

TPI

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Truck Production Index



Power Systems Research
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The PSR-TPI measures truck production globally and across six regions: North America, China, Europe, South America, Japan & Korea and emerging markets. Data comes from CV Link™, the proprietary database maintained by Power Systems Research.

Fourth Quarter 2018

Q4 2018 Power Systems Research Truck Production Index (PSR-TPI) Climbs 2.6%

ST. PAUL, MN — The Power Systems Research Truck Production Index (PSR-TPI) increased from 115 to 118, or 2.6%, for the three-month period ended Dec. 31, 2018, from Q3 2018. The year-over-year (Q4 2017 to Q4 2018) gain for the PSR-TPI was 3.5%, climbing 4 pts from 114 to 118.

The PSR-TPI measures truck production globally and across six regions: North America, China, Europe, South America, Japan & Korea and Emerging Markets.

This data comes from **CV Link™**, the proprietary database maintained by Power Systems Research.

Except for North America, most of the other key regions are beginning to see an economic slowdown. Regarding the commercial truck market, a slowing global economy along with generally strong truck sales during the past few years is placing downward pressure on commercial vehicle adoption rates.

While the economic conditions in the United States is currently strong, the economy is expected to moderate later in 2019 and into 2020. The forecasted economic slowdown in the United States is expected to contribute to a global economic slowdown over the next few years.

NORTH AMERICA. The medium and heavy commercial truck segment is expected to remain strong through much of 2019. Production levels for class 8 trucks continue to be strong driven by record order levels that are expected to continue well into 2019. Order boards are basically filled through the first half of the year. The strong economy is driving the need to replace or expand the fleets. While not as strong as the heavy truck segment, the medium truck segment is having another good year driven in part, by strong consumer and vocational demand.

EUROPE. Medium and heavy truck production is expected to increase by 2.6% in Greater Europe this

TPI authors



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year over 2018. Heavy truck production is expected to improve by 1.7% while medium truck production is expected to increase by 6.5% over 2018. After weak demand in Eastern Europe over the past few years a recovery in demand is in full swing. While demand in Western Europe has slowed somewhat, it continues to be historically strong.

SOUTH ASIA. Following strong demand in 2018, medium and heavy truck production is expected to decline by 2.8% this year over 2018. In 2018, demand in India was very strong after lower demand in 2017, primarily due to the implementation of the BS-IV emission regulations which increased the cost of the trucks. Additional infrastructure spending is expected to boost demand in India during the next few years.

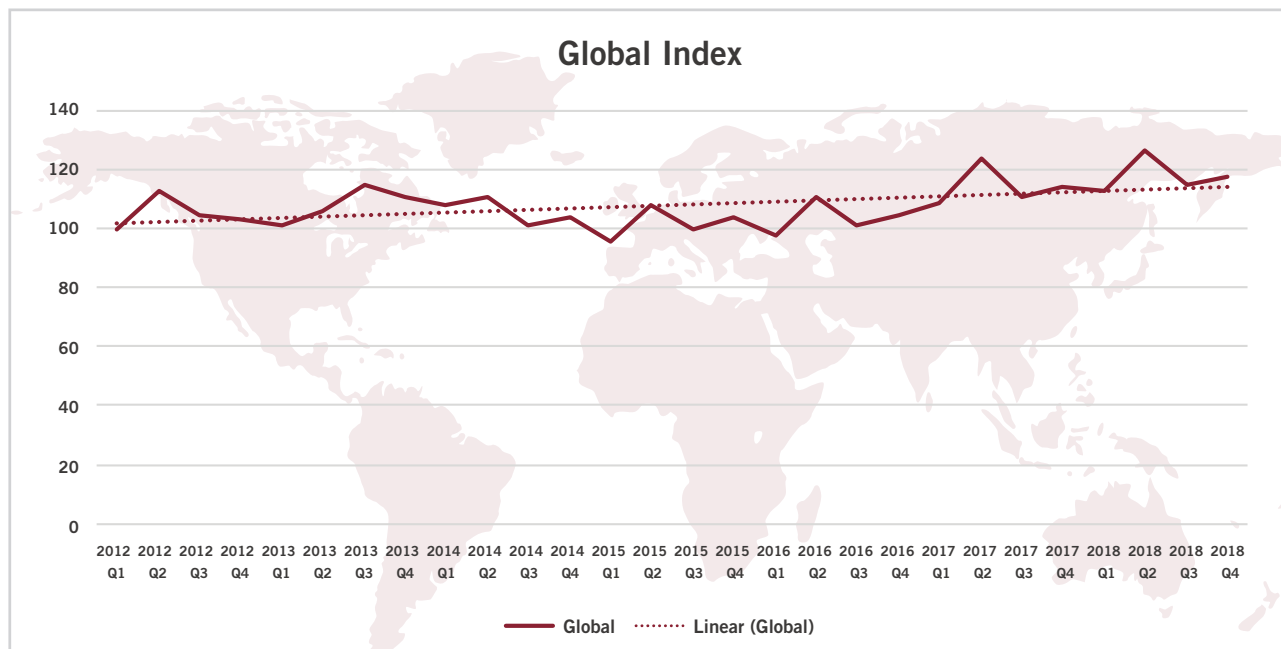
SOUTH AMERICA. Commercial vehicle demand in Brazil is expected to continue the positive trend after a number of years with very low sales primarily due to poor economic conditions. Domestic and export sales started to improve in 2017 and continued through last year. While truck exports are a main reason for this increase,

