



Weekly Car Dealers Newsletter

October 20, 2008

This information that follows is taken from sources including *The Carconnection*, *Autoweek*, and other industry sources. For more information please call our Edmonton office.

Week of October 20, 2008

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NISSAN RECALLS MORE THAN 200,000 VEHICLES

WASHINGTON -- Nissan Motor Co. is recalling more than 200-thousand vehicles sold in several countries, including Canada, to fix a sensor system that could affect the car's passenger side air bag. Nissan says the recall includes 140-thousand Nissan Altima cars from the 2007-2008 model years. It also involves 2007-2008 model years of the Infiniti E-X-35, G-35 Sedan, G-37 and the Nissan 350-Z, Murano and Rogue.



The Japanese automaker said today an issue with an electronic component could interrupt a signal in the sensor system. That could prevent the passenger air bag from deploying under certain conditions. A Nissan spokesman says there have been no injuries or crashes. Most of the recalled vehicles are in the United States; others are in Canada, Mexico, Puerto Rico and the Persian Gulf. — *Source: The Associated Press*

JAPANESE CELLPHONE CAN UNLOCK CAR, START ENGINE

A new Japanese mobile phone will automatically unlock the doors of its owners' cars and let drivers start their engines without using an ignition key. The phone, built by Sharp Corp., uses a technology previously developed by Nissan Motor Co. called "Intelligent Key" that allows drivers to enter and start their cars without removing their keys from their pockets or bags. Cars equipped with the system sense when the correct key is nearby, automatically unlocking their car doors, and allow the engine to be started once the key is inside the car. Nissan said it has shipped about a million cars with the technology in Japan since 2002.

The new twist on this technology is that it is loaded in a phone. The service will work on the mobile network operated by NTT DoCoMo Inc., Japan's largest mobile operator. The companies said in a joint press release Wednesday they will display the technology next week at CEATEC, a major technology conference in Tokyo. They are continuing development and aim to bring the phone to market sometime after March of next year.

Japanese phones are some of the most sophisticated in the world; most come standard with digital TV, music players, GPS, cameras that double as barcode scanners, and wireless credit cards. — Source: *The Canadian Press*

GM LAUNCHES CAMPAIGN TO TELL BUYERS THEY CAN STILL GET LOANS

With October auto sales expected to fall short of September's 15-year low, General Motors is launching a campaign this week to reach people who have stopped looking for cars out of fear that they can't get a loan. Many banks and finance companies, including GM's own GMAC Financial Services, have tightened credit standards because they can't borrow money to lend, or they're reluctant to lend and risk defaults. "But that doesn't necessarily mean you can't get a car loan if you want to get a car loan," GM spokesman John McDonald said. "We just want consumers to know that you have options that you may not be aware of." GM will promote its financing options with radio, newspaper and digital advertising from Friday through Nov. 3. The program, called "Financing that Fits," will publicize a 6-year-old computer database that lets dealers locate banks, credit unions and other lenders willing to make loans based on a particular buyer's credit information. — Source: [Associated Press](#)

GENERAL MOTORS GIVING DEALERS CASH BONUSES FOR NON-GMAC SALES

General Motors Corp., the biggest U.S. automaker, is expanding its incentives to dealers by offering cash bonuses for sales financed by lenders other than its part-owned GMAC LLC, a dealer said. Spurring dealers to find other sources of credit may further pare GM's dependence on GMAC, which provided only 20 percent of the automaker's loans last month after accounting for 43 percent in the second quarter. The bonus program began last week and includes most 2008 and 2009 models, said Richard Joseph, director of Cincinnati-based Joseph Auto Group. - Source: [Bloomberg](#)

TIGHTER RULES ON CAR LOANS COULD SLAM GM'S SALES

GMAC LLC, the big home and auto financing company, this week began restricting new loans to the most credit-worthy buyers after an attempt to raise new funds failed. The move threatens to crimp General Motors Corp.'s U.S. sales, forcing the struggling auto maker to push its potential buyers to other lenders. In the past, GMAC and GM have relied on one another for cash -- through dividends or other payments. But earlier this week, GMAC Chief Executive Officer Al de Molina signaled the taps may run dry. In a Monday email to employees, Mr. de Molina said the firm's mortgage and auto lending operations "have limited if any access to funding." By tightening its lending policies, GMAC hopes it can conserve cash. - Source: [The Wall Street Journal](#)

TOYOTA'S WATANABE REITERATES 2008 VEHICLE SALES GOAL

Toyota Motor Corp., Japan's largest automaker, expects to meet its sales goal of 9.5 million vehicles this year amid "severe" economic turmoil in the U.S., President Katsuaki Watanabe said. "We will make our best efforts to make the target," Watanabe said ... at a press conference near Tokyo. "At this moment we have no plans to change our forecast." The collapse of the mortgage market in the U.S., where Toyota gets about half its operating profit, has driven sales down the most in more than 20 years. The company is offering no-interest loans on 11 models including Camry sedans and Corolla small cars after sales in the country plummeted 32 percent last month. - Source: [Bloomberg](#)

FINANCING MAY BE HOLDING UP DEAL

Cerberus could put up the cash to make it work

Chrysler owner Cerberus Capital Management and General Motors Corp. are working as hard as they can to get a deal to merge the two automakers, but financing is the issue keeping them apart, a person familiar with the talks told the Free Press. But the private equity firm is "willing to put in cash to any deal that makes sense," another source said. A merger is seen as Cerberus' preferred solution for Chrysler, where U.S. sales have dropped 25% so far this year, the people said. But financing a deal such as this can be complicated and could involve money flowing either way. - Source: [Detroit Free Press](#)

FORD SAYS AUTO LOANS ARE STILL AVAILABLE FOR CUSTOMERS

Ford Motor Co. sent a letter to dealers that sought to reassure their customers that the auto maker still has a credit arm willing to lend. The move had become necessary as the company worried car buyers were staying away from showrooms because they were convinced they wouldn't qualify for a loan. Some Ford dealers, seeing a marketing opportunity, have relayed the corporate letter to potential customers in emails, according to a person familiar with the matter. "As valued Ford Motor Company dealers, we wanted to reassure you that Ford Credit will continue as your strong and supportive finance source during these difficult economic times," the letter said. "Many companies providing automotive lending have recently decided to exit this

market or reduce their exposure by tightening their purchase policies. These actions by others may be unnerving, but Ford Credit is here for you." - Source: [The Wall Street Journal](#)

PRICES FALL BELOW \$70; WILL SUVs COME BACK?

Analysts, automakers don't expect SUV sales to recover

Even with oil closing today at \$69.87 a barrel, almost no one expects rapidly falling gasoline prices to restore pickup and SUV sales. "The driver of new-car sales has and always will be job and income growth," says George Pipas, Ford Motor Co.'s sales analysis and reporting manager. "There is scant little right now. In fact, they're contracting, not growing." When October sales are tallied in two weeks, lower fuel prices won't translate into higher sales of pickups and SUVs, Pipas predicts. The weak economy, not lower fuel prices, will steer buyers to less expensive vehicles, he believes. "People are of the opinion that gasoline prices are what killed the SUV," says Pipas. "That's not true. What it did was accelerate the decline of sales in that category. They were going down anyway." - Source: [Automotive News](#)
