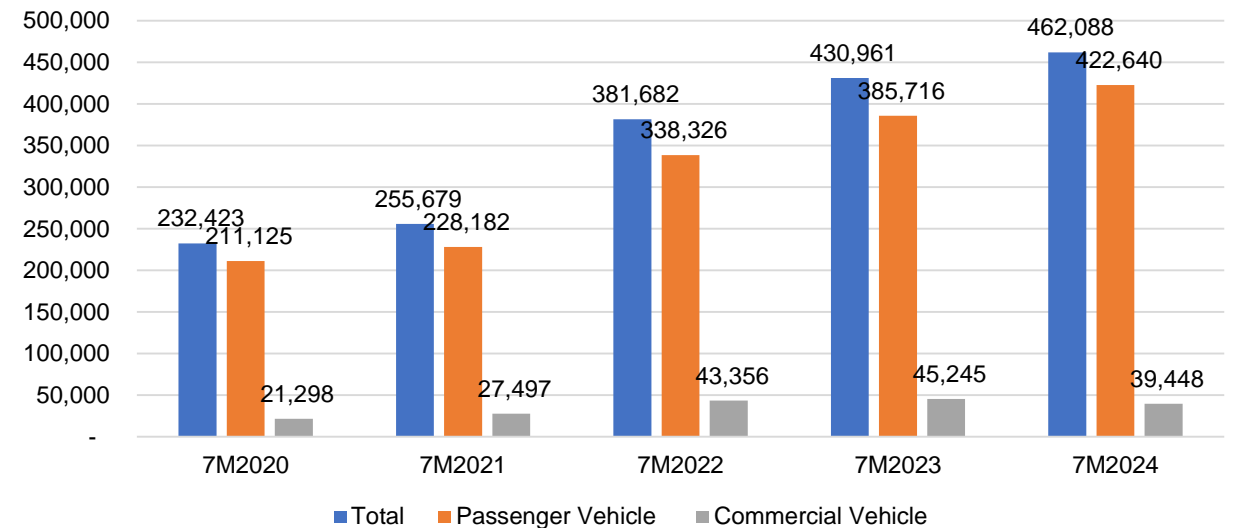


# Automotive sector – sales are promising

The Total Industry Volume (TIV) saw a 7.2% increase, reaching 462,088 units in the first seven months of 2024 (7M2024). This positive growth was primarily driven by the Passenger Vehicle (PV) segment, which made up 91.5% of the total TIV during this period. PV sales rose by 9.6% to 422,640 units, with the Passenger Car (PC) segment leading the way, posting a 15.6% increase to 271,568 units. However, the Commercial Vehicle (CV) segment, which represents 8.5% of the total TIV, saw a 12.8% decline in sales, totaling 39,448 units in 7M2024. In light of this performance, the Malaysia Automotive Association (MAA) has revised its TIV forecast for 2024 upwards from 740,000 units to 765,000 units. This adjustment was driven by an increase in the PV forecast, now expected to reach 696,150 units, up from the previous estimate of 666,000 units, while the CV forecast was lowered from 74,000 units to 68,850 units.

