Chrysler Sales Rise On Demand For Pickups

Tom Krisher, AP Auto Writer

DETROIT (AP) — Chrysler's U.S. sales rose 14 percent in August on strong demand for Ram pickup trucks.

The Ram, which had its best August in five years, helped Chrysler sell more than 148,000 vehicles last month.

The results are a sign that car and truck sales will remain strong despite consumers' worries about the economy. Model-year closeouts and appealing new cars were expected to draw Americans to dealers' showrooms. Analysts are predicting sales of more than 1.2 million vehicles for August, up around 20 percent from a year earlier. The annual pace is expected to reach 14.2 million to 14.5 million vehicles, making August the second-best month of the year.

Chrysler was the first major automaker to report sales on Tuesday, and others will follow throughout the day.

The company sold more than 25,000 Ram pickups, up 19 percent from a year earlier. Big discounts helped, and the sales also underscored that small businesses and individuals are replacing work trucks they have kept through the sluggish recovery from the 2007-2009 recession.

The company also said its Dodge Caravan and Chrysler Town & Country minivans had big sales months. Dodge van sales rose 35 percent and Chrysler van sales rose 30 percent. Chrysler's 300 luxury sedan posted a 65 percent sales increase, the company said.

Industry analysts say U.S. auto sales are likely to keep the economy going even as it struggles to grow. The economy expanded at a tepid 1.7 percent annual rate from April through June. On Friday, Chairman Ben Bernanke made clear that the Federal Reserve will do more to boost the economy because of high unemployment and a recovery that remains "far from satisfactory."

Pent-up demand is expected to drive the strong sales, said Jeff Schuster, senior vice president of forecasting for LMC Automotive, an industry consulting firm. The average car and truck in the U.S. is nearly 11 years old, and it's getting to the point where people have to replace them because they're worn out.

Customers likely found good deals on 2012 models last month, especially for leases and pickup trucks. Chrysler is offering $4,289 in discounts on the Ram 1500, Edmunds said. Also, Honda raised its incentives 27 percent in August from July to an average of $1,666 per vehicle.

Buyers also were drawn out by exciting new models such as the midsize Nissan

Altima and the Dodge Dart compact, Schuster said. Chrysler sold more than 3,000 Darts in its first full month on the market. The Dart is the company's first competitive compact car in more than a decade.

Low interest rates also were pulling people in. A 48-month new-car loan averaged 2.98 percent last week, according to Bankrate.com. And automakers were offering no-interest loans on some models.

Honda and Toyota once again are expected to lead the way in sales increases. Last year at this time their dealers had few models to sell because a March earthquake in Japan hobbled their factories. This year they're back to full supplies.

Sales started the year strong, backed off a little in May, but came back during the summer. Schuster expects to end the year at 14.3 million, more than 1.5 million above last year. Sales hit a recent high of 17 million in 2005. The bottomed at a 30-year low of 10.4 million during the recession in 2009.

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