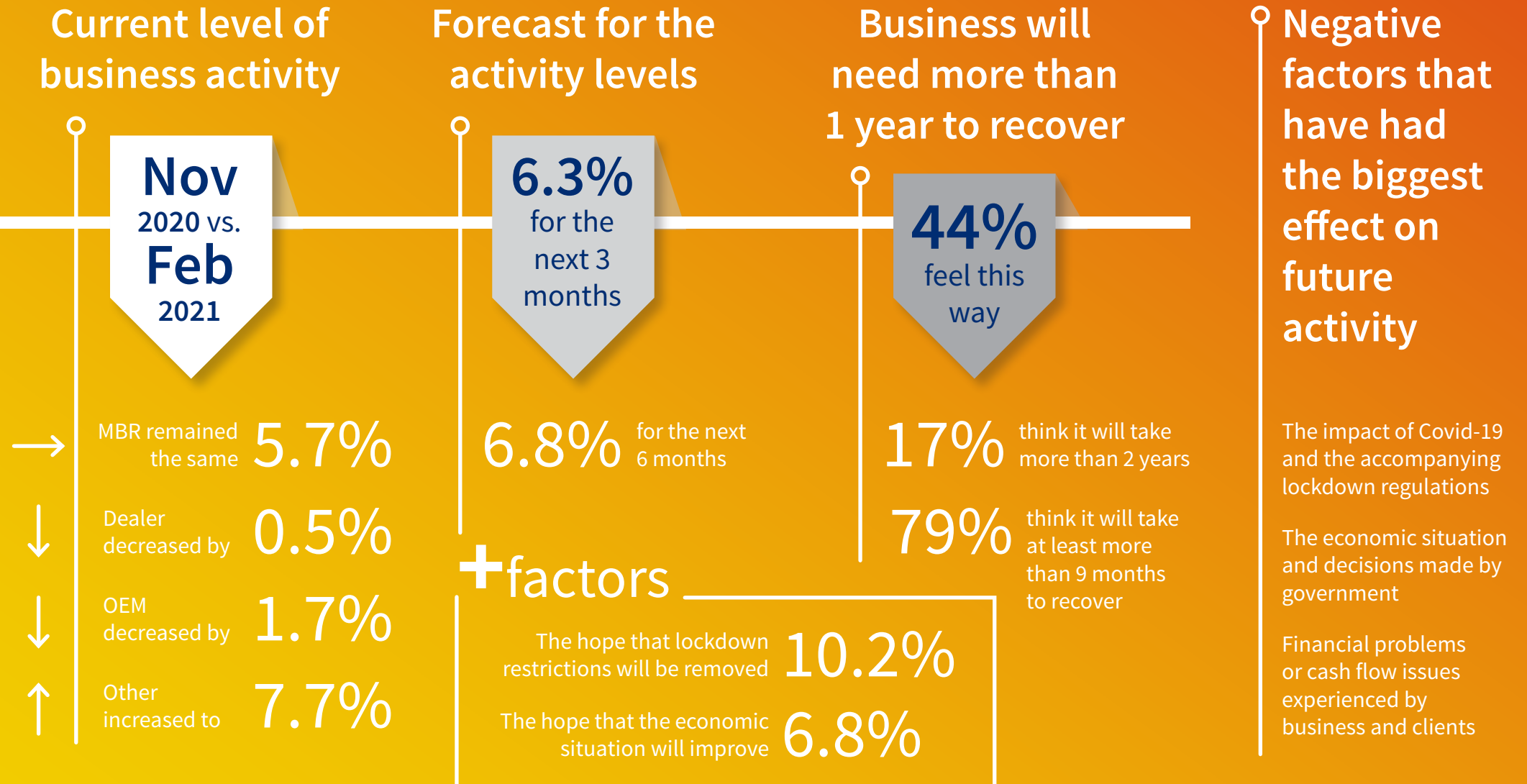


The Lightstone Confidence Indicator

Lightstone

We simplify the complex

The markets are very quiet, but there is optimism that the arrival of vaccines will assist with eradicating the virus.





