



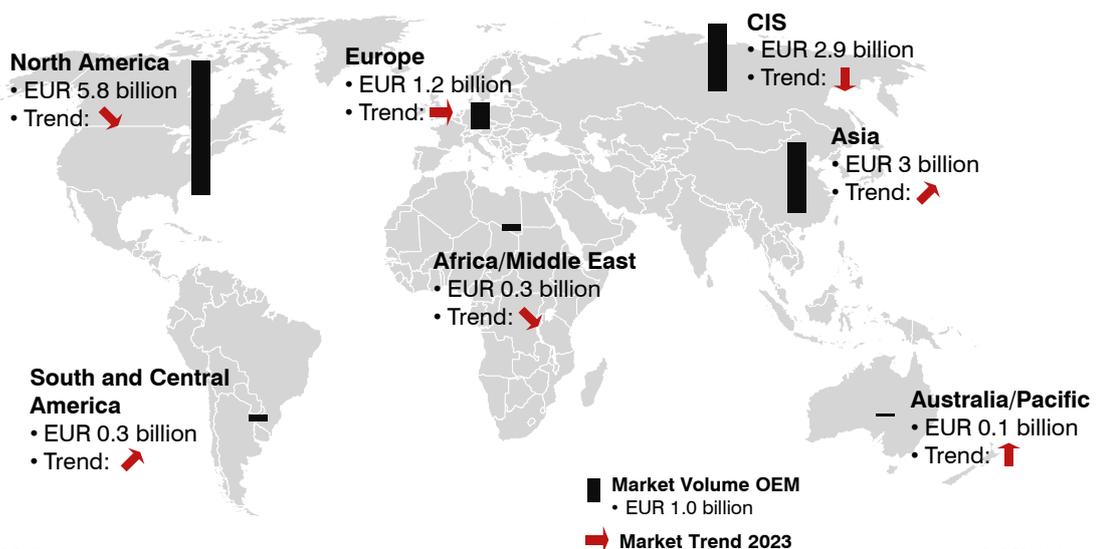
Freight wagons worldwide: market easing after all-time high - stimulus packages will not compensate for declining demand in every region

New study in the global freight wagon market

[15.06.2020] The COVID-19 pandemic has also taken a hold of the global market for freight wagons, albeit at very different dynamics. Even without the pandemic, a decline in delivery figures could be observed in this very cyclical business. The downturn in worldwide production and transport demand has taken a hold of the industry at an already weaker phase. National stimulus packages cannot compensate for this everywhere and only partially. This is the result of the current study “Freight Wagons - Global Market Trends” where SCI Verkehr is analysing the individual developments of the freight wagon market in the various market regions.

After an all-time high in 2018/2019, a calming of the market already began at the end of 2019 even without the effects of the COVID-19 pandemic. The influential country markets of China and Russia are mainly responsible for this: China Railways has relatively clearly failed to meet the targets it has set itself in the form of a procurement plan with up to 210,000 freight wagons between 2018 and 2020, while in Russia, the process of fleet renewal, which has led to extensive procurements in recent years, is largely complete.

Current Freight Wagon OEM Market Volume and Growth Trends by Region until 2023



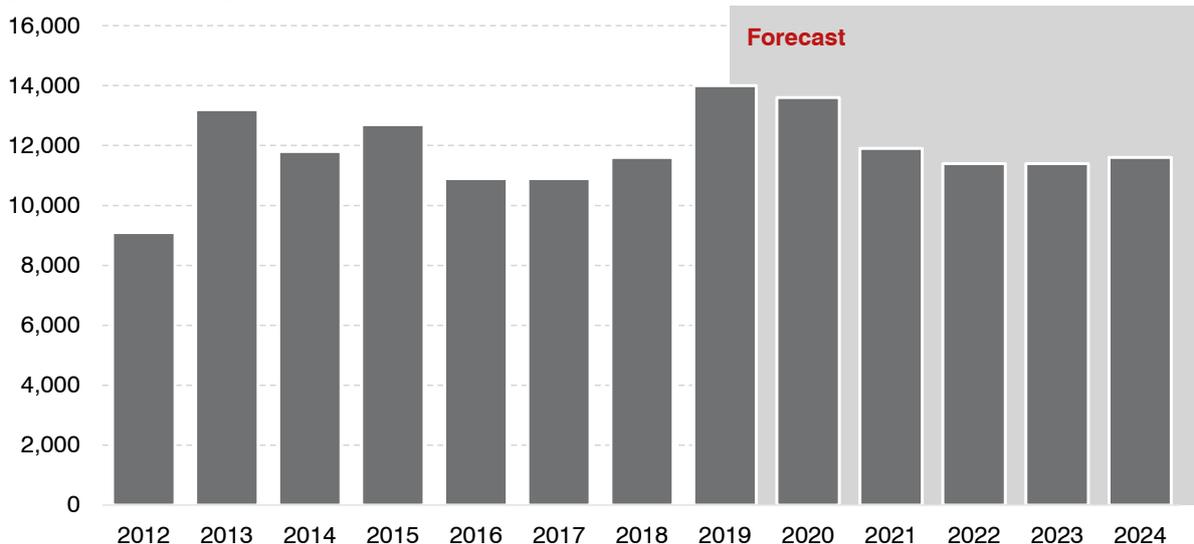
Source: SCI Forecast

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In a comparison of the lead markets, growth is still expected only for Asia in the time period 2018-2023, which will be achieved mainly in India. China, as one of the most important growth engines of the past, seems to have initiated a rather rare paradigm shift and is procuring at a medium level. In North America, interim procurement peaks have recently passed (-0,7% measured in EUR), and the market is slowly cooling down. In the CIS region, the fleet has been extensively modernised in recent years and demand for new rolling stock is diminishing.

In Europe, the process of market calming also began at the end of 2019, after the temporarily very high demand for various types of wagons (e.g. steel wagons, automotive wagons, intermodal wagons) had been met. At times, the high demand exceeded supply in some freight wagon segments and led to significant price increases.

Freight wagon procurements in Europe
[units, 2012-2024]



Source: SCI Forecast

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Prices will recover in the scope of the demand reduction. SCI Verkehr is expecting an overall rising market volume of approx. EUR 1.2 billion in the time period under consideration until 2023. However, the expected increase is below the considered and calculated price development. In fact, a slight decline in delivery volumes can be expected in the medium term.

The economic stimulus packages initiated both Europe-wide and nationally in the context of the COVID-19 pandemic (the latter especially in Germany and France) as well as the generally increasing influence of climate policy on European governments have a high potential to have a positive effect on rail freight transport and thus on the demand for freight wagons and to cushion the crisis-related decline in demand.

The market study "[Freight Wagons - Global Market Trends](#)" is available in English as of 15th June 2020 from SCI Verkehr GmbH (www.sci/shop/). A data annex in Excel format is also available for the study, which presents all the figures contained in the study in a transparent and clear manner. The individual market regions are also available for separate purchase.

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