

Truck Production Index South America Edition



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The PSR-TPI measures truck production globally and across six regions: North America, China, Europe, South America, Japan & Korea and emerging markets. The South America Edition includes data and commentary on South America, Brazil, Argentina and Columbia. Data comes from OE Link™, the proprietary database maintained by Power Systems Research. PSR-TPI covers Class 3-8 Trucks (3.5 tons and greater) & Bus Chassis.

First Quarter 2024

Q1 2024 Power Systems Research SA Truck Production Index (PSR-TPI) Climbs 3.4%

ST. PAUL, MN — The Power Systems Research South America Truck Production Index (PSR-TPI) increased from 88 to 91, or 3.4%, for the three-month period ending March 31, 2024 (Q1 2024), from Q4 2023. The year-over-year (Q1 2023 - Q1 2024) PSR-TPI increased from 75 to 91, or 21.3%.

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

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

All Regions. In 2024, Medium and heavy commercial vehicle production in Europe, South Asia and North America is expected to decline modestly while production in China, South America, Japan, and Korea is expected to improve over last year.

Global Index. Globally, medium, and heavy commercial vehicle production is expected to decline by 1.5% this

year over 2023. Moving into 2024, much of the focus on demand will be centered around slowing global economic conditions that will impact overall freight demand.

South America. Medium and heavy commercial vehicle production is expected to increase by 25.2% this year after a significant decline in 2023 primarily driven by the implementation of the Proconve 8 emission regulations in Brazil last year as well as high level of interest rate.

Brazil. In Brazil, MHCV production is expected to increase by 26.9% after a sharp decline in 2023. The decline is primarily driven by inventory built in 2022 as pre-buy to implementation of the Proconve 8 (Euro VI) emission regulations this year plus the high level of interest rate. The P8 emission regulation in Brazil increased the total cost of truck ownership due to the higher up-front truck price and resulted in little improvement in fuel economy. The YoY change increased from 89 in Q1 2023 to 110 in Q1 2024, or 23.5%

Argentina. Vehicle production in Argentina is expected to increase by 2% over 2023 as a result of problems in

TPI authors



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the country to import durable goods. The YoY change increased from 72 in Q1 2023 to 74 in Q1 2024, or 2.7%

Columbia. Production in Columbia is expected to increase by 12% over last year after a decline of -35% in 2023 due to the economics mainly high level of interest rate associated to low GDP growth. 2024 is being considered as the start of recovery. The YoY change increased from 51 in Q1 2023 to 55 in Q1 2024, or 7.8%

North America. Medium and heavy commercial vehicle production is expected to decline by 9.3% this year over 2023 after strong class 8 truck production last year was driven by on-going pent-up demand. While class 8 demand is expected to decline this year, it will still be at an elevated level especially during the first quarter of the year. Strength in the vocational segment and higher levels of heavy truck demand in Mexico will off-set the weakness in the semi-truck segment. Continued softness in the overall freight market will negatively impact truck demand through 2024. High inflation and interest rates will also pressure demand moving forward.

Europe:. After strong commercial vehicle demand in Europe last year, MHCV production is expected to decline by 8.6% this year over 2023. Vehicle deliveries were strong during 2023 and the order books remain at healthy levels moving into 2024. Overall, the supply chain has improved and much like North America, pent-up heavy truck demand will fuel production levels through at least the first quarter of the year. PSR expects truck production to slow this year 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 a strong level of vehicle replacement during the past few years, commercial vehicle production is expected to decline by 6% this year compared with 2023. This will be primarily due to a re-balanced truck capacity along with a forecasted slowdown in freight demand in India. Commercial vehicle production in India is expected to decline by 8% this year and increase by 5% in 2025.

Japan/Korea. Medium and heavy commercial vehicle production in Japan and South Korea is increase by

