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Market Intelligence 2022 summary

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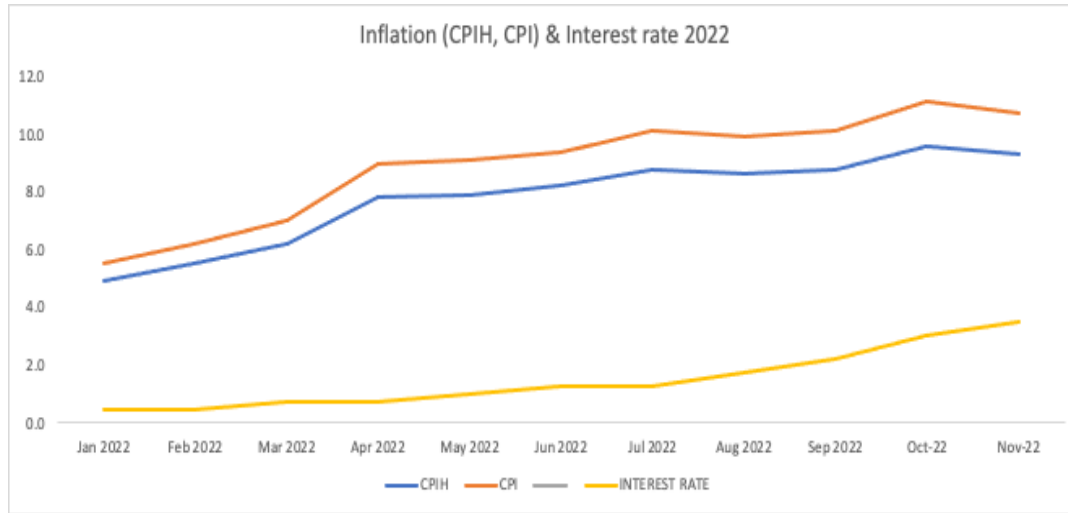


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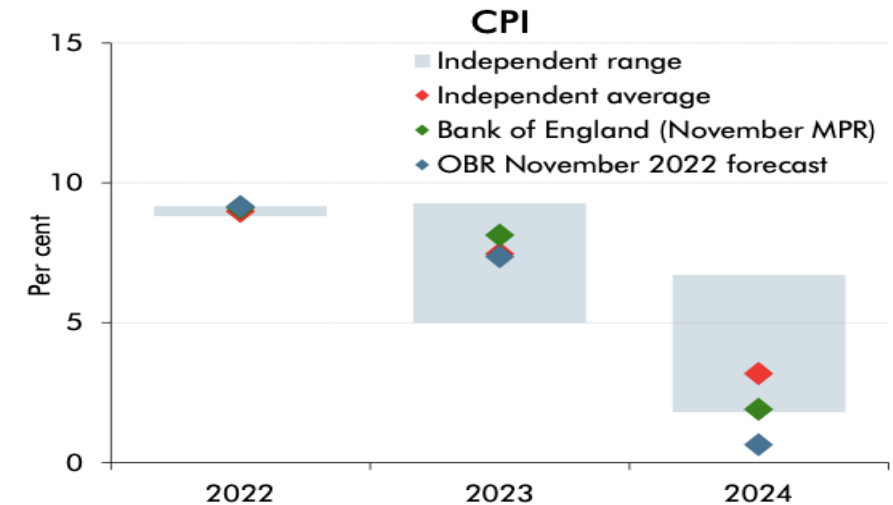
Economy

(ONS, Trend Tracker, ECA)



