Western European Passenger Car Sales Update

Summary

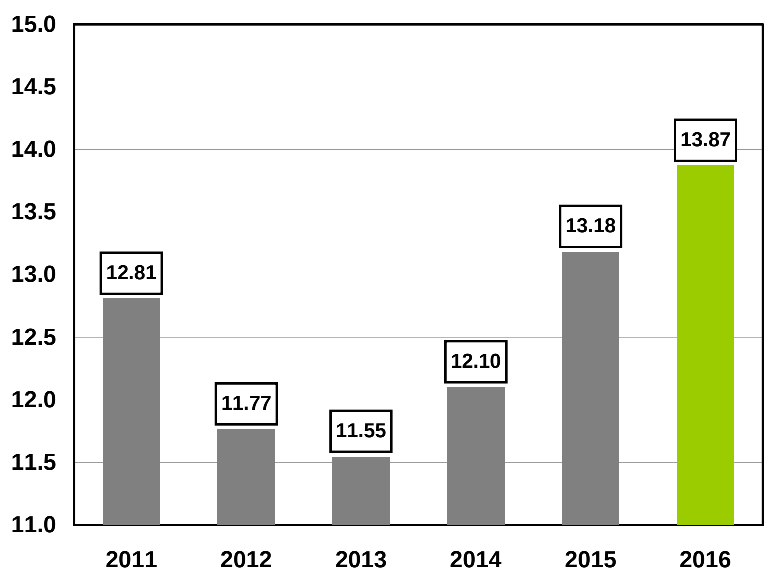
- Car sales in Western Europe fell by 2% in July. This was the first year-on-year (YoY) monthly fall since August 2013; importantly though, there was one fewer selling day in the region last month. The selling rate slipped back to 13.4 mn units/year.

- Result for Germany: sales were down 3.9% YoY — for the first seven months of the year the market was up 5.4%. In France, car registrations plummeted almost 10% YoY in July; the Seasonally Adjusted Annualized Rate (SAAR) of sales fell to 1.7 mn units/year.

- The Spanish and Italian car markets saw further positive momentum (up by 4.3% and 2.9% respectively), as they continue to recover.

- New car registrations in the UK held up in July (+0.1%) in the aftermath of the country's vote to leave the EU — the corporate side maintained solid growth, though the private side slipped back.

Full-Year Forecast: West European Car Sales



	% change
2012	-8.1%
2013	-1.9%
2014	4.8%
2015	8.9%
2016	5.2%

4th August 2016

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Commentary

The West European car market recorded a fairly disappointing selling rate of 13.4 mn units/year in July. While we would not want to overemphasize one month's result, the average selling rate for May-July stood at 13.8 mn units/year, weaker than levels recorded earlier in the year.

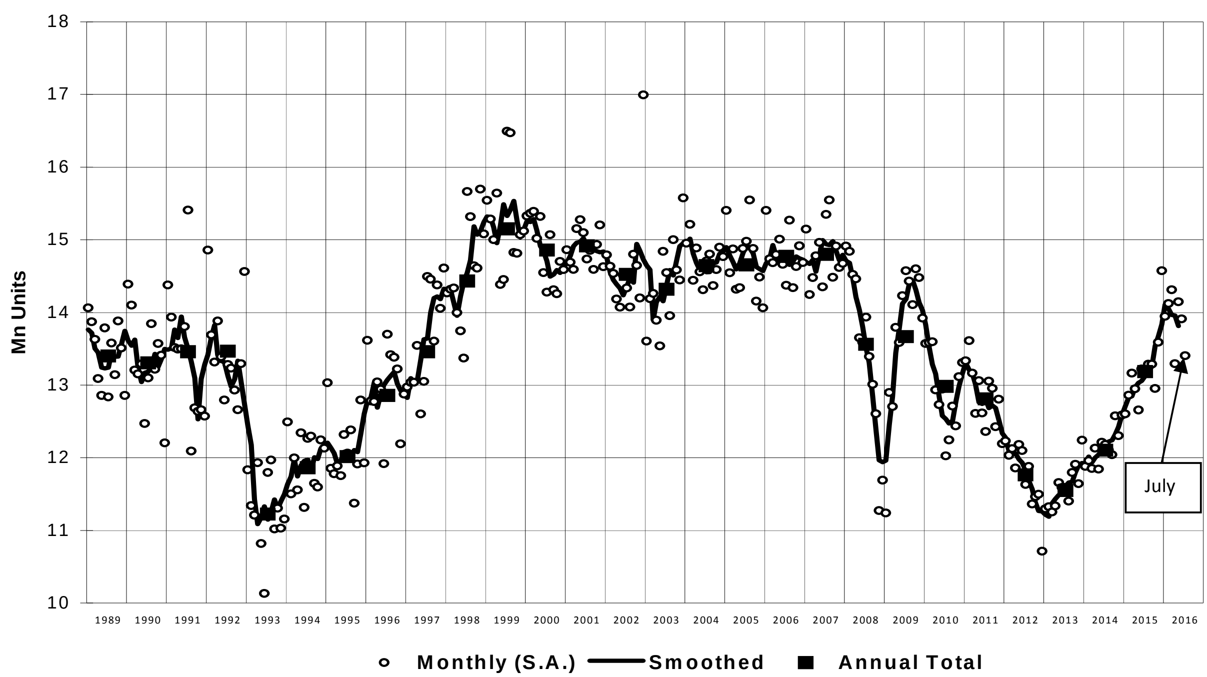
With one fewer selling day, Spanish car market growth slowed in July; registrations were up circa 4% YoY (compared to double-digit growth in the previous three months). The selling rate remained strong at 1.1 mn units/year. At this stage, we assume the strength of the underlying economy will help maintain market momentum over the next few years. The removal of the PIVE scrappage scheme, which has supported the market for almost four years, might well cause some selling rate weakness over the next few months.

