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Photo: Rafael Cusato.

Anfavea: industry will have two-digit growth in 2019

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São Paulo – According to Anfavea, the Brazilian market and vehicle production will grow at the double-digit range in 2019 - in this universe, having sales a little above and production volume a little below. The projections were announced by the president of the entity, Antonio Megale, on the first day of the AutoData Congress Perspectives 2019, on Monday, 15, at Hotel Transamérica, in the city of São Paulo.

"We projected domestic market growth of low double-digit and production more or less in the same proportion, perhaps slightly below two digits. In the case of exports, the perspective is to maintain volumes this year: we believe in the resumption of the Argentine and Mexican markets starting from the second half of 2019".

The executive believes in maintaining control of inflation and the Selic rate until the end of the year, less volatility in the exchange rate and GDP increase of 1.8% in the fourth quarter. Megale also reaffirmed the company's expectations for 2018 in Brazil: 2 million 546 thousand units in the domestic market, 3 million vehicles produced and 700 thousand exported.

For 2019 the Anfavea's projection is an inflation of 4.2%, Selic at 7.5%, dollar at R$ 3.85 and a 2.5% increase regarding GDP - independent of the presidential elections result that, although concerning, have not directly affected market performance. "Sales are growing even during the campaign."

The president of Anfavea took advantage of his presentation to emphasize that the entity is apolitical and remains neutral regarding the presidential dispute. "What we want is to talk to the candidates and their economic teams to better understand government programs. We need to show the relevance of the industry in the generation of technology, income and employment. We represent 4% of GDP."

Megale also expressed optimism regarding the approval of Rota 2030, which is still pending in Congress. The Provisional Measure has another month in force - its deadline is on November 14 - but the manager believes that all necessary steps will be taken. The next steps are the publication of the decree with the regulation of the automotive program, the presentation and the Joint Committee voting, the report approval in the plenary sessions of both entities and, finally, presidential sanction.

"There is the commitment from the government and Congress to approve Rota 2030. We are often in Brasilia talking to the rapporteur and government leaders. The acceptance is good: when we explain the program, everyone applauds". WE

M-B: trucks to have 10% to 20% increase next year

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São Paulo - Economic recovery and the production of trucks and buses resumption are fueling Mercedes-Benz's prospects for next year, according to its chairman Philipp Schiemer, speaker at the AutoData Congress Perspectives 2019, on the event's first day on Monday, 15 , in São Paulo.

"Despite the uncertainties, we will continue to grow. If there is no disaster we will have an increase of 10% to 20% [in the truck market in 2019]", he estimated. According to the executive the companies want to renew their fleets and there are several orders already closed that will begin to

Photo: Rafael Cusato.

be delivered in February, 2019. “We have good prospects in the field, and a renewal has not even begun in the segment of light and semi-light trucks. We are confident that next year will be better”. Faced with an uncertain political framework, he expects no incentives from the next government, but stability, improvements in infrastructure and measures to remove old vehicles from the streets, which would lead to a natural fleet renewal.

“We are on a better way compared to two years ago. We fell into a deep hole in 2016 and now we need to accelerate to leave the crisis behind”, said the executive when assessing that Brazil is undergoing a truce in commercial vehicles today.

From the macroeconomic scenario he points to positive stable inflation, lower interest rates and banks with more appetite. In this framework, he says, companies need to renew the extra-heavy fleet, since vehicles over five years old have lost profitability and performance.
In the executive’s point of view GDP must reach 2.5% so that companies invest again: “It will take ten years to get back to where we were in 2013”.

Schiemer also expressed concern about the high volatility of the exchange rate. For him, “it doesn’t have a right or wrong dollar rate, the important thing is to remain stable”.

He criticized the Brazilian infrastructure, which he considers outdated and that, because of that, does not follow the increasingly modern products. For him, incentives are not needed but “planning and logical thinking”.

