Grim Start to U.S. Auto Sales Stirs Alarm That Collapse Is Here

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- Toyota, Honda, Nissan suffer double-digit drops in September
- Outgoing model-year vehicles still hard to move on dealer lots

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U.S. auto sales took a big step back in September, setting the stage for hefty incentive spending by carmakers struggling to clear old models from dealers' inventory.

Results were disastrous for leading Asian automakers Toyota Motor Corp. and Honda Motor Co., which both suffered double-digit declines that were worse than analysts anticipated. While a fuller picture will emerge Wednesday when General Motors Co. and Ford Motor Co. are due to report, the poor performance suggests that overall deliveries of cars and light trucks could come in worse than the 12% drop anticipated by analysts, based on six estimates.

Even so, shares in the Japanese automakers held steady in Tokyo following the announcements, with Toyota down less than 1% and Honda declining 1.7% in the morning.

Miss or Beat?
How automakers' September U.S. sales numbers compare with estimates

Sources: Company statements, Bloomberg News analyst survey
Note: A dash means data haven't been released yet

The severity of the slide stokes fears that a long-anticipated car sales collapse may be arriving. The slowdown puts auto dealers already struggling with shrinking profit margins in an even more precarious position. With outgoing model-year vehicles clogging their lots, automakers had to pony up record incentives of more than $4,100 a vehicle in the third quarter, according to researchers at J.D. Power and LMC Automotive.

A closely watched measure that aims to smooth out month-to-month sales swings — the seasonal adjusted annualized rate, or SAAR — suggests the pessimism reflected in how auto shares traded Tuesday may be overblown. The rate was 17.2 million in September, according to Ward's Automotive Group, up from 17 million in August, which benefited from more selling days this year, including the Labor Day holiday weekend.

Here are highlights from the carmakers that have reported results for last month:

Toyota's Across-the-Lineup Tumble

Toyota saw it sales plunge 16% in September, with both its namesake and Lexus luxury brands dropping by double-digit percentages. Deliveries fell for almost every model, including its best-selling RAV4 crossover and Camry sedan.

While carmakers struggled with September being a shorter sales month, Toyota can't entirely blame the calendar. Even on a daily selling rate basis, total deliveries were down 9.2%.

Honda's Turbulent Two Months

Honda had a rough September after logging its best U.S. sales month ever in August. Deliveries fell 14% last month, a much worse showing than analysts expected.

Major models that stumbled in September include the Pilot SUV (-40%), Accord sedan (-20%) and CR-V crossover (-15%).

Nissan Not as Bad as Feared

Nissan Motor Co. led declines among the major companies that reported Tuesday, as the Japanese carmaker continues to struggle in the post-Carlos Ghosn era. Deliveries decreased 18%, though analysts were expecting an even steeper drop of 21%.

The models that slid most give reason to be downbeat about profitability. Sales of Nissan brand pickups and sport utility vehicles -- which tend to be more lucrative than passenger cars -- dropped 21%, and deliveries for the Infiniti luxury division fell 44%.

Subaru's Incredible Run Ends

It nearly lasted the length of a two-term U.S. presidency, but Subaru Corp.'s streak of monthly sales increases is over.

End of the Trail

Subaru's U.S. sales streak ends after almost eight years

Source: Company statements, Autodata

The Japanese carmaker's run ended in September after 93 months -- almost eight years. Deliveries dropped 9.4%, with Tom Doll, chief executive officer of Subaru's U.S. sales division, citing a rapid sell-down of older-generation Legacy sedans and Outback crossovers.

Palisade Powers Hyundai

Hyundai Motor Co.'s namesake brand may have weathered the month better than others in the industry, with sales slipping 8.8%.

The South Korean company started U.S. deliveries of the Palisade, a three-row flagship SUV, in June. While it's quickly become one of the carmaker's better-selling models, Hyundai was unable to measure up against the numbers it posted a year ago. It still expects to have gained market share for the quarter, Randy Parker, Hyundai's U.S. vice president of sales, said in a statement.

In this article

7203
TOYOTA MOTOR
7,383.00 JPY -72.00 -0.97%

7267
HONDA MOTOR CO
2,909.50 JPY -10.50 -0.36%

GM
GENERAL MOTORS C

36.35 USD -0.30 -0.82%

F
FORD MOTOR CO
9.05 USD -0.02 -0.22%

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J.D. POWER
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