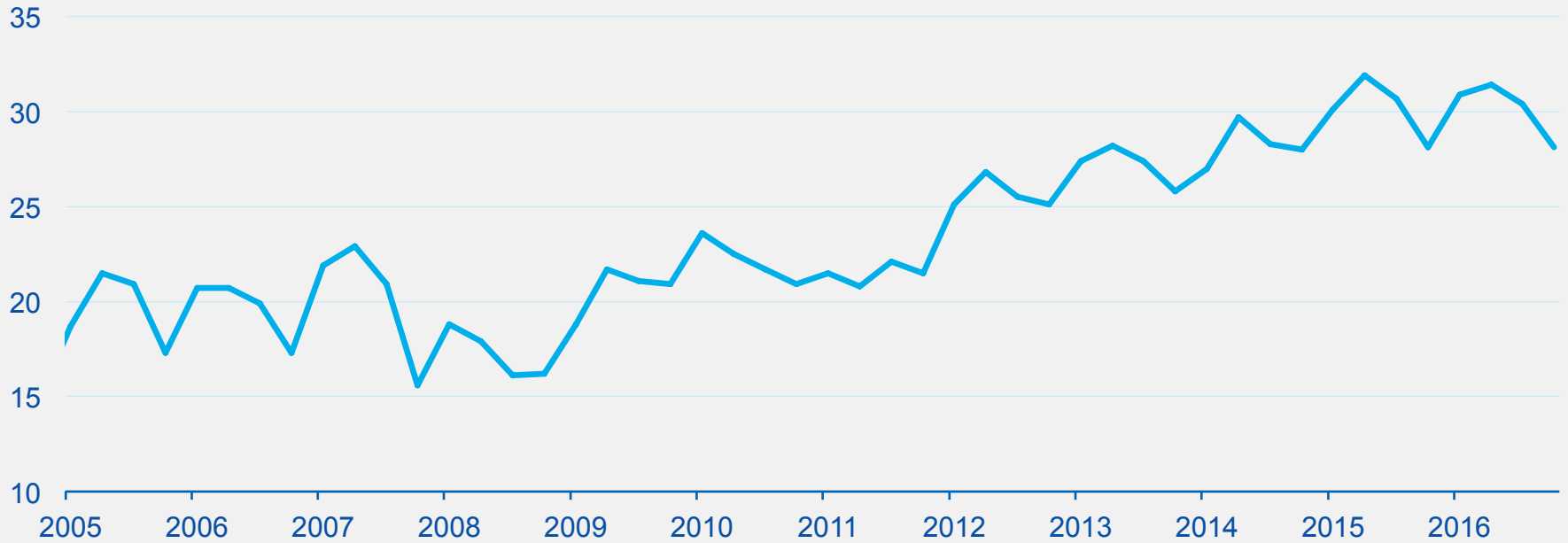
Financing Conditions

U.S. Auto loan 90+ days delinquent
(% of balance)



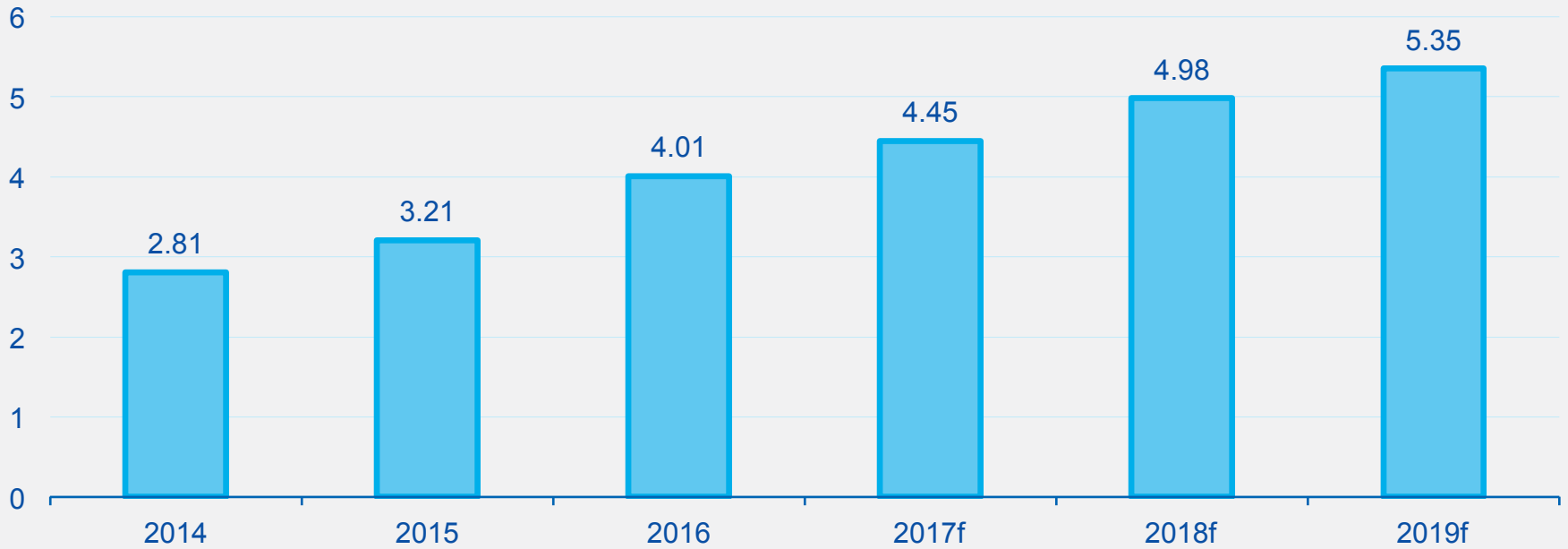
Leasing

U.S. Leasing penetration rate (%)



