Auto Sector – Overweight

News update

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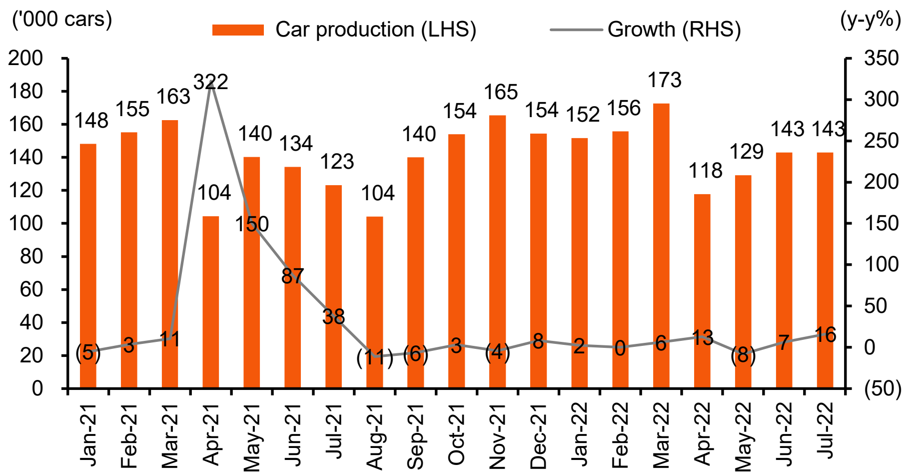
Decent auto production in July, as expected

- **July production of new vehicles was up 16% y-y**
- **Export sales surged 18% y-y in July, after a fall 11% y-y in June**
- **Domestic sales continue its growth y-y due to low base**
- **We like NYT and SAT**

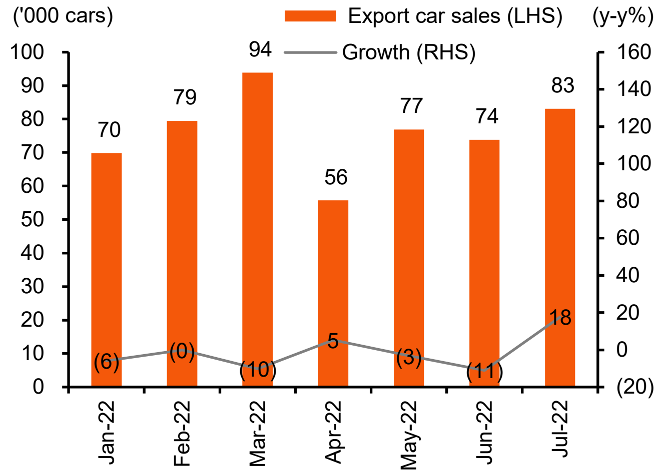
- The Federation of Thai Industries (FTI) has revised down its full-year auto production target from 1.8m units previously to 1.75m units (+4% y-y). Key change is due to a target cut on production for export market by 100,000 units due to concern on a chip supply shortage caused by the Ukraine-Russia war and weaker global demand because of inflation and higher interest rates. Such cut is more than offset target boost for auto production for domestic market which increased by 50,000 units on the back of a domestic economic turnaround from a tourism recovery. We conservatively maintain our full-year auto production assumption at 1.7m units (+1% y-y) as we are worried about global slowdown.
- Production of new vehicles was up 16% y-y and flat m-m to 142,958 units in July 2022. Of total car production, about half is for domestic sales and half is for exports. 7M22 number increased 5% y-y to 1m units (82% of 2019's level), or 60% of our full-year forecast
- As for sales, July exports volume turned to growth at 18% y-y (and 12% m-m) to 83,086 units, after a fall of 11% y-y in June and 3% in May. 7M22 was 532,730 units (83% of 2019's level), or 58% of our full-year forecast. Domestic sales continued momentum of y-y growth on the low base effect at 22% in July but dropped slightly by 6% m-m to 64,033 units. 7M22 was 491,336 units (81% of 2019's level), or 57% of our full-year forecast.
- We like NYT (BUY; TP Bt4.6) who will benefit from surge of export sales in July and SAT (BUY; TP Bt27) as a play on falling steel cost next year.

Ex 1: Vehicle Production



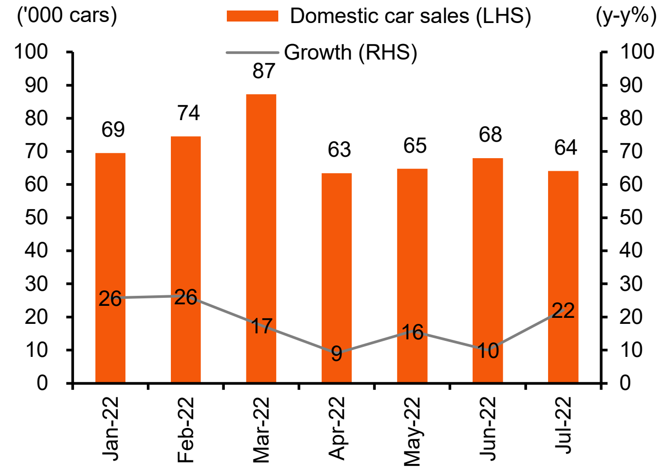
Source: Thai Automotive Industry Association

Ex 2: Car Export Sales



Source: Thai Automotive Industry Association

Ex 3: Domestic Car Sales



Source: Thai Automotive Industry Association

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