



Weekly Car Dealers Newsletter

April 4, 2011

This information that follows is taken from sources including *The Carconnection*, *Autoweek*, and other industry sources.

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[MAZDA HALTS ORDERS FROM U.S. DEALERS](#)

In a move that could foreshadow an industry trend, Mazda Motor Corp. [on Friday] said it suspended orders of Japan-built vehicles for its dealers in the U.S. The suspension will affect the May allocation of vehicles for dealers here, and the car maker said it is unclear when it will begin taking orders again. Mazda spokesman Jay Amestoy says the company's supply of vehicles in the U.S. is in "decent" shape because dealers happen to be carrying larger-than-average inventories. He also said the shortages of everything from steel to electronics are affecting every car maker. *Source: [The Wall Street Journal](#)*

[DEALERS SHIFT GEARS AS INVENTORIES OF MADE-IN-JAPAN CARS RUN LOW](#)

Plenty of car shoppers dropped by Earl Stewart Toyota in North Palm Beach, Fla., over the weekend to check out the latest Prius hybrids, but not one drove home with a new

model. That's because the store, located in this affluent ocean-side community, is out of Priuses and hasn't had any for about the last 10 days, according to Earl Stewart, one of the largest Toyota dealers in the U.S. Supplies of some fast-selling vehicles including the Prius, the Nissan Rogue and Subaru Forester already are beginning to dwindle. By late next month or early May as replenishment vehicles already en route before the quake hit are sold, U.S. dealers will be left with a thin selection of models, colors and options. "I think we will see toward the end of April the hiccup," Mr. Stewart said in an interview. "We will see a slow down, and hopefully it will only be a two week thing. We know it is coming." Source: [The Wall Street Journal](#)

JAPAN CARMAKERS SEE RETURN TO FULL OUTPUT TAKING TIME

TOKYO - Japanese automakers including Toyota Motor Corp and Nissan Motor Co said on Tuesday it would be some time before they could return to full production after Japan's devastating March 11 earthquake and tsunami disrupted supplies to their plants. With some 500 parts affected, a Toyota spokesman said it was impossible to say when production would resume in full. A source with knowledge of the matter told Reuters that the automaker had told its main suppliers not to expect production to restart until at least April 11 -- exactly a month from the quake. A spokesperson for Honda Motor Co said on Tuesday that car production would be suspended until the end of the week and that the company was considering when it could re-start output. Source: [Reuters](#)

EU TO BAN CARS FROM CITIES BY 2050

Cars will be banned from London and all other cities across Europe under a draconian EU master plan to cut CO2 emissions by 60 per cent over the next 40 years.

The European Commission on Monday unveiled a "single European transport area" aimed at enforcing "a profound shift in transport patterns for passengers" by 2050. Top of the EU's list to cut climate change emissions is a target of "zero" for the number of petrol and diesel-driven cars and lorries in the EU's future cities. Siim Kallas, the EU transport commission, insisted that Brussels directives and new taxation of fuel would be used to force people out of their cars and onto "alternative" means of transport. "That means no more conventionally fuelled cars in our city centers," he said. "Action will follow, legislation, real action to change behavior." The Association of British Drivers rejected the proposal to ban cars as economically disastrous and as a "crazy" restriction on mobility. Source: [The Telegraph](#) (United Kingdom)

TOYOTA RESTRICTS PARTS ORDERS; HONDA CUTS OUTPUT

DETROIT -- Shortages of auto parts from Japan are hitting North American operations at Honda and Toyota. Toyota Motor Corp. on Tuesday said it wants its U.S. car dealers to stop ordering more than 200 replacement parts made in Japan because it's worried about running out of them. And Honda Motor Co. said it will temporarily cut production at its North American auto factories starting Wednesday due to shortages. Toyota spokesman Steve Curtis said he did not know specifically which models were affected. "We are asking the dealers to refrain from ordering parts in excess of what they need," he said. Meanwhile, Honda has run short of some engine, transmission and electrical parts that come from Japan. As a result, it will cut the number of hours that some North American assembly lines operate each day. *Source: [The Associated Press](#)*

HYUNDAI DROPPING JOB-LOSS PROTECTION, CITES IMPROVING ECONOMY

Hyundai will stop offering the original job-loss-protection portion of its Hyundai Assurance program at the end of the month, pointing to waning participation as a sign that the economy is improving. Hyundai introduced its Assurance program in January 2009, offering customers a complimentary return of their financed or leased vehicle if they lost their income within a year of buying the car. But participation has declined, spokesman Jim Trainor told the Free Press [Tuesday], so purchases made Thursday will be the last to qualify for the program. "It's another small indication that things are getting a little bit better," Trainor said. *Source: [Detroit Free Press](#)*