Leasing

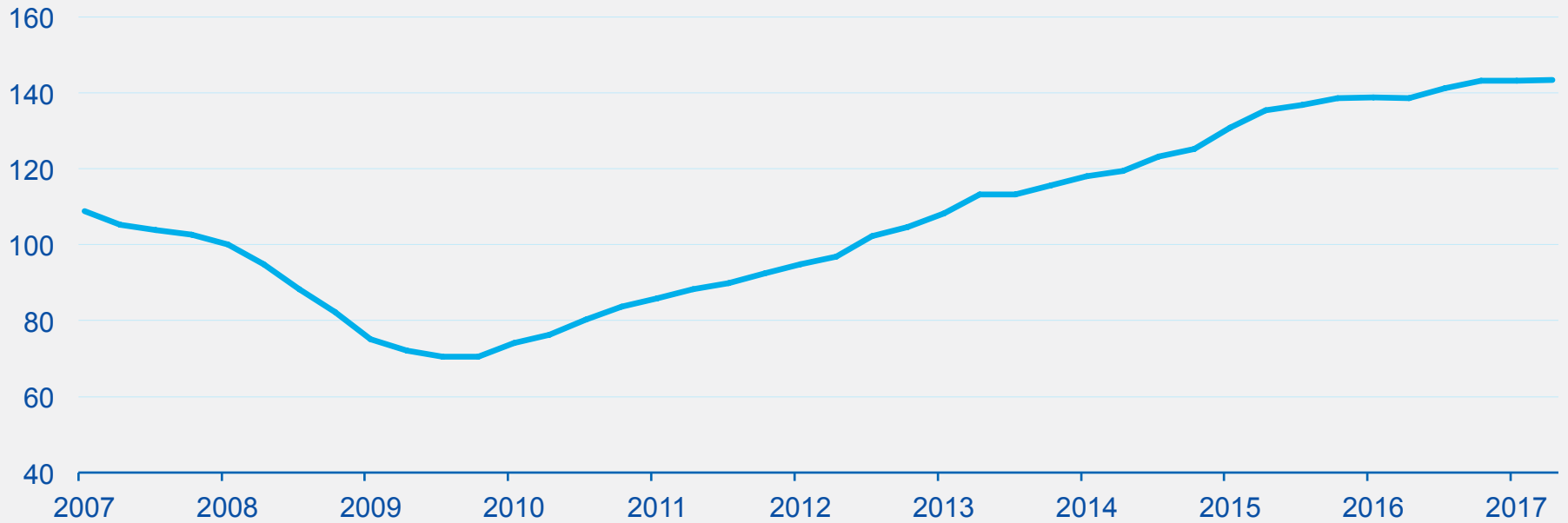
Off-Lease returns and supply*
(Fiscal years, millions units)



*Assumes 36-month lease terms
Source: Bloomberg with data from company filings and Edmunds.com

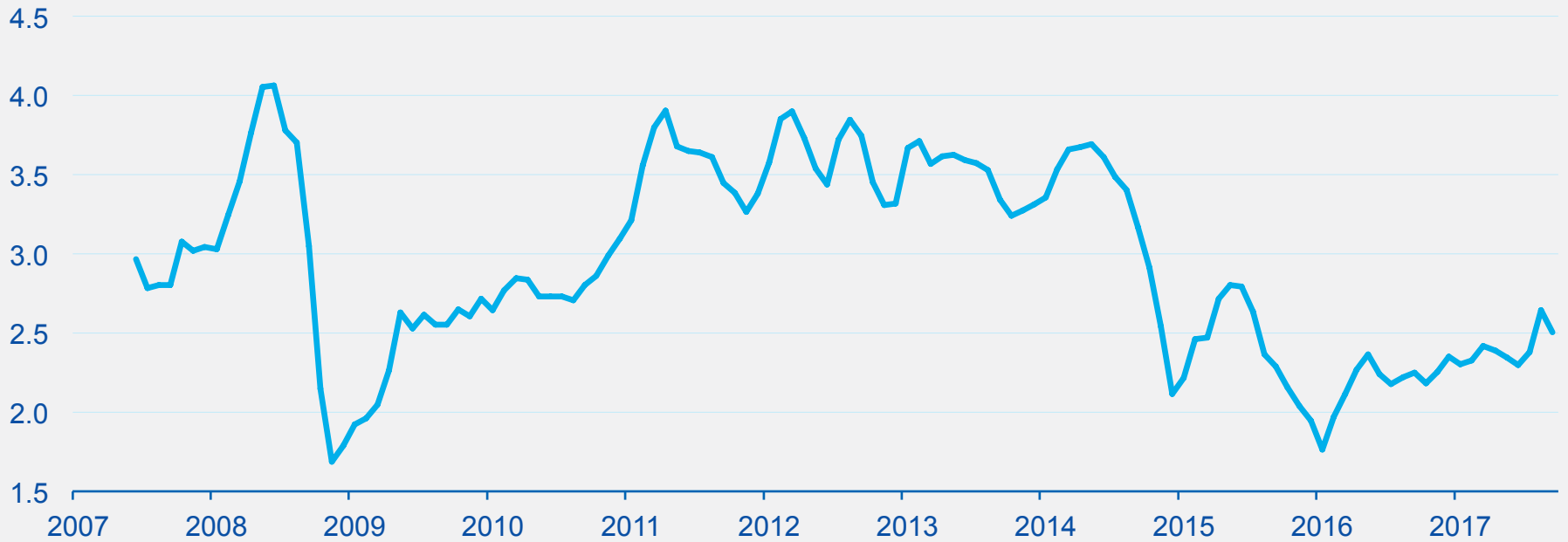
Financing Conditions

U.S. Newly originated installment auto loans
(\$ billion, eop, 4-qtr moving avg.)



