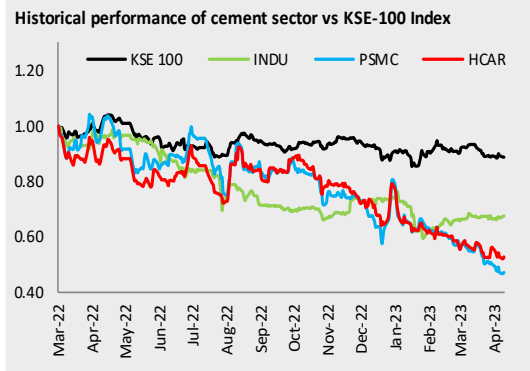




**Automobile Sales Mar'23**

	Mar-23	Mar-22	YoY	9MFY23	YoY
<b>PC</b>	<b>6,419</b>	<b>21,504</b>	<b>-70%</b>	<b>81,911</b>	<b>-50%</b>
<b>Jeeps and LCV</b>	<b>2,832</b>	<b>5,698</b>	<b>-50%</b>	<b>26,550</b>	<b>-37%</b>
INDU	1,912	7,068	-73%	25,592	-55%
PSMC	5,628	15,011	-63%	57,922	-47%
HCAR	835	3,651	-77%	16,278	-46%
Hyundai	836	1,306	-36%	7,902	-4%
<b>Tractors</b>	<b>2,984</b>	<b>5,651</b>	<b>-47%</b>	<b>21,233</b>	<b>-49%</b>
Al-Ghazi	315	2,560	-88%	7,458	-53%
Millat	2,669	3,091	-14%	13,775	-47%
<b>Trucks</b>	<b>279</b>	<b>500</b>	<b>-44%</b>	<b>2,825</b>	<b>-37%</b>
<b>Buses</b>	<b>29</b>	<b>65</b>	<b>-55%</b>	<b>557</b>	<b>22%</b>

Source: PAMA, Foundation Research, April 2023



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Wednesday, April 12, 2023

# Pakistan Automobile

## External imbalances affecting auto sales

### Event

Automobile (PC&LCVs) sales shrunk by 66% YoY (↑29% MoM) in Mar'23 due to restrictions imposed by SBP on opening of LCs for CKD kits amid higher interest rates and continuously increasing car prices. Total automobile sales clocked in at 12,521 units (↓62% YoY) in Mar'23. Player-wise, PSMC/HCAR/INDU sales decreased by 63/77/73% YoY.

### Impact

**800cc segment dominated by sales slump:** The automobile sector witnessed drop off in sales during the month of Mar'23. The 800cc category witnessed the greatest down fall of 74% YoY while 1300cc segment decreased by 69% YoY and sales for 1000cc dropped by 60% YoY.

The continuous decrease in the overall automobile sales was due to the central bank's restrictions on opening of LCs for import of CKD kits as well as SBP's shortening of financing terms and high interest rates. The significant increase in auto prices mostly reflects the impact of a depreciating currency.

Restriction on opening of LCs for import of CKD and resultant shortage of raw materials caused PSMC/INDU/HCAR to shut their plants during 1QCY23. INDU shut its plant for first half of the month in Feb'23 and for four days at the end of Mar'23. Whereas, PSMC closed its automobile plant for 10 days in Jan'23 and for 7 days in Feb'23. Furthermore, PMSC has shut its plant in 2<sup>nd</sup> Week of Apr'23. HCAR has also shut down its plant from Mar 9'2023 till Apr 15'2023 due to lack of raw materials and halting of foreign payments. As a result, inventory level of auto assemblers fell and sales declined.

**PSMC's sales dropped:** PSMC volumetric sales stood in at 5,628 units, depicting a decline of 63% on YoY basis, however sequential sales increased by 5.8x MoM. Sales of Alto decreased by 74% YoY (↑4.7x MoM). Sales of WagonR/Bolan/Ravi decreased by 77/40/69% YoY while Cultus sales were up by 55% YoY. Sales of Swift clocked in at 877 units.

**INDU sales tumbled:** INDU sales during the month of Mar'23, clocked in at 1,912 units (down/up 73/6% YoY/MoM). The sales decrease was attributed to Corolla+Yaris decreasing by 79% YoY (↑3% MoM) to 1,119 units in Mar'23. Whereas Fortuner+Hilux sales declined by 53% YoY (↑11% MoM) to 793 units.

