

TPI

Truck Production Index



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www.powersys.com | +1-651-905-8400 | info@powersys.com

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.

First Quarter 2020

Q1 2020 Power Systems Research Truck Production Index (PSR-TPI) falls 31.1%

ST. PAUL, MN — The Power Systems Research Truck Production Index (PSR-TPI) decreased from 122 to 84, or 31.1%, for the three-month period ended March 31, 2020, from Q4 2019. The year-over-year (Q1 2019 to Q1 2020) loss for the PSR-TPI was, 116 to 84, or 27.6%.

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.

All Regions: Prior to the spread of the Coronavirus, most regions were experiencing a slowdown in commercial truck demand. Depending on the duration of the virus, several countries are expected to slip into recession or a significant economic slowdown as a result.

Global Index: The possibility of a global recession now exists but it is uncertain how severe this may be. Some regions will fair better than others.

North America: The introduction of the Coronavirus along with an overcapacity of heavy trucks will lead to significantly lower demand in 2020. Prior to the Coronavirus outbreak, concerns about the Chinese tariffs and an overall slowdown in global economic growth were causing some headwinds for truck demand.

Europe: Prior to the spread of the Coronavirus, a slowdown in demand for medium and heavy commercial trucks in 2020 was expected due to a softening in both the domestic and export markets. The potential fallout from Brexit, unrest in France along with concerns about the impact of tariffs had already placed negative pressure on the European market.

TPI authors



Chris Fisher is the senior commercial vehicle analyst at Power Systems Research



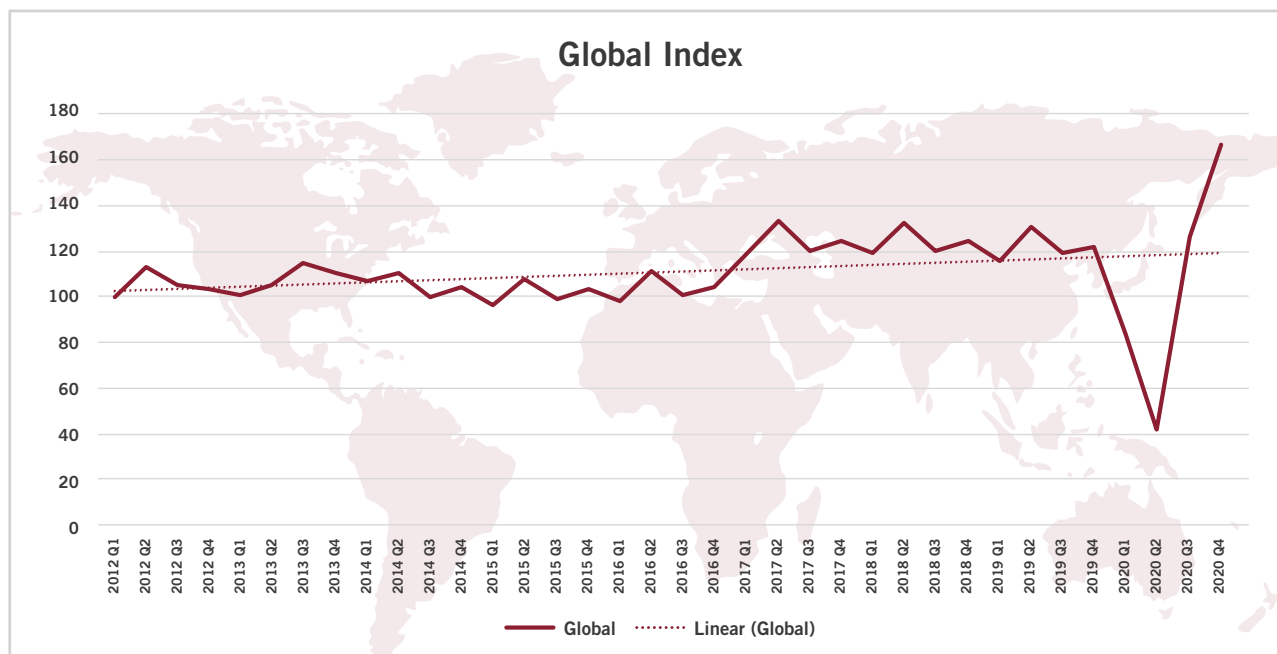
Jim Downey is vice president - global data products at Power Systems Research

South Asia: MHCV sales continued the downward slide for the sixth quarter since October 2018 in Q1 2020. The decline was caused by a slowing economy and manufacturing output, lower consumption and tighter financing. The problem was compounded by a transition to BSVI, high base effect of 2018 and Q1 2019, excess capacities available due to revised axle load norms, falling freight rates and under-utilization of fleets. We believe the recovery in the MHCV segment will be delayed for another two or three quarters. With BSVI implementation, CV prices are likely to be increased by 10%-15%, which will further dampen the demand up to Q3 2020.

