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Motor Finance

NEW LIGHT ON OLD VEHICLES

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The solutions for finance providers to help improve customer experience

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More brands are focusing on the Chinese market – and not just to drive sales

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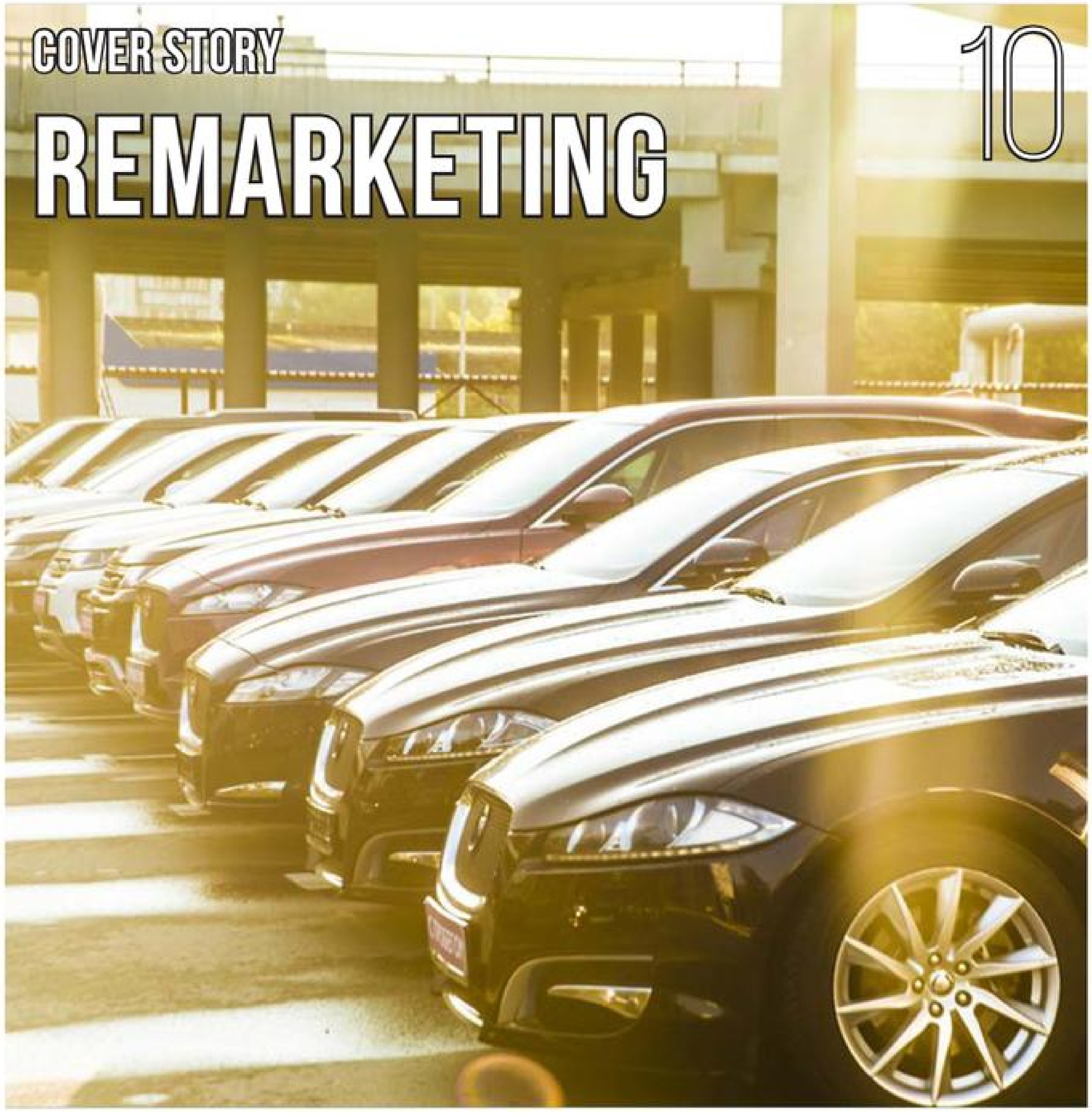

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JANUARY 2019

EDITOR'S LETTER
THE FUTURE? IT'S ANYONE'S GUESS

Brian Cantwell, Editor

So the new year is here, and what can we expect from 2019 for motor finance?

With the way publishing works, I am writing this at the start of December, so the FCA motor finance thematic review will either have arrived, or not.

It might be that the Brexit backlog has started to hit the regulator, as the review was originally due in September. Certainly, as I write, the FCA has just released its documents about handling the Brexit no-deal/deal scenario, or the withdrawal deal, and how it would affect its financial services regulation.

In the annex at the back there is a list of EU financial services regulatory initiatives that are unlikely to come into force during the implementation period. They include cross-border payment regulation, non-performing loans, promotion of the use of SME growth markets, and a review of the motor insurance directive, which could all potentially affect the motor market.