**HCAR sales hit the most:** HCAR sold 835 units in Mar'23 (↓ 77/49% YoY/MoM) mainly due to sale of Civic+City decreasing by 81% YoY (↓51% MoM) to 611 units. Whereas, BR-V/HR-V sales fell by 40/43% YoY/MoM, clocking in at 224 units in Mar'23.

**Tractor sales also fell:** Tractor sales nosedived 47% YoY to 2,984 units in Mar'23 against sales of 5,651 units in Mar'22. The drop in sales is mainly attributed to decline in sales of Al-Ghazi tractor by 88% to 315 units. Millat sales were down/up by 14/3% YoY/MoM to 2,669 units.

### Outlook

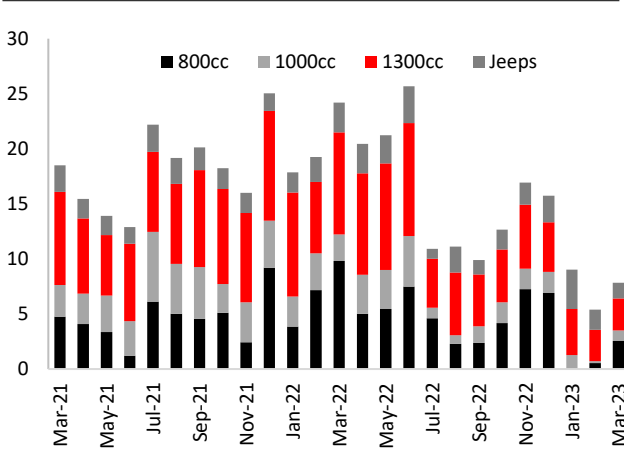
High interest rates and significant increase in auto prices due to Rs-US\$ depreciation will significantly reduce auto sales in FY23. In the short term, restrictions on opening of LCs for import of CKD by auto assemblers would result in lower utilization across the board and, in the extreme case, plant shutdowns.

