January sales insights
sales are slow out the gate in 2019

Key insights

January sales fall below expectations
January SAAR hit its lowest rate since August 2017 as industry sales kicked off 2019 on a sluggish note. Potentially anomalous factors like extreme weather and the government shutdown could have hurt sales, but the slowdown is likely due to a real reduction in demand following a strong 2018 holiday sales season and amid rapidly rising APRs driving up the cost of purchasing a vehicle.

Rising APRs threaten sales
APRs in January hit 6.2 percent, a sharp increase from both December and January 2018. The average finance deal today will cost shoppers close to $2,000 more in interest compared to just three years ago.

On an encouraging note, the Federal Reserve in January halted plans to continue increases to the federal funds rate, which is strongly tied to vehicle loan APRs. While APRs likely won’t increase much further, average rates will likely hover in this low 6 percent range, still threatening to dissuade shoppers in 2019.

Leasing’s impact
Lease returns continue to be a tailwind for the industry. 2019 will have an unprecedented 4.3 million lease returns. But shoppers returning to dealerships will likely find that pricing of leasing, like financing, has gone up. Lease returns have also created an oversupply of used vehicles, decreasing used values and setting CPO and used vehicles up for increased demand.

Best-selling truck
F-Series: 57,907 units

Best-selling car
Corolla: 25,113 units

January 2019 Sales by Segment