

# Dylan Setterfield

international forecasting manager, cap hpi



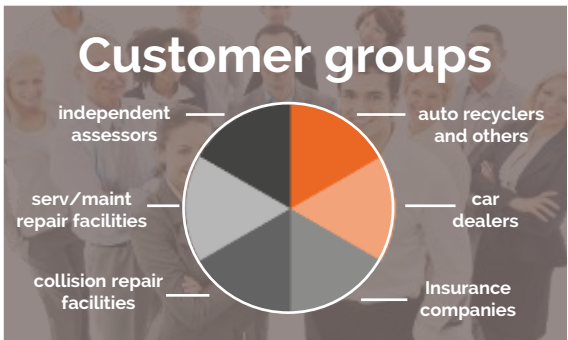
**180,000**  
customers globally

Presence in over  
**78**  
countries

**4,500**  
staff

**15+**  
core brands

Presence in  
**5**  
continents





- UK Referendum on EU membership
  - Immediate aftermath
  - Future implications
- 
- Evolution of diesel
  - WLTP

“Should the United Kingdom remain a member of the European Union or leave the European Union?”



## Remain



## Leave



# The Result



At 23:45 on Thursday 23<sup>rd</sup> June, it was possible to bet on a Leave result at odds of 9/1. Remain was 1/10.

**Remain**

**48.1%**

**Leave**

**51.9%**

## Interview on Motor Trade Radio Friday 24th June (some key points):

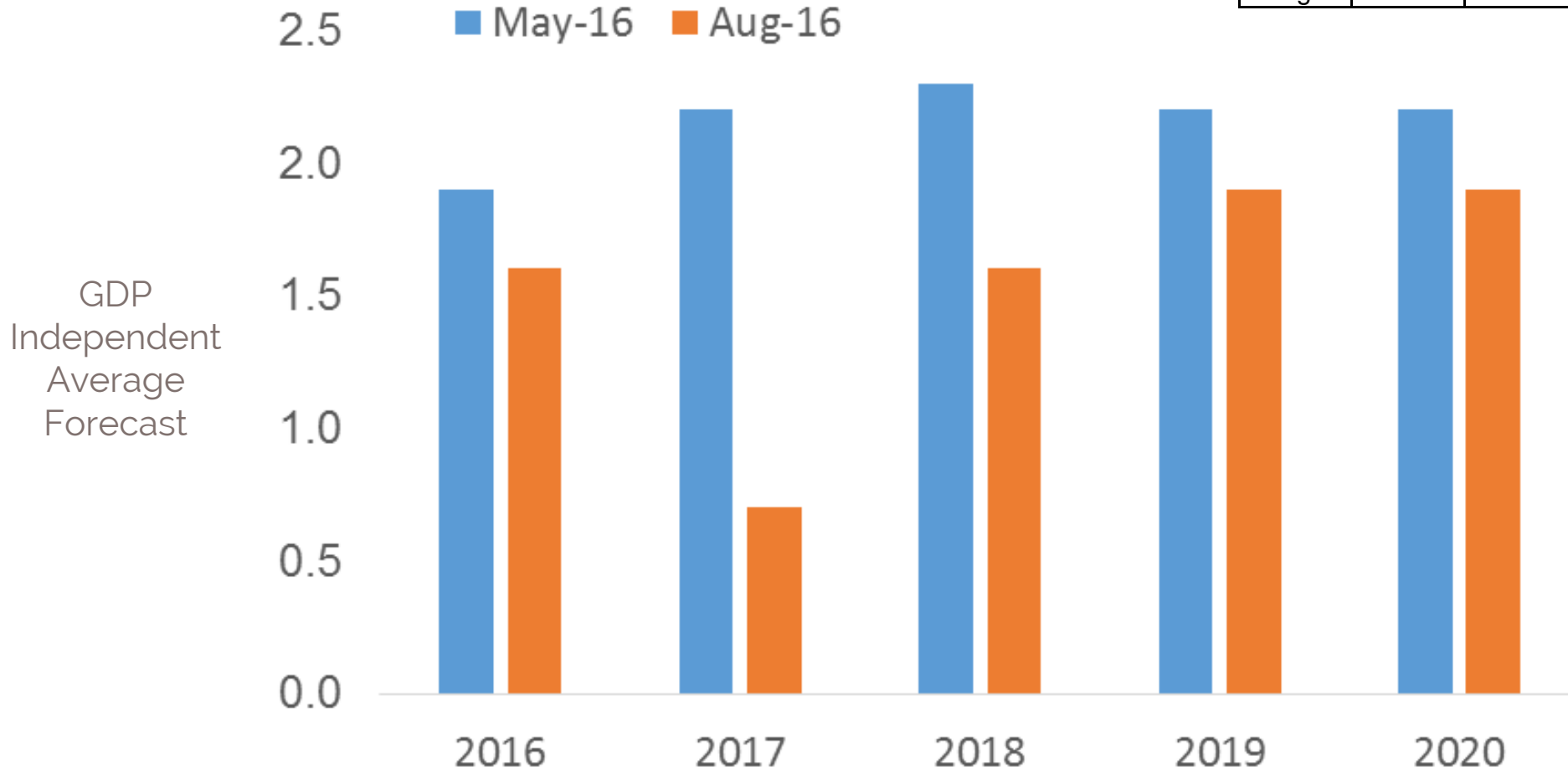


- Result unexpected!
- Business as usual for used cars
- No immediate drop in economy
- Beginning of a long process
- Future fall in new car registrations