Fig 1: March 2023 Auto Sales

	Mar-23	Mar-22	YoY	Feb-23	MoM	9MFY23	9MFY22	YoY
<b>Total</b>	<b>12,521</b>	<b>33,295</b>	<b>-62%</b>	<b>9,705</b>	<b>29%</b>	<b>132,432</b>	<b>250,993</b>	<b>-47%</b>
<b>Total PCs+LCVs</b>	<b>9,251</b>	<b>27,174</b>	<b>-66%</b>	<b>5,792</b>	<b>60%</b>	<b>108,461</b>	<b>205,381</b>	<b>-47%</b>
<b>INDU</b>	<b>1,912</b>	<b>7,068</b>	<b>-73%</b>	<b>1,803</b>	<b>6%</b>	<b>25,592</b>	<b>56,567</b>	<b>-55%</b>
Corolla+Yaris	1,119	5,395	-79%	1,091	3%	15,994	43,695	-63%
Fortuner+Hilux	793	1,673	-53%	712	11%	9,598	12,872	-25%
<b>HCAR</b>	<b>835</b>	<b>3,651</b>	<b>-77%</b>	<b>1,636</b>	<b>-49%</b>	<b>16,278</b>	<b>30,010</b>	<b>-46%</b>
City&Civic	611	3,278	-81%	1,244	-51%	12,381	26,830	-54%
BR-V	224	373	-40%	392	-43%	3,897	3,180	23%
<b>PSMC</b>	<b>5,628</b>	<b>15,011</b>	<b>-63%</b>	<b>978</b>	<b>475%</b>	<b>57,922</b>	<b>109,419</b>	<b>-47%</b>
Swift	877	-	n/a	67	1209%	8,584	497	1627%
Cultus	475	306	55%	72	560%	6,233	17,686	-65%
Wagon R	489	2,104	-77%	93	426%	5,022	16,916	-70%
Alto	2,542	9,814	-74%	544	367%	30,744	53,241	-42%
Bolan	782	1,295	-40%	91	759%	3,865	9,562	-60%
Ravi	463	1,492	-69%	111	317%	3,474	11,517	-70%
<b>Hyundai</b>	<b>836</b>	<b>1,306</b>	<b>-36%</b>	<b>1,271</b>	<b>-34%</b>	<b>7,902</b>	<b>8,264</b>	<b>-4%</b>
Elantra	188	357	-47%	243	-23%	1,886	2,286	-17%
Tuscon	380	576	-34%	708	-46%	3,952	2,806	41%
Sonata	118	250	-53%	197	-40%	1,066	1,888	-44%
Porter	150	123	22%	123	22%	998	1,284	-22%
<b>Pick ups</b>	<b>22</b>	<b>95</b>	<b>-77%</b>	<b>74</b>	<b>-70%</b>	<b>644</b>	<b>1,022</b>	<b>-37%</b>
JAC	21	79	-73%	66	-68%	490	712	-31%
DMAX	1	16	-94%	8	-88%	154	310	-50%
<b>Tractors</b>	<b>2,984</b>	<b>5,651</b>	<b>-47%</b>	<b>3,330</b>	<b>-10%</b>	<b>21,233</b>	<b>41,683</b>	<b>-49%</b>
Al-Ghazi	315	2,560	-88%	728	-57%	7,458	15,788	-53%
Millat	2,669	3,091	-14%	2,602	3%	13,775	25,866	-47%
<b>Trucks</b>	<b>279</b>	<b>500</b>	<b>-44%</b>	<b>521</b>	<b>-46%</b>	<b>2,825</b>	<b>4,493</b>	<b>-37%</b>
Hino	43	96	-55%	54	-20%	543	689	-21%
JAC	22	25	-12%	18	22%	146	216	-32%
Isuzu	66	223	-70%	270	-76%	1,333	2,240	-40%
Master	148	156	-5%	179	-17%	803	1,348	-40%
<b>Buses</b>	<b>29</b>	<b>65</b>	<b>-55%</b>	<b>136</b>	<b>-79%</b>	<b>557</b>	<b>458</b>	<b>22%</b>
Hino	14	14	0%	22	-36%	219	122	80%
Isuzu	4	12	-67%	74	-95%	129	65	98%
Master	11	39	-72%	40	-73%	209	271	-23%

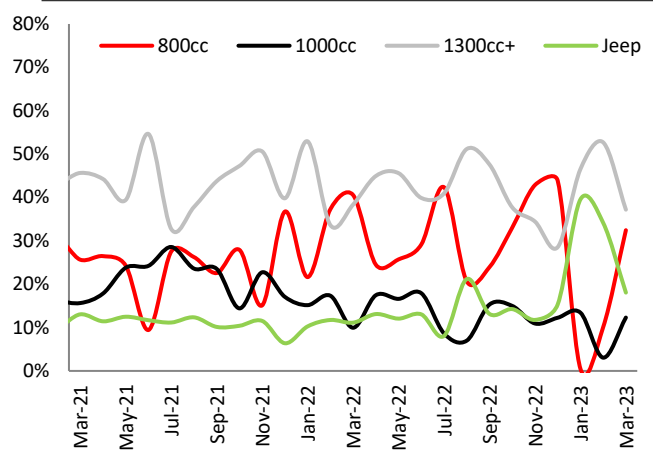
Source: PAMA, Foundation Research, April 2023

**Fig 1: Auto sales declined on import restrictions**



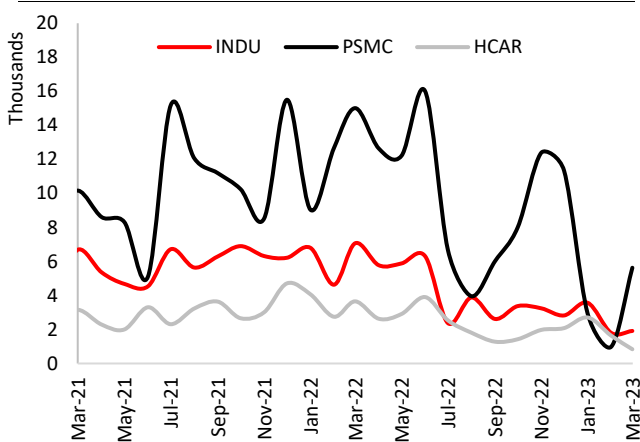
Source: PAMA, Foundation Research, April 2023

