



Weekly Car Dealers Newsletter

May 16, 2011

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

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[SMALL CARS GET MORE EXPENSIVE, HARDER TO FIND](#)

It's basic economics: High gas prices + parts shortages out of earthquake-damaged Japan = car shortages and higher prices. Dealers and experts say already-tight supplies of small cars will shrink even more in coming weeks, especially from Japanese automakers, as the fallout from the March 11 earthquake and rising demand for more fuel-efficient cars continues depleting dealer stocks. That means that while consumers might find the car they want, they might not find it in the exact color and with the exact options they desire, such as a sunroof or a navigation system. They'll likely be paying more for it, too. And though most brands are affected to some degree, Toyota dealers are begging for certain models. "There is no question that the pipeline is going to definitely get a bit thin," said Bob Page, owner of Page Toyota in Southfield. *Source: [Detroit Free Press](#)*

SHRINKING SUPPLIES MEAN BYE-BYE USED-CAR BARGAIN

Prices for used cars hit a record high in April and are poised to go even higher as production cutbacks during the recession and the more recent Japanese earthquake has made used vehicles a hot commodity as dealers dive into the depleted pool for cars to fill their lots. The one-two punch has added between \$1,500 to \$3,000 to the price of some used cars just in the last six months, meaning more money for trade-ins and a tougher time for shoppers looking for a deal. High-demand used vehicles made only in Japan, such as Toyota's Prius, are expected to climb further. Prius shoppers "may want to hold off until Toyota ramps up its production later in the year," said Jonathan Banks, executive automotive analyst for the National Automobile Dealers Association. "There will be a new car shortage; there is no way around that." Source: [*The Wall Street Journal*](#)

REPORT: TOYOTA TO RETURN TO FULL OUTPUT SOONER

TOKYO -- Toyota's global car production, disrupted by parts shortages after Japan's March 11 earthquake and tsunami, will likely return to normal two to three months earlier than expected, a report said Tuesday. Toyota's production capacity was sorely hurt by the devastating earthquake and tsunami on March 11. The supply crisis has cost the company production of 400,000 vehicles in Japan, and 100,000 overseas. Toyota said last month their worldwide productions will likely return to normal levels by November or December. Source: [*The Associated Press*](#)

FIAT COULD OWN 70 PCT OF CHRYSLER WITHIN THE YEAR

DETROIT -- Italian automaker Fiat SpA could own more than 70 percent of Chrysler Group within a year once it repays its government loans and exercises other options, Chrysler said Monday in a filing with the U.S. Securities and Exchange Commission. Fiat may acquire the U.S. Treasury's 8.6-percent stake in Chrysler. That would potentially let the government exit the investment more quickly than if it waited for Chrysler to hold an initial public offering. Fiat expects to have a 51-percent stake in Chrysler by the end of this year after meeting certain government-set goals, including introducing a 40-mile-per-gallon car. Source: [*The Associated Press*](#)

U.S. MAY REQUIRE AT LEAST 2% BETTER FUEL EFFICIENCY ANNUALLY

WASHINGTON — Federal regulators say they won't require annual improvements in automotive fuel efficiency of less than 2 percent between 2017 and 2025, but have "tentatively concluded" that an annual improvement of 7 percent is as high as

automakers can be expected to reach. In a notice posted Tuesday, the National Highway Traffic Safety Administration said it is researching the impact of raising fuel efficiency in the 2 percent to 7 percent annual range. NHTSA and the Environmental Protection Agency said previously they are working together on 3 percent to 6 percent annual increases. That would require a fleet-wide average of between 47 mpg and 62 mpg for each automaker by 2025. Under the toughest scenario, the government estimates, 14 percent of all cars and trucks would be full electric vehicles. *Source: [The Detroit News](#)*

CHRYSLER'S APRIL SALES RISE 20% ON NON-U.S. GAINS

Chrysler Group LLC, the U.S. automaker operated by Fiat SpA, said global automobile sales in April rose 20 percent from a year earlier as deliveries outside North America increased at a faster rate than in March. Global deliveries climbed to 160,380 last month, Auburn Hills, Michigan-based Chrysler said in an e-mail. Worldwide sales this year through April rose 18 percent to 554,259, trailing the 32 percent growth rate that Chief Executive Officer Sergio Marchionne has targeted for this year. Marchionne is seeking to refinance Chrysler's debt to repay U.S. and Canadian government loans this quarter, allowing Fiat to exercise an option to raise its stake in the U.S. automaker to 46 percent from 30 percent. *Source: [Bloomberg](#)*

