

China Passenger-Vehicle Sales Near 2-Year High on Discounts

Chinese monthly passenger-vehicle sales rose to the highest in almost two years, beating analyst estimates, as consumer confidence improved with the economy and dealerships increased discounts to reduce stockpiles.

Wholesale deliveries, including multipurpose and sport utility vehicles, gained 8.75 percent to 1.46 million units last month, the China Association of Automobile Manufacturers said in a statement today. That beat the 1.42 million units average estimate of seven analysts surveyed by Bloomberg.

Buyers are stepping up auto purchases as dealerships increase discounts to reduce inventory at the end of the year, according to industry researcher IHS Automotive. China's growth rebound gathered pace in November, with retail sales gaining the most since March and industrial production accelerating for a third month.

"There's still strong pent-up demand," said Ivo Naumann, Shanghai-based managing director at consulting company AlixPartners. "If you wanted originally to buy a car in March and you didn't buy because you weren't sure about the economy, now seven, eight months later, at some point you want to have your car."

Total sales of vehicles, including trucks and buses, rose 8.2 percent to 1.79 million units last month. In January 2011, 1.53 million units of passenger vehicles were sold.

Next Year

Sales of SUVs jumped 18 percent last month to 189,200 units, maintaining its streak as the fastest-growing segment in the world's largest auto market. In the first 11 months, SUV sales climbed 26 percent to 1.79 million units, compared with a 7.1 percent gain to 14 million in total passenger-vehicle sales.

Commercial-vehicle deliveries gained 5.6 percent to 329,700 units last month. Total vehicle inventory fell by 2.8 percent in November from the prior month to 777,500 units, the association said.

Total vehicle sales may exceed 19 million units this year, the association said. December auto sales should be "ideal," judging from the momentum gained in November, Chen Shihua, the association's head of statistics, said at a news conference today.

Sales Forecast

China passenger car sales will increase about 10 percent next year, according to Xu Changming, director of information resource development at the State Information Center, part of the nation's top economic planning body, at a car dealership conference on Nov. 29.

Industrial production climbed 10.1 percent in November from a year earlier and retail sales growth accelerated to 14.9 percent, both beating analysts' estimates, while inflation was 2 percent, according to figures from the statistics bureau yesterday.

China's benchmark Shanghai Composite Index (SHCOMP) rose 4.1 percent last week, the most in a year, on expectations the economic recovery will gather pace and as the Politburo signaled an increased focus on urban development.

Japanese-brand sales rebounded in November to account for 11.7 percent of market share, an increase of 4 percentage points from October, adding to evidence the automakers are recovering from the consumer backlash over a territorial dispute, the association data shows.

Nissan Motor Co. (7201), which has the biggest market share in China among Japanese automakers, reported a 30 percent drop in November sales to 79,500 units, a narrower decline from October. Honda Motor Co. (7267)'s deliveries slumped 29 percent to 41,205 vehicles, while Toyota Motor Corp. (7203) dropped 22 percent to 63,800 vehicles.

Japanese Rebound

"The winter for Japanese brand cars is over," Dong Yang, secretary general of the auto association, said at a briefing in Beijing today.

General Motors Co. (GM), the biggest foreign automaker in China, reported a 9.7 percent increase in November sales to 260,018 units, led by its Chevrolet and Buick brands. Ford increased sales 56 percent to 67,505 vehicles last month.

Among luxury carmakers, Bayerische Motoren Werke AG boosted sales 62 percent to 31,090 units, while Daimler AG's Mercedes-Benz reported a 6.6 percent drop in deliveries to 16,876 vehicles in China, including Hong Kong.