



11 March 2020

February Vehicle Sales Note

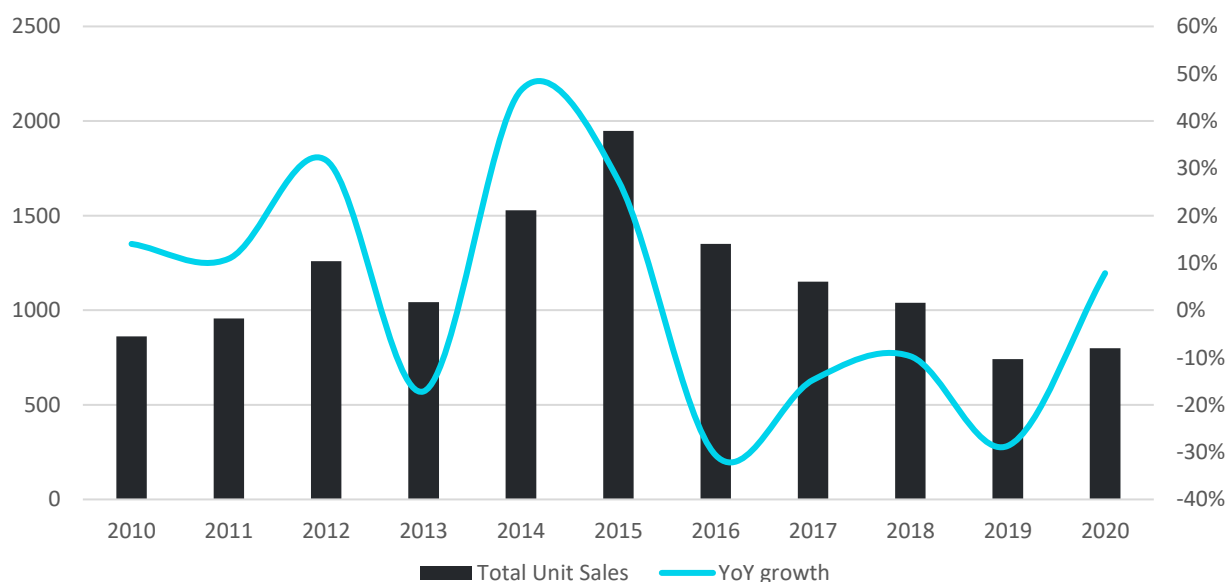
Overview

The latest vehicles sales print reveals a discontinuation of the contractions in annual growth, printing a positive annual rate for February for the first time since 2015. However, as Chart 1 below shows, the total unit sales for February still falls short of the historical average and is the second lowest sales recorded in over a decade. As such, the return to growth is mainly as a result of the base effect, which was not unexpected given 2019 (the base) recorded the lowest annual unit sales of the decade. Consumers bought 63 more vehicles in the first two months of 2020 compared to 2019, with the total two-month sales amounting to 1,470 units, with February accounting for 799 units. The implied growth rates of 19.1% and 7.8% were recorded on a month-on-month and year-on-year basis, respectively. The year-to-date annual growth for 2020 stood at 4.48% suggesting this year might be a slightly better year compared to 2019 in terms of unit sales.

We remain sceptical about consumers' discretionary spending, as we are yet to witness any stimulus in the local economy. It has been two full years since the government directly participated in new vehicle acquisitions. Our suspicion is that the government has now outsourced its fleet acquisition and maintenance functions to reduce the burden on the fiscus.

Rental agencies started the year off slowly acquiring no Vehicles in January and 52 units in February.

