

# Off-Highway Research

## INDUSTRY NEWSLETTER

3<sup>RD</sup> QUARTER 2018

### Higher equipment sales this year

Worldwide construction equipment sales are expected to increase 12 per cent this year, following on from the 27 per cent rise seen in 2017. This will take total demand to almost 1 million units in 2018, with a retail value of US\$99 billion. These are the key findings of Off-Highway Research's updated Global Volume & Value Service, which is now available for subscribers to download. Our Chinese, Indian and International Database Services have also been updated

Continued infrastructure investment in China is expected to drive up earthmoving equipment sales by 31 per cent this year, following on from the 81 per cent surge seen in 2017. This will take demand to 283,500 units, or 325,000 machines including mobile cranes and compaction equipment, making it by far the largest construction equipment market in the world in volume terms.

Also in developing Asia, the Indian construction equipment market is set for a third consecutive year of double-digit growth. Demand is expected to rise 16 per cent in 2018, following on from the 15 per cent increase seen last year and the 39 per cent surge enjoyed in 2015. This is expected to take earthmoving equipment sales this year above the 70,000 unit mark for the first time and push the value of the Indian market to a record US\$3.5 billion.

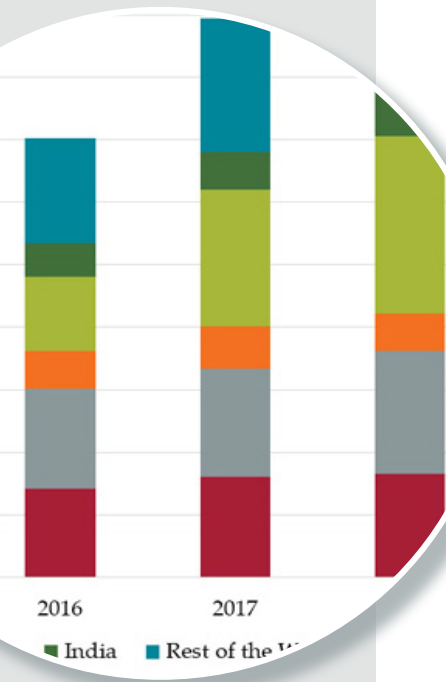
This year is also seeing strong growth in North American equipment demand. There was a hiatus in sales in 2016 due to uncertainty in the run-up to the election. Growth resumed in 2017, taking volumes back to their 2015 levels. This year sales are expected to rise another 13 per cent to almost 200,000 units.

Like the North American market, demand for equipment in Europe is at a good level. Sales exceeded 160,000 units last year for the first time since the global crisis, and in 2018 the market is expected to edge up to 165,000 machines. However, this is expected to represent the high-water mark for Europe in this cycle.

Japan is one of the few construction equipment markets not expected to grow this year. Although demand should edge up over subsequent years, the market will remain relatively small at 60,000-65,000 units per year.

The outlook for the rest of the world is mixed. Developing Asian markets grew strongly in 2017 and are generally continuing to improve this year. However, both the Middle East and Latin America remain weak, although growth appears to be returning.

Global equipment sales over the medium term are expected to stabilise around the 1 million units per year mark, with a retail value of around US\$100 billion.



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# New high for biggest backhoe market



**Sales of backhoe loaders in India topped 32,000 machines last year for the first time since 2012. Demand is expected to hit an unprecedented high of 38,000 units this year.**

Backhoe loaders enjoy extraordinary popularity in India, accounting for 43-50 per cent of construction equipment sales in unit terms. In addition, the Indian market accounts for more than half of global backhoe loader demand.

“The popularity of the backhoe loader is due to its versatility, mobility, low ownership and operating costs, easy financing and excellent resale values, as well as the widespread availability of after sales support,” said Off-Highway Research’s new Backhoe Loaders India Equipment Analysis.

Despite a buoyant market, a large existing population of backhoe loaders, costs related to new engine emission laws and the rising popularity of crawler excavators mean growth in this sector will not match those of some other machine types. However, there is no doubt that backhoe loaders will continue to sell in large numbers in India and remain hugely popular.

The report is available to Indian Service subscribers. It is also available to buy for non-subscribers at [www.offhighway-store.com](http://www.offhighway-store.com).

The study includes sections on market size and trends, production, component sourcing, foreign trade, market shares, marketing and distribution, pricing, population and end-users, and like all Off-Highway Research reports, features a five-year sales forecast.

