



THE DEALERS' OUTLOOK

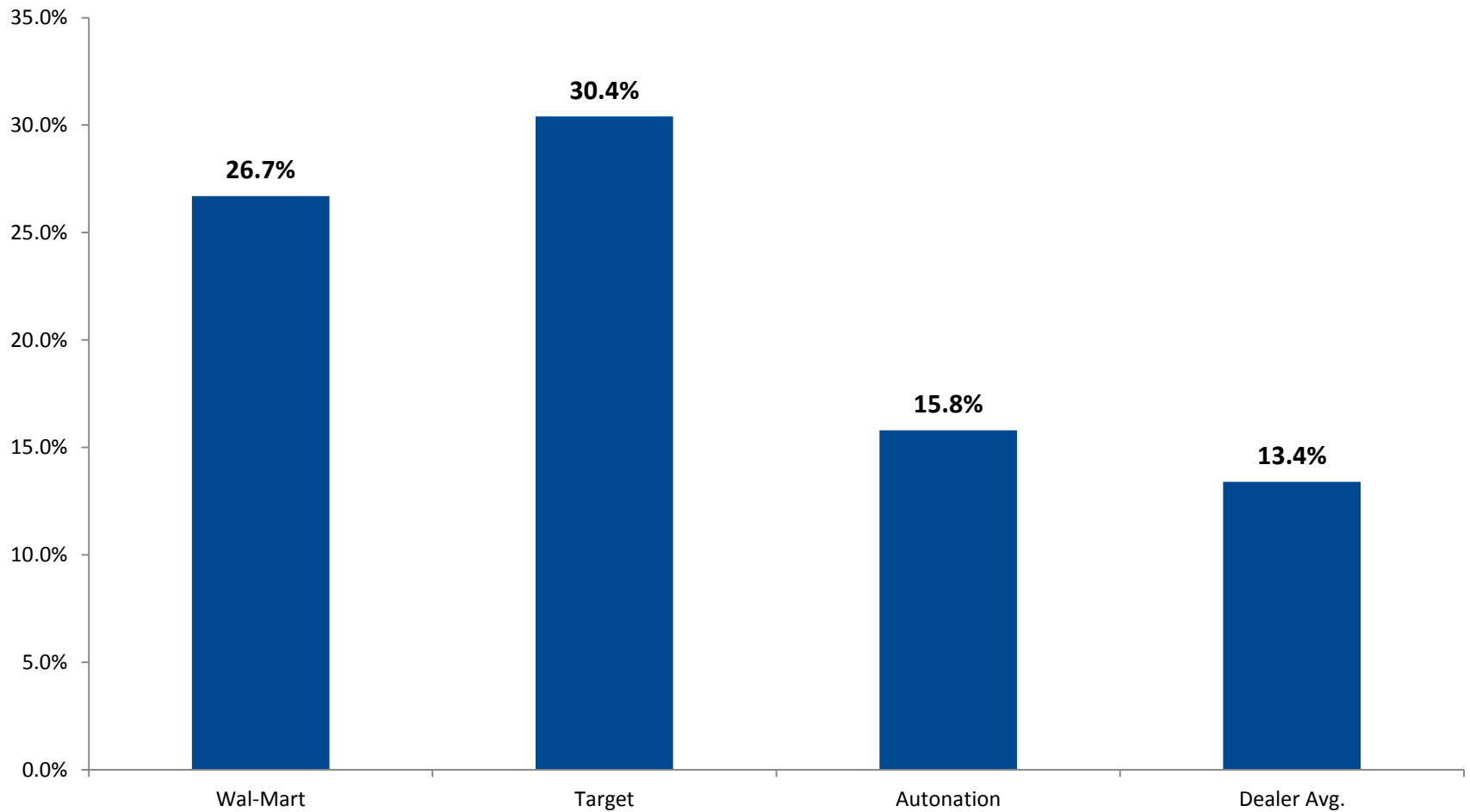
Federal Reserve Bank of Chicago - Detroit Branch
May 30, 2014



