Yardeni Research, Inc.

MORNING BRIEFING
December 18, 2017

Corporate Finance 101

See the collection of the individual charts linked below.

(1) Nonfinancial corporations have record cash flow. (2) Q3 could be third quarter of 3% growth in real GDP. (3) Depreciation expense is a great tax shelter. (4) NFCs' effective tax rate has been around 21% for a while. (5) No dearth of capital spending. (6) Lots of bond issuance, buybacks, and dividends. (7) More taxing matters. (8) Movie review: "Darkest Hour" (+ +).

Corporate Finance I: Lots of Cash Flow. The Fed released its latest *Financial Accounts of the United States* on December 7, with updated data through Q3. Today, Melissa and I will focus on the nonfinancial corporations (NFCs) sector. The bottom line is that the NFCs' bottom line is gushing cash. Yet NFCs continue to borrow lots of money in the bond market. Some of that cash has been used to buy back shares, but capital spending has also been strong. Debt ratios remain manageable. All in all, we think that NFCs are in very good health. Apparently, so do stock investors, who continue to push stock prices to new highs. Let's have a close look at what's driving the NFCs' income statements:

(1) *Business sales are booming*. The global economy was in a synchronized growth recession during 2015, led by a major bust in the energy and mining industries resulting from plunging commodity prices. Commodity prices recovered in 2016, and so did the global economy. During 2017, the global synchronized recovery turned into a global synchronized boom that is likely to continue in 2018.

US economic growth, as measured by real GDP, scored annualized gains exceeding 3.0% (saar) during Q2 and Q3. The Atlanta Fed's GDPNow raised the Q4 estimate from 2.9% to 3.3% following last week's release of the latest retail sales and CPI data for November. That estimate puts nominal GDP up 4.6% y/y. The growth rate in nominal GDP, on a y/y basis, tends to be less volatile than the growth rate in S&P 500 aggregate revenues (*Fig. 1*).

There's a much better fit between the growth rates of S&P 500 aggregate revenues and nominal GDP of goods (*Fig. 2*). The fit is even better with the growth in total business sales of goods (including factory shipments and trade sales), which registered a solid reading of 6.5% during October (*Fig. 3*).

(2) *Profits and cash flow back near record highs.* NFCs' pretax profits rebounded 7.9% y/y during Q3 (*Fig. 4*). At $1.35 trillion (saar), it is only slightly below the record high during Q3-2014 before the global mini-bust occurred. Corporate cash flow has also rebounded to recent record highs (*Fig. 5*). Retained earnings, which is after-tax profits less dividends, has hovered below $400 billion since Q1-2015. The NFCs' depreciation expense deduction (a.k.a. the capital consumption allowance, which is basically a huge tax shelter) rose to $1.38 trillion (saar) during Q3.

(3) *Corporate tax rate already low.* The Fed's data on NFCs confirm the work we have been doing on the corporate tax rate. The NFC average effective corporate tax rate was only 21.6% over the four quarters through Q3 (*Fig. 6*). It has been hovering around 21.0% since early 2010, well below the 35.0% statutory rate! (The actual *federal* effective tax rate might be lower depending on how much NFCs pay in taxes to other domestic and foreign taxing authorities. On the other hand, NFCs' profits include the profits of S corporations that pay dividends, which are taxed as individual income.)

The Republicans' tax plan now aims to lower the statutory rate to 21.0%, while eliminating many deductions that had allowed corporations to lower their effective tax rate. The net effect of the Republicans' initiative might be to simplify tax accounting for NFCs and to give them a greater incentive to keep their headquarters and operations in the US. However, it might not boost after-tax corporate earnings as much as we and others have assumed.

Corporate Finance II: Plenty of Buybacks & Capital Spending. The widespread view is that US corporate managers have spent too much money on buying back shares rather than investing in capital and labor. That urban legend isn't supported by the data:

(1) *Plenty of capital expenditures.* For the NFCs, capital expenditures have stalled over the past couple of years around an annualized $1.7 trillion (*Fig. 7*). However, that's a record high. NFCs' cash flow has also stalled, but also at a record high around $1.9 trillion over the past couple of years. Since the start of the economic expansion in 2010, the financing gap between capital outlays and internal funds has been in surplus (*Fig. 8*).

