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TD Economics

Data Release: U.S. auto sales bounce back in September

- Auto sales came in at a healthy 17.65 million units in September (on a seasonally adjusted annualized basis) – up from the 16.9 million units sold in August, but down from the robust 18 million pace recorded a year ago.
- Results among the top selling brands were mixed. Nissan (+5% y/y), Toyota (+1.5% y/y) and Hyundai (+4% y/y) were up on the month, while Ford (-8% y/y), FCA (-1.3% y/y), Kia (-1.2% y/y) and GM (-0.6% y/y) were down. Honda's sales were in line with year-ago levels.
- Light trucks (+4% y/y) remained in high demand, accounting for 61% of total sales. Meanwhile, car sales (-7% y/y) continued to slide.

Key Implications

- September's strong sales result put the third quarter average at 17.5 million units. This is an improvement from the 17.1 million unit pace recorded during the second quarter, suggesting that auto sales will give a boost to economic growth in Q3.
- Going forward, year-over-year gains will be a difficult task to achieve considering that sales in both October and November last year were slightly above the 18 million unit mark – a level that has not been seen since. That said, while pent-up demand has largely been satiated, other factors will continue to support an elevated level of auto sales, including low interest rates, lengthening loan terms, and a general improvement in economic conditions.
- All told, we expect sales through the end of the year to remain healthy, bringing the full year tally close to last year's record high of 17.4 million units.

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