



T-MARK

Truck Market Data

Truck Market Comment: Second Quarter, 2020

8 July, 2020

A better than expected June result

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.

The month of June bucked the recent COVID-19 trend of plummeting truck sales in Australia and while history shows that truck sales peak in June every year no doubt due to the tax benefits that exist at the end of each financial year, the June 2020 sales result was something quite special. It resulted in the best monthly sales EVER recorded in Australia. In total 4,620 heavy trucks and vans above 3.5t GVM were sold last month, eclipsing the previous best monthly result, that of June 2018, when 4,231 trucks were delivered. While the overall number looks great, we need to dig a little deeper into the data to understand how these record sales were achieved. 1,134 Heavy Duty trucks were sold in June, well down (-20.9 percent) on the market peak of 1,433 units in June 2018. Medium Duty truck sales of 897 vehicles were also well down in June 2020 over their market peak of 1,073 sales set back in 2008, a deficit of -16.4 percent. It was the small end of the heavy vehicle market, buoyed no doubt by the federal government's instant asset write-off of \$150,000, that saw a June surge in sales. The June 2020 tally for Light Duty trucks was 1,583 units, surpassing the previous monthly record of 1,304 set in June 2018, a 21.4 percent increase. The Light Duty van segment was the star performer in June with 1,006 Light Duty vans delivered, beating the previous best result, June 2019 with 714 van sales, by an impressive 40.9 percent. So, while June 2020 was an all-time record sales month, it was entirely driven by Light Duty truck and van sales.

Taking a look at each of the four segments individually, the Heavy Duty truck segment continued to retract in June with 1,134 HD deliveries, down 12.0 percent (154 trucks) over the same month in 2019. Looking at quarter two 2020 in isolation we see a continued slowing of sales in the HD sector, down 23.0 percent when compared to last year's second quarter sales. 2,699 sales for April to June 2020, down on the second quarter 2019 result by a substantial 807 trucks. Reviewing the first half year result, Heavy Duty trucks sales are in much the same place, down 23.4 percent year-to-date, 4,919 sales so far this year verses 6,422 sales this time in 2019, a shortfall of 1,503 Heavy trucks at the halfway point of the year.

The Medium Duty segment is fairing a little better than the Heavy segment in 2020. 897 MD trucks were delivered last month, up 12.7 percent (101 trucks) over June 2019. The overall April to June period is down however, with 1,829 Mediums delivered in quarter two 2020, compared to 2,125 for the same period in 2019, a 13.9 percent reduction on last year's levels. Year-to-

date Medium Duty truck sales have slowed by a similar amount -13.5 percent, with 3,265 deliveries to the end of June 2020, 510 fewer MD truck sales compared to the 2019 half year result.

The Light Duty truck segment (trucks with a GVM between 3,500 kg and 8,000 kg) has been holding up well this year, and the June result was better than expected. A total of 1,583 Light Duty trucks were sold in June, up 24.3 percent over the June 2019 result. The 2020 quarter two result however, was only slightly up on the second quarter 2019 result, 3,188 LD truck sales verses 3,112 sales last year, a 2.4 percent increase. For the first half year 5,255 Light Duty trucks have been delivered, down on the same period in 2019 by 4.8 percent (-263 trucks), due to slow sales in the first quarter of 2020.

June 2020 Light Duty Van sales (vans with a GVM between 3,500 kg and 8,000 kg) were certainly the shining star for the month, well up over June 2019 results. 1,006 LD Vans were delivered for the month, up a significant 40.9 percent (292 vans) over June 2019 and a new monthly sales record for vans in Australia. LD Vans posted a total of 1,827 sales for the months of April to June, falling just one (1) van sale short of the 2019 quarter two result of 1,828 sales. At the half way point of the year, the Van tally does not look quite so good, with 3,009 van sales posted year-to-date, the result is down on the January to June result of 2019 by 165 vans (-5.2 percent). If it were not for the record breaking June sales last month, the yearly result would be looking much worse.

Tony McMullan, CEO of Truck Industry Council, the peak industry body for truck manufacturers and importers in Australia, noted the declining truck market year-to-date, however was enthused by June Light Duty truck and van sales.

“We are now gaining a real insight into just how COVID-19 has impacted heavy vehicle sales in 2020, with the Heavy Duty segment hit very hard. The record, or near record, sales in both Light Duty segments appears to be a clear indication of the effectiveness of the federal government’s instant asset write-off incentive of \$150,000, coupled with the financial year end. While the result has been of notable benefit for smaller trucks, it is clear that financial stimulus is required at the heavy end of the truck market. The Truck Industry Council has been calling upon government to increase the instant asset write-off to \$450,000 for heavy vehicle specific purchases, such action would stimulate sales in the Heavy and Medium Duty truck sectors. Further, it must be remembered that July, August and September truck sales are historically low, as the new financial year begins. Coupled with an Australian economy still reeling from the effects of COVID-19 and now with much of Victoria facing Stage 3 lockdown restrictions again, I have concerns that the better than expected June sales result will be a short-lived aberration”. 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.*

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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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