

TPI

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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 OE Link™, the proprietary database maintained by Power Systems Research.

Fourth Quarter 2020

Q4 2020 Power Systems Research Truck Production Index (PSR-TPI) climbs 35%

ST. PAUL, MN — The Power Systems Research Truck Production Index (PSR-TPI) increased from 109 to 147, or 35%, for the three-month period ended Dec. 31, 2020, from the Q3 2020. The year-over-year (Q4 2019 to Q4 2020) gain for the PSR-TPI was 121 to 147, or 21%.

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 OE Link™, the proprietary database maintained by Power Systems Research.

Global Index: Overall, this year is expected to be an improvement in commercial vehicle demand compared with 2020. While the Coronavirus is expected to remain through much of this year, the negative impact on the global economy should not be as significant as it was in 2020.

All Regions: With the exception of China, PSR expects all of the other regions to experience improvement in commercial vehicle demand this year and likely into 2022 as fleets look to replace their aging vehicles.

North America: Commercial truck demand rebounded in Q4 2020 particularly in the class 8 segment. Order rates for class 8 came in stronger than expected which bodes well for production through at least the first half of 2021. Freight rates remain relatively high and this trend is expected to continue throughout the year. Congress passed another round of economic stimulus which will also bode well for commercial vehicle adoption. While the Coronavirus continues to negatively impact the economy overall, PSR does not believe the effects will cause a significant slowdown in demand this year.

Europe: Through eleven months of 2020, European commercial truck sales declined by 27% compared with 2019. Heavy truck sales declined by approximately 29% during the eleven-month period. However, Q4 2020 showed significant improvement in sales and orders which will bode well for production this year. The medium and heavy bus segment also showed significant improvement in the fourth quarter. While the Coronavirus will continue to be a drag on regional economies, PSR expects the worst to be behind us and gradually improving demand is expected moving forward.

TPI authors



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South Asia: The Indian economy has recovered at a much faster rate than expected during the Q4 2020. In the MHCV segment, class 6 & 7 performed better due to the rapidly expanding e-commerce sector and improving automotive sales. The utilization rate of the class 8 segment is improving but has yet to cross the threshold to trigger significant new demand. The bus segment continues to struggle primarily because of the work-from-home push by the government, travel restrictions and people generally avoiding public transportation. The industry is likely to witness a headwind due to overcapacity in the market, continued driver shortages and the increased traction of rail transport. The recently launched PLI scheme will provide an additional push to the market from 2022.

