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MEMA OE Suppliers Vehicle Supplier Barometer Q1 2026

Production, Planning & Electrification

April 22, 2026

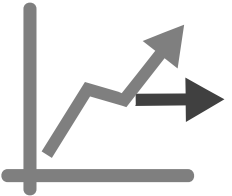
Image Source: bizjournals.com

MEMA OE Supplier Barometer: Executive Summary

Supplier Barometer Index (SBI)

SBI Score = 44;

unchanged from Q4 2025



The outlook for the first quarter of 2026 was unchanged from the end of last year coming in at 44. The index remains 6 points below neutral and marks the sixteenth straight quarter of building pessimism. The twelve-month business outlook remains pessimistic, on net, across firms of all sizes.

Light vehicle suppliers were more pessimistic (41) in comparison to their commercial vehicle counterparts (51), who showed net optimism for the coming 12 months.

Optimism grew on improving truck market demand, rising OEM forecasts and orders, increased RFQs, while growing onshoring opportunities signal strengthening industry momentum and expanding business opportunities.

Heightened pessimism is being driven by geopolitical instability, tariff and policy uncertainty, declining or volatile OEM volumes (especially EV), rising costs and interest rates, and weakening end-market demand, all contributing to reduced visibility and increased financial pressure across the supply chain.



Changes in trade policies remains the greatest threat to the industry for the next 12 months but eased from prior quarter on the removal of IEEPA Tariffs.

Supplier concern over the economy and black swan events increased from prior quarter due to rising fuel prices and other risks associated with the war in Iran.

Concerns of poor sales of vehicles in programs supplied remain elevated, but risk conditions improved slightly from prior quarter, on net.

Supply chain challenges and the availability of labor showed a marked improvement from the end of last year.



While production remains down year over year, net positive new orders from last year are a welcome signal as is the backlog of orders. Costs declined on net from last month but remain higher on a 12-month basis.

MEMA OE Supplier Barometer: Executive Summary



Light Vehicle suppliers' breakeven estimates are flat from last year at 14.0 million units. The industry is expected to again exceed breakeven this year, after outperforming breakeven by 1.3 mils. in 2025.

Suppliers continue to expect weak production volume margins in 2026 and note that their breakeven point is largely dependent on program performance.

Commercial vehicle suppliers expect a moderate decline in the Class 8 truck market, on average, but with a high degree of variation. The expectation is for a turnaround in Medium-Duty and Trailer production, on average, but from an incredibly low base.



The top internal production issues are related to supply chain disruption and skilled labor shortages with relative health shown throughout the other internal measures of production issues.

Externally, the largest threat to production is tariff exposure, followed by supply chain disruptions and supplier financial distress.



Suppliers are prioritizing automation investment, lean manufacturing, supply chain management optimization, and product portfolio optimization as the top priorities of their cost management strategies.



R&D spending is expected to be in-line with last year, at 3% of total sales on average.

Industry 4.0 overtook advanced materials technologies as the top investment priorities. The only decrease in technological prioritization that fell meaningfully from prior year is software technologies.

Despite economic and political uncertainty, suppliers feel very committed to R&D investment in the near-term.



EV investments are significantly underperforming, with roughly half of capital not meeting expectations due to low volumes and underutilization.

Suppliers are tightening EV quoting practices, including reducing assumed volumes (often ~50%), requiring upfront capital recovery, and avoiding speculative programs due to elevated risk.

EV revenue growth expectations are modest to negative, with most suppliers projecting low single-digit growth and some expecting declines.

Suppliers expect powertrain strategy to shift toward hybrids and sustained ICE, with hybrids showing the strongest expected growth, ICE remaining stable, and BEVs seeing mixed or declining expectations.

Capital investment appetite for electrification is low, with many suppliers reluctant to invest further in EV-only programs due to uncertainty, overcapacity, and unclear market direction—especially in commercial vehicles.



Supplier Outlook

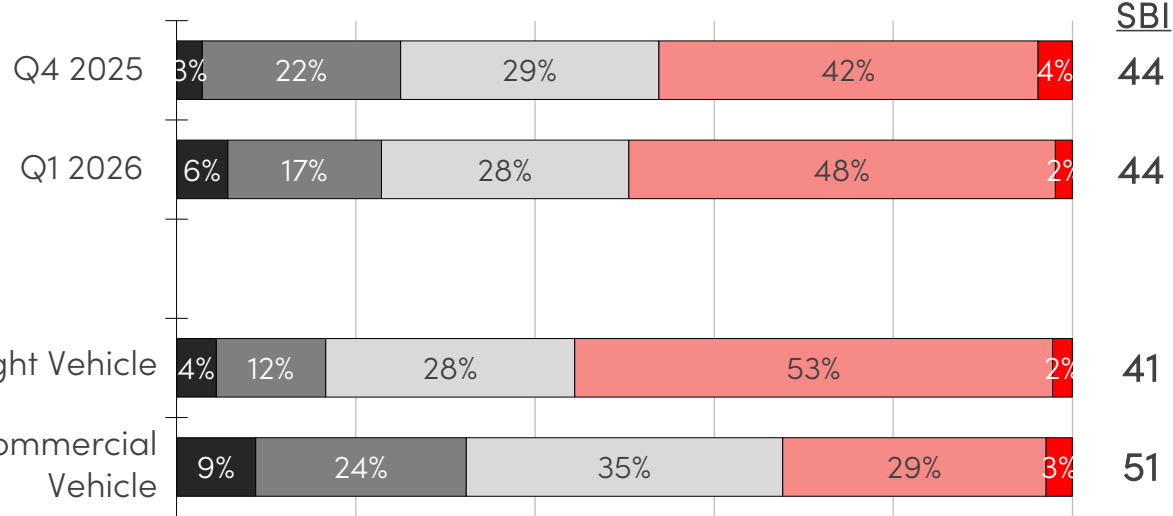
Q1 2026 Vehicle Supplier Barometer

MEMA OE Vehicle Supplier Barometer: Q1 2026 – Results

Describe the general twelve-month outlook for your business. Over the past three months, has your opinion become...?

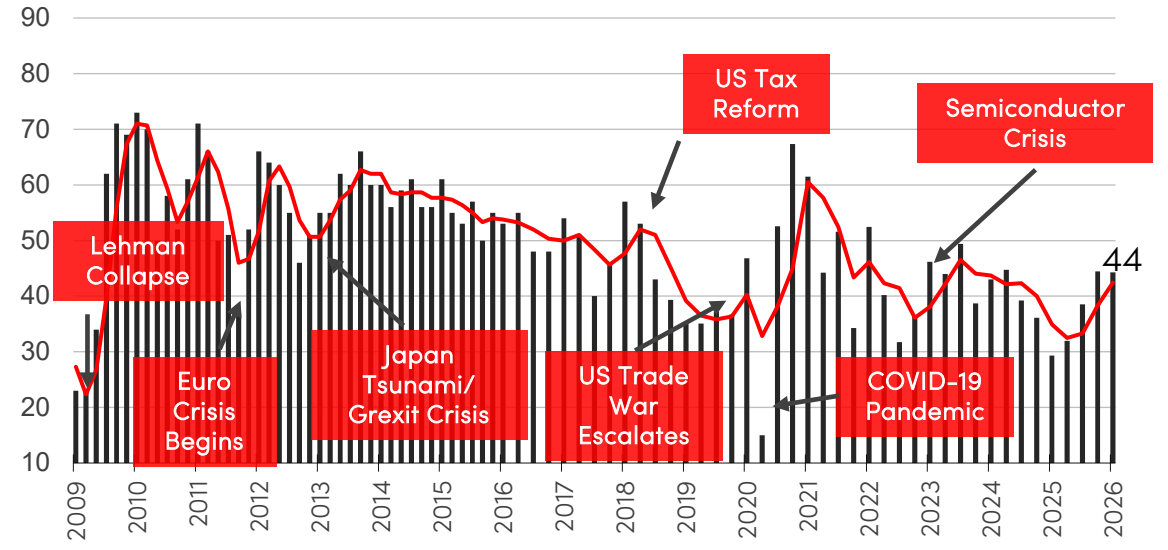
Current Supplier Outlook (Share of Respondents)

0% 20% 40% 60% 80% 100%



- Significantly more optimistic
- Somewhat more optimistic
- Unchanged
- Somewhat more pessimistic
- Significantly more pessimistic

Supplier Barometer Index: (SBI and 6m Average)



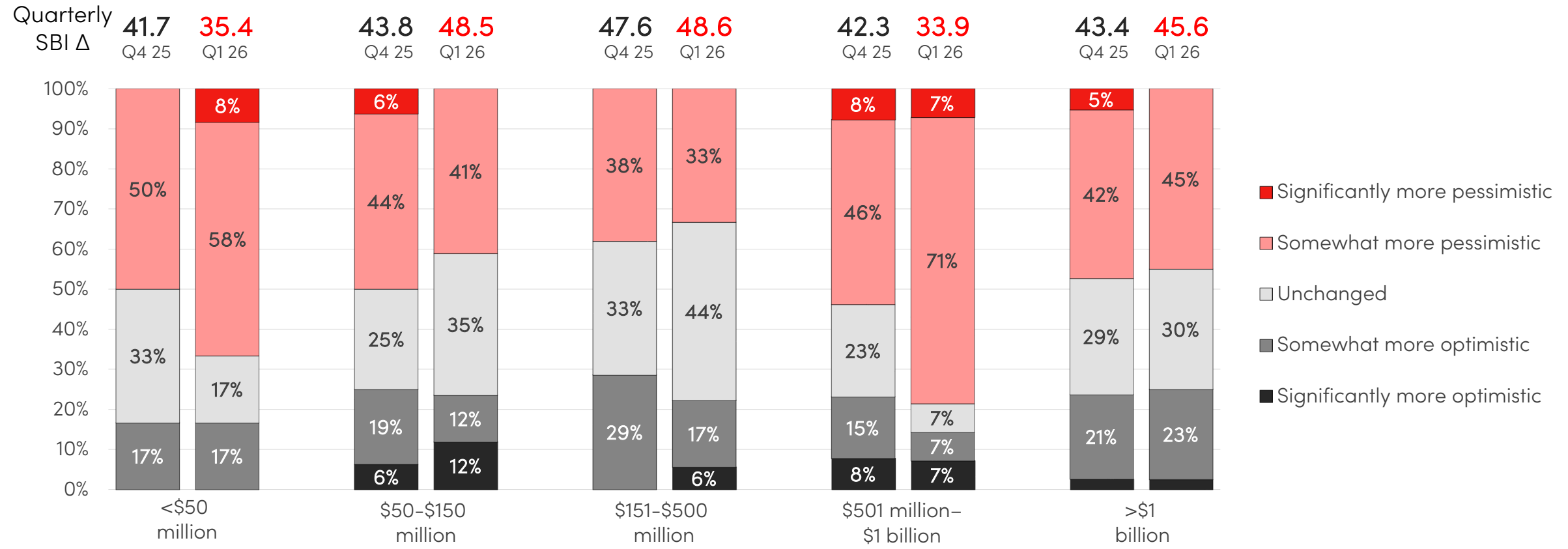
■ SBI — 6m Avg 105 Responses

*Data prior to 2024 Light Vehicle Only

The outlook for Q1 2026 was unchanged from Q4 2025 at 44 and remains in pessimistic territory, marking sixteen consecutive quarters of building pessimism.

MEMA OE Vehicle Supplier Barometer: Q1 2026 – Results by Revenue

Describe the general twelve-month outlook for your business. Over the past three months, has your opinion become...?

