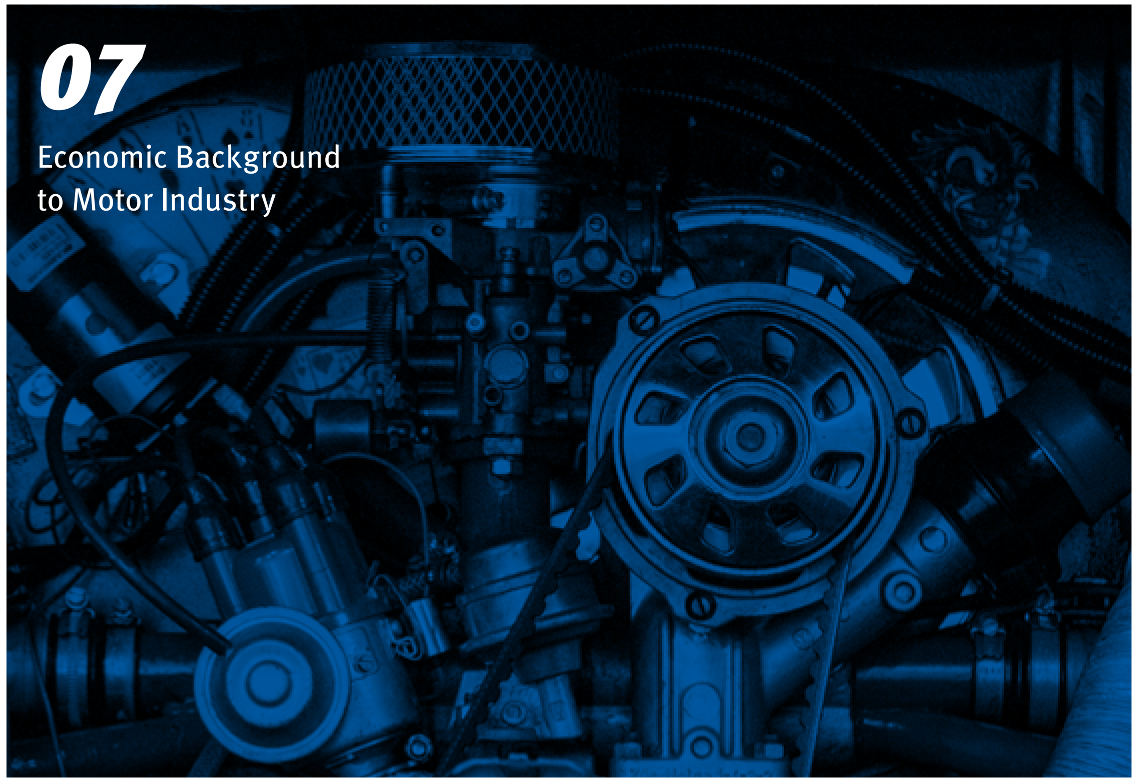
SIMI

Serving the Irish Motor Industry

Motor Industry Review

A Report by Economist,
Jim Power

Q2 19



x1000rpm
km/h
650 km
36076 km
ODO

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
Key Points This Quarter

The Irish economy has continued to maintain solid momentum in the first half of 2019. The majority of economic indicators are positive. The export sector is doing very well; overseas visitor numbers are still expanding, albeit May was modestly down on a year earlier; the labour market is still performing strongly, with a record number of people at work; manufacturing output is quite strong; and the Exchequer finances are still showing tax revenue buoyancy. Consumer spending is growing, but the personal sector is still financially stretched and consumer confidence and behaviour are still cautious.

4.5% expansion

FORECAST FOR REAL GROSS DOMESTIC PRODUCT GROWTH IN 2019

- Real GDP growth is forecast to expand by around 4.5% in 2019. Slower growth of 2% looks realistic for 2020, but this will be almost totally dictated by a very uncertain Brexit outcome. The Irish economy is currently in a very uncertain set of circumstances and very careful management will be required to control that which is within our control.

- The key challenges and risks facing the Irish economy are both domestic and external in nature. The domestic issues include housing; the pressure to increase expenditure on public services, particularly health; as the economy steadily moves towards full employment, wage pressures are likely to intensify and the recruitment and retention of workers will become an increasingly significant challenge for all employers and will act as a constraint on economic growth; the personal sector will remain pressurised due to a combination of the high personal tax burden; subdued wage growth for the past decade, although wages will rise more strongly in 2019; and rising house prices and rents will continue to soak up household disposable income. The key international issues include a more uncertain global economic background and Brexit.

- Against a background of subdued growth and low inflation in the Euro Zone (1.2%), the European Central Bank (ECB) is likely to implements further monetary easing through bond purchases (QE) and a cut in the deposit rate. There appears to be little likelihood of the ECB moving away from its zero official interest rate policy before the end of 2020.

- The environment for new car sales remains challenging. Having fallen by 10.4% in 2017 and by 4.3% in 2018, new car registrations declined by 7.4% in the first six months of 2019 to reach 80,712. In the second quarter, registrations were 6.9% higher than the second quarter of 2018.

- Diesel cars accounted for 47.4% of total new registrations in the first half of 2019, down from 55.5% in 2018; petrol cars accounted for 40.7% of the total, up from 38% in 2018; petrol-electric accounted for 8.4% of the total, up from 5.4% in 2018, and electric accounted for 2.4% of the total, up from 0.6% in the first half of 2018.

- Every county recorded a decline in new registrations in the first half of the year, with Carlow experiencing the most significant decline at 21.1%.

4.7% increase

IN AVERAGE OMSP FOR NEW CARS IN THE SECOND QUARTER OF 2019

€621.6mn

VRT ON TOTAL CAR SALES COLLECTED BY REVENUE COMMISSIONER

- In the first six months of 2019, 53,119 used cars were imported into the country, which is 2.4% ahead of the first half of 2018. Used imports accounted for 39.8% of the total car market in the first half of the year, up from 37.3% a year earlier. Sterling weakness is the key driver, with 94.8% of the used imports originating from the UK. In the first half of 2019, 71.8% of the used imports were diesel models. In the first six months of 2019, 66.5% of the used imports were 4 years or older.

- The surge in used imports is displacing new cars sales; is increasing the market penetration of diesel cars in the fleet; and is leading to the importation of older and less environmentally friendly cars. 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 2019, the average total tax take from a new car was €10,174, compared to €3,493 for a used car.

- The average CO_2 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 moving in an upward direction. In the second quarter of 2019, the average CO_2 emissions from new cars sold was 114.53 g/km, which is 1.3% higher than the second quarter of 2018.

- In the first half of the year, the Revenue Commissioners collected €621.6 million in VRT on total car sales, which was 7.7% higher than a year earlier, and it collected €385.2 million in VAT receipts, which was 5.1% lower than a year earlier. In total, the Revenue Commissioners collected €1 billion in VAT and VRT from car sales, which is 2.4% higher than the first half of 2018.

- For every 10,000 new cars sold, the Revenue Commissioners collect €101 million. For every 10,000 used imports sold, the Revenue Commissioners collect €35 million. The net cost to the Exchequer for every 10,000 used imports that displace new car sales is €66 million.

- In June 2019, petrol prices were unchanged from a year earlier and have increased 9.6% since January. Diesel prices in June were 0.2% lower than a year earlier and have increased by 6.2% since January.

- Motor insurance costs continue to decline. In the year to June 2019, the average cost of motor insurance declined by 4.9%. Since July 2016, the cost of motor insurance has declined by 24.5%.

- In the second quarter of 2019, the average OMSP was €30,101, which is 4.7% higher than the second quarter of 2018. This is due to a combination of car buyers paying more for higher specification cars and the VRT increases as a result of the new WLTP testing regime. The Irish Government did not make any allowance for the first step in the move to the new WLTP regime and Irish consumers were charged higher prices for new cars as a result of the improved emissions testing regime.

- In the first quarter of 2019, 47,300 workers were employed in the motor trade.

- In the first six months of 2019, 15,381 new Light Commercial Vehicles (LCVs) were registered, which was 7.7% lower than the first half of 2018. 6,837 used LCVs were imported, which is 8.7% down on the first half of 2018. New HGV registrations totalled 1,799, which was 14.6% ahead of 2018.

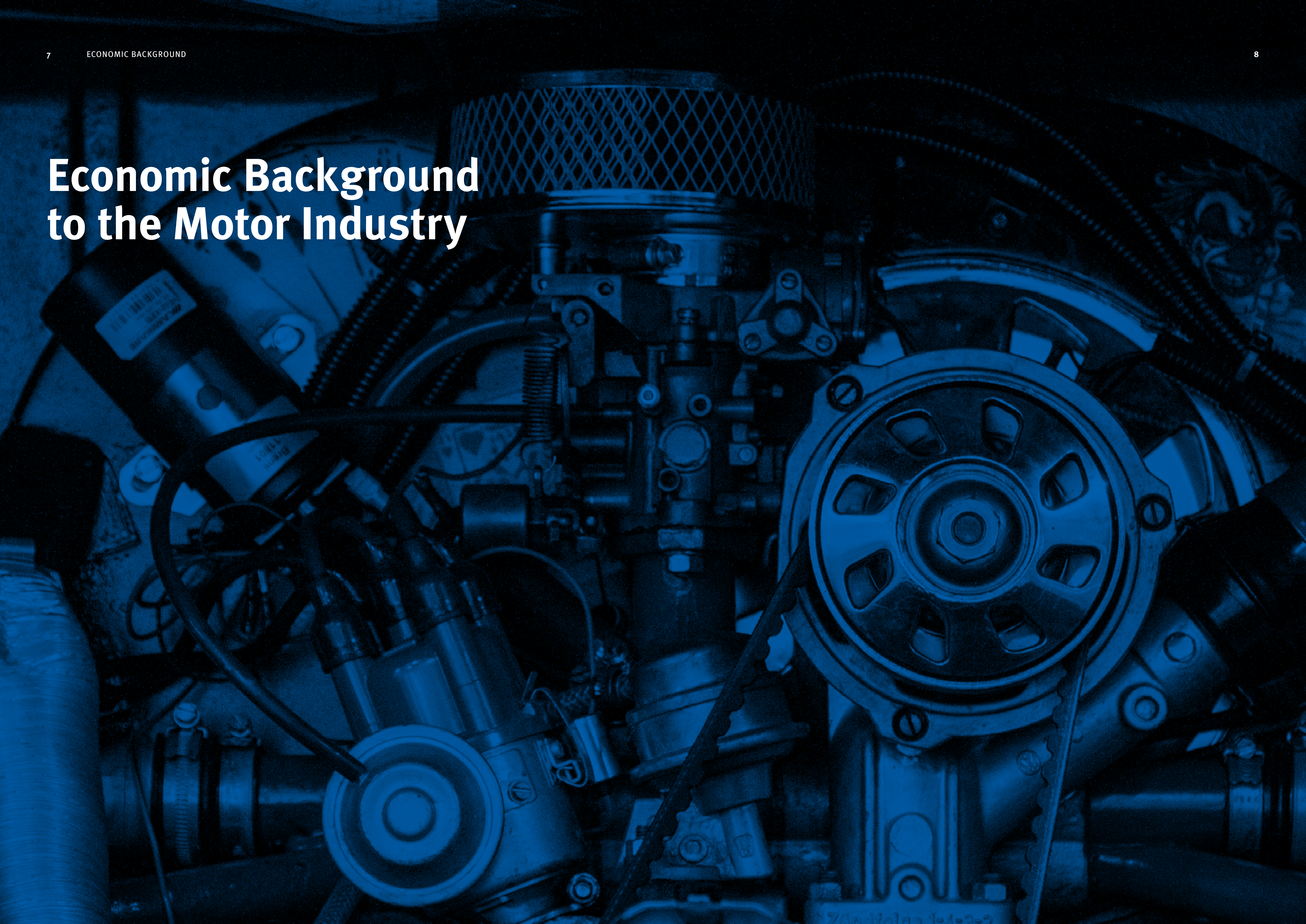
- The Climate Action Plan is strongly focused on electrification of the car fleet. The key targets include increasing the share of electric cars in total new car purchases to 100% by 2030; increasing the number of passenger EVs on the road to 840,000 by 2030; no NCT Certificate will be issued for non-zero emission cars after 2045; by the middle of the 2020s, EVs will reach Total Cost of Ownership-parity with diesel and petrol engines. This effectively means that when a consumer factors in both up-front cost and on-going running cost, it will be as cheap to have an EV as a petrol or diesel vehicle.

- The total number of licensed vehicles in Ireland trebled from 922,484 in 1987 to 2.71 million in 2018. Of this total in 2018, private cars accounted for 2.10 million. Electric cars accounted for just 0.2% of the total, while petrol and diesel combined accounted for 98.2% of the total. The Government target of electrification of the fleet is fanciful and appears totally incapable of being achieved. The Electric Vehicle target, while very laudable, may be undermined by a variety of factors. These revolve around cost, availability, supporting infrastructure and choice.

- In Budget 2020, if the Government does not adjust VRT bands to take account of the WLTP changes, the average price of a new car could rise by at least €2,500. The price increase for the more popular mid-range model could rise by significantly more. In the current environment, such price increases would have a devastating impact on new car sales.

- Based on the information available at the moment and the projections for the economy, the new car market could decline from 125,654 in 2018 to around 115,500 in 2019. For 2020, based on a central scenario, new car sales could decline by over 9% to 105,000. Failure to adjust VRT bands, could see the new car market decline to 75,000. Such a decline would have a devastating impact on many businesses that barely survived the last recession; it would cost thousands of jobs in towns and cities around the country; and would have a very negative impact on the Exchequer revenues. The motor industry is in a high-risk scenario at the moment and policy makers need to be aware of the risks.

Economic Background to the Motor Industry



The Economic Context For Motor Industry: Official Growth

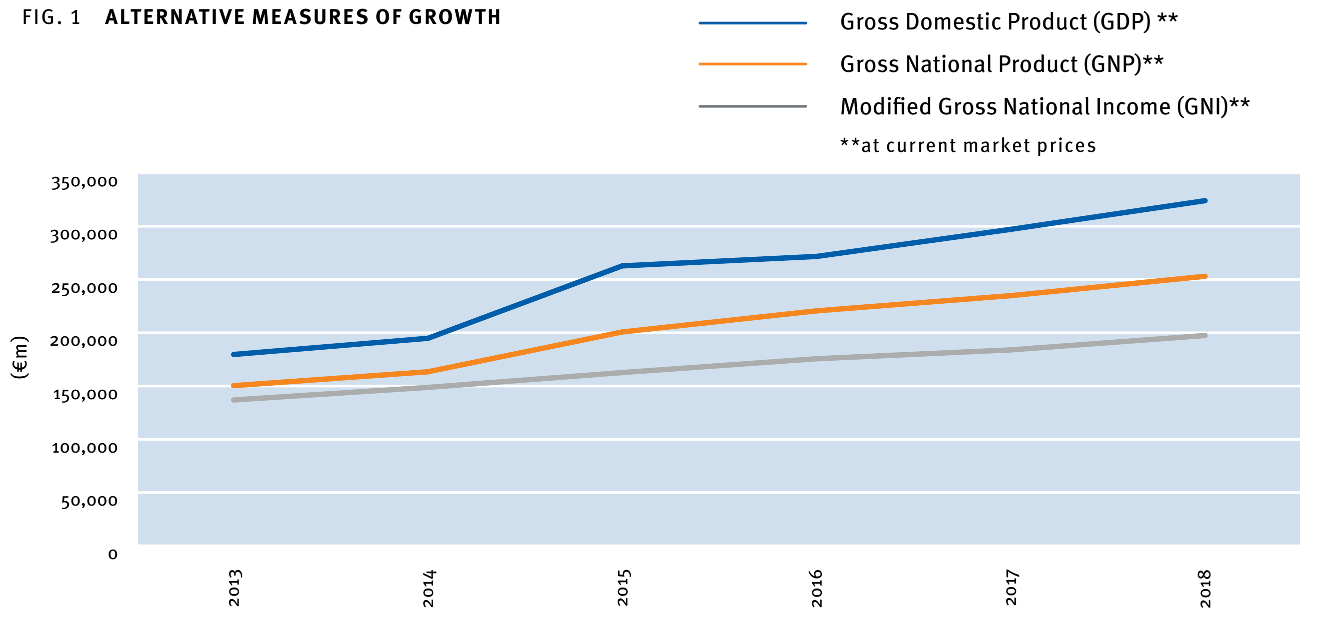
The Irish economy performed strongly in 2018. The latest official data suggest that Gross Domestic Product (GDP) expanded by 8.2%. This comprised growth of 3.4% in personal consumption expenditure; investment declined by 24.7%; and exports of goods and services expanded by 10.4%.