YouGov

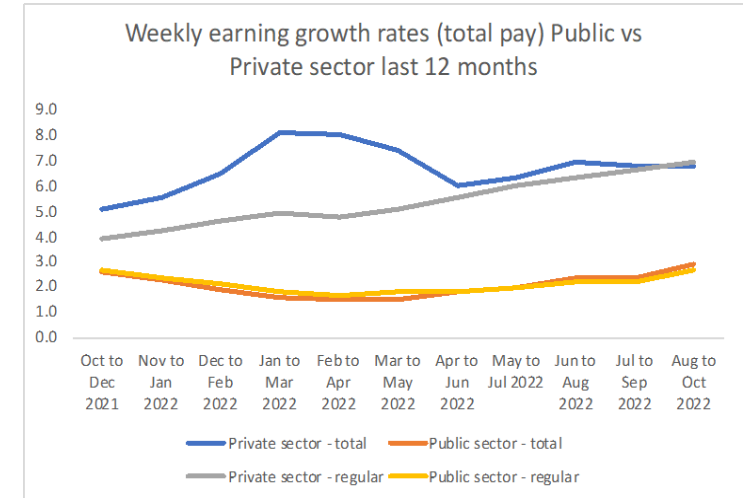
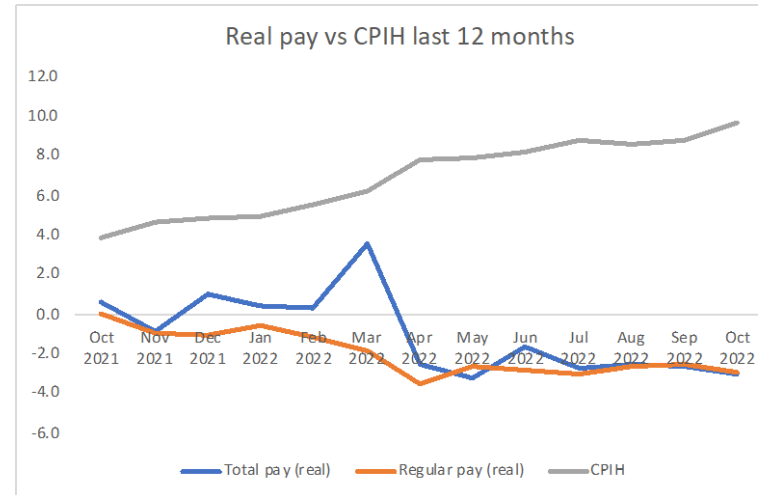
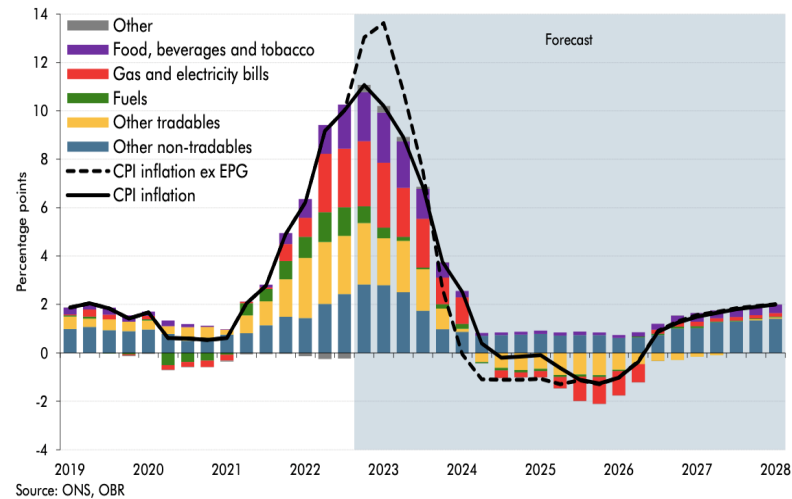
Office for
National Statistics



- Costs up, economy shrinking, biggest drop in living standards for 70 years.
- Slight drop in inflation in November which could be the peak predicted, helped by the change of leadership in Downing Street & the new budget calming the markets and supply chains opening up again following the struggles post covid.
- Where is this going? This 41 year high in inflation is predicted to peak shortly and slowly fall, as seen in the graphic (top right) but this could take 2 years to return to normal. Within this watch OOH (owners, occupiers housing costs) as this is still rising due to Energy costs, OOH forms the single largest contribution to CPI now so government Energy subsidies crucial.
- BOE increasing interest rates to try to mitigate this, heading into official recession with Q3 GDP dropping to -0.3.

