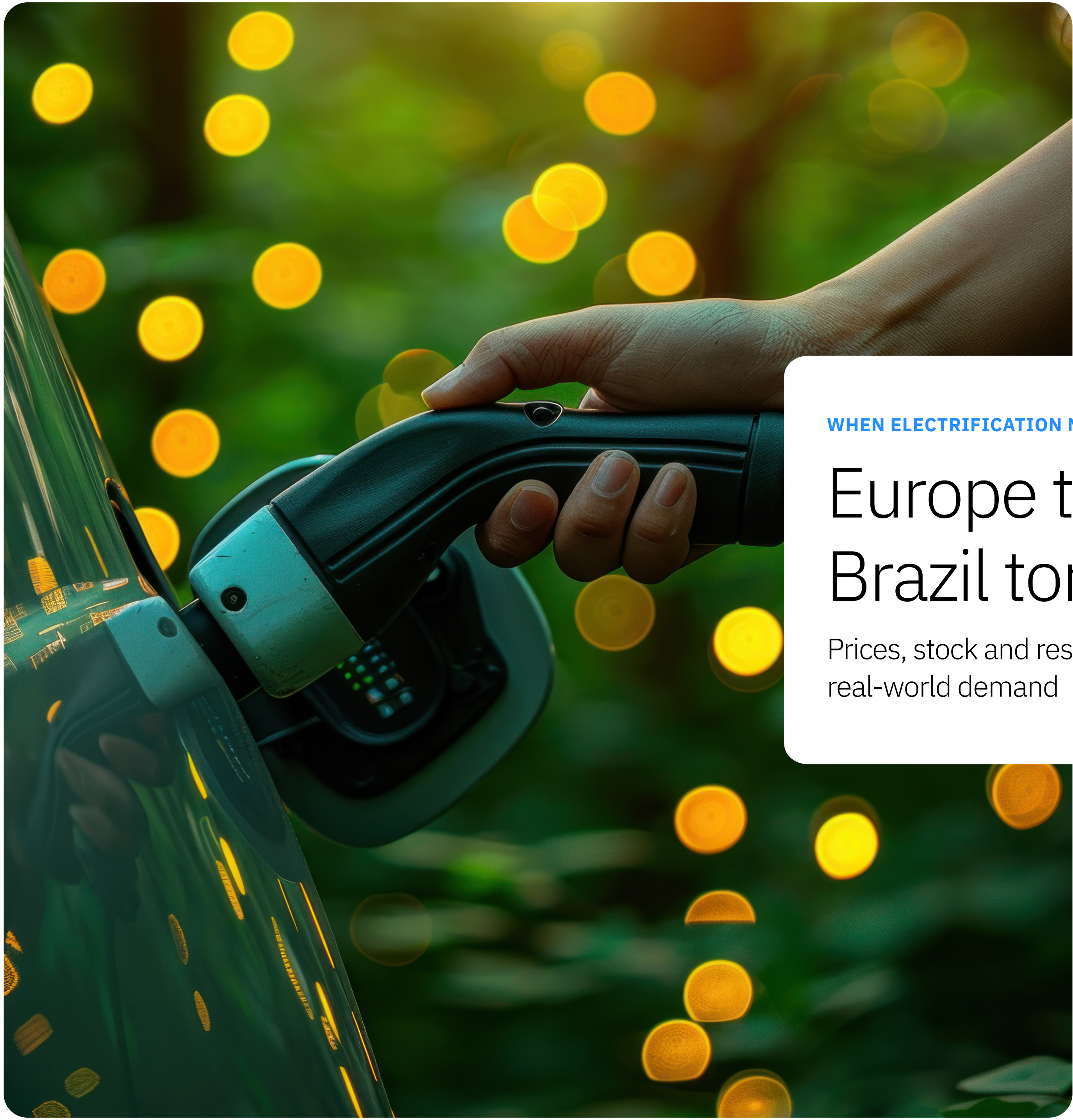
August 2026



WHEN ELECTRIFICATION MEETS THE MARKET

Europe today, Brazil tomorrow?

Prices, stock and residual values meet the test of real-world demand

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Why this white paper?

Electrification does not produce a single market. On the contrary, it exposes the way public policy, fleet structures, absorption capacity and finance shape each national market. This white paper examines the mechanisms already visible in Europe and compares them with those now beginning to take shape in Brazil.

The starting point is straightforward: the traditional tools used to read the used-car market — supply, demand, price, stock turn and residual value — still work. What has changed is the environment in which they operate. When supply is accelerated upstream faster than demand can develop, the used-car market becomes the place where the gap is ultimately corrected.

The purpose is not to suggest that Brazil will mechanically repeat Europe's experience. It is to identify the conditions that turn a technological transition into residual-value risk, and then assess which of those conditions are already present — or still absent — in Brazil.

> "What interests me here is not whether the electric car is a good or a bad technology. The more practical question is this: at what point does a market stop absorbing volumes through demand and begin absorbing them through price?"
>
> **Yoann Taitz** – Regional Head of Forecasting and Market Expert, Indicata Global

Scope and methodology

- Analysis of the price, stock and liquidity trajectories observed in the Indicata data presented in the source material.
- Comparison of national European markets, followed by an assessment of Brazil as a used-car market that is still taking shape.
- A combined reading of the indicators: Market Days Supply (MDS), which estimates how many days it would take to sell the available stock at the observed sales rate; prices; the origin of inflows; taxation; finance; and the maturity of demand.
- The charts are reproduced as they appear in the supplied materials; the accompanying commentary has been rewritten for publication.

Five key takeaways

Europe and Brazil are both moving towards more electrified mobility, but they are neither at the same stage nor subject to the same adjustment mechanisms.

#	Conclusion	Implication
1	Europe is not a single BEV market	The initial shock is common, but price and stock trajectories remain national. Taxation, fleet structure, finance and cross-border flows determine the speed and depth of adjustment.
2	Price has become the principal clearing mechanism	When supply grows faster than demand, the used-car market does not remove the available volumes; it reprices them. Residual-value correction is the delayed expression of an imbalance created upstream.
3	Chinese manufacturers shift the benchmarks before they dominate volumes	Their impact stems as much from pricing, equipment levels and stock building as from market share. They help establish new price benchmarks and expose brand-specific value ceilings.
4	Brazil is not yet under systemic remarketing pressure	The used-BEV market remains narrow and liquid, without broad overstock. Yet prices are already correcting more sharply than those of other powertrains, indicating that price-led adjustment has begun.
5	Brazil's risk is structural rather than immediate	Chinese competition, local production, tax reform and the future arrival in the used-car market of vehicles sold new today will gradually create greater exposure. The timetable differs from Europe's, but the economic rules are the same.

IN ONE SENTENCE

Europe is facing residual-value pressure that has already materialised; Brazil is now building the conditions for future exposure.

When Europe's BEV market meets reality

One shock, several national equilibria

1.1 Europe: a network of national markets, not a single system

Talk of "the European market" conceals an essential reality: tax rules, fleet structures and incentives vary markedly from one country to another. Those differences then feed through into stock composition, stock turn and residual values.

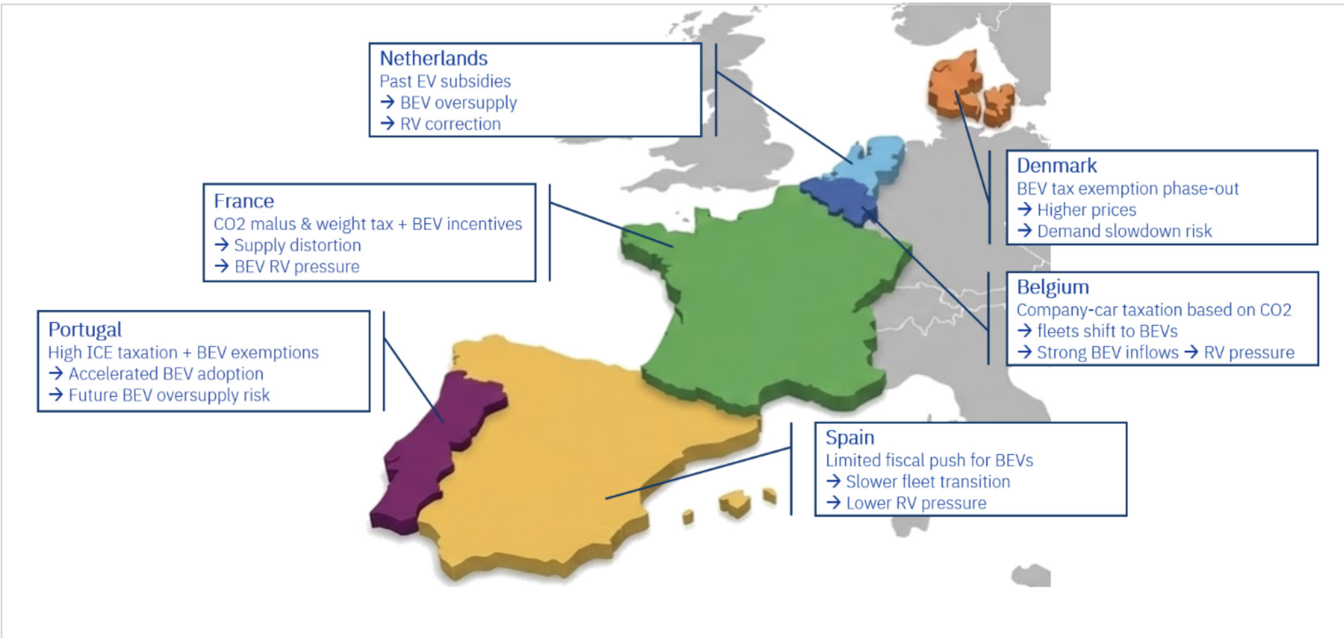

FIGURE 1 – Tax policy and incentives create very different market structures from one country to another.

The map does not yet show price outcomes; it shows the rules of the game. In France, the combination of CO_2 taxation, weight-based taxation and support for BEVs directly influences registration channels. In the Netherlands, earlier incentives helped create substantial volumes. In Belgium, company-car taxation accelerated BEV penetration in fleets. Spain, by contrast, has experienced a weaker fiscal push and a more gradual transition.

These choices are neither comparable nor synchronised. They affect the volume that will reach the used-car market, the timing of those returns and the ability of local demand to absorb them. It is therefore entirely logical that prices should not automatically converge on a single European equilibrium.

Different national rules produce different residual-value paths.

A common shock, national adjustments

All five markets reached a broadly similar turning point in early 2023, but their paths soon diverged. The United Kingdom corrected earlier and more deeply, while Italy and Spain proved more resilient. By July 2026, the gap between the strongest and weakest markets had widened to more than 23 index points.

The shock is common, but its absorption is national. It depends on fleet structure, the depth of demand, taxation and public policy. There is no single European equilibrium for used BEVs, but a series of interconnected local equilibria.

> “A 23-point gap between major markets should not be dismissed as a temporary anomaly. It shows that residual value is not simply a property of the vehicle; it is also a property of the market in which that vehicle must be resold.”
>
> **Yoann Taitz** – Regional Head of Forecasting and Market Expert, Indicata Global

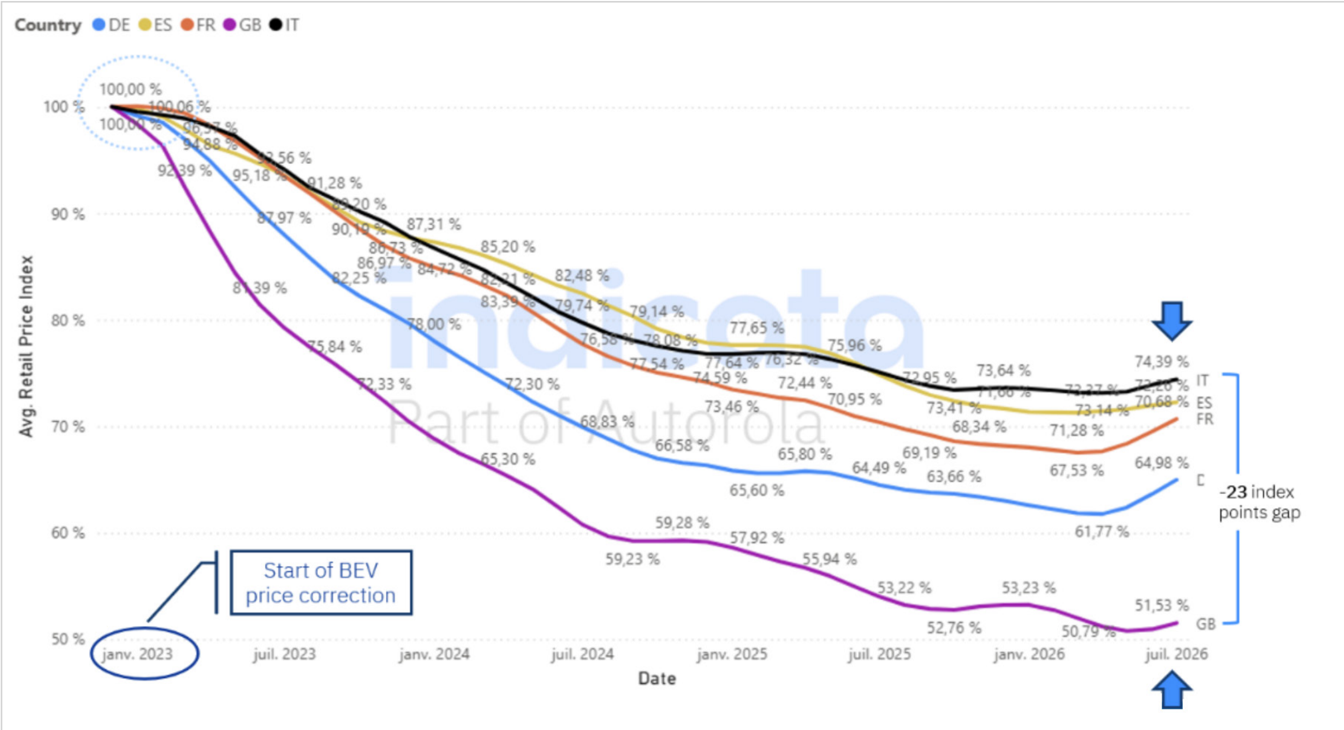

FIGURE 2 - BEV price index across five major European markets, January 2023 = 100.

