

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 2021

2021 Power Systems Research Truck Production Index (PSR-TPI) Loses 37%

ST. PAUL, MN — The Power Systems Research Truck Production Index (PSR-TPI) increased from 116 to 120, or 3.4%, for the three-month period ended December 31, 2021, from Q3 2021. The year-over-year (Q4 2020 to Q4 2021) loss for the PSR-TPI was, 190 to 120, or -37%.

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

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

Global Index: We expect global production volumes in 2022 to gain 3.7% vs 2021, with a positive trend in all regions, except for China, where we expect production volumes to be down -3.6% in 2022 vs 2021. China experienced a surge in demand during 2020 due to the change in emissions regulations, so 2021 was down significantly, about 20%.

All Regions: Global demand for Medium and Heavy Commercial Vehicles (MHV) rebounded in 2021 but overall growth in the segment was flat. Going forward, we expect the growth to accelerate in 2022 and 2023.

The exceptions to this rebound trend are in China and India, which continue to decline and sharply drive overall global production numbers into negative territory.

North America: While supply chain disruptions continue to negatively impact the commercial vehicle market, medium and heavy commercial vehicle production is expected to finish 2021 15.8% higher than 2020. The forecasted production growth rate is expected to continue to show improvement through 2023 as supply chain disruptions ease and truck capacity in the market begins to align with demand. The disruption in the supply chain and on-going issues with COVID will continue to impact the market in 2022.

Europe: Medium and heavy truck production is expected to finish up 17% in 2021 over 2020. While the truck segment showed solid improvement over a low production base in 2020, bus demand was still soft in 2021. In 2022, production is expected to grow by 8% and continue to improve through 2024. However, continued supply chain disruptions and possible negative impacts from COVID will likely continue through much of 2022.

TPI authors



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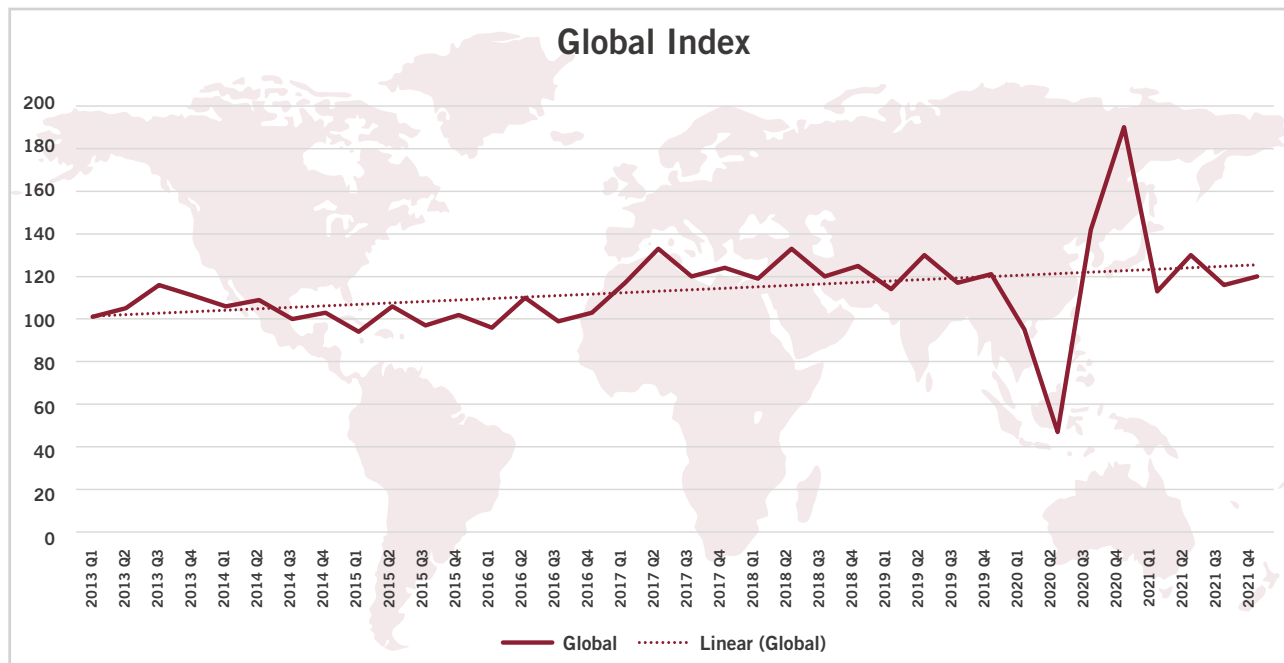
South Asia: Medium and heavy commercial vehicle production in India is expected to finish 2021 at about 287,000 vehicles, an increase of 70% over 2020. Slight demand growth in India is expected in 2022 and 2023 before declining in 2024 partially due to it being an election year. In India, the focus is moving toward more infrastructure spending which is good for the vocational market. However, increasing use of rail freight, worker shortages and increasing commodity prices will slow truck demand during the next few years.

