

California Auto Outlook™

Comprehensive information on the California vehicle market

Volume 14, Number 3

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Covering Second Quarter 2018

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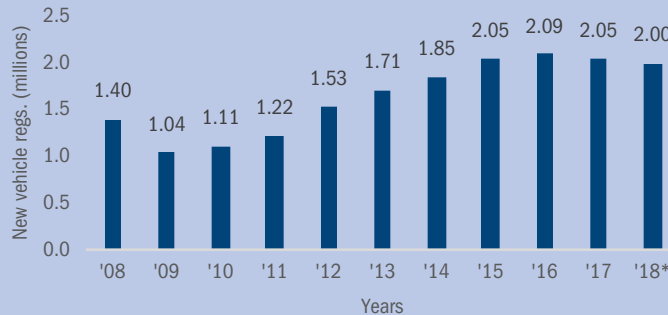


New Vehicle Registrations in State Exceed 1 Million Units in First Half of 2018

ANNUAL TRENDS



California Annual New Light Vehicle Registrations - 2008 thru 2018



Historical data source: IHS Markit

*2018 forecast by Auto Outlook.

New vehicle registrations in California are projected to be right around the 2 million unit mark in 2018.

The market is expected to decline slightly this year, but based on historical standards, new vehicle sales will be very strong.

The annual total this year should exceed 2009 levels by nearly 100 percent.

California and U.S. New Light Vehicle Registrations - YTD thru June

	California			U.S.		
	YTD '17	YTD '18	Change	YTD '17	YTD '18	Change
Registrations						
TOTAL	1,027,296	1,004,587	-2.2%	8,540,528	8,572,130	0.4%
Car	512,826	461,201	-10.1%	3,160,050	2,776,217	-12.1%
Light Truck	514,470	543,386	5.6%	5,380,478	5,795,913	7.7%
Detroit Three	292,410	299,882	2.6%	3,814,334	3,813,417	0.0%
European	151,558	153,433	1.2%	752,186	785,879	4.5%
Japanese	504,726	485,317	-3.8%	3,315,494	3,336,315	0.6%
Korean	78,602	65,955	-16.1%	658,514	636,519	-3.3%
Market Share						
Car	49.9	45.9	-4.0	37.0	32.4	-4.6
Light Truck	50.1	54.1	4.0	63.0	67.6	4.6
Detroit Three	28.5	29.9	1.4	44.7	44.5	-0.2
European	14.8	15.3	0.5	8.8	9.2	0.4
Japanese	49.1	48.3	-0.8	38.8	38.9	0.1
Korean	7.7	6.6	-1.1	7.7	7.4	-0.3

Source: IHS Markit

California new light vehicle market declined by 2.2 percent during the first six months of this year, versus the less than one percent increase in the U.S.

Light truck registrations in the state increased 5.6 percent in the first half of 2018, while passenger cars fell 10.1 percent.

Truck market share in California was 54.1 percent vs. 67.6 percent in the Nation.

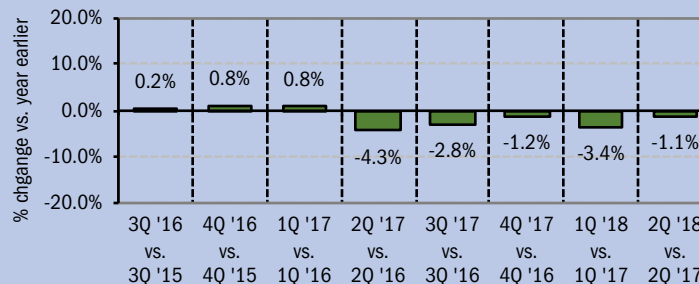
TWO YEAR PERSPECTIVE



QUARTERLY RESULTS



California Quarterly New Light Vehicle Registrations
Percent Change vs. Year Earlier



Source: IHS Markit

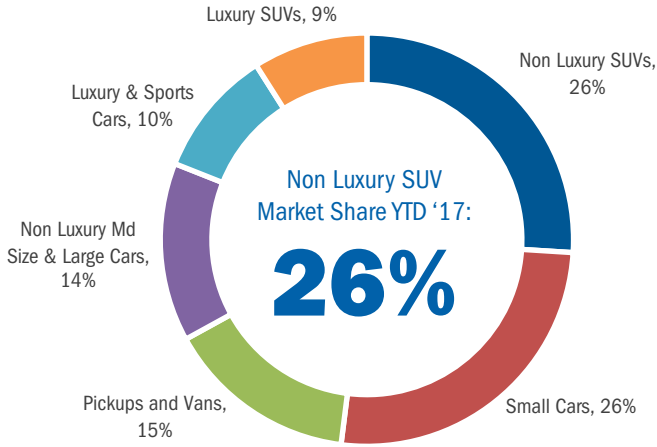
The California new vehicle market declined for the fifth consecutive quarter in 2Q 2018 versus a year earlier.

As shown on the graph, the market has plateaued after several years of big increases.

