Europe Car Sales Rise for Ninth Month on Renault Growth

By Elisabeth Behrmann - Jun 17, 2014

European car sales rose 4.3 percent in May, the ninth consecutive monthly gain, as growing consumer confidence encouraged purchases of new models from Renault SA (RNO), Volkswagen AG (VOW) and General Motors Co. (GM).

Registrations increased to 1.13 million vehicles from 1.09 million a year earlier, the Brussels-based European Automobile Manufacturers’ Association, or ACEA, said today. Five-month sales gained 6.6 percent to 5.62 million cars.

The European Central Bank took unprecedented monetary policy measures in early June aimed at freeing up lending in the countries sharing the euro, moves that ECB President Mario Draghi signaled last month. Among the top 10 car sellers in Europe, registrations at third-ranked Renault jumped the most in May, at 18 percent, with gains of 9.5 percent at market leader Volkswagen and 4.2 percent at second-place PSA Peugeot Citroen. (UG)

Demand is set to “keep improving during the coming months,” Christian Ludwig, an analyst with Bankhaus Lampe in Dusseldorf, Germany, said by phone before the ACEA released figures. “After six years of declining auto sales in Europe, there should be significant pent-up demand that should drive growth in the next couple of years.”

Car sales in Germany, Europe’s largest market at about one-quarter of deliveries, rose 5.2 percent in May, in part thanks to an extra selling day. Registrations fell 3.8 percent in Italy, the only decline among Europe’s five biggest auto markets. The ACEA compiles figures from the 28-country European Union, excluding Malta, as well as numbers from Switzerland, Norway and Iceland.

Dacia Duster

Renault’s low-cost Dacia division, which has revamped its Duster sport-utility vehicle and Sandero hatchback, posted a 24 percent surge in European sales last month, while the parent company’s namesake brand, bolstered by the Captur crossover, sold 16 percent more cars. Renault, based in the Paris suburb of Boulogne-Billancourt, said three months ago that it’s expanding production of the Captur to meet demand.

Sales jumped 23 percent last month at Volkswagen’s Skoda marque, helped by a new version of the Octavia small car, and 22 percent at the Seat nameplate, which added a station-wagon variant to its Leon compact vehicle line at the end of 2013.
Registrations by the namesake VW brand and the Audi luxury division each rose 4.8 percent. The Wolfsburg, Germany-based parent company is considering tripling the VW marque’s SUV line in its bid to overtake Toyota Motor Corp. (7203) in global group deliveries, people familiar with the matter said this month.

**Peugeot Production**

Demand at Paris-based Peugeot has been propelled by the 2008 compact SUV and 308 hatchback, with the company boosting production of both models this year to match orders. The Peugeot brand’s European sales rose 4.8 percent in May, and the Citroen nameplate’s registrations increased 3.5 percent.

The Peugeot brand’s European sales have the potential to rise more than 10 percent this year, Maxime Picat, head of the division, said yesterday in an interview on France’s Radio Classique.

Combined European sales by GM’s twin Opel and Vauxhall marques rose 6.2 percent last month, helped by the Mokka compact SUV and Corsa small car. Detroit-based GM’s group registrations in Europe dropped 7.1 percent as the Chevrolet nameplate is being withdrawn from the region.

Opel, based in the Frankfurt suburb of Ruesselsheim, is revamping its lineup with 27 new or updated models through 2018 in a bid to overtake Ford Motor Co. (F) as Europe’s second-biggest car brand, after VW. Division Chief Executive Officer Karl-Thomas Neumann outlined plans early this month to reach an 8 percent market share by 2022. That compares with a 6.8 percent share for Opel and Vauxhall so far this year.

**2013 Low**

Europe’s car market is recovering from a two-decade low reached in 2013. Industry executives are predicting growth in regional auto demand of 2 percent to 3 percent this year. A recovery in the region and Chinese market expansion will help automakers meet their goals this year, analysts at Deutsche Bank AG said in a report yesterday, citing company comment during an industry conference last week.

Consumer confidence in the euro area rose in May to the highest since October 2007, according to figures released last month. The ECB cut its deposit rate below zero in an effort to counter possible deflation as economic growth remains weak following a recession that ended a year ago.

**Discounting Eases**

Discounting in Germany’s auto market eased last month, with cuts narrowing to an average 11.3 percent off the recommended price from 11.6 percent a year earlier, according to trade publication Autohaus PulsSchlag. Audi and Volkswagen dealers were the only ones among the largest brands to lower prices more than in the 2013 period.
SUV sustained the BMW nameplate’s deliveries last month, and the carmaker introduced the 2-Series compact coupe in March, while the Mini lineup is being updated.

Sales by Daimler AG (DAI)’s Mercedes-Benz marque, which ranks third in premium-auto deliveries to BMW and Volkswagen’s Audi, rose 6.1 percent, buoyed by demand for the C-Class sedan and GLA compact SUV. Registrations at Daimler’s Smart division fell 16 percent as the unit prepares a new version of its main two-seat model and a four-seat car.

European registrations rose 10 percent in May at Nissan Motor Co. (7201) and 2.2 percent at Toyota. Sales fell 2.8 percent at Dearborn, Michigan-based Ford and 2.9 percent at Turin, Italy-based Fiat SpA.

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