1.2 Where the stock comes from matters as much as how much there is

MDS — Market Days Supply — estimates how many days it would take to sell the available stock if the recent sales pace were to continue. It is therefore a market-temperature indicator rather than a literal forecast: it applies a recent selling rate to the stock available today. A high or low MDS must always be interpreted alongside price, stock composition, vehicle age and the source of incoming supply.

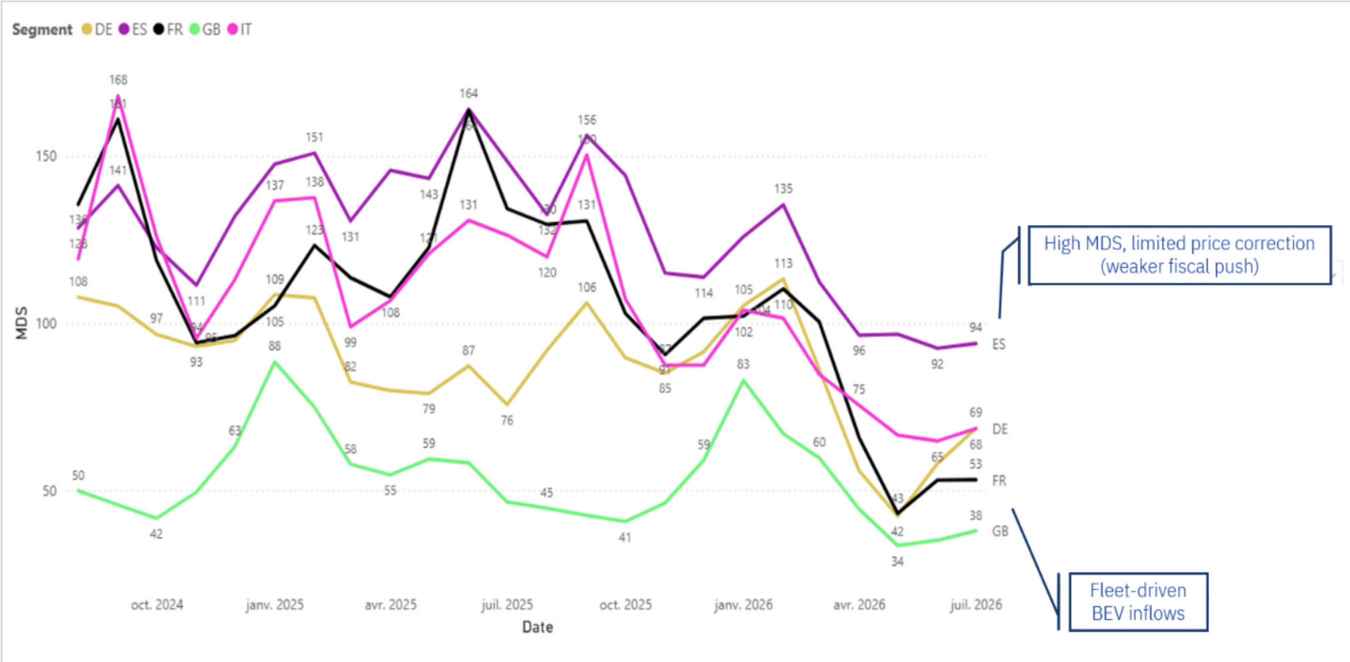

FIGURE 3 - BEV stock pressure and the mechanisms feeding the used-car market.

In France and the United Kingdom, BEV inflows are closely tied to fleet channels. Vehicles therefore return to the used-car market in relatively concentrated waves at the end of their contracts, most commonly after 36 or 48 months. Spain follows a different pattern: MDS remains high, but price correction is more limited, consistent with a weaker fiscal and fleet push.

Stock pressure alone cannot explain the adjustment. The same MDS can result from a wave of fleet returns, structurally weak demand or a market that has already corrected its prices. The indicator must always be read in the context of the mechanism that produced it.

Cross-border flows transmit pressure — without making markets uniform

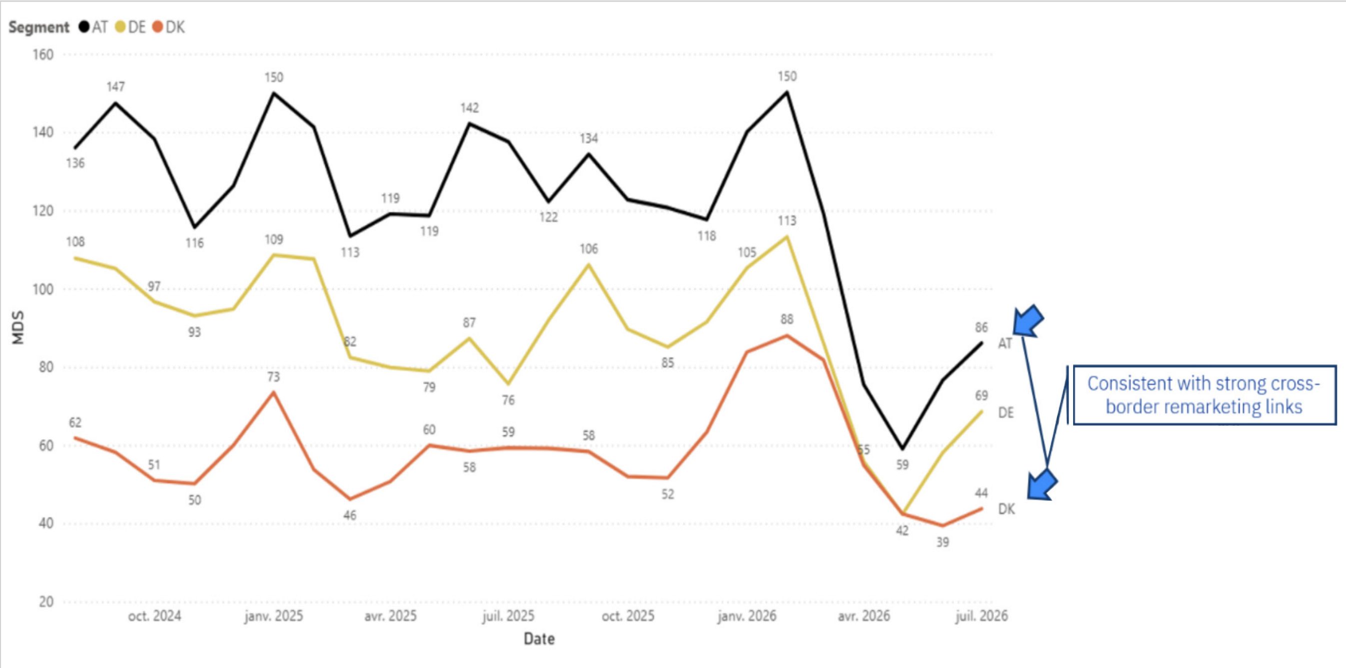

FIGURE 4 - Germany, Austria and Denmark: connected markets, different stock levels.

Germany, Austria and Denmark are linked by long-established remarketing flows. Some national pressure can be absorbed through exports, while some can be transmitted to neighbouring markets. Denmark's more recent divergence nevertheless shows that cross-border integration does not override local fundamentals.

These flows act as a buffer, but they do not create a homogeneous market. Local demand, taxation and fleet mix continue to impose their own constraints.

1.3 When macroeconomics becomes a used-car market driver

From 2022 onwards, finance ceased to be merely part of the backdrop. It became a direct determinant of affordability and, in turn, of price formation.

The start of ECB monetary tightening coincided with a broad reversal across the major markets. The correction differed in both scale and speed, but its timing was widely shared. Higher monthly payments reduced the market's ability to sustain elevated prices, particularly for technologies where private demand remained more sensitive.

Finance does not explain the entire adjustment. It does, however, amplify stock imbalances, fleet effects and national constraints. From that point onwards, affordability became a structural limit on the used-car market.

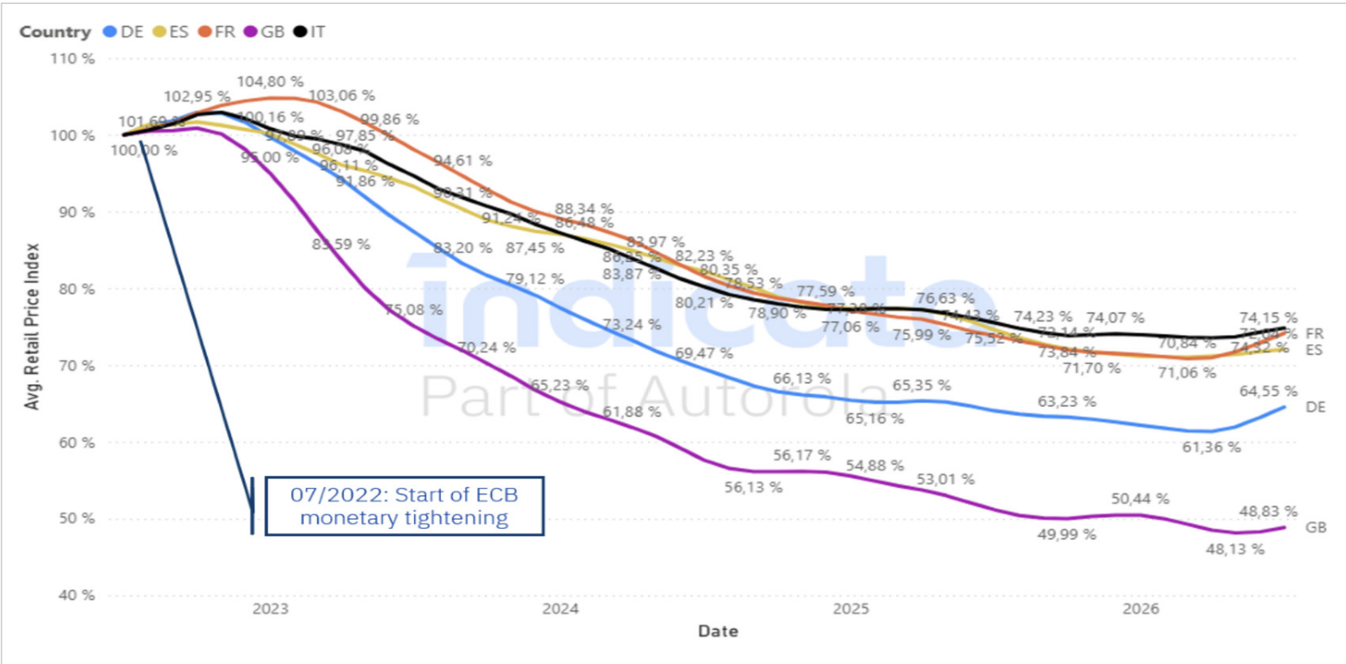

FIGURE 5 - Monetary tightening coincides with a common turning point in BEV prices.