The difference between NFCs' gross fixed investment and their capital consumption allowance has been back near previous cyclical highs in recent years (*Fig. 9* and *Fig. 10*). Previously, we've shown that companies may be getting more bang for their buck as they spend more on information technology hardware and software.

(2) *Lots of bond issuance.* Notwithstanding their abundant cash flow, NFCs have raised lots of money in the bond market. They have a record $5.3 trillion outstanding in bonds (*Fig. 11*). That's up $2.3 trillion since Q1-2009.

(3) *Lots of buybacks and dividends.* Over this same period (from Q1-2009 to Q3-2017), net new issuance of equity by NFCs has been consistently negative in the Fed's data, totaling $3.3 trillion (*Fig. 12*). Not surprisingly, this series has had a very close fit with S&P 500 buybacks, which have totaled $3.8 trillion since Q1-2009.

For the NFCs, we can compare the major sources of funds—i.e., internal cash flow plus net new bond issuance—to the major uses of funds, i.e., capital expenditures and buybacks (*Fig. 13*). Over the past four quarters, they've both equaled $2.1 trillion. They've tended to be very close for many years.

Corporate Finance III: Taxes One More Time. In recent weeks, Melissa and I have been studying the effective corporate tax rate and have concluded that it is much lower than the 35% statutory rate, and might already be at or below the 20% rate that has been part of the Republicans' tax reform plan. Here are our latest thoughts on this taxing matter:

(1) *Numerator.* We feel quite comfortable using the IRS data for corporate tax receipts as the numerator of the effective tax ratio. The NIPA measure of taxes paid by all corporations includes "taxes" paid by the Federal Reserve System as well as taxes paid to other domestic and foreign taxing authorities. ("NIPA" stands for "National Income and Product Accounts," which are compiled by the Bureau of Economic Analysis to measure GDP.)

(2) *Denominator.* We've been doing more work on the denominator. We've been using NIPA pretax profits less the "profits" of the Fed. However, that series still includes the profits of S corporations, which are sole proprietorships. The ones that are profitable tend to pay dividends to their owner. Those dividends are included in personal income. Taxes on those dividends are included in individual rather than corporate tax receipts of the IRS.

There are three quarterly series available to measure dividends (*Fig. 14*). One is in the NIPA accounts for all corporations. It totaled $990.1 billion over the past four quarters through Q3. The Fed's measure of dividends for NFCs is based on the NIPA data and totaled $710.8 billion over the same period. The S&P 500 corporations paid out $413.2 billion in dividends.

The IRS compiles annual data for S corporations. The latest available figures are for 2014. Dividends paid by S corporations totaled $409 billion and accounted for 41.5% of corporate dividends (*Fig. 15* and *Fig. 16*).

Our initial inclination was to subtract the dividends paid by S corporations from the denominator, i.e., NIPA pretax profits less taxes paid by the Fed. However, dividends may not be an accurate measure of the actual profits of the S corporations because we also need to account for the S corporations that aren't paying dividends because they are losing money.

Movie. "Darkest Hour" (+ +) (*link*) stars Gary Oldman in an all-star performance as Winston Churchill during his first few days as the new prime minster of Great Britain at the outset of World War II. Those were dark days indeed. Most of the country's army was encircled at Dunkirk by German tanks. Yet Churchill refused to negotiate surrender terms with Hitler. He succeeded in marshalling a civilian boat armada to ferry the troops back home from Dunkirk. He resolutely led the UK throughout the war until the Allies finally defeated Nazi Germany.

CALENDARS

US. Mon: Housing Market Index 70. **Tues:** Housing Starts & Building Permits 1.240mu/1.27mu, Current Account -$116.7b, Kashkari. (*Wall Street Journal* estimates)

Global. Mon: Eurozone Headline & Core CPI 1.5%/0.9% y/y. **Tues:** Germany Ifo Business Climate & Business Expectations Indexes 117.6/110.8. (DailyFX estimates)

