

TPI

July 12, 2023

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

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.

Second Quarter 2023

2Q 2023 Power Systems Research Truck Production Index (PSR-TPI) gains 9.4%

ST. PAUL, MN — The Power Systems Research Truck Production Index (PSR-TPI) increased from 106 to 116, or 9.4%, for the three-month period ending June 30, 2023, from Q1 2023. The year-over-year (Q2 2022 to Q2 2023) gain for the PSR-TPI was, 112 to 116, or 3.6%.

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. After a decline in medium and heavy commercial vehicle production in 2022, primarily driven by a significant decline in China, MHCV production is expected to increase by 3% in 2023 over last year. Much of the growth will be driven by strong truck replacement demand in Europe and North America along with improved vehicle demand in China. However, global vehicle demand is expected to decline in 2024 as global economic conditions soften.

All Regions. Medium and heavy commercial truck production in Europe and North America will continue to be strong through much of the year primarily due to on-going replacement demand for heavy trucks. In Brazil, truck demand is expected to decline this year primarily due to the implementation of the P8 emission regulations last year which resulted in a vehicle pre-buy. In China, demand appears to have stabilized after very low levels of demand in 2022.

North America. Medium and heavy commercial vehicle production is expected to increase by 1.8% this year over 2022 primarily driven by on-going pent-up demand in the class 8 segment. However, a significant slowdown in ocean bound cargo freight along with a slowing of overall freight demand will negatively impact the industry later in the year and into 2024. Continued inflation and relatively higher interest rates will also pressure demand moving forward. As a result, PSR expects a downturn in class 8 truck demand next year as truck capacity re-balances from back-to-back years of high truck production.

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



Europe. After relatively strong commercial vehicle demand in Europe last year, MHCV production is expected to increase by 8.8% this year over 2022. Vehicle deliveries were generally strong during the first quarter and the order books remained at healthy levels moving into the second half of the year. Overall, the supply chain is in good shape and much like North America, pent-up heavy truck demand will fuel production levels through most of this year. PSR expects truck production to slow moderately in 2024 primarily due to re-balanced truck capacity and a slower economy in part due to on-going inflation and higher interest rates.

South Asia. After an elevated level of replacement commercial truck demand in 2022, truck production is expected to slow this year and achieve a 1.6% increase in 2023. The lower growth is primarily due to a re-balanced truck capacity along with a forecasted slowdown in freight demand. Truck production in India is only expected to increase by 2% this year and decline by 12% in 2024 while production in Indonesia is expected to decline by 2.4% this year over 2022. In Malaysia, pent-up truck demand resulted in high production rates in 2022 which are expected to continue into the first quarter of 2023 before declining through the remainder of the year. MHCV in Pakistan was down sharply through the first four months of the year.

South America. With the implementation of emission regulation Proconve 8 or P8, equivalent to Euro VI in Brazil last year truck production is expected to decline by 26% in 2023. The legislation considers MHV to be all CV vehicles above 3.8 tons. The additional vehicle

