Motor trade sales
June 2004

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Key figures as at the end of June 2004

Actual estimates	**June 2004 R million**	**% change between May 2004 and June 2004**	**% change between June 2003 and June 2004**	**% change between April to June 2003 and April to June 2004**	**% change between January to June 2003 and January to June 2004**
Motor trade sales	15 009	-0,6	+25,5	+19,6	+15,3

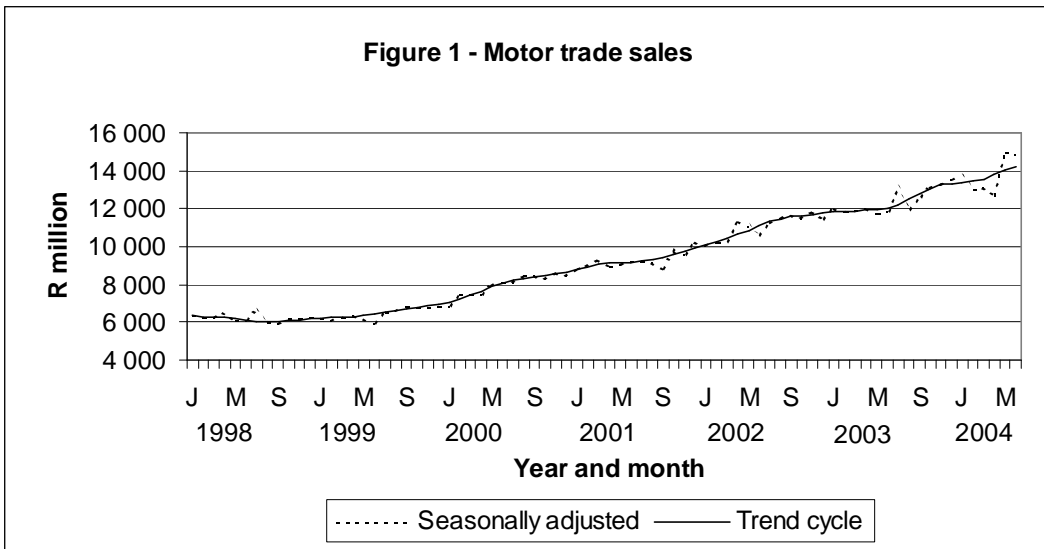| **Seasonally adjusted estimates**	**June 2004 R million**	**% change between May 2004 and June 2004**	**% change between January to March 2004 and April to June 2004**
Motor trade sales	14 925	-0,5	+7,0

Key findings as at the end of June 2004

Motor trade sales increases

Motor trade sales for the second quarter of 2004 increased by 19,6% compared with the second quarter of 2003. The seasonally adjusted motor trade sales for the second quarter of 2004 increased by 7,0%, compared with the first quarter of 2004.

Motor trade sales for the first six months of 2004 increased by 15,3% compared with the first six months of 2003.

Figure 1 below shows the seasonally adjusted and trend patterns for the motor trade sales between January 1998 and June 2004. There was an upward movement in the trend cycle from 1999 to date.

Figure 1 - Motor trade sales

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Notes

Forthcoming issue	**Issue**	**Expected release date**
	July 2004	7 October 2004

Purpose of the survey   The results of the monthly motor trade sales survey are used to compile estimates of the Gross Domestic Product (GDP) and its components, which are used in monitoring the state of the economy and formulation of economic policy. These statistics are also used in the analysis of comparative business and industry performance.

Article: New monthly indicator series – feasibility of seasonal adjustment

As indicated in earlier discussions, since the beginning of 2003, Stats SA has been conducting its monthly indicator surveys (manufacturing, wholesale, retail trade, motor trade and land freight) using fresh samples of businesses drawn from its new business register, in parallel with the continued conduct of the surveys based on the established sample of businesses drawn from the old business address register. The parallel operation was designed to ensure that the new samples were well established, and that estimates could be constructed for an overlap period of one year between the old and new samples, to provide users with a comparability bridge of a reasonable number of observations on both the old and new bases.

The inadequacy of the old business register to accurately capture and represent the true business population across the economy is mainly due to the fact that the register could not be updated regularly or consistently across industry sectors. This has been rectified through access to information about VAT registrations from the South African Revenue Service. This source has been used to construct Stats SA's new business register.

