

US TRAILER MARKET REVIEW & FORECAST

Jennifer McNealy & Eric Crawford
Columbus, Indiana
Seminar #68 – February 2023

ACT'S TRAILER TEAM



- **Eric Crawford**
 - **Vice President & Senior Analyst**
 - **US Trailer Forecasts**



- **Jennifer McNealy**
 - **Director – CV Market Research & Publications**
 - **Current Trailer Market Activity**

















YOUR NEXT 30 MINUTES

- **Current State of the Industry**
- **Orders and Build**
- **Backlogs and Cancellations**
- **Recent OEM Discussions**
- **Forecast Overview**



CURRENT STATE OF THE INDUSTRY: AGGREGATE

Total Trailers				
Category	Actual		Seasonally Adj.	
	Jan-23	Last 13 Mo	Jan-23	Last 13 Mo
Backlog	243,085		226,450	
Build	24,614		28,060	
Inventory	28,101		32,719	
New Orders	28,727		26,228	
Cancellations	4,430		5,546	
Net Orders	24,297		22,071	
Shipments	21,382		27,506	
Source: ACT Research © 2023 with all rights reserved				



CURRENT STATE OF THE INDUSTRY: AGGREGATE

TOTAL TRAILER INDUSTRY DASHBOARD

January 2023	M/M	Y/Y	YTD
Backlog	-0%	+26%	
Build	+4%	+11%	+11%
Inventory	+13%	+22%	
New Orders	-51%	+2%	+2%
Cancel (% of BL)	1.8%	0.7%	1.8%
Net Orders	-58%	-9%	-9%
Shipments	-19%	+7%	+7%



CURRENT STATE OF THE INDUSTRY: VANS

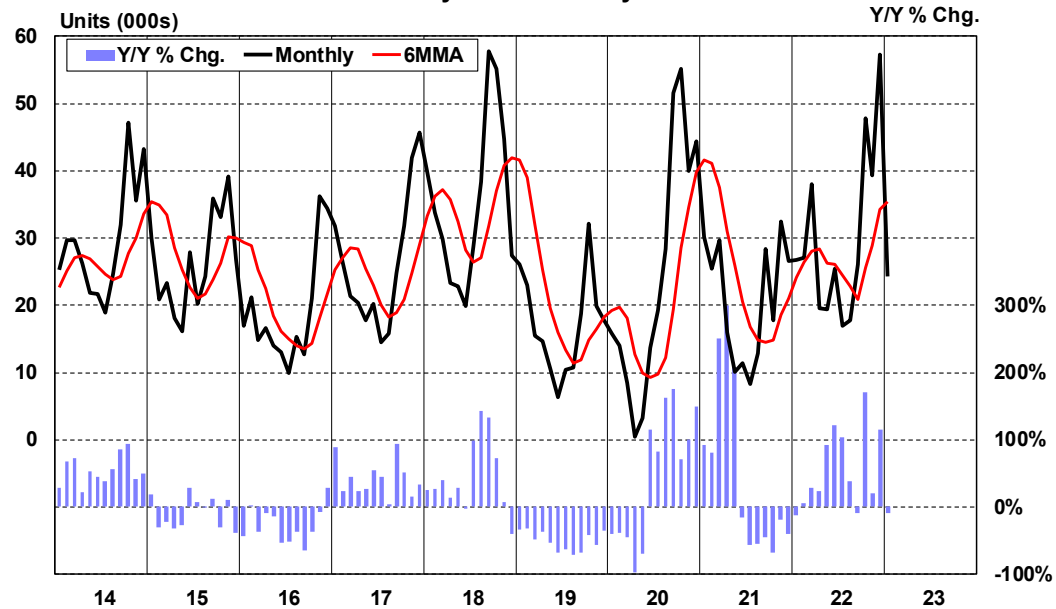
DRY VAN INDUSTRY DASHBOARD				REEFER INDUSTRY DASHBOARD			
January 2023	M/M	Y/Y	YTD	January 2023	M/M	Y/Y	YTD
Backlog	+0%	+28%		Backlog	+1%	+31%	
Build	+8%	+8%	+8%	Build	-14%	+31%	+31%
Inventory	+17%	+20%		Inventory	+2%	+28%	
New Orders	-57%	+8%	+8%	New Orders	-43%	+40%	+40%
Cancel (% of BL)	2.0%	0.7%	2.0%	Cancel (% of BL)	1.8%	0.6%	1.8%
Net Orders	-63%	-6%	-6%	Net Orders	-49%	+25%	+25%
Shipments	-25%	+5%	+5%	Shipments	-17%	+21%	+21%



