

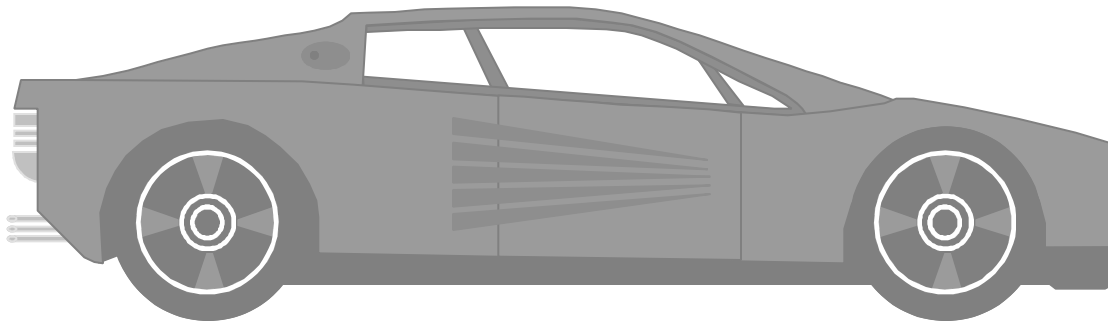
Motor Vehicle Outlook

Motor Vehicle Outlook

FTA Revenue Estimating Conference

Waterville Valley, New Hampshire

September 25, 2000



**Mark Haas, Director
Jeffrey Guilfoyle, Economist
Office of Revenue and Tax Analysis
Department of Treasury
State of Michigan**



U. S. Automotive Outlook

- What Affects Auto Purchases
- Changing Auto Market
- Shares of Production
- U. S. Automotive Outlook



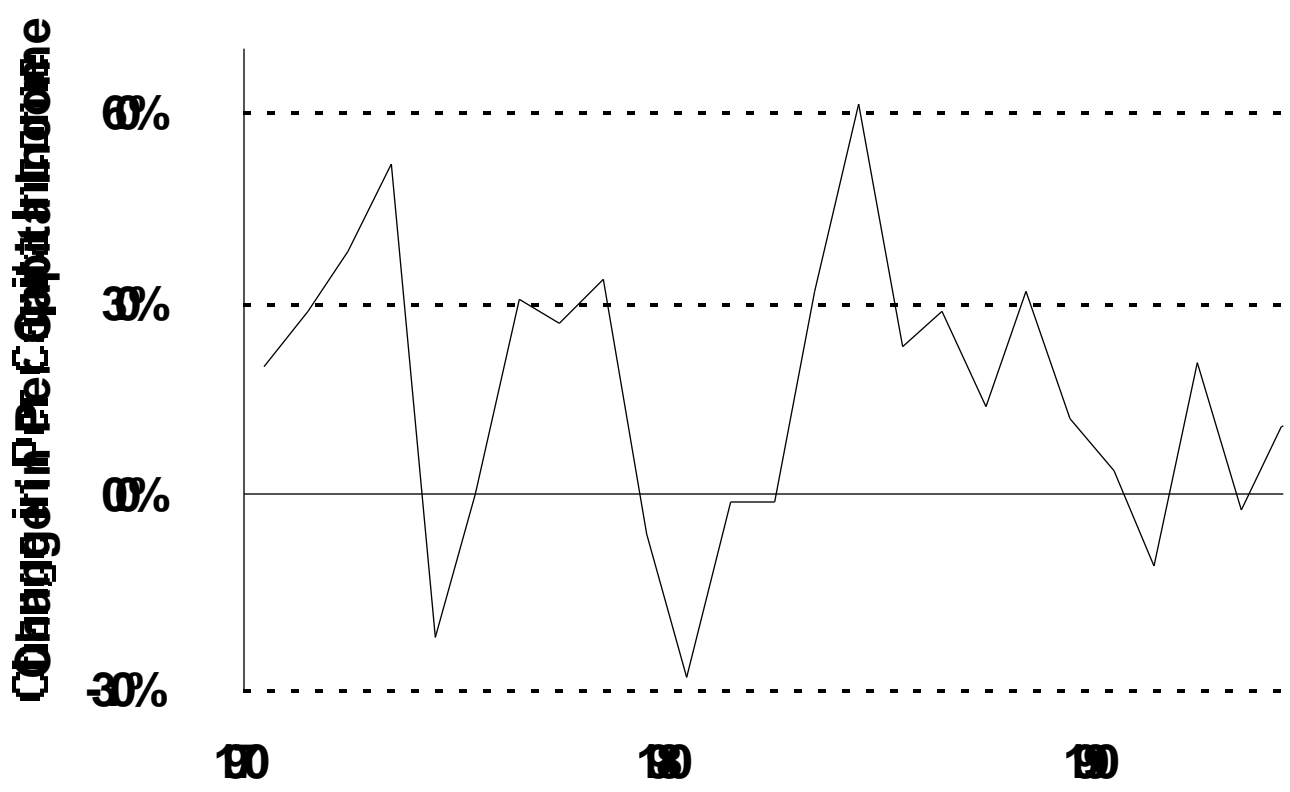
Factors Affecting Auto Sales

Ability to Buy

	<u>1999</u>
Disposable Income	Green
Vehicle Prices	Green
Interest Rates	Green
Affordability	Green
Debt	Yellow



