



November 2009

ECONOMY: THE RECESSION IS OVER!

As expected, third quarter real GDP increased at more than a 3% annual rate (i.e., +3.5%). This is a clear sign that the recession ended this summer and the economy will be expanding going forward. However, the economy has declined a great deal since the beginning of the recession and will take some time to regain its previous peak. For that reason, many individuals and businesses will find it hard to believe that the recession is truly over.

Until most individuals and businesses are convinced that the economy will grow for a sustained period, there will be opportunities for forward thinking business leaders and investors to buy underpriced assets to position themselves for the upcoming expansion

NEW VEHICLE SALES: SALES COME BACK!

New light vehicle sales in October recovered from their post cash-for-clunkers (C4C) decline in September, coming in at 10.5 million units at a seasonally adjusted annual rate. The October sales rate was probably still negatively affected to a small degree by the extra cars sold in July and August due to C4C. With some additional recovery from C4C and the positive impact of higher stock and home prices, the 2009 total for new retail light vehicle sales is in striking distance of the 10.5 million-unit forecast presented at the NAAA Spring business meeting.

USED VEHICLE SALES: THEY ARE BUYING NEW CARS!

A combination of attractive new car deals and lack of inventory resulted in an October decline in retail used unit sales of 15% according to CNW Research, the largest year-over-year decline this year. Year-to-date used retail sales are down 3.5%.

AUCTION VOLUME: VOLUME SETTLES DOWN

Auction volume in October stabilized from the C4C related swings of the past two months and was down slightly from last year (i.e., -1.9%). Based on the sharp increase in auction prices, lack of supply probably kept volume below demand. As the effects of C4C dissipate and more trade-ins become available, we expect to see increases in auction volume on a year-to-year basis.

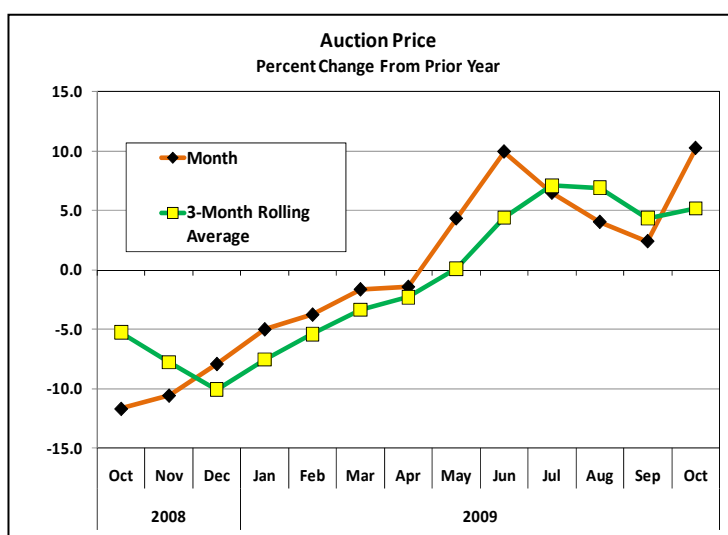
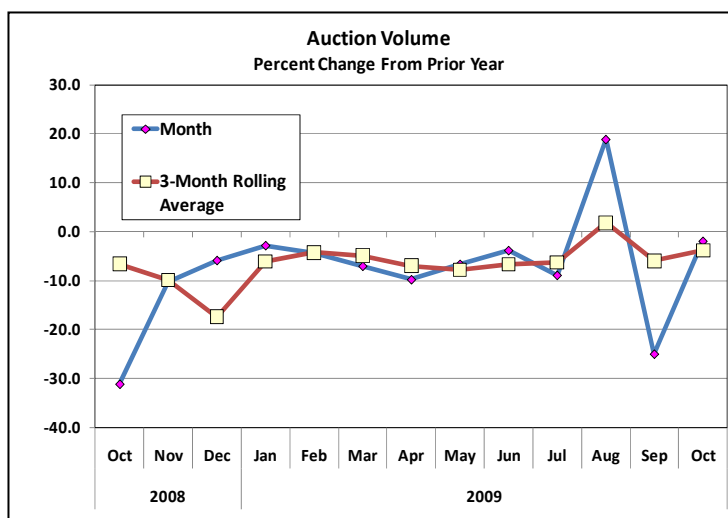
REGIONS: While the North Central region continued to lag, the Southeast and Northeast both had year-to-year increases in October. Except for the C4C distorted August results, this is the first increase for either region in over a year

TYPE: Dealer consignment and fleet/lease were both up in October, while manufacturers/factory continued down by more than 50% for the second month in a row.

