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Residual Value Newsletter

March 2026



Market Summary: (+/-) Impacts to Latest Publish

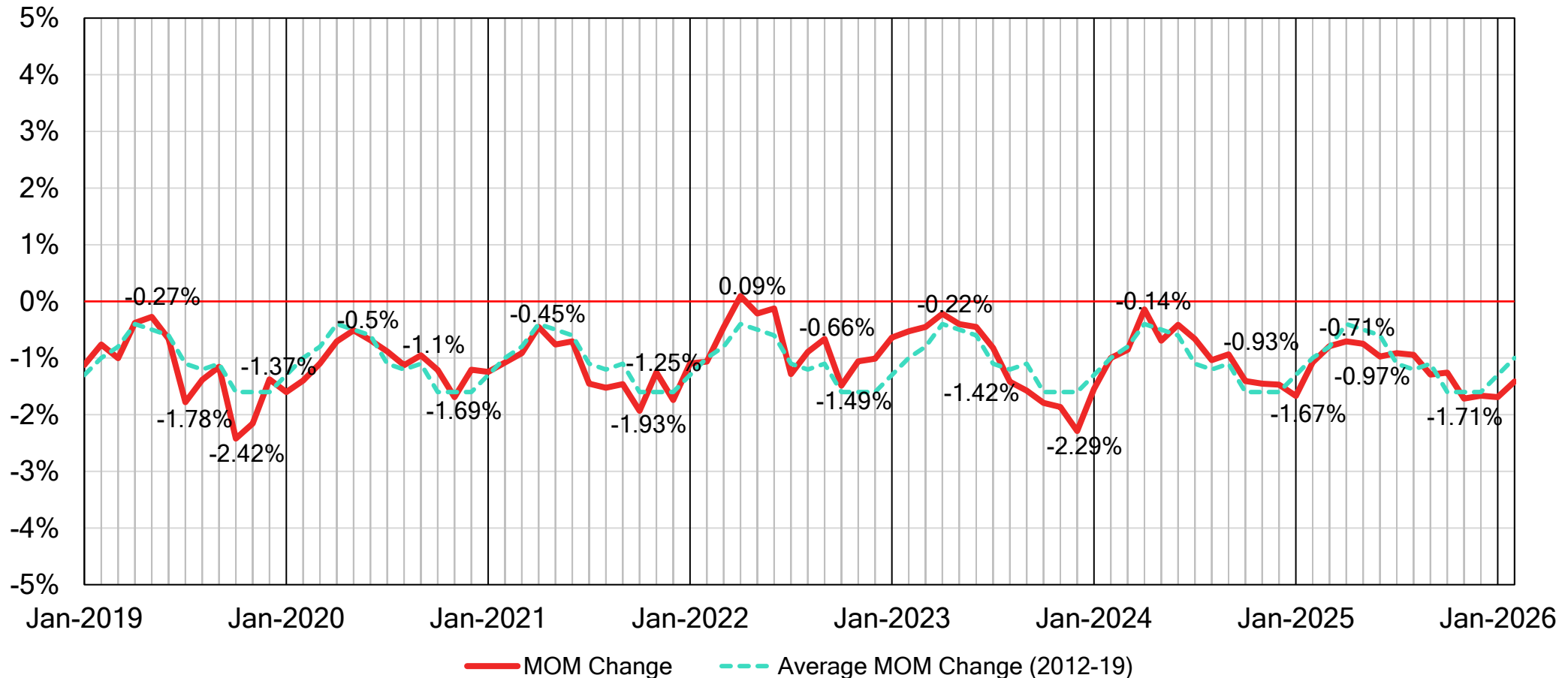
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- Inflation dropped to 2.3% in January, as lower gasoline prices helped offset higher prices for food and clothing. Core inflation continued to moderate (2.4% versus 2.7% in December), further cementing a four-month trend. Food prices were up 7.3% and continue to put pressure on household budgets.
- The Unemployment Rate dropped to 6.5% in January despite losing 24,800 jobs. The drop in the rate reflects the decline in the number of job seekers. Full-time positions increased by 44,900 but this was offset by a drop of 69,700 part-time jobs.
- Trade Negotiations on a renewal of the Canada, United States, Mexico Free Trade Agreement (CUSMA) will reportedly begin this Spring, starting off with a bilateral meeting between US and Canadian officials.
- The Bank of Canada (BoC) held its benchmark interest rate steady at 2.25% in January, unchanged now since October 2025. The BoC governor offered little forward guidance on where he sees rates going this year, only commenting that the level is “appropriate” for the current, uncertain period.
- Canada’s Trade Deficit narrowed to \$1.31 billion in December, down from a revised \$2.59 billion in November. As has been the case for several months, exports were buoyed by shipments of gold, helped by record prices. Exports to the US continue to fall, accounting for 67.4% of the total volume, down from 76.2% in December 2024.
- + The federal government introduced a new EV Rebate Program, the Canadian Electric Vehicle Affordability Program (EVAP). The program offers cash incentives on eligible EV’s and PHEV’s up to \$5,000 and \$2,500 respectively.