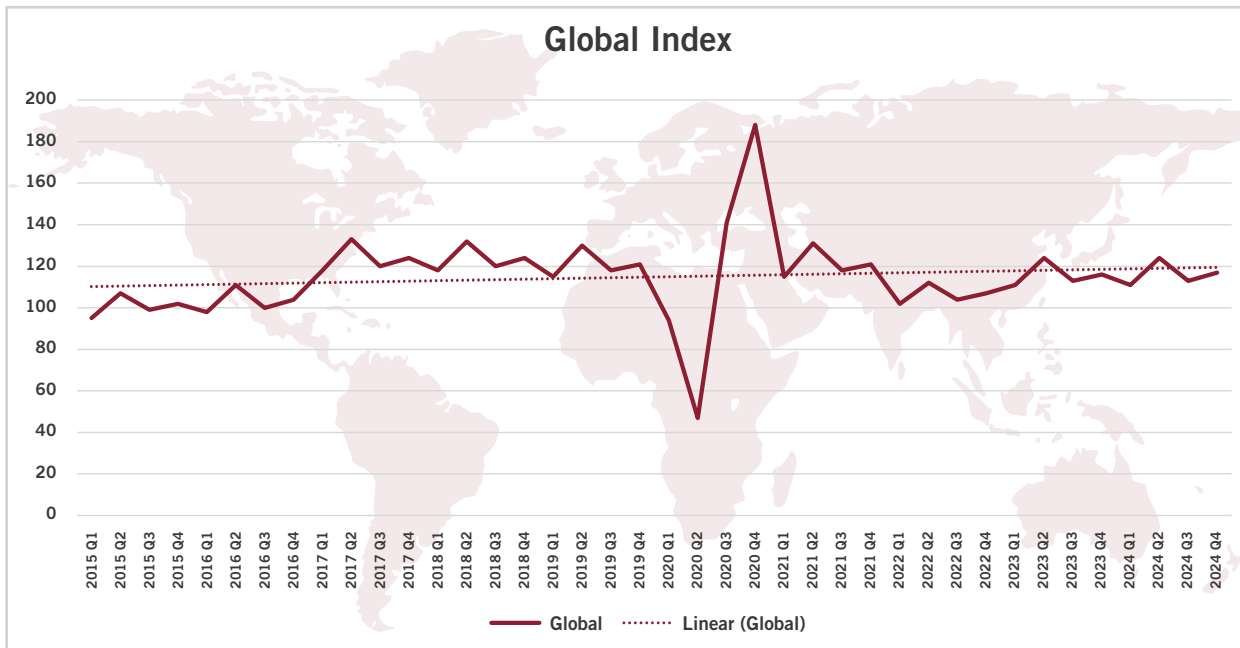


4.2% this year over 2023. Commercial vehicle production is expected to increase by 4.7% in Japan and .3% in South Korea this year. The supply chain has shown good improvement which led to stronger than expected production levels last year especially in South Korea.

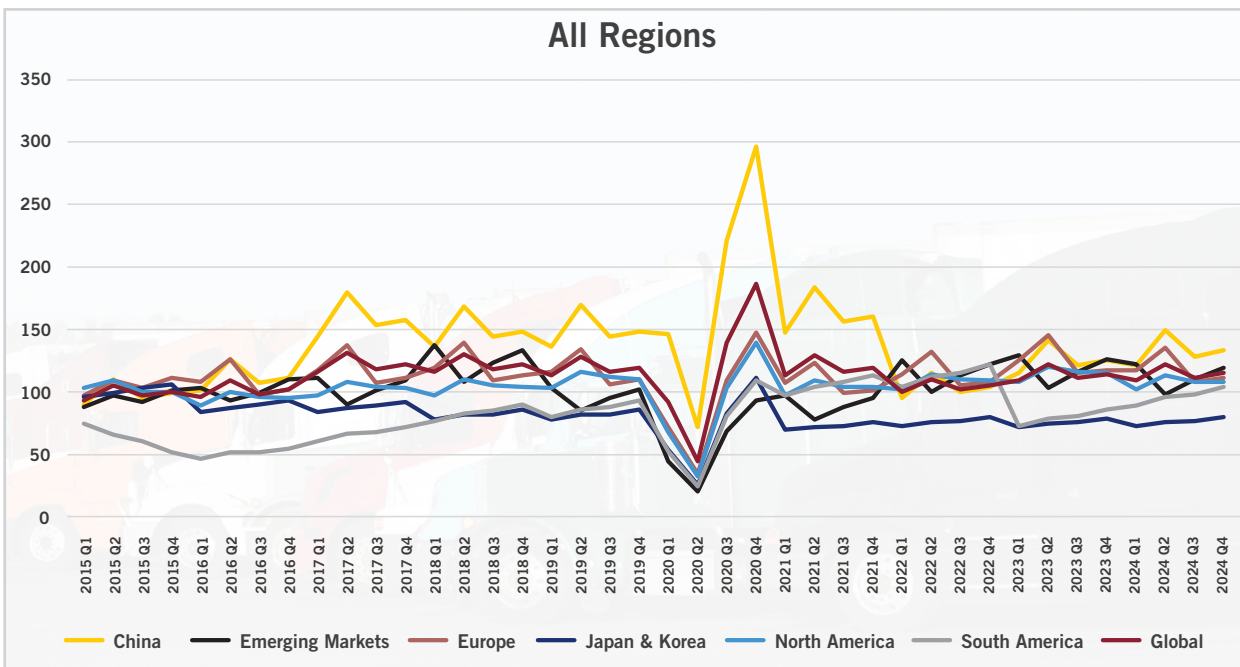
Greater China. Medium and heavy commercial vehicle production is expected to increase by 5.4% this year over 2023. Vehicle demand was up sharply last year as the market recovered from a dismal 2022. While truck demand is expected to increase this year, the Chinese economy will continue to face economic headwinds during the next few years. The economic issues are primarily fueled by deflation, bankrupt property developers and local government debt. In Taiwan, medium and heavy vehicle production is expected to increase by 4.7% this year over 2023.

