

AUTOMOBILE INDUSTRY OVERVIEW

Information in this automobile industry overview was gleaned from the most current market information published by Ward's Motor Vehicle Facts & Figures.

Vehicle Sales Trends

Year-to-date vehicle sales data (through February 2010) summarized in the table below indicate that total light vehicle sales were 132,858 units or 9.9% ahead of the same period in 2009. Ward's reported that 1.474 million units were sold during the first two months of 2010 as compared to 1.341 million units during the first two months of 2009. Domestic cars reported a 24.2% increase in sale figures in 2010 while imported cars reported a 1.2% increase in sales figures. Domestic light trucks reported an 11.7% increase in sale figures in 2010 while imported light trucks reported a 23.6% decrease in sales figures. Overall domestic light vehicles sales increased 17.2% while import light vehicles sales decreased by 8.4%.

WARD'S U.S. Light Vehicle Sales Summary								
	Month					Calendar Year-to-Date		
	February		% Share		DSR. % Chg.	January - February		Vol. % Chg.
	2010	2009	Current	Year-Ago		2010	2009	
Domestic Cars	278,833	219,907	35.8	32.0	26.8	524,328	422,333	24.2
Import Cars	120,412	120,884	15.5	17.6	-0.4	236,577	233,682	1.2
Total Cars	399,245	340,791	51.3	49.6	17.2	760,905	656,015	16.0
Domestic Light Trucks	321,288	271,325	41.3	39.5	18.4	600,904	537,958	11.7
Import Light Trucks	57,656	74,960	7.4	10.9	-23.1	112,927	147,905	-23.6
Total Light Trucks	378,944	346,285	48.7	50.4	9.4	713,831	685,863	4.1
Domestic Light Vehicles	600,121	491,232	77.1	71.5	22.2	1,125,232	960,291	17.2
Import Light Vehicles	178,068	195,844	22.9	28.5	-9.1	349,504	381,587	-8.4
Total Light Vehicles	778,189	687,076	100.0	100.0	13.3	1,474,736	1,341,878	9.9

Source is country of manufacture. Domestics are from U.S., Canada, Mexico. Imports are from overseas.
Light vehicles are cars and light trucks (GVW Classes 1-3, under 14,001 lbs.). DSR is daily sales rate.
Source: Ward's AutoInfoBank

Year-to-date vehicle sales, categorized by manufacturer and geographic region, are summarized in the table below. Domestic sales by the Big 3 were higher by 94,679 units or 16.1% in 2010. Ford (+34.9%) and GM (+13.1%) reported increased sales figures during January-February 2010 while Chrysler (-3.3%) reported decreased sales figures. Ford had the largest increase in terms of units (65,992) and in terms of percentage. Asian sales were 18,240 units or 2.8% higher during the same period while European sales were 19,939 units or 20.6% higher. The strong performance by Asian companies was fueled by the following companies: Nissan (+24,628 units, up 22.8%), Hyundai (+11,380 units, up 11.5%) and Subaru (+8,426 units, up 33.3%). Toyota, because of its recall woes was down (-68,047, -12.4). The strongest improvement in the European segment was achieved by Volkswagen (+13,082 units, up 36.6%).

WARD'S U.S. Light Vehicle Sales by Company								
	Month					Calendar Year-to-Date		
	February		% Share		DSR.	January - February		Vol.
	2010	2009	Current	Year-Ago	% Chg.	2010	2009	% Chg.
Chrysler	84,201	83,678	10.8	12.2	0.6	140,680	145,425	-3.3
Ford	140,319	97,756	18.0	14.2	43.5	255,179	189,187	34.9
GM	141,551	126,198	18.2	18.4	12.2	287,894	254,452	13.1
International (Navistar)	13	2	0.0	0.0	550.0	16	26	-38.5
North America Total	366,084	307,634	47.0	44.8	19.0	683,769	589,090	16.1
Honda	80,671	71,575	10.4	10.4	12.7	148,150	142,606	3.9
Hyundai Group	58,056	52,694	7.5	7.7	10.2	110,682	99,302	11.5
Isuzu	132	89	0.0	0.0	48.3	248	314	-21.0
Mazda	17,054	16,401	2.2	2.4	4.0	32,748	31,821	2.9
Mitsubishi	4,019	4,484	0.5	0.7	-10.4	8,189	9,214	-11.1
Nissan	70,189	54,249	9.0	7.9	29.4	132,761	108,133	22.8
Subaru	18,098	13,089	2.3	1.9	38.3	33,709	25,283	33.3
Suzuki	1,375	3,495	0.2	0.5	-60.7	3,415	7,150	-52.2
Tata	2,793	2,520	0.4	0.4	10.8	5,382	5,174	4.0
Toyota	100,027	109,583	12.9	15.9	-8.7	198,823	226,870	-12.4
Asia Total	352,414	328,179	45.3	47.8	7.4	674,107	655,867	2.8
BMW	17,971	15,805	2.3	2.3	13.7	33,381	30,119	10.8
Daimler	15,857	15,627	2.0	2.3	1.5	31,301	27,847	12.4
Porsche	1,531	1,518	0.2	0.2	0.9	3,317	3,176	4.4
Volkswagen	24,332	18,313	3.1	2.7	32.9	48,861	35,779	36.6
Europe Total	59,691	51,263	7.7	7.5	16.4	116,860	96,921	20.6
Total Light Vehicles	778,189	687,076	100.0	100.0	13.3	1,474,736	1,341,878	9.9