Italian car registrations were up circa 3%, marking the 26th monthly YoY increase in a row — year-to-date (YTD) the market was up 17.1%, and we can expect strong growth to continue for the remainder of the year. Though car registrations in Germany fell this month, the selling rate remained at 3.4 mn units/year.

The French market recorded a disappointing July result (-9.6% YoY) — however, the market was up 5.9% YTD, and the selling rate in Q2 averaged a strong 2 mn units/year. With an improving labour market driving consumption, we still expect the French market to put in a robust full-year performance.

The headline result for the UK car market suggested no major impact from the Brexit vote thus far (+0.1% YoY for July); however, private registrations were down 6.1% last month (+1.1% YTD) reflecting falling consumer confidence. The package of measures unveiled by the Bank of England on 4th August to provide additional monetary stimulus highlight the concerns over the UK's economic outlook; we continue to assume economic headwinds will hit the UK car market over the remainder of this year, and beyond.

West European Car Sales



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West European Car Sales

	Sales (units)						Selling rate (units/year)			
	Jul 2016	Jul 2015	Percent change	Year-to-date 2016	Year-to-date 2015	Percent change	Jul 2016	Year-to-date 2016	Year 2015	Percent change
WESTERN EUROPE	**1,070,598**	**1,092,650**	***-2.0%***	**8,568,820**	**8,004,697**	***7.0%***	**13,402,470**	**13,876,519**	**13,184,284**	***5.3%***
AUSTRIA	26,958	26,917	*0.2%*	199,208	188,550	*5.7%*	328,219	320,587	308,555	*3.9%*
BELGIUM	34,373	36,121	*-4.8%*	343,980	324,545	*6.0%*	499,158	525,866	501,066	*4.9%*
DENMARK	15,726	16,236	*-3.1%*	132,570	120,893	*9.7%*	193,090	219,361	207,478	*5.7%*
FINLAND	8,340	8,723	*-4.4%*	73,774	65,813	*12.1%*	120,291	119,822	108,814	*10.1%*
FRANCE	132,999	147,125	*-9.6%*	1,233,820	1,164,618	*5.9%*	1,727,319	1,991,928	1,916,762	*3.9%*
GERMANY	278,866	290,196	*-3.9%*	2,012,948	1,909,145	*5.4%*	3,413,016	3,386,011	3,206,042	*5.6%*
GREECE	8,955	5,447	*64.4%*	56,368	48,589	*16.0%*	86,797	86,922	75,805	*14.7%*
IRELAND	29,931	27,594	*8.5%*	131,531	109,931	*19.6%*	146,660	138,985	124,954	*11.2%*
ITALY	136,275	132,485	*2.9%*	1,179,068	1,006,866	*17.1%*	1,714,267	1,831,664	1,573,685	*16.4%*
LUXEMBOURG	4,136	4,334	*-4.6%*	31,627	30,015	*5.4%*	48,699	47,443	46,473	*2.1%*
NETHERLANDS	31,261	33,820	*-7.6%*	225,244	235,114	*-4.2%*	405,281	374,804	448,927	*-16.5%*
NORWAY	11,040	12,394	*-10.9%*	88,789	86,786	*2.3%*	138,356	152,697	150,686	*1.3%*
PORTUGAL	15,638	15,545	*0.6%*	134,230	116,221	*15.5%*	164,992	209,543	178,475	*17.4%*
SPAIN	107,306	102,926	*4.3%*	730,605	658,153	*11.0%*	1,108,900	1,127,357	1,034,222	*9.0%*
SWEDEN	24,197	24,139	*0.2%*	211,788	192,123	*10.2%*	377,667	375,274	345,053	*8.8%*
SWITZERLAND	26,074	30,228	*-13.7%*	184,111	192,026	*-4.1%*	312,157	312,767	323,784	*-3.4%*
UK	178,523	178,420	*0.1%*	1,599,159	1,555,309	*2.8%*	2,617,601	2,655,488	2,633,503	*0.8%*
Notes:	Greece and Luxembourg: estimates for latest month									
	The percent change in the final column compares the average selling rate in the year-to-date with the last full year.									

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