domestic demand has also significantly improved during the past year. Demand in Argentina is expected to soften as the country struggles with their economy.

JAPAN/KOREA. After lower medium and heavy truck demand in 2018, production levels are expected to be flat this year. Production continues to be transferred from Japan and Korea closer to their traditional export markets.

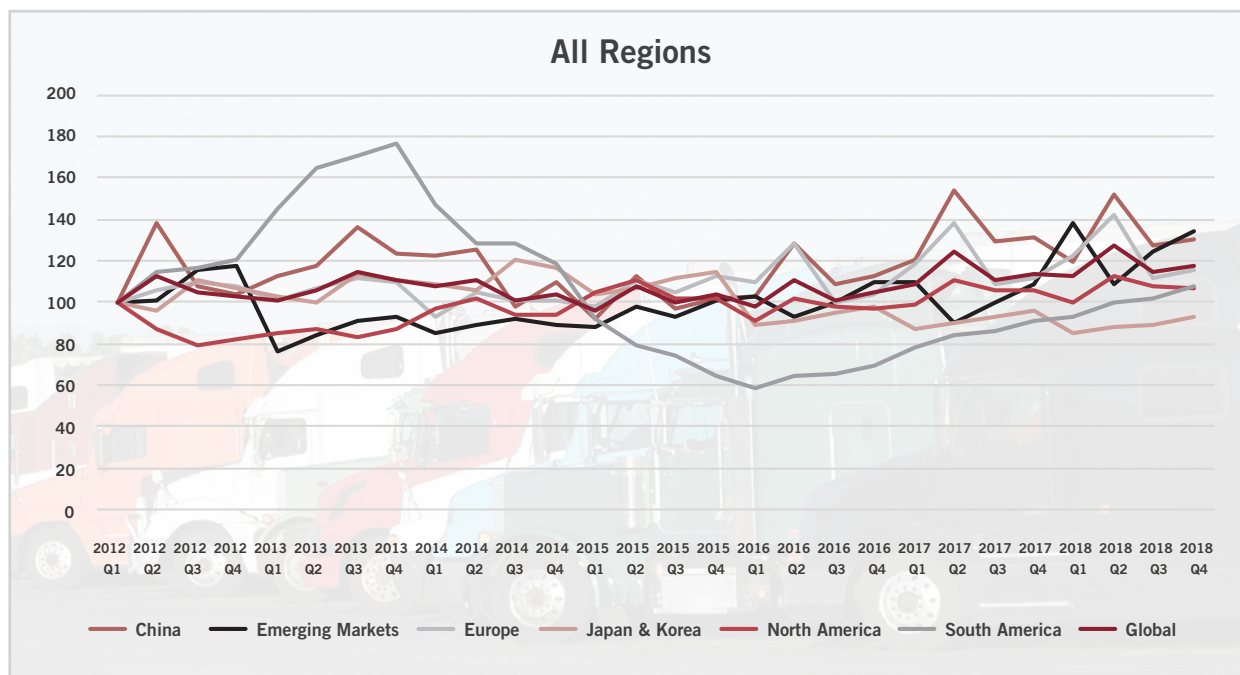
GREATER CHINA. As a result of the GB1589 regulations to control overloading of trucks last year, commercial truck demand was very strong in 2017 and into the first eight months of 2018. However, a slowing economy and relatively high truck capacity and higher truck prices partly due to the cost of emission technology and lower freight rates, demand is expected to decline in the fourth quarter and be somewhat stagnate throughout the forecast period.

