

Fuel Economy and the Auto Industry

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Time Magazine Dec 31, 1973

Many automomen hope, of course, that the current move toward small size and fuel economy is a passing fancy.

"People like big cars," says GM Chairman Richard Gerstenberg.

Time Magazine Sept 15, 1975

Detroit is gambling that its main selling point for '76—improved fuel economy—will bring enough buyers back to the showrooms to end the industry's two-year sales decline.

Columbus Telegram Aug 17, 1976

There are no magic carburetors...no miracle gasoline...no beyond-this-world way to improve fuel economy.

CNN Feb 22, 2000

"People won't pay exclusively for fuel economy," (Bernard) Robertson (DaimlerChrysler's senior vice president for engineering technologies) added.

Lansing State Journal Dec 27,
2006

(Bob) Lutz (GM vice chairman) said that GM was using every technology it had to improve fuel economy, and "we don't have any magic 100-mpg carburetor..."

*Suggesting a direct link
between gasoline prices and
SUV sales is "poor analysis
and poor journalism."*

leading Detroit business economist
(quoted in *Automotive News*, May 9, 2005)

The Link Between Gasoline Prices and Vehicle Sales

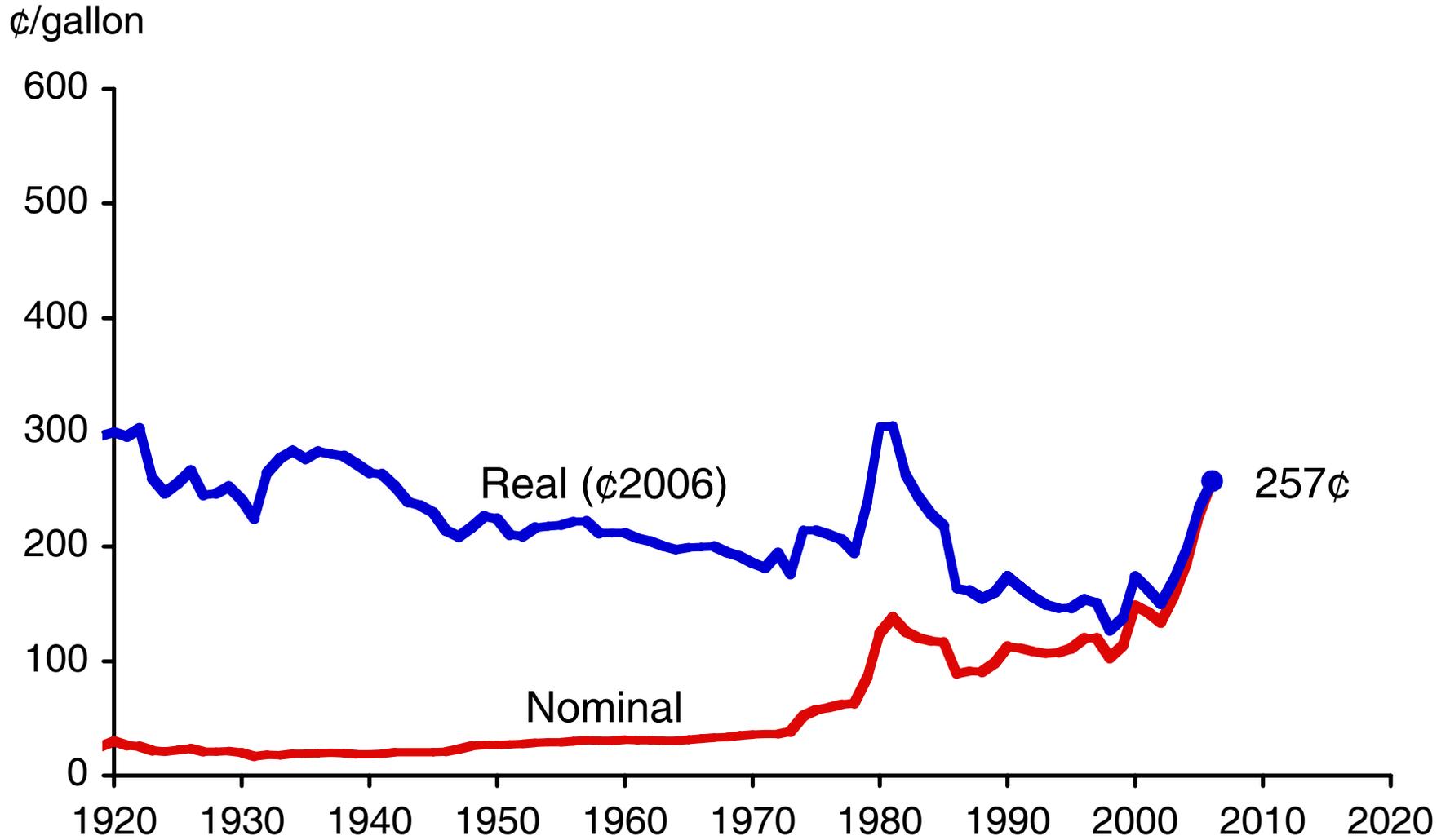
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UMTRI Automotive Analysis