It also references the Bank of England's Financial Policy Council (FPC) report that made the papers in December, which was either a warning or cast off as 'Project Fear', depending on what paper you read.

"The FPC has judged that [while] the UK financial system is resilient to a macroeconomic shock arising from a no-deal Brexit, and that many of the risks to disruption in the provision of financial services from the EU to UK have been addressed, or will be addressed through future legislation, there are a number of wider risks," said the regulator. "Consumers could also potentially be affected, either directly if firms are unable to continue providing services, or indirectly as a result of wider economic or market disruption. Over time, market fragmentation could have a harmful impact on financial services' markets more widely, through reduced competition and increased costs for customers in both the EEA and UK."

With two months until we find out what this could look like, it is probably also worthwhile considering the increasingly heated warnings that are coming from the Society of Motor Manufacturers and Traders (SMMT) on behalf of car manufacturers: "A 'no-deal' Brexit must be ruled out now to avoid damaging one of the EU's most valuable economic assets."

The SMMT is worried that the supply lines used to make most modern cars will be badly disrupted, leading to a shortage in the supply of new cars. This has led to manufacturers like BMW and JLR stockpiling parts and engines – and who knows how the average consumer will react to their own financial pressures?

As expressed in previous editor's letters, it is reasonable to expect the used car market to rise, and perhaps new car penetration rates to fall. Beyond that, it is anyone's guess as to what will happen. ■

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TIME FOR A NEW ANGLE ON REMARKETING?

Chris Farnell takes a look at the vehicle remarketing sector, the unique challenges it presents, and the rapid changes it is undergoing in a period of market upheaval and uncertainty

Talking to the various figures in vehicle remarketing, there is a range of opinions about the sector. However, there is one thing on which everyone can agree: it is never boring.

"It is very dynamic and constantly balances the demand from buyers with the supply of vendors," says Martin Potter, group operations director for Aston Barclay.

"The car finance sector is a rich source of stock for the remarketing sector in that it supplies a great mix of cars, from voluntary terminations to ex-PCP and PCH stock and higher-value cars. The remarketing sector can often influence the profitability of selling ex-finance stock – get your reserve sale price and vehicle condition correct when sending it to auction and ultimately you benefit with higher residual values."

"Obviously, in vehicle remarketing we're at the end of the process – and the end of the process that can often be challenging in terms of where the vehicle has been terminated, whether it's a repossession or a voluntary termination," explains Roger Evans, sales and marketing director at G3 Remarketing.

"So, we do sometimes get involved with people in difficult circumstances. We have worked with repossession agents who can have difficulty finding vehicles on behalf of finance customers, and when we get vehicles back it often hasn't got the necessary paperwork. So, in the finance world, we're the people who pick up the pieces and make the best of a bad lot."

> "THE CAR FINANCE SECTOR IS A RICH SOURCE OF STOCK FOR REMARKETING

It is also an area of the market that is rapidly evolving as technology improves and customer expectations rise. "In many respects, Aston Barclay is mirroring the car finance market in that it is making better use of digital technology such as Apps that are downloadable free to a smart phone or tablet in response to customer needs," Potter says.

"More used car buyers than ever use their smartphone to run their business, which is why we launched the Buyer App to help them source and bid on stock wherever they are in the world. Likewise, the Vendor App enables vendors to run their used car auctions from their smartphone, but still with the power to talk to the auction remotely and answer buyer questions and accept provisional bids to optimise sale conversion rates."

Overall, the market has been performing well, even as the challenges inherent in the sector are still present. Reflecting on


Martin Potter, Aston Barclay

some of the recurring challenges in vehicle remarketing, Evans notes: "The market for used cars has been very strong generally speaking. Obviously, vehicles come in all shapes and sizes and depending on whether they're normal end-of-life or terminated mid-life, you get them coming back in all sorts of conditions with no keys, no service history, etc.

"Buyers tend to want an understanding of who the finance customer is, and some finance vendors will have a better following because buyers will know who they are. We try to mitigate that by pulling out all the stops to get additional keys, try to take some of the gritty aspects out of it, and go to extraordinary lengths to try and find service histories."

Challenges aside, however, demand in the market is strong, especially as many customers are moving into the used car market away from new cars.

"The general demand for used cars across all sectors of the used market during 2018 has been strong. While new car sales have fallen during 2018, used car demand and sales have continued to grow," Potter says.

"Used prices of late and low stock have risen by £287 from October 2017 to October 2018, while ex-fleet stock has risen by £447 to £10,177 in the same period, an increase of 4.4%. Used diesel stock, in particular, is performing very well when compared with a fall of over 40% in the new market, while a growing number of plug-in hybrids and electric vehicles are starting to reach the market."

He continues: "Reaction in the used market has continued to grow during 2018 with average prices rising from £11,365 in the fourth quarter of 2017 to £13,073 in the third quarter of 2018, a rise of £1,708."

