



Vehicle Sales

12 Aug '21

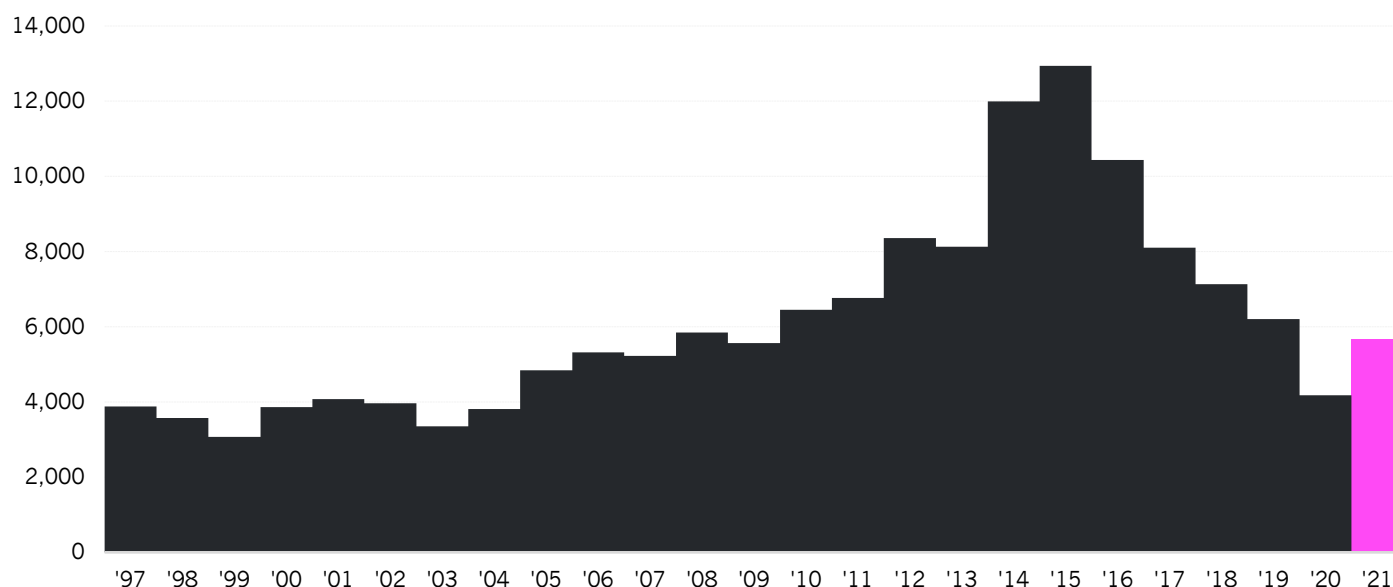
July 2021

New vehicle sales in Jul '21 contracted 5.1% m/m but increased 20.1% y/y. This growth should be taken in light of the fact that the country had a stringent stage 3 lockdown during the corresponding period in '20. Therefore, when comparing YTD sales to '19 figures, new vehicles sale decreased by -11.5% - amounting to 800 new vehicles sold in Jul '21.

The total YTD vehicle sales increased significantly from '20, as the COVID-19 restrictions placed throughout the year have not been as stringent. Commercial vehicle sales saw decreases on both a monthly and annual basis, with respective declines of 0.5% and 6.4%, amounting to 411 vehicles sold. In comparison to 2019, total commercial vehicle sales decreased by 21.3%. New passenger vehicle sales decreased 9.5% m/m, but increased 71.4% y/y, amounting to 389 new passenger vehicles.

Total YTD New Vehicle Sales

YTD vehicle sales improved significantly from '20 but remain low compared to the pre-pandemic era.



Source: Cirrus Securities, Lightstone Auto

These historically low YTD sales illustrate ongoing subdued demand for new vehicles, constrained by supply challenges (including from chip shortages) and affordability. The demand for second-hand vehicles is spurred by weak consumer conditions (high unemployment, indebtedness and lower real wages). Additionally, the recent riots in South Africa interrupted production and exports. The ongoing global constraints facing semiconductor chips plague the manufacturing of new vehicle sales markets as these chips are an integral input into new vehicles, leaving some factories idle. Moreover, the lockdown restrictions in Namibia with the recent 'third wave' from June and into Jul '21 July contributed to subdued demand. However, vehicle sales have improved compared to last year as COVID-19 regulations have been somewhat less prohibitive and some consumers are taking advantage of historically low interest rates.

