

## European Trucks

## Global truck market forecasts tracker

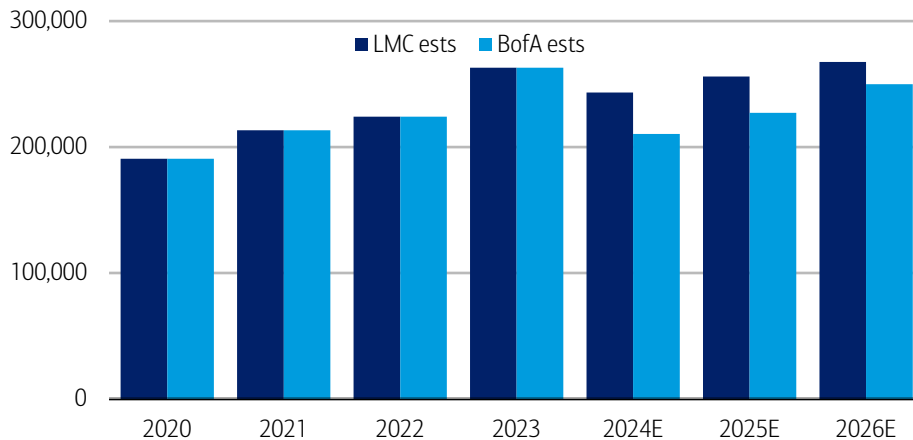
## Industry Overview

## Expect North America more resilient than Europe in FY24

2023 was strong for heavy duty truck deliveries, with both Europe and North America above the 300k unit sales threshold. While order patterns, particularly in North America, have been quite volatile (e.g. January 2024 Class 8 orders were up 45% YoY while December 2023 was down 13% YoY), we expect the sector to experience some progressive normalization across FY24 as the current order momentum feels unsustainable to us in the long run given the current macroeconomic backdrop.

**Exhibit 1: Heavy Duty Western Europe unit sales estimates**

We expect Heavy Duty unit sales to be down c.20% in FY24 vs LMC at -8%.



Source: BofA Global Research estimates, LMC

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## We see North America Heavy Duty down c.14% in FY24

On the Heavy-Duty side, we expect North America deliveries to be more resilient than Europe in FY24. Volvo guided for the Heavy-Duty truck market to be down c.18% in Europe and down c.12% in North America in late January, revising down its Europe outlook by c.10k unit sales three months after proving its initial guidance for this year. Iveco also highlighted during its 4Q23 earnings call that they expect Medium/Heavy Duty trucks in Europe to be down 15-20% in FY24, while the Worldwide truck market should be down 10-15% this year. We believe North America will be more resilient than Europe given the current demand outlook and macroeconomic backdrop. We model volumes down 14% in North America and down c.20% in Europe vs LMC expecting Europe down c.8% and North America down c.18%. For China, our Hong Kong & China Industrials Analyst Fiona Liang estimates volumes up 18% in FY24, with the strength driven by the recovering new demand from manufacturing sectors, government stimulus for construction activities, as well as the rising replacement demand. Please see page two for our detailed Heavy-Duty forecasts by region for FY24e and onwards.

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**Refer to important disclosures on page 5 to 7.**

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# European Trucks market forecast

