



# Analysis of Brazil's Fastener Trade in 2019

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Manufacturing in Brazil, which is a significant subset of the industrial sector, contributes approximately 10% to the country's GDP and employs around 15% of its workforce. Based on this statistics, Brazil is not a manufacturing country, but the interesting point of Brazilian market for companies active in the fastener industry is its automotive industry. On the automotive side, Brazil is ranked in the 3rd place after USA and Mexico. The number of car production in Brazil was around 2.8 million last year (2019).

## Industrial Fastener Trade Statistics of Brazil

### The Import Sector

Brazil imported 590 million USD worth of fasteners in 2019. The total import value decreased by 9% from 2018.

In terms of quantity, Brazil imported 115 thousand tons of fasteners in 2019, which is a 7% decrease from 2018. So, it means that Brazil decreased its average imported fastener price by around 2%.

Brazil's Fastener Import	2018	2019	2018/2019
Value (1,000 USD)	648,741	590,553	-9%
Weight (ton)	123,292	114,962	-7%
USD/KG	5.3	5.1	-2%

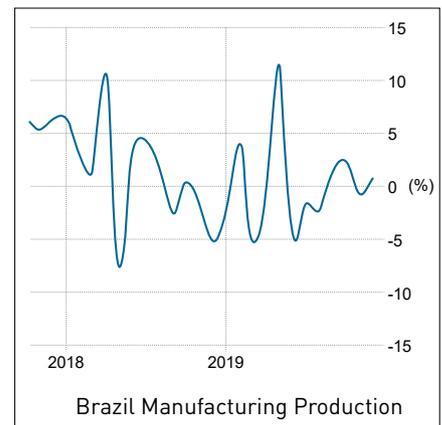
Based on the statistics of "Trading Economics," the manufacturing production increased by around 2% annually. The statistics also predicted that the manufacturing production in Brazil would stand at 2.1% in 12 months of 2020. In the long-term, Brazilian manufacturing production is projected to trend upward to around 2.9% in 2021, according to our econometric models.

Therefore, the big question is: when the manufacturing numbers increased, why the number of imported fasteners decreased in Brazil?

We'll try to figure out an answer to this question after we analyse the export numbers.

### The Export Sector

In the fastener export sector of Brazil, the value in 2019 increased by 21% from 2018, but the quantity decreased by 13%, which means the average price of exported fasteners increased by about 40% during the period!



Brazil's Fastener Export	2018	2019	2018/2019
Value (1,000 USD)	148,607	179,831	21%
Weight (ton)	25,432	22,011	-13%
USD/KG	5.8	8.2	40%



## What Happened in Brazilian Fastener Market?

Based on the 3 data (import numbers, export numbers and “Trading Economics”), it is concluded that Brazil has improved its fastener industry. Its export price has changed from 5.8 USD/KG to 8.2 USD/KG, which jumped highly.

Analysing country by country gives us more details:

### Trade with USA

USA is the biggest partner for Brazil in both sectors of import and export in the fastener industry.

The following numbers show that Brazil moved from a dependent market to an independent market; in terms of quantity, its dependency decreased by 70% (267% minus 197%), and in terms of value, its dependency decreased by 105% (123% minus 18%).

Brazil's Fastener Trade with USA	2018		Exp./Imp. Ratio	2019		Exp./Imp. Ratio
	Export	Import		Export	Import	
Value (1,000 USD)	41,205	91,741	123%	77,225	90,822	18%
Weight (ton)	2,265	8,302	267%	2,398	7,113	197%
USD/KG	18.2	11.1		32.2	12.8	

The above table reveals that the average price of Brazil's exported fasteners to USA has increased by more than 1.7 times.

The following table clearly shows that U.S. import quantity started to decrease in the 2nd half of 2019, and it also affected the value of imported fasteners in the 4th quarter.

Brazil's Fastener Export to the U.S.	2018-Q1	2018-Q2	2018-Q3	2018-Q4	Total	2019-Q1	2019-Q2	2019-Q3	2019-Q4	Total
Value (1,000 USD)	3,747	4,015	12,836	20,607	41,205	19,931	20,693	20,634	15,967	77,225
Weight (ton)	332	414	584	935	2,265	755	750	430	463	2,398
USD/KG	11.3	9.7	22.0	22.0	18.2	26.4	27.6	48.0	34.5	32.2

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## Analysis of the Number Fluctuations Between the U.S. and Brazil

Let me explain why the fluctuations of the exported fastener numbers from Brazil to the U.S. are not logical,

### In year 2018

The U.S. announced that it would start a trade war against Brazil, as the quantity of U.S. orders from Brazil had significantly increased from 750 tons in the 1st half of 2018 to 1,530 tons in the 2nd half of 2018.

Such a huge demand forced Brazilian producers to increase their average price from 10 USD/KG to 22 USD/KG. This is the reason of a huge difference in the exported fastener values between the 1st half and the 2nd half of 2018.

### In year 2019

U.S. trade war against Brazil in 2019 got more serious month by month, and U.S. fastener consumers stockpiled more and more Brazilian fasteners they required. Therefore, the total weights respectively recorded in the 2nd half of 2018 and the 1st half of 2019 were almost the same. The export quantity was about 1,505 tons in the 1st half of 2019.

In the 3rd quarter of 2019, the U.S. doubled the tariffs on Brazil's exported steel, resulted in the sharp increase in the average price of Brazilian imported fasteners, which is 48 USD/KG. This made a serious drop in U.S. consumers' orders.

However, by decreasing their prices, Brazilian producers again kept the quantity of orders in the 4th quarter of 2019.

## Here Comes Another Question: Why U.S. Consumers Prefer Brazilian Fasteners?

U.S. buyers increased their orders when they realized that the increasing Brazilian fastener price was unavoidable. And also, the quantity of U.S. orders in the 2nd half of 2019 was higher than the number in the 1st half of 2018, which means that Brazilian fasteners are not price sensitive in U.S. market. Why?

Although answering to this question is not easy and we may need a more focused research, using new technology in the fastener industry is one of the key points that has made Brazilian fasteners "NOT Price Sensitive" in U.S. market (for example, using new methods for fastener surface treatment and manufacturing high-tech fasteners for aerospace application).

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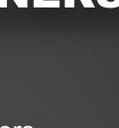


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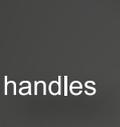


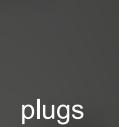








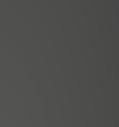














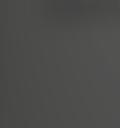


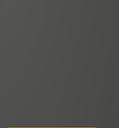








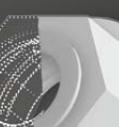




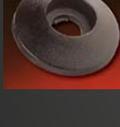






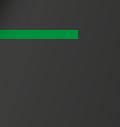












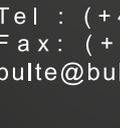












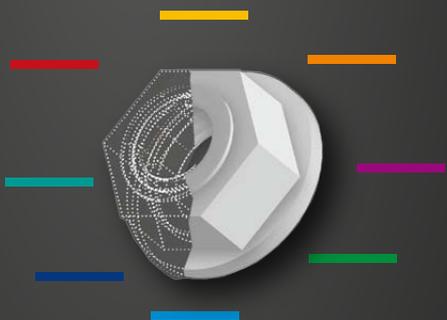












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