

# Auto

## Jul discounts narrowed amid new models, auto finance policy changes

We summarize the Jul 2025 price discounts at dealers for major automakers in this report. Note that Jul discounts for each automaker are calculated based on the weighted average of Jun 2025 retail sales volume for each model, as Jul 2025 retail sales volume data have not been released yet.

The industrywide average discounts narrowed 0.3ppts MoM to 15.1% in Jul 2025, based on our calculations, mainly driven by German luxury brands (BMW, Mercedes-Benz and Audi), as dealers need to raise car prices to offset lower commissions from the auto finance business after banks cut rebates to dealers. Major Chinese brands' average discounts remained relatively stable last month, thanks to the sales ramp-up of new models with lower discounts. On the other hand, most OEMs cut their rebates to dealers in Jul compared with Jun, based on our channel checks, in a bid to minimize margin dent amid the prolonged price war. We have not seen clear signals for dealers' inflection point. We believe Geely and Leapmotor could be better positioned than most of its peers with a strong new model pipeline and sales momentum, as well as stable discounts.

- The NEV trio and Leapmotor.** In Jul 2025, **Li Auto's** average discounts remained flat MoM at 4.0% (Figure 2) with its deliveries falling 15% MoM to 31,000 units. Li Auto simplified the trim levels of the *i8* in response to customer feedback, partially reflecting weaker-than-expected order intakes. We are of the view that such changes could dent the *i8's* gross margin, which means that Li Auto has probably prioritized sales volume over gross margin for BEVs. We expect the upcoming *i6's* pricing could be more aggressive than Li Auto's existing models. **Xpeng's** average discounts remained low in Jul (Figure 3) and could narrow slightly MoM if we account for the *G7's* sales ramp-up. We expect discounts for Xpeng's existing new models to widen in the next few months. The overall discounts could largely depend on new models. The redesigned *P7* made its debut on 6 Aug. **NIO's** average discounts remained flat MoM at 8.5% in Jul (Figure 1), although the automaker has provided more battery swap coupons and auto finance benefits to the Onvo *L60* buyers, based on our channel checks. The Onvo *L90* launched on 31 Jul was well received with its competitive pricing. Our concerns about the Onvo *L90* would be its gross margin rather than sales volume. **Leapmotor's** average discounts fell 1.3ppts MoM to 6.8% in Jul (Figure 4), aided by the facelifted *C10/C11/C16* launched in May-Jul, as well as the sales ramp-up of the *B10*. Leapmotor's dealers cleared the inventories of the old *C10* and *C16* in the first half of Jul 2025. We expect Leapmotor's average discounts to be lower than 10% by the end of 3Q25 with the sales ramp-up of the *B01* sedan.
- Geely.** Geely's average discounts at dealers rose 0.9ppts MoM to 11.2% in Jul (Figure 6), mainly due to the 1-3ppts discount hikes for major NEVs to withstand competition, in line with our prior expectation. However, we expect limited dent on Geely's gross margin, as it cut rebates for Galaxy-brand dealers in Jul compared with Jun, based on our channel checks. Geely's new NEV models in 2H25, including the Galaxy *M9*, Galaxy *A7* and Galaxy *Xingyao 6*, could probably help Geely stabilize its discounts at dealers, in our view.
- Great Wall Motor.** Great Wall's average discounts at dealers fell 1.0ppt MoM to 9.0% in Jul (Figure 5), thanks to the launch of the facelifted Ora *Haomao* and inventory clearance of the old Wey *Gaoshan* and *Lanshan*. The company plans to roll out several facelifted models in Aug-Sep, including the Tank *500/400/700*, 2nd-generation *Dagou*, *Menglong* and

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#### Stocks Covered:

