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The webinar will begin momentarily.

Market Pulse: Potential Impact on the Automotive Industry in the wake of uncertainty

Webinar | May 28, 2020

A man and a woman are sitting at a wooden table in a home office, looking at a laptop. The woman is wearing a checkered shirt and a watch, and the man is wearing a dark t-shirt. They are both looking intently at the screen. In the background, there is a staircase and a desk with a computer monitor.The Equifax logo is a red circle with the word "EQUIFAX" in white, bold, sans-serif capital letters. A registered trademark symbol (®) is located at the top right of the word.

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Market Pulse: Potential Impact on the Automotive Industry in the wake of uncertainty

Webinar | May 28, 2020

Agenda

- U.S. Economic Update
- Consumer Sentiment and Auto Market Insights
- Auto Credit Trends and COVID-19 Forbearance
- Q&A



COVID-19 Questions: [covid19customerquestions@equifax.c](mailto:covid19customerquestions@equifax.com)



www.linkedin.com/company/equifax/



twitter.com/EquifaxInsights



Presenters



Amy Crews Cutts
President and Chief
Economist
AC Cutts & Associates LLC



Jonathan Smoke
Chief Economist
Cox Automotive



Byron McDuffee
Sr. VP & General Manager
Automotive Services
Equifax

U.S. Economic Update

Amy Crews Cutts

Economic Data Has Been Mixed Since the Onset of Stay-At-Home Orders in March



\$1.91 T

Increase in Deposits
in Commercial Banks
end of Feb to week
of May 13

\$83 B

Decrease in
Consumer Credit
Card Balances
end of Feb to week
of May 12



\$123 B

Decline in Monthly
Retail Sales Feb to
Apr

5.3%

Change in Existing
Homes Sales Price
Apr'20 vs Apr'19



37.1 M

Number of Initial
Claims for
unemployment
benefits filed since 1st
week of Mar to week
ended May 23

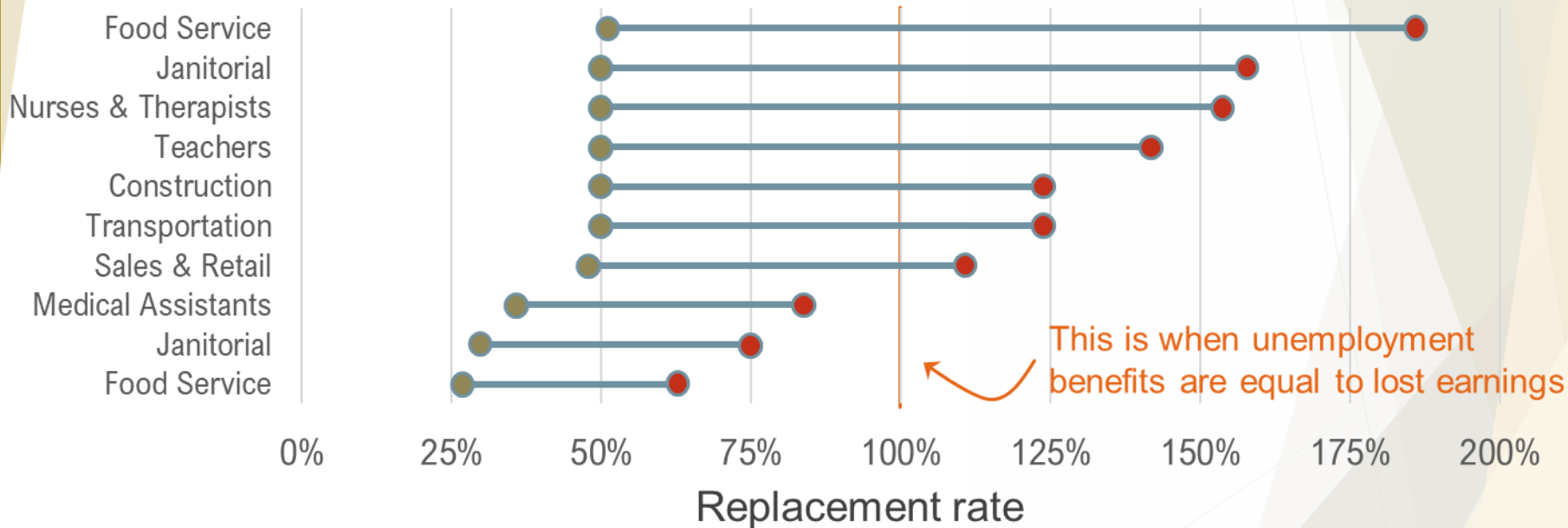
Source: AC Cutts & Associates; Board of Governors of the Federal Reserve Bank, Federal Reserve Bank of St. Louis (FRED; Series H.8 Assets and Liabilities of Commercial Banks in the United States); Equifax Credit Trends; National Association of Realtors; U.S. Department of Labor

Some Workers Are Making More on Unemployment

Estimated percentage of earnings replaced by unemployment benefits for the median unemployed worker in 10 common occupational fields

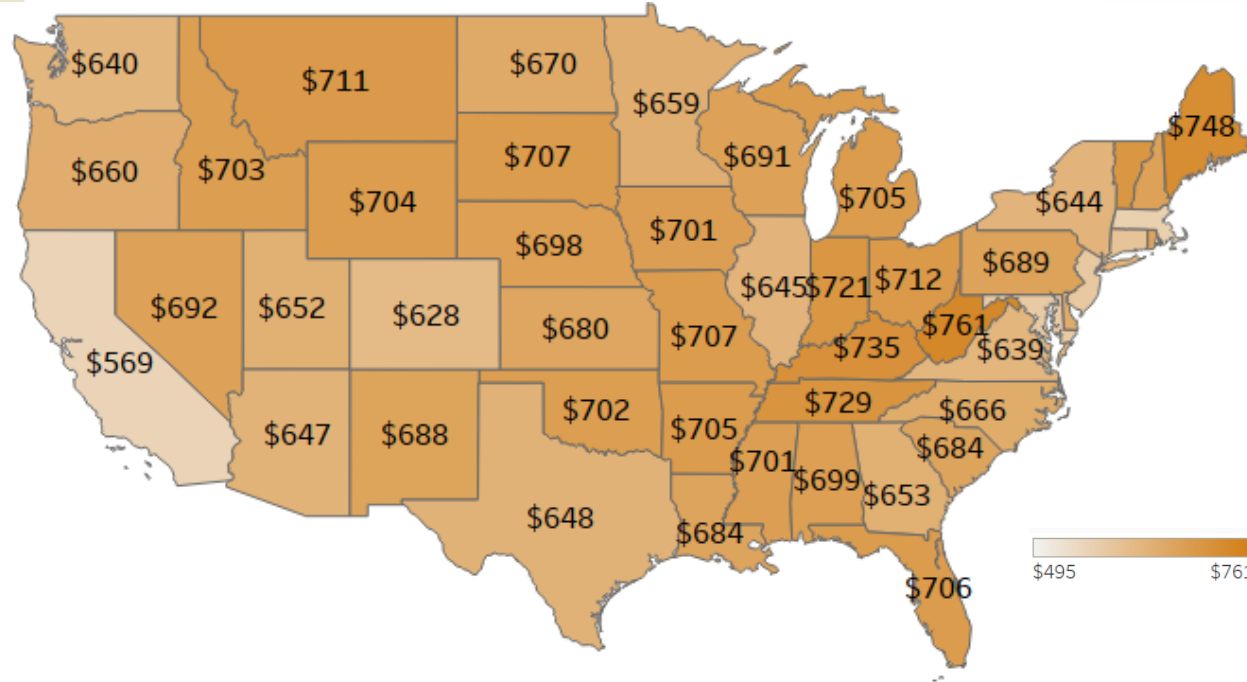
Without CARES Act

With CARES Act



Source: AC Cutts & Associates, FiveThirtyEight.com, Peter Ganong, Pascal Noel, and Joseph Vavra (May 2020) "US Unemployment Insurance Replacement Rates During the Pandemic." Janitorial category includes groundskeepers. Using the 2019 CPS ASEC to estimate median unemployment benefits by occupation for selected occupations based on nationwide median earnings and state-level benefits rules for citizens with earnings above minimum wage.

Economic Impact Payments to Families Under the CARES Act Total Nearly \$216 B



Benefit per Capita from the CARES Act Economic Impact Payments

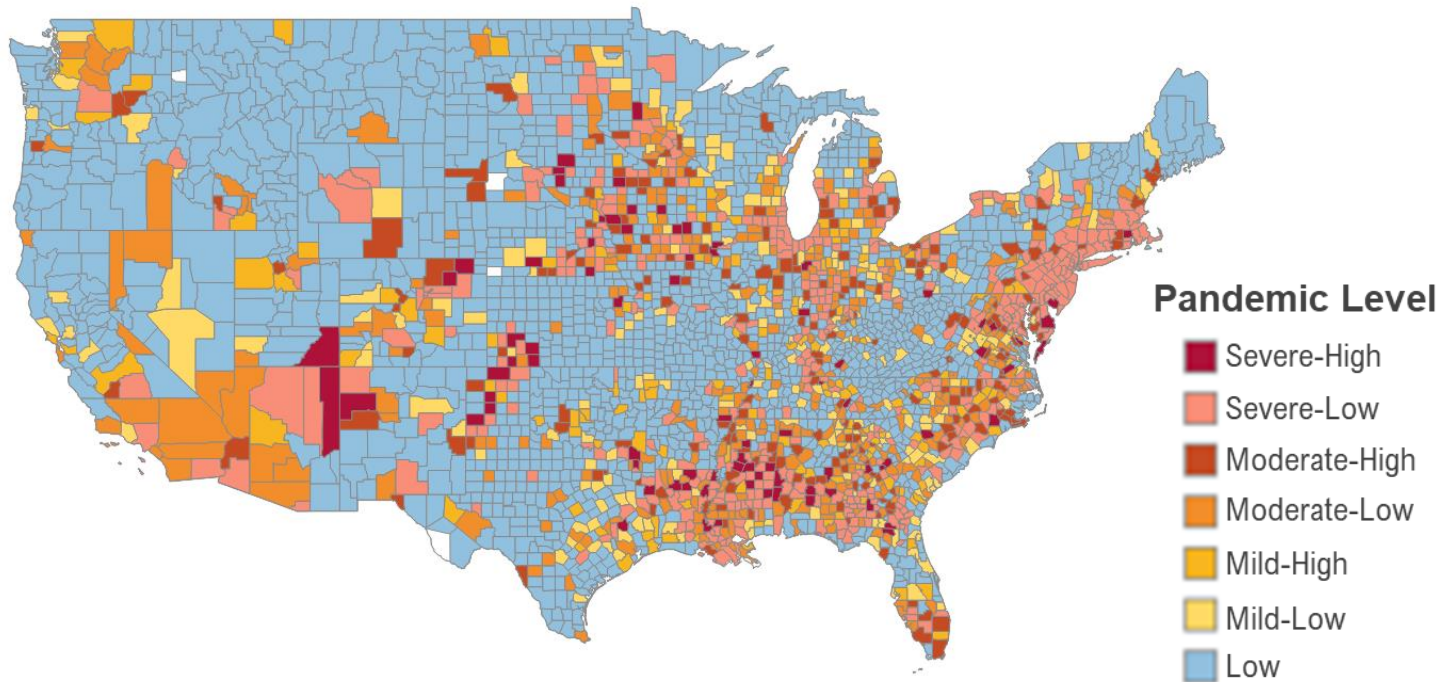
Vermont	\$722
New Hampshire	\$692
Massachusetts	\$577
Connecticut	\$607
Rhode Island	\$685
New Jersey	\$595
Maryland	\$591
District of Columbia	\$495
Delaware	\$664
Alaska	\$664
Hawaii	\$653

