Press Release

Levallois-Perret, 8 January 2019

The global car market ran out of steam in the second half of 2018
Growth could potentially stagnate altogether in 2019

Since 2010, sales of light vehicles (private vehicles and light commercial vehicles) had been growing by more than 5% per year. However, in the second half of 2018 the market appeared to be running our of steam. According to L'Observatoire Cetelem, global growth could turn out to be as low as 1% in 2018 and may stagnate completely in 2019.
Trends within the major European markets are not converging: with the exception of Spain, which will continue to see growth, most countries are set to experience a decline. China's growth will stutter for the first time, while US sales will start to contract. However, the recovery will continue in Russia and Brazil, as well as in India, where an upsurge had long been expected.

A change of pace in Europe

A less buoyant economic climate and adverse regulatory conditions exacerbated the fall in vehicle registrations in Europe. Since September and the introduction of the WLTP[1], a much stricter environmental testing standard for vehicles, sales have dropped significantly. After a spectacular increase of 26.6% in August, immediately prior to the implementation of the WLTP, year-on-year private vehicle sales declined by 23%, 7.3% and 8.3% in September, October and November, respectively. Overall, 2018 sales figures for Europe are expected to barely exceed those achieved in 2017.
Trends within Western Europe's biggest markets do not appear to be converging. Uncertainty linked to Brexit contributed to a 7% year-on-year drop in the UK market. Italy limited the decline to 3.1%, while the continent's leading nation, Germany, posted a figure that was virtually unchanged (-0.2%). Only Spain maintained the impressive momentum gathered over the last few years, with strong growth of 7%. Meanwhile, France saw sales rise by 3% in 2018, a fifth consecutive year of growth that is very likely to be the last: a contraction of 3-4% is expected in 2019.
The European market has already peaked and sales volumes are set to fall in 2019. Despite a ramping up of scrappage schemes and a brighter outlook on the employment market, the continued economic slowdown and the proliferation of traffic restrictions in major urban centres will lead to a fall in light-vehicle sales. However, the rising popularity of leasing (hire purchase and contract hire) - the option chosen by 35% of French households that bought a car in 2017 - will absorb some of the impact, thanks to the scheduled-replacement mechanism provided for in these contracts.

China: growth stalls for the first time

More unexpected, unprecedented and high in consequence for the global automotive sector, China saw its monthly sales fall in 2018 for the first time since the market took off 20 years ago. In July (-4%), August (-3.8%), September (-11.6%), October (-11.7%) and November (-13.9%), the market experienced a sharp downturn against the backdrop of an economic slowdown, as trade tensions and a tariff war with the United States began to be felt, not to mention the impact of stricter controls on consumer loans.
Many Chinese citizens had brought purchases forward over the last two years, to make the most of tax cuts for small vehicles. However, the government has clearly indicated that it does not intend to maintain these favourable measures. After a drop of around 3% in 2018, the market's still tentative recovery should equate to growth of no more than 4% in 2019, although this does equate to more than 29 million vehicles.

[1] The WLTP (Worldwide Harmonized Light-Duty Vehicles Test Procedure) is a test cycle used for private vehicles and light utility vehicles. Its purpose is to ensure that vehicle pollutant levels and fuel consumption do not exceed certain regulatory thresholds. It has been mandatory for all new vehicles registered since 1 September 2018.

United States and Japan: a pleasant surprise

Conversely and against all expectations, sales remained bullish in the United States. Growth plateaued at around 0%, with an overall figure of 0.3% over 2018. Saloon-car sales fell by 13%, while sales of "light trucks" (SUVs and pick-ups) increased by 8%, boosted by the availability of fuel made from cheap shale oil.

However, periods of hiatus have been announced, coinciding with rises in interest rates and customs duty on imported vehicles, which will have an impact on demand over the next few months. Having recently peaked, reaching historic levels since 2016, the market is expected to contract by 4% in 2019.

Consistency is also the watchword in Japan. The growth of car sales stabilized at +0.7% in 2018. Small cars (less than 660 cc - 35% market share) dominated the market with an increase of 4.4% over the year, compared with a 1.3% fall in sales of conventional cars. Japan is set to experience a fresh downturn as of 2019, for structural reasons linked to its demographic decline.

