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Impact of lockdown on trucking industry and prospects for recovery

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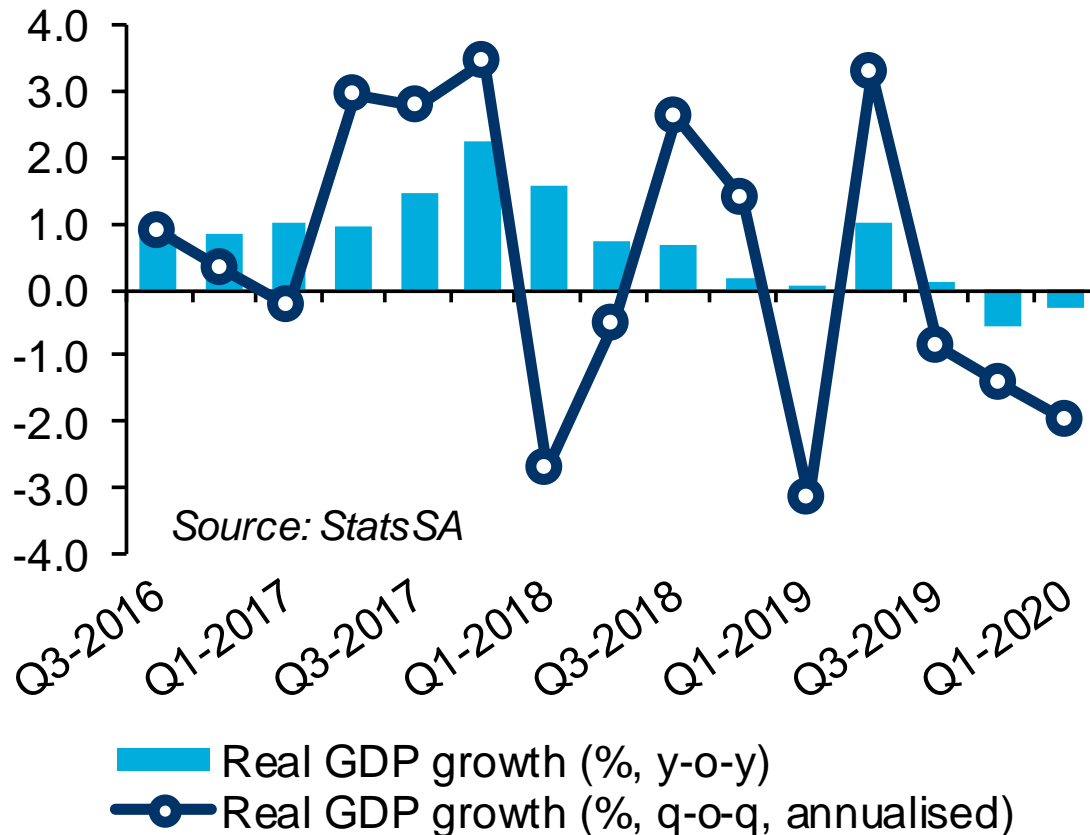
15 July 2020



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SA economy was already on its knees before Covid-19 crisis hit

