

# HOTLINE

## Economic Trends

May marked 12th straight month of manufacturing growth, according to the Institute for Supply Management's latest Manufacturing ISM Report on Business. Slight decreases in new orders & production were offset by a significant increase in employment. Order backlogs were up; export orders & import indexes continued to grow. ISM said comments from respondents indicate demand is strong in most industries but rising materials prices & higher energy costs are a major concern.

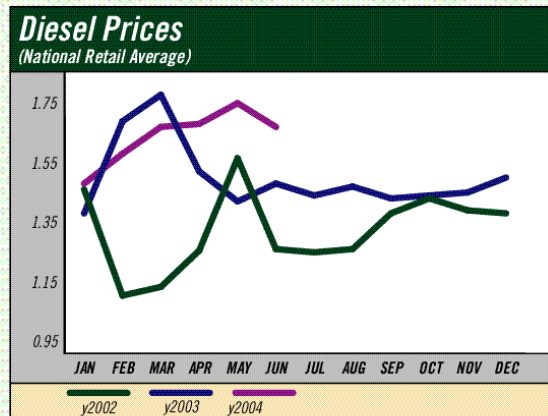
National Assn. of Credit Managers' May Index fell 3.8% from record high in April – due mainly to deceleration in the services sector – but is still strong compared to a year ago. "The numbers suggest little problem exists with the manufacturing sector," NACM says. Sales & new credit applications fell some in May but are still strong. Slight increase in aging accounts bears watching since it could signal customer cash flow problems, but analysts said it isn't a problem yet.

Global manufacturing report produced by JP Morgan & NTC Research indicates continuing strong upturn for global manufacturing. May output index showed 13 successive months of worldwide production growth, led by the U.S. New business dipped slightly from April to May but stayed well above the neutral mark. Growth of global manufacturing employment was driven by a substantial rise in U.S. staffing levels. Short supply of steel & surging cost of oil brought further inflation of input prices – the 9th consecutive month of price increases.

1st quarter '04 construction machinery exports were up 10% from previous quarter & 18% from a year ago, according to the Assn. of Equipment Manufacturers. Exports to S. America were up 89% from 1st quarter '03, Central America up 22%; Australia/Oceania up 37%; Africa up 30%, Europe up 2%. Exports to Asia were down 4%.

## Freight Trends

American Trucking Assns.' seasonally adjusted Truck Tonnage Index rose 2.2% in April, the 3rd straight month-to-month increase



& the 7th increase in 8 months. The unadjusted index fell 4.2% from March, reflecting the typical seasonal drop, but truck tonnage was up 6.7% from a year ago. "There's a significant amount of freight to be hauled from this much stronger economy," said ATA Chief Economist Bob Costello, "so it's no surprise that truck tonnage was robust again in April." He also predicted that "solid manufacturing production, inventory rebuilding, and strong retail sales will keep motor carriers busy for some time."

May availability of exception freight through TransCore load posting services was up 88% from a year ago and 9% from the previous month. Company says an increase in freight volume is consistent with historical and seasonal trends for this time of year. Additionally, economic improvement & tightened equipment capacity are contributing to the continual increase in exception freight. Looking to August, the best combinations of high freight volumes & favorable inbound/outbound load ratios have traditionally come from Texas, Georgia, Tennessee, Alabama, S. Carolina, Ohio, Illinois, Pennsylvania, & N. Carolina.

## Sales Trends

Net heavy truck orders will decrease through the summer months, bottom out in August & hit '04 peak in Oct., but won't drop far below 30,000 any month this year, Merrill Lynch analysts predict. One concern: Inability of 2nd & 3rd tier suppliers to provide integral components could affect production.

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Preliminary data from ACT Research puts May Class 8 orders at 35,100 for seasonally adjusted annual rate (SAAR) of 434,000 units vs. 213,000 a year ago; but analysts estimate that only 26,000 units ordered in May are scheduled for '04 production, which drops the SAAR to 314,000. Preliminary net orders for Class 5-7 trucks totaled 18,400 in May for a SAAR of 229,000, up 14% from a year earlier.

2nd quarter Fleet Sentiment Report from CK Marketing & Communications shows "a strengthening demand for trucks & trailers for the remainder of '04." 77% of fleets responding said they plan to purchase power units in the next 6 months; 69% said they would purchase trailers. 28 for-hire, private & utility fleets operating total of 19,000 power units & 49,000 trailers participated in the survey. Contact: [chris@ckemmercomm.com](mailto:chris@ckemmercomm.com).

