



Weekly Car Dealers Newsletter

May 3, 2011

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

Week of May 2, 2011

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MacKay's DEALER ROUNDTABLE MEETING - Coming again this year!

The annual event will be held **June 23rd**! This year the topics will include:

- Converting your financial statements to ASPE, the new Canadian private entity standards
 - GST and HST issues, tips and traps
 - Industry update
 - Our annual Best Ideas session
 - **Live demonstration of the Crowe Navigator software**
 - And More.
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TOYOTA CAR PRODUCTION IN JAPAN PLUMMETS 62.7%

TOKYO — Toyota's car production in Japan plummeted a staggering 62.7 percent in March due to a parts supply crunch following the earthquake and tsunami. Toyota Motor

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Corp., the world's top-selling automaker last year, said Monday its domestic production in March was 129,491 vehicles — the lowest since 1976 when Toyota began maintaining production figures. Given Toyota's production woes after the tsunami, General Motors Co. is likely to reclaim the title of world's largest automaker that it lost in 2008. Toyota said in December that its global production would total 7.7 million vehicles in 2011. But Tokai-Tokyo Securities analyst Mamoru Kato said that number would fall to around 6 million due to disrupted production. "The impact of the tsunami disaster on Toyota is extremely severe," said Kato. "Since Toyota depends so much on domestic parts suppliers, any major disruptions in supply chains could cripple its output." Source: [The Associated Press](#)

FIAT RAISING CHRYSLER STAKE TO 46% IN JUNE

Analysts say pairing to succeed unlike Daimler era; firms already work as one

Italian Fiat SpA has essentially taken control of Chrysler Group LLC after Thursday's confirmation that it is upping its stake in the Auburn Hills automaker to 46 percent in June, and to 51 percent by year's end. But unlike the ill-fated 1998 union of Germany's Daimler AG and Chrysler Corp., industry observers believe this marriage will work. That's because Fiat needs Chrysler to fulfill its aspiration to create a single global company with multiple headquarters and brands selling 6 million vehicles a year. "The two relationships could not be more different," said analyst Rebecca Lindland of IHS Automotive in Lexington, Mass. Fiat could buy an additional 16 percent between 2013 and 2016, or earlier if all the government loans were repaid. Source: [The Detroit News](#)

'VALUE CARS' REPLACE BARE-BONES BOTTOM-FEEDERS

NEW YORK — It would be easy to overlook amid the shiny cars, fashion models, exotic lighting and other hoopla that attend an auto show, but one of the most significant trends at the show here is the emergence of "value cars." It's a nascent segment, to be sure. Under populated, too, but growing less so. Value cars usually are small, but not always the absolute tiniest or cheapest. They surely aren't the premium small cars — such as Mini Cooper, Volkswagen Beetle, and Honda Civic— that car companies favor for their higher potential profits. To automakers, value cars mean cars that might be nice enough to bring owners back for another, instead of shunning the brand because it reminds them of their barely livable cheap cars. "If you're going to sell an inexpensive car, it still can't be 'cheap,'" says Don Levin, spokesman for the Dave Mungenast dealerships in the St. Louis area. Buyers are "going to want as much as they can get." Source: *USA Today*

CHRYSLER NEARING DEAL TO REFINANCE AID

DETROIT -- Details are still being worked out, but Chrysler Group LLC on Thursday will make an announcement about a refinancing package that will repay its government loans, according to a person briefed on the matter. Final details are likely to be revealed Monday, when Chrysler releases its first-quarter financial results, said the person, who asked not to be identified because the company is still negotiating the package with banks. The refinancing would allow Chrysler to repay \$5 billion that it still owes the U.S. government and \$1.6 billion that is owed to Canada, money the governments loaned the automaker to keep it alive and get it through a 2009 bankruptcy filing. *Source: [The Associated Press](#)*

DEALERS: SUPPLY WOES TO SLOW U.S. AUTO SALES

U.S. dealership groups projected slower U.S. sales growth this year because of supply disruptions stemming from last month's earthquake and tsunami in northern Japan, sending shares down more than 3 percent. AutoNation Inc, the largest U.S. auto dealership group, cut its full-year U.S. sales forecast from 12.8 million vehicles to the mid-12 million range. Group 1 Automotive said U.S. sales this year would likely be around 12.5 million, toward the low end of its previous full-year range. Group 1 said deliveries of Japanese vehicles could drop between 30 and 50 percent this summer, which would constrain sales in the second and possibly third quarter. "It doesn't mean we can't continue to grow, but it is clearly going to hit our growth rate," Group 1 CEO Earl Hesterberg told analysts on a conference call, referring to the expected drop in deliveries. *Source: Reuters*

