Transport & Freight Index

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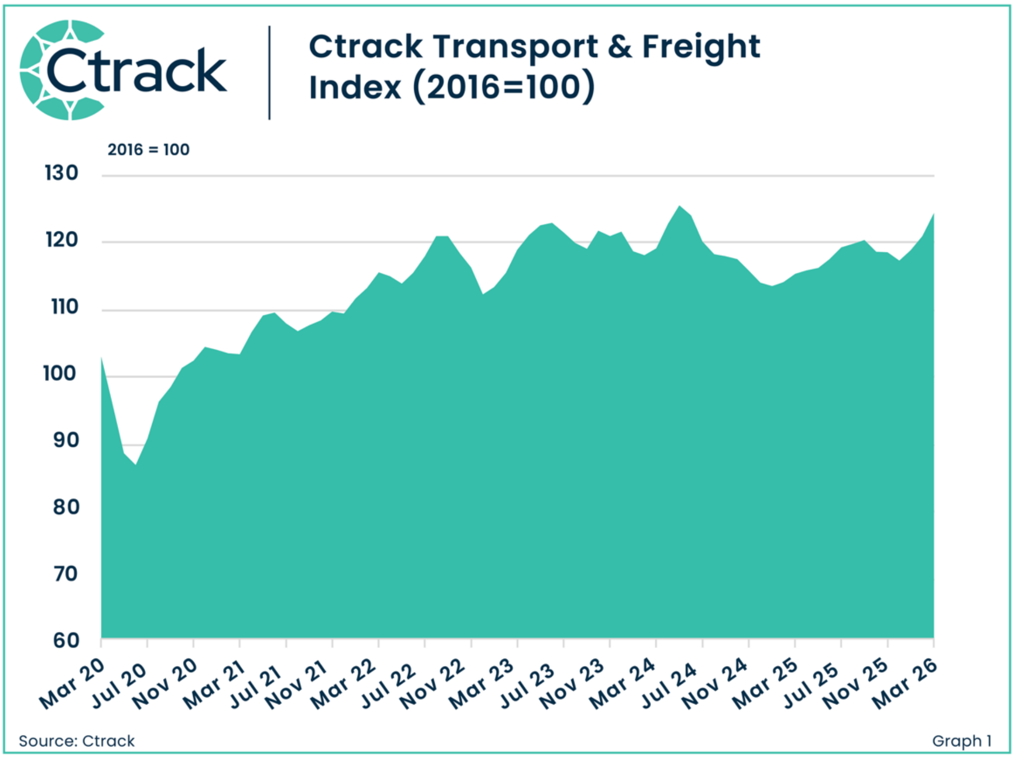
A BROAD-BASED RECOVERY IN LOGISTICS SECTOR IN Q1 2026

After having lost momentum in Q4, the Ctrack Transport and Freight Index (Ctrack TFI) recovered strongly in Q1 2026. The index increased for three consecutive months to reach an index level of 125.0, the highest since May 2024. At this level, the index was up by 6.2% compared to Q4 2025 and up by a notable 8.0% compared to a year ago. The economy enjoyed brisk growth at the start of the year. The cumulative impact of tailwinds that have supported the economy since last year, have pushed economic activity higher in the first few months of the year and has also supported the logistics sector. These tailwinds include moderate inflation, real wage increases, interest rate cuts, improved confidence levels, a reasonably strong currency and elevated commodity prices.

