

# TPI

October 25, 2019

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## Truck Production Index



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.

### Third Quarter 2019

#### Q3 2019 Power Systems Research Truck Production Index (PSR-TPI) falls 9.4%

*ST. PAUL, MN* — The Power Systems Research Truck Production Index (PSR-TPI) dropped from 128 to 116, or 9.4%, for the three-month period ended Sept. 30, 2019, from Q2 2019. The year-over-year (Q3 2018 to Q3 2019) loss for the PSR-TPI was, 120 to 116, or 3.3%.

Total global truck production for Q3 2019 was 1,431,959, up from 1,481,020 in Q3 2018.

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

**Global Index:** Much like the global economy, medium and heavy truck demand has slowed this year and is expected to remain soft throughout 2020. Currently, a global recession is not forecasted but a cooling off is expected over the longer term.

**All Regions:** Commercial truck demand in North America and portions of Eastern Europe have been relatively strong for much of the year while most other regions have experienced a slowdown. PSR expects a continued slowdown in medium and heavy truck demand for most regions in 2020.

**North America:** While demand for medium and heavy commercial trucks have been very strong this year, a slowdown in demand has started and PSR expects significantly lower class 8 truck production in 2020 as a result of a slowing economy, lower freight rates, uncertainty surrounding the tariff situation and an overcapacity of heavy trucks in the market.

**Europe:** Demand for medium and heavy commercial trucks continues to slow in Western Europe as the global economy has weakened and trade tariffs are having a negative impact on the European economy. Germany is currently teetering on recession as demand for vehicles has declined in recent months.

#### TPI authors



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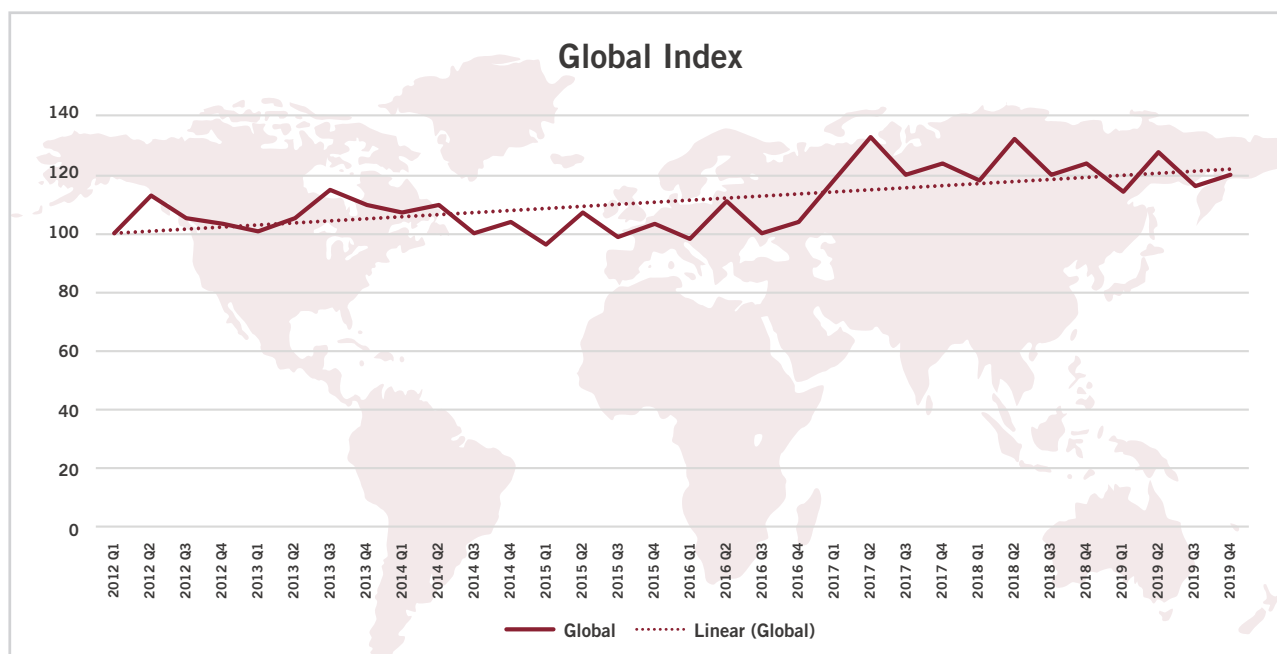
**South Asia:** Medium and heavy truck demand has been slowing throughout the year as the global economy is experiencing some weakness which is expected to continue into 2020. After very strong demand in India over the past few years, the market is at overcapacity. This, along with the introduction of the BS-VI emission regulations on April 1, 2020, will continue to put pressure demand. Commercial vehicles that do not meet BS-VI emissions standards cannot be sold in India after April 1, 2020.