Energy and Food

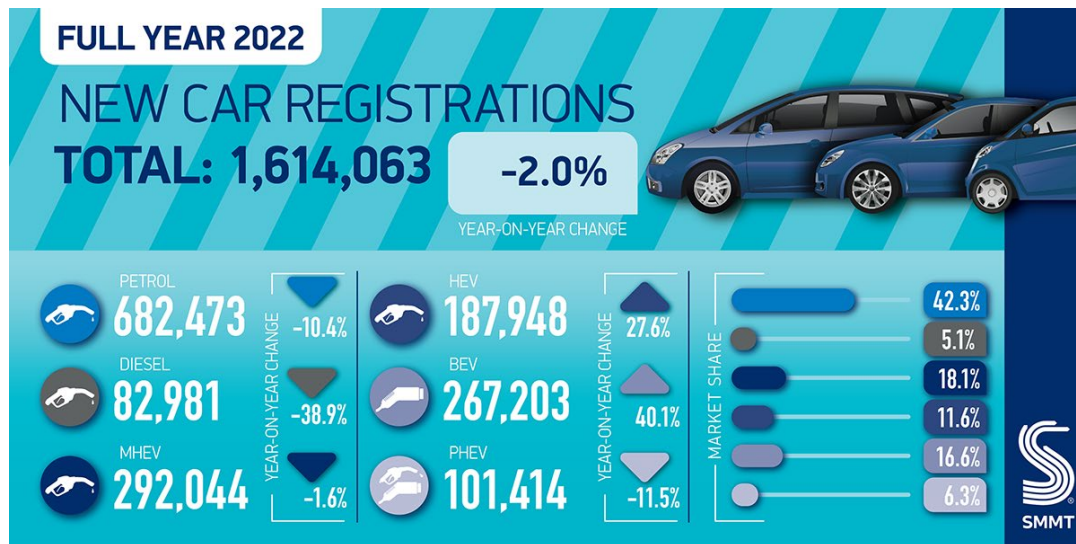
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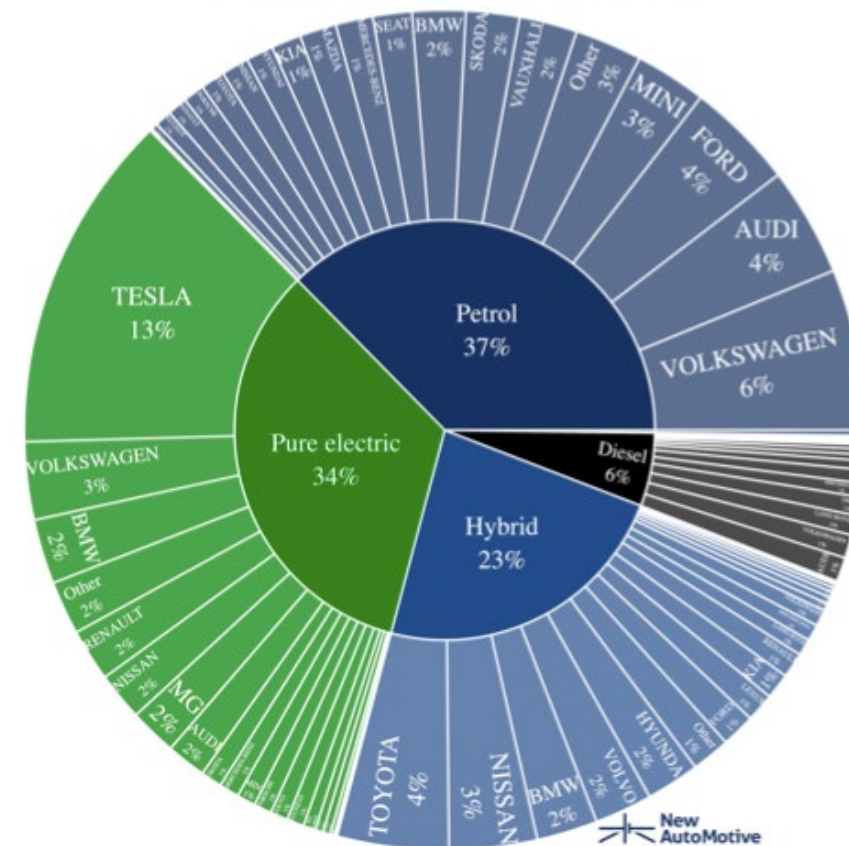
- Inflationary pressure caused by specifically Energy and Food as seen in the graphic (top left) with red and purple bars which are predicted to remain high into beginning of 2024. ONS/OBR forecasting a drop to pre pandemic levels by 2024 (supporting the governments forecast of a tough 2 years).
- Creates a real problem for businesses as 'Real household disposable income' has dropped by 7% 2021-2023 which is leading to issues on pay.
- Cost of staff increasing at 5% (ONS) to try to bridge the 'Real Pay' gap, this is not keeping up with inflation with real pay at -2.9% as seen in the graph above (middle) and a public vs private sector gap emerging (creating strikes) with public sector striking as this has fallen behind private sector (top right).

