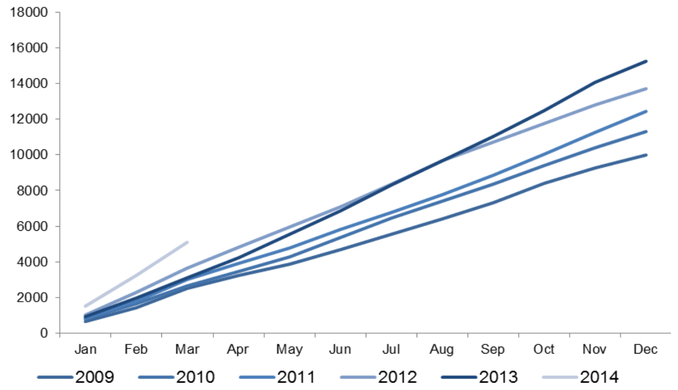
Economic Flash Note

March 14 New Vehicle Sales

15 April 2014

New vehicle sales gaining momentum

Vehicle sales	Units	2014 YTD	Feb14 y/y %	Mar14 y/y %	Sentiment*
Passenger	930	2381	37.5	77.1	✓
Light Commercial	850	2493	101.8	51.8	×
Medium Commercial	27	68	9.1	50.0	✓
Heavy Commercial	52	144	58.3	136.4	✓
Total	**1859**	**5086**	**65.7**	**65.2**	×



Source: Naamsa
**Sentiment describes the y/y movement*

A record number of new vehicles, totalling 1,859, were sold in Namibia during March, increasing 7.6% m/m off the previous record. Sales during the month were evenly split among passenger and commercial vehicles, with 930 and 929 respectively. On annual basis growth remained high, however eased marginally to 65.2% from 65.7% in February on account of base effects. Three months into 2014 5,086 vehicles have been sold, the strongest 3 months on record, and up 63.2% on the comparable period in 2013.

The 12-month cumulative measure increased to 17,230 and is now 30.9% higher than a year ago and up 4.4% on the previous month. The increase in the 12m cumulative figure is a combination of a low base and strong results in the current period.

Sales of passenger vehicles increased by 27.6% m/m to 930 vehicles sold, extending the previous two months increases. Passenger vehicle sales are 77.1% higher than a year ago, the biggest annual increase on record. Commercial vehicle sales declined 7.0% to 929, coming off the February's record level. The decrease was on account of declines in the light and heavy commercial vehicle categories, while the medium category bucked the trend.

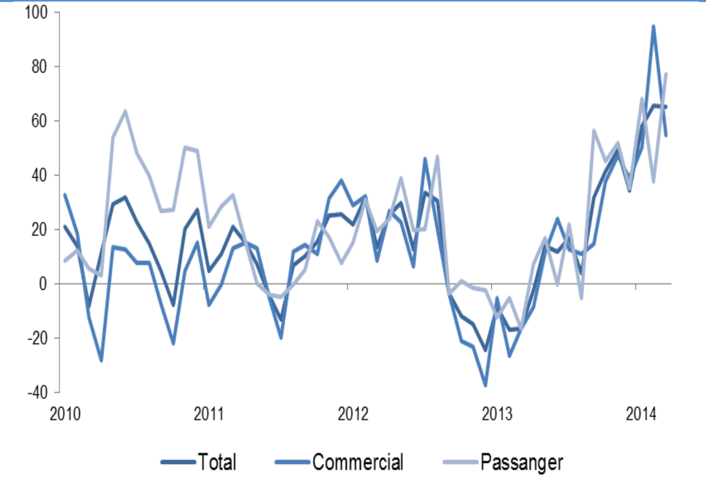
Toyota and Volkswagen dominated the passenger market, selling the most vehicles in March, with the two brands claiming 32.5% and 27.0% of sales respectively. Toyota once again was the market leader in light commercial vehicles, having the lion's share of sales at 55.3% of the market, followed by Nissan at 13.3% and Ford 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.

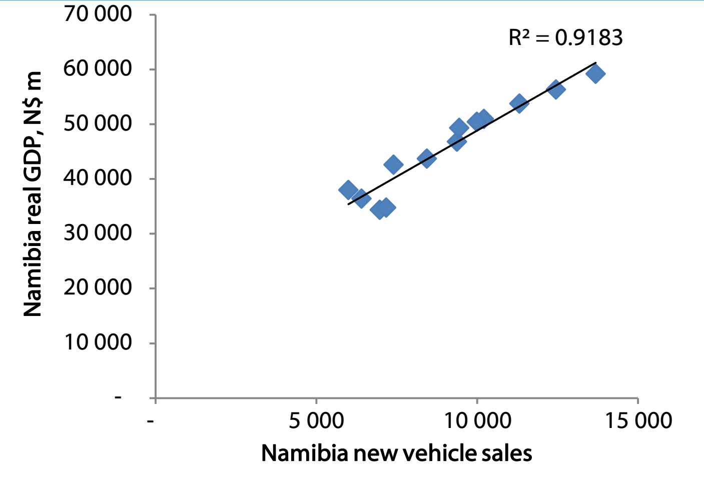
The strong growth witnessed in March is expected to continue, however may slow towards the end of the year as monetary policy tightening starts to gain traction. Nevertheless, government tenders yet to be delivered will maintain the momentum of vehicle sales through 2014.

