

Eaton Mobility Group – Market Status

04/25/2025

Corneliu Bogdan

Agenda

- Eaton Overview
- The Economy - Big picture
- Areas driving freight (consumer, housing, auto, tariffs)
- Truck trends – Class 8 sales, inventories, backlog
- 2025 Aftermarket

Who is Eaton?

We are an **intelligent power management** company doing business in more than **160 countries** with annual sales of over **\$23.2 billion USD**.

We make what matters work.*



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Eaton's Mobility Group

Global Operations

- **\$3.5B in 2023 sales**
 - Vehicle Group: \$2.9 Billion
 - eMobility: \$0.6 Billion
- **37 global facilities**
- **13,000+ employees**
- Joint Ventures with Cummins, Nittan, and Fast Gear
- Headquarters: Southfield, Michigan
- Regional Headquarters:
 - North America: Southfield, Michigan
 - South America: Valinhos, Brazil
 - EMEA: Turin, Italy
 - APAC: Shanghai, China



Notes:

- Does not include joint venture production locations
- R&D locations are counted in the number of facilities

Eaton Mobility Group

A portfolio of technologies for all propulsion systems



Transmissions *Light, Medium, and Heavy-Duty Truck*



TVS® technology *EGR Pump, Fuel Cell compressor, Supercharger*



Power electronics, distribution and protection

- Low and High Voltage Systems*
- *Switches, Displays, and Controls*
 - *Inverters, DC/DC Converters, and On-Board Chargers*