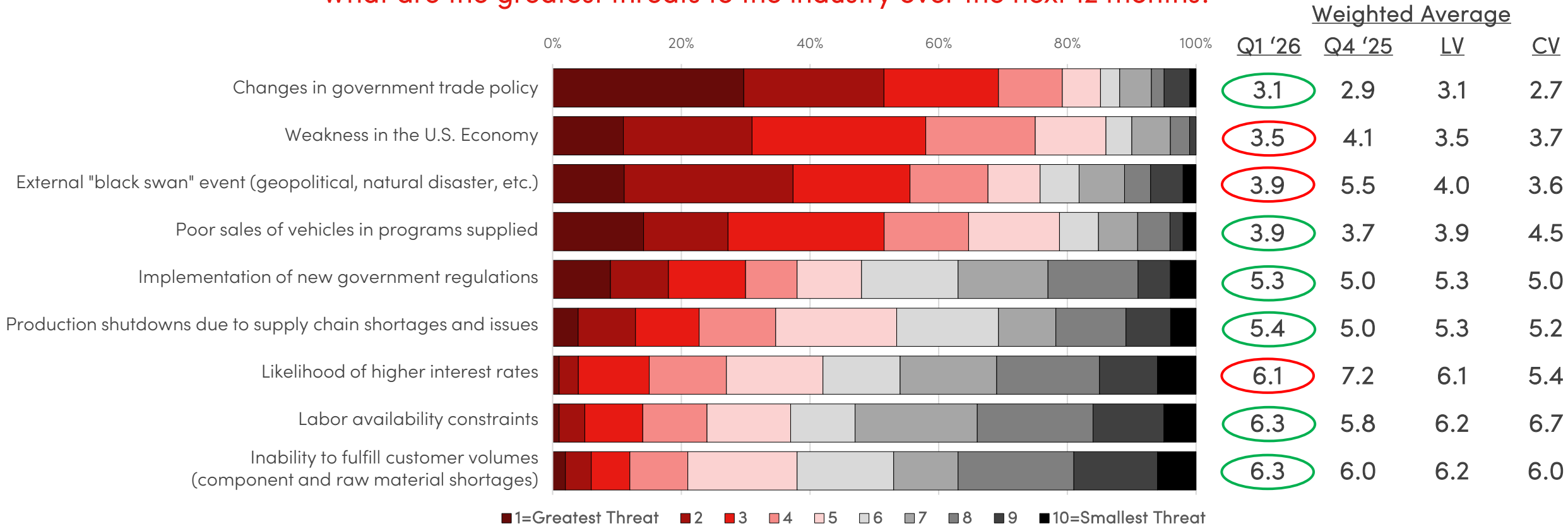


The twelve-month business outlook remains pessimistic, on net, across firms of all sizes. Suppliers with revenue less than \$50 million and between \$501 mils. - \$1 bil. are the most pessimistic.

MEMA OE Vehicle Supplier Barometer

Q1 2026 - Industry Threats Results

What are the greatest threats to the industry over the next 12 months?



Changes in trade policies remains the greatest threat to the industry for the next 12-months but eased from the prior quarter on the removal of IEEPA Tariffs. Supplier concern over the economy and black swan events increased from 4Q 2025.

MEMA OE Vehicle Supplier Barometer: Q1 2026 - Industry Indicators

For the following indicators, please indicate what change, if any, your company has experienced over the following time frames.

	Total Industry		Light Vehicle		Commercial Vehicle	
	12-month Chg.	1-month Chg.	12-month Chg.	1-month Chg.	12-month Chg.	1-month Chg.
New orders	52	50	49	49	56	49
Production	45	46	43	47	50	43
Employment	40	45	40	45	34	46
Supplier Deliveries	46	56	44	52	53	60
Inventories	50	53	49	49	41	57
Customers' Inventories	53	47	55	45	47	50
Costs	86	46	86	43	82	51
Backlog of Orders	50	52	49	50	49	50
New Export Orders	46	53	47	53	43	50
Imports	45	76	45	76	46	77

Diffusion Index = Σ (% Responding Decelerated x 0, % Responding Unchanged x 50, % Responding Accelerated x 100)

Lower Limit = 0

Neutral = 50

Upper Limit = 100

While production remains down year over year, net positive new orders from last year are a welcome signal as is the backlog of orders. Costs declined on net from last month but remain higher on a 12-month basis.

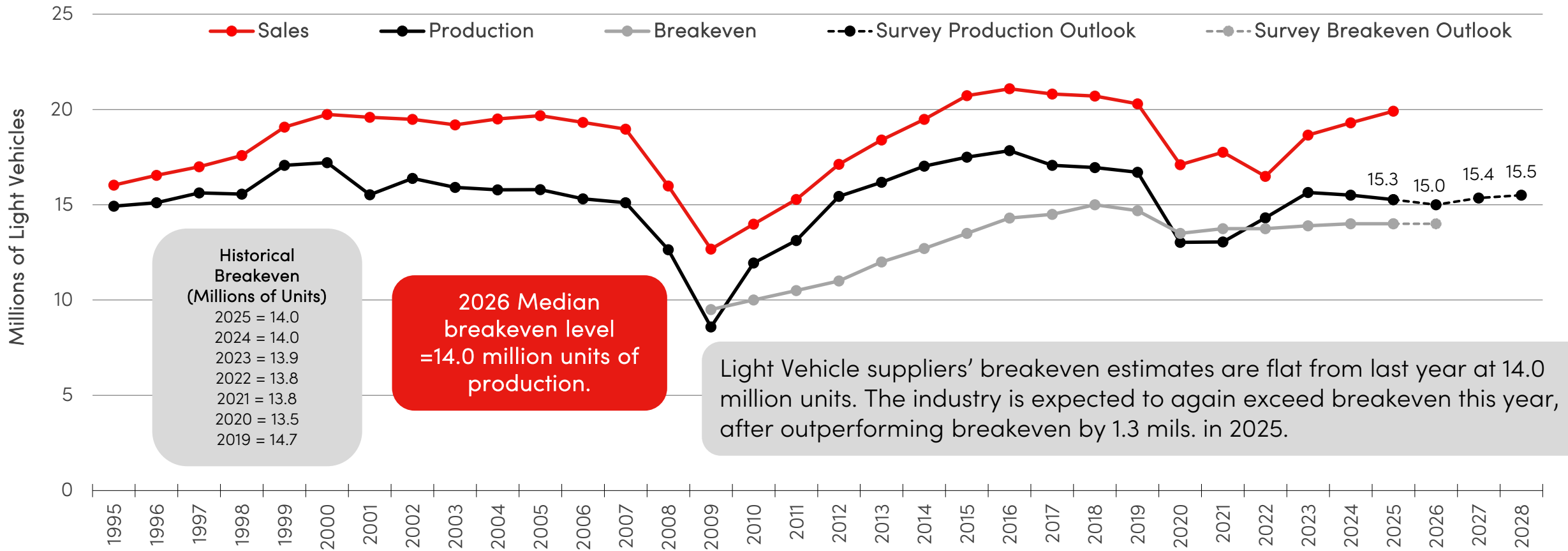


Production

Q1 2026 Vehicle Supplier Barometer

MEMA OE Supplier Barometer: Light Vehicle Industry Outlook and Breakeven

Considering North America light duty vehicle production, estimate the required 2026 industry volume needed to achieve breakeven in your North American operations?



Historical Breakeven (Millions of Units)
 2025 = 14.0
 2024 = 14.0
 2023 = 13.9
 2022 = 13.8
 2021 = 13.8
 2020 = 13.5
 2019 = 14.7

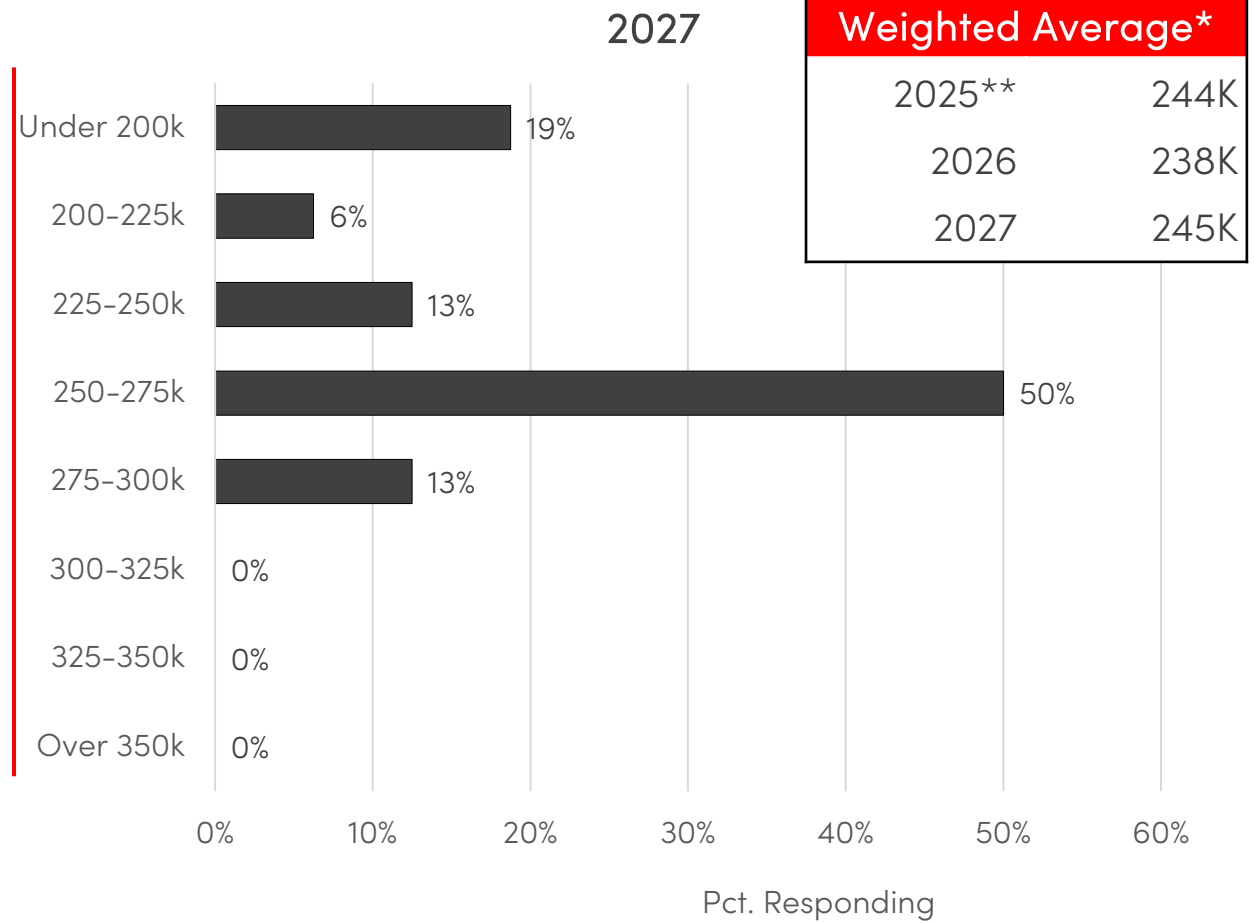
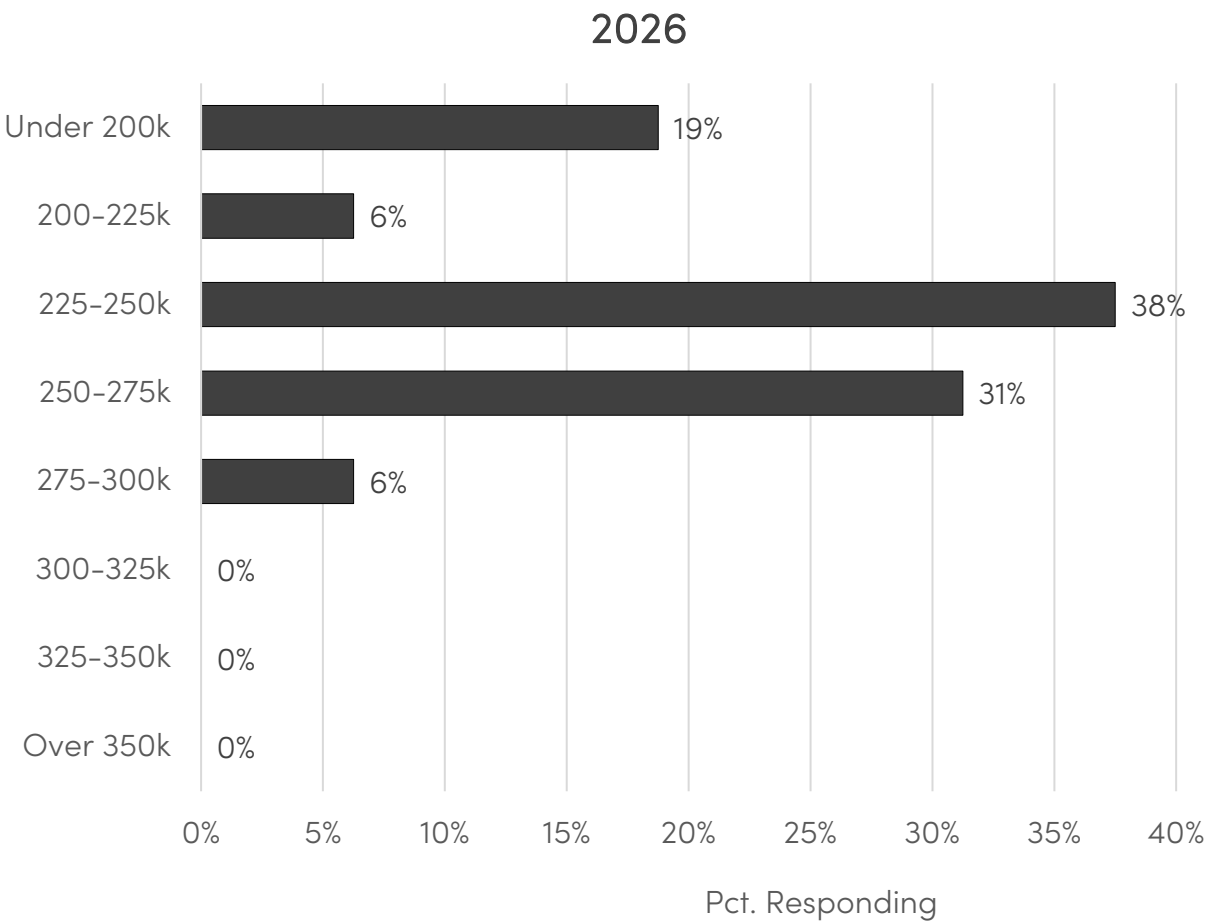
2026 Median breakeven level =14.0 million units of production.