South America: Demand for medium and heavy commercial vehicles was relatively strong heading into this year but the spread of the Coronavirus is expected dampen both domestic and export demand. Bus demand is expected to be particularly weak this year.

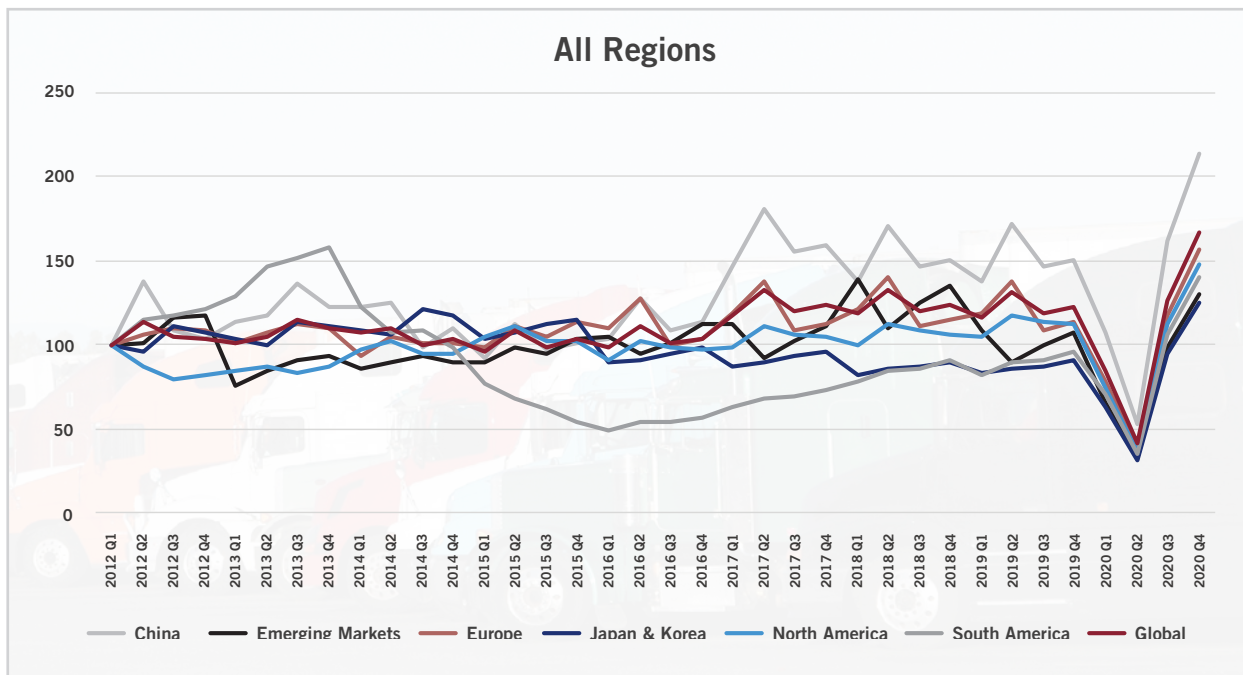
Japan/Korea: Medium and heavy truck production is expected to decline this year as both the domestic and export economies slow. Some of this is attributed to the surrounding tariffs but the global spread of the Coronavirus will place significant pressure on demand moving forward. A significant amount of commercial truck production in this region is exported throughout the global market.

Greater China: Significant headwinds driven by the impact of the Coronavirus, the additional cost of Euro V emission regulations, the effects of the tariffs and an overcapacity of trucks in the Chinese market has lowered demand this year. While it does appear the worst of the virus is over in China, commercial truck demand is expected to remain low through the remainder of the year. **PSR**