**Total Industry Volume (TIV) for first seven months of the year**



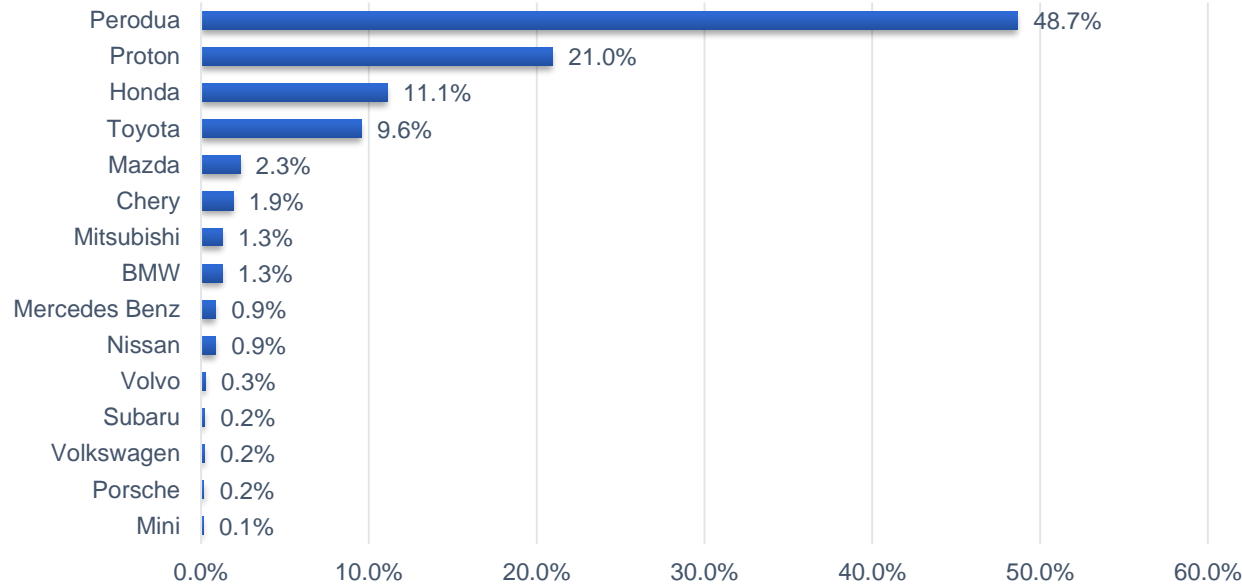
Sources: MAA & CEIC

## Factors for MAA's TIV forecast revision

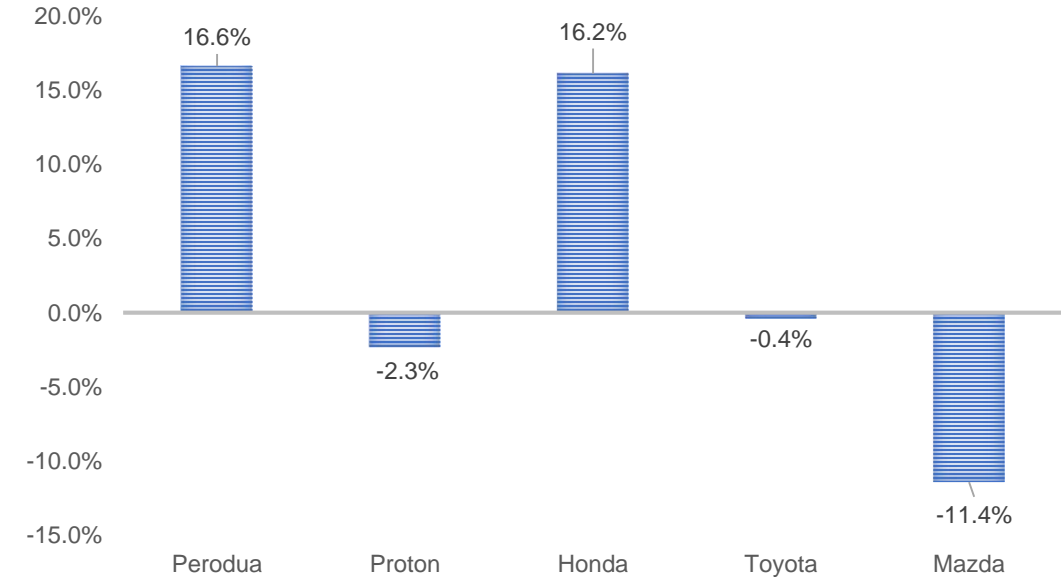
- Resilient domestic economy – the economy is expected to grow within the government forecast range of 4% to 5% in 2024. Already, the Malaysian economy has been growing at a rate of 5.1% in the first half of 2024.
- OPR to remain stable at 3.00% - the BNM is expected to keep the OPR at 3.00% the rest of year as the central bank will continue to maintain its supportive monetary policy stance.
- Healthy backlog orders – the A segment passenger cars markets are expected to demonstrate resilience in the backlog orders.
- New launches – this may include models for Internal Combustion Engine (ICE) and Electrified Vehicle (EV).
- Aggressive promotional activities – this will lure more buyers as there will be value-added service and options to customers.

