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Industry update

Automobiles
Retail demand and Mobility trends

INDIA

Automobiles

Workplace mobility deteriorates, retail growth on low base

In continuation to our mobility series, we are monitoring global mobility and retail demand trends as we believe both these data points are highly correlated. Key takeaways for Nov'20: a) Mobility data improvement trends is stalling globally led by Europe *(charts 7-10,)*; India witnessed a slump in trends in some states (e.g. Delhi, Gujarat, Maharashtra); b) on domestic retail demand trends, festive months (Oct/Nov'20) saw tractor segment continued strong demand trajectory (*table 1*), while PVs though in declining trend is performing better vis-à-vis 2Ws. CVs, 3Ws are witnessing the weakest domestic demand; and c) globally, most countries are witnessing declining transit mobility trends (e.g. Europe, US) due to rising Covid-19 cases while mobility data in Asia is resilient.

Key observations

- **India's state-wise retail analysis** indicates continued softness in retail sales across key categories. Registrations growth trend continued for tractors (up 6.5% YoY) even as PVs turn positive YoY, while all other segments witnessed decline. PV/2W OEMs have seen relatively better MoM registration (up 13.5%/32.6%) as pent-up demand arising from recovering workplace mobility needs in top-cities is supporting demand rebound. While 3-W/CV segment recorded tepid growth on MoM basis even as Nov'20 had strong tailwinds of the festive sentiment (***tables 6-10)***.

Table 1: Domestic retail registration trends

Particulars	Nov-19	Nov-20	YoY	Oct-20	MoM	Festive'20	Festive'21	YoY
PVs	2,76,311	2,82,196	2.1%	2,48,729	13.5%	5,47,163	5,30,925	-3.0%
2-Ws	17,97,615	13,82,798	-23.1%	10,42,607	32.6%	32,20,591	24,25,405	-24.7%
Total -3W	68,984	23,863	-65.4%	22,381	6.6%	1,31,953	46,244	-65.0%
3W-ICE	53,797	15,703	-70.8%	14,805	6.1%	1,03,779	30,508	-70.6%
e-Rickshaw	15,187	8,160	-46.3%	7,576	7.7%	28,174	15,736	-44.1%
CV	75,003	50,287	-33.0%	46,540	8.1%	1,41,664	96,827	-31.7%
Tractor	45,196	48,133	6.5%	54,856	-12.3%	80,554	1,02,989	27.9%
Total	**22,63,780**	**17,95,001**	**-20.7%**	**14,23,056**	**26.1%**	**41,18,309**	**32,18,057**	**-21.9%**

Source: Vahan, I-Sec research; ICE – Internal Combustion Engine; Festive: Oct/Nov period combined

- **In India, workplace mobility data** after witnessing improvements in May/Jun'20, had plateaued in Jul/Aug'20 and has now peaked in Sept'20 across a few states (led by East and South). Overall, the traffic rebound on an aggregate basis saw deterioration in workplace mobility (down 21% YoY), while transit mobility remained weak (down 17% YoY) as West and North India remained most affected (***charts 7-10)***. As for major metros, Pune/Mumbai witnessed a strong decline in traffic movement as lockdowns were enforced post spike in Covid-19 cases, while other impacted cities like Bengaluru are recovering more modestly.

- **On a global basis, a few interesting observations on mobility**: 1) Countries (e.g. Korea, Japan, India) that have managed to contain the spread of the pandemic have witnessed both transit station and workplace mobility scaling above normalcy (YoY basis); 2) across all other regions after improvement in workplace mobility trends reaching ~70-80% of pre-Covid levels are now witnessing reversal as regions like Europe have been impacted by the second wave. India workplace mobility improvement continues to remain tepid; 2) TomTom data also corroborates Google data with cities like Berlin, Munich, Rome, Beijing, Wuhan having recovered almost pre-Covid traffic levels (YoY); and 3) few European countries like France, UK and Spain have started to witness sharp declines (Nov'20) vis-a-vis other peer nations (***charts 1-10***).

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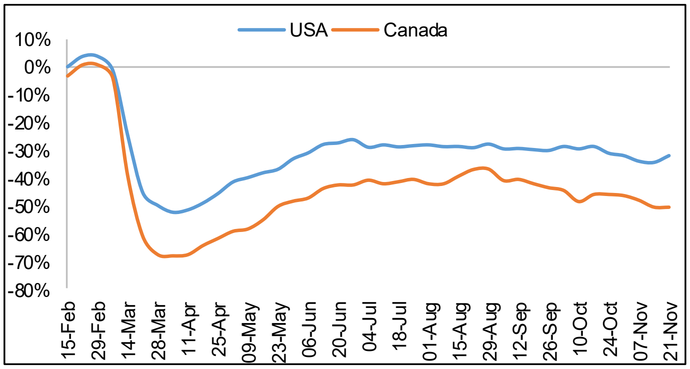
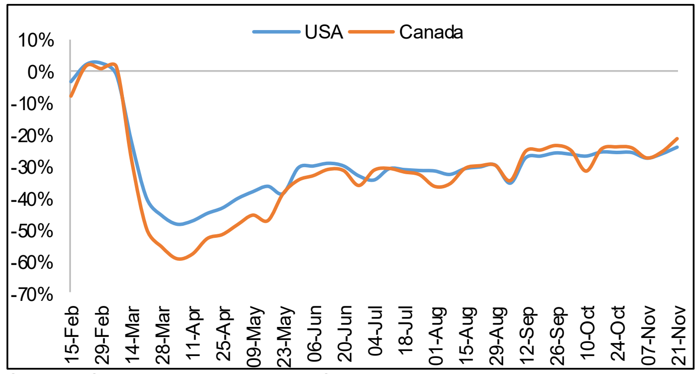
Chart 1: Transit mobility trends during Covid-19 crisis in North America



