SIMI

Serving the Irish Motor Industry

Motor Industry Review Q2 2018

A Report by Economist, Jim Power

About the Organisation

Our Chief Economist
Jim Power

Jim Power is owner manager of Jim Power Economics Limited, an economic consultancy. He is Economic Advisor to the Friends First Group and was previously Treasury Economist at AIB Group and Chief Economist at Bank of Ireland Treasury.

Jim writes a weekly column in the Irish Examiner and occasional articles for other publications. He lectures on the MSc Management course at Smurfit School of Business UCD. He is a board member of AgriAware, the food awareness body and is Chairperson of Love Irish Food and Three Rock Capital Management an investment company. Jim is a native of Waterford.

About Us
SIMI

The Society of the Irish Motor Industry (SIMI) is the national representative body for the Motor Industry in Ireland.

The concept with this report is to review not just the Business health of the Industry on a quarterly basis but also to collate information from various sources to help develop a wider picture of where our sector fits into the overall economy and into the social life of the country. We wish to thank the Report's author, Economist Jim Power.

Executive Summary

- **The majority of Ireland's economic indicators continue to evolve in a positive manner and are all pointing towards an economy that is likely to expand by at least 5% in 2018.**

- **Consumer spending continues to improve at a steady rate;** employment is close to record levels; the unemployment rate has fallen to 5.1% of the labour force; tax revenues are continuing to grow at a steady rate; the export sector is doing well; and tourist numbers continue to set new records.

- **Labour shortages are already starting to become an issue in some sectors such as construction,** but it is likely to become an economy wide phenomenon over the coming year. The motor trade will not be immune from recruitment difficulties and accompanying wage pressures.

- **The key risks to the economic outlook are posed by Brexit;** an eventual increase in interest rates; the possibility of a global trade war; and global corporate tax developments. The key domestic risk is that of over-heating and the key domestic challenge is alleviation of the worsening housing situation.

- **The depreciation in the value of sterling since the end of 2015 has made life more difficult for the Irish motor trade.** New car sales have been displaced by used imports from the UK. This is primarily driven by the weakness of sterling against the euro. The sterling/euro exchange rate averaged 72.63 pence in 2015; 81.92 pence in 2016; 87.64 pence in 2017; and 88 pence so far in 2018.

- **New car registrations in the second quarter of 2018 were 0.9% ahead of the second quarter of 2017.** In the first 6 months of the year, 87,151 new cars were registered, which is 4.5% lower than the first half of 2017. The decline in new car registrations has decelerated, but it is occurring despite the very positive, and in theory, supportive economic backdrop for new car sales.

- **In the first half of 2018 every county in the country experienced negative growth in new car registrations, with the exception of Carlow, Kildare, Louth and Wexford.** Roscommon experienced the largest decline at 17.17%. Dublin accounted for 41% of the market.

- **The top 5 selling makes in the first half of 2018 were Volkswagen (10.91%), Toyota (9.7%), Hyundai (9.47%), Ford (9.05%), and Nissan (7.79%).** Those 5 makes accounted for 46.92% of total new registrations. The Nissan Qashqai was the most popular model, followed by the Hyundai Tucson, Volkswagen Golf, Ford Focus and the Skoda Octavia. Grey was the most popular colour car, accounting for 38% of new registrations. Hatchbacks accounted for 32.39% of total new registrations, with MPVs accounting for 29.65% and saloons for 15.6%.

- **The trend away from diesel towards petrol is continuing.** In the first half of 2018, diesel cars accounted for 55.47% of total new registrations, down from 66.02% in the first half of 2017; petrol cars accounted for 38.02% of the total, up from 30.24% in the first half of 2017; and petrol electric accounted for 5.4% of the total, up from 3.15% in the first half of 2017. 529 electric cars were registered in the first half of the year, which is 41.4% higher than the first half of 2017.

- **In the first five months of 2018, four countries in the EU experienced negative growth in new car registrations – Denmark, Ireland, Italy, and the United Kingdom.** In 2017, diesel's market share in the EU-15 fell from 49.9% to 44.8%. Petrol cars accounted for 49.4% of the market. In the first quarter of 2018 37.9% of all new cars in the EU ran on diesel, with petrol accounting for 55.5% of the market. Electrically charged vehicles made up 1.7% of all new cars sold.

- **In the second quarter of 2018, registrations of new Light Commercial Vehicles (LCVs) were 7.5% ahead of the second quarter of 2017.** In the first six months of the year, 16,633 new LCVs were registered, which is 5.7% higher than the first half of 2017. This reflects the ongoing improvement in business confidence and business investment.

- **In the second quarter of 2018, HGV registrations were 17.6% ahead of the second quarter of 2017.** In the first half of the year, 1,571 new HGVs were registered, which is 1.1% lower than the first half of 2017.

- **Imported used cars remained a significant part of the market in the first half of 2018,** although the growth has eased somewhat from 2017 levels. In the first six months of the year 51,879 used cars were imported, which was 12.8% ahead of the first half of 2017. Used imports accounted for 36.3% of the car market in the first six months. Sterling weakness is the key driver of this trend, with 96.3% coming from the UK. Of total used imports, 18,436 or 35.4% were 3 years or less in age. Imported cars of three years or less are displacing new car sales.

- **In the first quarter of 2018, 35,900 workers were employed in the motor trade.**

- **CSO data show that in the year to June 2018, the average price of a new car was 1.9% lower than a year earlier.** Between January 2008 and June 2018, the average price of a new car declined by 29.8%. However, the OMSP (Open Market Sales Price) is showing a different trend. In the second quarter of 2018, the average OMSP for new cars was 4.1% higher than a year earlier. This is due to the fact that car buyers are paying more for higher specification cars. The average OMSP for used imports in Q2 2018 was 5.3% higher than a year earlier.

- **Motor insurance costs continue to decline.** In the year to June, the average cost of motor insurance declined by 11.5% and since July 2016, the cost has declined by 20.7%.

- **The price of a barrel of crude oil is now touching $80, which represents an increase of almost 68% over the past year and 164% since early in 2016.** This is translating into higher petrol and diesel prices. In June, petrol prices were 9.7% higher than a year earlier and have increased by 6.9% since the beginning of the year. Diesel prices were 12.2% higher than a year earlier and have increased by 7.7% since the beginning of the year.

- **From the perspective of the Revenue Commissioners, there is a financial loss to the Exchequer from the displacement of new car sales by used imports,** because the VAT and VRT receipts on used car imports are significantly less than from new car sales. In the first half of 2018, the average tax take from a new car was €9,348, compared to €3,300 for a used car.

- **The Exchequer collected €985.9 million in VRT and VAT receipts from car sales in the first half of 2018,** which represents an increase of 1.9% compared to the first half of 2017. The total tax take from new car sales was €814.7 million, which was 0.4% lower than the first half of 2017. The total tax take from used car sales was €171.2 million, which was 14.6% ahead of 2017.

- **With the recent move away from diesel towards petrol, average CO_2 emissions from new car sales are rising.** In the second quarter of 2018, the average CO_2 emissions from new cars sold was 1% higher than a year earlier. On the other hand, the average CO_2 emissions from used imports was3.8% lower than a year earlier.

- **All of the economic variables that normally drive new car sales are continuing to evolve in a positive fashion.** The labour market is performing very strongly; earnings growth is picking up; interest rates remain low and credit availability is improving; the tourism performance is very strong; the construction sector is expanding rapidly; and overall business and consumer confidence levels are positive. However, new car registrations still declined by 4.5% in the first six months of the year.

- **It is clear that Brexit uncertainty and strong growth in used imports from the UK are continuing to undermine new car sales.**

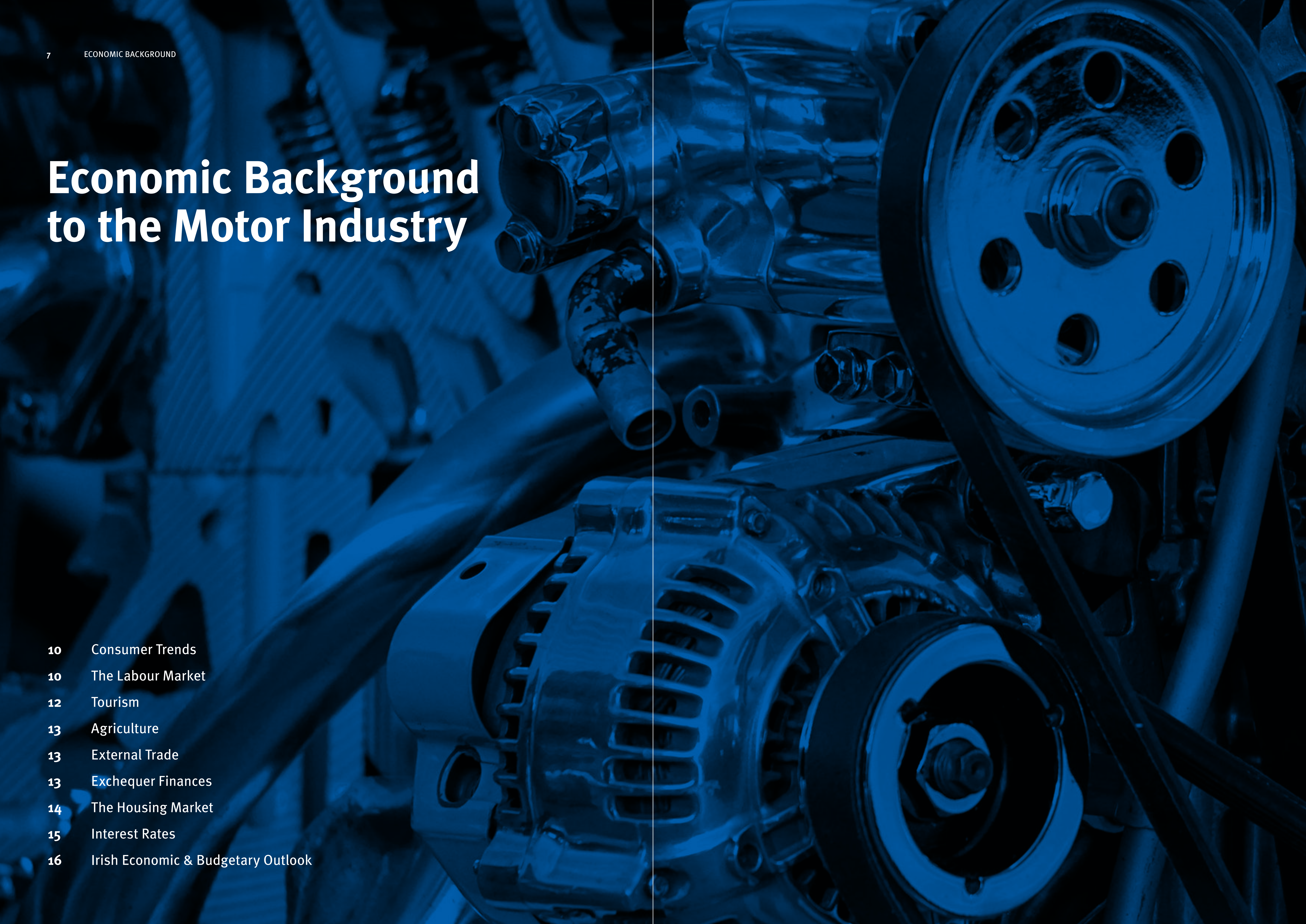
- **Looking forward to the second half of 2018, the economic fundamentals that underpin new car registrations look set to remain positive** but continued strong growth in used imports will continue to undermine new car sales.

- **For 2018, the used import market is projected to grow by around 12% to reach 104,660. New car registrations in 2018 are forecast at around 125,000** which would represent a decline of 4.8% on the 2017 outturn.

- **As was the case last year and the first half of this year, the outlook for new car sales remains uncertain,** largely due to the uncertain performance of sterling and the impact of used imports from the UK. Looking ahead to 2019, at this early stage, the new car market is likely to be similar to the 2018 outturn. The obvious source of uncertainty will very definitely be Brexit and the performance of sterling.

- **Impending changes to the emissions regime could have a very significant and negative impact on the new car market in Ireland.**

Economic Background to the Motor Industry



The Irish economy continued to perform strongly in the first half of 2018. The strong economic performance occurred despite the fact that there has been a modest softening of growth in the Euro Zone economy and the UK economy is definitely feeling some ill effects from Brexit-related uncertainty.

