

# Day Break

Wednesday, March 13, 2024

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Securities

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## Sector

Automobile Assemblers

### Automobile Assemblers

## Feb-24: Auto Sales Decline by 5%/y; Passenger Car Sales up +2.2xy/y

- For the month of Feb-24, automobile sales are down by 10%m/m to 107k units, while on yearly basis overall sales are down by 5%/y.
- In our opinion, the said decline in sales is down to multiple of factors, including; higher interest rates, tighter financing regulations and elevated inflation.
- Auto Sales Volume are expected to remain dull in the near future on the back of heightened auto prices and high interest rates resulting in lower auto financing. However, a possible reduction in interest rates is expected to recover demand and normalize the sales volumes.

We review recently automobile assembler's sales data published by Pakistan Automobile Manufactures and Assemblers (PAMA) for the month of Feb-24.

### Monthly automobile sales record a 5%/y decrease

For the month of Feb-24, automobile sales are down by 5%/y to 107k units, while on monthly basis overall sales are down by 10%/m.

Segment-wise, passenger cars sales registered a +2.2xy/y (+2%m/m) increase to 7.9k units, while jeeps/pickups segment recorded a 28%/y (36%m/m) decrease in total sales. Under commercial vehicles trucks & buses recorded a decrease of 46%/y (up by 46%m/m) to 0.33k units. Whereas tractors sales recorded a +1%/y increase and 28%m/m decline to 2.5k units.

Exhibit: Segment-wise Sales Data for Feb-24								
In Units	Feb/24	Jan/24	m/m	Feb/23	y/y	8M/24	8M/23	y/y
Passenger Cars	7,953	7,802	2%	3,642	118%	46,418	78,576	-41%
Trucks	290	176	65%	521	-44%	1,276	2,546	-50%
Buses	63	66	-5%	136	-54%	301	528	-43%
Jeeps/SUV/Pickup	1,756	2,734	-36%	2,430	-28%	13,294	22,481	-41%
Tractors	3,366	3,814	-12%	3,330	1%	30,591	18,249	68%
2-Wheeler	91,239	101,132	-10%	100,497	-9%	725,170	825,406	-12%
3-Wheeler	2,525	3,487	-28%	2,506	1%	15,034	14,990	0%
<b>Grand Total</b>	<b>107,192</b>	<b>119,211</b>	<b>-10%</b>	<b>113,063</b>	<b>-5%</b>	<b>832,084</b>	<b>962,776</b>	<b>-14%</b>

Source : PAMA, IGI Research

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### Higher inflation and interest rates continues to put off demand

In our opinion, the said decline in sales is down to multiple of factors, including;

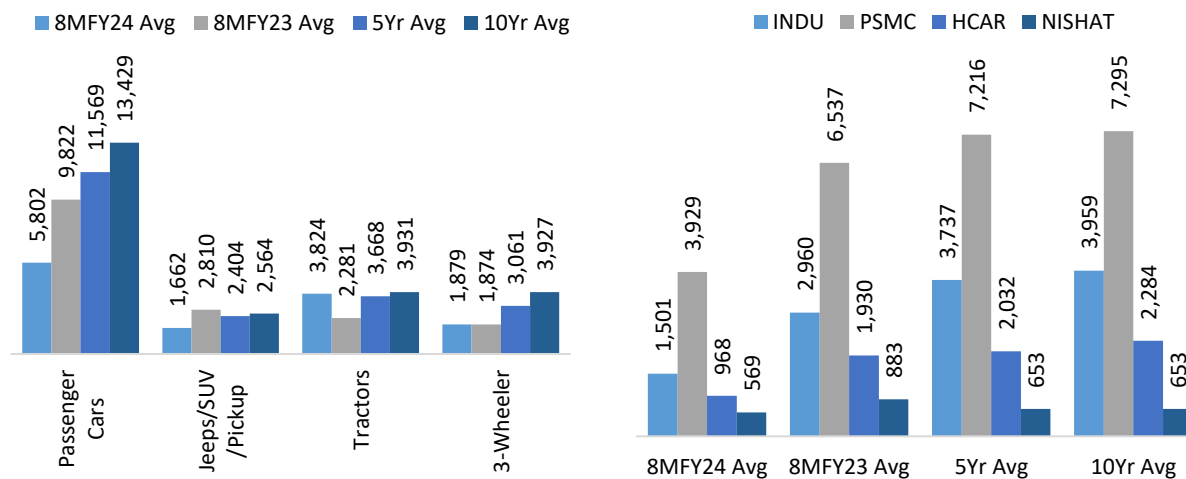
- Higher interest rates and tighter financing regulations has caused overall slowdown in demand for auto-financing.
- Overall decline in consumer purchasing power due to heightened auto prices and elevated inflation.