Philip Nothard, customer insight and strategy director for Cox Automotive UK, has also seen the used car market performing well in comparison to its new car counterpart.

"The well-publicised challenges facing the new car market, with registrations in steep decline, has caused pressures in the dealer part-exchange and lease or contract hire volumes," he points out.

"The outlook for the used car market, though, looks strong in comparison, and we expect the market to exceed 8 million used vehicle transactions – as referenced in our new *Cox Automotive Insight Report* – in 2018."

Nothard continues: "We are seeing a growing appetite among dealers to both invest and place increased focus on their used cars operations, which is creating a strong supply and demand market throughout the year and into 2019."

NEW CHALLENGES

However, at the same time, Nothard urges caution, saying: "2018 has been a year of significant change, and these have been challenging times for the UK automotive industry with the ongoing impact of Dieselgate and the continued uncertainty caused by Brexit."

Retailers are coming under increasing pressure to retain margins and maximise profitability to achieve the best returns on their investment, and as Nothard points out, the key to this is stock.

"Having the right stock for the customer remains the biggest challenge to any retailer, especially with the strength of demand that we are currently seeing in the used car market," he says.

> " MANY CAR MAKERS HAVE EXPERIENCED DELAYS IN BEING ABLE TO BUILD NEW CARS BASED ON THE INTRODUCTION OF WLTP IN SEPTEMBER


Roger Evans, G3 Remarketing

Potter also points to difficulties in finding new stock, especially with the advent of the Worldwide Harmonized Light Vehicles Test Procedure (WLTP), designed to monitor the pollutants that cars emit.

"The most immediate challenge is the impact of WLTP on the overall market. Many car makers have experienced delays in being able to build new cars based on the introduction of the new WLTP legislation in September, which has meant dealers have been unable to sell some new models. Fleets, meanwhile, have had to extend their leasing contracts as new cars have not been available to order," Potter points out.

"The impact is that more franchised dealers are buying nearly-new and ex-fleet used cars to sell to those consumers who do not want to wait a few months for their new car. This has reduced stocking days of used cars in the late and low, and fleet sectors by 4 days and 1.6 days respectively."

Potter continues: "The contract-extension challenge experienced by leasing companies has also seen a slight fall in the number of ex-fleet cars coming back into the used market, which in turn should help keep demand and prices healthy well into quarter-one 2019. It is compliant for the finance house to offer a used vehicle in an open competitive environment, where physical auction provides such a valuable service to the sector."

MAXIMISING VALUE

Aston Barclay demonstrates a number of ways in which businesses can respond to these challenges, including offering more refurbishment services across their network of physical auctions.

"Currently, investing £185 in improving the condition of a Grade 4 car through refurbishment and smart repair to upgrade it into a Grade 3 car can give vendors an uplift in prices of £264," Potter points out. "We are also focusing on speed of collection to get vendors' cars into auction quickly to meet the current high demand and strong prices via our own fleet of vehicle transporters."

"Cosmetic factors are really the key to getting a vehicle 'retail ready', and in the wholesale market, taking a vehicle from Grade 3 to Grade 1 can improve the margin by an average £470, and reduce selling days by six," Nothard agrees.

"For example, assessing the need for wheel refurbishment and smart repairs, and then arranging these promptly, can make a big difference to a retailer when it comes to days in stock."

Aston Barclay has also been collating and sharing its insights to provide a more accurate picture of the market, as Potter points out, "We have also published our *Market Insights* report that looks at how the used market is changing in September and October 2018 compared to earlier this year and this time last year. We then share this with vendor customers and look at ways of addressing challenges, reducing their risk and optimising the speed and price of used cars currently going through auction."

DIGITAL OFFERING

Another area where the vehicle remarketing sector is facing new challenges is the digital realm, with companies having to take a long hard look at the tools and options they provide for their customers. This is becoming more important not only because of rapidly improving technologies, but also because of the rising prominence of customers buying used vehicles over long distances.

"Investing and embracing digital technologies will remain important for retailers who want to stay at the cutting edge of the industry," Nothard says.

"Consumers have access to more information at the touch of a button about cars than ever before, and this will continue to grow. Successful retailers will embrace new technology and seek new innovative ways to do business. Business success today requires being truly agile: from use of data and insight to drive decision making, right through to complete market transformation and embracing new and innovative ways of doing business."

Philip Nothard, Cox Automotive UK

Evans agrees, adding: "Customer expectations have gone up massively over the last few years, and so has the product innovation that people are looking for. If you're not offering something you're at a significant disadvantage, technology-wise.

"We're investing to give people something fresh and innovative while providing clarity and visibility. Innovation is required every step of the way; everything requires new ways of thinking."

> " CUSTOMER EXPECTATIONS HAVE GONE UP MASSIVELY OVER THE LAST FEW YEARS, AND SO HAS THE PRODUCT INNOVATION

G3 Remarketing has responded by offering high-definition video inspections and video 360 images on a turntable at quality levels that can compete with most retailers.