Light Vehicle suppliers' breakeven estimates are flat from last year at 14.0 million units. The industry is expected to again exceed breakeven this year, after outperforming breakeven by 1.3 mils. in 2025.

Source: S&P Global Mobility (History, Sales and Production)

MEMA OE Supplier Barometer: North American Class 8 Truck Forecast

What are your 2026 and 2027 forecasts for the North American Class 8 truck production?

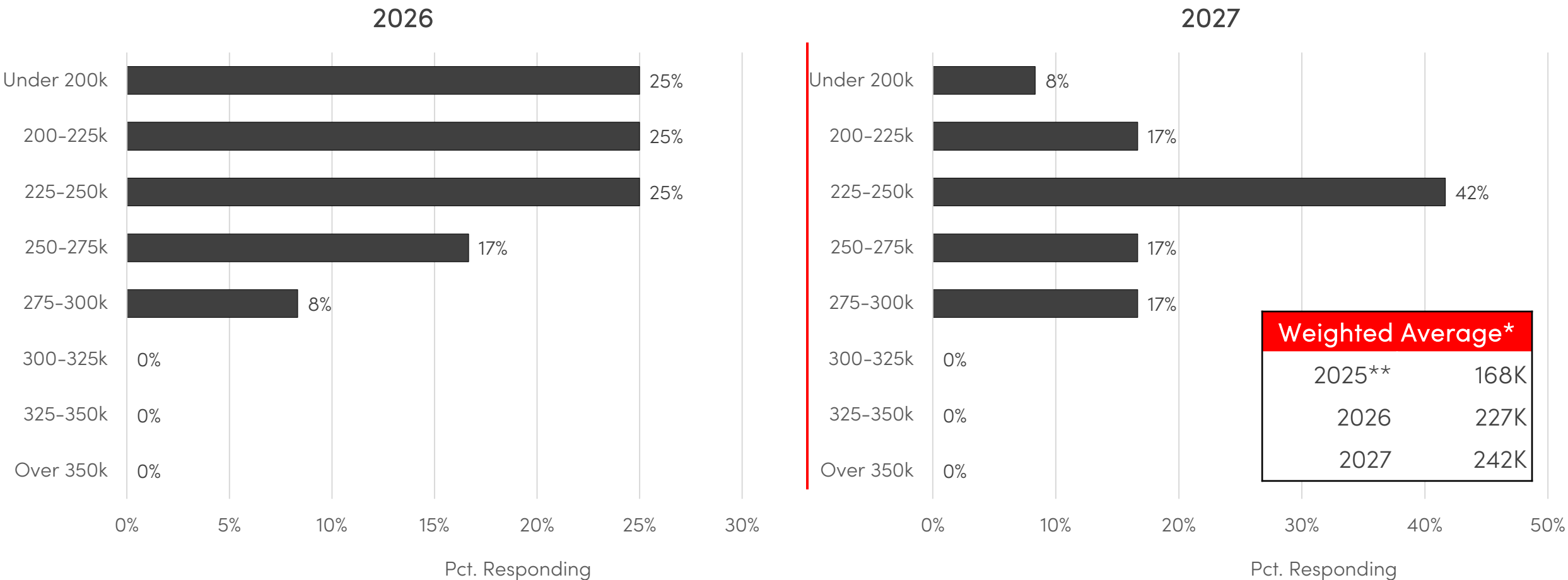


Weighted Average*	
2025**	244K
2026	238K
2027	245K

*Assumes the mid-point of each range, under 200k = 187.5k, over 340k = 362.5k
 **Source: FTR

MEMA OE Supplier Barometer: North American Class 5-7 Truck Forecast

What are your 2026 and 2027 forecasts for the North American Class 5-7 truck production?

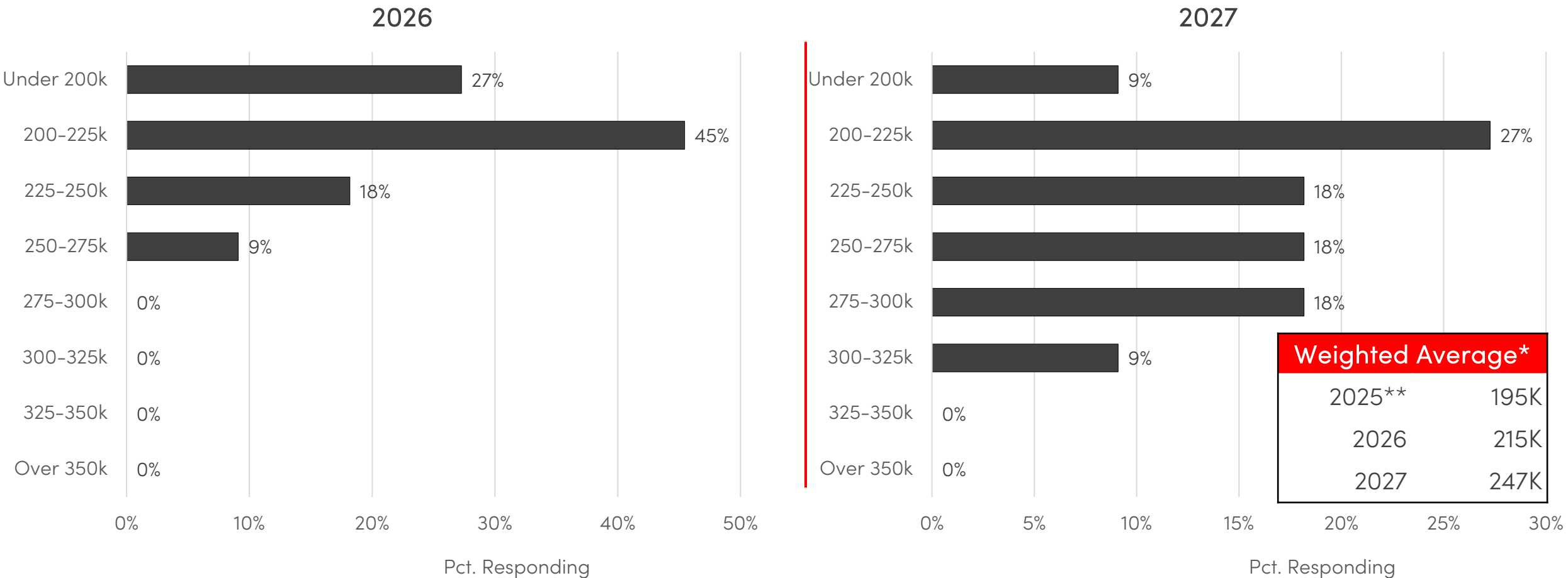


*Assumes the mid-point of each range, under 200k = 187.5k, over 340k = 362.5k

**Source: FTR

MEMA OE Supplier Barometer: North American Trailer Forecast

What are your 2026 and 2027 forecasts for the North American trailer production?



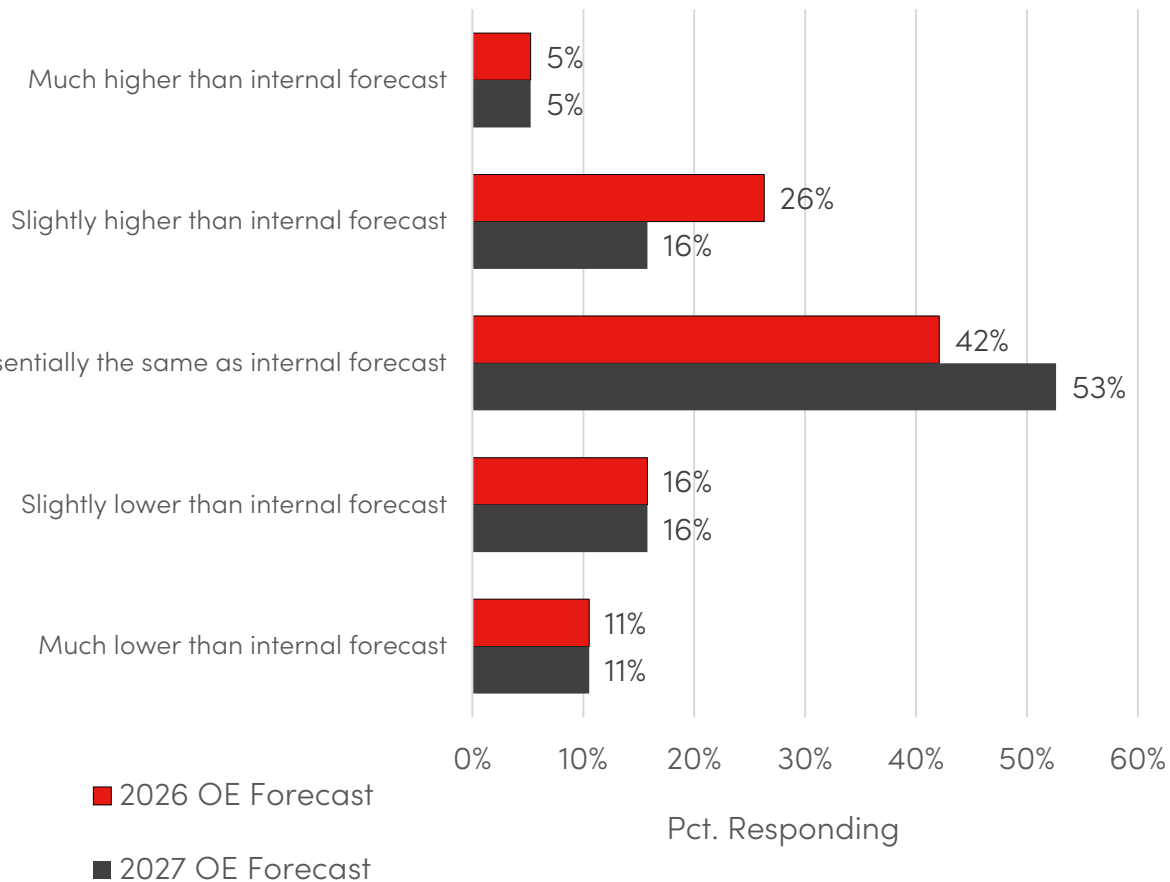
*Assumes the mid-point of each range, under 200k = 187.5k, over 340k = 362.5k

**Source: FTR

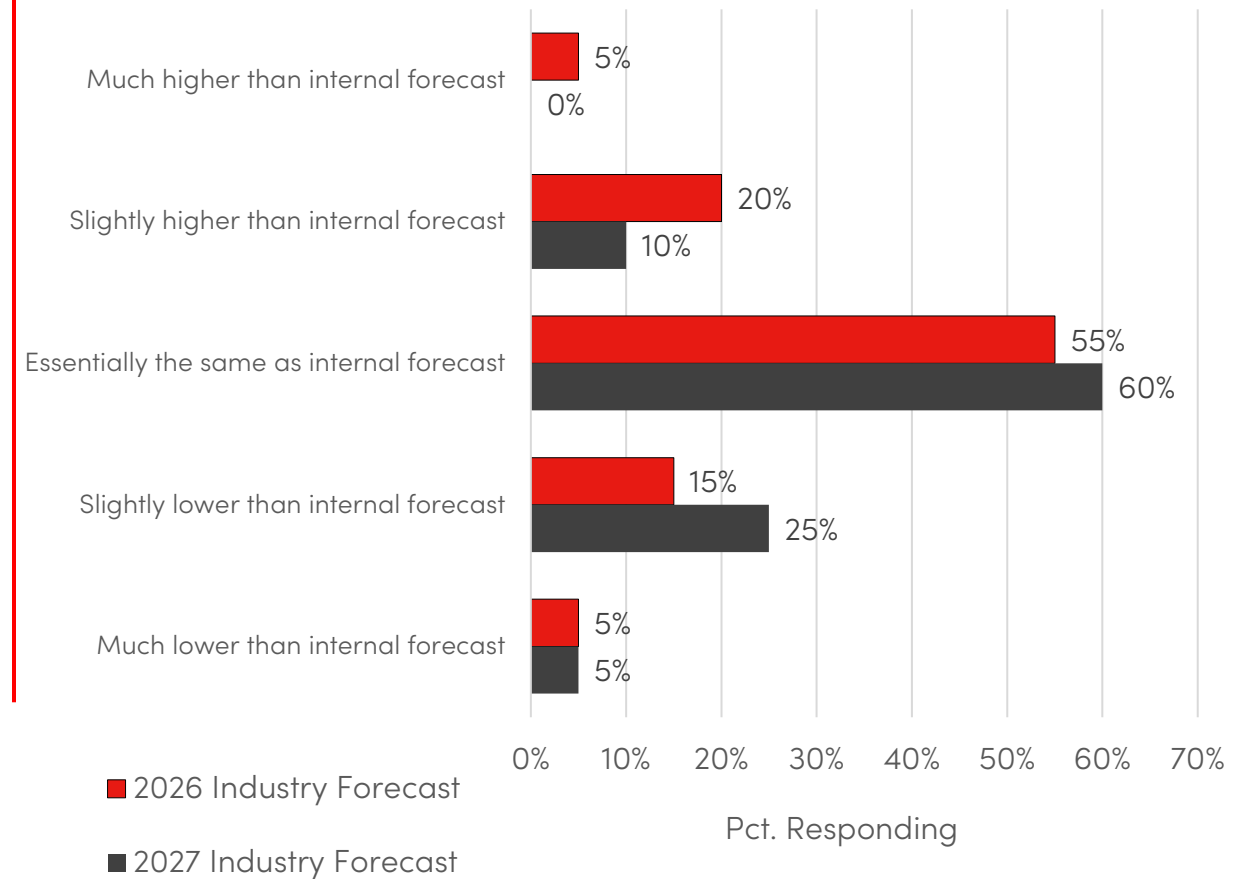
MEMA OE CV Pulse: Commercial Vehicle External Forecast Comparison

How do the following forecasts compare to your internal forecasts?

