

# Naamsa cuts SA vehicle exports estimate

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The National Association of Automobile Manufacturers of SA (Naamsa) has lowered the vehicle exports projections for this year, as recession and debt crises in the eurozone cut the underlying demand for South African-produced vehicles.

SA is now expected to export 270,000 vehicles by the end of this year, down from the initial estimate of 300,000 units.

Europe constituted about 36% of the SA vehicle export market last year during which time 98,000 units were sold, according to Nico Vermeulen, director at Naamsa.

Despite the reduction in forecast, Vermeulen said export sales were expected to pick up modestly due to the Ford global compact vehicle export programme, while BMW's new 3 series export is ramped up.

SA vehicle exports - including Mercedes-Benz SA export sales data - dropped 11% to 17,656 last month compared with 19,828 in April last year, the third consecutive month of contraction. In March, export sales dropped 20.2% to 23,956 units compared with 30,026 a year earlier.

But in terms of the overall domestic vehicle sales, the growth trend last month was the highest so for this year. New vehicle sales rose 10.5% in April to 42,617, from 38,583 a year ago.

New passenger car sales lifted 12.1% to 29,517 units from 26,327 units a year ago. Year-to-date new passenger car sales remained 9.1% ahead of the corresponding four months of 2011.

Nedbank economic unit said in a note that sales growth was expected to hold up in the coming months, but rising inflation - which is eroding the boost from income growth and low interest rates - weak consumer confidence and the still weak labour market would keep passenger vehicle sales growth moderate.

Absa Capital's economics desk projects 4.3% growth for new vehicle sales by the end of the year.

"We expect the market to continue receiving support from the improvement in real disposable income as well as negative real new vehicle prices. Also supporting demand are debt-servicing costs, which have assisted in enhancing the total affordability of new cars," according to Standard Bank. "In the absence of major negative developments in the local economy and the current interest rate projection of flat rates through to 2013, we foresee modest vehicle sales growth for the remainder of this year."

Naamsa said the outlook for 2012 in terms of total industry sales remained one of modest growth.

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