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AUTOMOTIVE  
RESEARCH

# Auto Finance Summit 2021:

## Economic Outlook for the Automotive & Auto Finance Industries

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The Current Situation:

What is “*Normal*” anymore??

# Current Situation

What is “*Normal*” anymore??

- Lingering affects of global COVID-19 pandemic... light vehicle market recovery stalled by microchip shortage (the headlines)
- Supply chain and logistics issues impacting light vehicle deliveries – it’s NOT all about the chips shortage or COVID-19 anymore
- Vehicle demand outpaces supply, for now...

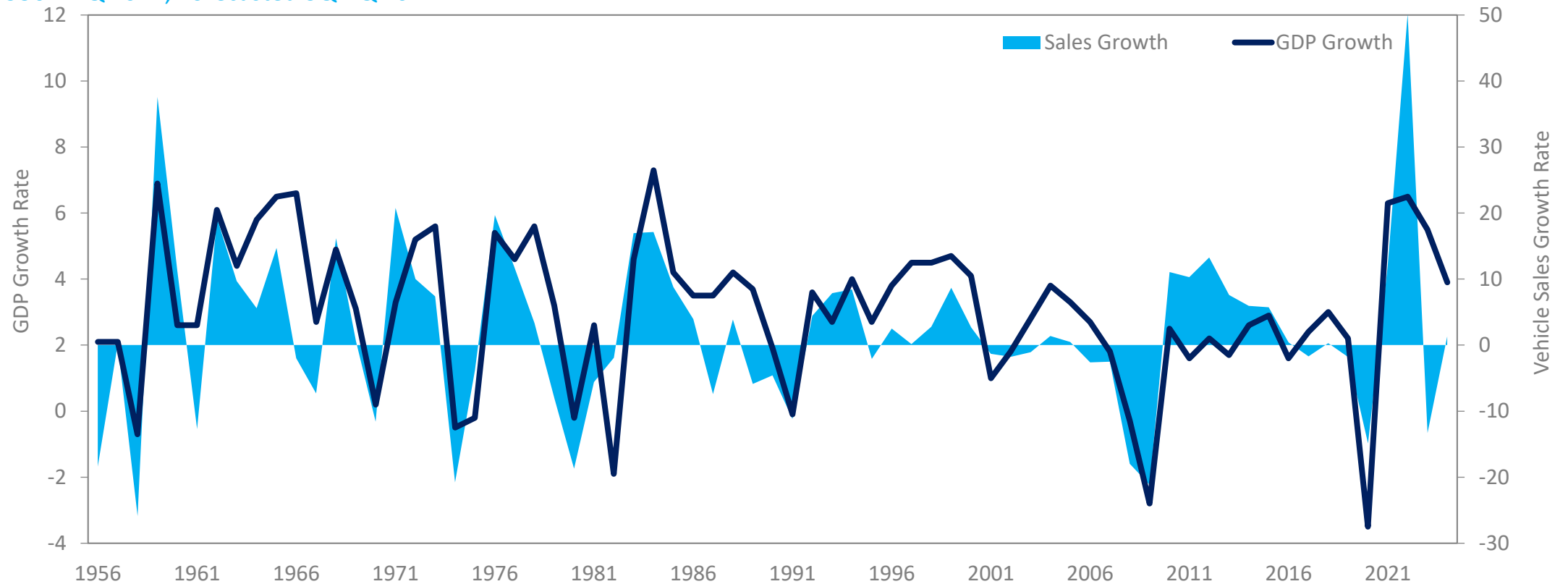


# GDP and Vehicle Sales

# Historic sales rebound following last year's COVID-19 pandemic lockdowns... stalled

## U.S. GDP Growth Rate and Vehicle Sales Correlation

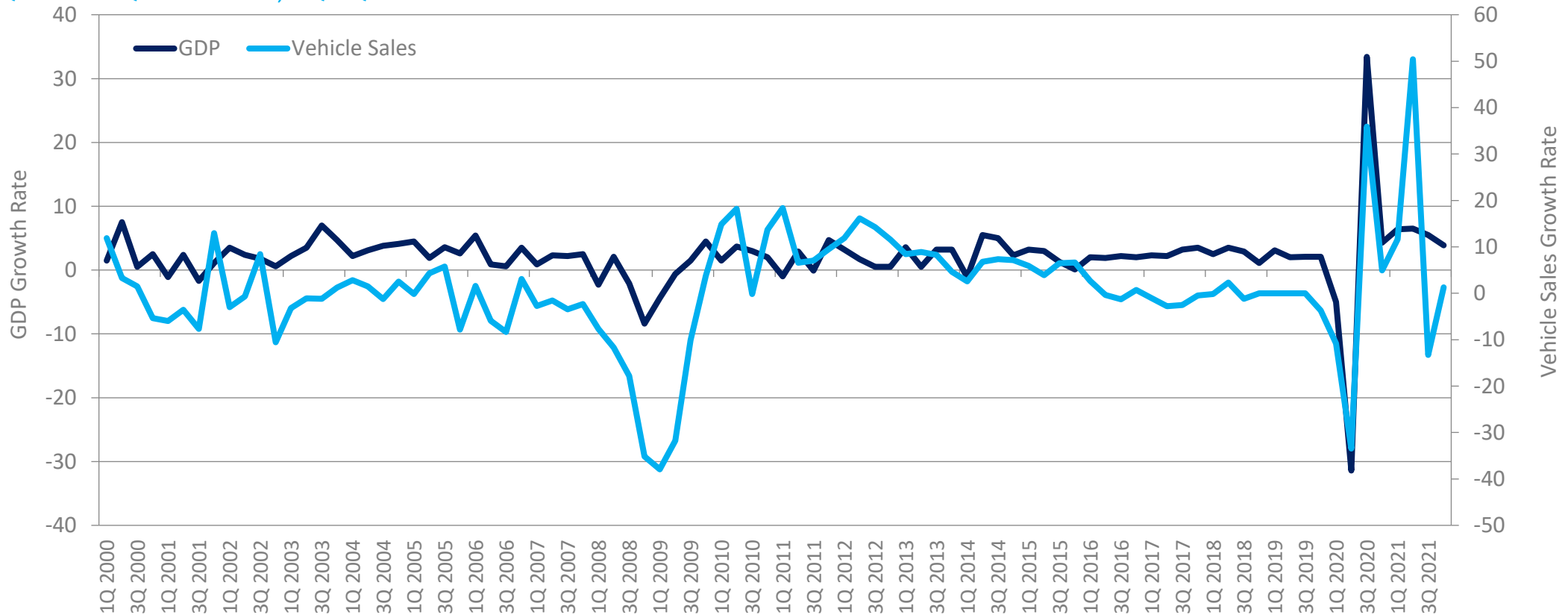