The next update of the Power Systems Research TPI will be in April 2019 and will reflect changes in the TPI during Q1 2019. **PSR**



While the economic conditions in the United States is currently strong, the economy is expected to moderate later in 2019 and into 2020. The forecasted economic slowdown in the United States is expected to contribute to a global economic slowdown over the next few years.

Power Systems Research Global Truck Production Index (PSR-TPI) (Class 3-8 Trucks & Bus Chassis)

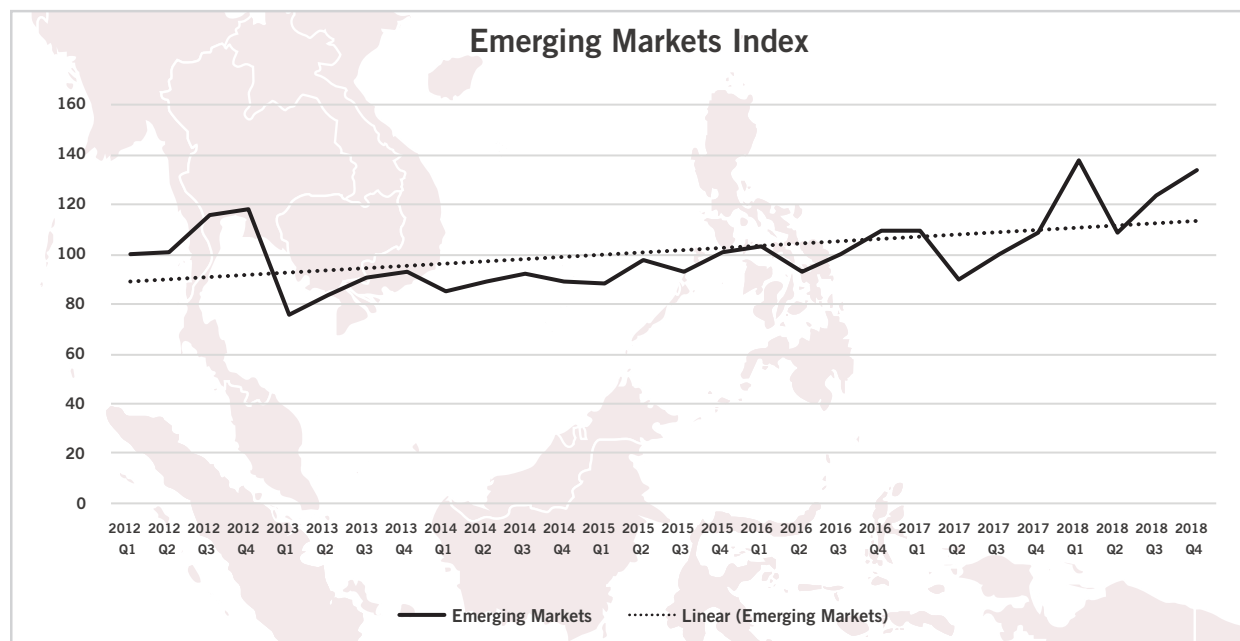


Except for North America, most of the other key regions are beginning to see an economic slowdown. Regarding the commercial truck market, a slowing global economy along with generally strong truck sales during the past few years is placing downward pressure on commercial vehicle adoption rates.