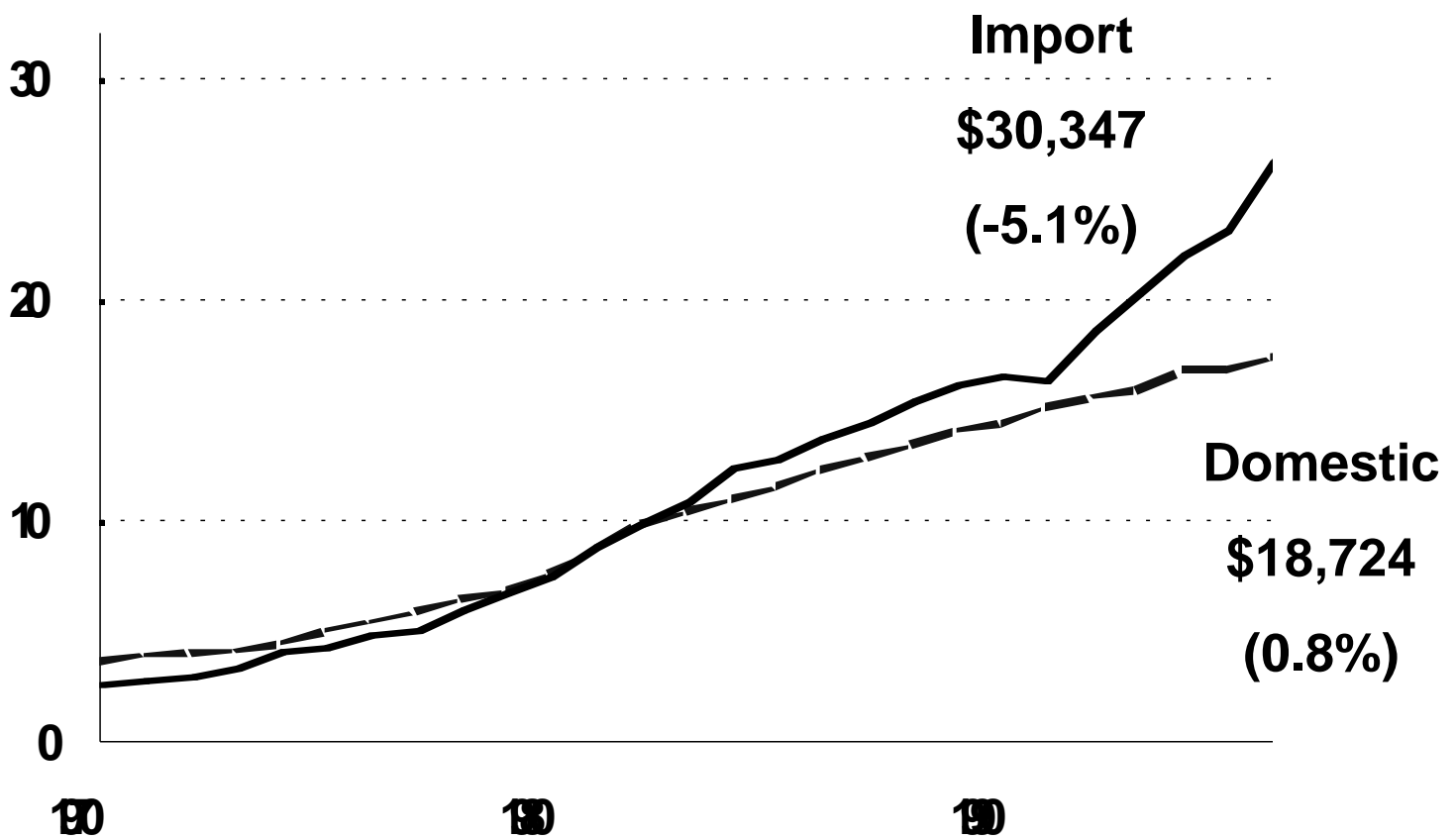
Real Disposable Income Growth



Source: U.S. Bureau of Economic Analysis



New Domestic Car Prices Stable



Sources: AAMA & Automotive News, Market Data Book 2000



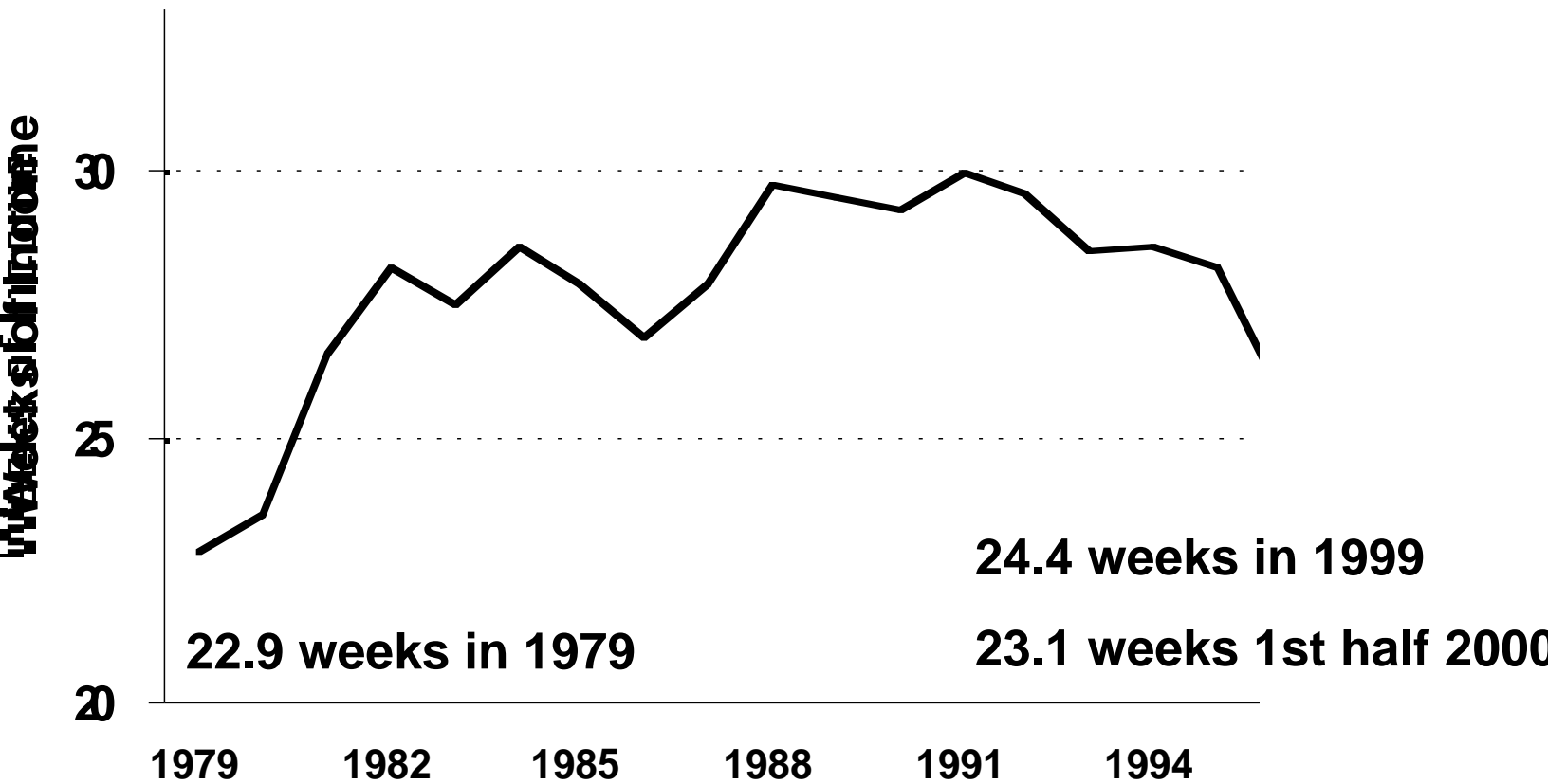
Low Interest Rates Help Sales



Source: Comerica Bank



Best Affordability Since 1980

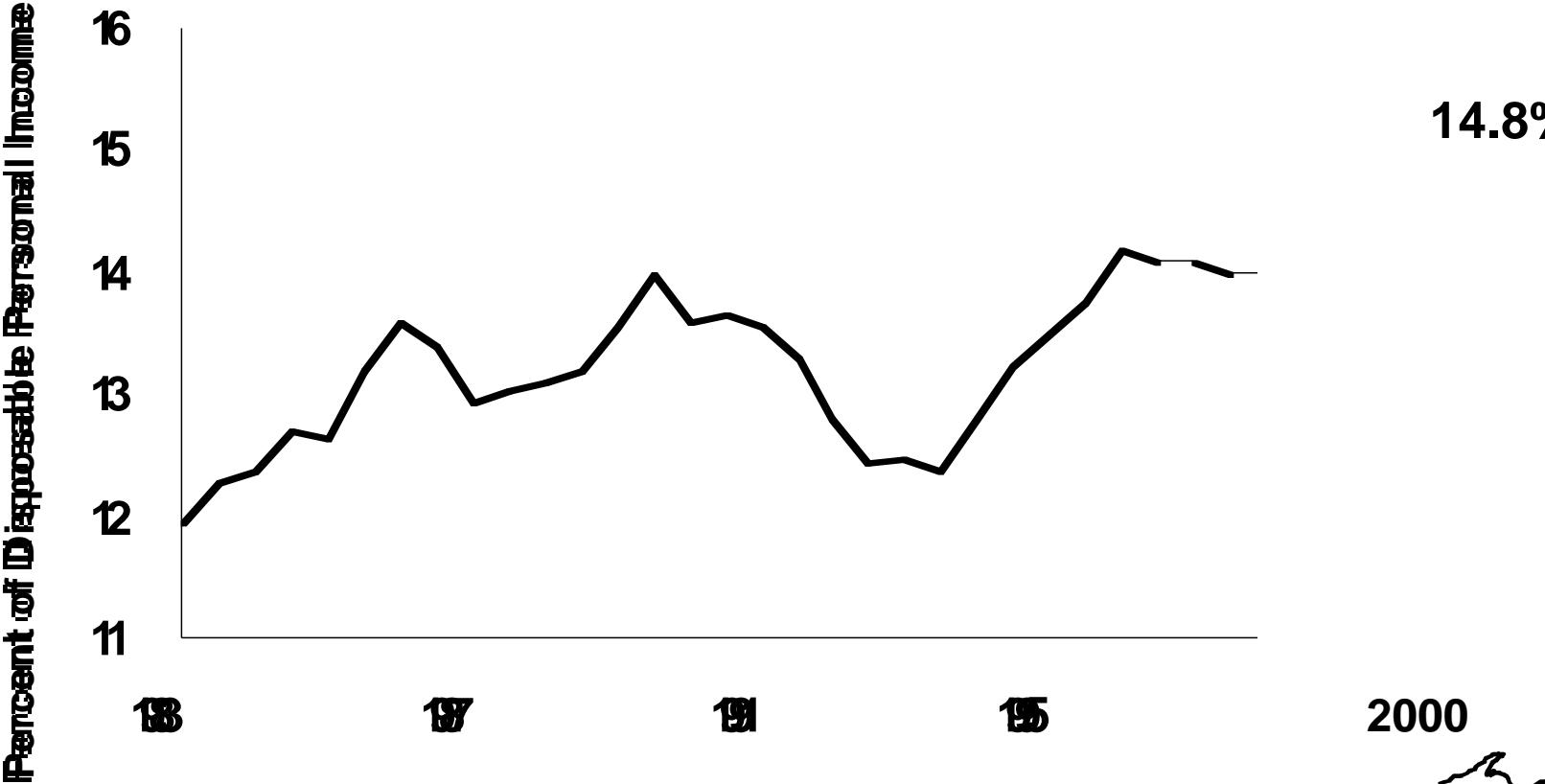


