TPI

January 30, 2024

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

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. PSR-TPI covers Class 3-8 Trucks (3.5 tons and greater) & Bus Chassis.

Fourth Quarter 2023

2023 Power Systems Research Truck Production Index (PSR-TPI) gains 8.4%

ST. PAUL, MN — The Power Systems Research Truck Production Index (PSR-TPI) increased from 107 to 116, or 8.4% for the 12 months ended Dec. 31, 2023. For the fourth quarter of 2023, ending Dec. 31, 2023, the index increased from 112 to 116, or 3.6%, compared to Q3 2023.

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. 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.

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.

North America. Medium and heavy commercial vehicle production is expected to decline by 10.4% this year over 2023 after strong class 8 truck production last year was driven by on-going pent-up demand. While vehicle demand is expected to decline this year, it will still be at elevated levels, especially during the first quarter of the year. 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. As a result, PSR expects a downturn in class 8 truck demand later in the year as truck capacity re-balances from back-to-back years of high truck production.

Europe. After strong commercial vehicle demand in Europe in 2023, MHCV production is expected to decline by 5% this year over 2023. Vehicle deliveries were strong during the year and the order books remain

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

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 Q1 2024. 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 a strong level of vehicle replacement during the past few years, commercial vehicle production is expected to decline by 7.4% this year compared with 2023. This will be primarily due to a re-balanced truck capacity along will a forecasted slowdown in freight demand in India. Commercial vehicle production in India is expected to decline by 10% this year and increase by 5% in 2025.

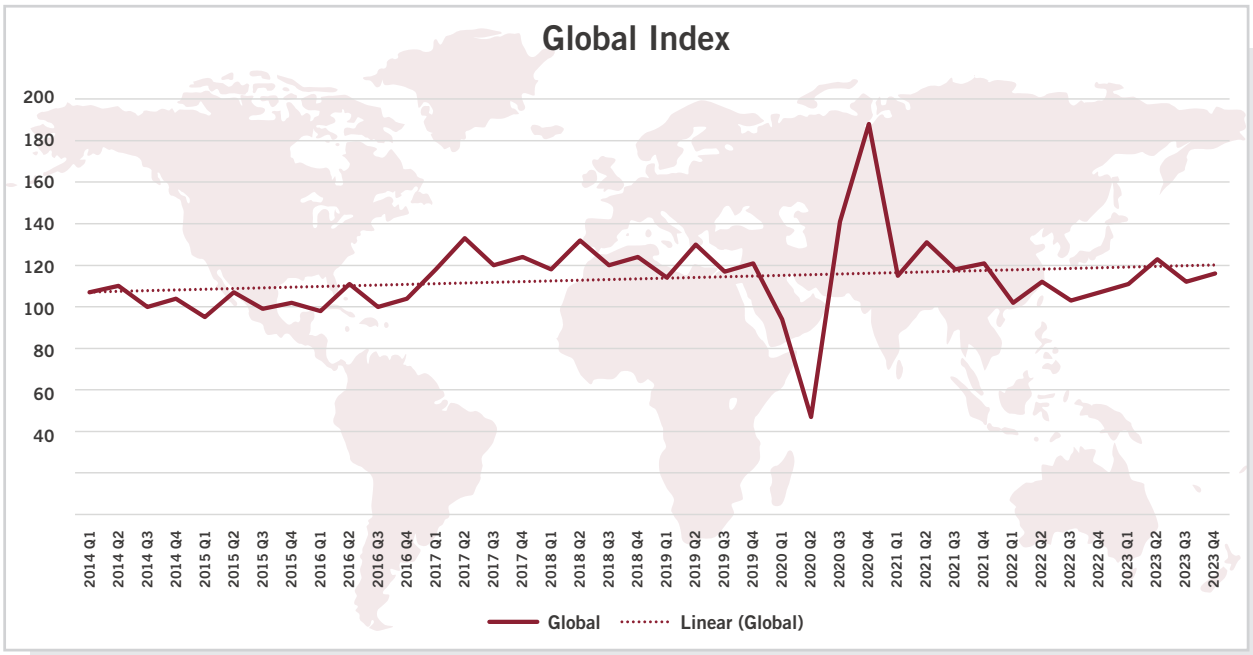
South America. Medium and heavy commercial vehicle production is expected to increase by 22.1% this year after a significant decline in 2023 primarily driven by a weaker economy and the implementation of the Proconve 8 emission regulations in Brazil last year. Vehicle production in Argentina grew 9.3% over 2023 as a result of problems in the country to import durable goods. Production is forecasted to increase by 57% this year for same reasons of 2023 plus the transference of 4,000 units of VW trucks from Brazil to be produced in Argentina. (For a more detailed analysis of the South America market, see the TPI-South America edition.)