Source: AC Cutts & Associates; Internal Revenue Service; U.S. Bureau of the Census

Consumer Sentiment & Auto Market Insights

Jonathan Smoke

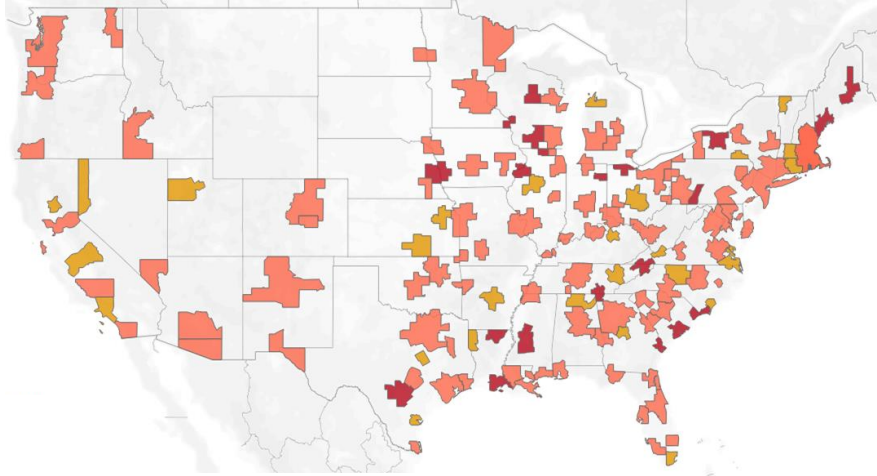
COVID-19 LOCAL IMPACT ASSESSMENT



© 2020 Mapbox © OpenStreetMap

CONSUMER SENTIMENT DECLINE AND PROGRESS VARY BY MARKET

Since February 29th

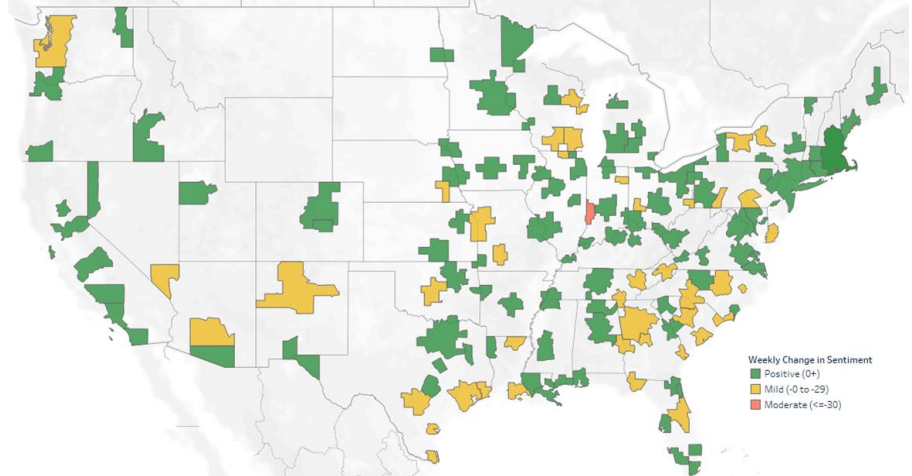


Change in Sentiment

2/29/2020 to 5/25/2020

- Mild (-0% to -19.9%)
- Moderate (-20% to -29.9%)
- Severe (-30%+)

Since May 18th

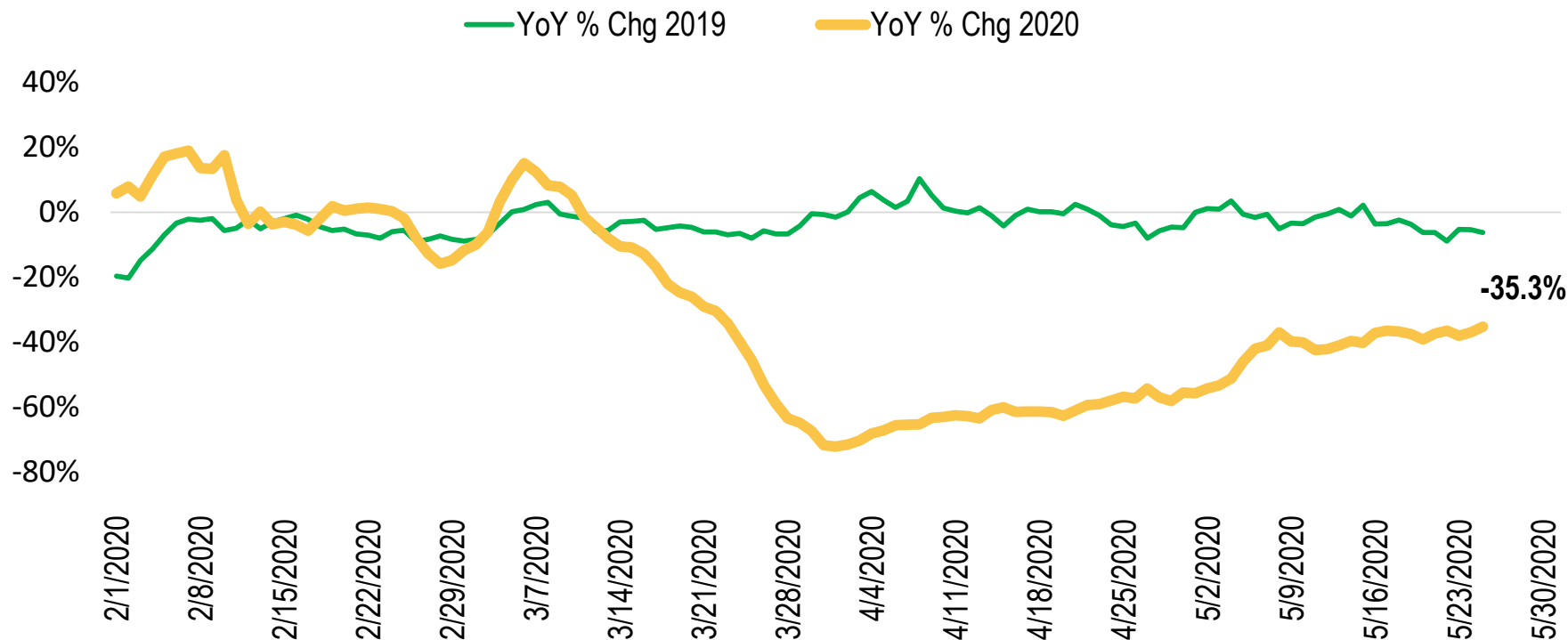


Weekly Change in Sentiment

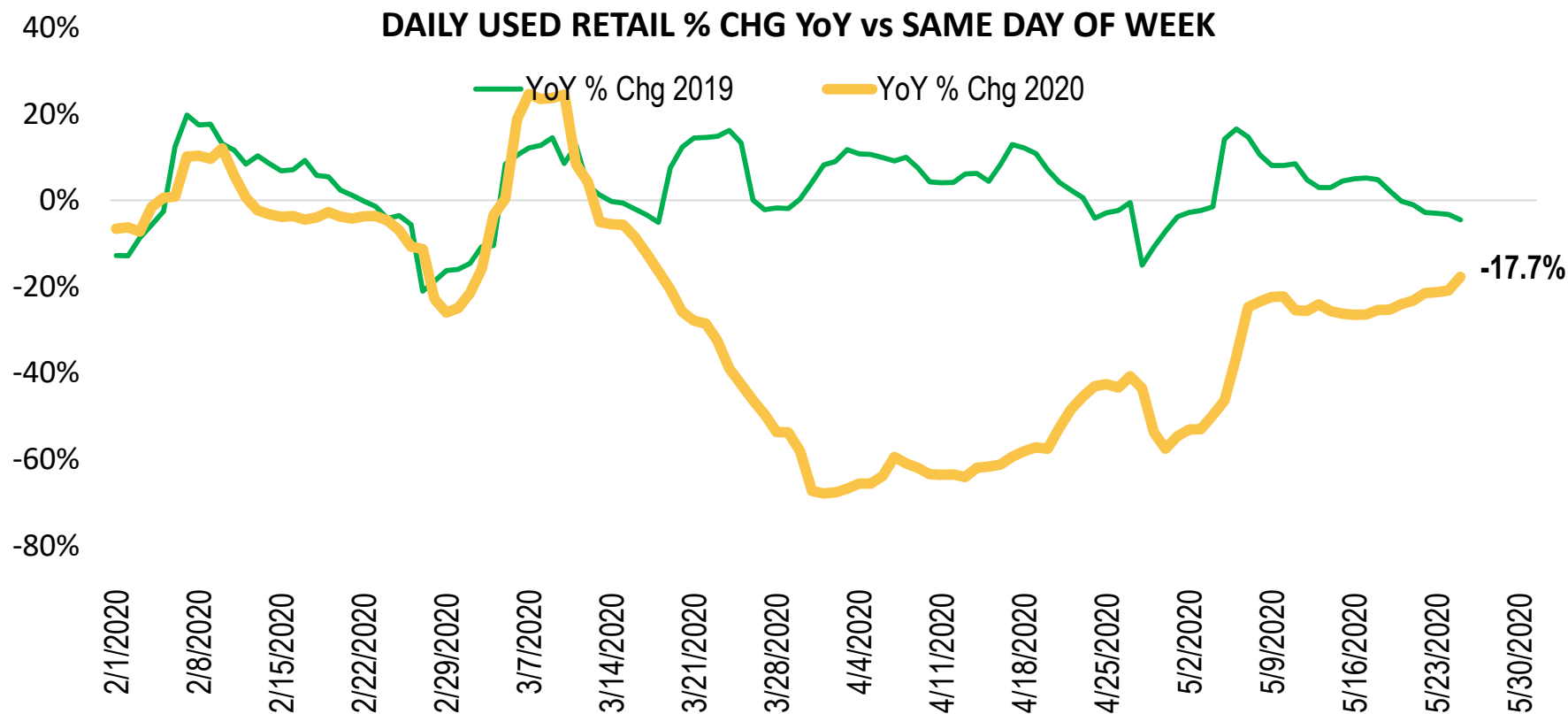
- Positive (0+)
- Mild (-0 to -29)
- Moderate (<=-30)

