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## Commodities Comment

### EV sales in 2026 - a weak start to the year, but not as bad as it seems

Global electric vehicle sales have started the year on a weakening trend. Sales data for January/February show a 5.7% year-on-year fall in sales in all EVs for the world as whole. The two areas of major weakness were the USA and China, where reported retail sales were down 36.9% and 25.7% YoY respectively. This was offset by still strong year-on-year growth in Europe (+23% YoY) and the rest of world category (+76.7% YoY). Chinese EV exports remained stratospheric, rising by 107% YoY to 584k vehicles.

The sharp decline in Chinese sales was exaggerated by the timing of the New Year holiday, which was described as "the longest Spring Festival holiday in history" with only 16 effective working days in that month. Weaker sales were also a reaction to an end-2025 rush to buy cars ahead of the abolition of some subsidies and higher purchase taxes in 2026. Despite these weaker trends, CAAM (China Association of Automobile Manufacturers) is still projecting Chinese EV sales growth (including exports) of 15.2% YoY in 2026, down from 28.2% in 2025.

The decline in US sales appears more structural given the major changes in policies to withdraw support from EVs including the removal of an up to \$7,500/vehicle subsidy from end-Sept 2025. High tariffs on imported EVs and the Trump administration's elimination of CAFE non-compliance penalties for internal combustion engine vehicles (ICEs) has reduced the competitiveness of electric vehicles. Major auto makers have announced major write-downs/reduced profits associated with their electrification strategy including \$7.9bn by GM, \$19.5bn by Ford and \$26bn by Stellantis.

European sales continue to benefit from tightening emission standards for ICEs (and PHEVs) and some new subsidies (notably in Germany this year), although growth rates should slow for the year since the base was very low at the start of 2025 and very high in the second half of the year.

Booming export sales should continue to underpin the Chinese EV market and the growth outside the main regions should remain extremely strong in 2026 and beyond, no doubt receiving a boost by the current turmoil in the Middle East.

We are now projecting growth in global EV sales of 9.5% YoY in 2026 to 22.7m vehicles, representing a penetration rate of almost 24% in total passenger vehicle sales. We are now projecting sales to reach 37.5m vehicles by 2030, representing 36.4% of all passenger vehicles sold. This compares with our previous forecast of close to 40m vehicles made a year ago, reflecting mainly a more conservative view of US growth prospects.

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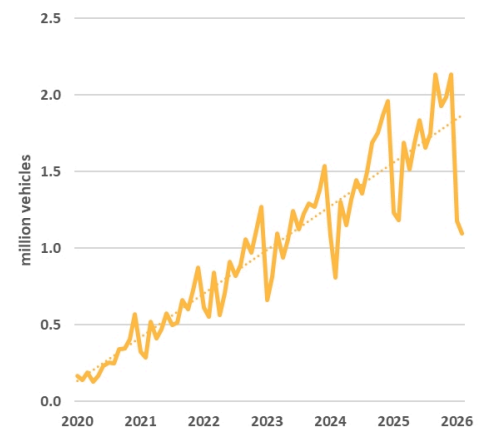


**Peter Taylor**



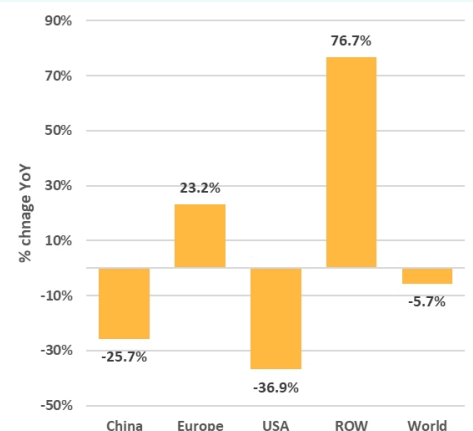
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### Global monthly EV sales drop sharply



Source: Benchmark, Macquarie Strategy, March 2026

### EV sales - YoY change, Jan-Feb 26/25



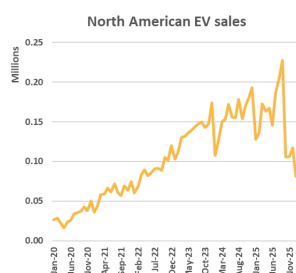
Source: Benchmark, Macquarie Strategy, March 2026

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## USA and China lead the way down in early 2026 EV sales

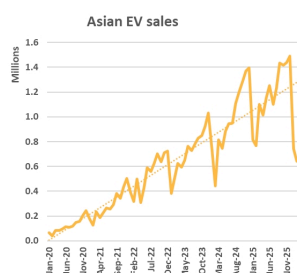
Global electric vehicle sales have started the year on a dramatically weakening trend. Sales data for January/February show a 5.7% year-on-year fall in sales in all EVs for the world as whole. The two areas of major weakness were the USA and China, where reported retail sales were down 36.9% and 25.7% YoY respectively. This was offset by still strong year-on-year growth in Europe (+23% YoY) and the rest of world category (+76.7% YoY).