Light vehicles are cars and light trucks (GVW Classes 1-3, under 14,001 lbs.). DSR is daily sales rate.
Source: Ward's AutoInfoBank

The best selling cars and trucks during the first two months of 2010 are summarized in the table below.

WARD'S 10 Best Selling U.S. Cars and Trucks 2 Months 2010			
Cars		Trucks	
1 Accord	39,046	F Series	60,525
2 Altima	34,834	Silverado	42,594
3 Corolla/Matrix	34,117	Escape	25,909
4 Camry	32,344	CR-V	21,500
5 Malibu	31,589	Ram Pickup	20,224
6 Civic	31,164	Equinox	17,574
7 Fusion	28,638	Sorento	16,237
8 Cobalt	27,063	Santa Fe	15,168
9 Focus	24,097	Tacoma	15,072
10 Impala	22,679	Edge	14,937

Source: Ward's AutoInfoBank

Vehicle Production Trends

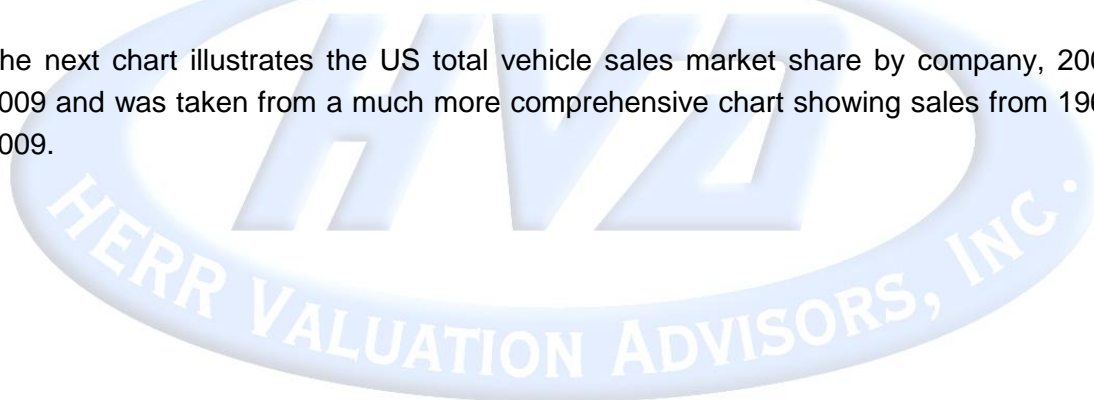
North American vehicle production figures for the first month of 2009 and 2010 are summarized in the table below. The Big 3 production for 2010 was 277,033 units more or a 144.9% change over the same period in 2009. Other manufacturers' production for 2010 was 455,107 units more or a 104.6% change over the same period in 2009.

