

## TRANSITIONS

**Mack signs ArvinMeritor** to build axles, after informing Dana it won't renew their long-time supply agreements. Mack/Dana relationship dates back to mid-'80s when Dana began supplying fully assembled chassis to Mack's Macungie, PA & Winnsboro, SC plants. Current chassis assembly contract runs through '03. No word yet on new chassis supplier but Volvo, which owns Mack, is closing Winnsboro & moving production to New River Valley, VA Volvo truck plant. Mack frames could be built there.

**ArvinMeritor steps in** after Dana's contract for Mack axles expires May '04. Under 7-year deal ArvinMeritor's Commercial Vehicle Systems will produce proprietary Mack rear drive axles for Volvo Powertrain, an AB Volvo subsidiary that also secures components for Volvo Trucks N. America. That alliance also has history: ArvinMeritor has been Volvo's primary global axle supplier since '99, when it bought Volvo's axle manufacturing operations in Sweden.

**Navistar International ramps up** heavy truck production at Escobedo, Mexico plant to make up for lost output by striking Canadian Auto Workers. Contract renewal talks broke down after company issued a "consideration to close" letter stating that it needed \$28 million in cost reductions to make Chatham plant competitive – and only half that has been identified. Escobedo will also build trucks for International/Ford joint venture, Blue Diamond Truck Co. Production of common chassis for Ford & International Class 6 & 7 conventionals will start in Dec. Class 3-5 International & Ford low cab forward products, which will use modified Mazda cab & new engine being developed by International, should be ready in '04.

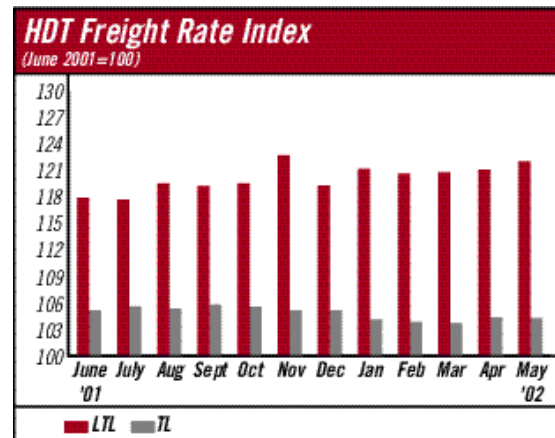
## THE ECONOMY

**Economic recovery is widely accepted** as sustainable at 3% growth through year-end, & Newport economist Jim Haughey thinks pace will be closer to 4%. Reasons: continued high rate of labor productivity growth, rising exports with depreciating dollar & very strong economic growth in developing Asian countries.

**"Recent news has been encouraging,"** he says. "Inflation remains at 0.0% so the Fed can delay boosting credit costs, and the small gain in May employment will keep consumer confidence high." '03 looking a lot like '99 – strong growth with rising but still low inflation, he says. Does that mean '04 will be like '01? "Too soon to tell."

## FREIGHT TRENDS

**Outlook for freight volume growth is 4%-plus** for next 18 months, based on 3-4% GDP growth & reasonably steady inventories, Haughey says. He



expects a freight peak this summer similar to surge in early '01, then further growth will start putting pressure on carrier capacity.

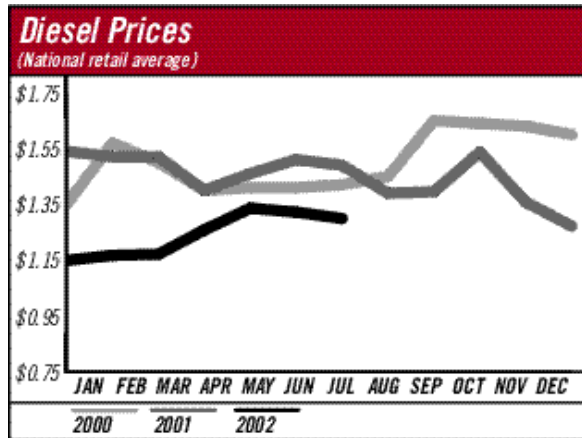
**LTL rates rose 0.8%** in May but truckload rates fell 0.1%. Both should rise at a 2.5-3.5% pace for rest of year. While freight market isn't strong enough for carriers to get full 5-6% raise some say they're seeking, Haughey says they are no longer struggling to fend off rate cuts. Instead, they're asking for increases.