8.2% expansion

OF GROSS DOMESTIC PRODUCT IN 2019

The growth rate in GDP is suggestive of an economy experiencing very rapid economic growth, but that was not quite the reality on the ground in the real economy. GDP as a measure of economic activity has become particularly distorted since 2015. As a consequence, the Central Statistics Office (CSO) has developed an alternative measure of economic activity, which excludes globalisation effects such as trade in intellectual property products and trade in aircraft by leasing companies. This measure is called Gross National Income (GNI)*.

FIG. 1 **ALTERNATIVE MEASURES OF GROWTH**



Source: CSO
*Figure 1 shows that in 2018, GDP was €126 billion higher than GNI.

In the first quarter of 2019, GDP expanded by 6.3% compared to a year earlier. Consumer spending increased by 2.9% and exports of goods and services increased by 13.8%. The more realistic measures of growth show that GNP (which excludes profit repatriations by multi-national companies) increased by a more modest 1.8% and modified growth expanded by 1.3%.

The overall picture is that the Irish economy is growing at a moderate rate, rather than the exaggerated rate suggested by the conventional measure of economic activity, GDP.

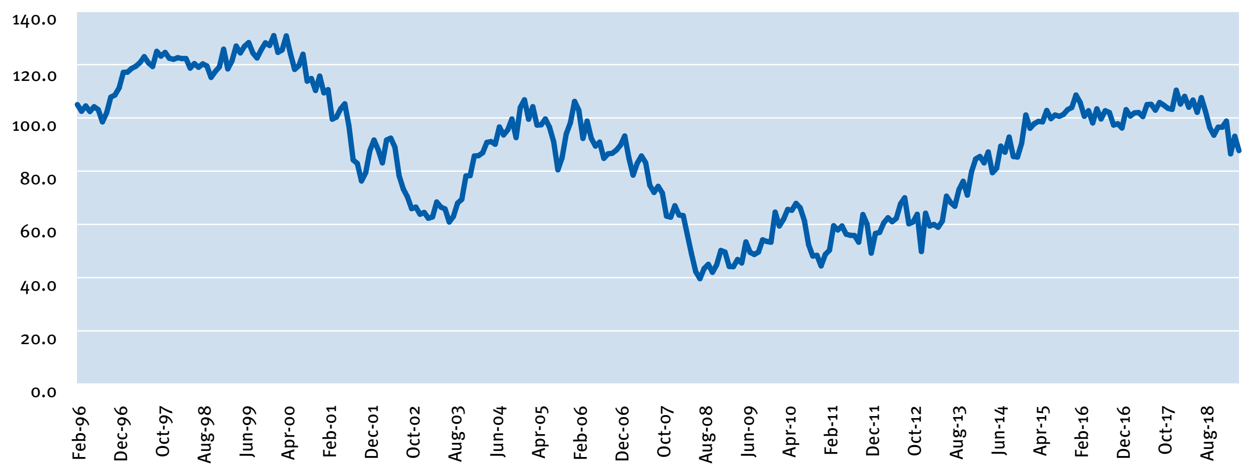
The Consumer

In the first five months of the year, the volume of retail sales – which is spending on physical goods and accounts for under 40% of total consumer spending – increased by 2.9%, but the value of those sales increased by just 2.1%. Car sales are a particularly weak component of retail sales, and when they are excluded, the volume of retail sales expanded by a stronger 5.4% and the value growth was 4%. The gap between volume growth and value growth is a challenge for retailers and is indicative of the price resistance of consumers and the insistence on value for money. However, consumer spending is improving and this looks set to continue.

The personal sector is still financially pressurised due to a combination of flat wages at best for the past decade; the income tax burden on tax-paying workers increased significantly as a result of the post-crash fiscal correction measures; housing costs are soaking up an increasing level of household expenditure, particularly for a certain age segment of the population; and of course Brexit is justifiably engendering a heightened level of nervousness. The upshot of all of these factors and possibly others is that consumer-facing businesses are dealing with a personal sector that is resistant to higher prices and retail pricing power is limited.

The challenged nature of the personal sector is reflected in consumer confidence surveys. Having recovered strongly from the lows of the recession, consumer confidence has plateaued over the past couple of years and has become quite fragile so far in 2019.

FIG. 2 **CONSUMER CONFIDENCE**



Source: ESRI/KBC Bank, May 2nd 2019

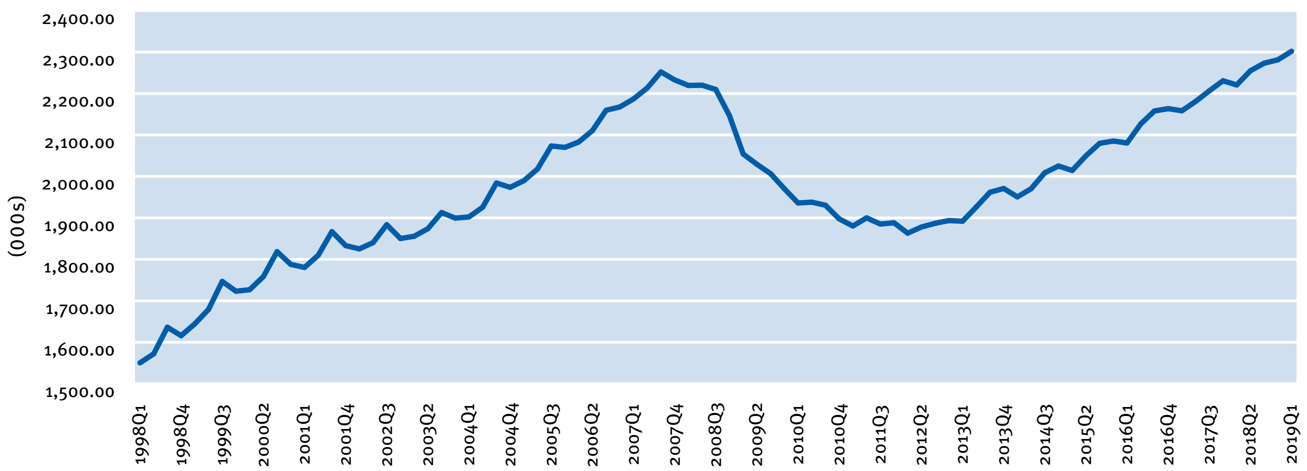
The Labour Market

The labour market continues to perform very strongly. In the year to the end of the first quarter, the number of people in employment increased by 81,200 or 3.7% to reach 2.3 million. This is the highest level of employment ever seen in Ireland. In the 7-year period from Q1 2012 to Q1 2019, total employment in the economy increased by 23.5% or 438,700. The construction sector recorded the largest absolute increase by sector over the period, with growth of 71.3%. However, it is important to note that the labour market recovery is broadly based from a sectoral perspective. This is in contrast to the last boom in the labour market in the period up to 2007.

TABLE 1 EMPLOYMENT GROWTH BY SECTOR Q1 2012–Q1 2019	Q1 2012 (000s)	Q1 2019 (000s)	CHANGE
Agriculture	103.8	103.8	0
Industry	236.5	287.7	+51,200
Construction	84.4	144.6	+60,200
Retail & Wholesale	274.4	304.7	+30,300
Transportation	83.3	105.8	+22,500
Accommodation & Food Services	121.1	175.0	+53,900
ICT	92.1	118.0	+25,900
Financial Services	102.1	111.0	+8,900
Professional & Scientific	103.7	139.3	+35,600
Admin & Support Services	75.4	110.4	+35,000
Public Admin & Defence	88.7	110.8	+22,100
Education	139.3	179.4	+40,100
Health	252.0	286.7	+34,700
Other	104.4	118.0	+13,600
Total	**1,863.2**	**2,301.9**	**+438,700**

Source: CSO, Labour Force Survey May 21st 2019

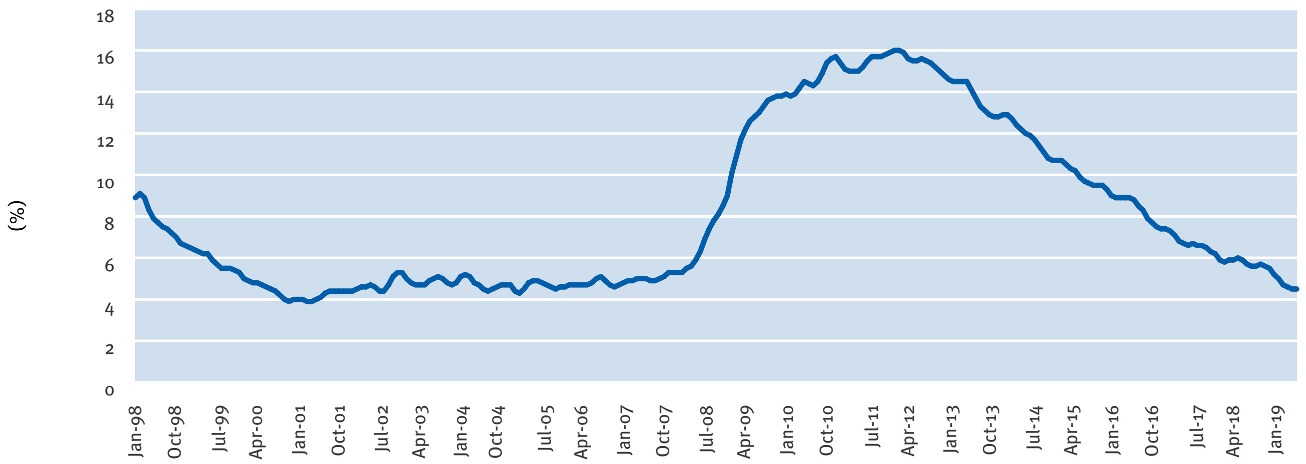
FIG. 3 **EMPLOYMENT**



Source: CSO, Labour Force Survey May 21st 2019

The number of people unemployed stood at 109,700 in June, which represents a decline of 246,600 on the high of February 2012. The unemployment rate in June declined to 4.5% of the labour force, which is the lowest level since February 2005.

FIG. 4 **UNEMPLOYMENT RATE**



Source: CSO, Monthly Unemployment July 2nd 2019

Merchandise Exports

In the first four months of the year, merchandise exports were 12.7% higher than the equivalent period in 2018. In the context of Brexit-related difficulties and the softer global economy, this is a very strong performance.

Overall exports to the EU, which accounted for just over 49% of total exports, increased by 11.4%. Within the EU, export sales to the UK increased by 9.3% and the UK accounted for 10.8% of total exports, which is the lowest market share for the UK in our history. Of course, the overall export numbers are distorted by the contribution of multi-national companies, particularly Pharma, and indigenous Irish exporters are still disproportionately dependent on the UK market. Just less than 36% of exports of food and live animals were destined for the Great Britain market in the first third of the year.

Tourism

The tourism performance was very strong in 2018. 10.6 million overseas visitors came into the country, which was 6.9% ahead of 2017. The UK market expanded by just 0.8%, but North America and Europe experienced very strong growth, growing by 13.4% and 9.5% respectively. Growth has continued in 2019, but it is becoming more challenging. Visitor numbers increased by 3.7% in the first five months of the year, but there was an annual decline of 0.4% in May, with visitors from the UK down by 4.4%.

TABLE 2 OVERSEAS VISITORS TO IRELAND	2018	% CHANGE	JAN-MAY 2019	% CHANGE
Great Britain	3,759,000	+0.8%	1,482,700	+0.8%
Other Europe	3,812,700	+9.5%	1,462,000	+3.2%
North America	2,383,800	+13.4%	812,500	+9.1%
Other Areas	660,700	+6.7%	229,500	+7.3%
Total	**10,616,300**	**+6.9%**	**3,986,700**	**+3.7%**

Source: CSO , Overseas Travel, June 26th 2019

The Public Finances

The public finances are continuing to evolve in a moderately positive fashion. In the first half of the year, an Exchequer surplus of €260 million was delivered, which compares to a deficit of €823 million in the first half of 2018. Tax revenues came in just €127 million lower than expected, but were still 6.9%, or 1.7 billion, higher than the first half of 2018.

TABLE 3 TAX REVENUES JAN-JUNE 2019	€(M)	Profile (€M)	Year-on-Year (%)
Income Tax	€10,492 m	-€47 m	+7.7%
VAT	€7,446 m	-€148 m	+4.9%
Excise Duties	€2,921 m	+€130 m	+18.2%
Corporation Tax	€4,174 m	-€59 m	+3.5%
Stamp Duties	€602 m	-€90m	-3.6%
Motor Tax	€516 m	+€12 m	+0.3%
Customs	€159 m	-€5 m	+8.5%
Capital Gains Tax	€226 m	+€44 m	+31.4%
Capital Acquisitions	€101 m	+€1 m	+8.2%
Total	**€26,761**	**-€128 M**	**+6.9%**

Source: Department of Finance, Fiscal Monitor June 2019

For the year as a whole, early trends would suggest that the Government remains on track to deliver another modest budget surplus. The evolution of corporate tax receipts over the second half of the year will be the really important indicator to watch.

Manufacturing Activity

The manufacturing sector of the economy is continuing to expand. In the first five months of the year, overall manufacturing output expanded by 4.2%, with the 'Modern' component (mainly FDI) increasing by 3.8% and the 'Traditional' component up 9.1%. On a note of caution, the monthly index of manufacturing activity as measured by AIB Bank, fell marginally below 50 in June, which is an indicator of contraction. Not surprisingly, Brexit is the key factor here.

The Housing Market

House Prices

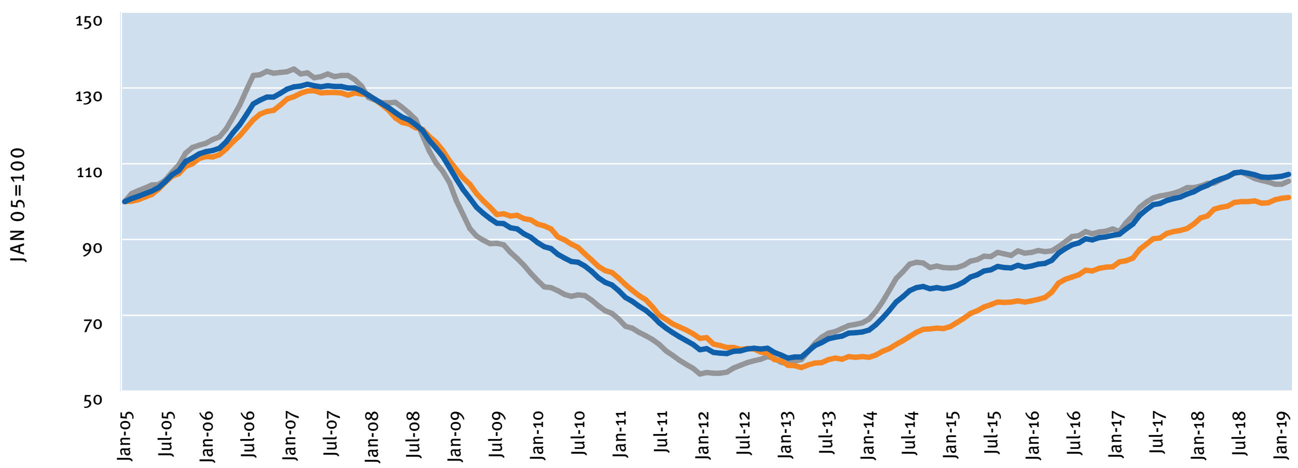
House price growth is moderating at a significant pace at the moment, with the Dublin market moderating at a more significant pace than the rest of the country. This reflects the fact that a combination of high prices and the prudent mortgage lending restrictions imposed by the Central Bank of Ireland are reducing affordability. These affordability pressures are causing the housing market to moderate. Supply is also increasing. This is positive, but greater supply will be necessary to satisfy unmet demand in the market.

