

U.S. car sales signal return to normal

By Christina Rogers

DETROIT (MarketWatch) — Automobile makers kicked off 2013 with yet another month of rising U.S. sales, indicating new-vehicle purchases may now be on track to return to pre-recession norms this year.

Ford posted the biggest rise in sales from the year-ago month.

General Motors Co. reported Friday that car and light-truck sales rose 16% to 194,699, while Chrysler Group LLC, a unit of Italy's Fiat SpA, said its U.S. sales climbed 16% to 117,731 vehicles. Ford Motor Co. reported the biggest gain, with its sales up 22% last month to 166,501 vehicles.

Among overseas automobile makers, Volkswagen AG reported U.S. sales were up 6.7% for its namesake brand in January — one of its smallest year-over-year gains in months. Toyota posted a monthly U.S. sales gain of 27%.

The first month of the year is typically a sluggish sales month, but some analysts are forecasting industry sales could close January with an annualized selling rate of more than 15 million, putting the sector on track for a robust year. “January’s numbers show that vehicle sales stayed strong even after the holiday ads faded away,” said Jessica Caldwell, an analyst for Edmunds.com, a car-shopping website.

Easy access to cash and low-interest rates are helping to motivate buyers with many heading to showrooms to replace aging vehicles. The average car on the road today is about 11 years old.

The industry’s growth continues to power forward despite mixed economic news. While the housing market is improving and manufacturing activity is stronger, the labor market continues to limp along, weighing on consumer confidence.

The Institute for Supply Managements said its manufacturing purchasing managers’ index rose to 53.1 in January, from 50.2 in December, beating forecasts of an increase to 51. A reading above 50 indicates activity in the manufacturing sector is on the rise.

However, employers added 157,000 jobs last month although the unemployment rate, obtained by a separate survey of U.S. households, ticked up one-tenth of a percentage point to 7.9%. About 12.3 million Americans who wanted a job couldn’t find one in January.

“Economic indicators are pointing to modest economic growth with continued housing recovery,” said Jenny Lin, a senior economist with Ford.

Chrysler said it expects the industry’s seasonally adjusted selling rate could hit 15.5 million vehicles for the month. AutoNation Inc. Chief Executive Mike Jackson, though, said he expects U.S. auto sales to finish the year at 15.5 million.

“We believe the replacement demand, attractive new products and strong consumer credit will continue to support sales,” Jackson said Thursday after the company, the largest operator of dealerships in the U.S. in terms of stores owned, reported a 20% jump in its fourth-quarter profit. Jackson said the next boost should come later this year as a recovering housing market spurs pickup-truck sales.

Chrysler reported its best January sales since 2008 last month. Sales for its namesake brand were up 18%; Dodge improved 37%. Truck sales grew 2.8% as car sales jumped 50%. Jeep brand sales were down 4%, largely due to the phase-out of the Liberty as it prepares to launch a new model. The Auburn Hills, Mich., company closed the month with a 87 days’ supply.

Ford benefited in January from strong sales of its Fusion sedan and Escape compact sport-utility vehicle — both redesigned for the 2013 model year.

GM, the largest of the U.S. automobile makers, reported Cadillac sales up 47%, thanks in part to the introduction of the new compact ATS, named North American Car of the Year last month by a panel of auto journalists. Chevrolet sales were up 10.9%, while Buick sales accelerated 31.9%.Market Watch