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April 2020 truck sales close to post-GFC lows

Truck sales in April were not good, however we have seen worse. Truck Industry Council official T-Mark figures released yesterday evening show that 2,302 new trucks were sold for the month of April 2020, representing a decrease of 21.8 percent (-640 units) when compared with the same month last year. Compared to sales following the Global Financial Crisis (GFC) the industry is fairing slightly better in 2020, in April 2009 sales only reached 2,236 (66 fewer than this April), however we are certainly very close to those market lows. Year-to-date the overall truck market is tracking down 18.2 percent when compared to the end of April 2019. On a more positive note, sales in Australia are holding up much better than in Europe where recent European Automobile Manufacturers' Association (ACEA) figures for March 2020 showed a 47.3 percent decline over March 2019, with April sales (yet to be released) expected to be even worse.

Taking a look at the individual segments, Heavy Duty sales were down, however the segment fared better than it did in March, in fact the HD segment recorded the second best segment result for April. 809 heavy trucks were sold in the month of April, down 19.6 percent (-197 trucks), however this was a much better result than the 28.2 percent loss recorded in March. Year-to-date the Heavy segment has recorded 3,029 sales, down 22.8 percent (-893) over 2019.

In April it was the Medium Duty segment that bore the brunt of the current economic slowdown with only 417 MD truck deliveries, down 29.9 percent (-178 truck) over April 2019. Year-to-date the Medium truck numbers look a little better, with the segment trailing the same period last year by 17.5 percent, -392 trucks. A total of 1,853 Medium Duty trucks have been sold so far in 2020.

The Light end of the market saw quite mixed results, with Light Duty trucks performing the best of any segment in April, while Light Duty van sales were the second worst (and not far from being the worst) performing segment. Light Duty truck sales (trucks between 3,500 kg and 8,000 kg GVM) totalled 706 for the month of April, down 15.9 percent (-133 vehicles) over the April 2019 result. Year-to-date the LD truck segment is tracking lower, but is quite consistent month to month, down 14.6 percent (-472 trucks). A total of 2,773 Light trucks have been sold 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, and as detailed above, fell even further in April. A total of only 370 Vans were sold in April, this represented a fall of 26.4 percent over April 2019. While the year-to-date end of April result is better, a 16.1 percent drop, only 1,552 Van have been sold in 2020, that is 297 fewer Light Duty Van sales than in 2019.

Truck Industry Council Limited

ABN 37 097 387 954

GPO Box 5350, Kingston ACT 2603

T: (02) 6273 3222 E: admin@truck-industry-council.org W: www.truck-industry-council.org

Tony McMullan, CEO of Truck Industry Council, the peak industry body for truck manufacturers and importers in Australia, reflected "The April sales numbers were quite mixed, making it somewhat difficult to draw many specific conclusions from the results. There is no doubt that the Australian new truck market is in the midst of lows not seen since the Global Financial Crisis, however we have not yet seen truck sales fall below levels seen in 2009/2010, though we are very close.

I was pleased to see that the Heavy Duty segment, whilst obviously well down, performed better in terms of sales percentages than we witnessed in March. Whereas the result at the light end of the market was somewhat puzzling, Light Duty truck sales were down, but relatively stable month on month, however Light Duty van sales continue to receded significantly. Typically, we would expect to see both Light Duty segments rise, or fall, roughly in unison, given the economic environment.

The other significant "known", based upon our experience of the economic downturn that occurred during and post the Global Financial Crisis, is that targeted economic stimulus will be required in all areas of the freight transport sector, not just trucks but also aviation, and rail. In turn, we will be looking to Australian government, to provide that stimulus as we move to rebuild so much of our economy over the coming months and years." Mr. McMullan concluded.

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.

**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.*

Please contact Mark Hammond on 0408 225 212 or m.hammond@truck-industry-council.org regarding T-Mark Truck Market Data