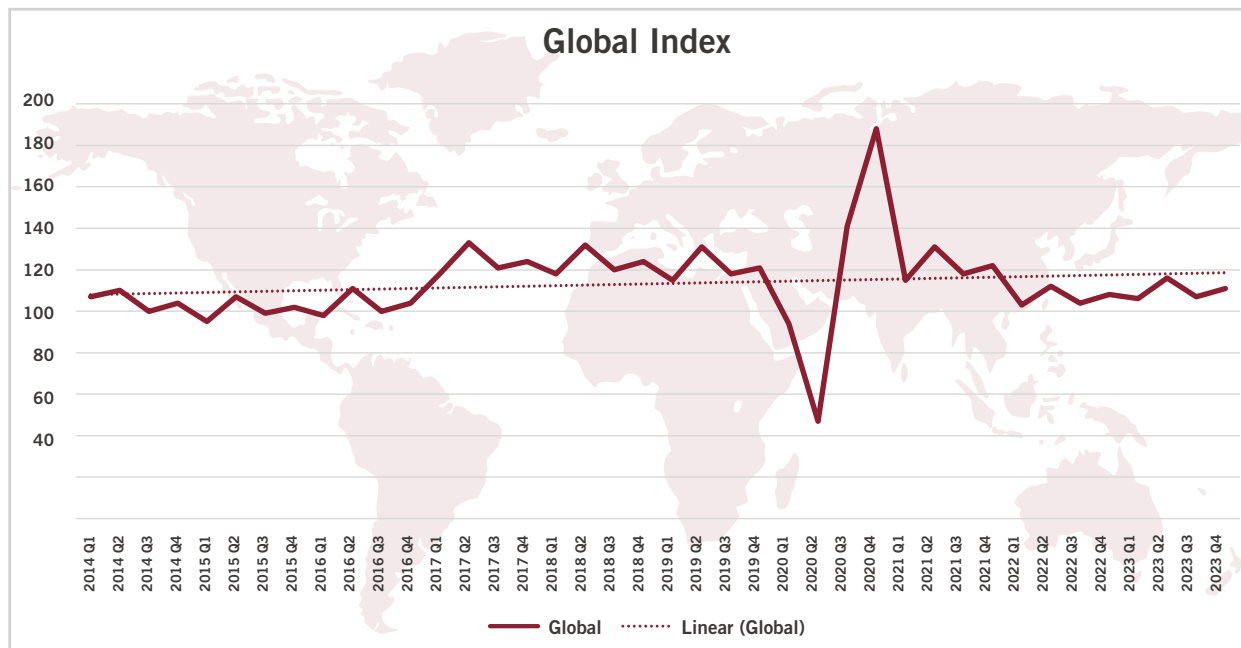
cost of the P8 emission technology will likely have a negative impact Brazilian truck demand this year. This regulation increases the total cost of ownership due to the higher up-front truck price and results in little to no improvement in fuel economy. Higher interest rates will also place pressure on truck demand this year. MHCV production is expected to decline by 35.5% in Argentina and 10% in Columbia this year.

Japan/Korea. Medium and heavy commercial vehicle production in Japan and South Korea will increase by 3.2% this year over 2022. Commercial vehicle production is expected to increase by 2.5% in Japan and 9.1% in South Korea. The supply chain has shown relatively good improvement which led to stronger than expected production levels last year especially in South Korea.

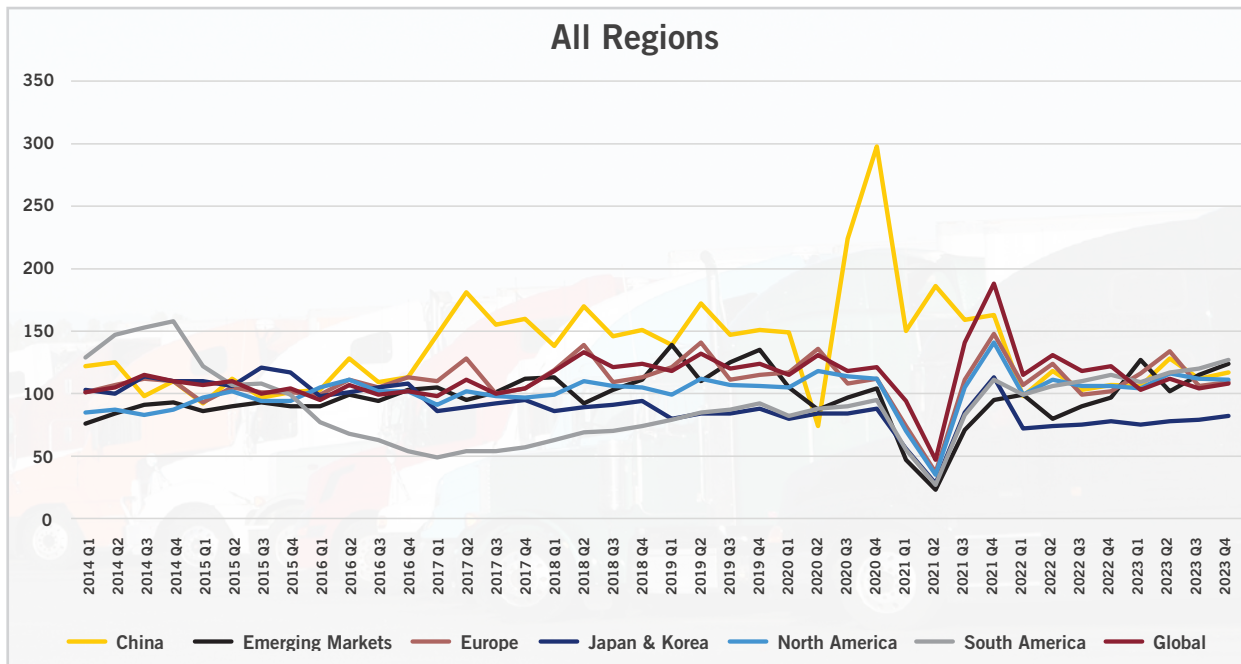
Greater China. Demand for medium and heavy commercial vehicles declined sharply in 2022 primarily due to a slowing economy and the effects from Covid related lockdowns. Also impacting demand was the implementation of the vehicle scrappage scheme in 2020 and 2021 along with a truck pre-buy ahead of the China VI emission regulations implemented in July 2021 which resulted in a relatively young truck fleet in China. It appears that commercial vehicle demand has stabilized and MHCV production is expected to improve by 7.7% in Greater China this year over 2022. Production in China is expected to increase by 7.9% in China and decline by 14% in Taiwan this year.

