



The Canadian Light Vehicle Sales Outlook

JUNE 2007

desrosiers
AUTOMOTIVE CONSULTANTS INC.

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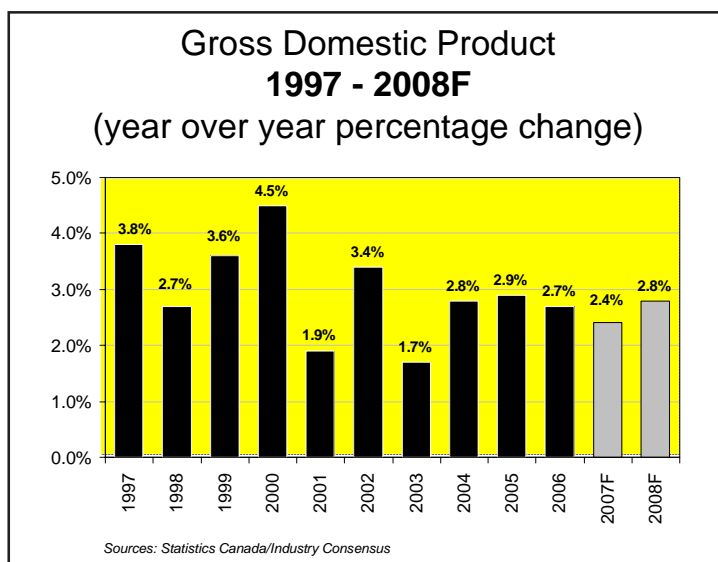
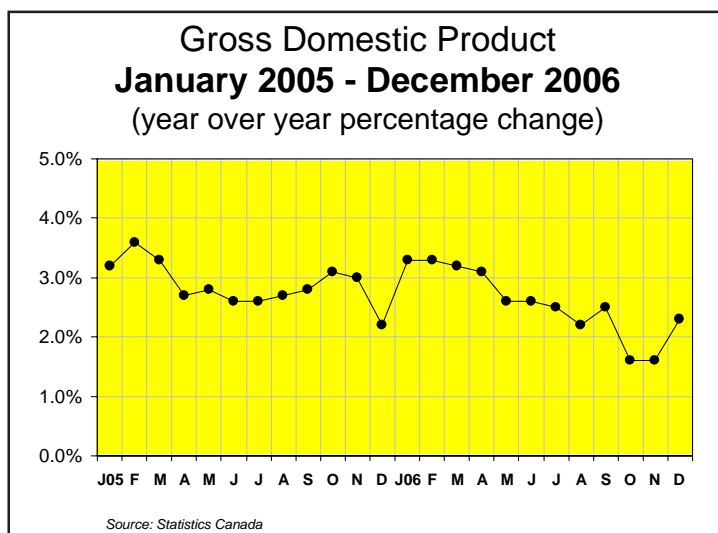
1. The Canadian Macroeconomic Environment

- 1.1 Gross Domestic Product
- 1.2 Unemployment
- 1.3 Real Personal Disposable Income
- 1.4 Consumer Spending
- 1.5 Household Debt
- 1.6 Consumer Price Index
- 1.7 Prime and Exchange Rates

1.1 Gross Domestic Product

Canadian economic growth was rated at 2.7 percent last year, marginally lower than the 2.9 percent gain recorded in 2005. Stronger consumer spending on goods and services, along with the robust residential housing market, offset the slower manufacturing and export sectors. The light vehicle market also set its second-highest sales record in history.

Most economists expect the momentum will carry forward into 2007 and 2008. 2007 started with better-than-expected growth in the first quarter, bolstered by strong commodity and energy sectors. The stronger-than-expected pace has prompted the Bank of Canada to review its monetary policy in order to cool down the rising inflation. Many expect there will be a rate increase coming in July.



