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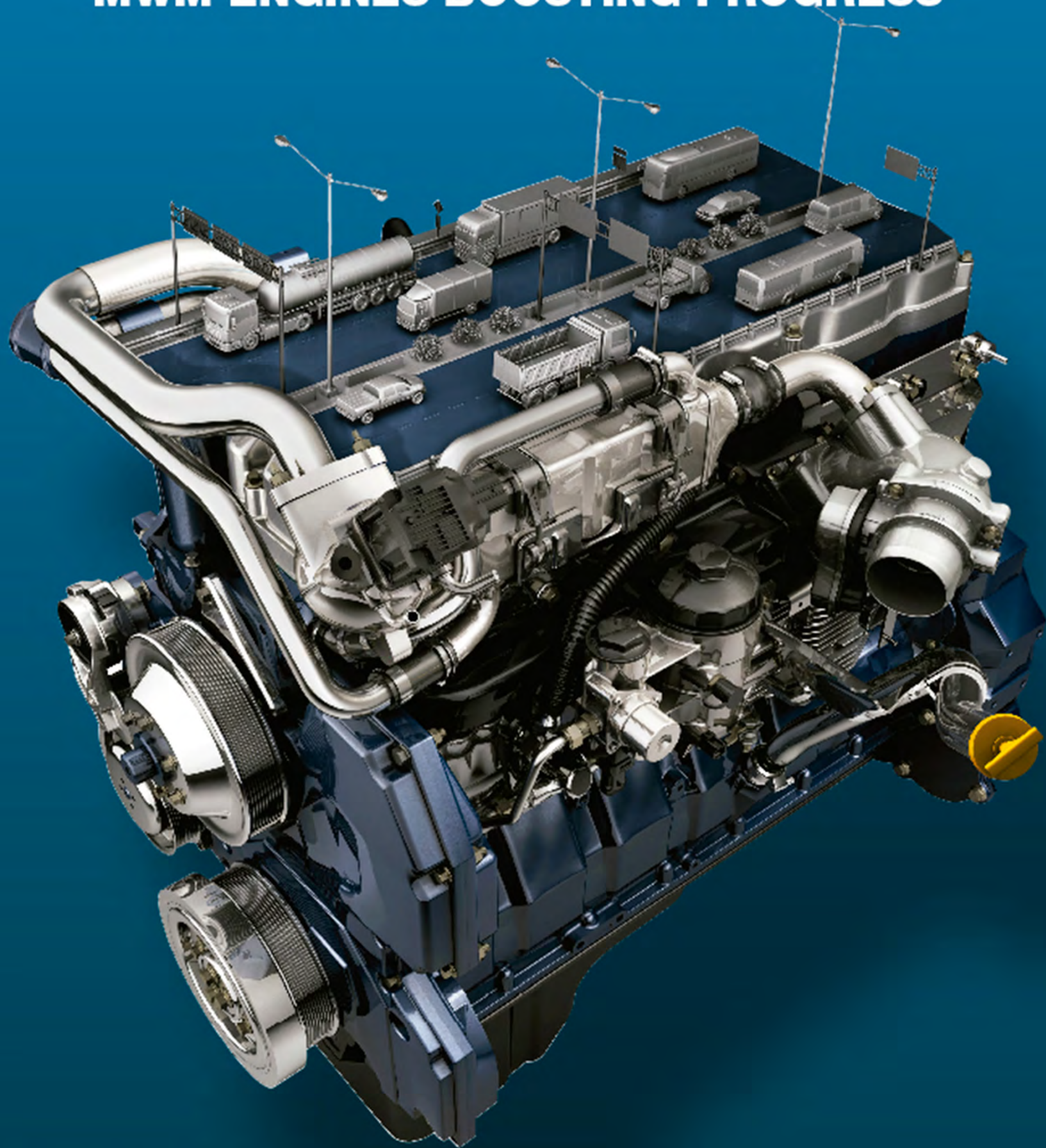


Women already a large portion of vehicle buyers

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Women already a large portion of vehicle buyers

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Fernando Pfeiffer, Ford's marketing manager, says that the needs of women are taken into account during vehicle development: "Several equipment are being incorporated to provide more facilities to these consumers."

The company's latest developments in this field are the keys with presence sensors for unlocking the car. Another example is the Ford Edge's trunk, which has a sensor in the floor that opens the lid automatically: "This helps people who are carrying bags and luggage."

According to Antonio Jorge Martins, coordinator of the MBA Automotive Chain and Dealers course at FGV, the satisfaction of women's demands is an issue of concern to dealers.

"There is an effort in the commercial departments for increased specialized services, mainly because they know that she's the one who defines what model the family will buy."

Eduardo Guedes Mazili, a salesperson at independent car dealers for the past 25 years in São Paulo, says that women today account for 50% of the store's consumers:

«When I started working in this area, they were only 25%. A woman would hardly arrive alone at a dealership. Today, they are financially independent and chose what they want.»