SEGMENT MARKET SHARES

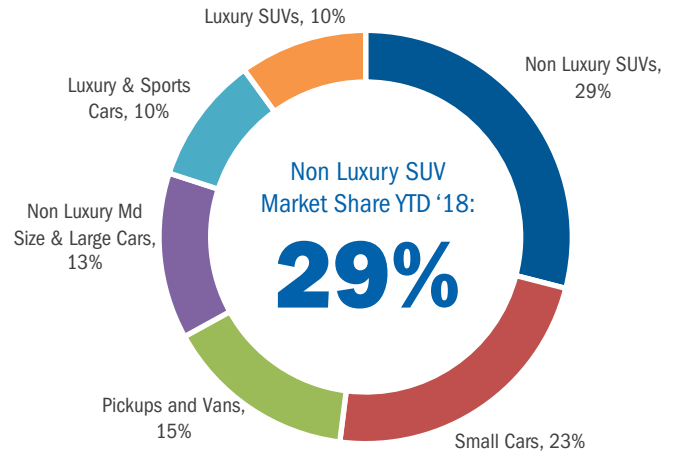
Small Car Market Share Declines to 23 Percent

Segment Market Shares in California YTD '17 thru June



Source: IHS Markit.

Segment Market Shares in California YTD '18 thru June



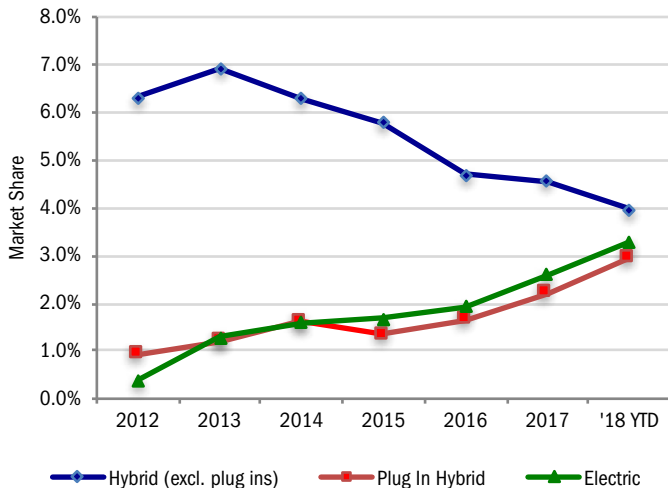
Source: IHS Markit.

The two graphs above show market shares for primary segments during the first six months of 2017 and 2018.

HYBRID AND ELECTRIC VEHICLES

Electric and Plug In Hybrid Vehicle Segments Gain Ground in 2018

Hybrid and Electric Vehicle Market Share



Hybrid/electric vehicle market share, YTD '18 (thru June): **10.2 percent**

Hybrid and Electric New Vehicle Registrations and Market Share					YTD
	2014	2015	2016	2017	2018
Hybrid regs.(excl. plug ins)	116217	118981	98083	93251	40011
Hybrid share(excl. plug ins)	6.3%	5.8%	4.7%	4.6%	4.0%
Plug in hybrid regs.	29949	27740	34727	45040	29622
Plug in hybrid share	1.6%	1.4%	1.7%	2.2%	2.9%
Electric regs.	29536	34477	40347	53500	33015
Electric share	1.6%	1.7%	1.9%	2.6%	3.3%

Source: IHS Markit

MODEL RANKINGS

Honda Civic Retains Top Spot as Best Selling Model in California Market

The table below shows the top five selling models during the first six months of 2018 in 20 segments. In addition to unit registrations, it also shows each model's market share in its respective segment.



BEST SELLERS IN PRIMARY SEGMENTS

- Compact Car: Honda Civic
- Full Size Pickup: Ford F-Series
- Mid Size Car: Toyota Camry
- Compact SUV: Toyota RAV4
- Near Luxury Car: Tesla Model 3
- Mid Size SUV: Toyota Highlander
- Luxury Car: Mercedes E-Class
- Luxury Mid Size SUV: Lexus RX

Top Selling Models in Each Segment - New Light Vehicle Registrations (YTD '18 thru June)

