Outlook for Franchised New Car Dealers

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Two Challenges/Opportunities facing Dealerships:
1. Rising Average Retail Gasoline/Diesel Price

Source: Energy Information Administration
2. Rising Interest Rates

- Prime Rate: 8.25 percent Apr, 2007
- 30 Year Fixed Mortgage Rate: 6.29 percent Apr, 2007
- Unemployment Rate: 4.6 percent Apr, 2007

Source: Federal Reserve, Bureau of Labor Statistics
U.S. Households: Potential and Realized Cash from Home Equity Extraction

Source: Federal Reserve Board, Divisions of Research, Statistics & Monetary Affairs
Price Index of New One-Family Houses Sold
Index Value-1996=100 (Includes Lot)

Source: U.S. Census Bureau
Total U.S. Licensed Drivers: Rising at a More Modest Rate Recently

Source: U.S. Department of Transportation, Federal Highway Administration
World Production of Crude Oil, NGPL & Other Liquids vs. World Vehicles in Operation

Source: U.S. Energy Information Administration (EIA), Ward’s Automotive Group
U.S. Finished Motor Gasoline Stocks vs. Gasoline Prices

The Conference Board’s Consumer Confidence Index

Source: Conference Board
NADA Dealer Optimism Index
Leading Indicator of New-Vehicle Sales

Source: NADA Industry Analysis
U.S. Light Vehicle Sales: 16.5 Million Units in 2006 and near 16.5 Million Units likely in 2007

Source: NADA Industry Analysis
Crossovers, Small and Large Cars had Sales Growth
Percentage Sales Growth in Full-Year 2006

Crossover Utility Vehicles
Small Cars
Large Cars
Midsize Cars
Luxury Cars
Minivans, Vans
Pickups
Truck-based SUVs

Source: Ward’s Automotive
Crossovers and Small Cars are the only Categories with Sales Growth, Year-to-Date April 2007

Source: Ward’s Automotive
Median Vehicle Age Moving Higher
Light Vehicle Market Share Percentages
By Major Manufacturer

- **GM**: Full Year 2005 - 26.3%, Full Year 2006 - 24.6%, YTD April 2007 - 23.2%
- **Ford**: Full Year 2005 - 18.3%, Full Year 2006 - 17.3%, YTD April 2007 - 16.3%
- **Toyota**: Full Year 2005 - 15.4%, Full Year 2006 - 15.7%, YTD April 2007 - 15.7%
- **Chrysler**: Full Year 2005 - 13.6%, Full Year 2006 - 13%, YTD April 2007 - 14%
- **Honda**: Full Year 2005 - 8.6%, Full Year 2006 - 9.1%, YTD April 2007 - 9.2%
- **Nissan**: Full Year 2005 - 6.4%, Full Year 2006 - 6.2%, YTD April 2007 - 6.7%

Source: NADA Industry Analysis
U.S. Household Net Financial Assets

Net Household Wealth = Total Financial Assets - Total Liabilities
(excludes home equity but includes all mortgage debt)

Source: Federal Reserve Flow of Funds Data, Z.1., Table L.10.
Manufacturer Incentives: Lower in 2007 Thus Far, through April
Exception is the Euro-badged Vehicles

Source: Edmunds.com
AuctionNet Wholesale Used SUV Prices and Gas Prices

Ward’s SUV and Pickup Segments

Source: AuctionNet (NADA Guides and NAAA) and EIA, regular gasoline price
AuctionNet Average Wholesale Used Vehicle Price and Smoothed Trend (Red Line)

What will $3 Plus Gas and Higher New Car Incentives Do?

Based on 9 million transactions

Source: N.A.D.A. Analytical Services and NAAA AuctionNet