"The quality of inspection that people expect has risen. It's no good just taking a picture in the car park anymore," Evans says simply. "Buyers are becoming more discerning – distance buyers especially, and distance buyers are important.

"We need the confidence of an assured report. The trust of buyers has changed, while it's often thought used car buyers are creatures of habit, their expectations have been raised by the innovation in the industry. Everyone wants a 360 image, the slickest website."

Cox Automotive has also been taking steps to ensure it remains competitive on the digital front. "Quality imagery is more important than ever before when it comes to selling a vehicle, and that applies in both wholesale and retail. Digital retailing is becoming far more commonplace, and high-quality imagery can dramatically increase a consumer's desire to buy," Nothard says.

"We can expect to see more businesses using 360 image functionalities, giving customers a full view of the vehicles interior and exterior. This is a fast-moving, highly innovative area – and will continue at a pace. Increased levels of transparency are demanded, with retailers expected to provide honest descriptions about vehicle condition and the provenance of a vehicle."

"At Aston Barclay we will continue to revolutionise the remarketing industry in bridging the gap between the digital space and physical auction to respond to the ever-changing needs of our buyer and vendor customers," Potter agrees.

"We will continue to roll out more digital technologies. This includes a new online inspection app and another that combines inspection and valuation to enable the consumer to carry out their own inspection prior to visiting a dealer to speed up the trade-in process – this gives the consumer extra confidence when approaching the dealership, which should lead to a cleaner and quicker trade-in transaction for the dealer."

He adds: "We are also working on a new vendor profitability calculator which will provide real-time information to help them manage their stock more proactively, including when accepting provisional bids and setting initial reserves."

With increased market consolidation and a remarkable rate of improvement in the digital and technological aspects of the business, one thing that is clear is that vehicle remarketing is a sector to keep an eye on, and one where only the most adaptable and responsive businesses will thrive.

"Vehicle remarketing is one of those industries that was effectively just bumbling along, but over the last four or five years it has been supercharged by investment and consolidation in the sector, which has pushed those that remain into a very dynamic creative phase in order to keep up," Evans says.

"If you're not running at Mo Farah levels of speed, you're standing still." ■

CHINA: CARMAKERS' LAND OF OPPORTUNITIES

The efforts of brands like BMW, Mercedes-Benz and VW are increasingly centred around the volatile Chinese market – and it is not just about pushing more sales. *Lorenzo Migliorato* writes

Like most other European and American carmakers, for years BMW Group has been manufacturing and marketing its vehicles for the Chinese through a 50-50 joint venture (JV) with a local player, namely Brilliance China Automotive (BCA).

As it happens, the market where BMW has been forced – by law – to operate through a partnership is also the carmaker's single biggest: China accounted for a quarter of its deliveries in 2017, totalling 600,000 vehicles.

For global carmakers, China is a market they simply cannot afford to lose. When the country's economy is in high moods, it regularly features in quarterly reports as "the main driver of growth".

And during rough patches – such as at present, courtesy of the trade war – car stock holders get so spooked by lower deliveries that they immediately push the share price down, no matter how good other regions' sales. That is part of the reason why carmakers accepted ownership constraints, as long as they could get a slice of the country's quickly evolving vehicle market. Now, the Chinese government plans to scrap foreign ownership quotas for local car ventures by 2022. BMW has been among the first of the global companies to take advantage of the changes, bringing its stake in the Brilliance JV to 75% – essentially taking full ownership of manufacturing and distribution for its brand in the country. And Volkswagen, which currently holds 40% of its JV with FAW Group, has reportedly been looking to grow its equity share under the Chinese government's blessing.

In the eyes of some analysts, the liberalisation move is more symbolic than anything. "We believe the potential impact is limited in the near term," Moody's wrote in an April note. "Firstly, Chinese partners are unlikely to lower their stakes in JVs in the near term given the significant sales and profit contribution to their businesses.

"Secondly, typical auto-making joint ventures in China have contract terms of 30 years or more, with many having 10-20 years remaining. As such, current ownership structures in existing auto-manufacturing JVs are protected by JV contracts in the medium term."

Nevertheless, Moody's did say in a separate note that the increased stake in the BMW-Brilliance JV would "enable BMW to better control the operations and decide on future strategy". Additionally, it said lower import duties – another of the Chinese government's pledges aimed at sustaining consumption – would help stimulate demand for higher-priced vehicles, which are often imported, and would in turn give a boost to aftermarket service revenues. But sales are not the only way carmakers are looking to profit from China. They see huge potential for a higher penetration of financing and leasing – as well as a fertile ground for mobility services, which they know would have the backing of policymakers looking to abate congestion and pollution.

BUYING AND FINANCING

The sheer size of China's car market stands in remarkable contrast to its severely underdeveloped motor finance services market.

According to KPMG, penetration of leasing contracts in China in 2016 stood at 7%, with the vast majority of contracts within consisting of what are called "lease-loans", a hybrid product more reminiscent of HP, aimed at the financially excluded.

