July 2020

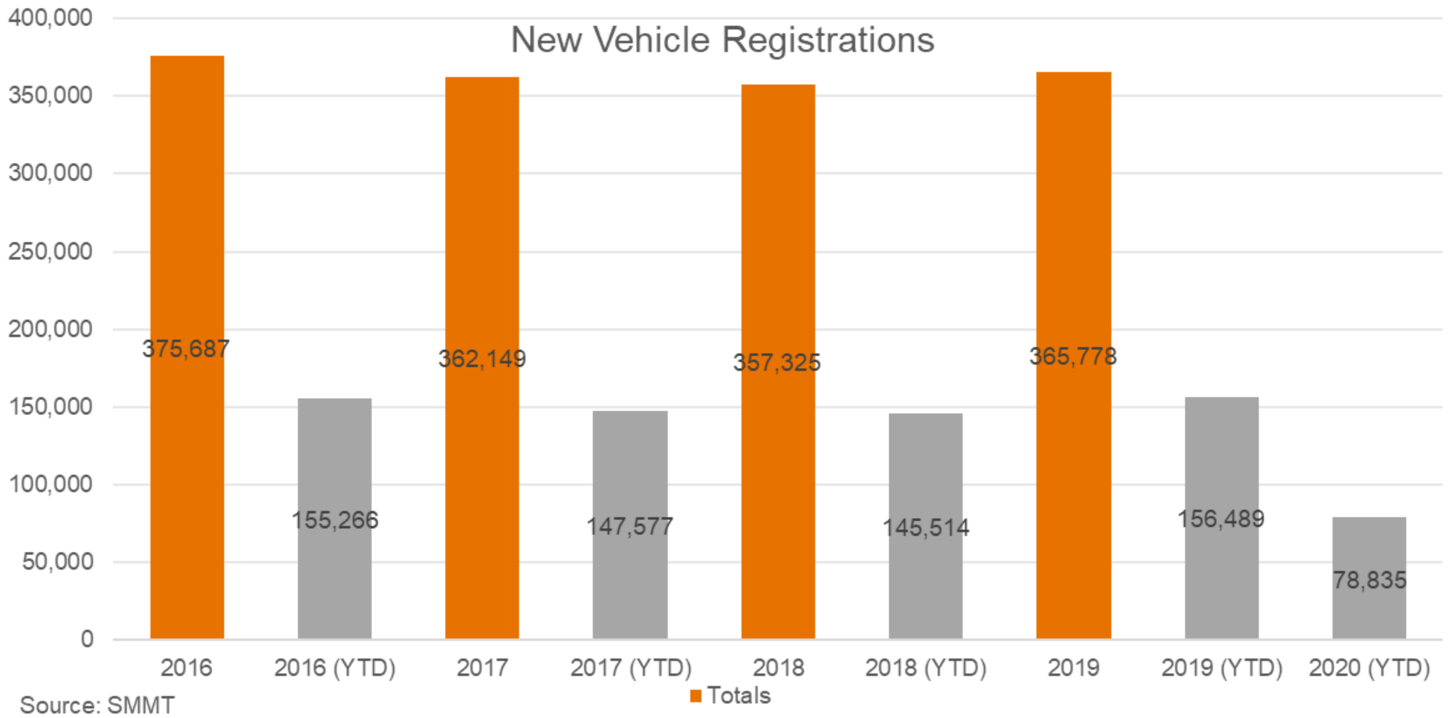
LCV Market Overview

New LCV Vehicle Registrations

After the extensive lockdown period we all have had to observe, our high street is getting back to some sense of normality, although still with restrictions been enforced. Shops have begun to re-open after what has been termed a hibernation period, and dealerships have been able to open their doors to the physical traffic that they have missed for months. This mandated lockdown has not stopped the commercial vehicle world from transacting those much sought after used and new vehicle sales, for vehicles to deliver the essentials we all need for our day to day lives, as well as the growth in on-line shopping we all have now resorted to for those none essential items. There will still be areas of the population for which normality will be a long way away, until science can come up with a way of safely managing or eradicating the virus the reliance on on-line shopping will continue for some time to come.

