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Market Intelligence

November/December 2023

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Paul Sell,
Associate Director,
Trend Tracker

“ In this, the last *Market Intelligence* report of 2023 – a partnership between ILC, ARC360 and Trend Tracker – I’d like to say a thank you to all our Trend Tracker Sponsors (*see right*); our increasing number of Industry Subscribers and our Data & Media partners; and, more specifically, ILC and ARC360 for their continued collaboration.

During 2023 we have experienced fantastic growth of the Trend Tracker business with an increase in consultancy; financial institutions - amongst others - becoming subscribers; and new sponsors and data/media partners.

I hope you enjoy this last *Market Intelligence* report for 2023 and look forward to bringing you more insights in partnership with ILC/ARC360 in 2024.

”

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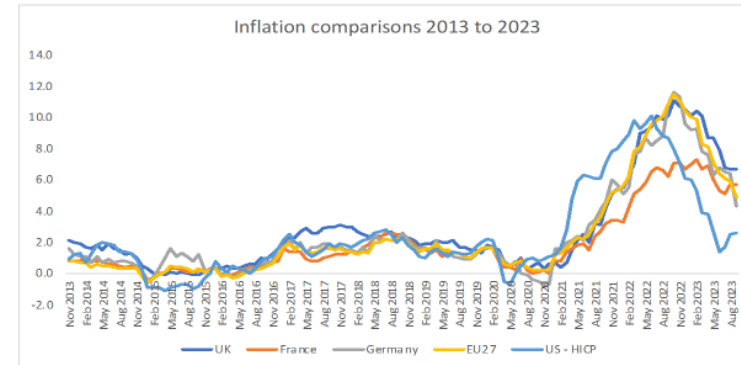
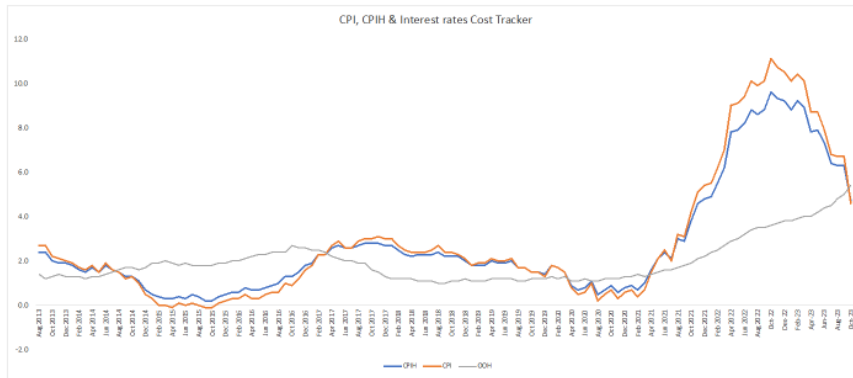


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Economy

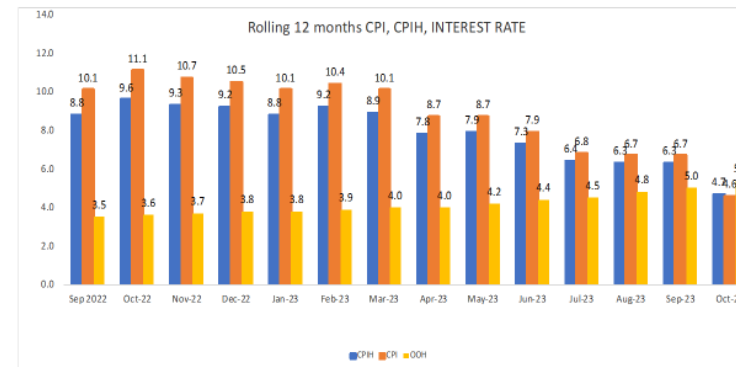
(ONS, Trend Tracker,)



📊 October saw inflation dropping 'surprisingly' to 4.7% - which is now actually below Interest rate % as BOE continue to bring inflation back to 2%

