


ZeroSum Market First Report

Automotive Inventory Data and Sales Forecasts

October 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

ZeroSum data shows that new vehicle inventory has increased another 12.19% in October, the second consecutive month it has risen over 10%. However, used vehicle inventory is another story, decreasing 0.65% this month. Despite more new cars being available, the average new vehicle price rose 0.37% to \$48,139 which is just under MSRP. At the same time, average used vehicle prices decreased 1.34% to \$33,502.

More available inventory doesn't mean that automakers are out of the woods when it comes to supply chain hiccups. This month, Ford increased the price of its F-150 Lightning again, up another \$5,000 this time due to supply chain issues. Meanwhile, Toyota admits it will likely fail to hit its previous production target of 9.7 million vehicles due to the semiconductor shortage. It will take OEM's a long time to return to normal levels of production, but they are well on their way.

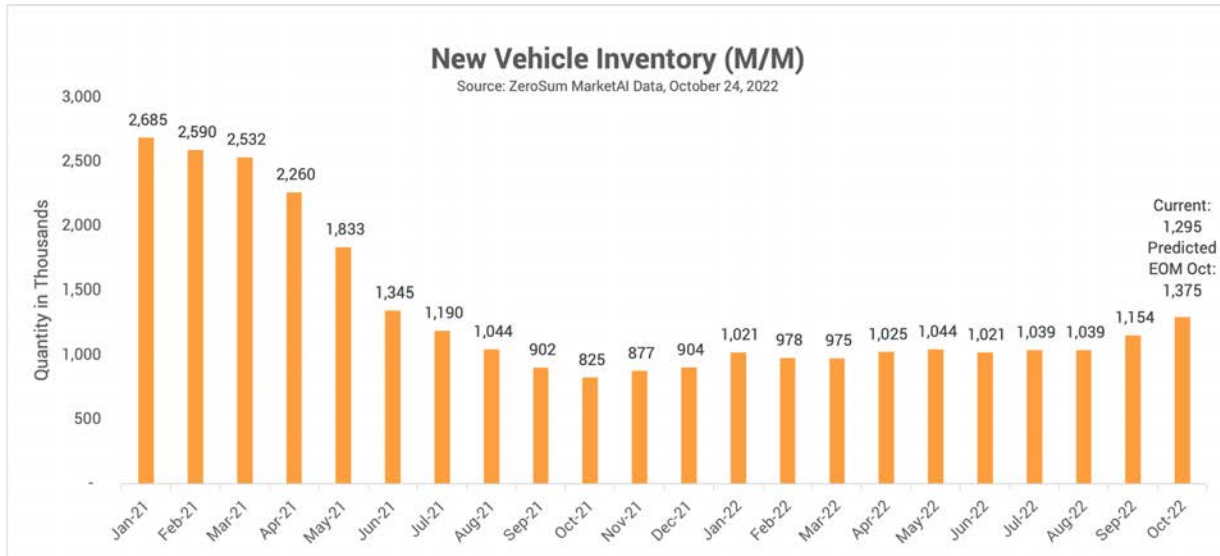
This month, Wall Street also has concerns about auto loans as used car prices fall and interest rates increase. With fears of a recession and many people defaulting on loans, demand could decrease. Dealers need to watch turn rates and be prepared to adjust prices accordingly. As long as there is pent up demand, prices can remain high. As supply catches up with demand, profits could take a hit.

Here are your key takeaways:

With significantly more new-car inventory available, used car prices continue to decline this month while new car prices remain consistent.

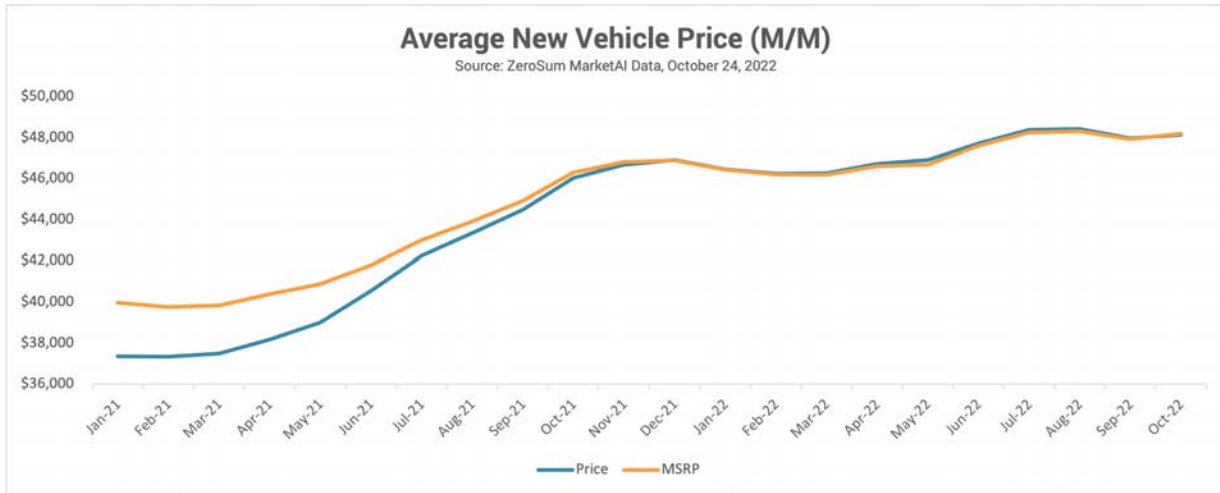
1. **Be ready for a new-car inventory increase.** Inventory levels aren't back to normal, but they're getting closer. Be prepared to stock and sell more new cars this winter.
2. **Price used cars strategically.** Used vehicle prices are down this month, meaning you may need to adjust prices to remain competitive.
3. **Monitor turn rates and demand.** If turn rates slow, prices may need to be adjusted to meet the market.