Automotive Confidence Indicator

February 2021

Lightstone

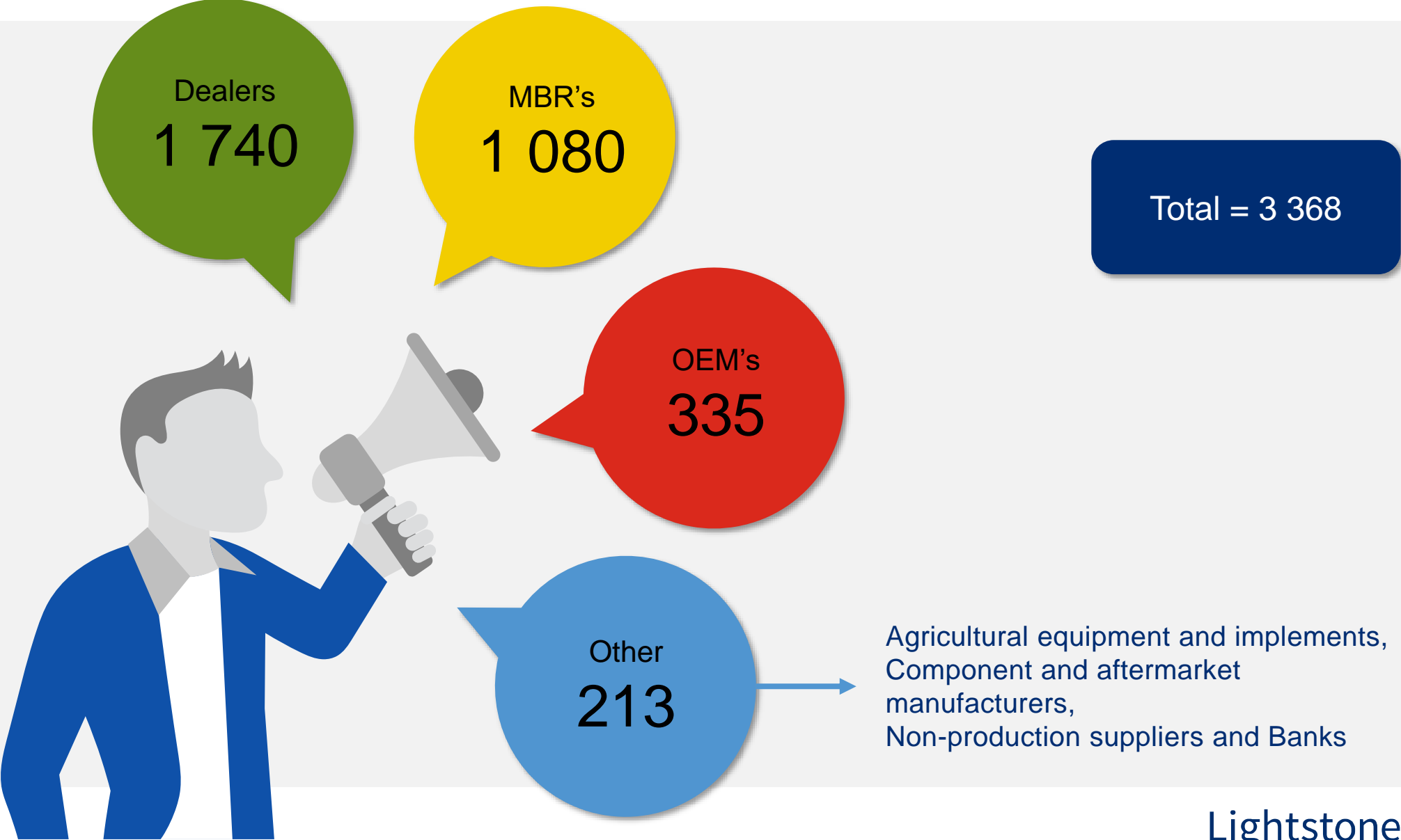
We simplify the complex

Objectives

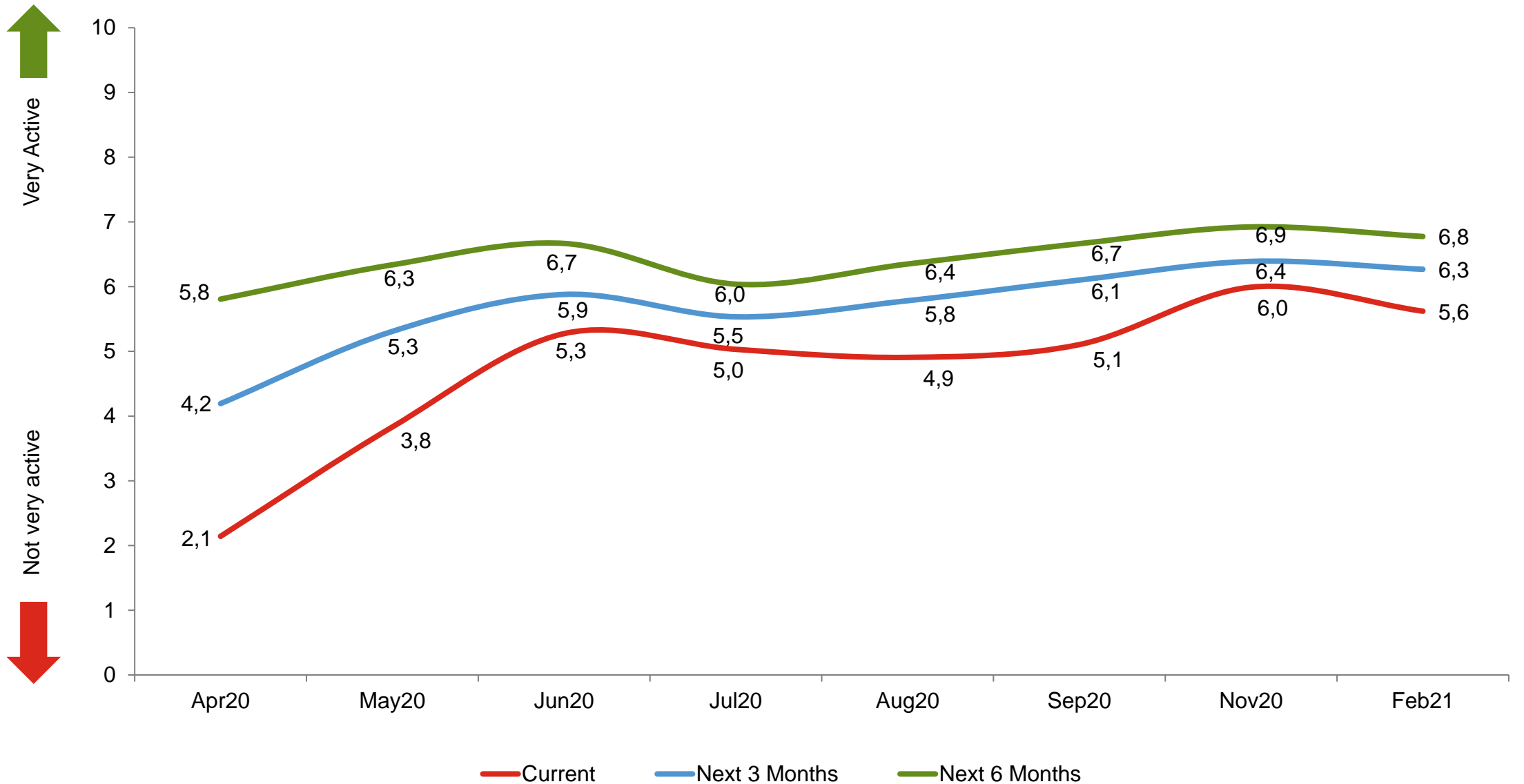
To measure
and track the
recovery of
the SA Motor
Industry

- › Measure current market activity.
- › Measure expected market activity over the next 3 months.
- › Measure expected market activity over the next 6 months.
- › Identify the factors that will have the biggest effect on future activity.
- › Measure how long it will take business to recover from the impact of the Covid-19 pandemic.

