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INDUSTRY INSIGHTS:Timely commentary from Jack R. Nerad, vice president, executive editorial director and executive market analyst, Kelley Blue Book's KBB.com: October Sales- Half Full or Half Empty?

LATEST NEWS STORIES ON KBB.COM:

The latest video and written news stories by the editorial staff of Kelley Blue Book's KBB.com

NEW-VEHICLE REVIEWS ON KBB.COM:

All-new and updated video and written reviews from the editorial staff of Kelley Blue Book's KBB.com, and links to consumer reviews and ratings on KBB.com

WHAT'S NEW:
Kelley Blue Book Announces Joint Venture With Bitauto And China Automobile Dealers Association

New-Car Transaction Prices Up More Than One Percent In October 2013, According To Kelley Blue Book

October 2013 Sales: Half Full or Half Empty?

- Jack R. Nerad, vice president, executive editorial director and executive market analyst, Kelley Blue Book's KBB.com

f you asked most dealers about the past month of October, they would tell you they had a pretty good month. If you asked the one million or so consumers who bought a car in October, they would say they thought it was a pretty good month to buy a car. But if you read all the coverage of October auto sales by the media, as we at Kelley Blue Book did, you would discover the sales were "strong," "showed a double-digit increase," "represented big gains," but were "dampened," "fell short of forecasts," and "were mixed." Depending upon where they got their news, consumers learned the partial government shutdown that came and went during the month of October either depressed auto sales for the month or it didn't.

Many reporters take a point of view on the very issue they report, most specifically on political matters, but also on issues as disparate as crime and business; this fact was never more obvious than in the reporting on the rather simple matter of October sales. Some reporters and news organizations predicted October sales would be impacted by the government shutdown, taking the position that warned the shutdown would have dire effects on the economy. They reported sales were negatively affected by the partial federal government shutdown. Other reporters and news gatherers took a largely wait-and-see stance on October sales, and they typically reported sales were strong and largely unaffected by the governmental shutdown.

So what is the real story? Well, the real story is we will never precisely know what effects the shutdown had, but we can surmise from our experience with similar situations in the past that some consumers who heard reports of the government shutdown probably postponed their purchase. Some might have postponed it until November or December, but it seems if many did postpone their purchase, they went ahead and completed their buy before the month of October concluded. Others, either oblivious to the whole shutdown controversy or willing to consciously ignore it, plowed ahead with their car purchase. Would more cars have been sold in October if there had been no government shutdown and no persistent jawboning from both sides on the issue? Perhaps. How many? Our best guess is not many at all.

Here are the unvarnished facts: overall U.S. auto industry sales in October 2013 rose 10.6 percent versus October 2012 to 1.2 million units. Included in that total are both retail sales and fleet business. That amounts to a seasonally adjusted annual sales rate of 15.23 million vehicles. That represented a decline (steep? minor?) from the seasonally adjusted rate of 15.28 million for September 2013. Based on that, we're sure you are experienced enough in this industry to know what it really means.

MANY REPORTERS TAKE A POINT OF VIEW ON THE VERY ISSUE THEY REPORT... THIS FACT WAS NEVER MORE OBVIOUS THAN IN THE REPORTING ON THE RATHER SIMPLE MATTER OF OCTOBER SALES.

JACK R. NERAD

LATEST NEWS STORIES ON KBB.COM:

Check out the very latest news stories by visiting <u>KBB.com</u> and clicking the the <u>KBB.com Top Picks</u> tab on the home page. The following latest news stories by KBB.com's editorial staff went live on the site or were updated during October 2013.

Videos Posted to KBB.com:

2014 Aston Martin Vanguish Volante Review

2014 Kia Cadenza Review

2014 Mitsubishi Outlander Review

2013 Nissan Sentra Review

2014 Range Rover Sport

Written Stories Posted to KBB.com:

2014 Porsche Panamera Turbo S to debut in Tokyo Ford and University of Michigan team on new \$8 million battery lab Chrysler Group spotlights five of its SEMA-bound MOPAR concepts Forget me not: Aging Ford F-150 can still hang with the new guys Recast 2014 Honda Civic Coupe line to debut at SEMA 2014 Audi RS 7 First Review: Four rings, four doors and 560 horsepower 2014 Ford Fiesta SE 1.0L Ecoboost nets class-best EPA highway mark Honda S660 Concept and Fit-based crossover will debut in Tokyo Subaru LEVORG Concept will debut at the Tokyo Auto Show 2014 Honda Accord Hybrid First Review: Hitting 50 mpg and Beyond Video Review: The 2014 Mitsubishi Outlander has improved but is it enough? 2015 Hyundai Genesis to boast auto braking, magic trunk and CO2 monitor 2015 Audi A3 Sedan will start at \$30,885 2015 Hyundai Genesis previewed 2014 BMW 2 Series Coupe revealed 2015 Hyundai Genesis sedan to get new HTRAC all-wheel-drive system BMW confirms new M5/M6 performance accessories coming to America 2014 Hyundai Tucson gets new engines, numerous enhancements 2014 BMW 2 Series teased, full unveil expected later this week 2014 Jeep Wrangler Polar Edition goes on sale here in November 2014 BMW 4 Series Convertible unveiled and priced Exploring Key West in a 2014 Jeep Grand Cherokee 2014 vs. 2013: Here's what's new at Buick this year 2015 Kia K900 luxury sedan to debut at Los Angeles Auto Show 2014 Cadillac ELR Starts at \$75,995, Entering Showrooms in January Video Review: Does the 2014 Kia Cadenza justify its price?

