

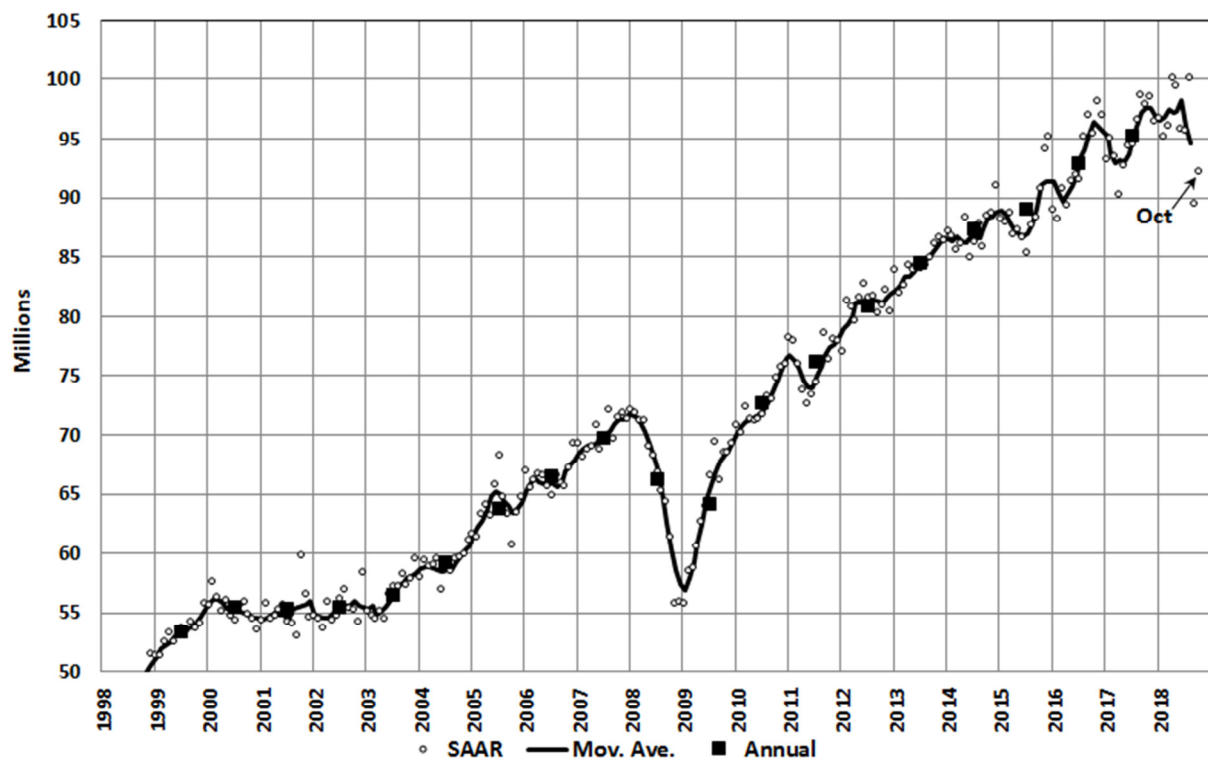
Global Light Vehicle Sales Update

Summary

Commentary

- Global Light Vehicle (LV) sales fell 3.8% in year-on-year (YoY) terms in October, while the selling rate rose to 92.2 mn units/year, from September's 90.2 mn units/year.
- The continuing cooling of the Chinese LV market is exerting a significant influence over global sales, while Western Europe has been slow to recover from WLTP-related disruption. North American sales were virtually flat YoY in October, with some of the few areas of growth coming from Japan and Korea.

Global Light Vehicle Sales



North America

- US consumers bought 1,358,000 LVs in October, just 0.5% more than in October 2017. Retail deliveries finished with 1,063,000 units sold, down by 0.3% YoY, while fleet deliveries rose by 3.5%, to 295k units. This translates to a selling rate of 17.6 mn units/year, 3k down from last month. As has been the case in other months, SUVs grew faster than the total industry.
- October Canadian sales also remained flat from 2017, inching up by 0.03%, to 165k units. This October performance translates to a selling rate of 2.03 mn units/year, which marks the seventh month this year that it has been above 2 mn units/year. In Mexico, sales fell for the 17th consecutive month, declining by 4.8% YoY, with the 117k units sold translating into a selling rate of 1.4 mn units/year.