Absorption capacity: the same MDS can conceal opposite realities

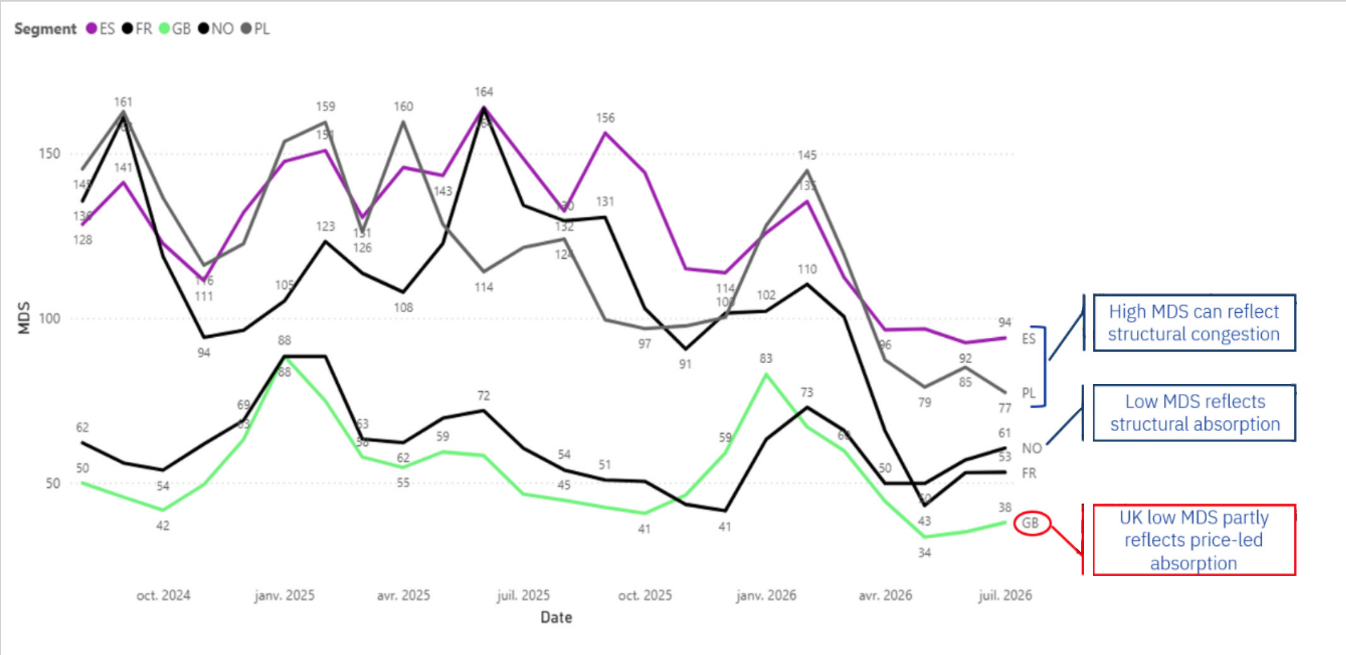

FIGURE 6 - National absorption capacity remains highly uneven.

In Spain and Poland, high MDS points to structural congestion: demand is not deep enough relative to the available volumes. In Norway, low MDS reflects the opposite mechanism — structural absorption, supported by a mature ecosystem, developed infrastructure and established demand.

The United Kingdom also records low MDS, but for a different reason: part of that liquidity has been achieved through substantial price correction. Vehicles are selling, but only after a rapid reassessment of value.

Apparent liquidity is not enough to judge the health of a market: it may come from demand or from price.

Similar prices, different economic mechanisms

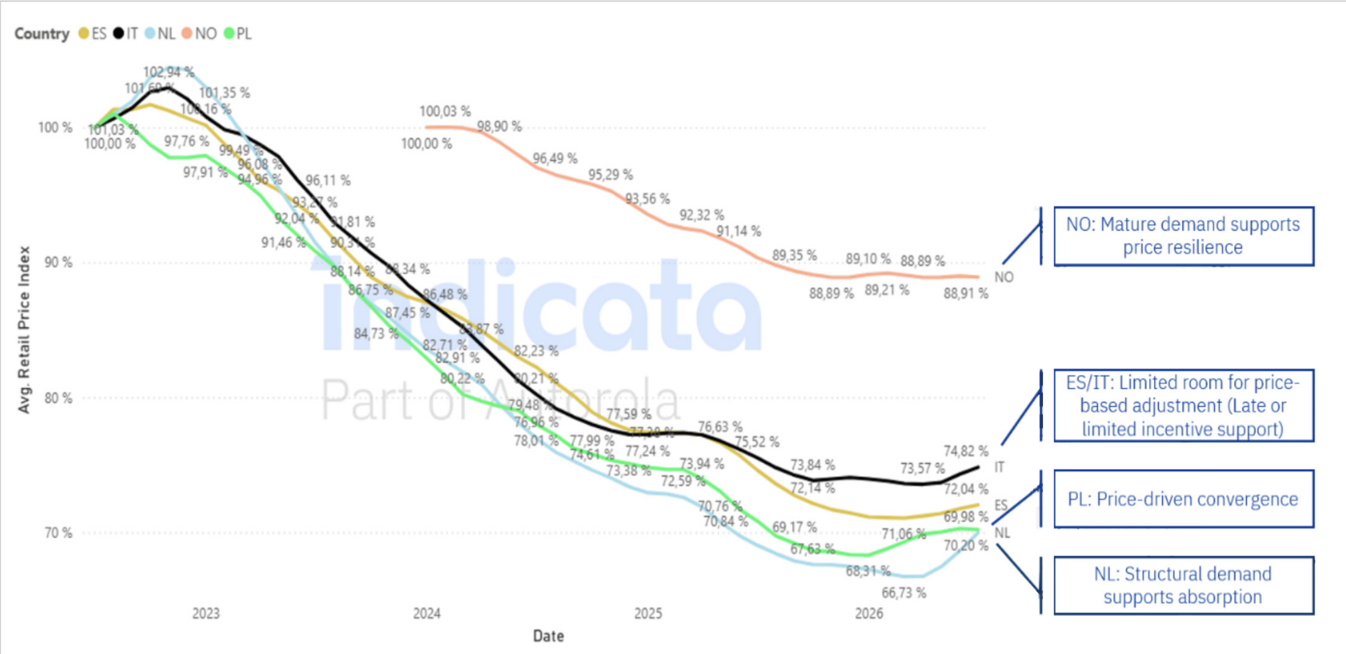

FIGURE 7 - TConverging price paths can conceal very different market equilibria.

Spain, Italy, Poland and the Netherlands end the period within a relatively narrow price range, yet for very different reasons. In Spain and Italy, the correction has been more contained, partly because supply was accelerated less aggressively. In Poland, convergence has been more price-led, under the constraint of lower purchasing power. In the Netherlands, absorption takes place within a more mature BEV ecosystem.

Norway stands apart through stronger price resilience, consistent with demand that is already structural. A similar final price therefore implies neither the same market health nor the same future risk.

1.4 Policy accelerates supply; the used-car market restores discipline

Europe's transition is not purely technological. It is accelerated by regulatory targets, fiscal mechanisms and commercial structures that shift risk through time.

> "The used-car market does not resist public policy. It simply puts a price on it. When political ambition and real demand are misaligned, residual value is where the gap is accounted for."
>
> **Yoann Taitz** – Regional Head of Forecasting and Market Expert, Indicata Global

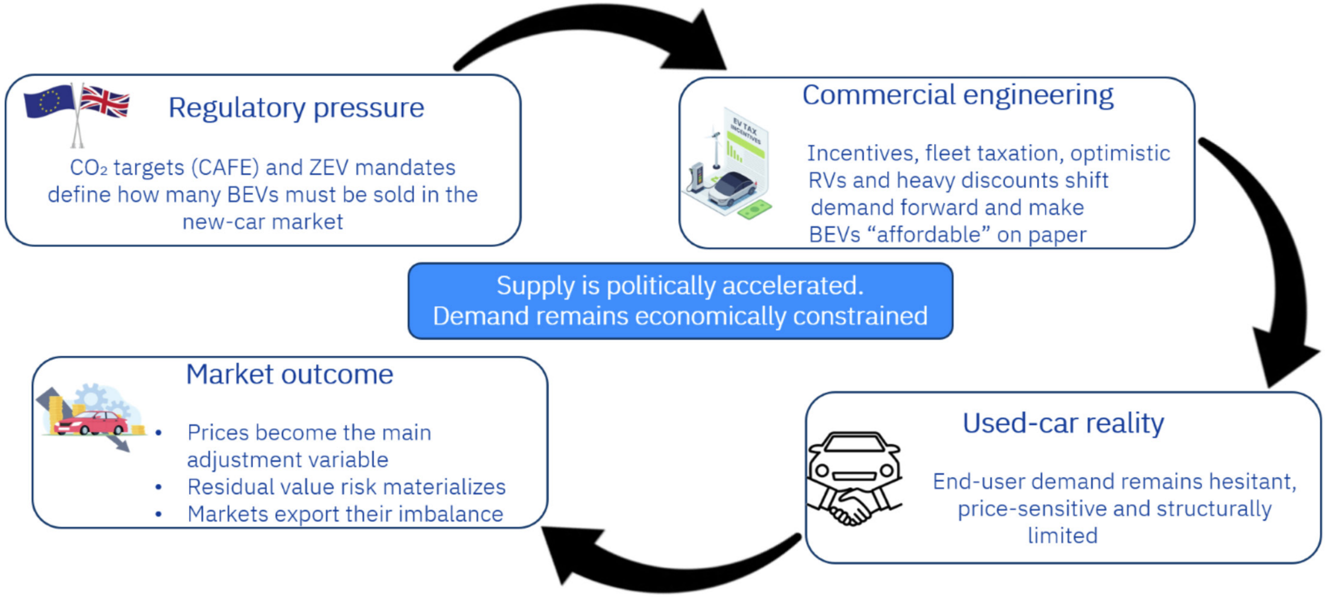

FIGURE 8 - From regulatory pressure to the used-car market: the transmission chain of risk.

In the European Union, CO_2 standards for new cars — often referred to as CAFE standards — require manufacturers to meet average fleet-emissions targets. In the United Kingdom, the ZEV mandate sets a rising minimum share of zero-emission vehicles in new registrations.
The two frameworks are not identical, but both accelerate the arrival of BEVs in the new-car market. To support that trajectory, the industry relies on commercial support, fleet taxation, optimistic residual-value assumptions and substantial discounts.

The result is not that the volumes disappear, but that prices adjust. Residual values correct, losses emerge and imbalances move between countries. The transition is organised on the supply side, then negotiated on the demand side.

A fragmented and asynchronous Europe

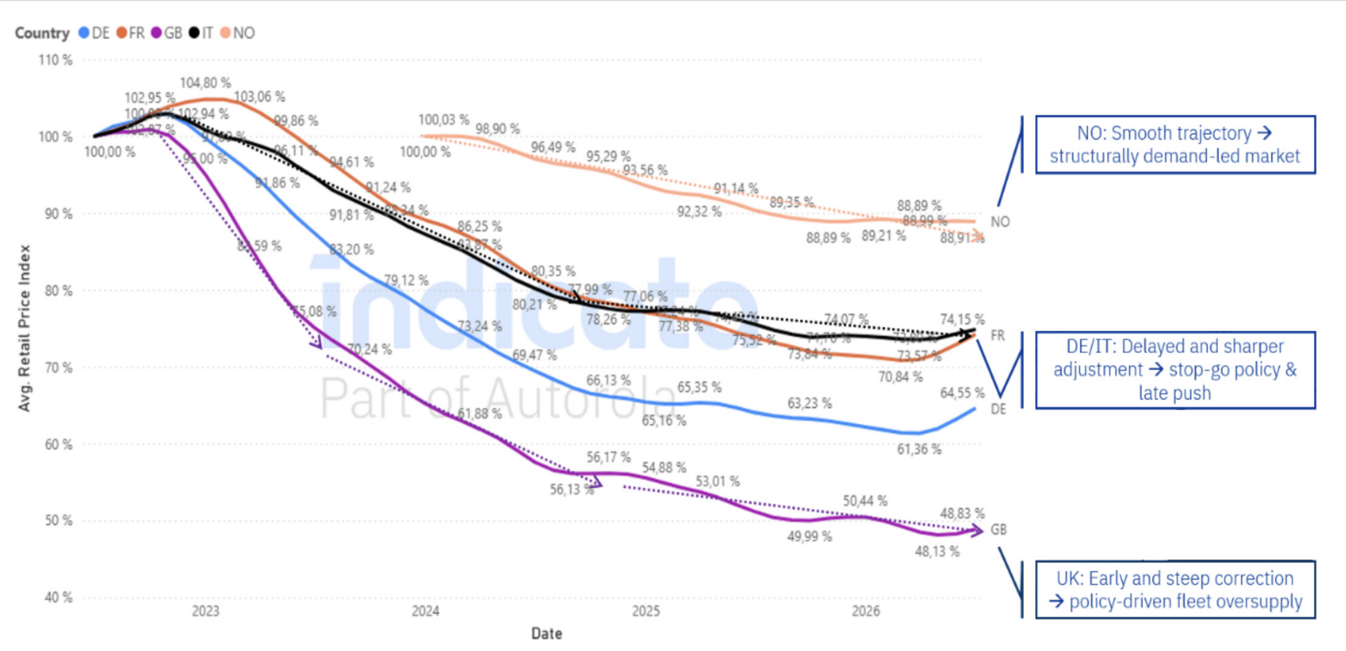

FIGURE 9 - Markets adjust at different speeds and along different slopes.

The United Kingdom corrected early and sharply after fleet volumes rose quickly. Germany experienced a substantial but more gradual adjustment. France and Italy reacted later, while Norway followed a much smoother path.

These differences show that Europe is both fragmented by national structures and asynchronous in the timing of its adjustment. The pressures are common, but correction does not begin everywhere at the same time.