Cars											
Subcompact			Compact			Sports/Pony Cars			Mid Size		
Model	Regs.	Share	Model	Regs.	Share	Model	Regs.	Share	Model	Regs.	Share
Nissan Versa	7015	17.5	Honda Civic	43857	25.3	Ford Mustang	5646	32.7	Toyota Camry	31496	28.9
Honda Fit	4856	12.1	Toyota Corolla	25911	14.9	Dodge Challenger	4916	28.5	Honda Accord	28201	25.9
Kia Soul	4792	12.0	Nissan Sentra	19552	11.3	Chevrolet Camaro	3497	20.2	Ford Fusion	11207	10.3
Honda Clarity	4234	10.6	Toyota Prius	16855	9.7	Toyota 86	736	4.3	Nissan Altima	11025	10.1
Chevrolet Bolt	4055	10.1	Hyundai Elantra	10242	5.9	Hyundai Veloster	701	4.1	Kia Optima	7866	7.2
Large			Entry Luxury			Near Luxury			Luxury and High End Sports Cars		
Model	Regs.	Share	Model	Regs.	Share	Model	Regs.	Share	Model	Regs.	Share
Dodge Charger	5203	30.5	Mercedes CLA-Class	3205	29.8	Tesla Model 3	12674	21.0	Mercedes E-Class	5629	16.8
Chrysler 300	3691	21.6	Audi A3	2887	26.8	Mercedes C-Class	8608	14.3	BMW 5-Series	5165	15.5
Toyota Avalon	2578	15.1	BMW I3	2345	21.8	BMW 3-Series	6791	11.3	Tesla Model S	4993	14.9
Nissan Maxima	1990	11.7	BMW 2-Series	1149	10.7	Lexus ES	4248	7.0	Mercedes S-Class	2212	6.6
Chevrolet Impala	1921	11.3	Acura ILX	1033	9.6	BMW 4-Series	4007	6.6	Porsche 911	1205	3.6
Light Trucks											
Compact/Mid Size Pickup			Full Size Pickup			Mini Van			Large Van		
Model	Regs.	Share	Model	Regs.	Share	Model	Regs.	Share	Model	Regs.	Share
Toyota Tacoma	21206	61.5	Ford F Series	26336	34.4	Honda Odyssey	6946	31.1	Ford Transit Connect Van	7533	41.0
Chevrolet Colorado	6121	17.7	Chevrolet Silverado	20628	26.9	Toyota Sienna	6631	29.7	Mercedes Sprinter	2183	11.9
Nissan Frontier /Xe	3520	10.2	Ram Pickup	15643	20.4	Chrysler Pacifica	4519	20.2	Ram Promaster	2142	11.6
GMC Canyon	1976	5.7	Toyota Tundra	6462	8.4	Dodge Caravan	3293	14.7	Nissan NV	2131	11.6
Honda Ridgeline	1562	4.5	GMC Sierra	5885	7.7	Kia Sedona	964	4.3	Chevrolet Express	1785	9.7
Subcompact SUV			Compact SUV			Mid Size SUV			Large SUV		
Model	Regs.	Share	Model	Regs.	Share	Model	Regs.	Share	Model	Regs.	Share
Toyota C-HR	5974	20.8	Toyota RAV4	25547	17.0	Toyota Highlander	12683	12.8	Chevrolet Tahoe	4411	32.2
Honda HR-V	5552	19.4	Honda CR-V	21062	14.1	Ford Explorer	12198	12.3	Chevrolet Suburban	2130	15.5
Kia Niro	3338	11.6	Nissan Rogue	17278	11.5	Subaru Outback	11440	11.6	GMC Yukon	1568	11.4
Jeep Renegade	3171	11.1	Mazda CX-5	11828	7.9	Honda Pilot	9725	9.8	Ford Flex	1551	11.3
Buick Encore	2379	8.3	Jeep Wrangler	10921	7.3	Jeep Grand Cherokee	8559	8.6	Ford Expedition	1534	11.2
Luxury Subcompact SUV			Luxury Compact SUV			Luxury Mid Size SUV			Luxury Large SUV		
Model	Regs.	Share	Model	Regs.	Share	Model	Regs.	Share	Model	Regs.	Share
BMW X1	3526	35.3	Lexus NX	7140	18.6	Lexus RX	9690	22.0	Land Rover Range Rover	2054	25.9
Mercedes GLA-Class	2542	25.4	Mercedes GLC-Class	6918	18.0	BMW X5	4268	9.7	Cadillac Escalade	1870	23.6
Audi Q3	2056	20.6	Audi Q5	5321	13.9	Mercedes GLE-Class	4167	9.5	Mercedes GLS-Class	1665	21.0
Infiniti QX30	744	7.4	BMW X3	3688	9.6	Tesla Model X	3962	9.0	Lincoln Navigator	806	10.2
BMW X2	528	5.3	Acura RDX	3620	9.4	Acura MDX	3299	7.5	Mercedes G-Class	535	6.8