Japan/Korea. Medium and heavy commercial vehicle production in Japan and South Korea is increase by 2.6% this year over 2023. Commercial vehicle production is expected to increase by 2.3% in Japan and 5.5% 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.

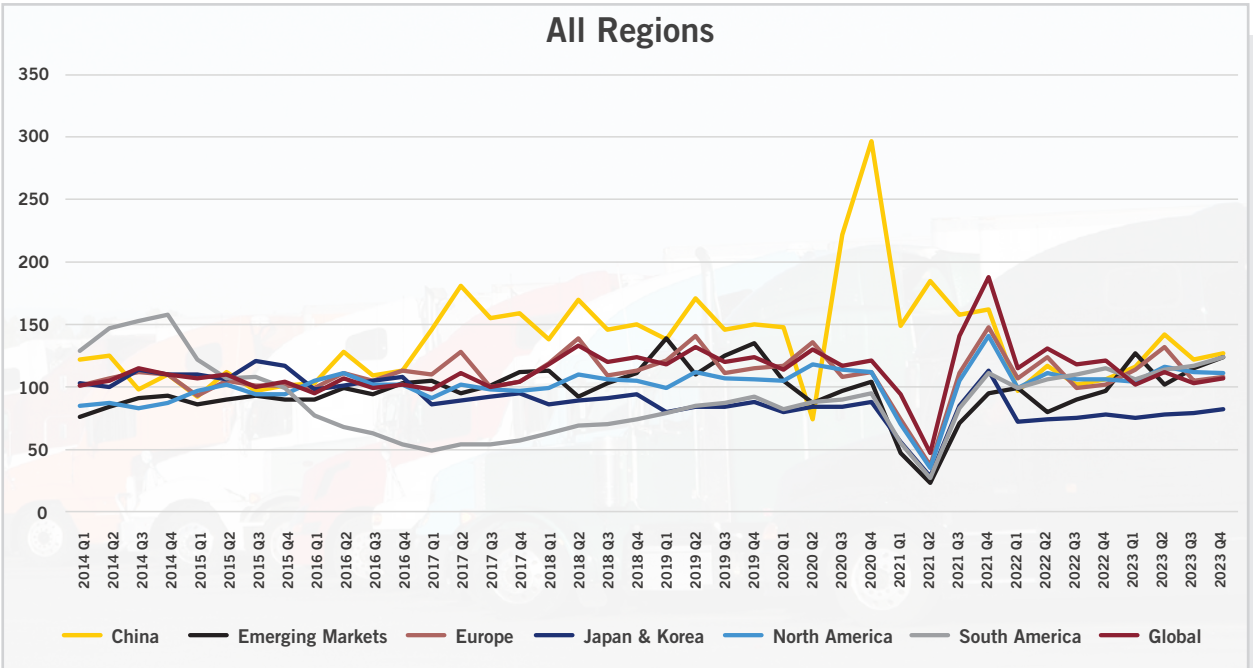
Greater China. Demand for medium and heavy commercial vehicles declined sharply in 2022 primarily due to a slowing economy and the effects from Covid related lockdowns. Also impacting demand was the implementation of the vehicle scrappage scheme in 2020 and 2021 along with a truck pre-buy ahead of the China VI emission regulations implemented in July 2021 which resulted in a young truck fleet in China. Truck demand rebounded significantly in 2023 primarily driven by the need to replace older vehicles. In Taiwan, MHCV production is expected to decline by 40% as demand has cooled significantly.

