

European car sales show little sign of upturn

By Laurence Frost and Jennifer Clark(Reuters) – German, French, Italian and Spanish car sales fell in May, bringing the crisis-hit European market closer to a two-decade low and dampening manufacturers’ hopes for a recovery this year. Automakers suffering from weak economies and excess plant capacity had taken heart when demand picked up a little in April, suggesting a slide of almost 10 percent in Europe’s first-quarter car sales would not play out in the full year. But Germany, Europe’s largest car market, swung back to a heavy decline in May, shrinking 9.9 percent, according to official data cited by Mazda’s German unit. This followed a gain of 3.8 percent in April that now looks attributable to simple calendar effects. The drop in French sales deepened last month, with a slide of 10.3 percent after a 5.2 percent fall in April. In Italy, Europe’s fourth-largest market, car sales fell 7.9 percent in May, although the drop was less steep than a 10.8 percent fall in April. In Spain, sales fell 2.6 percent in May, a month after recording their first year-on-year gain since last August, the Spanish car industry association said on Monday. Europe-wide car registrations rose in April for the first time in 19 months, helped by extra sales days as Easter holidays fell earlier than in 2012. After five years of contraction, embattled carmakers are desperate for an end to the slump. Many are counting on a regional fall no greater than 5 percent this year, helped by a favourable basis of comparison with the very weak second half of 2012. In Spain, one of the markets hit hardest by Europe’s debt crisis and the government’s belt-tightening response, May’s modest sales drop was tempered by government subsidies. The same incentives helped deliver April’s 10.8 percent surge. Among major brands, sales slides of 46 percent for Renault and 17.3 percent for Volkswagen led the Spanish decline. Renault was also among the biggest decliners in France, with a 20 percent drop for its namesake brand. French sales by General Motors’ Opel brand dropped by a quarter, and Ford’s sales fell 16.6 percent. Light commercial vehicle sales tumbled faster than cars. New mini SUVs and minivan models from Renault and PSA Peugeot Citroen will bring some respite in June-July, France’s carmakers’ association CCFA said, reiterating its forecast for an 8 percent full-year domestic market decline. “But the delivery van sales are a clear sign that economic activity is still very weak,” spokesman Francois Roudier said. There were a few bright spots. Belgian car sales rose 9.2 percent, the federation of car sales said on Monday. Reuters