



TD Economics

Data Release: Auto sales bounce back in May

- After falling below the 15 million unit mark in April, new vehicle sales in the U.S. rose back up to 15.2 million units in May (on a seasonally adjusted annualized basis) – which is in line with the average pace of sales recorded over the last six months.
- Nissan (+25% y/y) was the top performer among the eight leading brands, while Ford (+13% y/y) and Chrysler (+11% y/y) also posted double digit gains during the month. The remaining top selling brands all recorded sales growth, but at a low single digit pace.

Key Implications

- The resurgence in the housing market is playing a key role in the auto sales recovery. Increased homebuilding activity has fueled an uptick in demand for pick-up trucks, while rising home sales and prices have had positive wealth effects on home owners and helped to give overall consumer confidence – which is now sitting at the highest level seen since early-2008 – a boost.
- Other related indicators, including a falling unemployment rate and equity markets hitting record highs, have also been supportive for auto sales.
- Going forward, the ongoing improvement in economic conditions, in addition to market specific fundamentals – including easier access to credit and a great deal of pent-up demand – will continue to support auto sales. However, with the full impact of fiscal actions still yet to be felt, an acceleration in the pace of sales on a sustained basis is unlikely in the near term. We continue to forecast annual sales of 15.2 million units.

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