12 February 2020

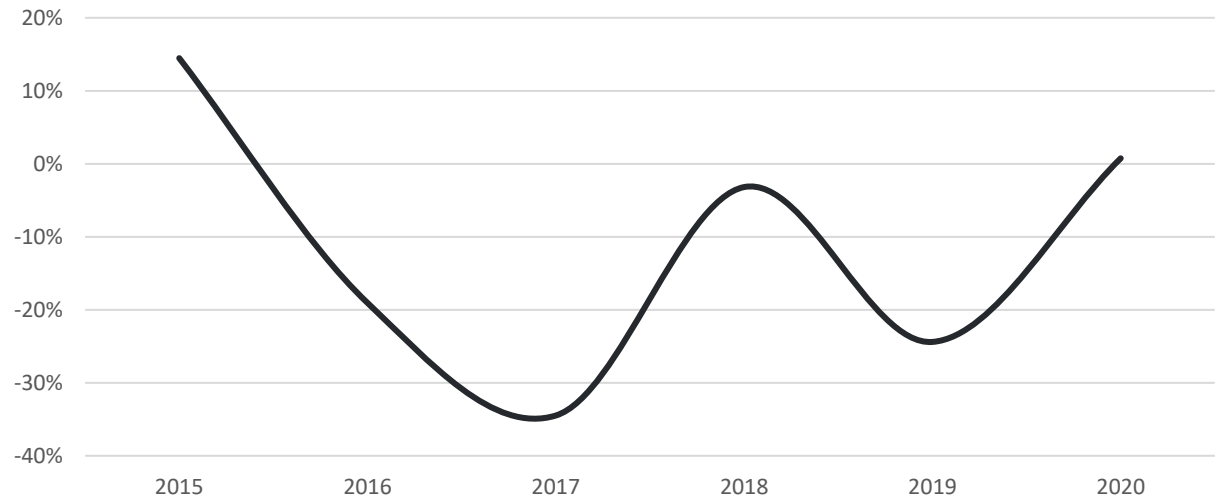
January Vehicle Sales Note

Overview

The first print for new vehicles sales reveals nothing that may suggest a significant deviation from the contractionary trends of 2019. Consumers bought five (5) more vehicles in January 2020 compared to January 2019, with total sales amounting to 671 units. This means growth rates of -6.0% and 0.8% were recorded on a month-on-month and year-on-year basis, respectively. This would be the first non-negative annual growth print for January since 2015, however the average growth rate over the last five years remains negative at 11.0%.

Although the year started with positive annual growth, we do not anticipate much momentum as households continue to be highly indebted. Households' credit-to-disposable-income ratio remains unsustainable and has had a negative impact on households' credit appetite, with household instalment credit contracting for twenty-nine (29) consecutive months leading up to December 2019.