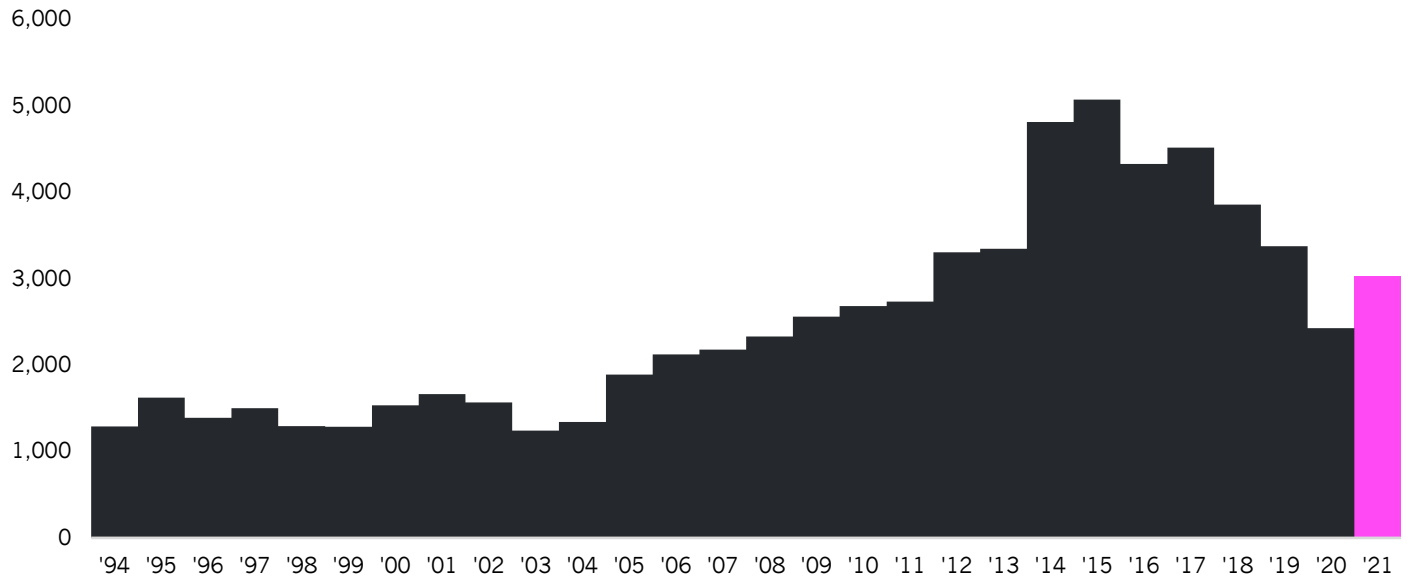
Nonetheless, vehicle sales are expected to rebound in '21, largely due to base effects as we do not expect economic activity to be restricted to the same extent as in '20. Ongoing fiscal consolidation means that Government will not be a substantial purchaser of new vehicles, as was the case in the first half of the last decade. Although new vehicle sales have improved compared to '20, the absolute volumes are still at a decade low and the outlook is tempered by weak economic growth, the high unemployment, high household indebtedness, and what we expect to be an incredibly slow recovery in employment over the medium term. On a positive note, there were purchases by rental companies after de-fleeting last year, indicative of increased bookings for later in '21.



Commercial Vehicles

YTD Commercial Vehicles

YTD sales amount to 2,201 commercial vehicles.



Source: Cirrus Securities and Lightstone Auto

A total of 411 new commercial vehicles were sold in July. This represents a decrease both on an annual and monthly basis of 6.4% and 0.5%, respectively. The contraction is larger than June's 2.1% y/y decline. This fuels our previously expressed concerns of pent-up demand slowly drying up in the economy as the year progresses. YTD commercial vehicle sales are slowly approaching pre-pandemic-levels but are at risk of the delayed impact stemming from the 'lockdowns' in June and July, as well as the delayed impact of reduced business activity.