According to him, women play a decisive role on the choice of the family car.

Increased female consumption drove dealers to learn more about the detailed consumer profile, interested in comfort and design. Everaldo Gueterres, an Itavema Renault dealership salesman, from São Paulo, said a woman hardly cares if the car has a 1.0-liter or 2.0-liter engine, «but they come with information about the types of accessories and options they consider essential and do not demonstrate interest in specific brands.»

He added that the color of the vehicle is an important factor and sales could be lost if the right color is not available.

Sales of imported vehicles should not exceed 30,000 units this year

Ana Paula Machado | anamachado@autodata.com.br



José Luiz Gandini

Divulgação

Sales of imported vehicles dropped 44.5% in the first two months of this year, according to data from Abeifa, the Brazilian association of Importers and manufacturers of motor vehicles. In January and February, 3,631 units were licensed, compared to 6,543 units in the same period in 2016. The data, according to José Luiz Gandini, president of the association, reflects the significant drop affecting the imported vehicles segment since 2012, when the Inovar-Auto went into effect.

Gandini added that this year the members of the association should sell 30,000 vehicles in Brazil. The volume represents the exact sum of the quotas exempt from the additional 30 percentage points on the IPI tax.

This volume represents a 16.3% drop compared to 2016. In 2011, a year before the Inovar-Auto program was implemented, sales of imported vehicles totaled 199,422 units. The following year, under the new rules, this volume dropped to 129,450 vehicles. From then on, sales of imported vehicles have continuously dropped.

According to Gandini, the 2011 volume will never again be achieved by companies that operate in the country:

«In addition to the quota issue, which allows each company to import a maximum of 4,800 vehicles without the additional 30 percentage points of IPI, the exchange rate is not as favorable for imports as it was six years ago. But there is pent-up demand in the market. Without this tax increase, we could reach 60,000 units. This is the market that we are hoping for in 2018.»

Next year, the Inovar-Auto program will expire and, as a result, higher IPI tax rates for imported vehicles are expected to be dropped: «We are demanding equal rules for everyone. But the situation is difficult. We were insignificant in the face of the low numbers registered year after year. We are administering peanuts, our business became very small.»

In the last six years, 410 imported-car dealerships were closed - in 2016, they totaled 450. Gandini added that the companies employed 35,000 workers in 2011. «Last year, they were 13,500 employees,» he stated.

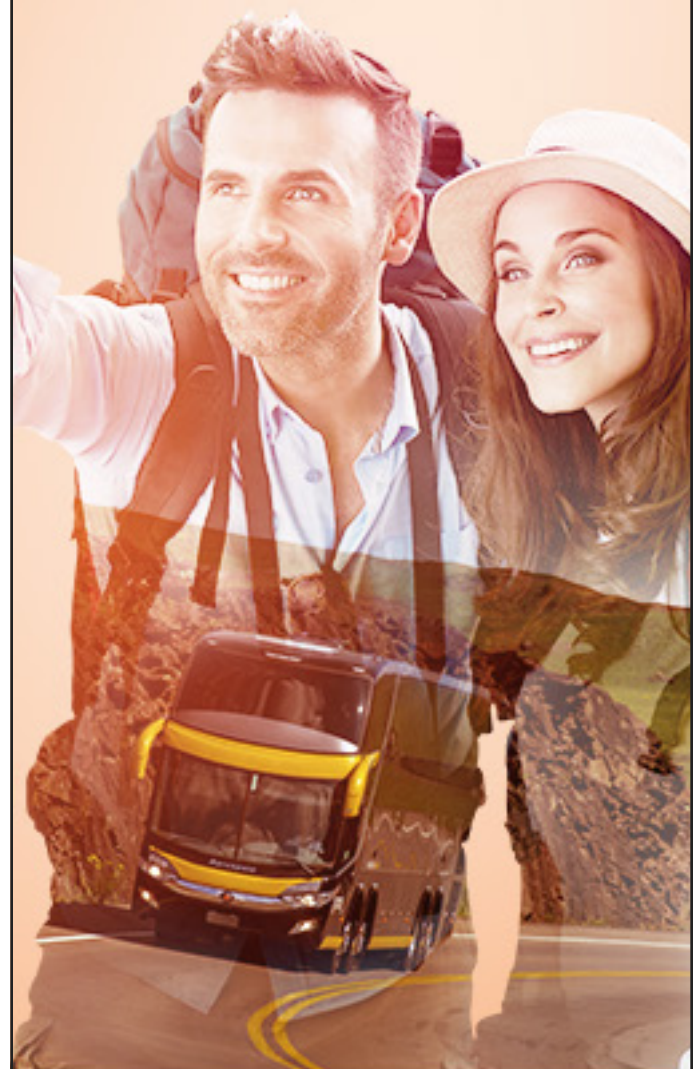
The number of importers dropped from 26 to 18. The import quotas from these seven companies were not redistributed among the remaining: «We can improve the performance if the quotas of these companies that left the market during this period were passed on to importers that are still operating. There are about 15,000 more cars to sell: there is demand for this.»

