

TPI

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Truck Production Index



Power Systems Research
Data · Forecasting · Solutions™

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.

Third Quarter 2022

Power Systems Research Truck Production Index (PSR-TPI) drops 13.7%

ST. PAUL, MN — The Power Systems Research Truck Production Index (PSR-TPI) dropped from 110 to 101, or 8.2%, for the three-month period ended September 30, 2022, from Q2 2022. The year-over-year (Q3 2021 to Q3 2022) loss for the PSR-TPI was, 117 to 101, or 13.7%.

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All Regions. Medium and heavy commercial vehicle production will be mixed this year due to a variety of issues. In China, truck overcapacity continues to hinder demand while the Russian-Ukraine war is significantly impacting demand and production in Eastern Europe. The global supply chain will remain a problem through at least the end of this year for all regions. There is serious concern about a major slowdown in the North American and European economies as a direct result of higher fuel and energy prices and overall inflation which doesn't appear to be going away anytime soon.

Global Index. Global medium and heavy vehicle production is expected to decline by 13% this year

primarily due to a significant drop in heavy truck demand in China. A slowing global economy along with continued supply chain disruptions will continue to place pressure on demand moving forward.

North America. Medium and heavy commercial vehicle production is expected to increase by 9.3% this year over 2021 as the OEMs continue to struggle with the supply chain disruption that is expected to continue well into next year. Freight demand continues to remain healthy but is expected to cool as the economy in general slows down primarily due to high inflation and energy costs along with higher interest rates and continued disruption within the overall supply chain. Within the class 8 truck segment, PSR expects truck demand to remain strong into the first part of next year as a result of significant pent-up heavy truck demand.

Europe. Truck demand in Western Europe remains strong and is expected to continue throughout the rest of the year. However, there are concerns about a slowing European economy in the wake of the Russia and Ukraine conflict. High inflation and energy costs along with the on-going supply chain issues will put pressure on demand in the coming months. The Russian OEMs have continued to produce vehicles throughout the year but

TPI authors



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they are hampered by lower demand and low/inconsistent production rates due in part to significant supply chain constraints. European commercial vehicle production is expected to increase by 2.7% this year over 2021.

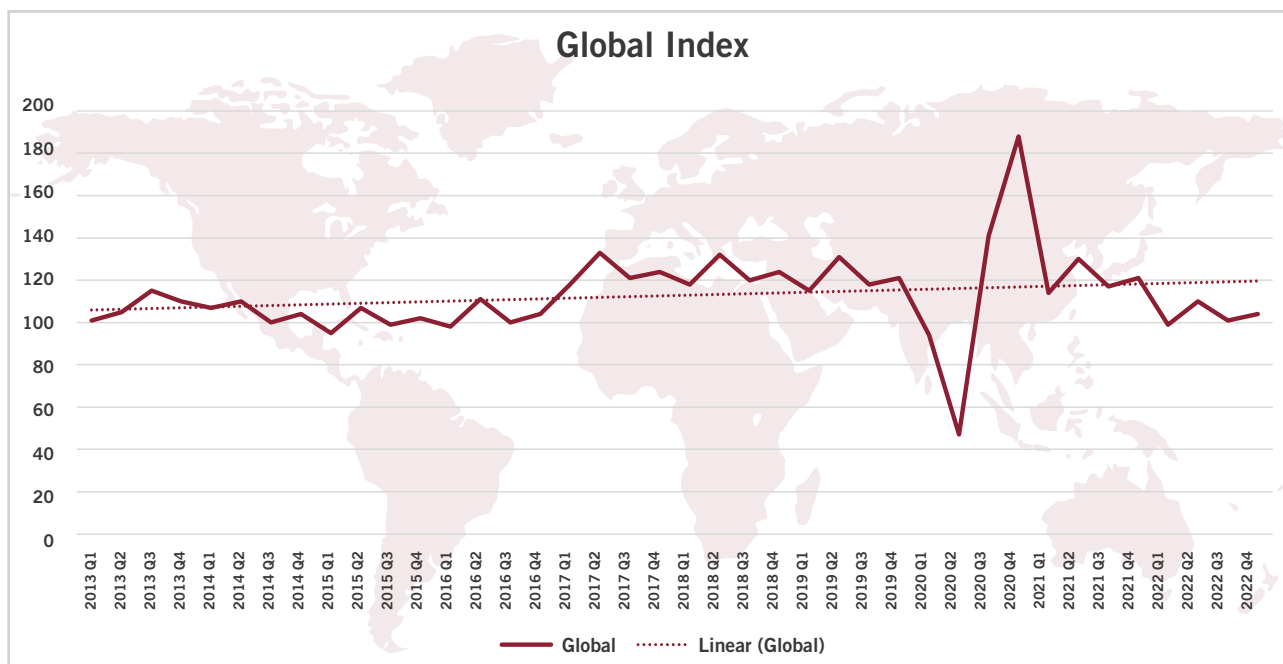
South Asia. Medium and heavy commercial vehicle demand in South Asia continues to be strong and production is expected to rise by 17.2% this year over 2021. Production in India is expected to increase by 22.1% this year. In general, production in South Asia is also expected to be strong next year before slowing in 2024 partially due to the election year. In India, the focus is moving toward more infrastructure spending which is good for the vocational market.