Clutches *Light, Medium, and Heavy-Duty Truck*



Torque Control *Limited Slip, Locking, and Smart Differentials*



Fuel Emissions *Controls and Vapor Recovery*



Valvetrain *Engine Valves, Valve Actuation, Cylinder Deactivation*

Combustion



Hybrid



Electric



110+ years of technology-focused product evolution

Providing efficient solutions across all vehicle platforms

Vehicle Platforms



Light Vehicle



Medium Duty



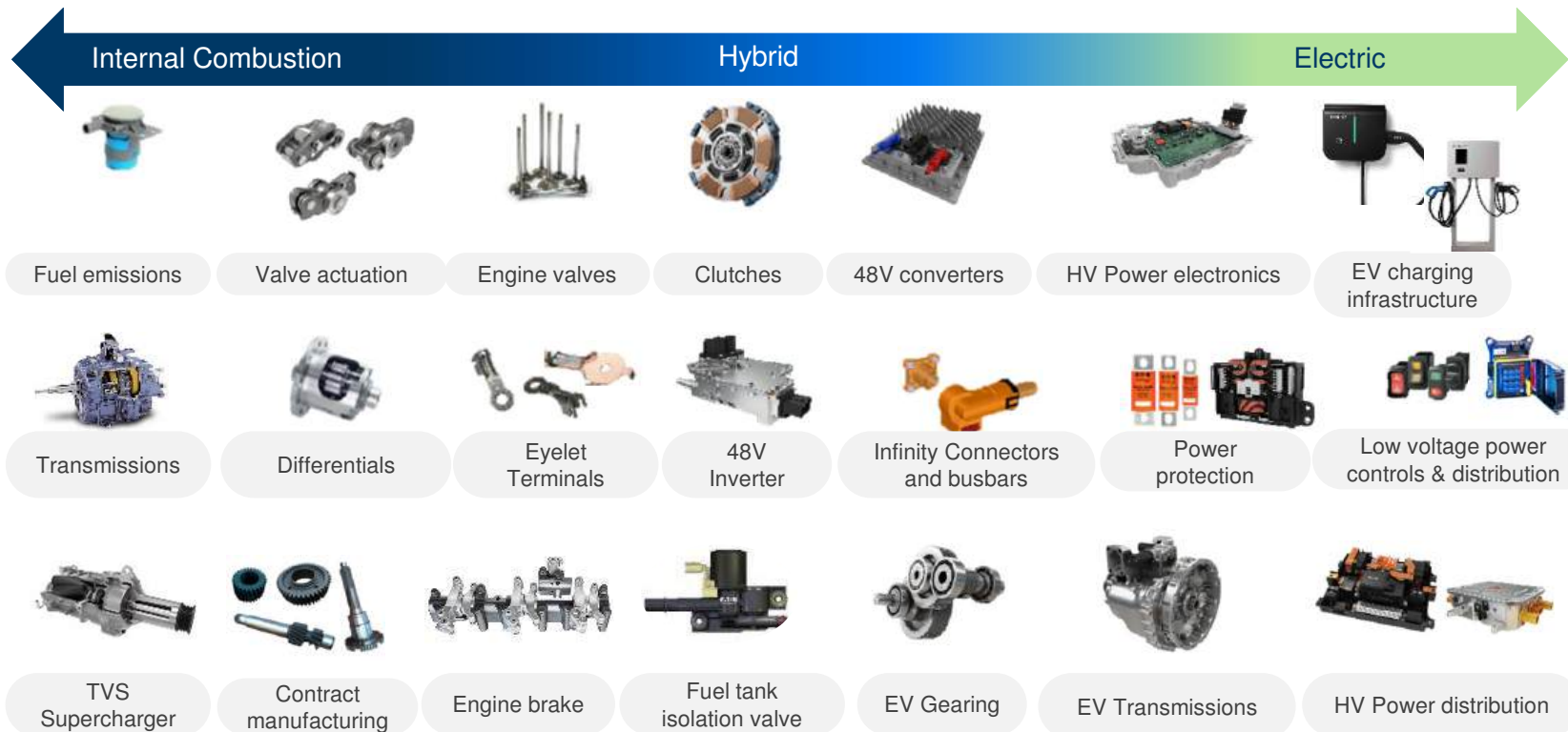
Heavy Duty



Bus



Off Highway



Innovative products across the entire propulsion spectrum

Eaton's CV Aftermarket Solutions

110+ years of technology-focused product evolution

Clutches, Parts and Reman units for manual transmissions



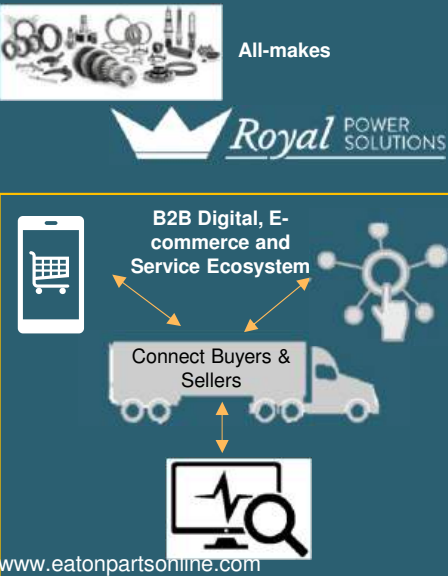
Parts and Service tools for the growing population of AMTs



Mobile hydraulic power components



Future Opportunities Driving Differentiation



Eaton's evolution as parts and technology partner to offer complete aftermarket solutions



The Economy

BREAKING Jamie Dimon says a recession is 'likely outcome' from Trump's tariff turmoil

5 THINGS TO KNOW THIS MORNING

ECONOMY

Jamie Dimon says a recession is 'likely outcome' from Trump's tariff turmoil

PUBLISHED WED, APR 3 2025 8:31 AM EDT | UPDATED 4 MIN AGO

Jeff Cox
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JEFFCOXCNBC.COM

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JPMorgan Chase CEO Jamie Dimon said Wednesday he sees the U.S. economy likely headed to recession as President Donald Trump's tariffs roil financial markets.

With the trade war between the U.S. and China intensifying, stocks and bonds sold off aggressively again in morning trade. Stock market futures slumped and bond yields spiked amid concerns over financial and economic stability brought on by the tit-for-tat exchange between the two nations.

