

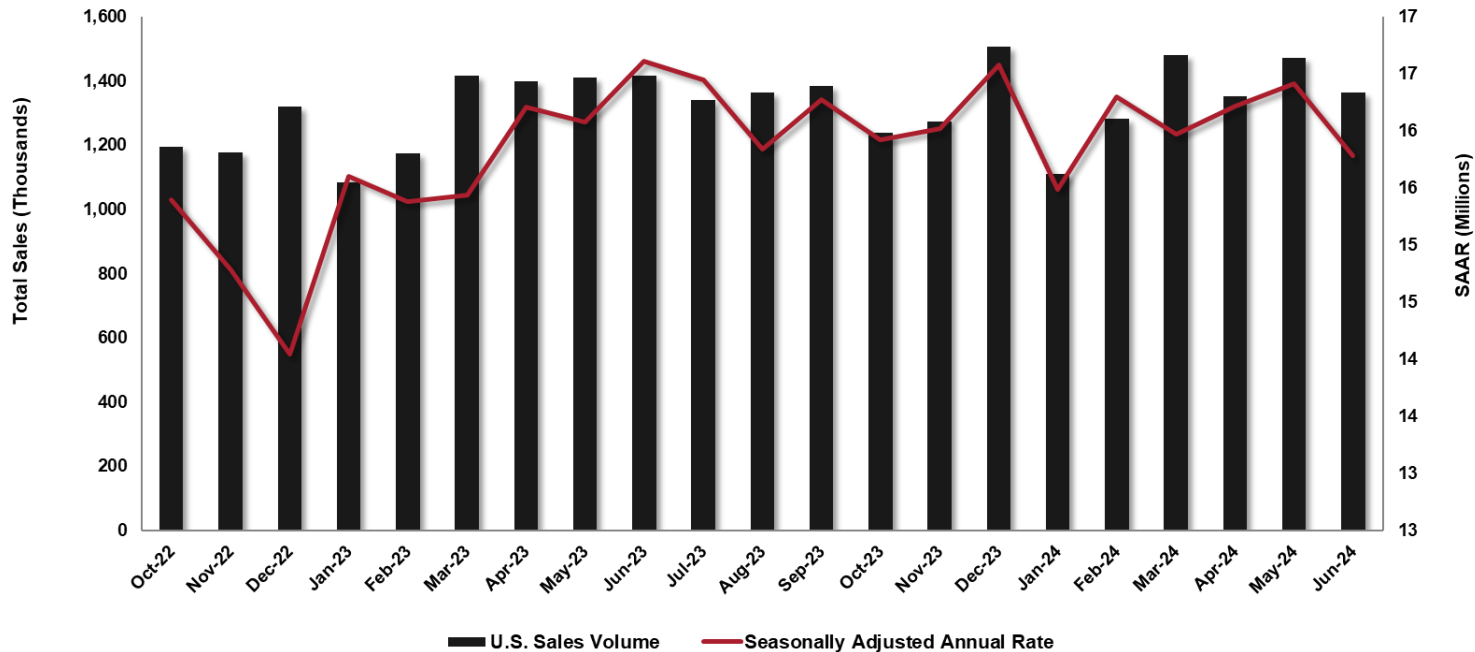


Industry Trends

June 2024 – July 2024

ACQUISITION

U.S. Sales Volume by Month & SAAR All Manufacturers



US Sales – All Channels

- June's sales decreased by 4% month over month.
- Passenger vehicles sales decreased by 10% year over year, and light truck decreased by 1.7% year over year.
- June's light truck sales accounted for 81% of all sales.

- On a seasonally adjusted annualized basis, sales fell 7.26% month over month and 3.62% year over year.