The next update of the Power Systems Research TPI will be in Aprl 2024 and will reflect changes in the TPI during Q1 2024. **PSR**

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

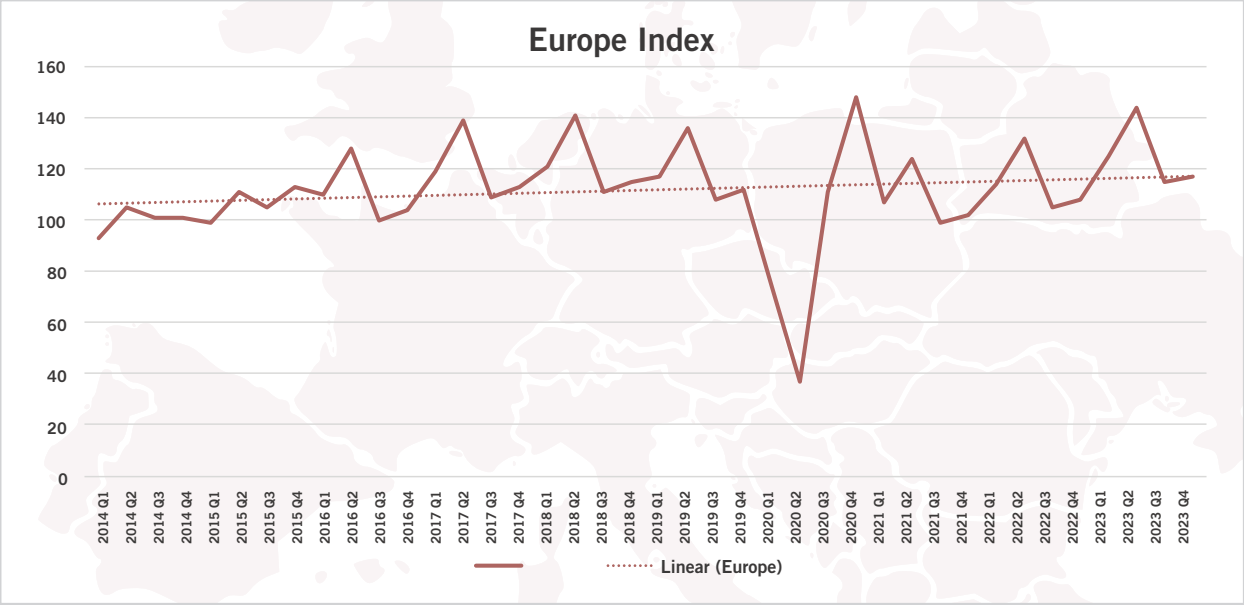


Globally, medium, and heavy commercial vehicle production is expected to decline by 1.5% this year over 2023. Moving into 2024, much of the focus on demand will be centered around slowing global economic conditions that will impact overall freight demand.

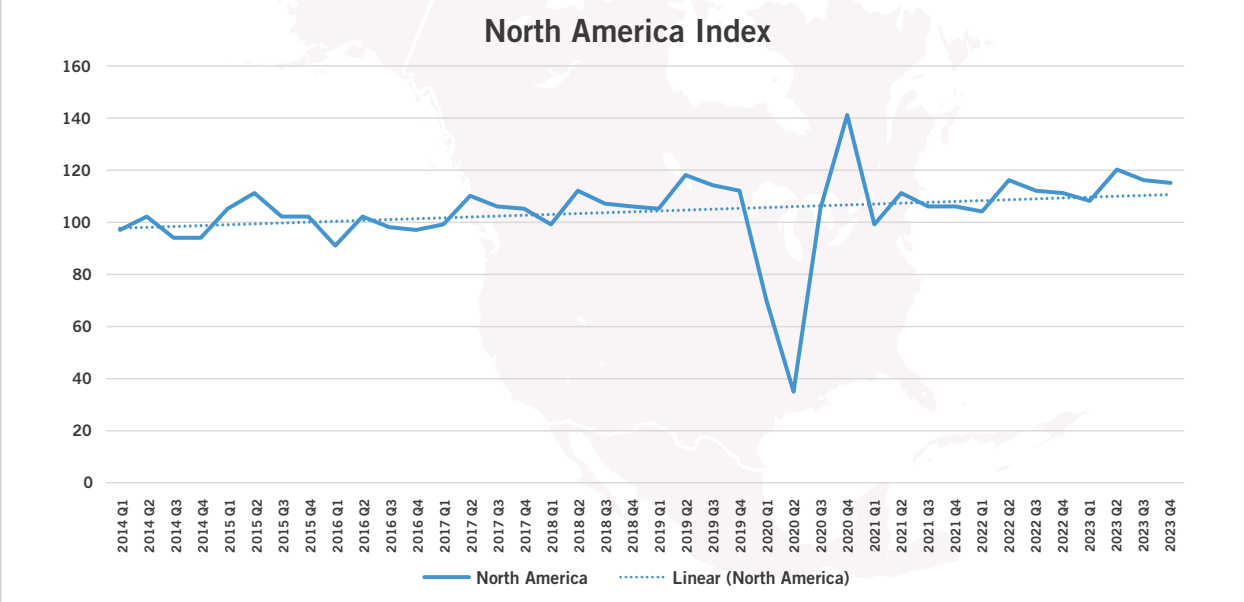


In 2024, Medium and heavy commercial vehicle production in Europe South Asia and North America is expected to decline modestly while production in China, South America, Japan, and Korea is expected to improve over last year.