Source: Comerica Bank Economics Department



Consumer Debt Payments

Installment, Mortgage & Auto Leases



Source: Michigan Department of Treasury



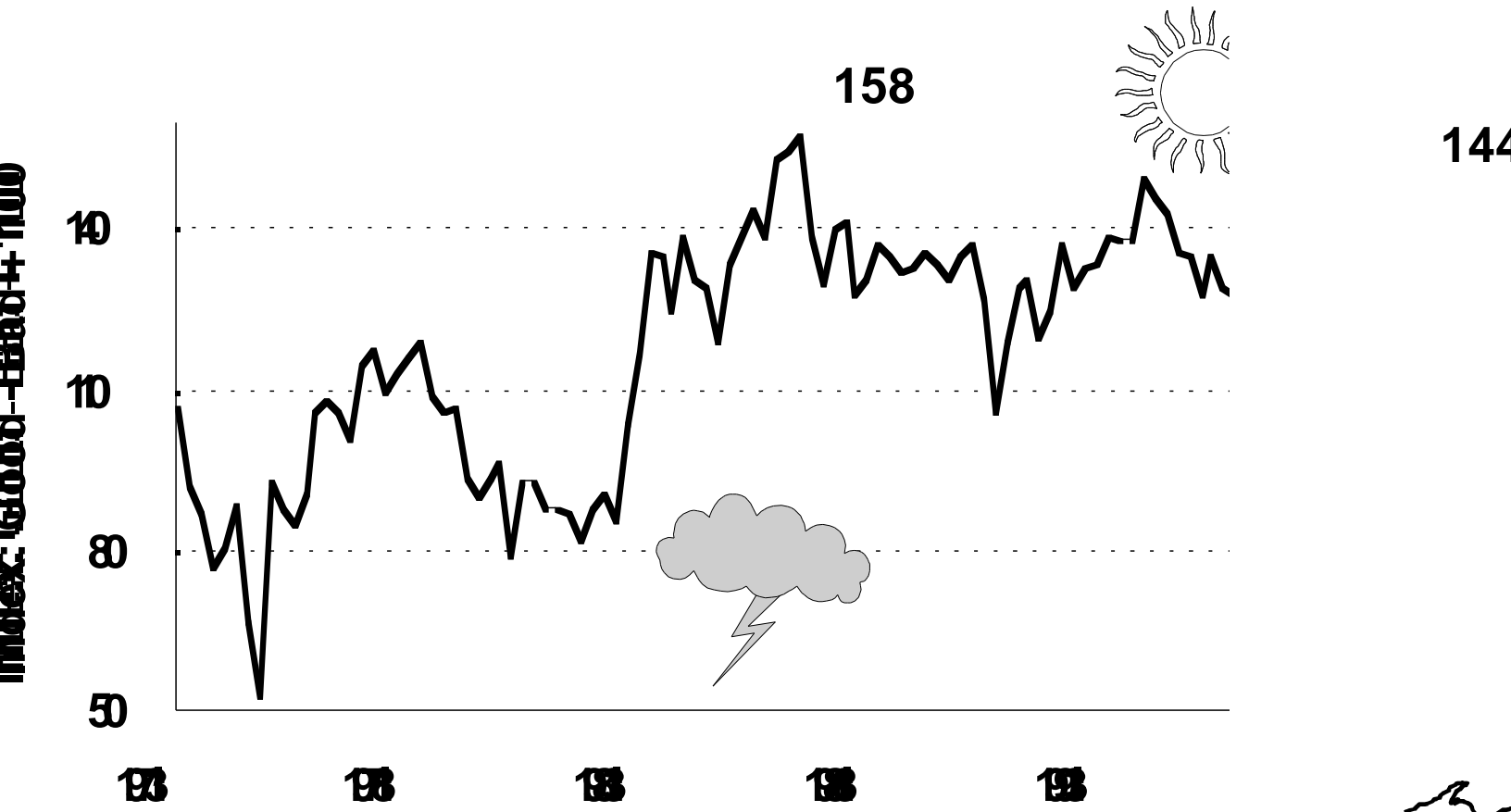
Factors Affecting Auto Sales

Willingness to Buy

	<u>1999</u>
Consumer Attitudes	Green
Age of Vehicle	Green
Demographics & Tastes	Green
Oil Prices	Yellow
Stock Market	Green