OE Forecasts

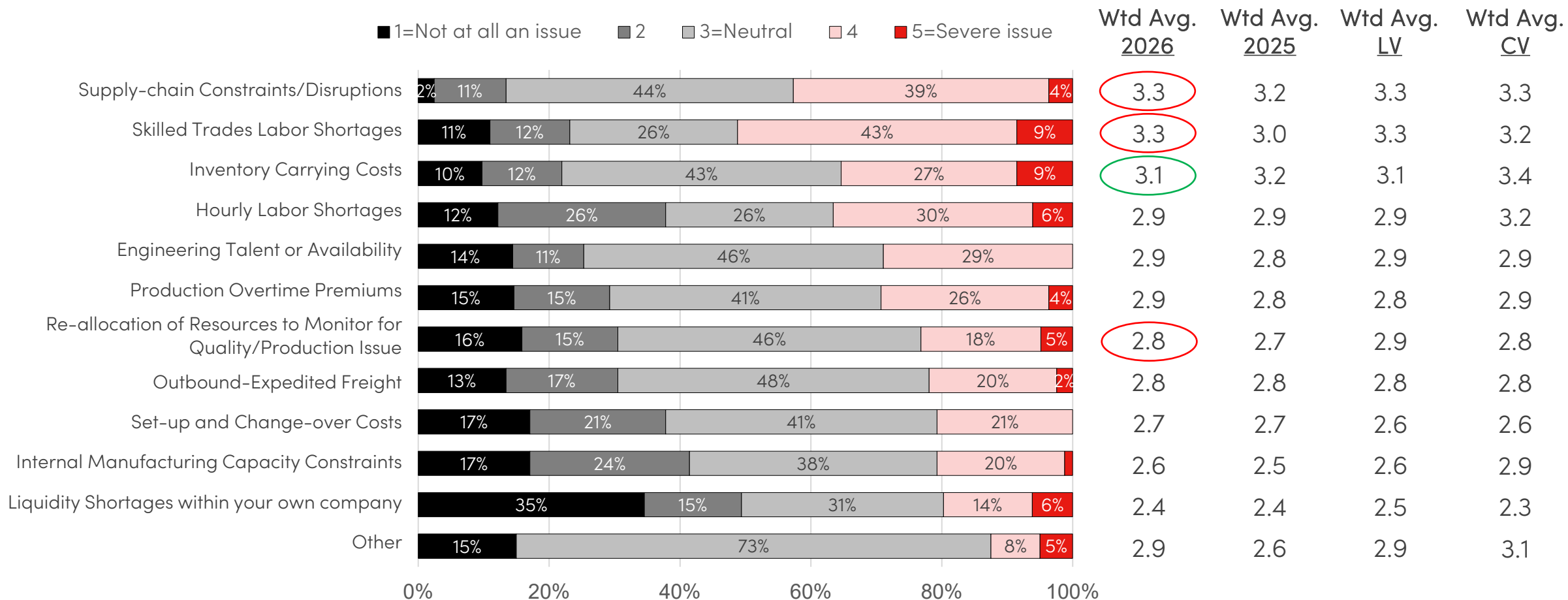


Industry Forecasts



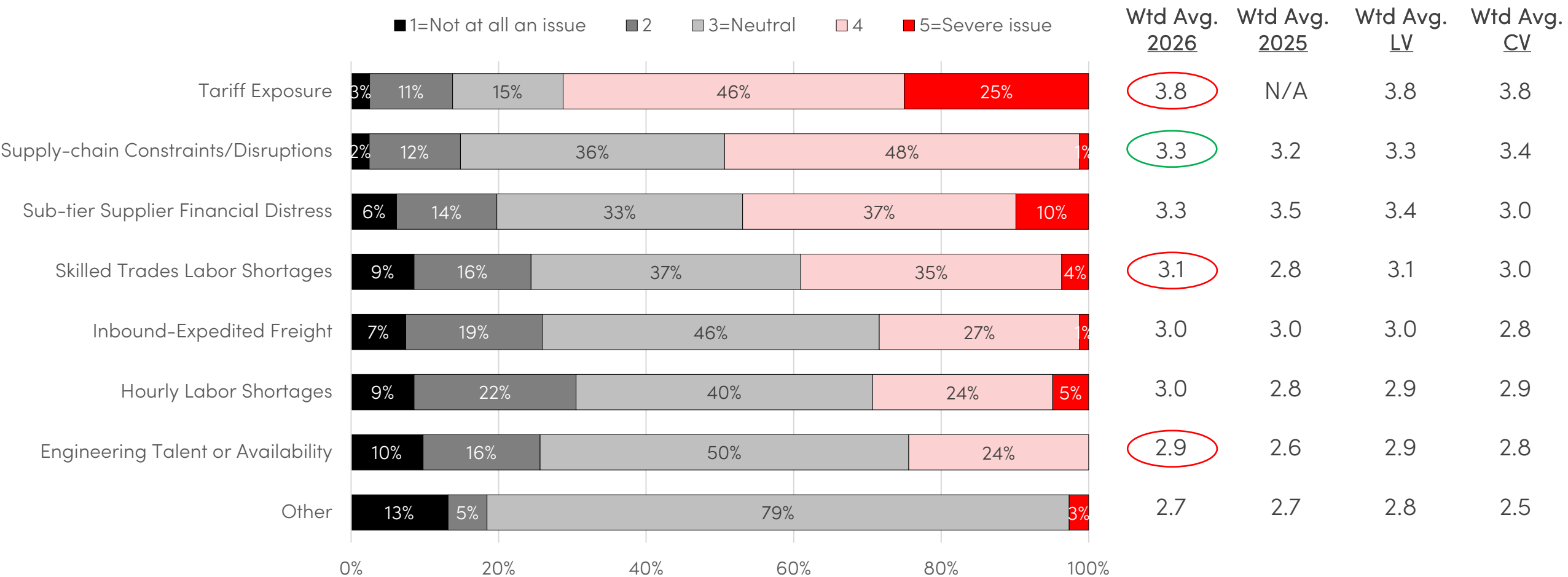
MEMA OE Supplier Barometer: Production Planning: Internal Issues

Over the next 12 months, identify which of the following internal issues you will face as you meet required levels of production?



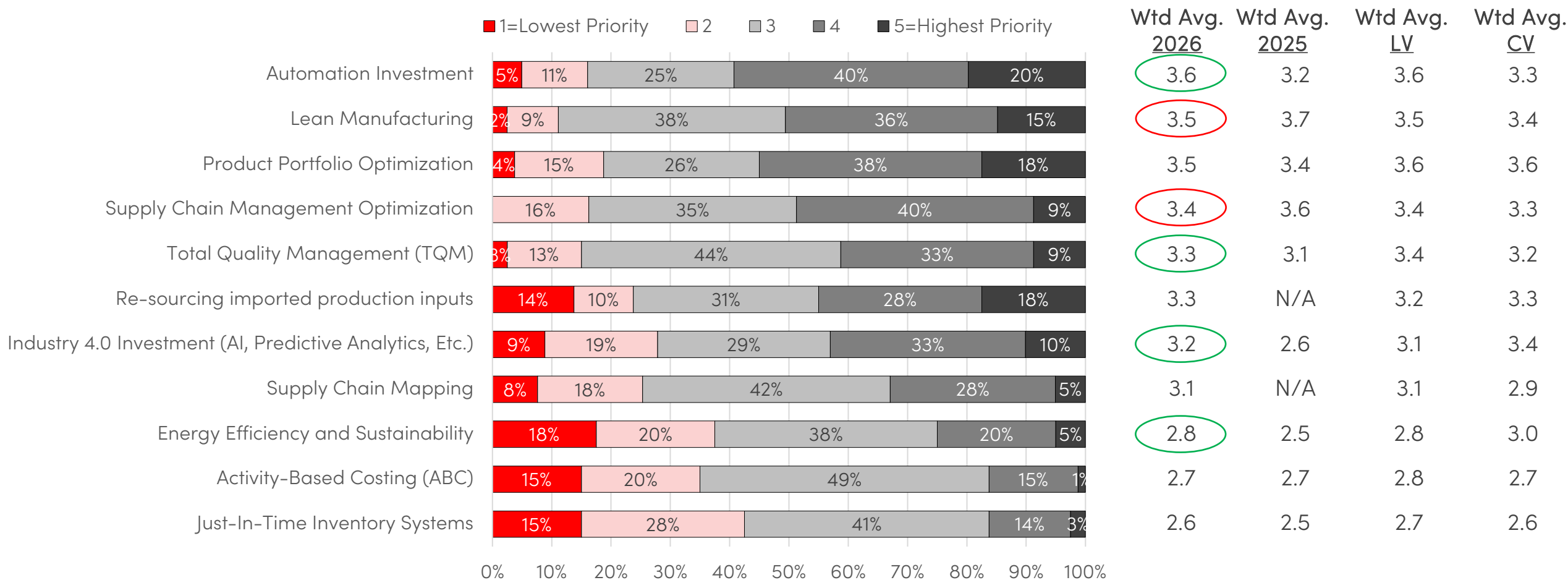
MEMA OE Supplier Barometer: Production Planning: External Issues

Over the next 12 months, identify which of the following external issues you will face as you meet required levels of production?



MEMA OE Supplier Barometer: Production Planning: Cost Management Strategy

Of the following, what are your company's highest priorities for its cost management strategy?



MEMA OE Supplier Barometer: Production Planning: Cost Management Strategy

Where has your company found the most success for its cost management strategy?

Light Vehicle Only:

- Automation to drive down scrap costs.
- Diversification. Product Portfolio Optimization
- Re-sourcing
- Lean manufacturing TQM
- Automation when you can justify
- Product portfolio optimization
- Lean Manufacturing
- Lean Manufacturing and resourcing imported production inputs

Commercial Vehicle Only:

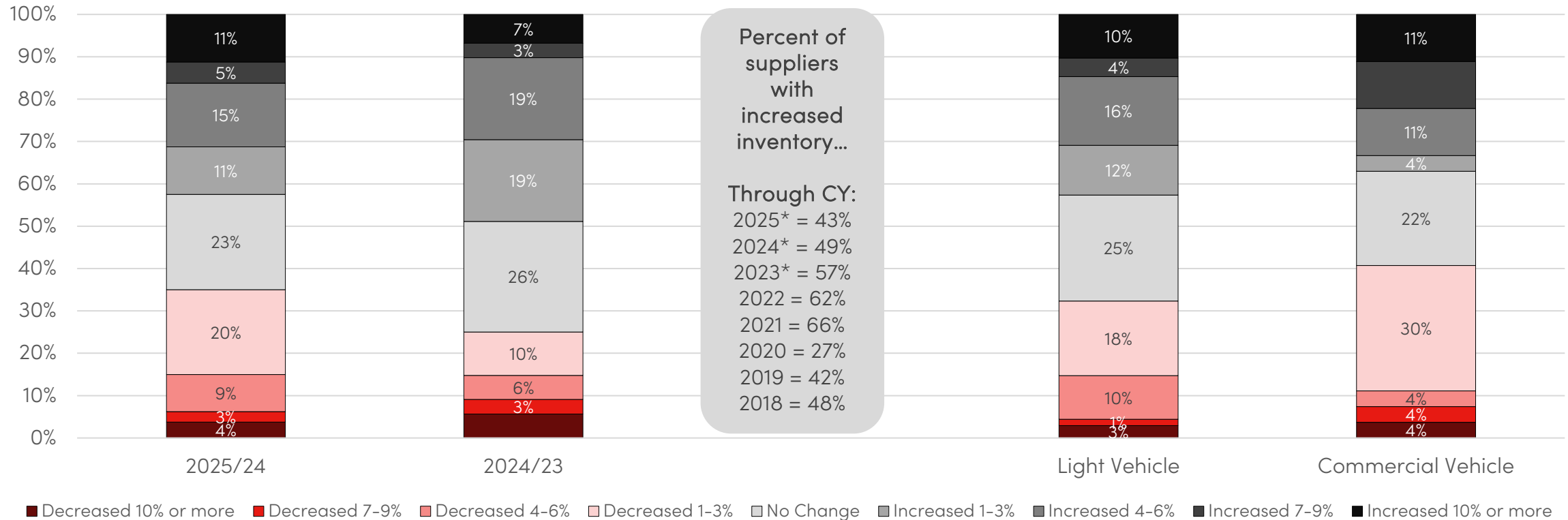
- Activity based costing
- Automating indirect processes with business analytics tools.