Name	Ticker	Rating	TP (LC)
Li Auto	LI US	BUY	33
Li Auto	2015 HK	BUY	131
NIO	NIO US	HOLD	4
NIO	9866 HK	HOLD	31
Xpeng	XPEV US	BUY	28
Xpeng	9868 HK	BUY	110
Geely	175 HK	BUY	24
GWM	2333 HK	BUY	14
GWM	601633 CH	BUY	27
BYD	1211 HK	BUY	470
BYD	002594 CH	BUY	440
GAC	2238 HK	BUY	3.6
GAC	601238 CH	BUY	10
Leapmotor	9863 HK	BUY	72
Yongda	3669 HK	BUY	3.2
Meidong	1268 HK	BUY	3.2
Tuhu	9690 HK	BUY	21.5
Minth	425 HK	BUY	26
EVA	838 HK	BUY	1.3

Source: Bloomberg, CMBIGM

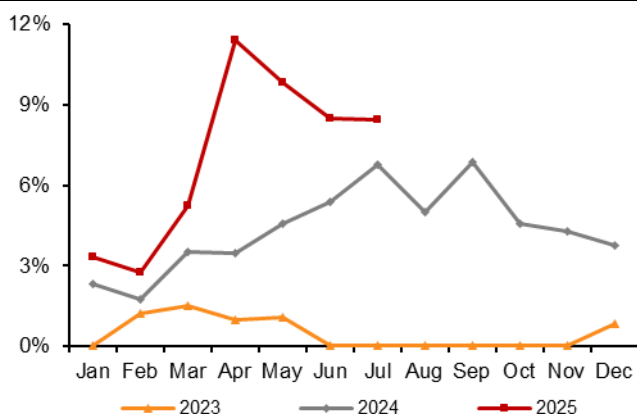
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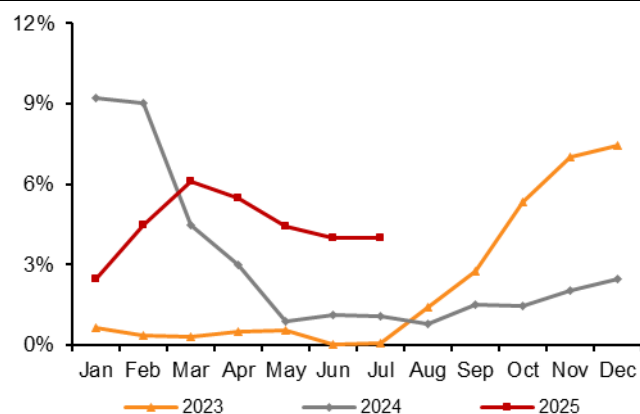
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Wey *Gaoshan 7*. The company will introduce new platforms with brand-new NEVs under Wey and Ora brands in 2H25, respectively, which could be key to lifting its NEV market share in 2026.

