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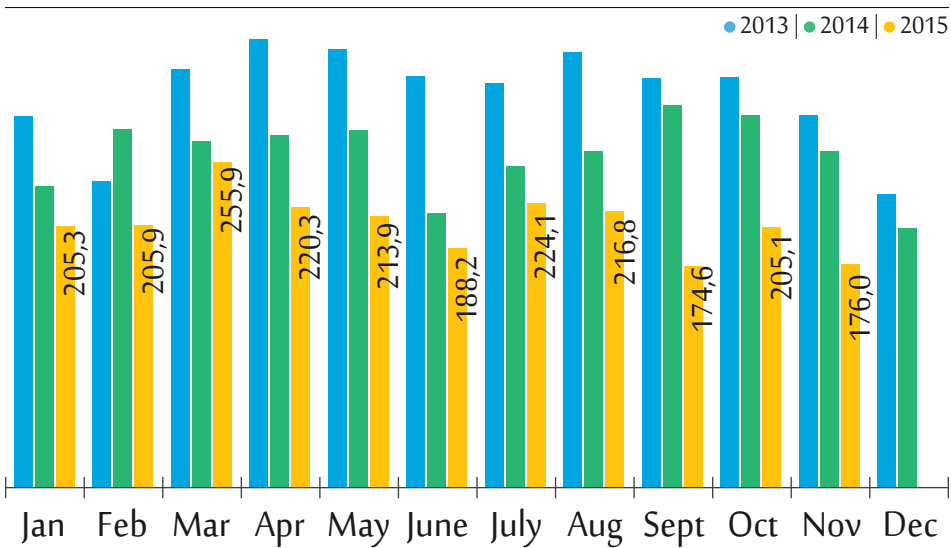
Inventory adjustment knocks down November's production

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The constant search by vehicle manufacturers to adjust vehicle inventory levels throughout the chain once again knocked down production volume. According to Anfavea, production in November totaled 176 thousand passenger and light commercial vehicles, trucks, and bus chassis, representing a drop of 33.5% when compared to the volume registered during the same month last year, and a drop of 14.2% when compared to October. Had it not been for September, and its

Production - Monthly (thousand units)



174.6 thousand units, November's production would represent the worst volume this year. "We have returned to the volumes registered in 2005 and 2006," stated Luiz Moan, president of the association, during the monthly press conference that was held on Friday, 4, in São Paulo. "This is a reflection of the difficulties the sector has been facing this year."

In September, the volume of vehicles produced was low due to the collective vacation leaves - in order to adjust inventory, many vehicle manufacturers put workers on leave. In November, the adoption of the Employment Protection Plan, PPE, by a number of members helped maintain the level of production low.

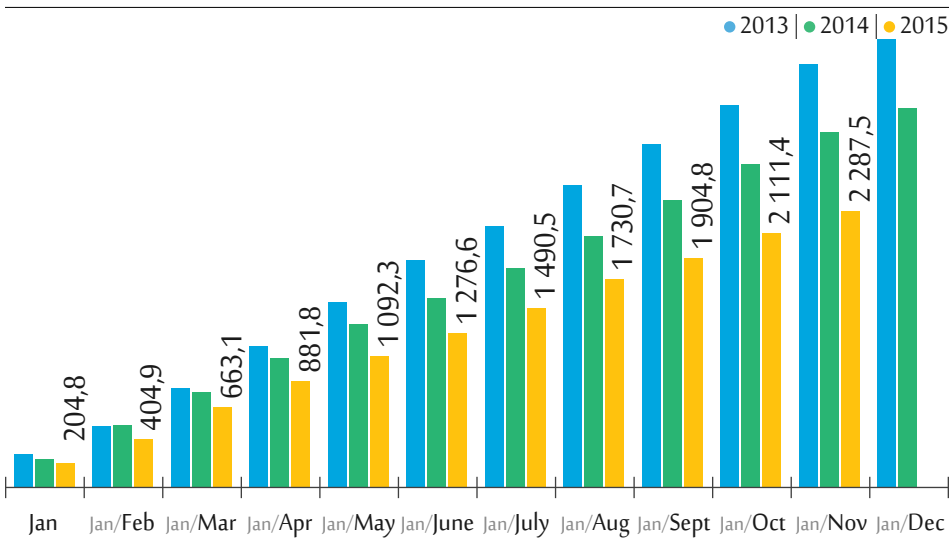
According to Moan, the industry's workforce in November totaled 131.2 thousand, representing a drop of 15 thousand jobs when compared to the same month in 2014. The number includes 40 thousand workers that have been included in the PPE, plus another 6 thousand workers who are on collective vacation. That is, 46 thousand workers, slightly more than two thirds of the workforce, are under some form of production restriction.

"The number of workers away from work demonstrates the size of the crisis and the efforts vehicle manufacturers have been undertaking to maintain the workforce."

Between January and November, the industry produced 2,287,000 vehicles, representing a drop of 22.3% when compared to the same period last year. This represents a loss of 655 thousand vehicles.

