December 2021

Motorcycle Market Overview

The current shortages of raw materials are just another part of the perfect storm to moving out of what started as a health crisis and now includes many things including shipping finished goods (although now improving) and more recently the return to manufacturing causing high energy demands. The next hurdle to normality is with an estimated 90% of the world's magnesium being produced in China, changes in the country's output of the metal hitting global industry hard. Europe's risk is with 95% of magnesium supplies coming from there. This is a result of a power crisis impacting the nation's industry hard, including high power usage magnesium production, being one of the worse affected. September and October saw production fall dramatically, that is expected to filter down to the motorcycle industry in the near future. As a result the European Automobile Manufacturers Association has issued a warning to its members. It reads: 'Europe is expected to run out of magnesium stocks by the end of November, with production shortages, business closures and associated job losses to follow.' 'To that effect, our industries jointly call on the European Commission and national governments to urgently work towards immediate actions with their Chinese counterparties to mitigate the short-term, critical shortage issue as well as the longer-term supply effects on European industries.' One day there will be a positive to this opening piece!

New Market

The latest MCIA's figures are out and the month of October is following a similar trend we have seen for the past few. Declining by -3.8% compared to 2020, but with the differing sales at differing times means we are still positive year to date (Y-T-D) is still 11.4% up by 10,359 and has broken six-figures to reach 101,091. As with the last few months in this piece, compare the last year not blighted by the pandemic and in October 2019, we saw 96,409 registrations, so Y-T-D in 2021 there is a 4.9% increase compared to then. What is become a little more apparent is the unusual popularity in the smaller commuter types that were used as an alternative to public transport during the main part of the pandemic, are the ones where new registrations are beginning to drop off at a slightly quicker rate. Although that said, they are still at a higher market share when compared to pre-pandemic 2019, where 50cc was 6% and 51-125cc 31.1%. October this year they are 8.7% and 35.6% respectively, even with the increase in total market numbers taken into account. Perhaps we are now benefiting from something seen before when fuel prices rise substantially and a second car is replaced by a lower total cost of ownership PTW?

October 2021 and Year to Date - New Registrations by Style

Mopeds	Registrations		%	Market Share (%)		Year to date		YTD	Market Share (%)	
	Oct-21	Oct-20	Change	Oct-21	Oct-20	2021	2020	% Change	2021	2020
Naked	67	133	-49.6%	10.2%	15.3%	610	993	-38.6%	10.1%	17.0%
Other	82	71	15.5%	12.5%	8.2%	722	465	55.3%	12.0%	8.0%
Scooter	509	666	-23.6%	77.4%	76.6%	4,687	4,391	6.7%	77.9%	75.1%
Totals	658	870	-24.4%	100.0%	100.0%	6,019	5,849	2.9%	100.0%	100.0%

Motorcycles	Registrations		%	Market Share (%)		Year to date		YTD	Market Share (%)	
	Oct-21	Oct-20	Change	Oct-21	Oct-20	2021	2020	% Change	2021	2020
Adventure	1,308	1,194	9.5%	16.8%	15.2%	17,594	14,554	20.9%	18.7%	17.3%
Competition	528	521	1.3%	6.8%	6.6%	4,736	4,590	3.2%	5.0%	5.5%
Custom	838	529	58.4%	10.7%	6.7%	7,405	6,219	19.1%	7.9%	7.4%
Modern Classsic	769	787	-2.3%	9.9%	10.0%	9,600	8,660	10.9%	10.2%	10.3%
Naked	1,673	1,853	-9.7%	21.5%	23.5%	21,830	20,507	6.5%	23.2%	24.4%
Road Sport	529	734	-27.9%	6.8%	9.3%	7,494	8,555	-12.4%	8.0%	10.2%
Scooter	2,013	2,130	-5.5%	25.8%	27.0%	23,352	19,004	22.9%	24.8%	22.6%
Touring	136	131	3.8%	1.7%	1.7%	2,122	1,886	12.5%	2.3%	2.2%
Unspecified	3	2	50.0%	0.0%	0.0%	96	140	-31.4%	0.1%	0.2%
Totals	7,797	7,881	-1.1%	100.0%	100.0%	94,229	84,115	12.0%	100.0%	100.0%

Tricycles	Registrations		%	Market Share (%)		Year to date		YTD	Market Share (%)	
	Oct-21	Oct-20	Change	Oct-21	Oct-20	2021	2020	% Change	2021	2020
Other	25	25	0.0%	0.3%	0.3%	378	352	7.4%	0.4%	0.4%
Scooter	37	80	-53.8%	0.5%	1.0%	465	416	11.8%	0.5%	0.5%
Total Registrations	62	105	-41.0%	0.8%	1.3%	843	768	9.8%	0.9%	0.9%

