

## Sector

Automobile Assemblers

### Monthly Sales

## Aug-22: Autos Sales Hard on the Brakes

- For the month of Aug-22, automobile sales are up by 6%m/m to 118k units, while on yearly basis overall sales are down by 33%/y/y.
- In our opinion, the said decline in sales is down to multiple of factors, including: plants shutdown, higher interest rates, increased vehicle & fuel prices
- Recent production halts by INDU, HCAR and PSMC indicate automobile assemblers struggling to maintain supply-demand balance hence we opine overall sales volumes are likely to remain thin in FY23.

We review recently automobile assembler's sales data published by Pakistan Automobile Manufacturers and Assemblers (PAMA) for the month of Aug-22.

### Monthly Automobile sales record a 6%m/m increase

For the month of Aug-22, automobile sales are up by 6%m/m to 118k units, while on yearly basis overall sales are down by 33%/y/y.

Segment-wise, passenger cars sales registered a 50%/y/y (13%m/m) decline to 8.98k units, while jeeps/pickups segment recorded a 31%/y/y decline (up by +76%m/m) in total sales during Aug-22. Under commercial vehicles trucks & buses recorded a decline of 43%/y/y (10%m/m) to 0.34k units. Tractors segment recorded an increase of +20%/y/y (+76%m/m) in sales to 4.0k units during Aug-22.

Segment-wise sales for August-22						
units	Aug/22	Jul/22		m/m	Aug/21	y/y
Passenger Cars	8,980	10,377	↓	-13%	17,899	↓ -50%
Trucks & Buses	341	379	↓	-10%	603	↓ -43%
Jeeps / SUVs / Pickup	2,665	1,511	↑	76%	3,838	↓ -31%
Tractors	3,976	2,254	↑	76%	3,316	↑ 20%
2-Wheeler	100,688	95,495	↑	5%	146,900	↓ -31%
3-Wheeler	988	926	↑	7%	3,325	↓ -70%
<b>Grand Total</b>	<b>117,638</b>	<b>110,942</b>	↑	<b>6%</b>	<b>175,881</b>	↓ <b>-33%</b>

Source: PAMA, IGI Research

### Higher prices and financing rates has put off demand

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

- Plants shutdown and production delays,
- Higher interest rates and stricter financing regulations has caused overall slowdown in demand for auto-financing
- Increased product & fuel prices has further dampen overall automobile demand.
- Difficulty in importing CKD Units as SBP advised banks recently to seek prior approval before initiating transactions ([link](#))

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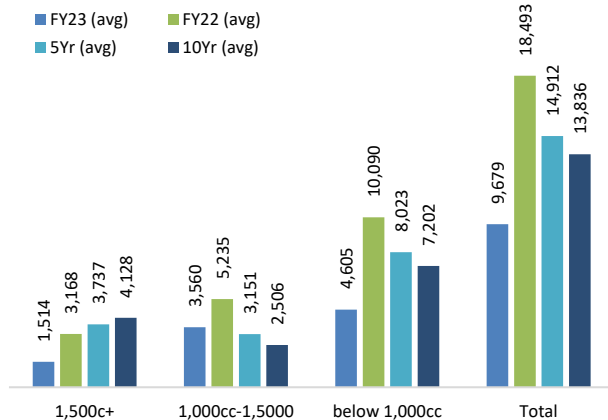
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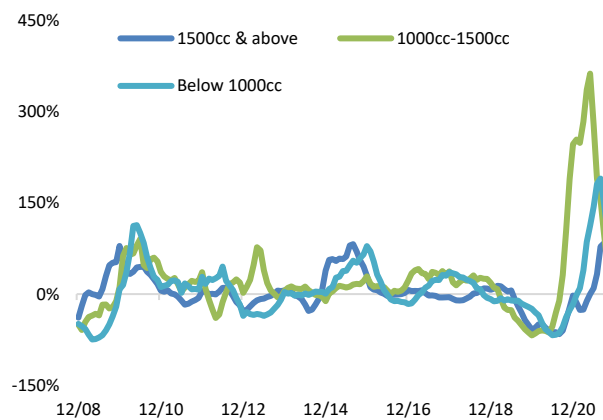
### Exhibit: Passenger cars taking a massive dent

Nearly all category engine passenger cars sales dropped when compared to historic levels.



