

China Car Sales Rise More Slowly as Trade Data Seen Slowing

China's passenger-vehicle sales rose at a slower pace in May as consumer confidence waned amid signs that momentum for economic growth is slowing. Wholesale deliveries of cars, multipurpose and sport utility vehicles increased 9 percent to 1.4 million units in May, according to the state-backed China Association of Automobile Manufacturers yesterday. That compares with growth of 13 percent in April and 13.3 percent in March. The slowing auto-sales growth follows data showing average inventory levels at dealerships rose in April. Government reports yesterday showed trade, inflation and lending in May all trailed estimates, signaling weaker domestic demand that adds pressure on Premier Li Keqiang to shore up economic growth. "Strong inventory building in the first four months of 2013 and a softer GDP in 2Q13 lead us to expect gradually slower sales growth for the rest of the year," Ole Hui, a Hong Kong-based analyst with Mizuho Financial Group Inc. (8411), wrote in a research note on June 6. Total sales of vehicles, including buses and trucks, gained 9.8 percent to 1.76 million units last month, the association said. Growth in motor vehicle output slowed to 15.7 percent year-on-year in May from 18.3 percent in April, National Bureau of Statistics data released yesterday showed. Vehicle sales for the first half are expected to be between 10 million and 11 million units, CAAM Secretary General Dong Yang said at a briefing yesterday. He said there's no overcapacity in China's auto industry. Three Decades "In the past three decades every time we thought there was overcapacity in the auto industry, we were proved wrong," Dong said. The sales data came on the same day that the National Bureau of Statistics released data showing that industrial production rose a less-than-forecast 9.2 percent from a year earlier and factory-gate prices fell for a 15th month. Sales of SUVs, the fastest-growing segment last year, rose 40.9 percent to 227,900 units while demand for multipurpose vehicles rose 1.1 times to 84,600 units. Sedan deliveries gained 5.28 percent to 940,500 vehicles. Volkswagen AG (VOW)'s Lavalida was the best-selling sedan last month, while Great Wall Motor Co. (2333)'s Haval remained the nation's top-selling SUV. Honda sales rose 4.6 percent in May, Nissan's increased 2 percent, according to the companies. Toyota deliveries gained 0.4 percent for the first monthly sales increase in China since January. GM (GM), the biggest foreign automaker in the world's second-biggest economy, posted a 9.4 percent increase in China deliveries last month to 252,942 units, led by demand for Buick cars. At Ford Motor Co. (F), sales climbed 45 percent to 70,540 units in May. Bloomberg