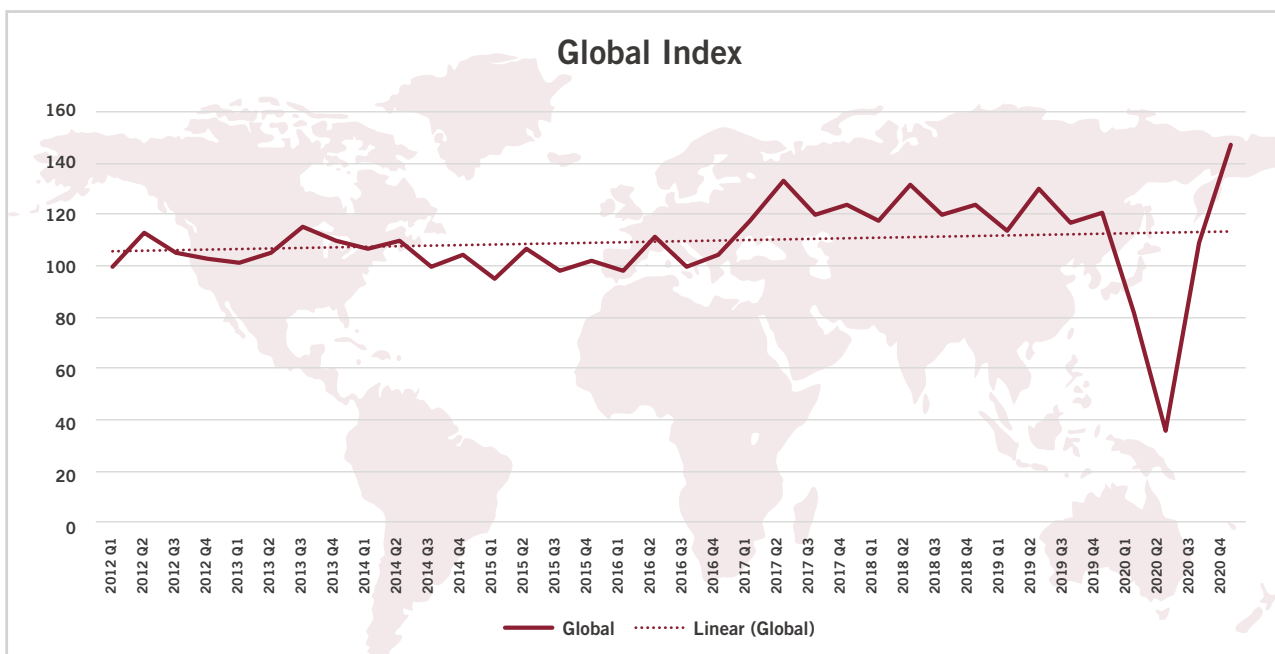
South America: Medium and heavy commercial vehicle production declined by approximately 27% in 2020 with heavy truck and buses seeing the sharpest decline. Much like North America and Europe, demand started to improve during the fourth quarter of 2020 and PSR expects production to increase to the levels seen in 2019 prior to the Coronavirus outbreak. Production will be driven by both the domestic and export markets this year.

Japan/Korea: While PSR expects medium and heavy commercial vehicle production to improve by double digits this year, it will likely be 2022 before demand improves to replacement and expansionary levels. Export demand is expected to improve quicker than domestic demand in both Japan and South Korea.

Greater China: Medium and heavy commercial truck production achieved record levels in 2020 primarily driven by the government requirement to replace all China III and lower emission vehicles with vehicles meeting China V or China VI emission requirements. This, along with stricter punishment of overloaded vehicles in big cities and also in some small cities and rural areas, drove the sharp increase in demand.

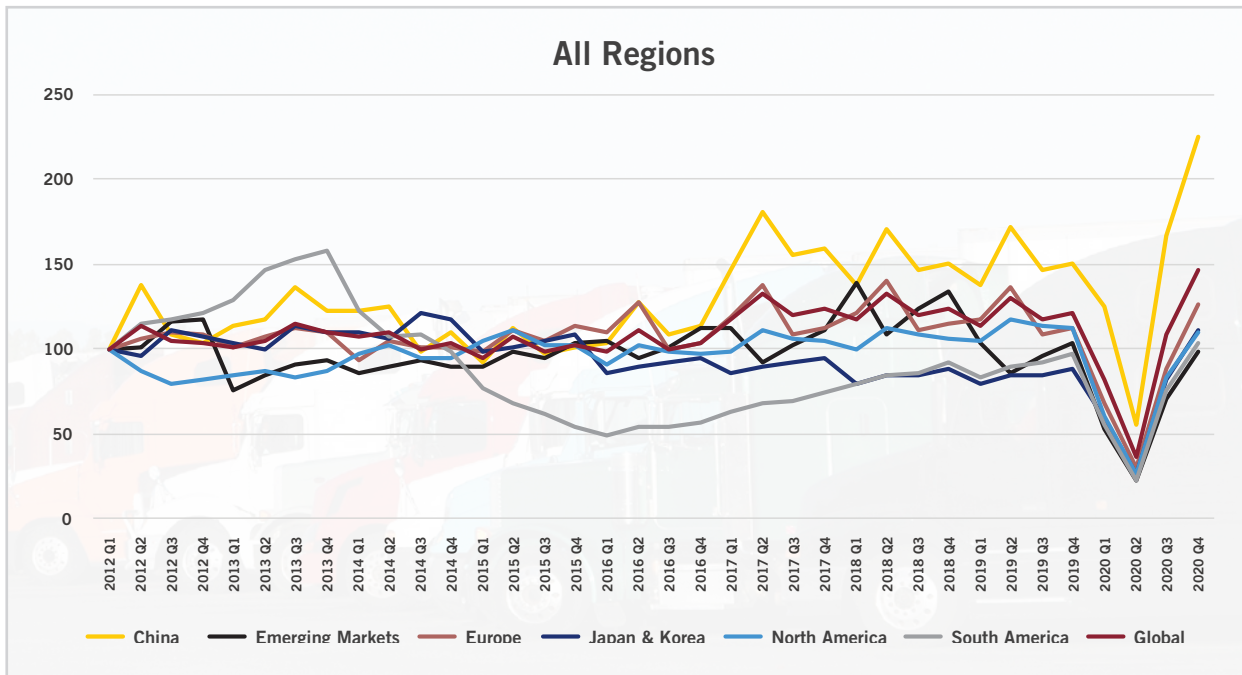
This will result in a significant drop in truck demand this year. The heavy truck segment will see the most significant decline. The China VI emission regulation is scheduled to be implemented on July 1, which may cause some level of pre-buy in the first half of the year followed by a sharp drop off in demand in the latter half of 2021.

