

Japan Automobiles

December US SAAR: Honda still firm, Mazda/Toyota also register strong growth

Industry Overview

Dec SAAR 16.08mn units (+17% YoY), CY23 sales 15.61mn

The December US seasonally adjusted annualized rate (SAAR) for light vehicle sales was 16.08mn units (+17% YoY, daily selling rate [DSR] basis), according to an evening release on 3 January EDT (early morning of 4 January JST), above our estimate of 15.40mn.

CY23, sales totaled 15.61mn units (+13 YoY). Battery electric vehicles (BEVs) accounted for 7.7% of total sales in December, down slightly MoM, while the BEV share for CY23 was 7.7% (4Q CY23: 8.0%). The sales ratio for hybrid electric vehicles (HEVs) was 8.2% for December and 7.6% for CY23. In 4Q CY23 the HEV sales ratio was 8.5%, up QoQ for the sixth consecutive quarter (3Q CY22: 5.1%), buoyed by new models and recovering output at Japanese OEMs.

Among the Japanese OEMs, Honda continued to post firm sales, while Toyota and Mazda also registered strong growth. Dealer inventories had been edging up at Mazda, but it ran down inventories sharply in December (incentives also remained low). Nissan's sales were in line with the market average, but SUBARU and Mitsubishi Motors (MMC) underperformed. MMC's sales have now declined YoY for three consecutive months. We maintain our view that gaps in performance are starting to emerge among the Japanese OEMs as market conditions gradually normalize.

JPN OEM Dec sales: Solid growth for Honda/Mazda/Toyota

YoY changes in DSR were: Toyota +29%, Honda +37%, Nissan +17%, SUBARU +6%, Mazda +50%, MMC -1%, overall market +17%. Incentives per vehicle were: Toyota US\$1,051 (+73% YoY), Honda US\$1,658 (+70%), Nissan US\$2,992 (2.1x), SUBARU US\$1,272 (2.7x), Mazda US\$1,707 (+74%), MMC US\$2,051 (9.2x), overall market US\$2,687 (2.0x).

Japan tier-1 OEMs: Toyota's monthly market share fell slightly from 16.1% in October and November to 15.5% in December, but it remains in a strong position given low incentives and inventories. Lexus sales continued to rise strongly, surging 91% YoY in December. Honda also continued to perform well, posting sales well above the market average while keeping incentives and inventories low. Sales increased sharply for new models launched since 2022, led by the CR-V (+96% YoY). Nissan's sales were in line with the market. Dealer inventories declined MoM but remained above the market average, with Nissan again trailing peers after underperforming in November.

Japan tier-2 OEMs: Mazda's sales rose sharply in December, while a steep drop in dealer inventories was also positive (Nov: 43 days, Dec: 29 days). Sales were driven by the CX-5 (+57%) and the CX-50 (+95% YoY), which has moved to two-shift production, while the new CX-90 saw sales drop from 5,055 units in November to 4,776 units in December. SUBARU underperformed the market. Incentives remained low in absolute terms, but increased quite rapidly YoY and MoM. MMC was well behind the market average for the third consecutive month.

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Exhibit 1: US monthly sales by OEM

Strong growth for Honda/Mazda/Toyota

		yoy % change		Market share	
		Nov	Dec	Nov	Dec
Toyota	Total	+18%	+29%	16.1%	15.5%
	PC	+11%	+15%	22.2%	22.9%
	LT	+20%	+35%	14.6%	13.7%
Honda	Total	+33%	+37%	8.5%	8.5%
	PC	+21%	+13%	13.7%	14.5%
	LT	+39%	+52%	7.2%	7.1%
Nissan	Total	+1%	+17%	4.9%	5.1%
	PC	+14%	+36%	8.1%	9.2%
	LT	-5%	+9%	4.0%	4.1%
Subaru	Total	+6%	+6%	4.3%	4.0%
	PC	-20%	-4%	7.2%	7.4%
	LT	+28%	+12%	3.6%	3.2%
Mazda	Total	+3%	+50%	2.2%	2.7%
	PC	-15%	+10%	1.2%	1.0%
	LT	+6%	+55%	2.5%	3.1%
MMC	Total	-1%	-1%	0.5%	0.5%
	PC	+69%	+42%	0.5%	0.5%
	LT	-11%	-8%	0.5%	0.5%
Tesla	Total	+18%	+31%	4.1%	3.9%
	PC	-14%	-4%	7.4%	7.4%
	LT	+48%	+64%	3.3%	3.1%
D3	Total	-1%	+20%	36.3%	38.6%
	PC	-15%	-34%	11.8%	10.0%
	LT	+0%	+25%	42.4%	45.2%
Total	Total	+9%	+17%	-	-
	PC	-2%	+7%	-	-
	LT	+12%	+20%	-	-

Source: Autodata, BofA Global
Research.