RETAIL TREND ESTIMATE – NEW AUTO SALES

DAILY NEW RETAIL % CHG YoY vs SAME DAY OF WEEK

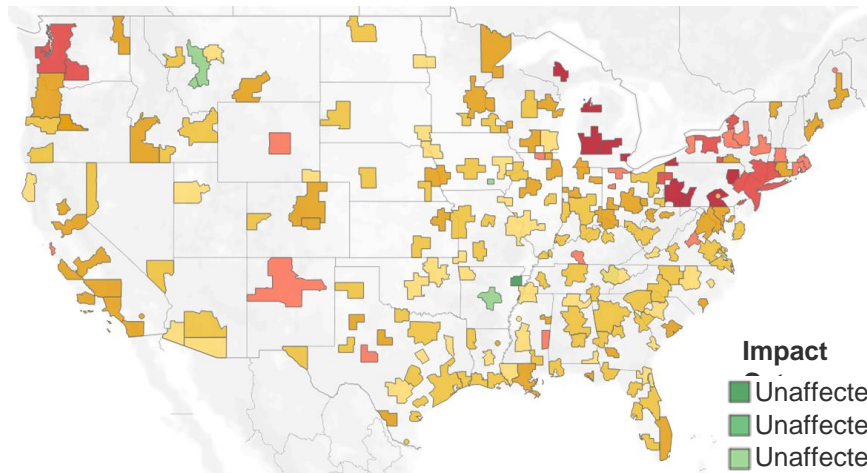


RETAIL TREND ESTIMATE – USED AUTO SALES

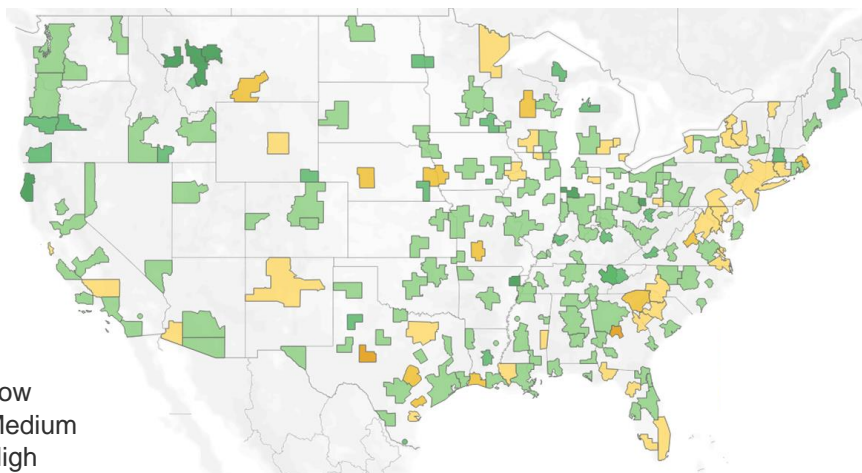


SALES IMPACT VARIES BY DMA AS EVIDENCED BY UNIQUE CREDIT APPS

April 5th



May 24th

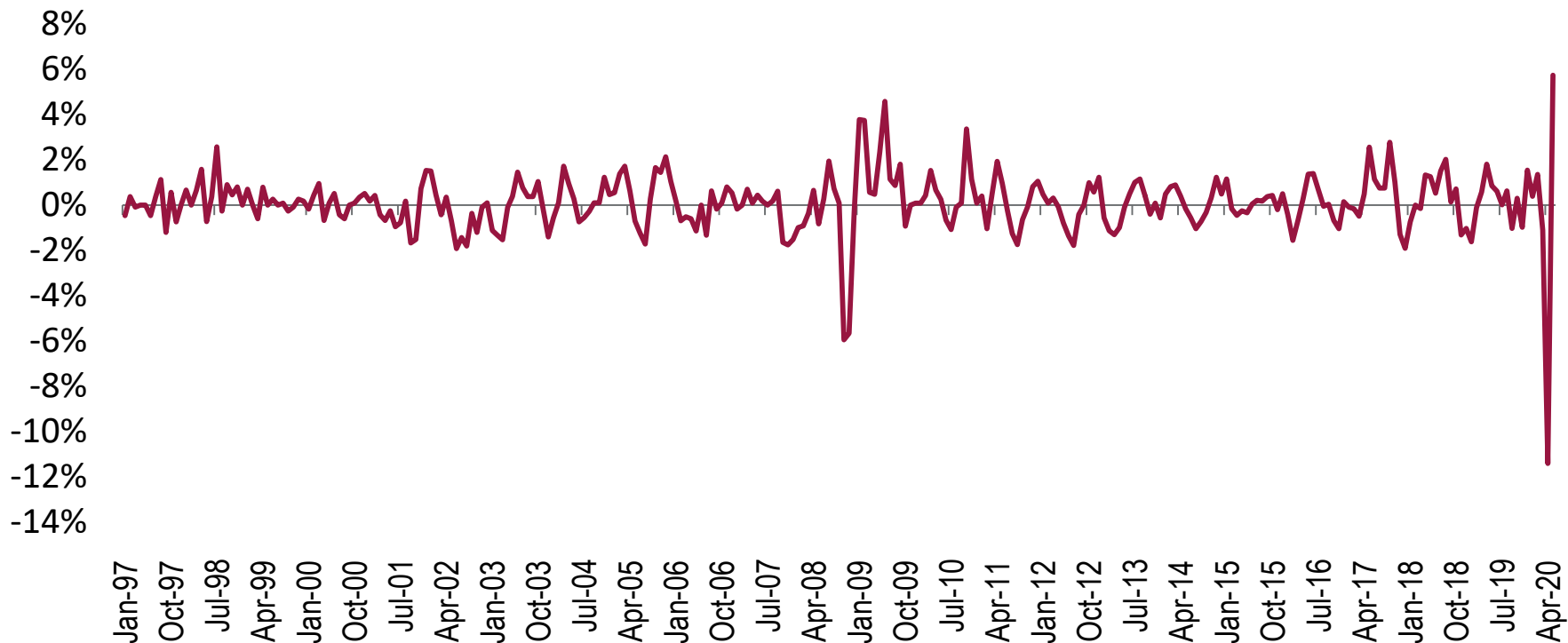


Impact

- Unaffected Low
- Unaffected Medium
- Unaffected High
- Impacted Low
- Impacted Medium
- Impacted High
- Severely Impacted
- Low
- Sev. Impacted
- Medium
- Severely Impacted
- High

