U.S. motor vehicle sales reached new highs in 1999 and 2000, but forecasters do not expect this trend to continue. The February 2001 edition of *Blue Chip Economic Indicators* reported a consensus forecast that sales would fall to 16.0 million in 2001 (a drop of roughly 10%) and rebound slightly to 16.3 million in 2002.

Evidence of this slowdown in automobile and truck sales has already appeared in auto industry data. Although sales were strong for last year as a whole, the inventory-to-sales ratio for domestically produced autos rose fairly steadily from April to November and then jumped precipitously in December.

As unit sales of domestic automobiles fell from a seasonally adjusted annual rate of 6.8 million in August 2000 to 5.7 million in December (a drop of 16%), manufacturers of motor vehicles and parts cut production to keep their inventories from rising further. In December 2000, production of motor vehicles and parts hit the lowest level seen since June and July 1998, when work stoppages at two General Motors plants in Flint, Michigan, idled more than 71,000 workers at assembly plants across the country.

The slowdown in the auto industry will have a noticeable effect on the economy of the Fourth District; in the metropolitan statistical areas of Cleveland–Akron, Dayton–Springfield, Pittsburgh, Toledo, and Youngstown– Warren, large numbers of workers are employed by auto makers or suppliers.