GRAPH1: CTRACK TRANSPORT & FREIGHT INDEX (2016=100)

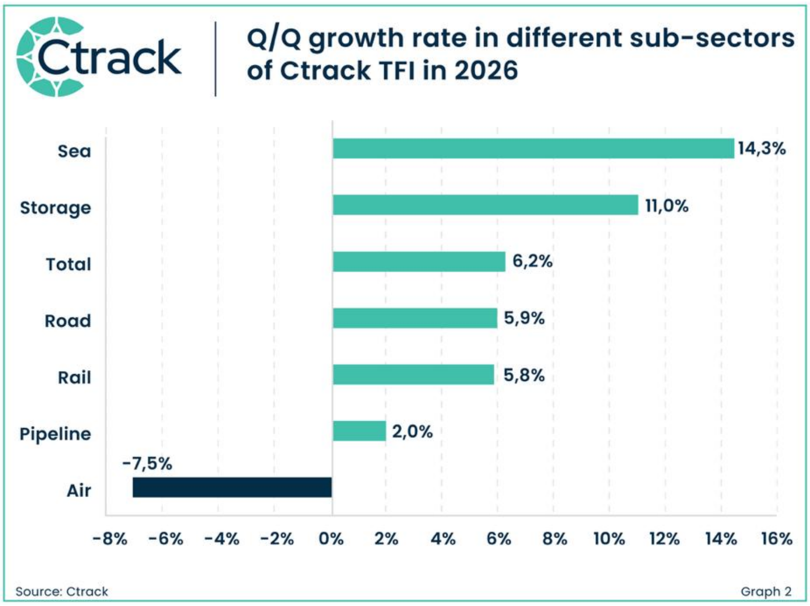


The strong performance of the sector was quite broad-based across modalities, with quarterly increases recorded for all sub-sectors, but air freight (see graph 2). Even the sub-sectors that were under pressure in 2024 and 2025 (road freight, pipeline flows and storage sector) showed promising growth in Q1, while other sub-sectors built on momentum and continued its recovery, particularly rail and sea freight. While the sector's overall performance in Q1 2026 is indeed heartening, the economy was hit by an unprecedented fuel price shock (on 1 April), that has completely disrupted the economic scenario envisaged for South Africa and the globe for 2026.

While the extent of the impact of the war between US and Israel against Iran is still impossible to predict, given that no one knows how long the conflict will last, it has become increasingly clear that even if it is fairly short in duration, the impact will have ripple effects on global and local economic prospects in the months to come. Downward revisions to economic growth forecasts are now the order to the day, including from the International Monetary Fund (IMF) in its latest World Economic Outlook. The IMF has downwardly revised global economic growth by 0.2 percentage points to 3.1% (in a reference case, while indicating a notably more severe downward revision in an adverse scenario), citing the negative impact of the war on inflation and growth. For South Africa, the IMF has downgraded growth to only 1.0% in 2026 (slicing off 0.4 percentage points).

The first and most obvious impact of the ongoing war has already hit consumers and businesses at fuel stations, and there is more pain forthcoming. A temporary fuel levy subsidy of R3/litre has softened the impact somewhat for South Africans in April, though costing the fiscus R6 billion per month in forfeited tax income. South Africa’s National Treasury has not indicated yet if this relief will be extended for another month. Despite the relief, the monthly increases of R3.06/litre for petrol and R7.37/litre for diesel (0.05S) on 1 April were the highest single month increases ever recorded for South Africa. Already an economic shock of note, at least two more months of increases are likely forthcoming, unless notable progress is made to end the conflict in a meaningful, sustainable basis. This spike in fuel costs will have a notable negative effect on the economy, with the logistics sector particularly vulnerable, given the dominant dependency on fuel as input cost.