In 2018, the UK is set to be the slowest growing economy in the EU. The vast majority of domestic statistics continue to point towards an economy that is still expanding at a strong pace.

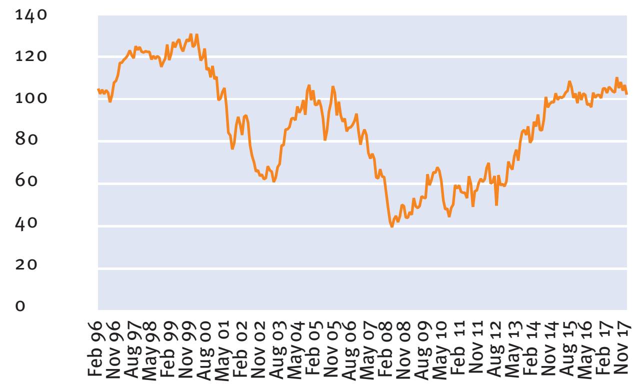
Most of Ireland's economic indicators continue to evolve in a positive manner and are all pointing towards an economy that is likely to expand by at least 5% in 2018.

Consumer Trends

Consumer spending continues to steadily improve. However, there are two caveats. There continues to be a significant gap between the volume and value of growth in retail sales, and soft new car sales are still impacting on the overall retail sales numbers. These trends have been a feature of the retail market for some time. In the first five months of the year, the volume of retail sales expanded by 2.6% and the value of sales expanded by 1.2%. When new car sales are excluded, the volume of retail sales expanded by a much stronger 4.5% and the value of sales expanded by 2.5%. The gap between the value and volume metrics is continuing to suggest price resistance from the stretched personal sector. Retailers are achieving strong business volumes but turning that volume growth into monetary value is still proving quite challenging. This implies continued pressure to control costs to preserve viable business margins.

Consumer confidence has recovered strongly over the past three years but has plateaued over the past 18 months and is proving quite volatile from month to month. For example, in June, confidence dipped to a 13-month low. Issues such as Brexit, rapidly escalating house prices, higher fuel costs, the high personal tax burden, and subdued wage growth are combining to have a somewhat sobering influence on the personal sector.

FIG. 1 **CONSUMER CONFIDENCE**



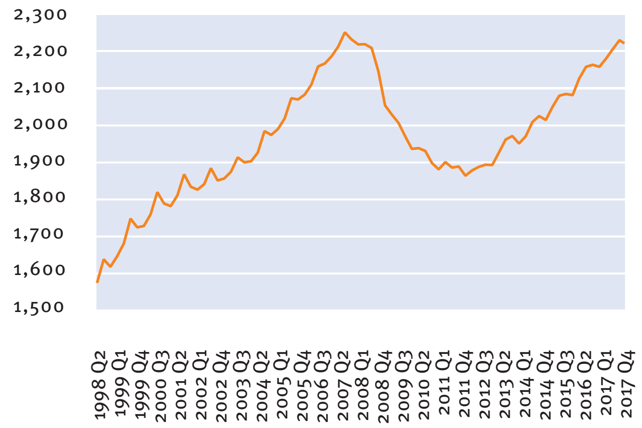
Source: ESRI

The Labour Market

The labour market performance continues to improve. In the year to the first quarter, the number of people in employment increased by 62,100 or 2.9% to reach 2.22 million.

Employment increased in 10 of the 13 sectors in the year to the first quarter. Of the total number of people in employment, 84.1% or 1.87 million were employees and 338,200 or 15.2% were self-employed. While it is dangerous to jump to conclusions based on one set of data, the decline of 3,000 in employment in the Wholesale and Retail Trade sector is interesting and is probably symptomatic of the still challenging environment for those businesses dealing with the personal sector, and the continued strong growth in online consumer activity.

FIG. 2 **EMPLOYMENT (000S)**



Source: CSO, Labour Force Survey Q1 2018, 20th June 2018

TABLE 1 Employment by Sector Q1 2018	Q1 2018	YoY Change	Total Employment (%)
Agriculture, Forestry & Fishing	113,200	+5,500	5.1%
Industry	279,400	-2,700	12.6%
Construction	137,300	+12,400	6.2%
Wholesale & Retail Trade	295,000	-3,000	13.3%
Transportation	94,900	+3,200	4.3%
Accommodation & Food Services	169,600	+8,400	7.6%
ICT	115,800	+1,400	5.2%
Financial Services & Real Estate	105,500	-1,000	4.8%
Professional Services	134,200	+4,100	6.0%
Admin & Support Services	99,900	+9,200	4.5%
Public Administration & Defence	103,500	+9,800	4.7%
Education	167,000	+9,200	7.5%
Human Health & Social Services	277,300	+900	12.5%
Other	121,400	+5,900	5.5%
TOTAL*	2,220,500	+62,100	

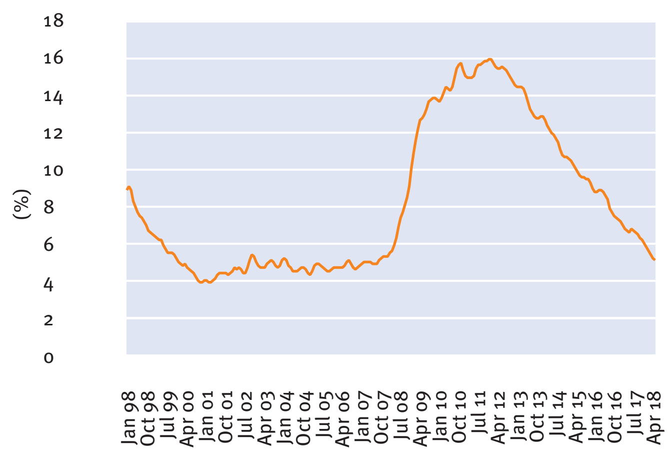
Source: CSO Labour Force Survey Q1 2018, 20th June 2018.
(* may not add up due to rounding & Not Stated Category)

The level of unemployment declined by 34,300 in the 12-month period to June and the unemployment rate has fallen to 5.1% of the labour force. Since the weakest point of the labour market in January 2012, the number of people unemployed has declined by 235,700 from 355,900 to 120,200.

The Industrial Development Authority (IDA) has reported that it had a strong performance in the first half of 2018 and that the investments already approved so far this year will lead to the creation of over 11,300 jobs, which is marginally ahead of the first half of last year. The IDA is continuing to experience good business growth, despite the growing uncertainty about Ireland's future corporation tax structure.

Labour shortages are already starting to become an issue in some sectors such as construction, but it is likely to become an economy wide phenomenon over the coming year. The motor trade will not be immune from recruitment difficulties and accompanying wage pressures.

FIG. 3 **UNEMPLOYMENT RATE**



Source: CSO Monthly Unemployment, 3rd July 2018

Tourism

The tourism performance continues to be very strong. In 2017, 9.93 million overseas visitors came to Ireland, which is the highest level ever recorded. The strong tourism performance has continued in 2018. In the first five months of the year, 3.8 million overseas visitors came into the country, which is 7.6% ahead of the same period in 2017. Visitor numbers from Great Britain increased by 2.4% and accounted for 38.2% of total overseas visitor numbers. This is down from 40.9% in 2016. Sterling weakness has impacted on this market segment, but it is still holding up remarkably well. The North American market expanded by 12.4%, and visitor numbers from the Rest of Europe increased by 12.3%.

TABLE 2 Overseas Visitors to Ireland	2017	2016	% Change	Jan–May 2018	Jan–May 2017	% Change
Great Britain	3,728,000	3,924,100	-5.0%	1,470,900	1,435,900	+2.4%
Other Europe	3,482,400	3,302,100	+5.5%	1,416,500	1,261,200	+12.3%
North America	2,101,500	1,808,000	+16.2%	744,900	662,900	+12.4%
Other Areas	6109,300	550,200	+12.6%	213,900	212,900	+0.5%
Total	9,932,100	9,584,400	+3.6%	3,846,200	3,572,900	+7.6%

Source: CSO

Agriculture

2017 was a strong year for the farming sector. The operating surplus in agriculture increased by 30.9%. The output of milk increased by 44.7%, with the price of milk increasing by 32.6% and volume of milk output increasing by 9%. Livestock output increased by 4.4%. The prospects for 2018 do not look as promising. Adverse weather conditions in the spring created a serious fodder shortage, and record heat levels in the summer will damage grass production and create risks for fodder supply in the winter and spring. These factors will combine to increase input costs and undermine profitability.

External Trade

Ireland's external trade performance continues to be strong. In the first four months of 2018, the value of merchandise exports expanded by 5.9%. Of concern is the fact that exports to the UK were down by 7%. The Brexit-related slowdown in the UK economy and the level of sterling are clearly having a negative impact.

Exchequer Finances

The public finances continued to improve in the first half of 2018. Total tax revenues came in €168 million ahead of target, with corporation tax putting in a particularly strong performance €335 million ahead of target. Income tax came in €92 million higher than forecast. Total tax revenues were 5.4% ahead of last year, which is equivalent to an absolute increase of €1.3 billion. Economic growth continues to generate strong tax revenues.

TABLE 3 Tax Revenues H1 2018	(€M)	Profile (€M)	Year-on-Year (%)
Income Tax	9,743	+92	+7.7%
VAT	7,101	-69	+2.8%
Corporation Tax	4,033	+335	+14.6%
Excise	2,471	-188	-11.2%
Stamps	624	-38	+34.5%
Capital Gains Tax	172	+11	+30.7%
Capital Acquisitions	93	0	+3.1%
Customs	146	-6	-3.3%
Motor Tax	514	-11	-6.2%
Unallocated Receipts	42	+42	+68.5%
Total	**24,941**	**+168**	**+5.4%**

Source: Department of Finance

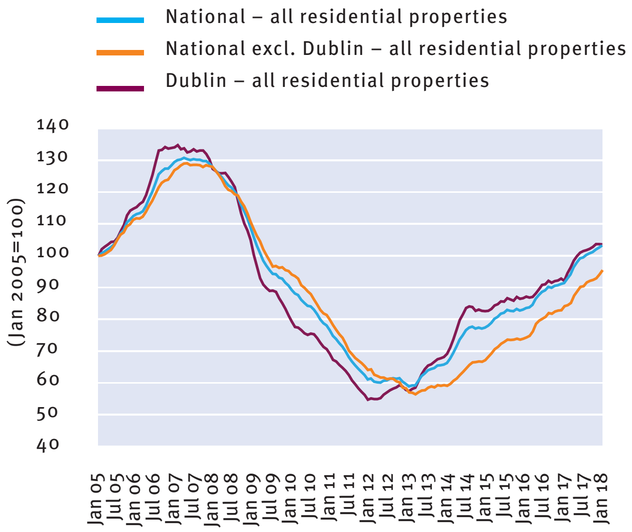
The Housing Market

Housing costs continue to increase at a strong rate on both the price front and the rental front. In the year to April, national average house prices increased by a strong 13%, with Dublin prices up by 12.5% and the rest of Ireland excluding Dublin increasing by 13.6%.

Housing represents the biggest and the most immediate challenge facing policy makers. The problem simply reflects a basic lack of housing supply. Changes to the manner in which housing completions are calculated were introduced by the Central Statistics Office (CSO) and it shows that between 2011 and 2017, 53,578 new houses were completed compared to a previous estimate of 85,154. This demonstrates why the market is under so much pressure.

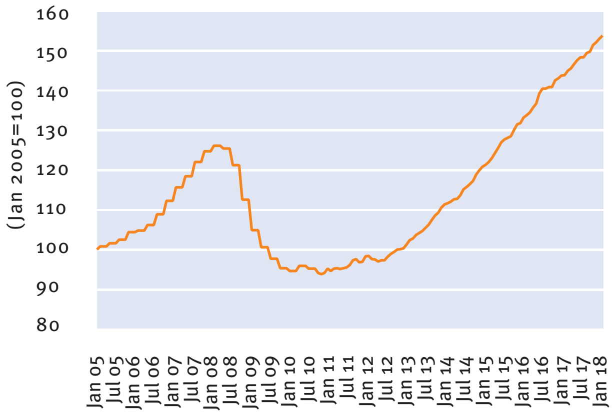
In the year to May, private rents increased by 7 per cent and have increased by 64.2% since the end of 2010.