The latest house price data from the CSO show:

- National average residential property prices declined by 55.2% between the peak of the market in April 2007 and the low point of the market in March 2013. Between March 2013 and May 2019, prices increased by 82.6%. Prices in May 2019 were 2.8% higher than a year earlier. Between October 2018 and May 2019, national average property prices declined by 0.6%;
- In the Rest of Ireland (excluding Dublin), average residential property prices declined by 56.5% between the peak of the market in May 2007 and the low point of the market in May 2013. Between May 2013 and May 2019, prices increased by 81.3%. Prices in May 2019 were 5.1% higher than a year earlier. Between October 2018 and May 2019, average property prices outside of Dublin increased by 1.1%; and
- In Dublin, average residential prices declined by 59.6% between the peak of the market in February 2007 and the low point of the market in February 2012. Between February 2012 and May 2019, prices increased by 93.4%. Prices in May 2019 were 0.6% higher than a year earlier. Between October 2018 and May 2019, average property prices in Dublin declined by 2.2%.

FIG. 5 **RESIDENTIAL PROPERTY PRICES**

National — all residential properties
National excluding Dublin — all residential properties
Dublin — all residential properties

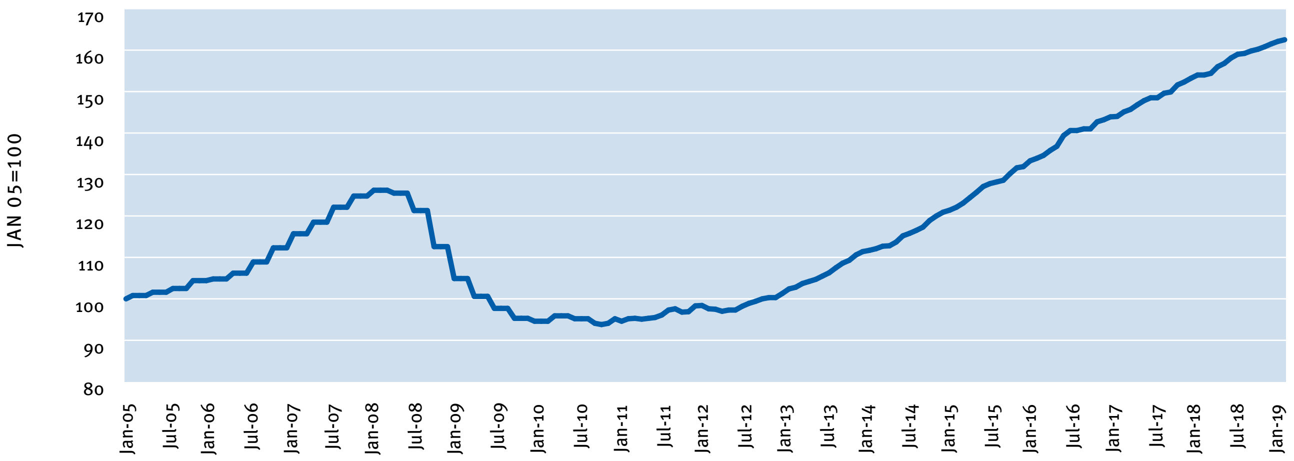


Source: CSO, Residential Property Price Index, July 10th 2019

Private Rents

Private rents continue to grow strongly. In the year to June 2019, private rents increased by 5.5% and have increased by 73.2% since the end of 2010.

FIG. 6 **PRIVATE RENTS**

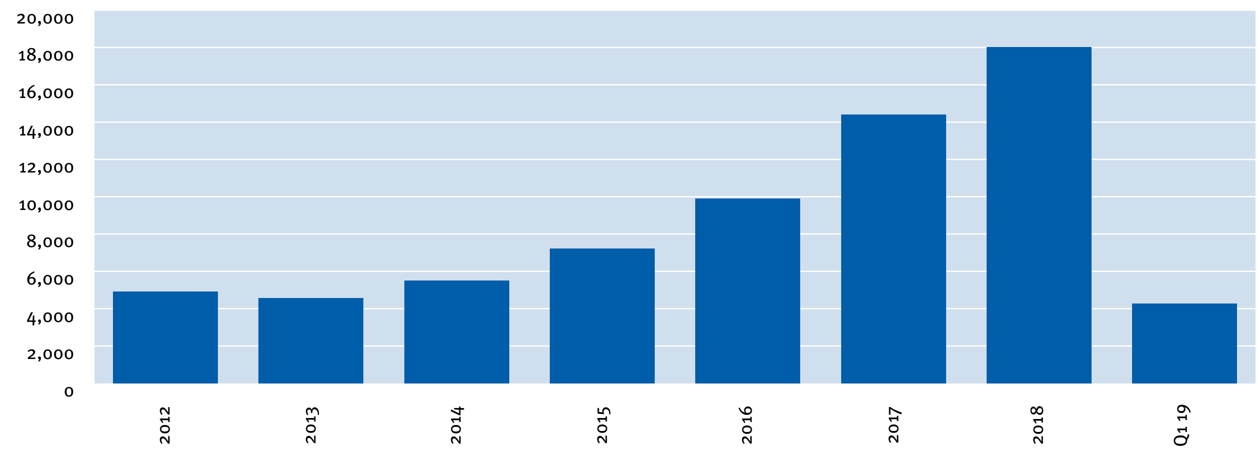


Source: CSO, Statbank, June 25th 2019

Residential Building Activity

The supply of new housing is gradually recovering. In 2018 a total of 18,023 new residential dwellings were completed, which was 25.2% higher than the previous year. In the first quarter of 2019, a total of 4,275 new dwellings were completed, which was 23.2% higher than the first quarter of 2018.

FIG. 7 **NEW HOUSE COMPLETIONS**



Source: CSO Statbank June 25th 2019

It is clear that the rate of house price inflation is moderating, albeit at very high price levels. This is due in the main to affordability issues as a result of elevated asking prices and Central Bank restrictions on the amount of money that can be borrowed. The supply of housing is also gradually increasing, but there is still a fundamental imbalance between demand and supply.

Domestic Outlook

The momentum in the Irish economy so far in 2019 has been positive and looks likely to be sustained over the remainder of the year, but the more uncertain external backdrop and Brexit represent two significant threats. Domestically, the challenges are quite clear. These include:

- Although house price inflation is moderating, housing costs are soaking up household disposable income and are undermining the competitiveness of the economy. Housing supply needs to remain the focus.
- The pressure to increase expenditure on public services, particularly health, remains strong and will pressurise the public finances. Public sector pay pressures will be a particular challenge. Ireland still has a dangerously high level of Government debt that needs to be brought under control. At the end of 2018, Ireland had Gross Government Debt of €206.2 billion.
- As the economy steadily moves towards full employment, wage pressures are likely to intensify and the recruitment and retention of workers will become an increasingly significant challenge for all employers and will act as a constraint on economic growth.
- The personal sector will remain pressurised due to a combination of the high personal tax burden; subdued wage growth for the past decade, although wages will rise more strongly in 2019; rising house prices and rents will continue to soak up household disposable income; and Brexit will remain a source of deep concern and uncertainty.

The external risk factors and challenges are also very clear. They include:

- Brexit – an extension has been granted until October 31st. What happens in the run up to that date will be confused by the Tory leadership contest. Boris Johnson looks likely to be the next leader of the Tory Party and Prime Minister. If he wins the leadership contest, it will most likely be due to the support of the European Research Group (ERG), which is led by Jacob Rees-Mogg. This suggests that he will be under pressure to go for a ‘no-deal’ Brexit at the end of October. There can be no certainty about this, but the risk of a ‘disorderly’ Brexit has certainly heightened. A further delay cannot be ruled out.

- The global economic outlook is under some pressure as global momentum is waning. The protectionist stance of President Trump poses a significant threat to the well-being of the global economy.

- The pressure to reform global corporation tax structures is intensifying and looks inevitable in the longer-term. This will pressurise Ireland's very successful FDI model.

In the face of these challenges, it seems inevitable that Irish growth will be slower in 2020. It is very difficult to model for Brexit, but a disorderly Brexit would have a significant impact on consumer and business confidence, and real economic activity.

There is not a lot Ireland can do to influence the global threats and challenges, but it is imperative that a prudent approach is taken to the management of the public finances; that competitiveness, particularly the costs of doing business, is managed very carefully; that housing supply is increased; and that the current historically low long-term interest rate environment is exploited to deliver effective and efficient capital investment.

The following outlook for Ireland is suggested for 2019 and 2020. In the event of an 'orderly' Brexit, GDP growth next year could easily achieve 3.5%.

TABLE 5 IRISH ECONOMIC FORECASTS	2018f	2019f	2020f
GDP	+8.2%	+4.5%	2.0%
GNP	+6.5%	+3.5%	1.8%
Consumer Expenditure	+3.4%	+3.2%	2.8%
Government Consumption	+4.4%	+6.0%	4.0%
Investment	-24.7%	+9.0%	7.0%
Exports Goods & Services	+10.4%	+6.5%	6.0%
Imports Goods & Services	-2.9%	+6.0%	4.0%
Unemployment Rate (%)	5.8%	5.0%	4.8%
Employment (000s)	2,257	2,290	2,310
Inflation	+0.5%	+0.5%	1.3%

Source: Jim Power, July 13th 2019

Real GDP growth is forecast to expand by around 4.5% in 2019. Slower growth of 2% looks realistic for 2020, but this will be almost totally dictated by a very uncertain Brexit outcome. The Irish economy is currently in a very uncertain set of circumstances and very careful management will be required to control that which is within our control.

Budget 2020

Budget 2020 will be presented on October 8th, and it will likely be the last budget of the current Dáil. The big question is if the Government will seek to curry favour by delivering a package of significant expenditure cuts and tax reductions. This appears quite unlikely given the uncertainties that currently prevail.

The Irish Fiscal Advisory Council (IFAC), which is the independent fiscal watchdog set up as part of the Troika agreement, recently issued its perspective on the macro aspects of the budget and certainly sent a very strong warning to the Minister for Finance. It is worth noting that there is no obligation on Government to pay any attention to the advice of IFAC, and in fact the track record since its inception suggests that this is the favoured approach of the various finance ministers who have been in office since IFAC commenced operations.

The IFAC's biggest concern is that somewhere between €3 and €6 billion of the €10.4 billion of corporate tax receipts taken in last year are of dubious quality in terms of their sustainability. Since 2015, there has been a step upward adjustment in corporate tax receipts due to international tax changes. Nobody is too sure if this upward adjustment is sustainable or transitory. Since 2015, the Government has effectively used this windfall to fund heavy public spending increases, and particularly to bridge the consistent overruns on the health side.

IFAC is justifiably concerned about growing expenditure on the back of tax receipts that may prove transitory. This happened with construction and property-related tax revenues back in the early years of the century, and that ultimately proved very damaging. The suggestion from IFAC is that those exceptional corporate tax revenues should be placed in a 'prudence account', which would act as a buffer when the next economic and fiscal crisis arises. There is no chance of this advice being heeded by Government, particularly in the run up to an election.

The political reality is that Budget 2020 will likely be the last one before the election, and the public and political pressure to increase spending on public services is intensifying by the day.

The Department of Finance released its Summer Economic Statement on June 25th. This sets out the macro parameters that will form the basis for the framing and delivery of Budget 2020. The budget will have to be framed in a strange context. On the one hand the economy is showing some signs of overheating, but on the other hand it faces considerable external threats from Brexit, which could reach its conclusion just three weeks after the budget is presented; from the slowdown in the global economy; and from international corporation tax pressures that will ultimately make life more difficult for Ireland.

The Department has outlined two scenarios for the economy and the evolution of the public finances.

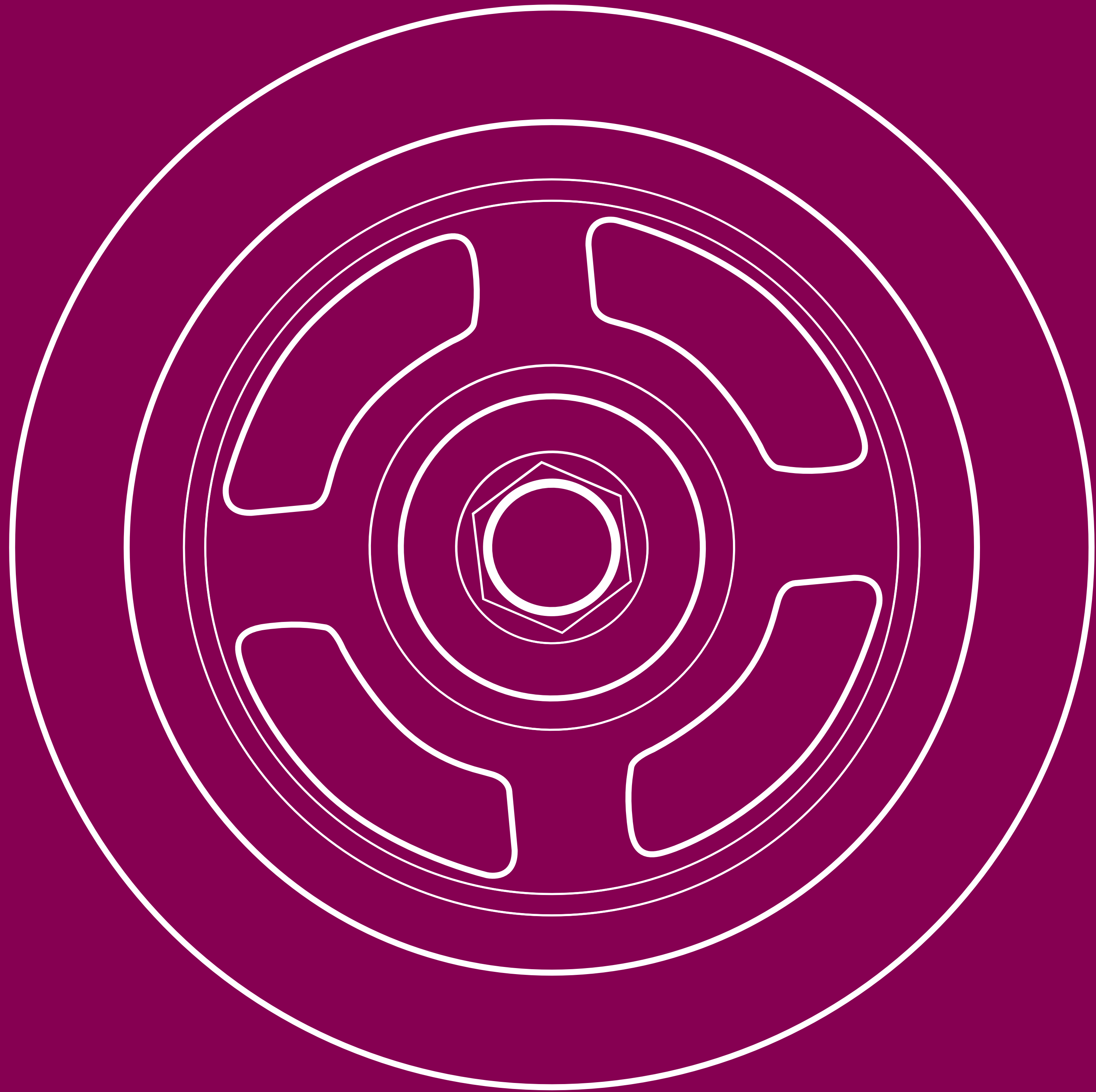
Under an 'orderly' Brexit the economy as measured by GDP is projected to grow by 3.9% in 2019 and by 3.3% in 2020. A budget surplus equivalent to 0.2% of GDP is projected for 2019 and a surplus equivalent to 0.4% is projected for 2020.

