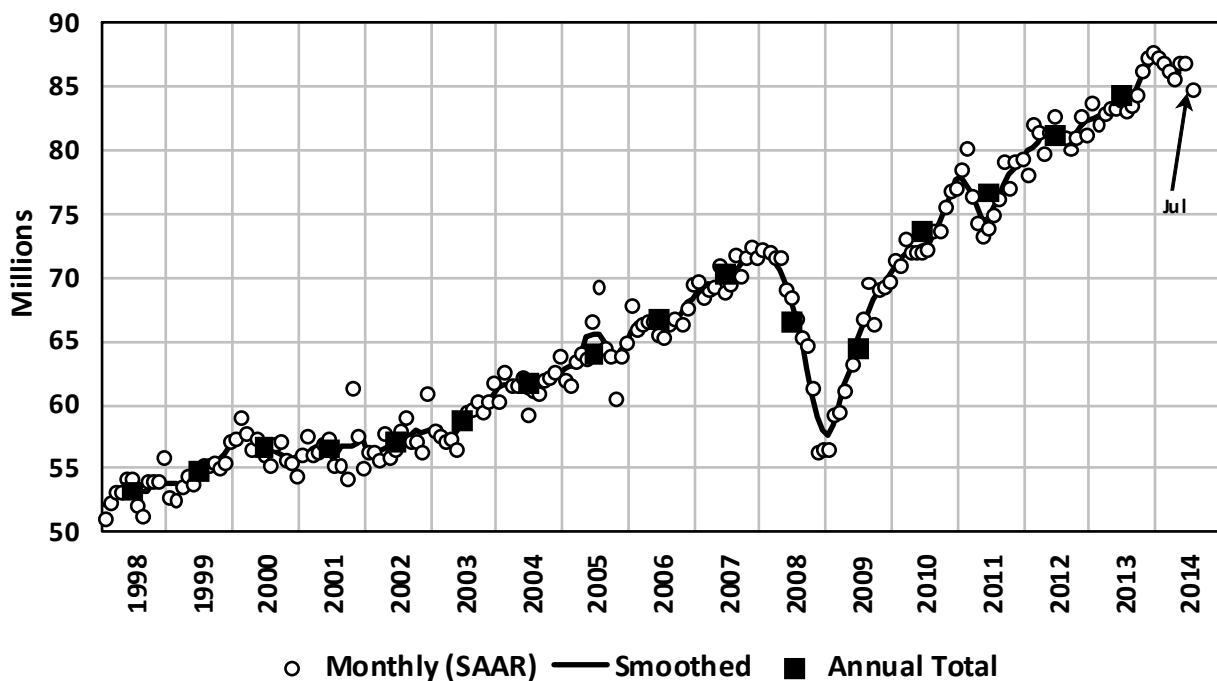


Summary

Commentary

- Global Light Vehicle sales continued to grow, year-on-year, in July, though the selling rate slowed to under 85 mn units/year, the weakest rate since September 2013.
- While Western Europe has now turned a corner, and the US and China continue to expand, not all markets are enjoying growth. Key markets in Eastern Europe and South America face significant headwinds, while sales in Japan are also now falling.

Global Light Vehicle Sales



North America

- In July, US sales were up 4.9% compared to the same month last year on a selling day-adjusted basis, with the selling rate standing at 16.5 mn units/year, a little weaker than June but a solid performance nonetheless. We forecast market growth of circa 5% for 2014, bolstered by an improving economic backdrop as the year progresses.
- The Canadian Light Vehicle market looks set to enjoy full year growth too, with it forecast to reach circa 1.8 mn units for 2014.

Europe

- The West European market continued its positive momentum, up nearly 6%. The selling rate in July stood at 13.6 mn units/year with the UK, Germany and Spain the markets making most progress in year-on-year terms.
- However, with Eastern Europe down sharply once again, Pan-Europe was fractionally lower overall. Russian sales continued to contract, this coming after the recent escalation in sanctions and reflecting the generally tough economic environment. The ongoing deterioration in Eastern Europe will likely mean that Pan-European Light Vehicle sales growth will do little better than stall in 2014.

