





Outlook for Franchised New Car Dealers

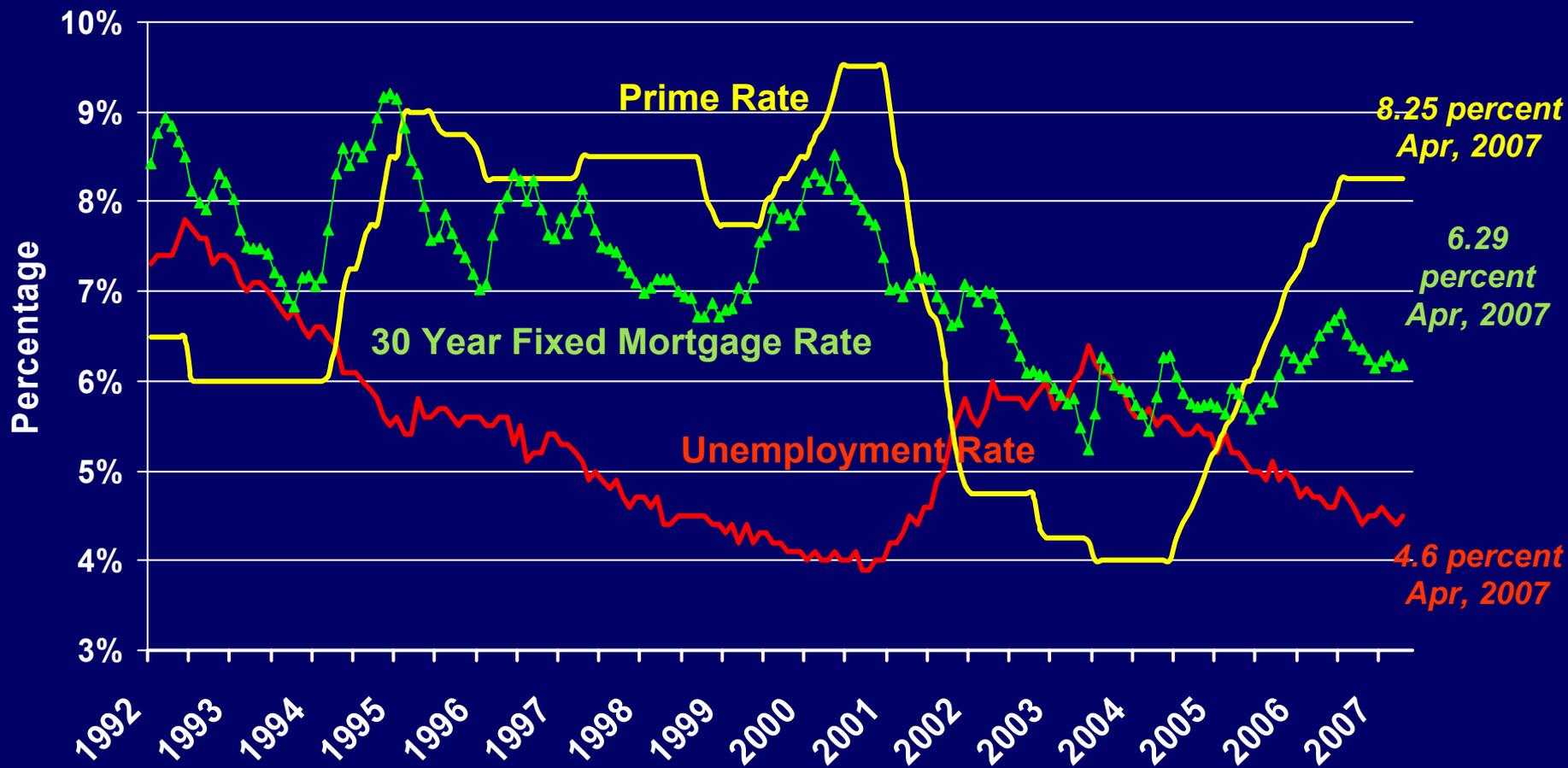
Fourteenth Annual Automotive Outlook Symposium
June 1, 2007

Paul Taylor, Ph.D., Chief Economist
National Automobile Dealers Association, McLean, VA
www.nada.org

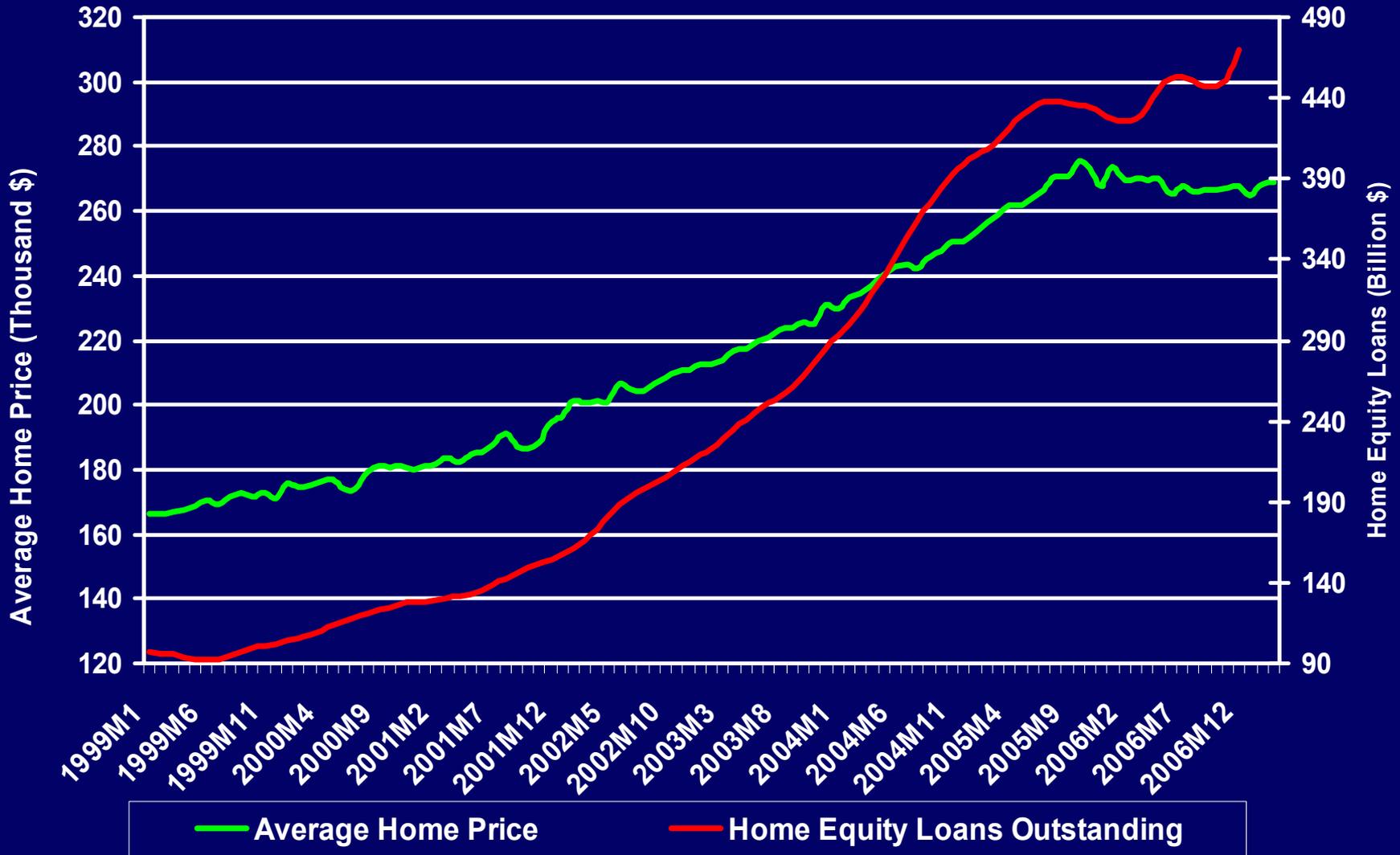
Two Challenges/Opportunities facing Dealerships: 1. Rising Average Retail Gasoline/Diesel Price



