

Memorial Day Sales Events Will Drive Auto Industry To 14.2 Million SAAR, According To Kelley Blue Book Analysts

2011 Inventory Woes Result in Excessively Strong May 2012; Toyota Poised to Surpass Ford in Market Share

IRVINE, Calif., May 23, 2012 /PRNewswire/ -- Kelley Blue Book www.kbb.com, the leading provider of [new car](#) and [used car](#) information, projects new-vehicle sales to approach 1.4 million units, or 14.2 million seasonally adjusted annual sales rate (SAAR), in May 2012; a nearly 30 percent year-over-year improvement. After adjusting for the two additional selling days this month and a major car-selling holiday weekend, sales are projected to show a 20 percent gain. This will mark the most pronounced year-over-year gain in more than 12 months.

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"At this point, it is almost as if the tail is wagging the dog," said Alec Gutierrez, senior market analyst of automotive insights for Kelley Blue Book. "During a typical post-recession recovery, we would expect to see auto sector gains being driven by broad economic growth. In the first quarter, the opposite was true, as auto sales were the primary driver behind GDP growth and have consistently been a bright spot in an otherwise slow-paced recovery."

Vehicle sales accounted for half of the 2.2 percent increase in the first-quarter gross domestic product (GDP), highlighting the fact that economic growth largely has been driven by increases in production and revenue generated by automotive manufacturers. Although Kelley Blue Book expects a significant increase in sales relative to May 2011, it is important to consider the context behind the relatively mild pace of sales at this time last year. Aging vehicles, improved access to credit and historically low interest rates are among the primary factors driving demand this year, and Kelley Blue Book analysts expect this trend will continue to carry sales in May and beyond.

Last year, [Toyota](#) and [Honda](#) were hit hard by inventory shortages stemming from the earthquake in Japan on March 11, 2011. Both company's anemic inventory levels during popular Memorial Day sales events muted the usual sales bump expected in May 2011. Toyota and Honda's shortfall led to a 3.7 percent decline in sales this time last year, curtailing the strong growth exhibited through the first four months of 2011. Kelley Blue Book expects 2012 to be much different, as the industry appears to have ample inventory to meet the anticipated uptick in demand.

"With inventory shortfalls no longer a concern, budget-conscious consumers will look to incentives and advertised sales events to help narrow their purchase decisions," said Gutierrez. "Car shoppers will be pleased to find plenty of incentives available in terms of cash, finance and lease offers for a number of popular models. The most attractive offers are for those vehicles expected to be redesigned later this year, including the [Nissan Altima](#), [Honda Accord](#) and [Ford Escape](#)."

Segment Forecast

Segment	Sales Volume			Market Share		
	May-12	May-11	YOY%	May-12	May-11	YOY
Mid-Size Car	259,064	176,071	47.1%	18.8%	16.6%	2.2%
Compact Car	183,274	179,059	2.4%	13.3%	16.9%	-3.6%
Compact Crossover	148,824	115,074	29.3%	10.8%	10.8%	0.0%

Full-Size Pickup Truck	143,313	108,381	33.2%	19.4%	19.2%	9.2%
Subcompact Car	173,796	137,302	103.2%	15.5%	13.5%	2.0%
Total	1,378,000*	1,061,841	29.8%	-	-	-

*Includes segments not shown

Toyota Poised to Surpass Ford for No. 2 Spot in Market Share

Toyota hit 15.0 percent market share in April 2012, just 0.2 percent shy of Ford's No. 2 spot. [Ford](#) has remained ahead of Toyota since early 2010, when Toyota stumbled after unintended acceleration recalls forced the company to suspend sales on the [Camry](#) and [Corolla](#). Toyota was hit once again in March 2011 by the earthquake and tsunami that rocked Japan. After bottoming out in May 2011 at 10.2 percent market share, Toyota has recovered rapidly and now is poised to surpass Ford for the No. 2 spot in United States share once again. Toyota has surged in recent months thanks to the arrival of the redesigned Camry, as well as continued strength in demand for the Corolla and [Prius](#) from buyers looking for relief at the gas pump.

Toyota may be gunning for the second position, but Ford won't go down without a fight. Ford will see a boost in sales later this year when its redesigned [Escape](#) and [Fusion](#) arrive at dealerships. It may be too early to call the winner of this coveted spot in market share, but Toyota clearly has its sights set on surpassing Ford and chasing after General Motors for the No. 1 spot in the United States.

Toyota to Post Huge Gains as Industry Hits 14.2 Million SAAR

Manufacturer	Sales Volume			Market Share		
	May-12	May-11	YOY%	May-12	May-11	YOY
General Motors	245,284	221,192	10.9%	17.8%	20.8%	-3.0%
Toyota Motor Co	210,834	108,387	94.5%	15.3%	10.2%	5.1%
Ford Motor Co	209,456	191,529	9.4%	15.2%	18.0%	-2.8%
Chrysler Group	161,226	115,363	39.8%	11.7%	10.9%	0.8%
American Honda	139,178	90,773	53.3%	10.1%	8.5%	1.6%
Hyundai Kia	124,020	107,426	15.4%	9.0%	10.1%	-1.1%
Nissan NA	96,460	76,148	26.7%	7.0%	7.2%	-0.2%
VW	52,364	40,783	28.4%	3.8%	3.8%	0.0%
Total	1,378,000*	1,061,841	29.8%	-	-	-

*Includes brands not shown

Chrysler Relies on Incentives and New Product to Drive Sales

[Chrysler](#) will continue to trump its domestic counterparts in May, with an expected 40 percent year-over-year increase in sales, or 30 percent after adjusting for a few extra selling days this month. Chrysler gained nearly 5 points in market share after plummeting to 7.4 percent share in the summer of 2009, just prior to its bankruptcy announcement.

"Since being acquired by [Fiat](#), Chrysler has performed a remarkable turnaround that largely has been product driven," said Gutierrez. "The [200](#), [300](#), [Grand Cherokee](#), [Durango](#) and soon-to-be released Dart are just a few of the vehicles that are critical to Chrysler's turnaround."

In recent months, Chrysler has kicked up its sales growth through increased incentive spending, so consumers seeking value should take note. The brand's best deals are available on the 200 and 300 sedans, which are available each with more than \$2,000 in cash rebates. In addition, shoppers of all Chrysler products, including Chrysler, Dodge, Jeep, Ram and Fiat that finance through Ally Financial or Chase Auto Finance by May 31 will be eligible to defer payments for 90 days. The [Dodge Dart](#) should be arriving at dealerships in the next few months, and Kelley Blue Book expects Chrysler to continue capturing share in the months ahead.

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