Q2

EDITION Q2 / 2024

Market Update

In this issue

- The NZ Market
- The NZ Economy
- The Road to Electrification
- Global EV news

Editor: Nick Auld
General Manager
RedBook New Zealand
email: **nick.auld@redbook.co.nz**
Linkedin: **@ RedBook New Zealand**

INDEPENDENT INSIGHTS

The Numbers Don’t Lie

The second quarter of 2024 has been dismal

New car sales for the year to date are down 26% on the same period last year.

While last year is elevated slightly by changes to the Clean Car Scheme that took place on 1 July 2023, the 2024 YTD new car registrations are down 25% against the average of the last 3 years YTD new car registrations. Used vehicle registrations are down 10% on YTD 2023 and down 15% on the average of the last 3 years.

This market slowdown is hurting the network with Centrix recently announcing that dealerships and other auto retailers are 2.3 times more likely to be placed into liquidation than a typical NZ business.

They report that credit defaults for motor vehicle business were up 33%, against an average in the retail sector of 20%.

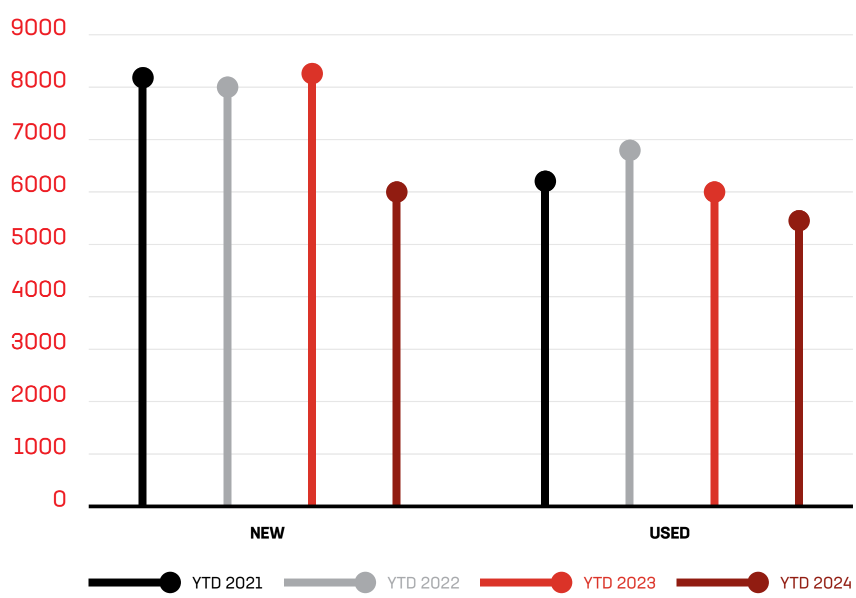
June also saw another drop in the numbers of registered motor vehicle dealers, according to the Motor Vehicle Traders Register, to 2,852. This is the lowest number of registered motor vehicle dealers ever.

As discussed above, used passenger registration numbers are also lower, down 10% on 2023.

The top 10 used vehicle registrations for Q2 2024 are listed (Right) and when compared to the Top10 in Q1 2024 we see the mix relatively unchanged (Nissan Serena is out while the Toyota C-HR is in), but the numbers are lower, in line with the market trend.

