February New Vehicle Sales

17 March 2013

Government tenders boost vehicle sales

<table>
<thead>
<tr>
<th>Vehicle sales</th>
<th>Units</th>
<th>2014 YTD</th>
<th>Jan14 y/y %</th>
<th>Feb14 y/y %</th>
<th>Sentiment</th>
</tr>
</thead>
<tbody>
<tr>
<td>Passenger</td>
<td>729</td>
<td>1451</td>
<td>67.9</td>
<td>37.5</td>
<td>✓</td>
</tr>
<tr>
<td>Light Commercial</td>
<td>918</td>
<td>1643</td>
<td>53.9</td>
<td>101.8</td>
<td>✓</td>
</tr>
<tr>
<td>Medium Commercial</td>
<td>24</td>
<td>41</td>
<td>-5.6</td>
<td>9.1</td>
<td>✓</td>
</tr>
<tr>
<td>Heavy Commercial</td>
<td>57</td>
<td>92</td>
<td>20.7</td>
<td>58.3</td>
<td>✓</td>
</tr>
<tr>
<td>Total</td>
<td>1,728</td>
<td>3,227</td>
<td>58.1</td>
<td>65.7</td>
<td>✓</td>
</tr>
</tbody>
</table>

Source: Naamsa

*Sentiment describes the y/y movement

Total new vehicles sales increased 15.3% m/m to a record month of 1,728 vehicles sold in February, 890 vehicles more than the average February figures of the past ten years. The higher monthly numbers, compared to January, were on account of a 28.6% increase in commercial vehicle sales and a 1.0% rise in passenger vehicle sales. On an annual basis vehicle sales showed positive results for the tenth consecutive month, with the number of vehicles sold 68.7% higher than a year ago. With the step-up in the y/y numbers and the record sales during February, year-to-date figures remain above the levels seen as of February 2013, with 1,236 more vehicles sold compared to a year ago.

The 12-month cumulative measure remained positive and is now 23.3% higher than a year ago compared to 16.3% higher last month. In our view the growth in the 12-month cumulative number is largely a result of a lower base in the previous year.

Sales of passenger vehicles increased by 1.0% m/m to 729 vehicles sold in one month, extending the previous month’s 27.3% increase. On an annual basis, passenger vehicle sales rose, increasing 37.5% after increasing 65.9% in January. Commercial vehicle sales rose 28.6% to a record sales figure of 999 vehicles sold in one month, which was due to higher sales numbers of light commercial vehicles on the back of government tenders coming through. On an annual basis, commercial vehicle sales increased by 94.7% compared to 50.0% recorded in January.

Toyota and Volkswagen dominated the passenger market, selling the most vehicles in February, with the two brands claiming 27.3% and 22.8% respectively. Toyota once again was the market leader in light commercial vehicles, having the lion’s share of sales at 52.7% of the market, followed by Nissan at 13.0% and Isuzu in 3rd place.

The Bottom Line

The strong increase in vehicle sales is attributed to a number of factors, namely the on-going expansive fiscal and monetary positions of the Ministry of Finance and Bank of Namibia, as well as purchase of vehicles by Government. The Ministry of Finance has allocated N$984.5m to vehicle purchases in the 2014/15 National Budget, this is N$517.8m or 111.0% more than what was spent on vehicles last year. Additionally, the mining sector has purchased a number of commercial vehicles over recent months, largely on account of the on-going construction of the Tschudi, Otjikoto and Husab mines in the country.

The strong growth witnessed in February is expected to continue, however may slow towards the end of the year as monetary policy tightening starts to gain traction. Nevertheless, government tenders yet to be delivered will maintain the momentum of the vehicle sales through 2014.
**Vehicle sales growth y/y % change**

![Graph showing vehicle sales growth y/y % change from 2010 to 2014 for Total, Commercial, and Passenger segments.]

Source: NAAMSA

**Annual new vehicle sales vs Namibian real GDP**

![Graph showing the relationship between Namibia real GDP and new vehicle sales with R² = 0.918.]

Source: NAAMSA

**Vehicle Sales Volume**

<table>
<thead>
<tr>
<th>Total</th>
<th>HCV</th>
<th>MCV</th>
<th>LCV</th>
<th>PAS</th>
</tr>
</thead>
<tbody>
<tr>
<td>...</td>
<td>...</td>
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</tr>
</tbody>
</table>

Source: NAAMSA

**Sales Volume**

![Bar chart showing sales volume for Total Vehicles y/y % change from 2010 to 2014.]

Source: NAAMSA

**Total Vehicle Sales**

![Bar chart showing total vehicle sales from Jan to Dec for 2009 to 2014.]

Source: NAAMSA

**12-month Cumulative y/y % change**

![Line chart showing 12-month cumulative y/y % change from 2009 to 2014.]

Source: NAAMSA
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