

July car sales stay strong despite weakening economy

(MoneyWatch) July auto sales are continuing at a strong pace despite an overall weakening economy, according to analysts' projections. July results, to be announced Wednesday, are expected to keep U.S. sales on pace for a 2012 total of around 14 million vehicles, up from 12.8 million for all of 2011. Analysts say pent-up demand from owners of old cars is propelling auto sales despite a slowing of the economy to just 1.5 percent growth for the second quarter as reported last week. But July results are expected to show a continuing loss of market share for General Motors (GM) and Ford (F) and gains by Toyota and Honda. Worldwide, Toyota looks poised to regain the No. 1 sales spot from GM, which sold the most cars in 2011. In the U.S., GM's market share should be 18.4 percent and Ford's 15.1 percent, according to projections by Edmunds.com. Both are two percentage point drops from a year ago. Meanwhile Toyota's share should be 14.5 percent, up two percentage points, pushed by strong sales for its redesigned 2012 Camry. Honda's share is projected at 10.5 percent — a three point gain. Honda and Toyota were hampered by low inventory in July 2011 in the aftermath of the Japanese earthquake and tsunami. GM's continuing loss of market share appears to have contributed to the departure over the weekend of GM's global marketing chief Joel Ewanick, says Larry Dominique, executive vice president of TrueCar.com. "GM has introduced some impressive vehicles in the past few years, yet because of so much competition in the marketplace, GM's marketing and advertising didn't help separate itself from other auto makers," he said. Continuing strong U.S. sales offset poor results for the auto companies in Europe (look for more analysis of European sales later this week). Edmunds.com analyst Jessica Caldwell points out that July is traditionally a low month for rental company and other fleet sales, so that strong sales reflect genuine consumer demand. At Kelley Blue Book, senior market analyst Alec Gutierrez adds that the record 11-year average age of cars on the road is a major factor in continuing sales. "Today's rebound is driven by pent-up demand from consumers who delayed their purchase during the downturn. In our survey, 30 percent of consumers said the primary reason they are shopping for a new vehicle is because their existing vehicle's mileage is too high." Toyota's lead in worldwide sales grew stronger as the company last week reported a global total of 4.97 million in the first half of 2012. That is about 300,000 more than reported by GM and gives Toyota a virtually insurmountable lead to regain its world sales title from 2012. GM had been the perennial leader before being overtaken by Toyota in 2008, when GM was nearing bankruptcy and required a U.S. government rescue.