

Ram Truck Demand Drives Chrysler Sales

Tom Krisher, AP Auto Writer

DETROIT (AP) — Strong demand for the Ram pickup truck helped drive Chrysler's sales up 11 percent last month as the company posted its best April in six years.

The increase is another sign that Americans continue to buy cars and trucks despite high unemployment and mixed economic signals. All automakers report monthly sales Wednesday, and industry analysts expect an overall increase of around 10 percent over April of last year. That would make it the best April since 2007.

Chrysler said it sold 156,698 cars and trucks last month, led by the Ram pickup with sales of 31,409. The Jeep Grand Cherokee SUV also posted strong numbers with sales up 27 percent to just over 15,000. Dodge brand sales rose 18 percent, with the Dart compact car posting its best month ever with sales of nearly 8,100. But the Chrysler brand struggled in April with sales falling 13 percent.

Truck and SUV sales helped Chrysler post its big increase. The company's truck sales rose 14 percent, while car sales rose only 5 percent.

Chrysler predicted that total U.S. sales will hit an annual rate of 15.4 million in April. That's a little higher than most analysts' predictions. It's likely to be the sixth straight month of sales above a 15 million yearly pace.

Barring an unexpected event that causes a real estate price collapse or rapidly rising job losses, there's little to stop sales from growing further in the next few years, industry analysts say.

"I don't see any significant hurdles on the horizon," said Alec Gutierrez, a senior market analyst at Kelley Blue Book. "I don't see us taking a step back, provided the unemployment rate at least holds steady."

U.S. unemployment stands at a stubbornly high 7.6 percent, but that hasn't slowed auto sales much.

Aside from unemployment, almost every factor that affects car and truck sales is positive. Interest rates are low — the average four-year loan on a new car is 2.4 percent, according to Bankrate.com. Also, credit is widely available, even to those with low scores. Used-car values are high, so car buyers can get good money when they trade in their old cars. Lease deals are good. Gas prices have fallen since February.

In addition, home-building is on the rise, up 7 percent from February to March. That usually means better sales of big pickup trucks as companies and laborers return to the market. Kelley Blue Book expects big pickup sales to rise more than 26 percent in April over a year ago.

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Published on Industrial Maintenance & Plant Operation (<http://www.impomag.com>)

Many businesses and consumers need to replace older trucks and cars. The average age of a U.S. vehicle is 11.2 years. Plus, automakers have rolled out dozens of exciting new models in the past year, drawing buyers into showrooms.

"Relatively lower gas prices coupled with small business demand improving for trucks resulted in a strong showing for small and large pickups in April," said Jesse Toprak, senior analyst for the TrueCar.com auto pricing site.

One category that's soaring is small crossover SUVs. Sales are expected to rise 22.5 percent, according to Kelley Blue Book. Fuel-efficient models such as the Ford Escape, Honda CR-V and Mazda CX-5 are driving sales up, Gutierrez said.

Among individual automakers, Nissan Motor Co. is expected to post the largest sales gain. Several analysts expect an increase of more than 20 percent. Gutierrez said the midsize Altima is driving sales. Nissan normally boosts sales in March to finish out its fiscal year, then sees a drop in April, he said. Last year the company had a big April decline, Gutierrez said.

Nissan took a step to boost futures numbers as well. It announced price cuts on seven models that make up 65 percent of its U.S. sales. The cuts run from \$580 on the top-selling Altima midsize car to \$4,400, on the Armada big SUV.

GM, Ford, Chrysler and Volkswagen also are expected to post double-digit gains for the month.

Kelley Blue Book estimates that auto prices fell slightly in April compared with a year ago, to an average of \$31,326.

Although the year is turning out to be strong for auto sales, Gutierrez said not to expect the double-digit growth rates of the past two years. He expects U.S. auto sales to end the year around 15.3 million cars and trucks, up 5.5 percent from last year's 14.5 million.

Source URL (retrieved on 10/21/2014 - 6:13pm):

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