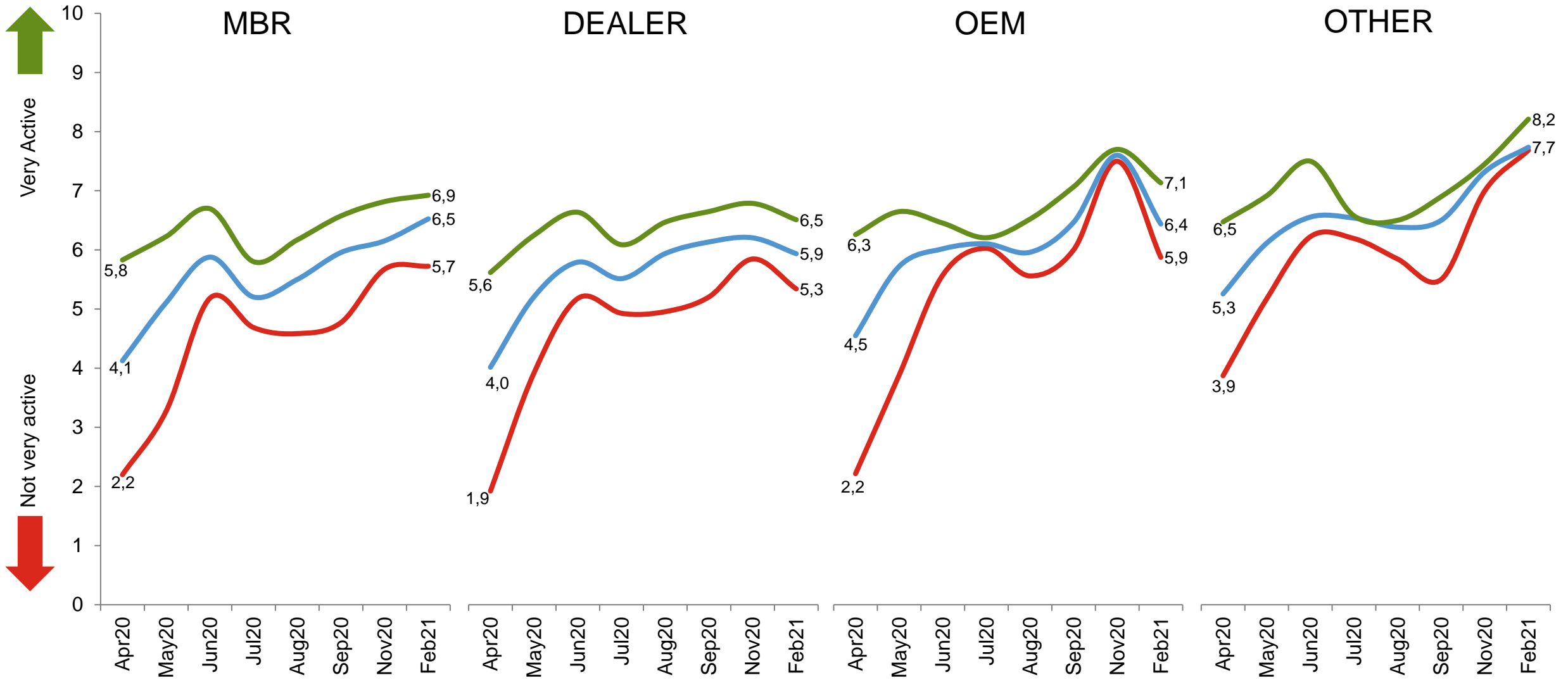
Survey respondents



Current and expected levels of market activity



Current and expected levels of market activity by segment



February 2021 level of activity: Top 5 themes and comments

01

The markets are very quiet

- “Interest seems to have died down since Christmas.”
- “Reduced volumes of work in the shop and estimates are at an all time low.”
- “Market is really quiet at this stage.”

02

Negative impact of lockdown regulations on business

- “Due to lockdown fewer vehicles have been on the roads, meaning less accidents which results in less claims being logged.”
- “People are driving less, so parts sales are down, and fewer accidents happen. Liquor ban also contributes to less panels being sold.”
- “Many customers feel they are not driving as much as they are working from home, so they are not servicing their vehicles regularly.”

03

Business is improving

- “Enquiries have picked up – more applications are being done.”
- “Business is slowly starting to pick up again.”
- “I have many finance applications this early in the month.”

04

Business is not at pre-Covid levels

- “I have a fair amount of work but would like to return to normal soon.”
- “Business has picked up since lockdown, but we are not as active as before Covid.”
- “Volumes are down on pre-Covid times. Clients are cutting back on what they normally would have done, i.e., only doing essential repairs.”

05

Consumer confidence remains low

- “Current market is under strain due to Covid. A lot of uncertainty from the consumer creating less activity.”
- “Due to the lockdown, customers are skeptical to commit to long-term contracts.”
- “Due to Covid, customers are still holding back. We are receiving quite a few declines from the banks.”

3 months level of activity: Top 5 themes and comments

01

Hoping for a gradual increase in activity

- “We forecast that quotes and claims will increase, based on the number of vehicles that are back on the road.”
- “Hopefully, we will see more stability in the market as well as an increase in new vehicle sales.”
- “Stimulus packages from government should start to come through. Good rains should trigger activity in the agricultural sector.”