SEGMENT: CUVs continued their relatively strong trend with a 6.4% increase in October, bringing the YTD in at up 4.5%. Passenger cars were up for the first time (except for the August C4C distortion) in over a year.

AUCTION PRICE: PRICES AND MILEAGE SOAR!

Auction prices were up about 10% in October reflecting the lack of supply. The sharp price increase is even more striking considering that average mileage was up 9.6%. Ever since C4C, average mileage has been up. In fact, from January through June of this year (before C4C) average mileage was down 1.2%, while from July through October it was up 8.4%.



NAAA Auction Industry Report

AUCTION VOLUME	Percent Change From Prior Year						
	Three Month Rolling Average			Month			
	2009	2009	2009	2009	2009	2009	2009
	AUG	SEP	Oct	AUG	SEP	Oct	YTD
Total	1.8	-5.9	-3.8	18.9	-25.0	-1.9	-5.5
Regions							
Far West	-2.6	-10.7	-6.3	13.7	-26.7	-1.9	-6.1
Southwest	3.0	-4.1	-2.0	24.6	-23.9	-3.8	-4.7
North Central	-2.5	-10.2	-10.5	9.9	-29.2	-10.2	-9.4
Southeast	4.4	-2.9	-0.8	22.0	-22.9	1.9	-3.9
Northeast	5.2	-3.4	-0.4	23.2	-23.2	3.9	-3.7
Sales Type							
Dealer	1.1	-2.9	3.8	23.2	-17.9	10.5	-10.1
Fleet/Lease	8.4	-1.0	-0.1	23.3	-22.5	2.3	4.7
Manufacturer/Factory	-22.7	-37.8	-45.3	-17.2	-59.6	-53.7	-22.5
Segment							
CUV	7.2	-4.4	-1.4	20.4	-26.2	6.4	4.5
Passenger Car	5.8	-1.2	0.6	26.0	-22.7	2.8	-3.9
Pickup	4.2	-6.5	-5.9	15.8	-25.5	-5.0	-2.8
SUV	-10.0	-16.5	-13.6	4.7	-30.7	-12.4	-14.1
Van	-5.3	-11.2	-7.9	11.6	-24.2	-9.4	-10.0
AUCTION PRICE	Percent Change From Prior Year						
	Three Month Rolling Average			Month			
	2009	2009	2009	2009	2009	2009	2009
	AUG	SEP	Oct	AUG	SEP	Oct	YTD
Total	6.9	4.3	5.2	4.0	2.4	10.2	2.1
Regions							
Far West	8.4	6.1	6.7	4.6	6.0	10.5	3.9
Southwest	7.4	4.4	4.2	5.8	0.3	6.6	1.6
North Central	6.8	5.3	6.1	4.0	4.7	10.6	2.0
Southeast	9.2	6.9	8.4	5.6	5.7	16.0	4.1
Northeast	3.6	0.2	1.2	0.9	-3.0	7.3	-0.5
Sales Type							
Dealer	8.1	5.8	7.3	3.5	5.0	16.7	1.3
Fleet/Lease	6.9	5.8	7.7	6.1	5.2	13.0	1.5
Manufacturer/Factory	9.1	10.2	17.4	10.0	16.9	28.5	3.4
Segment							
CUV	8.1	7.9	9.4	8.3	7.7	14.1	0.3
Passenger Car	-5.2	-6.0	-3.4	-7.0	-5.2	4.1	-4.0
Pickup	30.2	23.4	19.9	22.2	16.3	21.0	14.1
SUV	27.2	19.7	16.6	21.2	12.2	16.0	11.5
Van	5.3	3.0	3.3	4.5	0.0	5.1	-2.5

Source: AuctionNet from NADA

Auction data come from a number of different sources and may not always appear to be consistent. In order to provide the most useful and up-to-date information about the industry, we utilize data from the most appropriate sources and provide you with the underlying implications.