Forthcoming in ***Business Economics***,

Jan. 2007

Price of Gasoline, 1920-2006

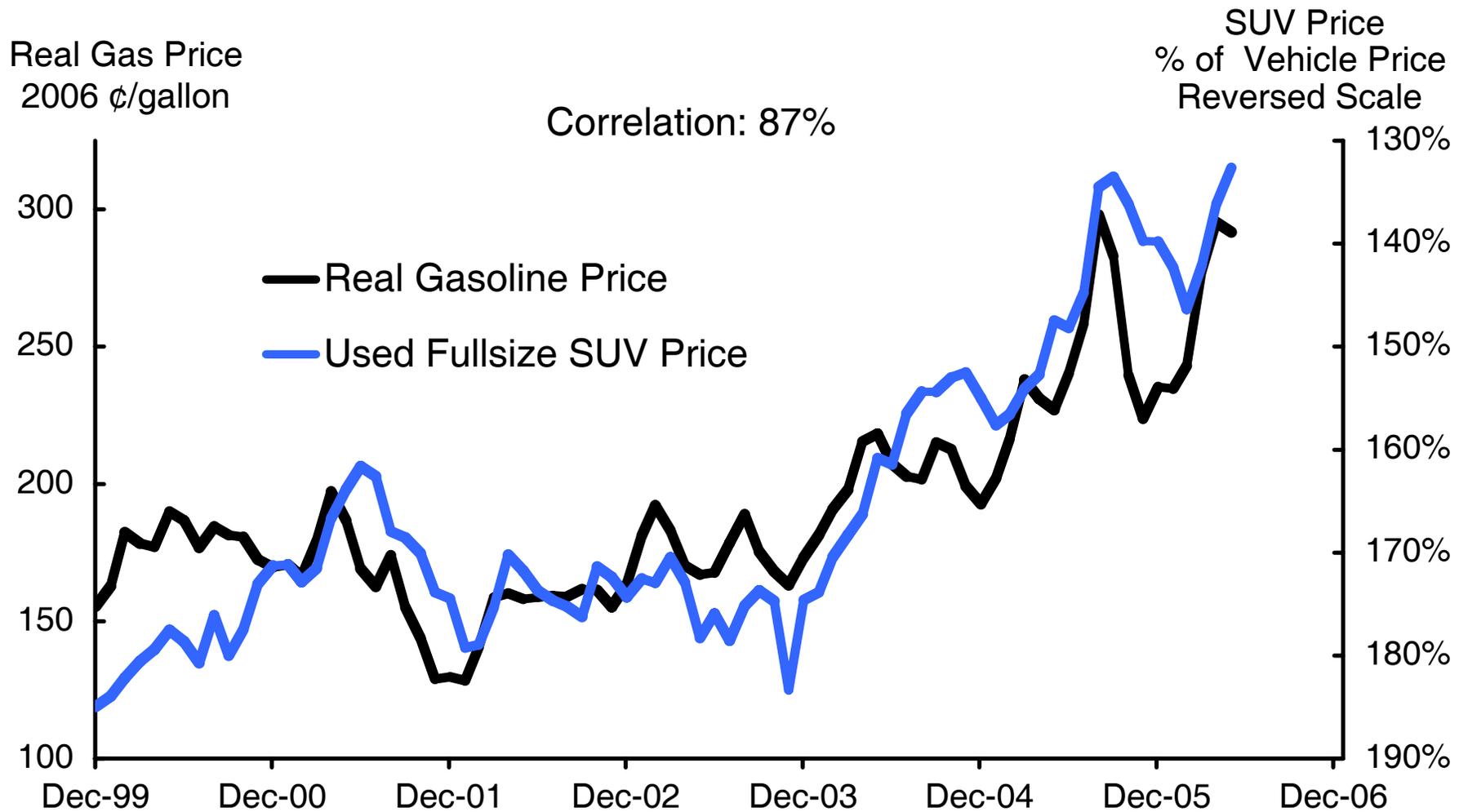


Importance of Fuel Economy in Vehicle Buying Decisions

	<u><i>Ranking</i></u>
1980	4th
2001	22nd
2002	19th
2003	13th
2004	11th
2005*	9th
2006	4th

