



Kelley Blue Book  
**KBB.COM**  
The Trusted Resource

# BLUE BOOK BRIEFING

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## Up and to the Right

- Jack R. Nerad, executive editorial director and executive market analyst for Kelley Blue Book's KBB.com

Well, we dodged one bullet. After a great deal of navel-contemplation, media speculation and gnashing of teeth, the Federal Reserve Board decided against a move that would raise the base interest rate, thus avoiding: 1. A mild ripple in the market; 2. A serious dislocation in industries that rely on consumer borrowing; 3. A global economic meltdown with catastrophic consequences. Since the Fed decided to do nothing with interest rates, it is impossible to determine what the consequences of an interest-rate increase would have been, but the good(?) news is we will get at least one more chance at speculation around this issue before the year is up. And then, if the Fed does decide to make a move, as seems inevitable in our lifetimes, we will get to experience firsthand whether the result is 1, 2 or 3 from the scenarios mentioned above. Or the answer that is popular with so many these days, "Don't know."

“ONE THING WE DO KNOW IS THAT WE ARE IN THE MIDST OF THE SIXTH CONSECUTIVE YEAR OF AUTOMOTIVE SALES GAINS...”

- JACK R. NERAD

One thing we do know is that we are in the midst of the sixth consecutive year of automotive sales gains, a virtually unprecedented run of positive sales results. In fact, in a recent Kelley Blue Book presentation describing an internal initiative, I saw a graphic portrayal of this phenomenon, and the implication was that auto sales would continue on their steady climb – up and to the right – forever and ever and ever.

“How naïve,” I thought. But then my next thought was that many young workers and many older workers who are relatively new to the auto industry have never experienced a sales slowdown. They have never experienced the up-and-down cycles that we older industry hands have seen through the years. In the minds of those new to the industry, why shouldn't car sales keep

increasing? The population continues to increase. Additional households continue to be formed. Housing units continue to be built. Why shouldn't car and light truck sales continue that up-and-to-the-right trend line that we have seen over the past six-plus years?

Maybe they will. Maybe what we're experiencing right now is the “new normal.” Maybe we have reached market equilibrium, so that we will never see the upturns and downturns and, yes, the booms and busts in the industry that were the case throughout the 20th century. Hey, this is the 21st century. Perhaps the fundamentals that caused boom-and-bust cycles in the past have been conquered. Perhaps wise financial wizards in powerful positions in ivory towers can control the global economy like a ninth grader can control a game console joystick. But I'll give you a few reasons why we think that isn't the case.

First of all, there is history. Throughout the past century, interrupted only by world wars, the U.S. and global auto industry enjoyed periods of high sales, periods in which sales dropped, and then periods of recovery moving toward a new high. While the world has changed in many ways, we don't believe the fundamentals have changed so radically that a business downturn is an impossibility going forward. Quite the contrary, we would suggest that it is inevitable and not necessarily disastrous. In fact, like a natural brushfire, it might clear deadwood out of the way so new growth can flourish.

Second, there are fundamentals in the American economy that cannot be denied and can only be papered over for so long. As we discussed at length in this space last month, if you take a macro view of what has driven auto sales, housing sales, housing prices and the stock market over the past six years, one would have to point to the Fed's near-zero interest rate policy. In autos, low interest rates make cars and trucks more affordable to both consumers and to fleet buyers. More affordability immediately translates into more sales. Similarly, low interest rates have led to an upswing in housing prices and consumers' equity in their homes. Currently, homeowners feel better off than before, and that, too, prompts car buying.

The implication of this is that when interest rates are allowed to tick back up from the historic lows that they have dwelled in during the past half-decade, consumers will simultaneously find themselves less well-off and confronted with higher monthly car payments for new purchases than before. That certainly doesn't sound like a recipe for the continued up-and-to-the-right trend.

One more word of caution: while the unemployment rate seems to have stabilized at about five percent, the labor participation rate – the percentage of total population that are currently employed – is at its lowest level since the late 1970s, an era when many women did not work outside the home. Lower labor participation also does not bode well for an up-and-to-the-right sales picture. If you're going to buy a car, it is better to have a job.