2. Rising Interest Rates

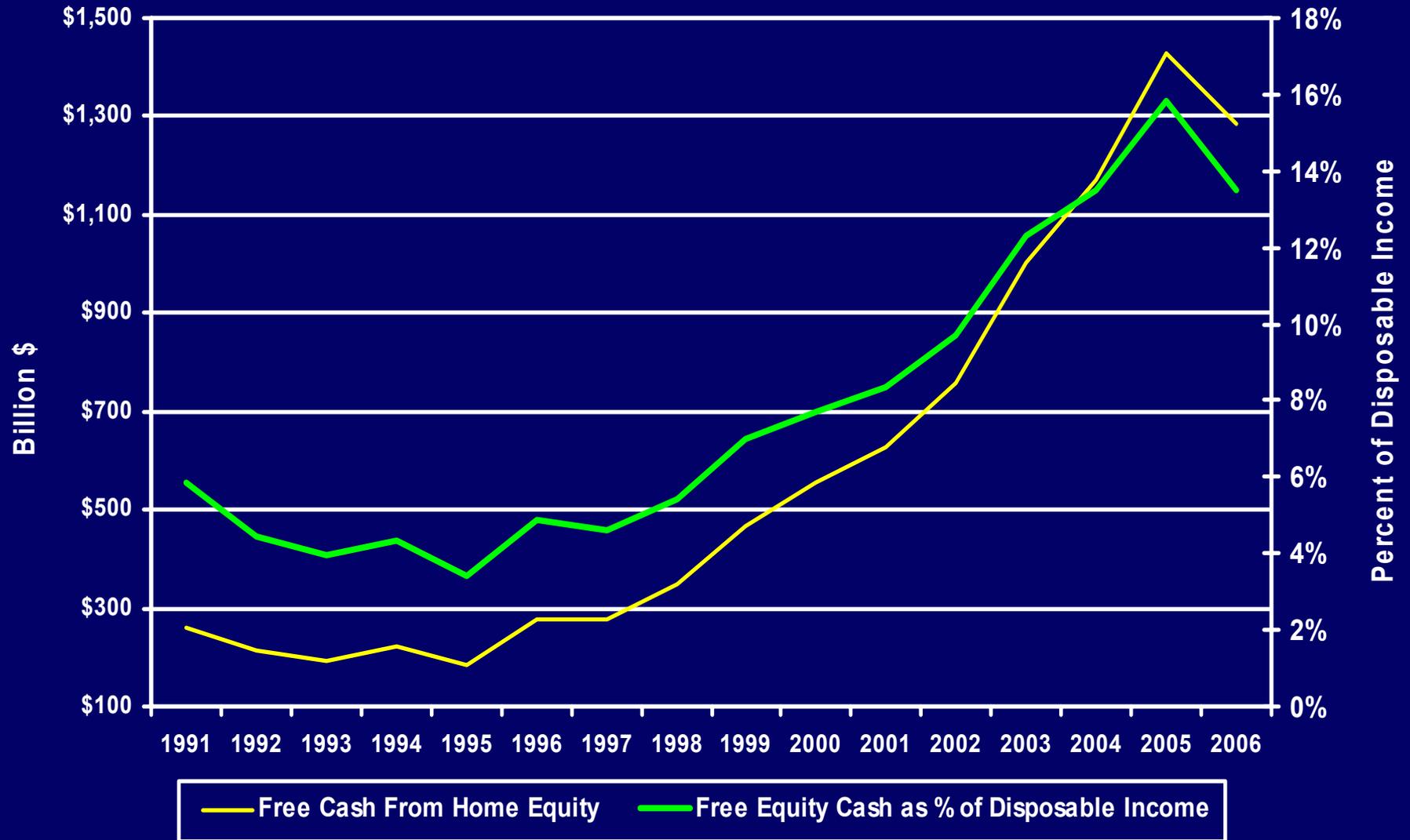


Average Home Price Trend vs. Outstanding Home Equity Loans



Sources: National Association of Realtors and FDIC Quarterly Banking Profile

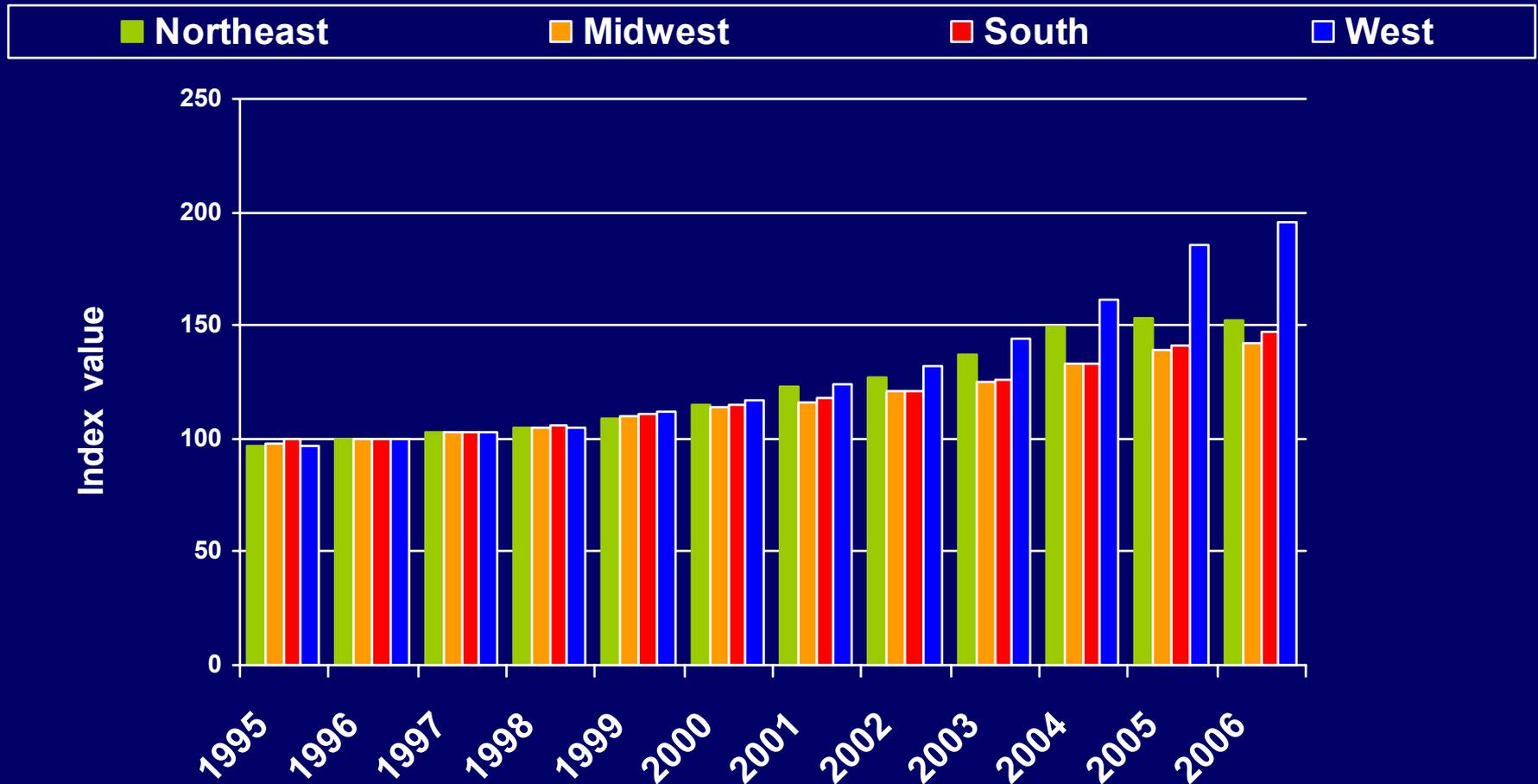
U.S. Households: Potential and Realized Cash from Home Equity Extraction



