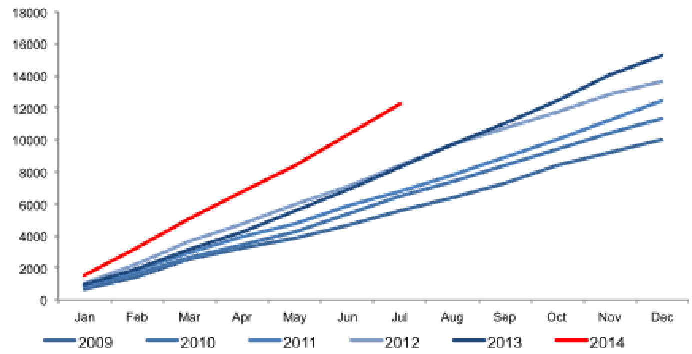
July 2014 New Vehicle Sales

13 August 2014

Sales hits record high

Vehicle sales	Units	2014 YTD	Jun 14 y/y %	Jul 14 y/y %	Sentiment*
Passenger	821	5,608	42.5	21.8	×
Light Commercial	984	5,978	43.8	42.0	×
Medium Commercial	54	210	77.3	100.0	✓
Heavy Commercial	59	400	80.0	-14.5	×
Total	**1,918**	**12,196**	**44.9**	**31.1**	×



Source: Naamsa

**Sentiment describes the y/y% movement*

1,918 new vehicles were sold in Namibia during July, once again the highest vehicle sales figure recorded in our 19 year history, reflecting an increase of 1.8% m/m, off an already high base. The higher monthly figures were caused by an uptick in commercial vehicle sales, despite passenger vehicle sales slightly falling. As expected, July sales continued increasing after the seasonal slowdown in April-May, and the monthly figures expanded to beat the previous record sales level as set in June. On an annual basis, growth accelerated to 31.1%, falling from 44.9% y/y in June on account of base effects. At this point, 12,196 vehicles have been sold so far in 2014, up 46.9% on the comparable period of 2013.

The 12-month cumulative measure increased further to 19,154 and is now 40.5% higher than a year ago and up 2.4% from the previous month.The increase in the 12-month cumulative figure is a combination of a low base and strong results in the current period.

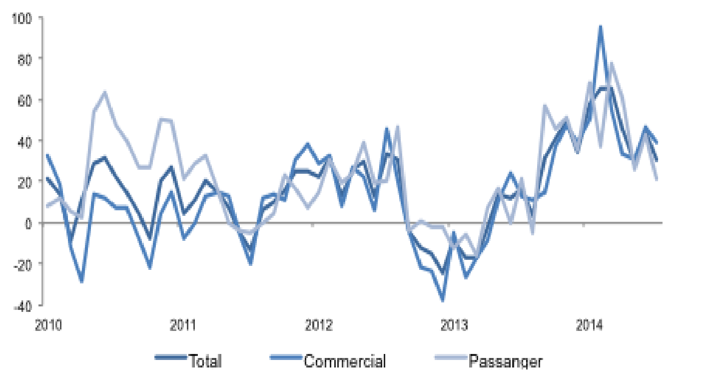
Sales of passenger vehicles slightly decreased, falling by 0.8% m/m to 821 vehicles sold. Passenger vehicle sales are 21.8% higher than a year ago. Commercial vehicle sales increased 3.9% m/mto a record 1,097 vehicles sold,on account of higher numbers recorded in the light and medium categories.

Toyota and Volkswagen dominated the passenger market, selling the most vehicles in July, with the two brands claiming 32.9% and 17.8% of sales respectively. Toyota once again was the market leader in light commercial vehicles, having the lion's share of sales at 49.4% of the market, followed by Nissan at 13.0%.

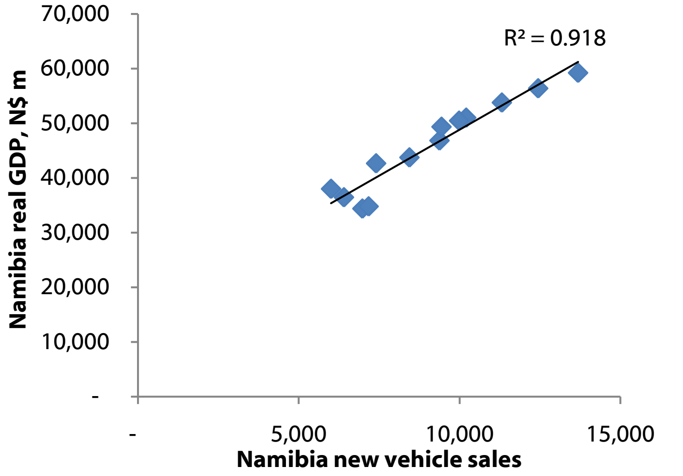
The Bottom Line

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,a N$517.8m (111.0%) increase on the vehicle expenditure budget of the 2013/14 financial year. We expect the strong growth trend to continue, however sales may slow towards the end of the year as monetary policy tightening is likely to continue. Nevertheless, government tenders yet to be delivered will maintain the momentum of vehicle sales through 2014.

