

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

Commenting on the new vehicle sales statistics for the month of October, 2018 – the Association said that the latest domestic sales figures reflected an unexpected and welcome uptick largely supported by fairly strong growth in the various commercial vehicle segments. In fact, aggregate industry domestic sales for October, 2018 represented the highest single months' total in calendar 2018 to date. Particularly noteworthy was the fact that the October, 2018 domestic sales figure was the highest monthly total in the past three years – since October, 2015. Monthly export sales had also registered strong gains in line with industry expectations.

In the event, new vehicle sales at 51 866 units had shown an improvement of 844 vehicles or a gain of 1.7% compared to the 51 022 vehicles sold in October last year. October, 2018 aggregate export vehicle sales had turned in another solid performance and at 34 134 vehicles had registered an improvement of 5 901 units or a substantial gain of 20.9% compared to the 28 233 vehicles exported in October last year.

Overall, out of the total reported Industry sales of 51 866 vehicles, an estimated 38 424 units or 74.1% represented dealer sales, an estimated 20.2 % represented sales to the vehicle rental industry, 3.2% to government and 2.5% to industry corporate fleets.

The October, 2018 new car market at 35 050 units had registered a slight decline of 258 cars or a fall of 0.7% compared to the 35 308 new cars sold in October last year. The car rental industry had again made a substantial, above average contribution to the monthly car sales with an estimated 28.7% representing car rental purchases.

October, 2018 domestic sales of new light commercial vehicles, bakkies and mini buses at 14 168 units had improved by 794 units or 5.9% compared to the 13 374 light commercial vehicles sold during the corresponding month last year.

Sales in the medium and heavy truck segments of the industry had also reflected good improvement and at 782 units and 1 866 units, respectively, had recorded an increase of 104 vehicles or an improvement of 15.3% in the case of medium commercial vehicles, and, in the case of heavy trucks and buses, an improvement of 204 vehicles or a gain of 12.3 % compared to the corresponding month last year. Both segments had now recorded improvements for the fourth consecutive month. The stronger sales number suggested an improvement in capital investment sentiment in South Africa.

The South African economy continued to experience difficult conditions with consumers' disposable income remaining under pressure. Continued weakness in the latest Purchasing Managers' Indices and the Reserve Bank's Leading Indicator suggested that business conditions would probably remain difficult over the short term. On the positive side, new vehicle affordability had continued to improve with new car price inflation remaining well below the Consumer Price Index for the past fifteen months. Automotive companies were also offering attractive sales incentives.

The recent investment summit served as a platform to re-establish trust between government and the private sector, to restore credibility in South Africa as a business friendly market economy and to generate a quantum increase in investment – so essential to grow and develop the economy. These investments, together with appropriate supporting policies, should translate into higher economic growth over the medium term. This represented the only option to address South Africa's challenges of unemployment and inequality. The improvement in the domestic sales numbers and the continued

strong performance of export sales was one of the first positive signs for some time in the performance of a key strategic industry in the South African economy.

Vehicle exports remain a function of the direction of the global economy which continues to reflect fairly robust growth despite rising protectionism and trade disputes. The momentum of export sales had increased over the past few months and, taking into account relatively strong order books reported by most vehicle exporters, exports should improve further and reflect strong upward momentum in 2019 and subsequent years. The projection of industry export sales for 2019 was currently at 385 000 export units compared to an estimated figure of about 340 000 for 2018.

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1<sup>st</sup> November, 2018