# National cars market share remained at the top spot

Market share for Passenger Vehicle in 7M2024



TIV growth for Top 5 brand



Sources: MAA & CEIC

National Cars maintained their leading position in the PV sector based on market share. Perodua led the market with a 48.7% share, followed by Proton at 21.0%, Honda at 11.1%, Toyota at 9.6%, and Mazda at 2.3% during the first seven months of the year. In terms of growth, Perodua and Honda showed remarkable performance, with Perodua's sales increasing by 16.6% to 201,944 units and Honda's by 16.2% to 46,132 units between January and July. On the other hand, Proton, Toyota, and Mazda saw declines in PV sales, with reductions of 2.3%, 0.4%, and 11.4% respectively, resulting in sales of 87,024 units, 39,718 units, and 9,715 units for 7M2024. Notably, Proton's plant had a one-week shutdown for scheduled operational improvements in June. As anticipated, this led to a significant increase in July sales, which surged to 14,936 units from 10,735 units in June.

Among Perodua's top-selling models in the first half of 2024 were the Bezza with 47,100 units sold, the Axia with 42,900 units, the Myvi with 34,688 units, the Alza with 20,476 units, and the Atila with 17,741 units. For Honda, the Honda City stood out as the best-selling model, with 12,815 units sold during the same period. Notably, the Honda City was recently added to the Royal Malaysian Police (PDRM) fleet as a patrol car.

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# Positive outlook for the sector

The industry is set for positive TIV growth, driven by the resilience of the domestic economy as the government continues its expansionary fiscal policy, and Bank Negara Malaysia (BNM) remains supportive in its monetary policy approach. Stable labor market conditions are also expected to encourage consumer spending on discretionary items such as cars. Furthermore, the appreciation of the ringgit against the U.S. dollar, with the USDMYR increasing by 5.6% year-to-date to RM4.3488 as of yesterday, is likely to reduce the cost of importing parts and equipment for automotive players, enabling them to stay competitive in their pricing strategies.

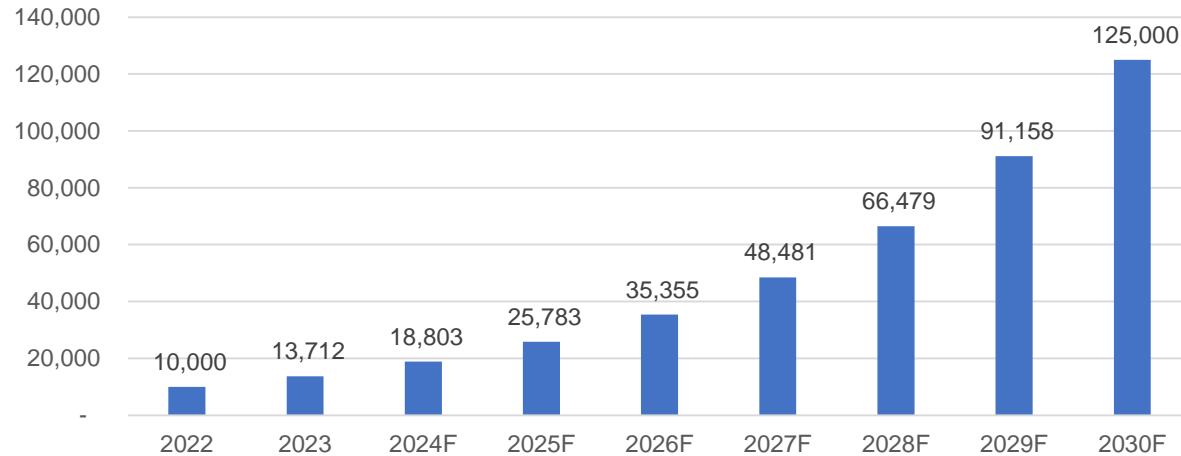
The growing acceptance of electric vehicles (EVs) in Malaysia is expected to accelerate, particularly as the government explores the possibility of rationalizing RON95 subsidies in the future. According to the Malaysia Automotive Association (MAA), EV sales surged to 10,159 units last year, a notable increase from 2,631 units in the previous year. This brings the EV adoption rate to 1.3%, which still falls within the Innovators category according to the Diffusion of Innovation theory. Innovators are typically the first to embrace new technologies and are generally risk-takers willing to try out emerging innovations.

More incentives are expected in Budget 2025, which will be announced on 18 October 2024, potentially including initiatives to accelerate the development of EV charging stations, with a target of reaching 10,000 units by next year. However, progress in this area has been slow, so strategies to align the nation's green economy goals with increased EV adoption and fuel subsidy rationalization are likely to move forward together. So far, EV sales have reached 6,617 units in the first half of 2024 (source: MAA). If this trend continues, annual sales could easily surpass last year's total of 10,159 units. The government has set an ambitious target of 125,000 EV sales by 2030.

