European car sales fell to a two-decade low as record unemployment in the countries using the euro hurt demand at Fiat SpA (F) and PSA Peugeot Citroen (UG).

Registrations decreased 6.3 percent in June to 1.18 million vehicles from 1.25 million cars a year earlier, the Brussels-based European Automobile Manufacturers' Association, or ACEA, said today in a statement. First-half sales fell 6.7 percent to 6.44 million vehicles. The June figure was the lowest for the month since 1996, and the six-month number was the least since 1993, said Quynh-Nhu Huynh, the group's economics director.

The unemployment rate was 12.2 percent in the euro area in May, and was probably at that level for the entire second quarter, according to the median forecast of analysts surveyed by Bloomberg. Executives at Peugeot and French competitor Renault SA (RNO) reiterated predictions this month that the region's car market will fall 5 percent in 2013 in the sixth annual drop.

"It's still a weak car market, and I don't think that it will get better in the very near future," Sascha Gommel, a Frankfurt-based analyst at Commerzbank AG, said by phone. "I wouldn't expect a recovery in the second half, but rather a stabilization at a low level."

**Western Europe**

The ACEA figures come from the 27 nations that were EU members prior to Croatia joining this month, plus Switzerland, Norway and Iceland. Deliveries in western Europe, which excludes countries that have joined the EU since mid-2004, fell 6.2 percent to 1.11 million vehicles in June and 6.6 percent to 6.06 million units in the first half.

The seasonally adjusted annualized selling rate for western Europe "appears to be more solid" than the unadjusted numbers, with figures for June indicating 11.7 million registrations for the full year, "comfortably the best result so far" in 2013, Jonathon Poskitt, a forecaster at LMC Automotive research company, said in a report this month.

Four of Europe's five largest automotive markets shrank last month, with deliveries in Germany, the biggest, dropping 4.7 percent, and demand falling 8.4 percent in third-ranked France. U.K. sales rose 13 percent.

**Renault's Increase**

European registrations by Peugeot, the region's second-biggest carmaker, declined 11 percent in June. Sales at Renault (RNO), based in the Paris suburb of Boulogne-Billancourt, gained 0.9 percent as demand at its Dacia low-cost brand jumped 16 percent. Turin, Italy-based Fiat posted a 14 percent drop in European sales.

Renault Chief Executive Officer Carlos Ghosn predicted on July 6 that the European car market will probably shrink further in 2014 and 2015 as rising joblessness continues to sap consumer demand. Paris-based Peugeot is implementing a cost-cutting plan that includes eliminating about 11,200 jobs in France, or 17 percent of its workforce in the country, as part of moves to reduce cash consumption by 50 percent from the 3 billion euros ($3.93 billion) posted last year.

General Motors Co. (GM)'s sales in Europe last month dropped 9.9 percent, dragged down by a 23 percent plunge at the Chevrolet brand. Sales at the Opel and Vauxhall marques declined 7.2 percent.

Volkswagen AG (VOW3), Europe's biggest carmaker, posted a 4.4 percent decline in sales in the region last month, with the biggest drop of 8.9 percent at its Audi division, the world's second-largest luxury marque. Bayerische Motoren Werke AG (BMW), the global leader in premium car sales, sold 7.7 percent fewer cars in Europe in June.

European sales by Dearborn, Michigan-based Ford Motor Co. (F) advanced 6.9 percent in June. The manufacturer, which is
forecasting a loss of about $2 billion in Europe for 2013, said last month that it’s counting on new models such as the EcoSport compact sport-utility vehicle to reduce reliance in the region on low-margin sales to rental-car companies.

Daimler AG (DAI)’s European sales rose 0.6 percent as the Mercedes-Benz brand, which ranks third in luxury-auto deliveries to BMW and Audi, posted a 2 percent gain. Demand at Mercedes was bolstered by new entry-level models, such as the A-Class hatchback and CLA four-door coupe. Daimler’s Smart city-car brand sold 11 percent fewer vehicles in the region.

To contact the reporter on this story: Mathieu Rosemain in Paris at mrosemain@bloomberg.net

To contact the editor responsible for this story: Chad Thomas at cthomas16@bloomberg.net