

# Capital Goods

## Domestic sales of excavators +13% in Apr encouraging; Decline in export expected

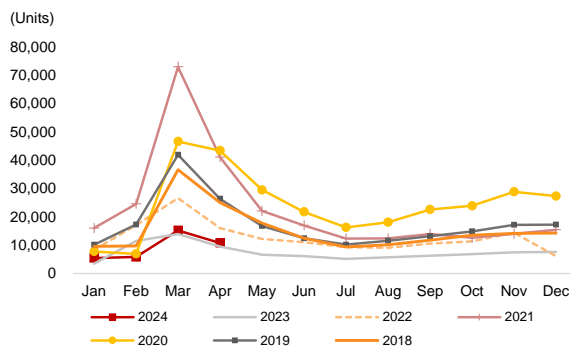
According to China Construction Machinery Association (CCMA), China's domestic sales of excavators grew 13% YoY to 10.8k units in Apr, which is another positive figure after +9% YoY in Mar. We believe the growth in Apr was driven by small-size excavators, as medium-size models were still hit hard by the weak property investments. On the contrary, export of excavators dropped 13% YoY to 8k units. The decline is largely expected given the high base effect and softening demand in some overseas markets. In 4M24, domestic sales / export was down 3% / 17% YoY. We expect the domestic demand for excavators will continue to stabilize while export will continue to slow. We continue to like **Zoomlion (1157 HK/000157 CH, BUY)** for its market share gain potential in different regions. We are still conservative on **SANY Heavy (600031 CH, HOLD)** but see upside risk upon further improvement in domestic excavators.

### Excavator and wheel loader sales in Apr 24

	Sales volume (units)			Change (YoY)		
	Total	China	Export	Total	China	Export
Excavator	18,822	10,782	8,040	0%	13%	-13%
Wheel loader	9,776	5,309	4,470	1%	1%	1%

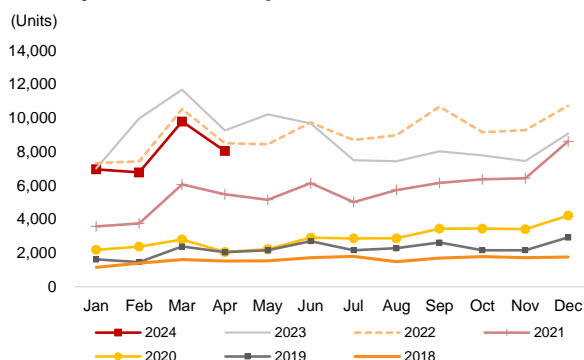
Source: CCMA, CMBIGM

### Monthly excavator sales volume in China



Source: CCMA, CMBIGM

### Monthly excavator export volume



Source: CCMA, CMBIGM

**OUTPERFORM**  
(Maintain)

### China Capital Goods Sector

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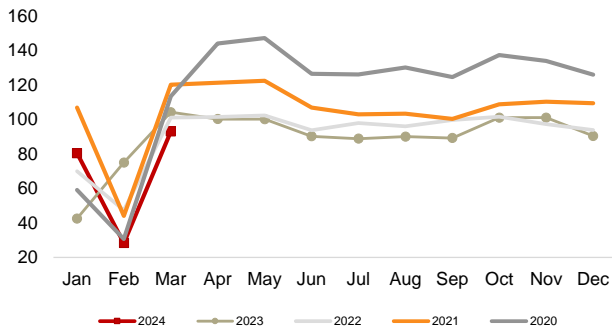
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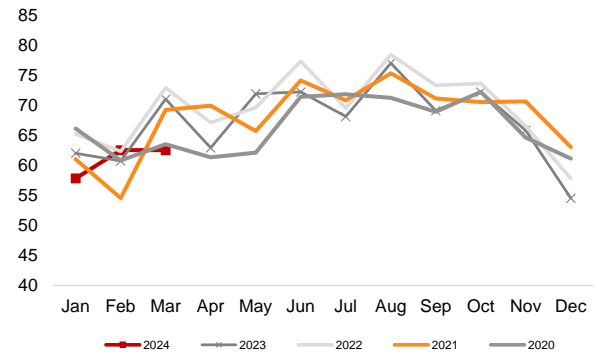
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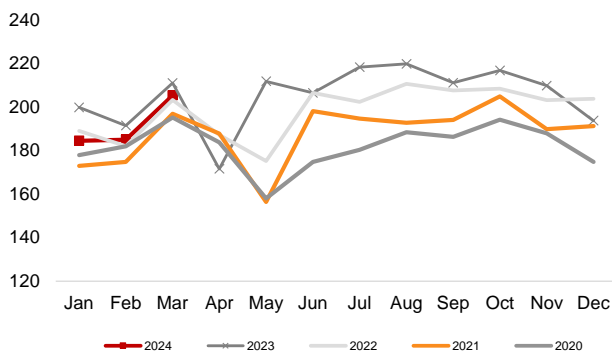
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**Figure 1: Komatsu excavator monthly utilisation hours in China**


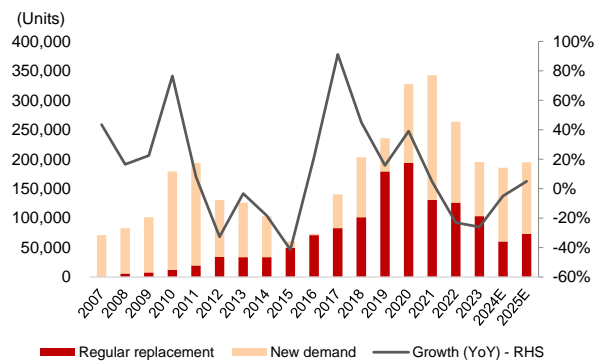
Source: Komatsu, CMBIGM

**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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