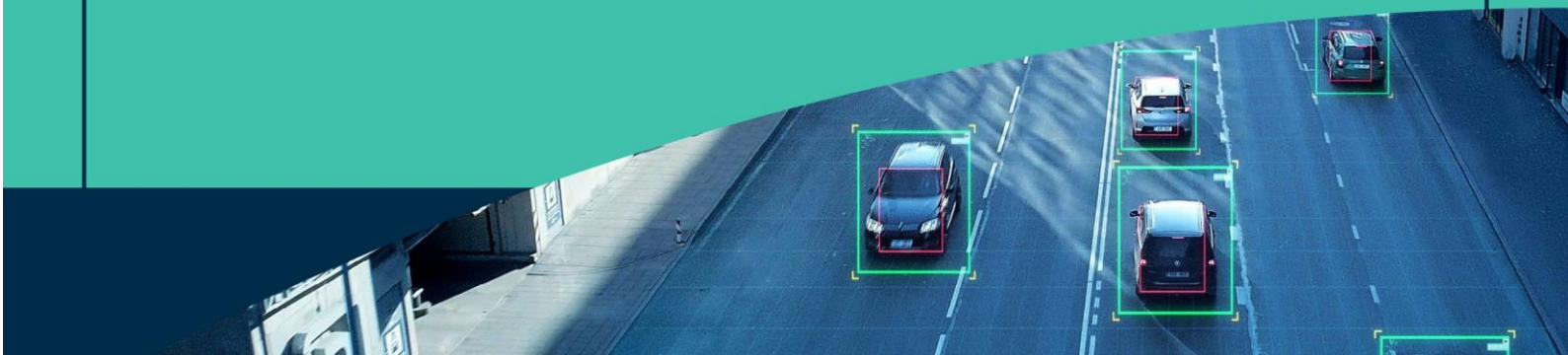




April 2024

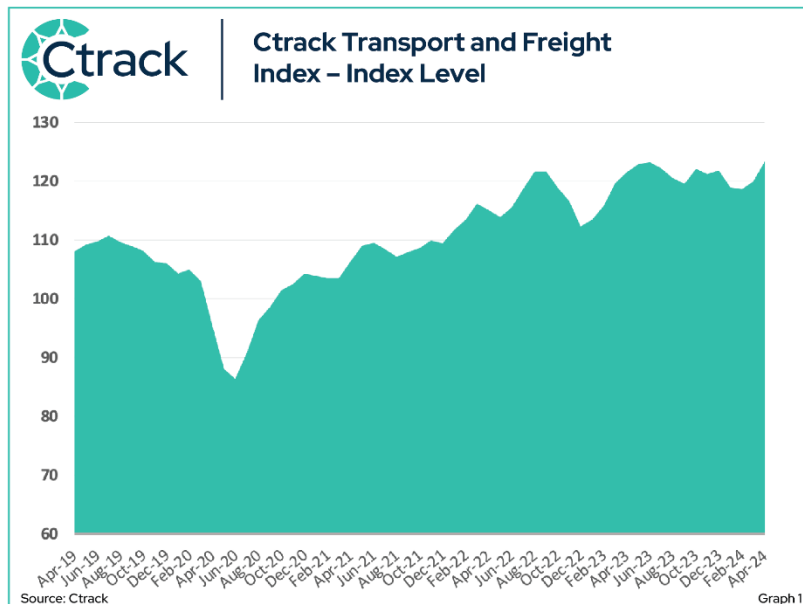
# Ctrack Transport & Freight Index





## Recovery in the logistics sector continued during April 2024

After declining notably in the first two months of the year, the Ctrack Transport and Freight Index (Ctrack TFI) increased in March and April to reach an index level of 123.4, an increase of 2.8% compared to March’s level, and 1.5% above year-ago levels. Except for the two sub-sectors (sea freight and storage & warehousing) that declined, activity in all other sub-sectors advanced on a monthly basis, led by notable increases in air freight and road freight. Similarly, compared to a year earlier, four sub-sectors increased during April, while only the road freight and pipeline transport sub-sectors declined.

