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China Auto Industry

June sales: Weak domestic, robust exports; Chinese brands gain share rapidly in Europe

CAAM's June sales release was broadly in line with expectations, with the sector still showing a clear split between strong export momentum and weak domestic demand. We believe the continued softness in domestic PV demand was likely one of the key reasons behind China auto sector's weakness in June, with MSCI China Autos -19% vs. MXCN's -8% during the month. June domestic PV sales fell 26% YoY to 1.5mn units, while PV exports rose 80% YoY to 0.9mn units, reinforcing our view that the sector's near-term positive fundamentals remain export-led rather than domestic market-led. Against this backdrop, we view the current pullback as a selective buy-the-dip opportunity especially for the one(s) with potential earnings beat at the upcoming 2Q26 result season in Aug (e.g. Geely Auto, Nio while BYD likely meet) rather than a broad-based sector call. We would only become more aggressive with clearer evidence of 1) domestic PV stabilization, 2) pricing/profitability discipline, and 3) export durability, while continuing to favor OEMs with resilient export growth, improving overseas competitiveness and positive earnings revision trends. Our preferred picks in 2H26 are **Geely Auto**, **BYD** and **Nio**. Event-wise, we will watch closely: 1) the upcoming interim results season in mid to late Aug; and 2) the next Trump-Xi meeting, tentatively scheduled for late Sept, for any incremental policy shifts from the US side on China's auto industry.

In this report, we continue to monitor what we view as a structural overseas expansion cycle for Chinese OEMs with a focus on three areas: **1) latest export dynamics**, including growth momentum and geographic mix; **2) powertrain trends**, particularly the rising role of PHEVs, which we believe could surprise overseas investors as adoption follows a similar path to China; and **3) Chinese OEMs' NEV market share in Europe**, which has continued to rise and is becoming an increasingly important proof point of global competitiveness.

- **CAAM June data showed a modest sequential recovery, but the underlying mix remained uneven (Table1).** In June, 1) total PV wholesales reached 2.4mn units, up 7% mom but down 5% yoy. 2) Domestic sales were still under pressure (up 4% mom but down 23% yoy), while exports reached a new high and continued to absorb part of the domestic shortfall. 3) PV NEV penetration rose further to a record high at 63%, up from 61% in May. 4) CV was the relative bright spot, with 10% yoy growth in total sales and continued export strength, leading to a 1H26 run rate of 8% yoy growth.
- **1H26 PV exports maintain strong momentum, growing over 70% yoy:** Exports provide a meaningful growth and profitability opportunity for Chinese brands. In 1H26, China exported over 4.4mn units of PVs (+72% y/y) per CAAM. Europe (including the West and East) accounted for 37% of the total - the largest destination by Chinese brands, followed by Asia's 30% and South America's 17%, based on ThinkerCar customs data in 5M26.
- **Chinese brands' NEV share in Europe continued to rise, reaching ~17% in 5M26, with May at 19%.** Chinese brands' share of NEV registrations in overall Europe increased significantly from ~11% in 2025 to ~17% in 5M26, per registration data. In May, Chinese brands accounted for 19% of NEV

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registrations in overall Europe (Figures 1-2) and ~ 21% in WE5. In addition, Chinese brands' PV share in the overall Europe/WE5 is also increasing steadily, reaching ~10%/11% in May (Figure 3-4). This supports our view that Chinese OEMs' overseas share gains are increasingly structural rather than cyclical, driven by 1) stronger NEV product competitiveness, 2) multiple-powertrain options from BEV to PHEV and ICE/HEV, 3) faster model rollouts, 4) attractive feature-to-price positioning, and 5) improving brand acceptance in overseas markets.

- **China's export mix has shifted quickly toward more NEVs:** 52% of PV exports were NEVs in 5M26, up from 42% in 2024, based on ThinkerCar customs data. Within NEV, PHEV plays an increasingly important role, accounting for 38% of total NEV exports by May-26 vs. only 11% in Jan-24 (Figures 10-11).
- **Major Chinese OEMs export structures are becoming more regionally diversified, though along distinct paths by OEM:** Among selected players: **SAIC** is the clearest Europe-led case, with Europe's share rising from 34% of exports in 2024 to 46% in 5M26. **Chery Auto** and **BYD** are also showing a rotation toward Europe and South America, while Asia's share has moderated. For **Geely Auto**, Asia remained the largest region but fell from 50% in FY25 to 37% in 5M26, Europe was the second-largest region at 28%, while South America rose sharply from 4% in 2024 to 18% in 5M26. In contrast, **Great Wall Motor** is shifting focus beyond Europe, with Europe's share of its overseas sales down from 65% last year to 38%, while Asia and South America have increased relatively. All in all, we find that Chinese OEM's overseas expansion is becoming more balanced, rather than dependent on one region. We summarize the key export OEMs' export structure by region in Figures 13–25.
- **J.P. Morgan's "China Auto Buyer Sentiment Index" still suggests muted underlying demand:** Our AI / data-driven proprietary sentiment index indicates overall buyer interest remains low - below the 25% quantile in the first week of July, after a moderate rebound in late June. Historically, we have found our "Buyer Sentiment Index" to be a useful indicator of inflection points in stock performance when 1) the index sees >2 consecutive weeks of a directional move - especially breaking downwards from the high-end 75% quantile or breaking upwards from the low-end 25% quantile, 2) combining the sentiment trend with fundamental analysis e.g. industry volume or the company's new model launches. Given muted buyer sentiment, we believe China autos collectively may still trade sideways in the near term.
- **Pricing discounts are narrowing in June:** Average price discounts (measured by MSRP - actual transaction price) in the domestic market have steadily narrowed in 2Q26, from 17.5% in early March to 15.7% at the end of June (Figure 27-30). This is encouraging, although the magnitude of the discount remains wide in absolute terms.