ORDERS AND BUILD: AGGREGATE

Total Trailers: Net Orders

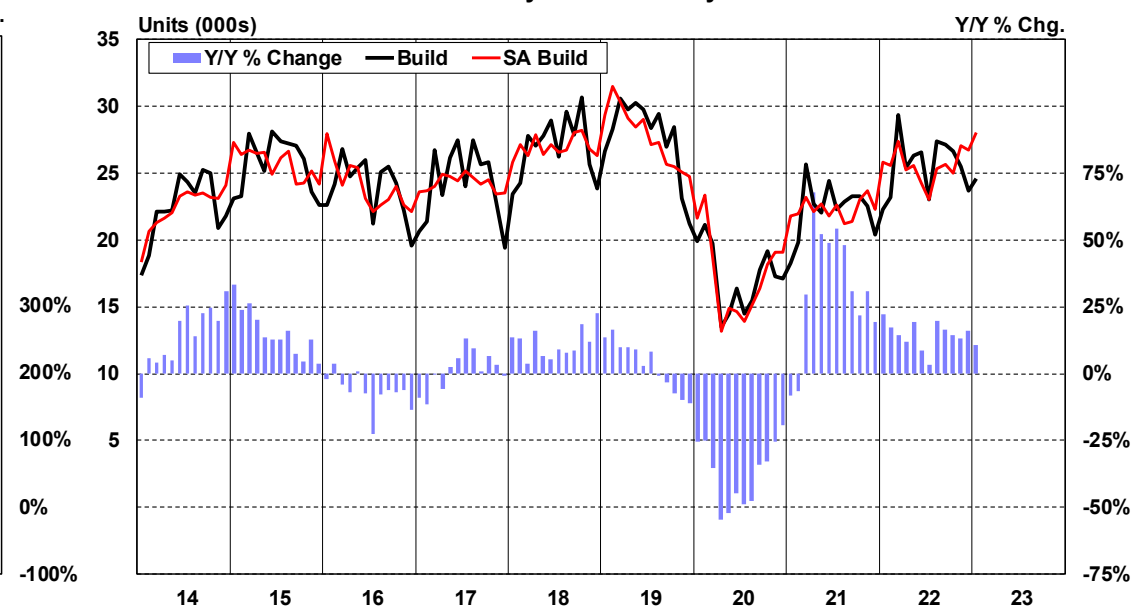
Year over Year Percent Change
January 2014 - January 2023



