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Global Markets Research
1 November 2026

China Auto/EV

EQUITY: AUTOS & AUTO PARTS

Oct-26: Similar sales situation as Sep

Quick Note

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No meaningful change in China auto market in Oct-26, remain cautious on the sector in light of rising challenges

China auto OEMs released Oct-26 wholesale data on 1 November 2026. For the overall local demand situation, there was limited change in the month as the overall order situation remains generally unchanged during the traditional sales peak season. Based on the CPCA's preliminary data, we expect domestic market sales to decline around 25% y-y in Oct-26F.

Looking ahead, with a tightening policy environment in the China market, incremental tax burden like the lithium-ion batteries consumption tax (2% in Sep-26 till Aug-27 and 4% thereafter) and also a 4% impact from VAT export rebate (starting from Apr-27), potentially a sustained rise in BOM (Bill of Materials) costs, for example memory, and also rising requirements for the export market (e.g., a potential EU hybrid export cap), we see both financial and operational challenges ahead for the China auto industry, especially considering the current muted local demand situation. Once again, we think the China auto market is now entering a knockout stage, and only with more potential M&A, and cooperation in the industry, we might see an improvement in market sentiment going forward. We remain cautious on the sector, as we are back at the 2014 domestic demand level, and so far, we have not seen any evidence of catalysts for the local market in 2027F.

Individual players' performance varies, and outperformers mainly helped by new models or exports

BYD (1211 HK, Buy) delivered PV sales of 483k units in Oct-26 (+10.6% y-y and +5.8% m-m), helped by both sequentially improving local sales and strong exports. Based on BYD's overseas sales volume of 170.2k units (+154% y-y), we calculate domestic wholesales at 312.9k units in Oct-26, -11% y-y (vs -14% y-y in Sep-26) and the best local market y-y performance so far in 2026, mainly helped by its new models with Blade Battery 2.0, in our view. As its exports have already reached 1.5mn in 10M26, +122% y-y, we believe the company is well on track to achieve its 1.8-1.9mn export target in 2026E.

Geely reported total NEV sales of 215k units in Oct-26 (+20.9% y-y and +12.6% m-m), within which Zeekr delivered shipments of 32.5k units (+51.6% y-y while -12.7 m-m), while Galaxy's shipments were 153k units (+20.3% y-y and +17.6% m-m). Leapmotor delivered wholesales shipments of 106k once again in Oct-26 (+51.0% y-y, +0.4% m-m), achieving 100k sales for the fourth-consecutive month.

XPENG (XPEV US, Buy) reported 50.2k units of shipments in Oct-26 (+19.6% y-y and +21.8% m-m), reaching a new monthly record high, helped by Mona L03 as well as exports, which reached 13k during the month, +166% y-y. With Mona L05 to start deliveries in Nov-26, we could likely see further improvement in shipments ahead.

NIO (NIO US, Buy) reported shipments of 34.2k units in Oct-26 (-15.2% y-y and -8.5% m-m), as a result of diminishing backlog orders in hand. NIO brand reached 18.1k monthly shipments (+5.7% y-y while -15.0% m-m). Onvo achieved sales of 8.4k units (-51.7% y-y and -4.3% m-m) and Firefly delivered 7.7k units (+30.9% y-y and +5.6% m-m). With no new models planned for the rest of 2026, we expect NIO to remain conservative and might gradually deliver its ES9 backlog and target best results on financials in the remainder of 2026F.

Li Auto (LI US, Neutral) reported 29.0k units in Oct-26 (-8.6% y-y and -8.8% m-m), with new MEGA contributing 3k during the month. According to our channel checks, with the

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See Appendix A-1 for analyst certification, important disclosures and the status of non-US analysts.

major upgrade on its new i6, including its self-developed Mach M100 smart driving chip and its Lianshan 5C battery pack, the new model is enjoying strong orders at the initial stage, which we believe may have a chance to help the company's performance over the next few months.

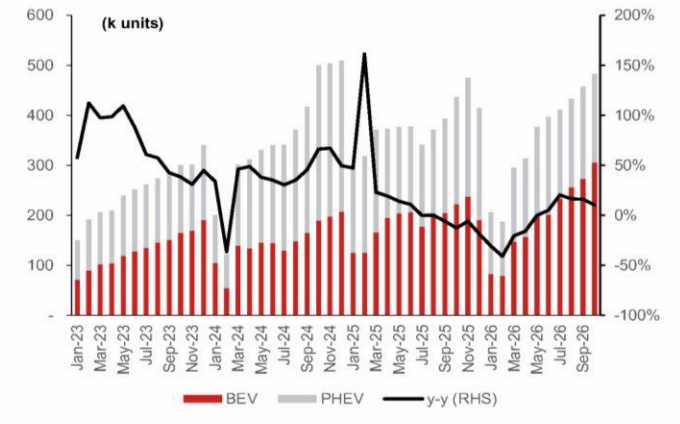
Xiaomi announced 50k+ deliveries in Oct-26, remains relatively stable y-y and up around 25% m-m, once again supported by the new models SkyNomad N70//N90. On the other hand, HIMA (Harmony Intelligent Mobility Alliance) announced 33.5k deliveries (-50.8% y-y and -10.5% m-m).