The next update of the Power Systems Research TPI will be in April 2021 and will reflect changes in the TPI during Q1 2021. **PSR**

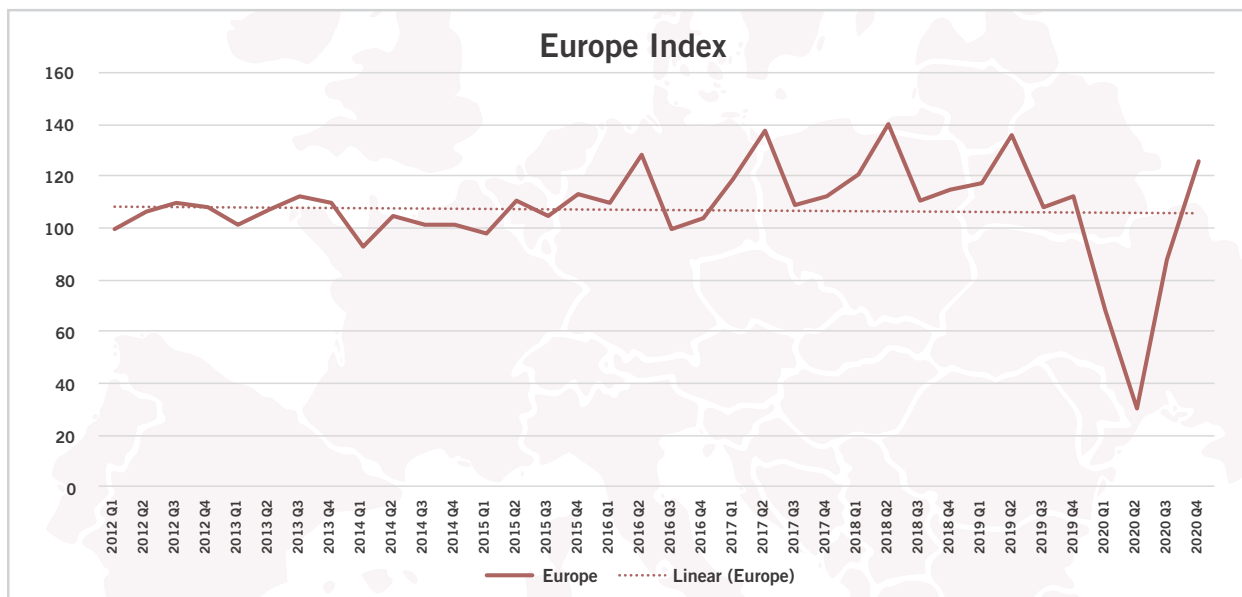


Overall, this year is expected to be an improvement in commercial vehicle demand compared with 2020. While the Coronavirus is expected to remain through much of this year, the negative impact on the global economy should not be as significant as it was in 2020.