Car market

(cap hpi, Trend Tracker, SMMT)



December 2022 new car market share



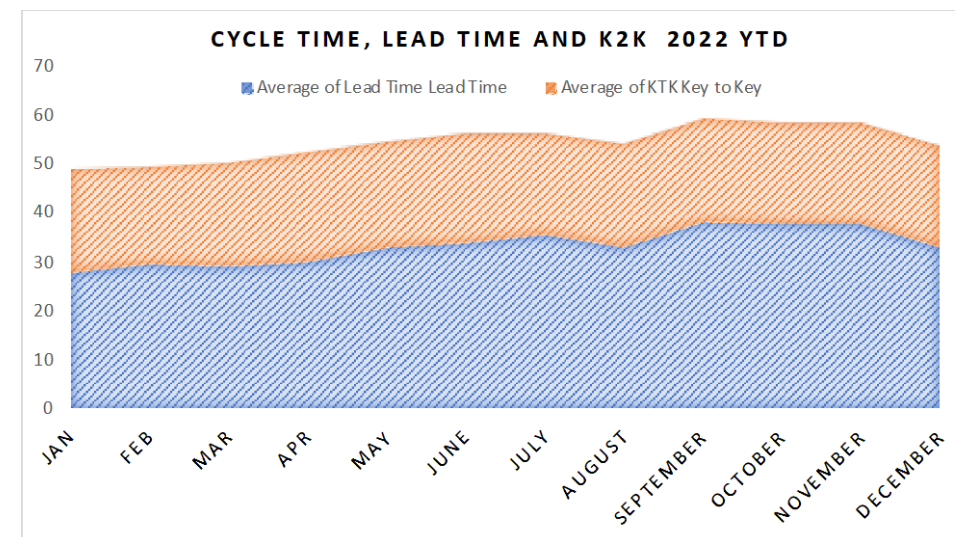
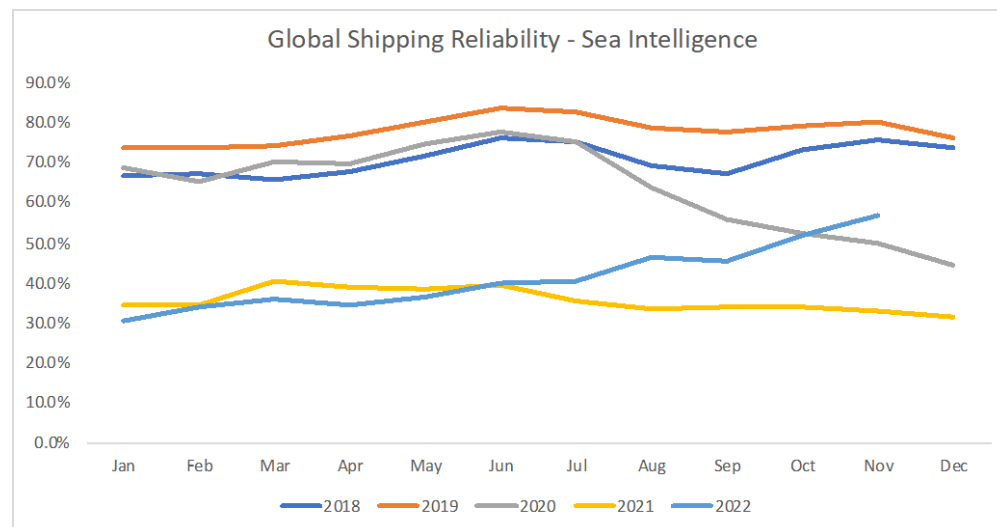
- New car sales dropped YOY from the Full year analysis -2%, but this was the 5th consecutive month of growth showing promising signs of a recovery.
- Plug-ins reaching their highest monthly market share of 32.9%
- Tesla Model Y best seller in the month, selling 1/3rd of its whole years sales in December (10k) units as seen in the graphic (right) from New Automotive.
- Car Parc is rapidly changing and will continue to – but at the pace it needs to meet the 20: government zero emissions targets?

Repair duration and supply chain

(Sea Intelligence, Advantage parts, Trend Tracker)