STRATEGY INDICATORS

Global Stock Markets Performance (*link*): The US MSCI index rose 0.9% last week for its fourth straight gain, and ranked 16th out of the 49 markets as 31 countries rose in US dollar terms. That compares to 16th a week earlier, when it rose 0.3% as 16 countries moved higher. The AC World ex-US index rose 0.3% and has underperformed the US MSCI in four of the last five weeks; that result compares to a 0.1% decline a week earlier. EMEA performed best last week with a gain of 2.1%, followed by EM Eastern Europe (2.0%), EM Asia (0.5), and EM Latin America (0.5). EMU (-0.8%) was the worst-performing region, followed by EAFE (0.1), and BRIC (0.2). Chile was the best-performing country, with a gain of 9.9%, followed by Greece (7.9), Jordan (4.6), New Zealand (4.0), Israel (2.8), and Russia (2.7). Peru was the worst performer as it fell 5.5%, followed by Pakistan (-4.7) and Italy (-2.8). The US MSCI is up 19.6% ytd, with its ranking steady w/w at 23rd of the 49 markets. That's up 11 places in the last three weeks, but continues to trail the AC World ex-US (21.0) on a ytd basis. Forty-five of the 49 markets are positive ytd, led by Argentina (72.4), Austria (46.7), China (46.5), Poland (45.2), Korea (42.8), and India (32.7). The worst country performers ytd: Pakistan (-33.2), Israel (-3.0), Sri Lanka (-0.3), and Russia (-0.1). EM Asia is the best-performing region ytd with a gain of 36.3%, ahead of BRIC (34.5) and EMU (23.9). The worst-performing regions, albeit with gains: EMEA (8.7), EM Eastern Europe (10.7), EM Latin America (16.0), and EAFE (19.2).

S&P 1500/500/400/600 Performance (*link*): LargeCap was the only index to reach a record high last week. LargeCap rose 0.9% and outperformed both MidCap (-0.2%) and SmallCap (0.5). LargeCap ended the week at a new record high, but MidCap was 0.7% below its November 30 record and SmallCap was 1.2% below its November 29 record. Sixteen of the 33 sectors rose w/w, compared to 12 a week earlier. Last week's biggest gainers: LargeCap Telecom (4.0), SmallCap Tech (2.0), SmallCap Health Care (2.0), and LargeCap Tech (1.8). MidCaps dominated last week's worst performers: MidCap Energy (-3.1), MidCap Telecom (-2.4), and MidCap Utilities (-2.4). Twenty-seven of the 33 sectors are positive ytd, unchanged from a week earlier, as LargeCap (19.5) continues to outperform both MidCap (13.6) and SmallCap (11.3). Health Care and Tech dominate the biggest sector gainers ytd: LargeCap Tech (38.7), SmallCap Health Care (34.4), MidCap Tech (24.7), MidCap Health Care (22.3), and LargeCap Health Care (21.7). Telecom and Energy dominate the worst performers ytd: MidCap Telecom (-47.4), SmallCap Energy (-32.2), MidCap Energy (-25.1), LargeCap Energy (-8.2), LargeCap Telecom (-6.9), and SmallCap Telecom (-0.3).

S&P 500 Sectors and Industries Performance (*link*): Seven of the 11 sectors rose last week, and five outperformed the S&P 500's 0.9% gain. This matches the number of sectors rising and outperforming a week earlier, when the S&P 500 rose 0.4%. Telecom was the best-performing sector as its 4.0% gain easily beat these other outperforming sectors: Tech (1.8%), Consumer Staples (1.3), Health Care (1.2), and Consumer Discretionary (1.1). Utilities (-0.7) was the worst performer, followed by these underperformers: Materials (-0.2), Financials (-0.1), Energy (-0.1), Industrials (0.3), and Real Estate (0.8). So far in 2017, nine of the 11 sectors are higher and four have outperformed the S&P 500's 19.5% gain vs just three outperforming after Thanksgiving. The best performers in 2017 to date: Tech (38.7), Health Care (21.7), Consumer Discretionary (20.5), and Financials (19.7). The seven underperformers of the S&P 500 ytd: Energy (-8.2), Telecom (-6.9), Real Estate (8.3), Consumer Staples (10.6), Utilities (13.3), Industrials (17.1), and Materials (18.7).

