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Production in August was the best since 2014

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Production in August was the best since 2014

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São Paulo - The sales pace in the Brazilian market sustained the vehicles production growth in Brazil until August. According to data from Anfavea, released on Thursday, 6, 1 million 971 thousand 752 vehicles left the factories installed in Brazil, a volume that represents an increase of 12.8% over the same period last year.

According to Antonio Megale, president of the manufacturers association, the volume of vehicles produced in August (291.4 thousand units) was the best result for a month since October 2014 and managed to surpass another market: the exports, which are decreasing due to the Argentina's economic situation, the main trading partner of Brazil in the automotive sector.



In August, the production increased 11.7% over the same month last year and 18.6% compared to July.

Megale said: “The production over the past year and this year’s first half was being driven by orders from other markets, especially Argentina, which had plans to build a market of one million vehicles in 2018. By the decline in that market, there is less shipments. On the other hand, the Brazilian market maintained growth and sustained production”.

For September, however, the expectation of the entity is for a negative performance due to the worsening of the Argentine situation: “The reflexes coming from exports will be felt more in September, a month in which we expect a slowdown in all the indicators. The fact that the month will have nineteen business days contributes for that”.

The entity should review the projections for the year next month. Apparently, according to the president of Anfavea, the revision of the figures will show decreases. Regarding production, the entity projected 3 million 21 units, which would represent an increase of 11.9% over the volume produced last year.

Separating by categories, up to August, the automobiles production reached 1 million 883 thousand 32 units, 11.9% more than in the same period of 2017. The trucks accounted for 67 thousand 941 units, increase of 31.7%. Regarding the buses, there were 20 thousand 779 units produced, an increase of 43.9%.

The stock of vehicles, according to Anfavea’s survey (in August) reached 280.7 thousand units, being 161.5 thousand units staying with the dealers and 119.2 thousand with the automakers. In July, the total stock was at 248.7 thousand units.

WE

Anfavea will revise sales projection upwards

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São Paulo - With vehicle sales performance in August, the best month since January 2015, Anfavea starts to work on a new projection for the Brazilian market in 2018, which is expected to surpass 11.7% of current estimates. The president Antonio Megale affirmed in a news conference on Thursday, 6, that more optimistic numbers are expected to be released in October.

“Bigger credit liberation to the customer, with the appetite return from retail banks, and the great volume of launches made by the industry heated the market. There is another factor: that customer who changed cars in 2012, 2013, wants to change again, acquiring more technology, models with more connectivity. All this contributed to the increase of the demand and to the revision of the estimates”.

According to the entity, 248 thousand 623 units were sold in August, with a daily average of 10 thousand 810 vehicles, increase of 14.8% over the same period last year and 14.3% compared to July. This year, sales

reached 1 million 632 thousand 886 units, an advance of 14.9% over the same period last year - above Anfavea's projection.

According to Megale, the second half of last year was better than the first, and therefore the expectation was that growth in the second semester of this year would be lower due to the comparison basis. So far, however, this has not happened. “Even with the unstable economic scenario because of the elections, August was a very good month and I hope it continues like this, we have nothing to complain about. If there will be a higher number of sales (than our projections) in December, it will be a great surprise.”

Even with the good performance in August, Anfavea's expectation is for a decline in sales in September compared to August due to the number of working days: “I believe that next month we will have a lower sales volume because there will be 19 business days against 23 in August, which directly affects the number of vehicles sold in the month.” **WE**

Exports decline reaches 5%

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São Paulo – The exports of Brazilian vehicles decreased 16.6% in August, compared to the same month last year, to 56.1 thousand units. Despite representing an advance of 9.2% over July, the decline was even more significant in the accumulated of the year, which already reaches a 4.6% decrease in shipments.

From January to August, 486.5 thousand cars, light commercial vehicles, trucks and bus chassis were exported, compared to 509.8 thousand units in the same period of 2017. For Antonio Megale, president of Anfavea, this trend should continue in the coming months, going against the association's prospect to close the year with a draw in exports.