MID-MAY MANHEIM INDEX SEES REBOUND FROM APRIL'S HISTORIC DROP

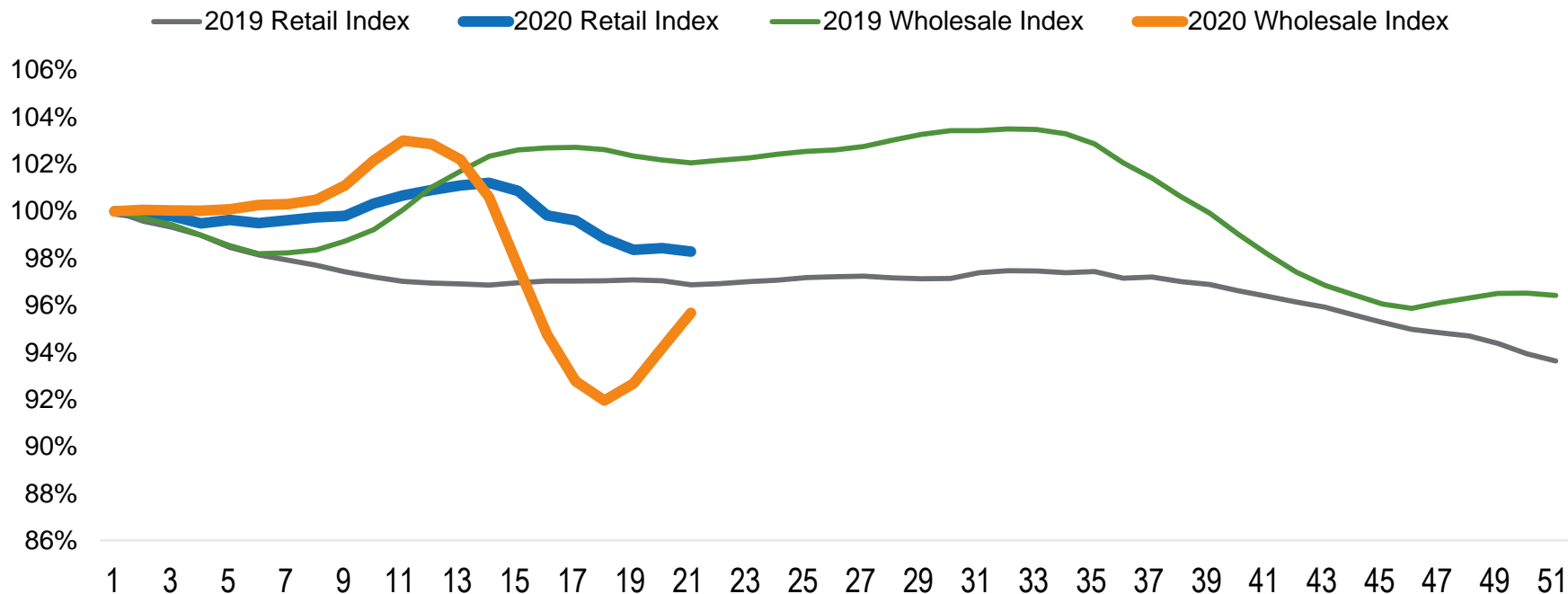
Manheim Index - % Change M/M



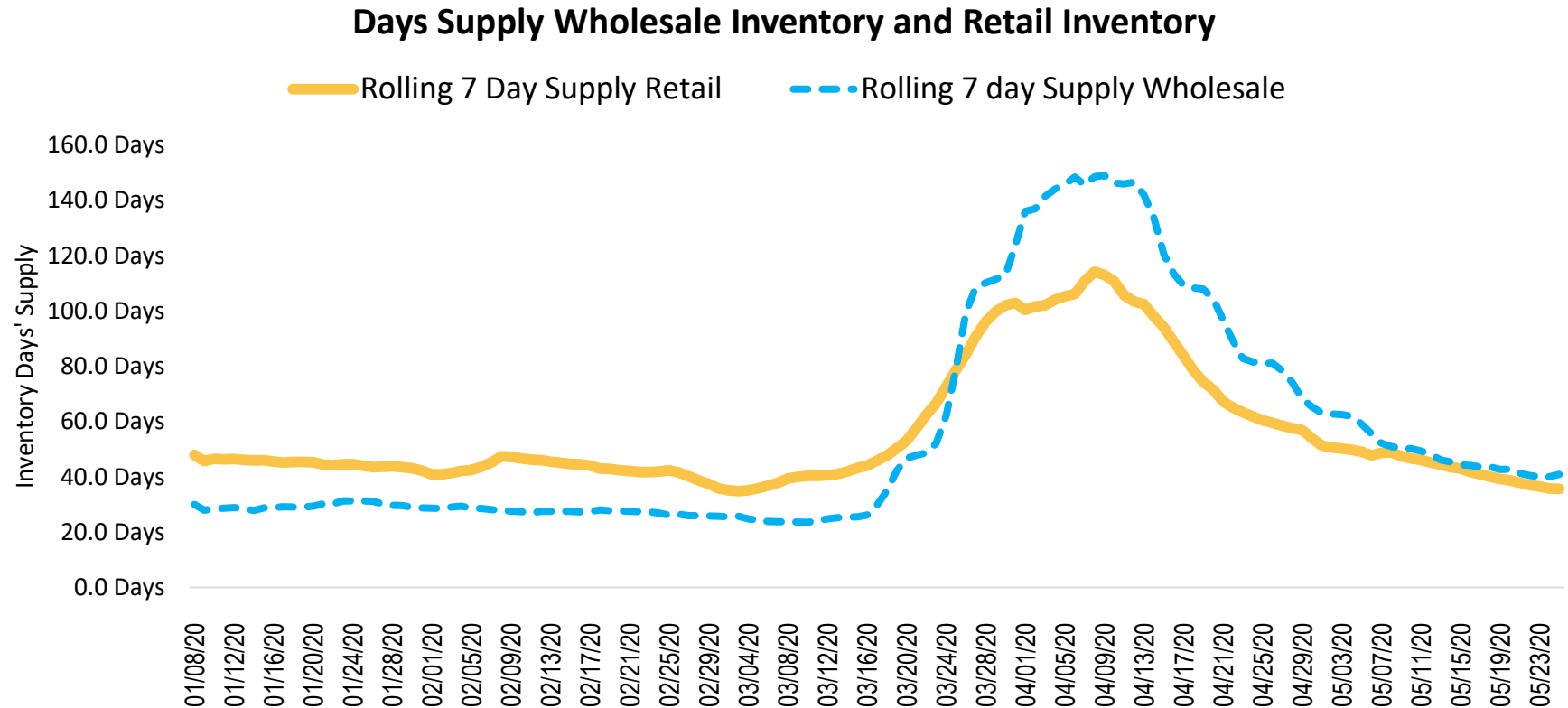
DISCONNECT BETWEEN RETAIL AND WHOLESALE PRICES CLOSING RAPIDLY

Since peak in wholesale prices in week 11, model year 2017 wholesale prices are down 7.3% while retail prices are down 2.4%

MY 2017 Retail and Wholesale Price Indices (wk1=100)



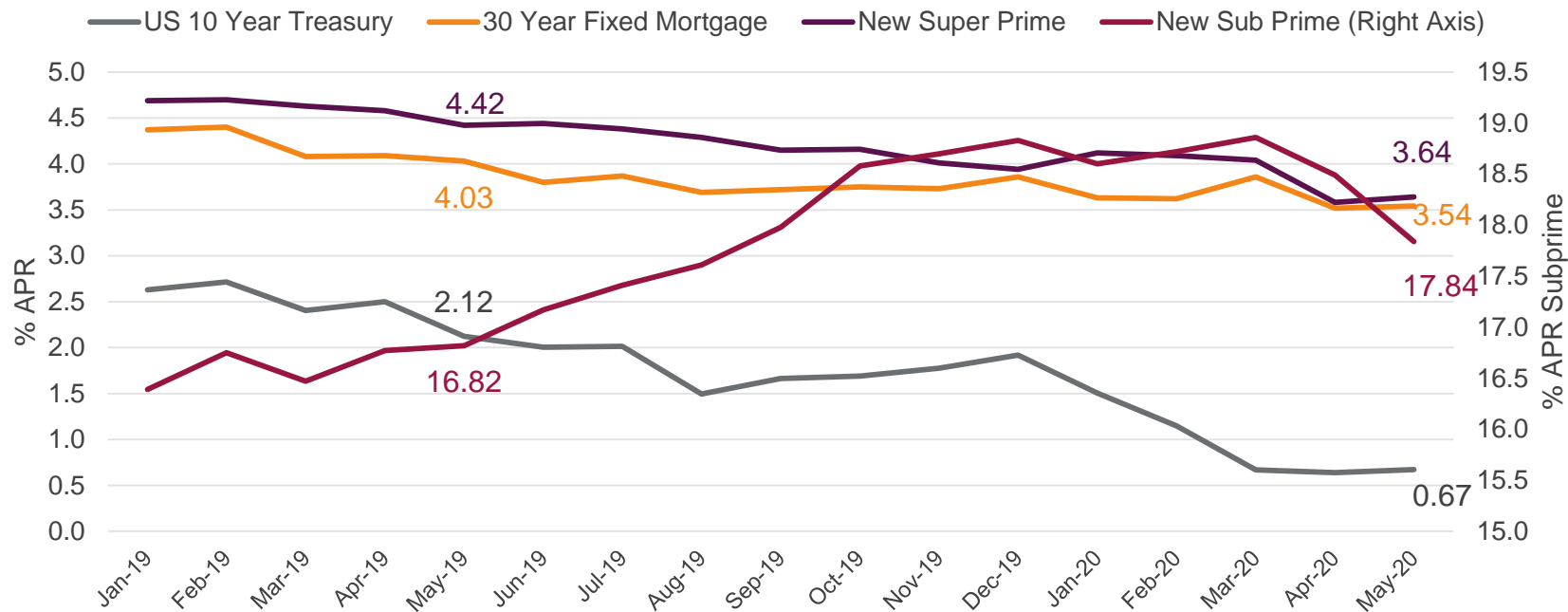
DAYS' SUPPLY COMING DOWN FROM HIGHS DURING CRISIS



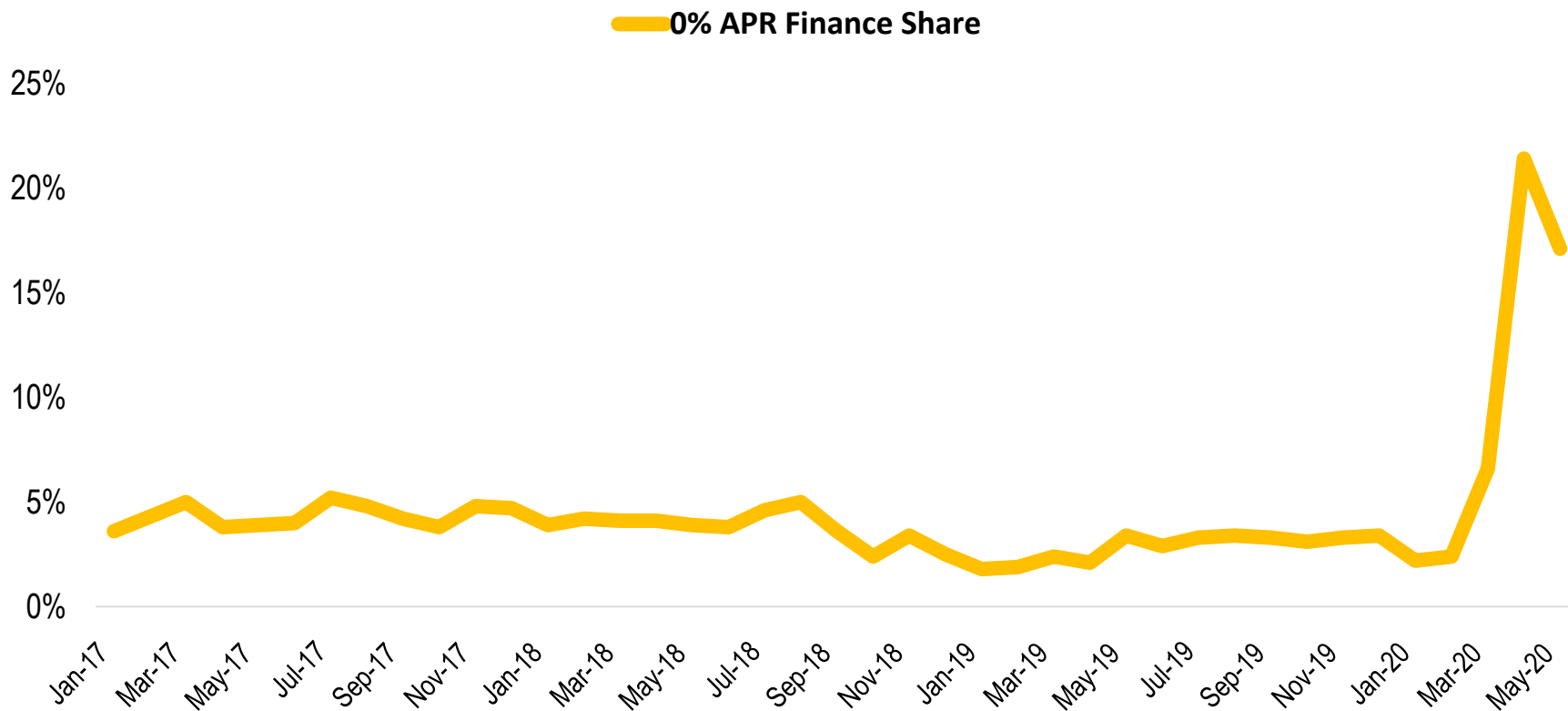
CONSUMER RATES MOVED LOWER IN APRIL

Fed rate cuts in March did not push consumer rates lower in March, but rates moved down in April

