

AutoData

NEWS AGENCY WEEKLY EDITION

Edition
713

Weekly Brazilian automotive industry news | 11.02 to 11.06.2015 Year XII

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Daily sales and inventory remain stable

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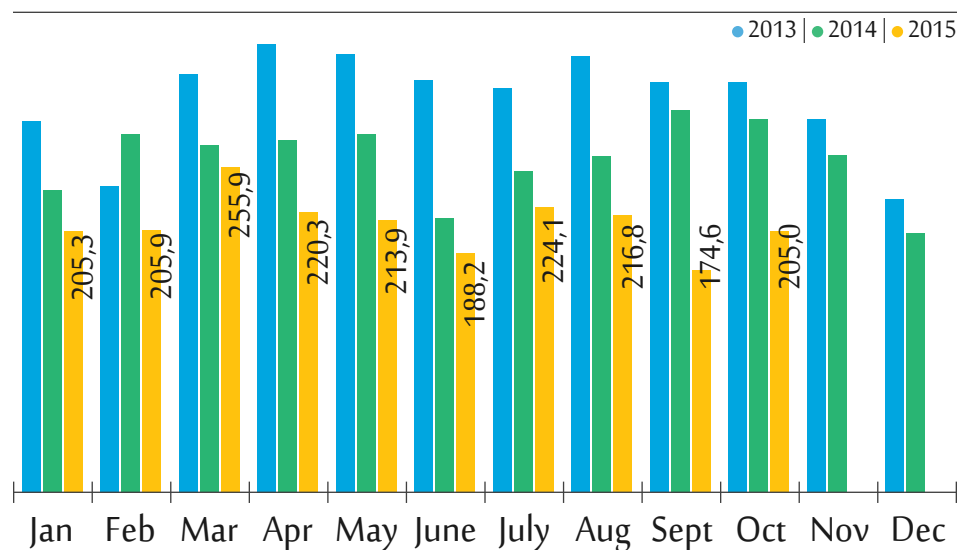
Moan: production has statistical growth.

André Barros | andreb@autodata.com.br

At first sight, the vehicle production volume increase in October of 17.4% when compared to September might have brought a breath of fresh air to the industry. However, the president of Anfavea, Luiz Moan, eliminated such possibility at the press release conducted on Friday, 6, in São Paulo: the base of comparison was very low.

Last month, production totaled 205,000 passenger and light commercial vehicles, trucks, and bus chassis, against 174.6 thousand

Production - Monthly (thousand units)



units in September, a month that was marked by a number of production halts, collective vacation leaves, and leave with pay offered by the vehicle manufacturers.

“It was a statistical growth,” explained Moan. “September was strongly influenced by adjustments in production to adequate inventories.”

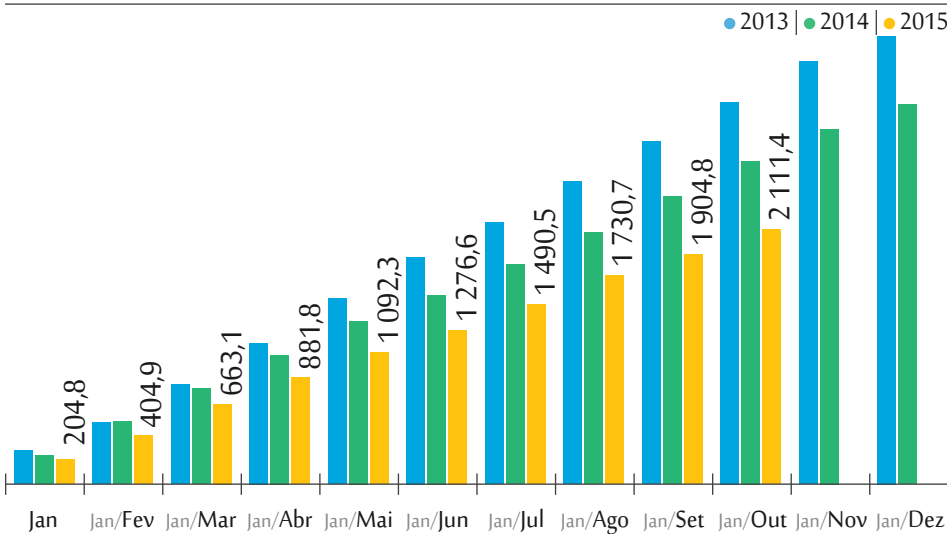
The negative data appear again when the comparison is made with October of last year and its production volume of 293.3 thousand units, which represented a drop of 30.1%. During the first 10 months of this year, production totaled 2.1 million vehicles, a drop of 21.1% when compared to the same period last year.

In terms of absolute numbers, more than 550,000 units were lost from one year to the next.

The performance impacts employment figures: during the past 12 months, 14.3 thousand job positions were cut. At the end of October, the industry’s workforce totaled 132.7 thousand workers, approximately 900 fewer jobs when compared to September.