South America. After very high levels of MHCV production in Brazil last year, overall production in South America is expected to increase by 3.3% this year. In Brazil, the increased truck capacity from last year's high production along with higher interest rates and reduced demand in agriculture due to a lack of fertilizers have placed pressure on production throughout the year. Emission regulations Proconve 8 or P8, equivalent to Euro VI, is required by January 2023. The legislation considers MHV to be all CV vehicles above 3.8 tons. The additional vehicle cost of the P8 emission technology will likely have a negative impact Brazilian truck demand next year.

Japan/Korea. Medium and heavy commercial vehicle production in Japan and South Korea is expected to decline by 1.2% this year over 2021. Concerns surrounding a slowing global economy along with continued supply chain disruptions will impact vehicle demand throughout the remainder of this year. However, Japan lifted local Covid-19 restrictions which boosted both consumer and business spending this year. Japan and South Korea have a significant portion of the global vehicle export market most notably in the ASEAN region.

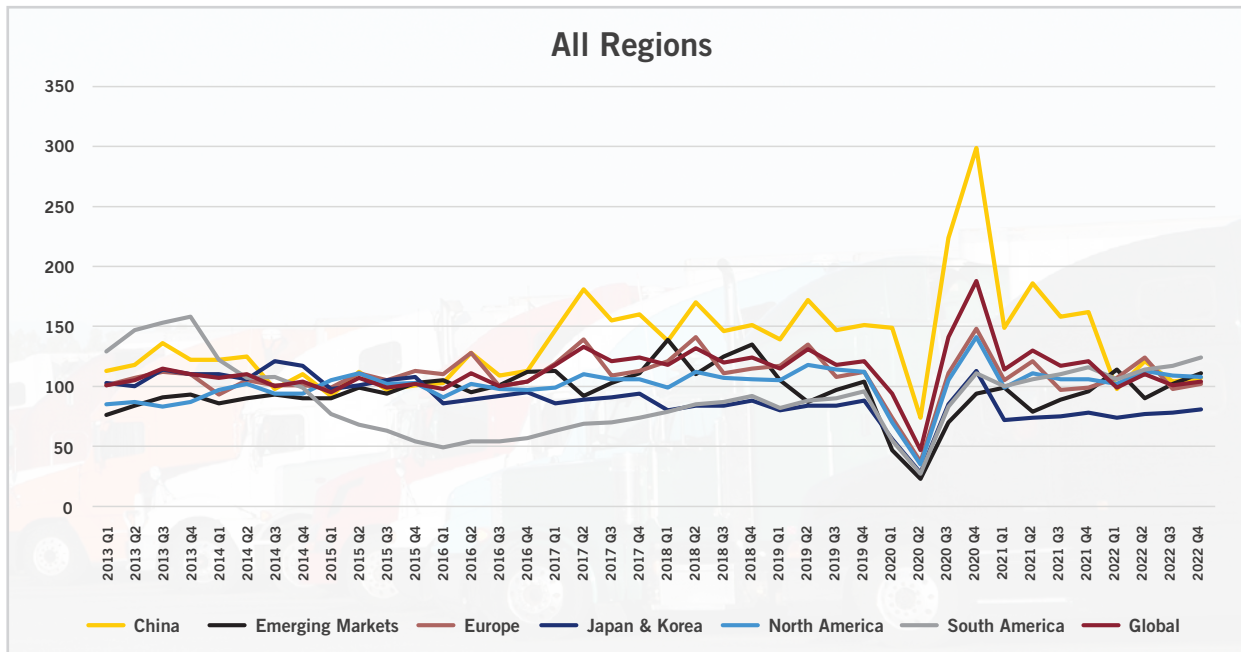
Greater China. Medium and heavy commercial vehicle production is expected to decline by 38.9% this year, driven in part by a slowing economy and the affects of Covid-related lockdowns. Also impacting demand was the implementation of the scrappage scheme in 2020 and 2021 along with a truck pre-buy ahead of the China VI emission regulations implemented in July 2021. This has resulted in a relatively young truck fleet in China. This combined with an economic slowdown has greatly reduced truck demand especially in the heavy truck segment.