Real Gross Domestic Product	Year over Year Percentage Change									
	2006	2005	2004	2003	2002	2001	2000	1999	1998	1997
January	3.3	3.2	1.6	3.4	2.0	3.1	4.7	3.1	3.3	2.8
February	3.3	3.6	1.6	3.1	2.6	3.0	3.8	2.4	3.4	3.5
March	3.2	3.3	1.6	2.5	2.5	2.3	4.7	2.4	4.4	3.1
April	3.1	2.7	2.9	1.8	3.4	2.5	4.3	2.7	3.5	3.7
May	2.6	2.8	3.2	1.8	2.8	2.4	4.8	3.1	3.0	4.0
June	2.6	2.6	3.1	1.6	3.2	1.9	4.7	3.6	2.5	3.8
July	2.5	2.6	3.1	1.9	3.9	1.5	4.6	4.6	1.1	4.4
August	2.2	2.7	4.6	0.8	3.9	1.3	4.4	4.1	2.0	4.1
September	2.5	2.8	3.3	1.1	4.6	0.4	4.1	4.4	2.1	4.2
October	1.6	3.1	3.2	0.2	4.4	0.9	4.6	4.2	2.0	4.2
November	1.6	3.0	3.2	1.8	3.8	1.4	4.7	4.3	2.7	3.3
December	2.3	2.3	3.0	0.5	3.7	1.4	4.9	4.2	2.1	4.5
Year	2.7	2.9	2.8	1.7	3.4	1.9	4.5	3.6	2.7	3.8

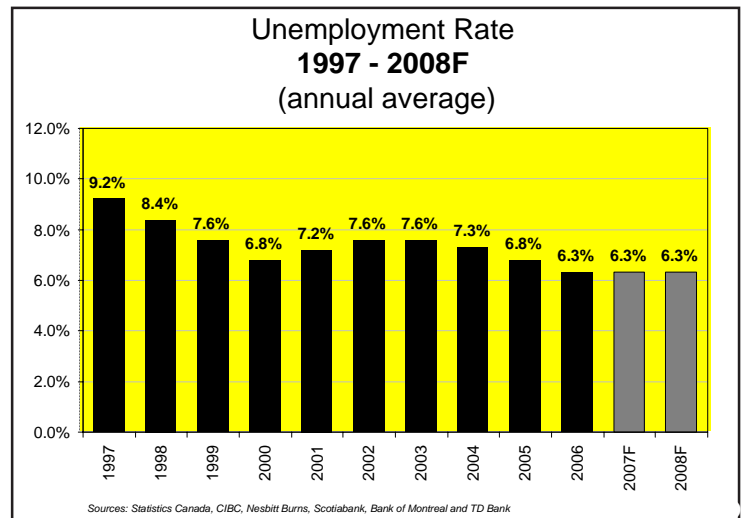
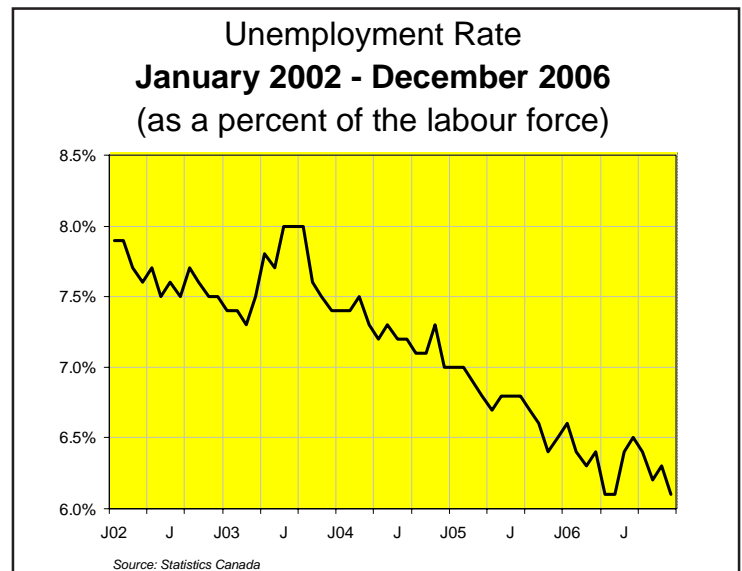
Source: Statistics Canada

1.2 Unemployment

Canada's labour force continued to grow at a record-breaking pace. According to Statistics Canada, an estimated 325,000 new jobs were generated in 2006. Employment grew more rapidly than any year since 2002, posting a 2.1 percent increase over 2005. The robust job market also pushed our unemployment rate to 6.3 percent last year.

