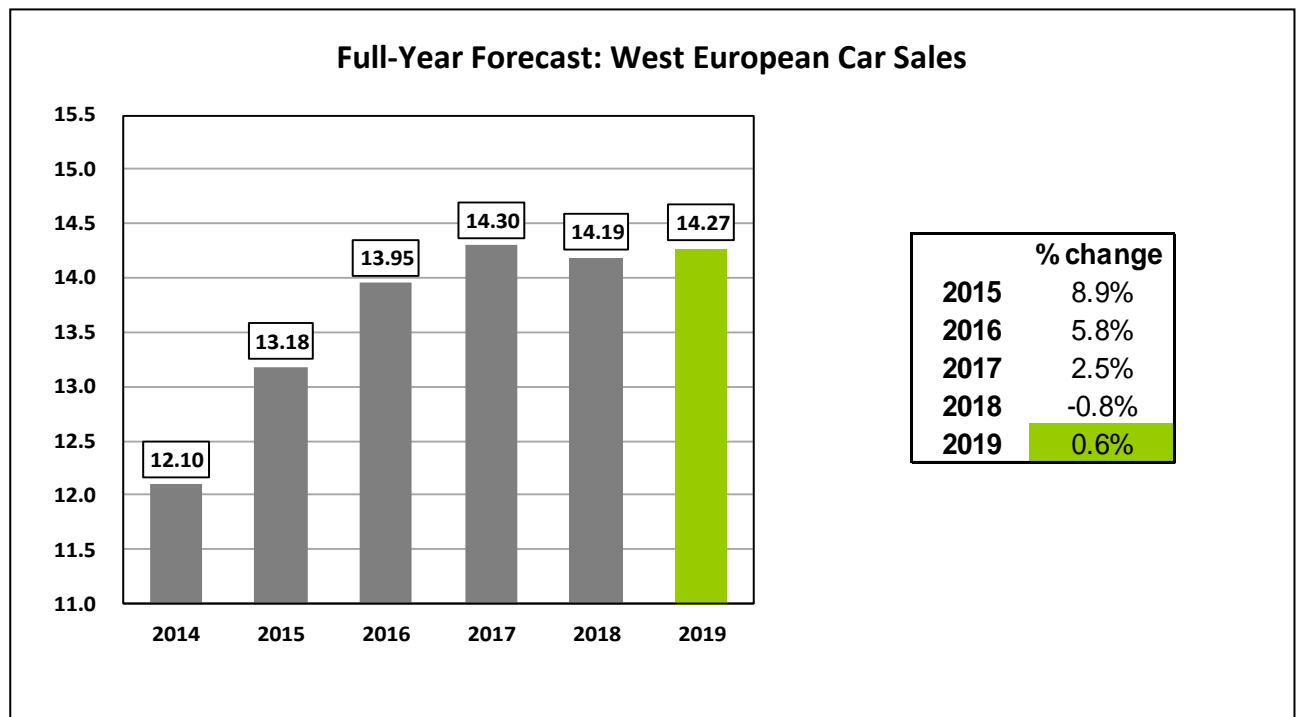




Western European Passenger Car Sales Update

Summary

- West European car registrations fell 1.6% year-on-year (YoY) in February. However, the selling rate picked up to 14.9 mn units/year in February, compared to 14.4 mn units/year in January.
- Germany was the star performer of the major markets in February. Sales grew 2.7% in YoY terms, while the selling rate remained at the elevated level of 3.8 mn units/year. UK registrations increased by 1.4% YoY, despite an uncertain economic outlook and weak consumer confidence levels.
- French car registrations grew by 2.1% YoY in February. For the year to date, French sales are up 0.5% YoY, which fits with our expectation that growth will be modest in 2019. Meanwhile, the Spanish car market fell 8.8% YoY in February, continuing a disappointing start to the year, although a high base effect is not helping the YoY comparison. In Italy, sales were down 2.4% YoY in February, but it seems likely that this market's performance would have been worse, were it not for a tax change in March which may have pulled sales forward.
- For the first two months of the year, registrations across the region are down 3.3% YoY. Nevertheless, the fact that the selling rate continues to improve, hitting a six-month high in February, supports our view that Western Europe will see growth in 2019 as a whole, albeit of a modest nature. We currently forecast YoY growth of 0.6% for the full year, although a number of risks, including a potential no-deal Brexit, continue to cast a shadow over the region.

