

# Wholesales of Automobiles in October 2020

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Domestic wholesales of automobiles for the month of October 2020 show an impressive growth as OEMs sharply raised their production and factory dispatches in anticipation of a high consumer demand in the ongoing festive and wedding season. In October 2020, all four segments witnessed a double-digit positive growth sequentially, where two wheelers, three wheelers, passenger vehicles and commercial vehicles grew 11%, 40.5%, 14.1% and 13.4% respectively on a M-o-M basis. On a YoY basis, two wheelers and passenger vehicles continue their positive growth momentum, while, three wheelers are still far from showing any recovery as it declined 60.9%, but commercial vehicles are now nearly at same levels as last year.

Performance of domestic wholesales in past 7 months of FY21 shows all segments are lagging the previous year levels. Two wheelers domestic wholesales fall short of 29.8%, while passenger vehicles are down by 25.9%. Three wheelers domestic wholesales have slid by 85.2% in 7M-FY21. This shows that recovery in automobiles industry is implausible in FY21, unless the next 5 months show a massive growth, which is unlikely given the uncertain macro environment, ongoing salary cuts and high unemployment rates. The festive season this year is spread in two months of October and November, unlike last year which was concentrated in just 1 month. Hence, sales of October and November 2020 may not be comparable with last year. The wedding season demand has started and is expected to continue up to January 2021. Hence, February 2021 onwards we expect a dent in retail as well as a domestic wholesale of automobiles.

**Table 1: Domestic wholesales of automobiles**

		Units	YoY	MoM
<b>Two-wheelers</b>	October 2020	20,53,890	16.9%	11%
	7M-FY21	80,37,568	-29.8%	
<b>Three-wheelers</b>	October 2020	26,185	-60.9%	40.5%
	7M-FY21	58,662	-85.2%	
<b>Passenger vehicles*</b>	October 2020	3,10,395	14.2%	14.1%
	7M-FY21	15,11,833	-25.9%	
<b>Commercial vehicles*</b>	October 2020	62,519	-2.9%	13.4%

Source: CARE Ratings, SIAM, CMIE, Company releases

Note: CV data of 5 companies, PV data excludes Tata Motors