

# INDUSTRY UPDATE

March 2021

## ECONOMIC INDICATORS

- **The lockdowns in Q2 led to a 31% annualized decline in the U.S. economy as consumer spending fell 33% and private investment fell 47%.** The third quarter saw a strong start of the recovery with a record 33% annualized increase, which was followed in Q4 by a slower 4.3% gain. Economic activity is now accelerating, and GDP is expected to be fully recovered by Q2 2021.
- **The headline unemployment rate declined to 6.0% in March.** However, the BLS reported that the rate could have been 0.4 points higher if not for misclassification due to confusion about people considered as employed but away from work. This misclassification error rate declined from February, so the headline unemployment rate did see a real decline.
- **Consumer Confidence according to the Conference Board jumped 21.3% in March and left confidence down 17% compared to February 2020.** Plans to purchase a vehicle in the next 6 months increased in March to a 13-month high and even with purchase intention last June.

## DEMAND

- **Total new vehicle sales were up 59.7% y/y in March with one more selling day compared to March 2020.** The March SAAR was 17.7 million, a 55% increase from last year's 11.4 million and a 13% increase from February's weather-impacted 15.8 million.
- **Combined sales into large rental, commercial, and government buyers were down 20% y/y in March and down 42% compared to March 2019.** Including an estimate for fleet deliveries into the dealer and manufacturer channel, we estimate that the remaining retail sales were up 87% y/y in March and up 10.5% compared to 2019. The estimated retail SAAR of 15.4 million was up 83% from last year and up 15% from March 2019's 13.4 million rate.
- **We initially estimate that used vehicle sales were up 117% y/y in March.** Compared to 2019, total used vehicle sales were down 1.8%. **CPO sales in March increased 80% y/y and were up 36% m/m.** March CPO sales were up 8% compared to March 2019 for the best single-month for CPO sales results on record.

### LIGHT VEHICLE SALES

- ↓ **31%** Rental
- ↑ **2%** Commercial
- ↓ **17%** Government

## SUPPLY

- **The Manheim Used Vehicle Value Index jumped 5.9% m/m in March.** The increase brought the Index to 179.2, which was a new record and 26.2% higher than a year ago. On a y/y basis, all major market segments saw seasonally adjusted increases in March, but pickups again outperformed the overall market. **Days' supply for March was 38, down 56 days y/y and down 15 days from February.** Average car days' supply came in at 42, down 39 days y/y and down 20 days from February. Light truck days' supply was 37 last month, down 62 days from last year and down 14 days from the prior month.



## COVID-19

- **The vaccination trend is 3.0 million doses per day, which is down slightly from 3.1 million earlier this week but up from 2.9 million a week ago.** That trend has more room to grow as the 7-day average of doses delivered is now at 4.1 million doses per day from 3.8 million a week ago. As of Thursday, 112 million people had received at least one dose and 66 million had been fully vaccinated per the required vaccine protocol.