

JANUARY AWP IN REVIEW

Start Your Engines

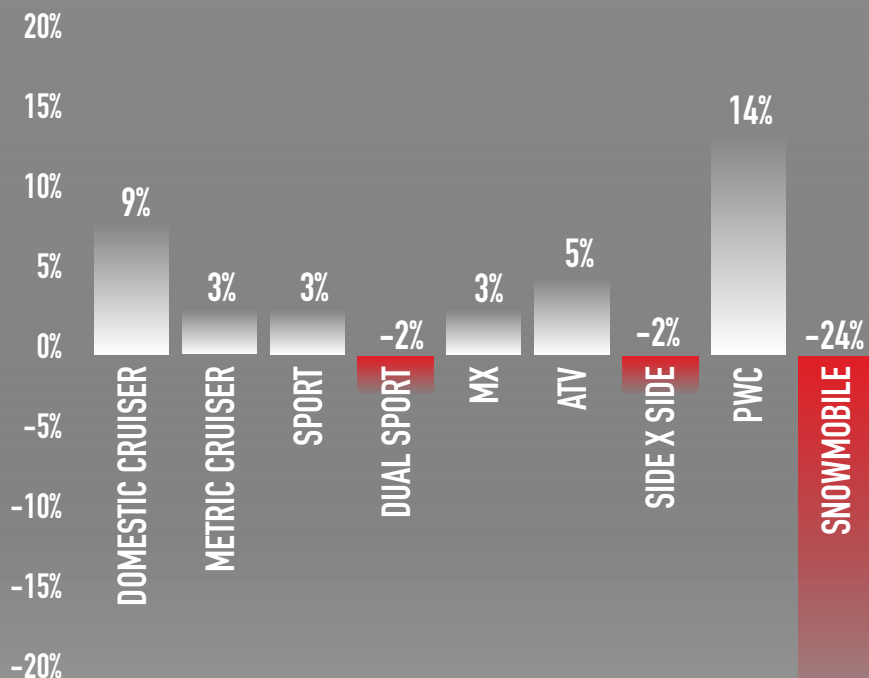
As the 2019 gate dropped this January, Average Wholesale Prices (AWP) rose for nearly all major categories over their prior 3-month average. Domestic Cruisers led the way with a 9% increase, partly fueled by an influx of late-model, higher-priced H-D models combined with an uptick in dealer demand. Most other major categories saw increases of ~3% over the prior 3 months. For AWP this January vs last year, prices were up for most categories. For categories that saw year-year declines, including Metric Cruisers, the softening was due to an older product mix this year.

Something New, Something Old

Product mix shifted slightly in January from Q4, with an uptick in the ratio of Domestic Cruisers, a steady ratio of Sport bikes, and a decline in the ratio of Metric Cruisers and Off-Road vehicles. The overall average model age was roughly the same as last year, though it varies by category - Domestic Cruisers were older, Metric Cruisers were similar to the prior year for the first time in 4 years, and Sport bikes were generally younger.

Wholesale Predictions for 2019

All signs point to 2019 being similar to 2018 on a seasonal basis. Some things will be different, though, starting off with the 2019 buying season beginning 1-2 months later than last year. We think Metric wholesale prices will be slightly stronger than last year, average H-D prices will be softer, and Off-Road prices will be stronger. Price to Book ratios (average wholesale price vs NADA Clean Wholesale) will likely be softer this year. Pre-owned retail sales will be strong again in 2019 and dealers will continue evolving to inventory speed vs just margin. 2019 is going to be a great year!



JANUARY '19 VS JANUARY '18 AVERAGE WHOLESALE PRICE CHANGE

