

## **Brazil Auto Sales Drop After Tax-Break-Fueled Surge**

Brazil auto sales slumped in September after expectations for a tax break to end in August led many consumers to move up their purchases, auto maker association Anfavea said Thursday, even as it reaffirmed its view for sales to climb this year.

Sales of cars, trucks and buses fell 7.6% from the year-earlier month, reaching 288,108 units in September. The September sales were down 31% from August, which had record sales of more than 420,000 vehicles.

“The decline is justified after the record month in August, as there was some anticipation of purchases in August,” Cledorvino Belini, president of Anfavea, said. “This month sales should rebound, although not to August levels.”

So far this year, sales of vehicles are 4% higher than in the same period in 2011, thanks to tax breaks put in place in May. The tax breaks had been expected to end in August, but shortly before their expected expiration the government extended the breaks until the end of October.

According to Mr. Belini, September also compared less favorably to August because it had four fewer business days. Still, the daily sales average in September was of about 14,600 vehicles, down 17% from the 17,600 vehicles sold per day in August. With the slower sales, stockpiles after September returned to the historical average of 33 days of sales, from the equivalent of 19 days of sales in August.

Sales of cars and light-commercial vehicles in September fell 5.4% from the year-earlier period, while heavy-truck sales continued to weigh down overall sales, with a 43% drop from a year earlier.

Truck sales slumped due to stricter emissions standards imposed at the start of the year, but Mr. Belini said there was a slight improvement in sales at the end of September, signaling the start of a turnaround.

Despite the September sales slump, Anfavea still expects sales to climb 5% this year to as many as 3.8 million vehicles, and output to expand 2% to 3.48 million units.

Vehicle output in September climbed 8.2% on the year, thanks to strong sales in previous months winding down stockpiles at the factory and on the showroom floor. However, output was down 14% from August.

Through the end of September, output was 5.7% behind 2011 levels.

Exports also lagged behind 2011. September exports totaled \$1.15 billion, 23% less than the 2011 month and 18% below August exports. Through the end of the third quarter, exports were 5.7% weaker than during the same period in 2011.

New auto rules announced Thursday, which demand more investment in technology and energy efficiency, will help Brazil become more competitive in its exports in coming years, Mr. Belini said.

Fiat SpA (FIATY, F.MI) once again was the market leader, selling 54,799 passenger cars. Volkswagen AG (VLKAY, VOW.XE) sold 51,977 cars, while General Motors Co. (GM) came in third with sales of 38,748 autos. Ford Motor Co. (F) sold 18,509, followed by Renault SA (RNO.FR), with 14,216 in car sales.