In this scenario, the Government will be in a position to allocate €2.8 billion in Budget 2020. However, of this €2.8 billion, €1.2 billion is already pre-committed, as is €700 million on capital spending and €200 million is being set aside in a reserve fund for the National Broadband Plan and the National Children's Hospital. The Minister will have around €700 million at his disposal to give away in discretionary tax reductions and expenditure increases. This figure could of course be added to through tax increases such as carbon taxes and alcohol or tobacco.

In a nutshell, the fiscal parameters are still tight and the ability to satisfy all demands is not strong. Tough choices will have to be made. While Ireland's government debt measured as a percentage of GDP fell to 64.8% at the end of 2018, the level when measured in terms of the more realistic modified measure (GNI*) stood at 105%. The bottom line is that Ireland still has a dangerously high level of debt and this should limit the scope for fiscal expansion.

Under a 'disorderly' Brexit scenario, economic growth is projected to be 3% lower in 2020 and this would cause a turn-around of €6.5 billion. This would represent a disastrous scenario that would have very negative implications for future government expenditure and taxation plans. This scenario would necessitate a significant fiscal injection of around €5 billion in an effort to stabilise the economy and provide targeted support to the sectors most adversely affected.

Trends in the Motor Trade



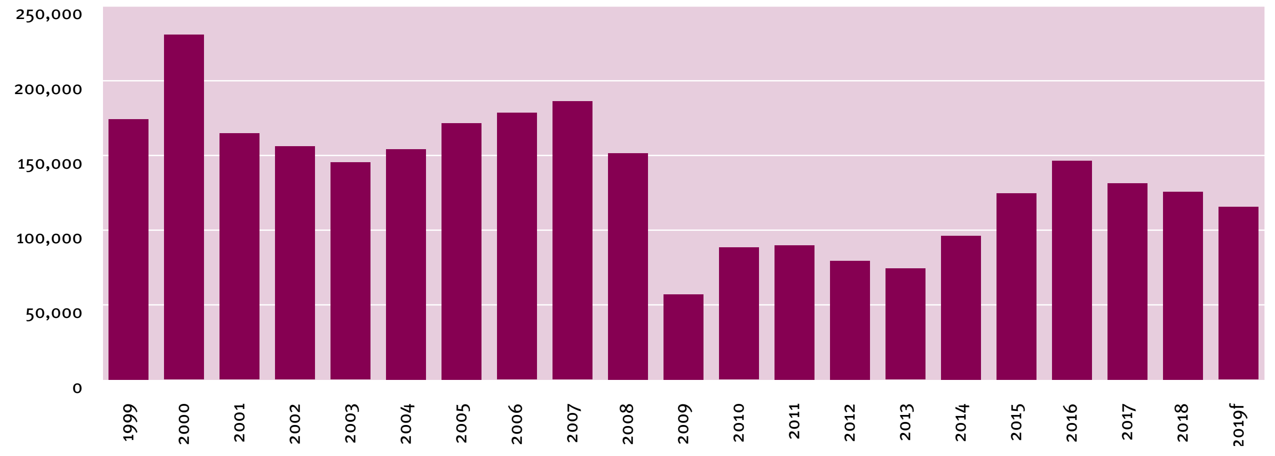
The Motor Trade in the First Half of 2019

New Car Registrations

The environment for new car sales remains challenging. Having fallen by 10.4% in 2017 and by 4.3% in 2018, new car registrations declined by 7.4% in the first six months of 2019 to reach 80,712. In the second quarter, registrations were 6.9% higher than the second quarter of 2018.

The decline in new registrations is occurring despite the positive and in theory, supportive economic fundamentals, including a strong labour market, an improvement in overall consumer spending and a generally positive economic environment. Consumers are still behaving in a relatively cautious fashion and this is being reflected in new car sales.

FIG. 8 **NEW CAR REGISTRATIONS**



Source: SIMI & Jim Power Economics

TABLE 5 MONTHLY NEW CAR REGISTRATIONS	2018	2019	% Change (YoY)
January	37,023	32,366	-12.6%
February	17,011	15,064	-11.4%
March	17,726	16,668	-6.0%
Q1	71,760	64,098	-10.7%
April	8,053	8,891	+10.4%
May	6,055	6,312	+4.2%
June	1,248	1,406	+12.7%
Q2	15,356	16,609	+6.9%
July	26,954		
August	5,919		
September	3,192		
Q3	36,065		
October	1,688		
November	643		
December	142		
Q4	2,473		
FULL YEAR	125,654		

Source: SIMI Motorstats

Diesel cars accounted for 47.4% of total new registrations in the first half of 2019, down from 55.5% in 2018; petrol cars accounted for 40.7% of the total, up from 38% in 2018; petrol-electric accounted for 8.4%, and electric accounted for 2.4% of the total, up from 0.6% in the first half of 2018.

TABLE 6 NEW CAR REGISTRATIONS BY ENGINE TYPE (JAN–JUNE 2019)	Jan–June 2019	% Market	Jan–June 2018	% Market	% Change 2019/2018
Diesel	38,293	47.4%	48,315	55.5%	**-20.7%**
Petrol	32,833	40.7%	33,130	38.0%	**-0.9%**
Petrol-Electric	6,795	8.4%	4,709	5.4%	**+44.3%**
Electric	1,954	2.4%	529	0.6%	**+269.4%**
Petrol Plug-In Electric Hybrid	832	1.0%	424	0.5%	**+96.2%**
Diesel Plug-In Diesel Hybrid	1	-	9	-	**-88.9%**
Total	**80,708**	**100.0%**	**87,116**	**100.0%**	**-7.4%**

Source: SIMI Motorstats

Every county recorded a decline in new registrations in the first half of the year, with Carlow experiencing the most significant decline at 21.1%.

TABLE 7 CAR REGISTRATIONS BY COUNTY (JAN–JUNE 2019)	2019 Units	2018 Units	% Change	2019 % Share	2018 % Share
Carlow	**869**	**1101**	**-21.07**	**1.08**	**1.26**
Cavan	822	896	**-8.26**	1.02	1.03
Clare	1593	1903	**-16.29**	1.97	2.18
Cork	9999	10753	**-7.01**	12.39	12.34
Donegal	1650	1841	**-10.37**	2.04	2.11
Dublin	34896	35714	**-2.29**	43.24	41
Galway	2939	3249	**-9.54**	3.64	3.73
Kerry	1595	1842	**-13.41**	1.98	2.11
Kildare	3045	3702	**-17.75**	3.77	4.25
Kilkenny	1502	1666	**-9.84**	1.86	1.91
Laois	959	1074	**-10.71**	1.19	1.23
Leitrim	278	345	**-19.42**	0.34	0.4
Limerick	2743	3065	**-10.51**	3.4	3.52
Longford	358	427	**-16.16**	0.44	0.49
Louth	1898	1942	**-2.27**	2.35	2.23
Mayo	1344	1506	**-10.76**	1.67	1.73
Meath	2273	2612	**-12.98**	2.82	3
Monaghan	621	693	**-10.39**	0.77	0.8
Offaly	873	1088	**-19.76**	1.08	1.25
Roscommon	675	749	**-9.88**	0.84	0.86
Sligo	728	787	**-7.5**	0.9	0.9
Tipperary	2159	2430	**-11.15**	2.67	2.79
Waterford	2246	2363	**-4.95**	2.78	2.71
Westmeath	1067	1216	**-12.25**	1.32	1.4
Wexford	1922	2225	**-13.62**	2.38	2.55
Wicklow	1658	1927	**-13.96**	2.05	2.21

Source: SIMI

Used Imports

New car registrations are also being undermined by the ongoing growth in the used car import market.

In 2018, used imports reached the highest level ever recorded at 100,755, which was 7.8% ahead of 2017. This segment of the market has continued to expand in 2019, although the rate of growth is decelerating.

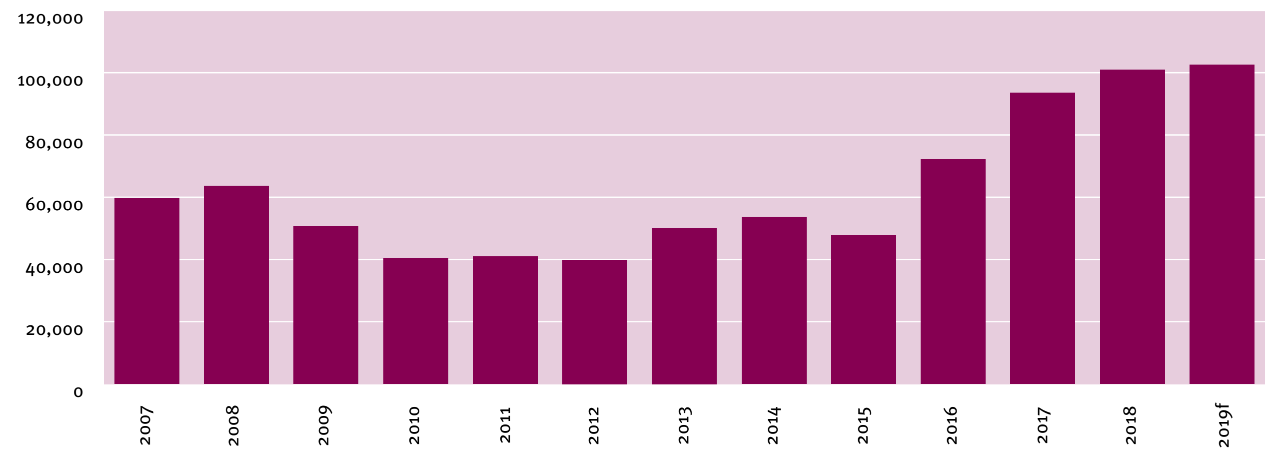
In the first six months of 2019, 53,119 used cars were imported into the country, which is 2.4% ahead of the first half of 2018. Used imports accounted for 39.8% of the total car market in the first half of the year, up from 37.3% a year earlier. Sterling weakness is the key driver, with 94.8% of the used imports originating from the UK. In the first half of 2019, 71.8% of the used imports were diesel models.

FIG. 9 **STERLING V EURO**

Source: Bloomberg

The weakness of sterling is continuing to drive used imports from the UK. The sterling/euro exchange rate averaged 72.63 pence in 2015; 81.92 pence in 2016; 87.64 pence in 2017; and 88.49 pence in 2018. In the year to July 9th the exchange rate has averaged 87.47 pence, but is now trading just under 90 pence as the possibility of a disorderly Brexit weighs on the currency.

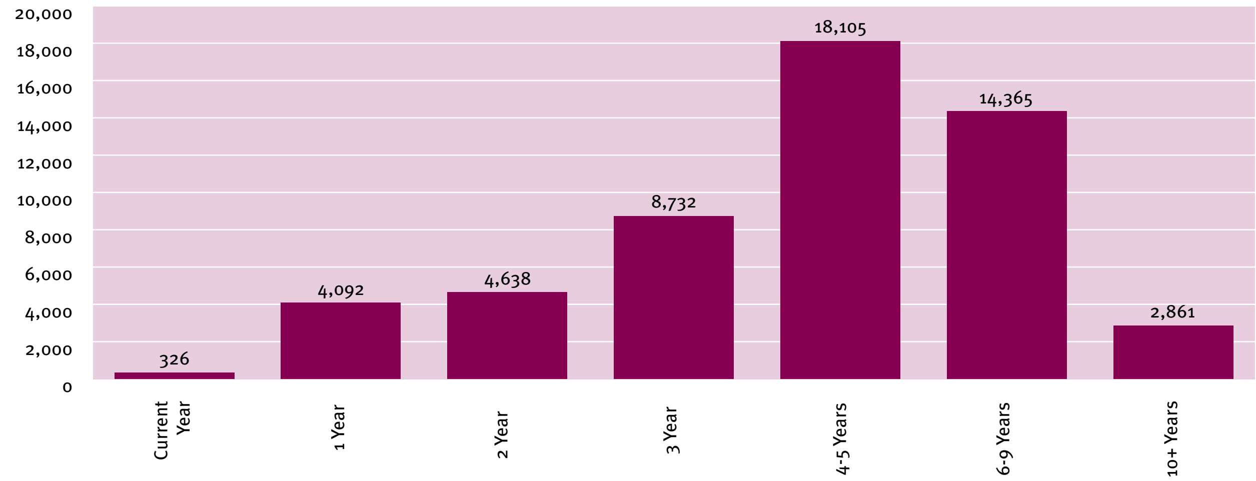
FIG. 10 **USED IMPORTS**



Source: SIMI Motorstats

A breakdown of the age profile of the used imports in the first six months of 2019 shows that 66.5% of the used imports were 4 years or older.

FIG. 11 **AGE PROFILE IMPORTED USED CARS JAN-JUNE 2019**



Source: SIMI Motorstats

The surge in used imports is displacing new cars sales; is increasing the market penetration of diesel cars in the fleet; is leading to the importation of older and less environmentally friendly cars; and is undermining the Exchequer finances. The total number of licensed vehicles in Ireland trebled from 922,484 in 1987 to 2.71 million in 2018. Of this total in 2018, private cars accounted for 2.10 million. Table 8 shows the breakdown of the car fleet by engine type in 2018. Electric cars accounted for just 0.2% of the total, while petrol and diesel combined accounted for 98.2% of the total.

TABLE 8 BREAKDOWN OF IRELAND'S PRIVATE CAR FLEET (2017)	Jan–June 2019	% Change 2019/2018
Diesel	1,689,996	62.18%
Petrol	978,358	36.0%
Hybrid	34,862	1.28%
Electric	4,825	0.18%
Other	9,671	0.36%
Total	2,717,712	100%

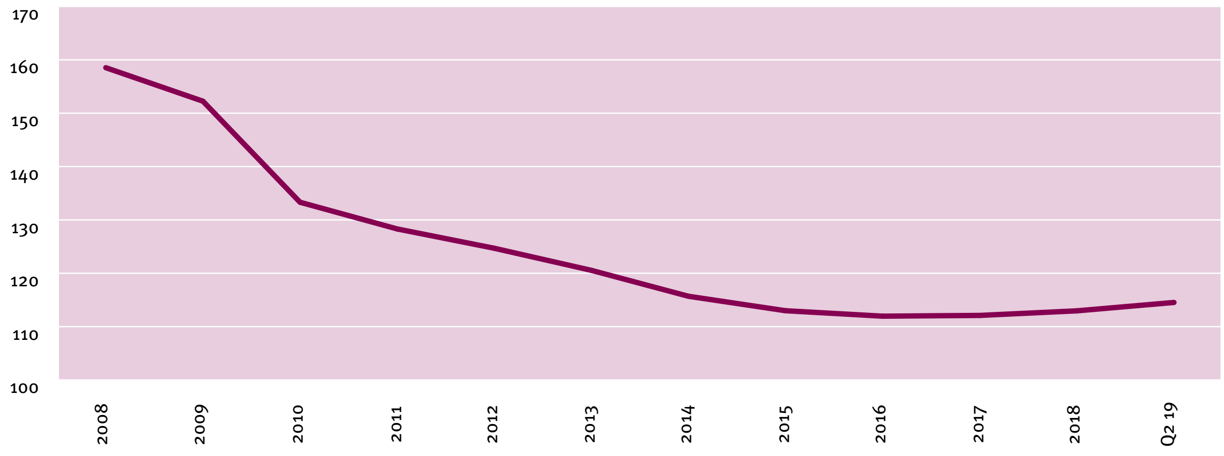
Source: Irish Bulletin of Vehicle & Driver Statistics 2017, Department of Transport, Tourism & Sport

Carbon Emissions

In 2008, VRT and motor tax changes were introduced to support the most energy efficient vehicles entering the Irish car fleet. Vehicles were initially categorised in seven graduating bands based on CO_2 emission levels. These policy changes to reduce carbon in transport had the unintended consequence of increasing the uptake of diesel cars. CO_2 levels reduced, but Nitrogen Oxide (NOx) levels have increased as a result of the move towards diesel.

The average CO_2 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 moving in an upward direction. In the second quarter of 2019, the average CO_2 emissions from new cars sold was 114.53 g/km, which is 1.3% higher than the second quarter of 2018.