2015 Cadillac Escalade unveiled New Kia Soul EV coming to America in 2014

2015 Cadillac Escalade interior sneak peek Lamborghini Veneno Roadster revealed - priced at \$4.5 million

Chevy previews its SEMA show machines Mazda3 SkyActiv-CNG Concept and Hybrid to be revealed in Tokyo

2014 Chevrolet Camaro Z/28 hot laps the Nurburgring in 7:35.47 2015 Mercedes-Benz C-Class previewed

2015 Chevrolet Impala to offer bi-fuel CNG option

Has the new \$30,000 Mercedes-Benz CLA earned its three-pointed star?

Corvette plant tours to begin again on October 14th 2014 Mini Cooper Hardtop gains new premium driver assist systems

Mopar '14 Challenger teased for SEMA Show 2014 Nissan Pathfinder Hybrid opens at \$35,970

Editors' Page: 2014 Ford Explorer Nissan shows off its hybrid-electric ZEOD RC Le Mans racer

Editors' Page: 2014 Ford Flex 2015 Porsche Macan undergoes final U.S. testing

Ford Dreamcase presents sneak peek of its SEMA show cars 2014 Range Rover L and Autobiography Black Edition revealed

LATEST NEWS STORIES ON KBB.COM CONTINUED:

Written Stories Posted to KBB.com Continued:

Name new SRT Viper color, win a trip to the 24 Hours of Daytona First Drive: 2015 Toyota Fuel Cell Vehicle prototype

Subaru Tribeca production to cease with 2014 model Speed dating: 48 hours with the Volkswagen Scirocco R

Subaru details its next-generation EyeSight driver-assist system

Driving the VW e-up! and Audi A3 Sportback e-tron: Rationality in Motion

2014 Subaru XV Crosstrek Hybrid priced from \$26,820 Volvo sees new-gen body panels replacing car batteries

Toyota previews new automated driver-assist systems

NEW-VEHICLE REVIEWS ON KBB.COM:

The following new-vehicle reviews written by KBB.com's editorial staff went live on the site or were updated during October 2013. To see any new-vehicle review from KBB.com's editorial staff, please visit <u>KBB.com</u> and click on the *Car Reviews* tab, then select the make and model.

2014 Acura TL

The 2014 Acura TL's sub-\$37,000 starting price looks like a bargain.

2014 Acura TSX

The Acura TSX is an appealing luxury sedan that doesn't carry a luxury price tag.

2014 Cadillac CTS

The fully redesigned 2014 CTS Sedan embodies an entirely new level of style, stature, technology and performance.

2014 Ford Expedition

With room for up to eight people and a tow rating up to 9,200 pounds, the Expedition bests every other SUV in its class.

2014 GMC Yukon

Even if you spend the least amount on a 2014 Yukon, you'll get quite a bit of vehicle.

2014 Honda CR-Z

If you think hybrids are long on economy and short on fun, slip your skeptical self behind the wheel of a Honda CR-Z.

2014 Honda Pilot

From behind the wheel, the Honda Pilot feels very much like a good-handling sedan.

2014 Honda Ridgeline

It rides, handles and drives like a car.

2014 Hyundai Tucson

Hyundai equips the Tucson with cutting-edge engine technology, stand-out styling and a long list of standard equipment.

2014 Kia Optima

Fuel-efficient, powerful and fun to drive, the Optima's stunning good looks are mirrored inside its well-appointed cabin.

2014 Lexus ES

If you're looking for luxury that is as reliable as it is impressive, the 2014 Lexus ES should hold a special place on your shopping list.

2014 Lexus LS

An enviable reputation for world-class comfort, impeccable construction and class-leading value...

2014 Lexus RX

The Lexus RX continues to reign supreme, offering quality, luxury, reliability and resale that buyers flock to.

2014 Lincoln MKZ

Impressive fuel economy on the hybrid model comes without the hybrid model premium markup.

2014 Lincoln Navigator

The 2014 Lincoln Navigator outclasses more generic SUVs by a country mile.

NEW-VEHICLE REVIEWS ON KBB.COM CONTINUED:

2014 Mazda CX-9

Thanks to a powerful V6 engine and dynamic handling, the Mazda CX-9 stands out from competitors.

2014 Mercedes-Benz CL-Class

Powerful in presence, luxurious in craftsmanship and armed with some of Mercedes-Benz's most potent engines...