TOYOTA PLANS NEW SALES INCENTIVES

DETROIT -- Toyota Motor Corp. will launch a new set of sales incentives on many of its models Thursday, dealers briefed on the matter said. On Wednesday, Toyota said it expects its plants in Japan and in U.S. to reach about 70% of normal output in June. Earlier, Toyota announced that it would begin in June restoring 100% production to the Avalon, Camry and Corolla sedans, the Highlander SUV, Matrix wagon, Sequoia SUV, Sienna minivan and Venza wagon. Toyota will keep production of the Tundra and RAV4 SUVs at 30% for the time being, the dealers said. "Programs will vary from region to region and additional details may be available via dealer advertising as early as this weekend," said Mike Michels, Toyota's spokesman in the U.S. *Source: [The Wall Street Journal](#)*

SAAB FUTURE IN DOUBT AGAIN AFTER CHINA DEAL TERMINATED

PARIS — The future of Saab Automobile was thrown into doubt yet again on Thursday as the Swedish carmaker announced that a partnership it had agreed a little more than a week ago with a small Chinese automaker had foundered. Saab has been unable to produce cars at its factory in Trollhattan, Sweden, since early April, when suppliers

stopped extending credit. It had hoped to resume production this week after a financing and ownership deal, with the Hawtai Motor Group, was announced with some fanfare May 3 in Beijing. On Thursday, however, Spyker Cars, the Dutch company that acquired Saab from General Motors in 2010, said the deal had fallen apart. *Source: [The New York Times](#)*

FERRARI 458 ITALIA CRASHES SPECTACULARLY IN THE UK

Enthusiast magazines have lost count of how many [Ferrari 458 Italia supercars](#) have been lost, [either due to fire](#) or from their owner's own carelessness, but it's safe to say that at least one of the sultry supercars has been lost each and every month since the car was first launched back in late 2009.



The latest crash involved a right-hand drive example in the UK and appears to be quite serious. Full details are yet to come in but it's believed the car crashed into the rear of a truck at high speed.

Due to the low ride-height of the Ferrari, the car piled up underneath the truck almost half way up its length and managed to mangle most of the roof. Rescuers needed to pare away most of the roof as well just to free the driver, who fortunately survived.



Here's hoping other 458 Italia owners reading this will all drive a little bit more carefully from now on. For full details on the Ferrari 458 Italia, *Source: [Motorauthority.com](#)*

[THE ALL INCLUSIVE PRICE OF FUEL EFFICIENCY](#)

Obama administration set to raise fuel efficiency standards, but by how much?

As the first Toyota Priuses took to U.S. roads more than a decade ago and celebrities such as Leonardo DiCaprio and Cameron Diaz touted their virtues, enthusiasts predicted that hybrid cars would quickly become mainstream. But there was a problem: They cost

too much, and consumers spurned them. Last year, the vehicles represented less than 3 percent of cars and light trucks sold in the United States. Now the Obama administration is deciding how much to push U.S. drivers into fuel-efficient cars. Among the proposals under consideration is one that would lift average fuel economy under the law to as much as 62 mpg by 2025. The preeminent issue in the debate is how much the price of cars — gas, hybrids, plug-ins or whatever inventors come up with — would rise if regulations dictate such standards. On one side are automakers, which warn that the highest targets could add as much as \$10,000 to the price of a new car, devastating a U.S. industry ... Sales could plummet by 25 percent, they say, and 220,000 auto manufacturing jobs could be lost. Regulators “need to ensure that their standards do not result in vehicles that consumers cannot afford,” the Alliance of Automobile Manufacturers, a trade group, warned in a letter this week to officials. Another study, conducted at MIT, suggested that even while fuel-efficient cars might save consumers money in the long run, they are reluctant to pay for fuel efficient technology up front. Source: [The Washington Post](#)