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

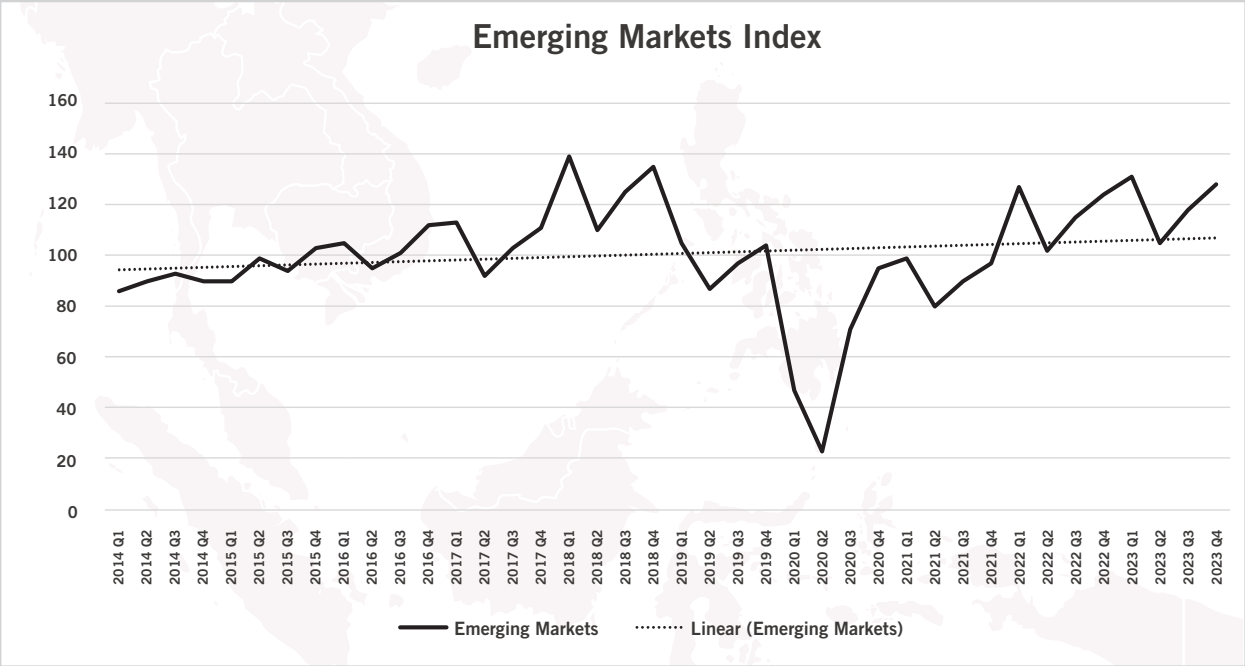


After strong commercial vehicle demand in Europe last year, MHCV production is expected to decline by 5% this year over 2023. Vehicle deliveries were strong during the year and the order books remain at healthy levels moving into 2024. Overall, the supply chain has improved and much like North America, pent-up heavy truck demand will fuel production levels through at least the first quarter of the year. PSR expects truck production to slow 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.



