

# AutoData

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## Exports are the thorn in industry's side

Anfavea announced on Tuesday, 8, its projections for Brazilian production, sales and exports of vehicles and agricultural and highway machinery for 2019. Except for foreign sales, damaged by the current moment of the Argentine economy (main customer of Brazilian vehicles) all estimates are positive...

[More on pg. 2](#)



**Argentina hinders the mark  
of 3 million vehicles**

[More on pg. 4](#)



**Average daily sales was  
the best since 2014**

[More on pg. 6](#)

# Exports are the thorn in industry's side

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Photo: Ivan Bueno/APPA

**S**ão Paulo - Anfavea announced on Tuesday, 8, its projections for Brazilian production, sales and exports of vehicles and agricultural and highway machinery for 2019. Except for foreign sales, damaged by the current moment of the Argentine economy (main customer of Brazilian vehicles) all estimates are positive.

For domestic sales, the forecast is similar to the one reported by Fenabrave, which represents the distribution sector: increase of 11.4% over last year, with 2 million 860 thousand cars, light commercial vehicles, trucks and bus chassis sold. This increase would be higher in the heavy vehicles segment with 15.3% more truck and bus sales, to 88 thousand and 17 thousand units,

respectively. As for the light vehicles, according to the entity's accounts, sales will rise 11.3%, to 2 million 755 thousand units.

Production should grow less than two digits. According to estimates by Anfavea, 3 million 140 thousand vehicles will leave the assembly lines in 2019, 9% more than in 2018. Once again the heavy vehicles segment, with an advance of 11.9%, has better prognosis than the light vehicles segment, which is expected to remain at an increase of 8.9%.

The same happens with exports in volume: the good performance of markets such as South Africa and Russia are expected to increase foreign sales of trucks and buses by 3.7%, while light vehicle shipments are expected to decrease by 6.8%. In total, the volume exported by the industry will add 590 thousand units in the entity's accounts, a decrease of 6.2% compared to 2018.

In terms of figures, Anfavea estimates a 3.9% decrease in revenue, yielding US\$ 13.9 billion to the industry's treasuries - with dollar varying from R\$ 3.70 to R\$ 3.90.

"Argentina's GDP is expected to have a decrease around 2% and the market will stay below 700 thousand units", said Antonio Megale, president of Anfavea. "As 70% of our exports are destined to Brazil's neighboring country, our expectation is for a new decrease in foreign sales".

According to the executive, all indicators of the Brazilian market are positive. Anfavea's projections were based on a GDP increase of 2.5% to 3%, with inflation at 4% and the Selic rate could reach a maximum of 7% per year. "The increased confidence level and reforms promised by the new government sustain our positive vision, as well as the resumption of infrastructure investments".