Source: ACT Research Co. © 2023

Total Trailers Build

Year Over Year Percent Change
January 2014 - January 2023



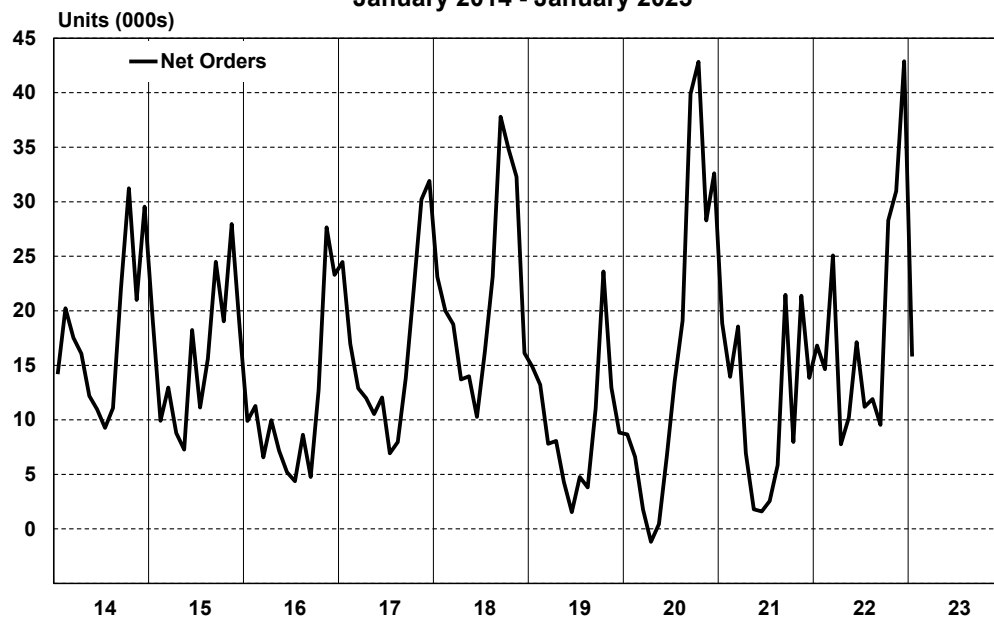
Source: ACT Research Co. © 2023



ORDERS AND BUILD: DRY VANS

Dry Van Net Orders

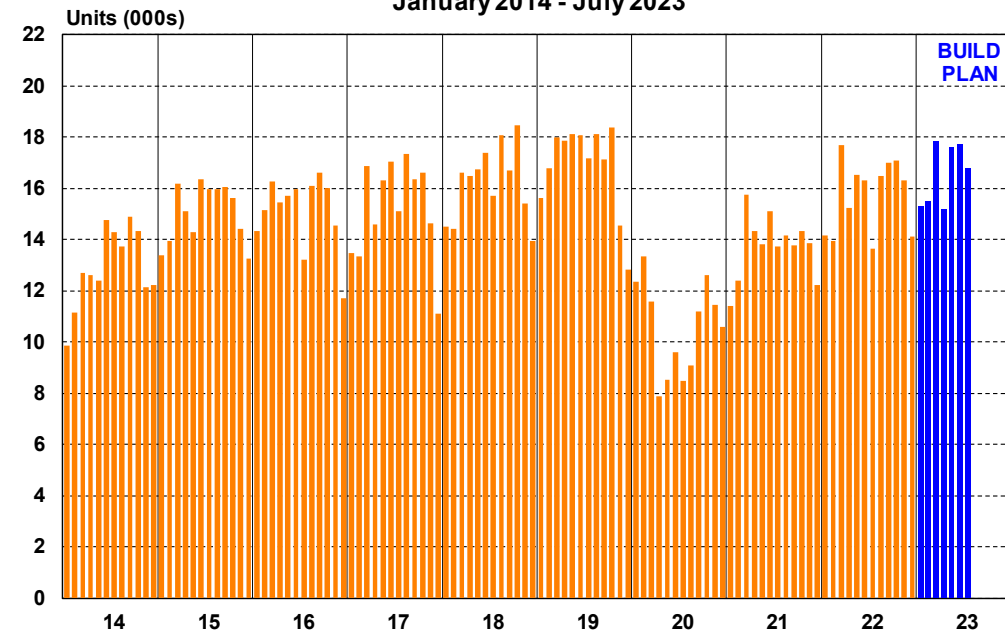
January 2014 - January 2023



Source: ACT Research Co. © 2023

Dry Van Build

January 2014 - July 2023



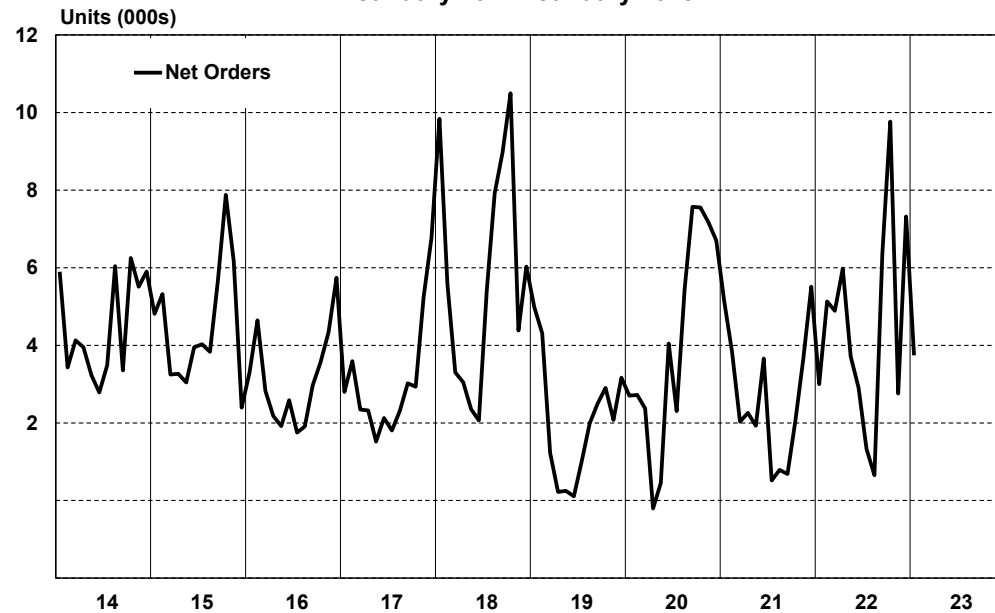
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ORDERS AND BUILD: REEFER VANS

