

# NADA Optimism Index

THE YEAR ENDED with the Dealer Optimism Index at 103, but it trended upward in early 2007 to 141. The economy still features low inflation, a moderate rise in interest rates, and growth in gross domestic product of 3.3 percent for 2006, compared with a GDP growth of 3.5 percent for 2005. In 2006 consumer confidence remained higher than the decade-low 47.3 set in February 1992, during the 1990–92 recession. The Consumer Confidence Index indicated a moderate upward trend early in 2006, and this trend continued throughout the year. Consumer concern about the economy, high energy costs, and global political turmoil persist. The index ended higher in November and December and as of March 2007 stands at 107.2, indicating a still-favorable overall consumer outlook for the near term. Although NADA's optimism index, now at 141 (March 2007), remains below the past decade's high of 164 (at the start of 1999), dealer confidence levels suggest that 2007 could be a good year for light-vehicle sales.

## Expectations for dealership profits

Percent of dealers expecting profits to:

	Increase	Not change	Decline	Value index
April 1994	67.8%	29.1%	3.1%	180
April 1995	32.2	46.1	21.6	112
April 1996	54.1	35.0	11.0	154
April 1997	42.4	44.0	13.6	135
April 1998	41.9	43.3	14.8	134
April 1999	56.5	37.8	5.7	164
April 2000	49.0	39.9	11.1	149
April 2001	31.5	40.7	27.8	107
March 2002	53.2	36.7	10.1	153
March 2003	13.5	46.2	40.2	133
March 2004	7.8	31.7	60.4	163
March 2005	9.4	39.6	51.1	151
March 2006	15.9	41.4	42.7	134
March 2007	15.7	36.8	47.5	141

Source: NADA Industry Analysis Division

## Optimism index vs. new-vehicle sales