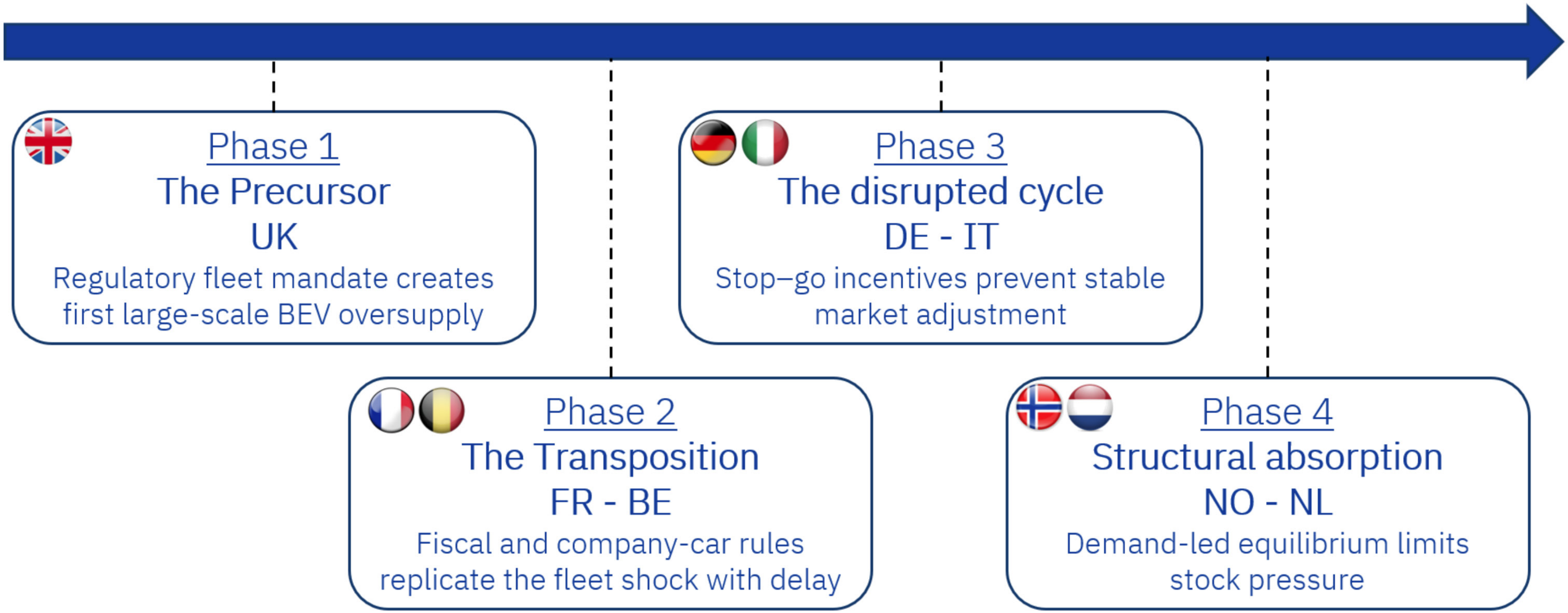

FIGURE 10 - Four European profiles: precursor, transposition, disrupted cycle and structural absorption.

1.5 Chinese manufacturers move the benchmarks before they dominate volumes

Chinese influence in Europe is not simply a story of market share. It is already a story of price, stock and used-car value ceilings.

Without a comparable brand legacy or a long history in the used-car market, new entrants compensate through price and equipment. Even at relatively modest volumes, that strategy shifts the reference points used by buyers, retailers and finance providers.

FIGURE 11 - A limited installed base, a price-led response and a systemic effect on market benchmarks.

Stock is growing faster than proven demand

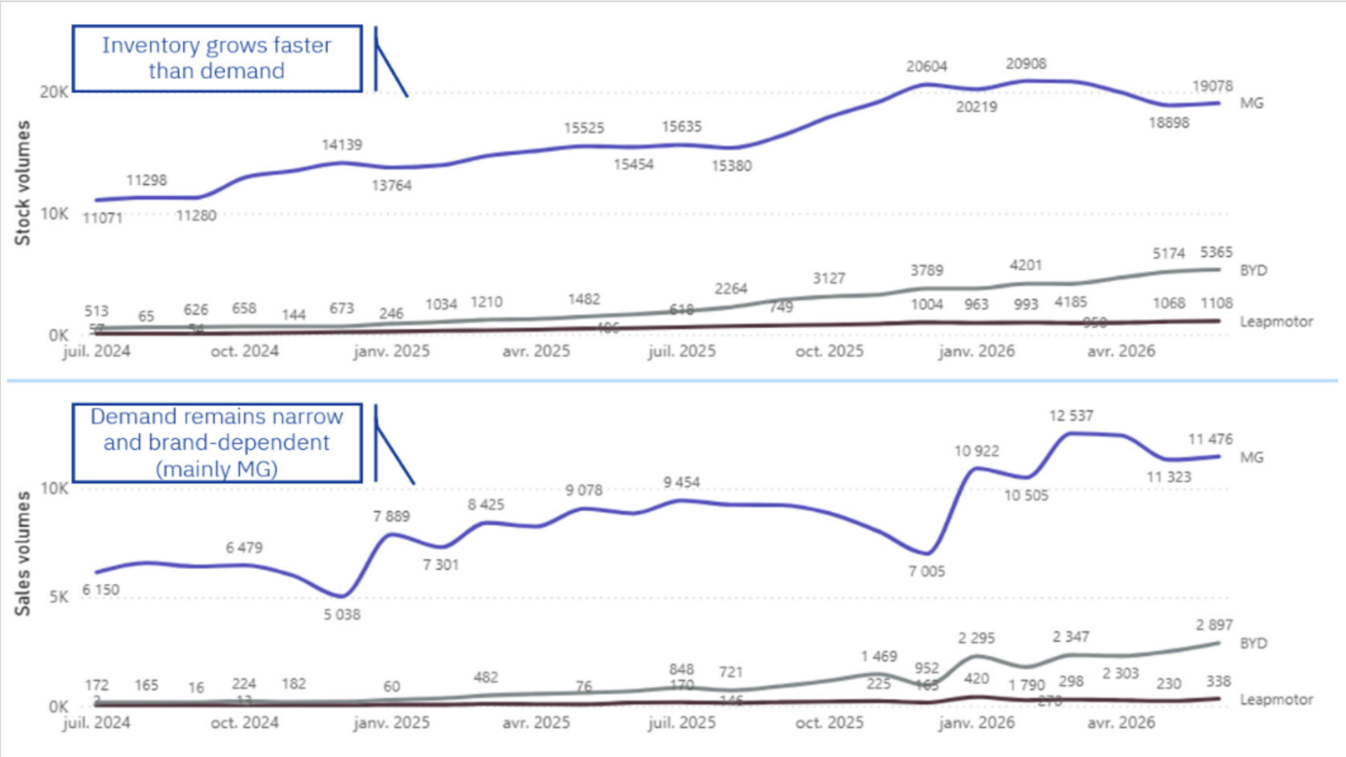

FIGURE 12 - MG, BYD and Leapmotor: stock and sales growth across the observed markets.

MG remains the leading Chinese player in both stock and sales. BYD is expanding from a smaller base, while Leapmotor remains marginal. Other Chinese brands still account for very low used-car volumes and do not yet materially alter the overall picture. At the measurement point shown, MG and BYD each hold stock equivalent to roughly two months of sales, compared with almost three months for Leapmotor. That imbalance is not neutral for residual values: when supply remains persistently above demand, discounts and price reductions become the principal clearing mechanism, putting downward pressure on used-car prices and on residual-value assumptions.

Demand is not absent; rather, supply expansion is running ahead of proven market depth. As stock builds, the need for commercial action and price adjustment gradually increases.

The used-car market imposes a brand-specific ceiling

At 12 months, Chinese models are no longer confined to the bottom of the ranking. Their lower used-car prices are, first and foremost, a mechanical consequence of generally lower new-car list prices. Even so, they occupy a relatively tight price band below the best-established European and Korean benchmarks. At 36 months, the BYD Atto 3 retains meaningful value, but does not reach the levels achieved by the Volkswagen ID.4, ID.5 or Hyundai Ioniq 5.

The essential point is that the used-car market does not automatically grant every brand the same positioning. The list price establishes the starting point, but trust, network strength, depth of demand and brand recognition determine the ceiling that can actually be reached.

> “New entrants sometimes assume that product quality alone will deliver used-car value parity. Yet the market also prices the ecosystem: trust, network strength, repairability, liquidity and the depth of the buyer base.”
>
> **Yoann Taitz** – Regional Head of Forecasting and Market Expert, Indicata Global

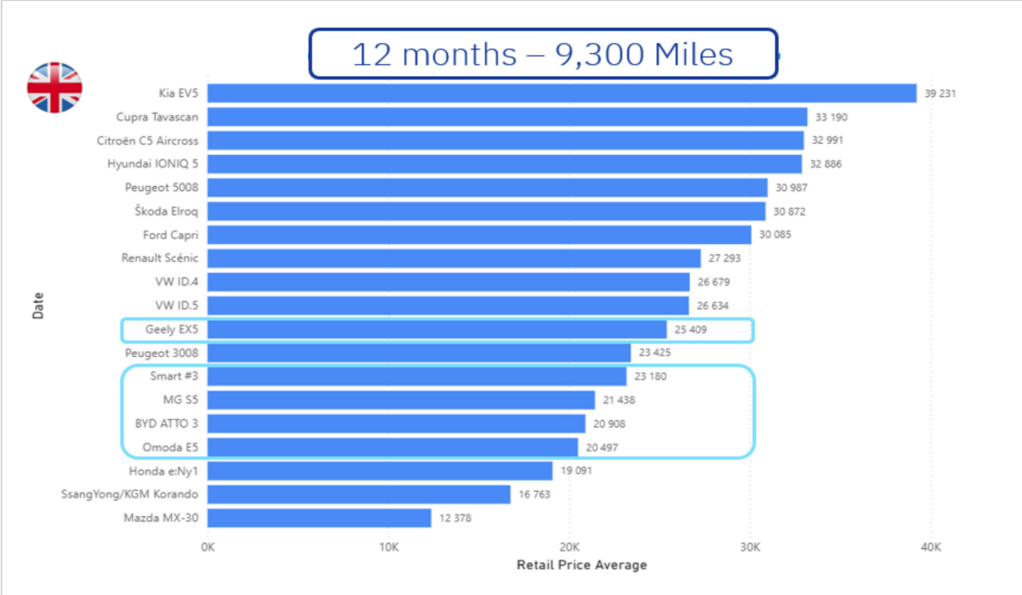

FIGURE 13
UK, 12 months / 9,300 miles (15,000 km): C-SUV model pricing.

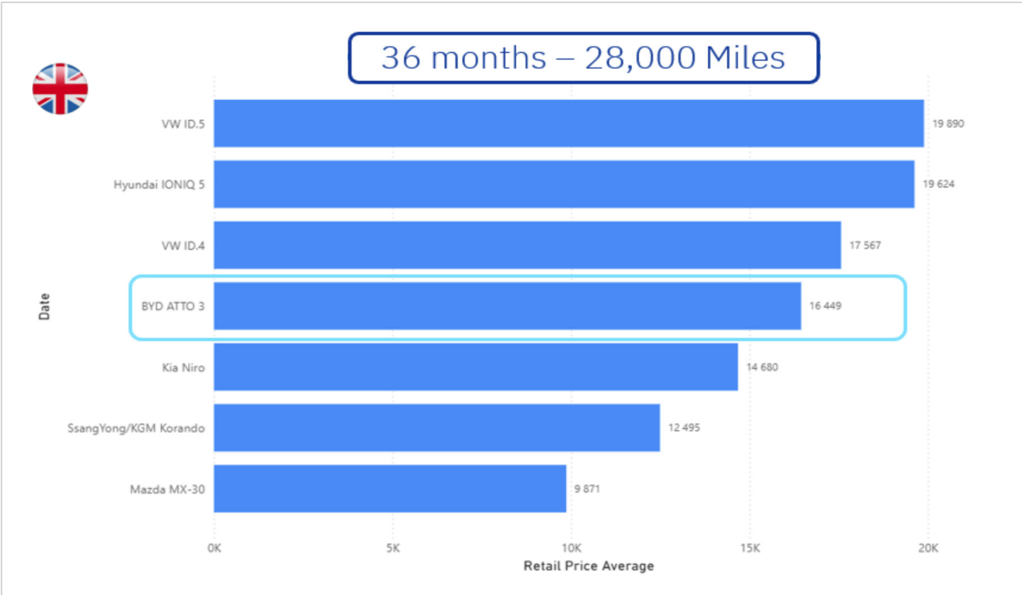

FIGURE 14
UK, 36 months / 28,000 miles (45,000 km) C-SUV: the brand hierarchy remains visible.

The price benchmark forms before the volume shock

In Italy, a similar hierarchy is emerging from a still-limited evidence base. Chinese models do not all sit at the bottom of the ranking, but they cluster within a narrow price range. At 36 months, only a small number of models can yet be observed; the first available signal nevertheless shows a substantial gap to established European and Korean references.

The market does not need to wait for mass volumes before incorporating a new benchmark. Price expectations can form in advance and influence future residual values before the main wave of returns reaches the used-car market.