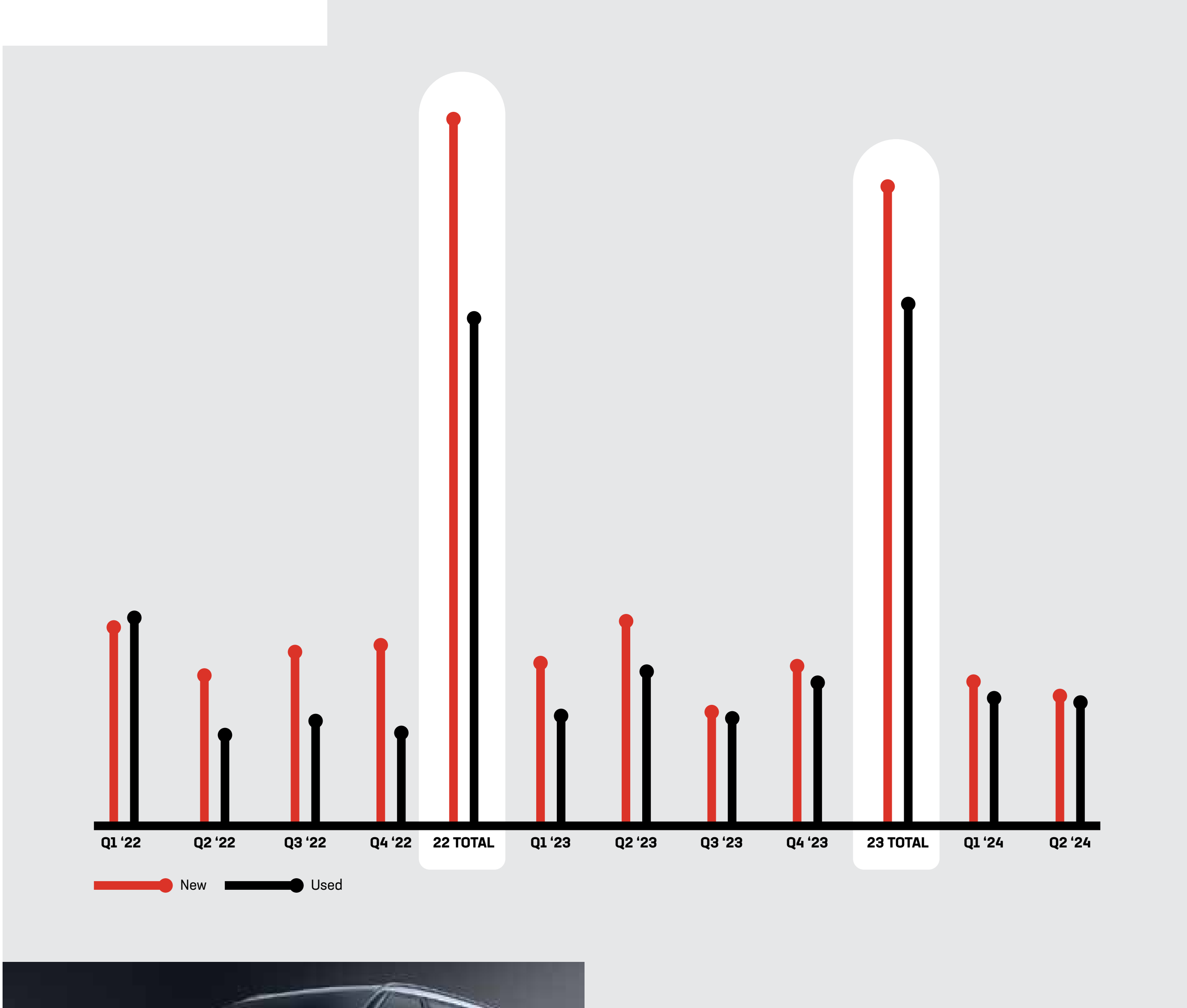
MAKE	MODEL	Q2 2024
Toyota	Aqua	2,361
Toyota	Prius	2,074
Nissan	Leaf	1,018
Toyota	Corolla	955
Nissan	Note	911
Mazda	Axela	828
Toyota	C-HR	822
Mitsubishi	Outlander	817
Honda	Fit	783
Mazda	Demio	752

Motor Vehicle Registrations - YTD 30 June. Source: NZTA.



New Zealand Car Registrations Worst June in 10 Years

NZ Vehicle Registrations



> We anticipate strong new models from BYD (Shark especially) and Jaecoo to further test new car prices in latter 2024, followed by a raft of very attractive new Chinese built models and OEMs to arrive through into 2025. In this climate the marketplace will be forced to adapt accordingly.

Volumes

MAKE	TOTALS'22	Q1 '23	Q2 '23	Q3 '23	Q4 '23	TOTALS'23	Q1 '24	Q2 '24
Toyota	28736	6864	10358	6109	9045	32376	6,994	6,713
Ford	15214	4111	4436	3466	4168	16181	4,922	4,046
Mitsubishi	23890	2849	5293	2296	2980	13418	3,975	3,166
MG	5320	1294	1662	865	2289	6110	725	1,854
Kia	11174	3155	3283	1644	1989	10071	2,217	1,400
Hyundai	8251	2511	2527	956	1598	7592	1,000	1,132
BYD	1687	994	845	440	1441	3720	125	887
Suzuki	8473	2156	2422	1010	1348	6936	1,391	836
Tesla	7007	1234	1335	1068	1268	4905	378	709
Honda	3832	1156	986	482	1059	3683	973	667
Mazda	6036	1258	1354	662	904	4178	942	626
Nissan	4392	1354	1265	838	888	4345	1,543	503
Volkswagen	3780	807	1555	729	759	3850	921	489
Mercedes-Benz	3020	639	567	698	651	2546	601	482
Skoda	2246	436	708	210	426	1780	300	310
Isuzu	3296	721	856	403	419	2399	774	302
BMW	1659	478	431	459	399	1767	452	250
Lexus	1024	252	426	296	336	1310	359	226
LDV	2413	417	407	74	326	1218	181	214
Subaru	2468	688	692	302	279	1961	492	181
Haval	2282	547	1133	173	40	1893	34	19
Others	18675	4059	4521	2713	4574	16867	4,560	3,795
New	**164875**	**37980**	**47056**	**26884**	**37186**	**149106**	**33,859**	**28,807**
Used	**118492**	**26029**	**36234**	**25336**	**33413**	**121012**	**28,576**	**26,900**