## Exhibit 3: BofA Truck model – Heavy Duty Unit Sales

We expect North America to be more resilient than Europe in FY24

Market forecast (Heavy trucks)	2017	2018	2019	2020	2021	2022	2023	2024e	2025e	2026e
<b>Europe total</b>	<b>373,841</b>	<b>382,741</b>	<b>381,080</b>	<b>296,758</b>	<b>365,627</b>	<b>381,761</b>	<b>462,875</b>	<b>370,300</b>	<b>395,127</b>	<b>419,528</b>
yoy %	10.0%	2.4%	-0.4%	-22.1%	23.2%	4.4%	21.2%	-20.0%	6.7%	6.2%
<b>Western Europe</b>	<b>248,927</b>	<b>253,942</b>	<b>259,227</b>	<b>190,666</b>	<b>213,300</b>	<b>224,085</b>	<b>262,993</b>	<b>210,394</b>	<b>227,226</b>	<b>249,949</b>
yoy %	5.6%	2.0%	2.1%	-26.4%	11.9%	5.1%	17.4%	-20.0%	8.0%	10.0%
<b>Eastern Europe</b>	<b>124,914</b>	<b>128,799</b>	<b>121,853</b>	<b>106,092</b>	<b>152,327</b>	<b>157,676</b>	<b>199,882</b>	<b>159,906</b>	<b>167,901</b>	<b>169,580</b>
yoy %	19.9%	3.1%	-5.4%	-12.9%	43.6%	3.5%	26.8%	-20.0%	5.0%	1.0%
<b>North America</b>	<b>245,829</b>	<b>308,339</b>	<b>329,294</b>	<b>228,253</b>	<b>264,294</b>	<b>301,205</b>	<b>322,752</b>	<b>277,567</b>	<b>305,323</b>	<b>354,175</b>
yoy %	0.6%	25.4%	6.8%	-30.7%	15.8%	14.0%	7.2%	-14.0%	10.0%	16.0%
<b>South America</b>	<b>55,099</b>	<b>73,476</b>	<b>90,115</b>	<b>81,187</b>	<b>118,176</b>	<b>117,706</b>	<b>104,924</b>	<b>115,416</b>	<b>120,033</b>	<b>120,033</b>
yoy %	41.6%	33.4%	22.6%	-9.9%	45.6%	-0.4%	-10.9%	10.0%	4.0%	0.0%
<b>Asia-Pacific (ex China)</b>	<b>327,800</b>	<b>395,411</b>	<b>278,930</b>	<b>173,755</b>	<b>267,030</b>	<b>345,288</b>	<b>384,637</b>	<b>374,994</b>	<b>387,347</b>	<b>395,094</b>
yoy %	20.2%	20.6%	-29.5%	-37.7%	53.7%	29.3%	11.4%	-2.5%	3.3%	2.0%
<b>China</b>	<b>1,116,851</b>	<b>1,147,884</b>	<b>1,173,704</b>	<b>1,618,736</b>	<b>1,395,263</b>	<b>671,942</b>	<b>929,997</b>	<b>1,097,396</b>	<b>1,305,902</b>	<b>1,332,020</b>
yoy %	52.4%	2.8%	2.2%	37.9%	-13.8%	-51.8%	38.4%	18.0%	19.0%	2.0%
<b>Africa</b>	<b>11,486</b>	<b>13,123</b>	<b>13,356</b>	<b>12,253</b>	<b>13,792</b>	<b>15,302</b>	<b>18,105</b>	<b>18,830</b>	<b>19,563</b>	<b>20,304</b>
yoy %	4.2%	14.3%	1.8%	-8.3%	12.6%	10.9%	18.3%	4.0%	3.9%	3.8%
<b>RoW</b>	<b>3,464</b>	<b>2,990</b>	<b>3,012</b>	<b>2,606</b>	<b>3,772</b>	<b>3,602</b>	<b>3,130</b>	<b>3,196</b>	<b>3,331</b>	<b>3,433</b>
yoy %		-13.7%	0.7%	-13.5%	44.7%	-4.5%	-13.1%	2.1%	4.2%	3.1%
Sense check	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
<b>Global Total</b>	<b>2,134,370</b>	<b>2,323,964</b>	<b>2,269,491</b>	<b>2,413,548</b>	<b>2,427,954</b>	<b>1,836,806</b>	<b>2,226,420</b>	<b>2,257,699</b>	<b>2,536,626</b>	<b>2,644,587</b>
yoy %	30.2%	8.9%	-2.3%	6.3%	0.6%	-24.3%	21.2%	1.4%	12.4%	4.3%
<b>Global (Excl. China)</b>	<b>1,017,519</b>	<b>1,176,080</b>	<b>1,095,787</b>	<b>794,812</b>	<b>1,032,691</b>	<b>1,164,864</b>	<b>1,296,423</b>	<b>1,160,303</b>	<b>1,230,724</b>	<b>1,312,567</b>
yoy %	12.2%	15.6%	-6.8%	-27.5%	29.9%	12.8%	11.3%	-10.5%	6.1%	6.7%