During the past 12 months, production

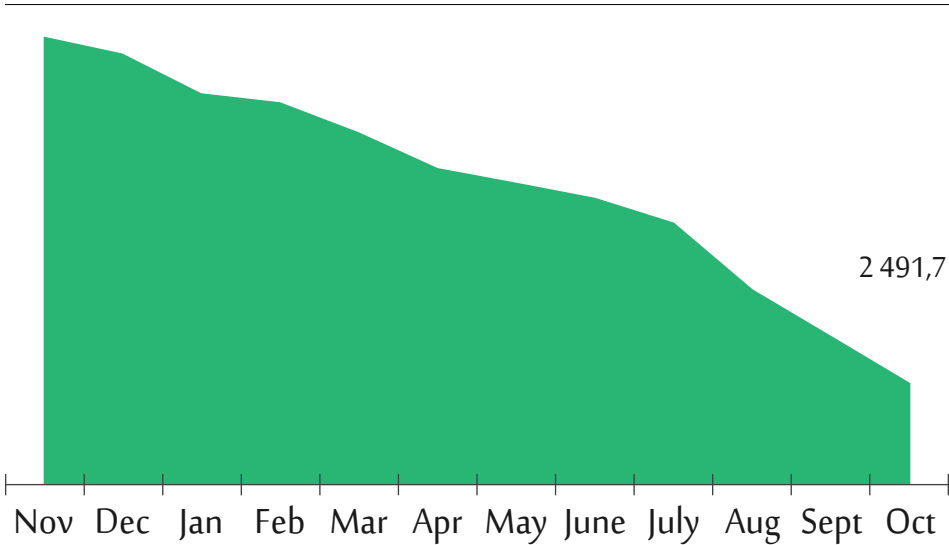
Production - Year to date (thousand units)



totaled 2.5 million vehicles, slightly above Anfavea's projection for the year of 2,418,000 units. In order to reach this estimate, production in December should total 131 thousand units, well below November's volume - which indicates Anfavea's projection, at least for production, should be surpassed.

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Production - 12-month periods (thousand units)



Anfavea celebrates daily sales ratio stability

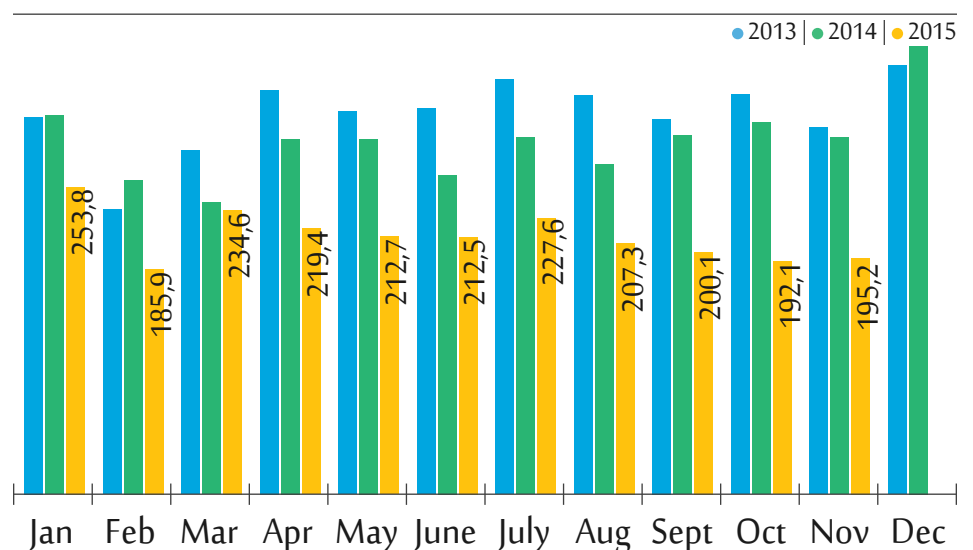
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Luiz Moan, president of Anfavea, showed a timid satisfaction regarding Brazilian vehicle sales figures in November, divulged to the press on Friday, 4, in São Paulo. According to him, the most important signal emitted by the market is that of stability of the ratios: "We have stopped the drop."

