MORNING BRIEFING
September 18, 2017

Stocks Not Too Hot

See the collection of the individual charts linked below.

(1) Valuation question hanging over the bull. (2) Taking sides with and against Goldilocks. (3) CAPE fear: Prof. Shiller alarms, while Prof. Siegel assures. (4) Rule of 20 and the Misery-Adjusted P/E. (5) The S&P 500 real earnings yield shows stocks are fairly valued. (6) Census Bureau updates its senseless measure of household income. (7) It was up a lot during 2015 and 2016, but is only just above 2000 level. (8) More nonfamily households (who earn less than families) exaggerating income stagnation and inequality. (9) Real consumption per household shows significant increase in standard of living.

Strategy I: Shiller vs. Goldilocks. The valuation question has been hanging over the current bull market. Valuation ratios such as price/earnings, price/sales, and market capitalization/revenues are uniformly bearish, showing that stocks are as overvalued as they were just before the tech bubble burst in 2000. On the other hand, valuation measures that adjust for inflation and interest rates, both of which are near record lows, suggest that the market is fairly valued. They are mostly in the Goldilocks range: Not too cold, and not too hot. Joe and I have been siding with Goldilocks.

Not surprisingly, Yale Professor Robert Shiller strongly disagrees with Goldilocks. He is issuing dire warnings that stocks are as grossly overvalued as they were in 2000. The man won the Nobel Prize in economics, so he must know something. He won primarily for his work on speculative bubbles, including his book *Irrational Exuberance* (2000). (Goldilocks dropped out of high school, and is now doing jail time for petty larceny.) The professor's latest alarming views were reviewed last Friday in an article posted on Nasdaq.com titled "A Nobel Prize Winner's Dire Market Warning — And What To Do About It..." Here are some of the key points and our takeaways:

(1) *Trailing P/E.* The article observes: "The price-to-earnings (P/E) ratio of the S&P 500 … is about 24.5. This is about 67% above its long-term average of 14.7." Our data, using four-quarter trailing earnings for S&P 500 operating earnings, show the P/E at 20.7 at the end of June, 37% above its long-term average of 15.1 since 1935 (*Fig. 1*). It is still well below its record high of 28.4 during Q2-1999.

(2) *Forward P/E.* The article focuses on backward-looking P/E measures, including Shiller's CAPE, which is a cyclically adjusted measure based on earnings over the past 10 years. The four-quarter trailing P/E, using operating earnings, has exceeded the forward earnings P/E since 1989, which is when the operating data series starts (*Fig. 2*). The latter was 17.7 in August. That's high, but still well below the record high of 24.5 during July 1999.

(3) *CAPE.* The article notes: "Nobel Prize-winning economist Robert Shiller's cyclically adjusted P/E ratio is also warning the market is overvalued. At 30.2, this ratio is more than 85% above its long-term average of 16.1." Jeremy Siegel, the professor who wrote *Stocks for the Long Run* (1994), has yet to win a Nobel Prize despite his great long-term call. In a 2016 *FAJ* article, he sides with Goldilocks and counters Shiller's pessimism as follows:

"Robert Shiller's cyclically adjusted price–earnings ratio, or CAPE ratio, has served as one of the best forecasting models for long-term future stock returns. But recent forecasts of future equity returns using the CAPE ratio may be overpessimistic because of changes in the computation of GAAP earnings (e.g., "mark-to-market" accounting) that are used in the Shiller CAPE model. When consistent earnings data, such as NIPA (national income and product account) after-tax corporate profits, are substituted for GAAP earnings, the forecasting ability of the CAPE model improves and forecasts of US equity returns increase significantly."

(4) *VCI.* In a 9/5 interview with Quartz, Shiller reported: "I have something I call a valuation confidence index [VCI]. I don't have it really up to date because it's only a six-month moving average based on small surveys. Maybe I should expand my size. But valuation confidence is at the lowest it's been since around 2000. In other words, people think the market is highly valued. They don't have to look at CAPE. People think it. I know that. Both individual and institutional investors. We are in a time of mistrust of the market. The only time mistrust of the market was lower since 1989 was in 2000."

Shiller's VCI seems a bit like licking one's finger and raising it up in the air to see which way the wind is blowing. It seems a bit at odds with the conventional wisdom that the conventional wisdom must be bullish at market tops—not cautious. How else would we have gotten to these tops?