Gasoline

U.S. Spot price
(\$/gallon)



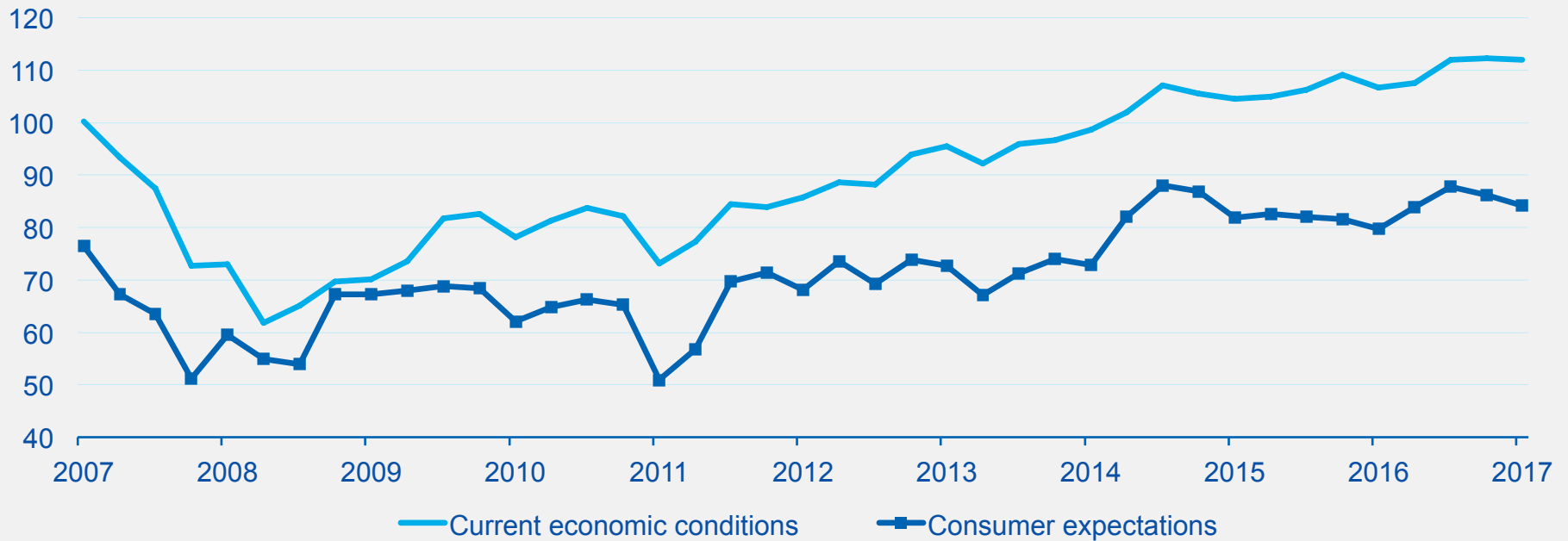
Source: Haver Analytics

CONSUMERS



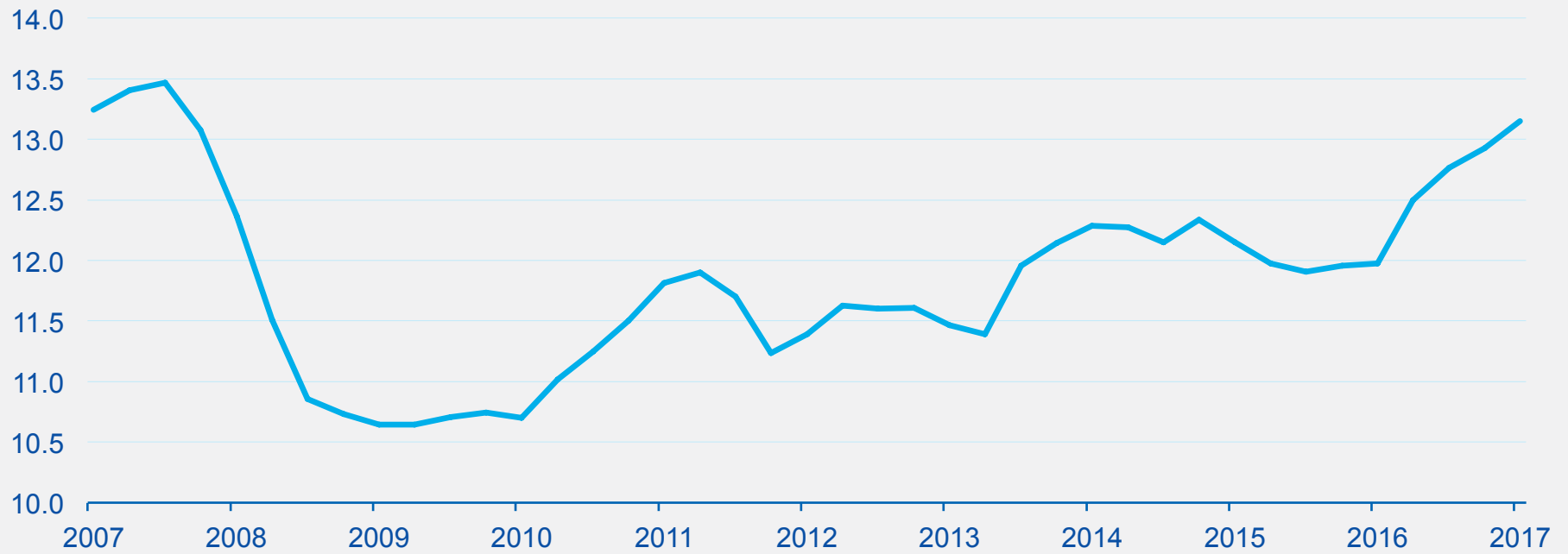
Consumers

U.S. Consumer sentiment index



Consumers

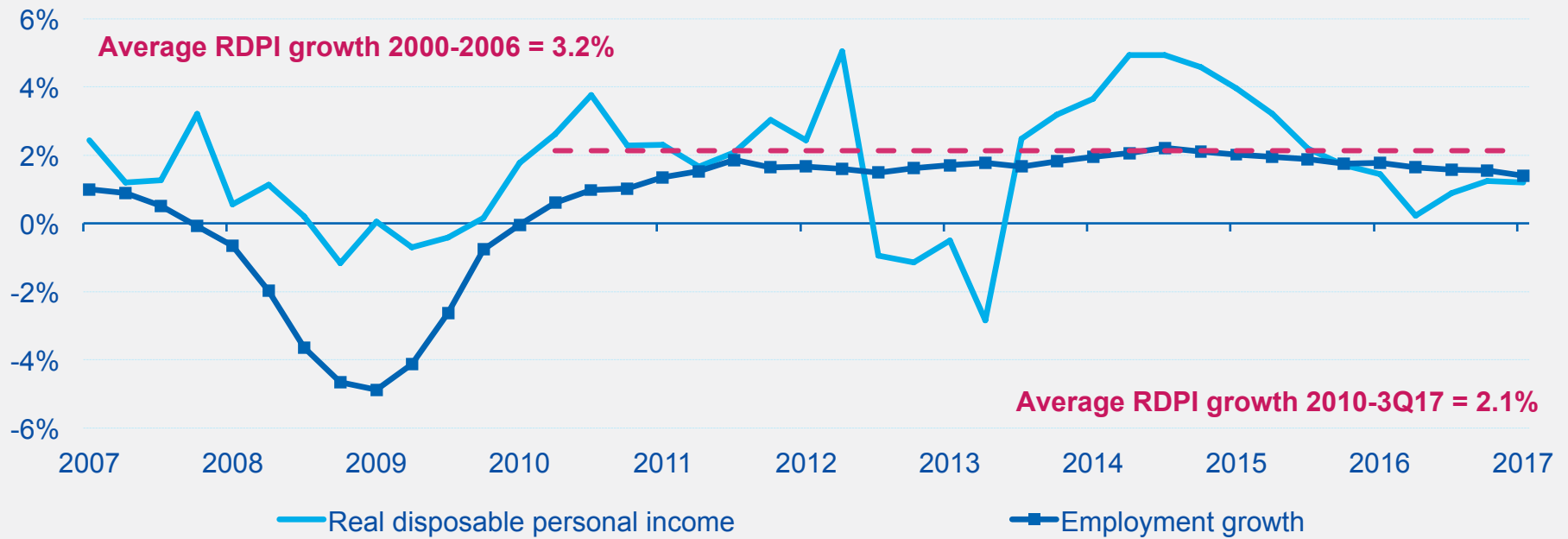
U.S. Plans to buy a car within 6 months
(% of respondents)