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

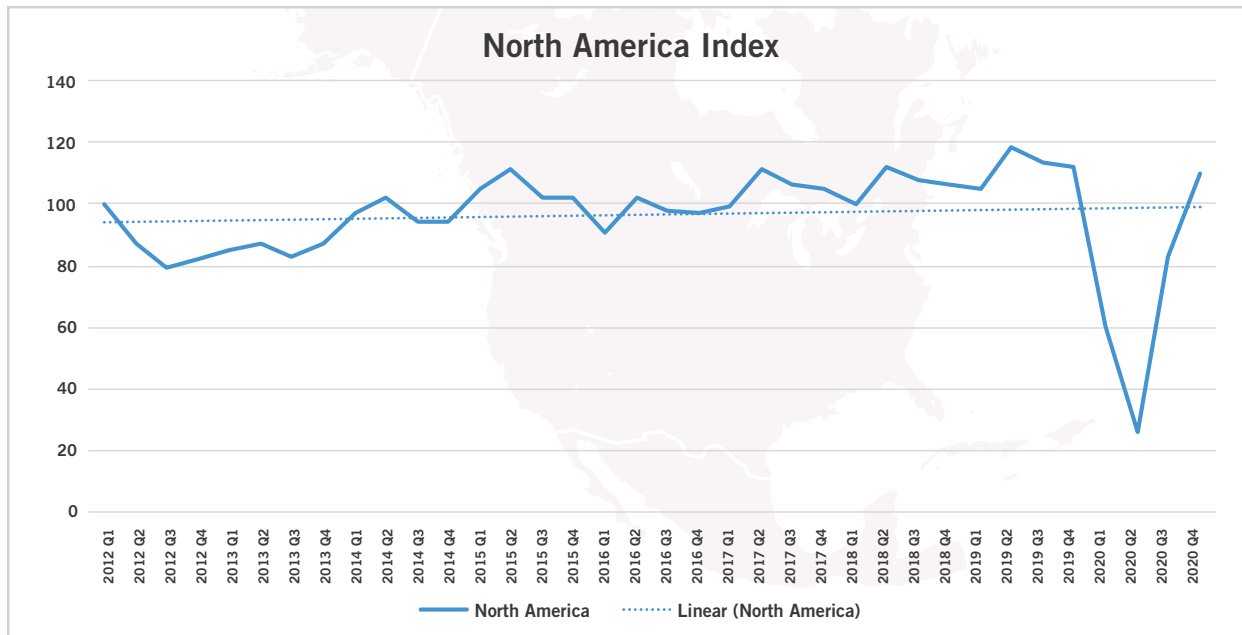


With the exception of China, PSR expects all of the other regions to experience improvement in commercial vehicle demand this year and likely into 2022 as fleets look to replace their aging vehicles.

