Statistics South Africa

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Motor trade sales
September 2005

Embargoed until: 13 December 2005, 11:00

In this publication Stats SA releases the results from the September 2005 survey for motor trade sales. These results are based on a new sample selected in August 2005 from Stats SA's business register. The publication also includes results for the months June to August 2005 from this sample as well as from the previous sample, which had been in operation since September 2004.

Like the previous sample, the new sample was drawn from a business register-based sampling frame consisting of businesses registered with the South African Revenue Service (SARS) for value added tax (VAT) purposes, and businesses too small to be required to register for VAT, or otherwise exempt from registration. These businesses, also notified to Stats SA by SARS, come mainly from its list of businesses registered for income tax purposes.

Comparison of the series based on the two samples for the overlap months shows that their month-to-month movements were consistent. Motor trade sales at current prices fell by 1,0% between August and September 2005, but increased by 14,7% between September 2004 and September 2005. Comparison of estimates of level from the new and old samples for the period June to August 2005 shows a 8,1% higher level of sales from the new sample. This is mainly due to reclassification of businesses to motor trade from other industries, based on corrections to their previously assigned industry codes as well as shifts in their predominant activity. Across the four industry sectors (manufacturing, wholesale trade, retail trade and motor trade) included in the monthly surveys, the level of sales for the three months June-August 2005 from the new samples was 3,9% higher than the level of sales from the old samples.

The contributions to the level of sales due to corrections to previously assigned industry codes have been backcast to the start of 1998 to assist those users requiring time series. The backcast figures were adjusted using June 2005 as the end point of the backcast series, and creating revised levels for earlier months using the month on month movements from the earlier sample.

More information about the changes is included in the enclosed article, *Changes to the monthly current indicator surveys and their impacts on the statistical series.*

Table A – Key figures as at the end of September 2005

Estimates	September 2005 R million	% change between September 2004 and September 2005	% change between July to September 2004 and July to September 2005	% change between January to September 2004 and January to September 2005
Motor trade sales	22 612	+14,7	+16,4	+16,6

Seasonally adjusted estimates	September 2005 R million	% change between August and September 2005	% change between April to June 2005 and July to September 2005
Motor trade sales	22 211	-0,6	+4,2

Key findings as at the end of September
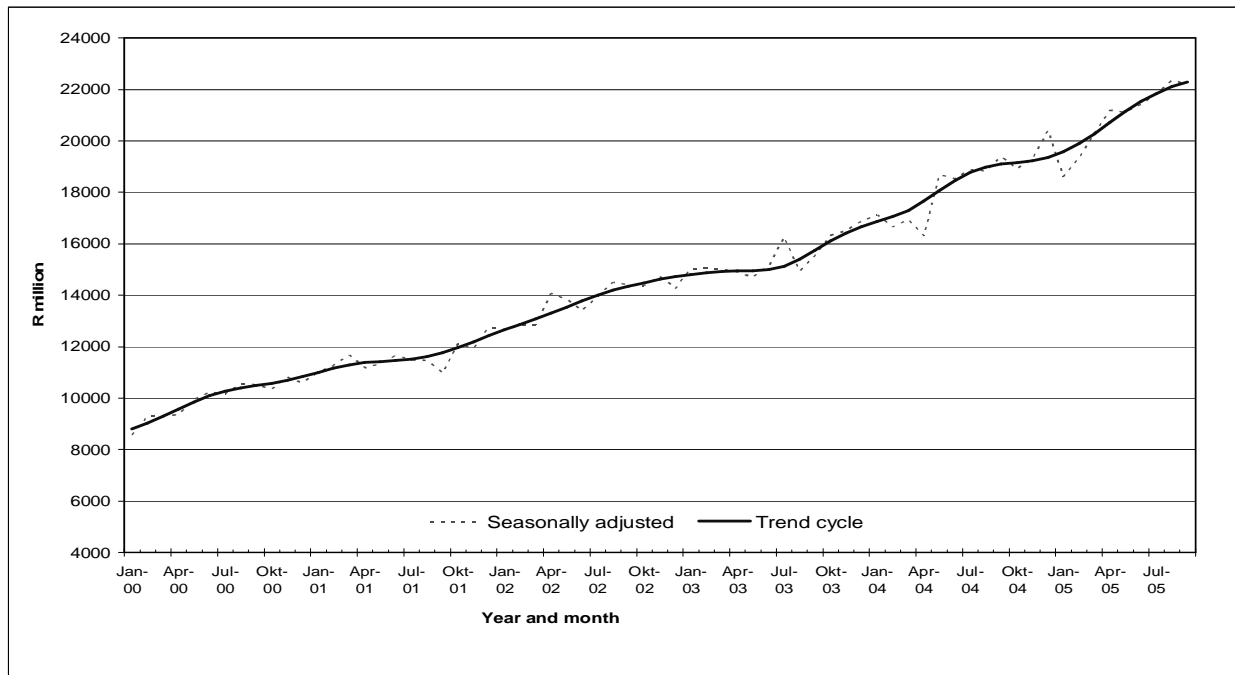
Motor trade sales increase

