

New vehicle sales numbers contribute to market uncertainty

According to aggregated data from the National Association of Automobile Manufacturers of South Africa (Naamsa), April's sales of 36,346 units reflect a 3.6% year-on-year growth, while at the same time showing a dramatic month-on-month decline of 26.2%. WesBank says this irregularity in new vehicle sales numbers continues to contribute to market uncertainty.



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"It's important to not read too much into these figures as the overall picture is skewed by the dip in sales observed in April 2017 as a result of the country's downgrade to junk status at the time," said Rudolf Mahoney, WesBank's head of brand and communications.

"As a result, the 3.6% increase in sales in April is not as positive a picture as it may seem," explains Rudolf.

"Looking at the month-to-month decline, this is a result of the stronger sales in March, thanks to consumers opting to avoid an increase in VAT and ad valorem which came into effect on 1 April," said Mahoney. "A more practical indication of the market's performance this year is the year-to-date decline of 2.6%."



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Passenger cars showed an improvement of 6.4% with 23,928 units sold in April versus 22,490 in the corresponding month last year. Light commercial vehicles, however, were down 1.2% with 10,580 units sold. Dealer sales accounted for 86.6% of the total market, while rental, corporate and government fleets represented 7%, 5.1% and 1.3% respectively.

“It’s encouraging to note that dealer channel sales have been up for the first four months of the year,” continues Mahoney. “The slow performance of the rental segment, particularly over the first three months of the year, has weighed heavily on the overall market performance.”

WesBank’s forecast of 0.75% growth is still possible, but the market will need to perform better going forward. Sales in May should start to normalise thanks to a full sales month and the second half of the year is expected to be more positive following a similar trend as 2017.

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