SA's new vehicle sales remain buoyant despite high fuel price, interest rates

New vehicle retail sales in July remained remarkably buoyant in a tough market characterised by rising inflation, interest rates and the fuel price, and an ongoing shortage of new vehicle stock due to chip shortages and logistical challenges, according to the National Automobile Dealers' Association's (Nada) chairperson Mark Dommisse.

The new Kia Sonet | Source: Motorpress

“It is reassuring to see some silver linings out there. The recovery of the Toyota plant from major flood damage at its manufacturing facility near Durban albeit slow, is to be welcomed, as is the opening of new extensions to its central parts distribution facility in Ekurhuleni resulting from a further investment of R365 million in this sector of its customer support business. There was also a welcome cutback in electricity load shedding towards the end of the month, which is always good for business and consumer confidence.

“Of particular importance to the health of the local motor industry was the increase in vehicle exports, with a total of 31,242 units being shipped last month which has finally lifted exports into positive territory on a year-to-date basis for the first time this year, being 2.9% ahead of the corresponding period in 2021,” says Dommisse.

Good news for motorists as fuel price drops for August 2022

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Dommisse cautions against making comparisons with sales in July 2021 as that month saw the social unrest and rioting in KwaZulu-Natal and Gauteng as well as Transnet’s cyber-attack which impacted severely on logistics at the harbours and on the roads.

The retail dealer sales channel was responsible for 83.6% of the reported overall sales of 43,455 units in July, which was heartening. However, the used vehicle market, which has been booming, is experiencing a slow down due to increased financial burdens taking their toll on the consumer in the face of economic pressures.

On a year-to-date basis the local market, with 297,133 units sold in the first seven months, is 13.9% ahead of the situation at the same time last year, which is good news.

Dommisse noted that there is an expected improvement in supply rates of new vehicles and says that the remainder of 2022 will be tough economically.

“Naamsa statistics, while acceptable and healthy at more than 43,000 units, were still below market forecasts, partly due to the market leader being unable to supply as well as market conditions on a downturn. However, I am confident that our motor dealers will continue to be as resilient as ever and accept the challenges awaiting them in the next five months to the end of the year,” concludes Dommisse.

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