"It was the best year in our history of exports (last year) and we believed we could surpass this record in 2018 in the beginning of the year. It turns out that our two main buying markets, Argentina and Mexico, have been through a weaker period regarding their demand. Next month we should review our projections, which are currently the same of last year, to a decrease."

Responsible for 75% of Brazilian vehicles exports until August, Argentina had a reduction of 4% in shipments in the accumulated of the year, compared to the same period of 2018. With the worsening regarding the economic crisis in Argentina, which in recent days raised its basic interest rate to 60% per year, the trend is for even lower volumes in the coming months, according to the president of Anfavea.

In the case of Mexico, exports fell 50% from January to August. Part of this volume has been directed to other markets, but is not enough to repeat the exports record of 2017.

Regarding the foreign trade the values are positive, which keep contributing to the Brazilian trade balance. In August, automakers earned US\$ 1.3 billion in foreign sales, 4.9% more than in July, but 11% less than in the same month of 2017. Even with the reduction, in the accumulated of the year, the comparison remains positive: increase of 7.8%, totaling US\$ 11 billion. **WE**

Truck sales start second semester on the increase

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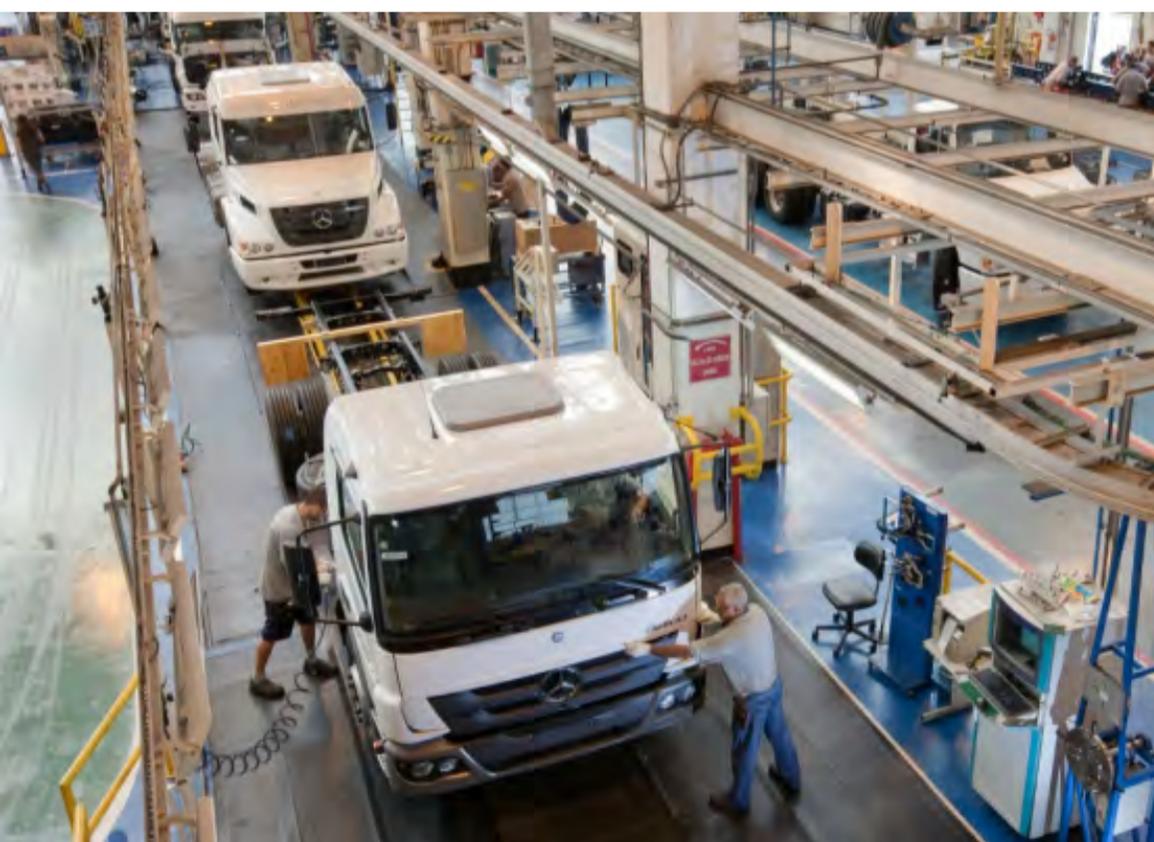
São Paulo – Truck sales keep the growing pace in the Brazilian market, and heavy trucks remained as the main pillar of the segment in August. In a way that in the eight months of the year, 46 thousand 72 units were sold in Brazil, which represents an increase of 49.5% compared to the same period last year.

