

MEDIA RELEASE

The Ctrack Transport and Freight Index reports a strong quarter.

The Ctrack Transport and Freight Index has recorded a strong first quarter of 2022, thanks mostly to massive increases in Road Freight.

In addition, the Ctrack Transport and Freight Index (Ctrack TFI) has increased by 13% year on year despite higher fuel prices and ongoing pricing pressure from all sectors.

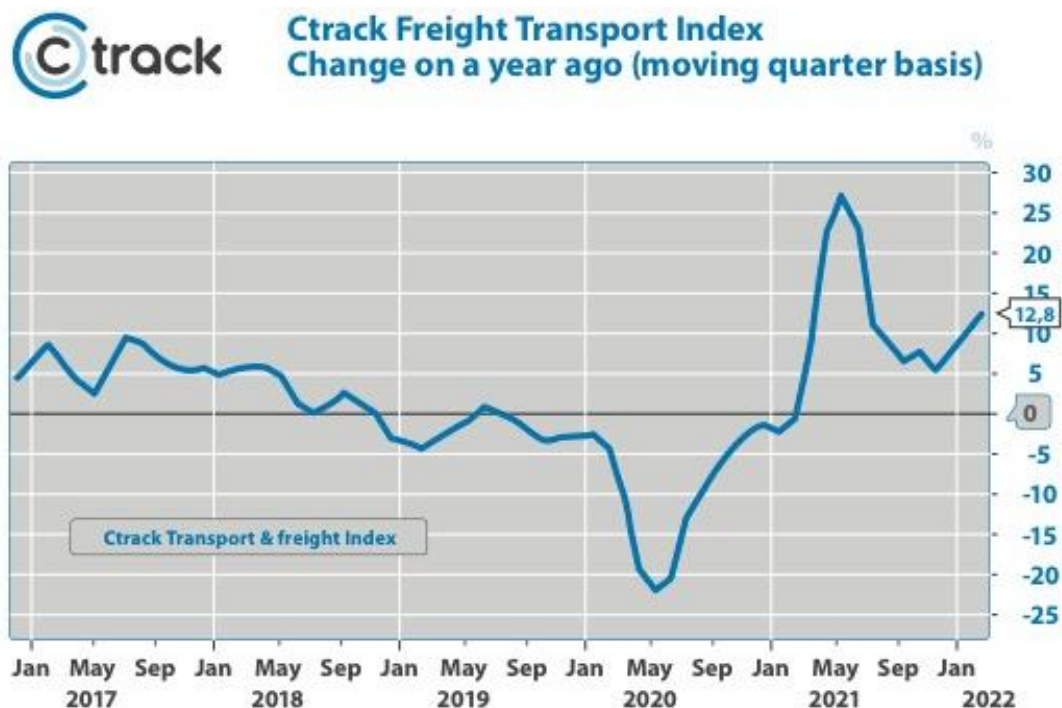
“Not many economists expected the first quarter of 2022 to be as robust as it has been, but along with vehicle sales and the Manufacturing Purchasing Manager Index, the economy exhibits strong overall growth,” says Hein Jordt, Chief Executive Officer of Ctrack Africa.

Experts do warn that global factors such as the ongoing war in Ukraine, which continues to drive up food prices and the shut down of major economic hubs such as China due to COVID-19, will once again disrupt the supply chain just as it was starting to normalise.

Fortunately, bulk shipping prices have declined to levels last seen before the supply chain disruption. While container prices remain inflated, these increases have slowed.

The March numbers reveal that the overall Ctrack Transport and Freight Index improved on both a monthly and a quarterly basis. The 12,8% monthly increase is the fastest increase for the Ctrack TFI since early 2015 if one disregards the bounce from the extremely weak pandemic volumes during the hard lockdown.

Graph 1: Ctrack Transport and Freight Index % change on a year on year basis



The improvements can mostly be attributed to the global supply chain normalisation. In addition, Road Freight was once again a major contributor to the overall growth.

All Ctrack Transport and Freight Index sectors improve for the first time since June 2021.

