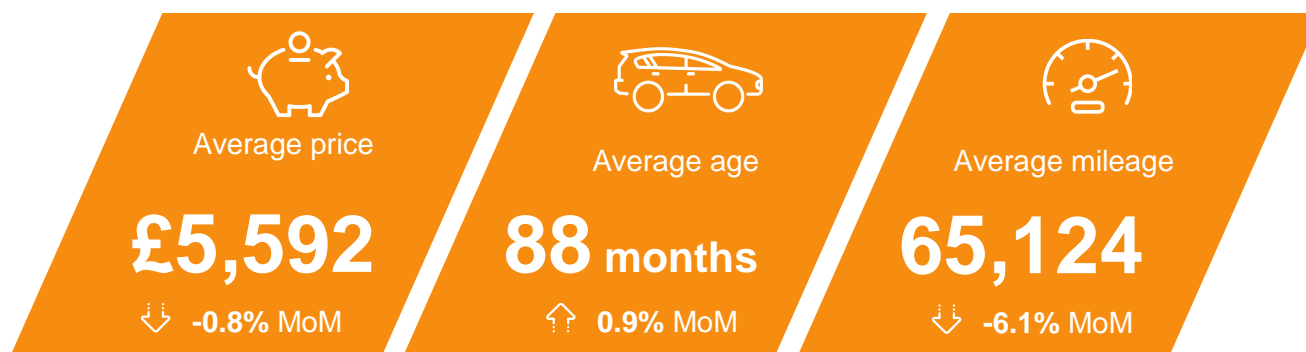


Dealers confirm drop in retail demand in unpredictable May market

- 65% of dealers reported reduced demand in May (YoY) according to the latest sentiment survey from Modix
- Improved stock availability saw the gap widen between ready-to-retail and lower condition cars
- Overall, the average vehicle price fell by 0.8% MoM, but ex-fleet vehicle values rose 6.8% compared to April 2019

WHOLESALE



May was a challenging month in the wholesale arena as increased vehicle volumes met a softer retail market.

According to data from Manheim, overall average vehicle values held relatively steady MoM (down 0.8%), while the value of ex-fleet vehicles increased by 6.8%.

Philip Nothard, Customer Insight and Strategy Director, said: "2019 has been a market of two halves, with ready to retail vehicles in hot demand while lower grade cars struggled to attract bids."

"Increased wholesale volume in May has emphasised this divide even further, with fleet vehicles in good condition attracting significantly higher levels of interest in the hall."

NextGear Capital, Cox Automotive's stock funding business, also saw a fall in average vehicle price to £7,463 (down 3.8%). Meanwhile, average holding days for vehicles on the business' stocking plan rose to 60.7, up four in April's figures.

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Wholesale fuel comparison year-on-year



Petrol

£4,324

-12.0% YoY



Diesel

£6,932

-18.0% YoY



AFV

£12,311

12.9% YoY

The increase in the average value of Alternative Fuel Vehicles (AFVs) reflects increased consumer interest, and a general shortage of these vehicles entering the market.

RETAIL

Dealer sentiment for May



Margins

52%

Reported margins fell YoY



Demand

65%

Believe consumer demand fell YoY



Confidence

55%

Believe economic conditions will decline over the coming months

Results of the latest dealer sentiment survey from Modix suggest that retail demand faltered in May, with 65% of dealers reporting a YoY fall in demand.

Insight from the digital marketing business also showed continued concern about retained margins, with 52% of dealers reporting a YoY decline.

Nothard continued: "The good news for dealers in May was that stock availability improved significantly, however lower levels of retail demand, coupled with political uncertainty led many retailers to invest cautiously."

"While May was certainly the most challenging month of the year so far, our recently published 2019 Cox Automotive and Grant Thornton Insight Report forecasts 7.795 million used car transactions by the end of the year. This represents a small year-on-year fall of 2%,

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but we believe it still demonstrates a great deal of strength and opportunity in the used market.”

“Our advice is that retailers use all the data available to them when making stocking decisions to give them the best chance of realising strong margins.”

Ends

Notes to editors

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