The fact that 2006 was another outstanding year in employment growth overshadowed the growing disparity between Canada's different regions. The energy-driven provinces including Alberta (3.4%), British Columbia (4.8%) and Manitoba (4.3%) shared most of the employment growth and lower unemployment rates. Ontario (6.3%) and Quebec (8.0%), the two largest labour markets in Canada did not witness such robust growth due to weakening manufacturing and export sectors.

Early indications are pointing to a positive outlook in 2007. Most industry observers believe unemployment will remain at 6.3 percent over the next two years.



Unemployment	(as a percent of the labour force)									
	2006	2005	2004	2003	2002	2001	2000	1999	1998	1997
January	6.6	7.0	7.4	7.4	7.9	6.9	6.8	7.8	8.9	9.7
February	6.4	7.0	7.4	7.4	7.9	6.9	6.8	7.8	8.6	9.7
March	6.3	6.9	7.5	7.3	7.7	7.0	6.8	7.8	8.5	9.3
April	6.4	6.8	7.3	7.5	7.6	7.0	6.8	8.3	8.4	9.6
May	6.1	6.7	7.2	7.8	7.7	7.0	6.6	8.1	8.4	9.5
June	6.1	6.8	7.3	7.7	7.5	7.0	6.6	7.6	8.4	9.1
July	6.4	6.8	7.2	8.0	7.6	7.0	6.8	7.7	8.4	9.0
August	6.5	6.8	7.2	8.0	7.5	7.2	7.1	7.8	8.3	9.0
September	6.4	6.7	7.1	8.0	7.7	7.2	6.8	7.5	8.3	9.0
October	6.2	6.6	7.1	7.6	7.6	7.3	6.9	7.2	8.1	9.1
November	6.3	6.4	7.3	7.5	7.5	7.5	6.9	6.9	8.0	9.0
December	6.1	6.5	7.0	7.4	7.5	8.0	6.8	6.8	8.0	8.6
Average	6.3	6.8	7.3	7.6	7.6	7.2	6.8	7.6	8.4	9.2

