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Market up, production and exports down

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[More on pg. 2](#)

**Production surpasses
2 million units**

[More on pg. 4](#)

**Best September's daily
average since 2015**

[More on pg. 5](#)

**Brazil-Argentina exports
scenario gets worse**

[More on pg. 6](#)

Market up, production and exports down


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Photo: Fabio Rodrigues Pozebon/Agência Brasil

São Paulo - With the third quarter closing, Anfavea corrected (for the second time this year) its projections for vehicles production, sales and exports for 2018, fulfilling a promise made by its president, Antonio Megale, in September, during the press conference of August results. Although they do not differ much from the estimates released in July, the numbers confirm the trend observed in recent months: the performance of the Brazilian domestic market is better than expected, but the production curves and, especially exports, point down.

In the case of foreign sales, the trend is to close the year with a lower volume than the one registered in 2017 - knowing that there was a record number of vehicle exports last year. Figures released by Anfavea on Thursday, 4, point to a decrease of 8.6% in shipments, or 700 thousand units, compared to the 766 thousand units of the last projection, released in July.



Megale justified the new expectations by the economic situation of Argentina, main customer of the Brazilian vehicles, and Mexico, second main buyer. Both countries have decreases in sales and, especially in Argentina, the expectation is that the situation will still remain in the coming months.

Since volumes taken to other markets tend to reduce production it also had its numbers revised downwards. But they will still be positive: according to Anfavea, the industry will produce 3 million vehicles, an increase of 11.1% over 2017. There are 21 thousand less vehicles compared to the last estimate released by the entity, in July, which represented growth of 11.9% over last year.

By the new projections, the manufacturers of trucks and buses will have a better performance than previously estimated: 120 thousand units produced, against 115.4 thousand. Meanwhile, cars and light commercial vehicles went from 2 million 906 thousand units registered in July to 2 million 880 thousand units.

The Brazilian domestic market is in the opposite trend, whose projections have been revised upwards: instead of increasing 11.7%, growth of 13.7%, to 2 million 546 thousand units. In this case, both segments received more optimistic indexes: cars and light commercial vehicles from 11.3% to 13.1% and heavy vehicles from 24.7% to 35%.

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Production surpasses 2 million units

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São Paulo - In September, the Brazilian vehicle production surpassed 2 million units in the year, one month earlier compared to 2017 when this volume was reached in October. According to data released by Anfavea on Thursday, 4th, 2.2 million units have left the assembly lines from January to September, 10.5% higher than the same period last year.

Although positive, in the comparison of accumulated figures, the pace of the manufacturers' lines in September was 23.5% lower than in August, explained due to an also lower number of working days - 19 against 23 - and 6.3% less than in September 2017. For Anfavea's president, Antonio Megale, the main export markets negative performance (Argentina and Mexico) reduced the orders and, consequently, vehicle production.

"Companies are adjusting production to adapt to the new volumes. Unfortunately we can't converge the good moment of the Brazilian market with the main market partners: Argentina and Mexico have decreased".

According to him, some of the volumes are being absorbed by the Brazilian market itself, at an increasing rate, and another part directed to other countries - Megale mentioned Chile and Colombia as these partners. It is not enough, however, to compensate the loss: Argentina alone accounts for about 70% of the Brazilian vehicle shipments: "The industry continues to search

for new markets and it is expected that with the new president, the Mexican market recovers itself. But in the meantime, adjustments need to be made on the lines".

The situation in exports did not affect, at least for now, the employment level in the industry, which remained stable from August to September. Megale said that measures taken by companies include collective vacation, licenses and, in some cases, layoffs.



Disclosure



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Best September's daily average since 2015

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São Paulo - The daily average sales regarding vehicles in September reached 11.2 thousand units, the highest recorded since January 2015, according to Antonio Megale, president of Anfavea. Having less four business days compared to August, September registered 213,3 thousand cars, light commercial vehicles, trucks and bus chassis sold.

The volume was 14.2% lower than in the previous month, a performance explained by the lower number of working days. In comparison with September last year the market advanced 7.1%.

In the accumulated of the year sales increased 14%, to 1 million 846 thousand units. It has been the best result of a January-September since 2005: "The market follows its gradual growth, indifferent to the political volatility of Brazil".

Manufacturers and dealerships closed the month with 283.4 thousand units in stock, enough volume to supply forty days of sales at September's pace.