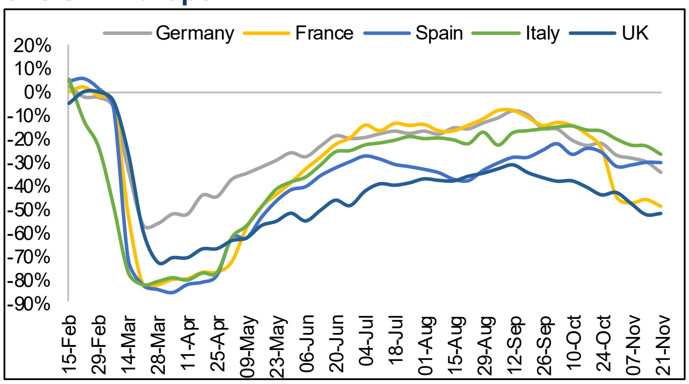
Source: Google Mobility report, I-Sec research

Chart 2: Workplace mobility trends during Covid-19 crisis in North America



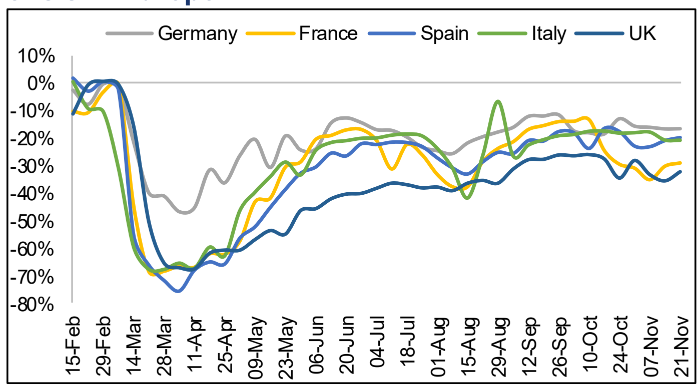
Source: Google Mobility report, I-Sec research

Chart 3: Transit mobility trends during Covid-19 crisis in Europe



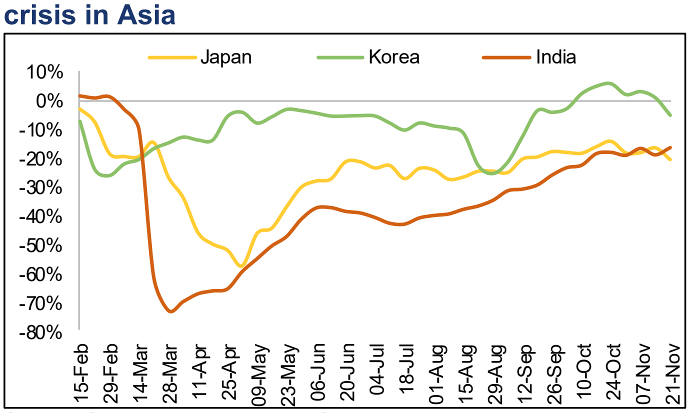
Source: Google Mobility report, I-Sec research

Chart 4: Workplace mobility trends during Covid-19 crisis in Europe



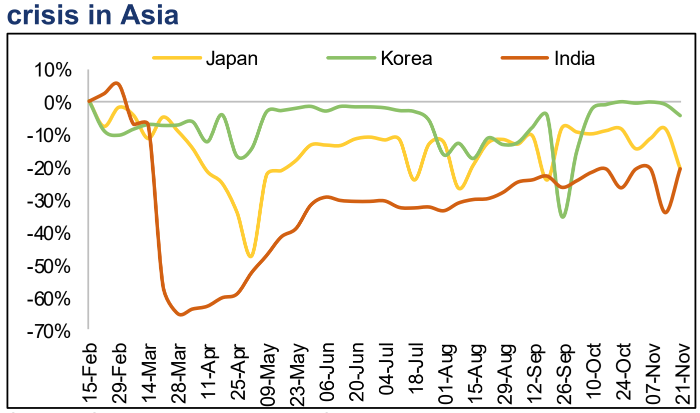
Source: Google Mobility report, I-Sec research

