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Market Intelligence

October 2023

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Trend Tracker

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Trend Tracker

- October sees repair volumes tick-up as the winter weather kicks-in and the clocks go back (still 95% of pre-pandemic levels YTD but 105% of 2022).

- Inflation falling very slowly as wage inflation goes above rate of inflation but in real terms this represents only c1% rise in earnings year-on-year.

- A continued tight employment market too but it is starting to move the wrong way (unemployment and inactivity numbers both slightly up).

- Road usage tracking in-line with pre-pandemic with car sales stronger in October than pre-pandemic but subdued BEV sales.

- Used car market sees a fall in values by an average of 4% - a ‘realignment’ not a crash.

- Cycle times consistently improved in recent months (to be expected in the summer) with both lead times and key-to-key times falling by a few days; heading into the winter with the same cycle time as seen in October ‘22.

- Salvage indicators show the big difference in the average sale price and average vehicle age of EV vehicles Vs ICE vehicles which portrays a market challenge (writing-off electric vehicles less than 5 years old due to type of damage or concern about potential hazards).

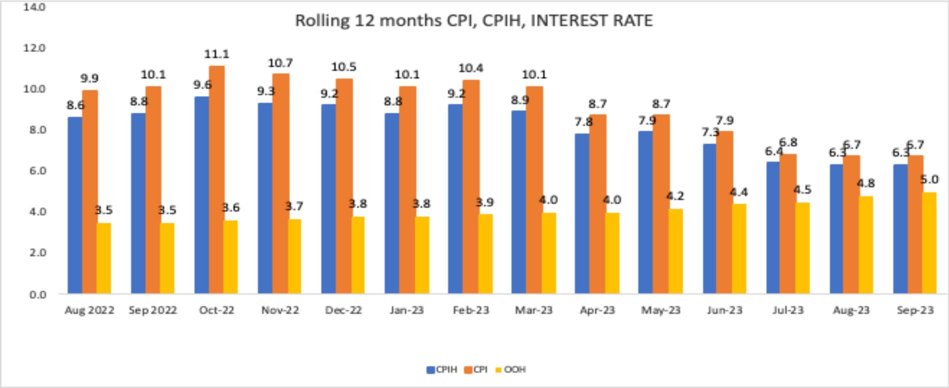
- Repair cost inflation slowing down (but still increasing year-on-year) - predicted 2023 average to be 11-13% from the highs of 16-18% in 2022.

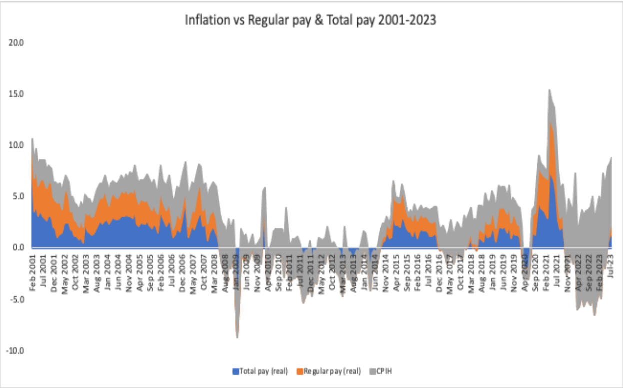
- Motor insurance costs continue to rise with varying reports recently about monthly, quarterly and annual increase rates to combat the claims cost rises 2022-23.

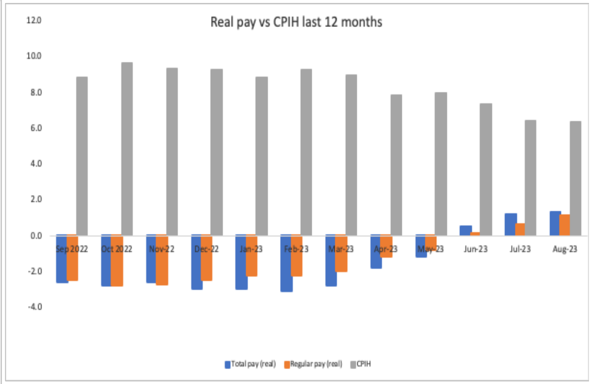
Full details of all these market impacts in the latest Trend Tracker report https://www.trendtracker.co.uk .