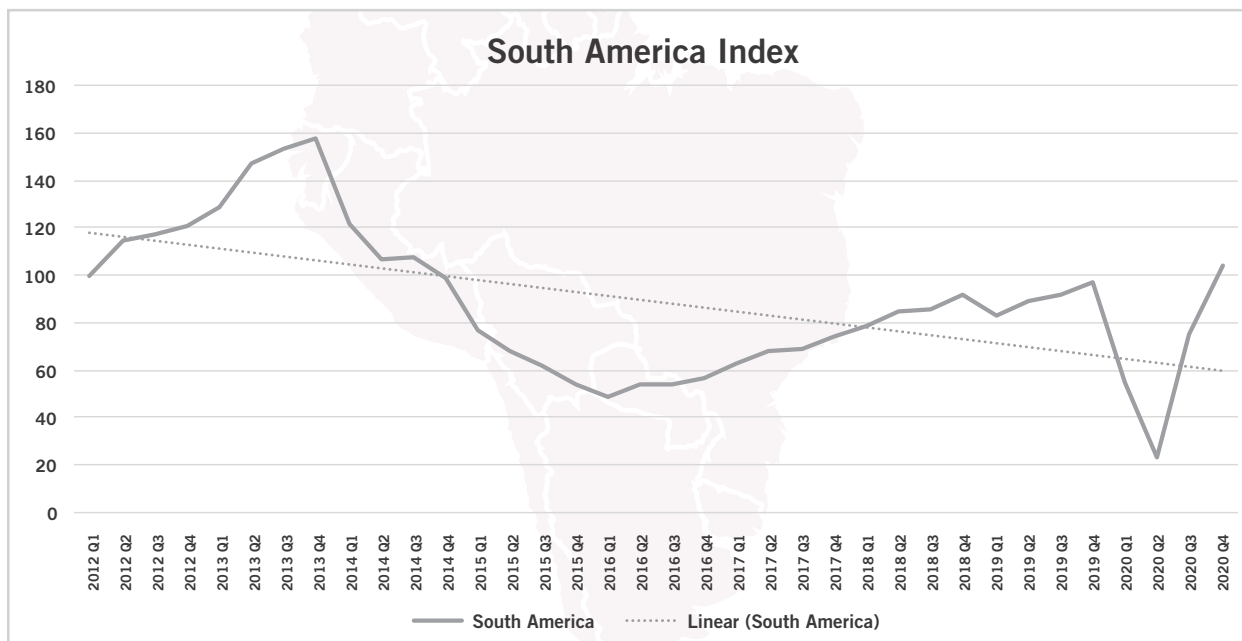


Through 11 months of 2020, European commercial truck sales declined by 27%, compared with 2019. Heavy truck sales declined by approximately 29% during the eleven-month period. However, the fourth quarter showed significant improvement in sales and orders which will bode well for production this year. The medium and heavy bus segment also showed significant improvement in the fourth quarter. While the Coronavirus will continue to be a drag on the regional economies, PSR expects the worst to be behind and gradually improving demand is expected moving forward.

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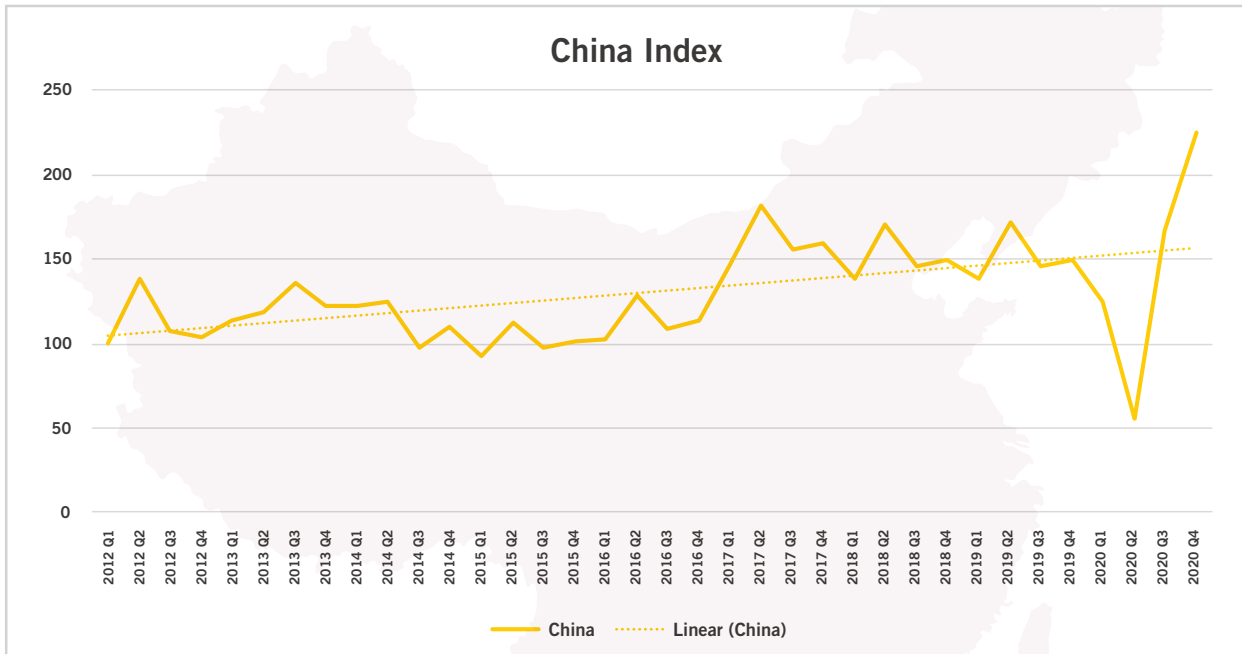


