

No festive cheer for the PVs, while 2Ws and CVs continue to celebrate..

October 2017 was a month where auto sector was quite strong with both the festivals and gaining strength post GST implementation. Hence, a high base is associated with the base month. In line with this, PVs posted a serious moderation in growth. October 2018 was also plagued by all-time high fuel prices and growing interest rates. This has actually hurt consumer sentiments as the festive season has started on a low note and sales are gradually growing as footfall to conversion ratio is very low. Coming to the 2Ws, Hero and TVS witnessed surprisingly high sales may be on higher inventory pile up at the dealers' ends before the festive season. On the other hand, Bajaj Auto grew on its intrinsic exports demand. Exports were the main drivers as most of the foreign countries are attracting good demand. In domestic markets too, the existing portfolio is finding solid demand. Several new launches by the company in Q4 of last year have led the motorcycle growth in the domestic markets. Serious recovery in Nigeria, in both 2W and 3W businesses is one of the main reasons for its exports recovery. TVS reported stellar set of numbers as all its segments outperformed the industry. On the domestic 3W business segment, there has been some moderation now on high base and reduction in permits getting opened. MSIL reported a flattish growth in-line with the growth in past few months, due to the reasons stated above. M&M reported a flattish in the UV business, while the CV business reported robust numbers. FES segment witnessed a good growth on the onset of North East monsoon. ALL and TaMo both reported solid CV growth despite credit crunch. First ten days of October were impacted by the inauspicious shradh paksh.

Going forward, we expect PV demand to remain muted, while 2Ws to witness a slight slowdown from December onwards on high base, however 2W growth will be better than PVs. In this scenario, we would like to stay with fundamentally strong names where demand is strong despite domestic headwinds. Within 2Ws, we like Bajaj Auto and Hero Motocorp as both are witnessing good growth in their businesses. Ashok Leyland will also continue to report good volume numbers in the coming months as core sector demand remains strong which would further drive CV demand. BS VI pre-buying shall initiate in Q1 of FY 20, which will further elongate the CV cycle. With price correction happening in couple of stocks like MSIL and M&M, we find good buying opportunities in these counters.

	Oct-18	Sep-18	% mom	Oct-17	% yoy
Hero Motocorp	7,34,668	7,69,138	-4.5%	6,31,105	16.4%
Bajaj Auto	5,06,699	5,02,099	0.9%	3,82,464	32.5%
TVS	3,98,427	4,23,978	-6.0%	3,17,411	25.5%
Maruti	1,46,766	1,62,290	-9.6%	1,46,446	0.2%
M&M	1,05,792	92,603	14.2%	91,722	15.3%
Auto	58,416	55,022	6.2%	51,160	14.2%
Tractors	47,376	37,581	26.1%	40,562	16.8%
Tata Motors	62,264	69,848	-10.9%	53,197	17.0%
Ashok Leyland	15,149	19,373	-21.8%	12,944	17.0%
Escorts	13,140	10,617	23.8%	10,205	28.8%

Hero MotoCorp: Strong wholesale sales continue..

- Hero MotoCorp (Hero)'s sales in October went up by a good 16.4% yoy at 734,668 units once again surprising the street. Deficient monsoon and high base were to be the expected dampeners for the sector, however persistent demand led to better than expected numbers.
- Sequentially the sales were down by 4.5%. YTD the sales are up by 10.7%.
- Going forward, in the next couple of months with delayed festival timings and upcoming slurry of launches in the festive season like the Xtreme 200R, XPulse. Duet 125 and Maestro Edge 125, we expect robust volumes. However, weak consumer sentiments and seasonally weak December may lead to a bit weak numbers by the end of the calendar year.

