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Retail

CANADIAN CAR PRICES NOW LOWER THAN U.S.

CHEAP GAS AND SINKING LOONIE KEEP SHOPPERS FROM GOING SOUTH

TORONTO – With the Canadian dollar's swift fall back to below 80 cents U.S., Canadian car buyers could be facing higher vehicle prices very soon as dealers play catch-up.

Here's one example: A new 2009 Toyota Camry LE priced at \$22,370 U.S. including freight may seem like a bargain compared to the lowered Canadian price of \$24,870 (the 2008 model was \$27,370), until you factor in the exchange rate. At 80 cents, the price skyrockets to \$27,962. The equivalent Canadian car now costs \$3,000 less than the U.S. car. Instead of Canadians going south in search of bargains, we may soon see the opposite: American buyers shopping for new vehicles here.

"It's my opinion that cross-border shopping has come to a screeching halt," commented Bruce Cran, president of the Consumers Association of Canada. This view is shared by Paul Timoteo, President of CarCostCanada.com. "We've already seen a sharp decrease in Canadians shopping for new car bargains in the U.S.," stated Timoteo. "Last year at this time, we were flooded with inquiries from Canadians looking for U.S. new car bargains. Not anymore."

Stay-at-home Canadian shoppers should be concerned as well. When the loonie flirted with par value to the greenback earlier this year, virtually all Canadian new car distributors lowered their prices to bring them closer to U.S. prices, many by thousands of dollars. Will those attractive sticker prices now begin to rise again?

"Canadian new car buyers should be worried," stated Paul Timoteo of CarCostCanada.com. "In fact, this could be one reason why new car sales in Canada have been strong lately. Canadians know a bargain when they see it. They realize that if new car prices went down when the Canadian dollar went up, with the Canadian dollar now down

significantly new car prices have nowhere to go but up. It's just a matter of time."

There has been a ripple effect in the used car market, since bargains on almost-new used cars imported from the U.S. have dried up. Over the past year, Canadian dealers have bought thousands of almost-new used cars and resold them in Canada at prices typically thousands less than for comparable Canadian cars. This game is over as well.

Timoteo remains upbeat, however. "The fact is, there are still opportunities for Canadian car-buyers to save money, but only for those who act quickly.

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