5th March 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

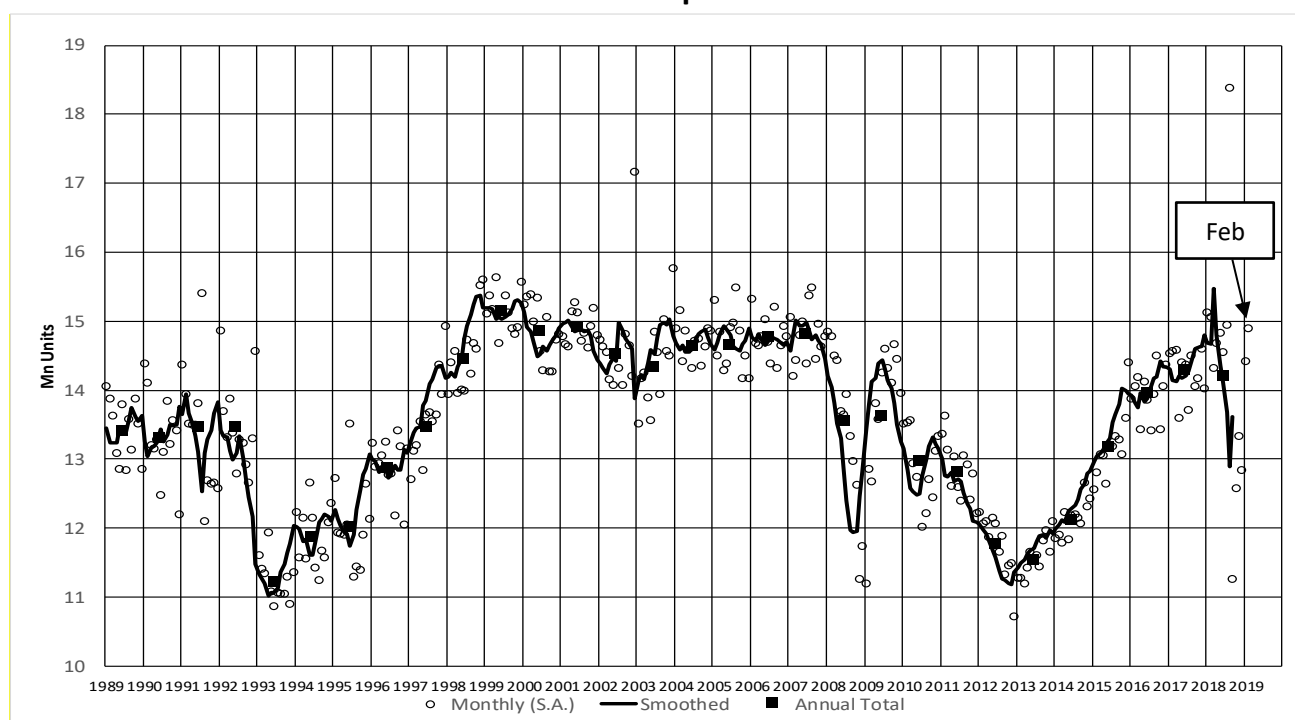
West European car registrations fell by 1.6% YoY in February, but the selling rate rose to 14.9 mn units/year, from 14.4 mn units/year in January. A remarkably strong showing from Germany – where the selling rate was around 350k units/year above its average for the past year – heavily influenced the regional rate.

The German market appears to be recovering well from the prolonged WLTP-induced slump at the end of 2018. Sales grew by 2.7% YoY in February 2019, an impressive outcome given that February 2018 was a strong month in itself. This explains the selling rate remaining at 3.8 mn units/year for a second consecutive month, but we see the selling rate settling at a more modest level as the year progresses.

In France, an expected boost related to changes to the Bonus Malus tax system has failed to materialise in 2019, with February bringing a modest 2.1% YoY increase in registrations. That said, a selling rate of 2.2 mn units/year indicates a market in reasonable, if not spectacular, health. February's 8.8% YoY decline saw the Spanish selling rate fall below 1.2 mn units/year, and with a snap general election now scheduled for the end of April, consumer confidence is likely to remain low for the time being. Additionally, mixed messages over future government policy on internal combustion engines may be causing some delays in purchases.