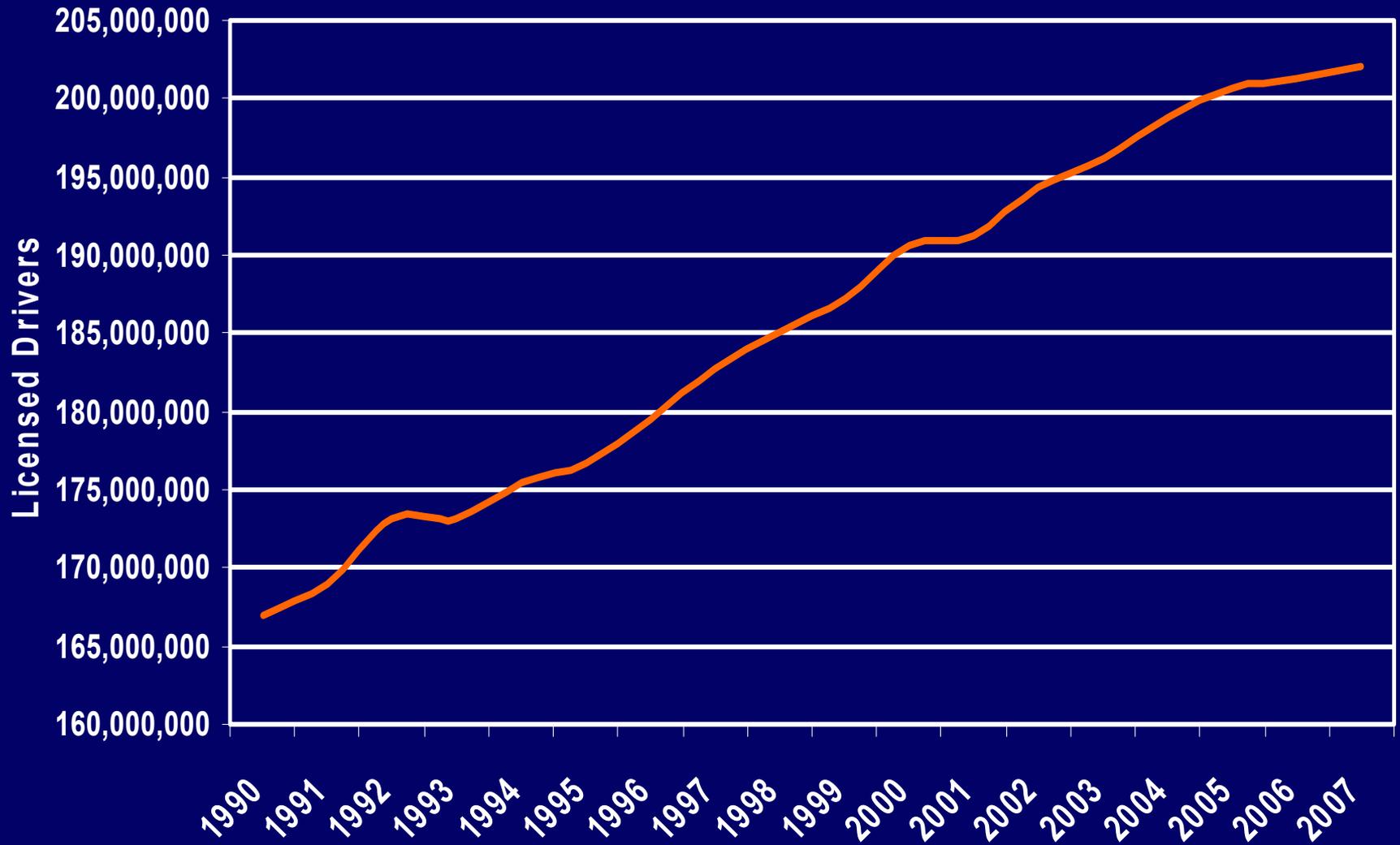
Source: Federal Reserve Board, Divisions of Research, Statistics & Monetary Affairs

Price Index of New One-Family Houses Sold

Index Value-1996=100 (Includes Lot)

