

US carmakers report higher 2Q sales as inventories shrink

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Demand remains strong for autos like GM's Silverado pickups, but tight inventories will challenge in the industry.

Automakers reported huge jumps in second-quarter US sales Thursday, but face a challenging summer as the global semiconductor shortage

continues to plague the industry.

General Motors and Toyota saw impressive increases compared with the same quarter of 2020 when large parts of the US economy remained under tight Covid-19 restrictions.

GM said US sales soared 40 percent this spring to 688,236 units.

"The US economy is accelerating, [consumer spending](#) is robust and jobs are plentiful," GM Chief Economist Elaine Buckberg said.

"Consumer demand for vehicles is also strong, but constrained by very tight inventories. We expect continued high demand in the second half of this year and into 2022."

GM continued to see robust appetite for larger vehicles, especially pickup trucks. Just two pickup brands—the Chevrolet Silverado and GMC Sierra—accounted for about 35 percent of all sales.

The company also pointed to increases in sales of its Bolt [electric vehicles](#), although the volumes remain tiny compared with total sales. GM this year has unveiled a series of major projects to boost electric [vehicle](#) capacity.

But the US auto giant's inventories stood at just 211,974 vehicles, depleted by 37 percent from the end of the first quarter. Inventories in June 2019 stood at 809,387.

Automakers have been forced to dial back or alter production due to the semiconductor crunch, which analysts say is hitting sales as well.

Toyota scored a 73 percent increase in US auto sales to 688,813 compared with the second quarter of 2021.

Toyota's press release did not disclose inventory data, but sales in June were off 14 percent compared with May.

"We are in an unusual time. The low inventories are starting to have an effect on sales," said Michelle Krebs of Cox Automotive.

Krebs said both GM and Toyota have low inventories of popular models, prompting some consumers to defer purchases because they could not find what they wanted, or were put off by elevated prices.

"The whole market is in a place we have never been before," Krebs said. "The overwhelming story is the lack of [inventory](#) due to the chip shortage."

Krebs said it was difficult to know when dealerships might be replenished meaningfully, and lean inventories are expected to persist through the summer and possibly into fall.

Semiconductor supplies remain tight, but IHS Markit expects the situation to improve somewhat in coming weeks.

"In third quarter we expect continued disruption but not to the scale seen in the first or second quarter," IHS Markit said in a note Wednesday.

"The situation is becoming better understood and great efforts are being made to enhance visibility within a very complex supply chain."

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