The next update of the Power Systems Research TPI will be in January 2023 and will reflect changes in the TPI during Q4 2022. **PSR**

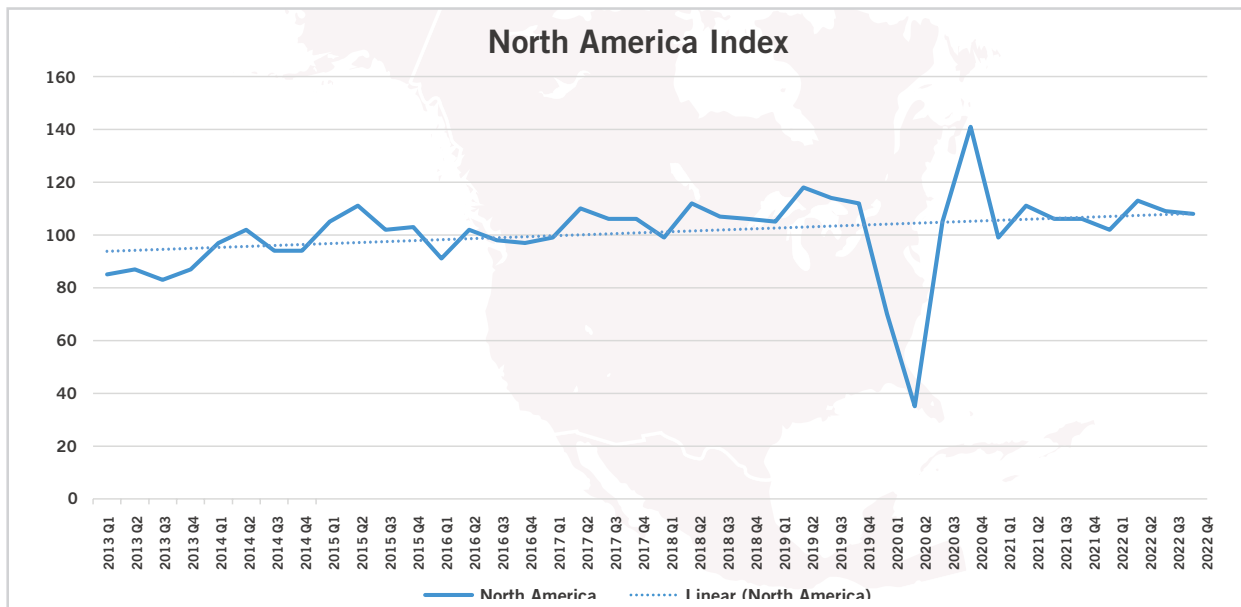


Global medium and heavy vehicle production is expected to decline by 13% this year primarily due to a significant drop in heavy truck demand in China. A slowing global economy along with continued supply chain disruptions will continue place pressure on demand moving forward.