Month over Month Wholesale Price Changes

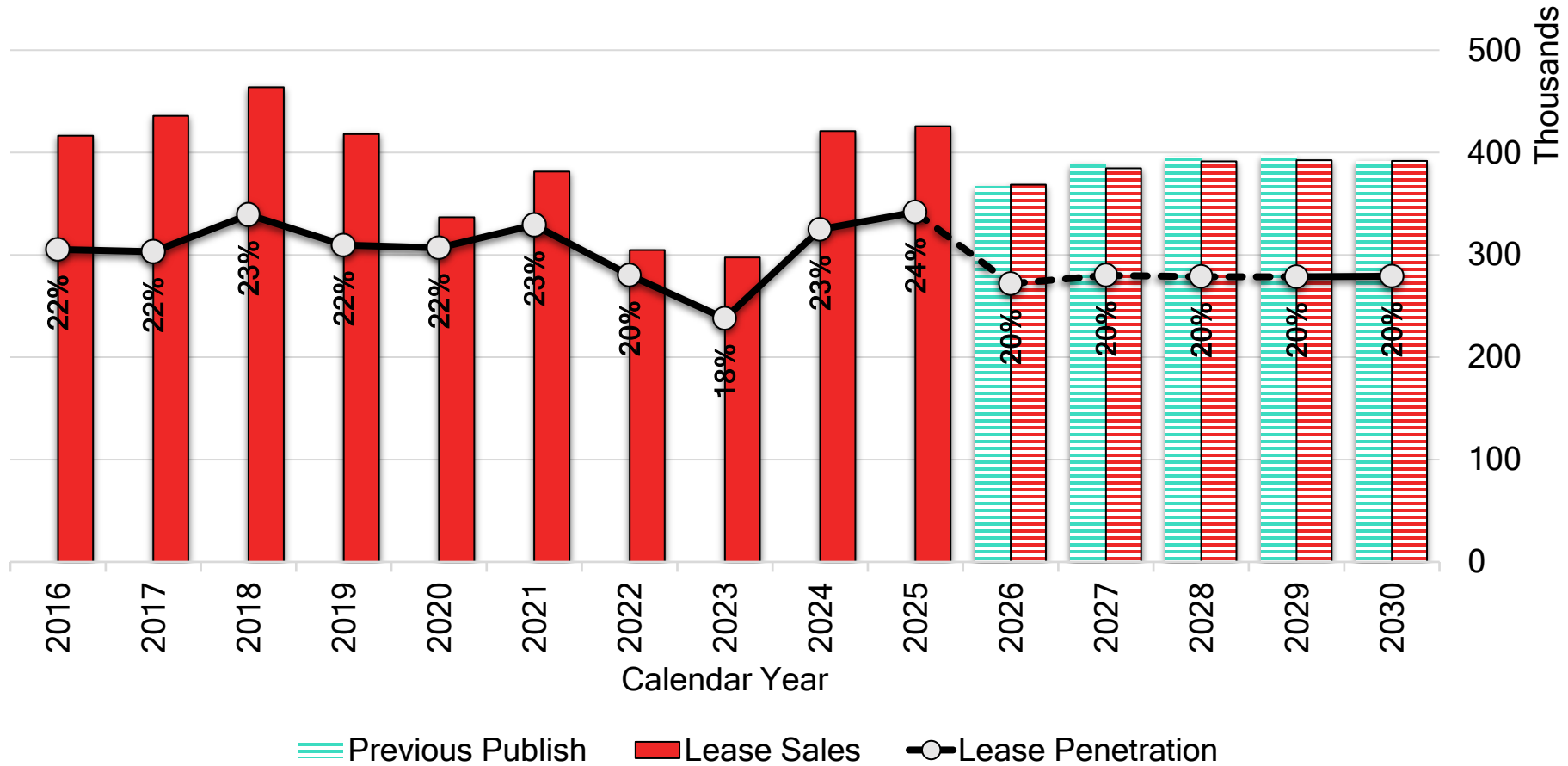
2 to 6-year-old vehicles

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