

June Monthly Market – Luster Disappears

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As industry reports have begun to come in regarding the most recent monthly new car sales trends, the used market continues to be a strong indicator of the current economic conditions throughout the country. A used vehicle continues to be the preferred means of transportation over a new model due to the lower purchase price and shorter loan terms as compared to a new vehicle. The differences in monthly payments between new and used vehicles are not as widespread as they were 2-3 years ago.

Used vehicle values continue to be relatively strong in retention based on historical levels, although that strength has eased somewhat in the past month. During the month of June the market required an average of 5637 adjustments per week with the price of both cars and trucks falling an average of \$65. Looking back two months to the market results during the month of May, the average car price went up \$138 while the trucks increased by \$64 from May 1st to May 31st.

When comparing the monthly trends of 3 year old used vehicles we are now seeing year over year, 3 month, and monthly value trends with less strength. July 1, 2010 as compared to July 1, 2009 for these same 2008 models, shows only 1 segment type – the Mid-size Pickups - increasing year over year. Over the most recent 3 month period the market is still pretty strong with 8 of the 24 segments increasing in value. But for the most recent period from June 1 to July 1, only 3 segments - Full-size Wagons, Compact Pickups and Mid-size Pickups – have increased. Compare this to the May 1 to June 1 period where we reported 13 segment types had increased in value.

When comparing 2007 models, only 3 segment types increased year over year - Mid-size Pickups, Min-Van Wagons, and Compact Sport Utilities. The prior 3 month trend was pretty strong with 12 segments increasing over the period. The most recent monthly period shows an overall downward slide in the market with only the Full-size Pickups, Full-size Wagons and Compact Pickups showing increases in value. During the prior month from May 1 to June 1, 17 of the 24 segments had increased values.

Taking a continued look at vehicles that are a little older, the 2006 models are showing a bit more strength in the market with these slightly lower priced vehicles. This is a sign of the economy indicating consumers just don't want to spend as much for longer periods of time for later model used and new vehicles as during stronger economic conditions.

The 2006s, year over year, have six segments up. Thirteen segments increased for the most recent 3 month period and the most recent monthly reporting period had 4 segments

increasing. Those included were the Compact Crossovers, Full-size Wagons, Compact Pickups and Full-size Pickups.

The bottom line, as we see the market adjust on a Daily basis, is the difference from new to slightly used in value. The later models, the used 2009s and 2010s are moving in the wholesale channels, but in lower percentages of the overall offerings than other model years. Something else we can't forget, the market isn't too bad when we look at traditional market trends for this time of the year. But then again, what is traditional?

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