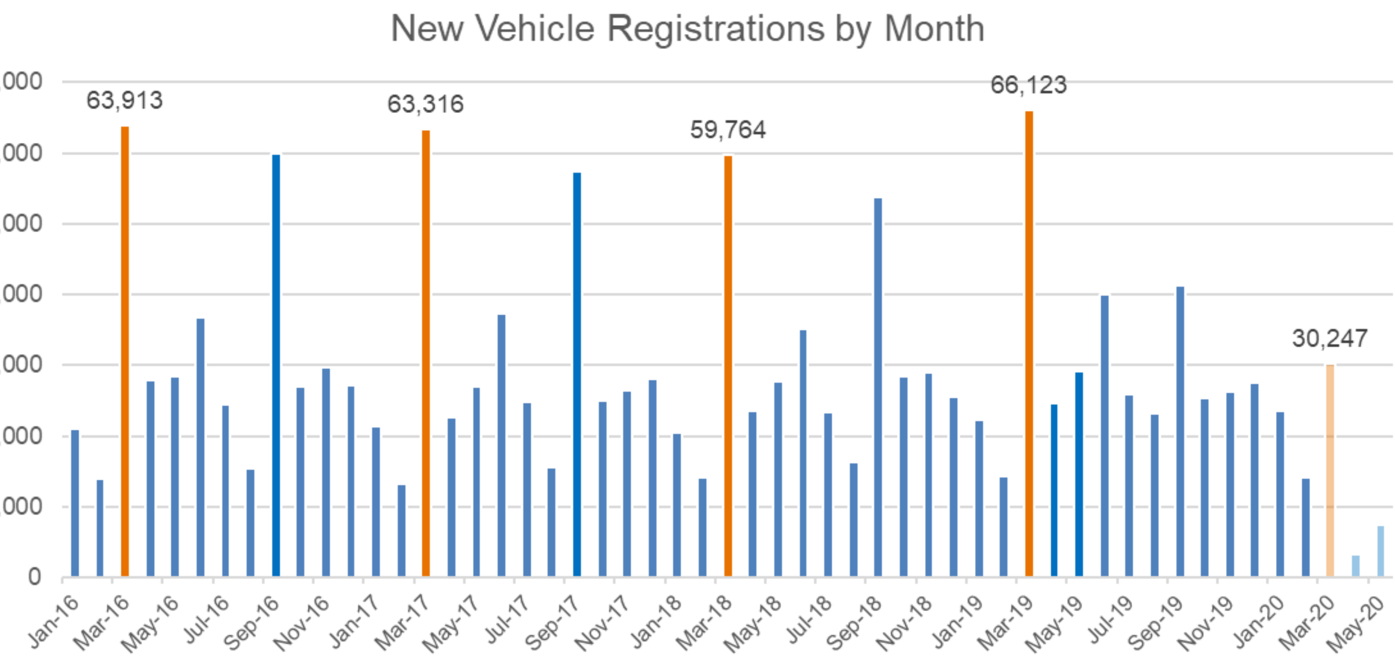
May's new vehicle registrations followed a similar pattern to that of the previous two months, as the lockdown affected the sale of new vehicles. The year-to-date number of registrations has dropped by 49.6%, when compared to the same period in 2019. However, it could be argued that the 2019 figures were influenced by factors early in the year relating to Brexit and the impending introduction of WLTP in the September, in a period where the economic outlook remained uncertain.

Vehicle manufacturing plants have now started the production of new vehicles, albeit at reduced levels due to the measures that have been adopted to avoid the spreading of the virus within the working environment. These measures will be in place until such time as the safe working distance's can be relaxed, and workers anxieties about returning to work have been alleviated.