Key Models Q2 2024

The second quarter of 2024 ended with June 2024 being the worst June for new vehicle registrations in 10 years.

The quarter didn't fare much better overall, down 15% on Q1 2024 and down 23% on the average quarter volumes in 2023.

- The Ford Ranger (2,791) topped the stats once again reaffirming our love affair with utes.
- Toyota has kept up it's top position in terms of market share (22% of all new vehicle registrations - YTD) with Rav4 (2,328) in at number 2, with Hilux (1,810) 3rd and with Hiace (534) in 9th.
- Mitsubishi then take up the next three spots with the all new Triton (1,285) at 4th, ASX (759) at 5th and the Outlander (723) close behind in 6th.
- Suzuki released the fourth generation Swift during Q2, and ran-out some of the third gen, to step up a spot to 7th place with 710 units registered in the quarter. This dropped the Kia Seltos (597) back a place to 8th.
- Ford rounds out the Top 10 with Transit (451) in 10th spot, although closely followed by the Everest (447) in 11th. The three Ford performers, Ranger, Transit and Everest secure them 2nd spot in OEM market share with 14% of the new vehicle registrations, YTD.

New Zealand Economic Update

Business Confidence Falls Further – May 2024

The latest Auckland Business Chamber confidence survey, conducted in May, reveals that Auckland businesses are bracing for continued economic headwinds and adjusting to the new normal.

Auckland Business Chamber reflects National mood

Key Findings

Business Confidence

- 65% of businesses surveyed have negative business confidence, up from 52% last quarter.

Economic Performance

- 65% of businesses surveyed expect a continuation or decline in New Zealand's economic performance over the next 12 months, a slight improvement from 67% last quarter.

Business Performance

- 49% of businesses report underperformance compared to expectations, a slight increase from 47% last quarter.

Business Revenue

- 55% of businesses report a decrease in revenue compared to the previous year, up from 50% last quarter.
- 63% expect a continuation or decline in revenue over the next 12 months, compared to 62% last quarter.

Business Costs

- 77% of businesses expect costs to rise over the next 12 months, down slightly from 79% last quarter.
- 64% have increased or plan to increase their prices, compared to 65% last quarter.

Top Business Concerns

- Consumer confidence and demand: 63%.
- Inflationary pressure and interest rates: 62%.
- Productivity and Growth: 37%.
- Cashflow: 36%.

New Zealand Economic Outlook

Westpac refers to the economy ‘grinding out the hard yards’ in a tough global market.

“

Lingering domestic price pressures mean that OCR reductions are still not expected until early 2025. The eventual easing in borrowing costs is expected to see a recovery in economic growth taking hold from 2025.

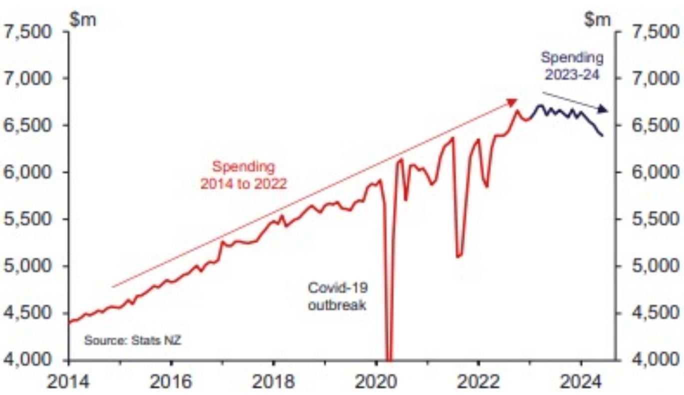
Key Economic Forecasts Source: Westpac

	2022	2023	2024(f)	2025(f)
GDP growth (% year)	2.2	-0.3	0.7	2.4
Inflation (% year end)	7.2	4.7	2.9	2.2
Unemployment rate (%)	3.4	4.0	5.2	5.4
House prices (% year end)	-10.8	-0.9	5.8	6.7
Official Cash Rate (%)	4.25	5.50	5.50	4.50