1956 – 2Q 2021; Forecasted 3Q-4Q 2021



# Sales growth from last year sees dramatic increase – until the global chip shortage

## GDP and U.S. Vehicle Sales Growth Quarterly

1Q 2000 – 2Q 2021 Actual; 3Q-4Q 2021 Forecast

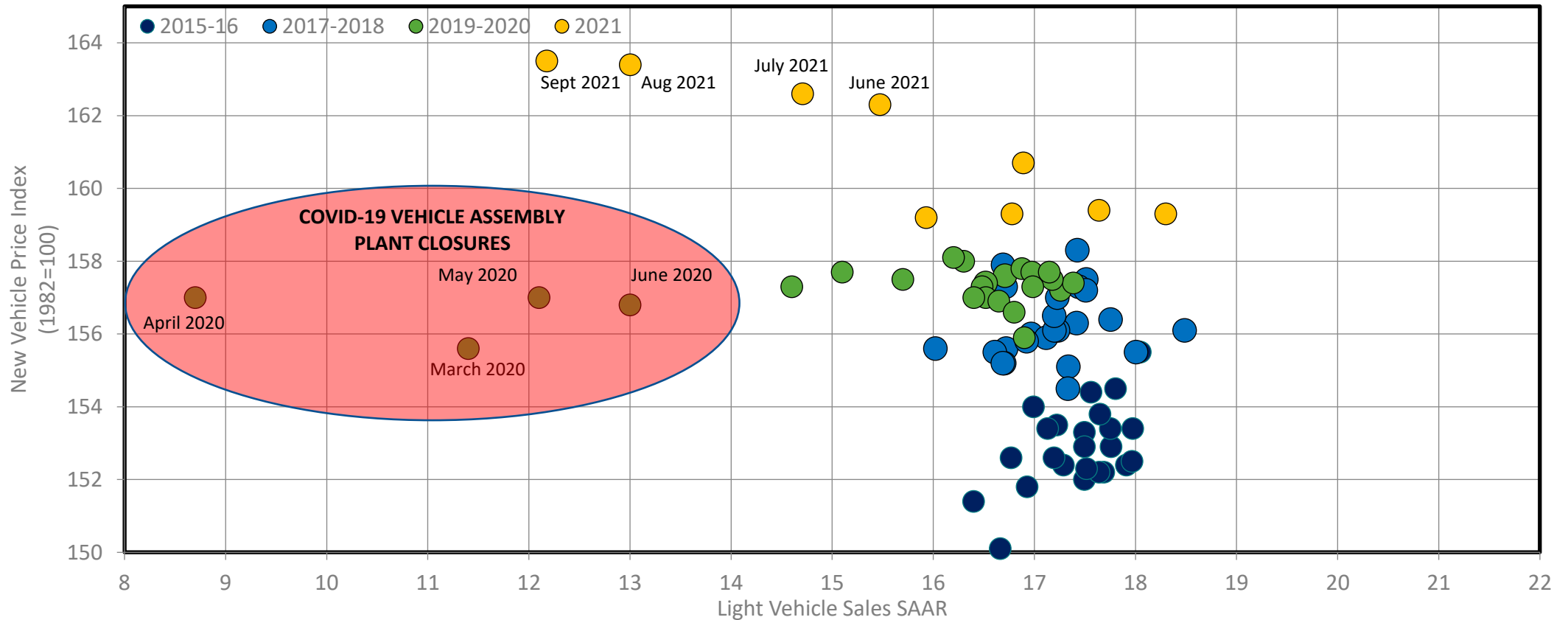


# Vehicle Price and Sales

# Light vehicle sales fall as prices are on the rise

## Light Vehicle Sales SAAR & New Vehicle Price Index

January 2015 – September 2021

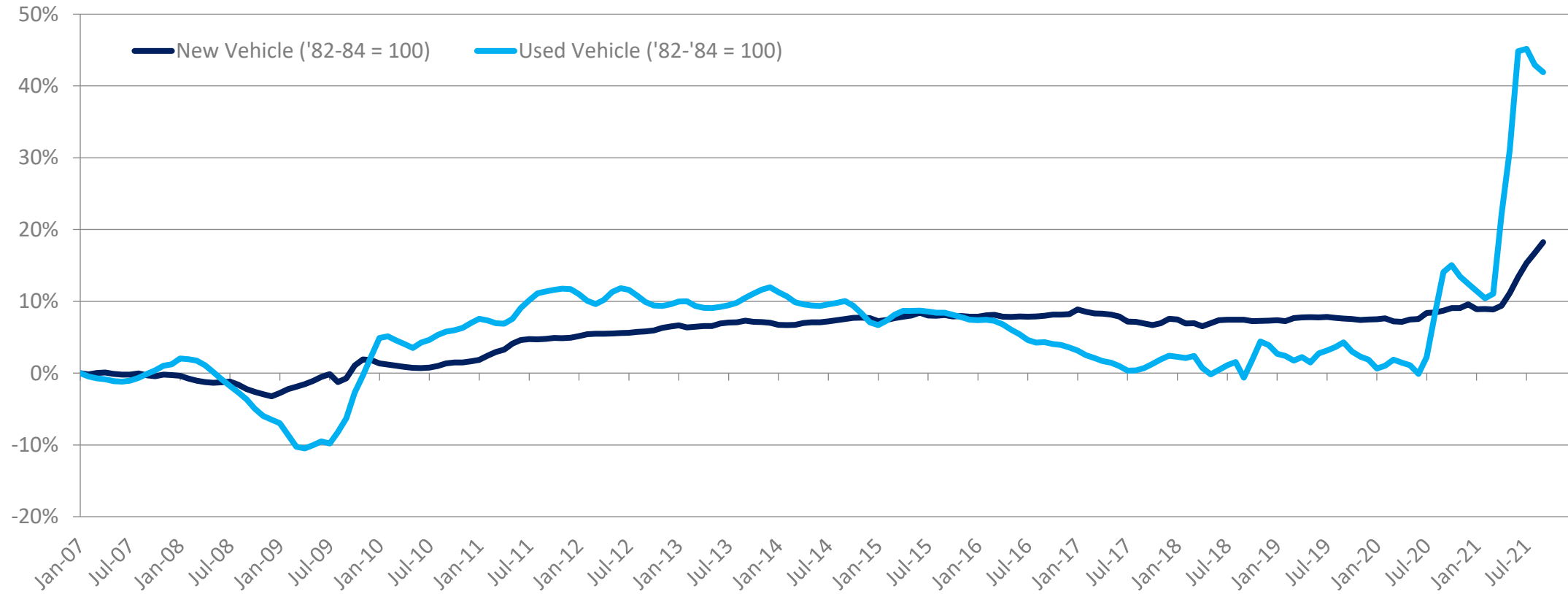




# Changes from Jan '07: CPI – New Vehicle and CPI-Used Vehicle

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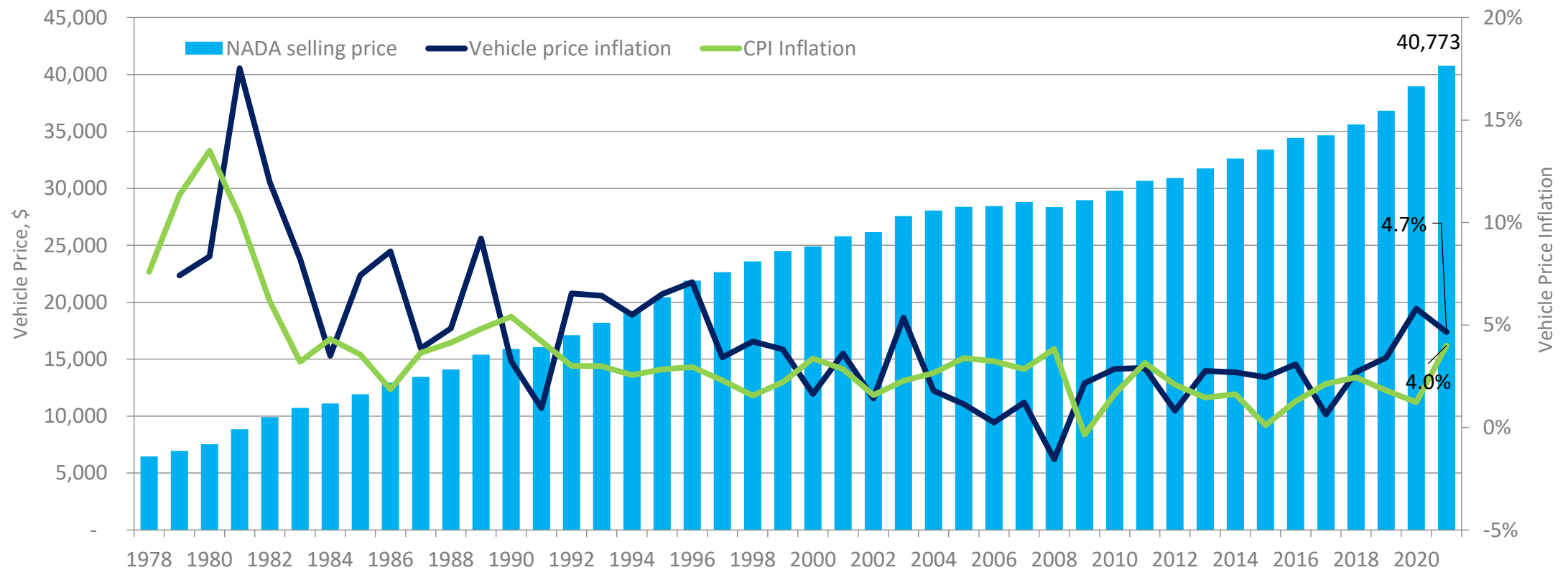
January 2007 – September 2021



# NADA New Vehicle Selling Price

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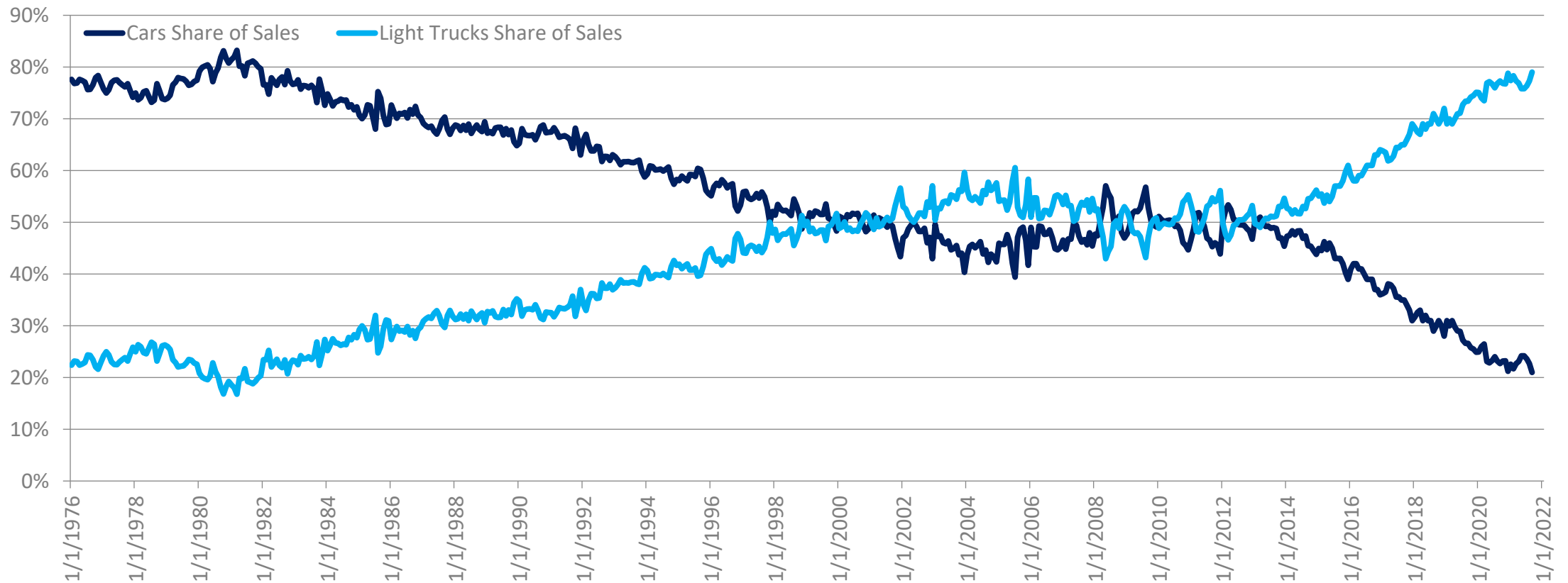
1978 – 2021 (August)



