Data Release: Light vehicle sales make a pit stop in February

- U.S. light vehicle sales fell to 16.16 million units (on a seasonally-adjusted annualized basis) in February, below market expectations for 16.70 million units and down from 16.55 million in January. Although disappointing, it was still the highest February sales level since 2007, and up 5.4% Y/Y over last year.

- Among top eight selling automakers, the gains were generally modest outside of Toyota, where sales grew 13.3% Y/Y. Following behind, sales growth clustered in the mid-single digits at Hyundai (+7.1% Y/Y), Kia (+6.8% Y/Y), FCA (+5.6% Y/Y), Honda (+5.0% Y/Y), GM (+4.2% Y/Y). Finally, sales rose a more subdued 2.7% Y/Y at Nissan, and declined -2.0% Y/Y at Ford. Meanwhile, Subaru, which broke into the top eight in sales in January, fell out in February despite sales growth remaining robust at 18.5% Y/Y.

- Much like last month, the light truck segment continued to be the key driver of sales in February, rising by 11.3% Y/Y relative to an outright decline of -1.1% Y/Y for passenger cars. Light trucks accounted for 55.5% of total sales during the month, compared to 52.5% of all sales over the same period last year.

Key Implications

- Sales in the first quarter so far have cooled from the torrid 16.7 million level set in Q3 and Q4. We do not view this setback as anything more than temporary however. Although certainly not as bad as last year, some of the weakness in February can be chalked up to unusually harsh weather. In fact, we may see a repeat of last year, where a quiet start to the year gave way to robust gains, with 2014 the best year for sales since 2006.

- We fully expect auto sales to pick up in the months ahead. The labor market continues to add jobs at a healthy clip, while real personal disposable income growth over the past three months is the highest its been in two years. Meanwhile, consumers continue to view the "buying conditions for vehicles" as close to a post-crisis high, according to the Michigan Survey. Finally, credit conditions in auto lending continue to ease – although to less an extent than in the recent past – according to the Senior Loan Officer Survey in Q1. This points to greater purchases ahead en route to our annual forecast of 16.85 million light vehicle sales in 2015.

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