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Russian Car Market Keeps Declining in June, No Growth Seen in 2019

By bne IntelliNews

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Igor Ivanko / Moskva News Agency

Sales of new passenger cars and light commercial vehicles (LCVs) in Russia again in June, falling by 3.3 percent to 0.151 million units, the latest report by AEB Automobile Manufacturers Committee (AEB AMC) shows. In January-June overall the market declined by 2.4 percent to 0.83 million vehicles.

This marks the third month in a row that Russian car sales contracted after extensive state support contributed to the recovery of the passenger car and LCV market in 2017-2018.

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"Six months into 2019, we find the market 2.4 percent down year-on-year, with a second quarter that proved more challenging than the first. Market expectations for the second half

of the year are not fundamentally better," the head of AEB Joerg Schreiber commented.

"It is clear that market growth in the full year of 2019 is not a realistic scenario anymore," Schreiber warned. The AEB de-facto revised the car market outlook to best-case-scenario zero growth, as "even with a certain trend improvement in the second half, it would appear that the best outcome the market can hope for is to equalize last year's sales result."

Previously, market participants warned that declining consumer confidence and incomes will drive Russian passenger and LCV sales to decline by 3-10 percent in 2019, Reuters reported on June 24 citing the survey of industry unions.

Moreover, recent reports also claimed that Russian car market could be shrinking faster than industry data suggests, with a real decline in car sales at 18 percent in May 2019 if accounting only for actual sales by car dealers.

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