Manufacturing was the most frequently updated sector in the old business address register, through special efforts to build up coverage for reasonably regular censuses of the sector, which in turn provided information for updating the business population for the sector, particularly for ceased businesses and changes in activity. Accordingly the industry structure of the sector was relatively well captured by the old business register, even though it under covered the number of businesses involved, mainly smaller businesses. The movements of the new manufacturing series track that of the old series very closely for 2003, and seasonal adjustment of the new series, including its backcast component, was found to be feasible using the seasonal factors from the old manufacturing series carried over to the new one.

The **wholesale** and **motor** industries remained relatively stable in structure in the old and new registers, and activities were dominated by the large enterprises, even though the old register under covered smaller enterprises. Again, the movements of the new series tracked that of the old series very closely for 2003, and seasonal adjustment of the new series using the seasonal factors from the old series, including their backcast components, produced seasonally adjusted series which were reasonably consistent with the pattern of the seasonally adjusted series from the old surveys. The addition of motor on a commission or fee basis in the motor survey and the expansion of coverage to motor activities in the motor trade survey, contributed to some of the differences noted in the monthly movements.

The situation for **retail trade** was found to be more complicated. It is the sector where, on the one hand, the structure changed most frequently in terms of business starts, cessations, mergers and acquisitions, so that frequent updating of the business register to reflect these changes was the most important. On the other hand, the inadequacies of the old business register were greatest in this sector, and the sample drawn from it for the monthly retail trade survey was accordingly the most deficient for capturing both the level and movements in activity. While the movements of the new series track that of the old series reasonably well over most months of 2003, the growth shown from November to December 2003 differs quite significantly between the old and new series (the old series showed a current price growth of 40,7% whilst the new series shows a growth of 30,4%). It is the view of Stats SA that the growth from the new survey is more reliable.

Retail trade is more strongly characterised by strong seasonal fluctuations than other industry sectors. The seasonal factors from the old survey were built up over many years for that survey based on the performance of that series, which in turn was influenced by the long-standing inadequacies in the old business frame and sample. When those seasonal factors were applied to the new series, including its backcast component, it was found that the resulting seasonally adjusted series did not behave plausibly.

Stats SA has concluded that there is no option for retail trade but to stop publishing a seasonally adjusted series until enough data points are available to derive seasonal adjustment factors informed by the behaviour of the new series. Usually at least 36 data points are needed, and currently there are only data points from January 2003. However, Stats SA will show an estimated trend line through the original series.

Detailed results

Outlined below in tables 1 and 2 are details of the behaviour of motor trade sales over the period January 1998 to June 2004. Table 3 gives details of the behaviour of the seasonally adjusted motor trade sales over the same period.

Table 1 - Total motor trade sales (R million)

Month	1998	1999	2000	2001	2002	2003	2004
January	5 964	5 878	6 552	8 513	9 909	11 923	13 682
February	6 368	6 261	7 569	9 120	10 289	11 875	12 966
March	6 358	6 349	7 508	9 331	10 193	11 743	12 867
April	6 176	5 994	7 007	8 334	10 498	11 170	11 760
May	6 133	6 236	7 989	9 144	11 167	11 892	15 102
June	6 158	6 029	8 210	9 314	10 656	11 955	15 009 1/
July	6 786	6 706	8 318	9 380	11 381	13 308	
August	6 166	6 833	8 683	9 414	11 875	12 237	
September	5 905	6 877	8 469	8 856	11 658	12 624	
October	6 300	6 965	8 480	9 921	11 798	13 407	
November	6 308	6 937	8 887	9 867	12 229	13 769	
December	6 180	6 744	8 335	10 044	11 306	13 446	
Total	**74 802**	**77 809**	**96 007**	**111 238**	**132 959**	**149 349**	

1/ Preliminary

Table 2 - Percentage change in total motor trade sales[2]