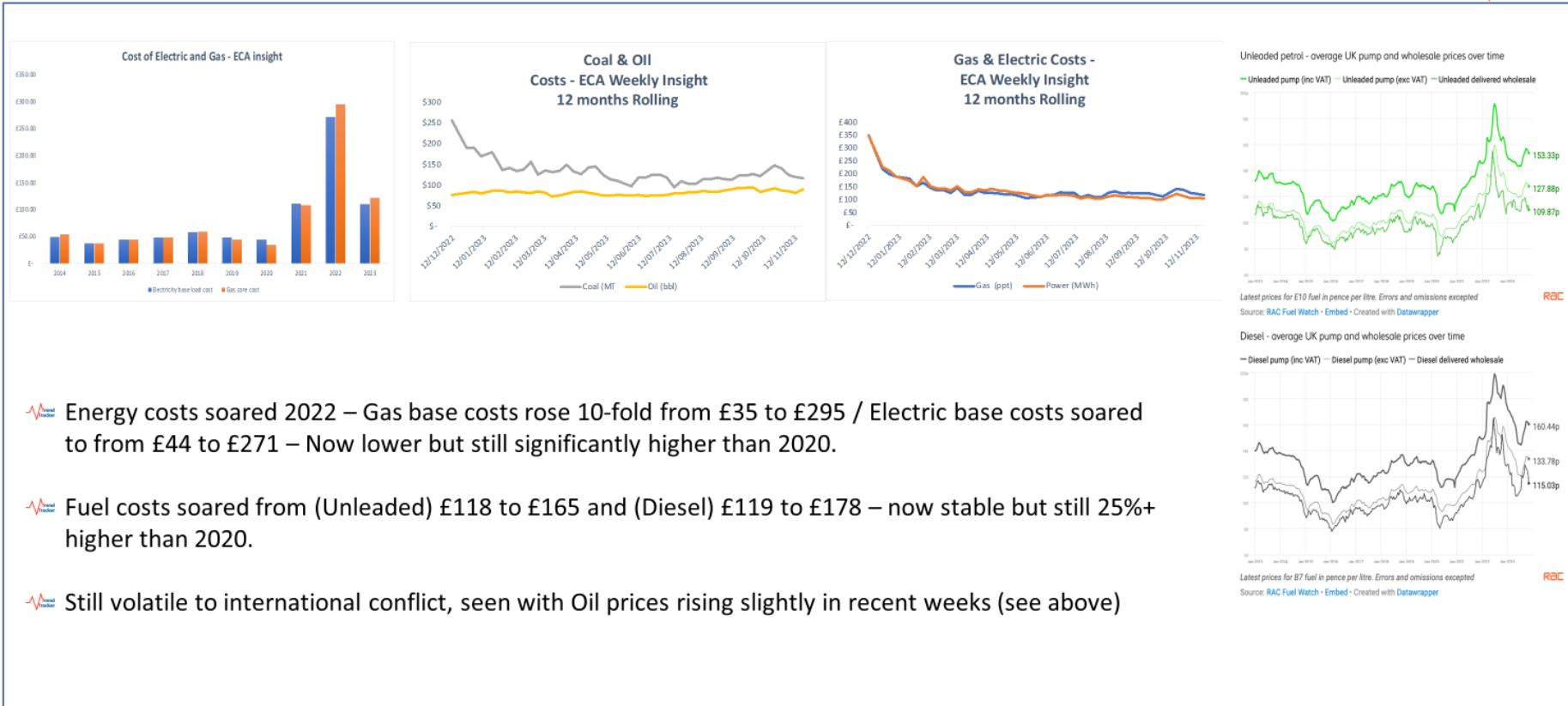
'I can assure you that the MPC will adjust Bank Rate as necessary to return inflation to target sustainably in the medium term, in line with its remit. If there were to be evidence of more persistent pressures, then further tightening in monetary policy would be required. Our commitment to the 2% inflation target is unwavering.'

📊 UK continues to track higher inflation than Europe and US.