While a number of Western OEMs have been operating in the car leasing market through such lease-loan offerings, Groupe PSA was among the first to take its chances with the "pure" product, setting up a leasing JV with local partner DongFeng.

Unveiling the project in March 2017, the two companies stated that the leasing products would come "with or without purchase options", explicitly differentiating them from the predominant offering in the market. "They will represent a complementary full range of offers to the current financing solutions and will address a new usage of the automobile," said Rémy Bayle, chief executive of Banque PSA Finance.

In an interesting twist, DongFeng PSA's main competitors – as leasing becomes palatable to China's middle class – will not be high street banks or other captives, but likely the tech giants that already dominate the country's 'walled garden' of consumer financial services.

Didi Chuxing – officially 'the Uber of China' after taking over the latter's local operations in summer 2016 – has grown its car services platform, whose offering includes full-service leasing, into a separate company. The unit, Xiaoju Automobile Solutions, is worth an estimated $2bn (£1.5bn) to $3bn, sources told Reuters last year, and will now see an extra $1bn in investment from its parent company.

Some foreign car companies have opted to tap China's consumer credit incumbents to get their financing and leasing products off the ground – at the same time leveraging their capabilities in online retail. Ford – which recently spun off its China unit into a separate company – last year partnered with e-commerce giant Alibaba to offer online car browsing and HP through the T-Mall portal.

The advantage of partnering with Alibaba is multi-fold: the HP underwriting process relies on data that Alibaba has collected on the car buyer through its other financial products, and the monthly payments are processed through the group's Alipay payment system. In short, Ford uses Alibaba's infrastructure to reach a wider customer base than it arguably would through its own local captive alone.

CAR SHARING & ROBO-TAXIS

With the average city's population numbering in the millions, and with local authorities eager to reduce congestion and pollution, Chinese metropolises are ideal launchpads for car-sharing and ride-hailing services.

In September, Free2Move, Groupe PSA's mobility services brand, launched a fully electric car-sharing service in Wuhan, population 10 million. Like PSA's other operations in the country, it is operated as a JV with DongFeng, and the expansion plans are ambitious: the fleet is expected to grow from 300 vehicles to 3,000 by next year.


The BMW iX3

The foray made PSA – a newcomer to the mobility space in Europe – one of the few, privileged foreign automakers to operate a mobility platform of their own in China; BMW and Daimler already operate respective brands Now and Car2Go in the country.

And while the two German companies are now looking to merge mobility operations in Europe, Daimler is seemingly looking for an edge in China: in October, it signed a partnership with Geely – Volvo's parent – for a car-sharing JV based around premium Mercedes-Benz vehicles. Like Daimler, Geely already operates its own car-sharing platform in China's cities, called CaoCao.

As in financial services, automotive captives will have to compete with homegrown tech giants in the mobility services space too. A number of minor players already operate around various cities, with monthly user numbers ranging from the tens of thousands up to the half-million mark. But it was Didi Chuxing, which already dominates the e-hailing space, that made a splash last year when it said it was pushing into car-sharing as well.

Didi's strategy has been shrewd: rather than going it alone, it brought foreign carmakers on board for the project. The Renault-Nissan-Mitsubishi Alliance, Toyota and Volkswagen are all part of the car-sharing project, and the latter has been reportedly in talks to supply and manage part of the services' fleet. The Didi collaboration also gives carmakers access to a huge trove of data collected through its ride-hailing business, which they can use to augment autonomous vehicle development.

For its part, a functioning robo-taxi fleet would be the Holy Grail for Didi: effectively, the company is doing in China what Uber has done in the US as it partnered with the likes of Volvo. But VW is not limiting efforts to one partner: a few months ago it also joined a similar consortium with Baidu, another of the 'big three' in Chinese tech with Alibaba and Tencent. Not to be outshone, Tencent has said it will look into providing carmakers with connected car technology for future growth.

ELECTRIC VEHICLES

It is no secret that China's government would like to see those battery-powered Electric Vehicles (EVs) on the country's roads as soon as possible. EVs are an area where European carmakers, long attached to their diesel and petrol sales, risk falling behind Chinese and Japanese brands. If they want to get a foothold into the segment, they need the infrastructure to supply high-grade batteries – especially in the face of the demand Beijing has for EVs.

Some have already moved in that direction. The BMW-Brilliance JV plans a "major increase in capacity" at a factory dedicated exclusively to battery manufacturing. And the BMW iX3 – the carmaker's upcoming SUV and flagship EV, which was by no coincidence first unveiled in China – will be built in another plant right around the corner.

Volkswagen is not losing time either: the company said a factory – as per usual, a JV, with SAIC – exclusively dedicated to manufacturing the platform for its future EVs is to open by 2020 in Anting, near Shanghai. "In this way, we emphasize the importance of the Chinese market for the Volkswagen Group," chair Herbert Diess said in October.