GRAPH 2: Q/Q growth rate in different sub-sectors of Ctrack TFI in Q1 2026



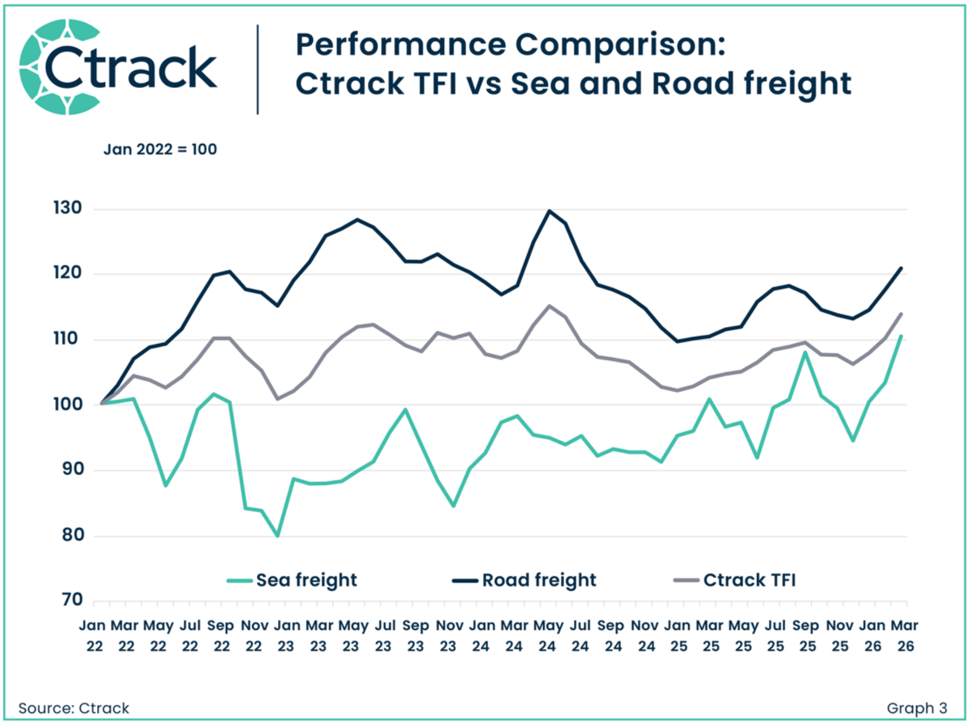
Notable progress on structural reforms to improve operational efficiencies and modernise the freight logistics sector has been ongoing and are slowly but surely starting to bear fruit. While acknowledging that it remains still early days with enormous potential for further improvement, both the rail freight and sea freight sub-sectors (where the bulk of structural reforms are concentrated) have performed well in Q1 2026. Efficiency gains at ports and the rejuvenation of the rail network, will in due course reduce costs, while enabling robust export growth potential.

The star performer in Q1 was the **Sea Freight** sub-sector. After posting a moderate recovery in 2025, the sea freight sector increased by a notable 14.3% in Q1, compared to Q4 2025, and was up by 8.2% compared to a year earlier. Container throughput in all ports in SA increased by 14.2% in Q1 2026, while total cargo handled (excluding vehicles) increased by 16.3% in Q1 compared to the final quarter in 2025. Though encouraging growth observed, the significant increase in fuel prices early April has presented a challenge to port operations. Transnet Port Terminals announced the introduction of a new container handling surcharge from next month as rising fuel prices filter through South Africa’s ports. The fuel-linked charge will start at R52 per container. It could triple next month if diesel costs continue to rise (indications are that the diesel price could increase further by between R4 and R5/litre early May). The South African Freight and Logistics Association (Safla) warns that the move has already triggered a “snowball effect” of cost transference that will likely reach shelves within weeks. Another consequence of the Middle East conflict has been the rerouting of vessels around the Cape of Good Hope by shipping companies such as Maersk and Hapag-Lloyd, circumventing the troubles at the Strait of Hormuz Major. The Cape Chamber of Commerce and Industry confirmed a surge in Cape diversions as of early March 2026, adding roughly 10-14 days to transit times and significantly increasing fuel and insurance costs for global trade. However, instead of being a windfall, the additional vessel traffic created congestion at the port, led to surcharges, unpacked containers and the looming spectre of higher prices, further along the supply chain.