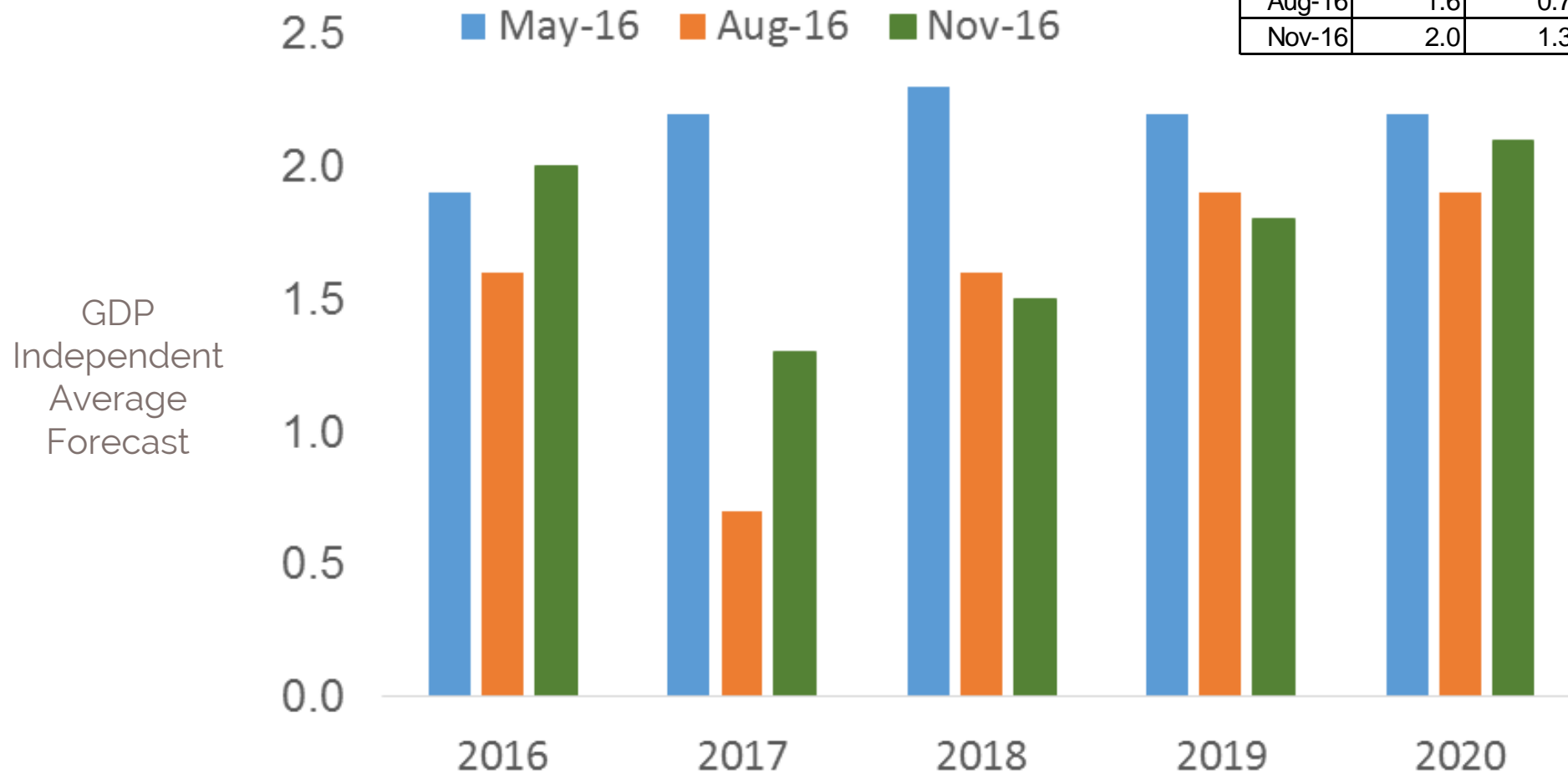
# Immediate Impact On UK Economic Forecasts

	2016	2017	2018	2019	2020
May-16	1.9	2.2	2.3	2.2	2.2
Aug-16	1.6	0.7	1.6	1.9	1.9



Source: HM Treasury Forecasts For the UK Economy – a comparison of independent forecasts

