

Sector

Automobile Assemblers

Monthly Sales

July-22: Autos Sales Hard on the Brakes

- For the month of Jul-22, automobile sales are down by 38%m/m to 110k units, while on yearly basis overall sales are down by 37%/y/y.
- In our opinion, the said decline in sales is down to multiple of factors, including; tighter restriction on import of CKD units, higher interest rates, Increased product & fuel prices
- Nearly all engine category cars, took a dent in its sales. Most prominent has been a 56% decline in 1,500cc+ engine cars in Jul-22 when compared to last year average monthly sale of 3.2k units
- Recently, INDU has relaxed vehicles prices by an average of 6-7%, as demand takes a dent (evident of Jul-22). However, we opine that reduced prices are unlikely to spur demand anytime soon.

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

Monthly automobile sales record a 38%y/y decrease

For the month of Jul-22, automobile sales are down by 38%m/m to 110k units, while on yearly basis overall sales are down by 37%/y/y.

Segment-wise, passenger cars sales registered a 50%/y/y (56%m/m) decline to 10.4k units, while jeeps/pickups segment recorded a 65%/y/y (69%m/m) decrease in total sales. Under commercial vehicles trucks & buses recorded a decrease of 37%/y/y (36%m/m) to 0.38k units. Whereas tractors sales recorded a 48%/y/y (70%m/m) decline to 2.3k units.

Exhibit: Segment-wise sales for July-22							
units	Jul/22	Jun/22		m/m	Jul/21		y/y
Passenger Cars	10,377	23,546	↓	-56%	20,669	↓	-50%
Trucks & Buses	379	589	↓	-36%	601	↓	-37%
Jeeps / SUVs / Pickup	1,506	4,831	↓	-69%	4,250	↓	-65%
Tractors	2,254	7,590	↓	-70%	4,332	↓	-48%
2-Wheeler	95,495	138,913	↓	-31%	142,615	↓	-33%
3-Wheeler	667	3,716	↓	-82%	2,582	↓	-74%
Grand Total	110,678	179,185	↓	-38%	175,049	↓	-37%

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;

- Govt. recently imposed tighter restriction on import of Completely Knocked Down (CKD) units,
- Higher interest rates and tighter financing regulations has caused overall slowdown in demand for auto-financing
- Increased product & fuel prices has further dampen overall automobile demand.

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Exhibit: Cars taking a massive dent (Historic average monthly Sales)

Nearly all engine category cars, took a dent in its sales. Most prominent has been a 56% decline in 1,500cc+ engine cars in Jul-22 when compared to last year average monthly sale of 3.2kunits

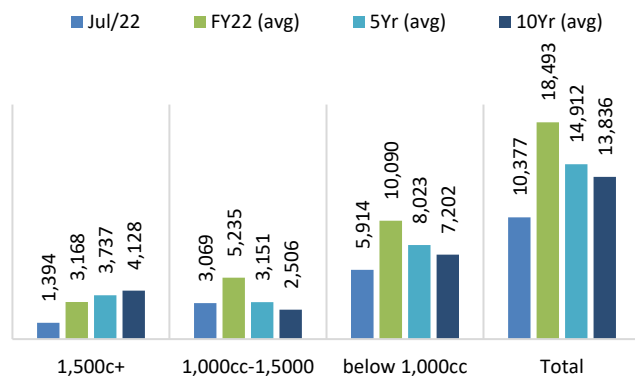
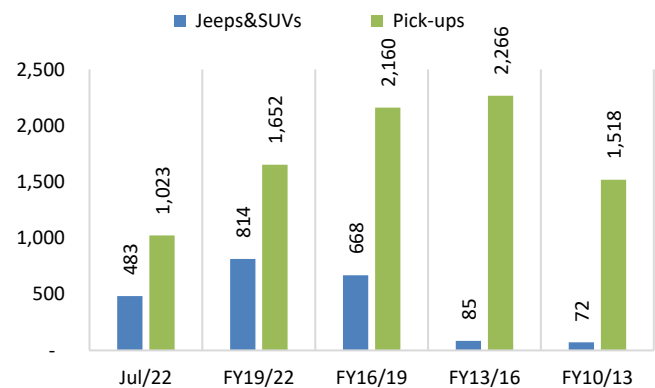


Exhibit: Changing Consumer

Jeeps&SUVs has shown a sharp consumer preference. Between FY10-13 for every 100 passenger cars sold 1 Jeep/SUV segment sale was recorded. Whereas as between FY19-22, that number has risen to 6 per 100 passenger cars sold.