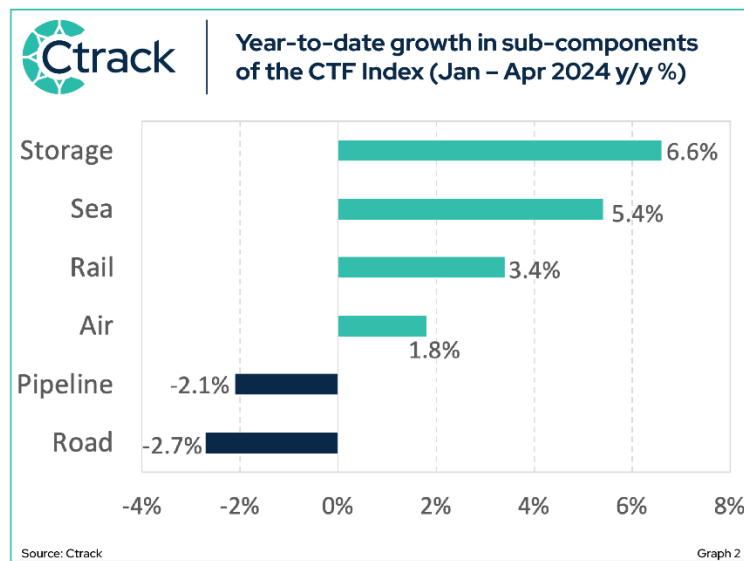


The heavily weighted **Road Freight** sub-sector, which has grown notably in recent years and currently accounts for 83.6% of all freight payload in South Africa, recovered in April, the second consecutive positive monthly growth rate following a downward trend that lasted almost a year. Road freight increased by 4.5% on a monthly basis in April vs 1.2% in March, following the fourth consecutive monthly decline in the preceding months. Heavy vehicle traffic on both the N3 and N4 toll routes (class 3 & 4 trucks) increased in April by 2.9% and 14.5% m/m, respectively. Heavy vehicle traffic on the N4 toll route spiked in March (+47.4% m/m) given that trucks were forbidden to travel on the R36 Bambi-Mashishing route due to the poor condition of the road, an ongoing issue. On top of that, renewed troubles at South African ports, notably the Durban port (which saw a 25% drop in container handling during April and similarly for other cargo handling partly due to adverse weather conditions), resulted in additional traffic on the N4 as trucks rediverted





towards the Port of Maputo. South Africa needs to accelerate its efforts to revive the rail network in order to reverse some of the road freight back to rail freight. While the sub-sector remains the backbone of logistics in South Africa, it comes at an ever-increasing cost to the economy as transport via road remains notably more expensive than transport via rail, while South African road infrastructure buckles under the increased heavy vehicle traffic.



Following four consecutive months of growth, April turned out to be a horrendous month for the **Sea Freight** sub-component. A combination of terrible weather, equipment breakdowns and a system failure dominated port operations during April. At the Port of Cape Town, nature’s merciless effect was particularly impactful, as more than 60 operational hours were lost in the second week of the month, while equipment breakdowns, a system failure, and adverse weather constituted the majority of delays in Durban (source: BUSA/SAAFF Cargo Report). Elsewhere, stormy conditions also lashed the ports of East London and Gqberha, where operations were characterised by strong winds, rain and vessel ranging. Overall, for all ports in South Africa, the number of containers that landed dropped by 17.9% m/m, and worse, the number of containers shipped dropped by 32.5% during April. Other cargo handled (excluding vehicles) also declined by 11.6% in April. Given that these declines were largely due to adverse weather conditions, activity has bounced back in subsequent weeks. Year-to-date sea freight is still up by 5.4% on the corresponding period in 2023 – see graph 2.