Quarterly real GDP growth rates



Annual growth rates tepid since 2009

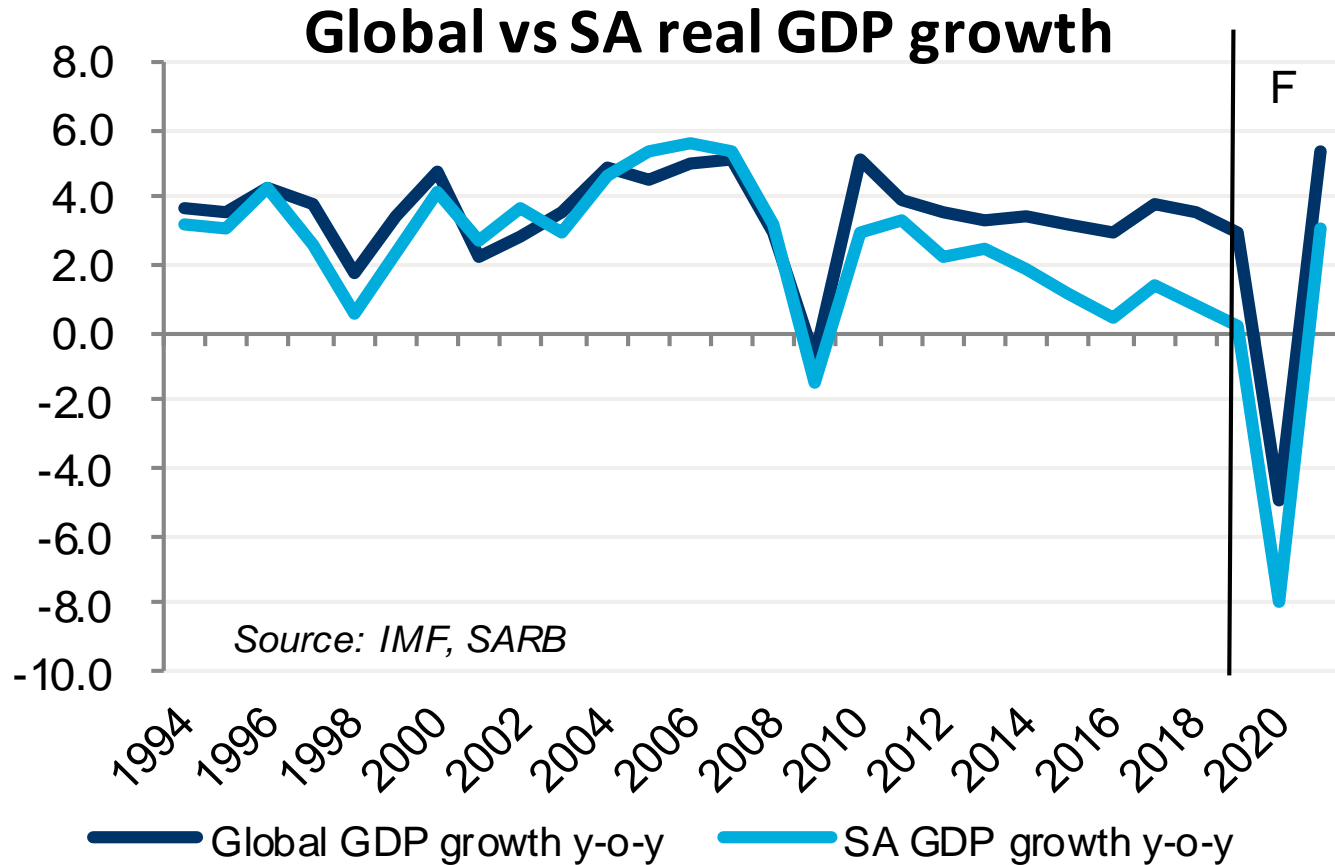
Avg real GDP growth in past 5 years (2015-2019): 0.8%