Month	1998	1999	2000	2001	2002	2003	2004
January	-	-1,4	11,5	29,9	16,4	20,3	14,8
February	-	-1,7	20,9	20,5	12,8	15,4	9,2
March	-	-0,1	18,3	24,3	9,2	15,2	9,6
April	-	-2,9	16,9	18,9	26,0	6,4	5,3
May	-	1,7	28,1	14,5	22,1	6,5	27,0
June	-	-2,1	36,2	13,4	14,4	12,2	25,5
July	-	-1,2	24,0	12,8	21,3	16,9	
August	-	10,8	27,1	8,4	26,1	3,0	
September	-	16,5	23,1	4,6	31,6	8,3	
October	-	10,6	21,8	17,0	18,9	13,6	
November	-	10,0	28,1	11,0	23,9	12,6	
December	-	9,1	23,6	20,5	12,6	18,9	
Total	**-**	**4,0**	**23,4**	**15,9**	**19,5**	**12,3**	

2/ The percentage change is the change in motor trade sales of the relevant year compared with motor trade sales of the previous year expressed as a percentage
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Table 3 - Seasonally adjusted total motor trade sales (R million)

Month	1998	1999	2000	2001	2002	2003	2004
January	6 336	6 215	6 864	8 810	10 096	12 002	13 683
February	6 257	6 152	7 445	9 012	10 217	11 874	13 025
March	6 272	6 270	7 438	9 330	10 260	11 926	13 133
April	6 562	6 380	7 494	8 964	11 323	12 056	12 682
May	6 146	6 234	7 973	9 102	11 097	11 803	15 004
June	6 093	5 969	8 146	9 252	10 581	11 865	14 925
July	6 624	6 558	8 159	9 230	11 236	13 150	
August	5 990	6 643	8 445	9 148	11 557	11 917	
September	5 914	6 887	8 469	8 854	11 671	12 659	
October	6 170	6 821	8 298	9 721	11 555	13 120	
November	6 178	6 787	8 666	9 581	11 845	13 318	
December	6 309	6 882	8 484	10 219	11 456	13 583	

Explanatory notes

Introduction   **1**   Statistics South Africa (Stats SA) conducts a monthly survey of the motor industry, covering motor trade enterprises. This statistical release contains the first results of a sample drawn from the new business register, with significantly enhanced coverage of South African businesses (see 4 below). The release contains the monthly value of motor trade sales. The release also provides information for 2003, on the behaviour in terms of level and movement, of the sales series based on the old and new business registers. The new series have been backcast to the start of 1998 to help users of time series. For the period 1998 to 2002, the movements are those of the old series while the levels are backcast from January 2003 levels of the new survey. The corresponding levels are based on such movements. Motor trade sales exclude value added tax (VAT).

2   As is usual, information for the latest month has had to be estimated for respondents who have not reported by the cut-off date for production of results. These estimates will be revised in future statistical releases when their reported information becomes available.

3   As indicated earlier, Stats SA developed a new business register, based on the VAT database obtained from the South African Revenue Service (SARS), which replaced the previous business register. All enterprises are legally bound to register for VAT when their turnover for a period of twelve months equals or exceeds R300 000. Enterprises that conform to these criteria are included on the new business register, and hence were given a chance of selection in the new sample for the survey.

Scope of the survey   **4**   The survey collects information from a sample of enterprises in South Africa that are predominantly involved in motor trade sales.
These enterprises include -
- motor vehicle dealers, filling stations and workshops;
- motor cycle dealers;
- spares and accessories;
- tyre dealers;
- automotive electricians;
- radiator repairs;
- panel beaters and spray painters;
- other specialised motor repair services; and
- other motor trade.

Classification   **5**   The 1993 edition of the *Standard Industrial Classification of all Economic Activities (SIC)*, Fifth Edition, Report No. 09-90-02, was used to classify the statistical units in the survey. The SIC is based on the 1990 *International Standard Industrial Classification of all Economic Activities (ISIC)* with suitable adaptations for local conditions. Statistics in this publication are presented at SIC division (two digit) level. Each enterprise is classified to the industry which reflects its predominant activity.

Statistical unit   **6**   The statistical unit for which information is compiled and published is the enterprise, defined as a legal unit or a combination of legal units that includes and directly controls all functions necessary to carry out its sales activities.

Survey methodology and design   **7**   The survey is conducted by mail on a monthly basis. Questionnaires are sent to a sample of about 600 enterprises from a population of about 11 000 enterprises. Completed questionnaires are required to be returned to Stats SA within 10 days after the end of the reference month. Fax and telephone reminders are used to follow up non-responses.