10-Year vs. Mortgage and New Auto Loan Rates



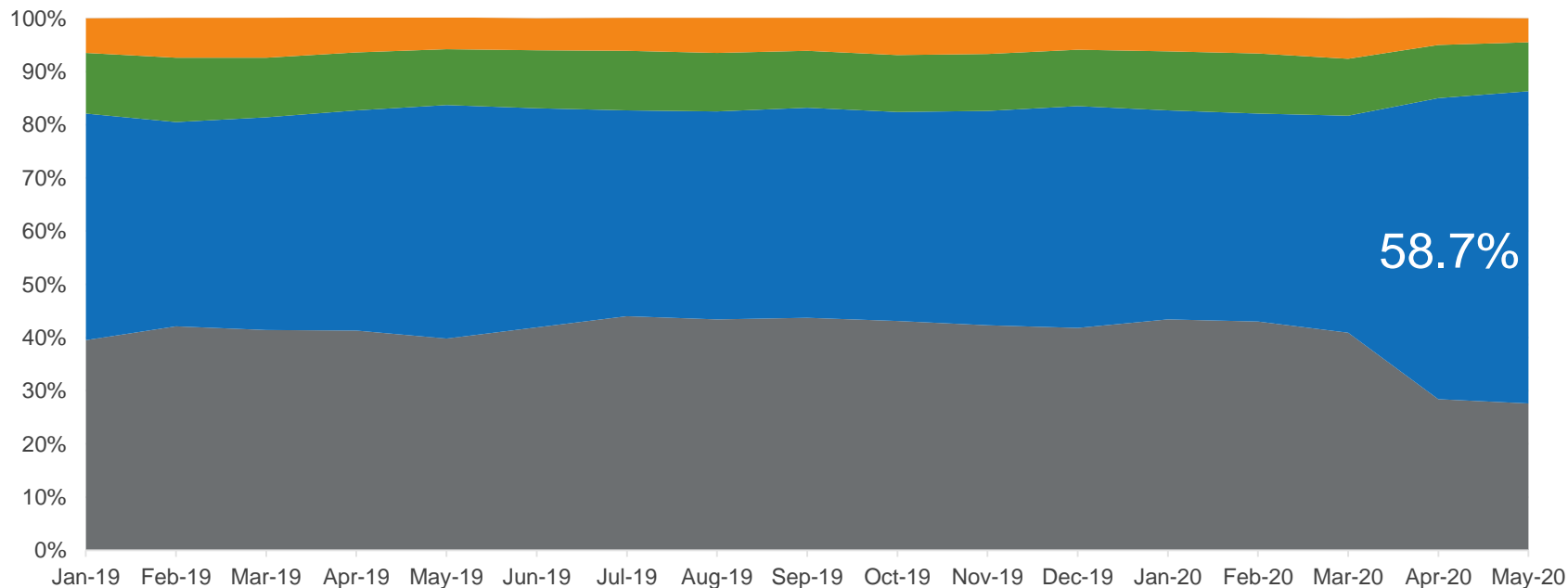
ZERO PERCENT FINANCING SEES SLIGHT DECLINE IN MAY



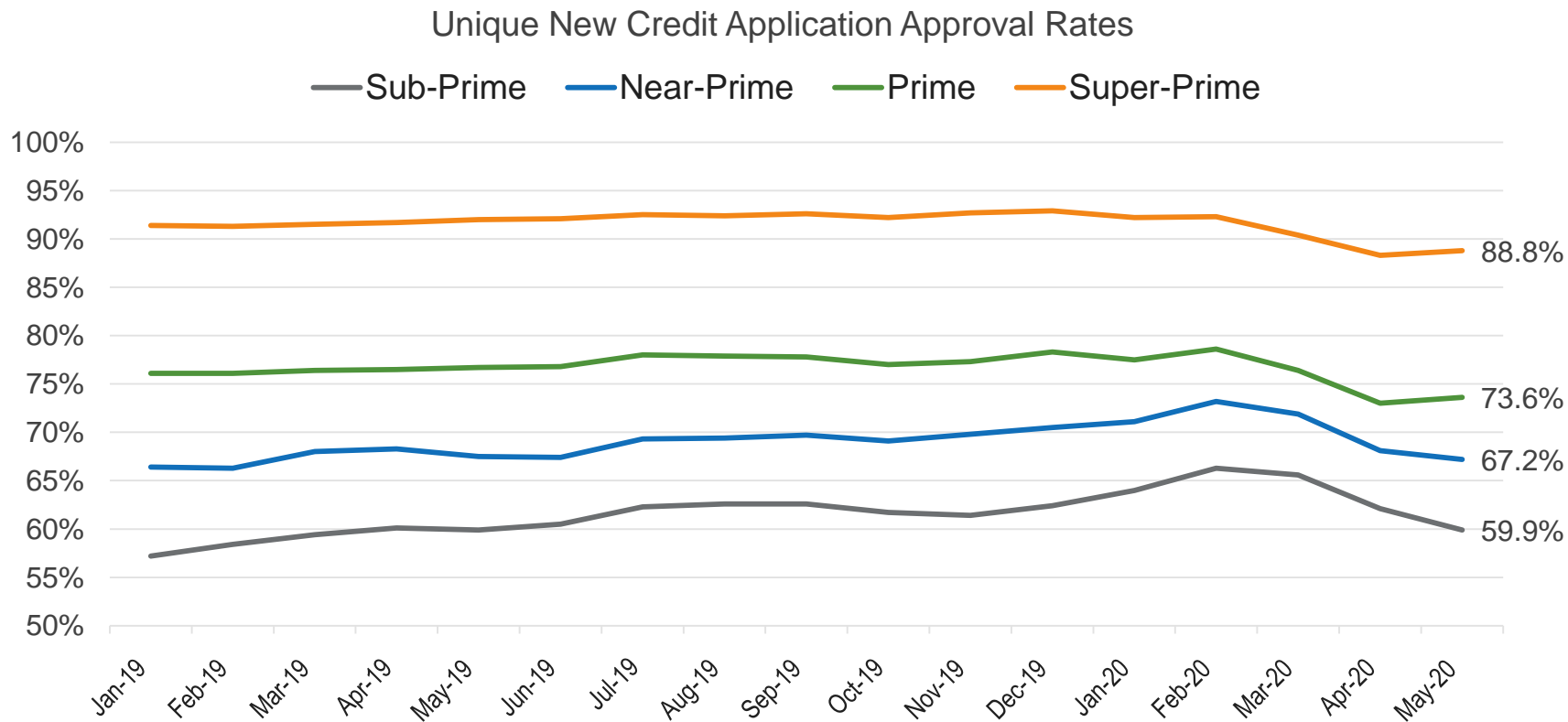
CAPTIVES GAINING SHARE IN NEW VEHICLE MARKET

Lender Type Share of New Vehicle Loans

■ Bank ■ Captive ■ Credit Union ■ Finance Co.



APPROVAL RATES DOWN FOR ALL CREDIT TIERS SINCE FEBRUARY

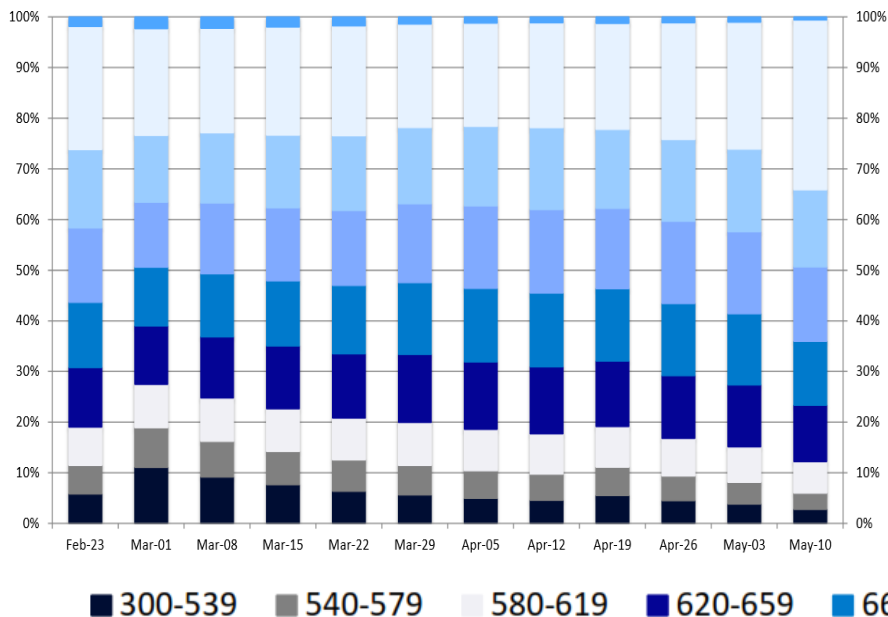


Auto Credit Trends & COVID19 Forbearance

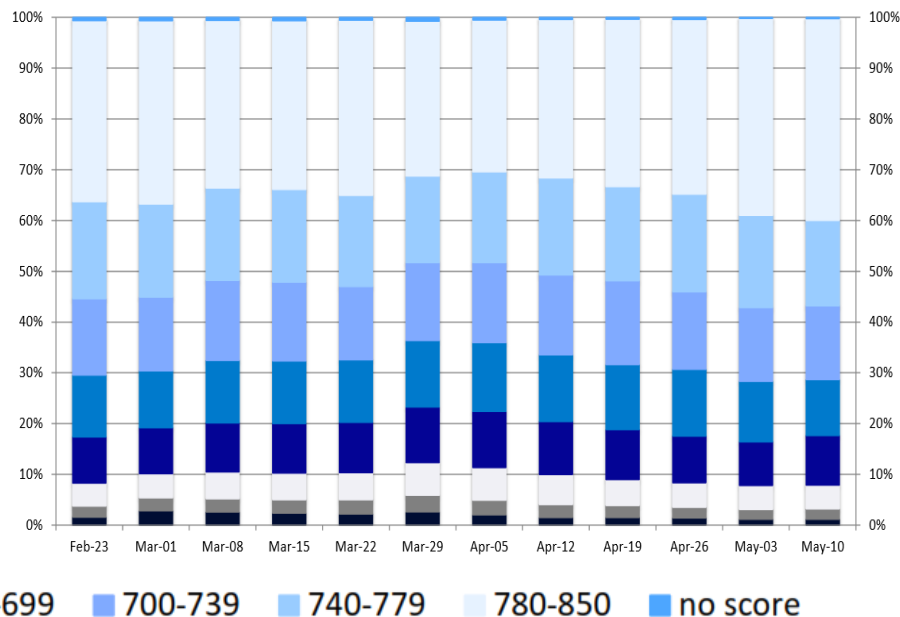
Amy Crews Cutts

Auto Lending Has Gotten More Conservative Since the Beginning of March

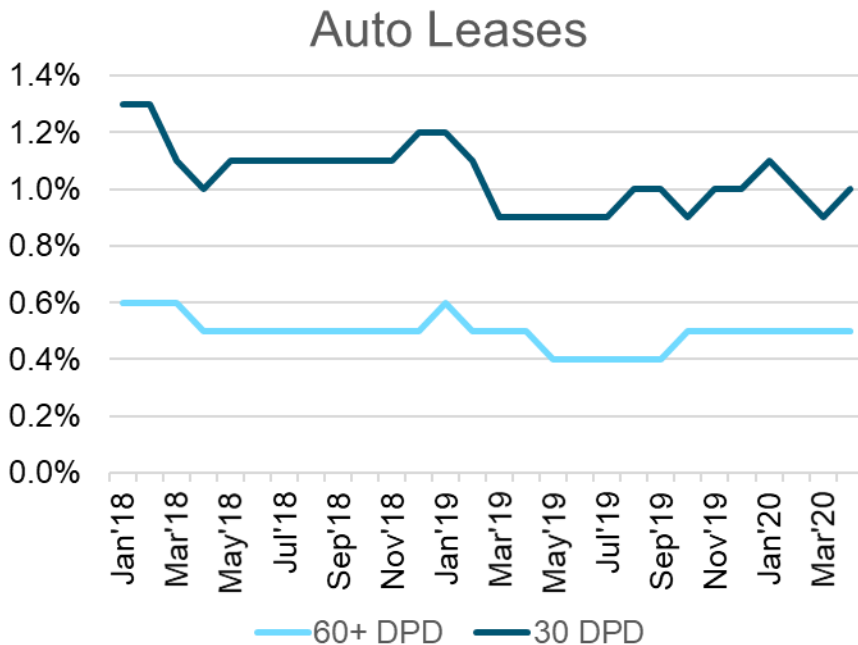
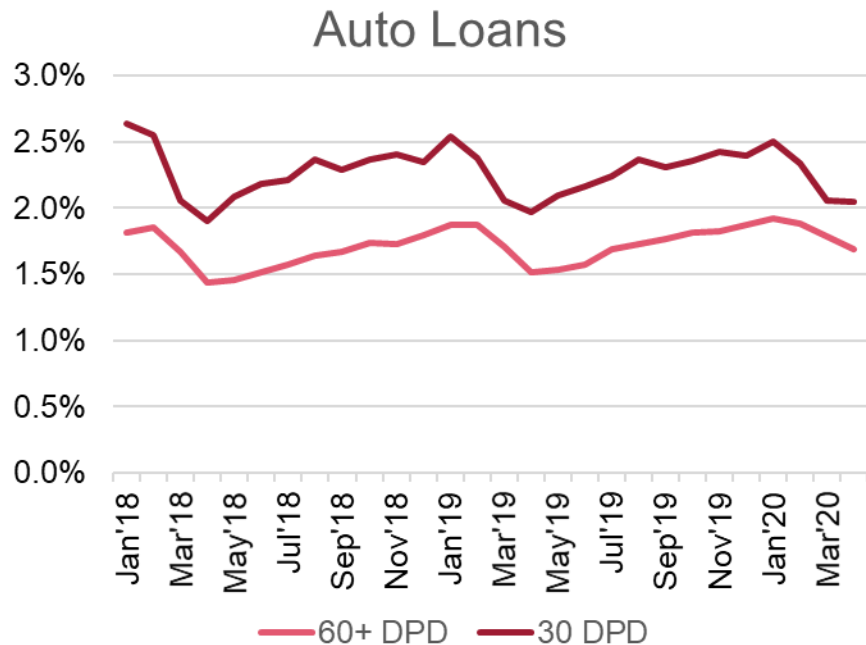
Auto Loans