Chart 5: Transit mobility trends during Covid-19 crisis in Asia



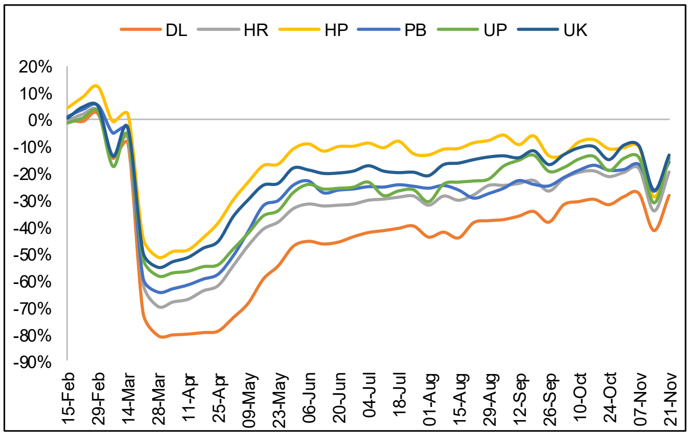
Source: Google Mobility report, I-Sec research

Chart 6: Workplace mobility trends during Covid-19 crisis in Asia



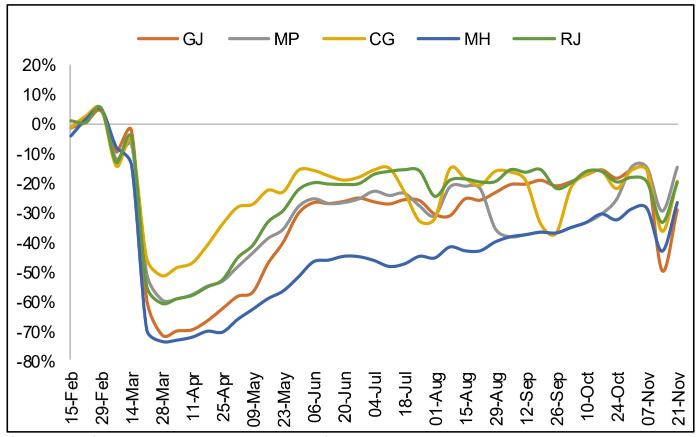
Source: Google Mobility report, I-Sec research

Chart 7: India – North Zone workplace mobility trends



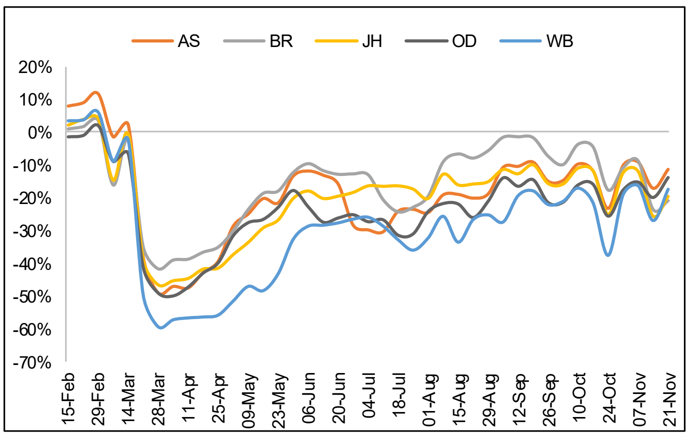
Source: Google Mobility report, I-Sec research

Chart 8: India – West Zone workplace mobility trends



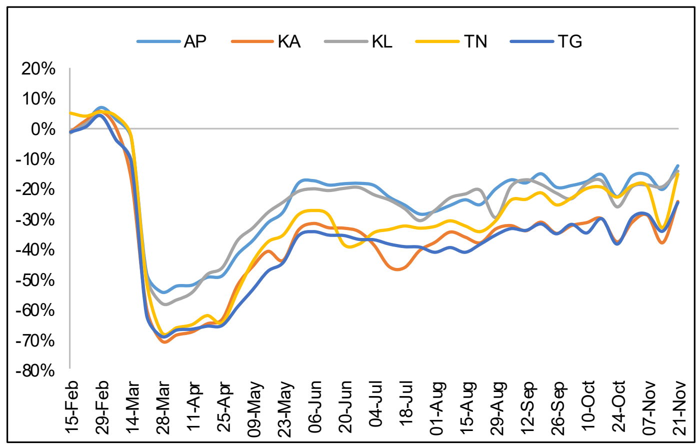
Source: Google Mobility report, I-Sec research

Chart 9: India – East Zone workplace mobility trends



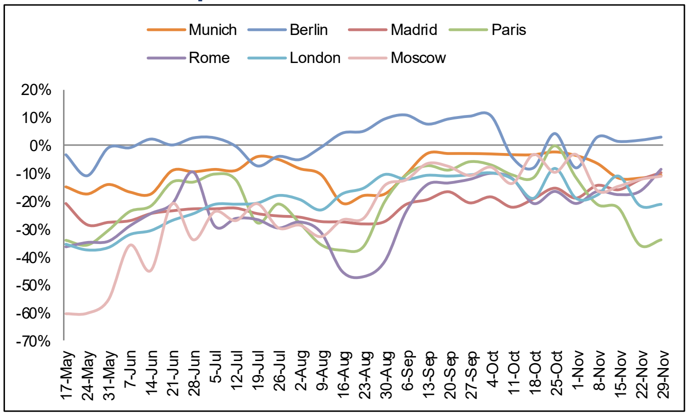
Source: Google Mobility report, I-Sec research