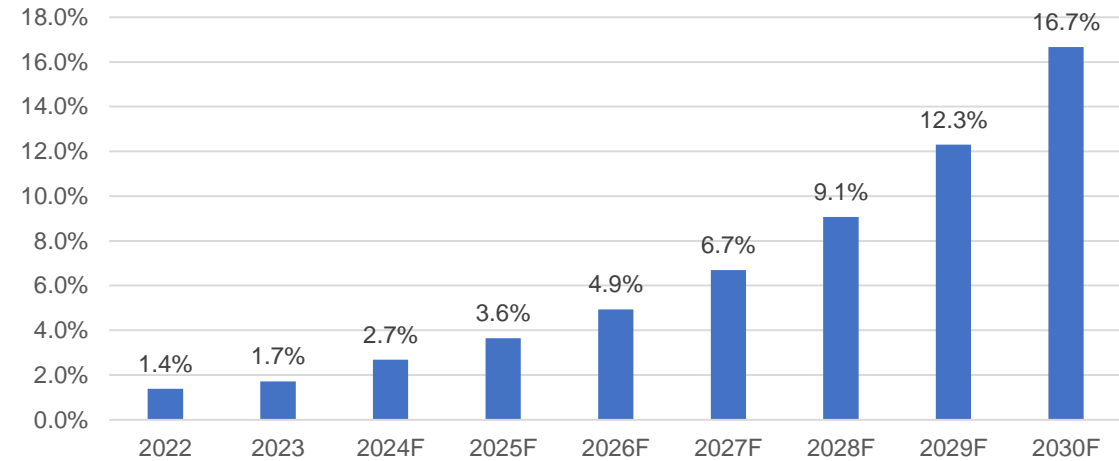
Given the current outlook, we anticipate that the Total Industry Volume (TIV) for Malaysia's automotive industry will range between 650,000 and 700,000 units over the next five years, provided there are no significant disruptions such as a global recession or severe geopolitical conflicts. Additionally, the expected monetary policy easing by the US Federal Reserve could lead Bank Negara Malaysia (BNM) to follow a similar path, though the timing may vary. Overall, the outlook for the automotive sector appears positive in our view.

# EV is the way forward

EV sales



EV adoption rate



Sources: BMMB's Economics Department

We have attempted to synthesize the available information and make projections to gain insights into what might happen in the next 5 to 6 years. According to data from the Malaysia Automotive Association (MAA), EV sales in 2022 were reported at 2,631 units. However, this figure only accounts for MAA members and likely understates the total EV sales in the country. The Edge reported that actual EV sales in 2022 exceeded 10,000 units, and the government has set a target of 125,000 EV sales by 2030. Based on this information, we calculated the Compound Annual Growth Rate (CAGR) for EV sales between 2022 and 2030, which is projected to be 37.1% per annum. While this may seem high, MAA data shows that EV sales growth has already reached 846% in 2022, making this CAGR estimate appear reasonable.

Assuming this growth rate materializes, the EV adoption rate for 2024 will have moved beyond the Innovators stage. Between 2025 and 2030, the EV adoption curve is expected to transition into the Early Adopters (EA) stage, which typically represents 2.5% to 16.0% of the market. The adoption rate is projected to reach 3.6% in 2025 and continue to grow to 16.7% by 2030. Early Adopters are usually opinion leaders who are influential within their communities, suggesting that EV adoption should begin to accelerate significantly moving forward.

<https://www.theedgemaalaysia.com/content/advertise/evolving-green-financing-for-the-electric-vehicle-supply-chain>

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# Appendix – data from Malaysia Automotive Association (MAA)

MARKET SEGMENT	2024 (ORIGINAL FORECAST) *	2024 (REVISED FORECAST)	2023 (ACTUAL)	VARIANCE	
				UNITS	%
Passenger Vehicles	666,000	696,150	719,160	(23,010)	(3.2)
Commercial Vehicles	74,000	68,850	80,571	(11,721)	(14.5)
<b>TOTAL VEHICLES</b>	<b>740,000</b>	<b>765,000</b>	<b>799,731</b>	<b>(34,731)</b>	<b>(4.3)</b>