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Brazil-Argentina exports scenario gets worse

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São Paulo — The Brazilian vehicle exports continued to fall in September due to the serious crisis that has arisen in the Argentine economy, Brazil's main trading partner in the automotive sector. According to an Anfavea report released on Thursday, 4, shipments made in the first nine months of the year reached 524 thousand 289 units, 8% lower than the same period in 2017, the worst result of the year. In August, the result had already been negative, -4.6%.

Everything seems that the decrease profile seen in both months will remain at least until December. That's why Anfavea revised downwards its exports projections for the year: the pre-crisis expectation was that the volume would reach 766 thousand units. By the downturn in the Argentine market, the industry lowered the pretensions and projected the year with 700 thousand units exported, which will represent, if the number is confirmed, a decrease of 8.6% compared to last year's result.

Specifically in Argentina, until September, the volume of exports decreased 8%. Anfavea figures showed that in the first three quarters Brazil sent 363,1 thousand vehicles there. Last year, in the same period, 395.2 thousand units were shipped. From January to August exports to Argentina accounted for around 73% of the total. In September, however, these exports decreased and reached 50% of the total.

By segment, exports were 8.2% lower until September in light vehicles, and 4.5% in trucks. Regarding buses the retraction reached 3.6%, and 2.4% in agricultural machinery. In terms of value, exports accounted for R\$ 11 billion 897 million 431 thousand to the manufacturers in the year, a volume higher than the same period of last year, R\$ 11 billion 659 million 15 thousand.



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According to Antonio Megale, president of Anfavea, the sector intensified the search for opportunities in new markets as a way to reduce the effects of the Argentine crisis: “The automakers are trying to dilute the production that was indicated to the Argentine market to other regions. It will not be easy because you can’t do it overnight, but it’s possible. We are counting on increased inventories because of the situation”.

It will not be an easy task for the industry, since the other markets which Brazil has close trade relations have been facing difficulties or trying to recover from recent losses. To Mexico, the main partner after Argentina, Brazil exported 34.9 thousand units in the accumulated of the year, against 69.3 thousand in the same period last year. As for the volume destined to Chile, it has grown: 31.4 thousand against 25.7 thousand last year. To Uruguay, 18,8 thousand vehicles were sent until September, less than the 25.5 thousand vehicles exported in the first nine months of 2017, and to Colombia, almost the same volume recorded last year: 16.3 thousand units compared to 16, 2 thousand. And decline in Peru: 11.9 thousand units against 12.8 thousand of 2017.

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Truck industry registers an increase of 31%