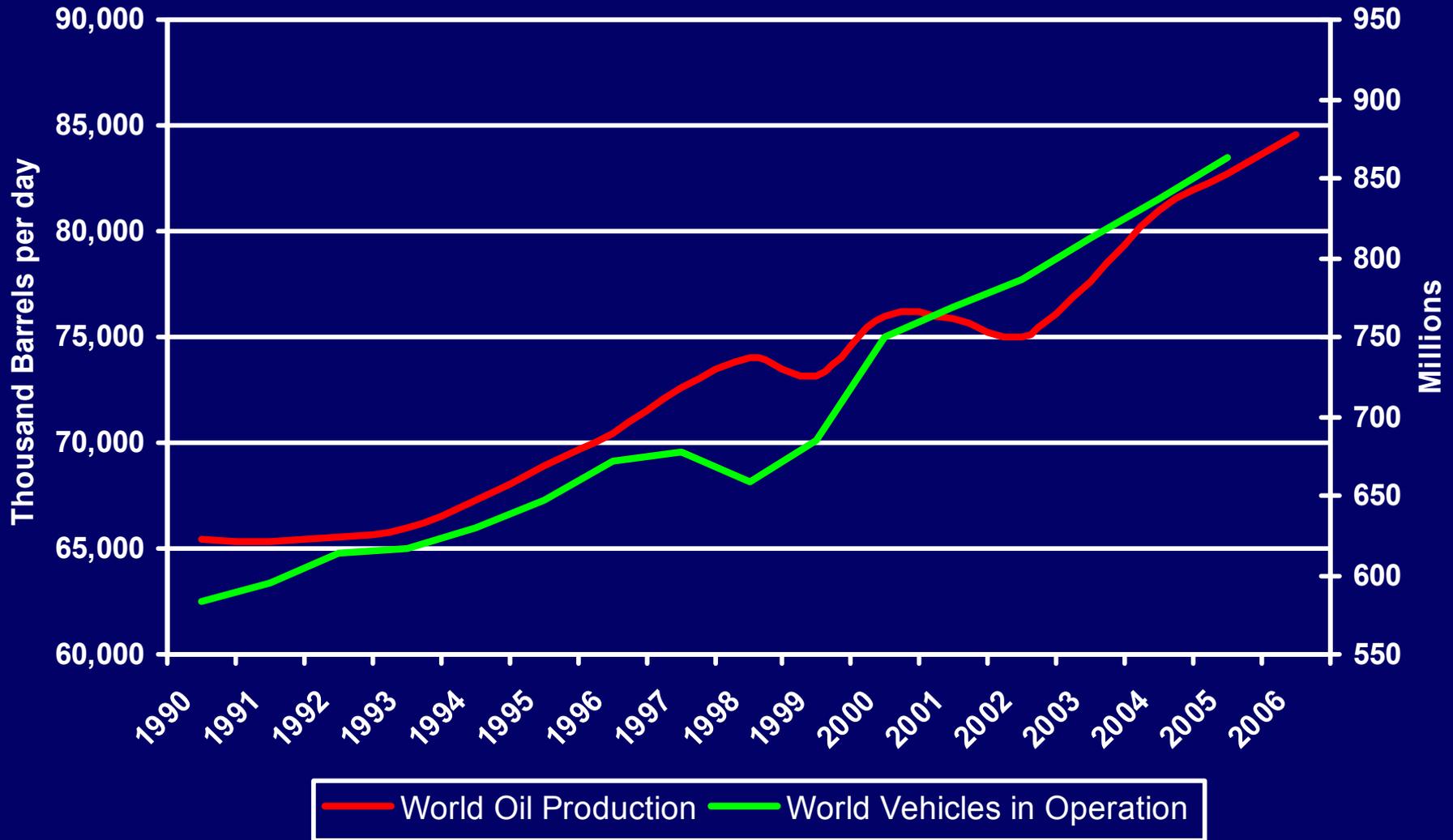


Total U.S. Licensed Drivers: Rising at a More Modest Rate Recently



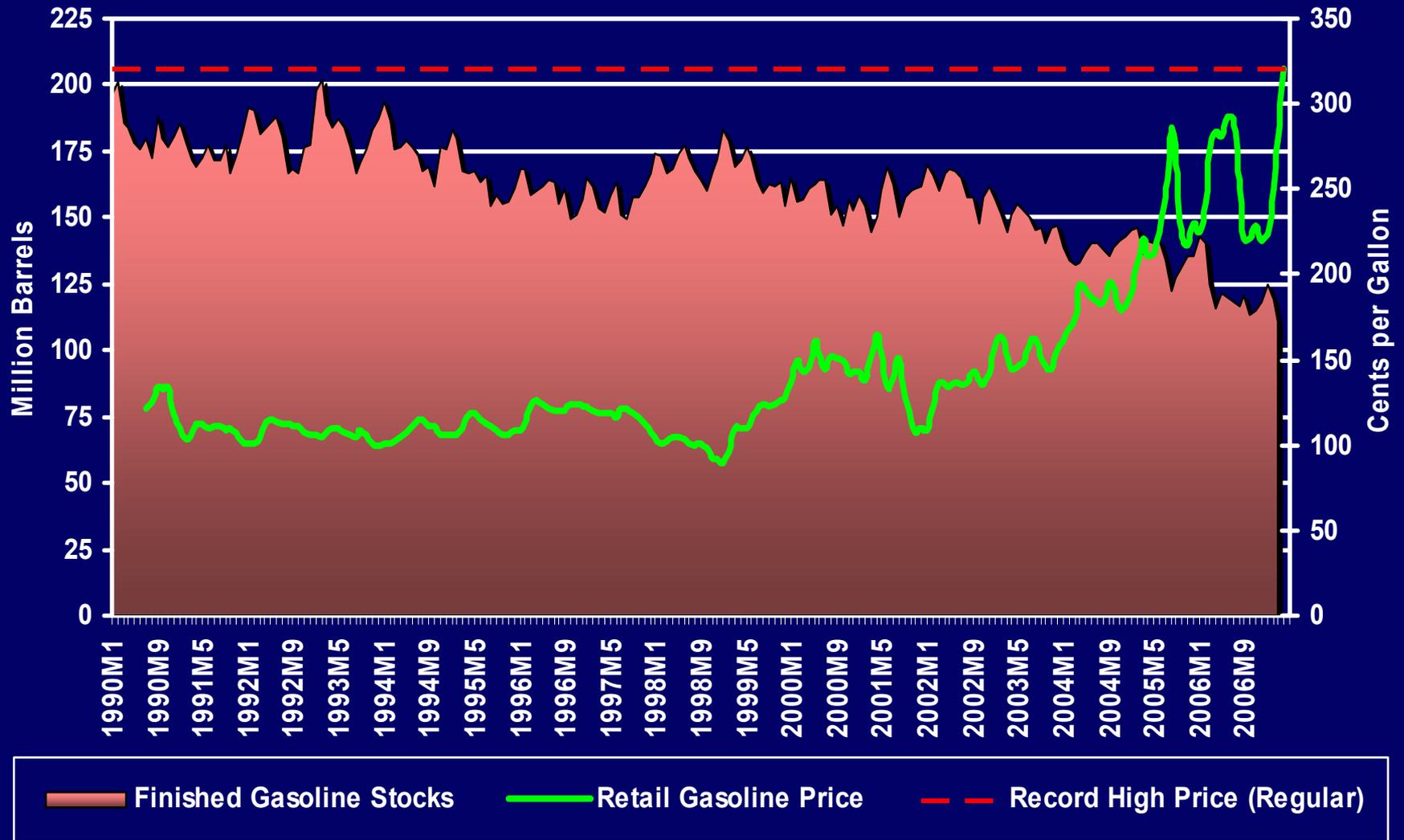
Source: U.S. Department of Transportation, Federal Highway Administration

