



Vehicle Sales

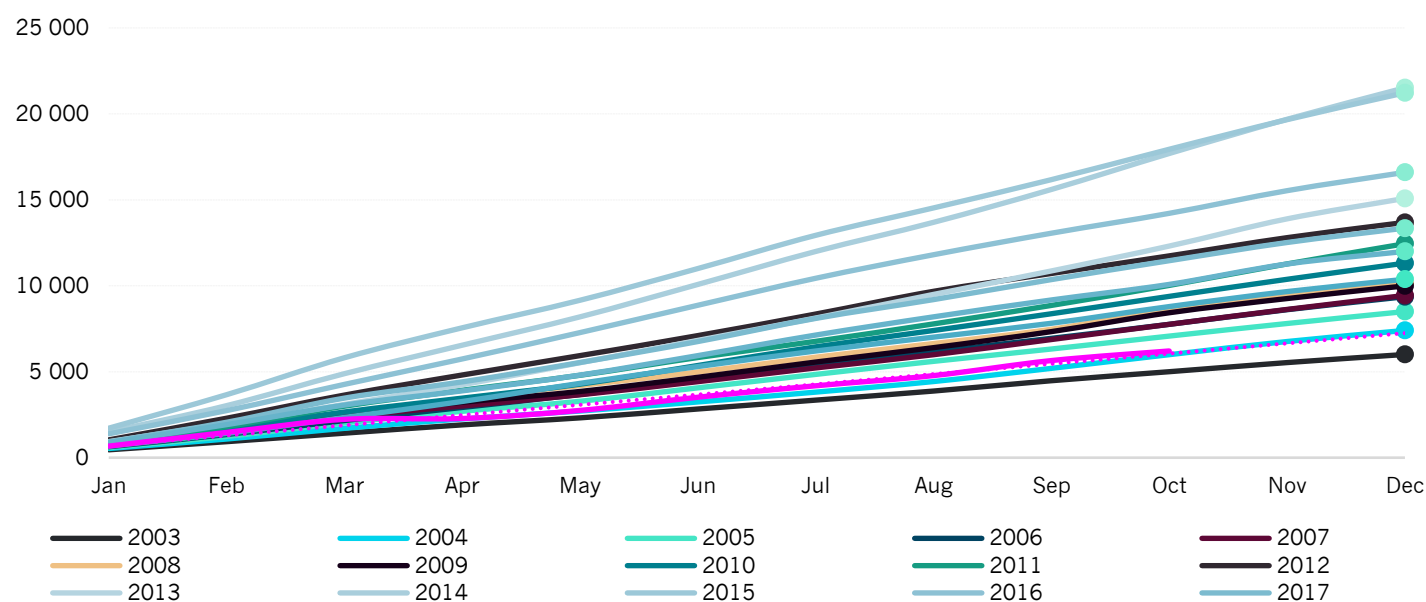
12 Nov '20

October 2020

October saw vehicle sales decrease both on a monthly and annual basis with growth rates of -36.0% and -42.4%, respectively. This amounted to 559 vehicles being sold over the month. Moreover, 2020 YTD sales remain significantly (29.4%) lower than 2019 sales over the comparable period.

YTD Vehicle Sales

October sales continue liner trend which anticipate lowest vehicle sales since 2004



Source: Cirrus Securities, Lightstone Auto

The decline in vehicle sales across the monthly, annual and YTD basis was primarily driven by significant decrease in commercial vehicles, which saw a decline in sales of 57.3% over the month. Moreover, this decrease has continued the linear trend set for the year and suggests 2020 vehicle sales will be near the 2004 level, at best.

Expectations for vehicle sales this year remain dampened due to households remaining characterised by higher exposure to 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 increased supply of second-hand vehicles from the tourism industry, as many participants opt to reduce their fleet size – thereby providing a cheap substitute.