Energy & Fuel

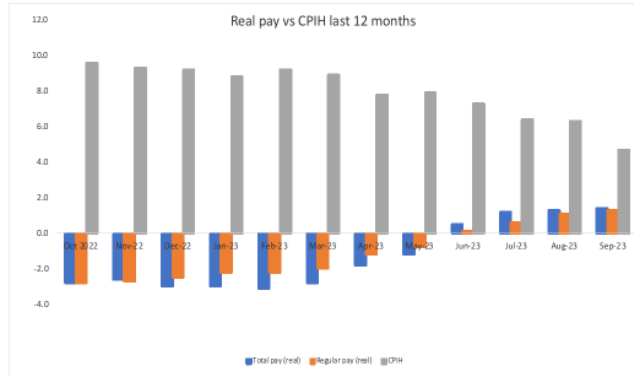
(ECA, ONS, Trend Tracker, RAC)



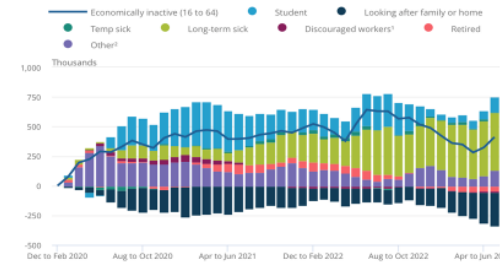
- Energy costs soared 2022 – Gas base costs rose 10-fold from £35 to £295 / Electric base costs soared to from £44 to £271 – Now lower but still significantly higher than 2020.
- Fuel costs soared from (Unleaded) £118 to £165 and (Diesel) £119 to £178 – now stable but still 25%+ higher than 2020.
- Still volatile to international conflict, seen with Oil prices rising slightly in recent weeks (see above)

Employment market & costs

(ONS, T Tracker)

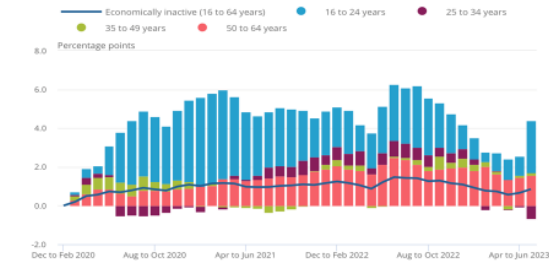


UK economic inactivity by reason, people aged 16 to 64 years, seasonally adjusted, cumulative change from December 2019 to February 2020, for each period up to May to July 2023



Source: Labour Force Survey from the Office for National Statistics

UK economic inactivity rates by age, people aged 16 to 64 years, seasonally adjusted, cumulative change from December 2019 to February 2020, for each period up to May to July 2023

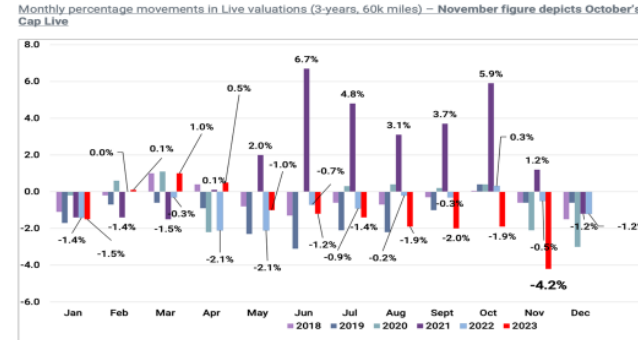
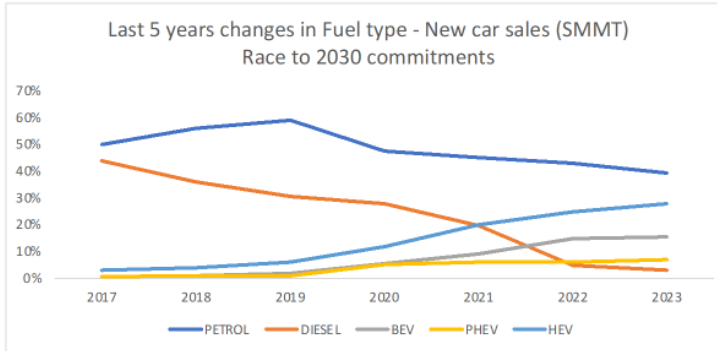


