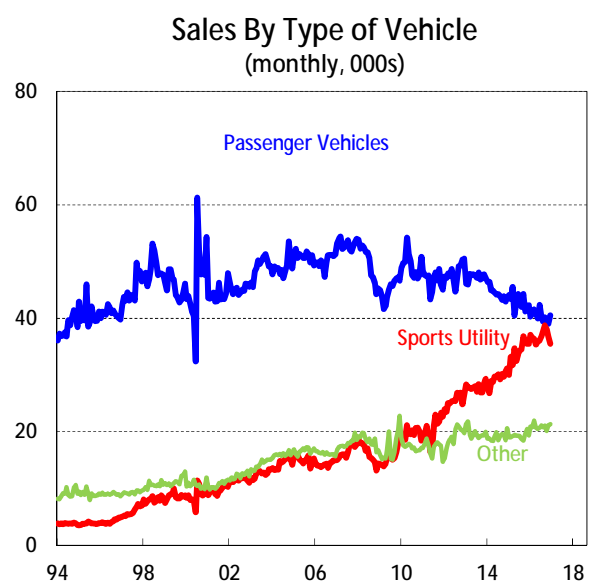
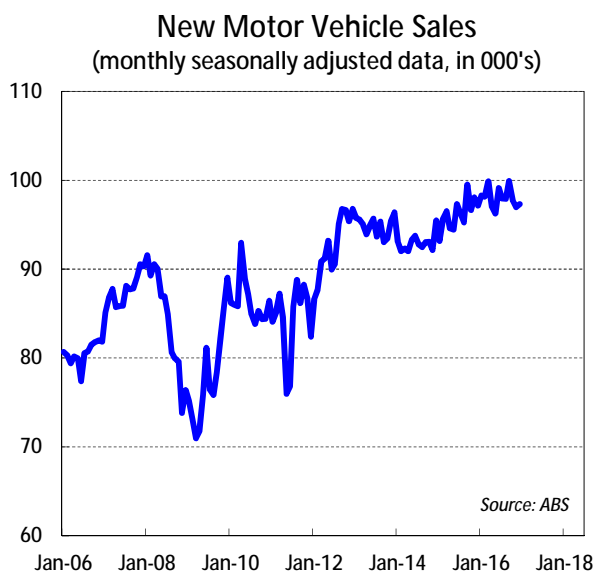


New Motor Vehicle Sales In Cruise Control

- New motor vehicles sales edged up just 0.3% in December, after two consecutive months of decline. On a year ago, sales in December were just 0.2% higher, although 2016 had a record year of sales at 1,117,574 units.
- On a year ago, passenger car sales contracted 4.2% and SUVs were flat, but 'other' vehicles (including trucks, buses and utes) which provide an indication of business activity in the economy grew at an annual rate of 10.0%.
- Results were mixed across different States and territories. There was modest annual growth in NSW (4.5%) and South Australia (2.0%). Sales in the Northern Territory (0.8%) was slightly higher in the year, while car sales in the ACT jumped 16.6% in the year, reflecting strong sales growth in recent months. Other States saw contractions over the year, including resource States WA (-9.5%) and Queensland (-1.2%). Victoria (-2.1%) and Tasmania (-1.1%) also saw sales decline in the year.
- New motor vehicle sales are pointing to ongoing modest economic activity, but today's data shows little indication of a pickup in consumer spending over the end of 2016. We expect sales to remain elevated which will continue to be supported by low interest rates and moderate employment growth. However, a more substantial pace of growth does not appear to be in prospect while wage growth remains subdued and as business conditions have softened.



New motor vehicles sales edged up just 0.3% in December, after two consecutive months of decline. On a year ago, sales in December were just 0.2% higher, although 2016 had a record year of sales at 1,1176,574 units.

Among the various segments, there were gains in passenger (3.6%) and sales of 'other' vehicles (including utes, buses and trucks) (0.7%) in December. Sales of SUVs declined 3.3% in the month.

On a year ago, passenger car sales contracted 4.2% and SUVs were flat, but 'other' vehicles grew at an annual rate of 10.0%, which is suggestive of moderate growth in economic activity.

By State

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Implications and Outlook

New motor vehicle sales are pointing to ongoing modest economic activity, but today's data shows little indication of a pickup in consumer spending over the end of 2016.

We expect sales to remain elevated which will continue to be supported by low interest rates and moderate employment growth, however, a more substantial pace of growth does not appear to be in prospect while wage growth remains subdued. Moreover, a softening in business conditions according to recent surveys point to demand also waning among businesses.

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The Detail

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