Moan once again emphasized the efforts vehicle manufacturers are making towards maintaining their workers: according to the executive, there are 45,000 persons under some type of productive restriction in the industry’s workforce, that is, 34% of the total. “There are 35.6 thousand workers in the federal government’s Employment Protection Program,

Production - Year to date (thousand units)

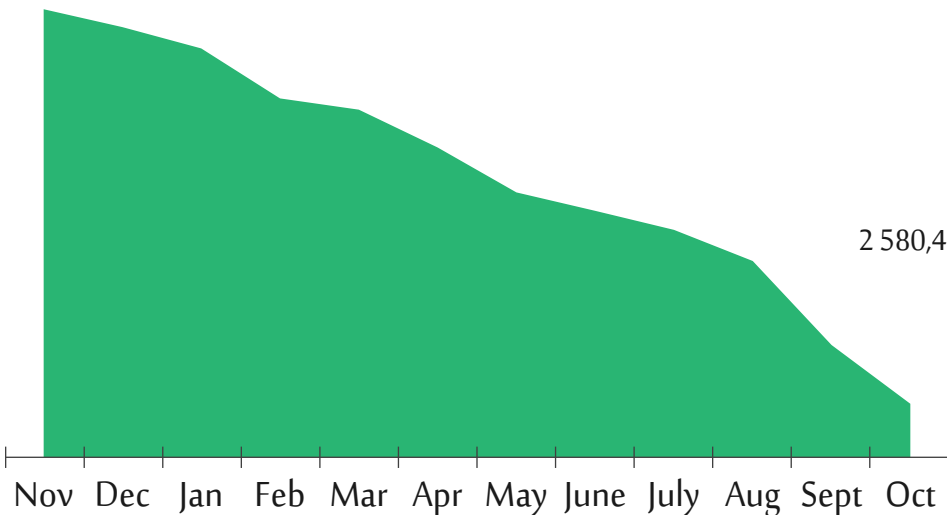


PPE, 6.6 thousand workers in layoff, and 2.8 thousand workers on vacation.”

During the past 12 months, production totaled 2.58 million vehicles, a volume that is close to Anfavea’s projection for 2015: 2,418,000 units, which should represent a drop of 23.2% when compared to last year’s production volume.

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Production - 12-month periods (thousand units)



Daily sales and inventory remain stable

Alzira Rodrigues | alzira@autodata.com.br



Image/Archive

Despite the 4% drop in the number of vehicles sold in the domestic market in October, when compared to September, the number of new vehicle daily license registrations practically maintained the same volume as in the past two months - 9607 against 9527, that is, a slight increase of 0.8%. Inventories at the dealers and vehicle manufacturers remained at

the same level of 53 days of sales, respectively, 340.6 thousand against 342.1 thousand units.

Luiz Moan, president of Anfavea, said on Friday, 6, that the average daily sales volume should remain the same until the end of the year, as well as during the first quarter of 2016. He also admitted that in the annual comparison, the figures should be significantly

negative at the end of this year, because during the last quarter of 2014 there was a pre-buy phenomenon caused by the expected return of the IPI tariff to the traditional levels starting in January 2015, as it ended up occurring.

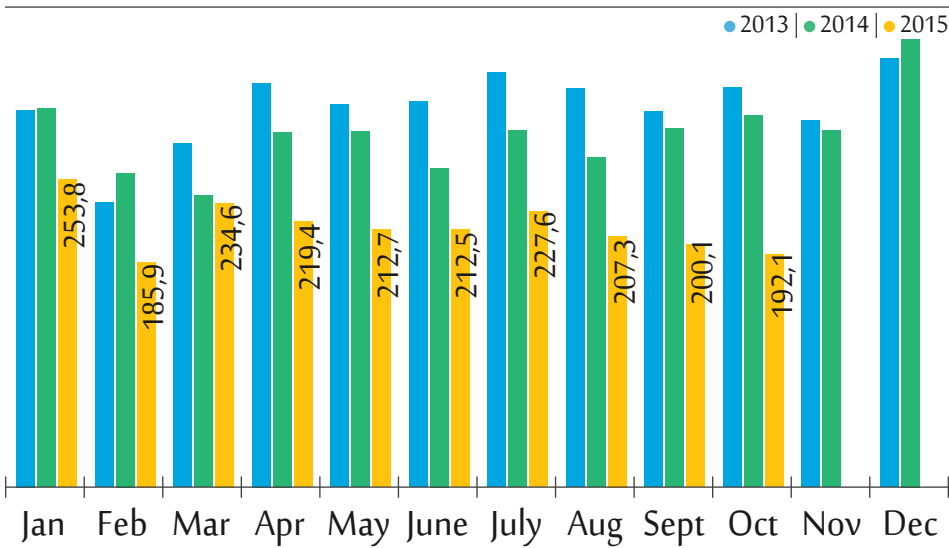
In October, 192.1 thousand vehicles were licensed, representing a drop of 37.4% when compared to the same month in 2014, when sales totaled almost 307 thousand units, and a drop of 4% when compared to the 200 thousand units licensed during the previous month. Moan admitted that the moment is difficult, and said that inventories had been at 40 days one year ago: “While sales dropped more than 25% to date, inventories increased 26%.”

He also admitted that a portion of consumers who acquire new cars is migrating to the used car segment. This year, sales of semi-new vehicles, between one and three years old, increased 41.5%. Sales of new vehicles dropped 24.3% this year. From January to October, 2,146,000 new vehicles were licensed, when compared to 2,833,000 vehicles licensed during the same period in 2014.

