

Automakers report higher US sales, but chip shortage clouds outlook

1 April 2021, by John Biers



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

Carmakers reported higher first-quarter US sales on Thursday amid rising consumer confidence, but a semiconductor shortage that has crimped production raises questions about supply in coming months.

Toyota led the pack with its double-digit, year-over-year US sales gain, but General Motors, Ford and Fiat Chrysler also saw sales rise during a period that included passage of a giant US economic relief package that sent cash to most households and accelerating vaccinations.

"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."

But while demand is healthy, there are questions about the supply picture as all four companies have announced production cuts due to the global

semiconductor shortage.

Just a week ago, FCA's parent company Stellantis announced it was suspending production at five North American auto manufacturing plants due to the chip crunch.

Toyota scored a 21.6 percent sales increase in the first three months of the year to 603,066.

That included a jump in sales of "alternative powered vehicles" including hybrids and [electric cars](#), which now comprise 24 percent of total sales, Toyota said.

GM, the largest US automaker, posted a four percent sales gain to 642,250. The company pointed to strong demand for larger vehicles such as full-size sport utility vehicles (SUVs) and pickup trucks.

Ford sales were up just one percent to 521,334, as higher sales of trucks and SUVs more than offset a sharp drop in sedan sales.

Ford also highlighted higher electric vehicle sales following the rollout of its Mustang Mach-E SUV.

Meanwhile, FCA said sales rose five percent to 469,651, propelled in part by gains in the Ram and Jeep truck brands.

'Production disruptions'

Analysts at Cox Automotive said activity picked up in March after winter storms slowed sales in February, and the arrival of stimulus checks from President Joe Biden's economic relief package also is boosting activity.

But Cox warned the semiconductor shortage looms as a threat to the auto sector.

"Although lean inventories have not had much

impact on buyers in the first quarter, that will likely change as we move into Q2," said Cox Automotive economist Charlie Chesbrough.

"The production disruptions happening now will turn into even lower inventory in the months ahead."

GM said 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.

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

The Detroit giant aims to recover lost production the second half of the year.

GM was the only one of the four automakers to provide inventory data along with its sales report.

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