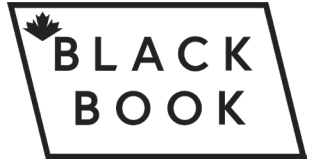


Residual Value Newsletter
May 2026

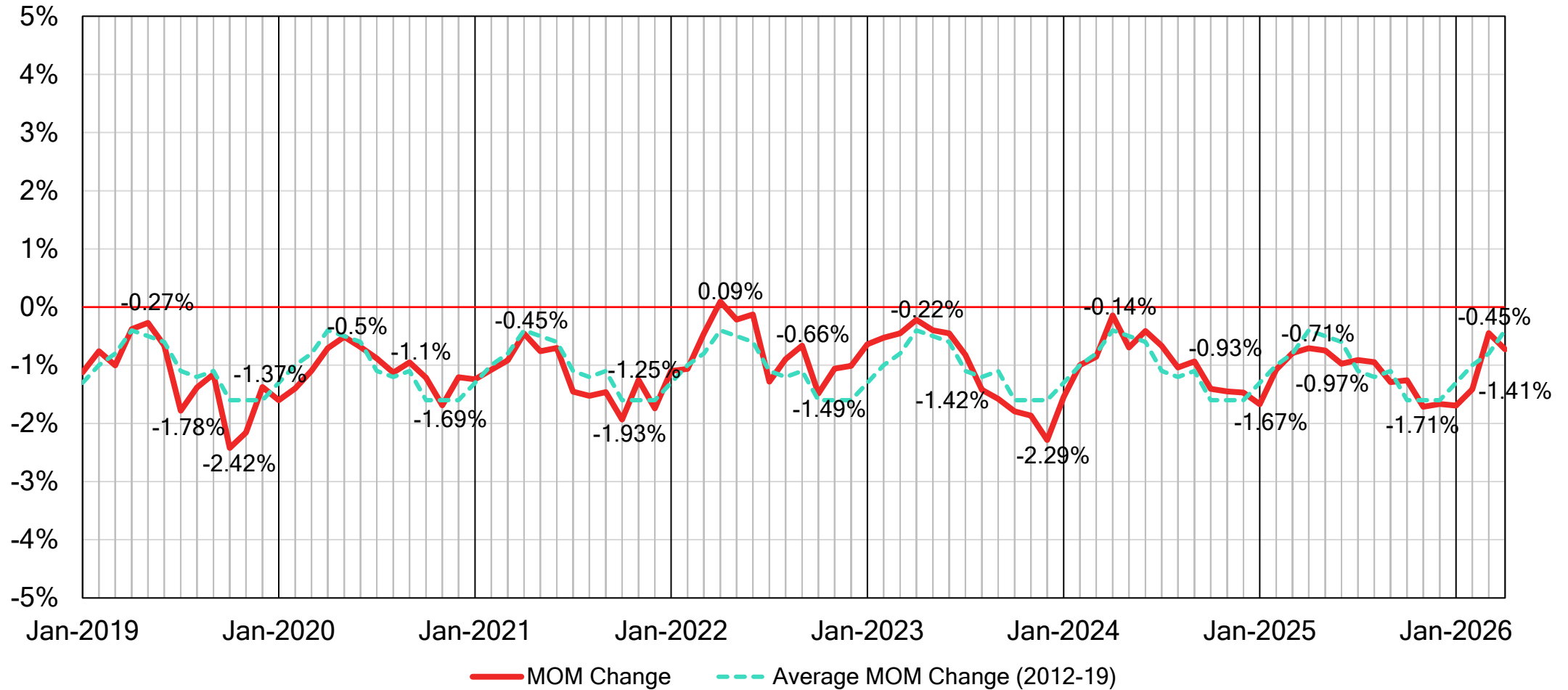
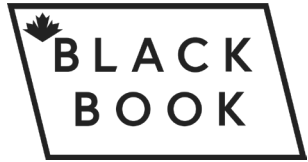
Market Summary: (+/-) Impacts to Latest Publish