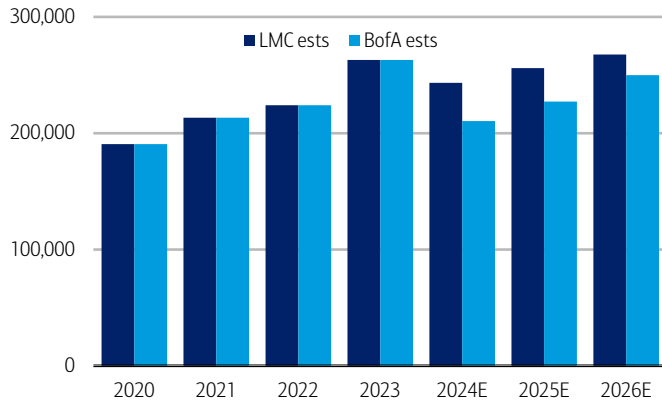
Source: BofA Global Research estimates, LMC

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# BofA vs LMC – unit sales

## Exhibit 3: Heavy Duty Western Europe

We are more conservative vs LMC on unit sales in FY24

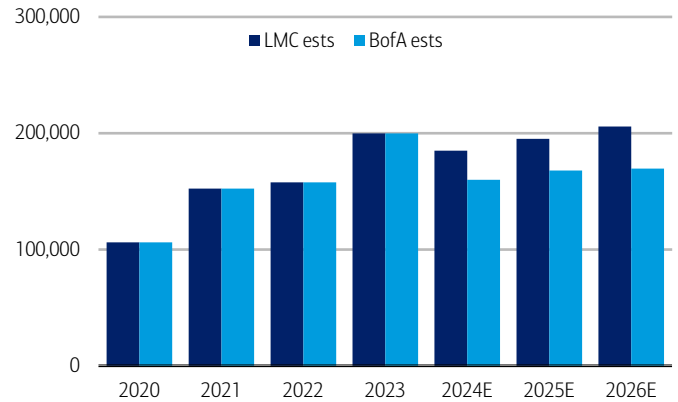


Source: BofA Global Research estimates, LMC

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## Exhibit 4: Heavy Duty Western Europe

We are more conservative vs LMC on unit sales in FY24

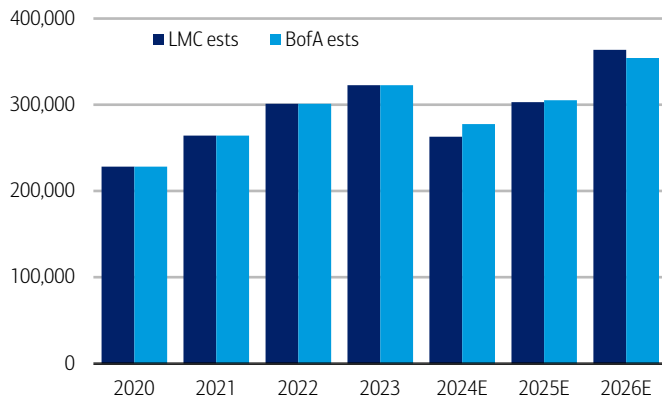


Source: BofA Global Research estimates, LMC

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## Exhibit 5: Heavy Duty North America

We are ahead of LMC on unit sales in FY24

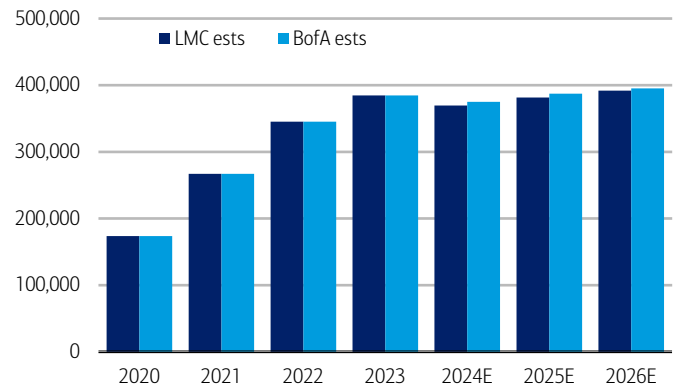


Source: BofA Global Research estimates, LMC

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## Exhibit 6: Heavy Duty Asia ex China