1st quarter trailer shipments topped 52,000 units, up 15.7% from a year earlier & up 21.7% from 4th quarter '03, according to a manufacturer survey by Economic Planning Associates. Van shipments were 39,800, up 18.3%; non-vans totaled 12,200, up 34.3%. Economic Planning President Peter Toja said they anticipate continued growth in '04 as the expanding economy leads to greater traffic flows & improvements in truck revenues & profitability. Low interest rates, moderate inflation, more liberal depreciation guidelines & replacement pressures will also stimulate trailer sales.

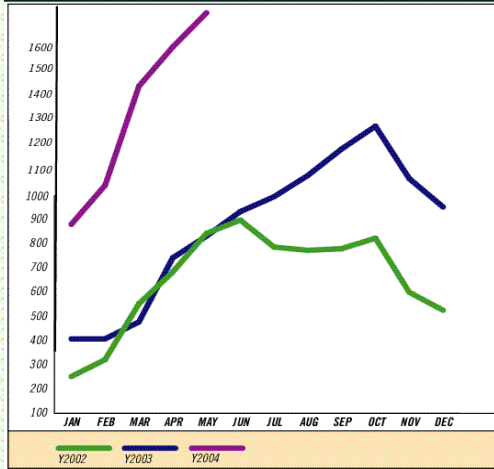
## New Business

ArvinMeritor says global market for commercial vehicle diesel emission systems will be \$3 billion/year by 2010. Company aims to be a major player with recently unveiled number of Clean Air Solutions technologies & products to address particulate matter, oxides of nitrogen & unburned hydrocarbon issues. "Our Clean Air Solutions offer a suite of options that can be tailored to specific applications, whether they're in the U.S. or Europe, on long haul or urban delivery trucks, for school buses or garbage trucks," says Commercial Vehicle Systems Group President Tom Gosnell.

Company says it already has contracts to supply 2 major European heavy truck OEMs with NOx control equipment for '05. It will supply

### Freight Trend Index

(Information provided by TransCore's DAT Services)



PM filter systems to a major European light duty truck OEM for '05 and a U.S. heavy truck OEM for '07. It also has supply contracts in the retrofit, specialty & engine markets and development deals with 6 major vehicle & engine OEMs for future emissions technologies. The Indiana 21st Century Research & Development Fund recently gave ArvinMeritor a \$1.7 million grant to assist in the development of one technology, the Plasma Fuel Reformer.

Dtomi Inc., Safety Harbor, Fla., debuts new line of tandem trailers with dual Air Spring Axles, a patented suspension that allows the trailer to be lowered to ground level for easier loading/unloading. Trailers are built in Florida by Quality Trailers. Company expects first units to be ready for market by July.

Cummins, Hendrickson International & ArvinMeritor named primary engine, suspension & drive train suppliers for Autocar's Xpeditor trucks. Company now offers 11 Cummins engines, including diesels from 285-395 hp & 3 alternative fuel models. Caterpillar C-11 also now an Xpeditor option. Starting Oct. 1 Autocar will offer Telma retarders as a factory installed option.

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Western Star to offer Eaton Fuller UltraShift Transmission starting August. AirLiner front suspension now available on set-forward axle long BBC highway conventionals, Hendrickson HAULMAAX vocational suspension on 4900 series vehicles, ConMet Fifth Wheel on the 4900 EX & 4900 FA LowMax, ConMet CastLite brake drums on highway models.

Cummins ISX is predominant engine in Heartland Express' recent order for 2,800 International 9400i trucks to be delivered over 3 years. Cooper Tire & Rubber subsidiary Oliver Rubber gets 10-year contract to retread U.S. Postal Service tires nationwide.

ArvinMeritor Commercial Vehicle Systems to provide ROR/ELSA195 disc brakes to Pacton NL, largest trailer manufacturer in the Netherlands. CSI Wireless to provide asset tracking systems for Caterpillar construction & mining equipment. Petro Stopping Centers to sell OPTIMA Group 31 YellowTop batteries.

