

TPI

Truck Production Index



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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.

2nd Quarter 2017

Power Systems Research Truck Production Index (PSR-TPI) Climbs 14%

ST. PAUL, MN (JULY 14, 2017)—The Power Systems Research Truck Production Index (PSR-TPI) increased from 100 to 114, or 14%, for the three-month period ended June 30, 2017, from the first quarter of 2017. The year-over-year (2nd quarter of 2016 to the 2nd quarter of 2017) gain for the PSR-TPI was, 111 to 114, or 2.7%.

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 of commercial vehicles maintained by Power Systems Research.

SUMMARY: While the global economy is mixed, the overall trend for economic growth remains positive and bodes well for commercial vehicle demand. Commodity prices continue to hinder growth primarily due to overcapacity in the Chinese market.

Regionally, except for South America, India and Turkey regional commercial vehicle demand is typically at historic replacement levels and are expected to remain that way throughout the remainder of the year.

After seeing a couple of poor years for demand in Russia, it appears commercial vehicle sales have rebounded.

Detailed comments are contained with each regional graph.

NORTH AMERICA: Medium and heavy commercial vehicle production is expected to increase by 1.5% this year, compared with 2016. The class 8 heavy truck segment has improved since last quarter and should finish on par with 2016 production. The medium truck (class 4-7) segment is expected to remain strong with production increasing by 5% over last year primarily driven by a strong vocational segment. Demand for class 8 trucks declined last year but appears to have stabilized during the first half of 2017.

TPI authors



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EUROPE: In Greater Europe, production for medium and heavy commercial vehicles is expected to increase by 2.5% this year YoY. After a relatively strong couple of years in Western Europe, demand is expected to be softer this year with production improving YoY by a modest 1.1%. After very low demand in Eastern Europe in recent years, the market has stabilized and is expected to improve by 8.3% this year as fleets upgrade their equipment.

SOUTH ASIA: Most of the countries of South Asia are expected to have a solid year for medium and heavy commercial vehicle demand. However, demand has slowed significantly in India with the strict implementation of the BS-IV emission regulations on April 1, 2017, which increased the cost of vehicles by 6 – 10%.

SOUTH AMERICA: Medium and heavy commercial vehicle production has finally stabilized, but at very low levels, and production is expected to increase compared to 2016. Much of South America remains in recession

or very close to it. Venezuela is currently not producing medium and heavy commercial vehicles.

JAPAN/KOREA: Domestic and export demand for medium and heavy commercial vehicles are expected to be flat this year after coming off a dismal 2016. Production for medium and heavy commercial vehicles is expected to decline by 2% this year. To compete globally, both Japan and Korea rely on traditional export markets. However, the trend is to move vehicle production away from Japan.

GREATER CHINA: Production of medium and heavy commercial vehicles is expected to increase by 4.2% YoY. The Chinese economy continues to struggle but fleets still need to replace aging equipment. We are not expecting any increase in demand for commercial vehicles this year.

The next update of the Power Systems Research TPI will be in October 2017 and will reflect changes in the TPI during Q3 2017. **PSR**