**Sea freight** remains one of the main focus areas of South Africa’s structural reform efforts and some of the shorter-term interventions at ports are starting to bear fruit. Encouraging media reports suggest that Transnet Ports Terminals (TPT) has pulled out all stops to facilitate a successful “reefer season” for the citrus industry. As the key facilitator of the sector’s imports and exports, Transnet is an essential partner in ensuring that fresh produce reaches key markets on time. With the industry forecasting a 15% increase in citrus export volumes in 2024, TPT has taken special measures to ensure that this year’s “reefer season” is a success. Given that citrus exports represent a crucial part of our country’s agricultural exports, accounting for more than 50% of overall agricultural exports and contributing R43bn annually to GDP, this is commendable. Slowly, but surely, progress is made to improve productivity and efficiency at ports. Hopefully, more of these stories will soon surface as anecdotal evidence of a much-needed turnaround at our port operations.

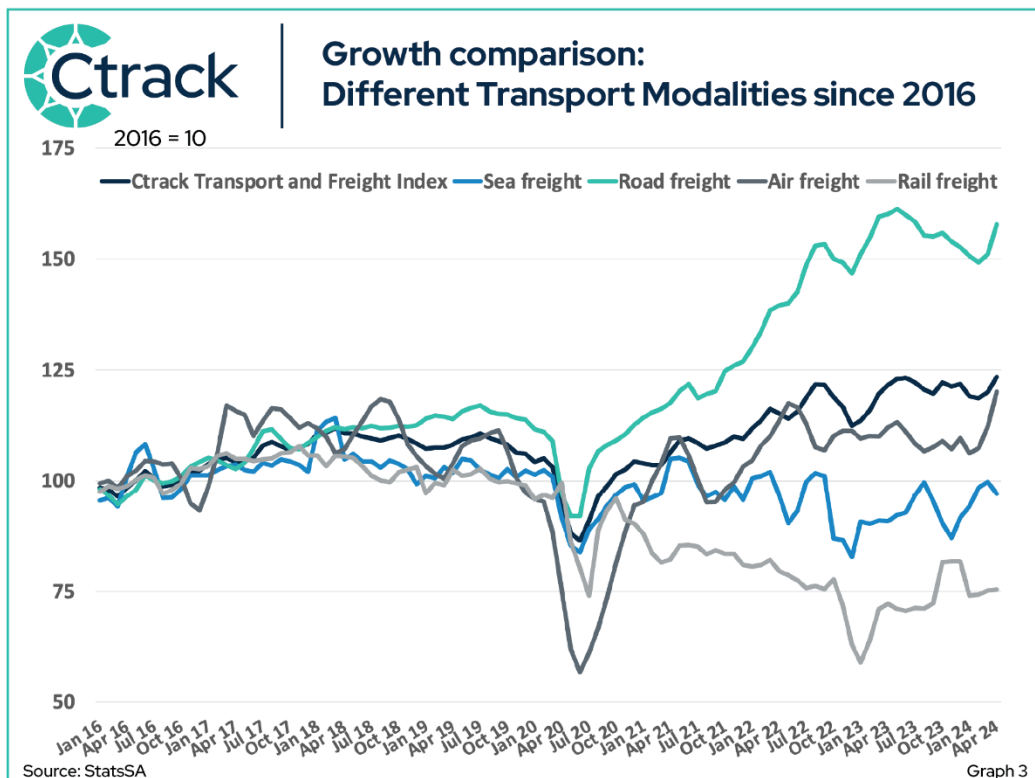
The **Air Freight** sub-sector increased by 7.1% in April, following an increase of 4.4% in March, reaching the highest index level on record. On a quarterly basis, the air freight sub-sector is up by a notable 13.1%, contributing handsomely to the overall logistical sector recovery. While the underlying components subsided slightly in April, activity remains at elevated levels. A case in point is the cargo load on planes that spiked by 50.4% m/m in March. Subsiding by 9% m/m in April, still renders the load carried in April 37.0% higher than in February. Furthermore, the International Air Transport Association (IATA) continued to report strong industry-wide air cargo demand, with double-digit annual growth in cargo tonne-kilometres (CTK) for the fourth consecutive month. International CTks expanded by 11.4% YoY globally, supported by all regions and major trade lanes, with carriers from the Middle East, Africa, and Asia at the helm. According to its latest report, the growing air cargo demand is a reflection of buoyant traffic on international routes, helped by the rapidly increasing demand for e-commerce services. Overall, air cargo demand appears set to continue the upward trend in CTks that started last year.

