New Vehicle Sales Note – July 2019

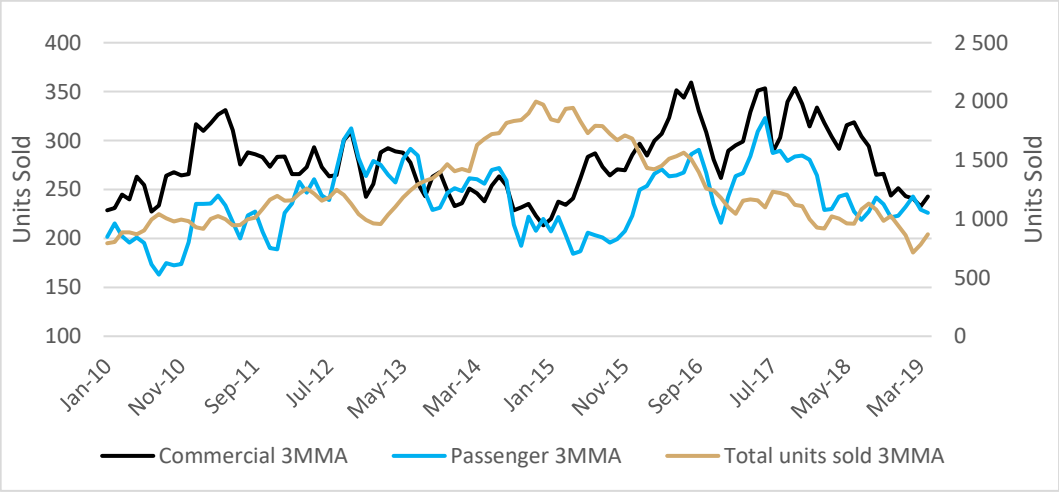
The latest data for new vehicle sales reaffirms our expectation of a persistent drag on the broader economy. The data indicates a consecutive contraction over two months for the first time this year, with total units sold in July coming to 904 units, down from 977 units in June. The monthly contraction is led by a 16.2% contraction in the Light Commercial category, as all other categories recorded positive month-on-month growth. On aggregate, total commercials vehicle unit sales contracted 12.9% month-on-month, the deepest this year.

The 904 new vehicles sold translates to contractions of 7.5% monthly and 24.3% annually. The passenger vehicle category continued contracting on an annual basis as household indebtedness remains high and instalment credit growth continues to contract, a proxy for the protracted financial constraints faced by Namibian households.

Table 1

New Vehicles by Source			
	Number of New Vehicle Units		
	May-19	**Jun-19**	**Jul-19**
Dealers	838	924	890
Vehicle Rental Companies	216	53	14
Government	1	0	0
Total	**1055**	**977**	**904**

Vehicle rental companies continue to scale down new vehicle acquisitions mainly due to the cyclicality nature of the tourism industry. Government appears to be adhering to fiscal consolidation, at least as far as vehicles are considered, as there no new vehicle acquisitions for the State in July. Given the strained fiscal position and importance of committing to the budget, Also, there were no new vehicle acquisitions for the government, and we expect no new vehicle purchase for the government for the remainder of the year, given the government's strained financial position.



Growth and sales by category:

- Passenger Vehicles: 1.1% m/m and -37.1% y/y (382 units)
- Light Commercial Vehicles: -16.2% m/m and -17.1% y/y (435 units)
- Medium Commercial Vehicles: 19.4% m/m and 19.4% y/y (37 units)
- Heavy Commercial Vehicles: 71.4% m/m and 71.4% y/y (12 units)
- Extra-Heavy Vehicles: -7.3% m/m and 72.7% y/y (38 units)
- Busses: -66.7% m/m and 66.7% y/y (0 units)