WARD'S North America Vehicle Production by Manufacturer										
	Month					Calendar Year-to-Date				
	January 2010	January 2009	% Share Current	% Share Year-Ago	Vol. % Chg.	January - January 2010	January - January 2009	% Share Current	% Share Year-Ago	Vol. % Chg.
Chrysler	88,623	39,313	10.0	9.0	125.4	88,623	39,313	10.0	9.0	125.4
Ford	180,096	89,666	20.2	20.6	100.9	180,096	89,666	20.2	20.6	100.9
GM	199,517	62,224	22.4	14.3	220.6	199,517	62,224	22.4	14.3	220.6
Big 3 Total	468,236	191,203	52.6	43.9	144.9	468,236	191,203	52.6	43.9	144.9
AutoAlliance	7,067	544	0.8	0.1	--	7,067	544	0.8	0.1	--
BMW	10,179	10,448	1.1	2.4	-2.6	10,179	10,448	1.1	2.4	-2.6
CAMI	0	0	0.0	0.0	--	0	0	0.0	0.0	--
Honda	101,205	73,024	11.4	16.8	38.6	101,205	73,024	11.4	16.8	38.6
Hyundai	18,441	11,000	2.1	2.5	67.6	18,441	11,000	2.1	2.5	67.6
Kia	8,300	0	0.9	0.0	--	8,300	0	0.9	0.0	--
Mercedes	9,120	2,199	1.0	0.5	314.7	9,120	2,199	1.0	0.5	314.7
Mitsubishi	2,694	2,381	0.3	0.5	13.1	2,694	2,381	0.3	0.5	13.1
Nissan	77,374	45,491	8.7	10.5	70.1	77,374	45,491	8.7	10.5	70.1
NUMMI	29,336	11,245	3.3	2.6	160.9	29,336	11,245	3.3	2.6	160.9
Subaru	18,928	10,507	2.1	2.4	80.1	18,928	10,507	2.1	2.4	80.1
Toyota	99,602	40,680	11.2	9.4	144.8	99,602	40,680	11.2	9.4	144.8
Volkswagen	24,704	20,105	2.8	4.6	22.9	24,704	20,105	2.8	4.6	22.9
Others	14,991	16,243	1.7	3.7	-7.7	14,991	16,243	1.7	3.7	-7.7
Total	890,177	435,070	100.0	100.0	104.6	890,177	435,070	100.0	100.0	104.6

Source: Ward's AutoInfoBank

The 2010 statistics indicate that the auto industry is slowly strengthening recently as evidenced by higher unit sales in most components of the industry.

The next chart illustrates the US total vehicle sales market share by company, 2000-2009 and was taken from a much more comprehensive chart showing sales from 1961-2009.



U.S. Total Vehicle Sales Market Share by Company, 2000-2009

Company	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
American Motors	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Bering	0.01	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
BMW	1.06	1.22	1.50	1.63	1.71	1.76	1.84	2.04	2.25	2.28
British Leyland	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Chrysler	14.16	13.01	12.87	12.54	12.75	13.21	12.57	12.62	10.77	8.79
Daimler	1.89	1.76	1.79	1.90	2.04	2.16	2.37	2.14	2.41	2.43
Diamond REO	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Fiat	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Ford	22.58	21.60	19.90	19.19	17.99	17.01	16.04	14.59	14.19	15.29
GM	27.97	28.04	28.27	27.67	26.90	25.59	23.89	23.24	21.93	19.58
Honda	6.51	6.91	7.28	7.96	8.06	8.38	8.85	9.43	10.59	10.86
Hyundai	1.37	1.98	2.19	2.36	2.42	2.61	2.67	2.84	2.98	4.10
International	0.57	0.43	0.40	0.41	0.52	0.58	0.68	0.42	0.50	0.50
Isuzu	0.66	0.56	0.39	0.26	0.25	0.16	0.14	0.13	0.10	0.05
Jaguar	0.25	0.25	0.36	0.32	0.27	0.17	0.12	0.10	0.11	0.11
Kia Motors	0.90	1.28	1.38	1.40	1.56	1.58	1.73	1.86	2.03	2.83
Land Rover	0.15	0.16	0.24	0.23	0.21	0.26	0.28	0.30	0.22	0.25
Mazda	1.43	1.54	1.51	1.53	1.53	1.48	1.58	1.80	1.96	1.96
MG	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Mitsubishi	1.77	1.85	2.01	1.51	0.93	0.71	0.70	0.78	0.72	0.51
Nissan	4.24	4.04	4.33	4.70	5.72	6.19	5.99	6.50	7.06	7.27
Opel	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
PACCAR	0.28	0.18	0.23	0.23	0.34	0.38	0.48	0.29	0.30	0.28
Peugeot	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Porsche	0.13	0.13	0.12	0.17	0.18	0.18	0.20	0.21	0.19	0.19
Renault	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Saab	0.22	0.21	0.22	0.28	0.22	0.22	0.21	0.20	0.16	0.08
Scania	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Studebaker	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Subaru	0.97	1.06	1.05	1.10	1.08	1.12	1.18	1.14	1.39	2.04
Suzuki	0.34	0.37	0.40	0.34	0.43	0.47	0.59	0.62	0.63	0.36
Toyota	9.10	9.97	10.26	11.01	11.92	12.98	14.95	15.96	16.47	16.73
Triumph	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Volkswagen	2.45	2.51	2.47	2.29	1.93	1.76	1.91	1.97	2.30	2.79
Volvo (car)	0.69	0.72	0.65	0.79	0.80	0.71	0.68	0.65	0.54	0.58
Volvo Truck	0.29	0.20	0.18	0.17	0.24	0.31	0.35	0.18	0.18	0.14
White	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Yugo	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Other	0.01	0.00	0.00	0.00	0.00	0.00	0.01	0.01	0.00	0.00
Total Vehicles	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00