	Oct-18	Sep-18	% mom	Oct-17	% yoy	YTD FY18	YTD FY17	% yoy
Total sales	7,34,668	7,69,138	-4.5%	6,31,105	16.4%	49,86,007	45,03,285	10.7%

Bajaj Auto: Solid set of numbers

- Bajaj Auto's total sales came in 31.3% and 0.9% higher yoy and mom respectively to 506,699 units. Domestic motorcycle sales have grown by 29.1% yoy and 3.1% mom. Success of its bikes like the Pulsars at the higher end and Platina at the lower end are leading to this performance.
- Exports 2W business grew by a healthy 38.2% yoy as we believe that along with the new geographies such as Phillipines, Vietnam, Cambodia, Turkey and Iran; Latam, SE Asia, Bangladesh, Nepal and Africa are panning out well for the company offsetting the woes in Sri Lanka.. Nigeria has been performing very strongly over the past few months as Boxer demand is getting very strong.
- Total three wheeler sales went up by 25.4% yoy. In the domestic markets they increased by just 7.9% yoy as there has been a reduction in opening of new permits while in the exports markets sales grew by a robust 55% yoy on success in countries like Egypt and other African markets. Sequentially, 3Ws sales grew by 3.7%.

	Oct-18	Sep-18	% mom	Oct-17	% yoy	YTD FY18	YTD FY17	% yoy
Motorcycles								
Domestic	281582	2,73,029	3.1%	2,11,553	29.1%	15,68,715	12,22,112	28.4%
Exports	151403	1,57,910	-4.1%	1,14,225	38.2%	10,20,776	7,98,101	27.9%
Total	432985	4,30,939	0.5%	3,25,778	32.3%	25,89,491	20,20,213	28.2%
3W								
Domestic	38360	38,474	-0.3%	35,657	7.9%	2,44,537	1,72,942	41.4%
Exports	35354	32,596	8.5%	21,029	55.0%	2,38,756	1,49,253	60.0%
Total	73714	71,070	3.7%	56,686	25.4%	4,83,293	3,22,195	50.0%
Domestic	3,19,942	3,11,503	2.7%	2,47,210	26.0%	18,13,252	13,95,054	30.0%
Exports	1,86,757	1,90,506	-2.0%	1,35,254	40.9%	12,59,532	9,47,354	33.0%
Total	5,06,699	5,02,009	0.9%	3,82,464	31.3%	30,72,784	23,42,408	31.2%

TVS Motor: Robust growth all over

- TVS reported superb sales numbers in the month at 25.5% yoy. This was 6% down mom.
- Motorcycle sales grew by 20% yoy and 9.6% down mom. The yoy growth was triggered by the success of the newly launched Apache version, Star City and Victor.
- Scooters sales grew by 41.3% yoy on success of recent launch of Ntorq 125 cc, Scooty and Jupiter sales. The new launch of Jupiter Grande is finding great demand. Mopeds went up by a gentle 8.9 yoy post a weak run off late.
- 3W sales increased by a robust 56% yoy. Domestic markets de-grew by 5.6% yoy as there is a slowdown in new permits opening, while 3W exports grew by 69.3% yoy on sharp recovery is seen in Nigeria, Egypt and other African countries.
- Exports sales in TVS witnessed a very positive growth. Exports grew by a robust 27.5% yoy and fell by 5.3% mom to 57,926 units despite weakness in SL, driven by a 19.3% yoy growth in 2Ws and 69% yoy growth in 3W. Recovery in Nigeria and strength in other African countries are the key monitorables hereon.

	Oct-18	Sep-18	% mom	Oct-17	% yoy	YTD FY18	YTD FY17	% yoy
Motorcycles	1,50,429	1,66,489	-9.6%	1,25,409	20.0%	9,57,335	8,20,736	16.6%
Scooters	1,51,040	1,42,562	5.9%	1,06,910	41.3%	8,27,161	6,92,815	19.4%
Mopeds	82,838	1,01,645	-18.5%	76,045	8.9%	5,41,193	5,03,490	7.5%
Total 2W	3,84,307	4,10,696	-6.4%	3,08,364	24.6%	23,25,689	20,17,041	15.3%
3W	14,120	13,282	6.3%	9,047	56.1%	89,386	51,332	74.1%
Total sales	3,98,427	4,23,978	-6.0%	3,17,411	25.5%	24,15,075	20,68,373	16.8%
Exports out of the above	57,926	61,192	-5.3%	45,437	27.5%	4,47,375	3,18,196	40.6%
2W exports	45,319	49,560	-8.6%	37,992	19.3%	3,66,834	2,74,732	33.5%
3W exports	12,607	11,632	8.4%	7,445	69.3%	80,541	43,464	85.3%
Domestic 3W	1,513	1,650	-8.3%	1,602	-5.6%	8,845	7,868	12.4%

