



Weekly Car Dealers Newsletter

May 12, 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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[CHRYSLER BANKRUPTCY WON'T INTERRUPT WARRANTIES, TREASURY SAYS](#)

Chrysler LLC's bankruptcy filing this week won't keep it from honoring warranties on its vehicles, the Treasury Department said after President Barack Obama assured car buyers that the government would backstop claims if needed. Auto dealers want to be sure that someone will pay for the repairs they do, preferably the automakers, said **John McEleney**, who ... serves as the chairman of the National Automobile Dealers Association. Going to Treasury or a third party to win reimbursement for repairs isn't appealing, he said. "Will we get paid at the full rate?" McEleney said. "Will we get paid on a timely basis?" - Source: [Bloomberg](#)

FORD OUTSELLS TOYOTA AS AUTO SALES DROPS GO ON


Ford Motor Co. turned the tables on Toyota Motor Co. in April, outselling Japan's largest automaker in monthly sales for the first time in more than a year. For the year, Ford sales are still about 46,000 vehicles behind Toyota. But Ford is benefiting from its new Fusion hybrid and gasoline-powered models, which Ford is billing as "America's most fuel-efficient midsize sedan."

Distress at General Motors Corp. and Chrysler LLC is also helping the Dearborn automaker distinguish itself.

Ford, which has been promoting itself as the "different" American automaker that is surviving without federal assistance, sold 129,476 cars and trucks in April. Toyota sold 126,540.

"Ford appeared to have benefited from the misery of GM and Chrysler," observed Jesse Toprak, executive director of industry analysis for Edmunds.com.

Monthly declines continue

Across the U.S. auto industry, meanwhile, light-vehicle sales fell 34.4% in April, compared with the same month last year. That was the 18th consecutive month of declines. For the year, U.S. new-vehicle sales are now off 37.4%. U.S. consumers purchased just under 820,000 new cars and trucks last month, even as consumer confidence  began to pick up. The Conference Board's Consumer Confidence Index rose more than 10 points to 39.2 on a scale of 100. While low, that's the highest score for confidence this year.

Chrysler struggles

Chrysler led the industry's decline, with its vehicle sales dropping 48% compared with last year. Chrysler ended the month with 114 days' or nearly three months of inventory. Inventory levels of about 60 days are considered ideal. While the company's total sales fell 48%, the company noted that retail sales to consumers were down 39%, about the same percentage decline as the overall industry.

"We're bouncing along the bottom of the bathtub," said Vice Chairman Jim Press.

Toyota reported the second-largest decline, with sales falling 42%, as popular models struggled. April sales of the once-popular Toyota Prius hybrid declined 61.5%, compared with the same month a year ago, when gas prices were at least \$1 higher. Sales of the Camry, usually the nation's best-selling passenger car, fell 37%. Toprak said Toyota's conservative level of discounting during April, compared with other automakers, might have contributed to its declines.

Sales at GM, meanwhile, fell 33% in April, which was a better performance than expected. While GM is still the U.S. sales leader, with about 578,000 new cars and trucks sold this year, the company's sales are now down 45% for the year, compared with the same four months a year ago. – *Source: Detroit Free Press*

CHRYSLER RECEIVES COURT APPROVAL FOR PAYMENTS TO DEALERS, SUPPLIERS

NEW YORK -- Chrysler LLC received bankruptcy court approval for \$4.6 billion in debtor-in-possession financing [Monday] to make payments to dealers and suppliers and to buy time to complete an alliance with Fiat S.p.A. ... \$753 million will go to Chrysler dealers to pay for sales incentives owed them for vehicle sales before the bankruptcy filing. Chrysler said it will "only pay incentives to those dealers that they believe have value to the acquiring company," to be controlled by Fiat. - *Source: [Automotive News](#)*

ROGER PENSKE IS POSSIBLE BUYER FOR SATURN UNIT

Roger Penske, owner of the second-largest U.S. auto retail chain by revenue, has emerged as a potential buyer for General Motors Corp.'s Saturn brand ... GM on Monday said it hired Stephen Girsky, a former Morgan Stanley analyst and one-time adviser to departed Chief

Executive Rick Wagoner, to review offers from potential buyers. The auto maker ... is working to sell Saturn, along with its Hummer and Saab brands . - Source: [The Wall Street Journal](#)

PORSCHE, VOLKSWAGEN ANNOUNCE MERGER PLAN

BERLIN – Luxury car maker Porsche and Europe's biggest auto producer Volkswagen agreed on Wednesday to forge a merged German car giant, stepping up the momentous changes shaking the industry worldwide. Porsche, which had been seeking to take control of Volkswagen, said in a statement that the decision came after weeks of what Porsche called "intensive talks." - Source: [Agence France-Presse](#)

MASSIVE FORD DEALER CUTS NOT NEEDED, MULALLY SAYS

WAYNE, Mich. – Ford Motor Co. is not looking to significantly reduce its U.S. dealer network, which currently stands at 3,770 stores, the auto maker's top executive says ... President and CEO Alan Mulally says the auto maker has no intentions of keeping pace with rivals General Motors Corp. and Chrysler LLC as they trim thousands of dealers across the country as part of their ongoing restructurings. "Ford does not have to match dealer cuts," Mulally says. - Source: [WardsAuto.com](#)

TOYOTA STUNG BY STRONG YEN, GLOBAL SLUMP

TOKYO -- Crippled by stagnant demand and a strong yen, Toyota Motor Corp. Friday posted its first net loss in 59 years for the just-ended fiscal year, and said it expects more red ink in the year to come. The automobile giant booked a net loss of ¥765.8 billion (\$7.7 billion) in the fiscal fourth quarter ended March 31, slumping from ¥316.8 billion profit a year earlier, and amounting to one of the biggest quarterly losses recorded by a Japanese manufacturer. - Source: [The Wall Street Journal](#)

GM MOVES AHEAD WITH DEALER CUTS; NADA (and CADA) RALLIES TO BLOCK PLAN

WASHINGTON -- General Motors has started to notify 2,600 dealers of plans to eliminate them, and a dealers group is trying to block the effort by getting elected officials to intervene. National Automobile Dealers Association members will be contacting their congressmen, mayors and governors in an attempt to get them to intercede with the White House, said NADA chairman John McEleney. "It's too abrupt and drastic," McEleney said in an interview. "The concern is in every community across the country. Dealers are one of the principal sources of employment, charitable contributions and tax revenue." Its members also plan to meet with the editorial boards of local newspapers across the country in an attempt to influence public opinion, McEleney said. - Source: [Automotive News](#)

HOUSE DEMS REACH 'CASH-FOR-CLUNKERS' DEAL

WASHINGTON -- House Democrats have reached an agreement on a "cash-for-clunkers" bill that could perk up anemic auto sales. The agreement ends lengthy negotiations between auto-state lawmakers, who sought a bill that would give a maximum boost to sales, and other Democrats who wanted the bill to maximize improvements in the fuel efficiency of autos on the road. Rep. John Dingell said in a written statement that the deal would limit the incentives to buyers trading in cars that got 18 mpg or less, with an escalating cash reward depending on mileage of the new vehicle. - Source: [The Detroit News](#)