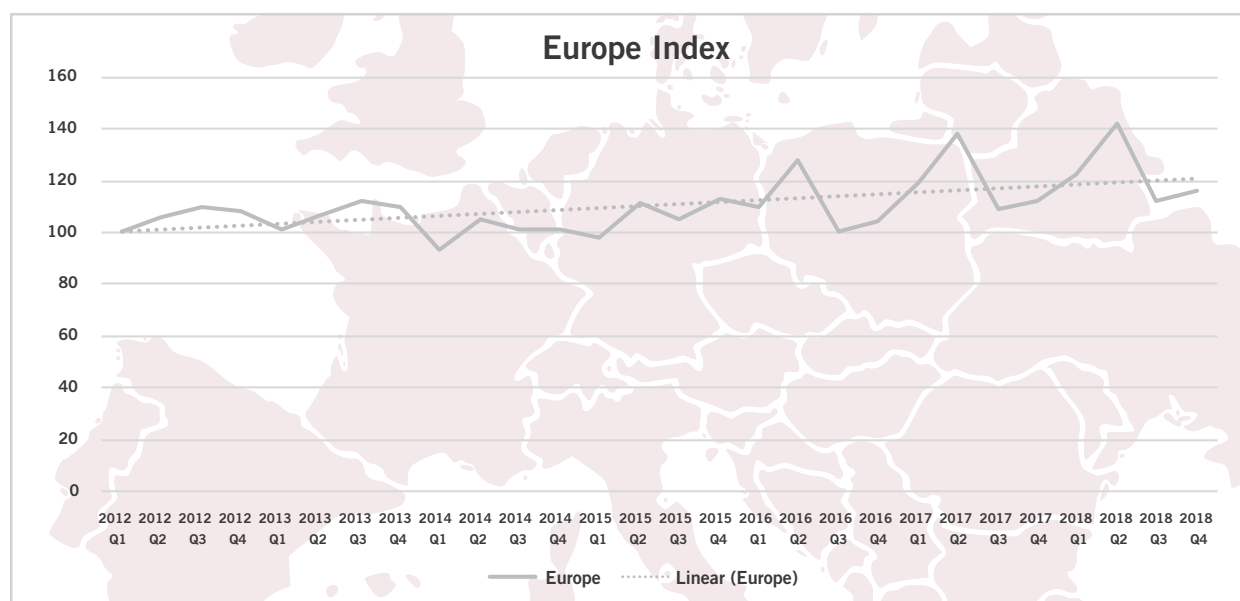


As a result of the GB1589 regulations to control overloading of trucks last year, commercial truck demand was very strong in 2017 and into the first eight months of 2018. However, a slowing economy and relatively high truck capacity and higher truck prices partly due to the cost of emission technology and lower freight rates, demand is expected to decline in the fourth quarter and be somewhat stagnate throughout the forecast period.

Power Systems Research Global Truck Production Index (PSR-TPI) (Class 3-8 Trucks & Bus Chassis)