"I think probably that's a likely outcome, because markets, I mean, when you see a 2000-point decline [in the Dow Jones Industrial Average], it sort of feeds on itself, doesn't it," Dimon said on Fox Business' "Mornings With Maria" show. "It makes you feel like you're losing money in your 401(k), you're losing money in your pension. You've got to cut back."

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Goldman Sachs Asset Management

Goldman Sachs Core Premium Income ETFs

GPIX GPIQ

Source: JPMorgan Research Note, April 3, 2025

CNBC

Reuters ([https://www.reuters.com/markets/us/goldman-sachs-raises-odds-us-recession-45-2025-04-07/#:~:text=April%20%20\(Reuters\)%20%2D%20Goldman,to%20an%20escalating%20trade%20war](https://www.reuters.com/markets/us/goldman-sachs-raises-odds-us-recession-45-2025-04-07/#:~:text=April%20%20(Reuters)%20%2D%20Goldman,to%20an%20escalating%20trade%20war))



J.P.Morgan Global Economic Research

There will be blood

By Bruce Kasman, Jahangir Aziz, Joseph Lupton, Nora Szentivanyi

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- Liberation Day imposes large tariffs aimed at eliminating bilateral US merchandise trade deficits
- If sustained, this year's ~22%-point tariff increase would be the largest US tax hike since 1968
- Tariff shock to be magnified by retaliation, supply chain disruptions, and a sentiment shock
- **The risk of recession in the global economy this year is raised to 60%, up from 40% earlier**
- Scenario where rest of world muddles through a US recession possible but less likely than global downturn
- Recession risks to be tracked through sliding MEI and US household purchasing power
- More fiscal and monetary easing expected but will only modestly cushion the shock
- **The big risk: US policies generate lasting supply-side damage**

Reuters World Business Markets Sustainability Legal Breakingviews Technology Investigations

