



T-MARK

Truck Market Data

Truck Market Comment: Second Quarter, 2018

5 July, 2018

First Ever +4000 Sales Month for Heavy Vehicles in Australia

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.

New Heavy Vehicle sales in Australia continue to go from strength to strength, with the month of June just past, further proof of a booming market. June 2018 saw a number of long standing records broken for new truck sales in Australia. Firstly, the total number of heavy vehicles, Light Duty Trucks and Vans, Medium Duty Trucks and Heavy Duty Trucks sold this month was 4,231 units, surpassing the previous best June highs of 3,879 set last year and the shared 2007 and 2009 mark of 3,718 units. June 2007 was of course pre-Global Financial Crisis (GFC) with both the economy and truck sales flourishing, while the 2009 result was artificially affected by then federal government GFC incentives that saw a spike in sales at the end of the financial year, in a year that was otherwise quite forgettable for new truck sales. And of course last year saw a healthy market and quite strong truck sales, though ultimately not record breaking by year end. The 4,231 sales recorded in June is particularly significant because it represents the first time that the heavy truck and van market in Australia has broken through the 4,000 vehicle mark for a single month. The second record that was broken in June was that of new Heavy Duty truck deliveries. 1,433 Heavies were sold for the month, breaking (just) the previous record of 1,421 set in June 2010. The strong 2010 result no doubt due to a significant end of financial year pre-buy of Euro 4 trucks before the then pending 2011 introduction of ADR80/03 (Euro 5). It was an unusually strong sales result in what was a bleak market gripped by post-GFC fears. The third record to fall last month was that for Light Duty truck sales, with 1,304 “little trucks” sold, breaking the previous record of 1,233 set in June 2017. Finally, the overall half year result for calendar year 2018 was also a new record with this year’s January to June result smashing the previous mid-year peak of 18,218 sales set in the pre-GFC year of 2008 by 1,752 heavy vehicle sales. 19,970 heavy vehicles have been delivered year-to date in 2018.

Taking a look at each of the four segments individually, the Heavy Duty truck segment has again performed strongly in June with 1,433 HD deliveries, up 14.6 percent (183 trucks) over the same month in 2017 and as was detailed above, a new record for the month of June. Looking at quarter two 2018 in isolation, we again see a healthy performance from the HD sector, 3,917 sales for April to June, up on the second quarter 2017 result by a significant 903 trucks (30.0 percent). Looking at the first half year result, Heavy Duty trucks sales are in a much better place in 2018, 6,820 sales verses 5,131 sales to the end of June 2017, an improvement of almost a third, 32.9 percent (1,689 additional Heavy truck registrations).

The Medium Duty segment has been a real surprise so far in 2018 with strong sales growth over 2017 and June was another strong month for the segment. 895 MD trucks were delivered last month, up 20.5 percent (152 trucks) over June 2017. The overall April to June remains strong with 2,316 Mediums delivered in quarter two 2018, compared to 1,943 for the same period in 2017, running 19.2 percent above 2017 levels. Year-to-date Medium Duty truck sales are performing very well with 4,084 deliveries to the end of June 2018, up 23.0 percent (763 trucks) on the 2017 half year result.

As was detailed above, the month of June was a new record for Light Duty truck sales (trucks with a GVM between 3,500 kg and 8,000 kg), with 1,304 LD trucks delivered for the month, up 5.8 percent (71 vehicles) over June 2017, which was the previous benchmark for the month of June. The 2018 quarter two result was also strong for LD trucks with 3,446 trucks sold, up 329 units over the second quarter 2017 result of 3,117 deliveries. For the first half year 6,021 Light Duty truck have been delivered, comfortably ahead of the same period in 2017 by 10.5 percent, 570 trucks.

Amongst all the good news there was a little dampener, with June Light Duty Van sales (vans with a GVM between 3,500 kg and 8,000 kg) down over 2017 June results. 599 LD Vans were delivered for the month, down 8.3 percent (-54 vans) over June 2017. LD Vans posted a total of 1,616 sales for the months of April to June, up slightly, 3.6 percent (57 vans) over the same quarter in 2017, where 1,559 vans were sold. At the half way point of the year, the Van tally stands in positive territory at 3,045 units, up on 2017 sales by 5.4 percent (157 vans).

President of TIC, the peak industry body for truck manufacturers and importers into Australia, Phil Taylor, commented, "Firstly, cracking the 4,000 mark for sales in a single month is a fantastic result for the industry. This capped off a great second quarter result and combined with solid first quarter sales sees the market at record levels at the half way point of the year. I have said before that it has been a long road to recovery and I hope that market strength we see currently continues for the remainder of the year and that 2018 will continue to re-write the history books." Mr Taylor concluded.

TIC Chief Executive Officer, Tony McMullan, noted the records achieved for the month of June and the first half of 2018 and commented on the strong performance of the Heavy Duty sector. "It is encouraging that as the Australian economy rallies, truck sales are growing too, breaking many long standing sales records, both for the month of June, as well as year-to-date. It is particularly pleasing to see the Heavy Duty segment breaking records that have stood since prior to the Global Financial Crisis."

Mr McMullan continued, "Australia needs to renew its aging truck fleet, to make our industry safer, cleaner, greener and more productive, we need continued record breaking sales to facilitate this. The first half of 2018 is a starting point."

ⁱ *Truck Industry Council is the peak body representing all suppliers of on-road heavy vehicles in Australia. TIC members represent 17 truck brands currently on sale in Australia, plus four truck engine and major component suppliers.*

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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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