

Kelley Blue Book: February Auto Sales to Surpass 1,050,000 Units, 13.8 Million SAAR

Chrysler, Volkswagen to Lead Sales Gains; Subcompacts Gain Traction with Rising Fuel Prices

IRVINE, Calif., Feb. 22, 2012 /PRNewswire/ -- Kelley Blue Book www.kbb.com, the leading provider of [new car](#) and [used car](#) information, projects new-vehicle sales to surpass 1,050,000 units and reach a 13.8 million Seasonally Adjusted Annualized Rate (SAAR) for February 2012, improving 6.4 percent from this time last year.

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February sales will be aided by increased inventory levels, improved access to credit, attractive finance offers available to consumers and one additional selling day due to the leap year. New-vehicle sales have remained above 13.6 million SAAR since November 2011; however, Kelley Blue Book believes the annualized sales pace will slow after April, as pent-up demand is satisfied from [Toyota](#) and [Honda's](#) inventory shortfalls.

"From a pure volume perspective, in the months ahead sales will continue to exceed last year's figures, but this year there may be more volatility from month-to-month than in 2011," said Alec Gutierrez, senior market analyst of automotive insights for Kelley Blue Book. "Sales were remarkably flat from May through November 2011, due to the production woes faced by Toyota and Honda. Now that they are producing vehicles at full capacity, a return to traditional seasonal patterns is likely through 2012."

Consumers shopping in February and March will find an improved selection of vehicles available as a result of increased production in January. Manufacturers ramped up production in anticipation of President's Day sales promotions and the onset of the spring selling season beginning in March. As of February 1, there were nearly 2.5 million vehicles available for sale on dealer lots; equivalent to a 66 days' supply of vehicles overall. This is a significant improvement from the 52 days' supply of vehicles available as of January 1. The most significant inventory gains came from [General Motors](#), [Ford](#) and [Chrysler](#), each with greater than 80 days' supply of vehicles available for consumers. This compares to a more than 50 days' supply for Toyota, Honda and [Nissan](#), while [Hyundai](#) and [Kia](#) only have a 30 days' supply of vehicles overall.

In the next month, car shoppers will be able to negotiate the best savings by focusing on domestic vehicles, given the abundant supply currently available for sale. According to Autodata, domestic manufacturers spent more than \$1,000 per unit more on [incentives](#) in January compared to their Japanese and Korean counterparts, a trend that will continue in February.

Chrysler Expected to Top Manufacturer Sales Gains; General Motors to Retain Volume Lead

Kelley Blue Book expects Chrysler to post another strong performance in February; however, the pace of improvement should slow in the months ahead. In addition, with the exception of General Motors, Kelley Blue Book projects all automotive manufacturers to post year-over-year sales gains in February. General Motors continues to report declines due to a sharp reduction in incentive spending, down 16 percent in January according to Autodata, as well as increased competition from aggressive new redesigns. General Motors has several new introductions that should help boost sales later in the year, including the redesigned [2013 Chevrolet Malibu](#) and all-new [Cadillac ATS](#) and [XTS](#).

"The [Chrysler 200](#) didn't sell in significant volume until March 2011, so Chrysler's growth should level off beginning next month," said Gutierrez. "Later in the year, Chrysler should experience another boost with the launch of the all-new [Dodge Dart](#), a much-needed entrant into the already competitive compact segment. Strong sales are expected in the compact and subcompact categories, especially as fuel prices continue to rise."