Source: IHS Markit

BRAND REGISTRATIONS

Detailed Results for All Brands in California Market

California New Car and Light Truck Registrations											
	Second Quarter 2017 and 2018				YTD thru June				YTD Market Share		
	California			U.S.	California			U.S.	California		
	2Q '17	2Q '18	% chg.	% chg.	YTD '17	YTD '18	% chg.	% chg.	YTD '17	YTD '18	Chg.
TOTAL	520,415	514,773	-1.1%	1.5%	1,027,296	1,004,587	-2.2%	0.4%			
Acura	6,345	5,741	-9.5%	-4.8%	11,568	10,708	-7.4%	-1.4%	1.1	1.1	0.0
Alfa Romeo	388	1,431	268.8%	177.3%	573	2,558	346.4%	253.0%	0.1	0.3	0.2
Audi	10,951	10,623	-3.0%	0.8%	20,555	20,603	0.2%	1.4%	2.0	2.1	0.1
BMW	16,773	18,347	9.4%	0.0%	33,509	34,437	2.8%	-1.7%	3.3	3.4	0.1
Buick	2,112	1,971	-6.7%	-14.0%	4,338	4,436	2.3%	-4.1%	0.4	0.4	0.0
Cadillac	2,818	2,663	-5.5%	2.5%	5,685	5,355	-5.8%	0.8%	0.6	0.5	-0.1
Chevrolet	38,604	41,368	7.2%	5.3%	77,943	80,136	2.8%	2.6%	7.6	8.0	0.4
Chrysler	3,644	3,726	2.3%	-19.7%	7,065	8,223	16.4%	-13.7%	0.7	0.8	0.1
Dodge	8,777	9,220	5.0%	3.8%	18,315	18,580	1.4%	-6.8%	1.8	1.8	0.0
FIAT	2,073	512	-75.3%	-38.5%	5,165	1,231	-76.2%	-42.3%	0.5	0.1	-0.4
Ford	52,431	46,221	-11.8%	-2.1%	102,271	90,148	-11.9%	-3.6%	10.0	9.0	-1.0
Genesis	662	796	20.2%	-14.3%	1,406	1,537	9.3%	-7.3%	0.1	0.2	0.1
GMC	8,288	7,759	-6.4%	4.0%	16,686	16,280	-2.4%	1.1%	1.6	1.6	0.0
Honda	69,074	66,379	-3.9%	0.5%	131,082	126,055	-3.8%	-0.6%	12.8	12.5	-0.3
Hyundai	19,926	15,544	-22.0%	-1.4%	40,729	30,273	-25.7%	-4.7%	4.0	3.0	-1.0
Infiniti	5,007	4,185	-16.4%	-11.9%	11,433	9,562	-16.4%	-8.3%	1.1	1.0	-0.1
Jaguar	2,346	1,305	-44.4%	-22.4%	4,306	2,804	-34.9%	-21.4%	0.4	0.3	-0.1
Jeep	14,372	18,185	26.5%	23.1%	29,298	33,749	15.2%	16.1%	2.9	3.4	0.5
Kia	18,284	17,176	-6.1%	-1.2%	36,467	34,145	-6.4%	-1.7%	3.5	3.4	-0.1
Land Rover	3,618	4,414	22.0%	29.1%	7,189	8,764	21.9%	28.8%	0.7	0.9	0.2
Lexus	15,963	14,580	-8.7%	-3.7%	30,520	28,849	-5.5%	-1.8%	3.0	2.9	-0.1
Lincoln	1,828	1,742	-4.7%	-5.5%	3,719	3,374	-9.3%	-11.6%	0.4	0.3	-0.1
Maserati	807	618	-23.4%	-8.3%	1,644	1,236	-24.8%	-10.7%	0.2	0.1	-0.1
Mazda	11,936	11,333	-5.1%	9.3%	25,102	23,963	-4.5%	13.3%	2.4	2.4	0.0
Mercedes	19,551	21,246	8.7%	-3.3%	39,052	39,553	1.3%	-3.4%	3.8	3.9	0.1
MINI	2,769	2,353	-15.0%	-11.9%	5,056	4,840	-4.3%	-4.5%	0.5	0.5	0.0
Mitsubishi	1,728	1,994	15.4%	24.5%	4,122	4,646	12.7%	21.5%	0.4	0.5	0.1
Nissan	40,429	35,100	-13.2%	-5.6%	80,198	72,505	-9.6%	-2.2%	7.8	7.2	-0.6
Other	971	926	-4.6%	-8.3%	2,019	1,844	-8.7%	-19.3%	0.2	0.2	0.0
Porsche	3,430	3,476	1.3%	-5.3%	6,553	6,917	5.6%	-0.1%	0.6	0.7	0.1
Ram	9,406	9,570	1.7%	-7.8%	17,901	17,785	-0.6%	-11.5%	1.7	1.8	0.1
Subaru	18,156	19,378	6.7%	5.3%	36,544	38,127	4.3%	3.7%	3.6	3.8	0.2
Tesla	4,284	14,099	229.1%	170.1%	9,033	21,629	139.4%	100.4%	0.9	2.2	1.3
Toyota	89,863	85,873	-4.4%	-1.7%	174,004	170,775	-1.9%	0.9%	16.9	17.0	0.1
Volkswagen	11,154	11,552	3.6%	21.5%	22,531	22,862	1.5%	13.9%	2.2	2.3	0.1
Volvo	1,647	3,367	104.4%	61.8%	3,715	6,098	64.1%	42.4%	0.4	0.6	0.2

The table above shows new retail light vehicle (car and light truck) registrations in California. Figures are shown for the Second Quarters of 2017 and 2018, and year to date totals for 2017 and 2018. The top ten ranked brands in each category are shaded yellow Source: IHS Markit.