- The State of the Dealers
- Competition
- Sales Forecast

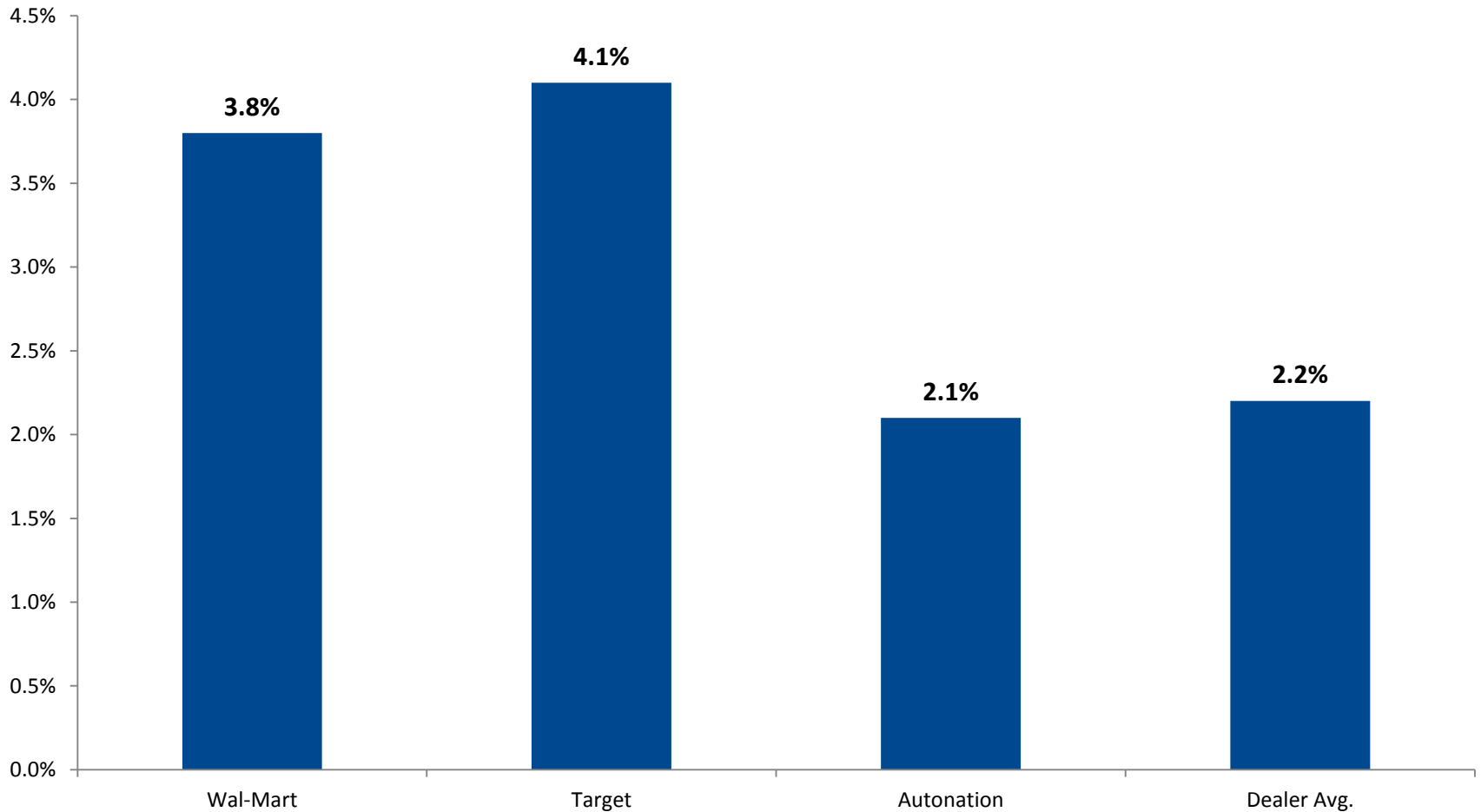
DEALERS & RETAILERS

Gross Margin

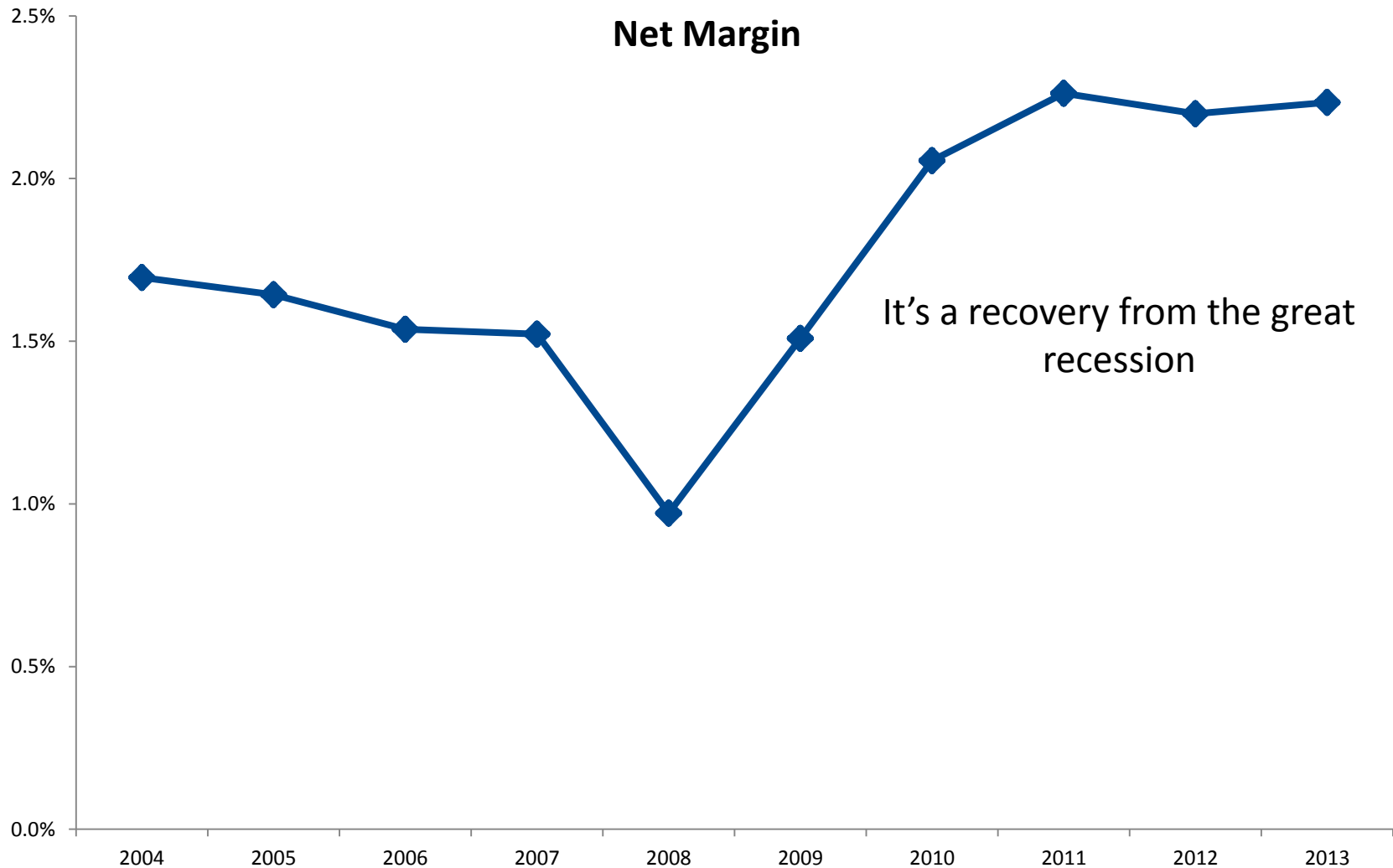


COMPARED TO OTHER RETAIL

Net Margin