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



Source: U.S. Department of Energy Monthly Energy Review, EIA

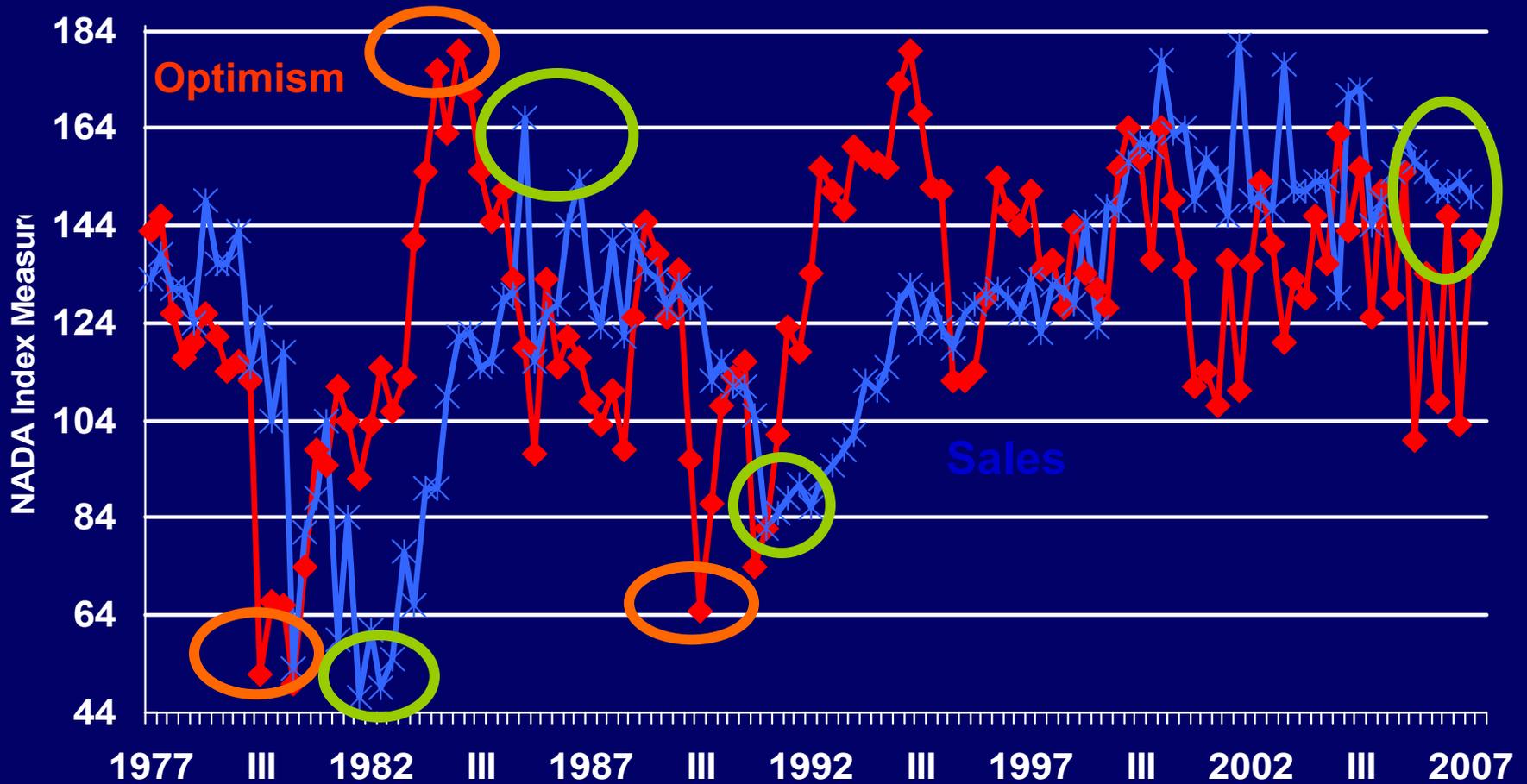
The Conference Board's Consumer Confidence Index



