



Weekly Car Dealers Newsletter

February 27, 2009

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

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[U.S. ECONOMY SEEN STARTING RECOVERY IN SECOND HALF OF '09: POLL](#)

WASHINGTON – The U.S. economy is set to contract sharply in the first quarter, with the current cyclical downturn on track to rival the 1973-75 slump as soaring unemployment depresses demand, a survey showed. However, a survey of 47 professional forecasters released by the National Association of Business Economists on Monday predicted the recession-hit economy would begin to recover in the second half of this year, returning to a potential growth trend in 2010. The recovery was seen driven by the Obama administration's \$787 billion economic stimulus plan, the group said. The survey, conducted between January 29 and February 12, forecast real gross domestic product would shrink by an annualized rate of 5.0 percent in the first quarter, moderating to a 1.7 percent contraction in the second quarter. The economy was expected to expand by 1.0 percent in the third quarter, with growth quickening to 2.1 percent in the final three months of the year, the poll respondents said. The survey forecast the unemployment rate peaking at 9.0 percent in the fourth quarter, before edging lower from the second quarter of 2010. The U.S. jobless rate is currently at 7.6 percent, a 16-year high. - Source: [Reuters](#)

[SWEDEN DEMANDS 'SOUND SECURITY' ON SAAB LOANS BEFORE GIVING AID](#)

Swedish Prime Minister Fredrik Reinfeldt said the government needs “sound security” before it commits to guaranteeing loans that will aid Saab Automobile. Reinfeldt, speaking in Bratislava

late yesterday after meeting his Slovakian counterpart, Robert Fico, reiterated that Saab parent General Motors Corp. cannot count on Swedish taxpayers for help. Saab filed for protection from creditors last week after GM said it will cut ties. Saab is now seeking state guarantees to back a European Investment bank [EIB] loan. "Either GM changes the decision on the exit, or secondly, a new owner, or a group of owners, will come to be able to fulfill a part of the engagement with the EIB," Reinfeldt said. Reinfeldt said the state is more willing to aid Ford Motor Co. in its search for financial aid at the Volvo Cars subsidiary because the U.S. manufacturer is "interested in looking for a new owner" for Volvo, Sweden's largest carmaker.-

Source: [Bloomberg](#)

U.S. MAY SET GREENHOUSE GAS STANDARD FOR CARS

The Obama administration is considering establishing national rules for regulating greenhouse gas emissions for automobiles, according to White House officials, a move backed by both auto manufacturers and some environmentalists. For weeks, administration officials have been meeting with car companies as well as green groups and representatives from California -- which is awaiting word on whether it will receive a federal waiver to regulate greenhouse gas emissions from vehicles -- to try to broker a deal on the issue. On Sunday, Carol M. Browner, assistant to the president for energy and climate, said she and others backed the idea of a single standard for cars and trucks. "The hope across the administration is that we can have a unified national policy when it comes to cleaner vehicles," Browner said at the Western Governors' Association meeting in Washington. Meanwhile, several auto industry officials said they backed the idea of a universal fuel-efficiency standard aimed at curbing greenhouse gases, even if it is stricter than the country's current goal of achieving a fleetwide average of 35 miles per gallon by 2020. Greg Martin, General Motors' Washington spokesman, said automakers and consumers are seeking "certainty and consistency" when it comes to fuel efficiency. "We've been supportive of a strong national standard, rather than having to comply with the burden of a patchwork of standards state by state," he said. - Source: [The Washington Post](#)

2009 NISSAN CUBE TO START AT \$14,685

The 2009 Cube is launching in May with a starting price of \$14,685, including shipping charges. The base package comes with a 1.8-liter inline four-cylinder engine rated at 122 hp and a six-speed manual transmission.

At the other end of the spectrum is the factory-customized Krom model, which is \$20,065. It includes a three-bar grille, integrated front and rear fascia and 16-inch aluminum wheels. Inside, the cabin gets a leather steering wheel, titanium and aluminum trims and a six-speaker sound system with a Rockford Fosgate subwoofer.



The Cube is the latest in a line of boxy, offbeat vehicles aimed at younger consumers. Nissan is hawking it as being highly customizable, with up to 40 different accessories, including a shag-carpet insert for the dash, aero kits and a 20-color interior illumination package.

The other main trim levels are:

- The S, which adds body-colored mirrors, cruise control and a cargo cover for \$15,385 with a manual gear box. With a CVT, the S is \$16,385.
- The SL, which offers a standard CVT, 16-inch aluminum-alloy wheels, automatic headlights and temperature control, an iPod interface and a six-speaker system for \$17,485.

– Source: Autoweek.com

LEXUS TOPS JAGUAR, REGAINS CROWN FOR DEALERSHIP SERVICE

Lexus overtook Jaguar to regain its title as the brand that does the best job of pleasing customers in the service department. Toyota Motor Corp.'s luxury division ranked atop the J.D. Power and Associates 2009 Customer Service Index Study released today. No. 2 Jaguar, sold by Ford Motor Co. last year to India's Tata Motors, topped Lexus in 2007 and held onto the crown in 2008. BMW, Cadillac and Acura rounded out the top five for 2009. Dealerships with the happiest service customers have a better chance of retaining them after vehicle warranties expire, J.D. Power said. Dealer networks of the highest-ranking brands pocket about 80 percent of customers' service dollars. The figure is less than 60 percent for the brands with the lowest scores. J.D. Power based its study on responses from 106,059 owners and lessees of vehicles from the 2004 through 2008 model years. The customers were surveyed in the final quarter of last year. - Source: Automotive News

PLUNGING AUTO SALES COULD HIT LOW POINT IN FEBRUARY OR MARCH

Auto sales continue to collapse this month, but less sharply than forecasters said only a week ago, suggesting to some that the end of the market decline is in sight. "We believe we are nearing the bottom," says Jeff Schuster, chief of global forecasting at J.D. Power and Associates. "Our expectation is for February or March to be the low point." Nevertheless, Power cut its forecast for the full year's sales to 10.4 million from 11.4 million and pointed out that it previously thought December had been the market's bottom. Automakers report February sales Tuesday. Whether the analysts and forecasters are optimists or pessimists, they expect February's sales pace to equate to an annual rate of 9.1 million to 9.3 million. That's up from Power's sub-9 million February forecast a week ago, but less than January's actual pace of 9.6 million, as reported by sales tracker Autodata. Last year, automakers sold 13.2 million new cars and trucks in the U.S. — considered disastrously low. Most forecasts now are for about 10.5 million sales for 2009.- Source: USA Today

FORD CUTS PRODUCTION ESTIMATES

Ford Motor Co. cut its first-quarter production estimates and lowered its annual sales forecast on Thursday in another sign that the auto maker could be approaching the need for government loans. In a Securities and Exchange Commission filing, Ford lowered the bottom end of its annual industry forecast for 2009 to 10.5 million cars and trucks sold in the U.S., down by 1 million from what many in the industry had considered an optimistic outlook. In a business plan submitted to Congress last fall, its "worse rates" scenario was based on a 10.5 million figure, which at the time Ford said could help trigger the need for up to \$13 billion in additional funding for the company. Ford maintains they have no current plans to request government loans, saying that cost-cutting measures, asset sales and other savings will improve their bottom line. Ford says its current funding will sustain the company even if annual sales this year dip as low as 9.2 million cars and trucks. - Source: [The Wall Street Journal](#)