FIG.4 HOUSE PRICE INDEX



Source: CSO, Residential Property Price Index April 2018, 13th June 2018

FIG.5 PRIVATE RENTS



Source: CSO

Interest Rates

Global interest rates were taken down to historically low levels in the aftermath of the global economic and financial crash a decade ago. Now that the global economy is experiencing a strong cyclical upswing, interest rates are starting to normalise in the US, but not so far in the Euro Zone.

In June, the US Federal Reserve Bank increased interest rates by 0.25%, taking the target range for the key Federal Funds Rate to 1.75% - 2%. This rate has been increased from zero in December 2015.

The Federal Reserve rate increase in June was expected, as the US economy is still expanding at a robust pace. In May, the unemployment rate fell to 3.8% of the labour force and the economy created a strong 218,000 jobs during the month. Household spending is strengthening and business fixed investment has continued to grow strongly. At the same time inflation is gradually moving up towards the tolerance level of 2%. The Federal Reserve is now suggesting that rates will rise by another 1% over the coming year.

This US interest rate trend is simply a move away from an emergency interest rate situation back towards a more normal interest rate environment.

In Europe, the situation stands out in contrast to the US. The process of interest rate normalisation has not yet started and the European Central Bank (ECB) is not in any hurry to do so.

The ECB has an official inflation target of 2% or slightly lower. The inflation rate has been consistently below 2% for a prolonged period of time, but in May jumped to 1.9% from 1.2% in April. On the surface this does look worrying, but the upturn in prices is largely due to energy costs. In the year to May, energy costs increased by 6.1%, reflecting what is happening in crude oil prices. Brent Crude is currently trading at $76.36, which is the highest level seen since late 2014. At one level this increase in oil prices would be seen to damage economic growth in the Euro Zone, but from the perspective of central bankers, the fear is that higher oil prices would start to feed into wage pressures as workers seek to offset the negative impact of oil prices on their cost of living. The ECB will watch these second-round impacts of higher oil prices very carefully over the coming months.

The growth backdrop in the Euro Zone has undoubtedly softened so far in 2018. In the first three months of the year, GDP expanded by just 0.4% during the quarter and the annual rate softened to 2.5% from 2.8% the previous quarter. This is still a strong level of growth, but most economic indicators are suggesting a modest softening in growth. The recent strength of the euro will help allay any nervousness the ECB might be feeling at the moment.

In June, the ECB left its key interest rate unchanged at zero and it remains relatively relaxed. However, it did suggest that the monthly bond buying programme (Quantitative Easing) will remain at its monthly rate of €30 billion until the end of September, and this will then be reduced to €15 billion per month and will finally end in December. In relation to official interest rates, the ECB currently believes that rates will remain at current levels at least through to Summer 2019.

For Irish borrowers this means that the current interest rate environment will persist for a while longer, but the ECB will need to be observed very closely to see if there is any change in the current relatively relaxed stance. The end of abnormally low interest rates is approaching.

Irish Economic & Budgetary Outlook

The Department of Finance recently published its Summer Economic Statement, which sets out the economic and fiscal parameters that will guide policy in Budget 2019.

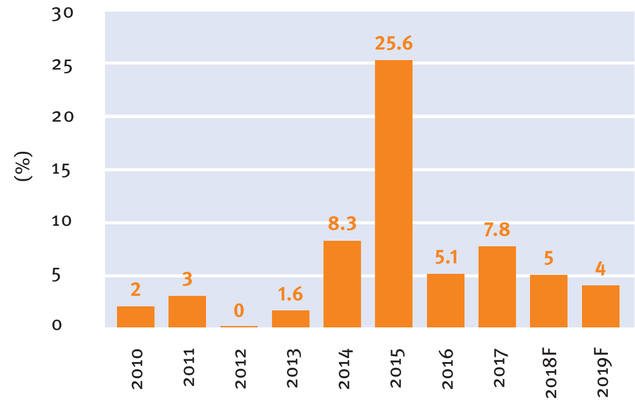
The Department of Finance plans to reduce the budget deficit to just 0.1% of GDP in 2019, which will be consistent with a budget day package of €3.4 billion. However, of this total, €2.6 billion is already pre-committed in the shape of €1.5 billion in extra capital spending through the National Development Plan; €300 million will be used up by the carryover effects of the measures introduced in Budget 2018; €400 million will be absorbed by public sector pay increases already committed to; and €400 million will be absorbed by extra spending on the back of demographic developments. This will leave €800 million to be given away on budget day through a combination of tax changes and expenditure increases. It is clear that if any significant tax alleviation measures are introduced, they will most likely have to be largely made up through tax increases elsewhere.

The fiscal situation is still challenging and Ireland is still and will remain constrained by EU fiscal rules. This is good because the strongly growing economy does not require an expansionary fiscal package on top of what is already pencilled in. The Minister for Finance stated that the fiscal rules would allow him give away an extra €900 million on budget day, but he is not going to do that. This is a relatively prudent and sensible strategy.

The budgetary strategy outlined will be dependent on the performance of the economy. The level of growth is the most important driver of tax revenue and expenditure and if this were to disappoint, then the strategy would have to change. The budgetary strategy is predicated on GDP growth of 4% in 2019; 3.4% in 2020; and 2.8% in 2021. These growth projections look quite realistic, and possibly a little bit conservative. The Department has identified Brexit, the risk of a global trade war and rising interest rates as the main external threats. The main domestic threat is that of overheating.

The Minister is going to create a 'Rainy Day' fund which will see €1.5 billion put in from the Ireland Strategic Investment and €500 million per year will be put in between 2019 and 2021, taking the fund up to €3 billion. The Minister also intends to set aside historically high levels of corporate tax receipts for the fund. It remains to be seen how this will work, but it is a sensible strategy not to spend on the back of potentially transitory tax receipts.

FIG. 6 **IRISH GDP GROWTH**



Source: CSO Historical Data & Department of Finance Forecasts (June 2018)

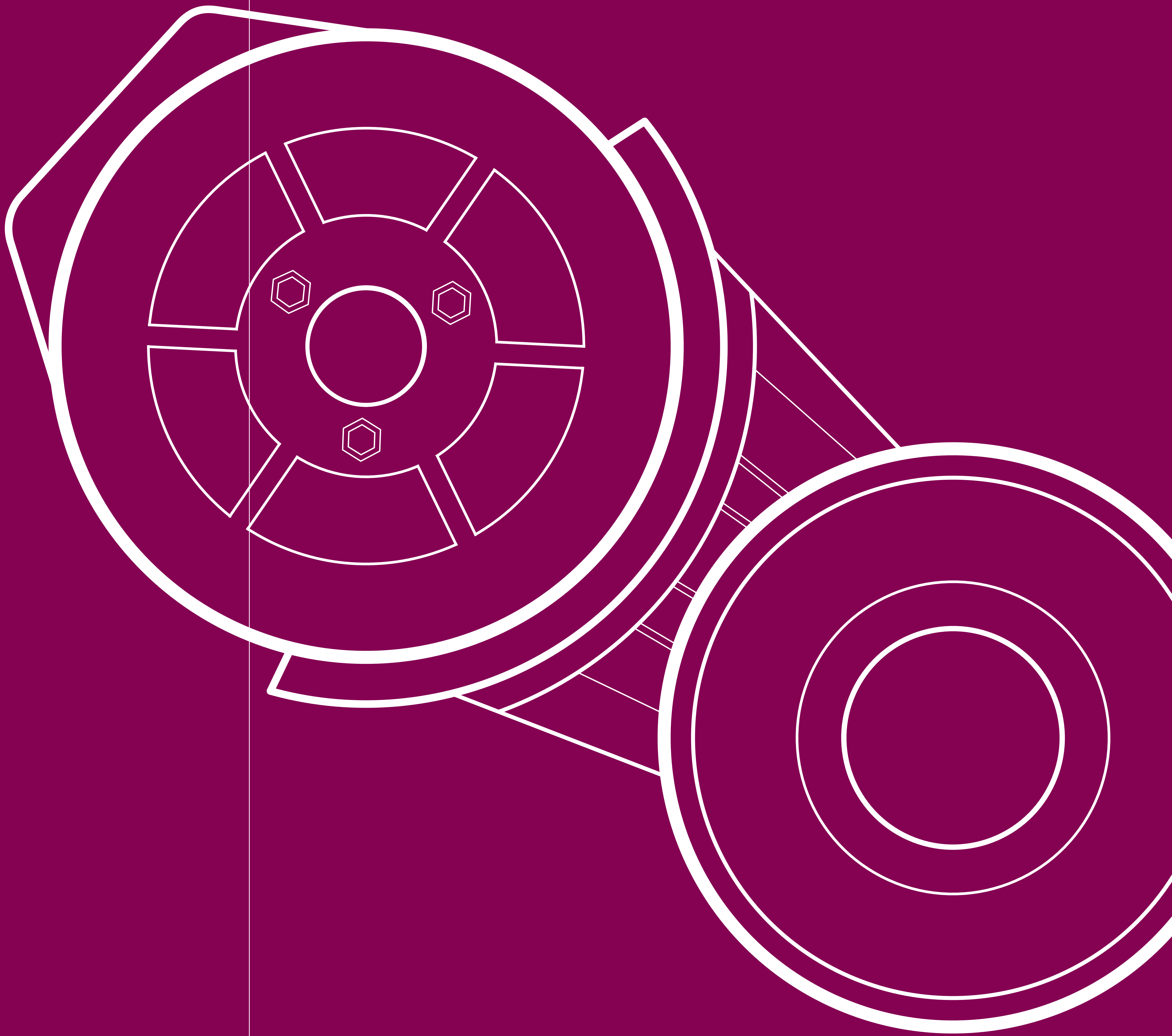
The following Irish economic forecast is suggested for 2018 and 2019:

TABLE 4 Economic Forecasts	2017E	2018F	2019F
GDP	+7.8%	+5.0%	+4.0%
GNP	+6.6%	+4.8%	+3.0%
Consumer Expenditure	+1.9%	+3.0%	+3.0%
Government Consumption	+1.8%	+3.5%	+3.5%
Investment	-22.3%	+7.5%	+7.0%
Exports Goods & Services	+6.9%	+6.5%	+5.0%
Imports Goods & Services	-6.2%	+3.5%	+3.8%
Unemployment Rate (%)	6.7%	5.0%	5.0%
Employment (000s)	2,194	2,257	2,280
Inflation (HICP)	+0.3%	+0.9%	+2.0%

Source: Jim Power Economics

The Motor Industry

H1 2018



Trends in the Motor Trade

The depreciation in the value of sterling since the end of 2015 has made life more difficult for the Irish motor trade. New car sales continue to be displaced by used imports from the UK. This is primarily driven by the weakness of sterling against the euro.

The sterling/euro exchange rate averaged 72.63 pence in 2015; 81.92 pence in 2016; 87.64 pence in 2017; and 88 pence so far in 2018.

FIG.7 **STERLING V. EURO**

Source: Bloomberg

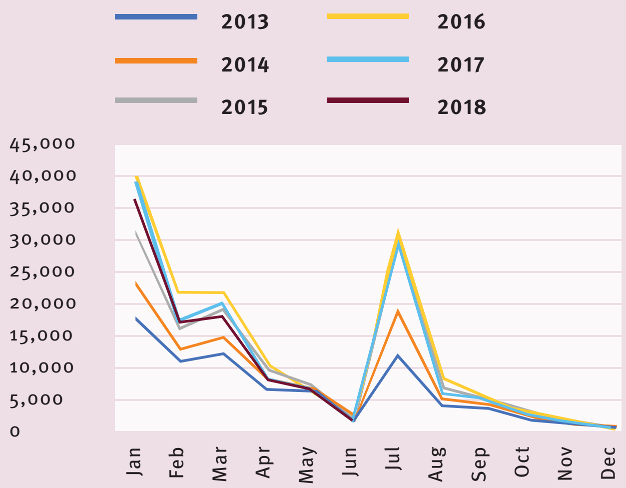
New Car Registrations H1 2018

New car registrations in the second quarter of 2018 were 0.9% ahead of the second quarter of 2017. In the first 6 months of the year, 87,151 new cars were registered, which is 4.5% lower than the first half of 2017. The decline in new car registrations has decelerated, but it is occurring despite the very positive and in theory, supportive economic backdrop for new car sales. Used imports from the UK are continuing to exert downward pressure on new car sales.