Commodities Performance (*link*): Ten of the 24 commodities we follow rose last week as the S&P GSCI commodities index fell 0.1%. That compares to just two rising last week (the lowest since July 2015) as the S&P GSCI commodities index tumbled 2.1% for its biggest weekly decline in 24 weeks then. The week's strongest performers: Nickel (5.9%), Copper (4.9), Zinc (4.0), Lead (3.3), and Cotton (3.0). Last week's biggest laggards: Natural Gas (-5.2), Unleaded Gasoline (-2.9), Sugar (-2.8), Soybeans (-1.7), and Coffee (-1.5). The commodities doing the best so far in Q4: Lean Hogs (14.3), Crude Oil (11.0), Cotton (10.9), Nickel (10.6), Brent Crude (10.3), and Copper (6.4). Food-related commodities dominate Q4's weakest performers to date: Natural Gas (-12.4), Cocoa (-8.1), Wheat (-6.7), Kansas Wheat (-5.7), Coffee (-5.7), and Feeder Cattle (-5.5). Industrial metals-related commodities dominate the best performers in 2017 so far: Lead (25.9), Zinc (24.8), Copper (24.4), and Aluminum (22.0). This year's laggards: Sugar (-30.0), Natural Gas (-29.2), Coffee (-11.9), Cocoa (-11.7), and Soybeans (-2.6).

Assets Sorted by Spread w/ 200-dmas (*link*): Spreads between prices and 200-day moving averages (200-dmas) rose last week for 11/24 commodities, 4/9 global stock indexes, and 13/33 US stock indexes, compared to 2/24 commodities, 5/9 global stock indexes, and 11/33 US stock indexes rising a week earlier. Commodities' average spread improved w/w to 2.2% from 1.8%. Thirteen commodities trade above their 200-dmas, unchanged from a week earlier. Brent Crude still leads all commodities and all assets at 15.9% above its 200-dma, but Nickel (11.4%) rose 6.0ppts w/w for the best performance of all commodities. Brent Crude is followed closely by GasOil (15.3), Heating Oil (15.1), and Crude Oil (14.3). Natural Gas (-14.0) trades at the lowest of all commodities relative to their 200-dmas; it fell 4.6ppts last week, for the worst performance of all commodities and all assets. The global indexes trade at an average of 5.2% above their 200-dmas, up from 4.7% in the prior week. All nine global indexes trade above their 200-dmas, up from seven a week earlier. Japan (11.0) leads the global indexes, but fell 1.7ppts w/w for the worst performance among global assets. Chile (3.9) soared 6.1ppts for the best performance among global indexes and all assets. The UK (1.2) trades the lowest among its country peers. The US indexes trade at an average of 5.1% above their 200-dmas, with 31 of the 33 sectors above, down from an average of 5.2% a week earlier, when 31 sectors were above. LargeCap Telecom (4.4) improved 4.1ppts w/w for the best performance of the US stock indexes. SmallCap Health Care (13.2) now leads all US stock indexes, but It's followed closely by LargeCap Tech (12.8), LargeCap Financials (11.8), SmallCap Industrials (11.0), and MidCap Industrials (11.0). MidCap Telecom trades at a sharp discount relative to its 200-dma of 21.3%, the lowest among not just the US stock indexes but all assets. MidCap Energy (1.1) fell 2.9ppts w/w for the worst performance among the US indexes last week.

S&P 500 Technical Indicators (*link*): The S&P 500 index remained in a Golden Cross last week for an 85th week (after 17 weeks in a Death Cross) as the short-term technical picture strengthened for the third time in four weeks and the long-term trend improved for a fourth straight week. The index's 50-day moving average (50-dma) relative to its 200-dma rose to a seven-month high of 5.1% from 4.9% a week earlier. That compares to a 34-month high of 5.4% in early April, a 39-week low of 3.4% in early October, and a 52-month low of -4.5% in March 2016. The S&P 500's 50-dma and 200-dma both rose together for a 16th straight week, after failing to rise together in mid-August for the first time in 36 weeks. The index closed above its 50-dma for a 15th 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 rose to a nine-month high of 3.1% above its rising 50-dma from 2.7% above 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% in December 2016 and a 52-month high of 6.2% in March 2016. The S&P 500 rose last week to a nine-month high of 8.3% above its rising 200-dma from 7.7% a week earlier, which compares to a post-election 38-month high of 9.4% on March 1, a post-election low of 3.0% in mid-August, and an eight-month low of -0.1% immediately before the 2016 election.