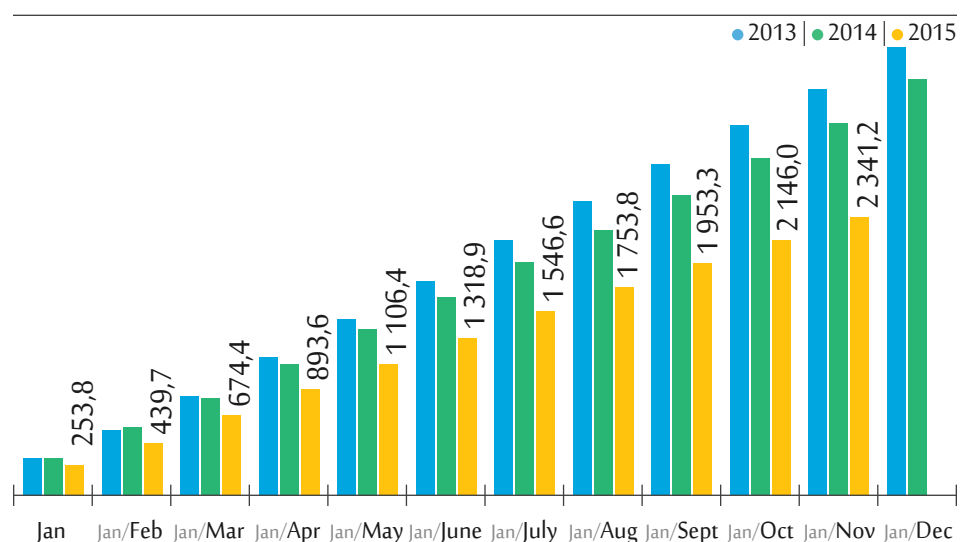
Moan added that "the average daily (sales) registered during the past two months (October and November) is the same as the one registered during the third quarter. This is a relevant behavior because sales dropped 29% during the third quarter of this year when compared to the second last quarter of 2014, after a drop of 8% in the second quarter when compared to the first, and another drop of 9% in the third quarter when compared to the second (quarter)".

According to him, this more stable behavior, with volumes ranging between 9 and 9.5 thousand units/day, should remain not only during the close of this last quarter of 2015, but also during the first quarters of next year. "I believe we should manage to sustain the same daily average during this

License registrations - Monthly (thousand units)



License registrations - Year to date (thousand units)



period, in order to achieve a sustainable and autonomous growth beginning on the fourth quarter (of 2016)."

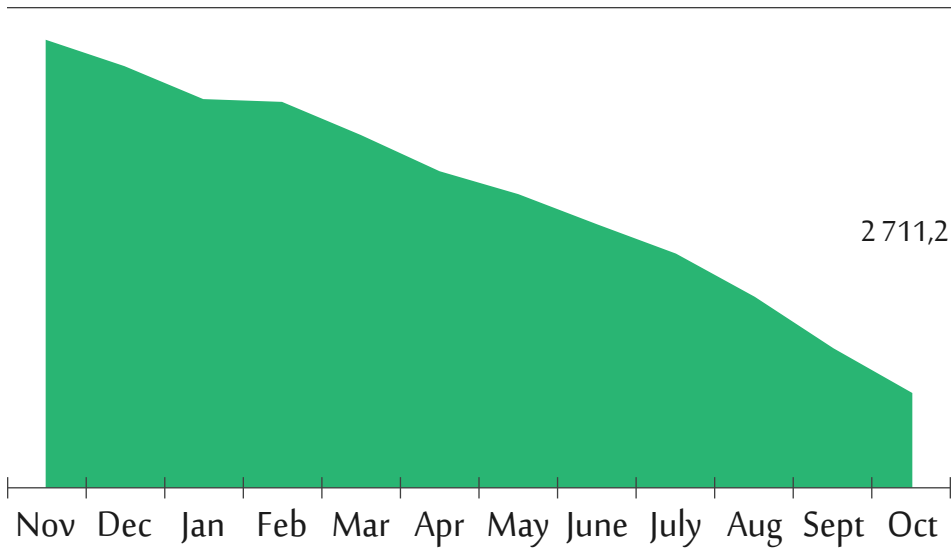
The number of vehicles licensed in November totaled 195.1 thousand units, representing a drop of 33.8% when compared to the 294.6 thousand units licensed during the same month last year, when consumers rushed to acquire their new vehicles due to the impending end of the reduced IPI tariff for vehicles, and a slight increase of 1.6% when compared to the 192.1 thousand units licensed in October, which had an additional working day.

During the first 11 months of the year, 2,341,000 vehicles were licensed, representing a drop of 25.2% when compared to the 3,128,000 units licensed during the same period last year, still better than Anfavea's estimate of a 27.4% drop this year. During the past 12 months, the number of new vehicles licensed dropped 22%.

Inventories last month registered a slight improvement, but remains high: 50 days when compared to 52 days in October, thanks to two fewer working days at the vehicle manufacturers, since at the dealers, the 31 days remain unchanged. Inventory totaled 322 thousand units, 200 thousand units at the dealers, when compared to 341 thousand units a month ago.

According to Moan, these numbers are "extremely high," and impose a "very difficult" scenario. In this sense, lower volumes should be expected in December, taking advantage of the collective vacations and year-end holiday season. WE

License registrations - 12-month period (thousand units)