Russia and Brazil: the recovery continues

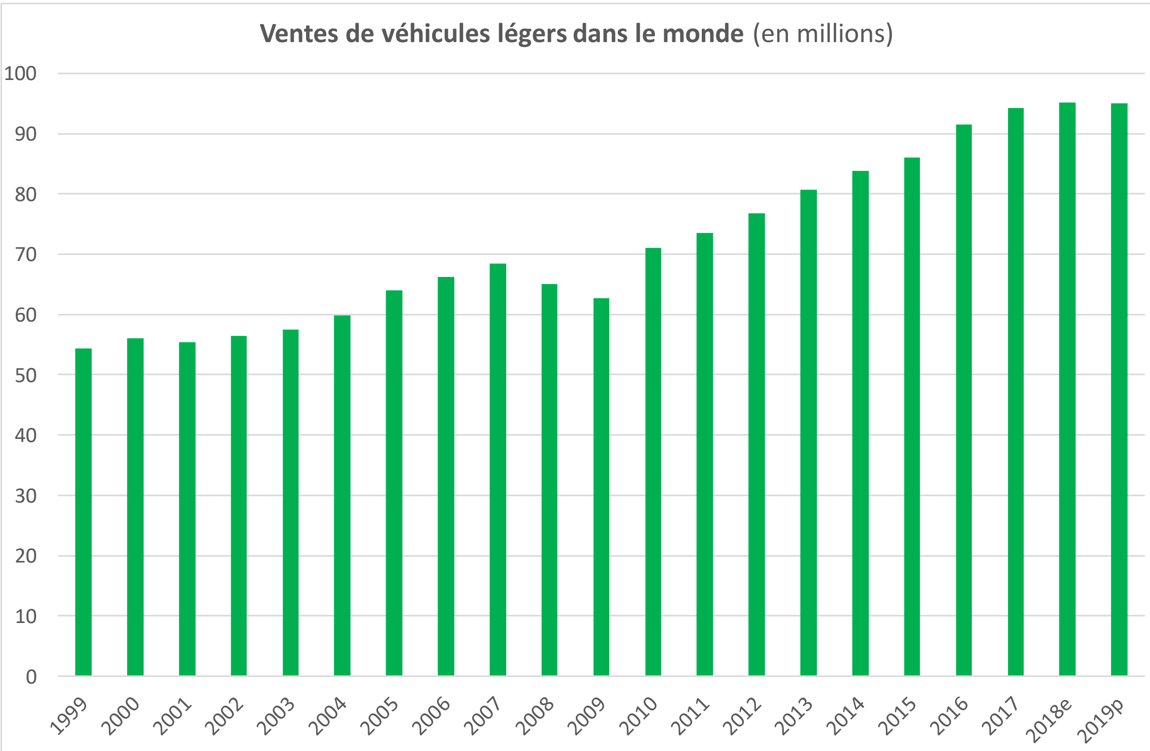
Despite Russia experiencing international political tensions and Brazil facing its own domestic issues, the two countries saw sales figures recover at a similar pace to 2017. As of end-November 2018, the light-vehicle markets of both nations posted growth of 14%. Russia, where 3 million cars were sold in 2008, will end the year with sales approaching 1.8 million units. As for Brazil, memories of the 3.6 million cars sold in 2012 remain dim, with 2018 sales totalling around 2.5 million. It is therefore safe to say that the potential for a sales recovery remains intact in both regions, with sustained growth set to continue over 2019.

India takes off, finally.

The Indian market, whose potential is immense given the country's demographics, appears to be firmly on the path to development. After a 9.5% increase in 2017, figures for end-November indicate that the market's overall 2018 results should continue to be strong despite recent falls. With more than 4 million light vehicles sold each year, more than any country in Europe, India's rise is beginning to leave its mark on global figures.

Significant growth potential remains to be harnessed in China, India, Southeast Asia and Africa, but their impact over the next few quarters will not be sufficient to counterbalance the slowdown in more mature markets. Globally, growth in the light-vehicle market is expected to remain below 1% for 2018 and is set to barely exceed 0% in 2019.

Global light-vehicle sales (millions)



Sales of private vehicles in Europe (millions)

Global private-vehicle sales (millions)

Germany – United Kingdom – France – Italy – Spain – Western Europe*

* EU 15, Switzerland, Norway and Iceland

Ventes de voitures particulières dans le monde (en millions)

	2017	Δ %	2018e	Δ %	2019p	Δ %
Allemagne	3,44	2,7%	3,44	-0,2%	3,40	-1,0%
Royaume Uni	2,54	-5,7%	2,36	-7,0%	2,30	-2,6%
France	2,11	4,7%	2,17	3,0%	2,1	-3,4%
Italie	1,97	8,0%	1,91	-3,1%	1,91	0,0%
Espagne	1,24	7,7%	1,32	7,0%	1,35	2,2%
Europe de l'Ouest*	14,3	2,5%	14,3	0,0%	14,00	-2,1%

* UE 15, Suisse, Norvège et Islande

Sources: Observatoire Cetelem de l'Automobile & C-Ways, according to trade federations, manufacturers and the specialist press

Press contacts:
BNP Paribas Personal Finance – Brand, Communication & Advertising
valérie.baroux-jourdain@bnpparibas-pf.com | +33 6 43 95 60 23
flavien.neuvy@bnpparibas-pf.com | +33 6 47 59 35 54

L'Observatoire Cetelem

L'Observatoire Cetelem is an economic study and observation unit set up in 1985 and headed by Flavien Neuvy. Every year, it publishes a number of studies centred on the global automotive markets and household consumption in Europe. With a presence in 24 countries - Austria, Belgium, Brazil, Bulgaria, the Czech Republic, China, Denmark, France, Germany, Hungary, Italy, Japan, Mexico, Norway, Poland, Portugal, Romania, Slovakia, Sweden, South Africa, Spain, Turkey, the United Kingdom and the United States - L'Observatoire Cetelem has become a point of reference and a preferred partner for major players in the automotive and retail sectors, with which it maintains permanent ties.

www.observatoirecetetem.com | @obs_cetelem

BNP Paribas Personal Finance

BNP Paribas Personal Finance is the leading consumer finance company in France and Europe through its consumer finance and home loan activities. A wholly-owned subsidiary of the BNP Paribas group, BNP Paribas Personal Finance employs more than 20,000 people and operates in some 30 countries. With brands such as Cetelem, Cofinoga, Findomestic and AlphaCredit, it offers a full range of personal loans in stores, at automobile dealers or directly to customers through its customer contact centres and online.

BNP Paribas Personal Finance has rounded out its offering with insurance and savings products for its customers in Germany, Bulgaria, France and Italy.

BNP Paribas Personal Finance has developed an active partnership strategy with retailers, automakers, car dealers, e-commerce sites and other financial institutions (banking and insurance), relying on its credit market experience and its ability to offer integrated services geared towards its partners' business needs and sales strategies. It is also a key player in the areas of responsible credit and budget education.

www.bnpparibas-pf.com | @bnpp_pf