Light and Commercial Vehicle:

- No comments provided

MEMA OE Supplier Barometer: Production Planning: Finished Goods Inventory

Compared to average 2024 levels, how did your average 2025 finished goods inventory levels change?



*Data prior to 2023 Light Vehicle only

Inventories increased on net across the supply base, with the percentage of suppliers reporting an increase at 43%, down 6 ppts. from 2024.



Planning

Q1 2026 Vehicle Supplier Barometer

MEMA OE Supplier Barometer: Research & Development Spending

For 2026, estimate your R&D spending as a percent of total sales.

For 2025 R&D budget, estimate the percent allocated to research and percent allocated to development.

	Lower Quartile	Median Value	Upper Quartile
R&D Share of Total Sales			
<i>2026</i>	<i>2%</i>	<i>3%</i>	<i>5%</i>
<i>LV</i>	<i>2%</i>	<i>3%</i>	<i>5%</i>
<i>CV</i>	<i>3%</i>	<i>5%</i>	<i>8%</i>
2025	2%	3%	5%
2024	2%	3%	4%
2023*	2%	3%	5%
2022	2%	4%	5%
2021	2%	4%	6%
2020	2%	4%	7%

	Lower Quartile	Median Value	Upper Quartile
Research budget (for future technologies)			
<i>2026</i>	<i>20%</i>	<i>30%</i>	<i>50%</i>
<i>LV</i>	<i>20%</i>	<i>30%</i>	<i>50%</i>
<i>CV</i>	<i>16%</i>	<i>30%</i>	<i>50%</i>
2025	20%	30%	50%
2024	20%	30%	50%
2023*	18%	33%	50%
2022	20%	25%	40%
2021	20%	25%	38%
2020	10%	25%	40%

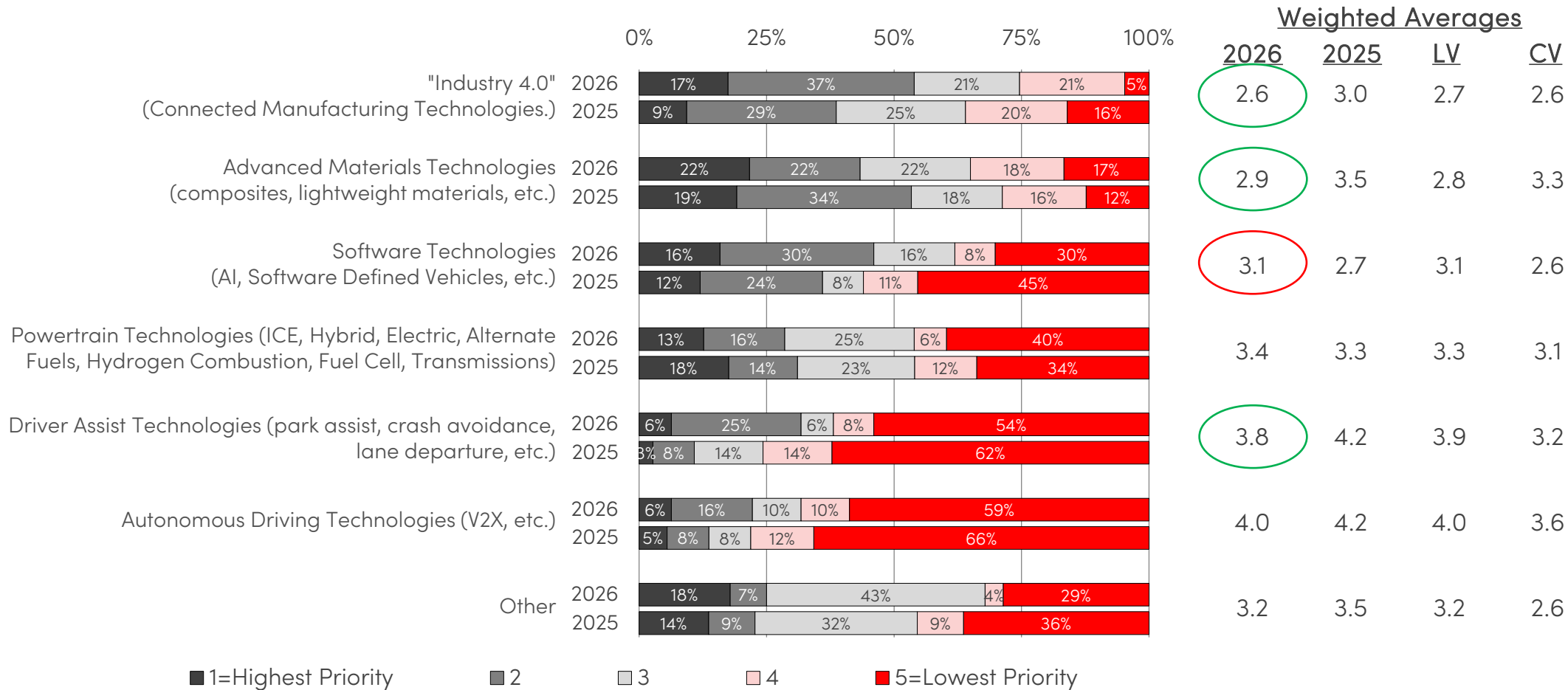
	Lower Quartile	Median Value	Upper Quartile
Development budget (for specific programs)			
<i>2026</i>	<i>50%</i>	<i>70%</i>	<i>80%</i>
<i>LV</i>	<i>50%</i>	<i>70%</i>	<i>80%</i>
<i>CV</i>	<i>50%</i>	<i>70%</i>	<i>84%</i>
2025	53%	70%	80%
2024	50%	70%	80%
2023*	50%	67%	83%
2022	60%	75%	80%
2021	63%	75%	80%
2020	60%	78%	90%

*Data prior to 2024 Light Vehicle only

R&D spending is essentially unchanged from last year, at 3% of total sales. The share dedicated to the research and development budgets was essentially unchanged from last year.

MEMA OE Supplier Barometer: Research & Development Technology Investments

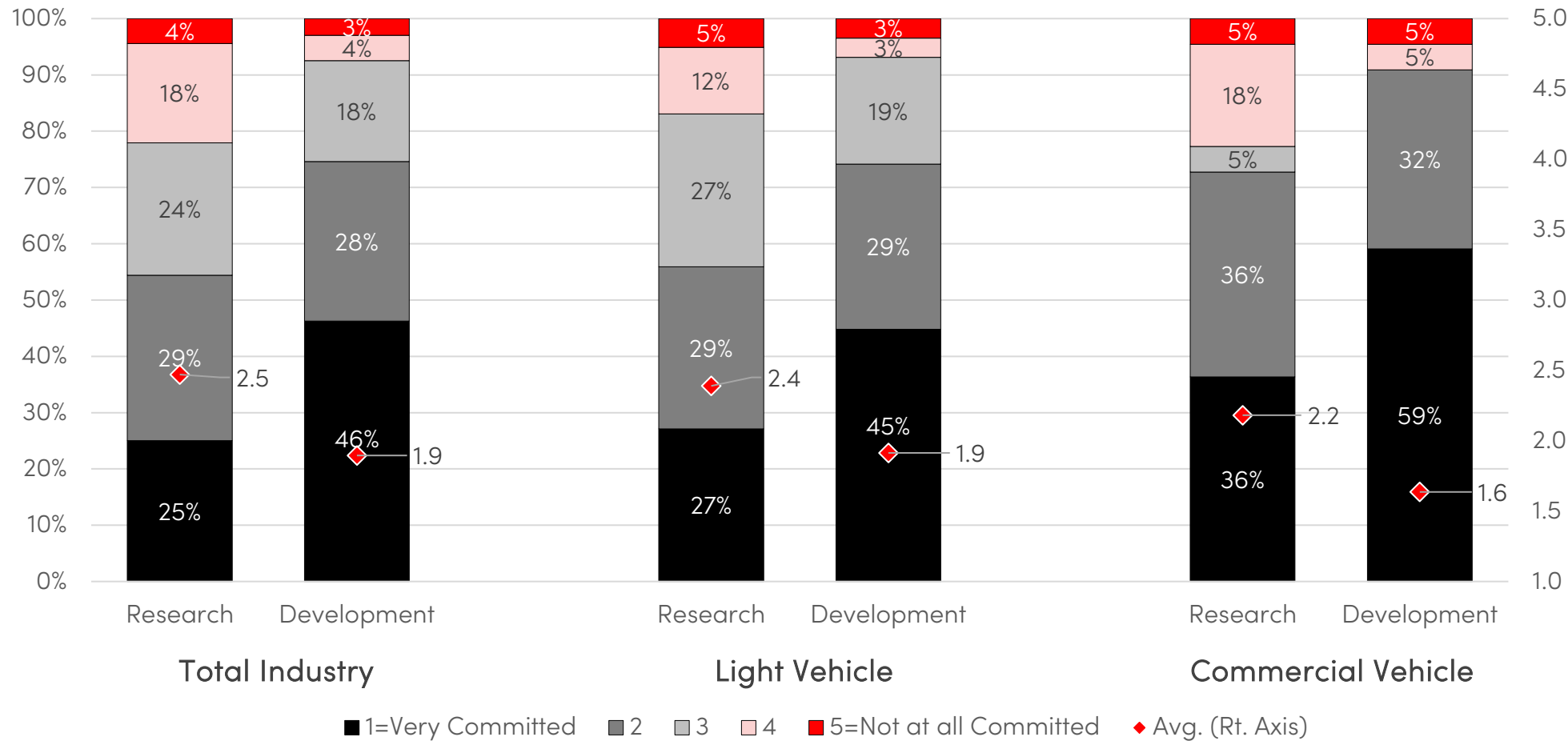
If you had additional dollars for R&D investment, rating in terms of importance, how would you allocate it across the following technology areas?



Industry 4.0 overtook advanced materials technologies as the top investment priorities. The only decrease in technological prioritization that fell meaningfully from prior year is software technologies

MEMA OE Supplier Barometer: Research & Development Technology Investments

How committed is your organization to its R&D spending over a 2-3 year time horizon in the face of economic uncertainty?



Comments:

- We don't scale back R & D (much) during down markets.
- We don't see economic uncertainty.
- More committed on a global basis vs in the US.

