

# Russia's Car Loan Market Edges Back After First-Quarter Slump

By [The Moscow Times](#)

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Around 35 percent of cars purchased in April were bought on credit, a steep rise over the first quarter of the year as the Central Bank slashed interest rates and government measures made loans more affordable, a report said Friday.

Sales on credit accounted for just 20.1 percent of car purchases in the first three months of the year, according to the joint report by the National Bureau of Credit History and car market research agency Autostat.

More affordable car loans should help boost Russia's plummeting car market, which shrank 49 percent in April year-on-year amid the country's general economic downturn, Autostat said. Car loans typically play a major role in driving car sales, accounting for 40.5 percent of last year's automobile purchases.

"The support of the industry by credit institutions gives hope that sales in the industry may increase," the report quoted Autostat executive director Sergei Udalov as saying.

Russian loan rates spiked past 20 percent in December following the Central Bank's decision to raise the key rate to 17.5 percent in an effort to cool the ruble's blistering devaluation on the back of low oil prices and Western sanctions.

The Central Bank has since lowered the rate to 12.5 percent following the ruble's strengthening, allowing many banks to offer loans on more affordable terms.

The loan market has also been boosted by increased government support. In April the Industry and Trade Ministry launched a preferential car loan program that lends cash for cars costing up to 1 million rubles (\$19,000) at two-thirds of the Central Bank's key rate.

The first six weeks of the program's implementation saw 38,500 cars sold, Industry and Trade Minister Denis Manturov said Wednesday, according to the ministry's statement.

The support measures will help increase sales by 300,000 cars by the end of the year, the statement said, citing Manturov.

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