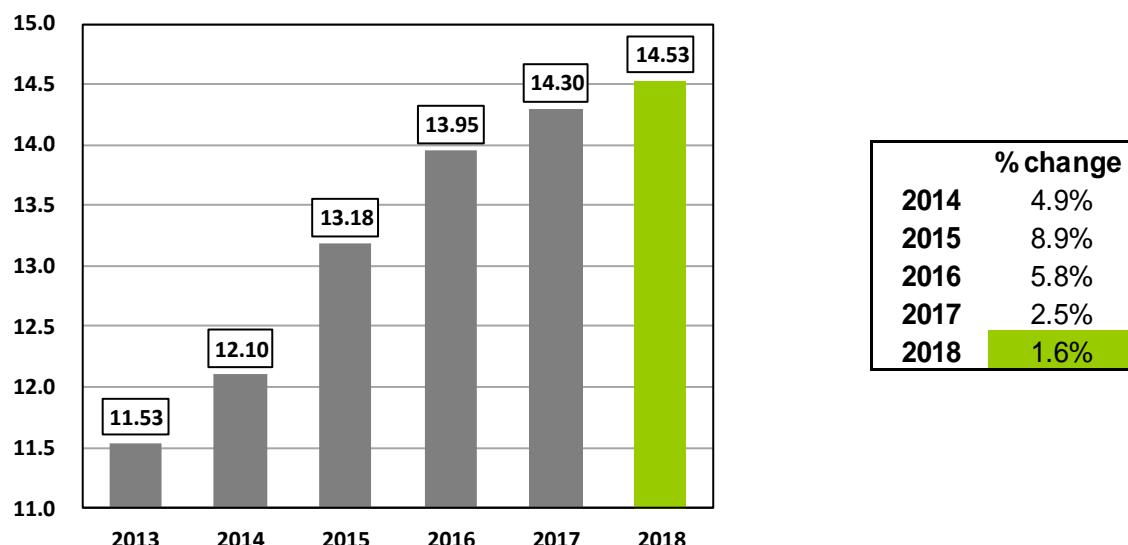


Western European Passenger Car Sales Update

Summary

- West European car registrations grew by 5.2% year-on-year (YoY) in January 2018. There was a diverse range of results from across the region, but particularly strong outturns from some key markets ensured that the selling rate rose to 15.3 mn units/year, the highest since August 2007.
- Germany and Spain were the outstanding performers in January, posting double-digit YoY rises of 11.6% and 20.3%, respectively. Germany was perhaps the more impressive result, given that it was achieved on the same number of selling days as in 2017, whereas Spain enjoyed two additional days. Germany's selling rate soared to 4 mn units/year, while Spain's jumped to 1.5 mn units/year.
- Meanwhile, the Italian market grew by 3.4% YoY, but also benefitted from an additional selling day. France delivered another solid result, with registrations up 2.5% YoY. The UK market was down 6.3% YoY, again acting as a drag on the region as a whole. Nevertheless, the result was enough to nudge the selling rate slightly higher, towards 2.5 mn units/year.
- Overall, we are still forecasting a slowdown of growth in 2018 as a whole. Notwithstanding exceptionally strong results in some markets in January, there is still limited scope for growth in Germany, and a relatively weak UK market will constrain regional growth to around 1.6%.

Full-Year Forecast: West European Car Sales



5th February 2018

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Western European Passenger Car Sales Update

Commentary

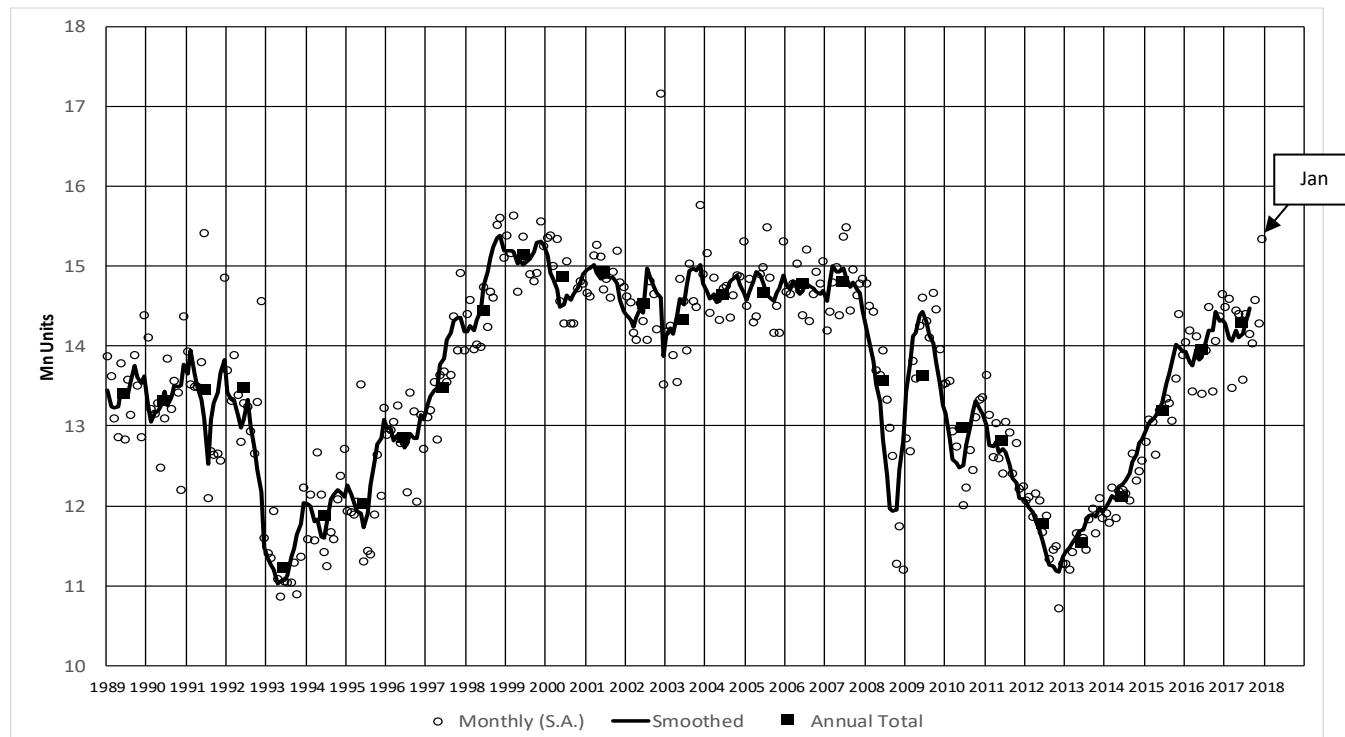
January's West European car registrations grew 5.2% YoY, with two extra selling days in Spain and one each in Italy, Sweden and the UK, compared to a year earlier. January also marked the strongest Western European selling rate since before the Great Recession, at 15.3 mn units/year, up 1 mn on December 2017.

