

## Comment

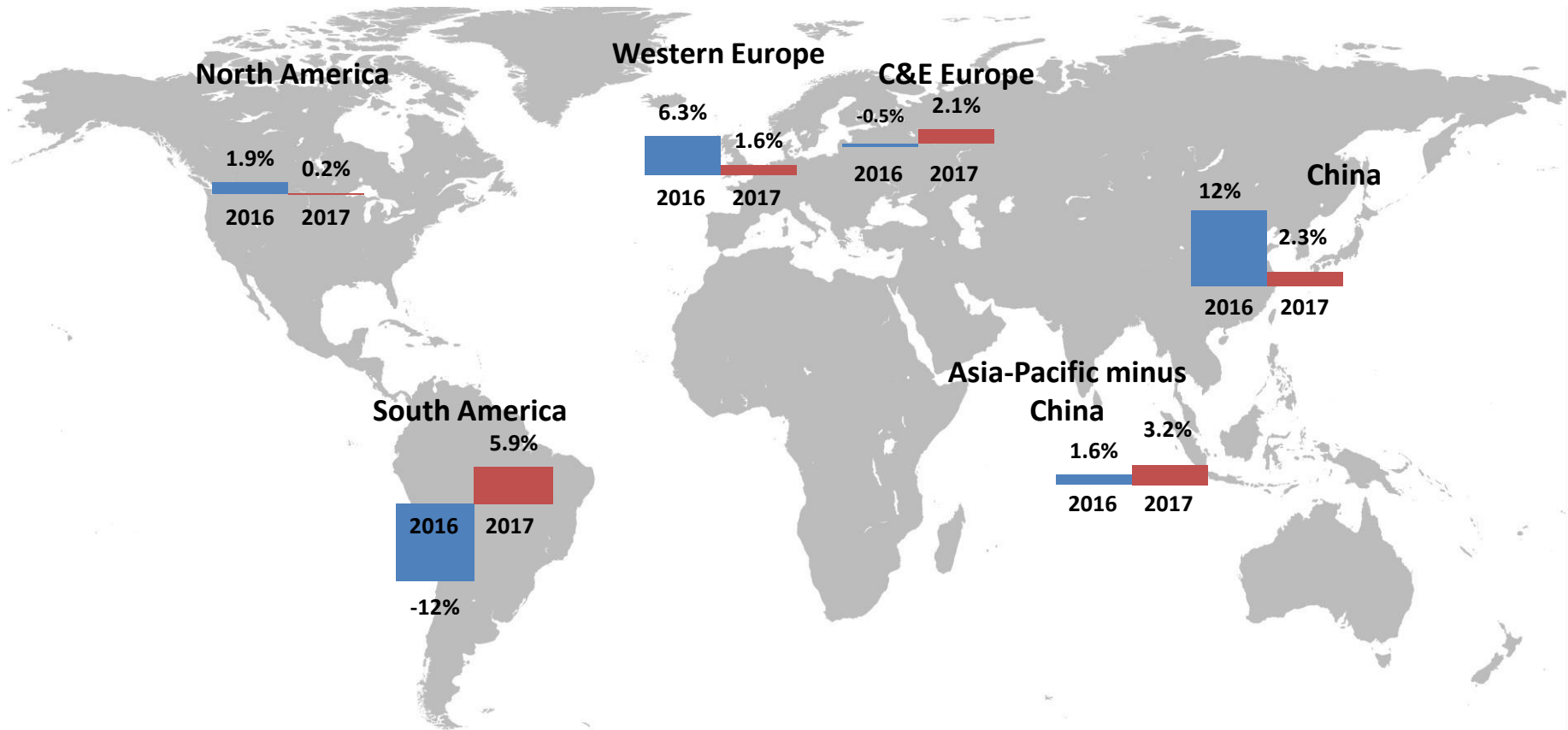
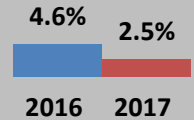
**What does 2017 hold for Light Vehicle markets around the world?**

**30 January 2017**

# Global Vehicle market poised for 8<sup>th</sup> year of growth

LMC expects pre-2017 themes of expansion in North America, Western Europe and China to start to dissipate this year, while signs of recovery in Brazil and Russia are also expected to begin to emerge.