South America: Medium and heavy commercial vehicle production is expected to increase by 55.6% in 2021 over 2020, and production is expected to further increase by 10.4% in 2022 over 2021. Continued supply chain disruptions along with uncertainty regarding the Omicron COVID variant will likely impact the market throughout the year.

Japan/Korea: Medium and heavy commercial vehicle production in Japan and South Korea is expected

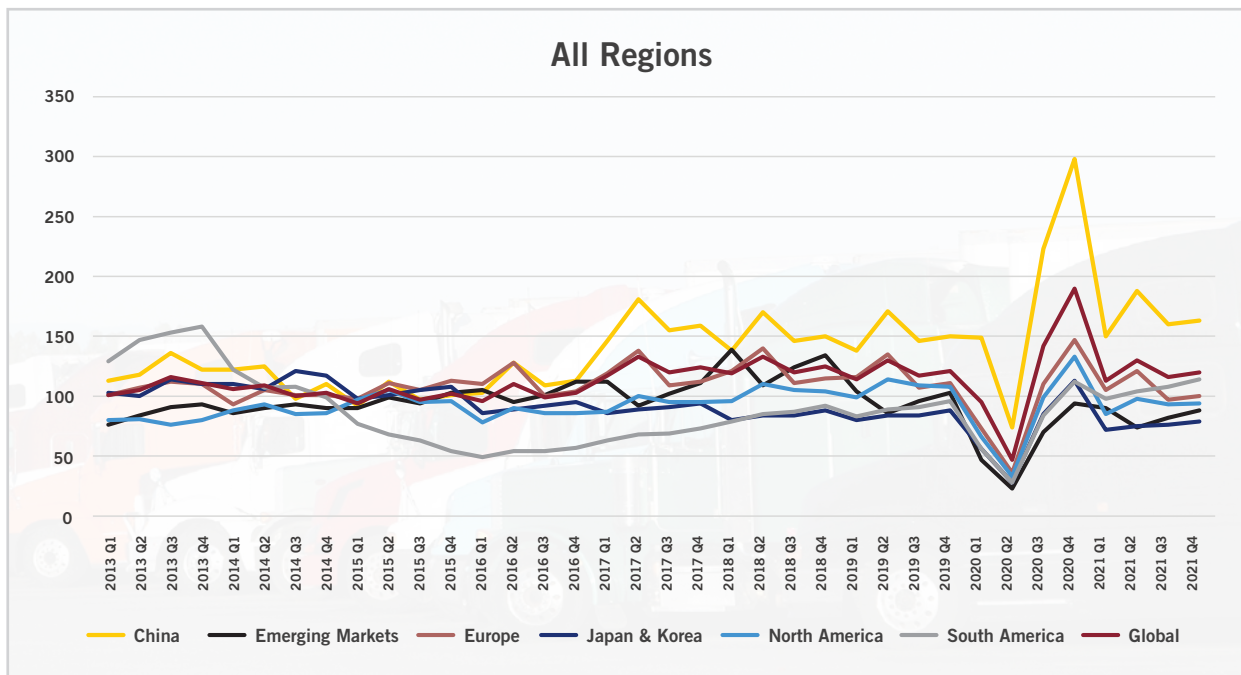
to increase by 16.7% in 2021 over 2020. In 2022, production levels for the region are expected to grow by 4.7% over 2021. Automotive production in Japan is starting to see improvement with strong gains over October and November. While this is good news, the supply chain issues have yet to be resolved and the Omicron COVID variant will likely pose challenges throughout the year. Component costs are expected to rise this year because of supplier's air freighting parts that they are unable to ship by sea.