Source: WardsAuto.com

A current article from Automotive News March 8, 2010 entitled “Sales are Climbing Slowly, but Transaction Prices Surge” by Jesse Snyder ([Lindsay Chappell](#) contributed to this report also) he summarizes the current state of the automobile industry.

U.S. sales are still sputtering along at about two-thirds of pre-recession levels. And unemployment is pain-fully high at about 10 percent. So that means customers are paying less for vehicles, right? Wrong. The average transaction price is up about \$1,800 from a year ago, taking the sting out of a stubbornly slow new-vehicle sales recovery for automakers and dealers.

But analysts say the benefit to automakers of higher prices could be undermined if a fresh incentive war breaks out. Toyota, troubled by its recall crises, launched 0 percent financing last week.

U.S. dealers sold 780,463 light vehicles last month. That's up a solid 13 percent from February 2009, the worst month of the slump. Two trends, one good and one bad, account for the higher transaction prices. First, even though many customers are moving to smaller vehicles, they still want goodies such as leather

seats. But transaction prices also are up because many financially stressed and unemployed customers are on the sidelines.

Cash for clunkers “greatly reduced inventory levels. Content is up. The model mix is better, and what credit is available is for people with higher credit scores and income,” said Jeff Schuster, executive director of forecasting at J.D. Power and Associates. “It is a healthier environment than last year.”

The transaction price is the amount negotiated between customers and dealers who report to the Power Information Network. It does not reflect incentives, which have dropped significantly in the past year. So transaction prices are rising even though customers are receiving fewer spiffs. The average transaction price of \$30,002 in January was \$1,788, or 6 percent, higher than a year earlier, according to the Power Information Network. Transaction prices rose even more for the Detroit 3, which desperately need higher revenues and profits. Detroit's average jumped \$2,829, or 11 percent, to \$29,425 in January, compared with 5 percent for Asian brands and 3 percent for European brands, Schuster said. Driven by six new models and company efforts to cut incentives, February transaction prices soared more than \$4,000 a vehicle at **General Motors Co.**, said Susan Docherty, head of marketing.

Ford Motor Co. sales boss Ken Czubay said Ford has commanded substantially higher transaction prices since September after cash for clunkers slashed inventories and cleared out most 2009 models. “Our prices are driven up by customers ordering more equipment, higher trim levels, and we have a more favorable model mix,” he said. Ford had to boost feature installation rates and add higher trim levels to its 2010 production schedule to adjust to unanticipated demand, Czubay previously has said. Customers buying smaller vehicles during the recession aren't sacrificing convenience and technology features, said George Pipas, Ford's chief sales analyst. “Even those coming out of an Eddie Bauer Explorer still want leather seats,” he said.

Another reason margins are higher is automaker discipline in cutting incentives, Schuster said. But early signs of an incentive war appeared last week, threatening the benefit of higher transaction prices.

Rivals are directly seeking the customers of recall-ravaged Toyota Motor Sales U.S.A. as its February sales fell 9 percent. And Ford Motor outsold GM in February for the first time since 1998. Toyota responded last week by launching 60-month 0 percent loans. GM matched that immediately.

But per-vehicle costs for 60-month 0 percent incentives are far greater than existing incentive spending, Barclays Capital analysts Brian Johnson and Emmanuel Rosner said in a report to investors Thursday, March 4. Offering a 60-month 0 percent loan on a typical car would cost a manufacturer \$4,657, Barclays calculates, compared with incentives of \$3,346 for GM and \$1,800 for Toyota last month.

Pumped-up prices

Average transaction price, U.S. vehicles

Jan. 2010	\$30,002
Jan. 2009	\$28,214
Jan. 2008	\$28,522
Jan. 2007	\$28,543

Source: Power Information Network

(Source: <http://www.autonews.com/apps/pbcs.dll/article?AID=/20100308/RETAIL01/303089945/1401#ixzz0hgUAq18U>)