The next update of the Power Systems Research TPI will be in October 2023 and will reflect changes in the TPI during Q3 2023. **PSR**

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

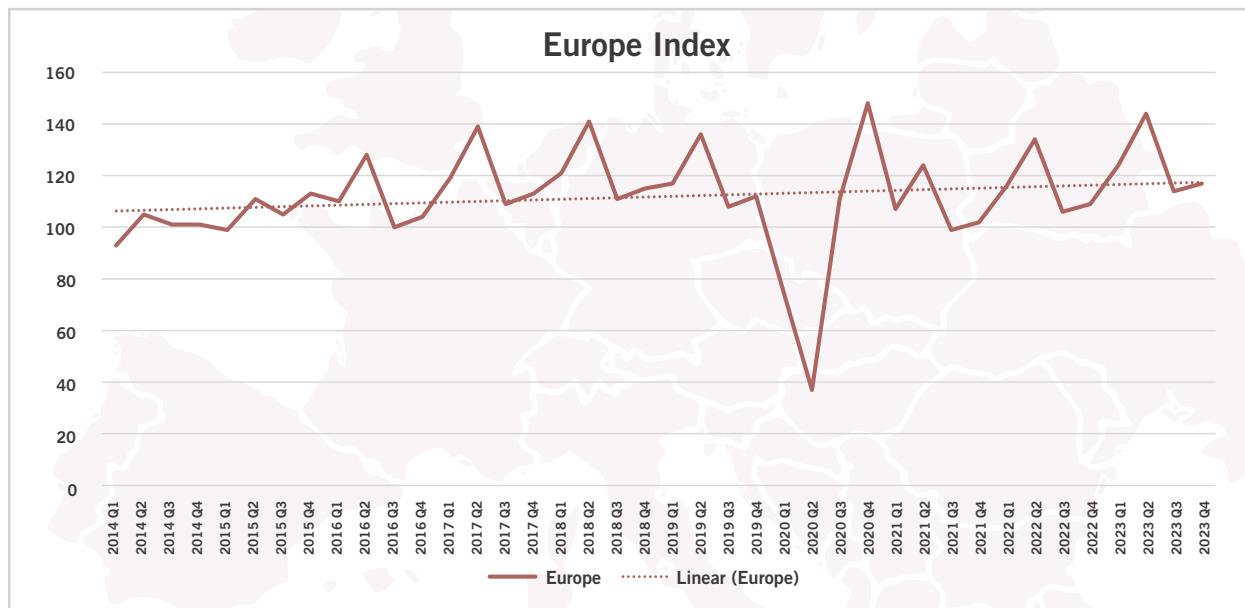


After a decline in medium and heavy commercial vehicle production in 2022 primarily driven by a significant decline in China, MHCV production is expected to increase by 3% in 2023 over last year. Much of the growth will be driven by strong truck replacement demand in Europe and North America along with improved vehicle demand in China. However, global vehicle demand is expected to decline in 2024 as global economic conditions soften.