## World



Source: LMC Automotive, Light Vehicle Sales Forecasts

## World

“Light Vehicle sales in 2016 ended slightly stronger than expected, as sales in China surged in the 4<sup>th</sup> quarter, but other major market results were in line with expectations. We saw a solid US, steady growth in Western Europe, gains in China, and a bottoming out in Brazil and Russia. For 2017, we should expect to see mature market growth mostly disappear, though some European markets may gain a little. Overall, a 2.5% increase in sales seems most likely, taking the total to the 95-96 mn-unit range.” Pete Kelly, Managing Director, LMC Automotive.

## China

“The 5% tax cut in late 2015 boosted sales for the whole of 2016, but the looming end of the cut, which would have taken the tax back to the standard 10%, caused a spike in demand in late 2016. Now that the purchase tax has been set at 7.5%, rather than 10%, a residual boost in 2017 remains likely, though an early-year slowdown seems inevitable. But we should expect another, though smaller, surge at the end of this year.” John Zeng, Director, LMC Shanghai.

## Europe

“Western European demand has now recovered most of the volume lost during the weak 2009-2013 period. Sales are still down by around one million units, relative to a fully recovered level, but growth towards that point will likely slow, especially if the UK car market softens as Brexit unfolds, as we expect. Furthermore, similar political-economic risks are at a heightened level in other European countries. Russian recovery has yet to get going, though the market may begin to gain traction this year. But volume in that market is around half the level seen four years ago, and recovery could be slow.” Jonathon Poskitt, LMC Director, Global Sales Forecasting.

## US

“The US market managed a minimal expansion in 2016 to another record, though did confirm our expectation that the market is plateauing. The outlook for 2017 is on a knife edge at the moment, with risks more balanced than ever, and the impact of the new Trump administration remains highly unclear. Deregulation and fiscal stimulus seem more likely to boost economic growth, though trade barriers could increase vehicle costs and negatively impact volume.” Jeff Schuster, LMC Senior Vice President, Americas.

# China share of world sales to hold steady at 30%

	2016 Sales (mn units)	Growth	2017 Sales (mn units)	Growth	'17 Ranking	Change	Comment
<b>China</b>	28.0	12.4%	28.6	2.3%	1	-	Growth slows in 2017, on reduced tax incentive
<b>USA</b>	17.5	0.5%	17.6	0.1%	2	-	Market normalised, some risk from scaled back leasing & residuals
<b>Japan</b>	4.9	-1.9%	4.9	-0.1%	3	-	Stable market conditions, but little opportunity for growth
<b>India</b>	3.3	7.2%	3.6	8.5%	4	+1	Near-term cash crunch still a threat, but should dissipate in 2017
<b>Germany</b>	3.6	4.8%	3.6	0.6%	5	-1	Stable conditions
<b>UK</b>	3.1	2.2%	2.9	-5.7%	6	-	Record market in 2016, but higher prices/Brexit lead to slowdown
<b>France</b>	2.4	5.6%	2.5	2.1%	7	-	Stable conditions
<b>Italy</b>	2.0	17.3%	2.1	7.1%	8	-	Further to go in recovery from Eurozone crisis
<b>Brazil</b>	2.0	-19.8%	2.1	4.3%	9	-	Market bottoms out, but long way back to (2012) high of 3.6 mn units
<b>Canada</b>	1.9	2.7%	2.0	0.6%	10	-	Record market in 2016, should remain high and stable in 2017
<b>World</b>	93.3	4.6%	95.6	2.5%			China slowdown is biggest impact, but growth still present

Source: LMC Automotive, Light Vehicle Sales Forecasts



LMC Automotive is the leading provider of automotive production, sales and powertrain forecasts and automotive industry market intelligence. LMC is headquartered in Oxford, UK, with other main offices in Detroit, Bangkok and Shanghai.

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