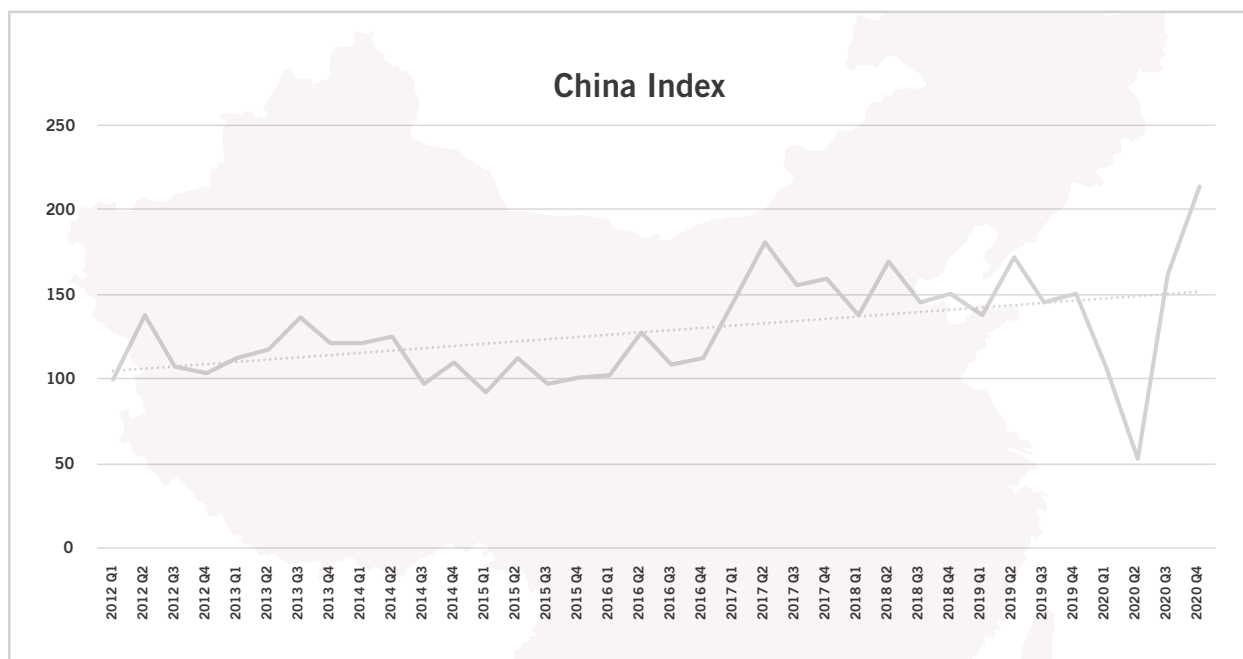


The possibility of a global recession now exists but it is uncertain how severe this may be. Some regions will likely fair better than others.

