

Machinery, E&C and Waste

Truck orders: US continues strong start to 2024, China disappoints

Industry Overview

US Truck orders continue the strong to start 2024

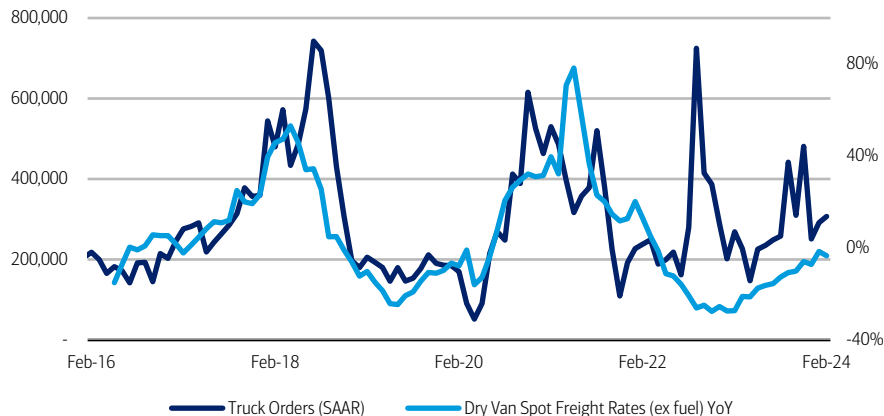
Heavy duty (Class 8) truck orders of 27.7k units in February increased 600 units MoM and +16% YoY. On a SAAR basis, orders of 307k are above replacement demand, following several months of strong orders. On a three- and six-month SAAR basis, orders have been booked at 283k and 348k, respectively. The first two months of heavy-duty orders were 300k units SAAR. According to ACT, February order volumes indicate that heavy duty demand is continuing at high levels and the US market is “alive and well”. We characterize this as a ‘positive surprise’ given: i) weak freight and carrier profitability fundamentals and ii) large carriers guiding to lower capex in 2024. Typically, when manufacturing and freight data is near these levels, orders are closer to 100-200k range.

China truck: heavy truck sales down 31% YoY, -45% MoM

Last week, CVWorld announced preliminary China heavy duty truck sales in February at 53k units, down 31% YoY and -45% MoM. CVWorld commented that the monthly sales slump was due to i) muted demand due to Lunar New Year, ii) increasing stock accumulation fueled by the front-loaded sales in Jan, and iii) sales contraction in overseas markets. That said, on a YTD basis, heavy duty truck sales are up 19% YoY comparing January-February 2024 vs January-February 2023.

Exhibit 1: Heavy Duty truck orders (SAAR) vs Spot Freight Rates YoY

Order rates running ahead of spot freight rates



Source: Bloomberg, ACT

BofA GLOBAL RESEARCH

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Equity
Americas
Machinery, E&C and Waste

Michael Feniger
Research Analyst
BofAS
+1 646 855 1923
michael.feniger@bofa.com

Virginia Montorsi >>
Research Analyst
MLI (UK)
virginia.montorsi@bofa.com

Sherif El-Sabbahy
Research Analyst
BofAS
sherif.el-sabbahy@bofa.com

Nandita Nayar >>
Research Analyst
Merrill Lynch (Canada)
nandita.nayar@bofa.com

Blake Greenhalgh
Research Analyst
BofAS
blake.greenhalgh@bofa.com

ISM – institute supply management

MoM – month over month

SAAR = seasonally adjusted annual rate

HDT = heavy duty truck

PMI = purchasing manager index

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