Maruti Suzuki: Muted sales growth as consumer sentiments weaken further despite festive environment

- Maruti Suzuki India Ltd (MSIL)'s sales in the month of October came in at 146,766 units which was a 0.2% rise yoy on a high base post GST, weak consumer sentiments, increasing competition, rising fuel costs and increasing interest rates. Also both the main festivals fell in October last year, which resulted in high base.
- The petrol/small car segment this month saw a 1.1% yoy growth as petrol prices skyrocketed in this month and competition from Tiago and Tigor intensified.
- The super compact segment comprising of Swift, Celerio, Baleno, Ignis etc grew by 3.7% yoy.
Ciaz segment sales showed an erratic sales performance as the sales dropped by 5.2% and 37% yoy and mom respectively post strong sales last month.
- The UV segment decreased by 11.2% yoy and 4% mom we see a demand dip for high end SUVs..
- The LCV Super Carry sold 2,152 units in October as compared to 872 units yoy.
- Exports witnessed 17% yoy fall and a 0.8% mom fall.

	Oct-18	Sep-18	% mom	Oct-17	% yoy	YTD FY18	YTD FY17	% yoy
Mini(Alto, Wagon R)	32,835	34,971	-6.1%	32,490	1.1%	2,46,450	2,52,217	-2.3%
Compact(Swift, Ritz, Celerio, Baleno, Dzire, Ignis)	64,789	74,011	-12.5%	62,480	3.7%	5,17,204	4,27,726	20.9%
Mid size (SX4, Ciaz)	3,892	6,246	-37.7%	4,107	-5.2%	27,907	38,242	-27.0%
Total passenger cars	1,01,516	1,15,228	-11.9%	99,077	2.5%	7,91,561	7,18,185	10.2%
Utility Vehicles(Gypsy, Ertiga, Viterra, S-Cross, Brezza)	20,764	21,639	-4.0%	23,382	-11.2%	1,50,633	1,47,630	2.0%
Vans(Omni, Eeco)	13,668	14,645	-6.7%	12,669	7.9%	1,02,555	91,788	11.7%
LCV (Super Carry)	2,152	2,038	5.6%	872	146.8%	12,591	4,229	197.7%
Total domestic sales	1,38,100	1,53,550	-10.1%	1,36,000	1.5%	10,57,340	9,61,832	9.9%
Exports	8666	8740	-0.8%	10,446	-17.0%	64,753	71,303	-9.2%
Total sales	1,46,766	1,62,290	-9.6%	1,46,446	0.2%	11,22,093	10,33,135	8.6%

Mahindra & Mahindra: CVs and tractors drive growth, UVs still weak despite Marazzo launch

- Total auto sales in the month grew by just 14.2% yoy to 58,416 units which was a growth of 6.2% mom.
- UV segment up by 1.1% yoy and up by 12% mom on Marazzo launch last month. The upcoming twin launches around Diwali should be able to drive the further growth.
- CV sales in the month grew by 26.3% yoy, out of which LCV >3.5 T went up by 8.2% yoy, while the LCV <3.5 T grew by 28.2% yoy. MHCV segment grew dipped by 8.9% yoy.
- 3W sales have grown by 13.1% yoy.
- Exports posted growth of 33.3% yoy as well.
- FES segment grew by 16.8% yoy, out of which the domestic sales were up by 17.2% yoy on purchase for Rabi crop sowing. Exports were up by 1.7% and down by 34% yoy and mom respectively.