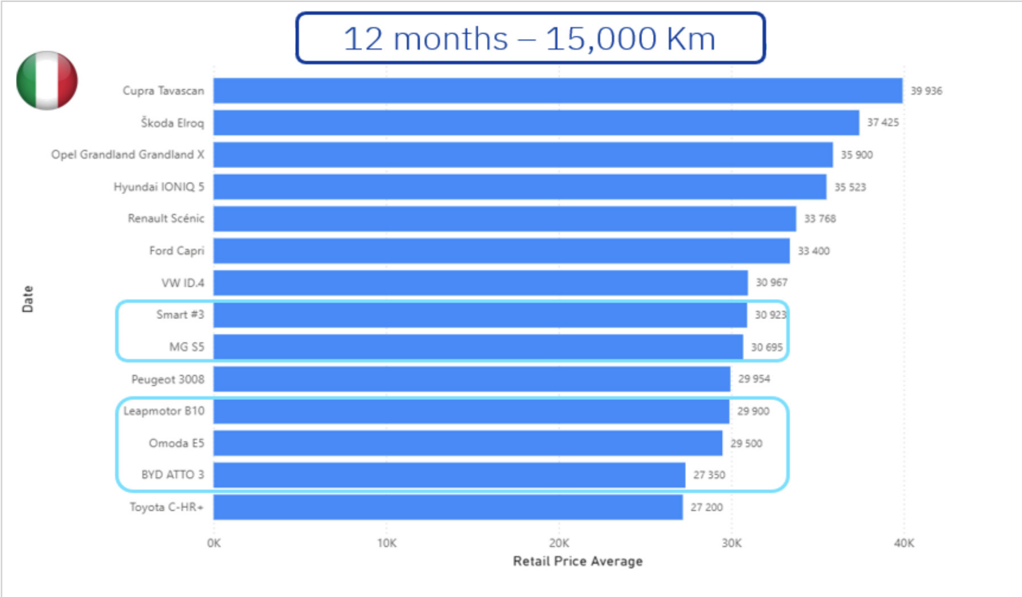

FIGURE 15
Italy, 12 months / 15,000 km: a recognisable Chinese price position is already emerging.

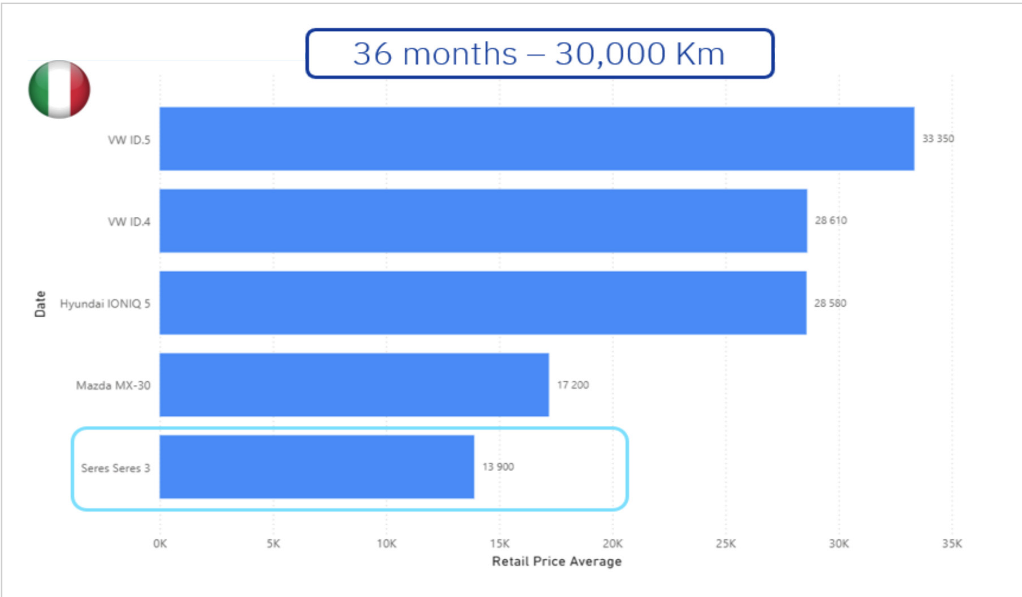

FIGURE 16
Italy, 36 months / 30,000 km: early evidence of a brand-specific price ceiling.

1.6 Europe's correction is not over

Prices have adjusted quickly. Assumptions, volume ambitions and the allocation of risk are changing far more slowly.

The current adjustment was not triggered by the used-car market. It began upstream, with assumptions about penetration, total cost of ownership and residual values used to make the transition commercially viable. The used-car market then applies its own constraints: price sensitivity, brand hierarchies, depth of demand and segment ceilings.

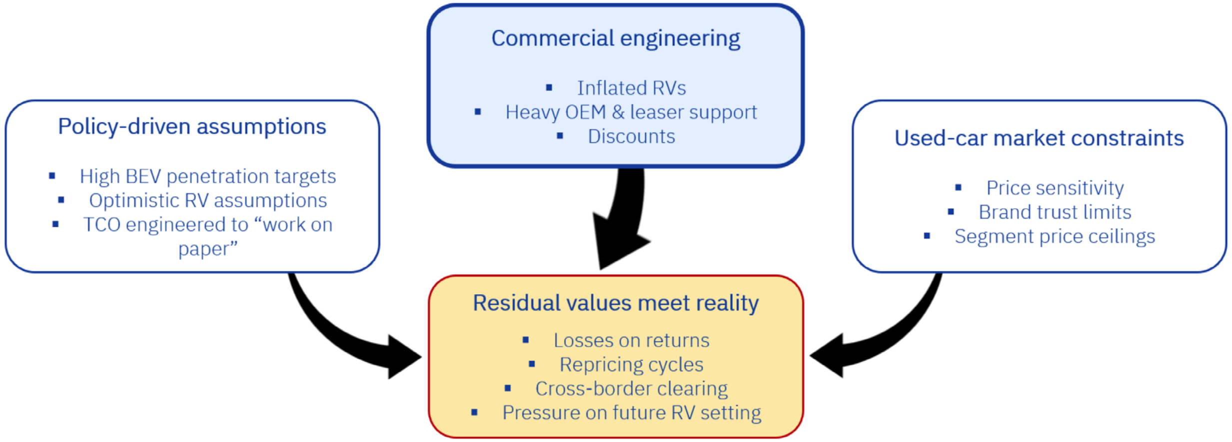

FIGURE 17
Residual values meet the real constraints of the used-car market.

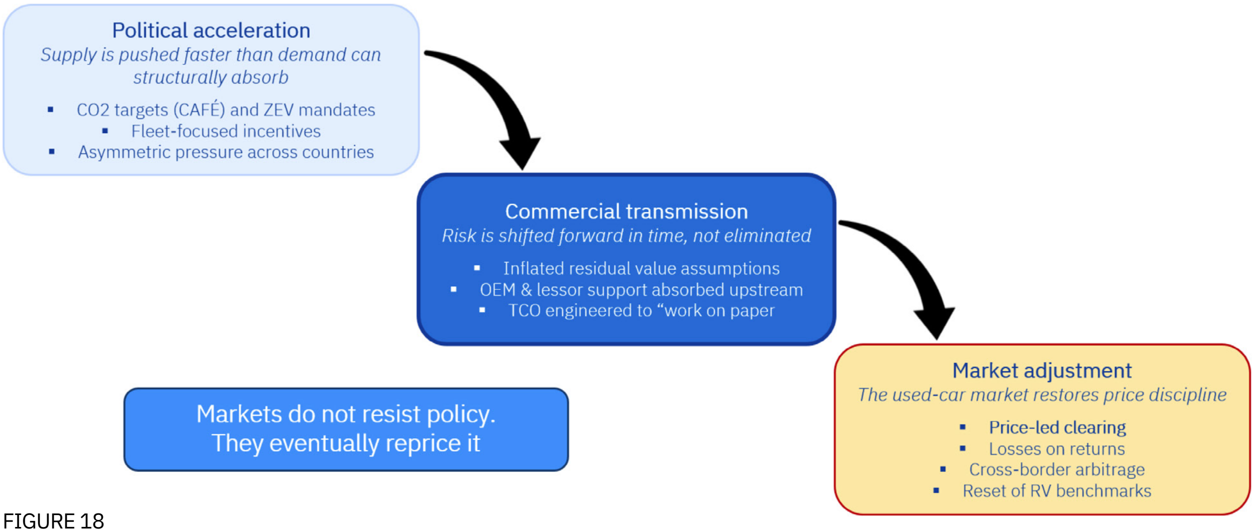

FIGURE 18
Political acceleration, commercial transmission and market repricing.

What we are seeing is not a series of local failures. It is the logical consequence of supply being accelerated faster than demand. Commercial structures delayed the risk, but did not remove it. Once the gap becomes visible, repricing is no longer optional; it becomes the mechanism.

Prices, tactical volumes and cross-border flows have already responded. Residual-value assumptions, the allocation of risk between manufacturers, leasing companies and retailers, and price discipline all remain under pressure. Volume ambitions and policy targets, meanwhile, are still largely disconnected from private demand.

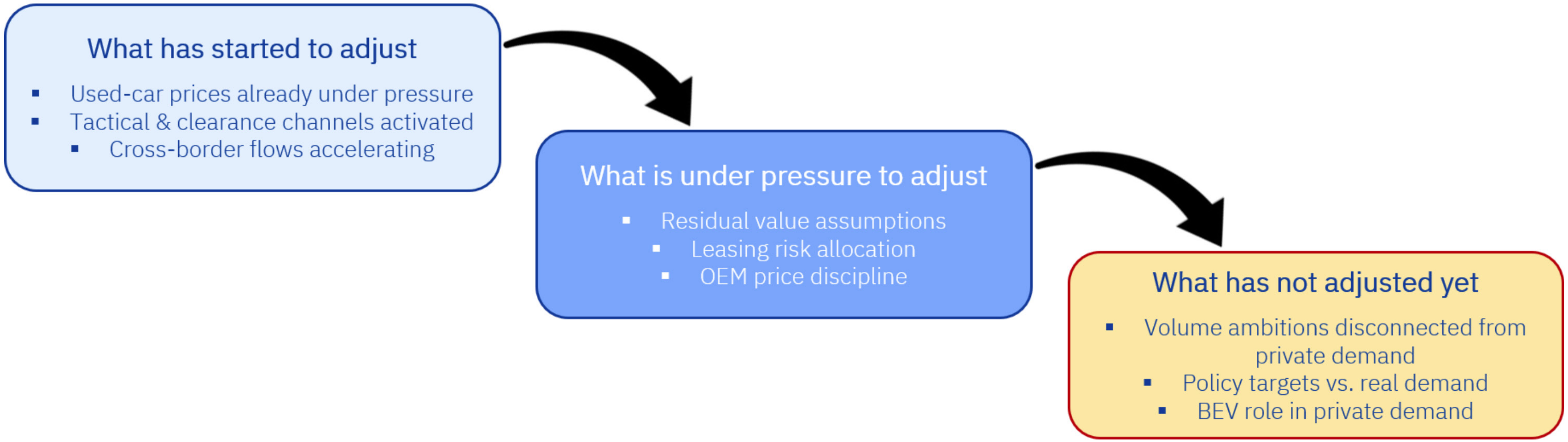

FIGURE 19 - Prices have begun to move; assumptions and ambitions are still lagging.

Markets adjust quickly; the systems around them adjust slowly. Until the two converge, the cycle continues.

Before Brazil's BEV market meets reality

Liquid today, but not yet tested at scale

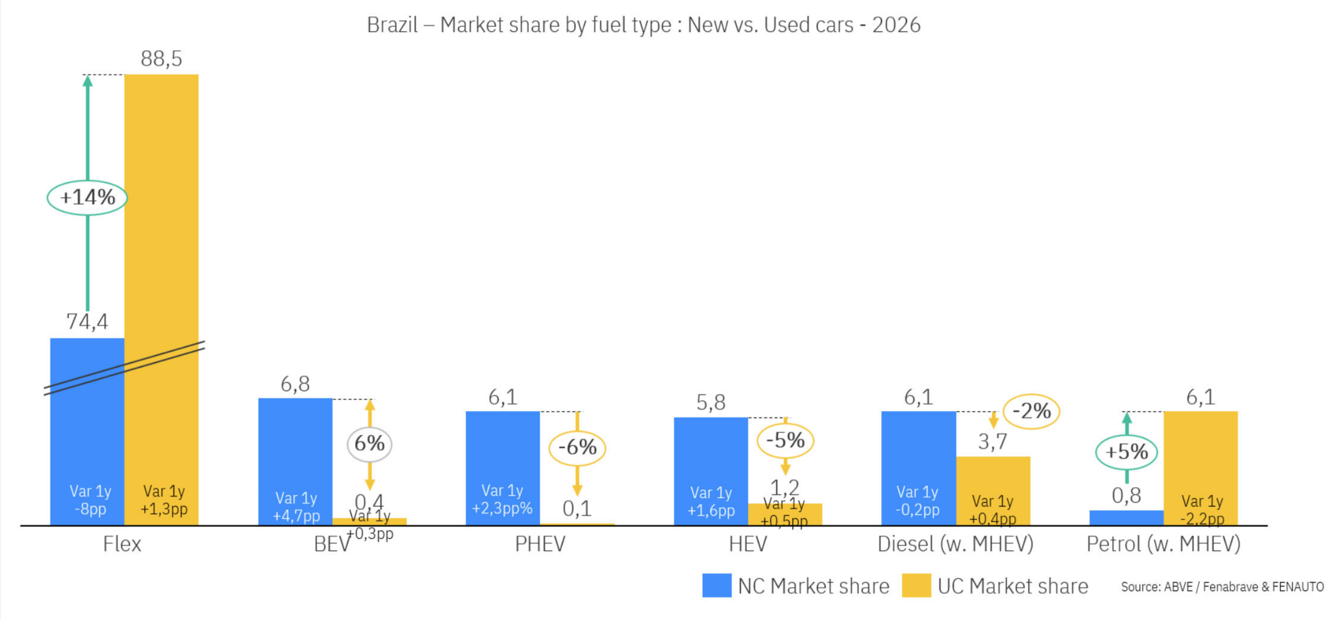

FIGURE 20 – Market share by powertrain: flex-fuel overwhelmingly dominates Brazil's used-car market.