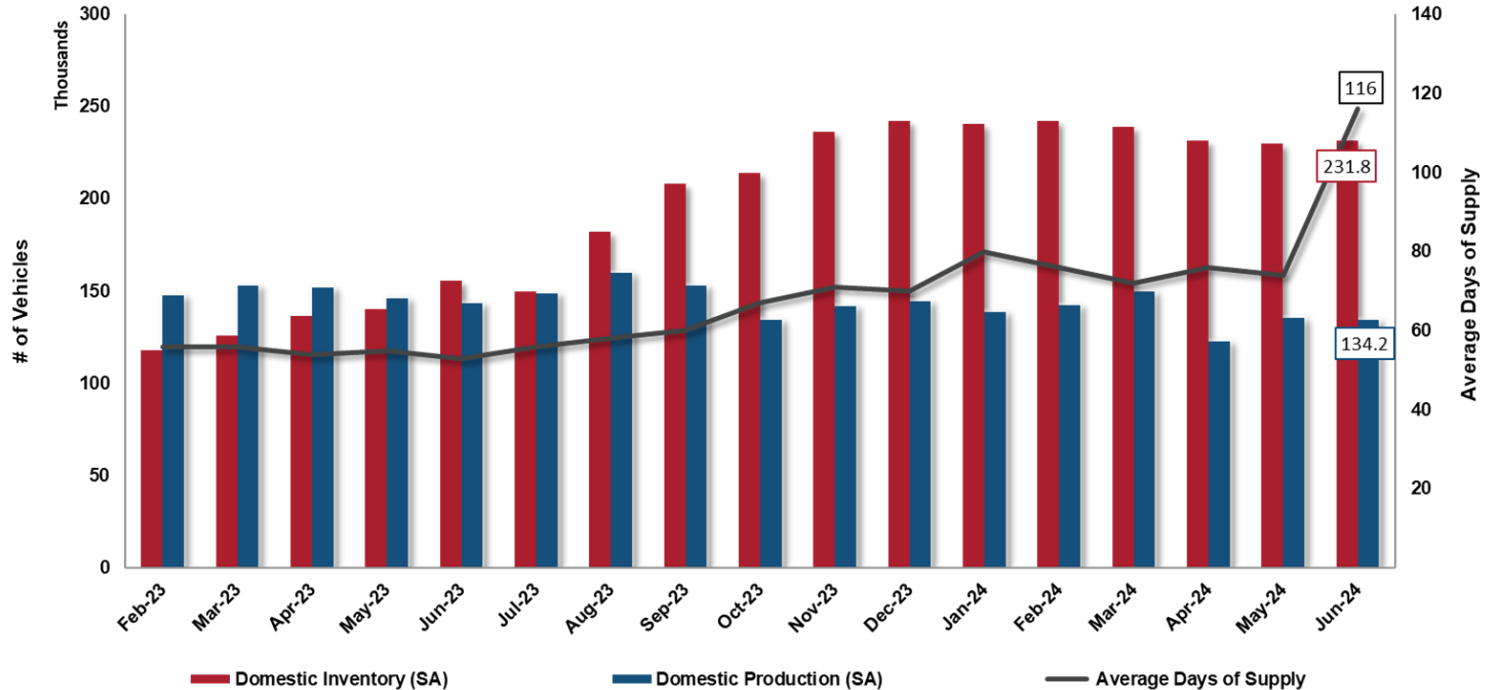
Fleet Sales

- In June, 263,770 total fleet units were sold, a 3.1% year over year decrease.

Source: FRED; TD Economics; COX Automotive; JD Power

ACQUISITION

Dealer Inventory & Days of Supply



- June's new vehicle inventories ended with 231,781, a 0.7% month over month and 49.2% year over year increase.
- The average dealership supply increased to 116 days compared to 74 the month prior.
- New vehicle production decreased 0.9% month over month and 6.5% year over year.

