

## July car sales seen up; U.S. makers lag trend

CHICAGO (MarketWatch) — While overall new-car sales in July are expected to continue to grow at a steady clip, the two largest domestic manufacturers are in line for a pretty much flat month due to a slump in fleet sales. For the month, new-light-vehicle sales in the U.S. are expected to hit 1.17 million units, an 11% gain over the same month of 2011 but an 8.8% decline from June, according to TrueCar.com. That translates into a seasonally adjusted annualized rate of 14.1 million vs. 12.2 million in July 2011. “The pace of new-vehicle sales remained steady in July despite the mixed economic news, helped by the compelling selection of vehicles and highly optimized incentive programs,” said Jesse Toprak, vice president of market intelligence for TrueCar.com. “The Japanese Big 3, as well as Chrysler, will all be posting double-digit gains while Ford and GM will essentially be flat.”

Quake-related disruptions He added that “one look at the Toyota and Honda sales today will make you think as if nothing ever happened last year,” referring to the severe disruptions in their production caused by the Japanese earthquake and tsunami. Indeed, TrueCar.com sees Honda’s HMC -1.62% sales soaring 44.7%, the biggest bump of the eight automakers tracked. Volkswagen DE:VOW +0.62% is expected to grow 30.4%, Toyota TM +1.38% 21.7% and Nissan NSANY -0.05% 12.5%. Of the Big 3, Chrysler, which is controlled by Fiat FIATY -3.70% , should be up 17.5% while General Motors GM +1.81% could rise 0.3% and Ford’s F -0.11% sales will be down 1.1%. Hyundai/Kia XE:HYU +2.00% is expected to post a 6% rise. Estimates from Edmunds.com are coming in a bit lower, largely because of a big drop in fleet sales, with those transactions accounting for 14.2% of the total, the lowest mix of fleet sales of any month in 2012. “July generally has the lowest mix of fleet sales every year, so this month tested the strength of the retail market,” says Edmunds.com senior analyst Jessica Caldwell. “With a pace that’s still on track for around 14 million vehicles, it’s a good sign that fleet is not carrying the industry.”

The low fleet levels will hit individual auto makers, with Edmunds.com projecting that all of the Big 3 U.S. manufacturers will lose market share in July, while the Japanese Big 3 will show gains. “Because domestic auto makers tend to have a higher percentage of fleet sales, it’s no surprise that their market shares will all take a hit this month,” Caldwell noted. “But with new product launches driving today’s ultra-competitive retail environment between auto makers, it will be that much more difficult to recover any lost market share.”