In Italy, sales were still down 2.4% YoY in February, but the selling rate improved from 1.8 mn units/year in January, to almost 2 mn units/year in February. This would have been an encouraging performance, but there are indications that purchases of larger SUVs and sports cars were pulled forward due to a tax change, effective from 1st March, penalising higher-emitting vehicles. This suggests that there may be some payback in the coming months. The UK market grew by 1.4% YoY in February, a somewhat surprising result given low levels of consumer confidence and Brexit uncertainty. However, the February result could be explained by some savvy buyers pulling forward purchases ahead of a potential no-deal Brexit, thus avoiding higher prices linked to tariffs and a weaker pound. In any case, February is a quiet month for the UK market ahead of registration plate changes in March, so it would be wise not to read too much into last month's results.

West European Car Sales





Western European Passenger Car Sales Update

West European Car Sales

	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
WESTERN EUROPE	1,033,613	1,050,933	-1.6%	2,141,349	2,215,160	-3.3%	14,901,971	14,657,517	14,193,011	3.3%
AUSTRIA	23,710	26,542	-10.7%	49,045	55,198	-11.1%	323,090	316,033	341,949	-7.6%
BELGIUM	49,919	50,257	-0.7%	100,993	107,126	-5.7%	690,610	657,731	549,632	19.7%
DENMARK	18,646	17,277	7.9%	39,963	37,190	7.5%	255,730	255,087	218,506	16.7%
FINLAND	8,084	9,110	-11.3%	19,816	22,695	-12.7%	104,861	105,763	120,495	-12.2%
FRANCE	172,443	168,897	2.1%	327,522	325,748	0.5%	2,173,264	2,169,763	2,173,523	-0.2%
GERMANY	268,867	261,749	2.7%	534,569	531,178	0.6%	3,812,798	3,797,812	3,435,832	10.5%
GREECE	6,047	6,512	-7.1%	13,500	13,372	1.0%	100,052	103,931	104,186	-0.2%
IRELAND	15,128	17,011	-11.1%	47,425	54,034	-12.2%	111,624	115,579	125,594	-8.0%
ITALY	177,825	182,229	-2.4%	343,010	360,553	-4.9%	1,974,454	1,882,973	1,909,433	-1.4%
LUXEMBOURG	5,041	4,565	10.4%	9,246	8,917	3.7%	60,855	59,062	52,807	11.8%
NETHERLANDS	29,947	35,015	-14.5%	77,648	93,759	-17.2%	385,218	395,781	443,812	-10.8%
NORWAY	11,106	10,191	9.0%	20,110	19,398	3.7%	144,666	132,248	147,929	-10.6%
PORTUGAL	18,858	20,795	-9.3%	34,542	35,282	-2.1%	223,394	222,866	228,067	-2.3%
SPAIN	100,701	110,475	-8.8%	194,247	212,136	-8.4%	1,189,750	1,229,096	1,320,717	-6.9%
SWEDEN	23,146	27,211	-14.9%	43,624	50,191	-13.1%	325,098	325,742	353,666	-7.9%
SWITZERLAND	22,176	22,292	-0.5%	43,107	43,963	-1.9%	309,741	314,030	299,716	4.8%
UK	81,969	80,805	1.4%	242,982	244,420	-0.6%	2,716,764	2,574,021	2,367,147	8.7%

Notes:

Greece data: estimate 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.



LMC Automotive

LMC Automotive is a market leader in the provision of automotive intelligence and forecasts to an extensive client base of car and truck makers, component manufacturers and suppliers, financial, logistics and government institutions around the world and is highly respected for its extremely responsive customer support. It offers forecasting services covering global sales and production for light vehicles and heavy trucks, as well as forecasts of engine and transmission supply and demand. In addition, LMC Automotive publishes special studies on subjects of topical interest to the automotive industry.

LMC Automotive is part of the LMC group. LMC is the global leader in economic and business consultancy for the agribusiness sector.

For further information about LMC Automotive, you can visit us at www.lmc-auto.com or email us at forecasting@lmc-auto.com.

© LMC Automotive Ltd, 2019. All rights reserved in all countries. Decisions based on this information are at the user's own risk and LMC Automotive cannot accept any liability for its accuracy. If the information in this document is reproduced in any form full attribution must be given to LMC Automotive.