Strategy II: A Bullish Valuation Indicator. John Apruzzese, the chief investment officer of Evercore Wealth Management, is a very thought-provoking fellow. He sends us many thought-provoking insights about the stock market in occasional email messages. He has been thinking about the relationship between inflation and stock market valuation. He asked us for our opinion on an inflation-adjusted valuation measure that he has devised. It's a more rigorous metric than rules of thumb like the Rule of 20, which compares the S&P 500 P/E, on either a trailing or forward basis, to 20 minus the CPI inflation rate on a year-over-year basis (*Fig. 3* and *Fig. 4*). Consider the following:

(1) *Rule of 20.* In August, the CPI inflation rate was 1.9% y/y (*Fig. 5*). According to the Rule of 20, that meant that the P/E should be around 18.1 (*Fig. 6*). The average of this measure is 16.6 since 1935. That's historically high, though obviously because inflation is historically low. Again, as noted above, the four-quarter trailing P/E was 20.7 during Q2, while the forward P/E was 17.7 in August. By the way, the Rule of 20 was devised by Jim Moltz, my friend and previous colleague at CJ Lawrence.

(2) *Misery-Adjusted P/E.* Another valuation metric that Joe and I devised is simply the sum of the S&P 500 forward P/E and the Misery Index, which is the sum of the unemployment rate and the CPI inflation rate. We've observed an inverse relationship between the forward P/E and the Misery Index (*Fig. 7*). That makes sense: When consumers are less miserable because unemployment and inflation are low, investors are happier too and willing to pay a higher multiple for earnings.

Adding the actual forward P/E and the Misery Index together produces the Misery-Adjusted P/E (*Fig. 8*). It has averaged 23.9 since the start of the series in 1979. It was 24.0 during August, suggesting that stocks were fairly valued. This metric can be thought of as the Rule of 24: The fair-value forward P/E was 17.7 during August based on 24 minus the Misery Index, which was 6.3 last month.

(3) *Real earnings yield.* John suggests an alternative valuation measure that is adjusted for inflation in a more rigorous fashion than is reflected in the rules of thumb. He flips the P/E over and focuses on the S&P 500 earnings yield (i.e., E/P). It can be calculated on a quarterly basis back to 1935 using S&P 500 reported earnings data (*Fig. 9*). The real earnings yield is the nominal yield less the CPI inflation rate (*Fig. 10*).

The average of the real earnings yield is 3.7% since 1935. When the yield is above (below) this average, stocks are undervalued (overvalued). The actual reading was 2.6% during Q2, suggesting that stocks were somewhat overvalued, but not excessively so. Excessive overvaluation would be reflected in a real earnings yield close to or below zero.

Economy: A Misleading Income Indicator. Last week, the Census Bureau updated its senseless measure of real median household income. It was good to see that the metric rose 3.2% during 2016 to a new record high, following a solid 5.2% increase in 2015 (*Fig. 11*). That upward movement does make sense. What makes no sense to Melissa and me is that last year's total was up just 0.8% since the previous peak during 2000!

That's 16 years of income stagnation. Typical American households have had no increase in their standard of living for too long—that's what this data series implies. They must be getting ripped off by the rich! After all, real GDP rose 39% from 2000 through 2016. If real GDP had been flat over this period, then we would all be equally miserable. But seeing the economy expand with no increase in the standard of living for most Americans confirms that income inequality has gotten much worse. Heads must roll! Wait a minute: Not so fast, Robespierre! Consider the following:

(1) Real mean household income, which gives more weight to the rich than the median measure, is up just 5.4% since 2000. The ratio of the median to the mean was 71.0% during 2016, down from 73.5% during 2000 (*Fig. 12*). That suggests some increase in inequality, but not much. There was a much more significant increase in inequality in the past when this ratio fell from 89.4% in 1967 to 73.5% during 2000. Go figure.

(2) Hey, wasn't 1968 the year that the New Deal was put on steroids to morph into the Great Society? That's a rhetorical question; it was the year. The problem is that the Census measure is only for pre-tax money income, based on survey data. It excludes noncash government benefits such as Medicaid and Medicare, food stamps, and the Earned Income Tax Credit. They all have increased rapidly since 1968.

The senseless Census measure also doesn't capture demographic changes. The same Census survey used to calculate the series we view as senseless, shows that families accounted for about 65% of all households during 2016, down from about 75% in 1982 (*Fig. 13*). That means that nonfamilies now account for 35% of households, up from 25% over this period. Guess what? The real median income of nonfamily households was 40.8% below the same measure for all households in 2016 (*Fig. 14*).

