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Auto Sales Fall Back as Clunker Program Ends

By NICK BUNKLEY

DETROIT — After two frenzied months during the government's cash-for-clunkers program, new-vehicle sales in the United States retreated in September to levels seen earlier this year, automakers said Thursday.

General Motors said its sales declined 45 percent, and Chrysler reported a 42 percent drop from September 2008.

September was the second-worst month of the year for the auto industry, with a seasonally adjusted selling rate only slightly higher than February.

"Floor traffic was lousy all month," Mark LaNeve, G.M.'s vice president of United States sales, said in a conference call with reporters and analysts. "Every brand, every region of the country — it was a real post-clunker hangover. It was disappointing. I expected the month to be a bit stronger, but it just wasn't."

Sales were down 20 percent at Honda, 13 percent at Toyota and 7 percent at Nissan.

The Ford Motor Company, which has been gaining market share both from new models and by surviving without a government rescue or bankruptcy, said its sales declined just 5 percent last month. For the entire third quarter, sales by Ford's three domestic brands rose 5 percent, the company's first quarterly increase in four years.

"I've never seen a roller coaster like this," said Ken Czubay, Ford's vice president of United States sales, service and marketing.

"It was a breathtaking quarter, and it really put the Ford plan to the test. But instead of leaving us vulnerable to the peaks and valleys of the third quarter, our broad, balanced product line delivered sales and share gains from all corners."

The best news for the month came from Hyundai, which has been gaining momentum throughout the recession. Hyundai said its sales rose 27 percent in September.

Total industry sales fell 23 percent from a year ago and 41 percent from August, when the cash-for-clunkers program was halted after it ran out of money.

"We believe the remainder of 2009 will continue to be a challenge for the U.S. automotive market," said Peter Fong, the head of Chrysler's sales organization. "Credit markets have thawed slightly but still remain tight, and consumer confidence, as we saw in September, is tenuous."

The good news for automakers is that the market is no longer deteriorating, though it is not improving very quickly. Also, the clunkers program cleared out inventories at many dealerships, leading G.M., Ford and other manufacturers to increase production at some plants and call back thousands of laid-off workers to their assembly lines. The depleted stocks hindered sales at many dealers in September but left the automakers in a better position to compete and make profitable sales in the months ahead.

"Where we are at now is pretty much where we were before clunkers," said Jesse Toprak, the vice president of industry trends and insights at TrueCar.com, a Web site that tracks automotive sales and pricing. "We hit the bottom — now we can safely say because it's been a while — back in February. But now we're struggling to jump-start the industry."

The surprisingly popular clunkers program resulted in nearly 700,000 sales in July and August, a welcome respite for dealers whose showrooms were nearly empty all winter and spring. The program gave credits of up to $4,500 to consumers who traded in an older, inefficient vehicle and bought a new one with a higher fuel-economy rating.

Some of those purchases most likely would have been made in future months even without the clunkers program, but automakers say many of those who took part in the program typically buy used cars instead of new ones.

Analysts expect sales to improve for the rest of the year, and the drastic declines at the end of 2008 mean the industry will probably begin posting positive numbers in year-over-year comparisons. A slowly improving economy suggests that demand for new vehicles will rise in the months ahead, though 2010 is not expected to be significantly better.

"While it's going to be a tough road here over the next 12 or 18 months, we're certainly moving in the right direction," said George Magliano, director of auto industry research at IHS Global Insight.

At G.M., which is eliminating four of its eight brands as part of its postbankruptcy restructuring, sales for the four brands that will remain — Buick, Cadillac, Chevrolet and GMC — were down 41 percent in September. Sales for the four brands being cut — Hummer, Pontiac, Saab and Saturn — were down 67 percent.

On Wednesday, G.M.'s deal to sell Saturn to Penske Automotive fell apart when the company from which Penske planned to buy future Saturn models rejected the plan. G.M. said it planned to stop building Saturn vehicles and to wind down the brand and its 350 dealerships.

G.M. said Saturn stores had about 12,000 vehicles in inventory, roughly enough to last four more months.