[www.offhighway.co.uk](http://www.offhighway.co.uk)

## Chinese excavator sales surge again

**Sales of hydraulic excavators in China rose a staggering 125 per cent in 2017 to just under 100,000 units. According to Off-Highway Research’s latest Equipment Analysis on the sector, sales will grow a further 40 per cent this year to take the market to the peak of its cycle.**

This was due to the launch of major infrastructure projects, the introduction of Public Private Partnership (PPP) financing models and the clearing of old stocks and used machines following the 2012-2016 downturn.

In addition to meeting rising domestic demand, manufacturers in China have been exporting machines in increasing numbers

over the last three years. This includes international OEMs with a footprint in China, as well as indigenous companies.

Excavator sales are expected to stay strong for the next four years, although 2018 is expected to be the high point in the current cycle. Slower growth in real estate projects and a reduction in PPP activity is likely to impact on sales. On the other hand, stricter environmental policies and the forthcoming China IV emissions laws could prompt accelerated fleet renewal.

The report is now available to subscribers to the Chinese Service. It can also be bought at [www.offhighway-store.com](http://www.offhighway-store.com), or by contacting [mail@offhighway.co.uk](mailto:mail@offhighway.co.uk).

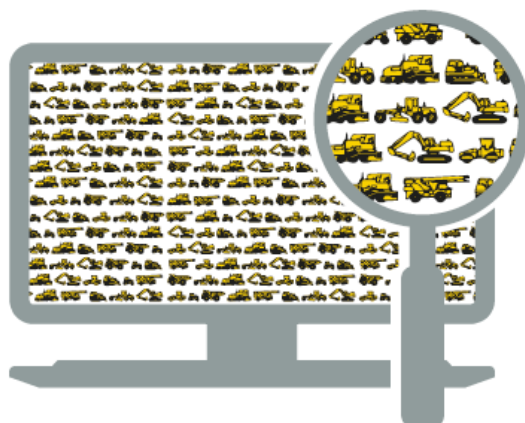


# Mid-year Database Services update

Off-Highway Research has completed the mid-year updates of its Chinese, Indian and International Database Services, and Global Volume & Value/ Global Volume & Value PLUS Services. This information, including revised outlooks for 2018 and refined forecasts to 2022 is now available to subscribers.

Clients around the world find Off-Highway Research's databases and reports to be invaluable analytical tools, helping them gain insights into markets, identify opportunities and grow their businesses profitably.

Database subscribers can access the latest data via the 'Subscriber Login' button on [www.offhighway.co.uk](http://www.offhighway.co.uk). All our database are available as an online web-based resource, a bespoke PC download or in various Excel formats, including a delimited .CSV flatfile.



Non-subscribers will find more information about Off-Highway Research's Database Service in the 'Services' and 'Brochures' section of the website. Sample data is also available.

Please contact us at [mail@offhighway.co.uk](mailto:mail@offhighway.co.uk) if you would like to subscribe to any services or have any further questions about the range of information available

## Keep up to date with industry news

Off-Highway Research offers a variety of ways for clients and non-clients alike to keep up to date with developments in global equipment markets

### WEEKLY NEWS

Visit the News section of [www.offhighway.co.uk](http://www.offhighway.co.uk) for the latest developments in global markets

### NEWSLETTER

Sign-up for our monthly e-mail news briefing via the Monthly News Briefing section of [www.offhighway.co.uk](http://www.offhighway.co.uk)

### PRESS CUTTINGS

The Press Cuttings section of [www.offhighway.co.uk](http://www.offhighway.co.uk) gives you access to news on our industry from media outlets around the world

### SOCIAL MEDIA

Follow us on Twitter - @OHR\_Global, join our LinkedIn group, *Global off-highway equipment market news* or subscribe to the Off-Highway Research YouTube channel



## New studies available

Three new Special Reports are available from Off-Highway Research, covering the construction equipment industries in Indonesia and Thailand as well as the global wheeled loader market.

Packed with data, analysis and discussion, these 150-300 page reports provide the definitive analysis on their chosen subject, be it the 7,500 machine per year Thai construction equipment market, the US\$16 billion per year global wheeled loader sector, or the largest ASEAN equipment market, Indonesia.

With insights for OEMs, component suppliers and those active in the aftermarket, Off-Highway Research's Special Reports can

help businesses identify new markets and new opportunities for profitable growth.



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# The Construction Equipment Industry in Indonesia

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