There is little doubt that China's market had become the main focus – and driver – of European carmakers' cashflows. A bigger question is whether the country will stay a walled garden, with its very specific rules – or whether it will end up affecting development of the carmakers' home market in turn. ■

MOTOR FINANCE STATISTICS (FLA)

CARS BOUGHT ON FINANCE BY CONSUMERS THROUGH DEALERSHIPS

	Dec 2017	% change on prev. year	3 months to Dec 2017	% change on prev. year	12 months to Dec 2017	% change on prev. year
NEW CARS						
Value of advances (£m)	1,102	-9	3,926	-2	18,784	+2
Number of cars	54,589	-15	198,222	-10	990,029	-7
USED CARS						
Value of advances (£m)	971	+8	3,633	+14	15,436	+12
Number of cars	81,488	+3	309,269	+8	1,357,216	+6

CARS BOUGHT ON FINANCE BY BUSINESSES

	Dec 2017	% change on prev. year	3 months to Dec 2017	% change on prev. year	12 months to Dec 2017	% change on prev. year
NEW CARS						
Number of cars	28,791	-11	106,283	-4	478,136	-2
USED CARS						
Number of cars	4,541	-26	14,684	-8	61,031	+20

ANALYSIS

In 2017 as a whole, the consumer new car finance market increased 2% by value and fell 7% by volume.

The consumer used car finance market reported an increase of 12% by value and 6% by volume in 2017.

FLA head of research and chief economist Geraldine Kilkelly said: "New business volumes in the POS consumer car finance market reached 2.3 million in 2017 – a similar level to 2016. The market expects broadly stable new business volumes in 2018.

"Trends in the new car finance market in the first half of 2018 are likely to be affected by the pattern of demand over the same period last year, when car purchases were brought forward into the first quarter prior to vehicle excise duty changes introduced in April."

88.1% Share of consumer car purchases financed at the dealership in the past 12 months

-0.1 Percentage point change from previous year

MOTOR INDUSTRY STATISTICS (SMMT)

NEW CAR REGISTRATIONS BY VEHICLE TYPE

	Nov 2018	Nov 2017	% Change	Market share Nov 2018 (%)	Market share Nov 2017 (%)
Diesel	51,429	61,752	-16.7	32.4	37.8
Petrol	96,441	93,143	3.5	60.8	57.0
AFV	10,769	8,646	24.6	6.8	5.3
Private	69,355	74,063	-6.4	43.7	45.3
Fleet	84,431	85,010	-0.7	53.2	52.0
Business	4,853	4,468	8.6	3.1	2.7
Total	**158,639**	**163,541**	**-3.0**		

MARKET SHARES BY BRAND – TOP 10

Brand	November sales	Trend	Market share Nov 2018 (%)	Market share Nov 2017 (%)
Volkswagen	15,772	▲	9.94	8.55
Ford	14,666	▼	9.24	11.06
BMW	12,821	▲	8.08	7.82
Vauxhall	11,560	▲	7.29	6.32
Mercedes-Benz	11,391	▼	7.18	7.38
Kia	6,916	▲	4.36	3.66
Audi	6,841	▼	4.31	7.38
Land Rover	6,339	▼	4.00	3.82
Skoda	6,197	▲	3.91	3.13
Toyota	6,156	▲	3.88	3.64

NOVEMBER BEST SELLING MODELS

Fiesta	5,193
Golf	4,678
A-Class	4,104
Qashqai	3,195
Mini	3,170
Polo	3,115
Focus	3,068
Mokka X	2,778
Sportage	2,731
Corsa	2,594

ANALYSIS

In the year to date, more than 2.2 million buyers have taken advantage of an increasingly diverse range of models including ever-more zero and low emission vehicles as manufacturers continue investing in technologies to produce the cleanest vehicles ever made.

The market was down -6.9% on the first 11 months of 2017, but is in line with industry expectations given current challenging conditions.

Mike Hawes, SMMT Chief Executive, said: "Model and regulatory changes combined with falling consumer confidence conspired to affect supply and demand in November.

"The good news is that, as supply constraints ease, and new exciting models come on sale in the months ahead, buyers can look forward to a wide choice of cutting-edge petrol, diesel and electrified cars.

"It's now critical that a Brexit deal is secured to boost consumer confidence and provide a stimulus to the new car market as we enter the New Year."

