



## *Weekly Car Dealers Newsletter*

May 10, 2010

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

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A RECOVERING GMAC FINANCIAL POSTS FIRST PROFIT SINCE '08  
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### **CHRYSLER MAY BOOST U.S. CAR SALES WITH BIGGEST GAIN SINCE 2005**

[U.S. auto sales](#) strengthened a year after bankruptcies began to batter the auto industry, with [Chrysler Group LLC](#) forecast to post its biggest monthly gain since 2005. [Industrywide deliveries](#) in April may have risen to an annualized rate of 11.4 million light vehicles, the average of 8 analysts' estimates compiled by Bloomberg, compared with a year earlier. Chrysler, which entered Chapter 11 on April 30, 2009, before emerging controlled by Turin, Italy-based [Fiat SpA](#), may have climbed 15 percent, 6 projections show. The yearly rate of domestic sales in April may be less than the 11.8 million seasonally adjusted annualized pace in March, when Toyota Motor Corp. offered its biggest incentives to counter global recalls, spurring competitors to add discounts. "The automotive industry is in full-blown recovery," said [Jesse Toprak](#), vice president of industry trends and insight for TrueCar.com in Santa Monica, California. "Toyota's generous incentives in April continue to bring consumers back into dealerships; however, the impact of its incentive programs in the marketplace appears to have diminished slightly in April."

[General Motors Co.](#), which entered bankruptcy on June 1, and emerged in July, may post a 7.2 percent increase when industry sales are announced on May 3, while Dearborn, Michigan-based [Ford Motor Co.](#) may report a jump of 28 percent. Chrysler's last double-digit increase was 27 percent in July 2005 when the Auburn Hills, Michigan-based carmaker was part of DaimlerChrysler AG.

## **Zero-Percent Financing**

Asia-based automakers also benefited from incentives. Toyota sales may have risen 34 percent, the average of 5 analysts. The Toyota City, Japan-based automaker extended the no-interest loans and discount leases it offered in April, and competitors followed. [Honda Motor Co.](#), Japan's second-largest automaker after Toyota, may say sales rose 15 percent, the average of 4 analysts, while No. 3 [Nissan Motor Co.](#) may have a 57 percent gain. Seoul-based [Hyundai Motor Co.](#) may increase 35 percent, according to Santa Monica, California-based Edmunds.com. "Honda sales in April got a boost from the uncharacteristically large offers it made available to prospective buyers, including zero-percent financing," said [Brian Johnson](#), a Barclays Capital analyst in Chicago. Manufacturers, dealers and investors use the annualized [rate](#) to account for seasonal buying patterns when comparing monthly totals. The average estimate for an industry sales pace of 11.4 million vehicles would be a 23 percent increase from the 9.3 million of a year earlier, according to Autodata Corp.

## **Consumer Confidence Climbs**

Automakers were buoyed by [consumer confidence](#) that rose in April to its highest since September 2008, as measured by the Conference Board's monthly index. "U.S. industry sales of light vehicles appear to have slowed down in April from the 11.8 million level achieved last month, as the initial boost from the large incentives offered since March by manufacturers across the board tapered off, and as automakers likely sold fewer cars to fleet customers," Johnson said in an April 28 note to investors. Ford fell 56 cents, or 4.1 percent, to close at \$13.02 yesterday in New York Stock Exchange composite [trading](#). Toyota's [American depositary receipts](#), each worth 2 ordinary shares, dropped \$1.02, or 1.3 percent, to \$77.09. Ford has gained 30 percent in 2010, and Toyota's ADRs have declined 8.4 percent.

## **'Feeling Better'**

Toyota began offering incentives on March 2 such as subsidized leases after worldwide recalls of more than 8 million vehicles to fix defects linked to unintended acceleration and to adjust brakes. The company probably spent an average \$2,416 on incentives on each vehicle last month, according to forecaster TrueCar.com. The industry average is about \$2,798, rueCar.com said. Incentives are down 4 percent from March 2009, when Detroit-based GM and Chrysler boosted spending ahead of their bankruptcy filings. [John McEleney](#), who has a Toyota and a Buick, GMC and Cadillac dealership in Clinton, Iowa, said sales were up 30 percent at his Toyota store and increased about 20 percent among his GM brands. "Sales were really pretty good, but not quite as good as March," McEleney said, adding that sales may keep gaining this year. "We're seeing a lot more showroom traffic and a lot more Internet activity. People are feeling better about their jobs, too." The following table shows estimates for car and light-truck sales in the U.S. Estimates for companies are a percentage change from March 2009. Forecasts for the seasonally adjusted annual rate, or SAAR, are in millions of vehicles. April had 26 selling days, the same as a year earlier.