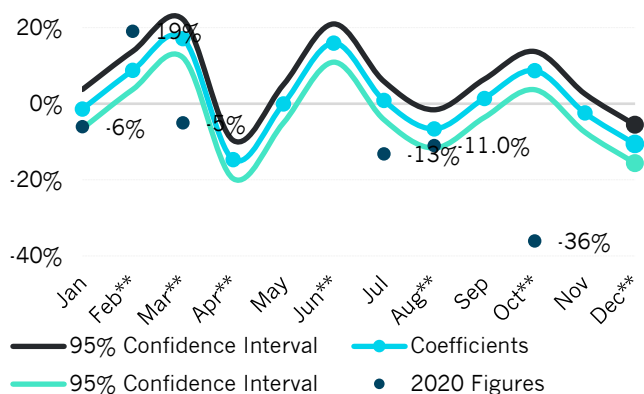
The lower new vehicle sales for October come as a surprise, given the seasonality of vehicle sales. Vehicle sales in October have, historically, been stronger during that month. Compared to the rest of the year, October is the month that most often sees positive vehicle sales metrics. This illustrates the hardships Namibian consumers and businesses are undergoing, given the need to change consumption patterns.





Vehicle Sales Seasonality

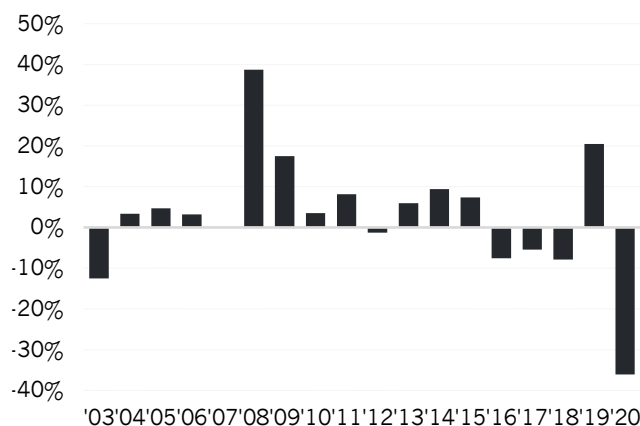
October shows stastically stronger vehicle sales