**South America:** Medium and heavy truck production is expected to increase by 5.2% this year, driven by Brazilian production. Improved demand in both the domestic and export markets continue to drive sales. After several years of low demand as a result of relatively young fleets and a very poor economy, demand started to improve during the past few years as the truck companies needed to replace their older trucks.

**Japan/Korea:** Medium and heavy truck production is expected to decline by 2.7% this year as both the domestic and export economies slow. Some of the decline in exports may be attributed to uncertainty surrounding tariffs. Most of the production in Japan is for export which provides for very diverse vehicle markets.

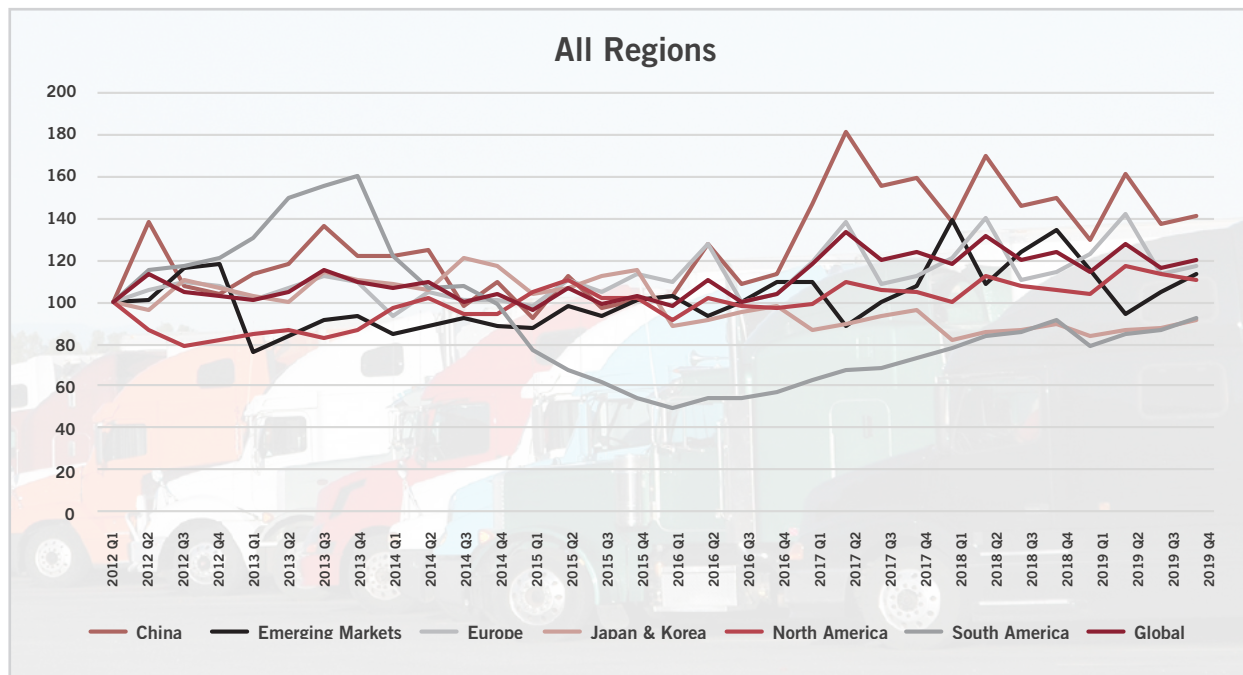
**Greater China:** Medium and heavy truck demand is expected to decline slightly this year primarily due to a slowing economy, relatively high truck capacity and higher truck prices partly due to the cost of emission technology. Lower freight rates are also pressuring truck demand. It is unknown how much of an impact the trade tariffs play into this. The combination of a slowing economy and relatively high truck capacity, demand is expected to be soft during the next few years.