- Inflation rose to 2.4% in March compared to 1.8% in February, as the impact of the war in the Middle East drove energy prices higher. Gasoline prices were up 5.9% versus March 2025 and 21.2% higher than just last month. The YoY figure is lower due to the fact the Carbon tax was still in effect during March 2025 (it was dropped in April 2025). Prices for food also rose in March, up 4.4% annually.
- The Unemployment Rate was unchanged in March at 6.7% as 14,100 jobs were gained versus a loss of 83,900 in February. Total job losses so far in 2026 are 94,900, erasing many of the gains made last fall (189,000 between September and November 2025).
- Growth in the Canadian economy declined in the fourth quarter of 2025 by an annualized pace of -0.6%, falling well below analysts expectations. Overall growth in 2025 was just 1.7%, the slowest since the pandemic influenced level in 2020.
- Formal negotiations between Canada and the US have yet to commence on an update to the Canada-US-Mexico Trade Agreement (CUSMA) but “technical discussions” have kicked off between the US and Mexico. According to the US Trade Representative the core agreement will remain in place and bilateral issues worked out separately with Canada and Mexico.
- The Bank of Canada (BoC) left its benchmark interest rate unchanged at 2.25% in March, but announced it is prepared to act if inflation should reignite due to the rise in oil prices. BoC Governor Tiff Macklem stated that the Bank “will look through the war’s immediate impact on inflation but if energy prices stay high, we will not let their effects broaden and become persistent inflation”.
- Canada’s Trade Deficit widened to \$3.65 billion in January, three times higher than the \$1.3 billion recorded in December. A steep drop in the export of motor vehicles and parts (down 21.2%) accounted for much of the deficit.
- * Retail sales increased 1.1% in January as motor vehicles and parts drove volumes upward.

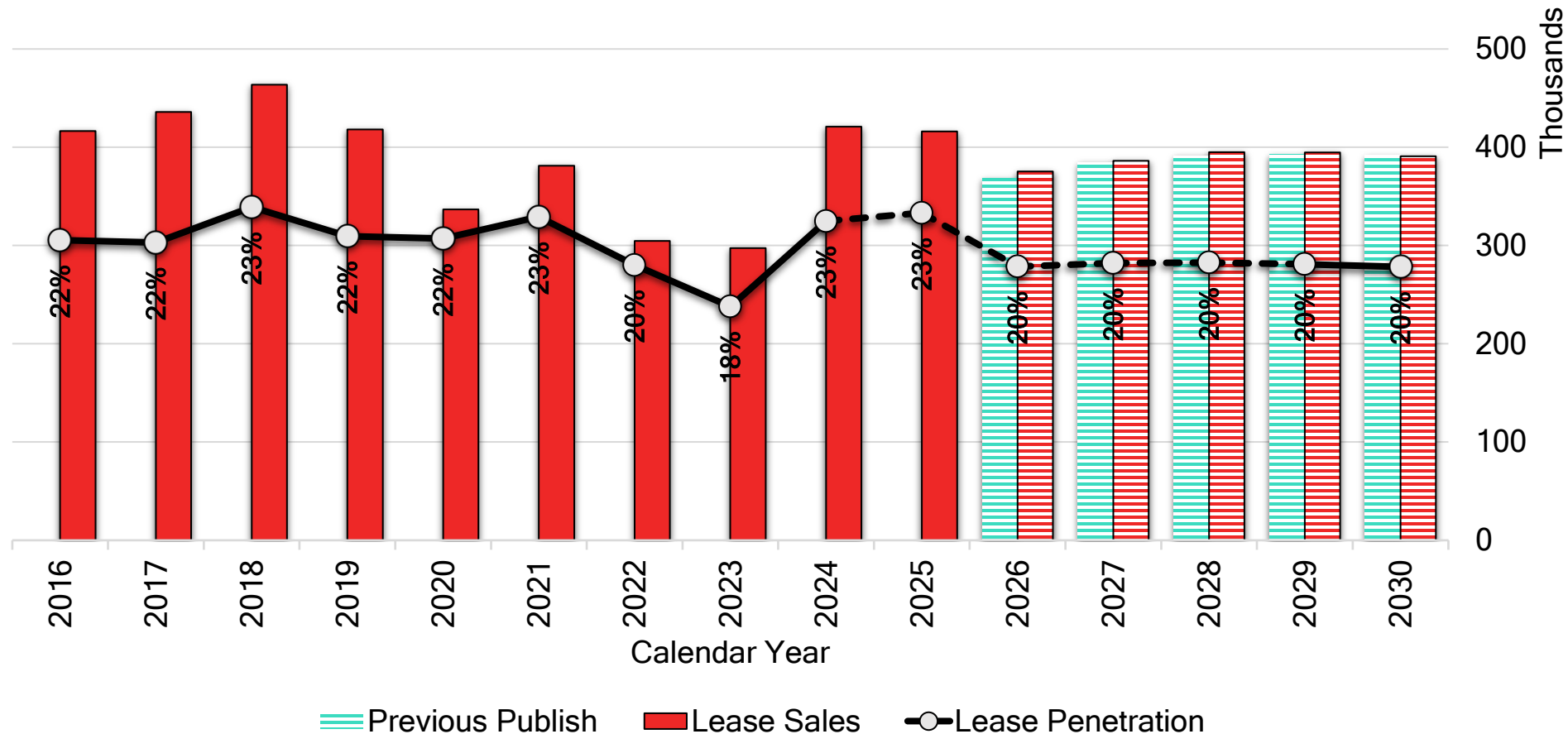
Month over Month Wholesale Price Changes