Reefer Van Net Orders

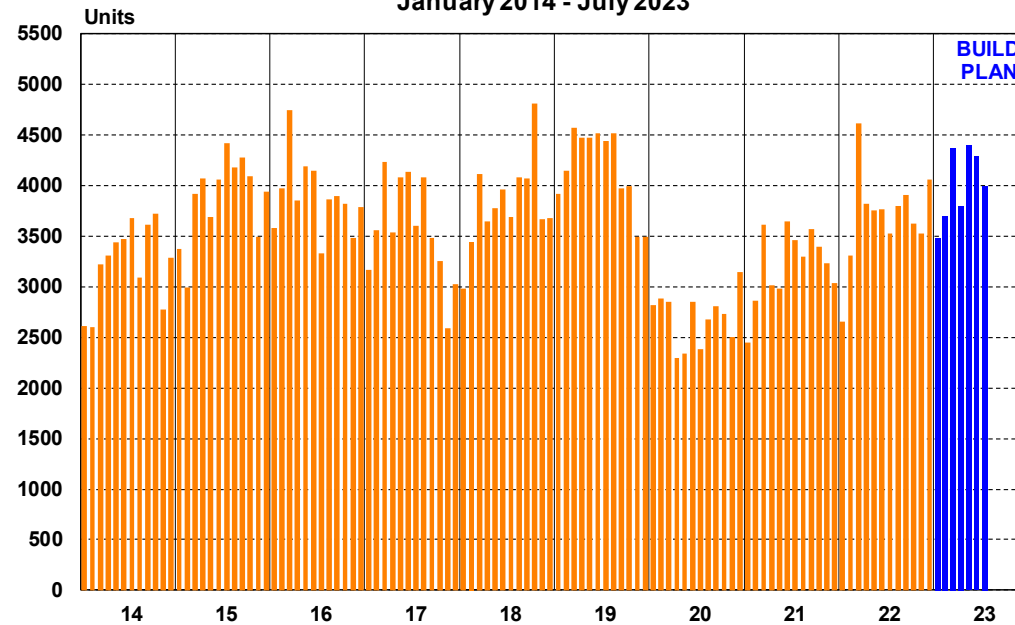
January 2014 - January 2023



Source: ACT Research Co. © 2023

Reefer Van Build

January 2014 - July 2023



Source: ACT Research Co. © 2023

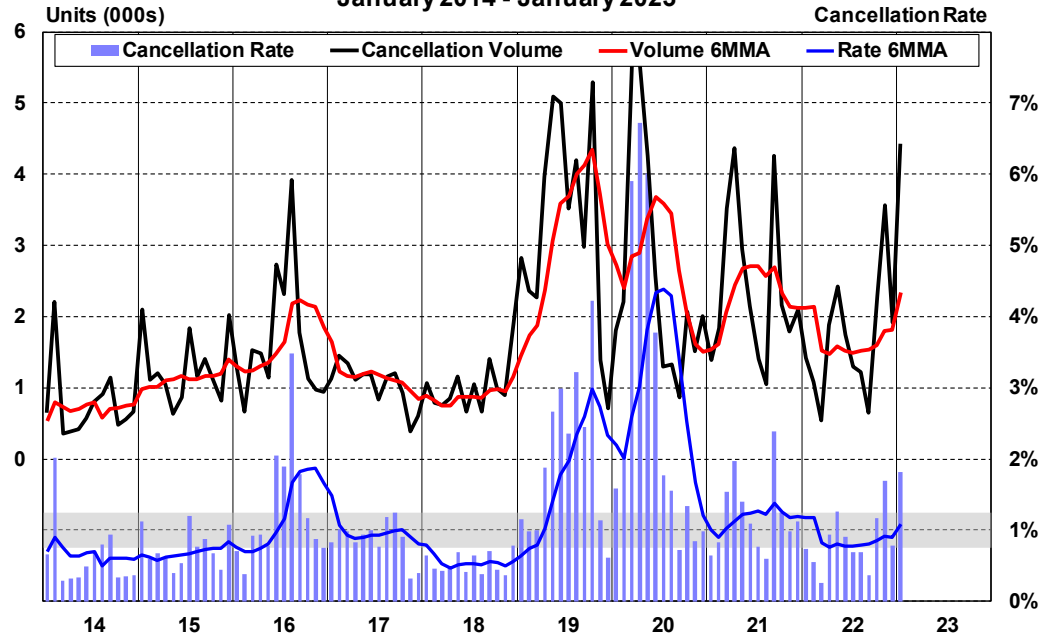


BACKLOGS AND CANCELS: AGGREGATE

Total Trailers: Cancellations & Rate

Expressed as a Percentage of Backlog

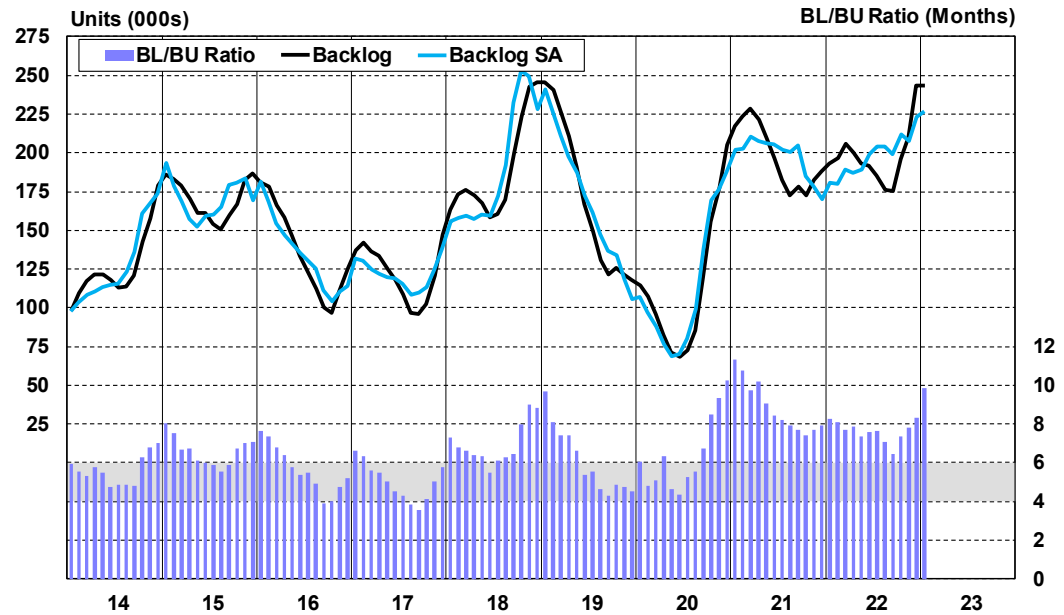
