

Chrysler Reports Best September In Five Years

Tom Krisher, AP Auto Writer

DETROIT (AP) — Chrysler's U.S. sales rose almost 12 percent last month as the company reported its best September in five years.

The increase from a year earlier was fueled by new models, low interest rates and a stable U.S. economy, the company said. Its sales chief predicted that September sales for the industry would reach an annual rate of 14.9 million, making it the best month since March of 2008. Car companies report sales throughout the day on Tuesday.

Volkswagen also reported a large sales increase, up 34 percent from a year earlier. VW has posted big gains all year, and last month's rise was led by the Passat midsize car, which almost tripled sales.

The companies' numbers show that Americans continued to buy new cars and trucks at a strong pace this year, making auto sales a steady bright spot in a cloudy economy. Cheap loans and leases, aging cars that need replacing, and a new lineup of fuel-efficient midsize sedans are drawing shoppers to dealerships.

"We remain optimistic about the health of the U.S. new vehicle sales industry and our position in it," said Reid Bigland, Chrysler's head of U.S. sales.

Most analysts are slightly more conservative than Chrysler in their predictions for September. Still, U.S. sales could rise by more than 1.1 million vehicles, up 11 percent from last year, for an annual rate of about 14.5 million.

Sales would be even stronger were it not for uncertainty about the broader economy. Some people are holding back on major purchases until they see how the budget battle shakes out in Washington, whether Europe can fix its economy and who wins the U.S. presidential election, said Jeff Schuster, senior vice president of forecasting for LMC Automotive, an industry consulting firm.

Schuster expects September sales at an annual rate of 14.5 million, perhaps more if automakers finished the month stronger than expected. Bargain interest rates are largely fueling sales, he said. Some banks and credit unions offer 2 percent financing to people with good credit. That's almost as good as subsidized loans from the automakers' finance companies.

"Not only is it cheap, it's relatively available," Schuster said. "There's no question that's driving buyers."

Also, used-car values have remained high due to tight supplies and strong demand, and that means dealers are paying more for trade-ins.

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And there are a bunch of new models coming out, especially in the midsize car category, the most popular segment of the U.S. market. Honda's new Accord and a new Ford Fusion are just hitting showrooms, as is a revamped Chevrolet Malibu. The redesigned Nissan Altima is selling well. A new Toyota Camry, the top-selling car in America, has been in showrooms for only a year.

The new models have ready buyers. People are replacing aging cars they held onto during the 2007-2009 recession, and that's been helping sales all year. The average age of cars and trucks on U.S. roads is near 11 years.

A midsize sedan led Chrysler's September sales. Sales of Dodge Avenger jumped 89 percent from a year earlier, helping lift the company's overall U.S. sales to 142,000 vehicles last month. The Jeep Grand Cherokee SUV also notched a strong month with sales up 19 percent. But the company's best-selling vehicle, the Ram pickup, posted only a 6 percent increase following a stronger August.

One thing that will be absent from September sales is big discounts from automakers. The average incentive for the month was \$2,468, down almost 7 percent from September of last year, according to the TrueCar.com auto pricing site.

Even with uncertainty, there's enough good economic news to help sales, which could reach an annual rate of 15 million this month, according to Morgan Stanley analyst Adam Jonas.

Consumer confidence, one of the biggest factors influencing car-buying, jumped in September to the highest level since February. It was bolstered by a brighter outlook for overall business conditions and hiring.

Checks with dealers found higher floor traffic in mid-month "driven by aggressive lending and marketing activity, particularly for trucks," Jonas wrote in a note to investors.

Sales of 15 million would still fall short of the recent peak of around 17 million in 2005. They bottomed at a 30-year low of 10.4 million during the recession in 2009.

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