


ZeroSum Market First Report

Automotive Inventory Data and Sales Forecasts

January 2023



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

In our last report, we talked about 2022 yearly trends, including rising new and used inventory levels, lower turn rates, and increasing electric vehicle adoption. As we enter 2023, these trends are continuing.

New vehicle inventory is increasing the most we have seen in years, up 8.19% this month. Used car inventory also increased 3.14% this month, however it is still at a lower level than last October. These trends have brought new and used vehicle inventory levels to within 40,000 cars of each other. At the same time, new car prices are continuing to increase while used car prices fall.

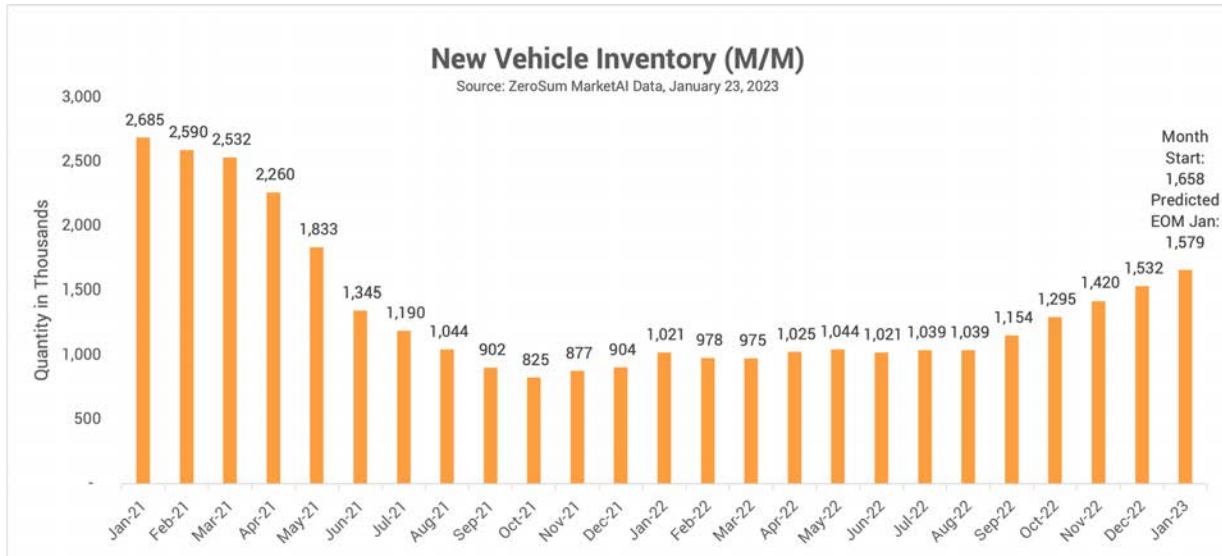
In 2023, it is looking more likely that the worst of the chip shortage is over, with ABB's Peter Voser saying he's "quite optimistic." In the electric vehicle market, a price war is brewing as Tesla has been cutting prices on numerous models, and competitors are having to reconsider strategies to stay competitive.

Here are your key takeaways:

New and used vehicle inventory levels are now at almost the same level following huge new car inventory increases, indicating that **dealers should focus on new car sales right now.**

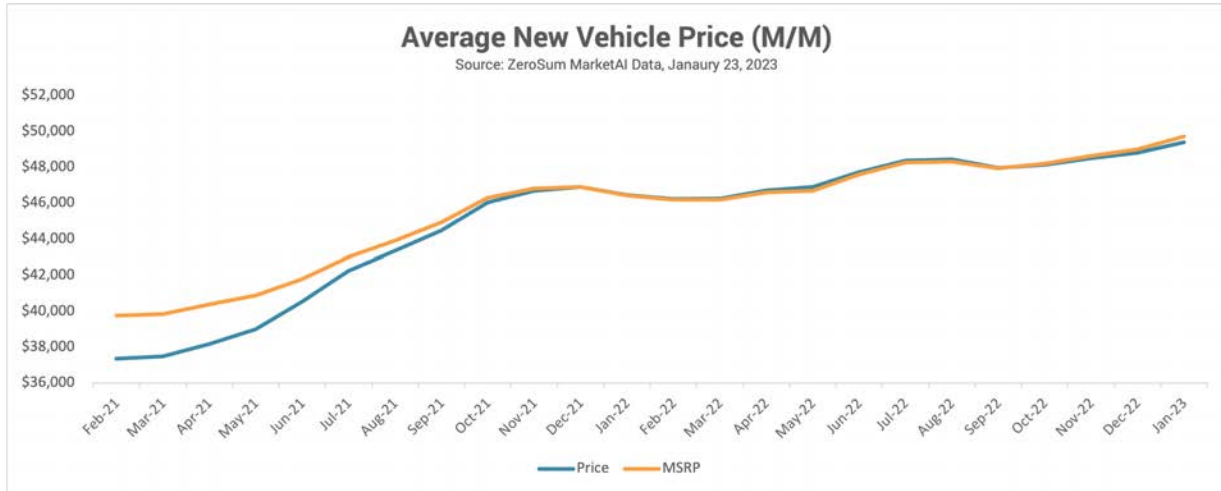
1. **Prepare to sell more new cars.** Capitalize on the influx of new vehicle inventory by ensuring your dealership is focused on new car sales and marketing.
2. **Monitor rapid price changes.** Keep a close eye on competitors' new car prices and avoid stocking too much excess used inventory as used car prices drop.
3. **Be ready to sell more EVs.** If you're an EV dealer, increase your sales as much as possible to receive more inventory as electric vehicles become more common.