FIG. 12 **AVERAGE CO_2 EMISSIONS FOR NEW CARS**



Source: SIMI Motorstats

The Government has set very ambitious targets for Electric Vehicles in the Climate Action Plan, but the country is starting from a very low base and has significant catching up to do. In 2017, Electric and Hybrid cars accounted for just 1.1% of total private cars on the road, and in the first half of 2019, they accounted for just 11.8% of total new private cars registered. It will require a very strong policy response to move Ireland towards its long-term transportation targets, but it is an essential route to travel.

Exchequer Receipts from the Motor Industry

In the first half of 2019 the Revenue Commissioners collected €821.1 million in VAT and VRT receipts on new car sales. This was 0.8% higher than the first half of 2018. The revenue collected €185.7 million from used imports, which was 10.3% higher than the same period in 2018.

In the first half of the year, the Revenue Commissioners collected €621.6 million in VRT on total car sales, which was 7.7% higher than a year earlier, and it collected €385.2 million in VAT receipts, which was 5.1% lower than a year earlier. In total, the Revenue Commissioners collected €1 billion in VAT and VRT from car sales, which is 2.4% higher than the first half of 2018.

In the first half of 2019, the average total tax take from a new car was €10,174, compared to €3,493 for a used car. The displacement of new car sales by used imports is having a significant impact on Revenue receipts.

For every 10,000 new cars sold, the Revenue Commissioners collects €101 million. For every 10,000 used imports sold, the Revenue Commissioners collect €35 million. The net cost to the Exchequer for every 10,000 used imports that displace new car sales is €66 million.

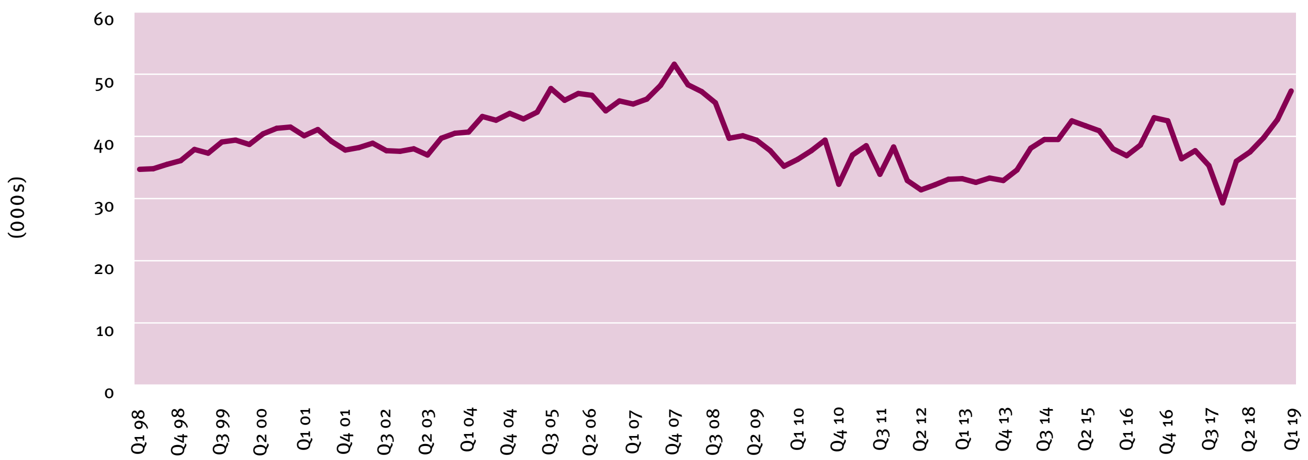
TABLE 9 TAX RECEIPTS FROM NEW & USED CAR SALES (JAN–JUN 2019)	CATEGORY	H1 2019 (€ mn)	H1 2018 (€ mn)	% Change
New Cars	VRT	€455.8	€428.2	+6.4%
	VAT	€365.3	€386.6	-5.5%
	TOTAL	€821.1	€814.8	+0.8%
Used Cars	VRT	€165.8	€149.0	+11.3%
	VAT	€19.9	€19.4	+2.5%
	TOTAL	€185.7	€168.4	+10.3%
Total Cars	VRT	€621.6	€577.2	+7.7%
	VAT	€385.2	€406.0	-5.1%
	TOTAL	€1,006.8	€983.2	+2.4%

Source: Revenue Commissioners & SIMI

Employment in the Motor Trade

In the first quarter of 2019, 47,300 workers were employed in the motor trade.

FIG. 13 **EMPLOYMENT IN THE MOTOR TRADE**



Source: CSO

Costs of Motoring

Fuel Costs

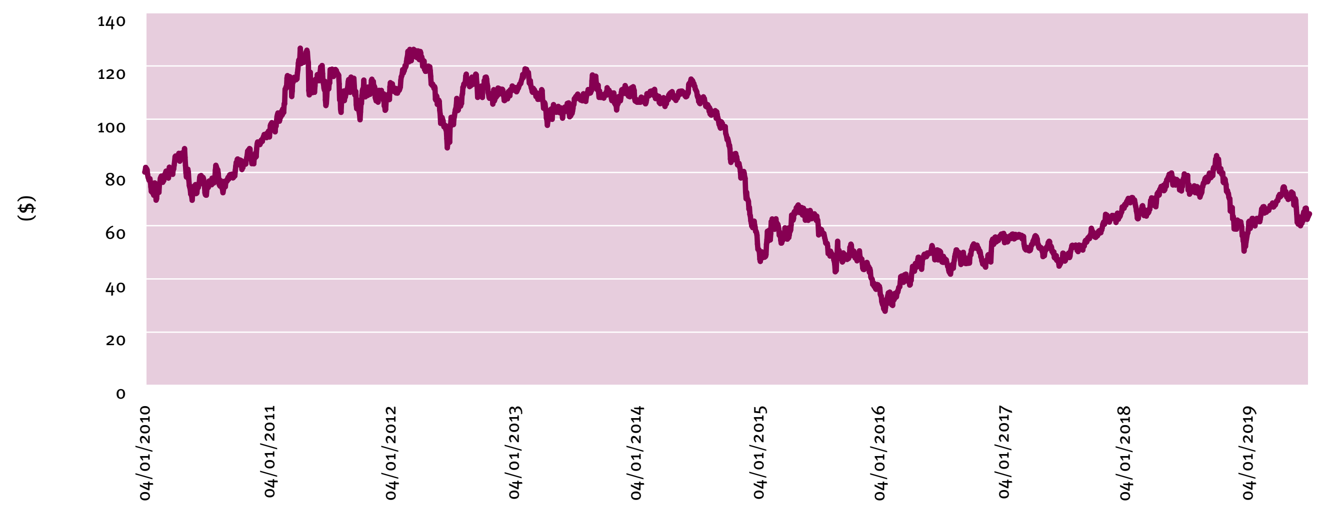
The price of a barrel of crude oil ended 2018 at $53.80, which represented an annual decline of 19.5%. Between January 1st and July 9th 2019, the price of Brent Crude increased by 17.4% to €64.46 per barrel. However, in April prices peaked at €74.57 per barrel. In June 2019, petrol prices were unchanged from a year earlier and have increased 9.6% since January. Diesel prices in June were 0.2% lower than a year earlier and have increased 6.2% since January.

See Fig. 14

Car Prices

CSO data show that in the year to June 2019, the average price of a new car was 0.9% higher than a year earlier. 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 stronger trend. In the second quarter of 2019, the average OMSP was €30,101, which is 4.7% higher than the second quarter of 2018. This is due to a combination of car buyers paying more for higher specification cars and the VRT increases as a result of the new WLTP testing regime. The Irish Government did not make any allowance for the first step in the move to the new WLTP regime and Irish consumers were charged higher prices for new cars as a result of the improved emissions testing regime.

FIG. 14 **BRENT CRUDE OIL**

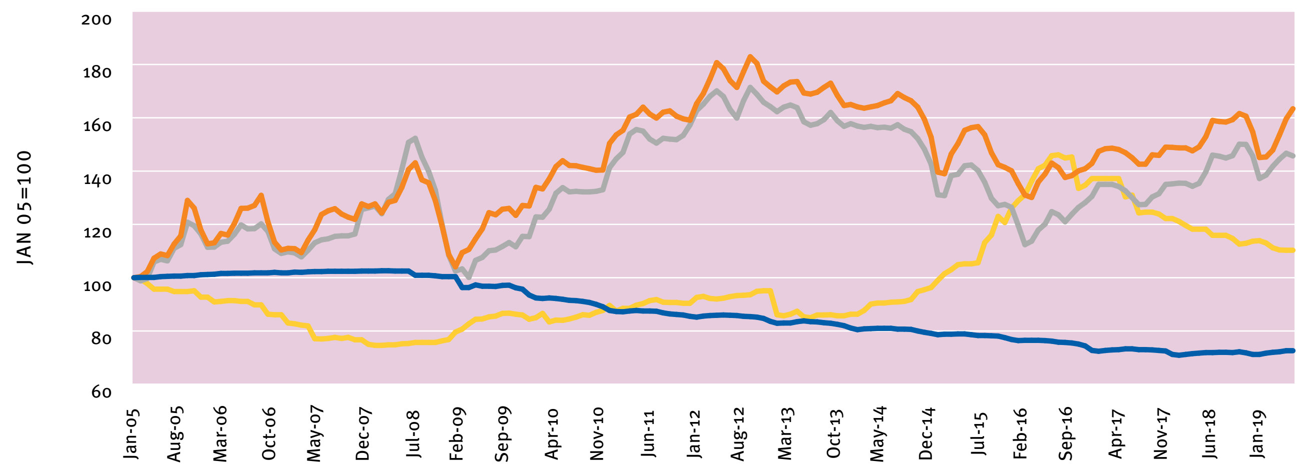


Source: Bloomberg

Motor Insurance

Motor insurance costs continue to decline. In the year to June 2019, the average cost of motor insurance declined by 4.9%. Since July 2016, the cost of motor insurance has declined by 24.5%.

FIG. 15 **COSTS OF MOTORING**

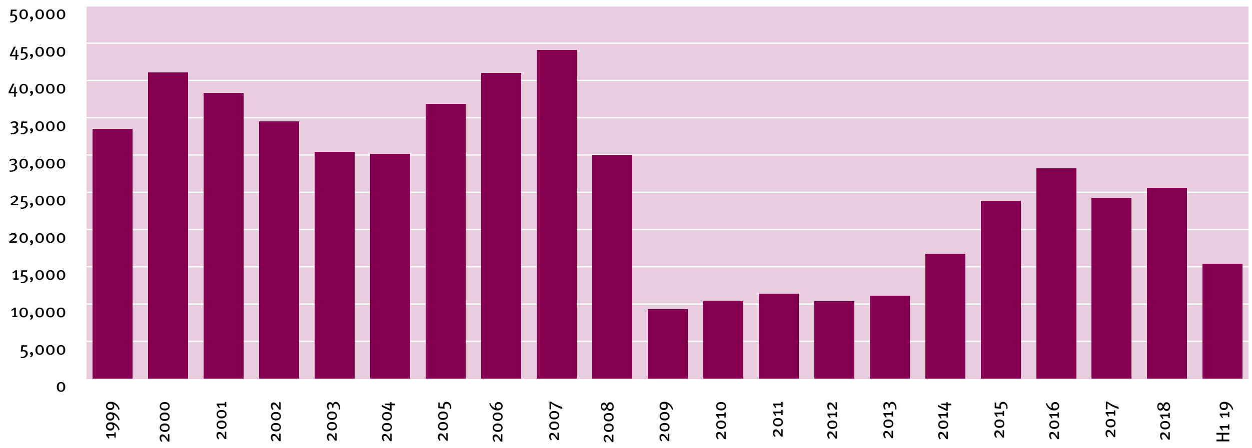


Source: CSO

Commercial Vehicles

In the first six months of 2019, 15,381 new Light Commercial Vehicles (LCVs) were registered, which was 7.7% lower than the first half of 2018. 6,837 used LCVs were imported, which is 8.7% down on the first half of 2018.

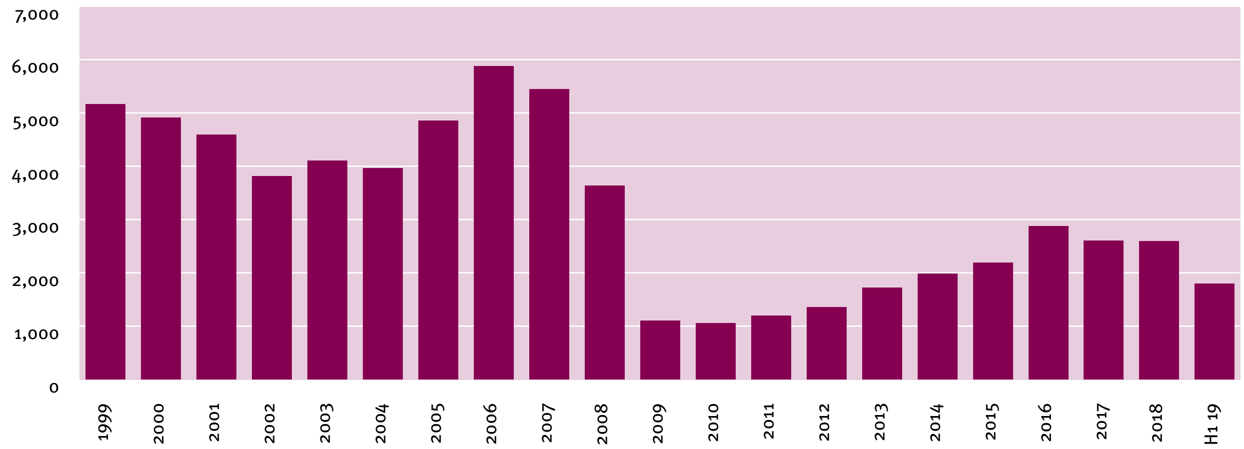
FIG. 16 **REGISTRATIONS OF NEW LCVS**



Source: SIMI Motorstats

In the first quarter of 2019, 886 new Heavy Goods Vehicles (HGVs) were registered, which was 3.3% down on the first quarter of 2018. 1,176 used HGVs were imported, which was 44.5% higher than the first quarter of 2018. New HGV registrations totalled 1,799, which was 14.6% ahead of 2018.

FIG. 17 **REGISTRATIONS OF NEW HGVS**



Source: SIMI Motorstats

European Car Sales

In the first five months of the year, EU car sales declined by 2.1%

Source: www.acea.be

TABLE 10 EU NEW CAR REGISTRATIONS	Jan–May 2019	Jan–Mayt 2018	% Change 2019/2018
AUSTRIA	143,380	154,846	-7.4
BELGIUM	260,444	275,158	-5.3
BULGARIA	15,068	14,496	+3.9
CROATIA	29,983	29,700	+1.0
CYPRUS	5,395	6,478	-16.7
CZECH REPUBLIC	106,596	117,852	-9.6
DENMARK	101,908	98,500	+3.5
ESTONIA	11,509	11,624	-1.0
FINLAND	49,734	57,951	-14.2
FRANCE	935,478	935,934	-0.05
GERMANY	1,523,769	1,497,723	+1.7
GREECE	52,424	49,741	+5.4
HUNGARY	60,963	56,543	+7.8
IRELAND	79,316	85,868	-7.6
ITALY	910,093	946,381	-3.8
LATVIA	7,873	7,342	+7.2
LITHUANIA	18,940	12,745	+48.6
LUXEMBOURG	25,924	25,028	+3.6
NETHERLANDS	185,023	206,242	-10.3
POLAND	233,282	226,955	+2.8
PORTUGAL	103,290	108,344	-4.7
ROMANIA	57,538	47,827	+20.3
SLOVAKIA	42,679	42,424	+0.6
SLOVENIA	33,053	34,299	-3.6
SPAIN	561,953	592,274	-5.1
SWEDEN	136,052	159,299	-14.6
UNITED KINGDOM	1,045,824	1,079,049	-3.1
EUROPEAN UNION	6,737,491	6,880,623	-2.1

Climate Action Plan

The recently published Climate Action Plan, in theory puts the issue of climate change at the heart of the political and administrative system of the country. The Plan sets out clear governance arrangements, which include carbon-Tproofing all Government policy, the establishment of carbon budgets, a strengthened Climate Change Advisory Council, and greater accountability to the Oireachtas.

