

TechnoMetrica Auto Demand Index

September 2016



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Methodology

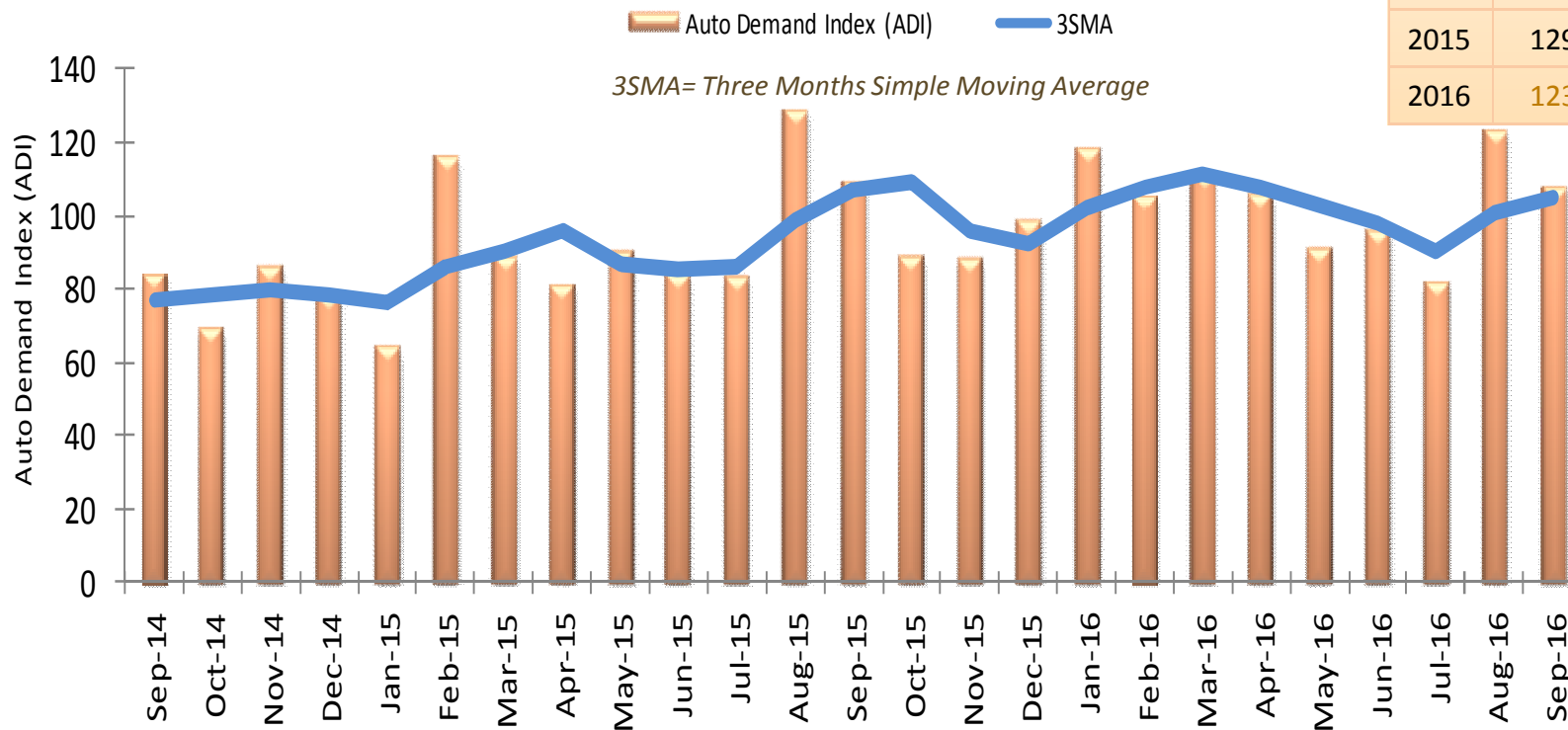
- TechnoMetrica's Auto Demand Index is a forward looking early (monthly) indicator of consumers' intent to purchase or lease a new vehicle within the next 6 months. The index has been set to an initial value of 100 based on demand levels between February 2007 and April 2007.
- The Auto Demand Index is based on the responses Americans give to the question:
 - *How likely is it that you will buy or lease a new vehicle within the next 6 months? Would you say very likely, somewhat likely, not very likely or not at all likely?*
- We express purchase intent as an index score that varies as a linear function of the percentage of consumers who are either "very" or "somewhat" likely to purchase or lease a new vehicle within the next 6 months.
- Higher index readings correspond to greater demand or intent to purchase/lease new automobiles.
- The index and its movement is projectable to the national market for new automobiles, which consists of over 100 million U.S. households with drivers.
- Each month, TechnoMetrica uses a monthly Random Digit Dial (RDD) telephone survey to collect the survey data, with a sample size of around 900 respondents. The margin of error is +/- 3.2 percentage points. The August Survey was conducted between July 29th and August 4th, 2016.

Auto Demand Index (Overall)

Although Americans' intent to acquire new vehicles slowed somewhat in September, vehicle purchase intent remains relatively strong among consumers. After gaining 41 points in August, the Auto Demand Index level declined by 15 points this month, registering an overall score of 108. As a result, we anticipate that consumers will continue to display relatively high levels of purchase intent in the near future, though not as strong as last year's robust performance.

Base = All Respondents

	High	Low
2010	97	56
2011	94	49
2012	105	49
2013	86	64
2014	88	73
2015	129	64
2016	123	82



Auto Demand Index Moving Averages

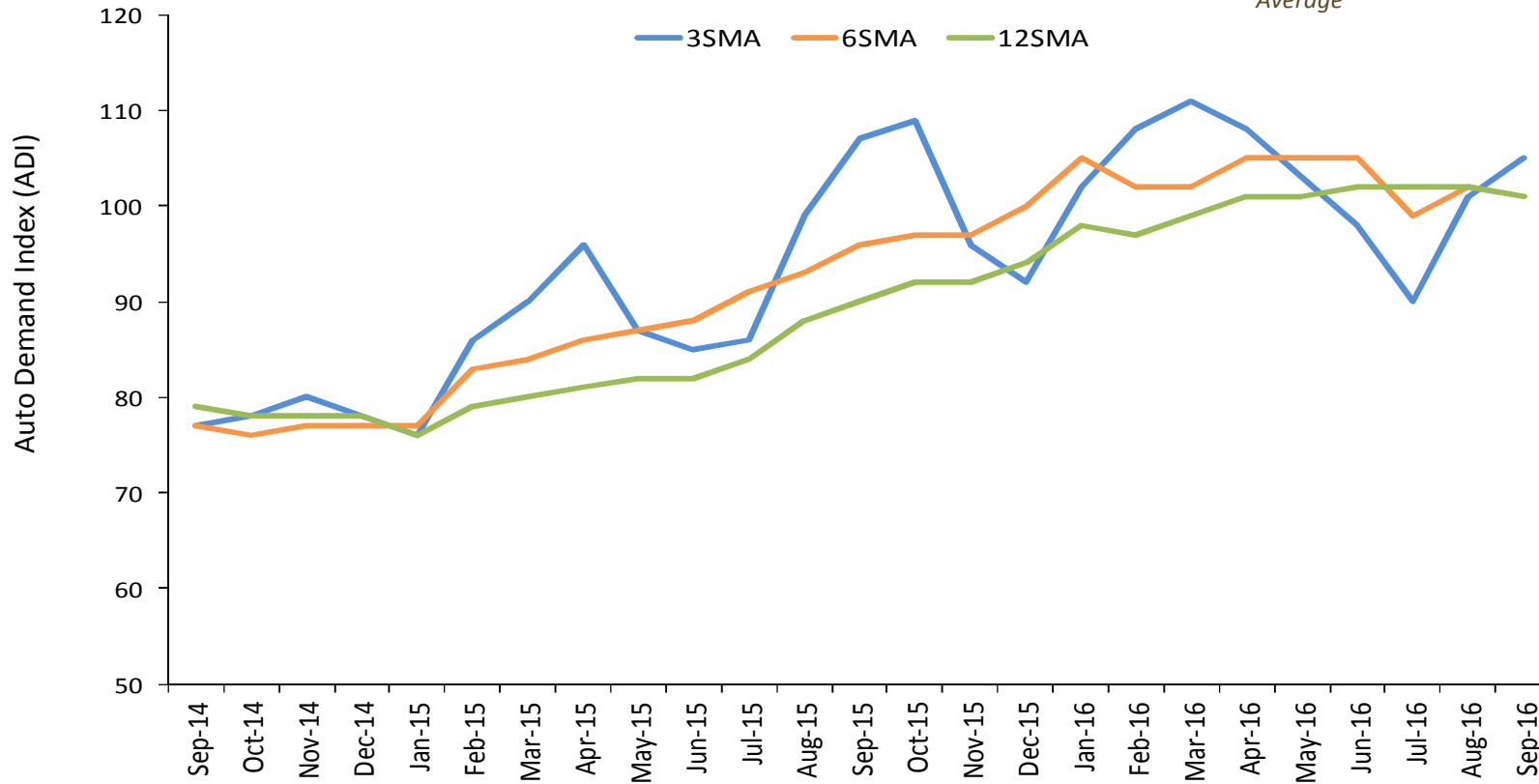
Base = All Respondents

In further indication that vehicle purchase intent will remain strong in the near future, this month's Auto Demand Index score registered above all three of its moving averages. September's ADI topped both its 12-month and 6-month moving averages (101) by 6 points, while surpassing its 3-month (105) average by three points. Meanwhile, the 3-month moving average increased by four points in September, marking the second straight month of growth in the Index.

3SMA= Three Months Simple Moving Average

6SMA = Six Months Simple Moving Average

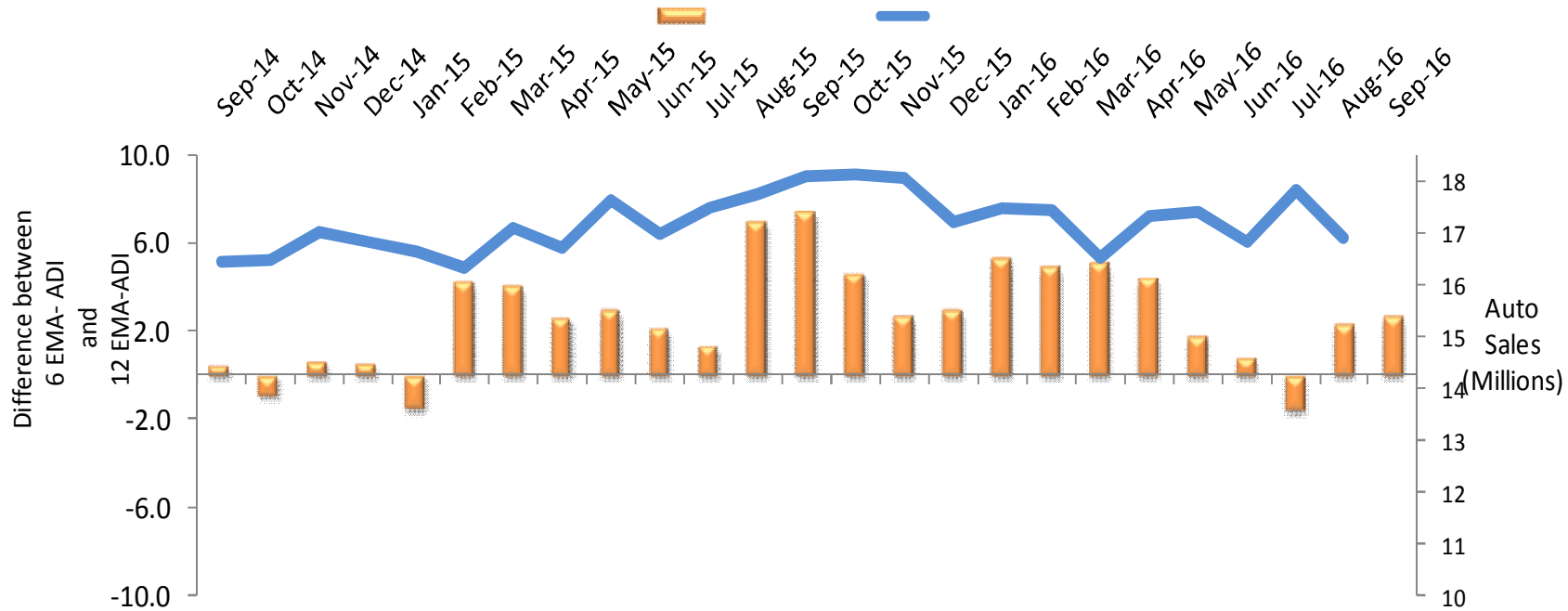
12SMA = Twelve Months Simple Moving Average



Momentum: Moving Average Convergence Divergence

Momentum= Fast Average (6-month exponential moving average) minus Slow Average (12-month exponential moving average) *Base = All Respondents*

