



Vehicle Sales

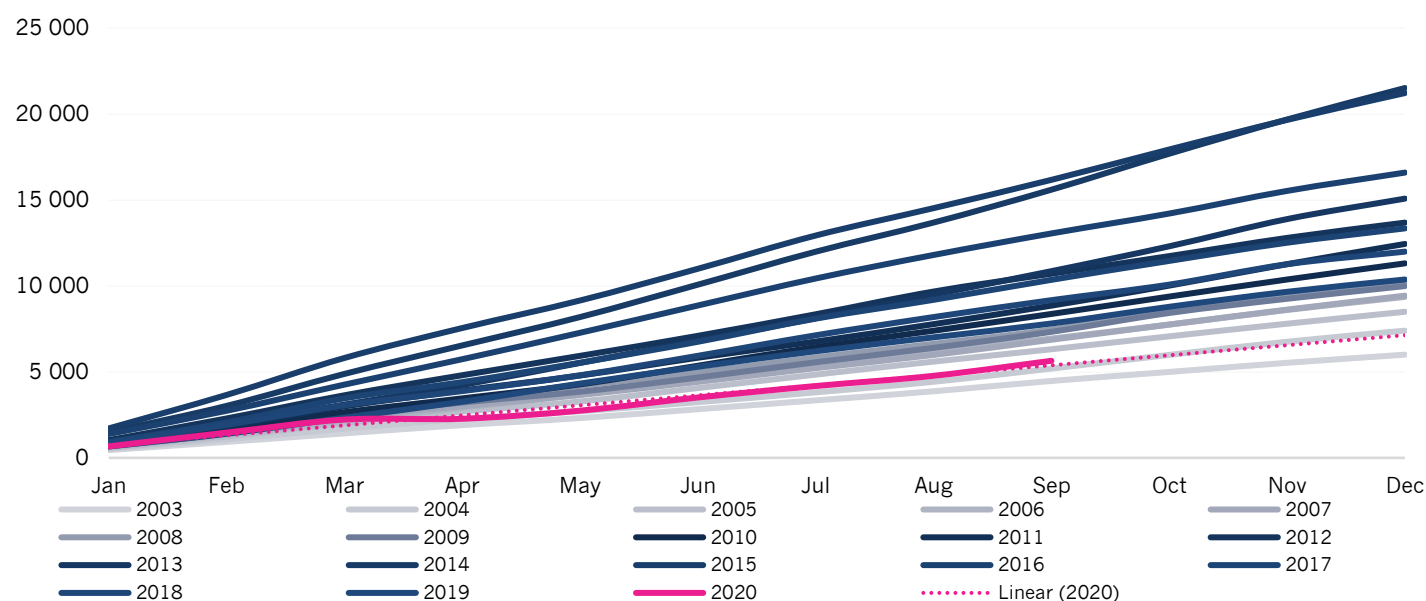
13 Oct '20

September '20

The month of September saw vehicle sales improve on a monthly and annual basis, with growth rates of 47.4% and 8.4%, respectively. New vehicle sales totaled 874 units for the month. However, 2020 YTD sales remain 27.8% lower than 2019 YTD sales.

YTD Vehicle Sales

September sales have bucked the linear trend, which anticipated the lowest vehicle sales since 2003



Source: Cirrus Securities, Lightstone Auto

In September, 874 new vehicles were sold, resulting in monthly, annual, and YTD growth of 47.4%, 8.4%, and -27.8%, respectively. This is the third instance of a positive annual growth rate in 2020. New commercial vehicle sales increased by 53.6% m/m, driving the stronger growth figures for September. Moreover, this growth has bucked the linear trend set for the year in August and suggests better than previously anticipated vehicle sales for the full year.

Despite the improved sales in September, a sustained surge in new vehicle sales is unlikely. Expectations for full-year vehicle sales remain weak, as households continue to be characterized by the risk of retrenchments or wage reductions, high debt levels (relative to disposable income), and greater difficulty accessing finance given the riskier macro environment. Moreover, new vehicle sales will also continue to be hindered by the increased supply of second-hand vehicles from the tourism industry, as many operators opt to reduce their fleet size – thereby providing a cheap substitute.

