

U.S. new-car sales expected to sustain recent momentum

The auto industry will report U.S. sales for October on Thursday — and forecasters are expecting the ongoing recovery will sustain its momentum of recent months.

The sales reports, coming immediately after the Detroit Three report third-quarter earnings, will provide the last pre-election data on whether General Motors and Chrysler have reconnected with consumers more than three years after they emerged from government-financed bankruptcies.

Overall industry sales are expected to increase 11.5% over October 2011 to 1.14 million units, according to TrueCar.com. Researchers at Edmunds.com estimated an 11.1% sales uptick.

Normally, the final three months of the year are truck season. So why are midsize sedans selling so well?

In September, midsize sedans held three of the top seven best-selling vehicle slots, according to Autodata.

Edmunds suggested that “strong performances” by the redesigned Honda Accord and Nissan Altima will propel the Japanese manufacturers to record October sales in the U.S.

Toyota is expected to post another big increase, because the 2011 Japanese earthquake and tsunami was still cramping the automaker’s production capacity at this point last year.

The industry is expected to post an annual selling pace of 14.8 million to 14.9 million new-car sales in October, according to Edmunds and TrueCar, respectively. That would be the best October in five years.

Analysts will be watching several new vehicles closely to gauge customer reaction, including Ford’s redesigned Fusion sedan and GM’s all-new Cadillac ATS compact sedan.

TrueCar analysts are projecting that all major brands will post increases from October 2011, including 22% for Toyota, 14.8% for Chrysler, 13.9% for Honda, 7.3% for GM, 5.3% for Ford and 4.6% for Nissan.

The industry slashed incentives by 5.6% since October 2011 and 2.9% from September 2012, according to TrueCar. That could mean more profit out of every sale. The automakers also are benefiting from low interest rates, which make it easier to offer 0% financing to creditworthy new-car buyers.