

## U.S. Auto Sales Best Since March '08

In September, U.S. auto sales reached its highest monthly seasonally adjusted annual rate (SAAR) of 14.9 million vehicles since March 2008, four months after the global economic recession set in. On a SAAR basis, sales went up 13.7% from 13.1 million vehicles in September last year while total sales grew 13% to 1.19 million vehicles during the month under study.

The remarkable improvement in sales can be attributable to strong pent-up demand when the average age of vehicles is nearly 11 years, cheap financing when average interest rate was 4.1% – the second-lowest rate since December last year, launch of several redesigned and fuel-efficient vehicles, rebound in consumer confidence and the major comeback of Toyota Motor Corp. ( TM ), the world's third largest automaker by sales volume. Let us peek into the individual automakers' sales.

### U.S. Automakers

General Motors Company ( GM ) sales rose a tad 1.5% to 210,245 vehicles as a surge in car sales was offset by lower truck sales in September. GM's impressive car sales were mainly driven by a 43% rise in sales of the Chevrolet Cruze compact car and a fivefold increase in sales of the Chevrolet Sonic subcompact. However, sales of GM's top-selling pickup Chevy Silverado fell 17% during the month.

Ford Motor Co. ( F ) sales were flat at 174,976 vehicles as higher sales of cars and utilities were offset by poor sales of trucks, which comprise 38.7% of the company's sales. Focus was the top selling car of the company with a 91.4% rise in sales to 19,736 units. Despite registering a meager 1.2% growth in sales, F-Series pickup reached its best September since 2007 with sales of 55,077 units.

Chrysler Group LLC – controlled by Italy's Fiat SpA ( FIATY ) – saw its best September since 2007 with sales of 140,041 vehicles, up 12% from the year ago level. The improvement in sales was driven by an impressive 89% jump in sales of the company's midsize sedan Dodge Avenger.

### Japanese Automakers

Toyota Motor posted an astounding 41.5% jump in sales to 171,910 vehicles. The company's sales increase can be attributable to commendable sales of Corolla (42.6%) and Camry (37.8%) sedans, Prius cars (103.0%) and Tacoma pickup trucks (48.9%).

Honda Motor Co. ( HMC ) sales soared 31.0% to 117,211 vehicles during the month. The company's strong sales growth can be attributable to impressive sales of Acura luxury lineups (up 44.0%), Accord sedan (up 57%) and Civic compact car (57%).

Nissan Motors Co. ( NSANY ) sales went down 1.1% to 91,907 vehicles driven by a 2.4% fall in Nissan Division sales. Sales in the Infiniti division went up 11.4% to 9,445 units during the month.

## Other Automakers

Daimler AG 's ( DDAIF ) Mercedes-Benz sales scaled up 7.0% to 23,156 units. The improved sales can be attributable to upgraded versions of the C-Class compact sedan and GLK compact sport-utility vehicle.

Volkswagen AG ( VLKAY ) sales surged 34.4% to 36,663 vehicles, making the best September since 1972. The automaker's car sales jumped 37.7% to 32,487 units while its truck sales rose 12.1% to 3,852 units during the month. Sales of the company's Passat sedan nearly tripled from last year as the company started offering zero-percent interest deals on the vehicle through October.

Hyundai Motor Co. sales grew 15% to 60,025 vehicles in September. The company's sales were driven by strong demand for its Elantra small car, which saw an impressive 27% rise in sales.

## Outlook

Strong pent-up demand and improving macroeconomic conditions in the U.S. will continue to revive the industry from recessionary lows, partially offset by the backlash from the economic crisis in Europe. The replacement rate is expected to remain solid till 2013. Industry sales are expected to grow 13.3% to 14.5 million vehicles on a SAAR basis in 2012 from 12.8 million vehicles last year.