Source: Statistics Canada

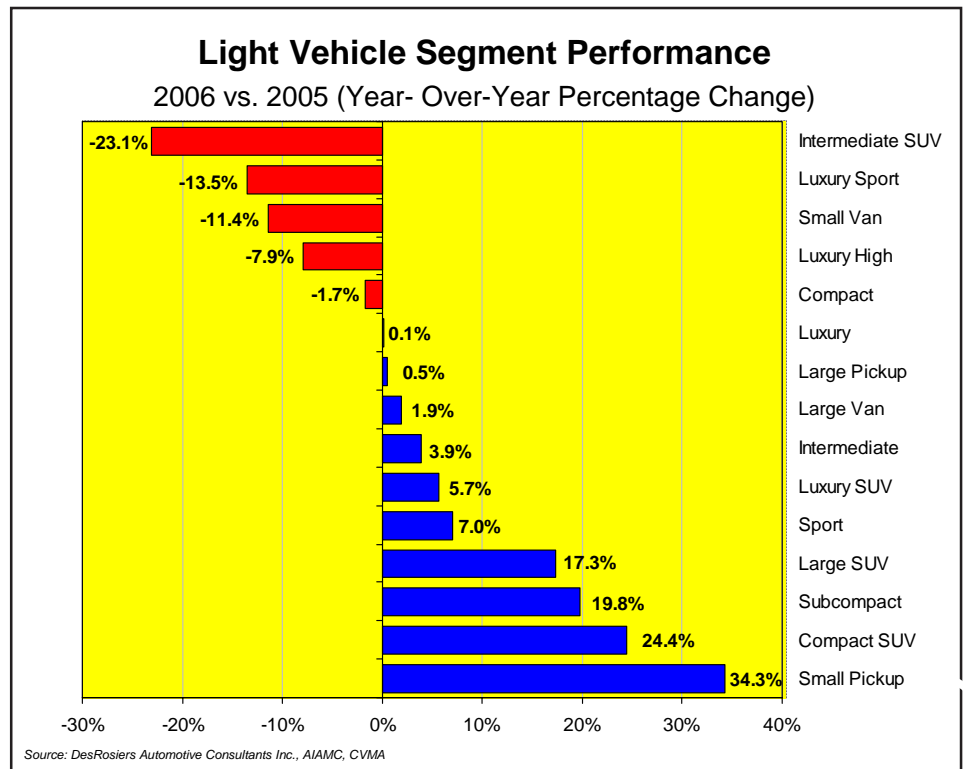
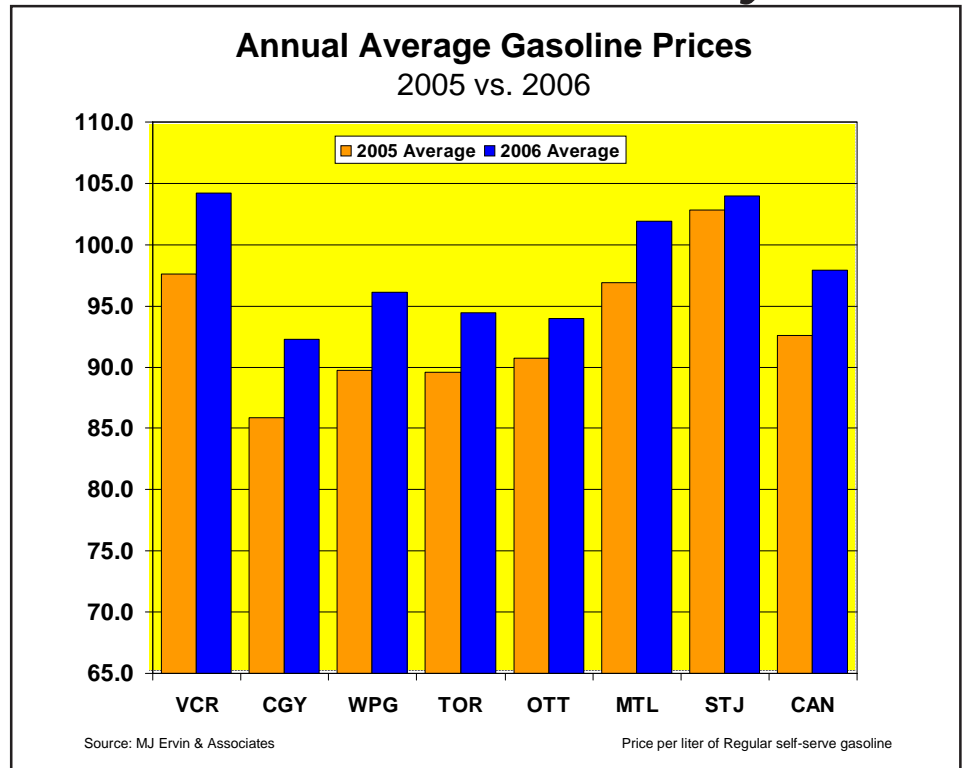
2. *Current Automotive Issues:*

- 2.1 Canadian Gasoline Price Survey
- 2.2 Fuel Economy and Vehicle Purchase
- 2.3 The Crossover Vehicle Market
- 2.4 Canadian and U.S Market Development
- 2.5 Light Vehicle Segment Market Share Analysis 2006
(Canada vs. U.S.)
- 2.6 Structure of the Canadian Light Vehicle Fleet

2.1 Canadian Gasoline Price Survey

The average price of gasoline in Canada increased 5.7 percent last year, rising from 92.6 cents per litre in 2005 to 97.9 cents per litre in 2006. Vancouver (+6.8%), Calgary (+7.5%) and Winnipeg (+7.1%) were exposed to higher inflation than other major cities. Vancouver (\$104.2 cents) and Calgary (\$92.3 cents) shared the high and low end of the spectrum. It is believed that gas prices will stay above the dollar mark in the near future.