Source: PAMA, IGI Research

- **INDU:** Sales volume decreased by 62% m/m to 2.4k units (down by 65% y/y). Under the passenger car segment Corolla & Yaris witnessed a 61% m/m decrease to 1.7k units, whereas combine units sold under the variant Fortuner & Hilux recorded a 65% m/m decrease to 641 units, however, on a yearly basis sales are down by 62% y/y.
- **PSMC:** Volume decreased by 47% m/m to 10.2k units (decrease by 43% y/y). Alto (down by 38% m/m), Wagon R (down by 87% m/m), Cultus (down by 73% m/m), Swift (down by 81% m/m), Bolan (down by 71% m/m) and, Ravi under pick-up segment recorded a 57% m/m decrease.
- **HCAR:** Sales of Civic & City for the month of July-22 decreased by 30% m/m to 2.4kunits bringing total sales of HCAR to 2.5k units, down by 35% m/m, BRV experienced a decline of 73% m/m leading to 0.13k units.

Outlook: Multiple Speed Bumps Ahead; Sales to remain Subpar

Volumes are likely to remain shallow in FY23. Recent production halts by INDU and HCAR and later expected for PSMC, tells well of automobile assemblers struggling to maintain supply-demand equilibrium. More so, INDU has went on encouraging cancellation by offering 100% amount refund and mark-up on booking cancellation. As per manufacturers' management, these peculiar decision were necessary to encounter Pakistan's ongoing unprecedented economic issues, including volatile PKR/USD, High financing costs, and Elevated global commodity prices and topped up with a slowing demand.

Recently, INDU has relaxed vehicles prices by an average of 6-7%, as demand takes a dent (evident of Jul-22). However, we opine that reduced prices are unlikely to spur demand anytime soon.

Exhibit: Company-wise sales for July-22						
units	Jul/22	Jun/22		m/m	Jul/21	y/y
INDU	2,375	6,309	↓	-62%	6,715	↓ -65%
Corolla & Yaris	1,734	4,453	↓	-61%	5,020	↓ -65%
Fortuner & Hilux	641	1,856	↓	-65%	1,695	↓ -62%
PSMC	10,191	19,277	↓	-47%	17,896	↓ -43%
Swift	321	1676	↓	-81%	225	↑ 43%
Cultus	661	2,468	↓	-73%	4,213	↓ -84%
Wagon R	282	2,134	↓	-87%	2,131	↓ -87%
Bolan	353	1216	↓	-71%	950	↓ -63%
Alto	4,618	7,487	↓	-38%	6,110	↓ -24%
Ravi	444	1,028	↓	-57%	1,552	↓ -71%
Suzuki 2/w	3,512	3,268	↑	7%	2,715	↑ 29%
HCAR	2,537	3,902	↓	-35%	2,307	↑ 10%
City/Civic	2,408	3,421	↓	-30%	1,700	↑ 42%
BRV	129	481	↓	-73%	607	↓ -79%
NISHAT	201	1,871	↓	-89%	627	↓ -68%
Elantra	0	490	↓	n.m.	157	↓ n.m.
Sonata	0	201	↓	n.m.	163	↓ n.m.
Tucson	104	897	↓	-88%	175	↓ -41%
Porter	97	283	↓	-66%	132	↓ -27%
AGTL	1,243	3,201	↓	-61%	1,406	↓ -12%
MTL	1,011	4,389	↓	-77%	2,926	↓ -65%
HINO	81	70	↑	16%	85	↓ -5%
GHNL	91	218	↓	-58%	110	↓ -17%
GHNI	263	324	↓	-19%	263	= 0%
ATLH	80,067	110,789	↓	-28%	100,002	↓ -20%
SAZEW	0	1,797	↓	n.m.	829	↓ n.m.

Source: PAMA, IGI Research

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