Population growth : 1.4%

GDP per capita has been declining for 6 consecutive years

* Negative q/q growth rates in 6 of the last 9 quarters

SA not alone, but our fundamentals too weak to meaningfully cushion the impact

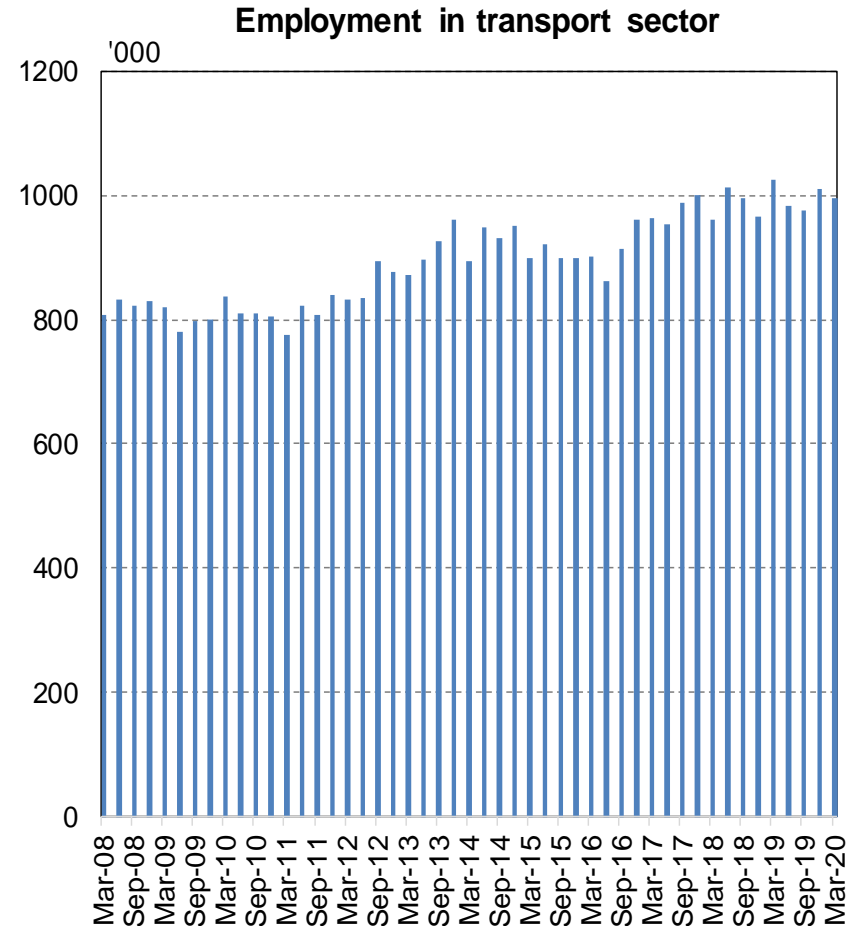
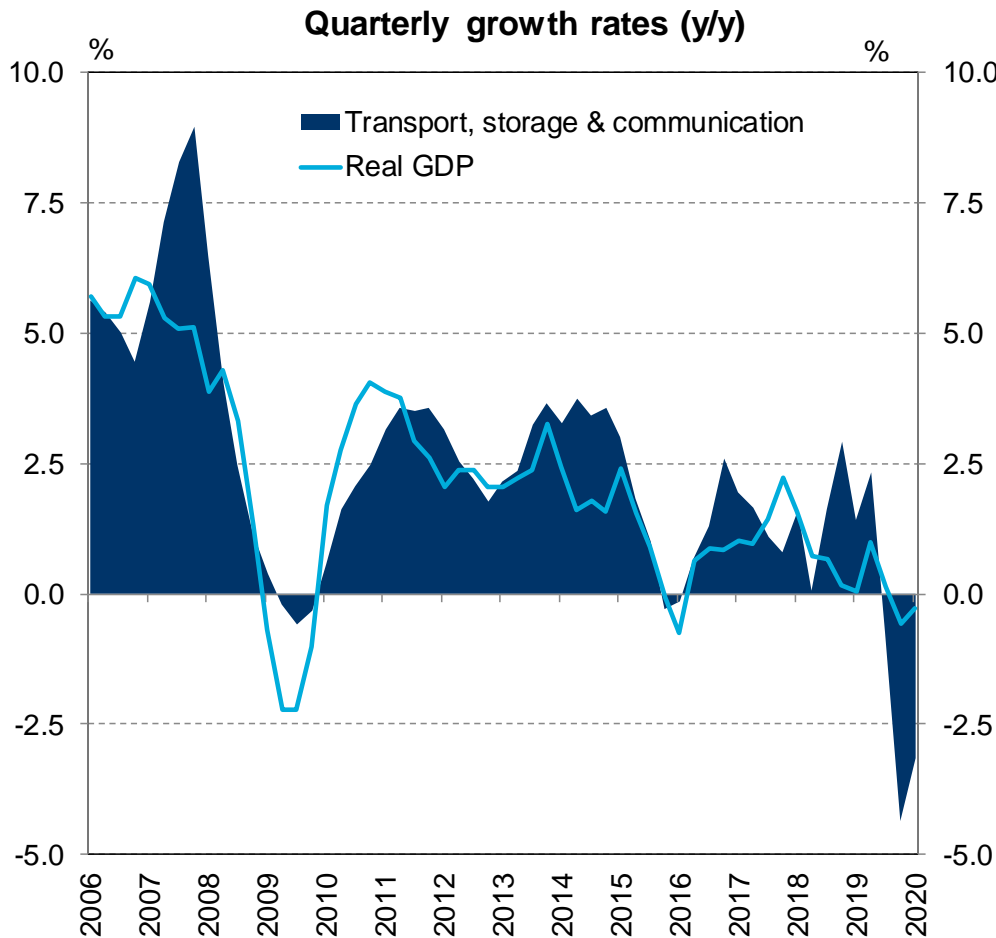


Prior to Covid-19.....