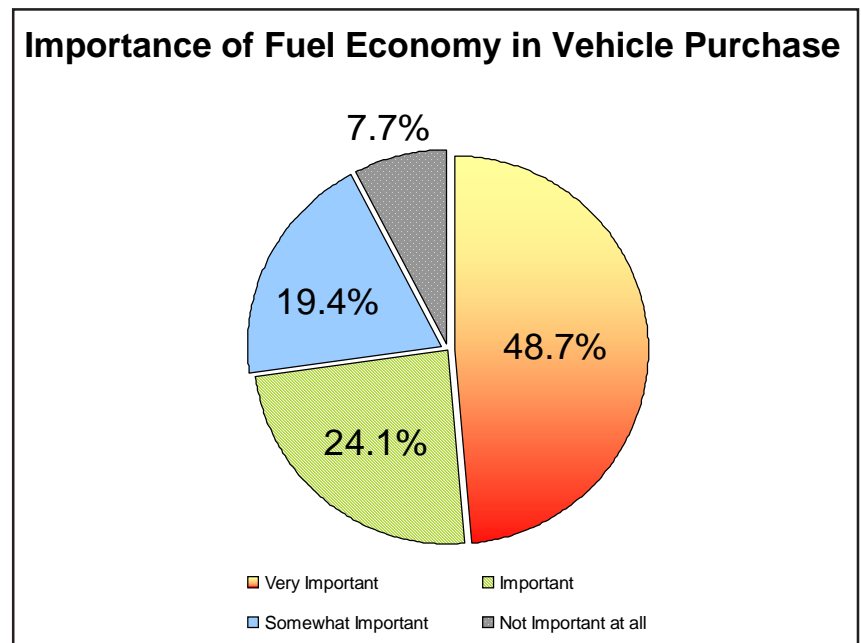
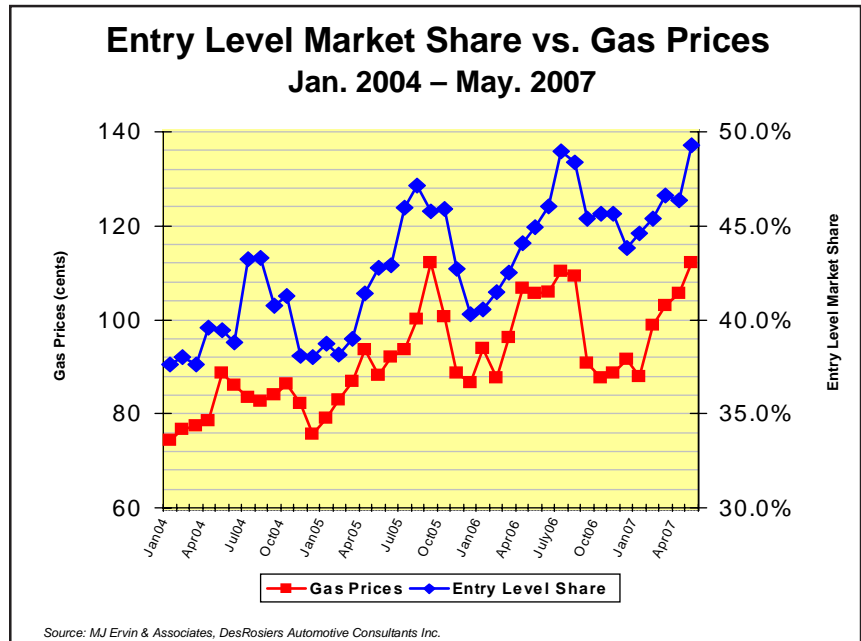
Last year's sales provided general indications that a number of consumers have been affected by rising gas prices. This trend was reflected by robust subcompact car (+19.8%), compact SUV (+24.4%) and small pickup (+34.3%) sales. On the other hand, some consumers appear to have little concern about higher gas prices. Large SUV (+17.3%) and Luxury SUV (+5.7%) sales rose by a substantial margin last year.