**Diesel pump prices have stayed at \$1.30** for 3 months – an unusually long calm period for the volatile energy market, he says. Added demand without corresponding bumps in supply likely means a 5-10¢ price hike next winter – assuming a happy OPEC & normal weather. Worldwide oil demand growing at high pace. In U.S., well shut-downs over next few months will close relief valve provided by natural gas. But diesel & natural gas

# HOTLINE

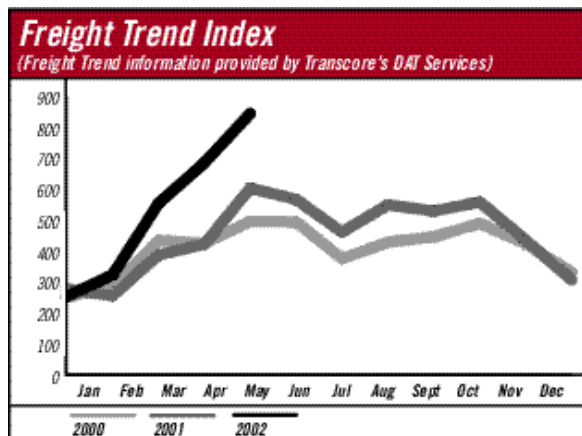
inventories now look to be generous for start of next heating season, so diesel supply won't be the problem we've seen in recent years.

**Trucking continues to experience healthy levels** of freight movement, says TransCore's DAT Services Market Research Analyst Brian Rollins. As anticipated, U.S. freight activity surged



in May – rising 23% over April & 40% from year ago. “Normally, the levels of equipment & loads offered work inversely to one another, meaning when one is up the other is down,” he says. “Today, this is not the case. We’re experiencing a great deal of both exception freight & equipment offers. As a result, brokers should find an abundant supply of available equipment, while carriers can take their pick of loads & destinations.”

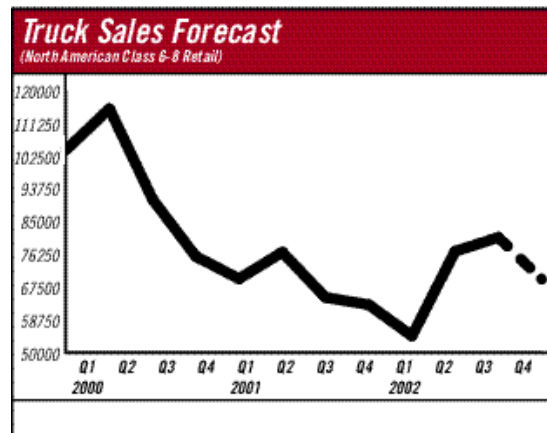
**1st quarter intermodal traffic down 1%** from year ago, says latest Intermodal Market Trends & Statistics report from Intermodal Assn. of N. America. Intermodal trailer traffic fell 9.4%;



domestic container traffic rose 4.3%. Report says domestic traffic drop seems to correspond with reported dip in durable goods production & other signs of weak manufacturing sector. Intermodal Marketing Companies reported 0.8% increase in intermodal revenue & 5.8% rise in highway revenue. Total IMC volume declined 6.3% in 1st quarter but average revenue per intermodal load was up 19.1%. Contact: IANA, [www.intermodal.org](http://www.intermodal.org).

## SALES TRENDS

**U.S. Class 6-8 retail truck sales surge 12%** in May to 12-month high of 24,345, seasonally adjusted. 3 factors account for large gain, says



Newport's Haughey: inventory of surplus trucks is declining, freight volume is rising & fleets are buying early to avoid new emissions standards effective Oct. 1. Since gain was entirely in class 8, buying ahead gets credit for most of the increase, he says. '02 Class 6-8 forecast is still 281,000, but 9,000 units move from fall to spring/summer.

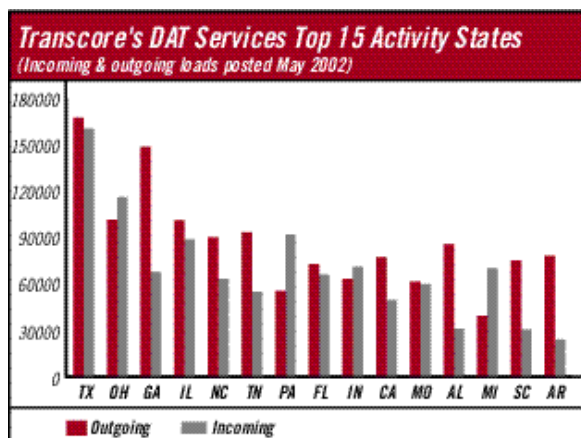
**1st quarter new commercial vehicle** registrations in W. Europe fell 7% from same period last year, to 547,929 units, says European Automobile Manufacturers Assn. Registrations of commercial vehicles over 3.5 tons were off 15.2%, to 89,192 units. All EU countries reported decreases. Registrations of vehicles over 16 tons fell 16.7%, to 59,931 units.