The next update of the Power Systems Research TPI will be in January 2020 and will reflect changes in the TPI during Q4 2019. **PSR**

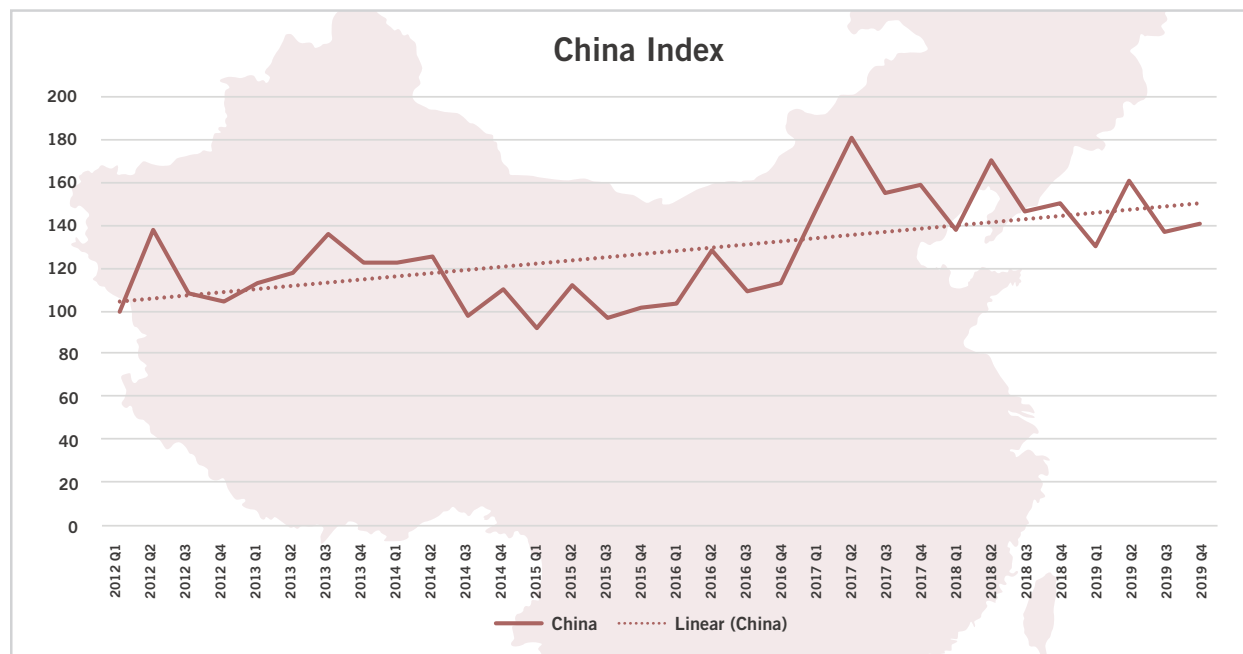


Much like the global economy, medium and heavy truck demand has slowed this year and is expected to remain soft throughout 2020. Currently, a global recession is not forecasted but rather a cooling off is expected over the longer term.

