



## Vehicle Sales update: New vehicle sales rose by 20.2% m/m in June, buoyed by base effects, exports have benefitted from the rebound in global markets

Friday 02 July 2021

Figure 1: New Vehicle Sales by Category

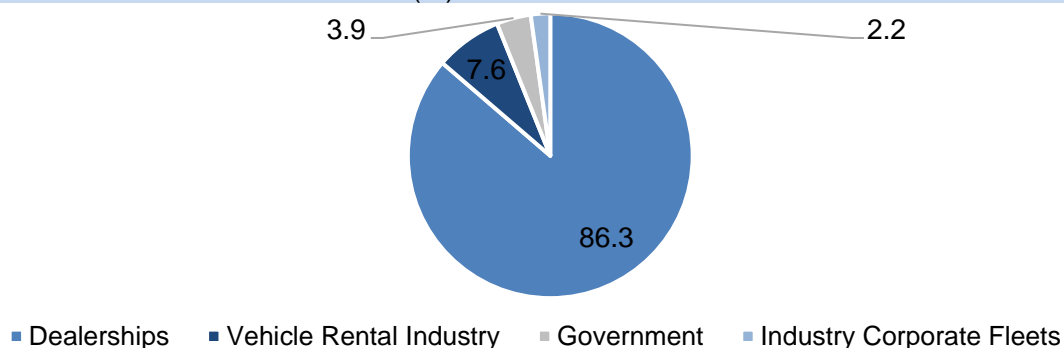
|                            | June 2021<br>y/y % | Year-to-date 2021<br>y/y % |
|----------------------------|--------------------|----------------------------|
| Passenger                  | 28.0               | 33.7                       |
| Light Commercial           | 9.6                | 54.9                       |
| Medium Commercial          | 19.1               | 26.4                       |
| Heavy Commercial *         | -3.3               | 51.9                       |
| <b>Total Vehicle Sales</b> | <b>20.2</b>        | <b>40.1</b>                |
| <b>Exports</b>             | <b>50.9</b>        | <b>65.8</b>                |

Source: NAAMSA, Investec

\*Includes extra heavy category and buses

- Aggregate new vehicle sales rose by 6 387 units or 20.2% y/y in June. The reading, while positive is largely buoyed by statistical base factors. Specifically, new vehicle sales plummeted by -31.0% y/y in June 2020, when restrictions were placed on economic activity. When measured on a month-on-month basis however, sales fell by -0.8% in June.
- Of the total reported industry sales “an estimated 86,3%, represented dealer sales, an estimated 7,6% represented sales to the vehicle rental industry, 3,9% to industry corporate fleets, and 2,2% sales to government”, according to Naamsa.
- New passenger car sales, which make up over 60% of total sales, grew by 28% y/y in June and by a modest 1.7% m/m. While the economy is recovering from lows experienced in Q2.20, with Q1.21’s GDP reading higher than anticipated, many consumers still remain financially constrained. Consumer confidence is subdued, having faltered in Q2.21, with respondents in the FNB/BER consumer confidence survey less confident about the economic outlook as the third wave takes hold. Additionally, fewer respondents deem it an appropriate time to purchase big ticket, durable items (like vehicles).
- The light commercial vehicle category (incl. bakkies and mini-buses) which makes up a further 30% of domestic sales rose by 9.6% when compared to June 2020, but declined, albeit marginally on a m/m basis. Small and medium sized businesses have been particularly hard hit by the pandemic, with a number having shut their doors permanently. Medium commercial vehicle sales are up moderately m/m, however the heavy commercial category (which includes extra-heavy and buses) is down -7.0% m/m. A rebound in fixed investment should support growth in these categories.
- Moreover, export sales, which are crucial to South Africa’s automotive sector, are up 65.8% y/y year-to-date. The pick-up in global growth, which is forecast to grow by 6.0% this year, according to the IMF should continue to support SA’s export market.

Figure 2: New Vehicle Sales breakdown (%)



Source: NAAMSA



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