January 2014 - January 2023



Source: ACT Research Co. © 2023

Total Trailers Backlog & Backlog/Build Ratio

January 2014 - January 2023



Source: ACT Research Co. © 2023

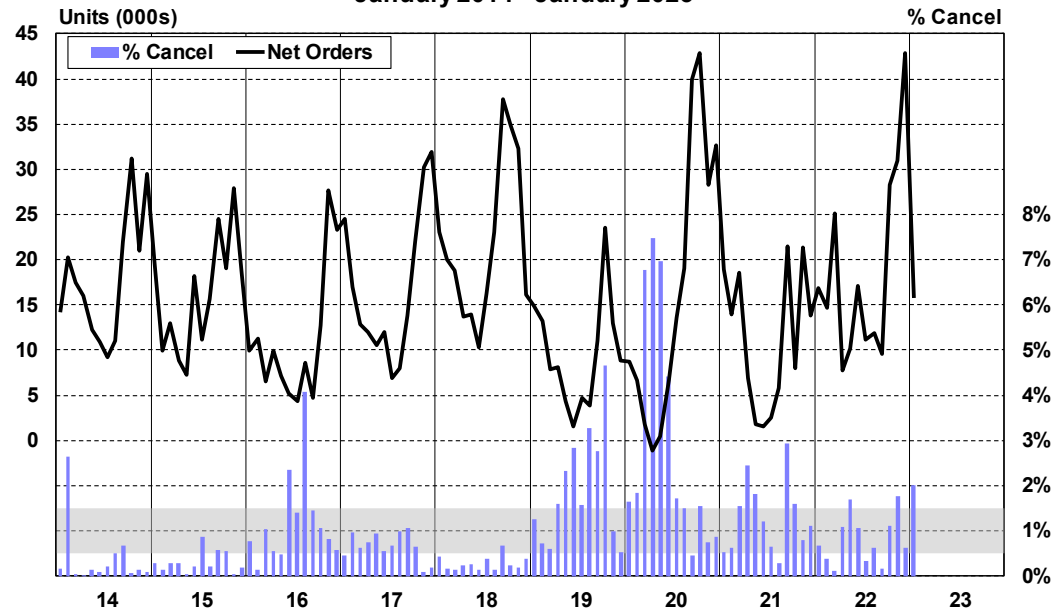


BACKLOGS AND CANCELS: DRY VANS

Dry Van Net Orders & Cancellation Rate

Expressed as a Percentage of Backlog

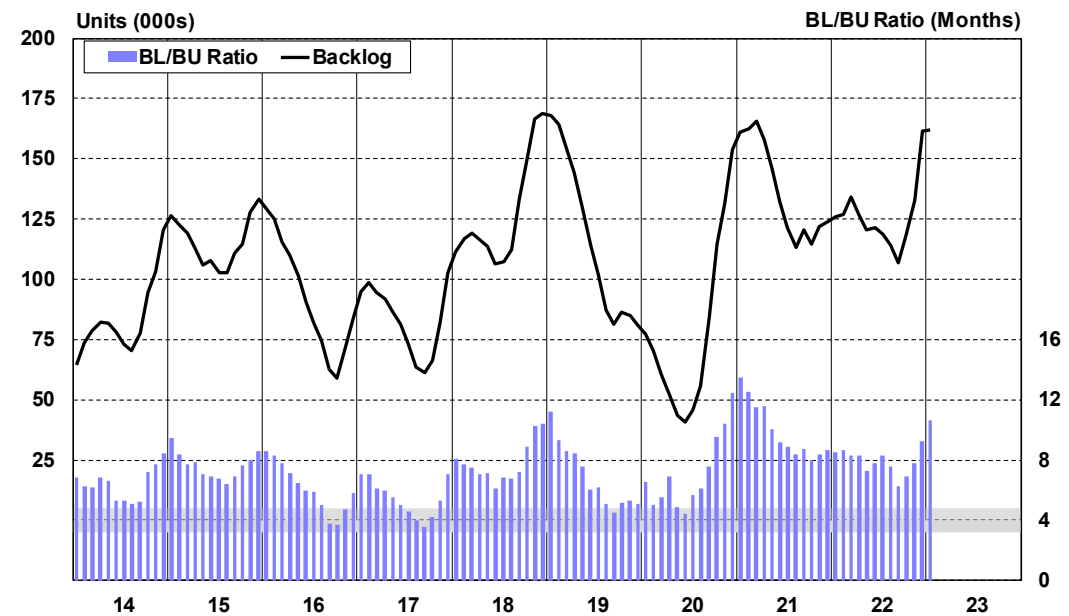