The automaker maintains investments that have already begun, with the modernization of the factory in São Bernardo do Campo and vehicles renovation, but the president says that there is concern regarding the next investments cycle, from 2023 on - for him, Brazil is losing when the subject is relevance to Asian countries. WE

VWCO forecasts sales and production increase for 2019

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Photo: Rafael Cusato.

São Paulo - Roberto Cortes, president of Volkswagen Trucks and Buses, said that for the coming year the company expects the industry to maintain sales at double-digit growth in this 2018. The projection was presented during the first day of the AutoData Congress Perspectives 2019, held on Monday, 15, in São Paulo, Capital. "Production next year is also expected to grow, but low two digits, while exports will move sideways."

Waiting for the result of the presidential election's second round, which will take place on October

28, Cortes said that regardless of the result, the expectation is that the economic reforms are made and that the new president presents a good government plan for Brazil. "We don't expect incentives from the next government regarding the industry, but we would like a simplification of Finame (Special Agency for Industrial Financing) system that, if it happens, will help to fuel the market". The executive also suggested Finame extension for buses and used trucks.

Regarding projections for this year, Cortes believes that the market will sell 86 thousand new trucks and buses (an increase of 35% compared to last year) but pointed out that the comparison base is still very low, since the volume is close to what the sector sold in the 2000s. Total will reach 120 thousand units adding exports as well.

The executive expects that a market growth in 2019 will help to improve the price issue related to trucks and buses and he says that it is not following the increase on market costs - which, of course, hinder profitability. "We need growth to be followed by minimal financial health next year, reducing the current aggressive price competition".

As for a further future, the president of VWCO believes that it will be necessary to invest in new mobility technologies and, if possible, to develop locally in Brazil to reduce costs: "I do not know if it will take ten years, fifteen or more, but the future will be electric, autonomous and 100% connected vehicles". WE

Photo: Rafael Cusato.

Agricultural and highway construction machinery: 5% more in 2019

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São Paulo - The agricultural and highway construction machinery sector is expected to have moderate production growth in 2019 due to expected declines in exports, according to panel participants at the AutoData Congress Perspectives 2019 held on its first day on Monday 15, in São Paulo.

In the agricultural segment, AGCO estimates an increase of 7% in 2019, mainly in tractors and combines, with total sales of 47 thousand units - the expectation is to reach 44 thousand machines this year. "In production, we can also have an impact when the new pollutant emission rule enter into force, the MAR 1, which can generate anticipated purchases", said Alexandre Vinicius de Assis, key account director.

For CNH Industrial the expectation in agriculture machinery is to advance from 5% to 10%, with "high double digits if there are reforms and funding policies", said Thiago Wrubleski, director of planning and commercial issues.

John Deere's sales projection for 2019 is 5% more in 2019 compared to this year. On the other hand, the exports estimate is a 5% drop, remaining production stable. "We believe that the private sector purchases can compensate for the expected decline in the public sector", said Roberto Marques, its sales director.

As for construction equipment Volvo CE calculates an increase of 10% for its business in the Brazilian market next year. And there is also positive expectation in exports, even beyond: 20% growth due to global demand for articulated trucks. "Production should be at something around 18% higher", said Luiz Marcelo Daniel, president.

At CNH Industrial, construction equipment is expected to increase by 3% in domestic sales in 2019, with production growing at the same range and having export balance - the company expects to offset losses in Argentina with other markets.

Climatic, political and economic factors are the pillars for AGCO's 2019 projections: consequences for the agricultural sector brought by the El Niño phenomenon (which leads to a lot of heavy rainfall in some regions and drought in others) can have an impact on production volumes. For Assis, it is also "necessary to improve the agribusiness trust index to generate more investments". But he sees the scenario of commodities as positive for next year, in relation to agricultural income, and favorable exchange rate.

The fleet renewal should be present, he believes: "There is a repressed demand, half of the agricultural fleet is more than 20 years old. We are in a vehicles change moment."

Marques, of John Deere, believes that Brazil is a strategic country with a long-term view on food production, but it requires infrastructure. "Nothing more relevant to reduce the cost than improving the infrastructure: the difference can reach 20% in the production cost."

