

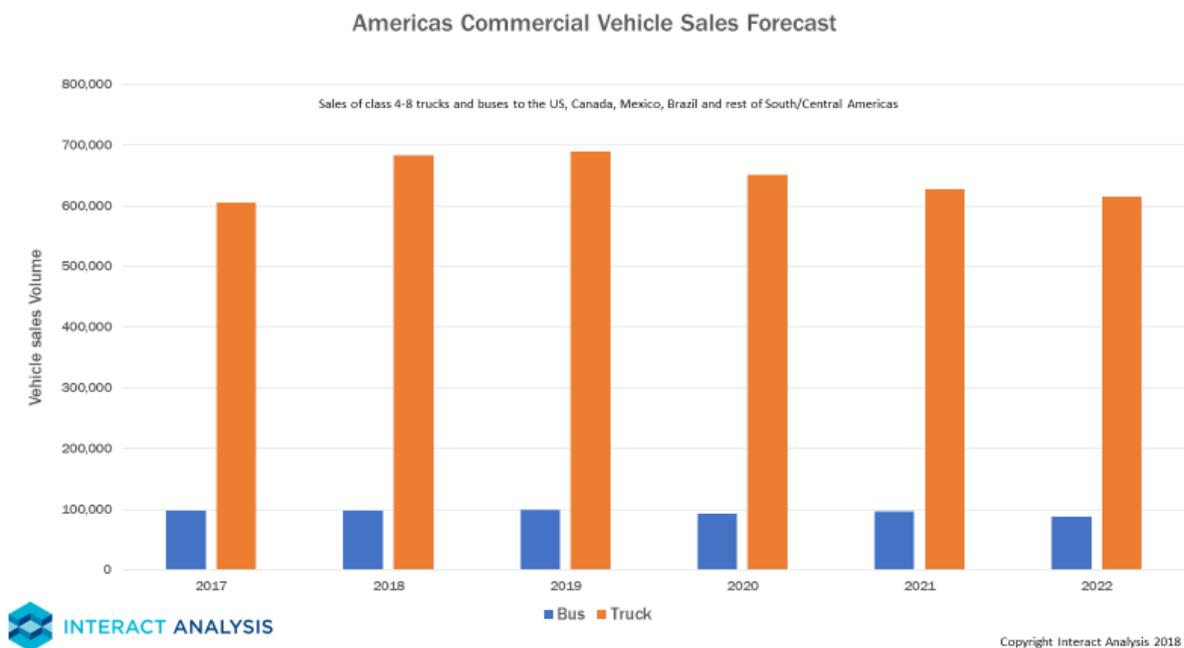
## Americas Commercial Vehicle Sales to Grow 10 Percent in 2018

A positive economic environment and a drive to replace ageing vehicles and expand fleets is forecast to drive the truck market across the Americas in 2018 and 2019, according to a new report from Interact Analysis. Close to 700,000 class 4-8 commercial vehicles are forecast to be sold across the region in 2018 – an increase of 10 percent over 2017<sup>1</sup>.

Research Director, Alastair Hayfield commented “this is proving to be a really exciting time for the commercial vehicle market in the Americas. Strong growth in the short term, competitive pressures and new technologies like platooning and electrification mean that the industry will experience an untold pace of change over the next five years.”

“As ecommerce continues its inexorable rise, supply chains across the Americas are having to adapt. There is a trend toward smaller, urban delivery vehicles and, with this, a rise in low-emission vehicles designed to reduce air pollution in cities.”

The report also found certain vocational segments will perform well in 2018. “The construction segment has performed strongly in the last year as has the oilfield truck market as oil prices recover. There is pent up demand for first responder vehicles too”, commented Hayfield.



Another finding of the report is that the Americas market will see heightened competitive pressure for established OEMs in both the truck and bus markets over the next five to seven years.

In the Class 8 truck market, new entrants focusing on electrification – Tesla and Nikola – are already winning substantial pre-orders as major fleets look to trial newer technologies to reduce emissions and lower operational costs. Interact Analysis forecasts that by 2022 these new vendors will be able to deliver several thousand trucks per year.

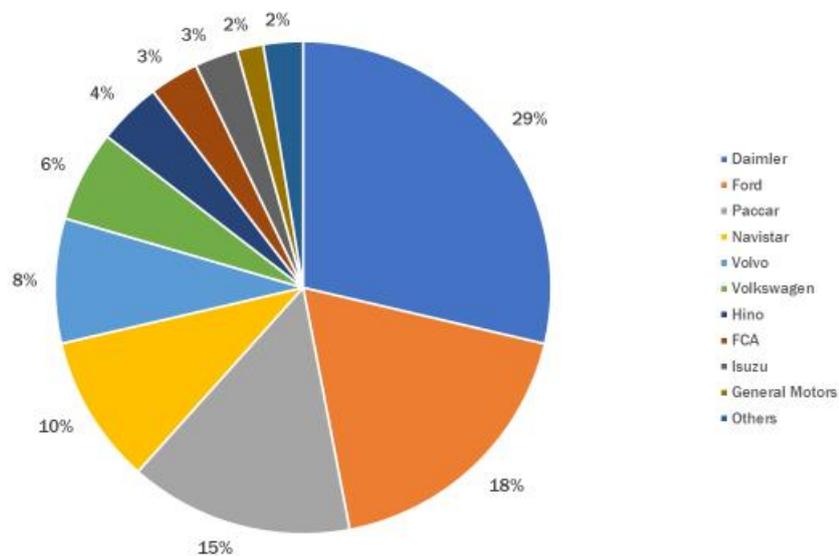
Although legitimate questions remain about whether these new vendors can execute on their production plans, it is clear they have first mover advantage, getting more electrified trucks on the road sooner than most of their established rivals. This will enable all-important 'real world' data to be collected and iterated into future vehicle enhancements.

In price sensitive markets like Mexico and other South and Central America countries, Chinese vendors are gaining share in the truck market as they develop better sales networks and are able to offer comparable products at a lower price point.

Competition is, arguably, more intense in the bus market. Interact Analysis forecasts substantial changes to the competitive market in the Americas over the next five to 10 years. Across the region a drive towards using low or zero emission vehicles for urban transportation is creating opportunities for the likes of BYD and Proterra. BYD recently announced that it had increased the capacity of its US production facility to 1500 buses per year.

In Mexico, South and Central America, Chinese vendors are already well established in the bus market and very likely to gain market share over the next five to seven years. Backed by large domestic demand for buses in China, they can produce large volumes of buses quickly and at a lower price point than their European or North American counterparts. Since bus OEMs like Daimler and Volvo typically operate with a 3-5 percent margin on their bus businesses, they may find it "painful" to compete in price sensitive markets. Their strategy may be to focus on build quality and/or provision of local service and maintenance since these are strengths that the Chinese OEMs need to develop.

Market Share of Class 4-8 Truck Sales in the Americas - 2017



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This forecast was taken from the Interact Analysis Medium Heavy Commercial vehicle service, details of which can be found [here](#).

#### Notes

<sup>1</sup>USA, Canada, Mexico, Brazil, rest of South and Central America. Class 4-8 trucks and buses.

For more information, please contact:

Alastair Hayfield  
Research Director  
[alastair.hayfield@interactanalysis.com](mailto:alastair.hayfield@interactanalysis.com)  
+44 1604 936 204

Or

Interact Analysis Media Relations  
[media@interactanalysis.com](mailto:media@interactanalysis.com)  
+44 1933 654 245