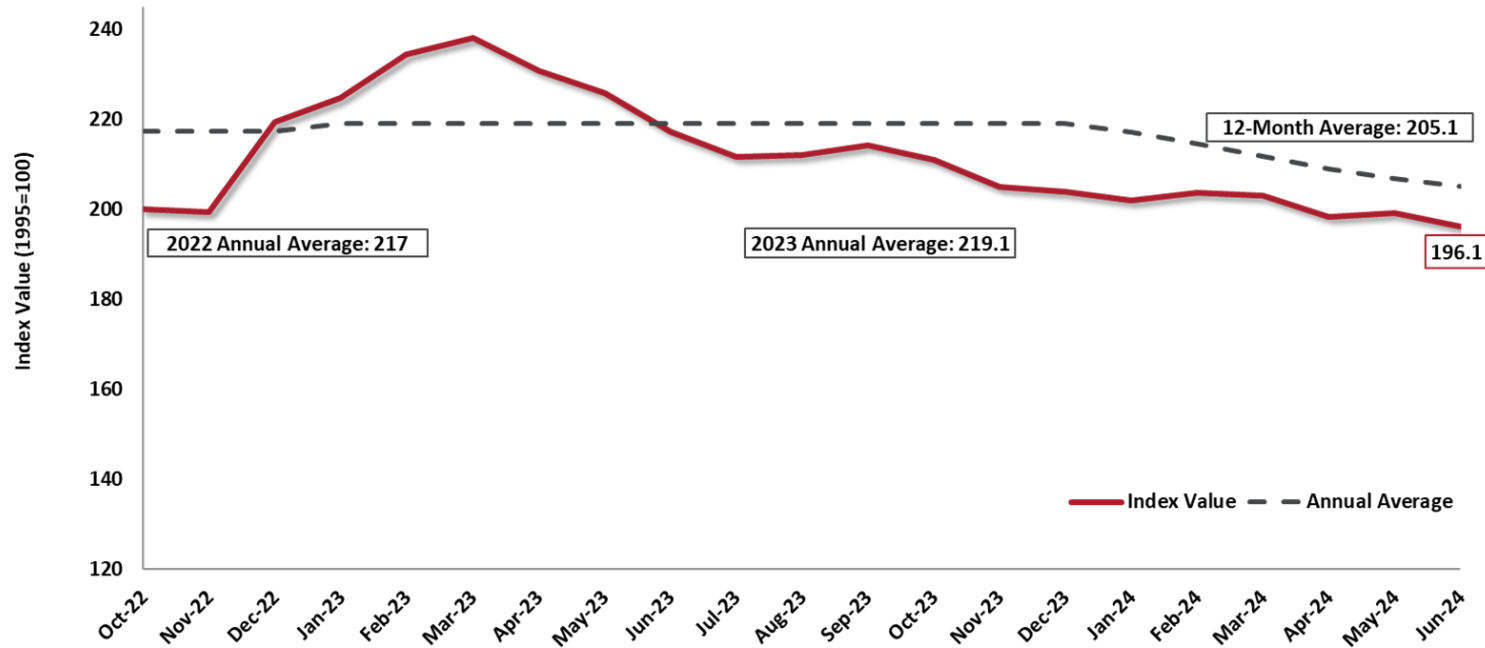
- June's new vehicle price averaged \$47,384, a 0.15% decrease month over month and a 0.46% year over year increase.

Recommendations:

- Take advantage of opportunities for negotiation leverage as inventory increases.

WHOLESALE RESALE MARKET

Manheim Used Vehicle Value Index



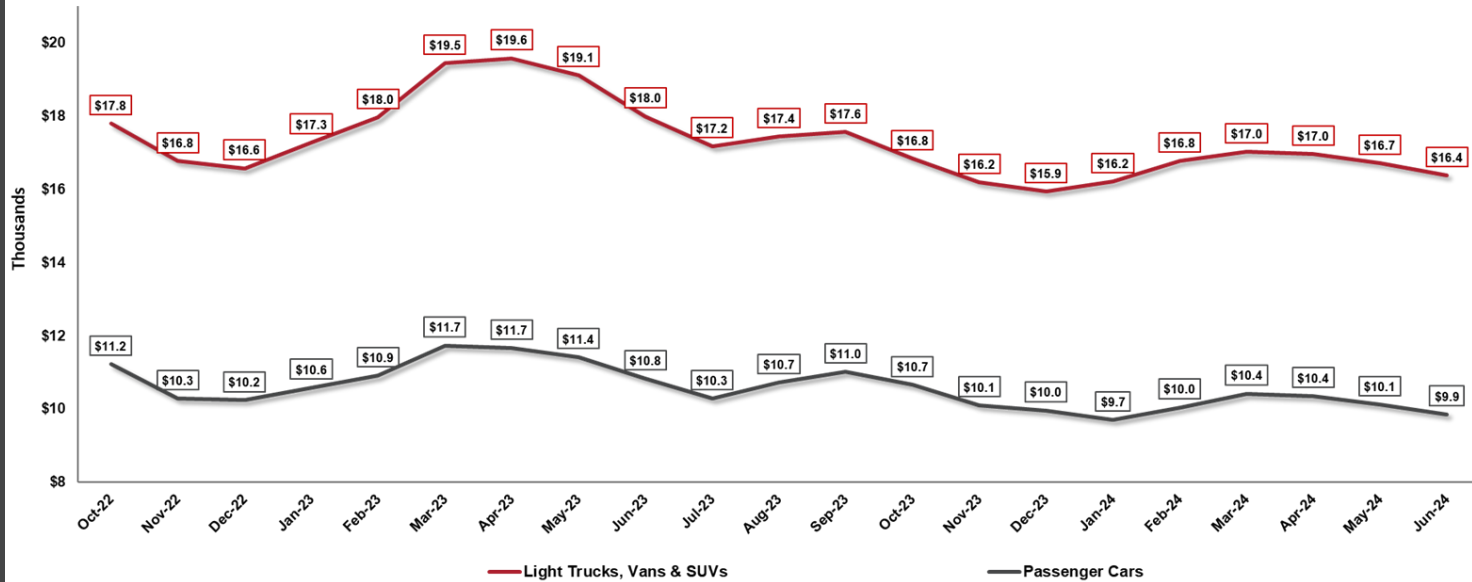
- Total volume of used vehicle sales increased 1.4% year over year in June.
- The Manheim Used Vehicle Value Index decreased by 9.8% year over year.
- 2019 (pre-pandemic) Annual Average was 138.9
- All major market segments saw lower seasonally adjusted prices year over year in June.
- All major segments saw overall price decreases month over month, with pickups down 1.4%