Greater China: The medium and heavy commercial vehicle market declined by approximately 20% in 2021 over 2020 partially due to a truck pre-buy ahead of the China VI emission standard implementation in July 2021. The cost of the emission technology for China VI vehicles are not offset with any significant improvement in fuel economy. In 2022, the market will still be unstable as the covid virus continues to impact the economy. Demand is expected to decline slightly through 2023 before a slow recovery in 2024. **PSR**

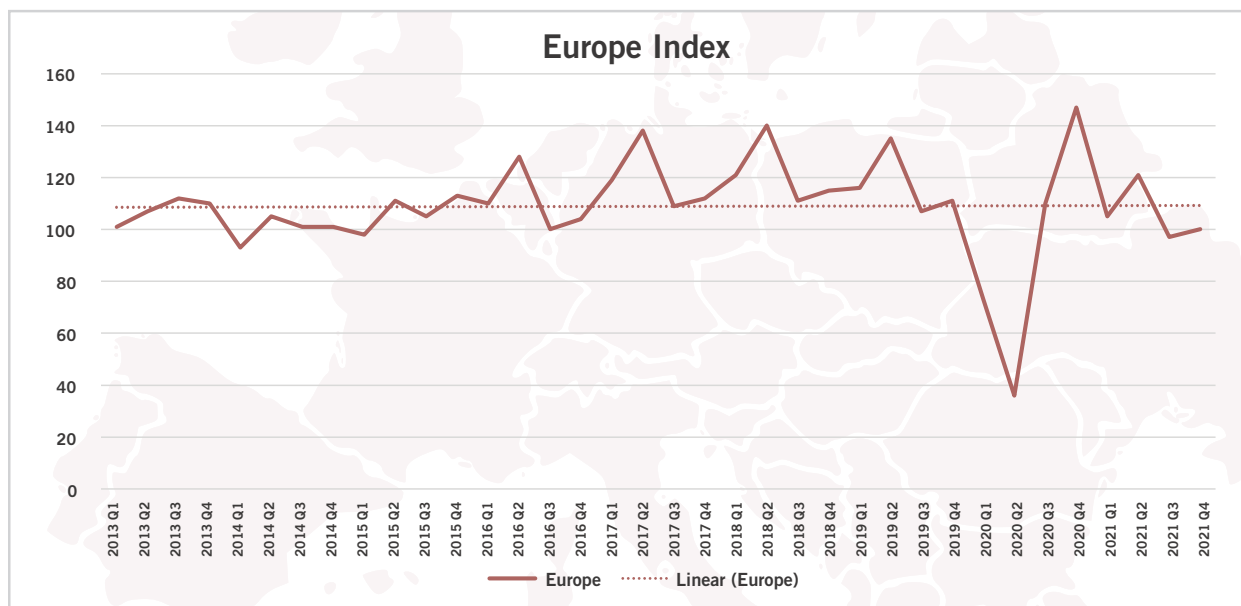


We expect global production volumes in 2022 to gain 3.7% vs 2021, with a positive trend in all regions, except for China, where we expect production volumes to be down -3.6% in 2022 vs 2021. China experienced a surge in demand during 2020 due to the change in emissions regulations, so 2021 was down significantly, about 20%.

