

## Beggs on the Used Car Market

June 28, 2010

Market softens for 5<sup>th</sup> straight week... Powersports peaking early

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

It's now summer time, with very warm weather, or maybe I should say extremely hot weather, here in Northeast Georgia. That means prime motorcycle riding weather all across the country. For motorcycle dealers it is also a very active selling season with enthusiasts making passionate purchases. Last week in this video broadcast I mentioned that I would be providing an update on the powersports market. Whether you are an auto dealer getting a possible trade, financial institution lending on a powersport product, or a powersports dealer doing what he/she does best, having a good tool/guide and feel for the current market is extremely important.

We track and report the powersports market with the same dedication to detail and specific processes as the auto and truck markets. Here is the latest that is reported in the July edition of the Black Book Official Motorcycle & Powersports Value Guide.

Over the past few weeks we have seen signs that the normal summer slowdown for the wholesale side in sales and prices that occurs around the Fourth of July has arrived a little early. Normally, sales remain on a steady upward trend from late winter through the first few weeks of July, peaking about the second week of the month. Our conversations with dealers, combined with the data from the auctions, indicate that wholesale prices have definitely peaked about a month earlier than normal. As a result, prices have generally declined in the guide this month. On most motorcycles, ATVs, scooters, and utility vehicles, prices are about 1 to 3 percent lower than last month's values. The V-Twin and heavy cruiser market has also slowed down as well this month, with prices down 2 to 3 percent as we head into July. The wholesale market and current trends don't yet transfer to the retail market as it is still prime selling and riding season.

Personal watercraft values are up this month, which indicates that some consumers are actually out spending a little more money on recreational activities than we have seen over the past two years.

Snowmobiles, I know it's hard to think snowmobiles with it being 95 degrees outside, are down in value again, but this will most likely change in the next few months as dealers in the northern and western areas of the country begin to stock up for shop work before the winter arrives.

Also, around this time of the year utility ATV values tend to go up as hunters and sportsmen prepare for the fall outdoor activities.

The auto market slowed back down this past week with fewer necessary adjustments required by the Editors, and the overall adjustment average change was about -\$42.00. The average price of the cars this week was down just over \$47.00 while the truck models average price was down about \$8.60.

The greatest segment change was the Premium Sporty Cars (PSC) down \$128. The next weakest segments included the Luxury Level Cars (LLC) and the Near Luxury Cars (NLC) models down \$53 for each segment type. The 14 truck segments split with 7 segments up and 7 segments down for the week. The two strongest segments were Full-size SUVs (FSU) and Full-size Wagons (FVW) up \$27 and \$24 respectively. On the opposite end of the spectrum were the Full-size Crossovers (FXU) down \$88 and the Compact SUVs (CSU) down \$56. This is the fourth consecutive week the Full-size Crossovers (FXU) have shown the greatest decline of any of the truck segments.

On a more positive note, the Editors, after extensive searching and analyzing of the market data, have included at least 20 more 2010 models with market driven values this week. Black Book has been reporting on some of the 2010 models in the electronic products since January of this year and with the May printed guides, market values on a large portion of these 2010s. Each week since, we have been able to report on even more of these models.

As we head to the Fourth of July holiday this coming weekend, we have a full week attending the auctions, participating in new 2011 product presentations, and reporting the activity. We also want everyone to take the time to thank all of our military personnel for their service.

Thanks for tuning in today. Have a great week and let us know how you see the market when you see us on the auction lanes.

Ricky Beggs