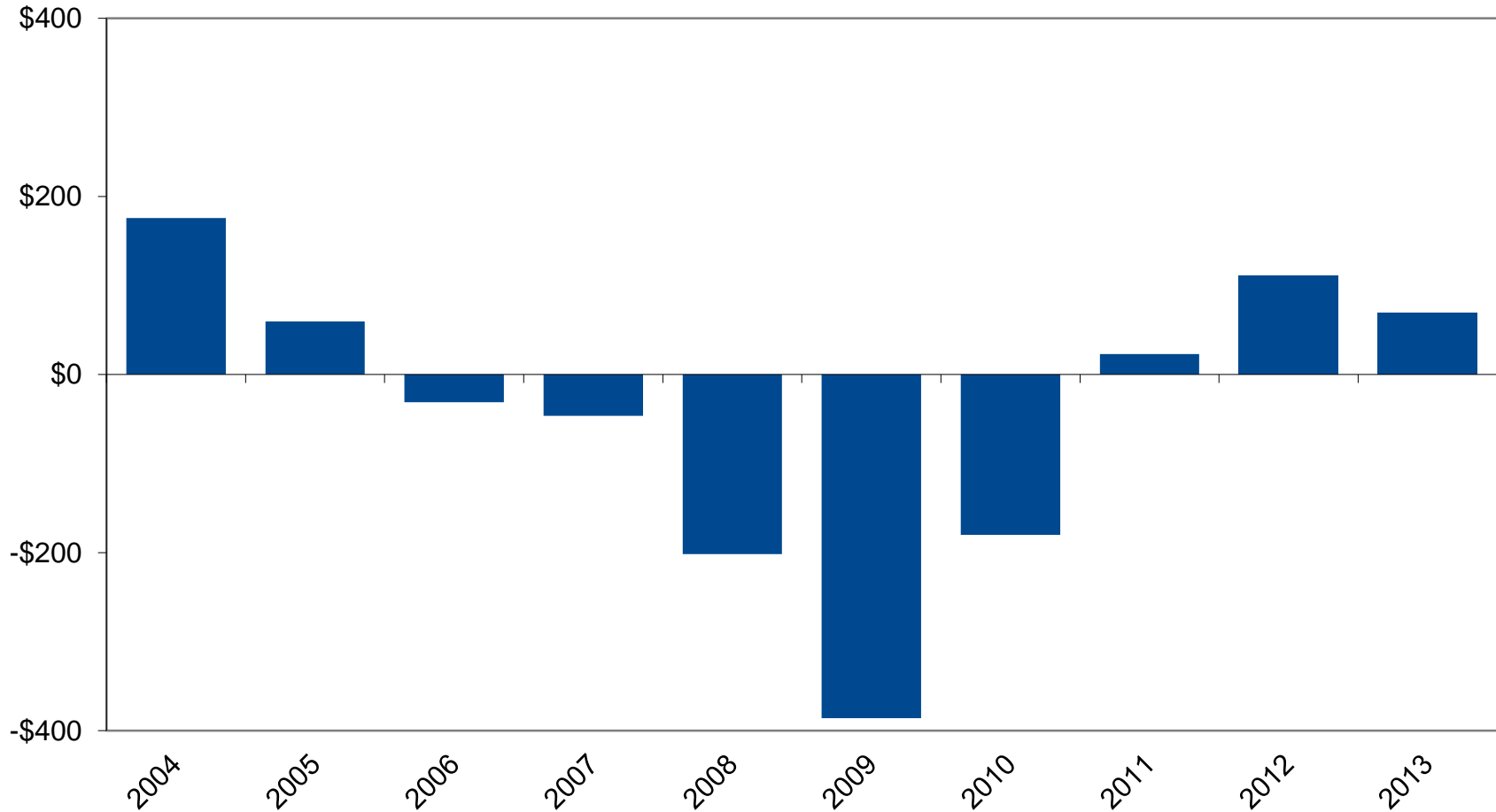


YES THERE HAS BEEN A RECOVERY...THANKFULLY



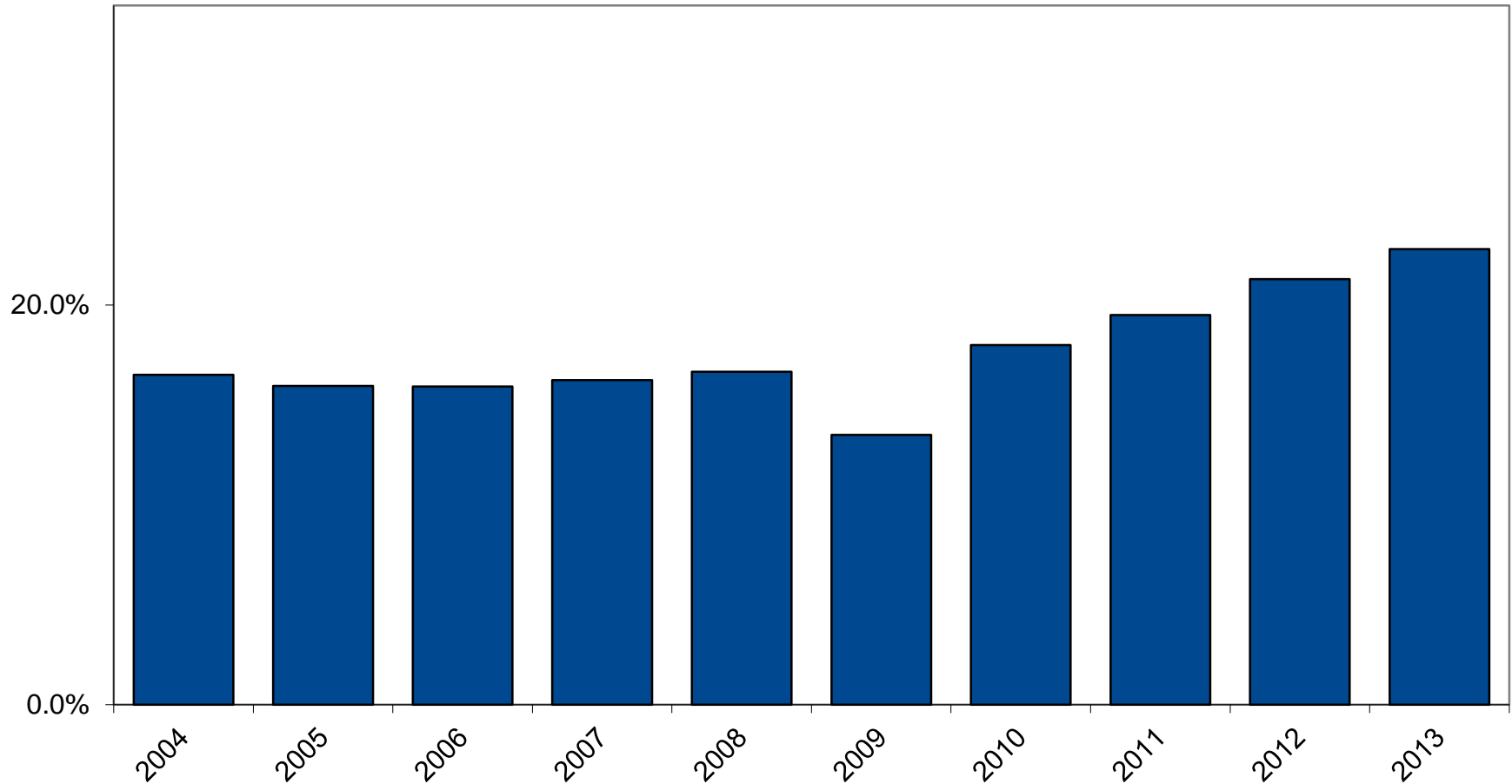
THE RECOVERY HAS NOT BEEN IN CARS THEMSELVES

Net Profit per New Vehicle



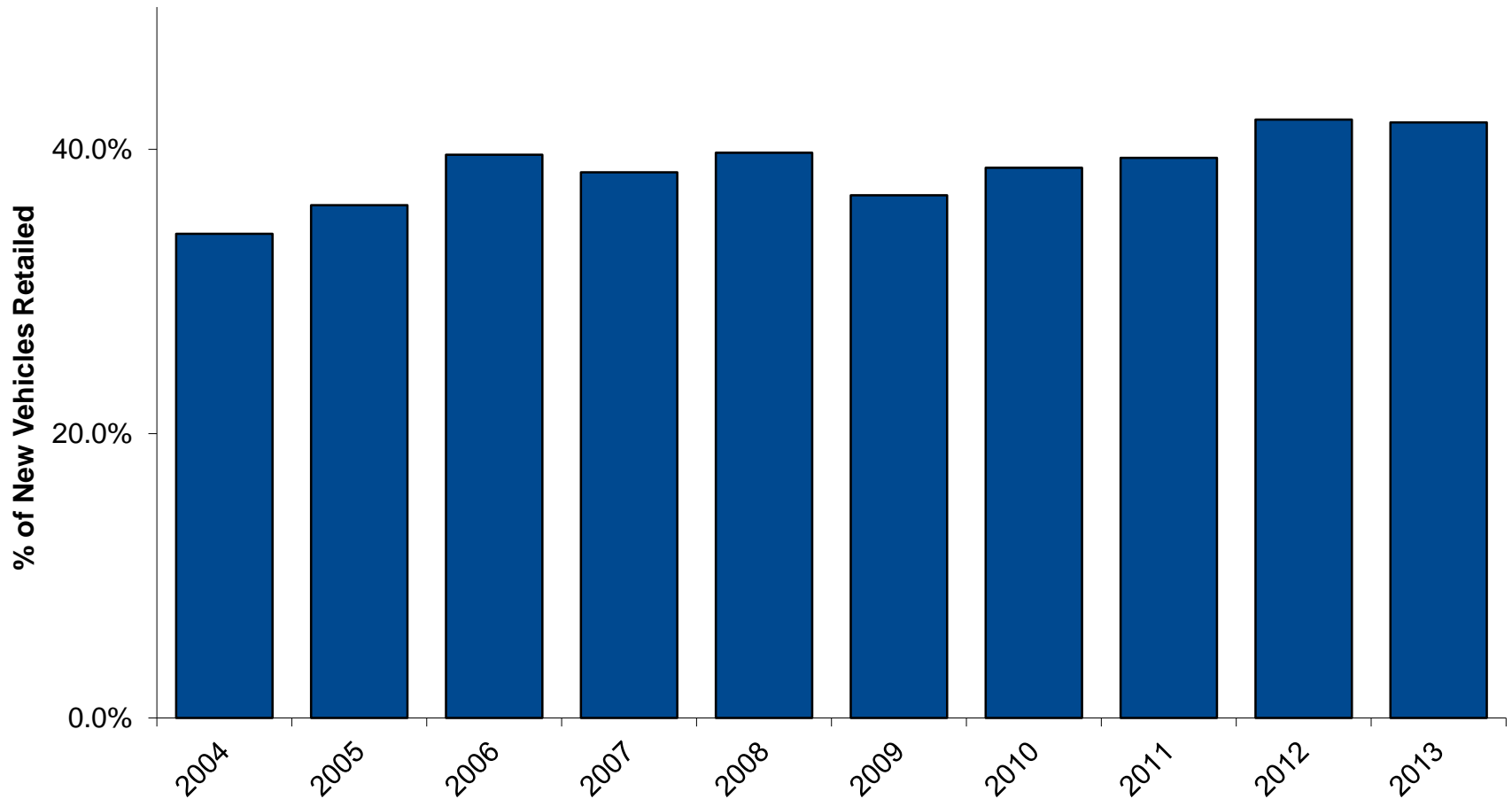