NEW VEHICLES RETAIL OUTLOOK



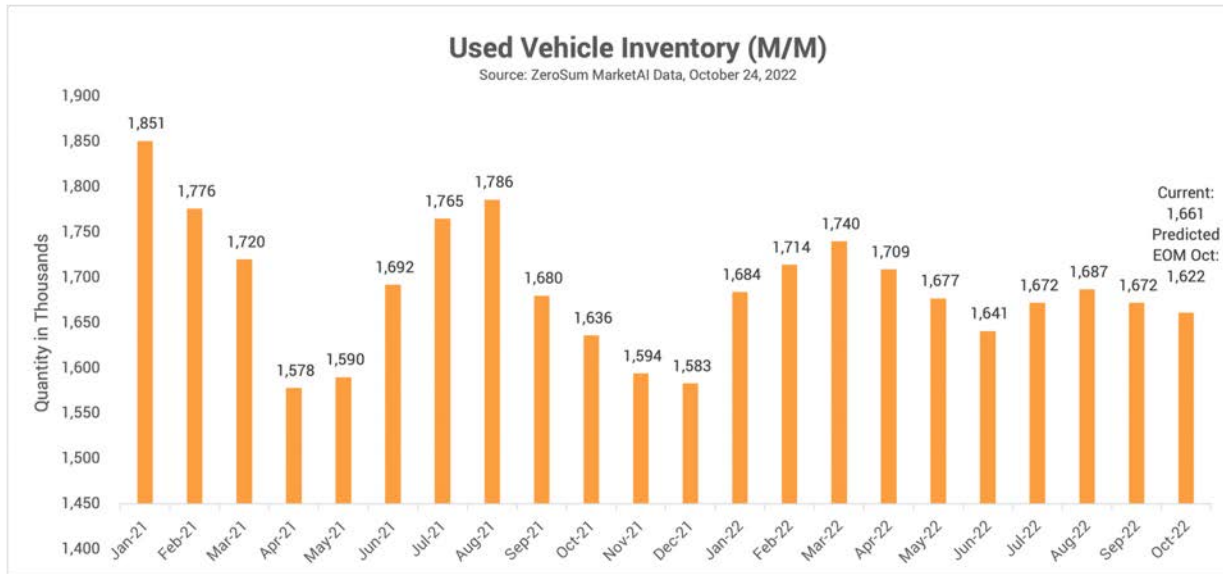
New vehicle inventory had the biggest increase since January beginning in September and exceeded that this month, increasing 12.19%. We have not experienced this much of an inventory gain since the pandemic began. Now, new vehicle inventory is up to 1,294,916, and ZeroSum predicts it will increase further to 1,375,214. There have not been this many new cars available since June of 2021. **With inventory rising so rapidly, dealers will need to prepare for an influx of stock and ensure they are positioned to sell more cars, faster.**

