



Ctrack Freight Transport Index sectors near a full recovery

The Ctrack Freight Transport Index has grown by 8,5% year on year and in doing so increased at its quickest rate since September 2017.

It must be noted that year on year increase is mainly due to the low base of April 2020, when much of the economy was in hard lockdown.

As the Ctrack Freight Transport Index uses a three-month moving average to smooth the numbers, it does not reveal the entire recovery story yet, but the majority of the sectors are on their way to making a full recovery.

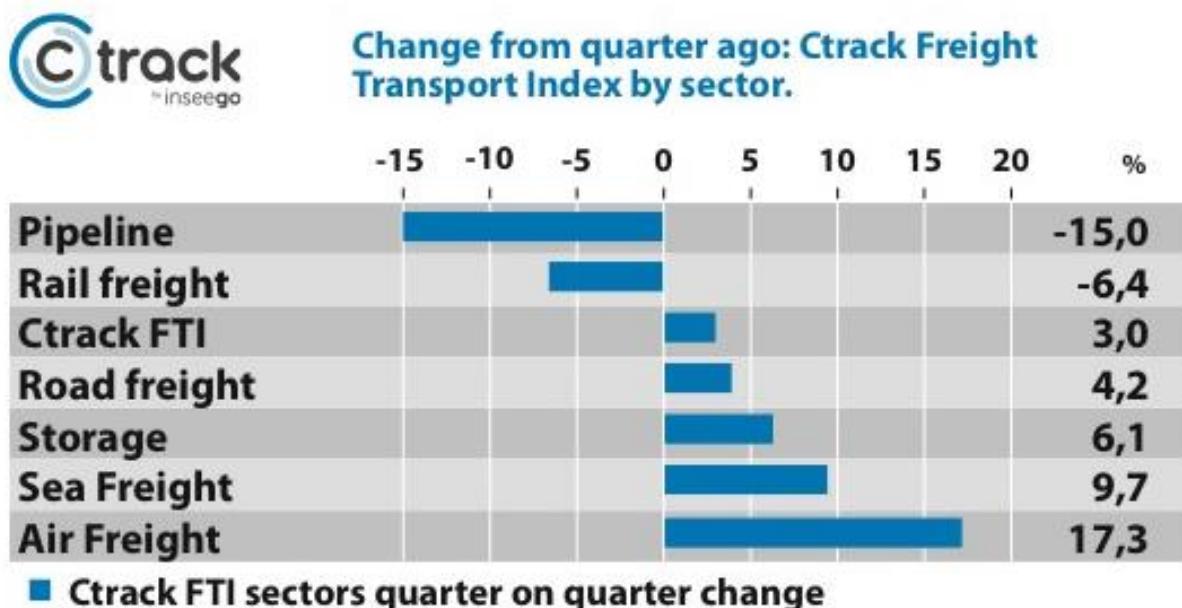
The raw index shows a 27,2% year on year increase but that does not tell the complete picture. The differences between mode of transport as well as storage are staggering even on the normal smoothed basis.

The quarterly results reflect robust increases for Air Freight, Sea Freight and Storage with increases of 17,3%, 9,7% and 6%, respectively.

Due to the low base of the 2nd quarter of 2020, the quarter on quarter trends paint a clearer picture.

Rail Freight has continued its downward trend, due to the theft of rail infrastructure and a continued exodus towards Road Freight, which is able to offer competitive rates due to low oil prices, being the biggest factors in its continued demise.

Graph 1: Ctrack Freight Transport Index change on quarter ago.



Winners and losers

Rail Freight continues to lose market share, a trend that has been exacerbated by the derailment of coal. Rail Freight volumes are currently 177 points down on a year ago. On the contrary Road Freight, which is now the biggest sector of the index has reached an all time high of 119,7. This growth signals a full recovery for Road Freight following the 2020 COVID-19 lockdown, although this was at the expense of Rail Freight. The 119,7 all time high is just 0,1 index points above the previous high of May 2018.

Barring any further hard lockdowns, Road Freight is expected to continue growing, although at a slower rate, than during the recovery phase. This trend could slow further if the oil price increases significantly and some goods head back to rail.

“The recovery in Road Freight is clear to see with over 6000 trucks a day passing the Tugela toll plaza, which is very close to pre pandemic levels. In addition, other truck indicators report very high truck counts in metropolitan areas such as Nelson Mandela Bay, Johannesburg and Tshwane,” comments Hein Jordt, Managing Director of Ctrack SA.

“Furthermore, record agricultural harvests in many sub-sectors ranging from maize to grapes have boosted Road Freight due to the fact that rail no longer serves many of the rural areas,” said Jordt.