Recommendation:

- While resale values have softened, prices remain well above pre-pandemic levels. Utilize Merchants' GuaranteeBUY program to capture that increased equity.

WHOLESALE RESALE MARKET

Average Wholesale Price by Segment



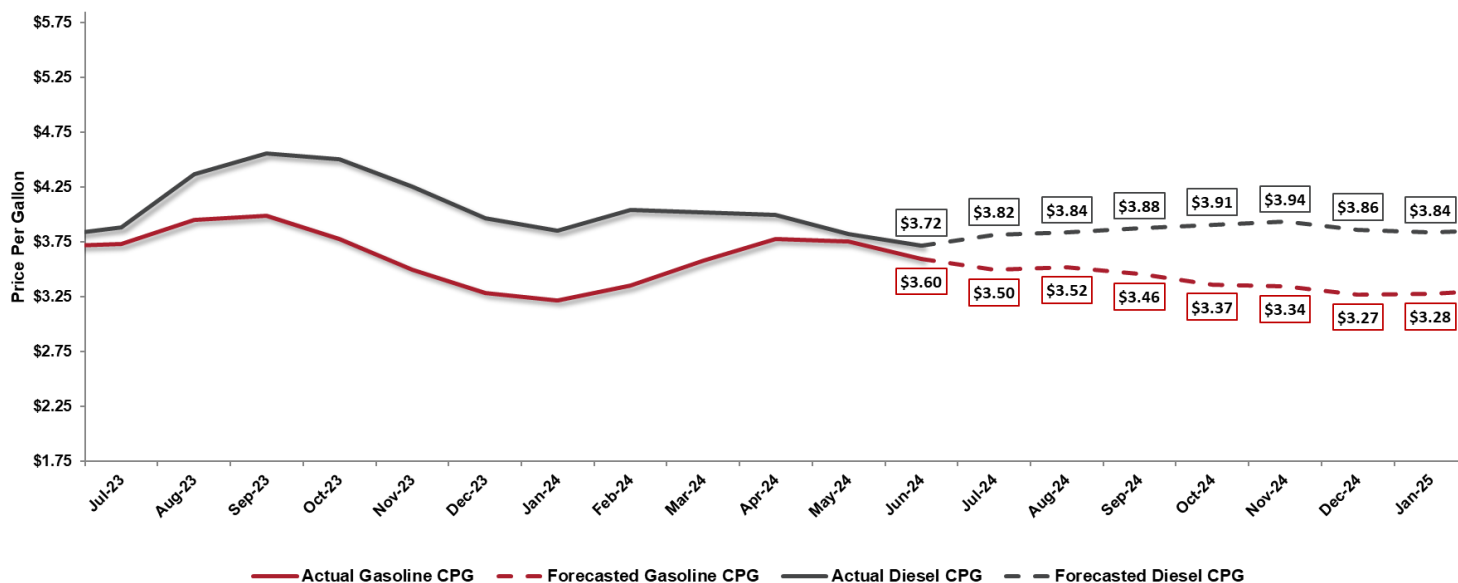
- Wholesale prices decreased 2% month over month compared to May.
- Wholesale prices saw a decrease of 7.6% year over year.
- June 2024 wholesale prices are 22.8% above pre-pandemic prices.