**1st quarter trailer shipments** totaled 26,230 units, down 37.5% from 1st quarter '01, according to manufacturer survey by Economic Planning Associates. Van trailer shipments totaled 17,950, down 42.7%. Shipments of non-vans were 26,230, down 22.6%.

**Be patient, counsels EPA President** Peter Toja. Economic recovery is reviving some segments of truck traffic, which will positively impact most trailer customer markets through remainder of this year & into next. He expects modest upturn in 2nd quarter but weak start will make '02 another down year. Contact: Economic Planning Associates, (631) 864-4900.

## ALLIANCES & ACQUISITIONS

**Standard Automotive sells its Truck Body/Trailer Div. to U.S. Traffic Corp.** Deal includes **CPS Trailer, R&S Truck Body, Ajax East & Ajax West.** CPS and R&S filed Chapter 11 to facilitate sale. Standard filed for Chapter 11 protection last March.



**Knorr-Bremse ABS Products** to be marketed in N. America under **Bendix** name. Bendix, now owned by **Knorr-Bremse**, bought distribution rights from **Eaton** & will continue to offer its own ABS systems. **DSI Systems** to provide distribution support for **Sirius Satellite Radio**.

**Cadec** to market **Erickson Consulting's Productivity Labor Utilization Software.** **Cobra Electronics Corp.** to use **Rand McNally** base map data & software in its mobile communication products. **XM Satellite Radio** & **Command Audio** to jointly develop advanced data applications platform.

**Ingersoll-Rand** buys **Electronic Technologies Corp.**, provider of specialty security systems integration. **Datamaxx Applied Technologies** gets exclusive N. American license rights to **Mobile Data Solutions'** public safety data communica-

tion products. **Manugistics Group** buys **Digital Freight Inc.**

**Parker Hannifin** buys **Camfil Farr's** Engine Air Filter business. **Clean Seal** to market **EPHA** hose shields & other products. **Logistixguys.net** to represent **Clicklogistics** in Canada. **Peroni Service Co.** to sell **Algae-X International** products in Italy.

**ProAct Service Group** to develop & maintain **Autocar** brand merchandising program. **Bosch Rexroth AG** & **Matsushita Electric Industrial Co.** to jointly develop & produce AC servo drive products. **Ford** & **Qualcomm** dissolve joint venture telematics services provider **Wingcast.** **Michelin** & **Bandag** reach settlement in antitrust suit, agree to dismiss financial claims against all parties.

## NEW BUSINESS

**Michelin** gets 4-year, \$62 million contract to supply 125,000 all-terrain radial tires to U.S. **Military Tank Auto Command** for tactical wheeled vehicles. **Metaldyne** to supply front-end modules, connecting rods & turbocharger exhaust tube assemblies for **International's** Advanced Vee Engine Program.

**Mack Trucks** makes **Stemco Voyager** wheel seals & hub caps standard. **City of Los Angeles** orders another 120 refuse trucks with **Clean Air Partners'** Dual-Fuel systems. With 10 now in service, L.A. will have largest LNG-powered municipal refuse truck fleet in U.S., CAP says.

**Qualcomm** to provide two-way messaging & vehicle tracking systems to **Ryder System.** **Old Dominion Freight Lines** to use **Aether Wireless** service for package tracking. **TripPak Online** gets multi-year exclusive contract for outsourced scanning from **U.S. Xpress Enterprises.** **Accenture** to provide next generation business systems for **Caterpillar** dealers.

**DaimlerChrysler, Deutsche Telekom** & French toll road operator **Cofiroute** get German government contract for radio-operated truck toll system using GPS data & transmitter/receivers attached to trucks. **Pennzoil Long-Life** heavy duty engine oil approved for **Mack EO-N Premium Plus** spec.

## HOTLINE

### EXPANSIONS, CONTRACTIONS

**Hino** to build medium-duty commercial panel trucks at **Toyota's TABC Inc.** manufacturing facility in Long Beach, CA. Production to start 2004 & total 4,000 units in first year. TABC currently produces truck beds, catalytic converters, power steering columns & substrates for Toyota vehicles. This will be first vehicle assembly operation to locate in California since Toyota/GM joint venture, NUMMI, in 1984.