2 to 6-year-old vehicles



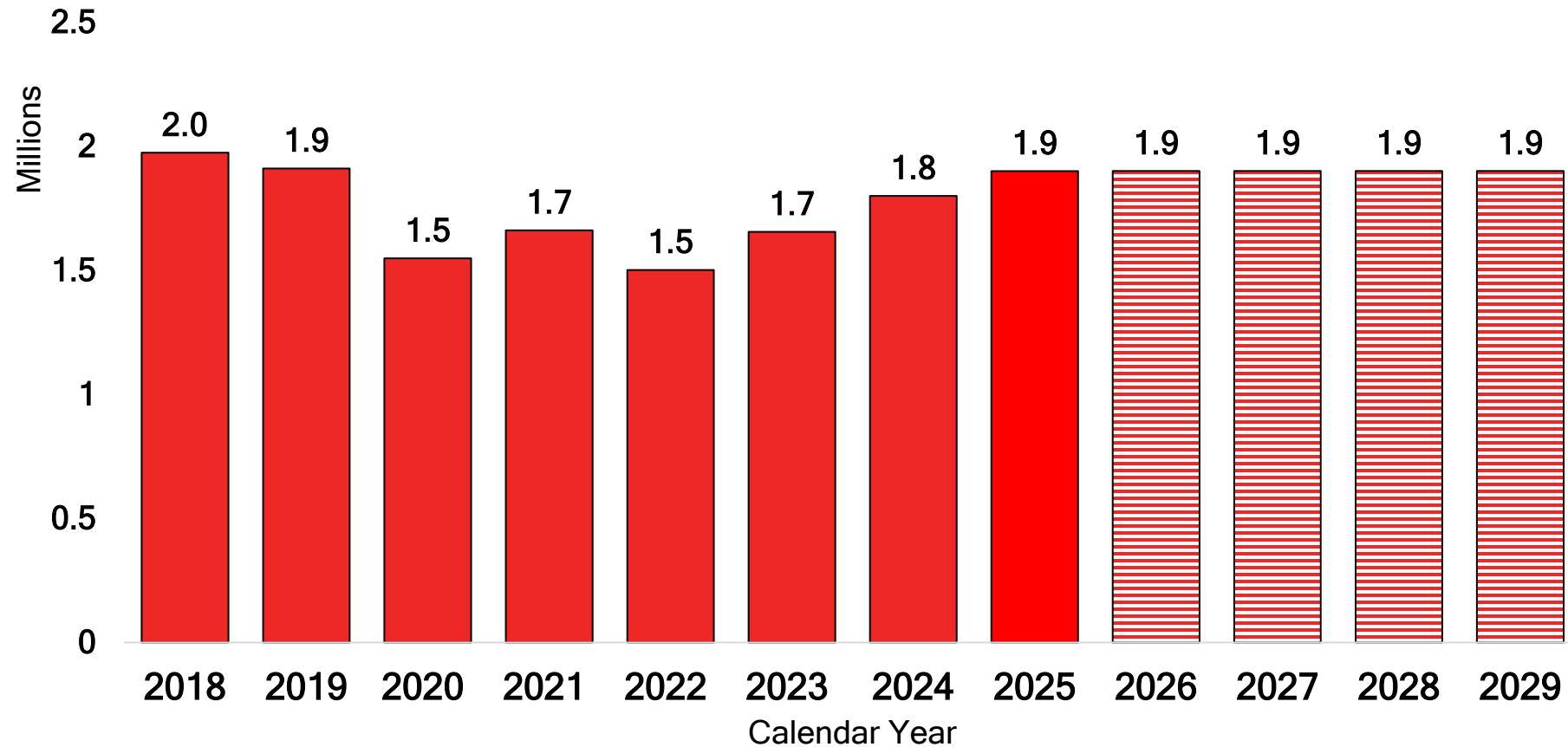
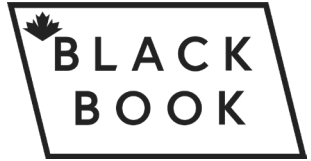
- **Drop versus Prior Publish has moderated as the market adjusts to external factors such as the sudden increase in fuel costs**