Source: Conference Board

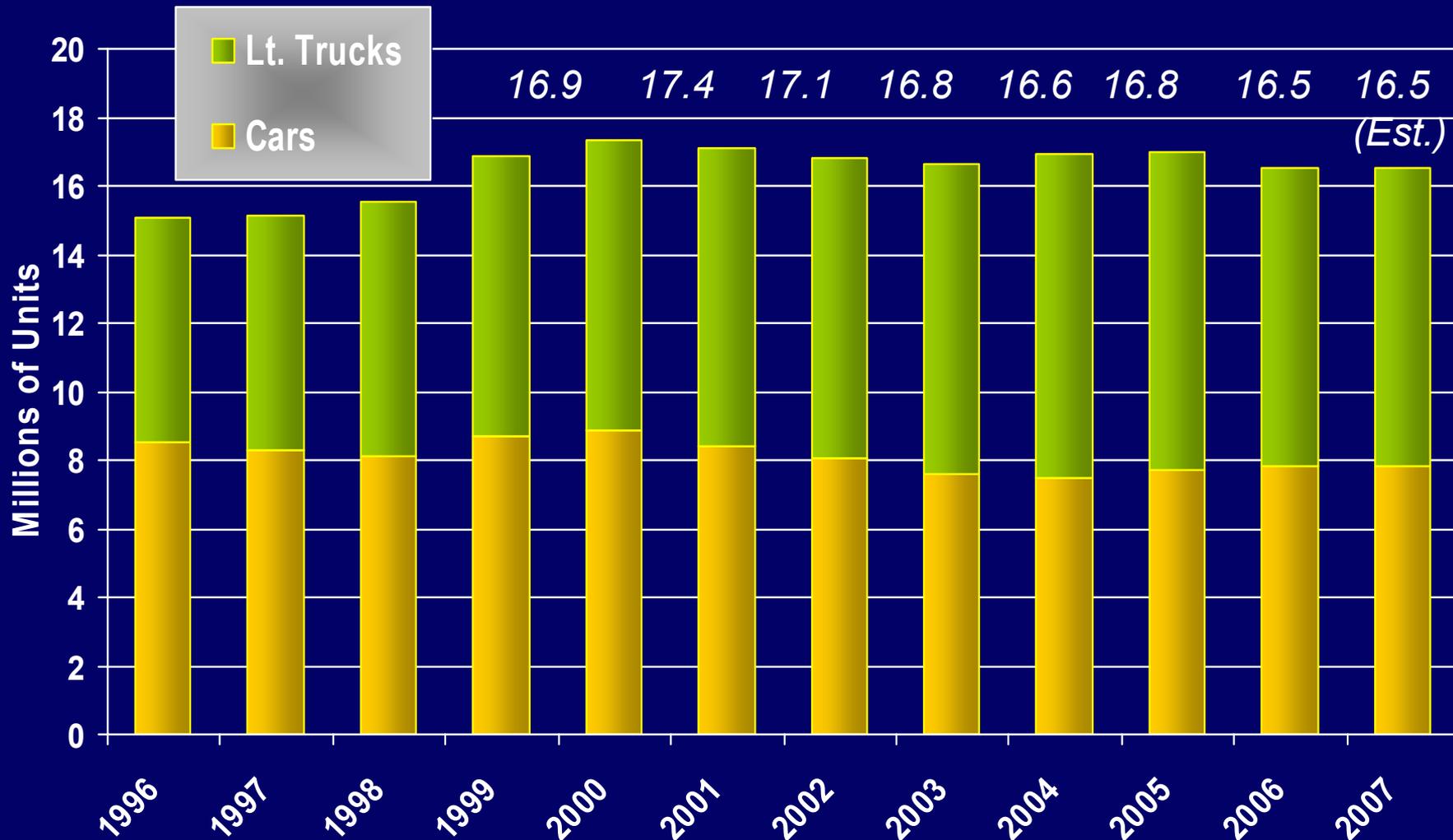
NADA Dealer Optimism Index

Leading Indicator of New-Vehicle Sales



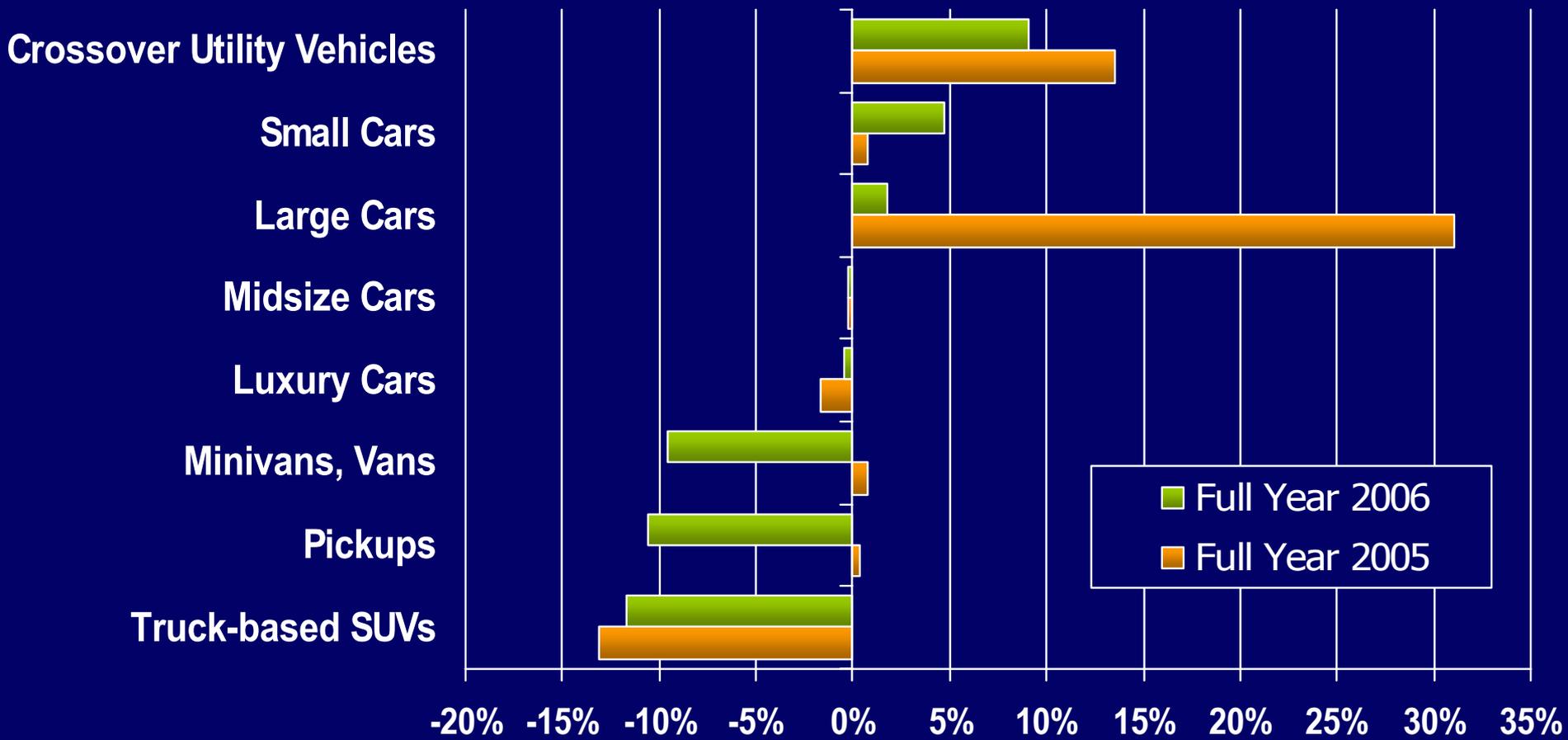
Source: NADA Industry Analysis

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



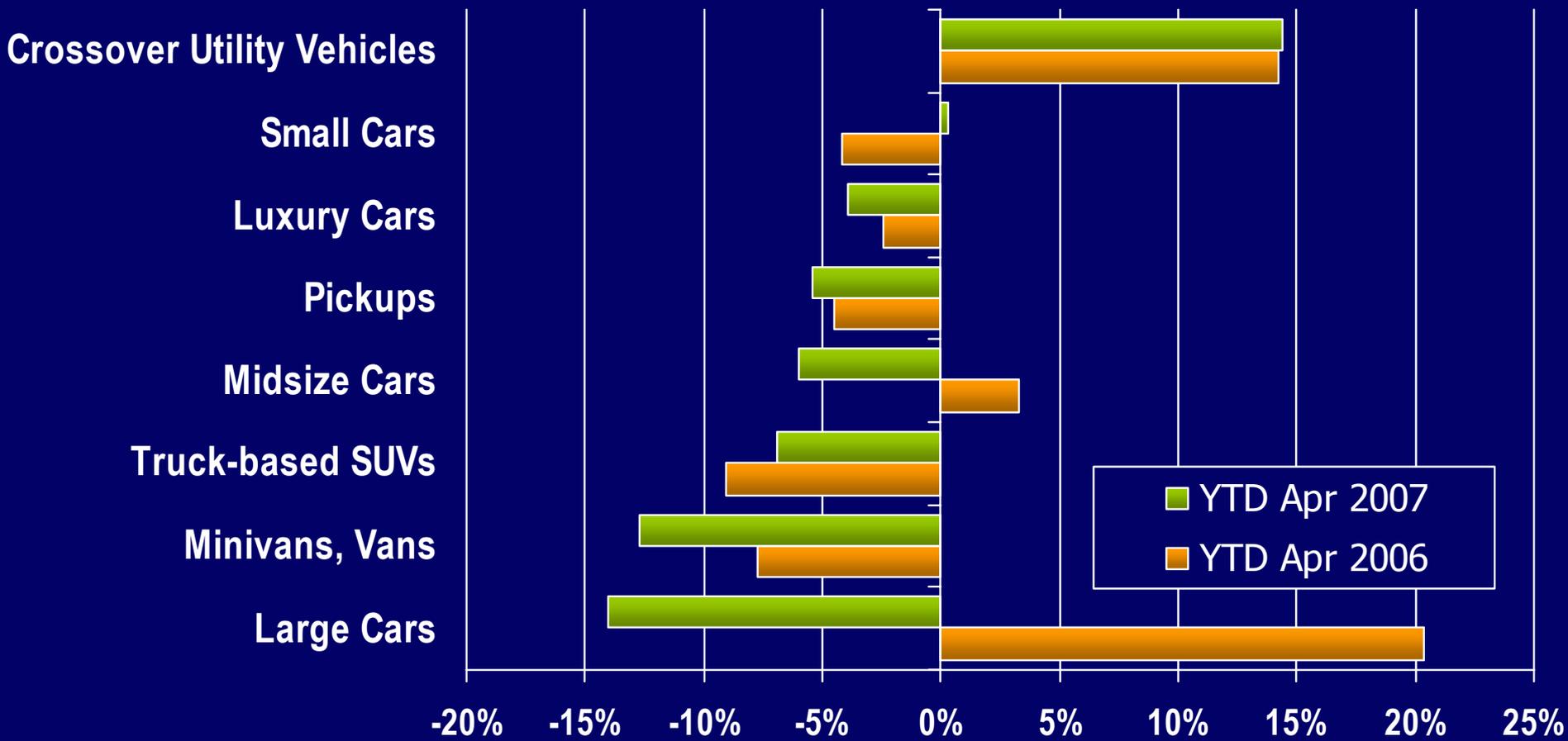
Crossovers, Small and Large Cars had Sales Growth

