

Car Production and Sales of the U.S. in 2019

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The automotive industry is a vital constituent of economic growth in the United States with wide-ranging interconnections across other industries. The automotive industry historically has contributed about 3 to 3.5 percent to the overall Gross Domestic Product (GDP) of the country. The direct employment of the industry is more than 1.7 million people, consisting of those engaged in designing and engineering, those involved in manufacturing, supplying parts, and assembling components, and those selling and servicing new motor vehicles.

The automotive industry in the U.S. is one of the largest product consumers of several other manufacturing sectors. The manufacturing sector contributes about 11.5% of the country's GDP and this sector can hardly survive without the automotive sector.

The automotive industry in the U.S. has extremely important relations with other sectors beyond its role as a key manufacturing driver. The industry is one of the largest consumers of other sectors' goods and services, comprising raw materials, construction, machinery, legal, IT and hi-tech, financial, marketing and branding, and healthcare. The yearly R&D spending in the auto industry in the US can reach USD18 billion and this amount is sponsored by the industry players itself.

The U.S. automotive industry experienced a number of lucrative years between 2015 and 2018, when the market registered more than USD17 billion light vehicles sales every year for an extraordinary four years in a row. Although the U.S. market is still one of the largest motor vehicle markets in the world, since last year, the automotive industry has fallen on hard times. **In 2019, the country's auto sales dropped as major car manufacturers registered a weak end to the year** and consumers continued to give preference to trucks and SUVs over cars. In 2019, motor vehicle production of the United States was about 10.9 million units with about 2.5 million passenger cars produced in the country (compared to that, China manufactured more than 21 million passenger cars in 2019).

Automakers sold more than 17 million vehicles in the U.S. market, with about 4.7 million units of passenger cars and 12.2 million units of trucks, minivans and SUVs in the U.S. That means total sales of passenger cars in 2019 fell by almost 11% compared with the sales in 2018 which was about 5.3 million units while the total sales of trucks, minivans and SUVs increased by 2.8%. **From the recent decline in the number of new cars sold in the U.S. we can derive the shift of consumer interests towards light trucks.** However, the vehicle sales drop of 1.4% in 2019 can be insignificant compared with the crisis which happened in this market as a result of the recent Covid-19 pandemic. **The sales in 2020 is expected to only reach about 14 million units or even less!**

Together with China, the United States is among the largest automobile manufacturers worldwide, both in terms of sales and production. Some of the top

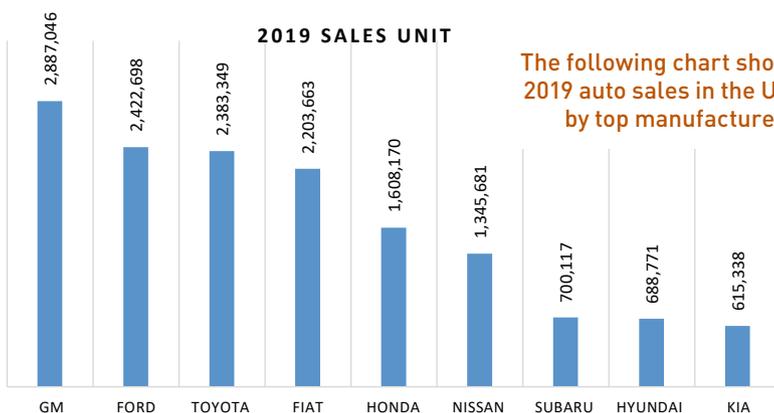
manufacturers by U.S. market share include General Motors (GM), Ford, Fiat Chrysler, as well as Toyota and Nissan of Japan. The big three automakers, General Motors (GM), Ford Motor, and Fiat Chrysler sold about 7.5 million vehicles last year. The highest amount of sales recorded by Detroit-based General Motors Co. with 2.9 million vehicles, followed by Ford Motor Co. the Michigan-based automaker that sold 2.4 million vehicles, and lastly Fiat Chrysler Automobiles, the Italian-American company, with the sales at 2.2 million vehicles in 2019.

Looking at their quantity of sales in 2019 and compare the figures with what the Big Three registered in 2018, we have to say that all have registered a sales drop. A year-over-year decline of 2.3% by GM, 3% sales drop by Ford and 1.4% by Fiat Chrysler in 2019 compared with their sales in 2018. However, their sales vary widely among the types of vehicles. For instance, the sales for Ford's cars dropped by 28% last year, while their trucks increased by 9%. In each category various brands/models recorded different sales figures last year. Ford's F-Series, for instance, outsold all the other brands of vehicles sold in the U.S. in 2019. Ram brand by Fiat Chrysler recorded sales of 703,023 vehicles and led the portfolio by +18% increase compared with sales in 2018.

Based on light vehicle sales in the United States, General Motors, Ford and the Toyota Motor Corporation are the leading OEMs in the United States. General Motors is the automotive manufacturer with the highest number of different brands available, with Chevrolet and GMC being the most popular ones in the United States. GMC with 564,946 units of sales recorded a 1.5% increase in 2019 compared with 2018, while Chevrolet sales dropped by 3.8% to 1,958,925 units in 2019 from 2,036,023 sales in 2018.

Last year, General Motors reported revenue streams of USD137 billion in revenue with a drop of 6.7% over 2018. Revenue from GM's automotive segments reduced by 8% overall and 16% in markets outside North America. The Ford Motor Company earned about USD156 billion U.S. dollars in revenue with only a 3% decline compared with 2018. Fiat Chrysler Automobiles produced about 108 billion euros of revenue last year.

The Big Three companies drive the US automotive industry and employ about two-thirds of all autoworkers and run three in every five car assembly plants in the country. There has been a period of restructuring by the Big Three in order to right-size their operations and be able to respond to this fierce competition in the U.S. market. Since last year, during a global slowdown in auto sales, these three companies have accelerated model changeover and restructured their joint ventures in China, the world's biggest auto market. All these three leading U.S. automakers have struggled hard in the U.S. market, so their new plans in the Chinese market (like rolling out new models in China) are supposed to revitalize their performance, but no one would have expected that the current Coronavirus situation could destroy the Big Threes' plans in China. The industry in generic and the Big Three in specific, will face massive challenges in getting things back on track.



The following chart shows 2019 auto sales in the U.S. by top manufacturers.

Sources: U.S. Car Manufacturers - Statistics & Facts, by Statista
US auto sales report, by S&P Global Market Intelligence

