



ASEAN Light Vehicle Sales Update

ASEAN Market Opens Q4 with Double-Digit Growth

ASEAN Light Vehicle (LV) sales increase by 16% year-on-year (YoY) in October, thanks to double-digit growth in Indonesia, Thailand and Vietnam.

In Thailand, the strong momentum continued in October, with LV sales up by 27.6% YoY, the fourteenth consecutive month of double-digit growth, putting growth for the first ten months of the year at 21.3% YoY. October sales were supported by the Pickup Truck segment, in particular the latest variant of the Toyota Hilux (launched in September), which features a new automatic transmission and a smaller engine.

Thai LV demand so far this year has been driven by the strong economy, as well as expansionary fiscal and monetary policy, such that we now expect 2018 to close with 1.01 mn units sold, exceeding the 1 mn-unit mark for the first time since 2013.

The Indonesian LV market grew by 13% YoY in October and 5% YoY year-to-date (YTD). In brand terms, only Toyota, Daihatsu and Mitsubishi posted significant increases, thanks to their new 7-seat models, the Rush, Terios and Xpander, respectively.

We have revised our full-year 2018 forecast for Indonesia upward compared to last month, based on the strong October performance and the YTD SAAR of 1.05 mn units, which is already higher than the 1.00 mn units sold in the whole of 2017. We now project that the market will end 2018 with total sales of 1.05 mn units.

LV sales in Vietnam reached a record high of 33k units in October, a 56.5% increase from the same month in 2017, with YTD growth at 23% YoY. This exceptionally strong performance in the month was driven by CBU import sales as OEMs were able to deal with the complex Decree 116 non-tariff regulations (in force since January 2018), thus allowing vehicle imports into Vietnam to resume.

Given October's stronger-than-expected result, we decided to hike our forecasts for this year and next. For 2018, we now project growth of 25% YoY on total sales of 312k units.

For 2019, however, the forecast is more cautious, at 329k units (+5% YoY), as we expect the pace to slow down somewhat,

following this year's sharp increase, and the likelihood that buyers who delayed purchases in 2017 will have bought a vehicle this year. We also anticipate a slowdown in both exports and the economy, with GDP growth set to decelerate from 6.9% this year to 6.4% in 2019.

The LV market in Malaysia posted a virtually flat result in October (+0.2%) compared to the same month last year, albeit with a dramatic increase (+52%) compared to a weak September. The stark contrast between the two months resulted from a supply shortage of the Perodua Myvi. Zero units of the model came off the production line in September, compared to a monthly average of around 7.8k between January and August. This impacted Perodua's average monthly sales, which plunged from 19.5k units in January-May (pre-tax holiday) and 19.8k units in January-August to a low of 9.4k units in September. By October, however, Perodua was able to restart production of the Myvi (6.8k units), thus ensuring a return to average sales levels, with a total of 19.5k units sold in October. This model shortage impacted not only Perodua's performance, but also that of the overall market.

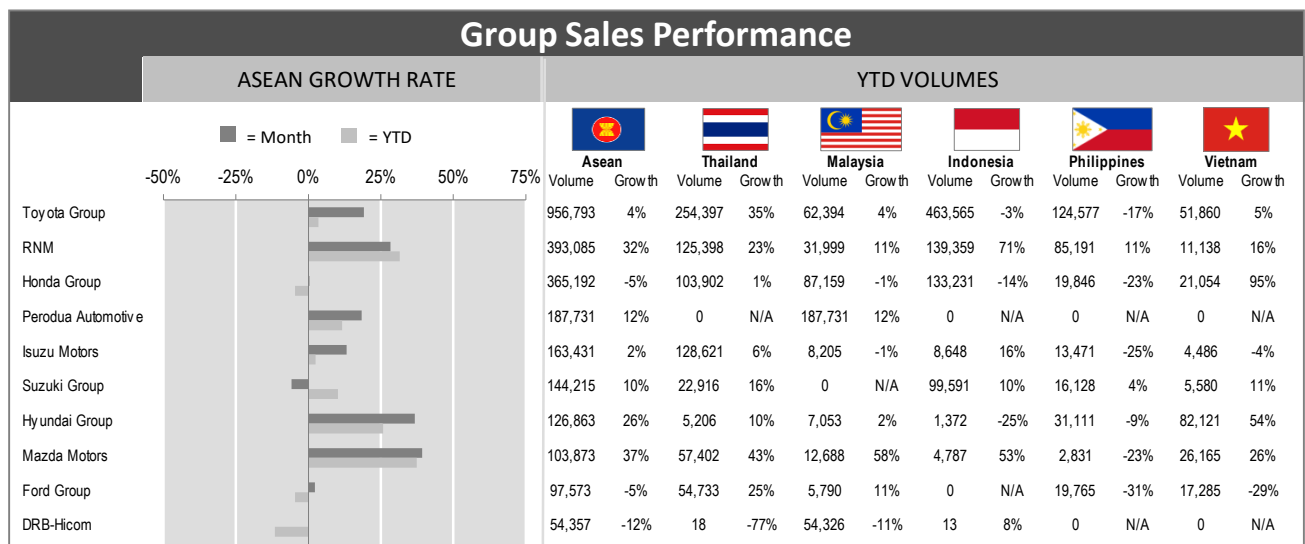
Thanks to this strong rebound in October and the resolution of the Myvi supply issue, we now forecast that the Malaysian LV market will close 2018 on total sales of 588k units (+2.8% YoY).

LV demand in the Philippines dipped by 2.7% YoY in October. Light Commercial Vehicle (LCV) sales rose by 36% YoY, versus a 14% YoY decline Passenger Vehicle (PV) demand. The PV segment weakness so far this year is due to the pull-ahead effect to 2017, when sales soared ahead of the implementation of the PV excise tax hike on 1 January 2018. That said, the rate of decline in the segment has started to ease in recent months, from -28% YoY in Q1 to -22% YoY in Q2.

As the October result was stronger than anticipated and PV sales are showing signs of a recovery, our outlook for the Philippines is now more positive. We forecast total sales of 400k units in 2018 and 434k in 2019.

ASEAN Top Lines						
	Oct	Growth	YTD	Growth	2018	Growth
Sales	312,345	15%	2,891,313	9%		
PV	218,913	12%	2,038,073	7%	2,463,108	5%
LCV	80,514	26%	726,283	15%	892,842	14%
M&H CV	12,918	-4%	126,957	13%		
Production	411,498	18%	3,679,686	9%		
PV	268,144	15%	2,420,934	9%	2,672,522	0%
LCV	130,458	30%	1,131,124	8%	1,259,893	5%
M&H CV	12,896	-4%	127,628	12%		

Market Performance							
		Oct	Growth	Share	YTD	Growth	Share
Thailand	PV	45,087	18%	53%	445,736	22%	55%
	LCV	39,865	40%	47%	367,784	20%	45%
Malaysia	PV	42,267	2%	91%	446,712	6%	90%
	LCV	4,424	-11%	9%	49,668	9%	10%
Indonesia	PV	79,184	12%	81%	720,410	4%	82%
	LCV	18,006	18%	19%	159,665	11%	18%
Philippines	PV	25,626	-14%	68%	234,392	-19%	72%
	LCV	11,835	36%	32%	92,552	22%	28%
Vietnam	PV	26,749	82%	81%	190,823	37%	77%
	LCV	6,384	-1%	19%	56,614	-9%	23%



18th December 2018

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