Europe

- West European LV registrations fell by 5.6% YoY in October, as WLTP continued to cast a shadow over the new car market. The regional selling rate edged up to 14.6 mn units/year, from 13.2 mn units/year in September. This left the region just 1% up in YoY year to date (YTD) terms, with the fact that some models were slow to become available again due to WLTP testing backlogs impacting October's sales. With these issues now mostly worked through, we expect some recovery in the rest of the year.
- Russian LV sales were up 8% in October, although the selling rate slowed to 1.68 mn units/year from 1.75 mn units/year units in September. We expect a boost to the market in November and December ahead of the VAT hike (from 18% to 20%) in January. We retain our 2018 LV forecast (+12.5% YoY) followed by 7% growth in 2019. Turkey's LV market has collapsed in recent months, with October sales down 76% YoY, prompting the government to cut automotive taxes for November and December.

China

- Amid global uncertainty, the Chinese market continues to decelerate. The October selling rate was 26.2 mn units/year, down 1% from September. On a YoY basis, sales fell by 11% in October, the fourth straight month of YoY decline. Sales of lower-end vehicles were hit hard, as economic growth in lower-tier cities slowed abruptly. The Chinese market is now set to register its first annual decline this century.
- The slowdown in sales can be attributed to a number of factors: 1) consumers are holding off on vehicle purchases in the expectation that the government will launch a purchase tax cut (which has not yet been announced), 2) the government is cracking down on the shadow banking system that has financed vehicle purchases, especially in rural areas, 3) the second-hand vehicle market is growing fast, and 4) the planned implementation of the State VI emission standard in 2019 is delaying purchasing decisions.

Other Asia

- The Japanese market accelerated in October, with the selling rate reaching a strong 5.5 mn units/year. A very tight job market and slowly rising wages are helping to support consumer confidence and spending. On a YoY basis, sales increased by 12% in October, but that is because sales a year ago were depressed, as a result of the scandal at Nissan.
- Sales in South Korea rebounded strongly in October after a weak September, due to distortions caused by the Chuseok holiday (which fell in September this year, but was in October last year). On a YoY basis, sales increased by 23% in October. With September and October combined, the selling rate averaged 1.77 mn units/year, which is not exceptionally high, despite the ongoing temporary tax cut on Personal Vehicles.

South America

- In Brazil, the election of the far-right Jair Bolsonaro as the next President boosted not only the country's financial markets, but also LV sales. The selling rate soared to 2.9 mn units/year in October, the highest rate since early 2015. Yet, such a strong pace may not be sustained, given the still high unemployment rate and the government's fiscal austerity measures.
- The October selling rate in Argentina was 545k units/year, up marginally from a weak September. On a YoY basis, however, sales continued to plummet (-37% in October), in the face of the ongoing financial crisis. The deteriorating economic conditions suggest that sales have not bottomed out yet.

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	Sales (units)						Selling rate (Units/year)			
	Oct 2018	Oct 2017	Percent change	Year to date 2018	Year to date 2017	Percent change	Oct 2018	Year to date 2018	Year 2017	Percent change
WORLD	7,726,637	8,033,465	-3.8%	78,825,106	77,991,035	1.1%	92,158,443	96,033,605	95,293,268	0.8%
USA	1,358,202	1,351,774	0.5%	14,265,083	14,193,402	0.5%	17,562,957	17,184,906	17,189,409	0.0%
CANADA	164,836	164,781	0.0%	1,754,098	1,758,530	-0.3%	2,028,660	2,049,075	2,042,737	0.3%
WESTERN EUROPE	1,184,409	1,255,107	-5.6%	13,836,177	13,701,325	1.0%	14,574,151	16,543,722	16,203,654	2.1%
EASTERN EUROPE	338,219	386,819	-12.6%	3,472,978	3,367,691	3.1%	3,662,535	4,386,339	4,222,523	3.9%
JAPAN	413,964	368,445	12.4%	4,383,093	4,374,349	0.2%	5,544,357	5,232,544	5,164,249	1.3%
KOREA	157,443	127,543	23.4%	1,459,765	1,441,546	1.3%	1,998,346	1,786,319	1,751,938	2.0%
CHINA	2,371,105	2,663,683	-11.0%	22,551,396	22,610,484	-0.3%	26,188,373	28,392,040	28,608,998	-0.8%
BRAZIL / ARGENTINA	291,169	271,292	7.3%	2,729,462	2,512,796	8.6%	3,436,206	3,295,156	3,029,738	8.8%
OTHER	1,447,290	1,444,022	0.2%	14,373,054	14,030,912	2.4%	17,162,858	17,163,504	17,080,022	0.5%
Notes:	<p>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.</p>									



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