The next update of the Power Systems Research TPI will be in July 2024 and will reflect changes in the TPI during Q2 2024. **PSR**

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

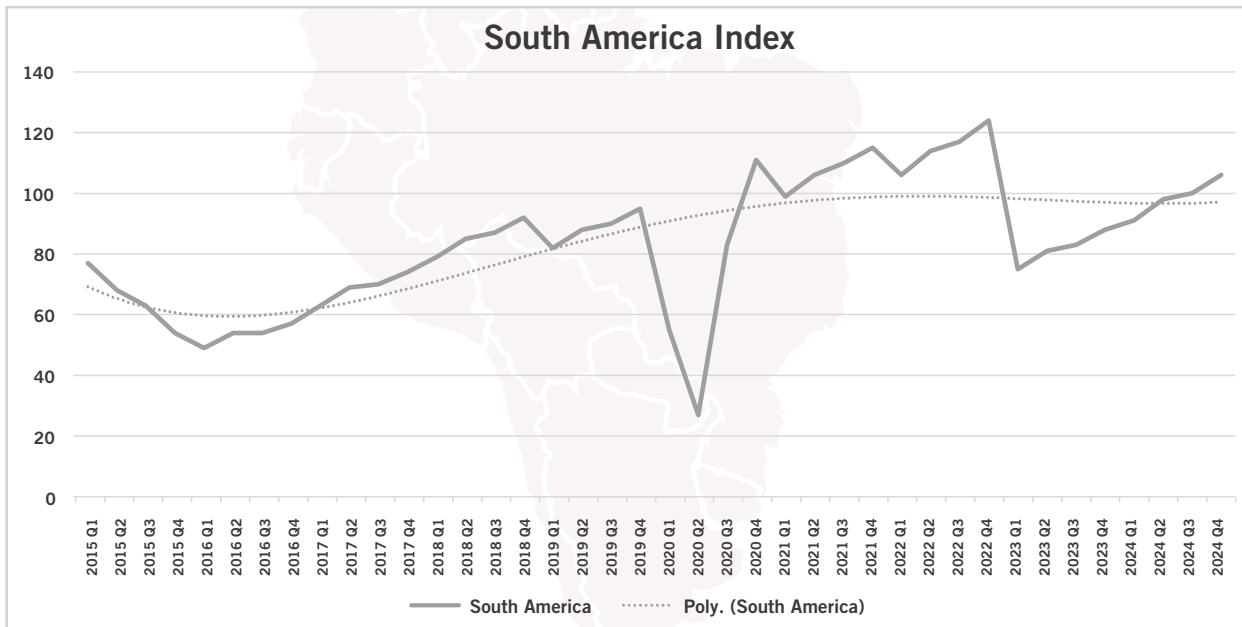


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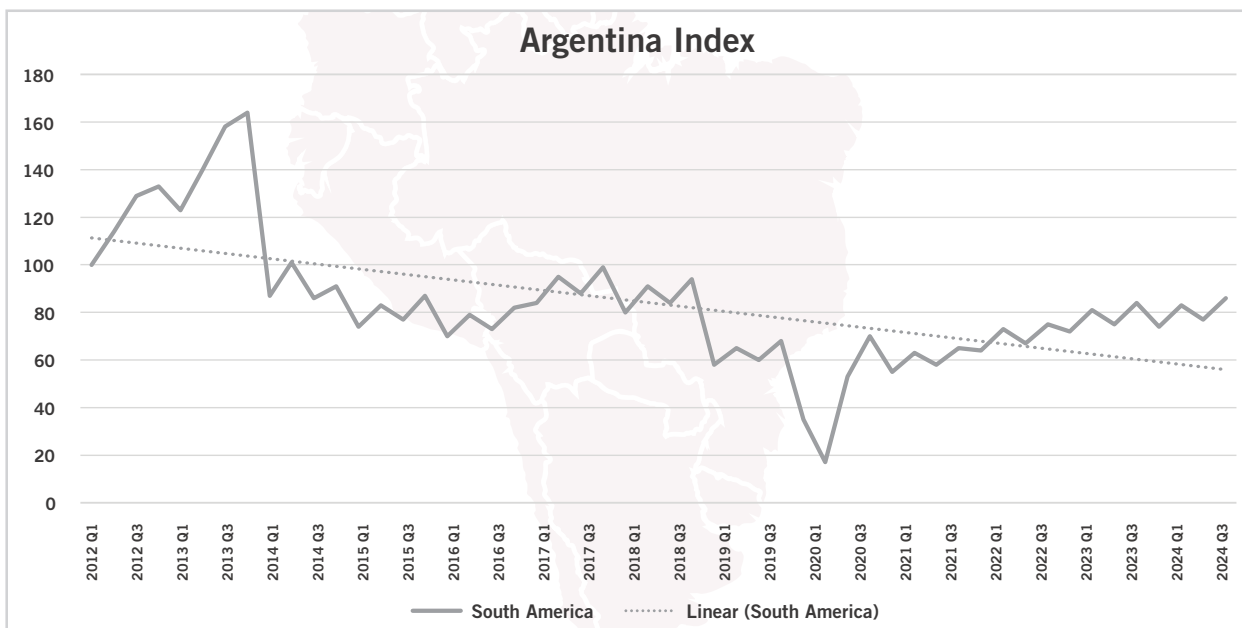


In 2024, Medium and heavy commercial vehicle production in Europe South Asia and North America is expected to decline modestly while production in China, South America, Japan, and Korea is expected to improve over last year.

