

US auto sales see big gains in May after slight dip in April; pickup trucks lead the way

DETROIT — Full-size pickups once again dominated U.S. auto sales in May, as small businesses — increasingly confident in the economy — raced to replace the aging pickups they held on to during the recession. Car buyers, too, were lured by low interest rates and Memorial Day sales. Overall, U.S. consumers bought 1.4 million vehicles in May, up 8 percent from the same month a year ago, according to Autodata Corp. The results suggest the auto industry will remain a bright spot in an economy that's been slowed by weak manufacturing. And the boost from the industry will help sustain the economy's steady job growth. Most automakers topped analysts' expectations last month, with Nissan reporting its highest May sales ever after cutting prices on seven popular models. Chrysler, Ford, Honda and Toyota also reported increases. Only Volkswagen's sales were down from last May. Automakers sold 173,972 full-size pickups in May, the highest total since a year-end rush last December, according to Ward's AutoInfoBank. Sales of Ford's F-Series pickup, which is the country's best-selling vehicle, rose 31 percent to a six-year high of 71,604. General Motors and Chrysler also posted full-size truck sales gains of more than 20 percent. Those sales have reverberated in the job market. Ford said in early May that it's adding 2,000 workers to the Missouri plant that makes the F-150. From January through April, automakers and parts companies hired 14,600 workers, and the Center for Automotive Research expects them to add 35,000 over the full year. Car dealers are also hiring, with the average number of employees rising from 53 to 55 last year, said the National Auto Dealers Association. More are expected to be hired this year. The Federal Reserve's low interest rate policies have helped nurture sales by keeping loan rates low. A 48-month new-car loan now averages 2.92 percent, according to Bankrate.com. And despite the weak manufacturing numbers, other bright spots — like home building and oil and gas drilling — are fueling the auto sales boom. Home construction rose 12 percent in the first three months of this year, and builders — along with plumbers, landscapers and painters — need work vehicles. GM said sales of vans to small commercial buyers, or those with fleets of one to four vehicles, rose 17 percent in May. Automakers are also selling more trucks in Texas, the Dakotas, Montana and elsewhere thanks to increased drilling. For the month ending May 24, U.S. oil production was up 18 percent to 7.3 million barrels per day, according to the Energy Department. Strong sales of pickups in May — not typically a blowout month for trucks — signal that businesses feel more certain about the future, said Jesse Toprak, senior analyst for the TrueCar.com auto pricing site. "Businesses tend to make better financial decisions because they have to," he said. "They tend to wait longer. But when they do come back, they come back in large numbers." May sales wiped away a disappointing April, when the annualized rate for U.S. auto sales dropped below 15 million for the first time in six months. In May, the rate hit 15.3 million. Toprak said he's now considering raising his forecast for full-year U.S. auto sales above 15.5 million. The industry sold 14.5 million vehicles in 2012. Lacey Plache, the chief economist of car research site Edmunds.com, said consumer confidence — which hit a six-year high in May — is boosting sales for now. But without more jobs and income growth, that might

not be sustainable. Some Americans are taking home less pay this year thanks to slow income growth and an increase in Social Security taxes. "What is really needed is a continued and even expanded labor market recovery to give car buyers greater means to make car payments," she said. The auto sales figures kicked off a big week for economic data, culminating in Friday's report on May job growth. Economists are forecasting that 165,000 jobs were added and that the unemployment rate remained at a four-year low of 7.5 percent. Here's the breakdown of how the market's key players performed in April:

DETROIT AUTOMAKERS: GM sales rose 3 percent, with Cadillac brand sales up nearly 40 percent thanks to two new sedans. Sales of the Buick Verano, Chevrolet Cruze and Chevrolet Sonic small cars all rose by double digits. But Buick sales fell 3 percent, and sales of the Chevrolet Malibu midsize sedan plummeted more than 30 percent because of lower sales to rental companies and other fleets. Ford sales rose 14 percent. The Ford Escape was up 26 percent to more than 29,000, the highest monthly total since the small SUV was introduced 13 years ago. Lincoln brand sales were flat. Ford plans to increase third-quarter North American production 10 percent to 740,000 vehicles to meet demand for the F-Series and the Fusion sedan. Chrysler sales rose 11 percent on strong demand for the Ram truck and Jeep Grand Cherokee SUV, which was up 21 percent. It was the company's best May sales in six years.

JAPANESE AUTOMAKERS: Nissan sales gained 25 percent over a year ago. Sales of the Altima midsize sedan rose 41 percent, while sales of the redesigned Pathfinder SUV more than quadrupled. Nissan sold 2,100 Leaf electric cars, the best monthly total since the car hit the market two years ago. Toyota sales rose 2.5 percent. The company said warmer weather and Memorial Day sales lured buyers to showrooms. Sales of the Camry midsize sedan were flat while Prius hybrid sales jumped 9.5 percent. Honda's sales rose 4.5 percent. The Odyssey minivan was up 15 percent, a frequent trend in May as families prepare for summer road trips. The CR-V crossover notched record monthly sales of 27,298, up 8 percent from a year ago. Civic small car sales were down 10 percent from last May.

OTHERS: Volkswagen sales fell 1.7 percent, with sales of all models falling but the Jetta, Beetle, Passat and Tiguan. Hyundai said its sales gained 4.7 percent for a record May. Hyundai sales were led by the Elantra small car, which was up 33 percent.

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