

12 November 2019

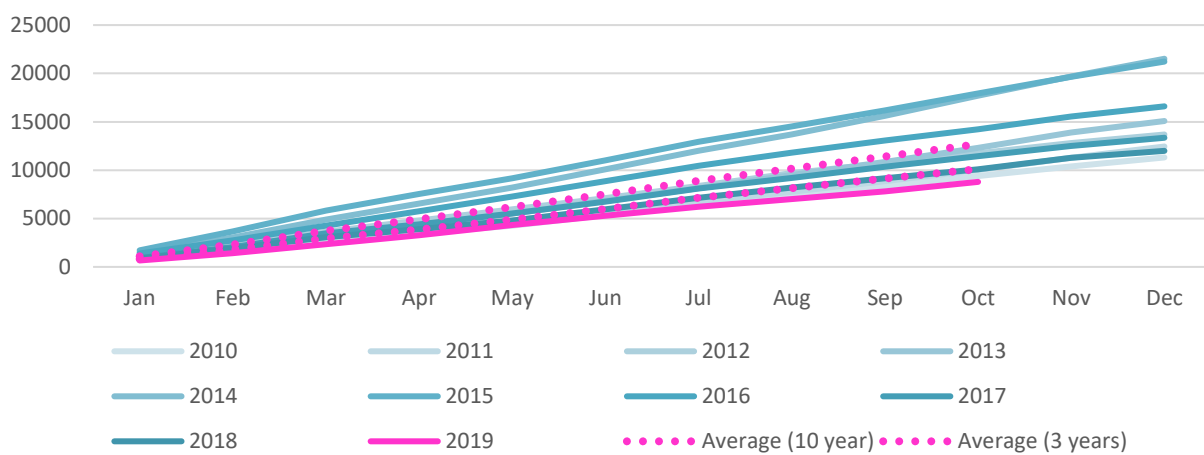
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## October Vehicle Sales Note

### Overview

Vehicle sales statistics for October 2019 showed short-term improvements, growing 20.47% month-on-month and 7.3% year-on-year. This growth is, however, the result of a relatively lower base in the comparable periods. Moreover, the broader tune was set early in the year with total annual sales for 2019 expected to be the lowest in a decade. Consumer discretionary spending remains constrained, while the lack of growth stimuli means that businesses remain ever less confident on expanding.

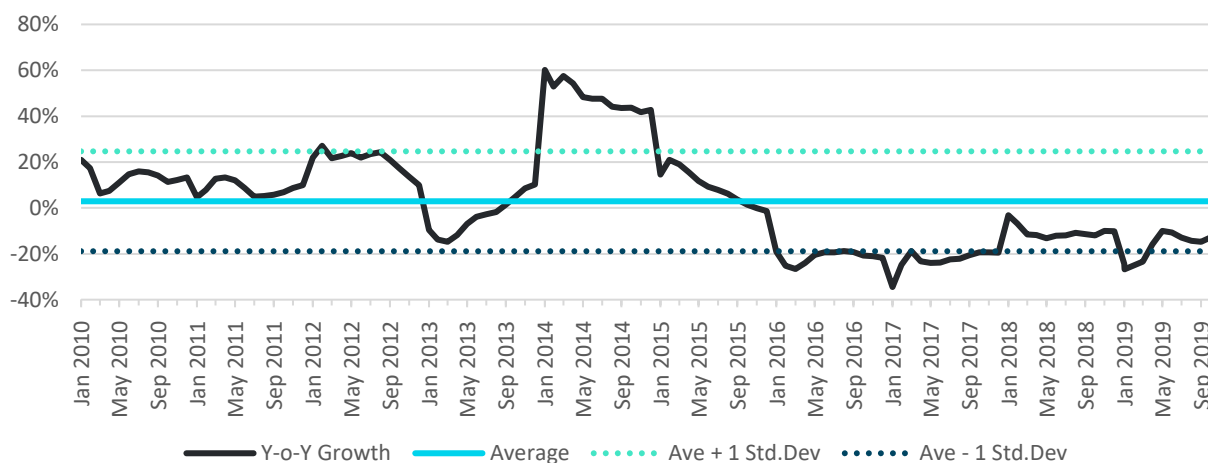
Chart 1: Cumulative Annual Unit Sales



Source: Cirrus, Lightstone Auto

Cumulative annual unit sales are persistently below both the 10-year and 3-year averages. The rapid decline of annual growth in cumulative sales slowed to -12.8% from -14.79% (September 2019) in October 2019.