2.2 Fuel Economy and Vehicle Purchase

A movement to entry level vehicles is evident in 2007, as the segment recently reached a record-high of 49.3 percent of the Canadian market. Although fluctuations existed throughout the year, overall market share has been rising since 2004. We expect the entry level segment to finish above 50 percent by the end of 2007.

Fuel efficiency is becoming increasingly important in vehicle purchases for many consumers according to our 2007 Light Vehicle Study (LVS). In a recent DesRosiers survey of 2,500 consumers, 48.7 percent rated fuel economy as very important when purchasing a vehicle. However, over 74 percent of those surveyed have no awareness of the Energuide label that represents the fuel efficiency rating for individual vehicles.



For more information on our 2007 Light Vehicle Study (LVS), please contact Lisa Marchese at (905) 881-0400. ext. 28.

3. The Canadian Light Vehicle Forecast

- 3.1 Annual Light Vehicle Sales by Brand
- 3.2 Vehicle Segmentation
- 3.3 Forecast Summary + Risk Factor Analysis
- 3.4 Vehicle Segment Forecast Analysis
 - 3.4.1 Subcompact Car
 - 3.4.2 Compact Car
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3.1 Annual Light Vehicle Sales by Brand

Brand	2002	2003	2004	2005	2006	06/05
Ford	249,798	234,103	207,578	206,904	223,700	8.1%
Chevrolet	214,709	196,995	208,779	212,328	195,446	-8.0%
Toyota	146,252	156,892	161,898	165,679	183,779	10.9%
Dodge	144,708	134,604	138,337	141,931	151,196	6.5%
Honda	140,098	131,707	121,912	132,992	145,629	9.5%
Pontiac	131,882	112,675	107,638	112,872	107,842	-4.5%
Mazda	71,140	65,550	73,888	77,867	81,007	4.0%
Hyundai	66,917	65,378	58,666	65,000	70,059	7.8%
Nissan	57,692	60,596	61,618	63,311	59,976	-5.3%
GMC	73,740	66,602	68,562	69,238	58,140	-16.0%
Chrysler	70,793	49,594	47,008	46,623	40,043	-14.1%
Volkswagen	42,975	38,847	30,747	31,724	34,747	9.5%
Kia	29,014	30,523	26,409	28,286	29,569	4.5%
Jeep	31,160	28,696	25,521	28,303	29,314	3.6%
Buick	33,668	28,438	20,803	24,151	21,810	-9.7%
Saturn	25,270	20,925	19,755	22,416	21,033	-6.2%
Acura	25,233	22,923	22,543	21,595	20,356	-5.7%
BMW	14,520	15,160	16,598	18,150	20,020	10.3%
Subaru	17,236	15,762	16,311	15,966	16,190	1.4%
Mercedes-Benz	14,520	13,868	12,337	11,704	14,536	24.2%
Lexus	6,514	8,132	8,318	10,108	12,001	18.7%
Suzuki	11,558	9,361	9,918	8,813	11,158	26.6%
Mitsubishi	3,223	14,122	10,783	10,391	10,957	5.4%
Volvo	9,442	10,750	11,135	11,651	9,911	-14.9%
Cadillac	7,727	6,890	6,647	8,511	9,255	8.7%
Audi	7,236	7,861	7,422	7,209	8,598	19.3%
Infiniti	6,969	8,938	7,841	7,672	6,779	-11.6%
Lincoln	6,565	6,423	4,825	4,391	4,779	8.8%
MINI	2,102	2,708	2,800	3,401	3,410	0.3%
smart	-	-	915	4,080	3,023	-25.9%
Saab	1,764	1,710	1,864	2,197	2,640	20.2%
Land Rover	2,174	1,603	1,346	2,086	2,570	23.2%
Hummer	424	872	498	1,754	2,002	14.1%
Porsche	1,193	1,612	1,816	1,926	1,868	-3.0%
Jaguar	2,556	2,366	1,751	1,200	943	-21.4%
Mercury	2,112	1,644	1,372	691	399	-42.3%
Maybach	-	8	7	6	8	33.3%
Oldsmobile	29,111	18,607	8,243	164	8	-95.1%
Daewoo	403	-	-	-	-	n.a.
Isuzu	732	20	6	-	-	n.a.
Plymouth	116	41	-	-	-	n.a.
Total	1,703,246	1,593,506	1,534,415	1,583,291	1,614,701	2.0%

Source: DesRosiers Automotive Consultants Inc., AIAMC, CVMA

Note: Brand sorted based on 2006 sales.

