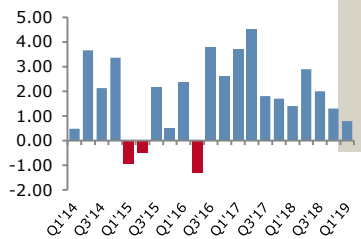


# 2019 RV Industry Update: Volume 1

## Canada Edition

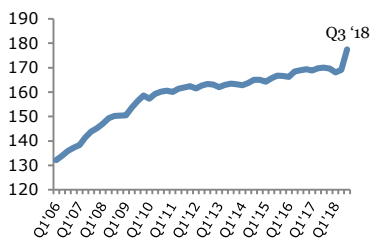
### Quarterly annualized GDP % Change

(BoC Monetary Policy Report – Jan. 2019)



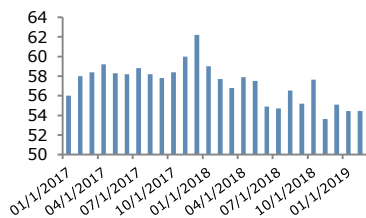
### Quarterly Household Debt to Disposable Income

(Statistics Canada – Mar. 2019)



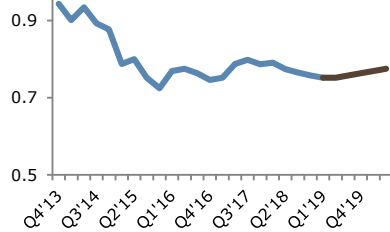
### Consumer Confidence Index

(Bloomberg Nanos)



### Wells Fargo Securities Currency Forecasts

(WF Securities Mar. 2019 Forecast)



Sources: Statistics Canada (Retail and Wholesale Sales, Unemployment, CPI), Bank of Canada January 2019 Monetary Policy Report, Wells Fargo Securities Monthly FX Update – Mar. 2019

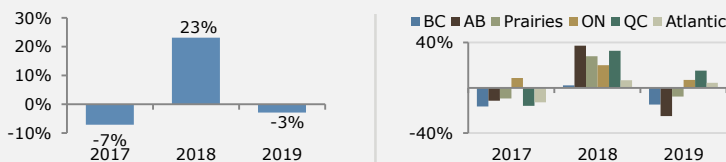
### Economic Watch

- Canada's economy grew by a weaker-than-expected 1.3% (q/q GDP annualized) in Q4'18. The Bank of Canada predicts growth at 0.8% for Q1'19.
- Canada Q3'18 household debt-to-income ratio rose to 177% from 169% in Q2'18.
- Retail sales decreased 0.3% in January m/m, while wholesale sales increased 0.6%.
- Canada added nearly 56,000 jobs in February, driven by gains in full-time work. The unemployment rate was unchanged at 5.8%.
- The Bloomberg Nanos Canadian confidence index remained constant at 54.4 in February from January.
- After surging to 3% in July 2018, its highest rate in nearly seven years, Canada's inflation rate eased to 1.4% in January 2019.
- Wells Fargo predicts the Canadian dollar to strengthen in 2019 as the USMCA trade agreement gets approved and oil prices recover.
- The Bank of Canada held its overnight rate at 1.75% on March 6<sup>th</sup> and reiterated a data-dependent approach to future rate increases.

