Here's one economic indicator that's flashing green: used-car prices.

Prices for second-hand cars took a hit late last year, along with the prices of many other assets. But since the start of this year, a combination of tight supplies of both new and used vehicles and higher demand from a frugal public have pushed average used-car prices to the highest levels in years, industry watchers say. Demand seems particularly strong for used SUVs, analysts say, reflecting lower gas prices.

That should be good news if you are selling or trading in a well-tended used vehicle over the next couple of years. It might not be so welcome if you are trying to buy one.

One widely followed measure of used-car prices, the 14-year-old Manheim Used Vehicle Value Index, will likely hit a record when data for September are released in early October, says Thomas Webb, chief economist for Manheim Consulting, a subsidiary of Cox Enterprises Inc.

What kinds of used vehicles are selling? All kinds, but particularly "gas guzzlers," says Katharine Kenny, vice president of investor relations for CarMax Inc., the big used-vehicle retailer based in Richmond, Va. CarMax executives told analysts earlier this month that average sales prices for used vehicles sold from CarMax stores rose 6%.

"What has happened over the last couple quarters is with supply being down, we've seen wholesale prices continue to appreciate. It's just a basic supply-and-demand model," CarMax President Tom Folliard said in a conference call.

The recent havoc in financial markets has kicked up a new round of debate over whether the "efficient market theory" fairly describes the real world of buying and selling financial assets. I skipped Economics 101, but the used-car market would probably give comfort to fans of the idea that prices reflect all known information, and adjust quickly to new information.

If you have shopped for a used car recently, or tried to sell one, you know that there is a remarkable amount of information available. You can use a vehicle's identification number to find out whether it has been in a wreck. You can search several online services to get market prices for used vehicles, in any ZIP Code. Craigslist, Ebay, Kbb.com, Edmunds.com, the used-car guide at the National Automobile Dealers Association's Nada.org -- the list of Web sites that provide price and product information on used cars could barely fit in the trunk of an Acura.

What's less obvious to casual observers are the industry dynamics that should be advantageous to people selling or trading in a used car or truck now.

The government financed "cash for clunkers" sales bonanza tilted the car industry's supply-demand teeter-totter heavily toward the "demand" side, helping dealers to clear out new vehicles faster than they might have otherwise. But cash for clunkers isn't the biggest reason why the value of your used vehicle could be going up. A bigger factor is millions of vehicles you can't see -- the ones car makers didn't make, sell, lease or dump into rental-car fleets during the past year.

Big car makers had been slashing production -- or shipments from overseas -- to work down bulging inventories of unsold new vehicles that clogged dealer lots as the economy tumbled last year. Demand for
many big vehicles -- large SUVs, pickups and big cars -- cratered in mid-to-late 2008 as gas prices surged.
Detroit shut SUV factories right and left.

Auto makers have started to crank up production in recent weeks -- but so far not as robustly as in the past. Meanwhile, gas prices have moderated. People who like big SUVs are comfortable again with the idea of buying one. But new ones are scarce compared with years past -- and pricey. That's driving up demand for second-hand vehicles. Similar dynamics appear to be boosting prices for other fuel-thirsty vehicles.

Luxury cars, pickups and large SUVs "we can see leading this price increase," says Jie Du, used-vehicle market analyst at J.D. Power & Associates. "Year over year we see prices going up $750, or roughly 5% in September," Mr. Du said. That means a vehicle that sold for just more than $16,000 a year ago would sell today for about $16,800, other factors such as mileage and condition being equal.

Manheim's Mr. Webb says the unbuilt cars and trucks of 2008-09 will be missed going into 2011 and 2012, when bargain-hunting consumers who look for two- and three-year-old cars and trucks will find fewer of them around. "In terms of wholesale supply there is still going to be a problem," he says. "If you go further out it becomes worse in some aspects."