



## ASEAN Light Vehicle Sales Update

### Thailand Sells More Light Vehicles than Indonesia in Q1 2019 and an Optimistic Scenario Indicates a Similar Full-Year Outcome

In Q1 2019, ASEAN Light Vehicle (LV) sales increased by 3% year-on-year (YoY), with every market except Indonesia posting growth in the period.

The Indonesian LV market closed the quarter with 233k units sold, marking a sharp 13% drop from Q1 2018, with almost every major OEM suffering a decline. The best performance in volume terms was recorded by Isuzu (+776 units), driven by the new TRAGA Truck, which launched in Q2 last year.

This contraction in overall demand is likely to have resulted from a) consumers and businesses taking a wait-and-see approach ahead of the April elections; and b) automakers trimming deliveries to dealerships before launching several new models and new generations of popular models in the first half of this year.

Taking into account the weak Q1 performance, we have cut our full-year forecast for Indonesia to 1.05 mn units (-0.4% YoY), with the risk on the downside, due to a) a change in the oil price formula – i.e., domestic oil prices will start to rise as global prices begin to drop, which may trigger higher inflation and lower consumer spending; and b) slow GDP growth (Q1 2019 GDP growth was slower than expected at 5.07%) and a loss of momentum in household consumption, a key economic driver.

Thailand, on the other hand, saw an increase of 11.6% YoY in Q1, with 259k units sold. This growth was driven by new model launches, including the Toyota Hilux Revo Z Edition, Toyota Camry and Mitsubishi Xpander. This robust result allowed Thailand to overtake Indonesia in sales terms to become the largest LV market in the ASEAN region in Q1 2019 – an accolade held by Indonesia between 2014 and 2018.

This prompted us to review our forecast for Thai LV sales this year from 974k units in our previous report to 1.03 mn, although this is still below the 1.05 mn estimated for Indonesia this year.

Our forecast for Thailand remains conservative for the following reasons: a) lingering political tensions and divisions threaten the recovery in private investment; b) GDP growth is expected to slow from 4.1% in 2018 to 3.4% this year; and c) goods exports decelerated sharply in H2 2018 and declined again in Q1 2019. Indeed, the export outlook remains uncertain, due to weaker demand and increased trade protectionism in China. This is a key consideration as Thai exports of goods and services account for 77% of GDP.

The risk for the Thai LV market, however, is on the upside, driven by two key factors. Firstly, interest rates remain low. Although the Bank of Thailand (BOT) raised the official interest rate from 1.5% to 1.75% in December, the major commercial banks decided to increase the deposit interest rate, but left the loan interest rate unchanged. The BOT has also hinted that it would not implement any further interest rate rises this year. Secondly, the BOT is expected to announce new, stricter auto loan conditions in the second half of this year. As these will not be implemented until next year, however, demand is likely to be pulled ahead to 2019.

As shown in the table below, an optimistic scenario would see Thai LV sales hit a high of 1.10 mn units this year, overtaking the Indonesian market in the process.