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

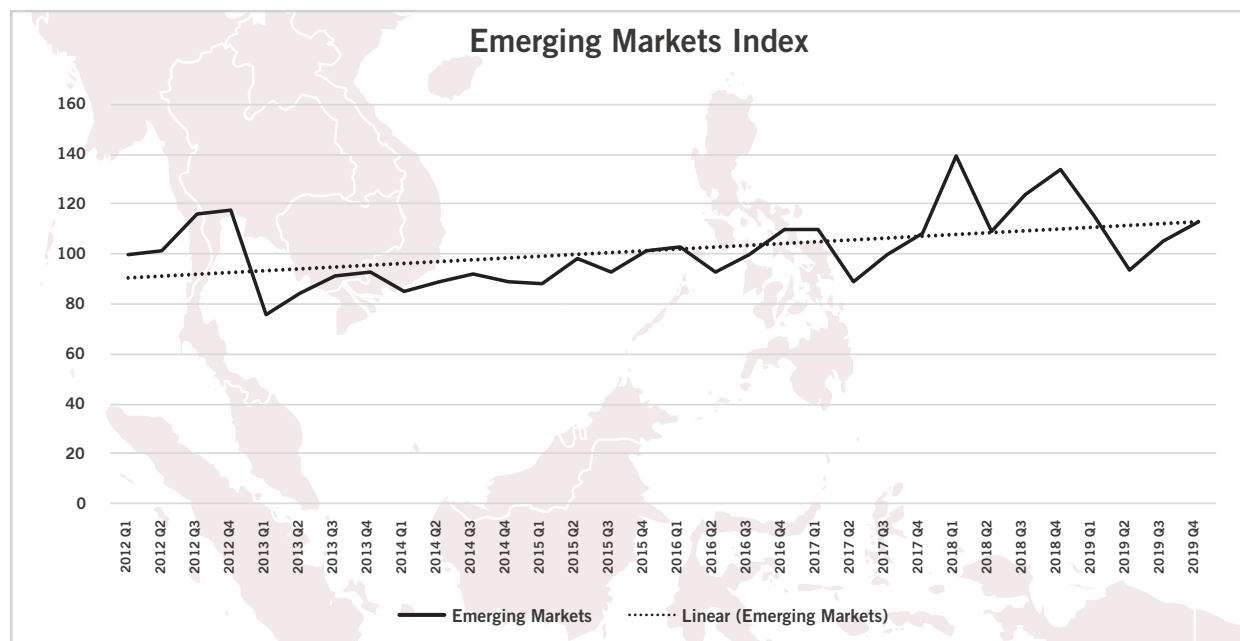


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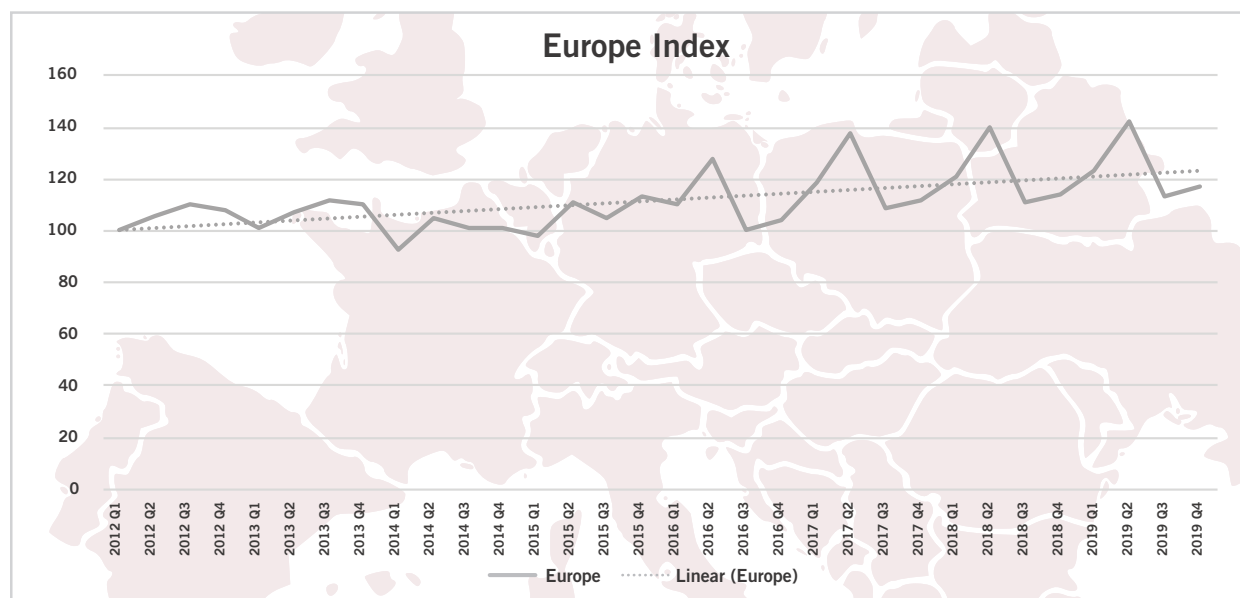


