

# New car sales for Dec 2020 reflect glimmers of hope, but industry remains depressed

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The South African new-vehicle market continued to recover somewhat in December 2020, but the industry remains depressed as a result of the economic impact of the Covid-19 pandemic, both locally and abroad.



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To say that 2020 was a tough year is an understatement and the South African automotive industry has taken a proper pounding, and much like the economy in general, it's struggled to recover and it may take many more months and even years to reach pre-Covid levels.

December 2020 vehicle sales figures, released today by the National Association of Automobile Manufacturers of South Africa (Naamsa), are not particularly inspiring but they do reflect glimmers of hope.

## Take a look at the summary below as well as the outlook for 2021:

- Aggregate new vehicle sales of 37,493 units down by 10.1% compared to December 2019.
- Passenger car sales of 24,784 units down by 14.4% compared to December 2019.
- Light Commercial Vehicle (LCV) sales of 10,801 units up by 3.2% compared to December 2019.
- Exports of 18,479 units up by 36.3% compared to December 2019.

It's worth noting that Covid-19 resulted in a massive new vehicle sales decline of 156,163 units or 29.1% from 536,612 units in 2019 to the 380,449 units in 2020, despite interest rate cuts of 300-basis points during the year.

Exports also registered notable declines in 2020 with a fall of 29.8% or 115,273 units from the 387,092 vehicles exported in 2019 to the 271 819 units exported in 2020.

The current market continues to reflect a buying-down trend with the [used car market](#) being particularly robust. The premium car market was under tremendous pressure in 2020 and this continues to be the case.

## Outlook for 2021

Naamsa expects the South African economy to rebound sharply in 2021, albeit from a very low base coming out of 2020. However, Naamsa warns that it will take time for consumer confidence to rebuild. Medium-term growth, however, is likely to be constrained by new potential Covid-19 infection waves, stricter lockdown measures, fiscal tightening and potential power-supply disruptions.

Demand for new vehicles is likely to remain depressed for the short-term while the Rand exchange rate, negative business confidence and consumer sentiment will also impact negatively on new car sales. Low-interest rates and low inflation will, however, continue to stimulate the economy.

Naamsa predicts a year-on-year improvement of about 15% for aggregate new car sales for 2021. As for exports, improvements of 20% are expected while industry vehicle production is expected to improve by about 18%.

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