Auto segment	Oct-18	Sep-18	% mom	Oct-17	% yoy	YTD FY18	YTD FY17	% yoy
Utility Vehicles	22,279	19,885	12.0%	22,040	1.1%	1,34,009	1,36,638	-1.9%
Cars+Vans	1,787	1,526	17.1%	1,413	26.5%	11,786	8,664	36.0%
Total PV	24,066	21,411	12.4%	23,453	2.6%	1,45,795	1,45,302	0.3%
LCV(<3.5 T)	23,157	21,223	9.1%	18,057	28.2%	1,32,132	1,07,976	22.4%
LCV (>3.5T)	513	630	-18.6%	474	8.2%	4,763	4,042	17.8%
MHCV	683	1,064	-35.8%	750	-8.9%	6,925	4,245	63.1%
Total CV	24,353	22,917	6.3%	19,281	26.3%	1,43,820	1,16,263	23.7%
3 wheelers	6,931	6,940	-0.1%	6,126	13.1%	37,705	29,792	26.6%
Total domestic sales	55,350	51,268	8.0%	48,860	13.3%	3,27,320	2,91,357	12.3%
Total exports	3,066	3,754	-18.3%	2,300	33.3%	21,741	14,760	47.3%
Total sales	58,416	55,022	6.2%	51,160	14.2%	3,49,061	3,06,117	14.0%

FES	Oct-18	Sep-18	% mom	Oct-17	% yoy	YTD FY18	YTD FY17	% yoy
Domestic	46,312	35,953	28.8%	39,516	17.2%	2,17,574	1,98,474	9.6%
Exports	1,064	1,628	-34.6%	1,046	1.7%	8,631	8,467	1.9%
Total FES	47,376	37,581	26.1%	40,562	16.8%	2,26,205	2,06,941	9.3%

Ashok Leyland: LCVs drive growth despite liquidity crunch

- Ashok Leyland (ALL) posted a splendid 17% yoy growth in the month to 15,149 units as CV cycle is moving up and infrastructure activities are shaping up well. YTD growth is at 30%.
- MHCV sales were up by 7% yoy to 9,797 units as MHCV sales were slightly affected by liquidity issues and high base.
- LCV sales posted a growth of 40.7% yoy in the month as the newly launched Dost+ along with Boss and Guru are performing very well despite financing crunch. Sequentially, LCV growth was 4.1%.

	Oct-18	Sep-18	% mom	Oct-17	% yoy	YTD FY18	YTD FY17	% yoy
MHCV	9797	14232	-31.2%	9,140	7.2%	78,331	60,421	29.6%
LCV	5352	5141	4.1%	3,804	40.7%	30,405	22,010	38.1%
Total	15149	19373	-21.8%	12,944	17.0%	1,08,736	82,431	31.9%

Tata Motors: CV demand remains undeterred.

- Tata Motors (TAMO)'s total sales in the month were buoyant at 17% yoy to 62,264 units. PV sales were a bit subdued while CV sales excelled well.
- CV sales moved up by 21.6% yoy while declining by 14.6% mom. The recent indicators for it are the strong numbers coming from the core sector growth and mining revival. The company is seeing solid demand in the >37T segment, MAVs and tippers. Within the CVs, MHCVs grew by 16%, ILCVs by 29%, SCV Cargo & pick-ups by 30% and buses by 2% yoy.
- PV segment saw growth of 11% yoy as Tigor, Tiago and Hexa are performing well. Nexon launch is also getting a mammoth response assisting the company to gain the lost UV market share. However, we saw a slowdown mom as consumer sentiments saw a decline.
- Exports growth was weak at 5.6%.

Segment(models)	Oct-18	Sep-18	% mom	Oct-17	% yoy	YTD FY18	YTD FY17	% yoy
Total CVs	39420	46169	-14.6%	32,411	21.6%	2,71,907	1,93,799	40.3%
Total PVs	18290	18429	-0.8%	16,475	11.0%	1,25,155	97,892	27.9%
Exports	4554	5250	-13.3%	4,311	5.6%	32,208	24,253	32.8%
Total sales	62,264	69,848	-10.9%	53,197	17.0%	4,29,270	3,15,944	35.9%

Escorts: A stupendous show..

- Domestic sales have grown by 28.7% yoy in October despite a high base last year, and growing by 23.8 % mom.
- Exports reported 33.8% yoy growth.
- Total sales grew by 28.8% yoy to 13,140 units.

	Oct-18	Sep-18	% mom	Oct-17	% yoy	YTD FY18	YTD FY17	% yoy
Domestic	12867	10396	23.8%	10,001	28.7%	57,359	47,017	22.0%
Exports	273	221	23.5%	204	33.8%	1,314	1,107	18.7%
Total	13140	10617	23.8%	10,205	28.8%	58,673	48,124	21.9%

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