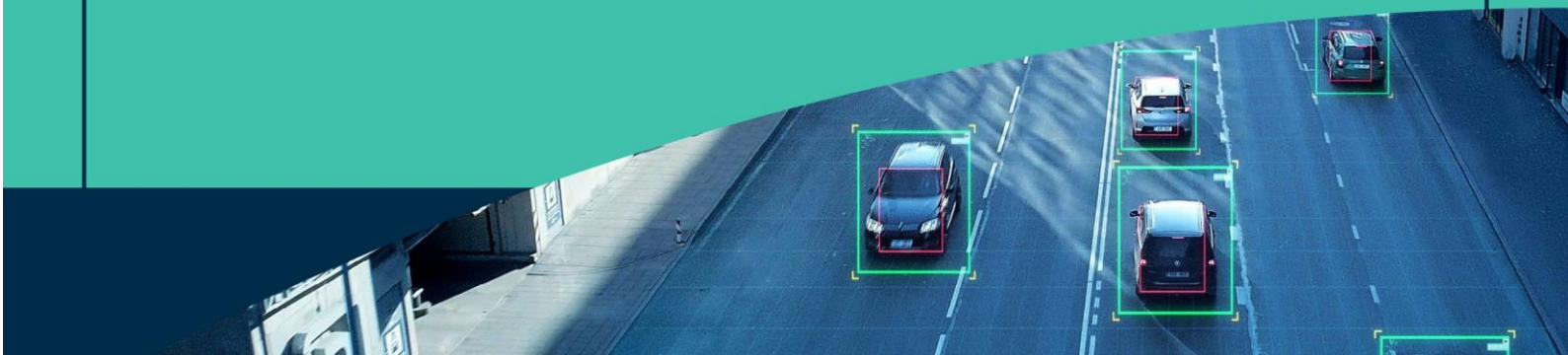




May 2024

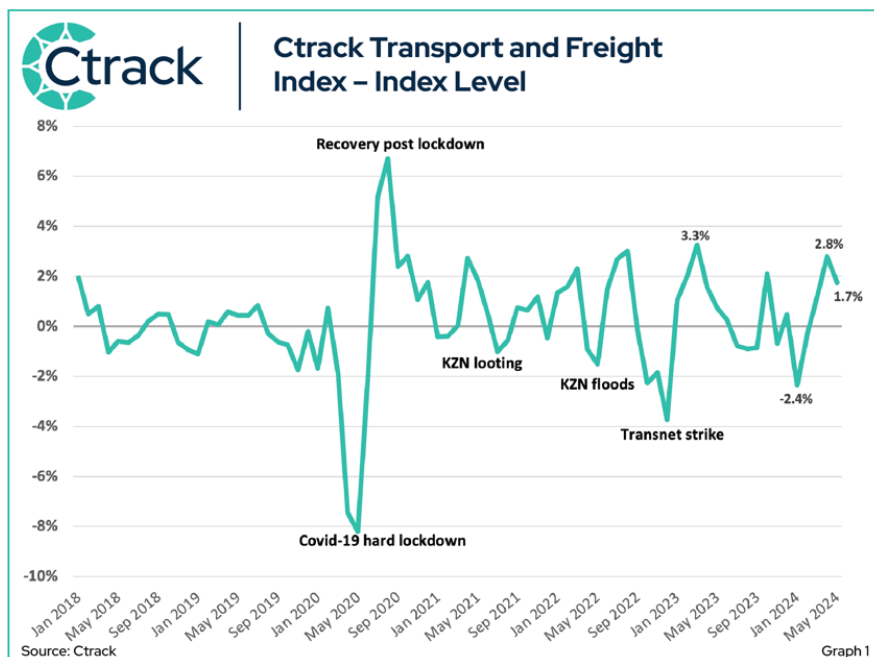
Ctrack Transport & Freight Index





Recovery in the logistics sector continued in May, albeit at a slower pace

The Ctrack Transport and Freight Index (Ctrack TFI) increased in May to reach an index level of 125.6, an increase of 1.7% compared to April's level, and 2.5% above year-ago levels. This marks the third consecutive monthly increase in the index and an early signal that the transport sector's contribution to overall GDP could again move into positive territory in Q2. The sub-sectors of the index traditionally portray vastly different trends, reflecting the intertwined nature of the logistics sector and it was no different in May. On a monthly basis, three subsectors increased in May 2024, led by air freight (+5.5% m/m) and the heavy weighted road freight subsector (+2.7% m/m). Compared to a year earlier, five of the six sub-sectors increased during May, while only the pipeline transport sub-sector declined.