# Impact Diminished Over Time

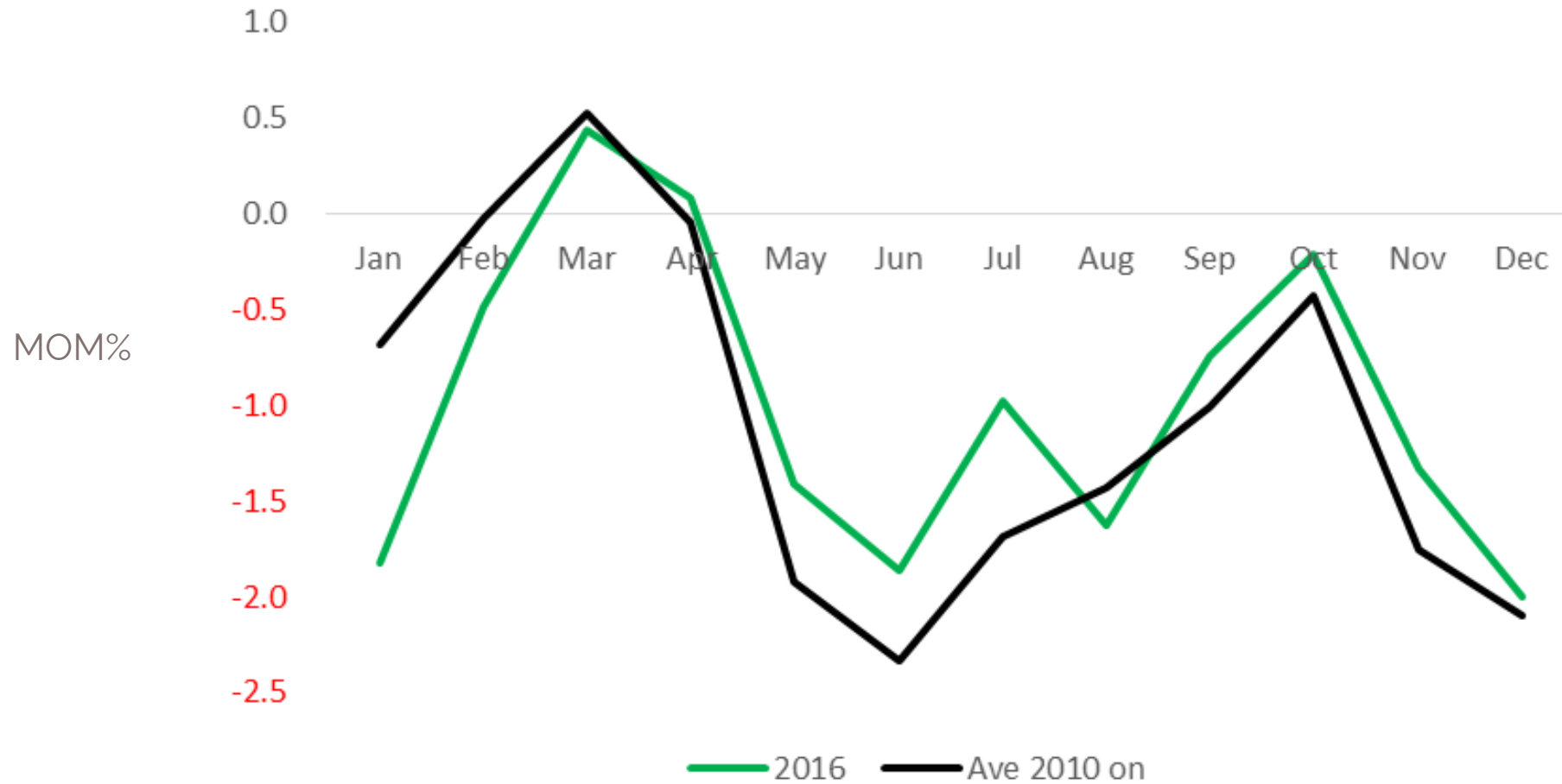


	2016	2017	2018	2019	2020
May-16	1.9	2.2	2.3	2.2	2.2
Aug-16	1.6	0.7	1.6	1.9	1.9
Nov-16	2.0	1.3	1.5	1.8	2.1

Source: HM Treasury Forecasts For the UK Economy – a comparison of independent forecasts

