



# TransUnion Vehicle Pricing Index

## REPORT - Q2 2018

### Executive Summary

The TransUnion SA Vehicle Pricing Index (VPI) for new and used vehicle pricing moved to 2.6% and 2.5% in Q2 2018 from 5.4% and 3.6% in Q2 2017 respectively. The VPI has slowed down in the new passenger market below inflation for the fourth consecutive quarter. The used passenger vehicle pricing index has been consistent in 2017 ranging between 3.5% and 3.7% although in 2018 Q2, we have seen a drop to 2.5%. The index measures the relationship between the increase in vehicle pricing for new and used vehicles from a basket of passenger vehicles, which incorporates 15 top volume manufacturers. Vehicle sales data collated from across the industry was used to create the index.

The outlook for new vehicle sales are looking promising with the new vehicle pricing index at levels of almost half of CPI, last seen in early 2013. This used-to-new ratio has shifted further in favour of new at 2.05 vs 2.41 in Q2 of 2017, this trend shows that new vehicles are increasing in demand while the demand for used continues to slow down further.

Consumers have a lot of information to absorb around the vehicle market in the last 18 months. The positive impact of a reduction in interest rates, lower inflation rates, slow

price increases from manufacturers. This offsets the negative impact of fuel and VAT increases, which make it ideal for consumers to enter the new vehicle market.

Total financial agreement volumes in the passenger market have increased from 2017 Q2 to 2018 Q2 by 7%. New passenger finance deals has increased by 18% and used has increased by 2%. The used-to-new ratio has decreased from 2.41 in 2017 Q2 to 2.05 in 2018 Q2 as predicted. In the used vehicle market, the make-up of used vehicle sales has shown that 43% are under two years old and 9% were demo models which indicates consumers are opting for under 2 year old vehicles. According to Naamsa, there has been a year on year increase of 4.4% in new passenger vehicles and a decrease of 0.4% of new light commercial vehicle for 2018 June.

The US has kicked off the process of imposing tariff on imports and in the short term, we will see an appreciation of the rand. This will directly affect SAs GDP growth rate, which fell QoQ by 2.2% and grew YoY by 0.8%. It could potentially get worse with the trade wars. South African importers could see higher input prices and this could be pushed onto the consumer. This will add more strain on the disposable household income.

Overall, the South African car market has had a good quarter with signs of recovery, which is seen by modest increases in volumes, which is credited to the competitive pricing on new entry-level vehicles. The exchange rate change in the upcoming months will affect the rate of recovery of the vehicle market. We expect the VPI trend to continue into the next quarter with slow price increases to stimulate demand and this will relate to marginal increases in volume or remaining the same.

Overall, the automotive industry has a positive outlook for 2018 with the economic impact being the driver of this.

## 1. Q2 2018 VPI Results

### New Pricing Index (Figure 1.1 and 1.2)

New vehicle prices have slowed down below inflation for the fourth consecutive quarter. The decrease in interest rates and lower inflation has helped manufacturers to slow down on new price increases although we are seeing marginal increases.

### Used Price Index (Figure 1.1 and 1.2)

Used vehicle prices are below 3% for second consecutive quarter. This is indicative of the shift from used to new as the supply of quality used vehicles are diminishing.

	Q1 2018	Q2 2017	Q2 2018
New VPI	2.3%	5.4%	<b>2.6%</b>
Used VPI	2.9%	3.6%	<b>2.5%</b>
CPI	4.2%	5.4%	<b>4.4%</b>