As indicated in table A, motor trade sales for the third quarter of 2005 increased by 16,4% compared with the third quarter of 2004. Furthermore, seasonally adjusted motor trade sales for third quarter of 2005 increased by 4,2% compared with the second quarter of 2005.

Motor trade sales for September 2005 increased by 14,7% compared with motor trade sales for September 2004.

Motor trade sales for the first nine months of 2005 increased by 16,6% compared with motor trade sales for the first nine months of 2004.

Figure 1 below shows the seasonally adjusted and trend patterns for motor trade sales between January 2000 and September 2005. There has been an upward movement in the trend cycle through out the period shown .

Figure 1- Motor trade sales at current prices

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Statistician-General

Contents

Notes

Forthcoming issue	Issue	Expected release date
	October 2005	12 January 2006

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.

Changes in the release   In this issue, Statistics South Africa has introduced the estimate of motor trade sales by type of activity.

Article: Changes to the monthly current indicator surveys and their impacts on the statistical series

Today's releases

Today Stats SA releases results for September 2005 from three monthly surveys: wholesale trade, retail trade and motor trade. On 17 November 2005 Stats SA released estimates of manufacturing sales for September 2005 from the monthly survey of manufacturing sales.

The releases for the surveys of wholesale trade, retail trade and motor trade also contain results for the months June to August 2005. The results for these months, as for the latest month, were based on samples selected in August 2005 from Stats SA's business register. The register now consists of businesses with an annual turnover of at least R300 000 and required to register with the South African Revenue Service (SARS) for value added tax (VAT) purposes, together with businesses too small to be required to register for VAT, or otherwise exempt from registration. These businesses, also notified to Stats SA by SARS, come mainly from its list of businesses registered for income tax purposes.

As part of its strategic objective to continuously improve the information held about businesses on the register, Stats SA undertakes Quality Improvement Surveys. Their main aim is to capture up-to-date information about the structures and activities of large businesses with complex structures. This enables Stats SA to review the industry codes stored for these businesses, which are often those first assigned to them by SARS. The process has resulted in some large enterprises being reclassified to different industries, leading to shifts in the levels of economic activity shown for some industries. While Quality Improvement Surveys will be continued, it is not envisaged that their effects on published estimates from Stats SA's economic indicator surveys will be as great as in some of the estimates published today.

Previous releases

The releases today for the surveys of wholesale trade, retail trade and motor trade also contain results for June to August from the previous samples of businesses, selected in September 2004, which were first introduced in respect of September 2004 (hereafter referred to as the 'old' samples). The release on 17 November 2005 of estimates of manufacturing sales for September 2005 from the monthly survey of manufacturing sales contained results for June, July and August 2005 from the old sample of manufacturing businesses.

The three monthly surveys, from which estimates are released today, together with the manufacturing sales survey, cover a large proportion of South Africa's market economy. They all collect monthly sales by businesses. In addition, the manufacturing survey collects the levels of opening and closing inventories, which are used, together with the level of sales for the month, to calculate a value of production for the month which is converted to index form.

Comparing the results of the old and new samples

The level of sales from the four monthly surveys taken together, for the months June to August 2005, based on the samples drawn in August 2005 and introduced from June 2005 (hereafter referred to as the 'new' samples), was 3,9% higher than the level of sales from the old samples. The movements in sales over those three months are very similar between the old and new samples, so that the series for each of the four surveys move largely in parallel for those months in which the surveys were conducted based on both the old and new samples.