IF ITS NOT NEW CARS

F&I Income as a % of New and Used Vehicle Profit
20 year average is 15.6%

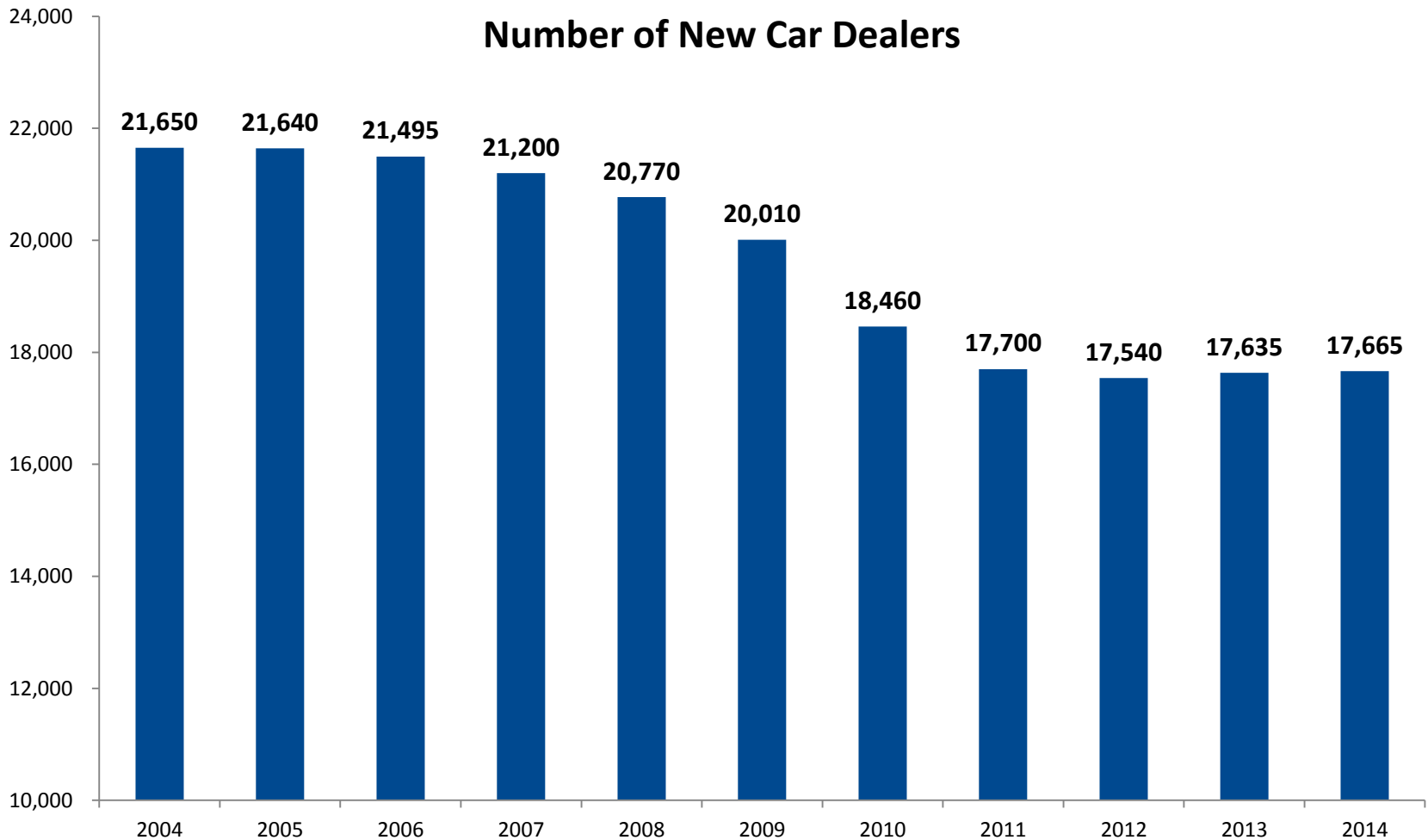


IF ITS NOT NEW CARS

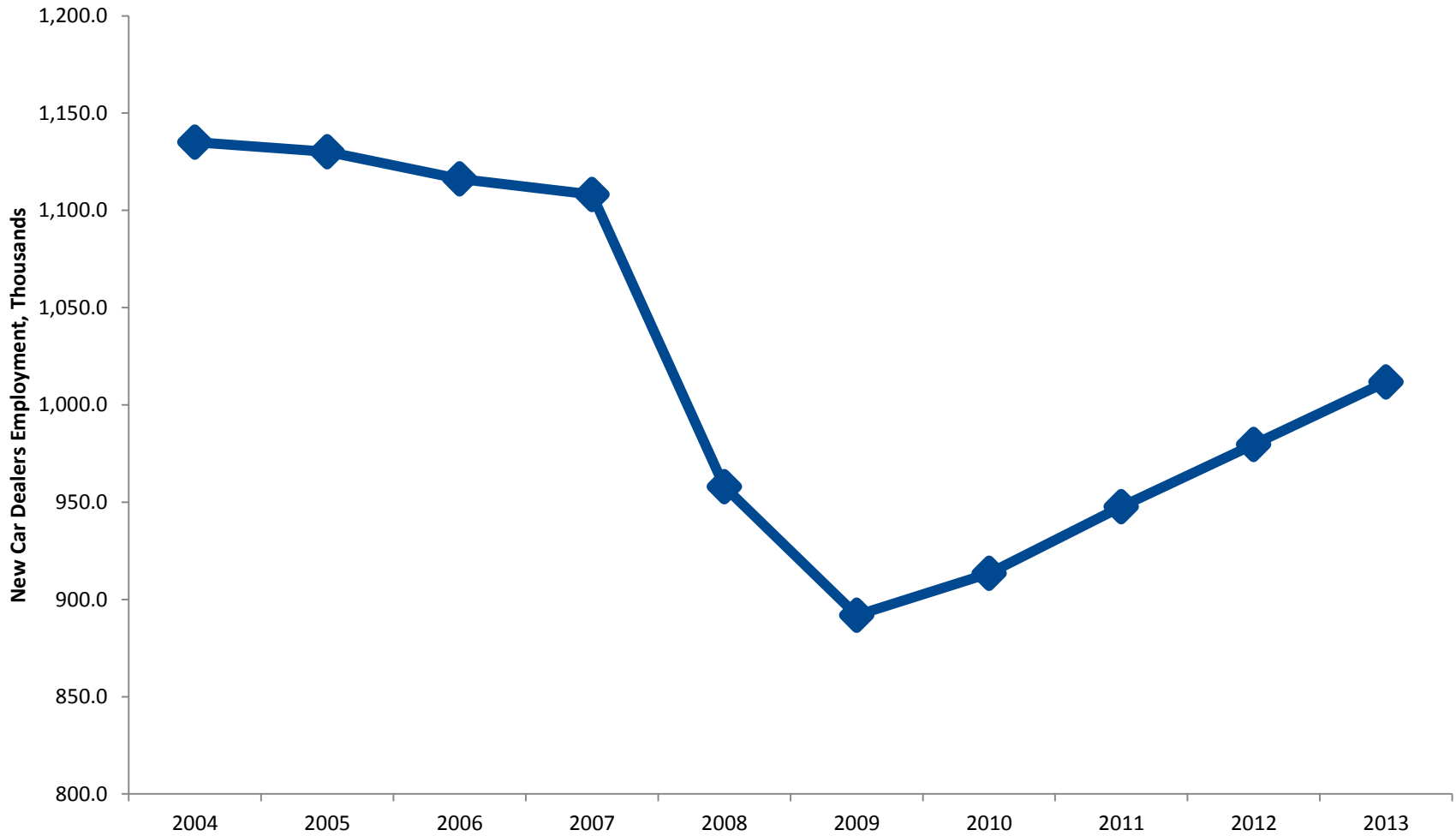
New Vehicle Service Contract Penetration Rate
20 year average is 31.5%



NOT SURPRISINGLY MANY DEALERS ARE GONE



BUT EMPLOYMENT IS BACK UP



- Low Margins, Typical for Retail
- Active Competition
- Driving Out Costs, Weak Competitors