Source: Cirrus Securities, Lightstone Auto

Month-on-month October Growth

Since 2003, October sales predominately positive

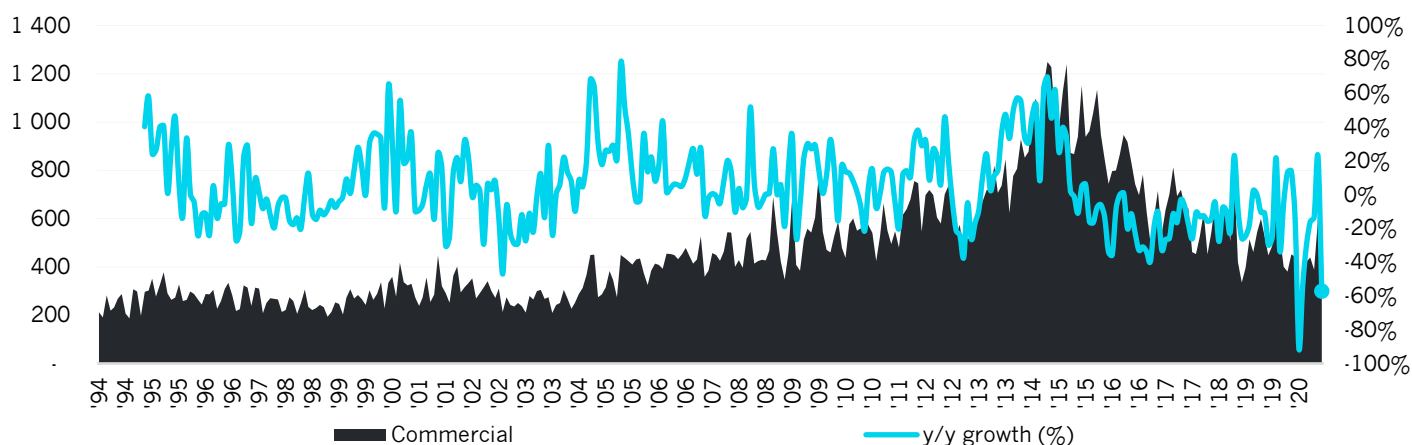


Source: Cirrus Securities, Lightstone Auto

Commercial Vehicles

Commercial Vehicles

263 Commercial vehicles were sold in October with annual growth of -57.3%



Source: Cirrus Securities, Lightstone Auto

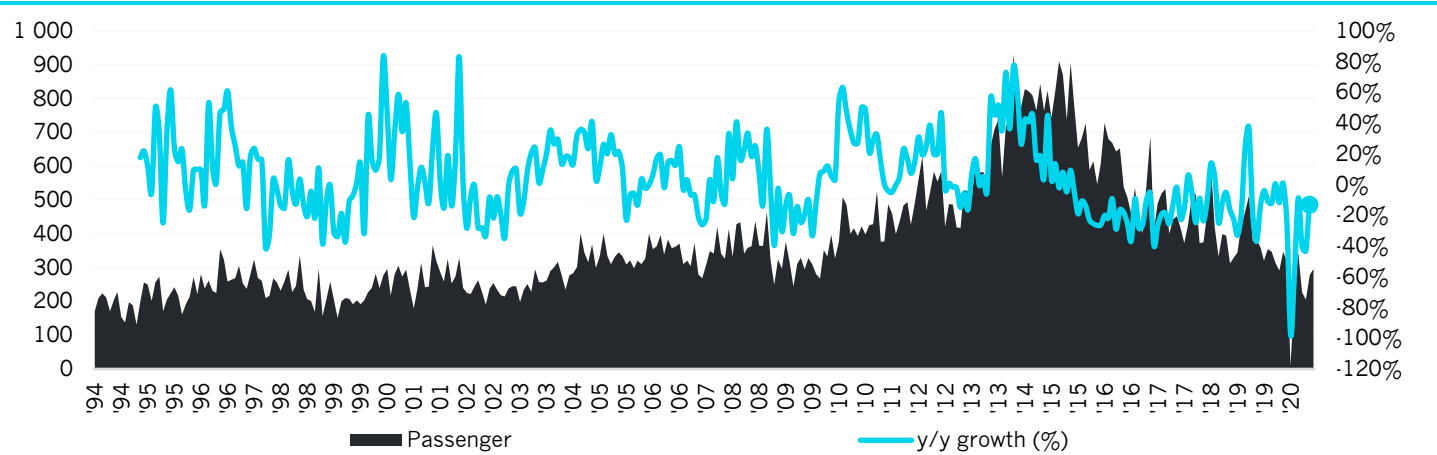
A total of 263 commercial vehicles were sold in October. This is a 57.3% decrease on an annual basis. Moreover, commercial vehicle sales saw a 55.9% decrease m/m. Cumulative sales for the year amount to 3,673 units, significantly fewer than the 4,923 units sold over the comparable period in 2019. This is the second largest YTD contraction on record.

Light commercial vehicle (LCV) sales saw decreases on both a monthly and annual basis, with respective declines of 59.5% and 59.6%. This amounted to 217 LCVs sold in October. This decrease comes off a larger base, as September saw a surge in bakkie sales (Toyota Hiluxes account for 40% of total vehicle sales). 18 Medium commercial vehicles were sold in October, with YTD sales amounting to 150 units – 66 fewer than the comparable period in 2019. Finally, seven heavy commercial vehicles, 20 extraheavy vehicles and one bus were sold in October. The dampened economic outlook does not bode well for commercial vehicle sales, as many businesses face reduced activity. This will lead to ongoing supply on the second-hand market and will depress demand for any new vehicles.

Passenger Vehicles

Passenger Vehicles

296 Passenger vehicles were sold in October with annual growth of -16.6%



Source: Cirrus Securities, Lightstone Auto

A total of 296 passenger vehicles were sold in October, an increase of 6.5% on a monthly basis, however a decline of 16.6% y/y. Moreover, October sales represent a 34.4% decrease YTD. Weak sales can be attributed to weaker balance sheets of households, which are further exacerbated by the increase in cheaper substitutes.

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