



India Light Vehicle Sales Update

Outlook Unchanged: Light Vehicle Sales set to Breach 4 million Units

The Indian market is off to a sluggish start in the New Year, with the slowing trend seen in H2 2018 carrying over into the early months of 2019.

In January, Light Vehicle (LV) wholesales slipped by 1% year-on-year (YoY) to 331k units. The weak rupee, higher interest rates and the liquidity crunch in the country's shadow banking system were behind the sales slowdown.

Passenger Vehicle (PV) sales in the first month of 2019 declined by 3% YoY to 264k units. In contrast, demand for Light Commercial Vehicles (LCVs) remained robust, increasing by 11% YoY to 67k units.

The weaker PV volume resulted from OEMs continuing to streamline dealership inventories, with Days' Supply now estimated to have fallen by five days to 30-35 days in January. Note that 30 days is seen as an acceptable inventory level.

Discounting in the PV sector continued into January and helped to galvanize buyers into finalizing purchases.

"The consumer's interest, which had remained buoyant, started converting to sales in better percentages, backed mainly by never-before-seen retail offers. New launches in the month also added to the overall excitement and got the attention of the buyer," noted Ashish Kale, President of the Federation of Automobile Dealers Association.

On a seasonally adjusted annualized rate (SAAR) basis, LV sales decelerated to 3.79 mn units in January, compared to 3.95 mn units in December and 3.94 mn units in November. Indeed, the SAAR has remained on a downward trajectory, after exceeding 4 mn units for five consecutive months between April and August 2018.

Note, however, that the SAAR has been revised upwards, following an adjustment to account for selling days.

Also worth pointing out is that preliminary data from some of the major automakers indicate that PV sales registered a nominal increase in February.

OEMs have now begun updating their vehicles with the new safety features that will become mandatory in the coming months. These include anti-lock braking systems (ABS), airbags, seat-belt reminders, reverse parking sensors, alert systems for speeds over 80 km/hr and manual override over the central locking system for emergencies.

A number of updated models equipped with these additional safety devices as standard have already been launched in the market, including the Renault KWID, Suzuki Ignis and Suzuki Baleno.

Against this backdrop, the government is ramping up its spending to buy votes ahead of the all-important general elections in April/May 2019. Meanwhile, the central bank, under the control of a new governor, has cut interest rates in an apparent move to support the government.

Nevertheless, sales are forecast to remain weak in H1 2019, as political uncertainty is likely to lead to consumers and businesses delaying vehicle purchases.



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Sales towards the end of 2019 may be impacted by pre-buying activity in the lead-up to the implementation of the Bharat Stage VI (BS VI, equivalent to Euro VI) emissions standards by April 2020, as the adoption of BS VI will trigger higher vehicle prices.

With the exception of very minor adjustments (due to the change to account for selling days), our longer-term forecast is unchanged.

In 2019, the Indian market is forecast to breach the 4-mn unit mark for the first time, with sales expected to increase by 3% to a full-year total of 4.12 mn units.

GDP growth, election-driven policy measures, monetary easing and low inflation will all help to drive demand in the market. That being said, negative pressure on the industry could arise from political uncertainty (at least until the elections are over), stress in the banking sector, higher interest rates and a weak rupee.

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Market Top Lines						
	Jan	Growth	YTD	Growth	2019	Growth
Sales	369,351	0%	369,351	0%		
PV	264,436	-3%	264,436	-3%	3,329,084	4%
LCV	67,031	11%	67,031	11%	786,587	3%
M&H CV	37,884	0%	37,884	0%		
Production	462,215	0%	462,215	3%		
PV	345,467	0%	345,467	0%	4,084,761	5%
LCV	74,058	12%	74,058	12%	821,513	2%
M&H CV	42,690	5%	42,690	5%		