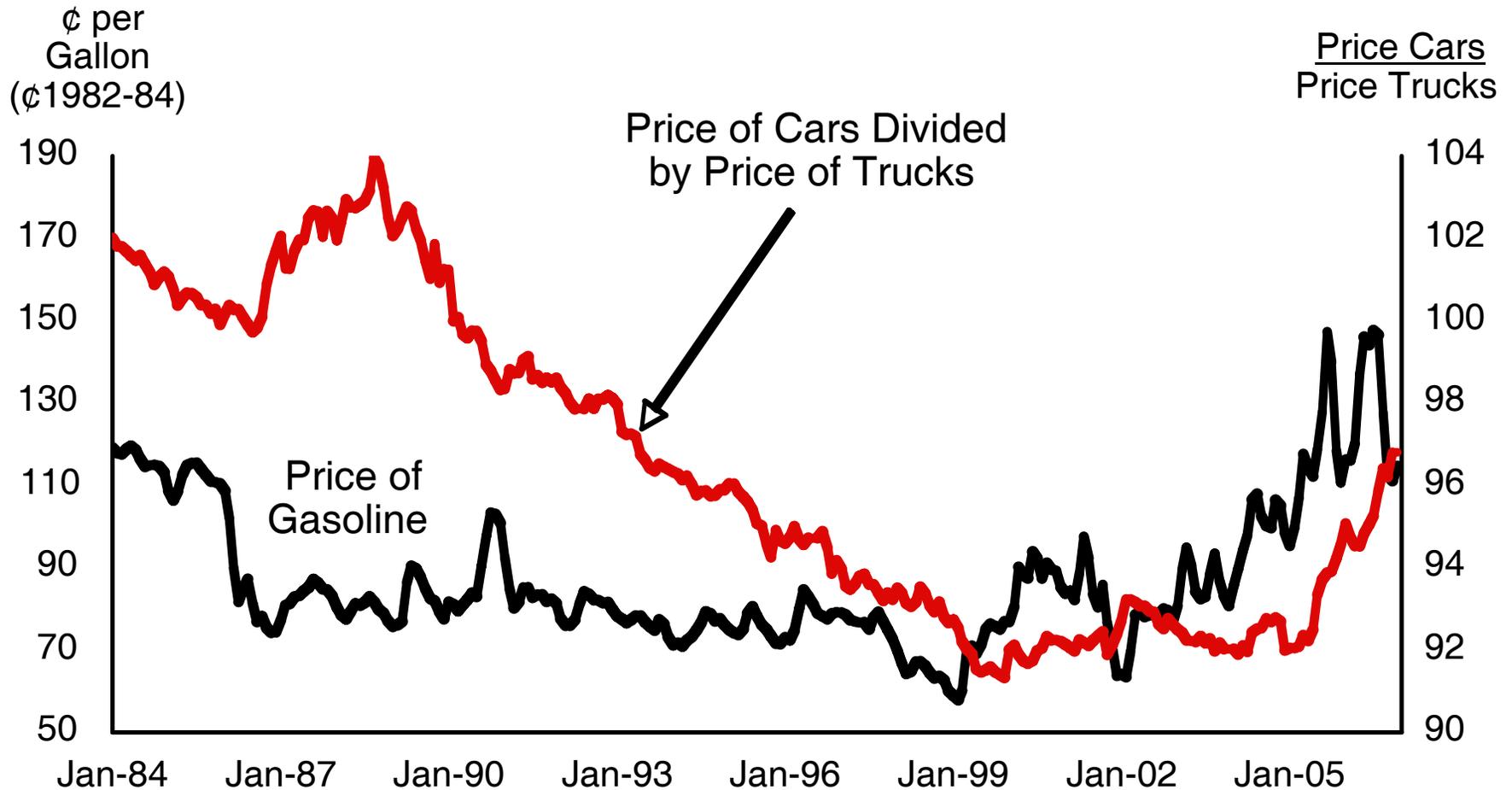
* Pre-Katrina/Rita

Price of Gasoline and Price of Used Fullsize SUVs