Vehicle sales growth y/y % change

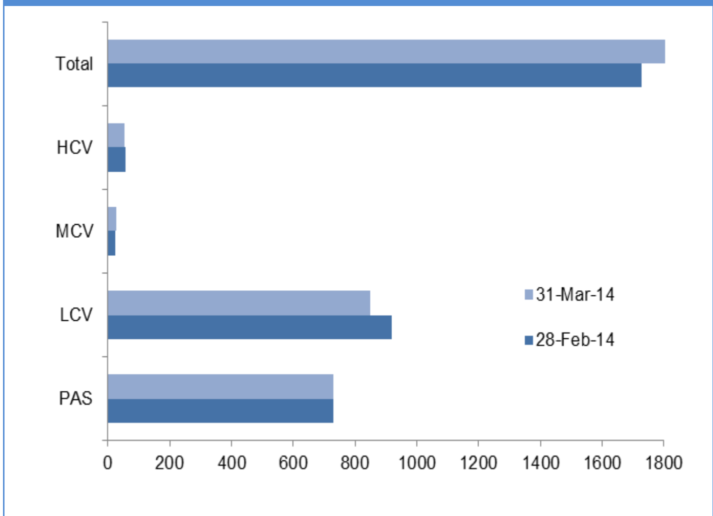


Source: NAAMSA

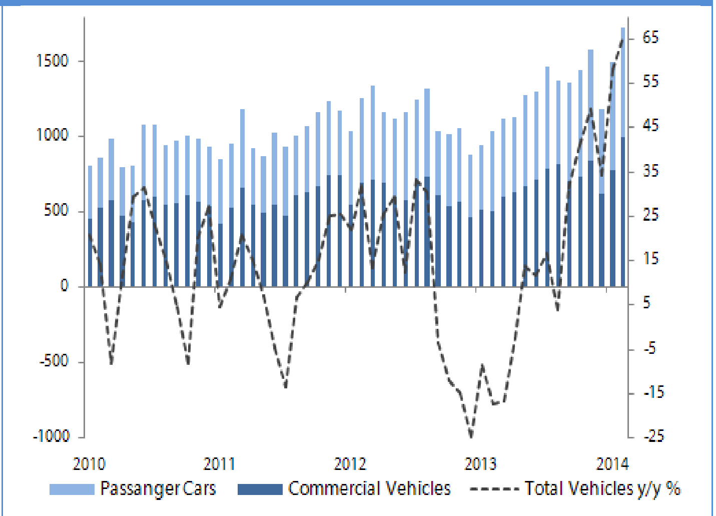
Annual new vehicle sales vs Namibian real GDP



Vehicle Sales Volume

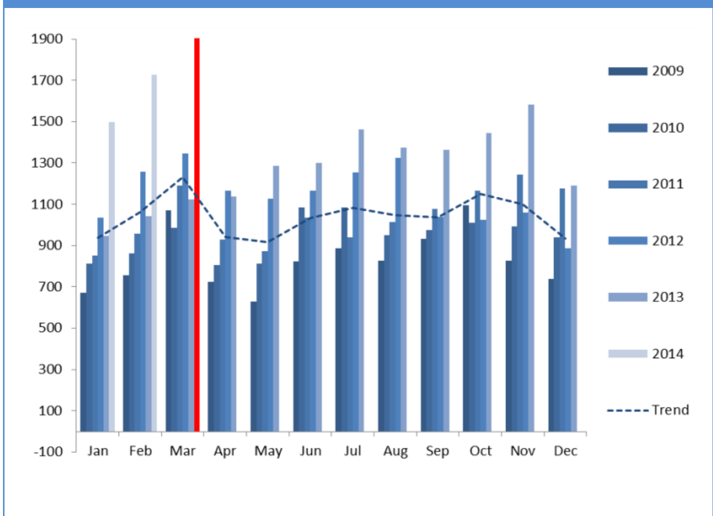


Sales Volume

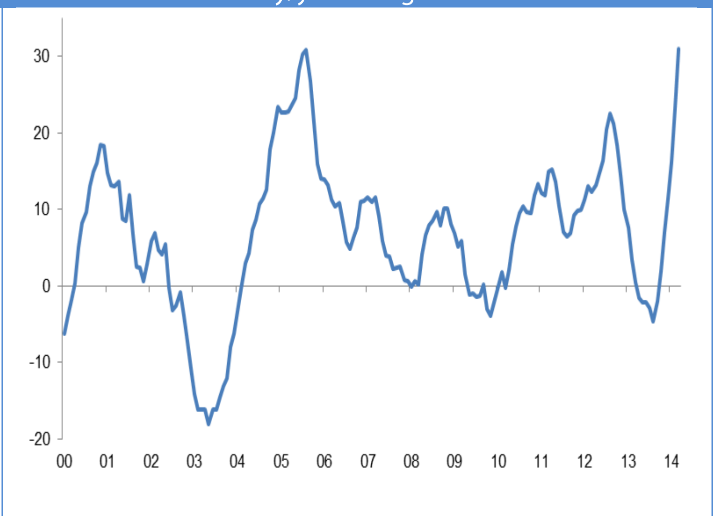


Source: NAAMSA

Total Vehicle Sales



12-month Cumulative y/y % change



Source: NAAMSA

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