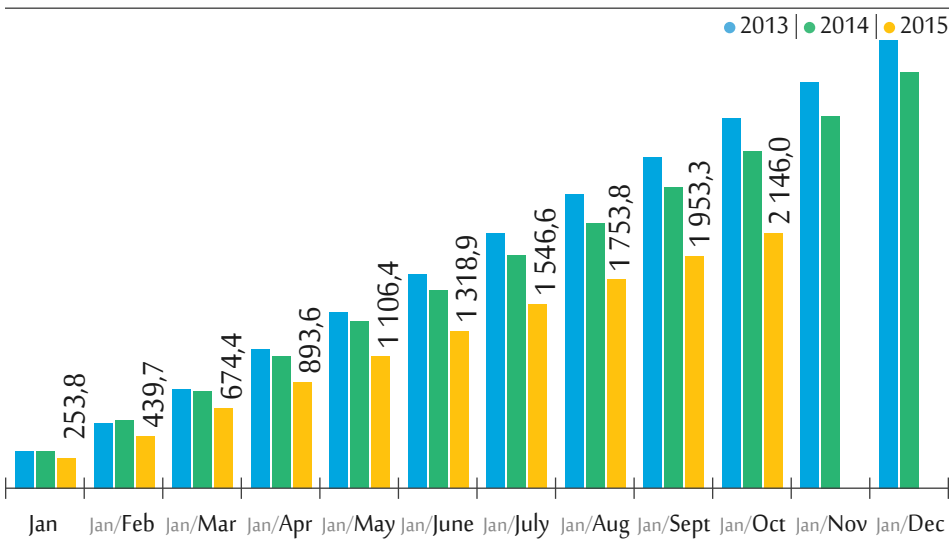
In the passenger and light commercial vehicle segment, new vehicles licensed during the first 10 months of this year totaled 2.67 million units, representing a drop of 23.3% when compared to the 2.070 million units licensed during the same period last year. According to Moan, the number of consumers who preferred to pay cash for their vehicles increased from 38.6% last year, to 41.5% this year.

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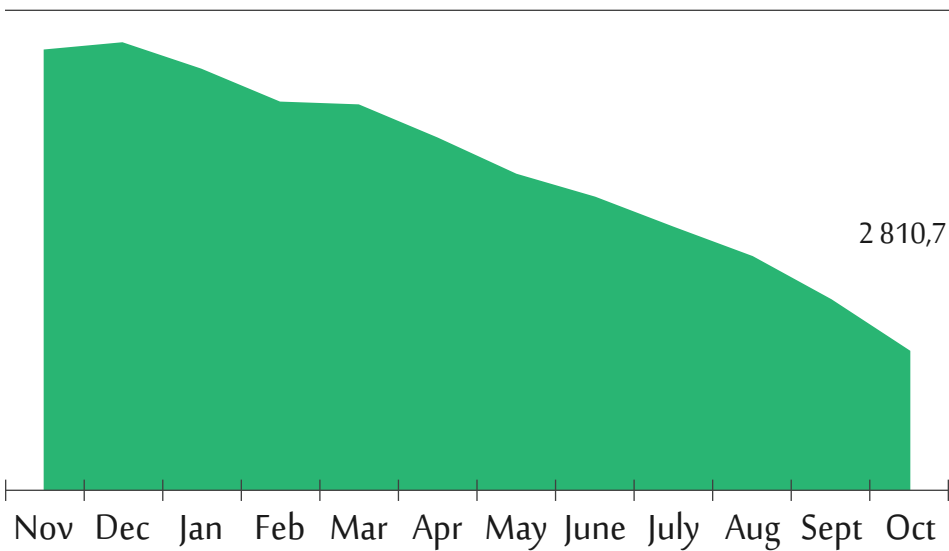
License registrations - Monthly (thousand units)



License registrations - Year to date (thousand units)



License registrations - 12-month period (thousand units)