If there are more nonfamilies who tend to earn less than do families, that must depress the household income data, which includes families and nonfamilies.

(3) In any event, comparing apples to apples, we find that real average personal income per household (pre-tax) is up 26% from 2000 through 2016 (*Fig. 15*). That's not stagnation. Even more compelling is that real personal consumption per household is up 28% from 2000 through 2016 (*Fig. 16*). That's the best measure of the standard of living, and it isn't stagnating.

CALENDARS

US. Mon: Housing Market Index 65, Treasury International Capital. **Tues:** Housing Starts & Building Permits 1.173mu/1.220mu, Import & Export Prices 0.3%/0.2%, Current Account Balance, FOMC Meeting Begins. (Bloomberg estimates)

Global. Mon: Eurozone Headline & Core CPI 1.5%/1.2% y/y, Carney. **Tues:** Germany ZEW Economic Sentiment 12, Japan Merchandise Trade Balance, RBA Meeting Minutes**.** (DailyFX estimates)

STRATEGY INDICATORS

Global Stock Markets Performance ([link]()): The US MSCI index surged 1.6% last week for its best gain since early January. That performance ranked it ninth out of the 49 markets, the second-highest since the 2016 election as 34 countries rose in US dollar terms—compared to 39th a week earlier, when it fell 0.6% as 25 countries moved higher. The AC World ex-US index underperformed the US MSCI for the fourth time in 10 weeks, rising 0.7% compared to a 0.6% gain a week earlier. BRIC performed best last week with a gain of 2.0%, followed by EM Latin America (1.6%), EM Asia (1.4), and EMU (1.2). EMEA was the worst-performing region as it fell 0.6% w/w, followed by EM Eastern Europe (0.0) and EAFE (0.5). Pakistan was the best-performing country with a gain of 6.6%, followed by Israel (3.5), Czech Republic (2.5), Brazil (2.5), Peru (2.3), and China (2.3). Greece was the worst performer as it fell 6.8%, followed by New Zealand (-2.2), South Africa (-2.2), Turkey (-1.6), and Jordan (-1.4). The US MSCI is up 11.9% ytd, with its ranking up three places w/w to 36th of the 49 markets, but continues to trail the AC World ex-US (18.6) on a ytd basis. Forty-five of the 49 markets are positive ytd, now led by Poland (48.4), Argentina (47.8), Austria (45.5), China (41.7), Turkey (39.7), Hungary (34.3), and Korea (31.8). The worst country performers ytd: Pakistan (-20.3), Russia (-4.7), Israel (-3.4), and Jordan (-1.7). BRIC is the best-performing region ytd with a gain of 32.8%, followed closely by EM Asia (31.8) and ahead of EM Latin America (27.7) and EMU (23.3). The worst-performing regions, albeit with gains: EM Eastern Europe (8.1), EMEA (9.5), and EAFE (16.6).

S&P 1500/500/400/600 Performance ([link]()): Last week, LargeCap had its best gain since early January; MidCap and SmallCap rose the most since mid-April. SmallCap's 2.6% rise outpaced those of MidCap (2.0%) and LargeCap (1.6). LargeCap started the week at a record high for the first time since August 7, and ended the week at a record. However, MidCap ended the week 2.1% below its July 25 high, and SmallCap was 1.7% below its July 25 peak. Twenty-nine of the 33 sectors rose w/w, compared to nine rising a week earlier and just one the week of August 11, which was the lowest since September 2016. Last week's biggest gainers: SmallCap Energy (9.8), MidCap Energy (7.4), SmallCap Financials (4.1), LargeCap Telecom (3.9), MidCap Financials (3.7), and LargeCap Energy (3.5). Last week's worst performers: MidCap Telecom (-0.7), SmallCap Utilities (-0.4), LargeCap Utilities (-0.4), and MidCap Utilities (-0.2). Twenty-two of the 33 sectors are positive ytd, up from 19 a week earlier as LargeCap (11.7) continues to easily outperform both MidCap (5.6) and SmallCap (2.7). Tech and Health Care dominate the biggest sector gainers ytd: LargeCap Tech (25.6), SmallCap Health Care (22.4), LargeCap Health Care (20.0), MidCap Health Care (18.9), SmallCap Utilities (16.8), and MidCap Tech (15.7). Energy and Telecom dominate the worst performers ytd: MidCap Telecom (-39.7), SmallCap Energy (-36.5), MidCap Energy (-29.5), LargeCap Energy (-12.0), and LargeCap Telecom (-11.9).