Goldman Sachs raises odds of US recession to 45%, second hike in a week

By Reuters

April 7, 2025 10:29 AM EDT · Updated 2 days ago

The Market

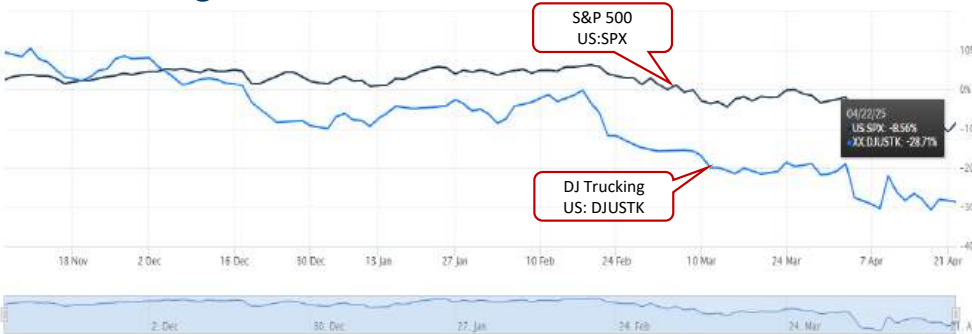
S&P 500



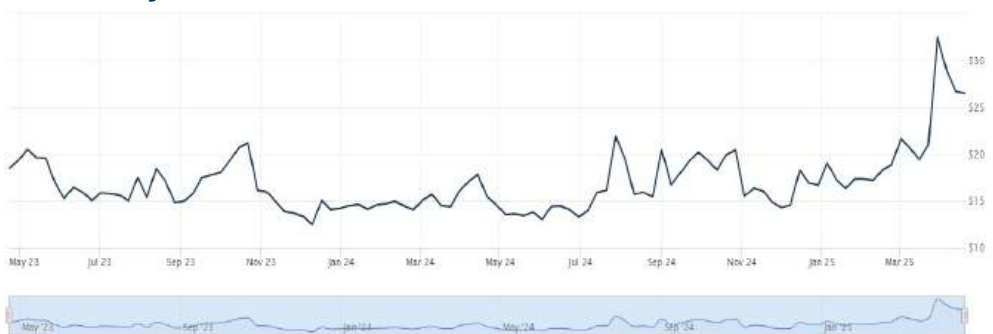
Stock Market

- S&P 500 pull back 18.5% from Feb 19 peak
- Publicly traded trucking index down 29% from Nov 5 election day vs a 9% decline in the S&P 500
- Volatility index at two year high
- Panty of worries for the market to digest – tariffs strategy, economic policy uncertainty, tax policy, trade imbalances
- Market telegraphing uncertainty and growth concerns

DJ Trucking Index



Volatility Index

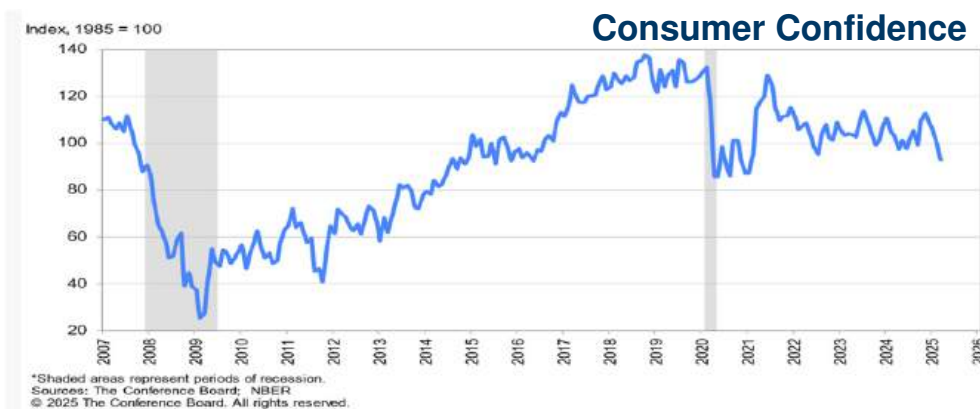


Economic Indicators

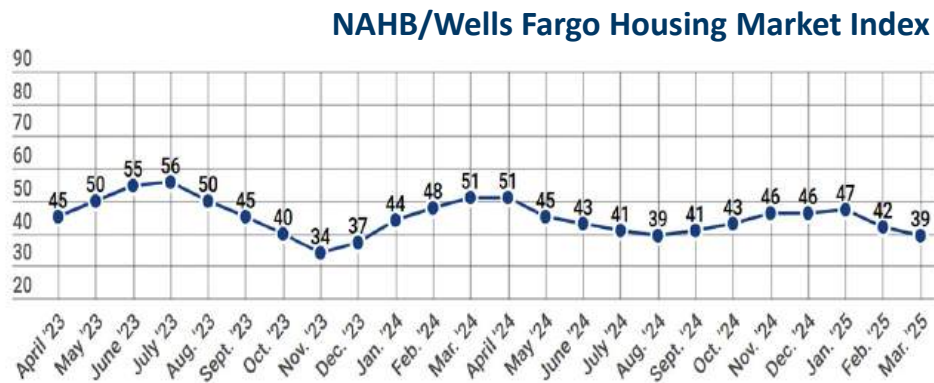
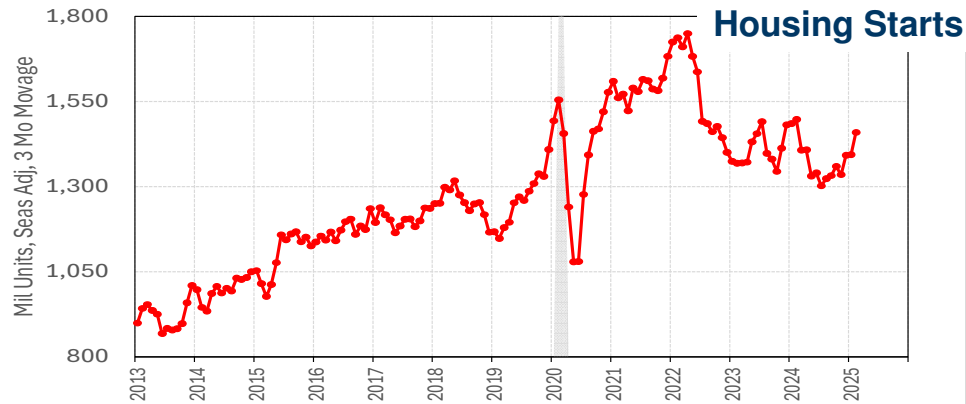