On the structural reform front, Transnet National Ports Authority (TNPA) applied to the Ministry of Forestry, Fisheries and Environment to reclaim land from the sea to expand the capacity of the Durban Port. TNPA is proposing the development of a new container terminal at the Point precinct, which will have a capacity to handle 1.8 million TEU's per annum. The reclaimed area will be used for the development of a new quay wall, berthing for container ships, accommodating Ultra Large Crude Carriers, operating harbour cranes and stacking containers. After years of underinvestment and mismanagement in the state capture years, Transnet is now on a path to operational recovery, that could boost the economy's growth potential in due course.

The notable improvement in port operations in Q1, in combination with generally brisk economic activity in the quarter, had a direct positive spin-off for the Road Freight sector – see graph 3. The strong growth observed in Q1 for both sea and road freight (and rail as well), were the main driving forces behind the sector's stellar performance in Q1.

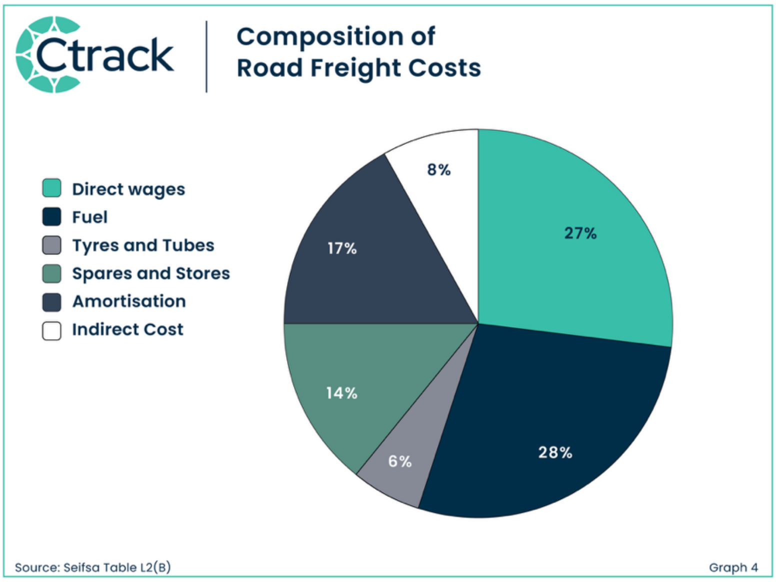
GRAPH 3: PERFORMANCE COMPARISON: CTRACK TFI VS SEA AND ROAD FREIGHT



The **Road Freight** sector accounted for 85.3% of all freight payload in South Africa in 2025, a critically important sub-sector in the logistics space. Following on two consecutive years of contraction, the road freight sector recovered strongly in Q1 2026, increasing by 5.9% compared to the final quarter in 2025 and up by 8.2% compared to a year earlier. The cumulative impact of brisk economic activity in Q1 and improved port performances have increased the demand for trucks in Q1, especially on the N3 toll road. Heavy vehicle traffic on the N3 route (large and extra-large trucks) increased by a notable 13.4% y/y in Q1 2026. Similarly, heavy vehicle traffic on the N4 route recovered in Q1, after two consecutive years of contraction, with quarterly growth of about 11%. Reports indicated progress in easing congestion through interim measures such as the co-location of border agencies and improved coordination at the N4 Lebombo Border post, while confirming the development of a dedicated freight processing hub at Kilometre 7 to support a one-stop border model. While these interventions have begun to improve traffic flow and reduce pressure on the N4, full implementation – particularly customs system integration – remains pending, with further alignment required between South Africa and Mozambique to achieve sustained efficiency gains.

While government's efforts to move cargoes back to rail are ongoing, progress has been slow and it will likely take a considerable period and noteworthy effort to address challenges, clearly a very gradual medium to longer term process. In the meantime, the South African economy's dependence on road freight (that has just become about 40% more expensive in April) is in sharp focus as the impact of higher fuel prices reverberate through supply chains. Graph 4 depicts the composition of road freight costs, with fuel representing the biggest portion. Given the extent of the spike in fuel cost, it will be near impossible for companies to absorb the full extent of these projected increases, so not only will consumer inflation spike in April, but the probability that the fuel price increase will trigger a widespread upward adjustment in prices across the economy, for each product transported via road, remains very high. The risk of second round price effects is particularly high for food products. For example, 80% of maize is transported via road, but the price impact normally lags by about three to six months.