January 2014 - January 2023



Source: ACT Research Co. © 2023

Dry Van Backlog & Backlog/Build Ratio

January 2014 - January 2023

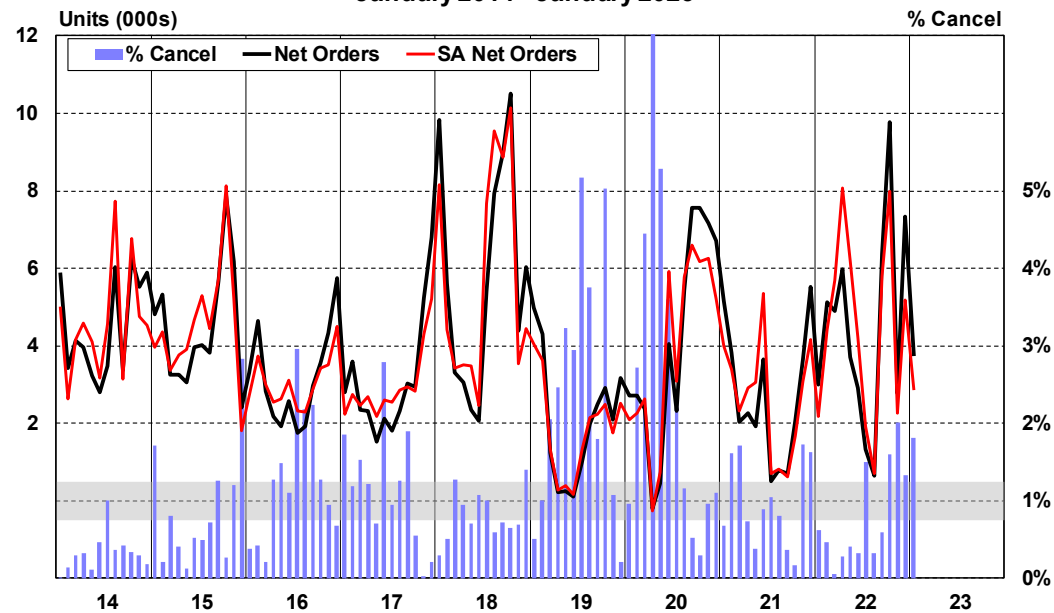


Source: ACT Research Co. © 2023



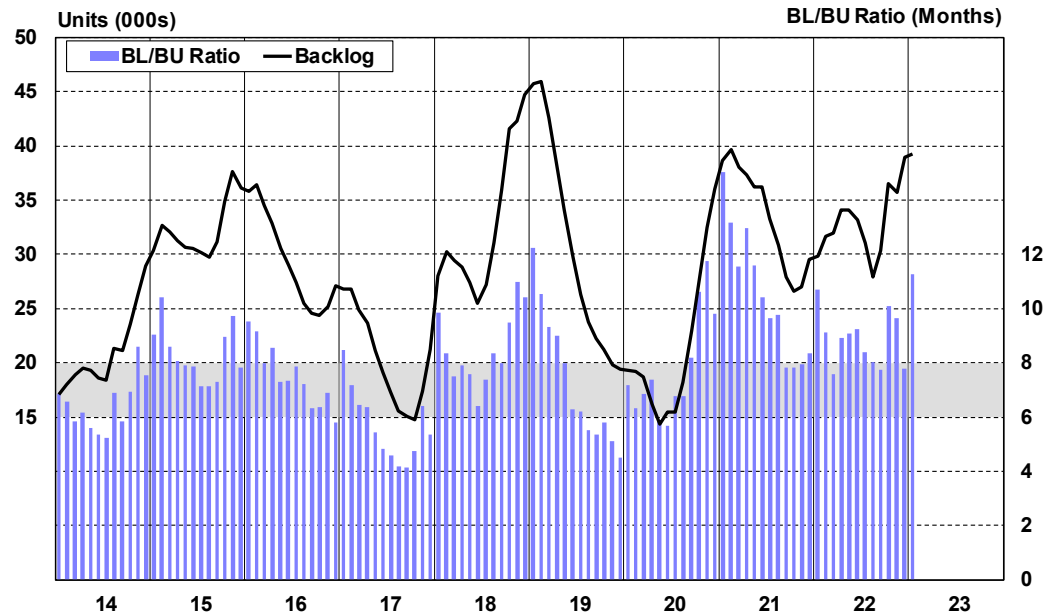
BACKLOGS AND CANCELS: REEFER VANS

Reefer Van Net Orders & Cancellation Rate
Expressed as a percentage of Backlog
January 2014 - January 2023



