

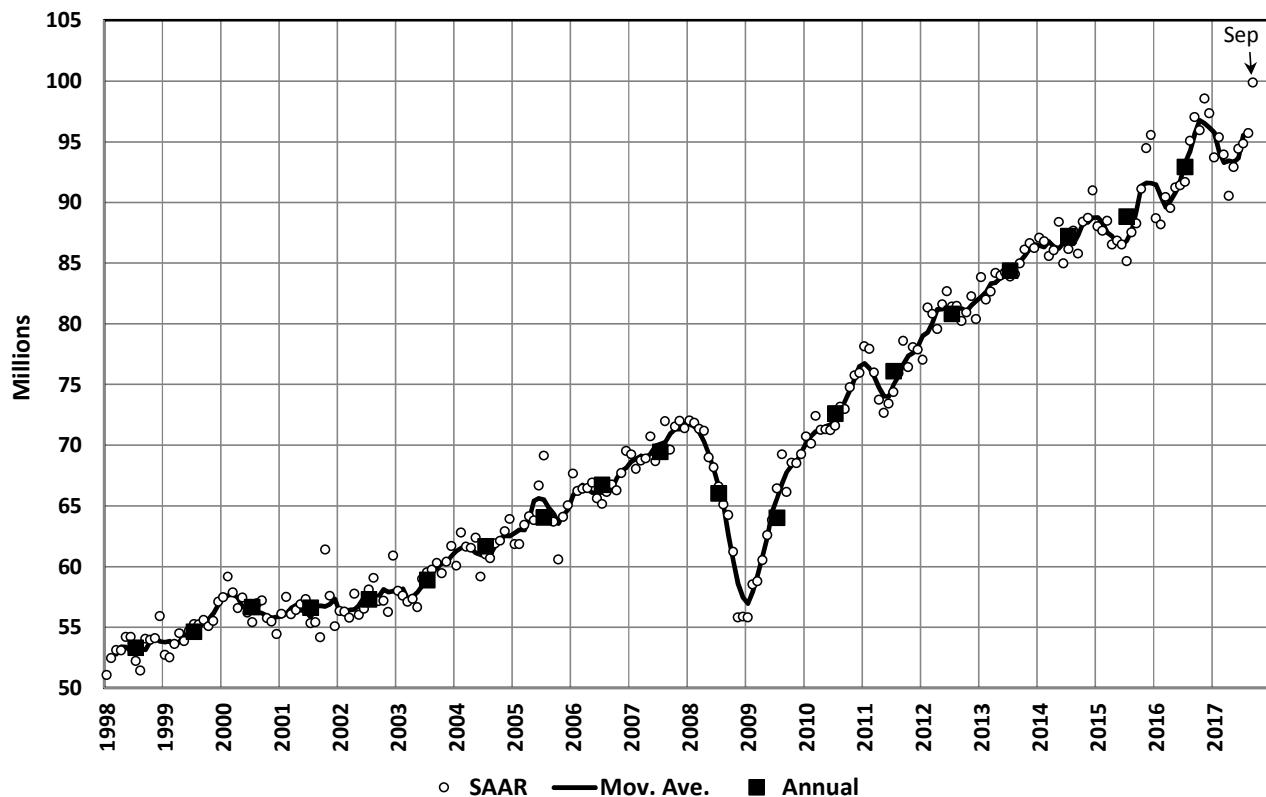
Global Light Vehicle Sales Update

Summary

Commentary

- Global Light Vehicle sales grew by 4.1% year-on-year (YoY) in September, with the selling rate reaching almost 100 mn units/year, significantly above the 95 mn units/year of recent months.
- These gains were driven by a surprisingly strong September in the USA, while China also hit its highest selling rate in almost a year. Western Europe was the exception, with YoY sales down slightly.

Global Light Vehicle Sales



North America

- Light Vehicle sales in the US finished September with 1,523,000 units, an increase of 2.0% from September 2016 (selling day adjusted). The September selling rate reached 18.6 mn units/year, up 0.9 mn from a year ago. Fleet sales were responsible for much of the growth: they were up 8.0%, while retail sales increased 0.8%. Incentives grew 4% from last year, to \$4,091 on average.
- Once again, Canadian Light Vehicle sales were up – this time to 187k units, or 7.9% more than a year ago. The selling rate reached 2.09 mn units/year, the second highest level in 2017.
- Sales in Mexico plummeted to 116k units in September, 11.2% down from a year ago – the first double-digit decline so far this year. The later part of September was affected by a deadly earthquake, which hit Mexico City and the states of Mexico and Puebla. These three areas represent more than a third of Mexico sales. September's selling rate was 1.48 mn units/year.