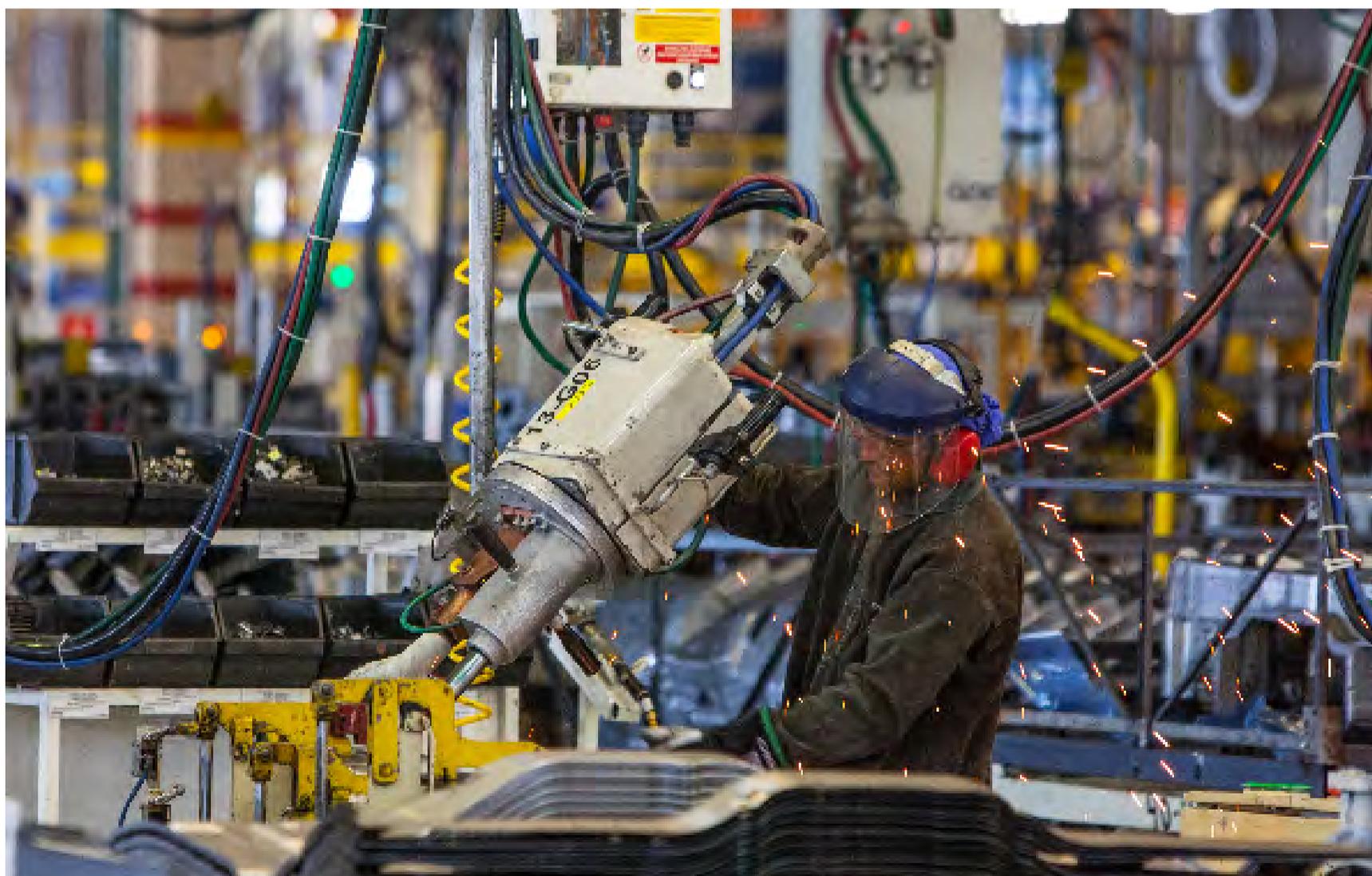
**Machinery** – Sales of agricultural and highway machinery will increase 10.9%, according to the calculations of the entity, to 53 thousand units. Exports will be 2.5% higher, with 13 thousand machines generating production of 66 thousand units, in line with the result of 2018. **WE**

# Argentina hinders the mark of 3 million vehicles

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**S**ão Paulo – Vehicle manufacturers consider that 2018 was a good year in terms of production. Even that the established goal of 3 million units was not reached, 2 million 880 thousand and 7 vehicles came out of the assembly lines, 6,7% higher than 2017, according to data by Anfavea released on Tuesday, 8.

According to Antonio Megale, president of the entity, the Argentine crisis prevented the industry from producing again at a level last seen in 2014, when the 3 million mark was reached:



“Production was not beyond the 3 million due to the drastic exports reduction to Brazil’s main trading partner”. According to Anfavea, 22% of Brazilian production was consumed by Argentines in 2018.

With Brazil’s neighbor in crisis, it was up to the Brazilian domestic market to sustain production lines. The heated local demand and the favorable economic environment for the acquisition of vehicles, according to Megale, reflected in the planning of factories for the year. The production result was 5.8% higher than in 2017 regarding light vehicles, reaching 2 million 746 thousand 654 units until December.

Truck manufacturers, which faced hot demand after a period of recovery in 2017, also registered an increase in production: 105 thousand 534 units, representing a growth of 27% in the annual comparison. The heavy models, which mainly serve the agribusiness, were the ones that most left the lines until December: 49.4 thousand units, 52% more than in 2017.

With shutdowns scheduled for maintenance, the lines maintained in Brazil operated in December, according to Megale, basically to adjust stocks. Production in the month (177.7 thousand units) was the lowest in 2018, which had a monthly average production of over two hundred thousand vehicles. The sector reached the end of December with 255.1 thousand units in stock, 192.1 thousand in the dealerships and the remaining 63 thousand in the automakers’ yards. The volume stocked represents 33 business days of sales.

The increasing production of 2018 also made the number of jobs slightly higher than observed at the end of 2017. Anfavea’s data showed that the sector closed the year with 130.5 thousand employees, 1.7% more than two years ago. The result is the best since 2015. Recent announcements of shift openings decrease the absolute number of lay-off employees in Brazil. It fell from 724 workers in November to 231 in December.

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# Average daily sales was the best since 2014

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**S**ão Paulo - The average daily sales of vehicles in December reached the number of 12 thousand 344 units per day, the best result registered since December 2014, according to data released by Anfavea on Tuesday, 8.