02

Change in Covid numbers and lockdown restrictions will determine market activity

- “There is so much uncertainty on how Covid-19 will play out but with the vaccine arriving we hope everything will be back to normal and we will see more movement.”
- “If the virus continues, we will definitely see a further decline in business.”

03

Not anticipating much activity in the months to come

- “There are so many issues, unprecedented unemployment, businesses closing down, gross corruption and maladministration, etc.”
- “I expect activity levels to be constant and then decline from June for the winter months.”
- “There is no indication that economic activity will be improving over the short term.”

04

Poor economic outlook for months to come

- “There is no indication that the economy will recover within the next three months.”
- “Overall economic activity will remain low. It will definitely take 9 – 12 months plus to recover fully from the impact of Covid.”
- “The economy is still suffering from the lockdown periods.”

05

There is a shortage of stock and parts which is hampering activity

- “Due to the backorder of parts, business activity may be slowed down.”
- “Although we had a good January, our sector have a shortage of stock which will slow the recovery.”
- “Stock is the biggest challenge, but we hope new car sales increase and bring more used stock into the market.”

6 months level of activity: Top 5 themes and comments

01

Hoping for an improvement in market activity

- “Once new models are here, and people get used to the new normal, we feel business will pick up.”
- “Hopefully with Covid being controlled and individuals starting to re-evaluate their financial position and downscaling, we should see a good business performance.”

02

Covid-19 and lockdown levels to determine future market activity

- “It depends on the results of the vaccines. If there will be a third wave of Covid-19 during winter, I do not think the activity level will improve.”
- “With Covid-19 restrictions no longer in place, business will pick up.”
- “Covid-19 will be part of life for a while, so the faster everything goes back to normal, the better.”

03

Market activity depends on the recovery of the economy

- “Foreign exchange volatility is putting pressure on prices, affecting consumer affordability.”
- “The economy is expected to recover by 3.3% this year. We should see an increase in market activity during this year.”
- “I think the market will remain tough over the next two years as we will only see the impact of Covid-19 this year.”

04

Not expecting much activity

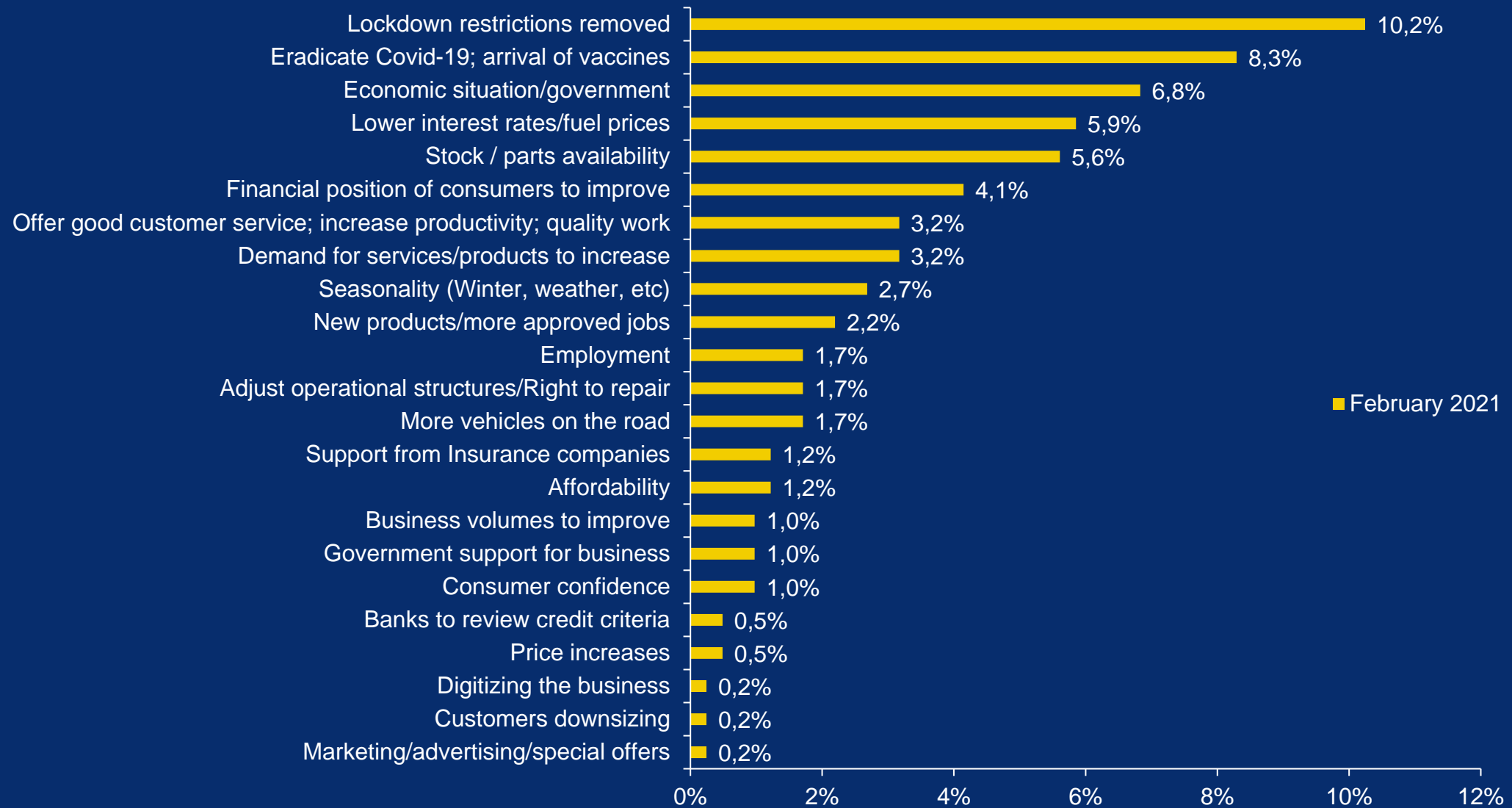
- “Activity levels normally drop during the winter months in South Africa.”
- “There is no indication that economic activity will be improving over the short term.”
- “Don’t have much confidence that the market will improve.”