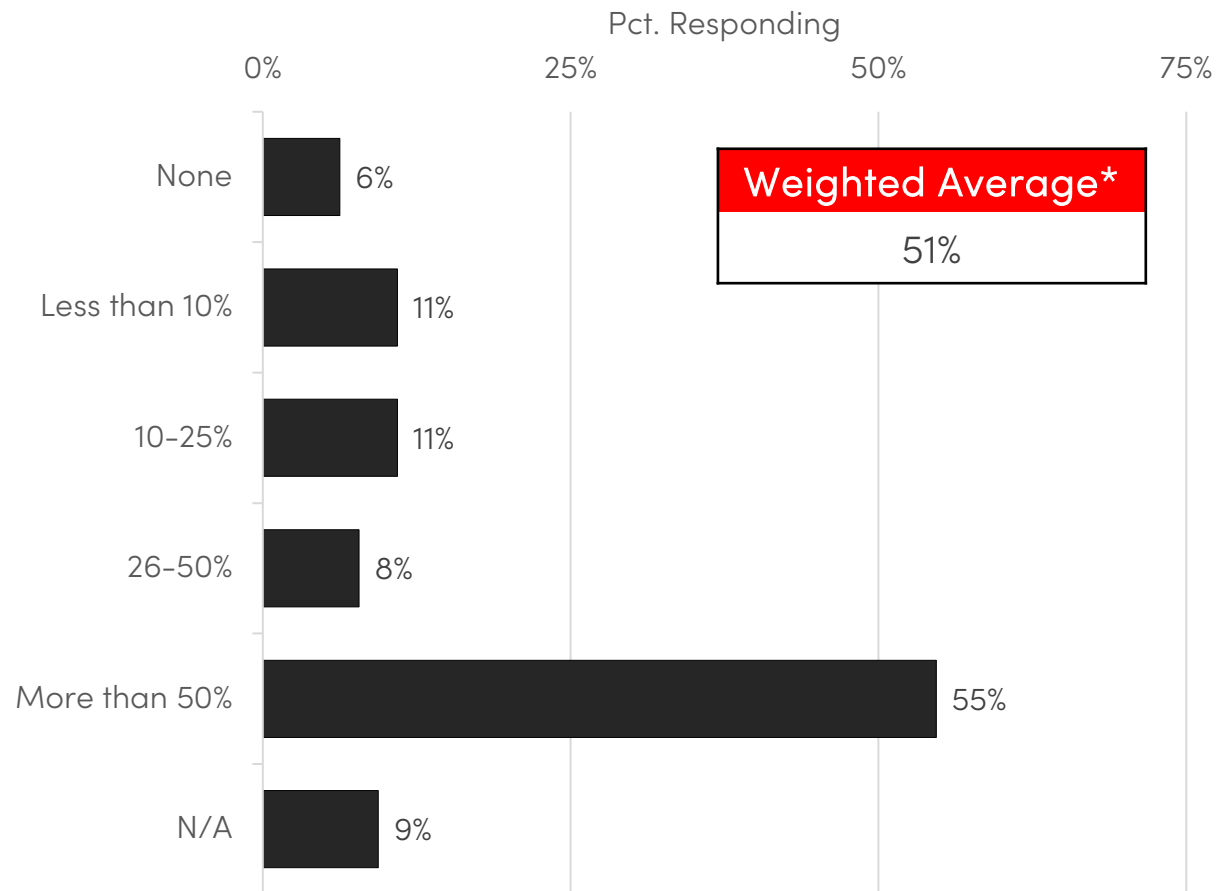


Light Vehicle Electrification

Q1 2026 Vehicle Supplier Barometer

MEMA OE Supplier Barometer: Electrification Underperformance

What percentage of your EV-related capital investments (tooling, equipment, engineering) are currently underperforming original volume or margin expectations?



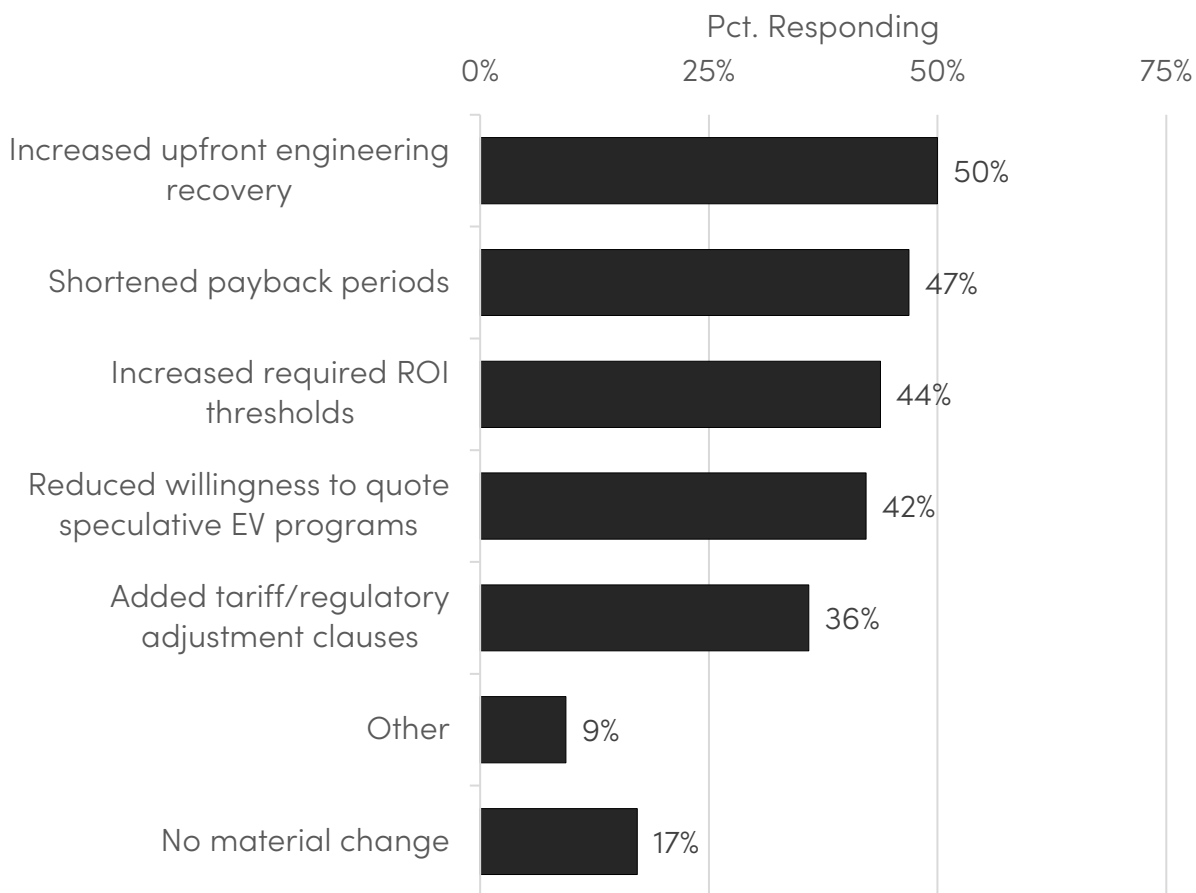
Comments:

- Primarily the variation is customer by customer.
- We announced and completed a plant closure in 2025 due to underperforming EV sales
- 100% of EV related capital is underperforming due to low volume and underutilization, little to no contribution from the customer.
- All the investments for EV's are underperforming
- Significant lost business and reduced volume due to modifications within customer projects.
- No EV products in this location's portfolio

*Assumes mid-point of each range, excludes N/A

MEMA OE Supplier Barometer: Electrification Quoting Changes

Over the past 12 months, how has your company adjusted its quoting practices for new EV programs?



Other:

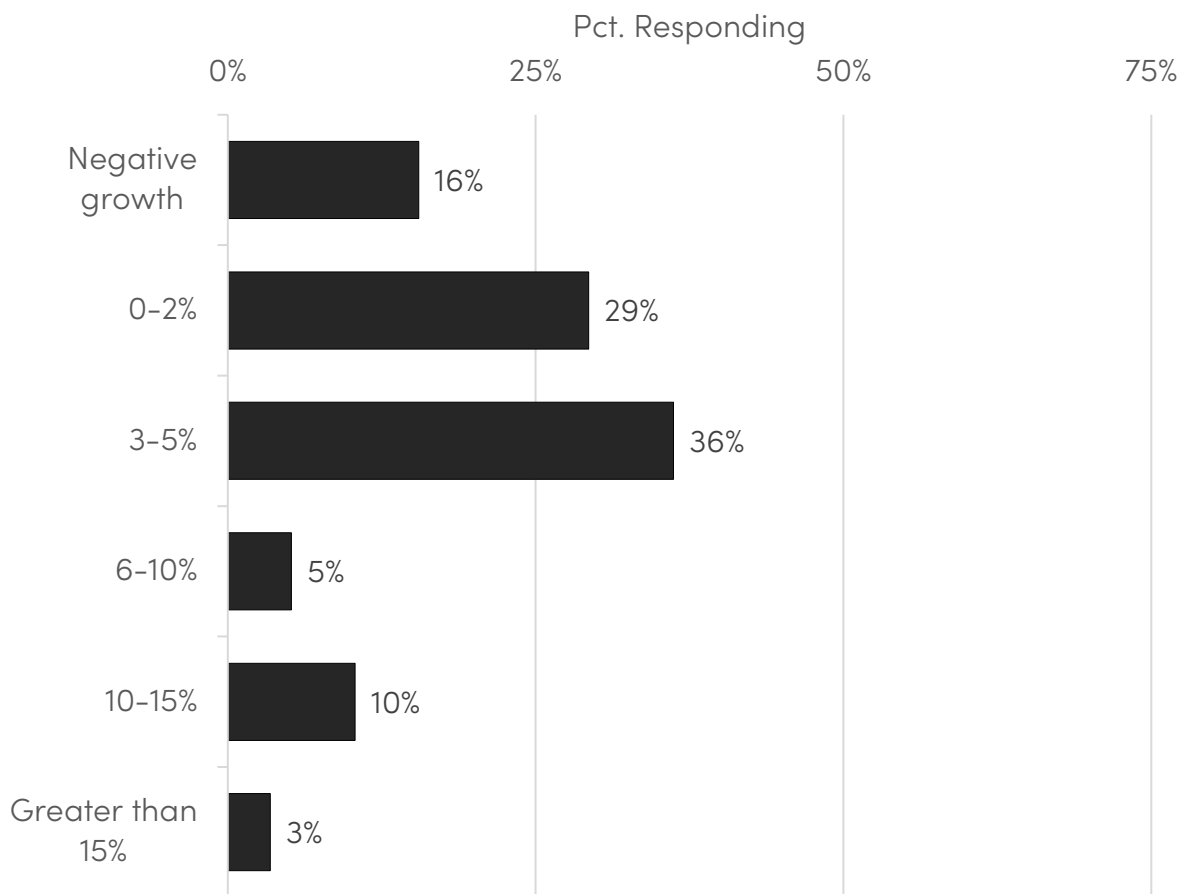
- No new EV opportunities to quote
- Increased margins
- Will not quote speculative EV
- Modify RFQ volumes (-50%)
- CapEx upfront or volume guarantee clause
- Basing on lower volumes than outlined in RFQ.

Comments:

- Hesitancy continues.
- EV business is risky. Needed to improve returns and significantly adjust volumes down.
- We already had these in place due to previous start ups going bankrupt
- Cutting volume in RFQ by 50% to ensure internal cost thresholds are met.

MEMA OE Supplier Barometer: Electrification Revenue Expectations

What is your expected compound annual revenue growth (CAGR) from EV-related business in North America over the next five years?

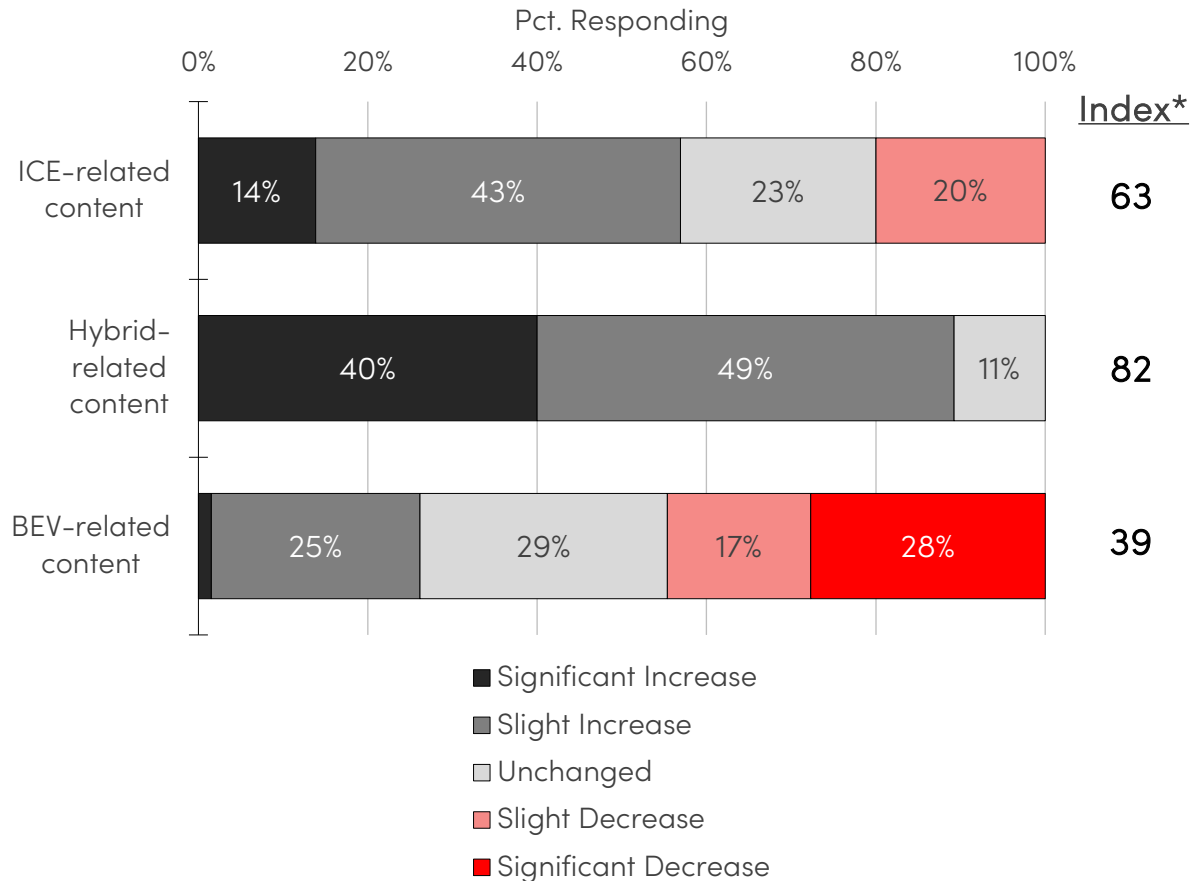


Comments:

- We expect negative growth
- We believe that EV's offer performance and cost of ownership advantages that appeal to a broad portion of USA. Pivoting to EREV or Hybrid will create a positive CAGR vs only BEV. Consumers were offered what they wanted to buy previously.

