

Western European car market: Recovery continues

June 19, 2015

New passenger car registrations in the EU-15 rose year on year for the 21st consecutive month in May 2015. True, at 0.8% yoy, growth is relatively low. However, this is due to the fact that the number of potential sales days was lower in some countries in May 2015 than in May 2014. In the EU-15, roughly 5.4 m passenger cars were newly registered between January and May 2015. This corresponds to an increase of 6.9% compared to the same period of the previous year (total 2014: +5%). Nevertheless, the number of new registrations in the first five months of 2015 was still below the long-term average values of previous comparative periods (-8.2% vs. the average of the years 2000 to 2015; -15.1% vs. 2000 to 2007). On the one hand, this underscores the depth of the sales crisis in the European car market, which took hold in 2008. On the other, the figures show that there is further catch-up potential.

The recovery in the major passenger car markets of the EU is proceeding at different speeds. The number of new car registrations of the months of January to May 2015 in Italy (+14.8% yoy) and Spain (+21.7%) are strongly up on the comparable period of the previous year. Car sales in Spain continue to be supported by a governmental subsidy programme. The growth rates in Germany (3.6% yoy), France (3.8%) and the UK (5.7%) turn out to be more moderate.

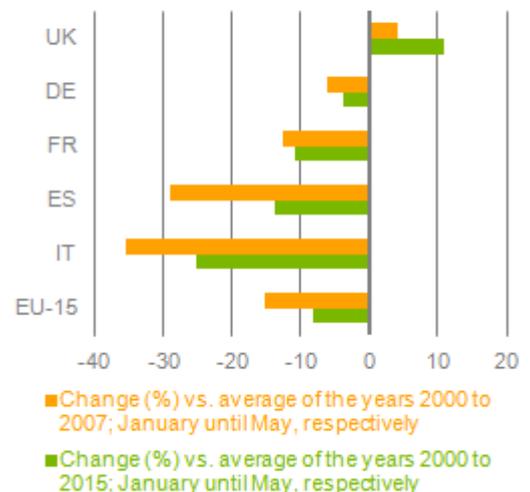
However, the still low level of new registrations compared with long-run figures still signals further sizable ground to be made up; this applies particularly to Italy and Spain. In Italy, the new passenger car registrations in the first five months of 2015 were still 25% below the long-term average (2000 to 2015) and no less than around 35% below the level of the pre-crisis period (2000-2007). In Spain, the new registrations so far this year lag behind the long-term average (2000 to 2015) by 13.7% and are 29.1% lower than in the comparative period 2000 to 2007. In France, the shortfall is slightly lower but is still in the double-digits percent range. In Germany, the number of new car registrations in the period under review comes close to the long-term average for the last 15 years (-3.9%). The United Kingdom is an exception among the large car markets of Western Europe. Here, monthly new car registrations have continued to show increases year-on-year since March 2012. So far this year, sales are thus already 4.1% up on the level of the pre-crisis years 2000-2007.

We expect the recovery in new passenger car registrations in Western Europe to continue, and for the year 2015 we forecast an increase in new car registrations by roughly 6% in the EU-15. If this forecast proves to be correct, new car registrations for the full year 2015 would still be about 11% (or 1.5 m passenger cars) below the average level of the years 2000 to 2010, though. Admittedly, our forecast is based on the premise that the economic recovery in the EU-15 will continue at a moderate pace.

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Catch-up potential in EU car markets varies

New passenger car registrations in the period from Jan. to May 2015 in a historical comparison



Sources: ACEA, Deutsche Bank Research

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