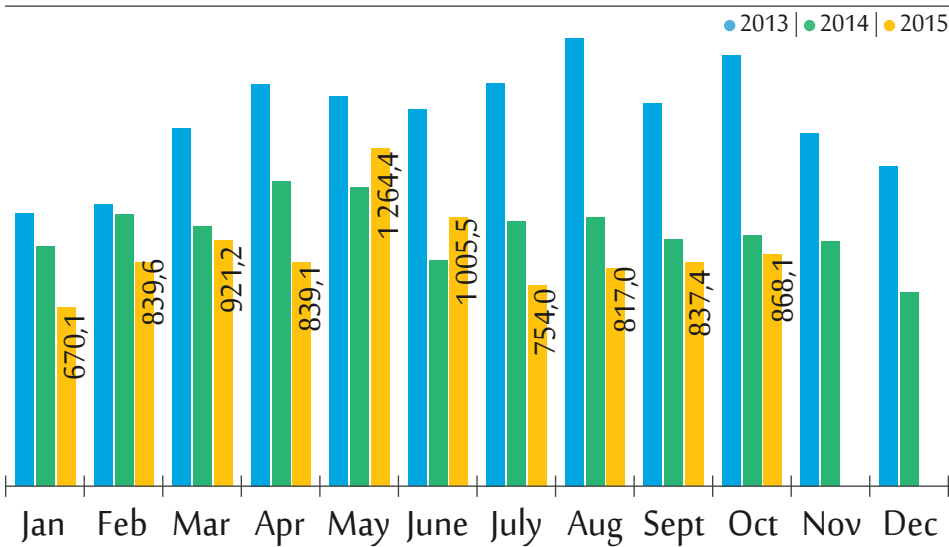


Vehicle exports up to 16.9% this year

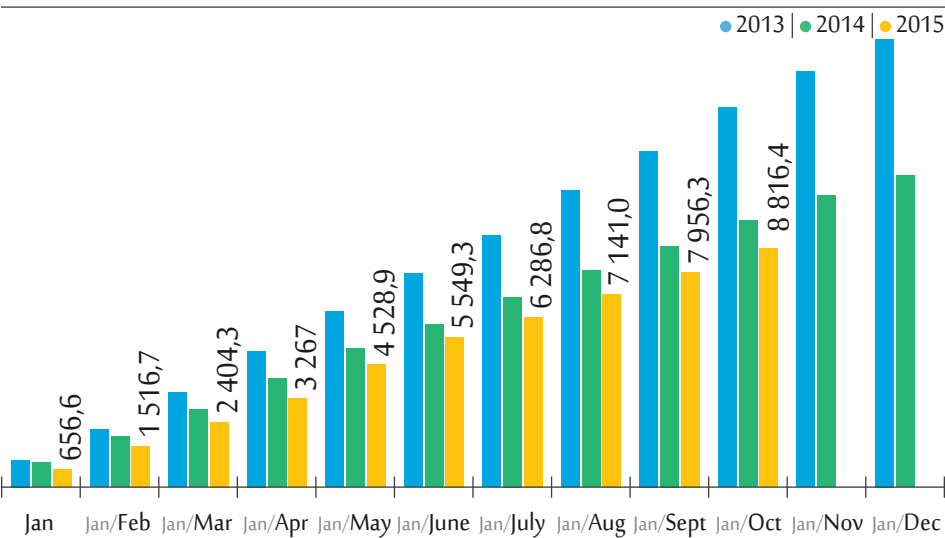
Alzira Rodrigues | alzira@autodata.com.br

With the significant growth in business with Mexico, Peru, Chile, South Africa, and Paraguay, the Brazilian automotive industry continues expanding its exports in terms of volume. During the first 10 months of this year, 333,000 units were shipped abroad, representing an increase of 16.9% when compared to the 284.8 thousand units exported during the same period in 2014. In October, sales abroad totaled 39.8 thousand vehicles, representing a growth of 69.2% when compared to the same month last year, and an

Exports - Monthly (US\$ million)



Exports - Year to date (US\$ million)



increase of 18.7% when compared to September.

During the monthly press conference to divulge the industry’s figures, on Friday, 6, the president of Anfavea, Luiz Moan, emphasized that the association continues searching for new foreign partners to increase the Brazilian industry’s business: “Last week, a mission led by Anfavea was in Iran to discuss the possibility of a bilateral trade agreement. In addition, we believe that negotiations should advance still this month with the European Union.”

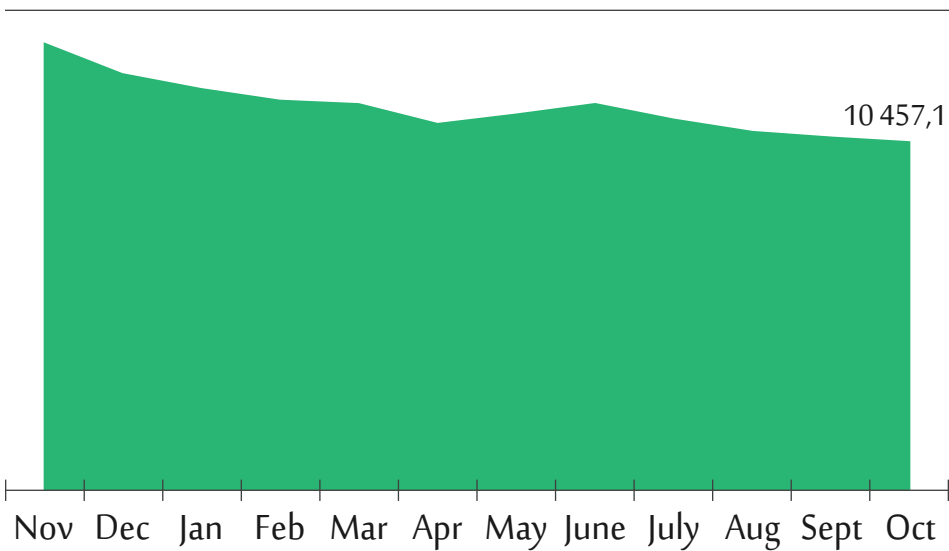
According to Moan, the growth in sales to countries with which Brazil has agreements or traditional bilateral relations have increased significantly this year. In the passenger and light commercial vehicles segment, business with Mexico increased 73%, 66% with Peru, and 64% with Chile. In the truck segment, business with Mexico increased 116%, 84% with Paraguay, and 48% with South Africa. In buses, the highlight goes to Venezuela, with an expansion of 29%.

Despite the good performance in vehicle exports, foreign revenues are still registering negative performances this year primarily because of the mix of products shipped abroad, according to the president of Anfavea. While exports of vehicles registered an increase of 16.9% in volume, exports of agricultural and construction machinery dropped 28.1% - only 8.5 thousand units this year, when compared to 11.9 thousand units during the first 10 months of 2014.