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

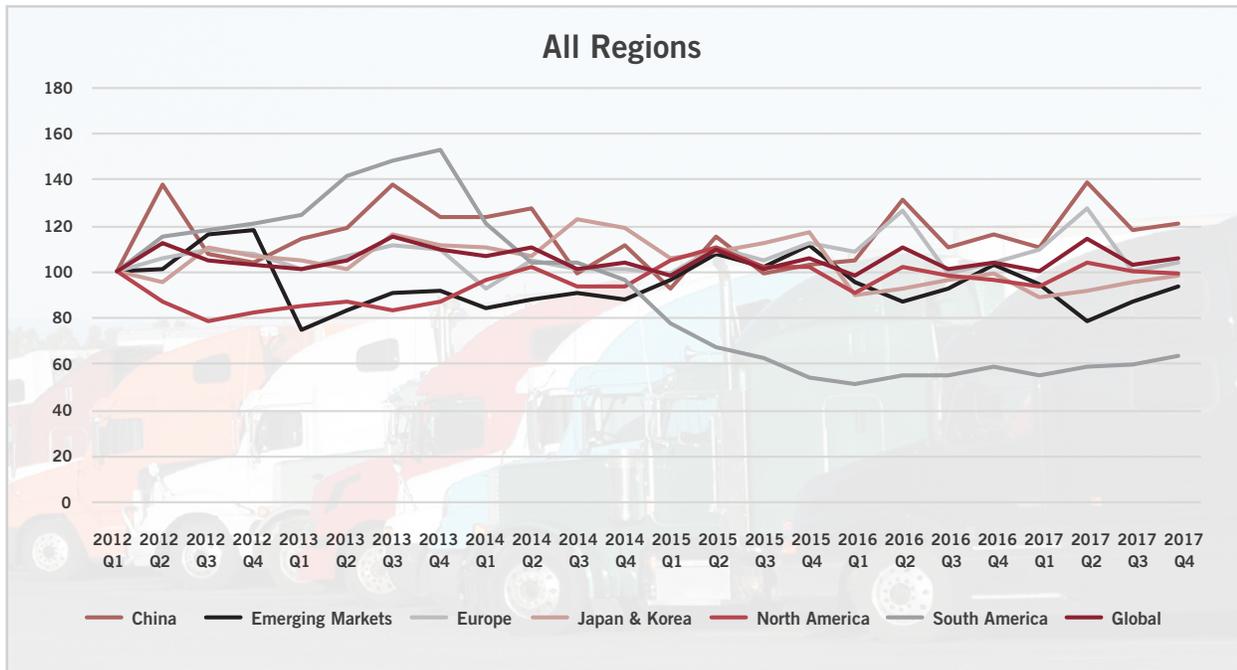
	BASE							
	2012 Q1	2012 Q2	2012 Q3	2012 Q4	2013 Q1	2013 Q2	2013 Q3	2013 Q4
China	100	138	108	104	114	119	138	124
Emerging Markets	100	101	116	118	75	83	91	92
Europe	100	106	110	108	101	107	112	110
Japan & Korea	100	96	111	107	105	101	116	112
North America	100	87	79	82	85	87	83	87
South America	100	115	118	121	125	142	148	153
Global	100	113	105	103	101	105	115	110
Total Volume	1,233,427	1,389,005	1,294,836	1,276,472	1,244,578	1,295,970	1,418,995	1,360,606

	2014 Q1	2014 Q2	2014 Q3	2014 Q4	2015 Q1	2015 Q2	2015 Q3	2015 Q4
China	124	128	99	112	93	115	99	103
Emerging Markets	84	88	91	88	97	108	102	112
Europe	93	105	101	101	99	111	105	113
Japan & Korea	111	107	123	119	106	109	113	117
North America	97	102	94	94	105	111	102	102
South America	121	104	104	97	78	67	63	54
Global	107	111	101	104	98	110	101	106
Total Volume	1,323,058	1,365,459	1,246,067	1,285,695	1,207,035	1,354,775	1,250,202	1,302,921

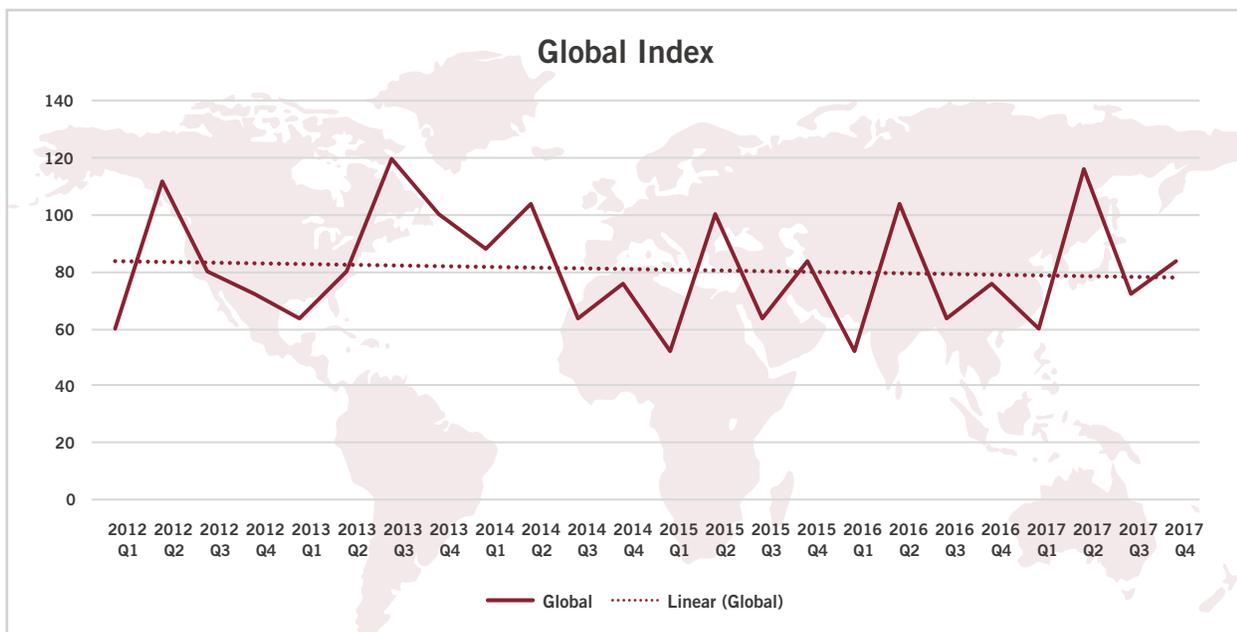
	2016 Q1	2016 Q2	2016 Q3	2016 Q4	2017 Q1	2017 Q2	2017 Q3	2017 Q4
China	105	131	111	116	111	139	118	121
Emerging Markets	96	87	93	103	95	79	87	94
Europe	109	127	99	104	110	128	100	104
Japan & Korea	90	93	97	99	89	92	96	98
North America	91	102	98	97	94	104	100	99
South America	51	55	55	59	55	59	60	64
Global	98	111	101	104	100	114	103	106
Total Volume	1,207,310	1,370,418	1,240,188	1,286,828	1,236,511	1,400,551	1,264,342	1,303,690

