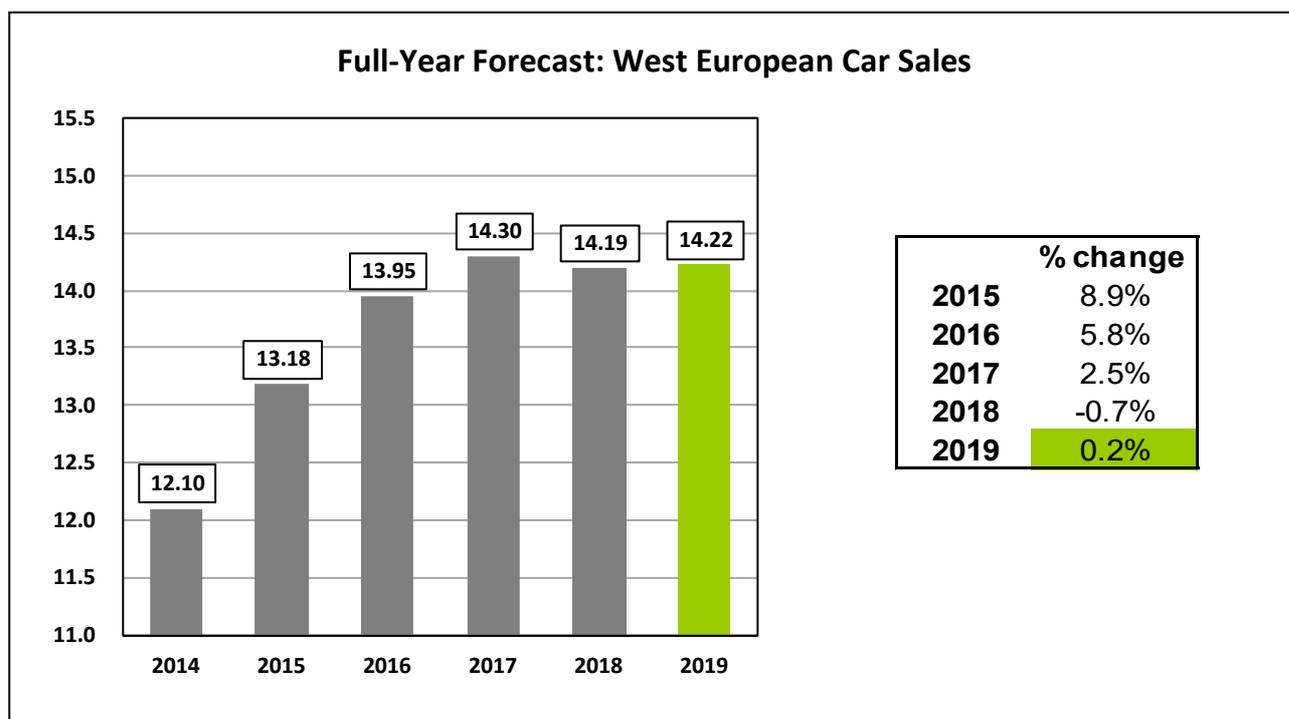


Western European Passenger Car Sales Update

Summary

- West European car registrations fell by 8.5% year-on-year (YoY) in August. The YoY contraction was inevitable due to the distortion in the market in August 2018 caused by sales being pulled forward ahead of the implementation of WLTP emission tests on 1st September 2018. However, the selling rate jumped to 16.9 mn units/year in July, from 14.3 mn units/year in July.
- The German market continues to defy a weakening economy with outstanding car sales once again in August. Volumes were down only 0.8% YoY, as the selling rate soared to 4.3 mn units/year – the second highest result in the last decade. The UK saw a similar spike in the selling rate, towards 3.1 mn units/year, as sales fell by 1.6% in YoY terms.
- In France, sales fell 14.1% YoY in August, but the selling rate surged to 2.6 mn units/year. Italy saw a YoY decline of 3.1%, while the selling rate leapt to 2.2 mn units/year. A 30.8% YoY contraction in the Spanish market was the most dramatic fall in Europe, but the selling rate still rose towards 1.4 mn units/year, the second highest reading in the last 12 months.
- Western European sales have decreased 3.6% YoY in the year to date (YTD). However, the rest of the year should see the monthly YoY comparisons turn positive, which we believe will enable 2019 to achieve modest full-year growth of 0.2% YoY. The reason for this is the low base effect produced by weak sales from September to December 2018, when some OEMs' failure to obtain timely homologation under WLTP led to the unavailability of some models.