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

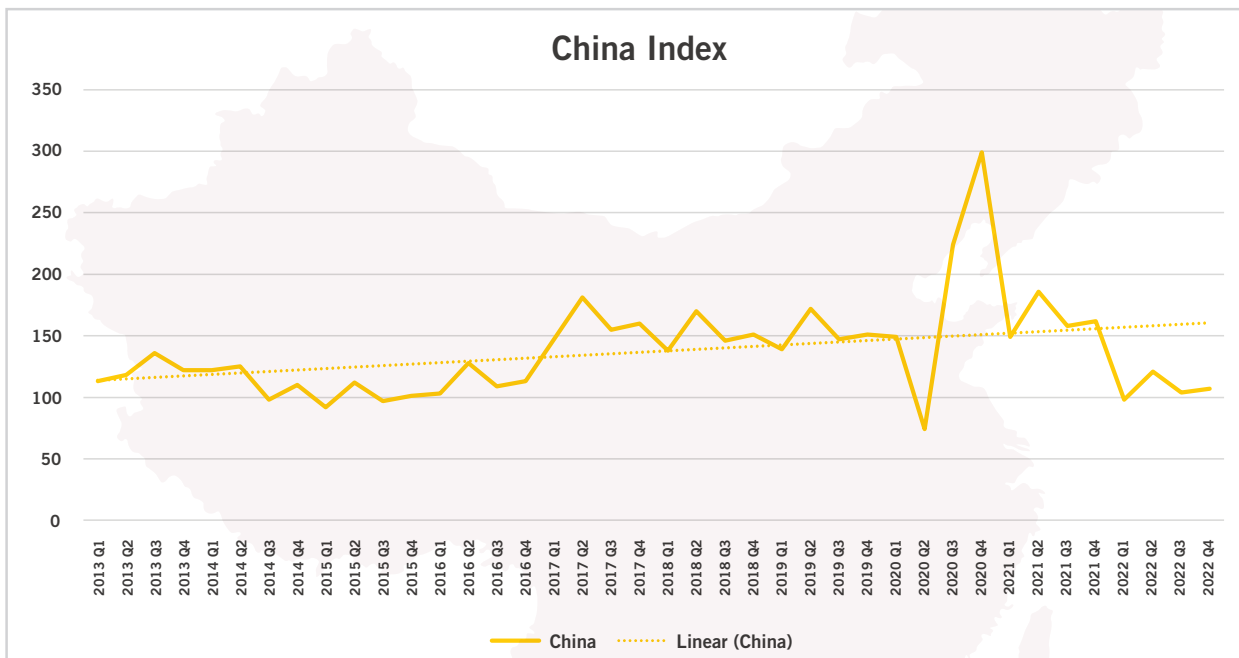


Medium and heavy commercial vehicle production will be mixed this year due to a variety of issues. In China, truck overcapacity continues to hinder demand while the Russian-Ukraine war is significantly impact demand and production in Eastern Europe. The global supply chain will remain a problem through at least the end of this year for all regions. There is serious concern about a major slowdown in the North American and European economy as a direct result of higher fuel and energy prices and overall inflation which doesn't appear to be going away anytime soon.

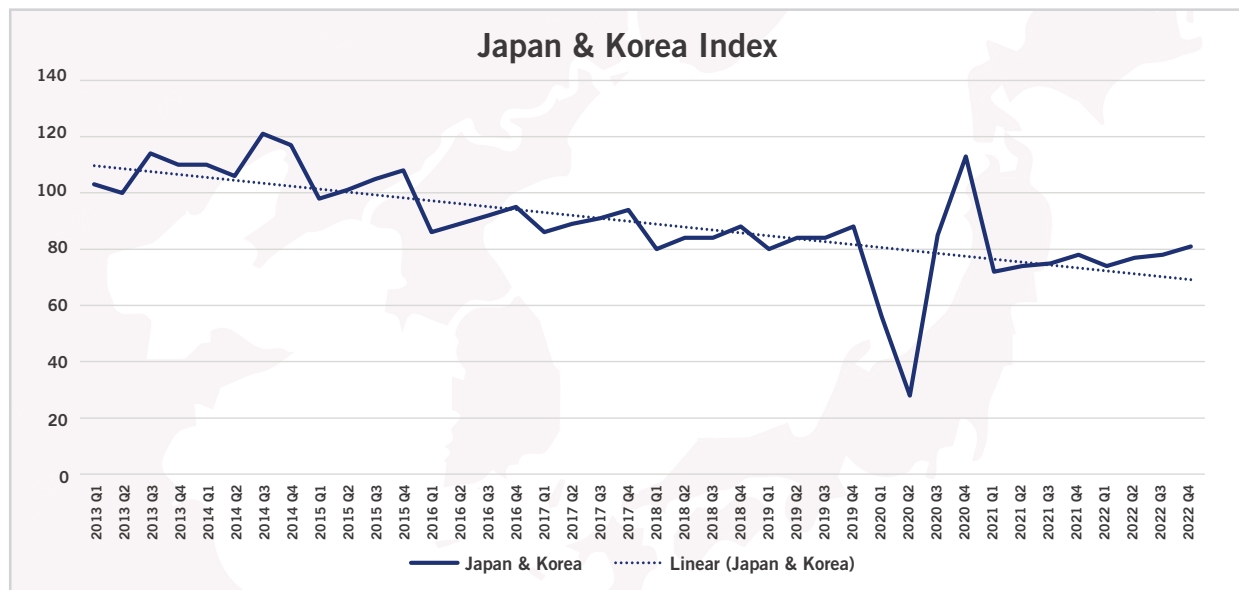


Medium and heavy commercial vehicle production is expected to increase by 9.3% this year over 2021 as the OEM's continue to struggle with the supply chain disruption that is expected to continue well into next year. Freight demand continues to remain healthy but is expected to cool as the economy in general slows down primarily due to high inflation and energy cost along with higher interest rates and continued disruption within the overall supply chain. Within the class 8 truck segment, PSR expects truck demand to remain strong into the first part of next year as a result of significant pent-up heavy truck demand.