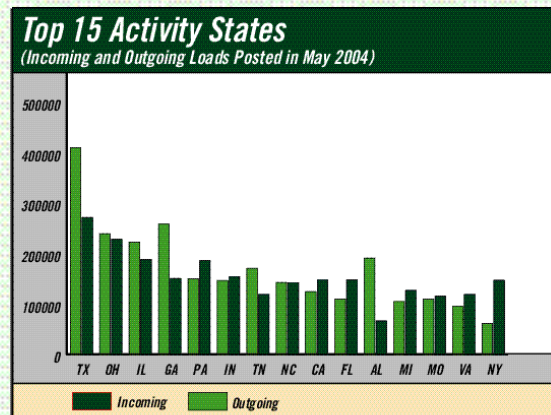
Washington Metropolitan Area Transit Authority orders 150 Cummins Westport natural gas engines, with option for 600 more. Engines will be used in 40-ft., low floor buses built by Orion for delivery next year. France orders 78 Cummins Westport B Gas Plus & C Gas Plus engines for refuse trucks & pressure street washers built by PVI for the city of Paris.

## Alliances & Acquisitions

ArvinMeritor signs memorandum of understanding with DaimlerChrysler subsidiary Axle Alliance that, when finalized, will make ArvinMeritor turnkey supplier for new line of proprietary AAC tandem axles for Freightliner LLC truck, bus & chassis brands.

Johnny M. LLC gets 3-year exclusive licensing agreement to market Mack-themed apparel for men, women & children. Collection scheduled to launch for spring '05 will likely focus on the Mack Bulldog image and "Built Like a Mack Truck" slogan.

Petro Stopping Centers joins with Truckstop.net to offer Wi-Fi high-speed wireless Internet service. System One ends exclu-



sive distribution & service relationship with Safety-Kleen, says it will reintroduce its on-site recycling parts washer line through independent distributors. Automotive Cooling Products buys Quad Cities Distributing, Rock Island, Ill., and Discount Radiator Warehouse, Overland Park, Kan.

Hyundai to buy DaimlerChrysler's 50% stake in Daimler Hyundai Truck Corp. DaimlerChrysler says it will also sell its 10.5% stake in Hyundai Motor, but the two companies will collaborate on certain projects. Oshkosh Truck buys Jerr-Dan Corp., maker of towing & recovery equipment. GE Commercial Finance-Fleet Services partners with Asset Appraisal Services to offer online heavy truck remarketing for Fleet Services customers.

Holland Group licenses its air suspension technology to China's Zhenjiang Boahua Semi-Trailer & its landing gear technology to Beijing Corpco Technology Development Co. Plans call for manufacture of 10,000 front & rear air-suspension pieces for use within China & an undisclosed number of landing gear to be produced for China & other Pacific Rim countries.

## Expansion

New processes at ArvinMeritor's Plainfield, Ind., remanufacturing facility boost productivity 20% & put fill rates at record levels. Company says it can process 35% more reman Class 8 brake shoes than a year ago. Process

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**CUMMINS ADDS 410 RATING TO THE ISM**  
Cummins has announced an additional rating for the 11-liter ISM. The 410-horsepower rating, with 1,550 lb.-ft. peak torque is claimed to be the highest horsepower and torque available for engines in its class. With the new addition, the ISM engine is available from 280 horsepower with 1,150 lb.-ft. torque up to the new top rating. **Page 12**

**HEIL SCISSOR HOIST CONVERTS FLATBEDS**  
The 1520 Scissor Hoist from Heil Environmental Industries Ltd., is designed to convert most flat bed trucks into dump models. It is for two-axle trucks from 10,000 lbs. to 30,000 lbs. GVW, making it suitable for a range of applications, including delivery, landscaping and excavating, as well as use by municipalities and contractors. **Page 25**

**UNIQUE FILTRATION ADDRESSES EXCESS ACIDITY**  
The Luber-finer Zgard LFP9750 uses state-of-the-art filtration technology to aid in reducing soot levels in engine oil. According to Luber-finer, this enables extended drain intervals in EGR engines. By constructing the filter cartridge from a louvered zinc alloy sheet, co-pleated with an ultra high-efficiency filter media, the zinc is sacrificed to acids in the lube, preserving the additive package TBN. **Page 33**

**BROADER APPEAL FOR THE WESTERN STAR LOWMAX**  
Western Star Trucks has introduced a new LowMax option for the 4900 FA model to include a 123-inch BBC configuration. This option fits the bill for premium owner-operators and high-profile small fleets looking for a shorter hood, stylish design and the same big bore engine power as the original 4900 EX LowMax. **Page 44**

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Ken Cummings  
(847) 705-9050

Michigan, Ohio  
Manager:  
Jim Samfilippo  
(248) 471-7809

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improvements save 25,000 sq. ft. of space, which can be used for additional capacity or more product lines.

