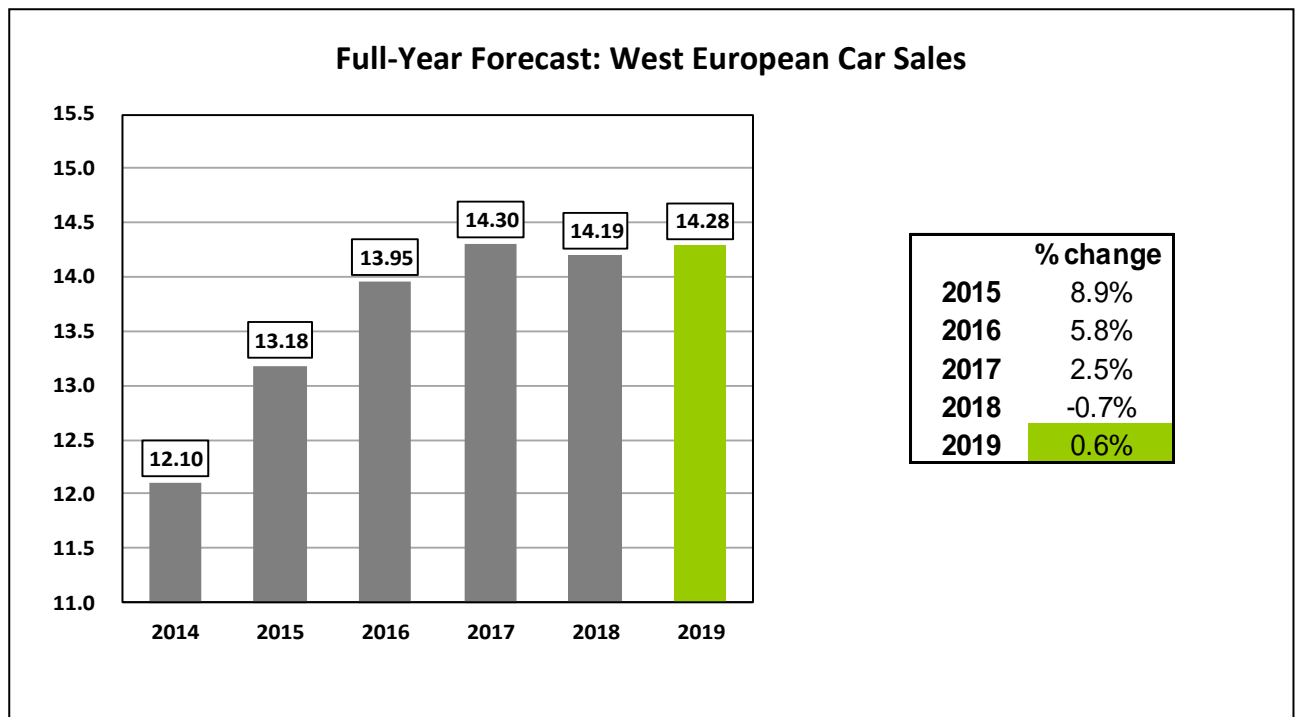


Western European Passenger Car Sales Update

Summary

- West European car registrations fell by 5% year-on-year (YoY) in January. The selling rate rose to 14.4 mn units/year in January, compared to 12.8 mn units/year in December.
- German registrations fell 1.4% YoY — however, the selling rate climbed to 3.8 mn units/year, the highest level since the WLTP deadline in September. Registrations in the UK fell 1.6% YoY, with the selling rate also making some headway following the recent September low.
- Both France and Spain disappointed in January, with registrations down 1.1% and 8% YoY respectively. However, in both markets, this figure is skewed by particularly strong registrations in January 2018. Italian registrations fell by 7.5% YoY, with the contraction that was felt throughout 2018 continuing into the New Year.
- Overall, in YoY terms, the region is clearly experiencing a slow start to the year. However, January 2018 was an unusually strong month and the latest selling rate of 14.4 mn units/year is somewhat better than those seen towards the end of 2018. We continue to assume West European registrations will expand for the full year. Conditions for private consumption growth should be supportive this year, helped by high employment and falling inflation. However, with the UK set to leave the EU next month, and no withdrawal agreement currently in place, a ‘no deal’ Brexit is clearly a threat to positive sales growth in the West European market this year. With an EU-UK Brexit agreement eventually put in place, we forecast growth of +0.6% for 2019.