Monthly totals had been rising consistently since 2013, but 2017 saw a considerably weaker trend, which has continued into 2018.

The top 5 selling makes in the first half of the year were Volkswagen (10.91%), Toyota (9.7%), Hyundai (9.47%), Ford (9.05%), and Nissan (7.79%). Those 5 makes accounted for 46.92% of total new registrations. The Nissan Qashqai was the most popular model, followed by the Hyundai Tucson, Volkswagen Golf, Ford Focus and the Skoda Octavia. Grey was the most popular colour car, accounting for 38% of new registrations. Hatchbacks accounted for 32.39% of total new registrations, with MPVs accounting for 29.65% and saloons for 15.6%.

FIG. 8 **MONTHLY TREND IN NEW CAR REGISTRATIONS**



Source: SIMI MotorStats

In the first half of 2018, diesel cars accounted for 55.47% of total new registrations, down from 66.02% in the first half of 2017; petrol cars accounted for 38.02% of the total, up from 30.24% in the first half of 2017; and petrol electric accounted for 5.4% of the total, up from 3.15% in the first half of 2017. 529 electric cars were registered in the first half, which is 41.4% higher than the first half of 2017.

TABLE 5 **Monthly Car Sales** 2017 & Q1 2018	2017	2018	% Change (YoY)
January	39,003	37,020	-5.1%
February	17,089	17,011	-0.5%
March	19,890	17,744	-10.8%
Q1	75,982	71,775	-5.5%
April	7,841	8,060	+2.8%
May	5,992	6,061	+1.2%
June	1,400	1,255	-10.4%
Q2	15,233	15,376	+0.9%
January–June	91,215	87,151	-4.5%
July	27,706	-	-
August	5,730	-	-
September	3,897	-	-
Q3	37,333	-	-
October	1,943	-	-
November	682	-	-
December	159	-	-
Q4	2,784	-	-
FULL YEAR	131,332	-	-

Source: SIMI

Car Registrations by County January–June 2018

In the first half of 2018 every county in the country experienced negative growth in new car registrations, with the exception of Carlow, Kildare, Louth and Wexford. Roscommon experienced the largest decline at 17.17%. Dublin accounted for 41% of the market.

BIGGEST DECREASE
Roscommon
▼17.17%

BIGGEST INCREASE
Wexford
▲7.59%

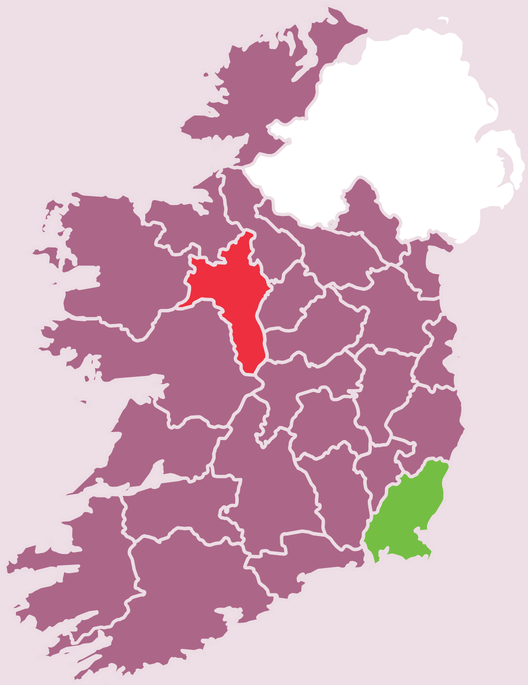


TABLE 6 New Car Registrations by County H1 2018	2018 Units	2017 Units	2018 % Share	2017 % Share	% Change
Carlow	1101	1,083	1.26%	1.19%	1.66%
Cavan	895	1,058	1.03%	1.16%	-15.41%
Clare	1,902	1,985	2.18%	2.18%	-4.18%
Cork	10,754	11,670	12.34%	12.79%	-7.85%
Donegal	1,840	2,035	2.11%	2.23%	-9.58%
Dublin	35,750	37,100	41.02%	40.67%	-3.64%
Galway	3,248	3,437	3.73%	3.77%	-5.5%
Kerry	1,841	1,996	2.11%	2.19%	-7.77%
Kildare	3,703	3,698	4.25%	4.05%	0.14%
Kilkenny	1,665	1,714	1.91%	1.88%	-2.86%
Laois	1,075	1,093	1.23%	1.2%	-1.65%
Leitrim	345	397	0.4%	0.44%	-13.1%
Limerick	3,065	3,213	3.52%	3.52%	-4.61%
Longford	427	454	0.49%	0.5%	-5.95%
Louth	1,943	1,930	2.23%	2.12%	0.67%
Mayo	1,506	1,637	1.73%	1.79%	-8%
Meath	2,612	2,751	3%	3.02%	-5.05%
Monaghan	694	729	0.8%	0.8%	-4.8%
Offaly	1,090	1,140	1.25%	1.25%	-4.39%
Roscommon	748	903	0.86%	0.99%	-17.17%
Sligo	787	829	0.9%	0.91%	-5.07%
Tipperary	2,429	2,576	2.79%	2.82%	-5.71%
Waterford	2,363	2,407	2.71%	2.64%	-1.83%
Westmeath	1,216	1,324	1.4%	1.45%	-8.16%
Wexford	2,225	2,068	2.55%	2.27%	7.59%
Wicklow	1,927	1,988	2.21%	2.18%	-3.07%

Source: SIMI MotorStats

Used (Imported) Cars Registered for First Time

Imported used cars remained a significant part of the market in the first half of 2018, although the growth has eased somewhat from 2017 levels. In the first six months of the year 51,879 used cars were imported, which was 12.8% ahead of the first half of 2017. Used imports accounted for 36.3% of the car market in the first six months. Sterling weakness is the key driver of used imports, with 96.3% coming from the UK. Figure 9 shows the trend in imported used cars since 2007. In 2017, used imports reached the highest level on record and a new record looks set for 2018. In the first half of 2018, 76.8% of the used imports were diesel models.

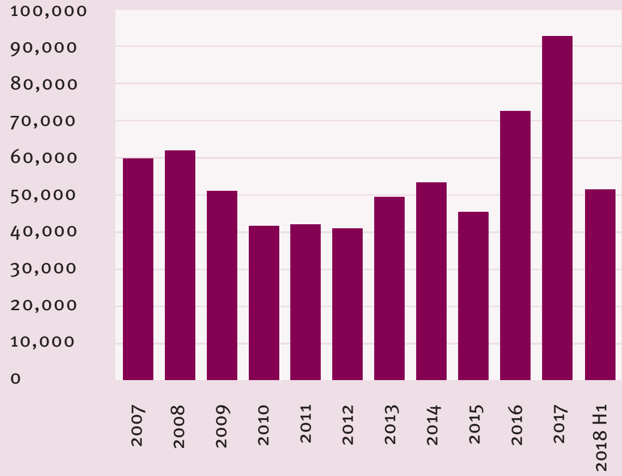
Figure 10 shows the breakdown of car registrations between new and imported used cars. In 2017, used car imports accounted for 41.6% of total registrations. In the first half of 2018, this stood at 36.3%.

Figure 11 shows the age profile of imported used cars in the first six months of 2018. Of total used imports, 18,436 or 35.4% were 3 years or less in age. It is the case that imported cars of three years or less are displacing new car sales.

From the perspective of the Revenue Commissioners, there is a financial loss to the Exchequer from the displacement of new car sales by used imports, because the VAT and VRT receipts on used car imports are significantly less than from new car sales. In the first half of 2018, the average tax take from a new car was €9,348, compared to €3,300 for a used car.

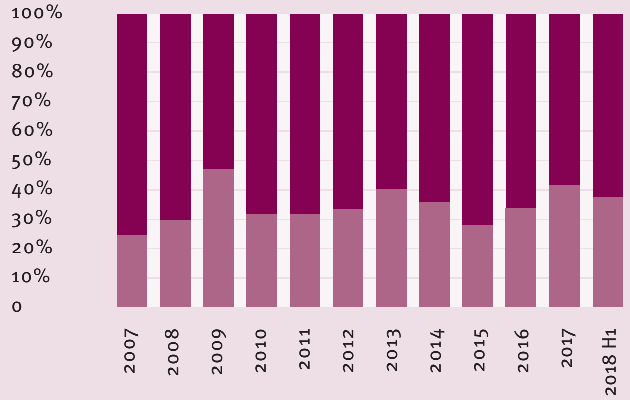
It is also the case that cheaper second-hand car imports from the UK will tend to depress the price of domestic second-hand cars.

FIG.9 USED (IMPORTED) CARS REGISTERED FOR FIRST TIME



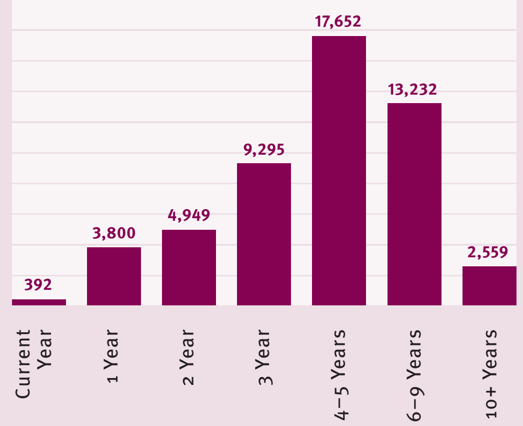
Source: SIMI MotorStats

FIG.10 BREAKDOWN OF CARS REGISTERED FOR FIRST TIME



Source: SIMI MotorStats

FIG.11 AGE PROFILE IMPORTED USED CARS JAN-JUN 2018



Source: SIMI MotorStats

Carbon Emissions

The average CO2 emissions relating to new cars sold had been declining steadily since 2008. However, with the recent move away from diesel towards petrol, this trend is changing. In the second quarter of 2018, the average CO2 emissions from new cars sold was 1% higher than a year earlier. On the other hand, the average CO2 emissions from used imports was 3.8% lower than a year earlier.

FIG. 12 **AVERAGE CO_2 EMISSIONS**

Source: SIMI MotorStats

Commercial Vehicle Registrations

In the second quarter of 2018, registrations of new Light Commercial Vehicles (LCVs) were 7.5% ahead of the second quarter of 2017. In the first half of the year, 16,633 new LCVs were registered, which is 5.7% higher than the first half of 2017. This reflects the ongoing improvement in business confidence and business investment.

In the second quarter of 2018, HGV registrations were 17.6% ahead of the second quarter of 2017. In the first half of the year, 1,571 new HGVs were registered, which is 1.1% lower than the first half of 2017.

FIG.13 **REGISTRATIONS OF NEW LIGHT COMMERCIAL VEHICLES**

Source: SIMI MotorStats

FIG.14 **REGISTRATIONS OF NEW HEAVY GOODS VEHICLES**

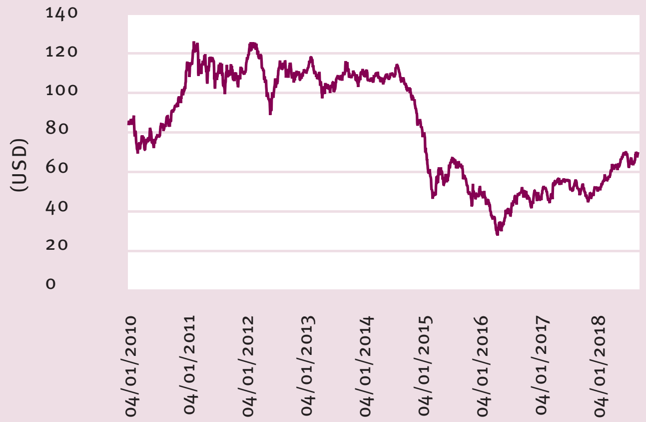
Source: SIMI MotorStats

Costs of Motoring

Fuel Costs

The price of a barrel of crude oil is now touching $80, which represents an increase of almost 68% over the past year and 164% since early in 2016. This is translating into higher petrol and diesel prices. In June, petrol prices were 9.7% higher than a year earlier and have increased by 6.9% since the beginning of the year. Diesel prices were 12.2% higher than a year earlier and have increased by 7.7% since the beginning of the year.

