



## TD Economics

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### Data Release: Auto sales remain in high gear in June

- Total vehicle sales rose 1.3% in June, landing at 16.92 million (annualized) units. The release came in well above market expectations, with the consensus forecast calling for a modest 1.9% pullback (to 16.38 million units) on the month.
- Sales at Mazda (+16.5% y/y), Mitsubishi (+13.7% y/y), BMW (+11.5% y/y) and Chrysler (+9.1% y/y) recorded the largest gains relative to this time last year, while sales at Nissan (+5.3% y/y), Toyota (+3.3% y/y) and Hyundai (+3.7% y/y) were slightly more modest.
- Relative to this time last year, sales at Volkswagen (-21.1% y/y), Volvo (-10.4%), Honda (-5.8% y/y) and Ford (-5.6% y/y) all fell.

### Key Implications

- Over the first half of 2014, auto sales have totaled a whopping 8.1 million units, up 4.2% from the same time last year. These are impressive numbers, especially given the fact that vehicle sales had slumped by 7.1% between November of last year and this February.
- The reasons for the recent surge in auto sales are not hard to find. Exceptionally low financing rates, strong labor market gains and rising household wealth have all helped to boost consumer confidence, which has in turn led to increased purchases of big ticket items. Moreover, with the exceptionally cold winter having weighed on Q1 sales, many automakers have boosted spring purchasing incentives – ranging anywhere from lower financing rates to deeper vehicle discounts. Overall, we expect a modest deceleration in sales over the remainder of the year, but nonetheless ending 2014 at an elevated 16.4 million units.

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