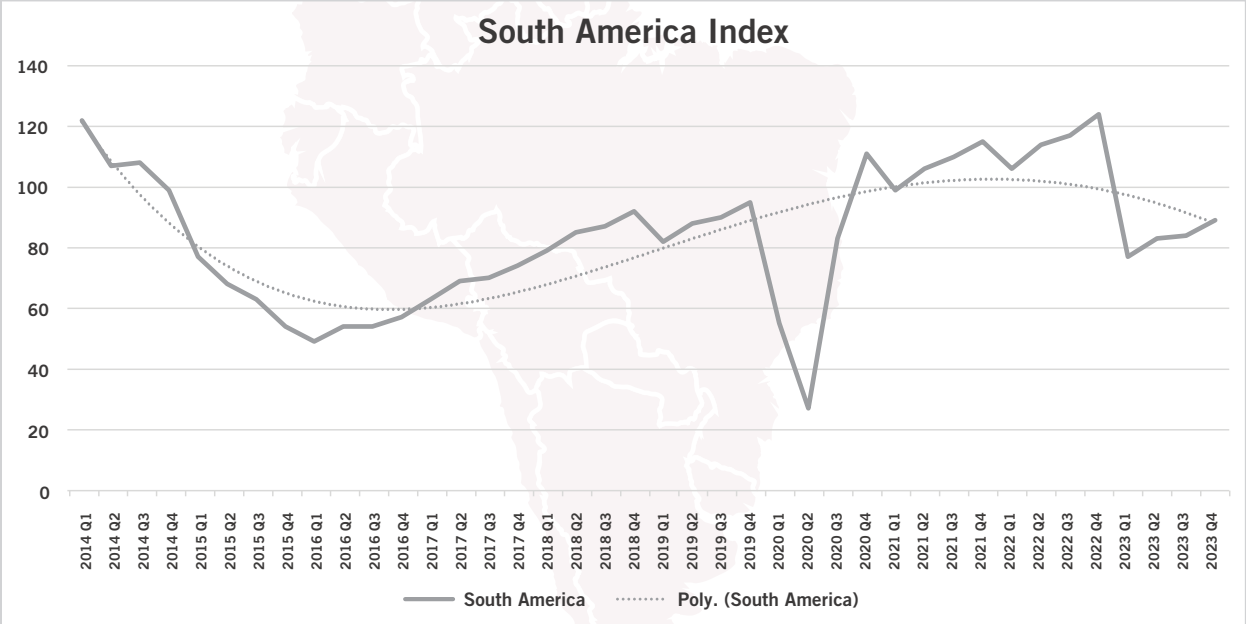
Medium and heavy commercial vehicle production is expected to decline by 10.4% this year over 2023 after strong class 8 truck production last year was driven by on-going pent-up demand. While vehicle demand is expected to decline this year, it will still be at elevated levels especially during the first quarter of the year. 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. As a result, PSR expects a downturn in class 8 truck demand later in the 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)



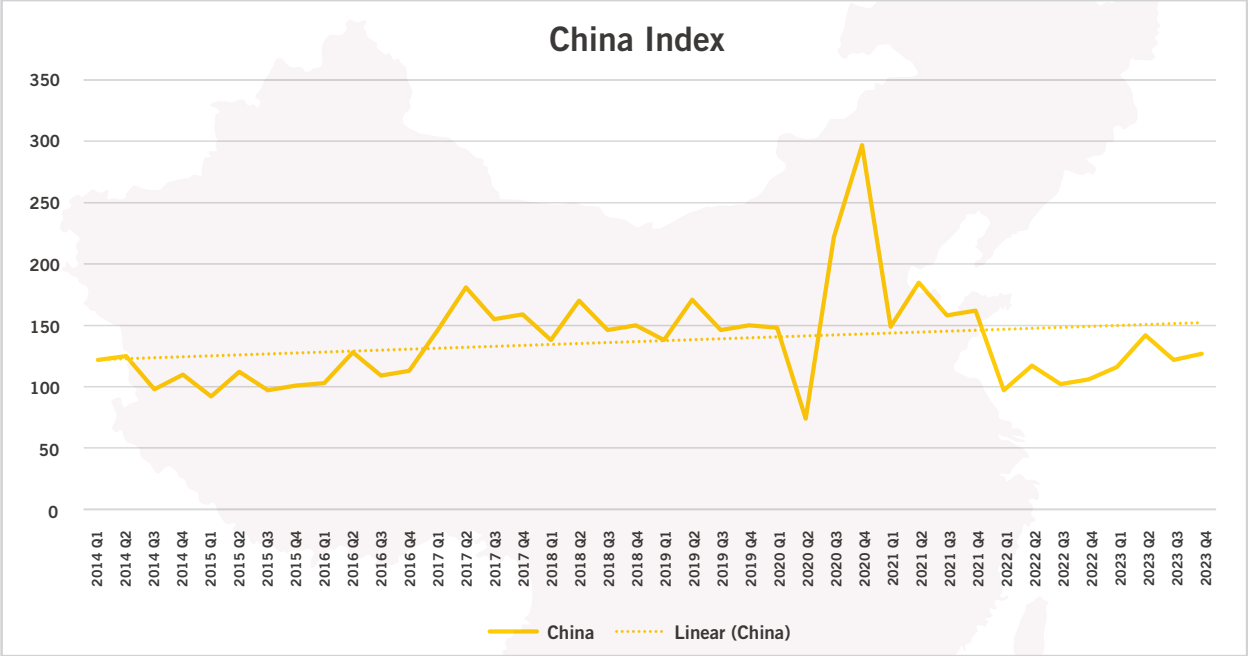
After a strong level of vehicle replacement during the past few years, commercial vehicle production is expected to decline by 7.4% this year compared with 2023. This will be primarily due to a re-balanced truck capacity along will a forecasted slowdown in freight demand in India. Commercial vehicle production in India is expected to decline by 10% this year and increase by 5% in 2025.