For Wrubleski, from CNH Industrial, Brazil will see (from 2019 on) a resumption of construction machinery. "It will be a promising year. We have full conditions so that the market resumes volumes in a robust way, due to the works that were stopped and investments in infrastructure."

From 2020 on, there will be significant growth in government purchases, according to Luiz Daniel, of Volvo CE, by the return of works on hold. However, "it will be necessary to evaluate the production capacity of the suppliers, which have limitations to deliver larger equipment. But in any case, we believe in growth. I see two sustainable digits in the next two years". WE

VW sees evolution of 10% in Brazilian sales

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Photo: Rafael Cusato.

São Paulo - Volkswagen believes that the Brazilian vehicle market will continue on an upward trajectory in the coming year. Pablo Di Si, president of the company for South America, said at the AutoData Congress Perspectives 2019, on its first day, Monday, 15, in São Paulo:

"We look forward to maintaining a picture already seen in the domestic market this year, in a growth trend. The Brazilian started to buy vehicles again. The only period in which the flow in stores declined was during the World Cup. The pace should continue a little stronger next year. There are concrete signs of a positive trend for the industry".

VW estimates that its sales in Brazil will grow 10% in 2019 compared to 2018: Di Si believes that interest rates at low levels and GDP at 2.5% will help this projection.

The biggest effort of the company next year, however, will be in sales abroad. VW expects to register 10% to 20% increase in exports (vehicles and components added together) in the case of intercompany negotiations regarding supply of parts and engines and also commercial actions to open doors in heated markets in South America become concrete.

This would be an alternative to the losses registered in the recessive Argentine market, which have made the company reduce the production pace in Brazil since May. The executive said in his presentation that Chile, Colombia and Mexico can rebalance VW's exports in the region:

"The Argentine market will only grow again, according to our projections, in 2020. In the meantime, our work will be focused on commercial efforts in other countries. Also, we have already produced crankshafts and engines for Europe and the United States, and our planning is focused on increasing our share in components to other factories in the Group". WE

Truck market to keep growing

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São Paulo - The scenario for the truck market in 2019 was discussed in one of the panels on the first day of the AutoData Congress Perspectives 2019, held on Monday, 15, in São Paulo. One of the participants was Ricardo Barion, Iveco's sales and marketing director, who estimated growth of around 10% for next year: "We are optimistic. This increase could be even greater depending on the decisions that the future president will make".

Barion also highlighted that the sector needs to increase business profitability and that, in addition to the extra-heavy, the light and medium vehicles sales must increase again driven by a necessary fleet renovation.

Photo: Rafael Cusato.

Bernardo Fedalto, director of truck sales at Volvo, also participated in the panel and said that for next year, considering only the heavy and semi-heavy segments in which Volvo operates, the projection for increase is of 20%. But there are some caveats, he warned: "The economy must continue, basically, in the way it is today, without major changes. If that doesn't happen, the projection may fall from 20% to zero depending on the decisions of the next government".

Scania of Brazil's commercial director, Sílvio Munhoz, also in the panel, bet on a 10% to 20% increase next year driven by agricultural production, which will guarantee the transportation of cargoes by heavy vehicles and by the greater consumption that should happen if inflation is controlled and the interest rate is low.

Also a panel participant, John Pimentel, general director of Ford Trucks, did not reveal the company's projections for next year, but said that the market should follow the growth path. However, he said, the profitability of the business is still very low and it will need to grow along with the market. To support the increase next year, one of the strategies of the company will be to offer an increasing number of versions with automated transmission, he revealed.

The director of Iveco, in turn, announced that the company will have a new model in the heavy segment next year, resulting from a total investment of US$ 120 million in vehicles, announced last year. "During the crisis period we also made investments in Brazil to re-adjust our production and the dealership chain, in which 90% went through changes."

