



For Immediate Release

## **NasTrac Quarterly Index Shows Mixed News in Q4 2009: Significant Decline in Trucking Repossessions, Construction Activity Continues to Rise**

### ***Nassau Asset Management's Index Shows Machine Tool Repossessions Declining While Printing Repos Rise***

WESTBURY, NY, March 15, 2010 -- Repossessions and liquidations of trucking equipment in the fourth quarter of 2009 declined significantly as compared to similar figures from 2008, according to Nassau Asset Management's NasTrac Quarterly Index (NQI). The figures, culled from the company's activity reports for both repossessions and orderly liquidations, also indicated a decline in machine tool repossessions, along with a rise in repossessions for both construction and printing equipment, offering a mixed message on the current state of the American economy.

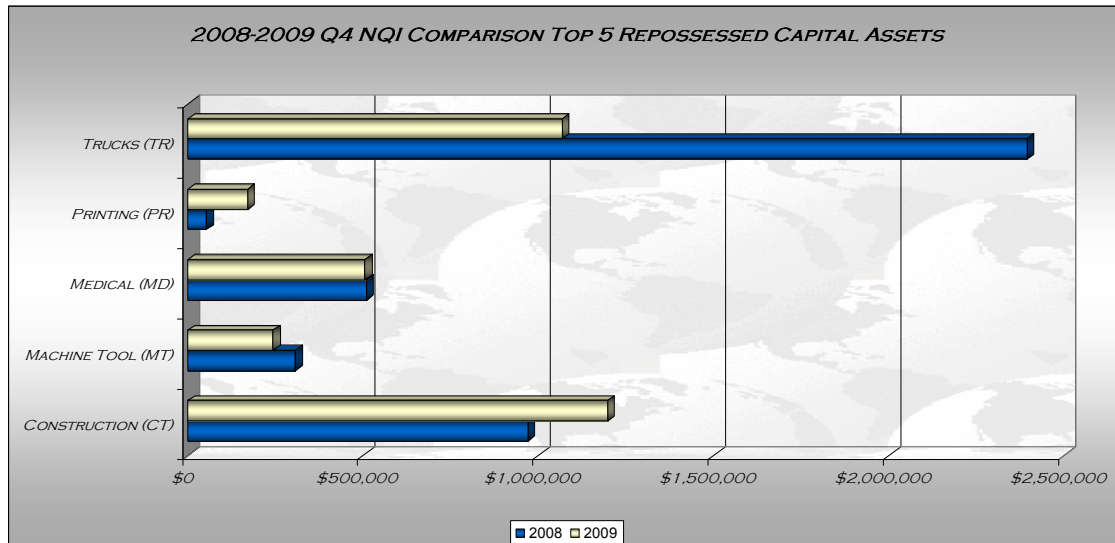
Trucking repossessions dropped by 55 percent in the latest NQI, marking the second straight quarter of considerable declines. The results in these two quarters follow in the wake of a steady increase in activity in this sector, beginning in early 2008.

Machine tool repossessions processed by Nassau followed the same track as trucking repos. They declined by 20 percent in Q4 2009, following a decline of 55 percent in Q3 2009, as compared to the same periods in 2008.

However, other sectors continued to report increased activity in the NQI. Construction repossessions and liquidations rose by 23 percent during the quarter and printing equipment repossessions increased by more than 200 percent, as compared to the same total last year.

"2009 ended with two quarters of mixed results, after beginning the year with two very difficult quarters," said Ed Castagna, president of Nassau Asset Management. "These numbers indicate some relief for the battered trucking and machine tool verticals of the equipment leasing sector, but that relief has yet to spread to other important sectors."

Castagna continued, "Based on the data in the NQI and information gathered in our ongoing communication with clients and other business leaders in the various economic sectors in which we operate, we foresee more months of these varied results before things improve."



*NOTE: Information based on Nassau Asset Management's markets only*

### **Trucking Repossessions and Liquidations**

The 55 percent drop in truck repossessions follows a 44 percent decline in the previous month. This severe reduction in activity seems to indicate that the trucking sector has positioned itself for a turnaround that unfortunately has yet to begin.