NEW VEHICLES RETAIL OUTLOOK



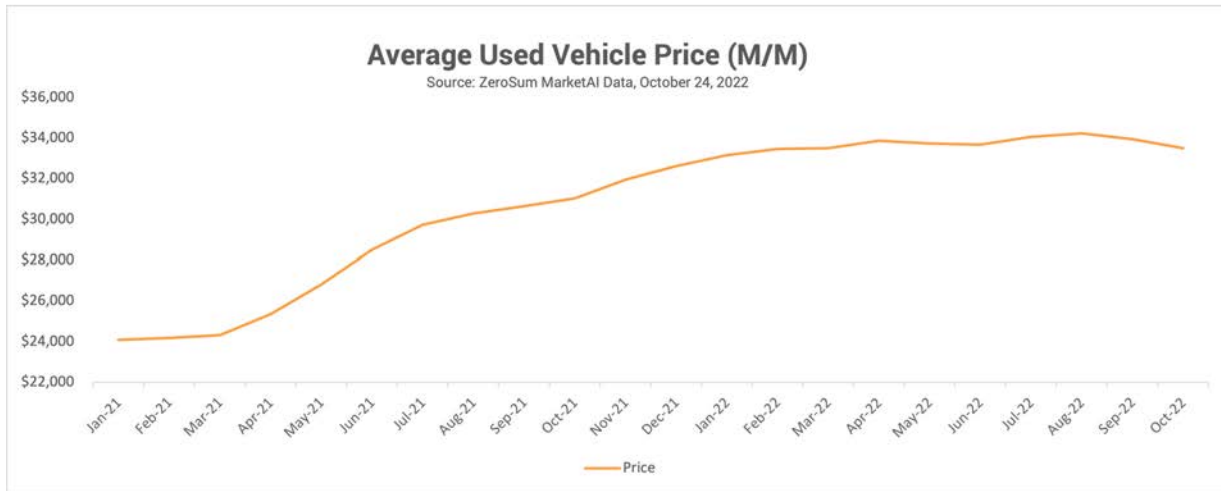
Although new vehicle inventory has risen so much over the last two months, new car prices are still consistent, up only 0.37% to \$48,139 this month. New vehicle inventory has now fluctuated less than a percent in each of the 3 most recent months. **While pricing is currently consistent, dealers should expect and prepare for decreasing new car prices over the next few months.**

USED VEHICLES RETAIL OUTLOOK



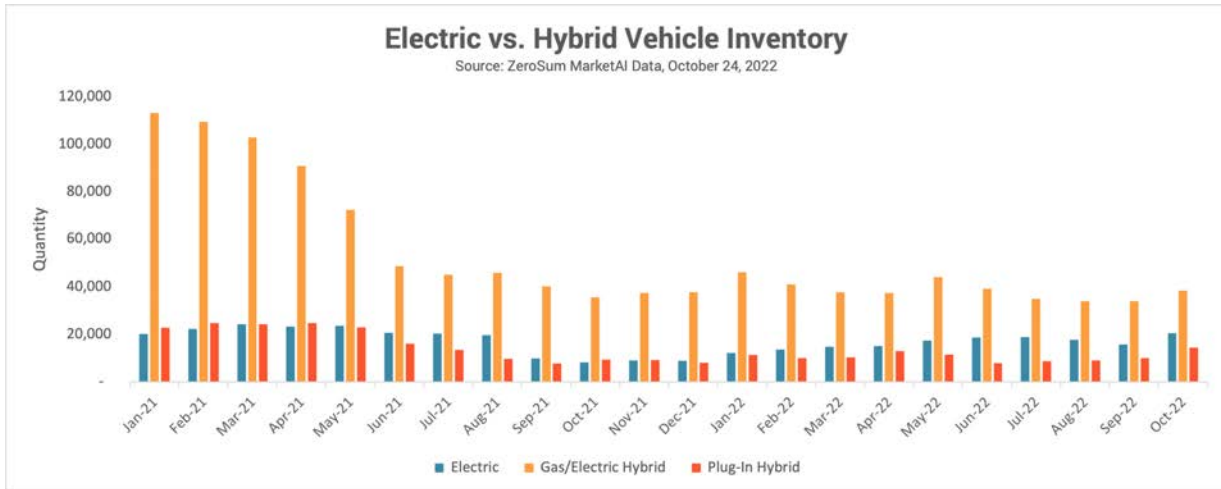
While new car inventory rose significantly this month, used car inventory took a small dip, down 0.65% to 1,660,931. By the end of October, ZeroSum expects used inventory to sit at 1,621,636. **Since there is more rising new inventory vs. used, dealers should focus on increasing new car turn rates to receive priority allocation from their manufacturer.**

USED VEHICLES RETAIL OUTLOOK



Last month, used car prices decreased slightly. This month, they came down even more, falling 1.34% to \$33,502 on average. This is likely due to the significant increase in new vehicle inventory over the last two months. Depreciating use car prices have been an issue for consumers who purchased vehicles when prices were higher, many of them now at risk of defaulting on their loans. **Dealers should keep an eye on used vehicle prices and be prepared to adjust to the market while continuing to drive as much demand as possible.**

EV RETAIL OUTLOOK



This month, purely electric vehicles, electric/hybrid vehicles, and plug-in hybrid vehicles all increased in supply, with plug-in hybrid vehicles experiencing the largest increase of 43.5%. At the same time, pure electric vehicle inventory increased 29.57% and gas/electric hybrid vehicle inventory increased 12.93%.

According to Reuters, automakers are planning to spend \$1.2 trillion through 2030 to produce electric vehicles, twice as much as was calculated by Reuters last year. As a result, dealers should continue preparing to acquire and sell 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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