

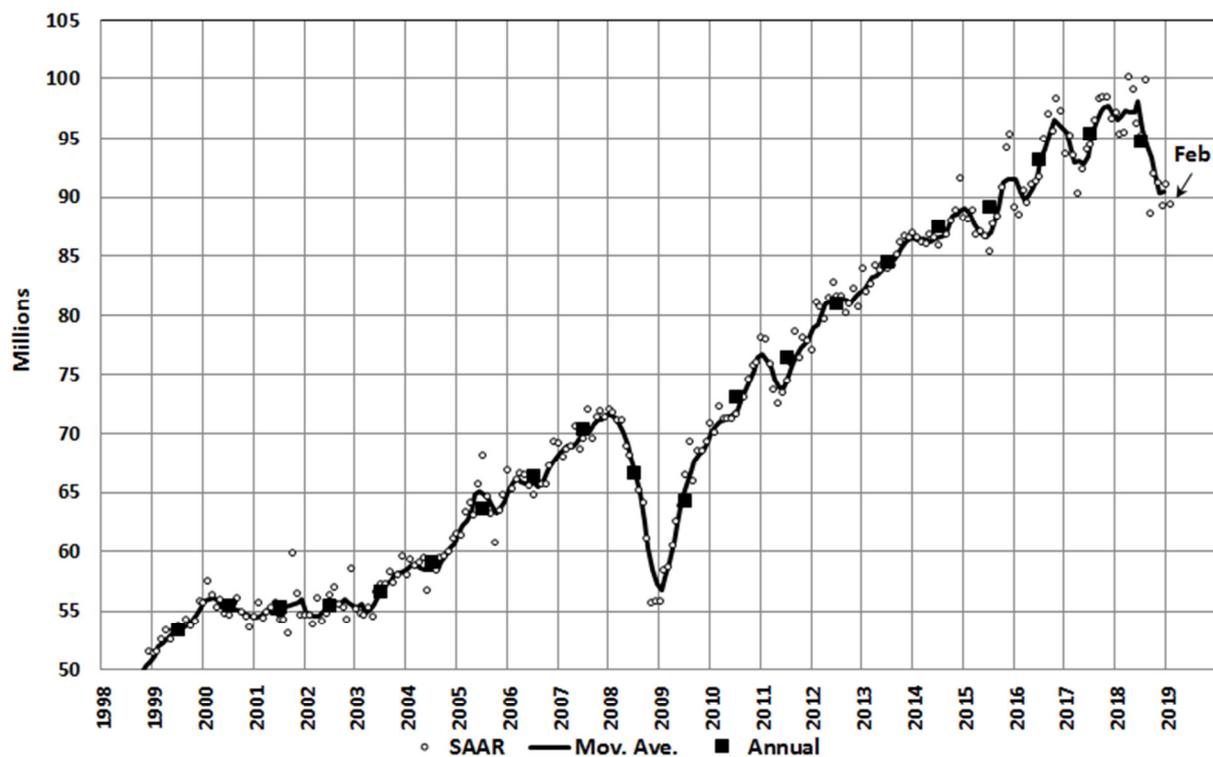
# Global Light Vehicle Sales Update

## Summary

### Commentary

- Global Light Vehicle (LV) sales fell 6% in year-on-year (YoY) terms in February, while the selling rate dropped to 89.3 mn units/year, from January's 91.2 mn units/year.
- The ongoing slump in the Chinese LV market remained the single biggest issue affecting Global sales in February. Despite some modest signs of life in Western Europe, lacklustre sales in North America and Eastern Europe meant that there was little relief from the gloomy picture in any region of the world.

### Global Light Vehicle Sales



### North America

- US LV sales totaled 1.26 mn units in February, which translates into an annualised rate of 16.5 mn units/year. Retail sales fell faster (-5.4% YoY) to 917k units, while fleet sales grew 4.9% YoY to 346k units. Average transaction prices were up 2.4% YoY, while cash incentives fell 1.5%, hurting affordability amid higher interest rates.
- Canadian sales kept their losing streak going, falling 1.5% YoY in February. The 123k units sold indicate an annualised rate of 2.04 mn units/year, the first time since October the rate has been above 2 mn units/year. Transaction prices reached a new high, above \$35k, but the average monthly payment dropped about \$10 month-on-month (MoM). After a small recovery in January, Mexico saw sales drop 5.4% YoY in February. Sales totalled 103k in February, at a rate of 1.4 mn units/year.

