

Beggs on the Used Car Market

August 3, 2009

Clunkers, Weekly, 30 Day & 90 Day Trends

Hello and welcome to this week's edition of *Beggs on the Used Car Market*. I'm Ricky Beggs, Managing Editor at Black Book.

WOW, what a week it has been! In the last several days we have seen the implementation of CARS or the Cash for Clunkers program and then talk of a subsequent suspension after less than a week. The interest has been tremendous for dealers and from consumers. The real question is how close are we to having enough deals initiated to use all of the allocated funds? For all those deals that did qualify for the program, there were some that didn't, but still ended up with consumers being a new car owner or maybe a "new" used car owner. Those non-qualifiers undoubtedly created some inventory for the used car lot or another unit for the auction lanes.

The used market this past week had some mixed reports from the auctions and survey personnel across the country. Comments ranged from strong and high prices continuing, to steady, and even a few comments like "a little off". One institutional remarketer even termed it a little tougher week.

This past week 4 of the 10 car segments were up and except for the Premium Sporty Car segment, the increases were larger than the decreases, thus the overall car segment increased again this week. This is a trend that has been on the positive side for the past 9 weeks.

The trucks had 12 of the 14 segments holding the line or increasing this past week. Only the Compact SUVs and Compact Pickups decreased, and then at a miniscule -\$6 and -\$4 respectively.

An interesting note is that only 2 segments, the Mid-size Crossovers and luxury SUVs, had gains greater than the previous week. I feel this might be another indication that the strength in the market values might be slowing somewhat.

The number of Daily adjustments for Clean Condition vehicles was just under 500 vehicles. 57% of the changes for the week were increases at an average of +\$184. While including the vehicles that depreciated this past week from the previous week, the overall market adjustments were still positive coming in at an increase of just under \$50.

Looking at 30 and 90 day trend reports, both time periods showed positive value adjustments for Domestic Car, Import Car, Domestic Truck, and Import Truck segments. These ranged from a .83% increase in the last 30 days for Import Cars to a 1.60% increase for the Domestic Truck segment. For the previous quarter the increases were even stronger overall with the smallest increase being with the Domestic Cars at .18% to a surprising 4.13% increase on the Domestic Trucks.

Confirming our love affair with trucks and SUVs, the annual market changes from August 2008 to today showed the Import Truck segment depreciating only -5.9% while the Domestic Truck segment increased 2.2% over the past year.

Last week all of the Black Book associates, along with some special industry guests, celebrated 25 years of dedicated service with Tim West, VP, and North American Auction Director. Congratulations Tim.

Thanks for tuning in today for this insight into the market. We welcome your thoughts and look forward to seeing you on the auction lanes!