Economic Trends

(ONS, ECA)







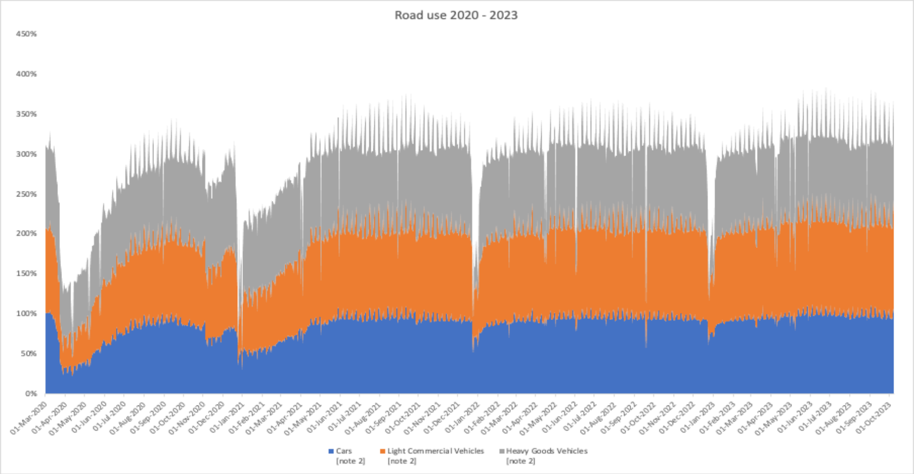
- The Consumer Prices Index including owner occupiers' housing costs (CPIH) rose by 6.3% in the 12 months to September 2023, the same rate as in August.
- On a monthly basis, CPIH rose by 0.5% in September 2023, compared with a rise of 0.4% in September 2022.
- The Consumer Prices Index (CPI) rose by 6.7% in the 12 months to September 2023, the same rate as in August.
- On a monthly basis, CPI rose by 0.5% in September 2023, the same rate as in September 2022.Looking at more recent weeks.
- Energy prices show some volatility in recent weeks as described by ECA in their latest weekly insight https://ecabusinessenergy.com/

SMMT DRIVING THE MOTOR INDUSTRY

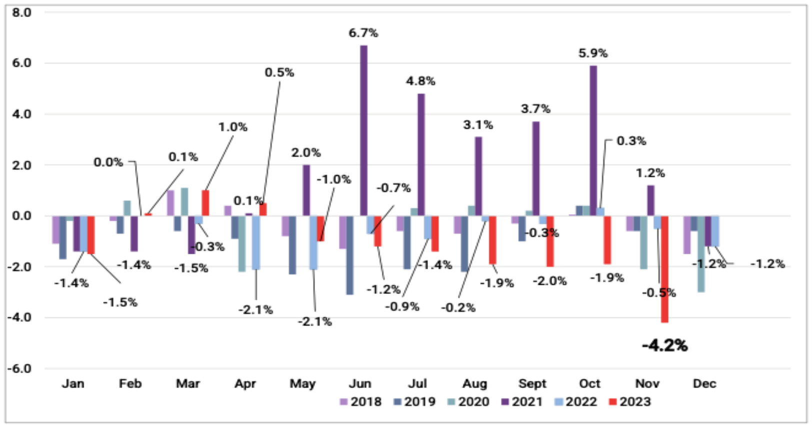
Mobility & Car market

SOLERA Vehicle Solutions | cap hpi

(cap hpi, ONS, SMMT, Dept of transport)



Monthly percentage movements in Live valuations (3-years, 60k miles) – **November figure depicts October's Cap Live**