Volvo has not announced what will be its strategy to support 2019 growth, but Fedalto said the company intends to remain one of the market leaders of the sectors in which it operates.

Scania is betting on its new generation of trucks for next year, which arrives on the market with 19 cab options and five options regarding the engine: "There are more than five hundred combinations and with that, we will be able to deliver exactly what the customer expects". The company invested R$ 2.6 billion in recent years for the construction of new areas of welding and cabin manufacturing and in the development of new suppliers and chain. WE

Photo: Rafael Cusato.

Diesel engine manufacturers forecast 10% higher sales

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São Paulo - Three of Brazil's main engine manufacturers for commercial vehicles - Cummins, MWM and FPT - expect sales to be at least 10% higher in the domestic market in 2019. The basis of the expectation, supported by the companies, relies on two points: demand heated by trucks and buses produced for exports and new vehicles.

The most optimistic was José Eduardo Luzzi, president of MWM. During the segment's panel at the AutoData Congress Perspectives 2019, held on its first day, Monday, in São Paulo, the executive

said that the Brazilian economic growth scenario guides the company's economic planning for the coming year:
"Sales of trucks, which directly affect our business, are based on GDP. If it reaches 2.5%, following the industry's expectation, we will reach a 20% growth, but because we will grow in other segments as well".

Cummins's commercial director, Maurício Rossi, projected a 12% increase in the company's sales for 2019. But he drew attention to the fact that, although expected to be a year of positive indicators, the evolution is relative: "The commercial market showed growth in sales because last year represents a low base, just as 2018 will be, compared to 2019."

This year (until September), sales of trucks increased 49% in Brazil, reaching 53 thousand units, according to data from Anfavea. The buses accounted for 10,5 thousand sales, 22% more. In the segment of agricultural machinery, which is also equipped with engines from the manufacturers, sales totaled 34.5 thousand units up to September, increase of 8% compared to the same period of 2017.

For FPT, engine manufacturer from CHN Industrial, the outlook is positive in domestic sales of engines for agricultural machinery due to the harvest expected for next year. According to Marco Rangel, president, also a participant of the panel, the foreign market will also reflect in the production of these vehicles, in the lines installed in Brazil: "Although Argentina has pulled downwards the numbers of exports, there are important crops in other countries where we operate."

The executive presented a "cautious" estimate of 6% to 10% for the engine market, in general, for next year. WE

For Ford, sales will rise and exports will fall in 2019

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Photo: Rafael Cusato.

São Paulo - The spreadsheet for 2019 of Rogelio Golfarb, vice president of Ford Brazil, shows growth of 5% to 10% in total sales regarding the Brazilian market. But there is an asterisk: this volume will be reached "as long as there is no deterioration of levels regarding trust and the Selic rate, and risk indicator remain at the same current levels", he argued during a speech on the first day of the AutoData Congress Perspectives 2019 on Monday, 15, in São Paulo.

In exports, he projected a decrease of 8% to 9% in 2018, which will add to the new reduction of 7% to 10% in 2019. And this "since the crisis in Argentina doesn't get deepen and its exchange rate volatility is low ".

The expectation of a bigger domestic market next year, however, does not encourage the executive, as well as the forecast of 13.7% growth in total vehicle registrations in Brazil this year, index revised upwards by Anfavea at the beginning of this October. "We have cost pressure, we are demanded for efficiency, productivity, imported content, industry modernization. Perhaps this is the clearest moment in the history of the Brazilian automotive industry where volume increase does not bring improvement in business health".

He completed his reasoning considering that "when we look at the automotive business we need to be more cautious. For this and next year the big dilemma will be: to get [financial] results again because seeking volume is not enough anymore".

In the executive's calculations, retail sales increased 8.4% until September, with a 37% share on total growth, while direct sales grew 22.7%, with a 63% increase in volume. "In other words, there is a strong predominance of direct sales within the 14% of overall growth" - generally realized with large discounts.