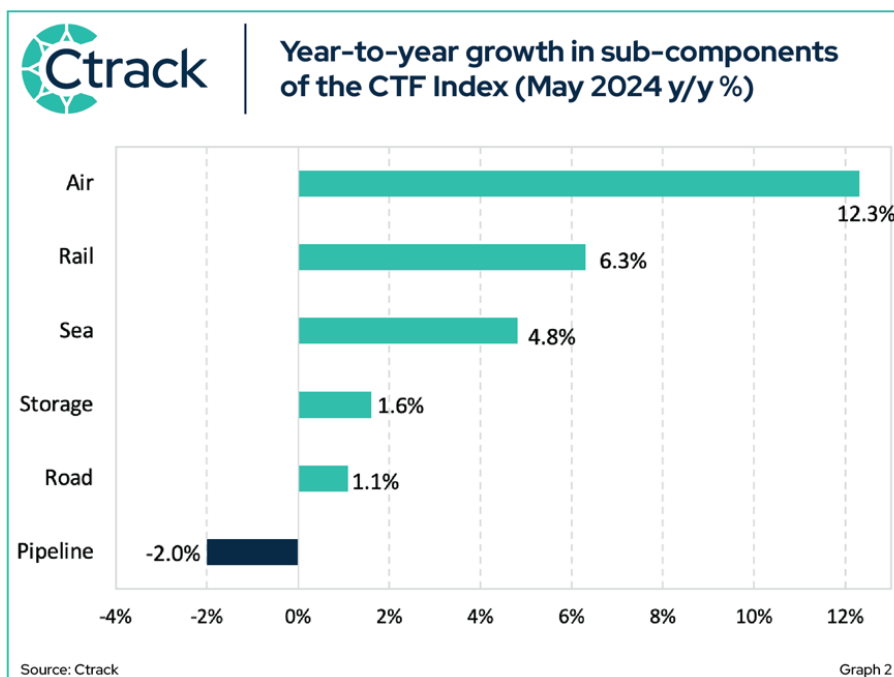
The **Air Freight** has been a star performer among the sub-sectors since the start of 2024 – see graph 2 and 3. Comparing May's index level to December 2023, revealed a notable increase of 15.4% in air freight activity. The sub-sector increased by 5.5% in May, the fourth consecutive monthly increase, reaching the highest index level on record, while on a quarterly basis, the sector is up by a notable 18.0%, contributing handsomely to the overall logistical sector recovery. The majority of underlying components increased in May, with only cargo load on planes subsiding marginally, but remaining at elevated levels. Cargo load on planes spiked by





50.4% m/m in March and despite subsiding somewhat in April and May, still renders the load carried in May 51.0% higher than in January 2024. 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 fifth 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. While Africa only accounts for 2% of the global market, an annual growth rate of 10.6% in CTK's to Africa is indeed welcomed.

