

Better Economy, Storm Delays Lift U.S. Auto Sales

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DETROIT (AP) — A better economy and extra demand after Superstorm Sandy lifted U.S. auto sales last month.

Carmakers from Chrysler to Volkswagen reported brisk demand in November, and said sales rose on everything from small SUVs to sedans.

Americans are willing to buy a new car or truck because they are more confident in the economy than they've been in a while: Home values are rising, hiring is up and auto financing is readily available.

And Sandy, which hit at the end of October, forced buyers in the Northeast to postpone purchases until November. Also, people whose cars were damaged by the storm are starting to buy new ones. And because the average age of a vehicle on U.S. roads is approaching 11 years, people are being forced to make costly repairs or buy a new car or truck.

"Everything is kind of moving along almost in concert now," says Jeff Schuster, senior vice president of forecasting for LMC Automotive, a Detroit-area industry consulting firm.

November sales, when calculated on an annual basis, are likely to be 15 million or more, the highest rate since March of 2008, according to LMC. That's higher than the 14.3 million annual rate so far this year, even though November is normally a lackluster month due to cold weather and holiday anticipation. Both GM and Chrysler predicted November sales would run at an annual rate of 15.3 million.

If sales end up at 15 million for the year, it would be a vast improvement over the 10.4 million during the recession in 2009. Sales would still fall short of the recent peak of around 17 million in 2005.

Foreign-based brands saw the biggest sales increases due to big discounts, says Jesse Toprak, senior analyst for automotive pricing site TrueCar.com.

TrueCar estimates that Hyundai and Kia, which were admonished by the U.S. government in late October for overstating gas mileage, increased incentive spending by nearly 30 percent. Nissan spending was up 45 percent, while Toyota spending rose 9 percent from a year earlier.

Overall, Truecar says discounts were up nearly 20 percent from last month. Sales prices also were the highest in nearly a year as people bought cars with more options.

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Toyota and Volkswagen had the biggest sales bumps. Toyota said Monday its November sales rose 17 percent from a year earlier, while Volkswagen sales leaped 35 percent. Nissan sales climbed 13 percent. Hyundai, meanwhile, saw sales increase 8 percent, led by the Sonata midsize car and the Elantra compact.

Among Detroit's automakers, Chrysler saw the highest percentage increase in sales — up 14 percent from November 2011. Ford's sales increased 6.5 percent. GM, however, reported just a 3 percent rise, and its top-selling brand, Chevrolet reported flat sales. The Cadillac and Buick brands helped GM with double-digit increases.

Kurt McNeil, GM's head of U.S. sales, said delayed purchases because of Sandy clearly boosted November sales. But competitors were helped more than GM because they have a stronger presence in states hit by the storm.

Chrysler results were led by the Dodge brand, which saw sales rise 32 percent. Dodge Journey crossover SUV sales rose 77 percent. Small-car sales were strong at Ford, led by the Focus, with 56 percent increase. F-Series pickup sales rose 18 percent.

Most analysts say they are seeing little sales impact from the "fiscal cliff" negotiations between Congress and the White House. The term refers to sharp government spending cuts and tax increases scheduled to start Jan. 1 unless an agreement is reached to cut the budget deficit. Economists say that those measures, if implemented, could push the U.S. economy back into a recession.

Schuster says the fiscal cliff and a possible recession are among the risks that could derail the auto sales recovery next year.

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