Commercial truck demand rebounded in Q4 2020 particularly in the class 8 segment. Order rates for class 8 came in stronger than expected which bodes well for production through at least the first half of 2021. Freight rates remain relatively high and this trend is expected to continue throughout the year. Congress passed another round of economic stimulus which will also bode well for commercial vehicle adoption. While the Coronavirus continues to negatively impact the economy overall, PSR does not believe the effects will cause a significant slowdown in demand this year.

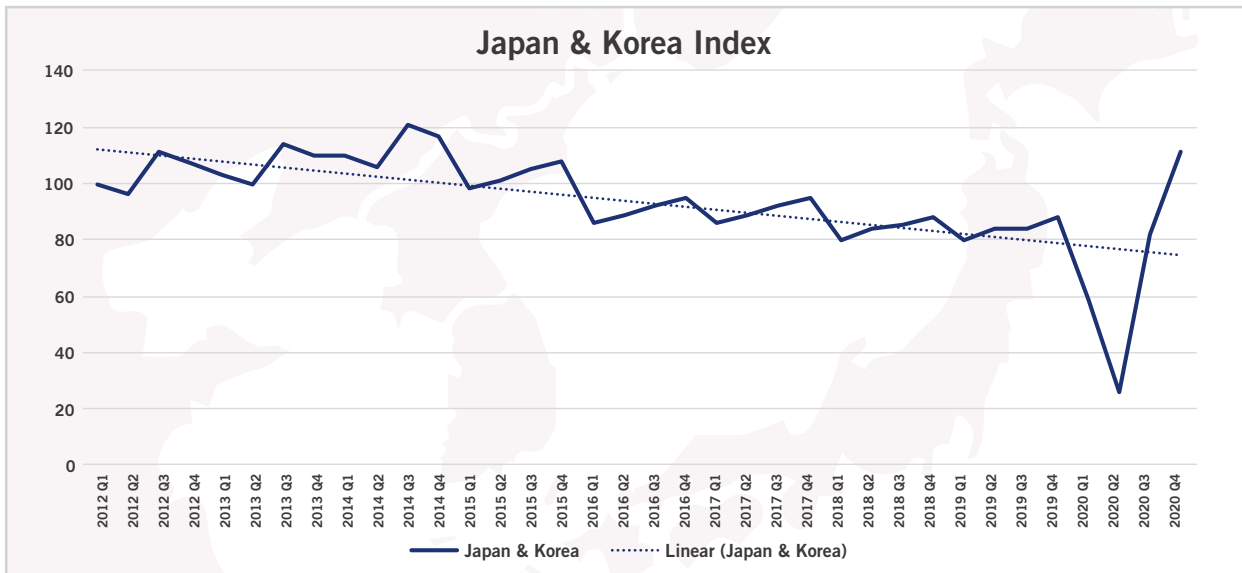


Medium and heavy commercial vehicle production declined by approximately 27% in 2020 with heavy truck and buses seeing the sharpest decline. Much like North America and Europe, demand started to improve during the fourth quarter of 2020 and PSR expects production to increase to the levels seen in 2019 prior to the Coronavirus outbreak. Production will be driven by both the domestic and export markets this year.

