

16 January 2020

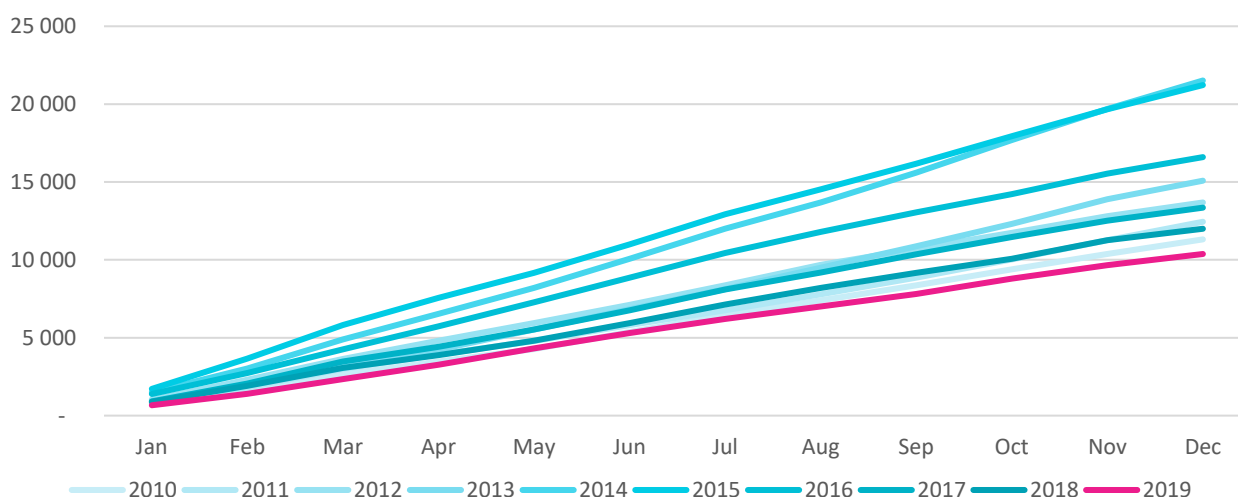
CIRRUS
SECURITIES

December Vehicle Sales Note

Overview

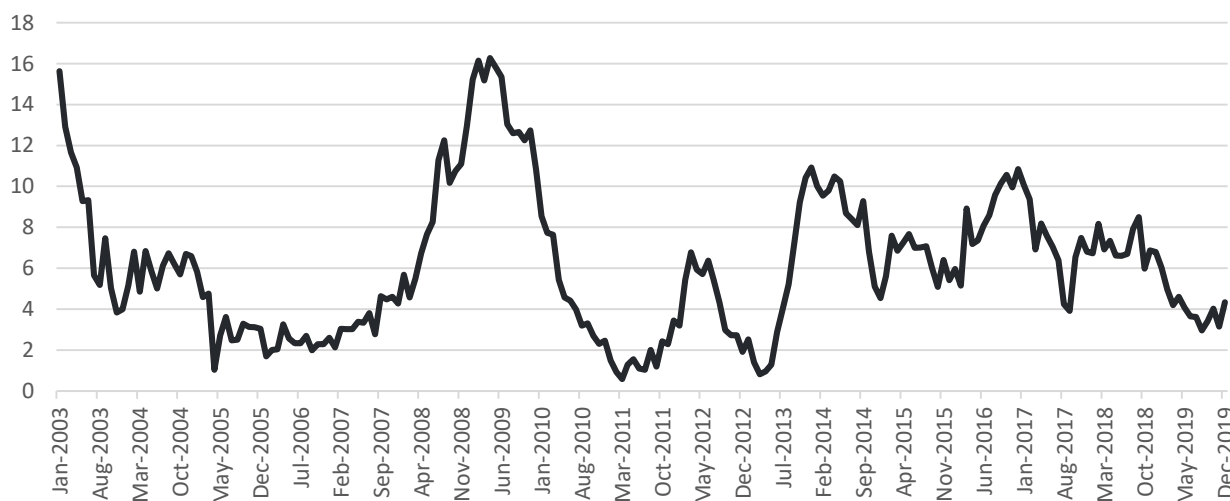
With a total of 714 vehicle units sold in the last month of 2019, the year ended on a rather uninspiring note with cumulative annual unit sales being the lowest for the decade. December 2019 statistics recorded a 13.5% annual contraction in the year-to-date sales. An even deeper contraction of 18.2% was observed for the monthly growth rate and the annual unit sales growth contracted 2.5%.

