

# Vehicle sales stay strong in October

By [Alistair Anderson](#)

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New vehicle sales in October rose 10.5% compared with a year earlier. It was the strongest month of the year so far, with 57,845 vehicles being sold.

Absa's head of vehicle and commercial asset finance, Wessel Steffens said he believed vehicle sales growth could reach double digits this year.

"The 10.5% number is very good. I am quite impressed that we are managing to sustain such good sales. If we can get 10% overall this year, we are sitting with a healthy and competitive industry," he said.

Steffens said strong domestic sales growth was partly due to a longer month than in September.

"The approval rate also ticked up slightly. The overall daily sales rate for October was 2,515 and compared well with the best months in 2012."

He said households' real disposable income growth was down to 3% in the second quarter of this year from 3.3% in the first quarter, which was a reflection of general economic conditions, including trends in employment and inflation. Nevertheless, South Africa remained "car crazy", he said.

"People need to drive in order to get around in South Africa as things are and South Africans are also keen to buy new vehicles fairly often, hence the impressive growth," he said.

South Africa's vehicle exports were primarily to the UK, France and Germany in October. No local South African vehicle manufacturer has managed to make huge inroads into non-European markets yet.

Looking forward, Steffens said 2013 should be tougher for the automotive industry.

"Increasingly, views support slowing down in 2013, with some industry specialists predicting growth levels below 5%. In view of rising transport costs, upward pressure on inflation in general and exchange rate weakness, which might affect vehicle price inflation, 2013 is likely to bring more difficult trading conditions in the vehicle sector," he said.

Recent data suggests South Africa's economy will struggle to grow much beyond 2% this year. The purchasing managers index (PMI), which measures the health of manufacturing, dropped to 47.1 points last month. A reading below 50 indicates a contraction.

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