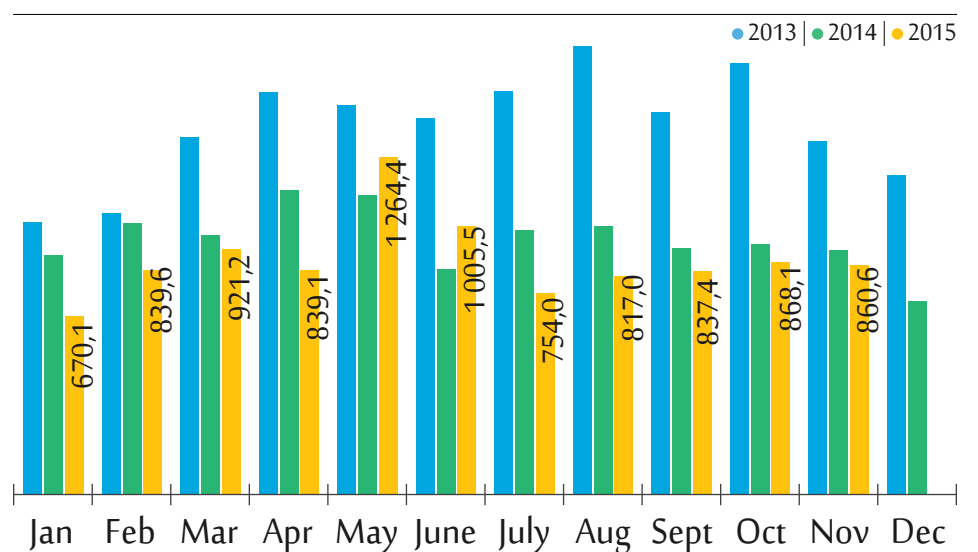
Export volume up to November already exceeds total registered in 2014

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Brazilian automotive industry closed November with year-to-date exports of 369.4 thousand vehicles, an increase of 18.9% when compared to the 310.8 thousand units shipped abroad during the same period last year. This year's volume already exceeds the export volume registered in 2014, when foreign sales totaled 334.2 thousand units.

In November, the industry shipped abroad 36.4 thousand vehicles, representing a growth of 40.3% when compared to the same month last year, and a drop of 8.4% when compared to October. Revenues from foreign sales last month totaled US\$ 860.6 million. Year to date, vehicle exports

Exports - Monthly (US\$ million)

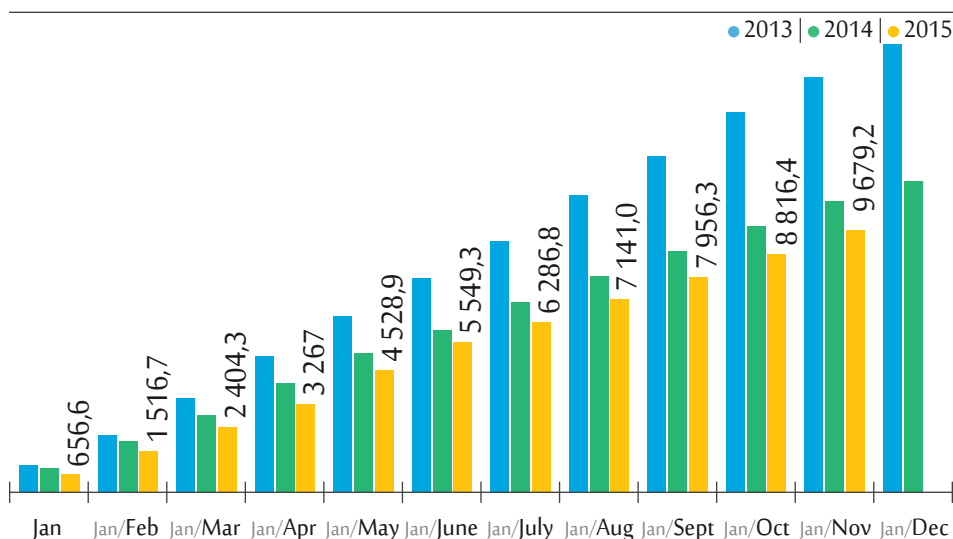


have generated US\$ 9.7 billion, a drop of 10.1% when compared to the same period in 2014, US\$ 10.8 billion.

The numbers were divulged on Friday, 4, by the president of Anfavea, Luiz Moan, who attributed the drop in revenue to the mix of products shipped abroad this year. While foreign sales of automobiles registered an increase of 19.2% this year, representing 343 thousand units when compared to the 288 thousand units shipped abroad during the first 11 months of 2014, exports of agricultural machinery registered a drop of 25.4%, from 12.9 thousand units to 9.6 thousand units.

Moan also highlighted that the values of

Exports - Year to date (US\$ million)