2.1 Flex-fuel remains the true point of reference

Brazil is not starting from a conventional combustion-engine market. It begins with a powerful, familiar flex-fuel ecosystem deeply embedded in both the new- and used-car markets.

Flex-fuel's dominance is not simply a function of its new-car market share. It is also supported by a deep used-car market, a proven distribution network and strong consumer familiarity. BEVs are growing in the new-car market, but remain almost absent from the used-car market.

That asymmetry is central. BEVs are not competing only with other technologies; they must persuade buyers to move away from a local solution that is already optimised, widely available and well understood. Brazil's continental scale and its established ethanol economy also reduce the likelihood of a simple replication of the European transition path.

> "Ethanol may be the single most important difference between Europe and Brazil. The size of the country and the existence of our own renewable fuel can lead the Brazilian market to behave differently from the European trend."
>
> **Mauricio Cardoso Ogata** – Business Intelligence & Operations Manager, Indicata Brazil

Strong liquidity that has not yet been tested at scale

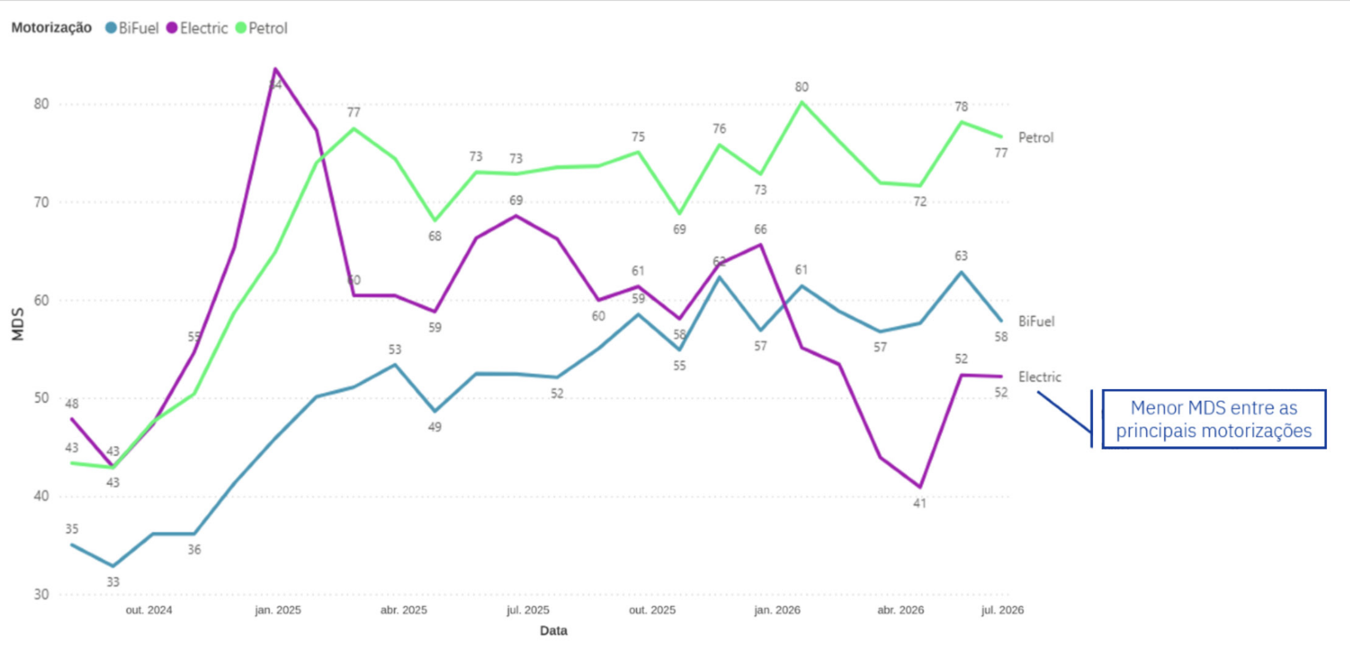

FIGURE 21 - BEVs record the lowest MDS among the principal powertrains observed.

The market is liquid today, but it has not yet been tested at scale.

At this stage, BEV liquidity is healthy and MDS remains below that of the other powertrains. There is no sign of overstock. This should not, however, be mistaken for mature demand: the segment remains small, and low volumes mechanically reduce the risk of stock accumulation.

In Brazil, Indicata commonly reads MDS against supply and demand over the previous 45 days, using it to distinguish vehicles that are moving well from those that are proving harder to sell.

"In Brazil, we often explain MDS as a way of distinguishing cars that are selling well from those that are not, based on supply and demand over the previous 45 days. It does not reproduce the future perfectly, because it applies a past selling rate to the stock available today."

Mauricio Cardoso Ogata – Business Intelligence & Operations Manager, Indicata Brazil

2.2 Prices are already adjusting faster than the rest of the market

The absence of visible overstock has not prevented a substantial correction in values. Price is already acting as an adjustment variable.

> “We have started to see the market price level change in Brazil, particularly because Chinese manufacturers are buying market share with new products and very strong sales incentives.”
>
> **Mauricio Cardoso Ogata** – Business Intelligence & Operations Manager, Indicata Brazil
>
> “The absence of stock pressure does not mean the absence of risk. In Brazil, the first signal is already appearing in prices, before it develops into broad remarketing pressure.”
>
> **Yoann Taitz** – Regional Head of Forecasting and Market Expert, Indicata Global

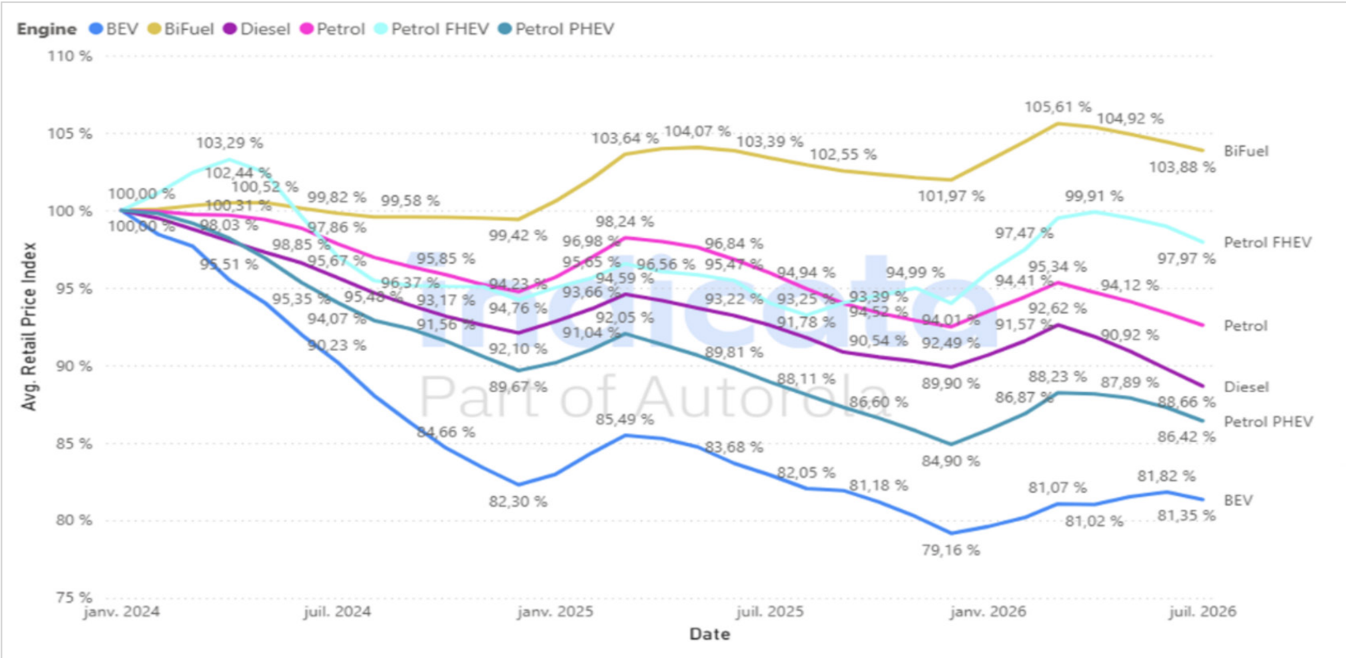

FIGURE 22 - Price indices by powertrain in Brazil, January 2024 = 100.

After a sharp fall in 2024 and 2025, BEVs remain at around 81% of their January 2024 level, well below the other powertrains. There has been some recent stabilisation, but the gap has not closed.

This directly links the previous two figures: stock turn remains healthy partly because the market is already adjusting prices. The first impulse is coming mainly from the new-car market rather than from a broad wave of used-BEV returns. Chinese manufacturers are gaining share with aggressively priced new products, high equipment levels and substantial commercial support. Those actions reset buyers’ reference points and feed through rapidly into the values of nearly-new and used vehicles.

Price parity with flex-fuel remains out of reach

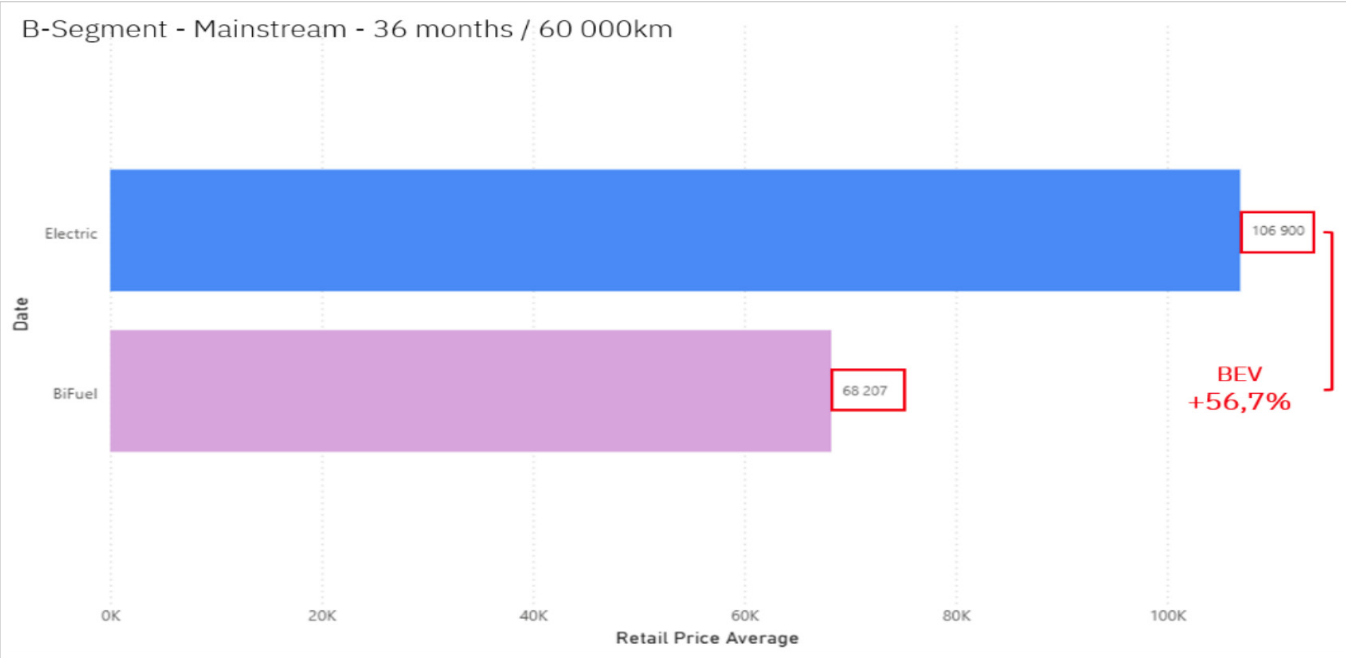

FIGURE 23 - B segment, 36 months / 60,000 km: BEVs remain around 57% more expensive than flex-fuel vehicles.

> "Residual values for the cheaper BEVs are not necessarily poor. The most pronounced depreciation is concentrated in the more expensive models."
>
> **Mauricio Cardoso Ogata** – Business Intelligence & Operations Manager, Indicata Brazil

Despite the recent corrections, the gap remains substantial. In this comparison, a three-year-old BEV is still around 57% more expensive than an equivalent B-segment flex-fuel vehicle. In a market that is highly sensitive to price and finance, that difference is a major barrier to mass adoption.

The 36-month BEVs in this comparison are still drawn mainly from established brands. The current price war led by Chinese manufacturers is therefore not yet fully reflected. Its effect will emerge progressively as the vehicles sold new today reach 24 to 48 months of age and begin to enter the used-car market in volume.

The correction is not uniform across the segment. Indicata Brazil's market experience suggests that lower-priced BEVs can retain value comparatively well because they reach a broader pool of private buyers. The sharpest depreciation is more often found among higher-priced models, where the used-car buyer base is narrower and finance costs weigh more heavily on affordability.