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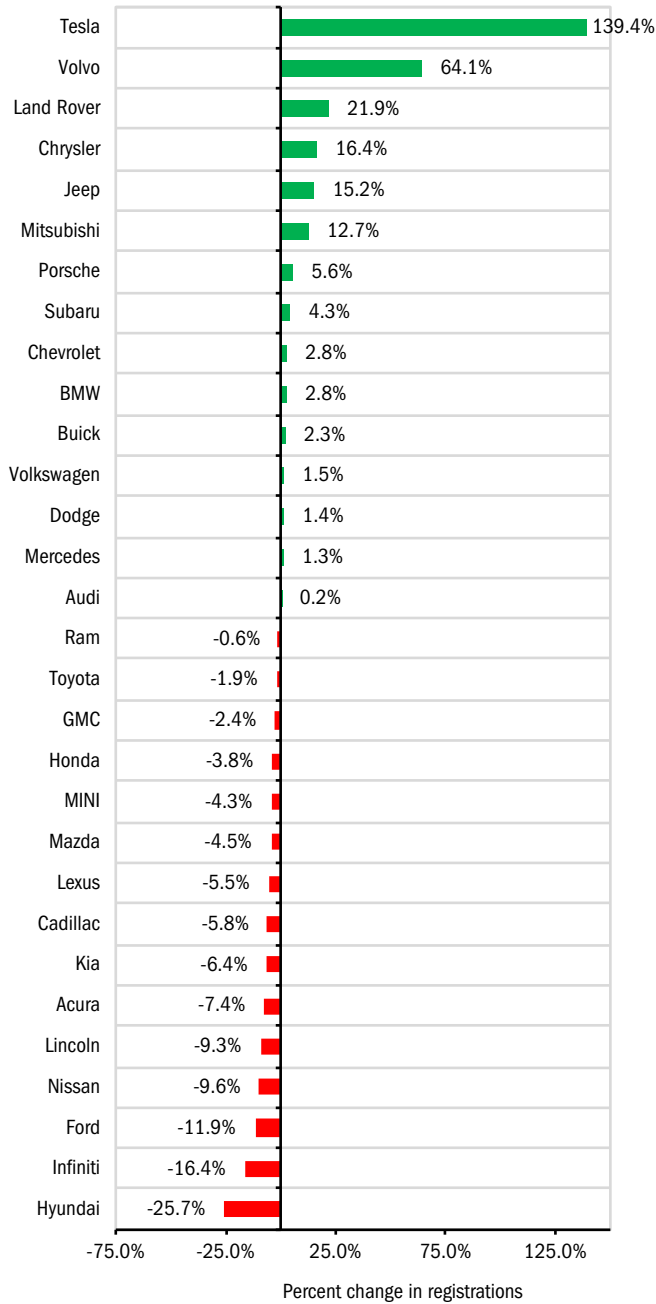
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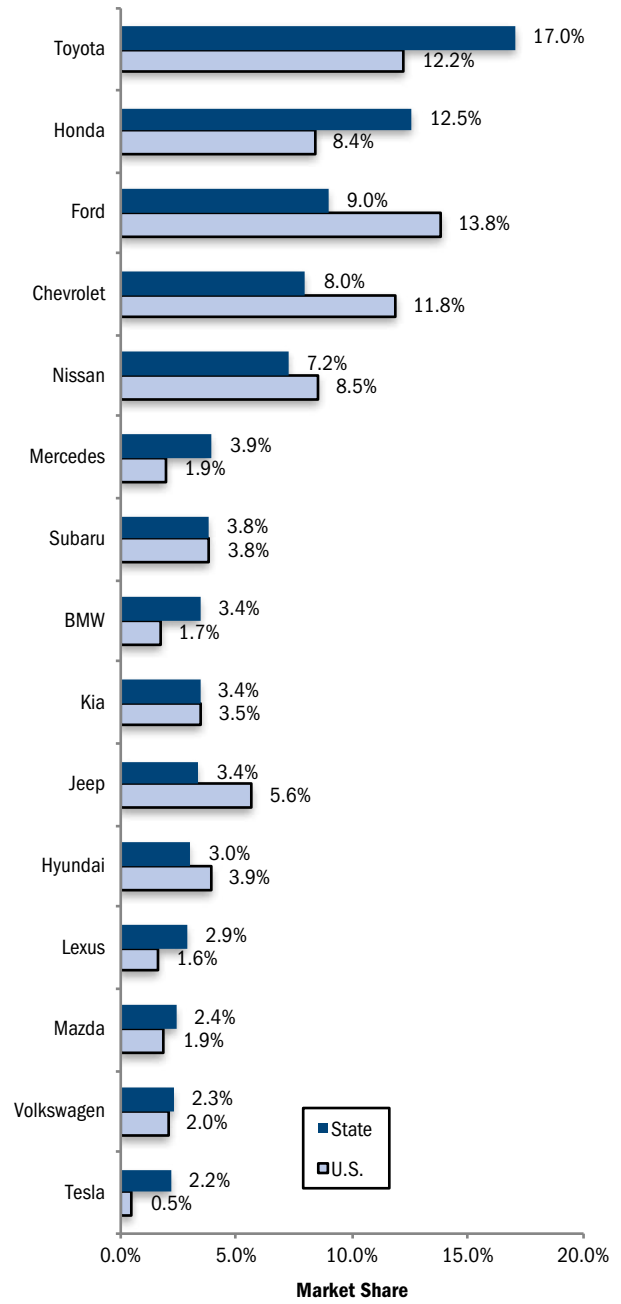
BRAND SUMMARY

Registrations Increase by More than 10 Percent for Six Brands; Toyota is Market Leader

Percent Change in Brand Registrations - YTD '18 thru June vs. YTD '17
(Top 30 selling brands in state)



California and U.S. Market Share - YTD '18 thru June
(Top 15 selling brands in state)



Registrations increased by more than 10 percent for Tesla, Volvo Land Rover, Chrysler, Jeep, and Mitsubishi