S&P 500 Sectors Technical Indicators (*link*): Among the 11 sectors, seven improved w/w relative to both their 50-dmas and their 200-dmas. Sectors that weakened: Energy, Financials, Materials, and Utilities. Ten of the 11 sectors trade above their 50-dmas as Utilities fell below in the latest week. That compares to 11 a week earlier, which was up sharply from six at the end of November and the first time since mid-January that all 11 were above their 50-dmas. In contrast, the week before the 2016 election, all 11 were below (for the first time since December 11, 2015). The longer-term picture is similarly strong: All 11 sectors were above their 200-dmas last week for a second week and the first time since mid-February. For the past six weeks, nine sectors have been in a Golden Cross, with 50-dmas higher than 200-dmas. Consumer Staples was out of the Golden Cross club last week for a ninth week, and Telecom was out for a 41st week. All 11 sectors had been in a Golden Cross during a 21-week streak that ended in late October of 2016, the longest such stretch since October 2014. All 11 sectors have rising 50-dmas, up from 10 a week earlier as Telecom's 50-dma rose for the first time in 11 weeks. Nine sectors have rising 200-dmas, unchanged from a week earlier, as Telecom's 200-dma fell for a 16th straight week and Energy's 200-dma dropped (but barely so) for a 34th week.

US ECONOMIC INDICATORS

Retail Sales (*link*): November retail sales rose more than expected, climbing to yet another new record high, while October and September gains were revised upward. Sales rose for the fourth time in five months, up 0.8% last month and 3.8% over the period. October's advance was revised up to 0.5% (from 0.2%), while September's increase was revised higher for the second time, to 2.0%—from the initial estimate of 1.6%. (September's gain reflected a hurricane-related surge in motor vehicle, gasoline, and building materials spending.) Core retail sales hasn't posted a decline in five months, climbing 0.8% in November and 2.8% the past five months. (BEA uses this core retail sales measure to estimate personal consumption expenditures each month.) Meanwhile, we estimate real retail sales advanced 0.1% last month following gains of 0.8% and 0.9% the prior two months. These sales accelerated 4.8% (saar) during the three months through November, based on the three-month average, the fastest since July's 5.9%. Real core retail sales rose for the second month, by a total of 0.7%, after a two-month slide of 0.8%—which was the first back-to-back loss since fall 2012. Its comparable three-month growth rate was flat, slowing from June's 7.8%. Eleven of the 13 major nominal retail sales categories rose in November, led by sales gains above 1.0% for gasoline (2.8%), nonstore (2.5), electronics & appliance (2.1), furniture (1.2), and building materials (1.2) retailers. Auto dealers (-0.2) were the only retailers posting a decline last month—after a two-month surge of 6.0%—while sales were flat for general merchandise stores.

Business Sales & Inventories (*link*): Nominal business sales in October and real sales in September both reached new record highs. The details: Nominal manufacturing & trade sales (MTS) have only posted one decline the past 15 months, rising 0.6% in October and 8.1% over the period. Inflation-adjusted MTS rebounded 2.1% in the five months through September after slumping 1.0% the first four months of the year. Real sales of both retailers and wholesalers climbed to new record highs in September; manufacturers' sales continued to move back toward December's cyclical peak. September's real inventories-to-sales ratio slipped to 1.42—the lowest since the end of 2014—after four months at 1.43. October's nominal inventories-to-sales ratio sank to 1.35, also its lowest reading since December 2014.

Industrial Production (*link*): Headline output in November continued to rebound from August's hurricane-related drop, reaching its best level since the end of 2014. Output rose 0.2% after an upwardly revised 1.2% (from 0.9%) increase in October—the strongest monthly performance since May 2010—and a 0.3% (0.4) advance in September. Manufacturing output reached another new cyclical high, up 0.2% in November and 1.8% the past three months. Over the three months through November, production of business equipment jumped 3.3% to a new cyclical high—led by a 5.3% surge in production of industrial equipment; information (1.6%) and transit (0.9) equipment output also moved higher over the period. Meanwhile, consumer goods production slipped 0.5% last month, after jumping 1.2% in October to a new cyclical high, with both durable and nondurable goods output edging lower in November. Mining output rebounded 2.0% last month, while utilities usage slipped 1.9%, virtually retracing October's gain. Headline production expanded 3.4% y/y, the best rate since November 2014; manufacturing's (2.3% y/y) is holding around its strongest rate since the summer of 2014. December's M-PMI flash estimate bodes well for production up ahead, climbing from 53.9 to 55.0 this month, matching January's high for this year—which was the best reading since March 2015.