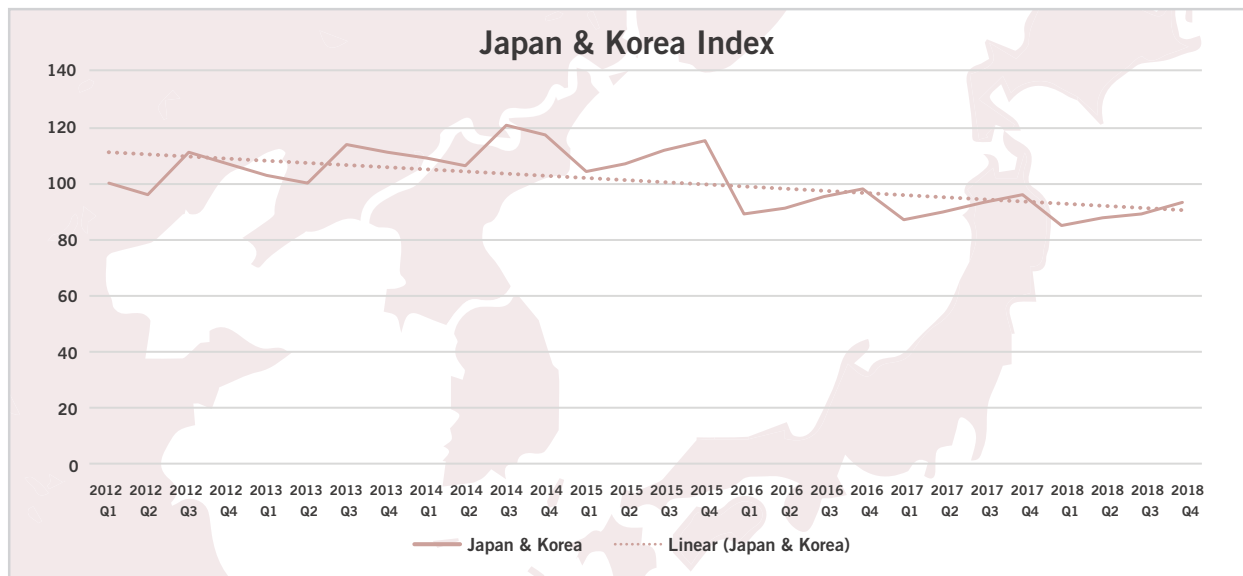


After strong demand in 2018, medium and heavy truck production is expected to decline by 2.8% this year over 2018. In 2018, demand in India was very strong after lower demand in 2017 primarily due to the implementation of the BS-IV emission regulations which increased the cost of the trucks. Additional infrastructure spending is expected to boost demand in India during the next few years.

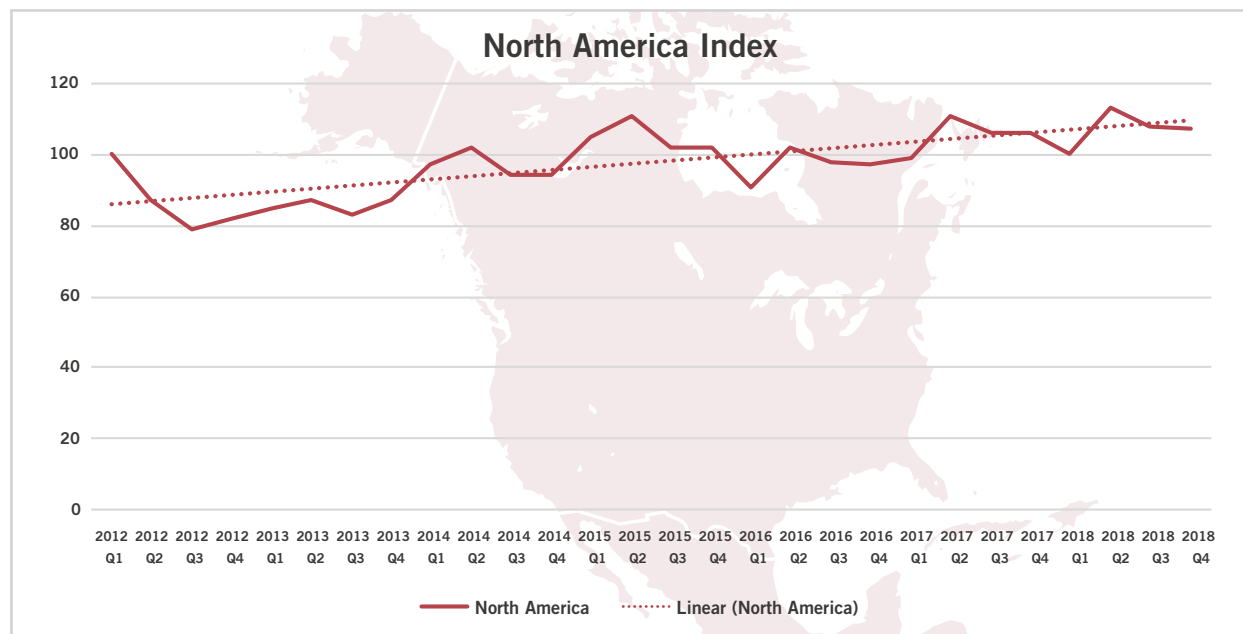


Medium and heavy truck production is expected to increase by 4.8% in Greater Europe this year over 2017. Production in Western Europe should increase by 1.8% while production in Eastern Europe could increase by 15.7% as the fleets continue to replace their aging trucks. After weak demand in Eastern Europe over the past few years a recovery in demand is in full swing. While demand in Western Europe has slowed somewhat this year, it continues to be historically strong.