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

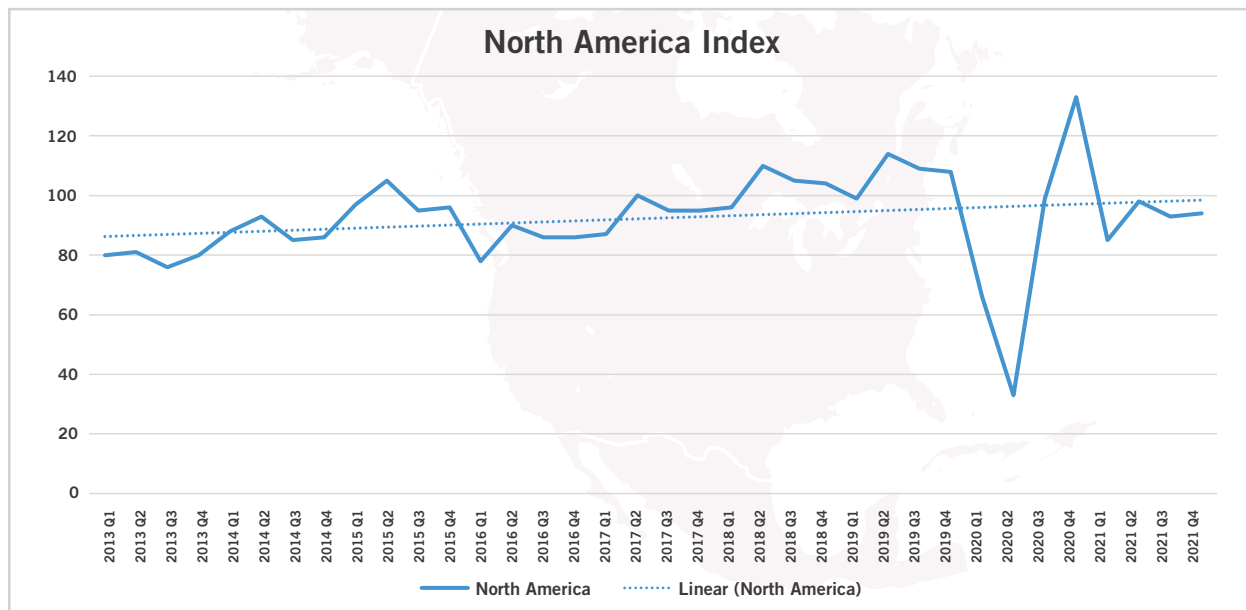


Global demand for Medium and Heavy Commercial Vehicles (MHV) rebounded in 2021 but overall growth in the segment was flat. Going forward, we expect the growth to accelerate in 2022 and 2023. The exceptions to this rebound trend are in China and India, which continue to decline and sharply drive overall global production numbers into negative territory.