Source: SMMT

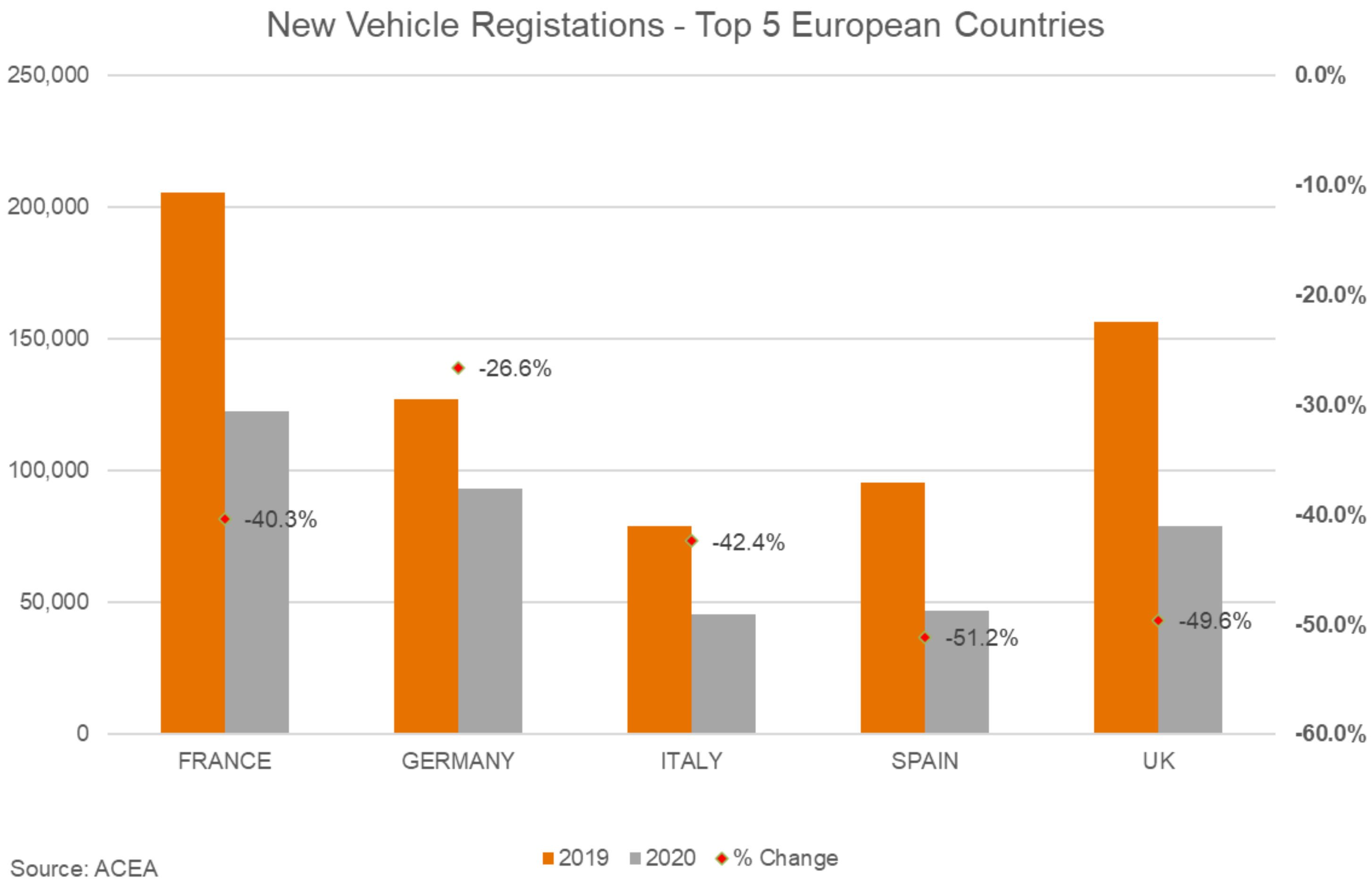
To put each of the last three months new vehicle registration numbers into context the following graph highlights the volumes month-on-month from January 2016 to May 2020. With March normally the month in which the largest number of new vehicles are registered, the impact of the lack of new vehicles reaching our roads in the last three months will undoubtedly have an affect on the used market in the future, and a change in the standard replacement cycles.



Source: SMMT

The UK is not alone with the reduced number of vehicles being registered, with France, Germany, Italy & Spain also affected, and apart from Spain the other countries have performed better than the UK compared to the 2019 registrations.

With the UK down 77,654 in volume terms, positions the UK below France (83,013 vehicles) where the actual number of registrations is concerned, therefore vehicle manufacturers are reliant on the UK getting back to normality to provide an outlet for their vehicle production.

