

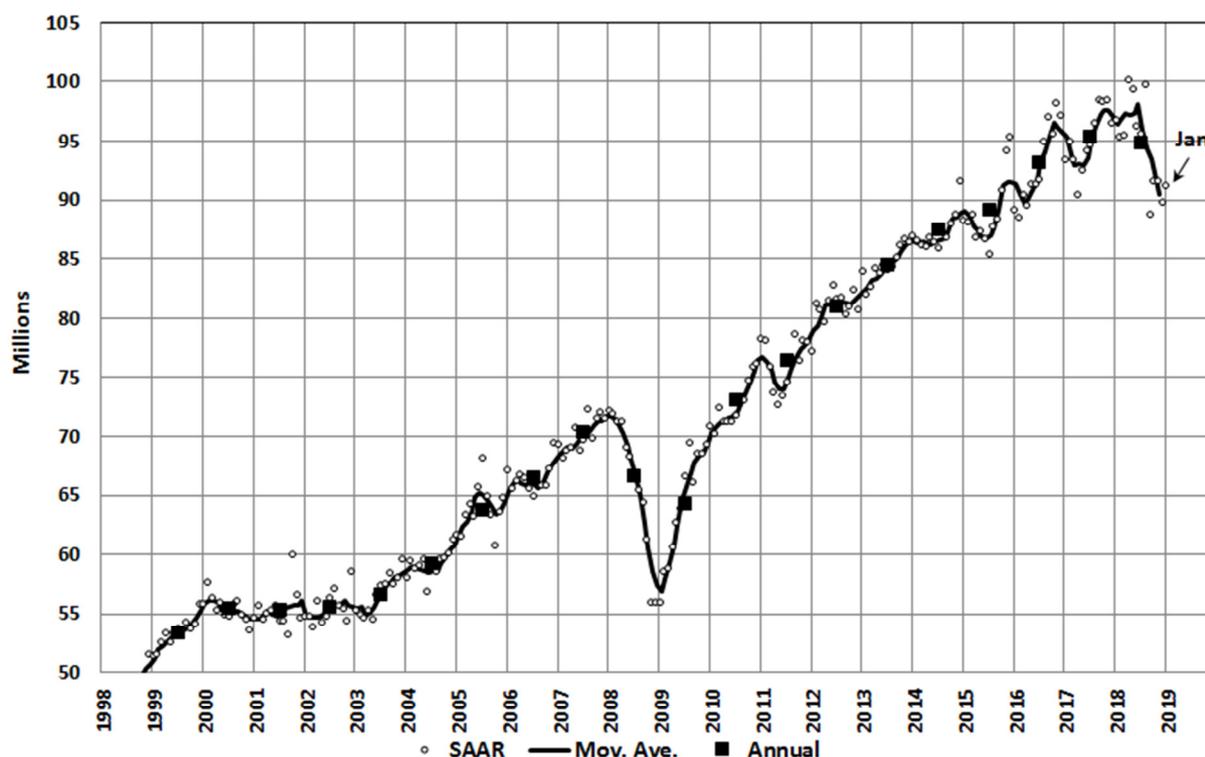
Global Light Vehicle Sales Update

Summary

Commentary

- Global Light Vehicle (LV) sales fell 8.2% in year-on-year (YoY) terms in January, although the selling rate rose to 91.2 mn units/year, from December's 90.3 mn units/year.
- 2019 began in a subdued manner for Global LV sales, with the weakness that has been evident for several months continuing into the New Year. Chinese LV sales were again the most influential lever on the Global market, with another double-digit YoY decline in China being compounded by further negative results in the Americas and Europe.

Global Light Vehicle Sales



North America

- US consumers bought 1,126,000 new LVs in January 2019, down by 2.4% YoY. This January performance translates into a selling rate of 16.6 mn units/year, down 976k units from December 2018. As was the case for 2018, January retail sales finished down and fleet deliveries were up – by -6% and +10%, respectively. The 832k units sold by dealerships were affected by a higher negotiated price (up by 2.4% to \$36,542) and lower cash incentives (down by 0.7% to \$1,548).
- Canada and Mexico sold roughly the same volumes in January – 111k LVs each. However, this volume represents a decline of 5% YoY in Canada, the third consecutive negative result, while sales in Mexico grew for the first time in 19 months, up by 2.2% YoY. The annualised rate was stronger in Canada, at 1.96 mn units/year, compared to 1.37 mn units/year in Mexico.