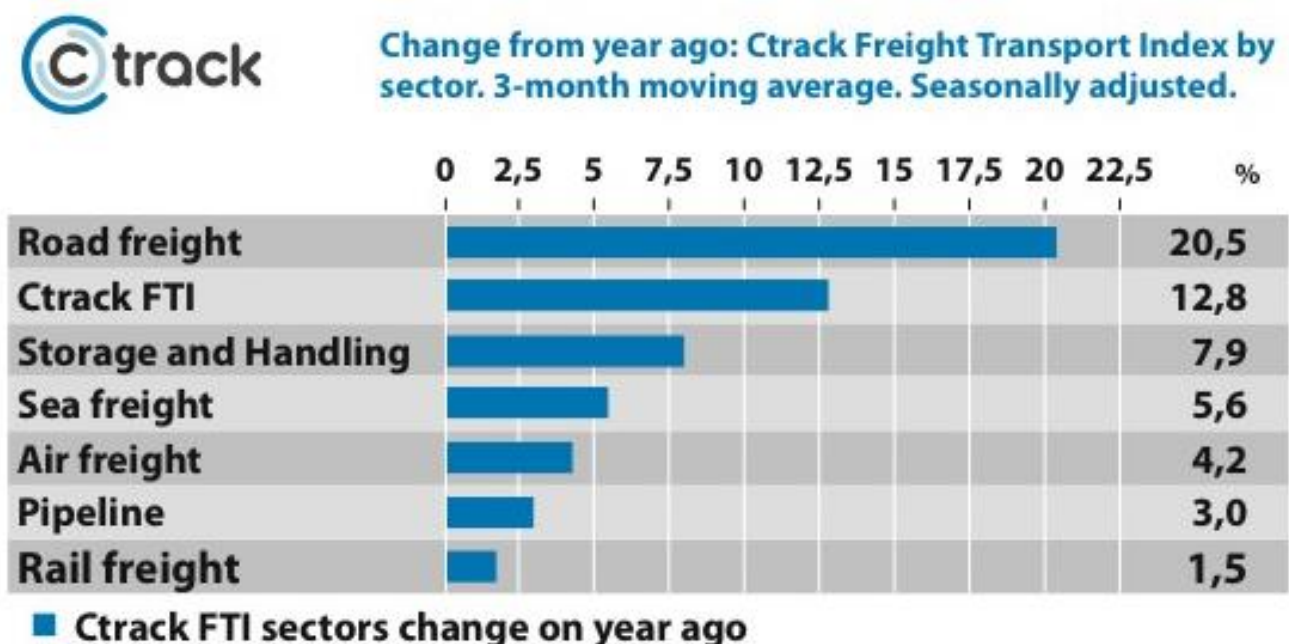
Road Freight increased by 20,5% on a year on year basis, the strongest growth in normal times since the inception of the Index. Rail Freight increased by 1,5%, which reveals that internal demand in South Africa is a lot more robust than previously thought.

Last month we investigated the impact that retail customer orders have on the fast-growing courier and home delivery sector. To a large extent, the continued growth in the Road Freight sector is driven by this rising home delivery and online shopping trend, which is clearly changing the way we live and how we interact with others.

The one very weak sector that has continuously declined, Rail, had a great month and quarter, which could indicate that the worst of the decline is over. In all likelihood, the floods in April will cause havoc in this sector, but the growth is welcomed for the moment.

The Storage sector grew by 7,9%, which can be attributed to international containers being offloaded in our harbours for more extended periods than what was previously the norm.

Graph 2: Ctrack Transport and Freight Index sub-sectors all are moving in a positive direction.



Thanks to the recovery of the global supply chain, both the Sea and Air Freight sectors have been growing. Europe's increased need for bulk commodities from China is likely to positively impact Sea Freight from South Africa.

According to the International Air Transport Association (IATA), Air Transport via specialised freighter aircraft has almost recovered to pre-pandemic levels. Further growth is being hampered by the fact that passenger flight schedules are yet to return to normal capacity. Currently, these aircraft, which carry freight below the deck, are only carrying a third of the capacity that they used to.

It can be expected that Air Freight will continue to increase as the international travel industry returns to normal levels in the next year or so.

Ctrack TFI linked to GDP growth.

It is a well-known fact that in most countries, the transport industry and the countries GDP are closely linked. Similarly, the Ctrack Transport and Freight Index is linked to the South African GDP.

With this in mind, we believe that the 1st quarter GDP number will be robust, which should help the country's growth in 2022. Transport numbers locally give a real indication of the economic activity, and it is expected that during 2022 we can expect growth of between 2,5 and 3%.

As measured by the Ctrack Transport and Freight Index, with the transport industry reporting good growth for the first quarter of 2022, the South African economy could have a better than expected year. However, this hinges on the effects of the recent floods in coastal areas and further price increases, which could hurt consumer and business confidence.

"With ongoing global and local challenges, the fact that the transport industry managed to show growth is proof of the resilience of the South African business environment and bodes well for the continued growth of the South African economy," concludes Jordt.