3.2 Vehicle Segmentation - Passenger Car

Subcompact

Chevrolet	Aveo
Honda	Fit
Hyundai	Accent
Kia	Rio
Nissan	Versa
Pontiac	Wave
smart	fortwo
Suzuki	Swift+
Toyota	Yaris
Volkswagen	New Beetle

Compact

Acura	CSX
Chevrolet	Cobalt
Chevrolet	Optra
Dodge	Caliber
Ford	Focus
Honda	Civic
Hyundai	Elantra
Kia	Spectra
Mazda	Mazda3
Mazda	Mazda5
Mercedes-Benz	B Class
Mitsubishi	Lancer/Lancer Sportback
Nissan	Sentra
Pontiac	Pursuit
Pontiac	Vibe
Saturn	ION
Suzuki	Aerio
Suzuki	SX4
Toyota	Corolla
Toyota	Matrix
Volkswagen	Golf
Volkswagen	Rabbit
Volkswagen	Jetta

Sport

Acura	RSX
Chrysler	Sebring Coupe/Convertible
Chrysler	PT Cruiser Convertible
Ford	Mustang
Honda	Insight
Hyundai	Tiburon
Mazda	MX-5
MINI	Cooper/CooperS
Mitsubishi	Eclipse/Eclipse Spyder
Pontiac	Solstice
Saturn	Sky
Subaru	Impreza
Volkswagen	Eos

Volkswagen	GTI
Volvo	C30

Intermediate

Buick	Allure
Buick	LeSabre
Buick	Lucerne
Chevrolet	Epica
Chevrolet	Impala
Chevrolet	Malibu
Chevrolet	Monte Carlo
Chrysler	Sebring Sedan
Dodge	Avenger
Dodge	Charger
Ford	Crown Victoria
Ford	Fusion
Honda	Accord
Hyundai	Sonata
Kia	Magentis
Kia	Rondo
Mazda	Mazda6
Mercury	Grand Marquis
Mitsubishi	Galant
Nissan	Altima
Nissan	Maxima
Pontiac	Grand Grix
Pontiac	G6
Subaru	Legacy
Toyota	Camry
Toyota	Solara
Toyota	Prius
Volkswagen	Passat

Luxury

Acura	TSX
Audi	A3
Audi	A4
BMW	3-Series
BMW	Z4
Cadillac	CTS
Chrysler	300
Hyundai	Azera
Ford	Five Hundred/Taurus
Infiniti	G35
Jaguar	X-Type
Kia	Amanti
Lexus	ES
Lexus	IS
Lincoln	Zephyr
Saab	9-2X
Saab	9-3

Toyota	Avalon
Volvo	C70
Volvo	S40
Volvo	S60
Volvo	V50
Volvo	V70

Luxury High

Acura	RL
Acura	TL
Audi	A6
Audi	A8
BMW	5-Series
BMW	7-Series
Cadillac	DTS
Cadillac	STS
Infiniti	M45
Jaguar	XJ
Jaguar	S-Type
Lexus	GS
Lexus	LS
Lincoln	Town Car
Mercedes-Benz	C Class
Mercedes-Benz	E Class
Mercedes-Benz	S Class
Mercedes-Benz	Maybach
Saab	9-5
Volkswagen	Phaeton
Volvo	S80

Luxury Sport

Audi	TT
BMW	6-Series
Cadillac	XLR
Chevrolet	Corvette
Chevrolet	SSR
Chrysler	Crossfire/Crossfire Roadster
Dodge	Viper
Ford	GT
Honda	S2000
Jaguar	XK
Lexus	SC
Mazda	RX-8
Mercedes-Benz	SL
Mercedes-Benz	SLR
Nissan	350Z
Porsche	911
Porsche	Boxster
Porsche	Cayman S
Porsche	Carrera GT