Economic Indicators

- Inflation decline Jul'22 to Dec'23 but range bound for over a year now - 2.8% y/y in Feb / 3.1% y/y "core"
- Conference Board Consumer Confidence Index® dropping - March sees 4th consecutive monthly decline
- Job market still solid
 - 228k jobs added in March
 - Unemployment @ 4.2%,
 - Only two other times (1999 and 2000) in last 55 years

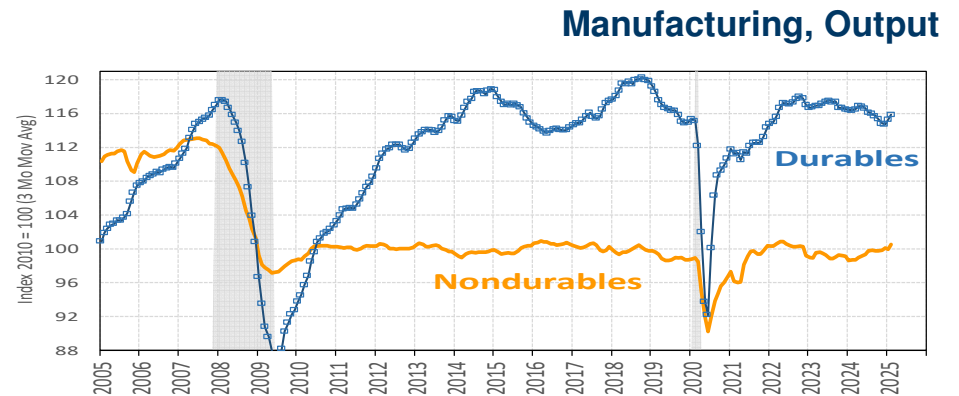


Economic Indicators

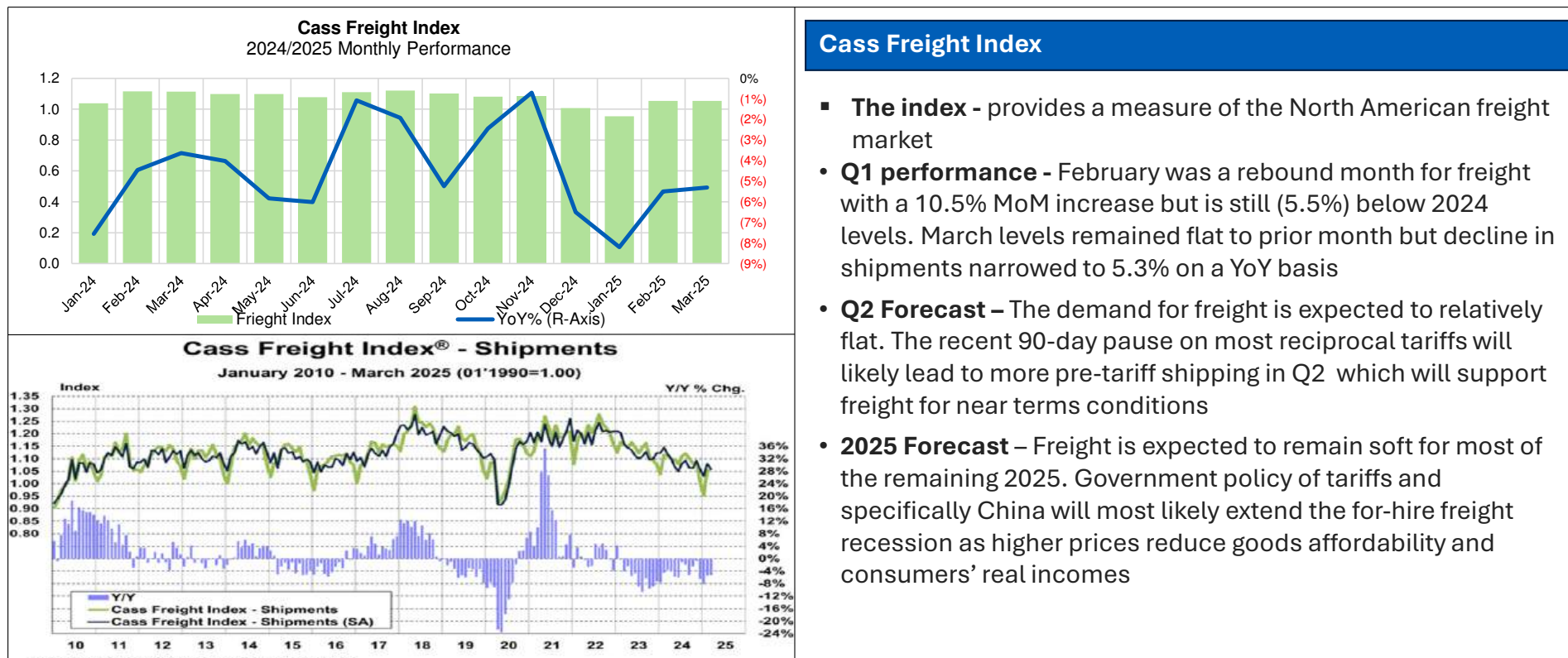


Economic Indicators