Chart 10: India – South Zone workplace mobility trends



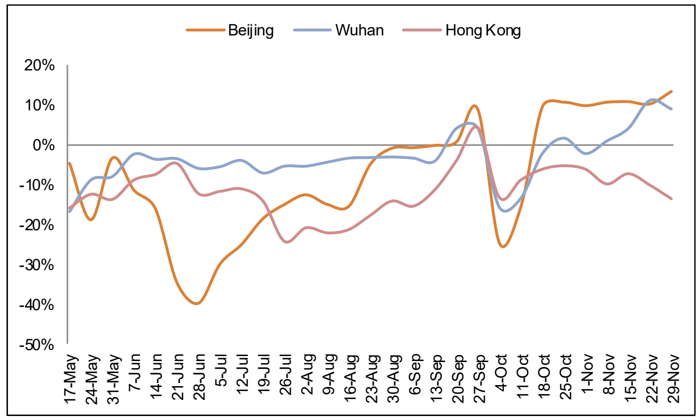
Source: Google Mobility report, I-Sec research

Chart 11: Europe YoY traffic trends



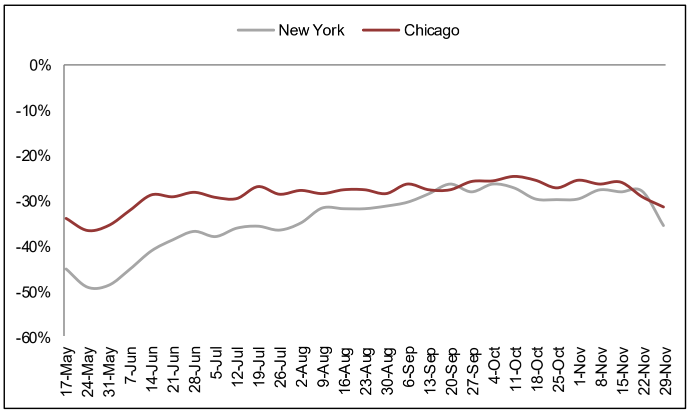
Source: TomTom International BV, I-Sec research

Chart 12: Asia YoY traffic trends



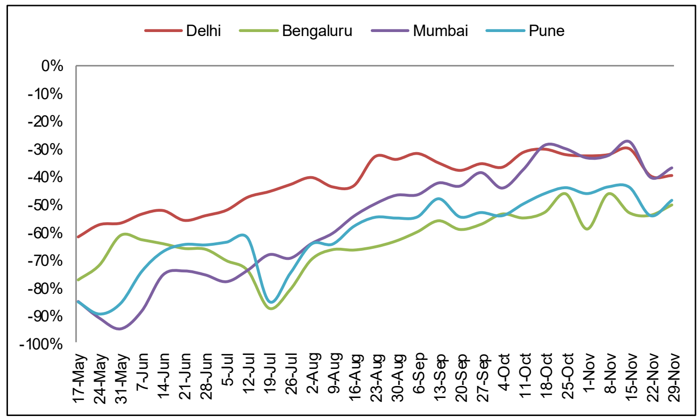
Source: TomTom International BV, I-Sec research

Chart 13: US YoY traffic trends



Source: TomTom International BV, I-Sec research

Chart 14: India YoY traffic trends



Source: TomTom International BV, I-Sec research

Table 2: Top countries – passenger car registration trends

No	Country	Sep-19	Oct-19	Nov-19	Sep-20	Oct-20	MoM (%)	YoY (%)	YTDCY20	YTDCY19	YoY (%)
1	USA	12,72,749	13,47,419	14,13,514	13,51,643	13,61,858	1%	6%	117,21,924	141,08,637	-17%
2	Canada	1,66,488	1,60,216	1,43,666	1,69,876	1,56,095	-8%	2%	13,00,432	16,62,384	-22%
3	Mexico	1,00,734	1,07,094	1,24,797	77,784	84,307	8%	-23%	7,48,525	10,62,489	-30%
4	Japan	5,48,209	3,14,798	3,85,859	4,69,705	4,06,851	-13%	-14%	38,07,114	44,64,483	-15%
5	Korea	1,12,407	1,34,895	1,36,414	1,38,530	1,35,495	-2%	23%	14,58,618	13,61,267	7%
6	Germany	2,44,622	2,94,593	2,99,127	2,65,227	2,74,303	3%	8%	23,16,134	30,34,751	-24%
7	UK	3,43,255	1,43,251	1,56,621	3,28,041	1,40,945	-57%	-4%	13,84,601	20,05,522	-31%
8	France	2,09,377	2,30,797	2,10,313	2,10,288	2,11,124	0%	0%	14,19,553	19,08,098	-26%
9	Italy	1,42,532	1,57,262	1,50,587	1,56,132	1,56,978	1%	10%	11,22,531	16,25,498	-31%
10	Spain	81,746	93,954	93,158	70,729	74,228	5%	-13%	6,69,664	10,59,240	-37%
11	Russia	1,49,368	1,44,134	1,56,848	1,54,409	1,54,164	0%	3%	13,43,180	15,01,472	-11%

Source: Bloomberg; I-Sec research

Monthly retail data based on retail registration data available from Vahan (MoRTH) for Nov'20 covers 1,138 of 1,461 (~78%) regional transport offices (RTOs) as RTOs in most states have restarted operations. Post the reopening of the lockdown, underlying operational RTOs have been increasing at a quick pace from 930 in May to higher than pre-Covid level of 1,132 in March.