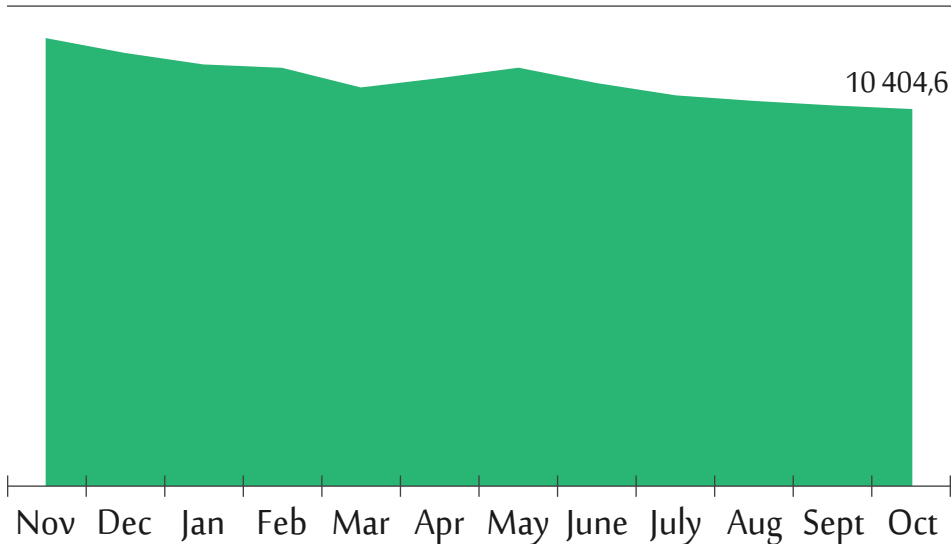


shipments have been dropping throughout the year. During the first four months, for example, there was a drop of 19%. “We continue working with the Brazilian government on the search for new free trade agreements and the strengthening of current business with our partners. Still this month, we should conclude another agreement.”

Once again, Moan revealed growth ratios with some countries with which Brazil maintains business in the region. In terms of automobiles, there was an increase of 6% in sales to Argentina, 70% in sales to Mexico, 73% to Peru, and 74% to Chile. Sales of trucks to African in countries registered an increase of 47%, and sales to Chile increased 70%.

Regarding Argentina, the president of Anfavea highlighted that the first speeches delivered by president elect Mauricio Macri, signal improvements in business

Exports - 12-month period (US\$ million)



between both countries. Macri, as a matter of fact, met with president Dilma Rousseff on Friday, 4, in Brasilia, DF.

“There are clear signals that the new president of Argentina wishes to increment bilateral trade with Brazil, which is positive for the automotive industry of both countries.”

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Truck sales continues dropping drastically

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In a different manner with which one analyzes the passenger and light commercial vehicles segment, which shows that sales have stopped dropping in order to remain stable at least until the arrival of the fourth quarter of 2016, according to Anfavea estimates, business in the truck market continues to drop.

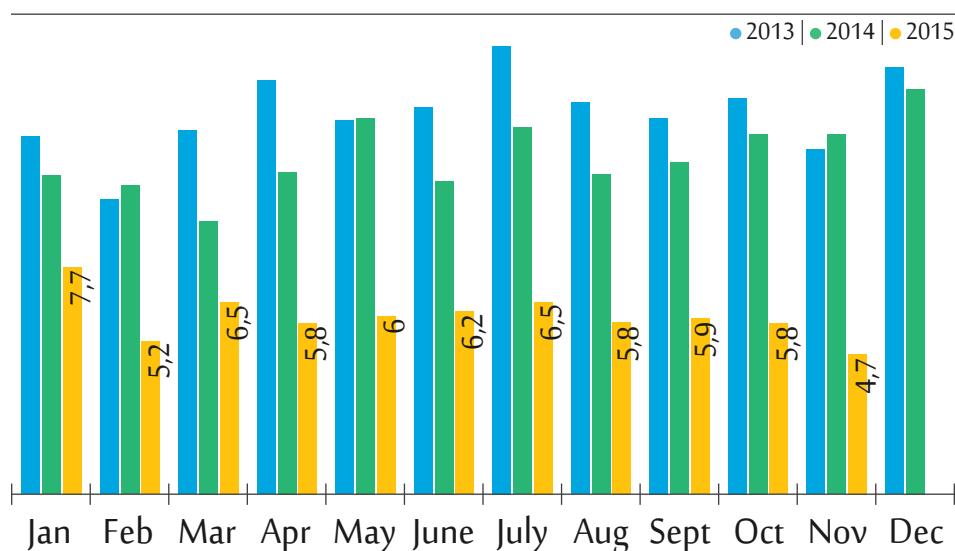
In November, the Brazilian market absorbed 4735 units, representing a drop of 61% when compared to the same month last year, when 12,153 vehicles were sold.

According to Luiz Moan, president of Anfavea, during the monthly press release held in São Paulo on Friday, 4, the market, which was already fragile, “was further impacted with the government’s decision to anticipate the suspension of the PSI at the end of October. Previously, sales were happening at a rhythm of 6000 units/month, at least.”

Luiz Carlos Moraes, vice president of Anfavea, agreed, adding the decision, in addition to the further about face and extension of the financing program up to the end of December, caused turbulence within BNDES itself.

“In November, the number of financing requests was above the bank’s capacity, which resulted in

Trucks - Monthly (thousand units)



a backlog of four weeks. So much so that between October and November, the drop in sales totaled 18%.”

Today, the year-to-date drop is smaller than the monthly drop. However, the numbers do not offer positive perspectives. Between January and November, 66,037 trucks were licensed, representing a drop of 46.5% when compared to the same period last year.

With lower domestic market demand, the rhythm of the production lines received a bucket of cold water: between January and November, truck production in Brazil totaled 71,484 units, representing a drop of 47.5% when compared to the same period last year.

In November alone, 5350 trucks were produced, a drop of 54.6% when compared to the same month in 2014.