HYUNDAI MOTOR Q1 PROFIT RISES 46% ON MORE EXPENSIVE, NEW MODELS

Hyundai Motor Co, South Korea's largest carmaker, raised quarterly profit 46 percent as sales climbed in China, Europe and the U.S. Hyundai Motor lifted global sales by about 9 percent last quarter from a year earlier after adding new models including the Grandeur premium sedan at home and Accent small car in China since late 2010. Toyota, which may lose its top spot as the world's largest carmaker because of reduced output following the 9-magnitude quake and tsunami that struck Japan on March 11, estimated in April that it would need until at least November to return production to pre-quake volumes. In contrast, Hyundai and Kia are running their U.S. plants overtime, unscathed by parts shortages, the companies said earlier this month. "Chaos brings disorder and that's the time you see changes in ranks among leaders," said [Lim Jeong Seok, head of

equity at KDB Asset Management Co.] “The past financial crisis and the recent earthquake may be an opportunity for Hyundai to pass bigger rivals.” Source: [Bloomberg](#)

FORECAST: GREEN CAR SALES FACE LIMITS

J.D. Power expects market share below 10% through 2016

WASHINGTON — Despite rising gas prices, hybrids and electric vehicles will remain below 10 percent of the U.S. market through 2016, a leading automotive forecaster predicts in a study released [Wednesday]. J.D. Power and Associates said in its 2011 U.S. Green Automotive Study that growth in the sales of vehicles with alternative powertrains will be limited by consumer concerns about costs and function. "Alternative powertrains face an array of challenges as they attempt to gain widespread acceptance in the market," said Mike VanNieuwkuyk, executive director of global vehicle research at J.D. Power and Associates. "The bottom line is that most consumers want to be green, but not if there is a significant personal cost to them." Source: [The Detroit News](#)

TORNADOES SHUT MERCEDES, OTHER SOUTHERN AUTOMAKERS

WASHINGTON — The devastating tornadoes that swept across Alabama and other southern states Wednesday caused widespread power outages, shut down several large manufacturing plants and could disrupt the region's fragile economic recovery. The tornado damage compounds troubles for the auto industry, which is already experiencing parts shortages from factories in Japan that were damaged by the March 11 earthquake and tsunami. But automakers can sustain several days or even a week or two of lost production without a hit to sales. That's because most of them have cars and trucks stocked on dealer lots, said Michael Robinet, an auto industry analyst for the consulting firm IHS Automotive. After power is restored or damaged factories are repaired, automakers can rebuild inventories quickly, Robinet said.

Source: [The Associated Press](#)

FORD TO SELL MUSTANG BOSS 302 AS A CRATE ENGINE

The Boss 302 crate engine, shown with optional Ford-blue coil pack covers and NVH insulator pads. The engine weighs 444 pounds.



In an about-face from information given at the February launch of the 2012 Ford Mustang Boss 302, Ford said on Friday that the high-revving, naturally aspirated 5.0-liter V8 will be sold as a crate engine through Ford Racing Performance Parts.

With a redline of 7,500 rpm, part No. M-6007-M50B produces 444 hp and 380 lb-ft torque with features such as CNC ported cylinder heads, forged pistons and "runners in box" composite intake manifold.

Here are the details on the crate engine:

- 11.0:1 compression ratio.
- Lightweight aluminum cylinder block with cross-bolted main bearing caps and thick main bearing bulkheads for bottom-end strength.
- Large-sump 8.5-quart oil pan with revised oil-pan baffling for improved oil control under hard cornering.
- Revised composite intake system with shorter runners, inspired by Ford Racing's Daytona Prototype engine program.
- 80-millimeter, single-bore "drive by wire" throttles body.
- High-strength aluminum-alloy cylinder heads with fully CNC-machined ports and chambers for exceptional high-rpm airflow without sacrificing low-speed torque.
- Sodium-filled exhaust valves for improved heat dissipation.
- Forged-aluminum pistons and upgraded sinter-forged connecting rods for improved strength.
- Vehicle wire harness and power control module are not included.

Source: *Autoweek.com*