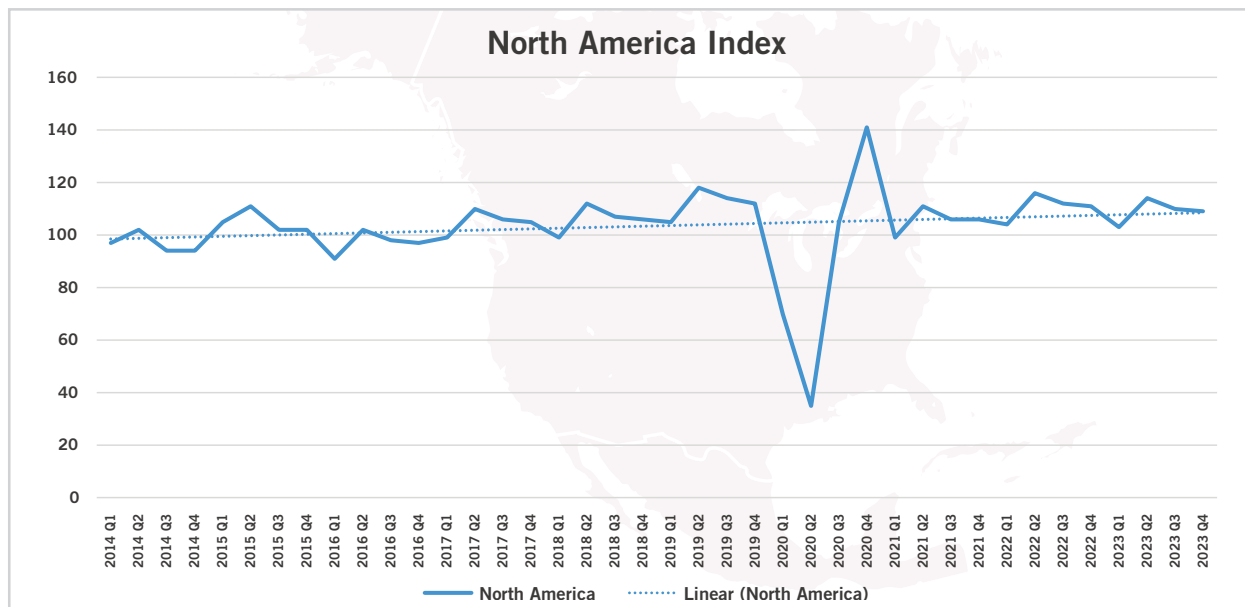


Medium and heavy commercial truck production in Europe and North America will continue to be strong through much of the year primarily due to on-going replacement demand for heavy trucks. In Brazil, truck demand is expected to decline this year primarily due to the implementation of the P8 emission regulations last year which resulted in a vehicle pre-buy. In China, demand appears to have stabilized after very low levels of demand in 2022.

