# U.S. Car Market & Automotive Fastener Market in Q1-Q3 2018 by Behrooz Lotfian

## U.S Car Market

Different car manufacturers sell more than 100,000 units of cars monthly, like Ford (190,000 units), Toyota (180,000 units), Chevy (175,000 units), Honda (120,000 units) and Nissan (100,000 units). In a simple word, about 75% of the U.S market has been dominated by these 5 brands (2 U.S brands and 3 Japanese brands). However, Ford still builds the bestselling vehicle model in America, and the market share for Japanese manufacturers is increasing mainly due to their legendary reliability and fuel efficiency. With increasing fuel prices and decreasing incomes, the typical customer looks to get the most bang out of their buck and there lies the unique selling proposition (USP) of all the Japanese manufacturers. They are extremely reliable and fuel efficient as compared to American car manufacturers. So, to cut a long story short, Japanese car manufacturer's market share is increasing on account of reliability and cost of ownership. Fuel efficiency is also one of the factors. Based on this reason, Ford started to offer two new cars in North America in 2018- its iconic Mustang and the Focus Active. GM is moving along the same lines. In a simple word, American companies are reshaping their line-ups, sedans will still form a substantial portion of the vehicles sold in the U.S. for the foreseeable future.

## U.S. Cars' Brand Have Problem to Export

In Europe, Europeans don't buy American cars because they don't like their huge size and appetite for gasoline, not because of import duties.

In Japan, American companies say protectionist policies keep them out. The reality is more complicated.

The following table shows the units of cars sold in the U.S market quarterly:

| Q1 | Unit sold | Q2 | Unit Sold | Q3 | Unit sold |
|---|---|---|---|---|---|
| Jan | 1,047,597 | Apr | 1,272,669 | Jul | 1,275,534 |
| Feb | 1,168,758 | May | 1,466,833 | Aug | 1,364,386 |
| Mar | 1,462,694 | Jun | 1,412,330 | Sep | 1,316,316 |
| 1st Quarter | 3,679,049 | 2nd Quarter | 4,151,832 | 3rd Quarter | 3,956,236 |

## U.S. Fastener Market

Nowadays, the U.S. fastener industry constitutes a multi-billion-dollar segment of the economy. It has a large number of varied companies cantering around the main purchasers of fastener products, including the automotive, aerospace, and military sectors. Despite the ancient origins of fasteners, this industry began developing toward its current level of scale and complexity only a couple of centuries ago, with some of the greatest strides occurring in living memory. Tracing the evolution of the American fastener industry can shed light upon and add context to its present condition.

The statistics show that the value of exported fasteners from the U.S. is about 1.1 billion USD quarterly and the value of imported fasteners to the U.S. market is about 1.5 billion USD quarterly. Taiwan's export is more than 31.7%; China's export is more than 27%; Japanese suppliers have 10.8% of the U.S. market share, and the market share of the other countries is about 39%.

In terms of U.S. suppliers' export, Mexico is the main destination for the U.S. fasteners and the share of Mexico is about 34%, The share of Canada as the 2nd biggest destination for the U.S. fastener export is 26.6% and the share of China as the 3rd biggest market for the U.S. fastener export is more than 5%.

### The Value of U.S. Fastener Import

| Unit: Thousand USD | 2018-Q1 | 2018-Q2 |
|---|---|---|
| World | 1,409,816 | 1,499,502 |
| Taiwan | 459,920 | 475,760 |
| China | 357,290 | 405,655 |
| Japan | 166,646 | 161,868 |

### The Value of U.S. Fastener Export

| Unit: Thousand USD | 2018-Q1 | 2018-Q2 |
|---|---|---|
| World | 1,085,569 | 1,107,297 |
| Mexico | 372,081 | 374,507 |
| Canada | 281,820 | 294,261 |
| China | 51,983 | 56,121 |
| UK | 45,657 | 44,375 |
| Germany | 29,271 | 28,879 |
| France | 29,965 | 26,509 |
| Japan | 22,160 | 26,354 |

### The Fastener Market (USA←-→Japan)

A detailed look at the car market in the U.S. reveals that the value of Japanese exported cars increased from the first quarter to the second quarter of 2018 (see the following Table), but the value of Japanese exported fasteners decreased about 2.9% in the same period.

| Units | Total | Toyota (2nd) | Honda (4th) | Nissan (5th) |
|---|---|---|---|---|
| Jan | 357,679 | 149,142 | 95,634 | 112,903 |
| Feb | 384,628 | 162,930 | 104,588 | 117,110 |
| Mar | 469,708 | 195,750 | 128,855 | 145,103 |
| 1st Quarter | 1,212,015 | 507,822 | 329,077 | 375,116 |
| Apr | 363,323 | 170,706 | 113,813 | 78,804 |
| May | 450,387 | 189,930 | 140,250 | 120,207 |
| Jun | 452,280 | 185,851 | 132,031 | 134,398 |
| 2nd Quarter | 1,265,990 | 546,487 | 386,094 | 333,409 |
| Jul | 407,767 | 183,367 | 125,355 | 99,045 |
| Aug | 428,847 | 194,433 | 132,834 | 101,580 |
| Sep | 407,941 | 178,501 | 119,157 | 110,283 |
| 3rd Quarter | 1,244,555 | 556,301 | 377,346 | 310,908 |

Why are the trends opposite to each other?

## A. Consumption of Fasteners

It is supposed that fasteners will be used for two reasons in cars:

1. repairing the cars and/or,

2. assembling the cars.

## B. The Ratio of USD/JPY

This item also can be effects on the value of imported fasteners, and it doesn't cause effects on Japanese cars sold in the U.S. market, because part of these cars are assembled inside the U.S. and the fluctuation of currencies causes less effects compared to direct import.

## C. Warehouse and/or Domestic Suppliers:

The ratio difference also can be interpreted as, increasing assembly of Japanese cars in the U.S., the U.S. fastener producers change the range of their production and produce the types of fasteners suited for Japanese cars and/or according to prediction of the increasing amount of Japanese cars in the U.S. market, American traders ordered fasteners more than their normal purchasing recently.

## D. The Ration of Fasteners Used in Cars is Lower Than That of Other Types of Fasteners.

This article has studied the category falling within HS Code 7318, which means all types of fasteners with different usages (like automotive, home appliances and etc.) are mentioned, so although the value of all imported fasteners decreased, the value of imported fasteners for cars is still in a positive growing trend.

Therefore, in other studies the trend of Japanese cars sold in the U.S. market is positive, while, on the other hand, the trend of the U.S. imported fasteners from Japan is negative.