Fig. 1: PV EV wholesale shipments by brand

	Oct-26	Sep-26	Oct-25	y-y	m-m	YTD y-y	YTD 2026	FY26E taget	As % of FY26E
BYD	483.1	456.7	436.9	10.6%	5.8%	-2.6%	3,562	5,200	68.5%
Geely	215.0	190.9	177.9	20.9%	12.6%	14.5%	1,541	2,220	69.4%
GAC Aion	42.4	35.5	27.0	56.8%	19.3%	23.1%	323		
Li Auto	29.0	31.8	31.8	-8.6%	-8.8%	-2.0%	322	488	66.1%
GWM	49.5	42.0	46.2	7.2%	17.9%	-4.1%	311		
XPENG	50.2	41.3	42.0	19.6%	21.8%	-5.8%	335		
Leapmotor	106.1	105.7	70.3	51.0%	0.4%	65.9%	773	1,000	77.3%
NIO	34.2	37.4	40.4	-15.2%	-8.5%	38.5%	335	475	70.4%
Changan Deepal	32.6	30.2	36.8	-11.4%	8.0%	8.9%	276		
HIMA	33.5	37.5	68.2	-50.8%	-10.5%	-4.1%	400		
Seres	22.1	25.4	48.8	-54.7%	-12.9%	-64.3%	249		
Xiaomi	50.0	40.0	48.7	2.8%	25.0%	6.7%	336	550	61.2%
Voyah	13.0	13.0	17.2	-24.3%	0.0%	12.5%	129	225	57.1%

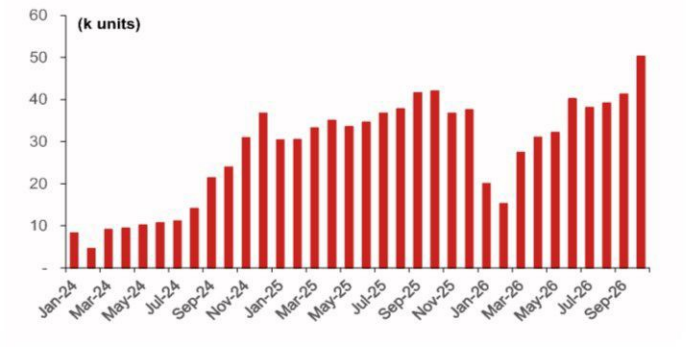
Source: CAAM, company data, Nomura research

