

Auto Sales Will Continue to Rise, Though at a Slightly Decelerated Rate, According to TechnoMetrica's Latest ADI Survey

Driven by such positive economic factors as low interest rates and an improving U.S. labor market, along with relatively low gas prices, momentum for new vehicle sales will continue to grow in the near future, according to April's reading of the TechnoMetrica Auto Demand Index. However, a slight drop in consumer confidence this month, and an easing of demand for new vehicles among Americans indicate that sales growth will occur at a slower rate over the coming months.

([PRWEB](#)) April 25, 2016 -- A variety of economic factors such as low interest rates, an improving U.S. labor market, low gas prices will help keep auto sales brisk, albeit at a somewhat decelerated pace.

TechnoMetrica Market Intelligence developed the Auto Demand Index, or ADI, as a way to measure the intent of consumers to buy or lease a new vehicle within the next six months.

Raghavan Mayur, president of TechnoMetrica, explained that the ADI, which is conducted monthly, is based on the response to a key question posed to more than 900 adult Americans: How likely is it that you will buy or lease a new vehicle within the next 6 months?

After gaining five points last month, the ADI slowed down in April, declining by five points, or 5%, to a score of 106. In addition, the Index's 3-month moving average decreased by three points in April, ending three straight months of growth in the reading. Overall, the share of Americans who are planning to acquire a new vehicle within the next six months remained unchanged from last month, at 18%.

The Index has been set to an initial value of 100 based on demand levels between February 2007 and April 2007, when annualized sales registered at 16.3 million units.

Despite the slight decline in this month's ADI, purchase intent will maintain its positive trajectory in the coming months, as April marked the fourth straight month that the Index has posted a score above 100. The strength of purchase intent among consumers is further demonstrated when measuring the Index reading against the long and short term tracking rates. April's ADI score of 106 is five points above the 12-month moving average of 101, and one point ahead of the 6-month moving average of 105. Accordingly, analysts at TechnoMetrica anticipate that new vehicle sales will continue to rise, albeit at a slightly decelerated rate as compared to their performance over the past year.

Many economic factors have encouraged more consumers to consider acquiring new vehicles over the past few months. For instance, the price of gasoline, which remains relatively low nationally, as well as the availability of enticing extended loan terms represent key forces behind the high rate of purchase intent among consumers. Lower interest rates and the progress made in the U.S. labor market, specifically the steady growth in employment and higher wages, are also having a positive impact on the rate of purchase intent. We expect that these motivators, along with key factors such as improved weather conditions and the abundance of older vehicles on the road, will help maintain the high incidence of consumers intending to purchase or lease a new vehicle for the coming months.

At the same time, the decline in this month's reading of the ADI, as well as the slight decrease in our momentum indicator, suggest that the rate of purchase intent will decelerate somewhat in the near future. This can be attributed to a weakening in consumer confidence, and growing fears of a potential economic slowdown among American consumers, as illustrated by the decline in our Economic Optimism Index score this month.

Along with the ADI, TechnoMetrica also produces the Investor's Business Daily/TIPP Economic Optimism Index, which is a monthly survey measuring consumer confidence regarding economic conditions in the country.

The Index declined for the second straight month in April, decreasing by 0.5 point to register a reading of 46.3. This month's reading is 0.6 point below the Index's 12-month average of 46.9. The Index's performance over the last few months reflects the mixed feelings Americans are exhibiting concerning the current state of the broader economy, as fifty percent of consumers believe that the U.S. economy is not improving, while 47% think it is improving.

"Consumers are less optimistic regarding the current state of the U.S. economy, due to such factors as the recent volatility in the stock market and growing fears of another recession," said Raghavan Mayur, president of TechnoMetrica. "However, positive developments surrounding the auto industry, including relatively low gasoline prices, will continue to drive new vehicle sales upwards, though at a slightly lower rate than what we have been witnessing lately."

As brand name tends to wield a significant influence over the vehicle purchase decisions of many consumers, the Auto Demand Index survey also inquires into which vehicle brands prospective buyers are most likely to acquire. In April, Ford maintained its position as the most desired brand among likely buyers, with a share of 15%, followed by Toyota, at 13%. Similar shares of consumers (11%) chose Chevrolet and Honda as the vehicle brands they are likely to purchase next.

When consumers were asked to identify the types of vehicles they are likely to procure, nearly one-quarter (23%) preferred mid-size vehicles, thus making this type the most popular choice among likely buyers. Meanwhile, small SUVs were chosen by 16% of likely buyers, a slight decline of one point from March. Compact and full-size vehicles were both identified by 13% of likely buyers as the type of vehicle they are most likely to purchase, while just over one in ten consumers (11%) chose pickup trucks.

Analyzing the data demographically reveals that parents and American consumers living in the Midwest region displayed the largest increase in intention to acquire a new vehicle. Consumers identifying themselves as parents recorded an increase of 11 points in the Index this month, attaining a score of 145, while Midwesterners posted an Index of 135, improving ten points from April's reading. Americans earning less than \$30K in income also exhibited sizeable growth in purchase intent, as the ADI increased nine points to a score of 101. Meanwhile, consumers with an income over \$100K, along with those living in the Northeast region of the United States, displayed the greatest decline in purchase intent this month.

Each month, TechnoMetrica uses Random Digit Dial telephone methodology to conduct live interviews with more than 900 respondents, using both landlines and cell phones. The margin of error for the survey is +/- 3.2 percentage points.



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201-334-6184

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