Source: Labour Force Survey from the Office for National Statistics

- Inflation created real pressure on wage inflation - Pay rapidly increasing, latest figures show pay up 7.7% (highest rate since records were kept on this in 2001) which is now showing a 'Real pay' increase of over 1% with Inflation now falling.
- Employment rate up (record level), 1.1m more than pre-pandemic, unemployment rate down – but inactivity rate still 20.9% (higher than pre-pandemic) with 0.5m people 'long term sick' and increases in 'inactivity' at both ends of the age bands (up to 24 and over 50).
- With the economy still struggling and overheads increasing in the last 12 months, not surprising to see vacancies have dropped by a further 58k in this last quarter, still 156k up on pre-pandemic.

Car market

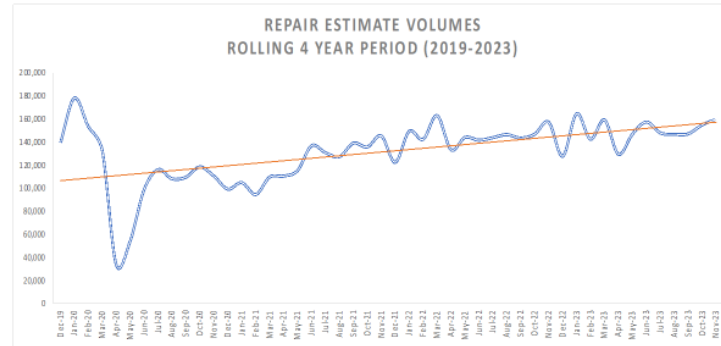
(cap hpi, Trend Tracker, SMMT)



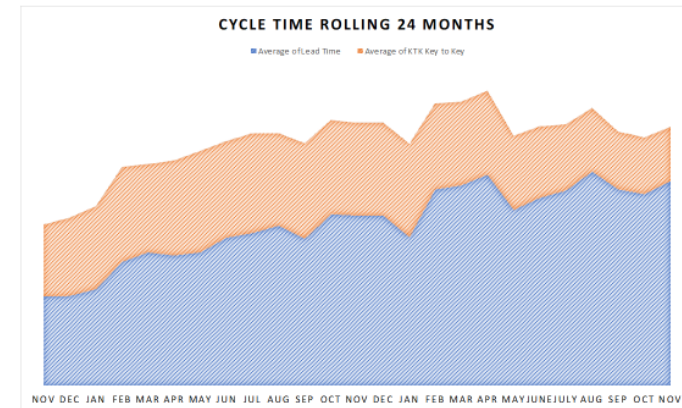
- Vehicle production up – Cars 16.7% YTD and LCV's 34% up YTD – Exports up too 8 in 10 cars exported / 9 out of 10 vans
- Vehicle sales up - now hitting pre-pandemic levels; fleets driving BEV sales with 77% of BEV sales.
- Fleet has overtaken private sales and now accounts for a whopping 53.8 per cent of the market in 2023. Private sales have grown in 2022, but only 1% YTD.
- BEV volumes stalling (see graph) down 17% vs. Nov 22 but up 27% YTD vs Full Year 2022 – Government changed 2030 target.
- Used Car Market value down again in month the largest drop in a single month since the introduction of cap Live in 2012 and the largest fall since May 2011, over 12 years ago. A considerable realignment, with values having dropped by a cumulative -13.6% in 7-months.

Cycle time and the Supply chain

(T Tracker, Audatex, Sea Intelligence)

