March: Big Month For U.S. Autos

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DETROIT (AP) — The U.S. auto industry looks set to ride the appeal of smaller cars to its best monthly performance in almost four years.

The consulting firm LMC Automotive predicts U.S. sales of new cars and trucks reached 1.37 million last month, up 6 percent from March of 2011 and the highest number since May of 2008. Industry analysts say sales could run at an annual rate of 14.1 million to 14.5 million vehicles, continuing a strong performance in January and February. Some companies could break sales records.

Chrysler Group was the first automaker to report sales Tuesday. Its U.S. sales jumped 34 percent in March on strong sales of Fiat small cars and Chrysler sedans.

It was the best month for the company in four years as consumers grow confident enough in the economic recovery to buy new cars.

Chrysler says Fiat sales hit 3,712, compared to just 500 last March, when the car was first on the market. Sales of Chrysler's 200 and 300 sedans each doubled over last March. Jeep brand sales rose 36 percent on the strength of the Jeep Grand Cherokee.

Incentives on trucks also helped lure buyers in March. Chrysler said its Ram pickup sales were up 23 percent over last March. General Motors Co. and Ford Motor Co. also were expected to report big gains in truck sales.

The factors driving sales early in the year continued last month. Americans who couldn't bear a new car payment during the economic downturn are back on the market. They're leaning toward new compacts and sub-compacts to save on gas, although incentives on trucks are good enough to lure buyers who want something bigger.

One surprise in March: the return of the subprime buyer. Jefferies analyst Peter Nesvold wrote in a note to investors that non-prime buyers, or those with less than stellar credit, are coming back into the market after being shut out for several years due to lack of loan availability.

AutoNation, the Florida auto retailer, said Tuesday that its sales rose 15 percent in March, mostly on the strength of Detroit brands, which were up 26 percent.

March could be a month of records. It could be the best sales month in the history of Hyundai Motor Co., Nissan Motor Co., and Volkswagen, said Jesse Toprak, vice president of market intelligence for auto buying site TrueCar.com. He also expects Detroit's three car companies, plus Honda and Toyota, to post big monthly numbers.

With the nationwide average for gas approaching $4 a gallon (3.7 liters), small cars remain the catalyst for sales. Compact and subcompact models combined are expected to account for 23 percent of retail sales for March, according to LMC. Compacts include cars such as the Toyota Corolla and Chevrolet Cruze, while subcompacts include the Honda Fit and Ford Fiesta.

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