The key areas identified for action are Electricity, Built Environment, Industry, Agriculture and Transport.

In 2017, transport accounted for 19.8% of Ireland's greenhouse gas emissions. Therefore, it is totally appropriate that transport will have to have a key role in achieving the climate action targets contained in the new strategy. The reality is that air pollution emitted from transportation contributes to poor local air quality, in the form of increased micro-particulates and nitrogen oxides. This is damaging to health and undermines the quality of life of the general population. The Climate Action Plan strategy is to achieve a 45 to 50% reduction in transport emissions by 2030.

In order to achieve this objective, the main focus is on electrification. In relation to the electrification of private transport, the key measures include:

- Increase the share of electric cars in total new car purchases to 100% by 2030;
- Increase the number of passenger EVs on the road to 840,000 by 2030;
- No NCT Certificate will be issued for non-zero emission cars after 2045; and
- By the middle of the 2020s, EVs will reach Total Cost of Ownership-parity with diesel and petrol engines. This effectively means that when a consumer factors in both up-front cost and on-going running cost, it will be as cheap to have an EV as a petrol or diesel vehicle.

The plan also suggests increasing the biofuel blend rate from the current E5 and B5 blends to E10 and B12.

The Climate Change Action Plan recognises that an optimum mix of regulatory, taxation and subsidy policies will be required to drive significant ramp-up in passenger EVs and electric van sales. This strategy will have to be pursued in successive budgets, beginning in Budget 2020.

The total number of licensed vehicles in Ireland trebled from 922,484 in 1987 to 2.71 million in 2018. Of this total in 2018, private cars accounted for 2.10 million. Electric cars accounted for just 0.2% of the total, while petrol and diesel combined accounted for 98.2% of the total. The Government target of electrification of the fleet is fanciful and appears totally incapable of being achieved. The Electric Vehicle target, while very laudable, may be undermined by a variety of factors. These revolve around cost, availability, supporting infrastructure and choice.

Outlook for the Motor Industry in 2020

The new car market is once again proving challenging in 2019 and the prospects for 2020 look equally challenging.

While economic factors are likely to remain broadly supportive of the new car market, the economic outlook for 2020 is more uncertain than before. The global economic background is uncertain; Brexit has the potential to cause serious damage to the economy, but in the meantime the lack of certainty is proving to be confidence sapping at both the business and consumer level; the competitiveness of the economy is under some pressure; and the economy is reaching capacity constraints.

GDP growth in 2020 could be as low as 2%, which would create a challenging backdrop for all consumer facing businesses.

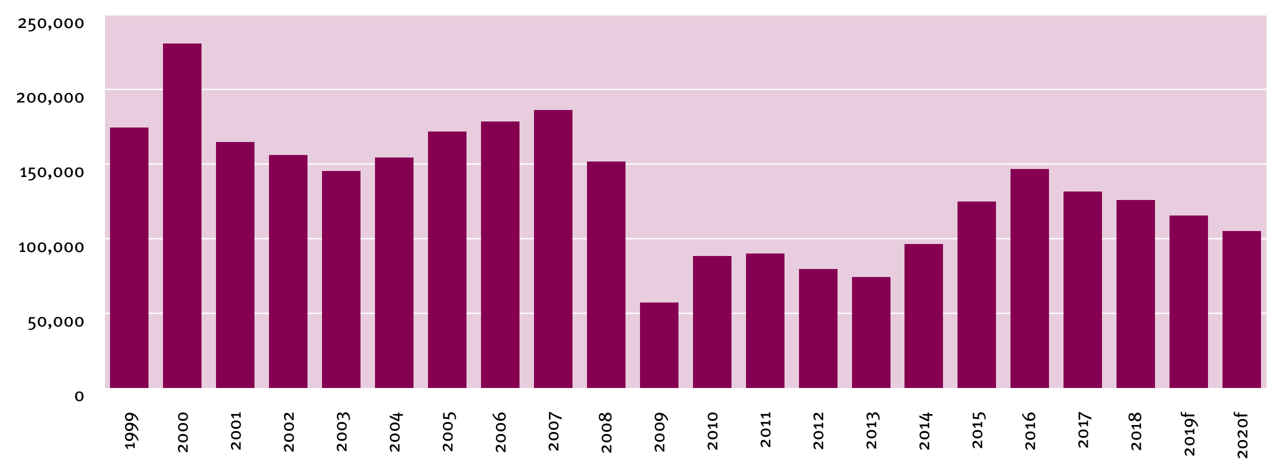
Depending on how sterling performs, used imports are likely to remain an important and distorting feature of the car market. Brexit uncertainty will persist and undermine sentiment. In terms of car pricing, the failure of the Government to adjust taxes to take account of the WLTP regulations pushed up the average price of a new car in 2019. In Budget 2020, if the Government does not adjust VRT bands to take account of the WLTP changes, the average price of a new car could rise by at least €2,500. The price increase for the more popular mid-range model could rise by significantly more. In the current environment, such price increases would have a devastating impact on new car sales.

The Inter-Departmental Tax Strategy Group (TSG) published a paper on motor vehicle taxes in July. The paper makes a number of suggestions about taxation, but this does not mean that these suggestions will eventually become part of Budget 2020. The TSG paper fully recognises the importance of moving to WLTP as the basis of taxation, but points out that in recognition of the lead in times for ordering new vehicles, changes should be delayed until 1st July 2020. It is suggesting an alternative VRT structure which would limit the increase in new car prices to around €750, rather than the €2,500 increase that would result if bands were not widened on the introduction of WLTP.

The TSG paper also considers the introduction of NOx tax as replacement for the current 1% diesel VRT surcharge. Depending on how this is done, it could lead to an increase of perhaps up to €430 for a diesel car. This would not be likely to impact the overall new car market, but would just continue to push the move away from diesel towards petrol and other vehicle types.

Based on the information available at the moment and the projections for the economy, the new car market could decline from 125,654 in 2018 to around 115,500 in 2019. For 2020, based on a central scenario, new car sales could decline by over 9% to 105,000. Failure to adjust VRT bands, could see the new car market decline to 75,000. Such a decline would have a devastating impact on many businesses that barely survived the last recession; it would cost thousands of jobs in towns and cities around the country; and would have a very negative impact on the Exchequer revenues. The motor industry is in a high-risk scenario at the moment and policy makers need to be aware of the risks.

FIG. 18 **NEW CAR REGISTRATIONS**



Source: Jim Power Economics

Statistics


1
2
3
4
5
6
7
8
x1000rpm
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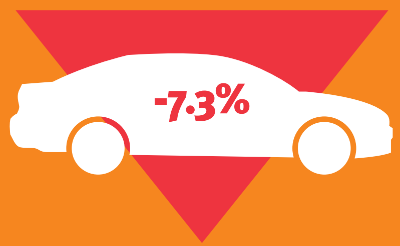
20
40
60
80
100
120
km/h
140
160
180
200
220
240
650 km
36076 km
ODO

Motor Statistics Overview

Source: SIMI Motorstats
www.stats.beepbeep.ie

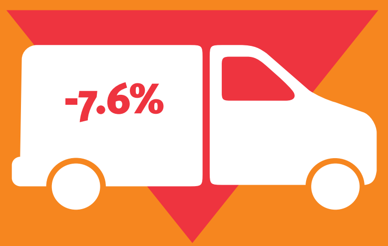
Total Registrations H1 2018 vs H1 2019

Passenger Cars



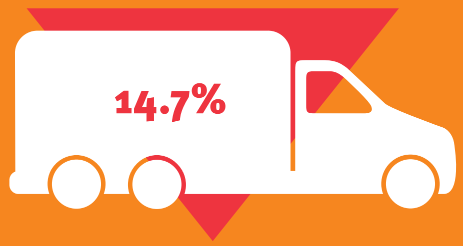
2019	80,704
2018	87,111

Light Commercial Vehicles (LCVs)



2019	15,382
2018	16,656

Heavy Commercial Vehicles (HCVs)



2019	1,799
2018	1,568

Please note the following information was extracted from our database on the 18th of July 2019 and you may note a slight difference in the registration figures due to any de-registrations that may have occurred after the 30th of June 2019.

Passenger Cars

Total Registrations	Jan	Feb	Mar	Apr	May	Jun	Total
2019	32364	15064	16668	8891	6311	1406	80704
2018	37023	17011	17722	8053	6055	1247	87111
% Change	**-12.58**	**-11.45**	**-5.95**	**10.41**	**4.23**	**12.75**	**-7.35**

	By Make	2019 Units	2018 Units	% Change	2019 % Share	2018 % Share
1	VOLKSWAGEN	9160	9502	**-3.6**	11.35	10.91
2	TOYOTA	8051	8454	**-4.77**	9.98	9.7
3	HYUNDAI	7854	8257	**-4.88**	9.73	9.48
4	FORD	6734	7891	**-14.66**	8.34	9.06
5	SKODA	6452	6296	**2.48**	7.99	7.23
6	NISSAN	6060	6799	**-10.87**	7.51	7.8
7	RENAULT	4904	4868	**0.74**	6.08	5.59
8	KIA	4552	5247	**-13.25**	5.64	6.02
9	PEUGEOT	3724	3695	**0.78**	4.61	4.24
10	AUDI	2970	3374	**-11.97**	3.68	3.87

By Model		2019 Units	2018 Units	% Change	2019 % Share	2018 % Share
1	NISSAN QASHQAI	2874	3049	**-5.74**	3.56	3.5
2	HYUNDAI TUCSON	2793	2919	**-4.32**	3.46	3.35
3	TOYOTA COROLLA	2623	1320	**98.71**	3.25	1.52
4	VOLKSWAGEN TIGUAN	2272	1986	**14.4**	2.82	2.28
5	SKODA OCTAVIA	2271	2484	**-8.57**	2.81	2.85
6	FORD FOCUS	2120	2495	**-15.03**	2.63	2.86
7	HYUNDAI KONA	2001	1288	**55.36**	2.48	1.48
8	VOLKSWAGEN GOLF	1959	2589	**-24.33**	2.43	2.97
9	TOYOTA YARIS	1875	2023	**-7.32**	2.32	2.32
10	KIA SPORTAGE	1845	2164	**-14.74**	2.29	2.48

By Colour		2019 Units	2018 Units	% Change	2019 % Share	2018 % Share
1	Grey	30020	33117	**-9.35**	37.2	38.02
2	Black	14184	16042	**-11.58**	17.58	18.42
3	White/Ivory	11896	12712	**-6.42**	14.74	14.59
4	Blue	11598	11313	**2.52**	14.37	12.99
5	Red/Maroon	9563	10310	**-7.25**	11.85	11.84
6	Brown	1363	1825	**-25.32**	1.69	2.1
7	Green	509	348	**46.26**	0.63	0.4
8	Orange	506	400	**26.5**	0.63	0.46
9	Yellow	181	259	**-30.12**	0.22	0.3
10	White/Ivory and Black	179	190	**-5.79**	0.22	0.22

By Segment		2019 Units	2018 Units	% Change	2019 % Share	2018 % Share
1	Jeep/SUV Standard (H1)	31823	30410	**4.65**	39.43	34.91
2	Small Standard (C1)	14665	17997	**-18.51**	18.17	20.66
3	Mini Standard (B1)	13539	14221	**-4.8**	16.78	16.33
4	Jeep/SUV Prestige (H2)	5189	5169	**0.39**	6.43	5.93
5	Medium Standard (D1)	4255	5545	**-23.26**	5.27	6.37
6	Large Prestige (E2)	2600	3216	**-19.15**	3.22	3.69
7	Micro Standard (A1)	2107	2637	**-20.1**	2.61	3.03
8	Medium Prestige (D2)	1765	2180	**-19.04**	2.19	2.5
9	Small Prestige (C2)	1534	1487	**3.16**	1.9	1.71
10	MPV Compact (M1)	1261	1817	**-30.6**	1.56	2.09

By Body Type		2019 Units	2018 Units	% Change	2019 % Share	2018 % Share
1	Hatchback	25761	28218	**-8.71**	31.92	32.39
2	MPV	21689	25848	**-16.09**	26.87	29.67
3	Jeep	14435	12308	**17.28**	17.89	14.13
4	Saloon	12359	13591	**-9.06**	15.31	15.6
5	Estate	6080	6524	**-6.81**	7.53	7.49
6	Sports Coupe	287	472	**-39.19**	0.36	0.54
7	Convertible	78	133	**-41.35**	0.1	0.15
8	Hearse	9	9	**0**	0.01	0.01
9	Invalid Vehicle	4	7	**-42.86**	0	0.01
10	Quadricycle	2	0	**-**	0	0

By Engine Type		2019 Units	2018 Units	% Change	2019 % Share	2018 % Share
1	Diesel	38290	48310	**-20.74**	47.44	55.46
2	Petrol	32832	33130	**-0.9**	40.68	38.03
3	Petrol Electric	6795	4709	**44.3**	8.42	5.41
4	Electric	1954	529	**269.38**	2.42	0.61
5	Petrol/Plug-In Electric Hybrid	832	424	**96.23**	1.03	0.49
6	Diesel/Plug-In Electric Hybrid	1	9	**-88.89**	0	0.01

By CO_2 Emission Band	2019 Units	2018 Units	% Change	2019 % Share	2018 % Share
0 A0	1945	529	**267.67**	2.41	0.61
1 - 80 A1	2436	1391	**75.13**	3.02	1.6
81 - 100 A2	7553	13277	**-43.11**	9.36	15.24
101 - 110 A3	15305	25355	**-39.64**	18.96	29.11
111 - 120 A4	21970	23781	**-7.62**	27.22	27.3
121 - 130 B1	18312	13106	**39.72**	22.69	15.05
131 - 140 B2	6828	5349	**27.65**	8.46	6.14
141 - 155 C	3735	3155	**18.38**	4.63	3.62
156 - 170 D	1982	678	**192.33**	2.46	0.78
171 - 190 E	400	410	**-2.44**	0.5	0.47
191 - 225 F	216	53	**307.55**	0.27	0.06
226+ G	22	27	**-18.52**	0.03	0.03

County	2019 Units	2018 Units	% Change	2019 % Share	2018 % Share
Carlow	869	1101	**-21.07**	1.08	1.26
Cavan	822	896	**-8.26**	1.02	1.03
Clare	1593	1902	**-16.25**	1.97	2.18
Cork	9999	10753	**-7.01**	12.39	12.34
Donegal	1650	1841	**-10.37**	2.04	2.11
Dublin	34894	35711	**-2.29**	43.24	40.99
Galway	2938	3249	**-9.57**	3.64	3.73
Kerry	1594	1842	**-13.46**	1.98	2.11
Kildare	3045	3702	**-17.75**	3.77	4.25
Kilkenny	1502	1666	**-9.84**	1.86	1.91
Laois	959	1074	**-10.71**	1.19	1.23
Leitrim	278	345	**-19.42**	0.34	0.4
Limerick	2743	3065	**-10.51**	3.4	3.52
Longford	358	427	**-16.16**	0.44	0.49
Louth	1897	1942	**-2.32**	2.35	2.23
Mayo	1344	1506	**-10.76**	1.67	1.73
Meath	2272	2612	**-13.02**	2.82	3
Monaghan	620	693	**-10.53**	0.77	0.8
Offaly	873	1088	**-19.76**	1.08	1.25
Roscommon	675	749	**-9.88**	0.84	0.86
Sligo	728	787	**-7.5**	0.9	0.9
Tipperary	2158	2430	**-11.19**	2.67	2.79
Waterford	2246	2363	**-4.95**	2.78	2.71
Westmeath	1067	1216	**-12.25**	1.32	1.4
Wexford	1922	2225	**-13.62**	2.38	2.55
Wicklow	1658	1926	**-13.91**	2.05	2.21

Light Commercial Vehicles (LCVs)