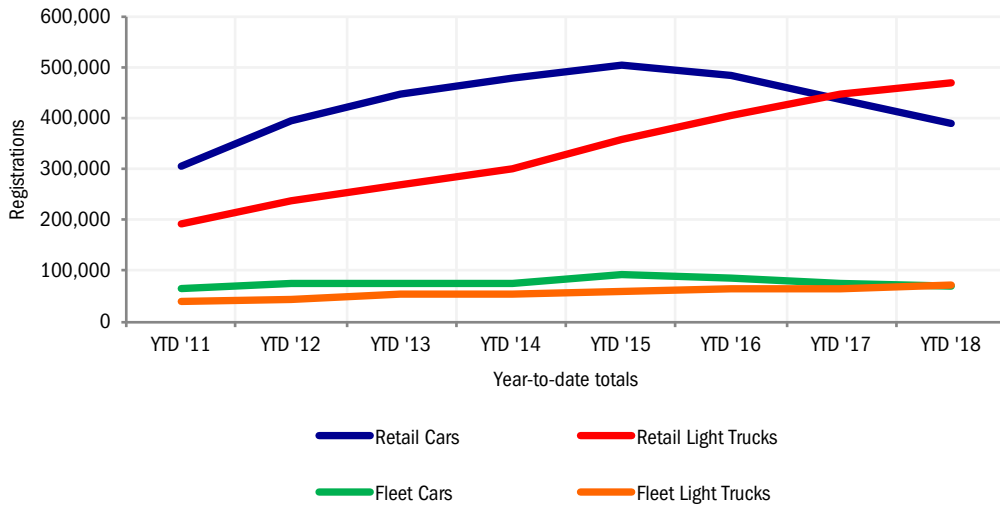


Toyota, Honda, Ford, Chevrolet, and Nissan were market share leaders in California

BREAKDOWN OF RETAIL AND FLEET MARKETS

Retail Light Truck Registrations Exceed 470,000 Units in First Half 2018

California New Car and Light Truck Retail and Fleet Registrations - 2011 thru 2018, YTD thru June



Data Source: IHS Markit.

**PERCENT CHANGE:
YTD '18 VS. YTD '17**

Retail cars: **DOWN 10.8%**

Retail light trucks: **UP 5.2%**

Fleet cars: **DOWN 6.0%**

Fleet light trucks: **UP 8.4%**

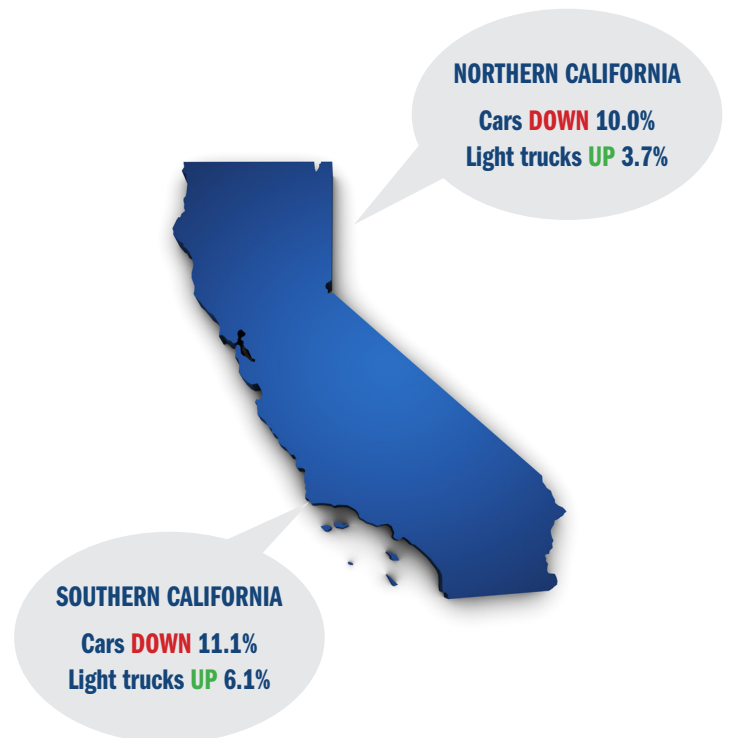
REGIONAL MARKETS IN CALIFORNIA

Northern and Southern California Retail Markets Move Lower

New Retail Light Vehicle Registrations (excluding fleets) YTD June			
North and South California	YTD '17	YTD '18	% chg.
Statewide Total	885,429	861,470	-2.7%
Cars	438,375	391,180	-10.8%
Light Trucks	447,054	470,290	5.2%
Northern California	299,578	291,837	-2.6%
Cars	137,584	123,859	-10.0%
Light Trucks	161,994	167,978	3.7%
Southern California	585,851	569,633	-2.8%
Cars	300,791	267,321	-11.1%
Light Trucks	285,060	302,312	6.1%
Selected Regional Markets			
San Francisco Bay	170,143	165,029	-3.0%
Cars	83,412	74,869	-10.2%
Light Trucks	86,731	90,160	4.0%
LA and Orange Counties	349,833	341,238	-2.5%
Cars	187,226	166,391	-11.1%
Light Trucks	162,607	174,847	7.5%
San Diego County	77,384	73,715	-4.7%
Cars	36,007	31,876	-11.5%
Light Trucks	41,377	41,839	1.1%

Data Source: IHS Markit.

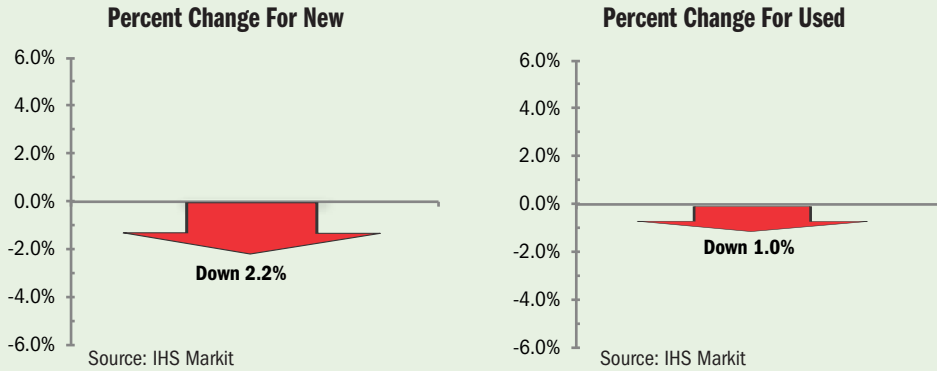
Percent Change in New Retail Registrations - YTD '18 (June) vs. '17