China Auto Monthly Sales

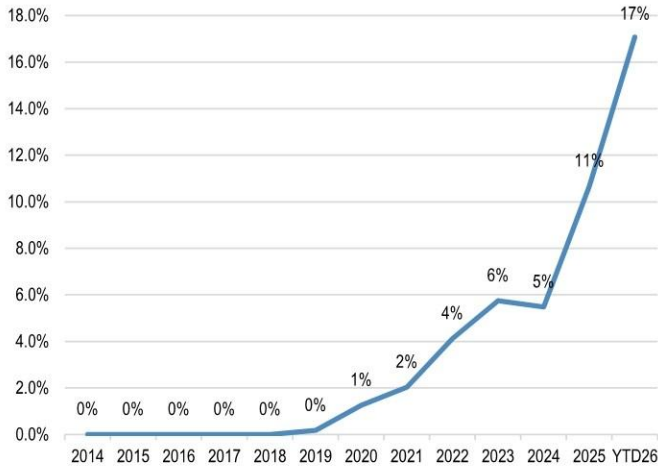
Table 1: China Auto June 2026 Wholesale Analysis

	Jun-26	Jun-26	Jun-26	YTD
	Sales (000')	(MoM %)	(YoY%)	(YoY%)
Total Auto	2,810	6.9%	-3.2%	-4.0%
Passenger vehicle (PV)	2,402	6.6%	-5.3%	-6.0%
Sedan	781	4.0%	-25.5%	-22.6%
MPV	103	21.7%	-2.8%	-15.2%
SUV	1,494	7.4%	10.3%	8.4%
Crossover	24	-8.5%	-11.9%	-23.3%
Commercial vehicle (CV)	409	8.5%	10.7%	8.3%
Bus	62	16.4%	16.6%	5.0%
Truck	347	7.3%	9.7%	8.7%

Source: CAAM

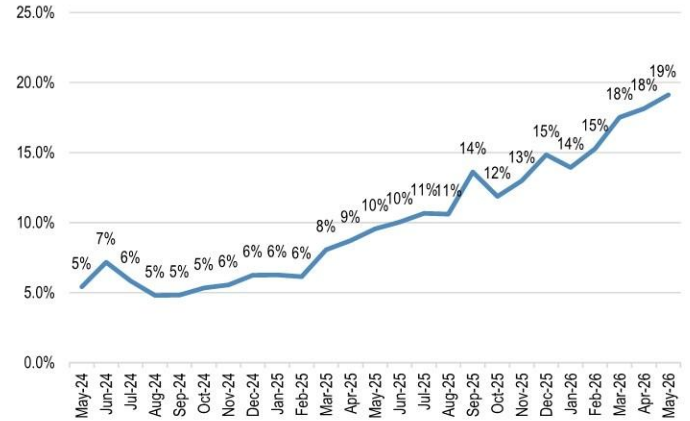
Chinese brands market share in Europe

Figure 1: Chinese brands NEV market share in Europe (annual)



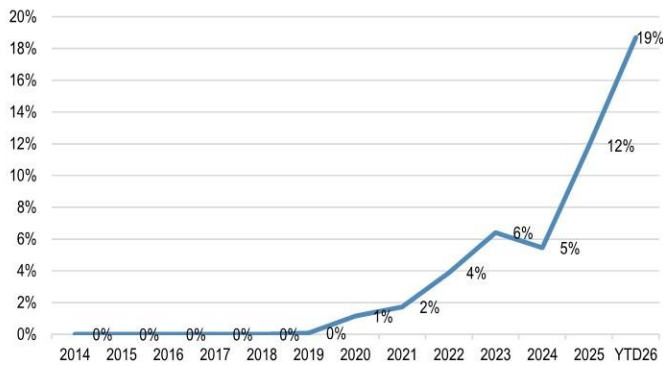
Source: Bloomberg Finance L.P., JATO dynamics (registration data)

Figure 2: Chinese brands NEV market share in Europe (monthly)



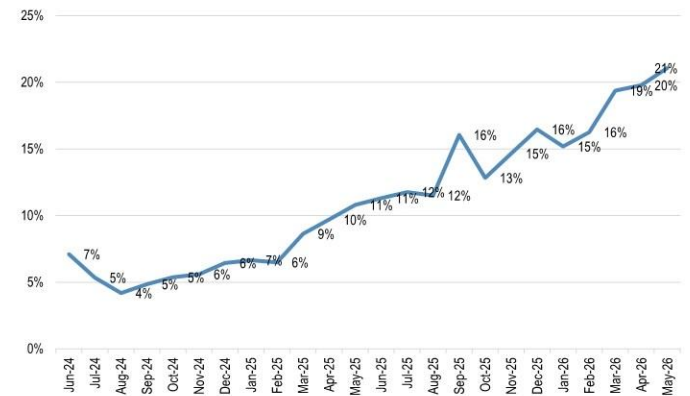
Source: Bloomberg Finance L.P., JATO dynamics

