

## Japan Automobiles

## Japan Jan sales: CY24 began with decline on Daihatsu misconduct, earthquake

Industry Overview

**Jan: -12% YoY. First new car sales decline since Aug 2022**

The January new vehicle sales data (preliminary) released by the Japan Automobile Dealers Association (JADA) and the Japan Light Motor Vehicle and Motorcycle Association in the afternoon of 1 February showed the first YoY decline since August 2022, with domestic total industry volume (TIV) of 335k units (-12% YoY). We believe underlying demand including pent-up demand remains high but in addition to negatives from the January suspension of production at Daihatsu owing to misconduct we think plant operations and sales may have been affected to some extent by the Noto Peninsula earthquake. Impact from Daihatsu irregularities is likely to diminish from February but a return to normal will presumably take time.

By OEM, Toyota sales were down sharply owing to the Daihatsu situation (-20% YoY, incl Lexus +15%), and Daihatsu sales dropped 63%. Sales increased from a low base for Honda (+19%) and Nissan (+7%).

**Registered vehicles: Sharp Toyota fall on earthquake, Daihatsu**

Registered vehicles declined 5% YoY to 217k units in January, their first dip in 13 months. There was a sharp decline for Toyota (-19%) with hard hits from the Noto earthquake and Daihatsu misconduct, and also for Mazda (-39%). Honda posted high growth (+68%) on low comps while Toyota's Lexus brand sustained growth of 15%.

**Mini vehicles: Daihatsu down sharply**

Mini vehicle registrations fell 23% YoY to 118k units in January, dragged down by a 62% drop for Daihatsu, which was found to have testing process irregularities in 2H December. Suzuki was almost flat, at +1%, owing to earthquake impact and a high bar. MMC sustained high growth (+53%).

**CVs: Shadow cast by chassis capacity shortage**

In January there was commercial vehicle registration growth of 0% YoY for Isuzu, -4% for Hino, +3% for Mitsubishi Fuso, and -24% for UD Trucks, which amounted to an aggregate weighted-average decline of 2%. Pent-up demand is high but when Hino released 3Q results on 1 February it spoke of stagnation in shipments owing to serious capacity shortages for chassis. We see the sector's response to this issue as the major immediate focus.

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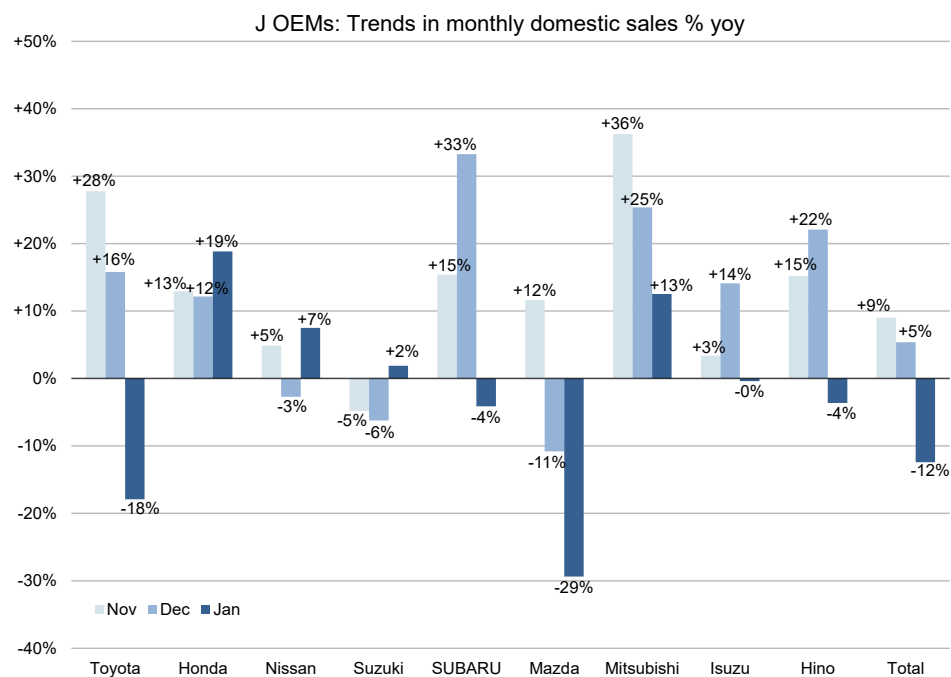
Refer to important disclosures on page 4 to 6.

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Timestamp: 01 February 2024 03:30PM EST

**Exhibit 1: Jan domestic sales: First decline since Aug 2022**

Domestic automobile industry: Japan sales YoY



Source: JAMA, JADA, Japan Light Motor Vehicle and Motorcycle Association, BofA Global Research.