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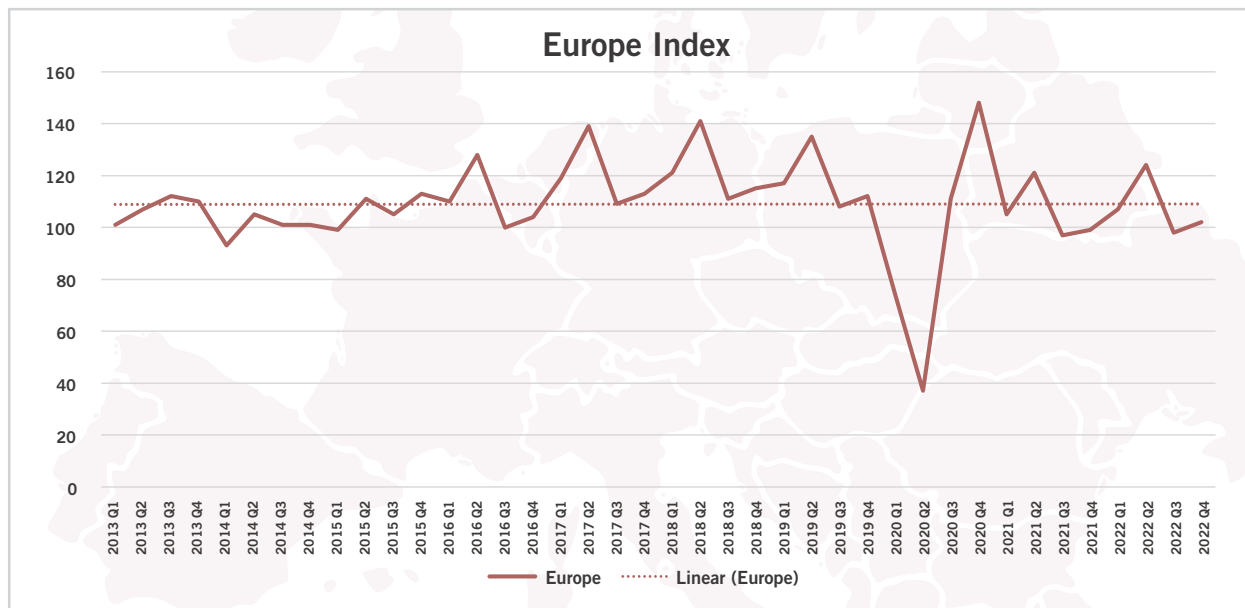


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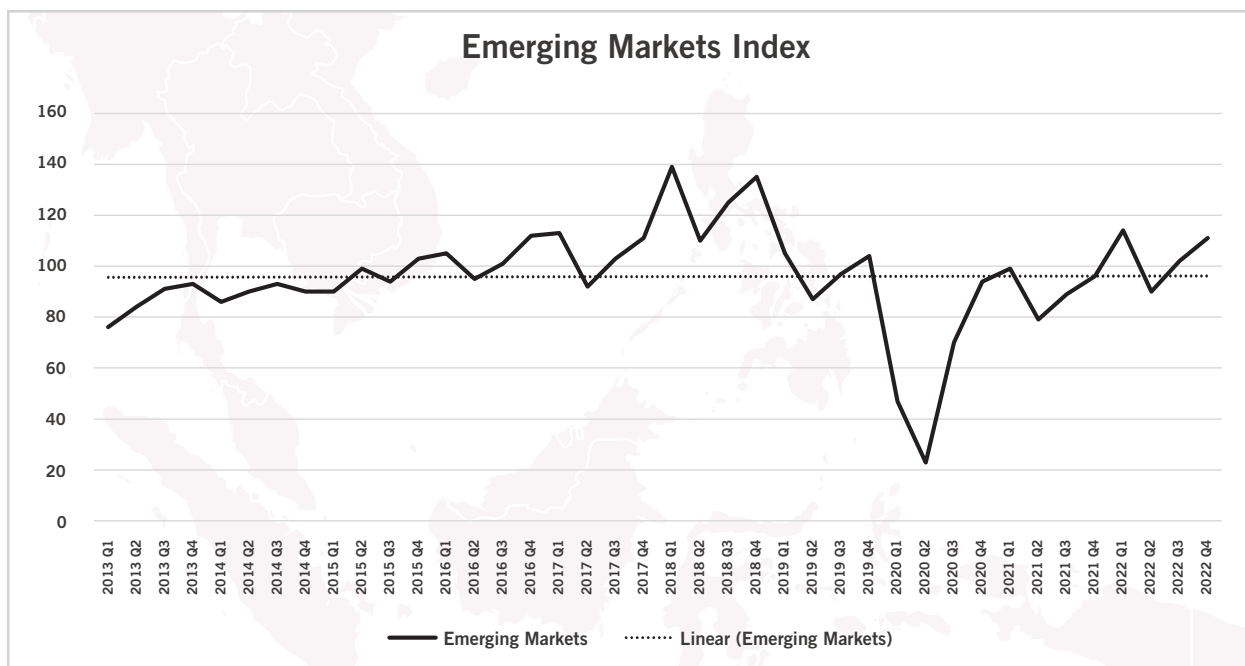