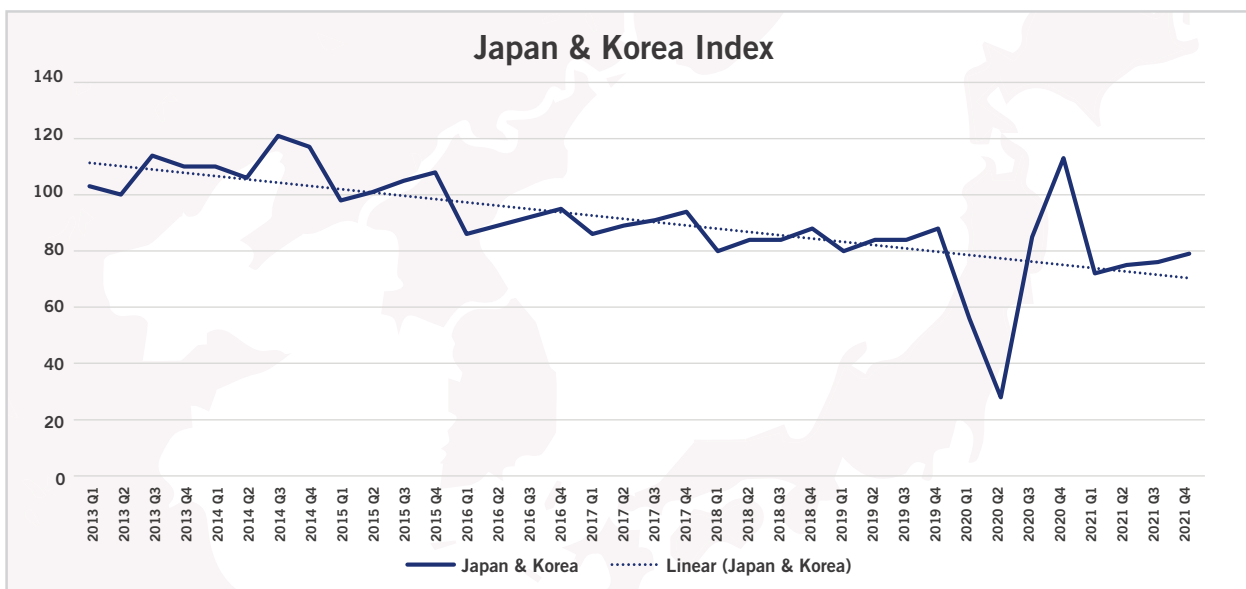


Medium and heavy truck production is expected to finish up 17% over 2020. While the truck segment showed solid improvement over a low production base in 2020, bus demand was still soft last year. In 2022, production is expected to grow by 8% and continue to improve through 2024. However, continued supply chain disruptions and possible negative impacts from COVID will likely continue through much of this year.

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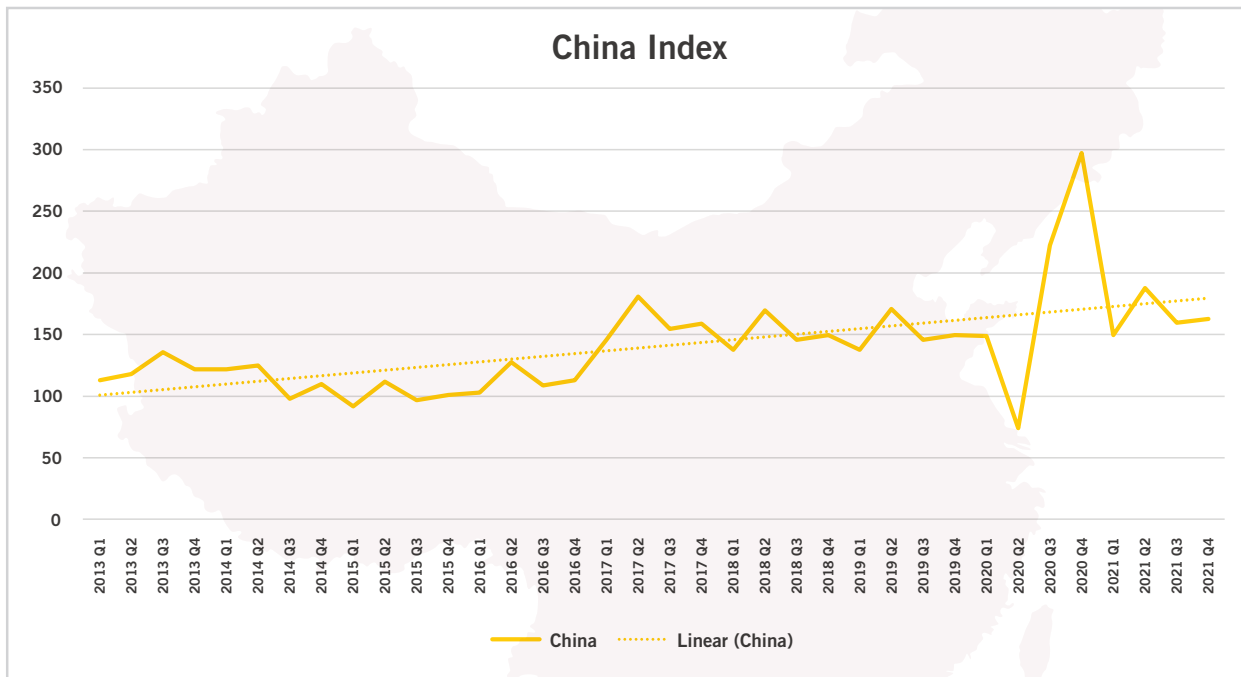