YEAR	Hybrid Vehicles (unit)	Electric Vehicles (unit)	Total xEV (unit)
2021	7,875	278	8,153
2022	19,988	2,631	22,619
2023	28,055	10,159	38,214
1H2024	15,884	6,617	22,501

**Note:**  
Sales data from MAA members only during the period under review. Non-members data not included

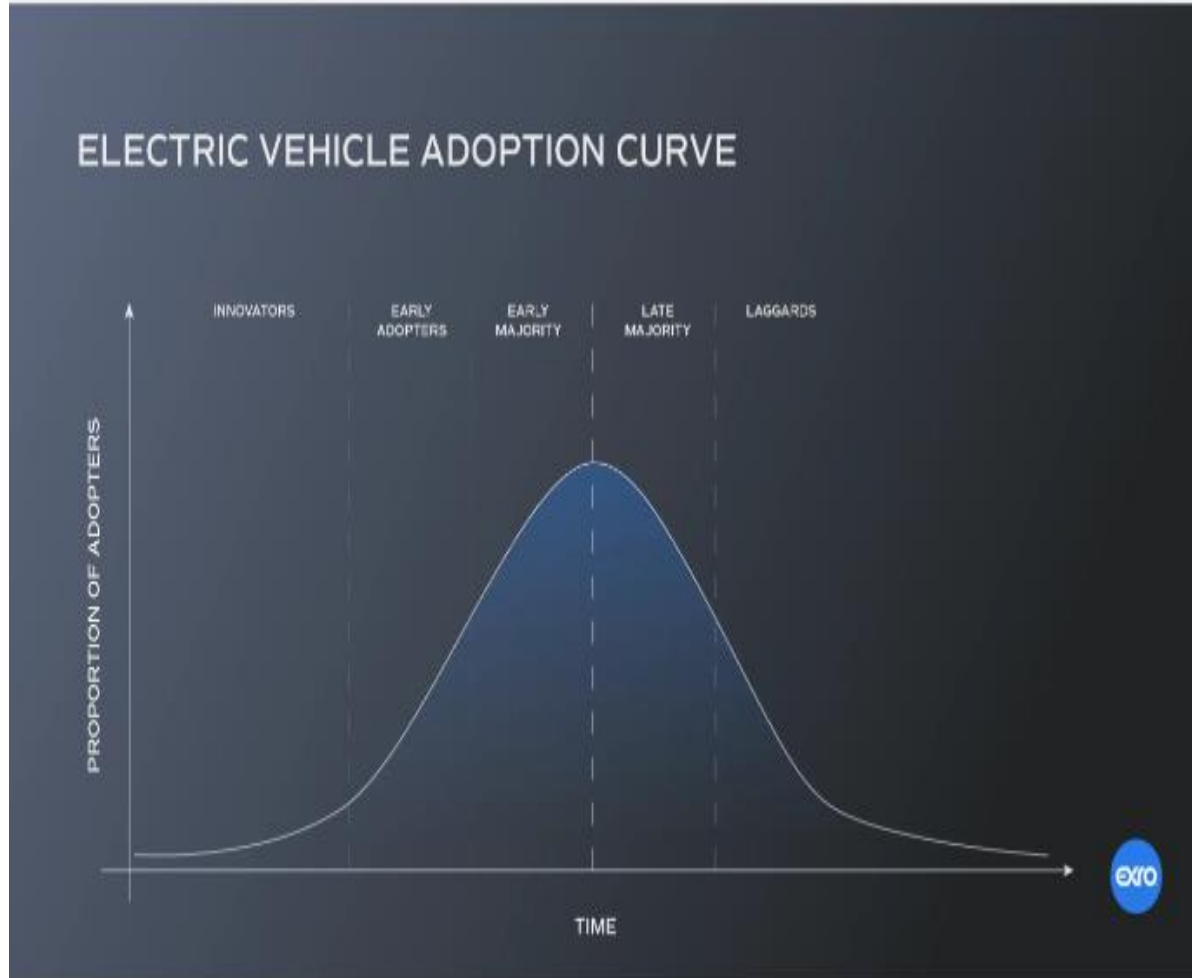
# Appendix – Total Industry Volume (TIV)