Overall, export revenues during the first 10 months of this year totaled US\$ 8.8 billion, 10.5% less than the revenues registered during the same period last year. Export revenues from shipments of vehicles totaled US\$ 7.3 billion, a slight drop of 1.5% when compared to the US\$ 7.4 billion in revenues registered during the first 10 months of 2014. Agricultural and construction machinery exports decreased 38.9%, from US\$ 2.4 billion to US\$ 1.4 billion during the same period.

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



Truck sales drop 45%

Décio Costa | decio@autodata.com.br

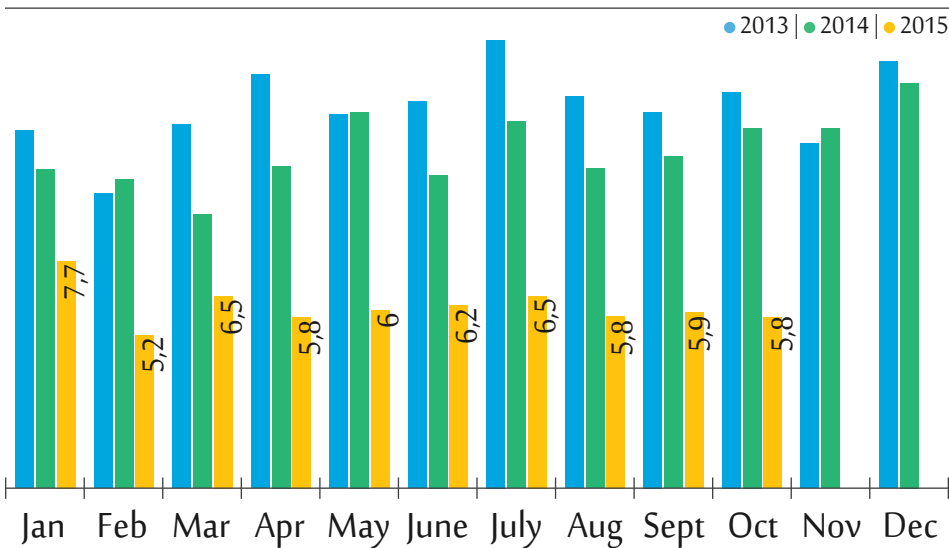
According to Luiz Carlos Moraes, vice president of Anfavea, the current scenario in the truck sector in Brazil could be classified as a dramatic moment. According to the association, which divulged the industry's numbers on Friday, 6, between January and October of this year, sales dropped 44.9% when compared to the same period last year, to 61.3 thousand units, from 111.2 thousand units sold during the same period last year.

In October alone, the market absorbed 5.7 thousand units, representing a drop of 52.5% when compared to the same month in 2014, when sales totaled 12.1 thousand trucks.

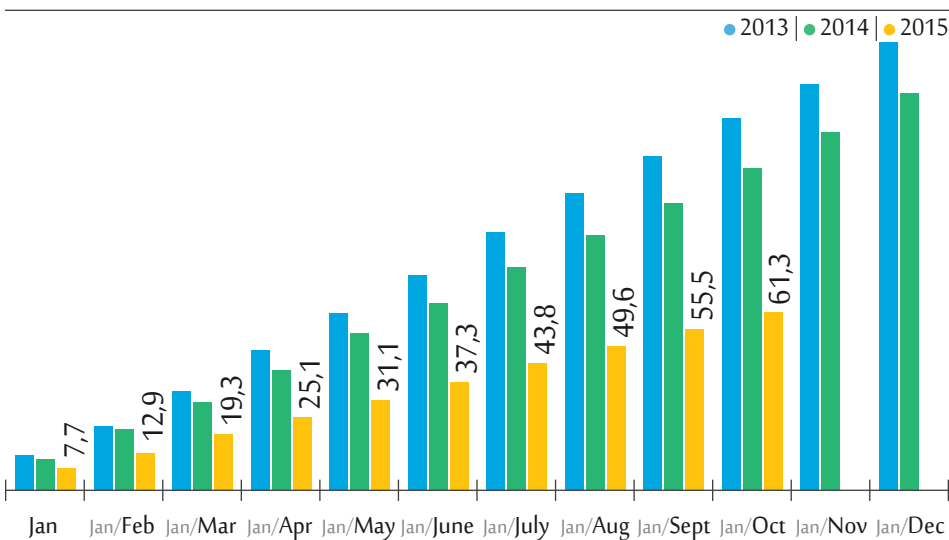
"The situation is very delicate and reflects the state of the spirit of the economy, contaminated by the current political crisis," stated Luiz Moan, president of Anfavea. "The scenario is very uncertain and things are getting worse with the delay of the fiscal adjustment."

