



Press Release

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The Latest Trend Back on Track in our Neutral Scenario

Although since the beginning of this year the sales growth momentum of China's Light Vehicle market has not performed as strongly as the same period of last year, some positive trends did come into sight in the first month of Q2 2014.

Sales of locally-made Light Vehicles totaled 1.88 million units, up by 9.5% on the previous year, and higher than the 6.7% achieved in March and the 9.1% achieved overall in Q1 2014. Light Commercial Vehicle sales saw a clear improvement, with year-on-year growth increasing to 2.6% in April, from 0.7% in Q1 2014. In the Passenger Vehicle market, however, with year-on-year growth staying at a very similar level as seen in Q1 2014, the improving trend looks vague.

The improving trend would be more explicit if indicated by SAAR. In April, the SAAR of Passenger Vehicle sales reached 18.3 million units, edging up from an average of 17.7 million units in Q1 2014. Furthermore, the SAAR in April was higher than the average SAAR of 18.1 million units in Q4 2013, and was even slightly above the previous peak of 18.25 million units achieved in December 2013.

The positive trend in dealer-level inventory also continued into April. Although CADA's inventory index climbed seasonally to 1.52 in April from 1.38 in March, it was still 10% lower than the same period of last year, indicating the improvement of Passenger Vehicle wholesales is sustainable.

So, after a dismal start to Q1 2013, China's Light Vehicle market has stepped back on track of our neutral scenario annual forecast. Moreover, progress seen towards our neutral scenario has taken place in a macro-economic environment.

Recent economic data indicates that China's economy has remained sluggish, after expanding by 7.4% year-on-year in Q1 2014. In April, with the exception of export growth picking up to 0.9%, year-on-year growth in industrial production, fixed asset investment, and retail sales all moderated.

China's weaker domestic activity reflects a recent marked slowdown in sales and investment in the property sector, which is said to account for nearly a fifth of the country's GDP. Falling property sales and prices will strain the country's fragile banking system and the finances of local governments. While the government has introduced mini stimulus measures to prop up the economy, it remains reluctant to resort to large fiscal stimulus spending that could exacerbate already excessive investment and high local government debt.

Going forward, more stimulus measures for China's economy and more car purchasing restrictions in China's tier-2 cities are still likely to realize, and will likely push up Light Vehicle sales this year leading to another scenario we call the "sea-saw effect". But until now at least, the neutral scenario remains the standard for our forecast.

Market Top Lines						
	APR	Δ	YTD	Δ	2014f	Δ
Sales	2,107,242	9%	8,330,872	9%		
PV	1,512,589	13%	6,028,228	12%	18,842,781	12%
LCV	468,382	3%	1,875,803	1%	5,295,304	4%
M&H CV	126,271	-1%	426,841	6%		
Production	2,066,658	9%	7,957,021	9%		
PV	1,446,377	11%	5,597,466	11%	17,618,697	11%
LCV	495,485	4%	1,907,782	3%	5,294,715	4%
M&H CV	124,796	-1%	451,773	8%		

Best Selling Models						
	APR	Δ	Share	YTD	Δ	Share
PV						
Volkswagen Lavida	42,364	25%	2.8%	193,165	24%	3.2%
Volkswagen Santana	26,654	94%	1.8%	106,494	125%	1.8%
Volkswagen Sagitar NCS	27,847	35%	1.8%	102,010	14%	1.7%
LCV						
Wuling Hongguang	60,009	92%	12.8%	270,118	68%	14.4%
Wuling Rongguang/Xingwang	34,846	0%	7.4%	142,493	4%	7.6%
Wuling Sunshine	29,575	-36%	6.3%	123,265	-28%	6.6%