Source: CV Link™

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

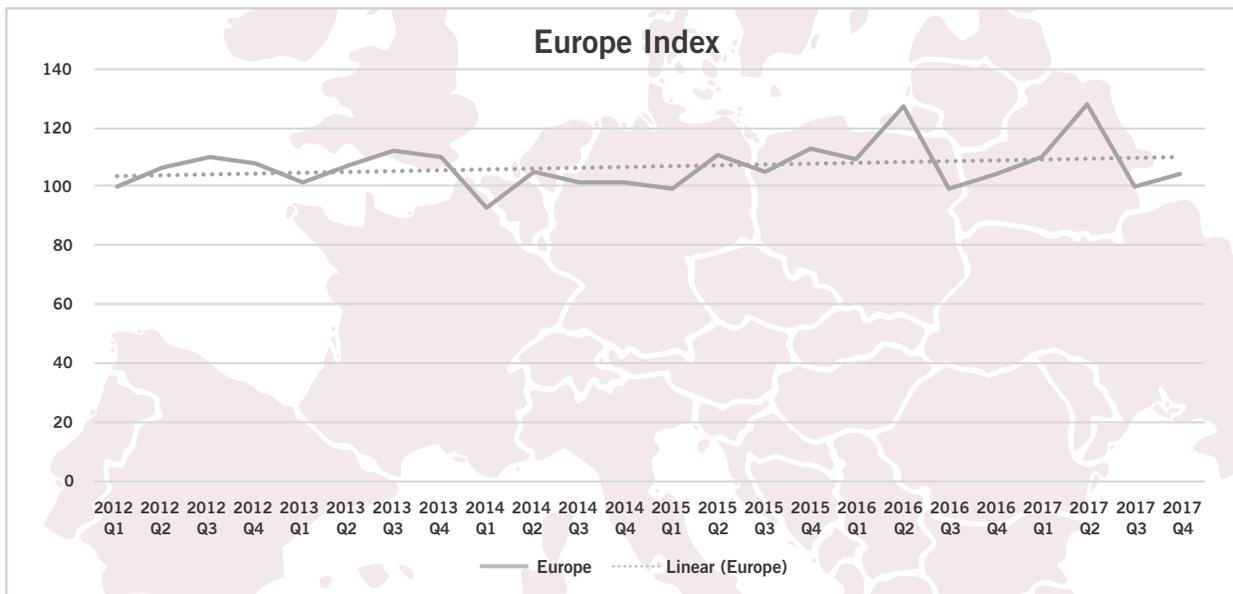


With the exception of South America, India and Turkey regional commercial vehicle demand is typically at historic replacement levels and are expected to remain that way throughout the remainder of the year. After seeing a couple of poor years for demand in Russia, it appears commercial vehicle sales have rebounded.

