

Car loan rates steady for now in line with central bank pause

Lenders say floods cut output, demand

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Major commercial banks are expected to keep automobile hire-purchase interest rates unchanged through the end of the year in line with the country's policy rate and vehicle demand and supply.

Isara Wongrung, managing director of Kasikorn Leasing, a subsidiary of Kasikornbank, said it would keep its flat rate of 2.65% per year for new cars through the end of this year.

Interest rates for other consumer finance products would also be steady in line with the Bank of Thailand's policy rate.

The central bank's Monetary Policy



Isara: Impact certain in fourth quarter

Committee on Wednesday left its current policy rate unchanged at 3.5%, reflecting rising concern about the global economic slowdown and the severe impact on the economy of local flooding.

Mr Isara, who is also a representative of the Thai Hire Purchase Association,

said the value of automobile loans was expected to decline to 600 billion baht this year, from an initial projection of 650 billion.

The reduction would stem mainly from lower-than-expected local car sales of about 900,000 units against earlier forecasts of at least 950,000.

Local automobile production is now forecast at 1.5 million units for domestic and export sales, down from 1.8 million estimated earlier.

Many Thailand-based manufacturers have been forced to suspend production this week as floods have inundated the factories of hundreds of parts suppliers. Carmakers had only begun to return to normal production levels after an earlier slowdown forced by the impact of the earthquake and tsunami in Japan in March.

"All these negative factors are ex-

pected to affect both the vehicle industry and auto loan business in the fourth quarter," said Mr Isara.

K-Leasing, however, has met its targets for loan growth so far, he added.

In the first nine months of the year, the company booked loan growth of 44.14 billion baht, higher than the initial target of 43.3 billion.

Anuchart Deeprasert, a senior vice-president at Thanachart Bank, said it would also keep its automobile loan rates in a range of between 2.65% and 2.80% this year.

"Interest rates are not a key factor in car loan business growth as long as demand remains sluggish," he said.

Pairote Cheunkrut, managing director of Ayudhya Capital Auto Lease or Krungsri Auto, said the company would keep its existing rate unchanged at 2.65% in line with the unchanged policy rate.

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