Chrysler and Volkswagen Expected to Dominate Sales Gains in February

Manufacturer	Sales Volume			Market Share		
	Feb-12	Feb-11	YOY%	Feb-12	Feb-11	YOY
<i>General Motors</i>	195,000	207,028	-5.8%	18.5%	20.8%	-2.4%
<i>Ford Motor Company</i>	165,000	156,232	5.6%	15.6%	15.7%	-0.1%

Toyota Motor Corp.	147,000	141,846	2.6%	13.9%	14.3%	-0.4%
Chrysler Group	119,000	95,102	25.1%	11.3%	9.6%	-1.7%
American Honda	100,000	98,059	2.0%	9.5%	9.9%	-0.4%
Nissan North America	93,000	92,370	0.7%	8.8%	9.3%	-0.5%
Hyundai-Kia	88,000	76,339	15.3%	8.3%	7.7%	0.6%
Volkswagen	40,000	29,315	36.4%	3.8%	3.0%	0.8%
Total	1,056,000*	993,535	6.3%	-	-	-

*Includes projections for manufacturers not shown

Subcompacts Gaining Traction as Consumers Take Notice of Rising Fuel Prices

In terms of year-over-year growth, Kelley Blue Book projects subcompacts to lead all other segments, especially with fuel prices surpassing \$3.50 per gallon, nationally.

"Although traditionally viewed as a budget segment reserved for those consumers willing to accept fewer amenities, cheaper materials and less than an awe-inspiring driving experience, today's subcompacts compare favorably to many compacts or mid-size sedans," said Gutierrez. "The [Nissan Versa](#), [Chevrolet Sonic](#), [Ford Fiesta](#), [Hyundai Accent](#), [Honda Fit](#) and [Toyota Yaris](#) all are excellent examples of either all-new or redesigned products that many consumers would be happy to call their own. Each of these vehicles offers 40 mpg or more on the highway and would make an excellent choice for anyone looking to save a few bucks at the pump."

The mid-size category was a strong performer in January, and Kelley Blue Book anticipates February will be another solid month for the Camry-led segment. The [Toyota Camry](#) topped sales gains in January on the strength of its 2012 redesign. This is a segment to watch in 2012, especially with redesigns coming later in the year for the [Honda Accord](#), [Ford Fusion](#), [Nissan Altima](#) and [Chevrolet Malibu](#).

Subcompact Cars to Lead Sales Gains in February

Segment	Sales Volume			Market Share		
	Feb-12	Feb-11	YOY%	Feb-12	Feb-11	YOY
Mid-Size Cars	188,000	172,081	9.3%	17.8%	17.3%	0.5%
Compact Car	148,000	146,282	1.2%	14.0%	14.7%	-0.7%
Compact Crossover	121,000	113,556	6.6%	11.5%	11.4%	0.0%
Full-Size Pickup Truck	118,000	109,677	7.6%	11.2%	11.0%	0.1%
Subcompact Car	63,000	48,714	29.3%	6.0%	4.9%	1.1%
Total	1,056,000*	993,535	6.3%	-	-	-

*Includes projections for segments not shown

Rising Fuel Prices, Economic Risks Remain a Concern

Rising fuel prices and a slow economic recovery both stand as potential road blocks to continued improvements in new-vehicle sales. Oil prices are an immediate concern, with the current tensions in Iran and potential for additional military conflict in the Middle East. Oil prices closed at a nine-month high of nearly \$105 on Monday (February 20, 2012), while fuel prices have continued to climb for the past 60 days. Gas prices are up nearly \$0.40 per gallon year-over-year and have increased steadily since late December. Although fuel prices remain high, current projections by the Energy Information Administration (EIA) place average fuel prices in 2012 only slightly above the highs experienced in 2011. If conflict in Iran is avoidable, Kelley Blue Book is hopeful that fuel prices will remain below the \$4.00 highs of last year. In the worst case scenario, high fuel prices could slow the pace of the economic recovery and vehicle sales along with it.

The pace of the U.S. economic recovery remains very slow, and according to a recent forecast published by the Congressional Budget Office (CBO), the United States can expect much of the same through at least 2013. According to CBO estimates, the official unemployment rate, currently at 8.3 percent, will increase to 9.2 percent by the fourth quarter of 2013. In terms of overall economic output, Gross Domestic Product (GDP) is expected to show a scant annual increase of 2.2 percent in 2012, while 2013 will bring an even smaller 1.1 percent gain in GDP overall. Given the expectations for weak economic growth during the next several years, Kelley Blue Book expects the pace of the new-vehicle sales recovery to slow.

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