

Automotive markets

Despite the below-average development of the world economy in 2013, **global demand for cars** increased by approximately 5% and thus reached a new record level. ➔ **C.06**

On the level of regions and countries, the picture is very disparate, however. The strong expansion of the Chinese market and market growth in the United States had a particularly positive impact on worldwide demand. The car market in China grew by about 18%; the premium segment also continued its favorable development after a hesitant start to the year and actually expanded at a rather faster rate than the overall market. The US market continued its strong recovery and also made a significant contribution to global growth. Total sales of 15.5 million cars and light trucks were at their highest level since 2007.

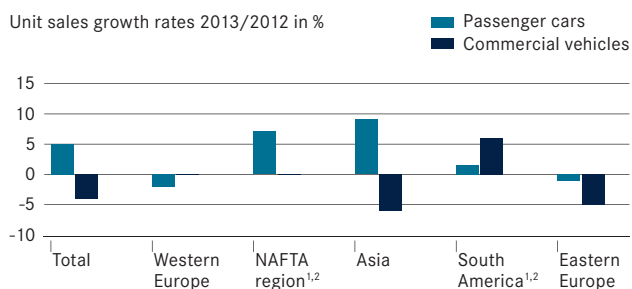
On the other hand, the overall car market in Western Europe was once again smaller than in the previous year. However, demand reached its lowest point in the first half of the year and then revived slightly. In the full year, the Western European car market posted a moderate decrease of approximately 2%. The German market displayed a similar development, but was below the Western European average with a decrease of 4%. The market development in the United Kingdom was quite different with substantial growth of approximately 10%.

In the first half of 2013, the Japanese market was well below its prior-year level, which had been boosted by state incentives for car buyers, but compensated for that setback thanks to the positive development of demand in the second half of the year. In the major emerging markets with the exception of China, the growth slowdown had a significant impact on demand for cars. The car market in Russia was 5% below its prior-year level while market contraction in India was approximately 8%.

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Unit sales growth rates 2013/2012 in %



1 Cars segment includes light trucks

2 Medium- and heavy-duty trucks

Source: German Association of the Automotive Industry (VDA), various institutions

Global demand for medium- and heavy-duty trucks

was noticeably higher than in the prior year. But there were considerable differences in market developments across the various regions and countries.

Following a weak first half of the year, the North American market showed a moderate improvement in the second half, so that the volume of 2012 was almost equaled in the full year.

In early 2013, the European truck market was below its prior-year levels by double-digit percentages. But there was a significant revival also in this region as the year progressed and the total volume was noticeably higher than in 2012. One of the main reasons for this acceleration, however, was that many purchases were brought forward before the introduction of the Euro VI emission standards. The first indications that this special effect is waning have recently been apparent in the market.

In Japan, the government's economic stimulus and the central bank's expansive monetary policy had an increasingly positive impact on the truck business as the year progressed. Sales in the segment of medium- and heavy-duty trucks exceeded the prior-year level by approximately 5%. For light-duty trucks, which include most of the vehicles sold by FUSO, growth was even stronger at 8%. With expansion of approximately 12%, the Brazilian market partially recovered from its substantial losses of the previous year. But this growth was driven more by catch-up effects and favorable financing possibilities than by any dynamic development of the Brazilian economy.

Demand for trucks in India decreased dramatically, however. Below-average economic development also in this market led to a slump in new registrations of more than 25%. The Russian truck market also contracted, but at a more moderate rate. But the world's biggest market for medium- and heavy-duty trucks developed positively: Growth of around 17% in China was ultimately the reason why the global market slightly surpassed its prior-year volume.

In the region of Western Europe, which is particularly important for Mercedes-Benz Vans, the **market for medium-sized and large vans** was difficult once again in 2013. In the full year, demand fell by 6%; the markets of southern Europe remained especially weak. The development of the segment for small vans was similar. But demand for large vans was strong in Latin America, where double-digit growth was recorded. The US market almost equaled its volume of the previous year, and there was a slight revival of demand in the market segment we address in China.

Western European **bus markets** expanded slightly, with purchases brought forward at the end of the year in advance of the introduction of Euro VI emission standards. In Turkey, the bus market profited from the ongoing significant revival of demand for city buses, although the market weakened somewhat towards the end of the year due to the political situation. The Latin American market also revived following significant contraction in 2012. But demand in Brazil remained behind expectations in 2013 due to politically related market uncertainty. Overall, however, the market grew compared with the previous year.