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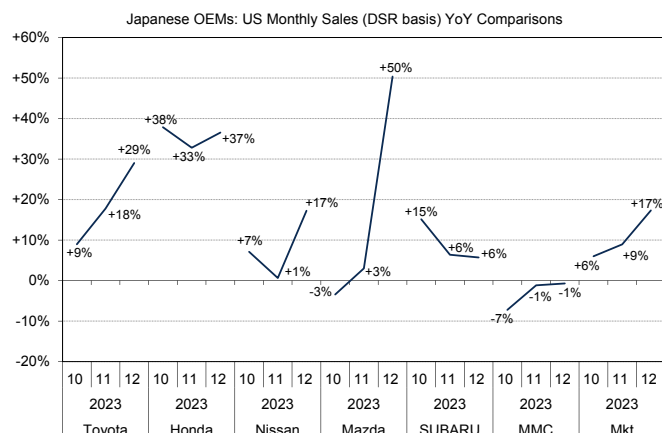
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Exhibit 2: Sales volume by main brand (YoY, DSR basis)

Honda still firm, Mazda/Toyota also outperformed

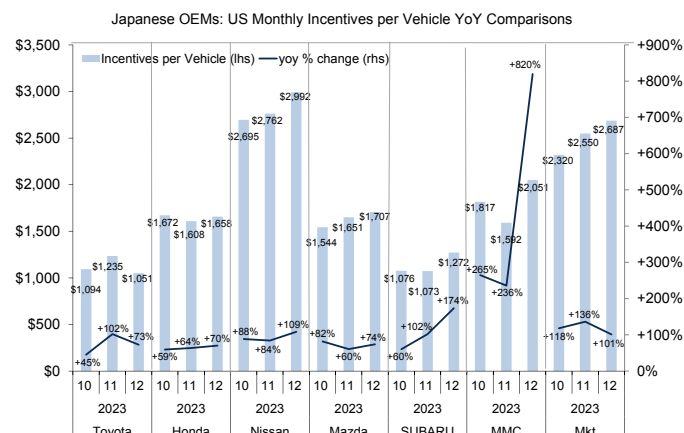


Source: Autodata, BofA Global Research.

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Exhibit 3: Per-vehicle incentives by main brand

Still low at Toyota/Honda/Mazda

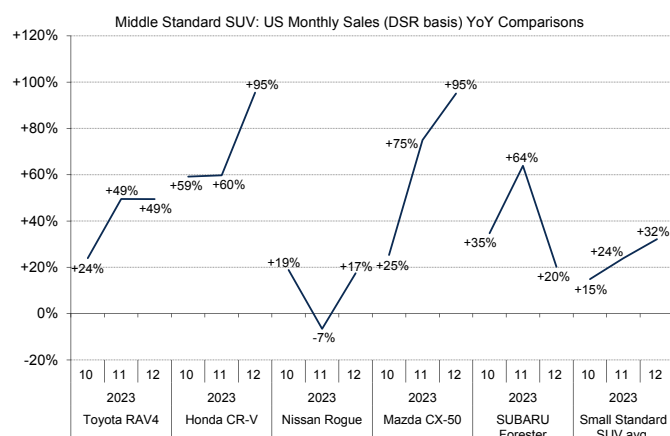


Source: Autodata, BofA Global Research.

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Exhibit 4: Crossovers: Sales volume (YoY, DSR basis)

Impact of two-shift production starting to emerge for CX-50

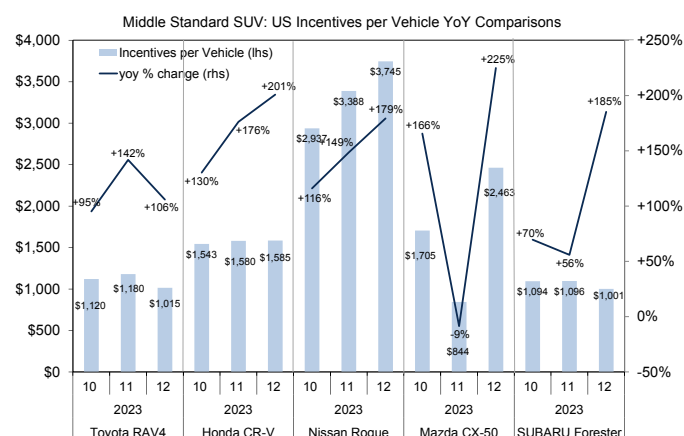


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Exhibit 5: Crossovers: Per-vehicle incentives

Incentives remain low for RAV4 and CR-V



Source: Autodata, BofA Global Research.