05

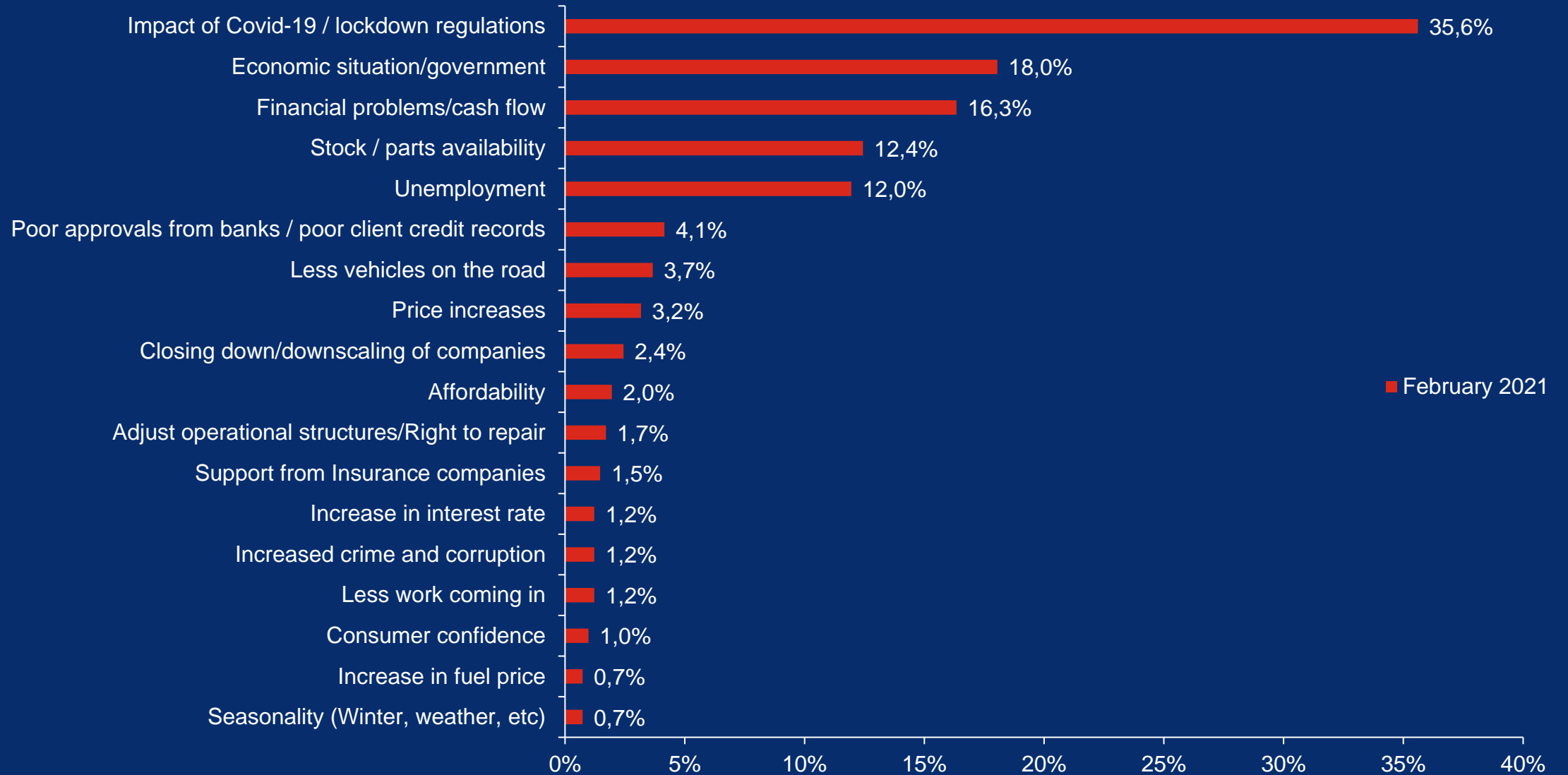
Shortage of stock and parts hampers recovery