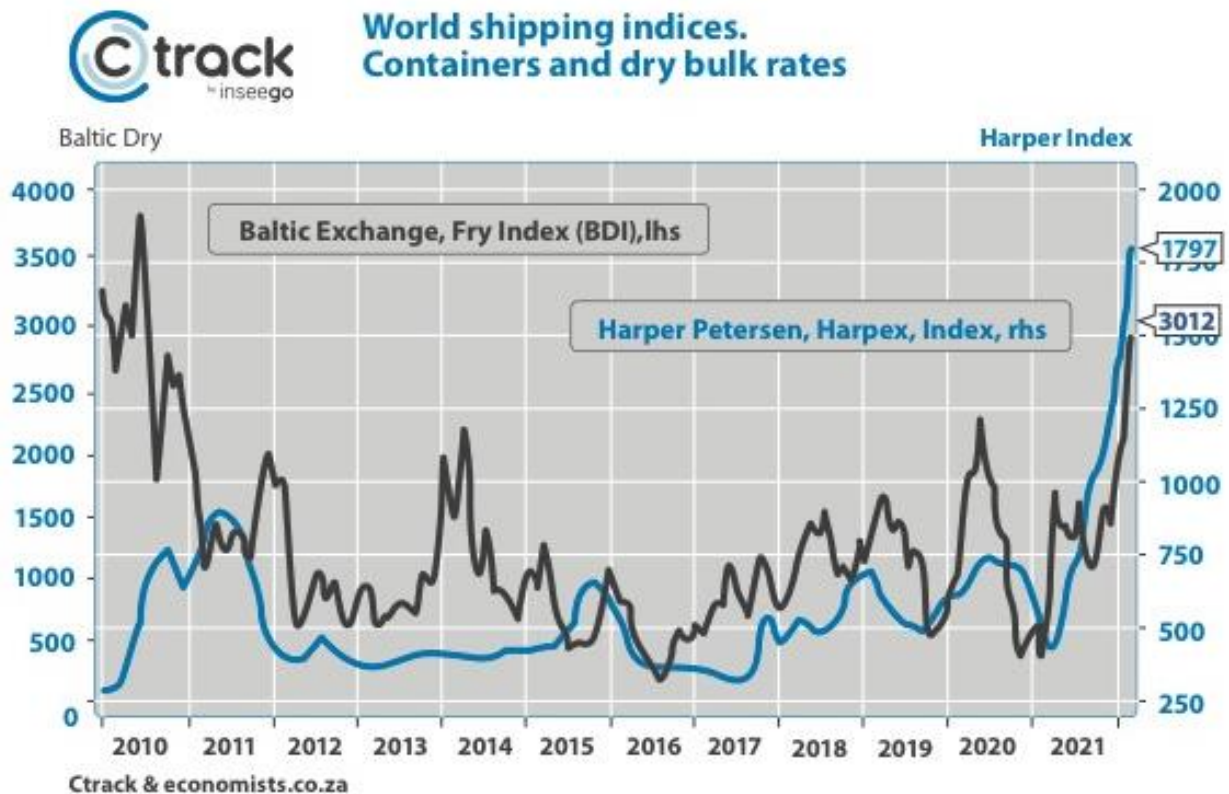
Road Freight improved with 14,4% on a smoothed basis but 37,7% in the raw monthly format. Rail, in contrast, has recovered from it's May low, but it has remained well below the 90 index point mark for this year. In contrast, during 2016, Rail Freight averaged 100.

For Rail Freight to still be tracking 10% below the average 2016 volumes while Road Freight is close to 20% above 2016 averages is a clear indicator of a massive shift in the way bulk, which is very close to 2016 levels, is exported.

Air Freight has returned another excellent performance recovering to near-record levels, albeit from a shallow base. Air Freight has grown 45,7% on a smoothed basis but more than doubled when one analyses the raw unsmoothed data.

Air Freight has now maintained near record levels for the last two months, the demand fuelled by high value products such as mobile phones, tablets and precious metals.

Graph 2: World Shipping price indices



The global supply chain is yet to fully recover, and the Suez Canal blockage added to the concerns. The majority of high-end products are back to normal, but the transport of bulk commodities is still not flowing smoothly as shipping schedules remain disrupted.

The supply disruption has resulted in massive container shipping price increases of 295%, which is a 15-year high, according to the Harper Petersen container index. The Baltic Dry Index increased 479% over the last year to the highest level in a decade.

Storage and warehousing increased 19,1% as the economy continues to restock and global supply chain problems ease.

Storage is yet to reach record levels, but the improvement indicates confidence in the economy as low interest rates have allowed companies to replenish their inventory levels. Certain products such as computer chips are still in short supply, so available inventory is snapped up by local industry, which may store a certain amount to keep their customers satisfied.

Other speciality products including some plastics and steel are experiencing the same supply issues so that any product that becomes available is bought and stored. Shortages also create their own demand, with buyers placing larger than usual orders in order to secure at least some stock.

The overall Logistics sector volumes grew with 8,5% to 109,3 index points as recorded by the Ctrack Freight Transport Index. The 109,3 level is just 3,3% below the all-time high of 112,9 reached in January 2018.

Graph 3: A recovery from a low base always impresses.



Ctrack Freight Transport Index Change on a year ago (moving quarter basis)



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Graph 4: Ctrack Freight Transport Index shows the collapse and recovery over an extended period.



South Africa, Freight Transport Index



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“We expect all sectors of the Ctrack Freight Transport Index to show year on year improvements in May, a full year after the lowest month of 2020. More importantly the quarter on quarter changes until August will reveal a more accurate picture, as the pandemic crushed economic activity over the April to August period last year,” concluded Jordt.

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



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April 2021 Tables

Percentage change between	Rail	Road	Pipeline	Sea	Air	Storage and handling	Ctrack Freight Transport Index
Quarter to April: 2021 vs 2020	17,0%	14,4%	-3,4%	14,3%	45,7%	19,1%	8,5%
Apr 2021 vs Mar 2021	3,1%	1,9%	-2,8%	-1,8%	-2,5%	7,0%	2,2%
Quarter to Apr 2021 vs. Quarter to Jan 2020	-6,4%	4,2%	-15,0%	9,7%	17,3%	6,1%	3,0%

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

March 2021 Tables

Percentage change between	Rail	Road	Pipeline	Sea	Air	Storage and handling	Ctrack Freight Transport Index
Quarter to March: 2021 vs 2020	14,0%	5,3%	1,9%	-3,6%	17,8%	-2,4%	-0,1%
Mar 2021 vs Feb 2021	7,8%	2,6%	-0,4%	7,7%	8,8%	3,9%	4,3%
Quarter to March 2021 vs. Quarter to Dec 2020	-6,6%	4,8%	-10,7%	-0,5%	10,9%	-6,4%	0,5%

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

Source: Ctrack and economists.co.za