## Europe

- Western Europe LV registrations were down 1.3% YoY in February. However, the selling rate continued to accelerate, from 16.4 mn units/year in January to 16.9 mn units/year in February. Even though sales for the year to date (YTD) are still 2.9% lower YoY, this is partly a reflection of a relatively high base effect at work. German sales showed signs of strength in February, although other markets such as Italy and Spain are currently faring less well. March's performance will hang, to a large extent, on a UK market in the midst of Brexit uncertainty. The UK usually accounts for around 25-30% of Western European sales in March.
- Russian LV sales fell 3.6% YoY in February, while the selling rate was little changed on January's result, at just under 1.9 mn units/year. The increase in the VAT rate introduced in January – from 18% to 20% – has had a less significant impact on sales than was expected, but there are still a number of headwinds facing Russian LV sales this year, with economic growth set to slow. We expect this to be reflected in a more modest increase in LV sales in 2019, as compared to the double-digit percentage growth that has been seen in the past two years.

## China

- According to preliminary data, the Chinese market has continued to decelerate sharply. The February selling rate (which is adjusted by selling days) was 23.3 mn units/year, down nearly 8% from January. On a YoY basis, sales (i.e., wholesales) declined by 14+% in February, the eighth straight month of decline.
- Although the number of selling days in February 2019 was the same as in February 2018, sales were lower this year, partially because the Chinese New Year started earlier this year (5 February) than last year (16 February). Chinese consumers typically purchase new vehicles before the holiday; therefore fewer days before the Chinese New Year holiday resulted in fewer sales. Some OEMs extended the holiday and reduced deliveries to dealerships, another factor behind sluggish sales. The prolonged US-China trade dispute and the slowing Chinese economy must be dampening consumer confidence, too.

## Other Asia

- Japanese LV sales grew 1.2% YoY in February, but in terms of the annualised selling rate, this represented a sharp deceleration from an exceptionally strong January. The February selling rate of 5.1 mn units/year was 12.5% lower than the previous month, but that rate looks more sustainable, in the light of the cloudy economic outlook. The planned consumption tax hike on 1 October 2019 is expected to disrupt sales in H2 2019.
- In South Korea, LV sales were down 4.6% YoY in February, while the February selling rate was 1.7 mn units/year, little changed from January, and a marked slowdown from 1.8 mn units/year in Q4 2018. Sales of imported diesel models were particularly weak, since major import brands are yet to bring enough WLTP-compliant models into South Korea.

## South America

- With Carnival being celebrated in the first week of March this year, but in February in 2018, February LV sales soared 25% YoY in Brazil. Approximately 190k units were sold, according to preliminary numbers. Last month's total translates into an annualised rate of 2.88 mn units/year, up 303k units from January.
- Amid challenging macroeconomic conditions and the highest interest rates in the world, sales keep falling severely in Argentina. Only a little over 38k units were sold in February, down by 42% YoY. The February selling rate was approximately 545k units/year, 45k units/year higher than in January.

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	Sales (units)						Selling rate (Units/year)			
	Feb 2019	Feb 2018	Percent change	Year to date 2019	Year to date 2018	Percent change	Feb 2019	Year to date 2019	Year 2018	Percent change
WORLD	6,392,838	6,802,603	-6.0%	13,626,643	14,742,950	-7.6%	89,262,260	90,109,133	94,617,180	-4.8%
USA	1,263,240	1,299,458	-2.8%	2,390,012	2,453,136	-2.6%	16,512,837	16,552,086	17,291,713	-4.3%
CANADA	123,342	125,212	-1.5%	234,381	242,328	-3.3%	2,044,948	2,021,140	2,000,736	1.0%
WESTERN EUROPE	1,172,326	1,187,889	-1.3%	2,426,799	2,498,140	-2.9%	16,871,920	16,622,113	16,147,889	2.9%
EASTERN EUROPE	289,509	313,153	-7.6%	545,488	589,814	-7.5%	4,377,607	4,307,968	4,231,228	1.8%
JAPAN	473,675	468,253	1.2%	877,397	863,373	1.6%	5,105,462	5,468,492	5,201,809	5.1%
KOREA	117,618	123,353	-4.6%	251,285	254,715	-1.3%	1,718,364	1,715,450	1,777,379	-3.5%
CHINA	1,457,601	1,698,484	-14.2%	3,822,684	4,506,854	-15.2%	23,331,554	24,312,815	27,744,712	-12.4%
BRAZIL / ARGENTINA	228,238	218,544	4.4%	477,522	510,153	-6.4%	3,421,735	3,247,887	3,247,220	0.0%
OTHER	1,267,288	1,368,257	-7.4%	2,601,075	2,824,437	-7.9%	15,877,833	15,861,183	16,974,494	-6.6%

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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