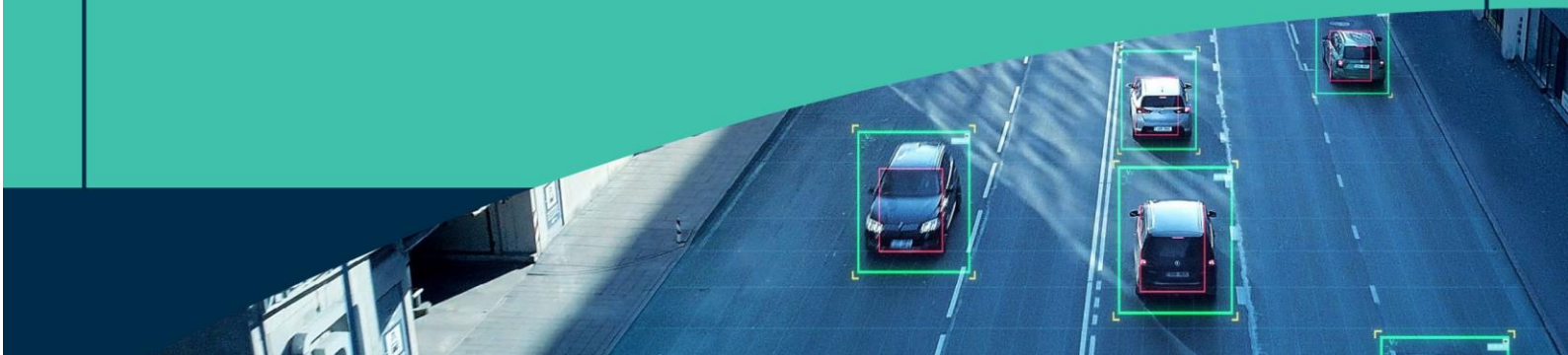




March 2024

Ctrack Transport & Freight Index

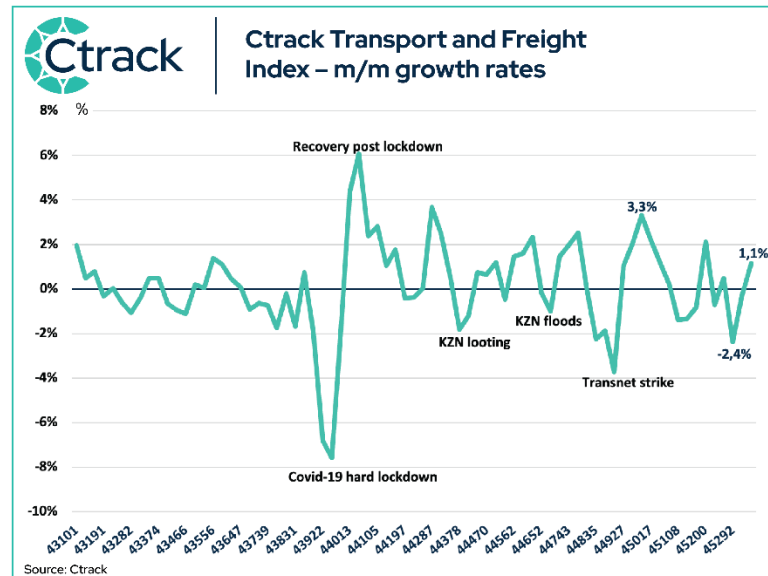




Air freight led a welcome recovery in the logistics sector during March 2024

After declining notably in the first two months of the year, the Ctrack Transport and Freight Index (Ctrack TFI) increased in March to an index level of 119.7, an increase of 1.1% compared to February's level, though just marginally up on a year ago. Except for the two smaller sub-sectors (pipeline transport and storage & warehousing) that declined, all other sub-sectors increased on a monthly basis, led by a notable increase in air freight – see graph 2. Similarly, compared to a year earlier, four sub-sectors increased during March, one remained unchanged (pipeline transport) and only the road freight sub-sector declined.