The effect of moving from the old to the new samples is illustrated in the table below, which shows sales for each of the broad industry sectors covered by the four surveys, and for the combination of these sectors, for the period June to August 2005.

Total sales, old and new samples, by industry sector - June to August 2005				
Survey	**New samples** **R million**	**Old samples** **R million**	**Difference** **R million**	**Difference** **%**
Manufacturing	216 609	216 113	496	0,2
Wholesale trade	147 076	132 581	14 495	10,9
Retail trade	91 405	92 005	(600)	-0,7
Motor trade	66 274	61 297	4 977	8,1
Total	**521 364**	**501 996**	**19 368**	**3,9**

Motor trade sales, September 2005

Changes to levels between the old and new samples

The differences in the level of sales for June 2005 and subsequent months as between the old and new samples may reflect two influences:

    a.   Births and deaths of businesses and changes in the economic activity of businesses, as notified to and recorded on the business register from which the new frame for the new samples was created.
    b.   Corrections to previously assigned industry codes based on later information about the activities of businesses.

As the preceding table shows, influence (b) has caused shifts in the recorded level of sales between the sectors covered by the monthly surveys, particularly a net shift to the wholesale trade sector from the other sectors. Changes to industry classification of businesses on the register have also resulted in some shifts in recorded activity between some of these sectors and sectors of the economy (such as transport and communication) not currently covered by monthly surveys. However, all industry sectors are covered in the Quarterly Financial Survey and the annual Economic Activity Survey, and all changes in the industry classification of enterprises are fully reflected in the results for those surveys.

Backcasting

The effects on the level of sales by influences (a) and (b) need to be treated differently in the time series from these surveys.

Influence (a) can create a 'step' in the level of sales for the first month from a new sample (in this case June 2005) when compared with the level of sales for the same month from the old sample, as the new sample represents a more up to date frame of businesses. It would be inappropriate to show such a step as growth over one month, in this case, growth between the level of sales for May 2005 from the old sample and the level of sales for June 2005 from the new sample. The treatment chosen by Stats SA for such cases is to spread such a step evenly over the months since the last sample was introduced for the surveys, in this case September 2004 to June 2005. This would result in a small but consistent adjustment to the trend in sales over those months. This adjustment was not needed for the manufacturing series from the new sample published recently and for the wholesale, retail and motor trade sales series published today, as the levels of sales from the old and new samples for June 2005 were virtually the same apart from the impact of industry reclassifications (influence b).

Influence (b) results from corrections to a previously assigned industry codes. Usually these corrections result from detailed Stats SA investigations, as part of the ongoing Quality Improvement Survey to enhance the information held about businesses on the business register, into the industry codes assigned to businesses by SARS and taken from this source when these businesses were first recorded on the business register. The only realistic assumption for these cases is that these industry codes were always incorrect. Accordingly, the treatment of the effect on levels of influence (b) is for the levels from the new samples for the four surveys to be adjusted back to the start of 1998, using the level for June 2005 as the end point of the backcast series. Taking the series back to then (as was done when the previous samples for these surveys were introduced from September 2004) prevents a break in series. The adjustment has been implemented to the levels of sales for the three surveys published today, as was the case with the level of manufacturing sales published on 17 November 2005.