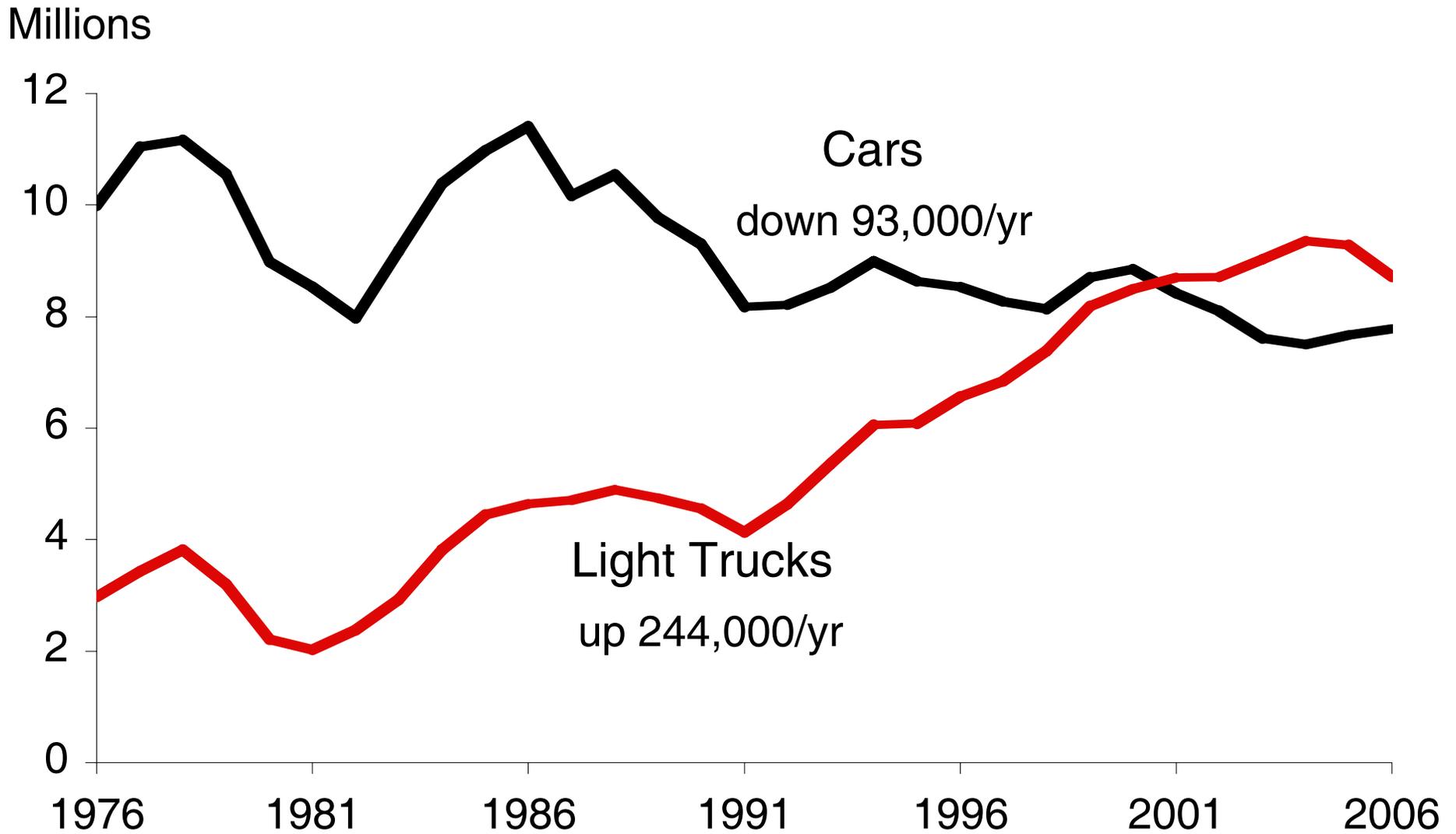
Source: ADESA Analytical Services & UMTRI Automotive Analysis