Percentage Sales Growth in Full-Year 2006



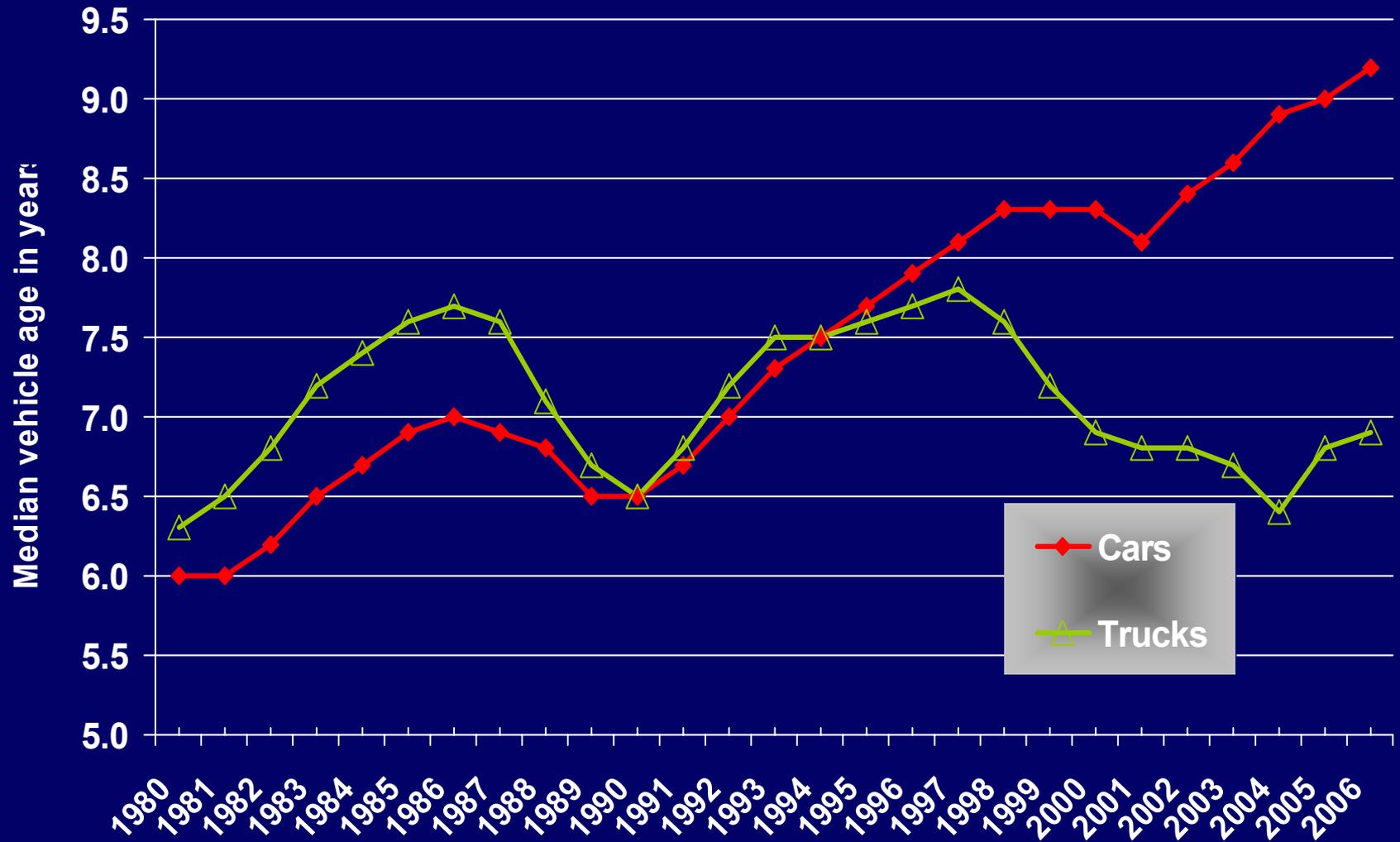
Source: Ward's Automotive

Crossovers and Small Cars are the only Categories with Sales Growth, Year-to-Date April 2007