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

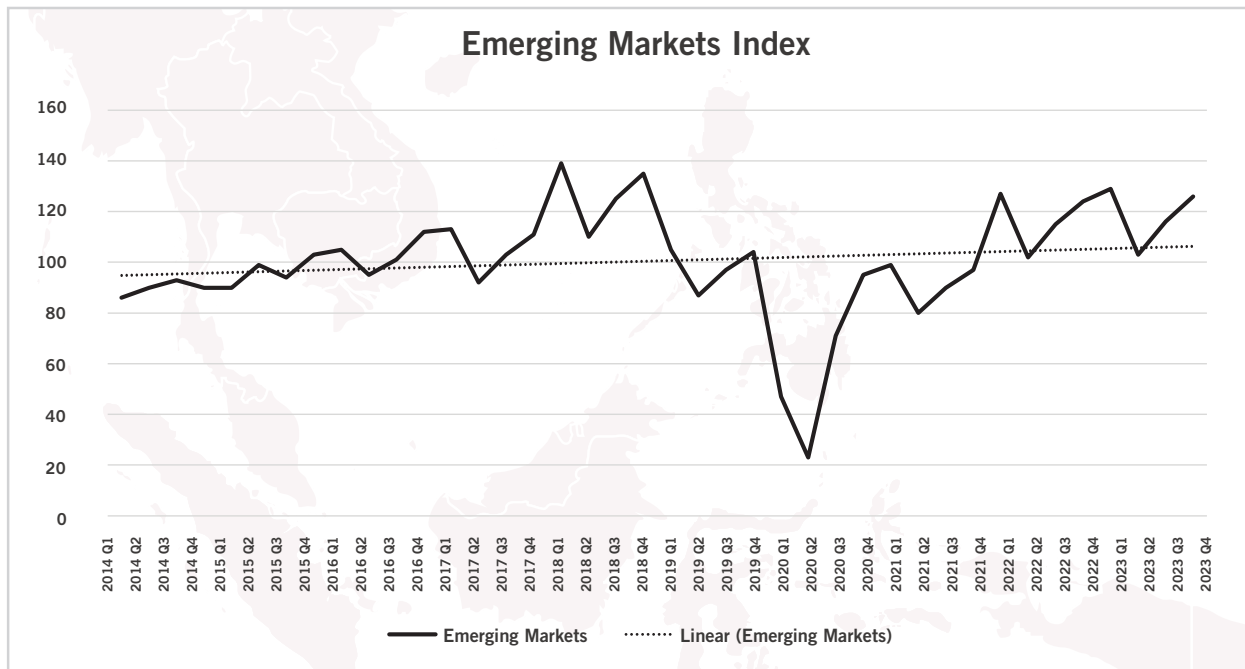


After relatively strong commercial vehicle demand in Europe last year, MHCV production is expected to increase by 8.8% this year over 2022. Vehicle deliveries were generally strong during the first quarter and the order books remained at healthy levels moving into the second half of the year. Overall, the supply chain is in good shape and much like North America, pent-up heavy truck demand will fuel production levels through most of this year. PSR expects truck production to slow moderately in 2024 primarily due to re-balanced truck capacity and a slower economy in part due to on-going inflation and higher interest rates.



Medium and heavy commercial vehicle production is expected to increase by 1.8% this year over 2022 primarily driven by on-going pent-up demand in the class 8 segment. However, a significant slowdown in ocean bound cargo freight along with a slowing of overall freight demand will negatively impact the industry later in the year and into 2024. Continued inflation and relatively higher interest rates will also pressure demand moving forward. As a result, PSR expects a downturn in class 8 truck demand next year as truck capacity re-balances from back-to-back years of high truck production.

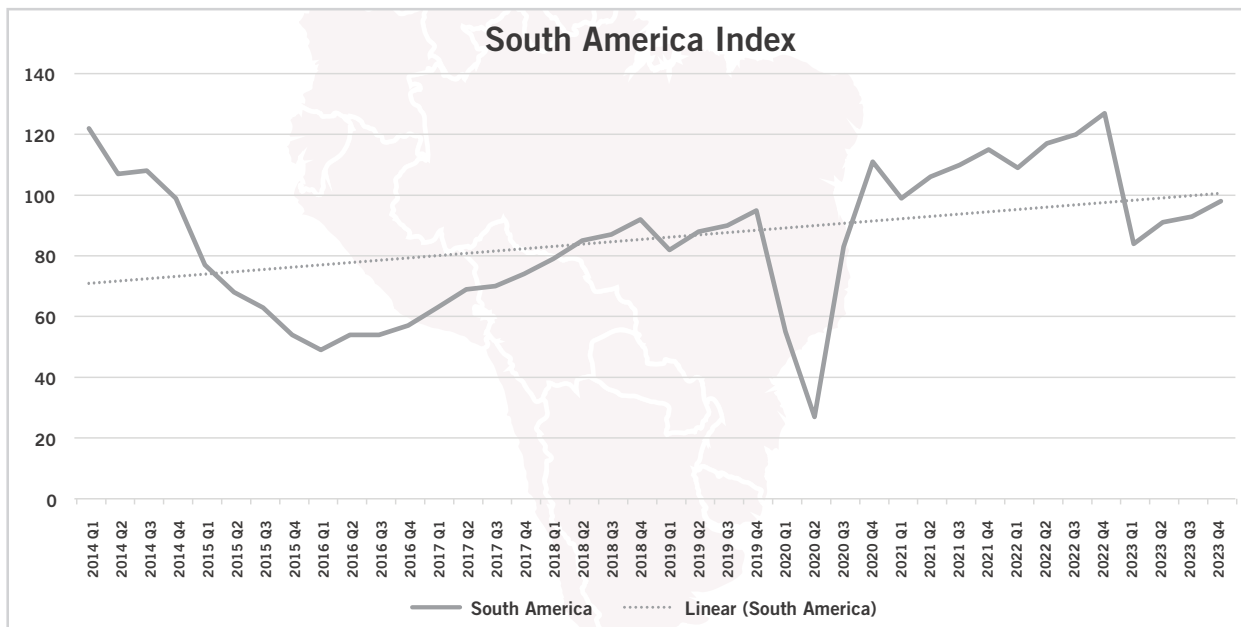
Power Systems Research Global Truck Production Index (PSR-TPI) (Class 3-8 Trucks & Bus Chassis)