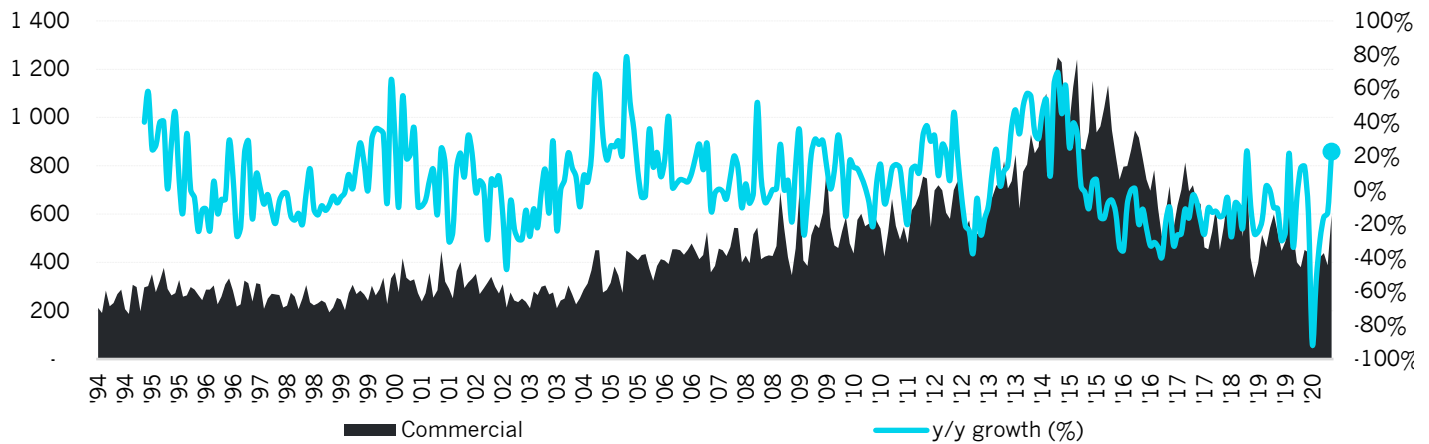
A surge in commercial vehicle sales drove the improved September sales figures. However, this may be somewhat misleading to some as bakkies are classified as light commercial vehicles (LCVs), and are therefore captured under Commercial vehicles. Toyota Hiluxes alone accounted for 40.0% of total vehicle sales in September. A further possible driver for the strong growth last month are the amendments to the Credit Agreements Act, which took effect from 01 September '20. The amendments extended vehicle loan repayment facilities from the current maximum of 54 months to 72 months. The extension, in the context of historically low interest rates and increased bank marketing (specifically for vehicle financing), may well have been a trigger for the release of pent up from preceding months.



Commercial Vehicles

Commercial Vehicles

596 commercial vehicles were sold in September with annual growth of 22.6%



Source: Cirrus Securities, Lightstone Auto

A total of 596 commercial vehicles were sold in September, is a 22.6% increase on an annual basis. Moreover, commercial vehicle sales saw a 53.6% increase m/m. Cumulative sales for the year amount to 3,410 units, significantly fewer than the 4,307 units sold over the comparable period in 2019.

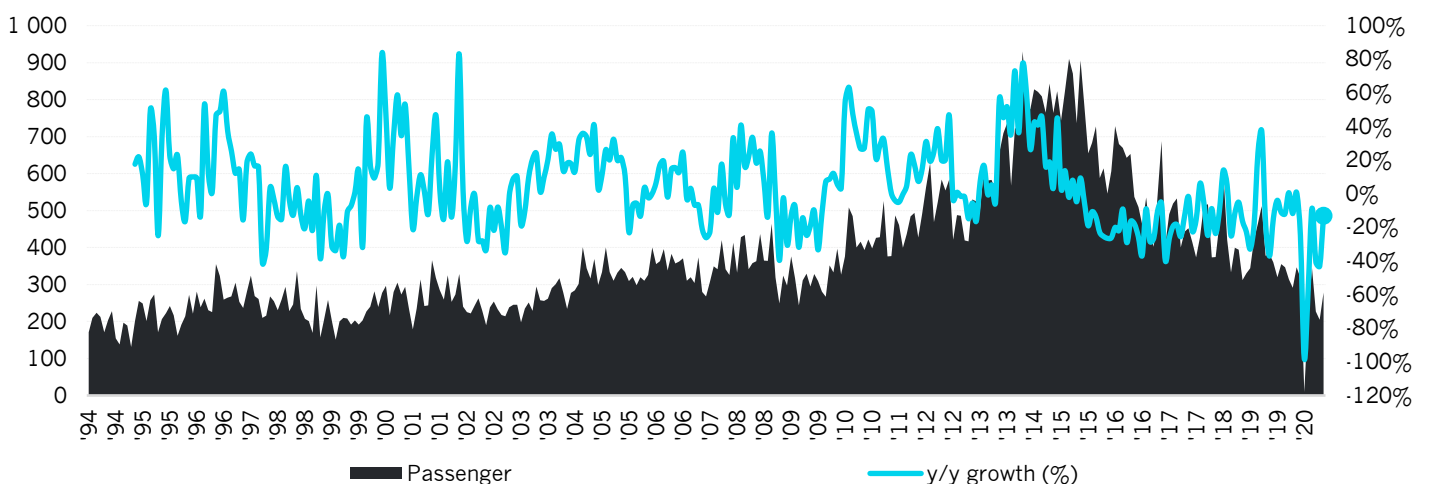
Light commercial vehicle sales increased on a monthly and annual basis, with increases of 66.3% and 32.6%, respectively. Sales for this class totaled 537 units, of which Toyota Hiluxes accounted for 323 units.

15 medium commercial vehicles were sold in August, with YTD sales amounting to 132 units. Five heavy commercial vehicles, 38 extra-heavy commercial vehicles (the most for this class all year), and one bus were sold in September. The dampened economic outlook does not bode well for commercial vehicle sales, as many businesses face a prolonged reduction in activity.

Passenger Vehicles

Passenger Vehicles

278 Passenger vehicles were sold in September with annual growth of -13.1%



Source: Cirrus Securities, Lightstone Auto

A total of 278 passenger vehicles were sold in September, increasing 35.6% m/m. However, sales declined by 13.1% y/y. Moreover, September sales represent a 36.2% decrease on a YTD basis. Weak sales can be attributed to weaker household balance sheets, further exacerbated by the increase in cheaper substitutes, as explained in previous reports. However, the amendment to the Credit Agreements Act and low advertised rates for vehicle financing (and payment holidays) may spur passenger vehicle sales for the last quarter of this year.

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