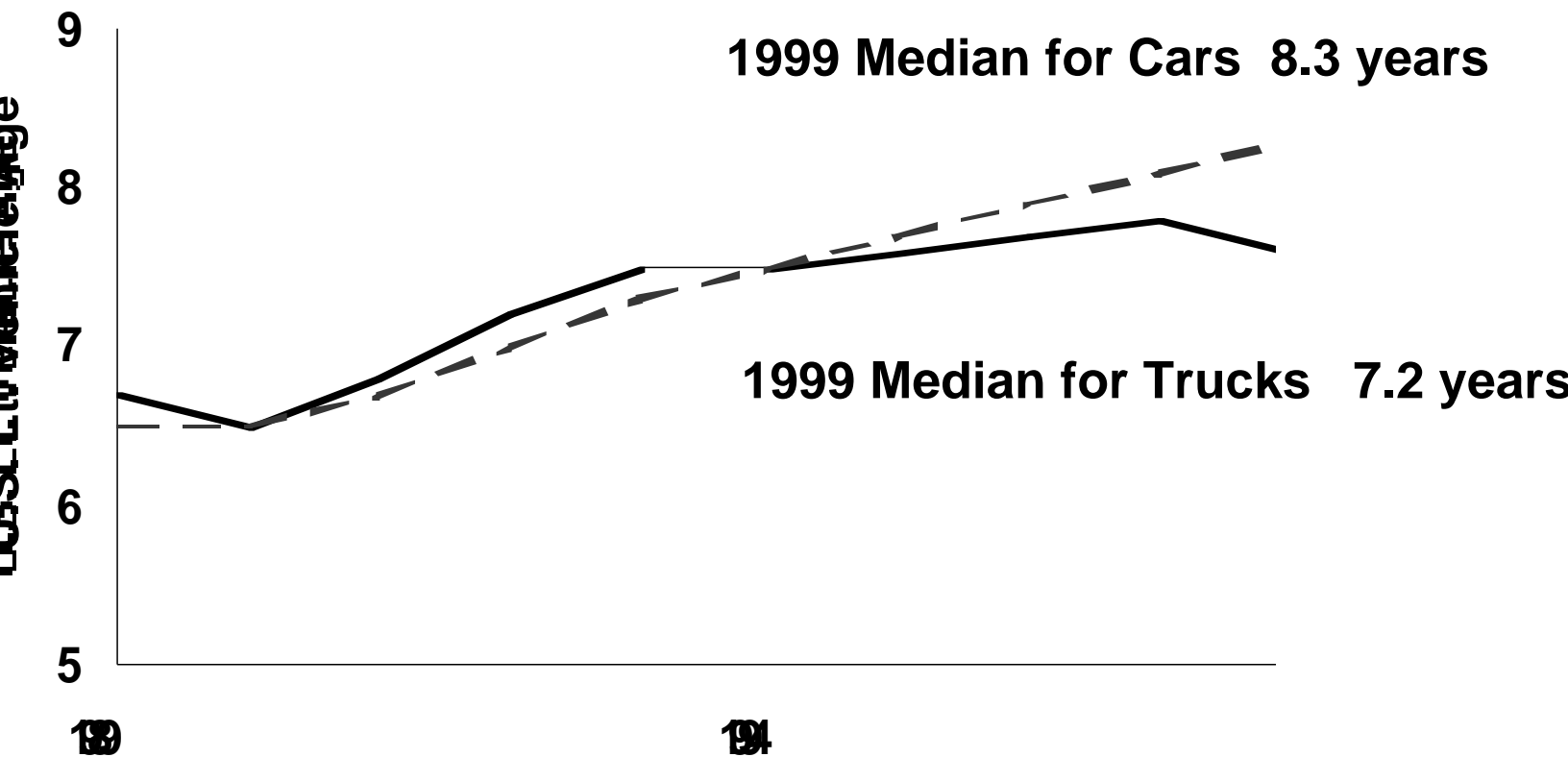
Consumer Car Buying Attitudes



Source: University of Michigan, Survey Research Center, July 2000



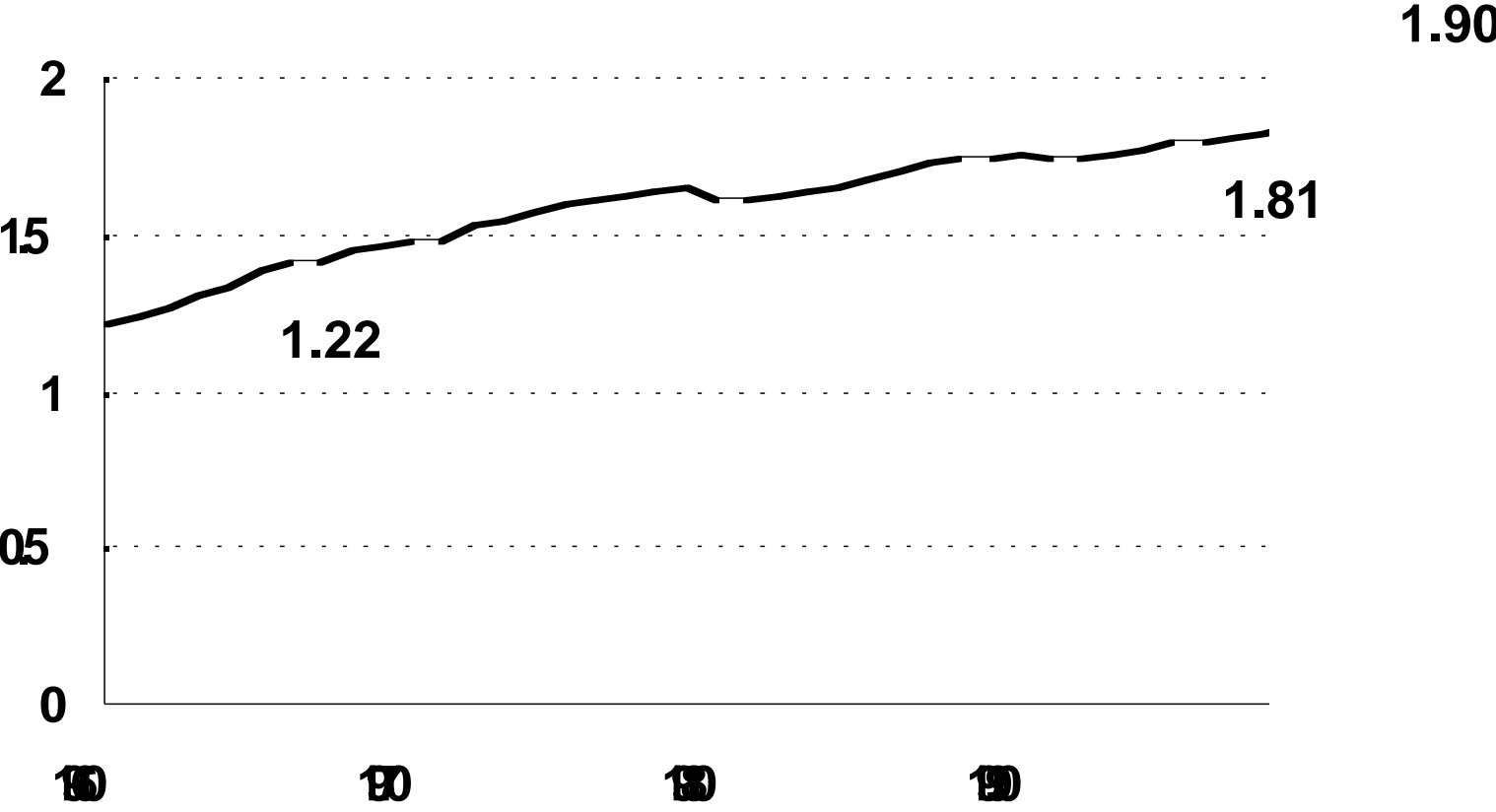
Vehicle Age Declining



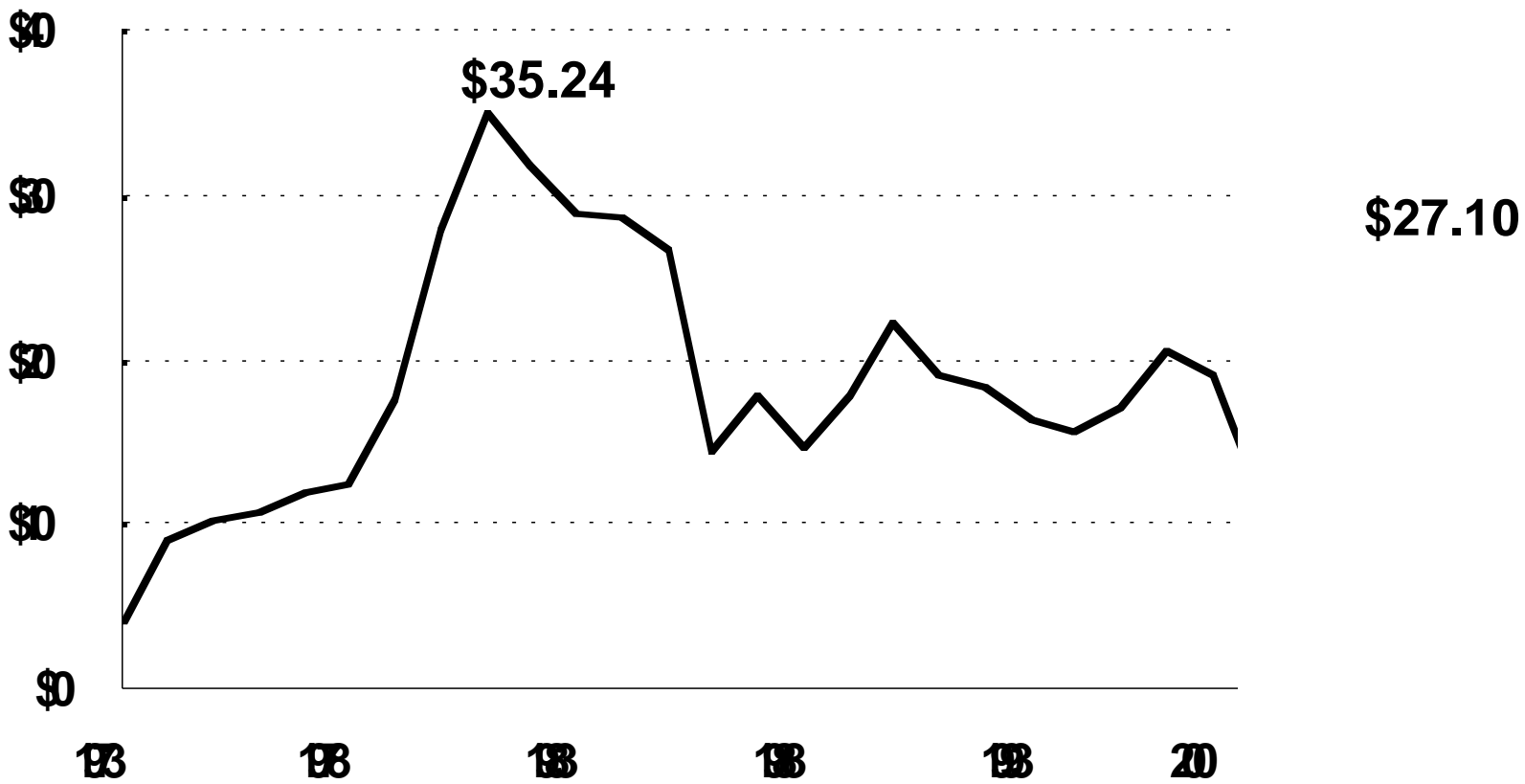
Source: Automotive News, 1999 Market Data Book