Though this might sound dire, don't despair. Throughout the 20th century, the auto industry survived and ultimately thrived in an atmosphere of continued boom-and-bust. Creating businesses strong and resilient enough to survive sales slumps without outside government assistance made for even stronger competitors, and ultimately, delivered better value to consumer car buyers. So view it this way: we will likely have another industry downturn before the end of the decade, but it won't kill the industry. In fact, it could make it stronger.

## LATEST NEWS STORIES ON KBB.COM:

Check out the very latest news stories by visiting [KBB.com](http://KBB.com) and clicking the the *KBB.com Top Picks* tab on the home page. The following latest news stories by KBB.com's editorial staff went live on the site or were updated during September 2015.

### Latest News:

[2017 Buick LaCrosse teased for Los Angeles Auto Show](#)

[2017 Ford Super Duty Unveiled](#)

[2017 Infiniti Q30](#)

[2017 Jaguar F-Pace unleashed](#)

[2017 Porsche 911 Carrera 4 goes turbo](#)

[2016 BMW M4 GTS super coupe U.S. bound](#)

[2016 BMW M6 Competition Edition: More edge in limited numbers](#)

[2016 BMW X4 M40i revealed -- attitude rich and 355-horsepower strong](#)

[2016 Buick Cascada to start at \\$33,990](#)

[2016 Chevrolet SS updated](#)

[2016 Ford Focus RS bows next spring with 350 horsepower](#)

[2016 Honda Civic Sedan: More style, substance](#)

[2016 Hyundai Tucson Concept boasts 700+ hp](#)

[2016 Infiniti QX50 revamped, price cut](#)

[2016 Lamborghini Huracan LP 610-4 Spyder surfaces](#)

[2016 Lexus RC 200t and RC 300 AWD join the lineup](#)

[2016 McLaren 650S adds features, holds price](#)

[2016 Mini Clubman starts at \\$24,950](#)

[2016 Mitsubishi Lancer gets new look, more features, value pricing](#)

[2016 Nissan Altima boosts style, sportiness and efficiency](#)

[2016 Opel Astra: New hatch and wagon for Europe](#)

[2016 Porsche 911 Carrera GTS Rennsport Reunion Edition unveiled](#)

[2016 Porsche Cayman Black Edition revealed](#)

[2016 Tesla Model X deliveries begin](#)

[2016 Volkswagen GTI Clubsport marks 40th anniversary](#)

[2016 Volkswagen Passat: A facelift amid firestorm](#)

[2015 Mitsubishi Lancer Evolution Final Edition bids a fast farewell](#)

[2015 Scion xB 686 Parklan Edition bids farewell](#)

[Alfa Romeo Giulia Quadrifoglio priced for Europe](#)

[Audi e-tron Quattro Concept previews Q6](#)

[Auto Shows: Where New Cars are Born](#)

[Automakers pledge to make automatic emergency braking standard](#)

[Borgward Returns with Crossover SUV](#)

[Five things to know about the VW diesel scandal](#)

[Honda Civic Tourer Active Life Concept unveiled](#)

[Honda FCV production fuel cell sedan set for Tokyo](#)

[Hyundai N 2025 Vision Gran Turismo forecasts a faster future](#)

[Jaguar's Big Move: XE and F-Pace poised to fuel sales](#)

[Kelley Blue Book announces Best Buy Awards Sweepstakes](#)

[Mazda Koeru Concept bows](#)

[Mazda Sports Car Concept teased for Tokyo](#)

[Mercedes-Benz IAA Concept looks to tomorrow](#)

[New Bosch battery to double EV range by 2020](#)

[Nissan Gripz Concept debuts at Frankfurt](#)

[Porsche Mission E Concept: 600-hp EV on the fast track](#)

[Range Rover Evoque Convertible prototype spotted testing](#)

## LATEST NEWS STORIES CONTINUED:

[Scion Concept teased for Los Angeles Auto Show](#)

[Toyota C-HR Concept nears production](#)

[This Week in Car Buying: September sales sizzle; Transaction prices continue to climb; KBB survey finds VW scandal taints all diesels; What's in your garage?](#)

[This Week in Car Buying: Top deals; Interest rates to remain low; Lease returns raise concerns; Chevy to add a Cruze hatchback](#)

