

## Another bad month for new car sales

The sad news of new vehicle sales continues with May sales down another whopping 34.7% compared to the corresponding month last year.

Figures released today (Tuesday, 2 June 2009) by the National Association of Automobile Manufacturers of South Africa (NAAMSA) show a decline of 13,697 (25,819 compared to 39,516 in 2008) which brings the year on year decline to 32.9%.

A breakdown of May sales show that out of the 25,819 vehicles, 84.1% or 21,708 units represented dealer/retail sales, 2.2% sales to Government, 7.8% represented sales to the car rental industry and 5.9% into industry's corporate fleets.

Car sales of 16,505 units reflect a decline of 6,170 units or 27.2% compared to the 22,675 new cars sold during May 2008. Factoring in aggregate new car sales reported by the AMH Group, the year on year decline had amounted to 6,592 units or a fall of 25.9%.

Sales of new light commercial vehicles, bakkies and minibuses at 7,905 units during May 2009 reflected a massive decline of 6,074 units or 43.5% compared to the 13,979 units of the corresponding month last year. Taking account of the light commercial vehicle sales reported by the AMH Group, the year on year decline amounted to 6,180 units or 41.6%.

Sales of vehicles in the medium and heavy truck segments of the industry had also registered substantial falls and the May, 2009 sales at 528 units and 881 units, respectively, had recorded a massive decline of 380 units or 41.9%, in the case of medium commercials, and 1,073 units or 54.9%, in the case of heavy trucks and buses - compared to the corresponding month last year.

The continuing weakness in medium and heavy commercial vehicle sales reflected lower investment spending by the private sector. Lower sales in the sector also reflected continuing difficulty experienced by truck operating businesses in obtaining finance.

On a year to date basis, 2009 aggregate industry new vehicle sales at 157,141 units reflected a decline of 35.8% compared to the 244,670 vehicles sold during the corresponding five months last year.

The decline in exports of South African produced motor vehicles had continued during May 2009 and export sales at 13,612 vehicles had registered a decline of 9,575 vehicles or 41.3% compared to the 23,187 vehicles exported during April last year.

Reduced demand in South Africa's major export markets (Eurozone, Japan and the United States) would translate into

further declines in the number of vehicles exported by the industry during calendar 2009.

NAAMSA said 2009 will be an extremely difficult year for the entire South African automotive industry. All sectors of the industry - vehicle retail, auto parts manufacturing and vehicle production - continue to experience severe and unprecedented viability challenges.

Recent reductions in interest rates and the resultant lower debt servicing costs should bring relief to hard pressed consumers and businesses.

An improvement in the automotive industry domestic operating environment would depend on a revival in consumer spending on the back of lower interest rates as well as on stimulatory government expenditure.

Whilst further consolidation in new vehicle sales volumes, at current levels, was likely to persist in the short term, an improvement in domestic sales was anticipated towards the end of 2009.

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