Vehicles Per Household



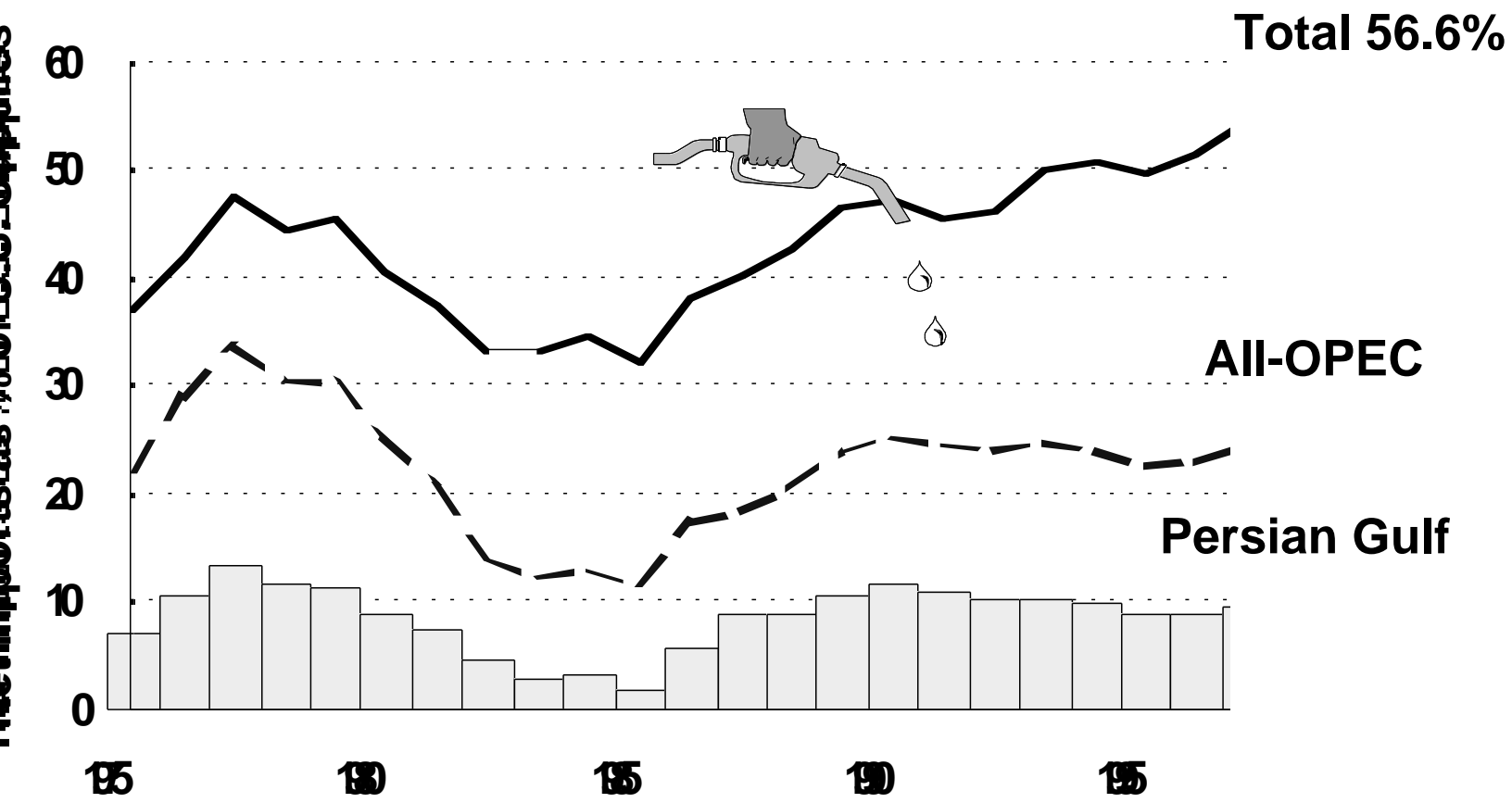
Oil Prices Rising



Source: Monthly Energy Review, Standard and Poor's DRI



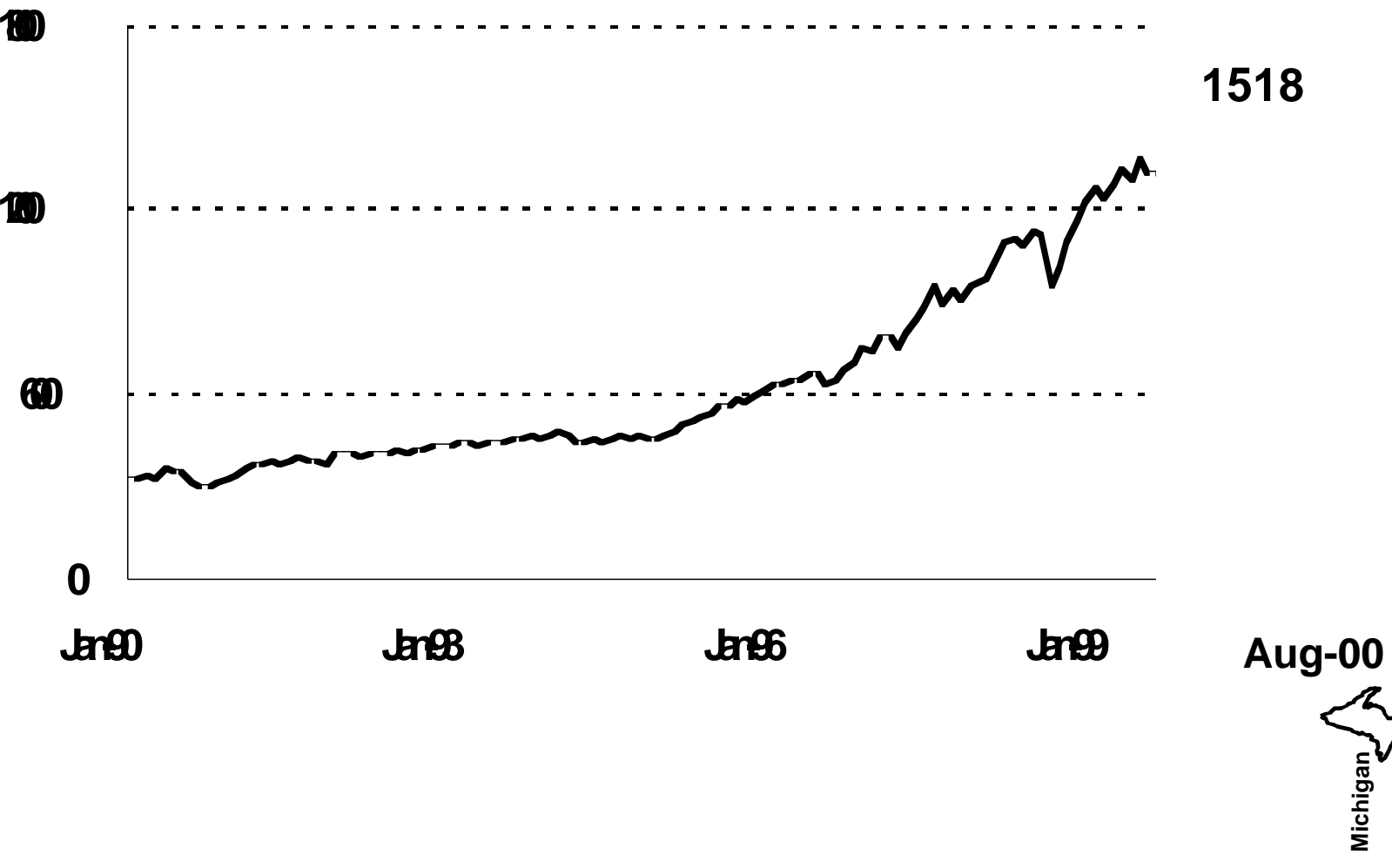
More Dependent on Petroleum Imports



Source: Monthly Energy Review



Stock Market Growth Slows

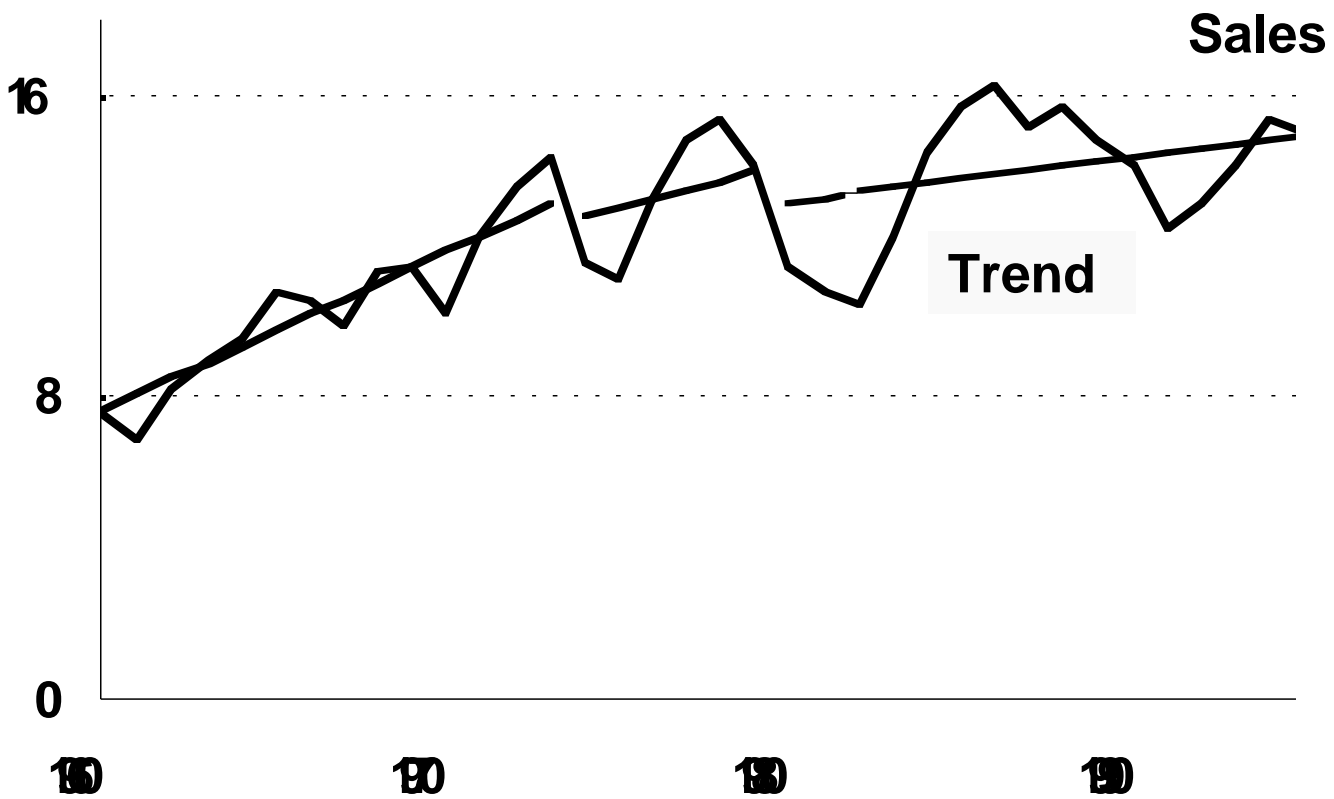


Demand For Motor Vehicles

- Trend
- Wealth Effect
- Economic Conditions