Recommendation:

- Use GuaranteeBUY for under-utilized assets when resale values tend to peak, typically between March and May.

FUEL

National Average Cost per Gallon Regular Grade & Diesel



- U.S. regular gasoline prices decreased 4.1% from the previous month and averaged \$3.60 per gallon in June.
- U.S. diesel retail prices decreased 2.6% from the previous month and averaged \$3.72 per gallon.

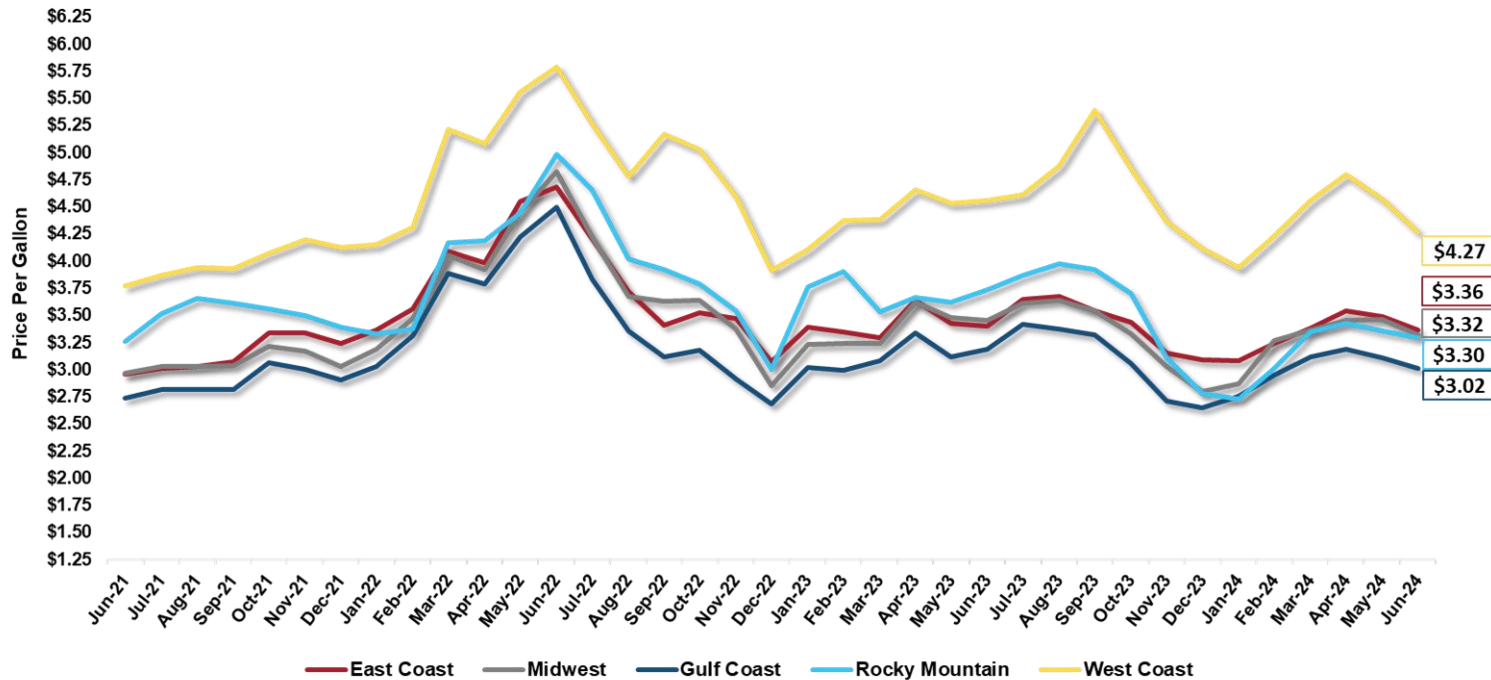
- July's forecasted gasoline price is \$3.50 per gallon, and diesel has a forecasted price of \$3.82 per gallon.

Recommendations:

- Closely monitor fuel prices for accurate fuel budget forecasting.
- Consider enrolling in TotalConnect to monitor driving patterns for cost savings opportunities.