5th February 2019

For further information contact Jonathon Poskitt or David Oakley

Phone +44 1865 791737, jposkitt@lmc-auto.com or doakley@lmc-auto.com



Western European Passenger Car Sales Update

Commentary

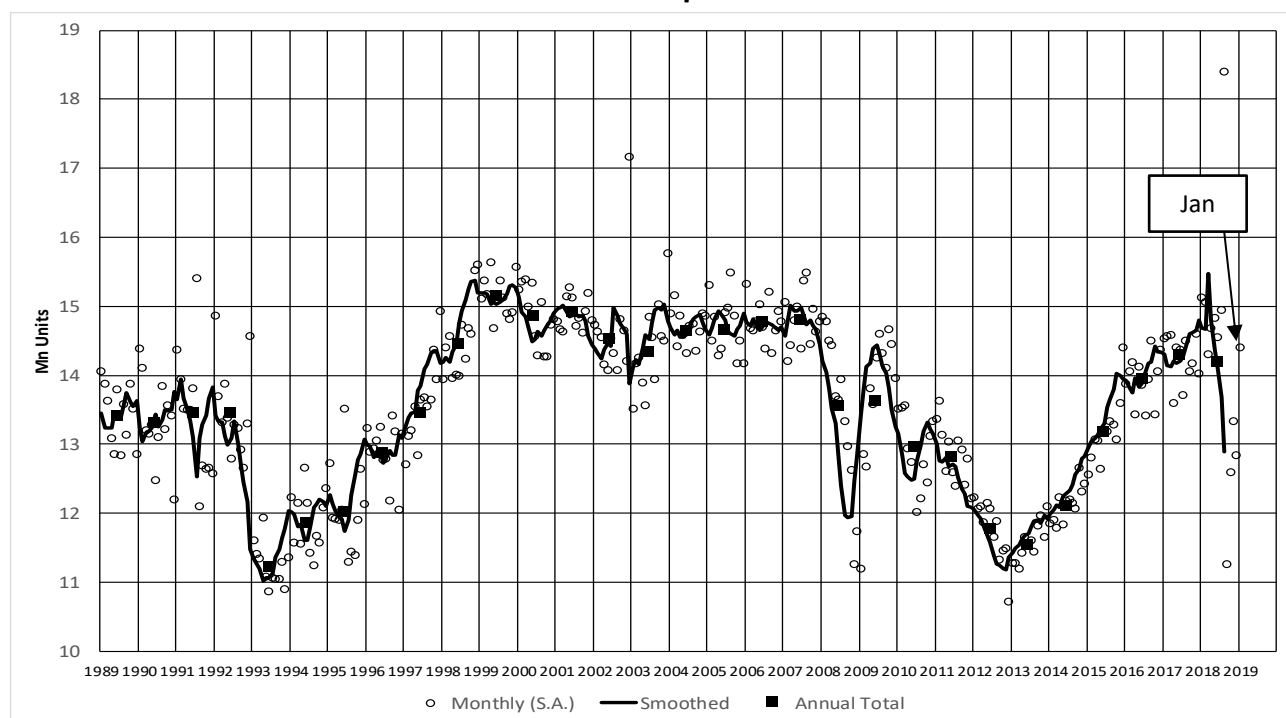
2019 started much the same way that 2018 ended, with YoY growth in negative territory — January delivering a 5% fall YoY. Perhaps more reassuring is that the selling rate climbed to 14.4 mn units/year, up from 12.8 mn units/year in December. However, this can mostly be attributed to solid selling rate gains in Germany and the UK, with the key markets of France, Spain and Italy all showing signs of relative weakness.

After narrowly avoiding economic recession in H2, the German market rebounded well, with a selling rate of 3.8 mn units/year in January; an increase of 0.5 mn units/year from December, and the strongest result since August. This year German registrations will be supported by low inflation, along with cautious tax cuts providing a solid foundation for domestic demand — global protectionism remains a risk though.