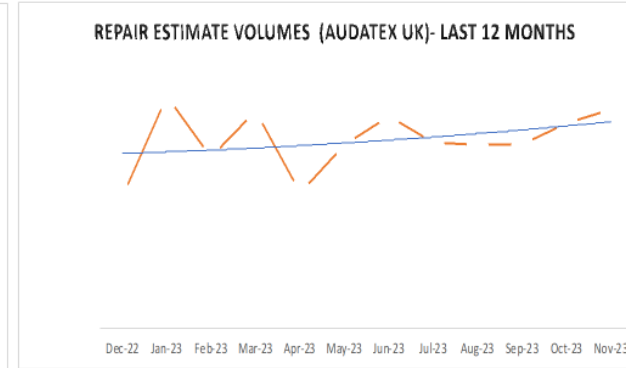
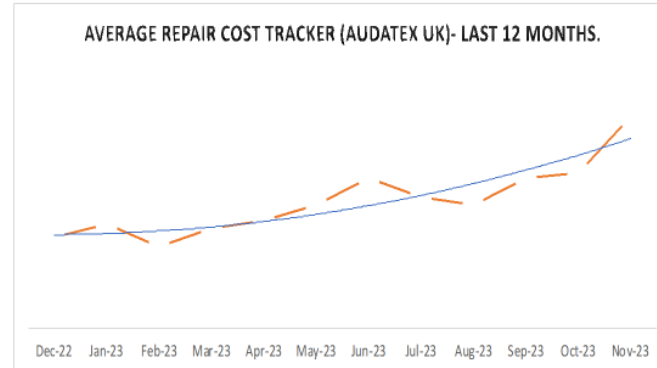


- Vehicle Repair demand – consistently rising post pandemic, at almost similar levels
- Shipping reliability – also consistently improving but has been at the same/similar level for six months now, not reaching pre-pandemic heights.
- Cycle times gradually grew through 2022 to a high of 64, gradually reducing over the summer to 56 days – driven through improvements in K2K from a high of 20 days to 12 days – reflective of the new triage processes in place and a different parts supply chain bringing in the vehicles in when parts and staff can fix them. Lead times remain higher than pre pandemic as a result.



Repair volumes and costs

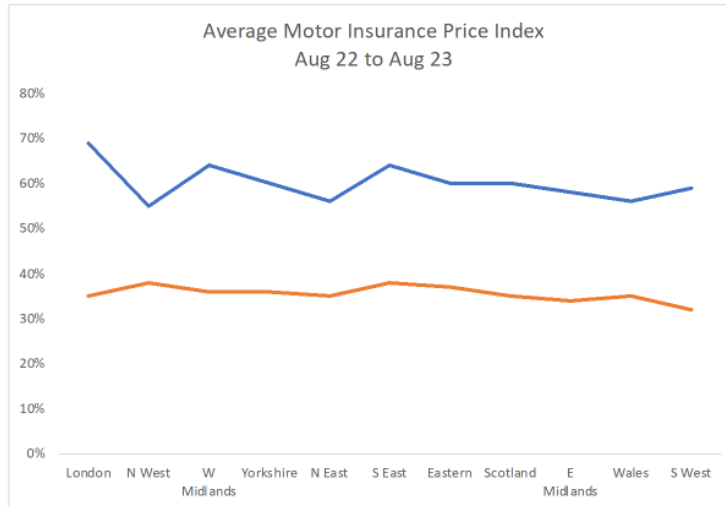
(Audatex, Trend Tracker)



- Repair estimate volumes climbing as we head into winter and YTD at 96% of 2019 levels.
- Repair costs climbed through the year as inflation climbed; materials increased in price and inflation put pressure on overheads with labour rates increased to compensate. Year on Year increases have been dropping but went up again in November.
- Repair inflation predicted to average 12.6% across 2023, the forthcoming Trend Tracker report will look at this in more detail and look back over the last 5 years.

Insurance costs & impacts

(Consumer Intelligence, ABI, AM, Trend Tracker)



Graph source – Consumer Intelligence data

Consumer Intelligence –

- Average quoted car insurance premiums soar, with a record quarterly increase of 22% occurring between May and August 2023 – biggest quarterly increase.
- The average quoted price of car insurance rose by 61% in the year to August– the highest annual increase on record, the latest Consumer Intelligence Car Insurance Price Index ¹ shows.

ABI –

- Following successive quarterly increases in costs, some insurers have reported further Q3 increases of 16% for materials, 15% for labour and 46% for other costs, largely driven by the price of energy.
- In the third quarter of 2023, the average price of motor insurance was a record £561, an increase of 29% compared to previous year.



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