Power Systems Research Global Truck Production Index (PSR-TPI) (Class 3-8 Trucks & Bus Chassis)

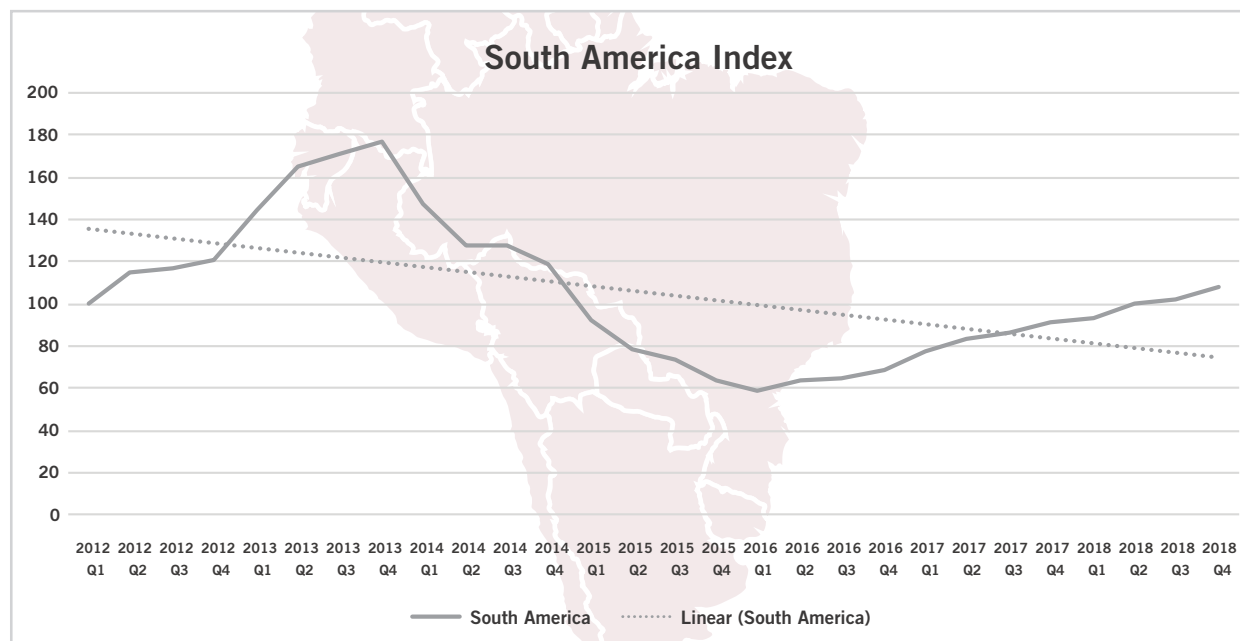


After lower medium and heavy truck demand in 2018, production levels are expected to be flat this year. Production continues to be transferred from Japan and Korea closer to their traditional export markets.



The medium and heavy commercial truck segment is expected to remain strong through much of 2019. Production levels for class 8 trucks continue to be strong driven by record order levels that is expected to continue well into 2019. Order boards are basically filled through the first half of the year. The strong economy is driving the need to replace or expand the fleets. While not as strong as the heavy truck segment, the medium truck segment is having another good year driven in part, by strong consumer and vocational demand.

Power Systems Research Global Truck Production Index (PSR-TPI) (Class 3-8 Trucks & Bus Chassis)



Commercial vehicle demand in Brazil is expected to continue the positive trend after several years with very low sales primarily due to poor economic conditions and the implementation of the Euro VI emission regulations. Domestic and export sales started to improve in 2017 and continued through last year. While truck exports are a main reason for this increase, domestic demand has also significantly improved during the past year. Demand in Argentina is expected to soften as the country struggles with their economy.

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We have many of the largest companies in the world as our customers, including John Deere and Caterpillar. They subscribe to our unique databases, and their facilities around the world access our data and forecasts through the internet 24/7.

We're based in St. Paul, Minnesota, and we have offices and analysts located around the world, from Brussels to Beijing and Tokyo to Brazil, to help us collect and analyze this data.

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