Levels comparison by sector

Manufacturing

Figure A is based on data published in P3041.2 on 17 November 2005. It shows that the levels of manufacturing sales for the months June to August 2005 from the new sample and those from the old sample were almost the same (0,2% lift in the level of sales over this period).
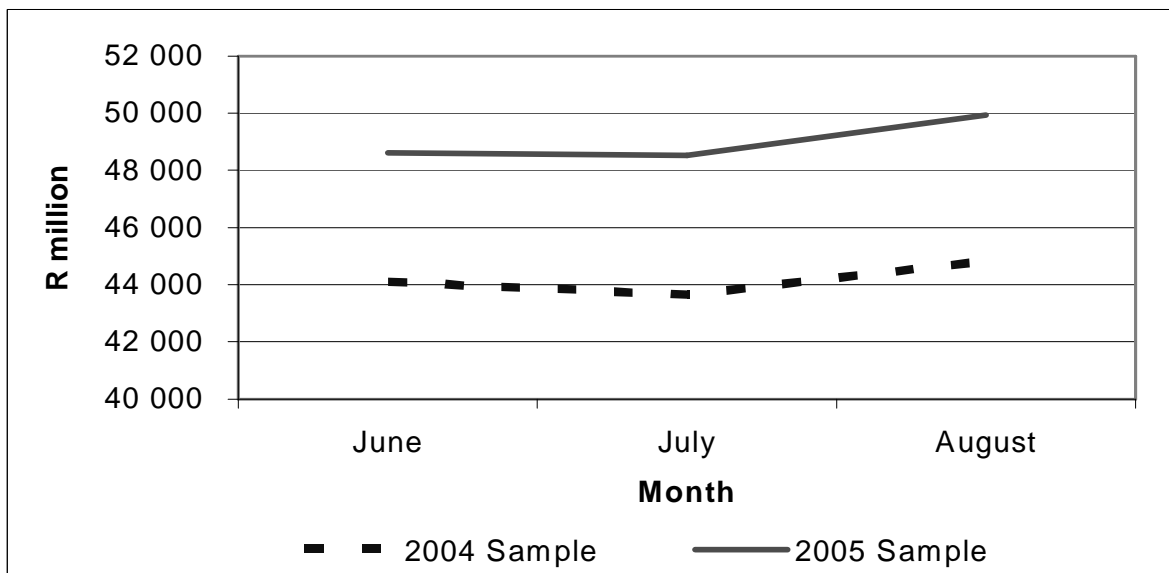
Figure A: Manufacturing sales, monthly levels - June to August 2005
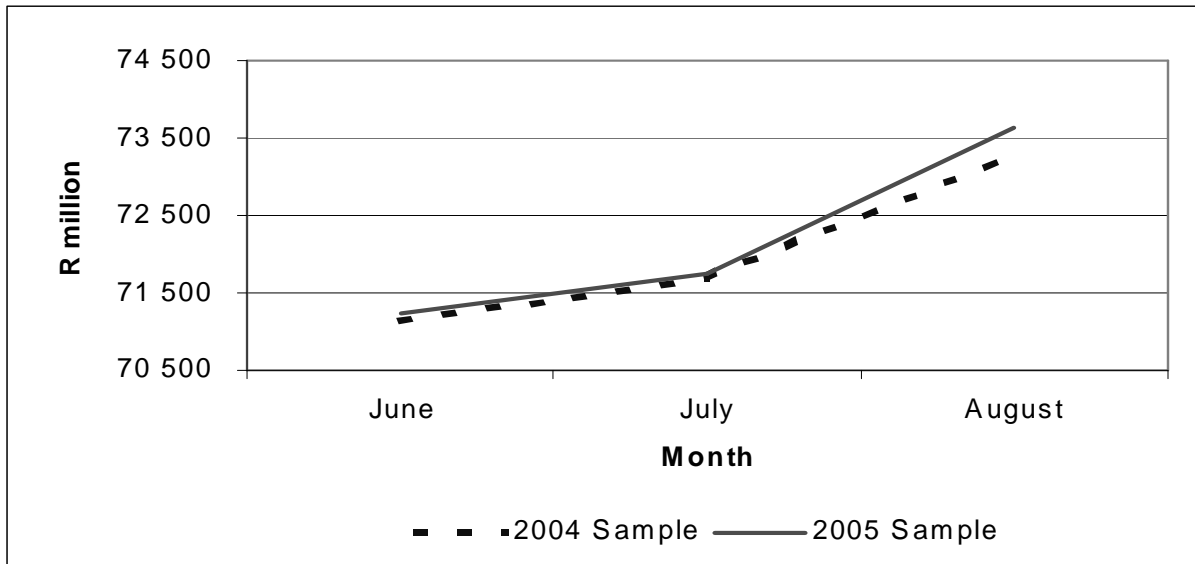
Wholesale trade