S&P 500 Sectors and Industries Performance ([link]()): Nine of the 11 sectors rose last week, and five outperformed the S&P 500's 1.6% gain. This compares to five sectors rising a week earlier, when six outperformed the S&P 500's 0.6% decline. Telecom was the best-performing sector for the first time in seven weeks as its 3.9% gain beat these outperforming sectors: Energy (3.5%), Financials (3.3), Materials (2.4), and Industrials (2.1). Utilities (-0.4) was the worst-performing sector, followed by Real Estate (0.0), Health Care (0.4), Consumer Staples (0.7), Consumer Discretionary (0.9), and Tech (1.4). So far in 2017, nine of the 11 sectors are higher, but only four have outperformed the S&P 500's 11.7% gain. The best performers in 2017 to date: Tech (25.6), Health Care (20.0), Utilities (12.6), and Materials (12.6). The seven sectors underperforming the S&P 500 ytd: Energy (-12.0), Telecom (-11.9), Financials (6.5), Consumer Staples (7.0), Real Estate (7.5), Industrials (9.9), and Consumer Discretionary (10.2).

Commodities Performance ([link]()): Fifteen of the 24 commodities we follow rose last week as the S&P GSCI commodities index rose 2.3%. That compares to 15 commodities rising a week earlier, when the GSCI index rose 0.2%. The week's strongest performers: Coffee (8.2%), Sugar (6.8), Natural Gas (6.2), Crude Oil (6.0), and Lead (4.5). Last week's laggards: Cotton (-7.4), Lean Hogs (-4.9), Nickel (-4.2), Copper (-2.7), and Silver (-2.3). Industrial metals-related commodities dominate Q3's best performers: Zinc (43.9), Copper (34.0), Lead (31.5), and Aluminum (26.1). Q3's worst performers to date: Cocoa (-32.2), Lean Hogs (-29.8), Sugar (-25.4), and Soybeans (-16.0). Industrial metals-related commodities also dominate the best performers in 2017 so far: Aluminum (22.9), Feeder Cattle (20.5), Zinc (17.9), Copper (17.5), Lead (17.1), Gold (15.1), and Nickel (10.7). This year's laggards: Sugar (-22.2), Natural Gas (-17.2), Lean Hogs (-11.6), Crude Oil (-6.1), and Cocoa (-5.5).

Assets Sorted by Spread w/ 200-dmas (*link*): Spreads between prices and 200-day moving averages (200-dmas) rose last week for 14/24 commodities, 6/9 global stock indexes, and 28/33 US stock indexes compared to 14/24, 2/9, and 8/33 rising a week earlier, respectively. Fifteen commodities trade above their 200-dmas, up from 13 a week earlier. Commodities' average spread improved w/w to 2.3% from 1.4%. Heating Oil leads all commodities and all assets at 12.8% above its 200-dma, followed by GasOil (11.5%), Nickel (10.0), Zinc (10.0), and Copper (9.9). Coffee (2.9) performed the best of all commodities as it improved 7.9ppts w/w. Lean Hogs (-18.0) trades the lowest of all commodities, but Cotton (-6.0) fell 7.5ppts last week for the worst performance of all commodities and all assets. The global indexes trade at an average of 5.5% above their 200-dmas, up from 4.5% in the prior week. Seven of the nine global indexes trade above their 200-dmas, unchanged eight a week earlier as Japan turned positive and the UK turned negative. Brazil (16.5) leads the global indexes and had the best performance among its peers as it gained 3.5ppts. The United Kingdom (-1.5) trades the lowest of the global indexes relative to their 200-dmas as it dropped 2.4ppts for the worst performance of its country peers last week. The US indexes trade at an average of 1.0% above their 200-dmas, with 22 of the 33 sectors above, up from an average of 0.9% below a week earlier, when 17 sectors were above. These five US indexes turned positive w/w: LargeCap Financials (3.1), SmallCap Consumer Staples (2.3), SmallCap Industrials (2.0), MidCap Consumer Discretionary (1.9), and SmallCap Consumer Discretionary (1.8). SmallCap Health Care now leads all US stock indexes at 10.5% above its 200-dma, followed by SmallCap Utilities (10.4), which fell 0.9ppts for the worst performance among US assets last week. MidCap Telecom trades 26.0% below its 200-dma, the lowest among the US stock indexes and all assets, followed by SmallCap Energy (-18.7), which surged 8.2ppts for the best performance of the US stock indexes and all asset classes last week.

