Economics | South Africa

NEDBANK

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Economic Commentary

Vehicle sales

Rental industry purchases boost vehicle sales

- Following the exclusion of Mercedes Benz sales figures last month, NAAMSA has provided these numbers, although at an aggregated level only. Consequently, total vehicle sales were up by 6,8% m-o-m and 7,0% y-o-y in January.
- Total vehicle sales, excluding Mercedes Benz rose in January after dropping by 7,6% m-o-m in December.
- Passenger vehicle sales rose, boosted by rental industry purchases, while sales of commercial vehicles fell further during the month.
- The rise in total sales during January was encouraging, although it partly reflected seasonal factors.
- Vehicle exports remained weak in January.
- These numbers continue to point towards moderately weaker demand conditions. The Monetary Policy Committee is likely to keep policy neutral while the economic climate remains cloudy in the face of weak global conditions. We expect that the Reserve Bank will start to tighten policy only in the fourth quarter of 2012.

Table 1 : Vehicle sales

	January Y-o-y%	M-o-m%	December Y-o-y%	Nedbank forecast Y-o-y%	Market forecast Y-o-y%
Total	9,9	4,9	16,5	n/a	n/a
Passenger	10,6	12,6	18,1		
Commercial	8,0	-11,5	13,2		

Source: NAAMSA, excluding MBSA

Comment

Following the exclusion of MBSA sales figures in December 2011, NAAMSA has now provided these numbers, although at an aggregated level only. The total sales figure of 48 251 indicates that total vehicle sales rose by 7,0% y-o-y in January, with passenger vehicle sales up by 7,5% y-o-y to 35 428, the highest January figure in five years. Including the MBSA numbers purchases by the car rental industry accounted for 17% of sales during the month.

Although NAAMSA and MBSA appear to have reached some arrangement, much uncertainty still prevails around the details MBSA will continue to provide, which makes comparison of the yoy% figures difficult. In the interim, our analysis will focus on the broad categories including the figures provided by MBSA.

Total vehicle sales, excluding sales by Mercedes Benz South Africa (MBSA), rose by 4,9% m-o-m and 9,9% y-o-y to 45 944, boosted by higher passenger vehicle sales. NAAMSA attributed the strong increase in car sales to purchases by the rental industry, which accounted for 12,8% of sales during the month.

Exports excluding MBSA were down by 23,6% m-o-m but increased by 13,0% y-o-y.

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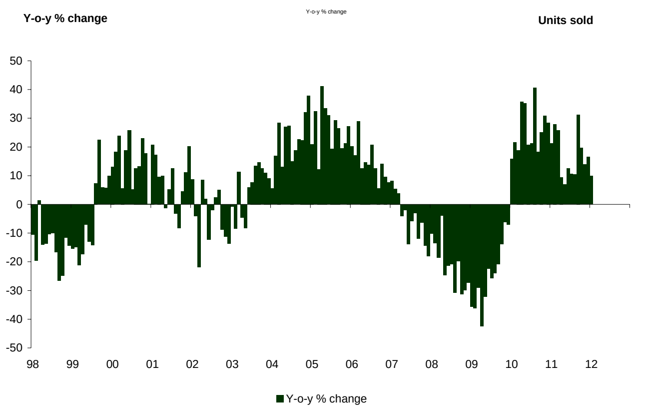
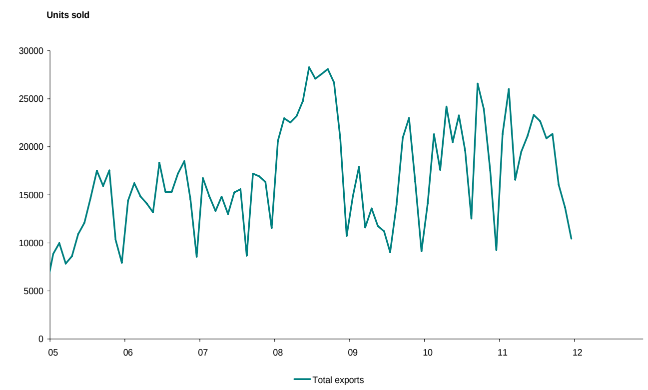
Chart 1 : Sales of total new vehicles



Source: NAAMSA; excludes MBSA from November 2008

Chart 2 : Vehicle exports



Source: NAAMSA, excludes MBSA from November 2010

Outlook

The pickup in total vehicle sales, although partly reflecting seasonal factors, was encouraging.

In the coming months a number of factors will impact negatively on sales growth. In addition to rising inflation, which is eroding the boost from income growth and low interest rates, consumer confidence remains weak as economic uncertainty persists.

Implications

These numbers, although reflecting mainly seasonal factors, continue to point towards moderately weaker demand conditions. The Monetary Policy Committee is likely to keep policy neutral while the economic climate remains cloudy in the face of weak global conditions. We expect that the Reserve Bank will start to tighten policy only in the fourth quarter of 2012.

Regular economic analysis is available on the Nedbank Group's internet site, http://www.nedbankgroup.co.za