While supply chain disruptions continue to negatively impact the commercial vehicle market, medium and heavy commercial vehicle production is expected to finish 2021 15.8% higher than 2020. The forecasted production growth rate is expected to continue to show improvement through 2023 as supply chain disruptions ease and truck capacity in the market begins to align with demand. The disruption in the supply chain and on-going issues with COVID will continue to impact the market in 2022.

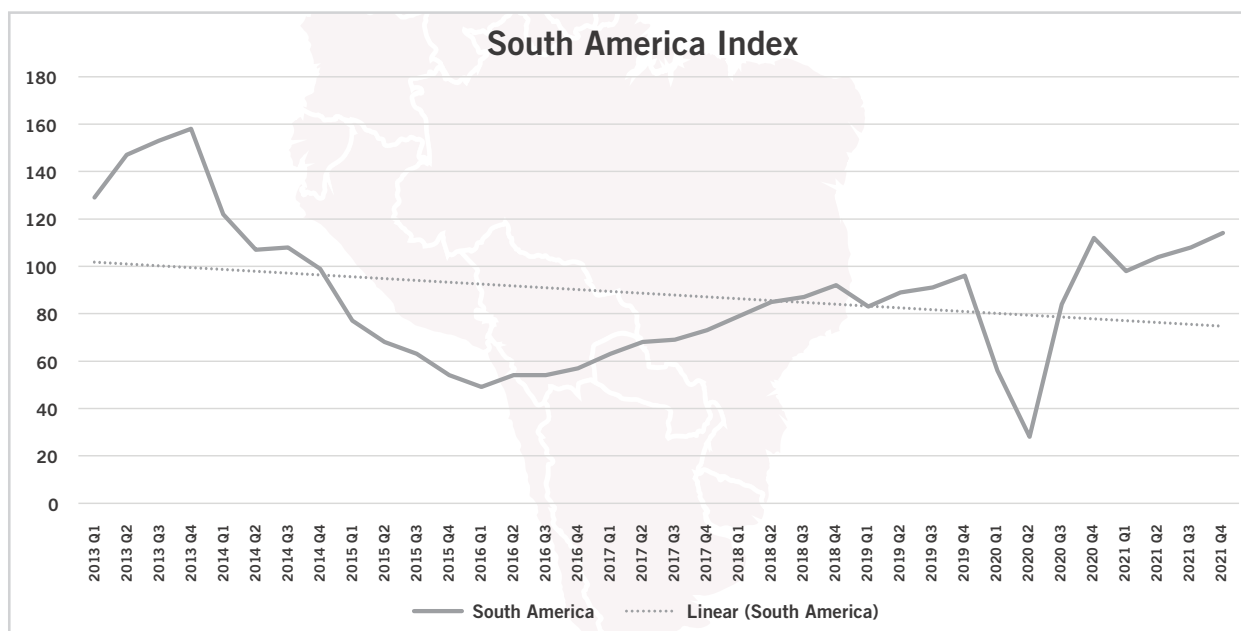


Medium and heavy commercial vehicle production in Japan and South Korea is expected to increase by 16.7% in 2021 over 2020. In 2022, production levels for the region are expected to grow by 4.7% over 2021. Automotive production in Japan is starting to see improvement with strong gains over October and November. While this is good news, the supply chain issues have yet to be resolved and the Omicron COVID variant will likely pose challenges throughout the year. Component costs are expected to rise in 2022 because of supplier's air freighting parts that they are unable to ship by sea.