S&P 500 Technical Indicators (*link*): The S&P 500 index remained in a Golden Cross last week for a 73rd week (after 17 weeks in a Death Cross) as both the short-term and long-term technicals improved w/w. The index's 50-day moving average (50-dma) relative to its 200-dma stopped falling for the first time in seven weeks as it edged up less than 0.1% from the prior week's 34-week low of 3.5% above its 200-dma. That's down from a 34-month high of 5.4% in early April and compares to a six-month low of 2.0% in early December and a 52-month low of -4.5% in March 2016. The 50-dma and 200-dma both rose together for a fourth straight week, after failing to rise together in mid-August for the first time in 36 weeks. The S&P 500's 50-dma moved higher w/w for a fourth week, after falling briefly for a week in mid-August for the first time in 40 weeks. The index closed above its 50-dma for a third week after three weeks below, which was its worst streak since it closed below its 50-dma for 10 straight weeks from September 2016 until the November election. The S&P 500 improved to a seven-week high of 1.5% above its rising 50-dma from 0.2% above its rising 50-dma a week earlier, which compares to a four-month low of 1.0% below its falling 50-dma in mid-August. These 50-dma readings compare to a 38-week high of 4.8% on December 13, and a 52-month high of 6.2% in March 2016. The S&P 500 improved to a five-week high of 5.0% above its rising 200-dma from 3.7%, which compares to a post-election low of 3.0% above its rising 200-dma in mid-August. That's down from a 38-month high of 9.4% on March 1, but up from an eight-month low of -0.1% immediately before the election.

S&P 500 Sectors Technical Indicators (*link*): Among the 11 sectors, eight improved w/w relative to their 50-dma and 200-dma (all but Health Care, Real Estate, and Utilities). Ten of the 11 sectors trade above their 50-day moving averages (50-dmas), up from five a week earlier as these five turned positive w/w: Consumer Staples, Energy, Financials, Industrials, and Telecom. That leaves Consumer Discretionary as the only sector trading below its 50-dma. Four weeks ago, just three sectors traded above their 50-dmas, matching mid-April's reading, which was the lowest since the election. All 11 sectors had been above their 50-dmas during mid-January, and all 11 were below the week before the election, for the first time since December 11, 2015. Energy has traded above its 50-dma in just two of the past 34 weeks, Consumer Staples was above for the first time in 13 weeks, Consumer Discretionary and Industrials for the first time in six weeks, and Financials for the first time in five weeks. The longer-term picture is a tad weaker: Nine of the 11 sectors were above their 200-dmas last week, up from eight a week earlier. Financials reversed back into positive territory following its first negative weekly reading since July 2016. Energy was below its 200-dma for a 28th week and Telecom for a 26th week. Nine sectors are in a Golden Cross, with 50-dmas higher than their 200-dmas, unchanged from a week earlier and leaving Energy and Telecom still out of the club. All 11 had been in a Golden Cross during a 21-week streak that ended October 24, the longest such stretch since October 2014. Ten of the 11 sectors have rising 50-dmas, up from five a week earlier as these five turned up w/w: Consumer Discretionary, Consumer Staples, Energy, Industrials, and Telecom. Energy's 50-dma rose for the first time in 31 weeks, and Industrials' moved higher for the first time in six weeks. Nine sectors have rising 200-dmas, unchanged from a week earlier, as Energy's fell for a 20th week and Telecom for a third week.