Free &
Transparent
Pricing

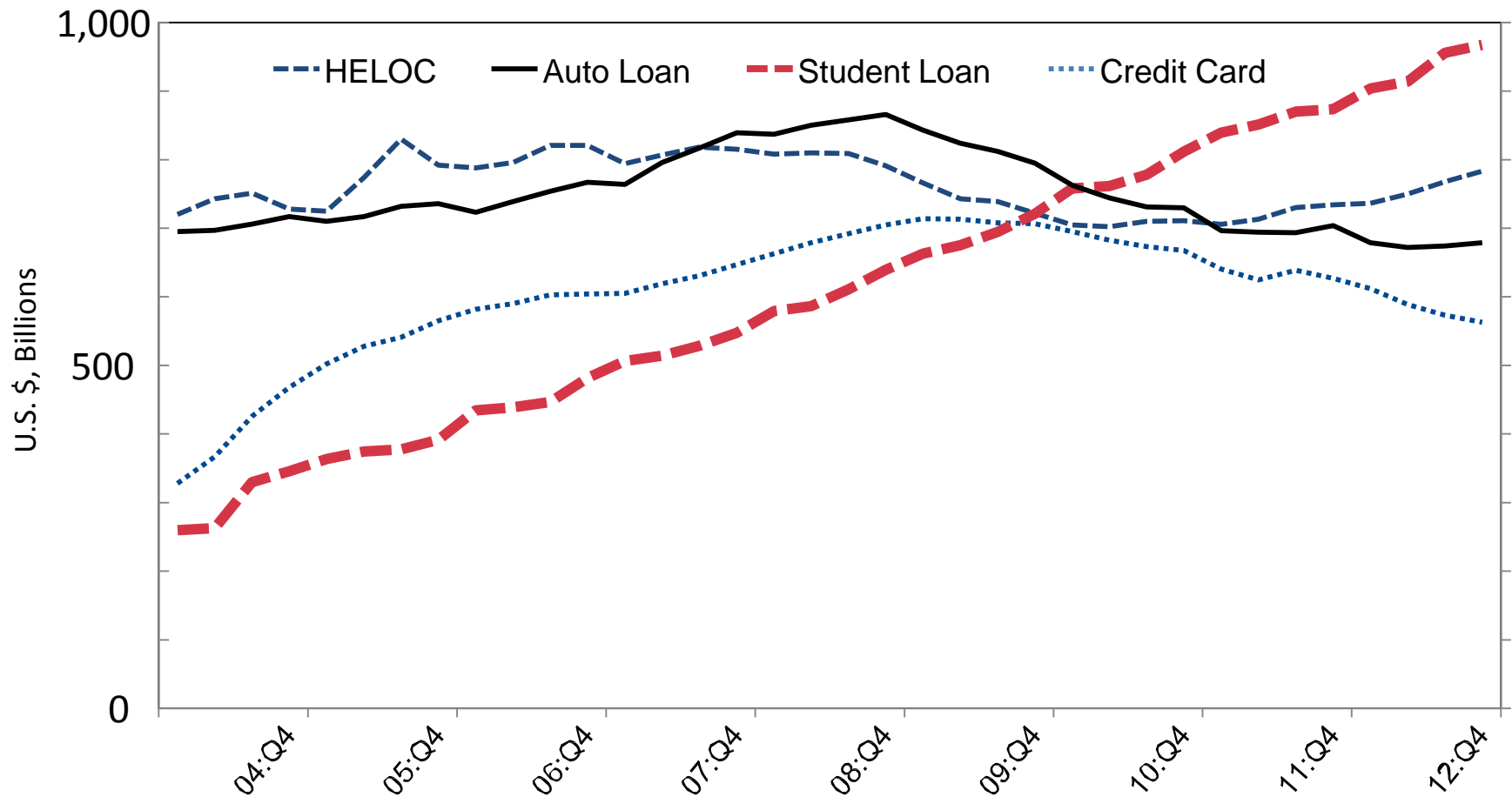
COMPETITION



COMPETITION



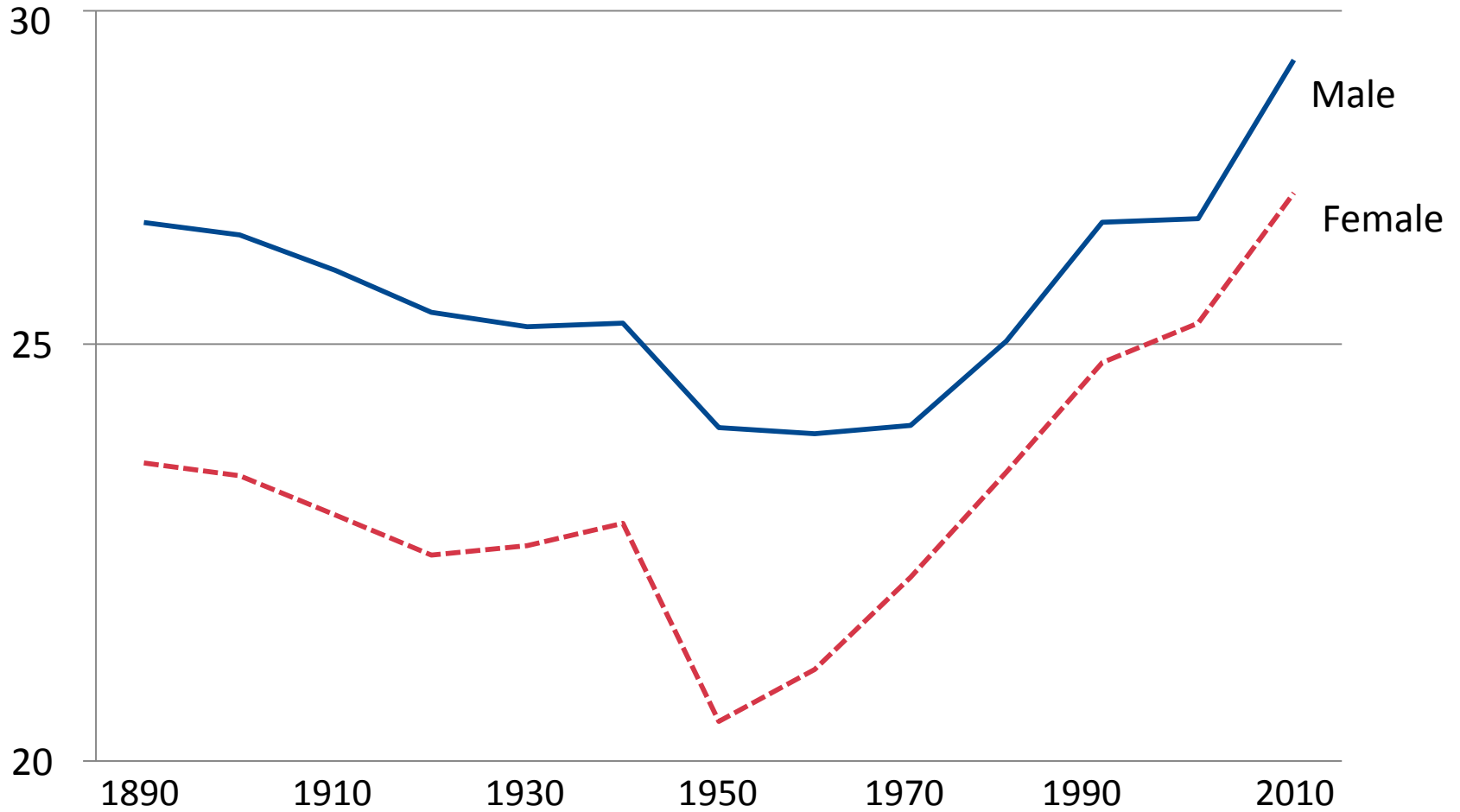
COMPETITION



Source: FRBNY Consumer Credit Panel, Equifax

Productive & Income Boosting Assets

FIRST COMES MARRIAGE?



Source: U.S. Census American Community Survey

AND FINALLY



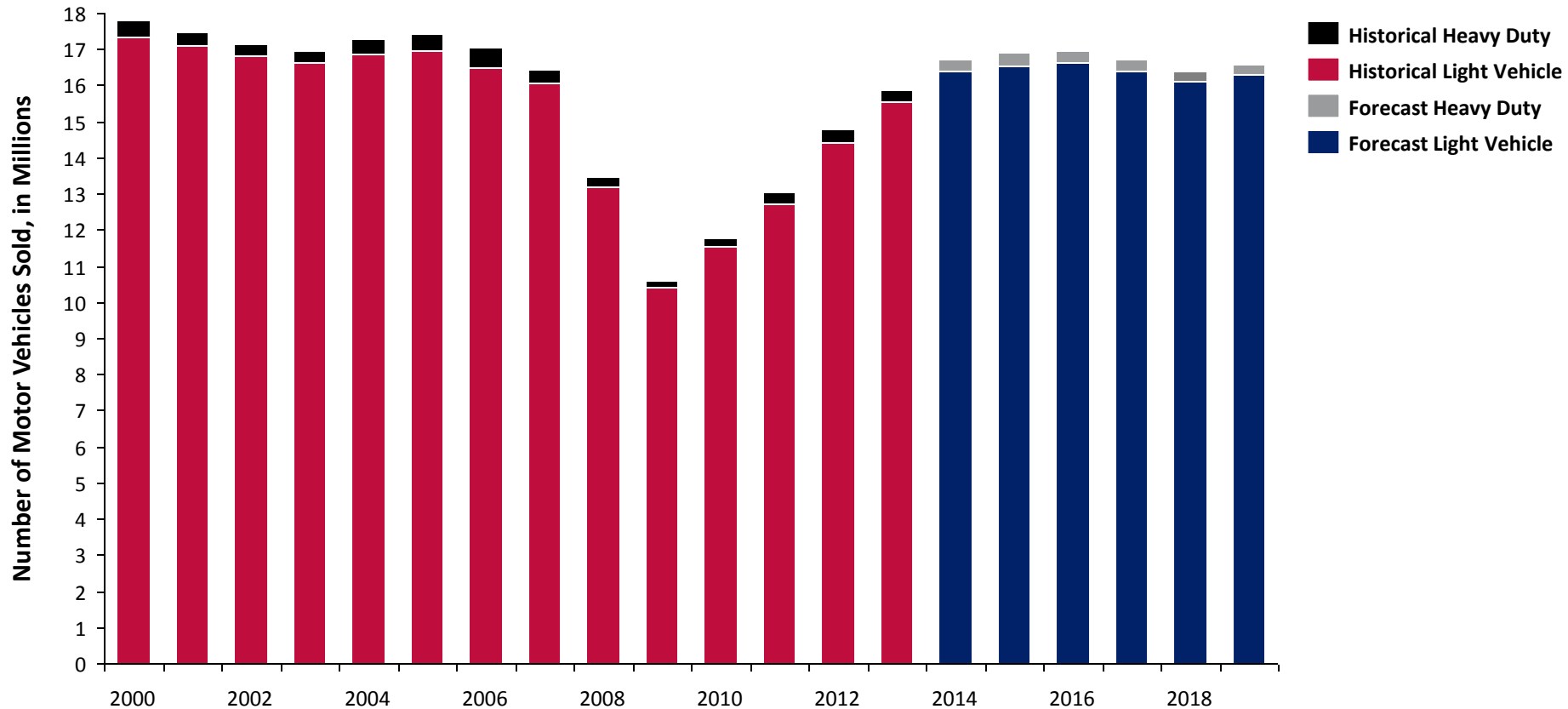
- Remnants of the Recession
- Dynamics are
Fundamentally Changed
- Regulation