2.3 Chinese manufacturers are already shaping competition

In the recent mainstream C-SUV BEV segment, their presence is no longer limited to a handful of low-priced alternatives. They already occupy a substantial share of the competitive price ladder.

This forms part of a wider internationalisation strategy. Europe and Latin America — particularly Brazil and Mexico — are among the principal markets targeted by Chinese manufacturers, while direct access to the United States remains heavily constrained by tariff and regulatory barriers. This geography helps to explain why Chinese competitive pressure is especially visible in the two regions examined here.

External reference — IEA, Global EV Outlook 2025 and 2026: China has become the world's leading exporter of electric cars. Chinese vehicles play a central role in European imports and in the growth of many Latin American markets, while the United States remains considerably more closed.

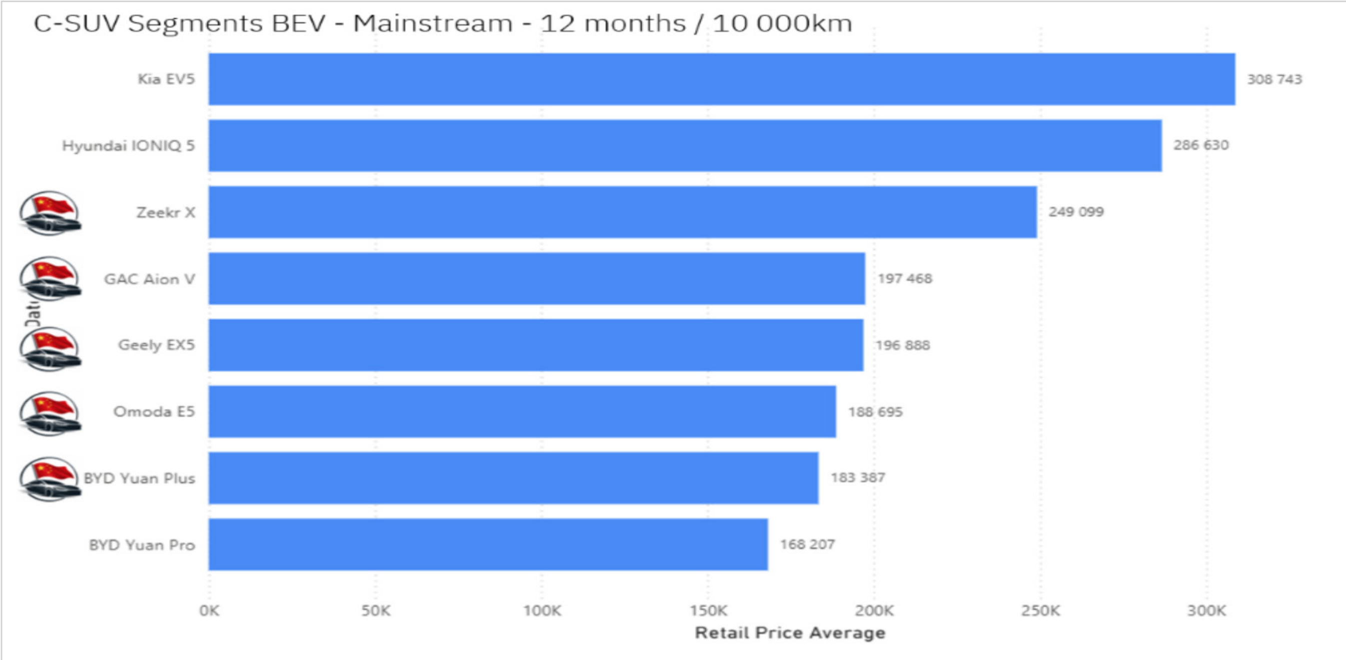

FIGURE 24 - Mainstream C-SUV BEVs at 12 months / 10,000 km: five of the eight models are Chinese.

Five of the eight visible models are Chinese. They occupy most of the price ladder below the two highest-priced Korean references. Their influence therefore extends beyond volume: by offering several models across a range of prices, they are helping to define what Brazilian customers regard as an acceptable price for a BEV C-SUV.

Established manufacturers must respond through price, equipment, positioning and commercial offers. Investment in local production and distribution also shows that this is not a temporary import-led phenomenon, but a strategy to become embedded in the market.

Chinese brands are already converting price leadership into retail demand

The shift is no longer confined to a specialist electric-car niche. In June 2026, four of the five best-selling passenger-car models to private retail customers in Brazil were Chinese. The BYD Dolphin Mini, BYD Dolphin and Geely EX2 occupied the first three positions, followed by the BYD Song in fourth place. This is a monthly retail ranking rather than evidence that Chinese manufacturers dominate the entire Brazilian market, but it shows that they are already generating genuine end-customer demand rather than relying solely on fleet or tactical registrations.

That success has direct implications for future residual values. Larger new-car volumes create larger used-car inflows several years later, while today's aggressive transaction prices establish the reference points against which those vehicles will eventually be remarketed.

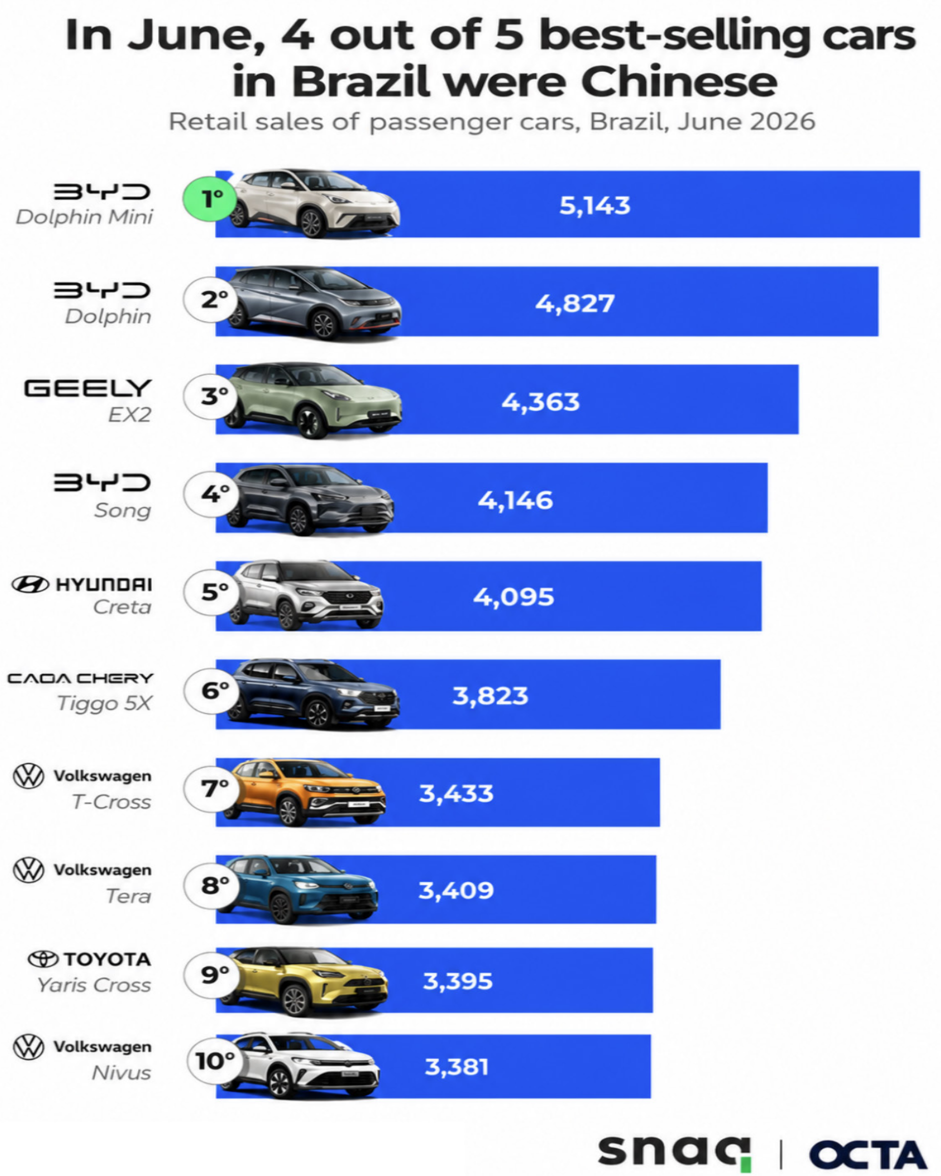

FIGURE 25
Four of Brazil's five best-selling retail models in June 2026 were Chinese.

Source: Fenabrave; original graphic by Snaq/OCTA; adapted for this publication.

2.4 Brazil's structural constraints remain significant — but charging is expanding quickly

The market is becoming more structured, but demand remains constrained by affordability, infrastructure and a policy framework that is still more industrial than consumer-led.

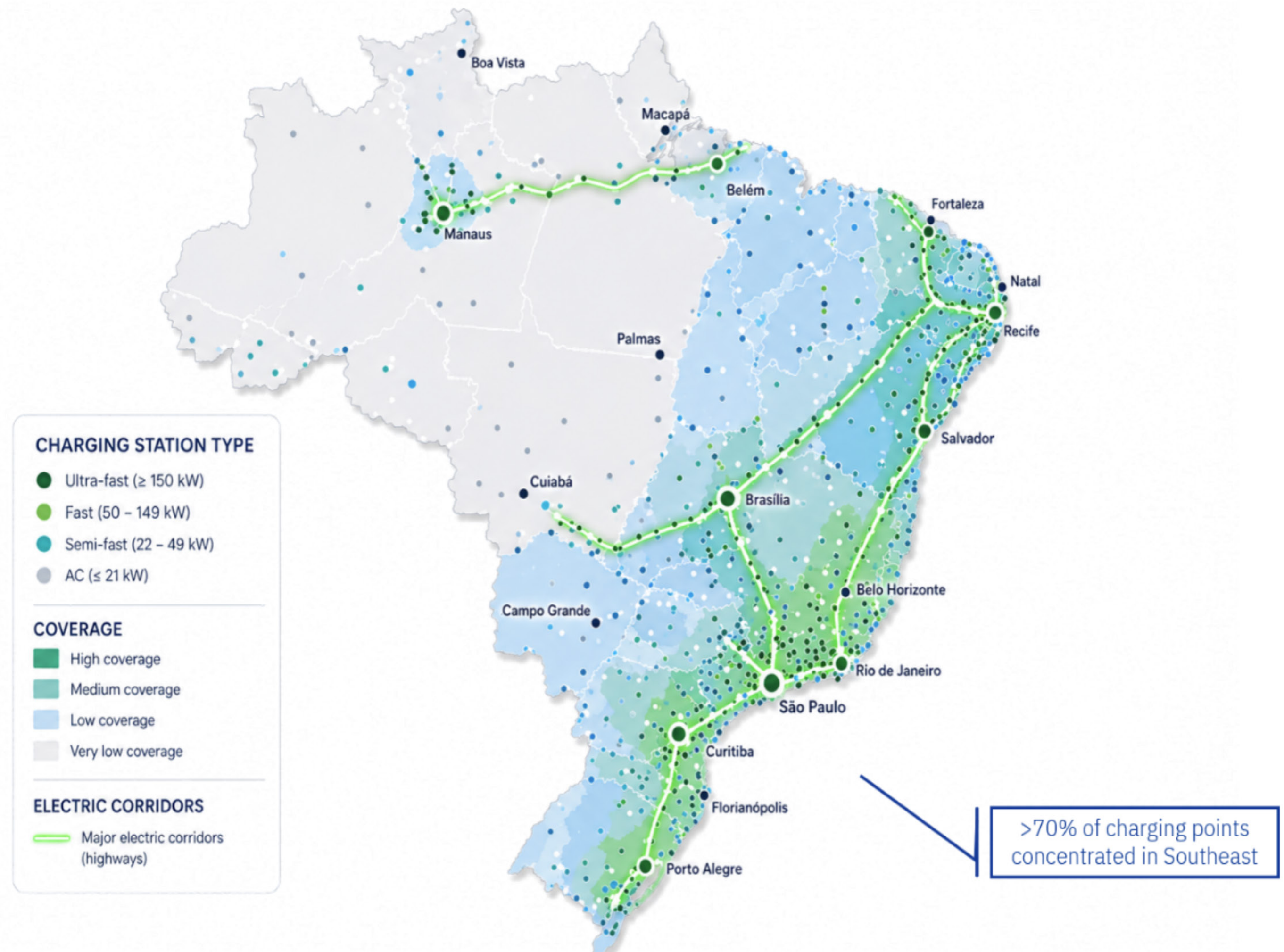

FIGURE 26 - Charging infrastructure remains concentrated, but the network is expanding rapidly.

The South-East — notably São Paulo and Rio de Janeiro — and selected southern corridors still enjoy the densest coverage, while the North and Centre-West remain less well served. A static map, however, understates the pace of change. Brazil reached 25,455 public and semi-public charging points in May 2026, up 20.9% from 21,060 in February. Direct-current fast chargers expanded even faster, rising 32.8% over the same three months, from 6,479 to 8,606 units.