US ECONOMIC INDICATORS

Retail Sales (*link*): August retail sales fell after reaching a new record high in July. The Commerce Department reported that they could not isolate the impact of Hurricane Harvey, noting that it received indications from companies that the hurricane had "both positive and negative effects on their sales data, while others indicated they were not impacted at all." Sales fell 0.2% last month, while sales in both July (to 0.3% from 0.6%) and June (-0.1 from 0.3) were weaker than first thought. Core retail sales edged down 0.2% after an unrevised 0.6% advance in July, while June's 0.1% gain was revised to a 0.2% loss. (BEA uses this core retail sales measure to estimate personal consumption expenditures each month.) Meanwhile, we estimate real retail sales fell for the first time in seven months, dropping 0.7% in August following a five-month surge of 2.3% to a new high. These sales expanded 3.1% in the three months through August, based on the three-month average, slowing from July's 5.7%, which was the strongest since May 2015. Real core retail sales also fell 0.7% m/m, while the comparable three-month growth rate slowed to 3.4%, less than half June's 8.0% pace. Nine of the 13 major nominal retail sales categories rose in August, while four fell. Driving sales lower were declines of 1.0% or more for motor vehicle (-1.6%), nonstore (-1.1), and clothing (-1.0) retailers, followed by declines of 0.7% and 0.5%, respectively, for electronics and building materials stores. Partially offsetting these losses: Higher gasoline prices boosted gasoline service station sales by 2.5%, with miscellaneous store retailers (1.4) the only other major mover; gains for the remaining seven retailers were in a modest range from 0.1% to 0.4%.

Consumer Sentiment (*link*): Consumer confidence edged down in mid-September on concerns that the recent hurricanes will have an impact on economic growth. According to Richard Curtin, chief economist of the University of Michigan consumer survey, "Across all interviews in early September, 9% spontaneously mentioned concerns that Harvey, Irma, or both, would have a negative impact on the overall economy." However, "[a]mong those who mentioned the hurricanes, the Sentiment Index was 80.2," he clarified, "while among those who did not spontaneously mention either hurricane, the Sentiment Index remained unchanged from last month at 96.8." The Consumer Sentiment Index (CSI) slipped to 95.3 after rebounding from 93.4 to 96.8 in August, not far from January's cyclical high of 98.5. August's decline was entirely driven by a drop in the expectations component from 87.7 to 83.4; the present situation component (to 113.9 from 110.9) reached a new cyclical high.

Business Sales & Inventories (*link*): Nominal business sales in July reached a new record high, while real sales in June were only fractionally below December's record high. The details: Nominal manufacturing & trade sales (MTS) have only posted one decline the past 12 months, rising 0.2% m/m and 4.9% y/y. Inflation-adjusted MTS climbed 0.3% in June after a 0.6% gain and a 0.3% loss the prior two months; these sales rose 3.2% y/y. Real sales of both retailers and wholesalers climbed to new record highs in June, while manufacturers' sales continued to fall from December's cyclical peak, slumping 1.7% ytd. June's real inventories-to-sales ratio remained at 1.43, matching December's reading, which was the lowest since January 2015; it was at a cyclical high of 1.47 last May. July's nominal inventories-to-sales ratio was at 1.38 for the second month after holding at a two-year low of 1.37 for six months; it had peaked at 1.42 during the first four months of 2016.

Regional M-PMI (*link*): The New York Fed district, the first to report on manufacturing for this month, has continued to expand in September to nearly a three-year high. The composite index was little changed at 24.4 after soaring 15.4 points in August to 25.2—which was the best reading since September 2014. The orders (to 24.9 from 20.6) measure reached a new cyclical high this month, while shipments (16.2 from 12.4) continued to grow at a robust pace. Meanwhile, unfilled orders (8.9 from -4.7) are expanding again, while delivery times (14.6 from 5.4) have continued to lengthen. Labor market indicators revealed an acceleration in employment (10.6 from 6.2) and a somewhat longer workweek (5.7 from 10.9). Inventories (6.5 from -3.1) are increasing again after contracting in August for the first time in three months. Measures assessing the six-month outlook remained optimistic, with the index of future business conditions (39.3) remaining at a high level.

GLOBAL ECONOMIC INDICATORS

European Car Sales (*link*): In August, EU passenger car registrations—a proxy for sales—rose 5.6% y/y, topping August 2008 in volume terms, marking the best performance in a decade. Results among the five biggest markets were mixed: Italy (15.8% y/y) and Spain (13.0) posted double-digit gains in sales, followed by France (9.4) and Germany (3.5), while UK (-6.4) sales once again were in negative territory. Through the first eight months of 2017, EU sales grew 4.5% over the same period a year ago, with more than 10 million new vehicles registered across the EU. Sales in Italy (9.1% y/y), Spain (6.9), France (4.2), and Germany (2.9) were all in the plus column, while the UK (-2.4) recorded a slight decline. The August report noted that new EU member states performed particularly well, making a significant contribution to the region's results.

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