

ZeroSum Market First Report

Automotive Inventory Data and Sales Forecasts

August 2022



The ZeroSum Market First Report is the automotive industry's first source to predict month-end vehicle movement, providing vital supply and demand trend data to automotive marketers and dealers. ZeroSum uses predictive modeling to accurately estimate new vehicle inventory, pricing trends, and market share.



ZEROSUM'S TAKE: WHAT YOU NEED TO KNOW

According to ZeroSum data, new vehicle inventory is expected to rise 2.87% by the end of August while used vehicle inventory could fall 3.48%. At the same time, average new vehicle prices rose 0.10% to \$48,429 and used vehicle prices increased 0.53% to \$34,242.

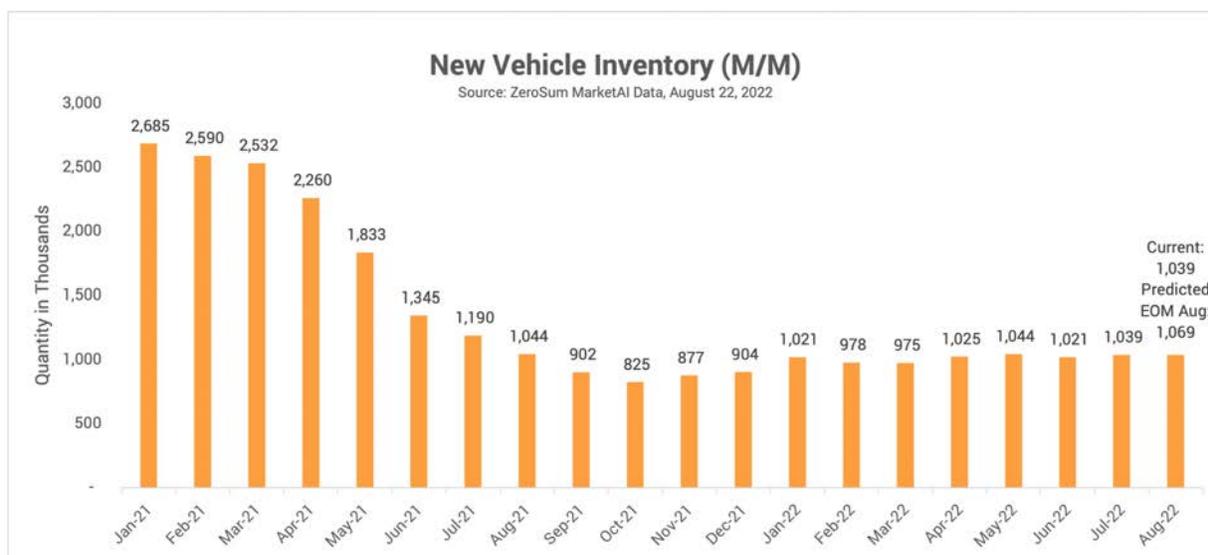
Data from The Federal Reserve shows that United States car production hit a two-year high in July, returning to pre-pandemic levels. Although it is expected that the chip shortage will improve over the remainder of 2022, not all automakers are optimistic about their year-end performance. BMW has lowered its production forecast for the second half of the year, citing volatile chip and European energy supplies and warned it may not meet earnings targets. Meanwhile, Mercedes-Benz also reported limitations in vehicle availability but is anticipating much higher 2022 revenues than previously predicted.

New vehicle inventory is expected to rise to 1,068,688 by the end of the month which would be a significant shift from July when inventory declined. When more new cars are available, ZeroSum expects used car prices to come back down.

Here are your key takeaways:

1. **Continue marketing used vehicles.** The average used car price rose to \$34,242 in August. Sell as many used cars as possible while prices remain high.
2. **Closely monitor pricing trends.** By the end of the month, new vehicle inventory could be up almost 3%. Rising new vehicle inventory to cause used car price drops in the coming months and require you to adjust your pricing strategy accordingly.
3. **Continue acquiring EVs.** EV registrations are up while inventory is down. Prepare for EV demand by increasing your available stock of electric and hybrid cars.