# U.S. Light Vehicle Sales by Cars and Trucks

## U.S. Light Vehicle Sales by Cars and Trucks

1976 – September 2021



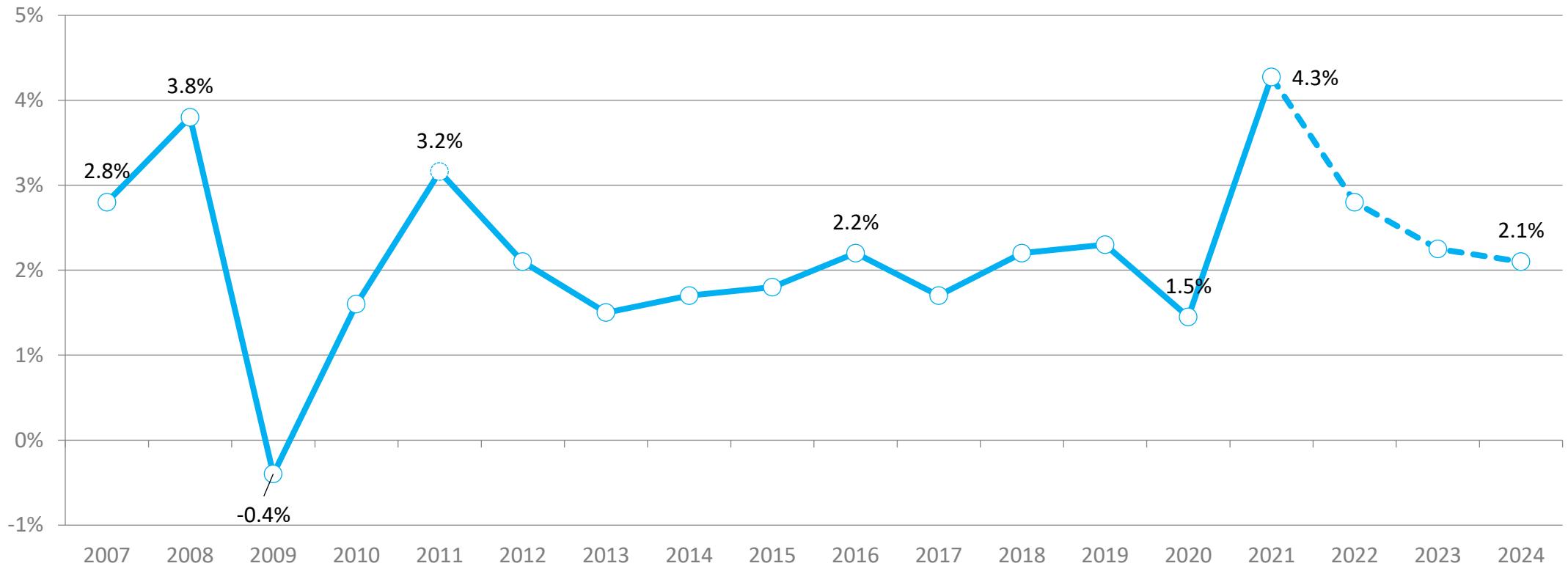
# Commodity Prices, Interest Rates, and Inflation