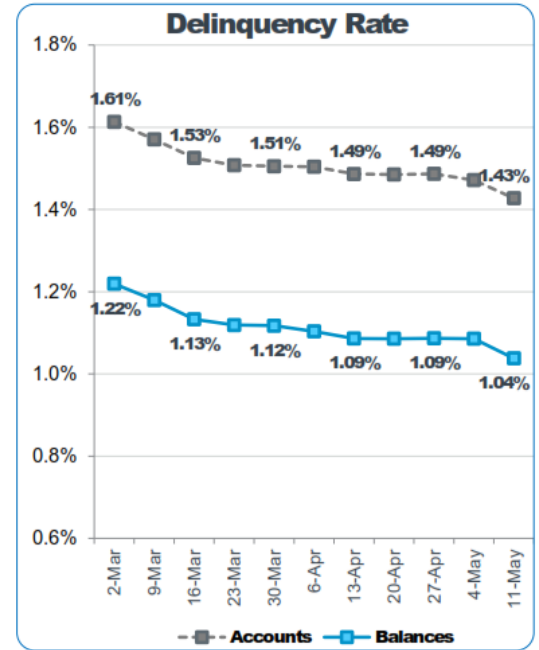
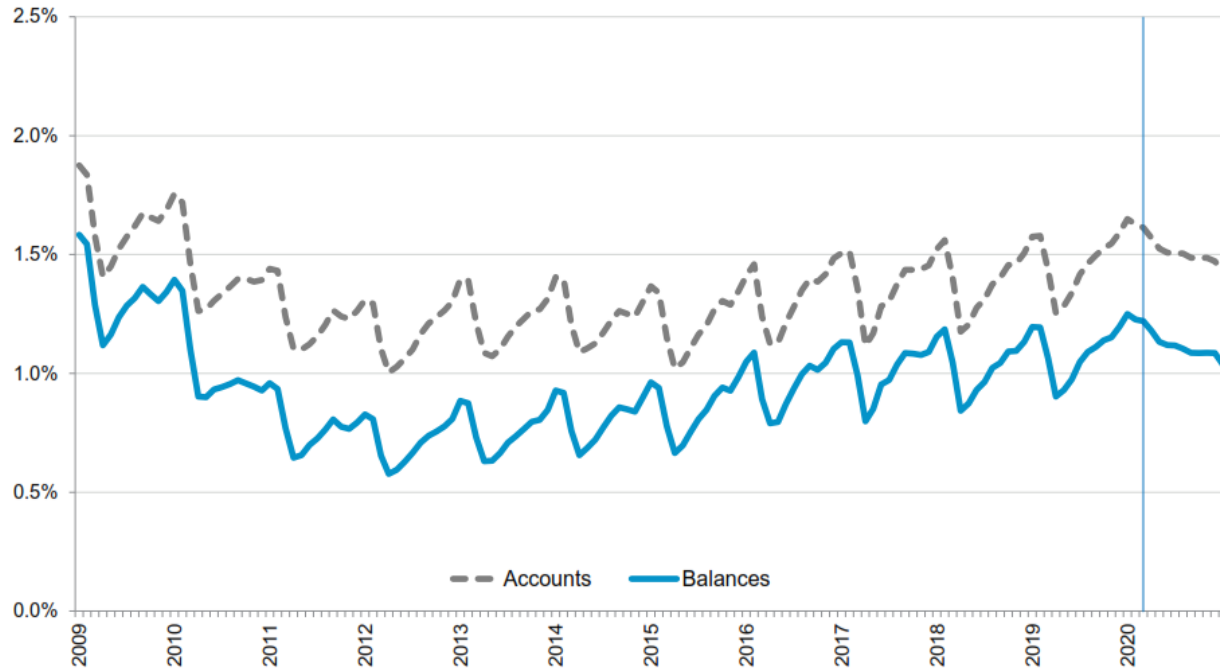
Auto Leases



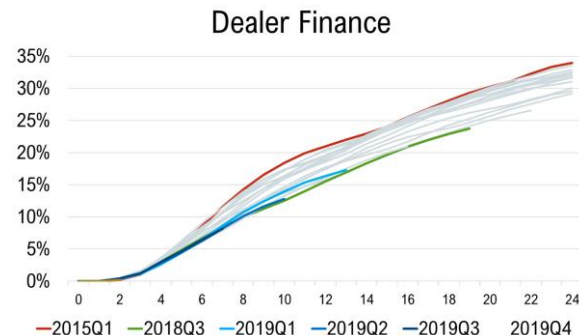
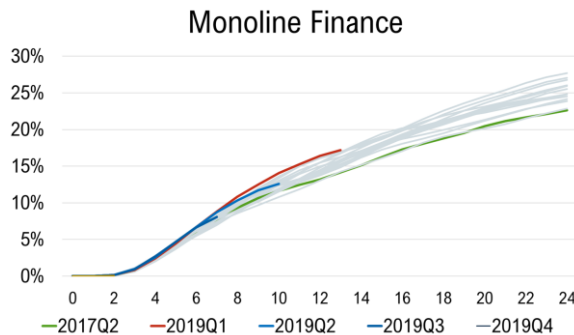
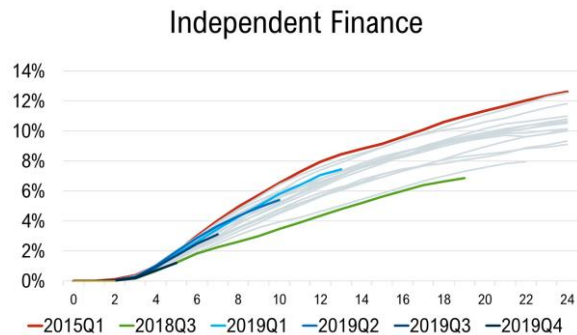
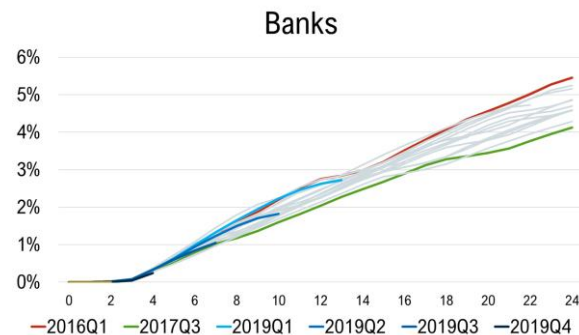
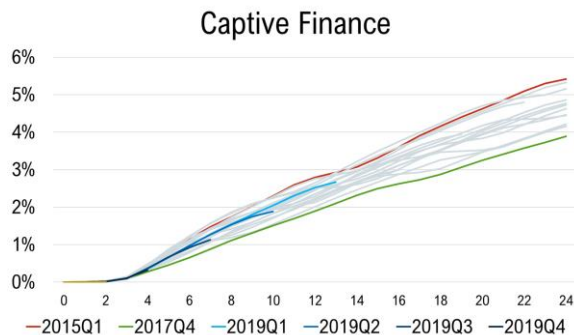
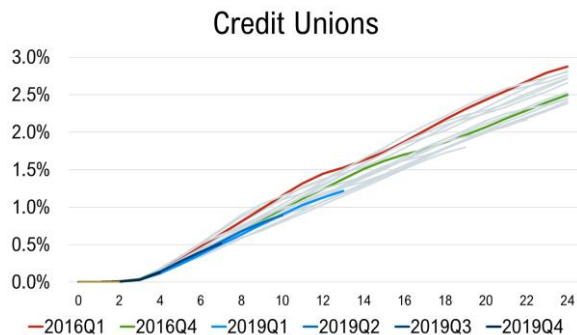
Auto Loan and Lease Performance Is Still Doing Well