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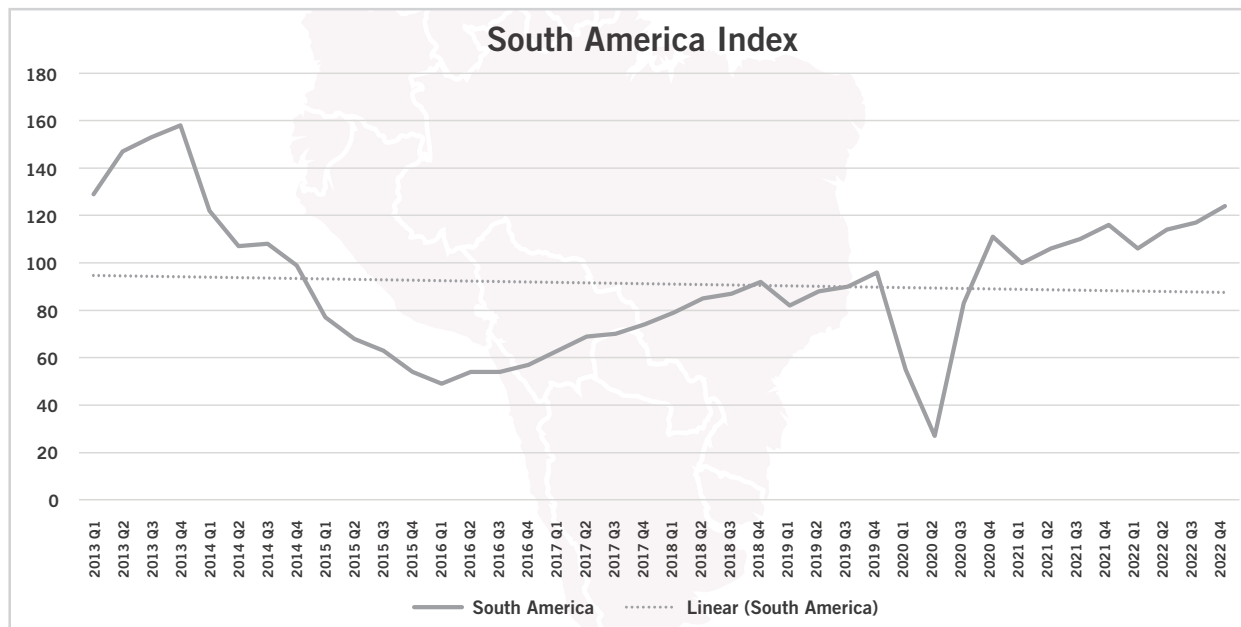


Truck demand in Western Europe remains strong and is expected to continue throughout the rest of the year. However, there are concerns about a slowing European economy in the wake of the Russia and Ukraine conflict. High inflation and energy costs along with the on-going supply chain issues will put pressure on demand in the coming months. The Russian OEM's have continued to produce vehicles throughout the year but are hampered due to lower demand and low/inconsistent production rates due in part to significant supply chain constraints. European commercial vehicle production is expected to increase by 2.7% this year over 2021.



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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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