

Auto Market Update

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Current Credit Market Conditions

Debt Service Remains Low

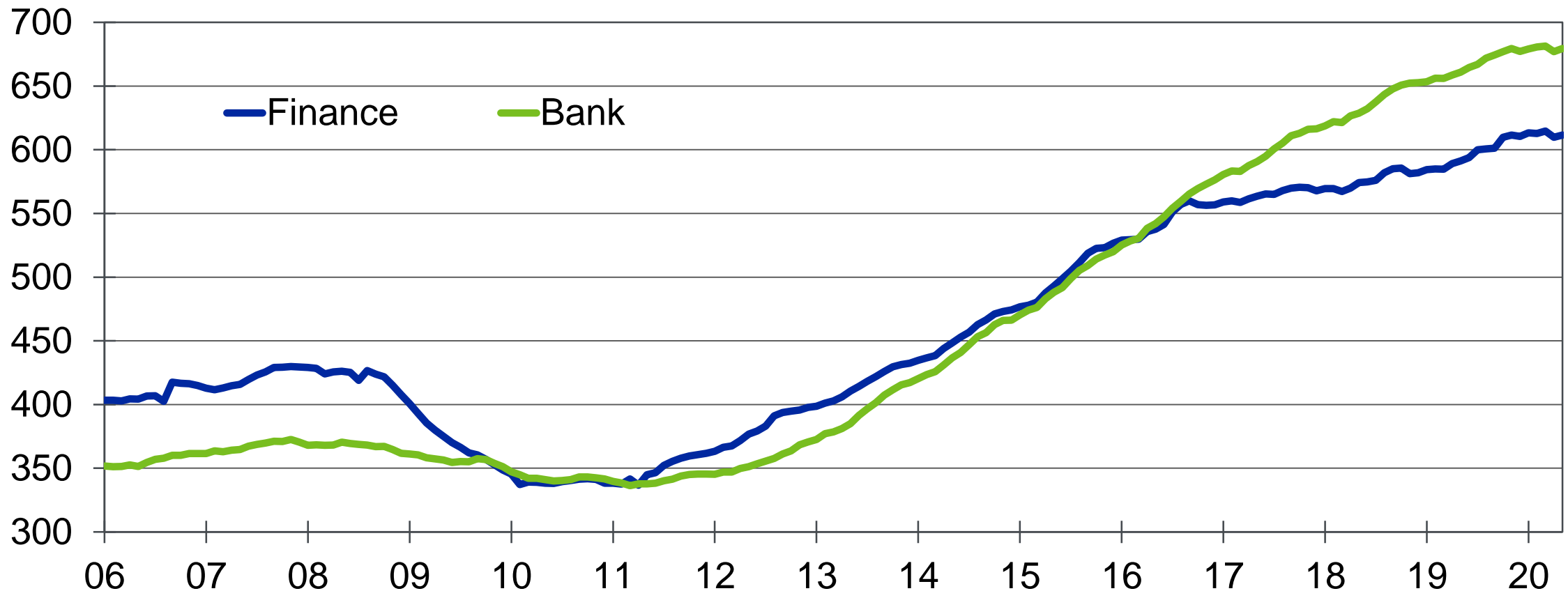
Debt service burden, % of disposable personal income



Sources: Federal Reserve Board, Moody's Analytics

Auto Balances Much Higher Than in 2008

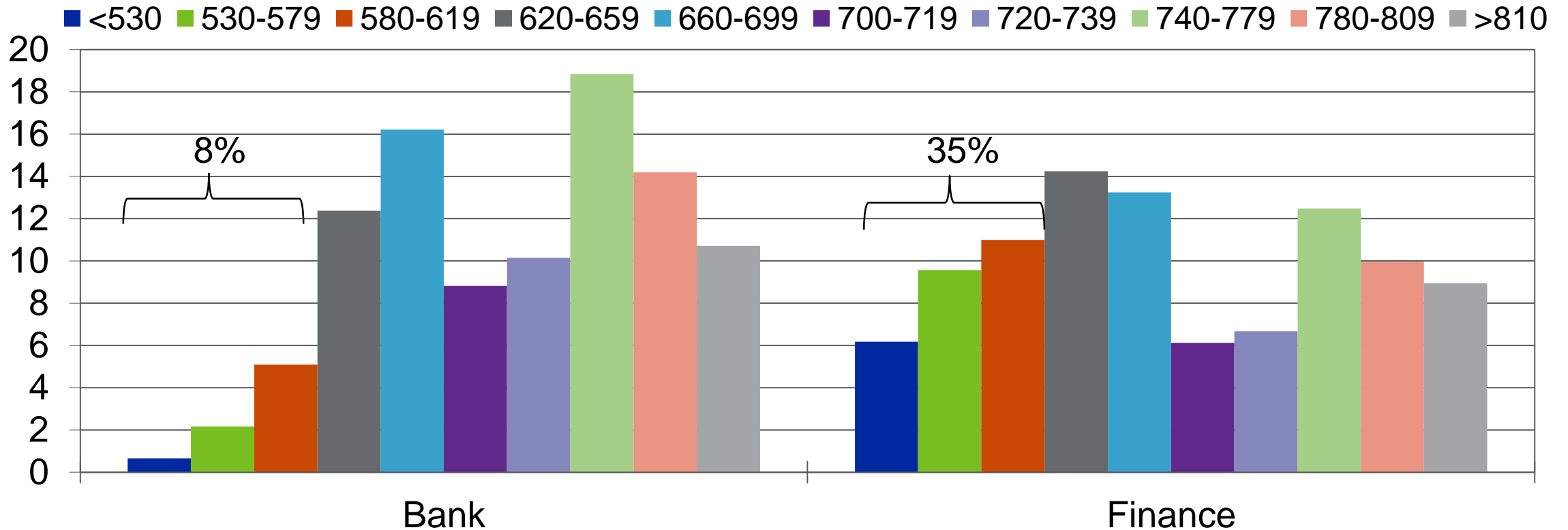
Total outstanding balances by lender type, \$ bil



