

US car sales mostly up in 1H as larger vehicles reign

July 3 2018



Ford Focus compact cars for sale at a Chicago dealership in June. Automakers said US market conditions remained healthy in the first half of the year.

Leading automakers reported mostly higher US sales for the first half of 2018 on Tuesday, bolstered by a strengthening economy and robust

demand for larger vehicles despite higher gasoline prices.

General Motors, Fiat Chrysler and Toyota all reported higher [sales](#) for the year through the end of June, while Ford reported a modest decline even as it described overall market conditions as robust.

Some analysts have been cautious on the outlook for US auto sales given rising interest rates and trade tariff announcements, which could also hike costs of vehicles.

But automakers said US market conditions remained healthy amid solid employment trends and a lift from US tax cuts.

"Customers are buying with confidence because the economy is strong and they expect it to remain strong," said Kurt McNeil, General Motors US [vice president](#) of sales of operations.

GM, the biggest US automaker, reported a 4.2 percent increase in first-half sales to 1.5 million, with sales rising 4.6 percent in the second quarter to 758,376.

GM cited double-digit increases in deliveries of pickup trucks and large SUVs in the second quarter.

"Tax reform raised take-home pay, consumer confidence is high and household balance sheets are healthy," said GM chief economist Elaine Buckberg said.

Ford executives said the effects of US trade tensions were too uncertain to predict at this point but they backed the upbeat assessment of US market conditions.

More, bigger autos

June sales were "really solid," Mark LaNeve, vice president for US marketing sales and service, said on a conference call with analysts and reporters.

Ford's sales declined 1.8 percent for the first half of 2018 to 1.3 million but rose 1.2 percent in June to 230,635.

LaNeve said demand for pickup trucks and other large vehicles was "amazing," with no sign that customers were avoiding the vehicles despite higher gasoline [prices](#). US gasoline prices are currently about 28 percent higher than they were a year ago.

"If anything, we're seeing an acceleration of the trend (to larger vehicles) even with slightly higher gas prices," LaNeve said.

"When the (price increase) is gradual, it doesn't trigger a shift," he said. "It's when people are afraid they can't get gas, you see a change."

Ford's sedan sales fell 12.6 percent in the first half of 2018, while truck sales rose 4.2 percent in the same period. SUV sales slipped 0.7 percent.

LaNeve said consumers were also showing surprisingly strong appetite for more gadgets and other "up-level" features, boosting [vehicle](#) prices.

At FCA, sales in the first half of the year rose five percent to 1.1 million. They were bolstered by the Jeep and Ram Truck brands.

Toyota reported a three percent increase in [auto sales](#) for the first half of the year to 1.2 million.

Toyota had lower sales for both Toyota and Lexus brand cars during this period but higher sales for trucks for both brands.

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