Freightliner truck plant in Cleveland, N.C. adds 3rd shift & 593 jobs. Freightliner cab & chassis plant in Gastonia, N.C. adds 100 workers. Brand FX Body Co. buys 178,000 sq. ft. plant in Pocahontas, Iowa; says it will start building composite service bodies & other products there by fall '04. Freightliner LLC subsidiary Thomas Built Buses opens new \$39.7 million school bus plant in High Point, N.C.

Wabash National to increase production & add workers for the 2nd time since Feb. President/CEO William Greubel says improving economy & pent up replacement demand continues to fuel trailer demand, despite volatile raw materials prices. Demand in '05 expected to be even stronger. Michelin Retread Technologies to expand Covington, Ga., manufacturing facility.

Bendix Commercial Vehicle Systems adds 30 engineering, IT & supply chain jobs at its Elyria, Ohio, headquarters. Company says it's in a growth mode due to surging demand for a number of new technologies & increased medium & heavy truck demand. Great Dane opens new sales/service branch in Mount Joy, Pa. Toyo opens warehouse in Mira Loma, Calif., its 2nd in Southern Calif.

SmartTire Systems completes development of a new receiver, paving the way for commercial vehicle tire pressure monitoring systems. Production to start in July. Autocar expands its Solutions customer support services, adding parts support & vehicle quick specs to emergency assistance offerings.

Holland Group launches new user-friendly web site, *thehollandgroupinc.com*, with improved access to product information, service & sales contacts, in-depth product literature, news &

events, where-to-buy link, and online sales & service videos. Teletouch Communications forms Visao Systems to develop & distribute wireless telemetry-based mobile asset tracking & personal monitoring products.

## **Financial s**

Navistar International posts \$41 million profit on \$2.3 billion revenues for its 2nd fiscal quarter ending April 30 vs. \$12 million loss on \$1.9 billion a year earlier. Gross margins were 12.9%, same as a year ago. Company said improvements in performance & product start ups offset steel price increases, the impact of unfavorable foreign exchange, and expense associated with component supply issues. Shipments of International medium & heavy trucks and IC brand school buses totaled 26,500 units for the quarter vs. 21,400 units 2nd quarter '03. Shipments of mid-range diesel engines to other equipment manufacturers totaled 91,100 units vs. 95,800. Parts sales broke monthly records in March & again in April.

## **Emissions**

Cummins QSM off-highway engine is certified by the U.S. Environmental Protection Agency as compliant to Tier 3 standards for NOx & particulate matter required for '05. Company says its Tier 3 architecture will extend into 2015 & Tier 4 with the addition of after-treatment.

EPA proposes a manufacturer-run, in-use emission testing program for heavy duty diesel trucks using portable onboard measurement systems. Pilot program would begin in '05; fully enforceable program starting '07.

## **Legal**

Bendix Commercial Vehicle Systems reaches settlement with MidWest Truck & Auto Parts in trademark infringement suit. Details weren't disclosed but Bendix says Midwest and its heavy duty distribution div., World American Parts, "will cease selling copies of Bendix patented products" & will make changes to product catalogs, literature

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and packaging to correct misuse of Bendix trademarks such as the AD-9 air dryer and the MV-3 dash valve.

### **Associations**

American Trucking Assns.' Technology & Maintenance Council won't hold traditional summer meeting this year, but is promoting full schedule of national & international events: TMC Internacional's 3rd annual meeting in Mexico City, July 15-16, coincides with the PAACE Automechanica Mexico exposition; TMC Internacional Canadian meeting is Nov. 10-12 in Toronto. TMC's Fall Meeting will be Sept. 13-16 in Nashville. '05 Annual Meeting & Transportation Technology Exhibition: Feb. 14-18, in Tampa, Fla., Contact: TMC (703) 838-1763.