# Inflation is projected to increase

## Inflation by Percentage

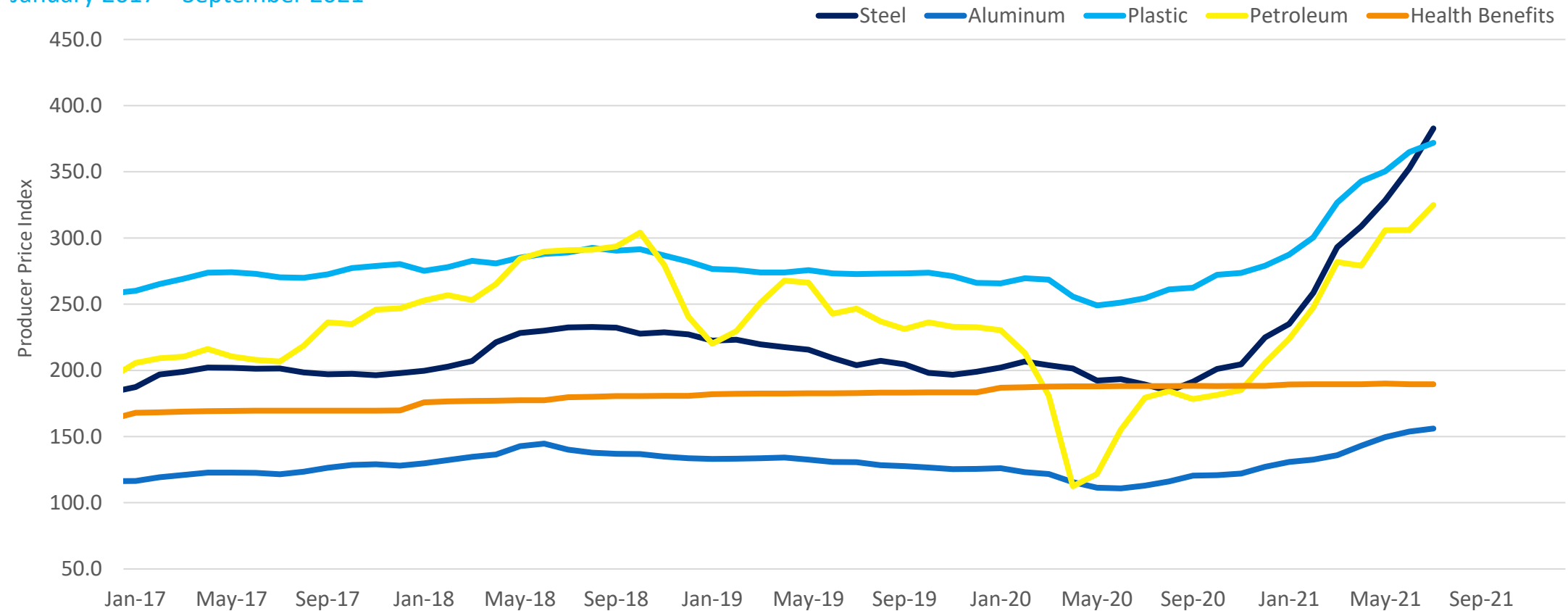
2007-2020, projections for 2021-2024



# Producer Price Index – Commodities

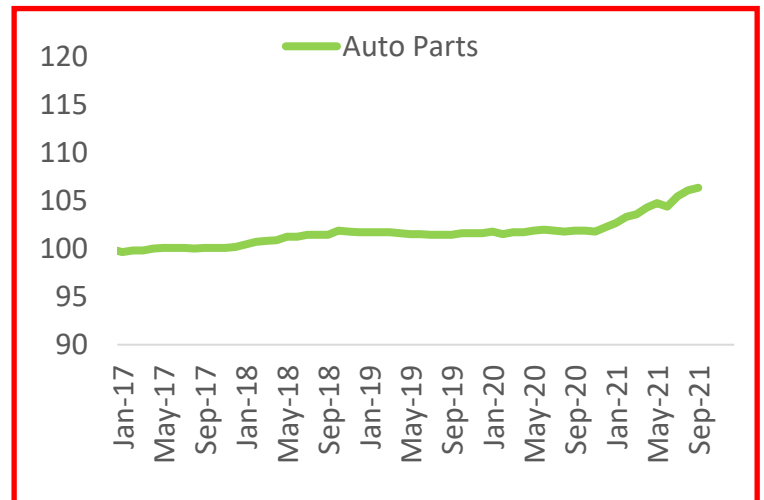
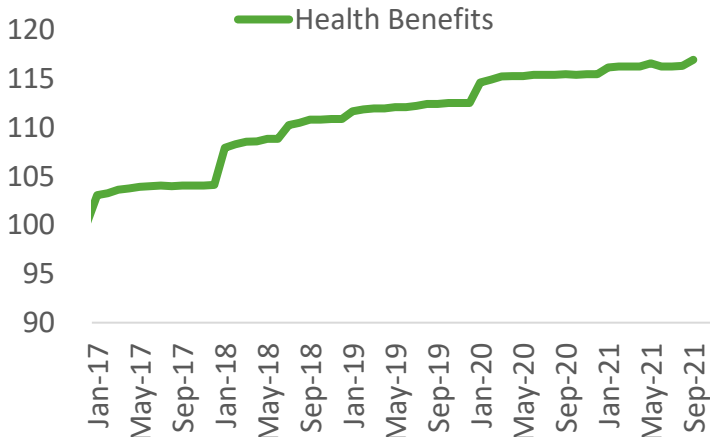
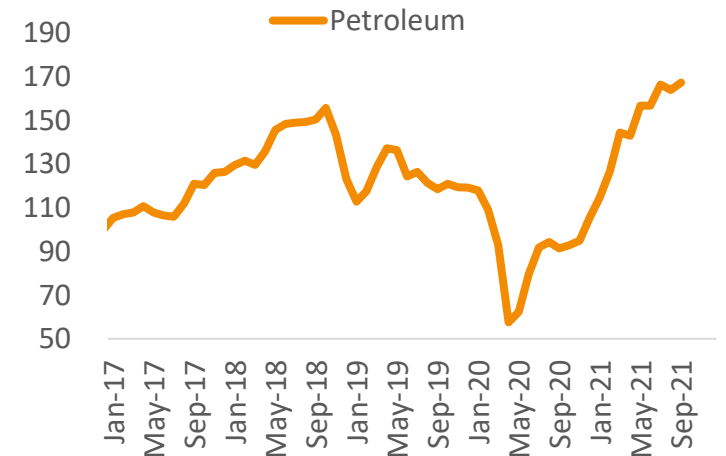
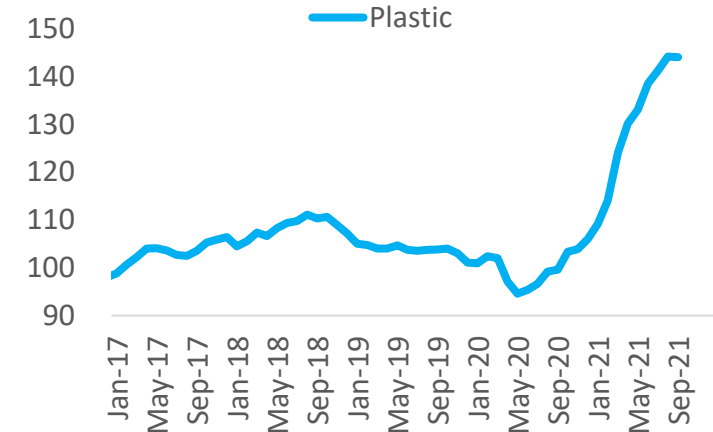
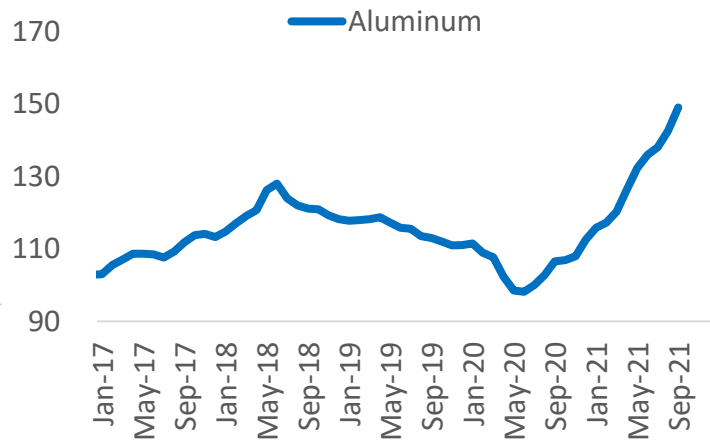
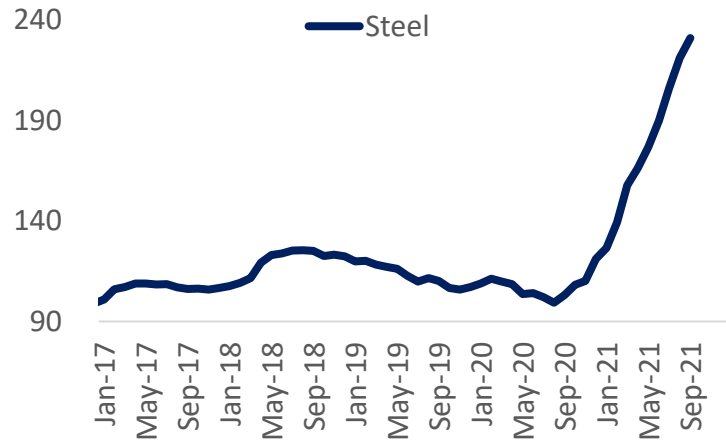
## Producer Price Index – Commodities

