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Russian Auto Sales Strengthen on Weak Ruble

By The Moscow Times

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A slump in the Russian ruble and a state scheme to support local car sales slowed falls in auto sales in October to 9.9 percent year-on-year from 20 percent a month earlier, a lobby group said Wednesday.

The Association of European Businesses said sales of new cars and light commercial vehicles (LCV) reached 211,365 in October as people delayed large purchases because of a weaker economy dragged lower by Western sanctions over Ukraine.

"Market performance in October was anything but great, however [it is] a step forward compared with the very weak results in recent months," Joerg Schreiber, AEB committee chairman, said in a statement.

It was the first time sales fell in single rather than double figures since April, according to Reuters data, as cars have become one of the biggest losers in an economic downturn,

worsened by sanctions and a drop in the oil price.

The Russian ruble has fallen almost 30 percent against the dollar since the start of the year.

To try to curtail the slide and boost domestic industry, the government introduced a scheme under which the state provides cash incentives for Russians to buy new cars if they sell old ones for scrap.

"The reason behind the relative improvement is the combined effect of the scrappage incentive supporting the sales of domestic models, and the sharp decline of the ruble," Schreiber added.

AEB said the impact of the two factors would be temporary, but for now could drive a further improvement in the market sales statistics for November. In January-October 2014 new car and LCV sales were down 12.7 percent at 1.99 million cars.

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