Graph 1: Ctrack Transport and Freight Index – m/m growth rates

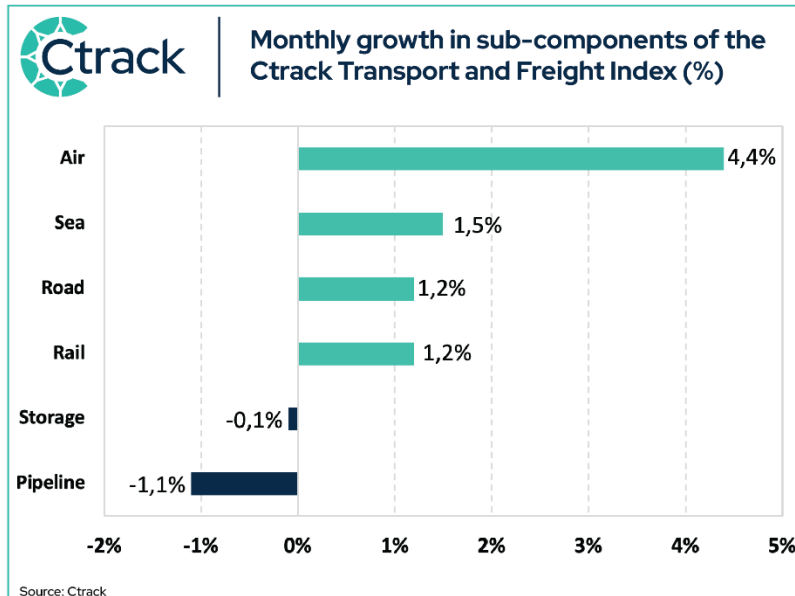


The **Air Freight** sub-sector increased by 4.4% in March, following an increase of 1.2% in February, reaching the highest index level since June 2023. All the underlying data for the sector indicated strong growth in March. Particularly cargo load on planes spiked by 50.4% compared to February, while the International Air Transport Association (IATA) also reported strong industry-wide air cargo demand, with double-digit annual growth in cargo tonne-kilometres (CTK) for the third consecutive month. The strong demand was championed by carriers from Africa and Middle East. According to its latest report, the growing air cargo demand is a reflection of buoyant international traffic which benefits from booming e-commerce and possibly, though to a lesser extent, a recently increased interest in sea-air services because of the ongoing capacity constraints in maritime shipping, among other factors. Overall, air cargo demand appears set to continue the upward trend in CTKs that started early last year. Furthermore, the number of unscheduled flights (that are typically chartered for cargo purposes) and consolidated airport flight movements also increased by 8.0% and 12.1%, respectively.





Graph 2: Monthly growth in sub-components of the Ctrack Transport and Freight Index (%)



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. After tumbling in October and November, reflecting the inability of ports to handle cargo due to a multiplicity of contributing factors, the sea freight sub-component started to recover in December and continued its recovery in the early months of 2024. March was the fourth consecutive month in which sea freight recorded positive growth. Container handling (both landed and shipped) increased by 14.0% in Q1 2024 compared to Q4 2023, though of a low base, while other cargo excluding cars moved mostly sideways.

In a fresh development and following a similar strategy at the Durban port, Transnet National Ports Authority (TNPA) has invited interested parties to submit proposals in response to an issued Request for Proposal (RFP) for appointing a terminal operator at the Port of Cape Town. The successful bidder will acquire, operate, maintain, refurbish, or construct and transfer a liquid bulk terminal for a 25-year concession period at the harbour. The City of Cape Town and the Western Cape provincial government have for years been calling on Transnet to allow for more significant private sector participation to boost the performance of the ailing port, where ageing infrastructure and poor productivity have caused frequent bottlenecks leading to substantial losses in income for exporters and importers. TNPA said in a media statement that the issuance of the RFP aligns with its mandate to collaborate with the private sector to diversify port revenue, create jobs, and develop infrastructure to foster economic growth. It believes strategic concessions, such as the RFP to operate the liquid bulk terminal, will enhance the port’s attractiveness and overall competitiveness in the global maritime trade landscape. Slowly, but surely, some progress is made to stem the tide and to work towards an improvement in productivity and efficiency at ports.