Source: Haver Analytics

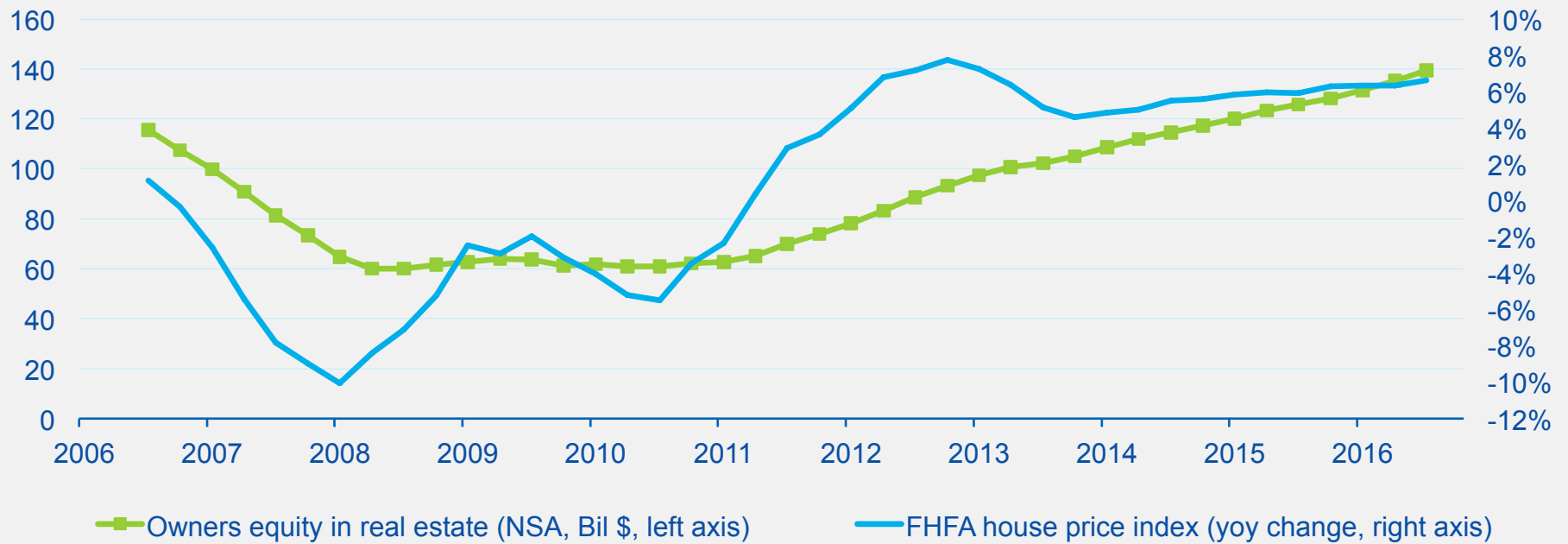
Consumers

U.S. Employment and real disposable personal income
(yoy % change)