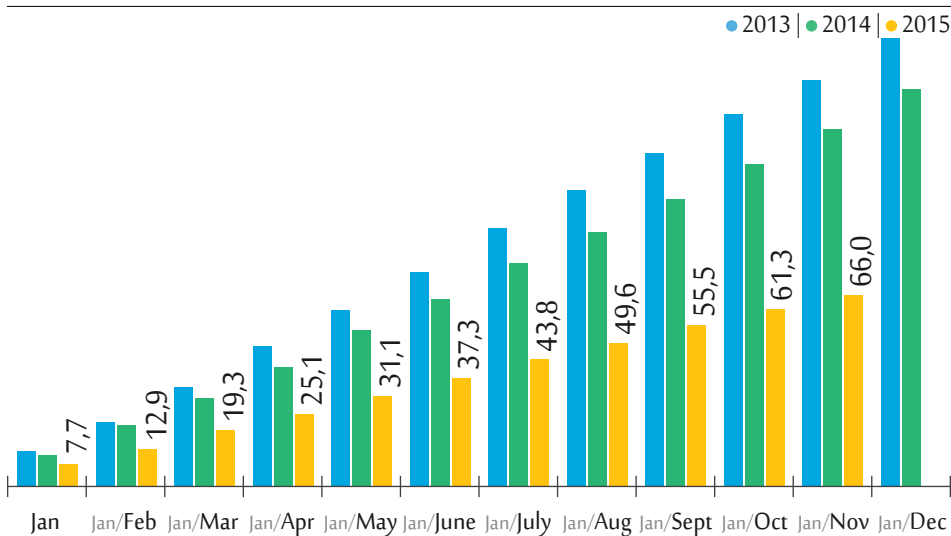
At least exports represent a strong sales channel, despite not sufficient to preserve the production rhythm. Between January and November of this year, 19,967 trucks were shipped abroad, representing an increase of 18.2% when compared to the same period in 2014.

The monthly performance is even more relevant. In November alone, 2518 units were exported, 61.4% above the volume registered in November of last year, 1560 trucks.

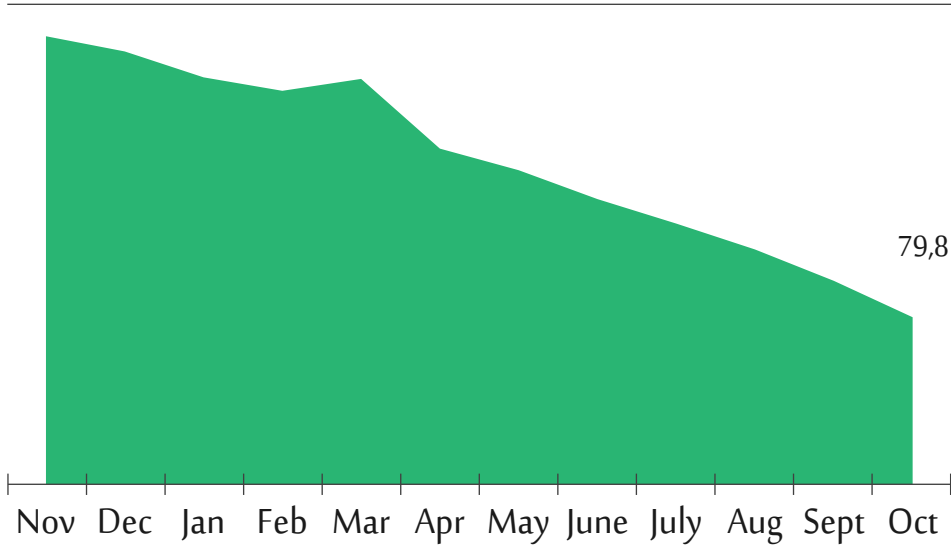
Moraes believes “predictability is fundamental for the truck segment, and this has not been occurring. For the third year in a row, there have been changes in the rules, but the good news is that we already know what the reality will be like from now on: life should follow based on the Finame TJLP.”

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Trucks - Year to date (thousand units)



Trucks - 12-month period (thousand units)



Bus chassis: discouraged, market moves forward

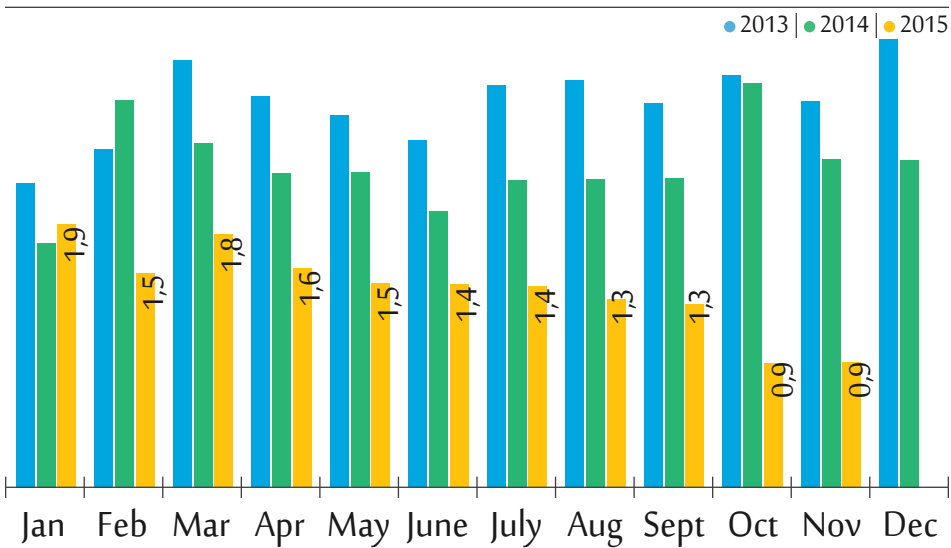
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The Brazilian market for bus chassis follows the same depressing scenario as the one followed by the truck segment. November's results illustrate well the difficulties faced by the manufacturers: last month, only 891 units were sold, representing a drop of 61.9% when compared to the 2338 bus chassis sold during the same month last year.

