

Shutdown slows—but doesn't halt—US car demand

November 1 2013, by Dee-Ann Durbin



In this Wednesday, Jan. 9, 2013, file photo, Chevy trucks line the lot of a dealer in Murrysville, Pa. Chrysler says its October U.S. sales rose 11 percent from a year ago, a sign that the auto industry recovered from a slow September. All automakers report October sales on Friday, Nov. 1, 2013. (AP Photo/Gene J. Puskar, File)

The government shutdown dampened—but didn't stall—Americans' demand for new cars and trucks.

The 16-day shutdown slowed U.S. auto sales in the first two weeks of October, but they picked up speed in the last two weeks. Sales rose 11 percent to 1.2 million.

General Motors, Ford, Nissan and Chrysler all recorded double-digit sales gains, while Toyota, Honda and Hyundai saw smaller increases. Of major automakers, only Volkswagen's sales fell.

Stable fuel prices, low interest rates and the increased availability of credit pushed people to buy regardless of the political wrangling, said Kurt McNeil, GM's vice president of U.S. sales.

"All those things that have been driving the economy? They're still there," he said.

Pickup trucks sold well as business improved for contractors and other workers. Sales of the Chevrolet Silverado, GM's top selling vehicle, jumped 10 percent to nearly 43,000, and Chrysler's Ram truck was up 18 percent. Sales of Ford's F-Series pickups rose 13 percent and topped 60,000 for the sixth month in a row.

SUV sales were also strong. Sales of Nissan's Pathfinder, which was recently redesigned, nearly doubled from last October. Sales of the Chevrolet Tahoe and Suburban large SUVs both jumped more than 50 percent.

The weak spot was small cars and hybrids, which have been struggling to win buyers as gas prices fall. Gas prices averaged \$3.27 per gallon (3.8 liters) at the end of October, the lowest level of the year. The national average has dropped 31 cents since Labor Day, according to AAA.

Toyota Prius hybrid sales fell 7 percent while the Chevrolet Volt plug-in hybrid was down 32 percent. The tiny Fiat 500 fell 36 percent.

Sales of Ford's Focus small car were down 17 percent, while its C-Max small hybrid fell 20 percent. Ford recently announced plans to idle the Michigan factory where those vehicles are made for two weeks this fall because of weak demand.

U.S. consumers have started to gradually shift from smaller, more fuel-efficient cars to larger vehicles, said Jesse Toprak, an analyst with the TrueCar.com auto pricing web site.

Stable gas prices aren't the only reason, he said. Cheap financing and sweet lease deals have made larger vehicles more affordable, cutting the monthly payments so people can afford them even if [gas prices](#) go up.

"History has shown us that consumers in the U.S. would rather buy a larger vehicle given the choice," Toprak said.

Here are the October results announced Friday:

— Detroit: GM's sales rose 16 percent, with increases in all of its brands. GM's revamped Chevrolet Malibu midsize car was up 64 percent, while sales of the Cadillac ATS small car more than doubled. Ford's sales increased 14 percent. Sales of the Ford Fusion midsize sedan jumped 71 percent over last October after Ford added a factory shift to handle strong demand. Chrysler's sales rose 11 percent, led by its two most profitable vehicles, the Ram pickup and Jeep Grand Cherokee SUV, which was up 20 percent.

— Japan: Nissan's sales rose 14 percent to more than 91,000, an October record for the company. Toyota sales rose 9 percent, while Honda sales were up 7 percent. All three companies redesigned their [small cars](#), so sales rose. Sales of Nissan's Sentra jumped 50 percent, Honda Civic sales improved by 32 percent and Toyota Corolla sales gained 13 percent. Also for Toyota, sales of the recently revamped Avalon sedan

more than tripled. Honda's sales were up 7 percent, helped by strong sales of the new Acura RLX sedan and MDX SUV. Subaru sales jumped 32 percent as sales of the new Forester SUV more than doubled.

— Others: Hyundai sales rose 7 percent as 2014 models of the Sonata sedan and Santa Fe SUV saw increased sales. Volkswagen's [sales](#) fell 18 percent compared with strong growth last year, as its aging cars struggle against newer rivals.

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