Last year is a low basis for comparison, said Antonio Megale, president of Anfavea, on

Thursday, 6. The difference between the results registered in both periods can be observed in the growth percentage of the main categories in the segment. Regarding heavy trucks, there were 20 thousand 740 sales, an increase of 91.7%. For the medium trucks sales reached 4 thousand 409 units, 68% more.

Mercedes-Benz had the best-selling vehicles in August, with 5 thousand 882 registrations in the eight months of the year, 86% higher than the same period of 2017. Volvo comes next, with 5 thousand 751 units sold, 97, 6% more. Then, Scania vehicles, with 4 thousand 947 units sold until August.

Sales were also higher in the semi-heavy segment. Until August, there were 10 thousand 824 units sold, a volume that represents a 34.4% increase over the eight months of last year. It was in this segment that the most recent truck launches emerged, which is seen as promising for 2019 and started to receive automatized transmission.



Disclosure

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Disclosure

Chassis production increases 37%

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São Paulo - In August, bus chassis production totaled 2 thousand 998 units, a volume increase of 36.3% compared to the same month last year and 4.5% higher than in July. According to data released by Anfavea on Thursday, 6, the Brazilian chassis industry advanced 43.9% in the accumulated of the year, to 20 thousand 779 units.

The Brazilian market in August registered 1 thousand 568 sales, an increase of 0.6%

over August last year, but 15% lower than July. From January to August there were 8 thousand 985 bus chassis sold, 16.7% more than in the first eight months of 2017.

Regarding exports, August registered a decrease compared to the same month of 2017, totaling 563 units. In comparison with July, however, the pace was 10.8% higher. The accumulated outcome is still positive: increase of 1.5%, with 5 thousand 793 chassis exported.

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Machinery market exceeds expectations

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São Paulo - Sales of agricultural and highway construction machinery in the Brazilian market registered growth of 6.2% until August, with 29 thousand 630 units sold. According to Anfavea's president, Antonio Megale, the expectation is that the increase until the end of the year exceeds the current entity's projections of a 7% increase, which are expected to be revised in October.

"After a big recovery over the year, I believe the machinery sector will exceed our current projection and, therefore, we will revise the numbers upward in October."

The entity's expectation of is for a very promising future agribusiness, pulling farmers' investment in their operations and moving the sector.

Just like sales, machinery production grew 5.5% in the year to 40.3 thousand units, and 35.1% in the comparison of August this year with the same month of last year, with 6.7 thousand units. Anfavea's estimates will also be revised upwards: "Our initial projection was of a 14% increase regarding the production, but as sales will be higher, production will have to follow it and will also be changed."

In the case of machinery exports, there was increase of 1.2% in the accumulated of the year, with 8 thousand 626 units sold to other countries and decrease of 2.7% in August, 1 thousand 207 machines, compared to the same month last year. Because of the economic problems in Argentina, the Brazilian main partner in exports of agricultural machinery, Anfavea is not sure how its projections will be.

"We need to know what measures the IMF will take to help Argentina and what internal measures they will adopt to find out if our exports will remain stable, grow or need to be revised downwards", said Alfredo Miguel Neto, vice president of the association. **WE**

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Caoa Chery is looking for Brazilian suppliers

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São Paulo - While accelerating the production in Jacareí, SP, and preparing for the arrival of two new SUVs in the Anápolis, GO, lines, Caoa Chery is looking for Brazilian suppliers to increase the local parts index of the company. The nationalization plan, which had been on the table of the purchasing and engineering departments since the agreement with the Chinese executives, needed to be accelerated because of the increasingly unfavorable exchange scenario.