U.S. AUTO SALES TO POST FIRST DROP IN SEVEN MONTHS ON GAS COSTS

U.S. automobile sales probably fell for the first time in seven months in March as the crisis in Japan and the highest gas prices in more than two years hurt consumers' confidence. March light-vehicle deliveries, to be released tomorrow, may have run at a 12.9 million annual rate, the average estimate of nine analysts surveyed by Bloomberg. While higher than a year ago, it's less than the seasonally adjusted rate of 13.4 million in February, according to Autodata Corp. The conflict in Libya helped push gas prices to the highest since September 2008, slowing truck and sport-utility vehicle sales. Confidence among U.S. consumers fell more than forecast to a three-month low this month, the Conference Board said March 29. The group said 3.6 percent of Americans plan to buy a new auto in the next six months, down from 3.9 percent in February. *Source: [Bloomberg](#)*

CHRYSLER MAY PUT OFF ITS PUBLIC OFFERING UNTIL 2012

Fiat and Chrysler CEO Sergio Marchionne suggested Wednesday that Chrysler may delay its initial public offering until next year. Marchionne said previously that an IPO was likely in the second half of this year. But on Wednesday, he said the timing depends on how much the automaker and the autoworkers' health care trust need liquidity. The trust, negotiated in 2007 by the UAW, pays health benefits for retirees and holds a 63.5% stake in Chrysler. "We have to get ready to be a public company again, and issuing securities takes time," Marchionne said Wednesday after Fiat's shareholder meeting in Turin, Italy. Marchionne confirmed that Fiat expects to raise its stake to 35% or more by the end of the year, up from its current 25%. "Our goal remains to achieve a stake of more than 51% within the year," Marchionne said... Fiat can raise its stake to 51% if Chrysler repays \$7.2 billion in loans to the U.S. and Canadian governments. Chrysler's board of directors has been talking with Goldman Sachs and other investment banks to restructure the loans that carry interest rates ranging from 7% to 20.4%.
Source: [Detroit Free Press](#)

HYUNDAI SHOWS ITS BLUE2 HYDROGEN-FUEL-CELL VEHICLE IN SEOUL

Hyundai Motor Co. has unveiled a hydrogen fuel cell concept vehicle called the Blue2 that takes the South Korean automaker deeper into alternative-drivetrain territory. Hyundai is banking on the car to propel it to a leadership role in the race to commercialize fuel cell electric vehicles, a contest joined notably by such Japanese rivals as Honda Motor Co. and Toyota Motor Corp.



The Blue2--read "blue squared"--delivers hydrogen fuel stack power of 90kW (1.65kW/L) and fuel economy of 34.9 kilometers per liter, or about 82 [mpg](#), Hyundai said in a statement.

To bolster fuel economy, the Blue2 is equipped with low-resistance tires and alloy wheels designed to improve aerodynamic performance.

The car made its global debut at this week's Seoul auto show.

Increasingly, Hyundai is moving into next-generation green car technologies after making big strides in improving its standard internal combustion engine lineup with features such as gasoline direct injection. Hyundai's venture into hybrids and fuel cells comes as it competes globally with similar offerings from rivals such as Toyota and Ford Motor Co. At the 2010 New York auto show, Hyundai unveiled a hybrid version of the Sonata sedan.

The name "Blue2," Hyundai says, is a combination of Hyundai's sub eco-brand "Blue Drive" and the number "2" from H₂, the symbol for hydrogen gas. *Source Autoweek.com and Automotive News*

ALLY, FORMER GM FINANCE ARM, FILES FOR IPO

NEW YORK -- The former finance arm of General Motors said Thursday it is preparing an initial public offering as it seeks to repay billions in government aid received during the financial crisis. Ally Financial Inc. said in a filing with the Securities and Exchange Commission that the IPO could raise up to \$100 million, but the actual offering will likely be larger. "We're talking about a number that could vary dramatically," said Scott Sweet, a longtime analyst of IPOs and founder of IPO Boutique. "GM started at a number that wasn't even remotely close to where it ended. That's likely the same situation here." Neither Ally nor Treasury officials would say how many shares the government would sell in the IPO. The agency, which currently owns 74 percent of Ally's stock, said in a statement that it supported Ally's move to launch the IPO. *Source: [The Associated Press](#)*

USED CARS COULD SOAR IN VALUE DUE TO JAPAN EFFECT

Used car prices — already rising — could soar as buyers are driven to seek alternatives due to a predicted shortage of some new vehicles in the wake of the continued disruption of Japanese auto production, experts predict. "If you have a small car and want to get rid of it, now is the time. The prices are just going crazy," says Jonathan Banks, analyst for National Automobile Dealers Association Used Car Guides. Over the past couple of weeks, the NADA pricing service says it has observed an 11% rise in the wholesale prices of 3- to 5-year-old compacts such as the Toyota Corolla and the similar Ford Focus. Midsize cars went up 8.5%, the service says.

Source: [USA Today](#)