MEMA OE Supplier Barometer: Powertrain Mix Expectations

Over the next three years, how do you expect your North American powertrain portfolio mix to change?



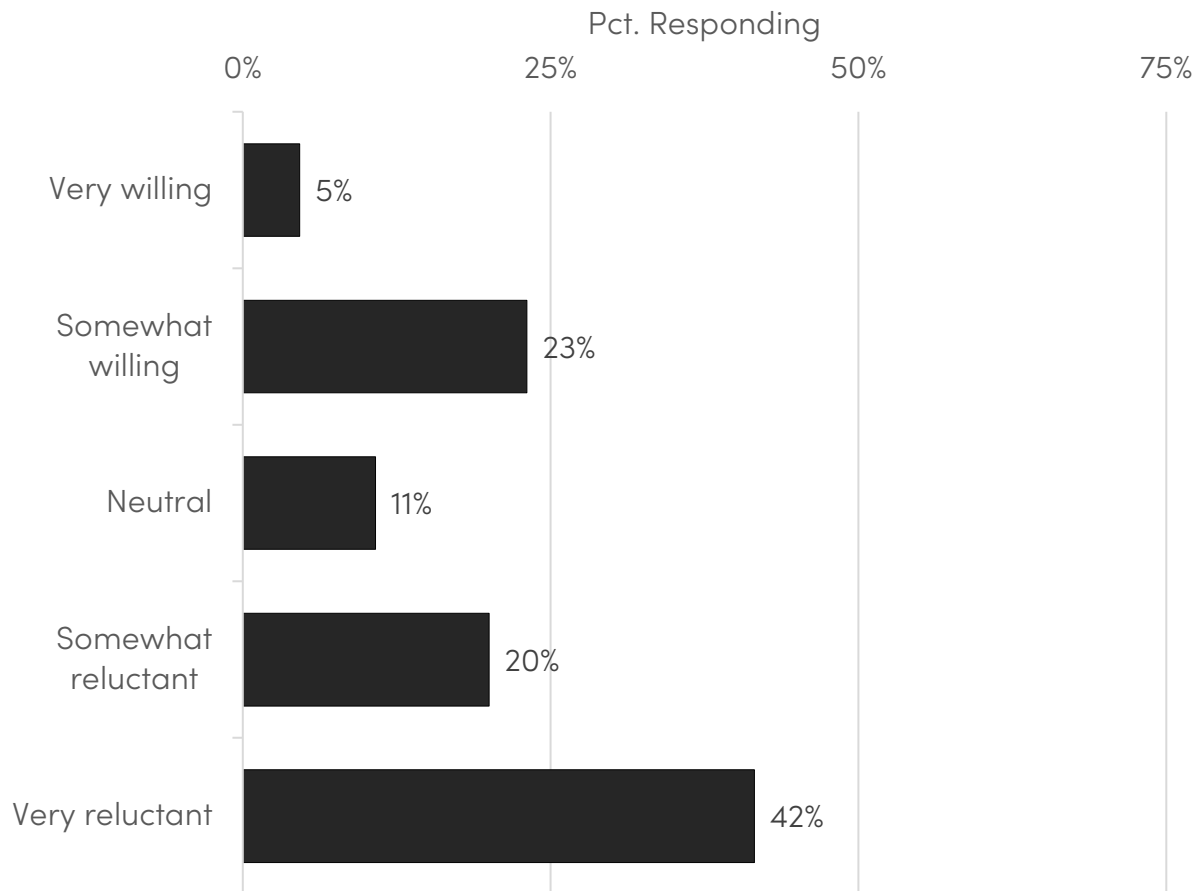
Comments:

- EV unchanged because it remains negligible
- Will follow same trend as the market in US (primarily) for powertrains.

*Σ(Pct. Responding significant increase x 100, Pct. Responding slight increase x 75, Pct. Responding unchanged x 50, Pct. Responding slight decrease x 25, Pct. Responding significant decrease x 0)

MEMA OE Supplier Barometer: Electrification Revenue Expectations

Under current market and policy conditions, how willing is your company to commit new capital to EV-only programs in North America?



Comments (Willing):

- Depends very much on the product itself.
- Willing but with clauses related to CapEx and Volume to protect the business.
- Correlated with the Hybrid-related technology

Comments (Reluctant):

- Unwilling (2).
- Need to assess any opportunities with caution.
- There is no need for additional investment to support EV's. There is already over capacity in the market not including the pending China localization.

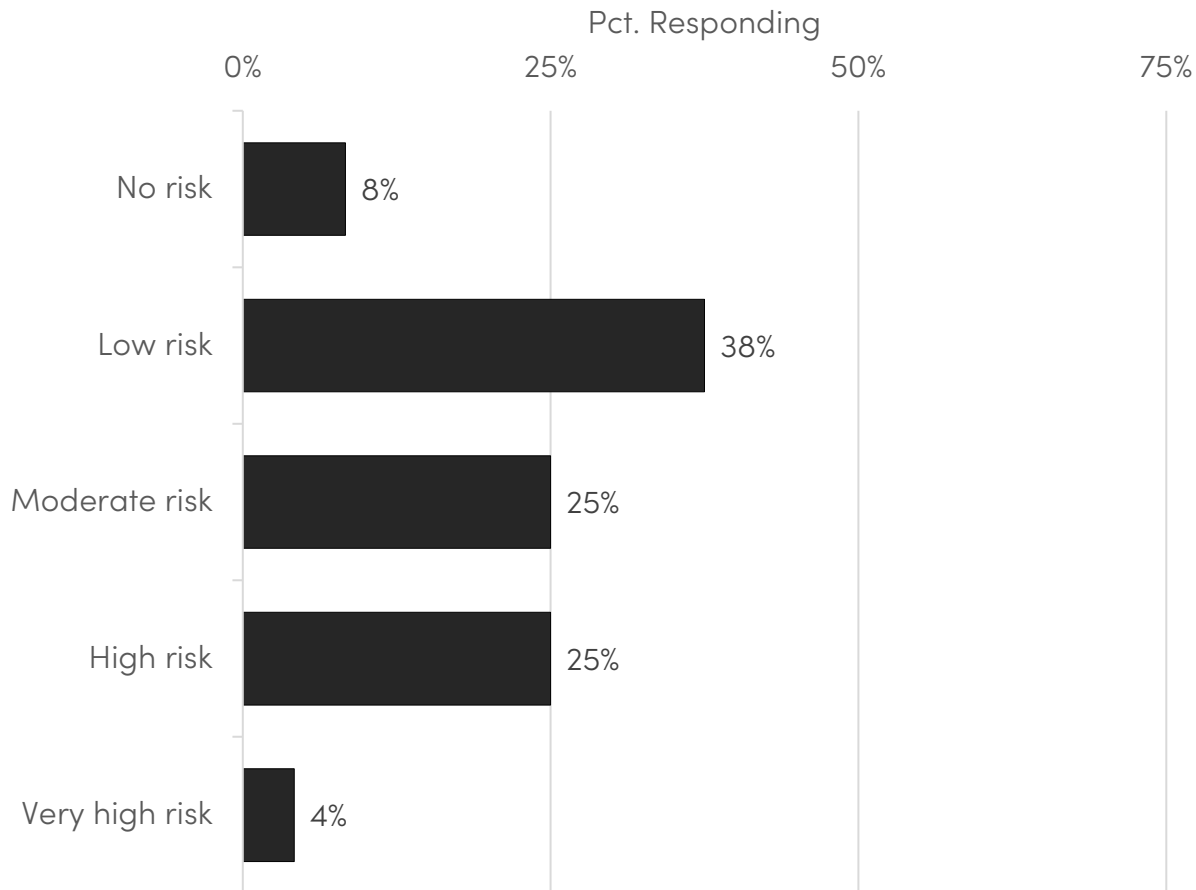


Commercial Vehicle Electrification

Q1 2026 Vehicle Supplier Barometer

MEMA OE Supplier Barometer: Powertrain Uncertainty

To what extent does uncertainty around which propulsion technology (BEV, hybrid, fuel cell, clean diesel) will dominate in your segment create investment risk for your company?



Comments (Low risk):

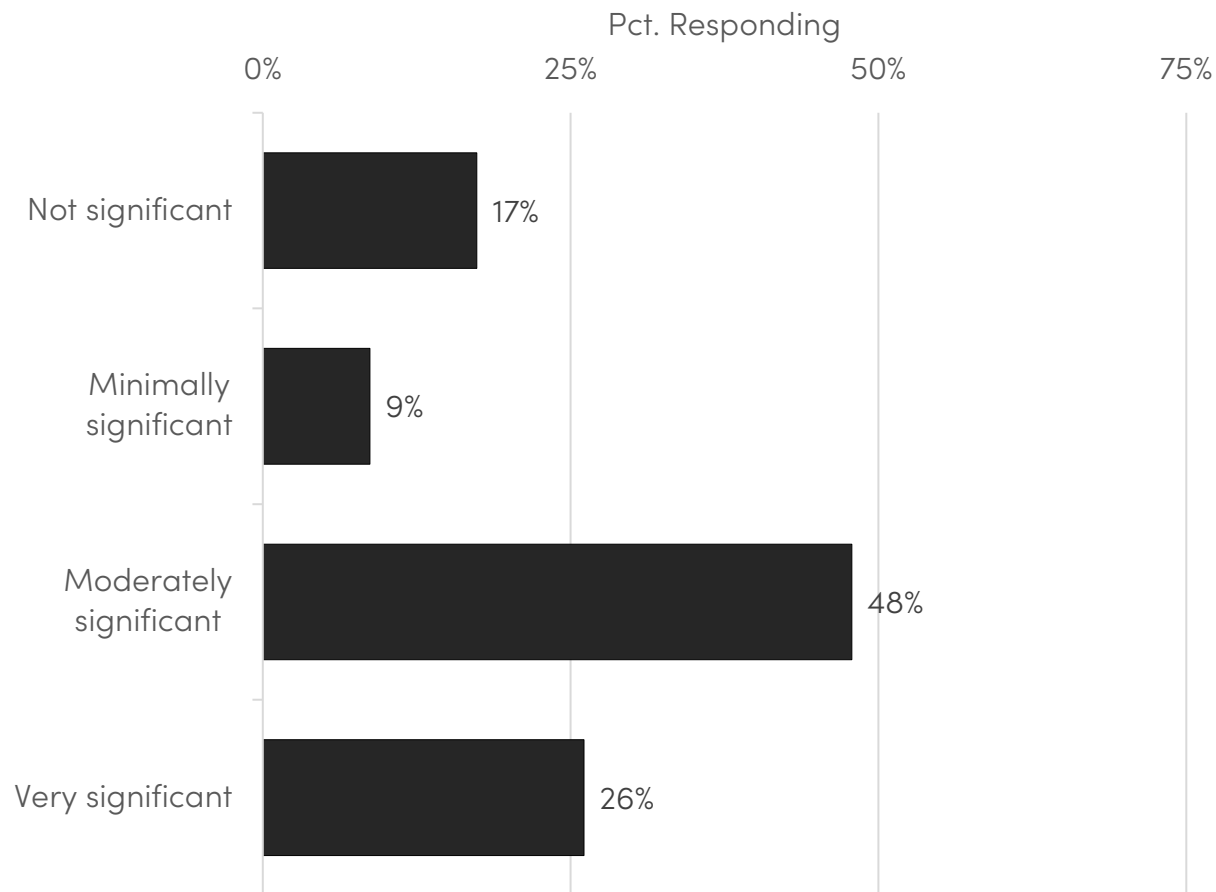
- We don't participate in BEV only ICE engine related products.

Comments (High or very high risk):

- Not knowing where the market is going makes it very hard to plan medium to long term. Especially when direction might change again with a potential new administration in 2028.
- We don't participate in BEV, only ICE engine related products

MEMA OE Supplier Barometer: Regulatory Uncertainty

How significant is regulatory uncertainty (e.g., state mandates, CARB-related policies, grant timing) to your commercial vehicle investment decisions?