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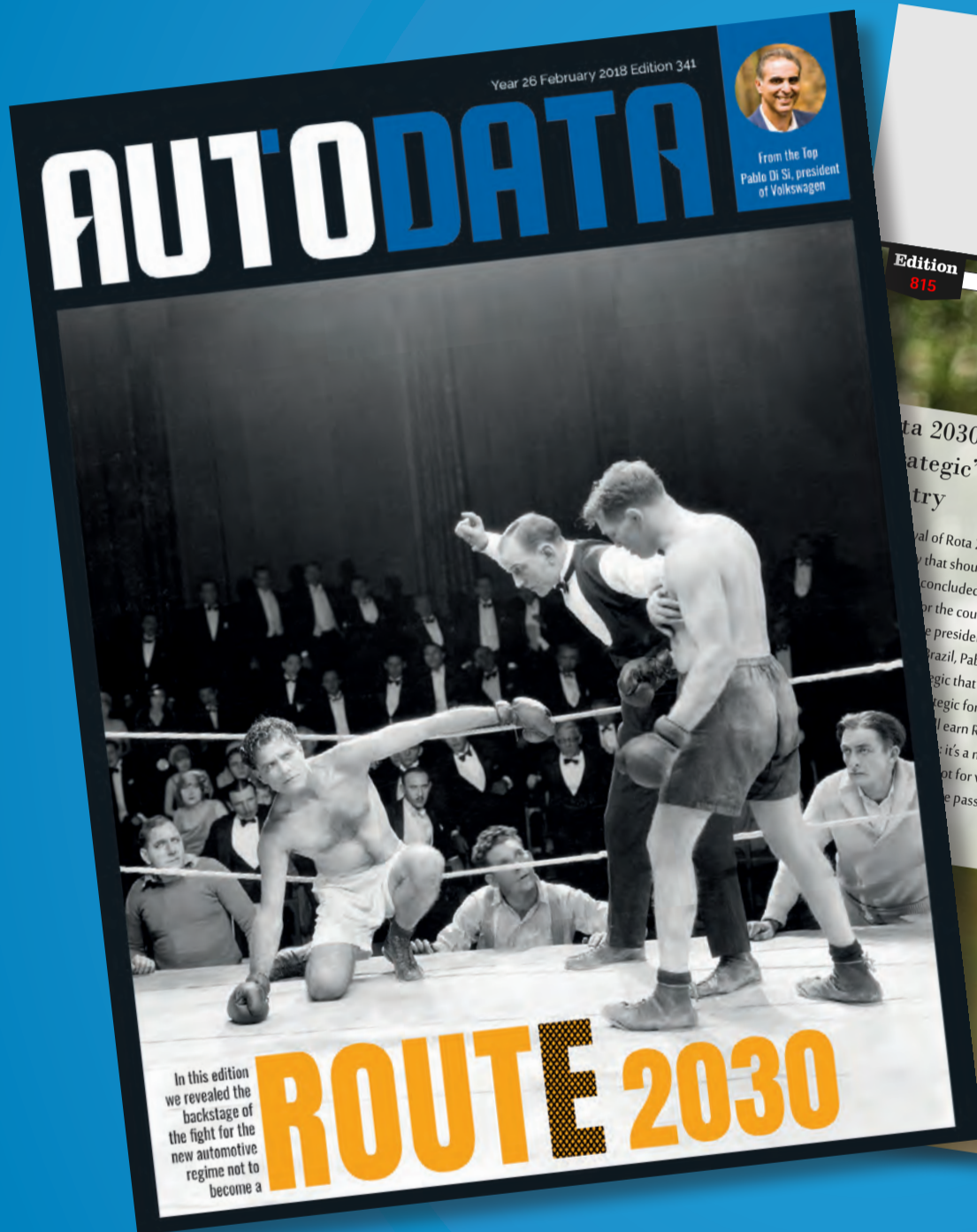
São Paulo - The truck production maintained the pace of growth in September, although the demands for the Argentine market have regressed in the last two months. 77 thousand 254 units went out of the lines in the first nine months of the year, a volume that represents a growth of 30.5% over the same period of 2017.

According to Marco Saltini, vice-president of Anfavea, heavy truck sales have been driving the pace of factory production: "It is the main demand today within the automakers. The growth up to September, in sales, was 89% over the performance of 2017, which gave us sustenance".

Of the total trucks produced 34 thousand 693 units corresponded to heavy vehicles, 52.9% more than the volume produced in the same period of last year. The semi-heavy models accounted for 21 thousand 199 units, 19.8% more, and the light trucks 14 thousand 990 units, 27.3% more.

The industry was expecting additional demand for trucks based on the fact that some companies were inclined to form their own fleets. Saltini, however, said that the phones were rang in the automakers, but little, or anything, has become sales. **WE**

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Bus chassis: increase of 43% until September

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São Paulo - Bus production in the January-September period has reached 23 thousand 551 units, which means an increase of 42.9% over the volume produced in the first nine months of last year, when the factories produced 16 thousand 128 units.

Of the total produced until September, 17 thousand 669 units belong to the urban segment, 43.8% more than last year. The coach buses accounted for 5 thousand 882 units, 42.7% more.

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Machinery keeps on the path for growing

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São Paulo - The first sales balance presented by Anfavea in February registered a decrease of 33% in business regarding agricultural and highway construction machinery segment. Even so, the entity projected a 7% increase in sales until December. But now, the outlook is for even more robust growth, of 11% for 2018.

"It was a surprise when we released the business decrease in February, but the projections for the year were positive. We are readjusting the sales growth percentage based on this good performance, especially the agricultural machinery", ponders Antonio Megale, president of Anfavea.

There are many reasons that explain this year's segment performance. The renovation of the machines due to the record harvest and the commercial war between the United States and China, which brings opportunities for Brazilian agribusiness, are some of them

according to the entity.

This way, the highway and construction machinery production registered an increase of 9.2% until now compared to the same period last year. 46,2 thousand units were produced. In September alone, 4,8 thousand units were manufactured, a 40.1% increase compared to the same month in 2017.

The Brazilian domestic market, on the other hand, follows the path for growth. From January to September business grew 7.7%, with 34,6 thousand units delivered. However, the result of September, 4,9 thousand units was 2.9% lower. Megale minimizes the performance due to "less two business days, which did not affect the growth pace. Still below the historical average of 45 thousand 300 units a year, we are still on the right way".

Monthly sales are 17.5% better compared to September 2017.

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