After an elevated level of replacement commercial truck demand in 2022, truck production is expected to slow this year and achieve a 1.6% increase in 2023. The lower growth is primarily due to a re-balanced truck capacity along with a forecasted slowdown in freight demand. Truck production in India is only expected to increase by 2% this year and decline by 12% in 2024 while production in Indonesia is expected to decline by 2.4% this year over 2022. In Malaysia, pent-up truck demand resulted in high production rates in 2022 which are expected to continue into the first quarter of 2023 before declining through the remainder of the year. MHCV in Pakistan was down sharply through the first four months of the year.



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



With the implementation of emission regulation Proconve 8 or P8, equivalent to Euro VI in Brazil last year truck production is expected to decline by 26% in 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 this year. This regulation increases the total cost of ownership due to the higher up-front truck price and results in little to no improvement in fuel economy. Higher interest rates will also place pressure on truck demand this year. MHCV production is expected to decline by 35.5% in Argentina and 10% in Columbia this year.

CV Link™

We know
trucks
and buses.

CV Link™ is the leading source of global production, forecast and specification data for on-highway commercial vehicles.

CV Link™ contains OEM names, brands, and models, engine model detail, and qualitative analysis of OEMs and product platforms.

Call today. +1 651.905.8400, or email us at info@powersys.com.

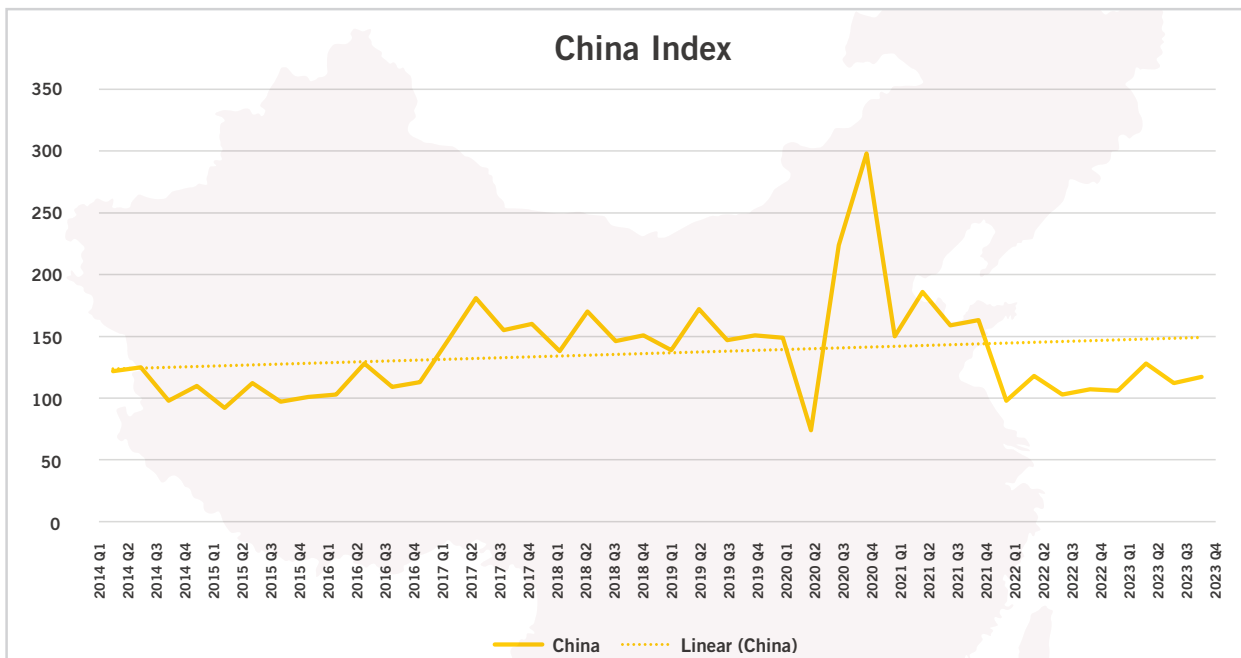
Call Today. Why wait for success?