The volume sold in the month reached 234 thousand 531 vehicles, increase of 10.3% compared to the same month in 2017 and 1.6% compared to November. Antonio Megale, president of Anfavea, said that the volume sold in the month was good, mainly because December had less three business days compared to November and, even so, sales increased.

In 2018, sales reached 2 million 566 thousand 433 units, increase of 14.6% compared to 2 million 239 thousand 682 vehicles sold in 2017. Sales in the year exceeded the entity's projection (which was 13.7%) a fact already expected after the figures released in early December.

According to Megale, it happened because of the average daily sales of October and November, which stayed around 11,5 thousand, a level considered interesting by the president. **WE**



# Exports: rise and fall in 2018.

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**S**ão Paulo – If in 2017 the made in Brazil vehicle exports were the greatest highlight, the manufacturers observed a totally different scenario in 2018. The decreasing volumes that have been pictured since August (when the Argentine crisis became more drastic) were confirmed in December. Data by Anfavea, released on Tuesday, 8, showed that shipments declined 17,9% compared to 2017. 629 thousand 174 units were exported in 2018.

According to Antonio Megale, its president, the Brazilian industry is looking for alternatives regarding the Argentine market, in order to reduce dependence on the neighboring market in the automotive sector. The old speech may have more chances to become concrete transforming Rota 2030 into law, but in the long term: “The crisis in Mexico, our second partner in the region, was more expected than what happened in Argentina. The sector is looking for new markets, but it is necessary to intensify the work about that sense”.

The biggest decline in the period January-December was regarding light vehicle exports:



Disclosure

595 thousand 432 units were shipped, which means that Brazil exported 18.3% less automobiles and light commercial vehicles last year compared to 2017. The volume of trucks was 12.7% lower on the same basis, reaching 24 thousand 642 units. In the case of exports of bus chassis, stagnation - in the year accumulated, 9 thousand 101 units exported. One unit less than in 2017: 9 thousand 102 units.

Exports injected R\$ 14.5 billion in the budget of companies operating in Brazil, a value which is 8.6% lower than the one accounted in 2017.

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# Production of trucks surpasses 105 thousand units

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São Paulo - The production of trucks in 2018 reached 105 thousand 534 units, an increase of 27.1% compared to the previous year, according to figures released by Anfavea on Tuesday, 8.

In December, 7 thousand 379 trucks left the production lines, decrease of 0.8% compared to the same month of 2017 and 26.5% compared to November. According to Antonio Megale, president of the entity, the production of December was affected because of the collective vacations that many associated companies granted to their employees and because of the adjustment regarding the stocks.

Sales of trucks reached 75 thousand 987 units last year, growth of 46.3% compared to the previous year. According to Luiz Carlos Moraes, Anfavea's vice president, the volume traded during the year was very expressive, but the base of comparison was low: "It is necessary to point out that the increase was driven by the extra-heavy trucks sold for the agribusiness".

In December, sales reached 7 thousand 635 thousand units, increase of 25,7% compared to the same month of 2017 and a decrease of 0,6% comparing to the previous month.

Just like the automobiles in 2018, truck exports registered a decrease of 12.7% compared to 2017, reaching 24 thousand 642 units. In December, 1 thousand 55 units were exported, retraction of 50.9% in comparison with the same month of the previous year and there was a decrease of 24.2% compared to November.

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# Bus chassis: production 38% higher

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**S**ão Paulo - Bus production last year totaled 28 thousand 536 units, an increase of 38,2% compared to 2017, according to data released by Anfavea on Tuesday, 8. 1 thousand 106 units were produced in December, a decrease of 16,3% compared to the same month of the previous year and 46,5% compared to November.

Bus sales reached 15 thousand 81 units, increase of 23,3% compared to 2017. Considering only December, 1 thousand 465 buses were sold, 20% growth in comparison with the same month of the previous year and 0,5% compared to November.

Unlike exports of cars and trucks that decreased in 2018, bus sales to other countries were stable at 9 thousand 101 units a year. In December, 874 units were exported, an increase of 9.3% compared to the same period of 2017 and a decrease of 21,4% compared to November. **WE**



Disclosure.

# Sales of machinery overcome expectations

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Disclosure.

**S**ão Paulo - The 47 thousand 800 agricultural and highway machinery sold in the Brazilian market last year, a 12.7% increase over the volume of 2017, stayed above Anfavea's expectations - which believed in a 10.9% increase, with 47 thousand units sold.

More: they reversed a negative result in 30% registered in the first months of 2018, as the president of the association, Antonio Megale, recalled: "The performance was getting better over the year until we reach this expressive growth".

