

New vehicle sales idling along

By  [Henrie Geyser](#)

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Local new vehicle sales lost some momentum in February with a gain of only 1.6% over February last year but exports rocketed 22.4% higher than the previous year. While local sales were only up 832 vehicles to 53,220, exports increased by 5,057 to 27,611.



Overall, out of the total reported Industry sales of 51,046 vehicles (excluding Mercedes-Benz South Africa), 85.6% or 43,672 units represented dealer sales, 6.6% represented sales to the vehicle rental Industry, 3.8% to government and 4.0% to Industry corporate fleets.

The new car market performed reasonably well at 36,666 units sold. Industry sources said exchange rate weakness probably contributed to pre-emptive buying by consumers to avoid higher expected new vehicle prices. The daily selling rate of new cars during February was similar to January but was 5% stronger than the

corresponding month last year.

Long-term outlook reasonably positive

The momentum of vehicle exports was expected to improve further over the balance of the year and particularly exports of light commercial vehicles should increase substantially during 2013. The overall near term outlook for the automotive sector remained reasonably positive.

Factors that will continue to support domestic sales include the low interest rate environment, replacement demand, a highly competitive trading environment with attractive incentives, low debt servicing costs, high technology, new model introductions and above average demand by car rental companies.



However, inflationary pressures, increases in new vehicle prices and the impending increase in CO2 vehicle emissions tax could turn on the brakes although industry production will probably increase as a result of escalating exports.

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