Auto Loan Delinquencies Are Trending Down, But at Slower Pace Than Seasonal Norm

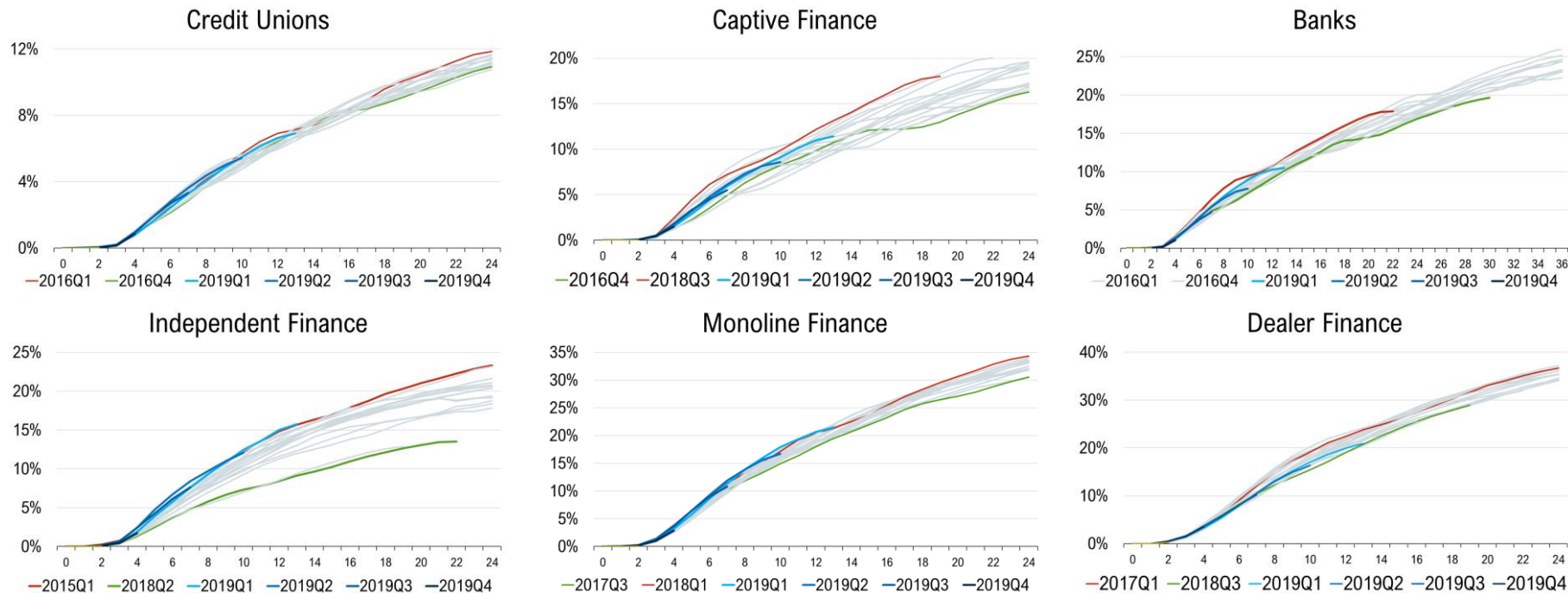


2019 Vintages of Loans Tend to Show Worst Early Performance of Past 5 Years



Vertical axes – Cumulative Ever-60+DPD rate, Horizontal axes – Months on Book

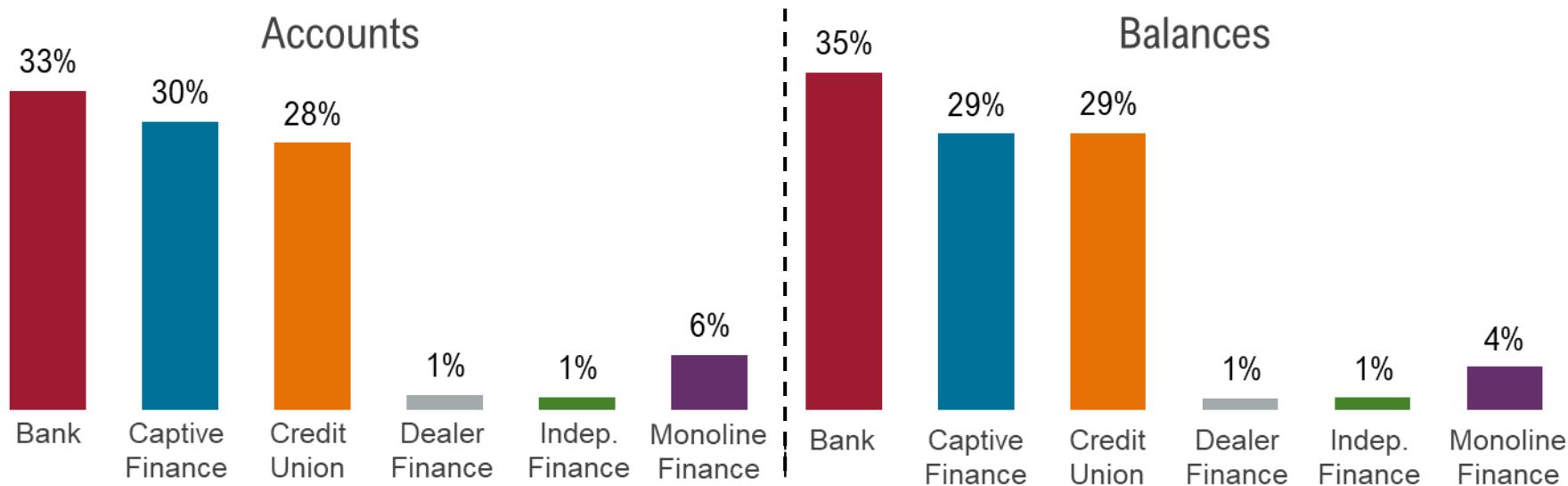
2019 Vintages of Deep Subprime Loans Tend to Show Worst Early Performance of Past 5 Years



Vertical axes – Cumulative Ever-60+DPD rate, Horizontal axes – Months on Book

Over 90% of Auto Financing Is Done by Banks, Credit Unions and Captive Finance Companies

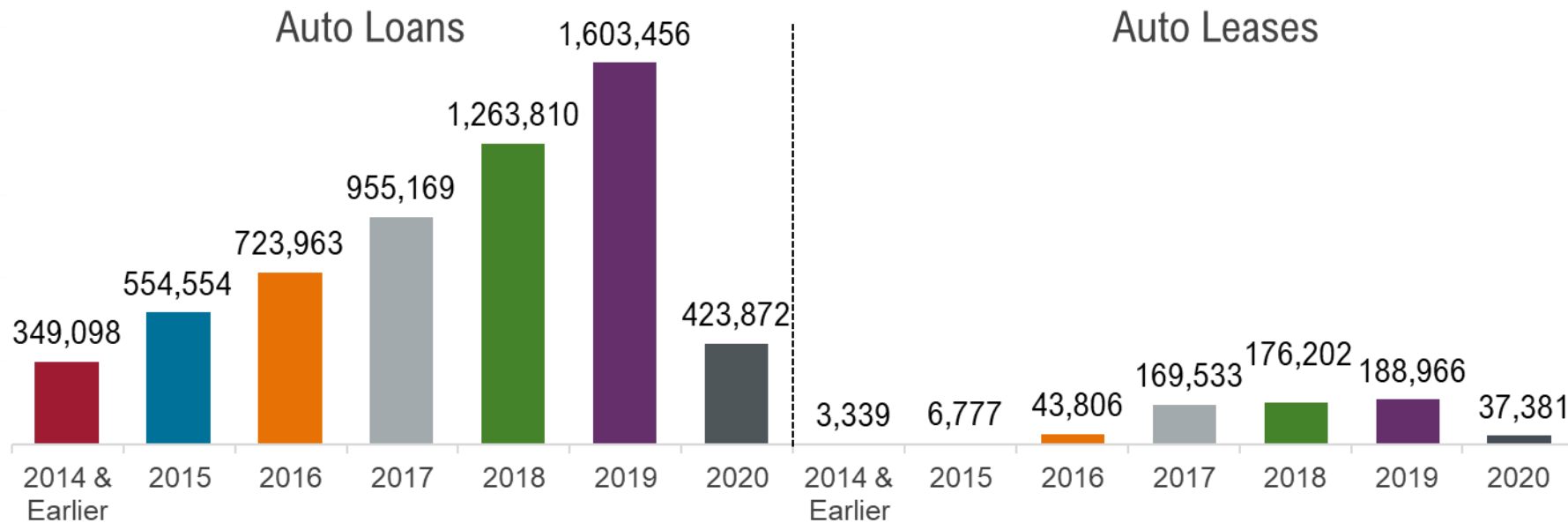
Share of Outstanding Loans and Leases by Lender Type



Captive Finance are affiliated with auto manufacturers; Independent Finance provide financing for auto loans and other consumer credit tradelines; Monoline Finance provide only auto loans; Dealer Finance cater to specific auto dealer networks.

Age of Account: Who Is *Getting* a COVID-19 Hardship Accommodation?

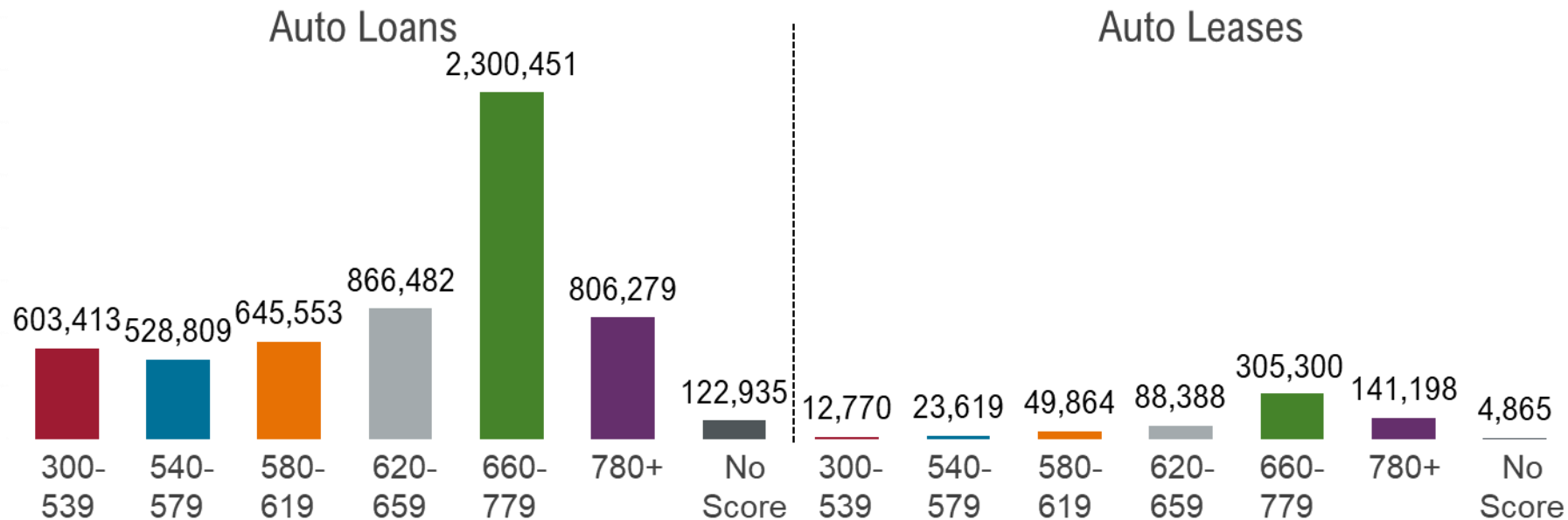
Number of Accounts with COVID-19 Accommodation by Year of Origination, NSA



Accommodations are loans reported with forbearance, workouts, or deferments or other accommodations reported as recommended by Equifax and the Consumer Data Industry Association for compliance with the CARES Act

Origination Credit Score: Who Is *Getting* a COVID-19 Hardship Accommodation?

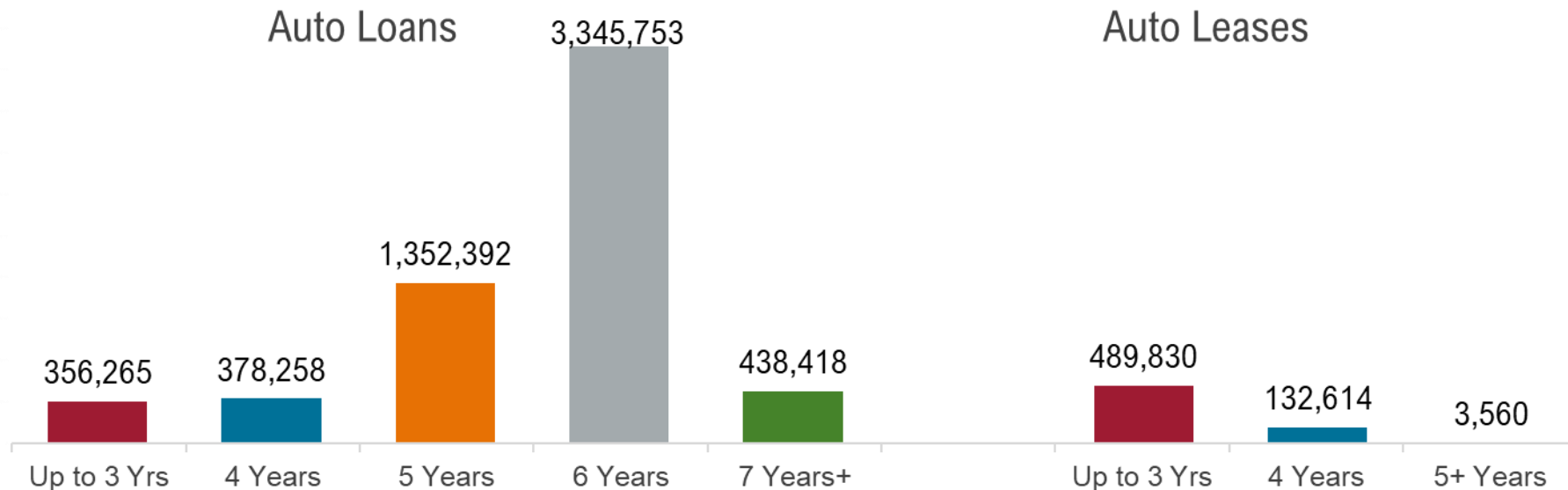
Number of Accounts with COVID-19 Accommodation by Origination VantageScore 3, NSA