As can be seen from Figure B, levels of wholesale trade sales for the months June to August 2005 from the new sample are 10,9% higher than those from the old sample.
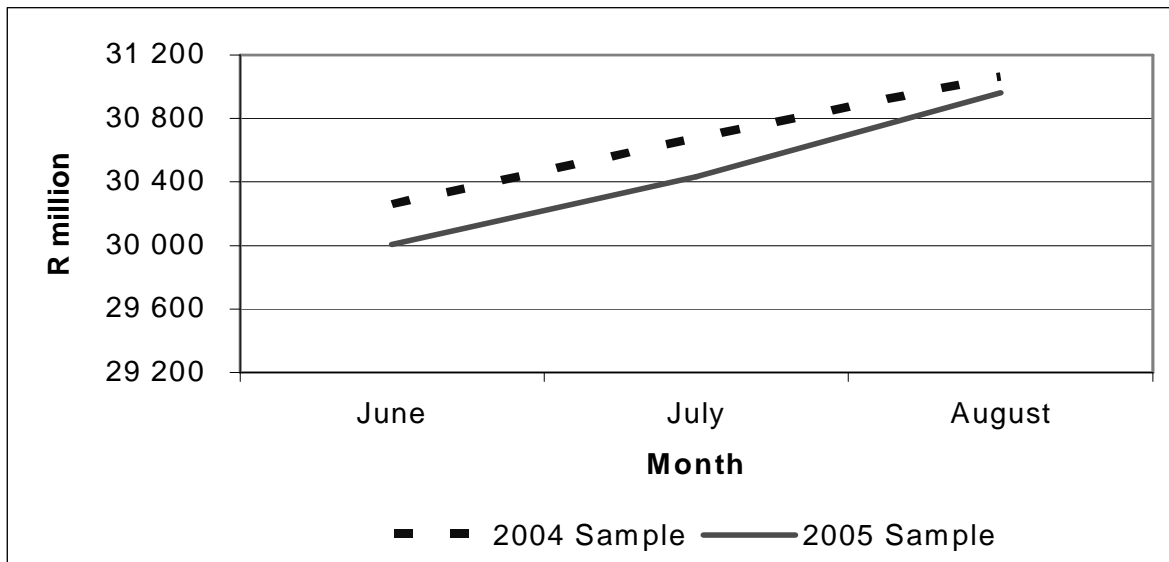
Figure B: Wholesale trade sales, monthly levels - June to August 2005

Retail trade

As can be seen from Figure C, levels of retail trade sales for the months June to August 2005 from the new and old sample are similar, with the level from the new sample 0,7% lower than from the old sample.
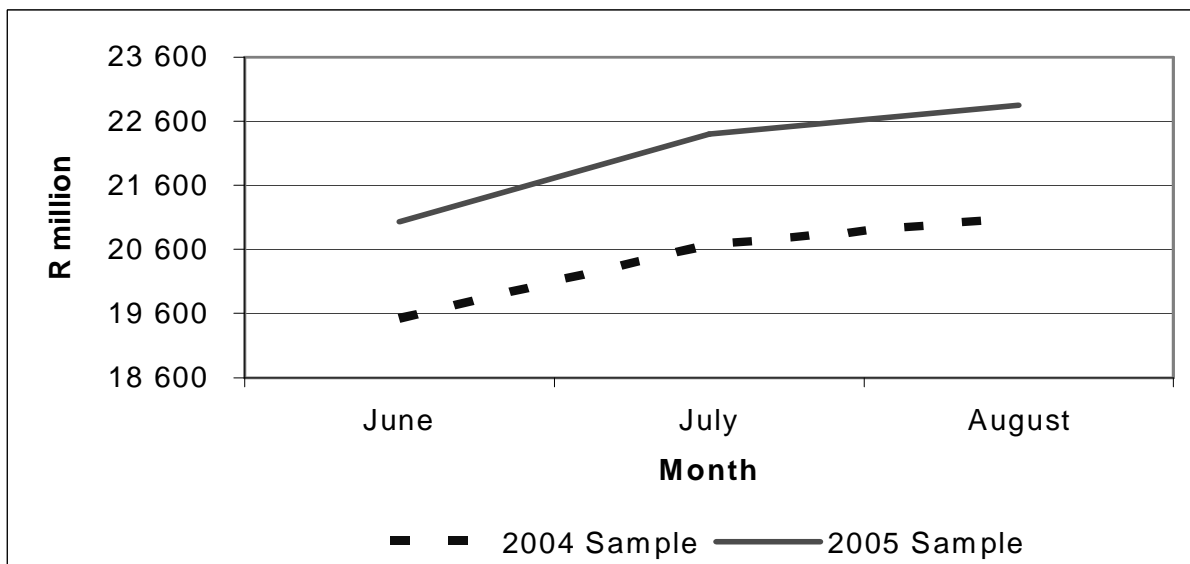
Figure C: Retail trade sales, monthly levels - June to August 2005

Motor trade

As can be seen from Figure D, levels of motor trade sales for the months June to August 2005 from the new samples are approximately 8,1% higher than from the old sample for this period.

