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Heavy Duty truck sales take a hit in May

While other sectors in our economy were more immediately affected by the current global pandemic, the impact on new truck sales has taken some time to materialise. This is because of the relative long lead-times involved in ordering a truck, getting it built, having equipment and/or a body built and fitted, registration and then delivery of the completed vehicle to the customer. However most new truck segments are now really starting to suffer the effects of COVID-19 in Australia in May. New Heavy Duty segment truck sales were down by almost 40 percent over the May 2019 result. While the total heavy vehicle truck market was down 26.3 percent in May when compared with the same month last year. This result was better than expected due to a resilient Light Duty truck sector that saw a decline of only 10.0 percent for the month. Year-to-date the entire heavy truck market trails the end of May 2019 sales by 20.2 percent with just one month remaining before we reach the half way point of the year. Despite the plummeting sales, we have not yet reach “the worst sales on record”, with May 2009, 2010, 2011 and 2014 sales in the post Global Financial Crisis era, being slightly worse than those of May 2020.

Reviewing the individual segments, Heavy Duty sales were significantly impacted in May, as detailed above, with only 756 heavy truck deliveries, down 37.6 percent (-456 trucks) over May 2019. Year-to-date the Heavy segment has recorded just 3,785 sales, down 26.3 percent, some 1,349 fewer HD sales to the same point in 2019.

The Medium Duty segment that bore the brunt of the current economic slowdown in April, down 29.9 percent, witnessed a May result that was a mirror image of April, with only 515 MD truck sales, down 29.8 percent (-219 trucks) over May 2019. Year-to-date the Medium truck numbers are only slightly better and only because of reasonable sales in the first quarter of 2020, the MD segment is now trailing the same period last year by 20.5 percent, -611 trucks. A total of only 2,368 Medium Duty trucks have been sold thus far in 2020.

The Light end of the market again saw quite mixed results, with Light Duty trucks performing the best of any segment in May, while Light Duty van sales continue their poor performance. Light Duty truck sales (trucks between 3,500 kg and 8,000 kg GVM) totalled 899 for the month of May, down 10.0 percent (-100 vehicles) over the May 2019 result. Year-to-date the LD truck segment is tracking lower, but sales remain quite consistent month to month, down 13.5 percent (-572 trucks). A total of 3,672 Light trucks have been sold year-to-date in 2020.

It was another poor month for Light Duty van sales (vans with a GVM between 3,500 kg and 8,000 kg) with May being a far cry from the start the year, where the Van segment outperformed all the other heavy vehicle segments. Sales however fell away somewhat in March, more in April and as detailed

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above, continued their poor result in May. A total of only 451 Vans were sold in May, this represented a fall of 26.2 percent over May 2019 (-160 Vans). While the year-to-date end of May result is a little better at -18.6 percent, mainly due to those solid January and February sales. Only 2,003 Van have been sold in 2020, that is 457 fewer Light Duty Van sales than in 2019.

Tony McMullan, CEO of Truck Industry Council, the peak industry body for truck manufacturers and importers in Australia, reflected “The May Heavy and Medium Duty sales numbers are more in-line with the economic downturn that we have seen in many sectors of the Australian economy. Light Duty Truck sales are better than expected and that result may be a reflection on the \$150,000 instant asset write-off put in place by the federal government. Though it is interesting to note that Light Duty Van sales are not responding to this incentive, as the Van segment continues to decline after opening the year with strong sales in January and February. Whilst on the point of the federal government’s \$150,000 instant asset write-off, the Truck Industry Council (TIC) welcomes today’s announcement by the government to extend this incentive until the 31st December 2020. TIC met with Ministers McCormack and Buchholz during May calling for the incentive to be extended. We are pleased to acknowledge the strong representations of both Ministers who took TIC’s call for the extension direct to the Treasurer meeting with success. TIC has also called for specific incentives to support the Medium and Heavy truck segments, with the release of these May sales figures offering proof that these segments are floundering under the current economic climate created by COVID-19. I again seek support from the Australian government to provide stimulus that will assist the entire heavy vehicle sector as we move to rebuild 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.*

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