Moan added that by the end of the year, the difficulties in the truck sector could be accentuated as a result of the end of the PSI last October 30, as predicted. "We still do not have this important horizon for the sales of trucks, which can get worse in November and December with the absence of the program,

Trucks - Monthly (thousand units)



Trucks - Year to date (thousand units)

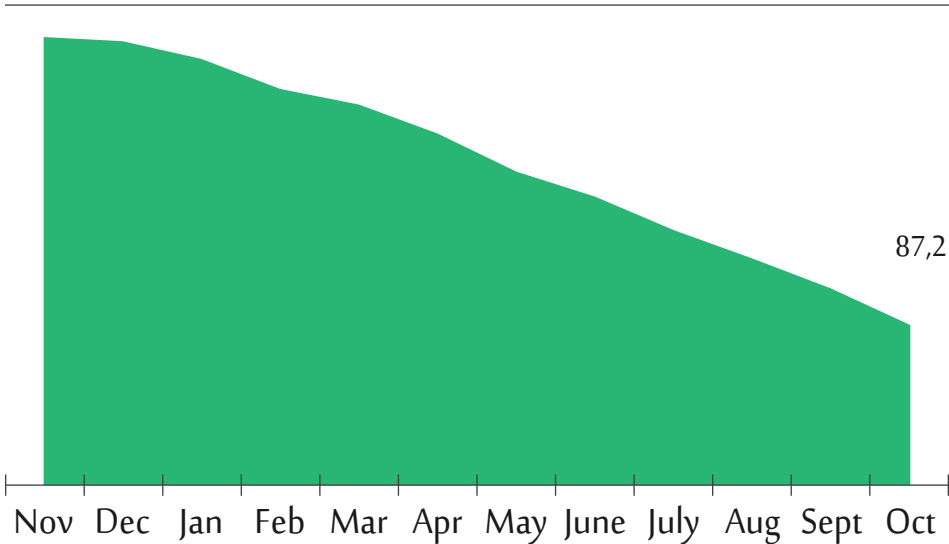


but we are working together with the government to reopen the PSI.”

With a retracted market, production is also showing signs of a decrease. During the first 10 months of the year, production totaled 66.1 thousand trucks, a drop of 46.9% when compared to the 124.5 thousand units produced during the same period last year.

October’s truck production totaled 6.8 thousand units, representing a drop of 45.1% when compared to the same month last year, when production totaled 12.4 thousand units. Without including seasonality effects, however, the rhythm of production in October was bigger than September, with an increase of 16.8%. According to Moan, a growth is due to the return of part of the workforce to the assembly lines, which had undergone some type of work restriction in September, such as layoffs or paid leave.

Trucks - 12-month period (thousand units)



In the truck segment, only exports provide some type of positive performance. Between January and October of this year, 17.4 thousand units were shipped abroad, representing an increase of 13.8% when compared to the same period last year. WE



Bus segment continues to register downward performances

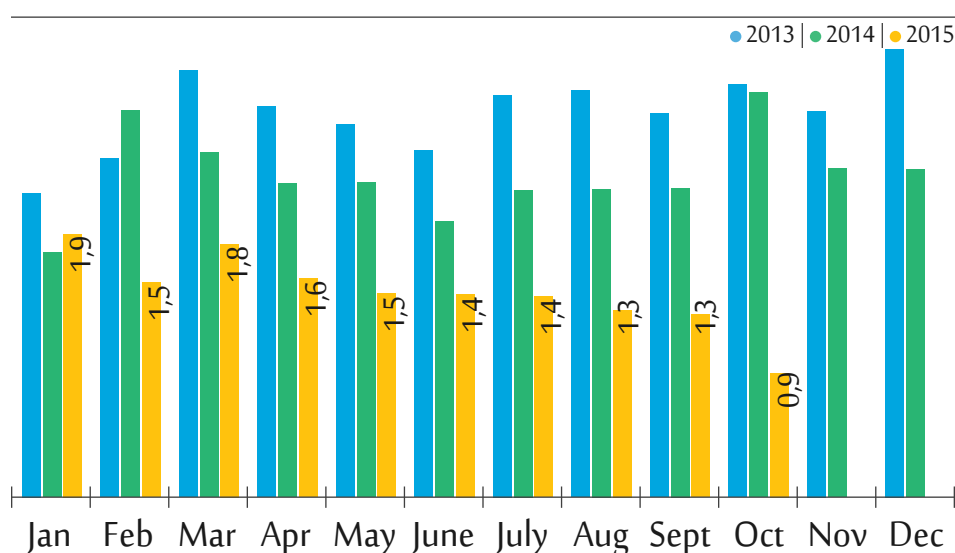
Décio Costa | decio@autodata.com.br

Similar to the truck segment, the performance of the bus chassis segment is not very promising. The 14.6 thousand units sold between January and October this year represented a drop of 36% when compared to the 22.8 thousand units absorbed by the market during the same period last year.

Once again, the current economic situation has been affecting the segment. "The lack of overall confidence, the increase in the interest rates, and difficulties in obtaining credit are the biggest dramas," stated Luiz Carlos Moraes, vice president of Anfavea, and director of institutional relations at Mercedes-Benz.