Figure 1.1

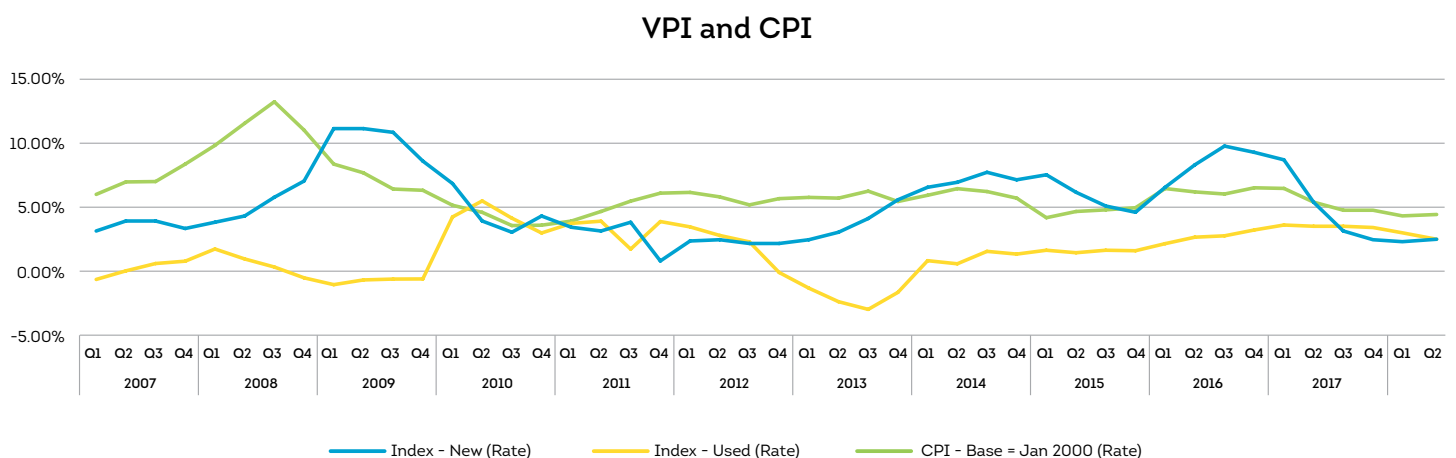


Figure 1.2

## 2. Q2 2018 Used-to-New Ratio

### Used-to-New Ratio (Figure 1.3 and 1.4)

The used-to-new ratio is based on finance deals registered in the last quarter. The ratio indicates the finance houses are financing 2.05 used vehicles for every 1 new vehicle. This follows the trend of the VPI where the new car prices has slowed down over the last 3 quarters.



Figure 1.3

### Used-to-new Ratio

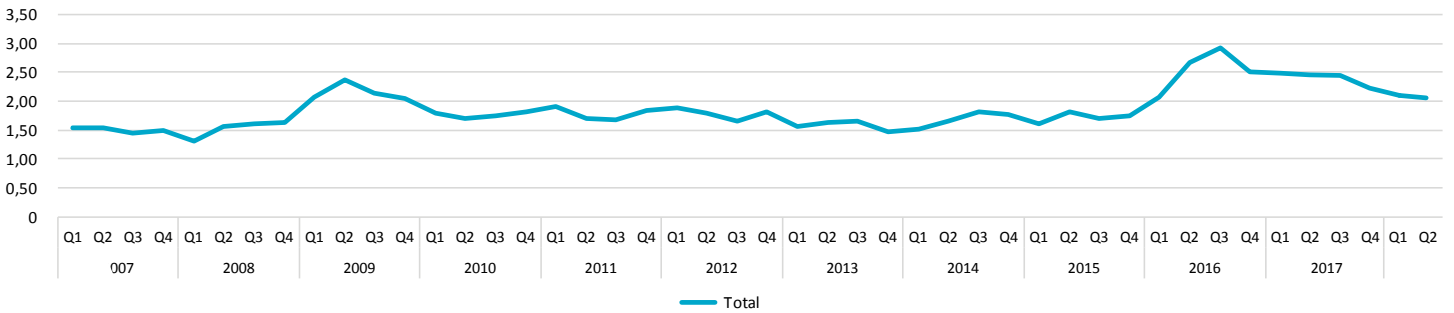


Figure 1.4

## 3. Q2 2018 Vehicle Asset Finance Results

### Vehicle Asset Finance (Figure 1.5 and 1.6)

We have seen a shift in the vehicles financed under R200k. The percentages have changed from an average of 40% in 2017 to 37% in 2018 Q2.

