

Capital Goods

Excavator exports grew for the first time in 15 months

The two major earthmoving machinery, excavators and wheel loaders, saw double-digit sales volume growth in Aug, according to China Construction Machinery Association (CCMA). Most notable is that exports of excavators grew 7% YoY to ~8k units in Aug, the first YoY growth since May 2023, an early sign of recovery. Exports of wheel loaders remained strong with 22% growth in Aug. In China market, sales of excavators grew 18% YoY to 6.7k units in Aug, but the growth rate slowed gradually from 26%/22% in Jun/Jul. We understand that the growth in China over the past few months was driven by small-size excavators. In 8M24, domestic sales / exports of excavators was +7% / -10% YoY.

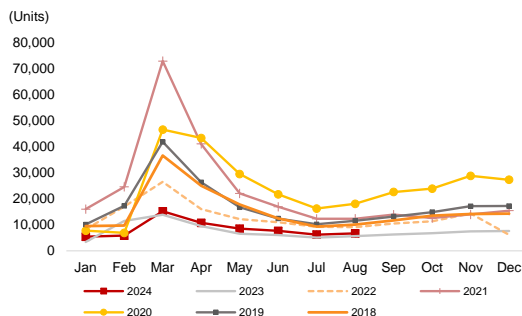
Going forward, we believe potential improvement of excavator exports will be a catalyst for **Jiangsu Hengli (601100 CH, BUY)** and **SANY Heavy (600031 CH, HOLD)**. For the sector as a whole, we continue to like **Zoomlion (1157 HK/000157 CH, BUY)** for its market share gain potential in different regions and products. We also like **Zhejiang Dingli (603338 CH, BUY)** for its continuous penetration of AWP in overseas markets.

Excavator and wheel loader sales in Aug 2024

	Sales volume (units)			Change (YoY)		
	Total	China	Export	Total	China	Export
Excavator	14,647	6,694	7,953	12%	18%	7%
Wheel loader	8,329	4,036	4,293	15%	9%	22%

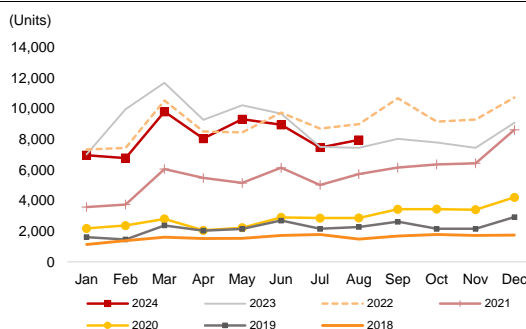
Source: CCMA, CMBIGM

Monthly excavator sales volume in China



Source: CCMA, CMBIGM

Monthly excavator export volume



Source: CCMA, CMBIGM

OUTPERFORM
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China Capital Goods Sector

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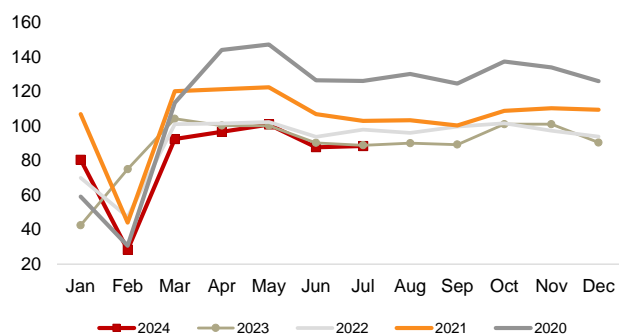
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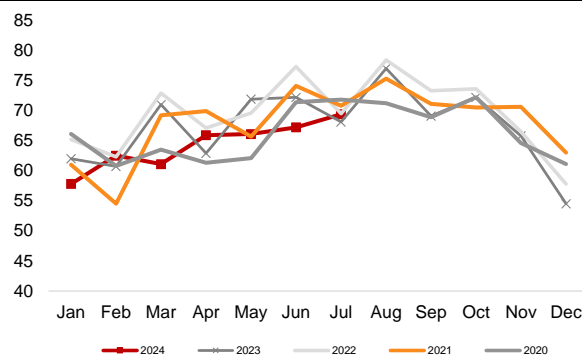
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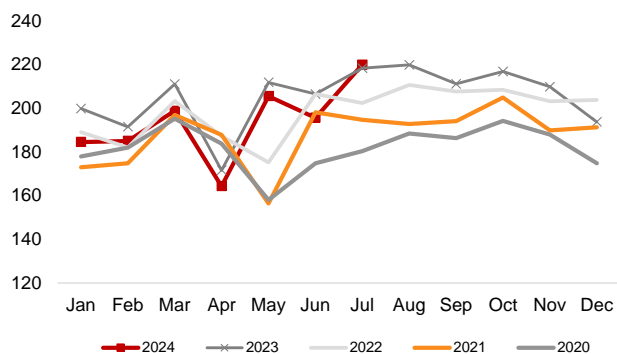
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Figure 1: Komatsu excavator monthly utilisation hours in China


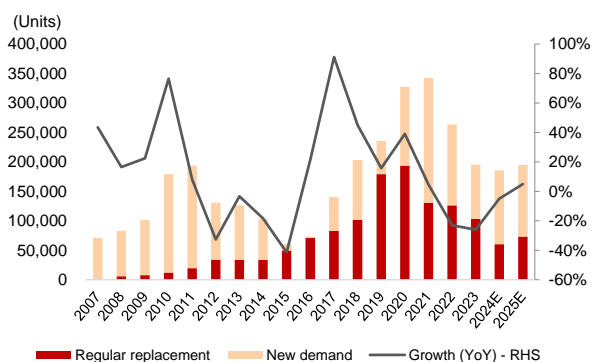
Source: Komatsu, CMBIGM

Figure 2: Komatsu excavator monthly utilisation hours in North America


Source: Komatsu, CMBIGM

Figure 3: Komatsu excavator monthly utilisation hours in Indonesia


Source: Komatsu, CMBIGM

Figure 4: CMBI excavator sales projection


Source: CCMA, Wind, CMBIGM estimates

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