

Philippines: Car sales slump continues in January

Car sales continued to struggle with base effects still apparent from the recent tax measures on vehicles



Source: Shutterstock

-17.3% Philippine car sales in January

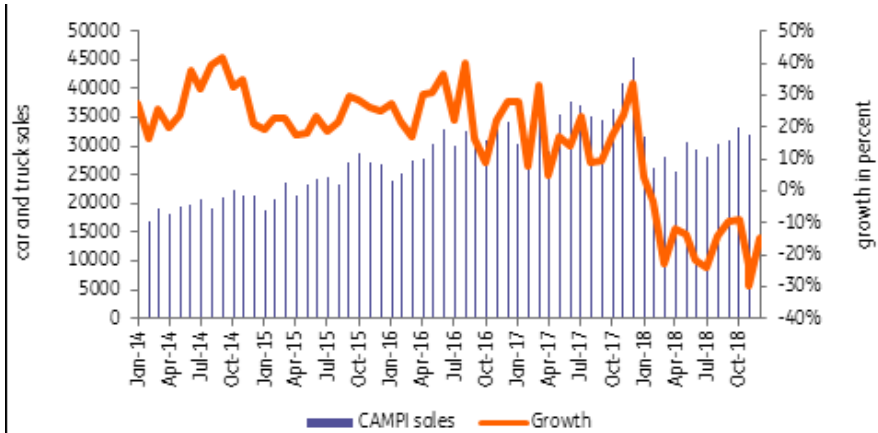
Car sales slump continues, but for how much longer?

Data reported by the Chamber of Automotive Manufacturers of the Philippines Inc (CAMPI) and the Association of Vehicle Importers and Distributors (AVID) showed a 17.3% drop in car sales for the first month of 2019, reflecting among other things possible base effects from the car buying spree seen in late 2017 and early 2018 ahead of the implementation of new excise taxes on road vehicles. Car sales as reported by CAMPI soared by 33.4% back in December 2017 as would-be-buyers lined up at almost empty car dealerships looking to secure cars or SUVs.

Car sales together with construction vehicles form part of the "road vehicles component" of durable goods equipment in the national income accounts, comprising roughly 7% of total GDP. The slump in vehicle sales for both CAMPI and AVID in 4Q 2018 was reflected in the disappointing growth for durable equipment, expanding by 3% after posting double-digit growth for the previous two quarters. AVID pointed to more "conservative" buying patterns in late 2018 from Filipinos given "elevated inflation and higher interest rates", although both CAMPI and AVID remain optimistic for a rebound in 2019 as car manufacturers roll out new models and inflation is decelerating.

With base effects ending by February 2019 and with inflation expected to return to within target as early as March, we hope to see a rebound in this key figure to give a boost to overall GDP.

Philippine CAMPI car sales (units and growth in %)



Source: Bloomberg
vehicle sales from the Chamber of Automotive Manufacturers of the Philippines Inc. (CAMPI)