

# China Auto Sector

## Nov leading indicators' slower MoM growth partially reflected in mild Nov NEV sales

We summarize the Nov 2023 leading indicators as below, including number of leads, customer flows, and new orders generated, for Tesla, NIO, Li Auto, Xpeng, BYD and Aion. Note that such data are based on a sample size of 96 stores (15-18 stores for each brand) in 15 major cities in China. Note that the following data reflects same-store metrics, and the total new orders and other metrics could rise more than these figures, as most players have reaccelerated their store expansion.

We are of the view that the slower growth of Nov leading indicators have been partially reflected in Nov sales, which also triggered another round of price war led by BYD. We still project strong Dec NEV sales volume, aided by wider discounts, pre-buying before the expiration of local-government subsidies and seasonality.

■ **Number of leads: MoM growth narrowed vs. Oct; NIO fell MoM.** The number of leads per store for Li Auto rose the most (+4% MoM) among all the six brands in Nov (see Figure 1), followed by Tesla and Aion (both +3% MoM). Such numbers for BYD and Xpeng remained flat MoM in Nov. The MoM growth for these five brands narrowed 2-5 ppts compared with Oct 2023. The number of leads for NIO fell 6% MoM in Nov, more than offsetting the increase in Oct. It appears to us that another round of price cuts may be one of the few options for NIO to boost sales. Number of leads per store of Tesla is still the highest among all the six brands.

The conversion ratios from leads to store visit for all the brands remained largely stable MoM at 10-13% in Nov. Aion still had the highest ratio among the six brands, although it fell 1 ppt MoM last month, while NIO had the lowest ratio for nine consecutive months (see Figure 2).

■ **Customer flow: NIO fell most MoM.** Customer flow per store was largely in line with the trend for the number of leads last month (see Figure 3). Such numbers for Tesla and Li Auto rose the most (+2% MoM) among all the six brands in Nov. Customer flow per store for NIO fell 11% MoM in Nov, the most among the six brands. Such numbers remained flat MoM for BYD, and fell 2-3% MoM for Xpeng and Aion in Nov.

The conversion ratios from store visit to order generation remained largely stable for each brand at 6-11% in Nov. Such ratio for NIO increased by 0.7 ppt MoM to 6% in Nov, although it remained the lowest among all the brands. BYD still had the highest ratio (11%) among the six brands.

■ **New orders: MoM growth of -3~+2% for six brands.** The average new orders per store for the six brands fell 2% MoM in Nov 2023, after rising for seven months in a row since Apr 2023. New orders per store for Tesla fell 3% MoM in Nov after Tesla raised prices for four times last month. On 28 Nov, Tesla announced auto finance and insurance benefits in a bid to boost sales. New orders per store for Li Auto also fell 3% MoM in Nov. We believe such number was still more resilient than some investors' expectation, especially given its accelerated store expansion. New orders per store for BYD fell 2% MoM in Nov, while that for NIO rose 2% MoM last month, thanks to its improved conversion ratio from store visit to order generation.

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#### Stocks Covered:

Name	Ticker	Rating	TP (LC)
Li Auto	LI US	BUY	50
Li Auto	2015 HK	BUY	194
NIO	NIO US	HOLD	8.5
Xpeng	XPEV US	HOLD	16
Xpeng	9868 HK	HOLD	62
Geely	175 HK	BUY	14
GWM	2333 HK	BUY	13
GWM	601633 CH	BUY	32
BYD	1211 HK	BUY	290
BYD	002594 CH	BUY	300
GAC	2238 HK	BUY	6.5
GAC	601238 CH	BUY	14
Meidong	1268 HK	BUY	7.2
Yongda	3669 HK	BUY	5
EVA	838 HK	BUY	1.5