5th September 2019

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Western European Passenger Car Sales Update

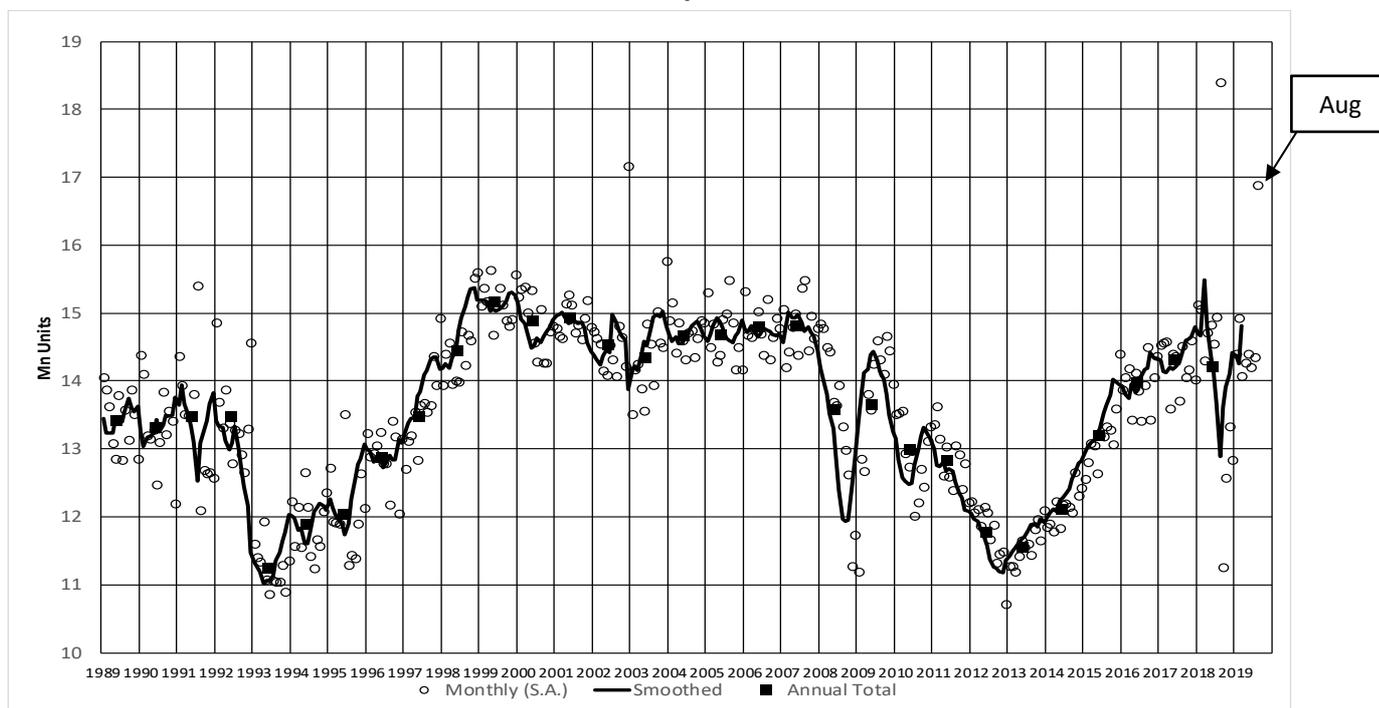
Commentary

West European car registrations fell by 8.5% YoY in August, but the selling rate increased to 16.9 mn units/year, from 14.3 mn units/year in July. The introduction of WLTP in September 2018 distorted the market in August last year (the selling rate for that month was 18.4 mn units/year), providing a very high base effect which was never likely to be matched this year. In addition, August has historically provided the lowest sales volumes in the year, meaning that relatively small changes in sales can have an exaggerated effect on the selling rate. We suspect that last month’s strong sales may have been the result of an increased use of self-registrations by dealers and OEMs, ahead of further changes to WLTP regulations which came into effect on 1st September, and we may therefore see some payback in selling rates in the coming months. Therefore it would be wise to treat August’s uptick in selling rates with caution, especially given a macroeconomic environment which seems unsupportive of big-ticket purchases at the present time.