Sources: Equifax, Creditforecast.com, Moody's Analytics

Bank Lenders at Lower Risk

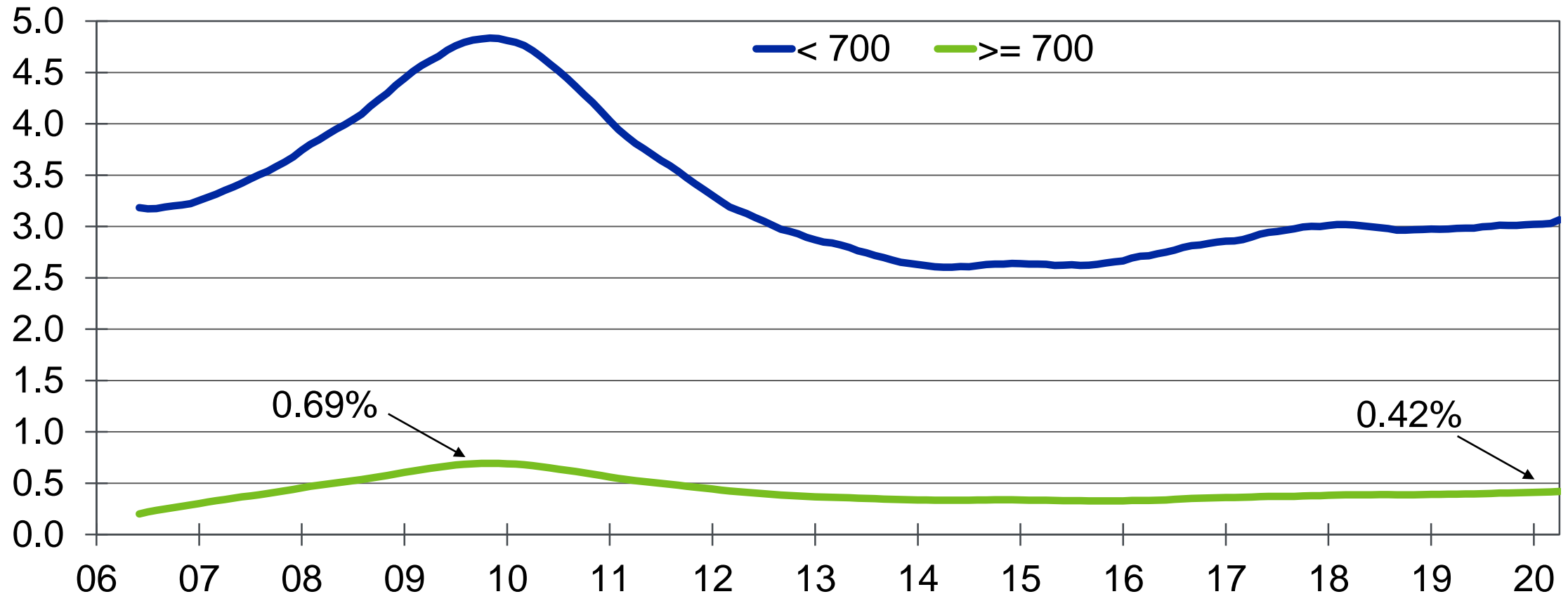
% of outstanding balances by risk score band



Sources: Equifax, Creditforecast.com, Moody's Analytics

Bank Delinquency Rates Steady Entering

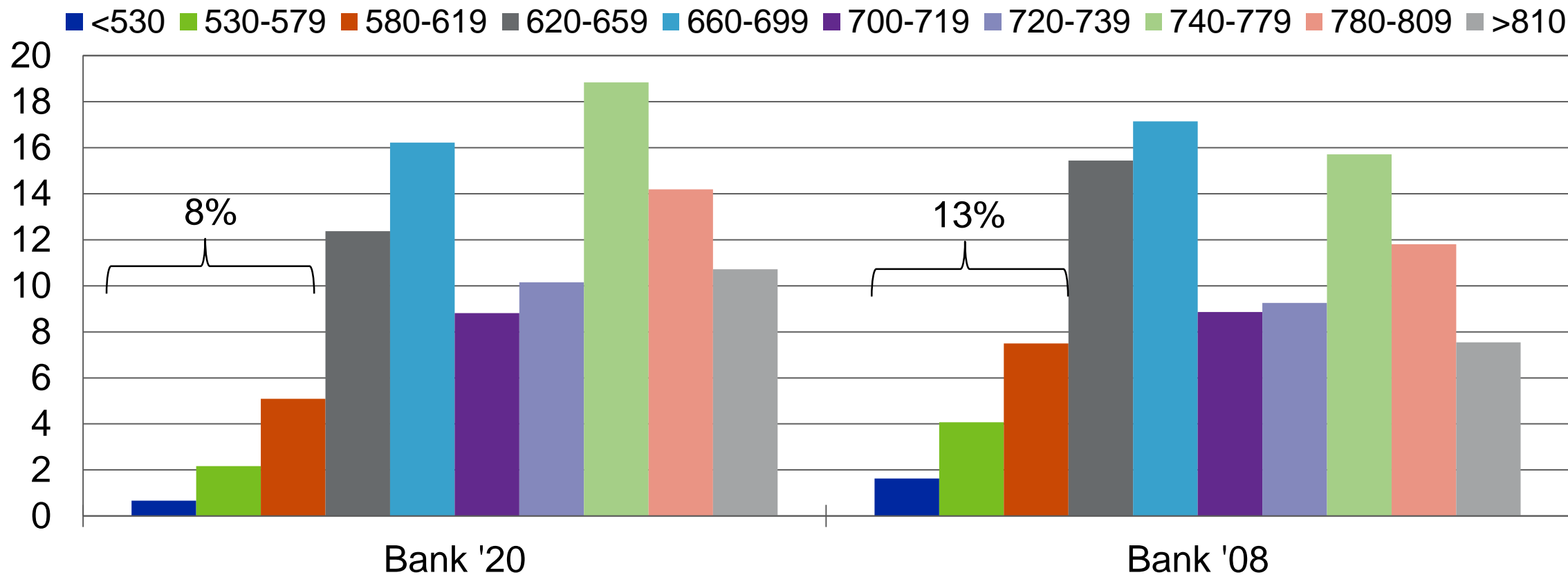
Total delinquency rate by risk score, % of \$, 12 mo. MA