The **road freight** sub-sector, which has grown notably in recent years and now accounts for 84.5% of all freight payload in South Africa, recorded muted growth in March, signalling that many challenges remain in the early months of 2024. Road freight increased by 1.2% on a monthly basis in March, following fourth consecutive monthly declines. The sub-sector remains the backbone of logistics in South Africa, however it



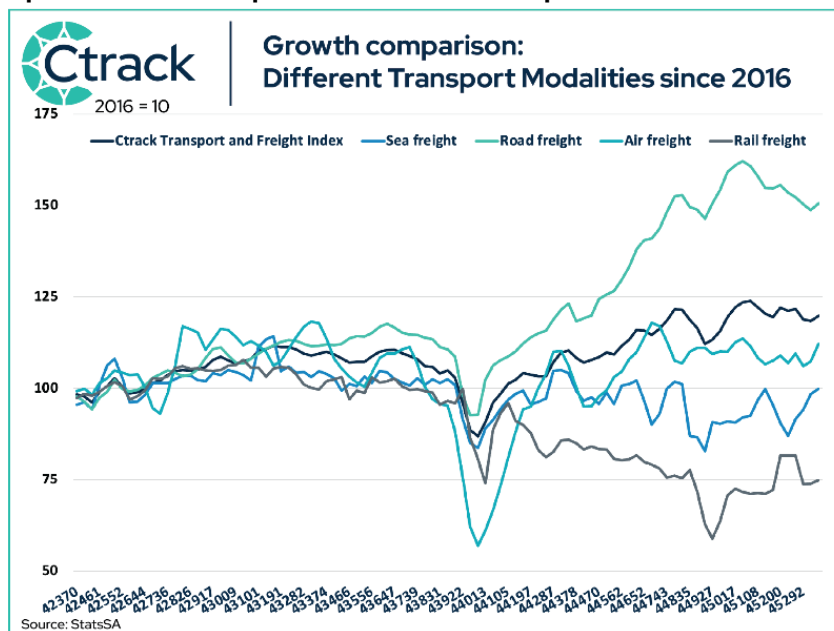


comes at a cost to the economy, as transport via road remains notably more expensive than transport via rail, while South Africa’s road infrastructure buckles under the increased heavy vehicle traffic. A case in point: trucks were recently forbidden to travel on the R36 Bambi-Mashishing route due to the poor condition of the road. Heavy vehicle traffic has since diverted to the N4 route via Machadodorp, resulting in a 47.4% increase in heavy vehicle traffic using that toll route. 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.

The **rail freight** sub-sector also increased by 1.2% m/m in March, partially recovering from a weak January and February. Following five years of annual declines (2018-2022), rail freight payload increased by 2.5% in 2023, off an extremely low base and clearly continuing to underperform given ongoing challenges plaguing the sector. While some progress has been made to stem the deterioration in rail freight, among others, the approval of the Freight Logistics Roadmap, which provides a clear reform path towards resolving immediate operational challenges driving the decline of rail and ports and outlining interventions required to fundamentally restructure the logistics sector through policy and legislative interventions, a long road is ahead and any notable impact of interventions is only likely to be seen in the medium term.

The **Storage and Handling** sub-sector of the Ctrack Transport and Freight Index declined marginally by 0.1% on a monthly basis in March, but remains 22.1% above year ago levels. While inventory indicators were mixed in March, total transshipments, both landed and shipped containers, declined somewhat in March after a notable spike in February. Lastly, the **transport of liquid fuels** via Transnet Pipelines (TPL) declined by 1.1% in March compared to February, and by 4.0% on a quarterly basis, while this sub-component of the Ctrack Transport and Freight Index remained unchanged on an annual basis, partly reflecting the sluggishness of the economy.