NEW VEHICLES RETAIL OUTLOOK



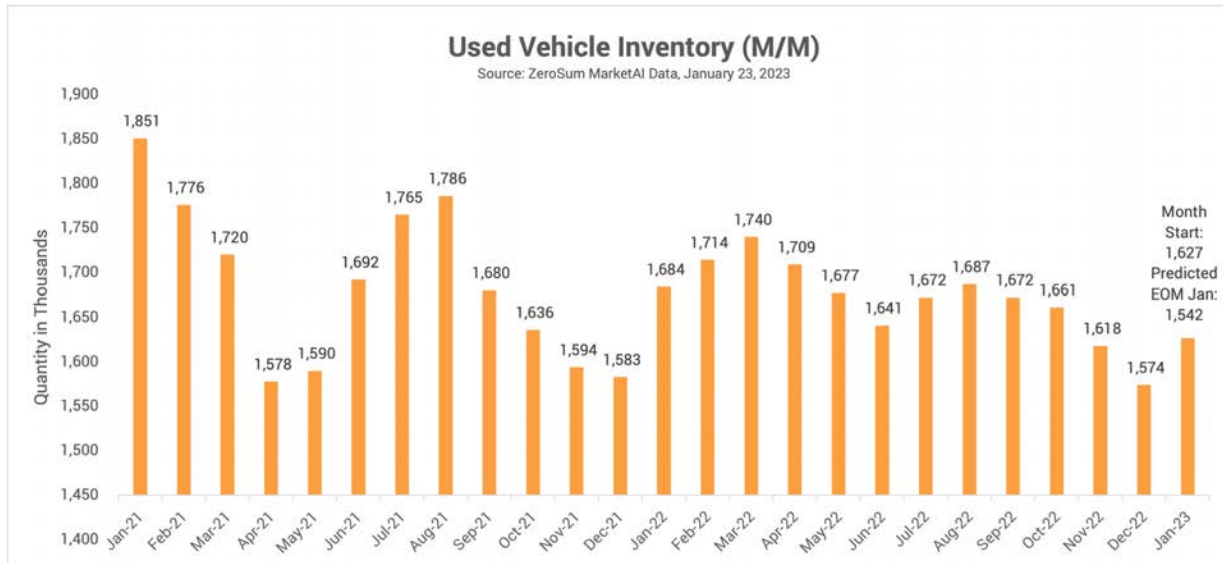
By the end of the month, ZeroSum predicts new vehicle inventory will be at 1,578,558, up 3.02% since December. After increasing in the four previous months, new vehicle inventory increased 8.19% at the start of January. This is the highest amount of available new vehicle inventory since April 2021.

NEW VEHICLES RETAIL OUTLOOK



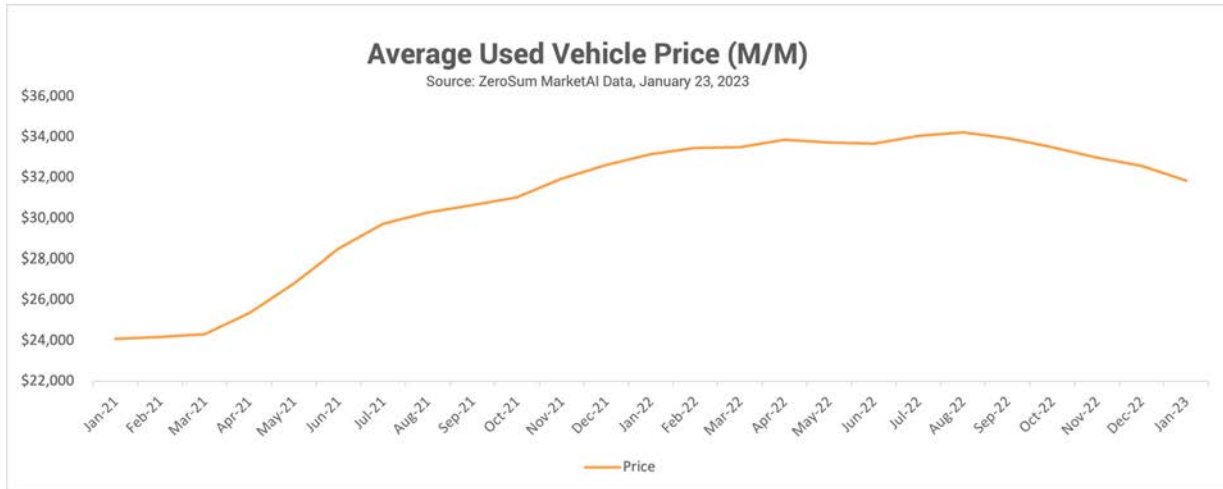
Currently, the average price of a new car is \$49,386 which is \$327 below MSRP. Although prices are now below MSRP, prices have still increased for the last four months, up another 1.17% in January. **Dealers should keep a close eye on new vehicle prices as inventory increases and prepare to adjust quickly to maximize profit while staying competitive.**