In October, sales totaled 885 units, which represented a drop of 69.2% when compared to the same

Bus - Monthly (thousand units)



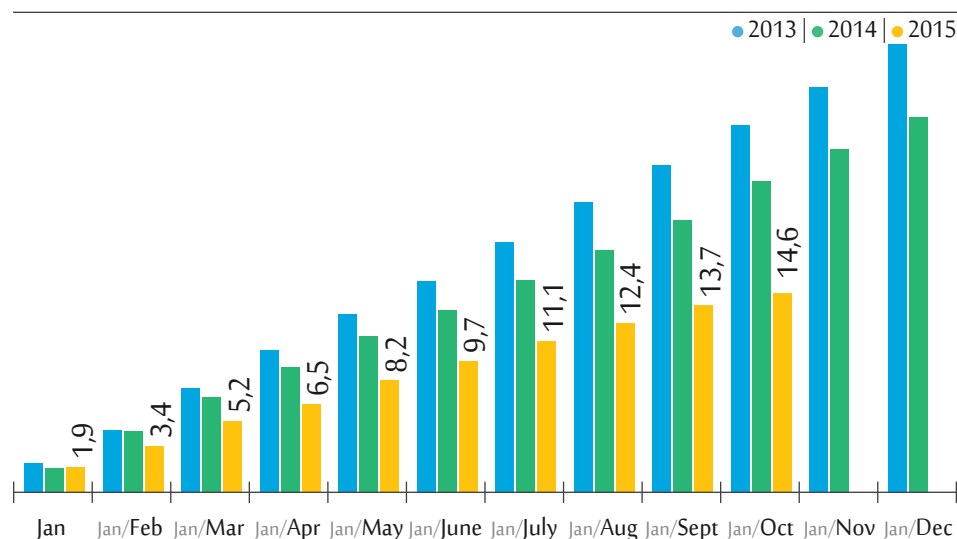
month last year, when sales totaled 2.8 thousand units.

As a result of the brutal slowdown of the market, production also dropped. In October of last year, production totaled 2.7 thousand bus chassis, dropping to slightly more than 1.2 thousand units in October of this year, representing a decrease of 54.3%.

During the first 10 months of this year, the 19.9 thousand units produced in Brazil represented a significant drop of 34.7% when compared to the 30.5 thousand units produced during the same months of last year.

Similar to the truck segment the only positive performance registered by the bus chassis segment occurred in exports. During the first 10 months of the year, shipments registered an increase of 7%, totaling 5.8 thousand units. **WE**

Bus - Year to date (thousand units)



Farmer confidence tackles machinery market



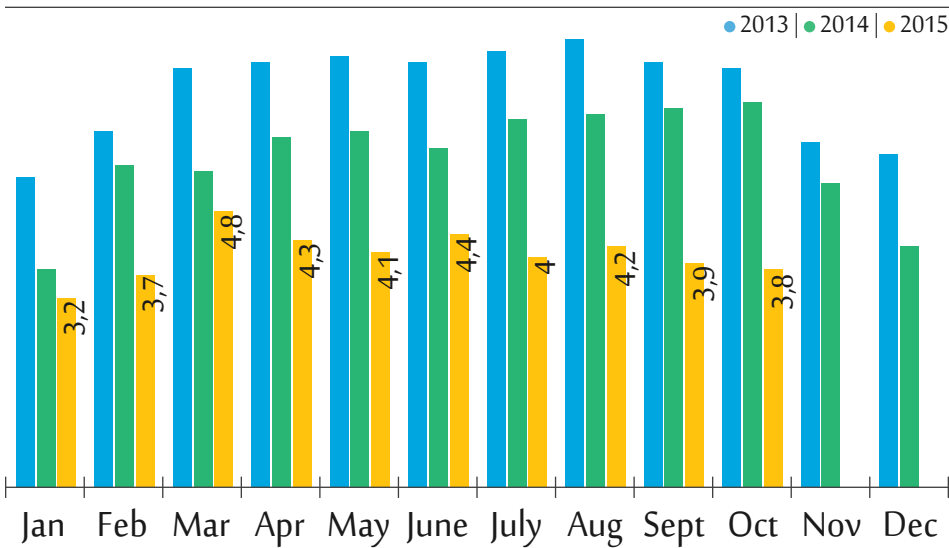
Image/Archive

André Barros | andreb@autodata.com.br

In October, 3766 agricultural and road machines were sold in the Brazilian market, representing a drop of 43.4% when compared to the same month last year, and a drop of 4.6% when compared to September. The figures were released by Anfavea on Friday, 6.

During the first 10 months of the year, sales of machinery totaled 40.6 thousand units, representing a drop of 31.4% when compared to the first 10 months of last year, when Brazilians consumed 59.2 thousand units.

Machinery - Monthly (thousand units)



According to Luiz Moan, president of Anfavea, there are no economic fundamentals in the agribusiness area to justify such a strong drop in sales of machines. “Harvest continues big, the price of exports is positive.”

Ana Helena de Andrade, vice president of the association, emphasized that the purchasing power of the farmers and sector’s businessmen is increasing, although this has not translated itself into the upgrade of machinery. “Investments are determined by the expectations of future purchasing power. The lack of confidence by the investor and the clarity of the future economic situation have caused this delay in purchases.”