Figure 3: Chinese brands NEV market share in WE5 (annual)



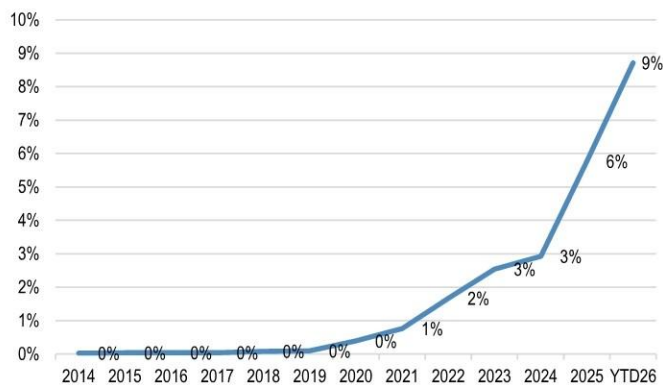
Source: Bloomberg Finance L.P., JATO dynamics

Figure 4: Chinese brands NEV market share in WE5 (monthly)



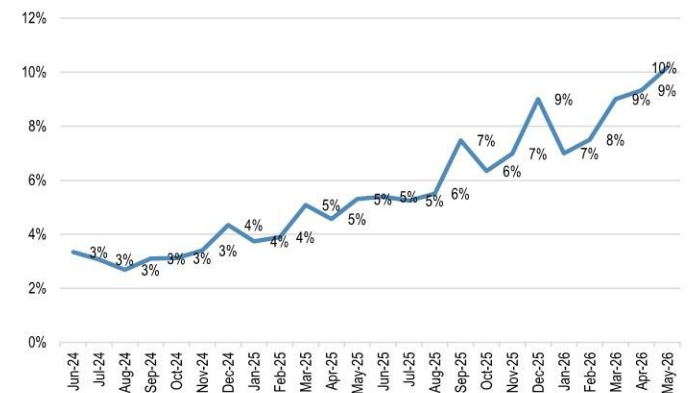
Source: Bloomberg Finance L.P., JATO dynamics

Figure 5: Chinese brands PV market share in Europe (annual)



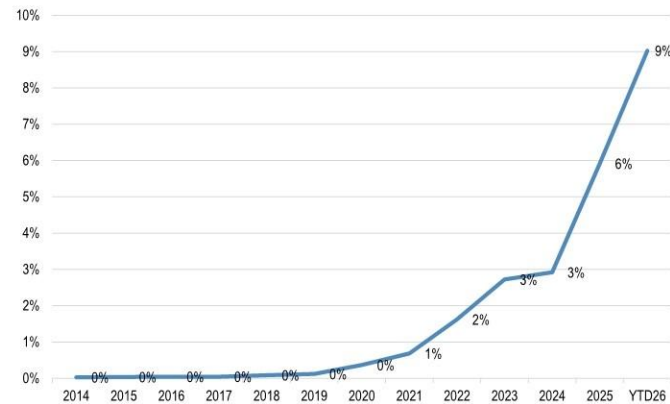
Source: Bloomberg Finance L.P., JATO Dynamics

Figure 6: Chinese brands PV market share in Europe (monthly)



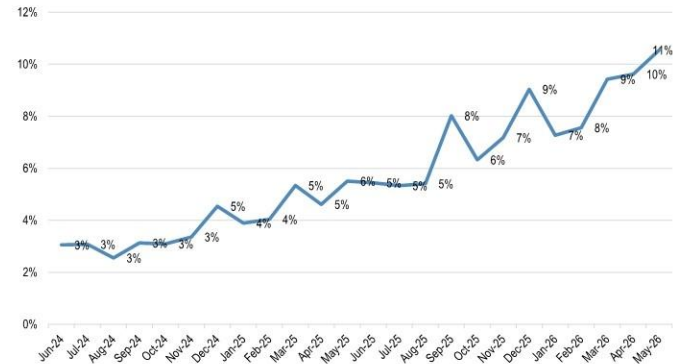
Source: Bloomberg Finance L.P., JATO Dynamics

Figure 7: Chinese brands PV market share in WE5 (annual)



Source: Bloomberg Finance L.P., JATO Dynamics

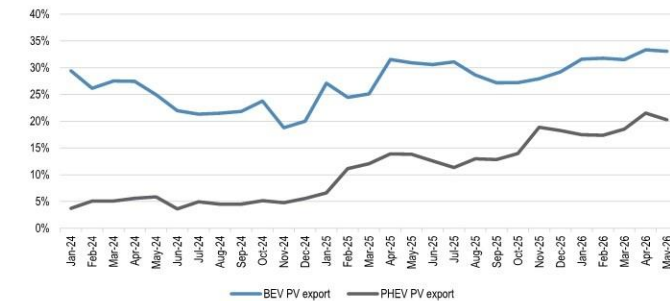
Figure 8: Chinese brands PV market share in WE5 (monthly)