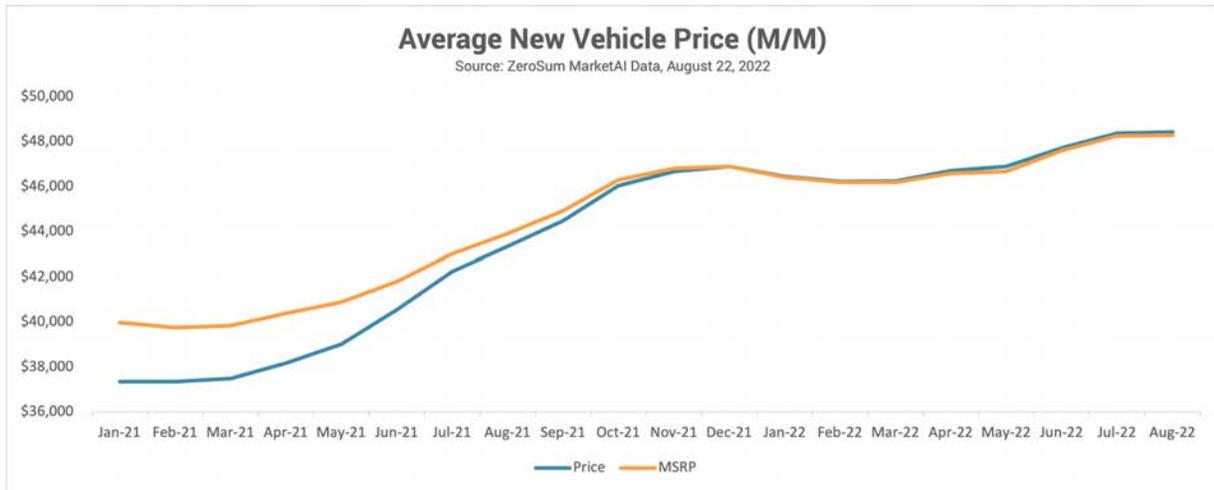
NEW VEHICLES RETAIL OUTLOOK



At the start of August, new vehicle inventory remained just 0.03% lower than at the start of July. This is a continuation of the new normal level of available cars we have seen since the beginning of the year. However, by the end of this month, ZeroSum expects new car inventory to rise to 1,068,688 which would represent a significant increase over previous months.

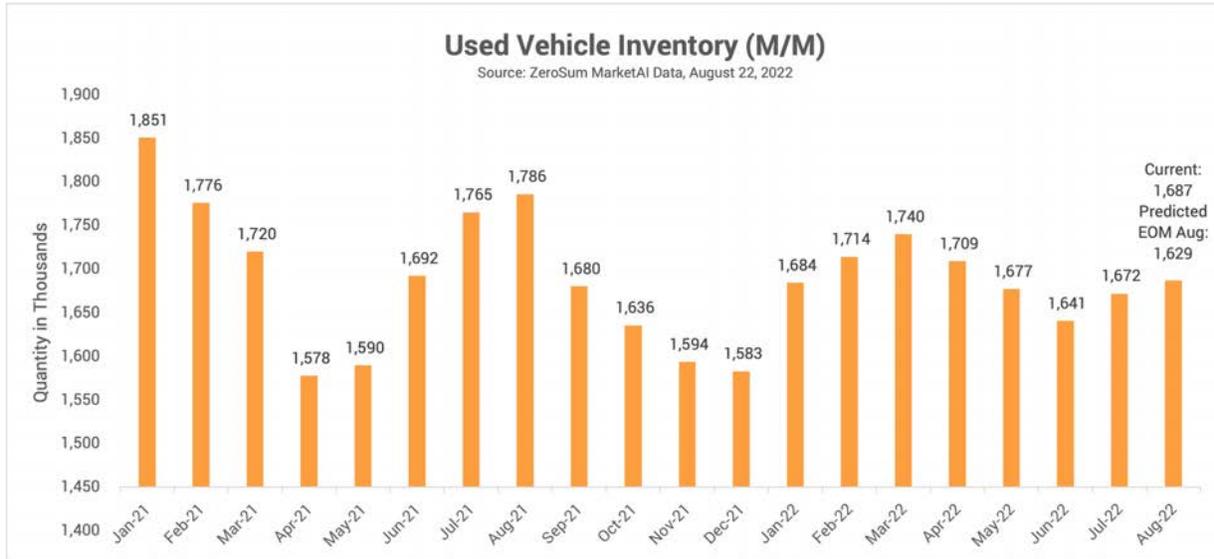
In their [August production forecast update](#), S&P Global wrote that “the transition from “supply constrained” to “demand driven” will happen sooner rather than later and will also influence the amount of inventory rebuilding that will be required.” **If new inventory continues to rise this fall, it could begin to bring down prices and result in a surplus of available cars.**

NEW VEHICLES RETAIL OUTLOOK



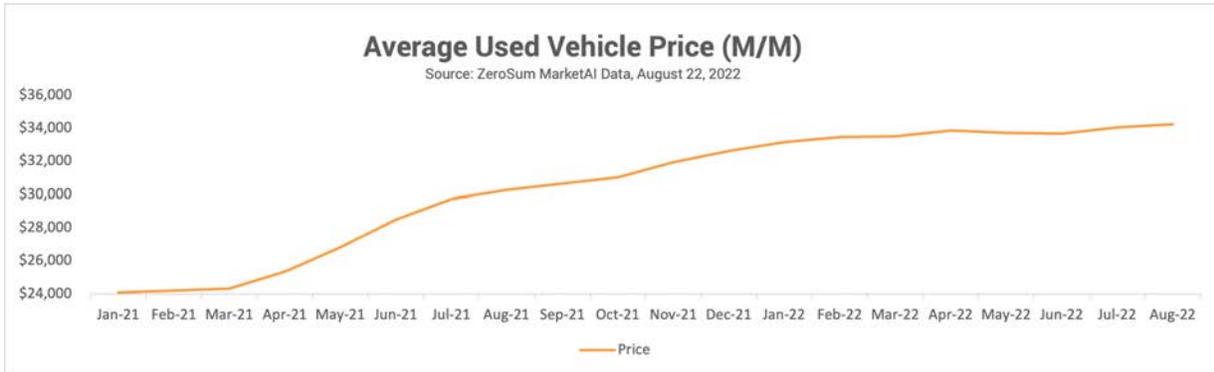
In August, after rising for the sixth consecutive month, the average price of a new car currently sits at \$48,429. This is only 0.10% higher than last month and 0.27% higher than MSRP. **Dealers should keep a close eye on potential demand decreases in the coming months and prepare to price strategically to continue sales growth.**