Summary	Registrations		%	Market Share (%)		Year to date		YTD	Market Share (%)	
	Oct-21	Oct-20	Change	Oct-21	Oct-20	2021	2020	% Change	2021	2020
Total Scooter	2,559	2,876	-11.0%	30.0%	32.5%	28,504	23,811	19.7%	28.2%	26.2%
Total Moped, Motorcycle & Tricycles (exc Scooters)	5,958	5,980	-0.4%	70.0%	67.5%	72,587	66,921	8.5%	71.8%	73.8%
Total Registrations	8,517	8,856	-3.8%	100.0%	100.0%	101,091	90,732	11.4%	100.0%	100.0%

October 2021 and Year to Date - New Registrations by Engine Band

Engine Band	Registrations		%	Market Share (%)		Year to date		YTD	Market Share (%)	
	Oct-21	Oct-20	Change	Oct-21	Oct-20	2021	2020	% Change	2021	2020
0-50cc	986	1,034	-4.6%	11.6%	11.7%	8,771	6,689	31.1%	8.7%	7.4%
51-125cc	3,300	3,793	-13.0%	38.7%	42.8%	35,977	32,961	9.2%	35.6%	36.3%
126-650cc	1,743	1,639	6.3%	20.5%	18.5%	18,786	17,461	7.6%	18.6%	19.2%
651-1000cc	1,308	1,337	-2.2%	15.4%	15.1%	19,864	17,695	12.3%	19.6%	19.5%
Over 1000cc	1,180	1,053	12.1%	13.9%	11.9%	17,693	15,926	11.1%	17.5%	17.6%
Total Registrations	8,517	8,856	-3.8%	100.0%	100.0%	101,091	90,732	11.4%	100.0%	100.0%

Power band - Electric	Registrations		%	Market Share (%)		Year to date		YTD	Market Share (%)	
	Oct-21	Oct-20	Change	Oct-21	Oct-20	2021	2020	% Change	2021	2020
Under 1kw	14	2	600.0%	0.2%	0.0%	84	2		0.1%	0.0%
1-4kw	453	208	117.8%	5.3%	2.3%	4,077	1,336	205.2%	4.0%	1.5%
4-11kw	17	12	41.7%	0.2%	0.1%	163	83	96.4%	0.2%	0.1%
11-15kw	2			0.0%	0.0%	9			0.0%	0.0%
15-35kw	2	5	-60.0%	0.0%	0.1%	35	53	-34.0%	0.0%	0.1%
Over 35kw	26	8	225.0%	0.3%	0.1%	122	81	50.6%	0.1%	0.1%
Unknown	104	69	50.7%	1.2%	0.8%	595	400	48.8%	0.6%	0.4%
Total Electric Registrations	618	304	103.3%	7.1%	3.4%	5,085	1,955	160.1%	4.9%	2.2%

October 2021 Highest Registering Model by Style

Mopeds	Highest Registering Model by style	Oct-21
Naked	Rieju MRT 50	10
Other	Multiple Items	1
Scooter	Lexmoto ECHO 50	47

Motorcycles	Highest Registering Model by style	Oct-21
Adventure	Multiple Items	99
Competition	KTM 300 EXC TPI	48
Custom	Royal Enfield METEOR 350	226
Modern Classic	Yamaha XSR 125	94
Naked	Honda CBF 125 M	160
Road Sport	Lexmoto LXR 125	98
Scooter	Yamaha NMAX 125	170
Touring	BMW R 1250 RT	35

Tricycles	Highest Registering Model by style	Oct-21
Other	Morgan 3 WHEELER	6
Scooter	Piaggio MP3 300 SPORT	17

October 2021 - Highest Registering Model by Engine Size

Engine Band	Highest Registering Model by Engine Band	Oct-21
0-50cc	Vmoto SUPER SOCO CPX	150
51-125cc	Yamaha NMAX 125	170
126-650cc	Royal Enfield METEOR 350	226
651-1000cc	Honda NC 750 X	93
Over 1000cc	BMW R 1250 GS	96

October 2021 - New Registrations by Brand

Major Brands	Oct-21
Honda	1,431
Yamaha	897
Lexmoto	571
Triumph	506
KTM	487
BMW	463
Royal Enfield	436
Piaggio	276
Harley-Davidson	245
Kawasaki	225

Used Market

The low point of values appears to have been and gone. Historically the last quarter of the year would be a longer trough in the pricing cycle, but over perhaps the last decade as exporting increased and domestic stock reduced that changed. To pre-empt the rush for the next season stock, the chasing started to move from January into the last months of the previous years and as the last two years have seen stock even more difficult to source, the noticeable low time was there but to a lesser extent and could be counted in weeks not months. As a consequence for this month there has been a small amount of negative movement where research suggests, but the majority of movements have been of a positive nature and predominantly specialist older types that have become increasingly more popular as disposable income was spent on toys instead of things like holidays. Plate differences is something that has been closing up for some time and we have been adjusting this where needed and this continues as older examples are the main beneficiary of increases as supply/affordability changes.

