The recent incoming economic indicators (e.g. Ulster Bank PMI, claimant count unemployment) have shown a divergence in the pace of recovery between Northern Ireland and the rest of the UK. This is also evident in the latest new car sales figures.

Following January's blip (-5% y/y) , year-on-year growth has returned in February, albeit at a relatively modest rate of just over 2%. This compared with annual growth rates of 12% for the UK, 13% for Wales, 14% for Scotland and 25% for the Republic of Ireland. It should be noted that the Republic of Ireland's strong rates of growth have been coming off extremely low levels. New car sales volumes in the Republic of Ireland over the last 12 months are still 43% below 2007 levels.

Meanwhile, Northern Ireland new car sales volumes over the last 12 months are 17% below 2007's levels. It is noted that England, Scotland and Wales are currently reporting higher volumes of new car sales than prevailed before the recession. Falling food, energy and petrol bills coupled with pay rises will boost disposable incomes in the year ahead. In turn, this should lead to increased consumer spending particularly on big ticket spending items such as new car sales.

Despite the fact that new car sales in Northern Ireland for the first two months of the year are almost 2% below the corresponding level last year, 2015 is still expected to be a 4th successive year of growth in new car sales.

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