January 2017 – September 2021



# Changes in PPI – Commodities

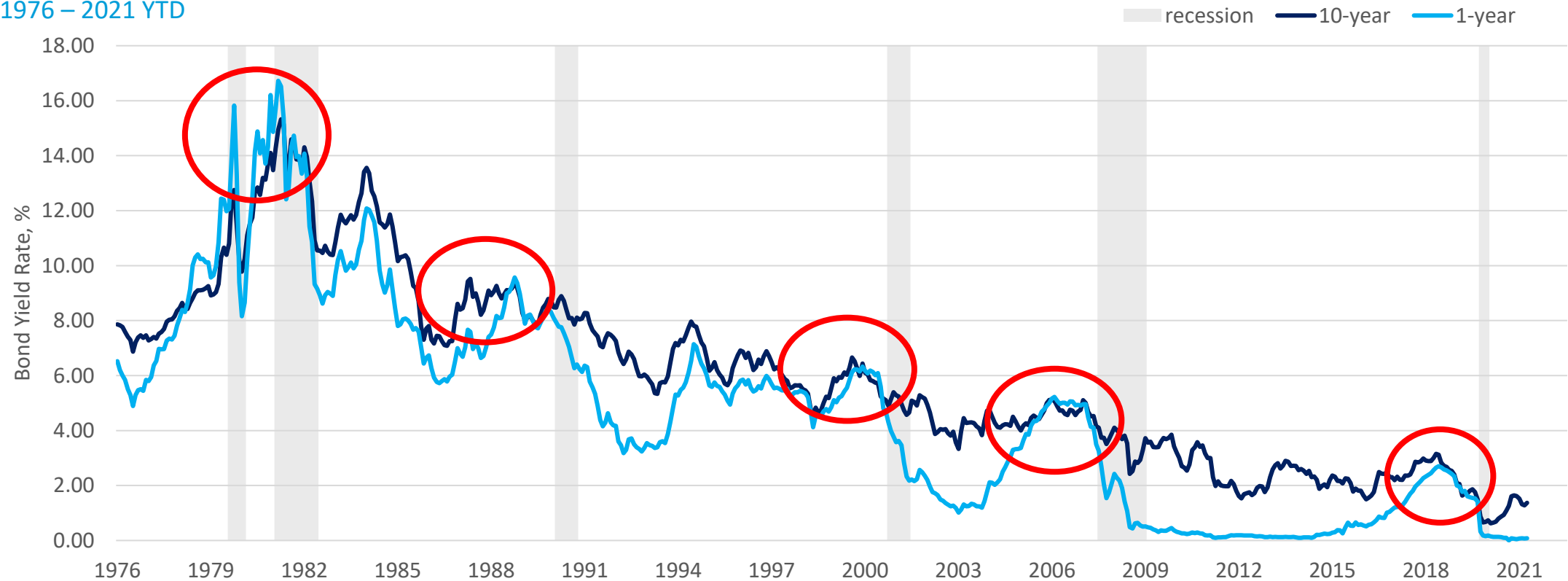
## January 2017 – September 2021



# 1-year and 10-year treasury yields and recessions

## 1-year and 10-year Treasury Yields and Recessions

1976 – 2021 YTD





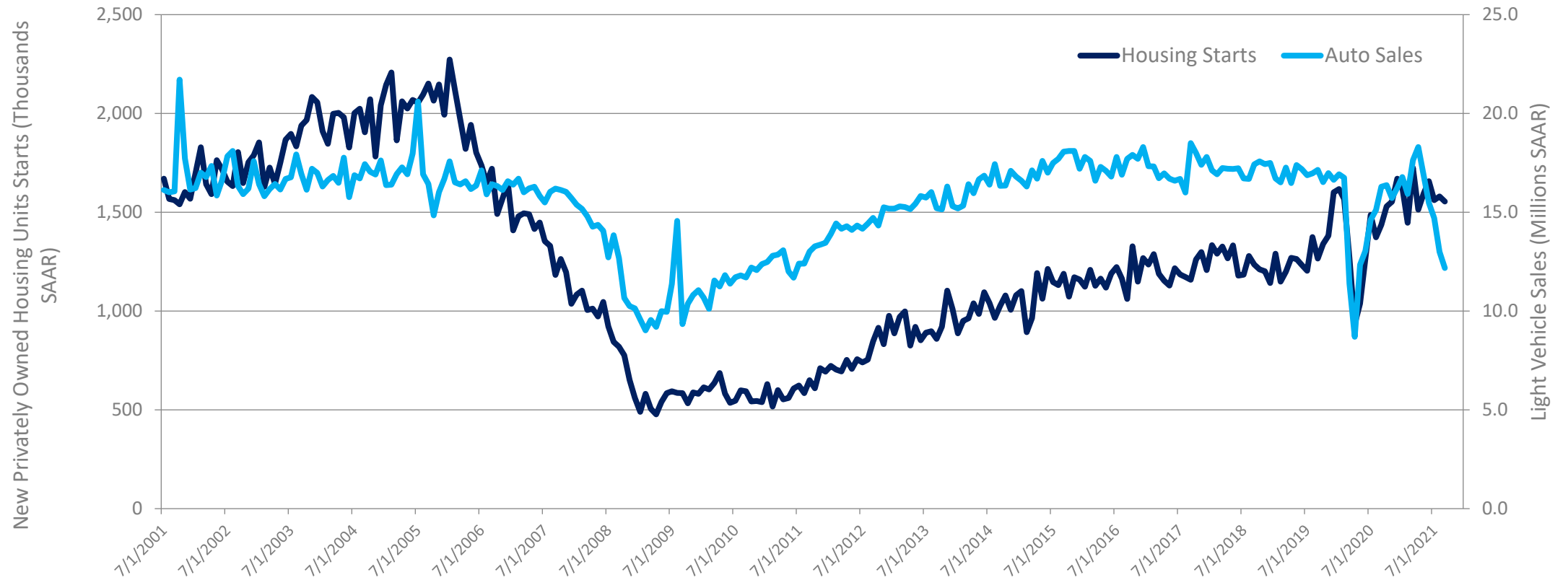


# Housing and Credit

# U.S. Housing Starts and Auto Sales

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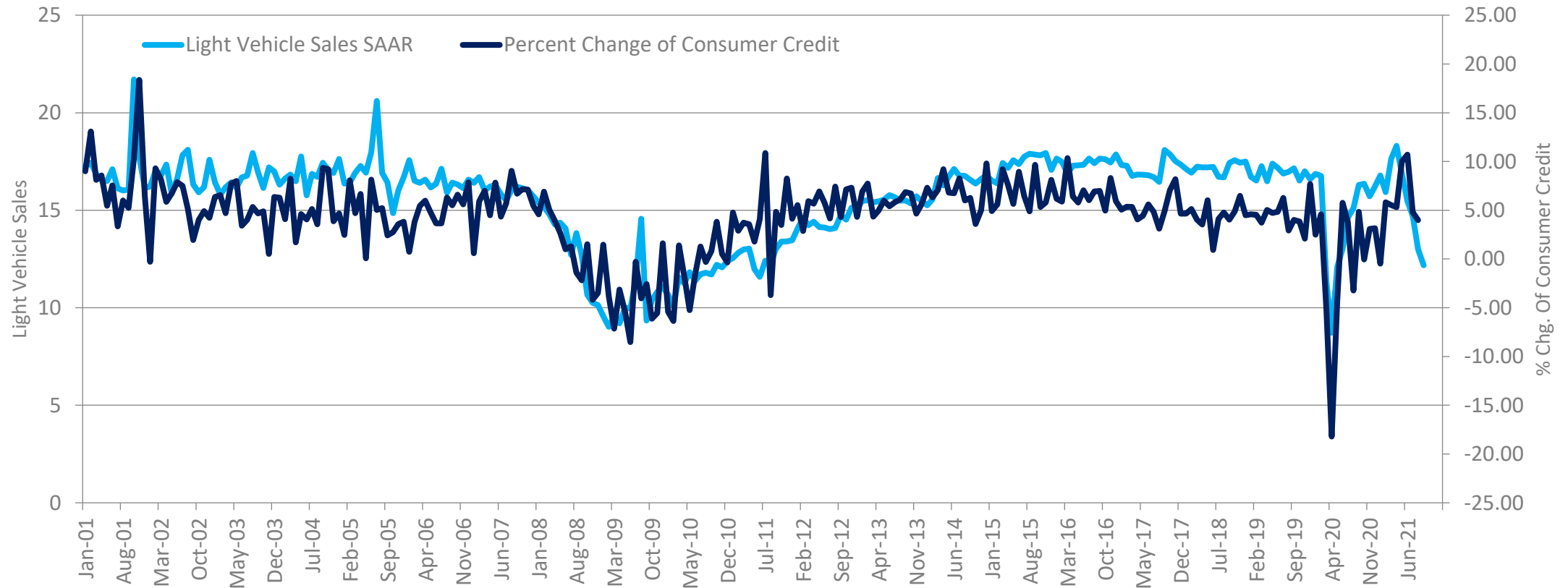
July 2001 – September 2021



# Consumer Credit and Light Vehicle SAAR

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January 2001 – September 2021