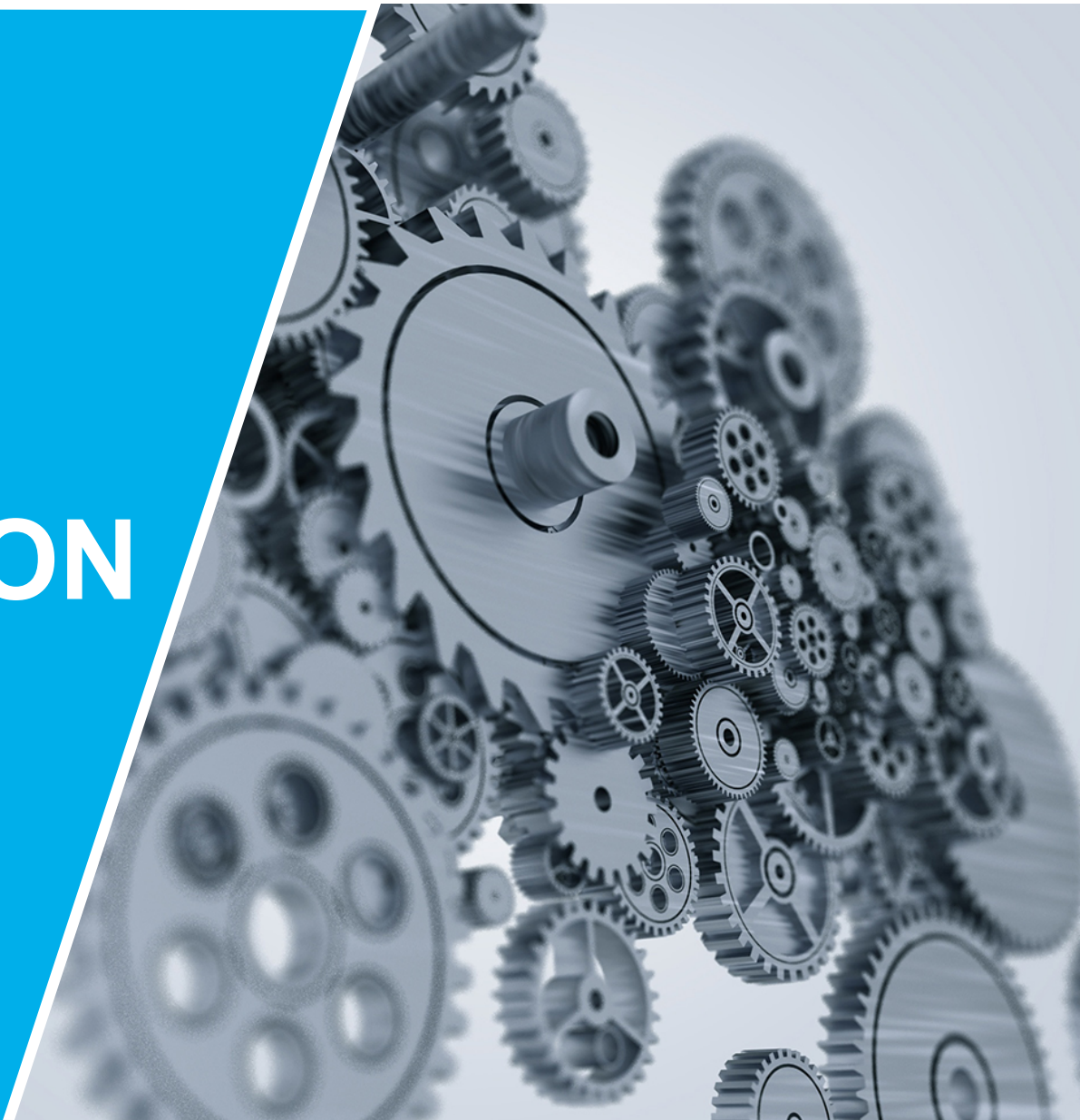


Household Equity

U.S. Household equity and home prices

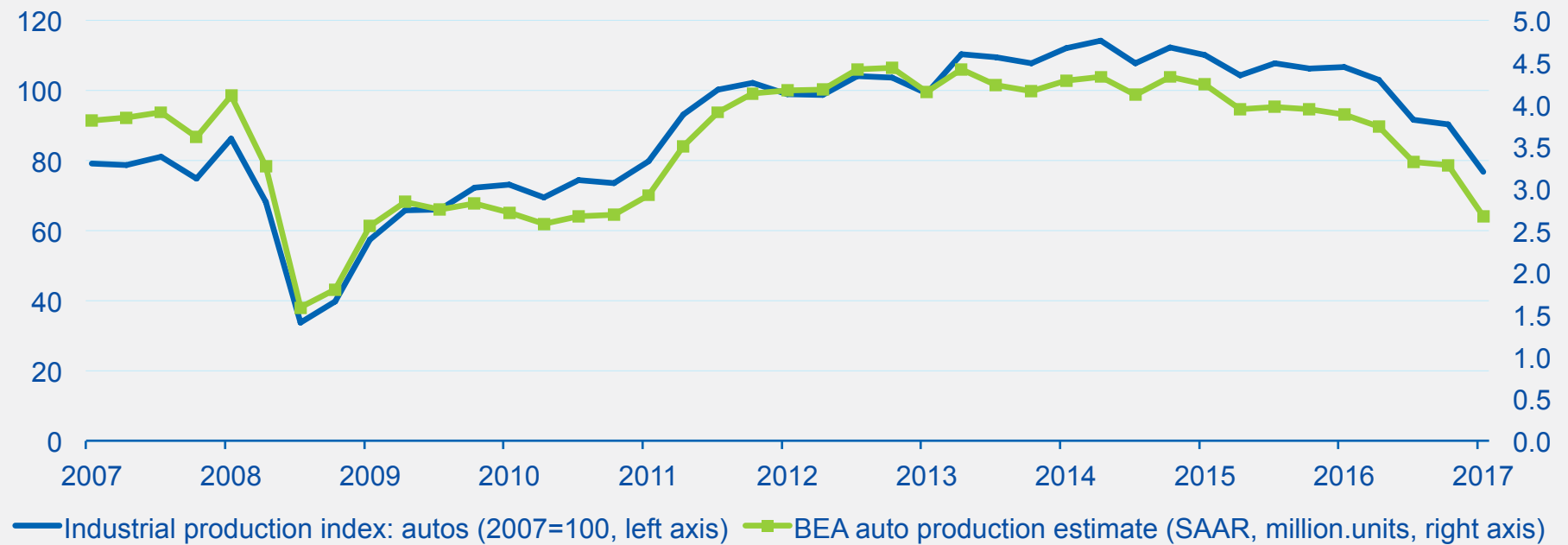


PRODUCTION



Production

U.S. Auto production



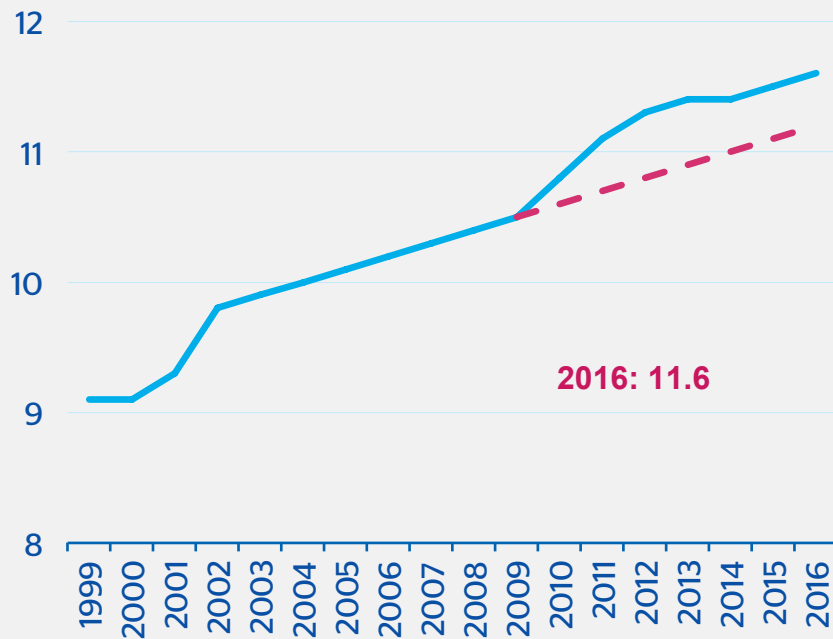