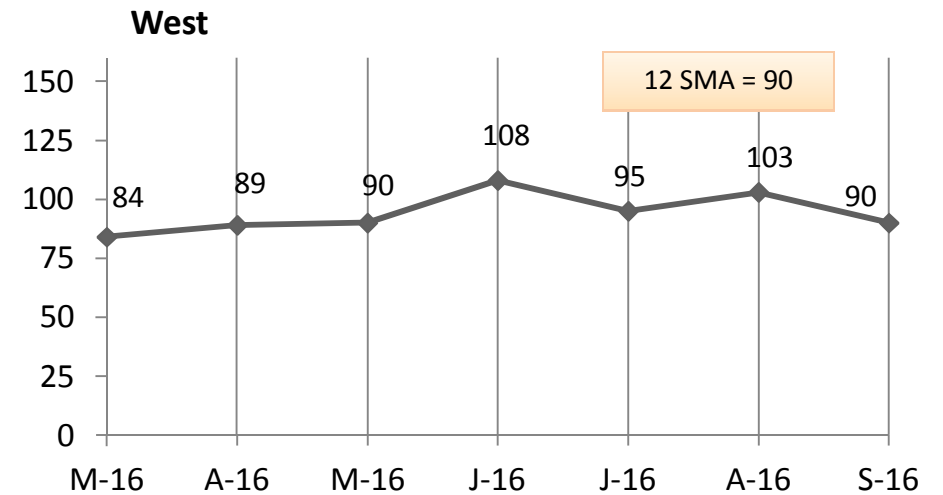
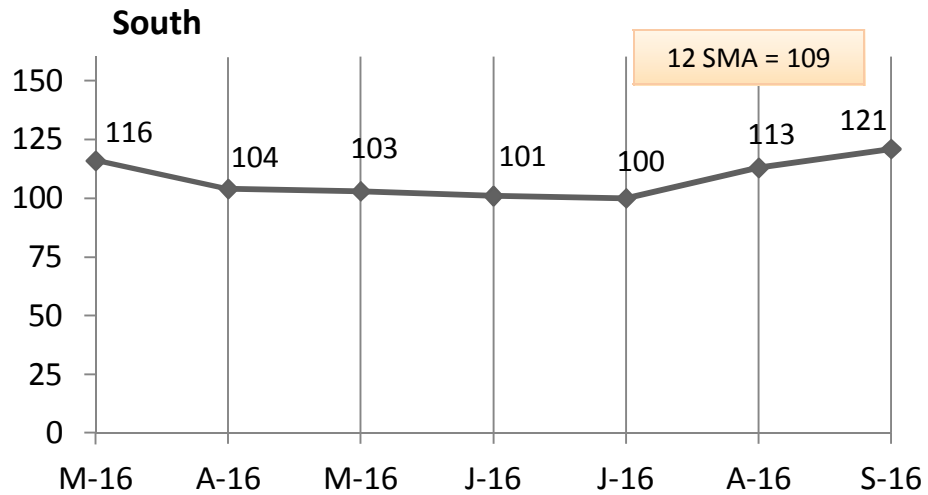
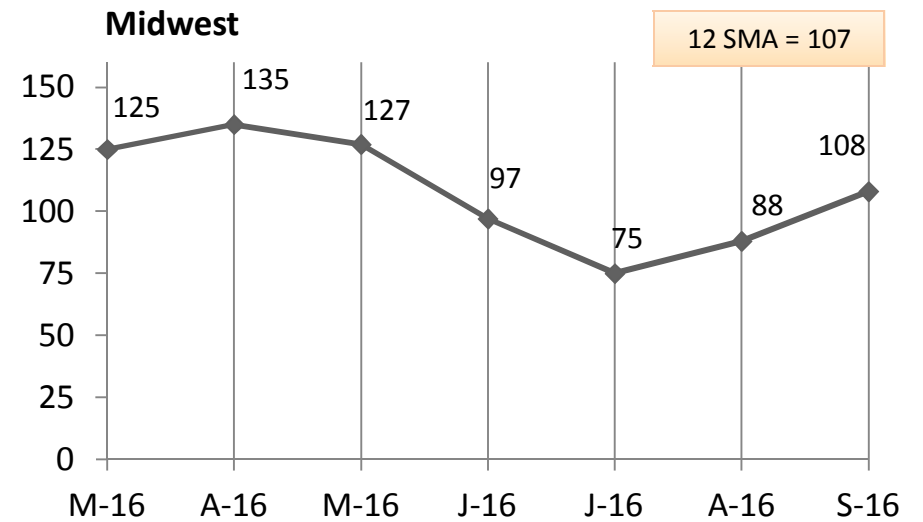
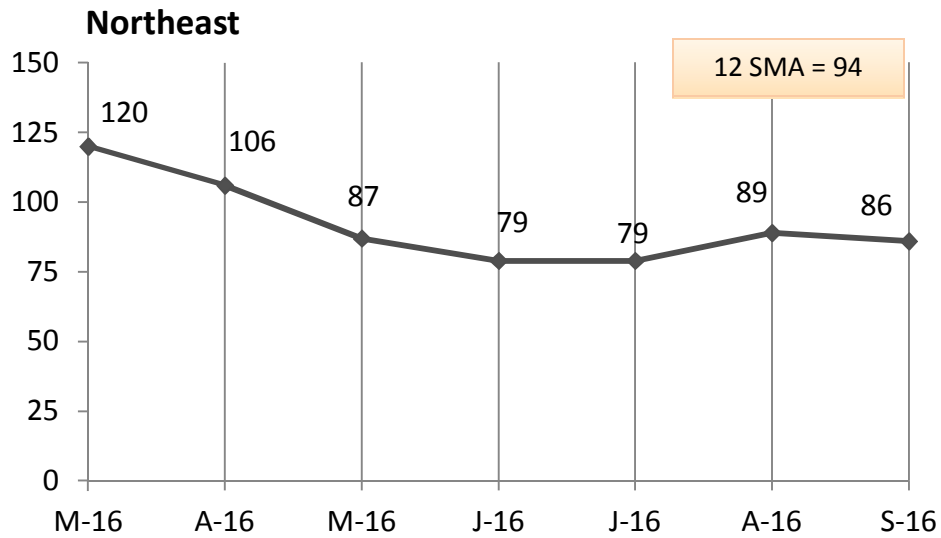
Our momentum indicator (MACD) increased for the second straight month in September, gaining 0.4 point to attain a reading of 2.7. Therefore, TechnoMetrica anticipates that the Auto Demand Index will maintain its positive momentum in the near future. As a result, we also expect new vehicle sales to rise in the coming months, though at a slower rate than last year's record performance.



Difference between 6 EMA auto sales and 12 EMA auto sales

By Region 3 SMA

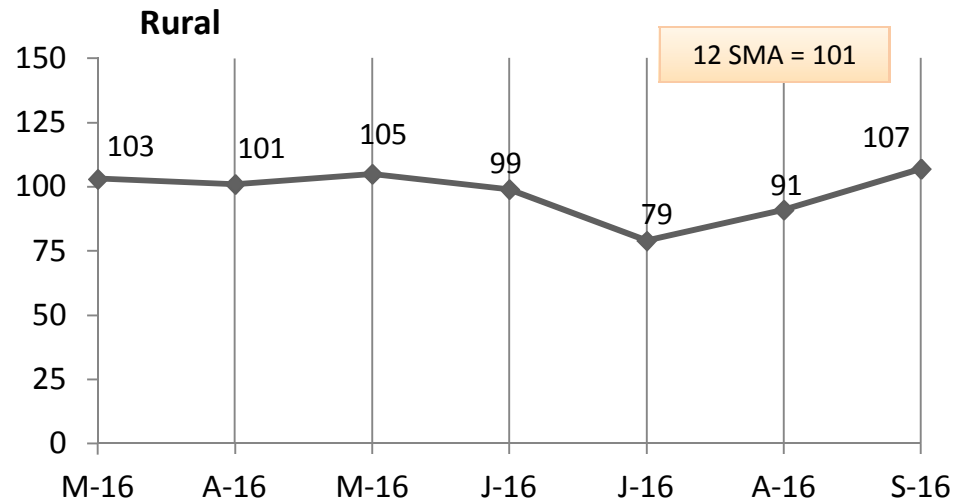
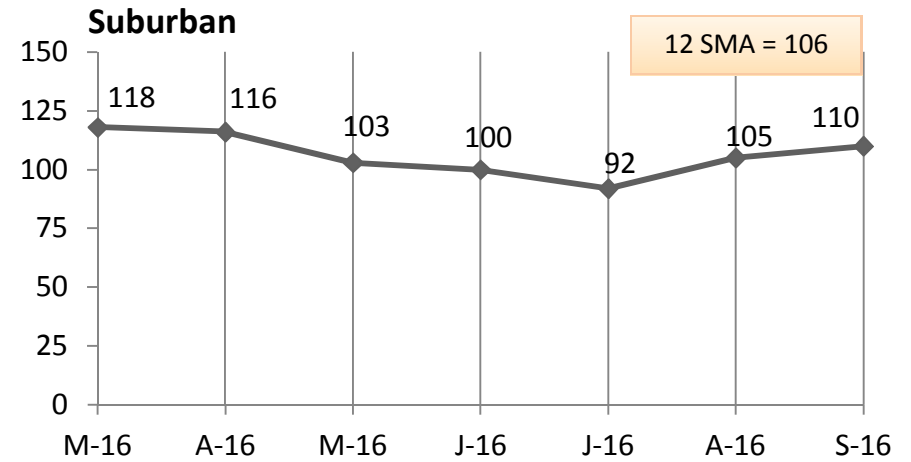
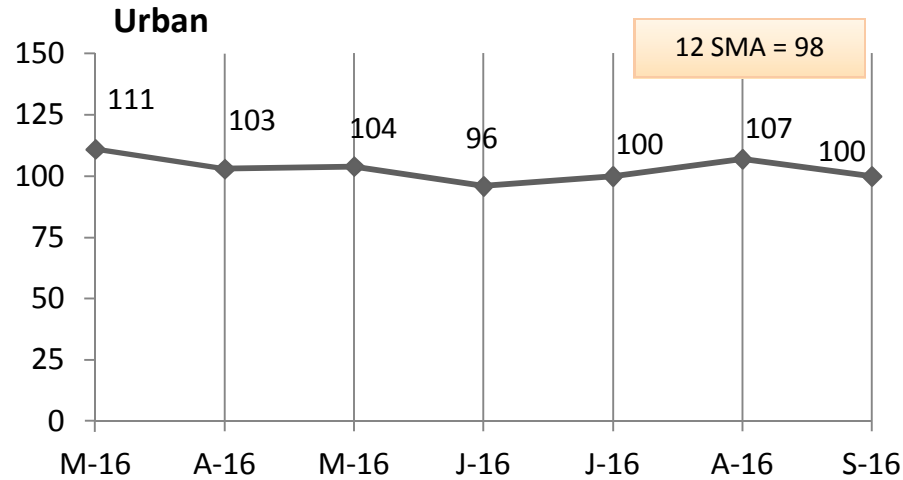
Base = All Respondents



Q. How likely is it that you will buy or lease a new vehicle within the next 6 months?

By Area Type 3 SMA

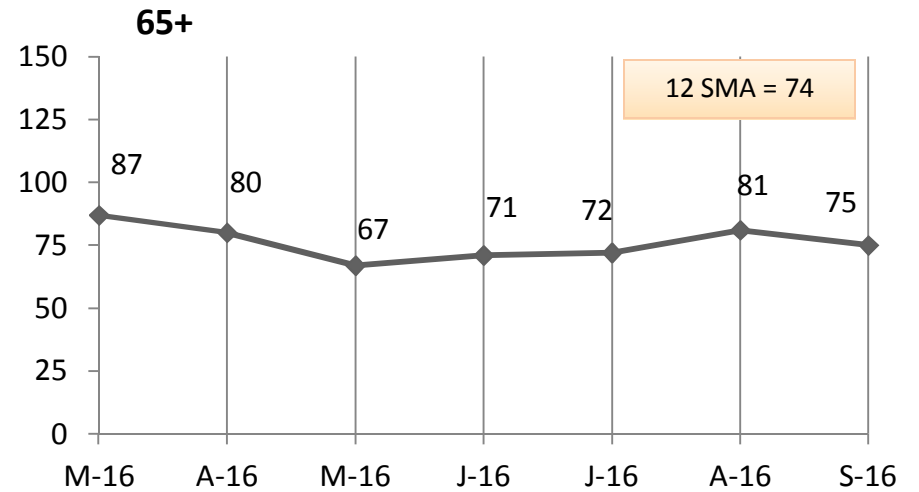
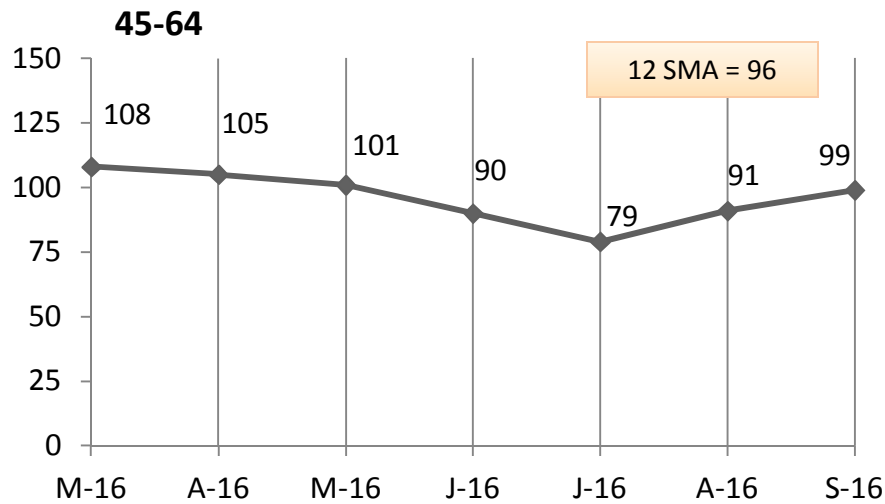
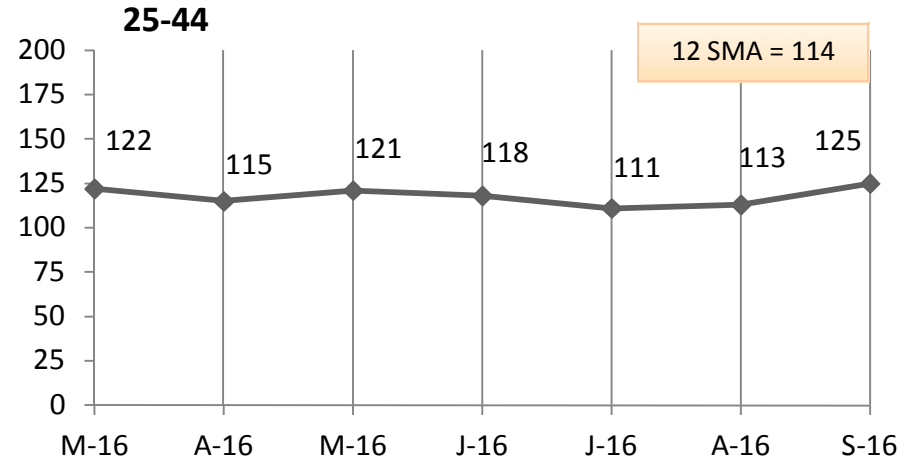
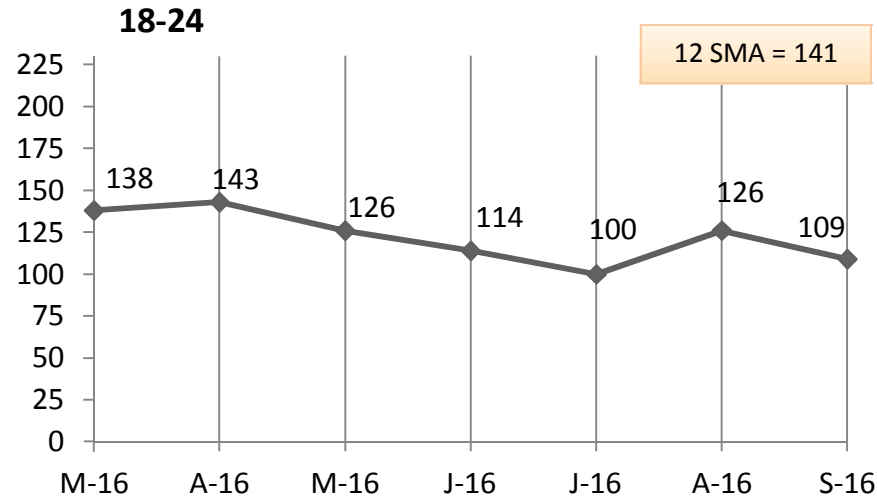
Base = All Respondents