- Price Incentives



Vehicle Sales Trend



Source: Michigan Department of Treasury

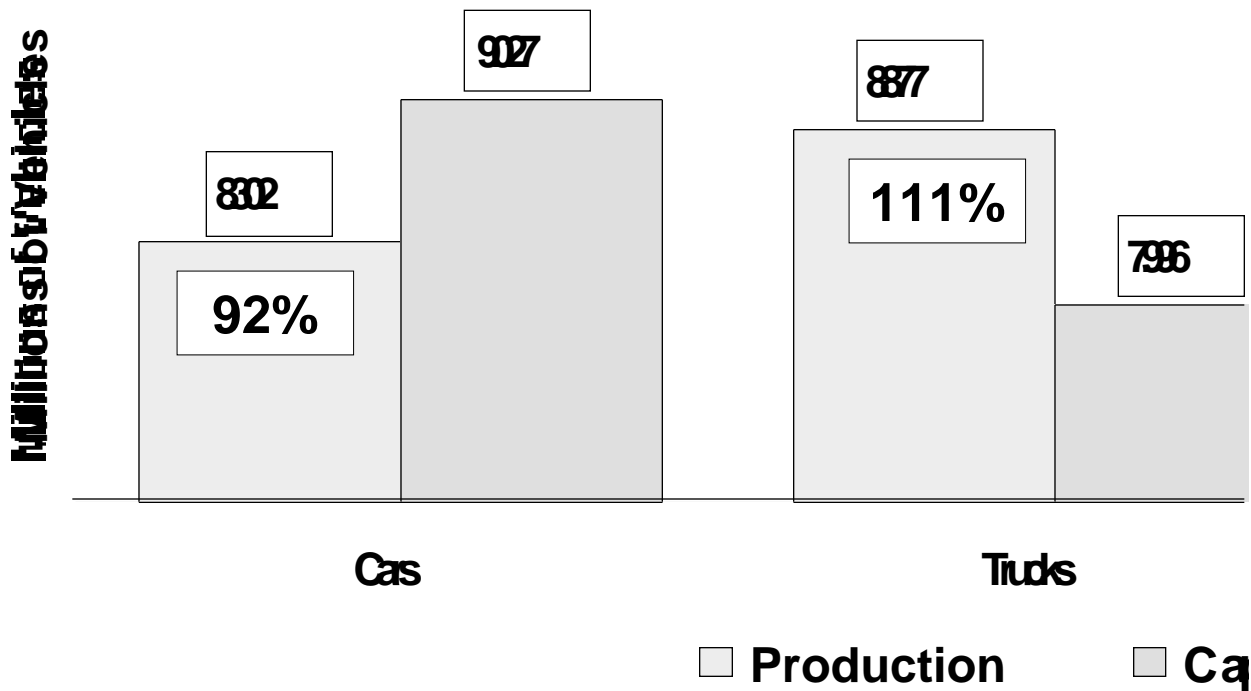


Motor Vehicle Production

- Capacity Utilization
- Worker Bonuses
- Occupational Mix Changing
- Improved Vehicle Production Management
- Improved Vehicle Demand Management



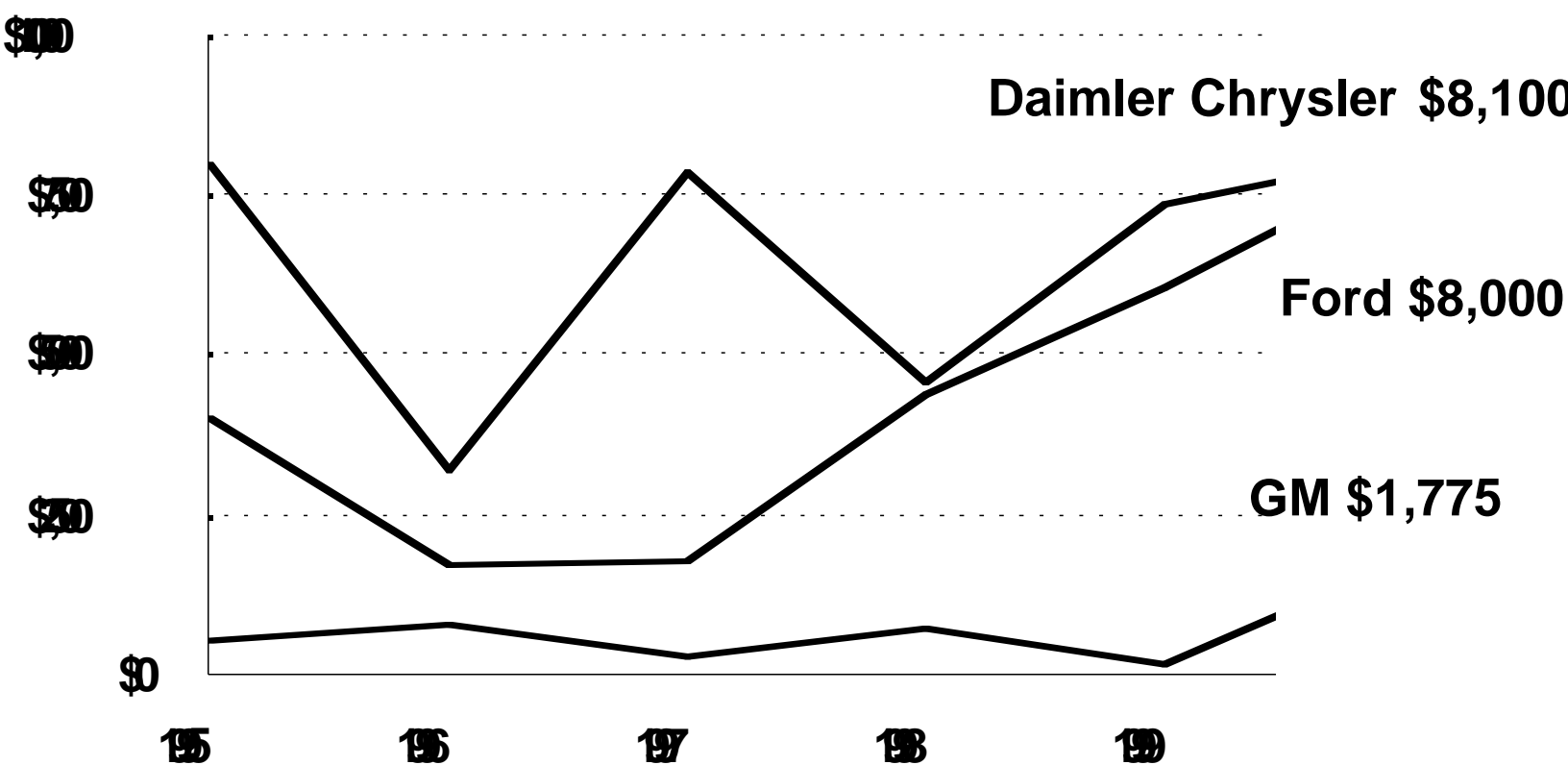
1999 Production and Capacity North America



