



**FOR IMMEDIATE RELEASE**

## **June New-Vehicle Sales Pace Expected to Increase from Year-Ago Levels**

*Cox Automotive Raises Full-Year Sales Forecast After Strong First Half*

**ATLANTA, June 27, 2018** – New-vehicle sales volume in June is expected to rise 2.1 percent from last year, resulting in a seasonally adjusted annual rate (SAAR) of 16.9 million. The June sales pace is up from last year's 16.6 million rate and is up slightly from the 16.8 million level in May 2018. Through the first five months of 2018, the SAAR has averaged 17.1 million.

On the heels of those five strong months and with a June SAAR forecast near 17 million, Cox Automotive is moving its full-year forecast up from 16.7 to 16.8 million. Buying conditions for higher-income Americans, who are the new-vehicle market's core constituents, have been very favorable as tax reform has improved income and wealth for these potential buyers. Consumer confidence has also held at near-record levels, buoyed by wage growth and historically low unemployment.

The Cox Automotive team believes the second half of 2018 will see lower sales than the first half, due to the negative impact of rising interest rates and overall market volatility. Tariffs on imported cars, if enacted, has the potential to reduce sales significantly.

"All indicators tell us that we have reached peak market and it won't be getting better from here," said Charlie Chesbrough, senior economist, Cox Automotive. "Monthly sales volume in June is expected to rise over last year, but June has one additional selling day this year – 27 instead of 26, and the pace is not expected to rise very much. June sales volume is expected to reach 1.5 million, an increase of nearly 30,000 units over last year, but a decrease of nearly 85,000 units (down 5.3 percent) from May."

The record for June sales occurred in 2005 when volume reached 1.67 million and a SAAR of 18.0 million was achieved as massive promotions and incentives lifted the market. Beating that record this year is unlikely; however, aggressive incentives will keep the selling rate strong even as monthly payments increase from rising interest rates.

### **Key Highlights for Estimated June 2018 Sales Forecast:**

- In June, new light-vehicle sales, including fleet, are expected to reach 1,500,000 units, up 2.1 percent, or nearly 30,000 units, compared to June 2017, but down nearly 85,000 units, or 5.3 percent, from May 2018.
- The SAAR in June 2018 is forecast to be 16.9 million, up from last year's 16.6 million pace, and up from the previous month's 16.8 million level.
- A record SAAR in June is very unlikely. Sales would need to reach nearly 170,000 units above the forecast. Without massive incentives and promotions, which we haven't seen, achieving this level of increase is not expected.

### **Sales Increases Expected for Most Auto Makers**

GM is expected to continue to see strong sales gains as the popularity of Equinox and Traverse crossovers lifts Chevrolet. Jeep is also expected to perform well as demand for rugged crossovers fits well with their portfolio. Ford is likely to see some declines as aging product in some segments holds them back.



	Sales Forecast <sup>1</sup>					Market Share			
	Jun-18	Jun-17	May-18	YOY%	MOM%	Jun-18	May-18	MOM	Jun-17
GM	255,000	243,155	264,823	4.9%	-3.7%	17.0%	16.7%	0.3%	16.6%
Ford Motor Co	225,000	227,166	241,527	-1.0%	-6.8%	15.0%	15.2%	-0.2%	15.5%
Fiat Chrysler	202,000	187,348	214,294	7.8%	-5.7%	13.5%	13.5%	-0.1%	12.8%
Toyota Motor Co	200,000	202,376	215,321	-1.2%	-7.1%	13.3%	13.6%	-0.3%	13.8%
American Honda	145,000	139,793	153,069	3.7%	-5.3%	9.7%	9.7%	0.0%	9.5%
Nissan NA	128,000	143,328	131,832	10.7%	-2.9%	8.5%	8.3%	0.2%	9.8%
Hyundai Kia	118,000	110,650	125,518	6.6%	-6.0%	7.9%	7.9%	-0.1%	7.5%
Subaru	55,000	52,057	60,146	5.7%	-8.6%	3.7%	3.8%	-0.1%	3.5%
VW	53,000	51,309	55,531	3.3%	-4.6%	3.5%	3.5%	0.0%	3.5%
<b>Grand Total<sup>2</sup></b>	<b>1,500,000</b>	<b>1,468,858</b>	<b>1,584,339</b>	<b>2.1%</b>	<b>-5.3%</b>				

<sup>1</sup> June 2018 Cox Automotive Industry Insights Forecast; all historical data from OEM sales announcements

<sup>2</sup> Total includes brands not shown

Car segments are expected to see additional significant declines as consumers continue to switch to SUV/crossover segments. Pickups are forecast to continue their strong pace as all three domestic makers compete for buyers with excellent product and aggressive incentives.

Segment	Sales Forecast <sup>1</sup>					Market Share			
	Jun-18	Jun-17	May-18	YOY%	MOM%	Jun-18	May-18	MOM	Jun-17
Compact SUV/Crossover	275,000	236,644	285,474	16.2%	-3.7%	18.3%	18.0%	0.3%	16.1%
Mid-Size SUV/Crossover	220,000	202,023	229,948	8.9%	-4.3%	14.7%	14.5%	0.2%	13.8%
Full-Size Pickup Truck	210,000	201,268	216,867	4.3%	-3.2%	14.0%	13.7%	0.3%	13.7%
Compact Car	165,000	182,107	182,382	-9.4%	-9.5%	11.0%	11.5%	-0.5%	12.4%
Mid-Size Car	135,000	150,550	147,376	-10.3%	-8.4%	9.0%	9.3%	-0.3%	10.2%
<b>Grand Total<sup>2</sup></b>	<b>1,500,000</b>	<b>1,468,858</b>	<b>1,584,339</b>	<b>2.1%</b>	<b>-5.3%</b>				

<sup>1</sup> Cox Automotive Industry Insights data

<sup>2</sup> Total includes segments not shown

All percentages are based on raw volume, not daily selling rate. There are 27 selling days in June 2018 versus 26 in 2017.

### Additional Insights from the Cox Automotive team

Although the sales pace is expected to slow a bit, the vehicle market remains on sound footing. Higher interest rates are not helpful to the vehicle buyer; however, gradual rate increases have been expected and should not cause a large decline in affordability and overall market demand. Economic conditions remain positive with strong consumer confidence levels and decades lows unemployment rates. As noted earlier, the passage of tax reform has fueled the new-vehicle market in 2018, as new-car buyers likely benefited the most from the reforms.

Federal Reserve interest rate increases, on the other hand, are starting to influence the economy and auto loan rates have risen to levels not seen since 2013. Gasoline prices are now well above 2017 levels, negatively impacting consumer spending abilities and vehicle ownership costs. And, notably, aggressive leasing strategies in recent years are now resulting in millions of “gently-used” off-lease vehicles available to consumers and providing growing competition for the new-vehicle market.



**Monthly Sales Day Conference Call Hosted by Cox Automotive**

Cox Automotive will host its monthly automotive sales day call on Tuesday, July 3, at 11 a.m. EDT. Chesbrough will be joined by Chief Economist Jonathan Smoke and Michelle Krebs, executive analyst at Autotrader, to provide an economic overview, share industry trends and answer questions. To discuss any automotive-related topic with a Cox Automotive analyst, contact a member of the Public Relations team to schedule an interview.

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