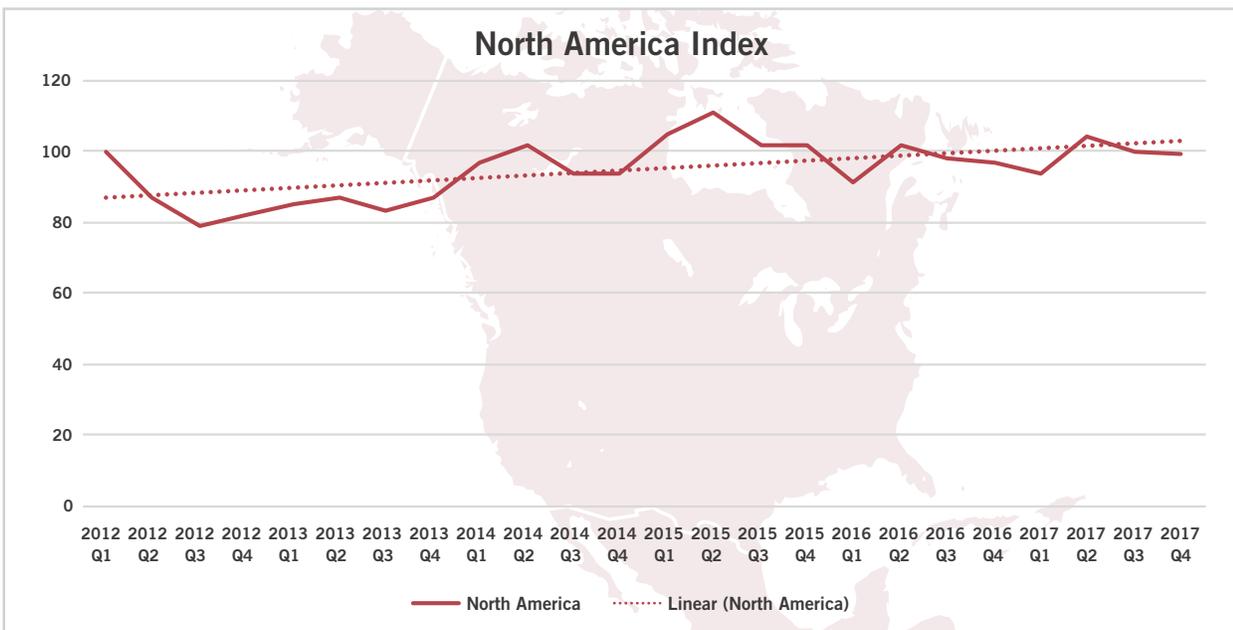


While the global economy is mixed, the overall trend for economic growth remains positive and bodes well for commercial vehicle demand. Commodity prices continue to hinder growth primarily due to overcapacity in the Chinese market.