It's Delayed

not Gone

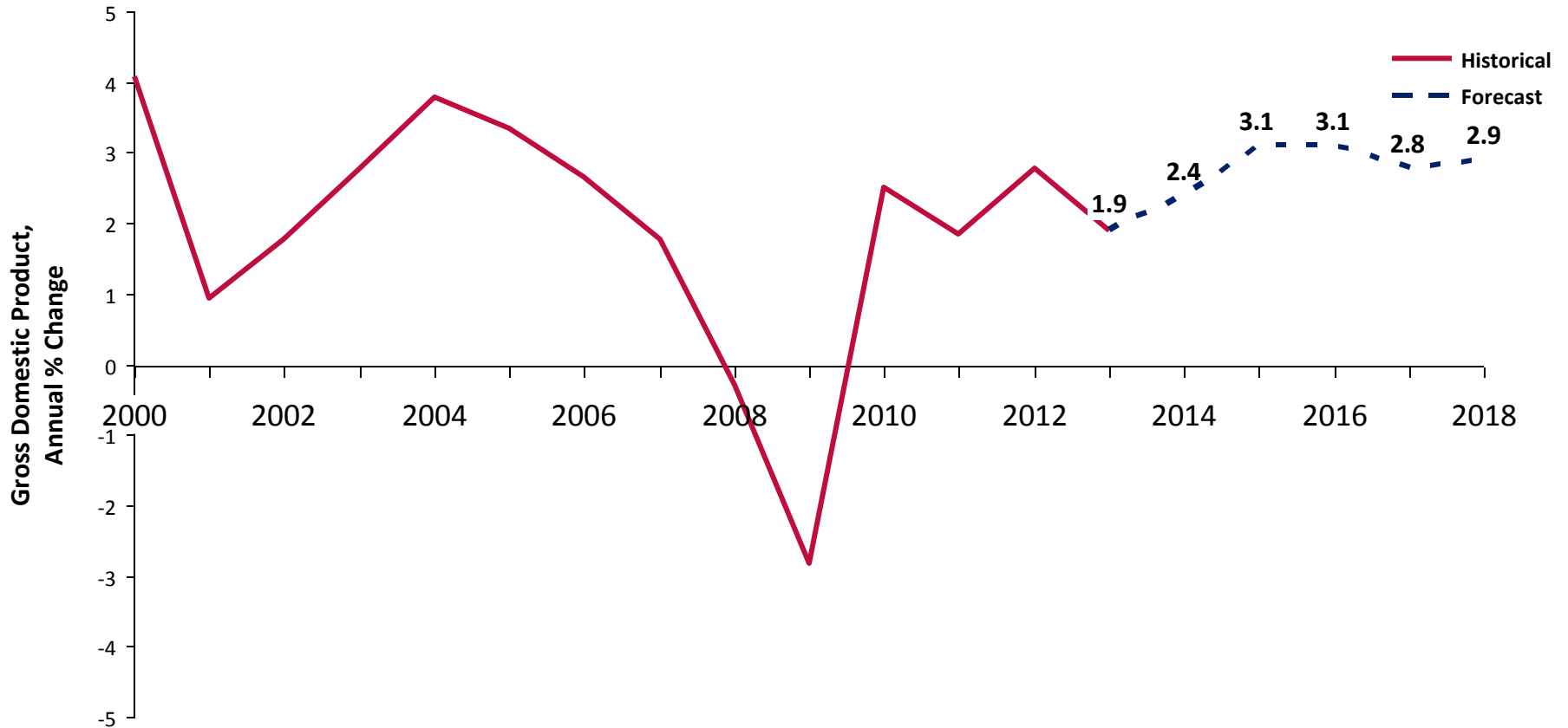
(we mean the customers)

VEHICLE FORECAST

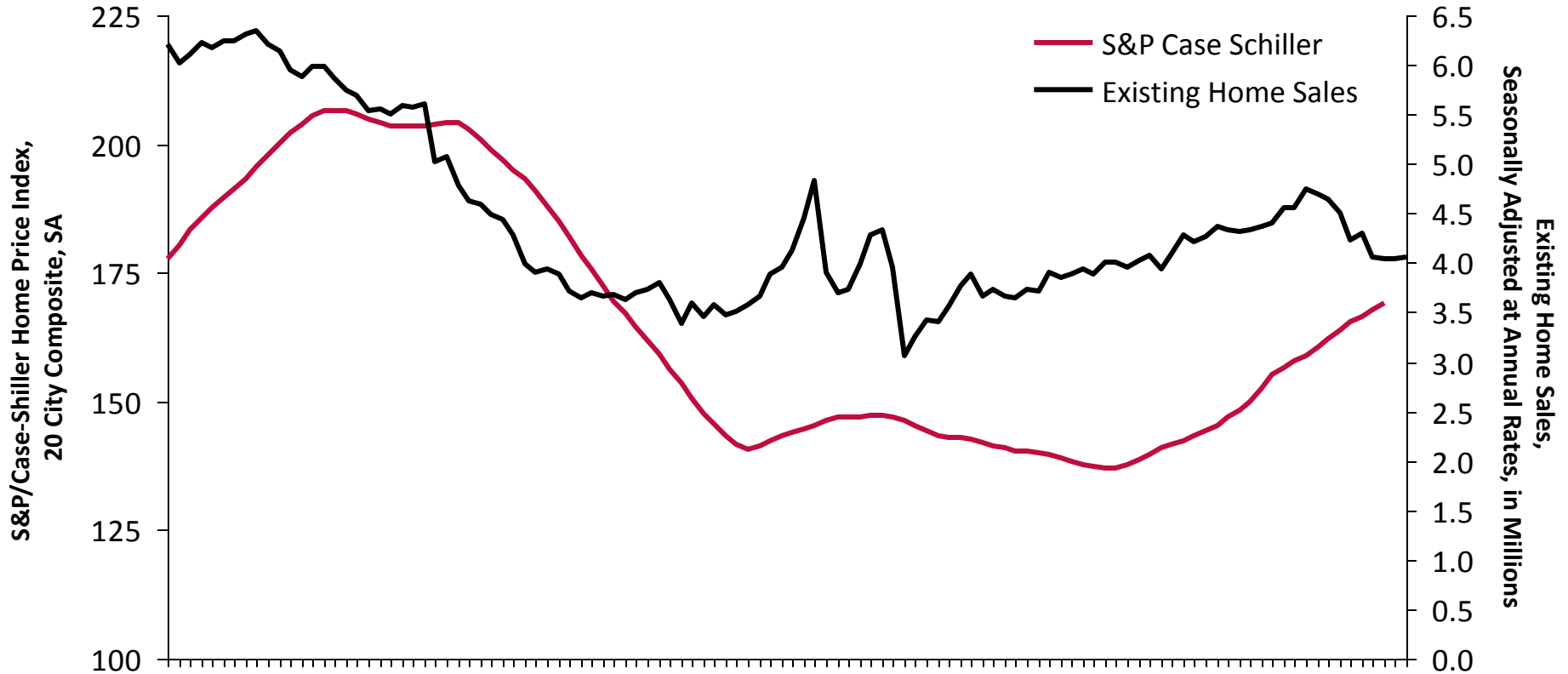


- Expect 16.4 million light vehicles, and 16.7 total vehicle sales in 2014
 - Heavy Duty forecast at 0.309 million