Source: Bloomberg Finance L.P., JATO Dynamics

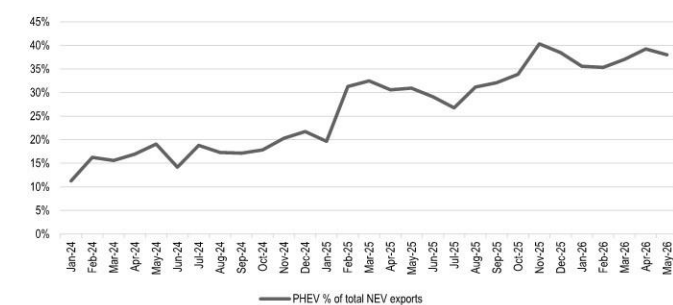
China exports

Figure 9: China's PV exports: % of BEV and PHEV of total units



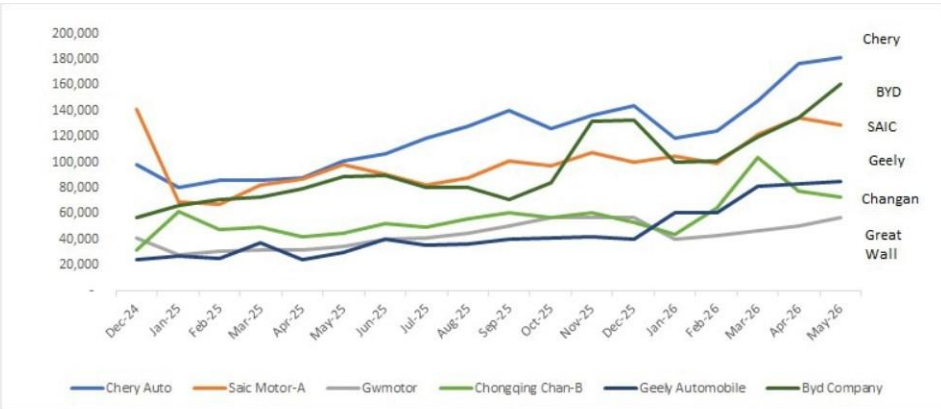
Source: ThinkerCar, J.P. Morgan

Figure 10: PHEV % of China's total PV NEV exports since 2024, with May reaching 38%



Source: ThinkerCar, J.P. Morgan

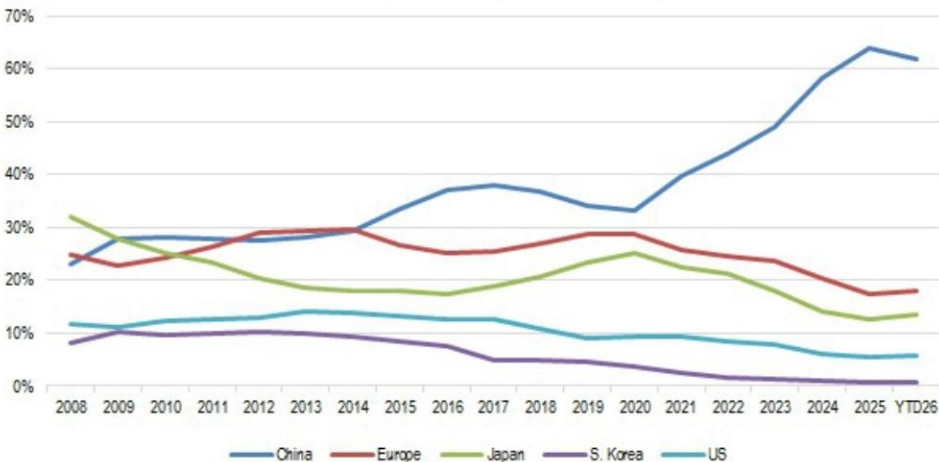
Figure 11: Top Chinese exporters - Monthly volume units



Source: CAAM, J.P. Morgan

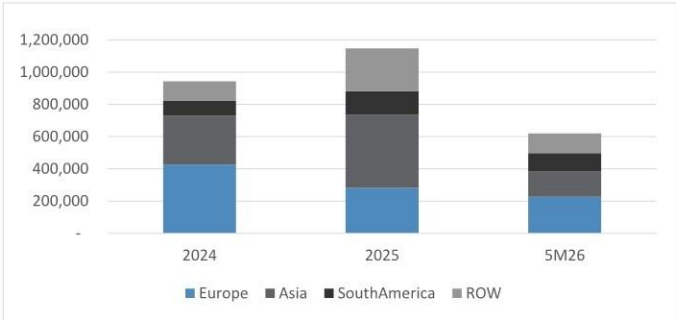
Figure 12: Overall Market Share trend (Retail) by Brand Origin in the domestic China market from 2008 to YTD26

Chinese brands have collectively been gaining market share in China's domestic PV market. This market share gain has been led by the Chinese OEM's much more competitive offerings in the smart NEV space



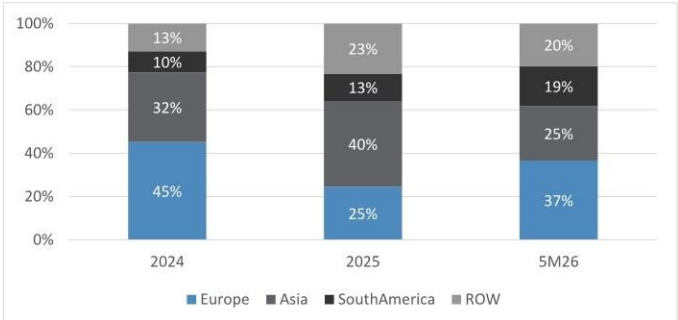
Source: Bloomberg Finance L.P., J.P. Morgan.

