

# Market Trends and Considerations

## Operations



Fuel

Element is not seeing disruption with customers seeking to purchase fuel.

## Performance

EIA expects 2020 U.S. retail average to be \$2.14/gallon. Kent Group expects 2020 Canada retail average to be \$1.03/liter. Current national average in U.S. is \$2.01/gallon and CA is \$0.729/liter

## Considerations

Fewer miles driven may reduce need for extra idle vehicles.  
Utilization analysis can help right size your fleet.



Financing

No change.

U.S. Federal Reserve and Bank of Canada dropped base interest rates to 0.25%  
Interest rates likely to remain near zero in foreseeable future

Fixed rate financing on new leases to take advantage of historically low rates.  
Decrease in Fed borrowing rates (150 point drop in U.S. since Jan20) will drive down interest costs on floating rate deals.



Resale

All auction events are online only. Adesa suspended all sales activities in U.S./CA, including online sales for at least 2 weeks.

Auction sales volumes down ~40% vs prior week in both markets.  
U.S. values down ~3% (\$400-500)  
Similar market trends in CA but slightly higher declines.

Element piloting decontamination process for clean vehicle certification.  
Recommend delaying replacement until market stabilizes.



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## Maintenance

### Operations

National Accounts enacted safe distancing and store cleaning/sanitization policies. No reported impact with mobile providers. Goodyear ceasing production as current inventory levels are deemed sufficient.

### Performance

Less than 1% of dealer/independent shops are either closed or experiencing significant downtime.

### Considerations

Recommend getting caught up on deferred maintenance due to less repair shop volume and less need for business travel.

Swap winter for summer tires in Canada.



## Vehicle Acquisition

OEM production currently on hold but new orders are being accepted.

Waiting on OEM production start times.

Several upfitters have temporarily closed or have reduced capacity.

Some dealership sales/delivery teams are closed, and some have reduced staff

Recommend placing factory orders to obtain first production allocations when factories open.

Order to delivery times will be impacted.



## Transportation

Majority of state and provincial suppliers remain open with business functions conducted remotely.

Most suppliers reporting no delays, but disruption exists in certain regions with "shelter at place" rules.

Work with Element to navigate varying capabilities across each country due to local designations.