**Figure 1 - US sales collapse**



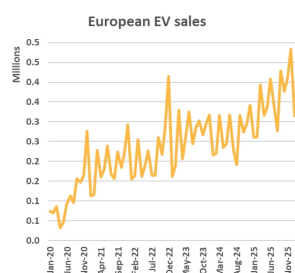
Source: BM, Macquarie Strategy, Mar 26

**Figure 2 - China pulls down Asia**



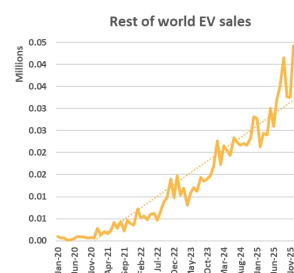
Source: BM, Macquarie Strategy, Mar 26

**Figure 3 - Europe maintains momentum**



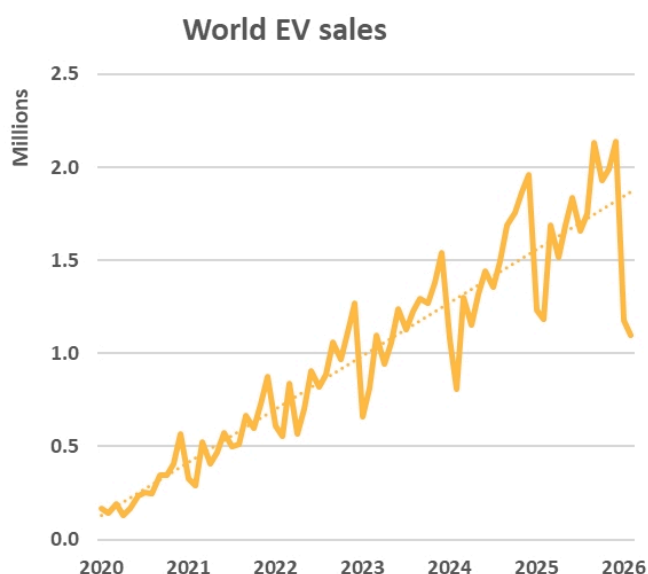
Source: BM, Macquarie Strategy, Mar 26

**Figure 4 - Booming rest of world**



Source: BM, Macquarie Strategy, Mar 26

**Figure 5 - Bigger than normal seasonal slowdown**



Source: BM, Macquarie Strategy, Mar 26

**Figure 6 - Falling US and Chinese sales drag global sales into negative territory in 2026**

Summary of Passenger EV Sales ('000 units)					
	China	Europe	USA	ROW	World
<b>Full BEV</b>					
Jan-Feb 26	627	441	111	342	1521
Jan-Feb 25	867	370	167	188	1592
% change	-27.6%	19.1%	-33.7%	82.1%	-4.4%
<b>PHEV</b>					
Jan-Feb 26	433	204	28	91	756
Jan-Feb 25	560	154	52	57	823
% change	-22.7%	33.0%	-47.0%	59.1%	-8.1%
<b>Total EVs</b>					
Jan-Feb 26	1060	645	139	434	2278
Jan-Feb 25	1427	523	220	245	2415
% change	-25.7%	23.2%	-36.9%	76.7%	-5.7%
<b>PHEV share %</b>					
Jan-Feb 26	41%	32%	20%	21%	33%
Jan-Feb 25	39%	29%	24%	23%	34%

Source: Benchmark, Macquarie Strategy, March 2026

The sharp decline in Chinese sales was exaggerated by the timing of the New Year holiday, which was described as "the longest Spring Festival holiday in history" with only 16 effective working days in that month. Weaker sales were also a reaction to an end-2025 rush to buy cars ahead of the abolition of some subsidies and the phasing in of higher purchase taxes. Despite these weaker trends, CAAM (China Association of Automobile Manufacturers) is still projecting Chinese EV sales growth (including exports) of 15.2% YoY in 2026, down from 28.2% in 2025.