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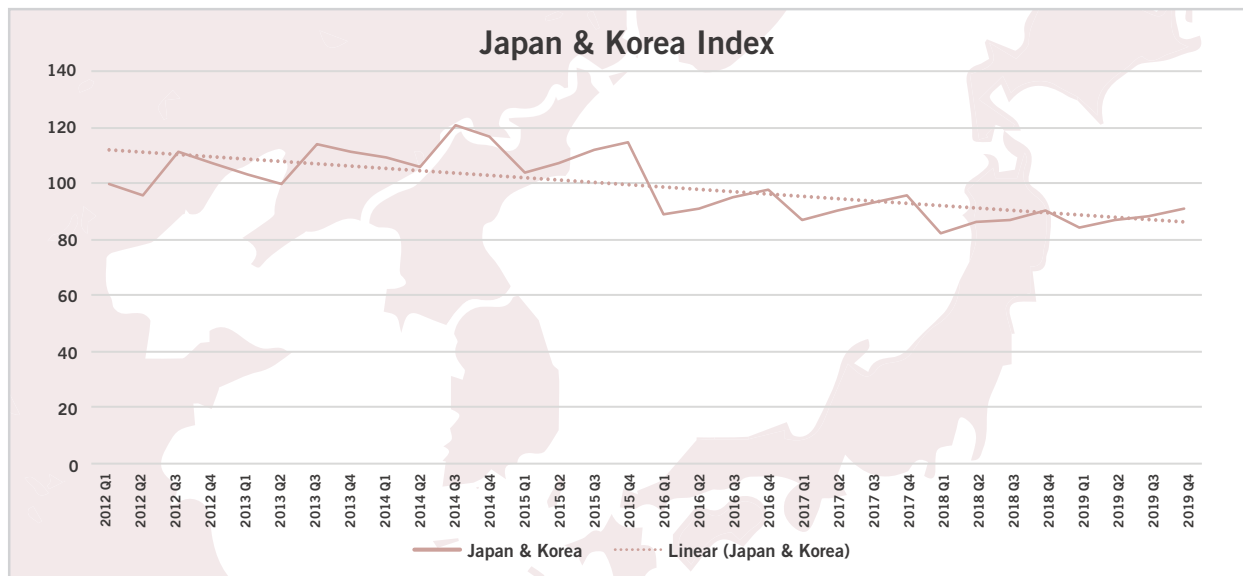


Medium and heavy truck demand has been slowing throughout the year as the global economy is experiencing some weakness which is expected to continue into 2020. After very strong demand in India over the past few years, the market is at overcapacity. This along with the introduction of the BS-VI emission regulations on April 1st will continue to put pressure demand. Commercial vehicles that do not meet BS-VI emissions standards cannot be sold in India after April 1st.