Between January and November, the market absorbed 15,495 units, representing

Bus - Monthly (thousand units)



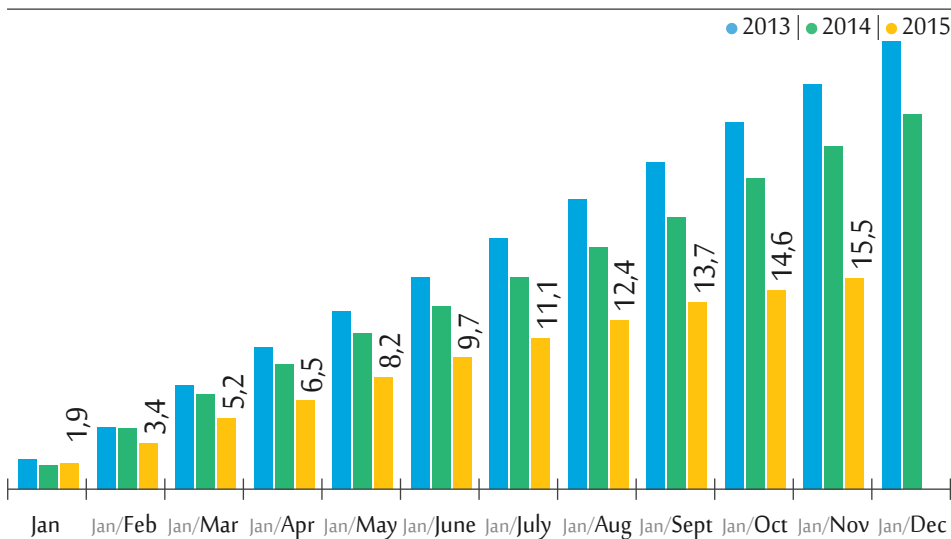
a drop of 38.4% when compared to the same period in 2014, when 25,158 chassis were delivered.

“Similar to the cargo vehicles, buses are also influenced by the lack of investor confidence, low economic activity, and higher cost of money,” stated Luiz Carlos Moraes, vice president of Anfavea.

According to him, “the drop in sales does not harm the industry alone, but also the government, which receives less revenue from taxes.”

The discouraging scenario is also present in production. In November, bus chassis production totaled 1045 units, representing a drop of 43.3% when compared to the 1844 units produced during the same month last year.

Bus - Year to date (thousand units)



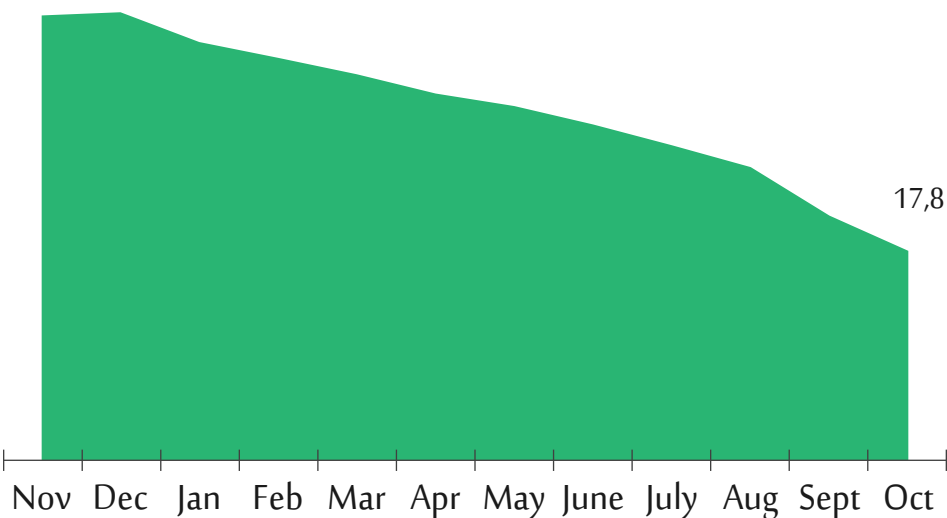
Between January and November, production totaled 20,953 units, representing a drop of 35.2% when compared to the 32,333 units produced during the same 11 months last year.

The segment finds some sort of relief in exports, although, not as strongly as in the truck segment. Shipments abroad during the first 11 months of this year totaled 6411 units, representing an increase of 4.5% when compared to the 6134 units exported during the same period in 2014.

