



Press Release

J.D. Power and Associates Reports: As Mature Light-Vehicle Markets Begin to Recover in 2010, Emerging Markets Continue to Grow

New Light-Vehicle Sales in a Majority of Major Markets Projected to Improve in 2010,
With the Exception of Western Europe

WESTLAKE VILLAGE, Calif.: 31 March 2010 — As global light-vehicle sales emerge from their low point in 2009, mature markets, collectively, are expected to begin a slow trek back to pre-2009 levels, while such emerging markets as China, India and Brazil are poised to continue steady growth, according to J.D. Power and Associates.

J.D. Power and Associates forecasts 2010 global light-vehicle sales to come in at 66.9 million units in 2010, a 4 percent increase from 2009. Through February 2010, the global light-vehicle seasonally adjusted annual rate (SAAR) was 68.7 million, which is a marked improvement from the 56.6 million unit rate for the same period one year ago.

“Worldwide sales are off to a strong start in 2010, largely due to economic recovery in various parts of the world and improving consumer confidence,” said John Humphrey, senior vice president of global automotive operations at J.D. Power and Associates. “Despite this optimistic outlook, there are a few regions—in particular, those where government stimuli pulled sales ahead in 2009—that will continue to experience difficulty this year.”

North American Light-Vehicle¹ Market

J.D. Power and Associates forecasts U.S. total new light-vehicle sales—which includes both retail and fleet sales—to increase slightly to 11.7 million units in 2010 from 11.5 million units in 2009.

For 2010, sales in the North American market are projected to come in at 14.1 million units, increasing by 12 percent from 2009, as Canada and Mexico are also expected to make modest gains. Canada’s total sales are expected to increase to 1.53 million units from 1.46 million units in 2009, while the annual forecast for Mexico is projected to reach 882,000 units—an increase from 751,000 units in 2009.

European Light-Vehicle Market

Light-vehicle sales in Western Europe are expected to decline by 8 percent in 2010 to 13.7 million units, compared with 15 million units the prior year, largely due to cessation of scrappage incentives that pulled sales ahead into 2009. Germany and Italy are expected to see the most dramatic declines among Western European countries.

The Eastern European market is projected to experience the beginnings of a slow recovery, with a modest increase in sales of 1 percent in 2010, to nearly 3.2 million units. This increase will be driven primarily by scrappage incentives in Russia, which are expected to help increase annual sales in the country by 10 percent from 2009 to 1.6 million units in 2010.

¹ Light vehicles are defined as passenger cars, SUVs, MPVs and light commercial vehicles with gross vehicle weight of less than six tons.
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Asia Pacific Light-Vehicle Market

Some mature markets in the Asia Pacific region are expected to see increased sales in 2010—albeit to varying degrees—while others will remain stable from 2009. Japan’s annual sales for 2010 are expected to increase by 11 percent from 2009 to a total of 5 million units, despite the fact that Toyota recalls have not yet impacted sales in the Japan market. Sales are expected to increase nominally for Australia in 2010, improving by 2 percent, while the Korean market is expected to contract slightly by 0.5 percent, compared with 2009.

In Asia’s emerging markets, the outlook for 2010 is more positive, with China, India and ASEAN markets projected to post gains for a second consecutive year. Light-vehicle sales in China are expected to reach 14.0 million units in 2010, an increase of 8 percent from 2009. This is a conservative estimate based on the current selling rate. There is a possibility that vehicle sales in China could continue to outperform expectations, depending on government actions to control inflation. Annual sales in India are expected to increase by 12 percent in 2010, compared with 2009, to 2.3 million units. Overall sales in the ASEAN markets are also expected to increase by 12 percent in 2010, to 1.8 million units from 1.6 million units in 2009.

South American Light-Vehicle Market

Sales in the South American region are expected to increase by 15 percent in 2010, compared with 2009, to a total of 4.6 million units. This increase will be led by notable gains in Brazil, which is poised for growth of 12 percent in 2010 to 3.4 million units.

“While the pace of recovery and growth is largely uneven across the globe, the automotive market is clearly moving in the right direction,” said Humphrey. “The importance of the emerging markets will only grow as global sales accelerate toward the previous peak of 70 million units achieved in 2007.”

Global Alternative Powertrain Vehicle Sales

Global hybrid-electric vehicle sales are expected to reach 840,000 units in 2010, a 16 percent increase from 2009. The United States was the largest single market for hybrid vehicles for several years until it was overtaken by Japan in 2009. Hybrid sales increased dramatically in Japan in 2009 mainly due to the success of the new Toyota Prius and the new Honda Insight, as well as government incentives that boosted the sales of hybrid and other fuel-efficient vehicles.

Global sales volume for battery-electric vehicles (BEV) in 2009 was fewer than 10,000 units—which equates to less than one-tenth of 1 percent of market share. Sales of BEVs are expected to increase only marginally in 2010 to 20,000 units. However, by 2015, global sales are projected to grow substantially to nearly 300,000 units and attain a market share of 0.3 percent. Nearly one-half of all BEV sales in 2015 are projected to take place in China. Other markets may be slower to adopt BEVs due to consumer concerns about the high initial cost, limited driving range and lack of charging stations and battery replacement systems.

“Due to many factors, including government support, domestic lithium ion battery suppliers and the willingness and ability to create the infrastructure needed to support widespread BEV use, China carries the greatest potential for BEVs over the mid-term forecast,” said Jeff Schuster, executive director of global forecasting at J.D. Power and Associates. “Battery-electric vehicles have generated tremendous consumer interest and have been promoted prominently. However, actual global sales of BEVs may take much longer than many expect to reach a critical mass since the price premium is extremely high, compared to an equivalent gasoline-powered vehicle, and plug-in hybrids are a less expensive alternative with a much greater driving range.”

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