Figure D: Motor trade sales, monthly levels - June to August 2005

Motor trade sales, September 2005

Detailed results

Tables 1and 2 shows motor trade sales over the period of January 1998 to September 2005. Table 3 shows 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	1/ 2005
January	7 449	7 342	8 184	10 633	12 377	14 892	17 090	18 645
February	7 954	7 820	9 454	11 391	12 852	14 833	16 195	18 700
March	7 941	7 930	9 378	11 655	12 732	14 668	16 413	19 563
April	7 714	7 487	8 752	10 410	13 113	13 952	15 335	19 962
May	7 660	7 789	9 979	11 421	13 948	14 854	18 863	21 287
June	7 692	7 531	10 255	11 634	13 310	14 932	18 219	21 036
July	8 476	8 376	10 390	11 716	14 215	16 622	19 344	22 391
August	7 702	8 535	10 846	11 759	14 833	15 285	19 259	22 847
September	7 376	8 590	10 578	11 062	14 561	15 768	19 712	22 612
October	7 869	8 700	10 592	12 392	14 736	16 746	19 413	
November	7 879	8 665	11 100	12 324	15 275	17 198	20 144	
December	7 719	8 424	10 411	12 546	14 122	16 795	20 319	
Total	**93 431**	**97 189**	**119 919**	**138 943**	**166 074**	**186 545**	**220 306**	

1/ Preliminary

Table 2 - Percentage change in total motor trade sales 1/

Month	1998	1999	2000	2001	2002	2003	2004	2005
January	-	-1,4	11,5	29,9	16,4	20,3	14,8	9,1
February	-	-1,7	20,9	20,5	12,8	15,4	9,2	15,5
March	-	-0,1	18,3	24,3	9,2	15,2	11,9	19,2
April	-	-2,9	16,9	18,9	26,0	6,4	9,9	30,2
May	-	1,7	28,1	14,5	22,1	6,5	27,0	12,9
June	-	-2,1	36,2	13,4	14,4	12,2	22,0	15,5
July	-	-1,2	24,0	12,8	21,3	16,9	16,4	15,8
August	-	10,8	27,1	8,4	26,1	3,0	26,0	18,6
September	-	16,5	23,1	4,6	31,6	8,3	25,0	14,7
October	-	10,6	21,7	17,0	18,9	13,6	15,9	
November	-	10,0	28,1	11,0	23,9	12,6	17,1	
December	-	9,1	23,6	20,5	12,6	18,9	21,0	
Total	**-**	**4,0**	**23,4**	**15,9**	**19,5**	**12,3**	**18,1**	

1/ The percentage change is the difference between motor trade sales of the relevant year and those of the preceding year expressed as a percentage

Table 3 - Seasonally adjusted total motor trade sales (R million)

Month	1998	1999	2000	2001	2002	2003	2004	2005
January	7 915	7 764	8 579	11 022	12 642	15 029	17 114	18 610
February	7 804	7 676	9 295	11 271	12 855	15 047	16 644	19 328
March	7 832	7 832	9 300	11 673	12 876	15 017	16 942	20 293
April	8 238	7 998	9 371	11 175	14 065	14 912	16 309	21 191
May	7 670	7 779	9 947	11 342	13 833	14 696	18 688	21 102
June	7 616	7 475	10 221	11 658	13 406	15 126	18 530	21 424
July	8 276	8 190	10 178	11 493	13 943	16 267	18 882	21 825
August	7 483	8 296	10 559	11 465	14 508	14 943	18 837	22 351
September	7 361	8 570	10 523	10 969	14 397	15 535	19 380	22 211
October	7 706	8 518	10 351	12 115	14 369	16 329	18 900	
November	7 716	8 476	10 818	11 942	14 725	16 513	19 297	
December	7 879	8 594	10 595	12 745	14 256	16 894	20 404	

Table 4 shows motor trade sales by type of activity. The main activities in the motor trade industry are sales of new cars followed by fuel sales.