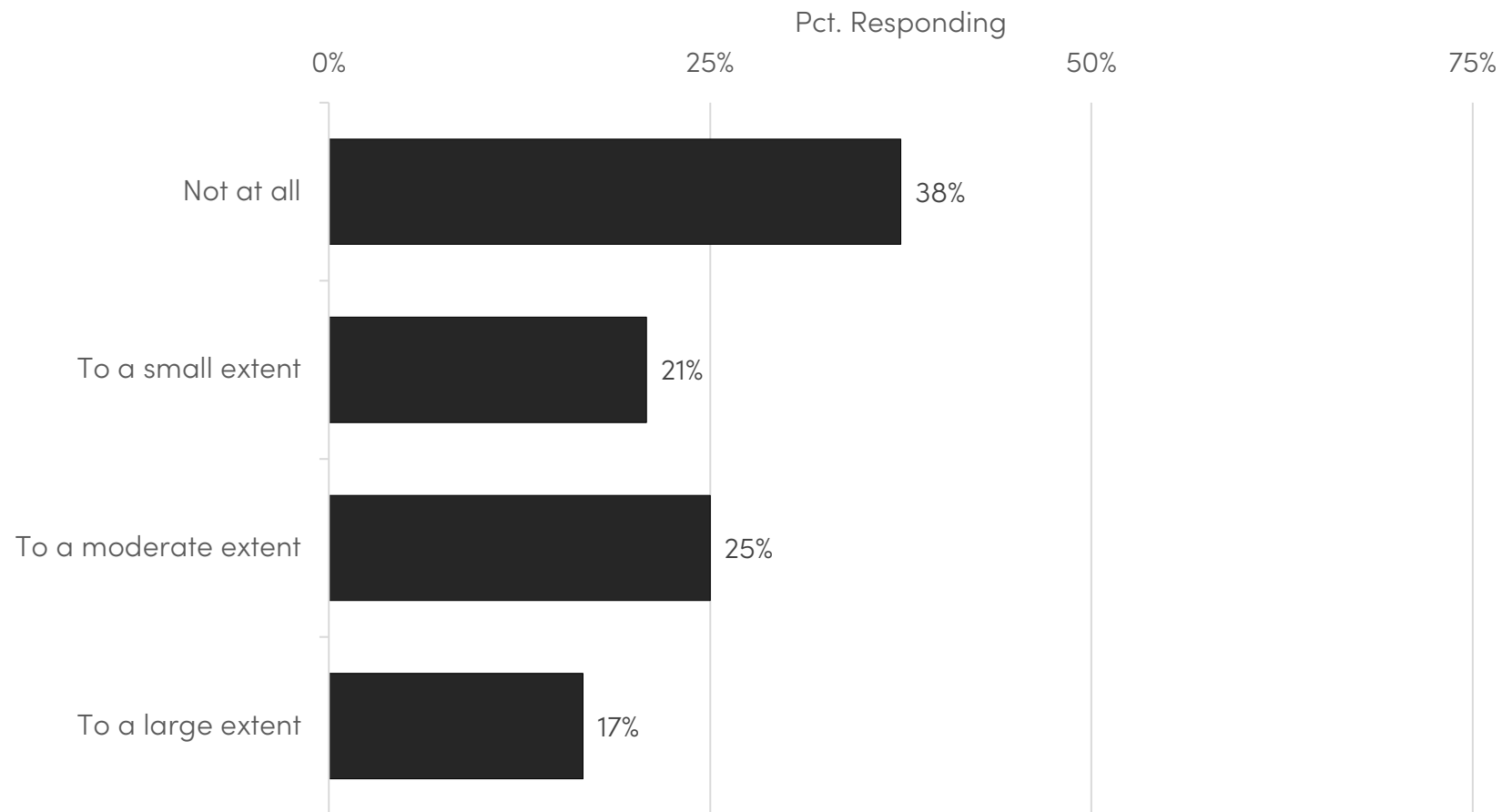


Comments:

- No investment planned for commercial vehicles.
- I do not see this information on a regular basis.

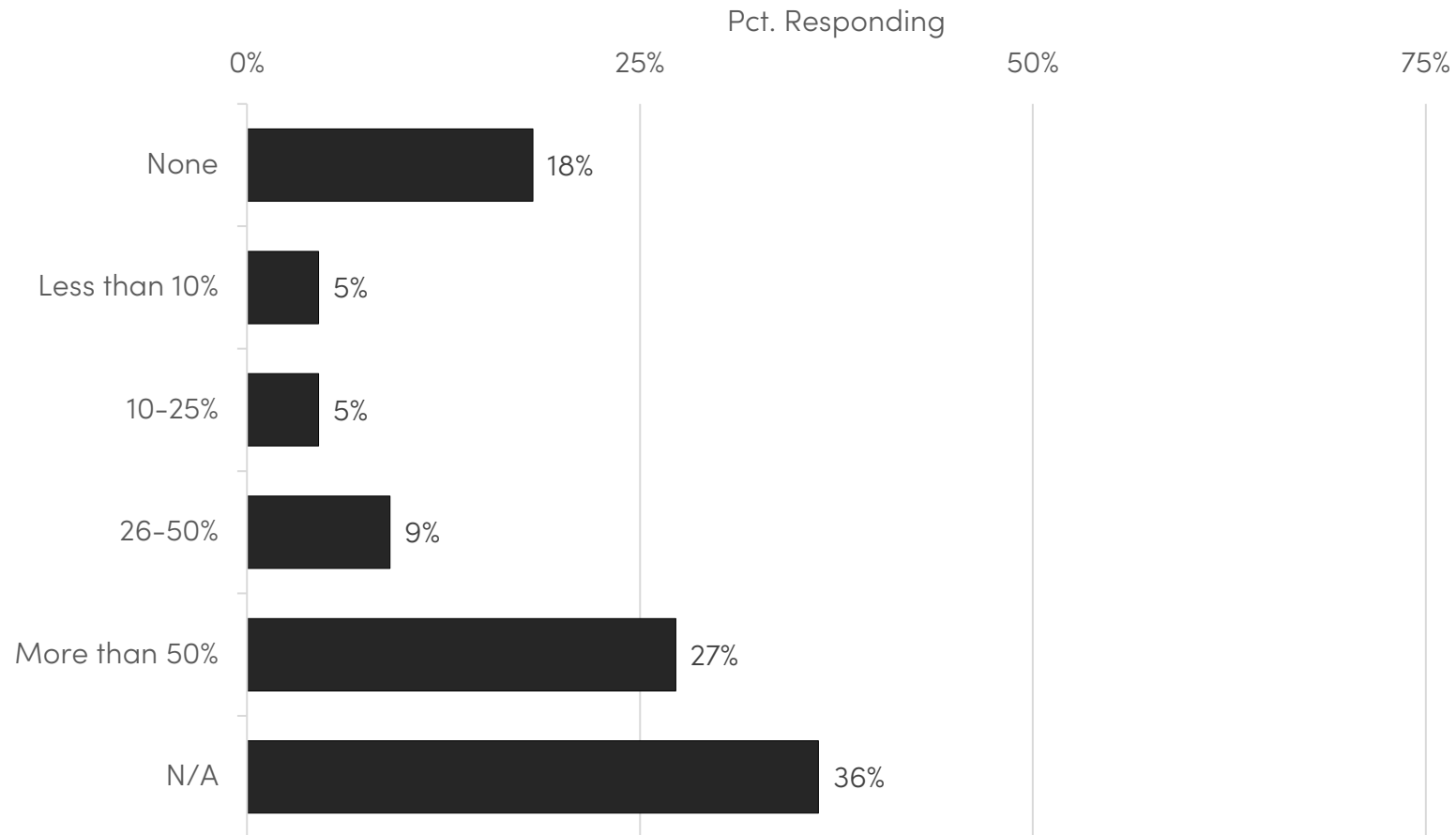
MEMA OE Supplier Barometer: Infrastructure and TCO Impacts

To what extent do charging infrastructure readiness and fleet total cost of ownership (TCO) concerns delay or reduce electrification programs you support?



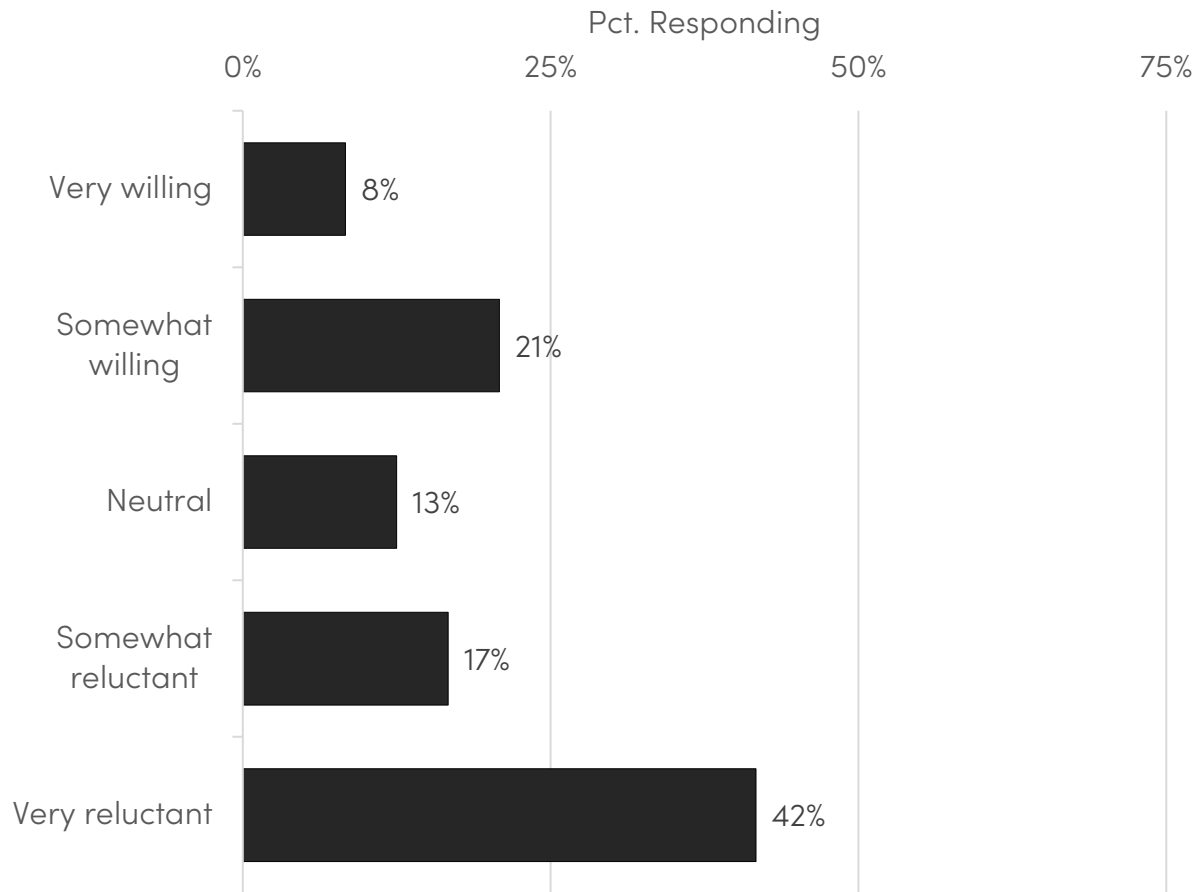
MEMA OE Supplier Barometer: Electrification Underperformance

What percentage of your commercial vehicle electrification-related capital investments are currently underperforming original volume or margin expectations?



MEMA OE Supplier Barometer: Electrification Investment

Under current market and policy conditions, how willing is your company to commit new capital to commercial vehicle electrification programs?



Comments:

- No appetite at all to invest in CV electrification programs. We keep supporting our customers only to maintain good relationship.

MEMA OE Supplier Barometer: Appendix



MEMA OE Vehicle Supplier Barometer is a survey of the top executives of MEMA regular member companies. The MEMA OE Vehicle Supplier Barometer takes the pulse of the suppliers' twelve-month business sentiment. In addition, it provides a snapshot of the industry commercial issues, business environment and business strategies that influence the supplier industry. mema.org

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Survey Methodology

- Data collected March 3 – 20, 2026 via invitation to online survey.
- Executives of MEMA OE supplier companies.
- 79 complete survey responses were received, with 105 responses total.

The information and opinions contained in this report are for general information purposes. Comments are edited only for spelling and may contain grammatical errors due to their verbatim nature. Responses to this survey are confidential. Therefore, only aggregated results will be reported, and individual responses will not be released or shared.

Antitrust Statement:

Respondents/participants should not contact competitors to discuss responses, or to discuss the issues dealt with in the survey. It is an absolute imperative to consult legal counsel about any contacts with competitors. All pricing and other terms of sale decisions and negotiating strategies should be handled on an individual company basis.

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