GRAPH 4: COMPOSITION OF ROAD FREIGHT COSTS



The recovery in the **Rail Freight** sector gained momentum in 2025, and continued in the first quarter of 2026. This sub-component of the Ctrack TFI increased by 5.8% in Q1 2026, compare to the final quarter of last year and was up by 9.0% compared to one year earlier. The impact of reforms aimed at restoring and growing rail capacity in South Africa, are slowly but surely, starting to impact positively on the sector's performance. Rail freight payload in South Africa increased by 4.4% in 2025 compared to increases of 0.8% and 2.5% in 2024 and 2023, respectively. While still hesitant, rail freight payload has increased for three consecutive years, though still lagging notably on previous years' performances. From reaching a rock-bottom low of only 8.9% of total freight payload been transport via rail in November 2022, the performance of rail has improved to 16.6% in January 2026 (full year 2025: 14.7%), though still notably lower than the 10-year average of 22% (rail freight to total payload in 2008-2017) prior to the onset of the significant deterioration. The rail freight sector remains a top priority in government's structural reform initiatives, as outlined in the Freight Logistics Roadmap. The reforms aim at restoring and growing rail capacity in South Africa, to ultimately reduce trucks on the roads in the medium term and to reset to a more sustainable road/rail freight balance. However, the task at hand is enormous and it will take some years before a notable trend reversal will be evident.

Following on a strong performance in 2025, the **Air Freight** sector started 2026 on the backfoot. The air freight index declined by 7.5% in Q1 2026, with the underlying components of the index showing divergent trends. Cargo load on planes and cargo aircraft movements at airports moved sideways, whereas unplanned flights, that are typically chartered for cargo needs declined by 6.8% in Q1. While more costly, air freight often plays an important role in filling the gaps when other transport modalities are under pressure. Therefore, it was not quite unexpected that the stellar performances of the sea, road and rail modalities in Q1 have dampened demand for air freight. On top of the sluggishness evident in Q1, the impact of the Middle-East war is a notable challenge for the air freight sector as jet fuel prices increased even more than diesel and petrol prices. In response to the fuel price spikes, some major South African airlines have introduced temporary surcharges effective 11 March 2026. As these increases also apply to cargo operations, they directly impact all airfreight services within South Africa. To ensure continuity of airfreight services, The Courier Guy introduced a temporary Airline Fuel Surcharge on all airfreight routes, effective from 13 March 2026. These higher freight costs are likely to be passed on to the final product/service rendered, stoking inflation in South Africa.

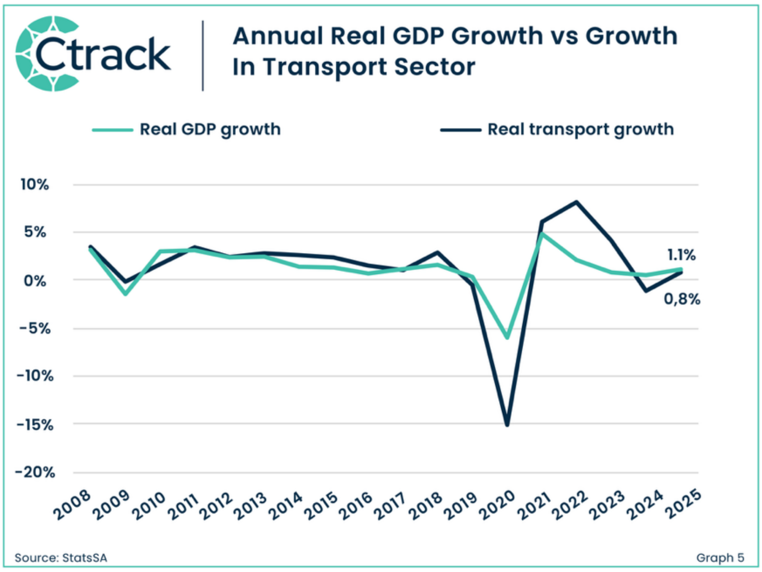
A sub-sector that has remained under pressure for the past few years is the **transport of liquid fuels** via Transnet Pipelines (TPL). The sector declined by 3.1% in 2025 (following on declines of 1.8% and 0.9% in 2024 and 2023, respectively), with the Department of Minerals and Energy ascribing this trend to declining fuel consumption over the past few years. Compared to the low base of 2025, the transport of liquid fuels increased by 2.0% in Q1, and by a notable 20.5% compared to a year ago. Pre-emptive stocking of refined fuel products ahead of the biggest ever single day increase in fuel prices on 1 April could have played a role in this notable recovery evident in Q1.