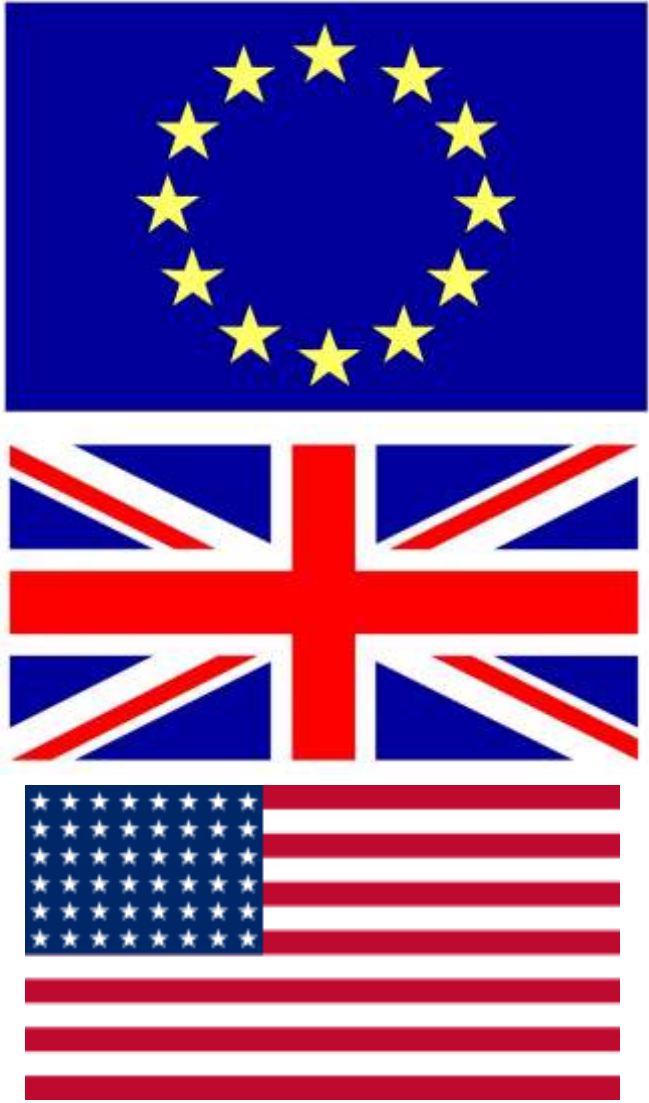
# UK Used Car Price Movements

## 2016 monthly book movements



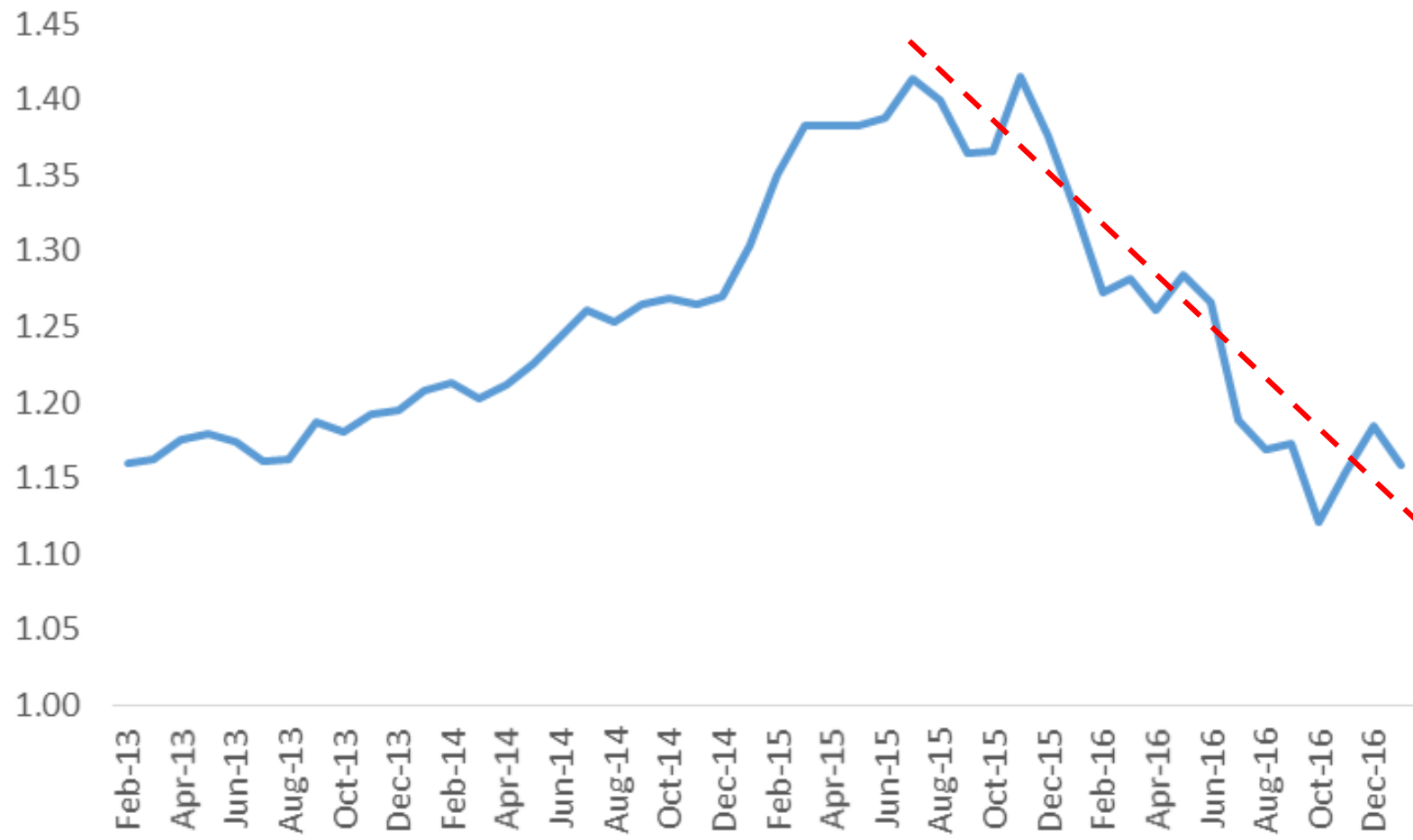
Source: cap hpi

# The Trump Card



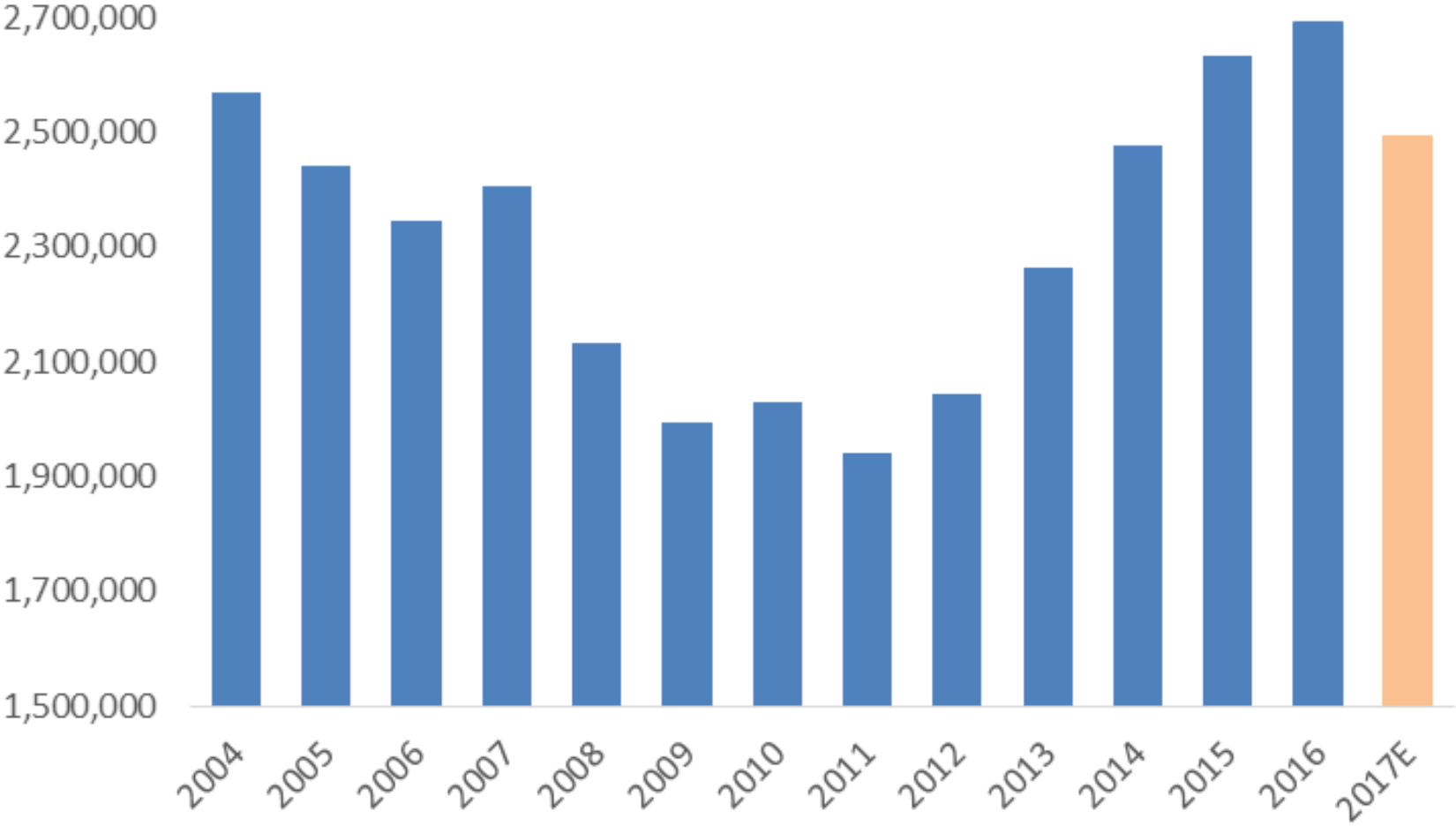