**Haldex** completes master warehouse distributor network for Mexico. **Sirius Satellite Radio** adds service in 9 new states & D.C., bringing total to 37. **Autocar** adds 16 dealers, bringing total to 38. Company says plan calls for 70 full-line sales & service locations by July 31, plus 100 service locations & 200 parts supply locations. **PuraDYN Filter** doubles manufacturing capacity. **TripPak Express** adds service in Canada. **McHugh Software International** changes name to **RedPrairie**. **@Track Communications** changes its name to **Minorplanet Systems USA**. In-block engine heater manufacturer **J. Jeb** ceases operations, will maintain customer service operations while selling assets.

### PRIVATE CARRIERS

**Instability in for-hire marketplace**, security concerns due to terrorist threats involving trucks, & corporate interest in directly controlling truck transport is driving renewed interest in private fleets, National Private Truck Council President/CEO Garry Petty tells National Press Club. Since Sept. 11 "corporations cannot look at trucking in quite the same way again," he said. "The lowest price will not always be the prime consideration in getting product to market. The risk has gone up."

**Private fleets still account for 82%** of over-the-road miles traveled by commercial vehicles, Petty said. "Pure" private fleets will continue to prosper, but there will "unquestionably" be more third party user categories of private fleet operations.

### GOVERNMENT

**Recently imposed tariffs on imported steel** plus price hikes by U.S. producers will squeeze

profits for U.S. truck body & equipment builders, says National Truck Equipment Assn. Tariffs went into effect Mar. 1 & some foreign suppliers applied price increases retroactively, so manufacturers had to absorb higher materials costs for orders already in house. U.S. steel companies officially upped prices 30% effective July 1 but some domestic suppliers were already charging more. If all increases stick, NTEA says price of sheet steel, for instance, will be 74.3% higher than earlier this year. Govt. plan is to monitor steel imports & revisit tariff issue after 18 months.

**NHTSA pushes back timetable for new tire rules** after tests showed nearly a third of passenger car & light truck tires would fail proposed new standards. Tire makers asked for delay but criticized agency for releasing test results, calling new standards overly demanding & unreliable. A law prompted by the 2000 Firestone recall gave NHTSA until June 1, 2002, to come up with new standards for tire testing. The agency hasn't released a new timetable for rulemaking.

### CRIME

**FBI issues alert to truck dealers** after company in rural Illinois received email from outside U.S. asking about availability of a "large" tanker capable of hauling hot liquids. Agency's advice: "know your customer" & notify local FBI of suspicious activity.

**U.S. Customs arrests executive of India's Aarkay Engineering Corp.** for allegedly trying to sell counterfeit copies of Caterpillar software & engine parts to undercover agents in Columbia, S.C. Cat says Aarkay representatives are also accused of trying to package & sell counterfeit engine parts elsewhere in U.S.

### COMMUNITY

**Mack School Tour** outreach program targeting high school freshman & sophomores designed to illustrate range of job opportunities in technical & industrial fields. Tour features traveling historical exhibit, state-of-art Mack truck, presentations highlighting job opportunities in manufacturing.

**Michelin America Truck Tires** contributes \$25,000 to **ol' Blue USA**, non-profit organization dedicated to large vehicle safety. **Hays Antique Truck Museum**, Woodland, CA, gets 2002

Conservation Assessment Program grant from the U.S. govt. to identify & improve conservation needs of its collection.

### TECHNOLOGY TRENDS

**Worldwide market for Enterprise Asset Management & Computer Maintenance Management Systems** was \$1.2 billion in 2001, is expected to be \$1.8 billion in '06, says ARC Advisory Group study. Majority of growth will come from Application Service Provider web hosted solutions & Electronic Maintenance, Repair and Operations procurement. Customer service & support expectations in asset intensive industries have increased, requiring continuous improvement services from suppliers, ARC says. Companies that have had good results are expanding EAM functions; companies with little or no payback are looking for help establishing key performance indicators. Contact: ARC Advisory Group, [www.arcweb.com](http://www.arcweb.com).

### HONORS

Landstar Chairman/CEO **Jeff Crowe** elected vice chairman, U.S. Chamber of Commerce. Truck Renting & Leasing Assn. President/CEO **Peter Vroom** named to U.S. Chamber Committee of 100. Volunteer Express President & CEO **J.B. Baker** named 2002 Transportation Person of the Year by Delta Nu Alpha Volunteer Transportation organization.

### SHOWS

**30th Annual N. American Truck Show**, Boston, draws 27,158 fleet managers & owner-operators from east coast & Canada – a 12% increase from '01. Show had 570 exhibitors. 2003 show will be May 8-10 at the Bayside Expo. Contact: Greg Coughlin, North American Expositions, (800) 225-1577.