Accommodations are loans reported with forbearance, workouts, or deferments or other accommodations reported as recommended by Equifax and the Consumer Data Industry Association for compliance with the CARES Act

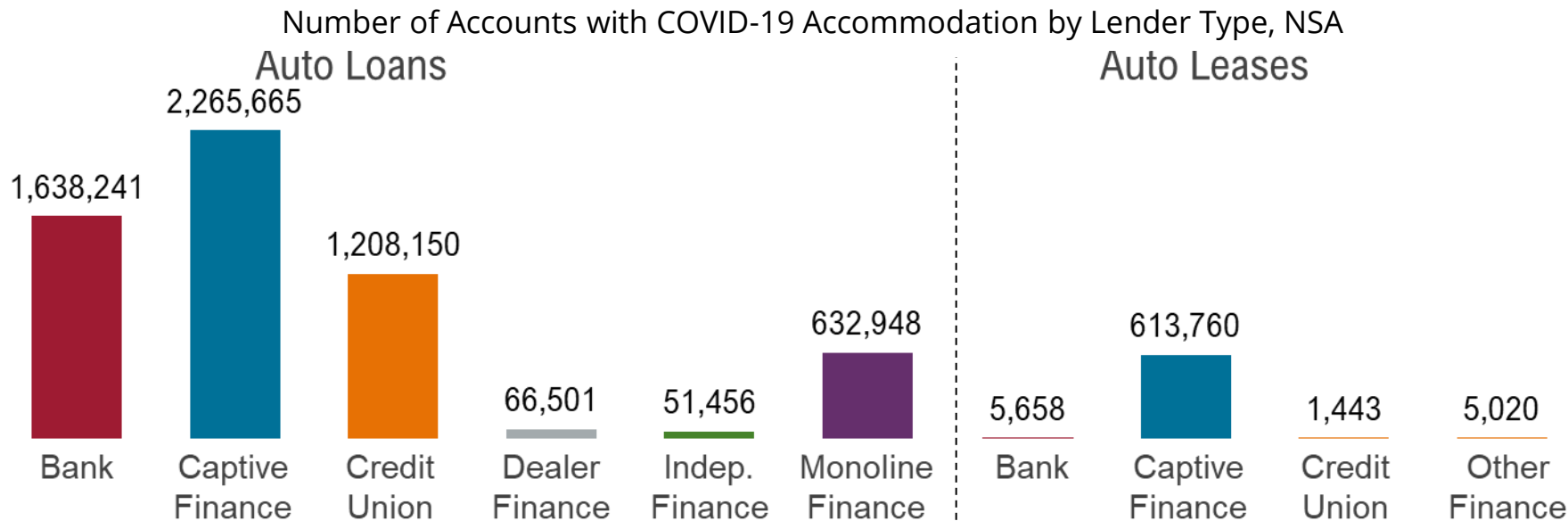
Term Length: Who Is *Getting* a COVID-19 Hardship Accommodation?

Number of Accounts with COVID-19 Accommodation by Contract Term Length, NSA



Accommodations are loans reported with forbearance, workouts, or deferments or other accommodations reported as recommended by Equifax and the Consumer Data Industry Association for compliance with the CARES Act

Lender Type: Who Is *Getting* a COVID-19 Hardship Accommodation?



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Q & A

Byron McDuffee

Additional Resources

Market Pulse

Weekly Webinar Series



Register now:

equifax.com/business/market-pulse-credit-trends/

✓ ☒ May 28, 2020 | **11:00 AM ET**

☐ June 4, 2020 | 2:00 PM ET
General

☐ June 11, 2020 | 2:00 PM ET
Mortgage

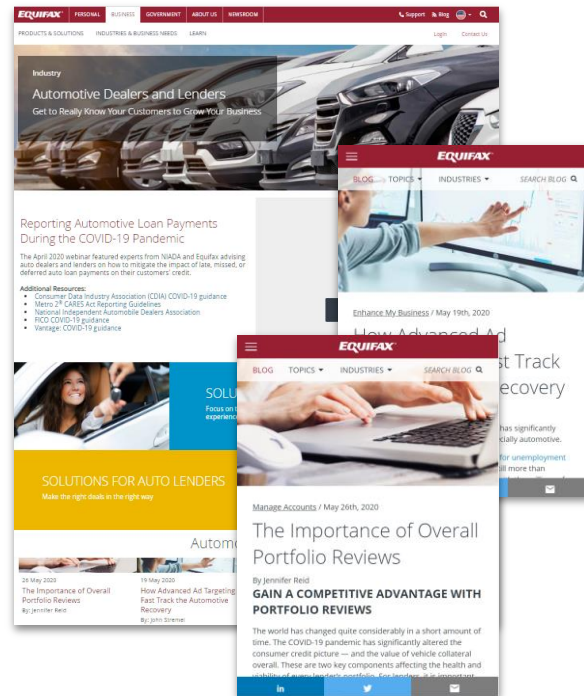
☐ June 18, 2020 | 2:00 PM ET
General

☐ June 25, 2020 | 2:00 PM ET
Auto

Additional Resources

- COVID-19 Response [webpage](#)
- Industry-specific [Automotive webpage](#)
 - [April 2020 Webinar: Reporting Automotive Loan Payments During the COVID-19 Pandemic](#)
- Equifax Insights Blog (insight.equifax.com)
 - [The Importance of Overall Portfolio Reviews](#)
 - [How Advanced Ad Targeting Can Fast Track the Automotive Recovery](#)

- ✉ COVID-19 Questions: covid19customerquestions@equifax.com
- 🌐 Visit us online today: www.equifax.com/business/market-pulse-credit-trends/
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Additional Resources

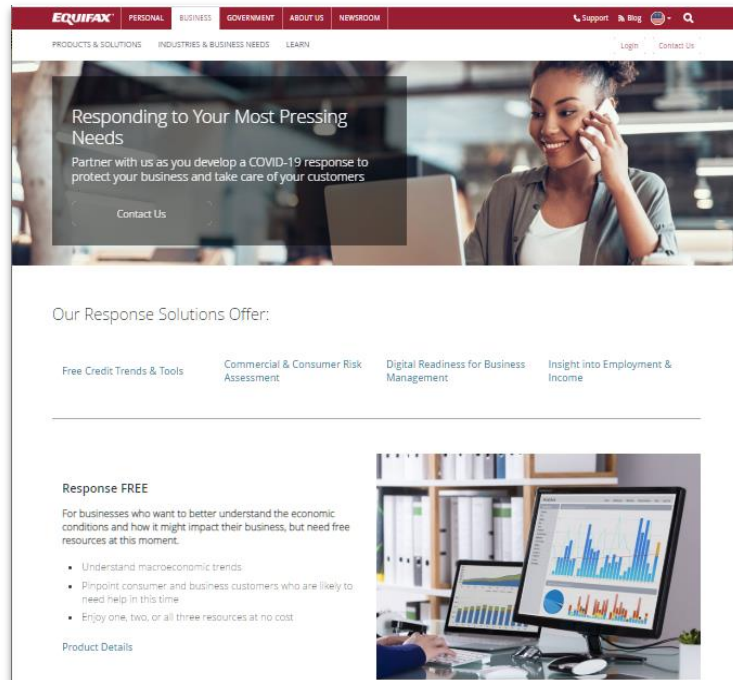
Response Solutions

Better manage your portfolios, understand employment and income, track credit trends, and accelerate your digital readiness with our **NEW** Response Solutions

- Free Credit Trends & Tools
- Commercial & Consumer Risk Assessment
- Digital Readiness for Business Management
- Insight into Employment & Income

Available online at:

*www.equifax.com/business/response-solutions/
or through your Equifax account representative*



The screenshot shows the Equifax Business Response Solutions webpage. The header includes the Equifax logo and navigation links for Personal, Business, Government, About Us, and Newsroom. A main banner features a woman on a phone call with the text "Responding to Your Most Pressing Needs" and a call to action "Partner with us as you develop a COVID-19 response to protect your business and take care of your customers". Below the banner, a section titled "Our Response Solutions Offer:" lists four services: Free Credit Trends & Tools, Commercial & Consumer Risk Assessment, Digital Readiness for Business Management, and Insight into Employment & Income. A "Response FREE" section explains that businesses can understand economic conditions and get help at no cost. A "Product Details" section is also visible. An image of a person working at a computer with multiple monitors is shown on the right side of the page.

Additional Resources

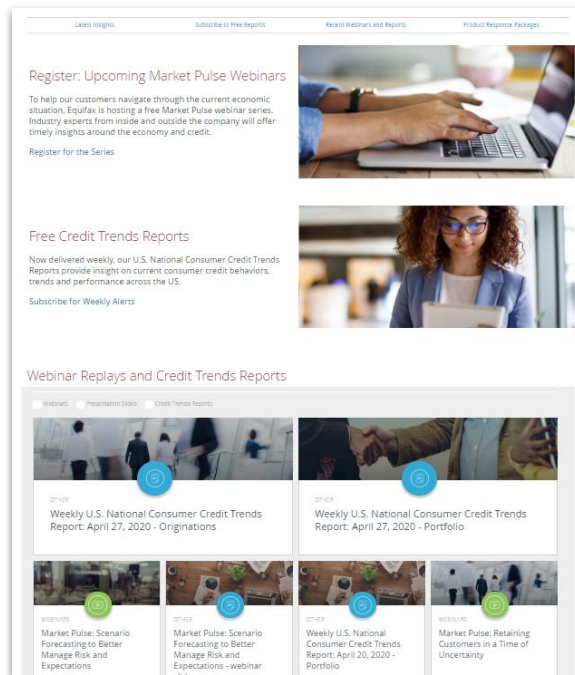
Market Pulse webpage

- **Register** for upcoming Market Pulse webinars
- **View replays** and download presentation decks for our past Market Pulse webinars
- **Download** Weekly & Monthly U.S. National Consumer Credit Trends Reports
- **Subscribe** to email alerts to be notified as the weekly Credit Trends reports are published

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Thank You

Market Pulse: Potential Impact on the Automotive Industry in the wake of Uncertainty Pandemic

Visit us online today at www.equifax.com/business/credit-trends

Amy Crews Cutts

President and Chief Economist

703.760.3061

Amy@accutts.com

AC Cutts & Associates, LLC

Jonathan Smoke

Chief Economist

678-427-0199

Jonathan.Smoke@coxautoinc.com

Cox Automotive

Byron McDuffee

SVP & GM-Automotive Services

Byron.McDuffee@equifax.com

630-338-9867

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