	GM	Ford	Chrysler	SAAR
Rod Lache (Deutsche Bank)	4%	25%	22%	11.3
Jesse Toprak (TrueCar.com)	3.4%	32.1%	11%	11.5
Joseph Barker (CSM Worldwide)	NA	NA	NA	11.3
Jessica Caldwell (Edmunds.com)	4.1%	26%	19%	11.2
Jeff Schuster (J.D. Power)	NA	NA	NA	11.5
Christopher Hopson (IHS Global Insight)	13%	17%	9%	11.2
Himanshu Patel (JPMorgan)	14%	36%	20%	11.9
Brian Johnson (Barclays Capital)	5%	30%	11%	11.4
Average	7.2%	28%	15%	11.4

Source: *Bloomberg.com*

## **A RECOVERING GMAC FINANCIAL POSTS FIRST PROFIT SINCE '08**

[GMAC](#) Financial Services, a lender majority-owned by the government, posted its first profit since the fourth quarter of 2008 as it starts to recover from billions of dollars lost on bad mortgages. GMAC, one of the largest car loan companies in the United States, said Monday the profit was a milestone in its recovery from the losses that drove it to seek multiple government bailouts.

As part of that turnaround, GMAC will change its name to Ally Financial on Monday. GMAC was formerly owned by [General Motors](#), which owns the trademark on its current name.

The right to use that trademark expires in 2016. GMAC is replacing it with the Ally name that it first introduced for its bank in May 2009. [GMAC said](#) its turnaround was based on significantly reduced loan loss provisions, increased stability in auto credit trends and continued efforts to reduce the bad mortgage assets on its books. The company's first-quarter profit was \$162 million, compared with a net loss of \$675 million a year earlier.

GMAC also said it had been able to access the capital markets for the first time since 2007. It has issued more than \$5 billion in global unsecured debt in 2010. The government holds a 56.3 percent stake in GMAC as a result of three separate capital infusions totaling more than \$17

billion, including a \$3.8 billion investment on Dec. 30. GMAC lost \$5 billion in the fourth quarter of 2009 on home loans, and assured investors at the end of last year that the worst was over. Home loans fueled GMAC's growth earlier this decade, but also prompted billions of dollars of losses.

GMAC's troubled mortgage unit, Residential Capital, made a profit of \$110 million in the first quarter. GMAC's chief executive, Michael A. Carpenter, would not discuss specific plans for the mortgage unit except to say that a potential sale depended on market opportunities. *Source: Reuters*

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## **GO RACING ON THE IPAD WITH PADRACER**

The Apple iPad is looking more and more like a gaming device--in addition to the world-changing tablet we were promised. But no complaints here, the PadRacer game for the device looks like a perfect time-waster for people who are supposed to look busy.

PadRacer ([www.itunes.com](http://www.itunes.com), \$5) is a top-view racing game for four players similar to the old Ivan "Ironman" Stewart's Super Off-Road arcade game. The only hitch is that players need to have an iPhone or iPod Touch to use as a controller.



The peripherals sync to the iPad via Bluetooth and control the cars using the motion sensor in the phone or Touch.

It's no Forza Motorsport 3, but for five bucks it's definitely worth checking out, just make sure your friends have *Source: Autoweek.com*

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## **ENTHUSIAST DEMAND FORCES ASTON'S HAND: V12 VANTAGE COMING AMERICA**

Thanks to enthusiasts, the most powerful road-going Aston Martin ever is coming to the United States. The British sports-car maker confirmed on Friday that the V12 Vantage--packing 510 hp and 420 lb-ft of torque--will be sold in North and South America. This is a reversal from a year ago, when Aston tantalizingly showed off the car and promptly said it wasn't coming here. Now the company says that it has no choice but to respond to the huge demand from enthusiasts to bring the car to the Americas.

Why the change in plans?

Aston had said race-style bucket seats lacked airbags and the engine was so monstrous it filled the engine bay, interfering with federal crash-test performance. Now, the company has modified the structure to meet safety requirements.

The V12 Vantage is available for order now, and deliveries are expected to begin late this year. Pricing was not announced but has been estimated at about \$200,000. The V12 Vantage has a top speed of 190 mph and can hit 62 mph in 4.2 seconds. A race-bred version is set to compete next week at the 24 Hours of Nürburgring. “This is the ultimate performance interpretation of the Vantage range, combining our most agile model with our most powerful engine,” Aston Martin CEO Ulrich Bez said in a statement. The V12 Vantage will also be available in a limited-edition, Carbon Black, which adds black metallic paint, carbon-fiber accents, gloss-black 10-spoke alloy wheels and other sinister finishings. *Source: Autoweek.com*

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