- **Housing Starts** – low inventory and pent-up demand continue to overshadow high interest rates and rising prices
- **Homebuilders Sentiment Declining** - concerns about building material cost and potential shortages due to tariffs
- **Overall manufacturing output remains relatively stable**
 - **Stronger Sectors** Computer (+7.0%), Electrical equip (+ 6.4%) , Chemicals (+5.8%), Petroleum Refining (+2.7%)
 - **Weaker Sectors** Motor Vehicles (-4.8%), Plastics/Rubber (-4.7%)



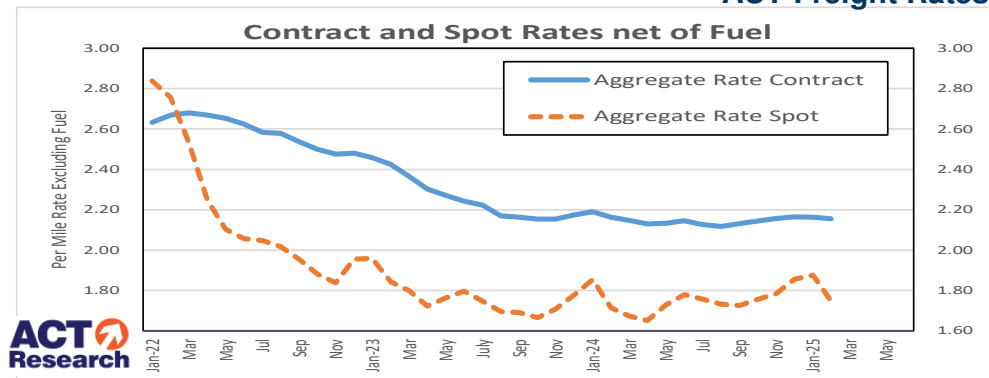
NA Truck Aftermarket Key Trends



Source: Cass Info Systems Inc.