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

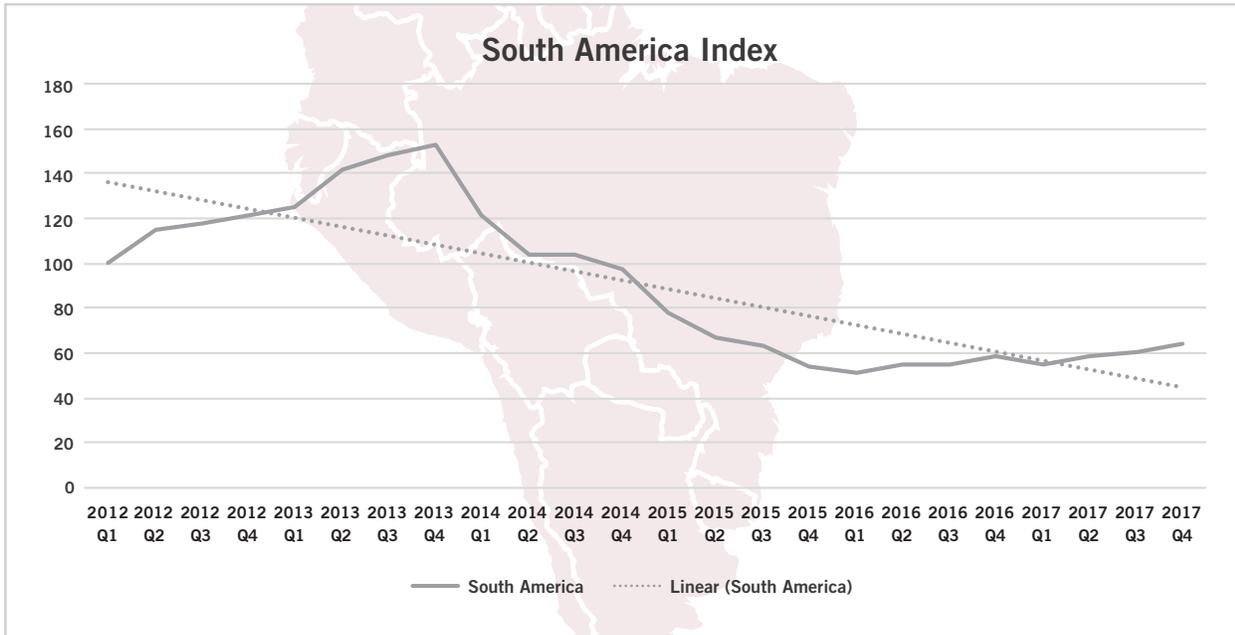


In Greater Europe, production for medium and heavy commercial vehicles are expected to increase by 2.5% this year compared with 2016. After a relatively strong couple of years in Western Europe, demand is expected to be softer this year with production improving by a modest 1.1% compared with last year. After very low demand in Eastern Europe during the past few years, the market has stabilized and is expected to improve by 8.3% this year as fleets need to upgrade their equipment.



Medium and heavy commercial vehicle production is expected to increase by 1.5% this year compared with 2016. The class 8 heavy truck segment has shown improvement since last quarter and should finish on par with 2016 production. The medium truck (class 4-7) segment is expected to remain strong with production increasing by 5% over last year primarily driven by a strong vocational segment. Demand for class 8 trucks was in decline last year but appears to have stabilized during the first half of 2017.

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

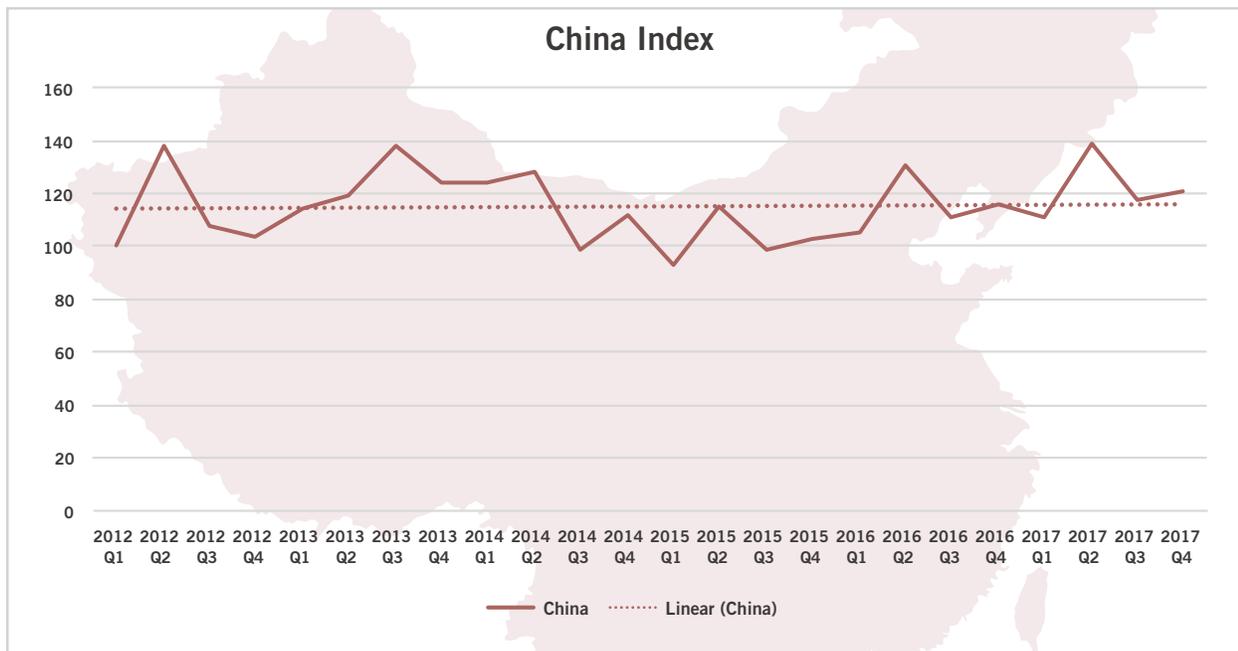


Medium and heavy commercial vehicle production appears to have finally stabilized albeit, at very low levels and production is expected to increase compared to 2016. Much of South America remains in recession or very close to it and stagnate domestic economies along with low commodity prices continue to put pressure on both domestic and export demand. This will likely continue throughout the rest of the year. Venezuela is currently not producing medium and heavy commercial vehicles.