[This Week in Car Buying: Trucks take center stage at Texas State Fair; Sales continue to climb; VW's horrible week; Volvo breaks ground in U.S.](#)

[This Week in Car Buying: Volkswagen diesel scandal, week 2; Educating buyers to make the right choice; Chevy Volt's aggressive launch](#)

## NEW-VEHICLE REVIEWS ON KBB.COM:

The following new-vehicle reviews written by KBB.com's editorial staff went live on the site or were updated during September 2015. To see any new-vehicle reviews from KBB.com's editorial staff, please visit [KBB.com](http://KBB.com) and click on the *Car Reviews* tab, then select the make and model.

### Video Posted to KBB.com:

[Video First Look: 2016 Ford Mustang Shelby GT350](#)

[Video First Look: 2016 Jaguar XF](#)

[Video First Look: 2016 Range Rover TD6 Diesel](#)

[Video Review: 2016 Nissan Rogue](#)

### Written Stories Posted to KBB.com:

#### Highlights

[Pickup Truck Buyer's Guide](#)

[2015 Ford F-150 Buyer's Guide](#)

[Buyer's Guide: 2016 Hyundai Tucson](#)

[2015 Ram 1500 Buyer's Guide](#)

[2015 Chevrolet Silverado Buyer's Guide](#)

[Our 5 Favorite New-Car Safety Features](#)

[Class of 2016: New Cars Ready to Roll](#)

[2015 Frankfurt Auto Show: New Jag, Big Bentley and Hot Concepts](#)

### Vehicle Coverage:

#### First Drives/Reviews

[2017 Audi A4 First Review: Why Let it Drive Itself?](#)

[2016 Infiniti QX50 First Review](#)

[2017 Volkswagen Tiguan First Look: Volkswagen's Compact SUV Has a Whole New Look](#)

[2016 Chevrolet Colorado Diesel First Review: Give diesel a chance](#)

[2016 Chevrolet Silverado First Review: New look, new transmission](#)

[2016 Chevrolet Volt First Review: The Volt you've waited for](#)

[2016 Ford Explorer Platinum First Review: Road Trip!](#)

## NEW-VEHICLE REVIEWS CONTINUED:

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### Long Term Vehicle Updates

[2015 Honda Fit Long-Term Update: Safety](#)

[2015 Hyundai Genesis 3.8 Long-Term Update: Drivability](#)

[2015 Kia Sedona Long-Term Update: Powertrain](#)

[2015 VW Golf TSI Long-Term Update: More like a GTI](#)

### Quick Takes

[2016 Lincoln MKX AWD Reserve Quick Take: Old-school luxury cruiser](#)

[2015 Kia Sedona LX Quick Take](#)

### KBB.com Expert Reviews:

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[2016 Buick Regal](#)

The Buick Regal delivers sophisticated luxury in a distinctive sedan brimming with technology and performance options.

[2016 Cadillac ATS](#)

The Cadillac ATS proves America can make a legitimate compact luxury-performance car. The new ATS-V variant adds track-ready prowess.

[2016 Chevrolet Suburban](#)

All-new last year, the Chevy Suburban has awesome capabilities, loads of power, a marvelous interior and a style that owns the road.

[2016 Chevrolet Tahoe](#)

The Chevrolet Tahoe sets new standards for safety, luxury and power, but there is a price to pay for its perfection.

[2016 Chrysler 200](#)

The Chrysler 200 blends elegance and refinement into an American family sedan that is both affordable and fuel-efficient.

[2016 Chrysler Town & Country](#)

Still a leader in the segment it created, the Chrysler Town & Country minivan offers luxury-car amenities in a family-friendly vehicle.

[2016 GMC Yukon](#)

The GMC Yukon, all-new last year, continues as the undisputed top choice in power, luxury, style and capabilities among full-size SUVs.

[2016 Honda Accord](#)

The 2016 Honda Accord still sets the standard for midsize sedans, but with more style and content than ever before.

[2016 Honda Odyssey](#)

For big families with big needs, there is still no more valuable vehicle than the 2016 Honda Odyssey minivan.