NA Truck Aftermarket Key Trends

ACT Freight Rates



Economic Indicators

- **Freight Rates** – The upper trajectory of spot rates in Q4_24 has reversed direction in 2025
- **ACT Freight Rates forecast** – No significant improvement expected
 - **Spot Rates** – Rates expected to stabilize and remain relatively flat for 2025
 - **Contract rates** - Nervously predict gradual improvement but a lot can go wrong
- Seeing signs of pre-tariff inventory build up pushing up spot

ACT Rates Forecast

RATE FORECAST (Mar 17)								
FREIGHT RATE HIGHLIGHTS		24Q3	24Q4	25Q1	25Q2	25Q3	25Q4	26Q1
SPOT RATES \$/MILE NET OF FUEL								
DAT Dry Van		1.61	1.67	1.67	1.69	1.70	1.74	1.69
DAT Reefer		1.96	2.03	1.97	2.03	2.06	2.10	2.04
DAT Flatbed		1.93	1.93	1.98	2.11	2.11	2.01	1.99
CONTRACT RATES \$/MILE NET OF FUEL								
DAT Dry Van		1.99	2.03	2.05	2.06	2.04	2.05	2.06
DAT Reefer		2.31	2.32	2.33	2.36	2.37	2.39	2.41
DAT Flatbed		2.57	2.57	2.58	2.64	2.67	2.66	2.65
LTL RATE \$/CWT, NET OF FUEL		26.61	27.00	27.40	27.82	27.73	27.86	28.02
INTERMODAL RATE PER LOAD \$		2778	2792	2807	2859	2876	2897	2881
FUEL SURCHARGE \$/MILE AGGREGATE		0.42	0.40	0.41	0.40	0.41	0.42	0.44
DIESEL PRICE \$/GAL		3.69	3.53	3.61	3.53	3.63	3.70	3.77

