

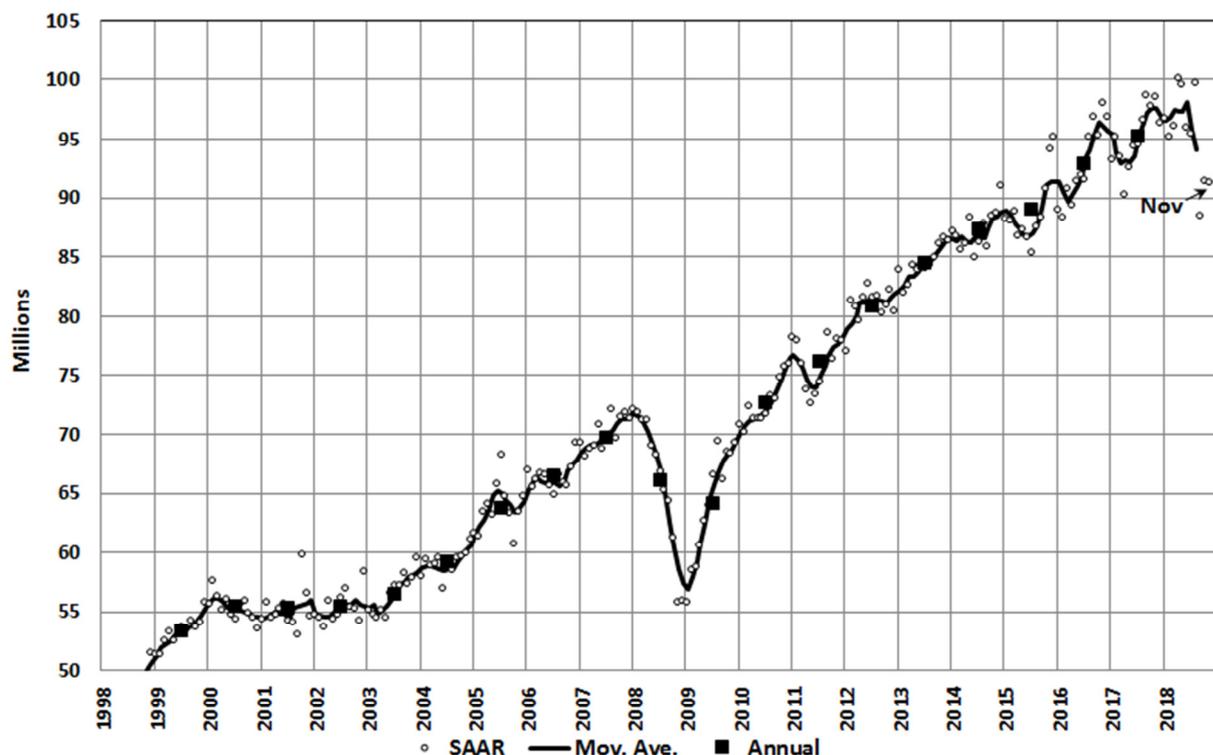
Global Light Vehicle Sales Update

Summary

Commentary

- Global Light Vehicle (LV) sales fell by 7.3% in year-on-year (YoY) terms in November, while the selling rate slipped to 91.2 mn units/year, from October's 92.2 mn units/year. Global sales are now virtually flat in year to date (YTD) terms.
- The Chinese LV market continues to slow down, a major source of concern given the importance of this market to global sales. Other regions are also struggling, with YoY losses in Europe and North America, though selling rates remain robust in the latter case.

Global Light Vehicle Sales



North America

- November LV sales in the US finished with 1,381,000 units sold, down by 1% YoY. The November volume translates to an annualised selling rate of 17.4 mn units/year, down 140k units from last year and 122k from last month. Retail deliveries dropped by 2.1% to 1,121,000 units, while fleet kept its growth streak going, rising by 4.2% YoY, delivering 260k units. Pickups and SUVs enjoyed growth of at least 6%.
- Sales dropped 7.5% in Canada in November. The 147k units sold represent a selling rate of 2.1 mn units/year – the eighth month in 2018 that the selling rate has been above 2 mn units/year, and up by 74k from last month. In Mexico, sales plunged by 5.2% YoY to 133k units. This was the 18th consecutive drop, and the annualised selling rate stayed around 1.4 mn units/year, up 38k from last month.