FIG. 15 **BRENT CRUDE OIL**



Source: Bloomberg

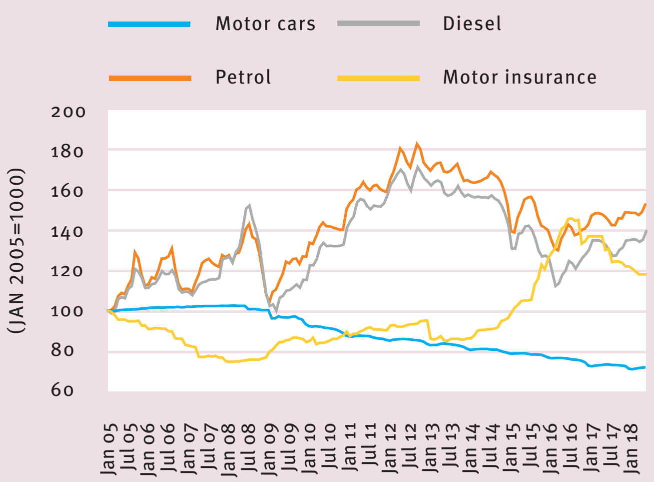
Car Prices

CSO data show that in the year to June 2018, the average price of a new car was 1.9% lower than a year earlier. Between January 2008 and June 2018, the average price of a new car declined by 29.8%. The CSO compares prices for cars with the same specifications. However, the OMSP (Open Market Sales Price) shows the actual price paid for cars, which is showing a different trend. In the second quarter of 2018, the average OMSP for new cars was 4.1% higher than a year earlier. This is due to the fact that car buyers are paying more for higher specification cars. The average OMSP for used imports in Q2 2018 was 5.3% higher than a year earlier.

Motor Insurance

Motor insurance costs continue to decline. In the year to June, the average cost of motor insurance declined by 11.5% and since July 2016, the cost has declined by 20.7%. The recent announcement of the introduction of another insurance levy under the Insurance (Amendment) Bill 2018 is not a welcome development. It will off set some of the benefits of the recent decline of motor insurance costs and will further pressurise hard pressed motorists who are already enduring inordinately high insurance costs.

FIG. 16 **THE COST OF MOTORING**



Source: CSO Statbank

Exchequer Receipts from the Motor Industry

The Exchequer collected €985.9 million in VRT and VAT receipts from car sales in the first half of 2018, which represents an increase of 1.9% compared to the first half of 2017. The total tax take from new car sales was €814.7 million, which was 0.4% lower than the first half of 2017. The total tax take from used car sales was €171.2 million, which was 14.6% ahead of 2017.

TABLE 7 Tax Receipts from New & Used Car Sales	Category	H1 2018 (€M)	H1 2017 (€M)	% Change
New Cars	VRT	428.0	427.7	+0.08%
	VAT	386.7	390.1	-0.9%
	TOTAL	814.7	817.8	-0.4%
Used Cars	VRT	151.8	132.2	+14.8%
	VAT	19.4	17.2	+12.8%
	TOTAL	171.2	149.4	+14.6%
Total Cars	VRT	579.8	559.9	+3.6%
	VAT	406.1	407.3	-0.3%
	TOTAL	985.9	967.2	+1.9%

Source: Revenue Commissioners & SIMI

Employment in the Motor Trade

In the first quarter of 2018, 35,900 workers were employed in the motor Industry. Since last year the number of Apprentice registrations for Heavy Vehicle Technicians, Car Technicians and Vehicle Body Repair Specialists within the Industry have declined and the Industry is working to reverse this trend. Given the pace of technological advances and the projected transition to electric, connected and autonomous vehicles over the next number of years, the Industry will need to increase recruitment particularly of Technical Apprentices in the short to medium term. Following the impact of the recent recession when fewer Apprentices were trained, the Industry has established a specific Steering Group focused on delivering on a range of actions aimed at avoiding potential future shortages in specific skills areas.

TABLE 8 Motor Family of Trades Apprentice Registrations JUNE 2018	Annual Forecast 2018	YTD Forecast	Variance % YTD Forecast V. Registrations as at 30/6/18	Registrations as at 30/6/17	Registrations as at 30/6/18	Variance % June 2017 V. June 2018
Agricultural Mechanics	50	25	-40%	21	15	-29%
Construction Plant Fitting	110	55	-40%	47	33	-30%
Heavy Vehicle Mechanics	160	80	-15%	56	68	21%
Motor Mechanics	400	200	-14%	169	173	2%
Vehicle Body Repairs	50	25	-40%	26	15	-42%
TOTAL	770	385	-21%	319	304	-5%

Source: SOLAS

TABLE 9 EU Car Registrations by Country	2018 Units (Jan–May)	2017 Units (Jan–May)	% Change
Austria	154,846	151,120	+2.5%
Belgium	275,158	267,183	+3.0%
Bulgaria	14,496	11,543	+25.6%
Croatia	29,702	25,187	+17.9%
Cyprus	6,478	5,970	+8.5%
Czech Republic	117,852	117,817	+0.03%
Denmark	98,235	99,833	-1.6%
Estonia	11,624	10,472	+11.0%
Finland	57,944	53,583	+8.1%
France	935,934	904,341	+3.5%
Germany	1,497,723	1,459,333	+2.6%
Greece	49,741	40,215	+23.7%
Hungary	56,542	43,984	+28.6%
Ireland	85,913	89,815	-4.3%
Italy	945,677	948,938	-0.3%
Latvia	7,342	7,023	+4.5%
Lithuania	12,736	10,137	+25.6%
Luxembourg	25,028	23,740	+5.4%
Netherlands	206,506	185,190	+11.5%
Poland	226,955	205,124	+10.6%
Portugal	108,286	102,352	+5.8%
Romania	47,827	36,978	+29.3%
Slovakia	42,424	39,303	+7.9%
Slovenia	34,299	31,477	+9.0%
Spain	592,269	535,697	+10.6%
Sweden	159,299	155,206	+2.6%
United Kingdom	1,079,049	1,158,357	-6.8%
EU-27	6,879,885	6,719,918	+2.4%

Source: www.acea.be

EU Car Registrations

Table 9 shows EU car sales in the first five months of 2018. Four countries experienced negative growth – Denmark, Ireland, Italy, and the United Kingdom. In 2017, diesel's market share in the EU-15 fell from 49.9% to 44.8%. Petrol cars accounted for 49.4% of the market. In the first quarter of 2018 37.9% of all new cars in the EU ran on diesel, with petrol accounting for 55.5% of the market. Electrically charged vehicles made up 1.7% of all new cars sold.

Outlook for the Motor Industry 2018 & 2019

The Irish economy performed very strongly in the first half of 2018.

All of the economic variables that normally drive new car sales are evolving in a positive fashion. The labour market is performing very strongly; earnings growth is picking up; interest rates remain low and credit availability is improving; the tourism performance is very strong; the construction sector is expanding rapidly; and overall business and consumer confidence levels are positive. However, new car registrations still declined by 4.5% in the first six months of the year.

It is clear that Brexit uncertainty and strong growth in used imports from the UK are continuing to undermine new car sales.

Looking forward to the second half of 2018, the economic fundamentals that underpin new car registrations look set to remain positive.

The economic factors will be supportive of activity:

- GDP is forecast to expand by around 5%;
- Employment is likely to grow by around 2.8%;
- The unemployment rate could hit 4.8% by the end of 2018;
- Average earnings are set to grow by around 3%;
- Incomes should grow by at least 4%; and
- Interest rates will remain low.

However, continued Brexit related uncertainty and sterling weakness are risk factors that are likely to remain a feature of the landscape and are likely to counter some of the supportive economic fundamentals. Used imports from the UK will remain a significant feature of the market and will continue to displace new car sales. In addition, the surge in used imports from the UK effectively means that those prices are now setting prices for the domestic second-hand car stock, and this is making the cost of change to a new car more expensive and this is also serving to undermine new car sales.

For 2018, the used import market is projected to grow by around 12% to reach 104,660. New car registrations in 2018 are forecast at around 125,000, which would represent a decline of 4.8% on the 2017 outturn.

As was the case last year and the first half of 2018, the outlook for new car sales remains very uncertain, largely due to the uncertain performance of sterling and the impact of used imports from the UK. Looking ahead to 2019, at this early stage, the new car market is likely to be similar to the 2018 outturn. The obvious source of uncertainty will very definitely be Brexit and the performance of sterling.

FIG.17 **NEW CAR REGISTRATIONS**

Source: Jim Power Economics Limited

While Brexit is continuing to create considerable uncertainty in the overall car market, the impending changes to emissions testing at an EU level represents another source of potentially considerable uncertainty over the next couple of years. The SIMI estimates that if the new system of emissions testing were to be applied to the mix of new car registrations recorded in the first half of 2018, the increase in VRT would add 1.75% to the average price of a new car in Ireland. This price increase would initially make it more difficult for somebody trading in a second-hand car for a new car to carry out the transaction. However, in theory, this increase in the price of a new car would be reflected in second-hand car values after a time lag, thereby rendering the financial bridge between a second hand and a new car largely unchanged.

Hence the price elasticity of demand for a new car would be quite sensitive initially but would become less sensitive over time as second-hand car values increase to reflect higher new car prices. However, the Irish car market is not behaving in a normal manner at the moment due to the ongoing strong growth in the market penetration of used imports from the UK.

The growth in used imports from the UK is being driven by sterling weakness. The average price of used imported cars was €16,454 in the first half of 2018, which would translate into a sterling value of £14,480. The sterling/euro exchange rate averaged 72.63 pence in 2015; 81.92 pence in 2016; 87.64 pence in 2017; and 88 pence so far in 2018.

Table 10 shows the impact of exchange rate movements on the euro price of used imports from the UK. A sterling price of £14,480 is assumed and the annual average exchange rates are applied.

A car costing £14,480 in 2018 would be €3,482 cheaper in 2018. This euro price decline is the main driver of the growth in used imports from the UK.

The growth in used imports from the UK is depressing second hand car values in the Irish market, and this in turn is likely to mean that the price elasticity of demand due to the estimated 1.75% increase in new car prices, would be higher than might otherwise be the case in a market that is not distorted by such a high level of used imports from the UK.

If we assume that a 1.75% increase in average new car prices was to result in a decline of 5,000 in new car sales and an increase of 5,000 in used imports, this would cost the Exchequer a net €30 million in lost VRT and VAT receipts. The key point is that the VRT increase as a result of the new emission standards would not impact on the taxation of used imports from the UK.

Apart from the loss of tax revenues to the Exchequer, the environmental impact of the decline in new car sales, and the consequent increase in used imports from the UK, most of which would be diesel, would fly in the face of the trend away from petrol towards diesel that is a very strong feature of the EU market, and an increasingly important feature of the Irish new car market.