Total LCV Registrations	Jan	Feb	Mar	Apr	May	Jun	Total
2019	5557	2471	3063	1813	1728	750	15382
2018	6753	2634	3141	1792	1641	695	16656
% Change	-17.71	-6.19	-2.48	1.17	5.3	7.91	-7.65

By Make		2019 Units	2018 Units	% Change	2019 % Share	2018 % Share
1	FORD	3277	4202	**-22.01**	21.3	25.23
2	VOLKSWAGEN	2711	3205	**-15.41**	17.62	19.24
3	RENAULT	1982	2249	**-11.87**	12.89	13.5
4	PEUGEOT	1211	1124	**7.74**	7.87	6.75
5	TOYOTA	1080	1569	**-31.17**	7.02	9.42
6	OPEL	1051	582	**80.58**	6.83	3.49
7	CITROEN	993	947	**4.86**	6.46	5.69
8	NISSAN	862	743	**16.02**	5.6	4.46
9	MERCEDES-BENZ	845	687	**23**	5.49	4.12
10	FIAT	234	278	**-15.83**	1.52	1.67

By Gross Weight		2019 Units	2018 Units	% Change	2019 % Share	2018 % Share
1	Unknown	1	0	**-**	0.01	0
2	1kg -2000kg	2617	2784	**-6**	17.01	16.71
3	2001kg -2500kg	3081	3724	**-17.27**	20.03	22.36
4	2501kg -3000kg	3189	4659	**-31.55**	20.73	27.97
5	3001kg -3500kg	6303	5276	**19.47**	40.98	31.68
6	3501kg+	191	213	**-10.33**	1.24	1.28

By Model			2019 Units	2018 Units	% Change	2019 % Share	2018 % Share
1	FORD	TRANSIT CUSTOM COMM	1065	1075	**-0.93**	6.92	6.45
2	VOLKSWAGEN	CADDY	1008	957	**5.33**	6.55	5.75
3	PEUGEOT	PARTNER VAN	868	773	**12.29**	5.64	4.64
4	RENAULT	TRAFIC VANS	810	1016	**-20.28**	5.27	6.1
5	CITROEN	BERLINGO	770	782	**-1.53**	5.01	4.7
6	RENAULT	MASTER VANS	742	681	**8.96**	4.82	4.09
7	VOLKSWAGEN	T6	715	858	**-16.67**	4.65	5.15
8	FORD	TRANSIT VAN	689	856	**-19.51**	4.48	5.14
9	MERCEDES-BENZ	SPRINTER	632	429	**47.32**	4.11	2.58
10	FORD	TRANSIT CONNECT	632	1194	**-47.07**	4.11	7.17

By Body Type		2019 Units	2018 Units	% Change	2019 % Share	2018 % Share
1	Van	13851	13414	**3.26**	90.05	80.54
2	Pick-up	720	682	**5.57**	4.68	4.09
3	Crew Cab	236	1978	**-88.07**	1.53	11.88
4	MPV	200	207	**-3.38**	1.3	1.24
5	Tipper	100	82	**21.95**	0.65	0.49
6	Drop-side Lorry	66	52	**26.92**	0.43	0.31
7	Minibus	54	56	**-3.57**	0.35	0.34
8	Ambulance	40	55	**-27.27**	0.26	0.33
9	Open Lorry	28	12	**133.33**	0.18	0.07
10	Horse Box	23	19	**21.05**	0.15	0.11

County	2019 Units	2018 Units	% Change	2019 % Share	2018 % Share
Carlow	196	190	**3.16**	1.27	1.14
Cavan	221	259	**-14.67**	1.44	1.55
Clare	211	276	**-23.55**	1.37	1.66
Cork	1435	1672	**-14.17**	9.33	10.04
Donegal	255	329	**-22.49**	1.66	1.98
Dublin	7285	7091	**2.74**	47.36	42.57
Galway	552	676	**-18.34**	3.59	4.06
Kerry	433	457	**-5.25**	2.81	2.74
Kildare	617	659	**-6.37**	4.01	3.96
Kilkenny	226	287	**-21.25**	1.47	1.72
Laois	171	214	**-20.09**	1.11	1.28
Leitrim	55	77	**-28.57**	0.36	0.46
Limerick	505	555	**-9.01**	3.28	3.33
Longford	57	83	**-31.33**	0.37	0.5
Louth	311	353	**-11.9**	2.02	2.12
Mayo	286	369	**-22.49**	1.86	2.22
Meath	396	508	**-22.05**	2.57	3.05
Monaghan	158	198	**-20.2**	1.03	1.19
Offaly	195	235	**-17.02**	1.27	1.41
Roscommon	128	152	**-15.79**	0.83	0.91
Sligo	154	146	**5.48**	1	0.88
Tipperary	388	501	**-22.55**	2.52	3.01
Waterford	275	316	**-12.97**	1.79	1.9
Westmeath	224	288	**-22.22**	1.46	1.73
Wexford	412	460	**-10.43**	2.68	2.76
Wicklow	236	305	**-22.62**	1.53	1.83

Heavy Commercial Vehicles (HCVs)

Total HCV Registrations	Jan	Feb	Mar	Apr	May	Jun	Total
2019	354	262	266	303	297	317	1799
2018	402	243	271	242	227	183	1568
% Change	**-11.94**	**7.82**	**-1.85**	**25.21**	**30.84**	**73.22**	**14.73**

	By Make	2019 Units	2018 Units	% Change	2019 % Share	2018 % Share
1	VOLVO	404	310	**30.32**	22.46	19.77
2	SCANIA	374	349	**7.16**	20.79	22.26
3	DAF	253	298	**-15.1**	14.06	19.01
4	MERCEDES-BENZ	211	144	**46.53**	11.73	9.18
5	RENAULT	153	112	**36.61**	8.5	7.14
6	MAN	97	105	**-7.62**	5.39	6.7
7	IVECO	87	86	**1.16**	4.84	5.48
8	SINOTRUK	66	3	**2100**	3.67	0.19
9	ISUZU	52	73	**-28.77**	2.89	4.66
10	WRIGHTBUS	29	0	**-**	1.61	0

By Body Type		2019 Units	2018 Units	% Change	2019 % Share	2018 % Share
1	Articulated Tractor Unit	704	639	**10.17**	39.13	40.75
2	Bus	329	228	**44.3**	18.29	14.54
3	Tipper	173	145	**19.31**	9.62	9.25
4	Box Van	89	96	**-7.29**	4.95	6.12
5	Concrete Mixer/Pump	58	17	**241.18**	3.22	1.08
6	Insulated/Refrigrated Van	56	49	**14.29**	3.11	3.13
7	Open Lorry	54	65	**-16.92**	3	4.15
8	Refuse Collector	50	50	**0**	2.78	3.19
9	Skip Loader	49	20	**145**	2.72	1.28
10	Drop-side Lorry	43	27	**59.26**	2.39	1.72

By Model			2019 Units	2018 Units	% Change	2019 % Share	2018 % Share
1	SCANIA	3 AXLE TRACTOR	188	165	**13.94**	10.45	10.52
2	VOLVO	BUSES & COACHES	156	69	**126.09**	8.67	4.4
3	VOLVO	3 AXLE TRACTOR	115	165	**-30.3**	6.39	10.52
4	SCANIA	2 AXLE TRACTOR	80	94	**-14.89**	4.45	5.99
5	DAF	3 AXLE TRACTOR	75	165	**-54.55**	4.17	10.52
6	DAF	2 AXLE RIGID >17T	66	71	**-7.04**	3.67	4.53
7	SINOTRUK	4 AXLE RIGID	66	54	**22.22**	3.67	3.44
8	MERCEDES-BENZ	2 AXLE TRACTOR	53	94	**-43.62**	2.95	5.99
9	MERCEDES-BENZ	3 AXLE TRACTOR	50	165	**-69.7**	2.78	10.52
10	VOLVO	4 AXLE RIGID	47	54	**-12.96**	2.61	3.44

By Gross Weight		2019 Units	2018 Units	% Change	2019 % Share	2018 % Share
1	1kg -3500kg	1	1	**0**	0.06	0.06
2	3501kg -5000kg	6	3	**100**	0.33	0.19
3	5001kg -6000kg	4	6	**-33.33**	0.22	0.38
4	6001kg -8000kg	137	178	**-23.03**	7.62	11.35
5	8001kg -10000kg	14	26	**-46.15**	0.78	1.66
6	10001kg -12000kg	63	60	**5**	3.5	3.83
7	12001kg -14000kg	45	19	**136.84**	2.5	1.21
8	14001kg -17000kg	64	51	**25.49**	3.56	3.25
9	17001kg+	1465	1223	**19.79**	81.43	78

Vehicle Testing Statistics

Source: RSA/CVRT

18,190+

fail dangerous vehicles have been identified since beginning of this year

Light Quarterly Test Volumes—Year on Year (inc Q2 2019)

	Q1	Q2	Q3	Q4	Total	% Change
2012	100261	103008	100778	89931	**393978**	–
2013	100901	105028	110634	102239	**418802**	6.30%
2014	107780	119269	127503	132478	**487030**	16.29%
2015	130152	132434	142806	128190	**533582**	9.56%
2016	128745	142175	142951	126021	**539892**	1.18%
2017	143643	141867	144525	118722	**548757**	1.64%
2018	136653	145477	145436	121008	**548574**	-0.03%
2019	151016	146119			**297135**	5.32%

Heavy Quarterly Test Volumes—Year on Year (inc Q2 2019)

	Q1	Q2	Q3	Q4	Total	% Change
2012	29346	29924	30436	25094	**114800**	–
2013	29738	30635	33028	29009	**122410**	6.6%
2014	32154	34550	38928	32962	**138594**	13.2%
2015	35635	37477	41108	34093	**148313**	7.0%
2016	36891	40240	41730	34321	**153182**	3.3%
2017	39103	38927	40618	32989	**151637**	-1.0%
2018	37338	39181	39639	32740	**148898**	-1.8%
2019	39021	38693			**77714**	1.56%

LCV Quarterly Test Volumes with Annual Comparison

*Please note this report covers active CVR tests only and does not include Voluntary and Safety Tests.
**Pass Advisory was added following the manual realignment in May 2018.
***Please note Defect Severities were recategorised in May 2018 this may affect trending analysis.

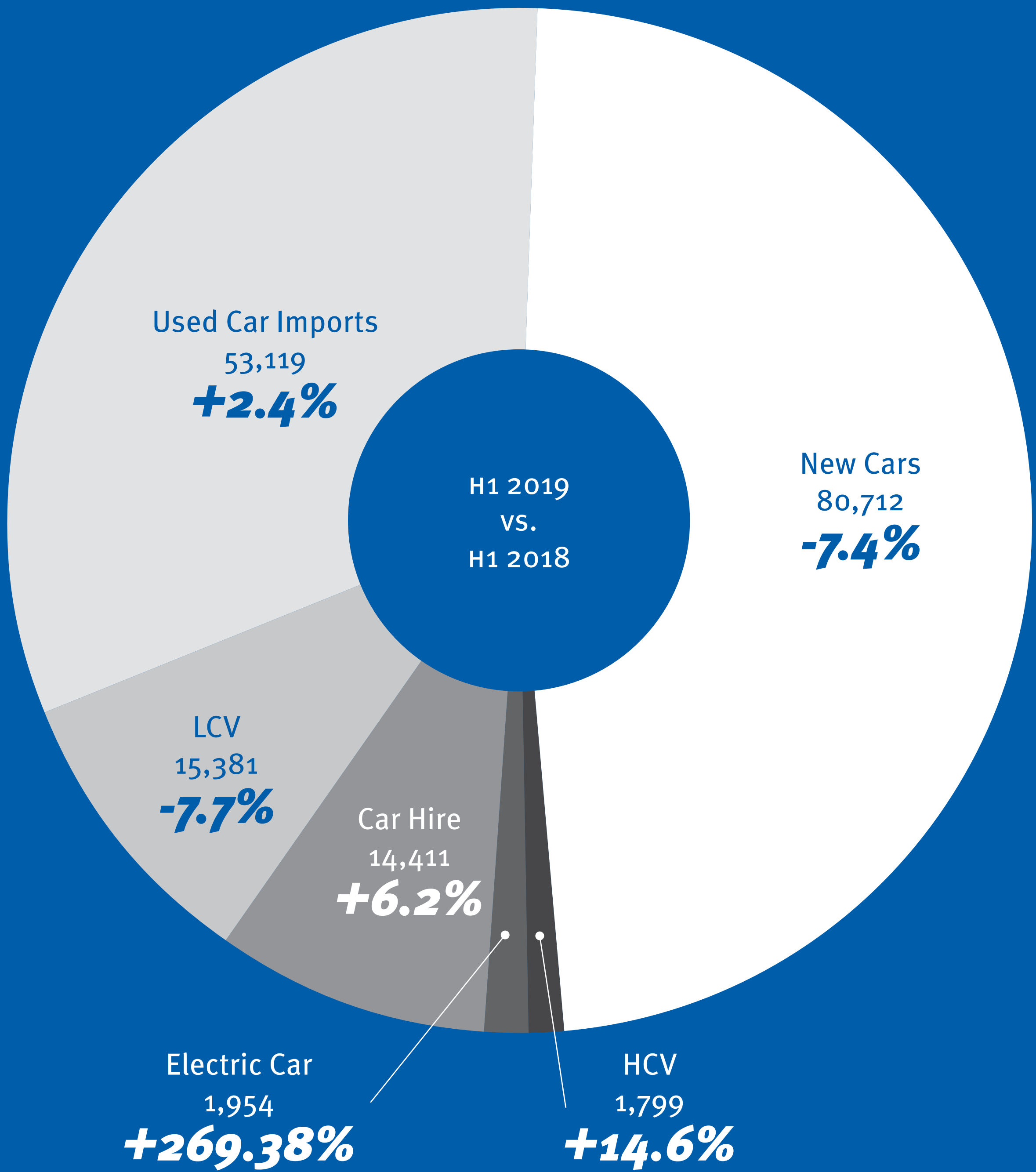
LCV Full Tests	2018 Q1	2019 Q1	% Change	2018 Q2	2019 Q2	% Change
FAIL	37683	35102	-6.85%	39154	36279	-7.34%
FAIL DANGEROUS	1690	7206	326.39%	5383	7138	32.60%
PASS	61741	69835	13.11%	59728	61605	3.14%
PASS ADVISORY	0	551		207	491	137.20%
TOTAL	**101114**	**112694**	**-2.04%**	**104472**	**105513**	**4.36%**
LCV Re-Tests	2018 Q1	2019 Q1	% Change	2018 Q2	2019 Q2	% Change
FAIL	1872	1631	-12.87%	2104	1839	-12.60%
FAIL DANGEROUS	70	174	148.57%	159	180	13.21%
PASS	33140	36040	8.75%	38391	38166	-0.59%
PASS ADVISORY	0	68		24	56	133.33%
TOTAL	**35082**	**37913**	**8.07%**	**40678**	**40241**	**-1.07%**

HCV Quarterly Test Volumes

HCV Full Tests	2018 Q1	2019 Q1	% Change	2018 Q2	2019 Q2	% Change
FAIL	9396	7590	-19.22%	8913	7431	-16.63%
FAIL DANGEROUS	380	1461	284.47%	1190	1319	10.84%
PASS	16244	18702	15.13%	17109	18778	9.76%
PASS ADVISORY	0	124		33	104	215.15%
TOTAL	**26020**	**27877**	**7.14%**	**27245**	**27632**	**1.42%**
HCV Re-Tests	2018 Q1	2019 Q1	% Change	2018 Q2	2019 Q2	% Change
FAIL	556	379	-31.83%	603	419	-30.51%
FAIL DANGEROUS	17	38	123.53%	42	43	2.38%
PASS	8347	7733	-7.36%	8740	7580	-13.27%
PASS ADVISORY	0	9		9	14	55.56%
TOTAL	**8920**	**8159**	**-8.53%**	**9394**	**8056**	**-14.24%**