Table 3: Overall retail registration trend

Particulars	Nov-19	Nov-20	YoY	Oct-20	MoM	YTDFY20	YTDFY21	YoY
PVs	2,76,311	2,82,196	2.1%	2,48,729	13.5%	15,08,293	9,54,903	-36.7%
2-Ws	17,97,615	13,82,798	-23.1%	10,42,607	32.6%	93,43,849	51,03,750	-45.4%
Total -3W	68,984	23,863	-65.4%	22,381	6.6%	3,84,109	1,02,860	-73.2%
3W-ICE	53,797	15,703	-70.8%	14,805	6.1%	3,10,546	70,719	-77.2%
e-Rickshaw	15,187	8,160	-46.3%	7,576	7.7%	73,563	32,141	-56.3%
CV	75,003	50,287	-33.0%	46,540	8.1%	4,90,147	1,68,477	-65.6%
Tractor	45,196	48,133	6.5%	54,856	-12.3%	2,98,358	3,28,454	10.1%
Total	**22,63,780**	**17,95,001**	**-20.7%**	**14,23,056**	**26.1%**	**120,41,274**	**66,95,993**	**-44.4%**

Source: Vahan, I-Sec research; ICE – Internal Combustion Engine

Key observations on retail sales:

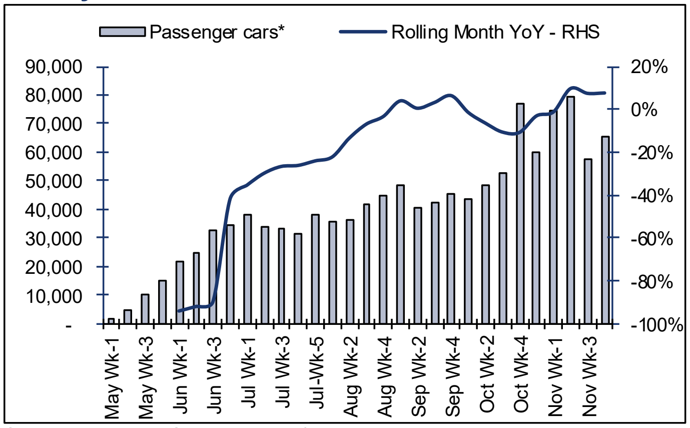
- Overall registrations in Nov'20 declined ~20% YoY and increased ~26% MoM, even as mobility levels declined across states. The MoM improvement across segments was on expected lines due to timing of festive sales in Nov'20.
- PV registrations improved 2.1% YoY (due to lower base of festive season in Oct '19), while 2W registrations disappointingly declined 23% YoY.
- 3W segment saw highest slump in registrations, down 65% YoY, due to restricted use of public transport as well as freight; CV demand remains weak because of restrained economic activity and presence of excess idle capacity.
- Tractor demand remained the strongest (growth trends are, growing ~6.5% YoY, compared to other segments.
- Channel checks indicate urban demand is recovering well as workplace-reopening theme continues to play out, thus demand for PVs have witnessed good traction. However, discounting schemes have sustained across 2W, PV segments even post festive season. OEMs have completed the channel filling exercise with sufficient inventory to leverage any uptick in customer sentiment in Dec'20. However, marriage demand in Dec'20 is likely to remain stunted due to the various restrictions on gatherings and events.
- Overall states that are performing relatively better are rural-oriented ones (*tables 5-9*), e.g. Bihar, Uttar Pradesh, Maharashtra, etc.

Table 4: Top-8 states PV/2W growth trends

	PV				2W			
State	Nov'20	YoY Growth	YTD-FY21	YoY	Nov'20	YoY Growth	YTD-FY21	YoY
Uttar Pradesh	34,059	-5.6%	97,140	-37.8%	1,60,462	-39.2%	8,47,115	-46.4%
Maharashtra	37,445	3.9%	1,12,562	-37.3%	1,78,710	-16.4%	4,49,073	-50.4%
Gujarat	22,706	-15.9%	83,020	-43.4%	73,578	-47.0%	2,52,190	-62.1%
Rajasthan	19,827	13.1%	55,141	-37.6%	1,25,182	-33.7%	3,08,683	-49.5%
Karnataka	19,907	-0.1%	73,854	-34.0%	74,982	-34.7%	3,76,280	-45.9%
Haryana	16,782	-21.3%	58,866	-38.1%	41,135	-46.9%	1,73,334	-44.3%
Tamil Nadu	16,594	2.3%	62,776	-42.0%	1,23,188	-14.9%	5,90,237	-35.0%
Bihar	8,492	11.7%	25,212	-29.0%	1,04,184	-9.0%	3,46,877	-45.2%