Figure 13: Chery export volume by region



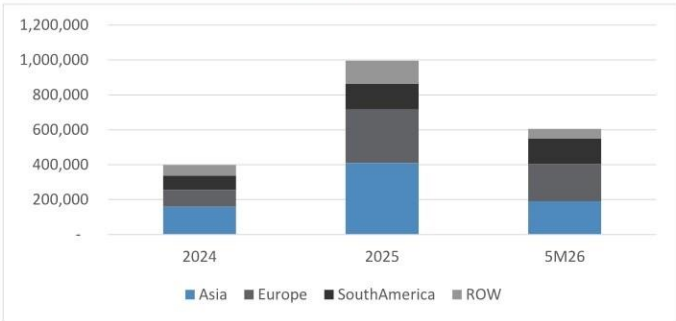
Source: ThinkerCar, J.P. Morgan

Figure 14: Chery export breakdown by region



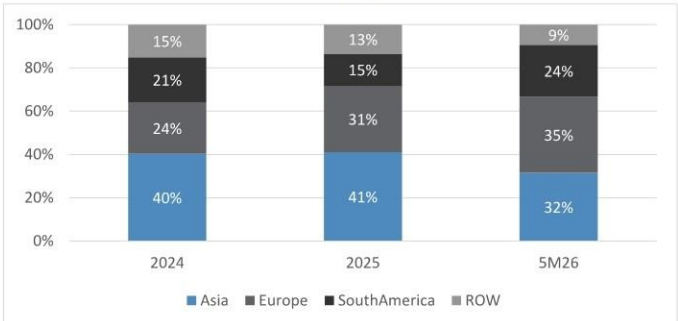
Source: ThinkerCar, J.P. Morgan

Figure 15: BYD export volume by region



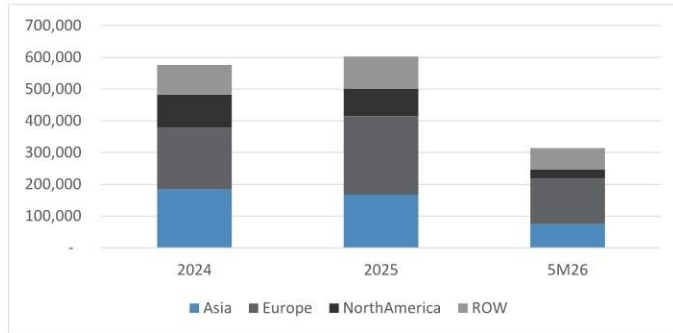
Source: ThinkerCar, J.P. Morgan

Figure 16: BYD export breakdown by region



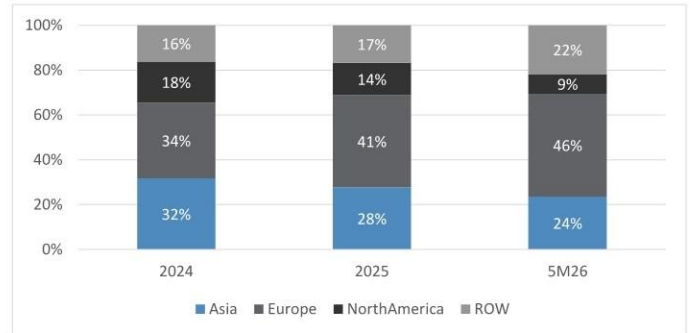
Source: ThinkerCar, J.P. Morgan

Figure 17: SAIC own brand export volume by region



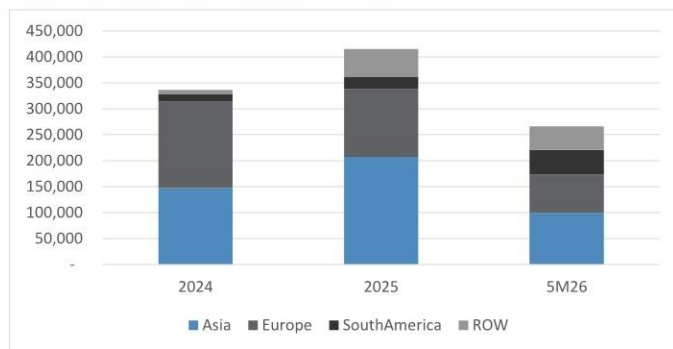
Source: ThinkerCar, J.P. Morgan

Figure 18: SAIC own brand export breakdown by region



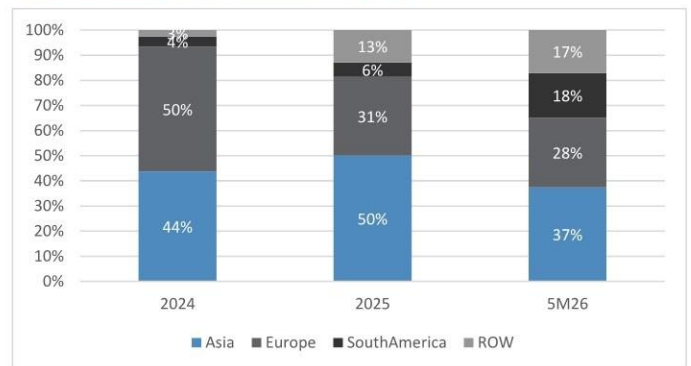
Source: ThinkerCar, J.P. Morgan

Figure 19: Geely export volume by region



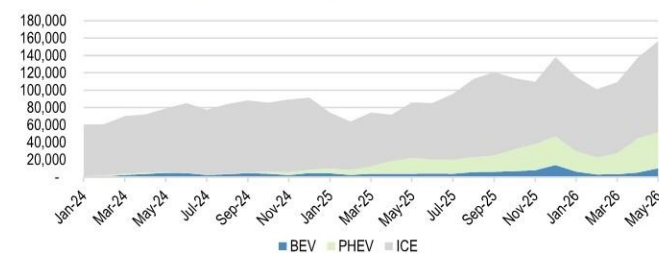
Source: ThinkerCar, J.P. Morgan

Figure 20: Geely export breakdown by region