Q. How likely is it that you will buy or lease a new vehicle within the next 6 months?

By Age 3 SMA

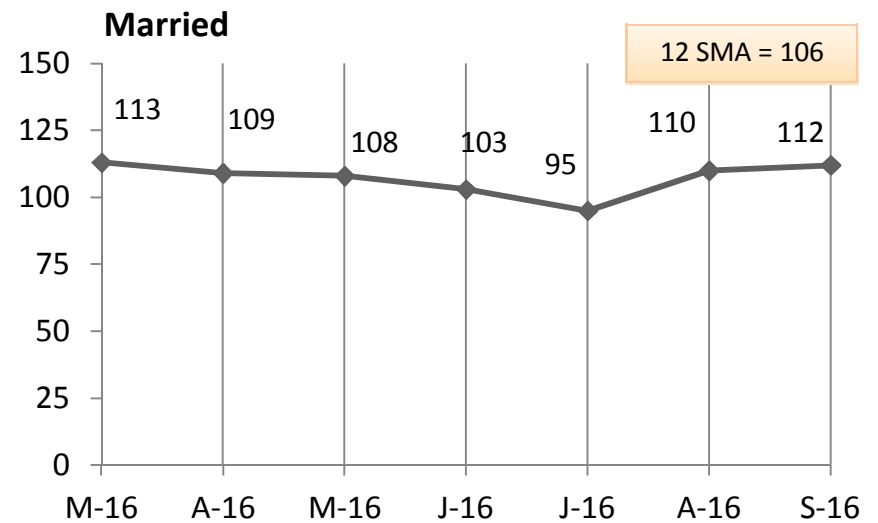
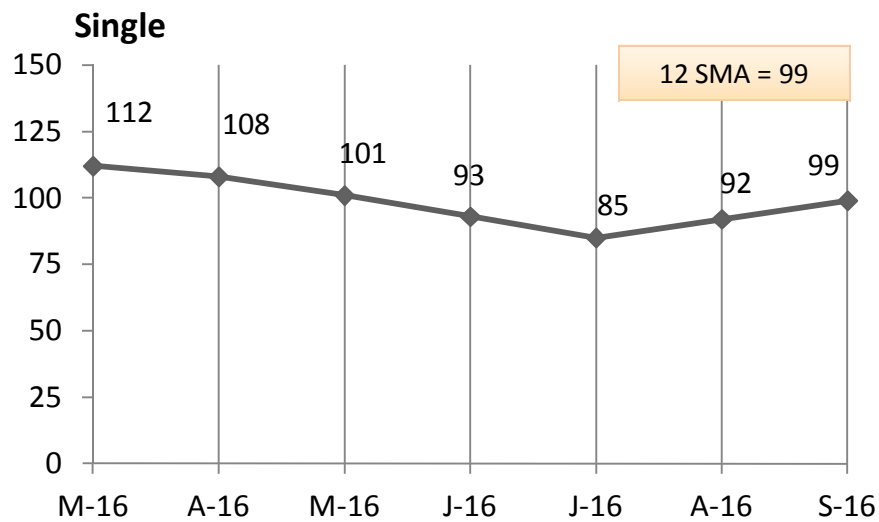
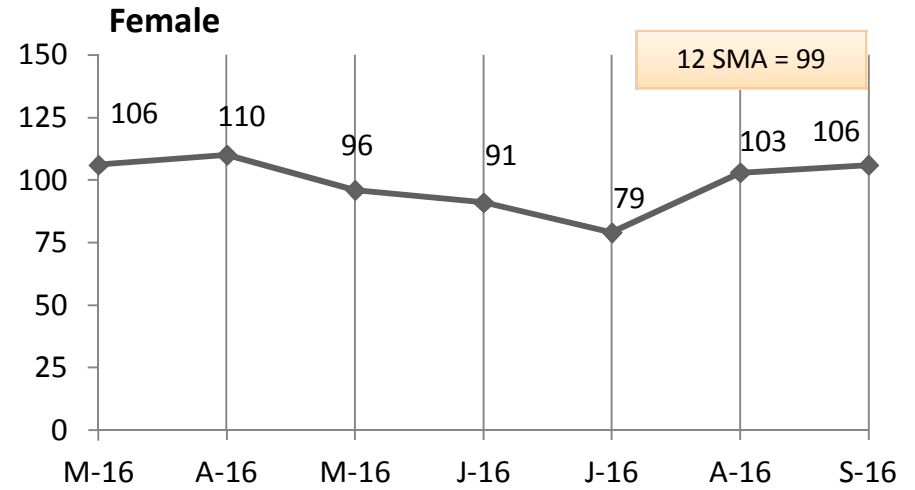
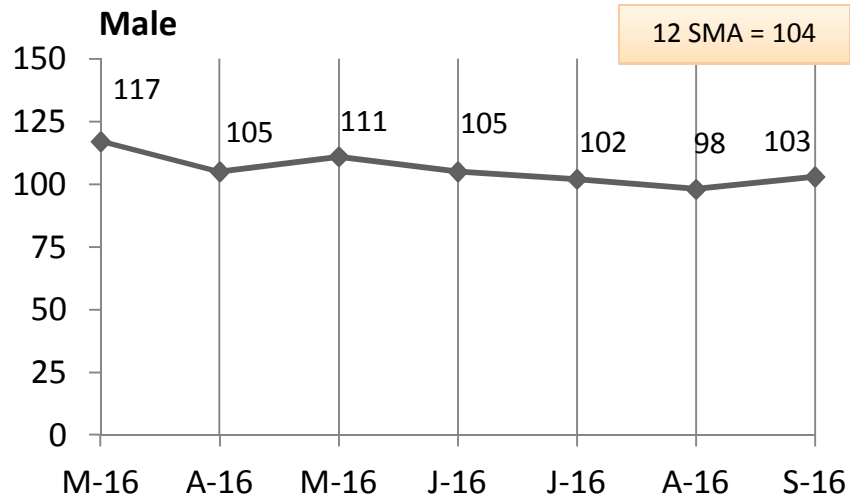
Base = All Respondents



Q. How likely is it that you will buy or lease a new vehicle within the next 6 months?

By Gender and Marital Status 3 SMA

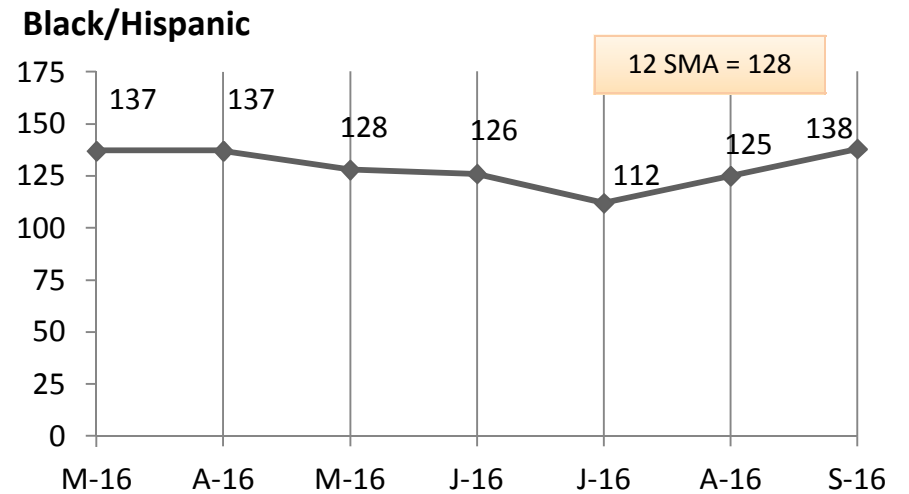
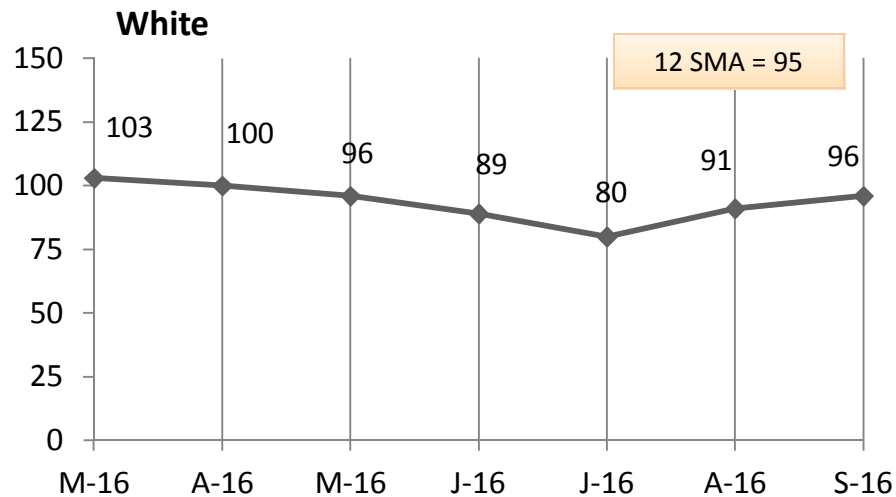
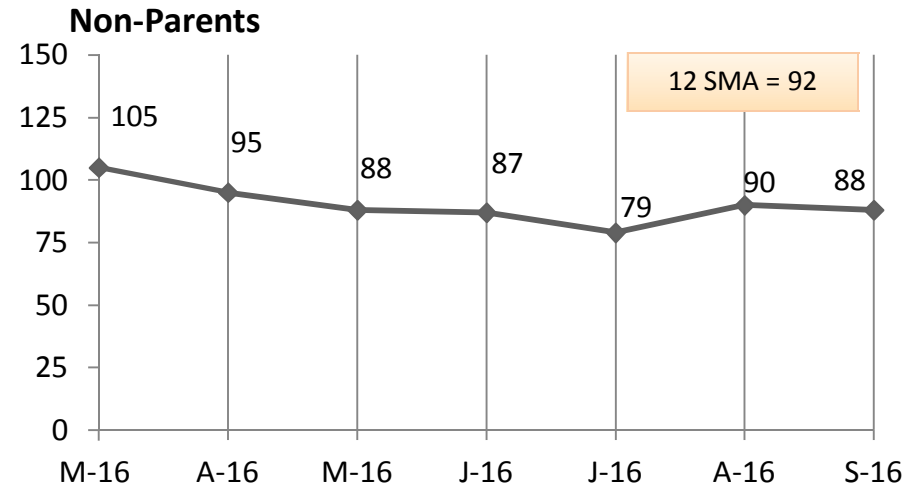
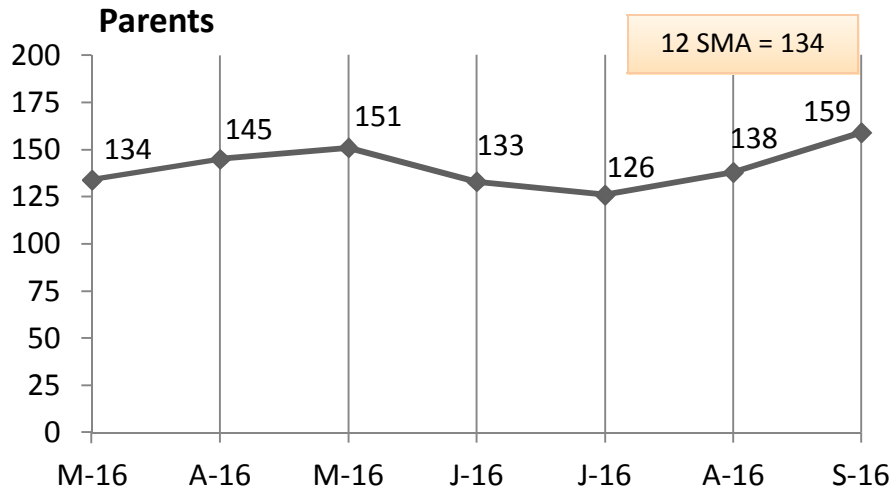
Base = All Respondents



