

U.S Auto Sales Expected to Close Out 2017 on a Strong Note Amid a Strengthening Economy

Vehicle purchase intent rose to a ten-month high in December, as a strengthening economy, lower gas prices, and attractive deals on outgoing models combine to create a favorable environment for car shopping. In December, TechnoMetrica's Auto Demand Index improved for the third straight month to register a score of 113, its highest reading since February, indicating that auto sales will remain strong in the near future.

RAMSEY, N.J. ([PRWEB](#)) December 29, 2017 -- A stronger economy, lower gas prices, and rising discounts from automakers continue to fuel Americans' growing levels of vehicle purchase intent, which hit a ten-month high in December. TechnoMetrica's Auto Demand Index improved two points, or 1.8%, this month to a score of 113, its highest reading since February. Thus, we anticipate that new vehicle sales, though likely to finish the year behind the record performance set in 2016, will conclude the year on a strong note, and continue their momentum into 2018.

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?

Despite fluctuating throughout much of the year, the Index has accelerated in the concluding months of 2017. December marks the third straight month of improvement in the measure, the longest streak of the year. In addition, the Index has registered a reading above 100 for three consecutive months, an indicator of strength in purchase intent levels among consumers. Further, the share of consumers who say they are likely to acquire a new vehicle within the next six months rose to its highest level since February, at 19%.

The growing momentum in vehicle purchase intent is likely to extend into the new year, according to recent trends in the Index's monthly averages. In December, the three and six month averages both rose for the third month in a row, while all three averages surpassed 100, the first such occurrence since April. Further, our momentum indicator (MACD) held in positive territory for the second straight month, gaining 1.3 points to reach a ten-month high of 2.0. As a result, auto sales should maintain their current robust pace of growth in the months ahead.

“Vehicle purchase intent among consumers is ending the year on a robust note, largely due to a strengthening U.S. labor market, and attractive deals on outgoing models,” said Raghavan Mayur, president of TechnoMetrica. “As a result, we anticipate that new vehicle sales, though they may have “plateaued” in 2017, should remain strong heading into the new year.”

The rise in purchase intent extends across most demographic groups. This month, 20 of the twenty-three population groups we monitor each month showed improvement in the Index, with the largest gains coming in the African American and Hispanic segment (+33), consumers earning an income between \$30K and \$50K (+18), urbanites (+15), and unmarried consumers (+15). Parents (+13) are also reporting greater intent to purchase new vehicles, reflecting the rising popularity of SUVs. In addition, 21 groups registered Index

readings above 100, up from 15 the previous month.

A number of forces have combined to create favorable conditions for vehicle purchasing, including a strengthening economy. This year, the economy has been growing at a robust pace, with GDP growth hitting three percent or higher for two straight quarters for the first time since 2014. Americans have also been encouraged by a stronger labor market, as unemployment remains at a 17-year low.

Increased purchase intent has also been driven by lower gas prices across the country. Heading into the holidays, average gas prices in the U.S. fell to their lowest levels since Hurricane Harvey made landfall in August, according to GasBuddy, which tracks fuel prices on a regular basis. Further, a week before Christmas, AAA data showed that the national average was 12 cents lower than a month prior.

Prospective buyers are also being lured by deeper discounts on outgoing 2017 models. As the year nears its end, automakers have continued to boost incentives and discounts in order to clear their lots for 2018 models. November proved to be an especially incentive-friendly month, as a number of automakers started rolling out their Black Friday deals earlier in the month. Average incentive spending hit an all-time high of \$4,188 in November, according to data from J.D. Power and LMC Automotive. These discounts helped ensure a solid month for auto sales, which unexpectedly rose by 1.4 percent from the previous November.

Aside from measuring Americans' vehicle purchasing intent each month, the Auto Demand Index study also gains insights into the brand preferences among prospective buyers. Ford remained the most popular brand among consumers for the second month in a row, garnering a 14% share of likely buyers. Meanwhile, Toyota and Chevrolet tied for second place, with each being chosen by 12% of consumers. After tying for third place in November, Honda edged down into the fourth spot this month, as preference for the Japanese-made brand declined by two points to a share of 9%. A tie between Nissan and Jeep at 5% rounded out the top five in most preferred vehicle brands.

TechnoMetrica also seeks to uncover the most preferred vehicle types among consumers. Mid-size vehicles remain the top choice of prospective buyers, with nearly one in five planning to acquire this type of auto for their next purchase. Meanwhile, Small SUVs, the second-most preferred vehicle type, continue to rise in popularity. Preference for Small SUVs improved for the third straight month in December, gaining one point to a share of 18%. Next, three vehicle types each received a 13% share of likely buyers: Compact cars, Full-size cars, and Pickup trucks.

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. In addition, recent statistical analysis has shown a strong correlation between the Auto Demand Index and actual U.S. vehicle sales.



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