Source: Automotive News, 2000 Market Data Book



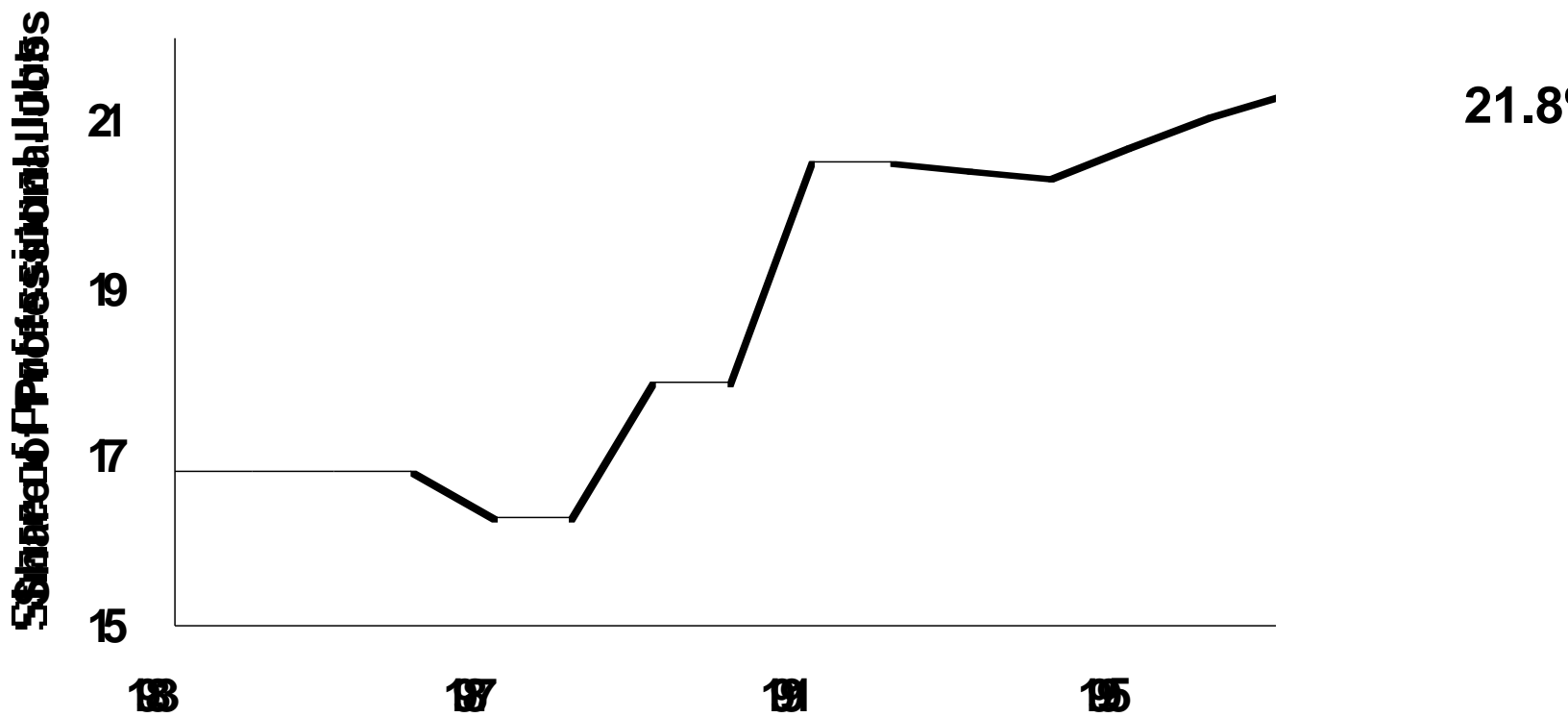
Big 3 Profit Sharing Checks



Source: Ward's Automotive Reports



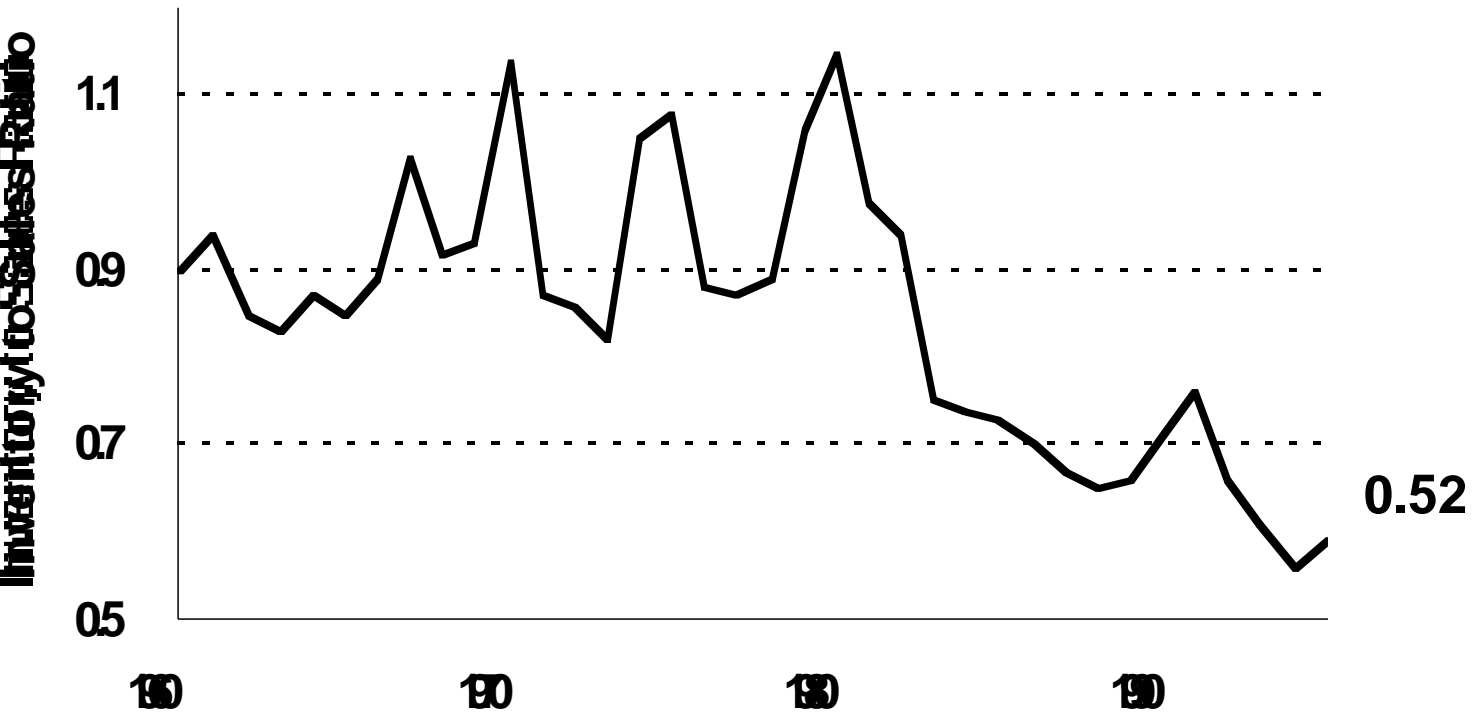
Occupation Mix Shifts in Michigan's Vehicle Industry



Source: Bureau of Labor Statistics & Economy.Com



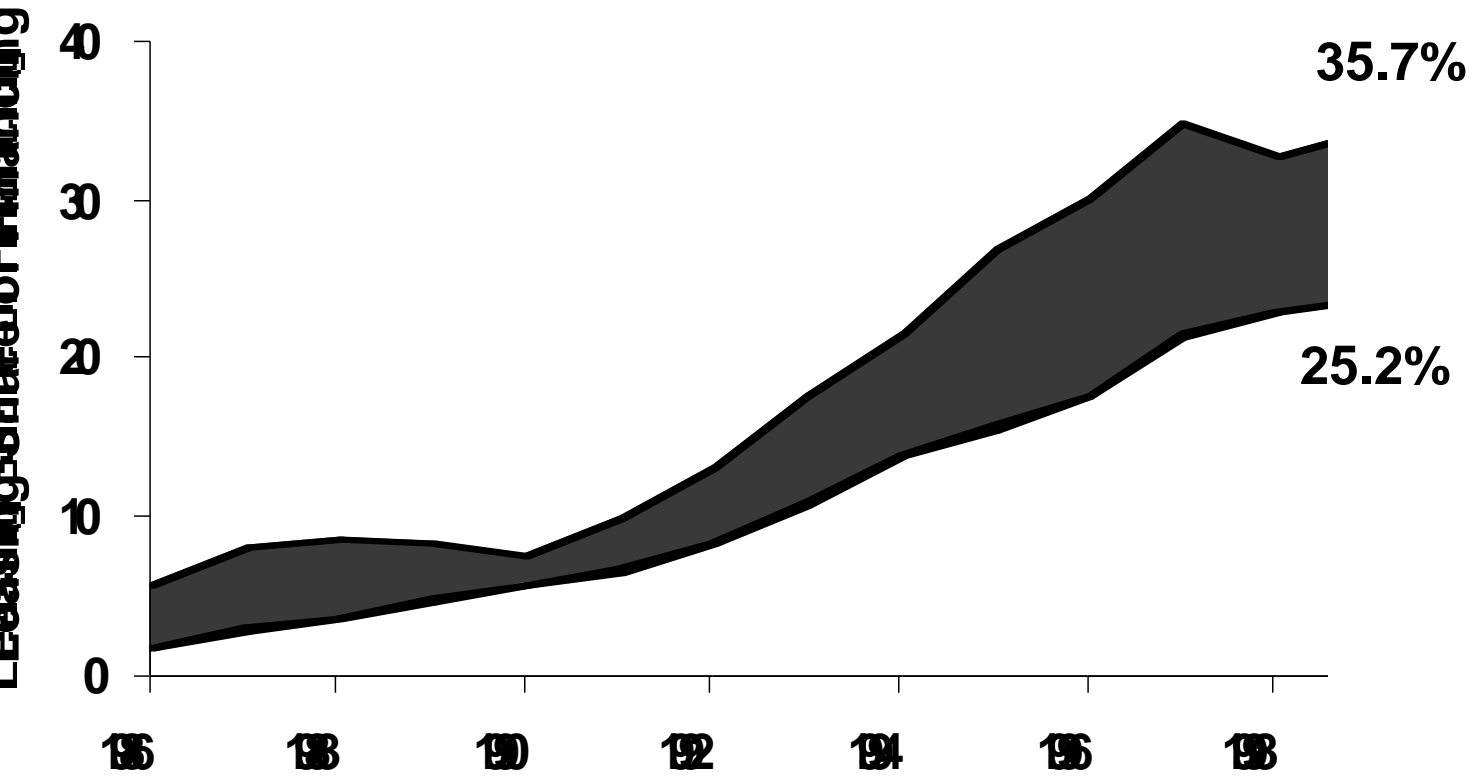
Improved Vehicle Production Management



Source: Bureau of the Census



Improved Vehicle Demand Management



Source: Ward's Automotive Reports, Economy.Com, WEFA



2000 Forecast Accuracy

	Aug 1999 Forecast	St Up
WEFA Group	15.4	1
Standard & Poor's DRI	15.7	1
Univ. of Michigan	16.0	1
Blue Chip	15.3	1