Fig. 2: BYD – monthly PV EV shipments trend



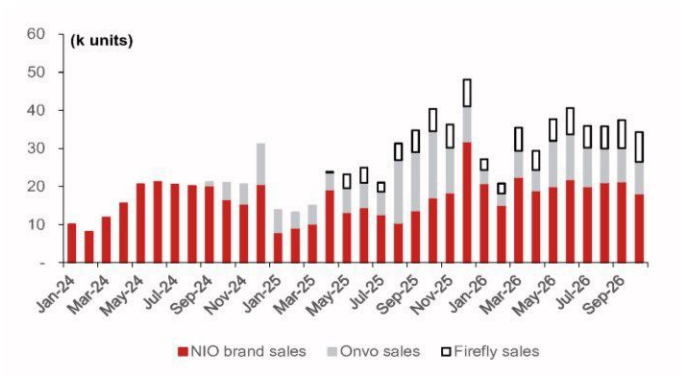
Source: Company data, Nomura research

Fig. 3: XPENG monthly sales



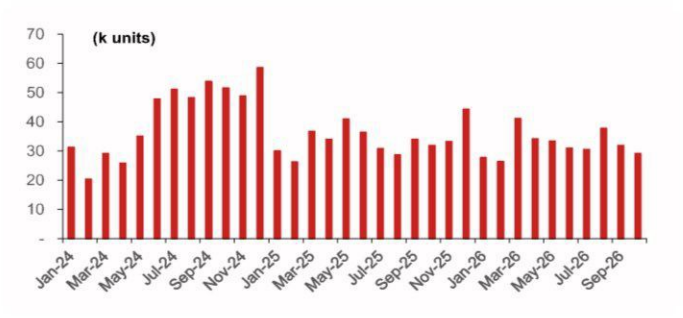
Source: Company data, Nomura research

Fig. 4: NIO monthly sales by sub brands



Source: Company data, CAAM, Nomura research

Fig. 5: Li Auto monthly sales



Source: Company data, Nomura research

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Appendix A-1

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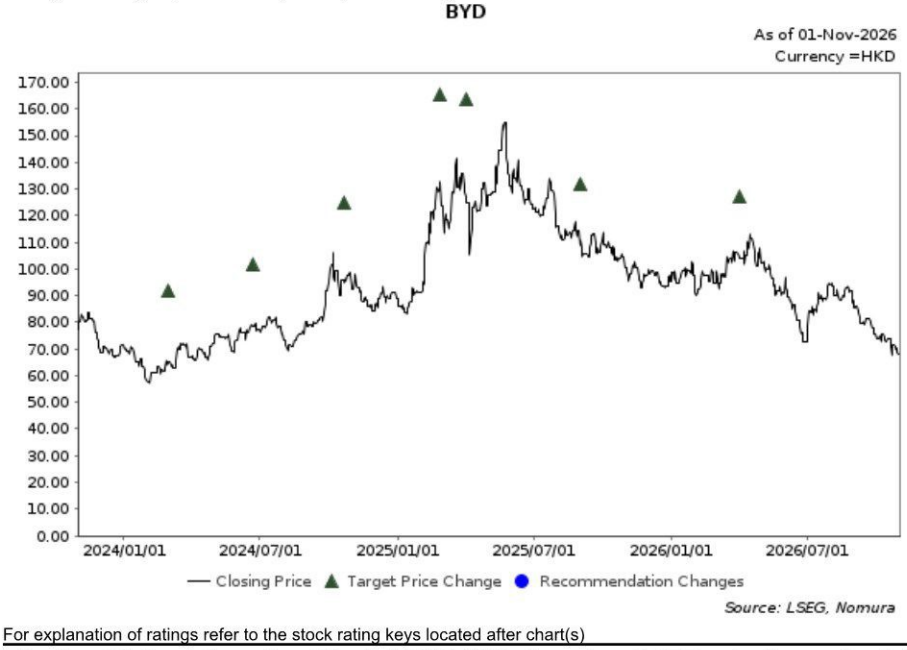
Materially mentioned issuers

Issuer	Ticker	Price	Price date	Stock rating	Sector rating	Disclosures
BYD	1211 HK	HKD 81.50	18-Sep-2026	Buy	N/A	A10
Li Auto Inc.	LI US	USD 12.14	18-Sep-2026	Neutral	N/A	A10
NIO Inc	NIO US	USD 3.66	18-Sep-2026	Buy	N/A	
XPENG Inc.	XPEV US	USD 10.62	18-Sep-2026	Buy	N/A	A10

A10 The Nomura Group is a registered market maker in the securities / related derivatives of the issuer.

BYD (1211 HK) **HKD 81.50 (18-Sep-2026)** Buy (Sector rating: N/A)

Rating and target price chart (three year history)



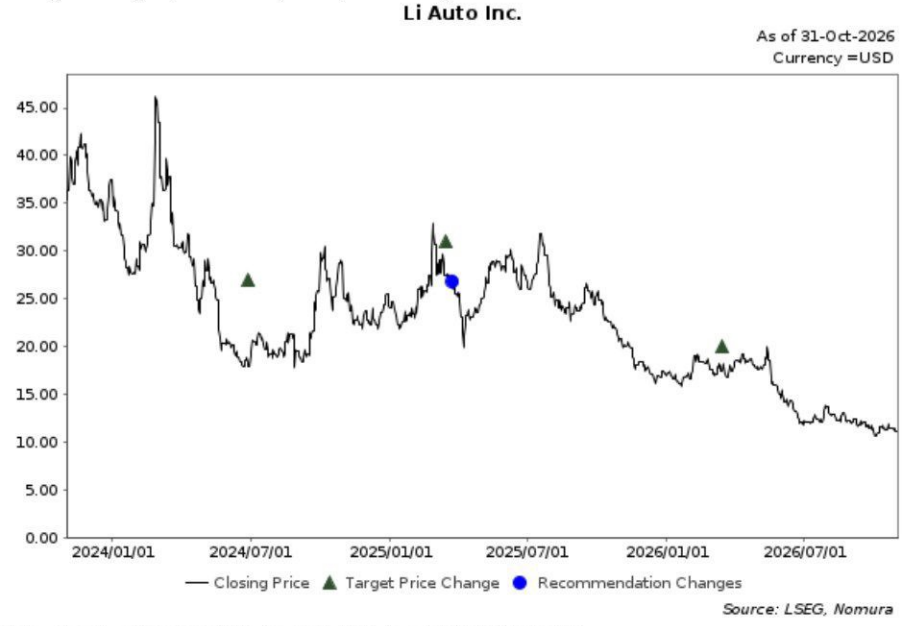
Date	Rating	Target price	Closing price
02-Apr-26		127.00	103.90
01-Sep-25		132.00	108.40
03-Apr-25		163.67	124.93
26-Feb-25		165.33	129.93
21-Oct-24		125.00	95.80
21-Jun-24		101.67	78.73
01-Mar-24		92.00	64.90