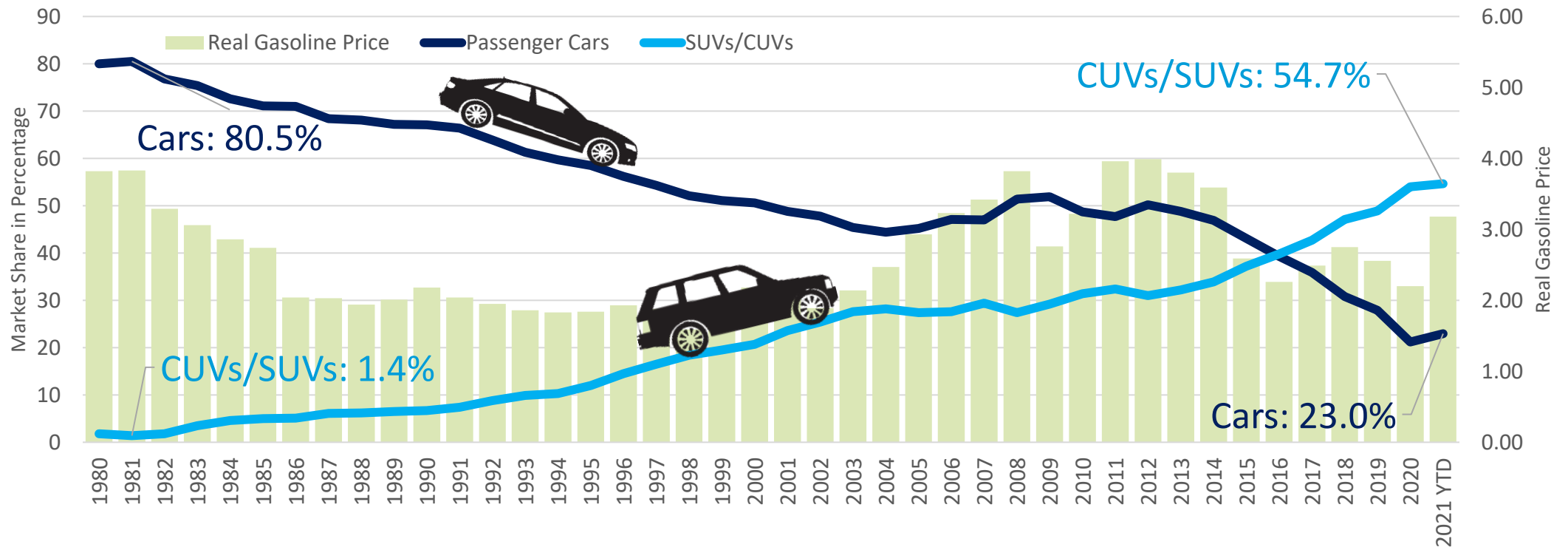
# Gasoline Price and Market Share



# U.S. Market Shares of Passenger Cars and CUVs/SUVs and Real Gasoline Price

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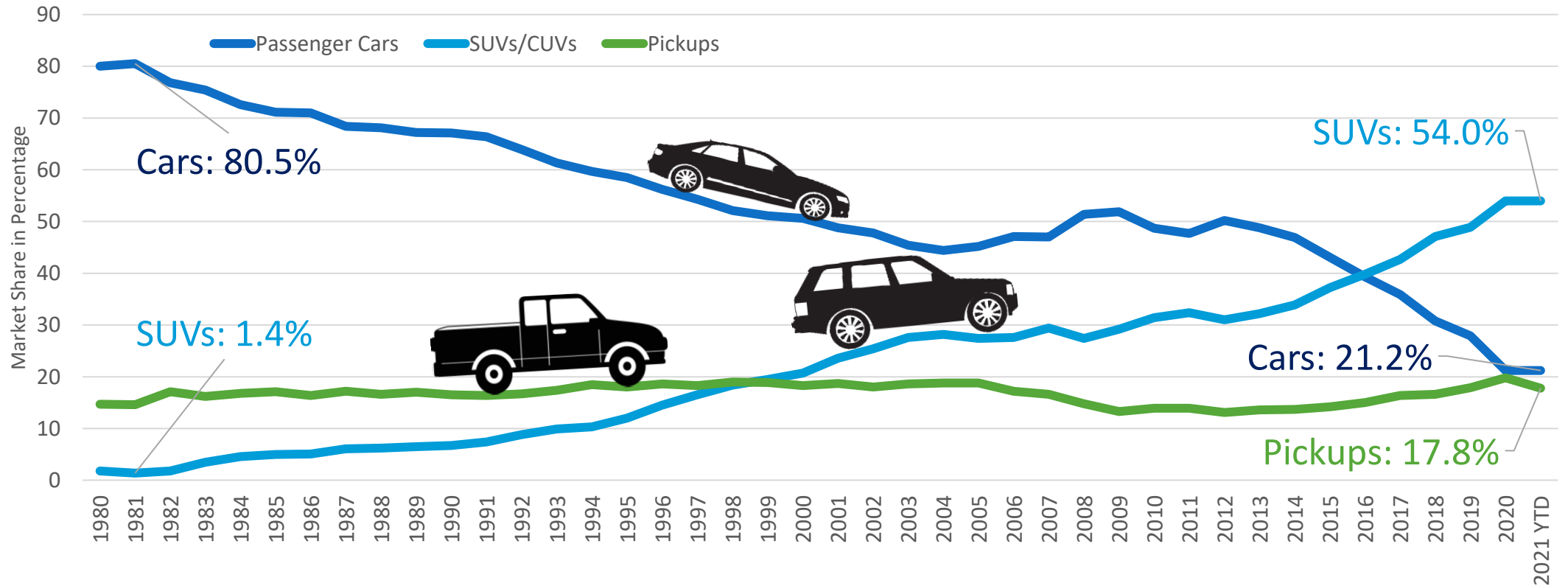
1980 – 2021 YTD