Q. How likely is it that you will buy or lease a new vehicle within the next 6 months?

By Parental Status and Race/Ethnicity 3 SMA

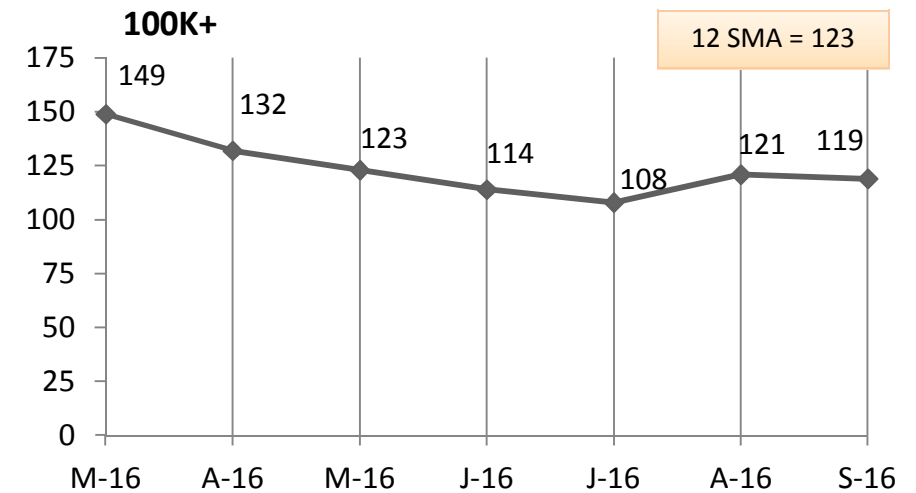
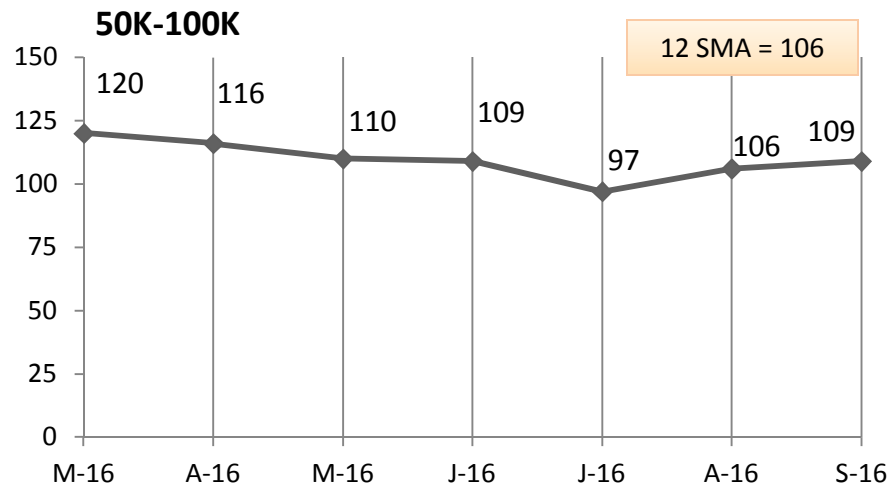
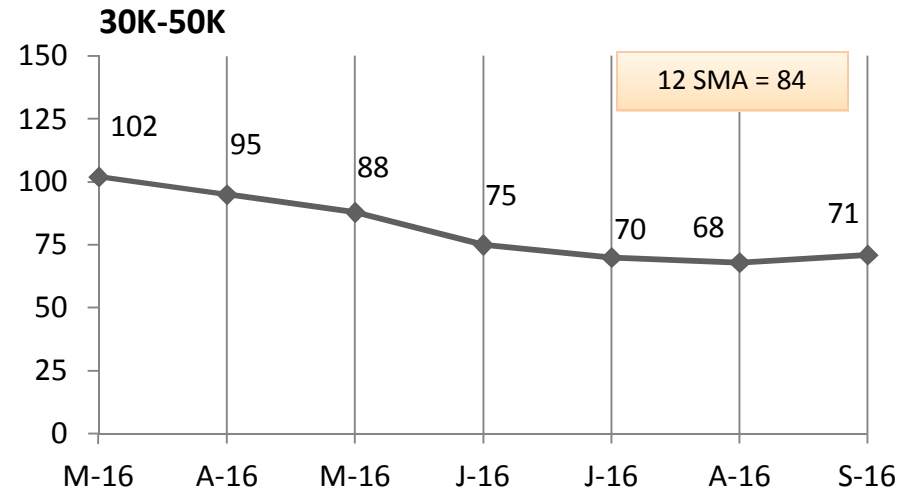
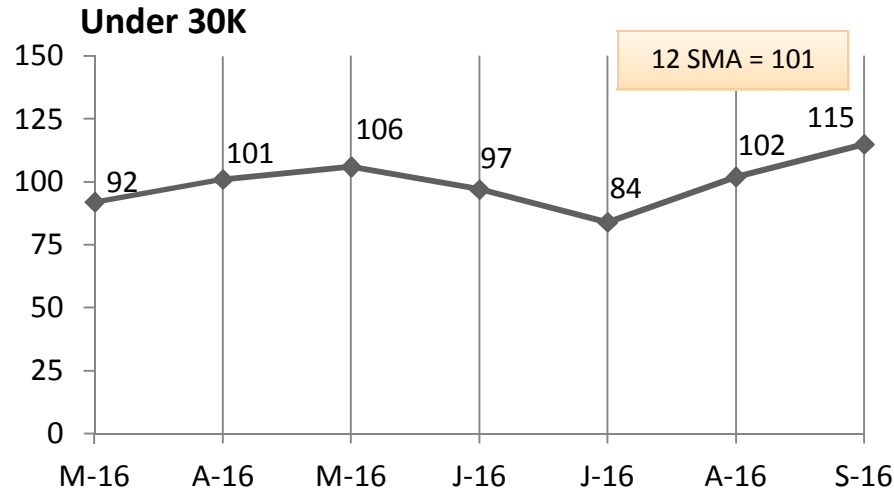
Base = All Respondents



Q. How likely is it that you will buy or lease a new vehicle within the next 6 months?

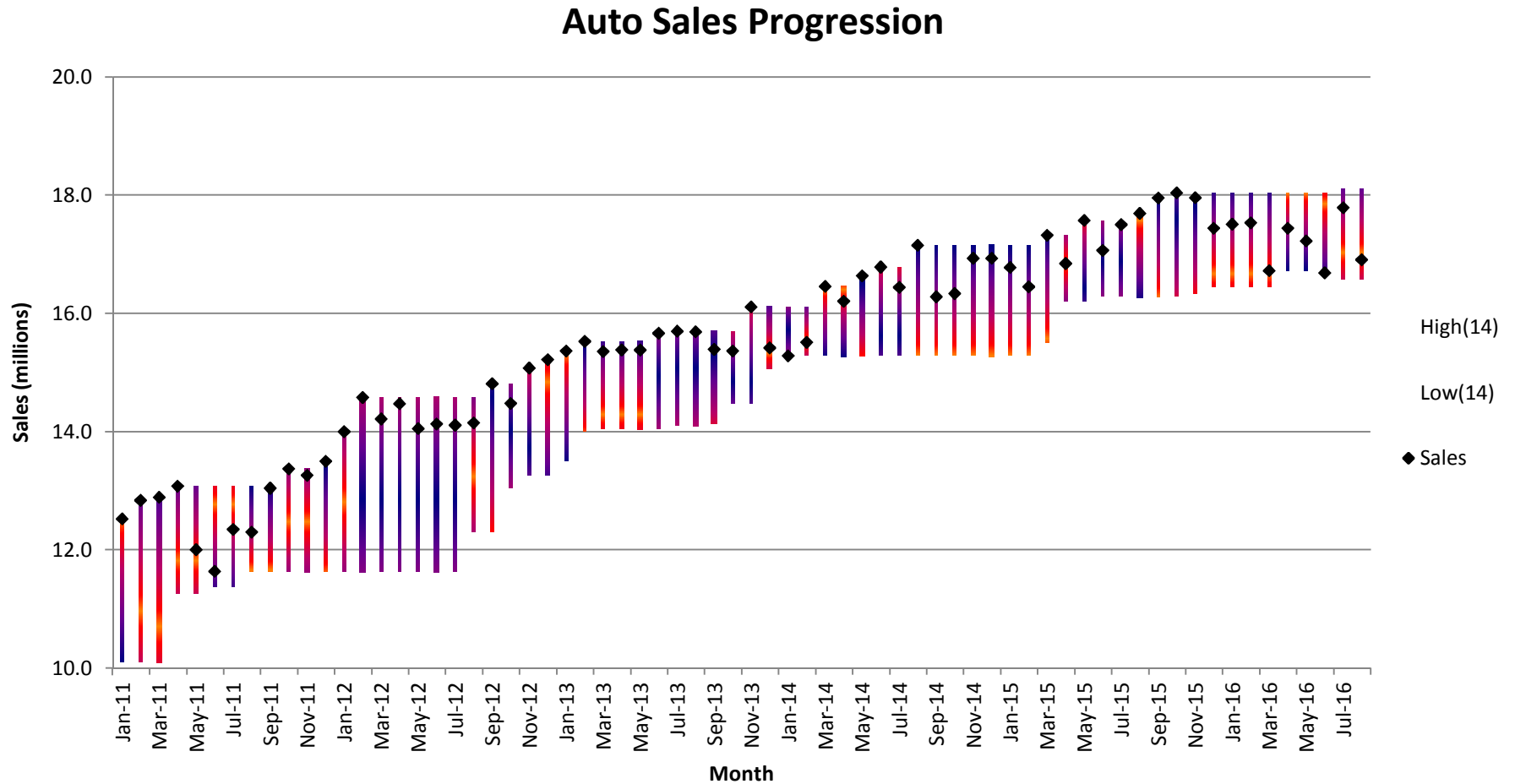
By Household Income 3 SMA

Base = All Respondents



Q. How likely is it that you will buy or lease a new vehicle within the next 6 months?

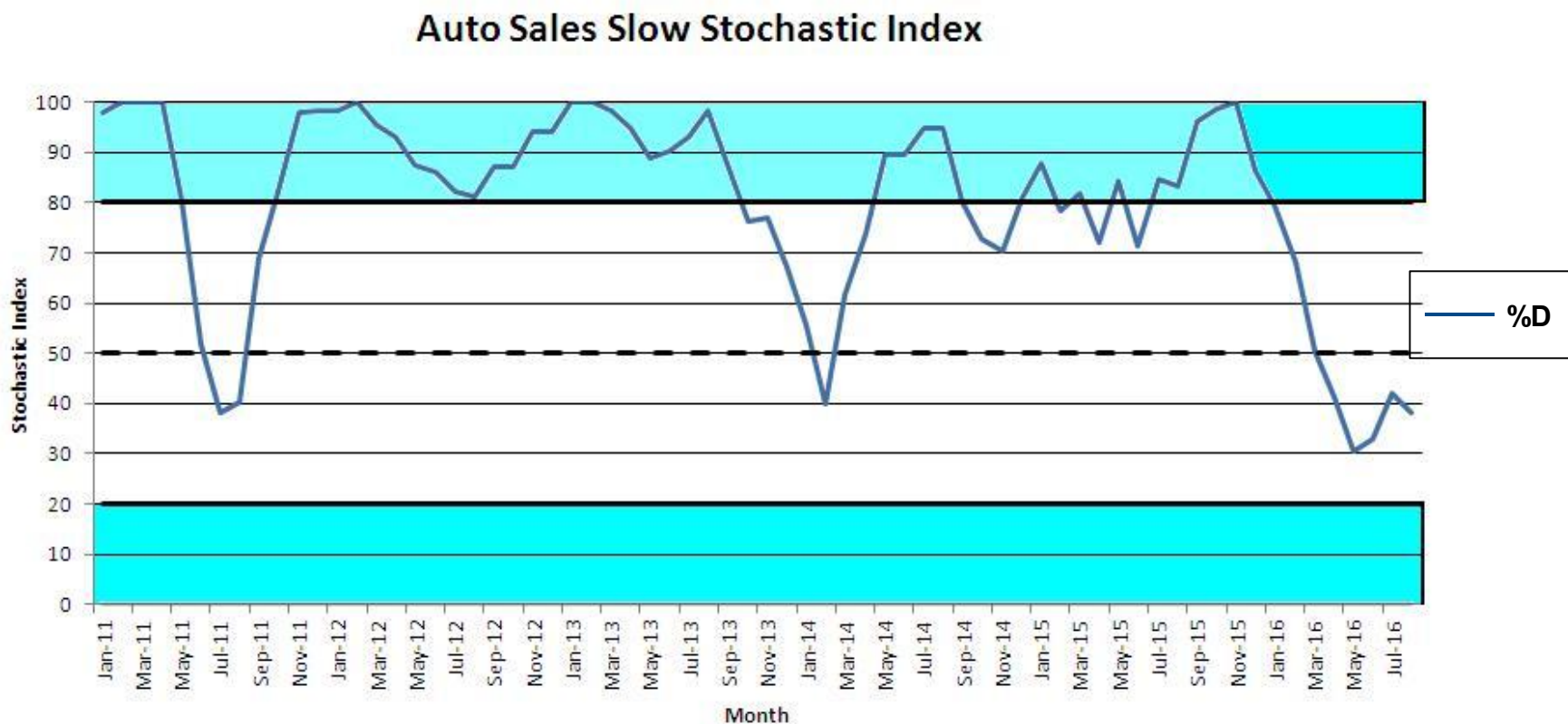
Auto Sales Progression



* The auto sales progression chart shows monthly sales in relation to the most recent 14 months. The high- low lines provide a comparison for the current sales with the most recent 14 months.

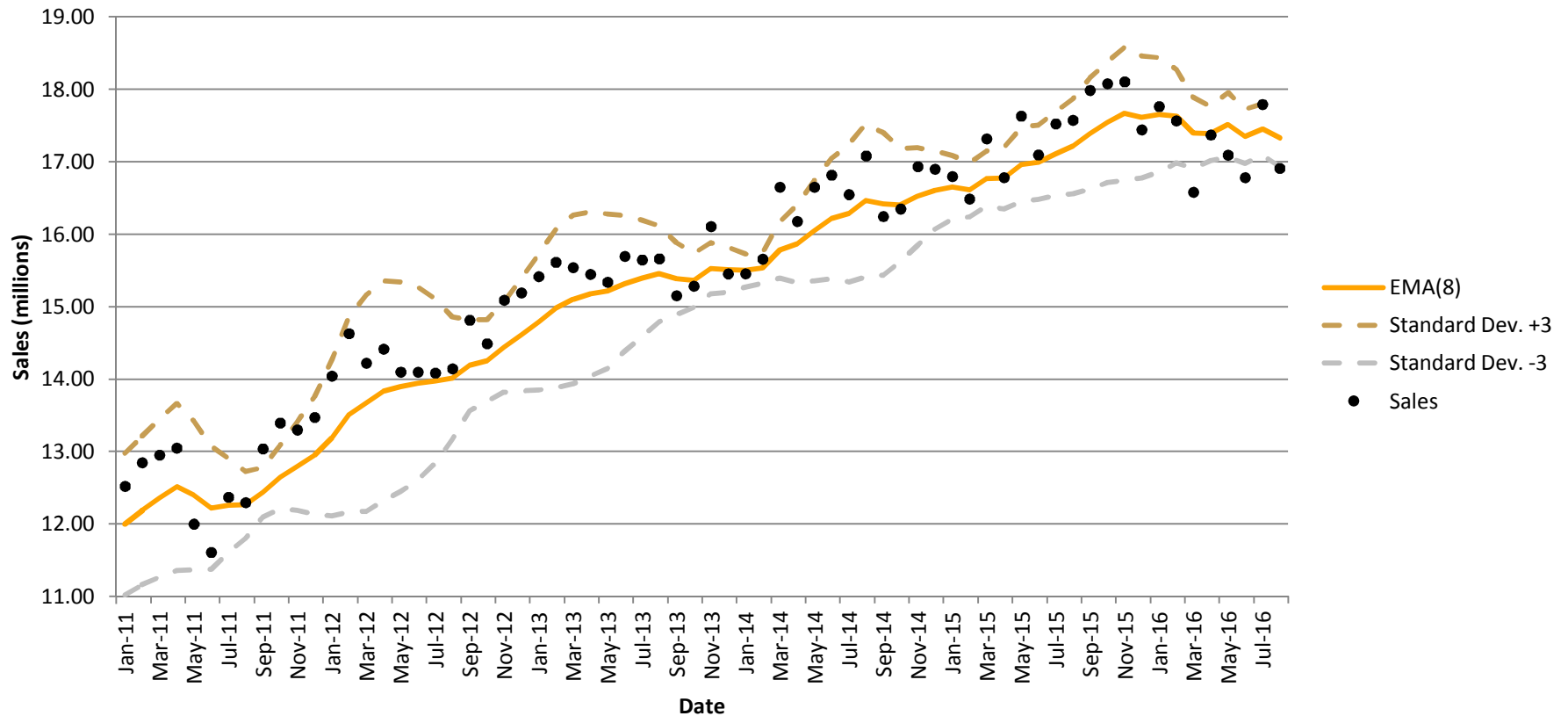
Slow Stochastic Index

After displaying two straight months of growth, momentum for the Slow Stochastic Index slowed slightly last month, to a reading of 38.15.