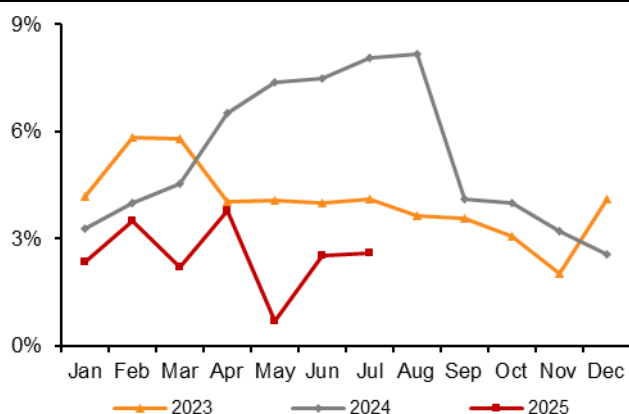
- **BYD.** BYD's average discounts at dealers remained largely flat MoM at 9.4% in Jul (Figure 7). In fact, its average discounts exceeded 10% in the first half of Jul 2025, the highest at least since 2020. The discounts narrowed to 8.8% in the second half of Jul 2025, as dealers cleared inventories of some old models, including the *Qin Plus* EV and *Song Plus* EV. We estimate BYD's inventories at dealers in China to decrease for a second consecutive month to about 0.7mn units in Jul. We expect BYD's inventory destocking to continue, should its sales volume remain sluggish. BYD has significantly cut or even halted its procurement from some suppliers for a month or so, based on our channel checks.
- **GAC Group.** GAC Trumpchi's average discounts at dealers rose 0.6ppts MoM to 11.9% in Jul (Figure 8), given wider discounts for the Trumpchi *M6* and *GS3*. GAC Aion's average discounts at dealers remained largely stable at 9.6% in Jul (Figure 9). GAC Toyota's average discounts have been stabilized at 18-19% since Apr 2025 (Figure 10), thanks to the *bZ3X* EV, while discounts at GAC Honda continued to hit a record high of 21.9% in Jul (Figure 11). GAC Group announced its preliminary 2Q25 net loss of RMB1.1-1.9bn on 11 Jul, weaker than our prior expectation. It is still difficult for GAC Group to turn profitable in 2H25E, in our view.
- **BMW and Mercedes-Benz.** Discounts at BMW Brilliance and Beijing Benz narrowed by 4ppts and 6ppts MoM to 30.2% and 25.8% respectively in Jul (Figure 12-13), the largest MoM declines in history for both brands in China. Banks halted auto loans with high interest and high commission for dealers at the end of Jun 2025, which was the main reason for the discounts narrowing, as dealers raised car prices to offset lower commissions from the auto finance business. We estimate their retail sales volume may fall 17-20% MoM in Jul in China, based on weekly retail sales volume. We had expected a negative new-car gross margin including auto finance and insurance commissions for BMW dealers in 2Q25 in our [previous report](#) and we see no changes in 3Q25 so far. We expect traditional luxury automakers including BMW and Mercedes to provide additional subsidies to dealers in 2H25 in China. In Jul 2025, Lexus announced to provide special 1H25 subsidies to dealers, based on our channel checks. Dealers also expect another round of special subsidies at the end of 2025.