Sources: Equifax, Creditforecast.com, Moody's Analytics

Banks Less Exposed than '08

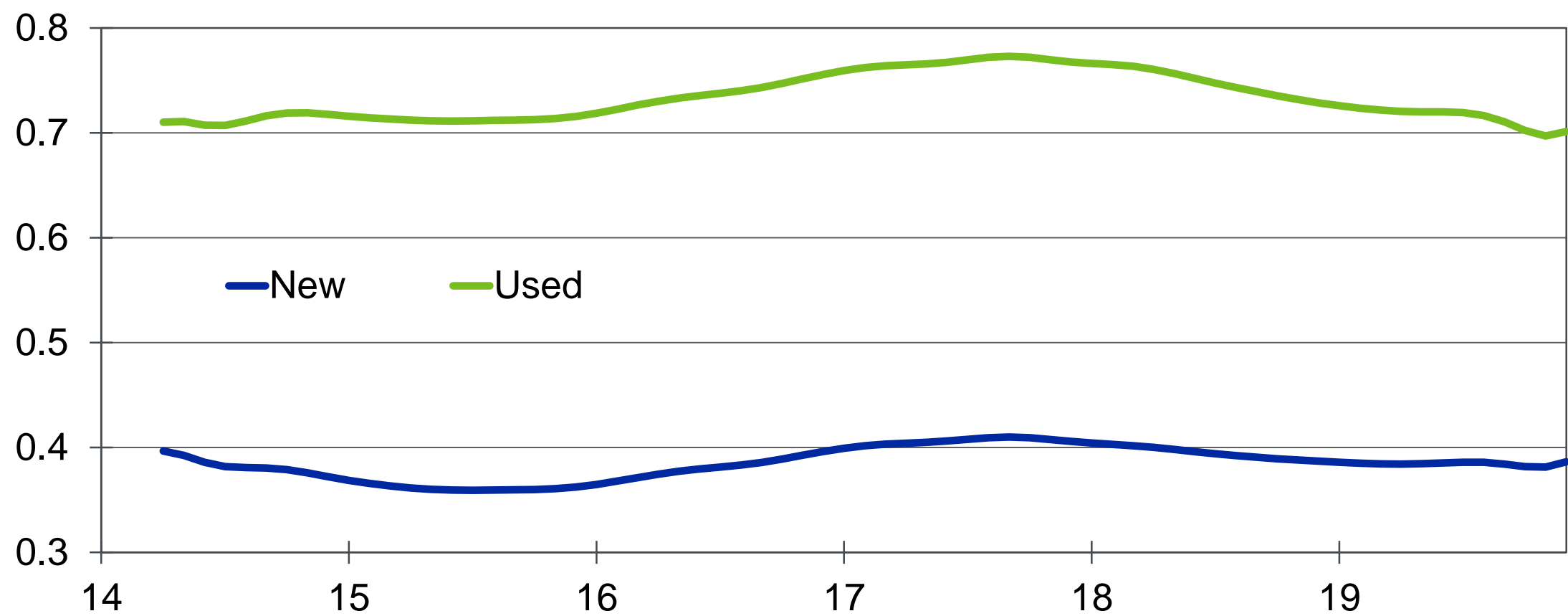
% of outstanding balances by risk score band



Sources: Equifax, Creditforecast.com, Moody's Analytics

Credit Unions Decreasing Delinquencies

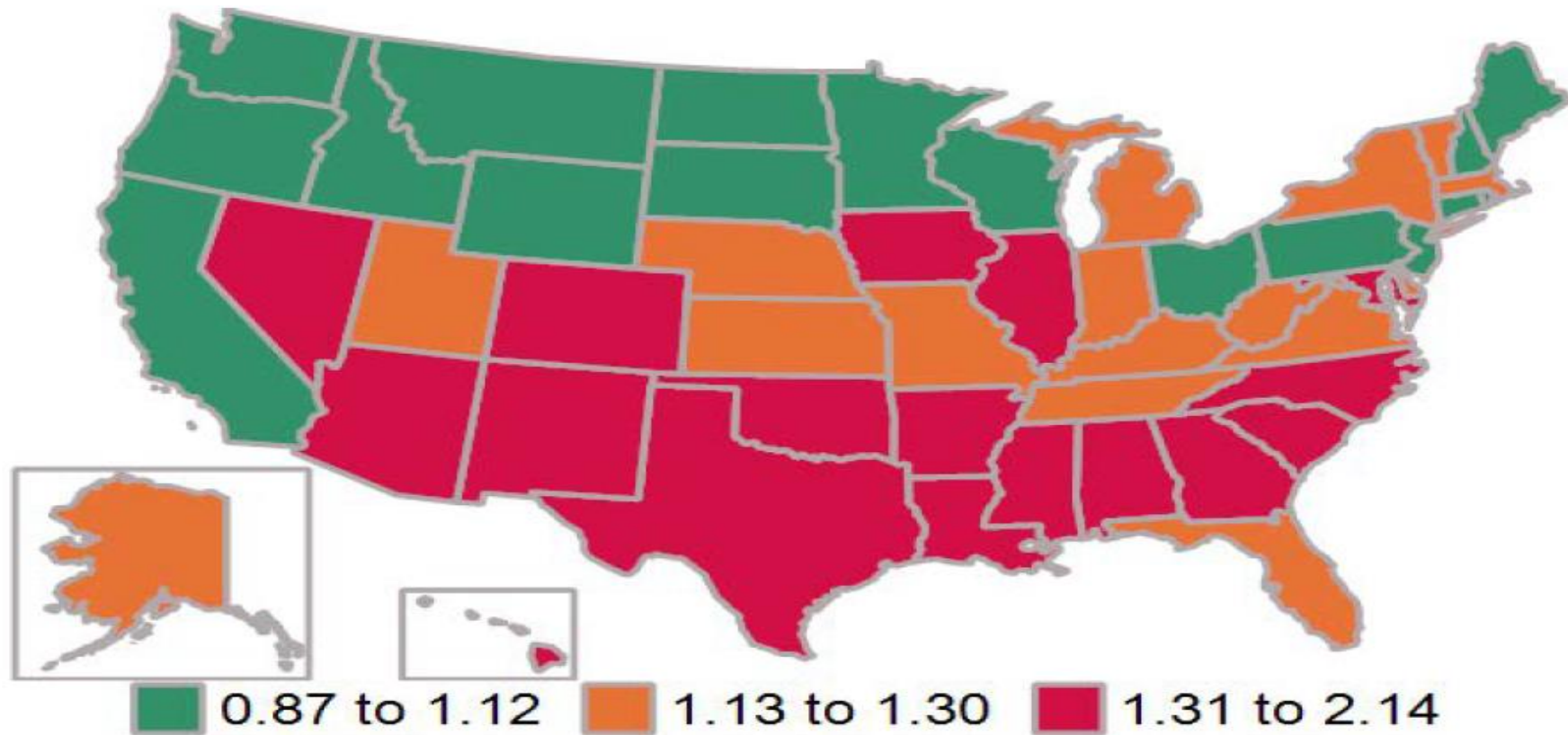
Delinquent loans, % of balances, 12-mo MA



