



## TD Economics

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### Data Release: U.S. auto sales finish the year strong

- Auto sales were quite robust in December, coming in at 16.8 million units (on a seasonally adjusted annualized basis). This brings the total sales tally for 2014 to 16.4 million vehicles, marking an 8-year high.
- Of the top selling brands, Kia (+35.6% y/y) topped the leaderboard, while Fiat-Chrysler (+19.7% y/y), GM (+19.3% y/y) and Toyota (+12.7% y/y) also posted double digit gains. Sales at Nissan (+6.9%y/y), Hyundai (+2.4% y/y), Honda (+1.5% y/y) and Ford (+1.1% y/y) were also up during the month.
- Fiat-Chrysler had a stellar year, increasing its market share by a solid 1.1 ppts. Meanwhile, Ford's market share fell by 1.1 ppts, while GM's was down 0.1 ppt. That said, the leaderboard remain unchanged from 2013, with GM holding the top spot, followed by Ford, Toyota and Fiat-Chrysler.
- 2014 was a great year for light truck sales, which outpaced passenger car sales in every month. For the year as a whole, light truck sales were up 10%, while passenger car sales rose by a more modest 1%.

### Key Implications

- Several factors contributed to the strong December sales tally, including generous holiday promotions, increased disposable income thanks to lower gas prices, and improving consumer confidence.
- Going forward, the momentum in the auto market is expected to continue. Replacement demand remains strong, household balance sheets have improved, employment is likely to continue to grow, interest rates will remain low and favorable financing terms should persist. Moreover, automakers will be introducing several new and redesigned models that should also help drive consumers into showrooms in 2015.
- Overall, we forecast auto sales to reach the 17 million unit mark this year – the highest level seen since 2001.

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