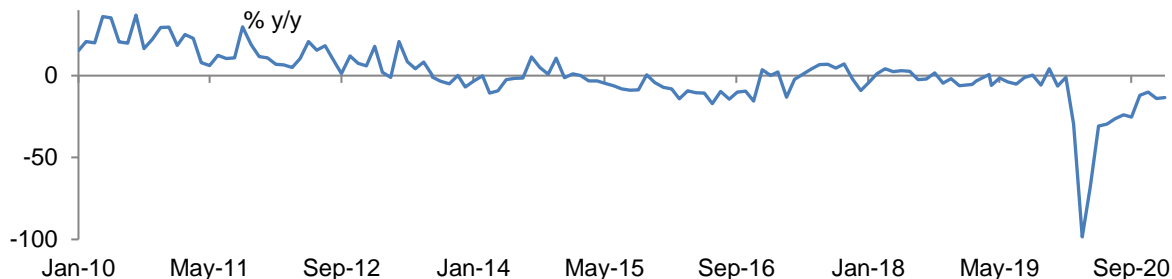




Vehicle Sales update: New vehicle sales eased modestly to -13.3% y/y in February

Tuesday 2 March 2021

Figure 1: New vehicle sales volume growth - % chng. y/y



Source: Investec, NAAMSA

- The contraction in new vehicle sales decelerated moderately but remained lacklustre at -13.3% y/y in February on a year-on-year basis, following January's -13.9% y/y decline. The decrease was largely underpinned by a further 5 352 or -18.1% y/y fall in new passenger vehicle sales, which makes up the largest portion of domestic vehicle sales.
- Of the total car sales (24 270) in February, 14.1% represented sales to the car rental industry, a pleasing development, supported by the easing of harsh restrictions placed on the tourism and travel sector during a large part of 2020.
- Demand for new passenger vehicles continues to be hampered by a climate of financial uncertainty, with unemployment levels elevated at 32.5%. This is supported by the results from Transunion's latest Q4.20 Vehicle pricing Index report, which indicates that "the used-to-new ratio remained consistent in 2020 at around 2.3." Specifically, finance houses are providing finance for around 2.3 used vehicles for every 1 new model. Indeed, consumers are selecting older, more affordable cars as financial pressure mounts.
- The domestic light commercial vehicle category, including bakkies and mini-buses logged sales of 11 246 units in February, a modest decline of 371 vehicles or -3.2% y/y, following January's -4.9% y/y slide. Demand for vehicles in the medium vehicle category declined by a notable -14.8% on a year-on-year basis, while sales of heavy (incl. extra heavy vehicles and buses) increased by a further 3.1% y/y in February.
- Indeed, while business confidence has picked up from levels recorded in Q2.20 and Q3.20, it remains in contractionary territory (below 50) at 40. A further pick-up in sentiment is anticipated as the vaccine rollout gains momentum, which would drive growth and investment. Furthermore, infrastructure development remains a priority of government going forward, as stated in its Economic Reconstruction and Recovery Plan, which should support a strong pick-up in the commercial vehicle category.
- Export sales fell by -8.0% y/y in February after rising by a marked 39.7% y/y in January. However, notwithstanding February's decline, "(v)ehicle export volumes have been steadily gaining traction and for the first two months of 2021 vehicle exports are now 3 895 units above the corresponding period last year," according to naamsa.

Figure 2: New Vehicle Sales by Category

	January 2021 y/y %	February 2021 y/y %
Passenger	-18.0	-18.1
Light Commercial	-4.9	-3.2
Medium Commercial	0.0	-14.8
Heavy Commercial *	6.6	3.1
Total Vehicle Sales	-13.9	-13.3
Exports	39.7	-8.0

Source: Investec, NAAMSA

*Includes extra heavy category and buses

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