

GMs Q1 sales rise in US, but chip shortage hits inventories

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GM reported higher US sales in the first quarter, but inventories dwindled amid the industrywide semiconductor shortage

General Motors reported higher first-quarter US auto sales Thursday amid rising consumer confidence, but car inventories fell sharply due to the global semiconductor shortage.

The largest US automaker pointed to continued strong demand for larger vehicles such as full-size sport utility vehicles and pickup trucks.

"Consumer confidence and spending will continue to increase due to stimulus, rising vaccination rates and the progressive reopening of the economy," said GM Chief Economist Elaine Buckberg. "Auto demand should remain strong throughout the year."

In the first quarter, GM's sales rose four percent to 642,250.

However, the company's [inventory](#) at the end of the quarter stood at 334,628, well below the level at the end of the fourth quarter and a drop of 50 percent compared with the year-ago supply.

GM and other automakers have temporarily halted or reduced production at some factories due to the worldwide shortage of semiconductors.

"GM is building some vehicles without certain modules when necessary," the company said. "They will be completed as soon as more semiconductors become available."

GM aims to recover lost production the second half of the year. The company said it is providing new software to dealers to help them track in-demand vehicles and update customers on orders.

Analysts at Cox Automotive said US sales activity picked up in March after [winter storms](#) slowed sales in February, adding that the arrival of stimulus checks from President Joe Biden's economic relief package is also boosting activity.

But Cox warned the [semiconductor](#) shortage looms as a threat for the coming period.

"Inventory levels are tight right now," said Cox economist Charlie Chesbrough.

"Although lean inventories have not had much impact on buyers in the [first quarter](#), that will likely change as we move into Q2. The production disruptions happening now will turn into even lower inventory in the months ahead."

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