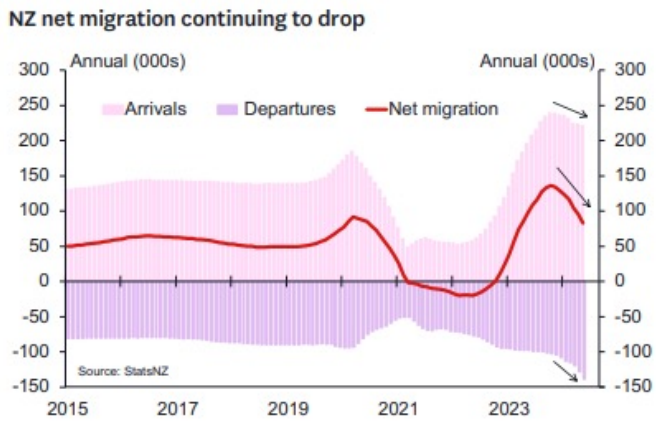
Key Views Source: Westpac

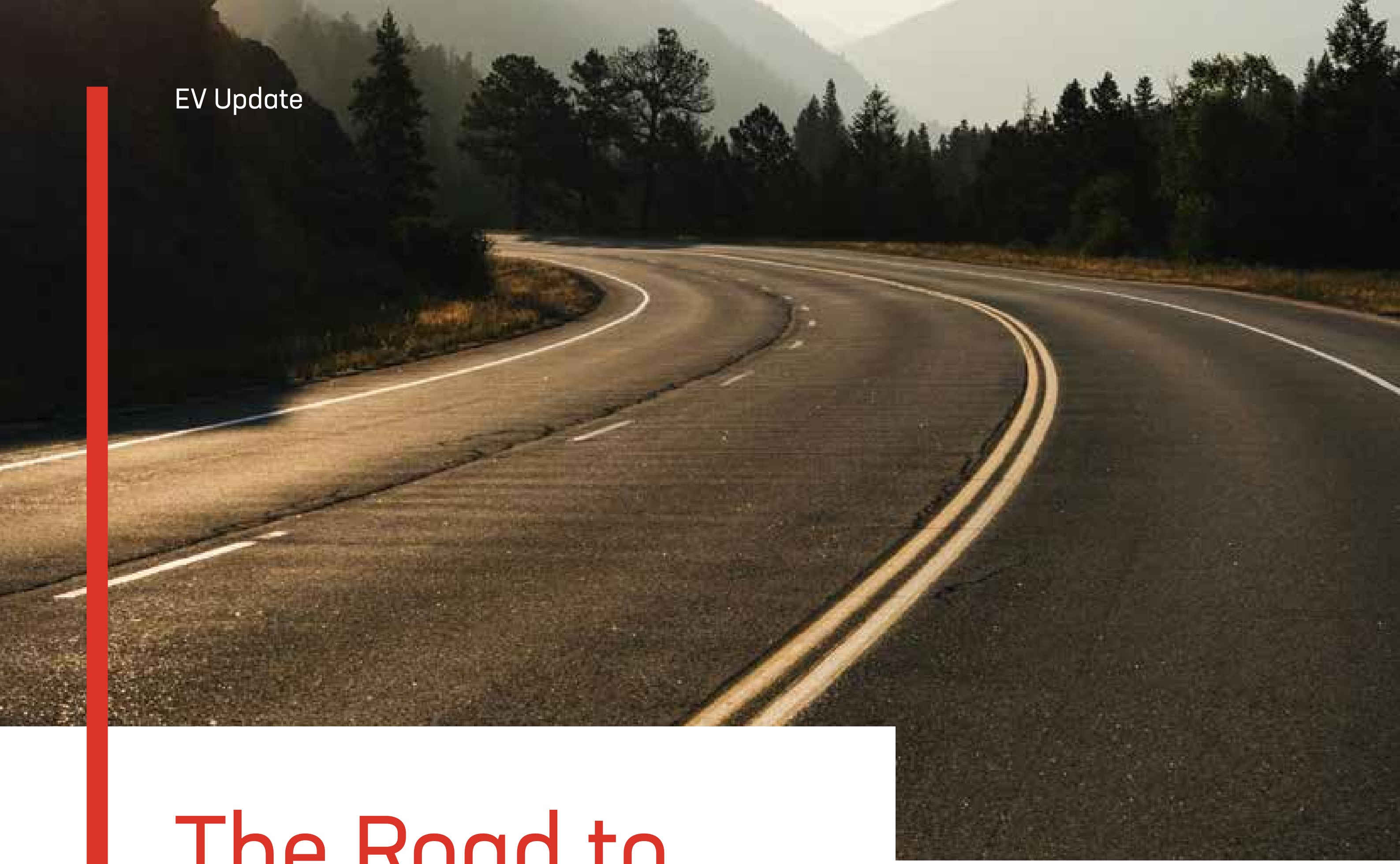
	Last 3 months	Next 3 months	Next year
Global economy	→	→	↗
NZ economy	↘	→	↗
Inflation	↘	↘	↓
2 year swap	↓	↗	↘
10 year swap	↘	↗	→
NZD/USD	↗	→	↗
NZD/AUD	↘	→	↘

