

Early August auto sales match July's pace

DETROIT—It may be the dog days of August, but auto sales aren't slowing. Industry analysts and dealers said this week that sales during the first half of August matched July's pace and could go even higher. In July, new cars and trucks sold at an annual rate of 14.1 million. While that's a slight letdown from the pace of 14.3 million in the first half of the year, it's a big improvement over last year's 12.8 million. Sales, in fact, remain a bright spot in the weakest economic recovery since the Great Depression. Unemployment is high at 8.3 percent and consumer spending is feeble. "Buyers are defying the mixed economic news, which bodes well for the auto industry," Jeff Schuster, LMC's senior vice president of forecasting, said in an e-mail Wednesday. Dealers contacted by Citi Investment Research reported a strong start to the month, with the annual sales rate running about 14.1 million, analyst Itay Michaeli wrote this week in a note to investors. Schuster said the rate may wind up even higher. "It certainly appears to be gaining traction at the moment," said Con Paulos, owner of Chevrolet, Volkswagen and Mazda dealerships in the Twin Falls area of south-central Idaho. Sales so far in August are up, especially for Volkswagens, Paulos said. He's expecting even stronger sales later in the year after farmers in his area bring in their harvests. Much of the country's increase appeared to be fueled by pickup truck sales, with Schuster reporting a surge in sales volume. "People who are buying trucks need them, and have been put off buying for a long time," said Carl Galeana, owner of Chrysler Group and Kia dealerships in suburban Detroit, Columbia S.C., and Ft. Myers, Fla. Truck sales were strong at Galeana's Ram dealers near Detroit and Ft. Myers. Most of the sales were to small businesses or individuals who use trucks for work, Galeana said. Automakers will report U.S. sales for August on Sept. 4.