[2016 Hyundai Accent](#)

The Hyundai Accent is an inexpensive and reliable mode of transport with lots of standard features and a great warranty.

[2016 Hyundai Santa Fe](#)

Hyundai's 2016 Santa Fe is a stylish crossover SUV with impressive options, a powerful V6 engine and a price that worries the competition.

[2016 Hyundai Sonata](#)

The Hyundai Sonata adds a new hybrid, new plug-in hybrid, plus upgraded suspension and other features across the board.

[2016 Jeep Cherokee](#)

The Jeep Cherokee is a modern interpretation of the legendary name, bringing car-like comfort to a serious off-road SUV.

## NEW-VEHICLE REVIEWS CONTINUED:

### [2016 Jeep Patriot](#)

The Patriot stakes its claim as being the least expensive new SUV you can buy, and a Jeep to boot. That's the appeal of this 2-row, 5-passenger sport-utility vehicle.

### [2016 Lexus ES](#)

As luxury sedans go the Lexus ES comforts its owners in the way it drives and rides as well as its cost of ownership.

### [2016 Nissan Versa](#)

Nissan's Versa for 2016 is cute, economical and very affordable, but it lacks the fun-to-drive attitude found on other compact sedans.

### [2016 Nissan Versa Note](#)

The Nissan Versa Note is the compact hatchback that delivers economy, technology and a roomy interior, all at a very reasonable price.

### [2016 Ram ProMaster City](#)

The ProMaster City offers the best cargo capacity and payload in its class, is comfortable and maneuverable, and even offers respectable performance.

### [2016 Scion FR-S](#)

With interior updates, including a new audio system and a rearview camera, the Scion FR-S remains as fun as always.

### [2016 Toyota Camry](#)

Bland no more, the best-selling 2016 Toyota Camry family sedan is as impressive to behold as it is to drive.

### [2016 Toyota Corolla](#)

Toyota's faithful Corolla sedan for 2016 delivers value and reliability, then tosses in style and comfort at no extra cost.

### [2016 Volkswagen Golf](#)

The Volkswagen Golf continues to be the economy hatchback that thinks it's a German luxury-performance car.

### [2016 Volkswagen Jetta](#)

Volkswagen's 2016 Jetta is the least expensive European sports sedan on the market. It's also frugal, fun and family-friendly.

## WHAT'S NEW:

### 10 Best New-Car Deals for October 2015 by KBB.com

#### With the Onset of Fall, Kelley Blue Book Ranks Best Lease, Financing and Cash Back Deals

IRVINE, Calif., Oct 14, 2015 -- The experts from Kelley Blue Book [www.kbb.com](http://www.kbb.com), the only vehicle valuation and information source trusted and relied upon by both consumers and the automotive industry, have assembled their list of the 10 best lease, financing and cash back deals for new cars available in October 2015 from a variety of auto manufacturers... [MORE](#)

### Kelley Blue Book Names 2016 Best Buy Award Finalists

#### KBB.com's Premier Awards Honor Best Vehicle Choices Available in U.S. Market, Recognizing 49 Finalists Consisting of 18 Vehicle Makes in 12 Vehicle Categories

IRVINE, Calif., Oct. 13, 2015 -- Kelley Blue Book [www.kbb.com](http://www.kbb.com), the only vehicle valuation and information source trusted and relied upon by both consumers and the automotive industry, today announces the Finalists for the 2016 Kelley Blue Book Best Buy Awards, which will honor the top new model-year vehicle choices available in the U.S. market... [MORE](#)

### Kelley Blue Book Now Offers Customers Access to Batch VIN Value-Appending Service

#### Obtain Mass Vehicle Valuations for New, Used Vehicles in Real Time through Self-Service Portal

IRVINE, Calif., Oct. 12, 2015 -- Kelley Blue Book [www.kbb.com](http://www.kbb.com), the only vehicle valuation and information source trusted and relied upon by both consumers and the automotive industry, now offers customers a new self-service interface for easy access to trusted new and used-car Kelley Blue Book® Values and configuration data by vehicle identification number (VIN) within its suite of business-to-business solutions... [MORE](#)

## **More Than 70 Percent of Car Shoppers Believe Emissions Crisis Could Spread Beyond Volkswagen and Mistrust of the Brand Rides High, According to Kelley Blue Book Survey**