Europe

- Western European LV registrations were down 4.4% YoY in January. That said, the selling rate picked up significantly, from 14.7 mn units/year in December to 16.4 mn units/year in January. After several months of extremely modest selling rates, stemming from the disruption caused by the introduction of the WLTP emissions testing procedure in September, a rate above 16 mn units/year represents something of a return to normality, given that total West European LV sales were 16.2 mn units in 2018. January 2019's performance looks even more respectable when we bear in mind that January 2018 saw Western Europe's highest selling rate since August 2007.
- Russian LV sales for January came in at 103k, an increase of 0.6% YoY. This represented a significant slowdown compared to the mainly double-digit growth rates recorded in recent months (and the 12.8% increase achieved for 2018 as a whole). However, we were expecting the increase in the VAT rate – from 18% to 20% on 1st January 2019 – to cause a more significant pull-forward in demand into Q4 2018 at the expense of Q1 2019. January's selling rate was unchanged from that of December 2018, at 1.9 mn units/year.

China

- Advance data indicate that the Chinese market is off to a sluggish start in the New Year. The January selling rate was 25.2 mn units/year, down 2.3% from December. On a YoY basis, sales fell by 16% in January, the fifth consecutive month of double-digit decline, in particular in Personal Vehicle sales. The weak outcome can be attributed to de-stocking at dealerships, as the inventory level in Q4 2018 was elevated.
- The sales outlook this year remains uncertain, due to the ongoing US-China trade negotiations. Sales are expected to be swayed by the timing of the planned implementation of the State VI emissions standard, as well as the mandatory sales quota of New Energy Vehicles for OEMs (which has gone into effect this year). On the positive side, the government is ramping up its stimulus measures, which could help support sales.

Other Asia

- The Japanese market started 2019 on a strong note, with sales growing 2% YoY and the selling rate reaching 5.6 mn units/year in January. Sales are expected to surge ahead of the planned consumption tax hike on 1st October 2019. Yet, the swings in sales are now likely to be mild, as the government has announced a series of measures to cushion the negative impact of the tax hike on vehicle sales.
- The South Korean market is off to a lacklustre start in the New Year, with LV sales up 1.2% YoY in January, and a mediocre selling rate of just above 1.7 mn units/year. The sharp deceleration in the country's export sector clouds the LV sales outlook, although the government's fiscal stimulus measures could well support sales this year.

South America

- Following the financial rally owing to the inauguration of Brazil's new president, Jair Bolsonaro, LV sales rose by 8% YoY to 191k units. The January selling rate was 2.6 mn units/year, which was an increase of 356k units from December 2018.
- In Argentina, detrimental economic conditions, such as soaring inflation and interest rates, once again took a toll on vehicle sales. Usually the strongest month of the year, January saw sales of 58k units, which is a decline of 50% YoY. The January selling rate was only 500k units, 65k units fewer than that of the previous month, and about half of the rate in January 2018.

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	Sales (units)						Selling rate (Units/year)			
	Jan 2019	Jan 2018	Percent change	Year to date 2019	Year to date 2018	Percent change	Jan 2019	Year to date 2019	Year 2018	Percent change
WORLD	7,287,925	7,940,147	-8.2%	7,287,925	7,940,147	-8.2%	91,162,435	91,162,435	94,715,110	-3.8%
USA	1,126,432	1,153,678	-2.4%	1,126,432	1,153,678	-2.4%	16,591,334	16,591,334	17,291,713	-4.1%
CANADA	111,225	117,116	-5.0%	111,225	117,116	-5.0%	1,955,060	1,955,060	2,000,736	-2.3%
WESTERN EUROPE	1,253,290	1,311,014	-4.4%	1,253,290	1,311,014	-4.4%	16,355,671	16,355,671	16,154,884	1.2%
EASTERN EUROPE	253,493	276,661	-8.4%	253,493	276,661	-8.4%	4,193,705	4,193,705	4,231,230	-0.9%
JAPAN	403,079	395,120	2.0%	403,079	395,120	2.0%	5,555,353	5,555,353	5,201,809	6.8%
KOREA	132,976	131,362	1.2%	132,976	131,362	1.2%	1,703,638	1,703,638	1,777,379	-4.1%
CHINA	2,359,107	2,808,370	-16.0%	2,359,107	2,808,370	-16.0%	25,229,734	25,229,734	27,747,440	-9.1%
BRAZIL / ARGENTINA	248,769	291,609	-14.7%	248,769	291,609	-14.7%	3,067,108	3,067,108	3,245,220	-5.5%
OTHER	1,399,555	1,455,216	-3.8%	1,399,555	1,455,216	-3.8%	16,510,830	16,510,830	17,064,700	-3.2%

Notes:

- The percentage change in the final column compares the average selling rate in the year-to-date with the last full year.
- Late reporting countries and estimates are included in "Other".
- Eastern Europe includes Turkey.
- China includes estimate of light vehicle imports.



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