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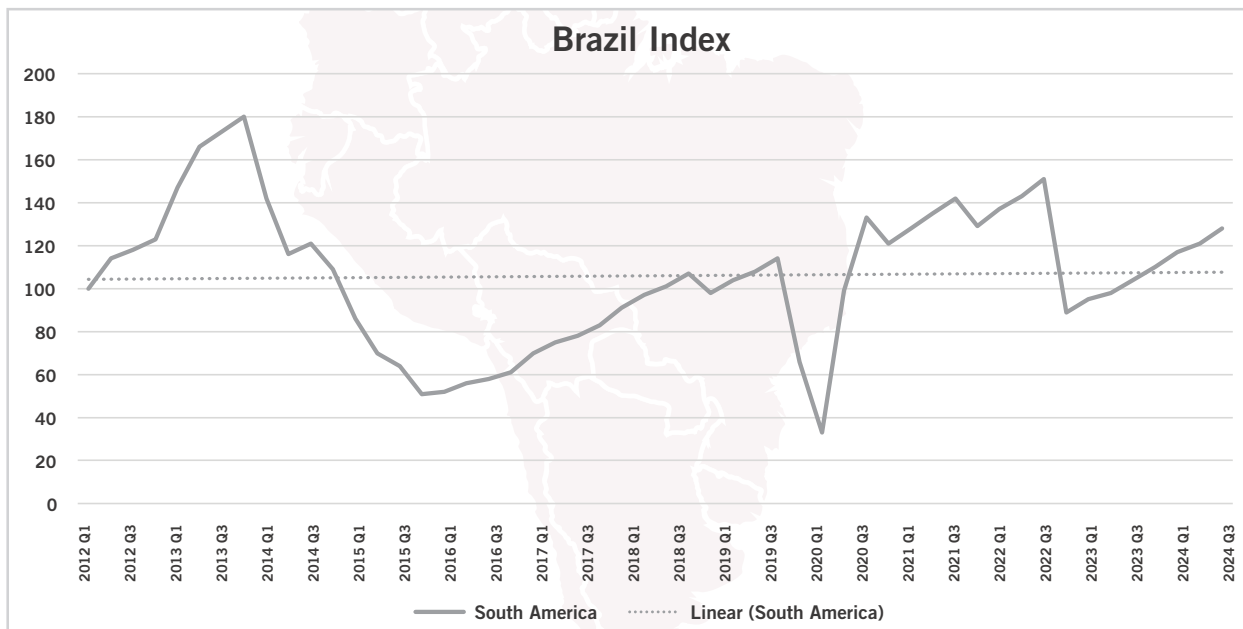


Medium and heavy commercial vehicle production is expected to increase by 25.2% this year after a significant decline in 2023 primarily driven by the implementation of the Proconve 8 emission regulations in Brazil last year as well as elevated level of interest rate.

