

# Brazilian Fastener Market and Investment Opportunities

## 巴西紧固件市场与投资机会



### About Brazil

Brazil's economic freedom is the 133rd freest in 2022. Brazil is ranked 26th among 32 countries in the American region. Brazil's economic growth slowed in 2019, turned negative in 2020, and rebounded in 2021.

Brazil is the world's fifth-largest country, and has a population of USD 212.6 million. Its GDP is USD 3.2 trillion, with a -4.1% negative growth (which is -0.6% for 5-year compound annual growth). Its GDP per capita is USD 14,916. With 13.7% unemployment and 3.2% inflation it could absorb USD 24.8 billion foreign direct investment in 2022. Brazil has nine preferential trade agreements in force. The trade-weighted average tariff rate is 10.0 percent, and 697 non-tariff measures are in effect. Foreign investors are granted national treatment, but their activities are restricted in some sectors, including communications and mining. The banking sector remains stable and relatively competitive with credit to the private sector increasing. The insurance sector has become the largest in the region.

### Brazilian Fastener Market

The total export of Brazilian fasteners was USD 138.5 million and the total import was USD 884.4 million in 2021. The numbers demonstrate that the total import of fasteners will be more than USD 950 million and the export value will be around USD 150 million in 2022.

In April 2022, Brazilian fastener exports accounted for up to USD 13.5 million and imports accounted for up to USD 80.3 million, resulting in a negative trade balance of USD 66.7 million. Between April 2021 and April 2022, the exports of Brazilian fasteners increased by USD 4.06 million (42.8%) from USD 9.48 million to USD 13.5 million, while imports increased by USD 9.98 million (14.2%) from USD 70.3 million to USD 80.3 million.

In April 2022, Brazilian fasteners were exported mostly to Argentina (USD 4.36 million), the United States (USD 2.67 million), Paraguay (USD 1.38 million), Germany (USD 776,000) and France (USD 589,000).

On the other hand, Brazilian fastener imports were mostly from China (USD 19 million), the United States (USD 14.2 million), Japan (USD 9.42 million), Germany (USD 7.57 million), and Italy (USD 5.27 million).

In April 2022, the increase in year-over-year fastener exports was explained primarily by an increase in exports to Argentina (USD 1.18 million or 91.7%), Paraguay (USD 205,000 or 39.8%), and France (USD 156,000 or 50.8%). In April 2022, the increase in year-over-year fastener imports was explained primarily by an increase in imports from the United States (USD 3.93 million or 50.6%), Italy (USD 3.8 million or 150%), and China (USD 2.99 million or 24.7%).

	April 2021 - April 2022	Ratio
Brazil's Export Growth	USD4.06 million	42.8%
Brazil's Import Growth	USD9.98 million	14.2%



## Investing in the Fastener Industry

If 2017 is considered as the base year for investing in the fastener industry in Brazil, the year-over-year amount of investment in this industry has grown as in the right table.

The investors should invest in the fastener industry in Brazil at this time because Brazilian industries which have a great demand for fasteners have been growing since 2022.

Years	Growth of Investment
2017-2018	0.5%
2018-2019	0.4%
2019-2020	1.1%
2020-2021	2.6%

### 1-Automotive Industry

Car production in Brazil climbed 11.4 percent over a month earlier to 184.8 thousand units in March 2022, the highest monthly manufacturing volume since last December, after falling 7.8% in March 2021. Considering the first quarter of 2022, its output in the auto industry contracted 17% over a year earlier to 496.1 thousand unit, amid the impact of the global semiconductor chip shortage and more contagious Omicron variant.

Car production in Brazil edged 0.4% higher over a month earlier to 185.4 thousand units in April 2022, the highest monthly manufacturing volume since last December. Considering the first four months of 2022, its output in the auto industry contracted 13.6% over the corresponding period of the previous year to 681.6 thousand units, amid surging energy and raw material prices due to the war in Ukraine and Omicron variant.

Car production in Brazil edged up 10.7% over a month earlier to 205.9 thousand units in May 2022, the highest monthly manufacturing volume since last November and following a 0.4% rise in the previous month. Considering the first five months of 2022, its output in the auto industry contracted 17% over the corresponding period last year to 740 thousand units.

### 2-Aerospace Industry

The latest update came only weeks after Embraer reaffirmed its financial outlook for 2022 on April 28, with revenue reaching between USD 4.5 billion and USD 5 billion. Chief Financial Officer Antonio Carlos Garcia said the company already had enough orders to meet the top end of that range, though the outcome would still depend on its ability to deliver all aircrafts ordered. "The only question mark is our ability, with our partners, to deliver those aircrafts. It is just a matter of the disruption we see today in the market. We have orders for the USD 5 billion (revenue goal)," Garcia said. Full year deliveries are projected at 100-110 executive jets and 60-70 commercial jets.

### 3-Building and Construction Industries

The size of Brazilian construction market was valued at USD 75.6 billion in 2021. The market is projected to grow at an CAGR of more than 2% during 2023-2026. Over the forecast period, the construction industry's output will be supported by investments in transport, housing, renewable energy, and telecommunication infrastructure projects.

### 4-Furniture Industry

Revenue in the furniture segment is projected to reach USD 3.73 billion in 2022. Revenue is expected to show an annual growth rate (CAGR 2022-2025) of 18.49%, resulting in a projected market volume of USD 6.21 billion by 2025. With a projected market volume of USD 149,400 million in 2022, most revenue is generated in the United States. In the furniture segment, the number of users is expected to amount to 48.6 million by 2025. User penetration will be 17.6% in 2022 and is expected to hit 22.2% by 2025. The average revenue per user (ARPU) is expected to amount to USD 98.25.

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