### Exhibit: 6-months moving average sales

Post 2020 super-cycle sales are finally cooling-off



Source: PAMA, IGI Research

- **INDU:** Sales volume increased by +63%*m/m* to 3.9k units (down by 31%*y/y*). Under the passenger car segment Corolla & Yaris witnessed a +67%*m/m* increase to 2.9k units, whereas combine units sold under the variant Fortuner & Hilux recorded a +52%*m/m* increase to 975 units, however, on a yearly basis sales are down by 42%*y/y*.
- **PSMC:** Volumes depicted decline of 27%*m/m* to 7.4k units (decrease by 51%*y/y*). Alto (down by 50%*m/m*), Wagon R (up by +29%*m/m*), Cultus (down by 38% *m/m*), Swift (up by +66%*m/m*), Bolan (down by 36%*m/m*) and, Ravi under pick-up segment recorded a 72%*m/m* decrease.
- **HCAR:** Sales of Civic & City for the month of Aug-22 decreased by 40%*m/m* to 1.4kunits bringing total sales of HCAR to 1.8k units, down by 29%*m/m*. However, BRV recorded an increase of +2.9x*m/m* leading to sales of 0.37k units during Aug-22.

### Outlook: Multiple Speed Bumps Ahead; Sales to remain Subpar

Volumes are likely to remain shallow in FY23. Recent production halts by INDU, HCAR and PSMC, is a reflection of demand slowdown in automobile sales.

As per manufacturers' management, these peculiar decision were necessary to encounter Pakistan's ongoing unprecedented economic crisis, including volatile PKR/USD, high financing costs, elevated global commodity prices and slowing demand, so for the time being we think this will remain so until economic stability is achieved.

Company-wise sales for August-22							
units	Aug/22	Jul/22		m/m	Aug/21		y/y
<b>INDU</b>	<b>3,876</b>	<b>2,375</b>	<b>↑</b>	<b>63%</b>	<b>5,639</b>	<b>↓</b>	<b>-31%</b>
Corolla & Yaris	2,901	1,734	↑	67%	3,967	↓	-27%
Fortuner & Hilux	975	641	↑	52%	1,672	↓	-42%
<b>PSMC</b>	<b>7,409</b>	<b>10,191</b>	<b>↓</b>	<b>-27%</b>	<b>15,050</b>	<b>↓</b>	<b>-51%</b>
Swift	532	321	↑	66%	154	↑	245%
Cultus	411	661	↓	-38%	2,845	↓	-86%
Wagon R	365	282	↑	29%	1,679	↓	-78%
Bolan	227	353	↓	-36%	1,097	↓	-79%
Alto	2,293	4,618	↓	-50%	5,031	↓	-54%
Ravi	126	444	↓	-72%	1,256	↓	-90%
Suzuki 2/w	3,455	3,512	↓	-2%	2,988	↑	16%
<b>HCAR</b>	<b>1,809</b>	<b>2,537</b>	<b>↓</b>	<b>-29%</b>	<b>3,230</b>	<b>↓</b>	<b>-44%</b>
City/Civic	1,436	2,408	↓	-40%	2,726	↓	-47%
BRV	373	129	↑	189%	504	↓	-26%
<b>NISHAT</b>	<b>1,929</b>	<b>201</b>	<b>↑</b>	<b>9.6x</b>	<b>712</b>	<b>↑</b>	<b>171%</b>
Elantra	581	0	↑	n.m.	258	↑	n.m.
Sonata	234	0	↑	n.m.	142	↑	n.m.
Tucson	985	104	↑	847%	192	↑	413%
Porter	129	97	↑	33%	120	↑	8%
<b>AGTL</b>	<b>1,420</b>	<b>1,243</b>	<b>↑</b>	<b>14%</b>	<b>1,302</b>	<b>↑</b>	<b>9%</b>
<b>MTL</b>	<b>2,556</b>	<b>1,011</b>	<b>↑</b>	<b>2.5x</b>	<b>2,014</b>	<b>↑</b>	<b>27%</b>
<b>HINO</b>	<b>74</b>	<b>81</b>	<b>↓</b>	<b>-9%</b>	<b>86</b>	<b>↓</b>	<b>-14%</b>
<b>GHNL</b>	<b>99</b>	<b>91</b>	<b>↑</b>	<b>9%</b>	<b>126</b>	<b>↓</b>	<b>-21%</b>
<b>GHNI</b>	<b>175</b>	<b>263</b>	<b>↓</b>	<b>-33%</b>	<b>319</b>	<b>↓</b>	<b>-45%</b>
<b>ATLH</b>	<b>85,023</b>	<b>80,067</b>	<b>↑</b>	<b>6%</b>	<b>100,037</b>	<b>↓</b>	<b>-15%</b>
<b>SAZEW</b>	<b>0</b>	<b>259</b>	<b>↓</b>	<b>n.m.</b>	<b>1,242</b>	<b>↓</b>	<b>n.m.</b>

Source: PAMA, IGI Research

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