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## Toyota may raise prices due to steel cost pressures

*Tuesday, 29 Jul, 2008*

Jiji Press reported that Toyota Motor Corporation is considering raising prices in Japan of its Prius gasoline electric hybrid car and luxury models.

As per report, Toyota Motor is expected to raise prices by 1% to 3% on average due to soaring costs of raw materials such as steel. It is likely to make a final decision as early as August and start introducing new pricing by the end of 2008.

It will be the first time for Toyota to raise its vehicle prices without model changes since 1992, when the company increased prices for some commercial vehicles. Toyota seems to be finding it easy to raise the prices of the Prius and luxury models because their sales are apparently less vulnerable to a price increase than other lineups including smaller cars.

The Prius is in short supply because of its strong demand. Higher materials prices take a heavier toll on the Prius than on other models because the hybrid car uses a lot of rare metals, of which prices are rising steeply.

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