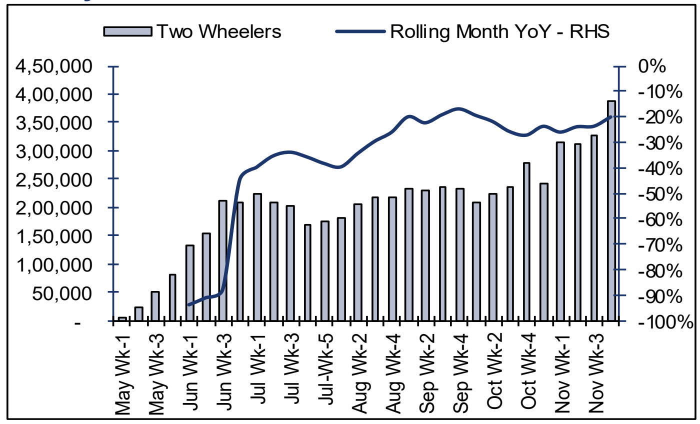
Source: Vahan, I-Sec research

Chart 15: PV – Rolling month YoY progress in weekly retails



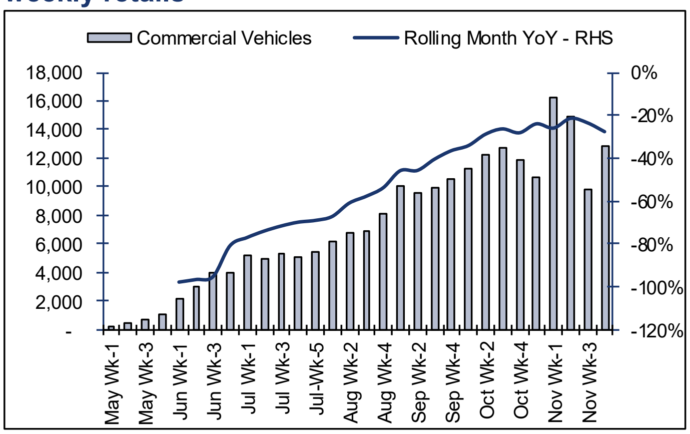
Source: Vahan, I-Sec research * PV Ex-vans

