



T-MARK

Truck Market Data

Truck Market Comment: First Quarter 2020

3 April, 2020

New truck sales continue to weaken in March

Australian truck market comment pieces are issued quarterly by the Truck Industry Council (TIC)ⁱ, owner and compiler of the official T-Markⁱⁱ truck market sales database.

Not surprisingly the month of March saw new truck sales continue to weaken at an accelerated rate, according to Truck Industry Council T-Mark data released yesterday afternoon, with all segments recording double digit percentage losses compared to March 2019 results. The result for the first quarter of 2020 reflects the downward trend that has been seen thus far in 2020, with the Truck Industry Council (TIC) predicting that sales will continue to slow as the effects of the COVID-19 pandemic rock not only business confidence, but the very ability for many organisations to conduct business activities.

Reviewing the segments, Heavy Duty sales again bore the brunt of the slow down with only 852 heavy trucks sold in the month of March, down a significant 28.2 percent (-334 trucks) on March 2019. At the end of the first quarter HD sales lag those of last year by 23.9 percent (-696 trucks). In fact, the first quarter 2020 HD truck sales result of 2,220 units was worse than the immediate post Global Financial Crisis slump of 2011 to 2014 where sales for the opening quarter typically reached 2,300 sales, or greater.

The Medium Duty segment did not fare much better than the Heavies in March, down 20.7 percent, with only 526 sales recorded. This was down 137 MD trucks when compared to March 2019 sales. The Medium Duty numbers for the first quarter fared a little better due to a solid start in January, followed by modest numbers in February. Year-to-date the Medium truck segment trails the same period last year by 13.0 percent, -215 trucks. A total of 1,436 MD trucks have been sold so far in 2020.

The Light end of the market held up a little better than their bigger brothers in March, possibly due to increased last mile delivery demand, providing supplies to those in isolation and staying at home, or potentially buoyed by the Federal governments \$150k tax write-off incentive (that was not effective for larger trucks, due to their greater cost). Light Duty Truck sales (trucks between 3,500 kg and 8,000 kg GVM) totalled 811 for the month of March, down 13.8 percent (-130 vehicles) over the March 2019 result. To the end of the first quarter, 2,067 Light trucks have been delivered, a decrease of 14.1 percent over the 2019 quarter one result, that amounts to 339 fewer Light truck sales so far in 2020.

Light Duty Van sales (vans with a GVM between 3,500 kg and 8,000 kg) started the year better than any other segment, however sales fell away somewhat in March. A total of only 416 Vans were sold in March, this represented a fall of 17.8 percent over March 2019. The year-to-date end of March result is better, with 1,182 Van sales, down only 12.2 percent for the year. That has the Light Duty Van segment tracking 164 sales lower in 2020 when compared to the first three months of 2019.

Tony McMullan, CEO of Truck Industry Council, the peak industry body for truck manufacturers and importers in Australia, reflected “The new truck market in Australia was already tracking down in 2020 before the global rise of COVID-19 over the past few weeks and there is little doubt the worst is yet to come for our economy generally as well as for truck sales. The further decrease in sales that we have observed in the Heavy and Medium segments in March may well be the onset of this economic downturn, though most sales in March would have been set up in the preceding months with trucks delivered against existing customer orders.

I believe that possibly April sales, but particularly May and June numbers will give a better indicator of the, no doubt, tougher times ahead. However, for those wishing to purchase a new truck, I am assured by all Truck Industry Council members that it is business as usual, or as usual as it can be given the required social constraints, that vehicle stocks currently here in Australia are good, that any closures of local truck manufacturing facilities will be brief and on-going supply of trucks should not be affected in the foreseeable future.” Mr. McMullan concluded.

ⁱ *Truck Industry Council is the peak body representing all suppliers of on-road heavy vehicles in Australia. TIC members represent 16 truck brands currently on sale in Australia, plus four truck engine and major component brands.*

ⁱⁱ *T-Mark is a database that compiles all trucks (that is, non-passenger carrying vehicles with Gross Vehicle Mass above 3,500 kg) sold into the Australian market that comply with Australian Design Rules. All road registered vehicles are captured, plus most of the off-road vehicles. Monthly data reports are made available to TIC members and the media.*

¹ **Heavy Duty Truck Segment** is defined as cab-chassis type vehicles (both rigid and prime mover application) with
a) Three or more axles; or
b) Two axles, a Gross Vehicle Mass greater than 8,000 kg, AND a Gross Combined Mass of more than 39,000 kg.

¹ **Medium Duty Truck Segment** is defined as cab-chassis type vehicles with Gross Vehicle Mass of greater than 8,000 kg, but with a Gross Combined Mass up to and including 39,000 kg.

¹ **Light Duty Truck Segment** is defined as cab-chassis type vehicles with Gross Vehicle Mass of 3,501 kg to 8,000 kg inclusive.

¹ **Light Duty Van Segment** is defined as enclosed van (non passenger carrying) vehicles with Gross Vehicle Mass of 3,501 kg to 8,000 kg inclusive.

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