TMC releases 2 updated guides: Radial Tire Conditions Analysis Guide, 3rd edition, features over 150 radial tire conditions & causes. Users Guide to Wheels & Rims, first published in '94, contains detailed & illustrated descriptions for installation, failure analysis, repair, replacement, fasteners, out-of-service condition & equipment use & maintenance. Contact: ATA Marketplace, (800) ATA-LINE. For volume orders call TMC at (703) 838-1763.

California Trucking Assn. selects Louisville-based PriceWeber to market its 2004 International Trucking Show, set for Sept. 23-25 in Anaheim. Association Management Co., Mt. Laurel, N.J., to provide management services to the National Automotive Radiator Service Assn.

Assn. of Equipment Manufacturers marketing seminar Aug. 22-24, Portland, Maine, to focus on changing distribution channels & customer relationships. Contact: (414) 298-4143 or [www.aem.org](http://www.aem.org).

### **Honors**

Michelin Americas Research & Development Corp. wins 2003 Society of Automotive Engineers Excellence in Transportation award in the Mobile Energy Emissions category for its X One wide single truck tire.

### **Community**

Workers from Volvo Trucks N. America's New River Valley, Va., plant pay tribute to America's veterans with 14th annual Ride for Freedom. Event, coordinated by United Autoworkers Local 2069, coincides with national Rolling Thunder - Ride for Freedom parade that draws over 600,000 motorcyclists to Washington, D.C. over Memorial Day weekend. A Volvo VN670 honoring Americans killed or missing in action traveled from Dublin, Va., to Washington D.C., accompanied by 250 motorcyclists, including 150 NRV employees.

### **People**

Alan Mayne to gen. mgr., Freightliner LLC manufacturing operations. Autocar names Doug Groff, service director; Jim Grubaugh, national service mgr., Alton Sanders warranty mgr.

Mike Ginocchio to product mgr., Holland Group Fifth Wheel Product Management Team, from director, European fifth wheel development. Dan Kelley to director, strategic partnerships, Mitchell 1, from director, private label business. Michael Roughton to vp/gen. mgr., Avery Dennison Graphics Div. N. America, from gen. mgr., Business Media Div.

Chris Bates resigns as president/CEO, Motor & Equipment Manufacturers Assn. Alan Dawes, vice chairman/CFO, Delphi Corp., elected MEMA 2004/2005 chairman. Timothy Kraus to MEMA vp & exec. director, Heavy Duty Manufacturers Assn. from sales & marketing director, Triseal Corp. He succeeds Jim Conner who will retire later this year.

Died: Rene Tankersley, 42, *Land Line* magazine feature editor, in a traffic accident.

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## 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 SALES	YTD SALES	YTD SHARE	MAY SALES	YTD SALES	YTD SHARE	MAY SALES	YTD SALES	YTD SHARE
Chevrolet	0	0	0.00%	147	770	2.70%	168	989	3.16%
Ford	0	0	0.00%	445	1,701	5.96%	1,689	7,076	22.61%
Freightliner	4,607	22,116	30.44%	1,611	7,910	27.70%	1,884	9,678	30.93%
GMC	0	0	0.00%	393	1,889	6.61%	164	777	2.48%
Hino	0	0	0.00%	17	116	0.41%	89	541	1.73%
International	3,152	13,318	18.33%	1,971	11,240	39.37%	1,656	11,043	35.29%
Isuzu	0	0	0.00%	39	156	.55%	2	11	0.04%
Kenworth	1,801	7,747	10.67%	326	1,632	5.72%	0	0	0.00%
Mack	1,834	7,439	10.24%	0	8	0.03%	0	0	0.00%
Mitsubishi Fuso	0	0	0.00%	7	51	0.18%	49	253	.81%
Nissan Diesel	0	0	0.00%	4	19	0.07%	86	365	1.17%
Peterbilt	1,985	8,845	12.18%	325	1,582	5.54%	0	0	0.00%
Sterling	1,041	4,469	6.15%	549	1,449	5.07%	109	561	1.79%
Volvo	1,402	7,457	10.27%	0	0	0.00%	0	0	0.00%
Western Star	238	961	1.32%	0	10	0.00%	0	0	0.00%
Other	101	287	0.40%	0	0	0.00%	0	0	0.00%
<b>Totals</b>	<b>14,759</b>	<b>72,639</b>	<b>100.00%</b>	<b>5,834</b>	<b>28,553</b>	<b>100.00%</b>	<b>5,896</b>	<b>31,294</b>	<b>100.00%</b>

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

