



# Fastener Trade and Opportunities in Latin America (Mexico & Brazil) Based on Their Current Car Production & Sales

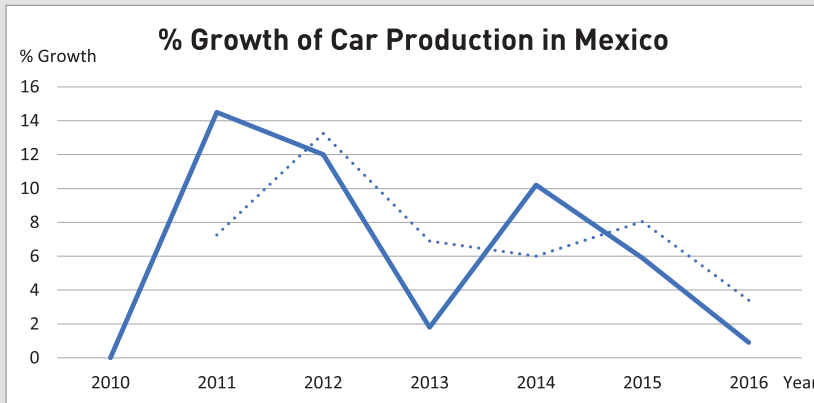
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## Mexican Car Market

The automotive industry plays a central role in Mexico's economy and trade. At the time when North America Free Trade Agreement (NAFTA) entered into force, the automotive industry accounted for 1.9% of Mexican GDP. In 2015, this share had increased to 3.4%, according to the Mexican Statistical Institute (INEGI).

On the other hand, Mexico is the 7th largest car manufacturer in the world. The following table shows the statistics of car production in this country, but the statistics show that the trend of growth in U.S. automotive industry has become slow.

Year	2016	2015	2014	2013	2012	2011	2010
Car Production (Vehicles)	3,597,462	3,565,469	3,365,306	3,054,849	3,001,814	2,681,050	2,342,282
Growth	0.9%	5.9%	10.2%	1.8%	12.0%	14.5%	---



Although the growth of the car industry doesn't have a clear trend in Mexico, Donald Trump chided car companies for operating in Mexico, apparently seeking to bully them into shifting production to the U.S. Ford cancelled plans to build a new assembly plant in Mexico. This decision clearly caused effects on the Mexican automotive industry negatively.

Since 2011 the car sales in Mexico have been growing. In 2016, it was around 1.6 million units of cars, but U.S. orders to their car manufacturing companies caused the increase in car prices and affected the automotive trade market, too.

## Mexican Fastener Market

Mexico is an importer in the fastener field and its imported fastener value is about 15 times higher than its exported fastener value. The following table shows the export/import numbers of Mexico in the fastener field.

The negative trend of Mexico's exported fasteners has started since the 4th quarter of 2016 and it seems that it will continue in 2017. And, the imported fasteners have shown a constant trend since 2016.

Prediction of the future of Mexico in the fastener field is dependent upon other car manufacturers. It seems that if Ford and GM leave the Mexican market, then Japanese and European car manufacturers that have plants in Mexico will increase their production and control the market.

Note: Values in the following table are in thousand USD.

2015		M08	M09	M10	M11	M12	
Mexico Fastener Export		16,083	14,327	15,184	13,923	15,058	
Mexico Fastener Import		213,223	214,722	225,197	352,022	203,491	
2016		M01	M02	M03	M04	M05	M06
Mexico Fastener Export		11,849	13,332	18,055	17,271	16,214	15,858
Mexico Fastener Import		181,195	205,205	209,176	208,131	206,543	213,296
2016		M07	M08	M09	M10	M11	M12
Mexico Fastener Export		15,727	17,345	16,065	14,822	14,241	14,031
Mexico Fastener Import		195,398	228,404	210,414	211,570	217,050	209,475
2017		M01					
Mexico Fastener Export		11,295					
Mexico Fastener Import		202,388					

## Brazilian Car Market

Brazil as the 10th largest car producer in the world has shown a negative trend since 2012. The poor performance of the Brazilian economy in the past three years is having significant impacts on Brazil's automotive sector.

According to ANFAVEA, sales of automobiles (cars, light trucks, trucks and buses) were 2,570,000 units in 2015, a drop of 26.7% compared to 2014. At the end of 2015, automobile manufacturers (OEMS) in Brazil employed 129,776 people, 10.2% less than the 144,508 in 2014 and 157,000 in 2013. In 2015, domestic sales of buses dropped by over 30%, whereas sales of trucks were 40% less than the previous year.

The following table shows the situation of car production in Brazil.