Auction

As with dealer sentiment, the auction system has shown the variance between peak and troughs has narrowed. Last month we reported the results were showing less sold proportionally from the number offered and a shift to just under the reported prices in this product. Over this research round, the sold penetration has increased to an average of all sales, to around 75% of lots, up ten points. And although still not at the levels seen at this years peak of 95% its trending up, as is the very close to "book" overall for the sales, an increase of a slight amount in the region of 1%. As the new year starts there is an expectation that this trend will continue, but accelerate during the first quarter of 2022.

End Notes

Half-yearly results to September for Honda's motorcycle business look to have had some recovery from pandemic woes, even with materials, energy and logistic problems. Although not over, possibly even getting worse as the world reopens and fights for resources, it's still a positive. And quite a big one as global revenue from bikes increased by 33.4% (to £6.675bn), operating profit up by 86.1% (to £966m) and operating margin to 14.5% from 10.4%. This was from wholesale volume of Honda machines 29.3% higher (to 8.173 million). Within that good half year though, the above mentioned fight looks to have tempered the good news with Q2 revenue falling a by 2.5% (to £3.303bn) and operating profit lower by 16.3% (to £440m). They are blaming the Covid resurgence in some Asian countries as the primary culprit, but still strong demand in other markets. With that, semiconductor shortages and power costs are hampering the ability to satisfy demand, the Group has cut forecasted full-year profits.

Another big player with a strong recovery in 2021 has admitted that the back end of the reporting period has started to see supply-chain problems including semiconductors resulting in lower production and sales volumes. Despite tailing off at the back end the nine month (volume fell by 7.4% in Q3), global retail sales for BMW Motorrad rose by 20.8% (to 156,609), which was 14.4% higher than the same period in pre-pandemic 2019. Revenue grew by 31.8% (to £1.924bn), operating profit increased a massive 193.6% (to £274.8m), operating margin up to 14.3% from 6.4% and pre-tax profit up a stunning 200% (to £275.6m). Again BMW possible revisions to full-year forecasts were likely, blaming ongoing semiconductor shortages possibly resulting in further production problems.

The US government announced withdrawal of steel and aluminium tariffs imposed on the European Union, with similar the other way removing a 25% retaliatory tariff on Harley-Davidson motorcycle exports to Europe, therefore reducing import duties to the original of just 6% pre change of President, saw the company update its guidance to investors for the next fiscal year, to an operating profit about £150m from the previous zero. Consequently not really surprising the NYSE-quoted share price increased a muscular 9.1% at the beginning of November.

The Department for Transport (DfT) recently announced new anti-tampering laws soon to be on the books and there was a lot of talk in the motorcycle press and social media. But after the unveiling of changes, the National Motorcyclists Council (NMC) and the British Motorcyclists Federation (BMF) have spoken to the DfT to try and get some clarity. While the original wording did make it seem like any modification to the machine would be outlawed, the DfT cleared up that it only refers to systems that limit noise or vehicle emissions and is ***not*** intended to prevent customisation of bikes or the fitting of aftermarket products that do the same job, or even a better job as the original equipment. It is intended to apply to anything which affects emissions, the computerised systems which are installed and such devices as the dongles advertised for increasing the speed, such as on e.g. e-scooters. Possibly though one of the most common modifications could be outlawed under these plans. Aftermarket exhausts, many full-system exhausts, to increase the volume, lower some overall weight and even leave out the catalytic converter. This could possibly be made illegal, mainly down to the removal of the catalyst. The law would likely be retrospective, so if you bought a bike with an illegally modified exhaust system, it's your problem.

The sad time of year for motorcycle sports fans are here, but what a cracking year in all the big road race world championship classes, plus our domestic championship and the young guns are making their mark just as the GOAT departs the sport. As Vale moves on, but before he has got used to a more relaxed lifestyle, the new season will be upon us signalling not only a new racing season but a new buying season that hopefully will return us to something close to normality. Merry Christmas.