For explanation of ratings refer to the stock rating keys located after chart(s)

Valuation Methodology Our TP of HKD127.00 is based on SOTP valuation method. We value BYD's auto and related products segment at CNY959bn based on 25x FY26F P/E multiple (12% discount comparing with BYD's historical median level while also based on 1x PEG during FY25-28F) while value BYD Electronics at CNY57.2bn based on 17x FY26E (based on Bloomberg consensus estimates) P/E multiple (0.5SDV above its historical median level). Our benchmark for the stock is HSI Index.
Risks that may impede the achievement of the target price Downside risks include: (1) further intensifying market competition dynamics which may have negative impact to its margins and/or market share; (2) slower-than-expected overseas business expansion; (3) less-than-expected positive effect on demand from further upgrade of its technology platform.

Li Auto Inc. (LI US) **USD 12.14 (18-Sep-2026)** Neutral (Sector rating: N/A)

Rating and target price chart (three year history)



Date	Rating	Target price	Closing price
15-Mar-26		20.00	17.33
16-Mar-25	Neutral		27.46
16-Mar-25		31.00	27.46
28-Jun-24		27.00	17.88

For explanation of ratings refer to the stock rating keys located after chart(s)

Valuation Methodology Our TP of USD20.00 is based on DCF valuation method. Our DCF valuation assumes a WACC of 11.9%, market risk premium of 11.1% and terminal growth rate of 1.5% while we discounted back cash flow to 2026 as a 12 months forward valuation. Our TP implies 1.1x 2026F P/S. The benchmark index for this stock is the NASDAQ Composite Index.

Risks that may impede the achievement of the target price Downside risks include: 1) intensified competition in China EV market; 2) weaker-than-expected momentum for its new L series models; and 3) unexpected supply chain disruption for EV and smart vehicles. Upside risk include: 1) stronger-than-expected sales for its BEV and new L series models; 2) better-than-expected margins recovery; and 3) faster-than-expected overseas expansion.

NIO Inc (NIO US) **USD 3.66 (18-Sep-2026)** Buy (Sector rating: N/A)

Rating and target price chart (three year history)



Date	Rating	Target price	Closing price
22-Apr-26		8.60	6.48
11-Mar-26	Buy		5.47
11-Mar-26		6.60	5.47
22-Sep-25		8.40	6.91
23-Mar-25		5.00	4.50

For explanation of ratings refer to the stock rating keys located after chart(s)

Valuation Methodology Our TP of USD8.60 is based on DCF valuation method. Our DCF valuation assumes a WACC of 9.8%, market risk premium of 10.1% and terminal growth rate of 1.5% while we discounted back cash flow to 2026 as a 12 months forward valuation. Our TP implies 1.1x 2026F P/S. The benchmark index for this stock is the NASDAQ Composite Index.

Risks that may impede the achievement of the target price Downside risks include: 1) failure to ramp up production capacity meeting its rising demand; 2) fail to gain further market share from new models; 3) less than expected opex improvement lead to more pressure on its financials.

XPENG Inc. (XPEV US) **USD 10.62 (18-Sep-2026)** Buy (Sector rating: N/A)

Rating and target price chart (three year history)



Date	Rating	Target price	Closing price
22-Mar-26		23.00	17.55
19-Mar-25	Buy		23.80
19-Mar-25		30.00	23.80

For explanation of ratings refer to the stock rating keys located after chart(s)

Valuation Methodology Our TP of USD23.00 is based on DCF valuation method. Our DCF valuation assumes a WACC of 9.9%, market risk premium of 10.9% and terminal growth rate of 1.5% while we discounted back cash flow to 2026 as a 12 months forward valuation. Our TP implies 1.6x 2026F P/S. The benchmark index for this stock is the NASDAQ Composite Index.

Risks that may impede the achievement of the target price Downside risks include: 1) weaker-than-expected growth for its new models to be launched within 2026; 2) further competition intensified in China auto market; 3) slower-than-expected development in robotaxi and humanoid robots.

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