Total Lease Penetration



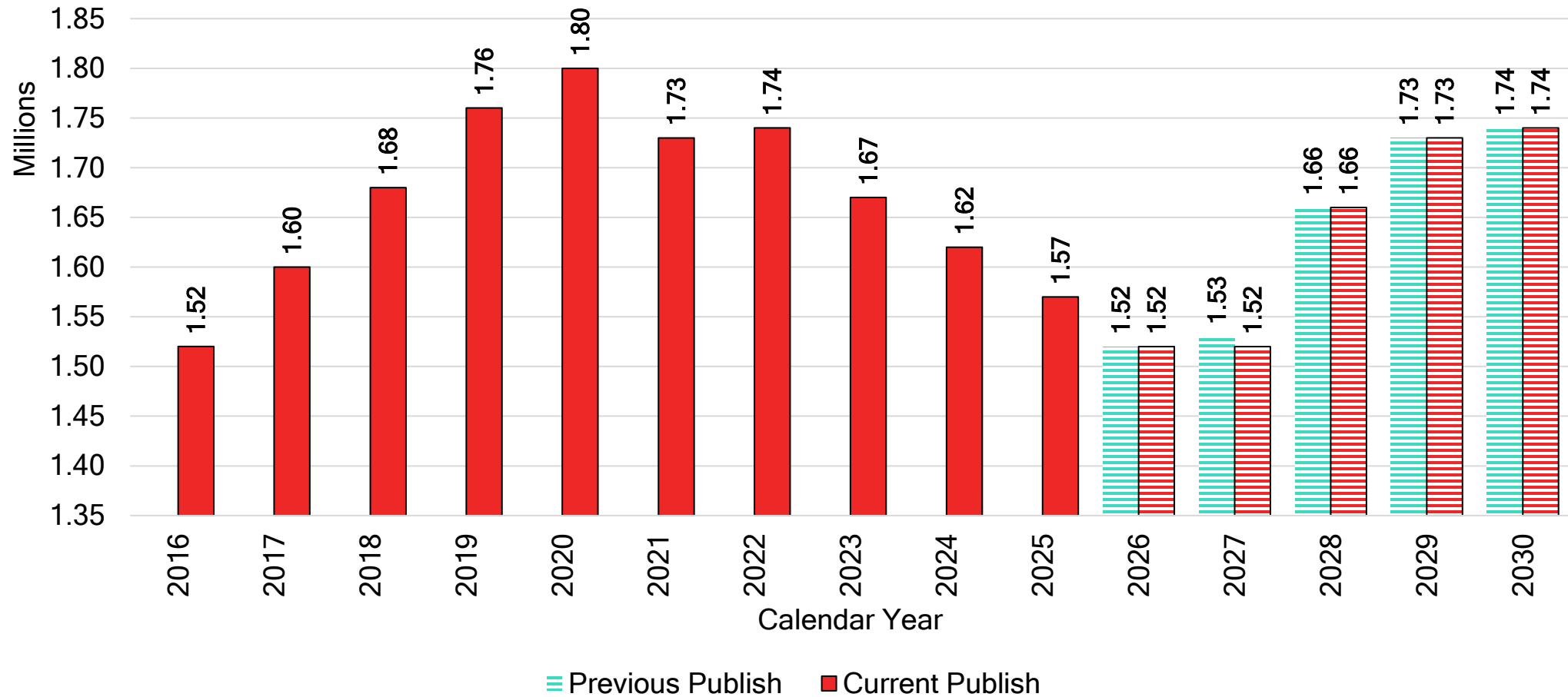
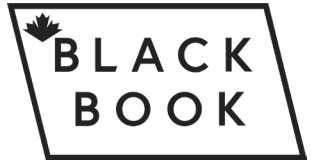
- **CY25 Lease Penetration dropped slightly versus Prior Publish as OEM's enhanced finance offers in time for the spring selling season**