**Figure 1: NIO's discounts**

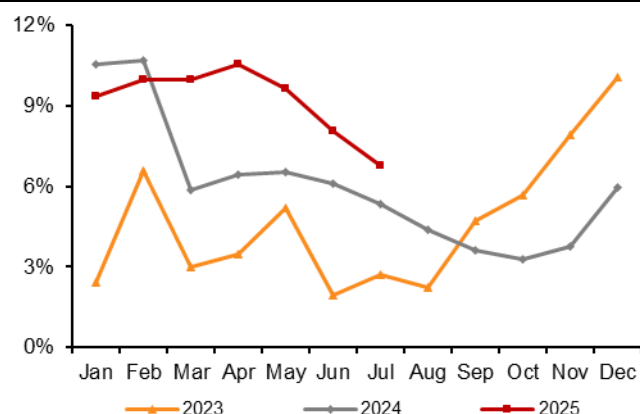
Source: ThinkerCar, CMBIGM

**Figure 2: Li Auto's discounts**

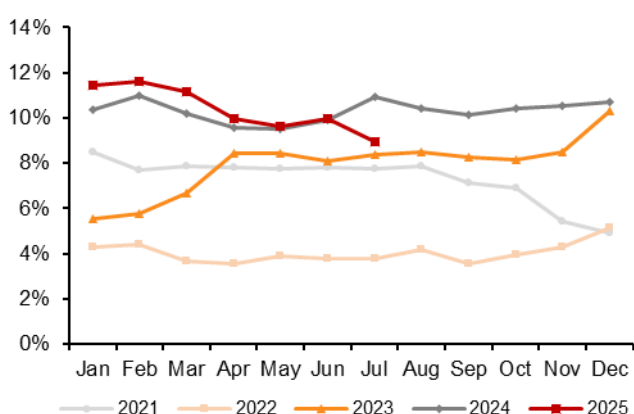
Source: ThinkerCar, CMBIGM

**Figure 3: Xpeng's discounts**

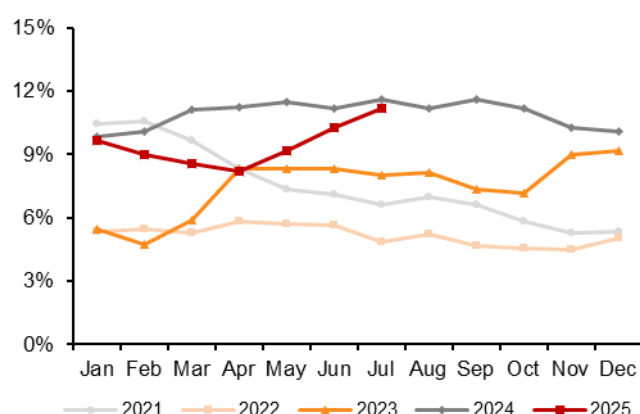
Source: ThinkerCar, CMBIGM

**Figure 4: Leapmotor's discounts**

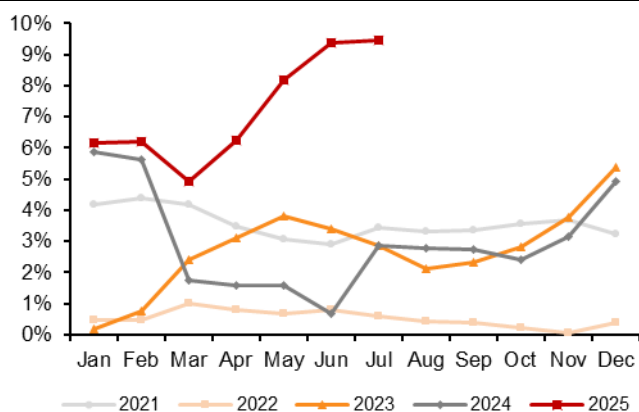
Source: ThinkerCar, CMBIGM

**Figure 5: Great Wall Motor's discounts at dealers**

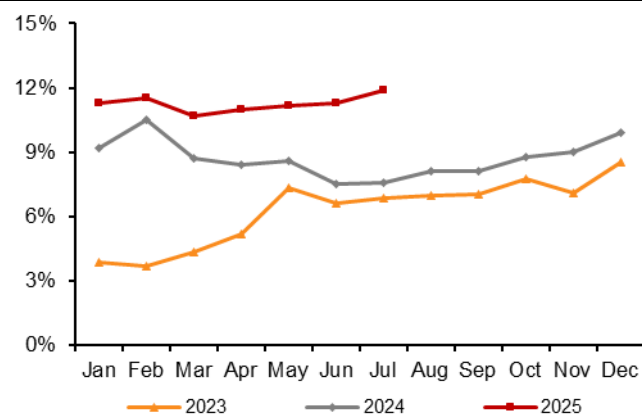
Source: ThinkerCar, CMBIGM

**Figure 6: Geely's discounts at dealers**

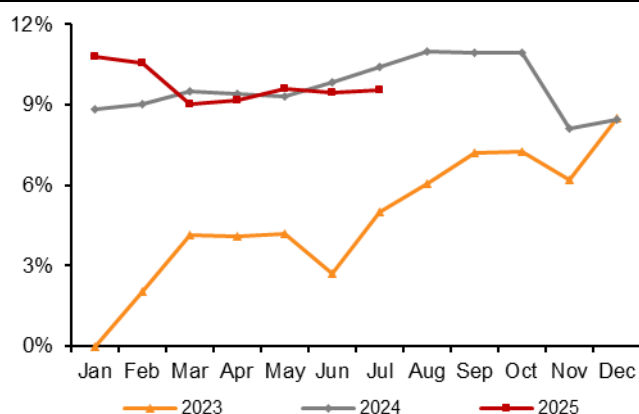
Source: ThinkerCar, CMBIGM

**Figure 7: BYD's discounts at dealers**

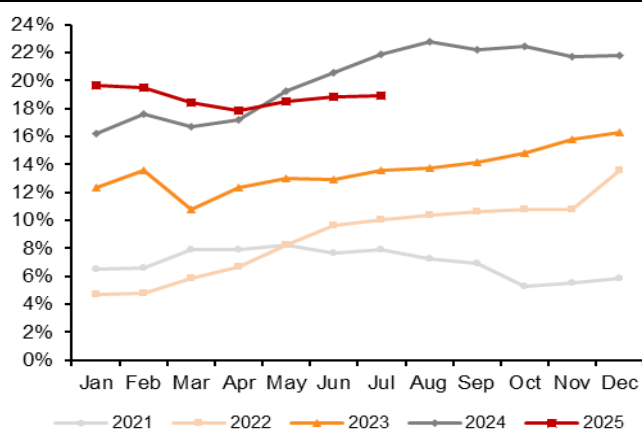