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**Exhibit 2: Brand/segment YoY change, market share YoY**

Domestic automobile industry: Monthly data (Jan 2024)

	2024/1					
	YoY			Market share		
	Reg. car	Mini car	Total	Reg. car	Mini car	Total
Nissan	+16.9%	-3.3%	+7.5%	11.0%	14.6%	12.3%
Toyota	-19.0%	-51.2%	-19.6%	44.6%	1.0%	29.3%
Lexus	+15.2%	-	+15.2%	3.3%	-	2.2%
Mazda	-38.5%	+5.9%	-29.4%	3.3%	2.8%	3.1%
Daihatsu	-69.2%	-62.2%	-62.6%	0.4%	16.4%	6.0%
Honda	+67.9%	-11.6%	+18.8%	13.3%	20.8%	15.9%
Suzuki	+3.7%	+1.5%	+1.9%	5.1%	38.8%	16.9%
Subaru	+7.6%	-64.3%	-4.1%	3.7%	0.4%	2.6%
MMC	-28.3%	+52.5%	+12.5%	1.3%	5.2%	2.7%
Isuzu	-0.4%	-	-0.4%	1.9%	-	1.2%
Hino	-3.6%	-	-3.6%	1.2%	-	0.8%
Mitsubishi Fuso	+2.6%	-	+2.6%	0.9%	-	0.6%
UD Trucks	-24.3%	-	-24.3%	0.2%	-	0.2%
Others	+4.4%	-	+4.5%	9.7%	-	6.3%
Total	-5.5%	-22.9%	-12.4%	100.0%	100.0%	100.0%

Source: JAMA, JADA, Japan Light Motor Vehicle and Motorcycle Association, BofA Global Research.

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**Exhibit 3: Brand sales volume and YoY/MoM change**

Domestic automobile industry: Monthly data (Jan 2024)

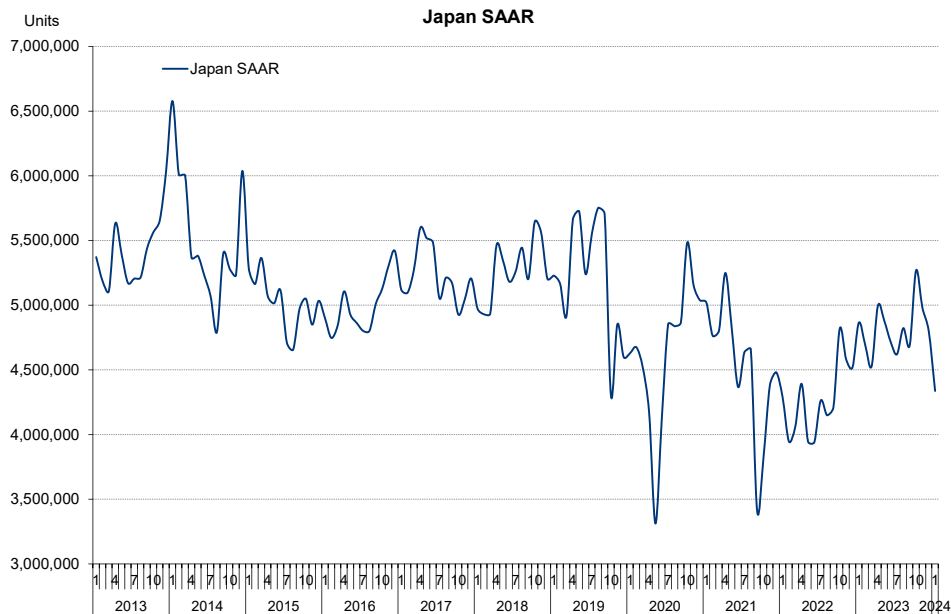
		Japan vehicle sales volume (Monthly)													Total
		By brand											By segment		
Jan-24	(Units)	Toyota	Honda	Nissan	Suzuki	Daihatsu	SUBARU	Mazda	MMC	Lexus	Hino	Isuzu	Registered Vehicles	Mini Vehicles	
Jan-24	Sales units	97,945	53,403	41,041	56,710	20,243	8,641	10,477	8,954	7,238	2,547	4,105	216,926	117,912	334,838
	Market share	29.3%	15.9%	12.3%	16.9%	6.0%	2.6%	3.1%	2.7%	2.2%	0.8%	1.2%	64.8%	35.2%	100.0%
	mom	-9%	+2%	+26%	+21%	-53%	-20%	+3%	+3%	+44%	-12%	-20%	-7%	-10%	-8%
	yoy	-20%	+19%	+7%	+2%	-63%	-4%	-29%	+13%	+15%	-4%	-0%	-5%	-23%	-12%
Registered Vehicles	Sales units	96,737	28,883	23,839	11,001	897	8,117	7,233	2,824	7,238	2,547	4,105	-	-	216,926
	Market share	44.6%	13.3%	11.0%	5.1%	0.4%	3.7%	3.3%	1.3%	3.3%	1.2%	1.9%	-	-	100.0%
	mom	-8%	+11%	+30%	+29%	-50%	-17%	-13%	-8%	+44%	-12%	-20%	-	-	-7%
	yoy	-19%	+68%	+17%	+4%	-69%	+8%	-39%	-28%	+15%	-4%	-0%	-	-	-5%
Mini Vehicles	Sales units	1,208	24,520	17,202	45,709	19,346	524	3,244	6,130	-	-	-	-	-	117,912
	Market share	1.0%	20.8%	14.6%	38.8%	16.4%	0.4%	2.8%	5.2%	-	-	-	-	-	100.0%
	mom	-46%	-6%	+22%	+20%	-53%	-54%	+73%	+8%	-	-	-	-	-	-10%
	yoy	-51%	-12%	-3%	+1%	-62%	-64%	+6%	+53%	-	-	-	-	-	-23%

Source: JAMA, JADA, Japan Light Motor Vehicle and Motorcycle Association, BofA Global Research.

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**Exhibit 4: Japan SAAR**

Domestic automobile industry: SAAR



Source: JAMA, JADA, Japan Light Motor Vehicle and Motorcycle Association, BofA Global Research.

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