Sources: NCUA, Moody's Analytics

Large Differences Across Regions

Delinquencies, Auto Bank,% of outstanding \$, NSA



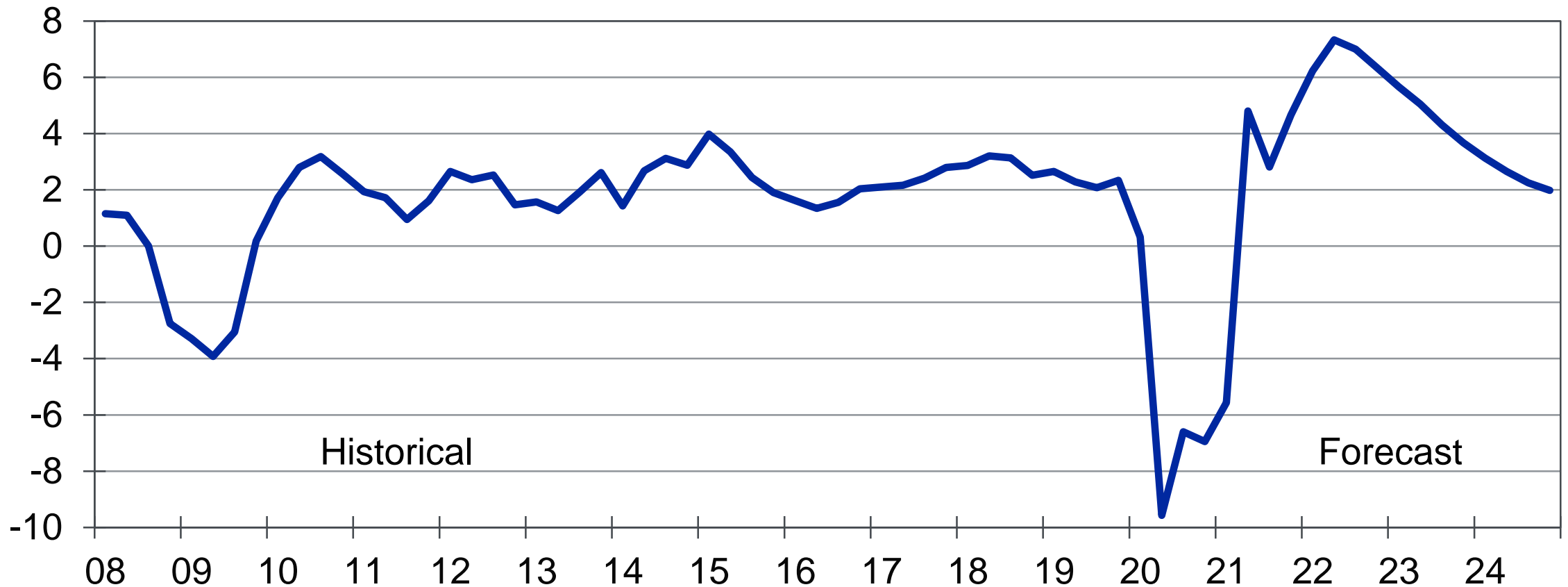
Sources: Equifax, Moody's Analytics

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Outlook

GDP Growth Resumes 2021

Real GDP, % change yr ago



Sources: BEA, Moody's Analytics

Lenders/Government Shift Timing

Programs/reporting will delay delinquency/default timing

C.A.R.E.S Act :

SEC. 4021. CREDIT PROTECTION DURING COVID–19.

“(ii) REPORTING.—Except as provided in clause (iii), if a furnisher makes an accommodation with respect to 1 or more payments on a credit obligation or account of a consumer, and the consumer makes the payments or is not required to make 1 or more payments pursuant to the accommodation, the furnisher shall—

“(I) report the credit obligation or account as current; or

“(II) if the credit obligation or account was delinquent before the accommodation—

“(aa) maintain the delinquent status during the period in which the accommodation is in effect; and

“(bb) if the consumer brings the credit obligation or account current during the period described in item (aa), report the credit obligation or account as current.”

Adjusting Forecast for Deferrals

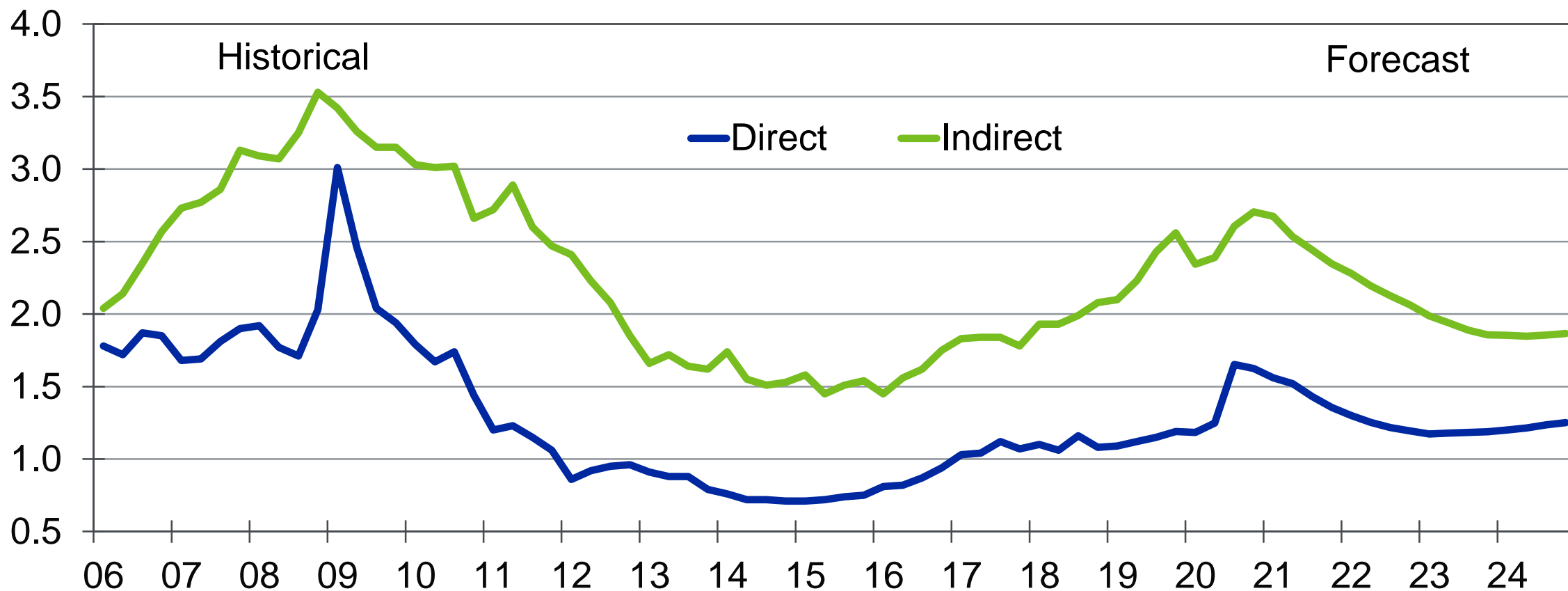
Auto loan delinquency rates, % of balances



