

Auto sales expected to top 17 million vehicles for fifth consecutive year

By Kalea Hall
(excerpt)

For the fifth year in a row, U.S. auto sales are expected to top 17 million vehicles.

Purchases of new vehicles in 2019 are expected to decline slightly from the previous year, but not to the extent analysts initially thought.

A strong economy led to solid consumer confidence, and in turn, a robust year for automakers and dealers. They were able to beat sales forecasts during a tumultuous year marked by labor negotiations that led to a 40-day strike against General Motors Co., and by tough trade talks leading to uncertainty in the economy and the industry.

"It's just interesting ... you take that uncertainty they have dealt with and everything that's been going on, and they have cranked out another 17 million in sales," said David Kudla, CEO of Grand Blanc-based Mainstay Capital Management LLC.

"As long as the economy is good ... the demand is going to be there." ...

... But unemployment levels are at a 50-year low and housing sales have remained above 700,000 for the last four months, according to data from the U.S. Census Bureau and the U.S. Department of Housing and Urban Development. ...

... "Last year at this time, the pundits and the economists were talking about a recession ... we are very far from it. We are nowhere near a recession right now," Kudla said. "We have a very strong economy. You look at all these factors and we continue to be in a good environment for autos." ...

... While auto analysts have never predicted a sales collapse, they have expected a slowdown for years. With sales at more than 17 million over the last five years, analysts expect that at some point, the pent-up demand that existed after the recession will be fulfilled.

"What everybody is waiting on is for the other shoe to drop. If something tilts us into recession, we can see that number erode very quickly," Kudla said.

"If we just continue along where demand is finally just soaked up, we can see this slow erosion in sales."

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