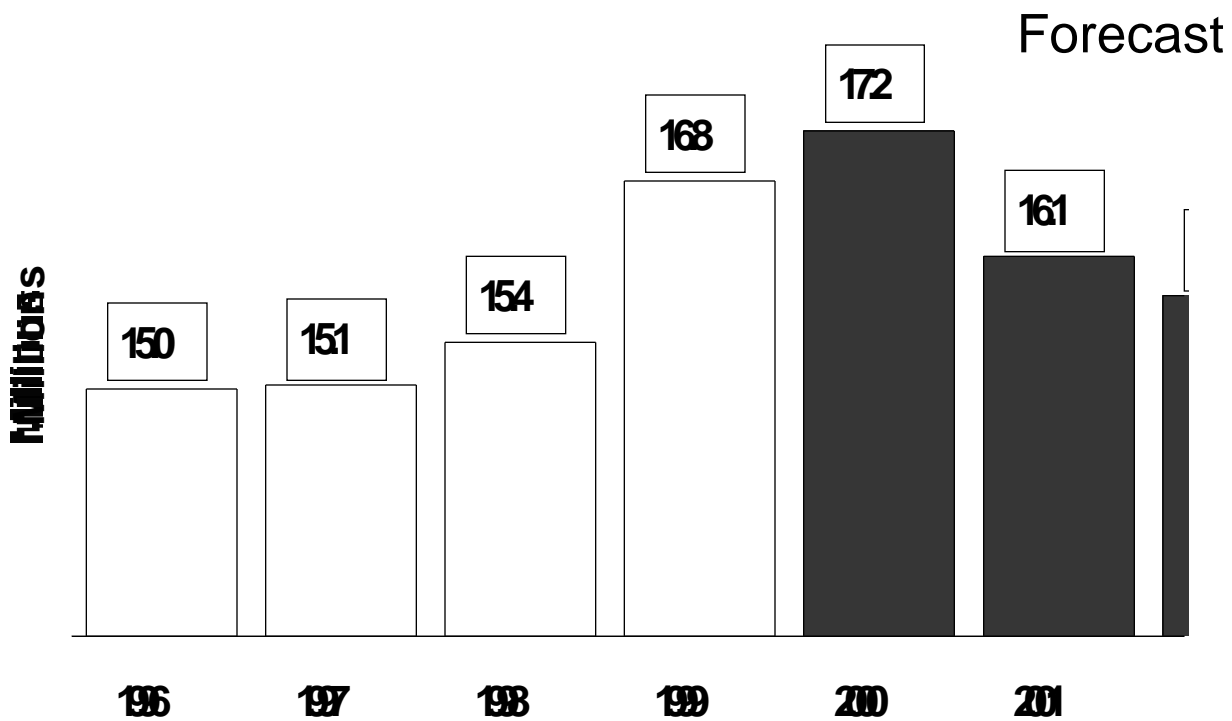
Light Vehicle Forecasts

	2001	
WEFA Group	15.9	
Standard & Poor's DRI	16.6	
Univ. of Michigan	16.1	
Blue Chip	16.0	



U. S. Motor Vehicle Outlook

Car and Light Truck Sales Forecas

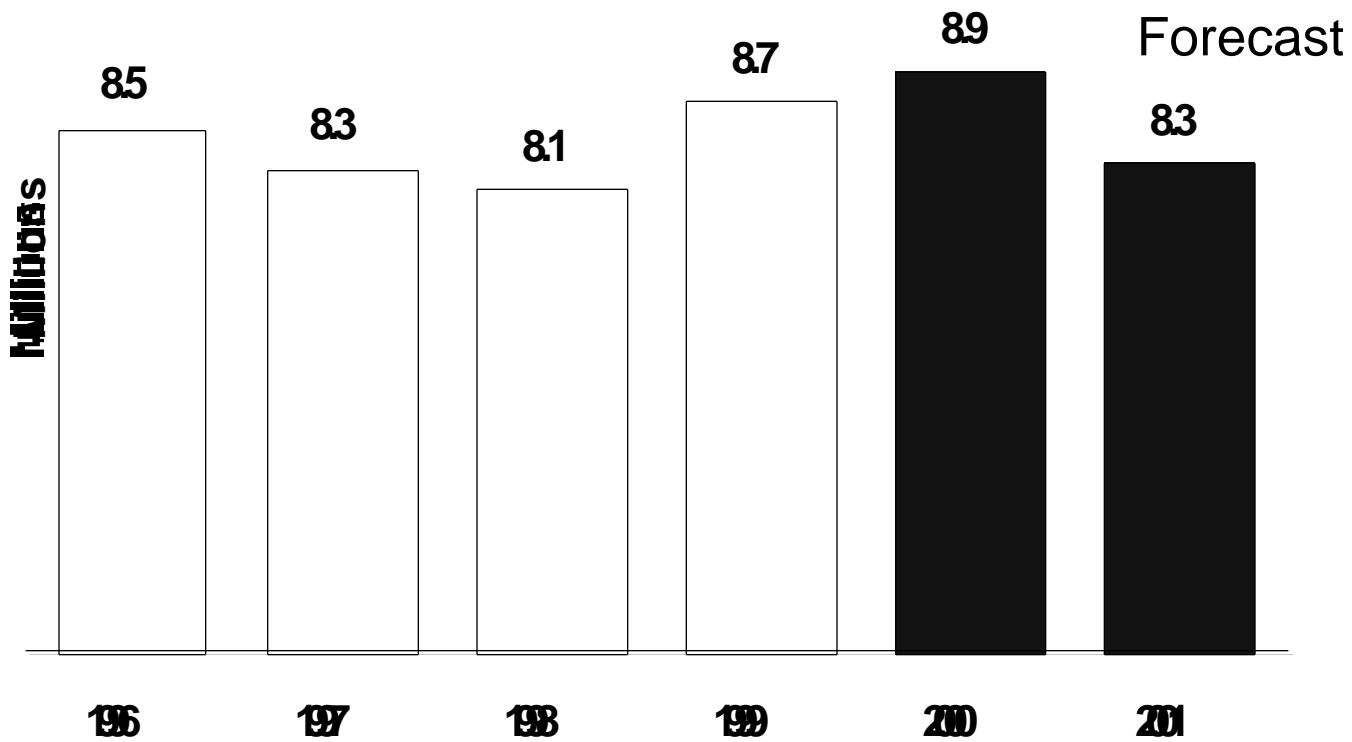


Source: University of Michigan, RSQE, August 2000



U. S. Motor Vehicle Outlook

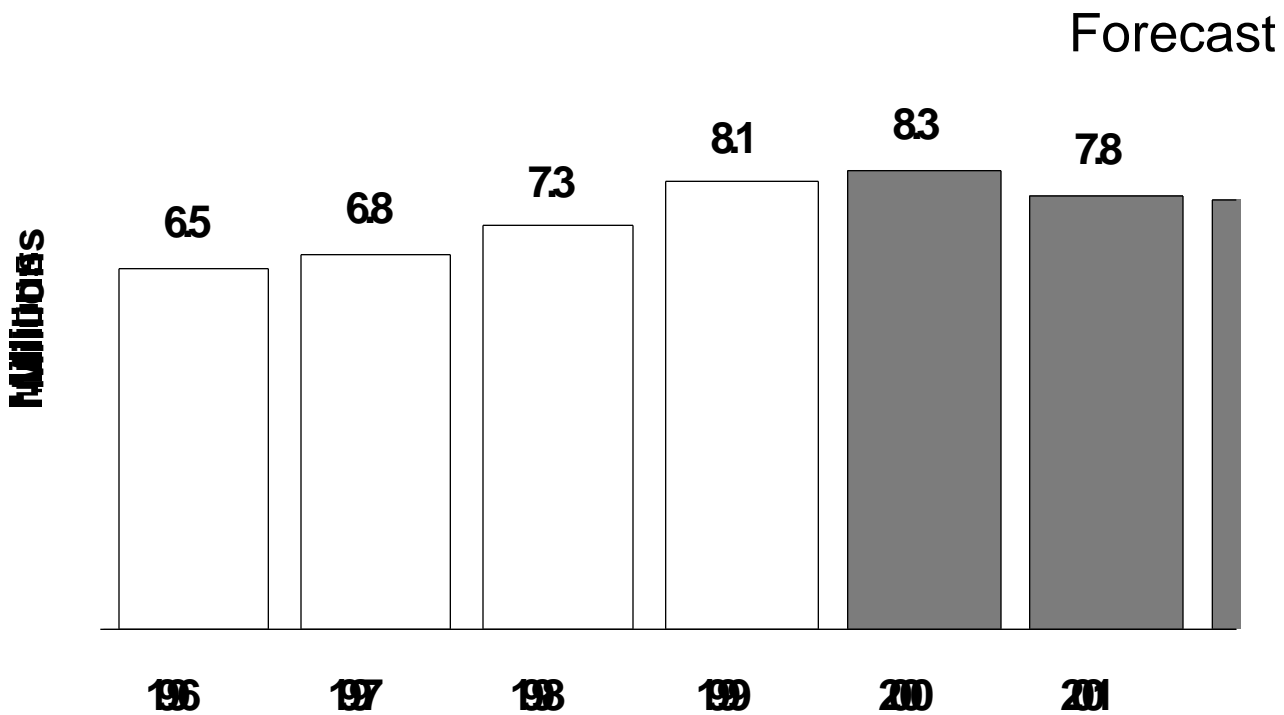
Car Sales Forecast



Source: University of Michigan, RSQE, August 2000



U. S. Motor Vehicle Outlook Light Truck Sales Forecast



Source: University of Michigan, RSQE, August 2000



U. S. Motor Vehicle Outlook Summary

- Record Level Sales
- Vehicle Mix Continues to Shift
- Income and Affordability Key to Sales
- Near Capacity Production
- Oil Prices and Stock Market Uncertain



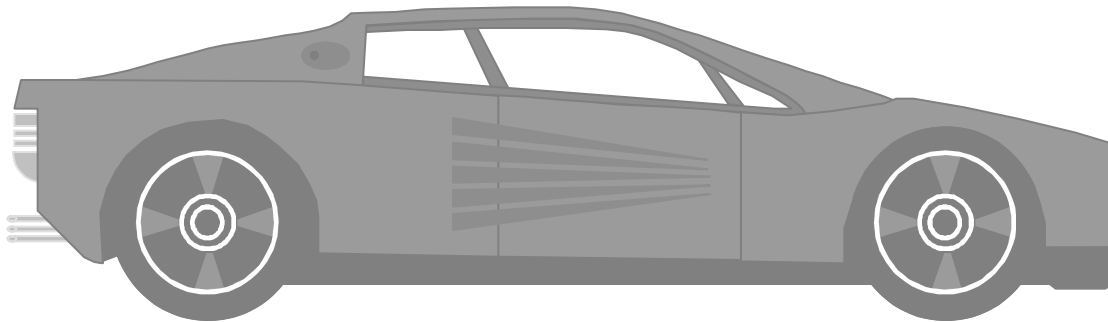
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