For a market already at a very healthy level, Germany's 11.6% YoY increase – signalling the highest January sales volumes since 1999 – was a welcome surprise. The selling rate of 4 mn units/year is the highest since July 2009, when sales were inflated by scrappage incentivisation. We can say with some degree of certainty that such a rate will not be sustained throughout the year, and February sales could be affected by new revelations around diesel emissions testing. Spain also followed up a strong end to 2017 with a 20.3% YoY surge in January, to deliver the highest January sales volume since 2007. Although registrations to businesses and rental companies still increased faster than those to individuals, this latter category was up by 15.6% YoY, a much better result than was seen for much of 2017.

In France, growth was more modest, but, at 2.5%, still respectable. The selling rate increased to 2.2 mn units/year, indicating that another solid year looks to be the most likely outcome. Italy's sales volume was its highest for the first month of the year since 2010, sending the selling rate to 2 mn units/year. The market finished narrowly short of 2 mn in 2017, but January's result will raise hopes that this year could see that milestone passed – something which has not been achieved since 2009.

The UK market was down 6.3% YoY, as inflation and economic uncertainty continues to weigh on car sales. However, the decline was not as severe as the double-digit falls that had been seen towards the end of 2017. We are still forecasting a 5% drop in sales for 2018, as a high base effect will impact YoY growth until March, and consumer confidence remains at relatively low levels.

West European Car Sales



Western European Passenger Car Sales Update

West European Car Sales

	Sales (units)						Selling rate (Units/year)			
	Jan 2018	Jan 2017	Percent change	Year-to-date 2018	Year-to-date 2017	Percent change	Jan 2018	Year-to-date 2018	Year 2017	Percent change
WESTERN EUROPE	1,163,916	1,106,235	5.2%	1,163,916	1,106,235	5.2%	15,343,697	15,343,697	14,298,430	7.3%
AUSTRIA	28,656	26,415	8.5%	28,656	26,415	8.5%	359,025	359,025	354,174	1.4%
BELGIUM	56,869	51,701	10.0%	56,869	51,701	10.0%	596,357	596,357	546,558	9.1%
DENMARK	19,908	19,539	1.9%	19,908	19,539	1.9%	244,428	244,428	221,817	10.2%
FINLAND	13,579	12,742	6.6%	13,579	12,742	6.6%	124,616	124,616	118,575	5.1%
FRANCE	156,851	153,006	2.5%	156,851	153,006	2.5%	2,219,046	2,219,046	2,110,751	5.1%
GERMANY	269,400	241,394	11.6%	269,400	241,394	11.6%	4,002,042	4,002,042	3,441,262	16.3%
GREECE	5,718	5,100	12.1%	5,718	5,100	12.1%	87,634	87,634	88,298	-0.8%
IRELAND	37,125	39,003	-4.8%	37,125	39,003	-4.8%	137,644	137,644	131,480	4.7%
ITALY	177,822	172,033	3.4%	177,822	172,033	3.4%	1,999,961	1,999,961	1,968,386	1.6%
LUXEMBOURG	4,592	4,108	11.8%	4,592	4,108	11.8%	57,228	57,228	52,773	8.4%
NETHERLANDS	59,367	51,121	16.1%	59,367	51,121	16.1%	509,299	509,299	414,568	22.9%
NORWAY	9,207	13,055	-29.5%	9,207	13,055	-29.5%	119,003	119,003	158,650	-25.0%
PORTUGAL	14,894	15,213	-2.1%	14,894	15,213	-2.1%	211,554	211,554	222,307	-4.8%
SPAIN	101,661	84,510	20.3%	101,661	84,510	20.3%	1,513,193	1,513,193	1,234,931	22.5%
SWEDEN	22,980	23,280	-1.3%	22,980	23,280	-1.3%	360,216	360,216	379,255	-5.0%
SWITZERLAND	21,671	19,451	11.4%	21,671	19,451	11.4%	325,801	325,801	314,028	3.7%
UK	163,615	174,564	-6.3%	163,615	174,564	-6.3%	2,476,652	2,476,652	2,540,617	-2.5%

Notes: Greece and Luxembourg: estimates for latest month. Germany volumes yet to be confirmed by official association.
 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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