TRACKING THE CALIFORNIA USED VEHICLE MARKET

Used Vehicle Market Has Smaller Decline Than New

Comparison of California New and Used Vehicle Markets - Percent change in registrations (YTD '18 thru June vs. YTD '17)



California Used Light Vehicle Registrations - Year-to-date thru June					
	Registrations		% Change '17 TO '18	Market Share	
	YTD '17	YTD '18		YTD '17	YTD '18
TOTAL	1,945,024	1,925,299	-1.0%		
Cars	1,151,132	1,127,173	-2.1%	59.2%	58.5%
Light Trucks	793,892	798,126	0.5%	40.8%	41.5%
Detroit Three	715,975	686,247	-4.2%	36.8%	35.6%
European	258,008	267,612	3.7%	13.3%	13.9%
Japanese	884,154	880,798	-0.4%	45.5%	45.7%
Korean	86,887	90,642	4.3%	4.5%	4.7%

Source: IHS Markit

5 KEY TRENDS IN USED MARKET

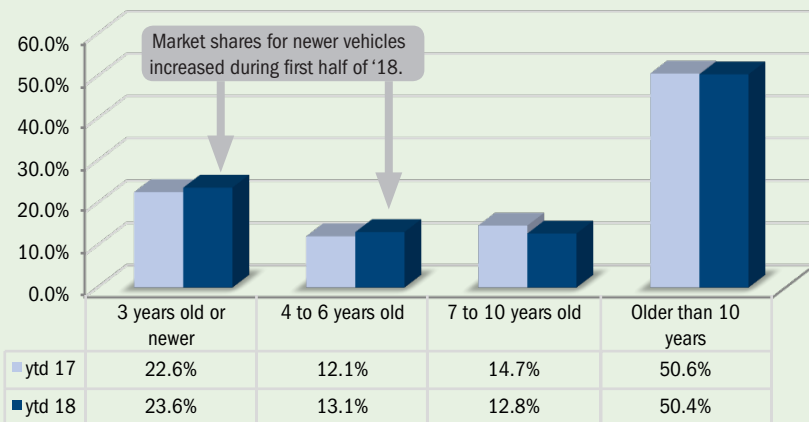


01. Used light vehicle registrations in the state fell one percent during first six months of '18.
02. Used light truck registrations were up slightly. Cars were off 2.1 percent.
03. Registrations for 6 year old or newer vehicles increased 5 percent in first half of 2018.
04. Honda Civic was the best-seller (only includes vehicles 6 year old or newer).
05. Toyota was the brand leader in the six year old or newer market. Nissan and Ford were second.