Graph 3: Looking up for GDP in 1st quarter is what Ctrack’s TFI suggests

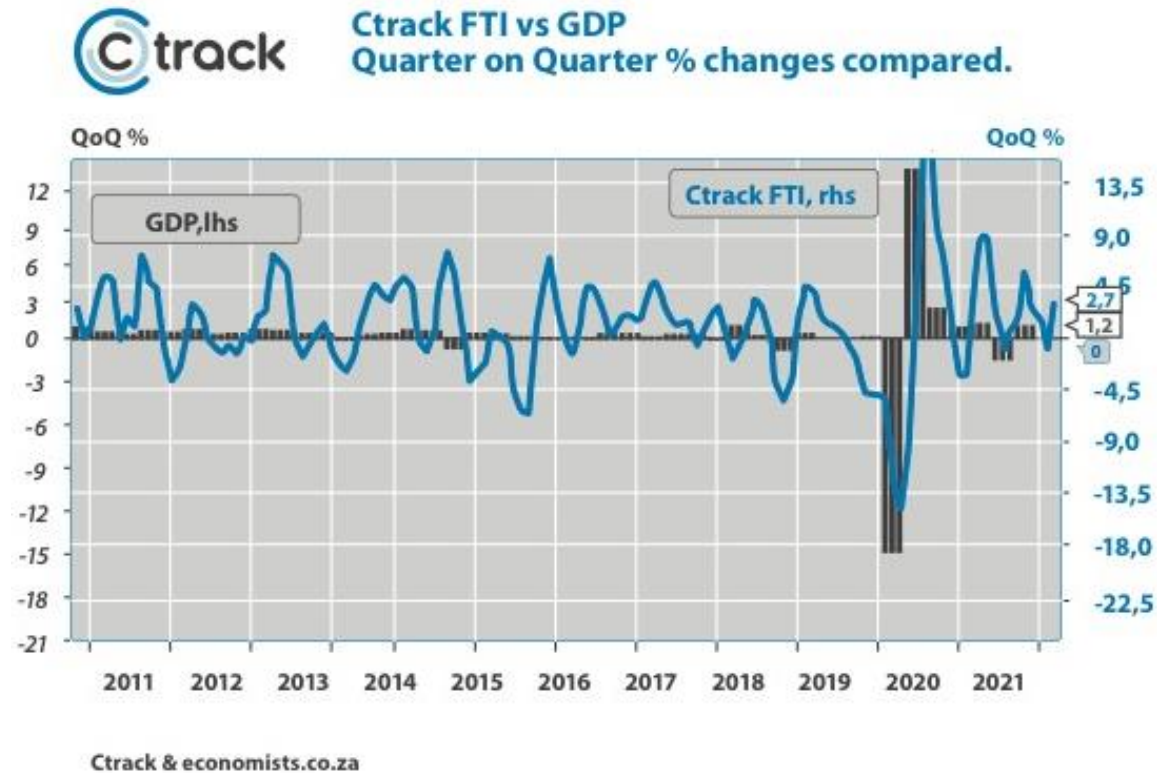


Table 1: Change in Ctrack Transport and Freight Index this month and last month.



Table 1: The Ctrack Freight Transport Index and its sub-sector changes.

Feb 2022 Tables

| Percentage change between | Rail | Road | Pipeline | Sea | Air | Storage and handling | Ctrack Freight Transport Index |
|---|------|-------|----------|------|------|----------------------|--------------------------------|
| Quarter to March: 2022 vs 2021 | 1,5% | 20,5% | 3,0% | 5,6% | 4,2% | 7,9% | 12,8% |
| March 2022 vs February 2022 | 1,7% | 3,2% | -3,1% | 5,5% | 5,1% | 1,7% | 2,9% |
| Quarter to Mar 2022 vs. Quarter to Dec 2021 | 4,4% | 2,3% | 9,6% | 9,0% | 5,8% | -3,0% | 2,7% |

Note: the row highlighted in blue is the main Ctrack Transport and Freight Index values used.

Jan 2022 Tables

| Percentage change between | Rail | Road | Pipeline | Sea | Air | Storage and handling | Ctrack Freight Transport Index |
|---|-------|-------|----------|-------|------|----------------------|--------------------------------|
| Quarter to February: 2022 vs 2021 | -2,6% | 17,4% | -5,8% | 4,1% | 8,4% | 8,6% | 10,3% |
| February 2022 vs January 2022 | -4,4% | 9,8% | 3,8% | -1,1% | 2,6% | -15,2% | 2,3% |
| Quarter to Feb 2022 vs. Quarter to Nov 2021 | -0,2% | -3,3% | 4,4% | 2,8% | 8,8% | -3,0% | -1,6% |

Note: the row highlighted in blue is the main Ctrack Transport and Freight Index values used.

Source: Ctrack and economists.co.za

Source: economistscoza, TNPA, StatsSA, SARS, N3and N4 toll concessions, ACSA, ACOC, SANRAL, IATA.



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On behalf of Ctrack Africa

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