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

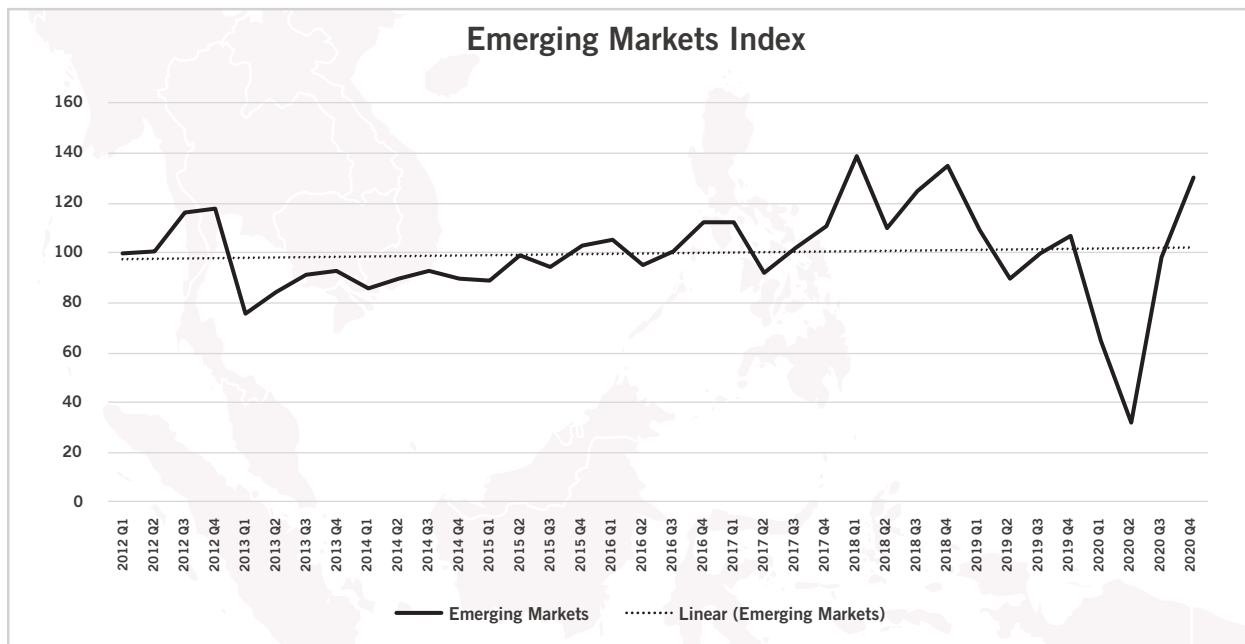


Prior to the spread of the Coronavirus, most regions were experiencing a slowdown in commercial truck demand. Depending on the duration of the virus, a number of countries are expected to slip into recession or a significant economic slowdown as a result of this pandemic.

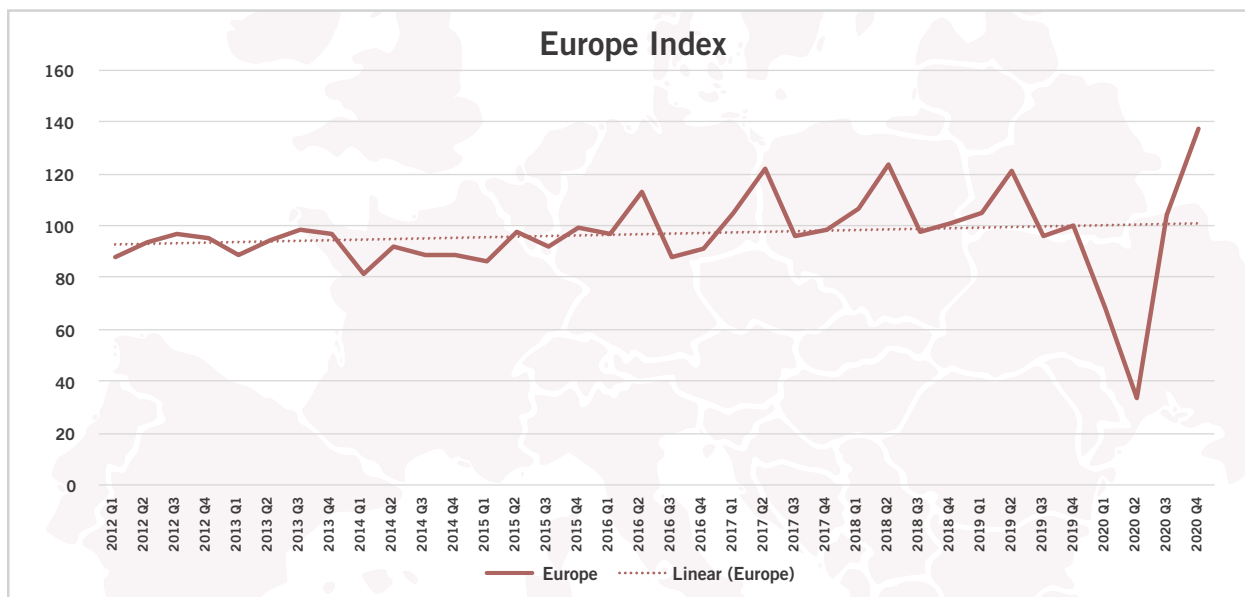


Significant headwinds driven by the impact of the Coronavirus, the additional cost of Euro V emission regulations, the effects of tariffs and an overcapacity of trucks in the Chinese market has lowered demand this year. While it does appear the worst of the virus is over in China, commercial truck demand is expected to remain low through the remainder of the year.