FUEL

Regional Average Cost per Gallon – Regular Grade



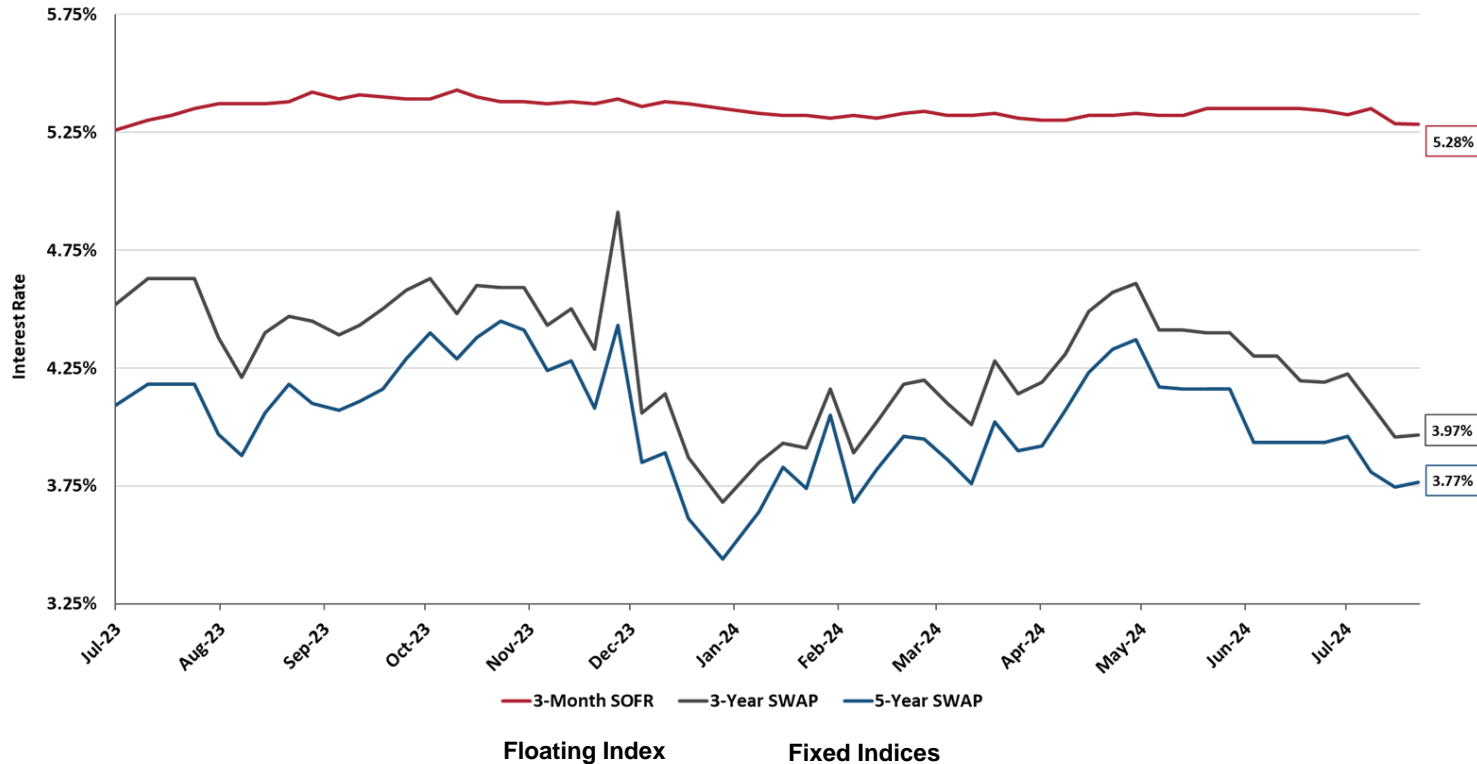
- Overall, Regular Grade Fuel prices have decreased in June with a U.S. average of \$3.44 per gallon.
- Some factors that contribute to regional gas price differences:
 - Distance from supply
 - Transportation costs
 - State and local taxes
 - Retail Competition

Recommendations:

- Closely monitor fuel prices and vehicle location changes for accurate fuel budget forecasting.
- Consider enrolling in TotalConnect to monitor driving patterns for cost savings opportunities.

INTEREST

Interest Rates



- 3-Month SOFR rate is currently at 5.28%, a month over month decrease of 0.06%
- The 3-Year SWAP rate has decreased to 3.97%
- The 5-Year SWAP rate decreased and is currently 3.77%

Recommendations:

- Consider using floating rates for leases going forward to take advantage of the expected decrease in future interest rates.
- A fixed rate lease locks in the current, escalated interest rate for the duration of a lease.