

Detroit Free Press

GM profit up 1.6% for quarter, driven by truck sales in North America

By Jamie L. LaReau (excerpt)
August 1, 2019

General Motors' UAW workers were paying close attention Thursday when the automaker reported its second-quarter earnings, with the two sides starting bargaining toward a new contract.

GM reported a net profit of \$2.4 billion for the quarter, up 1.6% from the year-ago period, driven by sales of SUVs and redesigned pickups.

For the quarter, Chevrolet sold 409,000 SUVs and pickups in the United States compared with 402,000 in the second quarter of 2018. GMC sold 153,000 vehicles compared with 138,000 a year ago. ...

... It would be no surprise if GM leadership looks at "further restructuring activities through the rest of 2019 and 2020," said David Kudla, chief investment strategist at Mainstay Capital Management.

"On the horizon is a global decline in the demand for autos, an impending economic downturn, unresolved global trade issues, and to add to the list for the Detroit 3, UAW contract negotiations," Kudla wrote in a research note. "Both sides have much at stake with management vying for flexibility and the UAW for more permanent solutions."

He said GM's move to delay a 2019 commercial launch of self-driving cars through Cruise, the company's self-driving unit, was "a wake-up call to the automotive and tech industry as to the complexity of these highly integrated systems."

GM's overall sales fell 1.5% in the quarter to 746,659 vehicles, just under the adjusted overall U.S. sales decline of 1.2%. Ford reported a decline of 4.1%, Honda 4.3% and Nissan at 3.7%, Kudla noted in his research report. ...

... Crossover sales grew 17% year-over-year, setting a second-quarter record.

GM saw average transaction prices rise by \$1,575 to a second-quarter record of \$37,126 versus the industry standard of \$33,681, Kudla said.

GM's marketshare remained relatively flat, and analysts say the second-half sales should help the company hold steady. ...

© 2019 Detroit Free Press.
Reprinted with permission.