2013 Auto Sales Will Be Strong, Firm Predicts

The Associated Press

DETROIT (AP) — A healthier economy and more new model introductions should push U.S. auto sales above the 15 million mark this year, predicts an auto industry research firm.

The Polk research firm says auto sales should continue to lead the country's economic recovery, rising nearly 7 percent over 2012 to 15.3 million new vehicle registrations.

Automakers release December and full-year sales for 2012 on Thursday. Analysts think sales reached 14.5 million last year, the strongest performance since 2007 — just before Americans felt the impact of the recession. Sales of more than 15 million are considered a sign of health for the auto industry and the economy, many analysts say.

Polk does not expect pre-recession sales levels of 17 million for several more years, Anthony Pratt, Polk's forecasting director for the Americas, said Wednesday.

Polk expects 43 new models to be introduced this year, up 50 percent from last year. New models usually boost sales. The company also predicts a rebound in sales of large pickups and midsize cars.

But Polk's optimistic forecast firm hinges on Washington reaching an agreement on spending cuts, which could happen later in the year. On New Year's Day, congress approved a compromise to avoid the so-called "fiscal cliff." The deal raises taxes for incomes exceeding $400,000 for individuals and $450,000 for couples. But it delayed action on dramatic federal spending cuts and debt, setting up another showdown in a divided congress.

Those first showdowns will come over the next three months, when the government's legal ability to borrow money will expire and temporary financing for federal agency budgets will expire.

Polk predicted a handful of other trends for 2013. Sales will grow for big pickup trucks, which are very profitable for automakers. Demand has been depressed for five years due to the weak economy, but should get a lift in 2013 thanks to redesigned trucks from GM, Toyota and Ford.

Polk also said the midsize sedan segment will continue to lead the industry. It's now at 18.5 percent of the market, 2 percentage points larger than any other type of segment.

"Recent redesigns of nearly every vehicle in the midsize segment are forcing more competition and continued growth," said Tom Libby, Polk's lead North American

analysts.

Polk joins many other analysts in predicting 2013 sales at or above 15 million. The consulting firm LMC Automotive, for instance, expects 2013 sales of around 15 million, up from 14.5 million in 2012.

Auto sales peaked at about 17 million in 2005, but dropped to 10.4 million in 2009, the lowest level in more than three decades.

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