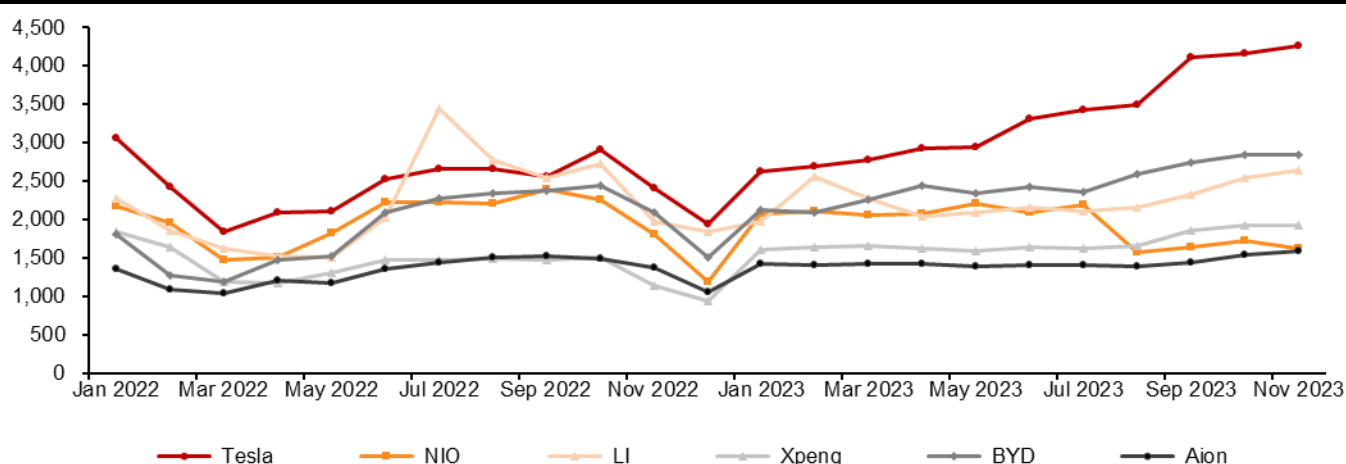
Source: Bloomberg, CMBIGM

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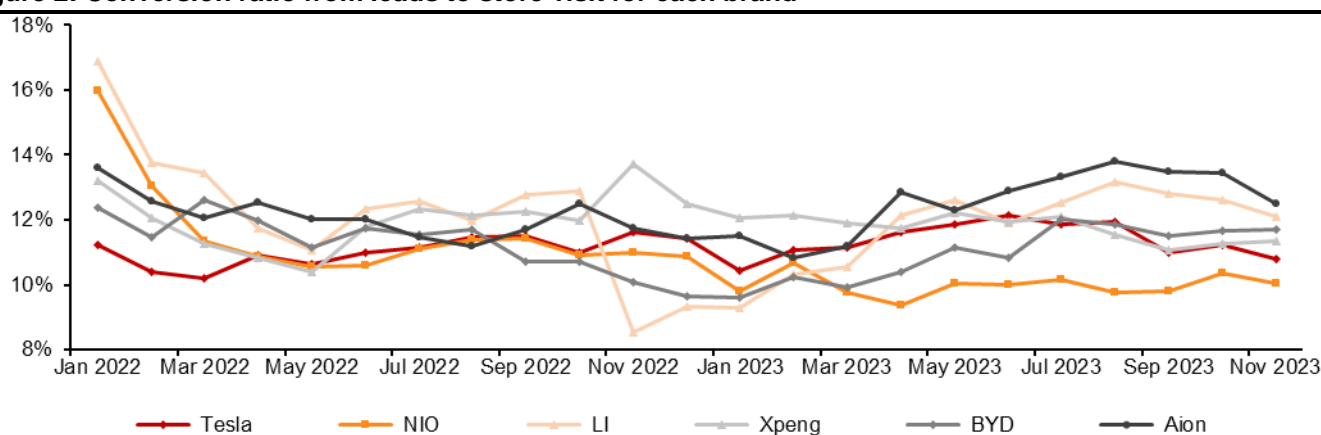
["China Auto Sector – NEV sales volume MoM growth narrowed in Nov" – 4 Dec 2023](#)

["China Auto Sector – 2024 Outlook: Competition pushes technological advancement, overseas expansion" – 30 Nov 2023](#)

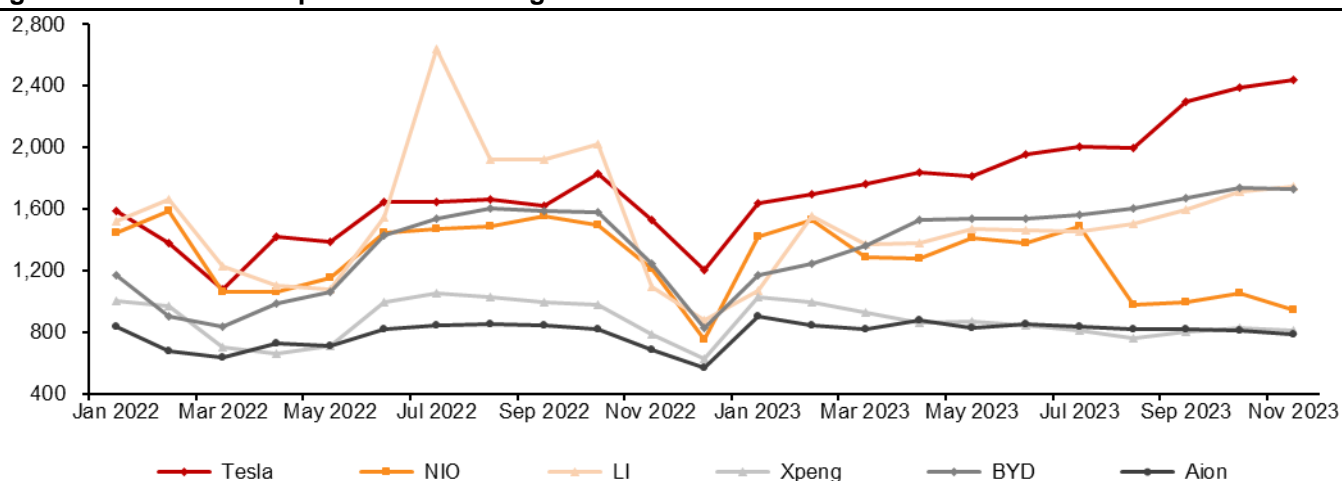
["China Auto Sector – Improving leading indicators imply strong 4Q23" – 7 Nov 2023](#)