#### Exhibit: Historic Average Monthly Sales (units)

Automobile sector sales stand substantially below their historic average monthly sales depicting significant slowdown in demand.

#### Exhibit: Company-wise historic average monthly sales

INDU and HCAR have witnessed a substantial slowdown in volumes with more than 50% decline compared to historic average, however, for PSMC volumes have declined at a slower pace than peers.



Source: PAMA , IGI Research

- **INDU:** Sales volume decreased by 26% m/m to 2.0k units (up by +13%/y/y). Under the passenger car segment Corolla & Yaris witnessed a 18% m/m decrease to 1.7k units, whereas combine units sold under the variant Fortuner & Hilux recorded a 55% m/m decrease to 277 units, however, on a yearly basis sales are down by 61% y/y.
- **PSMC:** Volumes increased by 7% m/m to 4.9k units (increasing ~5x on y/y basis). Alto (up by 13% m/m), Wagon R (down by 58% m/m), Cultus (up by 17% m/m), Swift (up by 20% m/m), Bolan (up by 36% m/m) and, Ravi under pick-up segment recorded a 27% m/m decrease.
- **HCAR:** Sales of Civic & City for the month of Feb-24 increased by 14% m/m to 1.4k units bringing total sales of HCAR to 1.5k units, up by 13% m/m, BRV experienced a rise of 8% m/m leading to 0.14k units.

### Outlook:

Auto Sales Volume are expected to remain dull in the near future on the back of heightened auto prices and high interest rates resulting in lower auto financing. However, a possible reduction in interest rates is expected to recover demand and normalize the sales volumes.

Exhibit: Company-wise Sales Data for Feb-24								
units	Feb-24	Jan-24	m/m	Feb-23	y/y	8M/24	8M/23	y/y
Corolla & Yaris	1,759	2,143	-18%	1,091	61%	9,181	14,875	-38%
Fortuner & Hilux	277	619	-55%	712	-61%	2,825	8,805	-68%
<b>INDU</b>	<b>2,036</b>	<b>2,762</b>	<b>-26%</b>	<b>1,803</b>	<b>13%</b>	<b>12,006</b>	<b>23,680</b>	<b>-49%</b>
Civic & City	1,375	1,207	14%	1,244	11%	6,520	11,770	-45%
BRV & HRV	142	132	8%	392	-64%	1,221	3,673	-67%
<b>HCAR</b>	<b>1,517</b>	<b>1,339</b>	<b>13%</b>	<b>1,636</b>	<b>-7%</b>	<b>7,741</b>	<b>15,443</b>	<b>-50%</b>
Swift	663	552	20%	67	890%	3,445	7,707	-55%
Cultus	320	273	17%	72	344%	2,501	5,758	-57%
Wagon R	136	320	-58%	93	46%	2,285	4,533	-50%
Bolan	183	135	36%	91	101%	1,497	3,083	-51%
Alto	3,373	2,983	13%	544	520%	19,761	28,202	-30%
Ravi	210	287	-27%	111	89%	1,943	3,012	-35%
<b>PSMC</b>	<b>4,885</b>	<b>4,550</b>	<b>7%</b>	<b>978</b>	<b>399%</b>	<b>31,432</b>	<b>52,295</b>	<b>-40%</b>
Elantra	89	132	-33%	243	-63%	686	1,698	-60%
Sonata	55	57	-4%	197	-72%	541	948	-43%
Tucson	222	298	-26%	708	-69%	2,179	3,572	-39%
Porter	201	120	68%	123	63%	1,148	848	35%
Santa Fe	213	225	-5%	0	0%	788	0	0%
<b>Nishat</b>	<b>780</b>	<b>832</b>	<b>-6%</b>	<b>1,271</b>	<b>-39%</b>	<b>5,342</b>	<b>7,066</b>	<b>-24%</b>
<b>AGTL</b>	<b>1,208</b>	<b>1,005</b>	<b>20%</b>	<b>728</b>	<b>66%</b>	<b>10,525</b>	<b>7,143</b>	<b>47%</b>
<b>MTL</b>	<b>2,158</b>	<b>2,809</b>	<b>-23%</b>	<b>2,602</b>	<b>-17%</b>	<b>20,066</b>	<b>11,106</b>	<b>81%</b>
<b>ATLH</b>	<b>82,104</b>	<b>92,041</b>	<b>-11%</b>	<b>85,047</b>	<b>-3%</b>	<b>644,544</b>	<b>697,864</b>	<b>-8%</b>
<b>PSMC (2w)</b>	<b>1,446</b>	<b>1,484</b>	<b>-3%</b>	<b>1,996</b>	<b>-28%</b>	<b>10,316</b>	<b>24,981</b>	<b>-59%</b>

Source: PAMA, IGI Research

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