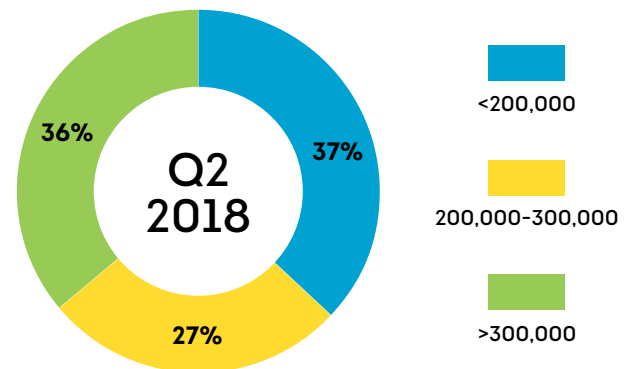


Figure 1.5

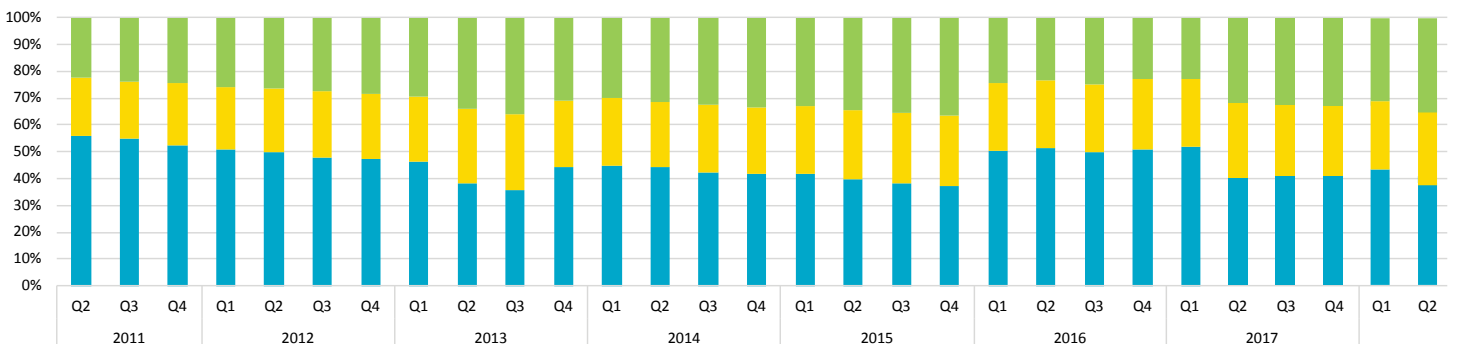


Figure 1.6

## 4. Q2 2018 Top Manufacturers by Sales Volume - Passenger

### Manufacturers by Financed Sales Volumes (Figure 1.7 and 1.8)

Toyota and VW has been doing well in both areas sharing the top 2 spots in both new and used and have captured more than 35% of the new and used passenger financed volumes.

**Used Passenger Vehicle Sales**

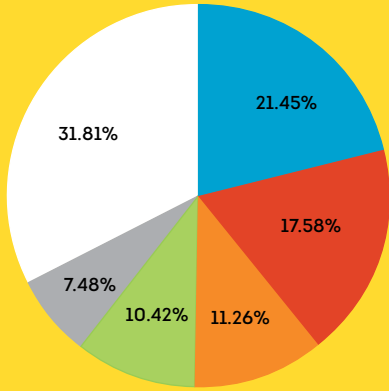


Figure 1.7

**New Passenger Vehicle Sales**

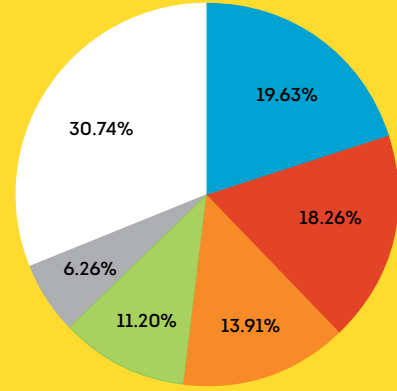


Figure 1.8

## 5. Q2 2018 Top Manufacturers by Sales Volume - Light Commercial

### Manufacturers by Financed Sales Volumes (Figure 1.9 and 1.10)

Toyota has been doing well in both areas and definitely seems to be the market leader in light commercial vehicles that said, Ford and Nissan has closed-in in the used market.

**Used Light Commercial Vehicle Sales**

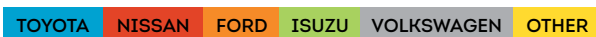
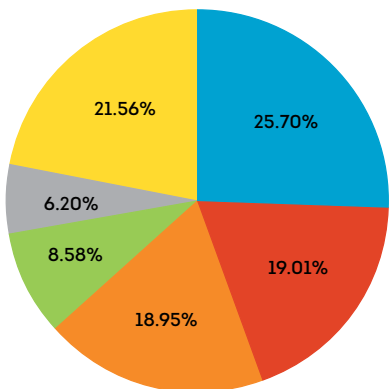


Figure 1.9

**New Light Commercial Vehicle Sales**

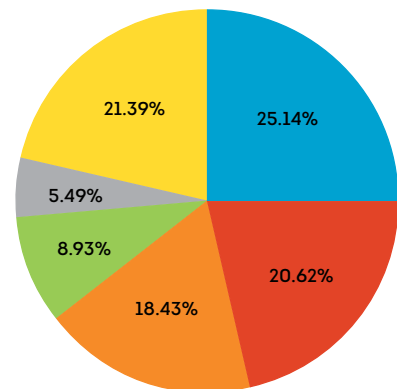


Figure 1.10



## Contact us

TransUnion SA Vehicle Pricing Index queries can be directed to:  
Michelle van Renen | [mcmmailbox@transunion.co.za](mailto:mcmmailbox@transunion.co.za) or **+27 11 214 6000**



## Want to know more?

We can help you gain a more granular view of your operating environment with our Business Intelligence Reports. With access to extensive data and predictive insights you can identify, segment and effectively target prospective customers amid tough economic pressures. For more information on our BI Reports contact:  
Kriben Reddy | [Kriben.Reddy@transunion.com](mailto:Kriben.Reddy@transunion.com) or on **+27 11 214 6000**

**Sources:** Figure 1.1 and 1.2 - Industry Sales Data, Figure 1.3 to 1.10 - New Financed Vehicle Sales Data

TransUnion Auto Information Solutions (TransUnion) obtains information for its analyses from sources, which it considers reliable, but TransUnion does not guarantee the accuracy or completeness of its analyses or any information contained therein. TransUnion makes no warranties, expressed or implied, as to the results obtained by any person or entity from use of its information and analyses, and makes no warranties or merchantability or fitness for a particular purpose. In no event shall TransUnion be liable for indirect or incidental, special or consequential damages, regardless of whether such damages were foreseen or unforeseen. TransUnion shall be indemnified and held harmless from any actions, claims, proceedings, or liabilities with respect to its information and analysis.