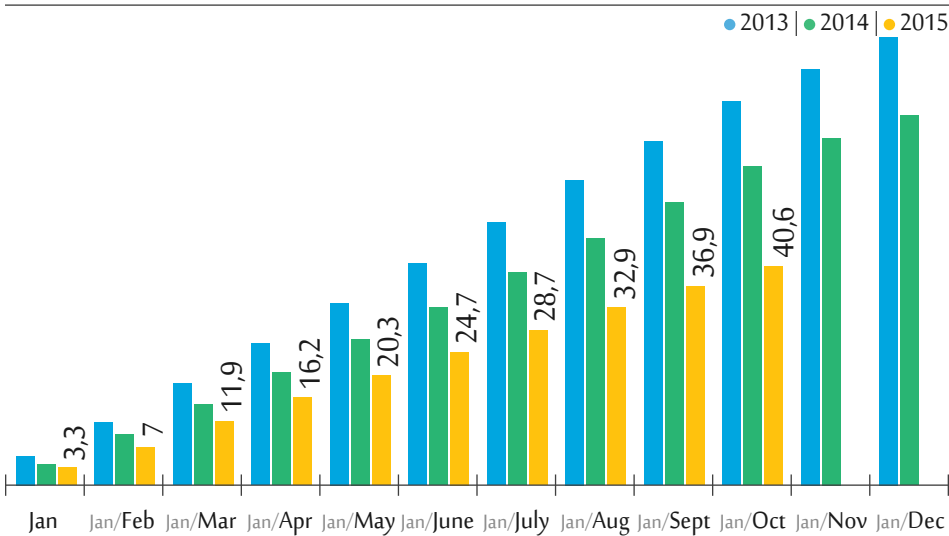
As the market drops, production adjusts to the new size of demand. In October, production totaled 4.9 thousand agricultural and road machines, representing a drop of 38.7% when compared to the same month last year, and a drop of 3.7% when compared to September.

During the first 10 months of the year, production totaled 50.5 thousand units, a drop of 30.2% when compared to the same period last year.

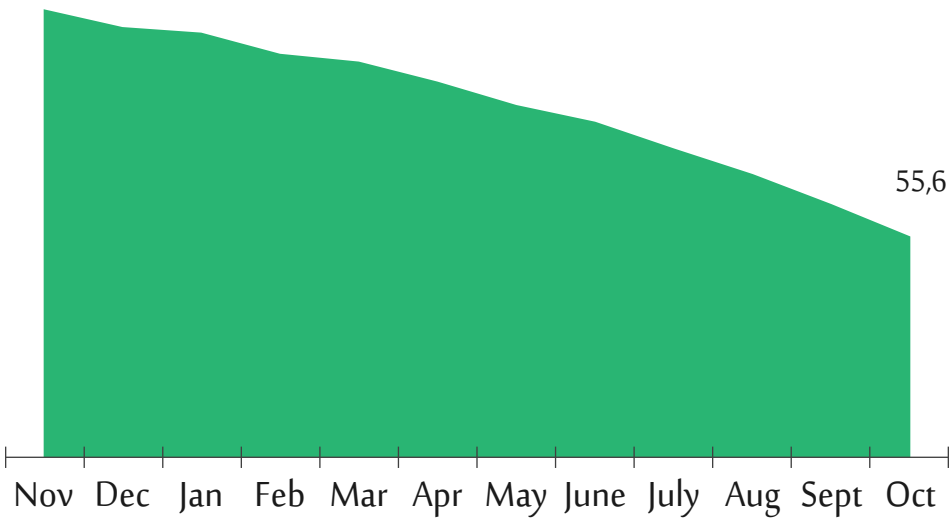
Exports are also registering negative figures: shipment of 736 units during the period represented a drop of 43.5% when compared to the same month in 2014. When compared to September, this represented a drop of 17.6%. During the first 10 months of the year, shipments totaled 8.5 thousand units, representing a drop of 28.1% when compared to the same period last year.

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Machinery - Year to date (thousand units)



Machinery - 12-month period (thousand units)





Image/Archive

With Neobus, Marcopolo will detain 52% of the bus body market

André Barros | andrebi@autodata.com.br

On Tuesday evening, 3, Marcopolo announced it signed a letter of intent to incorporate L&M, the direct controller of San Marino Ônibus, which owns the brand Neobus. As a result, after the operation is concluded, all of L&M's quotas will be transferred to

Marcopolo, which will control Neobus - and more than half of the production of Brazilian bus bodies.

According to Fabus, the bus body industry association, production totaled 13.3 thousand units during the first nine months of this year. A total of 5.4



Image/Archive

thousand units were produced by Marcopolo in Caxias do Sul, state of Rio Grande do Sul, and Duque de Caxias, state of Rio de Janeiro - formerly known as Ciferal - and 1.6 thousand units were produced by Neobus in Caxias do Sul.

Together, this represents production of almost 7 thousand units by the new company, equivalent to 52% of total production during the period.

The other 48% of the market is divided between Comil, Caio, Induscar, Irizar, and Mascarello.

The incorporation of Neobus is an additional phase of a deal that began in 2007, when 39% of the shares of San Marino Ônibus were acquired by Marcopolo. The management independence of the two companies will be maintained, similar to what already occurs with Volare, a joint venture between Marcopolo and Agrale, according to the company's CEO, Francisco Gomes Neto, in a press release divulged to the market on Tuesday evening, 3.

"The management of the companies will continue separate, similar to what happens today with the Volare business unit, which has its own line of products, and network of representatives and dealers that are not linked to Marcopolo Ônibus," he explained, adding that "We will obtain important synergies in the administrative, operational, and supply areas."

The current controllers of Neobus will become shareholders of Marcopolo and remain in the management of the brand's operations. Edson Tomiello, CEO of the company, guaranteed the agreement maintains the independence of Neobus.

"In the future, we will also be able to take advantage of the production and logistical resources, as well as other benefits. The big objective is international expansion, to conquer new markets and solidify the brand."

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