NAAMSA MEDIA RELEASE: FOR IMMEDIATE RELEASE
COMMENT ON THE MARCH 2018 INDUSTRY NEW VEHICLE SALES STATISTICS

Commenting on the new vehicle sales statistics for the month of March, 2018 – released today for public consumption via the website of the Department of Trade & Industry – the Association said that the proliferation of public holidays during the month, including the Easter recess, would have been a factor that impacted on domestic sales. This was offset to a large extent by pre-emptive buying by consumers to avoid the increase in value added tax, new vehicle emissions taxes and ad valorem duty changes announced in the budget. In the event, domestic new vehicle sales had recorded their highest monthly total in 2018 with aggregate domestic sales at 49 233 units improving by 535 units or 1.1% from the 48 698 vehicles sold in March last year. In contrast, March, 2018 export sales at 27 438 vehicles had registered a decline of 2 421 units or a fall of 8.1% compared to the 29 859 vehicles exported in March last year. The March, 2018 export number had been affected by the BMW switchover in production from the 3-Series to the X3.

Overall, out of the total reported Industry sales of 49 233 vehicles, an estimated 44 417 units or 90.2% represented dealer sales, an estimated 5.3% represented sales to the vehicle rental Industry, 2.7% to industry corporate fleets and 1.8% to government.

The March, 2018 new car market had held up relatively well compared to the commercial vehicle segments and at 32 176 units had registered an improvement of 1 144 cars or a gain of 3.7% compared to the 31 032 new cars sold in March last year. Due to seasonal factors, the car rental industry contribution had declined but still accounted for about 7% of new car sales in March, 2018.

Domestic sales of new light commercial vehicles, bakkies and mini buses had been marginally weaker and at 14 701 units during March, 2018 had registered a fall of 345 vehicles or a decline of 2.3% compared to the 15 046 light commercial vehicles sold during the corresponding month last year.

Sales in the low volume medium and heavy truck segments of the Industry had once again remained under pressure and at 722 units and 1 634 units, respectively, had recorded a fall of 123 vehicles or a decline of 14.6% in the case of medium commercial vehicles, and, in the case of heavy trucks and buses, a decline of 141 vehicles or a fall of 7.9% compared to the corresponding month last year.

Continuing lower commercial vehicle sales figures reflected subdued investment sentiment in the economy.

Medium term prospects for the South African economy had improved considerably on the back of the decision by Moody’s to retain South Africa’s international and domestic credit rating at investment grade with a stable outlook as well as the 0.25% reduction in official interest rate at the end of March, 2018. In addition, the continuing strength in the exchange rate should impact positively on new vehicle price inflation going forward. As a result of these developments – together with improved business and consumer confidence – economic growth for 2018 could recover to around 2% and this in turn would benefit domestic new vehicle sales over the balance of the year. At this stage, NAAMSA anticipated that, on an annualised basis, new vehicle sales could improve by around 3%, in volume terms, compared to 2017.

The outlook for the global economy was one of fairly strong growth which should benefit new vehicle exports going forward. Factoring the impact of model run out and model run in on the part of one major exporter, a modest increase in annual vehicle export sales volumes was still possible in 2018.

NAAMSA OFFICES: PRETORIA 3rd April, 2018