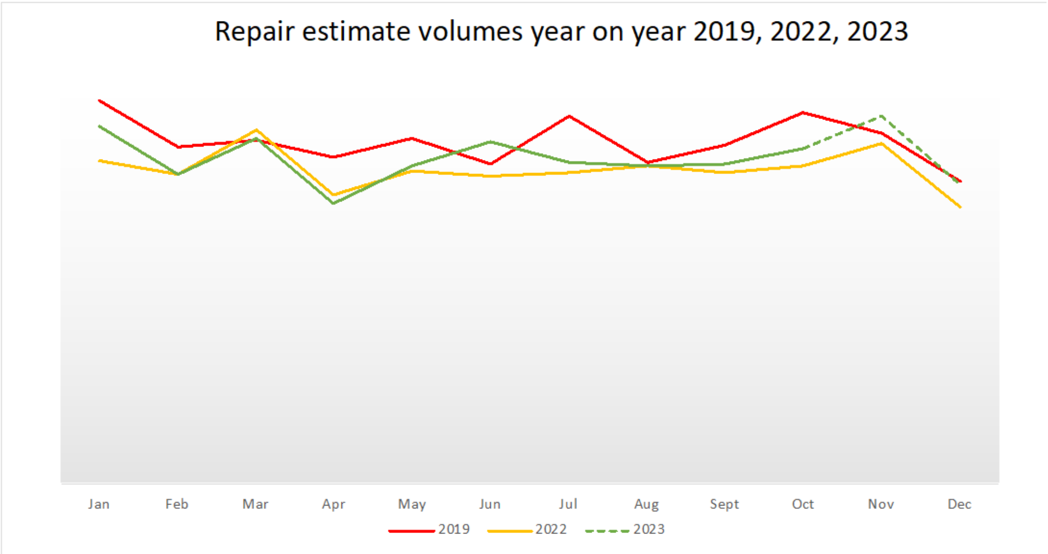


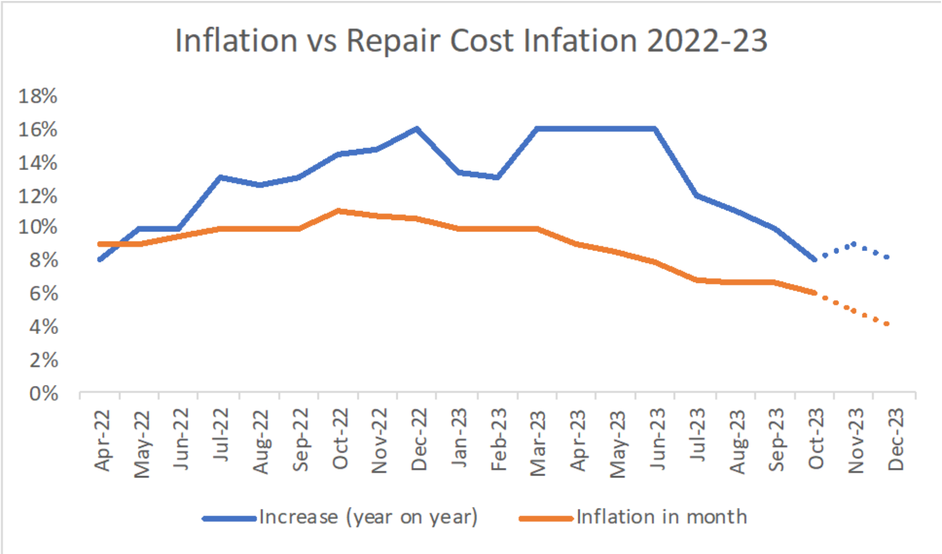
- On Monday 9 October 2023 traffic volumes were 99% of the levels during the first week of February 2020. This is 1 percentage point higher compared to the equivalent day in the previous year (98% on Monday 10 October 2022).
- UK car manufacturing grew 39.8% in September, the strongest month of growth in 2023, with 88,230 units leaving British factories; EV production up 41%.
- October delivers 153,529 new car registrations, up 14.3% year-on-year and 7.2% above 2019 – BEV 42nd consecutive month of growth but only c1% higher market share than in 2022.
- Cap Live is reporting a -4% decline in values at the 3-year, 60,000-mile point. Described as a realignment not a crash.

Vehicle Repair & Supply chain

SOLERA Vehicle Claims | Audatex

(Audatex, ONS)





- Repair volumes – continue to track at 95% of pre-pandemic YTD but October 2023 5% higher than October 2022.
- Repair costs – have climbed rapidly through the last 12 months with the increase in inflation but have now started to show signs of levelling off, tracking at 8% YOY increase in costs, down from 16% in June. Our 2023 tracker (tracking with inflation) has been spot on until October whereby repair costs YOY increase was a little lower than expected.
- Minimal differences again with October being only £6 on average higher vs. September and only £13 higher than June 2023.

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