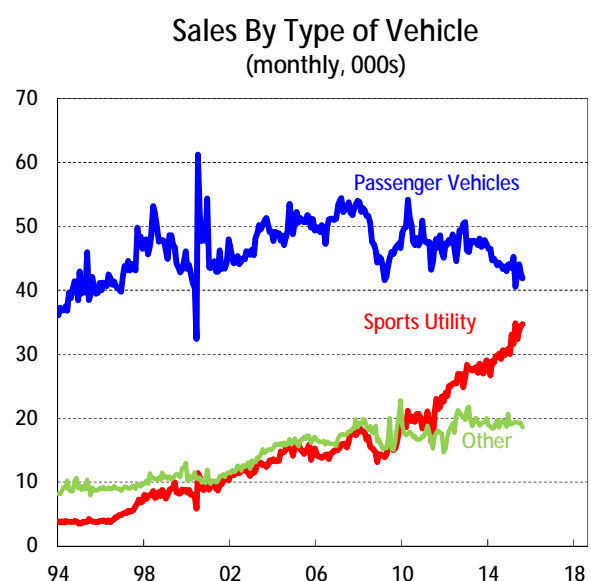
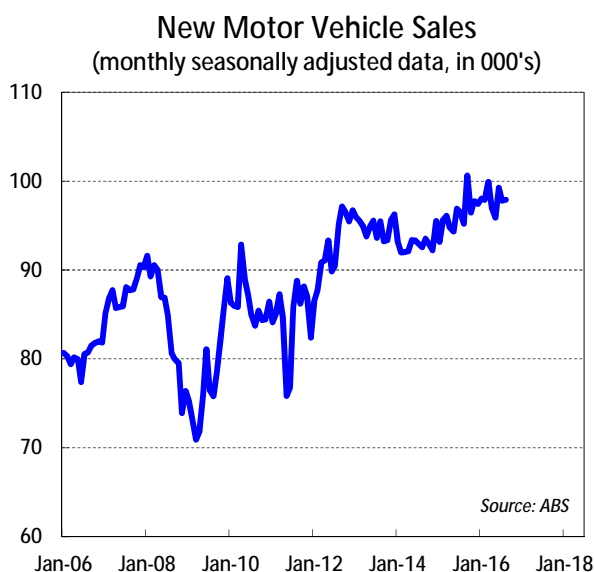


## New Motor Vehicle Sales In Cruise Control

- New motor vehicle sales rose just 0.1% in August according to the ABS, following a 1.4% decline in July. Monthly sales edged up to 97,929 which were 2.7% lower than the all-time high of 100,645 in September 2015. On an annual basis, sales rose 2.9% in August and continue to point to further modest growth in consumer and business spending.
- Consumers continue to show a preference for SUVs, which lifted 2.2% in August, and have risen for four consecutive months. This has been offset by a decline in passenger vehicles, which fell 1.3% in August.
- The sale of “other” vehicles fell 1.0% in August. Given this category includes vans, trucks and buses, this might point to weaker activity in the business sector. However, on an annual basis, growth remains robust and edged up to 12.0% in the year to August.
- The pace of motor vehicle sales suggests that consumer spending will continue to grow at a modest pace and is consistent with above average levels of business conditions. With low interest rates and confidence for businesses and consumers at close to average levels, a moderate pace of growth in motor vehicle sales is expected to continue.



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#### By State

Across the various States, there was weakness in NSW (-0.6%), Queensland (-1.4%), the ACT (-2.0%) and WA (-4.5%) in August. Sales increased in Victoria (2.1%), SA (2.8%), Tasmania (12.3%) and the Northern Territory (5.5%).

In the year to August, sales growth was strongest in South Australia (12.6%), followed by the Northern Territory (12.3%) then Victoria (7.8%). There was more modest annual growth in NSW (2.2%) and Tasmania (2.1%), while there were annual declines in Queensland (-1.4%), WA (-5.2%) and the ACT (-3.5%).

#### Implications and Outlook

The pace of motor vehicle sales suggests that consumer spending will continue to grow at a modest pace and is consistent with above average levels of business conditions. With low interest rates and confidence for businesses and consumers at close to average levels, a moderate pace of growth in motor vehicle sales is expected to continue.

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