USED CAR VALUES

CAR PRODUCT SOLD UNIT MARKET PERFORMANCE – NOVEMBER 2018

	Up to 1 year old				1-3 years old				3-5 years old			
Body type	Ave. age	Ave. sold (£)	% of CAP Clean	Price vs previous month (%)	Ave. age	Ave. sold (£)	% of CAP clean	Price vs previous month (%)	Ave. age	Ave. sold (£)	% of CAP Clean	Price vs previous month (%)
Saloon (2.0 or less)	7.97	22,746	99.25	98.88	25.89	16,818	96.47	97.93	44.06	11,877	97.54	101.10
Saloon (greater than 2.0)	8.06	33,931	98.77	100.05	26.22	21,032	95.69	107.27	45.15	13,785	97.25	96.60
Hatch (2.0 or less)	7.74	18,849	98.96	101.07	25.57	11,164	95.46	99.91	44.29	7,720	95.48	99.13
Hatch (greater than 2.0)	7.82	32,453	98.01	97.90	25.05	18,918	96.47	101.17	46.30	17,391	97.30	96.99
Mini MPV (2.0 or less)	9.09	15,949	95.22	110.26	24.02	11,335	94.36	96.80	43.80	7,893	91.94	99.72
Large MPV (greater than 2.0)	10.28	41,850	99.88	120.40	20.08	20,299	94.95	117.20	44.52	16,102	95.34	112.15
Estate	7.31	25,728	102.12	98.77	26.24	15,850	96.88	97.32	44.51	10,504	96.65	99.58
4x4	7.56	33,060	103.00	100.43	24.76	21,912	96.95	100.91	43.58	15,791	96.87	99.12
Coupés	7.62	31,835	101.68	105.84	26.52	21,290	97.10	99.43	44.12	14,447	97.74	97.73
Roadsters	7.64	28,825	101.03	91.56	25.19	20,622	93.20	107.98	45.25	13,235	94.22	93.59
Convertibles	7.05	25,465	97.64	100.31	25.26	18,999	95.00	93.31	44.26	13,410	94.55	100.60

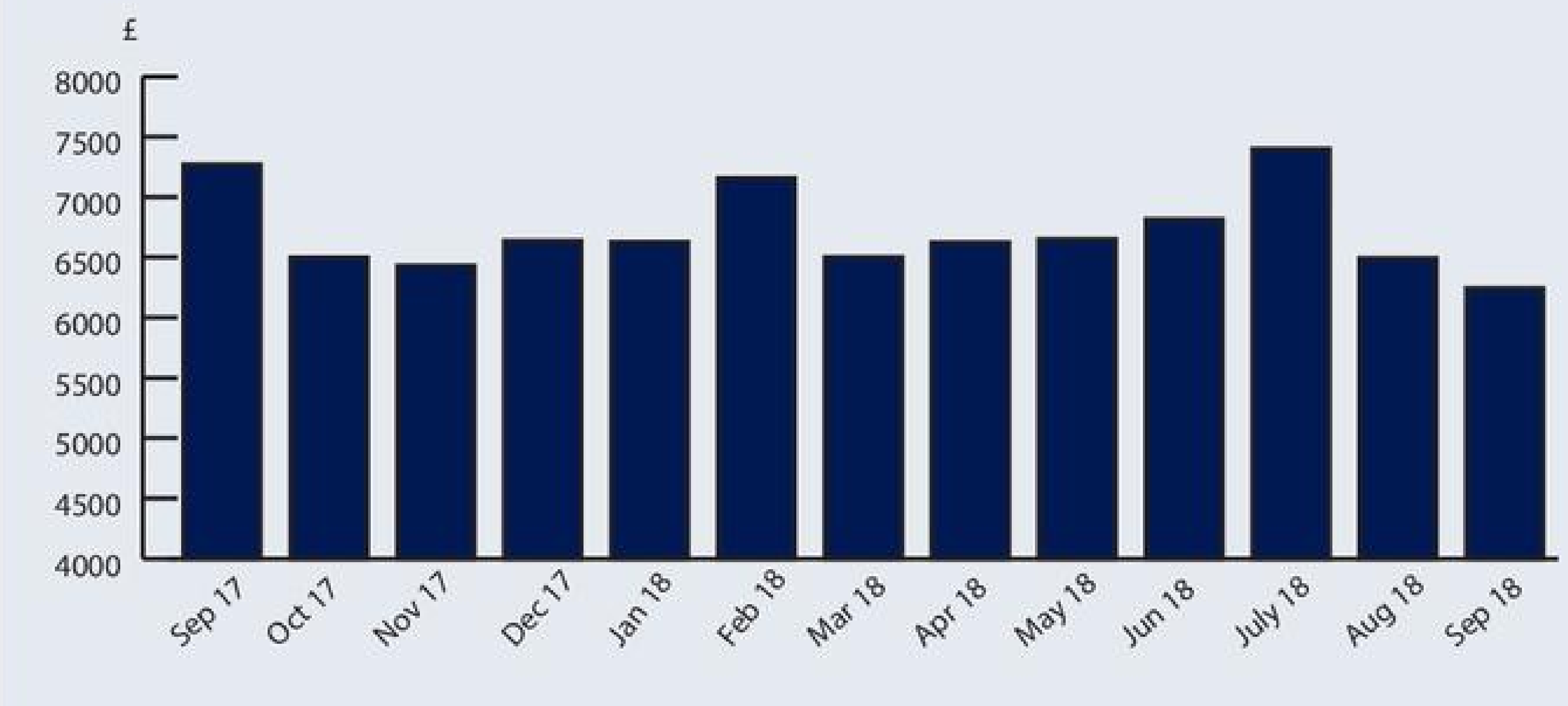
ANALYSIS

BCA's Pulse Report shows that average used car values rose by £83 to £9,866 during November 2018, the third highest figure on record. Year-on-year, the headline figure was up by £462, equivalent to a 4.9% increase in average values – a result reflecting both the steady demand, well-balanced supply and the richer mix of cars available at BCA over the past 12 months.

