

Kelley Blue Book Forecasts 10 Percent Year-Over-Year Increase in January New-Car Sales

Approximately 900,000 Units Expected for Month, 13.2 Million Seasonally Adjusted Annualized Rate; Overseas Tension Could Hinder 2012 Growth

IRVINE, Calif., Jan. 23, 2012 /PRNewswire/ -- Kelley Blue Book www.kbb.com, the leading provider of [new car](#) and [used car](#) information, projects January new-vehicle sales at 30 percent below the December high, coming in at approximately 900,000 units for the month or a 13.2 million Seasonally Adjusted Annualized Rate (SAAR). At 900,000 units overall, sales would be up nearly 10 percent year-over-year.

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January Sales to Improve Nearly 10 Percent Year-Over-Year

| Manufacturer | Sales Volume | | | Market Share | | |
|---------------------------------|--------------|----------|-------|--------------|----------|-------|
| | Jan 2012 | Jan 2011 | YOY % | Jan 2012 | Jan 2011 | YOY% |
| <i>General Motors</i> | 169,200 | 178,887 | -5.4% | 18.8% | 21.8% | -3.0% |
| <i>Ford Motor Company</i> | 144,900 | 126,981 | 14.1% | 16.1% | 15.5% | 0.6% |
| <i>Toyota Motor Corp.</i> | 121,500 | 115,856 | 4.9% | 13.5% | 14.1% | -0.6% |
| <i>Chrysler Group</i> | 93,600 | 70,993 | 31.8% | 10.4% | 8.7% | 1.7% |
| <i>American Honda Motor Co.</i> | 81,000 | 76,268 | 6.2% | 9.0% | 9.3% | -0.3% |
| <i>Hyundai-Kia</i> | 80,100 | 65,002 | 23.2% | 8.9% | 7.9% | 1.0% |
| <i>Nissan North America</i> | 79,200 | 71,847 | 10.2% | 8.8% | 8.8% | 0.0% |
| Total: | 900,000* | 819,394 | 9.8% | - | - | - |

**Includes projections for brands not shown*

Through 2012, Kelley Blue Book forecasts new-vehicle sales to surpass 13.3 million units on expectations of continued moderate U.S. economic recovery and rising demand from consumers with aged vehicles in need of a replacement.

"Our analysts have produced a regression model that explores unemployment, housing, consumer confidence and seasonal patterns to assist with our sales forecast for the year," said Alec Gutierrez, senior market analyst of automotive insights for Kelley Blue Book. "Given current market conditions and our expectations for 2012, we believe sales will continue to improve at a conservative pace in 2012."

Slow U.S. Economic Recovery and Aging Vehicles to Boost Sales in 2012

Sales will continue to improve in 2012 due to heightened demand stemming from the increasing age of vehicles on the road today; currently 10.8 years on average. Improving unemployment conditions also help drive sales in 2012. In December 2011, the unemployment rate dropped to 8.5 percent, as the economy added 200,000 non-farm payroll jobs.

"The more comprehensive measure of unemployment provided by the Bureau of Labor Statistics, U6, which includes part-time workers that would prefer to work full time and marginally attached workers, is still at 15.2 percent," said Gutierrez. "While this is lower than the 15.6 percent of

November, it is still quite high overall."

Consumer confidence and housing are projected to remain relatively stable through 2012 and will not influence sales significantly. If current projections hold true, 2012 will be another solid year for manufacturers, but significant downside risks that could slow down the momentum of the sales recovery remains.

Downside Risks Remain Prevalent

"We remain especially concerned about the ongoing European debt crisis and the heightened tensions with Iran as potential events that could derail the current U.S. vehicle sales recovery," said Gutierrez. "The European debt crisis has been of particular concern in recent weeks due to the debt rating downgrade of France, Portugal, Italy, and other European economies, leading to concerns for their ability to generate interest in future bond offerings."

A recent announcement by the World Bank, projecting a global slump in economic growth as in 2012, is only adding to financial health concerns for the overall Eurozone. The World Bank cut its 2012 growth forecast for the 17 countries that use the euro as their primary currency from 1.8 percent to -0.3 percent, all but proclaiming Eurozone nations to already be in a recession. The bank also cut its expectations for U.S. growth in 2012 from 2.9 percent overall, down to 2.2 percent. The bank's Chief Economist Justin Yifu Lin warned that a European recession could trigger a global freezing of capital markets, similar to what occurred in 2008. If that weren't enough, tensions with Iran could spell additional trouble, especially if Iran follows through on threats to close the Strait of Hormuz, perhaps prompting military intervention by the U.S. Combined, this would certainly lead to oil prices in excess of the \$140 per barrel peak that occurred in 2008, which would be disastrous for the economic recovery currently underway.

GM, Ford and Toyota Top Three in Projected Share; Toyota Expected to Rebound

"We project [GM](#), [Ford](#) and [Toyota](#) to lead new-vehicle sales in January, as each manufacturer relies on the success of recent redesigns to keep their sales momentum moving forward," said Gutierrez. "General Motors will be led by strong performances from the [Chevrolet Silverado](#), the hot-selling [compact Cruze](#), and the [Equinox crossover](#), while later in the year a new redesign for the [Chevrolet Malibu](#) also will help boost sales for GM."

Ford will look to the redesigned [Focus](#), all-new [Fiesta](#) and class-leading [F-150](#), to drive sales in January. The [2013 Escape](#) and highly anticipated [Fusion](#) redesign also will help keep Ford's sales momentum strong.

"In January, we are currently projecting GM and Ford to maintain 18.8 and 16.1 percent share, respectively," added Gutierrez. "Although GM and Ford will lead sales overall, Toyota isn't too far behind in third place and they will likely push to regain share throughout 2012."

After losing market share from its unintended acceleration recalls in 2010 and the inventory shortages resulting from the earthquake in Japan in 2011, Toyota has plenty of room for improvement in 2012. Toyota will look to the redesigned [Yaris](#), [Camry](#) and all-new [Prius V](#) to inflate sales in January.

"The sought after [Scion FR-S](#) and ultra-efficient [Prius C](#) also should help bring excitement back to Toyota's lineup, something that has been lacking for several years," added Gutierrez. "Consumers seeking reliable resale values should also consider Toyota since they were recently named [top brand](#) at the [2012 Kelley Blue Book Best Resale Value Awards](#) because of its industry leading five-year residual values. If that weren't enough to highlight Toyota's strength, visitors to kbb.com are already giving us strong signals of Toyota's expected rebound this year."

According to Kelley Blue Book Market Intelligence, Toyota maintained 19.4 percent of all new-car traffic in December, more than any other brand overall. Kelley Blue Book projects Toyota will capture 13.5 percent market share in January and potentially more moving into 2012, and with Toyota increasing inventory levels.

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