**Figure 1: Number of leads per store on average for each brand**

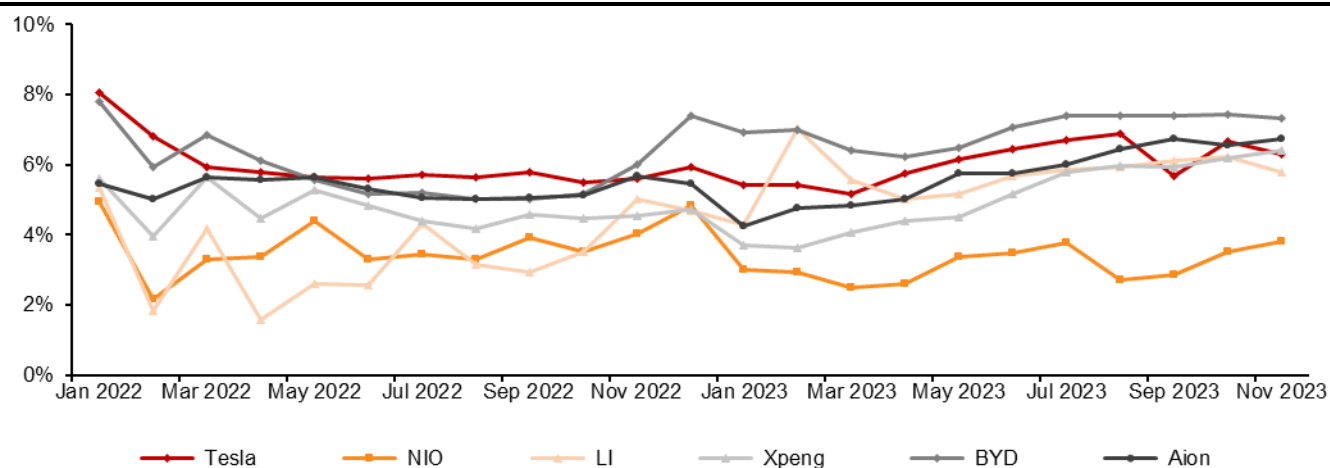
Source: Thinkercar, CMBIGM

**Figure 2: Conversion ratio from leads to store visit for each brand**

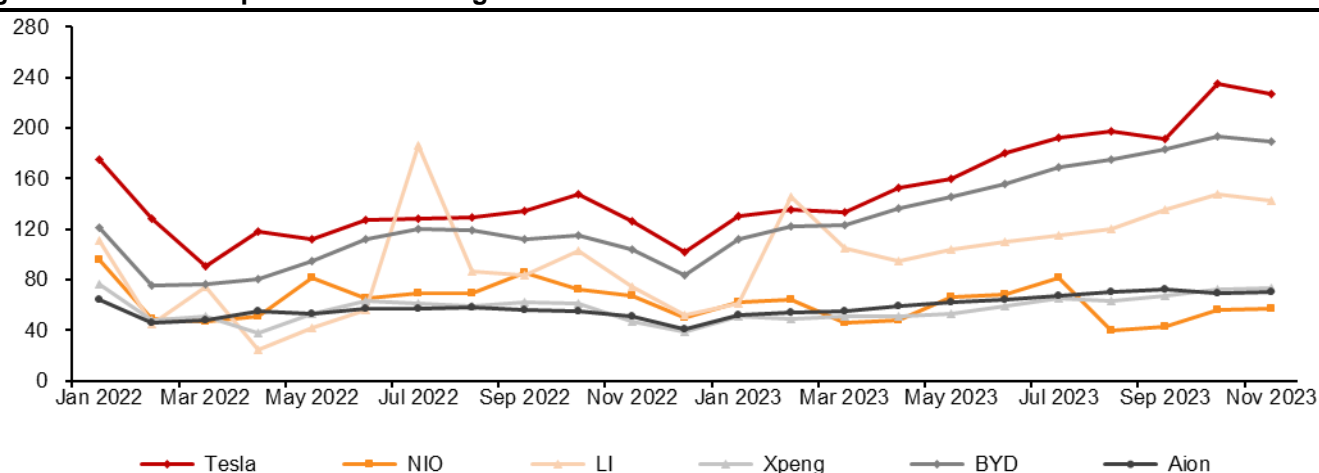
Source: Thinkercar, CMBIGM

**Figure 3: Customer flow per store on average for each brand**

Source: Thinkercar, CMBIGM

**Figure 4: Conversion ratio from store visit to new order generation for each brand**

Source: Thinkercar, CMBIGM

**Figure 5: New orders per store on average for each brand**

Source: Thinkercar, CMBIGM

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