Europe

- West European LV registrations fell by 7.3% YoY in November, with the recovery from WLTP-related disruption continuing at a slower pace than expected. The regional selling rate climbed slightly higher, to 15.3 mn units/year, from 14.6 mn units/year in October. In YTD terms, the region is now barely ahead of its 2017 performance. Although selling rates should pick up in December, a weakening economic picture and political uncertainty in some key markets present downside risks.
- In Russia, a total of 167k LVs were purchased in November, a 10% increase YoY, with PVs up 12%. The selling rate came in above 2 mn units/year, the best monthly performance since late 2014. LV sales could therefore reach 1.82 mn units this year, representing an increase of almost 14%. The latest data suggests that we may see a larger than expected boost in Q4 as consumers pull forward car purchases in anticipation of the forthcoming VAT hike. Elsewhere, Turkey pulled down the Eastern Europe total.

China

- In China, sales continued to decelerate sharply in the face of an uncertain economic outlook. Advance data indicate that the selling rate weakened to 25.2 mn units/year in November, the seventh consecutive month of MoM decline, dragged down by sluggish Personal Vehicle (PV) sales. On a YoY basis, sales fell by 14% in November. PV sales are now set to register the first annual contraction on record, while Light Commercial Vehicle (LCV) sales are expected to end the year with the first expansion since 2010.
- In the PV market, some consumers are holding off on purchases, ahead of the planned implementation of the State VI emission standard in 2019. In the LCV market, the abolition of the transport certificate and permit for light trucks in some provinces (which will be implemented nationwide next year) has led to lower costs, which, along with growing e-commerce, is leading to brisk sales.

Other Asia

- The Japanese market remains surprisingly buoyant, with the selling rate reaching almost 5.5 mn units/year in November, little changed from October. Full employment and rising wages continue to boost consumer spending, while businesses are benefitting from a weak yen. On a YoY basis, sales increased by nearly 9% in November, since sales a year ago were disrupted by scandals and recalls at Nissan and Subaru.
- South Korea's November selling rate of 1.77 mn units/year was almost 12% lower than the October rate, but that was due to a distortion caused by the timing of the lunar Chuseok holiday (which fell in September this year). On a YoY basis, sales declined only marginally, dragged down by sluggish PV sales. PV sales have so far failed to surge strongly, despite the ongoing temporary tax cut.

South America

- In Brazil, the selling rate slowed to 2.5 mn units/year in November, after an exceptionally strong October. Yet, on a YoY basis, sales increased by nearly 12% in November. With the election of the right-wing Jair Bolsonaro as the next president, the financial markets have rallied, but the real economy remains weak. The new president (who takes office on 1 January) plans to implement fiscal reforms, which could possibly derail the recovery in the automotive market next year.
- The Argentine market continues to nose-dive, as the economy is falling into a deep recession. Sales declined by 45% YoY in November, the sixth consecutive month of double-digit decline, hampered by a plunge in the peso, soaring inflation and interest rates, and the government's fiscal austerity measures. Sales are not expected to bottom out at least until mid-2019.

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	Sales (units)						Selling rate (Units/year)			
	Nov 2018	Nov 2017	Percent change	Year to date 2018	Year to date 2017	Percent change	Nov 2018	Year to date 2018	Year 2017	Percent change
WORLD	7,915,874	8,543,152	-7.3%	86,592,298	86,536,396	0.1%	91,200,368	95,407,959	95,295,934	0.1%
USA	1,380,939	1,394,377	-1.0%	15,655,936	15,587,779	0.4%	17,434,569	17,218,819	17,189,409	0.2%
CANADA	147,168	159,076	-7.5%	1,896,317	1,917,606	-1.1%	2,103,493	2,049,195	2,042,737	0.3%
WESTERN EUROPE	1,214,231	1,310,282	-7.3%	15,046,775	15,014,117	0.2%	15,278,385	16,423,966	16,206,620	1.3%
EASTERN EUROPE	377,545	402,878	-6.3%	3,842,997	3,770,568	1.9%	4,440,052	4,430,763	4,222,523	4.9%
JAPAN	436,640	402,077	8.6%	4,820,069	4,776,426	0.9%	5,478,887	5,255,109	5,164,249	1.8%
KOREA	159,345	160,247	-0.6%	1,619,630	1,601,793	1.1%	1,771,536	1,785,593	1,751,938	1.9%
CHINA	2,531,796	2,940,706	-13.9%	25,082,285	25,551,190	-1.8%	25,237,044	28,104,495	28,608,998	-1.8%
BRAZIL / ARGENTINA	259,366	267,059	-2.9%	2,993,345	2,779,855	7.7%	3,038,908	3,276,746	3,029,738	8.2%
OTHER	1,408,843	1,506,450	-6.5%	15,634,943	15,537,062	0.6%	16,417,495	16,863,273	17,079,722	-1.3%

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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