Sources: Equifax, Moody's Analytics

Indirect Losses Will Be Larger

ABA delinquency rate: automobile loans, % of balances



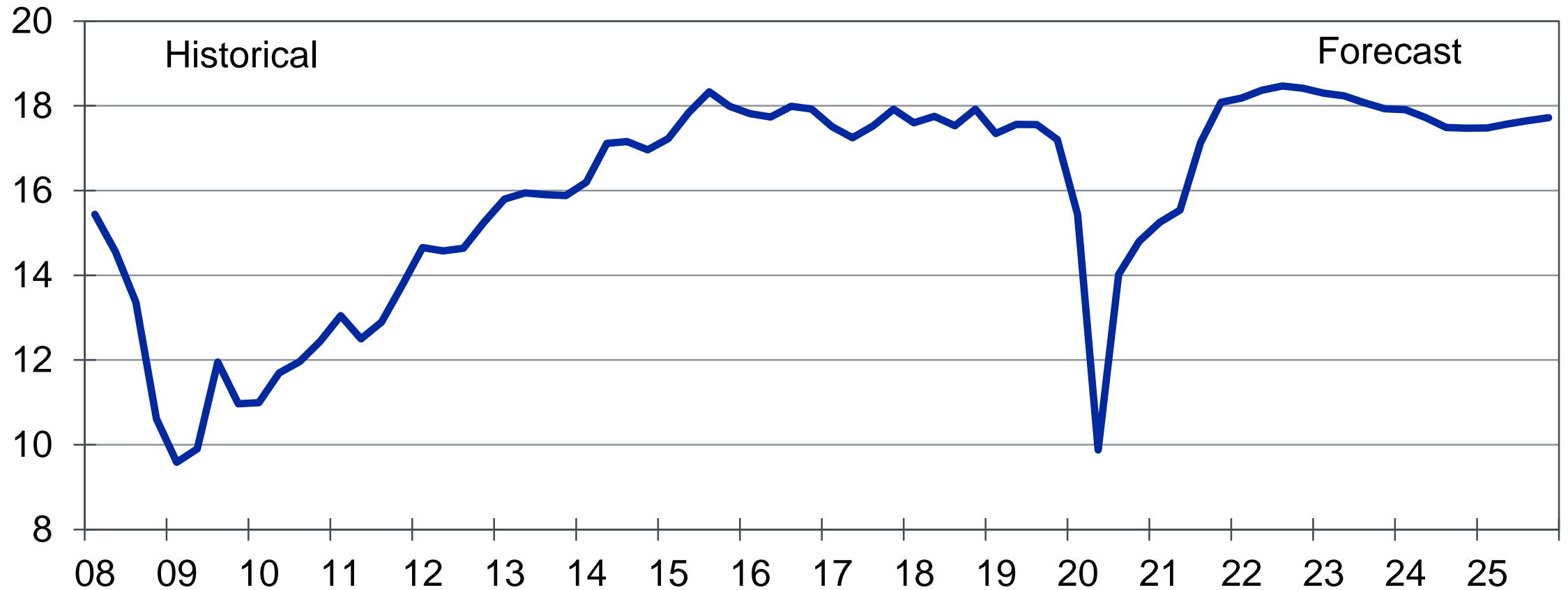
Sources: American Bankers Association, Moody's Analytics