# U.S. Market Shares of Passenger Cars, CUVs/SUVs, and Pickups

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1980 – 2021 YTD

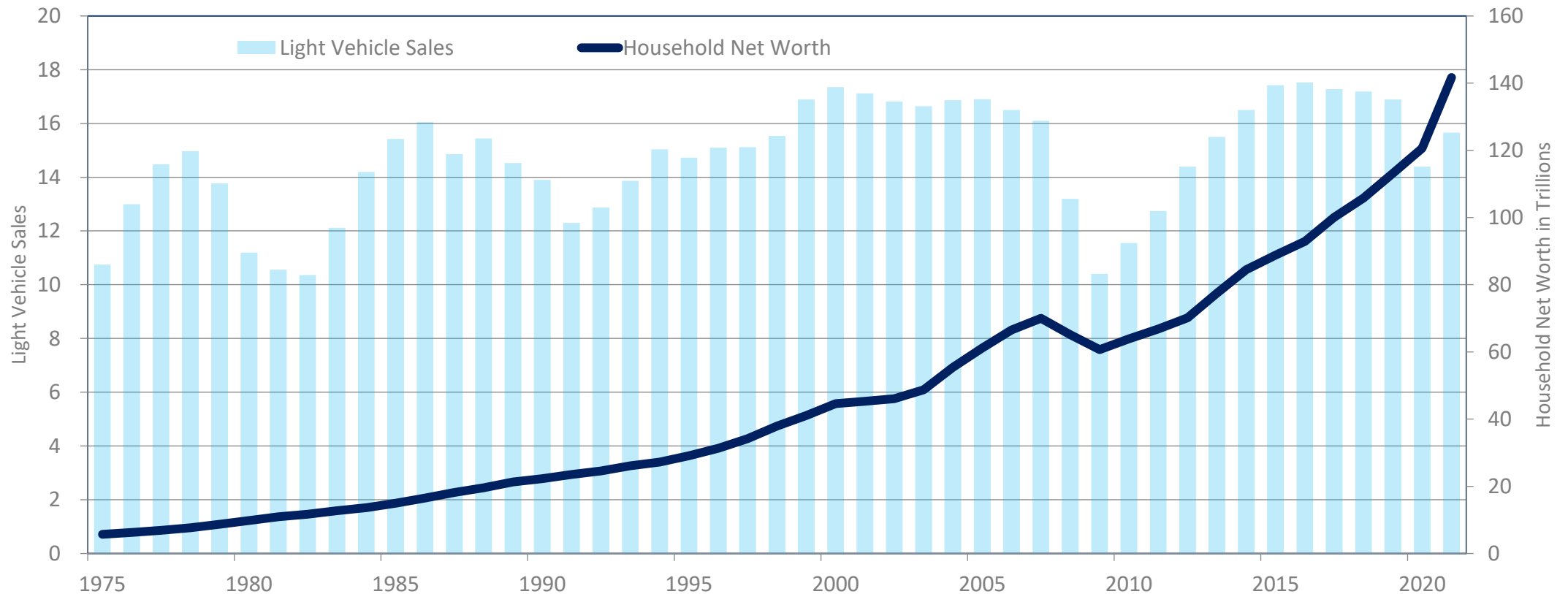


# Consumer Confidence

# Household Net Worth and Vehicle Sales

## Household Net Worth and Vehicle Sales

1978 – Q2 2021

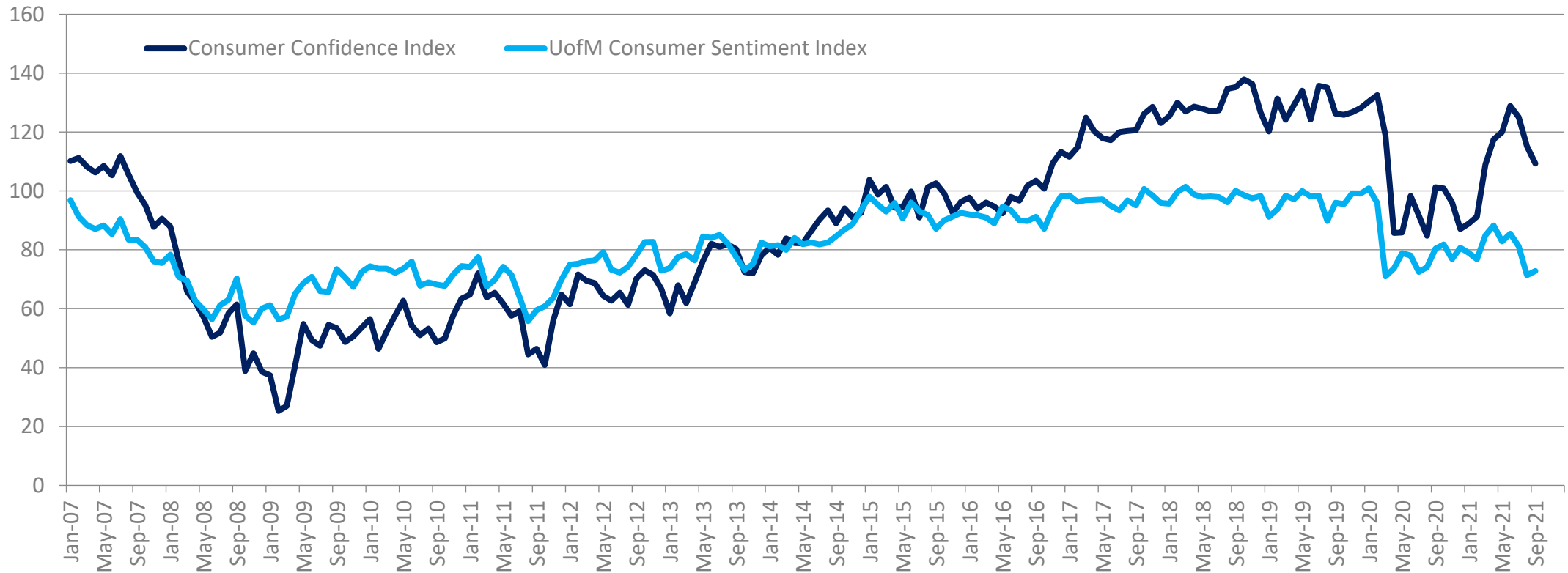




# Consumer Confidence & Sentiment

## Consumer Confidence & Sentiment

January 2007 – September 2021

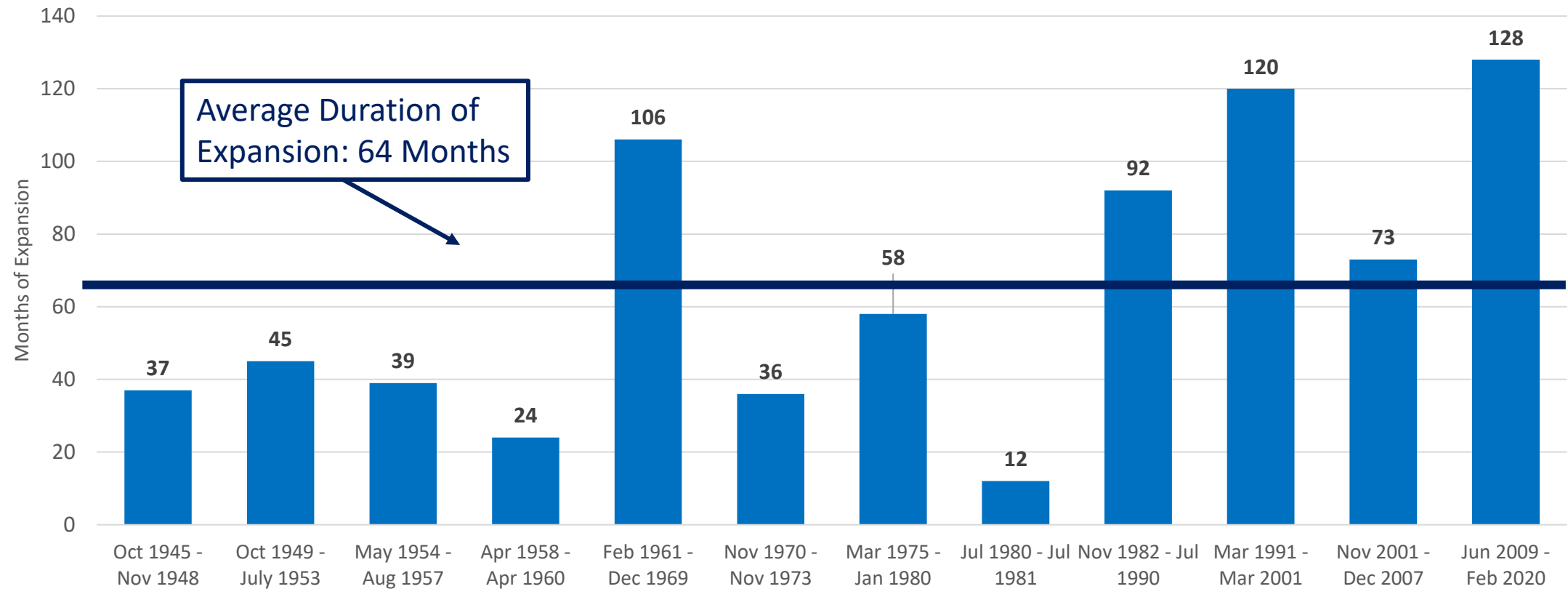


# Business Cycles and Industry Trend

# US Business Cycles Months of Expansion Since 1945

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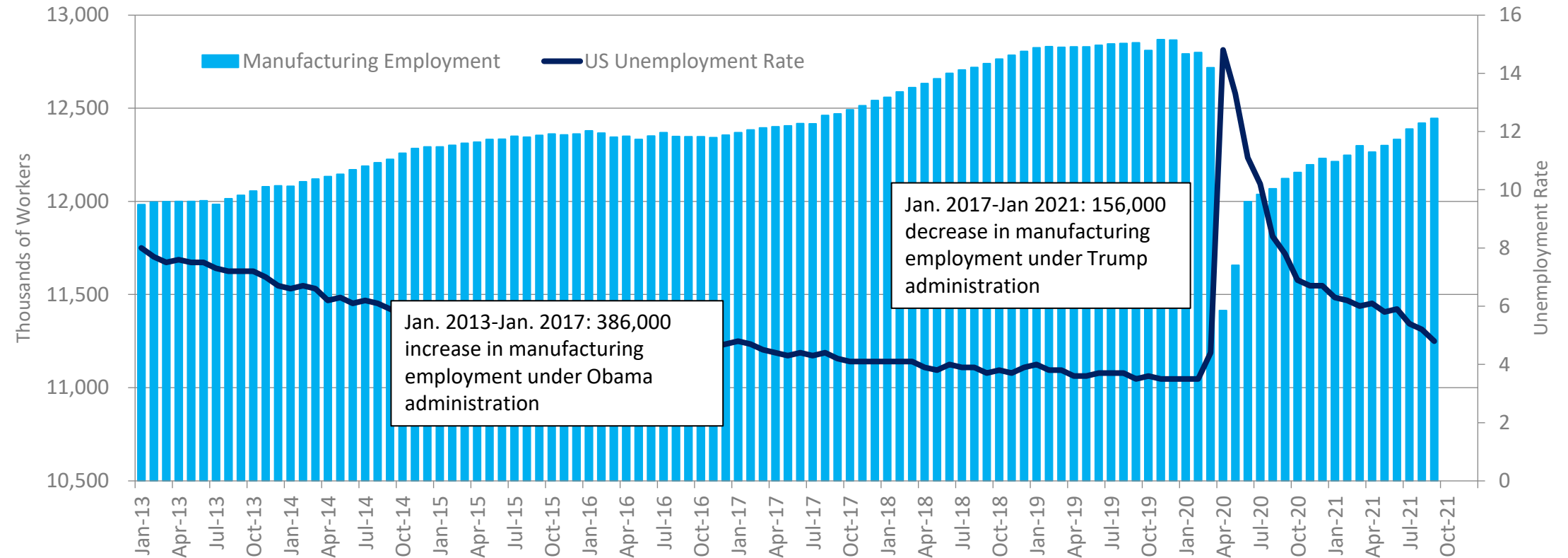
Quarterly, 1945-2021



# U.S. Manufacturing Employment & Unemployment Rate

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January 2013 – September 2021