Table 4 - Motor trade sales by type of activity (R million), September 2005

Month 1/	New vehicle sales	Used vehicle sales	Workshop income	Income from accessories	Income from fuel sales	Other trading income	Total 2/
September /1	8 655	3 838	1 807	2 872	4 324	1 116	22 612
October							
November							
December							

1/ Preliminary
2/ The figures have been rounded. Therefore, discrepancies may occur between the sums of the component items and the totals

Tables 5.1 and 5.2 show the estimates and percentage changes in motor trade sales and seasonally adjusted estimates.

Table 5 – Estimates and percentage changes in total motor trade sales.

Table 5.1 - Quarterly and cumulative estimates and percentage changes

Estimates	July to September 2004 R million	July to September 2005 R million	% change between July to September 2004 and July to September 2005	January to September 2004 R million	January to September 2005 R million	% change between January to September 2004 and January to September 2005
Motor trade sales	58 315	67 850	+16,4	160 430	187 043	+16,6

Table 5.2 - Seasonally adjusted estimates with monthly and quarterly percentage changes

Seasonally adjusted estimates	August 2005 R million	September 2005 R million	% change between August and September 2005	April to June 2005 R million	July to September 2005 R million	% change between April to June 2005 and July to September 2005
Motor trade sales	22 351	22 211	-0,6	63 717	66 387	+4,2

Explanatory notes

Introduction	1	Statistics South Africa (Stats SA) conducts a monthly survey of the motor trade industry, covering motor enterprises (see 3 below). This survey is based on a sample drawn from the 2005 Business Sampling Frame (BSF) that contains businesses registered for value-added tax (VAT) and income tax.
	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. Publish motor trade sales estimates exclude value-added tax (VAT).
Scope of the survey	3	The survey collects information from a sample of enterprises in South Africa that are predominantly involved in motor trade. 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	4	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	5	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	6	The survey is conducted monthly. Questionnaires are sent to a sample of about 644 enterprises from a population of about 12 000 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.
	7	The value of sales is obtained monthly from the sample of about 644 enterprises, which was drawn in August 2005 from a population then of about 12 000 motor trade enterprises. The motor industry is divided into four size groups. The sample is drawn at the SIC four-digit level. All large enterprises (size group one), 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 the 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	8	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	**9**	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	**10**	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	**11**	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.
	12	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. Fluctuations may occur in consecutive months as a result of seasonal and economic factors.
Revised figures	**13**	Revised figures are due to respondents reporting revisions or corrections to their figures and late submission of their data to Stats SA. Preliminary figures are indicated in the relevant tables. Data are edited at the enterprise level.
Related publications	**14**	Users may also wish to refer to the following publications available from Stats SA - • *Bulletin of Statistics* issued quarterly. • *SA Statistics* issued annually.
Rounding of figures	**15**	The figures in the tables have, where necessary, been rounded to the nearest digit shown.
Symbols and abbreviations	**16**	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 * Revised - Figures not available

Technical note

Neyman Optimal allocation

Before drawing in each of the surveys the population of enterprises on the BSF was stratified. Strata were formed using a combination of Standard Industrial Classification and the measure of size classes for enterprises. The Neyman optimal allocation formula given below was used to allocate samples to each stratum.

$$n_h \; = \; \frac{N_h S_h}{\sum N_h S_h}$$

where N_h and S_h are the stratum population size and the stratum variance, respectively.

Neyman allocation formula not only allocates sample sizes to each stratum but also calculates the relative precision for each stratum as well as the relative precision for all strata. The relative precision for these surveys did not exceed 6.4%.

Class limits

Enterprise size	Size group	Lower limits	Upper limits
Very small	1	0	4 000 000
Small	2	4 000 001	19 000 000
Medium	3	19 000 001	39 000 000
Large	4	39 000 001	

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

Stats SA publishes approximately 300 different statistical releases each year. It is not economically viable to produce them in more than one of South Africa's eleven official languages. Since the releases are used extensively, not only locally but also by international economic and social-scientific communities, Stats SA releases are published in English only.

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