According to Márcio Alfonso, its CEO, the idea is to aggregate around fifty new Brazilian suppliers to the base, currently formed by 44 companies added to the factories of São Paulo

and Goiás. He told that the program foresees the nationalization of around four hundred items, especially those that use steel and plastic in their composition because they are materials that are competitive in Brazil.

“We have very competitive and qualified suppliers, which helps a lot. As the exchange plays on our side, we have to do this nationalization program”, he said, adding that there is also the capital cost pressing it. “While a part bought here arrives in two weeks, the imported ones take up to ninety days.”

Alfonso listed items such as windshield, shock absorbers, molded panels, filters, linings, brakes, engine components and electrical systems as examples of components that Caoa Chery has already developed in Brazil.

Jacareí reached the mark of 1,5 thousand units produced in August, best milestone since Caoa assumed the operation. Since April, when Tiggo 2 started its production, 190 employees have been hired and there is an open selection process to hire from 180 to 200 new professionals because in September the line of the Arrizo 5 sedan will begin to operate. The model is expected to hit the market shortly after the Salão do Automóvel de São Paulo (São Paulo Auto Show).

In parallel, Caoa Chery prepares the production of two SUVs, Tiggo 4 and Tiggo 7, in Anápolis, where there will be no need for hiring - according to Alfonso, professionals who operated the Hyundai model lines will be transferred to the new area. Tiggo 4 will be launched until the end of the year and Tiggo 7 is expected to be launched only in 2019.

Alfonso estimates that, together, Anápolis and Jacareí will deliver 35 thousand Caoa Chery models in 2019. As a result, the brand seeks to achieve a little more than 1% market share next year.

To support this advance of the factory, the chain is also growing more and more. The idea is to have 60 dealerships spread across Brazil until the end of the year and open 30 new stores next year – most part in the Southeast of the country.

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Dunlop invests to produce more tires for trucks

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São Paulo - Before starting to produce tires for trucks and buses in Fazenda Rio Grande, PR, Dunlop, from Grupo Sumitomo, announced an investment to expand its capacity. Scheduled to start operating in March next year, the lines will deliver 1 thousand tires per day, the double related to the previous volume planned.

On Wednesday, 5, the company announced the additional investment of R\$ 153 million in the unit, in addition to the R\$ 487 million released in 2016. The entire amount will be applied in the purchase of machinery to double the production of tires for trucks and buses, according to Rodrigo Alonso, Dunlop's senior sales and marketing manager.

Dunlop works in the segment of tires for commercial vehicles with imported products. The R\$ 487 million invested since 2016 aim to increase the tire production for the light segment, which will jump from 15 thousand to 18 thousand units/day, and the beginning of the manufacture of heavy tires. As the demand for this segment increased a lot in 2018 the additional investment value was approved.

“We will expand before the opening. Our view is to serve the Brazilian market with tires produced in Brazil. Regardless of the moment, Japan sees great potential in the Brazilian market.”

According to Alonso, the decision was made before the increase of dollar: “It was not a decisive factor. The logistics of importing tires for commercial vehicles is complicated by itself and we would not be able to supply the demand only with the local production”.

The whole Dunlop’s plan for the heavy vehicles is focused on the aftermarket. Alonso said that the supply for automakers requires homologation and, despite being in the company’s plans, it should not happen in the short term. In the light sector, however, the company entered the OEM segment two years ago and has customers like FCA, Toyota and Volkswagen.

At first, the factory in Paraná, considered one of the most modern plants of Grupo Sumitomo, will produce the tire SP 320, for road use. A model for buses should come next, followed by the other items in the portfolio.

Fifty employees will be hired to work on the second phase of the expansion. The factory has 1,2 thousand workers today, including those of the first stage, who have already been through training in other group units in Thailand and Japan.

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