U.S.-Based Automakers Report Big Sales Gains

Dee-Ann Durbin, Tom Krisher, AP Auto Writers

DETROIT (AP) — Most of the big car companies are reporting double-digit gains for January as last year's momentum in U.S. auto sales continues into 2013.

Sales at Toyota rose 27 percent and they jumped 22 percent at Ford. GM and Chrysler each reported 16 percent gains compared with a year earlier. It was Chrysler's best January in five years.

But Volkswagen, which reported a 31 percent increase in 2012, saw sales slow a bit, growing only 7 percent.

Other automakers report sales later Friday. The figures so far indicate that Americans bought new vehicles at a strong pace last month, as the industry remains a bright spot in a tepid U.S. economic recovery.

"The sales pace we saw in the fourth quarter of last year rolled into January, exceeding our expectations for the industry," Bill Fay, Toyota Division group vice president, said in a statement.

Chrysler 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.

At Ford, the growth was led by the Fusion midsize car, which saw a 65 percent increase. Explorer SUV sales rose 46 percent. Sales of the F-Series pickup truck, the top-selling vehicle in the U.S., rose 22 percent.

GM's Chevrolet Silverado and GMC Sierra each saw increases of over 30 percent while sales of the Ram pickup, Chrysler's top-selling vehicle, rose 14 percent from a year earlier. Those gains give a strong indication that businesses are replacing aging pickup trucks that they kept through the Great Recession.

Even though VW's growth slowed, last month was still the company's best January in the U.S. since 1974. Sales of the Passat midsize sedan rose 40 percent to 8,856.

January is normally a lackluster month for sales as people avoid going out in winter weather across much of the country. But they were apparently willing to venture to showrooms this year. Perhaps the stock market gave them incentive — the Standard & Poor's 500 index had its strongest January since 1997.

"(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 2012. 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 crowded dealerships even though incentives 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.

Automakers are looking to the U.S. market to compensate 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 being able to make 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.