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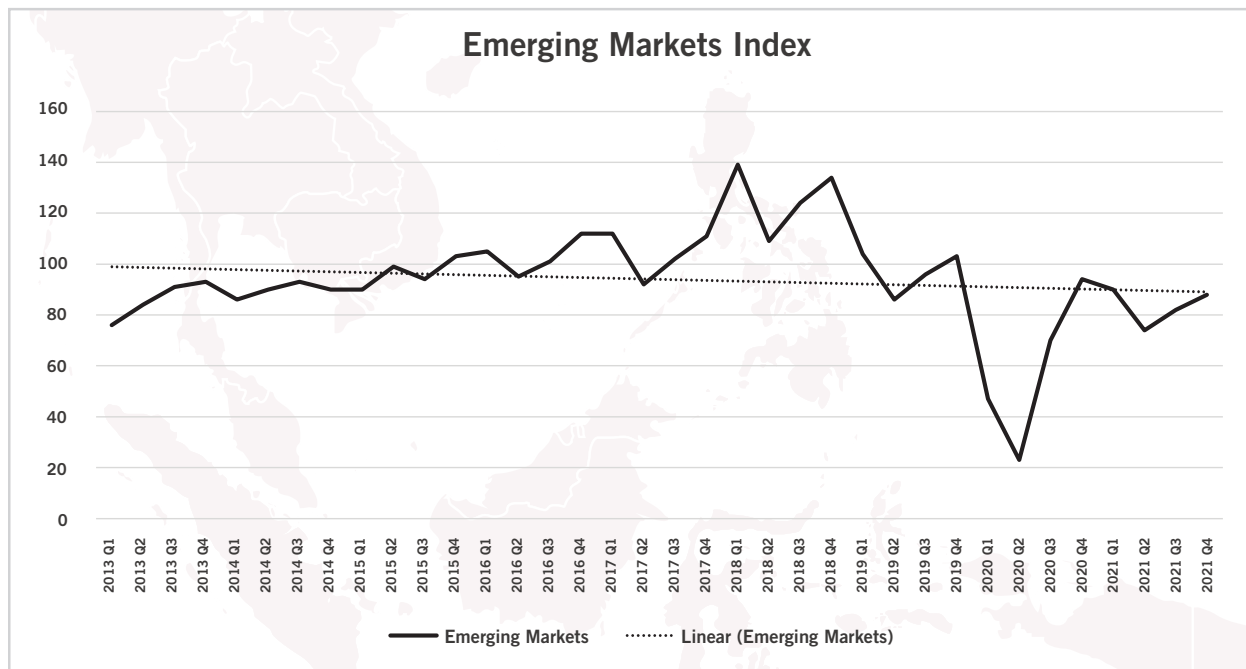


The medium and heavy commercial vehicle market declined by approximately 20% in 2021 over 2020 partially due to a truck pre-buy ahead of the China VI emission standard implementation in July 2021. The cost of the emission technology for China VI vehicles are not offset with any significant improvement in fuel economy. In 2022, the market will still be unstable as the covid virus continues to impact the economy. Demand is expected to decline slightly through 2023 before a slow recovery in 2024.



Medium and heavy commercial vehicle production is expected to increase by 55.6% in 2021 over 2020 and production is expected to further increase by 10.4% in 2022 over 2021. Continued supply chain disruptions along with uncertainty regarding the Omicron COVID variant will likely impact the market throughout the year.

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



Medium and heavy commercial vehicle production in India is expected to finish 287,000 vehicles in 2021, an increase of 70% over 2020. Slight demand growth in India is expected in 2022 and 2023 before declining in 2024 partially due to it being an election year. In India, the focus is moving toward more infrastructure spending which is good for the vocational market. However, increasing use of rail freight, worker shortages and increasing commodity prices will slow truck demand during the next few years.

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