

Despite good car sales, people still struggling

Do not be misled by the latest new-vehicle sales figures into believing that consumers are bouncing back from SA's economic woes, WesBank research head Rudolf Mahoney says.

By [David Furlonger](#) 5 Nov 2014



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After previously forecasting that sales this year could be 5%-7% down on 2013, analysts now believe the market may break even by the end of 2014, following a strong surge in sales in September and October.

Following Monday's release of the latest monthly sales by the National Association of Automobile Manufacturers of SA (Naamsa), Mahoney said although car sales were up 1.6% compared to October 2013, consumer sales were down. Instead, private buyers are moving increasingly to the used market.

Last month WesBank recorded a 17% increase in applications for used-car finance.

Most of October's new-car growth came from rental companies, which mopped up 19.9% of the market. This is traditionally a busy buying time for rental companies, just ahead of the December holiday season. The head of personal markets at Standard Bank Vehicle and Asset Finance, Nicholas Nkosi, said the scale of buying showed that companies expected a strong season.

Sales of light commercial vehicles rose 14% last month, compared to the previous October. Mr Mahoney said the surge came mainly from steel and engineering companies that postponed purchases during their prolonged strike in the third quarter of the year, but were now ready to start buying again. "These are delay replacement purchases, not a sign of investment expansion," he said.

He discounted some analysts' view that October's improved sales were also caused by pre-emptive buying ahead of traditional year-end price increases. "Some manufacturers have already raised prices on certain models three times this year. I'm not sure how much more of an increase we will see in January."

Other factors cited by Naamsa director Nico Vermeulen for the improved market included new model launches and customer incentives.

Nkosi pointed out that year-on-year comparisons were misleading: in October last year the motor industry was still recovering from its own seven-week strike, which led to severe stock shortages.

The biggest beneficiary of this year's better - but still disrupted - labour environment was the export market. Industry exports during October, at 32,165, were 33% better than last year.

Domestic car sales last month hit 40,666, 1.6% better than last year: light commercials, at 15,827, were 14%

up; medium commercials at 937, were 6,2% down; heavy trucks were up 16.4% to 531; extra-heavies 13.7 to 1,312; and buses increased 19.4% to 111.

Source: BDpro

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