USED VEHICLES RETAIL OUTLOOK



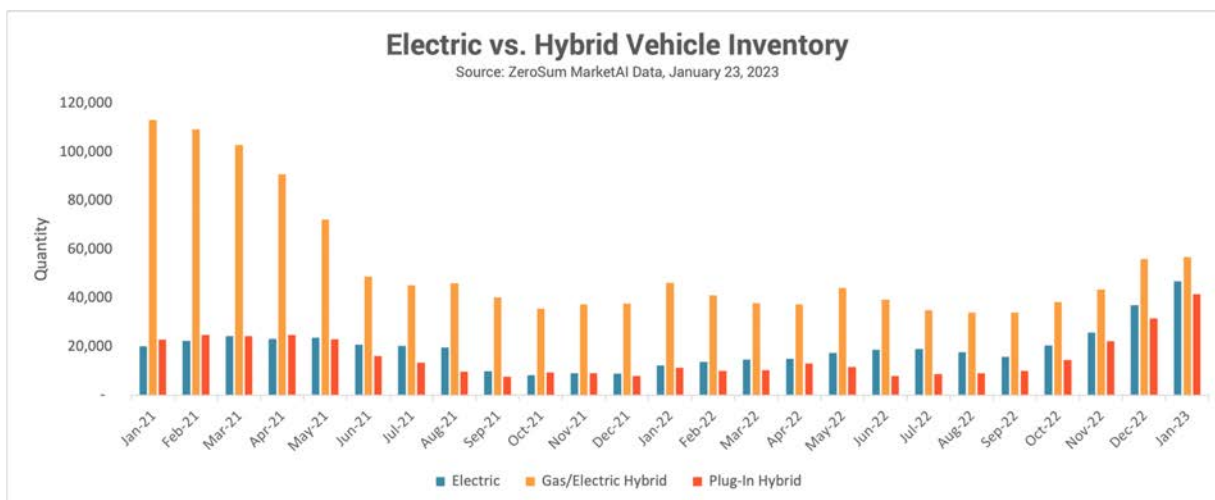
After decreasing in the four previous months, used vehicle inventory is up 3.41% in January. By the end of the month, ZeroSum expects there will be 1,542,300 used vehicles on the ground. This is less than 40,000 off from the amount of new vehicle inventory currently available. Used vehicle inventory has gone through a series of up and down cycles over the last two years, with each one lasting a few months. **If this trend continues, dealers should look out for used vehicle inventory to be back on the rise soon, although there is no guarantee when this will be.**

USED VEHICLES RETAIL OUTLOOK



In January, the average price of a used car decreased 2.22% to \$31,863. This is the fifth consecutive month of used vehicle price declines. **While used vehicle prices are decreasing, dealers should avoid stocking too much excess inventory to ensure they won't get stuck with cars that are losing value.**

EV RETAIL OUTLOOK



Overall, electric and hybrid electric vehicle inventory increased an average of 16.43% this month, with pure electric vehicle inventory increasing 26.26%. This is the fourth month in a row that pure electric vehicle inventory has increased by 20+%. According to ZeroSum data, total electric and hybrid electric vehicle inventory has now doubled, up 108.17% year-over-year.

Amid concerns of waning demand, Tesla slashed prices on some of its models this month, with some Model Ys decreasing as much as 20%. This could spur some demand from consumers as it means more Tesla models will now qualify for the \$7,500 EV tax credit, including the base Model Y and the high-performance version of the Model 3.

Other traditionally combustion engine manufacturers, like Nissan and GM are continuing to invest in the electrification of their lineups. This month, GM announced further investments in four of its US manufacturing facilities. However, only \$64 million will be dedicated to EV components. Amid concerns of slowing demand, the company may simply be looking to temporarily bolster its ICE business to ensure it has enough capital as it shifts towards its all-electric future.

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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