

Economic Landscape with Emphasis on Brazilian Fastener Industry

by Sergio Milatias

In this article we will portray the performance of three important segments in the Brazilian industry in the years 2019, 2020 and 2021. These segments are local production of steel, fasteners, and automobiles. The comparison involves the market behaviour before and during the pandemic which, unfortunately, is not over yet.

Steel Production

| Brazilian Steel Production | | |
|----------------------------|-----------------------------|--------------------------|
| YTD 2019 | YTD 2020 | YTD 2021 |
| 32,570,000 tons | 31,413,000 tons (↓3.56%) | ... |
| Jan./Aug. 2019 | Jan./Aug. 2020 | Jan./Aug. 2021 |
| 22,367,000 tons | 19,952,000 tons | 24,272,000 tons |
| 2019/2020 (Variation) | 2020/2021 (Variation) | 2019/2021 (Variation) |
| ↓10.8% | 21.66% | 7.85% |

We use 2019 as the reference year because it was the last period before the pandemic. As we all know, steel is the main raw material for producing screws, bolts, nuts, and other kinds of fasteners.

Brazil ranks 9th in the world's steel production, taking up 1.2% of the total. China is the biggest with 55% of the world's total production. Steel manufacturers in Brazil produced 32,570,000 tons of steel in 2019, and 31,413,000 tons in 2020 (↓3.56%). Comparing the January-August (Jan-Aug.) period over the latest 3 years, Brazil produced 22,367,000 tons in 2019, 19,952,000 tons (↓10.8 %) in 2020, and 24,273,000 tons (21.66%) in 2021. With the current performance, 2021 will finish with more than 139 thousand tons, an increase around 11% over 2019.

Sources: www.acobrasil.org.br/site/en
www.worldsteel.org / www.alacero.org
www.oica.net / www.anfavea.com

Automotive Production

| Brazilian Automotive Production (Unit: Vehicle) | | |
|--|------------------------|------------------------|
| 2019 | 2020 | 2021 |
| 2,944,988 | 2,014,055 (↓31.61%) | --- |
| Jan./Aug. 2019 | Jan./Aug. 2020 | Jan./Aug. 2021 |
| 2,011,055 | 1,109,929 | 1,476,053 (↑32.99%) |

With the world's 9th largest automotive production, the automotive sector in Brazil is one of the most important destinations for fastener products. For months the automakers and the supply chain in Brazil have faced a shortage of raw materials and, mainly, the electronics components from Asian providers, such as China.

In 2019 the local automakers produced 2,944,988 units of vehicles, including passenger cars, trucks, buses and commercial utilities – not including the production of motorcycles, tractors and road and agricultural machines and application sectors. During the pandemic, 2020 ended with low performance with 2,014,055 units of vehicles produced (↓31.61%). The results of the Jan.-Aug. period in the last three years are 2019: 2,011,055 units of vehicles; 2020: 1,109,929 units of vehicles (↓44.81%); 2021: 1,476,053 units of vehicles (32.99%, but ↓26.61% over 2019). At the time of writing, which was early October, some automakers were temporarily halted by auto-parts shortages. Nevertheless, the market of used vehicles had achieved sales record.

Steel Production

We still don't have accurate data to know how many tons of fasteners have been produced in Brazil. However, we have the results from six main fastener manufacturers as follows. They are Fey, Hassmann, Jomarca, Metalac, Metaltork and New-Fix and are some of the most important companies of the sector in Brazil that, altogether are expected to produce around 116 thousand tons of fasteners for the whole 2021.



Fey *Ricardo Fey*

Located in Indaial Town, Santa Catarina State, and operating in the fastener industry, Fey ended 2019 by producing around 23 thousand tons of fasteners, including bolts, nuts, and special parts. However, in 2020 the orders fell to 19 thousand tons, especially impacted by the automotive sector. The expectation for 2021 is much better, with around 24 thousand tons produced for the whole year, said the company's CPO, Ricardo Fey.



Metaltork *Ivan Reszecki*

A fastener provider for industries of heavy automobiles, trucks, buses, roads, and agricultural machines, Metaltork has around 82% of its total production for OEM customers; 3% goes to the aftermarket with other sectors taking up the remaining 15%. The company finished 2019 year with 9.5 thousand tons produced, getting a modest increase in 2020 to 10.1 thousand tons. "By 2021, our production will reach around 13.1 thousand tons."

Metalac SPS *Reginaldo Colicchio*

A subsidiary from the Precision Castparts Corp. (USA), Metalac is in Sorocaba City, S. Paulo State, and owns one of the most modern industrial plants in Brazil with 300 employees. As an automotive fastener specialist, the company started aerospace fastener production in 2019.

Currently, the production is shared among automotive industries taking up 85% and aerospace taking up 10%. The remaining goes to other sectors, as told by Metalac's COO, Reginaldo Colicchio. He said the company produced 12 thousand tons of fasteners in 2019, and 8.6 thousand tons in 2020, with 2021 forecast at around 12.6 thousand tons and 2022 at 14.8 thousand tons.



New-Fix *Enéas Henrique*

New-Fix COO, Enéas Henrique, reported production of around 9 thousand tons in 2019. So, in the following year, this company located in Ferraz de Vasconcelos town, São Paulo State increased to 13.5 thousand tons, especially because of the unexpected strong recovery during the second quarter of 2020. Henrique said the production will reach around 15 thousand tons of fasteners by the end of 2021, with a work force of more than 500 employees.



Jomarca *Ricardo M. Castelhana*

A fastener provider for the Brazilian furniture market, Jomarca has the headquarters and main industrial plant near International Airport S. Paulo, in Guarulhos City. The company has more than 900 employees. Around 45% of its total production goes to the industrial sectors, with a highlight on furniture manufacturers. The remaining 55% is for resale, as said by Jomarca CEO, Ricardo Marques Castelhana. The CEO also said after the recession the market has lived a great moment, so much so that in 2019 it produced 22 thousand tons, and increased to 26 thousand tons in 2020, which could land at 28 thousand tons until the end of 2021, especially by recent investments.



Hassmann SA *Augusto Hassmann*

Located in Immigrant, a town near Porto Alegre, Rio Grande do Sul State, Hassmann SA is a fastener manufacturer with 400 employees. It supplies around 53% of its production to the automotive industries consisting of automakers taking up 26%; systemists at 19%; heavy machines and road implements at 8%. The agricultural sector takes up 24%; distributors take up 12%, with the remaining scattering across other segments.

In 2019, the company produced 13.3 thousand tons of fasteners, while in 2020 it produced 12,5 thousand tons. However, by September 2021 the company already achieved 16.5 thousand tons, and the forecast ranges between 21 and 22 thousand tons, as said by Augusto Hassmann SA, the company's COO. ■