- “Hopefully, the backorder of parts pick up and we can work towards our full capacity.”
- “Consumer confidence should start to pick up and stock availability should start to stabilize.”
- “Stock should be more available at market related prices so there would be more sales.”

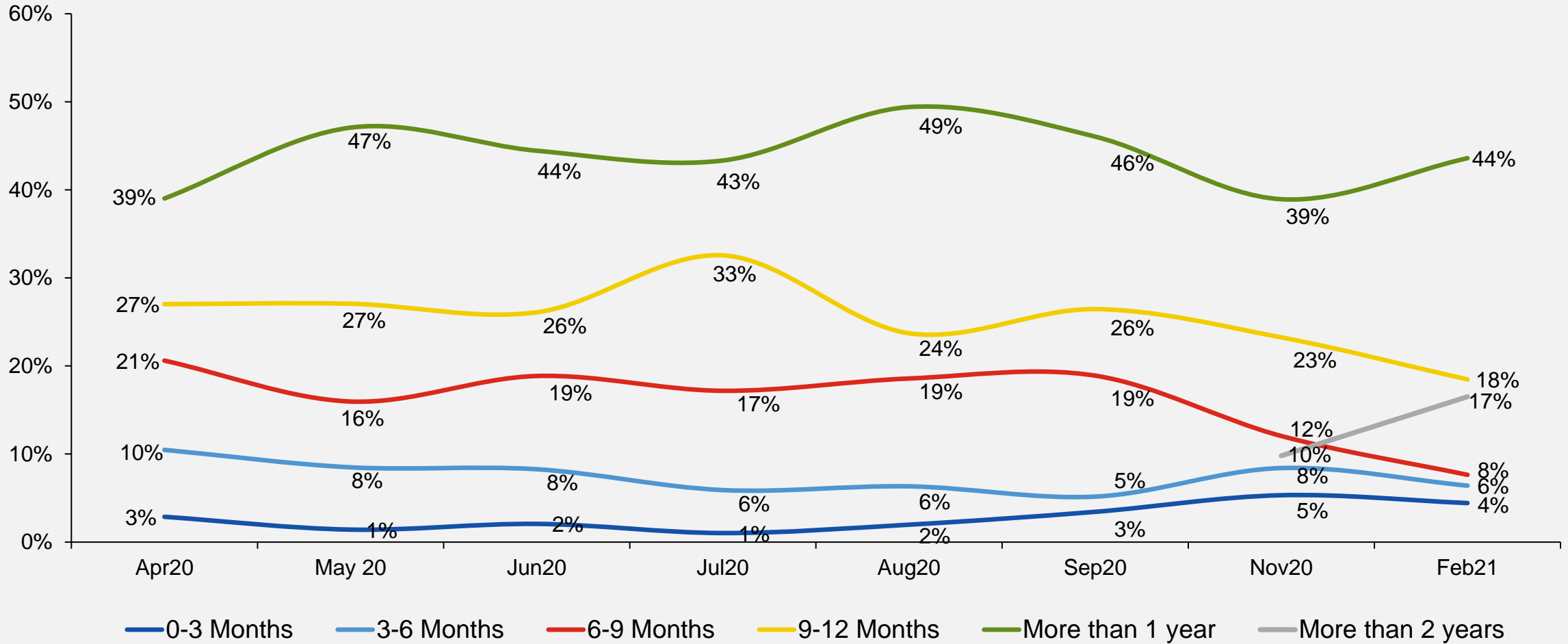
Positive factors anticipated to have the biggest effect on future activity