National Spot Rates

Volumes and prices slip further



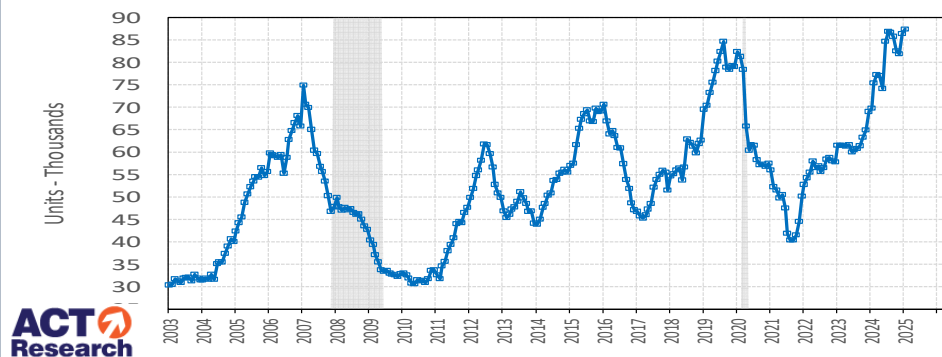
Trendlines

Powered by DAT iQ



NA Truck Aftermarket Key Trends

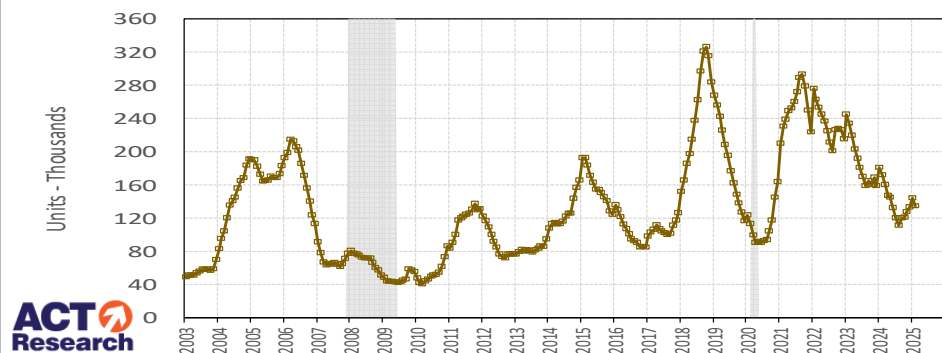
Class 8 Truck New - Unit Inventory



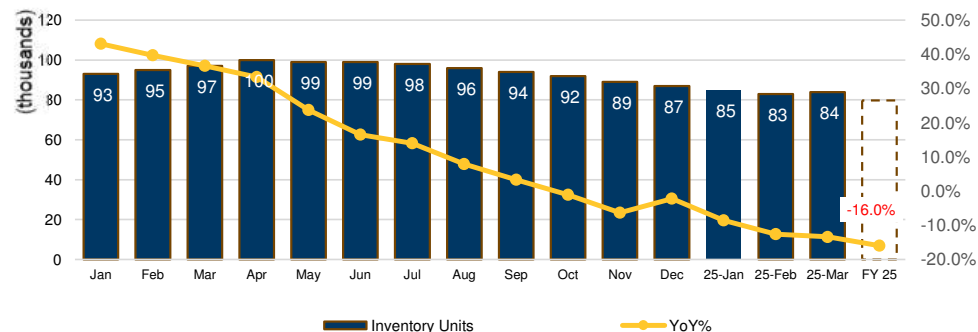
Class 8 Truck market

- **New Truck Sales** – 2024 average monthly sales around 24K units. With replacement rate averaging about 22K units/month, market still expending
- **New Truck Inventory** – All time high and trending higher
- **Backlog** – Hovering around 135K units which is relatively low by recent historical standards
- **Used Truck Inventory** – availability continue to decline which should pay well for aftermarket

Class 8 Truck - Backlog



Class 8 Used Truck Inventory



2025 Aftermarket - To early to tell

Trump trade war is wrecking hope for 2025 US trucking rebound

By Lisa Baertlein

April 24, 2025 9:03 AM EDT • Updated 7 hours ago



CAR AND DRIVER

e.g. 2025 Toyota RAV4



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Tariffs Could Reduce Car Sales By 2 Million in U.S. and Canada in 2025

If the current tariffs stay in place until 2035, annual sales of passenger cars could drop by around seven million units compared with more than 20 million now.

By Jack Fitzgerald Published: Apr 21, 2025

 Reuters

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Trump administration opens national security probe into imported commercial trucks

By David Shepardson

April 23, 2025 7:18 PM EDT • Updated 20 hours ago



Source: Reuters, WSJ, CNBC, Car and Driver

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STATE OF FREIGHT

Trade war fallout: Cancellations of Chinese freight ships begin as bookings plummet

PUBLISHED WED, APR 16 2025 1:38 PM EDT | UPDATED THU, APR 17 2025 9:20 AM EDT



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KEY POINTS

- The number of canceled sailings of freight vessels out of China is picking up as ocean carriers attempt to manage a pullback in orders due to the trade war and tariffs.

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ECONOMY | HOUSING

Home Sales in March Fell 5.9%, Biggest Drop Since 2022

Many buyers, spooked by rising economic uncertainty, stayed away from the housing market during the start of the crucial spring season

By Nicole Friedman Follow

Updated April 24, 2025 3:32 pm ET

2025 Aftermarket – What to Watch

- **Trump 2.0 roller coaster ride** - Will it stop or do we continue to have fun?
- **Steel, aluminum & USMCA tariffs** - How do CV OEMs respond and shift production?
- **Inflation vs Employment** – Can the Fed balance and open the door to interest rate cuts?
- **Housing and Oil** - Will rate sensitive manufacturing & housing resume growth?
- **Financial markets and Dollar Strength** – Will the severe market swings continue or stop?

