



ASEAN Light Vehicle Sales Update

ASEAN5: November Sales Growth Slows from October's 16% Upturn

ASEAN5 sales in November increased by 9% YoY as growth in Indonesia, Thailand and Vietnam offset declines in Malaysia and the Philippines.

The Indonesian market posted growth of 5% YoY (+4.3k units) in the month, thanks largely to a 23% YoY surge in the LCV segment (+3.5k units). PV demand grew by a more modest 1% YoY (+0.8k units) as consumers are likely to have delayed purchases ahead of the launch of the forthcoming Toyota Avanza/Daihatsu Xenia MPV, hence the 17% YoY drop in MPV sales in November. Worth noting is that MPV is the largest segment in Indonesia, accounting for around 47% of the overall LV market in 2017. In the same year, the Toyota Avanza/Daihatsu Xenia represented around 15% of total LV sales.

The most recent data available point to a total of 79.0k units sold in December 2018 in Indonesia, slightly above our forecast of 78.5k units. The market closed the year with growth of 4.8% YoY on total sales of 1.05 mn units.

Thai LV sales in November surged by 22% YoY, with robust increases in both the PV (+16% YoY) and LCV (+30% YoY) segments. We expect demand to have remained strong in December, boosted by the Thailand International Motor Expo 2018, and now estimate that a total of 1.02 mn LVs were sold in the year as a whole, equivalent to a 21% increase on 2017.

LV demand in Vietnam remained on an upward trend in November. PV sales jumped by 80.9% YoY, compared to just 4.6% YoY for the LCV segment, putting total growth for the month at 57.5% YoY. Part of the reason for this exceptionally high increase, however, is a low-base effect.

A booming economy ensured that PV demand continued to accelerate in Q4 2018 and, with no sign of a slowdown, we decided to hike our long-term outlook for the Vietnamese PV market. We left the LCV estimates unchanged, however, except for minor adjustments. For 2018 as a whole, we now forecast a record high of 323k units sold.

November LV sales in Malaysia dipped by 2.4% YoY, but rose by 2.0% in month-on-month (MoM) terms. PV demand grew by 0.3% YoY and 2.3% MoM, as OEMs adjusted their sales strategies by either launching aggressive marketing campaigns, or extending their tax-free prices. The LCV segment, in contrast, plummeted by 22.2% YoY and 0.1% MoM. Both domestic and export demand contracted sharply, as reflected in the Nikkei manufacturing PMI hitting a record low in December.

Media reports suggest that LV sales in December totaled approximately 48k units, down by 12% YoY and 0.2% MoM. This differs from the norm as sales in December are typically higher than in November, boosted by aggressive year-end sales drives. Malaysia's automotive association points to December 2018 sales suffering to some extent from the government's pricing approval backlog. This bottleneck delayed the launch of new models as OEMs were forced to wait for vehicle prices to be officially endorsed.

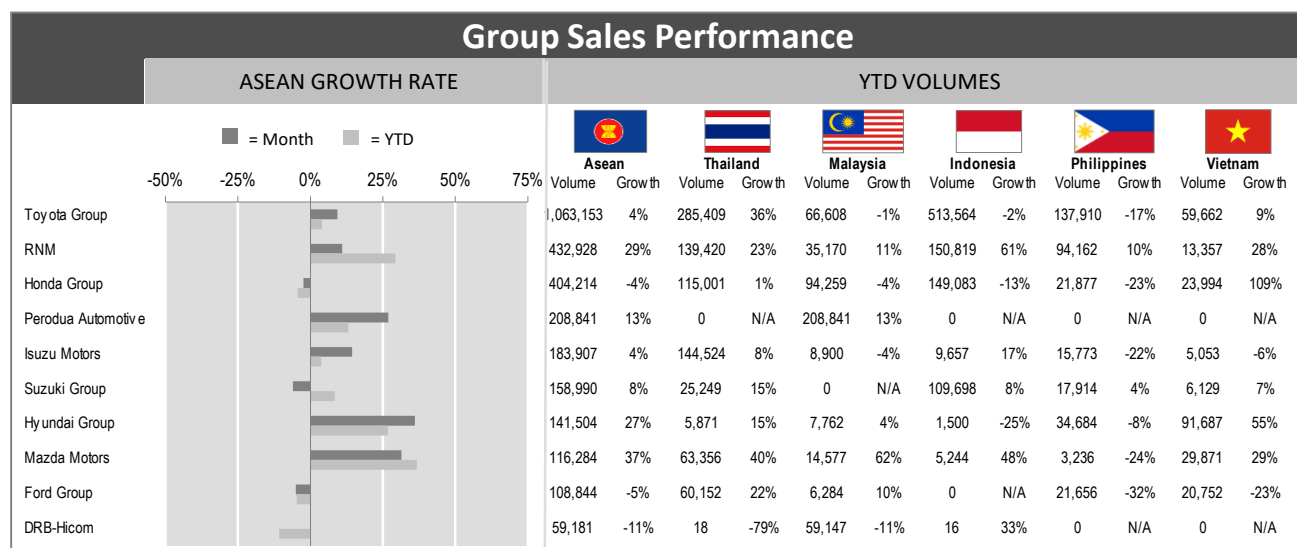
We have not yet reflected this very recent news in our data, but it did prompt us to revise our full-year 2018 estimate for Malaysia down to 592k units, from 599k in our previous report.

The Philippine LV market declined by 16% YoY in November and 11% YoY YTD. The main culprit for this decline was a 20% contraction in the PV segment, which suffered in 2018 from demand being pulled ahead to 2017, as buyers sought to avoid the January 2018 tax hikes. Conversely, LCV demand expanded by a robust 18% YoY, thanks to President Duterte's massive infrastructure construction program.

To finance this project, however, the government set up the Tax Reform for Acceleration and Inclusion, aka "TRAIN," which triggered higher inflation and a widening fiscal deficit. Taking these factors into account, we cut our long-term sales forecast for the Philippines and now estimate total LV sales of around 399k units for 2018, rising to 591k by 2026.

ASEAN Top Lines						
	Nov	Growth	YTD	Growth	2018	Growth
Sales	315,168	8%	3,206,510	9%		
PV	219,047	7%	2,257,120	7%	2,489,426	6%
LCV	83,277	17%	809,580	15%	906,075	15%
M&H CV	12,844	-16%	139,810	9%		
Production	394,519	5%	4,074,328	9%		
PV	253,705	4%	2,666,277	8%	2,666,496	0%
LCV	127,694	9%	1,267,303	9%	1,265,919	5%
M&H CV	13,120	-6%	140,748	10%		

Market Performance							
		Nov	Growth	Share	YTD	Growth	Share
Thailand	PV	48,006	16%	52%	493,742	21%	54%
	LCV	44,696	30%	48%	412,480	21%	46%
Malaysia	PV	43,213	0%	91%	489,925	5%	90%
	LCV	4,428	-21%	9%	54,096	6%	10%
Indonesia	PV	73,583	1%	80%	793,993	4%	82%
	LCV	18,525	23%	20%	178,210	12%	18%
Philippines	PV	26,884	-18%	76%	261,276	-19%	72%
	LCV	8,610	-9%	24%	101,162	18%	28%
Vietnam	PV	27,361	81%	80%	218,184	41%	77%
	LCV	7,018	5%	20%	63,632	-8%	23%



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