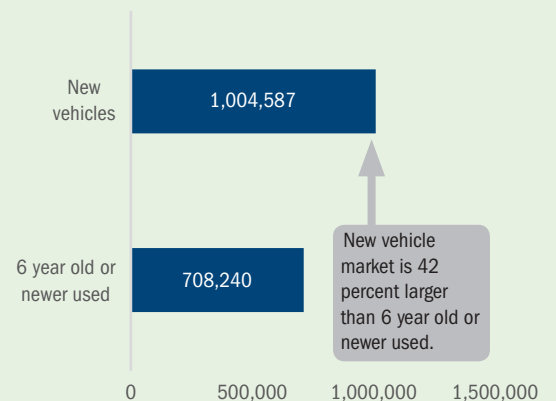
ANALYSIS OF USED VEHICLE REGISTRATIONS BY VEHICLE AGE

Market Share for Three Year Old or Newer Vehicles Increased to 23.6 Percent

Used Vehicle Market Share by Age of Vehicle YTD '17 and YTD '18 thru June



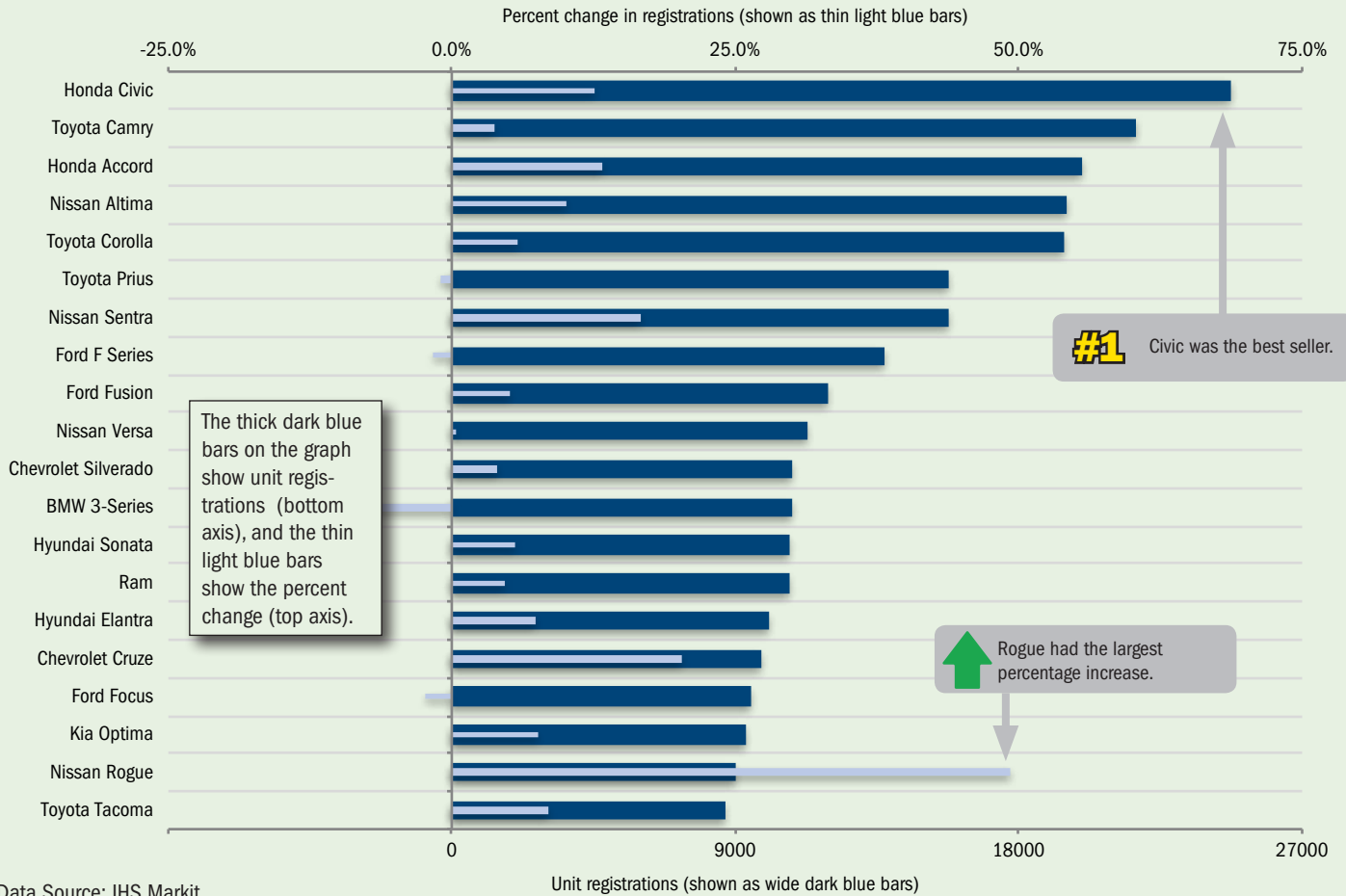
6 Year Old or Newer Used and New Vehicle Registrations YTD 2018 thru June



TOP SELLING USED VEHICLES

Rogue, Cruze, and Sentra Used Registrations Move Higher

Registrations (YTD '18 thru June) and Percent Change in registrations (YTD '18 thru June vs. YTD '17)
Top 20 Selling Models (6 years old or newer)

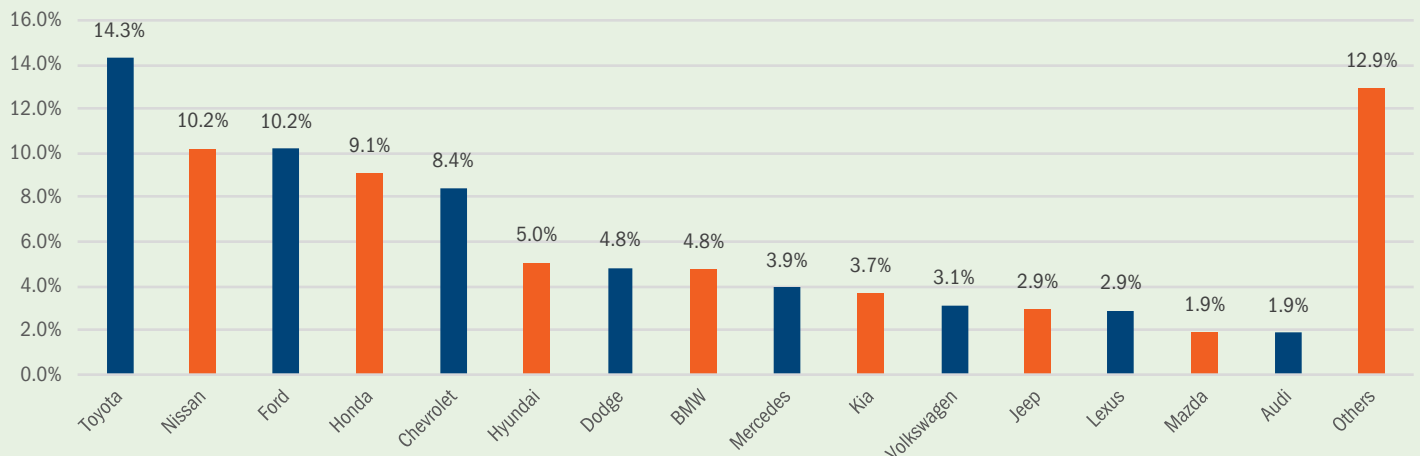


Data Source: IHS Markit.

TOP SELLING BRANDS

Toyota, Nissan, and Ford Lead the Six Year Old or Newer Used Vehicle Market

Top 15 Selling Brands in California Used Vehicle Market (vehicles 6 years old or newer)
YTD '18 thru June



Data Source: IHS Markit.