

Winter car sales still cooling down

During June 2007 a total of 34,142 new passenger cars were sold in South Africa. Total new passenger car sales in June declined by 4.4% when compared to May 2007, and shows a 19.5% decrease when compared to June 2006. This brings the total number of new car sales for the period January to June 2007 to 6.8% below the level achieved during the same period in 2006.

During the second quarter of 2007, sales of new passenger cars have slowed more sharply than expected given current generally buoyant economic circumstances.

Volkswagen sales and marketing director Mike Glendinning said that significant extraneous developments, such as the impact of the flawed launch of the eNatis licensing system played a role in temporarily reducing new vehicle sales reports in April and May; and the introduction of the National Credit Act in June made purchasing a new car on credit more difficult for consumers.

"The impact of these developments is, however, probably largely temporary, and it is worth noting that the selling rate of new cars per day has grown in both May and June," Glendinning explained.

In addition, he remarked that while the new car market was slowing, the slowdown was taking place from an all-time record high level of new car sales. "For purposes of perspective, it is worth noting that the first six months of 2007 have yielded average monthly sales some 80% higher than average monthly sales in the period 2000 to 2003 before the current boom in new car sales began," he said.

"The second half of 2007 could well see a slowing in the rate at which the new car market has contracted, and the role played by non-dealer demand in the size of the monthly markets will escalate, but it is now certain that the size of the market in 2007 will fall significantly short of the market recorded in 2006," Glendinning concluded.