Retail Spending Dropping Back



NZ Net Migration Continuing to Drop





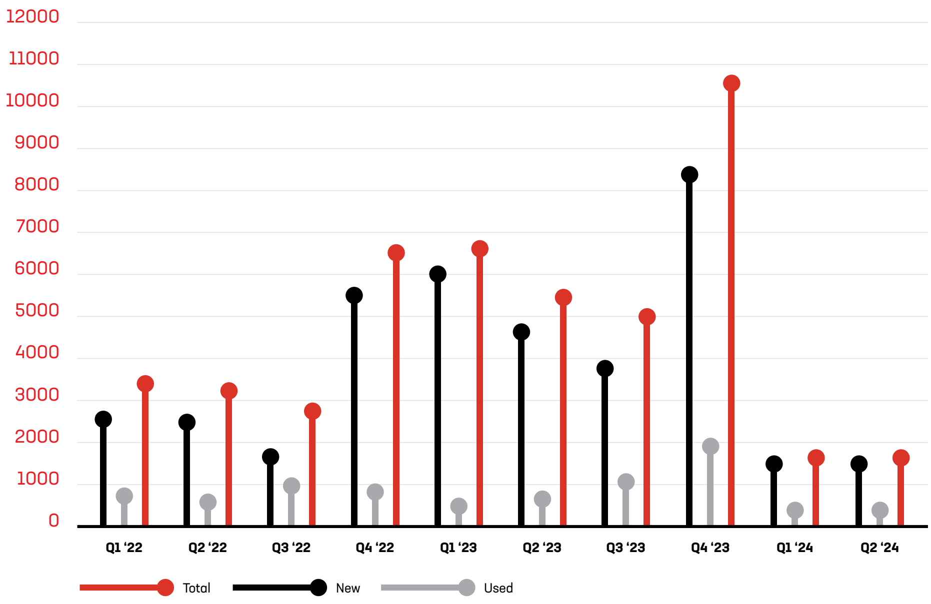
The Road to Electrification

YTD 2024 EV numbers are down 72% on the same period last year. The small glimmer of hope is that EV numbers for June 2024 are up and made up 12% of all vehicles registered for the month, and Q2 2024 is up 6% on Q1 2024.

These increases in sales seem to be on the back of discounts by the manufacturers, with some brands stripping $20,000 off the recommended retail to generate sales.

The June results are also influenced by Field Days discounts that were offered during June.

