

New vehicle sales face steep uphill

By  [Henrie Geyser](#)

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New vehicle sales in South Africa are slowly grinding up an increasingly steep hill as sales continue to drop.

In May sales were down by nearly 10% over the same period last year and the outlook for the rest of the year is bleak.



Industry observers point out that the local economy had lost momentum and was at risk of moving into a recession because of the sharp rise in producer inflation and worsening trade deficit which signals more headwinds for the automotive market.

However, expanding vehicle sales in China, the United States and a nascent recovery in Europe could benefit SA new vehicle exports during the second half of 2014.

In May local new vehicle sales contracted by 5,025 units with all segments and categories recording year on year declines. Export sales of 15,613 units reflect an even more pronounced decline of 10,640 vehicles or a fall of 40.5 % compared to the 26,252 vehicles exported in May last year.

Under pressure

Overall, out of the reported industry sales of 49,465 vehicles, 86.8% represented dealer sales, 5.6% represented sales to the vehicle rental Industry, 4.9% to Industry corporate fleets and 2.7% to government.

The new car market has remained under pressure and at 32,984 units reflect a decline of 4,207 units or a fall of 11.3% compared to the 37,191 new cars sold in May last year. Industry new vehicle exports of 15,613 vehicles registered a sharp decline of 10,639 units or a fall of 40.5% compared to the 26,252 vehicles exported in May last year.



Industry sources say the outlook for the automotive sector for the balance of the year looks increasingly less promising and they expect a decline, in aggregate terms, of between 3.5% and 5.0% for 2014 compared to 2013.

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