Chart 1: Cumulative Annual Unit Sales



Source: Cirrus, Lightstone Auto

Chart 2: Annual Inflation: Purchase of Vehicles



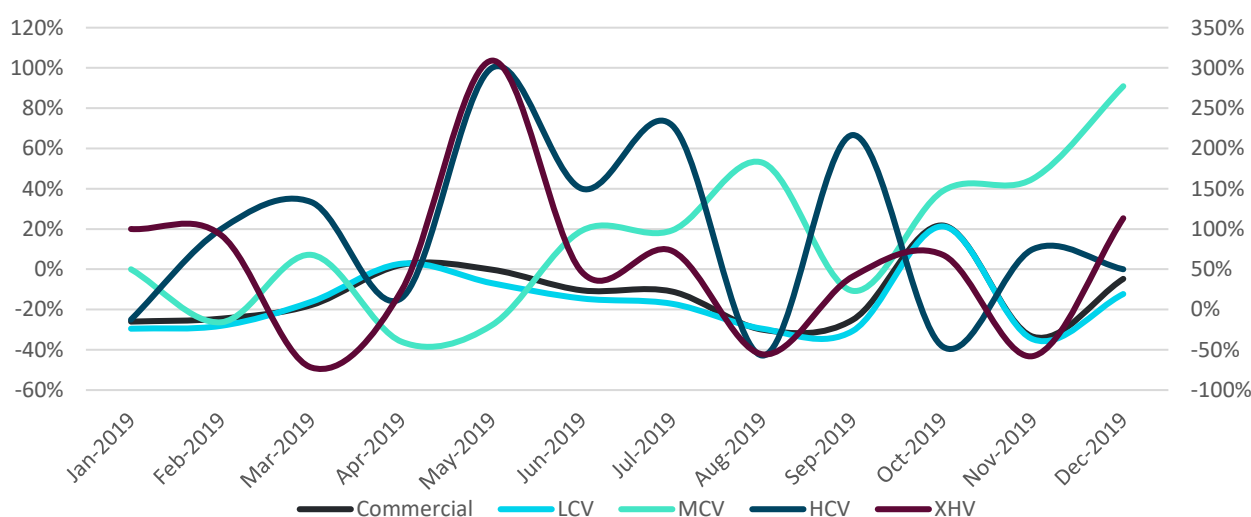
Source: Cirrus, Lightstone Auto



Commercial Vehicles

Collectively, the commercial vehicles category remained contractionary for the greater part of 2019 with contractions of 4.8% on an annual basis and 24.0% on the month in December 2019. As evidenced in the chart below, medium commercial vehicles (MCV) displayed a good run in the last quarter of the year. This category recorded annual growth rates of 38.9%, 45.0% and 90.9% the last three months of 2019, respectively. In terms of month-to-month, the MCV only contracted four times in 2019 with the deepest contraction recorded in August at 27.6%.

