J.D. POWER

LMC AUTOMOTIVE

Press Release

Retail Sales Down 2% Through First Half of 2018; Average Transaction Price Reaches Record High

DETROIT: 26 June 2018 — New vehicle retail sales in June are expected to fall from a year ago on a selling-day-adjusted basis, according to a forecast developed jointly by J.D. Power and LMC Automotive. Retail sales are projected to reach 1,208,400 units, a 0.6% decrease compared with June 2017. (Note: June 2018 has one more selling day than June 2017). Without the selling-day adjustment, retail sales would be up 3.2%.

"The first half of 2018 will deliver the weakest industry retail sales results since 2014," said **Thomas King, Senior Vice President of the Data and Analytics Division at J.D. Power**. "However, weaker sales volumes are being offset by higher transaction prices, which are expected to reach $32,221 for the first half, up $824 compared with 2017." This means consumers are on pace to spend $215 billion on new vehicles, nearly $5 billion more than the first six months of 2017.

"Despite the dip in retail sales, absolute volumes remain strong and from a consumer expenditure perspective, 2018 is expected to be another record-breaking year for the industry," King added.

J.D. Power and LMC Automotive U.S. Sales and SAAR Comparisons

	June 2018[1]	**May 2018**	**June 2017**
New-Vehicle Retail Sales	1,208,400 units (-0.6% lower than June 2017)[2]	1,266,343 units	1,170,842 units
Total Vehicle Sales	1,508,600 units (-0.6% lower than June 2017)[2]	1,592,864 units	1,472,064 units
Retail SAAR	13.6 million units	13.4 million units	13.3 million units
Total SAAR	16.9 million units	16.9 million units	16.7 million units

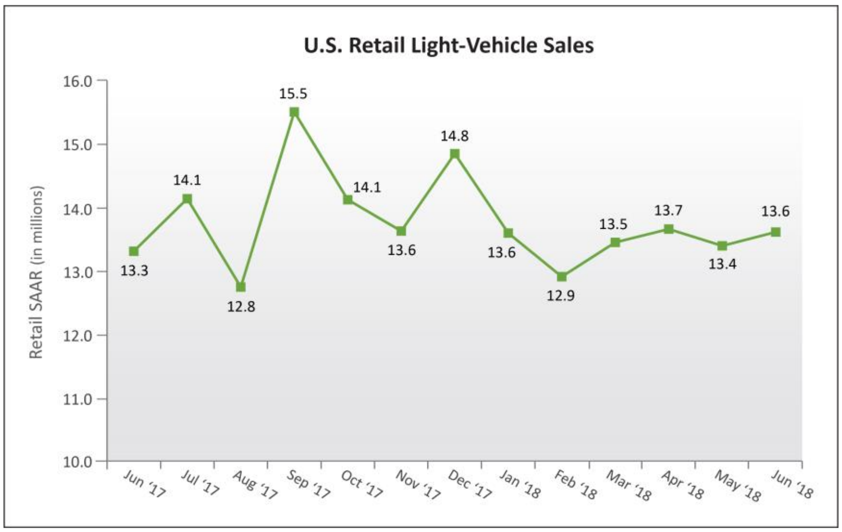
[1]Figures cited for June 2018 are forecasted based on the first 14 selling days of the month.
[2]June 2018 has 27 selling days, while June 2017 had 26 selling days in the month.

- The average new-vehicle retail transaction price to date in June is $32,169, an all-time monthly record. The previous high for the month of June—$31,636—was set last year.
- The average new-vehicle retail transaction price for the first six months of 2018 is expected to reach a record $32,221, surpassing the previous high of $31,397 set in the first half of 2017.
- Average incentive spending per unit to date in June is $3,765. Through the first six months of the year spending is $3,892, up $118 from the prior year.
- Consumers are on pace to spend $38.9 billion on new vehicles in June, which is $1.8 billion more than last year's level.
- Trucks account for 67% of new-vehicle retail sales through June 17—the highest level ever for the month of June—making it the 24th consecutive month above 60%.
- Days to turn, the average number of days a new vehicle sits on a dealer lot before being sold to a retail customer, is 70 through June 17. This is flat vs. last year.
- Fleet sales are expected to total 300,200 units in June, down 4.0% from June 2017. Fleet volume is expected to account for 20% of total light-vehicle sales, down 1 percentage point vs. last year.

Jeff Schuster, President, Americas Operations and Global Vehicle Forecasts at LMC Automotive, said, "Tariff threats remain at center stage. The high level of uncertainty and expected negative effects are causing profit and volume warnings. A trade war involving vehicles would be devastating to sales volume in the United States and other key markets. No one wins when more than a million units annually are at risk in the U.S."

In the face of the risk, LMC's best-case forecast for 2018 total light-vehicle sales is holding at 17.1, a decrease of 0.4% from 2017. The retail light-vehicle forecast remains at 13.8 million units, a decline of 1.5% from 2017. Fleet volume is expected to grow by 115,000 units, or 3.5%, and represents 19.5% of total light-vehicle sales.

U.S. Retail SAAR— June 2017 to June 2018



(in millions of units)
Source: *Power Information Network® (PIN)* from J.D. Power

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