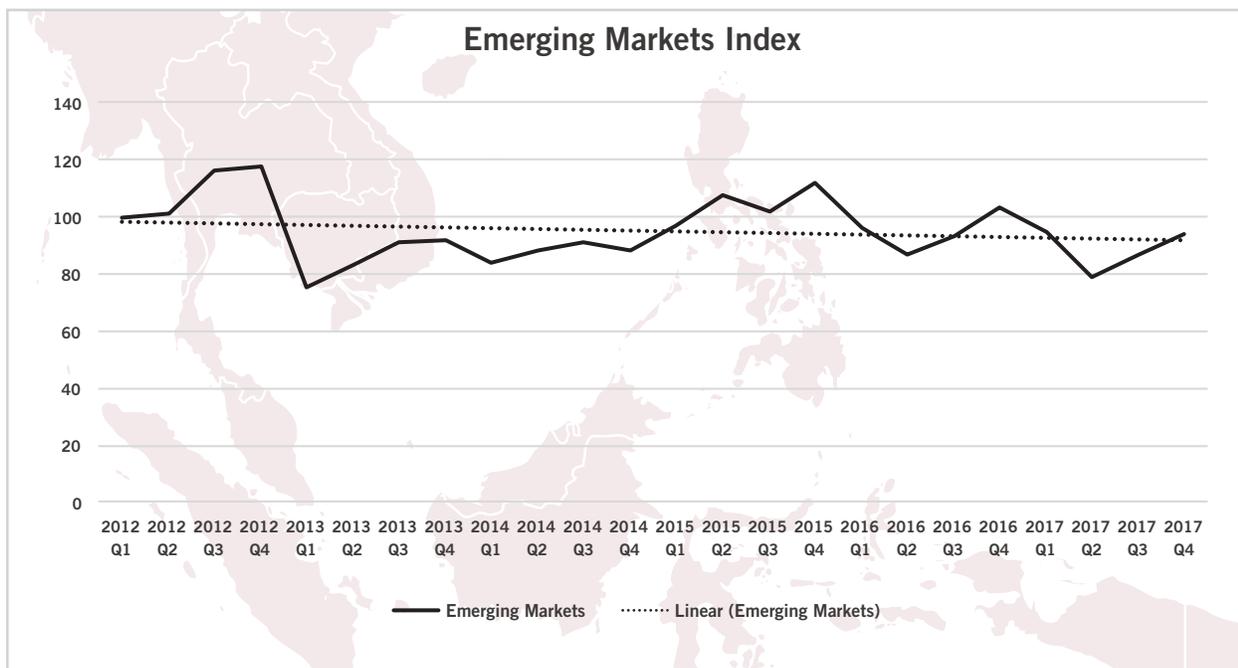


Domestic and export demand for medium and heavy commercial vehicles are expected to be flat this year after coming off a dismal 2016. Production for medium and heavy commercial vehicles is expected to decline by 2% this year. In Japan, the government moved out a scheduled tax increase to October 2019 due to the economic weakness in the country. To compete globally, both Japan and Korea rely on traditional export markets for increase revenue.

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



Production of medium and heavy commercial vehicles are expected to increase by 4.2% this year over 2016. The Chinese economy continues to struggle with overcapacity primarily in real estate and manufacturing however the fleets still need to replace aging equipment. We are not expecting any increase in expansion demand for commercial vehicles through the remainder of the year.



Most of the countries of South Asia are expected to have a solid year for medium and heavy commercial vehicle demand. However, demand has slowed significantly in India with the strict implementation of the BS-IV emission regulations on April 1st which increased the cost of the vehicles by 6 – 10%. There was very little truck pre-buy during the first quarter but a sharp decline in demand during the second quarter. Expect lower demand throughout the year.



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Power Systems Research has been tracking the production of engines and their use around the world for 41 years. We're the leading company in the world doing this research and building these databases.

We have many of the largest companies in the world as our customers. 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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