Chart 1: February Unit Sales



Source: Cirrus, Lightstone Auto

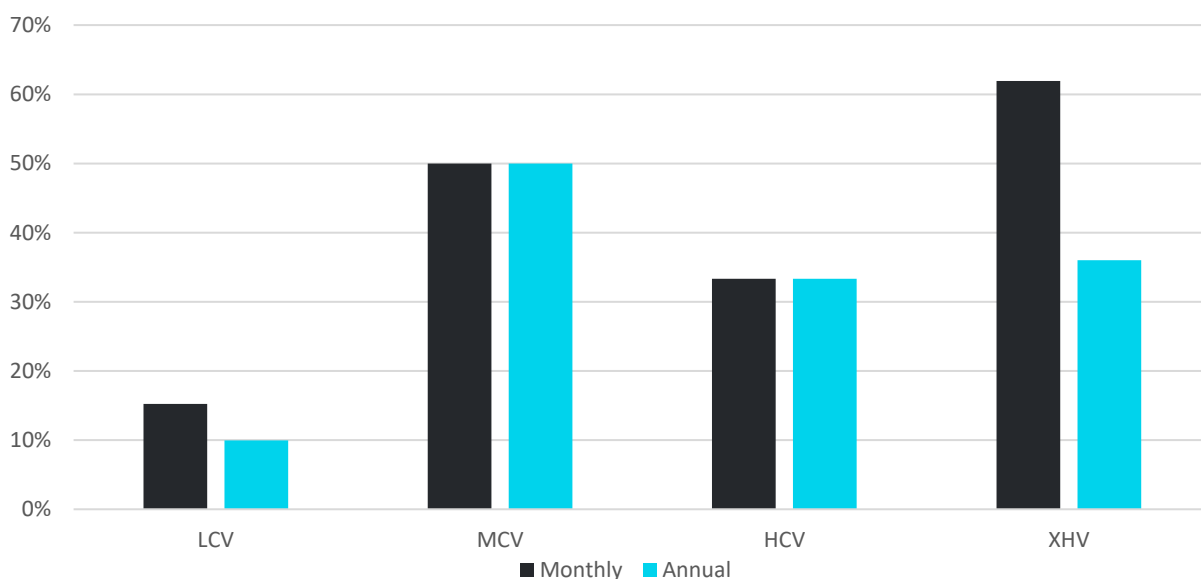


Commercial Vehicles

Collectively the commercial vehicles category recorded double digit growth rates of 18.9% and 13.9% on a monthly and annual basis respectively. Total commercial vehicle unit sales came in at 452 units for February. Although growth for this category was mainly driven by the Extra-Heavy subcategory, which recorded growth rates of 61.9% for the month and 36.0% for the year, all other subcategories recorded positive growth both on a month-on-month and year-on-year basis.

The largest subcategory, LCV, is up 10.6% year-on-year in the first two months of 2020. The LCV category was down 28.7% year-on-year during the same period last year. Total unit sales for LCV came in at 386 units. Despite ending the 2019 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 MCV recorded sales of 21 units for the month of February up 50.0% both on the month and yearly figures while the HCV realised sales of 8 units in February to be up 33.3% month-on-month and year-on-year.

Chart 2: Commercial Vehicles Subcategory Growth



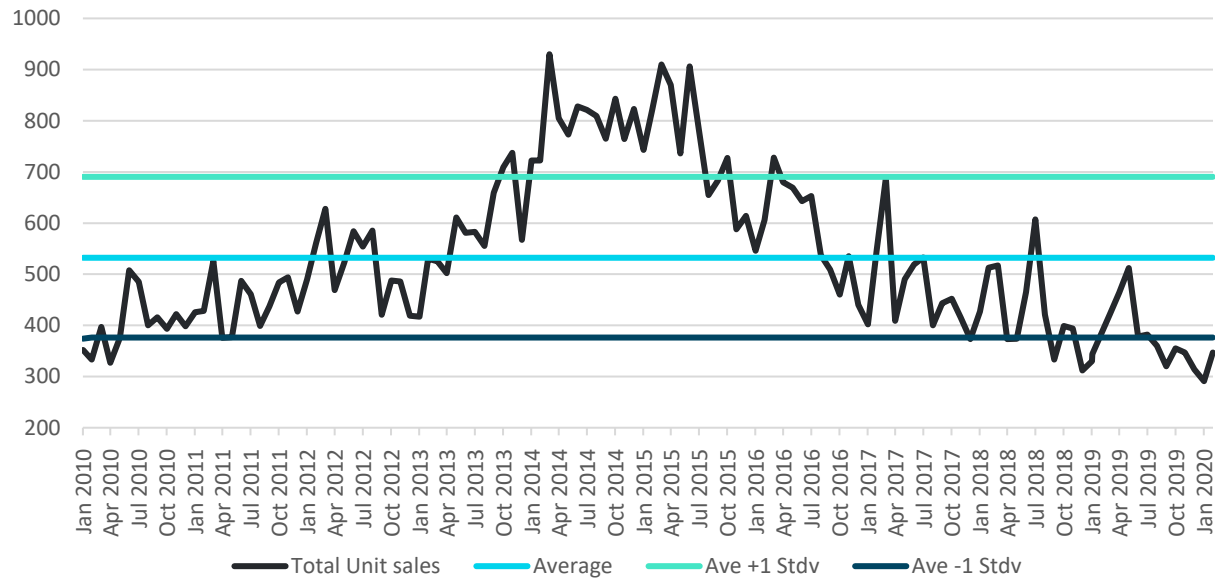
Source: Cirrus, Lightstone Auto

Passenger Vehicles

The passenger vehicles category continued the down-beat tone it started the year on. After posting an annual contraction of 11.9% in January 2020, the passenger category recorded a mere positive growth of 0.9% year-on-year and still remain contractionary on a cumulative basis, with -5.3% annual cumulative growth in the first two months of the year. Passenger units sold totalled 347 for February 2020, 3 units more than the corresponding period last year and 19.2% higher than January 2020.

As presented in Chart 3 below, the passenger vehicles category is below the 10-year historical average and trends below the 75% confidence interval.

Chart 3: January Passenger Vehicle Sales



Source: Cirrus, Lightstone Auto