This growth is justified by the moment of the agribusiness, according to Alfredo Miguel Neto, vice president of the association. "I hope that this optimism that has been transmitted to the agricultural sector in 2018 be multiplied in 2019 and help not only the machinery sales, but the economy as a whole".

Production increased 23,8%, well above the 15% that Anfavea had projected. 65,7 thousand agricultural and highway machines left the assembly lines.

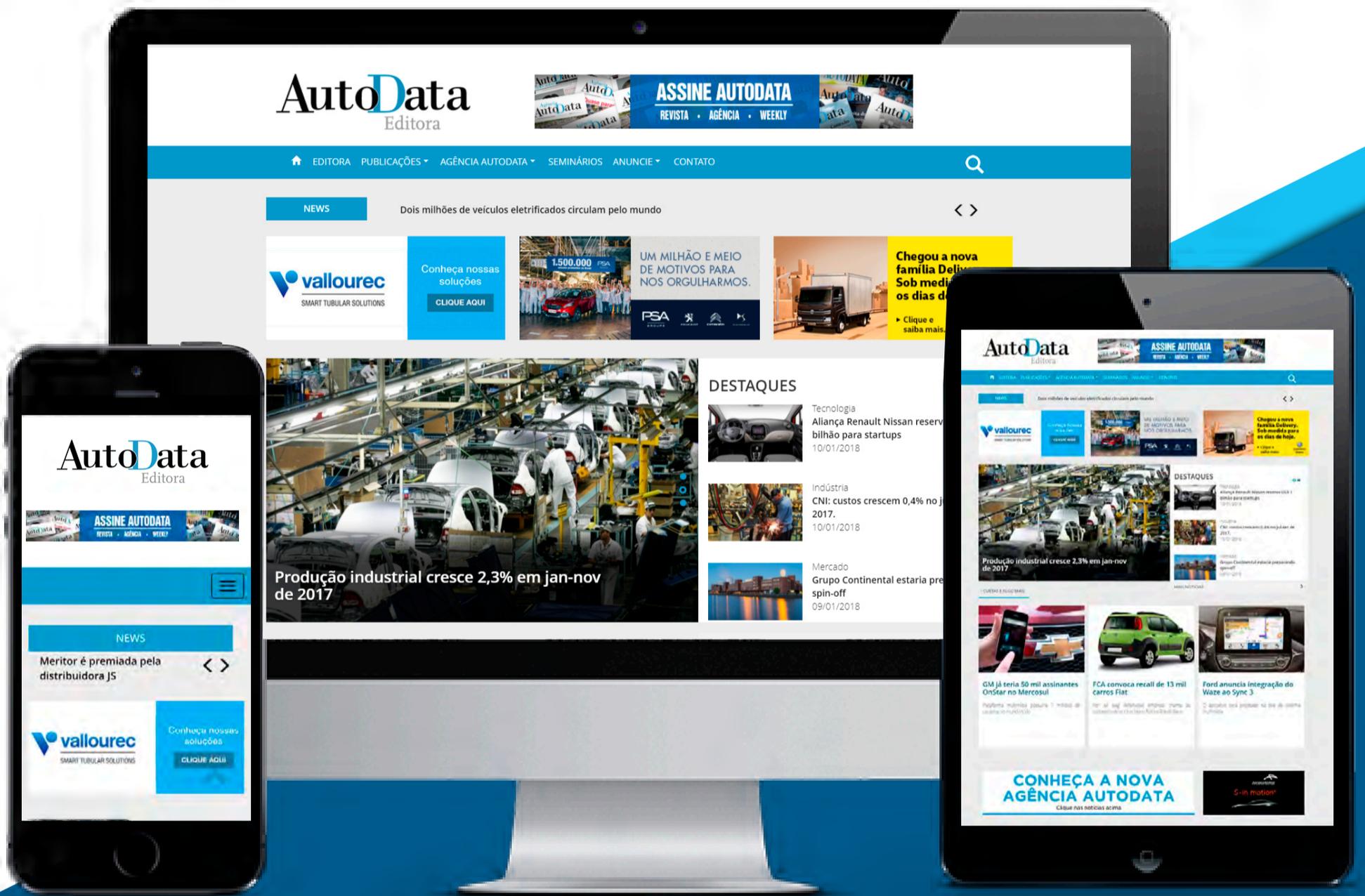
Negative performance regarding exports: decrease of 9.1%, with 12.7 thousand machines sent abroad. According to Miguel Neto, the performance of the Argentine economy ended up disrupting the foreign sales of the Brazilian products.

Anfavea had projected stability in exports.

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