Capacity Utilization (*link*): The headline capacity utilization rate increased for the third month in November from 76.1% to 77.1% over the period—which was the best reading since April 2015. Still, it's 2.8ppts below its long-run (1972-2016) average. Manufacturing's capacity utilization rate climbed from 75.1% to 76.4% over the three-month period, 2.0ppts below its long-run average. Manufacturing capacity was 0.7% above a year ago, and has been hovering around that yearly growth rate since last summer. The operating rate for mines increased 1.5ppt to 84.5% last month, while the rate for utilities fell 1.4ppt to 75.7%.

Regional M-PMI (*link*): The New York Fed district, the first to report on manufacturing, showed activity remained firmly in positive territory this month, though has eased since reaching a three-year high in October. The composite index was little changed at 18.0 this month after sliding 10.8 points in November to 19.4; October's 30.2 reading was its highest since September 2014. This month's report showed shipments (to 22.4 from 18.4) accelerated slightly while new orders (to 19.5 from 20.7) decelerated slightly—both still point to ongoing solid gains in both. Delivery times (4.3 from -2.3) were slightly longer than last month, while inventory levels (1.4 from 4.6) were stable. As for labor conditions, the employment (5.1 from 11.5) measure showed hirings expanded at a slower pace for the second month, while the average workweek (0.0 from -0.8) held fairly steady. Both input (29.7 from 24.6) and output (11.6 from 9.2) prices increased at a faster pace this month. Looking ahead, firms remained very optimistic about the sixth-month outlook, with the future business conditions index (46.6 from 49.9) holding near last month's level, which was the most optimistic since January 2012.

GLOBAL ECONOMIC INDICATORS

US PMI Flash Estimates (*link*): US private-sector growth grew at the slowest pace in nine months this month, according to the flash estimate, led by a weakening in service sector growth; manufacturing growth remained on an accelerating uptrend. The C-PMI flash estimate sank for the second month, from 55.2 in October to 53.0 this month—signaling the weakest expansion in private-sector activity since March. The NM-PMI slumped from 55.3 to 52.4 over the two-month period, showing the slowest upturn in service activity in 15 months—reflecting a further loss of momentum in business activity growth and the weakest job creation in seven months. The M-PMI climbed from 53.9 to 55.0 this month, matching January's high for this year—which was the best reading since March 2015. December data pointed to sharper advances in new orders, production, and employment. Business optimism in manufacturing picked up for the third straight month in December to its highest level since January 2016, while non-manufacturing's eased for the second month to its lowest reading since June 2016.

Eurozone PMI Flash Estimates (*link*): The Eurozone expanded at its fastest pace since February 2011 this month—on widespread strength. December's C-PMI flash estimate accelerated at an 82-month high of 58.0 this month—with the M-PMI (60.6) at its highest level since the series began in 1997 and the NM-PMI (56.5) the highest since early 2011! By country, France's C-PMI (to 60.0 from 60.3) eased slightly from November's 77-month, though outpaced Germany's for the third month. The negligible slowdown reflected a slight downtick in France's NM-PMI (59.4 from 60.4), while its M-PMI (59.3 from 57.7) reached nearly a 17-and-a-half-year high. Meanwhile, Germany's C-PMI (58.7 from 57.3) expanded at its fastest pace in over six and a half years, with the M-PMI (63.3 from 62.5) reaching a new record high and the NM-PMI (55.8 from 54.3) showing the best growth in two years. Growth in the rest of the Eurozone lagged behind the rates seen in France and Germany, on average, though continued to expand at one of the fastest clips since the global financial crisis.

Japan M-PMI Flash Estimate (*link*): Japan's manufacturing sector grew at its best pace in 46 months in December, after contracting from March through August of last year. The M-PMI increased from 52.8 to 54.2 the past two months, supported by the sharpest expansion in orders since January 2014, as the weak yen boosted foreign orders. Output growth continued to benefit from stronger orders.

European Car Sales (*link*): In November, EU passenger car registrations (a proxy for sales) rose 5.9% y/y, helped by one extra working day during the month, with nearly all the major markets performing well. Sales in Spain (12.4% y/y) and France (10.3) continued to grow at double-digit rates, while Germany's (9.4) and Italy's (6.8) remained in the high single digits. UK sales (-11.2), on the other hand, contracted for the eighth consecutive month. Through the first 11 months of this year, passenger car registrations advanced 4.1%, totaling more than 14.0 million new vehicles. Among the five largest markets, Italy (8.7) and Spain (7.8) once again posted the two strongest ytd growth rates, followed by France (5.3) and Germany (3.0); UK sales slumped 5.0% ytd.

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