

Chrysler Says Sales Up 16 Percent In January

Tom Krisher, AP Auto Writer

DETROIT (AP) — Chrysler's U.S. sales jumped 16 percent last month as the company reported its best January in five years.

The automaker said Friday that it sold nearly 118,000 cars and trucks last month, a sign that last year's momentum in U.S. auto sales is continuing into 2013.

Industry analysts are predicting that Americans bought new vehicles at a strong pace last month, a bright spot in the economic recovery.

Chrysler, the first major automaker to report sales on Friday, estimates that total U.S. industry sales hit an annual rate of 15.5 million in January. If that holds for the rest of the year, automakers will sell 1 million more vehicles than in 2012, when sales rose 13 percent.

Analysts are expecting sales for all of 2013 to reach 15 million to 15.5 million. Although still far from the recent peak of about 17 million in 2005, the industry could sell a whopping 5 million more cars and trucks than it did in 2009, the worst year in at least three decades.

January is normally a lackluster month for sales as people avoid going out in winter weather in much of the country. But this year looks different.

"(January) was like a sprinter out of the starting blocks," said Mike Jackson, CEO of AutoNation Inc., the country's largest auto dealership chain.

Analysts say sales for the month should exceed 1 million vehicles and are likely to be 8 percent to 15 percent higher than a year earlier.

Jackson, whose chain reported record fourth-quarter earnings per share on Thursday, feared a hangover last month from the strong finish to last year. But he said people who focused on paying down debt the past few years are now making big-ticket purchases at a robust pace. Consumers are saying: "I'm moving ahead with my life. I'm getting a new vehicle," Jackson said.

Buyers hit dealerships even though deals weren't as good as last year. The auto industry spent 8 percent less on discounts last month than it did a year earlier, according to the TrueCar.com auto pricing site. Of all major automakers, only Hyundai and Volkswagen raised incentives from what they spent in January of 2012, TrueCar said.

But that could change later in the year as automakers are expected to compete for sales with new vehicles and better deals.

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VW was expected to lead all automakers in January with a 27 percent sales increase, with Toyota and Honda close behind, according to TrueCar.

Automakers are looking to the U.S. to make up for falling sales in Europe and slowing growth in emerging markets. The U.S. appears poised to deliver as the economy heats up, said Jeff Schuster, senior vice president of forecasting for LMC Automotive, an industry consulting firm.

Now automakers and parts supply companies are starting to worry about making enough cars and components, said Schuster. Many suppliers cut their operations or went out of business altogether during the recession and are having a hard time ramping back up to meet demand.

Last year U.S. unemployment eased, the housing industry started to recover and people felt a bit more confident in the economy. Interest rates also stayed low and banks made loans available to more customers, even those with lousy credit. People began to replace cars and trucks that they'd owned since before the economy went sour in 2007. The average age of a vehicle in the U.S. grew to a record 11.2 years. Also, the S&P 500 had its strongest January since 1997.

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