



Weekly Car Dealers Newsletter

September 27, 2010

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

Week of September 27, 2010

LIVE FROM Auto Team America MEETING
[HYUNDAI TO MOVE ELANTRA PRODUCTION TO U.S.](#)
[JEEP BRAND PRESSING THE ACCELERATOR](#)
[FORD BETTING ON V-6S IN TOP PICKUP](#)
HONDA ACCORD, CIVIC TOP LIST OF MOST STOLEN CARS
[FORD SAYS U.S. FIESTA BUYERS SEEK HIGH-END OPTIONS](#)
[FEDS BALK AT 60 MPG RULE BY '25](#)
[U.S. IS SAID TO REIN IN G.M. STOCK OFFERING](#)

LIVE FROM Auto Team America MEETING

Three members of the MacKay firm attended the Fall ATA meeting which was hosted by MacKay in Banff. Comments and observations from that meeting included:

- Dealers are making money in most areas because of cost cutting and long floor plan costs due to reduced inventories
- Many dealers cannot get enough inventory of the popular models
- Manufacturers are still trimming locations and are now sending our letters to under-performing dealers giving a limited (and short) period for corrections to be made
- There is more competition in the Insurance market but read each year's policy very carefully, according to the presenter 90% of the new policies issued either have changes limiting coverage from last year and not delivery all that was outlined in the proposal.
- Fraud relating to Electronic Funds Transfers (EFT) is being limited to a low amount by many insurers
- Both the IRS and CRA are considering delivery or transfer drivers to be employees, not contractors

- Reynolds & Reynolds are introducing measures to limit access to servers (and therefore data) to machine they are aware of. That means access by a work station or lap top not registered with them will be blocked. The roll out of this feature is expected very soon.
 - Finally, it now takes up to one year to complete a switch from any IT provider to ADP.
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[HYUNDAI TO MOVE ELANTRA PRODUCTION TO U.S.](#)

DETROIT—Hyundai Motor Co., one of the fastest-growing auto makers in the U.S. market over the past several years, is moving production of its Elantra compact sedan to Alabama from South Korea later this year, a company executive said. Hyundai is redesigning the Elantra and will begin production of the model at its Montgomery, Ala., assembly plant late this year, with sales beginning in 2011. The redesigned model will be shown to the public at the Los Angeles auto show in November. "Hyundai's philosophy is to build our vehicles where we sell them, and with the addition of the Elantra to our U.S. production mix we now manufacture our three most popular models right here in the U.S.," said John Krafcik, president and Chief Executive of Hyundai Motor America. Sonata is the best-selling vehicle in Hyundai's U.S. lineup, with sales of 128,484 through the end of August, a 50% increase over the same period last year. The Sonata was redesigned and went on sale in February. Elantra sales through the same period are up 21% over the same period last year. *Source: The Wall Street Journal*

[JEEP BRAND PRESSING THE ACCELERATOR](#)

Upgraded vehicles, possible new pickup help drive momentum

AUBURN HILLS, Mich. -- The Jeep brand is enjoying a worldwide sales uptick, and momentum should continue as it supplies five of 16 upgraded Chrysler Group LLC vehicles this year -- not counting a possible Wrangler-based pickup. Mike Manley, who heads the Jeep brand, said Monday that dealers shown a pickup concept at a recent meeting in Orlando were excited about it. "There is as much passion about building a Jeep pickup as for the (return of the Dodge) Viper," Manley said at an event to show off upgrades to the 2011 Jeep Wrangler and Patriot. The Patriot and Compass sister vehicles are being restyled to stay fresh until they are replaced by a single Jeep from the Fiat SpA compact car family at the end of 2012. The vehicle's design is well under way, Manley said. *Source: The Detroit News*

FORD BETTING ON V-6S IN TOP PICKUP

Ford Motor Co. is betting that some pickup drivers are ready to break with the bigger-is-better mantra when it comes to engines and step down to trucks that cost less to fill up at the gas pump. Faced with stricter government fuel economy regulations and anticipating higher gasoline prices, Ford is offering four more fuel-efficient engines in its 2011 F-150 pickups, including two six-cylinder models. The new engines are tied to six-speed automatic transmissions, electric-assisted power steering and other technological improvements that squeeze more from a gallon of fuel. With them, Ford hopes to reach buyers looking for both performance and more miles per gallon. "The No. 1 unmet need in the [pickup] market today is fuel economy," said Doug Scott, truck group marketing manager for Ford. At the same time, the company hopes the models will improve Ford's standing in the more rigorous government-mandated corporate average fuel economy standards for light trucks, which will increase in 2016. *Source: The Star-Telegram*