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

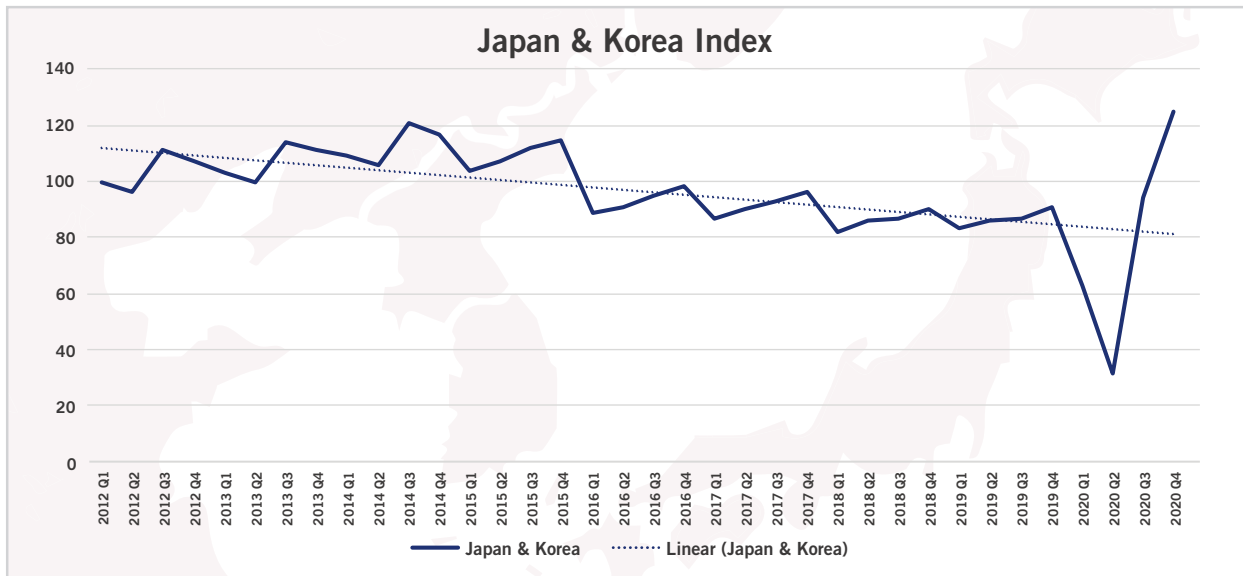


In India, MHCV sales continued the downward slide for the sixth quarter since October 2018 in Q1 2020. The decline was caused by a slowing economy and manufacturing output, lower consumption and tighter financing. The problem was compounded by a transition to BSVI, high base effect of 2018 and Q1 2019, excess capacities available due to revised axle load norms, falling freight rates and under-utilization of fleets. We believe the recovery in the MHCV segment will be delayed for another two or three quarters.

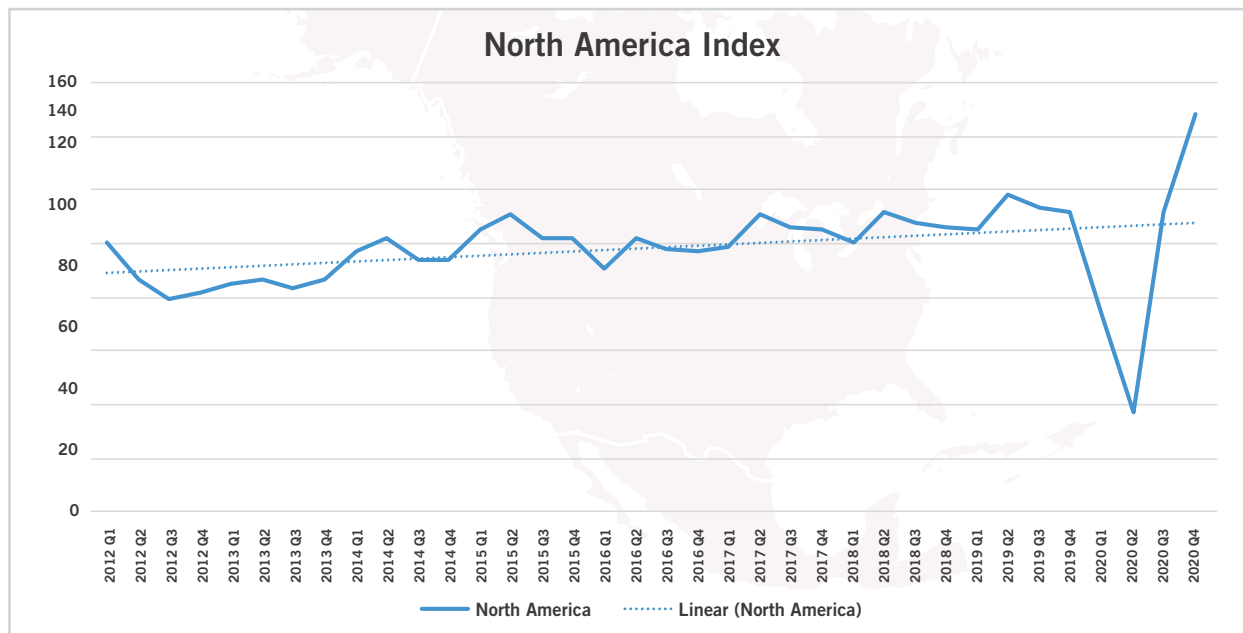


Prior to the spread of the Coronavirus, a slowdown in demand for medium and heavy commercial trucks in 2020 was expected due to a softening in both the domestic and export markets. The potential fallout from Brexit, unrest in France and concerns about the impact of tariffs had already placed negative pressure on the European market. Production levels primarily in Southern Europe will be extremely weak in the second and third quarter of 2020.