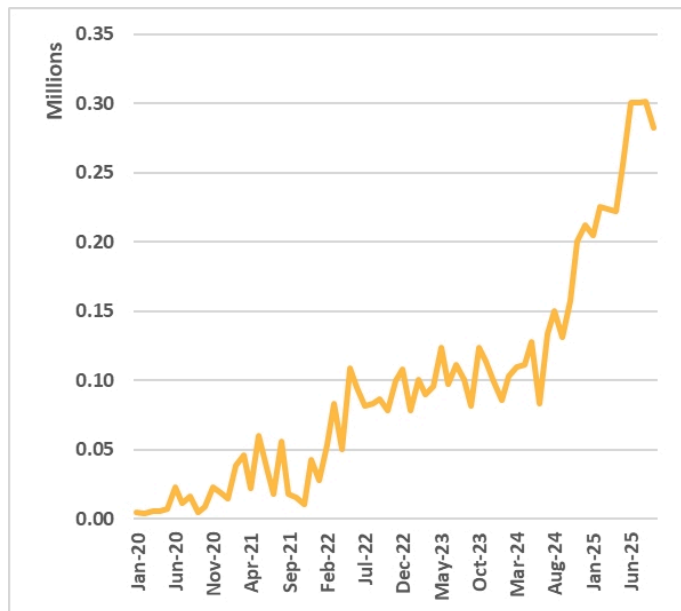
The decline in US sales appears more structural given the major changes in policies to withdraw support from EVs including the removal of an up to \$7,500/vehicle subsidy from end-Sept 2025. High tariffs on imported EVs and the Trump administration's elimination of CAFE non-compliance penalties for internal combustion engine vehicles (ICEs) has reduced the competitiveness of electric vehicles in the short run.

Major auto makers have announced major write-downs/reduced profits associated with their electrification strategy including \$7.9bn by GM, \$19.5bn by Ford and \$26bn by Stellantis.

European sales continue to benefit from tightening emission standards for ICEs (and PHEVs) and some new subsidies (notably in Germany this year), although growth rates should slow for the year since the base was very low at the start of 2025 and very high in the second half of the year.

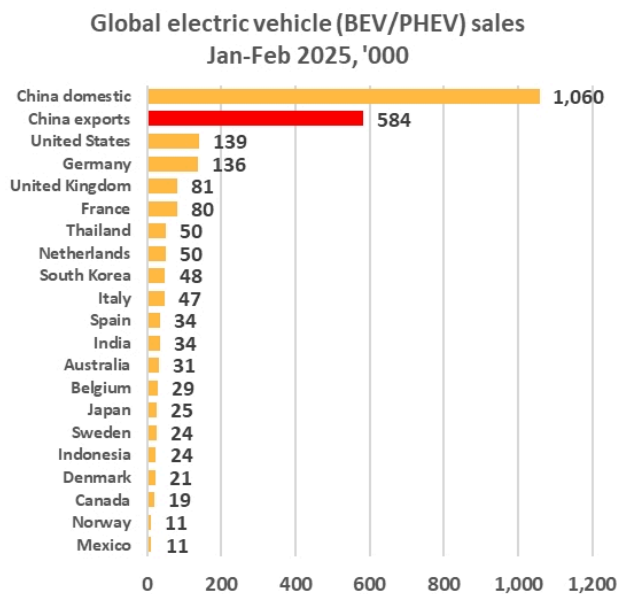
Booming export sales should continue to underpin the Chinese EV market and the growth outside the main regions should remain extremely strong in 2026 and beyond, no doubt receiving a boost by the current turmoil in the Middle East. It should be noted, however, that while individual Chinese auto makers are targeting strong export growth, the Chinese auto association (CAAM) is less optimistic thinking that trade barriers and slowing global growth could lead to an export slowdown this year. Exports rose 107% YoY in Jan-Feb to 584k units (Fig 7)

