



2nd quarter land transport volumes encouraging

The Ctrack Logistics Barometer, which includes data from the road, rail, sea, aviation and pipeline sectors, shows that South Africa's total logistics volumes rose 3.1% in July 2019 compared to the same month last year (see Figure 1).

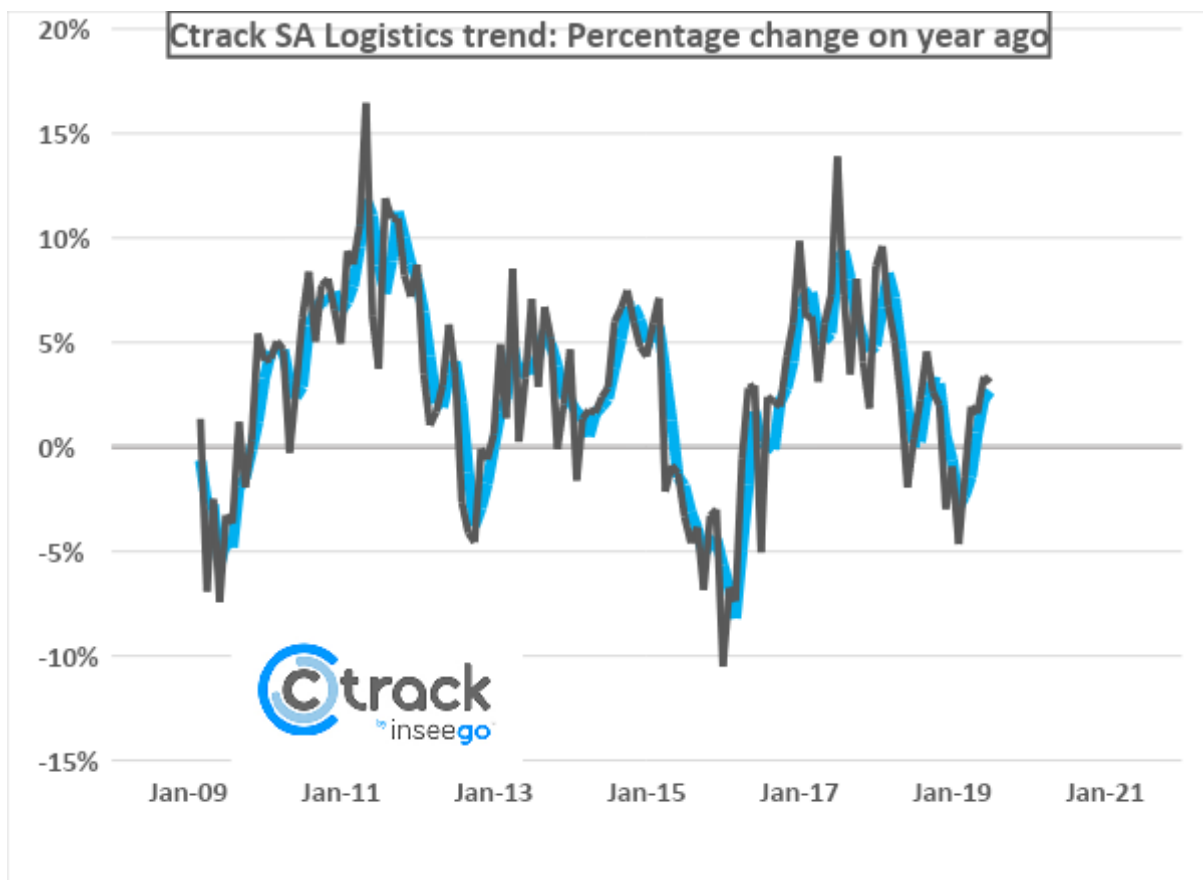


Figure 1. Source: economists.co.za and Ctrack

The barometer also indicates that total logistics volumes in the 2nd quarter of 2019 improved 2,7% compared to the 1st quarter of 2019, the strongest level of growth recorded since November 2018 (see Figure 2).