Buyer demand remained strong for good quality stock, with competitive bidding in-lane and online. Values for fleet & lease and dealer part-exchange vehicles remained at near record levels and well ahead year-on-year, reflecting the longer term trend BCA has been reporting throughout 2018. Nearly-new vehicle values improved during November.

There were good levels of confident trading activity at BCA during November across all sectors, with both high volume buyers and independent dealers competing for stock. This has carried on into December as professional buyers look to build stock levels for their retail forecourts in the New Year. To meet this demand, BCA has a comprehensive program in place right through the final week before Christmas and in addition, buyers will also have the choice to continue to buy through BCA's digital sale platforms during the Bank Holiday period.

CAR PRODUCT SOLD UNIT MARKET PERFORMANCE – OCTOBER 2018



Source: Manheim Remarketing

> "With no immediate prospect of any feelgood news impacting our hearts, minds and wallets, the Index is set for further declines

75.5% UK employment rate

4.1% UK unemployment rate

2.4% UK CPI

3.3% UK RPI

Base rate **0.50%**

-9 (▲4) January Consumer Confidence Index (source: Gfk NOP)

+1 (▲5) January Consumer Confidence Index (Large purchases) (source: GfK NOP)

EUROPE FOCUS

VEHICLE REGISTRATIONS FROM THE LARGEST EU COUNTRIES BY VOLUME (DATA SUPPLIED BY ACEA)

Country	Oct 2018	Oct 2017	% Change	Jan-Oct 2018	Jan-Oct 2016	% Change
Germany	252,628	272,855	-7.4	2,926,046	2,884,676	+1.4
France	173,798	176,492	-1.5	1,836,480	1,737,371	+5.7
UK	153,599	158,192	-2.9	2,064,419	2,224,603.	-7.2
Italy	146,655	158,417	-7.4	1,638,364	1,692,767	-3.2
Spain	88,410	94,676	-6.6	1,131,081	1,027,818	+10.0
EU Total	1,083,635	1,169,462	-7.3	13,036,382	12,828,113	+1.6

DECEMBER PERSONAL LOAN RATES

Supplier	Interest rate	Comments
Cahoot	2.8%	Customers must aged be over 21, and live in the UK on a permanent basis.
Sainsbury's Bank	2.8%	Must be aged between 18 and 80, have an annual income over £7,500.
Zopa	2.8%	Customers must be aged 20 or over and have an annual income of £12,000.
Clydesdale Bank	2.9%	Applicants must be aged 18 or over and must have a permanent UK address.
John Lewis Finance	2.9%	Customers must be aged 18 and over and must have a permanent UK address.
Yorkshire Bank	2.9%	Customers must be aged 18 and over and must have a permanent UK address.
Santander	3.0%	Customers must be aged 21 and over. With an annual income of £6,000 and not have declared bankruptcy.
M&S Bank	3.10%	Customers must be aged 18 and over and have a minimum income of £10,000.
AA	3.2%	Customers must be aged 21 and over and must have been a UK resident for three years and over.
Admiral	3.3%	Customers must be aged between 18 and 74 and must have been a UK resident for three years.

Rates apply to an £8,500 loan, repayable over four years
Source: moneysupermarket.com

FLA VEHICLE RECOVERY SCHEME (WITH HPI CRUSHWATCH)

TOP 5 MARQUES RECOVERED, NOVEMBER

Make	Quantity	Value
Vauxhall	160	£747,615
Ford	143	£870,925
BMW	128	£1,263,940
Mercedes-Benz	120	£1,950,025
Audi	111	£1,557,500

MOST EXPENSIVE MODELS RECOVERED, NOVEMBER

Make	Model	Police Force	Value
Lamborghini	Huracan Spyder	West Yorkshire Police	£173,400
Mercedes-Benz	G-Class	Cheshire Constabulary	£103,500
Land Rover	Range Rover Sport	Metropolitan Police -Perivale	£86,800
Audi	R8	Metropolitan Police -Perivale	£85,000
Land Rover	Range Rover Sport	Surrey Police	£72,600

POLICE FORCE OF THE MONTH

Metropolitan

VALUE OF VEHICLES SEIZED

£2,803,245

NOVEMBER RECOVERY UPDATE

Total HPI Crushwatch enquiries	**9,256**
Total finance hits	**1,153**
Value of finance hits	**£10,921,225**

HPI Crushwatch is an online service that aims to help lenders reclaim vehicles with outstanding finance before they are crushed.