* The Slow Stochastic Index aids in identifying the tops and bottoms of auto sales.

Auto Sales Channel (2011-2016)

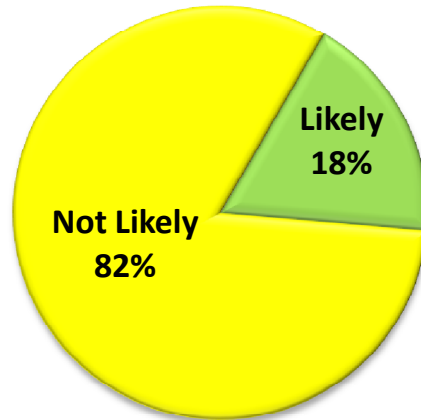


*The sales channel indicates whether there is an upward or a downward trend. The upper channel is 3 standard deviations above the 8-month EMA and the lower channel is 3 standard deviations below the 8-month EMA.

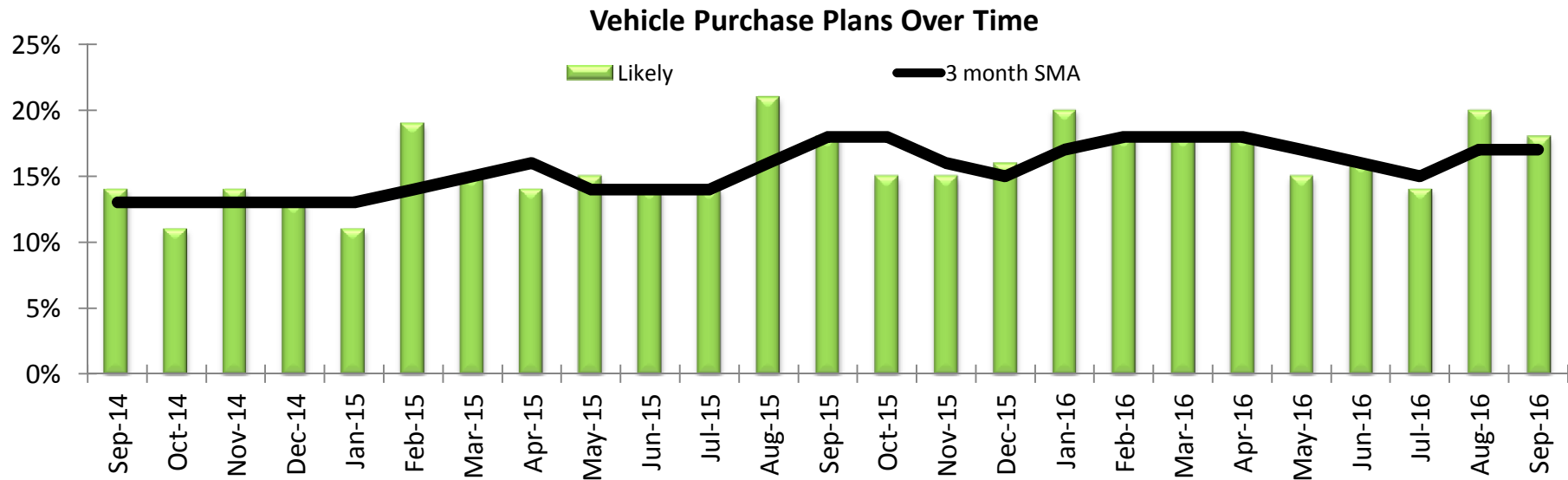
Vehicle Purchase Plans

September 2016

Base = All Respondents



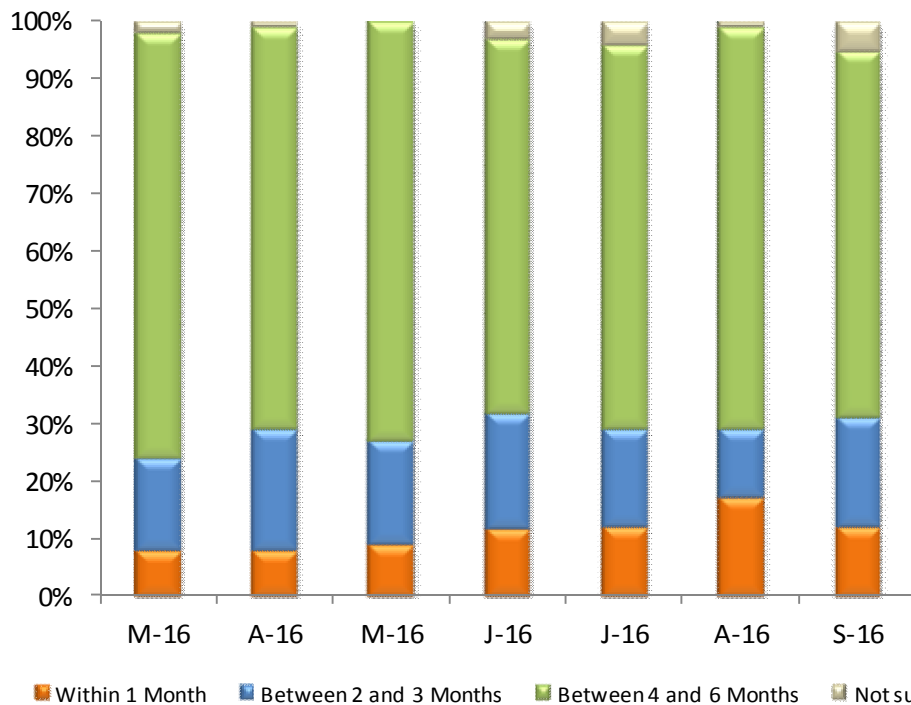
This month, the share of Americans who say they are likely to purchase or lease a new vehicle within the next six months declined by two points from August, to a rate of 18%.



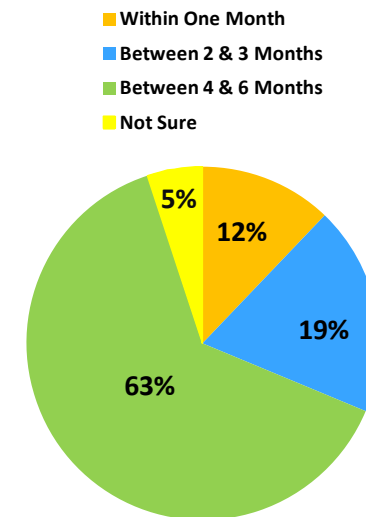
Vehicle Purchase/Lease Time Frame

September 2016

Base = Potential Buyers



	Average Time Frame (Months)
Mar-16	4.25
Apr-16	4.15
May-16	4.21
Jun-16	4.00
Jul-16	4.06
Aug-16	4.03
Sep-16	3.97



Slightly more than one in ten drivers who are likely to acquire a new vehicle (12%) report that they will do so within one month, a five-point drop from August. Close to one in five likely buyers (19%) say they will make a purchase within the next 2 to 3 months, while nearly two-thirds (63%) plan to acquire a vehicle within 4 to 6 months.

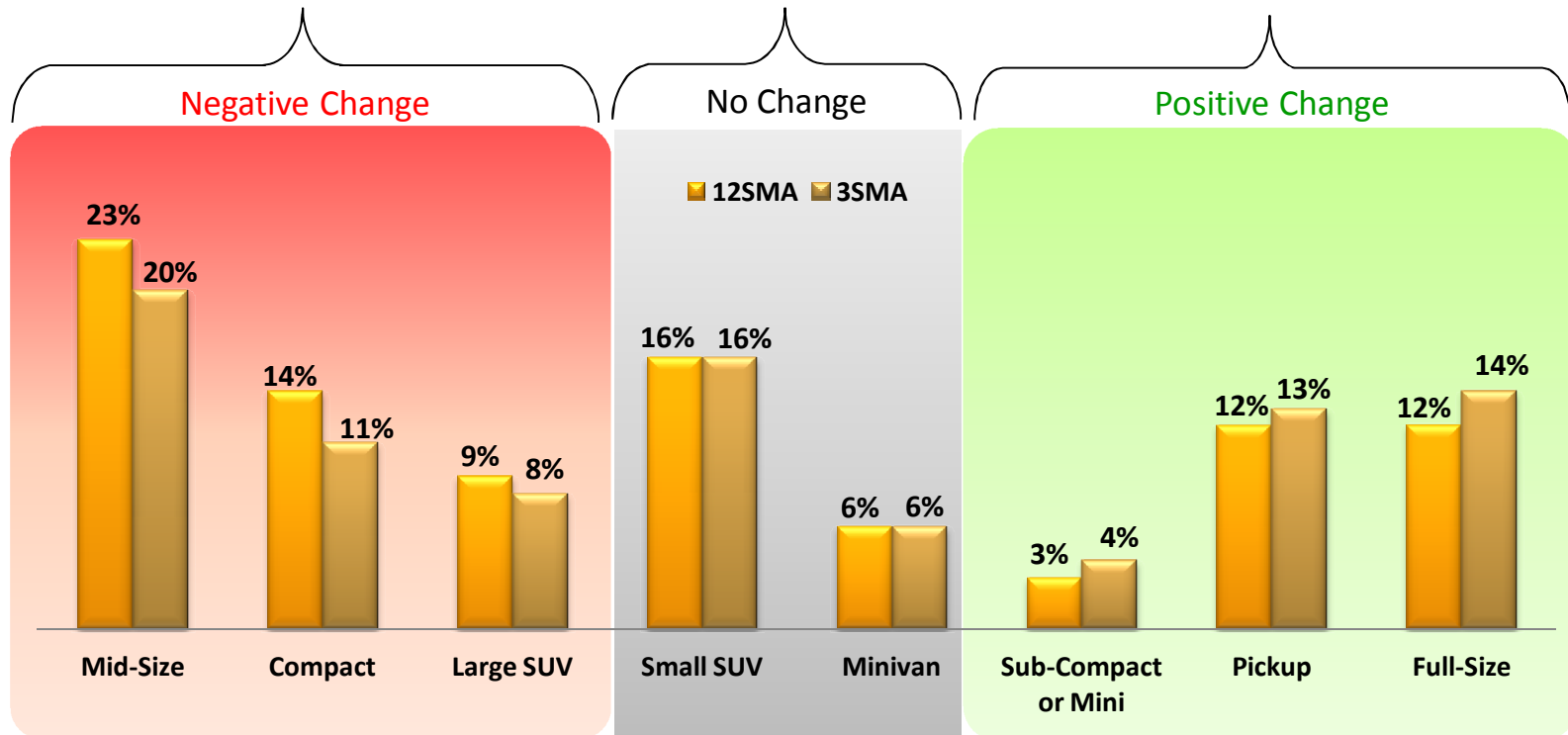
In September, the share of likely vehicle buyers planning to purchase or lease a new vehicle within one month declined by five points from the previous month, to a rate of 12%.