Graph 2: Y/Y growth rate in different sub-sectors of Ctrack TFI for May 2024

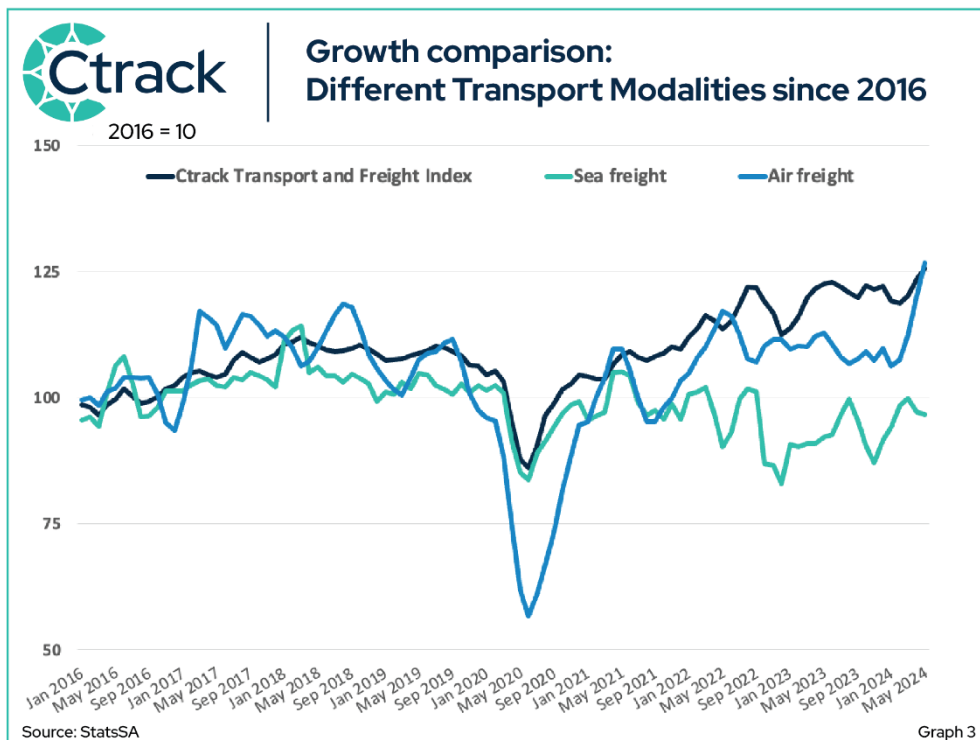


Following a horrendous month for the **Sea Freight** sub-component in April due to a multiplicity of factors, the sector bounced back in May. Overall, for all ports in South Africa, the number of containers that landed increased by 14.5% m/m in May (vs -17.9% in April), and the number of containers shipped rocketed by 45.5% m/m following the drop of 32.5% during April. Other cargo handled (excluding vehicles) also increased by 12.4% in May, following a decline of 11.6% in April. 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, with the latest development the announcement that the JSE-listed logistics group, Grindrod, has been selected as the preferred bidder by Transnet Ports Authority (TNPA) for developing and



operating the first container terminal at the Port of Richards Bay on the northern KZN coastline. It is indicated that this development will enable an increase in the port’s container handling capacity from 50 000 twenty-foot equivalent units [TEUs] to 200 000 TEUs per annum, in alignment with the TNPA KZN ports master plan. In the light of the known under-performance of the sea freight sector (see graph 3), relative to other transport modalities, this development is indeed welcomed. Further evidence that slowly, but surely, progress is being made to push forward on structural reforms that will foster much-needed growth and development for the South African economy at large.

Graph 3: Relative performance of air and sea freight vs total Ctrack TFI



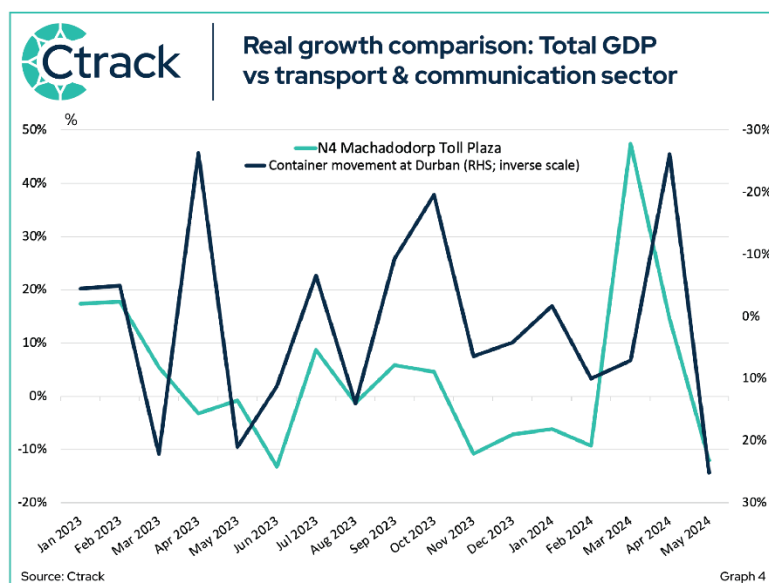
The heavily weighted **Road Freight** sub-sector, which has grown notably in recent years and currently accounts for 83.6% of all freight payload in South Africa, recovered further in May, the third consecutive positive monthly growth rate following a downward trend that lasted almost a year. Road freight increased by 2.7% on a monthly basis in May vs 4.5% in April and are up a notable 8.6% on a quarterly basis. Heavy vehicle traffic on the N3 toll route (class 3 & 4 trucks) increased by 6.6% in May, while a double-digit decline





