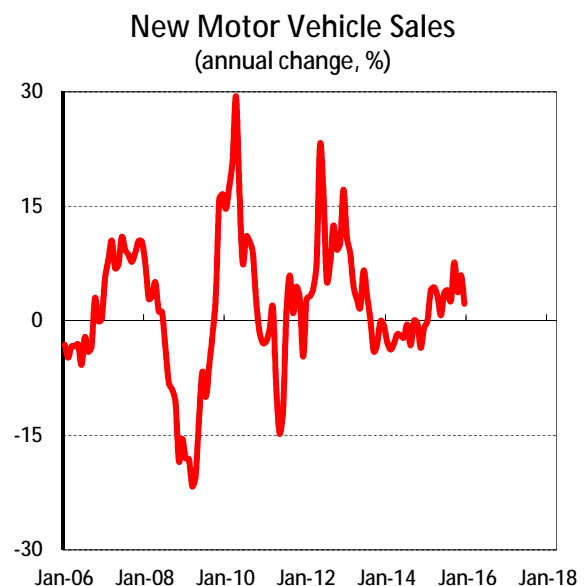
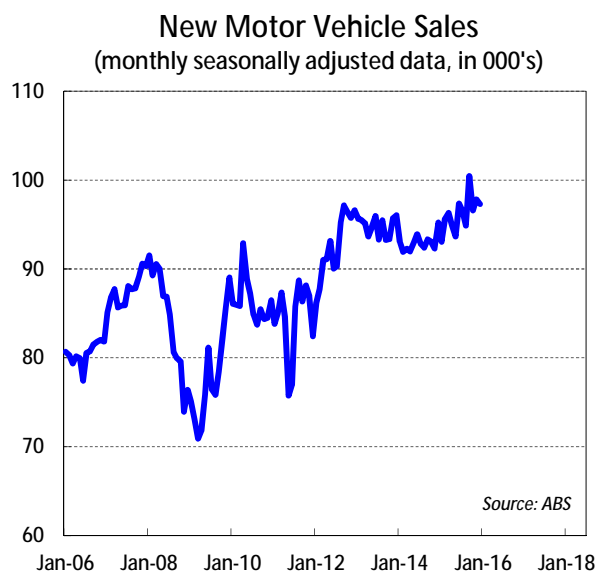


Motor Vehicle Sales Best Year On Record!

- Despite a 0.5% decline in sales of new motor vehicles in December; 2015 turned out to be the best year ever for sales, with over 1.15 million vehicles sold. Sales in December were up 2.2% on a year earlier.
- The nation's 'love affair' with sports utility vehicles cooled in December with a 1.0% decline. That said, over the year to December, sales of SUVs rose 13.4% and SUVs remain the fastest growing major segment of the market.
- A somewhat disappointing element of the December monthly numbers was the 6.2% decline in 'other' vehicles - which includes vans, trucks and buses. However, over the year to December, sales of 'other' vehicles did rise 2.2%.
- Ongoing low interest rates combined with a lower Australian dollar and firmer job creation suggests that sales of motor vehicles will expand moderately over the next 12 months. The caveat is that 'growth' will vary widely between the States and territories.



Despite a 0.5% decline in sales of new motor vehicles in December, 2015 turned out to be the best year ever for sales, with over 1.15 million vehicles sold. Sales in December were up 2.2% on a year earlier. The peak month for sales occurred in September when 100,467 units were sold. In the month of December, sales of new motor vehicles reached 97,338.

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A somewhat disappointing element of the numbers was the 6.2% decline in 'other' vehicles which includes vans, trucks and buses. This segment rose 6.9% in November and a further increase (or smaller decline) might have signalled growing strength in the commercial sector of the economy. Over the year to December, sales of 'other' vehicles rose 2.2%.

Sales of passenger vehicles rose 2.7% in the month to be down 2.0% over the year. There has been a steady switch from passenger vehicles to SUVs over the past few years. This shift may relate to perceived safety and storage capacity issues rather than a growing desire to drive upon the bush tracks and beaches of Australia.

By State

The significant divergence in sales growth across the States and territories continued. In annual terms, sales continue to decline in the Northern Territory (-15.4%) and Western Australia (-3.1%). Queensland (-5.4%) also slipped into negative territory over the year, after strong growth earlier in the year. All other States and territories saw increased sales over the year. The strongest growth among the mainland States was in NSW (6.5%) followed by South Australia (9.6%) and Victoria (3.5%). Tasmania (16.7%) and the ACT (2.4%) also saw sales grow.

Looking at the full 2015 calendar year compared to 2014, (rather than just December on December), new car sales grew in Tasmania (11.5%), NSW (6.6%), Queensland (5.2%) the ACT (4.2%) and Victoria (4.0%). Sales in 2015 were lower in Western Australia (-8.2%), the Northern Territory (-4.5%) and in South Australia (-0.9%).

In both Western Australia and the Northern Territory, the decline in resource related construction activity may have led to the softness in new vehicle sales over the year. Economic activity and vehicle sales in Queensland appear to be being boosted by the lower Australian dollar while in NSW and Victoria solid population growth and construction activity seem likely drivers of new vehicle sales.

Outlook

Solid sales of new motor vehicles suggest that the Australian economy continues to expand. A pick-up in sales of commercial vehicles in 2015 is encouraging, despite declining in the month. Ongoing low interest rates combined with a lower Australian dollar and firmer job creation suggests that sales of motor vehicles will expand moderately over the next 12 months. The caveat is that 'growth' will vary widely between the States and territories.

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