**Automotive Parts Rebuilders Assn. annual Brake Clinic** July 13-15, Monterrey, Mexico. Clinic follows PAACE/Automechanika Show, July 10-12 in Mexico City. Contact: APRA, (703) 968-2772 or [www.apra.org](http://www.apra.org).

### PEOPLE

**Terry O'Rourke** to president/COO, ArvinMeritor, from senior vp & president, light vehicle systems.

New position reports to Chairman/CEO **Larry Yost**. Operating group presidents report to O'Rourke. Exide Technologies' **Craig Muhlhauser** to chairman, Exide Technologies, from CEO.

**Scott Kress** to sr. vp-sales, Volvo Trucks N. America, from Mack vp-business development & fleet sales. He succeeds **Bill Dawson**, who becomes sr. vp-customer satisfaction, replacing **Harold Wiegel**, who retires.

**Richard Dessimoz**, former Wabash National acting CEO & **Arthur Brown**, COO, leave company to pursue other interests. **William Greubel** was recently named Wabash president/CEO. **Denise Reeves** to product marketing dir., Autocar, from product marketing dir., Volvo Trucks N. America.

**Hugh Foden** to president, Cummins Westport, from Cummins' southeast Asia business director. He succeeds **Guff Muench**, who moves to vice chair. **Daniel Martin** to gen. mgr., commercial tire sales, western region, Goodyear. **Steve Humphrey** to supplier diversity mgr., Volvo Trucks N. America.

**Glenn Harney** to sr. vp- sales & marketing, Hyundai Translead, from sales & marketing vp, HPA Monon. **Charles Henry** to marketing/sales consultant, Algae-X International. **Gary Wilson** to sales & marketing mgr.-heavy vehicle & equipment markets, Index Sensors, from engineering vp, QS Generator. **Susan Rider** to sales results leader RedPrairie Corp. (formerly McHugh Software), from sales vp, Manhattan Assoc.

**J. Michael Patton** to exec. director, Illinois Transportation Assn. **Dan Case** to exec. dir., Oklahoma State Trucking Assn. **Rebecca Meyer Brewster** to president/COO, ATA's American Research Institute. She succeeds **Susan MacGregor Coughlin**, recently named president/CEO, Aviation Safety Alliance.

# HOTLINE

## U.S. RETAIL TRUCK SALES REPORT

MANUFACTURER	CLASS 8 33,001 LBS. & OVER			CLASS 7 26,001-33,000 LBS.			CLASS 6 19,501-26,000 LBS.		
	MAY	YTD	YTD	MAY	YTD	YTD	MAY	YTD	YTD
	SALES	SALES	SHARE	SALES	SALES	SHARE	SALES	SALES	SHARE
Chevrolet	0	0	0.00%	471	2,028	6.04%	76	442	2.74%
Ford	0	0	0.00%	198	815	2.43%	1,596	4,760	29.51%
Freightliner	4,331	17,136	31.93%	1,551	7,230	21.54%	923	4,509	28.33%
GMC	0	0	0.00%	1,413	5,343	15.92%	74	568	3.52%
Hino	0	0	0.00%	10	102	0.30%	70	302	1.87%
International	2,099	8,918	16.62%	2,920	13,901	41.42%	1,045	4,661	28.89%
Isuzu	0	0	0.00%	72	372	1.11%	4	22	0.14%
Kenworth	1,837	5,978	11.14%	269	1,050	3.13%	0	0	0.00%
Mack	2,166	7,515	14.00%	23	100	0.30%	22	134	0.83%
Mitsubishi-Fuso	0	0	0.00%	4	31	0.09%	55	237	1.47%
Nissan Diesel (UD Trucks)	0	0	0.00%	5	22	0.07%	53	225	1.02%
Peterbilt	1,464	5,976	11.14%	310	1,073	3.20%	0	0	0.00%
Sterling	731	3,111	5.80%	254	1,481	4.41%	42	271	1.68%
Volvo	1,119	4,242	7.90%	0	0	0.00%	0	0	0.00%
Western Star	97	491	0.91%	1	12	0.04%	0	0	0.00%
Other	62	299	0.56%	0	0	0.00%	0	0	0.00%
<b>Totals</b>	<b>13,906</b>	<b>53,666</b>	<b>100.00%</b>	<b>7,501</b>	<b>33,560</b>	<b>100.00%</b>	<b>3,960</b>	<b>16,131</b>	<b>100.00%</b>

Compiled by Heavy Duty Trucking Magazine. Source: Ward's Communications