New Vehicle Sales



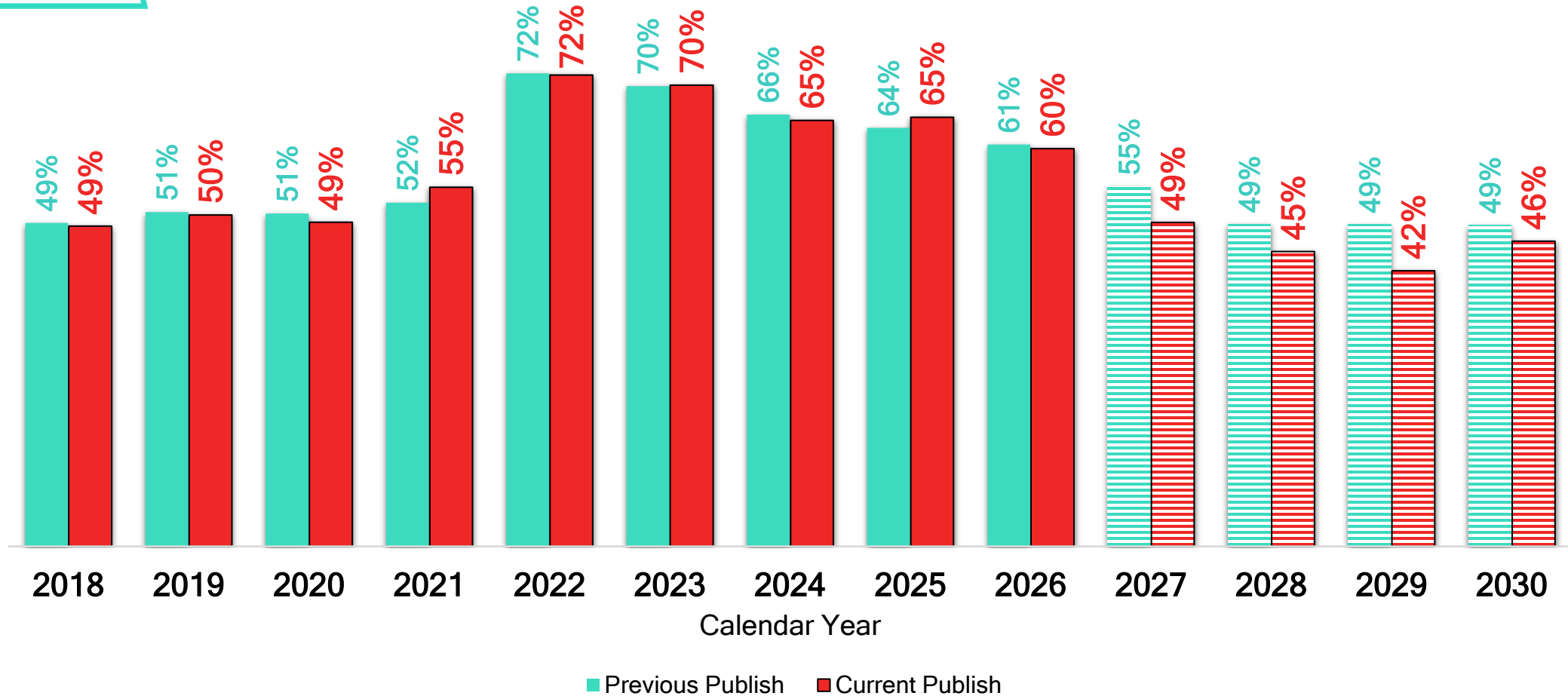
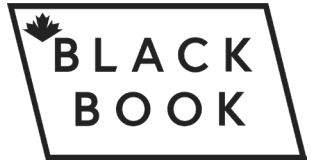
- **2026 forecast unchanged versus prior publish.**

Used Vehicle Supply

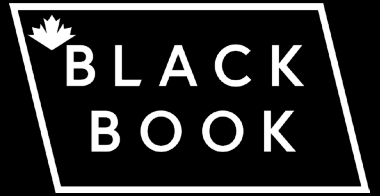


- Forecast for 2026 unchanged versus prior publish

Average Retention of a 4-year-old Vehicle



- Retention is forecast to drop below pre-pandemic levels within next four years

A white outline graphic on the left side of the page, consisting of a large, irregular shape with a horizontal top edge and a horizontal bottom edge, connected by diagonal lines. Two thin white lines extend from the top and bottom edges of this shape towards the text 'INTELLIGENT DECISIONS'.

INTELLIGENT DECISIONS

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