# New Exchange Rate Environment

## Sterling vs. Euro



Source: Oanda.com; ukforex.co.uk

# UK New Car Registrations

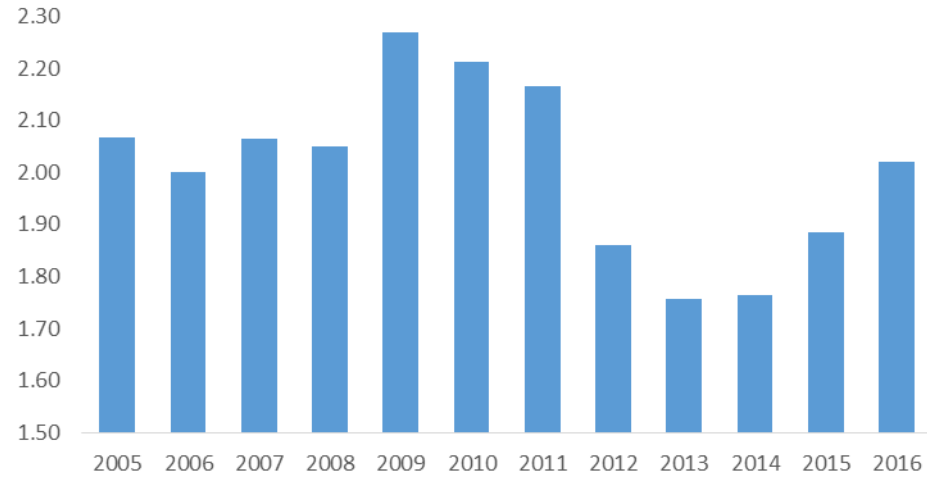


Source: SMMT & cap hpi

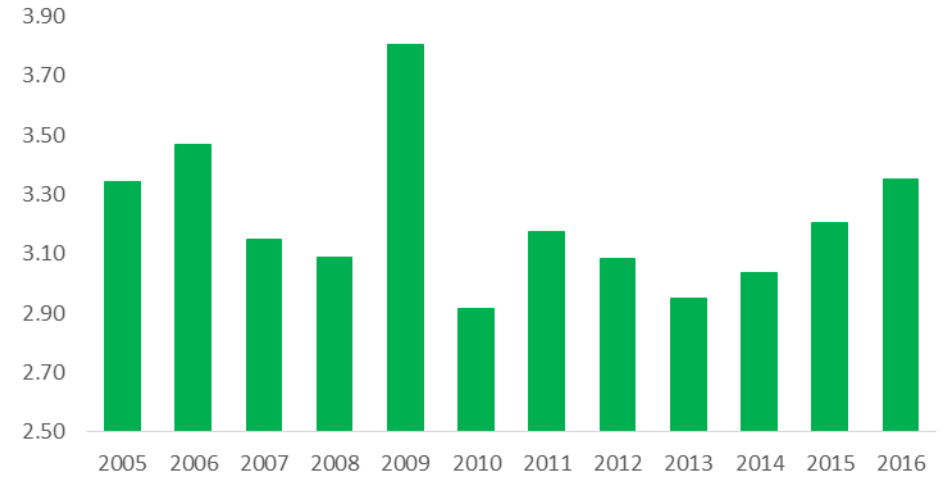
- Long, complex process – final exit remains uncertain
- Likely reduction in UK GDP through 2017, but no recession
- Business as usual (or better!) since referendum
- Impact of lower UK GDP offset by lower new car regns
- Potential for long term positive impact from trade deals
- NO clear impact on overall future used car values

