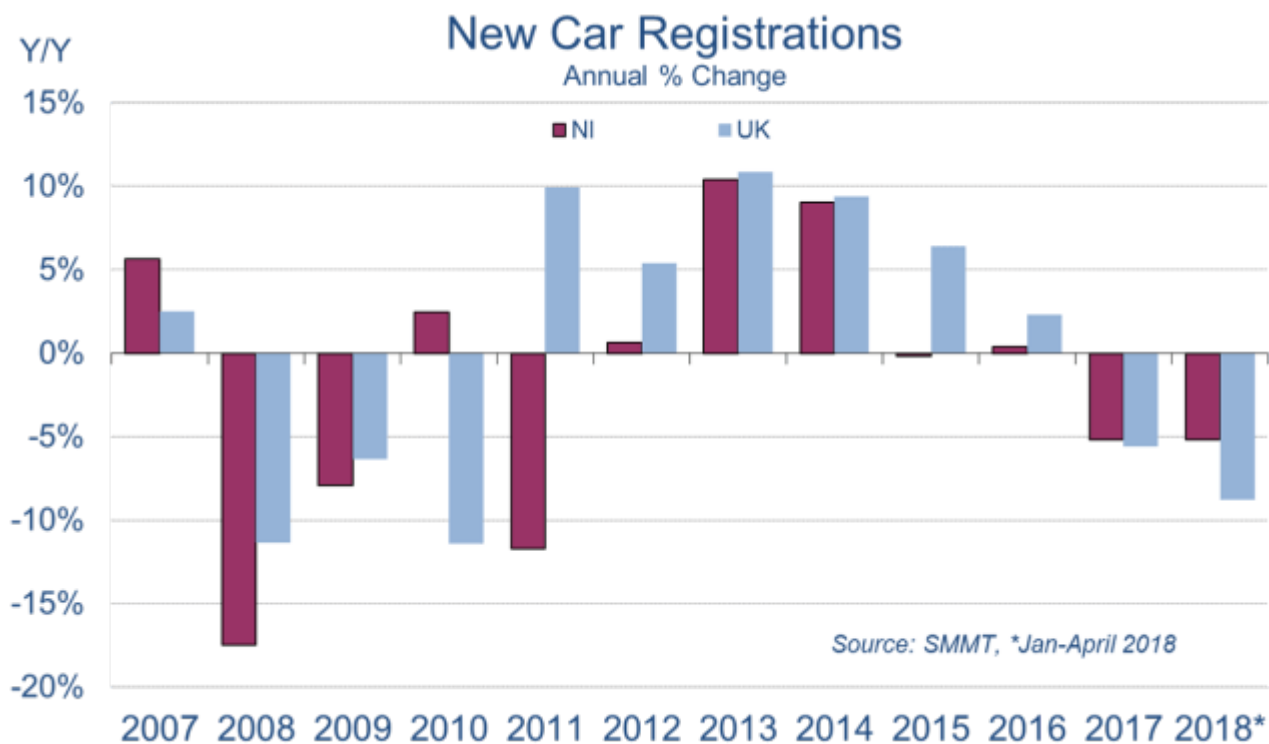


New car sales traditionally provide a useful barometer of consumer confidence. In recent months, however, interpreting the figures requires a degree of caution given the significant volatility, in the car sales. Tax changes, the weather and the timing of Easter have all affected the volume of new cars sold and the annual growth rates over the last 12-15 months. This ‘noise’ can misrepresent the genuine underlying trends.