Vehicle sales growth y/y % change

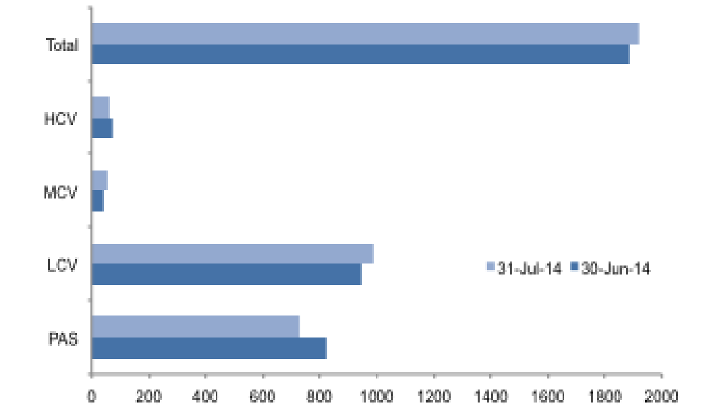


Annual new vehicle sales vs Namibian real GDP

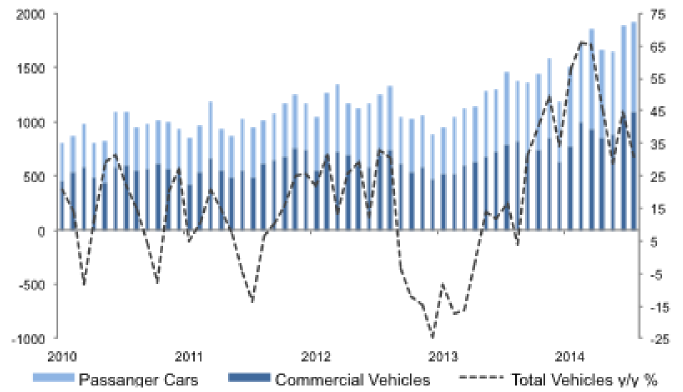


Source: NAAMSA

Vehicle Sales Volume

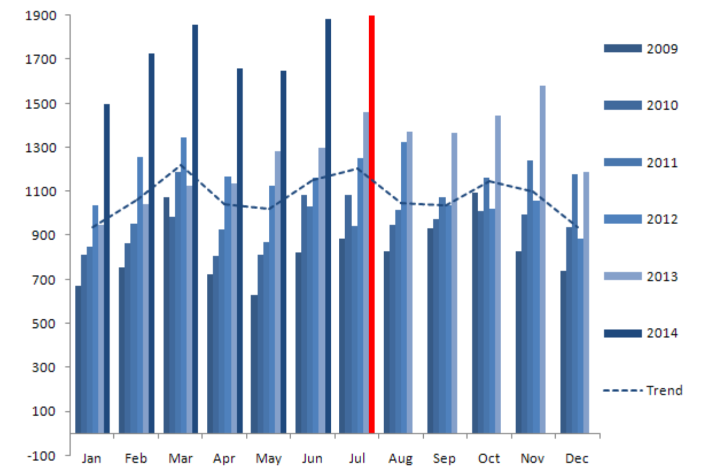


Sales Volume

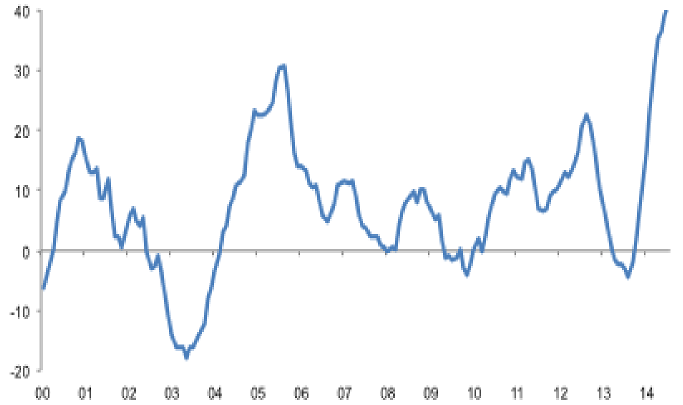


Source: NAAMSA

Total Vehicle Sales



12-month Cumulative y/y % change



Source: NAAMSA

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