Q. Will you make your purchase within the next month, 2 to 3 months, or in 4 to 6 months?

Vehicle Type Momentum

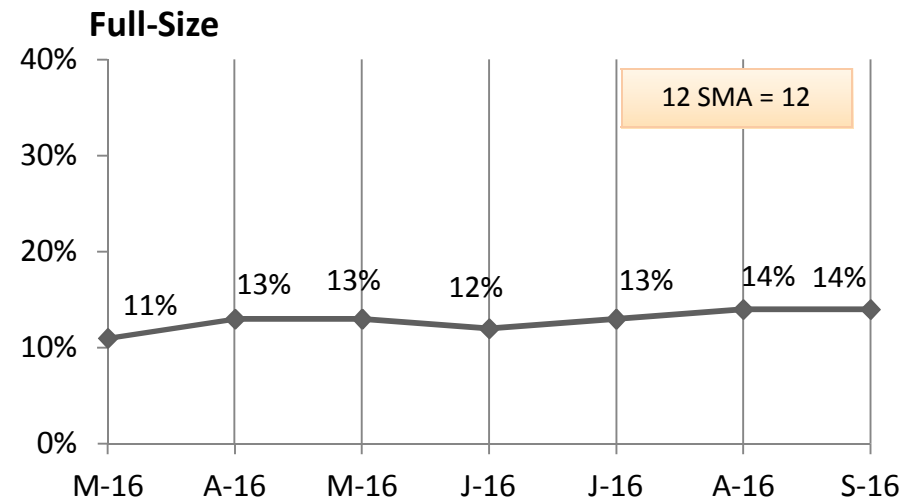
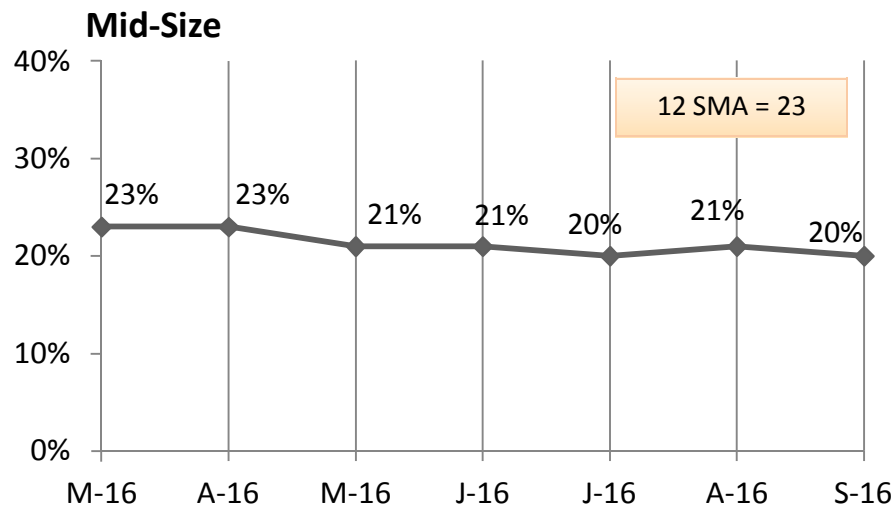
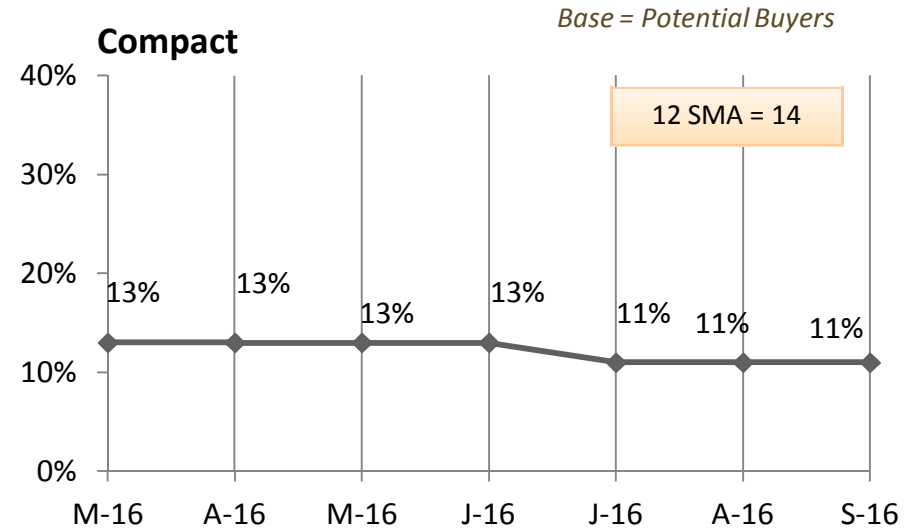
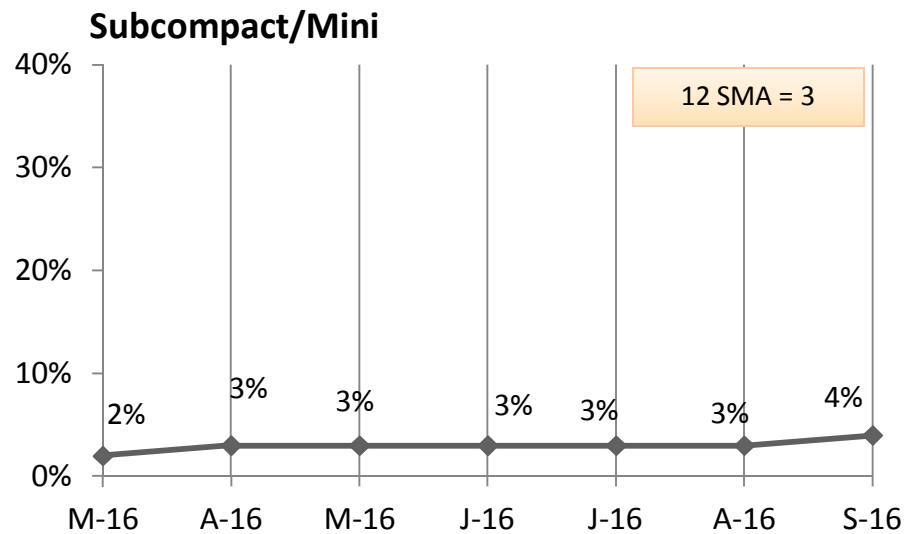
September 2016

Base = Potential Buyers



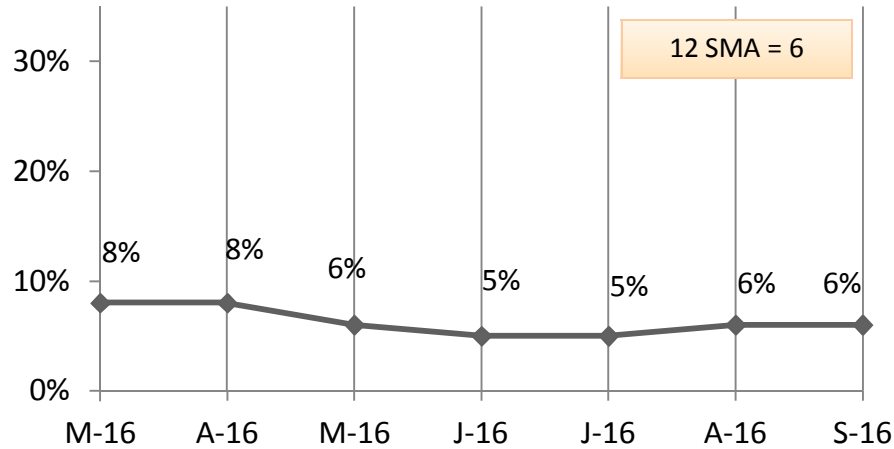
Q. What type of vehicle are you most likely to buy or lease?

Preferred Vehicle Types Over Time - 3 SMA



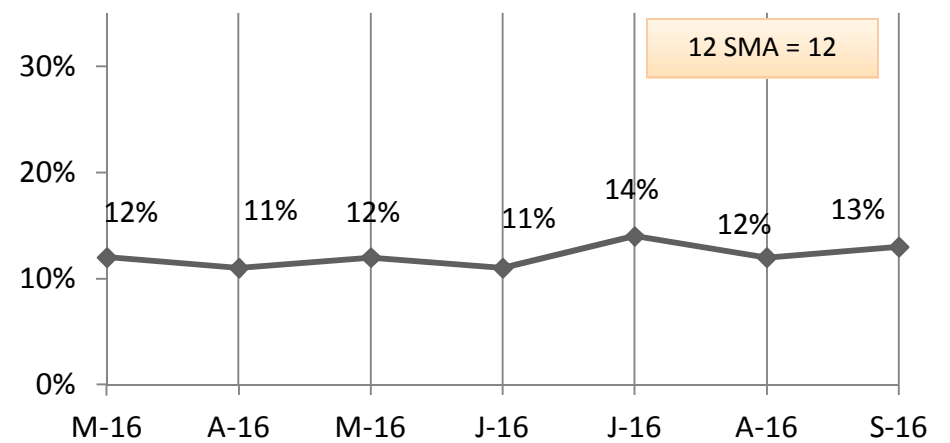
Preferred Vehicle Types Over Time - 3 SMA