TABLE 10 **Impact of Exchange Rate Movements on Used Imports from UK**	Sterling Price	Average Exchange Rate	Euro Price
2015	£14,480	0.7263	€19,936
2016	£14,480	0.8192	€17,675
2017	£14,480	0.8764	€16,522
2018 H1	£14,480	0.88	€16,454
SAVING 2015-2018			€3,482

Statistics

Motor Statistics Overview

Source: SIMI Motorstats
www.stats.beepbeep.ie

Total Registrations (January–June 2018)

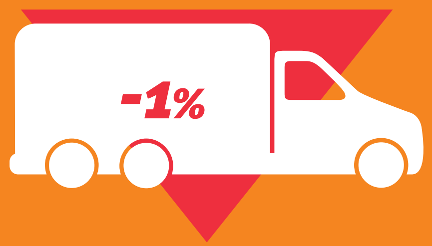
Passenger Cars

2018	87,151
2017	91,215

Light Commercial Vehicles (LCVs)

2018	16,633
2017	15,731

Heavy Commercial Vehicles (HCVs)



2018	1,571
2017	1,589

Passenger Cars

Total Registrations	January	February	March	April	May	June	Total
2018	37,020	17,011	17,744	8,060	6,061	1,255	87,151
2017	39,003	17,089	19,890	7,841	5,992	1,400	91,215
% Change	-5.08%	-0.46%	-10.79%	2.79%	1.15%	-10.36%	-4.46%

By Make		2018 Units	2017 Units	% Change	2018 % Share	2017 % Share
1	VOLKSWAGEN	9,504	9,218	3.1%	10.91%	10.11%
2	TOYOTA	8,454	8,900	-5.01%	9.7%	9.76%
3	HYUNDAI	8,257	8,574	-3.7%	9.47%	9.4%
4	FORD	7,889	8,566	-7.9%	9.05%	9.39%
5	NISSAN	6,793	7,722	-12.03%	7.79%	8.47%
6	SKODA	6,296	6,037	4.29%	7.22%	6.62%
7	KIA	5,248	5,028	4.38%	6.02%	5.51%
8	RENAULT	4,868	5,982	-18.62%	5.59%	6.56%
9	PEUGEOT	3,695	2,415	53%	4.24%	2.65%
10	AUDI	3,374	3,705	-8.93%	3.87%	4.06%

By Model		2018 Units	2017 Units	% Change	2018 % Share	2017 % Share
1	NISSAN QASHQAI	3,045	3,146	-3.21%	3.49%	3.45%
2	HYUNDAI TUCSON	2,919	3,575	-18.35%	3.35%	3.92%
3	VOLKSWAGEN GOLF	2,589	2,746	-5.72%	2.97%	3.01%
4	FORD FOCUS	2,495	2,611	-4.44%	2.86%	2.86%
5	SKODA OCTAVIA	2,484	2,787	-10.87%	2.85%	3.06%
6	KIA SPORTAGE	2,164	2,193	-1.32%WW	2.48%	2.4%
7	TOYOTA YARIS	2,023	1,914	5.69%	2.32%	2.1%
8	VOLKSWAGEN TIGUAN	1,987	1,586	25.28%	2.28%	1.74%
9	FORD FIESTA	1,946	2,427	-19.82%	2.23%	2.66%
10	TOYOTA C-HR	1,768	1,364	29.62%	2.03%	1.5%

By Transmission	2018 Units	2017 Units	% Change	2018 % Share	2017 % Share
Manual	65,227	71,516	-8.79%	74.84%	78.4%
Automatic	21,874	19,699	11.04%	25.1%	21.6%
CTB / Linear Gear	50	0	-	0.06%	0%

By County	2018 Units	2017 Units	% Change	2018 % Share	2017 % Share
CARLOW	1,101	1,083	1.66%	1.26%	1.19%
CAVAN	895	1,058	-15.41%	1.03%	1.16%
CLARE	1,902	1,985	-4.18%	2.18%	2.18%
CORK	10,754	11,670	-7.85%	12.34%	12.79%
DONEGAL	1,840	2,035	-9.58%	2.11%	2.23%
DUBLIN	35,750	37,100	-3.64%	41.02%	40.67%
GALWAY	3,248	3,437	-5.5%	3.73%	3.77%
KERRY	1,841	1,996	-7.77%	2.11%	2.19%
KILDARE	3,703	3,698	0.14%	4.25%	4.05%
KILKENNY	1,665	1,714	-2.86%	1.91%	1.88%
LAOIS	1,075	1,093	-1.65%	1.23%	1.2%
LEITRIM	345	397	-13.1%	0.4%	0.44%
LIMERICK	3,065	3,213	-4.61%	3.52%	3.52%
LONGFORD	427	454	-5.95%	0.49%	0.5%
LOUTH	1,943	1,930	0.67%	2.23%	2.12%
MAYO	1,506	1,637	-8%	1.73%	1.79%
MEATH	2,612	2,751	-5.05%	3%	3.02%
MONAGHAN	694	729	-4.8%	0.8%	0.8%
OFFALY	1,090	1,140	-4.39%	1.25%	1.25%
ROSCOMMON	748	903	-17.17%	0.86%	0.99%
SLIGO	787	829	-5.07%	0.9%	0.91%
TIPPERARY	2,429	2,576	-5.71%	2.79%	2.82%
WATERFORD	2,363	2,407	-1.83%	2.71%	2.64%
WESTMEATH	1,216	1,324	-8.16%	1.4%	1.45%
WEXFORD	2,225	2,068	7.59%	2.55%	2.27%
WICKLOW	1,927	1,988	-3.07%	2.21%	2.18%

By Transmission	2018 Units	2017 Units	% Change	2018 % Share	2017 % Share
1 MANUAL	65,227	71,516	-8.79%	74.84%	78.4%
2 AUTOMATIC	21,874	19,699	11.04%	25.1%	21.6%
3 CTB / LINEAR GEAR	50	0	-	0.06%	0%

By Engine Type	2018 Units	2017 Units	% Change	2018 % Share	2017 % Share
1 DIESEL	48,346	60,222	-19.72%	55.47%	66.02%
2 PETROL	33,134	27,584	20.12%	38.02%	30.24%
3 PETROL ELECTRIC	4,709	2,873	63.91%	5.4%	3.15%
4 ELECTRIC	529	374	41.44%	0.61%	0.41%
5 PETROL/PLUG-IN ELECTRIC HYBRID	424	159	166.67%	0.49%	0.17%
6 DIESEL/PLUG-IN ELECTRIC HYBRID	9	2	350%	0.01%	0%
7 DIESEL/ELECTRIC	0	1	-	0%	0%

By Colour	2018 Units	2017 Units	% Change	2018 % Share	2017 % Share
1 GREY	33,136	34,149	-2.97%	38.02%	37.44%
2 BLACK	16,040	17,673	-9.24%	18.4%	19.38%
3 WHITE/IVORY	12,730	13,549	-6.04%	14.61%	14.85%
4 BLUE	11,315	11,042	2.47%	12.98%	12.11%
5 RED/MAROON	10,314	10,390	-0.73%	11.83%	11.39%
6 BROWN	1,823	2,554	-28.62%	2.09%	2.8%
7 ORANGE	399	111	259.46%	0.46%	0.12%
8 GREEN	348	617	-43.6%	0.4%	0.68%
9 YELLOW	260	665	-60.9%	0.3%	0.73%
10 WHITE/IVORY AND BLACK	190	98	93.88%	0.22%	0.11%

By Body Type	2018 Units	2017 Units	% Change	2018 % Share	2017 % Share
1 HATCHBACK	28,232	30,094	-6.19%	32.39%	32.99%
2 MPV	25,843	24,086	7.29%	29.65%	26.41%
3 SALOON	13,592	19,486	-30.25%	15.6%	21.36%
4 JEEP	12,309	9,056	35.92%	14.12%	9.93%
5 ESTATE	6,527	7,805	-16.37%	7.49%	8.56%
6 SPORTS COUPE	472	506	-6.72%	0.54%	0.55%
7 CONVERTIBLE	133	128	3.91%	0.15%	0.14%
8 VAN	25	7	257.14%	0.03%	0.01%
9 HEARSE	9	0	-	0.01%	0%
10 INVALID VEHICLE	7	5	40%	0.01%	0.01%

Light Commercial Vehicles (LCVs)

Total LCV Registrations							
Year	January	February	March	April	May	June	TOTAL
2018	6,755	2,636	3,123	1,789	1,636	694	**16,633**
2017	6,329	2,487	3,084	1,690	1,461	680	**15,731**
% Change	6.73%	5.99%	1.26%	5.86%	11.98%	2.06%	5.73%

By Make		2018 Units	2017 Units	% Change	2018 % Share	2017 % Share
1	FORD	4,205	3,668	14.64%	25.28%	23.32%
2	VOLKSWAGEN	3,206	2,935	9.23%	19.27%	18.66%
3	RENAULT	2,251	2,016	11.66%	13.53%	12.82%
4	TOYOTA	1,570	1,399	12.22%	9.44%	8.89%
5	PEUGEOT	1,126	1,128	-0.18%	6.77%	7.17%
6	CITROEN	948	920	3.04%	5.7%	5.85%
7	NISSAN	749	873	-14.2%	4.5%	5.55%
8	MERCEDES-BENZ	687	704	-2.41%	4.13%	4.48%
9	OPEL	540	644	-16.15%	3.25%	4.09%
10	MITSUBISHI	341	359	-5.01%	2.05%	2.28%

By Engine Type		2018 Units	2017 Units	% Change	2018 % Share	2017 % Share
1	DIESEL	16,577	15,714	5.49%	99.66%	99.89%
2	ELECTRIC	46	7	557.14%	0.28%	0.04%
3	PETROL	10	10	0%	0.06%	0.06%

By Model		2018 Units	2017 Units	% Change	2018 % Share	2017 % Share
1	FORD TRANSIT CONNECT	1,194	933	27.97%	7.18%	5.93%
2	FORD TRANSIT CUSTOM COMM	1,078	943	14.32%	6.48%	5.99%
3	RENAULT TRAFIC VANS	1,016	1033	-1.65%	6.11%	6.57%
4	VOLKSWAGEN CADDY	957	1129	-15.23%	5.75%	7.18%
5	TOYOTA LANDCRUISER COMM	935	746	25.34%	5.62%	4.74%
6	VOLKSWAGEN T6	858	702	22.22%	5.16%	4.46%
7	FORD TRANSIT VAN	855	942	-9.24%	5.14%	5.99%
8	CITROEN BERLINGO	783	726	7.85%	4.71%	4.62%
9	PEUGEOT PARTNER VAN	775	835	-7.19%	4.66%	5.31%
10	RENAULT MASTER VANS	681	638	6.74%	4.09%	4.06%

By Body Type		2018 Units	2017 Units	% Change	2018 % Share	2017 % Share
1	VAN	13,394	13,307	0.65%	80.53%	84.59%
2	CREW CAB	1,966	1,165	68.76%	11.82%	7.41%
3	PICK-UP	682	651	4.76%	4.1%	4.14%
4	MPV	215	218	-1.38%	1.29%	1.39%
5	TIPPER	82	94	-12.77%	0.49%	0.6%
6	MINIBUS	56	27	107.41%	0.34%	0.17%
7	AMBULANCE	55	38	44.74%	0.33%	0.24%
8	DROP-SIDE LORRY	52	82	-36.59%	0.31%	0.52%
9	BUS	44	25	76%	0.26%	0.16%
10	HORSE BOX	19	9	111.11%	0.11%	0.06%

By Weight	2018 Units	2017 Units	% Change	2018 % Share	2017 % Share
1–2000kg	2,745	3,058	-10.24%	16.5%	19.44%
2001–2500kg	3,734	3,107	20.18%	22.45%	19.75%
2501–3000kg	4,657	3,803	22.46%	28%	24.18%
3001–3500kg	5,274	5,629	-6.31%	31.71%	35.78%
3501kg+	213	134	58.96%	1.28%	0.85%

By County	2018 Units	2017 Units	% Change	2018 % Share	2017 % Share
CARLOW	190	197	-3.55%	1.14%	1.25%
CAVAN	260	218	19.27%	1.56%	1.39%
CLARE	277	257	7.78%	1.67%	1.63%
CORK	1,672	1,633	2.39%	10.05%	10.38%
DONEGAL	329	340	-3.24%	1.98%	2.16%
DUBLIN	7,063	6,451	9.49%	42.46%	41.01%
GALWAY	677	611	10.8%	4.07%	3.88%
KERRY	459	410	11.95%	2.76%	2.61%
KILDARE	655	694	-5.62%	3.94%	4.41%
KILKENNY	287	291	-1.37%	1.73%	1.85%
LAOIS	215	182	18.13%	1.29%	1.16%
LEITRIM	77	59	30.51%	0.46%	0.38%
LIMERICK	556	591	-5.92%	3.34%	3.76%
LONGFORD	83	95	-12.63%	0.5%	0.6%
LOUTH	353	291	21.31%	2.12%	1.85%
MAYO	370	390	-5.13%	2.22%	2.48%
MEATH	509	480	6.04%	3.06%	3.05%
MONAGHAN	199	186	6.99%	1.2%	1.18%
OFFALY	233	215	8.37%	1.4%	1.37%
ROSCOMMON	152	127	19.69%	0.91%	0.81%
SLIGO	146	140	4.29%	0.88%	0.89%
TIPPERARY	502	477	5.24%	3.02%	3.03%
WATERFORD	317	382	-17.02%	1.91%	2.43%
WESTMEATH	288	285	1.05%	1.73%	1.81%
WEXFORD	460	446	3.14%	2.77%	2.84%
WICKLOW	304	283	7.42%	1.83%	1.8%

