

GM reports big drop in 3Q US sales on semiconductor woes

October 2 2021



General Motors reported a big drop in quarterly US sales due to the semiconductor shortage.

General Motors reported a sharp drop in third-quarter US sales on Friday as the global semiconductor crunch depletes dealerships of auto supply amid still-strong consumer demand.

The big US automaker described auto inventories as "historically low" after months of limited [semiconductor](#) supply, which has led to manufacturing outages and cuts throughout its plant network.

GM reported third-[quarter sales](#) of 446,997 in the United States, down almost a third from the year-ago period.

In the most recent quarter, the chip shortage was exacerbated by a surge in Covid-19 cases in Malaysia, which is home to key semiconductor capacity.

But Steve Carlisle, executive vice president of GM North America, said the issues with chips "are improving" and that it looks forward to a "more stable operating environment through the fall."

One upside of the supply crunch for automakers has been rising [vehicle](#) prices, which can help offset some of the pain from lower sales.

In the third quarter, GM's average vehicle prices was \$47,467, up almost 32 percent from the equivalent period in 2018.

"While supply has been constraining sales in recent months, underlying demand conditions remain strong, thanks to ample job openings, growing pent-up vehicle demand and excess savings accumulated by

many households during the pandemic," said GM Chief Economist Elaine Buckberg.

"We expect to continue selling every vehicle we can produce with rapid turnover."

Shares of GM fell 0.2 percent to \$52.63 in morning trading.

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