Source: Ward's Automotive

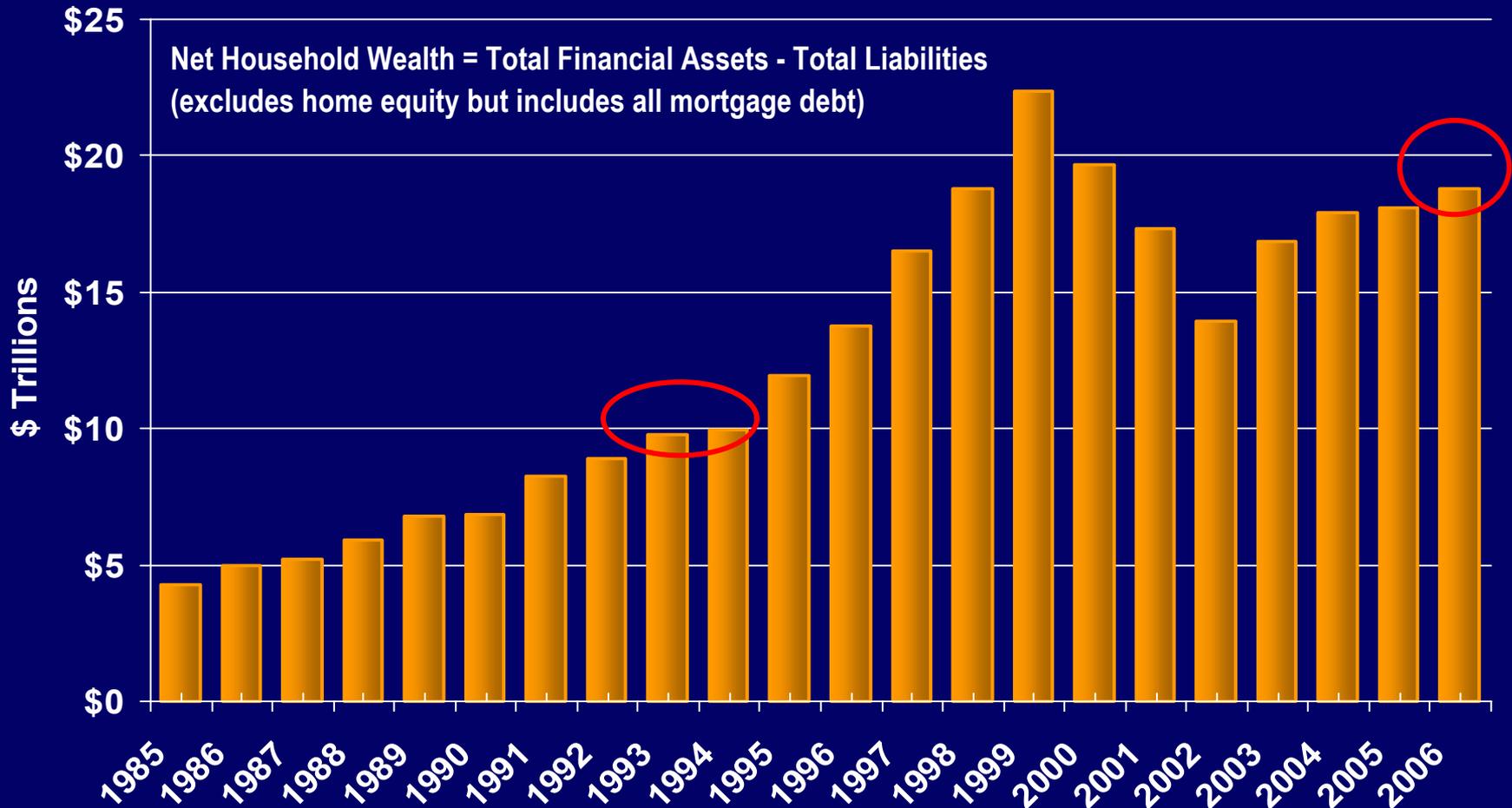
Median Vehicle Age Moving Higher



Light Vehicle Market Share Percentages By Major Manufacturer



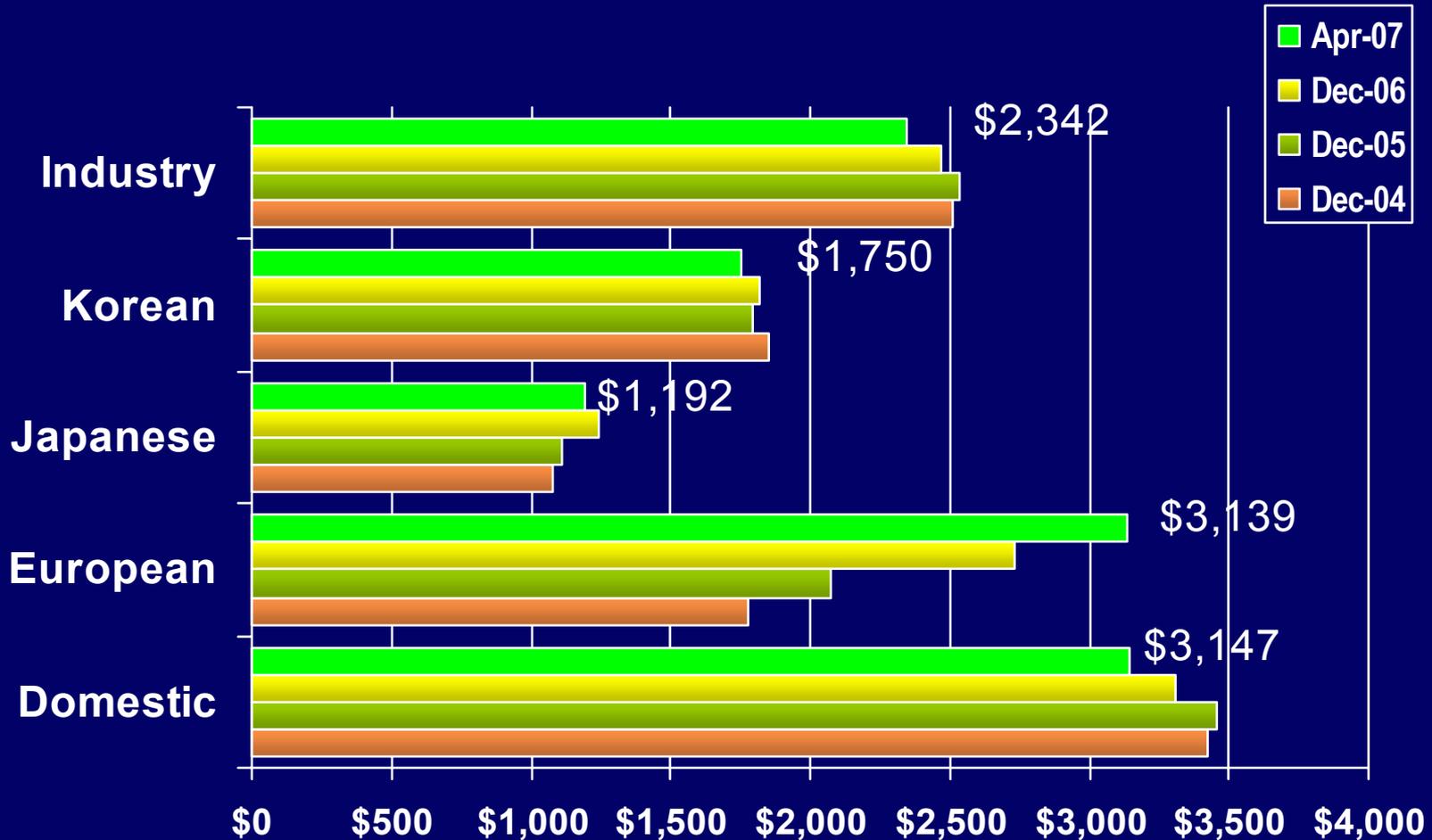
U.S. Household Net Financial Assets



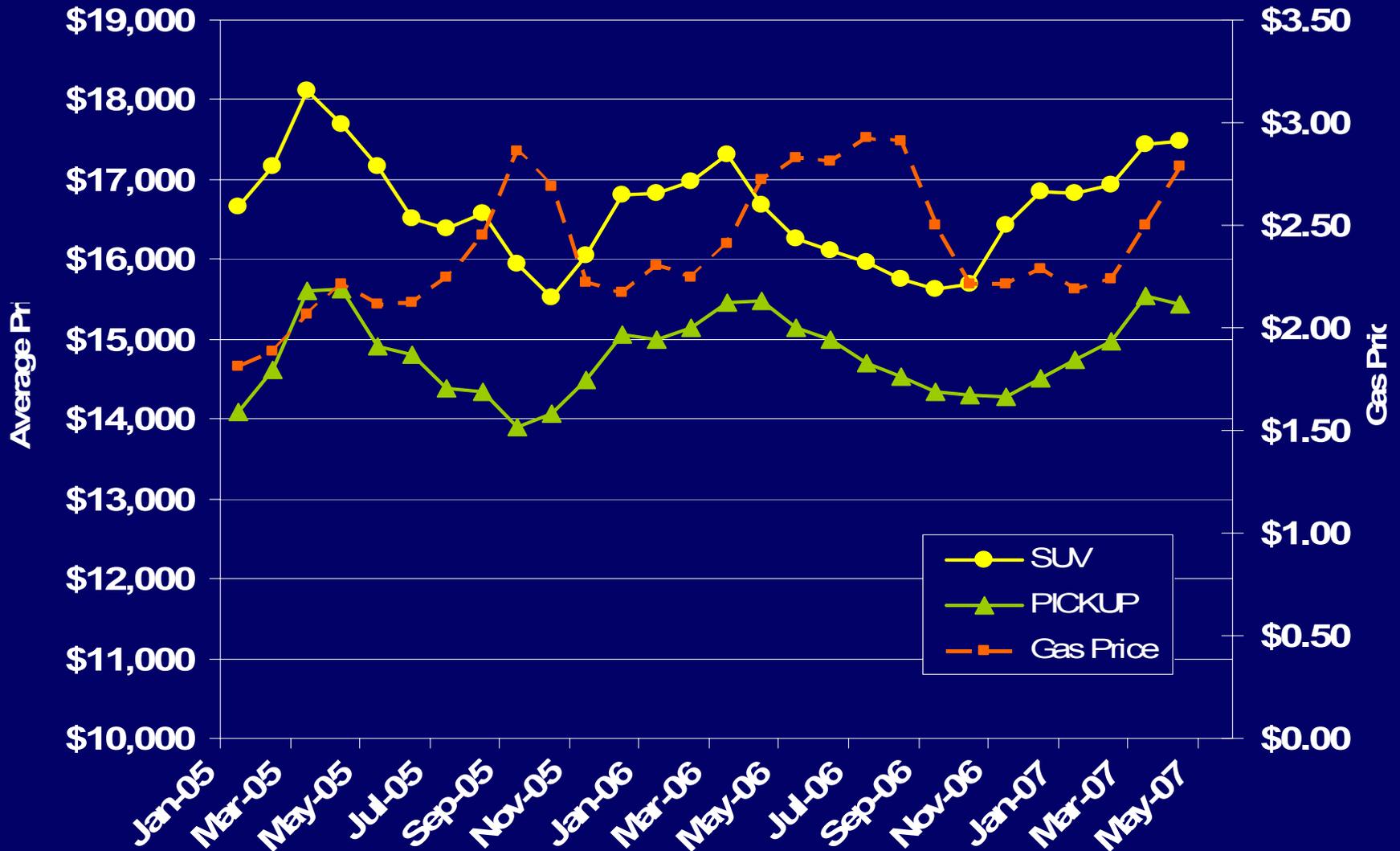
Source: Federal Reserve Flow of Funds Data, Z.I., Table L.10.

Manufacturer Incentives: Lower in 2007 Thus Far, through April

Exception is the Euro-badged Vehicles



AuctionNet Wholesale Used SUV Prices and Gas Prices Ward's SUV and Pickup Segments



AuctionNet Average Wholesale Used Vehicle Price and Smoothed Trend (Red Line)

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

