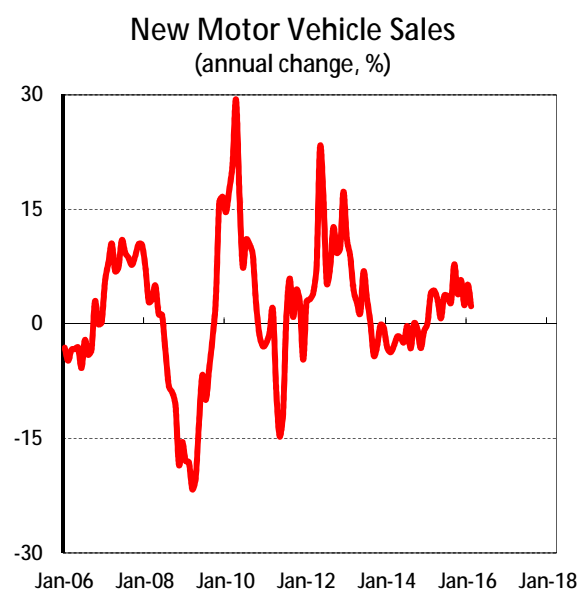
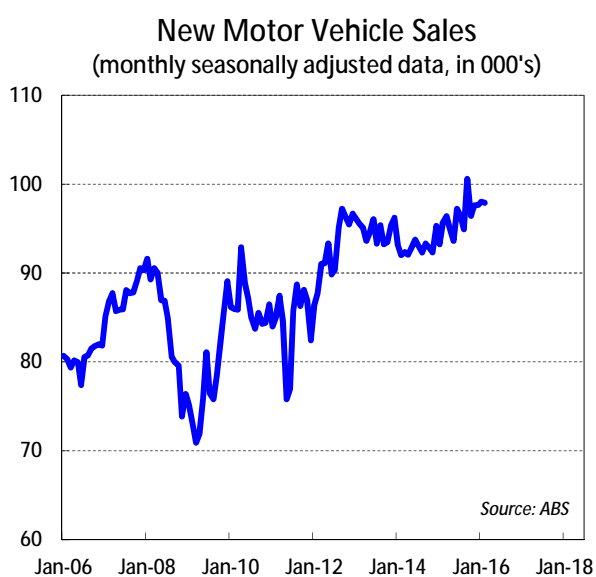


## Motor Vehicle Sales On Track For Another Good Year

- Sales of new motor vehicles remain at historically high levels despite a 0.1% decline in February. With 97,921 units sold in February, sales are on track for another year in excess of 1 million units.
- Firm sales of 'other' vehicles (vans, trucks and busses) suggest that business activity across the country remains in reasonable shape. In the month of February, sales of 'other vehicles' was down by 1.1% but this followed a 6.8% rise in January.
- The strongest area of growth in vehicle sales continues to be sports utilities (SUVs). While sales of SUVs fell 0.6% in February they are up 10.8% over the year. Sales of passenger vehicles were up 0.8% in February but down 6.8% over the year.
- Several States have 'changed lanes' in the 'two-speed' economy. Over the year to February only Victoria and NSW saw growth in sales of new motor vehicles. That said, the 'slow burns' of low interest and the weaker AUD (compared with a few years ago) will support business activity, job creation and new vehicle sales.



Sales of new motor vehicles remain at historically high levels despite a 0.1% decline in February. With 97,921 units sold in February, sales are on track for another year in excess of 1 million units. Over the year to February, sales rose 2.3% - not spectacular, but building further upon a record year in 2015.

Of interest, from an economy-wide perspective, is the 8.4% growth over the year in 'other' vehicles. These include vans, trucks and buses. Firm sales of 'other' vehicles suggest that business activity across the country remains in reasonable shape. In the month of February, sales of 'other' vehicles was down by 1.1% but this followed a 6.8% rise in January.

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### By State

In NSW, sales of new vehicles have increased in three of the past four months. February saw a 1.5% lift in sales. Victoria has also experienced growth, with sales also up in three of the past four months. Sales in Victoria were up 0.1% in February. After three months of modest sales growth in Western Australia, sales fell 1.9% in February. Sales were down 2.8% in South Australia and down 1.9% in Queensland. Surprisingly, the Northern Territory saw sales rise 14.2% in February following a year of generally weak outcomes. After a weak close to the year in the ACT, sales picked up 1.1% in January and a further 0.4% in February.

Over the year to February, the States with the strongest economies have seen best strongest sales of new vehicles. NSW (8.5%) and Victoria (3.6%) were the only States or Territories to achieve sales growth through the year. Sales in South Australia slipped from 7.7% growth in the year to January to a decline for 4.2% in the year to February. The annual pace in Queensland slipped from 5.4% in January to a decline of 1.3% in February. Elsewhere, Western Australia (-5.3%), Tasmania (-9.6%) and the ACT (-3.4%) saw sales growth slide to varying degrees over the year.

### Outlook

Ongoing firm sales of new motor vehicles suggest that the Australian economy continues to expand. The expansion however is not distributed evenly with several States 'changing lanes' in the 'two-speed' economy. We contend that ongoing low interest rates combined with the lower Australian dollar will support economic activity and continue to create jobs. These will, in turn, continue to support sales in new motor vehicles.

Hans Kunnen, Chief Economist  
Ph: (02) 8254 8322

## Contact Listing

### Chief Economist

Hans Kunnen

[kunneh@bankofmelbourne.com.au](mailto:kunneh@bankofmelbourne.com.au)

(02) 8254 8322

### Senior Economist

Josephine Horton

[hortonj@bankofmelbourne.com.au](mailto:hortonj@bankofmelbourne.com.au)

(02) 8253 6696

### Senior Economist

Janu Chan

[chanj@bankofmelbourne.com.au](mailto:chanj@bankofmelbourne.com.au)

(02) 8253 0898

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