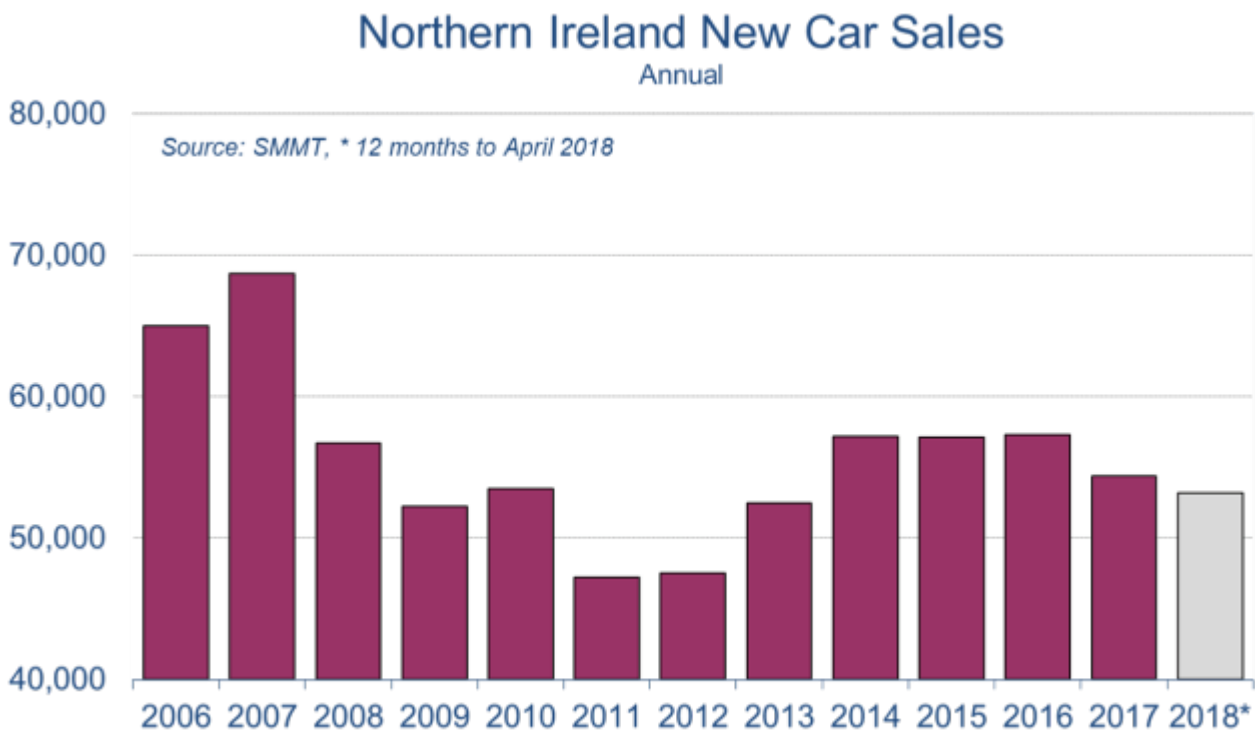
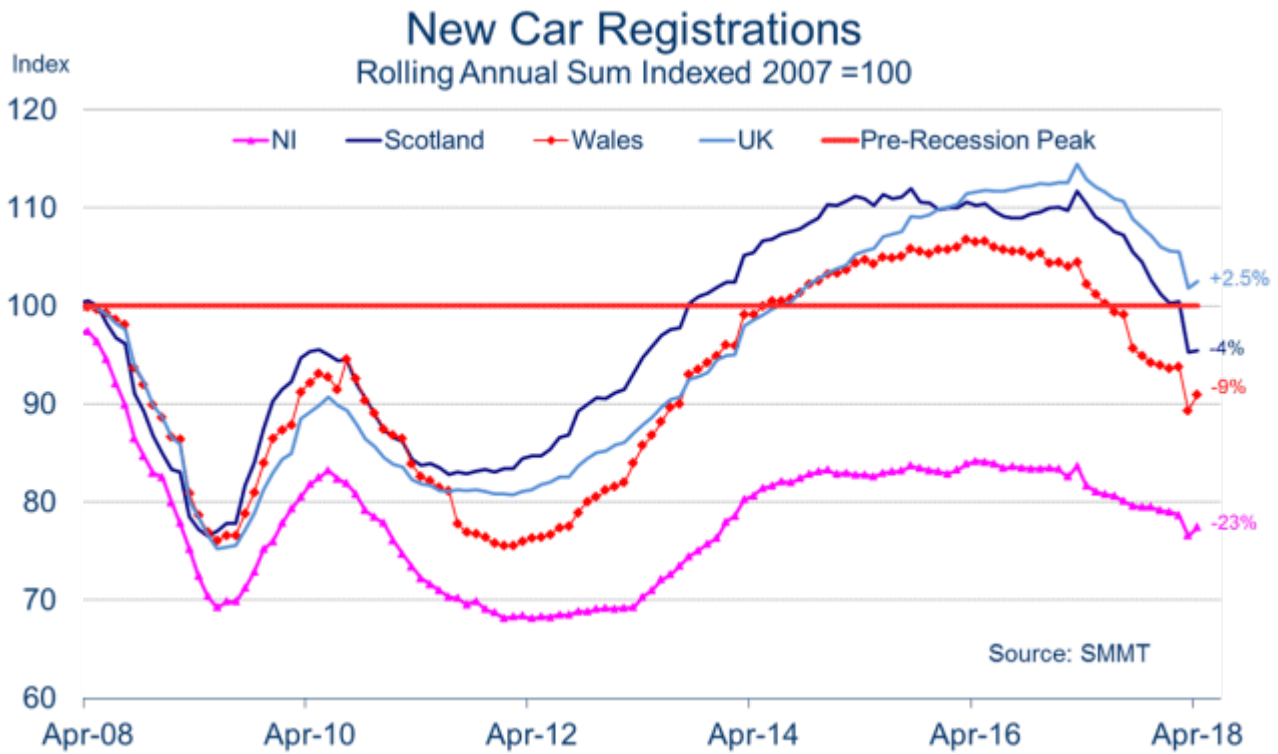
According to the latest SMMT’s new car registrations, April saw a surge in UK sales of 10.5% y/y. This ranged from an increase of just over 3% for Scotland to almost one-third for Wales. Northern Ireland dealers reported a rise of over 18% in April relative to the same month last year.

So does this double-digit rise in car sales mark a recovery in Northern Ireland consumer confidence? In a word, no.

The underlying picture still remains one of depressed new car sales in the Northern Ireland market. The year-on-year rise in April is coming off a very low base in 2017. The latter resulted from the introduction of increased Vehicle Excise Duties (VED) in April 2017. In turn, this incentivised car buyers to purchase vehicles in March rather than April. As a result, new car sales plummeted by 29% y/y in April 2017. That is the low from which we are seeing a big rise (+18%). In addition, this year's April figures are flattered by the timing of Easter, with an extra two selling days this April relative to last year. The weather disruption in March also pushed some new car sales from March into April.

Local dealers sold 3,907 new cars last month. While this was up on April 2017, the last time there were fewer sales in April was 2012. So far in 2018, the trend has been one of falling new car sales with volumes down over 5% for the first four months of the year. This marks the weakest start to a year since 2013. Sales in the first four months of 2018 (21,107 cars) are also some 26% below 2007's high (28,372 cars). Northern Ireland's new car sales figures also continue to be flattered by a buoyant Motability market. Around one-in-four new cars are sold through this scheme locally.

2014 was the last year Northern Ireland posted a meaningful increase in new car sales. 2014-16 saw sales broadly stagnate with a 5.2% fall in 2017. 2018 looks set to be another year of falling new car sales with volumes set to hit a five-year low. However, this headline conceals winners and losers by brand, model and fuel type (*e.g. diesel, petrol or electric*). May's figures will provide a more meaningful gauge of how consumer sentiment is faring as the noise from the weather and tax changes will not be a factor.



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