Chart 2: Cumulative Annual Unit Growth



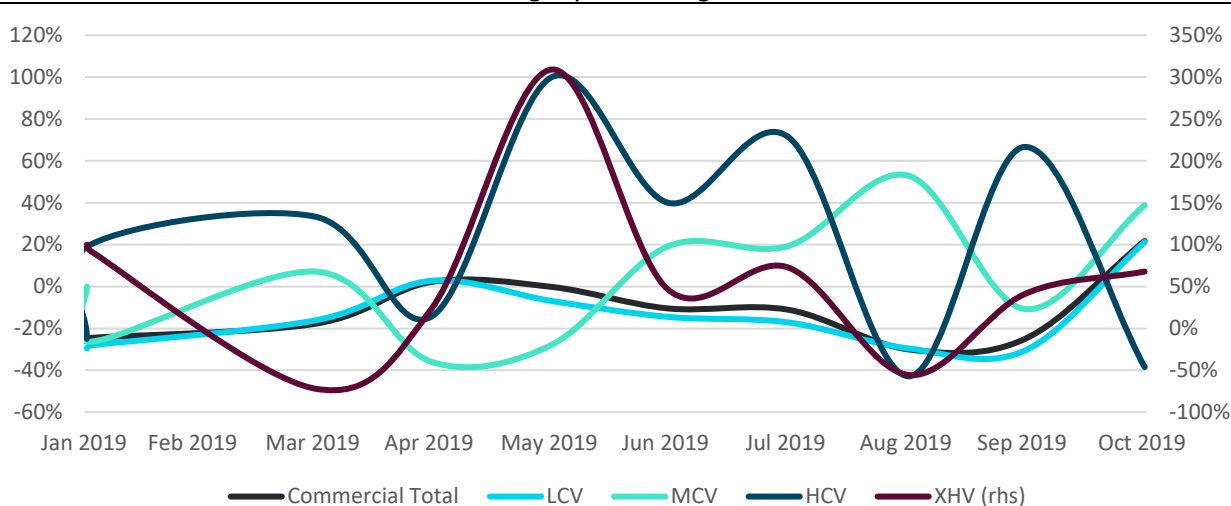
Source: Cirrus, Lightstone Auto

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## **Commercial Vehicles**

The commercial vehicles category posted growth of 21.7% on an annual basis to break the five consecutive months of annual contraction. This is just the second non-negative annual growth since June 2016 for this category. However, short-term resilience is starting to develop as monthly rates somewhat continued to contradict the trend to average +5.4% since the start of the year, boosted by this category posting an 26.7% monthly growth rate in October.

Chart 3: Commercial Vehicles Sub-category annual growth



Source: Cirrus, Lightstone Auto

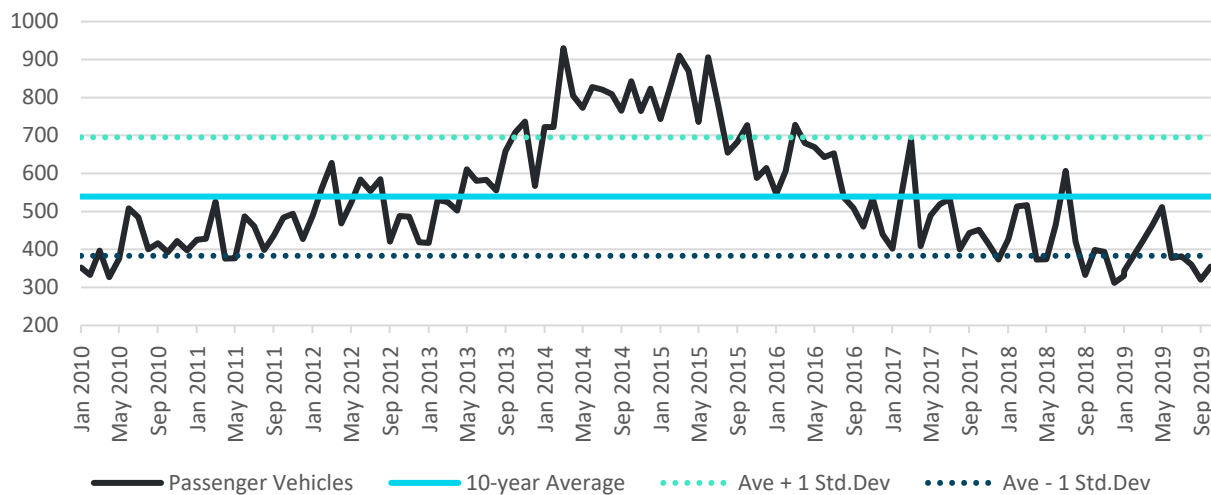
This short-term spur in growth is attributable to light and medium commercial vehicles as annual contractions were reversed significantly to +21.3% from -30.7% for the light subcategory and to 38.9% from -10.7% for the medium subcategory. A noteworthy mention is that total commercial vehicle growth numbers are now trending upward as the two largest subcategories seem to have reverted away from contractionary trends. Although we suspect this to be a temporary break in the trend and not a change in the broader trend.

On the month, the light commercial category recorded growth of 32.3% while the medium category remained muted with the same sales volume as the previous month. Other notable movements were recorded in the extra-heavy category with growth rates of 51.6% and 67.9% month-on-month and year-on-year respectively. The drag on aggregate commercial numbers is mainly attributable to the heavy subcategory, as contractions in the heavy subcategory were recorded both on a monthly and annual basis at 60.0% and 38.5% correspondingly.

## **Passenger Vehicles**

Passenger vehicle annual cumulative sales have been contracting since February 2018, with deep contractions of more than 20.0% recorded in the first half of this year. Contractionary annual growth rates remain persistent and continue to set a rather sluggish tune for aggregate growth rates. Units sold for this category contracted 11.0% on an annual basis in October. However, on a monthly basis this category reversed the previous two consecutive months of contractions, off a low base, to grow 10.9%, compared to -11.1% and -5.8% in the two preceding months.

Chart:4 Passenger Vehicle Sales



Source: Cirrus, Lightstone Auto

The passenger vehicle category is a good indicator of consumer discretionary spending, which of late has been under severe pressure. Chart 4 above is illustrative of this and shows that passenger vehicle sales continued to be one standard deviation below the 10-year average since May 2019.