**Figure 7 - Monthly Chinese EV exports**



Source: CAAM, Macquarie Strategy, March 2026

**Figure 8 - Chinese exports are a large part of global market**



Source: Benchmark, Macquarie Strategy, March 2026

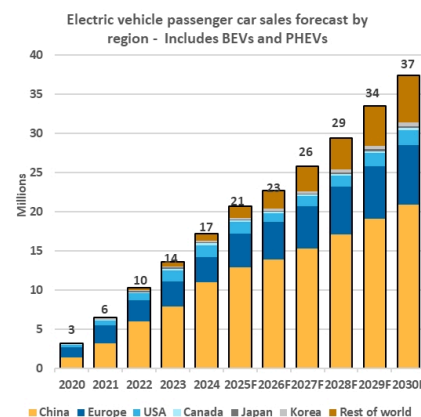
We are now projecting growth in global EV sales of 9.5% YoY in 2026 to 22.7m vehicles (Figure 9), representing a penetration rate of almost 24% in total passenger vehicle sales.

**Figure 9 - Global EV sales forecast to 2030 by major region - slower growth in 2026 (m units)**

	2025	2026F	2027F	2028F	2029F	2030F	% chge YoY		Growth rate 2025-30 % p.a.
							2026/25	2025-30	
China	12.88	13.93	15.32	17.16	19.07	20.87	8%	10%	
Europe	4.29	4.75	5.40	6.05	6.79	7.63	11%	12%	
USA	1.58	1.14	1.29	1.45	1.69	1.94	-27%	4%	
Canada	0.16	0.15	0.16	0.19	0.22	0.25	-5%	10%	
Japan	0.12	0.13	0.15	0.17	0.21	0.25	5%	15%	
Korea	0.23	0.26	0.31	0.36	0.42	0.49	14%	17%	
Rest of world	1.48	2.33	3.15	4.10	5.12	6.03	58%	32%	
<b>Total</b>	<b>20.74</b>	<b>22.70</b>	<b>25.78</b>	<b>29.48</b>	<b>33.52</b>	<b>37.47</b>	<b>9%</b>	<b>13%</b>	

Source: Benchmark, Macquarie Strategy, March 2026

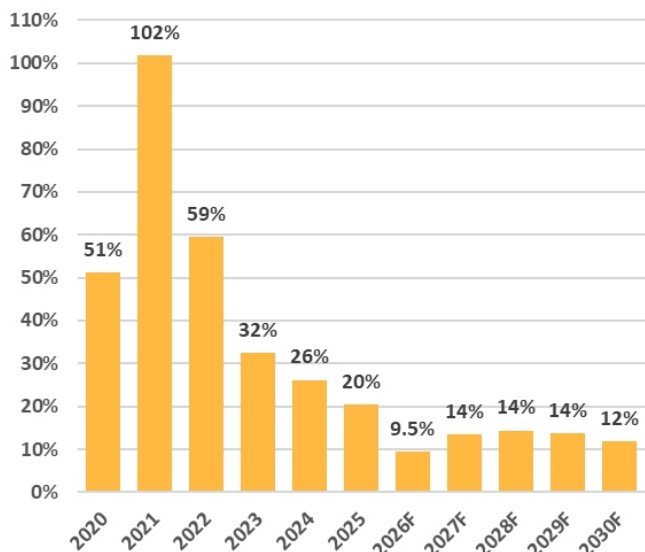
**Figure 10 - China and Europe continue to dominate sales**



Source: Benchmark, Macquarie Strategy, Mar 26

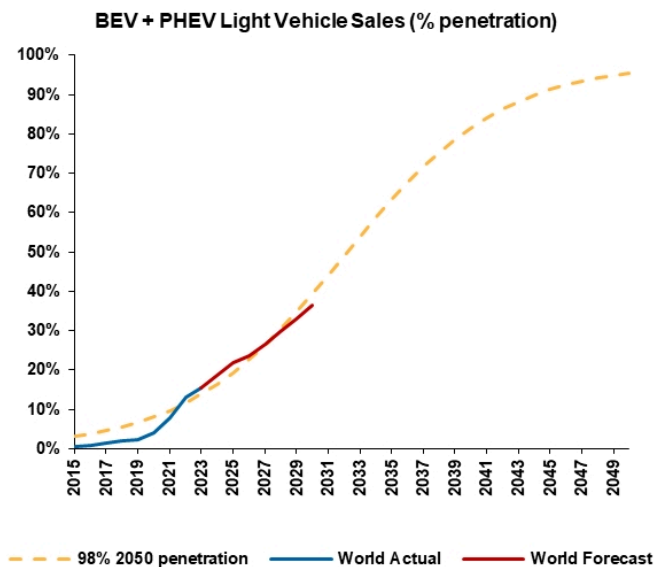
The penetration rates for EVs are still growing steadily on a global basis and we are now projecting sales to reach 37.5m vehicles by 2030, representing 36.4% of all passenger vehicles sold. This compares with our previous forecast of close to 40m vehicles made a year ago, reflecting mainly a more conservative view of US growth prospects. Headwinds to EV adoption, especially outside China, remain competitiveness with ICEs, range anxiety issues and sufficient charging infrastructure. As these get addressed, we foresee the penetration rate in total vehicle sales continuing to move along the long run adoption curve which foresees almost complete market penetration by 2050.