In addition to this scenario, there is the inflation of industrial costs (higher than average inflation) he complained: "Car prices did not follow the investments in content and relative costs, including the tax burden increase." WE

FCA projects market of 2,6 million next year

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São Paulo - FCA's projection for light vehicle sales in Brazil is 2.6 million units in 2019, compared to 2 million 450 thousand that are expected to be sold this year. The numbers were presented by Antonio Filosa, its president for Latin America, speaker of the first day at AutoData Congress Perspectives 2019, on Monday, 15, São Paulo.

"The current situation leads us to believe that there is no reason to expect a market below this volume in the coming year. Not even the political uncertainties."

Photo: Rafael Cusato.

Regarding GDP for 2019, the expectation is also for growth: “We projected a 2.5% increase against 1.2% this year, while the Selic rate will be at around 8% and inflation at 4.5%.” The executive said he understands that the situation of Brazilian families begins to improve, with a more optimistic look for the next twelve months.

Filosa also presented figures for Argentina next year: a market estimate of 650 thousand units compared to 770 thousand this year - making it the second year of decline. Future investments will depend on performance analysis in the next four quarters. “I believe Argentina’s GDP will shrink by 2.4% in 2018 and will not recover before the second half of next year, which will also slow investments in the region.”

As for the other markets in Latin America, the company’s forecast is to reach 1 million 170 thousand vehicles sold next year, a stable volume compared to 2018, having Chile, Colombia and Peru as the main markets.

In Brazil, FCA has already announced the investment of R$ 14 billion until 2023, which will materialize in 25 launches. According to Filosa, FCA currently negotiates with forty suppliers to be installed in Goiana, PE, where the Jeep Compass and Renegade and Fiat Toro are produced. Currently, the factory produces 930 units per day, volume that in Betim, MG, reaches 1,5 thousand/day. WE

Photo: Rafael Cusato.

For the chain, light vehicles grow 10% and heavy vehicles 28%

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São Paulo – The vehicle distributors project a positive 2019 in sales despite uncertainties related to the political landscape. If the next president of Brazil keeps interest rates at favorable levels for access to credit, light vehicle sales next year will be 10% higher compared to the volume sold in 2018, estimated at 2.5 million. In the case of trucks, the projected percentage is higher: 28%.

During the AutoData Congress Perspectives 2019, held on its first day, Monday, 15, in São Paulo, Luiz Eduardo Guião, president of Assobrav (association of Volkswagen dealers) said that the expected growth will happen due to the launches scheduled by the automakers for the period, which will add to the repressed demand that still exists in the market. "Sales growth will be percentually lower than seen this year. It has reduced the flow in stores, but there will be growth of already heated segments, such as the SUVs".

Another dealer association that observes sales growth for the same reasons is Abrac, the representative of Chevrolet dealers. Carlos Sponchiado, its president, compared the process of resumption by which the sector should move to restructuring a building: "The market has come down with the crisis. It will take us ten years to get back to the sales level of 2013, but there will be growth in 2019".

Fenabrave (Automotive Vehicles Distribution National Federation) will wait a little longer to make its projections, said José Maurício Andreta Junior, its vice president. But the manager said that he wishes a market with sales volume similar to what should be registered until December: "Fenabrave prefers to wait for a clearer scenario to present its expectations for 2019, but my perception is for growth depending on what the new president will do in his first months in the government".

Andreta Junior also affirmed that Fenabrave works with the government to improve the profitability of the dealerships, calling for measures such as the creation of Renave, a Brazilian stock register, "which makes it less bureaucratic and generates savings for distributors, as well as creating a law for resumption of vehicles with defaulted financing and incentives for fleet renewal".

The growth expectation in the truck segment is from João Batista Saadi, president of Assobens, the association of Mercedes-Benz distributors: for him, about 70 thousand trucks will be sold until December, being 50% heavy vehicles. The volume will be close to 90 thousand units next year. The projection made by Saadi is based on business opportunities from agribusiness demands, with available credit. But "this will happen if our rulers do everything right. We can't have an accident in the middle of the road". WE

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