HONDA ACCORD, CIVIC TOP LIST OF MOST STOLEN CARS

Three old Japanese models top the (United States) list of the most-stolen cars last year, the National Insurance Crime Bureau reports. The NICB's Hot Wheels 2010 report puts ancient Honda Accord and Civics, and Toyota Camry at the top of the most-stolen list. Given that the model years of the most-stolen cars were from 1991 to 1994, it's hard to imagine that thieves had so lowered their taste for nice new cars. The other half of the list is mostly Ford, Chevrolet and Dodge trucks or vans. Hot Wheels examines all theft data without regard to a vehicle's insured status. Says the NICB:

The FBI's just-released 2009 Uniform Crime Report shows that vehicle theft is once again down significantly from the previous year making 2009 the sixth-consecutive year of reduced vehicle thefts. In 2008, 956,846 vehicles were reported stolen — the lowest annual total in more than 20 years. For 2009, the number is even lower — 794,616. "Through the end of August this year there were 97,655 vehicles that were listed as stolen and not yet recovered," said Joe Wehrle, NICB president and CEO.

For 2009, the most-stolen vehicles* in the nation were:

1. 1994 Honda Accord
2. 1995 Honda Civic
3. 1991 Toyota Camry
4. 1997 Ford F-150 pickup
5. 2004 Dodge Ram pickup
6. 2000 Dodge Caravan
7. 1994 Chevrolet pickup (Full Size)
8. 1994 Acura Integra

9. 2002 Ford Explorer
10. 2009 Toyota Corolla

Source: USA Today

FORD SAYS U.S. FIESTA BUYERS SEEK HIGH-END OPTIONS

DETROIT -- Early U.S. sales for Ford Motor Co's Fiesta show that consumers are buying higher-end versions of the new small car, boosting the automaker's profit on sales in a traditionally low-margin segment, company officials said on Wednesday. Sam De La Garza, brand manager for Fiesta, said that Ford's projections were that 15 percent of buyers would opt for the basic Fiesta S sedan. Consumer choice, De La Garza said, indicates that so far U.S. Fiesta buyers, even first-time new car buyers in their 20s, want costlier features even in the lower end of the vehicle price spectrum. In the first three months of retail U.S. sales, Ford sold 7,692 Fiesta sedans and hatchbacks, De La Garza said. "It was big for us to understand how we could go out and attract more millennial's," said De La Garza. Ford considers "millennial's" consumers born from 1979 to 1994. The basic Fiesta S sedan is priced at \$13,995 including transport charges, compared with \$14,995 for the Fiesta SE sedan and \$16,995 for the Fiesta SEL sedan. *Source: Reuters*

FEDS BALK AT 60 MPG RULE BY '25

WASHINGTON -- The head of the National Highway Traffic Safety Administration said today the Obama administration won't endorse a 60 mpg fleet wide requirement for vehicles by 2025 until it conducts a full review. More than 20 environmental groups are pushing NHTSA and the Environmental Protection Agency to adopt a 60 mpg requirement by 2025 when the agencies finalize the next round of fuel efficiency and tailpipe emissions limits in the coming years. "We're not going to make any decisions until we have the data and the facts and science behind us," said NHTSA chief David Strickland on the sidelines of an event to promote child safety seats. "We're not making any prognostications on what is feasible until we know for a fact." Automakers have blasted the idea pushed by environmental groups of arbitrarily setting a number without conducting a feasibility study. The notice "will lay out the game plan" for the draft proposal and will disclose what NHTSA, EPA and the California Air Resources Board are thinking. "It gives everyone a better sense of the universe," Strickland said. "We want this to be as clear and as open a process as possible." *Source: The Detroit News*

U.S. IS SAID TO REIN IN G.M. STOCK OFFERING

DETROIT — The initial public stock offering by General Motors will be smaller than previously suggested, and the federal government will most likely sell a relatively small portion of its 61 percent stake in the company, according to people with knowledge of the preparations. To fetch the highest possible price for the government, G.M. is planning an overall offering of stock valued at \$8 billion to \$10 billion, which is lower than previous internal targets, according to the people, who spoke on the condition of anonymity because of restrictions on public comments before an offering. Earlier, there were suggestions the stock offering could rival the largest in United States history, when the credit card giant Visa raised more than \$19 billion in 2008. But the Treasury Department has made it clear to G.M. and its underwriters that the government is more interested in setting the highest price possible for the stock rather than maximizing the size of the offering. In order to recover all of the government's investment, the Treasury would have to sell its 304 million shares at an average price of \$133.78 a share, before any splits, according to Neil M. Barofsky, the special inspector general for the Troubled Assets Relief Program of the Treasury. *Source: The New York Times*