Minivan

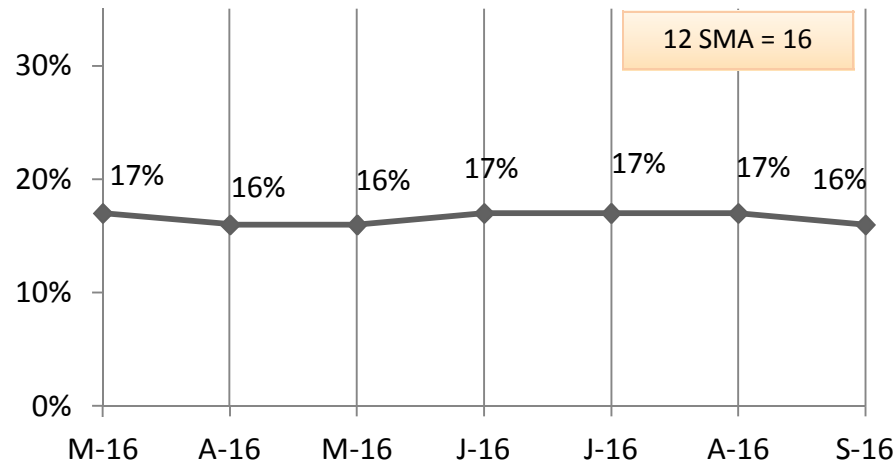


Pickup

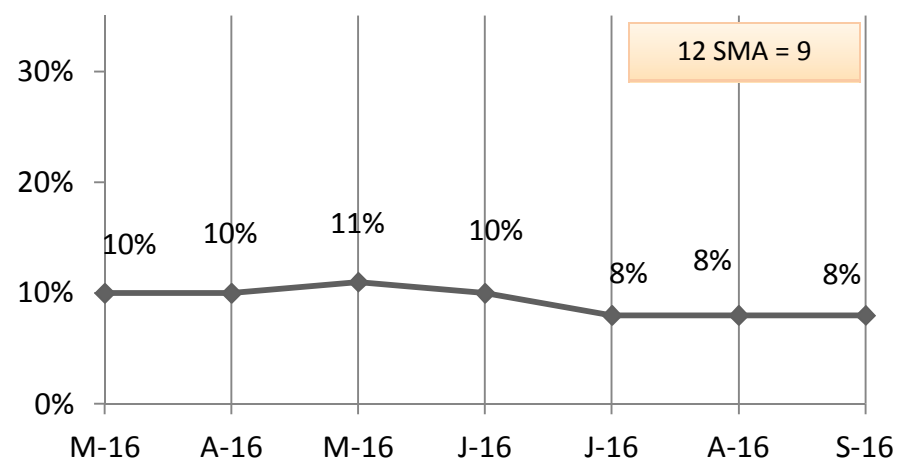
Base = Potential Customers



Small SUV



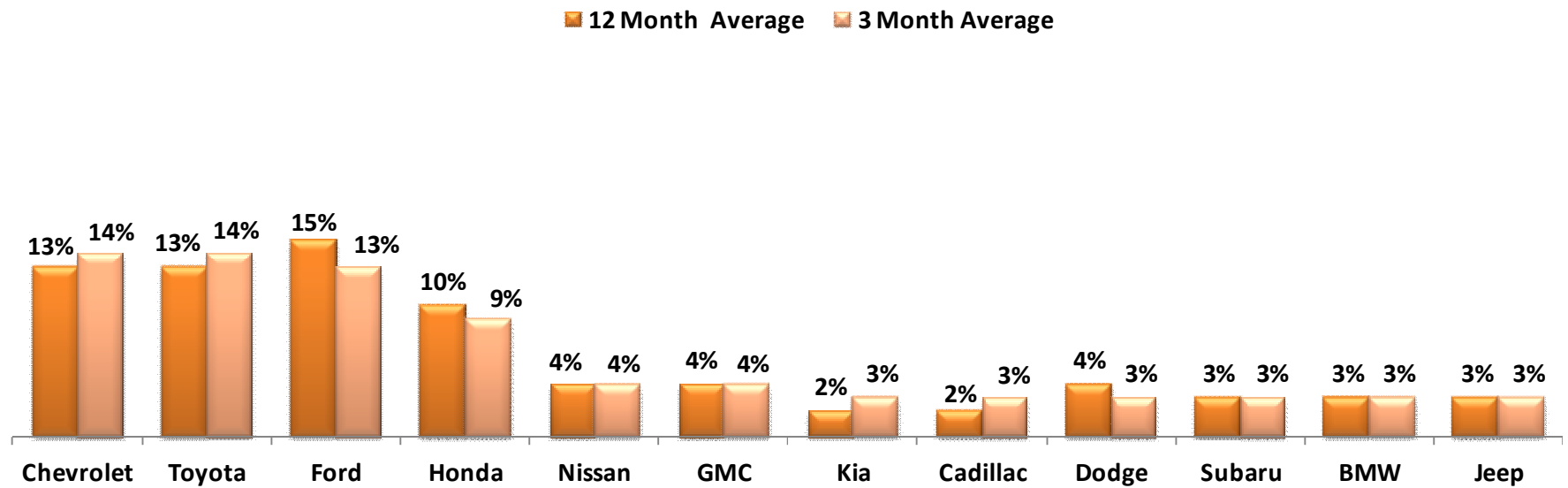
Large SUV



Top Ten Brands Consumers Would Buy Today

September 2016

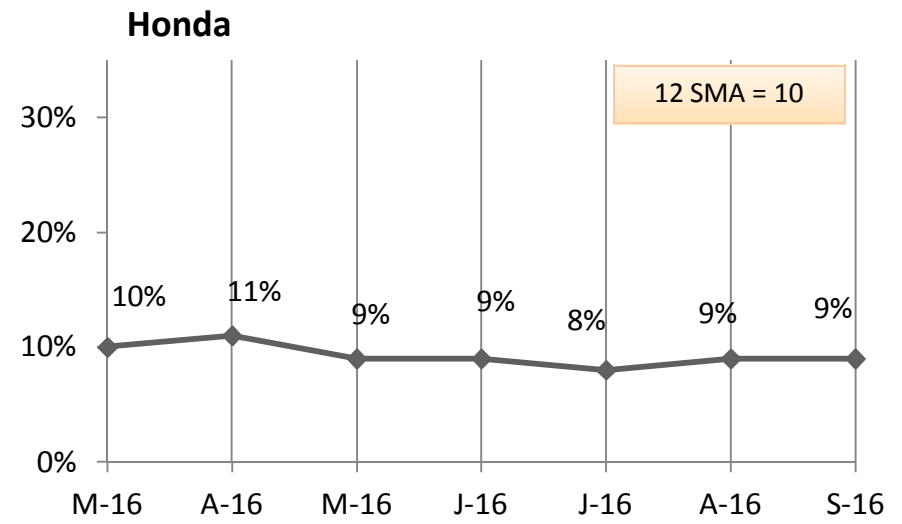
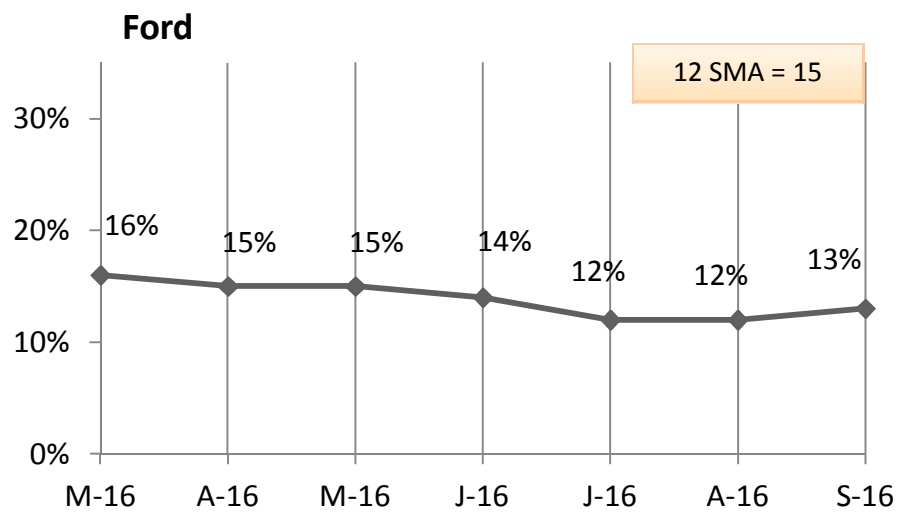
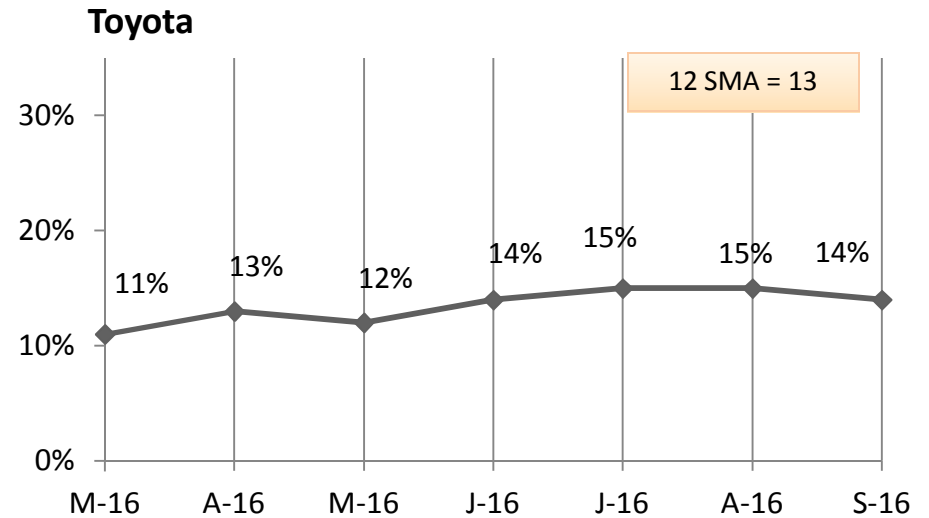
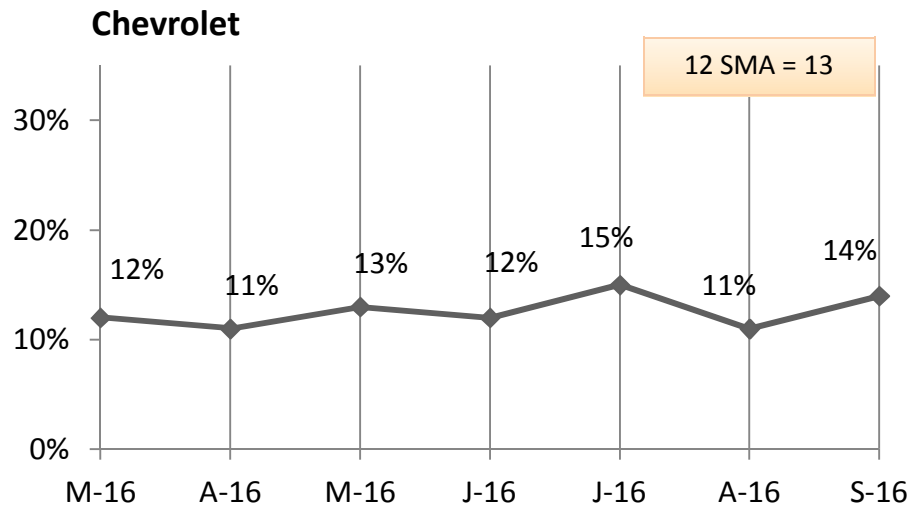
Base = Likely Buyers



*Sorted by 3SMA

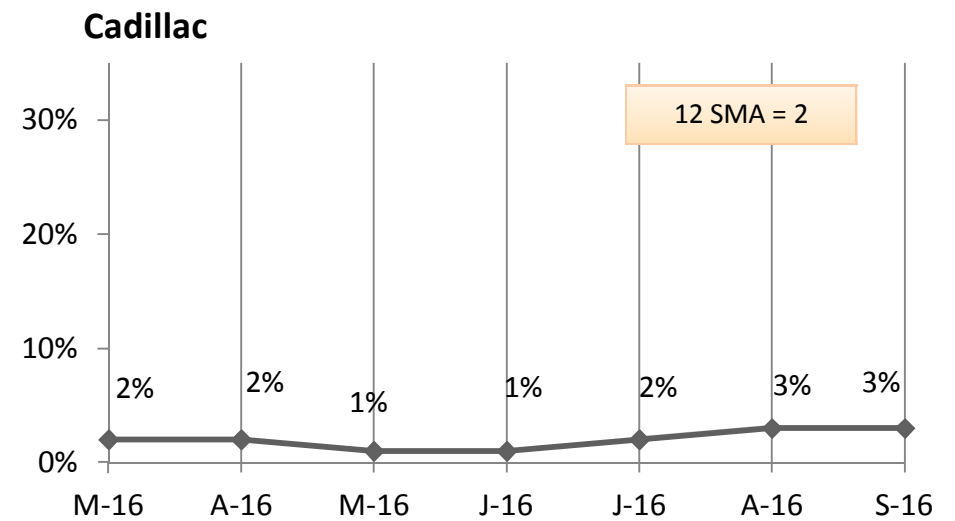
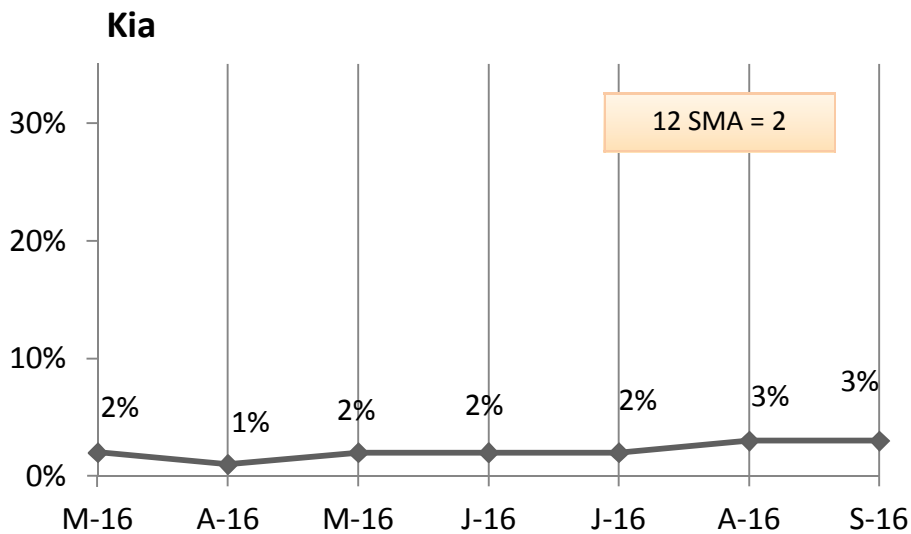
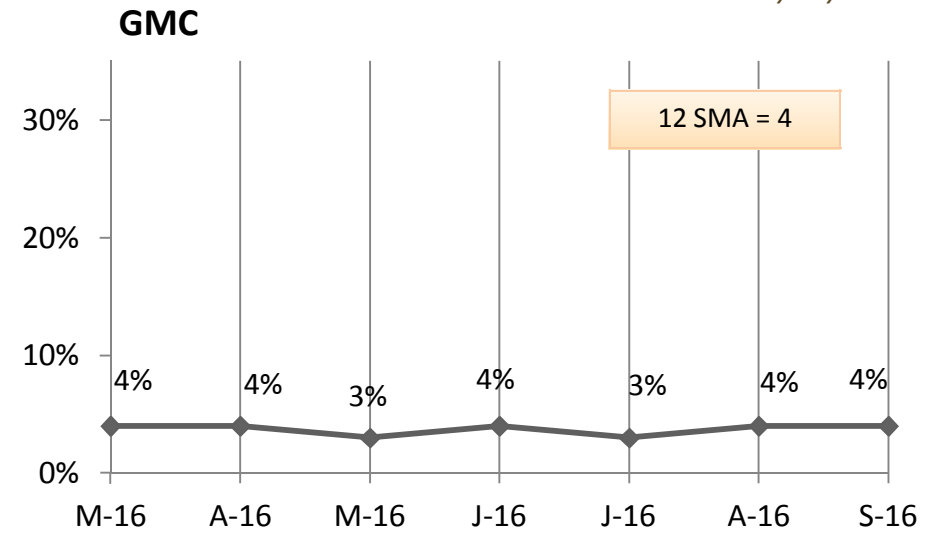
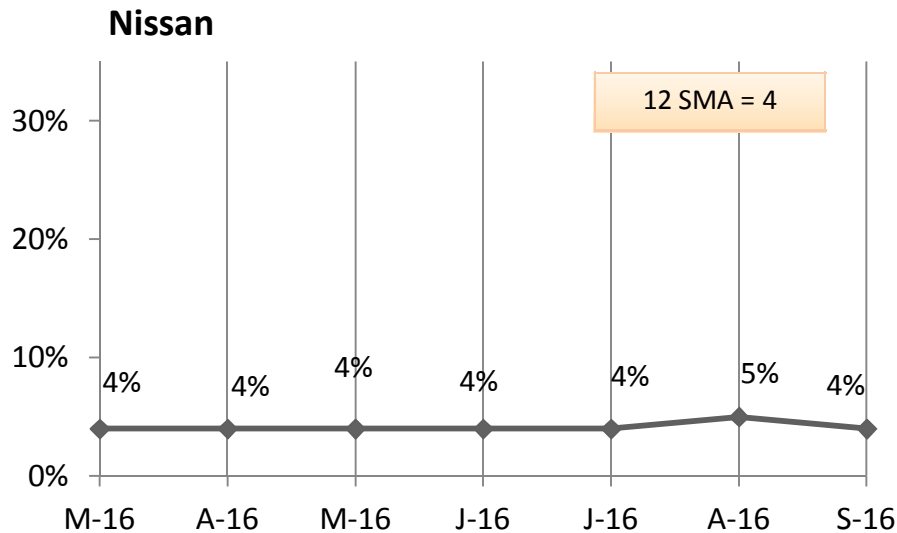
Brand Preference Over Time 3 SMA (Top 4 Brands)

