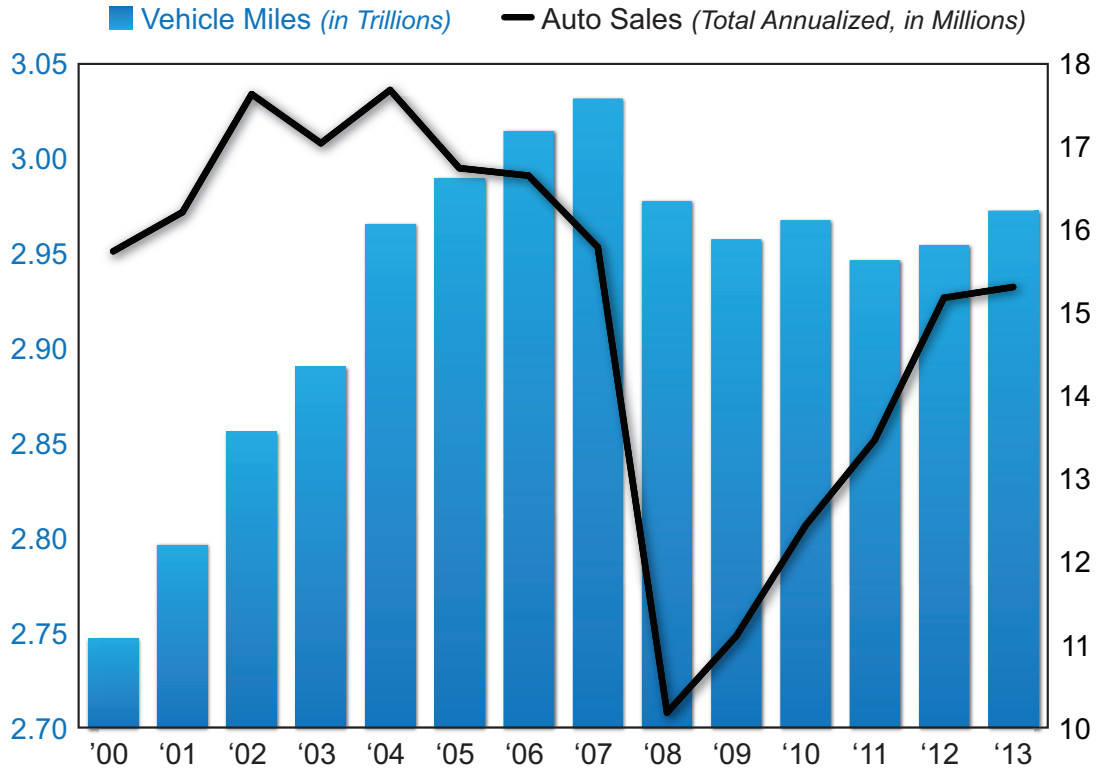


Job & Economic Growth Could Drive Auto Sales Higher

Total Vehicle Miles Traveled in U.S. & Total U.S. Auto Sales



Sources: U.S. Department of Transportation, Bloomberg. Note: Auto sales are seasonally adjusted.

View from the Observation Deck

1. March's U.S. nonfarm payroll number will be released tomorrow. Bloomberg's survey of top economists produced a consensus estimate of 200,000 new hires.
2. That target is slightly above the 187,540 monthly average posted over the past 12 months, but still below the 250,000-plus economists believe is needed to make a serious dent in unemployment.
3. While relatively modest, the pace of job growth in this recovery has been sufficient enough to date to jumpstart a recovery in U.S. auto sales (see chart), in our opinion.
4. The chart clearly indicates the negative impact that the financial crisis in 2008 had on auto sales as well as the number of miles driven annually in the U.S.
5. While the chart only depicts the period from 2000 through 2013, from 1988 through 2007, the number of miles driven annually in the U.S. increased in every one of those 20 calendar years.
6. Total U.S. auto sales have rebounded off of their financial crisis monthly low point of 9.04 million (annualized) in Q1'09. Auto sales closed December 2013 (see chart) at an annualized pace of 15.36 million.
7. The severe weather this winter season may have been depressing sales to some degree. March 2014's sales came in at an annualized pace of 16.33 million. Sales averaged nearly 17.0 million from 2004-2005.
8. With Europe exiting its recession and with the U.S. GDP growth rate expected to climb from 2.1% in 2013 to 2.8% (National Association for Business Economics) in 2014, we believe auto sales are likely headed higher.

This chart is for illustrative purposes only and not indicative of any actual investment. There can be no assurance that any of the projections cited will occur.