Source: ThinkerCar, CMBIGM

**Figure 8: GAC Trumpchi's discounts at dealers**

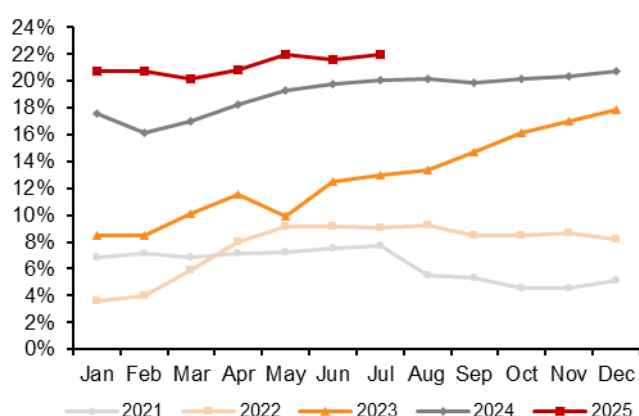
Source: ThinkerCar, CMBIGM

**Figure 9: GAC Aion's discounts at dealers**

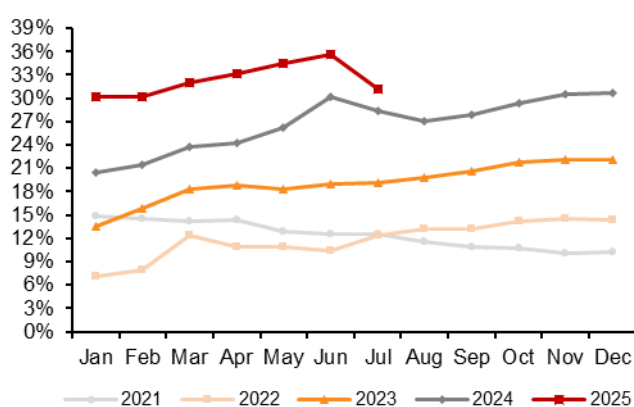
Source: ThinkerCar, CMBIGM

**Figure 10: GAC Toyota's discounts at dealers**

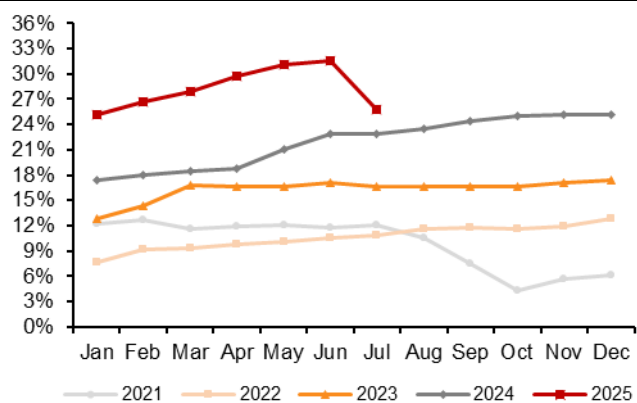
Source: ThinkerCar, CMBIGM

**Figure 11: GAC Honda's discounts at dealers**

Source: ThinkerCar, CMBIGM

**Figure 12: BMW Brilliance's discounts at dealers**

Source: ThinkerCar, CMBIGM

**Figure 13: Beijing Benz's discounts at dealers**

Source: ThinkerCar, CMBIGM

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