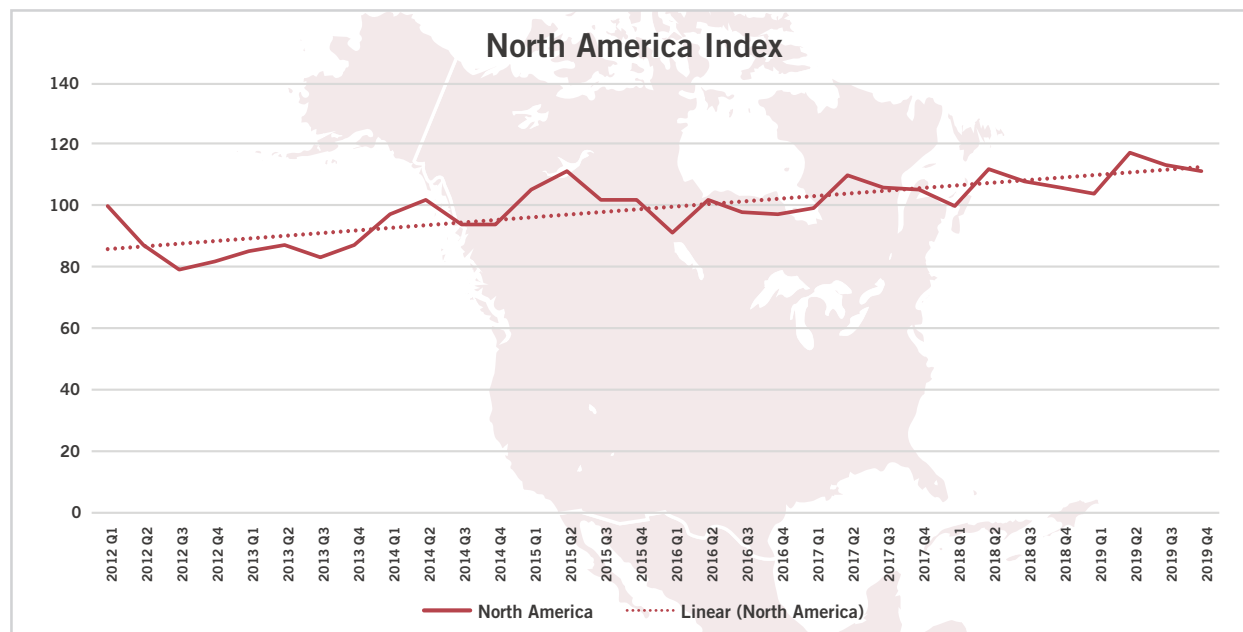


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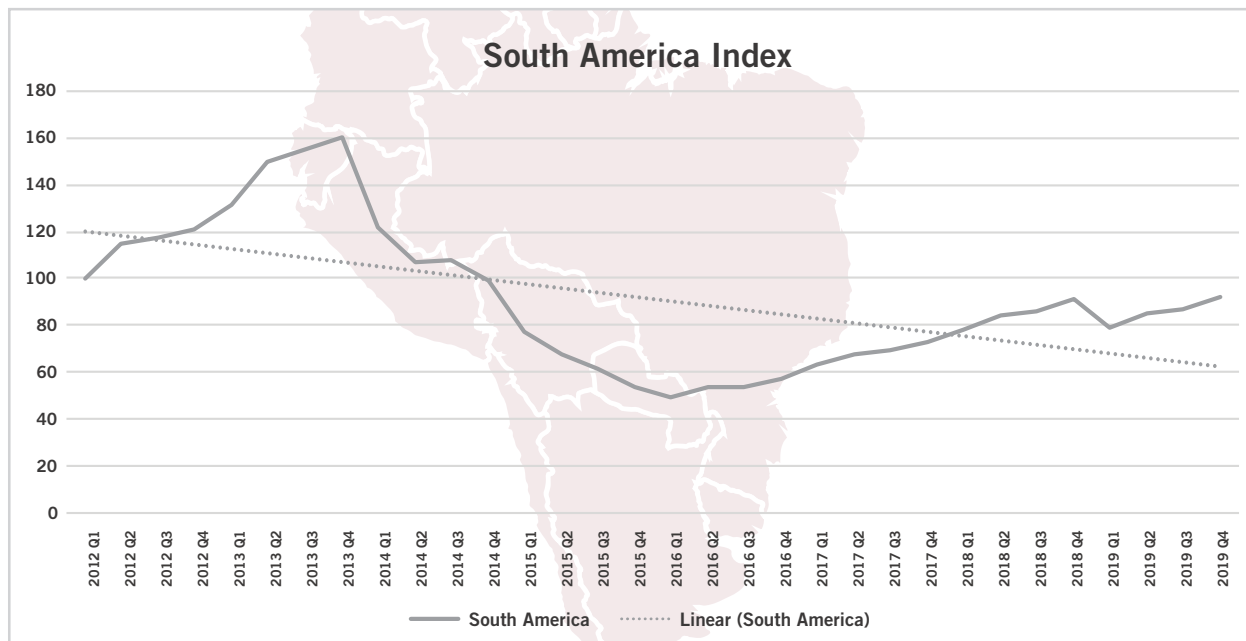


Medium and heavy truck production is expected to decline by 2.7% this year as both the domestic and export economies slow. Some of the decline in exports may be attributed to uncertainty surrounding tariffs. Most of the production in Japan is for export which provides for very diverse vehicle markets.



While demand for medium and heavy commercial trucks remained very strong this year, a slowdown in demand has started and PSR expects significantly lower class 8 truck production in 2020 as a result of a slowing economy, lower freight rates, uncertainty surrounding the tariff situation and an overcapacity of heavy trucks in the market.

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



Medium and heavy truck production is expected to increase by 5.2% this year driven by Brazilian production. Improved demand in both the domestic and export markets continue to drive sales. After several years of low demand as a result of relatively young fleets and a very poor economy, demand started to improve during the past few years as the truck companies needed to replace their older trucks.

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Power Systems Research has been tracking the production of engines and their use around the world for more than 40 years. We're the leading company in the world doing this research and building these databases.

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