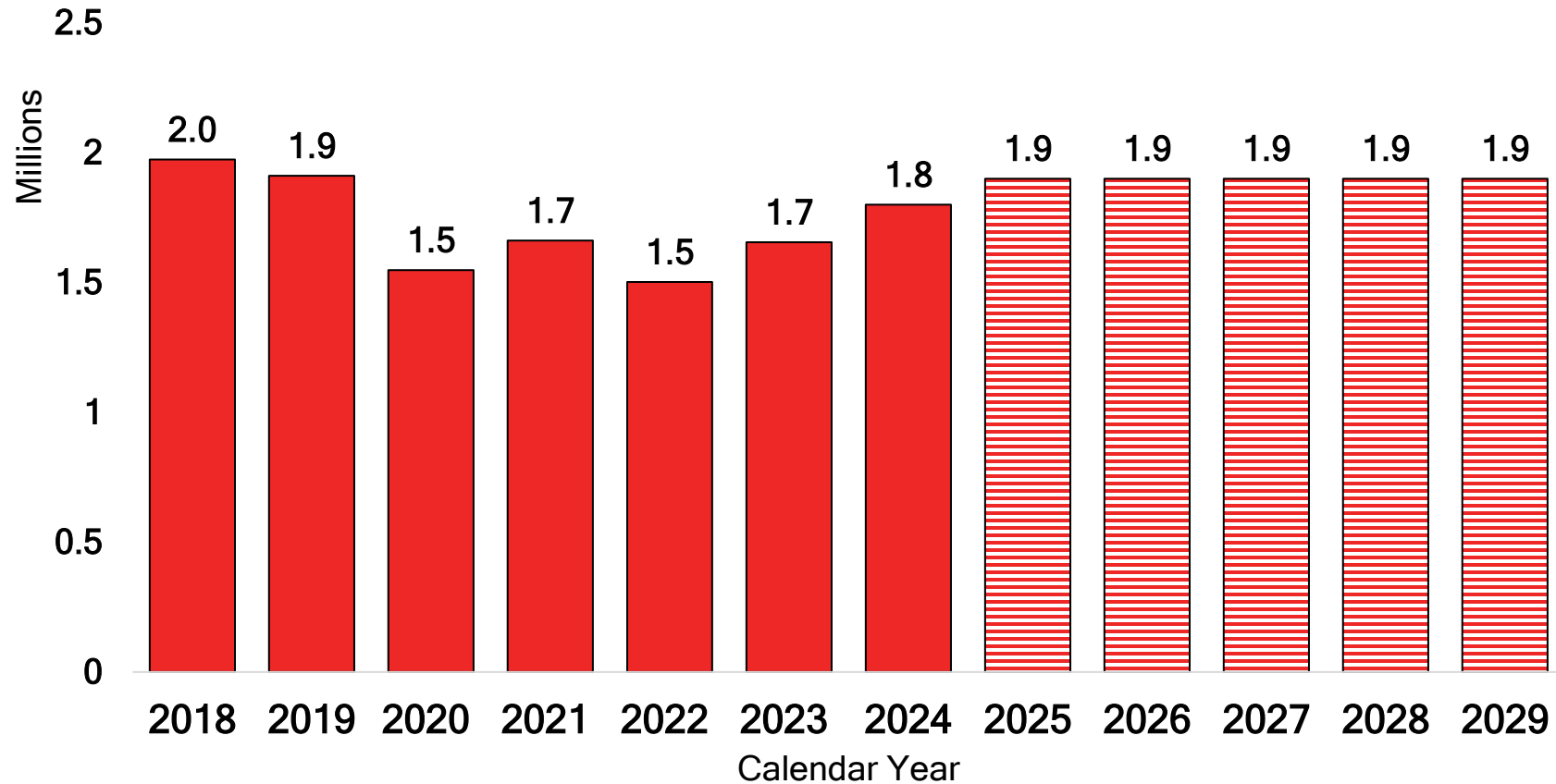
- Values have continued to drop versus Prior Publish as the market steadily declines back to a more normalized level