**Fig 2: Market share of 1300cc/Jeeps↓ & 800/1000↑**



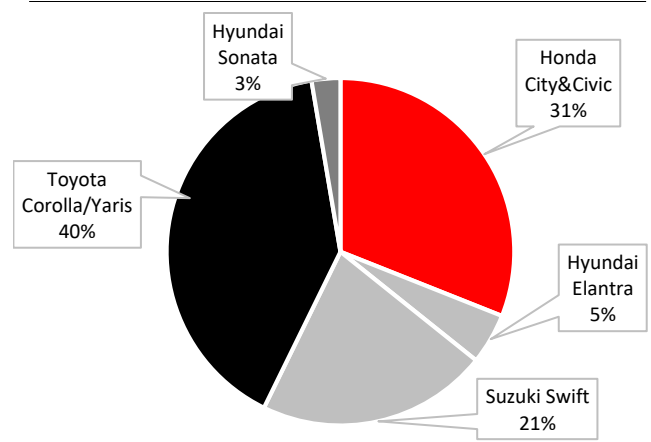
Source: PAMA, Foundation Research, April 2023

**Fig 3: Sales of PSMC/INDU increased sequentially**



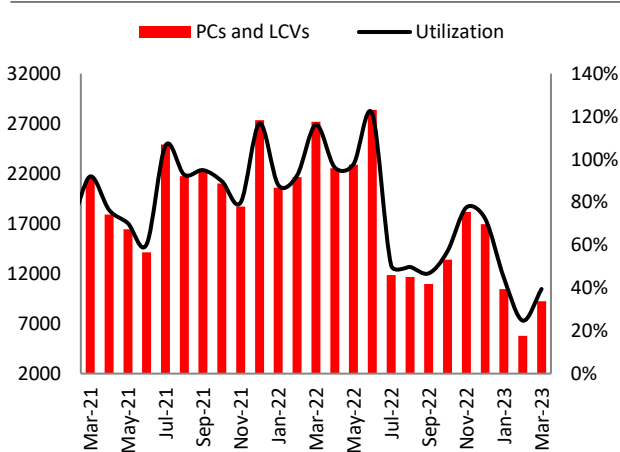
Source: PAMA, Foundation Research, April 2023

**Fig 4: INDU leading market share mix for 1300cc**



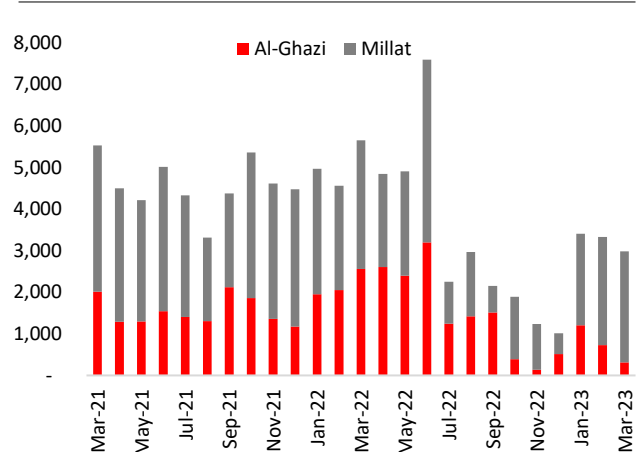
Source: PAMA, Foundation Research, April 2023

**Fig 5: Utilization increased MoM in Mar'23**



Source: PAMA, Foundation Research, Apr 2023

**Fig 6: Tractor sales declined by 47% YoY**



Source: PAMA, Foundation Research, April 2023

## Abbreviations

PAMA	Pakistan Automotive Manufacturers Association
YoY	Year on Year
MoM	Month on Month
PC	Passenger Cars
LCV	Light Commercial Vehicles
PSMC	Pakistan Suzuki Motor Company
INDU	Indus Motors
HCAR	Honda Atlas Car
AGTL	AlGhazi Tractors Limited
MTL	Millat Tractors Limited
HINO	Hinopak Motors
GIL	Ghandahra Industries Limited

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If	
Expected return >+10%	Outperform.
Expected return from -10% to +10%	Neutral.
Expected return <-10%	Underperform.