Nevertheless, Germany’s August figures were impressive by any measure. The fact that registrations were only 0.8% below last year’s WLTP-distorted outturn far exceeded expectations, while the selling rate of 4.3 mn units/year almost matched last August’s exceptional rate. The UK’s August volumes are always low in absolute terms, but a fall of only 1.6% YoY was an excellent result – if taken at face value – as the selling rate accelerated towards 3.1 mn units/year. However, in the UK and elsewhere, we may simply be seeing another distortion in sales that tells us little about the underlying health of the market.

This same caveat applies to the remaining major West European markets. The French selling rate jumped from 2.2 mn units/year in July to 2.6 mn units/year in August, although sales declined 14.1% YoY. The elevated selling rate may be a result of a pull-forward effect, as the rules around a scrappage scheme were tightened from 1st September, in addition to WLTP effects. Italy’s selling rate increased from 1.9 mn units/year in July to 2.2 mn units/year in August; the market contracted by 3.1% YoY. In Spain, the selling rate rose towards 1.4 mn units/year in August, despite the 30.8% YoY decline in sales. For the YTD, Spanish registrations are down 9.2% YoY; a deficit which seems unlikely to be wiped out by the end of the year.

West European Car Sales





Western European Passenger Car Sales Update

West European Car Sales

	Sales (units)						Selling rate (Units/year)			
	Aug 2019	Aug 2018	Percent change	Year-to-date 2019	Year-to-date 2018	Percent change	Aug 2019	Year-to-date 2019	Year 2018	Percent change
WESTERN EUROPE	929,337	1,015,431	-8.5%	9,778,772	10,140,311	-3.6%	16,881,413	14,687,777	14,193,992	3.5%
AUSTRIA	29,941	34,345	-12.8%	237,883	259,260	-8.2%	411,037	345,154	341,949	0.9%
BELGIUM	47,936	54,437	-11.9%	403,535	428,577	-5.8%	660,162	590,313	549,632	7.4%
DENMARK	18,697	20,741	-9.9%	157,630	157,929	-0.2%	244,489	233,186	218,479	6.7%
FINLAND	9,993	12,007	-16.8%	79,481	91,199	-12.8%	130,256	113,502	120,489	-5.8%
FRANCE	129,259	150,391	-14.1%	1,467,939	1,513,968	-3.0%	2,640,910	2,237,993	2,173,523	3.0%
GERMANY	313,748	316,405	-0.8%	2,495,536	2,473,284	0.9%	4,323,629	3,726,848	3,435,832	8.5%
GREECE	7,196	6,511	10.5%	82,948	76,179	8.9%	131,831	120,160	104,186	15.3%
IRELAND	5,131	5,921	-13.3%	110,572	120,003	-7.9%	107,747	112,009	125,696	-10.9%
ITALY	88,939	91,792	-3.1%	1,325,162	1,366,414	-3.0%	2,227,935	1,929,748	1,909,456	1.1%
LUXEMBOURG	3,811	4,187	-9.0%	39,730	39,769	-0.1%	62,569	56,637	52,807	7.3%
NETHERLANDS	34,230	40,919	-16.3%	293,892	330,017	-10.9%	496,061	451,939	443,812	1.8%
NORWAY	12,073	14,524	-16.9%	99,460	100,880	-1.4%	142,987	149,804	147,929	1.3%
PORTUGAL	12,406	15,311	-19.0%	159,233	169,707	-6.2%	237,528	224,687	228,067	-1.5%
SPAIN	74,490	107,692	-30.8%	883,648	973,545	-9.2%	1,353,424	1,257,669	1,321,606	-4.8%
SWEDEN	29,477	24,670	19.5%	221,016	262,717	-15.9%	375,243	341,152	353,666	-3.5%
SWITZERLAND	19,437	21,484	-9.5%	202,091	204,877	-1.4%	275,837	306,962	299,716	2.4%
UK	92,573	94,094	-1.6%	1,519,016	1,571,986	-3.4%	3,059,769	2,490,015	2,367,147	5.2%

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.



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