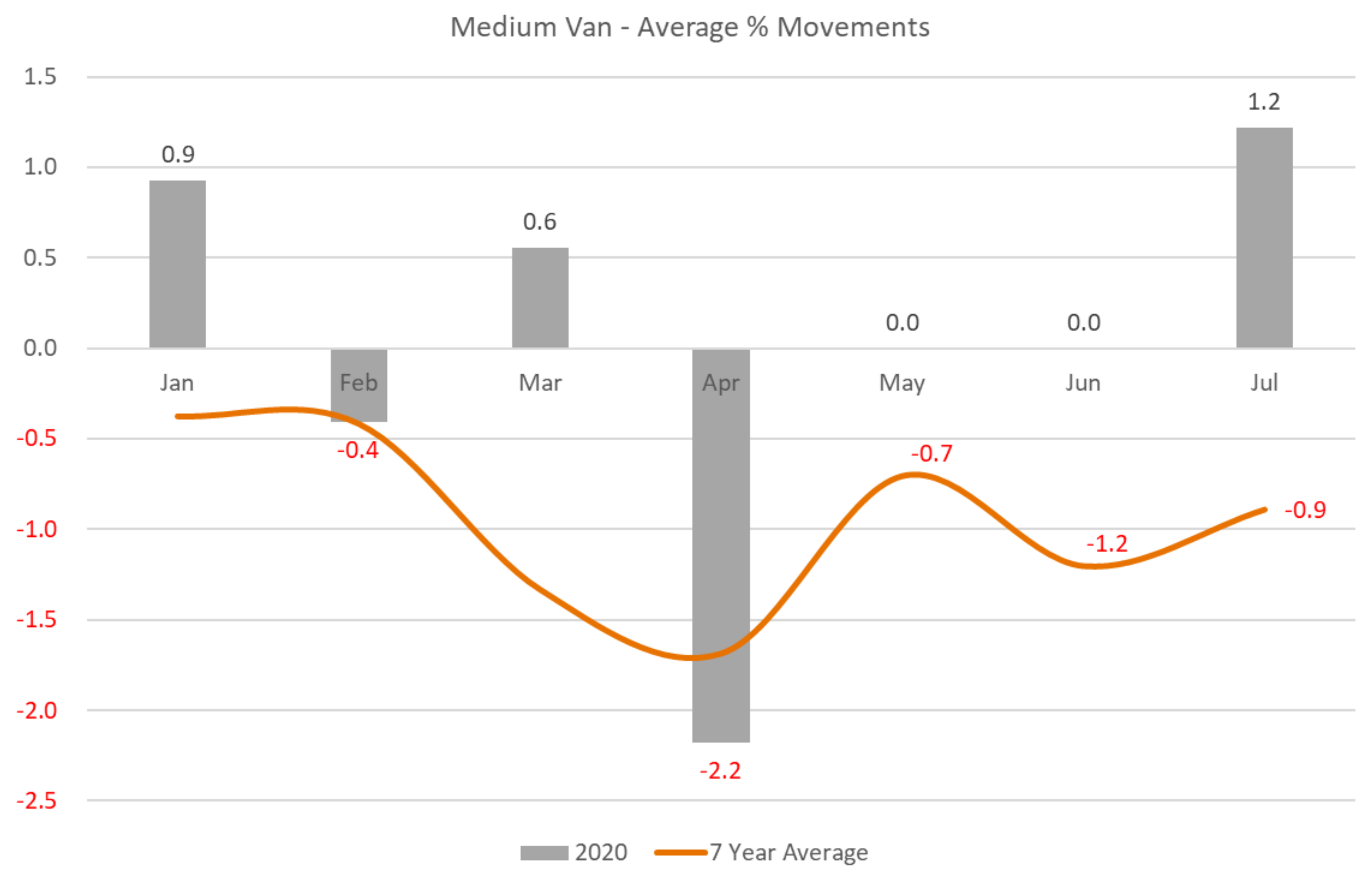


Source: ACEA

Used Vehicle Activity

The used vehicle activity in June increased when compared to that of April and May, and as of the 24th June, the volume of sold units in June represented 50% of the normal volume we would receive. This has enabled the editorial team who have continually been monitoring the situation to look at the performance of vehicles where sufficient data has been received, and make any adjustments needed.

