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PwC Says Russian Car Market Slump to Deepen

By The Moscow Times

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In the first half of 2014, car sales in Russia fell 7 percent.

Russian car sales are expected to decline by 8 to 12 percent this year, PricewaterhouseCoopers said Tuesday, downgrading its forecast for the market hit by a sharp economic slowdown and devaluation of the ruble.

The sales of new cars in Russia are seen in a range of 2.3 to 2.4 million units, Sergei Litvinenko, PwC's automotive practice senior manager, told reporters.

In the first half of 2014, car sales in Russia fell 7 percent, year-on-year, to 1.16 million units, according to PwC. In money terms, the market declined 3 percent to $31.5 billion.

Among reasons for lower sales, PwC cited uncertainty linked to the Ukraine crisis and a weaker ruble, which causes higher prices for cars which, if not imported, have many imported parts. The interest rates on auto loans also rose.

Litvinenko said the market was expected to recover to its 2012 level in the next two or three years and would then grow by an annual 3.0 to 3.5 percent.

In January, PwC forecast a 3 percent fall in Russian car sales in 2014 to 2.54 million units.

They fell 5.5 percent to 2.61 million units last year with revenues down 3 percent to $69 billion.

The Association of European Businesses, or AEB, also cut its outlook for the market last month, predicting a 12 percent drop compared to its previous forecast for a 1.6 percent decline.

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[Collapsing Russian Car Market Threatens to Sink Launch of New Sedan]

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