However, the monthly performance registered a drop of 15.7%. In November, 558 bus chassis were shipped abroad, 104 units less than the volume registered during the same month last year.

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Bus – 12-month period (thousand units)



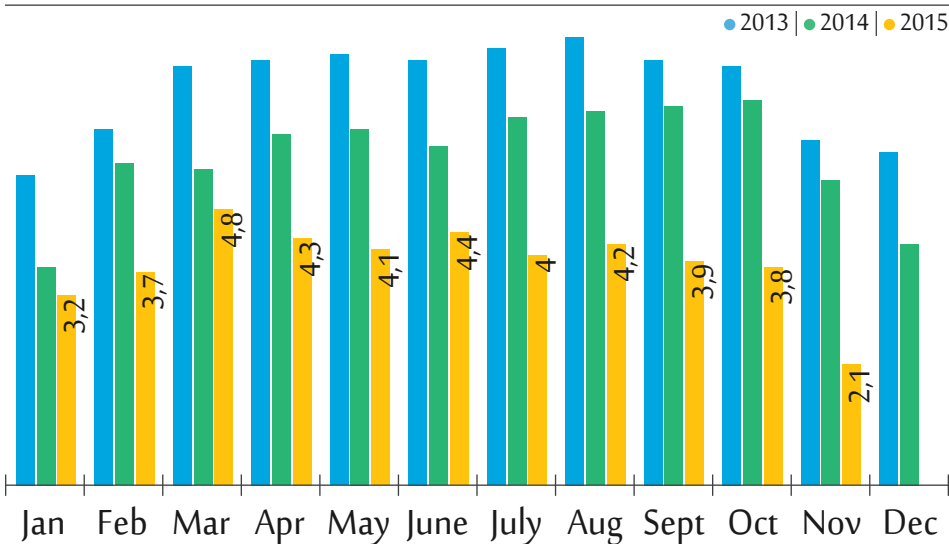
Sales of machines drop 60% in November

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The Brazilian agricultural and road machinery market suffered a drop of 60% in November when compared to the same month in 2014. Sector sales dropped from 5.2 thousand units to 2.1 thousand units last month, according to figure divulged by Anfavea on Friday, 4. This represented the smallest sales volume from one month to the other. Compared to October, the drop totaled 43.4%.

A result that is difficult to explain according to Ana Helena de Andrade, vice president of Anfavea, but one that is in line

Machinery - Monthly (thousand units)



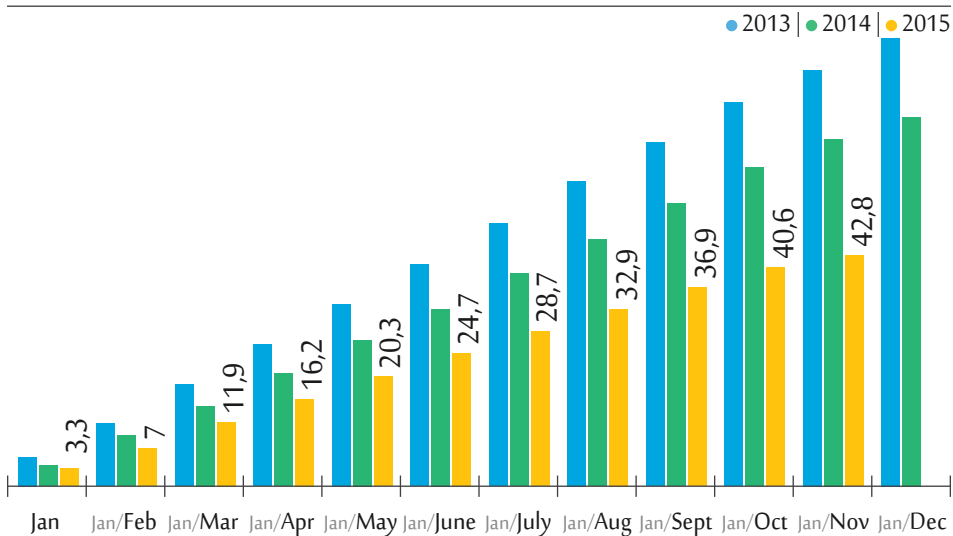


with the year’s performance rhythm. Between January and November, sector sales totaled 42.8 thousand units, a drop of 33.7% when compared to the same period last year - in a year with good harvest results and a valued US dollar, which helps increase revenues from commodity exports.

The appetite of farmers abroad is also low. Machinery exports dropped 38.2% in terms of value, totaling US\$ 1.6 million. In terms of volume, there was a drop of 25.4%, totaling 9.6 thousand units.

With the lower market and still timid exports, production of agricultural machinery is also undergoing a strong drop. In November, 3.9 thousand units were produced, a drop of 37.4% when compared to the same month last year, and a drop of 20.1% when compared to October.

Machinery - Year to date (thousand units)



During the first 11 months of the year, production of agricultural and road machinery totaled 54.4 thousand units, a drop of 30.8% when compared to the same period last year.

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