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

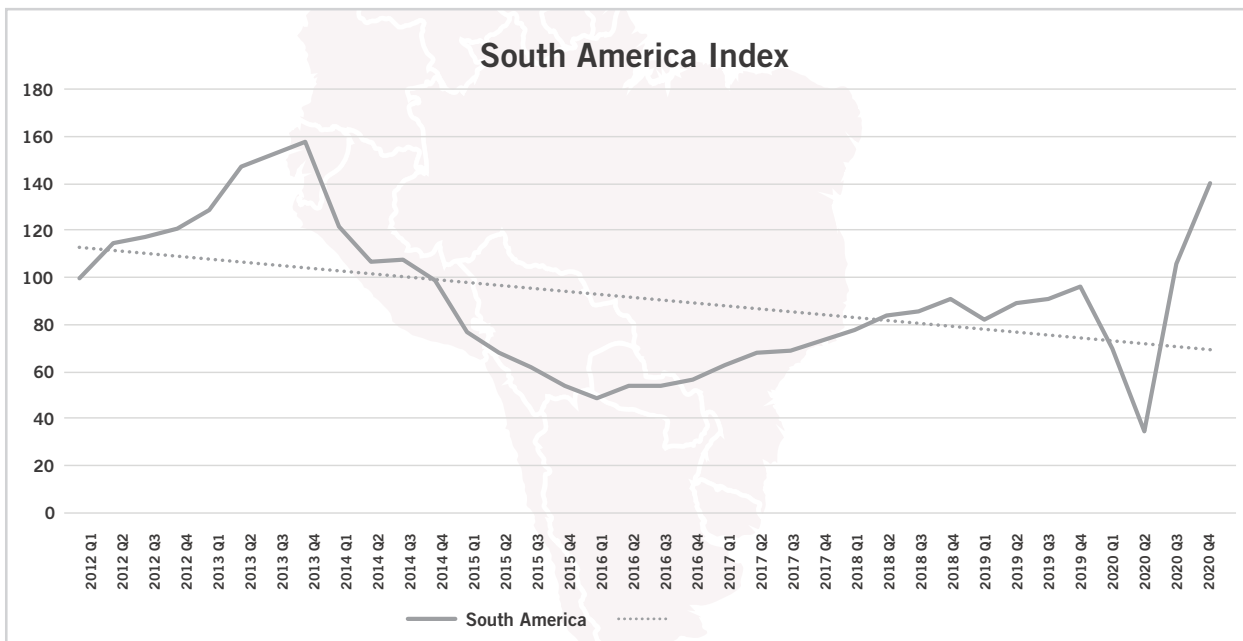


Medium and heavy truck production is expected to decline this year as both the domestic and export economies slow. Some of this is attributed to the surrounding tariffs but the global spread of the Coronavirus will place significant pressure on demand moving forward. A significant amount of commercial truck production in this region is exported throughout the global market.



The introduction of the Coronavirus along with an overcapacity of heavy trucks will lead to significantly lower demand in 2020. Prior to the Coronavirus outbreak, concerns about the Chinese tariffs and an overall slowdown in global economic growth were causing some headwinds for truck demand. Production is expected to be sharply lower during the second and third quarters before improving in Q4 2020.

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



Demand for medium and heavy commercial vehicles was relatively strong heading into this year but the spread of the Coronavirus is expected to have a negative impact on both domestic and export demand. Bus demand is expected to be particularly weak this year.

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1365 Corporate Center Curve | Eagan, MN 55121 | +1 651.905.8400 | www.powersys.com



Locations

Headquarters

St. Paul, USA

+1.651.905.8400

info@powersys.com

Beijing, China

+86.10.5737.9201

infocn@powersys.com

Brussels, Belgium

+ 32.2.643.2828

infobr@powersys.com

Campinas, Brazil

+55.19.3305.5657

infosa@powersys.com

Detroit, USA

+1.651.905.8452

+1.651.905.8443

infode@powersys.com

Moscow, Russia

+ 32.2.643.2828

inforu@powersys.com

Pune, India

+91.20.25671110

Mobile: +91.9960641110

infoin@powersys.com

Tokyo, Japan

+91.90.9139.0934

infojp@powersys.com

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