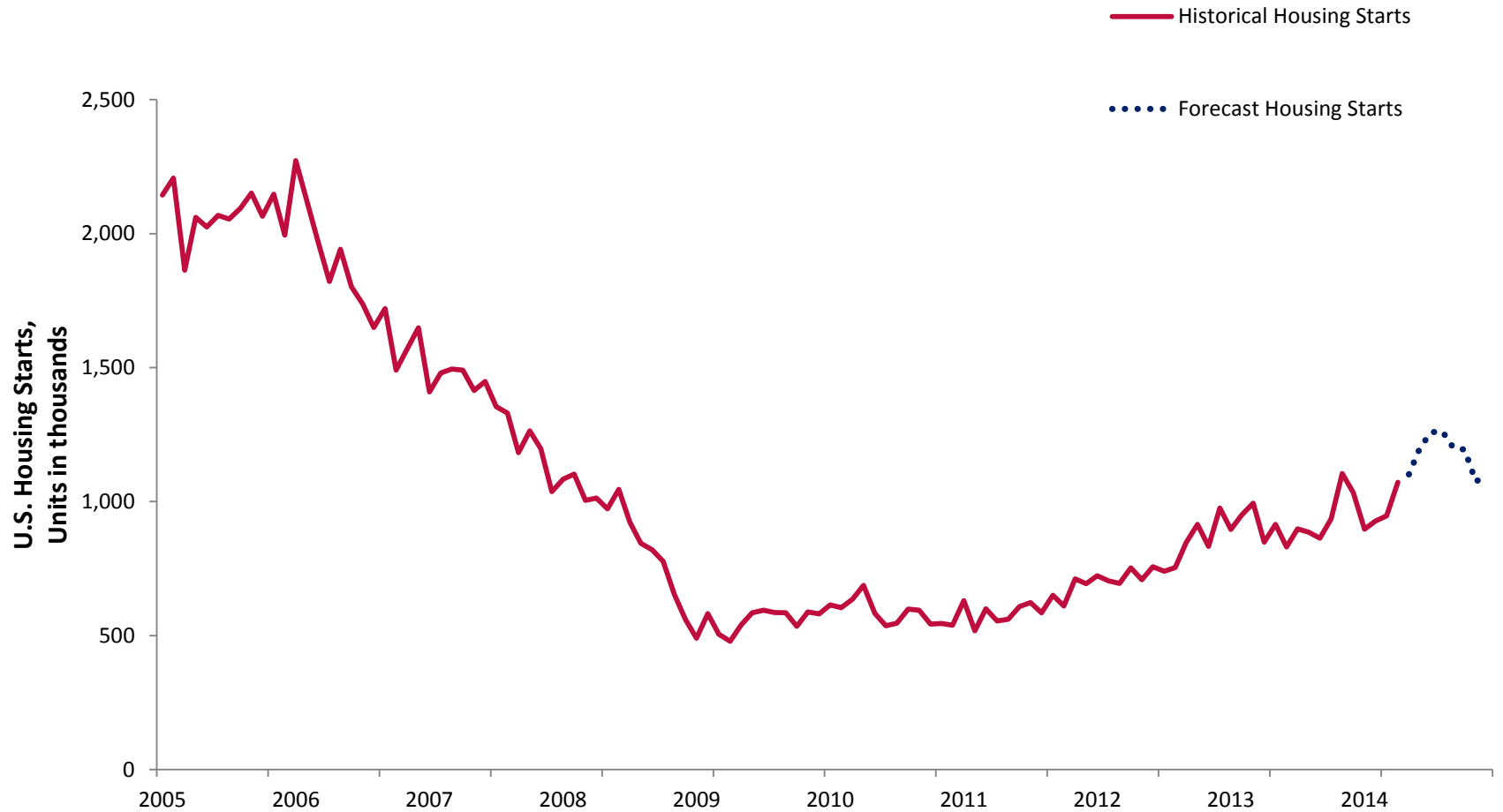
U.S. GDP OUTLOOK THROUGH 2018



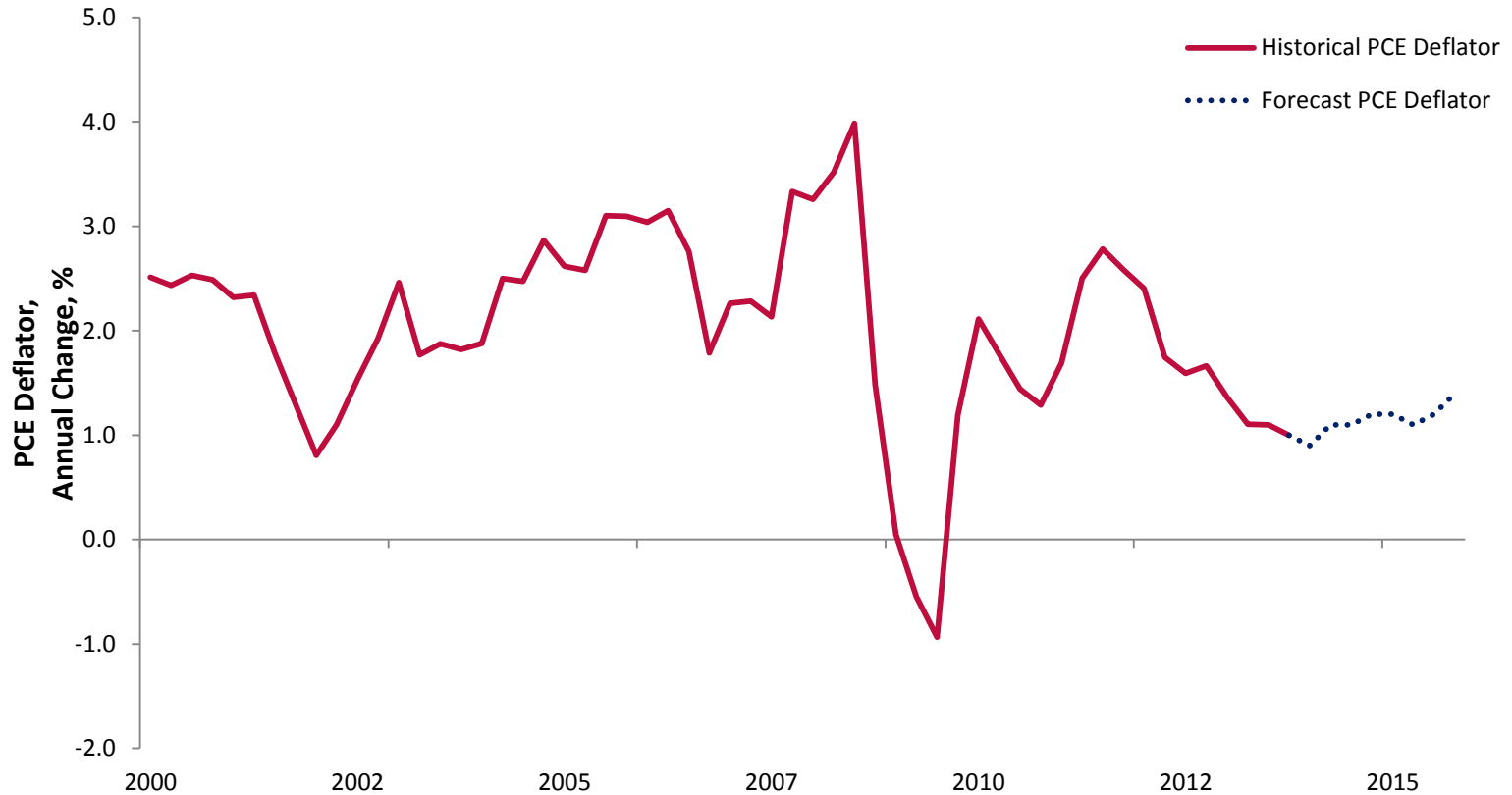
HOME PRICES ARE CLIMBING



HOUSING STARTS



INFLATION REMAINS TAME



FOR FURTHER INFORMATION

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