

Poor economic growth tough on investment-dependent extra heavy trucks

A tough economic climate has continued to place the South African truck market under immense pressure during August. The industry registered double-digit declines across the board compared to the corresponding month in 2014.



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This is according to the latest statistics released by the National Association of Automobile Manufacturers of South Africa (Naamsa), Associated Motor Holdings (AMH) and Amalgamated Automobile Distributors (AAD).

Medium Commercial Vehicle Sales (MCV) were down 11.2% to 889 units, while Heavy Commercial Vehicle Sales (HCV) declined 22% to 393 sales. The Extra Heavy Commercial Vehicle (EHCV) segment recorded a decline of 16.6% during August to reach 1 015 sales, while Bus also were down by 12.4% to 92 units.

On a year-to-date basis, the picture looks slightly better, though still on negative with a total overall market decline of 6.1% at the end of August.

"Some experts believe that South Africa will manage to avoid a recession, although a revised growth forecast of around 1.7% is expected for 2015," said Rory Schulz, Managing Director of UD Trucks Southern Africa. "With that said, aspects such as low commodity prices and weak global growth are expected to continue stifling truck sales over the next year and a half."

Schulz continued to say that this combination of factors is expected to especially affect the mining industry, which should result in a continuation of the current poor performance of the investment-dependent EHCV segment.

"Aspects such fuel efficiency, uptime, payload productivity and the overall lifecycle costs of trucks are now more crucial than ever for cost-conscious fleet owners," said Schulz. "Truck manufacturers therefore have to ensure that their products, support and aftermarket care are of such a standard that it adds to the profitability and viability of a truck owner's business during tough economic times."

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