8   The value of sales is obtained monthly from the sample of about 600 enterprises, which was drawn in January 2003 from a population then of about 11 000 motor trade enterprises. The motor industry is divided into four size groups. The sample is drawn at the SIC two-digit level. All large enterprises (size group one), which comprise about 50 percent of the enterprises in the current sample, are completely enumerated. Simple random sampling is applied to size group two (medium sized) enterprises, and to size groups three and four (small) enterprises. The total value of sales of large enterprises (size group one) in a division is added to the weighted totals of size groups two, three and four to reflect the total value of sales.

Weighting methodology	9	For those strata not completely enumerated, the weights to produce estimates are the inverse ratio of the sampling fraction, modified to take account of non-response in the survey. Stratum estimates are calculated and then aggregated with the completely enumerated stratum to form division estimates. These procedures, which are in line with international best practice, are described in more detail on the Stats SA website at http://www.statssa.gov.za/publications/publicationsearch.asp.
Seasonal adjustment	10	Seasonally adjusted estimates are generated each month, using the X-11 Seasonal Adjustment Program developed by the US Bureau of the Census, 1968. Seasonal adjustment is a means of removing the estimated effects of normal seasonal variation from the series so that the effects of other influences on the series can be more clearly recognised. Seasonal adjustment does not aim to remove irregular or non-seasonal influences which may be present in any particular month. Influences that are volatile or unsystematic can still make it difficult to interpret the movement of the series even after adjustment for seasonal variations. Therefore the month-to-month movements of seasonally adjusted estimates may not be reliable indicators of trend behaviour.
Trend cycle	11	The trend is the long-term pattern or movement of a time series. The X-11 Seasonal Adjustment Program is used for smoothing seasonally adjusted estimates to estimates of the underlying trend cycle.
Reliability of estimates	12	Data presented in this publication are based on information obtained from a sample and are, therefore, subject to sampling variability; that is, they may differ from the figures that would have been produced if the data had been obtained from all enterprises in the motor industry in South Africa. Estimates are subject to sampling and non-sampling errors. Figures for the latest month are preliminary.
	13	Inaccuracies may occur because of imperfections in reporting by enterprises and errors made in the collection and processing of the data. Inaccuracies of this kind are referred to as non-sampling errors. Every effort is made to minimise non-sampling errors by careful design of questionnaires, testing them in pilot studies, editing reported data and implementing efficient operating procedures. Figures for the latest month are preliminary. Fluctuations may occur in consecutive months as a result of seasonal and economic factors.
Revised figures	14	Revised figures are due to respondents reporting revisions or corrections to their figures and late submission of their data to Stats SA. Figures for the latest month are preliminary. Data are edited at the enterprise level.
Related publications	15	Users may also wish to refer to the following publications available from Stats SA - • *Bulletin of Statistics* issued quarterly. • *SA Statistics* issued annually. These will, in due course, be revised on the basis of the backcast series.
Rounding of figures	16	The figures in the tables have, where necessary, been rounded to the nearest digit shown.

Symbols and abbreviations	17	GDP	Gross Domestic Product
		ISIC	International Standard Industrial Classification
		SIC	Standard Industrial Classification of all Economic Activities
		SARS	South African Revenue Service
		Stats SA	Statistics South Africa
		VAT	Value-added tax
		..	Figures not available

Comparability with previously published information	18	As indicated earlier, the levels of sales for 2003 in this statistical release, based on the new sample, are about 17% higher than the levels previously published for total motor trade sales.

19 The higher values of sales from the new sample can mainly be attributed to the following:

- The greater currency of the frame now being used compared to the frame drawn from the previous business register.
- The improved coverage, particularly for smaller enterprises as a result of access to VAT registrations to update the new business register and the inclusion of sales of wholesalers in motor vehicles, spares and accessories.

Glossary

Enterprise   The enterprise is a legal entity or a combination of legal units that includes and directly controls all functions necessary to carry out its sales activities.

Industry   An industry is made up of enterprises engaged in the same or similar kinds of economic activity. Industries are defined in the *System of National Accounts (SNA)* in the same way as in the *Standard Industrial Classification of all Economic Activities, Fifth Edition, Report No. 09-90-02 of January 1993 (SIC)*.

Statistical unit   A statistical unit is a unit about which statistics are tabulated, compiled or published. The statistical units are derived from and linked to the South African Revenue Service (SARS) administrative data.

General information

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