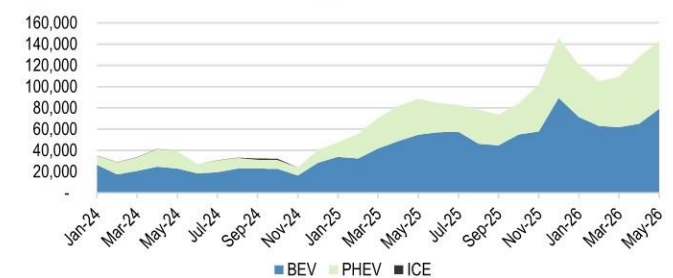
Source: ThinkerCar, J.P. Morgan

Figure 21: Chery export volume by powertrain



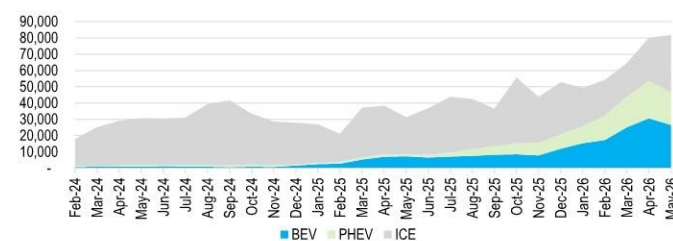
Source: ThinkerCar, J.P. Morgan

Figure 22: BYD export volume by powertrain



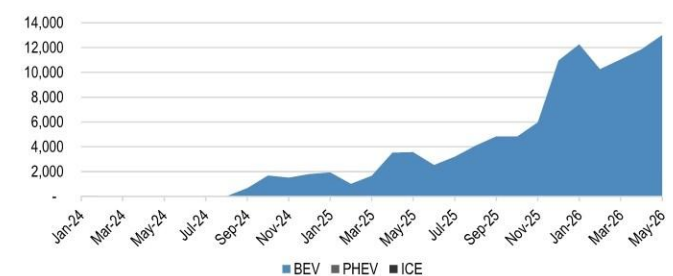
Source: ThinkerCar, J.P. Morgan

Figure 23: Geely export volume by powertrain



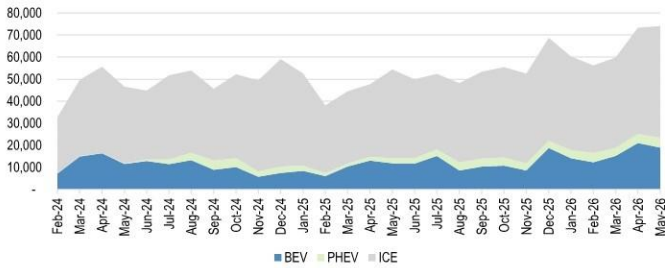
Source: ThinkerCar, J.P. Morgan

Figure 24: Leapmotor export volume by powertrain



Source: ThinkerCar, J.P. Morgan

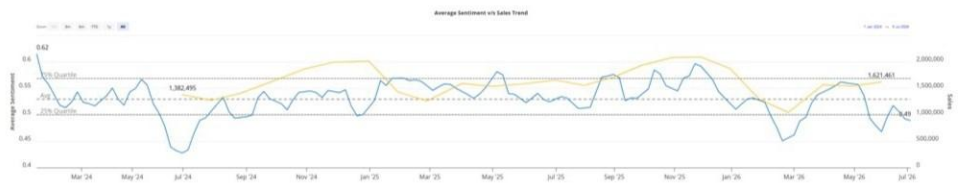
Figure 25: SAIC own brand export volume by powertrain



Source: ThinkerCar, J.P. Morgan

J.P. Morgan China Auto Industry Sentiment Index

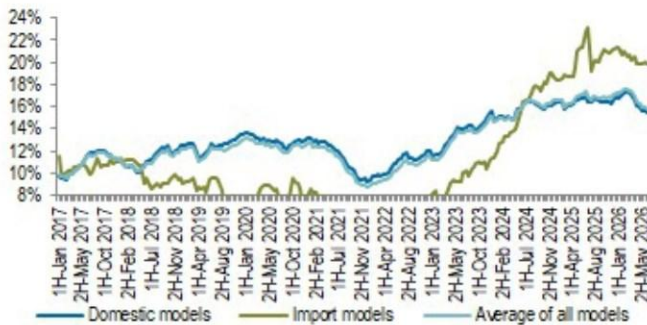
Figure 26: J.P. Morgan China auto industry sentiment index



Source: J.P. Morgan, Bloomberg Finance L.P.