The **Rail Freight** sub-sector continues its very gradual recovery, increasing by 0.3% m/m in April followed by 1.2% m/m in March, only partially recovering from a weak January and February. For the first four months of 2024, rail freight increased by 3.4% compared to the corresponding period in 2023 – see graph 2. Though off an extremely low base, progress has been made despite many ongoing challenges plaguing the sector. One of President Cyril Ramaphosa’s key reforms under Operation Vulindlela has been rail reform, with the aim to



provide additional capacity to Transnet and reverse the detrimental trend of moving goods from rail to road. The inability of Transnet to rail out South African exports has cost anywhere from R150bn, as calculated in 2022 by the Minerals Council South Africa, to R1bn a day as calculated by Jan Havenga, professor of logistics and supply chain management at Stellenbosch University. Rectifying the under-performance of the rail network, will have tangible benefits for the economy, from higher employment, and higher tax collection to a higher economic growth rate and a stronger rand exchange rate.

The **Storage and Handling** sub-sector of the Ctrack Transport and Freight Index declined further by 0.8% on a monthly basis in April, but remains 9.5% above year-ago levels. Inventory indicators declined in April, while total transshipments, both landed and shipped containers, declined by almost a third on a monthly basis in April. Lastly, the **transport of liquid fuels** via Transnet Pipelines (TPL) increased by 0.6% m/m in April, but still declined by 1.3% and 0.5% on a quarterly and annual basis, respectively, partly reflecting the sluggishness of the economy.

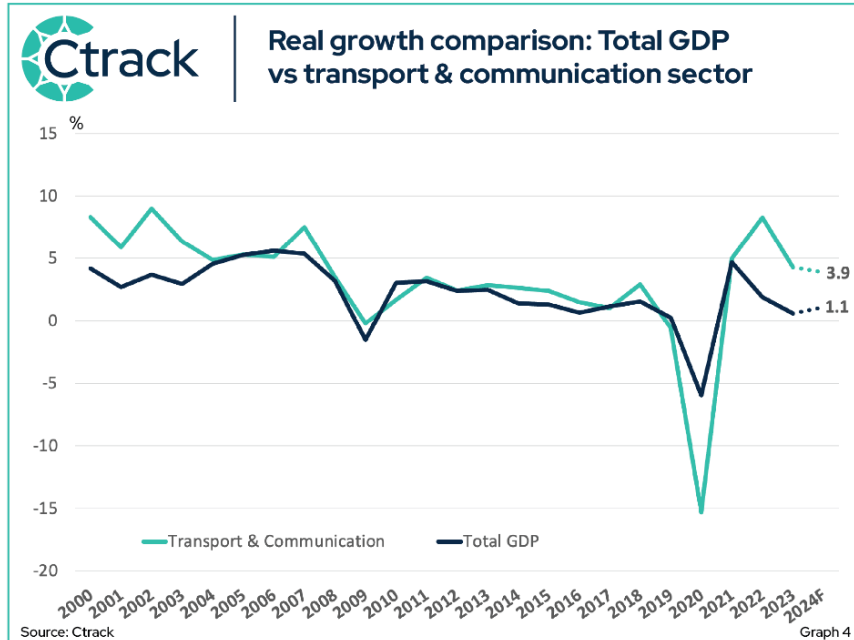
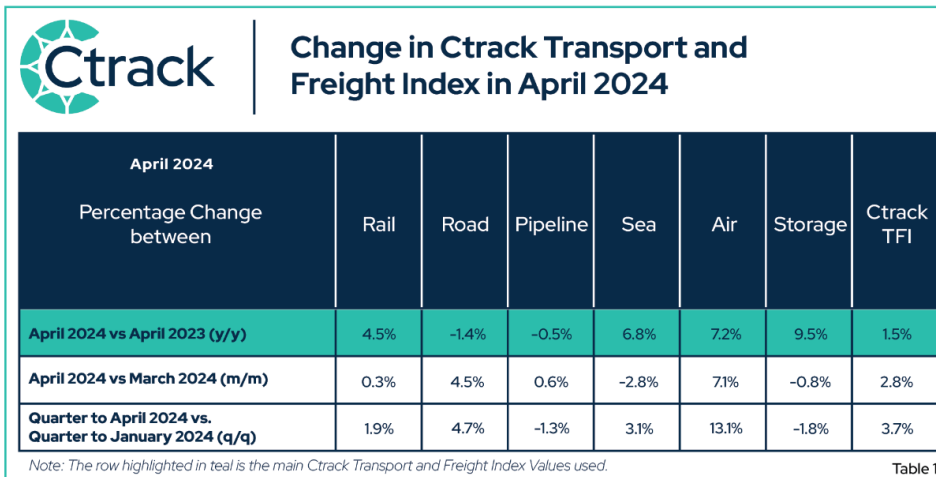