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Originations

New Vehicle Sales Crash

New vehicle sales, units, mil, SAAR



Sources: BEA, Moody's Analytics

Keep an Eye on Miles Traveled

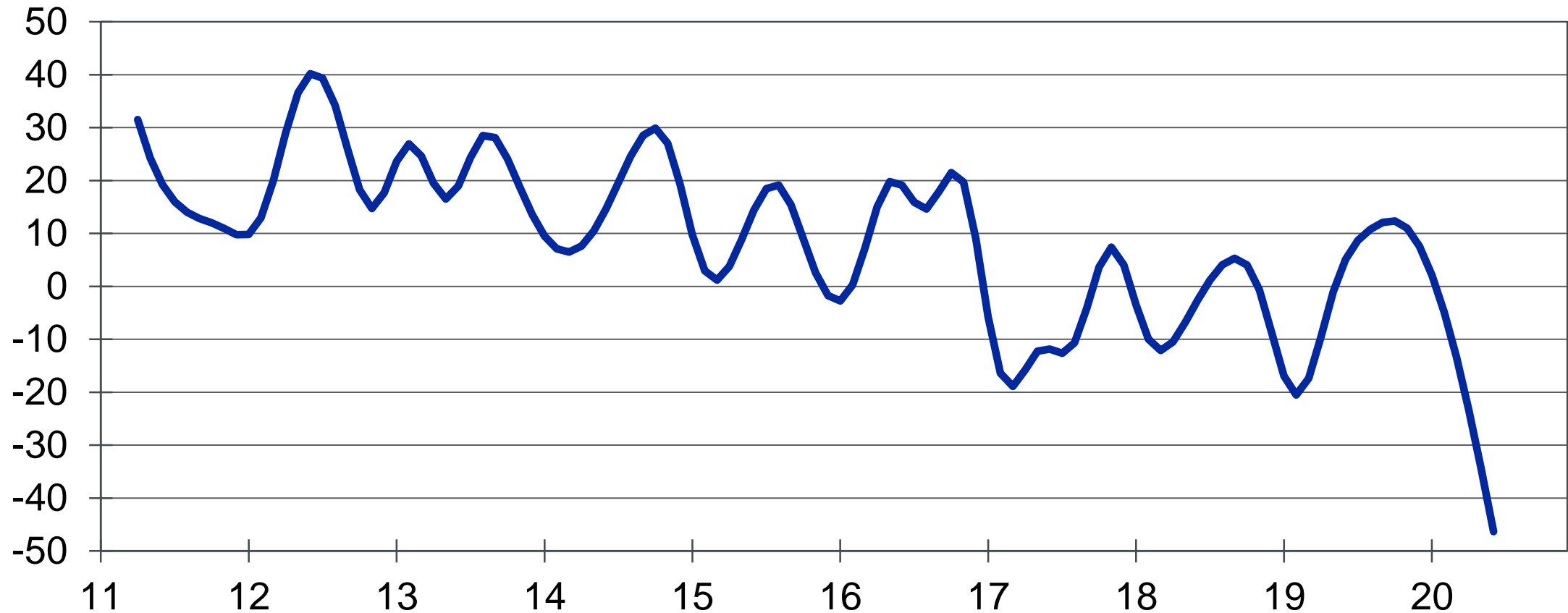
Vehicle miles traveled, bil, SA



Sources: Department of Transportation, Moody's Analytics

Demand for Auto Loans Drops

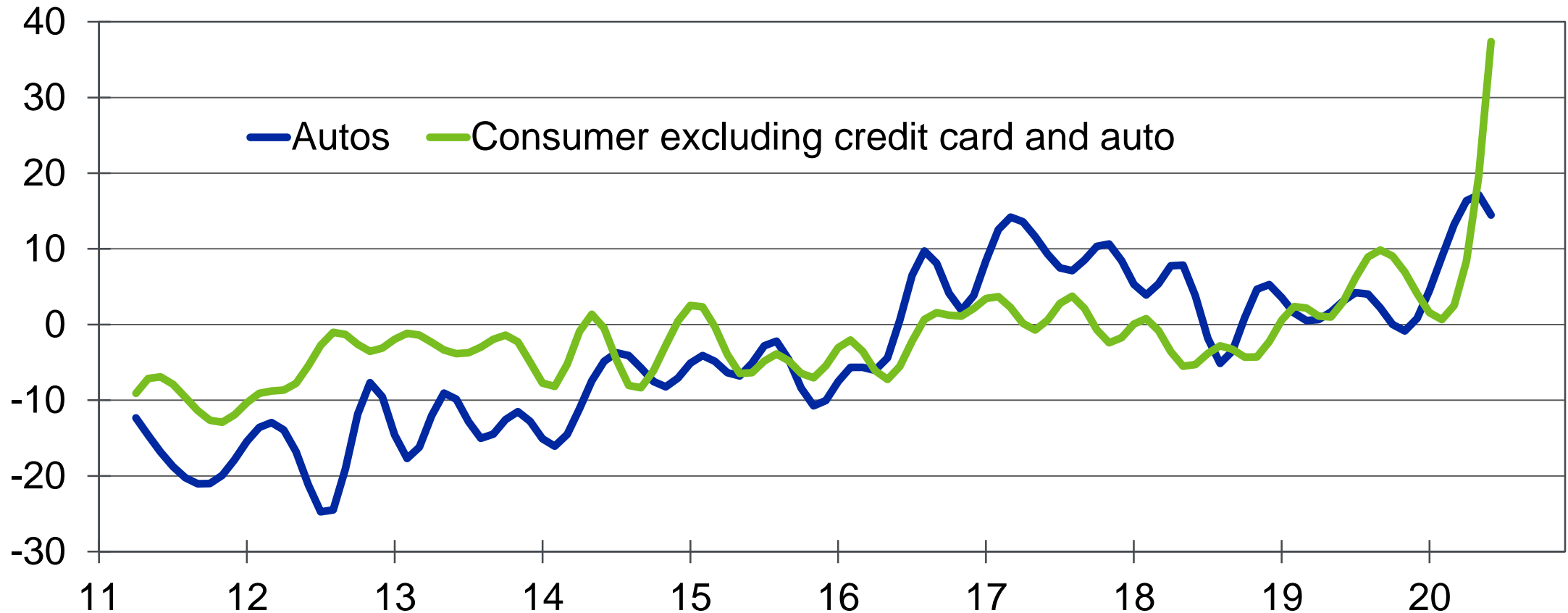
Banks reporting stronger demand, auto loans, net %, NSA



Sources: Federal Reserve, Moody's Analytics

No Major Supply Contraction...Yet

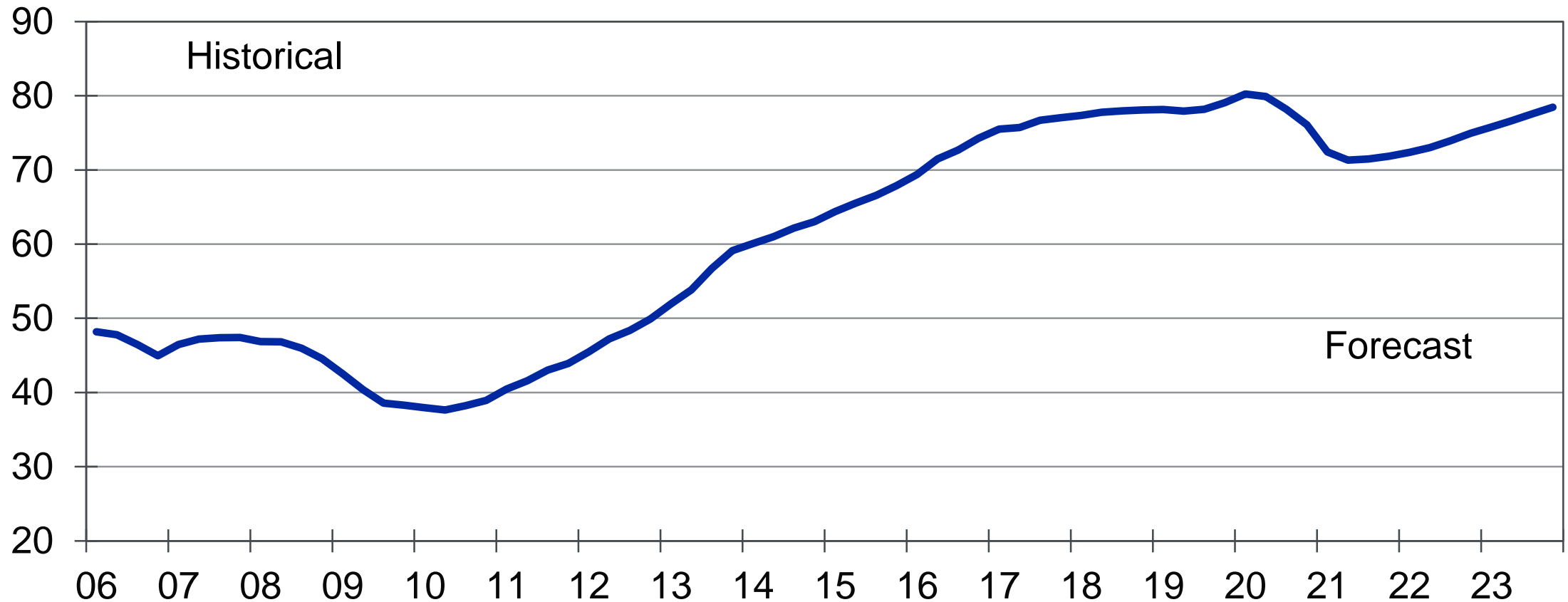
Tightening standards, net percentage of banks, %, NSA



