Kelley Blue Book: April New-Car Sales Recovery Demonstrates Continued Strength At 1,148,000 Units, 14.0 Million SAAR

2012 Outlook Strong on Demand; Inventory Could Pose Problems Down the Road

IRVINE, Calif., April 27, 2012 /PRNewswire/ -- Kelley Blue Book www.kbb.com, the leading provider of new car and used car information, projects new-vehicle sales to reach 1,148,000 units, or 14.0 million seasonally adjusted sales rate (SAAR), in April 2012. This will account for a less than 1 percent decline in volume relative to April 2011, when the industry posted sales of nearly 1,158,000. However, the daily selling rate will improve by 11.6 percent with three fewer selling days this year compared to 2011, coming in at nearly 47,800 units, and just shy of the 50,100 posted in March.

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"Kelley Blue Book believes sales will continue to improve throughout 2012 on strong demand from consumers due to aging vehicles, compelling introductions and redesigns offered by manufacturers, and continued (albeit moderate) improvements in economic conditions in the United States," said Alec Gutierrez, senior market analyst of automotive insights for Kelley Blue Book. "Earlier this month, Kelley Blue Book increased its annual forecast up to 14.2 million units based on the Q1 sales pace, which averaged 14.5 million SAAR. Kelley Blue Book's initial projections in late 2011 estimated sales for 2012 between 13.3 to 13.5 million units overall."

According to Kelley Blue Book analysts, all indications point to continued strength in consumer demand. The company believes that if inventory can keep pace with demand, the industry will continue to post strong gains in the months ahead. The 54 day vehicle supply currently available in the United States should be adequate to meet current demand. However, supply has declined steadily since February 1, when there was a more than 65 day supply of vehicles available for sale. Further inventory declines may be on the horizon. An explosion at a plant in Germany could shut down production of a vital plastic resin that is used in brake lines, fuel lines and other flexible hoses for several months. Although it remains unclear how drastically this will impact the current pace of the auto sales recovery, auto manufacturers are taking the implications seriously. More than 200 representatives from auto manufacturers and supply companies met in Detroit in early April to discuss solutions and alternatives. Kelley Blue Book will be keeping an eye on production in the coming weeks to better assess the likelihood of a sales recovery slowdown.

GM Looks to Regain Lost Share, While Nissan and Chrysler Post Strong Year-Over-Year Gains

General Motors should recover market share this month after dropping from 18.2 percent to 16.5 percent share from February to March.

"GM will be aided by Cruze and Sonic sales, which have performed well in recent months due to high fuel prices and competitive lease offerings starting below $200 per month," said Gutierrez. "Kelley Blue Book expects Nissan to lead year-over-year gains due to strong cash and lease support available on nearly all vehicles in its portfolio. Consumers can look to Nissan for competitive leases and up to $3,000 cash back depending on the model."

Nissan's 46 percent year-over-year increase should be taken with a grain of salt, since Nissan sales were especially soft during April 2011. Kelley Blue Book expects Chrysler to post an impressive 13.6 percent gain year-over-year, beating

GM and Ford which are expected to decline in volume. There are only 24 selling days in April 2012 versus 27 last year, so sales declines are expected. Toyota and Hyundai will continue to perform well, but they will find it difficult to increase their share beyond current levels given their lean inventories; currently at 32 and 27 day supply, respectively.

Chrysler and Nissan to Lead Gains as Industry Hits 14.0 Million SAAR

	Sales Volume			Market Share		
Manufacturer	**Apr-12**	**Apr-11**	**YOY%**	**Apr-12**	**Apr-11**	**YOY**
GM	198,604	232,538	-14.6%	17.3%	20.1%	-2.8%
Ford Motor Co	179,088	189,284	-5.4%	15.6%	16.3%	-0.7%
Toyota Motor Co	164,164	159,540	2.9%	14.3%	13.8%	0.5%
Chrysler Group	133,168	117,225	13.6%	11.6%	10.1%	1.5%
American Honda	107,912	124,799	-13.5%	9.4%	10.8%	-1.4%
Nissan NA	104,468	71,526	46.1%	9.1%	6.2%	2.9%
Hyundai Kia	101,024	108,828	-7.2%	8.8%	9.4%	-0.6%
VW	41,328	38,679	6.8%	3.6%	3.3%	0.3%
Total	**1,148,000**	**1,157,928**	**-0.9%**	**-**	**-**	**-**

**Includes brands not shown*

Mid-Size Cars Will Retain Sales Dominance

Mid-size cars will continue to hold a significant share of all vehicles sold in April. Strong sales in the mid-size segment can be summed up in one of two ways: Strong introductions and redesigns such as the Toyota Camry, Hyundai Sonata and Volkswagen Passat have helped increase sales of somemid-size sedans, while cash rebates and lease offers have helped to push volume of vehicles like the Chrysler 200 and Nissan Altima. Both the 200 and Altima are available with more than $2,000 in cash rebates currently, which is significantly more than what currently is available on the Camry, Accord and many other high-profile entrants in the segment. Subcompacts will continue to benefit from high fuel prices and solid new introductions or redesigns such as the Chevrolet Sonic and Ford Fiesta. Subcompacts have increased market share by nearly 2 points year-over-year, and we expect sales to remain strong as long as fuel prices remain elevated.

Mid-Size Cars Will Continue to Thrive on Redesigns/Incentives

	Sales Volume			Market Share		
Segment	**Apr-12**	**Apr-11**	**YOY%**	**Apr-12**	**Apr-11**	**YOY**
Mid-Size Car	220,416	190,615	15.6%	19.2%	16.5%	2.7%
Compact Car	166,460	196,910	-15.5%	14.5%	17.0%	-2.5%
Compact Crossover	128,576	127,508	0.8%	11.2%	11.0%	0.2%
Full-Size Pickup Truck	117,096	113,884	2.8%	10.2%	9.8%	0.4%
Subcompact Car	66,584	46,600	42.9%	5.8%	4.0%	1.8%
Total	**1,148,000**	**1,157,928**	**-0.9%**	**-**	**-**	**-**

**Includes segments not shown*

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For further information: Robyn Eagles, +1-949-268-3049, regales@kbb.com, or Joanna Pinkham, +1- 949-268-3079, jpinkham@kbb.com, or Brenna Robinson, +1-949-267-4781, berobinson@kbb.com, all of Kelley Blue Book

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