

AMIA's report – Volkswagen continues braking Mexico's auto-industry

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- The Mexican Association of Car Producers (*AMIA*) released its monthly auto-industry report for November
- Total vehicle production: 296,338 units (+4% yoy)
- Vehicle exports: 223,797 units (-5.9% yoy)
- Domestic sales: 126,211 units (+13% yoy)
- We believe that the drag on production derived from VW problems is transitory and that car output will gain momentum in the coming months

Auto production increased 4% yoy in November. According to *AMIA*'s report published today, this figure was explained by a reduction in the production of *Volkswagen*. In fact, output from this company declined 19.9% yoy, subtracting about 3bps to total growth in November, in line with our estimates. However, other auto-firms, such as *Toyota* (+78.1% yoy) and *GM* (+13.7%) had significant increases in their production platform, which offset the decrease in *VW* production. Year-to-date, car production has expanded 5.5% yoy, with *Toyota* increasing 41.5%, *Mazda* (93.4%) and *Honda* (45.5%). Moreover, vehicle exports declined 5.9% yoy, while domestic retail sales posted a significant 13% yoy expansion, refer to the table below.

Mexico's car industry production: November 2015

Firms	Nov'15	Nov'14	% yoy	Jan-Nov'15	Jan-Nov'14	% yoy
TOTAL	296,338	284,816	4.0	3,176,135	3,011,288	5.5
FCA MEXICO	45,737	42,848	6.7	465,371	464,604	0.2
FORD MOTOR	34,132	33,000	3.4	402,603	417,841	-3.6
GENERAL MOTORS	63,344	55,720	13.7	651,024	635,252	2.5
HONDA	20,174	18,564	8.7	186,584	128,201	45.5
MAZDA	12,890	12,604	2.3	172,594	89,237	93.4
NISSAN	70,379	67,741	3.9	770,469	752,408	2.4
TOYOTA	11,195	6,286	78.1	94,698	66,947	41.5
VOLKSWAGEN	38,487	48,053	-19.9	432,792	456,798	-5.3

Source: AMIA

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Mexico's car industry exports: November 2015

Firms	Nov'15	Nov'14	% yoy	Jan-Nov'15	Jan-Nov'14	% yoy
TOTAL	223,797	237,923	-5.9	2,552,245	2,447,796	4.3
FCA MÉXICO	40,571	42,630	-4.8	434,247	426,643	1.8
FORD MOTOR	30,988	29,920	3.6	382,334	402,255	-5.0
GENERAL MOTORS	45,611	52,968	-13.9	500,220	517,416	-3.3
HONDA	13,202	11,068	19.3	148,832	91,497	62.7
MAZDA	10,380	10,926	-5.0	145,486	72,407	100.9
NISSAN	43,487	43,360	0.3	483,206	501,369	-3.6
TOYOTA	10,056	6,286	60.0	91,162	66,947	36.2
VOLKSWAGEN	29,502	40,765	-27.6	366,758	369,262	-0.7

Source: AMIA

On monthly basis, production is starting to recover. In seasonally-adjusted figures, November's production slightly edged-up. Mexico's auto production increased 2% m/m. Moreover, exports fell 2.4% m/m, while retail auto sales decreased 3.5% m/m.

We believe that the drag on production derived from VW problems is transitory and that car output will gain momentum in the coming months. Despite the deceleration in both vehicle production and exports during the last three months -given the recent *Volkswagen* scandal-, we believe that Mexico's auto industry has begun to show a strong recovery, explained by the visible hike in vehicle retail sales, signaling that consumer spending is picking up. In this regard, we believe that Mexico's auto-industry will gain momentum given the better growth prospects for domestic demand, which will continue to reflect in a higher growth in domestic car sales.

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