Sources: Federal Reserve, Moody's Analytics

New Originations Drop Similar to '08

New auto bank originations, \$ bil., 4 qtr. MA



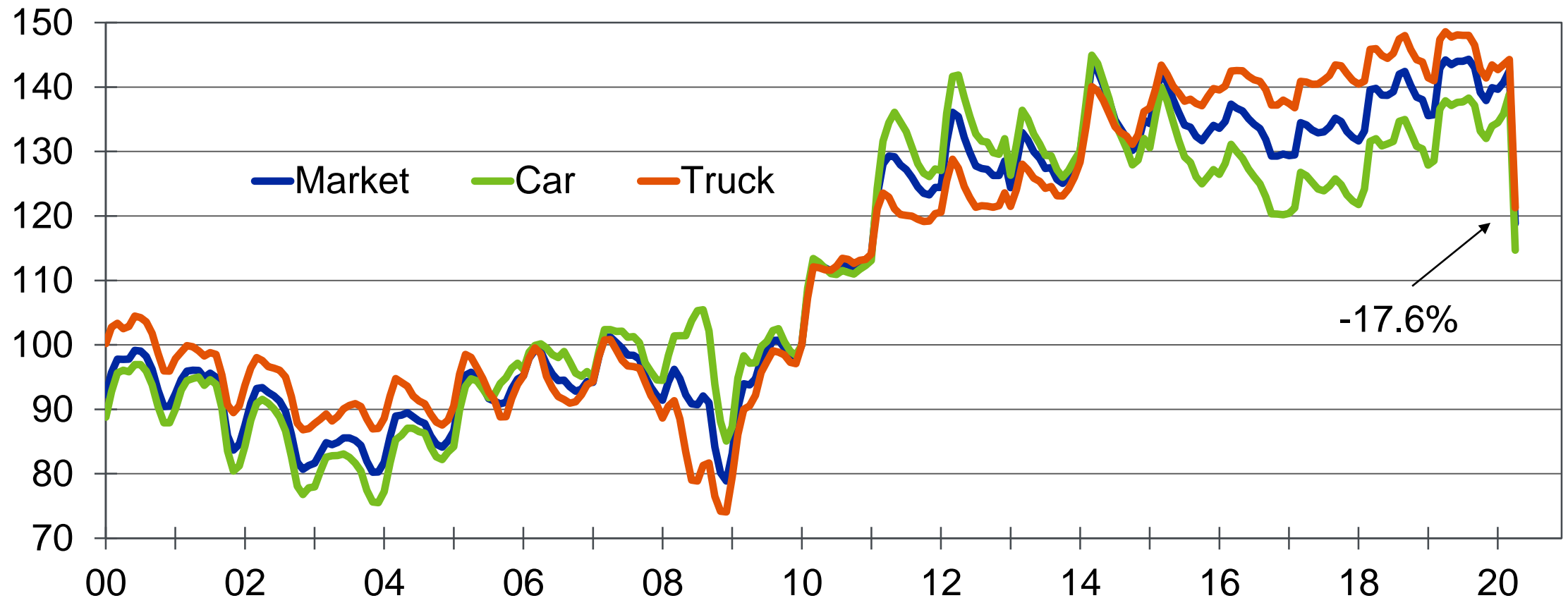
Sources: Equifax, Crediforecast.com, Moody's Analytics