This vehicle segmentation is a Canadian industry standard established and maintained by the Canadian Vehicle Manufacturer's Association (CVMA) and the Association of Import Automobile Manufacturers of Canada (AIAMC)

3.2 Vehicle Segmentation - Light Truck

Compact Sport Utility

Chevrolet	Equinox
Chevrolet	HHR
Chrysler	PT Cruiser
Ford	Escape
Jeep	Compass
Jeep	Liberty
Jeep	Patriot
Jeep	TJ
Jeep	Wrangler
Honda	CR-V
Honda	Element
Hyundai	Santa Fe
Hyundai	Tucson
Kia	Sportage
Land Rover	LR2
Mazda	CX7
Mazda	Tribute
Mitsubishi	Outlander
Pontiac	Torrent
Suzuki	Forester
Suzuki	Grand Vitara
Suzuki	XL-7
Toyota	RAV4

Intermediate Sport Utility

Buick	Enclave
Buick	Rainier
Buick	Rendezvous
Chevrolet	TrailBlazer/TrailBlazer EXT
Dodge	Nitro
GMC	Acadia
GMC	Envoy/Envoy XL/Envoy XUV
Ford	Edge
Ford	Freestyle/Taurus X
Ford	Explorer
Hyundai	Veracruz
Honda	Pilot
Jeep	Grand Cherokee
Kia	Sorento
Mazda	CX9
Mitsubishi	Endeavor
Nissan	Pathfinder
Nissan	Murano
Nissan	Xterra
Saturn	Outlook
Saturn	Vue
Toyota	4Runner
Toyota	FJ Cruiser
Toyota	Highlander

Large Sport Utility

Chevrolet	Suburban
Chevrolet	Tahoe
Chrysler	Aspen
Dodge	Durango
Ford	Excursion
Ford	Expedition
GMC	Yukon/Yukon XL
Jeep	Commander
Mitsubishi	Montero
Nissan	Armada
Toyota	Land Cruiser
Toyota	Sequoia

Luxury Sport Utility

Acura	MDX
Acura	RDX
BMW	X3
BMW	X5
Cadillac	Escalade/Escalade ESV
Cadillac	SRX
Chrysler	Pacifica
Dodge	Magnum
Hummer	H2/H2 SUT
Hummer	H3
Infiniti	FX35/45
Land Rover	Range Rover
Land Rover	Ranger Rover Sport
Land Rover	LR3
Lexus	GX
Lexus	LX
Lexus	RX
Lincoln	MKX
Lincoln	Navigator
Mercedes-Benz	G Class
Mercedes-Benz	M Class
Mercedes-Benz	R Class
Porsche	Cayenne
Saab	9-7X
Subaru	B9 Tribeca
Volkswagen	Touareg
Volvo	XC70
Volvo	XC90

Small Pickup

GMC	Canyon
Chevrolet	Colorado
Ford	Ranger
Honda	Ridgeline
Mazda	B Series

Nissan	Frontier
Subaru	Baja
Toyota	Tacoma

Large Pickup

Cadillac	Escalade EXT
Chevrolet	Avalanche
Chevrolet	Silverado
GMC	Sierra
Dodge	Ram
Dodge	Dakota
Ford	F-Series
Lincoln	Mark LT
Nissan	Titan
Toyota	Tundra

Small Van

Buick	Terraza
Chevrolet	Safari
Chevrolet	Uplander
Chrysler	Town & Country
Dodge	Caravan
Ford	Freestar
GMC	Safari
Hyundai	Entourage
Honda	Odyssey
Kia	Sedona
Mazda	MPV
Nissan	Quest
Oldsmobile	Silhouette
Pontiac	Montana SV6
Saturn	Relay
Toyota	Sienna
Volkswagen	Eurovan

Large Van

Chevrolet	Express
GMC	Savana
Dodge	Sprinter
Ford	Econoline

This vehicle segmentation is a Canadian industry standard established and maintained by the Canadian Vehicle Manufacturer's Association (CVMA) and the Association of Import Automobile Manufacturers of Canada (AIAMC)