

New-car Sales in January Expected to Rise 1 Percent Year-over-Year, Pace Slows from December

Cox Automotive New-Car Sales Forecast at 16.7 Million Units for 2018

ATLANTA, Jan. 26, 2018 /PRNewswire/ -- New-vehicle sales are expected to increase 1.0 percent year-over-year to a total of 1.15 million units in January, resulting in an estimated 17.1 million seasonally adjusted annual rate (SAAR), according to Cox Automotive.

"January is always a difficult month to forecast because it follows the year-end holiday sales frenzy, but our expectations are that the pace of sales will be moderate," said Charlie Chesbrough, senior economist for Cox Automotive. "Sales should rise year-over-year by 1 percent, a minor gain that will be supported by an extra selling day this month. We expect the monthly SAAR to fall to a pace in the low 17 millions, a strong level but down from December's 17.8 million and the 17.3 million we saw in January 2017."

According to Chesbrough, "There's a lot of good economic news to support an optimistic view of automotive sales this year. Record equity markets, low unemployment, strong consumer confidence – a recipe for robust vehicle demand. And the recent passage of tax reform will only add additional support."

There are headwinds, however, notes Chesbrough. "Incentives are expected to pull back from recent levels as year-end clearance sales end. And off-lease vehicles at dealerships after the fall's pull-ahead programs will capture some new-car buyers. Given the 'hot' economy, a record is possible. The most vehicles sold in the month of January was in 2016 at 1.16 million, only slightly more than this month's expected 1.15 million."

Key Highlights for Estimated January 2018 Sales Forecast

- In January, new light-vehicle sales, including fleet, are expected to reach 1,150,000 units, up 1.0 percent compared to January 2017, but down 17 percent from last month.
- The SAAR for January 2018 is estimated to be 17.1 million, down from 17.8 million in December 2017 and down from 17.3 million in January 2017.
- Retail sales are expected to account for 84 percent of volume in January 2018, slightly more than last January's 83 percent.

After a strong year of 17.1 million units, a top 5 all-time result, Cox Automotive expects 2018 sales to fall 400,000 units and finish near 16.7 million. Although economic conditions remain favorable, off-lease vehicle options for buyers, coupled with rising interest rates will provide a modest headwind through the year. In addition, we are in the late stages of the economic cycle, pent-up demand has been met, and the CUV segment's rapid growth period is over.

Most Automakers Expected to See Sales Growth; Strong Competition Hurts Fiat Chrysler and Ford

Cox Automotive expects most OEMs to report higher year-over-year sales in January, but by modest amounts. January generally experiences some modest bounce-back in the cars segments and this should help Asian manufacturers. Success of the redesigned Chevrolet Traverse and Equinox should help GM reach strong sales gains.

| Manufacturer | Sales Volume ¹ | | | | | Market Share ² | | | |
|--------------------------|---------------------------|------------------|------------------|-------------|---------------|---------------------------|--------|-------|--------|
| | Jan-18 | Jan-17 | Dec-17 | YOY% | MOM% | Jan-18 | Dec-17 | MOM% | Jan-17 |
| GM | 205,000 | 195,909 | 245,387 | 4.6% | -16.5% | 17.8% | 17.6% | 0.2% | 17.2% |
| Ford Motor Co | 165,000 | 171,186 | 210,205 | -3.6% | -21.5% | 14.3% | 15.1% | -0.7% | 15.0% |
| Toyota Motor Co | 150,000 | 143,048 | 191,617 | 4.9% | -21.7% | 13.0% | 13.8% | -0.7% | 12.6% |
| Fiat Chrysler | 140,000 | 152,218 | 154,919 | -8.0% | -9.6% | 12.2% | 11.1% | 1.0% | 13.4% |
| American Honda | 110,000 | 106,380 | 133,156 | 3.4% | -17.4% | 9.6% | 9.6% | 0.0% | 9.3% |
| Nissan NA | 115,000 | 112,319 | 135,985 | 2.4% | -15.4% | 10.0% | 9.8% | 0.2% | 9.9% |
| Hyundai Kia | 85,000 | 82,129 | 101,513 | 3.5% | -16.3% | 7.4% | 7.3% | 0.1% | 7.2% |
| VW | 45,000 | 41,313 | 53,957 | 8.9% | -16.6% | 3.9% | 3.9% | 0.0% | 3.6% |
| Subaru | 45,000 | 43,879 | 51,721 | 2.6% | -13.0% | 3.9% | 3.7% | 0.2% | 3.9% |
| Total³ | 1,150,000 | 1,138,229 | 1,392,583 | 1.0% | -17.4% | | | | |

¹ Historical data from OEM sales announcements

² Kelley Blue Book Automotive Insights

³ Includes brands not shown

"The migration from cars to SUVs continues, even as all-new sedans from Honda and Toyota flow into dealerships," notes Rebecca Lindland, executive analyst at Kelley Blue Book, a Cox

Automotive company. "This year, we expect manufacturers traditionally strong in SUVs, who offer smart vehicles with all-wheel-drive and plenty of cargo room, to do well as consumers look for practical solutions in emotionally appealing vehicles."

Crossovers and Pickup are expected to continue to dominate the market, continuing the upward share trend at the expense of car segments.

| Segment | Sales Volume ¹ | | | Market Share | |
|--------------------------|---------------------------|------------------|-------------|--------------|------------|
| | Jan-18 | Jan-17 | YOY% | Share 2018 | Share 2017 |
| Compact SUV/Crossover | 197,741 | 188,325 | 5.0% | 17.2% | 16.5% |
| Full-size Pickup Truck | 157,215 | 150,445 | 4.5% | 13.7% | 13.2% |
| Mid-size SUV/Crossover | 168,322 | 162,630 | 3.5% | 14.6% | 14.3% |
| Compact Car | 138,879 | 146,188 | -5.0% | 12.1% | 12.8% |
| Mid-size Car | 105,566 | 113,512 | -7.0% | 9.2% | 10.0% |
| Total² | 1,150,000 | 1,138,229 | 1.0% | | |

¹ Kelley Blue Book Automotive Insights

² Includes segments not shown

"Despite gas prices edging higher, sales of utility vehicles and trucks will continue to be strong," said Michelle Krebs, executive analyst at Autotrader, a Cox Automotive company. "A segment to watch will be midsize cars. Will sales drop further or will the redesigned Toyota Camry and Honda Accord help stabilize the segment?"

There are 25 sales days in January 2018 compared to 24 sales days in January 2017. All percentages are based on raw volume, not daily selling rate.

To discuss this topic, or any other automotive-related information, please contact a member of the Public Relations team to schedule an interview.

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