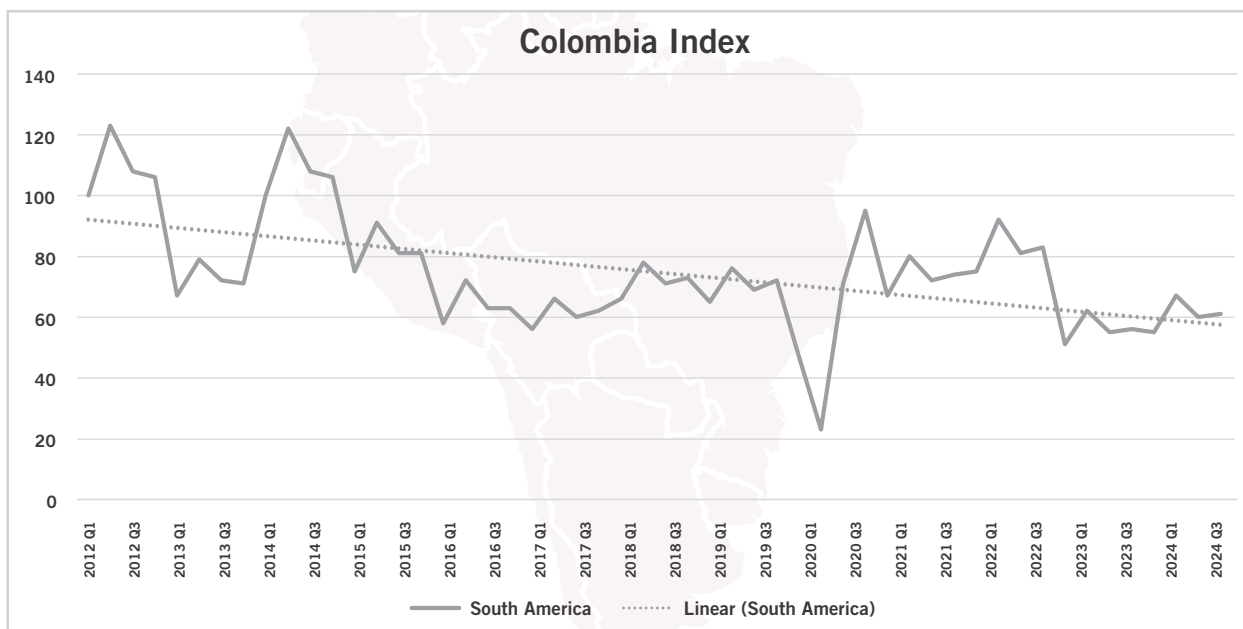


Vehicle production in Argentina is expected to increase by 2% over 2023 as a result of problems in the country to import durable goods.

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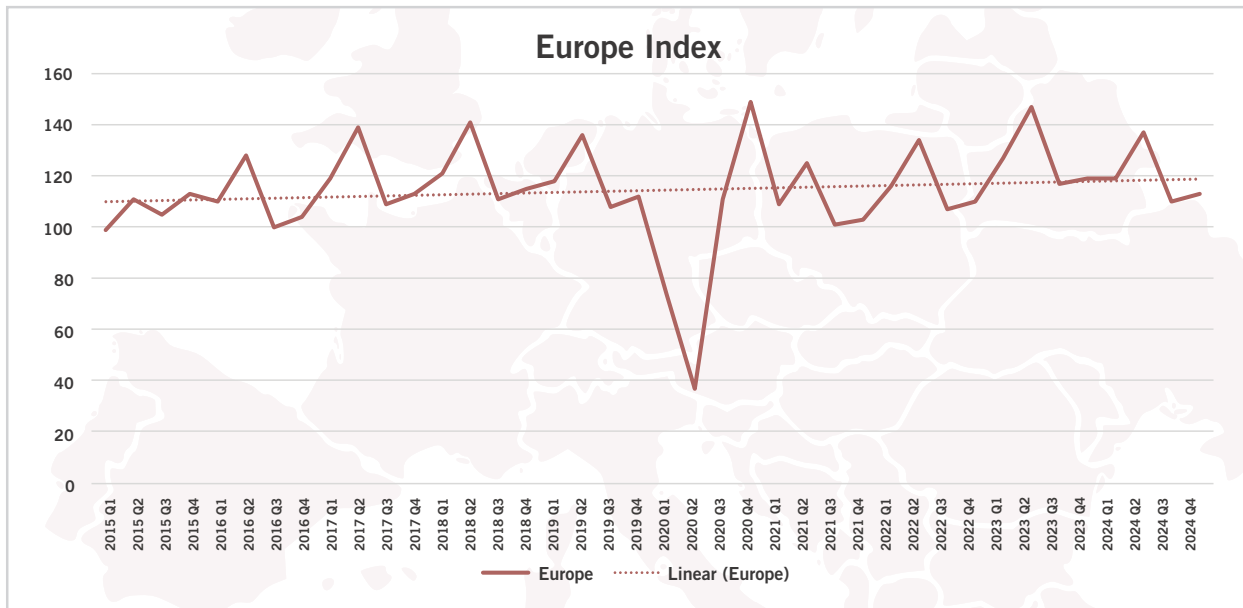


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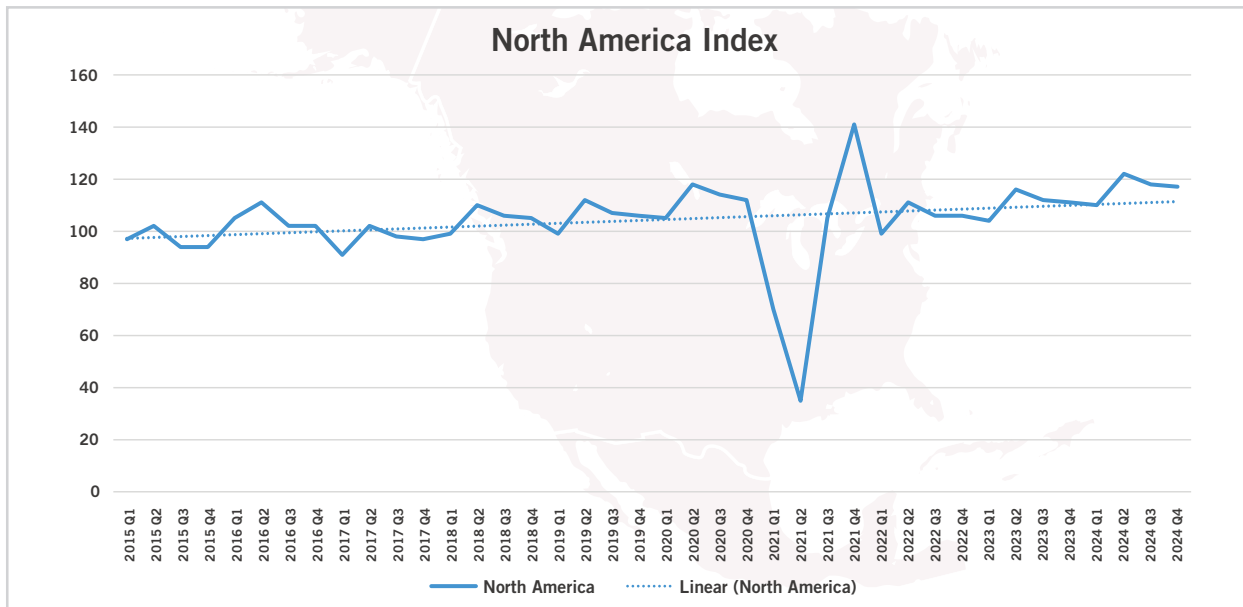