SAAR = seasonally adjusted annual rate, BEA = U.S. Bureau of Economic Analysis
Source: Haver Analytics

STRUCTURAL

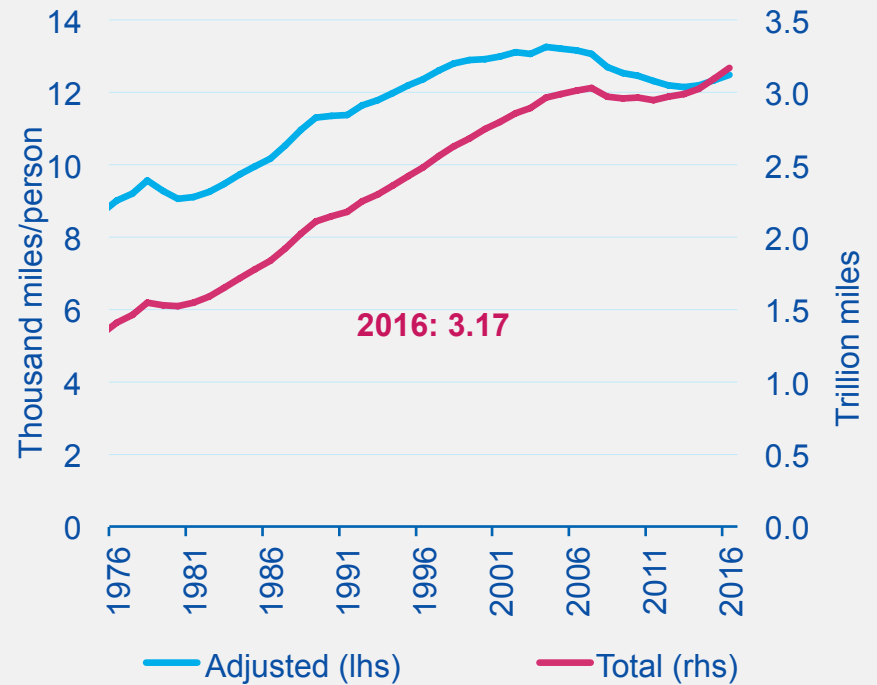


Fundamentals

Mean age of passenger cars in operation
(years)