The Real Price of Gasoline and the Price of Cars Relative to the Price of Trucks Jan-84 to Dec-06

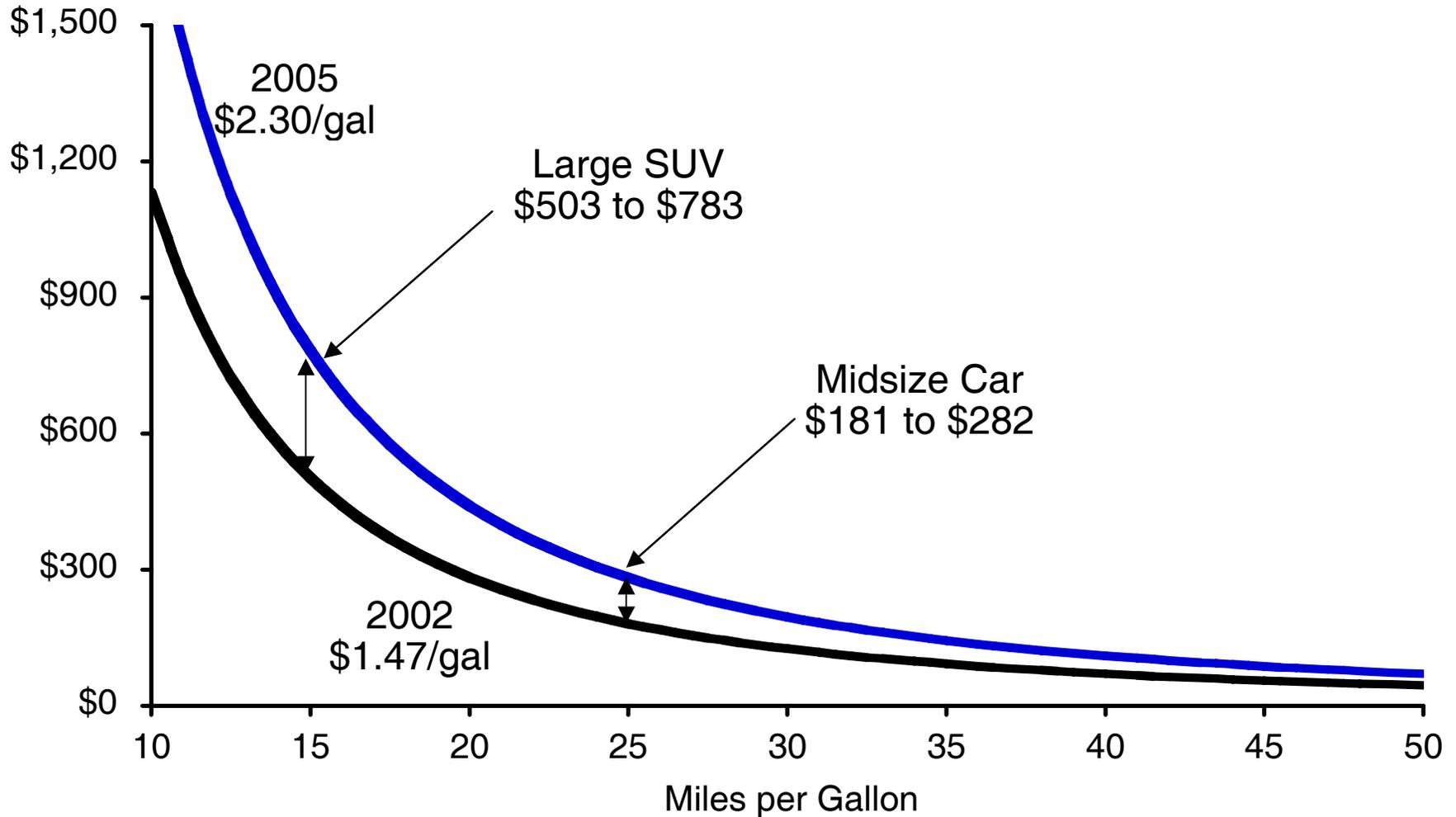


Source: U.S. BLS, Consumer Price Index

U.S. Light Vehicle Sales, 1976-2006



Market Value of Fuel Economy



Thank you

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