

NAAMSA COMMENT ON THE JANUARY, 2016 SOUTH AFRICAN NEW VEHICLE SALES STATISTICS – FOR IMMEDIATE RELEASE

In amplification of the new vehicle sales statistics for the month of January, 2016 – released today for public consumption on the website of the Department of Trade & Industry - the Association commented that in line with general industry expectations, new vehicle sales had started 2016 on a weak note. Export sales of new motor vehicles had also registered a major year on year decline largely due to logistics and shipment issues.

In the event, January 2016 aggregate new vehicle sales at 48 615 units had registered a decline of 3 613 vehicles or a fall of 6.9% compared to the 52 228 vehicles sold in January last year. The January, 2016 export sales at 13 057 units reflected an unexpectedly large decline of 3 652 vehicles or a fall of 21.9% compared to the 16 709 vehicles exported in January last year.

Overall, out of the total reported Industry sales of 48 615 vehicles, an estimated 36 456 units or 75.0% represented dealer sales, 18.4% represented sales to the vehicle rental Industry, 4.4% to Industry corporate fleets and 2.2% to government.

The new car market had continued to experience pressure during January, 2016 and at 34 936 units reflected a decline of 2 272 cars or a fall of 6.1% compared to the 37 208 new cars sold in January last year. The car rental Industry had again made a strong contribution and had accounted for 24.6% of new car sales in January, 2016.

Domestic sales of industry new light commercial vehicles, bakkies and mini buses at 12 074 units during January, 2016 reflected a decline of 1 090 units or a fall of 8.3% compared to the 13 164 light commercial vehicles sold during the corresponding month last year. Model run outs and model run ins had played a role in the January sales numbers.

Sales of vehicles in the medium and heavy truck segments of the Industry at 531 units and 1 074 units had also registered weakness and, in the case of medium commercial vehicles, reflected a decline of 98 units or 15.6% and, in the case of heavy trucks and buses, a decline of 153 vehicles or a fall of 12.5% compared to the corresponding month last year.

Industry new vehicle exports during January, 2016 had registered a substantial decline compared to the corresponding month last year. Logistics and shipment capacity constraints had contributed to the lower January export numbers. A substantial increase in new vehicle exports was expected to materialise from March, 2016 onwards and, at this stage, industry projections for exports during 2016 showed an improvement of around 40 000 vehicles or about 12% to an anticipated 375 000 export units.

Domestically, a number of key indicators including the Purchasing Managers' Index (PMI) and the Reserve Banks' leading indicator suggested that the South African economy would experience a difficult year. In light of poor economic growth prospects with GDP growth estimated at 0.5% at best and given the likelihood of well above inflation new vehicle price increases as well as prospects of further interest rate hikes – the outlook for 2016 in terms of domestic new vehicle sales had deteriorated and had been reviewed downwards. At this stage the consumer demand sensitive new car market was anticipated to decline by around 9% in volume terms to about 375 000 units in 2016 down from the 412 826 new cars sold in 2015. New commercial vehicle sales were expected to perform slightly better with declines of between 3% and 5% expected in volume terms.