### **Transport sector a negative contributor to Q1 2024 GDP as signalled by the Ctrack TFI**

The economy contracted by 0.1% q/q seasonally adjusted in Q1 2024 (vs revised growth of 0.3% in Q4 2023), with six of the ten sectors contracting on a quarterly basis among others the mining, manufacturing, construction, electricity production and transport & communication sectors. An 1.5% quarterly drop in the Ctrack TFI during March signalled a potential negative contribution from the transport & logistics sector, exactly what materialised in the GDP release on 4 June. The transport & communication sector has frequently been an outperformer among the other sectors, like in Q4 2023 when the transport sector grew by 3.1% q/q seasonally adjusted vs. overall GDP growth of a mere 0.3%. However, in Q1 2024, the transport & communication sector under-performed the broader economy, contracting by 0.5% q/q seasonally adjusted vs the overall GDP contraction of 0.1%. Although a sluggish start to the year, real growth for the transport and communication sector is still forecast to outperform the broader economy in 2024.

“The role of an enabling logistics sector as a driver of economic growth and socioeconomic development cannot be overemphasised. While key policy frameworks have been put in place as part of the government's logistics reform agenda (among others a national rail policy, a freight logistics road map and a private sector participation framework for rail), focused collaboration with all stakeholders and implementation focus is needed to get to the point of tangible benefit for the industry and economy at large,” says Hein Jordt, Chief Executive Officer of Ctrack.

April 2024 Percentage Change between	Rail	Road	Pipeline	Sea	Air	Storage	Ctrack TFI
April 2024 vs April 2023 (y/y)	4.5%	-1.4%	-0.5%	6.8%	7.2%	9.5%	1.5%
April 2024 vs March 2024 (m/m)	0.3%	4.5%	0.6%	-2.8%	7.1%	-0.8%	2.8%
Quarter to April 2024 vs. Quarter to January 2024 (q/q)	1.9%	4.7%	-1.3%	3.1%	13.1%	-1.8%	3.7%

Note: The row highlighted in teal is the main Ctrack Transport and Freight Index Values used. | Table 1

For more information or further insights on the Ctrack Transport and Freight Index, feel free to reach out to us at [samarketing@ctrack.com](mailto:samarketing@ctrack.com) or visit our website at [www.ctrack.com](http://www.ctrack.com) - Your journey towards a more informed and resilient transport and logistics operation begins with Ctrack.

<https://ctrack.com/transport-and-freight-index/>

Contact: **Ctrack**

Nicolaas van Reede van Oudtshoorn / Communication & Content Specialist

082 746 1664 / [nicolaas.vanreede@ctrack.com](mailto:nicolaas.vanreede@ctrack.com)

