

**To:** Dravis, Samantha[dravis.samantha@epa.gov]  
**From:** David Schwietert  
**Sent:** Mon 5/1/2017 1:18:06 PM  
**Subject:** Re: Useful article on Auto sales/growth

Thank you

On May 1, 2017, at 9:15 AM, Dravis, Samantha <[dravis.samantha@epa.gov](mailto:dravis.samantha@epa.gov)> wrote:

Thank you – please note correct spelling of Brittany Bolen’s email address:  
[bolen.brittany@epa.gov](mailto:bolen.brittany@epa.gov) it only has one “l”

Thanks!

**From:** David Schwietert [<mailto:DSchwietert@autoalliance.org>]  
**Sent:** Monday, May 01, 2017 8:55 AM  
**To:** [bollen.brittany@epa.gov](mailto:bollen.brittany@epa.gov); Dravis, Samantha <[dravis.samantha@epa.gov](mailto:dravis.samantha@epa.gov)>; Jackson, Ryan <[jackson.ryan@epa.gov](mailto:jackson.ryan@epa.gov)>  
**Cc:** Jennifer Thomas <[JThomas@autoalliance.org](mailto:JThomas@autoalliance.org)>  
**Subject:** Useful article on Auto sales/growth

Ryan, Samantha and Brittany,

I caught this article earlier and figured you would also appreciate it.

Following our Board’s meeting with the Administrator last week, this article helps to underscore the close relationship between government policy and what that ultimately means to manufacturers and consumers. This is especially poignant with the unprecedented seven years of growth between 2009-2016 and the increasing slope of regulations – particularly the fuel efficiency standards that are being reevaluated thanks to the work of the Administration and your boss.

Dave

<image001.png>

## A \$50,000 Chrysler Van Explains Why U.S. Auto Sales Are Slowing

By Jamie Butters and Keith Naughton | May 1, 2017 05:00AM ET | Bloomberg Government

(Bloomberg) -- To understand why the U.S. auto market isn't growing, consider a top-of-the-line minivan from Fiat Chrysler Automobiles NV now costs about \$50,000.

With twin second-row touch screens, reclining third-row seats, a vacuum and automated parallel parking, the Chrysler Pacifica packs plenty of features to justify a hefty expense. But this big a price tag puts the prototypical family vehicle out of reach for most Americans.

After U.S. auto sales fell in each of the first three months of the year, the annualized sales pace, adjusted for seasonal trends, probably slowed in April to about 17.1 million, from 17.4 million a year earlier. With marginal buyers beginning to balk due to sticker shock, Ford Motor Co. cautioned last week it's not going to be able to count on price increases to boost North American profits the rest of this year.

"At some point that will be one of the aspects that will continue to drive down the volume," [Bob Shanks](#), Ford's chief financial officer, said in an interview. "It will become tougher."

The average new-car price in the U.S. rose about 2 percent over the past year, according to [data](#) from TrueCar Inc.'s ALG. That's an increase more consumers may have been able to stomach when borrowing costs were low and loose credit made pricier trucks and sport utility vehicles more attainable.

"Honestly, the average American doesn't come into a new-car dealership," said Steven Szakaly, chief economist of the [National Automobile Dealers Association](#). "We're only selling new cars to about 5 percent of the U.S. population."

<image002.png>

As inflation generally outstrips wage increases and young adults find

themselves buried under student debt, new cars are becoming less feasible for some would-be buyers, said Michelle Krebs, a senior analyst with Cox Automotive.

“It’s not just the price of the cars -- it’s the price of everything else,” she said. “The price of things like health care, shelter -- all of that is fighting for the budget.”

If vehicle purchases per million driving-age Americans were the same as in 2000, the industry would be selling almost 20 million new light vehicles a year -- well beyond last year’s record of just under 17.6 million. Instead, the U.S. auto sector is on pace for its first year of decline since 2009.

“We’re starting to see the slowdown in 2017 we’ve been anticipating,” said [Jessica Caldwell](#), executive director of industry analysis for car-shopping website [Edmunds.com](#). “These year-over-year declines may become more typical as the year progresses.”

With the exception of Nissan Motor Co., the biggest automakers in the U.S. are projected to report declining U.S. sales for the month of April, according to a Bloomberg News survey of analysts. Fiat Chrysler and [Honda Motor Co.](#) may post declines of more than 5 percent.

<image003.png>

In an effort to keep new vehicles moving off the lots, automakers have ratcheted up discounting. Spending on incentives last month through April 16 reached a record for the month of \$3,499, [according](#) to J.D. Power.

Heavy discounts and ample supply of used vehicles coming off leases are depressing used-car values. The NADA Used Car Guide’s price index declined in March to the [lowest since September 2010](#), fueling concerns about the fallout for automakers, lenders and car-rental companies.

“Sales have been pretty strong, credit has been pretty stable and all that’s transitioning right now,” [Jeff Brown](#), the chief executive officer of auto lender Ally Financial Inc., said last week in a phone interview.

<image004.png>

One factor supporting higher new car prices has been the lack of competitive pressure from two- and three-year-old vehicles, the like-new cars typically sold as part of certified pre-owned programs. But that’s starting to change. About 3.6 million vehicle leases are projected to expire this year -- and more than 4 million next year, according to auto-auction company Manheim -- supply is increasing and giving shoppers on the fringe of the new-car market some options.

“We’ve definitely seen that some of the demand has shifted from new to used,”  
Jason Kulas, CEO of Santander Consumer USA, said last week on a conference  
call.

--With assistance from Gabrielle Coppola and Jenny Surane.

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