

Auto Sales Rise Over June, Most Experience Growth

Dan Strumpf and Dee-Ann Durbin, AP Auto Writers

DETROIT (AP) — Summer promotions and easier credit lured shoppers back to car buying last month, a relief to an industry worried about June's sales slowdown.

Every major automaker except for Ford and Daimler said their July sales topped those in June. The biggest monthly sales gains were posted by Nissan, Toyota, Volkswagen, Subaru and Kia.

The industry sold just over 1 million cars and light trucks in July. That's 6.6 percent higher than in June, when worries were growing that the economic recovery might be faltering. Sales also were 5.1 percent higher than in July of 2009, a year where sales fell to a 30-year low.

Pickup trucks and luxury cars were big sellers. Ford Motor Co. said July was the first month in two and a half years that it sold more than 50,000 F-150s. Sales of the Toyota Tundra full-size pickup jumped 40 percent over last July. The newly redesigned Jeep Grand Cherokee also saw sales jump.

Cadillac's SRX crossover, also redesigned this year, saw surging sales — up 750 percent over last July — and Acura sales were 45 percent higher.

Jesse Toprak, vice president of industry trends and analysis at the car pricing website TrueCar.com, said growth in truck and luxury sales is a positive sign since buyers are most likely to hold off purchases in those segments when times are tough.

Toprak said there is a great deal of pent-up demand in the market now. He expects that to translate into sales gains in the last half of the year, even if the economy hasn't fully recovered.

"There are many consumers out there who are making need-based purchases, who can't wait any longer," he said.

Expressed as an annual rate, July sales were at a pace of 11.98 million. That's higher than last year's total sales of 10.4 million, but still far from the peak sales of 16.9 million in 2005.

Still, July's gains gave the automakers confidence that a double-dip in car buying doesn't appear to be developing. "The industry recovery continues to be very modest but also continues to be in the right direction," said Bob Carter, a Toyota Motor Corp. group vice president.

Auto Sales Rise Over June, Most Experience Growth

Published on Industrial Maintenance & Plant Operation (<http://www.impomag.com>)

Summer promotions — which usually begin in August but were pulled ahead by the nervous industry — drew out buyers even though cars weren't any cheaper than previous months.

Chrysler, for example, promised to make buyers' first two months' payments up to \$1,000. They also offered up to \$4,000 in cash or a 60-day return guarantee on new vehicles. But the automaker's actual incentive spending — an average of \$3,105 per vehicle — was \$100 less than June and \$1,000 less than last July, according to Edmunds.com.

As long as employment continues to improve and gas prices stay below \$3 a gallon, "sales should rise on a gradual basis," said General Motors Co.'s chief economist Ted Chu.

There is also steady improvement in car loan approval rates, Chu said. GM announced last month that it would buy a company specializing in loans to customer with poor credit, a significant chunk of new car buyers.

Road construction spurred by federal stimulus money has helped pickup sales, said Emily Kolinski Morris, Ford Motor Co.'s senior U.S. economist. Demand from agriculture, mining and drilling has also held steady even as home construction has languished, she said.

GM's sales rose 2.6 percent over June and 5.4 percent over last July. Newly launched models such as the Chevrolet Camaro muscle car, Chevrolet Equinox crossover and Buick LaCrosse sedan showed strong increases.

Ford's sales were flat from June but up 3 percent over last July. Ford's overall sales were weighed down by a double-digit drop in Mercury sales. Production of the brand stops at the end of this year.

Japan's Toyota Motor Corp. and Honda Motor Co. saw sales rise from June — 20.3 percent for Toyota and 5.4 percent for Honda — but both saw small decreases compared with last July.

Toyota is still suffering from a rash of safety recalls earlier this year, Toprak said, while Honda hasn't acted as aggressively as other automakers to lure Toyota buyers. Both automakers also said last year's Cash for Clunkers program created huge demand for small cars that wasn't matched this year. The program began in the last six days of July and gave buyers up to \$4,500 in tax credits to trade in old cars and trucks.

Ford said September will be a good gauge of the strength of the market, since comparisons to last August will be skewed by Cash for Clunkers. Ford reiterated its forecast of around 11.5 million total U.S. sales this year.

The stall in June's auto sales didn't worry Ford's chief sales analyst. "One month's sales either way doesn't really faze us," said George Pipas.

Auto Sales Rise Over June, Most Experience Growth

Published on Industrial Maintenance & Plant Operation (<http://www.impomag.com>)

Other automakers reporting sales Tuesday:

- Nissan Motor Co. said July sales soared 28 percent from June on brisk sales of cars and small SUVs. Sales rose 15 percent compared with July 2009.
- Volkswagen sales were up 13.4 percent from June and 16 percent from July 2009. Sales of the Golf small car jumped 193 percent from last July.
- Kia sales rose 11 percent from June and 21 percent from July 2009, helped by new models like the Sorento crossover and the Soul hatchback.
- Subaru sales rose 11 percent compared with June and 10 percent from July 2009, led by the Outback crossover.
- Hyundai sales rose 6 percent from June and 19 percent from July 2009 on strong sales of midsize and smaller sedans such as the Sonata and Elantra.
- Daimler sales slipped 5 percent from June, but compared to July 2009, sales were up 7 percent. Strong sales of Mercedes-Benz luxury cars offset plunging interest in the Smart minicar.

Source URL (retrieved on 12/27/2014 - 9:37pm):

<http://www.impomag.com/news/2010/08/auto-sales-rise-over-june-most-experience-growth>