Chrysler Sales Rise 30 Percent On Jeep, Ram Demand

Dee-Ann Durbin, Tom Krisher, AP Auto Writers

DETROIT (AP) — Chrysler's U.S. sales jumped 30 percent last month, a sign that Americans remain determined to replace their aging cars despite the falling stock market and shaky consumer confidence.

The company said it sold more than 150,000 cars and trucks in May, compared with 115,000 in the same month a year earlier. Chrysler brand sales rose 80 percent, while Jeep sales increased 24 percent.

Chrysler was the first automaker to report sales on Friday. Total U.S. sales for May should rise 30 percent to 1.4 million cars and trucks, according to forecasts from industry analysts. They expect sales for 2012 to reach 14.5 million, up from 12.8 million last year.

Analysts say the May figures likely will show that pent-up demand is overpowering any fears about the economy. Unemployment in May rose for the first time in 11 months, increasing slightly to 8.2 percent. The stock market had its worst month in two years, and consumer confidence was wobbly. Yet auto sales are expected to remain resilient.

"In spite of a tremendous amount of global economic uncertainty, the U.S. new vehicle sales industry continues to power ahead," said Reid Bigland, Chrysler Group LLC's U.S. sales chief.

People are buying because they have to replace aging cars and trucks that they kept through the Great Recession. The average age of a vehicle on U.S. roads is now pushing 11 years, and they are simply wearing out.

"You have so many old vehicles on the road," said Tom Libby, lead analyst for the Polk automotive research firm who sees auto sales continuing to grow through the next two or three years.

People also feel a bit flusher because gasoline prices have tumbled to an average of $3.61 a gallon. That's 33 cents below the peak of $3.94 on April 6. Some experts say gas could fall as low as $3.40 between now and Labor Day.

A big auto sales increase in May won't be a surprise, because May of 2011 was a poor month. Last year's March earthquake in Japan slowed production at Honda and Toyota factories and dealers ran short of cars by May.

Japanese carmakers will see the biggest sales increases. Toyota Motor Co.'s sales are expected to nearly double thanks to demand for the new Camry and the new

Prius V wagon and Prius C subcompact. Analysts say Toyota is rapidly regaining market share it lost to Hyundai, General Motors and Ford in the months following the earthquake.

Honda also is expected to post a strong sales increase. The new CR-V is a big seller for Honda.

The TrueCar.com auto pricing website estimates GM's sales will rise 17 percent for the month, while Ford's will increase 11 percent.

The strong car sales are a good sign for the economy, which has given off mixed signals of late. A survey released this week by the Conference Board suggested consumer confidence fell sharply in May, although a separate survey by Thompson Reuters and the University of Michigan showed consumer sentiment at its highest level in four-and-a-half years, partly because gasoline prices have dropped.

Consumer confidence is closely watched by car companies, since consumers need to have faith in the economy before they're willing to spend on big-ticket items.

May's sales pace was so strong that forecasting firm LMC Automotive raised its 2012 forecast to 14.5 million, up from 14.3 million. That compares with sales of 12.8 million in 2011.

But Jeff Schuster, LMC's senior vice president of forecasting, cautioned that it could take a few weeks to determine if bad economic news will scare off car buyers.

"It's a little bit of a wait-and-see if there will be a further impact to auto sales, but right it doesn't seem to be throwing anything off," Schuster said.

Source URL (retrieved on *04/19/2015 - 7:10pm*):
http://www.impomag.com/news/2012/06/chrysler-sales-rise-30-percent-jeep-ram-demand