# New Car Registrations By Country

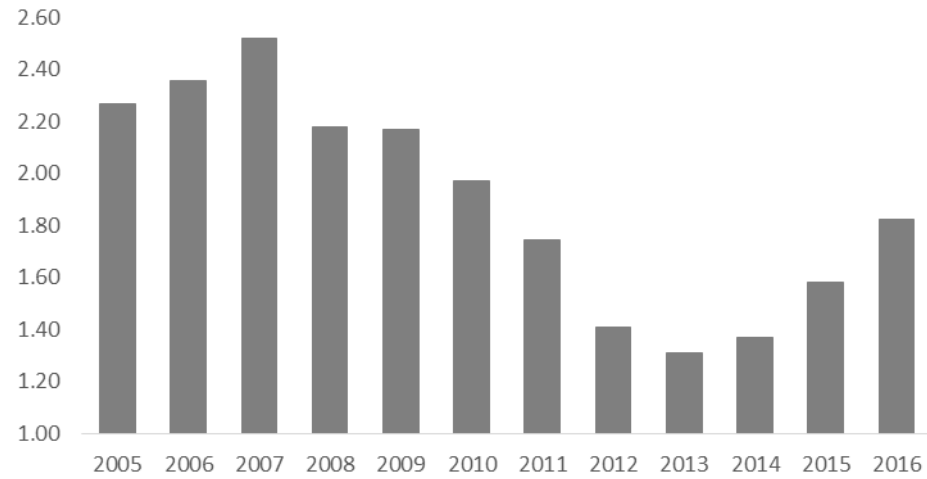
## France



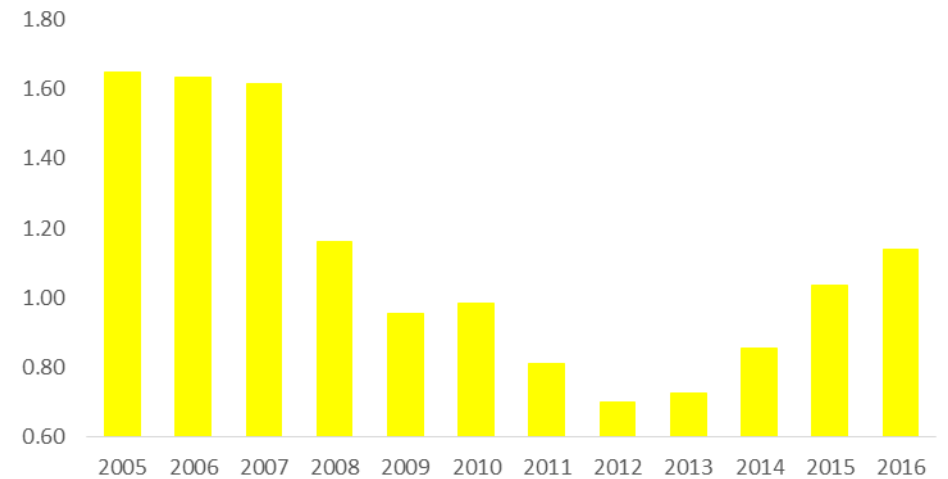
## Germany



## Italy



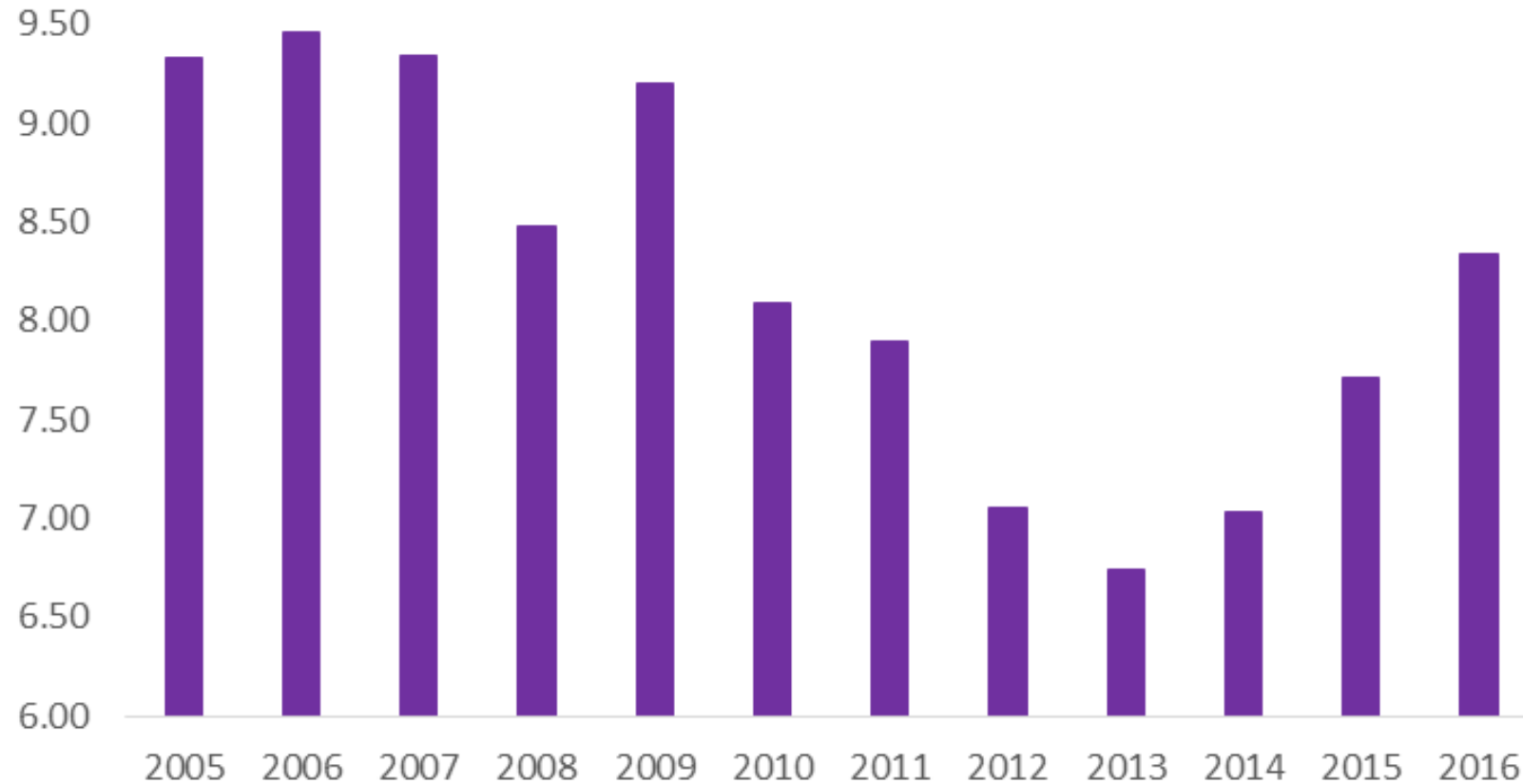
## Spain





# New Car Registrations – Major Markets Combined

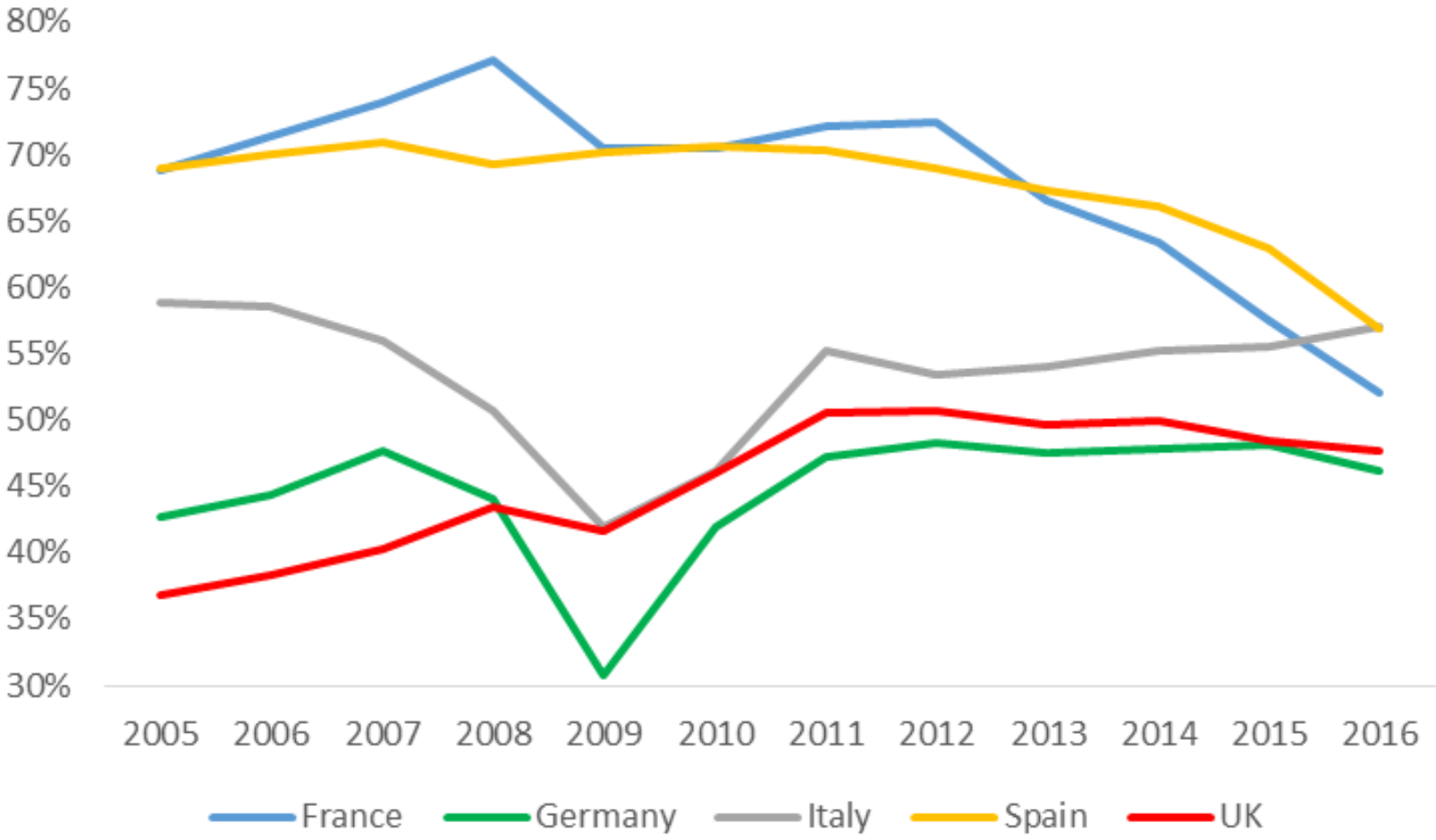
## Big 4 Total



Estimated pent-up volume >10 million units 2012-2016

- Potential for negative impact from Brexit
- New car registrations to continue increasing
- Used car supply expected to increase
- Potential for long term negative impact from trade deals
- More pressure on future used car values

# New Car Registrations % Diesel



## Worldwide harmonised Light vehicle Test Procedures

- Co-ordinated by UN Forum for Harmonisation of Vehicle Regs
- Maximum of 4 test cycles (plus Combined)
- Implemented for all NEW vehicles from Sep-17
- Compulsory for ALL vehicles by Sep-18
- Differentiates CO<sub>2</sub> & MPG (L/100km) based on equipment
- Likely issues for those countries with CO<sub>2</sub> based legislation

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