Unemployment rate at 30.1% in Q1; Budget deficit/GDP projection at 6.8% of GDP for FY21 (now revised to 15.7%)

Debt/GDP ratio projection was 65.6% for FY21 (now revised to 81.8%)

Transport sector is important & heavily exposed to performance in other sectors

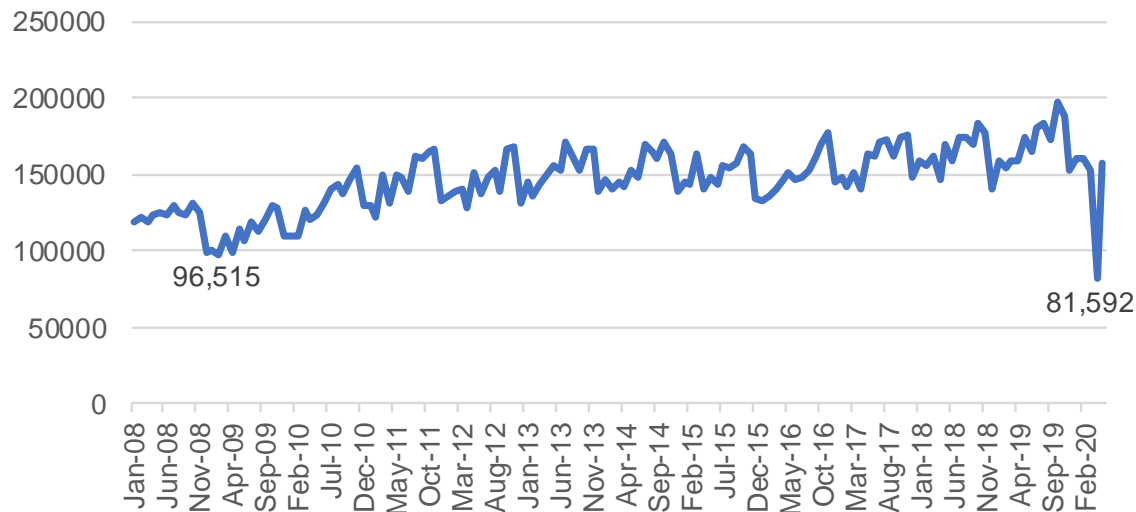


Transport & storage contributes almost 6% to GDP; sector provides job opportunities to about 1 million people

The sector was bleeding in March & April, but recovery commenced in May

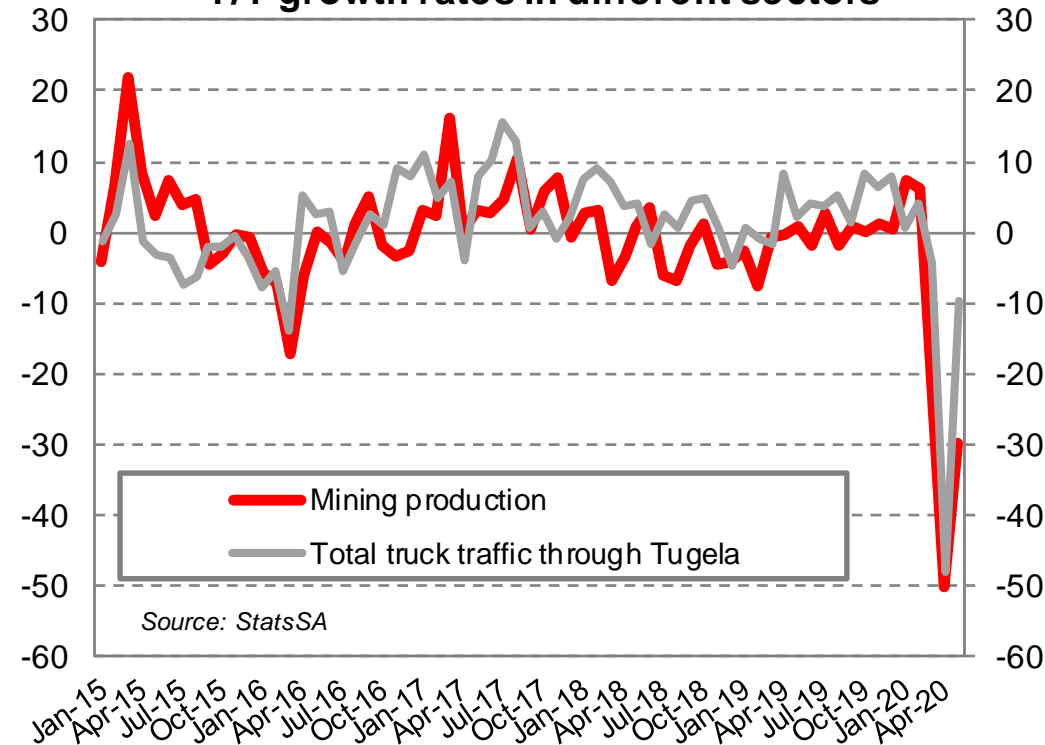
Column1	Total trucks through Tugela toll gate	y/y %	m/m %
Jan-2020	159,724	0.5%	5.2%
Feb-2020	159,807	4.0%	0.1%
Mar-2020	151,924	-4.2%	-4.9%
Apr-2020	81,592	-48.3%	-46.3%
May-2020	156,492	-9.8%	91.8%