We are slightly ahead of LMC on unit sales in FY24

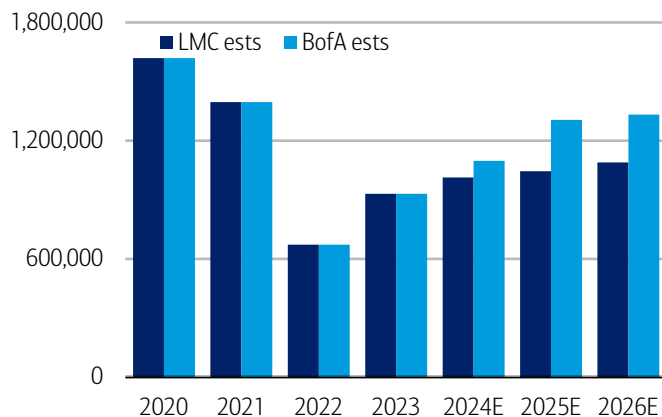


Source: BofA Global Research estimates, LMC

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## Exhibit 7: Heavy Duty China

We are head of LMC on unit sales in FY24

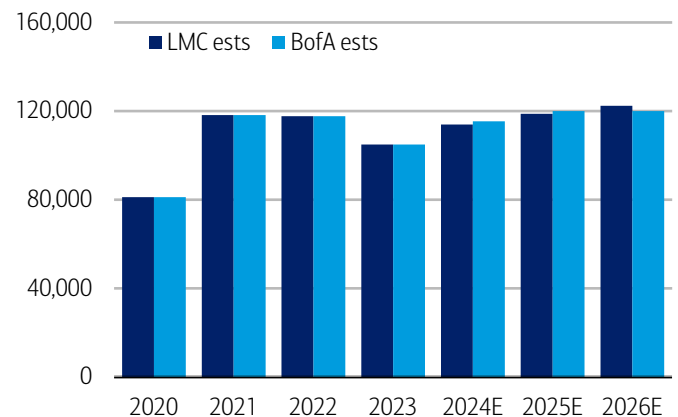


Source: BofA Global Research estimates, LMC

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## Exhibit 8: Heavy Duty South America

We are more in line with LMC on unit sales in FY24



Source: BofA Global Research estimates, LMC

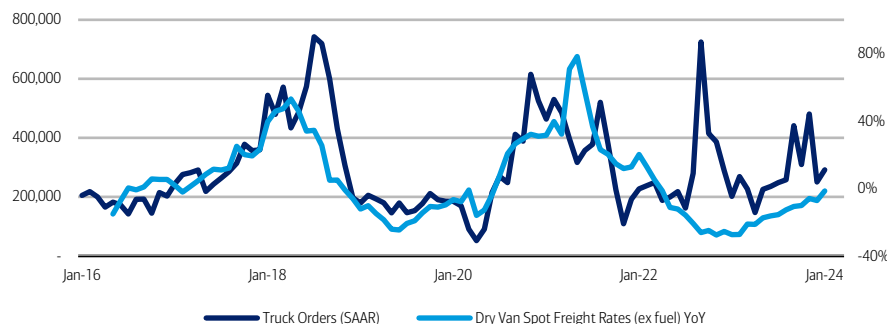
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## US Class 8 orders: strong start to 2024

As highlighted by our US [analyst Michael Feniger \(see note\)](#), Heavy duty (Class 8) truck orders of 27k units were booked in January, +45% YoY. On a seasonally adjusted basis (SAAR), orders of 292k units were up 17% from December. While this is lower than the three-and-six month SAAR order average of 341k units, we characterize this as a 'positive surprise' given: i) rebound from a slower December (251k), ii) defies expectation of a 'cool down' to kick off 2024 following a robust 3 year order period ('23 278.5k units, '22 299.5k units, '21 353.7k units), iii) softer earnings release from truck carriers, and iv) relatively weak spot rate freight market. Typically when manufacturing and freight data is near these levels, orders are closer to 100-200k range.

### Exhibit 9: Heavy Duty truck orders (SAAR) vs Spot Freight Rates YoY

Order rates running ahead of spot freight rates



Source: Bloomberg, ACT

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