Total Lease Penetration



- **CY25 Lease Penetration held steady versus Prior Publish as consumers continue to seek more affordable payments**

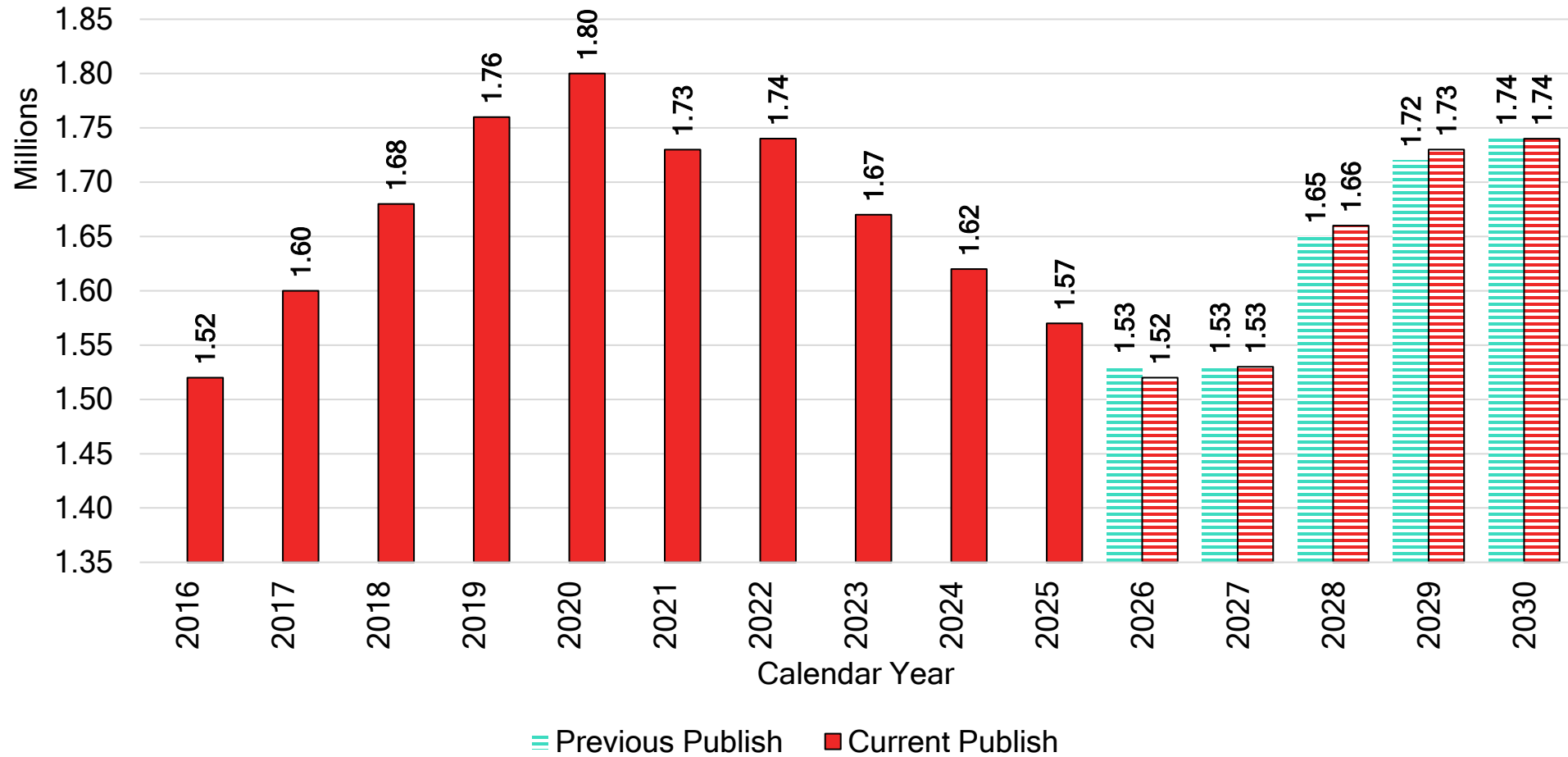
New Vehicle Sales



- **2025CY ended at 1.9 million vehicles sold; 2026 forecast unchanged versus prior publish.**