Base = Likely Buyers



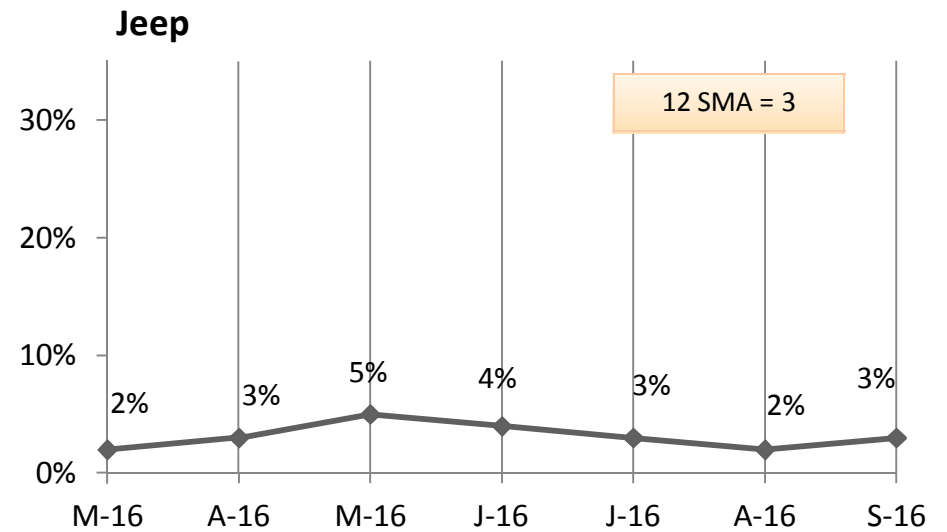
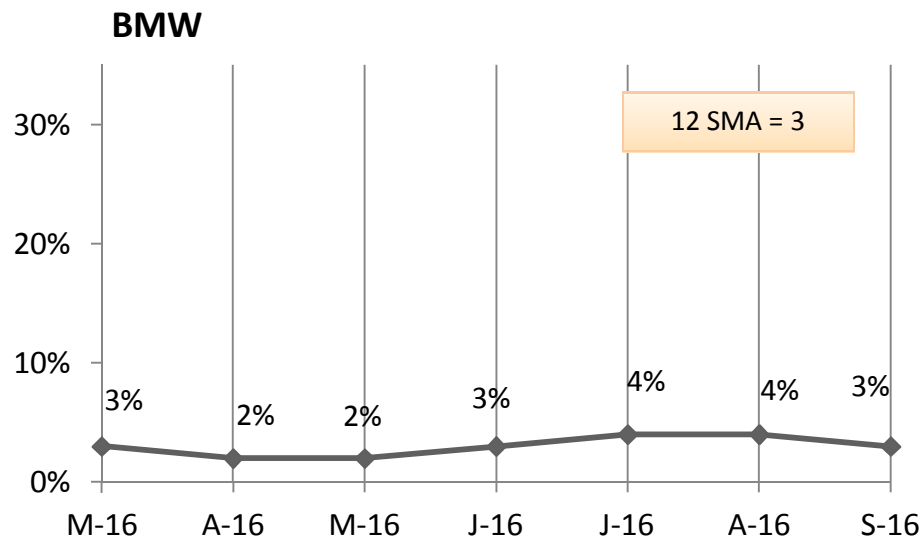
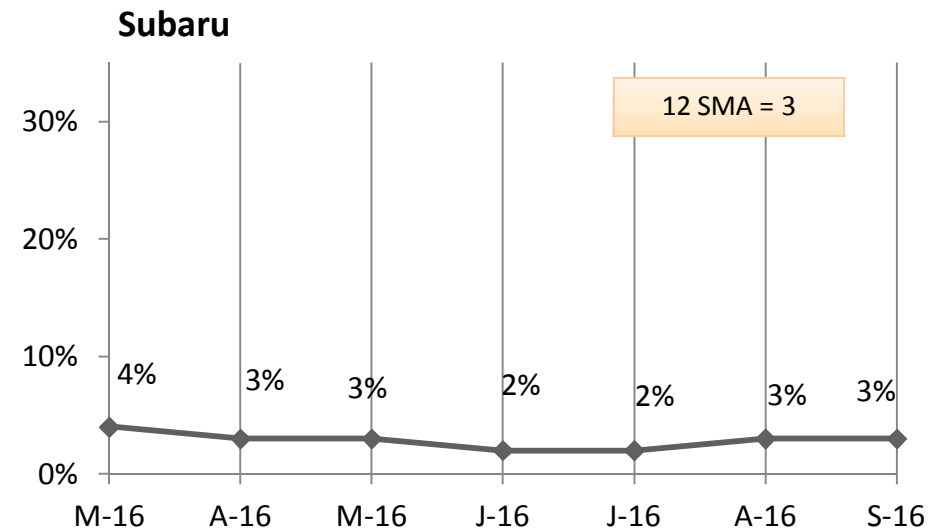
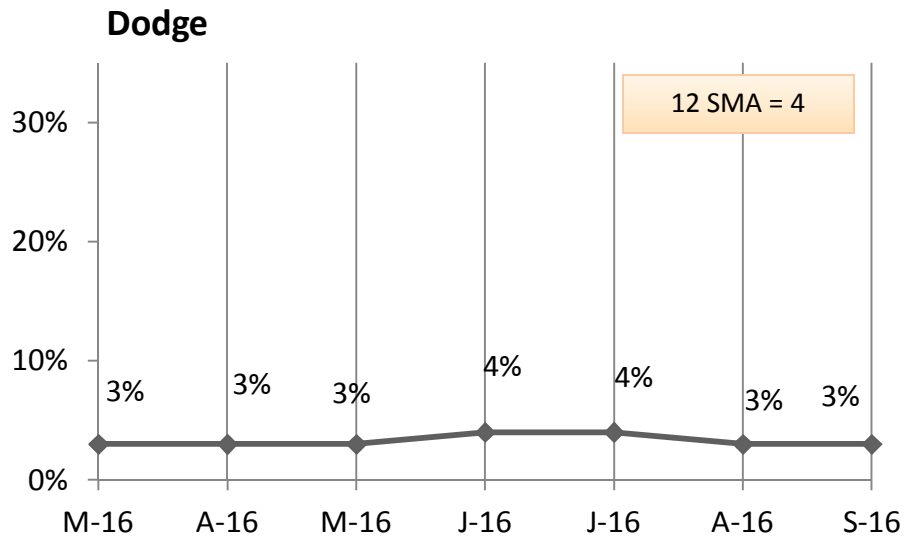
Brand Preference Over Time 3 SMA (Brands 5 to 8)

Base = Likely Buyers



Brand Preference Over Time 3 SMA (Brands 9-12)

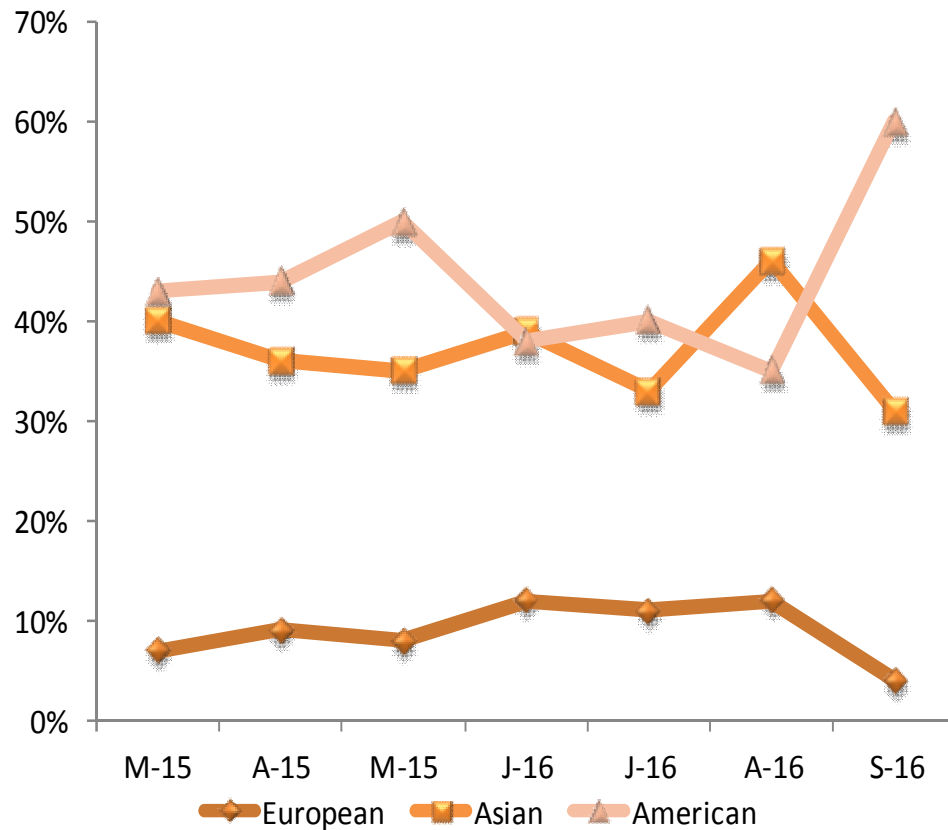
Base = Likely Buyers



By Vehicle Origin

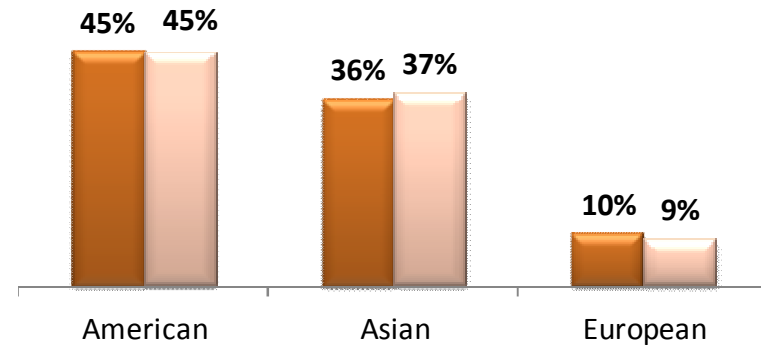
September 2016

Base = Likely Buyers



Likely to Purchase by Origin

12 Month Average 3 Month Average

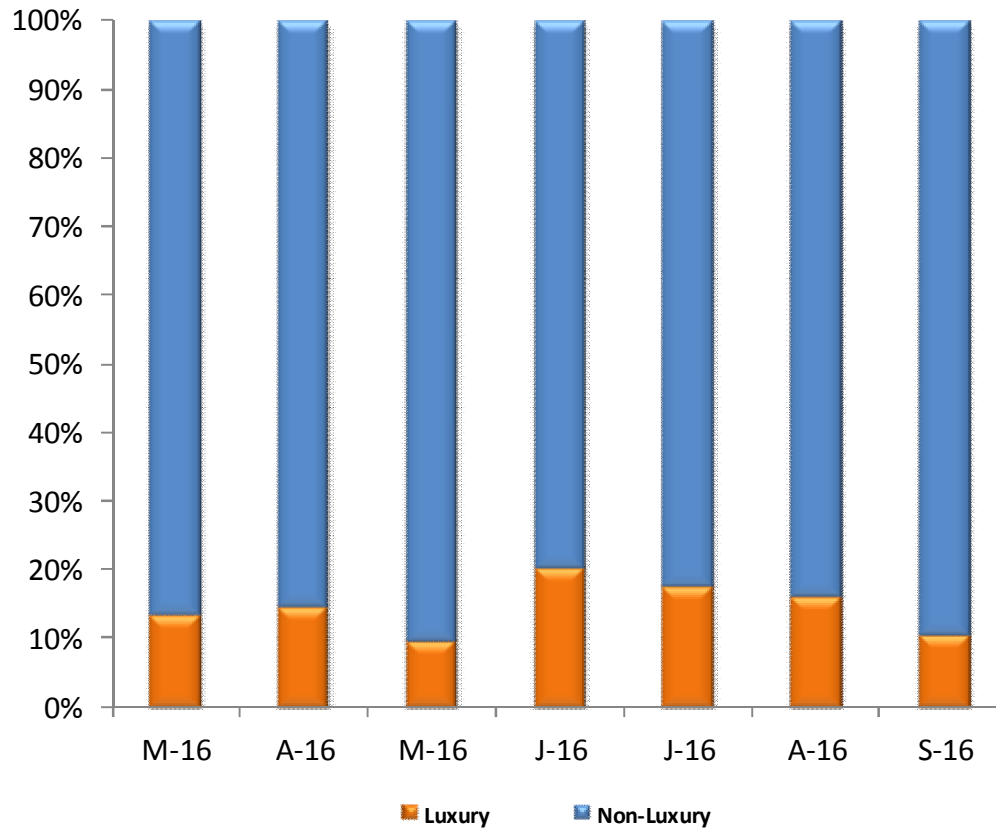


Q. If you were to buy a vehicle today, what brand would you buy?

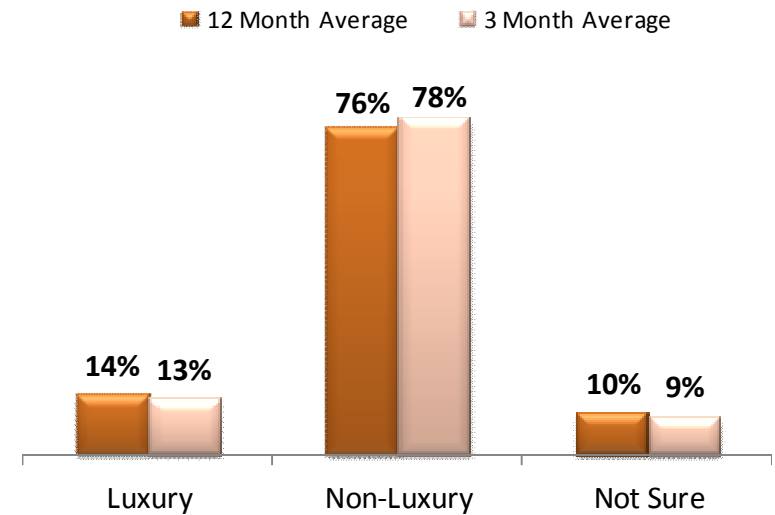
Luxury vs. Non-Luxury

September 2016

Base = Likely Buyers



Brand Preference: Luxury vs. Non-Luxury



Q. If you were to buy a vehicle today, what brand would you buy?

Conclusions

- Although consumers' intent to acquire new vehicles slowed somewhat in September, due to persistent concerns regarding the outlook for the overall economy, vehicle purchase intent remains relatively strong among Americans. After gaining 41 points in August, the Auto Demand Index level declined by 15 points this month, registering an overall score of 108. Relatively low gas prices, rising personal income, and the luring power of deals are among the key factors driving the high level of purchase intent among consumers.
- September's Auto Demand Index score registered above all three of its moving averages. The Index level topped both its 12-month and 6-month moving averages (101) by 6 points, while surpassing its 3-month (105) average by three points. Meanwhile, the 3-month moving average gained four points in September, marking the second straight month of growth in the reading.
- Thus, we anticipate that vehicle purchase intent will remain strong in the near future, although it may not reach the levels of last year's robust performance.
- For the second month in a row, our momentum indicator (MACD) increased in September, rising 0.4 point to a reading of 2.7. As a result, TechnoMetrica anticipates that the Auto Demand Index will maintain its positive momentum in the coming months. Therefore, we also expect new vehicle sales to rise somewhat in the coming months, fueled by the easy availability of credit and rising incentives. However, at the same time, auto sales, which may have already reached peak performance, will grow at a slower rate than last year's record pace.
- In terms of demographics, purchase intent improved among 16 of the twenty-three segments that TechnoMetrica tracks on a monthly basis. The most significant growth in purchase intent was displayed among parents and Midwestern Americans, whose ADI scores increased by 21 points and 20 points, respectively. Americans living in rural areas also showed strong improvement in intention to acquire a vehicle, as the segment's Index score climbed 16 points. On the other hand, Millennials between the ages of 18 and 24 displayed the greatest weakening in purchase intent, with the ADI score of the group posting a 17-point decline.
- Nearly one in five consumers (18%) indicated that they were likely to acquire a new vehicle in the next six months, compared to 20% in August. Regarding consumers' vehicle preference, mid-size vehicles, the choice of one in five likely buyers (20%), remain the most desired vehicle type, followed by small SUVs, at 16%. Also, preference for full-size vehicles continues to display positive growth among consumers.
- The Auto Demand Index also allows us to gain insight into brand preferences among prospective buyers. This month, Chevrolet, which placed third in August, tied Toyota for the top spot in brand choice. Both brands garnered a 14% share of likely buyers. Meanwhile, Ford, preferred by 13% of prospective buyers, dropped one position to take third place. Nearly one in ten consumers (9%) chose Honda as the brand they plan to purchase next, while Nissan and GMC were both desired by 4% of likely buyers. Regarding the land of origin of the vehicles that consumers intend to purchase, preference for American-made vehicles climbed 25 points, to a share of 60%, its highest level since January 2012. Meanwhile, nearly one-third of likely buyers (31%) intend to acquire Asian brands.

Contact Information

To request a full data set or for any questions, please contact us.

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