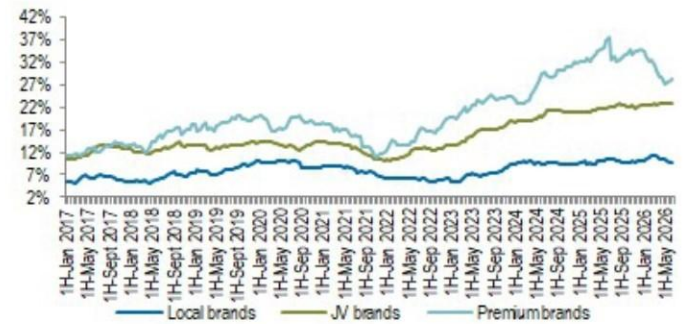
Average price discounts

Figure 27: Average price discounts of domestic made models vs. imported models



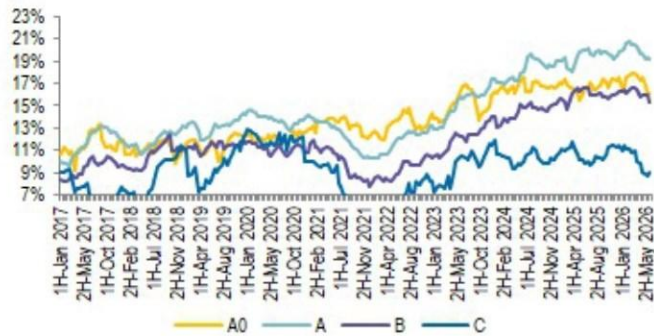
Source: China Auto Market

Figure 28: Average price discounts of domestic by segment (domestic models)



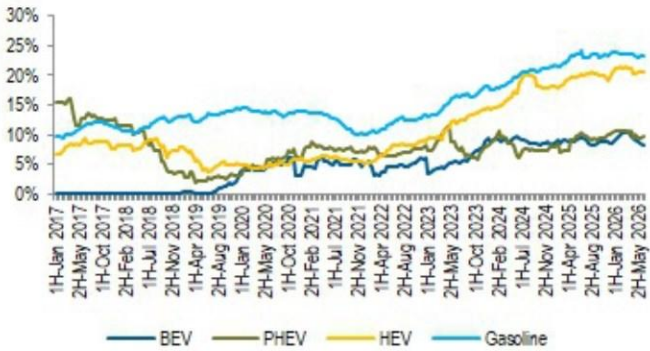
Source: China Auto Market

Figure 29: Average retail price of domestic by size (domestic models)



Source: China Auto Market

Figure 30: Average price discounts of domestic by energy type (domestic models)



Source: China Auto Market

Companies Discussed in This Report (all prices in this report as of market close on 09 July 2026, unless otherwise indicated)
BYD Company Limited - A(002594.SZ/Rmb86.87/OW), BYD Company Limited - H(1211.HK/HK\$82.65/OW), Geely Automobile Holdings Ltd. (0175)(0175.HK/HK\$18.13/OW), NIO(NIO/\$4.90[08 July 2026]/OW)

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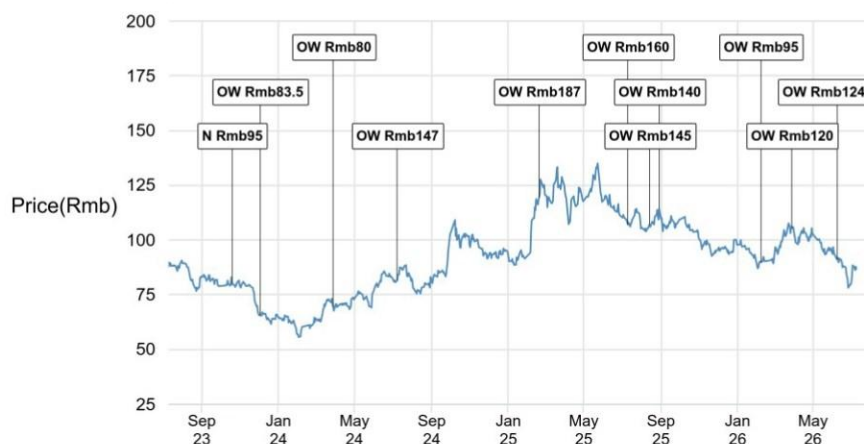
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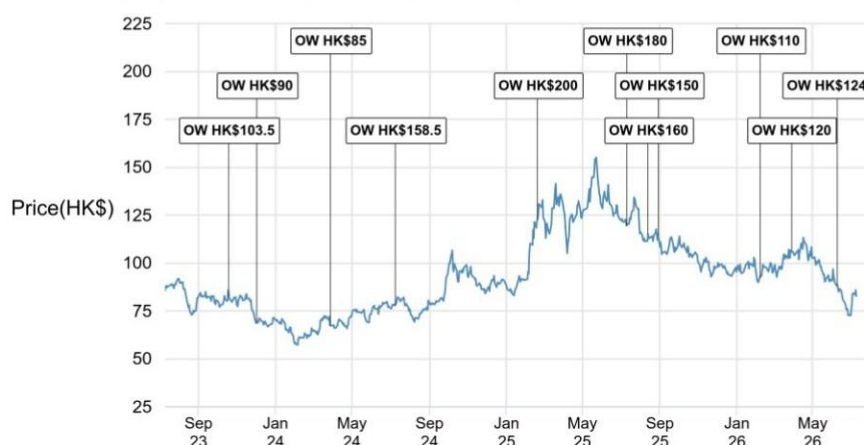
BYD Company Limited - A (002594.SZ, 002594 CH) Price Chart