	By Transmission	2018 Units	2017 Units	% Change	2018 % Share	2017 % Share
1	MANUAL	14,666	14,305	2.52%	88.17%	90.94%
2	AUTOMATIC	1,951	1,425	36.91%	11.73%	9.06%
3	CTB / LINEAR GEAR	16	1	1,500%	0.1%	0.01%

Heavy Commercial Vehicles (HCVs)

Total HCV Registrations

Year	January	February	March	April	May	June	TOTAL
2018	402	243	270	242	229	185	1,571
2017	456	270	305	232	238	88	1,589
% Change	-11.84%	-10%	-11.48%	4.31%	-3.78%	110.23%	-1.13%

By County	2018 Units	2017 Units	% Change	2018 % Share	2017 % Share
CARLOW	11	12	-8.33%	0.7	0.76
CAVAN	30	26	15.38%	1.91	1.64
CLARE	17	29	-41.38%	1.08	1.83
CORK	211	202	4.46%	13.43	12.71
DONEGAL	24	31	-22.58%	1.53	1.95
DUBLIN	542	594	-8.75%	34.5	37.38
GALWAY	74	71	4.23%	4.71	4.47
KERRY	56	54	3.7%	3.56	3.4
KILDARE	79	72	9.72%	5.03	4.53
KILKENNY	56	50	12%	3.56	3.15
LAOIS	21	17	23.53%	1.34	1.07
LEITRIM	5	0	-	0.32	0
LIMERICK	31	37	-16.22%	1.97	2.33
LONGFORD	11	19	-42.11%	0.7	1.2
LOUTH	21	25	-16%	1.34	1.57
MAYO	25	21	19.05%	1.59	1.32
MEATH	80	86	-6.98%	5.09	5.41
MONAGHAN	51	51	0%	3.25	3.21
OFFALY	11	6	83.33%	0.7	0.38
ROSCOMMON	13	6	116.67%	0.83	0.38
SLIGO	37	17	117.65%	2.36	1.07
TIPPERARY	49	41	19.51%	3.12	2.58
WATERFORD	28	30	-6.67%	1.78	1.89
WESTMEATH	10	15	-33.33%	0.64	0.94
WEXFORD	47	51	-7.84%	2.99	3.21
WICKLOW	31	26	19.23%	1.97	1.64

By Weight	2018 Units	2017 Units	% Change	2018 % Share	2017 % Share
1kg–3500kg	1	0	-	0.06%	0%
3501kg–5000kg	3	0	-	0.19%	0%
5001kg–6000kg	6	14	-57.14%	0.38%	0.88%
6001kg–8000kg	178	132	34.85%	11.33%	8.31%
8001kg–10000kg	26	21	23.81%	1.65%	1.32%
10001kg–12000kg	60	48	25%	3.82%	3.02%
12001kg–14000kg	19	7	171.43%	1.21%	0.44%
14001kg–17000kg	51	45	13.33%	3.25%	2.83%
17001kg+	1,226	1,322	-7.26%	78.04%	83.2%

By Make	2018 Units	2017 Units	% Change	2018 % Share	2017 % Share
1 SCANIA	349	348	0.29%	22.22%	21.9%
2 VOLVO	310	388	-20.1%	19.73%	24.42%
3 DAF	299	186	60.75%	19.03%	11.71%
4 MERCEDES-BENZ	144	203	-29.06%	9.17%	12.78%
5 RENAULT	112	127	-11.81%	7.13%	7.99%
6 MAN	107	98	9.18%	6.81%	6.17%
7 IVECO	86	87	-1.15%	5.47%	5.48%
8 ISUZU	73	44	65.91%	4.65%	2.77%
9 FUSO	30	18	66.67%	1.91%	1.13%
10 VDL DAF	20	42	-52.38%	1.27%	2.64%

By Model	2018 Units	2017 Units	% Change	2018 % Share	2017 % Share
1 SCANIA 3 AXLE TRACTOR	165	231	-28.57%	10.5%	14.54%
2 VOLVO 3 AXLE TRACTOR	105	231	-54.55%	6.68%	14.54%
3 SCANIA 2 AXLE TRACTOR	94	77	22.08%	5.98%	4.85%
4 DAF 2 AXLE RIGID >17T	72	41	75.61%	4.58%	2.58%
5 VOLVO BUSES & COACHES	69	23	200%	4.39%	1.45%
6 DAF 3 AXLE TRACTOR	66	231	-71.43%	4.2%	14.54%
7 ISUZU 2 AXLE RIGID 6-7.9T	64	42	52.38%	4.07%	2.64%
8 DAF 2 AXLE TRACTOR	64	77	-16.88%	4.07%	4.85%
9 VOLVO 4 AXLE RIGID	53	51	3.92%	3.37%	3.21%
10 IVECO BUS	45	31	45.16%	2.86%	1.95%

By Body Type	2018 Units	2017 Units	% Change	2018 % Share	2017 % Share
1 ARTICULATED TRACTOR UNIT	639	748	-14.57%	40.67%	47.07%
2 BUS	229	188	21.81%	14.58%	11.83%
3 TIPPER	145	140	3.57%	9.23%	8.81%
4 BOX VAN	97	80	21.25%	6.17%	5.03%
5 OPEN LORRY	65	65	0%	4.14%	4.09%
6 REFUSE COLLECTOR	50	34	47.06%	3.18%	2.14%
7 INSULATED/ REFRIGERATED VAN	49	44	11.36%	3.12%	2.77%
8 CURTAIN SIDER	48	61	-21.31%	3.06%	3.84%
9 TANKER	41	29	41.38%	2.61%	1.83%
10 CHASSIS CAB	31	29	6.9%	1.97%	1.83%

By Segment	2018 Units	2017 Units	% Change	2018 % Share	2017 % Share
1 ARTIC 3+ AXLES	384	573	-32.98%	24.44%	36.06%
2 ARTIC 2 AXLES	238	174	36.78%	15.15%	10.95%
3 BUSES & COACHES	177	140	26.43%	11.27%	8.81%
4 2 AXLE RIGID ABOVE 16000KGS	158	126	25.4%	10.06%	7.93%
5 4 AXLE RIGID	147	171	-14.04%	9.36%	10.76%
6 3 AXLE RIGID	119	98	21.43%	7.57%	6.17%
7 2 AXLE RIGID 6000-7500KGS	118	77	53.25%	7.51%	4.85%
8 2 AXLE RIGID 12001-16000KGS	79	70	12.86%	5.03%	4.41%
9 EXCLUDED	73	53	37.74%	4.65%	3.34%
10 2 AXLE RIGID 7501-12000KGS	70	65	7.69%	4.46%	4.09%

Vehicle Testing Statistics

Passenger Cars Test Volumes and Pass Rates January–June 2018

	Pass	%	Fail Refusal	%	Fail Dangerous	%	Total
Full Tests	364,110	49.7%	364,775	49.9%	2,687	0.4%	731,572
Re-Tests	327,056	91.6%	29,773	8.3%	464	0.1%	357,293
	691,166		394,548		3,151		1,088,865

Source: NCT

Source: SIMI/VTN

Over

9,255

fail dangerous vehicles have been identified since beginning of this year

LCV Monthly Test Volumes Year-on-Year

	Q1	Q2	Q3	Q4	Total	% Change
2012	100,261	103,008	100,778	89,931	393,978	-
2013	100,901	105,028	110,634	102,239	418,802	6.30%
2014	107,780	119,269	127,503	132,478	487,030	16.29%
2015	130,152	132,434	142,806	128,190	533,582	9.56%
2016	128,745	142,175	142,951	126,021	539,892	1.18%
2017	143,643	141,867	144,525	118,722	548,757	1.64%
2018	136,653	145,477	-	-	282,130	-1.18%

LCV Quarterly Test Volumes with Annual Comparison

LCV Full Tests	2017 Q1	2018 Q1	% Change	2017 Q1	2018 Q2	% Change
Fail	42,218	37,686	-10.73%	43,146	39,167	-9.22%
Fail Dangerous	1,871	1,690	-9.67%	1,913	5,385	181.50%
Pass	59,154	61,754	4.40%	55,083	59,956	8.85%
Total	103,243	101,130	-2.05%	100,142	104,508	4.36%
LCV Re-Tests	**2017 Q1**	**2018 Q1**	**% Change**	**2017 Q1**	**2018 Q2**	**% Change**
Fail	2,166	1,873	-13.53%	2,277	2,104	-7.60%
Fail Dangerous	91	70	-23.08%	93	159	70.97%
Pass	37,759	33,144	-12.22%	39,154	38,418	-1.88%
Total	40,016	35,087	-12.32%	41,524	40,681	-2.03%

HCV Monthly Test Volumes Year-on-Year

	Q1	Q2	Q3	Q4	Total	% Change
2012	29,346	29,924	30,436	25,094	114,800	-
2013	29,738	30,635	33,028	29,009	122,410	6.6%
2014	32,154	34,550	38,928	32,962	138,594	13.2%
2015	35,635	37,477	41,108	34,093	148,313	7.0%
2016	36,891	40,240	41,730	34,321	153,182	3.3%
2017	39,103	38,927	40,618	32,989	151,637	-1.0%
2018	37,338	39,181	-	-	76,519	-1.9%

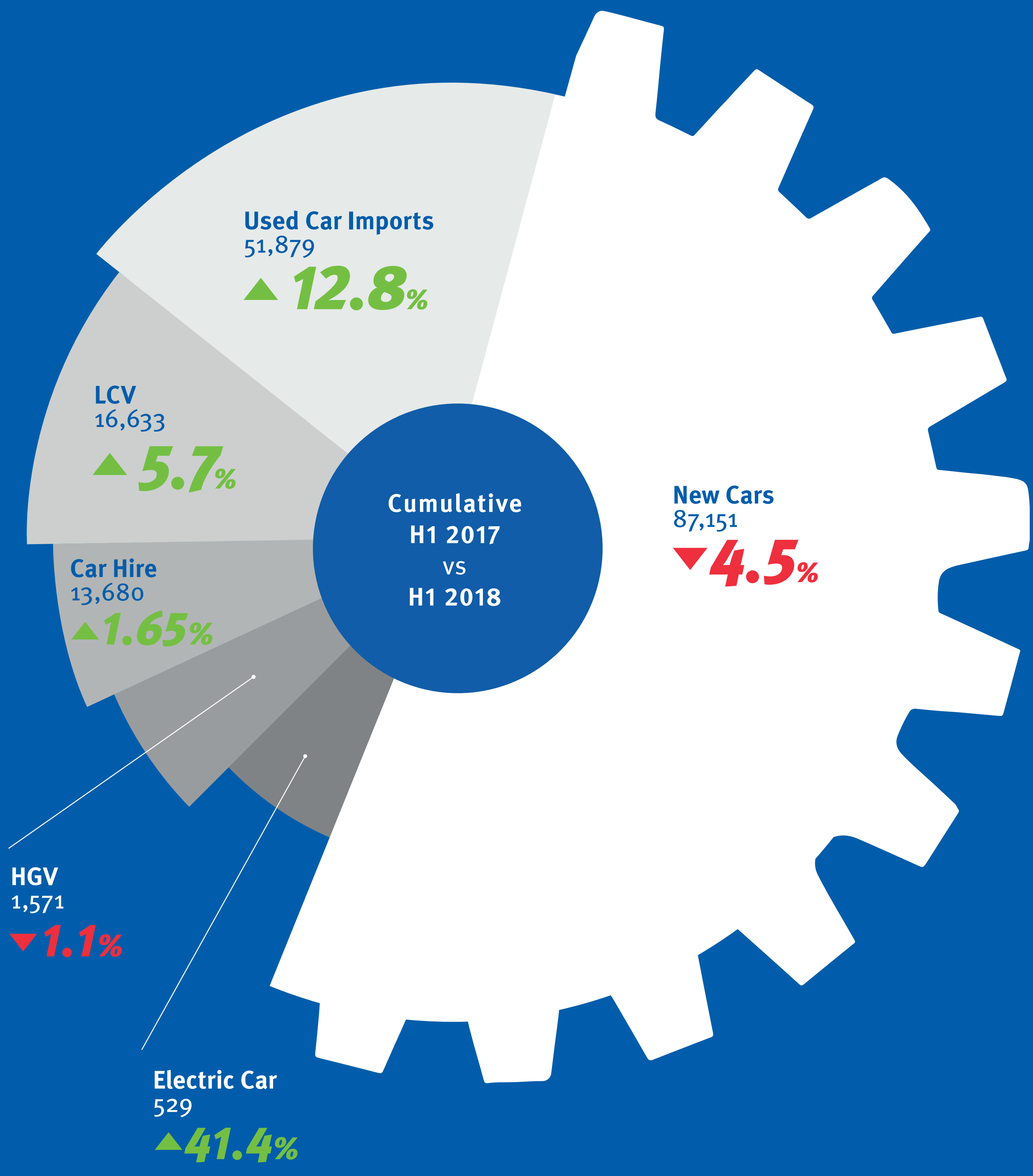
HCV Quarterly Test Volumes with Annual Comparison