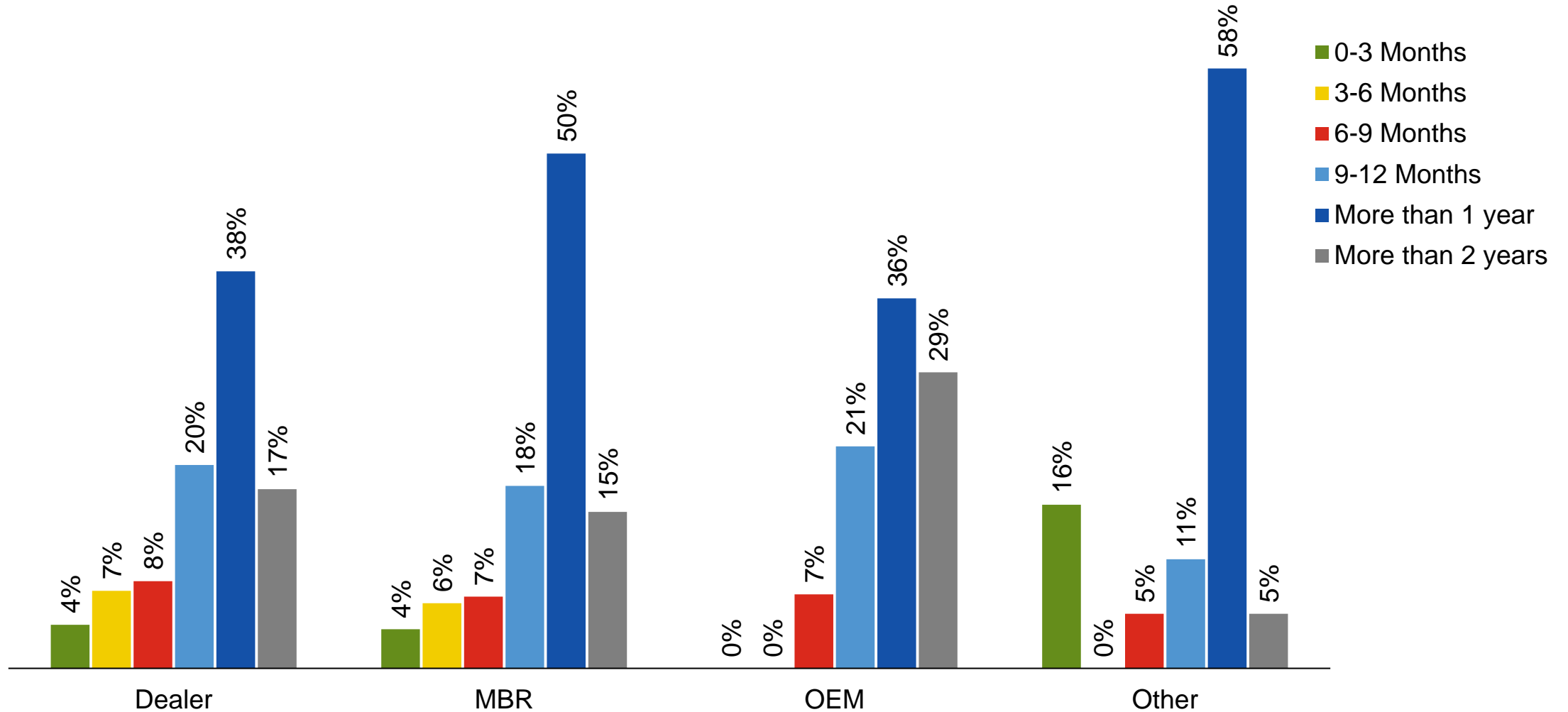
Negative factors anticipated to have the biggest effect on future activity



Time needed by business to recover from the impact of COVID-19



Time needed by business to recover from the impact of COVID-19, by segment for February 2021



Contact us if you have any questions

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