F1RST Insights is a new initiative by the Chemicals and Advanced Materials Division of F1rstmr. F1RST Insights will deliver regular updates on Product launches, Legislative changes, Consumer Views and R&D developments for the following markets:
Automotive

EUROPE
We have seen a sharp shift in focus from the European Luxury Cars manufacturers by following Toyota by putting in plans for ending their diesel engine car line up.
Porsche has already announced plans for producing Petrol, Hybrid and Fully electric cars by 2019 and it is expected that luxury car manufacturers like BMW, Audi, and Mercedes Benz will also follow this trend. Major European cities like London, Paris, Copenhagen, Madrid and Oslo are all investing in public transport and bike friendly cities and this trend will be soon followed by other major European cities. The change in outlook towards diesel vehicles is driven by legislation changes towards fuel and gas powered vehicles rather than a major shift in consumer outlook towards electric vehicles. Car manufacturers in UK are stockpiling parts and reworking production plans to minimize losses as contingency for life after Brexit.

NAFTA
Manufacturers like GM, Ford and Chrysler are moving ahead with their plans of electrification by showcasing new models. Tesla has struck a deal with Ganfeng Lithium China's largest Lithium manufacturers. It is estimated that Tesla will require 28 Kt of Lithium per year to meet its demand. The battery output needed is estimated to be 35 GWh. Trade sanctions imposed by the current administration on Steel and Aluminium will see Car manufacturers taking huge hits on profits with CEO of Ford indicating 1 Billion USD in profit cuts. Honda USA also indicted losses running in the hundreds of millions. The threat of trade wars have not slowed the sales of vehicles in the US, though it is predicted that light vehicle sales will decline for a second year running with sales expected to be around the 17 Million Units mark.

APAC
China is expected to be the global leaders in EV movement in terms of overall sales and cutting edge technology. Nio a new EV startup from China is expected to release a Tesla Model X rival called ES6 which is a seven seater SUV signaling China’s auto manufacturers rising to the demand high end luxury EVs. Indian Manufacturer Mahindra has launched a 7 seater MPV “Marazzo” with 52% of steel parts made of HSS. This is a trend in the Indian market where manufacturers are driven by legislation to reduce emissions and increase safety standards. Japanese Auto markets saw a slow recovery in Q2. Japanese Vehicle export demands have kept the auto industry from incurring huge overall losses but it is expected to remain weak in Q3 indicating a weaker performance than 2017 due to uncertainties in the global automotive market.

Diesel vehicles sales in Q2 2018 dropped from 45.6% market share in 2017 to 36.3%. The target set by automotive giants for EV’s seem to be highly ambitious and infrastructure demands like charging stations and excess load on the power grid need to be addressed. For the predicted growth of EV’s by 2025 1.5-2 Million Charging stations will be required while there are currently 100,000 stations.

Degrading trade relations with China and increasing of import tariffs is expected to affect the Auto Industry Drastically. Major international players like BMW, Daimler and Honda who are one of the largest exporters of vehicles from the US will face major issues due to the trade sanctions of the Trump Administration. It is known that Global suppliers of automotive components do not have a favorable view about the US automotive manufacturers and further trade sanctions could lead to losses for the automotive industry in terms of striking deals with suppliers. This domino effect could cause automotive manufacturers to lose out in the EV battle to China and Europe in terms of the latest innovations and best in class parts leading to decrease in demand for vehicles manufactured in the US globally. Consumer views on owning vehicles are also on a turn with growing number of consumers opting for car sharing services like UBER and LYFT which will also be a major factor in terms of vehicle sales in the future.

Countries like India and Thailand will be looked at by global auto manufacturers as manufacturing hubs because of attractive legislative aiding manufacturing. Suzuki and Toshiba have entered a deal to manufacture Li-ion in India indicating India’s biggest car manufacturer signaling its intent to be ahead in the EV market as well. Tata launched Tigor and Tiago EV for government officials showing Indian manufacturers intent to locally produce EV’s. South Korea’s Hanon systems are set to acquire Magna Electronics for 1.23 Billion USD. Hyundai is considering shifting focus to investing in Contract Manufacturing setups to save on capital costs.

The trend of lightweighting is still the biggest global trend driving automotive manufacturing. With suppliers releasing new products to aid auto manufacturers fulfill their challenges (Emission requirements, NVH, EV range, Safety, Durability etc.), the future of investing in lightweight components for the auto industry remains an attractive Prospective. Please get in touch with us at aditya@firstmr.com or on +917012597568 to know more about the Chemicals and Advanced Materials Market. We can help you with your Market Intelligence and Business Strategy needs.

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