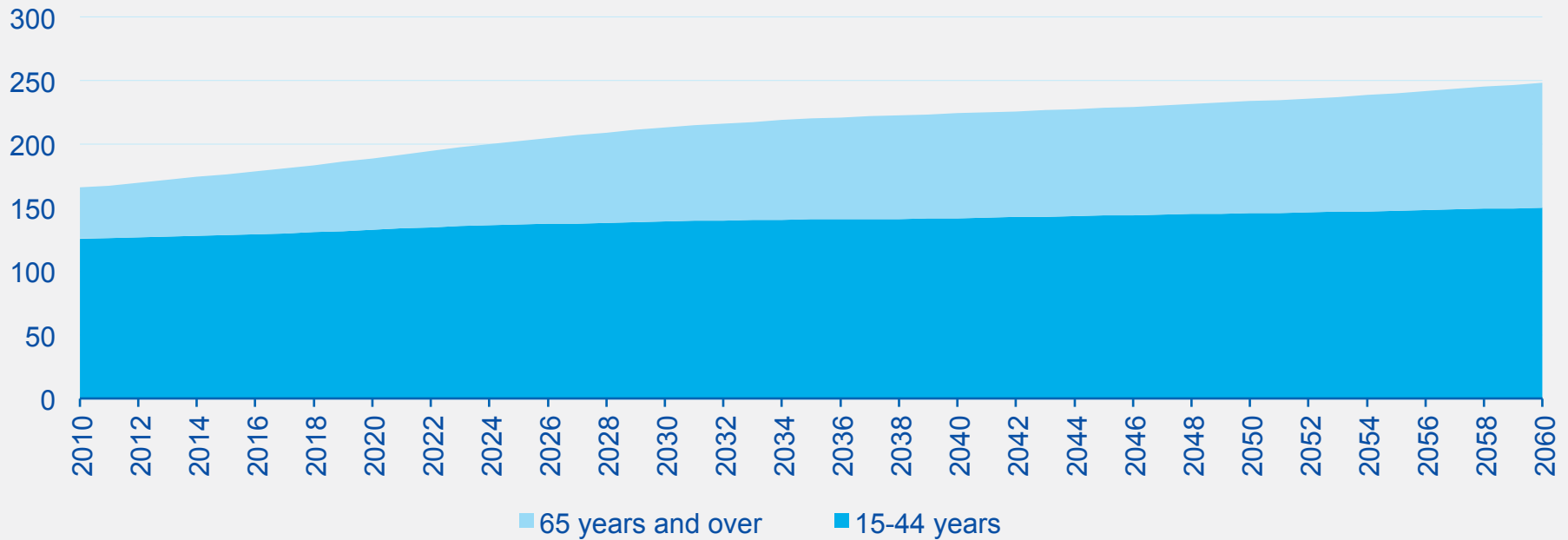


Vehicle miles of travel
(total and adjusted by labor force)



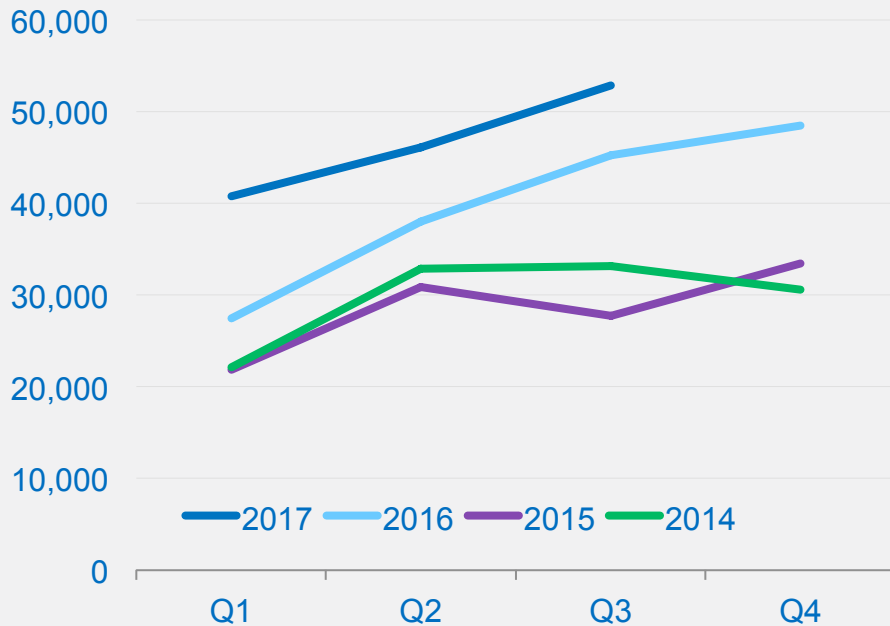
Demographics

U.S. Population projections by age
(millions)