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Europe

- Light Vehicle registrations in Western Europe fell by 2.4% in September, on a comparable number of selling days with September 2016. The latest month's result translated into a selling rate of 16.1 mn units/year, lower than the previous month (16.4 mn units/year). Nevertheless, the car market is forecast to grow by 380k units this year, a reflection of the more solid platform for sales the Eurozone economy has provided in recent times.
- After a couple of months where sales came in slightly below expectations, the Russian Light Vehicle market picked up in September, posting a rise of 18% YoY. Whilst the selling rate dropped back from just under 1.6 mn units/year in June to closer to 1.4mn units/year in July and August, it recovered to 1.67mn units/year in September. Momentum is being gained from incentives which were introduced in July. Equally, recent economic news has been encouraging and consumer confidence is rallying.

China

- According to advance data, China's sales (i.e. wholesales) accelerated in September, with the selling rate exceeding 30 mn units/year for the first time since November 2016. Ahead of the expiration of the temporary purchase tax cut on smaller vehicles in December 2017, automakers increased deliveries to dealerships. On a YoY basis, sales increased by about 3% in September, the fourth consecutive month of YoY gain, thanks to robust demand for SUVs.
- There are, however, concerns, due to the gap between the official wholesales data and the more subdued retail sales data. The economy is showing signs of losing momentum, which, along with the end of the temporary tax cut, should have a dampening effect on vehicle sales over the next year.

Other Asia

- The Japanese market is heading for its first annual expansion since 2014. The selling rate reached 5.16 mn units/year in September and averaged 5.2 mn units in the first nine months of the year. On a YoY basis, sales increased by 7.5% year to date. Continuing economic expansion and a tight job market, as well as new model launches, are boosting sales. Nonetheless, stagnant wage growth remains a concern.
- In South Korea, the selling rate surged to just below 2 mn units/year, and sales increased by 20% YoY in September, but that is because of the timing of the Chuseok (mid-autumn festival) holiday, and because sales a year ago were very weak after the expiration of the temporary tax cut in June 2016. Such a robust rate is unlikely to be sustained, especially at a time when the economy remains sluggish.

South America

- The Brazilian market is gathering momentum. After hitting a two-year high of 2.48 mn units/year in August, the selling rate reached a strong 2.3 mn units/year in September, compared to the average selling rate of 2.1 mn units/year in H1 2017. Consumers are regaining confidence and purchasing power, thanks to the economic recovery and falling inflation and interest rates.
- In the volatile Argentine market, the selling rate fell to 761k units/year in September, after a robust August. On a YoY basis, however, sales increased by 5.4% in September and 27% in the first nine months of this year, supported by falling inflation and rising real wages. Political uncertainty over the upcoming mid-term elections and a weak peso remain major concerns for the economy and vehicle sales.

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	Sales (units)						Selling rate (Units/year)			
	Sep 2017	Sep 2016	Percent change	Year to date 2017	Year to date 2016	Percent change	Sep 2017	Year to date 2017	Year 2016	Percent change
WORLD	8,663,404	8,325,824	4.1%	70,226,582	68,101,937	3.1%	99,875,360	94,576,927	93,128,956	1.6%
USA	1,522,913	1,435,364	6.1%	12,862,731	13,103,371	-1.8%	18,560,497	17,054,549	17,540,327	-2.8%
CANADA	187,266	173,480	7.9%	1,592,342	1,507,221	5.6%	2,092,839	2,050,597	1,947,926	5.3%
WESTERN EUROPE	1,542,071	1,580,658	-2.4%	12,433,814	12,089,885	2.8%	16,082,487	16,114,907	15,771,458	2.2%
EASTERN EUROPE	351,882	314,773	11.8%	2,979,133	2,741,606	8.7%	4,167,687	4,277,896	3,891,946	9.9%
JAPAN	490,237	469,110	4.5%	4,005,875	3,725,140	7.5%	5,158,695	5,223,189	4,903,736	6.5%
KOREA	151,427	125,717	20.5%	1,314,213	1,295,929	1.4%	1,989,931	1,806,392	1,783,990	1.3%
CHINA	2,671,972	2,588,198	3.2%	19,927,615	19,408,561	2.7%	30,892,220	28,061,376	28,021,546	0.1%
BRAZIL / ARGENTINA	266,041	224,048	18.7%	2,245,384	1,987,196	13.0%	3,089,699	3,024,076	2,672,018	13.2%
OTHER	1,479,596	1,414,476	4.6%	12,865,475	12,243,028	5.1%	17,841,305	16,963,945	16,596,009	2.2%

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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