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

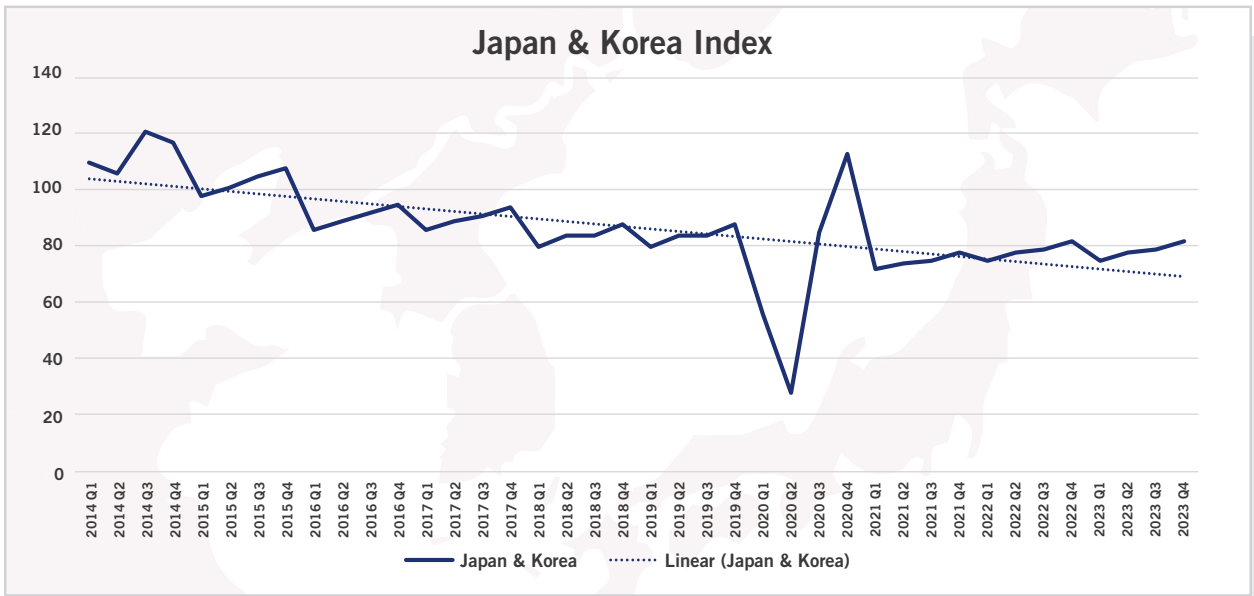


Medium and heavy commercial vehicle production is expected to increase by 22.1% this year after a significant decline in 2023 primarily driven by a weaker economy and the implementation of the Proconve 8 emission regulations in Brazil last year. (For a more detailed analysis of the South America market, see the TPI-South America edition.)

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 young truck fleet in China. Truck demand rebounded significantly in 2023 primarily driven by the need to replace older vehicles. In Taiwan, MHCV production is expected to decline by 40% as demand has cooled significantly.



Medium and heavy commercial vehicle production in Japan and South Korea is increase by 2.6% this year over 2023. Commercial vehicle production is expected to increase by 2.3% in Japan and 5.5% 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.

CONTACT US

Purchasing and Inquiries

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

Detroit, USA
+1 734 545 0474
infode@powersys.com

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

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

European Headquarters
Brussels, Belgium
+32 2 643 2828
infobr@powersys.com

Frankfurt, Germany
+49 160 1807 044
infoge@powersys.com

Pune, India
infoin@powersys.com

Tokyo, Japan
+81 90 9139 0934
infojp@powersys.com

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.

Power Systems Research
Data · Forecasting · Solutions™