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Exhibit 6: US auto sales: Sales volume growth (YoY) and market share by powertrain

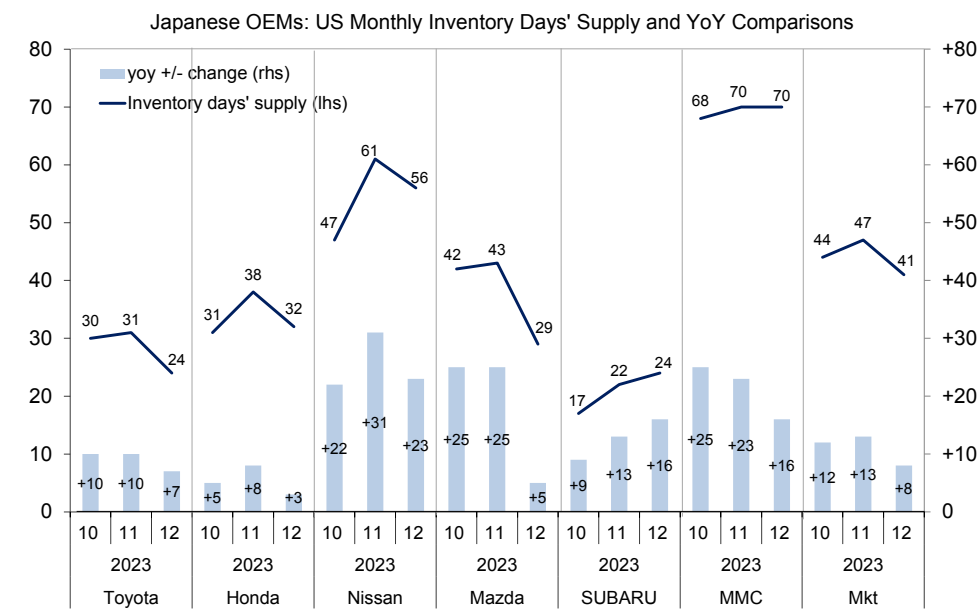
BEV sales ratio dropped to 7% level from June 2023

	yoy % change		Market share	
	Nov	Dec	Nov	Dec
BEV	+37%	+39%	8.1%	7.7%
FCV	-67%	-85%	0.0%	0.0%
PHEV	+6%	+43%	1.4%	1.8%
HEV	+84%	+73%	8.8%	8.2%
ICEV	+2%	+12%	81.7%	82.3%
Total	+9%	+17%	-	-

Source: Autodata, BofA Global Research.

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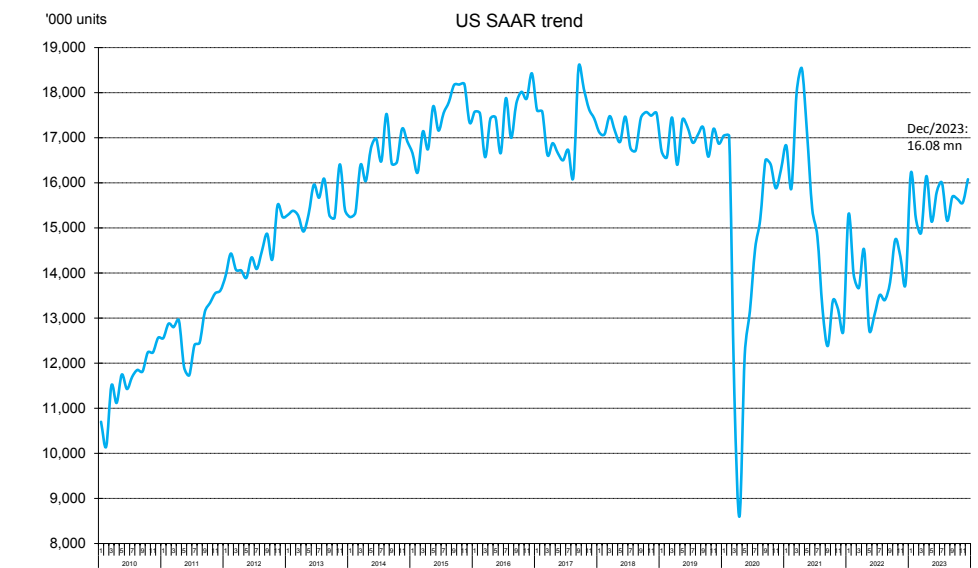
Exhibit 7: Dealer inventory turnover days and YoY change by brand
Inventories broadly lower in Dec than Nov, partly due to seasonal factors; market conditions appear firm



Source: Autodata, BofA Global Research.

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Exhibit 8: US SAAR
November SAAR 15.56mn, December SAAR 16.08mn



Source: Autodata, BofA Global Research.

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