USED VEHICLES RETAIL OUTLOOK



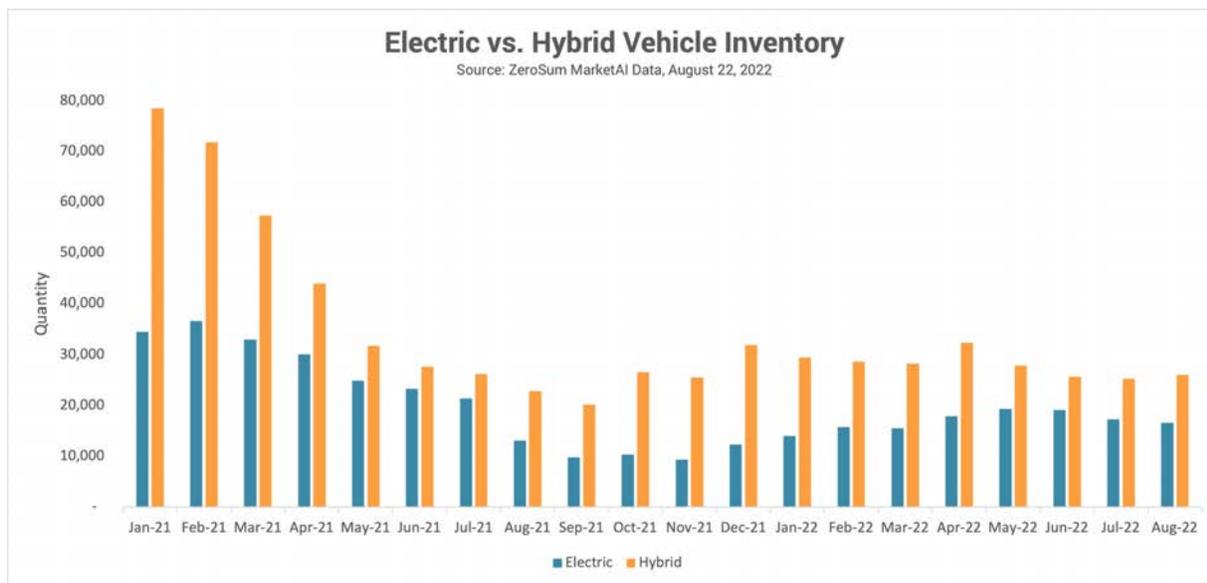
At the beginning of this month, used vehicle inventory was up 0.94% from the start of July. However, by the end of August, ZeroSum predicts there will be 1,628,662 used cars on the ground which would be a slight decrease from last month. **Dealers should continue to acquire and turn as many cars as possible as used car inventory remains much higher than new.**

USED VEHICLES RETAIL OUTLOOK



The used car average price is currently \$34,242, a 0.53% increase over July. **With used car prices remaining high this month, dealers should continue marketing used cars but be on the lookout for price decreases in the coming months as new car production rises.**

EV RETAIL OUTLOOK



After both decreasing substantially in July, this month, fully electric vehicle inventory decreased only 4.01% compared to 9.46% last month while hybrid inventory increased by 2.94%. Electric vehicle inventory has now been decreasing for three consecutive months as a result of continued supply constraints and increased consumer demand. According to [S&P Global](#), EV registrations in the 15 states with the highest EV demand have increased over 87% since before the pandemic in January 2019.

In August, President Joe Biden passed The Inflation Reduction Act, impacting the auto industry in several ways. Under this act, used EV buyers will now qualify for up to \$4,000 in tax credits. At the same time, EV subsidies come with increasingly complex requirements that can make it hard for automakers to qualify with so much of production being reliant on China. **To prepare for increases in EV demand, auto dealers should continue to focus on acquiring and selling as many EVs as possible.**

ABOUT ZEROSUM'S MARKET FIRST REPORT

ZeroSum's Market First Report is based on ZeroSum's retail vehicle movement and pricing indices, powered by real-time data gathered using ZeroSum's data-driven marketing platform MarketAI. The platform brings together vast amount of data, including all available light vehicle inventory in the U.S., to help improve marketing performance. MarketAI allows dealers to analyze their market in real-time, using sales conversion rates, market turn rates, days' supply, and competitive inventory.

About ZeroSum

ZeroSum is a leader in software, marketing, and data. Powered by its SaaS platform, MarketAI, ZeroSum is simplifying and modernizing automotive marketing by leveraging artificial intelligence, data, and scaling ability to acquire new customers. ZeroSum is the first and only company that matches consumer demand with automotive data in real time.

Want to learn more? Book your demo now.

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