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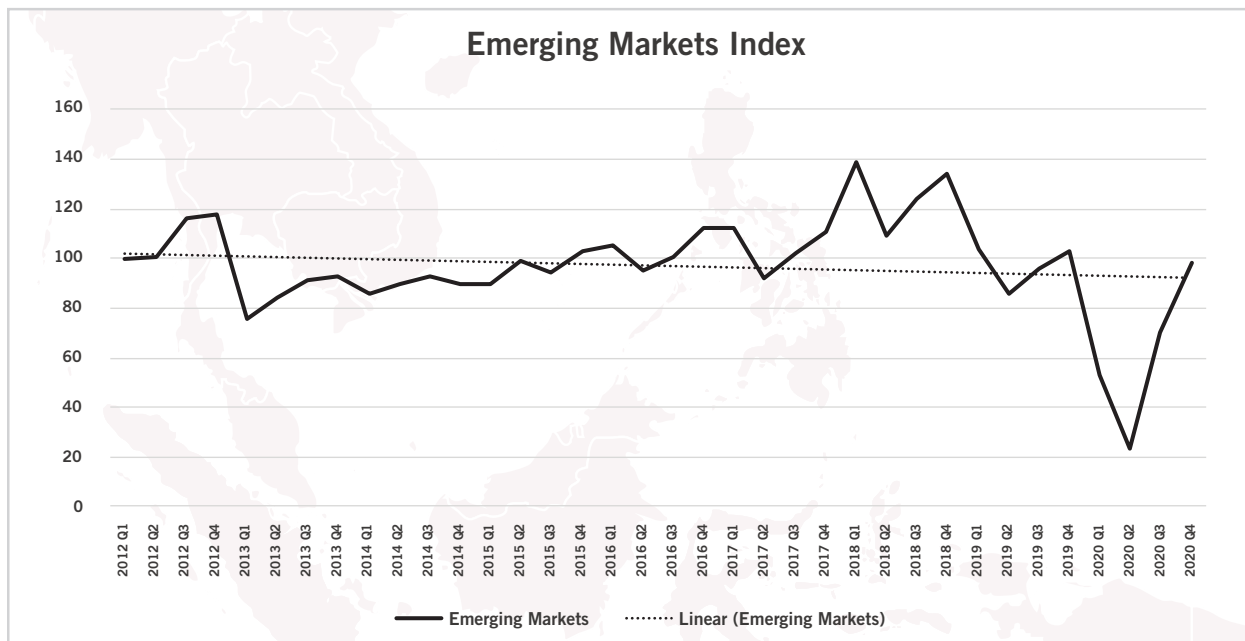


Medium and heavy commercial truck production achieved record levels in 2020 primarily driven by the government requirement to replace all China III and lower emission vehicles with vehicles meeting China V or China VI emission requirements. This, along with stricter punishment of overloaded vehicles in big cities and in some small cities and rural areas, drove the sharp increase in demand. This will result in a significant drop in truck demand this year. The heavy truck segment will see the most significant decline. The China VI emission regulation is scheduled to be implemented July 1, which may cause some level of pre-buy in H1 2021, followed by a sharp drop off in demand in the latter half of 2021.



While PSR expects medium and heavy commercial vehicle production to improve by double digits this year, it will likely be 2022 before demand improves to replacement and expansionary levels. Export demand is expected to improve quicker than domestic demand in both Japan and South Korea.

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



The Indian economy has recovered at a much faster rate than expected during Q4 2020. In the MHCV segment, class 6 & 7 performed better, due to the rapidly expanding e-commerce sector and improving automotive sales. The utilization rate of the class 8 segment is improving but has yet to cross the threshold to trigger significant new demand. The bus segment continues to struggle primarily because of the work-from-home push by the government, travel restrictions and people generally avoiding public transportation. The industry is likely to witness a headwind due to overcapacity in the market, continued driver shortage and the continued traction of rail transport. The recently launched PLI scheme will provide an additional push to the market from 2022.

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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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