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Used Vehicle Prices

Wholesale Prices Show Historic Drop

Moody's Used Vehicle Sale Price Index, 2010=100, NSA



Sources: NADA, Moody's Analytics

Manheim Shows a Bit Less Drop

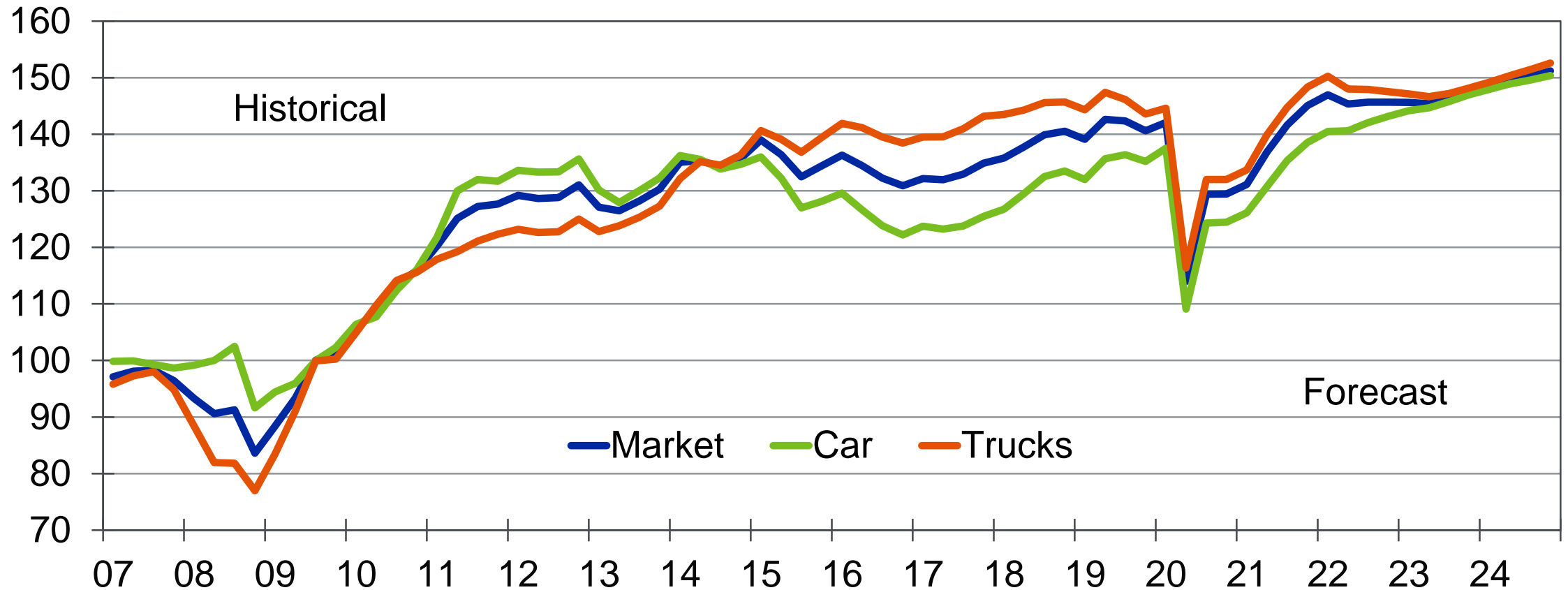
Manheim Used Vehicle Value Index, 1995=100, SA



Sources: Cox Automotive, Moody's Analytics

Prices Back Second Half of 2021

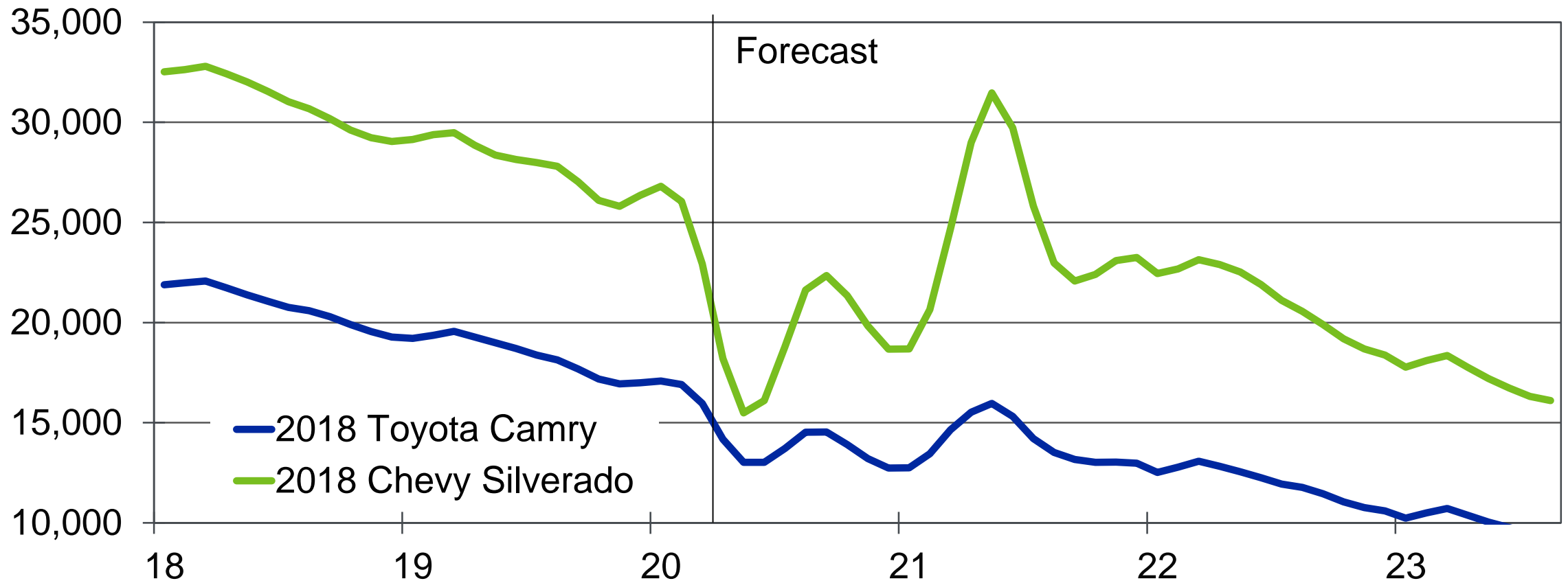
Moody's Used Vehicle Sale Price Index, Jan 2010 = 100, SA



Sources: NADA, Moody's Analytics

Residual Value Drop Differs by VIN

Camry: 4t1b61hk_j, MSRP: \$27,950; Silverado 1500: 1gb0kvvcg_j, MSRP: \$41,650



Sources: NADA, AutoCycle, Moody's Analytics

Questions & Answers

John Toohig

Head of Whole Loan Trading

Raymond James

John.Toohig@RaymondJames.com

Michael Brisson

Senior Economist

Moody's Analytics

Michael.Brisson@moodys.com

Contact Us: Content Solutions - Economics & Business Analytics Offices

West Chester, EBA-HQ
+1.610.235.5299
121 North Walnut Street, Suite 500
West Chester PA 19380
USA

New York, Corporate-HQ
+1.212.553.1653
7 World Trade Center, 14th Floor
250 Greenwich Street
New York, NY 10007
USA

London
+44.20.7772.5454
One Canada Square
Canary Wharf
London E14 5FA
United Kingdom

Toronto
+1.416.681.2133
200 Wellington Street West, 15th Floor
Toronto ON M5V 3C7
Canada

Prague
+420.22.422.2929
Washingtonova 17
110 00 Prague 1
Czech Republic

Sydney
+61.2.9270.8111
Level 10
1 O'Connell Street
Sydney, NSW, 2000
Australia

Singapore
+65.6511.4400
6 Shenton Way
#14-08 OUE Downtown 2
Singapore 068809

Shanghai
+86.21.6101.0172
Unit 2306, Citigroup Tower
33 Huayuanshiqiao Road
Pudong New Area, 200120
China

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