Date	Rating	Price (Rmb)	Price Target (Rmb)
20-Oct-23	N	80.20	95
03-Dec-23	OW	65.68	83.5
29-Mar-24	OW	69.46	80
09-Jul-24	OW	81.66	147
20-Feb-25	OW	119.50	187
11-Jul-25	OW	107.08	160
14-Aug-25	OW	106.83	145
30-Aug-25	OW	114.06	140
08-Feb-26	OW	89.82	95
29-Mar-26	OW	105.30	120
09-Jun-26	OW	91.19	124

Source: Bloomberg Finance L.P. and J.P. Morgan; price data adjusted for stock splits and dividends.
Initiated coverage Dec 03, 2014. All share prices are as of market close on the previous business day.

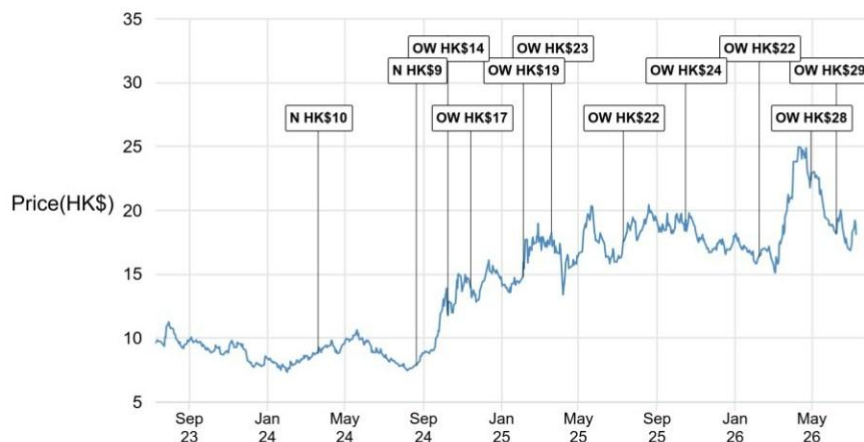
BYD Company Limited - H (1211.HK, 1211 HK) Price Chart



Date	Rating	Price (HK\$)	Price Target (HK\$)
20-Oct-23	OW	82.67	103.5
03-Dec-23	OW	68.67	90
29-Mar-24	OW	67.20	85
09-Jul-24	OW	77.73	158.5
20-Feb-25	OW	122.73	200
11-Jul-25	OW	119.50	180
14-Aug-25	OW	115.00	160
30-Aug-25	OW	114.40	150
08-Feb-26	OW	92.30	110
29-Mar-26	OW	106.50	120
09-Jun-26	OW	88.05	124

Source: Bloomberg Finance L.P. and J.P. Morgan; price data adjusted for stock splits and dividends.
Initiated coverage Sep 24, 2002. All share prices are as of market close on the previous business day.

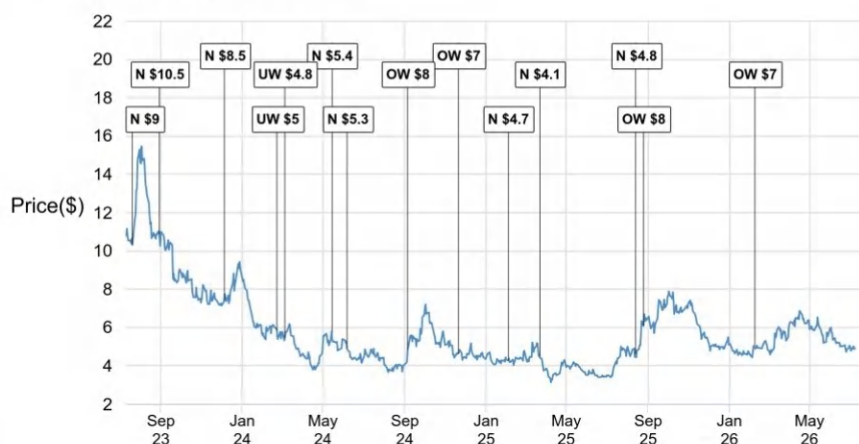
Geely Automobile Holdings Ltd. (0175) (0175.HK, 175 HK) Price Chart



Date	Rating	Price (HK\$)	Price Target (HK\$)
21-Mar-24	N	8.83	10
22-Aug-24	N	7.88	9
10-Oct-24	OW	11.78	14
15-Nov-24	OW	13.90	17
04-Feb-25	OW	14.78	19
21-Mar-25	OW	18.24	23
11-Jul-25	OW	17.60	22
16-Oct-25	OW	19.17	24
08-Feb-26	OW	16.31	22
30-Apr-26	OW	22.34	28
09-Jun-26	OW	18.17	29

Source: Bloomberg Finance L.P. and J.P. Morgan; price data adjusted for stock splits and dividends.
Initiated coverage Sep 26, 2010. All share prices are as of market close on the previous business day.

NIO (NIO, NIO US) Price Chart



Source: Bloomberg Finance L.P. and J.P. Morgan; price data adjusted for stock splits and dividends.
Initiated coverage Oct 08, 2018. All share prices are as of market close on the previous business day.

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Completed 10 Jul 2026 12:59 AM HKT

Disseminated 10 Jul 2026 12:59 AM HKT