



India Light Vehicle Sales Update

A Less Optimistic Outlook for the Indian LV Market

India's Light Vehicle (LV) wholesales in November fell by a marginal 1% year-on-year (YoY) to 314k units. Passenger Vehicle sales (PV) amounted to 252k units (-4% YoY), while the Light Commercial Vehicle (LCV) segment grew by 14% YoY to 62k units, driven by demand in rural areas.

With weak retail sales during the festival season, OEMs reduced deliveries to dealers to streamline inventory. Several automakers, including Maruti-Suzuki, Tata Motors, Mahindra & Mahindra, Toyota, Honda, Ford, Renault and Nissan, shuttered their plants for between six and ten days during the Diwali festival. While not uncommon, the plant closures in 2018 exceeded the typical duration.

With buyers staying away from the market, PV inventory levels at dealerships in the post-Diwali period have increased by a substantial percentage, according to Ashish Harsharaj Kale, president of the Federation of Automobile Dealers Associations (FADA).

"With headwinds still quite strong post Diwali, demand is expected to remain muted in the next 30-45 days," he wrote in his message to FADA members in November.

On a seasonally adjusted annualized rate (SAAR) basis, LV sales were slightly up in November, at 3.81 mn units, compared to 3.72 mn in October and 3.93 mn in September. But this is a sluggish rate when compared to an average of 4.23 mn units between April and August 2018.

Cumulative sales between January and November, however, grew by 9% YoY to 3.70 mn units. PV sales rose by 5% YoY to 2.99 mn units, while LCV demand shot up by 25% YoY to 706k units, thanks to an improved rural economy.

Market conditions have deteriorated since August 2018, as higher fuel prices, mounting interest rates, rising inflation, costlier insurance premiums and an erratic monsoon season dampened consumer demand.

There is also increasing concern that economic growth will be negatively impacted by the credit crunch at non-banking financial companies (NBFCs), which have been the driving force of credit growth in India in recent years.

In the immediate future, a weak rupee, higher interest rates and the liquidity squeeze at NBFCs will all undermine consumer spending and investment.

And after months of the public row between the central bank and the government over monetary policy issues, the central bank governor abruptly resigned. On the news, the rupee fell sharply as concerns over the independence of the central bank have escalated.

On the political front, the ruling Bharatiya Janata Party (BJP) suffered major setbacks in the recent regional elections. The opposition Congress party won state assembly elections in BJP's strongholds, which has raised uncertainty over the upcoming general elections in April-May 2019.

As such, there is a good chance that already weak private investment will slow further, since investors are likely to take a wait-and-see approach in the run-up to the elections.



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Consumers, meanwhile, are likely to follow suit and hold off on vehicle purchases until the outcome of the elections is confirmed.

In light of these various factors, we made further cuts to the Indian LV sales forecast through the long term.

The 2018 outlook was lowered by 25k units to just shy of 4 mn units (+8% YoY), while the forecasts for subsequent years were reduced by 2% compared to our previous estimates, putting the revised 2025 projection at 6.23 mn units.

Market Top Lines						
	Nov	Growth	YTD	Growth	2018	Growth
Sales	341,574	-2%	4,103,968	10%		
PV	252,466	-4%	2,992,696	5%	3,227,945	5%
LCV	61,585	14%	705,910	25%	760,790	24%
M&H CV	27,523	-11%	405,362	28%		
Production	363,374	0%	4,859,855	10%		
PV	265,867	-22%	3,639,497	4%	3,909,945	3%
LCV	61,190	3%	749,964	28%	801,495	26%
M&H CV	36,317	6%	470,394	40%		

Best Selling Models						
	Nov	Growth	Share	YTD	Growth	Share
PV						
Maruti-Suzuki Dzire	21,037	-6%	8.3%	247,815	22%	8.3%
Maruti-Suzuki Alto	18,643	-23%	7.4%	231,540	-2%	7.7%
Maruti-Suzuki Swift	22,191	66%	8.8%	211,840	34%	7.1%
LCV						
Tata Ace	13,422	20%	5.3%	149,387	59%	5.0%
Maruti-Suzuki Omni	6,570	-3%	2.6%	78,939	0%	2.6%
Mahindra Bolero Pickups	7,659	28%	3.0%	78,646	17%	2.6%