The 1.1% YoY decline in France was underwhelming; changes to the Bonus Malus system were expected to encourage a stronger month for registrations. Instead it would seem that the French market has not been immune to worsening consumer conditions, although this may be short lived, given that consumption growth is expected to pick up in 2019. Spain’s 8% YoY decline was less concerning, given the exceptionally high registrations of January 2018. Spanish registrations are currently being dulled by a weakening economic outlook but despite this, there is still room for the market to grow in 2019. The Italian market’s decline of 7.5% YoY was backed up by the likelihood of Italy entering recession in H2 2018. With employment stagnating, private consumption faltering, and vulnerability to wider Eurozone risks, we currently anticipate Italian registrations to contract again in 2019.

Whilst UK registrations declined 1.6% YoY, the market has clearly picked up from the WLTP-impacted end to 2018. However, despite the UK’s reasonable start to the year, the greatest risk to full-year Western European registrations is clearly a ‘no deal’ Brexit. Under this scenario, trade barriers and the likely depreciation of Sterling would be expected to cause a contraction of sales in the UK, with the market becoming a drag on the rest of Western Europe.

West European Car Sales



Western European Passenger Car Sales Update

West European Car Sales

	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
WESTERN EUROPE	1,106,451	1,164,098	-5.0%	1,106,451	1,164,098	-5.0%	14,395,113	14,395,113	14,193,921	1.4%
AUSTRIA	25,335	28,656	-11.6%	25,335	28,656	-11.6%	308,975	308,975	341,949	-9.6%
BELGIUM	51,074	56,869	-10.2%	51,074	56,869	-10.2%	624,851	624,851	549,632	13.7%
DENMARK	21,314	19,933	6.9%	21,314	19,933	6.9%	254,408	254,408	218,537	16.4%
FINLAND	11,732	13,585	-13.6%	11,732	13,585	-13.6%	106,664	106,664	120,495	-11.5%
FRANCE	155,080	156,851	-1.1%	155,080	156,851	-1.1%	2,166,276	2,166,276	2,173,523	-0.3%
GERMANY	265,702	269,429	-1.4%	265,702	269,429	-1.4%	3,782,826	3,782,826	3,435,832	10.1%
GREECE	6,756	6,860	-1.5%	6,756	6,860	-1.5%	97,734	97,734	104,186	-6.2%
IRELAND	32,373	37,023	-12.6%	32,373	37,023	-12.6%	119,815	119,815	125,594	-4.6%
ITALY	164,864	178,324	-7.5%	164,864	178,324	-7.5%	1,788,011	1,788,011	1,909,433	-6.4%
LUXEMBOURG	3,863	4,352	-11.2%	3,863	4,352	-11.2%	52,617	52,617	52,807	-0.4%
NETHERLANDS	47,701	58,573	-18.6%	47,701	58,573	-18.6%	406,345	406,345	443,812	-8.4%
NORWAY	9,004	9,207	-2.2%	9,004	9,207	-2.2%	119,829	119,829	147,929	-19.0%
PORTUGAL	15,684	14,509	8.1%	15,684	14,509	8.1%	222,337	222,337	228,256	-2.6%
SPAIN	93,546	101,661	-8.0%	93,546	101,661	-8.0%	1,268,441	1,268,441	1,321,407	-4.0%
SWEDEN	20,478	22,980	-10.9%	20,478	22,980	-10.9%	326,386	326,386	353,666	-7.7%
SWITZERLAND	20,931	21,671	-3.4%	20,931	21,671	-3.4%	318,319	318,319	299,716	6.2%
UK	161,013	163,615	-1.6%	161,013	163,615	-1.6%	2,431,277	2,431,277	2,367,147	2.7%

Notes:

Greece and Luxembourg: estimates for latest month.

Greece data source has changed to Sales from Registrations.

The percent change in the final column compares the average selling rate in the year-to-date with the last full year.

The average of the seasonally adjusted selling rate for an entire year is by definition the total of sales in the year.



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