# ASEAN Light Vehicle Sales Update

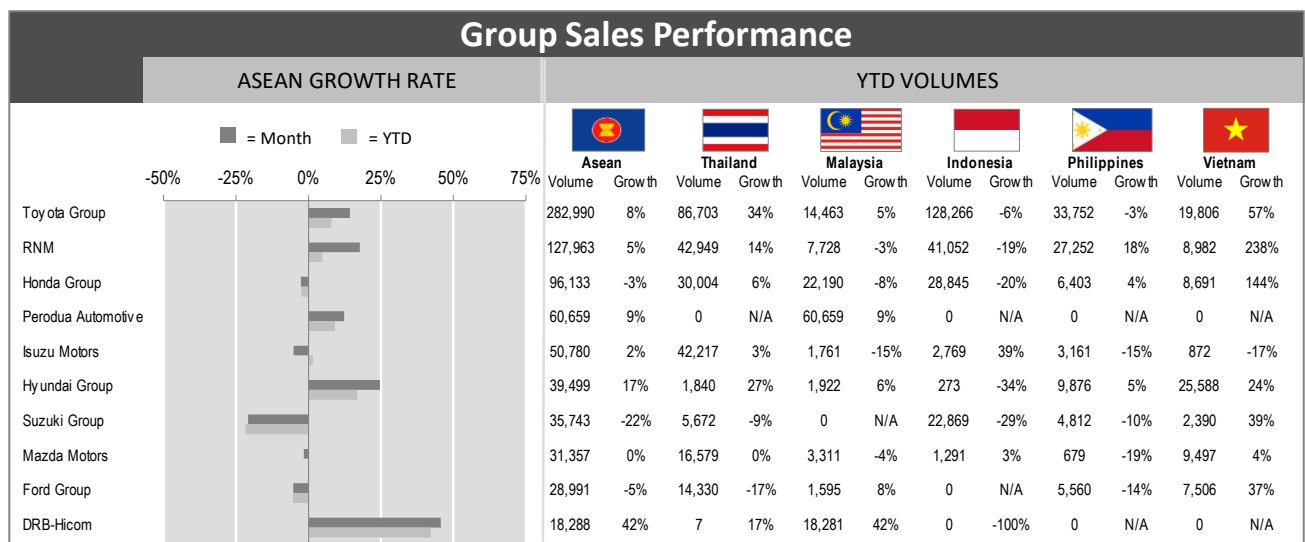
## 2019 Sales Scenario for Thailand and Indonesia

2019 Sales Outlook	LMC Automotive	Optimistic	Pessimistic
Indonesia	1.05 mn	1.08 mn	1.01 mn
Thailand	1.03 mn	1.10 mn	1.00 mn

Note: The risk is on the upside for Thailand, but on the downside for Indonesia.

ASEAN Top Lines						
	Mar	Growth	YTD	Growth	2019	Growth
<b>Sales</b>	<b>320,859</b>	<b>6%</b>	<b>848,909</b>	<b>2%</b>		
PV	231,434	11%	606,647	3%	2,569,414	3%
LCV	78,937	0%	210,452	2%	881,739	0%
M&H CV	10,488	-30%	31,810	-13%		
<b>Production</b>	<b>384,344</b>	<b>-1%</b>	<b>1,095,803</b>	<b>-1%</b>		
PV	250,589	-2%	715,403	-2%	2,901,235	9%
LCV	121,700	3%	344,228	2%	1,369,117	9%
M&H CV	12,055	-18%	36,172	-6%		

Market Performance							
		Mar	Growth	Share	YTD	Growth	Share
Thailand	PV	54,666	11%	54%	138,820	11%	54%
	LCV	46,610	7%	46%	119,748	12%	46%
Malaysia	PV	49,991	13%	93%	130,845	8%	93%
	LCV	3,914	-16%	7%	10,324	-17%	7%
Indonesia	PV	71,700	-6%	85%	189,319	-13%	81%
	LCV	12,425	-26%	15%	43,261	-13%	19%
Philippines	PV	27,356	18%	77%	74,421	2%	78%
	LCV	8,293	2%	23%	21,466	-2%	22%
Vietnam	PV	27,721	76%	78%	73,242	49%	82%
	LCV	7,695	26%	22%	15,653	5%	18%



17<sup>th</sup> May 2019

For further information contact Ms. Sukanya Tunhau,  
Phone +662 264 2050, [sukanya@lmc-auto.com](mailto:sukanya@lmc-auto.com)



## LMC Automotive

---

**LMC Automotive** is a market leader in the provision of automotive intelligence and forecasts to an extensive client base of car and truck makers, component manufacturers and suppliers, financial, logistics and government institutions around the world and is highly respected for its extremely responsive customer support. It offers forecasting services covering global sales and production for light vehicles and heavy trucks, as well as forecasts of engine and transmission supply and demand. In addition, LMC Automotive publishes special studies on subjects of topical interest to the automotive industry.

LMC Automotive is part of the LMC group. LMC is the global leader in economic and business consultancy for the agribusiness sector.

For further information about LMC Automotive, you can visit us at [www.lmc-auto.com](http://www.lmc-auto.com) or email us at [forecasting@lmc-auto.com](mailto:forecasting@lmc-auto.com).

**©LMC Automotive Ltd, 2019. All rights reserved in all countries. Decisions based on this information are at the user's own risk and LMC Automotive cannot accept any liability for its accuracy. If the information in this document is reproduced in any form then full attribution must be given to LMC Automotive.**