Motor Industry Review Highlights

01 Total First Registrations



02 Top Selling New Car Makes H1 2019

1. VOLKSWAGEN
2. TOYOTA
3. HYUNDAI
4. FORD
5. SKODA

03 Top Selling New Car Models H1 2019

1. NISSAN QASHQAI
2. HYUNDAI TUCSON
3. TOYOTA COROLLA
4. VOLKSWAGEN TIGUAN
5. SKODA OCTAVIA

Source: SIMI Stats 2019

04 Top Selling Car Body Type

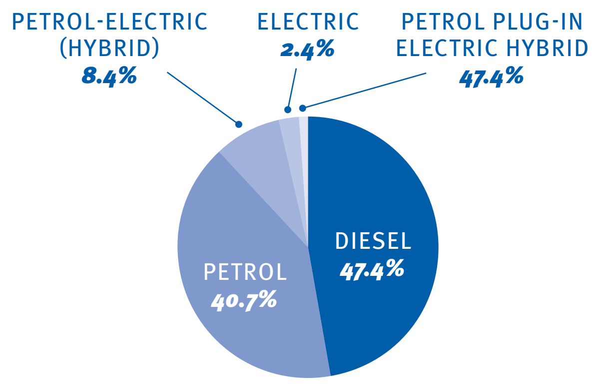
1. HATCHBACK
2. MPV
3. JEEP/SUV
4. SALOON
5. ESTATE

05 Top Selling Car Colours

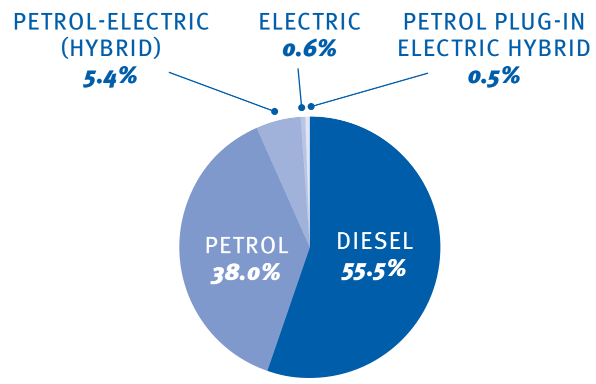
1. GREY
2. BLACK
3. WHITE/IVORY
4. BLUE
5. RED/MAROON

Source: SIMI Stats 2019

06 New Cars by Engine Type



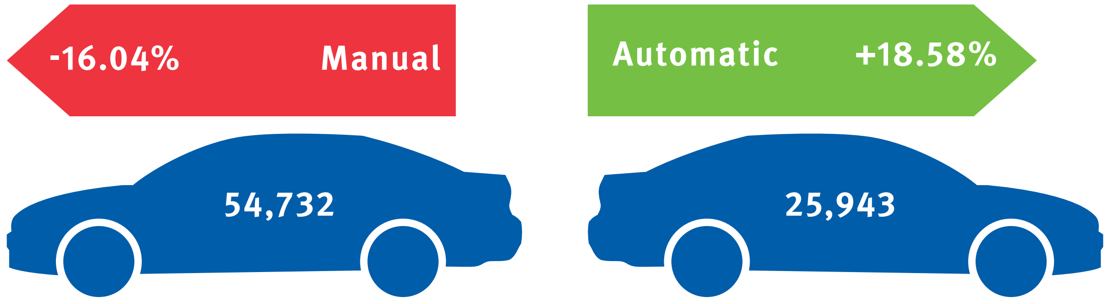
JANUARY–JUNE 2019



JANUARY–JUNE 2019

Source: SIMI Stats 2019

07 New Cars by Transmission January–June 2019



Source: SIMI Stats

08 New Cars by Emissions

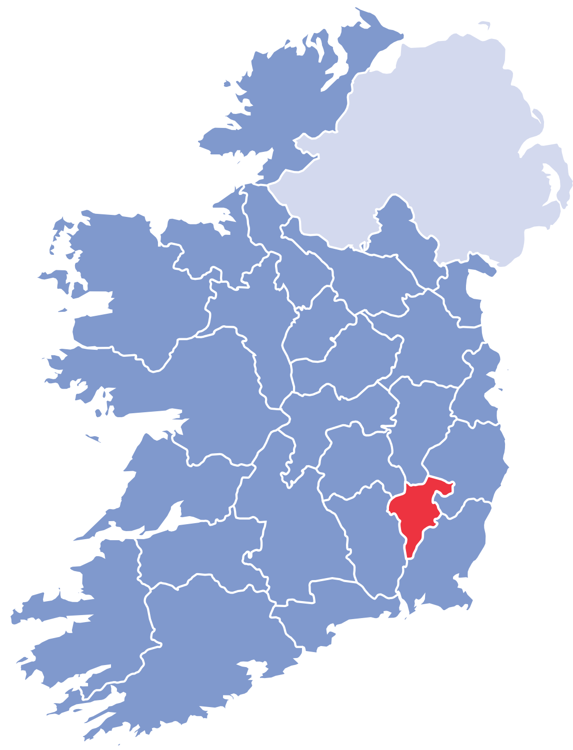
AVERAGE CO_2

114.53g/km

+1.3% ON COMPARISON YEAR (113.10G/KM)

CO_2 Band		H1 2019	H1 2018	% Change
A0	0	1945	529	267.67
A1	1–80	2436	1391	75.13
A2	81–100	7553	13277	-43.11
A3	101–110	15305	25355	-39.64
A4	111–120	21970	23781	-7.62
B1	121–130	18312	13106	39.72
B2	131–140	6830	5354	27.57
C	141–155	3735	3155	18.38
D	156–170	1982	678	192.33
E	171–190	400	410	-2.44
F	191–225	216	53	307.55
G	226+	22	27	-18.52

09 New Car Registrations % Change by County January–June 2019



BIGGEST DECREASE

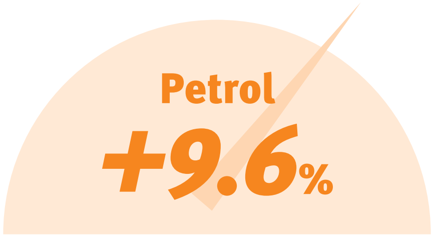
Carlow

-21%

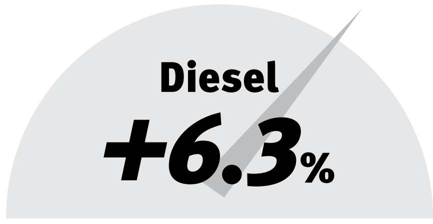
County	2019 Units	2018 Units	% Change
Carlow	869	1101	-21.07
Cavan	822	896	-8.26
Clare	1593	1903	-16.29
Cork	9999	10753	-7.01
Donegal	1650	1841	-10.37
Dublin	34896	35714	-2.29
Galway	2939	3249	-9.54
Kerry	1595	1842	-13.41
Kildare	3045	3702	-17.75
Kilkenny	1502	1666	-9.84
Laois	959	1074	-10.71
Leitrim	278	345	-19.42
Limerick	2743	3065	-10.51
Longford	358	427	-16.16
Louth	1898	1942	-2.27
Mayo	1344	1506	-10.76
Meath	2273	2612	-12.98
Monaghan	621	693	-10.39
Offaly	873	1088	-19.76
Roscommon	675	749	-9.88
Sligo	728	787	-7.5
Tipperary	2159	2430	-11.15
Waterford	2246	2363	-4.95
Westmeath	1067	1216	-12.25
Wexford	1922	2225	-13.62
Wicklow	1658	1927	-13.96

Source: SIMI Motorstats

10 Cost of Motoring



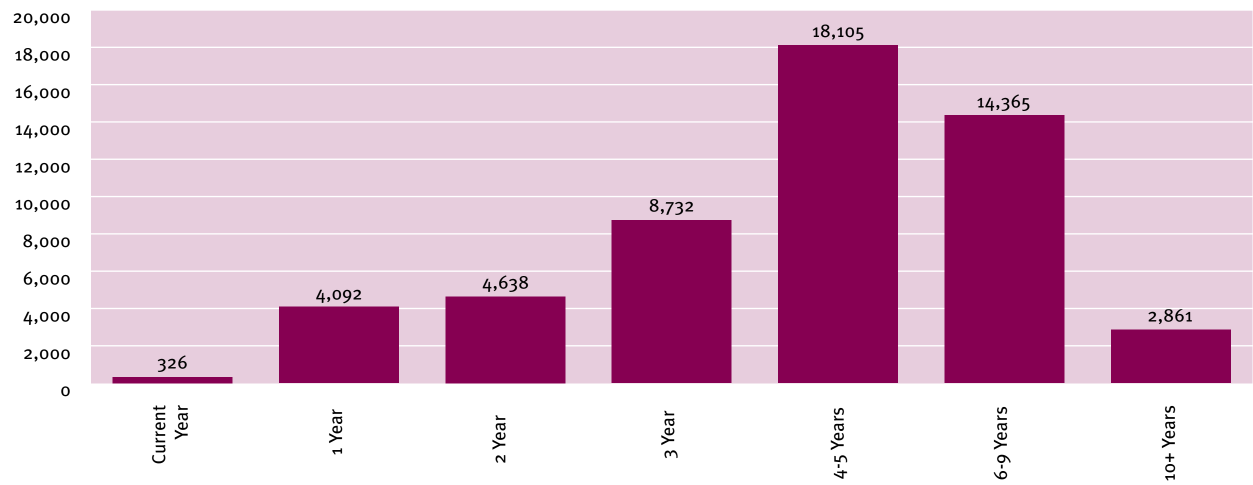
INCREASE SINCE JAN 2019



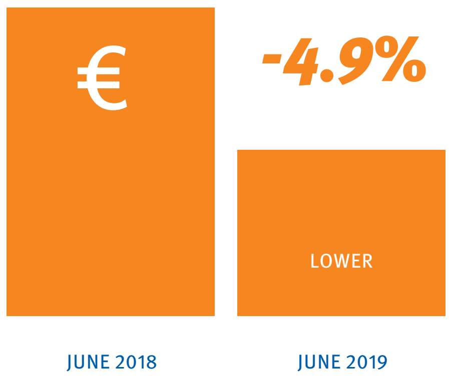
INCREASE SINCE JAN 2019

Source: CSO

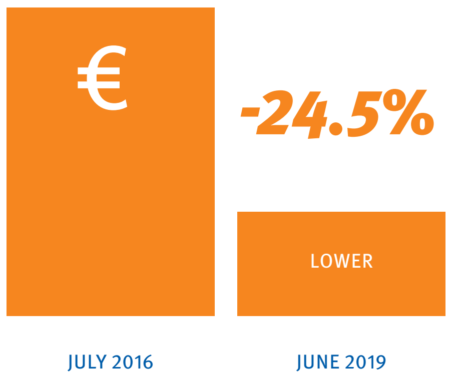
11 Age Profile Imported Used Cars January–June 2019



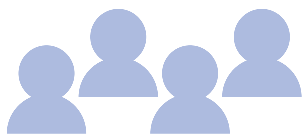
12 Average Motor Insurance Costs



13 Motor Insurance Cost



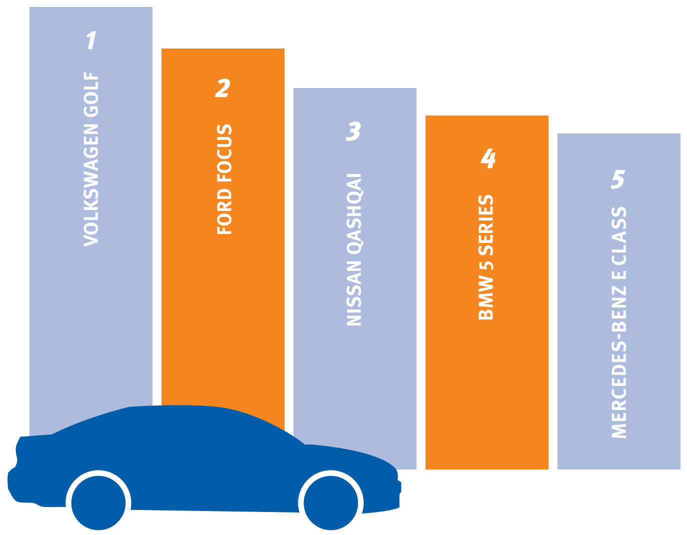
14 Employment in the Motor Industry Q1 2019



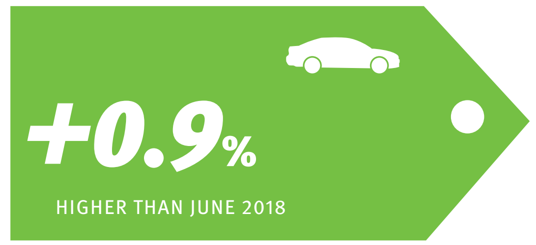
47,300

SOURCE: CSO

15 Top Selling Used Imports Models H1 2019



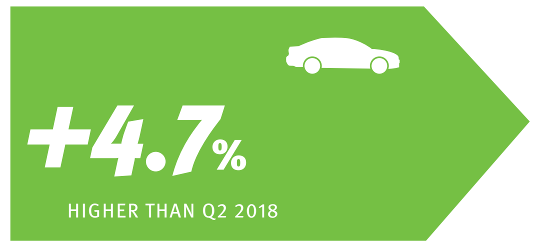
16 Cost of a New Car H1 2019



COMPARED TO COST OF A SIMILAR CAR

Source: CSO

17 Cost of a New Car Based on OMSP*



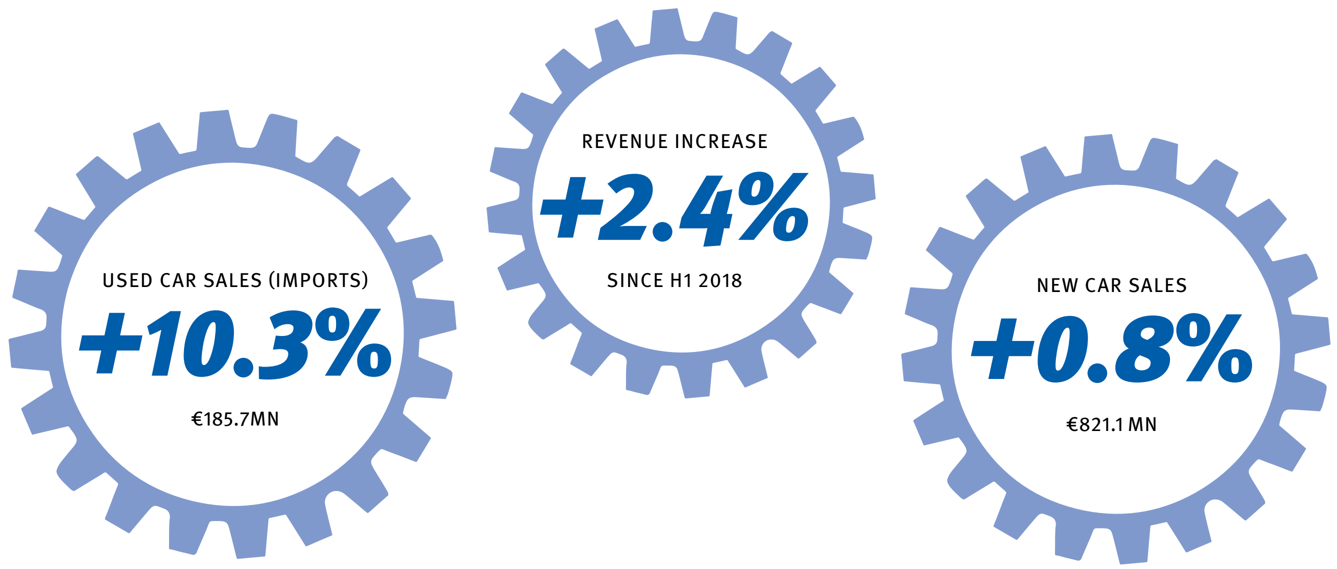
CONSUMERS SPENDING MORE ON HIGHER SPECIFICATION CARS AND VRT INCREASE

*Open Market Sales Price

18 Government Revenue on Car Sales (H1 2019 vs H1 2018)

TOTAL REVENUE

€1bn



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