Chart 16: 2W – Rolling month YoY progress in weekly retails



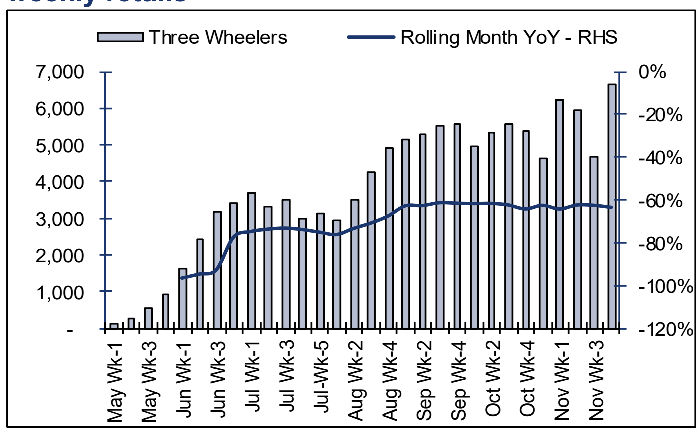
Source: Vahan, I-Sec research

Chart 17: CV – Rolling month YoY progress in weekly retails



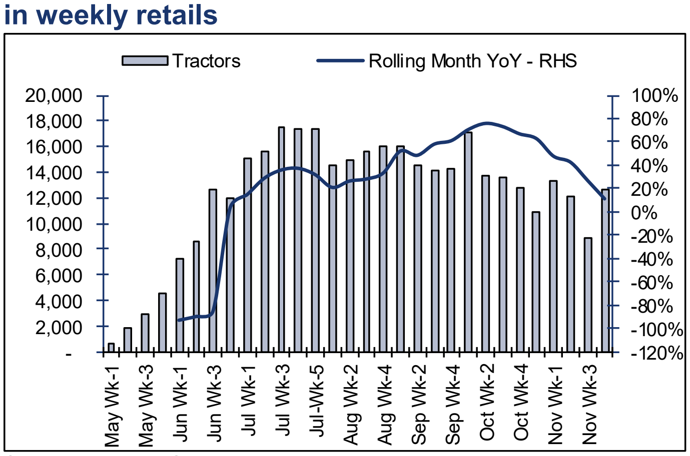
Source: Vahan, I-Sec research

Chart 18: 3W – Rolling month YoY progress in weekly retails



Source: Vahan, I-Sec research

Chart 19: Tractors – Rolling month YoY progress in weekly retails



Source: Vahan, I-Sec research

Table 5: Top 20 states – passenger vehicle registration trends

No	State	Nov-19	Oct-20	Nov-20	MoM	YoY	% Contribution
1	Maharashtra	36,055	35,745	37,445	4.8%	3.9%	11.8%
2	Uttar Pradesh	36,063	19,390	34,059	75.7%	-5.6%	10.2%
3	Gujarat	27,008	23,833	22,706	-4.7%	-15.9%	8.7%
4	Karnataka	19,921	18,627	19,907	6.9%	-0.1%	7.7%
5	Kerala	16,506	17,677	15,704	-11.2%	-4.9%	7.2%
6	Tamil Nadu	16,221	16,326	16,594	1.6%	2.3%	6.6%
7	Haryana	21,312	12,769	16,782	31.4%	-21.3%	6.2%
8	Rajasthan	17,537	13,928	19,827	42.4%	13.1%	5.8%
9	Delhi	12,714	14,405	15,894	10.3%	25.0%	5.5%
10	West Bengal	9,660	9,760	10,035	2.8%	3.9%	4.0%
11	Punjab	9,323	8,999	9,581	6.5%	2.8%	3.7%
12	Assam	6,626	8,443	7,260	-14.0%	9.6%	3.1%
13	Jammu & Kashmir	2,782	6,753	5,605	-17.0%	101.5%	2.8%
14	Bihar	7,600	6,137	8,492	38.4%	11.7%	2.6%
15	Himachal Pradesh	7,301	5,855	7,882	34.6%	8.0%	2.5%
16	Jharkhand	5,821	5,729	7,372	28.7%	26.6%	2.4%
17	Odisha	5,034	6,972	5,998	-14.0%	19.1%	2.3%
18	Chhattisgarh	4,670	5,634	6,816	21.0%	46.0%	1.9%
19	Uttarakhand	4,549	3,588	5,365	49.5%	17.9%	1.6%
20	Chandigarh	1,170	1,577	1,414	-10.3%	20.9%	0.6%
	Total	**2,76,311**	**2,48,729**	**2,82,196**	**13.5%**	**2.1%**	**97.3%**

Source: *Vahan*, I-Sec research

Table 6: Top 20 states – 2W registration trends

No	State	Nov-19	Oct-20	Nov-20	MoM	YoY	% Contribution
1	Uttar Pradesh	2,63,924	1,16,780	1,60,462	37.4%	-39.2%	16.6%
2	Tamil Nadu	1,44,803	1,12,003	1,23,188	10.0%	-14.9%	11.6%
3	Maharashtra	2,13,888	1,21,615	1,78,710	46.9%	-16.4%	8.8%
4	West Bengal	96,811	83,561	86,320	3.3%	-10.8%	7.6%
5	Karnataka	1,14,776	69,593	74,982	7.7%	-34.7%	7.4%
6	Bihar	1,14,506	60,862	1,04,184	71.2%	-9.0%	6.8%
7	Rajasthan	1,88,768	62,616	1,25,182	99.9%	-33.7%	6.0%
8	Gujarat	1,38,771	66,061	73,578	11.4%	-47.0%	4.9%
9	Odisha	56,647	58,984	57,385	-2.7%	1.3%	4.2%
10	Kerala	47,439	49,758	47,956	-3.6%	1.1%	4.2%
11	Haryana	77,426	29,533	41,135	39.3%	-46.9%	3.4%
12	Jharkhand	50,505	32,649	56,851	74.1%	12.6%	3.2%
13	Chhattisgarh	73,006	34,087	66,880	96.2%	-8.4%	2.8%
14	Punjab	78,395	31,876	49,216	54.4%	-37.2%	2.6%
15	Delhi	44,423	27,704	41,067	48.2%	-7.6%	2.6%
16	Assam	32,869	36,974	35,041	-5.2%	6.6%	2.6%
17	Uttarakhand	23,990	12,254	20,799	69.7%	-13.3%	1.2%
18	Jammu & Kashmir	4,598	10,594	9,100	-14.1%	97.9%	1.0%
19	Himachal Pradesh	9,063	6,473	9,520	47.1%	5.0%	0.7%
20	Puducherry	3,487	3,574	3,502	-2.0%	0.4%	0.3%
	Total	**17,97,615**	**10,42,607**	**13,82,798**	**32.6%**	**-23.1%**	**98.7%**