**Autotrader Quick Poll Reports 30 Percent of Respondents Less Likely to Consider a Diesel Vehicle;  
Volkswagen Site Traffic Affected on Both KBB.com, Autotrader.com**

IRVINE, Calif., and ATLANTA, Oct. 5, 2015 -- Kelley Blue Book [www.kbb.com](http://www.kbb.com), the only vehicle valuation and information source trusted and relied upon by both consumers and the automotive industry, and Autotrader, the Internet's leading resource for car shoppers and sellers, today report that more than 70 percent of KBB.com survey respondents believe the diesel emissions issue could spread beyond just Volkswagen. As for the brand's reputation, the majority of those surveyed say they have "complete" or "general mistrust" in Volkswagen... [MORE](#)

## **Win Up to \$50,000 Toward Purchase of a Best Buy Award Winner in KBB.com Sweepstakes**

**Kelley Blue Book Hosts Daily, Monthly and Year-End Giveaways for Car Shoppers**

IRVINE, Calif., Oct. 1, 2015 -- Kelley Blue Book [www.kbb.com](http://www.kbb.com), the only vehicle valuation and information source trusted and relied upon by both consumers and the automotive industry, today announces its Best Buy Awards Sweepstakes. As part of the Sweepstakes, Kelley Blue Book will give away \$100 gas gift cards to daily winners, \$10,000 down payments or two years of payments toward a Best Buy Award-winning vehicle for first place monthly winners, oil changes for as long as you own your vehicle for second place monthly winners, and \$50,000 toward the purchase of a new Best Buy Award-winning vehicle for the grand prize winner... [MORE](#)

## **New-Car Transaction Prices Up 2 Percent in September 2015, According to Kelley Blue Book**

**Volkswagen Group Down Nearly 2 Percent from Last Month**

IRVINE, Calif., Oct. 1, 2015 -- The analysts at Kelley Blue Book [www.kbb.com](http://www.kbb.com), the only vehicle valuation and information source trusted and relied upon by both consumers and the automotive industry, today report the estimated average transaction price (ATP) for light vehicles in the United States was \$33,730 in September 2015... [MORE](#)

## **Double-Digit New-Car Sales Growth Expected in September 2015, According to Kelley Blue Book**

**Kolkswagen Group Underperforms Industry Following Crisis; October and Beyond Could Prove Worse**

IRVINE, Calif., Sept. 25, 2015 -- New-vehicle sales are expected to increase 12 percent year-over-year to a total of 1.39 million units in September 2015, resulting in an estimated 17.5 million seasonally adjusted annual rate (SAAR), according to Kelley Blue Book [www.kbb.com](http://www.kbb.com), the only vehicle valuation and information source trusted and relied upon by both consumers and the automotive industry... [MORE](#)

## **10 Best New-Car Deals for September 2015 by KBB.com**

**Kelley Blue Book Hosts Daily, Monthly and Year-End Giveaways for Car Shoppers**

IRVINE, Calif., Sept. 16, 2015 -- The experts from Kelley Blue Book [www.kbb.com](http://www.kbb.com), the only vehicle valuation and information source trusted and relied upon by both consumers and the automotive industry, have assembled their list of the 10 best lease, financing and cash back deals for new cars available in September 2015 from a variety of auto manufacturers... [MORE](#)

### **About Kelley Blue Book ([www.kbb.com](http://www.kbb.com))**

Founded in 1926, Kelley Blue Book, The Trusted Resource®, is the only vehicle valuation and information source trusted and relied upon by both consumers and the automotive industry. Each week the company provides the most market-reflective values in the industry on its top-rated website KBB.com, including its famous Blue Book® Trade-In Values and Fair Purchase Price, which reports what others are paying for new and used cars this week. The company also provides vehicle pricing and values through various products and services available to car dealers, auto manufacturers, finance and insurance companies, and governmental agencies. Kelley Blue Book's KBB.com ranked highest in its category for brand equity by the 2015 Harris Poll EquiTrend® study and has been named Online Auto Shopping Brand of the Year for four consecutive years. Kelley Blue Book Co., Inc. is a Cox Automotive company.