Source: ACT Research Co. © 2023

Reefer Van Backlog & Backlog/Build Ratio
January 2014 - January 2023



Source: ACT Research Co. © 2023

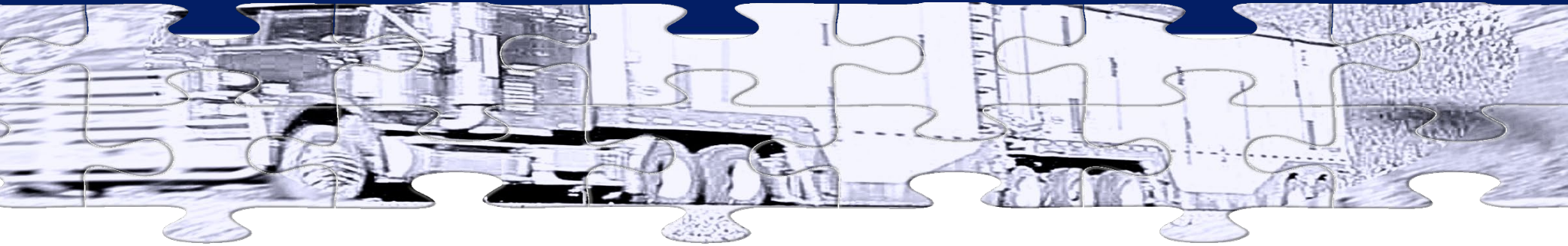


RECENT OEM DISCUSSIONS

- **General Business Conditions**
- **2023 Demand**
 - **Orderboards**
- **Supply Chain**
 - **Materials and Commodities**
 - **Labor**
 - **Disruptions**
 - **Inflationary Cost Pressures and Repricing**
- **Backlogs, Builds and Cancellations**



TRAILER SUPPLY CHAIN & COMPONENTS



STRUCTURAL

- Aluminum / Steel
- Composite
- Wood
- Doors
- Lighting Components
- Reefer Items
- And More

UNDERCARRIAGE

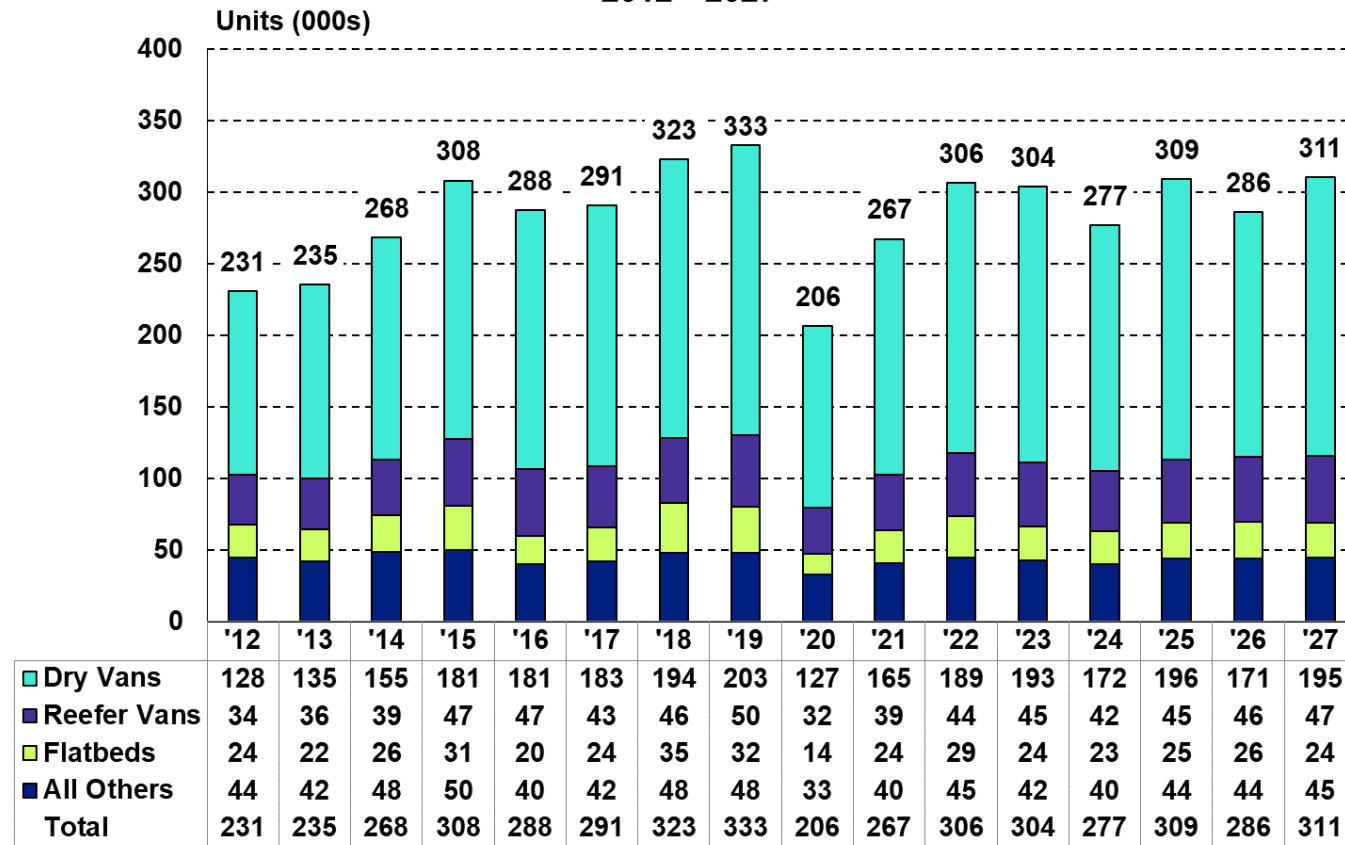
- Axles
- Leaf Springs
- Suspensions
- Brake Components
- Wheel Components / Tires
- Air Tanks
- More Here, Too