Production in Colombia is expected to increase by 12% over last year after a decline of -35% in 2023 due to the economics mainly high level of interest rate associated to low GDP growth. 2024 is being considered as the start of recovery.

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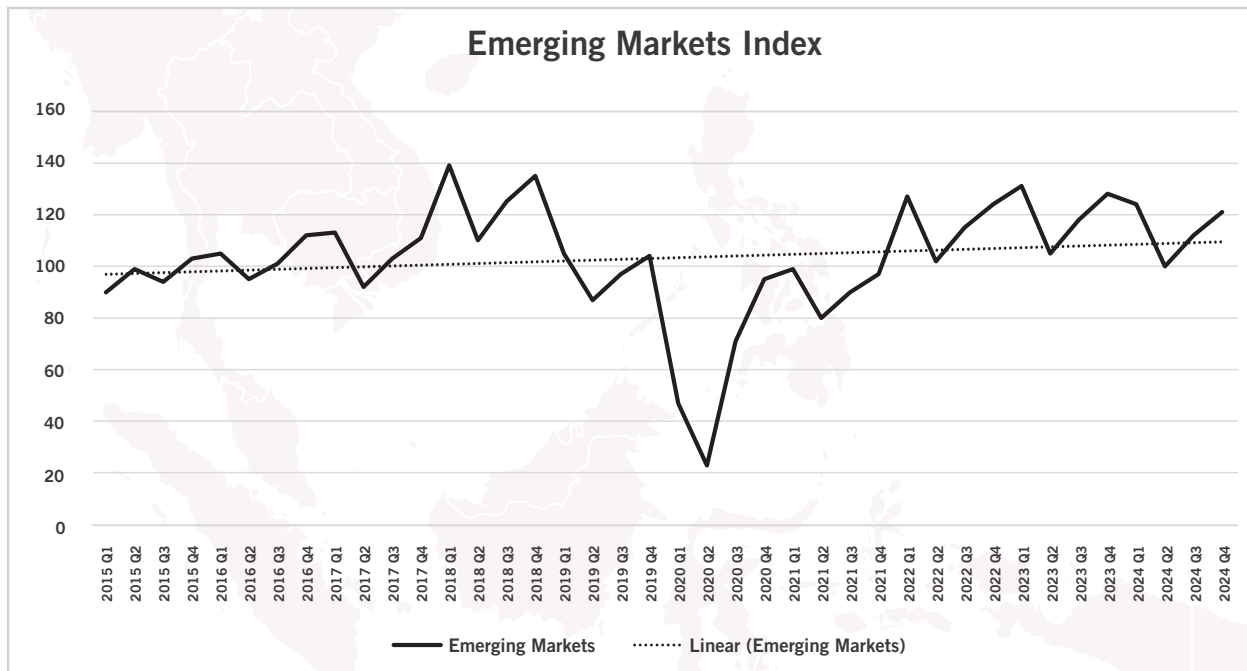


After strong commercial vehicle demand in Europe last year, MHCV production is expected to decline by 8.6% this year over 2023. Vehicle deliveries were strong during 2023 and the order books remain at healthy levels moving into 2024. Overall, the supply chain has improved and much like North America, pent-up heavy truck demand will fuel production levels through at least the first quarter of the year. PSR expects truck production to slow this year 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 decline by 9.3% this year over 2023 after strong class 8 truck production last year was driven by on-going pent-up demand. While class 8 demand is expected to decline this year, it will still be at an elevated level especially during the first quarter of the year. Strength in the vocational segment and higher levels of heavy truck demand in Mexico will off-set the weakness in the semi-truck segment. Continued softness in the overall freight market will negatively impact truck demand through 2024. High inflation and interest rates will also pressure demand moving forward.

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After a strong level of vehicle replacement during the past few years, commercial vehicle production is expected to decline by 6% this year compared with 2023. This will be primarily due to a re-balanced truck capacity along with a forecasted slowdown in freight demand in India. Commercial vehicle production in India is expected to decline by 8% this year and increase by 5% in 2025.