Graph 3: Growth comparison: different transport modalities since 2016





Transport sector might be a negative contributor to Q1 2024 GDP growth

Considering a 1.6% quarterly drop in the Ctrack TFI during March signals a potential negative contribution from the transport sector to overall economic growth in Q1 2024. This would be contrary to the outcome in Q4 2023 when the transport sector was actually the star performer, growing by 2.9% q/q and seasonally adjusted vs. overall GDP growth of a mere 0.1%. The full year real growth for the transport and communication sector was realised at a healthy 4.3% in 2023, clearly outperforming the broader economy that managed to record real growth of only 0.6%.

“The transport & logistics sector remains critically important in the South African economy. Government’s appetite for taking hands with the private sector seems to be gradually increasing, with notable progress on the policy front to address the problems of especially South Africa’s freight sector. The proof will, like always, lie in the implementation of credible plans. A well-functioning logistics sector will have a guaranteed positive multiplier impact on the economy as a whole, much needed for South Africa,” says Hein Jordt, Chief Executive Officer of Ctrack.

Graph 4: Real growth comparison: Total GDP vs transport & communication sector

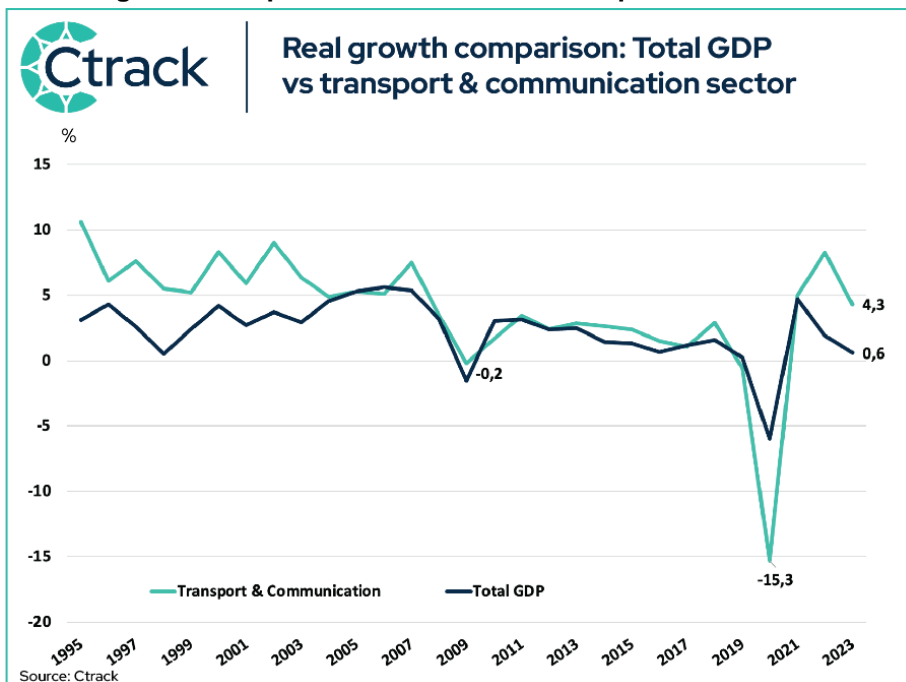




Table 1: Change in Ctrack Transport and Freight Index in March 2024

March 2024		Change in Ctrack Transport and Freight Index in March 2024					
Percentage Change between	Rail	Road	Pipeline	Sea	Air	Storage	Ctrack TFI
March 2024 vs March 2023 (y/y)	5.8%	-5.4%	0.0%	9.8%	1.9%	22.1%	0.2%
March 2024 vs February 2024 (m/m)	1.2%	1.2%	-1.1%	1.5%	4.4%	-0.1%	1.1%
Quarter to March 2024 vs. Quarter to December 2023 (q/q)	-8.3%	-1.1%	-4.0%	9.0%	2.4%	-2.1%	-1.6%

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

For more information or further insights on the Ctrack Transport and Freight Index, feel free to reach out to us at samarketing@ctrack.com or visit our website at 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