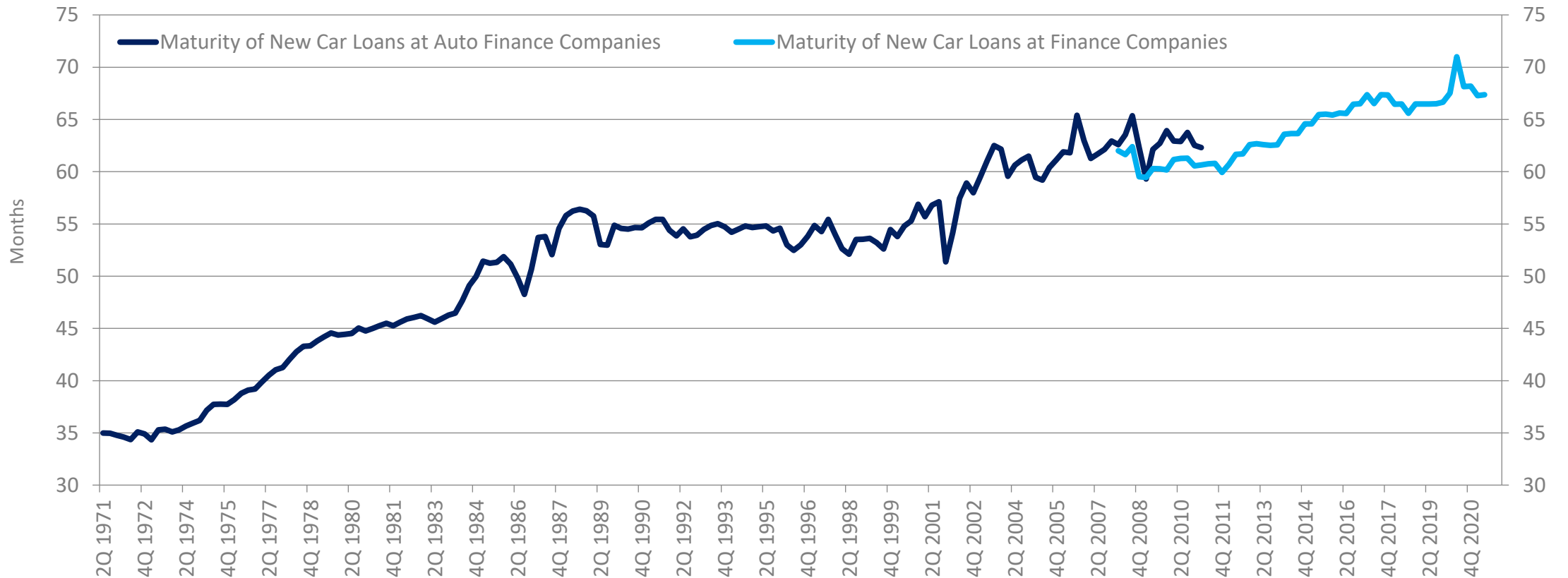


# Auto Finance and Debt

# Weighted Average New Car Loans Maturity

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1971 – Q2 2021

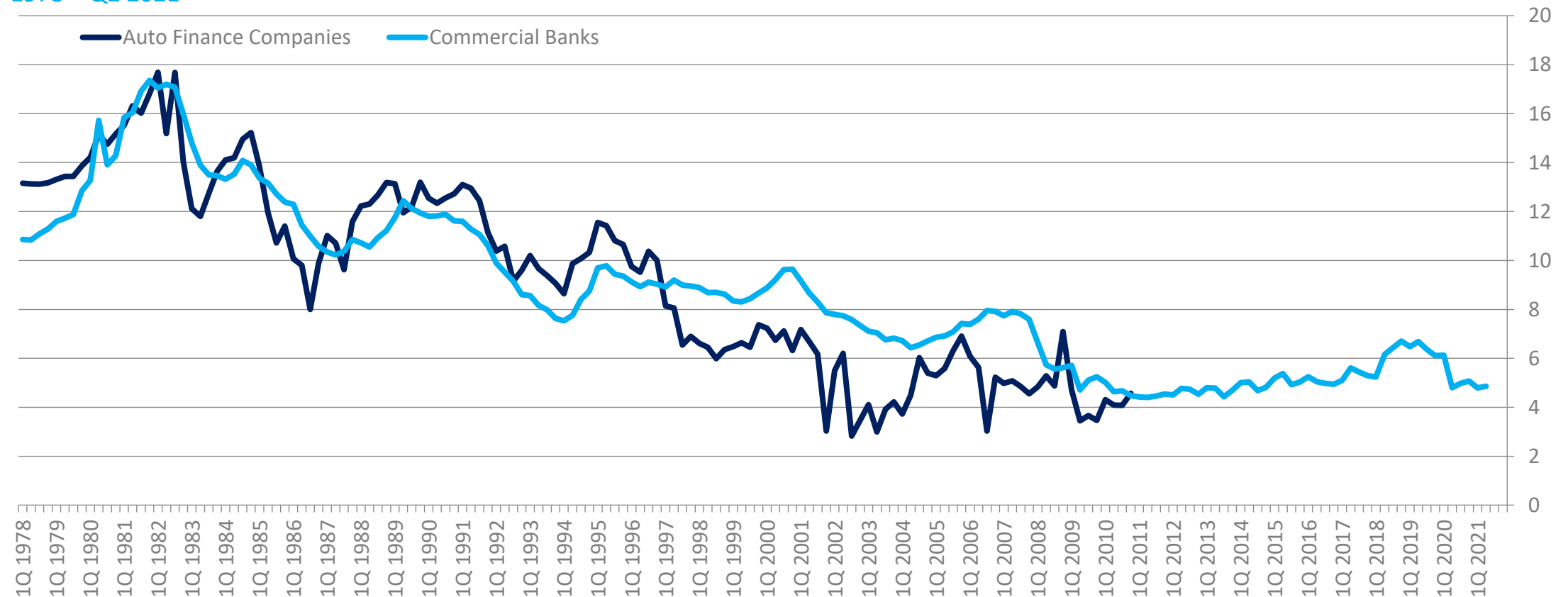




# Finance Rate at Auto Finance Companies and Commercial Banks

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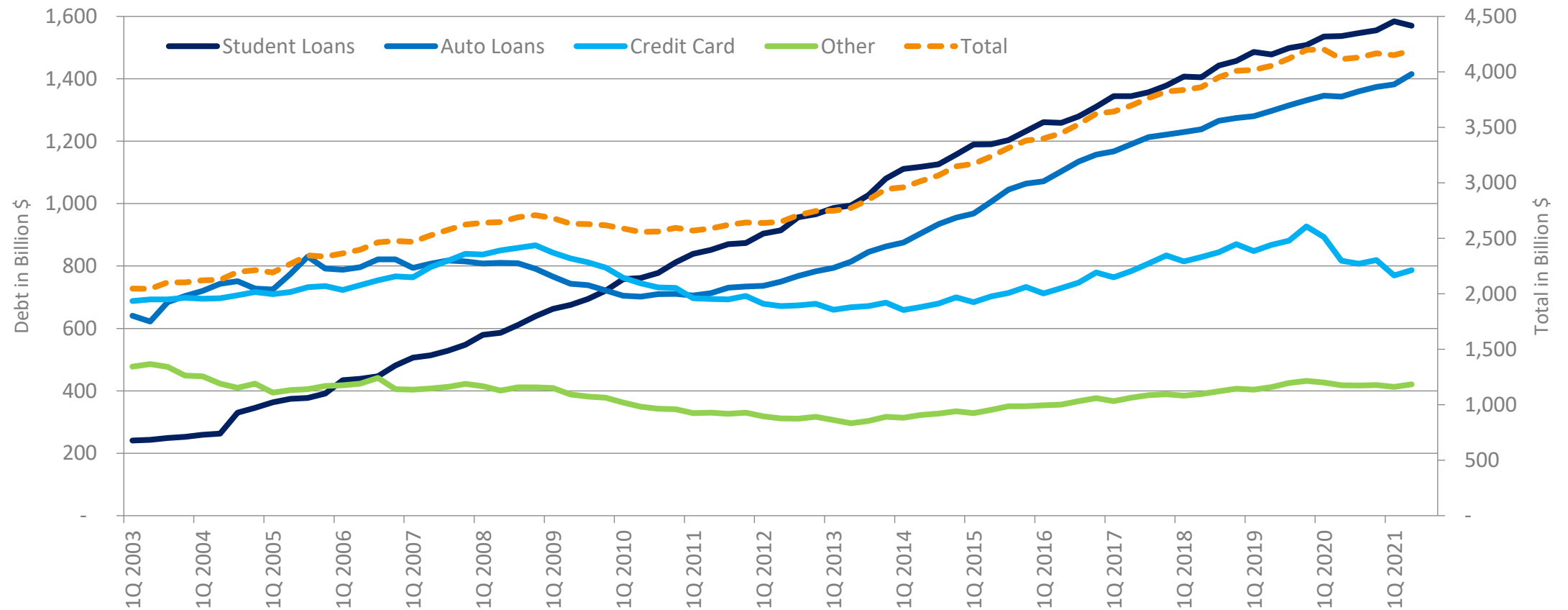
1978 – Q2 2021



# Households are Carrying More Debt

## Household Non-Housing Debt

Q1 2003 – Q2 2021

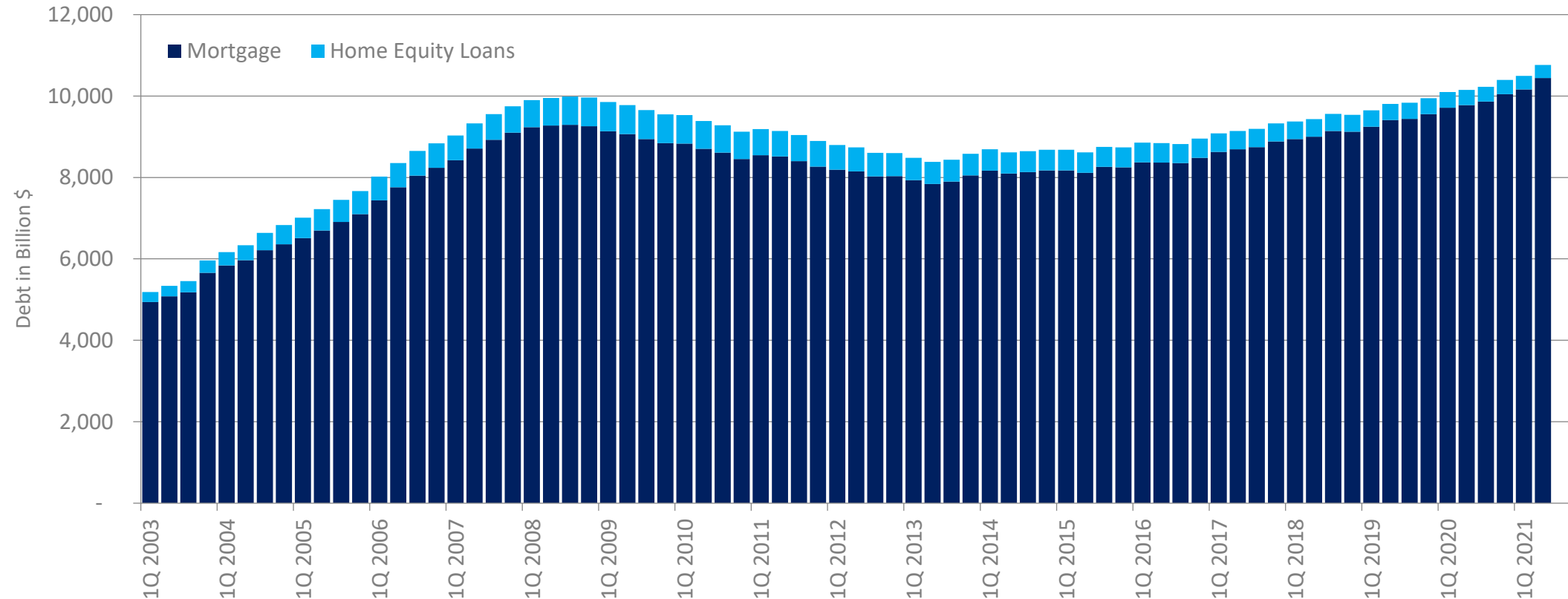


\*Excludes mortgage and home equity line of credit

# Household Mortgage and Home Equity Debt

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Q1 2003 – Q2 2021



# Vehicle Sales Outlook

# 2021 U.S. Sales Forecasts:

## Units in Millions

 <b>CAR</b> CENTER FOR AUTOMOTIVE RESEARCH	<b>15.8</b> (9/21)	 <b>NADA</b> NATIONAL AUTOMOBILE DEALERS ASSOCIATION	<b>15.2</b> (10/21)
 <b>WELLS            FARGO</b>	<b>15.5</b> (10/21)	 <b>WARDS</b>	<b>15.7</b> (9/21)
 <b>COX</b> AUTOMOTIVE™	<b>15.5</b> (10/21)	 <b>IHS Markit™</b>	<b>15.6</b> (9/21)
 <b>LMC</b> AUTOMOTIVE	<b>15.0</b> (9/21)		

Concluding Remarks:

*What is “Normal” anymore??*

# Concluding Remarks

What is “*Normal*” anymore??

- CY21 SAAR outlook = 15.47m consensus (subject to downward revision)
- Supply chain and logistics issues to remain into 2022
- U.S. consumer outlook improves, although vehicle sales recovery skewed