Chart 3: Commercial Vehicles Subcategory Annual Growth

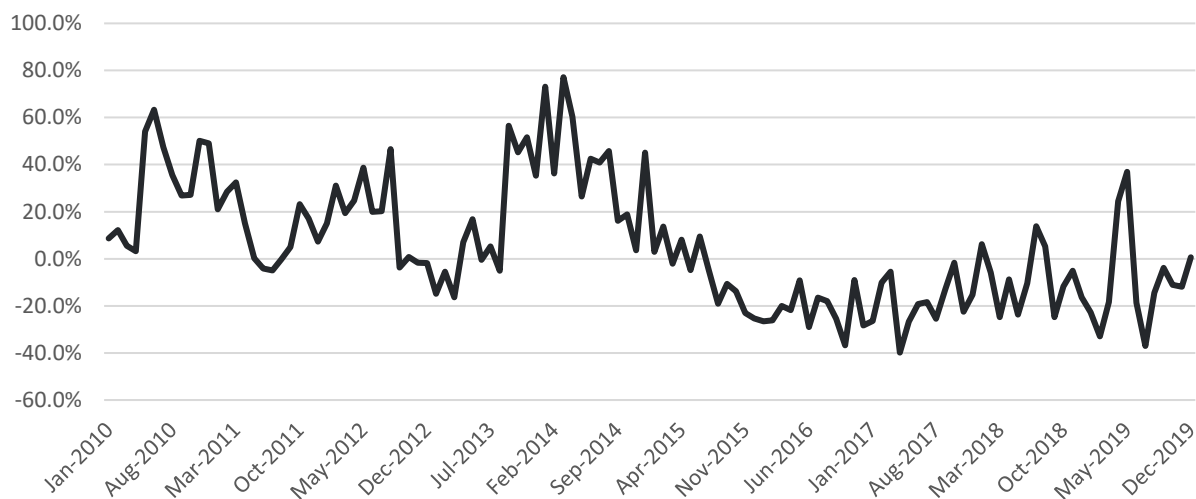


Source: Cirrus, Lightstone Auto

Light commercial vehicles (LCV) make up the largest subcategory of commercial vehicles. LCVs posted large contractions both in monthly and annual terms for the second consecutive month in December 2019, with 28.3% and 12.3%, respectively. Light commercial vehicles are typically used in small-scale business activities, including farming. The general slowdown in the economy and strained business activity, as well as impact of the drought on agriculture, ties in with reduced sales for this category.

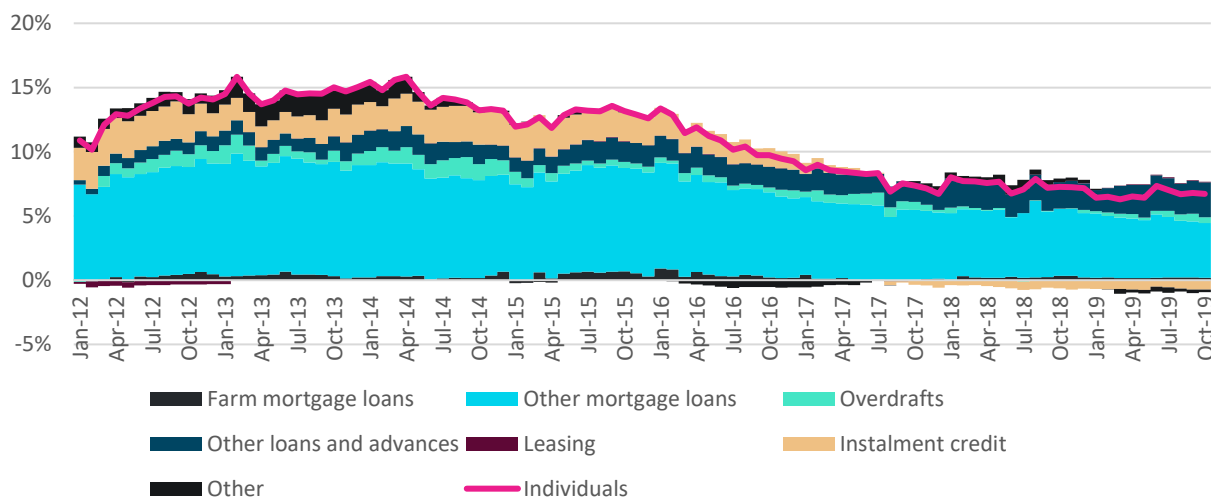
Passenger Vehicles

Full year unit sales for passenger vehicles were below 5,000 units for the first time since 2010, with 4,528 units sold in 2019. The contractionary trend in annual growth rates was persistent throughout the year as the category only managed to post positive growth three times, including December's 0.6%. With just 314 units sold, December 2019 passenger vehicle sales contracted 9.5% on a monthly basis.

Chart:4 Annual Growth: Passenger Vehicle Sales


Source: Cirrus, Lightstone Auto

The passenger vehicles category is a leading indicator of instalment credit extended to individuals. Chart 5 illustrates this, showing that as passenger vehicle sales dipped below the 10-year average (Chart 4) in September 2017, instalment credit growth for individuals entered contractionary territory. Instalment credit continued to post negative growth for the 28th consecutive month, with attributable contributions of -0.7 percentage points, growing at -5.8% (a slight increase MoM). This shows that individuals are choosing to repay their outstanding instalment credit.

Chart:5 Household Credit Extension


Source: Cirrus, BoN