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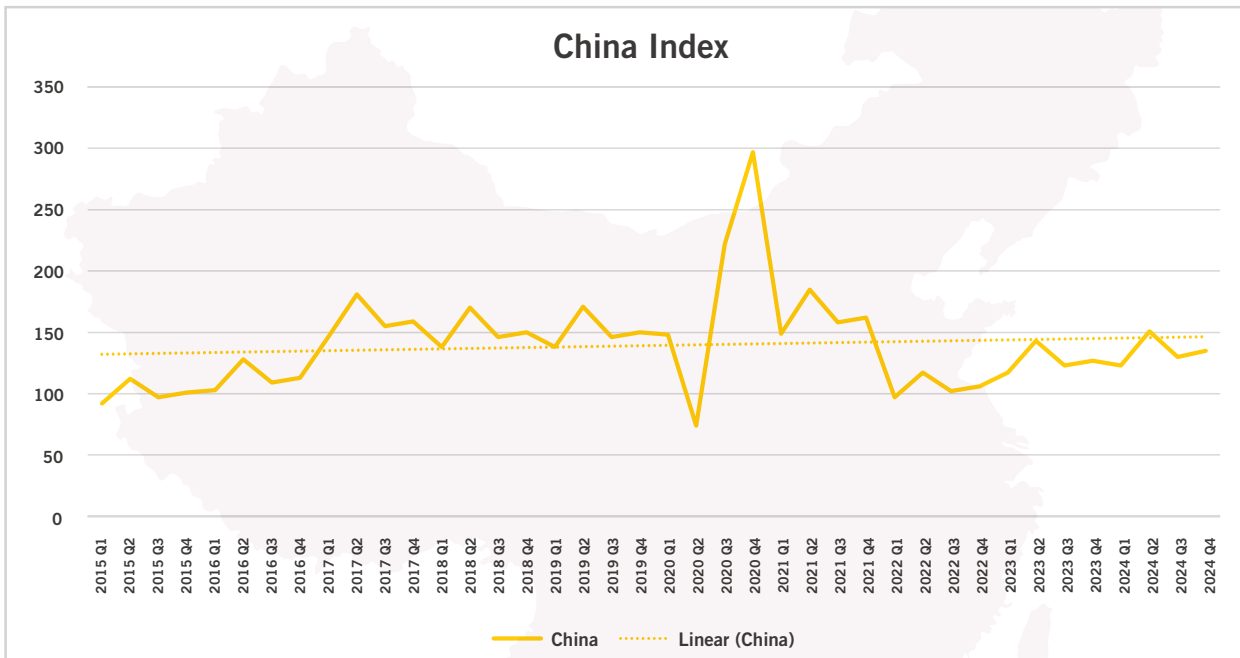
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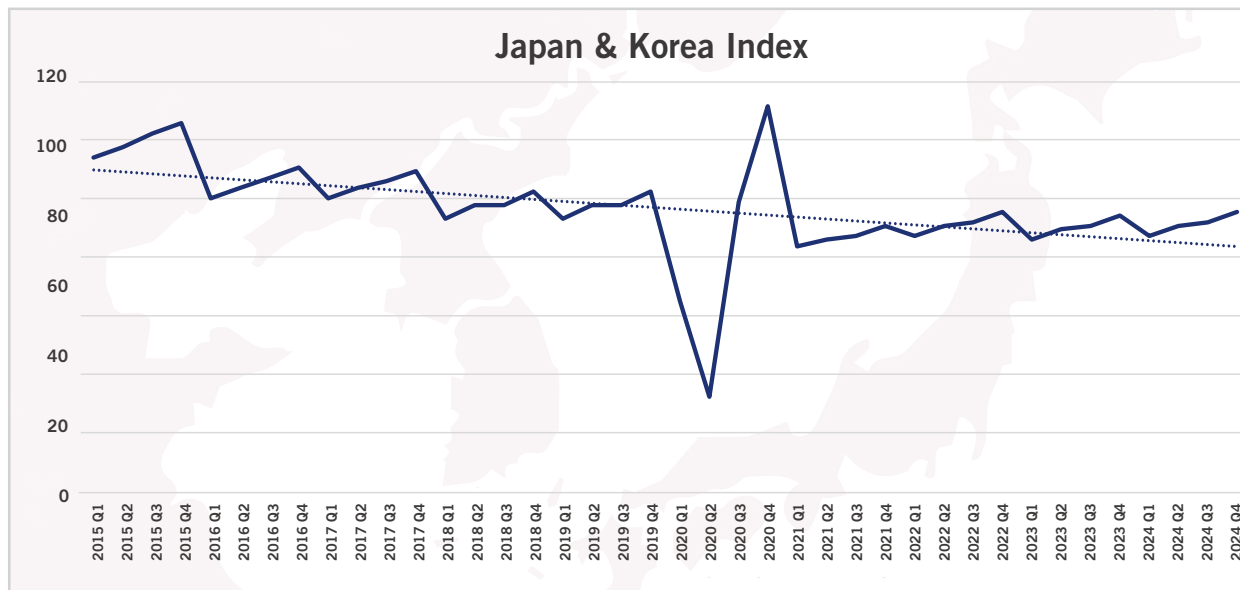
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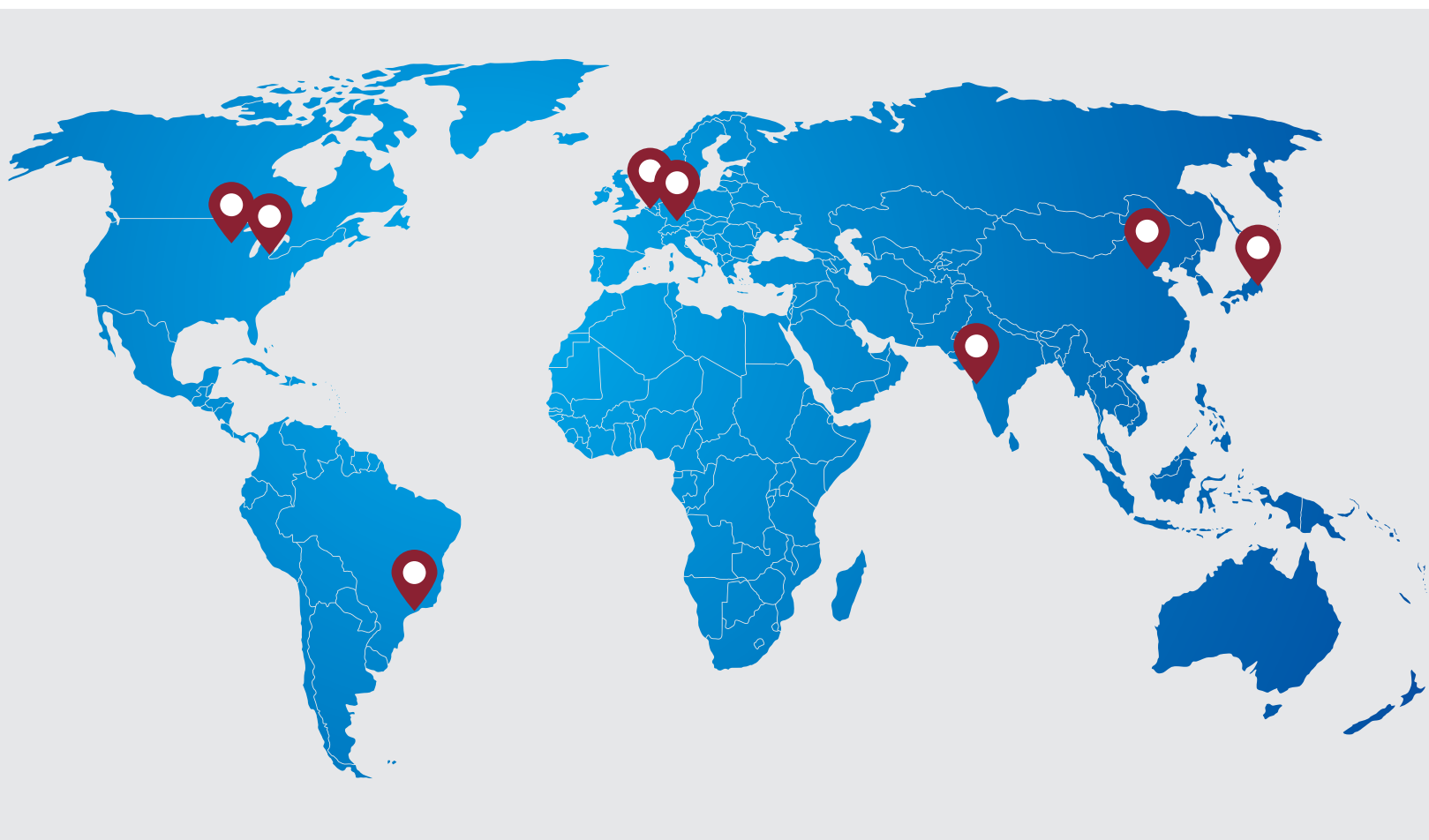
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Medium and heavy commercial vehicle production is expected to increase by 5.4% this year over 2023. Vehicle demand was up sharply last year as the market recovered from a dismal 2022. While truck demand is expected to increase this year, the Chinese economy will continue to face economic headwinds during the next few years. The economic issues are primarily fueled by deflation, bankrupt property developers and local government debt. In Taiwan, medium and heavy vehicle production is expected to increase by 4.7% this year over 2023.



Medium and heavy commercial vehicle production in Japan and South Korea is increase by 4.2% this year over 2023. Commercial vehicle production is expected to increase by 4.7% in Japan and .3% in South Korea this year. The supply chain has shown good improvement which led to stronger than expected production levels last year especially in South Korea.



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About Power Systems Research

Power Systems Research (PSR), established in 1976, is the leading source of data, analysis and forecasting on the global production of engines and engine-powered equipment, including class 8 vehicles. One of its databases, EnginLink,™ includes production figures down to the model level for OEMs in key market segments, such as commercial vehicles. PSR's global research network includes eight offices and stretches across 200 countries and four continents.



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