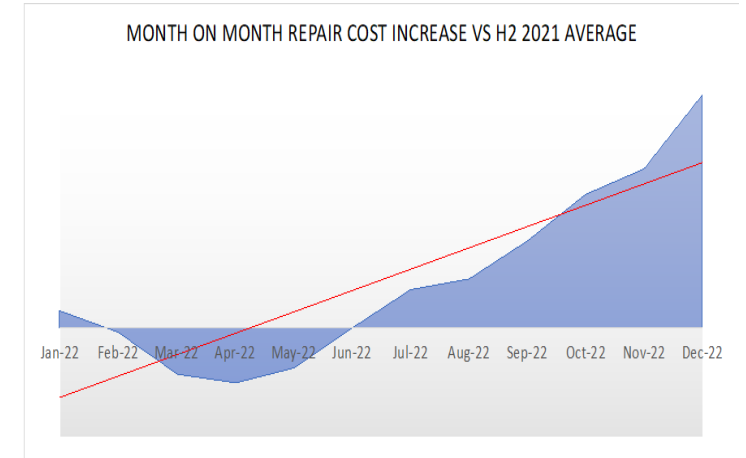
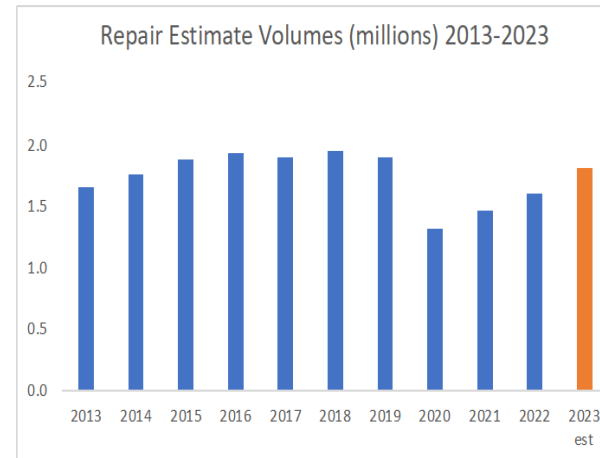
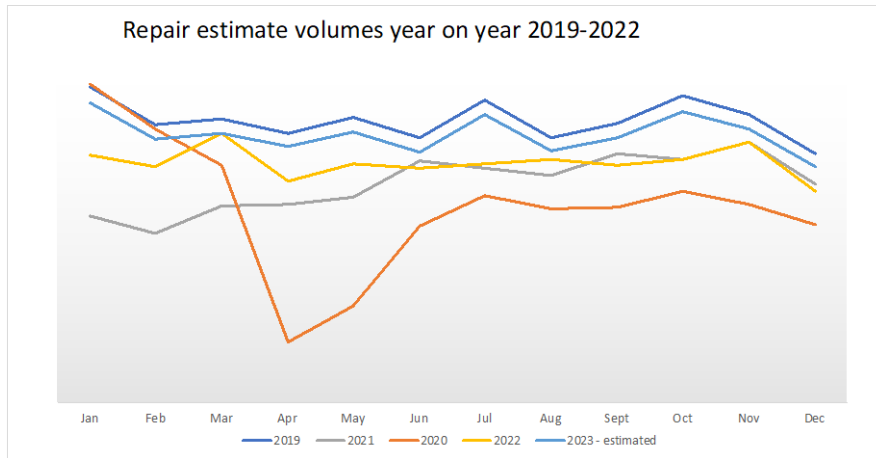
Sea-Intelligence



- Global Shipping reliability improving at a more rapid rate now (light blue line top left graph), both reliability and delays improving. Still down on pre pandemic levels (orange line).
- Parts delays – APS report the consistent shipping times has changed over xmas with an increase from 41 (October) to 47 December. However, less jobs impacted by missing 1 part of more, dropping to 15% from 20%.
- Cycle time has dropped too as we end 2022 with lead time falling slightly- through excess waiver initiatives instead of mobility and improved mobility availability. All promising signs, but still not where the market needs to be, yet.

Repair duration and supply chain

(Sea Intelligence, Advantage parts, Trend Tracker)



- Vehicle Repair demand – Finished 2022 at c85% of pre pandemic levels, as predicted. December was lower than November which is of no surprise with the severe weather at the start of the month and xmas holidays (but still higher than 2020 and 2022 December numbers).
- Repair costs continue to rise, as margins are squeezed with increased production costs - month on month increases vs H2 2021 Average Repair cost, November peaking at £325 higher in December 2022 (13% uplift)
- C Suisse recently predicted 21% price increase required (Motor Insurance) as a result of inflationary pressure. Consumer Intelligence reported on 22nd December that 'The average cost of the most competitive motor insurance deals has increased 17.4% in the past year adding to the cost-of-living pressure in the UK'. Adding that 'Price rises in car insurance are outstripping inflation for the economy at 10.7% with average premiums now costing £877.'
- They added that the competitiveness of this market shows now signs of changing, with a 'record number of brands now offering quotes for Motor Insurance' & new methods of purchasing insurance such as established telematics brands (now in the top 5 cheapest quotes 32% of the time)



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