Top Brands (Sales)						
	#	Brand	Nov	Growth	YTD	Growth
Passenger Vehicle	1	Maruti-Suzuki	102,740	1%	1,132,300	6%
	2	Hyundai	43,709	-1%	507,909	4%
	3	Suzuki	27,097	-5%	324,374	19%
	4	Mahindra	14,214	-2%	207,732	2%
	5	Tata	16,982	-1%	200,229	29%
	6	Honda	13,006	10%	161,720	-3%
	7	Toyota	10,721	-16%	139,644	8%
	8	Ford	6,375	-18%	91,963	11%
	9	Renault	6,134	-21%	75,105	-28%
	10	Volkswagen	2,501	-27%	34,218	-23%
	11	Datsun	2,246	-27%	32,234	-14%
	12	Jeep	1,297	-56%	18,539	62%
	13	Škoda	1,305	-13%	15,195	-3%
	14	Mercedes-Benz	1,506	37%	14,864	4%
	15	BMW	759	-9%	9,024	6%
	16	Nissan	202	-78%	6,990	-42%
	17	Audi	453	-30%	6,352	-12%
	18	Force	155	-14%	2,662	6%
	19	Land Rover	224	-18%	2,432	1%
	20	Volvo	219	15%	2,413	33%
Commercial Vehicle	1	Tata	19,557	4%	235,651	37%
	2	Mahindra	20,014	28%	224,003	22%
	3	Maruti-Suzuki	16,181	11%	173,766	15%
	4	Ashok Leyland	4,106	18%	44,863	40%
	5	Force	901	-14%	17,828	-4%
	6	Isuzu	475	141%	4,487	45%
	7	Eicher	184	-38%	3,573	39%
	8	Piaggio	167	33%	1,739	-24%
9						
10						

Top Manufacturers (Production)						
	#	Manufacturer	Nov	Growth	YTD	Growth
Passenger Vehicle	1	Maruti Suzuki India	92,022	-26%	1,311,170	1%
	2	Hyundai Group	54,319	-13%	652,067	6%
	3	Suzuki Group	28,335	71%	276,267	91%
	4	Ford Group	18,407	-33%	244,282	1%
	5	Mahindra	11,404	-29%	220,887	4%
	6	Renault-Nissan-Mitsub	15,118	-33%	186,244	-22%
	7	Tata Motors	11,319	-24%	161,942	9%
	8	Honda Cars India	8,818	-29%	152,521	0%
	9	Toyota Kirloskar India	11,141	-23%	148,581	6%
	10	Volkswagen Group	2,748	-78%	93,429	-33%
	11	Tata-Fiat	4,503	-47%	77,234	158%
	12	General Motors Group	4,296	-17%	72,030	-13%
	13	Škoda Auto	930	-36%	15,659	38%
	14	Daimler Group	1,269	37%	12,739	6%
	15	BMW Group	641	-8%	7,914	14%
	16	Force Motors	137	-61%	2,561	-8%
	17	Premier Auto	126	-17%	1,700	-10%
	18	Isuzu Motors Limited	189	33%	1,118	42%
	19	Volvo Group India	99	120%	824	544%
	20	Hindustan Motors	46	1050%	328	-37%
Commercial Vehicle	1	Mahindra	20,621	-1%	260,406	27%
	2	Tata Motors	18,177	4%	235,073	42%
	3	Maruti Suzuki India	15,565	4%	180,282	17%
	4	Ashok Leyland	4,500	11%	44,701	35%
	5	Force Motors	1,314	-11%	18,515	-1%
	6	Isuzu Motors Limited	665	308%	5,595	62%
	7	Eicher Motors	214	-27%	3,794	39%
	8	Piaggio	134	-49%	1,598	-40%

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