2014 Mercedes-Benz G-Class

Fit for use as a military vehicle, the 2014 G-Class is among the most capable SUVs ever created.

2014 Mitsubishi Mirage

The Mirage is cheap to buy, cheap to drive and features a confidence-boosting 10-year/100,000-mile powertrain warranty.

2014 Nissan Quest

The Quest's great interior volume and handsomely appointed interior set the class standard.

2014 Porsche 911

It's tough to bet against the most celebrated sports car in history.

2014 Ram Heavy Duty Trucks

Ford and Chevy owners who long for a more upscale interior will find a lot to like in the Ram HD.

2014 Scion xD

The xD's resale value remains a bright point, ranking among the best in its segment.

2014 Subaru BRZ

Whether carving out a winding road or spending a day at the track, the BRZ delivers in a way few cars in this price range can.

2014 Subaru Impreza

If you live where snow, rain and ice are commonplace, the logical choice for compact-car shoppers is the 2014 Subaru Impreza.

2014 Toyota 4Runner

... a rugged, mid-size sport-utility vehicle that finds purpose where the pavement ends.

2014 Toyota Corolla

Its interior is certainly newer and nicer than ever.

2014 Toyota Prius V

Want great fuel economy and the cargo space of something more like a compact SUV? Check out the 2014 Prius V.

2014 Toyota RAV4

...a compact SUV with good cargo space, a car-like ride and a low sticker price...

2014 Toyota Sienna

If your next minivan must have good looks, room for eight and all-wheel drive, the 2014 Toyota Sienna is your first and only choice.

2014 Toyota Tacoma

It will do most of what the larger trucks will do, and without the bulk, fuel consumption or cost.

2014 Toyota Venza

The Venza appeals to people who need the power and room of an SUV, but don't really care to own an SUV.

2014 Volvo XC60

The XC60's trump card is its perfect 5-star crash-test ratings.

2014 Volvo XC70

The XC70 can take on light off-road challenges or deep snow with ease.

2014 Volvo XC90

The 2014 Volvo XC90 is one of the safest and most tested 7-passenger crossover SUVs you can buy.

Kelley Blue Book Announces Joint Venture With Bitauto And China Automobile Dealers Association

KBB.com's Trusted Used-Vehicle Values Will be Offered to China Market

IRVINE, Calif., Nov. 7, 2013 -- Kelley Blue Book www.kbb.com, The Trusted Resource® and leading provider of new and used car information today announced a joint venture with Bitauto Holdings Limited (NYSE: BITA), leading provider of Internet content and marketing services for China's fast-growing automotive industry, and China Automobile Dealers Association (CADA).

"Through our strategic partnership with Bitauto and the China Automobile Dealers Association, and in recognition of the rapidly growing, emerging China automotive market, Kelley Blue Book will leverage its 87-year history of trusted, vehicle values and automotive expertise to provide vehicle valuation and pricing information to the China market," said Jared Rowe, president of Kelley Blue Book. "These values will help Chinese consumers feel confident they are making well informed decisions with values leveraging KBB.com's expertise in values and fair pricing."... MORE

New-Car Transaction Prices Up More Than One Percent In October 2013, According To Kelley Blue Book

Honda Shows Greatest Transaction Price Gains, Korean Brands Drop More Than 2 Percent

IRVINE, Calif., Nov. 1, 2013 -- As the month comes to an end, the estimated average transaction price for light vehicles in the United States was \$32,184 in October 2013, increasing \$367 (1.2 percent) from last month and down \$63 (0.2 percent) year-over-year, according to Kelley Blue Book www.kbb.com, the leading provider of new and used car information.

"Achieving pre-recession profitability levels, Chrysler has seen an increase in U.S. sales of the Ram pickup and Jeep Grand Cherokee as demand continues to rise," said Karl Brauer, senior analyst for Kelley Blue Book. "Despite slightly weakened transaction prices from the month prior, Chrysler is still experiencing an overall increase in prices from this time last year."... MORE

About Kelley Blue Book (www.kbb.com)

Founded in 1926, Kelley Blue Book, The Trusted Resource*, is the only vehicle valuation and information source trusted and relied upon by both consumers and the automotive industry. Each week the company provides the most market-reflective values in the industry on its top-rated website KBB.com, including its famous Blue Book* Trade-In and Suggested Retail Values, and Fair Purchase Price, which reports what others are paying for new cars this week. The company also provides vehicle pricing and values through various products and services available to car dealers, auto manufacturers, finance and insurance companies, and governmental agencies. For two years running, Kelley Blue Book's KBB.com ranked highest in its category for brand equity and was named Online Auto Shopping Brand of the Year in the 2012 and 2013 Harris Poll EquiTrend* study. Kelley Blue Book Co., Inc. is a subsidiary of AutoTrader Group, which includes AutoTrader.com, vAuto, VinSolutions and HomeNet Automotive. AutoTrader Group is a majority-owned subsidiary of Cox Enterprises.