Chart 1: January Y-o-Y growth

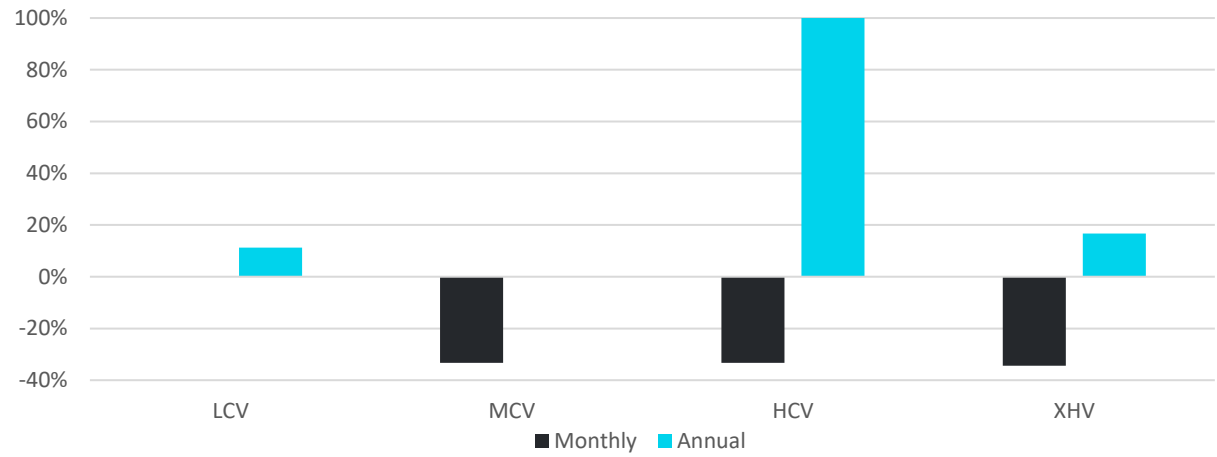


Source: Cirrus, Lightstone Auto

Commercial Vehicles

Despite ending the year with contractions both on a monthly and annual basis, the commercial vehicles category posted annual growth of 13.1% collectively, as total commercial vehicles sales came in at 380 units. The annual growth was driven by all sub-categories, with the lowest growth being 0.0% for the medium commercial vehicles' category. The two heavy sub-categories, heavy and extra-heavy commercial vehicles, are the biggest movers of the commercial vehicle's category, posting combined annual growth of 47.6%. Individually, growth of 100% and 16.7% was recorded for heavy and extra-heavy commercial vehicles respectively. Light commercial vehicles posted growth 11.3%.

Chart 2: Commercial Vehicles Subcategory Growth



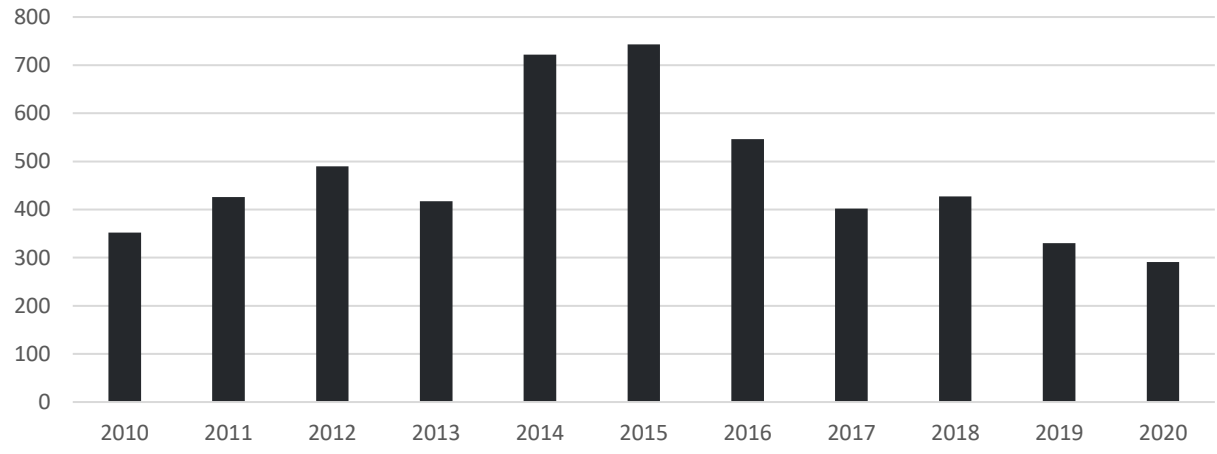
Source: Cirrus, Lightstone Auto

The light commercial vehicles recorded a stagnation from last month's statistics while the medium commercial vehicles recorded a stagnation from January 2019 statistics. As evidenced in Chart 2, all sub-categories recorded contractions on a monthly basis with the exception of the stagnation of the light commercial vehicles.

Passenger Vehicles

The passenger vehicles category starts the year on a rather dull note, with contractions of 7.3% and 11.88% on a monthly and annual basis, respectively. Passenger units sold totalled 347 for January 2020, 23 units fewer than the preceding month and 39 units fewer than January 2019. With passenger vehicles being the largest single category for new vehicles sales and the lack of stimuli in tangible household demand, we suspect another sluggish year ahead for the new vehicle sales market. Additionally, Government finances remain tight and so there is limited scope for the acquisition of new vehicles for the public sector, historically a large buyer. Chart 3 below shows that the January passenger vehicles sales numbers are the lowest in well over a decade.

Chart 3: January Passenger Vehicle Sales



Source: Cirrus, Lightstone Auto