China

- According to preliminary data, the selling rate in China slowed for the second consecutive month to an eleven-month low of 22.2 mn units in July. Since the inventory at dealerships rose to a high level of 1.69 months at the end of June, automakers apparently reduced their deliveries to their dealers in July. (Note that China's sales data are wholesales from automakers to dealerships.) In addition, the World Cup seems to have slowed sales to some degree.
- In the passenger vehicle market, "panic-buying" ahead of the expected imposition of the local governments' purchasing restrictions appears to have cooled down. In the Light Commercial Vehicle market, sales have been deterred by uncertainty over the impending China IV emission standard, which is expected to be much stricter than the current standard.

Other Asia

- In Japan, the selling rate fell to below 5 mn units/year in July for the first time since the consumption tax hike in April. Higher inflation, sluggish income growth, and weak investment point to a further slowdown of sales in the coming months.
- The South Korean market appears to be heading for record-high sales this year, with the selling rate averaging 1.63 mn units/year in the first seven months of this year. New model launches and strong sales of imports have helped boost sales, while the sustainability of such a robust pace is a question.

South America

- In Brazil, sales were weak in both June and July due to the World Cup. While some rebound is expected in August, the market is projected to remain sluggish due to a slowing job market, tighter credit conditions, and weak business spending. The extension of the IPI tax cut through December is not likely to help boost sales.
- The Argentine market has surprised on the upside, with the selling rate picking up in July – right before the country defaulted on its debt for the second time in 13 years. While the full extent of the repercussions of the default on the economy and sales are still uncertain, there is little doubt that the default will depress sales for a while.

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Global Light Vehicle Sales

	Sales (Units)						Selling rate (Units/year)			
	Jul 2014	Jul 2013	Percent change	Year to date 2014	Year to date 2013	Percent change	Jul 2014	Year to date 2014	Year 2013	Percent change
WORLD	6,979,229	6,806,595	2.5%	50,743,745	48,946,610	3.7%	84,866,948	86,367,941	84,405,237	2.3%
USA	1,432,655	1,313,298	9.1%	9,581,373	9,131,050	4.9%	16,536,995	16,136,543	15,572,933	3.6%
CANADA	176,704	159,109	11.1%	1,086,509	1,043,075	4.2%	1,944,699	1,789,003	1,742,475	2.7%
WESTERN EUROPE	1,125,413	1,063,148	5.9%	8,251,151	7,794,196	5.9%	13,644,580	13,402,771	12,881,194	4.0%
EASTERN EUROPE	354,273	421,011	-15.9%	2,535,029	2,763,573	-8.3%	4,072,986	4,525,552	4,937,600	-8.3%
JAPAN	451,055	465,277	-3.1%	3,395,258	3,107,924	9.2%	4,836,833	5,550,689	5,255,108	5.6%
KOREA	143,301	138,619	3.4%	932,506	875,364	6.5%	1,650,013	1,632,480	1,507,985	8.3%
CHINA	1,631,422	1,528,911	6.7%	13,327,136	12,201,342	9.2%	22,244,676	23,177,078	21,875,132	6.0%
BRAZIL / ARGENTINA	339,382	404,953	-16.2%	2,281,772	2,586,777	-11.8%	3,806,693	4,047,055	4,473,912	-9.5%
OTHER	1,325,024	1,312,269	1.0%	9,353,011	9,443,309	-1.0%	16,129,473	16,106,770	16,158,898	-0.3%
Notes:	<p>The percentage change in the final column compares the average selling rate in the year-to-date with the last full year.</p> <p>Late reporting countries and estimates are included in "Other".</p> <p>Eastern Europe includes Turkey.</p> <p>China includes estimate of light vehicle imports.</p>									

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