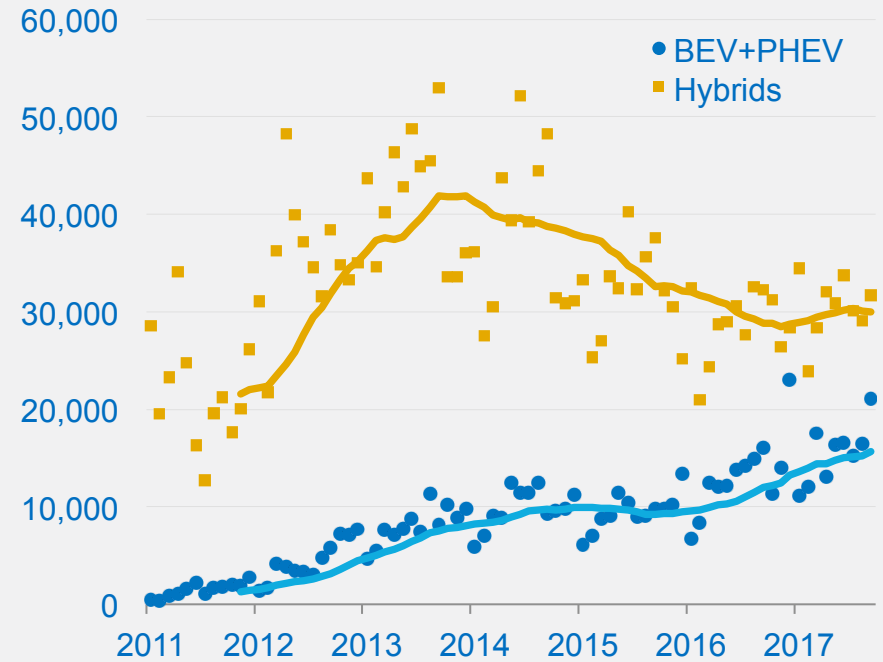


Alternative vehicles

U.S. PHEV and BEV sales (units)



U.S. Vehicle sales by alternative powertrains (units)



FORECASTS

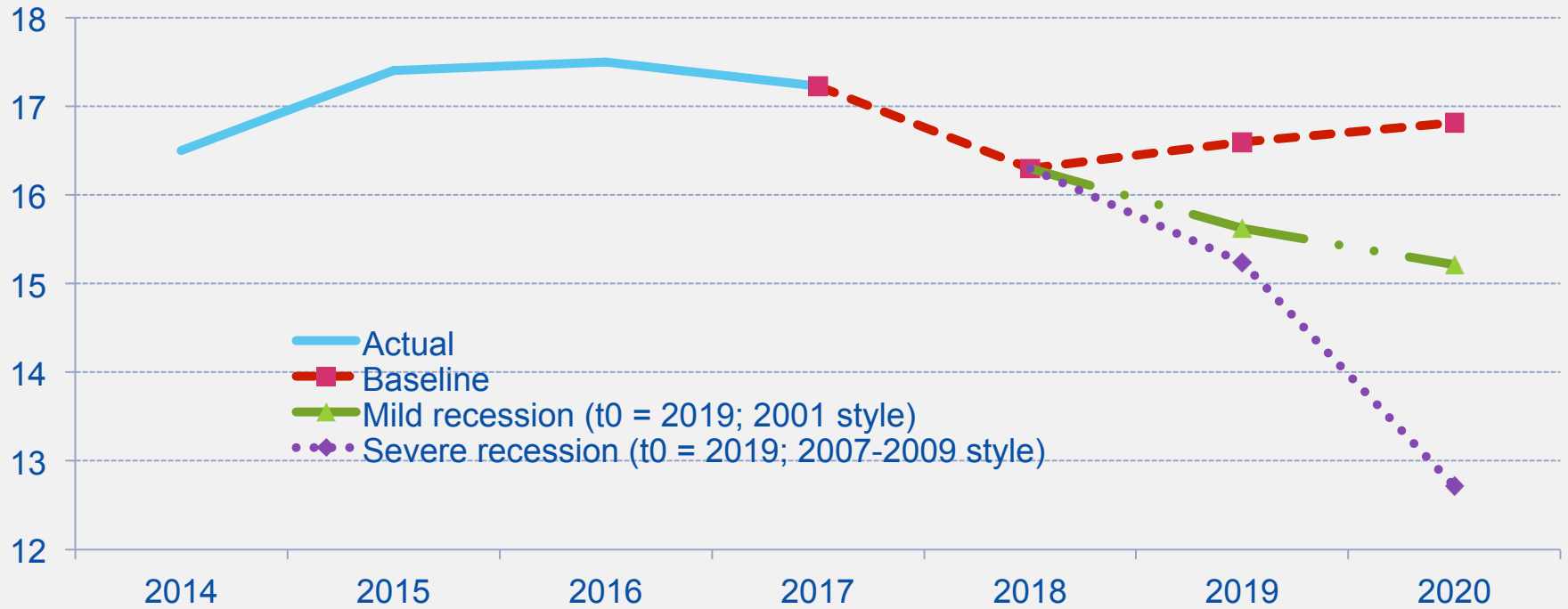


Forecasts

	2014	2015	2016	2017	2018	2019	2020
Auto sales (millions units)	16.5	17.4	17.5	17.2	16.3	16.6	16.9
Real GDP growth (% change)	2.4	2.6	1.6	2.1	2.2	2.1	2.1
Unemployment rate (% avg.)	6.2	5.3	4.8	4.4	4.1	4.1	4.2
Fed funds (%, eop)	0.25	0.50	0.75	1.5	2.0	2.5	2.8
5-year Treasuries (%, avg)	1.64	1.53	1.34	1.9	2.3	2.7	3.1

Alternative Downside Risk Scenarios

U.S. Total light weight vehicle sales
(SAAR, million units)



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