EV Sales by Quarter



Global EV News

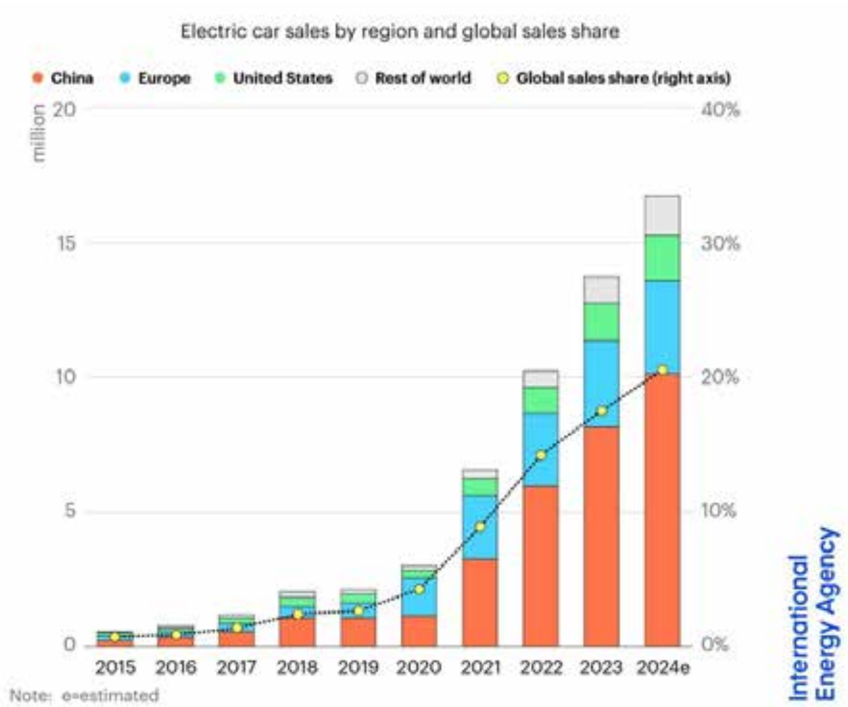
While New Zealand is slowing down as regards sales of Electric vehicles (EV's) worldwide sales are expected to soar to around 17 million units in 2024, marking another year of robust growth in the automotive sector, according to the latest Global EV Outlook from the International Energy Agency (IEA).

This forecast suggests that EVs will account for over one in five cars sold globally, demonstrating their evolution into a mainstream product across a growing number of markets.

The IEA also points to a burgeoning interest in electric two - and three-wheelers in regions like India and Southeast Asia, where they contribute significantly to improved air quality and emissions reductions. In 2023 alone, 1.3 million electric two-wheelers were sold in these areas, highlighting their growing acceptance.

We are noticing a significant increase in the numbers of electric two-wheelers available in NZ market both from overseas and with locally produced models produced by FTN and UBCO.

Global electric car sales are on track to grow strongly again this year, reaching about 17 million



Ranking	Chinese Brands	Sales Volume
1	BYD	1.607 million
2	Chery	1.057 million
3	Geely	955,000
4	Changan	809,000
5	SAIC-Volkswagen	754,000
6	FAW-Volkswagen	512,000
7	Great Wall Motor	467,400
8	Tesla China	426,000
9	GAC-Toyota	336,000
10	SAIC	331,500
11	SAIC-GM-Wuling	331,000
12	Dongfeng-Nissan	328,000
13	Brilliance Auto	316,000
14	FAW-Toyota	308,000
15	Beijing Benz	278,000
16	Dongfeng-Honda	236,000
17	SAIC-GM	225,000
18	GAC-Honda	207,000
19	FAW Hongqi	201,000
20	Li Auto	188,000

China

So far in 2024 2024, China's automobile production and sales were 13.891 million and 14.047 million vehicles, up 4.9% and 6.1% year-on-year, respectively.

In particular, the sales growth rate of New Energy Vehicles was significantly higher than that of gasoline-powered vehicles: the production and sales were 4.929 million and 4.944 million units, up 30.1% and 32% year-on-year, respectively; NEVs hit 35.2% of the market share YTD in China.

Europe

The European Automobile Manufacturers' Association (ACEA) has launched their #FutureDriven Manifesto policy aimed at realigning Europe's OEMs and disconnected governments to achieve emission goals and maintain competitiveness.

The EU is at a pivotal crossroads. The time is now to craft a visionary industrial strategy that not only preserves but elevates our auto industry to new heights of competitiveness.

This strategy is essential to forging a compelling business case for the transition to zero emission mobility.

The global race is on and while the EU focuses on regulation and targets, the United States and China are accelerating ahead with bold, coordinated industrial strategies to incentivise the green transition

Their 6 key steps include:

1. Unlocking financial support for zero-emission technologies, recycling and raw material recovery
2. Securing a reliable supply of critical raw materials
3. Enabling manufacturers to affordably and profitably produce electric vehicles in Europe
4. Accelerating infrastructure permitting processes
5. Ensuring a steady and affordable supply of low-carbon electricity
6. Expanding purchase and fiscal incentives for buying and using electric vehicles

USA

EV sales were up in the first half of the year YOY by 10% in the US and Canada.

GM increased its BEV sales by 34% in Q2 v Q1 and Ford by 18%.

Honda introduced its Prologue SUV and the Acura ZDX in Q2.

GM has also been increasing production in Mexico. These include the Chevrolet Blazer, Chevrolet Equinox, Honda Prologue, and most recently the Cadillac Optiq.

Annual volumes in the US are expected to double by 2028 but remain very low comparatively.