Best Selling Models						
	Jan	Growth	Share	YTD	Growth	Share
PV						
Maruti-Suzuki Alto	23,360	22%	8.8%	23,360	22%	8.8%
Maruti-Suzuki Dzire	19,073	-15%	7.2%	19,073	-15%	7.2%
Maruti-Suzuki Swift	18,795	30%	7.1%	18,795	30%	7.1%
LCV						
Tata Ace	13,449	-4%	5.1%	13,449	-4%	5.1%
Maruti-Suzuki Eeco	9,063	49%	3.4%	9,063	49%	3.4%
Mahindra Bolero Pickups	8,490	50%	3.2%	8,490	50%	3.2%

Top Brands (Sales)						
	#	Brand	Jan	Growth	YTD	Growth
Passenger Vehicle	1	Maruti-Suzuki	100,503	5%	100,503	5%
	2	Hyundai	45,803	1%	45,803	1%
	3	Suzuki	23,792	-25%	23,792	-25%
	4	Mahindra	21,271	0%	21,271	0%
	5	Honda	18,261	23%	18,261	23%
	6	Tata	17,826	-11%	17,826	-11%
	7	Toyota	11,221	-9%	11,221	-9%
	8	Ford	7,700	-19%	7,700	-19%
	9	Renault	5,825	-16%	5,825	-16%
	10	Volkswagen	2,803	-18%	2,803	-18%
	11	Datsun	1,646	-49%	1,646	-49%
	12	Nissan	1,500	55%	1,500	55%
	13	Jeep	1,392	-38%	1,392	-38%
	14	Mercedes-Benz	1,233	-16%	1,233	-16%
	15	Škoda	1,232	-3%	1,232	-3%
	16	BMW	776	9%	776	9%
	17	Audi	404	-33%	404	-33%
	18	Volvo	286	36%	286	36%
	19	Force	235	-30%	235	-30%
	20	Land Rover	205	-14%	205	-14%
Commercial Vehicle	1	Mahindra	22,999	25%	22,999	25%
	2	Tata	20,235	-8%	20,235	-8%
	3	Maruti-Suzuki	17,855	31%	17,855	31%
	4	Ashok Leyland	4,509	10%	4,509	10%
	5	Force	744	-54%	744	-54%
	6	Eicher	322	15%	322	15%
	7	Isuzu	259	-42%	259	-42%
	8	Piaggio	108	-8%	108	-8%
	9					
	10					

Top Manufacturers (Production)						
	#	Manufacturer	Jan	Growth	YTD	Growth
Passenger Vehicle	1	Maruti Suzuki India	134,196	-9%	134,196	-9%
	2	Hyundai Group	46,510	-15%	46,510	-15%
	3	Suzuki Group	28,037	1143%	28,037	1143%
	4	Mahindra	27,809	16%	27,809	16%
	5	Ford Group	22,969	-8%	22,969	-8%
	6	Honda Cars India	17,561	36%	17,561	36%
	7	Mitsubishi	15,763	-17%	15,763	-17%
	8	Tata Motors	13,688	-19%	13,688	-19%
	9	Toyota Kirloskar India	12,992	0%	12,992	0%
	10	Volkswagen Group	7,881	2%	7,881	2%
	11	Tata-Fiat	7,606	-18%	7,606	-18%
	12	General Motors Group	7,236	-2%	7,236	-2%
	13	Daimler Group	1,052	-17%	1,052	-17%
	14	Škoda Auto	1,030	-39%	1,030	-39%
	15	BMW Group	727	24%	727	24%
	16	Volvo Group India	136	224%	136	224%
	17	Premier Auto	129	-28%	129	-28%
	18	Force Motors	114	-56%	114	-56%
	19	Isuzu Motors Limited	31	-72%	31	-72%
	20	Hindustan Motors	0	-100%	0	-100%
Commercial Vehicle	1	Mahindra	28,850	18%	28,850	18%
	2	Maruti Suzuki India	20,831	39%	20,831	39%
	3	Tata Motors	18,690	-8%	18,690	-8%
	4	Ashok Leyland	3,500	-5%	3,500	-5%
	5	Force Motors	906	-48%	906	-48%
	6	Isuzu Motors Limited	804	113%	804	113%
	7	Eicher Motors	322	24%	322	24%
	8	Piaggio	155	21%	155	21%

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