Top Brands (Sales)							
	#	Brand	APR	Δ	YTD	Δ	YTD Share
Passenger Vehicle	1	Volkswagen	251,009	26%	1,040,184	24%	17.3%
	2	Hyundai	92,031	6%	379,098	8%	6.3%
	3	Buick	68,844	4%	307,334	11%	5.1%
	4	Toyota	81,807	13%	304,623	15%	5.1%
	5	Nissan	84,176	22%	274,147	23%	4.5%
	6	Ford	69,506	29%	268,750	45%	4.5%
	7	Chevrolet	58,590	1%	237,502	-2%	3.9%
	8	Honda	57,802	-2%	219,087	12%	3.6%
	9	Kia	54,392	11%	218,207	11%	3.6%
	10	Changan	44,398	31%	189,365	37%	3.1%
	11	Audi	47,645	10%	181,989	21%	3.0%
	12	BMW	40,268	26%	152,362	23%	2.5%
	13	Dongfeng	32,563	30%	145,548	36%	2.4%
	14	BYD	34,783	-13%	137,904	-25%	2.3%
	15	Chery	34,254	14%	129,532	-19%	2.1%
	16	Peugeot	33,296	38%	119,124	22%	2.0%
	17	Haval	31,544	44%	112,931	38%	1.9%
	18	Citroen	29,216	34%	112,395	22%	1.9%
	19	Suzuki	22,378	29%	91,997	1%	1.5%
	20	Mercedes-Benz	22,509	26%	91,133	41%	1.5%
		Passenger Vehicle Total	1,512,589	13%	6,028,228	12%	76.4%
Commercial Vehicle	1	Wuling	139,600	11%	602,907	14%	32.1%
	2	Changan	51,093	29%	236,866	0%	12.6%
	3	Foton	51,420	-2%	187,376	-4%	10.0%
	4	Dongfeng	33,296	-27%	126,070	-33%	6.7%
	5	Jinbei	23,832	-6%	111,909	26%	6.0%
	6	JAC	25,629	-8%	95,626	2%	5.1%
	7	JMC	17,084	15%	61,132	20%	3.3%
	8	Great Wall	11,493	-9%	43,734	-1%	2.3%
	9	Beijing	13,053	15%	42,260	-6%	2.3%
	10	FAW	9,704	-17%	37,533	-15%	2.0%
		Commercial Vehicle Total	468,382	3%	1,875,803	1%	23.6%

Top Manufacturers (Production)							
	#	Manufacturer	APR	Δ	YTD	Δ	YTD Share
Passenger Vehicle	1	Shanghai VW	138,191	8%	635,885	20%	11.4%
	2	FAW VW	156,087	30%	565,258	17%	10.1%
	3	Shanghai General Motor	145,881	14%	551,459	7%	9.9%
	4	Beijing Hyundai	91,000	9%	363,520	5%	6.5%
	5	Changan Ford	62,962	27%	243,252	38%	4.3%
	6	Dongfeng Peugeot Citroe	59,058	24%	219,854	20%	3.9%
	7	Dongfeng Yueda Kia	53,487	18%	206,927	14%	3.7%
	8	Great Wall Motor	43,463	-20%	198,458	-4%	3.5%
	9	Dongfeng Nissan	56,689	-8%	193,511	-1%	3.5%
	10	FAW Toyota	46,812	-3%	168,063	5%	3.0%
	11	Chang'an Automobile Gri	41,840	30%	162,780	53%	2.9%
	12	GAC Honda	45,482	31%	146,090	29%	2.6%
	13	BYD	33,541	-16%	136,094	-25%	2.4%
	14	Geely Group	35,523	-24%	127,481	-32%	2.3%
	15	Dongfeng Honda	32,143	14%	121,028	28%	2.2%
	16	Chery	34,704	5%	120,782	-22%	2.2%
	17	Zhengzhou Nissan	35,433	45%	118,608	47%	2.1%
	18	GAC Toyota	30,969	28%	116,956	34%	2.1%
	19	Brilliance BMW	25,238	39%	96,130	37%	1.7%
	20	FAW Car	28,098	46%	95,209	44%	1.7%
		Passenger Vehicle Total	1,446,377	11%	5,597,466	11%	74.5%
Commercial Vehicle	1	SAIC-GM-Wuling	156,178	18%	612,749	17%	32.1%
	2	Chang'an Automobile Gri	59,901	4%	240,305	-6%	12.6%
	3	Beiqi Foton	48,610	-3%	185,598	1%	9.7%
	4	Brilliance Jinbei	24,181	-11%	108,984	20%	5.7%
	5	Jianghuai Automotive	26,111	1%	100,357	5%	5.3%
	6	DFAC	25,223	-16%	85,566	-13%	4.5%
	7	Jiangling Motors	22,496	12%	79,908	12%	4.2%
	8	Dongfeng Yu'an	13,804	-10%	50,856	-35%	2.7%
	9	Great Wall Motor	12,111	2%	46,108	5%	2.4%
	10	Nanjing Iveco	12,503	-18%	45,260	-20%	2.4%
		Commercial Vehicle Total	495,485	4%	1,907,782	3%	25.5%



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