HCV Full Tests	2017 Q1	2018 Q1	% Change	2017 Q1	2018 Q2	% Change
Fail	11,598	9,401	-18.94%	11,160	8,923	-20.04%
Fail Dangerous	527	380	-27.89%	530	1,194	125.28%
Pass	14,098	16,255	15.30%	14,565	17,147	17.73%
Total	26,223	26,036	-0.71%	26,255	27,264	3.84%
HCV Re-Tests	**2017 Q1**	**2018 Q1**	**% Change**	**2017 Q1**	**2018 Q2**	**% Change**
Fail	848	556	-34.43%	826	604	-26.88%
Fail Dangerous	37	17	-54.05%	25	41	64.00%
Pass	10,317	8,349	-19.08%	10,231	8,751	-14.47%
Total	11,202	8,922	-20.35%	11,082	9,396	-15.21%

Motor Industry Review Highlights

SIMI

01 Total First Registrations



02 Top Selling Car Body Types

1	HATCHBACK
2	MPV
3	SALOON

03 Top Selling Car Colours

GREY	1
BLACK	2
WHITE/IVORY	3
BLUE	4
RED/MAROON	5

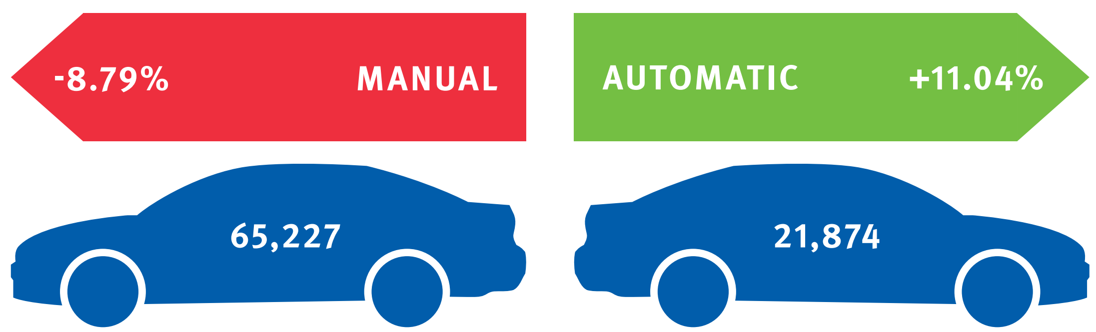
Source: SIMI Stats

04 Top Selling New Car Makes and Models

	New Car Make	New Car Model	
1	VOLKSWAGEN	NISSAN QASHQAI	1
2	TOYOTA	HYUNDAI TUCSON	2
3	HYUNDAI	VOLKSWAGEN GOLF	3
4	FORD	FORD FOCUS	4
5	NISSAN	SKODA OCTAVIA	5

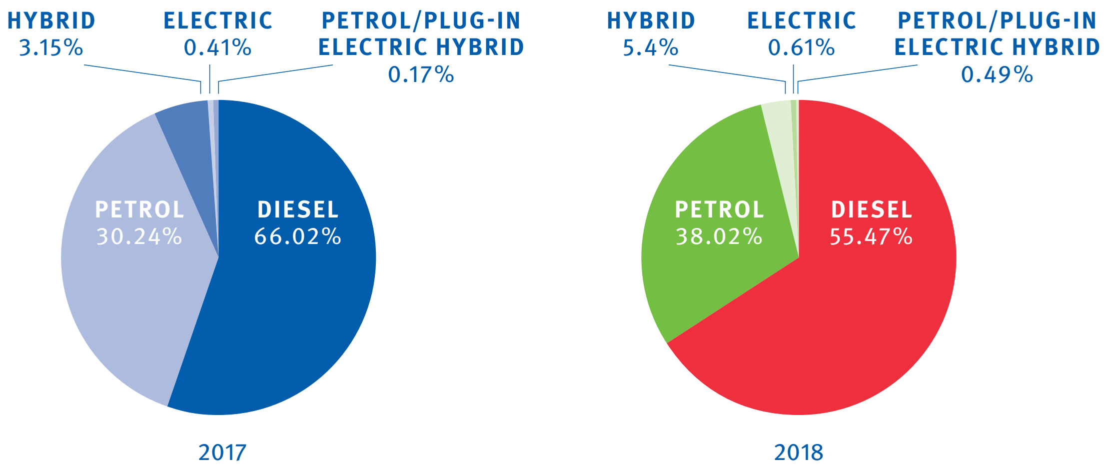
Source: SIMI Stats

05 New Cars by Transmission January–June 2018



Source: SIMI Stats

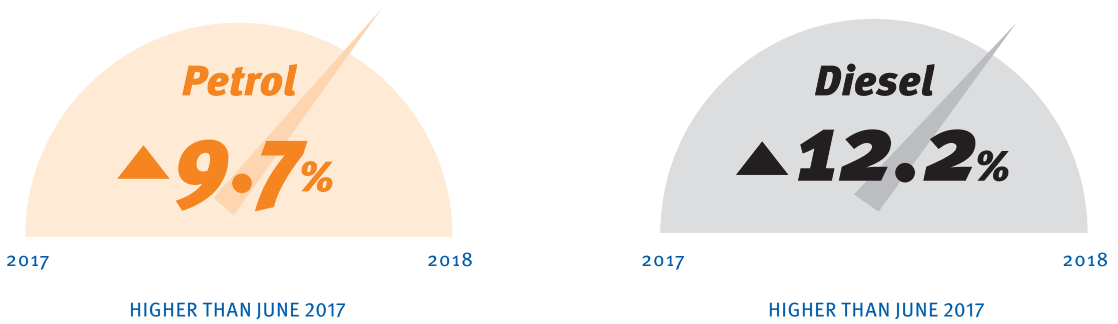
06 New Cars by Engine Type January–June 2018



07 New Cars by Emissions

CO_2 Band		2018 Units Jan–June	2017 Units Jan–June	% Change
A0	0	529	374	41.44%
A1	1–80	1,390	984	41.26%
A2	81–100	13,304	19,081	-30.28%
A3	101–110	25,368	27,121	-6.46%
A4	111–120	23,781	22,905	3.82%
B1	121–130	13,105	12,535	4.55%
B2	131–140	5,354	4,826	10.94%
C	141–155	3,156	2,293	37.64%
D	156–170	676	611	10.64%
E	171–190	409	427	-4.22%
F	191–225	54	46	17.39%
G	226+	27	12	125%

08 Cost of Motoring

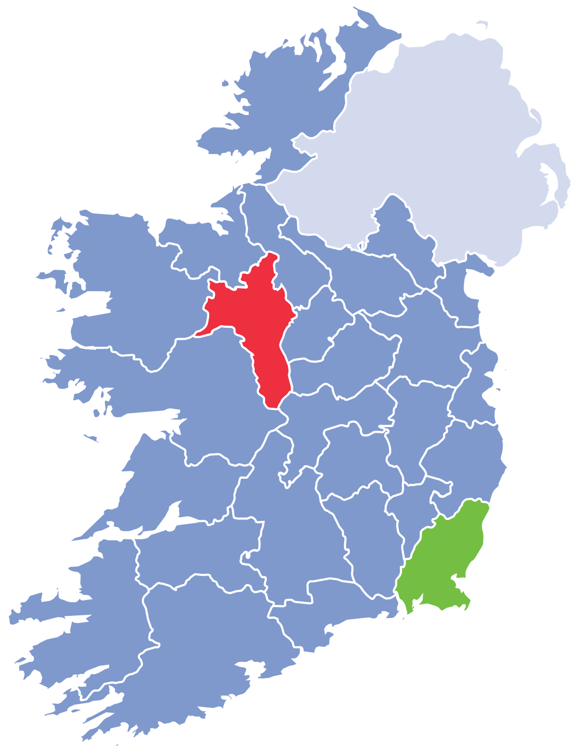


Source: CSO

09 New Car Registrations % Change by County January–June 2018

BIGGEST DECREASE
Roscommon
▼17.17%

BIGGEST INCREASE
Wexford
▲7.59%



County	2018 Units	2017 Units	% Change
Carlow	1,101	1,083	1.66%
Cavan	895	1,058	-15.41%
Clare	1,902	1,985	-4.18%
Cork	10,754	11,670	-7.85%
Donegal	1,840	2,035	-9.58%
Dublin	35,750	37,100	-3.64%
Galway	3,248	3,437	-5.5%
Kerry	1,841	1,996	-7.77%
Kildare	3,703	3,698	0.14%
Kilkenny	1,665	1,714	-2.86%
Laois	1,075	1,093	-1.65%
Leitrim	345	397	-13.1%
Limerick	3,065	3,213	-4.61%
Longford	427	454	-5.95%
Louth	1,943	1,930	0.67%
Mayo	1,506	1,637	-8%
Meath	2,612	2,751	-5.05%
Monaghan	694	729	-4.8%
Offaly	1,090	1,140	-4.39%
Roscommon	748	903	-17.17%
Sligo	787	829	-5.07%
Tipperary	2,429	2,576	-5.71%
Waterford	2,363	2,407	-1.83%
Westmeath	1,216	1,324	-8.16%
Wexford	2,225	2,068	7.59%
Wicklow	1,927	1,988	-3.07%

10 Cost of a New Car

-1.9%

BASE COST LOWER THAN JUNE 2018

Source: CSO

11 Cost of a New Car Based on OMSP*

+4.1%

CONSUMERS SPENDING MORE
ON HIGHER SPECIFICATION CARS

*Open Market Selling Price Q2 2018

12 Government Revenues on Car Sales (H1 2018 vs H1 2017)

€985.9mn

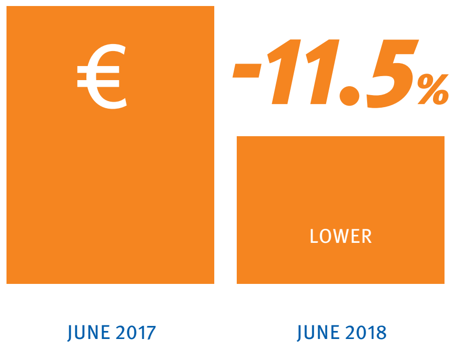
TOTAL REVENUE

REVENUE INCREASE
+1.9%
SINCE H1 2017

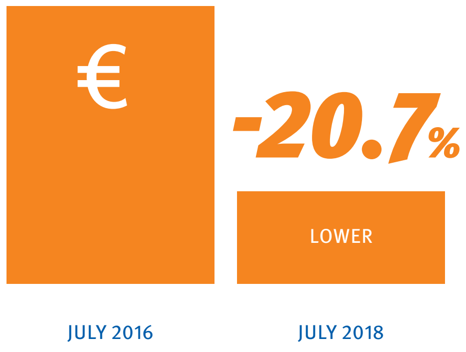
NEW CAR SALES
-0.4%
€814.7MN

USED CAR SALES (IMPORTS)
+14.6%
€171.2MN

13 Average Cost of Motor Insurance Year on Year 2017 to 2018



14 Average Cost of Motor Insurance 2016-2018



15 Employment

35,900

*CSO Q1 2018

16 Age Profile Used Imports

	2018 Units	2017 Units	% Change
Current Year	392	259	51.35%
1 Year Old	3,799	2,997	26.76%
2 Years Old	4,949	3,847	28.65%
3 Years Old	9,294	7,776	19.52%
4 & 5 Years Old	17,651	14,758	19.6%
6 to 9 Years Old	13,232	13,890	-4.74%
10 Years & Older	2,559	2,475	3.39%
Total	51,876	46,002	

Serving the Irish Motor Industry

The Society of the Irish Motor Industry

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