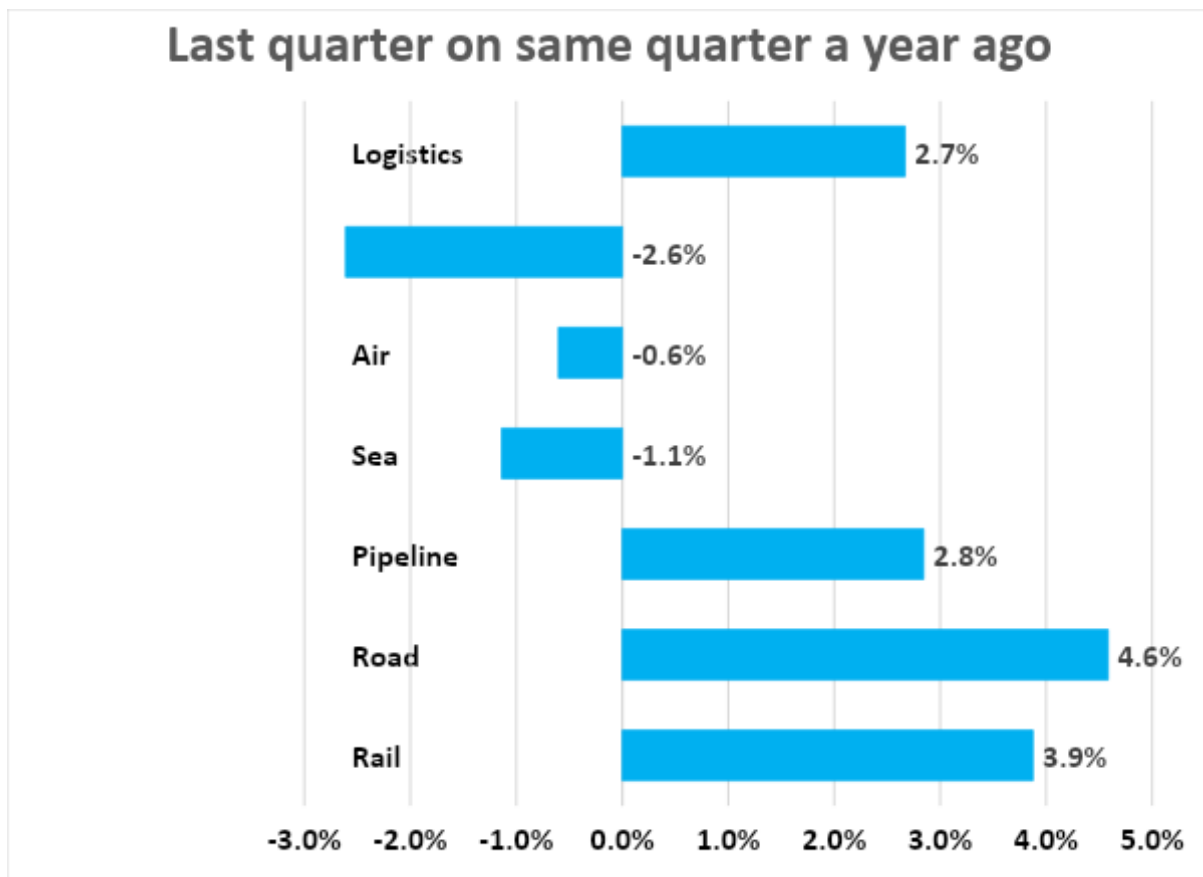


Figure 2. Source: economists.co.za and Ctrack

The bounce back in the 2nd quarter of 2019 is attributed to more stable electricity supply from Eskom. July is the start of the 3rd quarter and if the trend holds up then we are confident that the economy will record further growth during the quarter.

The positive results were largely driven by the country's land transport sector, which is up 4,6% on last year.

The number of heavy trucks that passed through the Tugela toll gate increased 3,6% in July compared to the same month a year ago. Heavy truck volumes on the N4 and N1 freeways recorded 6% comparative growth during the month.

Rail freight volumes, which were primarily comprised of bulk commodities, recorded 3,9% growth in July. The country's pipeline volumes grew 2,8% for the quarter to July 2019, compared to the same period in 2018.

Sea freight saw a decline of -1,1% in volumes for the three months to July 2019 compared to a year ago, while air freight slipped -0.6% over the same period.

In Ctrack's view, both transport modes are feeling the impact of a slowing world economy. Incidentally, exported container traffic is down -11,8% in the last three months versus the same period a year ago.

In terms of storage and warehousing, Ctrack notes that inventories have not recovered yet. This may be the reason behind increased imports, as local enterprises let stocks run down in the 1st quarter due to electricity constraints and negative economic growth. This has likely also resulted in a cautious approach to inventory and stock management.

Furthermore, the increase in imports is likely due to Rand weakness, with importers fearful that the rand may decline further. The overall picture is that the logistics industry in South Africa is in recovery mode, while stock management and Rand weakness continue to influence decision making.

Unlike container exports, bulk exports have increased +1,7%, probably due to the fact that commodities are less affected by the ongoing US-Sino trade war. It is important to note, however, that bulk export volumes record significant fluctuations nearly every month. Derailments and/or port delays can impact the entire supply chain, too.

Rail and road freight have remained strong over the short term, while storage volumes have also picked up (see Table 1).

	Rail	Road	Pipeline	Sea	Air	Storage	Logistics
Last month vs a year ago	8.0%	3.7%	0.8%	-6.1%	-3.8%	1.9%	3.1%
Last quarter vs a year ago	3.9%	4.6%	2.8%	-1.1%	-0.6%	-2.6%	2.7%
	Rail	Road	Pipeline	Sea	Air	Storage	Logistics
Change from last month	0.5%	1.5%	-3.1%	-4.1%	-4.8%	4.4%	0.8%
Change from last quarter	2.4%	0.5%	3.6%	0.1%	1.7%	-3.9%	0.4%

Table 1: Source: economists.co.za and Ctrack

The Ctrack Logistics Barometer can be viewed online at www.ctrack.co.za

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On behalf of Ctrack South Africa