**Figure 11 - Growth rates in global EVs are slowing (% change YoY)....**



Source: Benchmark, Macquarie Strategy, Mar 26

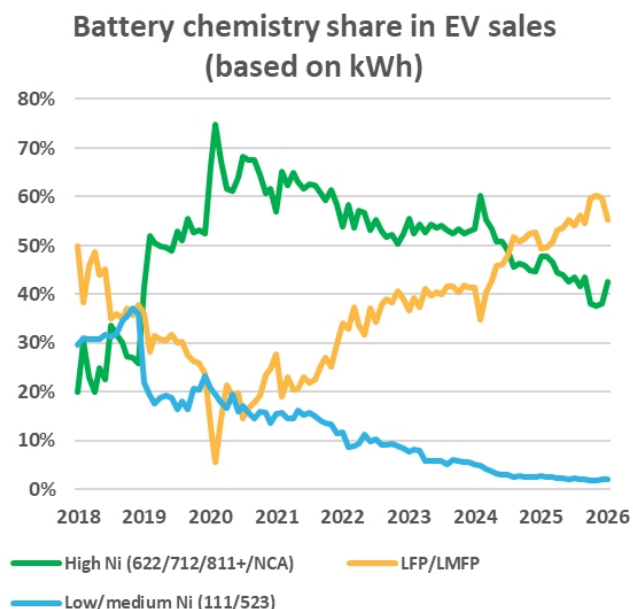
**Figure 12 - ...but growth in penetration still on long run adoption curve**



Source: Benchmark, Macquarie Strategy, March 2026

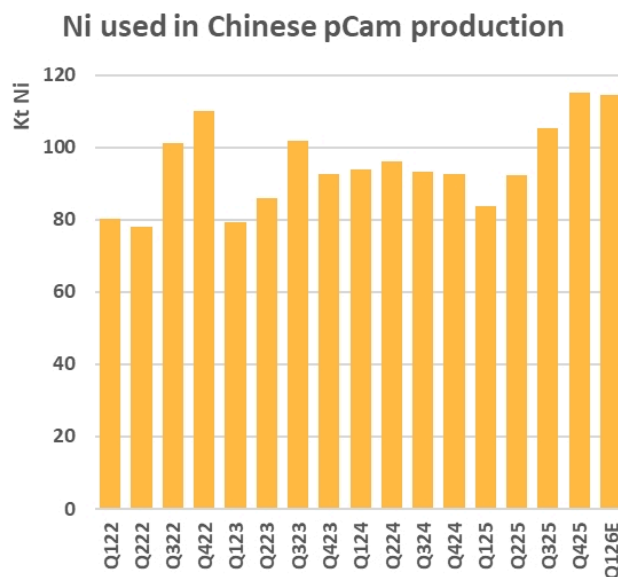
Trends in battery chemistry remain firmly again nickel and cobalt in the near term as the share of LFP batteries continues to rise (Figure 11). You would think with weaker EV sales and rising LFP share use demand for nickel and cobalt would be weakening. You would be wrong as immediate usage has been strong strongly since mid-2025 (Figure 14). This reflects the end of multi-year destocking in battery materials and also some restocking as nickel, cobalt and lithium prices started to ris in H2 2025/early 2026. Also, there has been some front loading of export demand for ternary precursors ahead of the withdrawal of VAT rebates on exports from April 2026.

**Figure 13 - Based on EV sales, share of nickel-containing batteries continues to trend lower**



Source: Benchmark, Macquarie Strategy, March 2026

**Figure 14 - Nickel (and cobalt) used in making Chinese ternary precursors (pCAM) up over 30% Yoy in Q1 2026**



Source: ICC Sino, Mysteel, Macquarie Strategy, March 2026

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