

26/09/1998

## Spurt in car sales as credit squeeze eases

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KUALA LUMPUR, Fri. - The lifting of financing restrictions for cars has led to a spurt in the sales of Proton cars while sales of upmarket cars are expected to increase in about two months.

A spokesman for an Edaran Otomobil Nasional Berhad branch said today while they were not selling any cars during the same period last year, with the lifting of the financing restrictions they were now averaging 100 cars a month.

He said this was a significant increase from the average of 40 cars when financing restrictions were imposed.

At the height of the boom, sales averaged 200 cars per month, he said.

"The 85 per cent financing ruling, longer repayment period of seven years and the lowering of the interest rate to 8.75 per cent from 10 per cent has all spurred sales," he said.

His views were echoed by a spokesman for another EON branch.

Yesterday, Prime Minister Datuk Seri Dr Mahathir Mohamad said the country was already seeing the first signs of economic recovery, with sales of cars going up from 5,000 units a month to 12,000 a month and said that this was good.

Dr Mahathir said that capital controls were producing results, starting with the increase in car sales.

A Directional (Malaysia) Sdn Bhd Bangsar branch sales manager, Rodney Wong said his branch, which sells Citroen cars, now sells between eight and 10 cars per month, up from the five units during the credit squeeze.

"During good times we averaged 30 cars and in bad times we were down to five cars. As more money gets into the system, we expect more sales," Wong said.

He said normally there would be an increase in sales whenever a festive period approached.

However most used car dealers said that they had yet to see any increase and said that finance companies were still being very tight-fisted.

"This is a period when only serious and financially stable purchasers would come around to buy and finance companies should relax their policy towards used cars," a dealer in Jalan Imbi said.

He maintained that finance companies were mostly adversely affected by property and machinery loans and not car loans as most people would pay their car instalments to avoid losing their means of getting about.

He said he, however, expected to see an increase in about two months when finance companies became more confident.

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