Units	Jan-24	Feb-24	Mar-24	Apr-24	May-24	Jun-24	Jul-24	7M2024	7M2023	Growth
Total Industry Volume (TIV)	66,925.0	64,307.0	71,103.0	59,826.0	70,137.0	58,060.0	71,730.0	462,088.0	430,961.0	7.2%
Passenger Vehicle (PV)	60,798.0	59,436.0	64,775.0	55,056.0	64,307.0	52,487.0	65,781.0	422,640.0	385,716.0	9.6%
-Passenger Car	37,988.0	39,086.0	42,906.0	33,559.0	41,795.0	33,564.0	42,680.0	271,578.0	234,907.0	15.6%
-Window Van	89.0	55.0	99.0	85.0	122.0	61.0	66.0	577.0	380.0	51.8%
-Multi Purpose Van	5,550.0	5,442.0	6,031.0	5,043.0	6,331.0	4,566.0	6,299.0	39,262.0	34,340.0	14.3%
-4WD & SUV	17,171.0	14,853.0	15,739.0	16,369.0	16,059.0	14,296.0	16,736.0	111,223.0	116,089.0	-4.2%
Commercial Vehicle (CV)	6,127.0	4,871.0	6,328.0	4,770.0	5,830.0	5,573.0	5,949.0	39,448.0	45,245.0	-12.8%
-Truck	1,235.0	990.0	1,221.0	1,078.0	1,237.0	1,059.0	1,194.0	8,014.0	9,083.0	-11.8%
-Prime Mover	187.0	93.0	177.0	212.0	155.0	162.0	161.0	1,147.0	914.0	25.5%
-Pick Up	4,372.0	3,440.0	4,635.0	3,321.0	4,029.0	3,920.0	4,224.0	27,941.0	32,660.0	-14.4%
-Panel Van	314.0	332.0	276.0	143.0	383.0	409.0	349.0	2,206.0	2,499.0	-11.7%
-Bus	19.0	16.0	19.0	16.0	26.0	23.0	21.0	140.0	89.0	57.3%
<b>Year-on-Year</b>	<b>Jan-24</b>	<b>Feb-24</b>	<b>Mar-24</b>	<b>Apr-24</b>	<b>May-24</b>	<b>Jun-24</b>	<b>Jul-24</b>			
Total Industry Volume (TIV)	33.4%	1.2%	-9.9%	25.2%	11.1%	-7.3%	10.7%			
Passenger Vehicle (PV)	36.4%	5.3%	-8.7%	29.3%	13.9%	-5.8%	11.4%			
-Passenger Car	38.8%	11.1%	4.3%	37.1%	15.6%	-3.8%	19.6%			
-Window Van	93.5%	5.8%	80.0%	102.4%	114.0%	35.6%	-20.5%			
-Multi Purpose Van	53.5%	28.5%	-18.8%	5.5%	30.5%	6.5%	22.4%			
-4WD & SUV	26.6%	-12.4%	-29.5%	23.1%	4.4%	-13.2%	-7.5%			
Commercial Vehicle (CV)	9.8%	-31.7%	-20.3%	-8.5%	-13.1%	-19.3%	3.2%			
-Truck	-3.2%	-18.1%	-16.3%	-6.6%	-9.5%	-20.8%	-6.8%			
-Prime Mover	53.3%	-25.6%	17.2%	107.8%	5.4%	43.4%	4.5%			
-Pick Up	11.2%	-36.6%	-20.7%	-9.0%	-16.7%	-22.4%	7.7%			
-Panel Van	33.1%	-7.3%	-41.0%	-53.1%	10.4%	6.5%	-13.0%			
-Bus	5.6%	128.6%	11.8%	166.7%	116.7%	15.0%	133.3%			

Source: MAA & CEIC

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# Appendix – EV adoption curve



**Innovators:** These are the first individuals to adopt electric vehicles. They tend to be risk-takers who are both open to trying new ideas and technologies and have the means to do so.

**Early Adopters:** The early adopters of electric vehicles are typically opinion leaders who are influential in their communities. Because of early adopters electric vehicles start to become more prevalent.

**Early Majority:** This consumer group tends to be more practical and deliberate in their decision-making.

**Late Majority:** These individuals tend to be skeptical and cautious, adopting electric car innovations more slowly and when they are already somewhat popular and more accessible.

**Laggards:** These individuals are often resistant to change, perhaps attached to the idea of gas-powered vehicles, and may require significant incentives to adopt new ideas and technologies. They are the consumer group most resistant to electric car innovations.

<https://www.exo.com/industry-insights/early-adopters-of-electric-vehicles-the-ev-adoption-curve>