FORECAST TRAJECTORY

U.S. Trailer Production

2012 - 2027



Source: ACT Research Co. © 2023

FORECAST SUMMARY

- **2023 ~flat with 2022**
- **2024 to decline nearly 10% y/y**
 - Pent-up demand to subside as industry catches up
 - Expect slowing economy in 2023 to impact orders for 2024
- **2025 back to elevated levels**



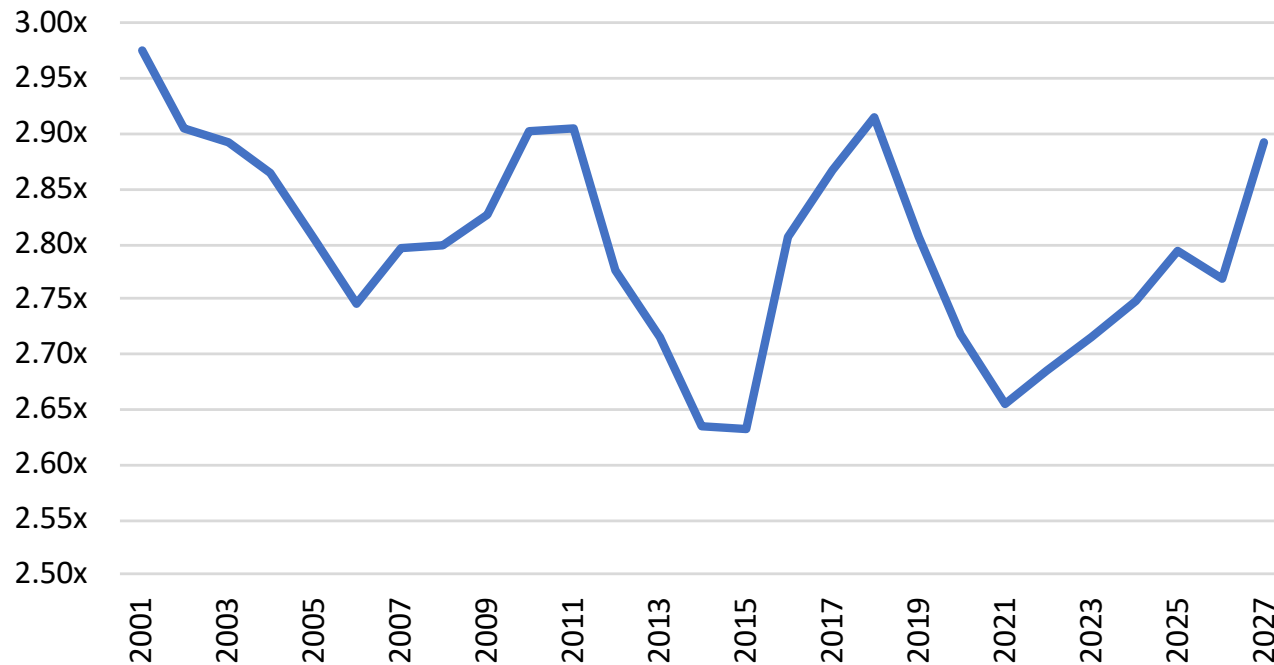
FORECAST: DRY VAN DETAILS

- **Our model suggests 320k units in 2023/24 combined**
 - Based on replacement, spot rates (lagged 18 months) and industrial production
 - 84% adjusted R square
- **Forecasting 365k instead**
 - 14% above model
 - Pent-up demand
 - (& expect fewer, less severe disruptions going forward, so industry can catch up)
 - Elevated carrier profits
- **2020-2027 vs. 2012-2019**
 - 3.5% higher annual demand, on average



FORECAST SUMMARY

Trailer/Tractor Ratio



Source: ACT Research Co. © 2023

- Ratio should increase annually, thanks to shift to drop & hook
- 2026 the exception (Class 8 prebuy)
- ~3.0x by 2030



THANK YOU

Eric Crawford

eric.crawford@actresearch.net

Jennifer McNealy

jsmcnealy@actresearch.net



4440 Middle Road
Columbus, IN 47203
actresearch.net

trucks@actresearch.net

812.379.2085

