

Brazil February Auto Sales Fell on Tax, Carnival Holiday

Brazil auto sales slipped in February on the return of higher taxes and as the Carnival holiday limited the number of business days, auto-maker association Anfavea said Wednesday.

Sales of cars, trucks and buses reached 235,109 units in February, down 25% from January and 5.8% lower than the year-earlier month, Anfavea said on its website. A cut in the so-called IPI tax on auto sales helped boost sales last year to a record, but with the tax gradually returning this year, consumer enthusiasm has started to wane.

Auto production also declined from January, but improved on a yearly comparison, Anfavea said. Auto output slid 18% from January, in part due to the smaller number of business days, but climbed 5.2% from February 2012.

So far this year, vehicle output is up 18%, thanks largely to a recovery in truck and bus production. Stricter emission standards put in place last year led to a steep dropoff in sales and output, but with numerous infrastructure projects under way in Brazil and forecasts pointing to a strong agricultural harvest, sales and production have been climbing.

Exports, meanwhile, declined from the year-earlier period, while improving from January. Exports reached \$1.1 billion in February, down 3.8% from the year-earlier month and up 12% from January. So far this year, export values are down 4.9% thanks to a stronger Brazilian currency and a less favorable product mix.

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