Data from the U.S. Department of Transportation's Bureau of Transportation Statistics supports this trend. The Freight Transportation Services Index (TSI), which measures the month-to-month changes in freight shipments in ton-miles, was unchanged in December from its November level. Meanwhile, although the index recorded a 4.1 percent decline for all of 2009, it increased by 2.9 percent during the last seven months of the year.

Even with its recent surge, the Freight TSI is down 14.8 percent from its historic peak, which occurred in May 2006.

In addition, FTR Associates, an industry leader in freight transportation forecasting, reported that January 2010 Class 8 truck total net orders for all major North American OEM's were at the lowest level since July of 2002. January's order activity was down 46.4% from December and was 20.1% lower than the same month a year ago. This decline in January activity followed a brief spurt of activity in late 2009, when FTR analysts recorded fleets taking advantage of open build slots.

### **Other Repo Trends**

Nassau's latest NQI compares the company's internal repossession and orderly liquidation activity in the fourth quarter of 2009 with the same period of 2008. In addition to reporting on truck volume, the latest NQI revealed the following trends:

#### **Construction Repos Rose Again**

The 23 percent rise in construction repossessions recorded in the NQI continued sluggish conditions in the construction market. New home sales are weak and plans for future construction also remain at low levels.

The Commerce Department said December new home sales fell below November figures and were the weakest since March. Only 374,000 homes were sold last year, a 23 percent decline from a year earlier and the weakest year on record, dating back to 1963.

Meanwhile, the Architecture Billings Index, a leading economic indicator of construction activity, saw a negligible rise of less than one point in December from November billings.

**Machine Tool Repos Decreased by 20 Percent** – Repossessions of machine tool equipment in Q4 2009 dropped by 20 percent as compared to totals for the same quarter in 2008. The reduced level of activity seems to indicate that the manufacturing sector is showing signs of renewed vigor.

The Institute for Supply Management's purchasing managers index showed that manufacturing climbed to 55.9% in December from 53.6% in November, marking five straight months of expansion and the strongest rate of activity since April 2006.

In their December report, AMT (The Association for Manufacturing Technology) and AMTDA (the American Machine Tool Distributors' Association) indicated that U.S. manufacturing technology consumption rose by nearly 23 percent compared to November 2009. However, consumption was down almost six percent from December 2008 and the year-to-date total for 2009 was down 60 percent compared to 2008.

**Printing Equipment Repos Rose by More than 200 Percent in Q4 09** – Printing equipment repossessions continue to rise because that sector faces considerable pressure from the problems faced by many other business markets.

WhatTheyThink, an online media organization serving the printing and publishing industry, reported that December 2009 commercial printing shipments were down by almost seven percent compared to 2008. This decline was below the monthly average for 2009 and the total billing for the month was the lowest for a December since 1994.

**Medical Equipment Repos Stayed Unchanged From Q4 08** – Data in the NQI showed repossessions of medical equipment in 2009 declined by just one percent from the same quarter of 2008. These figures match external data that shows the medical equipment sector in a holding pattern when it comes to equipment purchases.

According to Morningstar Inc., "hospitals continued to trim their inventory...during the first and second quarters of 2009, (which) pushed average days' inventory to its lowest levels in years, forcing hospitals to become more efficient operators." This means most facilities have reduced inventory as much as possible, and are not yet ready to begin a spending phase.

## **NQI Graphics**

For graphics outlining the findings of the NQI go to:  
[http://www.nasset.com/news/pdf/NQI\\_2008-2009\\_Comparison\\_Q4.pdf](http://www.nasset.com/news/pdf/NQI_2008-2009_Comparison_Q4.pdf)

## **About NQI**

NQI reports on Nassau's internal repossession and orderly liquidation activity in a given quarter compared to the same quarter the previous year or to previous quarters in the same year. Readers should keep in mind that results must be viewed over several quarters to establish

trends. Finance companies and industry analysts can also contract with Nassau to dig deeper into the numbers, determining the root causes for trends and researching specific equipment types. Companies can use their private reports created by Nassau to help mitigate risk in portfolios and/or provide useful economic indicators to their own clients.

## **ABOUT NASSAU**

Nassau Asset Management of Westbury, NY, has been providing full-service asset management, including asset recovery, collections, remarketing, plant liquidations, and appraisals for more than 25 years to the equipment finance industry. For more information, please visit [www.nasset.com](http://www.nasset.com) or call 1-800-4.NASSAU.

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