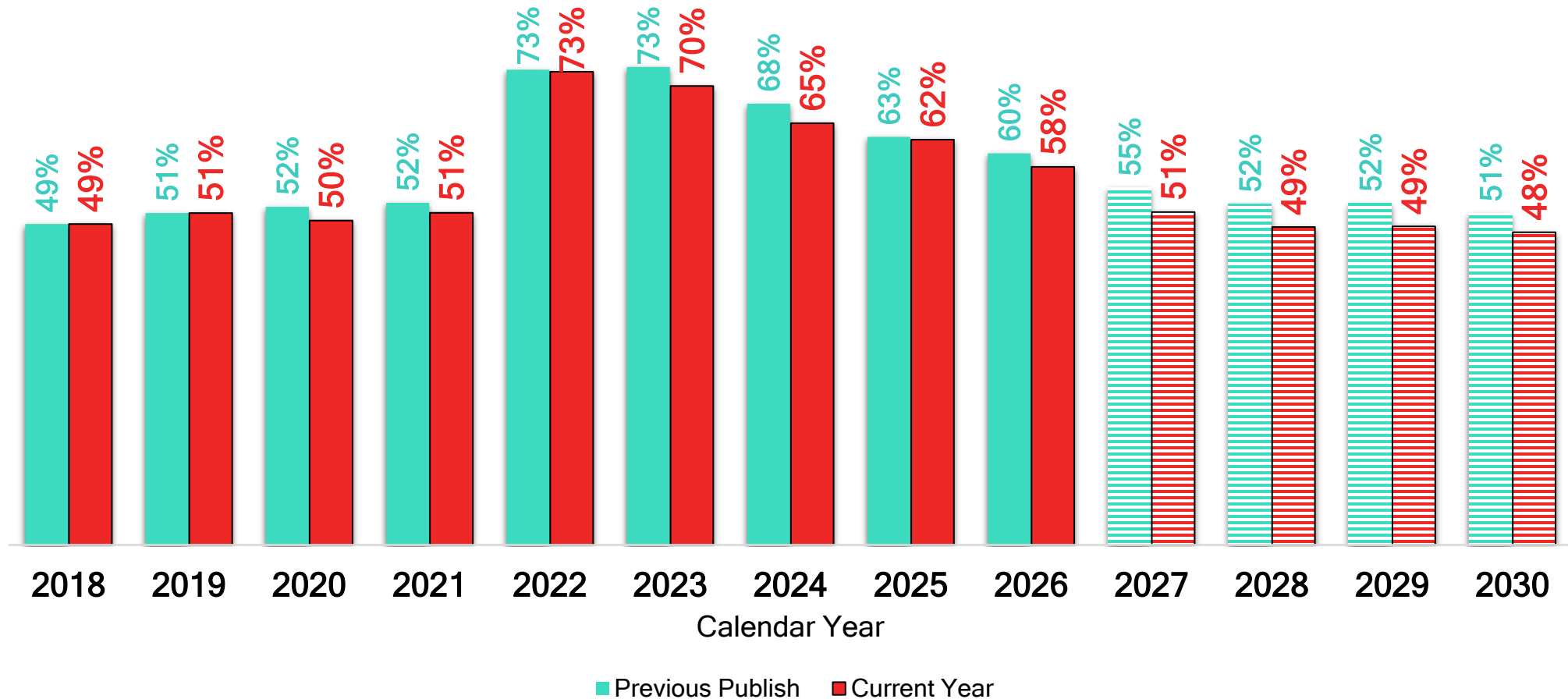


Used Vehicle Supply



- Forecast for 2026 dropped slightly versus January publish as market suppresses inventory by holding onto vehicles longer.

Average Retention of a 4-year-old Vehicle



- 2026 and on, realizing elevated depreciation levels to compensate slowing market demand
- Retention is forecast to drop below pre-pandemic levels within next four years



INTELLIGENT
DECISIONS

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