



ASEAN Light Vehicle Sales Update

February 2019: ASEAN LV Market Growth Dampened by Weak Sales in Indonesia

Following last year's 8% YoY upturn in the ASEAN5 Light Vehicle (LV) market, sales began 2019 on a weaker note as the pace of growth slowed to 2% YoY in January. The main drag came from lackluster demand in the region's largest market of Indonesia (-16% YoY), with the Philippines also posting a sharp decline (-14% YoY). This contrasts with growth in Thailand (+18% YoY), Malaysia (+8% YoY) and Vietnam (+33% YoY).

New model activity in the opening months of the year was behind Indonesia's sluggish January result. Notable models include the updated Toyota Avanza/Daihatsu Xenia in January, followed in February by the updated Honda Mobilio and Civic, as well as the all-new Nissan Livina, and finally the new Wuling Almaz in March.

Dealerships are likely to have minimized inventories and suspended new orders in anticipation of delayed purchases as buyers awaited full details of the new models. A reminder that LV sales in Indonesia (published by GAIKINDO) reflect wholesale volumes.

We expect a rebound in March, however, and forecast full-year sales of around 1.07 mn units (+2% YoY).

In the Philippines, PV demand remains under pressure from last year's new excise tax, hence the 16% YoY drop in January. This dragged the overall LV result into negative territory for the month (-14% YoY). That said, we have left our full-year 2019 LV forecast largely unchanged from our last report and project growth of 7% YoY to 420k units as a) buyers will eventually adjust to the higher vehicle taxes; b) remittance inflows rebounded in Q4 2018 from a sluggish Q3 (and a weak peso has raised the peso value of remittances in US dollars, which should boost consumer purchasing power); and c) inflation has started to subside from its near decade-high of 6.6% YoY in October 2018, dropping to 3.8% YoY in February 2019, thanks to lower oil and food prices.

The Thai LV market got off to a strong start in 2019, with growth of 17.6% YoY in January, supported by both the PV (+13.6% YoY) and LCV (+22.3% YoY) segments.

However, this momentum is unlikely to last as the large export sector is slowing down sharply and political turmoil is escalating, ahead of the elections to return to democracy on 24 March.

We made a slight upward revision to our full-year 2019 Thai LV forecast to reflect the stronger-than-expected January result, but still envisage a decline this year (-4.9% YoY) on an estimated total of 968k units sold, based on a) our expectation that demand will decelerate, following two years of double-digit growth, particularly as replacement demand from consumers who purchased a vehicle under the first-time buyer rebate scheme in 2012/2013 should have been met by now; b) a contraction in the economy, with GDP growth expected to slow from 4.1% in 2018 to 3.4% this year; and c) lackluster private investment, owing to political uncertainty and rising external risks, despite a pickup in public spending.

The Malaysian LV market improved by 8% YoY in January, supported by strong demand for the new SUV models launched by the country's two national brands, the Proton X70 and Perodua Aruz. However, we still forecast a decline this year, from 591k units in 2018 to 587k units, due to the pull-ahead in demand to last year and the country's gloomy economic conditions, particularly in the export sector.







Vietnamese LV sales jumped by 32.7% YoY in January. Note that this was flattered by a very weak result in the same month of last year, when the implementation of the new non-tariff barrier dampened demand. However, some impetus in January 2019 came from a buying rush ahead of the Tet Lunar New Year festival on 5 February.

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We forecast growth of 10.2% YoY to 351k units for the year as a whole, supported by favorable economic conditions and new model launches. GDP growth in Vietnam reached a decade-high of 7.1% last year and although we expect it to drop to 6.7% this year, this rate would still be higher than in most Asian economies, including China.

ASEAN Top Lines						
	Jan	Growth	YTD	Growth	2019	Growth
Sales	277,052	2%	277,052	2%		
PV	196,633	0%	196,633	0%	2,529,993	2%
LCV	69,430	9%	69,430	9%	869,241	-2%
M&H CV	10,989	3%	10,989	3%		
Production	372,683	-1%	372,683	-1%		
PV	245,996	-4%	245,996	-4%	2,901,235	9%
LCV	114,327	5%	114,327	5%	1,369,116	9%
M&H CV	12,360	7%	12,360	7%		

Market Performance							
		Jan	Growth	Share	YTD	Growth	Share
Thailand	PV	40,474	14%	53%	40,474	14%	53%
	LCV	36,197	22%	47%	36,197	22%	47%
Malaysia	PV	44,172	11%	92%	44,172	11%	92%
	LCV	3,633	-15%	8%	3,633	-15%	8%
Indonesia	PV	56,689	-22%	76%	56,689	-22%	76%
	LCV	17,642	7%	24%	17,642	7%	24%
Philippines	PV	22,813	-16%	77%	22,813	-16%	77%
	LCV	6,814	-6%	23%	6,814	-6%	23%
Vietnam	PV	32,485	46%	86%	32,485	46%	86%
	LCV	5,144	-16%	14%	5,144	-16%	14%

Group Sales Performance																		
	ASEAN GROWTH RATE					YTD VOLUMES												
	■ = Month ■ = YTD -50% -25% 0% 25% 50% 75%					 Asean		 Thailand		 Malaysia		 Indonesia		 Philippines		 Vietnam		
	Volume	Growth	Volume	Growth	Volume	Growth	Volume	Growth	Volume	Growth	Volume	Growth	Volume	Growth				
Toyota Group	89,282	6%	26,847	56%	3,414	-17%	39,802	-10%	11,494	-13%	7,725	48%						
RNM	39,924	3%	12,190	14%	2,932	-1%	12,853	-18%	8,339	4%	3,610	167%						
Honda Group	33,164	-4%	9,290	2%	7,515	-8%	10,064	-26%	1,943	-9%	4,352	148%						
Perodua Automotive	20,124	14%	0	N/A	20,124	14%	0	N/A	0	N/A	0	N/A						
Hyundai Group	14,201	9%	686	24%	822	26%	88	-41%	2,792	-10%	9,813	15%						
Isuzu Motors	14,183	-2%	11,903	4%	640	-10%	940	36%	459	-60%	241	-45%						
Mazda Motors	12,560	9%	5,247	16%	1,605	23%	428	5%	127	-49%	5,153	2%						
Suzuki Group	12,551	-20%	1,427	1%	0	N/A	8,271	-28%	1,800	-17%	1,053	101%						
Ford Group	9,931	-7%	4,147	-17%	590	38%	0	N/A	1,790	-35%	3,404	36%						
DRB-Hicom	6,866	43%	4	100%	6,862	43%	0	N/A	0	N/A	0	N/A						

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For further information contact Ms. Sukanya Tunhau,

Phone +662 264 2050, sukanya@lmc-auto.com



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