

# Minor growth predicted for new vehicle sales

WesBank has forecast that 2017 will see minor growth in the new vehicle sales industry. The past three years have seen sales decline, with 2016 sales falling 11.4%. For 2017, the company expects to see overall growth of 1.74%.



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WesBank's forecast is based on a holistic view of the new vehicle sales market. This includes considering economic factors such as the strength of the rand, interest rate stability and moderate GDP growth and inflation falling back within the target zone.

While total industry sales should reach 557,000 units for the year – a 1.74% increase on 2016's sales and marginal growth off a much lower base – Wesbank CEO Chris de Kock forecasts that dealer sales would remain suppressed, especially in passenger and commercial vehicle segments.

## Expected declines

Dealer sales are expected to end 2017 0.5% weaker year-on-year, with 2% and 4.1% respective declines for passenger and commercial vehicle sales through dealers.

“We expect overall sales growth to be driven by government buying, as there are a number of large tenders set to be awarded in the coming months. This will account for 3.29% growth in LCV sales and help limit the sales decline for

commerce vehicles,” said de Kock. “Additionally, tourism will drive the sales growth in the rental market, which will ensure 1.3% growth for passenger car sales.”

Despite a difficult past 12 months and a challenging year ahead, the company is confident that South Africa’s economy will see positive but subdued growth going into 2018.

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