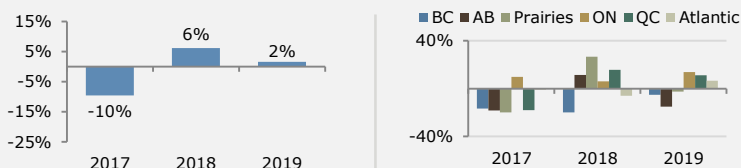
### CDF Portfolio Overview

- Inventory purchases financed by CDF over the last 12 months have decreased by 3%.** Steel, aluminum, and component tariffs and OEM price increases were implemented January 1<sup>st</sup>. Majority of inventory was purchased prior to the start of 2019. We expect that inventory purchases will resume normal trends once the retail selling season begins.
- Y/y outstanding's:** Inventory levels for February are slightly up at 2% which reflects the prior year inventory ramp up in purchases to avoid price impacts. Geographic differences highlight some adjustments to inventory and more trying regional markets.
- Liquidations (loan repayments resulted from sales) are flat at -1%.** Snow and cold have delayed customer deliveries and final retail sales. As the selling season approaches, dealerships will increase unit deliveries and sales and liquidations are expected to return to normal levels. RV retail shows point to a continued consumer interest in the RV lifestyle and buying intentions.

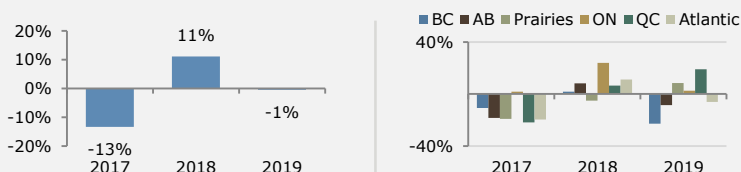
### Y/y Volume % Change (Rolling 12-mth @ 2/28)



### Y/y Outstanding's % Change (@ 2/28)

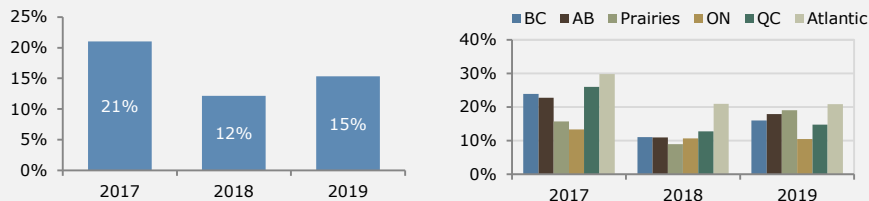


### Y/y Liquidations % Change (Rolling 12-mth @ 2/28)



Source: Wells Fargo CDF® Internal Database

## Aging (@ 2/28)



Source: Wells Fargo CDF® Internal Database

**Inventory aging remains healthy at 15%.** With the imminent start of the selling season, dealers will have the opportunity to sell aged inventory and increased aging should be mitigated.

## Headlines

### [Millennials Helping To Drive RV Sales In Canada](#)

(woodallscm.com, Feb 28, 2019)

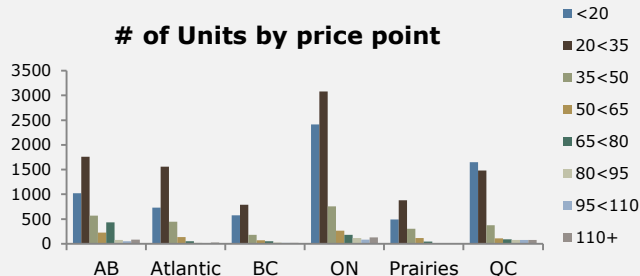
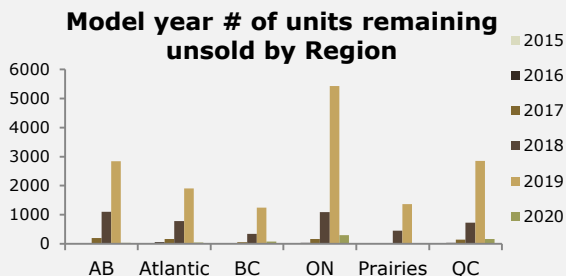
“The strong employment rate, cheap gas, low-interest financing, lightweight materials that boost fuel efficiency are factors attracting millennials. Experience-craving young people are truly propelling recreational-vehicle sales in Canada.”

### [2019 RV Show: Another Smash Success](#)

(auto123.com, March 13, 2019)

“RVs have been gaining in popularity in recent years, in fact sales have increased each year since 2009.”

## Provincial Data



Source: Wells Fargo CDF® Internal Database

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