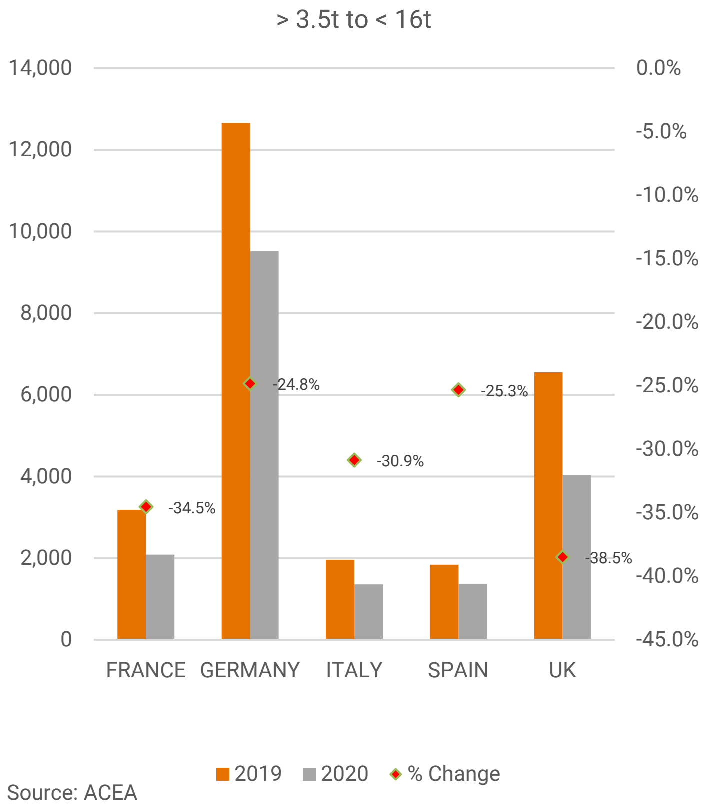
With an average price increase of 1% compared to the previous month (June), what must be considered is that no movements had been made to our values since April, whereas in previous years reductions have taken place. To provide an example of this, the Medium Van sector is the largest sector by number of vehicles registered, and the average increase for July was 1.2%. However, the seven year average movements for May, June & July records a total drop of 2.8% in those months, but with no changes in May & June and an increase of 1.2% in July, provides further evidence of the strength we have been seeing in certain sectors.



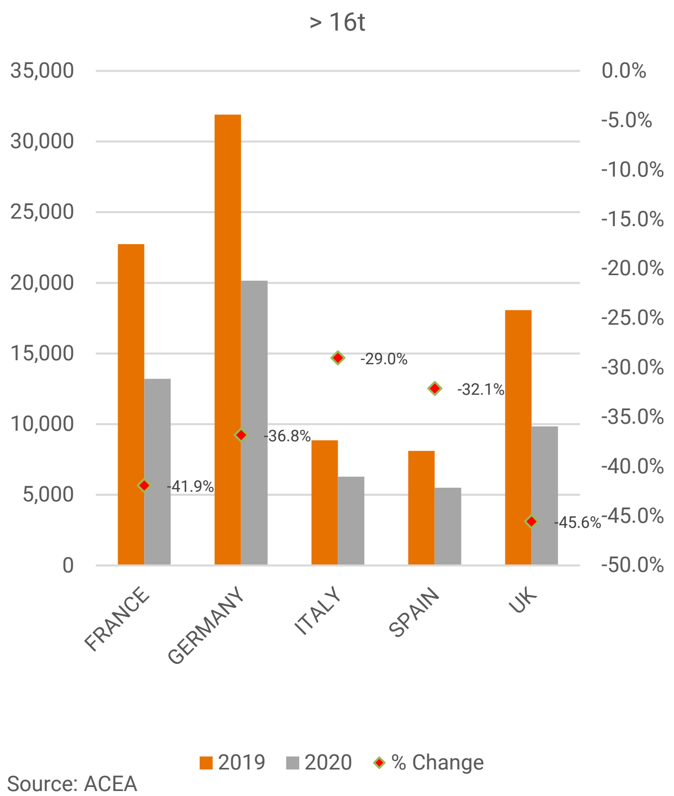
HGV Market Overview

New HGV Vehicle Registrations

With the release of the heavy commercial vehicle registration figures for January to May 2020 from the ACEA, we see a similar picture on all weight ranges, where the UK have had the largest fall in new vehicle registrations compared to France, Germany, Italy & Spain. By early May we saw the re-opening of vehicle production in all the major factories, but with an estimated loss of production of over 800 working days, the shortfall of production will take some time to recover, if at all.



Source: ACEA



Source: ACEA

Used Vehicle Activity

The HGV sale activity is been closely monitored as mentioned in previous editorials. We have made the responsible decision not to move any values whilst there is insufficient research data to accurately portray the market. This situation will be assessed during the early part of July, with the intention to review prices where the data supports any movement.