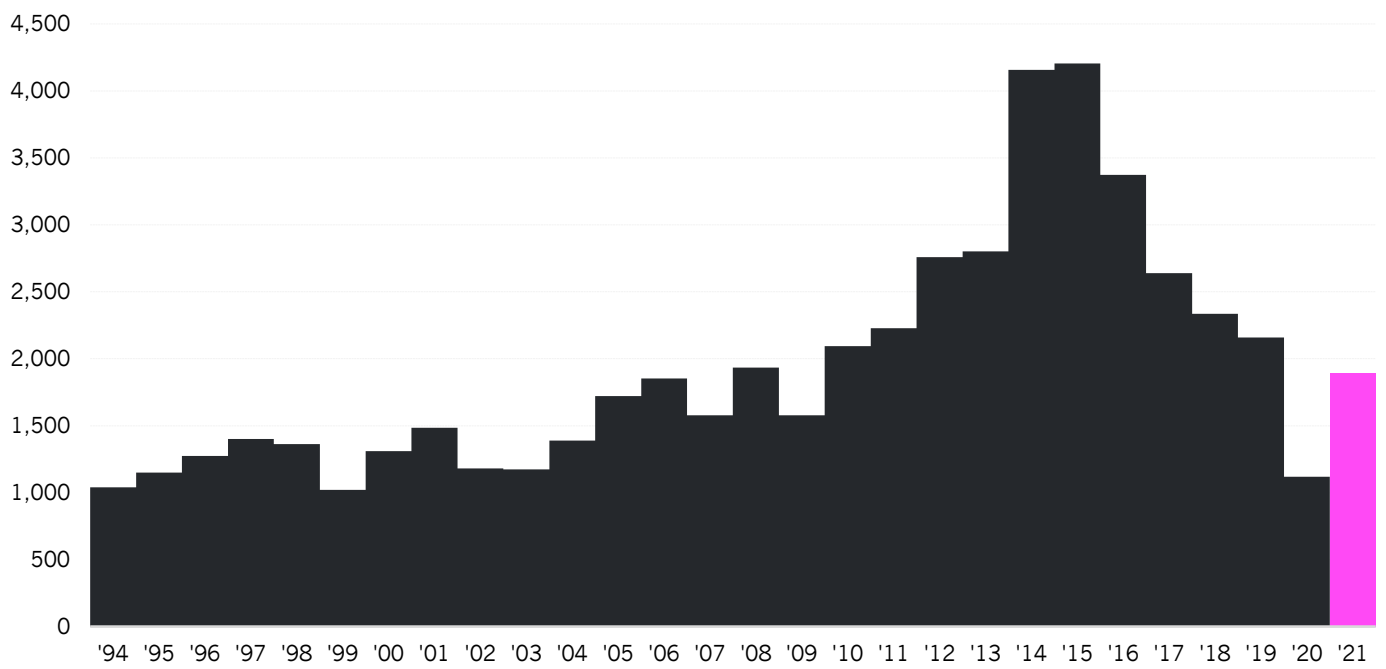
Light commercial vehicle (LCV) sales saw a y/y decrease of 3.6% and a m/m increase of 13.6%, with sales amounting to 376 units. Heavy commercial vehicles sales totalled 8 units, declining 20.0% m/m. Medium commercial and extra-heavy commercial sales both totalled 13 units, with m/m declines 31.6% and 75.0%, respectively. Keeping in line with the trend for the past year, only 1 bus was sold in Jul '21.

Passenger Vehicles

389 new passenger vehicles were sold in July. This is growth of 71.4 y/y% but a m/m decline of 9.5%. This is the seventh consecutive month of y/y growth, from Jan '21. This demonstrates that sales are normalising, but at a slow rate. Barring '20, demand remains historically weak due to low disposable household income, high household debt, high unemployment, and a weak economic recovery. Moreover, ongoing supply-side constraints and higher prices will hamper new vehicle sales

Passenger Vehicles

YTD a total of 1894 passenger vehicles were sold in July.



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