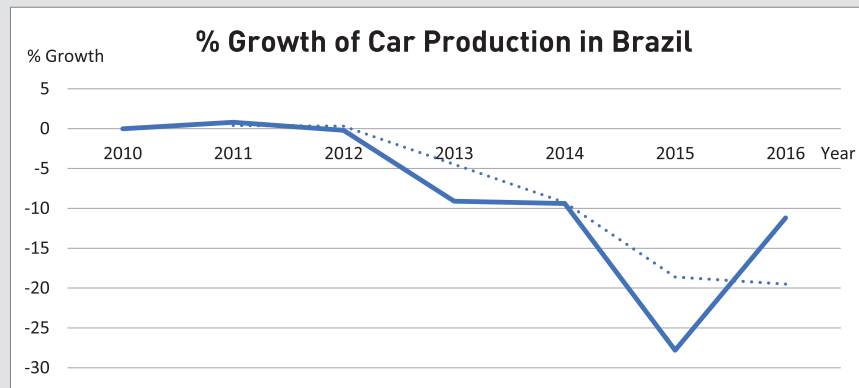
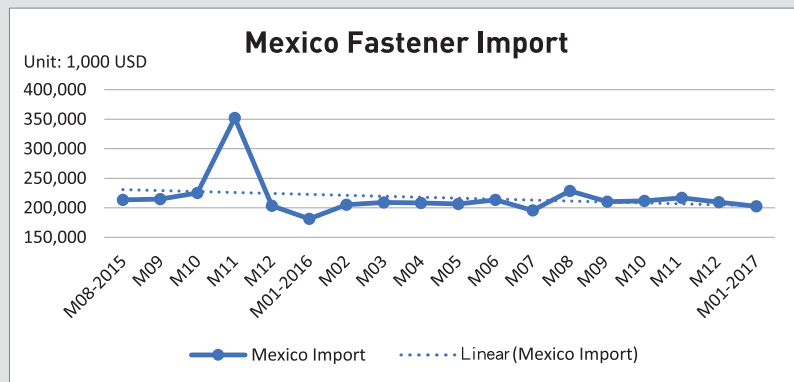
Year	2016	2015	2014	2013	2012	2011	2010
Car Production (Vehicles)	2,156,356	2,429,463	3,364,890	3,712,380	3,402,508	3,407,861	3,381,728
Growth	-11.2%	-27.8%	-9.4%	-9.1%	-0.2%	0.8%	---

## Brazilian Fastener Market

Like Mexico, Brazil is an importer of fasteners and this industry is poor in Brazil.

Values are in thousand USD

2015	M08	M09	M10	M11	M12	
Brazil Fastener Export	8,867	9,491	8,785	8,126	9,030	
Brazil Fastener Import	58,423	55,134	55,912	49,682	37,521	
2016	M01	M02	M03	M04	M05	M06
Brazil Fastener Export	5,323	7,257	7,711	7,599	8,897	9,973
Brazil Fastener Import	48,171	40,267	51,820	43,357	48,364	49,276
2016	M07	M08	M09	M10	M11	M12
Brazil Fastener Export	7,317	8,038	8,103	8,452	8,927	9,659
Brazil Fastener Import	48,113	58,242	50,191	49,498	46,269	49,668
2017	M01	M02	M03			
Brazil Fastener Export	5,471	7,550	10,403			
Brazil Fastener Import	56,851	44,422	52,549			



Its imported fastener value is 5-6 times higher than its exported fastener value.

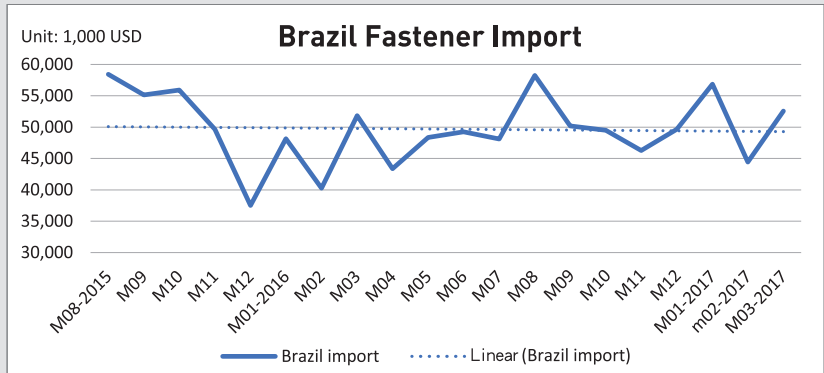
In both sectors, the values of exported and imported fasteners show a constant trend, and therefore, for the 4th month of 2017, we think the numbers will increase and in the 5th month of 2017 the numbers will decrease.

## Last Word

Business analysts predict that investing in the Brazilian automobile industry will yield great profits for investors in the near future, as Brazil is touted as being a great market for automobiles. The auto industry in Brazil is anticipated to do well in the near future as several events of great importance are about to take place. And, it means the growth in the fastener business in Brazil.

It can be an opportunity for a fastener exporter and fastener equipment producer to re-manage their business in Brazil. Mexican car producers should be worried. Their business is under threat, and affected workers should take concrete steps now to secure their economic future.

On the other hand, the auto industry sits on the precipice of potentially monumental change. Ride-share technology is rapidly diffusing around the world, and the push toward autonomous vehicles is accelerating. Consumers will soon be able to commute in driverless, cheaply financed automobiles, and they're nothing like the cars currently being manufactured in Mexico.



We're going to see what happens in Latin America and also in the fastener industry. ■



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