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Manufacturers accelerate production waiting for the waters of March

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Despite discouraging economic indicators, such as the increase in unemployment and a -3.6% GDP ratio in 2016, vehicle manufacturers installed in Brazil accelerated production during the first two months, reaching an output of 375.1 thousand units. This volume represented an increase of 28.1% when compared to the same period last year, when production totaled 292.8 thousand vehicles. The figures were disclosed on Tuesday, 7, by Anfavea. In February, vehicle production reached 200.4 thousand units, up from 144,200 units in February of last year, representing an increase of 39%.

According to the president of the association, Antonio Megale, higher production was driven by increased exports and expectations that the market in will start getting better in March.

“Traditionally, the third month of the year is better in sales and that is why companies are preparing themselves for this demand.”

Vehicle inventory stood at 205 thousand units, equivalent to 42 days of sales. In January, inventory stood at 187.7 thousand units.

“This growth in production is good, but it still falls short of our capacity. We are back to 2006 levels. This does not offset the idle capacity in our industry, which reached 53%. We’re not seeing a strong recovery before the second half of this year. The unemployment rate is still high and the fear of losing jobs causes the consumer to stay away from the dealers. For the market to grow again, investment in infrastructure should be implemented. These projects are important for the wheel to start spinning again. The improvement of the economy will come with these resources and not with increased consumption.”

The volume of new vehicle license registrations during the first two months of the year totaled 282.9

thousand units, representing a drop of 6.4% when compared to the 302.1 thousand vehicles sold during the same period last year, according to Anfavea:

“We had important factors that created impact on sales performance, particularly in February. First, Carnival fell in the last two days of February, which are always the best days in a month. In addition, we had the public safety issues in the state of Espírito Santo and Rio de Janeiro, which also influenced the result.”

According to Megale, the 7.6% drop in February, when compared to the same month in 2016, was greater than expected: “We were expecting the same volume as in February last year. If we had the two days of sales that we lost with the Carnival, we could have reached this number. But external factors were predominant for this fall.”

Average daily sales in February totaled 7,537 vehicles, when compared to 7,727 units during the same month in 2016.

The growth in the number of vehicle license registrations was also hindered by the low volume of vehicle sales financed by the banks – 51.3% of sales in February were financed. Anfavea believes the normal volume is around 60%. This ratio, according to Anfavea, has not been achieved since February 2015, that is, banks continue to be very selective in granting credit:

“An interesting figure: 60% of the consumers that want to acquire a vehicle, and ask for funds, are not approved. The posture of the financial institutions will only change with the improvement of the economy. Despite the drop in the Selic interest rate, this movement has not returned,” stated Megale. “But we are maintaining our projections of an increase of 4% in sales, and 11.9% in production.”

Employment – With the shrinking market and low capacity utilization, principally at the truck manufacturers, the automotive industry workforce today is at the same level as in 2008, according to Megale. In February, it stood at 121,539 workers, representing a 6.8% drop when compared to the same month last year. At the time, the workforce was 130,339 employees.

“Adjustments continued to be implemented since January. There are 10,350 people on lay off, or participating in programs such as PSE, Safe Job Program. That should continue in the coming months.” **WE**

Exports hit new record high for the first two months

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The auto industry has used exports as an important tool to reduce the negative impact from lower domestic sales. This is why vehicle manufacturers strive to improve the performance of sales to other countries. This effort has reflected on the best two-month performance in history, with shipments abroad totaling 104,211 units during the first two months of the year, representing an increase of 73.1% when compared to the same period last year.

In February, exports totaled 37,943 units, according to Anfavea, which was also a record high.



With respect to the same period last year, the performance represented an increase of 82.2%, with 66,268 units. In terms of value, export revenues represented a new two-month record high, exceeding the first two months of 2013, totaling R\$ 1.993 billion. Last month, export revenues increased 45.3% when compared to February 2016, reaching R\$ 1.183 billion.

According to the president of the association, Antonio Megale, efforts to search for markets abroad intensified business agreements. The free trade agreement signed recently with Uruguay is an example: "In February alone, 5,000 units were sold to that country, which shows an evolution with relation to the 11,000 units shipped there during all of last year."

Megale said the consolidation of free trade with Colombia would contribute even more to improve industry export performance. "The Colombian government decided to add other sectors to the agreement, which explains why it has not yet been implemented."

Light vehicles – Exports of passenger and light commercial vehicles during the first two months of the year totaled 99,971 units, representing an increase of 75.9%. February's shipments of 63,481 units, which represented an increase of 85.8%, generated revenues of R\$ 995.4 million.

Exports of light commercial vehicles reached 16,439 units, up 122.1% in comparison to the same two months of last year. According to Antonio Megale, this segment growth occurred primarily because of the good performance of the Toro, Fiat's pickup truck. In value, the volume of light vehicles exported was R\$ 1.661 billion.

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