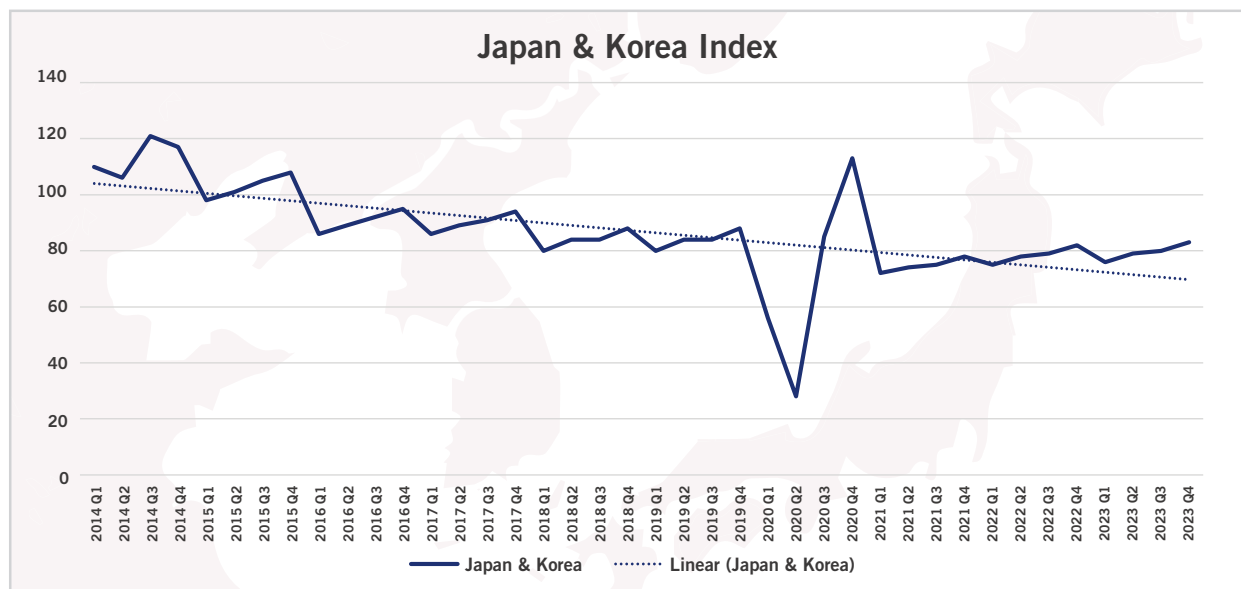
Power Systems Research
Data · Forecasting · Solutions™

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

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



Demand for medium and heavy commercial vehicles declined sharply in 2022 primarily due to a slowing economy and the effects from Covid related lockdowns. Also impacting demand was the implementation of the vehicle scrappage scheme in 2020 and 2021 along with a truck pre-buy ahead of the China VI emission regulations implemented in July 2021 which resulted in a relatively young truck fleet in China. It appears that commercial vehicle demand has stabilized and MHCV production is expected to improve by 7.7% in Greater China this year over 2022. Production in China is expected to increase by 7.9% in China and decline by 14% in Taiwan this year.



Medium and heavy commercial vehicle production in Japan and South Korea will increase by 3.2% this year over 2022. Commercial vehicle production is expected to increase by 2.5% in Japan and 9.1% in South Korea. The supply chain has shown relatively good improvement which led to stronger than expected production levels last year especially in South Korea.



LOCATIONS

Headquarters
St. Paul, USA
+1 651 905 8400
info@powersys.com

Beijing, China
+86 10 5737 9201
infofn@powersys.com

Brussels, Belgium
+32 2 643 2828
infofr@powersys.com

Campinas, Brazil
+55 19 3305 5657
infosaa@powersys.com

Detroit, USA
+1 734 545 0474
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
+81 90 9139 0934
infojp@powersys.com

Power Systems Research has been tracking the production of engines and their use around the world since 1976. We're the leading company in the world doing this research and building these databases.

We have many of the largest companies in the world as our customers, including John Deere and Caterpillar. They subscribe to our unique databases, and their facilities around the world access our data and forecasts through the internet 24/7.

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.

For information on our products and services, call +1 651-905-8400 or email us at info@powersys.com. Learn more about Power Systems Research at www.powersys.com.



Power Systems Research
Data · Forecasting · Solutions™