The **Storage and Handling sub-sector** increased by a notable 11.0% in Q1, admittedly off a low base of calculation, as this sub-sector of the Ctrack Transport and Freight Index declined for each of the preceding four years. Inventory indicators have been trending higher in Q1, while the level of transshipments spiked by 31.6% and was the main reason for the better performance observed. Transshipment is the logistics process of unloading goods from one transport vessel (ship, truck, or train) and reloading them onto another during their journey to a final destination, usually at an intermediate hub or port. Therefore, transshipments are also referred to as in-transit inventory and as such falls under the Storage and Handling sector.

THE STRONG GROWTH IN CTRACK TFI SIGNALS A POSITIVE CONTRIBUTION FROM THE TRANSPORT SECTOR TO OVERALL ECONOMY GROWTH IN Q1

Historically, the transport sector's performance was well-correlated with overall economic growth. In the past two years, however, the transport sector underperformed slightly compared to total economic growth – see graph 5. The strong performance of the transport and logistics sector, as reflected in the TFI performance, signals a positive contribution to Q1 GDP growth. While it is evident that the South African economy started 2026 on a reasonably optimistic footing, the Iran war has the ability to completely derail the fragile economic recovery envisaged for South Africa in 2026. Though early days to quantify the impact, the longer the war prolongs, the worse the outcome will be for South Africa and the global economy at large. A damper on economic activity, particularly due to high fuel costs, will also dampen activity in the transport and logistics sector in 2026, especially given the sector's dependency on fuel as dominant input cost.

GRAPH 5: ANNUAL REAL GDP GROWTH VS GROWTH IN TRANSPORT SECTOR



"While the strong performance of the transport and logistics sector in Q1 is indeed encouraging, the unprecedented spike in fuel prices and ongoing uncertainties about fuel supply, further cost increases and the duration of the war, place a damper on the good results. Transport companies need to be resilient in the face of all these challenges," says Hein Jordt, Chief Executive Officer of Ctrack.

SUMMARY OF RESULTS

Ctrack | Summary of Results

March 2026 Percentage Change between	Rail	Road	Pipeline	Sea	Air	Storage	Ctrack TFI
March 2026 vs March 2025 (y/y)	9.0%	8.2%	20.5%	8.2%	0.2%	7.9%	8.0%
March 2026 vs February 2026 (m/m)	3.2%	2.4%	2.0%	5.9%	0.1%	4.4%	2.9%
Quarter to March 2026 vs. Quarter to December 2025 (q/q)	5.8%	5.9%	2.0%	14.3%	-7.5%	11.0%	6.2%

Note: The row highlighted in blue is the main Ctrack Transport Freight Index values used.

Source: Ctrack — Table 1

Notice from Ctrack: *The Ctrack Transport and Freight Index is published on a quarterly basis to provide insights into key industry trends and performance metrics.*

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