Source: *Vahan*, I-Sec research

Table 7: Top 20 states – commercial vehicle registration trends

No	State	Nov-19	Oct-20	Nov-20	MoM	YoY	% Contribution
1	Maharashtra	12,585	6,738	7,790	15.6%	-38.1%	11.1%
2	Uttar Pradesh	8,275	3,450	4,655	34.9%	-43.7%	10.5%
3	Tamil Nadu	4,912	4,303	4,044	-6.0%	-17.7%	9.0%
4	Bihar	5,158	3,059	2,933	-4.1%	-43.1%	8.7%
5	Karnataka	5,675	2,965	3,325	12.1%	-41.4%	6.3%
6	Odisha	4,555	2,585	2,585	0.0%	-43.2%	6.2%
7	Gujarat	5,209	3,255	2,869	-11.9%	-44.9%	5.6%
8	Rajasthan	4,434	1,969	2,818	43.1%	-36.4%	5.4%
9	West Bengal	4,211	2,254	2,541	12.7%	-39.7%	5.2%
10	Kerala	2,468	2,213	2,136	-3.5%	-13.5%	4.0%
11	Haryana	3,485	1,248	2,048	64.1%	-41.2%	3.9%
12	Assam	2,645	1,705	1,755	2.9%	-33.6%	3.6%
13	Chhattisgarh	2,097	1,078	1,333	23.7%	-36.4%	2.0%
14	Jammu & Kashmir	139	721	636	-11.8%	357.6%	1.9%
15	Delhi	1,680	1,409	1,479	5.0%	-12.0%	1.8%
16	Punjab	1,745	983	949	-3.5%	-45.6%	1.8%
17	Jharkhand	1,252	623	725	16.4%	-42.1%	1.7%
18	Himachal Pradesh	972	425	412	-3.1%	-57.6%	1.4%
19	Uttarakhand	829	443	447	0.9%	-46.1%	1.2%
20	Nagaland	717	296	400	35.1%	-44.2%	0.5%
	Total	**75,003**	**46,540**	**50,287**	**8.1%**	**-33.0%**	**91.9%**

Source: *Vahan*, I-Sec research

Table 8: Top 20 states – 3W registration trends

No	State	Nov-19	Oct-20	Nov-20	MoM	YoY	% Contribution
1	Uttar Pradesh	10,939	3,545	4,720	33.1%	-56.9%	18.8%
2	Bihar	6,958	3,318	3,052	-8.0%	-56.1%	15.4%
3	Maharashtra	8,277	1,844	1,947	5.6%	-76.5%	8.5%
4	West Bengal	3,206	1,960	1,749	-10.8%	-45.4%	7.0%
5	Assam	2,893	1,613	1,562	-3.2%	-46.0%	6.0%
6	Karnataka	4,790	1,279	1,361	6.4%	-71.6%	5.8%
7	Kerala	2,665	1,169	1,175	0.5%	-55.9%	4.7%
8	Delhi	3,192	1,071	1,354	26.4%	-57.6%	4.3%
9	Rajasthan	2,608	662	845	27.6%	-67.6%	4.1%
10	Tamil Nadu	3,867	945	863	-8.7%	-77.7%	4.0%
11	Odisha	2,392	1,055	898	-14.9%	-62.5%	3.8%
12	Gujarat	8,178	1,033	1,097	6.2%	-86.6%	3.7%
13	Jharkhand	2,186	800	917	14.6%	-58.1%	3.4%
14	Haryana	3,245	368	496	34.8%	-84.7%	3.1%
15	Tripura	509	569	768	35.0%	50.9%	2.5%
16	Jammu & Kashmir	34	258	176	-31.8%	417.6%	1.1%
17	Uttarakhand	720	220	248	12.7%	-65.6%	1.0%
18	Punjab	1,137	193	158	-18.1%	-86.1%	0.8%
19	Chhattisgarh	718	190	246	29.5%	-65.7%	0.7%
20	Mizoram	55	114	63	-44.7%	14.5%	0.4%
	Total	**68,984**	**22,381**	**23,863**	**6.6%**	**-65.4%**	**99.2%**

Source: *Vahan*, I-Sec research

Table 9: Top 20 states – tractor registration trends

No	State	Nov-19	Oct-20	Nov-20	MoM	YoY	% Contribution
1	Uttar Pradesh	8,981	10,278	7,126	-30.7%	-20.7%	19.2%
2	Rajasthan	6,180	7,852	6,955	-11.4%	12.5%	14.3%
3	Maharashtra	4,462	6,629	6,973	5.2%	56.3%	12.4%
4	Gujarat	3,256	4,351	3,820	-12.2%	17.3%	10.8%
5	Bihar	3,497	4,853	3,680	-24.2%	5.2%	7.4%
6	Karnataka	3,328	3,639	2,787	-23.4%	-16.3%	6.1%
7	Haryana	3,765	3,212	3,349	4.3%	-11.0%	6.0%
8	Tamil Nadu	1,906	2,540	2,180	-14.2%	14.4%	4.3%
9	Chhattisgarh	2,559	2,076	2,726	31.3%	6.5%	4.0%
10	Punjab	1,621	2,888	2,224	-23.0%	37.2%	3.6%
11	West Bengal	1,638	1,673	1,562	-6.6%	-4.6%	3.2%
12	Odisha	2,167	1,978	1,878	-5.1%	-13.3%	3.0%
13	Assam	719	990	1,007	1.7%	40.1%	2.4%
14	Jharkhand	764	1,313	1,244	-5.3%	62.8%	2.3%
15	Uttarakhand	193	250	316	26.4%	63.7%	0.5%
16	Himachal Pradesh	183	247	167	-32.4%	-8.7%	0.3%
17	Jammu & Kashmir	108	22	20	-9.1%	-81.5%	0.1%
18	Kerala	37	30	54	80.0%	45.9%	0.0%
19	Arunachal Pradesh	26	15	38	153.3%	46.2%	0.0%
20	Puducherry	3	6	7	-	133.3%	0.0%
	Total	**45,196**	**54,856**	**48,133**	**-12.3%**	**6.5%**	**99.8%**

Source: *Vahan*, I-Sec research

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