Number of trucks passing through Tugela toll gate



Expect a gradual recovery in the next few months ... (short term outlook)

Y/Y growth rates in different sectors



* Assuming that other sectors also show V-shape recoveries compare to April's low base

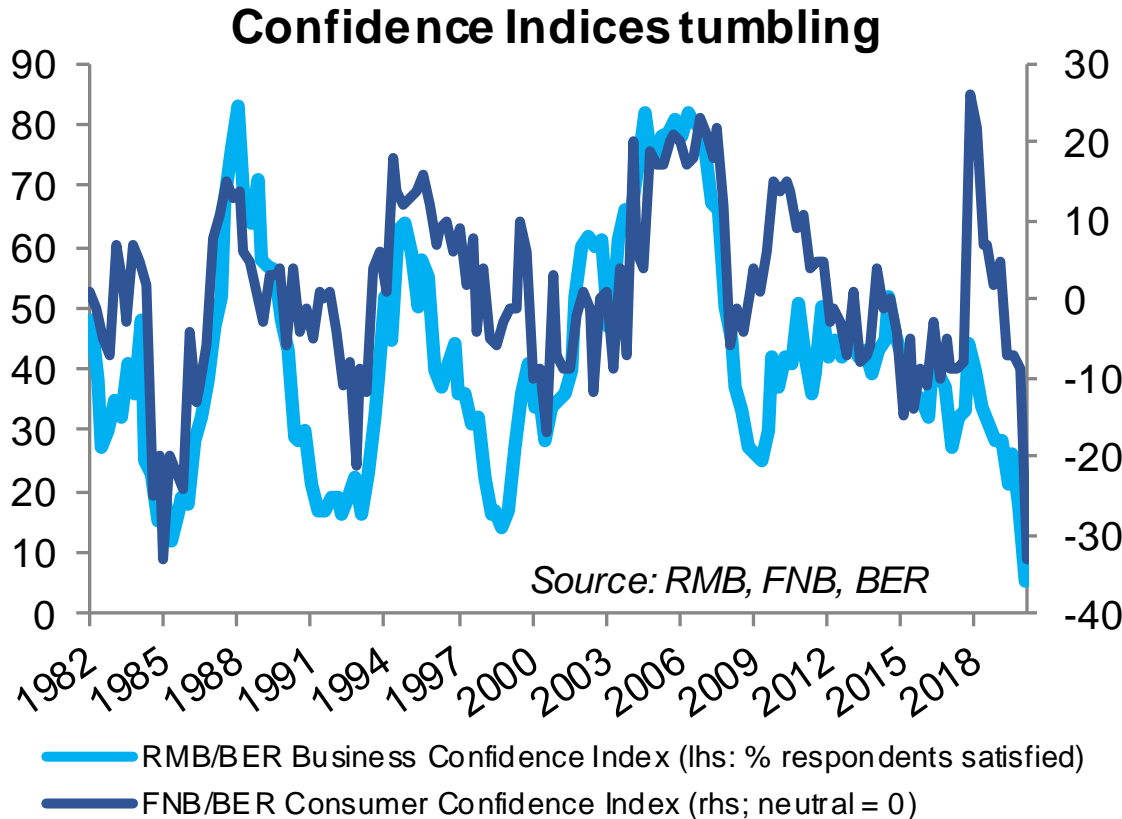
* Trouble in other sub-sectors of the sector providing a fillip for the trucking industry eg struggling air freight & pipeline issues

* Temporary relief from Covid-19 crisis continues to support demand in economy

Challenges remain relating to supply chain disruptions and Covid-19 related backlogs...

- Low productivity due to delays at borders
- Adding to the cost of doing business and pressure profit margins

Medium-term outlook still very murky...



- Real GDP growth in 2020 the lowest since 1930s
- Confidence levels lowest since 1985
- Fears & uncertainties about Covid-19 are changing consumer & business behaviour
- Expect a period of “survival economics”

Household sector to remain under pressure due to job losses, wage restraints, uncertainty and changing behaviour...expect a period of mediocre growth...households to remain in “survival mode”...

Industrial sector to remain under pressure due to trickle local demand, gradual stop-start recovery in global demand and low confidence...



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