was recorded in heavy vehicle traffic on the N4 route. Heavy vehicle traffic on the N4 toll route spiked in March and April given that trucks were forbidden to travel on the R36 Bambi-Mashishing route, while renewed troubles at South African port also resulted in additional traffic on the N4 as trucks rediverted towards the Port of Maputo. With the bounce back in port operations in May (also at the Durban port), the additional demand faded – see graph 4.

Graph 4: Monthly change: Container activity at Durban port vs number of heavy vehicles on N4 route
(inverse correlation)



The **Rail Freight** sub-sector lost a bit of ground in May, but continues its very gradual recovery overall. For the first five months of 2024, rail freight increased by 11.0% compared to the corresponding period in 2023. Though off an extremely low base, progress has been made despite many ongoing challenges plaguing the sector. One of the 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 first phase of the Operation Vulindlela initiative recently concluded with the end of government’s 5-year term. The team was widely applauded for “holding things together”, keeping the private sector on board and interested in the reform process, and mobilising aspects of government under the leadership of the president to keep the economy from falling apart at the height of load-shedding in 2022/23. The second phase of Operation Vulindlela is currently in the process of being scoped and will likely include a continuation of focus



on the network industries, among others the logistics sector, while the scope of reform will likely be broadened to include new areas of focus as well.

The **Storage and Handling** sub-sector of the Ctrack Transport and Freight Index declined further by 1.1% on a monthly basis in May, and remained just 1.6% above year-ago levels. Inventory indicators declined in May, while total transshipments, both landed and shipped containers, increased by 4.3% after a tumble of almost a third on a monthly basis in April. Lastly, the **transport of liquid fuels** via Transnet Pipelines (TPL) increased by 0.2% m/m in May, but still declined by 0.3% and 2.0% on a quarterly and annual basis, respectively, partly reflecting the sluggishness of the economy.

The Ctrack TFI signals that the transport sector could likely be a positive contributor to Q2 2024 GDP

With two months of data on the Ctrack TFI now in, a quarterly increase in the index is on track and an early signal that the logistics sector could be a positive contributor to overall economic growth in Q2. The transport & communication sector has frequently been an outperformer among the other economic sectors, like in 2023 when the transport sector grew by 3.5% vs. overall GDP growth of a mere 0.7%. 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, Q2 is looking promising and real growth for the transport and communication sector is still forecast to outperform the broader economy in 2024.

“In the last two years, since the establishment of the National Logistics Crisis Committee, backed by the business sector's resources and expertise, a new form of collaboration has developed between the public and private sectors, facilitated by the efforts of the Operation Vulindlela team. While notable progress has been made in pursuing the reform agenda, it is of utmost importance that the new government must continue and accelerate the efforts, in the interest of the economy as a whole,” says Hein Jordt, Chief Executive Officer of Ctrack.



May 2024							
Percentage Change between	Rail	Road	Pipeline	Sea	Air	Storage	Ctrack TFI
May 2024 vs May 2023 (y/y)	6.3%	1.1%	-2.0%	4.8%	12.3%	1.6%	2.5%
May 2024 vs April 2024 (m/m)	-0.2%	2.7%	0.2%	-0.5%	5.5%	-1.1%	1.7%
Quarter to May 2024 vs. Quarter to February 2024 (q/q)	1.3%	8.6%	-0.3%	-1.8%	18.0%	-2.2%	5.8%

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 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/>

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