Regulation is also beginning to remove barriers to home and workplace charging. São Paulo State Law 18.403/2026 gives residents and commercial occupiers the right to install an individual charging point in a private parking space at their own expense, subject to technical and safety requirements. New developments approved after the law came into force must also provide sufficient electrical capacity for future installations. (Sources: ABVE and Tupi Mobilidade, May 2026; São Paulo State Law No. 18,403/2026.)

> "In a country of continental dimensions, range anxiety is a major issue. Yet the charging network is expanding quickly, and that pace can both support existing BEV demand and help broaden it. São Paulo often sets the direction for other large Brazilian cities, so similar initiatives may follow elsewhere."
>
> **LUCIO MAURO GROCH** – Sales Manager, Indicata Brazil

Brazilian policy structures supply more than it stimulates demand

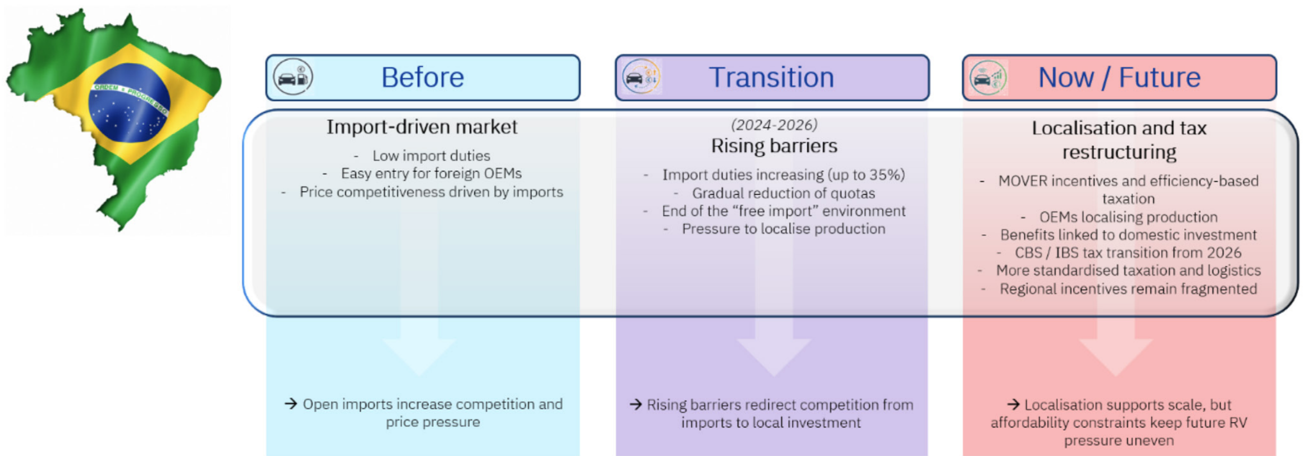

FIGURE 27 - From an import-led market to localisation and tax restructuring.

In the first phase, low import duties made it easier for new entrants to arrive and intensified competition. Between 2024 and 2026, progressively higher barriers reduced this environment of relatively free imports and encouraged manufacturers to localise investment.

The next phase combines MOVER incentives, localised production and the CBS/IBS tax transition. Over the long term, this framework should make production, distribution and logistics more transparent and predictable. In the short term, it may also create complexity and cost adjustments.

Brazilian policy is therefore building a more durable industrial ecosystem, but it does not automatically solve the demand equation. Consumer incentives remain fragmented, finance costs are high and the price gap to flex-fuel remains substantial.

The market can become more structured and more competitive without necessarily scaling quickly.

Europe today, Brazil tomorrow?

The same economic forces, but different timetables and mechanisms

3.1 The same electrification trend, different adjustment paths

Europe and Brazil are both moving towards a more electrified market, but public policy does not produce the same sequence of events in each.

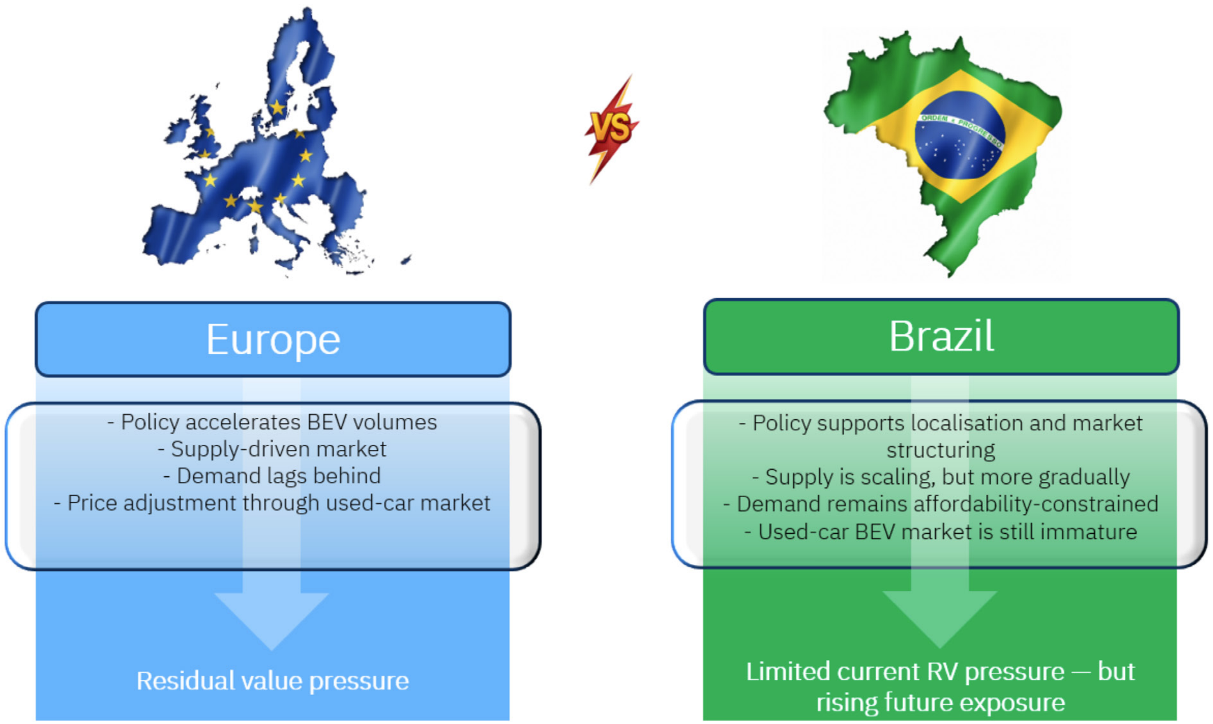

FIGURE 28
Europe: realised residual-value pressure. Brazil: emerging residual-value exposure.

In Europe, policy accelerated volumes before the used-car market was ready to absorb them. The system became supply-led, with price and residual value serving as the principal adjustment variables.

In Brazil, public policy prioritises localisation, industrial investment and market structuring. Supply is scaling more gradually and the used-BEV market remains immature. Brazil is therefore not yet experiencing the same broad pressure on stock and residual values.

The risk is not absent, however. The price war, Chinese expansion and local production will increase exposure when larger volumes of vehicles now being sold new begin to enter the used-car market.

3.2 Will Brazil follow Europe's path?

At this stage, the answer is no — or, more precisely, not yet. The conditions that produced broad, systemic remarketing pressure in Europe are not yet fully present in Brazil.

Brazil's used-BEV market remains nascent, with no broad stock pressure and demand still constrained. It is a market in formation rather than one already subject to systemic remarketing pressure.

But the direction of travel is changing. Chinese competition, new-car repricing and future local production are gradually creating the conditions for greater exposure. Risk will rise as the market scales and the BEVs sold today reach the usual resale age in the used-car market.

The fundamental rules of the market will still apply

FIGURE 29 - Supply, demand and price must eventually align.

Every market must balance three forces: supply, demand and price. As imports, local production and manufacturer activity grow, electrified supply will increase. Demand is likely to remain constrained by affordability and limited depth.

Price is therefore not merely a future adjustment variable: it is already playing that role, as the stronger correction in BEV values shows. As the market scales, this mechanism will become more important.

Brazil's distinct structural constraints

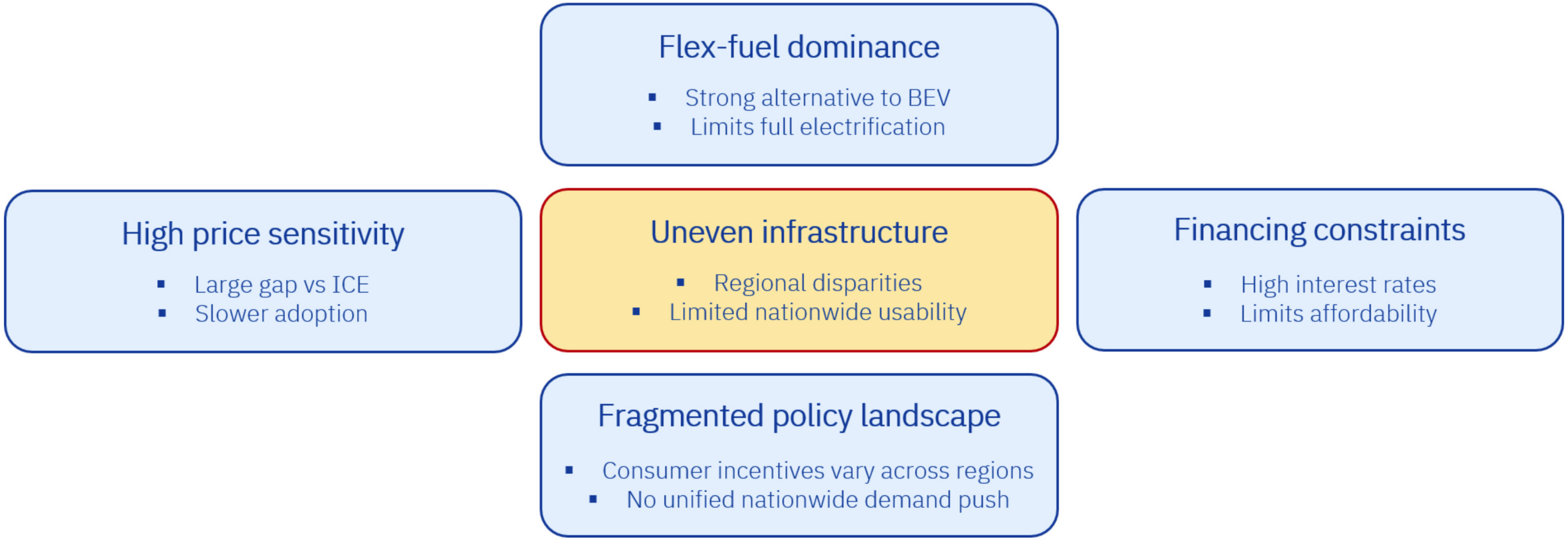

FIGURE 30 - Flex-fuel, price, infrastructure, finance and regional policies shape the transition.

Flex-fuel remains a familiar and credible alternative to BEVs. For electric vehicles, the price gap to flex-fuel, uneven charging infrastructure and high finance costs still constrain adoption. Industrial policy is becoming more structured, but consumer incentives remain fragmented by region.

Brazil's transition is therefore likely to be slower, more regional and more constrained by affordability than Europe's.

> "I do not expect Brazil to replicate Europe. It will develop its own equilibrium. But as local volumes rise, the market will have to reconcile highly competitive flex-fuel vehicles, still-narrow BEV demand and increasingly aggressive new-car pricing."
>
> **Yoann Taitz** – Regional Head of Forecasting and Market Expert, Indicata Global

The risk is not immediate — but it is structural

What market participants should prepare for now

Brazil is not yet facing the same broad remarketing pressure as Europe. The used-BEV market remains small, stock pressure is limited and the transition is developing more gradually.

The underlying conditions are nevertheless taking shape: stronger Chinese competition, local production, price repositioning and the first corrections in value. The risk is not immediate in scale, but it is structural in nature.

The real question is not whether pressure will emerge, but when the market will be large enough for it to materialise at scale.

Implications for market participants

Participante	Prioridade
Manufacturers	Manage volume growth with coherent price discipline, recognise brand-specific value limits and avoid shifting excessive risk into residual values.
Leasing and finance providers	Review residual-value assumptions by country, segment, brand, vehicle age and registration year; distinguish genuine liquidity from liquidity achieved through price; and strengthen stress scenarios.
Retailers and remarketers	Track the source of inflows, stock age, genuine depth of demand and signs of new-car repricing before they fully feed through into used-car values.
Forecasting and risk teams	Avoid over-aggregated models. Combine price, MDS, source of volumes, finance, taxation, infrastructure and brand maturity.
Policy-makers and public authorities	Recognise that accelerating supply does not automatically create sustainable demand. Industrial policy and incentives must be accompanied by a viable used-car market.

Indicators to watch

» The gap between new-car volumes, used-car stock and monthly sales.

» MDS trends read alongside price trajectories.

» The arrival in the used-car market, at 24–48 months, of Chinese vehicles currently being sold new.

» The price gap between BEVs and flex-fuel vehicles in mass-market segments.

» The growth of local production and the effect of tax reform on transaction prices.

» Changes in finance costs, monthly payments and genuine affordability for private buyers.

A comparison of adjustment mechanisms in mature European markets and a Brazilian market still in formation

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